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TOWNSHIP OF SALISBURY
LEHIGH COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS AND AUDITOR'S REPORTS

AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2008

F o c u s e d a n d B a l a n c e d

TOWNSHIP OF SALISBURY

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INDEPENDENT AUDITOR'S REPORT

TOWNSHIP OF SALISBURY, LEHIGH COUNTY

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 Township of Salisbury as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Salisbury's, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with *U.S. generally accepted auditing standards* and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, and the respective changes in financial position and cash flows, as of and for the year then ended December 31, 2008, in conformity with *U.S. generally accepted accounting principals*.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2009 on our consideration of Township of Salisbury's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Accounting firm of Tall, J. B. & Co. PA LLC

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

TOWNSHIP OF SALISBURY

We have audited the financial statements of the Township of Salisbury, as of and for the year ended December 31, 2008, and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Standard*.

Auditor Reporting and Other Communication Considerations

Township of Salisbury's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit Township of Salisbury's response and, accordingly, we express no opinion on it. As no findings were indicated, no response is necessary and has not been provided. This report is intended solely for the information and use of management and that of government oversight bodies and is not intended to be and should not be used by anyone other than these specified parties.

Accounting firm of Todd J. Blythe, CPA LLC

STROUDSBURG, PENNSYLVANIA
MARCH 31, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWNSHIP OF SALISBURY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2007

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, 2008. 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 2008 are as follows:

- In total, net assets were \$21,127,837.
- General revenues accounted for \$5,124,574 in revenue or 48% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,618,417 or 52% of total revenues of \$10,742,991.
- Total assets of governmental activities were \$13,394,876 of which \$7,190,185 represents unrestricted cash and investments. Fixed assets, net of accumulated depreciation were \$5,416,687.
- The Township had \$10,627,867 in expenses; only \$5,618,417 of these expenses were offset by program specific charges for services, grants, or contributions. General revenues (primarily taxes) of \$5,124,574 were adequate to provide for these programs.
- Expenses, after program revenue was \$3,009,450.
- Federal and state intergovernmental revenues this year were \$751,927.
- The tax levy was decreased by 0.25 mills for the year.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

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 Assets 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 Assets 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 Assets and the Statement of Activities answer this question. 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 assets and changes in those assets. This change in net assets 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.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

REPORTING THE TOWNSHIP AS A WHOLE

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

In the Statement of Net Assets 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 assets:

Table 1 Net Assets

	2008	2007	2006	2005
Assets				
Current and Other Assets	\$ 14,081,125	\$ 15,220,263	\$ 14,341,987	\$ 13,080,515
Capital Assets	<u>9,640,864</u>	<u>9,566,076</u>	<u>9,663,811</u>	<u>10,095,268</u>
	<u>23,721,989</u>	<u>24,786,339</u>	<u>24,005,798</u>	<u>23,175,783</u>
Liabilities				
Current Liabilities	1,292,698	1,602,844	1,412,989	1,658,421
Long-Term Liabilities	<u>1,459,119</u>	<u>1,847,382</u>	<u>2,744,440</u>	<u>3,547,521</u>
	<u>2,751,817</u>	<u>3,450,226</u>	<u>4,157,429</u>	<u>5,205,942</u>
Net Assets				
Invested in Capital Assets,				
Net of related Debt	8,065,864	7,146,076	6,348,811	5,910,268
Restricted	3,579,679	2,481,362	2,481,791	2,220,517
Unrestricted	<u>9,324,629</u>	<u>11,227,239</u>	<u>11,017,768</u>	<u>9,839,056</u>
	<u>\$ 20,970,172</u>	<u>\$ 21,336,113</u>	<u>\$ 19,848,369</u>	<u>\$ 17,969,841</u>

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

REPORTING THE TOWNSHIP AS A WHOLE

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

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

Table 2

Statement of Activities

	2008	2007	2006	2005
Program Revenues				
Charges for Services	\$ 4,866,493	\$ 4,866,159	\$ 5,017,579	\$ 5,161,842
Operating Grants and Contributions	722,474	714,872	708,044	612,546
Capital Grants and Contributions	29,450	9,550	95,942	26,258
General Revenues				
Taxes	4,715,132	4,442,681	4,296,748	4,095,067
Investment Earnings	<u>409,442</u>	<u>711,396</u>	<u>623,320</u>	<u>352,509</u>
<i>Total Revenues</i>	<u>10,742,991</u>	<u>10,744,658</u>	<u>10,741,633</u>	<u>10,248,222</u>
Program Expenses				
General Government	968,468	746,457	810,984	838,583
Public Safety	2,063,428	1,465,980	1,544,673	1,646,119
Public Works	3,061,509	2,652,021	2,355,679	2,340,138
Cultural and Recreation	158,616	120,249	125,899	149,327
Other	1,285,462	1,160,785	1,042,956	981,396
Interest on Long-Term Debt	33,385	49,374	62,928	74,566
Unallocated Depreciation	259,050	259,050	259,050	213,296
Public Water	1,244,834	1,261,998	1,219,961	1,442,688
Public Sewer	<u>1,825,904</u>	<u>1,541,000</u>	<u>1,440,976</u>	<u>1,296,501</u>
<i>Total Expenses</i>	<u>10,900,656</u>	<u>9,256,914</u>	<u>8,863,105</u>	<u>8,982,614</u>
<i>Increase in Net Assets</i>	<u>\$ (157,665)</u>	<u>\$ 1,487,744</u>	<u>\$ 1,878,528</u>	<u>\$ 1,265,608</u>

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

Governmental Activities

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

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.

Table 3

Net Cost of Services

	2008	2007	2006	2005
General Government	(367,152)	(142,890)	(217)	(64,904)
Public Safety	(1,836,742)	(1,190,765)	(1,369,947)	(1,677,010)
Public Works	(1,297,828)	(1,043,280)	(664,912)	(675,315)
Cultural and Recreation	(158,616)	(120,249)	(125,899)	(149,327)
Other	(985,923)	(809,364)	(736,069)	(576,017)
Interest on Long-Term Debt	(33,385)	(49,374)	(62,928)	(74,566)
Unallocated Depreciation	(259,050)	(259,050)	(259,050)	(213,296)
Public Water	199,698	253,719	327,214	135,167
Public Sewer	<u>(355,107)</u>	<u>(12,221)</u>	<u>114,211</u>	<u>113,300</u>
	<u>(\$ 5,282,239)</u>	<u>(\$ 3,666,333)</u>	<u>(\$ 3,041,540)</u>	<u>(\$ 3,181,968)</u>

The dependence upon real estate tax revenues is apparent. For all activities, general revenue support is 48%. 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 3.09, 0.24, and 0.18 for general government, fire protection, and library services, respectively. The taxable assessed valuation for 2008 was \$443,540,700.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

Governmental Activities (continued)

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 Townships activities in the public Water and sewer operations.

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

Governmental Funds

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.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

Fund Financial Statements (continued)

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 Assets 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.

Debt Service Fund (Non-major Fund)

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

The following are the Township's other funds:

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.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

REPORTING THE TOWNSHIP'S MOST SIGNIFICANT FUNDS

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

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 \$7,662,810 and expenditures of \$8,468,872. Other financing sources and uses include transfers between the funds of \$167,600. The net change in fund balance for the year was an decrease of \$638,462.

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.

DESIGNATION 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 designations of unreserved fund balances are as follows:

Appropriations to the 2009 budget	\$ 101,100
Fire truck procurement	477,200
Ambulance Corps subsidy	30,000
Public works garage debt reduction	168,000
Storm sewer projects	450,000
DPW Equipment	32,000
Parks equipment and improvements	131,000
Police Station renovations	<u>1,600,000</u>
	<u>\$2,989,800</u>

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

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	\$	\$	\$ 668,641
Building and Building Improvements	6,050,277	23,585		6,073,862
Infrastructure	0	168,574		168,574
Vehicles	1,371,937	238,082		1,610,019
Equipment	430,179			430,179
	<u>\$ 8,521,034</u>	<u>\$ 430,241</u>	<u>\$ 0</u>	<u>\$ 8,951,275</u>
ACCUMULATED DEPRECIATION				
Building and Building Improvements	\$ 2,334,487	\$ 143,164	\$	\$ 2,477,651
Vehicles	873,174	99,412		972,586
Equipment	340,666	16,474		357,140
	<u>\$ 3,548,327</u>	<u>\$ 259,050</u>	<u>\$ 0</u>	<u>\$ 3,807,377</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	\$ 2,176,567	\$ 213,542	\$ 2,390,109
Sewer System	8,833,646	10,926	8,844,566
Computers and Equipment	143,199	44,332	187,531
	<u>\$ 11,153,406</u>	<u>\$ 268,800</u>	<u>\$ 11,422,208</u>
ACCUMULATED DEPRECIATION			
Water System	\$ 1,440,637	\$ 67,926	\$ 1,508,563
Sewer System	5,119,400	297,277	5,416,677
	<u>\$ 6,560,037</u>	<u>\$ 365,203</u>	<u>\$ 6,925,240</u>

Description of the years Capital Asset Activity:

- Overall capital assets increased \$430,241 for governmental activities and \$268,800 for business type activities.
- Depreciation for the year was \$624,253 of which \$259,050 related to governmental activities.

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

DEBT SERVICE

2002 General Obligation Bonds

The \$6,445,350 Bond was issued to provide funds for the advanced refunding of the Township's General Obligation Notes, Series of 1997, 1998, and 1999. The bonds mature annually with interest due semiannually at interest rates ranging from 1.45% to 4.05%, maturing in December 2013.

	Governmental Fund Types	Proprietary Fund Types (Enterprise Funds)	
	General Fund	Water Fund	Sewer Fund
			Total
Outstanding, December 31,	\$ 476,000	\$ 104,150	\$ 994,850
			\$1,575,000

Years Ending December 31,	Governmental Fund Types	Proprietary (Enterprise Funds)
2008	\$ 570,634	\$ 357,420
2009	167,028	315,252
2010	101,312	256,946
2011	100,980	256,092
2012	101,768	258,120
2013	50,504	126,296
Debt service to maturity	521,592	1,212,706
Interest portion	45,592	113,706
Outstanding principal	\$ 476,000	\$ 1,099,000

TOWNSHIP OF SALISBURY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

DECEMBER 31, 2008

CURRENT FINANCIAL ISSUES AND CONCERNS

The 2008 Audited Financial Statements reveal that on the whole the Township General Fund Revenue growth in 2008 exceeded the prior year 2007 Revenues by 1.41%. In contrast, the 2007 Revenue increase was only 0.48% from the 2006 year. The Township over-reliance on Taxes is however significantly evident. Approximately 61% of the derived Revenue came from taxes. Leading the way is the Earned Income Tax, which in 2008 brought in \$1.94 millions in revenue, a 6.51% increase over 2007. The Real Estate Tax however generated less than 2007 levels (\$104,005) or -7.16%. Real Estate Transfers outpaced all of the taxes with an increase of \$308,609 or 53% increase from 2007 levels. This was due to a one time sale of a commercial parcel (Cedar Crest Professional Park). We do not anticipate this to continue and to possibly decrease in 2009 with the downturn in the housing market.

In 2008 the number of new housing units in Salisbury decreased by 12 units from 2007 levels. The Local Service Tax (LST), formerly EMST, showed a decrease in the collection by \$46,367, however this was attributed to the change in the Local Enabling Act (Act 511) to require that the tax be collected weekly and remitted quarterly, rather than lump-sum. The Township utilized the revenue derived by the LST to offset costs associated with Police related expenses and road/infrastructure needs. The General Fund Tax Revenue in 2008 realized a 6.5% (\$276,864) increase from 2007, which was used towards offsetting other operating expenses. However, interest earnings decreased by \$182,000, reflective of the depressed banking interest rate market. The Township's investment policy remains very conservative and most of its accounts are held in the Pennsylvania Local Government Investment Trust. Shared Revenues decreased overall by \$23,000 underlying the fact that the State and Federal Aid will not be enough to keep up with rising costs such as pension. Overall, total General Operating Revenues increased by only \$99,000 or 1.41% over 2007 levels.

On the expense side of the General Fund Operating Fund, the increase from prior 2007 levels was approximately 16% or \$1,001,798. Costs attributable to General Government remained steady at 2007 levels. Public Safety costs increased \$169,142, mostly attributable to rise in personnel costs and unexpected vehicle breakdown necessitating purchase of new vehicles. Fire related costs increased by \$3,777, while code enforcement decreased by \$7,000. Overall, Public Safety showed a 12.3% increase over the previous year. Sanitation costs associated with a new contract for collection of refuse and recycling increased by 12% (\$141,252). General Service Personnel costs associated with Public Works increased by 8.5% (\$82,172). Costs associated with Capital expenditures relating to Storm water management and upgrades increased by \$447,102. Insurance costs decreased by 3%, however costs associated with Employee Benefits increased by \$114,000. Of concern is the rapidly increases in the Minimum Municipal Obligation for both the Non-uniformed and Police Pension Plan. Collectively the Township subsidized the respective Plans by \$22,000. Given the static stream of State Aid to offset the future increases in costs, future contributions to the pension plans will likely be greater in order to maintain these plans actuarially sound. One can only hope that realized gains and dividends derived from investments of the assets of these plans will be a positive factor in offsetting the costs. Overall, the 2008 Operating Budget showed a \$57,695 under expenditures. However, total spending including Capital Expenses saw an increase of \$1,001,798 from 2007, reducing the Fund Balance at the end of the year by \$720,955 to \$6,917,744.

The financial position of the Township remains relatively strong with healthy fund balances accumulated and carried forward from years to years. The need to budget based on more realistic assumptions will need to be scrutinized and a long term Capital Plan will need to be developed in order to plan for long term capital needs. In 2009 there will be a need to analyze the uses of unrestricted reserves and new borrowing in light of major capital renovations that will be associated with the Police Administration Building. Technological upgrades and communication upgrades should be planned along with the renovations. Policies on specific uses of Fund Balances, whether restricted or unrestricted, should be developed to better manage the long term capital needs and assets

This Township's financial statements are designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability of the resources it receives and expends. If you have questions about this report, or need additional financial information, contact the Finance Director, Cathy Bonaskiewich at Salisbury Township, 2900 S. Pike Avenue, Allentown, PA 18103. or e-mail cbonaskiewich@salisburytownship.org.

GOVERNMENT WIDE FINANCIAL STATEMENTS

THE ACCOUNTING CORPORATION
TODD J. BERTAGLIA
LLC

TOWNSHIP OF SALISBURY
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

	Governmental Activities	Business-Type Activities	Total	2007 Memorandum Total
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	\$ 4,139,665	\$ 2,185,237	\$ 6,324,902	\$ 5,966,365
Accounts Receivable	191,820	611,189	803,009	776,404
Taxes Receivable	114,256		114,256	114,116
Investments	3,050,520	993,411	4,043,931	5,465,643
	<u>7,496,261</u>	<u>3,789,837</u>	<u>11,286,098</u>	<u>12,322,528</u>
<i>Non-current Assets</i>				
General Fixed Assets				
Land	668,641		668,641	668,641
Building & Building Improvements	6,073,862		6,073,862	6,050,277
Infrastructure	168,574		168,574	0
Vehicles	1,610,019	43,645	1,653,664	1,415,582
Equipment	430,179	143,886	574,065	529,733
Water System		2,390,109	2,390,109	2,176,567
Sewer System		8,844,566	8,844,566	8,833,640
	8,951,275	11,422,206	20,373,481	19,674,440
Accumulated Depreciation	<u>(3,807,377)</u>	<u>(6,925,240)</u>	<u>(10,732,617)</u>	<u>(10,108,364)</u>
Net General Fixed Assets	5,143,898	4,496,966	9,640,864	9,566,076
Restricted Investments	481,928	2,313,099	2,795,027	2,689,459
	<u>5,625,826</u>	<u>6,810,065</u>	<u>12,435,891</u>	<u>12,255,535</u>
	<u>13,122,087</u>	<u>10,599,902</u>	<u>23,721,989</u>	<u>24,578,063</u>
LIABILITIES				
<i>Current Liabilities</i>				
Accounts payable and accrued expenses	108,989	390,062	499,051	462,588
Accrued payroll and payroll taxes	147,415	4,522	151,937	125,990
Deposits	183,960		183,960	169,266
Current Portion of LT Debt - Bonds Payable	150,000	307,750	457,750	845,000
	<u>590,364</u>	<u>702,334</u>	<u>1,292,698</u>	<u>1,602,844</u>
<i>Non-current Liabilities</i>				
Compensated Absences Provision	341,869		341,869	272,382
Bonds Payable - Long term	326,000	791,250	1,117,250	1,575,000
	<u>1,258,233</u>	<u>1,493,584</u>	<u>2,751,817</u>	<u>3,450,226</u>
NET ASSETS				
Investment in Capital Assets, Net of Related Debt	4,667,898	3,397,966	8,065,864	7,146,076
Restricted for:				
Specified Projects	2,989,800		2,989,800	2,481,362
Specified use	589,879		589,879	481,436
Unrestricted	<u>3,616,277</u>	<u>5,708,352</u>	<u>9,324,629</u>	<u>11,018,963</u>
	<u>\$ 11,863,854</u>	<u>\$ 9,106,318</u>	<u>\$ 20,970,172</u>	<u>\$ 21,127,837</u>

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets			2007 Memorandum Total
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
			Grants and Contributions						
Governmental activities:									
General government	\$ 968,468	\$ 535,353	\$ 65,963	\$	\$	(367,152)	\$	(367,152)	\$ (142,890)
Public safety	2,063,428	115,583	111,103			(1,836,742)		(1,836,742)	(1,190,765)
Public works	3,061,509	1,403,080	360,601			(1,297,828)		(1,297,828)	(1,043,280)
Recreation	158,616					(158,616)		(158,616)	(120,249)
Other	1,285,462	85,282	184,807	29,450		(985,923)		(985,923)	(809,364)
Interest on Long-Term debt	33,385					(33,385)		(33,385)	(49,374)
Unallocated Depreciation	259,050					(259,050)		(259,050)	(259,050)
	<u>3,070,738</u>	<u>2,727,195</u>						<u>(343,543)</u>	<u>(51,361)</u>
Business-Type Activities :									
Enterprise Funds	<u>\$ 10,900,656</u>	<u>\$ 4,866,493</u>	<u>\$ 722,474</u>	<u>\$ 29,450</u>		<u>(4,938,696)</u>		<u>(343,543)</u>	<u>(3,666,333)</u>
General revenues:									
Taxes:									
Property taxes, levied for general purposes, net						2,233,564		2,233,564	2,032,184
Taxes levied for specific purposes						181,920		181,920	183,107
Emergency Municipal Services Tax						357,766		357,766	404,133
Earned Income Taxes						1,941,882		1,941,882	1,823,257
Interest Income						221,308	188,134	409,442	711,396
						<u>4,936,440</u>	<u>188,134</u>	<u>5,124,574</u>	<u>5,154,077</u>
<i>Total general revenues, special items, and transfers</i>									
						(2,256)	(155,409)	(157,665)	1,487,744
Change in Net Assets									
<i>Net Assets—beginning</i>						11,866,110	9,261,727	21,127,837	19,640,093
<i>Net Assets—ending</i>						<u>\$ 11,863,854</u>	<u>\$ 9,106,318</u>	<u>\$ 20,970,172</u>	<u>\$ 21,127,837</u>

TOWNSHIP OF SALISBURY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2008

Total Fund Balances - Governmental Funds **\$ 7,507,623**

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

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 30,202

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

General Fixed Assets 8,951,275
Accumulated Depreciation (3,807,377)

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 (341,869)
Bonds Payable (476,000)

Total Net Assets - Governmental Activities **\$ 11,863,854**

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, 2008

Total net change in fund balances - governmental funds \$ (638,462)

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

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 (2,748)

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.

Depreciation (259,050)
Capital Outlay 430,241

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

(69,487)

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

537,250

Change in net assets of governmental activities

\$ (2,256)

FUNDS FINANCIAL STATEMENTS

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

TOWNSHIP OF SALISBURY
COMBINED BALANCE SHEETS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2008

	Major Fund		Non-Major Funds		2007 Memorandum Total
	General	Special Revenue	Totals		
ASSETS					
Cash and cash equivalents	\$ 4,139,665	\$	\$ 4,139,665	\$	3,582,676
Investments	2,447,533	602,987	3,050,520		4,320,842
Taxes receivable, net of allowance	76,062	7,992	84,054		81,176
Accounts receivable	191,820		191,820		159,819
Restricted Investments	481,928		481,928		448,180
	<u>\$ 7,337,008</u>	<u>\$ 610,979</u>	<u>\$ 7,947,987</u>		<u>\$ 8,592,693</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 87,889	\$ 21,100	\$ 108,989	\$	152,867
Accrued payroll and payroll taxes	147,415		147,415		124,465
Deposits	183,960		183,960		169,266
Deferred Revenue			0		0
	<u>419,264</u>	<u>21,100</u>	<u>440,364</u>		<u>446,598</u>
FUND BALANCE					
Reserve for encumbrance			0		275,950
Unreserved and designated	2,989,800		2,989,800		2,481,362
Unreserved and undesignated	3,927,944	589,879	4,517,823		5,388,783
	<u>6,917,744</u>	<u>589,879</u>	<u>7,507,623</u>		<u>8,146,095</u>
	<u>\$ 7,337,008</u>	<u>\$ 610,979</u>	<u>\$ 7,947,987</u>	<u>\$</u>	<u>8,592,693</u>

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2008

	<u>Major Fund</u>	<u>Non-Major Funds</u>			2007
	General	Special Revenue	Debt Service	Total	Memorandum Total
REVENUES					
Taxes	\$ 4,535,960	\$ 181,920	\$	\$ 4,717,880	\$ 4,442,203
Licenses and permits	179,498			179,498	109,015
Fines, forfeits and costs	98,897			98,897	64,396
Interest and rents	253,708	16,658		270,366	462,294
Charges for services	1,570,315			1,570,315	1,585,890
Miscellaneous revenues	74,380	29,000		103,380	150,613
Intergovernmental revenues	388,974	333,500		722,474	714,872
	<u>7,101,732</u>	<u>561,078</u>	<u>0</u>	<u>7,662,810</u>	<u>7,529,283</u>
EXPENDITURES					
Current					
General government	967,390			967,390	968,589
Public safety	1,576,964	521,194		2,098,158	1,558,620
Public works	3,137,204	250,329		3,387,533	2,741,338
Culture and recreation	77,017	81,599		158,616	145,244
Insurance and employee benefits	1,224,291			1,224,291	1,109,094
Miscellaneous	61,171			61,171	51,691
Debt service					
Principal retirement			537,250	537,250	593,200
Interest			33,385	33,385	49,374
Fiscal charges			1,078	1,078	1,078
	<u>7,044,037</u>	<u>853,122</u>	<u>571,713</u>	<u>8,468,872</u>	<u>7,218,228</u>
<i>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</i>	<u>57,695</u>	<u>(292,044)</u>	<u>(571,713)</u>	<u>(806,062)</u>	<u>311,055</u>
OTHER FINANCING SOURCES (USES)					
Operating transfers in	167,600	374,537	571,713	1,113,850	844,952
Operating transfers out	(946,250)			(946,250)	(674,552)
	<u>(778,650)</u>	<u>374,537</u>	<u>571,713</u>	<u>167,600</u>	<u>170,400</u>
<i>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</i>	<u>(720,955)</u>	<u>82,493</u>	<u>0</u>	<u>(638,462)</u>	<u>481,455</u>
FUND BALANCES, JANUARY 1	<u>7,638,699</u>	<u>507,386</u>	<u>0</u>	<u>8,146,085</u>	<u>7,664,640</u>
FUND BALANCES, DECEMBER 31	<u>\$ 6,917,744</u>	<u>\$ 589,879</u>	<u>\$ 0</u>	<u>\$ 7,507,623</u>	<u>\$ 8,146,095</u>

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF NET ASSETS
PROPRIETARY FUNDS
AS OF DECEMBER 31, 2008

	Enterprise Funds			2007 Memorandum
	Water	Sewer	Total	Total
ASSETS				
Cash and cash equivalents	\$ 1,231,261	\$ 953,976	\$ 2,185,237	\$ 2,383,689
Investments		993,411	993,411	1,144,801
Accounts receivable	286,872	324,317	611,189	616,585
Restricted Investments	1,156,498	1,156,601	2,313,099	2,241,279
Water and sewer systems	2,390,109	8,844,566	11,234,675	11,010,207
Vehicles and computer equipment	93,766	93,765	187,531	143,199
Accumulated depreciation	(1,508,563)	(5,416,677)	(6,925,240)	(6,560,037)
	<u>\$ 3,649,943</u>	<u>\$ 6,949,959</u>	<u>\$ 10,599,902</u>	<u>\$ 10,979,723</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 170,543	\$ 219,519	\$ 390,062	\$ 309,721
Accrued payroll and payroll taxes	2,261	2,261	4,522	1,525
Bonds Payable	104,150	994,850	1,099,000	1,406,750
	<u>276,954</u>	<u>1,216,630</u>	<u>1,493,584</u>	<u>1,717,996</u>
NET ASSETS				
Net Assets	<u>3,372,989</u>	<u>5,733,329</u>	<u>9,106,318</u>	<u>9,261,727</u>
	<u>\$ 3,649,943</u>	<u>\$ 6,949,959</u>	<u>\$ 10,599,902</u>	<u>\$ 10,979,723</u>

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008

	Enterprise Funds			2007 Memorandum
	Water	Sewer	Total	Total
OPERATING REVENUES				
Charges for services	\$ 1,368,250	\$ 1,358,945	\$ 2,727,195	\$ 2,751,637
OPERATING EXPENSES				
Personnel	176,814	174,621	351,435	361,429
Purchased services	33,701	31,109	64,810	77,271
Supplies and maintenance	17,229	37,826	55,055	55,829
Contractual payments	760,196	1,054,421	1,814,617	1,532,180
Insurance	7,832	11,756	19,588	14,020
Depreciation	67,926	297,277	365,203	365,203
Administrative expenses	83,800	83,800	167,600	170,400
Employee benefits	91,463	91,295	182,758	168,819
	<u>1,238,961</u>	<u>1,782,105</u>	<u>3,021,066</u>	<u>2,745,151</u>
OPERATING NET INCOME	<u>129,289</u>	<u>(423,160)</u>	<u>(293,871)</u>	<u>6,486</u>
NON-OPERATING REVENUES				
(EXPENDITURES)				
Interest revenue	76,282	111,852	188,134	292,859
Interest expense	(5,873)	(43,799)	(49,672)	(57,847)
	<u>70,409</u>	<u>68,053</u>	<u>138,462</u>	<u>235,012</u>
CHANGE IN NET ASSETS	<u>199,698</u>	<u>(355,107)</u>	<u>(155,409)</u>	<u>241,498</u>
NET ASSETS,				
JANUARY 1	<u>3,173,291</u>	<u>6,088,436</u>	<u>9,261,727</u>	<u>9,020,229</u>
NET ASSETS,				
DECEMBER 31	<u>\$ 3,372,989</u>	<u>\$ 5,733,329</u>	<u>\$ 9,106,318</u>	<u>\$ 9,261,727</u>

TOWNSHIP OF SALISBURY
COMBINED STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2008

	Enterprise Funds	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from users	\$ 2,732,591	\$ 2,734,072
Cash paid to employees	(531,196)	(541,585)
Cash paid to suppliers and contractors	(2,041,329)	(1,766,865)
<i>Net Cash Provided by Operating Activities</i>	<u>160,066</u>	<u>425,622</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Repayment of debt	(307,750)	(301,800)
Interest and fiscal charges paid	(49,671)	(57,844)
Purchase of system equipment and improvements	(268,800)	(118,417)
<i>Net Cash Used by Capital and Related Financing Activities</i>	<u>(626,221)</u>	<u>(478,061)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	79,570	(349,433)
Interest received	188,133	292,858
<i>Net Cash Used by Investing Activities</i>	<u>267,703</u>	<u>(56,575)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(198,452)	(109,014)
CASH AND CASH EQUIVALENTS, JANUARY 1st	<u>2,383,689</u>	<u>2,492,703</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31st	<u>\$ 2,185,237</u>	<u>\$ 2,383,689</u>
RECONCILIATION OF OPERATING NET INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income	\$ (293,871)	\$ 6,486
<i>Adjustment to reconcile net operating income to net cash provided by operating activities:</i>		
Depreciation	365,203	365,203
Increase in accounts receivable	5,396	(17,565)
(Decrease) increase in accounts payable and accrued expenses	83,338	71,498
Net Cash Provided by Operating Activities	<u>\$ 160,066</u>	<u>\$ 425,622</u>

TOWNSHIP OF SALISBURY
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
DECEMBER 31, 2008

	Police Pension Trust	
	2008	2007
ASSETS		
Investments - restricted	\$ 2,854,164	\$ 3,557,774
LIABILITIES	\$ 0	\$ 0
NET ASSETS		
Reserved for retirement benefits	2,854,164	3,557,775
	\$ 2,854,164	\$ 3,557,775

TOWNSHIP OF SALISBURY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
YEAR ENDED DECEMBER 31, 2008

	Police Pension Trust	
	2008	2007
ADDITIONS		
Township Contributions	\$ 108,413	\$ 97,960
Interest, dividends, and net unrealized gains/losses	(543,341)	186,344
	<u>(434,928)</u>	<u>284,304</u>
DEDUCTIONS		
Administrative expenses	22,705	30,952
Pension benefits	245,978	220,450
	<u>268,683</u>	<u>251,402</u>
CHANGE IN NET ASSETS	(703,611)	32,902
NET ASSETS, JANUARY 1	<u>3,557,775</u>	<u>3,524,873</u>
NET ASSETS, DECEMBER 31	<u><u>\$ 2,854,164</u></u>	<u><u>\$ 3,557,775</u></u>

NOTES TO THE FINANCIAL STATEMENTS

The Accounting Corporation
Terry J. Banta, CPA
LLC

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2008

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, 2008

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, 2008

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, 2008

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, 2008

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

Assessed tax millage is 3.09, 0.24, and 0.18 for general government, fire protection, and library services, respectively. The taxable assessed valuation for 2008 was \$443,540,700. 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.

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, 2008

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 2007 have been restated to conform to current year presentation. These 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, 2008

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.

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.

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 & Poors.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 2 INVESTMENTS AND DEPOSITS WITH FINANCIAL INSTITUTIONS (CONTINUED)

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. At year end, the bank balance of the Township's deposits with financial institutions including cash equivalent investments was \$16,018,024.

The remaining balances 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, 2008

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	\$ 76,062	\$ 4,589	\$ 3,403

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	\$	\$	\$ 668,641
Building and Building Improvements	6,050,277	23,585		6,073,862
Infrastructure	0	168,574		168,574
Vehicles	1,371,937	238,082		1,610,019
Equipment	430,179			430,179
	<u>\$ 8,521,034</u>	<u>\$ 430,241</u>	<u>\$ 0</u>	<u>\$ 8,951,275</u>
ACCUMULATED DEPRECIATION				
Building and Building Improvements	\$ 2,334,487	\$ 143,164	\$	\$ 2,477,651
Vehicles	873,174	99,412		972,586
Equipment	340,666	16,474		357,140
	<u>\$ 3,548,327</u>	<u>\$ 259,050</u>	<u>\$ 0</u>	<u>\$ 3,807,377</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	\$ 2,176,567	\$ 213,542	\$ 2,390,109
Sewer System	8,833,646	10,926	8,844,566
Computers and Equipment	143,199	44,332	187,531
	<u>\$ 11,153,406</u>	<u>\$ 268,800</u>	<u>\$ 11,422,208</u>
ACCUMULATED DEPRECIATION			
Water System	\$ 1,440,637	\$ 67,926	\$ 1,508,563
Sewer System	5,119,400	297,277	5,416,677
	<u>\$ 6,560,037</u>	<u>\$ 365,203</u>	<u>\$ 6,925,240</u>

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 5 DEBT AND DEBT SERVICE

2002 General Obligation Bonds

The \$6,445,350 Bond was issued to provide funds for the advanced refunding of the Township's General Obligation Notes, Series of 1997, 1998, and 1999. The bonds mature annually with interest due semiannually at interest rates ranging from 1.45% to 4.05%, maturing in December 2013.

	Governmental Fund Types	Proprietary Fund Types (Enterprise Funds)	
	General Fund	Water Fund	Sewer Fund
			Total
Outstanding, December 31,	\$ 476,000	\$ 104,150	\$ 994,850
			\$1,575,000

Years Ending December 31,	Governmental Fund Types	Proprietary (Enterprise Funds)
2008	\$ 570,634	\$ 357,420
2009	167,028	315,252
2010	101,312	256,946
2011	100,980	256,092
2012	101,768	258,120
2013	50,504	126,296
Debt service to maturity	521,592	1,212,706
Interest portion	45,592	113,706
Outstanding principal	\$ 476,000	\$ 1,099,000

NOTE 6 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.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 7 DESIGNATION 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 designations of unreserved fund balances are as follows:

Appropriations to the 2009 budget	\$ 101,100
Fire truck procurement	477,200
Ambulance Corps subsidy	30,000
Public works garage debt reduction	168,000
Storm sewer projects	450,000
DPW Equipment	32,000
Parks equipment and improvements	131,000
Police Station renovations	<u>1,600,000</u>
	<u>\$2,989,800</u>

NOTE 8 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, 2008

NOTE 8 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, 2007).

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

Plan Description

The Township contributes to The Salisbury Township Police Pension Plan, a single employer Public Employee Retirement System.

All full-time uniform employees are eligible to participate in the Plan. Benefits vest after 12 years of service. Township employees who retire at age 50 or later and have 25 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 50% of their average annual salary during their last three years of employment. The Plan also provides death and disability benefits. These benefit provisions and all other requirements are established by Salisbury Township.

Funding Policy

The amounts shown as the "Actuarial Accrued Liability" (AAL) are a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plans on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plans.

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

UNIFORMED POLICE PENSION PLAN (continued)

Funding Policy (continued)

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.

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.

Year	Annual Pension Cost (APC)	Employer Contribution Made	State Aid	Percentage of APC Contributed	Net Pension Obligation
2007	\$ 97,960	\$ 97,960	\$ 0	100%	\$ 0
2006	\$ 88,418	\$ 88,418	\$ 0	100%	\$ 0
2005	\$ 56,491	\$ 56,491	\$ 0	100%	\$ 0

Supplementary Information

January 1 Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) - Entry Age	(3) Funded Ratio (1) ÷ (2)	(4) Unfunded (UAAL) (2) - (1)	(5) Covered Payroll	(6) UAAL as a % of Covered Payroll (4) ÷ (5)
2007	\$3,598,584	\$3,558,919	101%	\$ (39,665)	\$ 766,383	(5.2)%
2005	\$3,417,049	\$3,177,547	107%	\$ (239,502)	\$ 633,787	(37.8)%
2003	\$3,578,134	\$3,077,066	116%	\$ (501,128)	\$ 612,423	(81.8)%

TOWNSHIP OF SALISBURY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2008

NOTE 8 DEFINED BENEFIT PENSION PLANS (CONTINUED)

UNIFORMED POLICE PENSION PLAN

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, 2007
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%

DETAIL SCHEDULES OF REVENUE
AND EXPENDITURES

THE ACCOUNTANT AT THE
TOWN OF BOSTON, MASS.
1888

TOWNSHIP OF SALISBURY
GENERAL FUND
DETAIL SCHEDULE OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2008

	Original and Ending Budget	Actual	Variance Favorable (unfavorable)
REVENUES			
<i>TAXES</i>			
Real Estate Tax	\$ 1,305,000	\$ 1,348,684	\$ 43,684
Realty Transfer	320,000	887,628	567,628
Emergency Municipal Services Tax	435,000	357,766	(77,234)
Earned Income Tax	1,570,000	1,941,882	371,882
	<u>3,630,000</u>	<u>4,535,960</u>	<u>905,960</u>
<i>LICENSES AND PERMITS</i>			
Cable television licenses	85,000	100,433	15,433
Permits	64,600	79,065	14,465
	<u>149,600</u>	<u>179,498</u>	<u>29,898</u>
<i>FINES, FORFEITS AND COSTS</i>			
Vehicle Code Violations	30,000	79,677	49,677
Violations of Ordinances	8,000	19,220	11,220
	<u>38,000</u>	<u>98,897</u>	<u>60,897</u>
<i>INTEREST AND RENTS</i>			
Interest Income	230,000	204,650	(25,350)
Rents	44,500	49,058	4,558
	<u>274,500</u>	<u>253,708</u>	<u>(20,792)</u>
<i>SHARED REVENUES</i>			
Federal grants	3,000	16,417	13,417
State grants	2,000	16,353	14,353
Recycling grant	25,000	27,101	2,101
Beverage Licenses	2,700	2,100	(600)
Public Utility Tax	5,000	5,880	880
Payments in lieu of tax	27,600	25,213	(2,387)
Foreign Casualty Insurance	170,000	184,807	14,807
Foreign Fire Insurance Tax	100,000	111,103	11,103
	<u>335,300</u>	<u>388,974</u>	<u>53,674</u>
<i>CHARGES FOR SERVICES</i>			
Solid Waste Collection Fees	1,311,300	1,366,990	55,690
General government	3,000	6,386	3,386
Public works	1,500	36,090	34,590
Subdivision filing	4,000	4,075	75
Engineering Review	50,000	110,809	60,809
Zoning variance	3,500	2,175	(1,325)
Legal Review	10,000	15,752	5,752
Public Safety	2,000	16,686	14,686
Other Charges for Service	10,000	11,352	1,352
	<u>1,395,300</u>	<u>1,570,315</u>	<u>175,015</u>
<i>MISCELLANEOUS REVENUES</i>			
Refund of prior years expenditure	0	60,562	60,562
Developer Contributions	0	0	0
Contributions	0	450	450
Sale of Fixed Assets	0	13,368	13,368
	<u>0</u>	<u>74,380</u>	<u>74,380</u>
TOTAL REVENUES	\$ 5,822,700	\$ 7,101,732	\$ 1,279,032

TOWNSHIP OF SALISBURY
GENERAL FUND
DETAIL SCHEDULE OF REVENUES AND EXPENDITURES
YEAR ENDED DECEMBER 31, 2008

	Original and Ending Budget	Actual	Variance Favorable (unfavorable)
EXPENDITURES			
<i>GENERAL GOVERNMENT</i>			
Legislative	\$ 15,000	\$ 15,336	\$ (336)
Executive	278,800	259,832	18,968
Finance	130,900	132,140	(1,240)
Tax Collection	46,100	54,607	(8,507)
Law	47,000	102,667	(55,667)
Other general government	67,200	60,729	6,471
Engineering	85,000	173,760	(88,760)
Building and Plant	226,100	168,319	57,781
	<u>896,100</u>	<u>967,390</u>	<u>(71,290)</u>
<i>PUBLIC SAFETY</i>			
Police	1,126,400	1,274,823	(148,423)
Fire	101,600	111,809	(10,209)
Code Enforcement	88,700	101,355	(12,655)
Planning and Zoning	95,100	86,647	8,453
Emergency Management	2,800	2,330	470
	<u>1,414,600</u>	<u>1,576,964</u>	<u>(162,364)</u>
<i>PUBLIC WORKS</i>			
Sanitation	1,229,400	1,327,174	(97,774)
General Services	997,700	1,048,862	(51,162)
Leaf Collection	10,000	7,003	2,997
Traffic Control	30,000	13,610	16,390
Tools and Machinery	42,500	48,764	(6,264)
Capital Equipment	100,000	103,044	(3,044)
Streets and Bridges	150,000	126,621	23,379
Storm Water Management	697,500	462,126	235,374
	<u>3,257,100</u>	<u>3,137,204</u>	<u>119,896</u>
<i>CULTURE AND RECREATION</i>			
	<u>136,500</u>	<u>77,017</u>	<u>59,483</u>
<i>MISCELLANEOUS</i>			
Contributions	64,000	59,318	4,682
Refund of prior years revenue	0	307	(307)
Other	5,000	1,546	3,454
	<u>69,000</u>	<u>61,171</u>	<u>7,829</u>
<i>INSURANCE AND EMPLOYEE BENEFITS</i>			
Insurance	125,000	112,633	12,367
Social security and unemployment comp	137,400	138,700	(1,300)
Pension	306,200	306,209	(9)
Workers Compensation	65,000	57,269	7,731
Employee Benefits	634,200	609,480	24,720
	<u>1,267,800</u>	<u>1,224,291</u>	<u>43,509</u>
TOTAL EXPENDITURES	\$ 7,041,100	\$ 7,044,037	\$ (2,937)

COMBINING SCHEDULES

THE ACCORDANCE ENGINE
TOMMY B. BERRY, CPE
GEC

TOWNSHIP OF SALISBURY
COMBINING BALANCE SHEETS
SPECIAL REVENUE FUNDS
AS OF DECEMBER 31, 2008

ASSETS				
	Library	Fire	Highway Aid	Total
Investments	\$ 111,638	\$ 38,073	\$ 453,276	\$ 602,987
Taxes receivable, net of allowance	3,403	4,589		7,992
Due from other funds				
	<u>\$ 115,041</u>	<u>\$ 42,662</u>	<u>\$ 453,276</u>	<u>\$ 610,979</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 0	\$ 0	\$ 21,100	\$ 21,100
FUND BALANCE				
Unreserved and undesignated	115,041	42,662	432,176	589,879
	<u>115,041</u>	<u>42,662</u>	<u>432,176</u>	<u>589,879</u>
	<u>\$ 115,041</u>	<u>\$ 42,662</u>	<u>\$ 453,276</u>	<u>\$ 610,979</u>

TOWNSHIP OF SALISBURY
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED DECEMBER 31, 2008

	Library	Fire	Highway Aid	Total
REVENUES				
Taxes	\$ 77,965	\$ 103,955	\$	\$ 181,920
Interest and rents	2,742	1,787	12,129	16,658
Miscellaneous revenues		29,000		29,000
Intergovernmental revenues			333,500	333,500
	<u>80,707</u>	<u>134,742</u>	<u>345,629</u>	<u>561,078</u>
EXPENDITURES				
Public safety		521,194		521,194
Public works			250,329	250,329
Culture and recreation	81,599			81,599
	<u>81,599</u>	<u>521,194</u>	<u>250,329</u>	<u>853,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(892)</u>	<u>(386,452)</u>	<u>95,300</u>	<u>(292,044)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in		374,537		374,537
Operating transfers out				0
Total Other Financing Sources (Uses)	<u>0</u>	<u>374,537</u>	<u>0</u>	<u>374,537</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>(892)</u>	<u>(11,915)</u>	<u>95,300</u>	<u>82,493</u>
FUND BALANCES, JANUARY 1	<u>115,933</u>	<u>54,577</u>	<u>336,876</u>	<u>507,386</u>
FUND BALANCES, DECEMBER 31	<u>\$ 115,041</u>	<u>\$ 42,662</u>	<u>\$ 432,176</u>	<u>\$ 589,879</u>

F o c u s e d a n d B a l a n c e d

THE ACCOUNTANCY BOARD OF
TONGJI, BOSCH, & CO.
LLC