

Approved

**SALEM BOARD OF FINANCE
SPECIAL MEETING MINUTES
DECEMBER 1, 2011**

PRESENT

T J Butcher
Carole Eckart
Janet Griggs
John Dolan (Alt)
D. Kennedy (Alt)
Bill Weinschenker

ABSENT

George Householder
Greg Preston
Peter Lee (Alt)

B. Weinschenker called the meeting to order at 7:36 PM.

AGENDA:

**1. DISCUSS THE TOWN OF SALEM SYSTEMS AND
PROCEDURES ON BUDGETING AND FINANCE
ACCOUNTING**

The discussion started with the outline of the duties and guidelines of the Board of Finance. These duties are to define guidelines, prepare budget, set property tax mil rate, monitor transfers within the budget, monitor the need for additional funds, and appoint auditors, financial record keeping and the Town Report.

J. Griggs started the discussion on the Town Report. She has heard comments that the BOF has fallen short in their duties in regards to the Town Report. She was asked to report back to the BOF with specifics how the BOF has fallen short in their duties.

D. Kennedy noted that the flow chart in Exhibit 9-1 “Budget Development Process” explains the objection of the BOF. (See Attached)

Tax Collector Cheryl Philopena was asked to describe her duties.

- Eight hundred to one thousand tax bills are sent out that go to banks to be paid. These invoices are for real estate.
- Payment of taxes are either by check, cash or electronically. Tax bills sent for real estate, motor vehicles and personal property total 7,856. No credit cards are accepted. Banks are the only ones that are allowed to send in taxes electronically.
- Deposits are brought to the bank either by the Tax Collector or the Tax Collector’s Assistant. During January/July taxes will be deposited several times a day. Other times deposits done on a weekly basis. Deposits are recorded on a spreadsheet and given to the Treasurer by the 10th of the month to record in the Walsh system. The system is being updated to interface the Tax Collector Department and the Treasurer.
- The State mandates for interest rate for collecting back taxes is 18%. All money collected for taxes is recorded on the oldest owed invoice first.
- Liens are placed on property where taxes are owed.
- Tax bills are send out for the October 2010 grant list in July 2011 – June 2012
- The most difficult taxes to collect are personal property taxes (campers and businesses that go out of business).

The BOF asked C. Philopena what they could do to improve collections. Cheryl requested that when the Charter is going to be revised that changes should be made to the way personal property payments are handled. Personal property taxes should be collected in one payment in July.

Other Deposits made:

- Town Clerk and the Town Clerk’s Assistant receive money for the following: copies, recording fees, and dog licenses. The Town Clerk deposits all money received by this department and a spreadsheet is given to the Treasurer listing all deposits made on a weekly basis. The clerk maintains a checking account for the dog fund.
- The Building Department receives money for required fees for permits. (Example: Plumbing, Heating, Engineering, Septic, etc) This

money is given to the Treasurer (placed in her office) on a weekly basis along with a spreadsheet listing the fees associated with the deposit.

- The Head Librarian collects fees for fines, copies and faxes. These deposits are brought to the Treasurer (placed in her office) along with a sheet explaining what the deposit was for.
- The Administrative Secretary also collects money for the Planning and Zoning Department. These fees are giving to the Treasurer when they are collected.
- The School also collects money for their preschool tuition and for the Cafeteria plan.

The process for paying invoices was outlined by V. Casey and First Selectman Lyden.

- All invoices to be paid are received by the Finance Specialist from Department/Commissions heads on a weekly basis.
- Each invoice is approved with either a signature or the department head's initials stating which line to charge the expenses to.
- These invoices are entered into the Walsh system. An edit list, a check register and the actual invoices of all accounts payables, to be paid weekly, is given to two Selectmen for their review and initials/signature.
- An appropriation summary listing the expenses to date is printed out and reviewed.
- A signed check register is given to the Treasurer for her records. The Finance Specialist calls the Treasurer with the amount of the weekly payables.
- Checks are mailed out.

Encumbrances:

- All purchase orders are processed by department/commission heads when purchases exceed \$500.
- The First Selectman stated that these purchase orders are sometimes used more like a line of credit by departments.

Board of Finance:

- Setting of the meetings for the BOF is done in November of the previous year. These meeting dates are recorded by the Town Clerk.
- Guidelines are given to each department/commission prior to their presentation at the meetings.
- The Board of Education budget is reviewed, but only changes to the bottom line request are allowed by the BOF.
- At the budget meetings the BOF listens to the requests by departments and commissions for the upcoming budget year.
- Revenue is projected for the upcoming budget on the State Grant Report, on previous collections in each category and by looking at funds in the Capital Reserve Account and the Undesignated Fund Balance.
- A public hearing is held when the budget process is completed. At this meeting the BOF listens to the residents and gets feedback on areas of the budget that might need to be adjusted.
- A final budget meeting takes place by the BOF to either cut funds or add funds to the upcoming budget before it goes to the Town Meeting.
- A Town Meeting is held in May to discuss the upcoming referendum.
At the Town Meeting the proposed budget can only be reduced not increased.~~The budget funds can only be cut from, not added to, the budget.~~
- After the budget has been approved, the BOF sets the mil rate based on the expected expenses, revenues and by keeping the Undesignated Fund Balance at the recommended rate between 8%-11%. The balance in the Undesignated Fund is important when the town needs to bond certain projects.
- The BOF members noted that the First Selectman Lyden does a great job getting information about budget items making it easier for the BOF to accomplish their objectives.
- Adjustments to the approved budget can be made by the BOF with recommendations by the Board of Selectman. The Town's Audit Firm recommends transferring money from one department to another without changing the bottom line.

Treasurer:

- The Treasurer was unable to attend tonight's meeting. M. Ferren's report on the Treasurer's procedure was handed out to each member.

- The audit was delayed by six weeks. A bookkeeper from Marien & Company was hired to help complete information needed for the 2010/2011 Budget Year. The additional cost to the town for these services was approximately \$3000. The members asked where this extra expense was coming from. An adjustment may be needed in the 2011/2012 budget.

Grand List:

- It is still too early to tell where the Grand List will be for the 2011 year. So far it looks like it will be down 17 to 18%. Vision Appraisal met with residents and they are still compiling information.

M/S/C (Butcher/Eckart) to adjourn at 9:15 PM.

Vote: Approved Unanimously.

Virginia Casey,
Recording Secretary