

**Approved**

**SALEM BOARD OF FINANCE  
REGULAR MEETING MINUTES  
January 12, 2012**

**PRESENT**

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

**ABSENT**

Greg Preston

B. Weinschenker called the meeting to order at 7:30 PM.

**Recognition of Visitors:       None**

**Seat Alternate:**

**M/S/C (Eckart/Griggs) to seat David Kennedy in place of Greg Preston**

**Vote: Approved Unanimously.**

Chairman Weinschenker introduced the new member of the board, Peter Lee. Chairman Weinschenker gave a brief explanation of the duties of an Alternate.

**Communications:**

Chairman Weinschenker received communication from the Connecticut Coastal River Organization asking for funds and from Marien and

Company informing the BOF of the merger between their company and O'Connor and Davies.

Information was received from J Griggs on the MBR.

**Additions to Agenda:**

**Two items were added to the agenda.**

- J. Griggs would like to discuss the information received from attending the Democratic Committee meeting about the MBR. Added as item #7.
- TJ Butcher asked to add discussion about educating the taxpayer how the revaluation will impact the budget. Added as item #8

**1. Approval of Minutes:**

The BOF secretary did not give the board members the most updated minutes to be approved. The approval of the December 8, 2011 Regular Board of Finance minutes was tabled until the next meeting.

**2. Treasurer's Report (See attached copies)**

- Overall tax collections are up from 61.2% in 2010/2011 budgets to 63.6% in this year's budget. Budgeted overall revenue collected was up approximately 2% over the same period last year.
- The Town received money this month in the amount of \$3,998 from the Pequot/Mohegan Grant.
- Audit adjustments have been received. The Treasurer is reviewing the adjustments but has not posted them yet.

**3. Public Comment: None**

**4. Selectman's Report**

- The Town's audit was completed on time for the third continuous year. The Board of Finance members received their copy of the audit in their packets.
- Phase 1 of the sidewalk project has been completed. The second phase will begin in the spring.

- A six-month extension was filed for the Pavilion Project. The project is waiting on CL&P to complete their portion of the project. The plans are to have this project completed in March 2012.
- R.W. Heating had a grand opening in December. Dunkin Donuts opened its doors in December with a soft opening and their grand opening was this week. First Selectman introduced Cheryl LaFamme-Miller, CPA to the BOF members. Cheryl will be working with the Finance Department to help the Town be in compliance with the audit findings.
- Cheryl LaFamme-Miller informed the BOF that she was working on reporting financial information. She wanted input by the members on what type of financial information they would like to see on their reports. She stated that it is a work in progress. TJ Butcher asked when the BOF would be able to see these new changes. She indicated maybe in February. G. Householder asked where in the budget is this new expense for the new Consultant. Nothing is in the budget yet.

**5. School Building Committee (Report Included)**

**Committee Chairman E. Burr presented his report.**

- First page of the report is the committee's approved expenses: already paid and the balance that is owed to date.
- Second page of the attached report is a flow chart created by Silver, Petrucelli, and Architect for this project, recognizing expenses through January 2012. The roof will be over a million dollars.
- Third page is an estimated cost of the total funds needed. It also shows the eligible/non eligible funds being returned to the Town. Approximately \$1,690,991 is expected to be reimbursement by the State. E. Burr is meeting with the State next Tuesday to determine the reimbursement rate and time frame for the funds to flow back to the Town. In the next 6 month period the building committee will need \$400,000-\$500,000. Part of the Architect fees will be refunded but the installed boiler expense will not be.
- The Chairman asked if the flow chart on page 2 also included the balance owed on the first page of \$205,000. Chairman Burr stated that it did. Architect fees are not included on the second page (flow chart).

- Discussion on how to fund this part of this project followed. Specialized municipal funding will be needed. Chelsea Bank and Dime Bank are willing to work with towns. K. Lyden stated that his research over the past year has included talking with these banks and the bond consultant. Interest rates varied between three to four percent for a 15 year term. Interim financing will be needed until the Town Bonds this project. The BOF would like to look at a line of credit with interest only being paid on this financing. The BOF is looking at interim financing being for 1 to 1-1/2 years before seeking bonding. In the meantime the Building Committee will need funding to pay their outstanding invoices. G. Householder asked about the Undesignated Fund. The trial balance Undesignated Fund will be adjusted after the audit figures are posted. He stated that the Auditor stated they did not want the Undesignated Fund to fall below 8%. G. Householder also asked if we expect reimbursed funding for the Sidewalk Grant. First Selectman Lyden answered, in the spring. Knowing this, G. Householder stated that he would be willing to take \$200,000 from the Undesignated Fund.
- TJ Butcher asked that the line of credit be for \$500,000.
- C. Eckart stated that the flow chart on page two states that \$712,000 will be needed through June 2012. The \$205,000 is needed now. Remaining balance in the Committee line is approximately \$13,000.
- Finance of this project is the responsibility of the First Selectman and the Treasurer. The BOF asked First Selectman Lyden to ask for a line of credit in the amount of approximately \$5,000,000 by the end of April. K. Lyden will talk with the banks and will get back to the BOF at the next meeting.

**M/S/C (Householder/TJ Butcher) to transfer from the Undesignated Fund, the amount of \$200,000 to fund the School Building Committee line #0022**

**Vote: Approved Unanimously.**

**6. Discussion on the 2010/2011 Audit**

- The Chairman asked if there were any questions or comments on last month's audit presentation. G. Householder is happy with the Audit Company. TJ Butcher is happy with Marien and Company,

and the hiring of the new consultant. First Selectman Lyden is taking action to make sure all financial reporting will comply with the audit report.

**7. MBR Discussion on Action Plan (Copy Included)**

- Janet Griggs stated that, at the Democratic Town meeting, the MBR ruling was discussed with Senator Stillman. The outcome of this meeting was that it would be helpful to her to get a joint letter from the BOF and the BOE stating why the MBR is not fair to all towns. If the BOE does not want to do a joint letter, the BOF should write its own letter to Senator Stillman why the MBR formula does not fit all towns. It was suggested that information in the email from K. Lyden (see attached) be relayed to the BOE and included in the joint letter if the BOE agreed. This letter should include information on reduction of school enrollment.

**8. Taxes and Revaluation**

- TJ Butcher informed the BOF that John Butts had a good idea to educate the townspeople on how the new revaluation will affect their taxes. G. Householder asked the BOF Chairman to write a letter, to be published in Our Town Salem, to the citizens of the Town explaining the mil rate and the newly assessed value of their property. The main concern is that the townspeople believe that if their assessment went down their taxes will go down. This is not always the case. When the assessment goes down the mil rate usually goes up.

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

**Vote: Approved Unanimously.**

Virginia Casey,  
Recording Secretary