

**TOWN OF SALEM
BOARD OF FINANCE
REGULAR MEETING MINUTES
THURSDAY, JANUARY 12, 2023 – 7:00 P.M.
SALEM TOWN HALL – CONFERENCE ROOM 1**

**The minutes submitted below have been filed in accordance with
Section 7-342 of the CT General Statutes. They are subject to final approval
with or without amendments by a vote of the Board of Finance (BOF).
Approval and any such amendments will be detailed in subsequent BOF minutes.**

PRESENT

William “Skip” Dickson, Chairman
Marshall Collins, Clerk
Corinne (Cory) Bourgeois
Deborah Cadwell
Janet Griggs
Matt Rucci
Kate Belleville, Alternate
John Bernier, Alternate
Maryann Casciano, Alternate

ABSENT

none

ALSO PRESENT

First Selectman Ed Chmielewski
Finance Specialist Lisa Jablonski

CALL TO ORDER

Chairman Dickson called the meeting to order at 7:00 p.m.

PLEDGE OF ALLEGIANCE

RECOGNITION OF VISITORS:

Horace Lindo

SEAT ALTERNATE IF NEEDED: *none*

COMMUNICATIONS: *none*

AGENDA:

1. APPROVAL OF MINUTES: DECEMBER 8, 2022 BOF MEETING

M/S/C: Griggs/Collins, to approve the December 8, 2022 Board of Finance Regular Meeting Minutes, with the following amendment:

PRESENT

~~Maryanne Casciano, Alternate~~

ABSENT

Maryanne Casciano, Alternate

Discussion: None. Voice vote, 6-0, all in favor.

2. PUBLIC COMMENTS

Horace Lindo, 542 Flanders Road, Oakdale, spoke with respect to the Gardner Lake Volunteer Fire Company's finances, including their financial condition, expenses, and the auditing of their books. He requested that the Fire Company be informed in the future regarding the auditing of their books. He explained that the only funding the Fire Company receives from the town is for the On Call System. Volunteers sign up and receive a \$40/night stipend for 6 (six) hour shifts on Thursday to Sunday nights. A timecard is submitted to and paid for by the Bookkeeper every two (2) weeks. The Bookkeeper submits an invoice, along with a copy of the schedule, timecards, and checks, to the town's Finance Department for reimbursement every three (3) months.

He was informed that the audit occurs periodically, as required. Board Member Griggs stated that the audit also includes the proceeds from the Ambulance Funds and the information gathered helps the Board determine any possible need for additional funding.

Mr. Lindo stated that the Fire Company is a 501(c)(3) corporation that files very detailed income taxes on an annual basis. The paperwork is completed by a Certified Public Accountant. All of the information is available online through the Internal Revenue Service (IRS). The information includes more information than an audit would reveal. He reported that one major change includes the filing of their accounts receivable from ten (10) years to two (2) years. As a result, the Fire Company appears to have had a significant loss.

3. TREASURER'S REPORT – no report

- A. REVENUE SUMMARY**
- B. TRIAL BALANCE**
- C. FUND BALANCE**
- D. OTHER**

4. EXECUTIVE SESSION – TO PROVIDE AN UPDATE AND TO DISCUSS LEGAL STRATEGIES FOR THE CURRENT LAWSUIT “THE GARDNER LAKE VOLUNTEER FIRE COMPANY, INC. VS. TOWN OF SALEM” PURSUANT TO C.G.S. SECTION 1-200(6)(B)

M/S/C: Collins/Bourgeois, to enter into Executive Session to provide an update and discuss legal strategies for the current lawsuit entitled, “The Gardner Lake Volunteer Fire Company, Inc. vs. The Town of Salem”, pursuant to C.G.S. Section 1-200(6)(B) at 7:09 p.m. Discussions to include the Board of Finance, First Selectman Ed Chmielewski, Finance Specialist Lisa Jablonski, and Town Attorney Brian Estep. Discussion: None. Voice vote, 6-0, all in favor.

Chairman Dickson resumed the meeting at 7:48 p.m. No notes or votes were taken during the Executive Session.

5. DISCUSSION AND ACT ON SUPPLEMENTAL APPROPRIATION PER SECTION 10.09 OF THE SALEM TOWN CHARTER IN THE AMOUNT OF \$32,000.00 FOR TOWN COUNSEL, BUDGET LINE 5-126-208

M/S/C: Collins/Griggs, to approve a Supplemental Appropriation in the amount of \$32,000.00 (thirty-two thousand dollars) for the Town Counsel, Budget Line Item 5-126-208, per Section 10.09 of the Salem Town Charter. Discussion: First Selectman Chmielewski stated that additional funding is needed to cover the legal expenses of ongoing litigation. The action was approved by the Board of Selectmen at their January Regular Meeting. Voice vote, 6-0, all in favor.

6. FIRST SELECTMAN'S REPORT

First Selectman Chmielewski provided a detailed report of the departmental updates. Highlights include the completion of the 2022 Grand List Net Assessment Totals, which reflects an increase of 1.28% from the previous year, by Assessor Mike Kapinos. The Tax Collection Rate continues to climb at 71.62%. He announced the appointment of Nicole Haggerty, replacing Justin LaFountain as the Town Planner. He was pleased to report that a productive Emergency Services meeting was held with the Chiefs, Deputy Chiefs, and Assistant Chiefs from the Salem and Gardner Lake Volunteer Fire Companies, Emergency Management Director/Emergency Services Coordinator Mike Bednarz, and Part-time Supervisor and Assistant Supervisor Tom Maine and Jeff Standish in attendance. The Public Service Announcement for this month is the need to invest in the cutting of trees that are in danger of falling on power lines and encourage residents to purchase and install generators in preparation for unexpected power outages.

7. AUDIT PRESENTATION

King, King & Associates, P.C., Partner Sean O'Grady, CPA, DFE, and Audit Lead Zoe J. Peak, presented the town's FY2022/23 Audit Report. The Audit is divided into three primary sections: The Annual Financial Statement Audit; the CT State Single Audit (Grant Compliance) Audit, and; the Board of Education EFS (Education Finance System) Procedures. Because the town did not receive over \$750,000.00 in Federal Funding, the Auditors did not conduct a Federal Single Audit.

Annual Financial Statement Audit

The town's Unassigned Fund Balance or Rainy-Day Fund was \$3,079,606.00 or 18.8%, which exceeds the Government Finance Officers Association's (GFOA) recommended Fund Balance amount of 16.67% or two months of its annual revenues. The amount is well within the town's adopted policy of maintaining an Unassigned Fund Balance of 15% to 20% of its budgeted expenditures.

The town's General Fund Balance of \$5,019,579.00 (32%) is a net increase of \$129,516.00 from the previous year. While the Board anticipated utilizing approximately \$700,000.00 of the Fund Balance to balance the budget, no funds were used. Approximately \$111,000.00 was expended to balance the adjustment for the East Lyme High School Reconciliation.

A chart depicting the town's Three-Year General Fund Balance Trend, reflects the changes in the Unassigned (increased), Assigned (decreased), Restricted (increased), and Nonspendable (increased) funds. (*refer to pages 13 and 29*)

Also reviewed were the town's Accounting Policies and Receivables, which include funding received through property taxes, grants, etc.

The Town's Long-Term Liabilities include a list of the outstanding bonds payable and annual debt service requirements, which average approximately \$450,000.00/year over the next four (4) years. The amount for 2023 includes \$80,000.00 for the loan payment of the truck.

The town is currently not responsible for the Teachers' Retirement Pension Liability of \$945,779.00 or the Teachers' Retirement OPEB (Other Postemployment Benefits) Liability of \$22,256.00.

The town's Outstanding Taxes Receivable balance of \$131,655.00 or 1.02% of the Current Levy is considered very low in comparison to most towns, which average 2% to 6%.

A chart depicting the Comparison of Unassigned General Fund Balance and Long-Term Debt indicates that both the General Fund Unassigned Fund Balance and Outstanding Bonds/Notes are higher than those of other towns with a similar population. The numbers for these towns are based on completed Audits. (*refer to pages 13 and 29*)

The town's current Moody's Rating of Aa2 is the third-highest of seven ratings in the category.

Numerous upcoming GASB (Governmental Accounting Standards Board) pronouncements with their respective effective dates will increase the time and, as such, cost necessary to complete future audits for the town.

State Single Audit

The State Single Audit is a Grant Compliance Audit that reviews all of the funding the town receives from the State. Approximately \$3.1 million in State Grant funding was received. Of the \$3.1 million, \$2.7 million derived from the ECS (Education Cost Sharing) and Excess Cost Grants and \$200,000.00 from the Town Aid Road Grant. The remaining grants include library grants, cafeteria and Board of Education grants, and the like. No significant deficiencies, material weaknesses, or reports of non-compliance were reported.

The Board Members thanked them for providing the Audit Presentation.

8. CAPITAL EXPENDITURE REVIEW AND ACTION ITEMS**a. Salem Volunteer Fire Company**

SCBA (Self-Contained Breathing Apparatus) Spare Bottles	\$ 91,800.00
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Salem Volunteer Fire Company Chief Chip Weston provided an update on the request. The SCBA Packs, which are on a 20-year cycle, will not need to be replaced until 2029. The bottles, which are on a 15-year cycle, will need to be replaced by the end of 2024. As a result, the requested amount was adjusted from \$365,400.00 to \$91,800.00. The current price for the bottles is \$1,275.00/each. 3% was added to the price to accommodate for the expected increase in March 2023. As such, each bottle is estimated to cost \$1,350.00 and a total of 72 bottles are needed. He proposed the possibility of dividing the purchase of the bottles into two years. Similarly, he proposed dividing the purchase of the SCBAs into three payments. The current cost for the SCBAs is \$7,450.00. He reminded the Board that the SCBA and Spare Bottles are for both Fire Companies.

A revised form with the updated information was provided to the Chairman.

Replacement Gear & Hoses	\$ 13,000.00
TOTAL	\$ 104,800.00

b. Gardner Lake Volunteer Fire Company – not present

Parking Lot Seal Coating	\$ 6,860.00
Firefighting Turnout Gear and Hose	\$ 14,000.00
Replacement of Building Roof	\$ 50,000.00
TOTAL	\$ 70,860.00

c. Public Works – not present

Heavy Duty Mechanical Thumb/Hydraulic	\$ 7,000.00
Ford Expedition	\$ 50,000.00

Board Member Bourgeois reported that there are six (6) Public Works employees and four (4) trucks, excluding the plow truck, bucket truck, and over-the-rail mower. The requested Ford Expedition truck would replace a Ford Expedition truck that was received by the Department from the Fire Company. She felt that the Department had an ample amount of trucks for the number of employees on staff. Clerk Collins expressed his disappointment with the lack of willingness to share the former Public Works Director's vehicle between departments. Board Member Griggs concurred and questioned the reasoning behind the need for an additional vehicle and whether the vehicle was necessary for certain functions that the other vehicles are unable to perform.

TOTAL	\$ 57,000.00
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d. Board of Education (BOE) – not present

Replace Roof & A/C Units	\$ 100,000.00
Network Upgrades	\$ 139,459.00
Replace 1994 Boilers	\$ 114,400.00
Wall Padding – Multipurpose Room & Gym	\$ 35,280.00
TOTAL	\$ 389,139.00

Chairman Dickson reiterated his request for priority numbers for each of the requested items.

Finance Specialist Jablonski noted the difference in numbers for the replacement boilers between the Salem School 10-Year Capital Plan and the amount stated in the Board’s December 2022 Meeting Minutes.

e. Recreation

There are no Capital Requests for FY2023/24; a request was made to maintain the Capital Request for the Volunteer Park Pavilion for FY2025/26.

f. Salem Historical Society

Heating Units & Dehumidifiers	\$ 26,300.00
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Historical Society President Elbert Burr reported that he met with the Contractor and received an estimate of \$26,300.00. The Board reviewed a copy of the estimate, a floor plan and elevation views of the building, and the electricity costs for the neighboring Meetinghouse, which houses a similar unit. The Historical Society Building is a town-owned building, leased to the Historical Society. In response to Clerk Collins, Historical Society President Burr stated that the Historical Society currently has approximately \$45,000.00 in funds which are earmarked for the hiring of an individual to review and record the Historical Society's documents and photographs. They have not yet sought out any grants to fund the project. Clerk Collins recommended he contact Senator Martha Marx and Representative Cheeseman for any alternative funding possibilities. Historical Society President Burr stated that the vault is currently full and houses a dehumidifier. The goal is to preserve the material that is stored in the museum proper. He confirmed that the building’s current electrical service is adequate to accommodate the equipment and the electricity bill would be the town’s responsibility.

TOTAL	\$ 26,300.00
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8. LIAISON REPORTS

a. BOE (Board of Education)

Board Member BOE Liaison Griggs reported that the Superintendent’s budget, which considers the Middle and High School surveys, staff’s suggestions, and BOE’s priorities,

includes a 2.48% increase. The increases include raising the Principal and Vice Principal salaries, which are currently below the regional average; the hiring of three (3) new teachers and school security, and; stipends for various duties. The East Lyme High School Reconciliation and the number of students attending East Lyme High School were in the town's favor. Line-item adjustments include the purchase of fuel oil prior to locking in prices at a lower bid. The School recently experienced water pressure issues resulting in the hiring of a new Contractor. There is a possibility that the Food Service budget will run into a deficit due to an increase in the number of students purchasing lunches. The Board Members are welcome to attend the BOE's next meeting which will include a discussion regarding their budget.

b. EMERGENCY SERVICES

Emergency Services Liaison Bourgeois reported that the firm is continuing to conduct interviews for the Emergency Management Study which remains on schedule. The \$33,500.00 that was approved for funding through the ARPA (American Rescue Plan Act) Funding for the Town of Salem Security Related Upgrades is not related to Emergency Management/Emergency Services. The Public Service Announcement (PSA) for the month is Black Ice – Be careful driving and ensure that generators are in good working condition and have fuel. As energy prices increase and more fireplaces are being used, residents are encouraged to ensure that they are clean and safe for use.

OLD BUSINESS: *none*

ADJOURNMENT

M/S/C: Collins/Bourgeois, to adjourn the meeting at 9:11 p.m. Discussion: None. Voice vote, 6-0, all in favor. Meeting adjourned.

Respectfully Submitted by:

Agnes T. Miyuki, Recording Secretary for the Town of Salem

A VIDEO RECORD OF THE MEETING CAN BE FOUND ON THE TOWN'S WEBSITE UNDER BOARDS & COMMISSIONS – BOARD OF FINANCE – MEETING VIDEOS