

**TOWN OF SALEM  
BOARD OF FINANCE  
REGULAR MEETING MINUTES  
THURSDAY, JUNE 8, 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

**CALL TO ORDER**

Chairman Dickson called the meeting to order at 7:02 p.m.

**PLEDGE OF ALLEGIANCE**

**RECOGNITION OF VISITORS:** *none*

**SEAT ALTERNATE, IF NEEDED:** *none*

**COMMUNICATIONS:**

- a. Copy of a letter of resignation from Clerk Collins from the Board of Finance  
*On behalf of the Board, Chairman Dickson thanked him for all of his hard work, efforts, and input during his tenure on the Board.*
- b. Copy of an e-mail from Clerk Collins regarding ECS (Education Cost Sharing) Funding  
*Clerk Collins reported that Senator Cathy Osten, Senate Chair of the Appropriations Committee, and Representative Holly Cheeseman, the Ranking House Member of the Finance Revenue & Bonding Committee, supported an amendment to the budget that would hold small towns, like Salem, harmless from next year’s scheduled ECS funding cuts. Following the hiatus, the town’s ECS Funding will be steadily reduced under the new*

*formula. Contrary to The Day's recent article, the Town of Salem will not be receiving additional ECS Funding.*

**ALTERATIONS TO THE AGENDA:**

The following item was added to the Agenda:

10. Budget Referendum Breakdown

**AGENDA:**

1. **APPROVAL OF MINUTES: MAY 11, 2023 BOF REGULAR MEETING**  
**M/S/C: Griggs/Cadwell, to approve the May 11, 2023 Board of Finance Regular Meeting Minutes. Discussion: None. Voice vote, 6-0, all in favor.**

2. **TREASURER'S REPORTS**
  - A. REVENUE SUMMARY
  - B. TRIAL BALANCE
  - C. FUND BALANCE

Treasurer Pam Henry reviewed the *Balance Sheet* and *Budget vs. Actual* Reports. The 2012 School Construction account was closed and the remaining funds were returned to the town's General Fund; the numbers will be reflected in the July Budget Report.

3. **PUBLIC COMMENTS** – *none*

4. **FIRST SELECTMAN'S REPORT**

First Selectman Chmielewski congratulated Clerk Marshall, who has been instrumental in establishing a strong fiscal community, on his retirement from the Board. He commended the town, staff, boards, and commissions and expressed his appreciation to the Finance Department and Treasurer for their hard work and efforts. The Auditors conducted their preliminary work on the town and school's finances this week. He congratulated the 2023 Salem School, high school, and college graduates. The Public Safety Study, which will provide short-, mid-, and long-range goals, strategies, and recommendations, is expected to be completed next month. He responded to the criticisms regarding the time it has taken to complete and present the final report, stating that their goal is to provide a quality report as opposed to one that is time-sensitive. The litigation initiated by the Gardner Lake Volunteer Fire Company remains in progress; a court date is scheduled for next Friday, June 23. The Tax Collection Rate is currently 98.57%. He thanked the Board for their hard work and provided them with a detailed report of the departmental updates.

Board Member Casciano commended him on a nice Memorial Day Parade and Ceremony and Bob Appleby Dedication Ceremony.

5. **FIRST SELECTMAN TRANSFER REQUESTS** – *none*

**6. TAX COLLECTOR SUSPENSE LIST**

The Board reviewed the Tax Collector's Suspense List. Clerk Collins reported that, as of October 1, 2023, the assessments of all motor vehicles in the State of Connecticut will be based on the MSRP (Manufacturer's Suggested Retail Price) with schedules of depreciation rates. Though its resulting ramifications are unknown at this time, it is not felt that there would be a significant change.

**7. BOE (BOARD OF EDUCATION) REQUEST FOR NON-LAPSING ACCOUNT**

Chairman Dickson provided a brief synopsis of the BOE's requests for the Non-Lapsing Account, provided sample scenarios and possible budget impacts, and compared the Account to the current requirement for the BOE to request additional funds for their unanticipated funds.

Board Member Rucci provided a starting point from which to begin their discussions and suggested entering into a joint agreement between the Boards of Finance and Education for the allocation and use of the Non-Lapsing Account. Per state statutes §285, Section 10-248a,

- 1) such deposited amount does not exceed two percent of the total budgeted appropriation for education for such prior fiscal year,
- 2) each expenditure from such account shall be made only for educational purposes, and
- 3) each such expenditure shall be authorized by the local board of education for such town.

He proposed approving the allocation of funds not to exceed 1% of the BOE's total operating budget for that fiscal year, with a total account balance not to exceed 3% of the allocation of the BOE's total operating budget for that fiscal year. The funds shall be allocated for unanticipated/ unbudgeted Special Education (SPED) expenses. The agreement may be revisited annually.

Extensive discussion ensued regarding the proposed establishment of a Non-Lapsing Account. Board Member Griggs stated that the account would not only provide a layer of financial protection for the BOE, but would also protect the town by eliminating the need to send the item to a Town Meeting and Referendum, which would require public notices (and its associated fees), the risk of the townspeople opposing the BOE's request for a supplemental appropriation, and/or could negatively impact the town's bond rating. It was acknowledged that, while no such events have occurred in the recent past, there is a possibility that they could happen in the future. Chairman Dickson felt that holding a referendum for a supplemental appropriation would only negatively affect the town's bond rating if it were a consistent practice. Board Member Rucci compared the account to an HSA (Health Savings Account) or 529 Savings account, noting that the funds would have a cap and be earmarked for a specific purpose.

Board Member Bourgeois expressed her concerns that establishing such an account could set precedence, resulting in other town departments requesting a similar “Rainy Day Fund” for unanticipated expenses. Board Member Griggs reported that the BOE is anticipating three SPED outplacement expenses totaling \$327,823.00 for SY2023/24 and such an account would prove helpful in such cases. Clerk Collins noted that, based on Board Member Rucci’s proposal, the total account balance cap of 3% is approximately \$330,000.00. He expressed his concern about the resulting lack of transparency such an account could result in. Requests for supplemental funds, he felt, should be decided by the public, per the Town Charter. Because it is the Board's role to balance the interests of both the town and the BOE, he recommended gaining the Auditors' insight regarding their experiences with towns that have established, have not established, or have disbanded a BOE Non-Lapsing Account and, if established, how it improves the town’s financial position. In response to the question of transparency, Board Member Rucci clarified that, per the draft proposal, the BOE’s request to use the funds would require the Board's approval. He likened the account to an insurance plan that would help add stability to the BOE’s overall budget. Board Member Bourgeois agreed with Clerk Collins, adding that such requests should be presented to and decided by the townspeople so that they are aware that the BOE would have additional funds to expend for SPED expenses on top of their operating budget of \$11.3 million. In addition, the BOE has consistently returned a substantial amount of money to the town, showing that they would be able to absorb additional expenses. Board Member Casciano noted that alerting the public of the need for supplemental funds for SPED would also inform them that a new student has moved into the town, eliminating the anonymity of the individual. She suggested the possibility of introducing the Non-Lapsing Fund to the public and including it in the referendum.

Board Member Griggs felt that the issue was worthy of exploration and suggested organizing a joint meeting with some or all of the members of the Boards of Finance and Education. Chairman Dickson felt that one of the benefits of establishing the account is the ability for the Board to not build some of the BOE’s costs into the budget. He felt that, while the town has been able to absorb the costs in the past, having the additional buffer for SPED expenses, which are unpredictable, would be helpful. Board Member Bernier questioned how the account would help the town’s MBR (Minimum Budget Requirement). Salem School District Business Manager Kim Gadaree stated that her understanding is that the Non-Lapsing Account would become part of the appropriation and the MBR is based on that appropriation.

Board Member Casciano questioned the status and progress of the Non-Lapsing Account in other towns and the reasoning behind why some towns disbanded the account. Business Manager Gadaree stated that those Business Managers from other school districts with whom she has spoken found the account to be very beneficial. Clerk Collins stated that municipalities, in general, have a mixed and strong reaction to the proposal. Most towns

have not established the account. He offered to make a motion to recommend that the Board of Selectmen approve holding a referendum asking the townspeople whether they approve or oppose the establishment of a BOE Non-Lapsing Account. Board Member Griggs felt that it was premature to bring the item to a referendum, stating that they should offer a clearer picture of their proposal. Board Member Rucci agreed and reiterated the suggestion to organize a meeting between the Boards of Finance and Education. Board Member Casciano concurred. Clerk Collins recommended the meeting also include the Board of Selectmen.

BOE Chairman Sean Reith, who expressed his appreciation of the Board's discussion, questioned the Board Members' willingness to meet with the BOE to discuss and create a structure that is mutually agreeable between the two Boards. He introduced the possibility of tying the account into some of the elements of the BOE budget. Because they are a small town and, hence, a small school, such large expenses become troublesome for the family and the student. He also noted that not providing the funding negatively affects the general education students as those funds are reallocated to help balance the budget. He was not opposed to bringing the matter before the townspeople and holding a referendum.

Clerk Collins stated that BOE Chairman Reith has always stated that there is flexibility in the BOE Budget and questioned why they would require additional flexibility. In response, Chairman Dickson stated that, while there is flexibility within the budget, it comes at an expense to the remaining school population. Board Member Bourgeois noted that, nevertheless, the BOE consistently returns unexpended funds to the town, reflecting the lack of any negative impacts. Board Member Griggs stated that the issue often includes the timing of the SPED expenses. Clerk Collins also noted the BOE's unique position in which the Board does not have any control over the line items in their budget.

Chairman Dickson did not feel the account would set precedence due to the amount of control and variability of the BOE and General Government budgets. Clerk Collins recommended asking the Legislators, specifically Senators Martha Marx and Osten and Representatives Cheeseman and Irene Haynes regarding the establishment of the account. Board Member Griggs. Board Member Griggs stated that she would like to further explore the proposal and supported the suggestion to ask the Auditors about their past experiences. She also supports the idea of holding a referendum. Board Member Bernier was also interested in having a better understanding of the Non-Lapsing Account and what it will mean for the Board. Board Member Cadwell also wished to have additional information. Clerk Collins expressed his opposition to the proposal. Chairman Dickson also wished to have more information to better gauge its benefits. Board Member Bourgeois had major concerns, including the allocation of additional funds to the BOE's budget of \$11.3 million – a substantial amount of the town's budget. While she was unsure if it would be in the best interest of the town, citing those residents who are on a fixed income, seniors, and those in

need, she expressed her openness to listening to the discussions. Board Member Rucci, who was in favor of the idea of the proposal, also wished to further explore the proposal and obtain additional feedback. Board Member Casciano, who was in favor of the proposal, was interested in hearing the Auditors' viewpoint, why some towns disbanded the account, and the townspeople's opinions. She felt that the proposal would help the school and would avoid negatively impacting the remaining school population. Board Member Belleville, who was leaning towards opposing the proposal due to the funds that are returned to the town each year, was interested in learning the pros and cons, the experiences of other towns who have adopted and/or dropped the proposal, and the Auditors' viewpoints.

Chairman Dickson noted that the percentage of funds that are returned by the BOE is small. Board Member Griggs added that the General Government's percentage of the budget is increasing while that of BOE is reducing and provided the per pupil expenditures of Salem School District vs. other public school districts in the state, similar socio-economic districts, and within New London County – all of which indicate that Salem's per pupil expenditures is below average. She also noted that the funds would be spent, either way, should an unanticipated SPED expense occur and the account would save the town the expenditures associated with a Town Meeting or a Referendum. In response, Clerk Collins stated that some of the towns that provide the highest per pupil expenditures are not providing the highest quality education, and increasing their budget does not necessarily improve the quality of education. Board Member Bourgeois reiterated that \$11.3 million of a \$17.2 million budget is allocated to the BOE and was concerned with approving a Rainy-Day Fund for an event that is not a regular occurrence.

The Board agreed to maintain the item on the agenda for further discussion and determine their next steps. A joint meeting with the Boards of Finance, Selectmen, and Education may be organized in the near future.

Clerk Collins also suggested contacting CCM (Connecticut Council of Municipalities) for information regarding the status of the fund in other towns throughout the state as well as reviewing the information gathered by the school administration.

## **8. LIAISON REPORTS**

### **a. BOE**

The Board reviewed Board Member Liaison Griggs' BOE Summary Report. Highlights include the roof replacement project, which is scheduled to begin June 16; the approval of the Superintendent's contract; the authorization to expend \$376,725.00 for the lighting and circulating pump upgrade; the proposed increase in hours for the Director of Special Services position, per the recommendation of the current Director; the unanticipated SPED outplacement expenses; the current unencumbered Fund Balance of \$105,919.75, and; the donation of \$11,209.29 from Sprigs and Twigs thanks to Salem Seniors Group Member Joan Gaynor..

**b. EMERGENCY SERVICES**

The Emergency Management Committee will be meeting next Tuesday, June 13. Per the First Selectman's Report, the Public Safety Study is slated for completion in July.

An Executive Session regarding an update on the litigation with the Gardner Lake Volunteer Fire Company will be added to their next Regular Meeting Agenda. Chairman Dickson will investigate the possibility of holding the Executive Session without the Town Attorney.

**9. UNSUNG HERO NOMINATION – *no discussion***

**10. BUDGET REFERENDUM BREAKDOWN**

The Board Members reviewed the breakdown of the votes in conjunction with the survey responses regarding whether the voters felt that the General Government, BOE, and Capital budgets were too high, too low, or just right. Based on the numbers, Clerk Collins reiterated Board Member Grigg's criticisms concerning the need to increase the town's promotional campaign regarding the Budget Public Hearing, Town Meeting, and Referendum. The issue is noted in Clerk Collins' resignation letter along with the Board's need to deal with the completion and results of the Emergency Services Study and funding a quality education with decreased state funding. Board Member Bernier noted that the turnout was 26% higher than the previous year. Board Member Griggs added that they should also speak with their Legislators regarding revising the ECS Formula, which utilizes the median per household income and does not consider other factors, including the number of businesses and student population. Clerk Collins concurred and suggested speaking with Senator Osten and Representative Cheeseman.

**OLD BUSINESS – *none***

**ADJOURNMENT**

**M/S/C: Collins/Cadwell, to adjourn the meeting at 8:55 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**