

**TOWN OF SALEM  
BOARD OF FINANCE  
REGULAR MEETING MINUTES  
THURSDAY, JANUARY 11, 2018 – 7:00 P.M.  
SALEM TOWN OFFICE BUILDING**

**PRESENT**

George Householder, Chairman  
Deborah Cadwell  
Marshall Collins  
Janet Griggs  
John Houchin  
Corinne (Cory) Bourgeois, Alternate (7:06 p.m.)  
William “Skip” Dickson, Alternate (7:02 p.m.) (*seated*)

**ABSENT**

Michael Jensen, Alternate

**GUESTS**

*none*

**CALL TO ORDER:**

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

**RECOGNITION OF VISITORS:** *none*

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

**COMMUNICATIONS:**

1. Letter from Joseph Onofrio, Superintendent of Schools, informing the Board of Finance of the Board of Education’s new slate of Officers as follows: Sean Reith, Chairman; Michael Siebert, Vice Chairman; Pamela Munro, Secretary, and; Ryan Little, Treasurer.

**ADDITIONS TO THE AGENDA:** *none*

**AGENDA:**

**1. APPROVAL OF MINUTES: December 14, 2017 BOF Meeting**

**M/S/C: Griggs/Collins, to approve the Board of Finance Regular Meeting Minutes of December 14, 2017 with the following amendment:**

**Item 2, WELCOME TO NEW BOARD MEMBERS:**

Former Alternate Board Member Houchin was welcomed as a Full Board Member and New Alternate Board Member ~~Michael Jensen~~ *Skip Dickson* was welcomed to the Board. New Alternate Board Members Bourgeois and ~~Dickson~~ *Jensen* were not in attendance.

**Discussion: None. Voice vote, 5-0, all in favor.**

**M/S/C: Collins/Houchin, to seat Alternate Board Member Dickson for Board Member Salas.**

**Discussion: None. Voice vote, 5-0, all in favor.**

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

Chairman Householder stated that there is no report this week due to discrepancies in their numbers after updating their QuickBooks program. CPA Liaison Christiansen will be reviewing and verifying the accuracy of the numbers.

**3. PUBLIC COMMENTS – none****4. SELECTMAN'S REPORT**

First Selectman Lyden was not in attendance and Chairman Householder presented the Selectman's Report to the Board. As a Clean Energy Community, the Town received a \$5,000.00 Bright Idea Grant for energy efficiency upgrades. The funds will be used for additional LED upgrades and occupancy sensors to the Town's facilities. Along with Selectman David Kennedy, he attended the Planning & Zoning Commission's Public Hearing regarding a Special Exemption for an Age-Restricted Development, which was approved by the Commission. The six-unit development, which will be located on Centre Street behind the Pharmacy, will be the first such development in the Town of Salem. He thanked the Commission for their fine work in revising the Regulations. The Board of Selectmen will hold a Special Town Meeting in March 2018 to consider and take action on a proposal to purchase 184 Hartford Road from the Historical Society for \$50,000.00, which would be paid, without interest, in \$5,000.00 increments over a ten-year period. The revised proposal reduces the number of years the Town would be required to hold the property from ten to three years. The Board of Selectmen will be appointing members to a Bicentennial Committee for the Town's 200th Anniversary in 2019. Any interested parties are encouraged to contact Louise Tyszkiewicz in the First Selectman's office.

**M/S/C: Houchin/Collins, to add the following item to the Agenda:**

**5. Discussion of Unassigned Fund Balance**

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

**5. DISCUSSION OF UNASSIGNED FUND BALANCE**

Chairman Householder distributed a worksheet reflecting the Town's current year budget, possible percentages and corresponding amounts for the Unassigned Fund Balance, the current Unassigned Fund Balance (21.59%), and the available funds to be assigned. The Unassigned Fund Balance is historically high due to the Board's anticipation of the State's cuts, which was less than expected; the collection of more revenue than anticipated in property taxes, governmental, interest income, and local revenues, and; the less than anticipated expenditure of funds. In preparation for future cuts from the State and in light of the State's comments regarding the classification of towns with an Unassigned Fund Balance greater than 15% as a wealthy town

that would be subject to deeper cuts, Chairman Householder presented the possibility of moving a portion of their Unassigned Fund Balance. After discussing the issue, Marcia Marien, CPA, O'Connor Davies, LLP, provided the following options to move part of the Unassigned Fund Balance to:

- an Assigned General Fund Balance. The purposes of the Assigned Fund Balance would be detailed in the notes for transparency. The Board of Finance may move funds in and out of the Assigned Fund Balance. The rules regarding this Fund Balance is set by GASB (Governmental Accounting Standards Board) 54 and both the State Statutes and Town Charter are silent on this item.
- a Committed General Fund Balance, which would require a Town Meeting.
- a Capital Reserve Fund, which would also require a Town Meeting and, because the amount would be greater than 2%, would also require a referendum.

Chairman Householder recommended moving the funds to the Assigned General Fund Balance. Board Member Collins agreed and, based on current discussions in Hartford, recommended lowering their Unassigned Fund Balance down to 14.8% to 14.9%. Chairman Householder stated that Salem has one of the lowest bonded debts in New London County and, while the Town might borrow funds for the School roof or a fire truck(s), he does not anticipate the Town bonding any debt in the foreseeable future. Discussion ensued regarding how low to bring down their Unassigned Fund Balance.

**M/S/C: Collins/Griggs, to transfer \$1,010,080.00 to an Assigned General Fund Balance, lowering the Unassigned Fund Balance to 14.89%. Discussion: Board Member Griggs suggested the possibility of adding the verbiage "currently estimated to be" in the motion in case the transfer amount needs to be tweaked to equal 14.89%. Chairman Householder did not feel that the number would need to be tweaked based upon upcoming expenses that he is aware of. Voice vote, 6-0, all in favor.**

Discussion ensued regarding the naming of the fund. Chairman Householder suggested naming the fund, Three-year Capital Reserve Plan, which would be transparent and can be maintained as a designated fund reserved for Capital expenditures.

**M/S/C: Cadwell/Collins, to designate the name of the Assigned General Fund Balance, the "Supplemental Capital Fund". Voice vote, 6-0, all in favor.**

Chairman Householder announced that he has invited Senator Paul Formica, Co-Chairman of the Senate Appropriations Committee, to provide the Board and the public with some insight regarding the direction of the State for this and next year. He also extended an invitation to Superintendent Onofrio to the meeting.

BOE Chairman Reith stated that the BOE is in the process of reviewing the Superintendent's proposed budget, which includes a 1.77% decrease, and will be discussing the budget on January 22, 2018. At the request of Chairman Householder, he reported that the BOE has agreed to

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restructure their future meeting agendas such that any items regarding the budget will be discussed at the beginning of the meeting. The Board Members will inform Chairman Householder should he/she be interested in serving as the Board of Finance Liaison to the BOE and a member will be appointed at their next meeting on January 25, 2018.

In addition, BOE Chairman Reith reported that an Ad Hoc Budget Sub-Committee was established during the last BOE meeting. The Sub-Committee, which will be chaired by BOE Treasurer Little, will be developing the budget presentation. Board Member Griggs requested the receipt of a list of grants and their sum total to determine any vulnerabilities and potential State and/or Federal cuts. Chairman Householder expressed his personal preference for a more simple presentation of the budget booklet.

**OLD BUSINESS:** *none*

**ADJOURNMENT:**

**M/S/C: Collins/Griggs, to adjourn the meeting at 8:49 p.m. Discussion: None. Voice vote, 6-0, all in favor.**

Respectfully Submitted by:

Agnes Miyuki, Recording Secretary for the Town of Salem