

EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, JANUARY 11th, 2023

RECEIVED FOR RECORD
EAST LYME, CT

2023 JAN 19 A 10:06


TOWN CLERK

Members in Attendance: Denise Hall, Chairperson
John Birmingham, Vice-Chairperson
Peter DeRosa
Paul Maxfield
Lauren McNamara
Richard Steel

Also In Attendance: Kevin Seery, First Selectman
Kevin Gervais, Finance Director
Jeff Newton, Superintendent of Schools
Maryanna Stevens, School Finance Director

Absent: No One

A. Call Regular Meeting to Order

Chairperson Hall called this Regular Meeting of the East Lyme Board of Finance to order at 7:00 PM.

B. Pledge of Allegiance

Ms. Hall led the assembly in the Pledge of Allegiance.

▪ **Delegations**

Ms. Hall called for delegations.
There were none.

C. Minutes

▪ **Regular Meeting – December 14, 2022**

Ms. Hall called for a motion for approval or any changes to the Board of Finance Regular Meeting Minutes of December 14, 2022.

****MOTION (1)**

Mr. Maxfield moved to approve the Regular Meeting Minutes of December 14, 2022 as presented.

Ms. Hall seconded the motion.

Vote: 5 – 0 – 1. Motion passed.

Abstained: Mr. Birmingham

Mr. Steel noted that he had made comments with regard to the Light Parade and a conflict with an event at the Garde and that he did not see that in the minutes.

Ms. Hall said that minutes are a synopsis of the events as they relate to the Board of Finance business and not meant to be a transcript of comments.

D. Reports

▪ **First Selectman**

Mr. Seery reported on the following:

- There have been discussions regarding the Dominion building – there is the potential for 30 parking spaces there, or restrooms. The building cannot be refurbished.
- There is also discussion on the Niantic Cinema Mitchell building – maybe a dinner theater? The Mitchell's are interested in it being a viable business and staying downtown.
- The Soapy Noble Car Wash should be opening later this year.
- He has been holding budget meetings with the department heads.
- The new building official started last week – it took 8.5 months to find another building official. The zoning arena also has many openings throughout the State.

- During the last storm the Town had 300+ power outages.
- They are looking into sealing the front of the Public Safety Building and have received an estimate from Silver Petrucelli. The facing is split-faced block. The treatment is a spray-on with a 10-year warranty. Silver Petrucelli will go out for bids on the job.
- They have hired a student to do the cameras for the meetings. They will start with zoom and then go to the hybrid. The high school student will get \$15/hour – working 6 hours per month.
- He noted that Joe Mingo has resigned from the Water & Sewer Commission after almost 40 years.

- **Board of Ed**

Mr. Newton, Superintendent of Schools reported on the following:

- To update – the proposed budget came in with a 6.97% increase with inflation driving that figure
- They will hold BOE hearings starting in the end of January.
- In the actual December budget the deficit was down to \$455,000. He said that they are hoping for continued good weather to help keep the figures down.

Mr. Maxfield asked about the difference in the health insurance between the estimate and the actual. Mr. Newton said that the estimate was for a 5% increase and that the actual was 10% representing a \$341,000 difference.

Mr. Steel asked if there are major points that have helped to reduce the deficit.

Mr. Newton said that the freeze on supplies and staffing has helped. The hold on these continues.

Ms. Hall stressed that the undesignated fund balance needs to be at 15%. It helps with our rating and funding. The pension was funded for the next 3-4 years but si\$4M unfunded now and we also need to reduce our debt. The only way to meet these goals is if we work within the budgets that we are given. She said that her experience has been that you do not touch the undesignated fund balance and that she does not want the undesignated fund balance to be looked at as something that you just come back and ask for more money.

Mr. Newton said that they are not looking for this to happen again.

Ms. Hall said that unfortunately the rating agencies do not see it as an anomaly and it affects our rating.

Mr. Newton noted that one of the big components is the cost of SPED and of the State just not funding enough of it.

Ms. Hall said that she asked for the level of our staffing within the district and district overtime and the number of students over the past five years. In the information that was provided the staffing rose and the ratio of students to staff was 5.01 students to one member. If you used the same ratio you would have staffing in the high400's rather than 511 and 503. (Information not provided to be attached) She said that she would like to see if it is a savings to do in-house or out of service for SPED.

Mr. Newton said that they always look to keep the students in service rather than sending them out.

Ms. Hall said that she welcomed ideas and had mentioned that before. She also reiterated that the Board of finance does not have control over how they spend.

Mr. Birmingham said with regard to staffing that the ARPA plan had ended in September on the \$171,000 and that the other funds end in 2024. Regarding the staffing that those dollars paid for – what happens when it sunsets – where does that staffing go or do we just absorb it into the budget.

Mr. Newton said that most of them except for 1.5 FTE (4 elementary and 3 tech) are being eliminated.

- **Finance Director**

Mr. Gervais presented his PP presentation report. (See attached)

Mr. Steel asked if the fraudulent BOE account checks of \$104,000 was ever accounted for.

Mr. Gervais said that he was not here at the time but he would review the balance sheet and see how it was accounted for and get back to them.

Mr. DeRosa asked about the police overtime clarity.

Mr. Gervais said that they the overtime accounts broken down regarding what they are for and that he would have to review them and get back to them on it.

E. New Business

a. Special Appropriation – \$7,000 to replace Grand Street Boat Launch Ladder

Bill Scheer, Deputy Public Works Director explained that we own this boat launch and that it is a public boat launch for the Town. The bottom of the ladder has been in the water for many, many years and the rungs are now gone. The Town Engineering Department has designed a replacement ladder that will last for many years and meets all construction codes that apply. The contractors who can do this type of work have availability now as it is off-season for them.

Mr. DeRosa said that the installation cost caught his eye.

Mr. Scheer said that they are the General Contractors for this and that it is specialty marine work.

Mr. DeRosa asked if the bulkhead that this is in is substantial.

Mr. Scheer said yes as they had reinforced it previously.

Ms. Hall noted that this is contingent upon the bidding process per policy and that they had an attorney opinion that this is something that ARPA funding can be used for.

****MOTION (2)**

Mr. Maxfield moved to approve a Special Appropriation of \$7,000 for the replacement of the boat access ladder at the Grand Street Boat Launch from the American Rescue Funds.

Mr. DeRosa seconded the motion.

Vote: 6 – 0 – 0. Motion passed

Note: This does not require a Town Meeting

b. Budget Meeting Calendar

Ms. Hall noted that they had held six budget meetings last year. She also suggested that they work on perhaps having all of the information digitally and they use their laptops rather than all of the paper that is generated from this.

Mr. Gervais said that he had just ordered the materials for the budget books and that the cost was \$750 – he said that he wished that they had discussed this earlier so that they could work on putting it in place. However, they can work on having it in place for the next cycle.

Mr. Seery said that the Board of Ed is looking at adopting their budget on February 27, 2023 and that the BOS will turn over their budget to the BOF on March 8, 2023.

F. Unfinished (Old) Business

a. Update on June 30, 2021 Audited Financial Statements

Mr. Hall noted that this was previously discussed under the Finance report.

b. Discussion and possible amendment – Fund Balance Policy

This was previously updated in the Finance Report

G. Public Discussion

There was none.

H. Board Comments

Mr. Maxfield asked Mr. Gervais about the current auditors and the three-year commitment and if we would go with them again or put it out to bid.

Mr. Gervais said that he would look over our information on them and see. He noted that there are not a lot of firms that take on these types of accounts.

Mr. Maxfield said that he would be willing to be involved with this.

J. Adjournment

Ms. Hall called for a motion to adjourn.

****MOTION (3)**

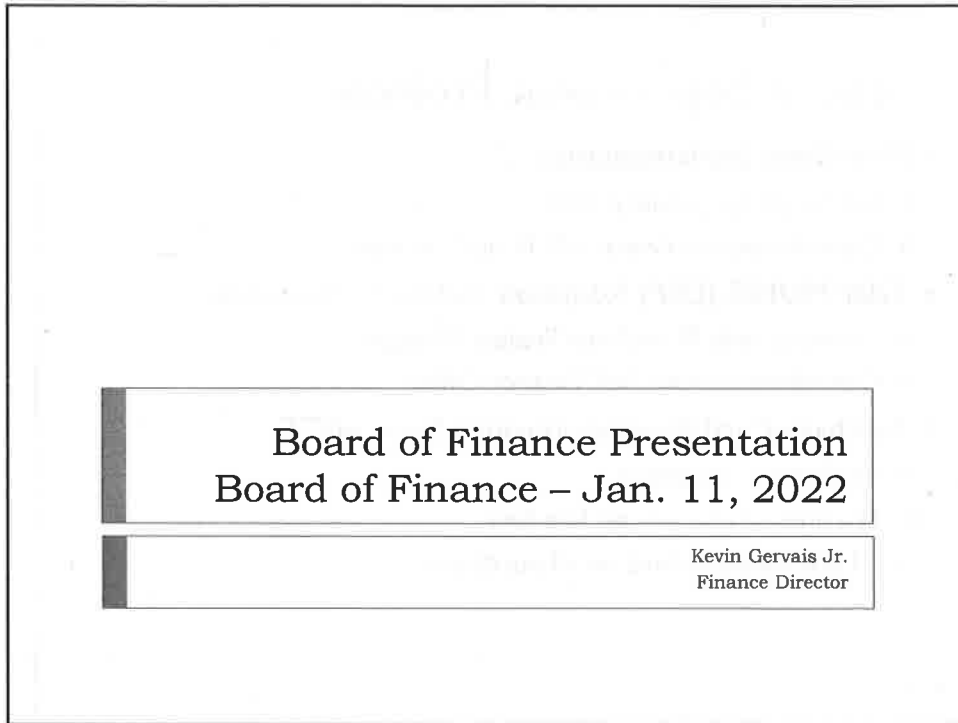
Mr. Maxfield moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 8:27 PM

Mr. Birmingham seconded the motion.

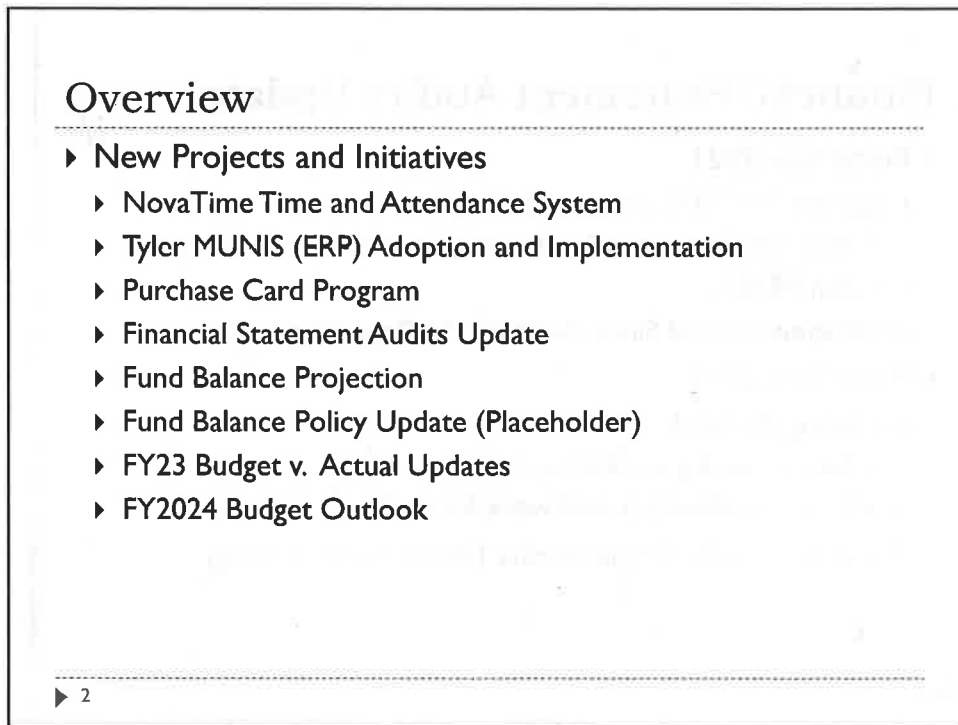
Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary



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Attachment - TP presentation BOT Finance report 1/11/23

Finance Department Projects

- ▶ NovaTime Implementation
 - ▶ On Target for January 2023
 - ▶ Coordination between HR, IT and Finance
- ▶ Tyler MUNIS (ERP) Adoption and Implementation
 - ▶ Working with IT and our Project Manager
 - ▶ Coordination with BoE Finance Office
- ▶ Purchase Card Program through State of CT
 - ▶ Finalizing Documents
 - ▶ No finance charges, no late fees
 - ▶ ~1.8% annual rebate on all purchases

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Financial Statement Audits Update

- ▶ Fiscal Year 2021
 - ▶ January 31st 2023 anticipated filing date
 - ▶ Back with CLA technical review team (Still here)
 - ▶ Finish MD&A
 - ▶ Wrap up Federal Single Audit (FEMA Reporting)
- ▶ Fiscal Year 2022
 - ▶ Closing the book
 - ▶ Start reconciling to subsidiary ledgers
 - ▶ Schedule preliminary field work for audit
- ▶ Fiscal Year 2020: Single Audits (letter forthcoming)

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Ongoing Discussions

- ▶ Establishing a grant fund (Charter Revision)
 - ▶ Saves time and money
 - ▶ Best practice to track grants through multiple years
- ▶ Fund Balance Policy (Ongoing Discussions)
 - ▶ GFOA Analytical template to help make informed decision
- ▶ Bringing in additional resources
 - ▶ Financial Statement Consultant
 - ▶ PT/FT Senior Accountant/Purchasing Agent
 - ▶ Ensures compliance with purchasing policy
 - ▶ Centralized purchasing documentation
 - ▶ Establishes a #2 in the office in event of Finance Director Absence

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Town of East Lyme Forecasted Current Year 2022-23 As of December 31, 2022			
	Original	Alerts, Concerns, Requests Amount	Fund Balance Forecast
		Comments	
Beginning Fund Balance *	11,386,721		11,386,721
FY22 Unaudited Revenues	80,798,211		80,798,211
FY22 Unaudited Expenditures	79,124,111		79,124,111
Estimated Ending Fund Balance FY22	\$ 13,060,821		\$ 13,060,821
Revenues			
Tax	66,574,379	Appears to be on target	66,574,379
Intergovernmental	8,387,401		8,387,401
Other Income	5,082,974		5,082,974
Unanticipated Revenues			
Interest Income		470,000	470,000
MRSA		588,000	588,000
	\$ 80,044,754	\$ 1,058,000	\$ 81,102,754
Expenditures			
Operating - Town	20,361,324	No significant variances at this time	20,361,324
Operating - Board of Education	54,608,478		54,608,478
Debt Service	5,674,292	No significant variances at this time	5,674,292
Capital Outlay	700,660	No significant variances at this time	700,660
BOE Lawsuit Judgement- Use of FB		543,778	543,778
	\$ 81,344,754	\$ 543,778	\$ 81,888,532
Current Year Effect on Fund Balance	\$ (1,300,000)	514,222	(785,778)
Projected Ending Fund Balance FY23	\$ 11,760,821	\$ 514,222	\$ 12,275,043
	14.46%		14.99%

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2022-23 Revenue & Expenditures

▶ Revenues

▶ MRSA (Municipal Revenue Sharing Account)

▶ Two Tiered- CCM told us last year NOT to budget for this money

□ Payment 1: \$368k

□ Payment 2: \$220k

▶ Interest will far exceed budgeted amount

▶ STIF rate currently at 4.5%

▶ Actual to date: \$186k

▶ Expenses

▶ Salary Contingency breakdown for next meeting (transfers)

▶ Police OT Line: Projected \$160k shortfall

▶ Police Regular wages: \$23k under budget projected

▶ Finance- Overtime & Misc Supplies over expended

▶ Assistant Environmental Planner – 74% expended

▶ Legal Services- Spent \$100k, \$50k encumbered, monitoring closely

▶ ¹² *Subject to change w/ hires, terminations, promotions, other unexpected events, etc.

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Interest Income Projection FY23

Town of East Lyme
Interest Income Projection
Fiscal Year 2023

STIF Rate: 4.50%

	Exp.		Actual			Total for FY22
	Monthly Cash Burn	Cash Collections	General Fund Cash Balance	Invested Balance	Interest Income	
June 2022 Balances			\$ 13,836,141		\$ 34,026.21	
July	\$ 7,135,000	\$ 30,929,000	\$ 37,650,141		\$ 5,044	
August	\$ 4,817,000	\$ 6,191,000	\$ 39,524,141		\$ 17,188	
September	\$ 9,291,000	\$ 1,171,000	\$ 31,464,141		\$ 22,949	
October	\$ 6,158,000	\$ 3,685,000	\$ 28,991,141	\$ 22,200,000	\$ 36,401	
November	\$ 5,302,840	\$ 1,823,254	\$ 25,511,555		\$ 51,990	
December	\$ 6,940,945	\$ 5,920,122	\$ 24,490,733		\$ 52,437	
Subtotal	\$ 39,084,784	\$ 49,719,376			\$ 186,000	FY23 budget is \$20,000
						Excess over budget \$ 166,000
First 4 month Avg	\$ 6,829,131	\$ 1,943,017				

	Exp.		Projected		
	Monthly Cash Burn	Cash Collections	General Fund Cash Balance	Invested Balance	Interest Income
January	\$ 6,829,131	\$ 28,000,000	\$ 45,661,602	\$ 35,661,602	\$ 88,262
February	\$ 6,829,131	\$ 750,000	\$ 39,582,471	\$ 29,582,471	\$ 79,217
March	\$ 6,829,131	\$ 750,000	\$ 31,509,341	\$ 23,509,341	\$ 58,171
April	\$ 6,829,131	\$ 750,000	\$ 27,234,210	\$ 17,424,210	\$ 43,125
May	\$ 6,829,131	\$ 750,000	\$ 23,345,079	\$ 11,345,079	\$ 28,079
June	\$ 6,829,131	\$ 1,000,000	\$ 15,315,948	\$ 3,315,948	\$ 13,653
Projected	\$ 40,974,784	\$ 32,000,000			Projected Interest \$ 400,515

GF Expense \$ 80,059,569 GF Revenue \$ 81,719,376

Assumptions

2/3 of money invested in STIF Rates
\$6 million in working capital collecting no interest
Accounts for analyzed bank fees (\$4 million monthly)

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Fiscal Year 2024 Budget Outlook

▶ Budget season is upon us- Challenging Year Ahead

- ▶ How are we going to budget revenues?
 - ▶ Recessionary outlook?
 - ▶ Stay the Course/Steady Ahead? (SALY)
 - ▶ Collection rate fluctuates depending on economic outlook
 - ▶ Economic slowdown affects conveyance fees collected, building permits, etc.
 - ▶ Fire Marshal- charging for services in FY24 budget
 - ▶ Reviewing revenues for potential increases in fees (in line with surrounding municipalities)
- ▶ Interest Income: How do we budget that?
- ▶ Healthcare costs (9-12% estimated increase YoY)
 - ▶ Find out next week preliminary numbers
- ▶ Inflationary pressures are #1 budget issue

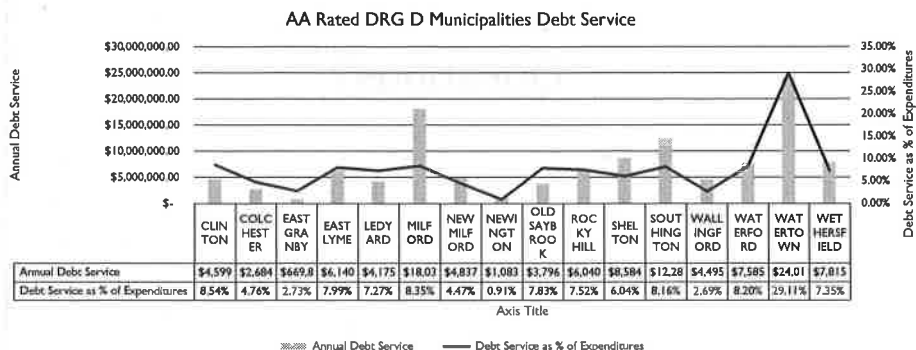
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Debt

▶ How much debt can we afford?

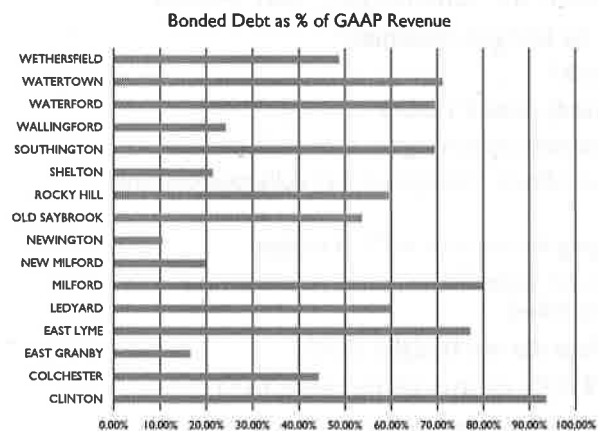
- ▶ Long-Term Debt Per Capita: \$5,003



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Debt Discussion continued...



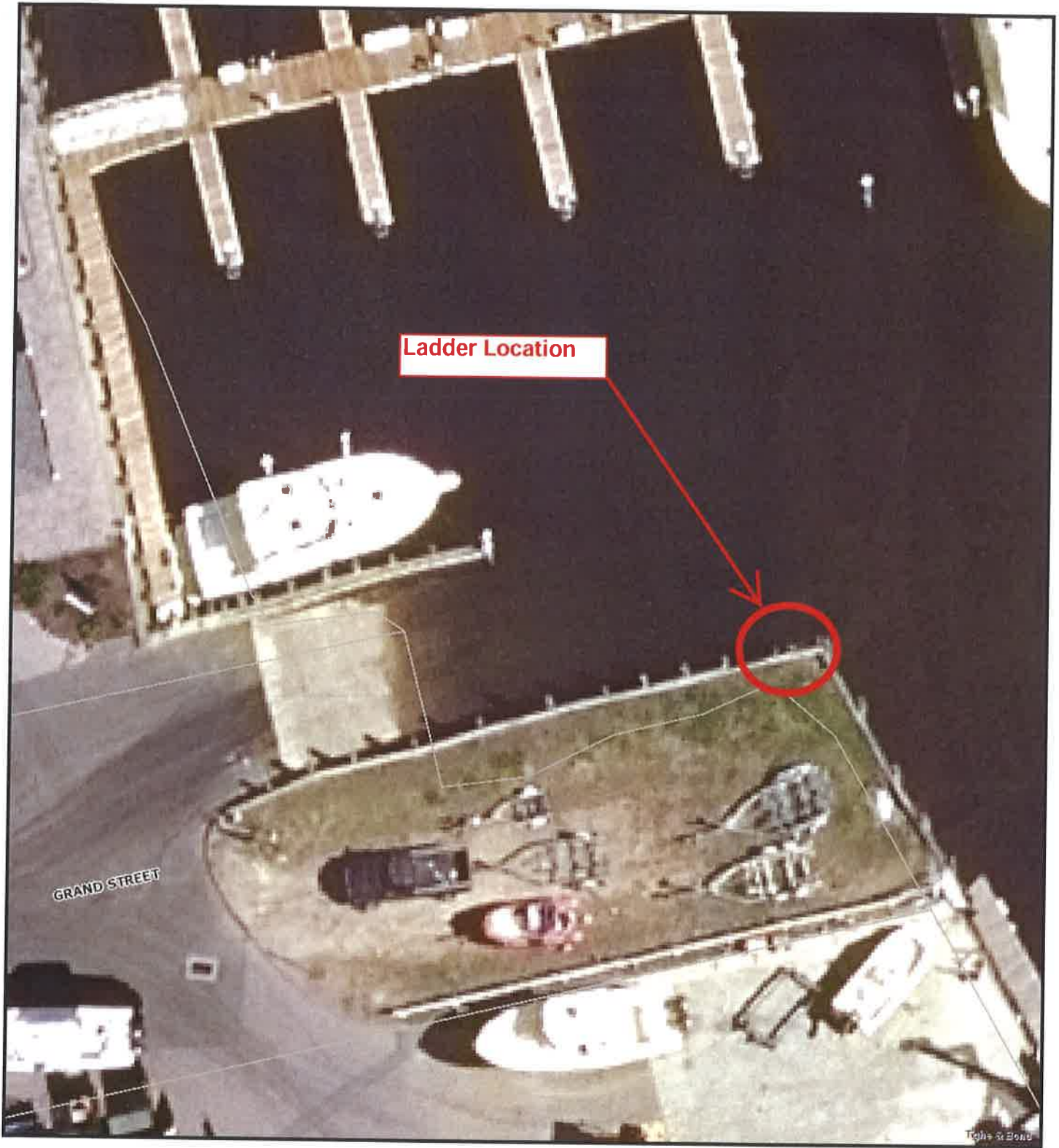
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Questions?

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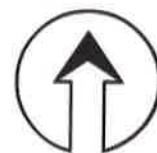


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Scale: 1"=20'

Scale is approximate

The information depicted on this map is for planning purposes only. It is not adequate for legal boundary definition, regulatory interpretation, or parcel-level analyses.



Item 6.a.

*Spec. App.
P07 1/11/23*