

EAST LYME BOARD OF FINANCE
REGULAR MEETING MINUTES
Wednesday, FEBRUARY 8, 2023

RECEIVED FOR RECORD
EAST LYME, CT

2023 FEB 14 A 10:04

Carroll Hillier
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
Diane Vitagliano, Town Assessor

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.

C. Delegations

Ms. Hall called for delegations.
There were none.

D. Minutes

▪ **Regular Meeting – January 11, 2023**

A. Ms. Hall called for a motion for approval or any changes to the Board of Finance Regular Meeting Minutes of January 11, 2023.

****MOTION (1)**

Mr. Maxfield moved to approve the Regular Meeting Minutes of January 11, 2023 as presented.

Mr. Birmingham seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

E. Reports

▪ **First Selectman**

Mr. Seery reported on the following:

- In the Governor's preliminary budget it is estimated that we will receive \$544,000 less than we budgeted; however work is in progress to receive what we were originally informed.
- Our debt service is up \$1.57M from last year which is a big hit. Between insurance costs and FICA the budget is \$1.2M more before even starting the budget process.
- We are looking at instituting fees for Fire Marshal inspections and the Building department is looking at fee increases as they have not been reviewed in many years.
- We are looking at EV charging stations – a \$95,000 program would cost us \$14,000 and we can charge for their usage.
- Regarding the 161 corridor study – where the high school entrance starts – CTDOT said that they do not see a need for a stop light there at the high school; they see sidewalks from the high school to Rte 156 and bike areas but not by the pond.

- He Yale Charrette will present their study soon regarding the Dominion Building based on Town use, other use or commercial.
- We are looking into making the Town Hall more ADA accessible by putting in a lift – we have 33 months from July 1, 2023 to get it done.

- **Board of Ed**

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

- They are receiving updates on legislative discussions with Holly Cheeseman.
- The Governor's Budget proposes free lunches – they will see how that goes but anticipate that it will happen.
- Regarding the budget deficit as well as the next year they have had some engaging conversations. A 6.97% increase is proposed in the Superintendent's Budget and next week Monday (13th) from 6 to 7 PM they will have open forum budget conversations. Then on February 27th they will hold a public hearing on the BOE budget, then finalize it and send it to the Board of Selectmen.
- The deficit is coming down and they would also request that the remaining \$17,000 that is in the LEARN account be applied to the deficit.

Mr. Steel asked if they have applied for any grants with regard to mental health funding.

Mr. Newton said that he would be concerned with regard to bringing in people with grant funds and then having the funding end and having to put into the budget the cost for those people.

Ms. Hall asked that in looking at his projected deficit amount for June 30; (Note: information not submitted to Recording Secretary for inclusion to the minutes) if that figure could be whittled down a bit more.

Mr. Newton said that they are hoping so – with the good winter weather they are able to save and would hope that would continue. .

- **Finance Director**

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

F. New Business

a. Assessor – Grand List Update

Diane Vitagliano, Assessor reviewed the updated Grand List.

Ms. Hall noted that at reveal that commercial property had gone down and home real estate residential had gone up considerably – she asked if the residential has held up.

Ms. Vitagliano said that she has seen the recent sale number holding. She added that several large buildings, homes and large parcels and a few commercial have gone from taxable property to tax exempt.

Mr. Birmingham asked what causes a property to go from taxable to tax exempt.

Ms. Vitagliano noted the Lighthouse at 15 Liberty Way that went from taxable property to tax exempt (except for the cell towers located there) and also the Land Trust purchases which have gone from taxable to tax exempt.

G. 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 also previously updated in the Finance Report

c. Budget Meeting Calendar

Ms. Hall listed the departments that she thought that they should see for budget reviews.

Mr. Gervais said that if she would provide him with the list that he would break them up into three budget review meetings and the fourth budget review meeting would be with the Board of Ed.

H. Public Discussion

Ms. Hall called for public discussion explaining the semantics on who can speak and asking that people state their name and address for the record.

Brian Swansticker? (not spelled for the record and no such person listed at this address) 65 E. Pattagansett said that he was a new resident of one and a half years; looking to also buy land and that he came here for the schools. He urged people to attend the meetings.

Kyle Douton, 5 Rockwell said that he wanted the Board of finance to understand that the budget is affected by the new Affordable Housing Plan and the larger number of special needs children and mental health issues. Also when the renovations were done to the elementary schools that it was only a band aid and now all the things that were not done are coming due. He wants the Board of finance to understand that much of the budget does not go to the kids but all of the cuts are coming from the students.

Elsbeth Dowd, 66 E. Pattagansett said that her husband teaches at the high school and that she has two kids in the school system. She said that she wants to make sure that the budget is not looked at as a zero sum game. Everything is intergenerational in this and all towns.

I. Board Comments

Ms. Hall called for any comments from the Board.

Mr. Steel said that he would agree with Elsbeth on the intergenerational benefits in that it is nice to see what younger people can bring to our senior citizens. He also noted the benefits of grants and of having a grant writer. Lastly, it is a very tough situation this year.

Mr. DeRosa commented with regard to 'cuts from students' that the Board of finance has to take into consideration the cost of running the entire Town and keeping the bond rating up – there are a lot of factors that have to come together and also take into account the taxpayers – it is a very difficult situation.

J. Adjournment

Ms. Hall called for a motion to adjourn.

****MOTION (2)**

Mr. Birmingham moved to adjourn this Regular Meeting of the East Lyme Board of Finance at 8:09 PM

Mr. Maxfield seconded the motion.

Vote: 6 – 0 – 0. Motion passed.

Respectfully submitted,

Karen Zmitruk,
Recording Secretary

Board of Finance Presentation
Board of Finance – Feb. 8th, 2023

Kevin Gervais Jr.
Finance Director

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Overview

- ▶ **New Projects and Initiatives**
 - ▶ NovaTime Time and Attendance System
 - ▶ Tyler MUNIS (ERP) Adoption and Implementation
 - ▶ Purchase Card Program
 - ▶ Financial Statement Audits Update
 - ▶ Fund Balance Projection (Handout)
 - ▶ Fund Balance Policy Update (Placeholder)
 - ▶ FY23 Budget v. Actual Updates
 - ▶ FY2024 Budget Outlook

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*Attachment
Submitted - PP presentation Finance 2/8/23 1*

Finance Department Projects

- ▶ NovaTime Implementation
 - ▶ Is now live

- ▶ Tyler MUNIS (ERP) Adoption and Implementation
 - ▶ Working with IT and our Project Manager
 - ▶ Target of July 1st

- ▶ Purchase Card Program through State of CT
 - ▶ Cards have arrived, training is being scheduled.

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Financial Statement Audits Update

- ▶ Fiscal Year 2021
 - ▶ February 9th, 2023 anticipated filing date
 - ▶ Wrap up Federal Single Audit (FEMA Reporting)
 - ▶ Does not hinder filing of FY2021 financial statements

- ▶ Fiscal Year 2022
 - ▶ Closing the books
 - ▶ 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
 - ▶ Deputy Finance Director/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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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: \$242k
- ▶ Expenses
 - ▶ Salary Contingency breakdown for next meeting (transfers)
 - ▶ Registrars: Primary/Referendum Expenses
 - ▶ Finance- Overtime & Misc Supplies over expended
 - ▶ Legal Services- Spent \$100k, \$50k encumbered, monitoring closely
 - ▶ Planning Legal Line is overexpended
 - ▶ **Subject to change w/ hires, terminations, promotions, other unexpected events, etc.*

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Next Month's Transfers

- ▶ Salary Contingency broken down between:
 - ▶ Retropay/Union Negotiations
 - ▶ UPSEU
 - ▶ Police
 - ▶ Firefighters
 - ▶ Hiring new department heads
 - ▶ Overlap of directors for one or two weeks
 - ▶ Payouts of retired department heads accrued time

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Interest Income Projection FY23

Town of East Lyme
Interest Income Projection
Fiscal Year 2023
Month End: January 2023

STIF Rate: **4.50%**

	Exp.		Actual		
	Monthly Cash Burn	Cash Collections	General Fund Cash Balance	Invested Balance	Interest Income
June 2022 Balances			\$ 11,856,141		\$ 34,026.73
July	\$ 7,135,000	\$ 30,929,000	\$ 37,850,141		\$ 5,044
August	\$ 4,317,000	\$ 6,191,000	\$ 39,524,141		\$ 17,188
September	\$ 9,231,000	\$ 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
January	\$ 6,534,131	\$ 22,000,000	\$ 29,976,602		\$ 56,058
Subtotal	\$ 45,598,915	\$ 71,719,376			\$ 242,009
First 4 month Avg	\$ 6,829,121	\$ 1,943,017			\$ 56,000
					Excess over budget \$ 222,009
					FY23 budget is \$20,000
Projected					
	Exp. Monthly Cash Burn	Rev. Cash Collections	General Fund Cash Balance	Invested Balance	Interest Income
February	\$ 7,079,131	\$ 2,500,000	\$ 35,397,471	\$ 25,397,471	\$ 62,859
March	\$ 6,834,131	\$ 1,750,000	\$ 30,313,341	\$ 20,313,341	\$ 50,276
April	\$ 6,834,131	\$ 1,750,000	\$ 25,229,210	\$ 15,229,210	\$ 37,692
May	\$ 6,834,131	\$ 1,750,000	\$ 20,145,079	\$ 10,145,079	\$ 25,109
June	\$ 7,289,121	\$ 1,000,000	\$ 13,855,948	\$ 3,855,948	\$ 9,545
Projected	\$ 34,870,654	\$ 8,750,000			Projected Interest \$ 427,485
	GF Expense	GF Revenue			
Estimate	\$ 30,469,569	\$ 80,469,376			
Assumptions					
2/3 of money invested in STIF Rates					
\$6million 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?
 - ▶ 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 (8-10% estimated increase YoY)
 - ▶ Find out next week preliminary numbers
 - ▶ Inflationary pressures are #1 budget issue

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First Selectman's Budget

- ▶ Updating Ordinances: Increasing Revenues
 - ▶ Building Department
 - ▶ New Building Official currently surveying neighborhood towns about inspection and permitting fees
 - ▶ Zoning Department
 - ▶ Fire Marshal's Office
 - ▶ Inspection Fees
 - ▶ Planning Review

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First Selectman's Budget

- ▶ Increase in Debt Service
 - ▶ Expected to increase next year as well
- ▶ Decreased spending in cash capital projects
- ▶ Over \$3 million of capital projects were cut
- ▶ Over \$1 million from general fund has been cut
- ▶ Governor releases budget soon
 - ▶ We get a lot of state grant money, could be a big deal

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Questions?

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