

EAST LYME BOARD OF FINANCE
SPECIAL MEETING OF MARCH 22, 2023
MINUTES

PRESENT: Denise Hall, John Birmingham, Peter DeRosa and Lauren McNamara
EXCUSED: Richard Steel and Paul Maxfield
ALSO PRESENT: First Selectman Kevin Seery and Finance Director Kevin Gervais

Ms. Hall called the meeting to order at 6:30 p.m. and led the Pledge of Allegiance.

III. Delegations
There were none.

IV. Budget Reviews

Revenues

Finance Director Kevin Gervais spoke on this budget:

- MV Supplemental is a new category and has not shown up as revenue in previous budgets. He reported that in 2019 it was over \$450,000; and over the last two years it was over \$500,000.
- Prior year tax revenue is higher because the Town held a tax auction sale last year; next year we can expect this line item to drop back to previous year totals.
- He reported that the Board of Selectmen are working with both the Building Department and the Fire Marshal to institute higher fees, and in most cases brand new fees where there have been no charge up to now. It is also noted that we are the only municipality that is not charging fees such as these.
- They are working with the Harbor Master to create a special revenue fund, as per state statute. Current mooring fees are \$25, and these fees will be raised to \$75; we have not raised the fees until now.
- Education Cost Sharing (ECS) reduced by \$285,000. Mr. Seery stated that he has been in communication with Holly Cheeseman and Martha Marx, who are fighting to have this fund restored.
- Out of district tuition is down around 10%; Mr. Gervais noted that this account works in arrears, so it is a year behind in reporting data. It was noted that Salem pays a slightly lower rate than other districts.
- The Municipal Stabilization Grant is now called Supplemental Revenue Sharing Account.
- PILOT State/nonprofit owned property includes the ARMY National Guard camps, York Correctional Institute, and Rocky Neck State Park.
- Dog license fees are down because the state is moving to an online system, so we are anticipating that we will not be receiving the \$1.00 per license that we get when they come into Town Hall to register their dog.

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EAST LYME, CT
2023 MAR 27 A 8:15
Kevin Gervais
TOWN CLERK

- Use of Fund Balance is at 14.96%; 15% is our goal. See Exhibit #1.
- Excess Revenues are projected at just under \$291,000.
- Mr. Seery stated that we will be reviewing the status of ARPA funds, and it looks like we have approximately \$100,000 remaining.

Finance #118

- Staff Accountant will be moved to a full-time position entitled Deputy Finance Director / Purchasing Agent. This has come as a strong recommendation by our Auditors. The purchasing agent will serve the entire town. 10% of this salary will be paid out of the Water & Sewer budget.
- Ms. Hall stated that as the Chairwoman of the Board of Finance, she strongly supports the addition of this position.

Board of Finance #126

- Board of Education pays up to \$15,000 of Audit Services; Town responsibility is \$42,375.

V. Public Discussion

There was no public discussion.

VI. Board Comments

There were no comments.

VII. Adjourn

MOTION (1)

Mr. Birmingham MOVED to adjourn the March 22, 2023, special budget meeting of the East Lyme Board of Finance at 7:36 p.m.

Seconded by Ms. McNamara. Motion passed 4-0.

Respectfully Submitted By:

Sandra Anderson

Sandra Anderson
Recording Secretary

FY23 Budget: Revenue

Revenues

- ▶ Tax Collection
 - Motor Vehicle Supplemental – included in Current Year Taxes
 - Note: Next year this will be its own line item and the account will be closer to budgeted.
 - Current Year/Prior Year Interest is trending lower
 - Will continue to monitor
- ▶ Municipal Revenue Sharing (MRSA)
 - \$589k unexpected
- ▶ Investment Earnings- Interest Income
 - See projection next slide
- ▶ Pequot Grant
 - Appears to be \$180,136 not \$270,204 budgeted
- ▶ Mooring Permit Fees
 - Budgeted \$7,000 but will be transferring to the Special Revenue Fund (once created)

Exhibit #1

Interest Income Projection FY23

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

STIF Rate: 4.50%

	Actual					
	Exp. Monthly Cash Burn	Rev. Cash Collections	General Fund Cash Balance	Invested Balance	Interest Income	
June 2022 Balances			\$ 13,856,141		\$ 34,026.23	*Total for FY22
July	\$ 7,135,000	\$ 30,929,000	\$ 37,650,141		\$ 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	\$ 6,514,131	\$ 22,000,000	\$ 39,976,602		\$ 56,000	
Subtotal	\$ 45,598,915	\$ 71,719,376			\$ 242,009	FY23 budget is \$20,000
					Excess over budget \$ 222,009	
First 4 month Avg	\$ 6,829,131	\$ 1,943,017				

	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	\$ 7,289,131	\$ 1,000,000	\$ 13,855,948	\$ 3,855,948	\$ 9,543
Projected	\$ 34,870,654	\$ 8,750,000			Projected Interest \$ 427,488

	GF Expense	GF Revenue
Estimate	\$ 80,469,569	\$ 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)

FY23 Budget: Expenditures

- ▶ Expenses- Overbudget
 - ▶ 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.

FY23 Budget: Expenditures

- ▶ Expenses- Under Budget
 - ▶ Fuel Contingency
 - ▶ 2020 Obligation Bonds – Need to review
 - ▶ Retirement Liability
 - ▶ Pension
 - ▶ Salary Contingency
 - ▶ BAN Maturity

FY23 Budget: Projection

Revenues

- ▶ Excess Revenues of \$290,888 projected
 - Does not include OTI from Capital Projects, OTI P&R Special Revenue

Expenses

- ▶ Projected available funds: \$481,000
 - Does not include OTI from Capital Projects, OTI P&R Special Revenue

Overall

- ▶ Positive \$771,000 towards fund balance at 06/30/2023

Fund Balance Projection thru 06/30/23

	<u>Original</u>
Beginning Fund Balance 06/30/2021	11,386,721
FY22 Unaudited Revenues	79,334,641
FY22 Unaudited Expenditures	79,124,111
Estimated Ending Fund Balance FY22	<u>\$ 11,597,251</u>
Revenues	
Tax	66,574,379
Intergovernmental	8,387,401
Other Income	5,000,691
Unanticipated Revenues	
Interest Income	405,000
MRSA	589,000
	<u>\$ 80,956,471</u>
Expenditures	
FY23 Operations	80,512,376
	<u>\$ 80,512,376</u>
Current Year Effect on Fund Balance	\$ 444,095
Projected Ending Fund Balance FY23	<u>\$ 12,041,346</u>
	14.96%