

East Lyme BOF

August 13th, 2025, Meeting Minutes

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Minutes of Board of Finance August 13th, 2025, Regular Hybrid Meeting - 08/13/25

Date and time: 08/13/25 5:30 PM to: 08/13/25 6:30 PM

Present: Brooke Stevens, Rec Secretary (* Ms. Stevens was not in attendance), John T. Birmingham, Denise Hall, Chairperson, Richard Steel, Scott McCallister, Paul Maxfield, Absent:, Lauren McNamara

CC: Dan Cunningham, First Selectman, Kevin Gervais, Finance Director

Location: East Lyme Town Hall, Upper Conf. Room & VIA ZOOM

Topics

1. Call Meeting to Order & Pledge

Note Chair Hall called the August 13th, 2025, Regular Meeting of the Board of Finance to order at 5:30 p.m. and led those assembled in the Pledge of Allegiance. Ms. Hall did roll call; a quorum was present.

Decision MOTION (1)

Mr. Maxfield moved to alter this evening's agenda and move the audit presentation (Item 6, New Business) to immediately follow delegations, to accommodate the Auditor who is attending via Zoom.

Mr. Birmingham seconded the motion.

Motion carried, 5-0-0.

2. Approval of Minutes

2-1. June 11th, 2025, Regular Meeting Minutes

Note see attachment.

 [Minutes of Board of Finance June 11th 2025 Regular Hybrid Meeting 06 11 25.pdf](#)

Decision MOTION (2)

Mr. Birmingham moved to approve the Meeting Minutes of June 11th, 2025, as submitted.

Mr. Steel seconded the motion.

Motion carried, 5-0-0.

3. Delegations

Note There were none.

4. New Business

4-1. FY2023 Financial Statement Audit Presentation and Discussion with Auditors

Note see attachment.

 [2023 Audit Presentation.pdf](#)

Note see attachment.

 [PDF Signed State Single Audit Report.pdf](#)

Note see attachment.

 [PDF_Signed_Federal_Single_Audit_Report.pdf](#)

Note see attachment.

 [PDF_Signed_Management_Letter.pdf](#)

Note see attachment.

 [PDF_Signed_Governance_Communication.pdf](#)

Note Leslie Zoll, Town Auditor, was present Via Zoom to review the audit presentation for June 30th, 2023. The scope of the audit includes an audit of the town's financial statements as well as a review of any federal/state grant compliance and internal controls. The auditor is not responsible for internal controls but will report significant deficiencies or material weaknesses.

Note *Material weaknesses identified on the financial statement side, requiring some adjustments.

*Federal awards- No material weaknesses, but one significant deficiency noted in reporting.

*State programs- No issues in internal control or compliance.

Note Financial Highlights (as of 6/30/2023):

*Governmental activities- \$53.7 Million (Up \$2.3 Million from prior year).

*Sewer fund- \$5.3 Million (Up \$212,000).

*General Fund balance- \$15.9 Million (Up \$760,000).

*Sewer Assessment Fund- Up \$255,000.

*Bonded Capital Projects- Decrease of \$883,000.

*Capital Non-Recurring (CNR)- Negative \$1.9 Million balance due to timing of bond/ grant revenues.

*Water Fund- \$644K (Down \$929,000).

*Internal Service Fund -\$708,000 deficit (linked to past self-insurance program).

*Pension Trust Fund- \$31.9 Million.

*Private Purpose Trust Fund- \$100,000.

Note Ms. Zoll reviewed key performance metrics for 2023:

*Property tax collection rate- 99.1%.

*Revenues- \$291,000 above budget.

*Expenditures- \$1 Million under budget.

*Pension liability- \$3.1 Million (90.2% funded, which is a strong position).

*OPEB liability- \$3 Million (not currently funded).

Note The FY2023 audit identified three material weaknesses—chiefly in capital asset records and water/sewer assessment reconciliation—but corrective policies, updated systems, and improved oversight are now being implemented to resolve them.

Note *Auditors recommended stronger procedures for reconciling WPCA water and sewer assessments with the general ledger, noting prior issues with segregation of duties and unavailable revenue.

*Management has since improved reconciliation, split billing and collection duties, and is exploring moving collections to the Tax Collector's office for better oversight

Note *Another finding highlighted the need to complete year-end financial close entries before submitting trial balances to auditors, to avoid material adjustments. A compliance finding was also issued for delayed financial statement reporting, though staff expects audits to become timelier now that capital asset and sewer assessment issues are resolved.

Note *Federal testing found one issue—a late April 2023 ARPA filing, while state testing found none; upcoming GASB changes will need preparation, but auditors praised staff cooperation, new financial leadership, and the Munis system transition as major improvements.

5. Reports

5-1. First Selectman

Note Mr. Cunningham reported and discussed some of the following with the Board:

1. ADA Compliance Updates-

Major accessibility upgrades are underway under a federal consent agreement with the DOJ. The new ramp and upstairs bathrooms are complete, water fountains are updated, and work has begun on installing a lift to provide wheelchair access to the lower level, as well as on downstairs bathrooms.

Note 2. Union Contract & Pension Changes-

The UPSEU union contract has been settled.

For employees hired after July 1, 2023, retirement benefits will shift from a defined benefit (DB) to a defined contribution (DC) plan.

Existing employees may opt to switch.

Coordination with actuaries is underway to calculate accrued benefits, manage potential DB plan buyouts, and ensure proper transfers from pension assets.

Future contract negotiations (three due in 2026) are being prioritized to start early.

Note 3. Townwide Radio Communications-

Public safety radio interoperability remains a critical issue.

Police, fire, and dispatch currently face communication gaps that pose safety risks.

A task force has been formed, meeting monthly, with Dispatch Officer Jess Dwire serving as the point of contact to streamline concerns to IT Director Dan Cleary.

A new vendor has begun servicing existing equipment, already identifying interim improvements to boost radio coverage from 30% to 60%.

The long-term goal is full integration with the State of Connecticut system, though licensing and “dirty signal” issues must first be resolved.

Previous ARPA-funded Harris radios remain nonfunctional due to unresolved software licensing conflicts, limiting resale value.

Note 4. Police Chief Search-

The selection process is nearing completion, with a new Chief expected by mid-September.

Note 5. Brownfield Grant & Dominion Property-

Progress continues on a state Brownfield grant to study contamination at the Dominion property.

A \$1/year lease gives the Town site access and the option to purchase the property for \$1, without obligating the Town to assume ownership or cleanup responsibility.

Dominion has agreed to a two-year lease extension to provide a buffer during the assessment process.

The study will clarify environmental conditions and potential cleanup costs before any decision is made to pursue ownership or request a state-funded remediation grant. Liability concerns are being addressed with insurance protections in the lease.

Note Mr. Cunningham noted progress is being made on securing \$400,000 in state funds for the Oswegatchie Hills purchase after long delays.

5-2. Finance Director

Note see attachment.

 [East Lyme \(Town of\) CT GO BANs \(2025\) Official Statement.pdf](#)

Note Mr. Gervais noted the Town's bond anticipation notes sold to Vanguard at 2.95%, only eight basis points higher than a peer with more current financials—an outcome our adviser considered a strong result given the audit delay.

Note Mr. Gervais detailed some of the following:

*\$29.7 million in bond anticipation notes (BANs) went to market.

*Yield: 2.9%.

*Coupon- 4%

*Approx. \$300,000 premium received.

Projects funded-

*2022 rollovers- \$19.3 Million (roads, Board of Education, water, open space).

*2023 additions- \$10.5 Million (Town Hall ADA compliance \$550,000, Board of Ed \$3.3 Million, water system, public improvements).

*Required BAN reduction- \$105,000 (5% of notes >2 years).

CIP (Capital Improvement Program)-

*Next 5 years- \$78 Million in anticipated projects.

Current BANs must be bonded before addressing additional CIP.

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5-3. July 2025 Tax Collections

Note see attachment.

 [July 2025 Tax Collections Report - Prior Year Comparison.pdf](#)

Note Mr. Gervais recognized the Tax Collector's Office for successful tax collection efforts which support town operations.

Note Mr. Gervais reported the following in terms of the town audits:

*Fiscal Year 2023 is completed as the Board heard tonight.

*Fiscal Year 2024 reconciliation is in progress.

* They plan to present updates to the Municipal Finance Advisory Committee (MFAC) early next month.

*The goal is to have the FY 2025 audit completed by June 30, 2026, to get town fully current.

5-4. Cannabis Local Tax Revenue

Note Mr. Gervais shared the following:

*Local cannabis tax (3% of gross sales).

*To date- \$17,028 collected.

*Revenues spiked in May (gross \$185,000), now averaging ~\$135,000/month.

*They're working on a budget proposal for proper fund use, subject to CT state restrictions.

5-5. Fund Balance Projection

Note see attachment.

 [Projected_Fund_Balance_as_of_08-08-2025.pdf](#)

Note Mr. Gervais detailed the following:

*FY 2023 audited fund balance- \$15.9 Million (~20%).

*Planned draws-

*FY 2025- \$1 Million

*FY 2026- additional use anticipated.

*Long-term recommendation-

Avoid building budgets on fund balance.

Instead, reserve use for offsetting debt service spikes in future years.

Note Mr. Gervais and the Board discussed how not all borrowed funds are immediately needed and the goal should be not to have the town pay interest on idle money. The suggestion is to borrow only as needed rather than full authorizations upfront and premium proceeds may be used to offset future debt service spikes.

5-6. Parks & Recreation / Commission on Aging Special Revenue Fund

Note Mr. Gervais explained that the fund includes both Parks & Recreation and Commission on Aging programs.

*Revenues are from program fees, beach passes, and events—not taxpayer funded.

Note Parks & Recreation-

*Current fund balance- \$155,000 (~15% of \$1 Million in revenues).

*Target balance- ~20% (\$200,000).

*COVID-19 in 2020 caused a \$189,000 deficit; fund still recovering.

Note Commission on Aging-

*Fund balance- \$137,000 (~100%).

*Proposal to spend \$100,000 on capital updates-

Furniture, carpeting, ADA-compliant bathrooms, kitchen carts, outdoor patio.

Will reduce balance to ~27% but considered appropriate reinvestment.

Note A question was raised about the risk of overlap with potential state-funded senior/community center project. Mr. Gervais clarified that no definitive state funding has been secured, and it was discussed how the improvements are deemed necessary and are not wasteful.

Note Mr. Gervais highlighted the following:

5-7. Finance Department Projects

Note *ADP HR/Payroll live since July—streamlined but still fine-tuning.

*Fixed Assets- FY 2023 data imported; reconciliation ongoing.

*Munis utility billing implementation underway—potential integration with Tax Collector and Water/Sewer.

*OPEB Trust development in progress.

*Health insurance payroll reconciliation (FY 22–23) ongoing.

5-8. General Fund Revenues FY 2025

Note *Budget- \$91.49 Million (including \$900,000 supplemental appropriation).

*Actual to date- \$89.92 Million.

*Shortfall- \$1.5 Million before fund balance/transfer adjustments.

Offsetting actions-

*\$1 million fund balance appropriation.

*Operating transfers from closed capital projects.

5-9. Capital Project Reconciliations

Note *New reconciliation process in place using Munis.

*Every project tied out against balances to identify unallocated funds.

**Example- CNR fund unallocated balance = \$68,000.

Process ensures transparency and prevents over-expenditure.

6. Public Discussion

Note There was none.

Note There was none.

7. Board Comments

Note Mr. Steel indicated that he had previously sent a letter to the Board of Selectmen as a private citizen and not as a Board member, but it was caught in the spam filter and not received in time for their meeting last week.

Mr. Steel read his letter into the record:

Note "Dear First Selectman and Board of Selectmen

I would strongly advise against any further involvement of East Lyme government and funding for proposals for the former police station. As a community known brown field site, it is hard to imagine remediation without astronomical cost and energy.

' 2024 study by the Yale Urban Design Workshop that envisioned the old station as a public plaza. The report said the 95-year-old, mold- and mildew-filled building is an "immediate opportunity" for development. '

New London Day August 2,2025

The Yale Urban Design Group has a checkered past with many communities in CT and should not be considered the "end all "for town development. I believe the ARPA funded (EL grant) 2024 study may not reflect viable proposals.

Granted it would be wonderful to improve Main Street with a magnet and focal point which could spur further economic growth, development and create themes pleasant for our community.

However, in this very uncertain business and economic environment, I believe it is in the best interest of our town to defer future assessments and development to non-governmental developers.

Our budget for this year was very challenging and due to fixed costs, both in the town and the schools, does not appear to be any simpler next budget season. It seems that a three-year vacant contaminated building and lot should not be a priority when we have so many other pressing needs.

Thank you very much

Sincerely,

Richard Steel

23 Rose Lane

East Lyme, CT 06333"

Note Ms. Hall expressed concern about the town taking on commercial development projects, noting the significant fiscal risk and limited capacity. She emphasized that developers take risks for profit, while the town should carefully consider its resources and priorities. She agreed with Mr. Steel that the town needs to thoughtfully evaluate how much time, energy, and oversight it can devote, especially given existing delays in audits. She concluded that this topic is appropriate for discussion with the finance Board.

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8. Adjournment

Decision MOTION (3)

Mr. Maxfield moved to adjourn the August 13th, 2025, Regular BOF Hybrid Meeting at 6:33 p.m.

Mr. Birmingham seconded the motion.

Motion carried, 5-0-0.

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Note Respectfully Submitted,
Brooke Stevens, Recording Secretary