
BOF September 10th, 2025

Meeting Minutes

2025 SEP 10 AM 9:33
TOWN CLERK

Minutes of Board of Finance September 10th, 2025, Regular Hybrid Meeting - 09/10/25

Date and time: 09/10/25 05:30 pm to: 09/10/25 06:22 pm

Present: Brooke Stevens, Rec Secretary (* Ms. Stevens was not in attendance), John T. Birmingham, Denise Hall, Chairperson, Richard Steel, Scott McCallister, Paul Maxfield, 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 September 10th, 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.

Note A moment of silence was observed in memory of Charlie Kirk, founder of TPUSA, acknowledging his contributions to family, religion, and community involvement.

2. Approval of Minutes

2-1. August 13th, 2025, Regular Meeting Minutes

Note see attached minutes.

 [Minutes_of_Board_of_Finance_August_13th_2025_Regular_Hybrid_Meeting_08_13_25.pdf](#)

Note see attached minutes.

 [Minutes_of_Board_of_Finance_August_13th_2025_Regular_Hybrid_Meeting_08_13_25.pdf](#)

Decision MOTION (1)

Mr. Maxfield moved to approve the Meeting Minutes of August 13th, 2025, as submitted.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

3. Delegations

Note There were none.

4. Reports

4-1. First Selectman

Note Mr. Cunningham shared some of the following:

Note 1. Police Chief-

- *The new Police Chief was recently sworn in and met with him to begin addressing key issues.
- *The current radio system for police, fire, and other emergency services is inadequate, creating officer safety risks.
- *The new Chief has prior experience successfully revamping such systems.
- *He has already met with the town's radio committee and suggested bringing in a consultant he worked with previously.
- *Funding will likely be requested to hire this consultant.

Note 2. Fire Department Staffing-

- *Three new fire captains (one per shift) have been appointed and began work this week.
- *A new fire inspector also started Monday.

Note 3. Fire Boat-

- *The Boston Whaler fire boat received a new engine.
- *It's nearly ready for service; expected to be operational within the week.
- *The goal is to ensure functionality before private boats are removed from the water for the season.

Note Dr. McCallister inquired about the radios and Mr. Cunningham detailed and discussed the following:

- *Approximately \$430,000 was spent on radios that were believed unusable due to a software copyright issue.
- *The hardware was available, but software was thought to prevent use.
- *The new Chief located the radios in storage and ordered them shipped to East Lyme.
- *Though 5 years old, they are still considered reliable and usable technology.
- *He believes they can be integrated into the system at least temporarily.
- *If full integration isn't possible, they may still have trade-in or buyback value, allowing the town to recover some costs.

4-2. FY 2025 Board of Education Budget vs. Actual Report

Note Ms. Hall explained a quarterly report is required by state regulations. The Board of Education ended the year with a budget surplus of \$233,353.69. Further discussion on allocation of the surplus will take place under New Business.

4-3. Finance Director

Note FY2025 Budget vs. Actual Reports-

- *Mr. Gervais reported that several items still need reconciliation with Board of Education accounts and correction of debt service misbookings.
- *Expenditures are trending a few hundred thousand dollars favorable overall.

Note *The Police Department returned approximately \$150,000 due to staffing gaps late in the year.

- *Dispatch returned about \$45,000; however, the Board had approved an additional \$50,000 appropriation earlier for overtime.
- *\$172,000 was returned in retirement & benefits.
- *\$80,000 was returned in FICA.
- *\$10,000 was returned in workers' compensation.
- *\$25,000 was returned in Health & dental.
- *\$26,000 is remaining in retirement liability.

Note Contributing Factors include the following:

- *The Town implemented a spending and hiring freeze.
- *Vacant positions were not immediately filled (the Deputy Public Works Director was not replaced, some highway crew turnover delayed rehiring).
- *These freezes led to meaningful savings in multiple lines.

Note *The Board of Education ended the year with a \$233,000 surplus, expected to be rolled into a non-lapsing fund.

- *Only Emergency Management is slightly over budget (\$2,000), due to stipends and salary-related issues.
- *Town expenditures ended about \$500,000 favorable, after accounting for recent bills.
- *Considered a positive result despite challenges.
- *FY25 considered more stable than prior year.
- *FY24 had “black swan” events (two Police Chiefs, major unanticipated costs, police legal expenses of \$100,000, emergency boat repair of \$30,000).
- *FY24 also required additional appropriations of nearly \$900,000 mid-year.
- *FY25 avoided such major overruns, showing improved budget discipline.

Note Some key budget pressures included some of the following:

- *First year under consolidated fire service with union contract requirements.
- *Overtime and minimum staffing drove costs higher than forecast, prompting the freeze.
- *Budget now hardened to reflect reality- \$600,000 overtime for Fire Department anticipated moving forward.

Note Some positives:

- *Only one Police Chief on payroll now (savings of \$150,000).
- *Police investigations/legal matters now closed, avoiding prior unanticipated costs.
- *Consolidated budgeting is expected to further improve matters.

Note Board Members requested that financial reports be distributed before meetings rather than afterward, and Mr. Gervais explained that preparation for the 2024 audit was prioritized over report preparation.

Note see attachment.

 [Town of East Lyme Audit Completion Timeline FY2024 and FY2025 as of August 27 2025.pdf](#)

Note Audit Updates:

- *A meeting held with State of Connecticut and auditors earlier in the day.
- *State and auditors are encouraged by progress made on the 2023 audit, especially around assets and depreciation.
- *An aggressive but feasible timeline has been set; 2024 audit completion targeted by Dec 31, 2025, and 2025 audit targeted by June 30, 2026. The goal is to place the audits fully on schedule for the first time in 14+ years.

Note see attachment.

 [Opioid Settlement Income and Expenditures through YE2025.pdf](#)

Note Opioid Settlement Grant Report:

- *The Town will receive \$530,000 total by 2039.
- *To date, \$173,213.67 has been received.
- *\$2,576.81 has been spent and the current balance is \$170,636.86.

Note see attachment.

 [Local Cannabis Tax Revenue Report and Project Budget.pdf](#)

Note Mr. Gervais reviewed the cannabis tax budget and revenue projections:

*The Board of Selectmen approved \$25,000 in expenditures from cannabis tax funds.

*\$17,028 has been collected so far in revenues.

*The projected year-end revenues are about \$64,000, leaving \$40,000 unallocated after the \$25,000 is spent.

*The calculations are based on averaging the spring monthly cannabis sales revenues (\$85,000, \$117,000, \$185,000, \$135,000) = about \$130,000 per month, yielding \$3,900 per month in municipal tax.

Note Ms. Hall raised the point that during budget hearings with Youth & Family Services, there was discussion that cannabis funds could be used to help transition a part-time position to full-time and asked if that allocation would still be honored.

Note Mr. Cunningham recalled that this was contemplated during budget discussions. He noted that revenue is stronger than expected, and the Board of Selectmen allocated funds for community engagement and volunteerism initiatives, given a decline in civic involvement.

Ms. Hall worries that cannabis money could cause youth issues and didn't see how using it for EV charger signage connected to opioid grants.

Mr. Cunningham noted the funding is small and signage matters because it makes chargers more visible on apps, boosting use and revenue for the town.

Note Dr. McCallister asked whether there was a binding commitment that funds be directed to Youth & Family Services as discussed at the budget hearing.

Note Ms. Hall stated that, while not recalling the discussion verbatim, her understanding during the budget process was that the funding would be used to help offset costs. She questioned whether more could have been done to ensure that outcome and expressed hope that the Board of Selectmen would take that original intent into consideration.

Note Mr. Cunningham responded that the point is understood. He noted that Youth and Family and Human Services has been successful in addressing a clear need, that creating the organization was a positive step, and expressed hope that reasonable funding will continue to sustain its operations.

Note Mr. Gervais replied that currently one staff member is on extended leave and positions are budgeted at 28 hours/week, though the initial request was for 37.5 hours/week each. The Cannabis fund balance (\$40,000 is projected) and opioid settlement fund (\$170,000) could support these staffing needs.

Note Mr. Cunningham added that he's exploring a partnership with Salem to use their unused cannabis and opioid funds, which could expand services and bring in additional revenue.

Note Fund Balance-

Mr. Gervais discussed the town's fund balance, noting that the Board of Education's non-lapsing fund affects it. He reviewed 12 years of audits and found the Board returned an average of about \$128,000 per year to the town. Going forward, approximately \$1.5 million will be diverted to the non-lapsing fund if approved by the Board.

5. New Business

5-1. BOE Non-Lapsing Fund

Note Mr. Gervais explained that the state-created non-lapsing fund allows the Board of Education (BOE) to retain surplus funds without requiring approval from the Board of Selectmen or Board of Finance. He expressed concern that this reduces transparency, removes funds from the town's general fund (affecting interest earnings and potentially credit ratings), and could incentivize larger budget requests to maximize rollover. He described the fund as broadly defined, potentially allowing significant discretionary spending, and emphasized the lack of cooperation on fiscal matters.

Note Board Members asked about any recourse to limit or stop this, and Mr. Gervais noted the fund is authorized by 2024 legislation and legal guidance is being sought. He emphasized the need for transparency and cooperation and suggested asking the Superintendent to report on last year's actions and next year's plans.

Decision MOTION (2)

Dr. McCallister moved to request that the Superintendent and their Budget Officer appear before the Board of Finance to discuss last year's allocation of the non-lapsing fund, the lack of transparency, and plans for the coming year.

Mr. Birmingham seconded the motion.

Decision MOTION (3)

Dr. McCallister amended the motion to include the Board Chair in the request.

Mr. Birmingham seconded the motion.

Motion carried, 6-0-0.

Task ☐ Mr. Gervais was asked to extend the invitation.

Owned by Kevin Gervais, Finance Director

Note Dr. McCallister emphasized that the discussion with the Superintendent should focus on understanding last year's actions and plans for the coming year. He noted that increased transparency will improve the working relationship and clarified that the discussion is intended to be educational, not punitive.

6. Public Discussion

Note There was none.

7. Board Comments

Note There was none.

8. Adjournment

Decision MOTION (4)

Mr. Maxfield moved to adjourn the September 10th, 2025, Regular BOF Hybrid Meeting at 6:22 p.m.

Ms. McNamara seconded the motion.

Motion carried, 6-0-0.

Note Respectfully Submitted,
Brooke Stevens, Recording Secretary