



**TOWN OF OLD SAYBROOK
Board of Finance**

302 Main Street • Old Saybrook, Connecticut 06475-1741

**BOARD OF FINANCE REGULAR MEETING
FIRST FLOOR CONFERENCE ROOM**

June 15, 2020 7:00 p.m.

HYBRID MEETING

Public Zoom Link

<https://zoom.us/j/96928546710?pwd=NVN0MmIMU2tHSDZiMnpSZ0lkNHVLZz09>

Dial In: 929-436-2866

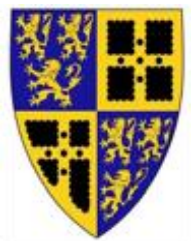
Meeting ID: 969 2854 6710

Passcode: 302302

One Tap Mobile: <tel://9294362866,,96928546710#>

- I. CALL TO ORDER**
- II. PLEDGE OF ALLEGIANCE**
- III. ROLL CALL**
- IV. MINUTES 5/18/2021; 6/1/21 - ACTION REQUESTED**
- V. TAX COLLECTOR; SUSPENSE REPORT**
- VI. CONSIDERATION OF APPROVING A REIMBURSABLE GRANT FOR STEAP PROJECT – ACTION REQUESTED**
- VII. FINANCE DIRECTOR REPORT**
- VIII. SELECTMAN’S REPORT**
- IX. PUBLIC COMMENT**
- X. COMMENTS FROM THE CHAIR**
- XI. ADJOURNMENT**

Attest: David LaMay, Chairman



TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE

302 Main Street • Old Saybrook, Connecticut 06475-2384
Telephone (860) 395-3123 • Fax (860) 395-3125

To: Board of Finance Members

From: Carl P. Fortuna, Jr., First Selectman

Re: Restroom Facilities at Town Parks (STEAP 2021-08)

Date: June 11, 2021

Summary

The purpose of this memorandum is to recommend that the Board of Finance approve the Town entering into a reimbursable grant and the use of Town funds in the amount of \$128,205 for the purpose of placing restroom facilities at the Town parks.

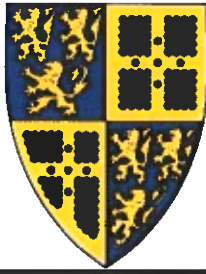
Background

By way of background, the Department of Energy and Environmental Protection (DEEP) has approved a grant in the amount of \$128,205 for the restroom facilities at Town Parks. This is a reimbursable grant, meaning that the Town will pay for this project upfront and then seek reimbursement from DEEP.

The Board of Finance also appropriated \$17,895 from the Town's capital non-recurring account to supplement the STEAP grant noted above. This appropriation was approved by the legislative body on November 24, 2020.

Motion Requested:

To appropriate funds in the amount of \$128,205 as outlined in the STEAP 2021-08 grant for the purpose of purchasing a prefabricated concrete restroom, which will subsequently be reimbursed by DEEP, and further to move this recommendation to Town meeting for a vote.



Monthly Finance Director's Report – May 2021

(Preliminary and Unaudited)

The Finance Director's report will address the present status of the Fiscal Year expenditure budget, Cash Flow trends, and status of the Town's long-term strategies.

Section I: Expenditure Budget for Fiscal Year 2021

Budget Fiscal Year 2021

The general government budget for Fiscal Year ("FY") 2021 presently stands at \$17,101,708, along with the Town's Debt Service budget of \$3,212,695, total General Government Expense equate to \$20,314,403. The Board of Education budget of \$26,706,023 brings the Town-wide budget to \$47,020,426. The budget was approved at the March 31, 2020 Board of Finance meeting in compliance with Governor Lamont's Executive Orders 7c and 7i, which allowed the Board of Finance to vote on the budget and set the mill rate.

Budget Appropriations - During FY21 no budget appropriation have been made.

Municipal Reserve Fund Appropriations - During FY21 the following appropriations against the municipal reserve fund ("MRF") have been made.

- An appropriation for \$200,000 from the capital non-recurring account (CNR) was approved by the Board of Selectmen on August 25, 2020 pursuant to Governor Ned Lamont's Executive Order 7S. The funds were moved to an off-budget account "Town Pension Plan" to be used toward the Actuarial Determined Contribution for FY21.
- An appropriation for \$17,895 from the CNR was approved by the Board of Selectmen on November 24, 2020 pursuant to Governor Ned Lamont's Executive Order 7S. The funds were moved to an off-budget account "P&R Restroom Project" to supplement the Small Town Economic Assistance Program grant in the amount of \$128,205 for the purpose of placing two pre-fabricated bathrooms at Park and Recreation Locations.
- An appropriation for \$135 thousand from the CNR was approved by the Board of Selectmen on March 23, 2021 for the purpose of replacing and repairing the gutters at the KHCAC and to place these monies in an off-budget account entitled "KHCAC gutter replacement".
- An appropriation of \$37,292 was made from the Fire Department Apparatus fund for the purpose of replacing the jaws of life equipment at the Fire Department. Since purchases from this fund are pre-authorized no additional approvals were necessary.
- An appropriation of \$9,800 from the CNR was approved by the Board of Finance at its May 18, 2021 meeting for the purpose of modernizing the broadband high-speed connection between Town Hall and the YFS building and moved to Town meeting, which was approved on June 8, 2021.

Off Budget Fund Appropriations - During FY21 the following appropriations against off budget funds were made:

- An appropriation of \$38 thousand from the from the "Bokum Road Property Sale" Fund 2800 for the purpose of paving and landscaping the turnaround on Ingham Hill Road was approved at the December 15, 2020 Board of Finance meeting. Further this appropriation was approved by the Board of Selectman pursuant to Governor Ned Lamont's Executive Order 7S, at its December 22, 2020 meeting.

Funding Mechanism – At the Board of Finance meeting held on May 18, 2021 it was voted to approve the allocation of the \$7 mini-golf tickets to have \$5 allocated to the general fund and \$2 allocated to the off budget P&R sinking fund account for the purpose of setting funds aside for Park & Recreation capital purchases.

Fiscal Year 21 Budget Performance

Through May 31, 2021, 91.6% of the general government budget equates to \$15,676,565. Actual expenditures of \$14,217,922 are \$1.5 million below the straight-lined budget. Capital transfers, quarterly payment, and other one-time annual payments were made near the start of the fiscal year. Attached is the detail list of budget line items.

Section II: Cash Flow Summary

As of May 31, 2021, the Town's cash balance was as follows:

Fund	Total	Monthly Activity
General Fund	15,762,567	(3,021,198)
Capital Funds	1,999,659	(73,125)
Reserve Funds	3,330,373	(11,096)
Non-major Funds	2,036,446	(344,301)
Total	23,129,045	(3,449,720)

During the month of March, the Town's total cash decreased by \$3.5 million of which \$3.0 million was due to activities in the General Fund. The GF received \$230 thousand in revenues which were offset by \$3.3 million in expenditure.

State of Emergency COVID 19 Fund 2843 had a negative balance of \$509,708. Total funds expended to date equal \$913,706. Total funds received to date equal \$403,999. During the month of June 2021 \$107,719 was expended and no reimbursements were received.

Section III. Long Term Strategies

1. Debt Service

Outstanding June 30, 2020:	\$27,990,000
Debt Service Payment FY21:	\$3,212,695
Debt Service Payment FY22:	\$3,209,845
Debt Service Reserve:	\$431,927

2. Capital Outlays FY21

The Municipal Reserve Fund, which includes capital non-recurring, fire apparatus, public work/transfer station, and Board of Education sinking funds, totals \$1,709,377 as of May 31, 2021.

Municipal Reserve Fund	FY 2021 Transfers	Balance
Capital Non- Recurring Budget 3350	\$184,425	\$462,245
Fire Apparatus -3351	170,000	129,817
Public Works – 3353	75,000	117,315
Board of Education – 3354		1,000,000
Catastrophic Illness – 7219	70,000	116,589
Post-employment Payout – 7220	40,000	113,079

Municipal Reserve Fund	FY 2021 Transfers	Balance
Revaluation – 7222	50,000	90,781
Contingency – 7224	30,000	38,767
Roof Repair - 3020	25,000	42,350
P&R Sinking Fund – 3053 450335	10,000	0
Stonework EDC 3028 417326	4,000	4,000
Signage (P&R and DPW) – 3029 450334	29,000	4,511
P&R Mini Golf Carpets – 3030 450331	6,800	0
P&R Pavilion Carpet - 3031 450333	9,025	669
Gutter Guards (Library) – 3032 450130	5,600	0
NEA Grant Live in Old Saybrook – 2915 417327	10,000	10,000
Total	718,850	2,130,123

Capital Expenditures FY 2021 budgeted amount as noted below. To date, 79% has been utilized.

Department	Amount Budgeted/Transferred	Amount Used
Fire Department (4203)	60,000	\$59,962
Police Department (4201)	99,804	\$97,067
IT – Town (4143)	25,000	\$11,855
Highway & Streets (4303)	390,000	\$282,792
Library Heat Pumps (4501)	15,000	\$14,071
Total	\$589,804	\$465,747

3. Pension Plan

Description	Town Pension Plan	Fire Department Pension Plan
Actuarial Defined Contribution (ADC) FY21:	\$789,169	\$169,368
Paid to date by the Town & BoE	\$720,000 (~\$750k projected)	\$183,957
ADC FY22	\$813,814	\$171,642
ADC budget amount	\$468k (town) \$150 (BoE) = \$618k	\$180,000

4. Fund Balance Performance vs. Policy

- Unassigned General Fund Target Balance: 15% of approved GF annual expenditures
- Range of 12% to 15%: Deemed healthy – no action required.
- Less than 12%: Board of Finance shall be notified.
- Less than 5%: First Selectman develops plan to rebuild fund balance.

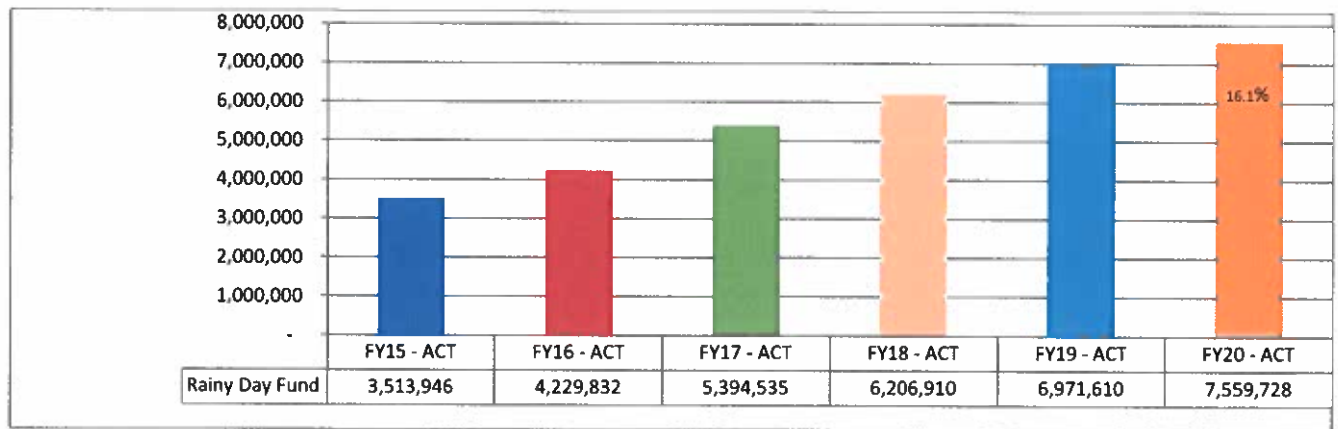
In the event that a fiscal year ends with surplus funds projected to be in excess of the 15% policy target, the Board of Selectmen shall make a recommendation to the Board of Finance for use of excess funds. As of June 30, 2020, the GF unassigned balance was 16.1% of FY21 budgetary expenditures.

Town of Old Saybrook Fund Balances for the Period Ending June 30, 2020

Fund	Non-spendable	Restricted	Committed	Unassigned	Total
General Fund	0	143,100	421,027	7,559,728	8,123,855
Capital Funds			1,356,467		1,356,467
Reserve Funds			3,929,247		3,929,247
Non-major Funds	5,000	224,974	1,427,861	(255,402)	1,402,433
Total	5,000	368,074	7,134,602	7,304,326	14,812,002

** Restricted (\$143,100 performance bonds GF) (\$224,974 restricted by grant program)

General Fund Balance Trend: Fiscal Years 2015 - 2020



Operating Budget Report: Expenses
General Fund: 1005
:: General Fund Budget

Dept. #	Department	FY21 Budget	FY21 Period Expense	FY21 YTD Expenses	Current FY% of Budget	FY20 YTD Expense	Prior FY % of Budget	YOY Change
411100	SELECTMEN	403,019	30,793	352,220	87.4%	404,978	102.9%	(52,758)
411700	BOARD OF FINANCE	62,417	1,140	57,529	92.2%	50,886	82.3%	6,643
412300	ACCOUNTING	311,671	20,745	257,292	82.6%	268,712	89.7%	(11,420)
412500	ETHICS	950	-	-	0.0%	266	28.0%	(266)
413100	ASSESSOR	169,736	8,722	124,565	73.4%	117,835	70.9%	6,730
413300	ASSESSMENT APPEALS	6,697	-	3,931	58.7%	11,434	99.0%	(7,503)
413500	TAX COLLECTOR	217,916	19,682	186,701	85.7%	179,748	84.0%	6,953
413700	TREASURER	8,647	667	7,834	90.6%	7,979	92.4%	(145)
413900	LEGAL SERVICES	105,000	2,073	95,882	91.3%	88,187	84.0%	7,695
414200	RETIREE HEALTH INS	261,000	20,121	221,526	84.9%	236,564	85.4%	(15,039)
414300	INFORMATION TECHNOLOGY	197,908	12,538	170,557	86.2%	156,660	81.6%	13,897
414701	TOWN CLERK	260,842	18,442	228,949	87.8%	218,569	85.3%	10,380
414702	VITAL STATISTICS	1,350	-	217	16.1%	295	21.9%	(78)
414900	REGISTRAR OF VOTERS	72,686	5,909	73,320	100.9%	41,442	59.3%	31,877
415101	LAND USE	449,540	25,616	324,303	72.1%	382,011	86.1%	(57,708)
415102	ARCH REVIEW BD	3,678	194	2,445	66.5%	372	10.4%	2,073
415300	PLANNING COMMISSION	15,319	358	2,734	17.8%	400	2.6%	2,333
415501	ZONING COMMISSION	34,843	1,149	18,070	51.9%	16,268	46.8%	1,801
415502	ZBA	13,472	433	5,443	40.4%	6,288	46.8%	(846)
415700	INSURANCE	366,000	2,781	364,543	99.6%	361,990	93.3%	2,553
415900	HISTORIC DISTRICT	5,383	108	3,117	57.9%	1,611	30.1%	1,506
416300	INLAND/WETLANDS	8,683	43	10,622	122.3%	6,623	76.8%	3,998
416500	HARBOR MGMT COMMISSION	20,917	1,698	18,804	89.9%	15,505	75.3%	3,299
417100	CONSERVATION COMMISSION	4,496	179	1,205	26.8%	1,203	32.3%	1
417300	ECONOMIC DEVELOPMENT	65,191	6,230	56,032	86.0%	54,253	88.6%	1,779
417700	POLITICAL SUB DIVISIONS	182,223	4,022	173,005	94.9%	170,573	94.2%	2,431
419900	TOWN HALL	493,184	38,015	405,799	82.3%	416,125	88.9%	(10,325)
420101	PD - FIELD SERVICE	3,572,888	294,592	3,036,281	85.0%	2,793,278	80.1%	243,003
420102	PD - SUPPORT SERVICE	1,084,097	66,134	908,273	83.8%	875,434	85.8%	32,839
420103	PD GENERAL EXPENDITURES	541,287	44,069	432,432	79.9%	487,839	90.7%	(55,407)
420300	FIRE DEPT.	601,419	31,969	526,058	87.5%	514,047	85.8%	12,011
421100	TREE WARDEN	43,074	9,075	33,776	78.4%	24,858	59.2%	8,919
421300	BUILDING	142,858	10,241	121,015	84.7%	125,973	92.6%	(4,959)
421500	ANIMAL CONTROL	25,000	-	25,000	100.0%	25,000	100.0%	-
421700	MARINE PATROL	59,890	(46)	18,506	30.9%	30,744	52.0%	(12,238)
421900	FIRE MARSHAL	143,128	8,998	114,641	80.1%	107,091	78.2%	7,550
422300	EMERGENCY MANGEMENT	203,762	8,180	158,510	77.8%	104,671	51.4%	53,839
430100	PW ADMIN	1,077,653	78,242	957,413	88.8%	940,405	88.9%	17,007
430300	PW HIGHWAY AND STREET	576,300	14,630	378,663	65.7%	459,593	81.9%	(80,930)
430500	ENGINEERING	80,000	-	62,255	77.8%	75,517	94.4%	(13,262)
430700	PW SNOW AND ICE	71,000	374	77,970	109.8%	8,656	12.2%	69,314
431100	STREET LIGHTING	152,000	6,846	74,924	49.3%	137,327	89.2%	(62,403)
431300	PW VEHICLE/EQUIP MAINT	81,000	6,147	66,675	82.3%	41,625	51.4%	25,050
431700	WASTE COLLECTION	24,990	-	26,480	106.0%	23,928	95.7%	2,552
432900	WATER HYDRANT	635,000	52,075	417,826	65.8%	378,475	63.2%	39,351
440100	ENVIRONMENTAL HEALTH	162,000	5,440	135,460	83.6%	140,871	87.0%	(5,411)
441100	NURSING	44,021	10,960	20,381	46.3%	24,093	56.5%	(3,711)
441900	YFS	408,517	-	408,615	100.0%	406,728	100.0%	1,887
442700	SOCIAL SRVS	121,799	9,450	93,393	76.7%	99,555	85.9%	(6,163)
450100	LIBRARY-ACTON	1,013,985	68,697	816,559	80.5%	839,618	83.4%	(23,060)
450301	RECREATION	590,315	49,576	448,785	76.0%	489,460	84.8%	(40,676)
450302	RECREATION MINI GOLF	70,457	10,191	53,018	75.2%	46,240	70.6%	6,778
450503	PARKS VICKY DUFFY PAV	12,000	931	10,257	85.5%	13,837	125.8%	(3,580)
450505	PARKS - OTHER	63,280	3,612	66,237	104.7%	61,708	104.1%	4,529
451100	THE KATE	69,500	4,663	52,817	76.0%	69,362	107.5%	(16,545)
490000	CAPITAL OUTLAY	718,850	(659)	718,191	99.9%	739,553	100.0%	(21,362)

821100 WPCA ADMIN	275,831	14,940	233,372	84.6%	202,989	73.3%	30,383
840100 TRANSFER STATION OPERATI	352,139	46,073	331,304	94.1%	295,695	92.4%	35,610
840300 TS WASTE TRANSPORT/ DISPO	340,900	21,911	226,193	66.4%	223,999	66.7%	2,195
General Fund Budget - Total	17,101,708	1,098,971	14,217,922	83.1%	14,024,948	83.6%	192,974

:: Debt Service

Dept. #	Department	FY21 Budget	FY21 Period Expense	FY21 YTD Expenses	Current FY% of Budget	FY20 YTD Expense	Prior FY % of Budget	YOY Change
480100	DEBT SERVICE GG	3,212,695	-	3,212,695	100.0%	3,238,104	100.0%	(25,410)
	Debt Service - Total	3,212,695	-	3,212,695	100.0%	3,238,104	100.0%	

:: Board of Education

Dept. #	Department	FY21 Budget	FY21 Period Expense	FY21 YTD Expenses	Current FY% of Budget	FY20 YTD Expense	Prior FY % of Budget	YOY Change
470000	BOARD OF EDUCATION	26,706,023	2,248,471	22,925,625	85.8%	22,657,773	85.4%	267,852
	Board of Education - Total	26,706,023	2,248,471	22,925,625	85.8%	22,657,773	85.4%	
	Overall - Total	47,020,426	3,347,442	40,356,242	85.8%	39,920,825	85.8%	435,416



Monthly Treasurer's Report – May 2021

(Preliminary and Unaudited)

Background Sec. 7-80. Duties of treasurer. (a) The town treasurer shall receive all money belonging to the town, pay it out on the order of the proper authority and keep a record of all moneys received and when received and of all moneys paid out, when, for what and upon whose authority, which record shall always be open to the inspection of any taxpayer in such town and shall be presented to each annual town meeting, being first sworn to by him and adjusted by the selectmen. The town treasurer shall be, ex officio, treasurer of the town trust funds and may appoint a deputy who shall, in the absence or disability of the town treasurer, perform all his duties.

Executive Summary as of May 31, 2021

REVENUES:	Budget	Received FYTD	% Received FY21	% Received FY20
Taxes	45,486,426	45,496,948	100.00%	99.1%
State of Connecticut	375,000	467,674	124.7%	127.3%
Local Revenues	1,159,000	1,233,349	106.4%	91.6%
Fund Balance Appropriation				
TOTALS:	47,020,426	47,197,971	100.7%	99.3%

EXPENDITURES:	Budget	Expended FYTD	% Expended FY21	% Expended FY20
General Government	17,101,708	14,217,922	83.1%	83.6%
Board of Education	26,706,023	22,925,624	85.8%	85.4%
Bonded Indebtedness	3,212,695	3,212,695	100.0%	100.0%
TOTALS:	47,020,426	40,356,241	85.8%	85.8%

Authorized Investments per Investment Policy:

Authorized Investment	Balance	Rate as of 5/31/21
STIF	\$226,372	.04%
Liberty Bank	\$13,570,988	.20%
Webster Bank	\$9,645,343	.12%
Total	23,442,703	.18%

Pension Plans as of: May 31, 2021

Description	Town Pension Plan	Fire Department Pension Plan
Beginning Balance 6/30/20	22,948,076	1,422,712
Change in Value	954,560	372,762
Ending Balance	28,956,661	1,795,475
Return FYTD (net of fees)	27.53%	26.20%
Benchmark Return	24.03%	24.03%
Assumed Rate	7.00%	7.125%
Funded Ratio	84.5%	50.3%

Operating Budget Report: Revenue
General Fund: 1005

:: Property Taxes

Dept. #	Department	Revenue Account	FY21 Budget	FY 21 Period Receipts	FY 21 YTD Receipts	Current FY % of Budget	FY20 YTD Receipts	Prior FY % of Budget	YOY \$ Change
413500	TAX COLLECTOR	INTEREST ON PRIOR YEARS'	100,000	5,645	97,113	97.1%	117,368	117.4%	-20,255
413500	TAX COLLECTOR	PP TAX REVENUE	100,000	-22,551	223,583	223.6%	139,599	139.6%	83,984
413500	TAX COLLECTOR	TAX REVENUE - CYEAR	45,251,426	13,055	45,140,920	99.8%	44,193,657	99.0%	947,262
413500	TAX COLLECTOR	TAXES TELECOMM	35,000	-1,569	35,333	101.0%	33,726	56.2%	1,607
Property Taxes - Total			\$45,486,426.00	\$5,419.20	\$45,496,948.01	100.0%	\$44,484,349.74	99.1%	1,012,598

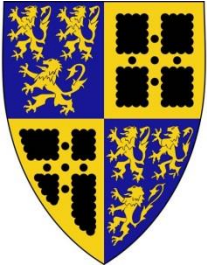
:: State Revenue

Dept. #	Department	Revenue Account	FY21 Budget	FY 21 Period Receipts	FY 21 YTD Receipts	Current FY % of Budget	FY20 YTD Receipts	Prior FY % of Budget	YOY \$ Change
413700	TREASURER	ECS ST/CT	128,000	0	100,992	78.9%	129,550	143.9%	-28,558
413700	TREASURER	IN LIEU OF TAXES ST/CT	0	0	34,274		34,274		0
413700	TREASURER	LOIIP ST/CT	65,000	0	67,049	103.2%	66,896	102.9%	153
413700	TREASURER	TAX RELIEF OPM VET/DISABI	0	0	10,411		0		10,411
413700	TREASURER	TOWN AID ROAD ST/CT	182,000	0	246,594	135.5%	246,620	176.2%	-26
414701	TOWN CLERK	STATE GRANTS - OPERATING	0	0	7,155		0		7,155
414900	REGISTRAR OF VOTERS	STATE GRANTS - OPERATING	0	0	1,200		0		1,200
State Revenue - Total			\$375,000.00	\$0.00	\$467,674.97	124.7%	\$477,339.92	127.3%	-9,665

:: Local Revenue

Dept. #	Department	Revenue Account	FY21 Budget	FY 21 Period Receipts	FY 21 YTD Receipts	Current FY % of Budget	FY20 YTD Receipts	Prior FY % of Budget	YOY \$ Change
411100	SELECTMEN	MISC RECEIPTS SELECTMAN	0	0	537		0		537
411100	SELECTMEN	VENDOR LICs, SELECTMEN	2,000	350	350	17.5%	325	16.3%	25
413700	TREASURER	INTEREST	150,000	0	56,970	38.0%	143,544	119.6%	-86,574
413700	TREASURER	MISC REVENUES	100,000	7,584	66,864	66.9%	57,840		9,024
414701	TOWN CLERK	RECORDING FEES	375,000	74,413	580,912	154.9%	349,208	87.3%	231,704
415101	LAND USE	LAND USE PERMIT FEES	20,000	4,040	20,715	103.6%	0		20,715
420101	PD - FIELD SERVICE	PUBLIC SAFETY FINES	7,000	520	4,175	59.6%	325	4.6%	3,850
421300	BUILDING	BUILDING PERMITS	160,000	39,060	249,371	155.9%	214,066	107.0%	35,305
421900	FIRE MARSHAL	PROTECTIVE INSPECTION FEE	0	900	3,910		2,445		1,465
42700	SOCIAL SRVS	GF SOC SVC CHECKING INC	0	0	-237		-1,059		822
450100	LIBRARY-ACTON	LIBRARY USE	5,000	33	706	14.1%	1,383	27.7%	-677
450301	RECREATION	BEACH PASSES	13,000	3,120	15,993	123.0%	37,414	287.8%	-21,421
450301	RECREATION	HARVEY'S BEACH	77,000	0	42,507	55.2%	55,435	72.0%	-12,928
450302	RECREATION MINI GOLF	GOLF FEES	180,000	0	137,042	76.1%	134,403	64.0%	2,639
450503	PARKS VICKY DUFFY PAV	FEES FOR SERVICES	0	0	195		0		195
450503	PARKS VICKY DUFFY PAV	MISC REVENUES	0	415	1,985		0		1,985
840100	TRANSFER STATION OPERATI	REFUSE COLLECTION CHARGES	70,000	4,019	51,354	73.4%	43,446	43.4%	7,908
Local Revenue - Total			\$1,159,000.00	\$134,454.26	\$1,233,348.96	106.4%	\$1,038,773.88	91.6%	194,575
Overall - Total			\$47,020,426.00	\$129,035.06	\$47,197,971.94	100.7%	\$46,185,331.54	99.3%	\$1,197,508.40
					\$177,545.94				

413700	TREASURER	SPECIAL ED ST/CT	0	98,565	160,047		184,868		-24,821
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**TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE**

302 Main Street • Old Saybrook, Connecticut 06475-2384
Telephone (860) 395-3123 • Fax (860) 395-3125

To: Board of Finance Members

From: Lee Ann Palladino, Finance Director

Re: Planning for Fiscal Year 21 Surplus

Date: June 8, 2021

The purpose of this memorandum is to request your input into the plans for the Town of Old Saybrook's Fiscal Year 2021 "FY21" surplus management should a surplus be available.

Discussion

The following is an excerpt from the Fund Balance Policy that addresses year end surpluses.

"It is the goal of the Town to build an unassigned fund balance in the GF at each fiscal year end of 15% of approved GF annual expenditures. Fund balances that fall within the range of 12% to 15% are deemed to be healthy and no action or reporting is required. Should the unassigned GF fund balance fall below 12% at fiscal year end, the Board of Finance shall be notified. Should the unassigned GF balance fall below 5% the First Selectman shall develop a restoration plan to rebuild the minimum fund balance and present it to the Board of Finance for their approval.

In the event that a fiscal year ends with surplus funds projected to be in excess of the 15% policy target, the Board of Selectmen shall make a recommendation to the Board of Finance which may include one or more of the following options:

- a) Transfer excess funds to a capital reserve account;
- b) Transfer excess funds to a specific capital project;
- c) Transfer excess funds to reduce a Town liability or debt;
- d) Transfer excess funds to a debt stabilization account; or
- e) Other recommendation as may be appropriate."

With this policy as guidance, it is recommended that the Boards of Selectman and Finance consider the following uses of surplus in the following order:

1. Ensure enough surplus funds are available to maintain the Town's budget reserve fund at our above 15%.
2. The Town has budgeted \$618 thousand for Defined Benefit actuarial determined contribution ("ADC") in FY22 (\$468 thousand for the Town employees and \$150 thousand for the BoE employees). The ADC for FY22 is \$814 thousand. Therefore, it is recommended to transfer \$200 thousand to the municipal reserve fund ("MRF") and further to transfer these funds to the Town pension plan next fiscal year in order to meet the full ADC for FY22.
3. The Department of Public Works will not be able to complete its road work prior to the end of June 30, 2021. At present there is \$149,988 in the paving and road maintenance line items of the Public Works' budget.

Therefore, as these funds will drop to the bottom line as surplus, it is recommended that these funds be transferred to an off-budget fund entitled “DPW paving and road maintenance” in order to continue the Town’s road maintenance program.

4. Over the course of the last three fiscal years, the BoF has appropriated surplus funds for the purpose of constructing sidewalks and other sidewalk improvements. It is recommended that an appropriation of \$150 thousand be considered to maintain our program of improving sidewalks. The timely completion of the sidewalk project will not only lead to safe walkways but also continue to complement the work that has been completed to date.

In conclusion, these proposed uses of surplus would represent about \$500 thousand for the GG.

By way of background, the mechanism for this type of transaction is outlined in the Connecticut General Statutes, **Sec. 7-361. Procurement of the municipal reserve fund (“MRF”)**. This statute states, “Upon the recommendation of the budget-making authority and approval by the legislative body, there shall be paid into such reserve fund (a) amounts authorized to be transferred thereto from the general fund cash surplus available at the end of any fiscal year.”

As we approach August, the Town’s surplus balance will become clear, at that time, we will reissue this memorandum with specific requested amounts for the FY21 Town surplus.