



TOWN OF OLD SAYBROOK
Board of Finance

302 Main Street • Old Saybrook, Connecticut 06475-1741

BOARD OF FINANCE REGULAR MEETING MINUTES

September 7, 2021 7:00 p.m.

This was a hybrid meeting

BOF Attendant Members

David LaMay, Chairman
Carol Rzasa, V. Chairwoman
Tom Stevenson
Paul Carver
Barry O'Neill
Rick Swan
Bruce Carlson

Absent Members

In Attendance

Carl Fortuna, First Selectman
Lee Ann Palladino, Finance Director; Treasurer
Jan Perruccio, Superintendent of Schools
Julie Pendleton, Director of Finance and Operations
Ray Allen, Director of Parks and Recreation
Larry Hayden, IT Director
Gerri Lewis, Clerk

1. Chairman LaMay called the meeting to order at 7:00 p.m.

2. **Pledge of Allegiance:**

Chairman LaMay led the pledge.

3. **Roll Call:** All members present.

4. **Minutes**

A motion to approve the minutes of August 3, 2021 was made by Ms. Rzasa, seconded by Mr. Swan and so voted unanimously.

5. **Board of Education**

Ms. Perruccio thanked the board for inviting the Board of Education to attend the meeting and went on to introduce members of her board of education. She noted that in October, she would have a list of priorities and perspectives for the board and encouraged questions from the board in advance as happened for this meeting. She noted that Ms. Pendleton would discuss the questions and answers for the board this evening.

Ms. Pendleton answered Ms. Rzasa's, Mr. Swan's and Mr. Carlson's questions that were asked ahead of time. These were put in the form of a memo to the board of finance. They included questions about off plan expenditures;

what expenditures were made with funds that were not used as intended in their last year's budget; what future expenditures are seen coming our way that are not captured in your current budget; and a better understanding of what was in the proposal that the Board of Education sent in for the use of the ARPA funds.

6. Additional Appropriations From The Town's Fiscal Year 2021 ("FY2021") Surplus Funds

Selectman Fortuna noted that the purpose of this request to the board was to consider additional appropriations from the town's Fiscal Year 2021 ("FY21") surplus funds to be placed towards three capital line items: \$150,000 in the capital non-recurring ("CNR") Fund: \$150,000 towards the P & R off budget capital line item to assist with implementation of their facilities plan and \$200,000 towards the Old Say brook High School Lights project. He noted that the Board of Education concluded FY '21 with a \$298k surplus which was returned to the town.

Discussion

Selectman Fortuna noted during the August BoF meeting it was voted to move \$600 thousand of the FY21 surplus to three funds: 1) Pension Fund (\$250,000); 2) Sidewalk Fund (\$200,000) and 3) Paving Fund (\$150,000). These transfers were approved at Town meeting on August 24th resulting in a projected surplus for FY21 of approximately \$960 thousand.

He noted the Town's unassigned fund balance stands at \$7,559,728, or 16.1% of the total General Fund budgetary expenditures at the end of FY20. If an **additional** \$500 thousand is approved to be moved pursuant to these requests, the remaining surplus of \$460 thousand will increase the Town's unassigned fund balance to approximately \$8.020 million or 17% of FY22 budget of \$47,187,717. This transaction will continue to place the Town in a solid financial position by building both reserves and the unassigned fund balance.

After Q & A, the following motions were made:

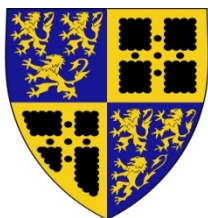
Ms. Rzasa made a motion to appropriate \$150 thousand from the Town's FY21 surplus to the capital non-recurring fund. Further to move the transfer of the surplus funds to Town meeting, seconded by Mr. Carver and was voted as follows: In favor: Ms. Rzasa; Mr. Carver; Mr. Swan; Mr. O'Neill; Mr. Carlson; Mr. LaMay; Opposed: Mr. Stevenson. Motion passed.

Mr. LaMay made a motion seconded by Mr. Carver to appropriate \$200,000 thousand from the Town's FY21 surplus to an off budget fund entitled, "High School Lights", and to further move the transfer of these surplus funds to Town meeting, to appropriate \$150,000 thousand from the Town's FY21 surplus to the P & R capital account and to further move the transfer of these surplus funds to Town meeting. Motion passed unanimously.

Ms. Rzasa made a motion to appropriate \$150,000 thousand from the Town's FY21 surplus to the P & R capital account and to further move the transfer of these surplus funds to Town meeting, seconded by Mr. Carver and was so voted unanimously.

Mr. LaMay thanked Selectman Fortuna.

7. Treasurer Report



Monthly Treasurer's Report – August 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 August 31, 2021

REVENUES:	Budget	Received FYTD	% Received FY22	% Received FY21
Taxes	45,653,717	25,398,256	55.6%	55.3%
State of Connecticut	463,000	0	0%	67.7%
Local Revenues	1,071,000	121,488	30.1%	22.4%
TOTALS:	47,187,717	22,479,425	54.5%	54.3%

EXPENDITURES:	Budget	Expended FYTD	% Expended FY22	% Expended FY21
General Government	17,206,508	3,455,189	20.1%	20.6%
Board of Education	26,771,365	3,785,014	14.1%	15.9%
Bonded Indebtedness	3,209,844	2,794,751	87.1%	86.1%
TOTALS:	47,187,717	10,034,954	21.3%	22.4%

Authorized Investments per Investment Policy:

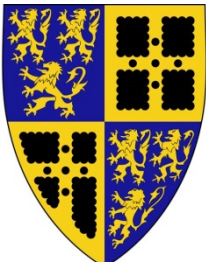
Authorized Investment	Balance	Rate as of 7/31/21
STIF	\$226,380	.00%
Liberty Bank	\$13,402,694	.15%
Webster Bank	\$24,361,168	.02%
Total	37,990,242	.07%

Pension Plans as of: August 31, 2021

Description	Town Pension Plan	Fire Department Pension Plan
Beginning Balance 6/30/21	28,974,597	1,801,010
Change in Value	448,327	22,223
Ending Balance	29,277,181	1,828,564
Return FYTD (net of fees)	1.67%	1.53%
Benchmark Return	1.93%	1.93%
Assumed Rate	7.00%	7.125%
Funded Ratio	84.5%	50.3%

Chairman LaMay thanked Ms. Palladino.

8. Finance Director Report



Monthly Finance Director's Report – August 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 2022

Budget Fiscal Year 2021

The general government budget for Fiscal Year ("FY") 2022 presently stands at \$17,206,508, along with the Town's Debt Service budget of \$3,209,844, total General Government Expense equate to \$20,416,352. The Board of Education budget of \$26,771,365 brings the Town-wide budget to \$47,187,717. The budget was approved at the May 11, 2021 referendum.

Budget Appropriations –

- A \$25 thousand reimbursable grant USDA rural development grant with a \$17,000 in kind match of town services was approved at the August 3, 2021 BoF meeting. Further it was approved by Town meeting at the August 24, 2021 meeting.

Municipal Reserve Fund Appropriations - During FY22 no appropriations against the municipal reserve fund ("MRF") have been made.

Fiscal Year 22 Budget Performance

Through August 31, 2021, 16.7% of the general government budget equates to \$2,873,486. Actual expenditures of \$3,455,189 are \$582 thousand above 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 August 31, 2021, the Town's cash balance was as follows:

Fund	Total	Monthly Activity
General Fund	25,746,892	-3,011,951
Capital Funds	1,838,621	-411,252
Reserve Funds	3,714,046	0
Non-major Funds	3,982,544	277,921
Total	35,282,103	-3,145,282

During the month of August, the Town's total cash decreased by \$3.1 million of which \$3 million was due to activities in the General Fund. The GF received \$2.3 million in revenues which were offset by \$5.1 million in expenditure.

State of Emergency COVID 19 Fund 2843 had a negative balance of \$596,441. Total funds expended to date equal \$1,000,440. Total funds received to date equal \$403,999. During the month of August 2021, no money was expended.

Section III. Long Term Strategies

1. Debt Service

Outstanding June 30, 2021:	\$25,515,000
Debt Service Payment FY22:	\$3,209,845
Debt Service Reserve:	\$431,927

2. Capital Outlays FY22

The Municipal Reserve Fund, which includes capital non-recurring, fire apparatus, public work/transfer station, and Board of Education sinking funds, totals \$1,964,631 as of August 31, 2021.

Municipal Reserve Fund	FY 2022 Transfers	Balance
Capital Non- Recurring Budget 3350	\$183,643	\$580,394
Fire Apparatus -3351	170,000	191,922
Public Works – 3353	75,000	192,315
Board of Education – 3354	0	1,000,000
Catastrophic Illness – 7219	70,000	151,589
Post-employment Payout – 7220	40,000	153,079
Revaluation – 7222	50,000	142,581
Contingency – 7224	30,000	68,767
Roof Repair - 3020	25,000	67,350
P&R Sinking Fund – 3053 450335	10,000	9,487
Signage (P&R and DPW) – 3029 450334	7,415	6,337
P&R Mini Golf Carpets – 3055	8,307	8,362
DPW Garage Boiler – 3034	26,500	26,500
DPW Commercial Lawn Mower - 490000	15,473	473
Library back door – 3051	23,000	23,000
Playground pieces – 3057	6,462	0
YFS Fire Panel - 490000	4,200	4,200
Total	745,000	2,626,356

Capital Expenditures FY 2022 budgeted amount as noted below. To date, 30.2% has been utilized.

Department	Amount Budgeted/Transferred	Amount Used
Fire Department (4203)	60,000	\$0
Police Department (4201)	99,804	\$89,804
IT – Town (4143)	13,500	\$10,162
Highway & Streets (4303)	400,000	\$77,950
Library Heat Pumps (4501)	15,000	\$0
Total	588,304	177,916

3. Pension Plan

Description	Town Pension Plan	Fire Department Pension Plan
Actuarial Defined Contribution (ADC) FY22:	\$813,814	\$171,642
Paid to date by the Town & BoE	\$57,176	\$180,000
One time contribution	\$250,000	
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.

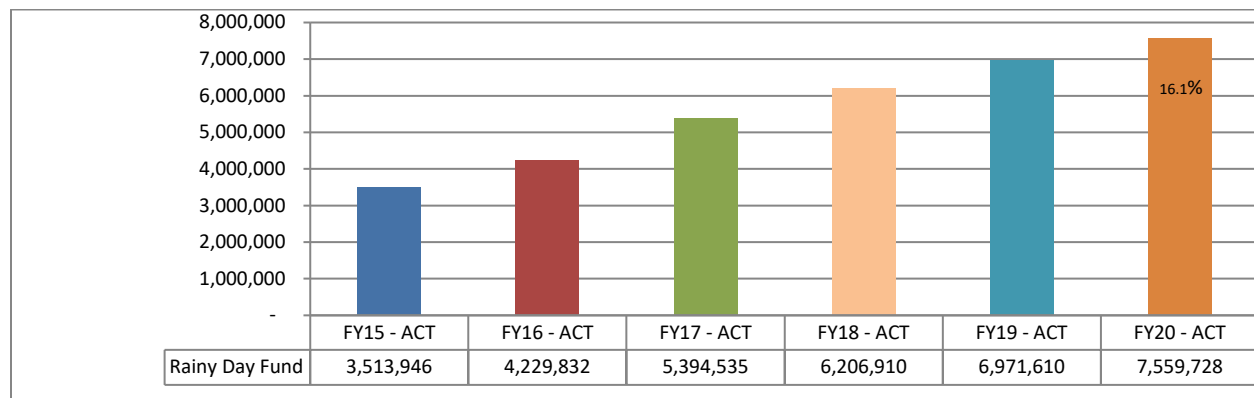
In the event that a fiscal year ends with surplus funds projected to be in excess of the 15% policy target, the Board of Selectmen shall make a recommendation to the Board of Finance for use of excess funds. As of June 30, 2020, the GF unassigned balance was 16.1% of FY21 budgetary expenditures.

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



Mr. LaMay thanked Ms. Palladino.

At this time, Mr. Carlson noted that to go ahead with the next agenda item, a motion would be needed to add “Fire Department Roof Repair” to the agenda. It was agreed and noted by Selectman Fortuna that there was a misunderstanding between himself and Ms. Lewis regarding this item.

Mr. Carlson made a motion to add “Fire Department Roof Repair” to the agenda, seconded by Mr. Swan and was so voted unanimously.

9. Fire Department Roof Repair

Selectman Fortuna noted that this request to the Board of Finance was to approve a transfer of \$70 thousand in miscellaneous income to the roof repair fund.

He explained that the OSFD roof is in immediate need of a roof repair. There is both a pitched and low slope roof, and both need repair. The low slope roof is an immediate concern. Over the past several years, the town has repaired several leaks on this part of the roof, but it is now time to replace it. The town received an estimate for the low slope roof for \$97 thousand. This project is currently out to bid.

The town has created a roof repair fund to address maintenance and repair for the Town’s several buildings. At present the Roof Fund has \$67 thousand. Last year, the FD purchased two new Fire Trucks, which have arrived for service. Recently the FD sold one of the trucks that was retired for \$70 thousand. When the Town receives funds for used equipment that is sold, the monies are typically small and therefore, placed into miscellaneous income. However, given that there is a need to replace the FD roof, it is recommended that these funds be placed directly into the Roof Fund.

After discussion, the following motion was made:

A motion made by Mr. LaMay, seconded by Mr. Swan to approve the transfer of funds received from the sale of the Town's Fire Trucks to the Roof Repair Fund 3020 for the purpose of repairing the Fire Department's Roof, and further, to move this transfer of funds to Town meeting. Motion passed unanimously.

10. Selectman Report:

Selectman Fortuna reported on the following:

- American Rescue Plan – Looking at consultants
- We were, for the most part, fortunate during hurricane Henri

Board commented on the sign at the Transfer Station and wondered if one would be considered for the Public Works Department. Board noted that they saw one of the new fire trucks before the meeting. Ms. Rzasa took a photo with the fire department folks that were there. She will send to Carl.

Chairman LaMay thanked Selectman Fortuna and the board.

11. Public Comment: None

12. Comments from the Chair

Chairman LaMay thanked everyone and noted that the fire department went out on a call just before the meeting and he was not aware that they would make it to show the fire truck. He also noted that Chief Spera would be at the next meeting if he was available.

13. Adjournment:

A motion to adjourn was made by Ms. Rzasa, seconded by Mr. Swan at 8:59 p.m.

A video of this meeting in its entirety can be seen in the Town of Old Saybrook's Video Library.

Submitted:

Gerri Lewis, Clerk