



TOWN OF OLD SAYBROOK  
Board of Finance

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302 Main Street • Old Saybrook, Connecticut 06475-1741

BOARD OF FINANCE MEETING MINUTES  
June 4, 2019 7:00 P.M.  
FIRST FLOOR CONFERENCE ROOM

BOF Attendant Members

David LaMay, Chairman  
Carol Rzasa, V. Chairwoman  
Tom Stevenson  
Barry O'Neill  
Paul Carver  
John O'Brien  
Donna Nucci (7:08 p.m.)

Absent Members

In Attendance

Carl Fortuna, First Selectman  
Bob Fish, Treasurer  
Lee Ann Palladino, Director of Finance  
Christina Costa, Zoning Enforcement Officer  
Tom Mackowicki, Building Official  
Gerri Lewis, Clerk

**1. Call to order:**

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 present.

**4. Minutes**

A motion to approve the minutes of Special Meeting May 14, 2019, was made by Ms. Rsaza, seconded by Mr. Carver and motion passed 5-0-2.

**5. Tax Collector: Annual Review Suspense List**

In Tax Collector Maynard's absence, Treasurer Fish gave a brief overview of the outstanding tax accounts.

A motion to move the outstanding tax accounts in the amount of \$19,667.39, to the suspense list was made by Ms. Rzasa, seconded by Mr. O'Neill was so voted unanimously.

#### **6. Treasurer Report**

Treasurer Fish went over his report which was handed out to the board. He noted that we were doing very well with revenues and expenditures. He went through a few of the general fund revenues such as the State Board of Education ECS and Town Aid Road receipts.

He also went over the details of the expenditure status report for the past 11 months. He noted the general fund revenues for the fiscal year ended 5/31/2019.

These reports can be seen in the Treasurer's Office.

Chairman LaMay thanked Treasurer Fish.

#### **7. Finance Report**

Ms. Palladino reported as follows:

#### **Budget for Fiscal Year 2019**

##### **Budget Fiscal Year 2019**

The general government budget for Fiscal Year ("FY") 2019 presently stands at \$16,339,829, along with the Town's Debt Service budget of \$3,455,429, total General Government Expense equate to \$19,995,258. The Board of Education budget of \$25,809,822 brings the Town-wide budget to \$45,805,080, including Fiscal Year 19 appropriations and the budget which was approved at the May 2018 budget referendum.

***Budget Appropriations*** – During the May 2019 Board of Finance meeting an appropriation of \$200,000 was made to the capital outlay account and further transferred to the Sidewalk Construction Fund. This appropriation was approved at the May 21, 2019 Special Town Meeting.

***Unassigned Surplus Fund Appropriations*** - During FY19 no appropriations against the unassigned surplus fund have been made.

***Municipal Reserve Fund Appropriations*** - During FY19 the following appropriations against the municipal reserve fund (“MRF”) have been made.

- During the July 17, 2018 Board of Finance meeting, \$45,000 was appropriated from the capital non-recurring account for the purpose of building Pickle Ball Courts. Further, these funds will be moved to the Main Street Connection Park Fund (2842). This was approved at a Town meeting held on August 13, 2018.
- During the September 18, 2018 Board of Finance meeting (and as updated at the December 4<sup>th</sup> meeting), it was approved to use funds from the Public Works/Transfer Station reserve Fund (account 3353) for the purpose of purchasing two vehicles and a plow. The first vehicle at 2018 CAT Backhoe, the second vehicle a 2018 Ford F450 4x4 cab and chase with a flatbed dump and tool boxes, and a snow plow. The aggregate cost not to exceed \$186 thousand.
- During the December 4, 2018 Board of Finance meeting, \$20,000 was appropriated from the capital non-recurring account for the purpose of purchasing a time and attendance software system. Further these fund will be moved to a new fund called “Time and Attendance”. The appropriation was moved to Town meeting.
- During the March 19, 2019 Board of Finance meeting, \$126,000 was appropriated from the capital non-recurring account for repairs and reconstruction of the KHCAC pedestal and pillars. This appropriation was approved at a Town meeting held on March 26, 2019.
- During the May Board of Finance meeting, \$33,200 was appropriated from the capital non-recurring account for the purchase and installation of an HVAC unit for the Youth and Family building. This appropriation was approved at a Town meeting held on May 21, 2019.

### **Budgeted Capital Outlays FY19**

The Municipal Reserve Fund, which includes capital non-recurring, fire apparatus, public work/transfer station, and Board of Education sinking funds, totals \$1,619,775 as of May 31, 2019. During FY19, transfers in the amount of \$928,068 were made to various capital and reserve fund projects.

<b>Municipal Reserve Fund</b>	<b>FY18</b>	<b>FY 2019 Transfers</b>	<b>Balance 5/31/2019</b>
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<b>Municipal Reserve Fund</b>	<b>FY18</b>	<b>FY 2019 Transfers</b>	<b>Balance 5/31/2019</b>
Capital Non- Recurring Budget 3350		\$227,390	\$412,996
Fire Apparatus -3351		163,068	637,268
Public Works – 3353		75,000	69,511
Board of Education – 3354			500,000
Catastrophic Illness – 7219		70,000	117,983
Post-employment Payout – 7220		40,000	149,116
Revaluation – 7222		50,000	3,928
Contingency – 7224		30,000	31,475
Roof Repair - 3020		25,000	23,145
P&R Flooring - 450330		16,610	\$0
Heat Pumps (library) 450128		16,000	\$0
Wayfinding Signage (2884)		10,000	\$8,075
EDC benches (2883)		5,000	\$1,712
Sidewalk reconstruction 3019	250,000	200,000	306,300
Fort Saybrook Decking (FY18) 450527	13,500		0
Pavilion Stone Work (FY18) 450528	5,000		0
<b>Total</b>	<b>268,500</b>	<b>928,068</b>	<b>\$2,261,509</b>

**Capital Expenditures FY 2019** budgeted amount as noted below. To date, 42.8% has been utilized.

<b>Department</b>	<b>Amount Budgeted/Transferred</b>	<b>Amount Used</b>
Fire Department (4203)	\$60,318	\$0
Police Department (4201)	\$99,804	\$89,804
IT – Town (4143)	\$25,000	\$12,108
Highway & Streets (4303)	\$375,000	\$133,807
Land Use (415101)	\$ 7,000	\$7,000
<b>Total</b>	<b>\$567,122</b>	<b>\$242,719</b>

**Authorized Transfers** – None

### **Fiscal Year 19 Budget Performance**

Through May 31, 2019, eleven months or 91.7% of the general government budget equates to \$15,161,510. Actual expenditures of \$13,566,361 are \$1.6 million

below budget expectations. Capital transfers, quarterly payment, and other one-time annual payments were made near the start of the fiscal year. The budget lines that are running ahead of budget are attached, there are no unusual or unexpected expenses at this time.

### **Fiscal Year 2019 vs. Fiscal Year 2018**

The general government budget for FY18 was \$16,264,737, or \$75,092 less than FY19. The Town's General Government budget was 85.6% expended vs. 85.9% compared to the same this period last year.

Chairman LaMay thanked Ms. Palladino

### **8. Fiscal Year 2019 Adjustments and Transfers**

Ms. Palladino reported that as part of the year-end review of off budget funds, it is recommended that the Board of Finance consider making the following year end transfers/appropriations to cover negative fund balances:

1. Appropriate \$21,563 to Capital Outlay and transfer to Fund 9103 Flood Plain Management
2. Appropriate \$17,403 to Capital Outlay and transfer to Fund 7214 Fuel Exchange
3. Transfer \$30,000 from Police Field Service (420101) health Insurance (52800) to retiree health insurance (414200)

Ms. Costa, Zoning Enforcement Officer, noted that the Town voluntarily participates in the National Flood Insurance Program (NFIP) and is required to adopt the National Flood Insurance Rate Maps (FIRM's) and a Flood Plain Management Ordinance. The Town is audited by FEMA to ensure compliance the NFIP. FEMA disaster aid and flood insurance is not provided for Towns that are disqualified or do not participate in NFIP. The result is that property owners will not be eligible to obtain FEMA backed flood insurance which is required by lenders for all mortgages in designated special flood hazard areas.

After a short discussion, the following motion was made:

A motion was made by Ms. Rzasa to appropriate \$21,563 to the Capital Outlay. Further to transfer said funds to Fund 9103 Flood Plain Management; was seconded by Mr. Carver and was so voted unanimously.

Ms. Palladino then discussed briefly the Fuel Exchange fund which she noted is used to account for gas and diesel purchases from the Town's fuel provider East River, as well as to charge those entities that use fuel at the Town Garage. Several General Government Departments (Police Department is not included), the Board of Education ("BoE"), CT River Health Area District ("CRHAD") and the Ambulance use this fuel. The Town is reimbursed by the BoE, CRHAD and the Ambulance for its use of the fuel, while Town departments are charged through their budget based on use.

During the reconciliation of the Fuel Exchange, it became clear that at the end of each fiscal year, fuel existed in inventory, fuel contracts were either sold back into the market if unused or fuel was stored and these entries were either unaccounted for or their value dropped into the Town's surplus. Over time, a negative balance of \$17,403 had accrued as a result of former year asset values being added to the Town's surplus. The request to appropriate funds to the Fuel Exchange Fund is reasonable as the value of the fuel exchange account was deposited into prior year's surplus. Finally, the new accounting entries will properly account for the fuel going forward.

A motion by Ms. Rzasa to appropriate \$17,403 to Capital Outlay; further to transfer said funds to Fund 7214 Fuel Exchange was seconded by Mr. Carver and was so voted unanimously.

During the Fiscal Year 2019 budget it was noted that a planned transfer would take place at the end of the Fiscal Year in an amount not to exceed \$50 thousand from the Post Employment Payout Fund (7220) to cover the expected deficit in the Retiree Health Care budget line item. The Post Employment Payout Fund is typically funded with \$40 thousand per year to cover vacation, sick and other post-employment liabilities. As the Town made a \$231 thousand deposit to this Fund when the OPEB Fund was liquidated, the FY19 budget contemplated using \$50 thousand of that amount to cover the projected line item deficit.

At this point it is projected that the Retiree Health Care line item will have a deficit of approximately \$30 to \$35 thousand. At the same time, the PD Field Service budget for health care (a line item that is budgeted by the Finance Department for all departments) is projected to have a surplus of about \$55 thousand due to employee choice of plans and health care waivers. Therefore, it is recommended that the BoF consider transferring

between the two General Fund accounts. Further by not using the Post Employment Payout Fund it will preserve the value of this account for future post-employment liabilities.

During the discussion, Ms. Palladino noted that the correct number for the line item transfer is \$36,382.38.

A motion by Ms. Rzasa to make a line item transfer in the amount of \$36,382.38 from the Police Field Service (420101) budget line item "Health Insurance" (account 52800) to the retiree health insurance (414200) budget line item "Health Insurance" (account 52800), was seconded by Mr. Carver and was so voted unanimously.

Selectman Fortuna commented that he would get an opinion on whether or not this would have to go to town meeting.

#### **9. Allocation of Grant Funds for Police Department Body Cams**

Selectman Fortuna recommended that the Board of Finance consider allocating the \$56,639 received in grant funds for the reimbursement of the purchase of Police Department body cameras to the General Fund in the amount of \$28,319.50 and to a new municipal reserve fund account "PD Body Camera" in the amount of \$28,319.50. The latter will be used for future camera replacement purchases.

By way of background, the Police Department purchased 24 body cameras for its sworn officers totaling \$26,659. In addition, the grant provided reimbursement for equipment that supported body worn camera equipment, which included car kits, mounts, clips, cables and adapters in the amount of \$25,830, and \$4,150 for servers, drives, switches, cables and adapters. The total amount of the camera system purchase was \$56,639. The funds allocated to these purchases took place over the prior two fiscal years ("FY"); FY 2017 (\$6,315) and FY 2018 (\$50,324). The funds used to pay for the cameras came primarily from the Police Department General Fund line item. In December of 2018, the Town submitted a request for reimbursement through an Office of Policy and Management ("OPM") grant. The grant was approved and funds were received by the Town on May 7, 2019. Also on May 7, 2019, I reported to this board that the proceeds of this grant would be split evenly between the off budget Police Commission Driver Services fund and the town's general fund. However, after discussion with members of the Board of Finance concerned about why the grant was going to be split this way, and in the interest of full transparency and with due respect for the concerns of Board of Finance members, I have decided to bring this matter back to the Board of Finance.

A motion to allocate the OPM grant funds received for reimbursement of the purchase of a PD body camera system in the amount of \$56,639 allocated to Capital nonrecurring account was made by Chairman LaMay, was seconded by Mr. O'Neill. Motion passed with 1 opposition by Mr. O'Brien.

#### **10. Selectman Report**

Selectman Fortuna touched on and discussed the following:

- Locked in energy prices with CCM broker;
- RFP was put out for Tennis Courts at Trask Park;
- No Teachers State Retirement;
- RFP for Town Copiers; chose 1 bidder; save 5 – 10K/yr.
- Plastic bag ban effective 1/2021;
- Fobs; all departments have own fobs;
- Pickle Ball Courts jammed;

Chairman LaMay thanked Selectman Fortuna.

#### **11. Liaison Reports**

There were no reports.

#### **12. Comments from the Chair**

Chairman LaMay thanked the board for their comments.

#### **13. Public Comment:**

Rick Swan commented on the solar panels at fire house.

**14. Adjournment:** A motion to adjourn at 8:36 p.m. by Ms. Rzasa, seconded by Mr. O'Neill was so voted unanimously.

**This meeting was recorded.**

Submitted: Gerri Lewis, Clerk