



TOWN OF OLD SAYBROOK
Board of Finance

302 Main Street • Old Saybrook, Connecticut 06475-1741

BOARD OF FINANCE REGULAR MEETING MINUTES

May 18, 2021 7:00 p.m.

This was a hybrid meeting

BOF Attendant Members

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

Absent Members

Paul Carver

In Attendance

Carl Fortuna, First Selectman
Lee Ann Palladino, Finance Director; Treasurer
Chief Michael Spera
Jan Perruccio, Superintendent of Schools
Julie Pendleton, Director of Finance & Operations
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: Mr. Carver absent

4. Minutes

A motion to approve the minutes of April 20, 2021 was made by Ms. Rzasa, seconded by Mr. O’Neill. Discussion: Mr. Carlson noted that after Ms. Palladino’s PPT, there was no detailed finance information in the minutes. Motion was amended to reflect that note, seconded and so VOTED unanimously.

A motion to approve the May 11, 2021 minutes was made by Ms. Rzasa, seconded by Mr. Carlson and was so VOTED unanimously.

At this time Mr. Carlson asked if there was a way that the public could see the documents on a screen while they are being presented. Ms. Palladino noted that she could do that if she had a laptop at the meeting and she would be able to share her screen with the public.

5. Board of Education Report

Superintendent Peruccio noted that they are now concentrating on end of year expenditures that have been withheld as is what happens at the end of the year. There are projects to be done over the summer. She also reported that early retirement was offered to certified staff and accepted.

She noted that the majority of activity is the spring and summer projects. At this time, she turned it over to Ms. Pendleton.

Ms. Pendleton reported that they are in the process of beginning the close out of year end. The largest surplus is Transportation, next is salary accounts, benefits and professional development. Special Ed, which is a small amount will be reimbursed by the state.

Ms. Pendleton noted 4 large projects:

1. Replace boiler at the Middle School;
2. Unit ventilators at the High School;
3. Replace boiler at the Central Office; and
4. Remove the underground tank at the Central Office

Ms. Pendleton also noted that they are trying to get Grant funds. Among some of the grant projects are to update electric at Goodwin School and replacement of patio area. The patio area would be dug up and 4 PVC pipes would be placed in the ground that would be required so that cooling eventually could be brought to the Goodwin School from the street. Also, a Safety & Security grant.

A long discussion ensued regarding surplus; expenses; savings; and end of year funds. Ms. Rzasz asked about the Sinking Fund Plan to which Ms. Pendleton replied that it was in the budget. Mr. Stevenson inquired about the boiler at the Central Office. Ms. Pendleton noted that they are planning on straight gas so will not be dual fuel. The high school and middle school have dual fuel. Mr. O'Neill inquired about priorities. Ms. Pendleton noted that the projects mentioned are already in the works and will definitely go forward.

Mr. Swan inquired about the ARPA money and suggested it for Board of Education. A long discussion ensued. Selectman Fortuna noted that it might be possible with conditions.

Chairman LaMay thanked Ms. Peruccio and Ms. Pendleton and the Board of Education.

6. Treasurer Report:

Monthly Treasurer's Report – April 30, 2021

(Preliminary and Unaudited)

Executive Summary as of April 30, 2021

REVENUES:	Budget	Received FYTD	% Received FY21	% Received FY20
-----------	--------	------------------	--------------------	--------------------

Taxes, Current Year	45,251,426	45,127,864	99.7%	98.9%
Taxes, Other Years	100,000	246,134	246.1%	128.7%
Telecommunication Taxes	35,000	36,901	105.4%	56.2%
Interest on Prior Year's Taxes	100,000	91,468	91.5%	109.8%
Subtotal Taxes	45,386,426	45,502,367	100.00%	98.9%
State of Connecticut	375,000	467,674	124.7%	109.5%
Local Revenues	1,159,000	1,095,763	94.5%	86.1%
Fund Balance Appropriation				
TOTALS:	47,020,426	47,065,804	100.2%	98.7%

EXPENDITURES:	Budget	Expended FYTD	% Expended FY21	% Expended FY20
General Government	17,101,708	13,118,951	76.7%	75.9%
Board of Education	26,706,023	20,677,154	77.4%	77.5%
Bonded Indebtedness	3,212,695	3,212,695	100.0%	100.0%
TOTALS:	47,020,426	37,008,800	78.7%	78.5%

Authorized Investments per Investment Policy:

The Town's cash position as of April 30, 2021 totals \$26,955,504. The average return on invested cash for the month was .23%.

Authorized Investment	Balance	Rate as of 4/30/21
STIF	\$226,372	.12%
Liberty Bank	\$13,536,513	.30%
Webster Bank	\$13,192,619	.13%
Total	26,955,504	.23%

Pension Plans as of: April 30, 2021

Description	Town Pension Plan	Fire Department Pension Plan
Beginning Balance 6/30/20	22,948,076	1,422,712
Change in Value	5,615,662	332,255
Ending Balance	28,730,125	1,781,539
Return FYTD (net of fees)	26.54%	25.22%
Benchmark Return	22.98%	22.98%
Assumed Rate	7.00%	7.125%
Funded Ratio	84.5%	50.3%

7. Finance Director Report

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.

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.

Fiscal Year 21 Budget Performance

Through April 30, 2021, 83% of the general government budget equates to \$14,194,418. Actual expenditures of \$13,118,951 are \$1.1 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 April 30, 2021, the Town’s cash balance was as follows:

Fund	Total	Monthly Activity
General Fund	18,788,990	(2,960,067)
Capital Funds	2,074,969	138,356
Reserve Funds	3,341,469	(207,661)
Non-major Funds	2,381,248	(66,923)

Fund	Total	Monthly Activity
Total	26,586,676	(3,096,295)

During the month of March, the Town's total cash decreased by \$2.9 million of which \$3.2 million was due to activities in the General Fund. The GF received \$332 thousand in revenues which were offset by \$3.2 million in expenditure.

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 April 30, 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	147,750
Revaluation – 7222	50,000	90,823
Contingency – 7224	30,000	38,767
Roof Repair - 3020	25,000	42,759
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	81
NEA Grant Live in Old Saybrook – 2915 417327	10,000	10,000
Total	718,850	2,165,326

Capital Expenditures FY 2021 budgeted amount as noted below. To date, 78% has been utilized.

Department	Amount Budgeted/Transferred	Amount Used
Fire Department (4203)	60,000	\$58,834
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	\$464,619

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	\$690,334 (~\$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.

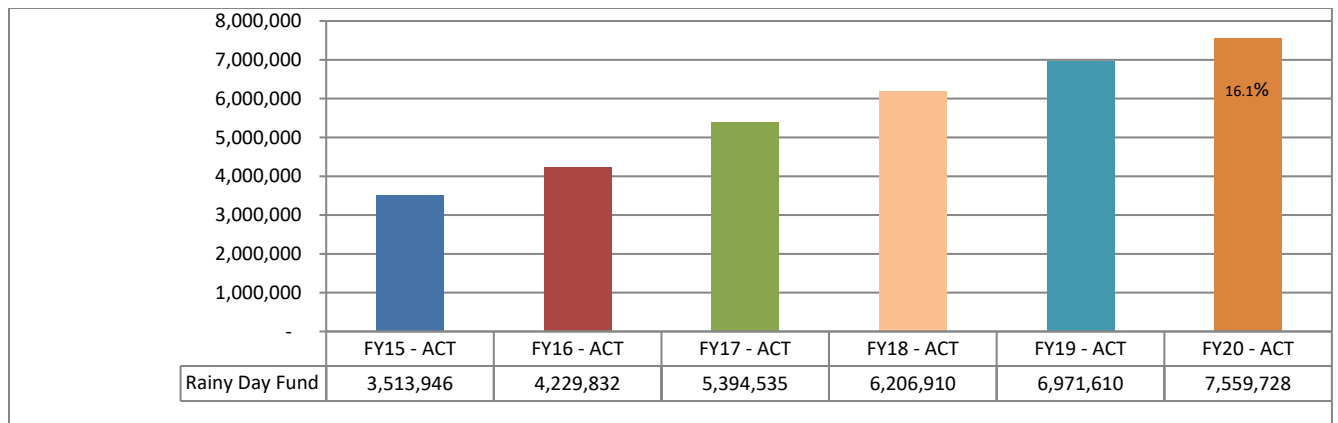
In the event that a fiscal year ends with surplus funds projected to be in excess of the 15% policy target, the Board of Selectmen shall make a recommendation to the Board of Finance for use of excess funds. As of June 30, 2020, the GF unassigned balance was 16.1% of FY21 budgetary expenditures.

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



Chairman LaMay thanked Ms. Palladino.

8. Consideration of P&R sinking fund funding mechanism – Action Requested

At this time, Ms. Palladino and Selectman Fortuna discussed the following:

Selectman Fortuna wrote a memo to the board, explaining the background. The Park and Recreation Commission recently approved an increase in the price of a mini-golf ticket from \$5 to \$7. Therefore, general fund revenues anticipated from mini-golf fees will not be affected. The Board of Finance also approved funding for a strategic plan for four of the Town's parks (Saybrook point, Clark Community Park, Harvey's Beach, and Main Street Park). As part of the strategic planning process, the Commission raised the price of the mini golf ticket to \$7 with the intention of recapturing the excess increase of \$2 to fund, in part, recommended projects.

During FY19, mini golf revenues totaled \$171 thousand (divided by \$5 equates to 34,200 tickets). The additional \$2 on these tickets would generate approximately \$68,400. During FY20, inclusive of COVID 19 affects, total mini golf revenues were \$162 thousand (divided by \$5 equates to 32,400 tickets). The additional \$2 on these tickets would have generated \$64,800. Therefore, it is likely that this funding method would raise between \$65 and \$70 thousand per year.

It is envisioned that this capital fund will be utilized in a manner similar to the Fire Department and Public Works capital funds whereas, formal approval by the Board of Finance or Town meeting is not required given that the use of the funds is named. However, in the spirit of transparency, any requests for funding will be brought before the Board of Finance for its feedback prior to purchase.

After a short discussion, the following motion was made:

Mr. Carlson made a motion to approve the allocation of \$2 per mini golf ticket be placed in the P&R Sinking Fund 3053 beginning in Fiscal Year 2022; further any projects used from that fund will be utilized for the purpose of funding strategic planning initiatives related to Park & Recreation capital needs seconded by Mr. O'Neill. The projects to be funded out of Sinking Fund to go back to Board of Finance for approval.

Motion approved by Mr. Carlson, Mr. O'Neill, Ms. Rzasa and Chairman LaMay. Motion opposed by Mr. Stevenson and Mr. Swan.

9. Consideration of a Broadband Project to Connect P&R and YFS

Selectman Fortuna wrote a memo to the board for the purpose of recommending the Board of Finance appropriate \$9,800 from the Capital Non-Recurring Account for the purpose of modernizing the Parks &

Recreation network infrastructure and establishing a broadband connection between the main Town Hall building complex and the remote Youth and Family Services building.

By way of background, the network infrastructure in the Parks & Recreation facility has not been upgraded since Town Hall was opened in 2004. While the remainder of Town Hall building complex has been upgraded to 1 gigabit network connectivity, Parks & Recreation occupants are still limited to 100 megabits. In addition to slower internet and application performance, the network equipment is beyond its intended service life, increasing the likelihood of equipment failure. In the event of such a failure, similar replacement equipment would not be unavailable and could result in a prolonged outage while a new solution was engineered and installed.

The connection between Town Hall and the Youth and Family Service remote building was switched from a 1.5 megabit AT&T dedicated connection to a Comcast virtual broadband connection around the time of the AT&T to Frontier transition. At that time, the switch from AT&T to Comcast reduced the service cost by 80% (\$400 to \$80) while increasing the network speed 20 fold (1.5 Mb to 30 Mb). Since that time, however, connection capacity requirements have increased resulting in an increasingly escalating service cost, recently growing to \$400/month. This project would establish an improved connection (200 Mb to 1 Gb) that would be owned by the Town while reducing Comcast spend for Youth and Family Services networking by 75%. Implementation of the remote link is contingent upon modernizing the equipment in the Parks & Recreation facility.

The requested upgrade has been designed and proposed by CBS-Xerox based upon requirements provided by the Town Hall IT Department. CBS-Xerox would perform the procurement, installation and engineering under the oversight of the Town IT director.

After a short discussion the following motion was made:

A motion by Ms. Rzasa, seconded by Mr. Swan to appropriate funds from the Capital Non-Recurring account in the amount of \$9,800 for the purpose of modernizing the Parks & Recreation network infrastructure and establishing a broadband high-speed connection between the Town Hall building complex and the remote Youth and Family Services building. Further to place said monies in a new off budget account entitled "P&R, Y&FS Broadband Infrastructure Project", and to move this recommendation to Town Meeting. Motion passed unanimously.

Chairman LaMay thanked Ms. Palladino and Selectman Fortuna.

10. Selectman Report:

Selectman Fortuna reported on the following:

- STEAP Grant for Park across the street;

- Kate gutters are almost done;
- Budget passed;
- Sent memo to departments about discretionary spending.

Chairman LaMay thanked Selectman Fortuna.

11. Public Comment: None

12. Comments from the Chair

Chairman LaMay thanked everyone for attending the meeting.

13. Adjournment:

A motion to adjourn was made by Ms. Rzasa, seconded by Mr. O’Neill at 8:58 p.m.

Submitted:

Gerri Lewis, Clerk