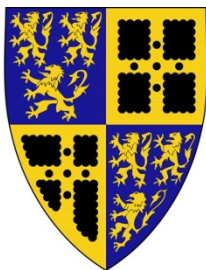


TOWN OF OLD SAYBROOK  
SELECTMEN'S OFFICE



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Telephone (860) 395-3123 • Fax (860) 395-3125

To: Board of Finance Members  
From: Carl P. Fortuna, Jr., First Selectman  
Re: Additional Fiscal Year 21 Surplus Recommendation  
Date: August 24, 2021

The purpose of this memorandum is to request that you 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 Saybrook High School Lights project. As you recall, the BOE concluded FY '21 with a \$298k surplus which was returned to the town.

**Discussion**

The projected Town surplus for FY21, before year-end surplus transfers, is approximately \$1,560,432. The year-end surplus is a combination of excess revenues above budget in the amount of \$694,413 and an under spend of the expenditures budget in the amount of \$866,298. You were previously provided with a list of unspent expenditures for FY21 by department.

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 24<sup>th</sup> resulting in a projected surplus for FY21 of approximately \$960 thousand.

The first proposal is to place an additional \$150 thousand in the CNR Fund to be used for future projects. The present balance of the CNR Fund is \$580,344, which would be increased to \$730,344 should this be approved. The CNR fund has been an invaluable source of funding for a wide variety of capital projects over the years. Every year, unexpected and sometimes large capital projects occur that must be funded. We should always strive to have healthy reserves for unknown capital costs. Moving these funds into this account also keeps these funds firmly under the auspices of the Board of Finance.

The second proposal that the Board of Selectmen discussed at its meeting on August 18 involved placing \$150,000 of the town's surplus into the P & R capital account as a "down-payment" on the P & R facilities plan. The BOS unanimously agreed that this would be a good start towards one of the projects identified in that plan and is recommending this to the BOF. The town will be applying for grants to assist with the implementation of this plan and some of those grants will require a match, which these funds could also be used for. Even without a grant, this amount of money would go a long way towards starting work at Clark Park in order to modernize this park for our residents.

Lastly, the board agreed that placing \$200,000 towards the High School lights would assist fund-raising and go a long way towards fulfilling a town-wide, decades-long aspiration. The projected cost of lights is nearly \$400,000 thousand. My office spent nearly two years in discussions with land use boards in order to change the town's regulation banning lights on recreational playing fields. This project has tremendous community support and moved through all our regulatory

boards with precision and lively discussion. Starting with these funds could make lights in the fall of 2023 a reality and be another boost to local economic development.

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.

Should you decide to move forward with this recommendation, the motion requested is as follows:

**Motion**

1. 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.
2. 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.
3. 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.