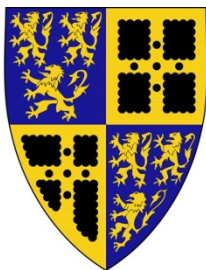


TOWN OF OLD SAYBROOK
SELECTMEN'S OFFICE



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

To: The Board of Finance Members
From: Lee Ann Palladino, Finance Director
Re: Park & Recreation Account Restructure
Date: June 5, 2020

The purpose of this memorandum is to recommend a new structure of accounts for the Park and Recreation (“P&R”) department. This recommendation comes forth in part due to the transition of the banking relationship from Liberty Bank to Webster Bank and in part from an operational review of their account structure. The recommendations below will streamline the P&R operations and allow for clearer financial transparency of the various P&R business lines. In particular, the recommendation is to bring all of the expenses and revenues associated with the Vicky Duffy pavilion onto the General Fund (“GF”) as of July 1, 2020. Further, if this recommendation is approved, the Vicky Duffy budget line item will go over budget and it is recommended to watch this line item throughout the fiscal year as it is not expected to go over budget by \$25 thousand. Below is a discussion and justification for this recommendation.

Background

By way of background the Town is in the process of transitioning its banking business from Liberty Bank to Webster Bank. As part of that exercise, all banking accounts were reviewed as well as the accounting for many of our funds. After reviewing the general ledger and banking account structure for the P&R department, three of the eight Funds will remain the same. Within the other five P&R Funds, the expense and revenue transactions for various business that presently go through more than one fund, will be directly accounted for in the appropriate fund thereby streamlining the process and allow for clearer financial transparency into the business lines. Two Funds will be closed. Below is the existing account structure.

Account	Purpose
Recreation GF 450301	General Fund Recreation Expense account. Beach pass revenues for the GF
P&R Dev 2904	The purpose of this fund is to accept donations that are made to P&R for the purpose of continued park development
P&R Program 2905	This fund accepts revenues associated with various programs (not all revenues come through this fund). The expenses associated with the programs is also charged to this fund

Account	Purpose
P&R Designated 2906	A gift of \$35 thousand was presented to P&R many years ago for the purpose of development of the parks.
P&R /endowment 2910	On December 23, 1988 a gift of 300 shares of Travelers stock was made to the Town of Old Saybrook entitled "Town of Old Saybrook Park and Recreation Commission Endowment fund by Helen Eukers. The purpose was to establish a water facility to benefit the residents of the Town. Trask park is the result of this endowment. Funds remaining in this account are to be used for the purchase of equipment for the facility.
P&R Exchange 7211	Facilitates receipt of banking revenues associated with the pavilion, program fees and concession purchases. Expenses associated with concession and the pavilion is charged to this account. A debit card is utilized
7212 P&R credit card	Facilitates receipt of revenues for mini golf through credit card transactions
Vicky Duffy GF 450503	Portion of operating expenses associated with Pavilion. FY21 budget \$12 thousand

After reviewing the financial business with the Director of Park and Recreation, it was decided to restructure the accounts as follows:

Account	Change
Recreation GF 450301	No Change
P&R Dev 2904	This Fund will be closed as all funds have been spent.
P&R Program 2905	All revenue receipts associated with P&R programs will be posted directly to this Fund.
P&R Designated 2906	No Change
P&R endowment 2910	No change
P&R Exchange 7211(concession)	Name of Fund will be changed to "P&R Concessions". All expenses and revenues associated with concessions will be transacted directly through this account
7212 P&R credit card	This Fund will be closed.
Vicky Duffy GF 450503	All Revenues and expenses associated with the pavilion will be removed from the off budget exchange fund and transacted through the Vicky Duffy general fund budget. As the budget has been set for FY21, the expense charged will cause it to go over budget. While this will be offset with income coming onto the GF, it will still be a line item overage.

The only part of the Vicky Duffy recommendation that will affect the budget is the moving of the revenues and expenses that now run through the P&R exchange fund onto the GF. There are three options for the BoF to consider during FY21.

- The first is to watch the account and allow it to go over budget as long as it does not exceed \$25 thousand.
- The second is to make an appropriation to the account at the beginning of the next fiscal year.
- Finally, if the BoF does not want to monitor this budget line item, transaction will continue to go off budget accounts until the next budget session. The latter option is not preferable as we would like a clean transition with the banking project, but can be done if necessary.

Of all the options, the first is preferable. The Director of P&R estimates that between \$15 and \$20 thousand of expenses will be transferred from the off budget fund onto the GF. Likewise, revenues

of a similar amount will also be transferred to the GF. Further, it is recommended to begin this restructuring on July 1st so that the management of the bank accounts and the structure of the Park & Recreation account structure moves in tandem.

Finally, the P&R debit cards will be closed and the P&R will be issued new Pcards in its place so that the Town may benefit from all purchases made with this card.