

The minutes have not yet been approved

BOARD OF FINANCE

**Town of Essex
29 West Avenue
Essex, CT 06426**

Immediately Following the Public Hearing - Via Zoom Online Audio

April 16, 2020

MINUTES

In attendance via Zoom: Keith Crehan, Chairman, W. Campbell Hudson, Vice Chair, Mary-Louise Polo, Ethan Goller, Vin Pacileo III and Ed Tedeschi

Others in attendance via Zoom: Norman Needleman, First Selectman
 Kelly Sterner, Finance Director

Meeting called to order at 8:58 p.m. by Keith Crehan, Chairman, BOF

APPROVAL OF THE AGENDA:

Mary-Louise Polo moved to approve the agenda with an addition under New Business 8c change date the date of June finance meeting, seconded by Vin Pacileo, Passed unanimously. Motion carried.

Region 4 Budget Presentation – Brian White

Brian wanted to recognize the Reg 4 participants that are participating in this presentation. Brian will walk us through the budget which stands at \$21,163,741. This represents an 2.87% increase or \$591,067 over current year. Many of the drivers are the same as the EES Budget 18% interest in health insurance cost and establishing building the reserve fund. R4 included salary lines for cafeterias and food service workers salaries as well as Food Service bookkeeper. The previously budgeted subsidy was inadequate to cover the cost of the salaries for the food service workers even after revenue. Other major drivers were contractual obligations which consisted primarily of contractual salary increases. Cost savings measures were staff reductions in the high school and middle school budgets. This includes a reduction of one teaching team at the Middle School, equivalent to 4 teaching positions. Those adjustments were made based on

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the student enrollment in John Winthrop. Student enrollment does drive our staffing needs. Listed below are some of the highlights of this year's budget:

| | | |
|---------------------------|--------------|------------------------------------------------------------------------------------------------------------------------|
| Salaries line decrease of | (\$36,422) | |
| Employee Benefits | \$855,342 | (includes R4 contributions to the insurance fund) |
| Professional & Tech Svcs. | \$ 2,498 | (primarily legal, consulting, rehabilitative, and prof svcs.) |
| Property Services | \$ 19,824 | (Expenditures from these accounts are used for upkeep and repairs of school buildings and equipment) |
| Other Services | (\$272,082) | (Expenditures here are used primarily for transportation, communications, o-o-d tuition, travel and conferences) |
| Supplies and Materials | \$ 27,127 | (Supplies, materials textbooks, etc.) |
| Equipment | \$ 21,201 | (Funds from these accounts are used for new and Replacement equip.) |
| Other Objects | (\$ 97,396) | (These accounts are used to budget for prof. memberships, bond issuance costs, and cafeteria and capital sinking fund) |
| Total Request | 2.87% | Increase over last year (\$591,066.57) |

APPROVAL OF THE MINUTES (March 19, 2020 and March 24, 2020):

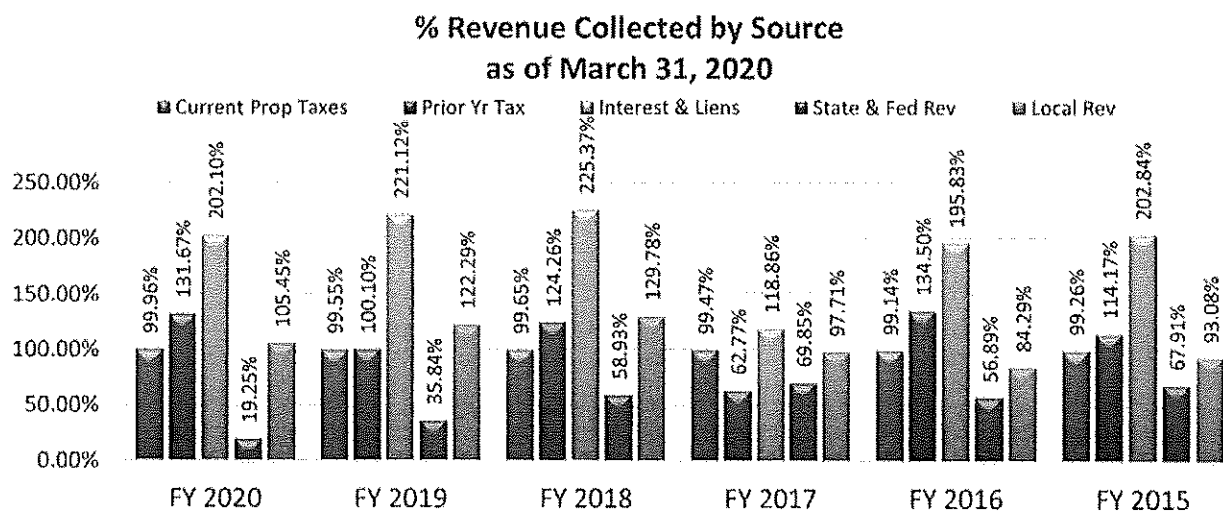
Campbell Hudson moved to approve the minutes of 3/19/20, seconded by Ethan Goller, Passed unanimously. Motion carried.

Vin Pacileo moved to approve the minutes of 3/24/20, seconded by Ed Tedeschi, Passed unanimously. Motion carried.

Vin Pacileo requested omission that should be added to these minutes. Under Employee Benefits there were some concerns with regards to the insurance when it came to the reserve fund and that the teachers are not participating in it. The discussion centered around the entire insurance cost and that it should be included in the future and that the teachers should also be contributing towards.

REVENUES

As shown by the chart below, it has been our historical pattern to have a current tax collection rate in excess of 99% by the end of March. This is particularly fortunate this year as we expect collections for the remainder of the fiscal year to be lower than usual due to the Coronavirus pandemic. The pandemic influence will be felt throughout the results for the remainder of the year and likely into FY 2020-2021. For March, current property tax collections totaled \$106.7k which brings us to a collection rate of 99.96% which is in line the prior 5 fiscal years. Prioryears' collections and interest & liens accounted for \$41.7k for the month. These categories are also trending well compared to prior fiscal years.



As of March month-end, the YTD total tax collections were \$23,085,184 or 100.39% of the fiscal year total compared to 99.82% as of March 2019 and 100.08% as of March 2018. State & Federal Revenue continues to lag prior years, but news out of Hartford gives us confidence that we will receive the majority of our budgeted State revenue by the end of the fiscal year. Local revenues for the month totaled \$79.1 k and consisted primarily of Conveyance Tax, Building Permits and Town Clerk Fees. Interest income, which had been so promising over the last 12 months, will sag as the rate we earn on our investment account has dropped. Total revenues collected finished March 2020 at 98.46% of budget versus 98.62% for March 2019 and 98.97% for March 2018 month end. For the first forecast of year end revenue, we anticipate receiving an additional \$460.4k by fiscal year end primarily the state funding we have been waiting for. These results would cover the budgeted deficit and then some.

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EXPENDITURES

Expenditures for the month of March totaled \$1,815.730 bringing spending YTD to \$18,435,057 or 76.19% of budget. Selectmen's budget expenditures made up \$603,912 of the total spending. As of March month-end, the Selectman's budget spending YTD is \$6,300.471 or 75.04% of budget compared to 73.78% as of March 2019 and 71.29% at March 2018 month-end. For the month, payroll and fringe benefits accounted for \$213k or 35.3% of the Selectman's budget spending. Other significant expenditures include quarterly payments to Libraries (\$103k), Emergency 911 Services (\$29.5k), and Insurance (\$40.2k) as well as a debt service payment of \$38.6k and tree services/removal totaling \$29.1 k. Our early forecast reflects the items noted on our running list. The surplus shown is primarily a result of the savings in the Selectman's Office and the, thus far untouched contingency. These are early days and our last quarter may turn out to be more unpredictable than usual.

Keith Crehan made a motion to accept the financial report, seconded by Mary-Louise Polo. Passed unanimously. Motion Carried.

Selectman's Report

Norman would like to wait to see where our finances are at as we get closer to the middle of June. Most taxes have been collected already and contractors are working. Our online permitting system has been a huge improvement and have kept people out of the building in general. Broader things happening are aspects of the real estate market with people bailing out of NYC and bidding on properties site unseen. As the economy drifts to a new normal we can withstand possibly the worst that could happen especially with our rainy-day fund being as solid as it is. However, cautiously, we reached out to our bond council inquiring about possibly of some type of credit facility in case we need to. We decided to research tax anticipation notes and get ready to go through the normal process of a Town Meeting after July 1st if we run short on tax revenue. The BOS voted unanimously to proceed by ourselves with the tax anticipation notes after July 1st. Norman would like concurrence from the BOF to borrow these funds either via a line of credit or a tax anticipation note. Keith inquired as to how much money we would need for legal fees to put the approvals in place, and Norman responded approximately \$10k.

Norman complimented the staff at the Town Hall in that they have been stellar during this time. Public Works has been working everyday doing the landscaping and make the Town look great. Other personnel items will be implemented and shifted with the upcoming departure of Kelly. Vin Pacileo congratulated Kelly and thanked her for her service as Finance Director and wishes her all the best.

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Old Business - None

New Business

- a. Consideration of 2020-21 Selectmen's Budget, Essex Board of Education Budget and possible approval of both budgets presented at Public Hearing.

Keith Crehan made a motion to hold off proceeding on the BOS budget approval until we talk about it again in May or June, seconded by Vin Pacileo. Passed unanimously. Motion carried.

- b. Essex BOE sinking fund request

Lon discussed the EES Sinking Fund requests from his presentation at the March 24, 2020 meeting (revised Page 4). The Board of Finance encourages the Essex BOE for the future to produce an ordinary maintenance fund which would be more robust and cover many of the smaller projects on the capital projects list.

Vin Pacileo made a motion to accept and approve the list of 9 items (see attached) in an amount not to exceed \$99,811.00, seconded by Campbell Hudson. Passed unanimously. Motion carried.

- c. Change Regular Meeting Date in June, 2020

Keith Crehan made a motion to move up the June 18, 2020 Regular Meeting to June 11, 2020 at 7:00 p.m. seconded by Ethan Goller. Passed. Motion carried.

Communications and Correspondence – None

Public Comment – None

Adjournment

Keith Crehan made a motion to adjourn at 9:59 p.m. seconded by Ethan Goller. Passed unanimously. Motion carried.

Respectfully submitted,

Yvonne Roziak
Recording Secretary
Attachment/

