

These minutes have not yet been approved

BOARD OF FINANCE

**Town of Essex
29 West Avenue
Essex, CT 06426
Conference Room A**

February 20, 2020

MINUTES

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

Others in attendance: Norman Needleman, First Selectman
James Frances, Treasurer
Kelly Sterner, Finance Director

Meeting called to order at 7.05 p.m. by Keith Crehan.

APPROVAL OF THE AGENDA:

Mary-Louise Polo moved to approve the agenda as amended adding under New Business Item B – BOF Fiscal Year 20-21 Budget Submission, seconded by Ethan Goller. Passed unanimously. Motion carried.

APPROVAL OF THE MINUTES:

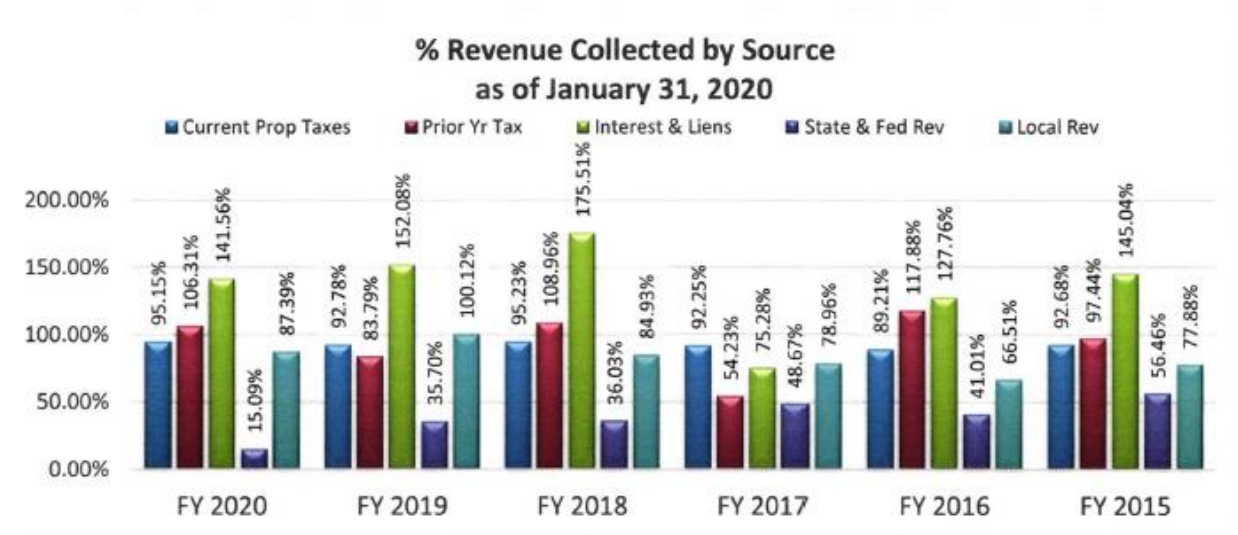
Campbell Hudson moved to approve the minutes of January 16, 2020, seconded by Ethan Goller. Passed unanimously. Motion carried.

FINANCIAL REPORT:

Kelly Sterner, Finance Director, provided the following financial report for the fiscal year through the month ended January 2020:

REVENUES

The current tax collection results at the end of January is an early indicator of how our tax collections will finish the year. For FY 2020, January current property tax collections totaled \$7.07 million which brings us to a collection rate of 95.15% and compares favorably to the prior 5 fiscal years. Prior years' collections and interest & liens accounted for \$46.4k for the month. Both of these categories are also trending well compared to prior fiscal years.



As of January month-end, the YTD total tax collections were \$21,920,449 or 95.32% of the fiscal year total compared to 92.85% as of January 2019 and 95.50% as of January 2018. While we did receive the second ECS payment from the State in January, our State & Federal Revenue continues to lag prior years due to the Town Aid Road funds being held up at the State. Local revenues had a strong month with over \$66.9k collected. Interest income was strong due to the maturity of a \$1 million CD during the month. We also received our quarterly regional recycling fee of \$9.7k. Other major contributors were Conveyance Tax at \$8.9k, Building Permits at \$16.9k and Town Clerk fees at \$13.5k. This brings the local revenue collection rate to 87.39% compared to 100.12% at January 2019 month end (recall that the ownership transfer of Essex Meadows brought in \$57k of conveyance tax). Total revenues collected finished January 2020 at 93.1% of budget versus 91.44% for January 2019 and 93.49% for January 2018 month end.

EXPENDITURES

Expenditures for the month of January totaled \$1,787,691 bringing spending YTD to \$14,785,444 or 61.11% of budget. Selectmen's budget expenditures made up \$456,458 of the total spending. As of January month-end, the Selectman's budget spending YTD is \$5,355,484 or 63.78% of budget compared to 62.55% as of January 2019 and 60.37% at January 2018 month-end. For the month, payroll and fringe benefits accounted for \$226.1k or 49.5% of the Selectman's budget spending. Other significant expenditures include a \$68.7k debt service payment, \$10k for tree removal work, \$12.6k for Technology services/support, as well as road and drainage maintenance work totaling \$28k. While legal expenditures are currently at 65.57% of the full year budget, the overages in the legal budget line for the zoning commission and IWWC, we have added Legal Fees as a potential risk/overrun by fiscal year end.

Ethan Goller made a motion to accept the Financial Report, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

SELECTMEN'S REPORT:

Norman discussed the happenings in Hartford and how it will affect us with regards to town funding specifically Town Aid Road and ECS. He also discussed the first Board of Selectmen budget meeting last night and reviewed some adjustments. If we go into the State Health plan we could be looking at 12.5% increase for the Town budget for our insurance. With an 18% increase under our current plan plus additional appropriation for the reserve it will be a major impact on our budget. With use of fund balance, we could probably keep the mil rate under 22. He also discussed the UCONN project for downtown Essex and we will use a few of the suggestions that were submitted. The Falls River Bridge needs to get on our agenda of bridges to be worked on and with the debt service for the current bonds starting to decline, we could build it into a bond in 2023. Alternatively, Webster bank is offering a term loan rate of 2.2% for 10 years. Our share of the bridge would be approximately \$1m. The Town is buying a backhoe and the old one will go to the transfer station. The capacity will allow us to do some projects catch basins, etc. We will also get a new pump out boat via the grant.

OLD BUSINESS: None

NEW BUSINESS:

- a. Fund Balance Policy – primarily the percentages are in question, Keith suggested the following motion.

Keith Crehan made a motion rewording the following Procedure language in the first bullet to read as follows: "The town will endeavor to maintain an unassigned fund balance between 12% and 16% of budgeted expenditures in the general fund. If the unassigned fund balance exceeds the 14% target, the use of such excess funds could be for capital projects and other onetime uses. To avoid creating a gap in the subsequent fiscal year budget. If the fund balance goes below the 12% minimum, then the Board of Finance will endeavor to replenish reserves during the budget process to minimum levels within 3 years." Seconded by Mary-Louise Polo, passed, motion carried.

- b. BOF Fiscal Year 20-21 Budget Submission – Kelly distributed the BOF Budget

Ethan Goller made a motion to approve the BOF budget request for \$111k, seconded by Mary-Louise Polo. Passed motion carried.

COMMUNICATIONS AND CORRESPONDENCE: None

PUBLIC COMMENT: None

ADJOURNMENT:

Ethan Goller moved to adjourn the meeting at 8:10 p.m., seconded by Mary-Louise Polo. Passed unanimously. Motion carried.

Respectfully submitted,

Yvonne Roziak
Recording Secretary