

*These minutes have not yet been approved*

**BOARD OF FINANCE**

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

**Via Remote Attendance Only – 7:00 p.m.  
<https://us02web.zoom.us/j/84903305425>**

**MINUTES**

**Thursday, June 11, 2020**

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

Others in attendance: Norman Needleman, First Selectman  
Bruce Glowac, Selectman  
James Frances, Treasurer  
Kelly Sterner, Finance Director (outgoing)  
Tracey Celentano, Finance Director (incoming)

Meeting called to order at 7:00 p.m. by Keith Crehan.

**APPROVAL OF THE AGENDA:**

***Mary-Louise Polo moved to approve the agenda as amended adding item 7d. a decision based on returning the funds to R4 BOE from the 2018-2019 surplus, seconded by Ed Tedeschi. Passed unanimously. Motion carried.***

**APPROVAL OF THE MINUTES:**

***Ed Tedeschi moved to approve the minutes of May 11, 2020, seconded by Vin Pacileo. Passed unanimously. Motion carried.***

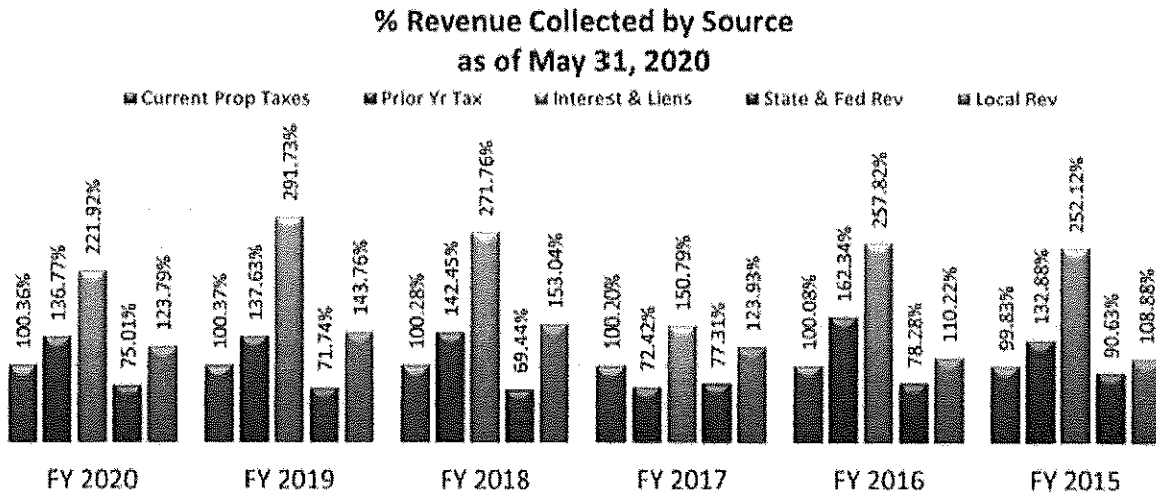
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**FINANCIAL REPORT:**

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

**REVENUES**

Total tax collections for the month of May \$76.1k is not quite as strong as we would normally see, but it is respectable. The current property tax collection rate has reached 100.36% at the end of May. As can be seen from the chart below, current property tax collections, prior years' collections and interest & liens all compare well to prior fiscal years. With 11 months in the books, we anticipate the fiscal year to end with results similar to FY 2019 and FY 2018.



As of May month-end, the YTD total tax collections were \$23,194,813 or 100.86% of the fiscal year total compared to 101.03% as of May 2019 and 100.93% as of May 2018. State & Federal Revenue were scant during the month, but Municipal Grant in Aid was received in early June and we anticipate receiving LoCIP prior to fiscal year end. This revenue category should also end the year in good shape. Local revenues for the month totaled \$50.6 and pushed the percent collected to 123.79% of budget. Building Permits made up \$35.6k and Recycling Fees were \$8.9k of the months local revenues. Total revenues collected as of the end of May 2020 totaled 100.48% of budget versus 101.02% for May 2019 and 101.54% for May 2018 month end. Our revenue forecast has been increased to \$345.8k at fiscal year-end based on strong tax collections and local revenue numbers.

## **EXPENDITURES**

Expenditures for the month of May totaled \$2,524,527 which brings spending YTD to \$21,938,376 or 90.67% of budget. Selectmen's budget expenditures for the month made up \$718,113 of the total spending. This would seem particularly high, but it includes \$337.6k of transfers to sinking funds leaving only \$380.5k of actual expenditures. As of May month-end the Selectman's budget spending YTD is \$7,389,633 or 88.01% of budget compared to 85.11% as of May 2019 and 87.72% at May 2018 month-end. Payroll and fringe benefits expenditures of \$221.7k or 58.2% of the Selectman's actual budget spending (excluding transfers). Other significant expenditures including chipping fees of \$18k, various utilities of \$32k, a public works shed \$8.8k and professional fees at almost \$14k. The Town budget surplus continues to be primarily a result of the savings in the Selectman's Office and the, thus far untouched contingency. The projected expenditure surplus has been reduced due to the addition of the overruns for Town Clerk as it appears State Fees will push them over budget. There will be an Essex BOE budget surplus. It is a moving target, but early estimates are in the \$175k to \$200k range.

***Campbell Hudson made a motion to accept the Financial Report, seconded by Vin Pacileo. Passed unanimously. Motion carried.***

## **SELECTMEN'S REPORT:**

Norman discussed this being Kelly's last meeting and she indicated she would be back in July to give us the R4 surplus actuals. Norman will be opening the Town Hall on Monday, 6/22. It's a go and businesses are opening with ½ capacity and things will slowly come back to order. No word or guidance on schools. There is still a lot of uncertainty with regards to the opening of schools. Looking for other options outside of the CDC guidelines. Mary-Louise Polo asked if there is a committee being formed on reopening the schools and the governor is looking to pull that together. Norman feels it should begin with broader guidelines as a start as no two towns are the same.

## **OLD BUSINESS:**

- a. Set Mill Rate – the board held a lengthy discussion regarding the appropriate mill rate for fiscal year 2020-2021. All members offered feedback on those factors that should be considered while making the decision. Members reached a consensus and mutually agreed to a mill rate of 21.81 mills for fiscal year 2020-2021.

***Keith Crehan made a motion to set the mill rate for the Town of Essex fiscal year 2020-2021 at 21.81 mills, seconded by Vin Pacileo. Passed unanimously. Motion carried.***

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**NEW BUSINESS:**

b. Banking Resolutions

***Keith Crehan made a motion to authorize the Treasurer to invest any portion of the General Fund, as specified amounts that may be available, in direct obligations of the U.S. or certificate of deposits or specified regular savings accounts for the fiscal year 2020-2021; and to approve Bank of America, Essex Savings Bank, TD Bank, Liberty Bank, Key Bank, Webster Bank, Washington Trust, Citizen's Bank and the State of Connecticut Short Term investment Fund (STIF) for investments and for regular checking accounts for the fiscal year 2020-2021. Seconded by Mary-Louise Polo. Passed unanimously. Motion carried.***

c. Encumbrance Policy

***Keith Crehan made a motion to approve the Encumbrance Policy as presented and recommended by the Board of Selectman, seconded by Mary-Louise Polo. Passed unanimously. Motion carried.***

d. Request from Region 4 BOE to return the 2018-2019 surplus to put towards the Capital Reserve Fund

***Campbell Hudson made a motion to support the Region 4 BOE to return the 2018-2019, surplus of \$18,810.79 for Essex, seconded by Ethan Goller. Passed. Opposed: Vin Pacileo. Motion carried.***

**COMMUNICATIONS AND CORRESPONDENCE:** None

**PUBLIC COMMENT:** None

The members of the BOF individually commended Kelly for all her hard work over the years as the Finance Director. All the members wished her all the best in her journey to R4 BOE.

**ADJOURNMENT:**

***Vin Pacileo moved to adjourn the meeting at 8:33 p.m., seconded by Ethan Goller. Passed unanimously. Motion carried.***

Respectfully submitted,

Yvonne Roziak  
Recording Secretary

Attachment/

**TOWN OF ESSEX, CONNECTICUT  
ENCUMBRANCE POLICY**

**PURPOSE**

The purpose of this Encumbrance Policy is to describe the policies and procedures by which General Fund encumbrances may be authorized and carried forward as a charge against a prior year appropriation. This policy below shall apply to all departments, boards, and commissions of the Town of Essex, Connecticut.

**BUDGETARY BASIS OF ACCOUNTING**

General Fund appropriations shall lapse at the close of the fiscal year to the extent they have not been expended or encumbered, or except as prohibited by law or prior agreement. An encumbrance authorized in accordance with this Encumbrance Policy will be treated as a General Fund expenditure under the budgetary basis of accounting.

**GENERAL TERMS AND DEFINITIONS**

To create an encumbrance means to set aside or reserve all, or a portion, of a lapsing fiscal year's appropriation for payment of future expenses. Appropriations are encumbered to ensure their availability for payment of approved, specified expenses. Encumbered funds are not available for other than approved, specified purposes.

For purposes of this policy, an encumbrance is defined as an approved quote or executed contract for goods or services that will be delivered, provided or performed by the vendor outside of the budget year in which the contract/quote was executed. Personnel costs are not encumbrances.

**AUTHORIZATION PROCESS**

- 1) Any Department Head/Board or Commission Chair requesting to encumber funds must do so on the Encumbrance Request Form (sample attached as Appendix A) directly to the Finance Director, no later than 10 days after the end of the fiscal year. The request to encumber funds must explain the reason(s) for asking that funds be encumbered, the amount to encumber, the vendor and the appropriation line number(s) from which funds may be encumbered. Proper documentation in the form of a contract or formal quote must be included.
- 2) The Finance Director will confirm that the requested funding is available under the budget line(s).
- 3) For all encumbering requests, the Finance Director shall then provide a report to the First Selectman of all requests for encumbrances no later than 30 days after the close of the town's fiscal year on June 30<sup>th</sup>.

- 4) The First Selectman shall review and approve the proposed encumbrances and provide a report requesting to encumber funds to the Board of Selectmen at a regular meeting.
- 5) The Board of Selectmen shall consider the list of requested encumbrances as provided by the First Selectman for approval and recommendation to the Board of Finance.
- 6) The Board of Finance shall consider the list of requested encumbrances as provided by the Board of Selectman for final approval.
- 7) Each Board may vote on the list in its entirety or may vote on each encumbrance individually as listed.
- 8) A majority vote of each Board shall be required in order to encumber funds from one fiscal year to the next.

#### **GUIDELINES AND PROCEDURES**

Encumbrances are a reserve of current year budget appropriations to recognize the existence of enforceable commitments on unperformed contracts for goods or services. Generic and/or undocumented encumbrances requested to avoid lapse or circumvent budgetary intent are not permitted.

Budget authority that has been carried over from a previous fiscal year, related to carryover encumbrances, may only be used for the purpose of the encumbrance. If the expenditures related to the carryover encumbrance are less than the amount carried over, the remaining carryover budget authorized may not be recommitted or reused for other purchases.

Encumbrances still outstanding at the end of the fiscal year for which they were approved shall lapse to surplus unless otherwise voted to continue to encumber by the Board of Finance.

# ENCUMBRANCE REQUEST

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FISCAL YEAR: \_\_\_\_\_

ACCOUNT NUMBER: \_\_\_\_\_

ACCOUNT NAME: \_\_\_\_\_

AMOUNT: \$ \_\_\_\_\_

VENDOR: \_\_\_\_\_

PREPARED BY: \_\_\_\_\_

PLEASE EXPLAIN REASON FOR ENCUMBRANCE:

- Attach documentation for requested encumbrance amount to this form
  - Return form and documentation to Kelly Sterner, Finance Director before 6/30/20
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**First Selectman:**

\_\_\_ Approved    Denied

\_\_\_\_\_  
Norman M. Needleman, First Selectman

\_\_\_\_\_  
Date

**Board of Selectmen**

\_\_ Approved                                  Denied                                  Date: \_\_\_\_\_

**Board of Finance**

\_\_ Approved                                  Denied                                  Date: \_\_\_\_\_