

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING
SEPTEMBER 13, 2022
John “Doc” McIntosh Conference Room or Remote Option
7:00 P.M.

<https://berlinct-gov.zoom.us/j/83409046656?pwd=Z1dtRGFudXJXcDhLZTU5TXdlU3ZXZz09>

Call-in Option:	1 929 205 6099 United States Toll
Meeting ID:	834 0904 6656
Passcode:	062740

A. CALL TO ORDER

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. PUBLIC COMMENTS

E. APPROVAL OF PRIOR MINUTES

August 2, 2022, Regular Meeting

F. NEW BUSINESS

1. Discuss FY 2024 budget planning meeting – Chairman
2. Discuss projected General Fund unassigned fund balance & 2023 bonding strategy
3. Finance Director update

G. ADJOURNMENT

TOWN OF BERLIN
REGULAR BOARD OF FINANCE MEETING MINUTES
AUGUST 2, 2022
John “Doc” McIntosh Conference Room or Remote Option
7:00 P.M.

<https://berlinc-t-gov.zoom.us/j/86220330920?pwd=ZTRHSk15Qm0zQk14MVAiT3A5MGFUDz09>

Call-in Option: 1 929 205 6099 United States Toll
Meeting ID: 862 2033 0920
Passcode: 768752

A. CALL TO ORDER

Chairman Bordonaro called the meeting to order at 7:00 p.m.

B. PLEDGE OF ALLEGIANCE

C. ROLL CALL

ATTENDANCE:

Members Present: Sal Bordonaro, Raul Fernandes, Tim Grady, Mark Holmes, Gerald Paradis

Members Absent: George Millerd

Staff Present:

Kevin Delaney – Finance Director

D. PUBLIC COMMENTS

None.

E. APPROVAL OF PRIOR MINUTES

July 12, 2022, Regular Meeting

Mr. Paradis moved to approve the June 14, 2022 Regular Meeting minutes.

Seconded by Mr. Grady.

Those voting in favor: Mr. Bordonaro, Mr. Grady, Mr. Holmes, Mr. Paradis

Mr. Fernandes abstained as he was not at the July 12, 2022 Regular Meeting.

Vote being 4-1. (MOTION CARRIED)

F. NEW BUSINESS

1. Move to approve the expenditure transfer of \$165,000 from the Part-time & Summer Help, Blue Collar Personnel, Overtime, Physical Therapist, Worker’s Compensation, Health Aides, Social Security and Occupational Therapist accounts to the Computer Equipment account in the Technology Department, all in the General Fund, to fund the Town Hall server upgrades.

Move to approve the expenditure transfer of \$30,341 from the Dispatchers account to the Computer Equipment account in the Police Department, all in the General Fund, to fund the Police Department server upgrades

Move to approve the expenditure transfer of \$150,000 from the Capital Equipment, Overtime, Health Aides, Worker's Compensation, Blue Collar Personnel, Social Security, Nurses, Contractual Services and Operating Materials accounts to the Fire Alarm Upgrades account in the Schools Department, all in the General Fund, to fund upgrades to the Willard Elementary School fire alarm.

Move to approve the expenditure transfer of \$150,000 from the Pension, Mid-Managers Personnel, Social Security, Data Services, Databases, Supplies, Equipment, Books, Audio/Video, Contractual Services, Postage, Operating Materials, Professional Services and Non-Taxable Election Workers accounts to the Carpeting account in the Library Department, all in the General Fund, to fund replacement of the library carpeting.

Move to approve the expenditure transfer of \$20,000 from the Part-time & Summer Help, Worker's Compensation, and Social Security accounts to the Vans account in the Senior Center Department, all in the General Fund, to fund the Town's share of a new Senior Center van

Move to approve the expenditure transfer of \$35,000 from the Auto Parts, Irrigation, Golf Pro Contr. Serv., Natural Gas, Pro Share of Cart Rev, Vehicle Fuel and Water & Sewer accounts to the Pickup Truck account in the Golf Course Department, all in the General Fund, to fund the purchase of a used pickup truck.

Move to approve the expenditure transfer of \$50,000 from the Medical Services account to the Bridges account in the Golf Course Department, all in the General Fund, to fund the replacement of on-course bridges at Timberlin Golf Course.

Move to approve the expenditure transfer of \$40,000 from the Equipment and Electricity accounts to the Tractor account in the Golf Course Department, all in the General Fund, to fund the purchase of a used Kubota Tractor at Timberlin Golf Course.

Move to approve the expenditure transfer of \$165,000 from the Worker's Compensation, Overtime, Extra Duty Police Officer, Social Security, Professional Personnel, Police Personnel, Computer Equipment, Telephone, Computer Support, Organizational Fees, Telecomm-Statewide Info, Equipment Rental, Telephone and Snow and Ice Materials accounts to the Vehicles account in the Police Department, all in the General Fund, to fund the purchase of three (3) new police vehicles.

Move to approve the expenditure transfer of \$35,000 from the Snow & Ice Materials and Stormwater Drainage Analysis accounts to the Vehicles account in the Police Department, all in the General Fund, to fund the purchase of a new unmarked police vehicle.

Move to approve the expenditure transfer of \$150,000 from the Refuse Disposal, Vehicle Fuel and Traffic Lights/Signals accounts to the Fire Alarm Upgrades account in the Schools Department, all in the General Fund, to fund upgrades to the Griswold Elementary School fire alarm.

Move to approve the expenditure transfer of \$35,000 from the Recreation Program Help and Lifeguards/Pool Worker accounts to the Vehicles account in the Townwide Department, all in the General Fund, to fund cost overages in the purchase of vehicles.

Move to approve the expenditure transfer of \$80,000 from the Worker's Compensation, Extra Duty Police Officer, Professional Personnel, Clerical Personnel, Computer Support and Maintenance accounts to the Parking Lot Repaving account in the Public Works Department, all in the General Fund, to fund parking lot upgrades at the Kensington Fire Station.

Mr. Paradis moved to approve the thirteen transfers in the amounts listed, from the accounts listed, to the accounts listed in agenda item 1

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Paradis

Vote being 5-0. (MOTION CARRIED)

2. Move to approve the transfer of \$32,775, as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in identified accounts.

Mr. Paradis moved to approve the transfer of \$32,775, as detailed on the accompanying spreadsheet, to cover higher than budgeted expenditures in identified accounts.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Paradis

Vote being 5-0. (MOTION CARRIED)

3. Finance Director update.

- Tax collections came in \$3M ahead of last year.
- The town received \$371k in funding from a state grant to off-set the motor vehicle cap.
- The last part of the ARPA money is due to be received.
- RFP for Construction Manager on school HVAC projects will be going out.

Mr. Paradis asked how fund balance is looking? Finance Director Delaney said it is good and has enough funds to appropriate a 4th fire vehicle and pay for it with surplus. It will cost \$300k for the architects to put together formal detailed plans for the police station renovation.

Mr. Grady asked if we have a final surplus number for the year? Finance Director Delaney said \$3.5M to \$4M before the transfer approved tonight. Net surplus is projected to be \$2.5M to \$3.0M.

Chairman Bordonaro asked if the recent Board of Education report that was sent out is the final report for the year? Finance Director said no, the Board of Education came in at \$2k left, but there were a number of invoices that came in and the report did not reflect everything expended. Chairman Bordonaro said the Choice Grant Program has over \$500k remaining and Transportation is underspent by \$350k. They have almost \$900k of remaining budget. They used the benefits in Transportation budget underruns to buy some FY23 budget items. Finance Director Delaney said it is common practice for the BOE at the end of the year to buy the technology they need. Chromebooks and iPads are replaced often and they buy a lot of them. Chairman Bordonaro said if the BOE has capital items accrued for this calendar year, why spend it on FY23?

It could be appropriated to capital items instead. Finance Director Delaney said he agrees. Chairman Bordonaro said he will communicate that to the Board of Education.

Mr. Grady asked about the \$3.5M surplus. When we set the mill rate, we were talking about \$2.2M. We are almost double that and should adjust the mill rate back to zero. Change the \$890k to zero. Chairman Bordonaro said we need to invest more in capital in the upcoming years. Mr. Grady said people will ask why taxes were raised when there is a \$4M surplus. Chairman Bordonaro said we did not know that it would be to that extent and that he is good with what was done.

G. ADJOURNMENT

Mr. Paradis moved to adjourn at 7:14 p.m.

Seconded by Mr. Holmes.

Those voting in favor: Mr. Bordonaro, Mr. Fernandes, Mr. Grady, Mr. Holmes, Mr. Paradis

Vote being 5-0

Submitted by,
Alina Brown

Town of Berlin
Unassigned Fund Balance
September FY23 Board of Finance Meeting

G-2

6/30/2021 Actual Balance (Audited)	\$18,300,008
Use of fund balance - pension	(\$5,310,640)
Use of fund balance - fire vehicles	(\$2,200,000)
Operating surplus/(deficit) - receipts (unaudited)	\$991,889
Operating surplus/(deficit) - expenditures (unaudited)	\$1,905,006
FY23 budgeted use of fund balance to offset taxes	(\$380,000)
FY23 budgeted use of fund balance to fund retiree pension payouts (DB plan)	(\$185,000)
6/30/2022 Projected Balance (unaudited)	<u>\$13,121,263</u>
FY2023 Adopted General Fund Budget	\$96,625,778
6/30/2022 Projected Balance (unaudited) as a % of GF Budget	13.6%

6/30/2022 Project Balance in Excess of 11% Policy Floor	\$2,492,427
<u>Proposed Uses of Unassigned Fund Balance Over Floor</u>	
Complete strategic replacement of fire vehicles (#4 of 4)	(\$1,100,000)
Percival Soccer Field renovations - avoid borrowing against authorization	(\$250,000)
Detailed Police Station renovation plans - needed to move to bidding	(\$300,000)
Highway Wash Bay - fill gap from previously identified funding sources	(\$250,000)
55 Steele Boulevard (cover bids beyond existing grants) - other grants TBD	(\$590,000)
6/30/2022 Project Balance in Excess of 11% Policy Floor (after uses)	\$2,427
6/30/2022 Projected Balance (unaudited) as a % of GF Budget (after uses)	11.0%

Town of Berlin
Financial Status Report
Board of Finance Meeting of September 13, 2022

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GENERAL FUND

	<u>FY 2023</u>	<u>FY 2022</u>	<u>Notes</u>
<i>(budgeted amount excludes assigned fund balance)</i>			
Receipts			
Actual Receipts	\$55,782,462	\$52,532,856	
Budgeted Receipts	\$95,771,346	\$93,474,047	
% to Budget	58.2%	56.2%	
Current Year Tax Receipts	\$53,613,928	\$51,367,652	
Current Tax Budget	\$83,068,727	\$79,861,907	
Current Tax Levy <i>(99.3%/99.3% collection rates)</i>	\$83,654,307	\$80,587,192	
% to Current Budget	64.5%	64.3%	
% to Current Levy	64.1%	63.7%	
Adopted budget target %	99.3%	99.3%	
Expenditures <i>(excludes capital expenditures)</i>			
Actual Expenditures	\$18,740,537	\$23,749,657	FY22 included \$5,310,640 non-budgeted pension appropriation/expenditure from unassigned fund balance and \$2,200,000 non-budgeted appropriation for the purchase of two (2) new fire vehicles
Budgeted Expenditures	\$96,636,346	\$98,899,687	
% to Budget	19.4%	24.0%	
	<u>Actual</u>	<u>Encumbered</u>	<u>Budget</u> <u>Var to Budget</u>
Storm-related Overtime (51445)	\$0	\$0	\$141,392 \$141,392
Electricity (53102)	\$56,629	\$1,250,712	\$1,475,306 \$167,965
Refuse Disposal (53823)	\$131,136	\$1,495,655	\$1,921,091 \$294,300
Legal (53828)	\$20,593	\$267,625	\$355,000 \$66,783
Tax Refunds (53924)	\$22,082	\$0	\$215,000 \$192,918

	<u>Target Floor Fd Bal.</u>	<u>Actual Fund Bal.</u>	<u>Notes</u>
INSURANCE FUNDS			
Health Insurance Fund	\$2,327,226	\$2,953,530	The Health Insurance Fund balance is 31.7% of full year projected expenses - target floor reserve is 25%.
General Insurance Fund	\$1,000,000	\$1,503,243	The fund is used to pay Liability & Worker's Compensation insurance premiums for both the Town and BOE, on-going heart & hypertension claims from police officers, widow/widower heart & hypertension claims, "fronting" reimbursable environmental remediation costs, small equipment claims where Town elects to self-insure and deductibles. Town policy is a \$1 million floor and ceiling at 5% of General Fund budget (or \$4,697,952 for FY22). Displayed fund balance is net of H&H reserve and encumbrances for self-insured claims.
TOTAL INSURANCE FUNDS	<u>\$3,327,226</u>	<u>\$4,456,773</u>	

PENSION FUND

		<u>Notes</u>
Total Liability (as of 7/1/2021) <i>(actuarial valuation liability was adjusted to remove FY21/FY22 retiree payouts)</i>	\$8,032,875	The Town of Berlin Retirement Income (Defined Benefit) Plan was amended for the last time effective July 1, 2000. As a result of this final amendment no new Town employees (excludes BOE employees covered by the Teacher's Retirement Fund) were eligible to participate in the plan. As part of the amendment, participants in the DB Plan have the option to be paid out with an annuity or a lump sum. In recent years, all retiring participants have elected the lump sum payout.
Cash Balances:		
Prudential	\$3,411,501	
ICMA Plus	<u>\$3,027,430</u>	Currently, the Town is executing a pay-as-you-go program to manage new retirements. The plan includes 5 active participants, 1 inactive but eligible participant and 15 annuitants.
	<u>\$6,438,931</u>	
Funding % - Total	80.2%	
Funding % - DB	42.5%	
Unfunded Liability	(\$1,593,944)	<u>Anticipated retirements:</u> FY22: 5 active participants remain and all are eligible to retire. Annual annuity payments & total monthly fees: \$185,000

Town of Berlin
Financial Status Report
Board of Finance Meeting of September 13, 2022

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ACTIVE CAPITAL PROJECTS

	<u>% Complete*</u>	<u>Project Balance**</u>	<u>Notes</u>
4-Bridge Rehabilitation	90%	\$0	Closeout work continues. Invoicing trails actual construction, so the construction % complete is higher than the amount presented.

* % complete represents invoices received versus total expected project cost - this metric will lag actual construction completion

** Capital projects fund balance includes encumbrances.

Unexpended Education (2%) Account Tracking:

500.35.3561.0.54000.01733

	<u>Budget</u>	<u>Actual</u>	<u>Encumbrance</u>	<u>Uncommitted Balance</u>	
BLAST Classroom	\$201,307.77	\$201,307.77	\$0.00	\$0.00	Complete
Gym Floors	\$117,775.00	\$117,775.00	\$0.00	\$0.00	Complete
McGee Gym Painting	\$26,650.00	\$26,650.00	\$0.00	\$0.00	Complete
Security Guard Equipment	\$12,710.29	\$12,710.29	\$0.00	\$0.00	Complete
TOTAL FY2019	\$358,443.06	\$358,443.06	\$0.00	\$0.00	
Hubbard Fire Alarm Upgrades*	\$164,675.80	\$164,675.80		\$0.00	Complete
McGee HVAC Unit #1	\$225,000.00	\$225,000.00		\$0.00	Complete
TOTAL FY2020 CARRYOVER	\$389,675.80	\$389,675.80	\$0.00	\$0.00	
Lighting upgrades in McGee Library/Media Center	\$154,817.39	\$145,122.00	\$9,695.39	\$0.00	2% Fund completely expended; Remaining balance from CNR Fund (Schools capital projects account)
Paving of Willard playground area & sidewalks**	\$146,137.34	\$146,137.34		\$0.00	Complete
Classroom storage (cubbies) at Hubbard	\$55,495.00	\$55,495.00		\$0.00	Complete
Removal of retaining walls at McGee entrance	\$25,500.00	\$25,500.00		\$0.00	Complete
Balance of rooftop units at McGee	\$25,000.00	\$25,000.00		\$0.00	Complete
TOTAL FY2021 CARRYOVER	\$406,949.73	\$397,254.34	\$9,695.39	\$0.00	
TOTAL 2% FUND BALANCE	\$796,625.53	\$786,930.14	\$9,695.39	\$0.00	

Risks

Description	Projected - Low	Projected - High	Probability
RECEIPTS			
VNA receipts	\$0	(\$300,000)	Med
EXPENDITURES			
Fuel	\$0	(\$50,000)	Med
Auto Parts	\$0	(\$50,000)	Med
TOTAL	\$0	(\$400,000)	
<i>Total excluding Pension payouts</i>	<i>\$0</i>	<i>(\$400,000)</i>	
Anticipated American Recoveries Act Grants (50% in FY21 & 50% in FY22):			
Town (FY21 - 50% payment)	\$1,039,296.37	Received 6/2021	
County (FY21 - 50% payment)	\$1,984,726.71	Received 6/2021	
Town (Balance - 50% payment)	\$1,039,296.37	Received 7/2022	
County (Balance -- 50% payment)	\$1,984,726.71	Outstanding	
	<u>\$6,048,046.16</u>		
FY21 & FY22 amount	\$6,048,046.16		
FY22 Budgeted Revenue	(\$700,000.00)		
FY23 Budgeted Revenue	(\$300,000.00)		
Appropriated to HVAC Project	(\$5,048,046.16)		
NET American Recoveries Act Available Revenue	<u>\$0.00</u>		

Opportunities

Description	Projected - Low	Projected - High	Probability
RECEIPTS			
Interest Income	\$600,000	\$1,000,000	Med/High
EXPENDITURES			
Vacant positions	\$100,000	\$300,000	Med/High
TOTAL	\$700,000	\$1,300,000	
Net Projection	\$700,000	\$900,000	
Net Projection (ex Pension Payouts)	\$700,000	\$900,000	

Financial Status Report

Board of Finance Meeting of September 13, 2022

	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>TOTAL</u>
FY2019	55,212	74,521	82,025	142,845	81,705	58,331	97,213	71,442	119,187	72,239	90,498	100,562	1,045,780
FY2020	47,155	82,851	58,019	85,737	58,047	51,550	62,354	63,243	62,270	99,186	51,272	76,057	797,741
FY2021	48,132	56,105	61,099	53,775	54,553	64,397	66,910	57,967	78,281	82,029	27,123	107,013	757,385
FY2022	51,814	67,134	56,464	49,192	39,038	32,530	43,379	48,339	70,744	45,424	48,569	61,528	614,156
FY2023	43,842	57,446											101,288

CY vs. PY (7,972) (9,688)

