



City of Derby

BOARD OF APPORTIONMENT AND TAXATION

TAX BOARD MINUTES

TUESDAY JULY 22,2025

6:00 PM

ZOOM MEETING

**Jenifer Desroches
Collen Germain-Ezzo- Chairperson
Kristen Mancini-Wright
Michael Gray
Tina Parelli-Silkoff**

**Bhamini Patel
Jose Rivera
Vacant
Ashley Simon
Laura Wabno**

1.Call to order & Pledge of Allegiance

The meeting was called to order by Ms. Germain-Ezzo, Chairperson at 6:05 PM, followed by the Pledge of Allegiance.

3. Roll Call

Present: Ms. Desroches, Ms. Germain-Ezzo, Mr. Gray, Ms. Patel, Mr. Rivera, Ms. Simon, Ms. Wabno

Absent: Ms. Mancini-Wright and Ms. Parelli-Silkoff Excused .

4. Additions, Deletions, Corrections and Adoption of the Agenda

There were no changes. A motion to accept was made by Ms. Desroches and Seconded by Ms. Patel. Motion Carried.

City of Derby
Board of Apportionment & Taxation
BOAT Meeting 07.22.2025



5, Public Portion

Karen Kemmesies, 25 John Street. I am glad to see that we finally have an audit. I want to get this clear in my mind, this is from the previous administration and this is what we inherited and this is the result of us having a large mill increase because of the previous budget. Mr. Hall said it was caused by the previous administration and allowed us to get to a surplus. This spans 2 administrations, the first half was the previous administration and the second half of the current. I will speak later on the actual and how we used funds from ARPA and transferred funds from the pension fund to allow us to get to the surplus. Ms. Kemmesies said she wanted this to be on record and have it be clear in my mind. I also wanted to speak on the Parking Authority, which is now debunked. There were funds in many accounts that were shifted through the year and I wanted to touch on both of these items. Thank you.

Mr. Geno DiGiovanni 77 Eighth Street. I am here this evening to speak on Item #7, the Transfer of the funds for the Sterling Opera House and to answer any questions for the Commission that you may have.

Ms. Germain-Ezzo asked about the contract that on the first page it reads from the 18th of June to the 18th of July.

Mr. DiGiovanni said that depending what happens here tonight we can correct the dates Beford it goes to the mayor for signature, There will be no changes in the amount.

Mr. Garofalo, Town Clerk, 95 Academy Hill. On Item 7A, we should note that this should not be in the Sterling House account, but in the city owned property account. This was approved by the BOA/a and this matter should be addressed.

Mr. DiGiovanni said the monies have already been allocated to this account

Mr.Hall stated that \$2500.00 had been put into the working balance so that when the time came, the money would be transferred from there.

Public Portion was then closed.

6.Approval of Minutes from 06.25.2025

A motion to accept was made by Ms. Simon and seconded by Ms. Patel. Motion Carried.

7. Transfer Requests

- o. **Transfer from Account (5020-58500) \$1,900.00 Working Balance**
Transfer to Account (5000-58005) \$1,900.00 Sterling Opera House

Ms. Desroches asked if because it is a contract, does it have to be approved by the BOA/A? Mr, Gray added that the amount had already been approved, and the amount cannot go over \$2500.00. Ms. Desroches said but this is a contract. Mr. Giovanni, said his understanding was the BOA/A could approve up to \$15,00.00, then it must go out to bid, and this is only \$1900.00. Ms. Germain-Ezzo said this had already been approved by the BOA/A. Ms. Simon then asked, “could we then approve it? A motion to approve was made by Mr. Rivera and seconded by Ms. Simon. Motion Carried.

8. 23-24 Audit Presentation by the Finance Director

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By Office of Derby Town Clerk Marc J. Garofalo, MPA, MMC, MCTC at 3:14 pm, Aug 05, 2025



CITY OF DERBY

AUDITED FINANCIAL STATEMENT REVIEW FOR YEAR ENDED JUNE 30, 2024

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By Office of Derby Town Clerk Marc J. Garofalo, MPA, MMC, MCTC at 3:14 pm, Aug 05, 2025

EXECUTIVE SUMMARY – GENERAL FUND

- ▶ Poor budgeting practices by the prior administration for the 2023-24 Fiscal Year would have created additional fund balance deficits, but not for the following actions by this Administration, Board of Aldermen & Alderwomen, and the Board of Apportionment and Taxation
 - ▶ **\$1.7 million** of ARPA funds allocated to cover governmental services
 - ▶ **\$.5 million** reduction in contributions for the Pension (Currently at 82.35% funded)
- ▶ Interest Earned was **\$287k** above budget and \$217k above 22-23 FY
- ▶ Medical Claims and Workers Compensation IBNR Reserves were decreased by **\$470k**
- ▶ **General Fund Balance Increased by \$1.843 million to \$4.425 million**
- ▶ The Board of Education Grants were not separated from the general fund, causing large offsetting variances vs. budget for both Revenues and Expenses
- ▶ The Board of Education adjusted budget for Operating Expenses was \$20.070 million vs. actuals of \$20.182 million or a (\$112k) variance
 - ▶ The BOE original budget of \$19.6 million was increased by \$462k due to the use of the BOE non-lapsing fund \$236k and \$226k mainly to cover unbudgeted insurance waivers



GENERAL FUND REVENUES – BUDGET VS. ACTUALS

	Budgeted Amounts		Actual	Variance with Final Budget- Favorable (Unfavorable)
	Original Budget	Final Budget		
REVENUES				
Property taxes	\$ 33,632,426	\$ 33,692,426	\$ 32,321,953	\$ (1,370,473)
Interest and lien fees	200,000	200,000	331,927	131,927
Intergovernmental	9,514,975	12,141,493	20,325,490	8,183,997
Investment income	66,921	66,921	353,650	286,729
City departments	4,476,272	4,809,172	4,570,644	(238,528)
TOTAL REVENUES	47,890,594	50,910,012	57,903,664	6,993,652

Revenue Variance Explanations

Property Taxes - (\$1.370mm) mainly due to lower Real Estate and MV taxes collected (\$643k) and geography for MV CAP Tax Reimbursement (\$727k)

Intergovernmental - +\$8.184mm mainly due to geography, +\$8.281mm for unbudgeted BOE Grant Revenues

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GENERAL FUND EXPENSES – BUDGET VS. ACTUALS

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget- Favorable (Unfavorable)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
EXPENDITURES				
Current				
General government	14,901,238	16,721,476	14,670,451	2,051,025
Public safety	4,700,116	4,798,628	5,507,389	(708,761)
Public works	3,422,534	4,056,147	3,982,919	73,228
Culture and recreation	1,054,731	1,054,731	1,026,433	28,298
Health and welfare	452,984	458,039	407,635	50,404
Board of Education-operations	19,607,966	20,069,966	20,182,174	(112,208)
Board of Education-grants	-	-	7,980,763	(7,980,763)
Capital outlay	342,508	342,508	375,784	(33,276)
Debt service				
Principal retirements		-		-
Interest	3,408,517	3,408,517	1,927,069	1,481,448
TOTAL EXPENDITURES	47,890,594	50,910,012	56,060,617	(5,150,605)

General Government - +2.051mm mainly due to IBNR reserve adjustments \$470k, higher than expected stop loss recovery \$937k actual for 23-24, lower matching grants/citywide properties expenses \$270k, and geography for LOCIP expenses \$787k (actuals in Silo Fund)

Public Safety - mainly due to higher Police Outside Work expenses (\$863k)

Debt Service – WPCA Debt Payments Budgeted +\$1.4mm, however the actual payments were removed from the financials through an intercompany adjustment

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GENERAL FUND CHANGE IN FUND BALANCE – BUDGET VS. ACTUALS

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	Original Budget	Final Budget		
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Capital outlay	342,508	342,508	375,784	(33,276)
Debt service				
Principal retirements				
Interest	3,408,517	3,408,517	1,927,069	1,481,448
TOTAL EXPENDITURES	47,890,594	50,910,012	56,060,617	(5,150,605)
REVENUES OVER(UNDER) EXPENDITURES	-	-	1,843,047	\$ 1,843,047
Fund balance at July 1, 2023			2,581,974	
FUND BALANCE AT JUNE 30, 2024			\$ 4,425,021	

Fund Balance increased from \$2.581mm to \$4.425mm

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DERBY'S – BONDED DEBT

As of June 30, 2024, the City's outstanding general obligation bonds and note payable were as follows:

	<u>Outstanding Amount</u>
Governmental Activities:	
\$5,210,000 serial bond; issue of 2018; due October 2038; effective interest ranging from 3.0%-5.0%	\$ 2,090,000
\$13,870,000 serial bond; issue of 2019; due September 2029; effective interest ranging from 2.05%-5.0%	10,525,000
\$8,580,000 serial B bond; issue of 2015; due September 2035; effective interest ranging from 2.0%-5.0%	2,130,000
\$5,587,362 note payable in monthly payments, including principal and interest at 3.04%, issued April 9, 2020; due March 2037	\$ 4,625,136
	<u>19,370,136</u>
Less current portion	<u>1,317,162</u>
Long term portion	<u>\$ 18,052,974</u>

- Derby had a total of \$19.370 million in total debt outstanding as of June 30, 2024
- \$3 million in BAN's were issued for repaving of roads that should be spent and BONDED out in October 2025 (Excluded from \$19.370 million above)
- \$5.587 million in notes payable are related to the Johnson Controls energy savings project
- WPCA has an additional \$12.56 million in total debt outstanding with the ability to borrow another \$13.6 million for plant upgrades

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PENSION UPDATE

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	Year ending June 30, 2024 City Retirement Plan	Year ending June 30, 2023 City Retirement Plan	Year ending June 30, 2022 City Retirement Plan	Year ending June 30, 2021 City Retirement Plan	Year ending June 30, 2020 City Retirement Plan	Year ending June 30, 2019 City Retirement Plan	Year ending June 30, 2018 City Retirement Plan
Total Pension Liability							
Service cost	\$ 620,314	\$ 599,337	\$ 671,797	\$ 649,080	\$ 676,977	\$ 654,084	\$ 776,874
Interest on total pension liability	1,503,138	1,448,717	1,520,990	1,449,718	1,403,388	1,334,277	1,431,319
Effect of economic/demographic gains or (losses)	(233,349)	-	(1,756,038)	-	(655,805)	-	(526,463)
Change in assumptions	-	-	524,691	-	1,067,879	-	(1,967,488)
Benefit payments	(1,249,770)	(1,214,326)	(1,055,983)	(1,074,958)	(997,055)	(1,049,921)	(908,031)
Net change in total pension liability	640,333	833,728	(94,543)	1,023,840	1,495,384	938,440	(1,193,789)
Total Pension Liability, beginning	23,119,942	22,286,214	22,380,757	21,356,917	19,861,533	18,923,093	20,116,882
Total pension liability, ending (a)	23,760,275	23,119,942	22,286,214	22,380,757	21,356,917	19,861,533	18,923,093
Fiduciary Net Position							
Employer contributions	\$ 500,000	\$ 1,000,000	\$ 700,000	\$ 190,000	\$ 190,000	\$ 190,000	\$ 572,000
Member contributions	124,823	132,383	68,517	54,392	82,229	182,134	91,864
Investment income net of investment expenses	1,618,917	1,401,484	(1,221,124)	4,514,626	212,165	576,865	1,491,886
Benefit payments	(1,249,770)	(1,214,326)	(1,055,983)	(1,074,958)	(997,055)	(1,049,921)	(908,031)
Administrative expenses	-	(16,883)	(1,643)	(77,548)	(20,929)	(44,105)	(61,928)
Net change in plan fiduciary net position	993,970	1,302,658	(1,510,233)	3,606,512	(533,590)	(145,027)	1,185,791
Fiduciary Net Position, beginning	18,572,209	17,269,551	18,779,784	15,173,272	15,706,862	15,851,889	14,666,098
Fiduciary net position, ending (b)	19,566,179	18,572,209	17,269,551	18,779,784	15,173,272	15,706,862	15,851,889
Net pension liability, ending (a)-(b)	\$ 4,194,096	\$ 4,547,733	\$ 5,016,663	\$ 3,600,973	\$ 6,183,645	\$ 4,154,671	\$ 3,071,204
Fiduciary net position as a % of total pension liability	<u>82.35%</u>	<u>80.33%</u>	<u>77.49%</u>	<u>83.91%</u>	<u>71.05%</u>	<u>79.08%</u>	<u>83.77%</u>
Covered payroll	\$ 3,773,413	\$ 4,615,899	\$ 4,459,806	\$ 4,984,176	\$ 4,815,629	\$ 5,523,439	\$ 5,336,656
Net pension liability as a % of covered payroll	<u>111.15%</u>	<u>98.52%</u>	<u>112.49%</u>	<u>72.25%</u>	<u>128.41%</u>	<u>75.22%</u>	<u>57.55%</u>

WPCA – STATEMENT OF CASH FLOWS

	Business-type Activities - Enterprise Funds		
	Water Pollution Control Authority	Parking Authority	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 2,999,153	\$ -	\$2,999,153
Cash payments to suppliers	(1,086,927)	-	(1,086,927)
Cash payments to employees	(1,408,885)	-	(1,408,885)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	503,341	-	503,341
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES			
Capital fee revenue	1,590,512	-	1,590,512
Due from other funds	191,268	-	191,268
Purchase of capital assets	(696,791)	-	(696,791)
Payment of principal and interest	(1,548,515)	-	(1,548,515)
NET CASH FROM CAPITAL AND FINANCING ACTIVITIES	(463,526)	-	(463,526)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	248,318	-	248,318
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	288,133	-	288,133
Cash and cash equivalents at July 1, 2023	7,498,212	-	7,498,212
CASH AND CASH EQUIVALENTS AT JUNE 30, 2024	\$ 7,786,345	\$ -	\$7,786,345

- Cash balance of **\$7.786 million** as of June 30, 2024. Cash will be utilized to pay down debt and fund plant improvements
- The WPCA will spend **~\$2 million** in 24-25 on Plant improvements
- The WPCA paid down **\$2 million** in short term borrowings in 24-25 FY (bond anticipation note)

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AUDIT FINDINGS – JULY 1, 2023 TO JUNE 30, 2024

- There were 6 significant deficiencies in the audit findings, all of which were repeated from the previous year
 1. Double-Entry Accounting – The BOE Operations, Grant, and Student Activity Funds
 2. Bank reconciliations- Staffing challenges for the City and a lack of an accurate balance sheet at the BOE
 3. Availability of Financial Information – Staffing Challenges for the City and BOE
 4. BOE Reconciliation - BOE cash, AR, AP, income and expenditures and City's corresponding accounts were not reconciled at year end
 5. The City's and BOE Cash account activity not recorded or not recorded properly
 6. The BOE continues to have operational and grant monies comingled

Three Significant Deficiencies were corrected from the 22-23 FY Audit

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18. Adjournment

A motion to adjourn was made by Ms. Simon and seconded by Ms. Wabno.
Motion carried. The meeting was adjourned at 7:03 PM.

Respectfully Submitted,

Louise Pitney

Recording Secretary

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***These minutes are subject to approval by the Board of Apportionment & Taxation at their regular meeting.**