

Waterford-East Lyme Shellfish Commission

Appeal of Board of Selectman Funding

March 5, 2020

On behalf of the "Save the River, Save the Hills" of the
\$3500 passthrough funding delete from our Budget. I hereby
appeal the Board of Selectman decision.

J. Patrick Kelly

J. Patrick Kelly

Vice Chairman/Treasurer

J. Patrick Kelly
Treasurer

2020 MAR -5 PM 1:53

RECEIVED FOR RECORD
2020 MAR 12 10:01

FIFTEEN ROPE FERRY ROAD
WATERFORD, CT 06385-2886



PHONE: 860-442-0553
www.waterfordct.org

Mr. J. Patrick Kelly – Treasurer
Waterford/East Lyme Shellfish Commission
8 Konomoc Avenue
Waterford, CT 06385

February 24, 2020

Dear Commissioner Kelly,

Please note in the Board of Selectmen Budget Hearing Minutes enclosed that your budget request of \$5,000 was reduced to \$1,250 in the final vote of the Board on February 4, 2020.

Pursuant to chapter 3.1.15 of the Town of Waterford Charter, this is a notice to you and the Waterford/East Lyme Shellfish Commission that any appeal of this reduction must be filed with the Town Clerk within ten (10) days of receipt of this written notice.

Sincerely,

Robert J. Brule
First Selectman

Waterford-East Lyme Shellfish Commission

Date: December 9, 2019

To: Waterford Board of Selectman

From: Peter Harris, Chairman and Pat Kelly, Co-Chair/Treasurer



Almost Extinct?

RE: Budget request for year 2020-2021

The Waterford - East Lyme Shellfish Commission (WELSCO) requests an appropriation grant for the Budget year of 2020-2021 in the amount of \$5000 from the town of Waterford. Our request includes the purchase of new outboard motor and steering cables that cost \$10,000+ reflected in budget as \$2350 depreciation. The old outboard had high maintenance costs over the last two years and was many years old. The boat and motor are in the water year round that with much wear in the winter months. The boat was designed for a two stroke motor and the old outboard was heavy four stroke resulting in the scups underwater. With scups underwater the pump sometime fails with ice in the bilge causing maintenance problems. The new motor is lighter and resolved this problem because of less HP and technology progress. The Warden Boat now handles better and rides the adverse weather safely. The amount of \$3500 of this \$5000 request continues to fund the Niantic River Sewage Pump-Out Boat. Documentation for this request will continue to come from Fred Grimsey's Organization. The Commission is required by the Town of Waterford (not East Lyme) to have an Annual CPA audit that costs approximately \$2500. East Lyme's half of the Pump Boat appropriation is in the East Lyme Harbor Management/Shellfish Commission Budget!

Enclosed is a copy of our Commission financials for several fiscal years, the current Year to Date (YTD) and our Budget for 2020-2021. A copy of our CPA audit will be forwarded to First Selectman and Finance Department once complete.

The Commission employs three part time employees, a Chief Warden (~600 hours year), one Warden (~400 hours year), and Accountant (~100 hours); the Clerk/Secretary position is current vacate. Our total projected Compensation Budget for the coming year can vary according to water & meat sampling requires, transporting samples to Milford DA/BA lab, and a Scallop season. Our Commission's Wardens are patrolling and taking water & meat samples for the East Lyme Harbor Management/Shellfish Commission and the Waterford Shellfish Commission. The other Commissions reimburse WELSCO for part of the Warden's time that does not cover actual costs.

WELSCO serves all residents of Waterford and East Lyme by fulfilling the federal and state compliance of the National Sanitary Shellfish Regulations. The federal and state laws require

patrolling even if the waters are not open, wardens take water & meat samples that are transported to Milford Lab DA/BA lab, and patrol to enforce the National Shellfish Sanitary Regulations under State and Federal Law. The Clamming permit sales reflect that the clam stock continues to be healthy and maintains a population that can be renewable for an annual harvest. We continue to explore fiscally responsible methods of scallop restoration but have not been recently successful. The DA/BA has been without a Pathologist for over a year that has caused problems and sources of scallop seed are nonexistent. As you know our plan to have a commercial operator cultivate scallops met public, towns officials, & legal resistants.

Justification for our funding is that if the Commission did not exist the local police departments would be required by Federal and State law to patrol or the State would have DEEP Wardens patrol with court ordered charges going to the towns for their time and equipment.

The State of Connecticut has worked to declare the shore line from Stonington to Guilford a no-discharge area for boats. The funding of the Niantic River Pump-Out Boat is to help minimize the amount of untreated discharges into the Niantic River & Bay in compliance with Federal and State regulations. *East Lyme's portion of this funding is in the East Lyme Harbor Management/Shellfish Commission Budget.*

Our revenue funding is primary from permit sales, grants from the towns of Waterford and East Lyme, and small reimbursements from the Waterford Shellfish Commission & East Lyme Harbor Management/Shellfish Commission for our Wardens activities. The amounts and sources of funding are reflected on financial spreadsheet. The Commission has an office at the Waterford sewer pump station (PU) at the State Boat Launch. Ledge Light Health District and Health Directors of both towns work with the Commission to fulfill the federal and state compliance. The Conn. State Dept. of Agriculture, Bureau of Aquaculture and Laboratory (DA/BA) installed a rain gauge and Davis Weather Link application that provides email and phone alerts to the Commissions, Ledge Light Sanitarians, Wardens, and Officials of a triggered one inch or subsequent 3 inch rainfall closure or reopening per our State DA/BA MOU. The three Commissions are covered via the status line to the Waterford Town Phone system that is maintained by DA/BA! The appointed WELSCO commissioners, four from each town, contribute significant time and personal resources to the operations.

The Scallop population on the Niantic River crashed in the late 1990's. Limited Scallop seasons and very small numbers of permit sales were the norm until 2015-16 season that was phenomenal. The 2016-2017 Scallop Season was not as productive; but there was a season. The 2017-18 and 2018-19 seasons were cancelled because of lack stock. The 2019-2020 season is underway for only a month because of limited scallop stock. Sporadic years the Commission has been given or purchased Scallop seed that was spread in the river but has not made a material difference until 2015-16. *Sources of scallop seed have disappeared!* The faltering marine environment, nutrient loading, over abuse & development, predators, sparse essential eelgrass habitat, and lack of restoration resources prevent an enduring Scallop recovery. It is ironic that the symbol of the Niantic River and Town of East Lyme is the Scallop; that has become almost extinct.

The Commission has one patrol boat, a 19-foot center console Carolina skiff. This boat was purchased in 2003 after our prior patrol boat sank at dockside in a winter snow storm because of pump failure, icing, and heavy winds. The current Boat was purchased with insurance payment, proceeds from sale of sunken boat, and sale of a 14 foot skiff. In 2008 the Commission purchased a new outboard motor for our patrol boat because of the frequency & cost of continued maintenance on old motor. During the last few years we have had high cost of maintenance again this year because of extreme seasonal conditions, excessive wear, and age of equipment. As outlined earlier; a new outboard was purchased in 2019. The Commission Boat is the only one available in winter months since police and fire units for East Lyme and Waterford are taken out of water for the cold months of year or the large Police Boat cannot be operated in shallow or rocky areas because of its draft. Emergency services of both towns, the State, & Federal Agencies, DEEP, Amtrak, NOAA, Sea Grant; have sporadically used our boat for emergency response, search & rescue, research, and monitoring.

The municipal docks under the Niantic Bridge have been partially rebuilt to better maintain the structure in conjunction of the building of fishing dock. The Office at pump station and municipal dock security locks need replacement because of wear and tear.

Sincerely,

Peter Harris, Chairman
Cell-phone: 860-227-8401
Home E-mail: peterdharris1@yahoo.com

J. Patrick Kelly, Co-Chairman/Treasurer
Cell-phone: 860-389-7060
Home E-mail: kelly8171@sbcglobal.net

**WATERFORD EAST LYME SHELLFISH COMMISSION
2020-2021 BUDGET REQUEST**

Income & Expense	2020-2021		2019-2020		OCTOBER		2019-2020		2018-2019		2017-2018		2016-2017		2015-2016		2014-15		2013-2014		2012-2013	
	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual	Proposed Budget	Actual
Revenues																						
Sale of Permits	\$ 17,000	\$ 10,806	\$ 18,000	\$ 16,951	\$ 17,379	\$ 17,379	\$ 24,176	\$ 23,729	\$ 14,333	\$ 14,333	\$ 13,572	\$ 13,572	\$ 19,128	\$ 19,128								
Town of East Lyme (Grant Subsidy)	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 500	\$ 500								
Town of Waterford (Grant Subsidy)	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 3,000	\$ 3,000	\$ 2,500	\$ 2,500								
East Lyme Permit Sales payout																						
Waterford Shellfish Reimbursement	\$ 1,000	\$ 306	\$ 1,000	\$ 1,231	\$ 1,162	\$ 1,162	\$ 2,013	\$ 1,538	\$ 3,619	\$ 3,619	\$ 3,687	\$ 3,687	\$ 901	\$ 901								
East Lyme Shellfish Reimbursement	\$ 250	\$ 69	\$ 250	\$ 619	\$ 356	\$ 356	\$ 625	\$ 381	\$ 2,219	\$ 2,219	\$ 918	\$ 918	\$ 1,750	\$ 1,750								
Waterford Shellfish USGS Rain Gauge																						
East Lyme Shellfish USGS Rain Gauge																						
Other Income	\$ 100	\$ 1,043	\$ 100	\$ 127	\$ 145	\$ 145	\$ 105	\$ 78	\$ 111	\$ 120	\$ 120	\$ 120	\$ 200	\$ 200								
TOTAL INCOME	\$ 26,850	\$ 20,724	\$ 27,850	\$ 27,428	\$ 26,542	\$ 26,542	\$ 34,419	\$ 33,226	\$ 25,657	\$ 23,098	\$ 23,098	\$ 23,098	\$ 27,847	\$ 27,847								

	Expenses																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																					
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Waterford-East Lyme Shellfish Commission
Annual Report –2019

The Waterford-East Lyme Shellfish Commission (WELSCO) oversees recreational shellfishing in the Niantic River. There are 2 areas in the Niantic River available for recreational shellfishing; Area A which is open year round and is located in the central part of the river south of Sandy Point to about just north of the entrance to Smith Cove in Niantic, and Area B which is open seasonally from approximately Dec 1 through May 31 and is located generally in the southern third of the river. The open and closed status of each of these areas is overseen by the Bureau of Aquaculture and the Ledge Light Health District.

Recreational permits are sold by both the East Lyme and Waterford Town Halls as well as Hillyer's Bait and Tackle and Mackey's Bait and Tackle. Permits are sold under a variety of conditions based on duration, residency, and senior citizen status. The pricing and variety of permit categories has remained unchanged from last year. WELSCO is not authorized to issue commercial shellfishing permits based on state statute.

Although clam stock in the Niantic River appears to be sustainable, purchasing additional clam stock was considered but was not successful due to a statewide shortage of clam seed. This shortage will make future WELSCO management decisions very critical.

WELSCO owns the Shellfish Warden boat which is used to collect water samples, as required by the Bureau of Aquaculture, to allow for recreational shellfishing activities. WELSCO wardens collect water samples not only for WELSCO but also for Waterford Shellfish and East Lyme Harbor Management/Shellfish commissions. The Warden boat is one of the few municipal boats in the water year round and has been used in the past by other departments in emergencies. The State regulations dictate that after one inch of rainfall the recreational shell fishing areas are closed until water samples are tested to confirm bacterial levels are at acceptable levels.

As of Oct 31, 2019 there were a total of 552 permits sold generating \$12,358 of revenue for WELSCO. The revenue from permit sales helps to offset operating costs of WELSCO. WELSCO purchased a new outboard motor for the Warden boat this year for a cost of approximately \$10,000. The previous motor served the commission well but the age of the motor and increasing service costs necessitated a new motor be purchased. Other annual costs for WELSCO include funding half the cost of the Niantic River pump-out boat and the annual financial audit required by the Town of Waterford. Funding the pump-out boat is critical to maintaining the Niantic River status as a no-discharge zone.

Due to efforts in the last year, we have recently entered into an agreement with a group of citizens to form a public-private partnership to enhance the native oyster population in the

Waterford-East Lyme Shellfish Commission
2019 Annual Report

Niantic River. Approximately 100,000 oysters will be seeded in November to improve water quality, through the oysters water filtering feeding process, and will provide oysters for recreational harvest in 1-2 years. As part of this initiative, we have also engaged a student from the Marine Science Magnet School in New London and she will study the oyster viability in the first month of seeding. She will be advised by a UCONN professor.

Future Goals

WELSCO will continue to carefully manage our clam stock through a combination of restocking efforts, management of native stock, and helping to mitigate man-made influences that negatively impact shellfish sustainability. WELSCO will also attempt to enhance scallop populations to a level where future recreational scallop seasons may be possible. Improving water quality is an important component of this and WELSCO also believes enhancing oyster populations in the Niantic River will improve water quality which could potentially help the return of more sensitive species like the Bay scallop.

Respectfully Submitted by:

Peter Harris,
Chairman of the Waterford-East Lyme Shellfish Commission.

Waterford - East Lyme Shellfish Commission
Balance Sheet
As of November 30, 2019

	Nov 30, 19
ASSETS	
Current Assets	
Checking/Savings	
5533 Checking	13,628.30
5559 Money Market	34,448.22
CD 12 mos #0132	4,989.75
CD 12 mos #7922	14,837.87
CD 6 mos #0996	12,624.34
CD 6 mos #7914	5,065.76
CD 6 mos. #0124	9,936.57
CD 6 mos. #2453	2,888.60
CD 6 mos. #7246	3,544.62
Total Checking/Savings	101,964.03
Total Current Assets	101,964.03
Fixed Assets	
Accum. Depreciation	-21,067.48
Boat equipment	26,097.28
Office equipment	5,239.59
Total Fixed Assets	10,269.39
TOTAL ASSETS	112,233.42
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
CT WH payable	216.65
FICA payable	65.49
Total Other Current Liabilities	282.14
Total Current Liabilities	282.14
Total Liabilities	282.14
Equity	
Retained Earnings	98,917.19
Net Income	13,034.09
Total Equity	111,951.28
TOTAL LIABILITIES & EQUITY	112,233.42

Waterford - East Lyme Shellfish Commission
Profit & Loss
November 2019

	Nov 19	Jul - Nov 19
Ordinary Income/Expense		
Income		
Gain / Loss on asset	0.00	1,000.00
Interest income	9.92	53.29
Sales Permits		
Clamming permits	0.00	10,805.75
Total Sales Permits	0.00	10,805.75
Town of East Lyme - Grant	0.00	3,500.00
Town of Waterford - Grant	0.00	5,000.00
Warden Hours - East Lyme	0.00	68.75
Warden Hours - Waterford	0.00	306.25
Total Income	9.92	20,734.04
Expense		
Boat Fuel & oil	0.00	111.77
Boat Supplies	0.00	238.94
Payroll		
FICA expense	34.84	195.07
Total Payroll	34.84	195.07
Printing expense	0.00	115.83
Program funding	0.00	3,500.00
Repair & Maintenance-Boats	0.00	609.80
Salaries- Administration	74.85	536.43
Salaries-Wardens	133.17	1,768.69
Taxes		
Payroll (941 & CT WH)	0.00	123.00
State Unemployment	0.00	53.72
Total Taxes	0.00	176.72
Travel & mileage	0.00	182.70
Utilities	132.00	264.00
Total Expense	374.86	7,699.95
Net Ordinary Income	-364.94	13,034.09
Net Income	-364.94	13,034.09

WATERFORD-EAST LYME SHELLFISH COMMISSION

**Financial Statements and
Independent Auditors' Report**

**June 30, 2019
(With summarized comparative information for 2018)**

**BAUDE & ROLFE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
35 Huntington Street
New London, Connecticut 06320**

WATERFORD-EAST LYME SHELLFISH COMMISSION

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BAUDE & ROLFE, P.C.

Certified Public Accountants & Business Advisors

35 Huntington Street, New London, Connecticut 06320

(860) 442-1040

(860) 437-1599 Fax

www.bauderolfecpas.com

Ronald J. Baude, CPA

Brian D. Rolfe, CPA / PFS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Waterford-East Lyme Shellfish Commission
Waterford, Connecticut

We have audited the accompanying financial statements of the Waterford-East Lyme Shellfish Commission (a non-profit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of June 30, 2019, and the related statement of support, revenues, and expenses -modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Waterford-East Lyme Shellfish Commission as of June 30, 2019, and its support, revenues, and expenses, and change in net assets for the year then ended, in accordance with the modified cash basis of accounting as described in Note 1.

Emphasis of a Matter

As discussed in Note 1 to the financial statements the Commission adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matters

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Waterford-East Lyme Shellfish Commission June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Baude & Rolfe, P.C.

Baude & Rolfe, P.C.
Certified Public Accountants

New London, Connecticut
September 20, 2019

WATERFORD-EAST LYME SHELLFISH COMMISSION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS – MODIFIED CASH BASIS
June 30, 2019
(With Summarized Financial Information for 2018)

Assets	<u>2019</u>	<u>2018</u>
Current Assets		
Cash and cash equivalents	\$ 64,054	\$ 35,856
Short-term investments	<u>34,804</u>	<u>53,759</u>
Total Current Assets	<u>98,858</u>	<u>89,615</u>
Property and Equipment		
Boat	15,048	15,048
Equipment	<u>4,794</u>	<u>4,794</u>
	19,842	19,842
Less: Accumulated Depreciation	<u>(17,484)</u>	<u>(16,341)</u>
Total Property and Equipment	<u>2,358</u>	<u>3,501</u>
Total Assets	<u><u>\$ 101,216</u></u>	<u><u>\$ 93,116</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accrued payroll taxes	<u>\$ 85</u>	<u>\$ 215</u>
Net Assets		
Without donor restrictions		
Available for operations	98,773	89,400
Property and equipment	<u>2,358</u>	<u>3,501</u>
Total Net Assets without Donor Restrictions	<u>101,131</u>	<u>92,901</u>
Total Net Assets	<u>101,131</u>	<u>92,901</u>
Total Liabilities and Net Assets	<u><u>\$ 101,216</u></u>	<u><u>\$ 93,116</u></u>

The accompanying notes are an integral part of these financial statements.

WATERFORD-EAST LYME SHELLFISH COMMISSION
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS—MODIFIED CASH BASIS
Year Ended June 30, 2019
(With Summarized Financial Information for 2018)

	<u>2019</u>	<u>2018</u>
Changes in Net Assets Without Donor Restrictions		
Support and Revenue:		
Town of Waterford	\$ 5,000	\$ 5,000
Town of East Lyme	3,500	2,500
Waterford Shellfish Commission	1,256	1,163
East Lyme Shellfish Commission	619	281
Permit sales	16,951	17,204
Donations	-	25
Interest income	<u>128</u>	<u>123</u>
Total Support and Revenue	27,454	26,296
Expenses		
Salaries and wages	6,012	7,413
Payroll taxes	614	806
Advertising	220	1,279
Boat supplies	150	281
Insurance	2,221	2,185
Telephone	-	352
Electricity	657	635
Repairs and maintenance	496	2,204
Gas and oil	645	615
Donations	3,500	3,500
Postage	50	60
Printing	137	358
Professional fees	2,450	2,400
Seminars	125	150
Office supplies	262	25
Travel	542	659
Uniforms	-	65
Depreciation expense	<u>1,143</u>	<u>1,143</u>
Total Expenses	<u>19,224</u>	<u>24,130</u>
Change in Net Assets without Donor Restrictions	8,230	2,166
Net Assets, Beginning of Year	<u>92,901</u>	<u>90,735</u>
Net Assets, End of Year	<u>\$ 101,131</u>	<u>\$ 92,901</u>

The accompanying notes are an integral part of these financial statements.

WATERFORD-EAST LYME SHELLFISH COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1—Summary of significant accounting policies

Organization and nature of activities

The Waterford-East Lyme Shellfish Commission (the "Commission") is a joint agency of the Towns of Waterford and East Lyme. This agency was formed to provide management services for shellfishing activities. The Commission is funded through Town allocation and the sale of shellfish permits.

Basis of accounting and financial statement presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting. Differences between the modified cash basis of accounting being used and generally accepted accounting principles are that revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting include recording investments at fair market value and also the recording of depreciation.

Net assets of the Commission are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Commission. These resources may be expended at the discretion of the Board of Directors.

Net assets with donor restrictions—Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit the Commission to expend the income earned thereon. The Commission did not have net assets with donor restrictions as of June 30, 2019 and 2018.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Adoption of new accounting pronouncement

On August 18, 2016 The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities*. This update is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance and cash flows. The main provisions of this guidance include the presentation of two classes of net assets rather than three, and enhancement of disclosures regarding board designations, appropriations, and certain qualitative information. The commission has implemented ASU 2016-14 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with no effect on changes in net assets.

Prior year summarized financial information

The financial statements include certain prior-year summarized comparative financial information in total but not by class. Such information does not include sufficient detail to constitute a presentation in conformity with the modified cash basis of accounting. Accordingly, such information should be read in conjunction with the Commissions audited financial statements as of and for the year ended June 30, 2018 from which the summarized financial information was derived.

WATERFORD-EAST LYME SHELLFISH COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1— Summary of significant accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid short-term investments with an original maturity of three months or less when acquired. There were no cash equivalents as of June 30, 2019.

Short term investments

The Commission's hold's investments in certificates of deposits accounts that have a maturity period greater than 90 days, but will mature in less than one year. These are classified as short-term investments in the statement of assets, liabilities and net assets. These investments are reported at their current fair values and any appreciation is recorded in the statement of revenue, expenses and changes in net assets as interest income.

Income taxes

The Waterford-East Lyme Shellfish Commission is a town agency, which is exempt from federal and state income taxes.

Estimates

The preparation of financial statements in conformity with a comprehensive basis of accounting other than generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Concentration of credit risk

Credit risk

The Commission maintains its cash balances in one financial institution. The cash balances in this financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The Commission did not have any uninsured balances as of June 30, 2019. Management regularly monitors the financial institution, together with its cash balances, and tries to keep this potential risk to a minimum. Management believes that the Commission's deposits are not subject to significant credit risk.

Sources of revenue

A significant portion of the Commission's support and revenues come from the Towns of Waterford and East Lyme as well as permit fees sold at local shops. Government funding and sale of permits may be subject to reduction or termination in future years. Any significant reduction in town funding and sales of permit fees could have a negative impact on the Commission's programs services.

Grants and contracts

Grants and contracts are generally considered to be exchange transactions rather than contributions. Revenue from cost-reimbursement grants and contracts is recognized to the extent of the costs incurred. Revenue from performance-based grants and contracts is recognized to the extent of the performance achieved. Grant and contract receipts in excess of revenue recognized are presented as deferred revenue if the grant extends beyond the Commission's fiscal year and as due to the grantor if the grant was completed within the fiscal year.

WATERFORD-EAST LYME SHELLFISH COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2019

NOTE 1— Summary of significant accounting policies (Continued)

Property and equipment

It is the Commission's policy to capitalize, at cost all expenditures which materially increase values or extend useful life exceeding \$500 with a useful life greater than three years. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations would be reported as without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Expenditures in the nature of normal repairs and maintenance are charged to expense as incurred.

Boat	5 years
Equipment	5-7 years

Depreciation expense totaled \$1,143 and \$1,143 for the years ended June 30, 2019 and 2018, respectively

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires (is satisfied) in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statements of activities as net assets released from restrictions.

Subsequent events

In preparing this financial statement, management has evaluated subsequent events through September 20, 2019 which represents the date the financial statements were available to be issued.

Note 2—Liquidity and availability of resources

The commission's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of assets, liabilities and net assets date, comprise the following:

Cash and cash equivalents	\$ 64,054
Short-term investments	<u>34,804</u>

Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 98,858</u>
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Liquidity management

As part of the Commission's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Commission operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

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The Waterford-East Lyme Shellfish Commission (WELSCO) oversees recreational shellfishing in the Niantic River. There are 2 areas in the Niantic River available for recreational shellfishing; Area A which is open year round and is located in the central part of the river south of Sandy Point to about just north of the entrance to Smith Cove in Niantic, and Area B which is open seasonally from approximately Dec 1 through May 31 and is located generally in the southern third of the river. The open and closed status of each of these areas is overseen by the Bureau of Aquaculture and the Ledge Light Health District.

Recreational permits are sold by both the East Lyme and Waterford Town Halls as well as Hillyer's Bait and Tackle and Mackey's Bait and Tackle. Permits are sold under a variety of conditions based on duration, residency, and senior citizen status. The pricing and variety of permit categories has remained unchanged from last year. WELSCO is not authorized to issue commercial shellfishing permits based on state statute.

Although clam stock in the Niantic River appears to be sustainable, purchasing additional clam stock was considered but was not successful due to a statewide shortage of clam seed. This shortage will make future WELSCO management decisions very critical.

WELSCO owns the Shellfish Warden boat which is used to collect water samples, as required by the Bureau of Aquaculture, to allow for recreational shellfishing activities. WELSCO wardens collect water samples not only for WELSCO but also for Waterford Shellfish and East Lyme Harbor Management/Shellfish commissions. The Warden boat is one of the few municipal boats in the water year round and has been used in the past by other departments in emergencies. The State regulations dictate that after one inch of rainfall the recreational shell fishing areas are closed until water samples are tested to confirm bacterial levels are at acceptable levels.

As of Oct 31, 2019 there were a total of 552 permits sold generating \$12,358 of revenue for WELSCO. The revenue from permit sales helps to offset operating costs of WELSCO. WELSCO purchased a new outboard motor for the Warden boat this year for a cost of approximately \$10,000. The previous motor served the commission well but the age of the motor and increasing service costs necessitated a new motor be purchased. Other annual costs for WELSCO include funding half the cost of the Niantic River pump-out boat and the annual financial audit required by the Town of Waterford. Funding the pump-out boat is critical to maintaining the Niantic River status as a no-discharge zone.

Due to efforts in the last year, we have recently entered into an agreement with a group of citizens to form a public-private partnership to enhance the native oyster population in the

Waterford-East Lyme Shellfish Commission
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Niantic River. Approximately 100,000 oysters will be seeded in November to improve water quality, through the oysters water filtering feeding process, and will provide oysters for recreational harvest in 1-2 years. As part of this initiative, we have also engaged a student from the Marine Science Magnet School in New London and she will study the oyster viability in the first month of seeding. She will be advised by a UCONN professor.

Future Goals

WELSCO will continue to carefully manage our clam stock through a combination of restocking efforts, management of native stock, and helping to mitigate man-made influences that negatively impact shellfish sustainability. WELSCO will also attempt to enhance scallop populations to a level where future recreational scallop seasons may be possible. Improving water quality is an important component of this and WELSCO also believes enhancing oyster populations in the Niantic River will improve water quality which could potentially help the return of more sensitive species like the Bay scallop.

Respectfully Submitted by:

Peter Harris,
Chairman of the Waterford-East Lyme Shellfish Commission.

Waterford - East Lyme Shellfish Commission
Balance Sheet
As of November 30, 2019

	<u>Nov 30, 19</u>
ASSETS	
Current Assets	
Checking/Savings	
5533 Checking	13,628.30
5559 Money Market	34,448.22
CD 12 mos #0132	4,989.75
CD 12 mos #7922	14,837.87
CD 6 mos #0996	12,624.34
CD 6 mos #7914	5,065.76
CD 6 mos. #0124	9,936.57
CD 6 mos. #2453	2,888.60
CD 6 mos. #7246	3,544.62
Total Checking/Savings	<u>101,964.03</u>
Total Current Assets	101,964.03
Fixed Assets	
Accum. Depreciation	-21,067.48
Boat equipment	26,097.28
Office equipment	5,239.59
Total Fixed Assets	<u>10,269.39</u>
TOTAL ASSETS	<u><u>112,233.42</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
CT WH payable	216.65
FICA payable	65.49
Total Other Current Liabilities	<u>282.14</u>
Total Current Liabilities	<u>282.14</u>
Total Liabilities	282.14
Equity	
Retained Earnings	98,917.19
Net Income	13,034.09
Total Equity	<u>111,951.28</u>
TOTAL LIABILITIES & EQUITY	<u><u>112,233.42</u></u>

Waterford - East Lyme Shellfish Commission
Profit & Loss
November 2019

	Nov 19	Jul - Nov 19
Ordinary Income/Expense		
Income		
Gain / Loss on asset	0.00	1,000.00
Interest income	9.92	53.29
Sales Permits		
Clamming permits	0.00	10,805.75
Total Sales Permits	0.00	10,805.75
Town of East Lyme - Grant	0.00	3,500.00
Town of Waterford - Grant	0.00	5,000.00
Warden Hours - East Lyme	0.00	68.75
Warden Hours - Waterford	0.00	306.25
Total Income	9.92	20,734.04
Expense		
Boat Fuel & oil	0.00	111.77
Boat Supplies	0.00	238.94
Payroll		
FICA expense	34.84	195.07
Total Payroll	34.84	195.07
Printing expense	0.00	115.83
Program funding	0.00	3,500.00
Repair & Maintenance-Boats	0.00	609.80
Salaries- Administration	74.85	536.43
Salaries-Wardens	133.17	1,768.69
Taxes		
Payroll (941 & CT WH)	0.00	123.00
State Unemployment	0.00	53.72
Total Taxes	0.00	176.72
Travel & mileage	0.00	182.70
Utilities	132.00	264.00
Total Expense	374.86	7,699.95
Net Ordinary Income	-364.94	13,034.09
Net Income	-364.94	13,034.09