WATERFORD/EAST LYME
SHELLFISH COMMISSION
(WELSCO)

TOWN OF WATERFORD
15 Rope Ferry Road
Waterford, CT 06385
860-442-0553

SOCIAL SERVICES GRANT FUNDING REQUEST

ORGANIZATION NAME: Waterford - East Lyme Shellfish Commission

REQUEST DATE (FISCAL YEAR): 2023-2024

REQUESTED AMOUNT: $1.00

BENEFIT STATEMENT (Describe how these funds will be used)

The request of $1.00 is being made to remain as a budget line item. This grant money will be added to WELSCO funds for operational expenses including but not limited to: warden wages, boat maintenance, shellfish permit printing, and purchase of shellfish stock for recreational shellfishing

Per Town of Waterford Budget Guidelines: please attach a certified audit report of all funds appropriated during the last completed fiscal year to your funding request.

DECLARATION

I, the requester, understand that I am requesting public funds from the Town of Waterford. I declare that this request does not pose any potential conflict with the Town of Waterford and I will provide any documentation requested by the Town of Waterford to authorize funding this request or review the appropriateness of the request.

Peter J Harris
Signature

07 Dec 2022
Date

Waterford-East Lyme Shellfish Commission

Date: Dec 5, 2022

To: Waterford Board of Selectman

From: Peter Harris, Chairman

RE: Budget request for year 2022-2023

The Waterford-East Lyme Shellfish Commission (WELSCO) oversees shellfishing in the Niantic River. WELSCO has had a successful year continuing to provide recreational shellfishing of clams and oysters within the Niantic River.

There are 3 areas in the Niantic River available for recreational shell fishing; Area A which is open year-round and is located in the central part of the river, and Area B north and Area B south which are open conditionally during the colder months and is located in the southern third of the river and a section located south of Sandy and Horse Point. The open and closed status of each of these areas is overseen by DA/BA and the Ledge Light Health District.

Recreational permits are sold by both the East Lyme and Waterford Town Halls as well as J & B 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. Last year, WELSCO voted to increase the permit fees in a few categories as well as set limits to oyster harvests. These fees had not increased in many years. These fee increases will offset operational expenses that have increased due to inflation. Increasing the permit fees will also help manage shellfish stock by preventing overfishing. As of Oct 29, 2022, there were a total of 694 permits sold generating $9790 of revenue for WELSCO. This is similar to the previous year. The revenue from permit sales helps to offset operating costs of WELSCO. WELSCO is not authorized to issue commercial shell fishing permits based on state statute. WELSCO uses a private accounting firm to manage our financials which adds significant expense. The complexities of managing WELSCO's finances separate from town's accounting requires an independent accountant. This year, WELSCO had a financial review for 2021 performed by the private CPA firm Seward and Monde. A financial review was permitted by the town as a financial audit would require more in-person interactions which were limited due to the pandemic.

WELSCO entered into 2 agreements with the towns of Waterford and East Lyme in 2022 and the end of 2021. The first was a formal agreement for each entity to fund 1/3 of the Save-the-River-Save the Hills pump-out boat. This boat is critical to maintaining the no-discharge zone in the Niantic River and maintaining water quality at a high standard. The second agreement was the signing of an MOU with East Lyme and Waterford to each fund 1/3 of the coasts for workers comp insurance for the WELSCO wardens. The WELSCO wardens perform water sampling activities for both towns (unrelated to WELSCO) to maintain their respective shellfishing areas in accordance with DA/BA requirements.

Although clam stock in the Niantic River appears to be sustainable, WELSCO's attempt to purchase clam seed or adult clams to ensure our stock is maintained have been unsuccessful. While clam seed stock is scarce, WELSCO spent $4000 to purchase 20,000 oysters, which will add a second species of interest to the shell fishing public, and to attempt to increase the population of this environmentally beneficial shellfish species to the Niantic River. As done last year, the oysters were sourced from the Niantic Bay Shellfish Farm. As in 2021, WELSCO has made a decision this year to not purchase scallop stock as our previous efforts have not been successful and the factors related to stocking success of this shellfish species are poorly understood and expensive. WELSCO also decided not to hold a scallop season this year as the native population appears to be quite low.

WELSCO owns the Shellfish Warden boat which is used to collect water and meat samples, as required by the DA/BA, to allow for recreational shell fishing activities. WELSCO wardens collect samples not only for WELSCO but also for the 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. Although WELSCO bills for warden's hours from the other shellfish commissions, WELSCO pays for all other expenses for the warden boat including fuel, insurance, maintenance and repairs.
A point of concern for WELSCO in 2022 continues to be the condition of the Waterford town dock. Although the main dock is sound, the finger pier where the warden boat is docked is in disrepair and a potential safety hazard. Discussions regarding repairs are ongoing with town officials.

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. Improving water quality is an important component of this and WELSCO also believes enhancing oyster populations in the Niantic River will improve water quality.

Due to the continued popularity of recreational shellfishing in the Niantic River and our prudent management of our finances, WELSCO will be requesting $1 as part of the Waterford Social Services Grant for the next fiscal year. Based on the past few years permit sales and expenses, we believe this proposal will allow WELSCO to reduce its financial burden to the town while being able to pay for our operating expenses without any reduction in services. As we can't predict future permit sales or expenses, we will carefully monitor our finances and may request funding next year as needed.

Funding from the town for the pump-out boat program and the workers compensation insurance will remain as per the signed MOUs.

WATERFORD EAST LYME SHELLFISH COMMISSION

2023-2024 BUDGET REQUEST

Income & Expense				CPA adj.	
	2023-2024	2022-2023	2022-2023	2021-2022	2020-2021
Revenues	Proposed	Oct. 2022		ACTUAL	ACTUAL
Sale of Permits	$ 20,000.00	$ 8,811	$ 20,000.00	$ 20,612	$ 18,737
Town of East Lyme (Grant Subsidy)	$ 1.00		$ 3,500.00	$ 3,500	$ 1,250
Town of Waterford (Grant Subsidy)	$ 1.00	$ 2,500	$ 2,500.00	$ 2,500	$ 1,250
East Lyme Permit Sales payout		$ -			
Waterford Shellfish Reimbursement	$ 1,000.00	$ 137	$ 1,000.00	$ 513	$ 981
East Lyme Shellfish Reimbursement	$ 500.00	$ 106	$ 250.00	$ 325	$ 119
Other Income	$ 120.00	$ 36	$ 120.00	$ 111	$ 118
TOTAL INCOME	$ 21,622.00	$ 11,590	$ 27,370.00	$ 27,561	$ 22,455

Expenses				$ amount	$ amount
Compensation payroll cost & taxes (two Wardens)	$ 8,000.00	$ 3,316	$ 8,000.00	$ 5,950	$ 7,876
Insurances	$ 4,750.00	$ (453)	$ 4,750.00	$ 5,764	$ 4,202
Printing Permits & advertising	$ 2,000.00	$ 305	$ 2,000.00	$ 862	$ 1,901
Shellish Propagation	$ 4,000.00	$ 4,000	$ 4,000.00	$ 4,000	$ 3,425
Telephone				$ -	$ -
Utilities	$ 700.00	$ 220	$ 700.00	$ 579	$ 662
Travel & Mileage	$ 600.00	$ 159	$ 600.00	$ 510	$ 334
Gas & Oil	$ 500.00	$ 218	$ 500.00	$ 324	$ 462
Uniforms	$ 50.00		$ 50.00	$ -	$ -
Equipment & Maintenance	$ 500.00	$ 400	$ 500.00	$ 1,680	$ 1,433
Equipment Depreciation	$ 2,100.00		$ 2,100.00	$ 2,082	$ 3,154
Supplies & Postage	$ 150.00		$ 150.00	$ -	$ 165
Accounting Firm (Premier)	$ 3,500.00	$ 1,000	$ 3,500.00	$ 3,000	$ 3,325
CPA	$ 3,000.00	$ 3,000	$ 3,000.00	$ 5,500	$ 2,750
Niantic Pump Out Boat	$ 2,500.00		$ 2,500.00	$ 2,500	$ 4,000
Misc.				$ 125	$ 210
TOTAL EXPENSE	$ 6.00	$ 12,165	$ 32,350.00	$ 32,876	$ 33,899
	$ 6.00				
NET INCOME	$ 6.00	$ (575)	$ (4,980.00)	$ (5,315)	$ (11,444)

Seward and Monde

Certified Public Accountants

Waterford-East Lyme Shellfish Commission
Financial Statements
June 30, 2022 and 2021

countants' Conclusion

sed on our reviews, we are not aware of any material modifications that should be made to : accompanying financial statements in order for them to be in accordance with the modified sh basis of accounting as described in Note 1.

Seward and Monde

rth Haven, Connecticut
gust 15, 2022

WATERFORD-EAST LYME SHELLFISH COMMISSION
STATEMENTS of FINANCIAL POSITION
(Modified Cash Basis)
June 30, 2022 and 2021
(See Independent Accountants' Review Report)

	2022	2021
ASSETS		
rrents Assets:		
Cash and cash equivalents	$ 3,472	$ 7,320
Money market account	32,550	39,128
Short-term investments	52,587	45,398
Total current assets	88,609	91,846
ɔperty and Equipment:		
Equipment, at cost	29,898	29,898
Less, accumulated depreciation	25,875	23,793
Total property and equipment, net	4,023	6,105
Totals	$ 92,632	$ 97,951
LIABILITIES and NET ASSETS		
rrent Liabilities:		
Accrued payroll taxes	$ 29	$ 33
t Assets:		
Without donor restrictions:		
Available for operations	88,580	91,813
Property and equipment	4,023	6,105
Total net assets without donor restrictions	92,603	97,918
Total liabilities and net assets	$ 92,632	$ 97,951

See notes to financial statements.

WATERFORD-EAST LYME SHELLFISH COMMISSION
STATEMENT of ACTIVITIES
(Modified Cash Basis)
Years ended June 30, 2022 and 2021
(See Independent Accountants' Review Report)

Changes in Net Assets Without Donor Restrictions:

	2022	2021
Support and revenue:		
Town of Waterford	$ 2,500	$ 1,250
Town of East Lyme	3,500	1,250
Waterford Shellfish Commission	513	1,068
East Lyme Shellfish Commission	325	119
Permit sales	20,612	18,737
Interest income	111	118
Total support and revenue	27,561	22,542
Operating expenses:		
Boat & fuel oil	324	462
Travel & mileage	510	334
Boat supplies	-	909
Program funding	2,500	4,000
Repair & maintenance	1,680	524
Wages	4,557	6,406
Payroll taxes	381	715
Payroll processing	1,012	755
Depreciation	2,082	3,154
Shellfish propogation	4,000	3,425
Total operating expenses	17,046	20,684
General and administrative expenses:		
Legal and accounting	8,500	3,325
Advertising	351	1,234
Insurance	5,764	4,202
Utilities	579	662
Education	125	-
Office supplies	-	110
Postage & delivery	-	55
Printing	511	667
Interest expense	-	10
Miscellaneous	-	199
Total general and administrative expenses	15,830	10,464
Total expenses	32,876	31,148
Change in net assets without donor restrictions	(5,315)	(8,606)
Net assets, beginning	97,918	106,524
Net assets, ending	$ 92,603	$ 97,918

See notes to financial statements.

WATERFORD-EAST LYME SHELLFISH COMMISSION
NOTES to FINANCIAL STATEMENTS
June 30, 2022 and 2021

1 - Summary of Significant Accounting Policies

Nature of Activities

The Waterford-East Lyme Shellfish Commission (the "Commission") is an autonomous joint agency of the Towns of Waterford and East Lyme established under State Statue. 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

The accompanying financial statements are prepared on the modified cash basis of accounting. That basis differs from U.S. generally accepted accounting principles primarily because the Commission recognizes revenues when received rather than when earned; expenses and purchase 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 value, recording deprecation and accrued payroll taxes.

Financial Statement Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> Net assets without donor restrictions - Net assets that are available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Trustees.
>
> Net assets with donor restrictions - Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Commission did not have any net assets with donor restrictions as of June 30, 2022 and 2021.

Contributions

Contributions received are recorded as support without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) 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 restrictions, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions are considered conditional when the underlying agreement includes a performance barrier and a right of return to the promised assets exists. Conditional contributions are not recognized in the financial statements until the performance barrier and a right of return have been overcome.

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.

Advertising costs

Advertising costs are expensed when incurred.

Cash and Cash Equivalents

Cash and cash equivalents include all liquid investments available for current use with an initial maturity of three months or less. There were no cash equivalents as of June 30, 2022 and 2021.

Short Term Investments

The Commission holds investments in certificates of deposit 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 financial position-modified cash basis. These investments are reported at their current fair values and any appreciation is recorded in the statement of activities-modified cash basis as interest income.

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.

Estimated useful life of assets are as follows:

Boat	5 years
Equipment	5-7 years

Income Tax Status

The Commission is a town agency, which is exempt from federal and state income taxes.

Estimates

The preparation of financial statements on a modified cash basis requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Commission has evaluated subsequent events for the period after June 30, 2022 through August 15, 2022, the date the financial statements were available to be issued.

2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Commission's financial assets as of June 30, 2022 and 2021 available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date:

	2022	2021
Cash and cash equivalents	$ 3,472	$ 7,320
Money market	32,550	39,128
Short-term investments	52,587	45,398
Financial assets available to meet the cash needs for general expenditures within one year	$ 88,609	$ 91,846

3 - PROPERTY AND EQUIPMENT

Details of property and equipment at June 30 2022 and 2021 are as follows:

	2022	2021
Boat	$ 25,104	$ 25,104
Equipment	4,794	4,794
	29,898	29,898
Less, Accumulated depreciation	25,875	23,793
Net	$ 4,023	$ 6,105

Depreciation expense for the years ended June 30, 2022 and 2021 were $2,082 and $3,154, respectively.

4 - CONCENTRATION OF CREDIT RISK

The Commission maintains cash in bank accounts which, at times, may exceed insured limits. The Commission has not experienced any losses in such accounts. The Commission believes it is not exposed to any significant credit risk on cash.

A significant portion of the Commission's support and revenue comes 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 reduction in town funding and sales of permit fees could have a negative impact on the Commission's program services.

5 - RISK AND UNCERTAINTIES

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. Future potential impacts to the Commission may include decreased revenues and increased operating costs. The future effects of these issues are unknown.