



## **Town of Ridgefield Board of Finance**

### **Approved BOF Meeting Minutes** Tuesday June 21, 2022

#### **I. Call to order**

Dave Ulmer called the Board of Finance meeting to order at 7:00 PM on June 21, 2022 in the Town Hall large conference room. Board Members Dave Ulmer, Greg Kabasakalian, Mike Rettger, Andrew Okrongly present in person and Karen Ogden present via telephone.

Others Participating: Kevin Redmond, Town Controller; Molly McGeehin, Town Treasurer, Dr. Susie Da Silva, RPS Superintendent; Jill Browne RPS Finance Business Manager; Jonathan Steckler, BOE Chair; RPS staff Joe Morits, Elizabeth Hanaway.

#### **II. Public Comments**

Jessica Mancini, 53 Woodlawn Drive, Ridgefield asked that the BOF not move forward with the BOE lapsing fund request. She feels the budget surplus funds should go back to the Town General Fund, and then follow the established process to prioritize the funds and go to the town for vote.

Note: Subsequent to the meeting, written comments regarding the proposed BOE request were received via email from:

- Colleen Broderick
- Christopher Ingram 227 Bennetts Farm Road
- Beth Ingram 227 Bennetts Farm Road

#### **III. Approval of Minutes**

Motion by Mr. Kabasakalian, to accept minutes from May 10, 2022 with no changes. Seconded by Mr. Rettger. All in favor.

#### **IV. BOE Financial Report**

Dr. Da Silva introduced Jill Browne, the new RPS Business Manager, who provided the BOE financial report, which was distributed in advance of the meeting\*\*. As of April 30, 2022 the BOE has expended and obligated \$100,845,442, which represents approximately 98.6% of the approved budget. Ms. Browne reviewed major variance items in the budget including certified and non-certified salaries, medical benefits and other benefits, Special Education, and energy. The BOE has identified a surplus of \$520,000 which developed due to a change in the timing in funding staff health savings accounts (“HSA”). The BOE is not able to fully forecast the likelihood for additional surplus until it has closed out various expense items over the next month.

#### **BOE Request for a Non-Lapsing Carryover Account and Use of Other Surplus Funds**

Dr. Da Silva and Mr. Steckler reviewed a request from the BOE (Exhibit A) for approval by the BOF of a non-lapsing carryover account under CT General Statutes Section 10-248a in the amount of \$520,000, to be used for improvements to elementary school playgrounds. As background, they noted that under historical practice, the Town is responsible for maintenance of school buildings and ground, including the playgrounds. A study done jointly by the town and RPS identified recommended improvements to the playgrounds at the six schools, including changes needed for ADA compliance. Having identified the budget surplus for this year resulting from the HSA funding change, the BOE is proposing that this specific surplus be applied toward the playgrounds, via this non-lapsing account. The money is not sufficient for all of the identified upgrades, which is estimated to be about \$300,000-\$360,000 per school, but would be an effort to partner with the Town to begin this work. The proposal has been reviewed by and has received the endorsement of the Board of Selectmen.

Dr. Da Silva also noted that, as discussed in the BOE financial report, the BOE is still completing its calculations of whether there may be additional surplus funds reported for the current year budget. The BOE is further requesting that, if additional surplus funds beyond the \$520,000 are identified, that these monies be allocated toward several school-security capital projects that have been suspended due to covid-related cost escalation and supply-chain issues.

The members discussed their reactions to the carryover account request. Mr. Rettger stated that while he supported the need for playground improvements, he did not feel this was the appropriate way to do it, and that the request should go through the established budget and town meeting process rather than be a decision of just the people on the three boards involved. Mr. Kabasakalian stated that while he was also supportive of the goal, the proposed plan involved transferring operating funds into capital budget uses. These are distinct budget review and approval processes and should not be merged in this fashion. Ms. Ogden asked how it was that a surplus of this magnitude had not been identified earlier in the budget process for FY2023, when it could have been considered and perhaps factored into budget priority decisions. Mr. Ulmer and Mr. Okrongly also expressed concerns about using the carryover account concept in this manner. After further discussion, the members suggested that the BOE consider revising the request and proposal in the form of a supplemental capital budget request that could be handled through the review and town meeting process established in the town charter.

The members also asked for additional information regarding the suspended school security projects. Dr. Da Silva and Mr. Morits explained that there are two projects, involving vehicle intrusion barriers and entry vestibule improvements, that were approved as part of the FY2021 capital budget. The projects were initially delayed due to the covid situation, then because of higher costs and supply issues, could only partially be completed with the budgets initially approved. The budget shortfall to complete the work is currently estimated at about \$230,000. The members recommended that the BOE consider making a supplemental capital budget request for this money, particularly considering the estimated budget surplus potential. Mr. Kabasakalian also noted that there are still some ARPA funds unallocated, and ARPA money has been used for such covid-related cost situations previously. He and Mr. Rettger offered to request consideration of this need by the ARPA working group as a parallel effort.

#### **V. Treasurer's Report**

Mr. Rettger and Mr. Okrongly reviewed a report (that had been distributed prior to the meeting as Exhibit B \*\*) about the town's accounting for securities in the town's investment portfolio. Currently the procedure is to book a single entry each month that includes both change in accrued interest income and the amortization of any purchase premium or discount associated with the original purchases. They feel it would be better to have a separation of interest/accrued interest from purchase premium and discount, and to carry the premium/discount balance as a separate accounting position from the par value of the securities. Also, although the broker's statement provides a monthly change in amortization, we have not been able to get detail from the broker on how this is calculated, so it would be preferable to use a simple straight-line amortization method maintained by the town staff, which would be more transparent from both an operating and an audit perspective. The town also needs to book a market-to-market adjustment on the portfolio, but only needs to do so at fiscal year end. Ms. McGeehin and Mr. Redmond indicated that they agree with these recommendations and will implement them for this year end.

Ms. McGeehin reported that she did not have a May Treasurer's report for the meeting, as she wanted to wait for the board's reactions to the recommendations. She will now complete the update and will provide the May report once available.

Mr. Rettger and Mr. Okrongly also discussed the effects of the year end market adjustment and noted that the effect is transitory if the town holds the securities to maturity, in which case it will have realized a positive net income for each holding.

#### **VI. Tax Collector Report**

Ms. Berendsen-Hill was not present. The Tax Collector Report had been distributed prior to the meeting\*\* and was reviewed by Mr. Redmond. All areas of collections continue to be favorable for the current year.

#### **VII. Controller's Report**

Mr. Redmond reviewed the Controller's Report and the Revenue Forecast report, both of which had been distributed prior to the meeting\*\*. Overall results continue to be favorable both on the expenses and the revenue sides. Revenues are currently forecast to be about \$1.7 million

favorable to budget, compared with \$1.35 million as of April, and expenses are currently expected to produce a net favorable result of about \$300,000.

Mr. Redmond also discussed a letter from CliftonLarsonAllen (that was distributed in advance of the meeting\*\*) concerning responsibilities and expectations for the upcoming financial audit. He noted that the audit fee has increased by 15%, which seems to be the case with most municipalities in the area.

#### **VIII. Old Business**

- Mr. Rettger requested an update on the waste treatment plant project. Mr. Ulmer will ask for a report from the WPCA for either the August or September meetings.
- The members discussed asking for a report on the current reassessment effort for discussion at a fall meeting.
- Mr. Rettger noted that the BOF had received a communication from Dr. Da Silva several months ago regarding the removal of access to the details of the BOE bank accounts because of privacy concerns. The members discussed that while detailed information was not needed, it was still important to see the balances periodically for monitoring and oversight. Mr. Ulmer will request that the BOF receive quarterly updates on the balances, in the form of the spreadsheet previously received from the Treasurer.

#### **IX. New Business-**

Mr. Ulmer noted that BOF members have been invited to participate in a joint session of the BOS and several other boards and committees to review the latest draft report of the Affordable Housing Committee, on June 29.

#### **X. Adjournment**

Motion to adjourn at 9:00 p.m. by Mr. Rettger, seconded by Mr. Okrongly. All in favor. Next meeting August 16, 2022.

Respectfully Submitted by,

Mia Belanger

\*\* Materials that were distributed in advance of the meeting in the BOF members' packets are maintained on file in the Controller's office.