

**APPROVED/BOARD OF FINANCE MINUTES – REGULAR MEETING
TUESDAY OCTOBER 16, 2007**

A regular meeting of the Board of Finance was held on Tuesday, October 16, 2007 in the lower conference room in Town Hall at 7:30 p.m..

Members Present: Marty Heiser, Chairman; Kevin Walsh, Vice Chairman; David Ulmer, Peter Gomez and Glenn Cordelli

Town Officials: Jay Wahlberg, Controller; Al Garzi, Tax Assessor; Jane Berendsen-Hill, Tax Collector; Keith Miller, Chairman, Board of Education

A G E N D A

1. Tax Assessor's report
2. Tax Collector's Report
3. Approval of Prior Meeting Minutes
4. Discuss upcoming Capital, Operating and 3-Year Budget
5. Discuss Internal Auditor –Scope of Work
6. Review of Board of Education Year-End Financials
7. Controller's Report:
 - a. Financial Review
 - b. 2007 audit status
 - c. Transfers
8. Old Business
 - a. New Business
 - b. Communications & Correspondence
9. Adjournment

Mr. Heiser called the meeting to order at 7:30 p.m.

TAX ASSESSOR'S REPORT

Regarding the re-evaluation process that is State mandated every five years, Mr. Garzi informed the BOF that people in the field are currently valuing properties and creating cost schedules from market data. The process is not entirely complete until January 31, 2008, but effectively it's finished at the end of October, 2007. Informal hearings should take place the last week of November or the first week of December. After that, the real estate portion of the re-evaluation is valued. The motor vehicle portion has not even been started yet. The Town does not even

have the list from the State yet. There are ± 30,000 vehicles on the Ridgefield tax rolls. 6,000 have to be priced by the tax assessor's office because not enough information is received from the State DMV or the car is custom made. Personal property forms have been sent out to local businesses and have to be returned by November 1st, although the biggest companies can get an extension to December 15th. The personal property re-evaluation should be complete by the end of December. Mr. Garzi reminded the BOF that personal property has to grow 10% each year just to stay even because it is depreciated.

Mr. Garzi noted that the tax assessor's office **legitimately** keeps two sets of books, in order to determine the real growth factor.

Mr. Garzi opined that, had the reassessment been conducted in 2006 rather than 2007, the values might have been 35% higher than those from the last reassessment in 2002 instead of the 25% increase seen in this year's reassessment. He was quick to point out that it's a revenue-neutral thing.

Pursuant to the Office of Policy & Management, Connecticut Towns can only be 10% on either side of the 70% (range from 63% to 77%) of the values. Each year about forty people file formal appeals of the reassessments. In the last two re-evaluations there have been two lawsuits filed.

In response to a question from the BOF, Mr. Garzi said reassessments are done any time there is a zone change just as they are when a building permit is issued. All new construction is valued at the 2002 level until October 1, 2007.

Mr. Heiser said the grand list is currently \$4.15 billion and asked what it was in 2002, to which Mr. Garzi responded that it was 35% less, or ± \$3 billion.

The BOF and Mr. Garzi discussed the amount of new tax revenue realized from Boehringer Ingelheim. Mr. Garzi said the Town will get everything while it's under construction until Boehringer gets a certificate of occupancy at which time Boehringer will get an abatement. Mr. Garzi estimated that about 80% of the tax revenue generated by Boehringer in Ridgefield will be attributable to real estate taxes and about 20% to personal property.

Mr. Garzi noted that the Town has re-zoned a lot of property from corporate to residential and, because Ridgefield residential property is so highly valued, that bigger homes generate more tax revenue per square foot than commercial development.

Mr. Ulmer noted that last year's grand list showed a 1.25% increase.

Mr. Garzi said that Toll Brothers' development has been good for tax revenue and going forward will be even better as more units are completed. Currently Toll Brothers has a couple of million dollars worth of equipment on site.

TAX COLLECTOR'S REPORT

TAX COLLECTOR'S REPORT (\$ in millions)

							Prior YTD
							% as %
	BUDGET	July	August	Sept.	Y-T-D	Clctd	of Actual
Current Taxes	\$ 102.1	\$26.2	\$ 4.3	\$ 1.5	\$ 32.1	31.40%	31.18%
Supplemental MV	\$ 0.8	\$ -	\$ -	\$ -	\$ -	0.00%	0.00%
Prior Year Clctns	\$ 0.5	\$ -	\$ 0.1	\$ -	\$ 0.2	43.62%	42.23%
Int. & Lien Fees	\$ 0.3	\$ -	\$ -		\$ 0.1	22.63%	24.43%
As of 9/30/07	\$ 103.7	\$26.3	\$ 4.5	\$ 1.6	\$ 32.4	31.19%	31.23%

TREASURER'S REPORT

Investments as of 9/30/07

MBIA	205,399.57	4.90
Ridgefield Bank	6,420,317.28	4.86
STIF	541,554.76	5.15
Union Savings	4,702,646.83	5.24
Wachovia	<u>1,267,984.54</u>	4.22
	\$ 13,137,902.98	

YTD Interst Earned:

Bank of America	1,203.48
MBIA	3,598.09
Ridgefield Bank	195,660.90
STIF	7,068.64
Union Savings	64,800.18
Wachovia	<u>95,479.81</u>
	\$ 367,811.10

The BOF discussed the Treasurer's report and expressed a collective wish to understand the reports more comprehensively.

Mr. Gomez summed it up: It's one dollar amount at one percentage rate. It doesn't give a smoothing effect and say the average outstanding balance for the month was, such and such, etc.

Mr. Walsh remembered that the "STIF" fund is a daily liquid fund and noted that it was almost the highest paying rate with almost the least amount in it.

Mr. Gomez said the BOF would just like to know the whys behind the various allocations.

Mr. Wahlberg offered that it's at least partly not wanting to have too much money in any one institution.

APPROVAL OF PRIOR MEETING MINUTES

A motion was made by Mr. Heiser and seconded by Mr. Ulmer to approve the July 17, 2007 Board of Finance Minutes after correcting one typo. Vote: 4-1-0. (Mr. Walsh abstained)
Motion **APPROVED**.

A motion was made by Mr. Heiser and seconded by Mr. Cordelli to approve the September 18, 2007 Board of Finance Minutes after making several changes. Vote: 5-0. Motion **APPROVED**.

DISCUSS UPCOMING CAPITAL, OPERATING AND 3-YEAR BUDGET

DISCUSS INTERNAL AUDITOR – SCOPE OF WORK

Mr. Heiser asked what was needed to "move this forward", and Mr. Gomez responded that the BOF needed to determine the scope and have Mr. Wahlberg add to or alter it.

Mr. Walsh asked if this was a compilation of what was tentatively agreed upon in the July meeting, and Mr. Wahlberg responded that the BOF had to go out and get a better idea of what firms might be willing to take on the task.

Mr. Gomez said that Joe Centofanti of Kostin, Ruffkess had indicated he would probably start by auditing cash balances, then some policies and procedures, telephone bills, etc. Mr. Gomez felt strongly that that was not the way to approach the task, saying: "Let's not spend our time on that kind of stuff when there are bigger fish to look at. We want to focus in on an operational audit and things that can potentially pay back so we can justify doing internal auditing in the future." So basically Dave and I exchanged some thoughts and it seemed like the first thing we needed to do was stratify and split out what do we spend, where do we spend it on so that we can say these are some areas that we want to focus in on, operationals. See if there's any efficiencies that could end up being cost savings. Cost recoveries in a case he may find, that's what I mean by operational.

Mr. Ulmer noted the financial review could be used to determine what non-salary accounts use the most dollars, and which accounts regularly over-run their budgets.

Mr. Cordelli brought up teachers' time in the classroom and questioned why teachers are out of their classrooms. He noted that the BOE has two contingency funds (1. teachers, and 2. special

education which is not shown on the BOE's financial reports in spite of a BOE motion to report it which was never complied with) where the Town has but one.

Mr. Ulmer noted that the teachers contingency fund has never been used and they have always under run their salary account because of turn over. He questioned why/if a teacher contingency fund was needed when transfers always come out of their salary account.

Mr. Cordelli said that, unless the BOE specifically asks for figures, it has no idea how much money is being spent on overtime. He noted that even though the number of custodians had increased, so had their overtime. Mr. Wahlberg said employee time and attendance would be a good area to look at. He said his experience showed that every time you enter that area you're able to come out with some savings. Mr. Gomez mentioned purchasing (both Town and BOE) policies and procedures. Mr. Heiser said he would like someone to look at the BOE's \$728k of encumbrances, either Blum Shapiro or the internal auditor.

REVIEW OF BOARD OF EDUCATION YEAR-END FINANCIALS

Keith Miller, Chairman Board of Education, was present at the meeting. He said the BOF has the BOE's year-end financial report. He said there are \$720k of encumbered projects that the BOE hopes are legitimate according to the opinion given by the auditors last year. Mr. Miller said he believes the BOE did a better job this year by encumbering early. "If there are issues, we will go back and fix them."

Mr. Heiser asked if the \$720k figure seemed higher and Mr. Ulmer said it seemed higher to him. Last year they had \$490k and now it's \$728k encumbered on the books as 2007 expenses waiting to be paid or incurred, ostensibly with an approved invoice.

Mr. Miller said that \$289k was returned to the town.

Mr. Ulmer asked about the financial scope of the security study and Mr. Miller said the BOE has several figures with six digits that the BOE needs to discuss and review and decide how much it thinks is worth doing.

Mr. Miller said some savings were realized from staff turnover and the amount of utility consumption was favorable but the price of the utilities was definitely not favorable.

Mr. Wahlberg said that tomorrow they will lock in the price of oil for the Town. They don't like the way the price of a barrel of oil seems to be headed. The Town will only lock in the price through January and then go out again at that time. He said there are four area vendors that participate each year. The Town tells them on the spot whether or not it accepts the price.

Mr. Miller said he wants people to look at the three-year enrollment projections.

CONTROLLER'S REPORT

Mr. Gomez said he would like to have at least a preliminary report from Blum Shapiro at the November meeting even if the final report had to be held until the December BOF meeting. Mr. Wahlberg said he would try to push the issue.

OLD BUSINESS

ADJOURNMENT

A motion was made by Mr. Cordelli and seconded by Mr. Walsh to adjourn the meeting at 9:45 p.m. Vote 5-0. **Motion APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary