

**APPROVED/BOARD OF FINANCE MINUTES – REGULAR MEETING
TUESDAY JULY 17, 2007**

A regular meeting of the Board of Finance was held on Tuesday, July 17, 2007 in the lower conference room in Town Hall at 7:30 p.m..

Members Present: Marty Heiser, Chairman; David Ulmer, Peter Gomez and Glenn Cordelli
Members Absent: Kevin Walsh, Vice Chairman
Town Officials: Jay Wahlberg, Controller; John Mannuzza, Assistant Controller; and Jane Berendsen-Hill, Tax Collector

A G E N D A

1. Approval of Prior Meeting Minutes & Discussion Re Posting
 - a. Of minutes to Finance Website
2. Tax Collector's Report & Refund Policy Approval
3. Meeting With New BOE Superintendent
4. BOE Tax-Exempt Municipal Lease Approval
5. Actuarial Firm Recommendation for BOS Approval
6. Kostin, Ruffkess & Company Discussion & Scope of Engagement
 - a. (Possible Executive Session)
7. Controller's Report:
 - a. Financial Review
 - b. Transfers
 - c. Blum Shapiro Engagement Letter
8. Old Business
 - a. New Business
 - b. Communications & Correspondence
9. Adjournment

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

APPROVAL OF MINUTES

A motion was made by Mr. Heiser and seconded by Mr. Gomez to approve the April 5, 2007 Board of Finance minutes as presented. Vote: 4-0. Motion **APPROVED**.

A motion was made by Mr. Heiser and seconded by Mr. Cordelli to approve the June 11, 2007 Board of Finance minutes after making a sequence change on page four. Vote: 4-0. Motion **APPROVED**

Approval of the May 15, 2007 Board of Finance minutes was postponed until the September Board of Finance meeting.

Mr. Wahlberg said he would empower the BOF's secretary to resume posting the minutes to the Town's website by arranging for the necessary technical support, user name and password.

TAX COLLECTOR'S REPORT

TAX COLLECTOR'S REPORT (\$ in millions)

										Prior YTD
										as %
	BUDGET	Q1	Q2	Q3	April	May	June	Y-T-D	Clctd	of Actual
Current Taxes	\$ 98.1	\$ 30.8	\$ 25.0	\$ 21.2	\$ 19.1	\$ 2.1	\$ 0.2	\$ 98.3	100.22%	100.00%
Supplemental MV	\$ 0.8		\$ -	\$ 0.7	\$ -	\$ -	\$ -	\$ 0.7	92.25%	100.00%
Prior Year Clctns	\$ 0.5	\$ 0.2	\$ 0.2	\$ 0.1	\$ -	\$ -	\$ -	\$ 0.5	98.99%	100.00%
Int. & Lien Fees	\$ 0.3	\$ 0.1	\$ 0.1	\$ 0.1	\$ -	\$ 0.1	\$ -	\$ 0.4	121.57%	100.00%
As of June 30, 2007	\$ 99.8	\$ 31.1	\$ 25.2	\$ 22.1	\$ 19.1	\$ 2.2	\$ 0.2	\$ 100.0	100.22%	100.00%

98.7% was the collectible rate set by the BOF and the Tax Collector for fiscal year 2006/2007. The end result (collection rate) was a little bit in excess of the 98.7%. Mr. Heiser told Ms. Berendsen-Hill: "You did a wonderful job."

The Tax Collector reminded the BOF that next year is a re-evaluation year.

Ms. Berendsen-Hill said she would like to have the BOF's approval, although such approval is not required, of her policy on removing overpaid balances from the records after three years. Tax Collectors are statutorily (CGS §12-129) prohibited from refunding excess tax payments after three years. Ms. Berendsen-Hill explained that she took two items to the Town Meeting for approval: 1. tax bills under \$10.00; and 2. refunds under \$5.00. These items would now be removed from the Tax Collector's books. Which policy was summed up by Mr. Gomez as "tabula rasa".

Ms. Berendsen-Hill explained her on-going refund policy as anything over \$50.00, her office contacts the taxpayer and offers to refund the overpayment or apply it to the next year's tax liability, taxpayer's choice. Historically, the Tax Collector's office has not contacted people about refund balances, and that's what Ms. Berendsen-Hill's new policy will change.

MEETING WITH NEW BOE SUPERINTENDENT – DEBORAH LOW

Dan Carlin, BOE Business Manager, introduced the new Superintendent of Schools, Deborah Low, to the Board of Finance. Some members of the BOF had attended the interview meetings with the BOE and already knew who she was.

The new Superintendent of Schools thanked the BOF for inviting her to the meeting. She referred to her new job as her “dream job” working for an excellent school district in a very fine Town. She explained that she was “making the rounds” and getting acquainted with the facilities and personnel.

Mr. Heiser made a pitch for a “much less confrontational” approach to the relationship between the BOF and the BOE. He said the Ridgefield taxpayers are extremely supportive of education. Mr. Heiser said that he has seen four different Superintendents of Schools in Ridgefield and has experienced co-operative and confrontational relationships. He said the co-operative relationship works out better for everyone.

Mr. Cordelli remembered the “arrogance” of the BOE he served on years ago, saying the straw that broke the camel’s back as far as he was concerned was when the BOE came to the BOF for additional funds for special education quoting its attorney was told the BOE that the BOF had no right to ask questions about the BOE’s request. Alternatively, Mr. Cordelli noted, the current BOE Chairman, Keith Miller, has gone out of his way to be open and “Dan (Dan Carlin) has done a great job in co-operating.”

The discussion then turned to closing out capital school construction projects thereby enabling the Town to receive final State reimbursement for said projects. The BOF encouraged Ms. Low to do whatever she could to facilitate such close outs.

Mr. Ulmer welcomed Ms. Low saying the BOF is looking forward to a less-confrontational process.

Mr. Gomez also extended a warm welcome and said: “...we are pleased that you accepted the position. It is very refreshing to be able to see a new team.” Mr. Gomez requested that the BOE look into televising its meetings, noting that it was difficult for people to get out for week-night meetings.

Mr. Heiser asked Ms. Low if she had any questions for the BOF and she said not at this point and noted that she and Dan are looking into ways to make the BOE’s budget a little more user friendly.

BOE TAX EXEMPT MUNICIPAL LEASE APPROVAL

RESOLUTION APPROVING A TAX-EXEMPT EQUIPMENT LEASE/PURCHASE AGREEMENT FOR COMPUTER EQUIPMENT AND RELATED INFRASTRUCTRE FOR THE BOARD OF EDUCATION

RESOLVED: The Town of Ridgefield is hereby authorized to enter into a tax-exempt lease/purchase agreement with a lease provider to be approved by the First Selectman and the Board of Education, for computer equipment and related infrastructure, for a total purchase price not to exceed \$750,000 and containing such terms and conditions as shall be approved by the First Selectman. The First Selectman is hereby authorized to execute and deliver such lease agreement and any and all other agreements, instruments and documents associated therewith.

A motion was made by Mr. Heiser and seconded by Mr. Gomez to approve the tax-exempt lease for the Board of Education. Vote, 4-0. Motion **APPROVED**.

When asked why the BOE chose Chase Bank, Mr. Carlin explained that it offered the best rate, with LaSalle and Ridgefield banks coming in slightly higher, and it was better than what Gate Way offered. Mr. Carlin said the BOE tries to continue with the same equipment because of compatibility issues. He said most of the equipment will arrive before school begins.

Mr. Cordelli asked about bidding for the installation of the equipment and Mr. Carlin responded that Donna Case bids out the installation while he bids out the financing.

ACTUARIAL FIRM RECOMMENDATION FOR BOARD OF SELECTMAN APPROVAL

GASB 43 & 45 require municipalities to reflect actuarially-determined liabilities for Other Post Employment Benefits (“OPEB”), consisting primarily of retiree medical benefits, on their balance sheets. The effective date for compliance with GASB 45 depends on the size of the revenue in the municipality’s 2000 fiscal year. Phase 1 includes governments with revenues of \$100 million or more. Employers in this category must comply for reporting periods after December 15, 2006. Phase Two includes governments with revenues of \$10 million or more, but less than \$100 million. Employers in this category must comply for reporting periods after December 15, 2007. Phase Three applies to governments with revenues less than \$10 million and the effective reporting period starts after December 15, 2008. Reporting for GASB 43, relating to any dedicated OPEB trust accounts, commences one year earlier in each category.

Mr. Wahlberg presented the BOF which a list of five actuarial firms as well as proposal booklets from each. The BOF discussed the various proposals in some detail and was able to eliminate two the firms from consideration. The BOF continues to consider the other three actuarial firms as possible candidates to do the actuarial work necessary for Ridgefield to implement the GASB 43 & 45 requirements in a timely fashion.

KOSTIN, RUFFKESS & COMPANY DISCUSSION & SCOPE OF ENGAGEMENT **(possible executive session)**

EXECUTIVE SESSION

A motion was made by Mr. Cordelli and seconded by Mr. Heiser at 8:15 p.m. to go into executive session for the purpose of discussing the engagement of an internal auditor. Vote: 4-0. Motion APPROVED.

The BOF came out of executive session at 8:32 p.m. No action was taken.

Mr. Cordelli initiated the interview of Joe Centofanti of Kostin & Ruffkess by noting that Mr. Centofanti had previous experience as Ridgefield's auditor for ± ten years. Mr. Cordelli asked Mr. Centofanti if he had previous experience as an internal auditor and Mr. Centofanti said yes and cited West Springfield, MA as an example, and said he has also participated in six or seven fraud investigations. He said his previous experience as Ridgefield's auditor would be helpful in that he is familiar with most operations and acquainted with the personnel. He said he knows where to look.

Mr. Ulmer noted that the BOF had sought funding the internal auditor's position in the belief that there are procedures where the Town could save considerable amount of money by doing some things differently. He asked Mr. Centofanti if he had examples of where he would be able to find significant savings.

Mr. Centofanti responded that normally the focus is more of a comfort in controls, but the BOF is now asking more about operational, rather than internal, auditing. He asked what the BOF's concerns were.

Mr. Heiser offered the BOE's Internal Services Fund, to which Mr. Wahlberg responded that the fund had no purpose. It should never have been there because the BOE as full indemnity. It was an example of good intentions that were abused by being funded excessively. Mr. Heiser asked Mr. Centofanti how it is that his firm never uncovered any major problems during its ten-year tenure as the Town's auditors. Mr. Centofanti responded that the purposes of the two things (Town auditor vs. internal auditor) are radically different. A Town audit looks for material problems where an internal auditor spends more time looking at procedures. "The two things have a different purpose."

Mr. Gomez said: "The BOF finds itself at an important crossroads. I believe it's (the internal audit) going to be a one-time, one-year allocation of funds with the Town looking to see if it should continue supporting the concept. We have to be particularly successful the first time out." While acknowledging that internal controls are important, Mr. Gomez said he is looking for a step beyond that. He wants to look at the Town's processes to see where there may be cost recovery, cost avoidance, and savings. Call it "cash-back auditing" if you will. Mr. Gomez said the internal auditor should look for optimizations and efficiencies. "You need to get some results." Mr. Gomez noted Ridgefield's decentralized purchasing function as a big risk area,

saying: “for me, one huge opportunity is looking to see where we could leverage our muscle by centralized purchasing. I could care less about cash receipts in the cafeteria.”

The discussion turned to timing with Mr. Centofanti noting that the fall is a busy time for regular auditing and now or the first quarter of next year would be better for most auditing firms. Mr. Cordelli reminded that BOF that it still had to define the scope of the audit. The BOF agreed to continue with the sixty days and get more bids.

CONTROLLER’S REPORT

Mr. Heiser, Chairman introduced and read the following resolution:

WHEREAS, the estate of William Frazee has made a bequest of approximately \$250,000 to the Ridgefield Fire Department; and

WHEREAS, the Ridgefield Fire Department has authorized the purchase of an ambulance in the amount not to exceed \$175,000; and

WHEREAS, the receipt of the Frazee bequest has been delayed.

NOW THEREFORE BE IT RESOLVED:

The sum not to exceed \$175,000 is appropriated for the purchase of an ambulance for the Ridgefield Fire Department, said appropriation to be met from a bequest expected to be received in the current fiscal year from the estate of William Frazee in the approximate amount of \$250,000 and pending the receipt thereof to be met from general fund unreserved-undesignated fund balance in accordance with Section 10-4 of the Town Charter

Mr. Heiser moved that said resolution be approved and recommended for adoption by the legal voters of the Town, and the motion was seconded by . Upon roll call vote the ayes and nays were as follows: Ayes: Heiser, Ulmer, Cordelli and Gomez. Nays: None.

Mr. Heiser thereupon declared the motion carried and the **RESOLUTION ADOPTED.**

TRANSFERS

Mr. Heiser read the following email communication from Kevin Walsh, BOF Vice Chairman, who was unable to attend the meeting:

Marty:

I am disappointed that I cannot attend the meeting tomorrow evening.

I had planned to bring three questions to the Board’s attention with respect to the Boys and Girls Club Inc. appropriation request from the Board of Selectmen:

1. What does the Board of Selectmen say to the question of residents who wonder if the appropriation request is tantamount to public funding of a building construction project for a non-governmental organization? Is the building project adequately capitalized?
2. The Fire Department estimated there were 2 million gallons of water available in the former pond which was in front of the former Boys and Girls Club building for use in fire suppression for the area in the around the village. According to our Fire Chief, the new inground swimming pool will have an estimated 175,000 gallons of water for year round use in fire suppression. The final size of the swimming pool may have been increased from the original plans at request of the Town. Regardless, there is a difference of 1,825,000 gallons of water that belonged to the town as an important asset for the protection of lives and property. Should the Boys and Girls Club, Inc compensate the Town for the loss of this valuable resource?
3. Lastly, the Boys and Girls Club, Inc. is, particularly during the summer months, in direct competition for revenue with the Parks and Recreation Department, a Town agency. The Board of Finance understands that the Board of Selectmen, during the most recent budget deliberations, in which this appropriation request was not identified nor considered, declined to support a proposal from the Parks & Recreation Department to add new programs (i.e. paddle boats at Martin Park) in an effort to generate additional revenue-offsetting expenses on behalf of the Town. I believe the value of these two requests are similar. In light of this, how can the Town support this request? Perhaps there are explanations, unknown to me and to the Board of Finance, which have merit.

In the interest of Ridgefield's finances, I encourage you to ask these questions at the meeting on the 17th

Kevin Walsh

Mr. Cordelli said: "This could have been a community grant in the budget."

Mr. Ullmer said: "If you don't take it out of contingency, you are telling the taxpayers the 5.74% increase is really a 5.92% increase." He noted that a number of organizations saw there funding cut or were denied funding altogether.

Mr. Heiser called the news Boys & Girls Club facility a "wonderful building project in the middle of our Town."

A motion was made by Mr. Heiser and seconded by Mr. Cordelli to approve the \$50,000.00 funding request for the Boy's & Girl's Club suggested by the BOS, taking \$40,000.00 from the General Contingency Fund and \$10,000.00 from the Capital Reserve Fund. Vote: 4-0. Motion **APPROVED.**

FINANCIAL REVIEW

Referring to the updated Town of Ridgefield Budget Forecast to June 30, 2007 at July 1, 2007, Mr. Ulmer said he was relieved to note that the anticipated surplus had not entirely disappeared, and no fiscal-year budget deficit was threatening.

Blum Shapiro Engagement Letter

The BOF noted the letter contained the same language that it had in the past and authorized Mr. Wahlberg to sign off on it.

OLD BUSINESS

NEW BUSINESS

COMMUNICATIONS & CORRESPONDENCE

The following was received by Controller, Jay Wahlberg, from Jodi Stewart regarding the "Ed Budget"

I support the request from the Ridgefield PTAs to ask the Board of Selectmen and Finance to use \$300,000 of the additional dollars to fund items that had to be removed from the 07/08 budget when the Board of Finance reduced it by \$1,000,000.00

Jodi Stewart
%0 Fulling Mill Lane

PS: I also was very pleased to read in the Press this week that the new Superintendent is going to explore an extended day Kindergarten program.

TREASURER'S REPORT

Investments as of
6/30/2007

Bank of America	\$	179,260.74	2.36
Ridgefield Bank	\$	664,573.79	5.50
STIF	\$	2,206,653.90	5.47
Union Savings	\$	4,873,682.23	5.59
Wachovia	\$	4,414,416.11	4.77
	\$	12,338,586.77	

YTD Interest Earned

Bank of America	3,302.48
MBIA	13,998.38
Ridgefield Bank	497,598.79
STIF	114,445.62
Union Savings	234,238.14
Wachovia	<u>228,291.21</u>
	1,091,874.62

ADJOURNMENT

A motion was made by Mr. Cordelli and seconded by Mr. Gomez to adjourn the meeting at 10:00 p.m. Vote 4-0. **Motion APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary