

**APPROVED/BOARD OF FINANCE MINUTES – REGULAR MEETING
TUESDAY SEPTEMBER 18, 2007**

A regular meeting of the Board of Finance was held on Tuesday, September 18, 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; John Mannuzza, Assistant Controller; Jane Berendsen-Hill, Tax Collector; Heather Burford, Fire Chief; Bob Cassella and Dick Aarons, Communications Co-ordinator & Fire Police

A G E N D A

1. Approval of Prior Meeting Minutes
2. Tax Collector's Report
3. Meeting With New BOE Superintendent
4. Actuarial Firm Recommendation for BOS Approval
5. Internal auditor bid results and recommendation for BOS Approval
6. Controller's Report:
 - a. Financial Review
 - b. Transfers
7. Old Business
 - a. New Business
 - b. Communications & Correspondence
8. Adjournment

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

TAX COLLECTOR'S REPORT

TAX COLLECTOR'S REPORT (\$ in millions)

						Prior YTD
						% as %
	BUDGET	July	August	Y-T-D	Clctd	of Actual
Current Taxes	\$ 102.1	\$26.2	\$ 4.3	\$ 30.5	29.92%	29.32%
Supplemental MV	\$ 0.8	\$ -	\$ -	\$ -	0.00%	0.00%
Prior Year Clctns	\$ 0.5	\$ -	\$ 0.1	\$ 0.2	34.46%	32.00%

Int. & Lien Fees	\$ 0.3	\$ -	\$ -	\$ 0.1	17.88%	15.25%
As of August 30, 2007	\$ 103.7	\$26.3	\$ 4.5	\$ 30.8	29.67%	29.29%

Mrs. Berendsen-Hill noted that inquiry activity in her office is “way down” indicating a continuing soft real-estate market. She continues to be cautious about predicting prior year collections because there are fewer property transfers which is when these monies are typically collected. However, mortgage companies are leaning harder on delinquent taxpayers which could work in the Town’s favor.

Mr. Ulmer asked if the sub-prime mortgage lending problems were affecting tax revenues and Mrs. Berendsen-Hill said she looked at foreclosures.com and found that the numbers for Ridgefield were the same as they were last year.

Mr. Ulmer said that additional revenues were coming from the Toll Brothers project and Mrs. Berendsen-Hill said it was the only bright spot at the moment, with about twenty units out of a proposed seventy-three ready for sale.

TREASURER’S REPORT

Investments as of
8/31/2007

Bank of America	\$ 177,970.92	2.35	Closed 9/14/07
MBIA	\$ 297,157.59	5.02	
Ridgefield Bank	\$ 15,833,604.56	5.30	
STIF	\$ 598,944.02	5.13	
Union Savings	\$ 4,919,171.63	5.43	
Wachovia	\$ 4,595,238.25	4.84	
	\$ 26,422,086.97		

YTD Interest Earned

Bank of America	1,065.62
MBIA	2,438.36
Ridgefield Bank	139,006.85
STIF	7,068.64
Union Savings	45,489.40
Wachovia	<u>25,317.58</u>
	220,386.45

ACTUARIAL FIRM RECOMMENDATION FOR BOS APPROVAL

Mr. Wahlberg said he checked with Vanessa at Blum Shapiro who “highly recommends” Milliman. Their’s was the second lowest bid.

Mr. Gomez asked how the school employees would be impacted. Mr. Wahlberg said they would be impacted but he was unclear exactly how. Mr. Ulmer offered that the post retirement coverage would be from the time of retirement to eligibility for Medicare at age sixty-five.

A motion was made by Mr. Heiser and seconded by Mr. Walsh to approve contracting with Milliman for the required actuarial services. Vote: 5-0 Motion **APPROVED**.

INTERNAL AUDITOR BID RESULTS & RECOMMENDATION FOR BOS APPROVAL

Mr. Wahlberg reported that six bid requests were sent out and only one (Kostin Ruffkess) response was received.

Mr. Gomez asked Mr. Wahlberg how many years he had received an Award for Excellence in financial reporting. Mr. Wahlberg responded: twelve out of fifteen years. Mr. Gomez noted that Mr. Centofanti of Kostin Ruffkess sits on the board that approves the awarding of those certificates for excellence and that seems like a potential conflict of interest. Mr. Wahlberg responded that Mr. Centofanti is a "rater", as is Ridgefield's current auditing firm, Blum Shapiro and most other accounting firms.

Mr. Gomez noted that his was the only vote against Kostin Ruffkess at the June meeting. He said he was happy that the bidding exercise was ultimately done, but that he continues to have some reservations regarding Kostin Ruffkess. He noted the towns that Kostin Ruffkess audits are smaller than Ridgefield in size and their respective budgets are half the size of Ridgefield's budget. Kostin Ruffkess's findings are "fairly benign". Mr. Gomez said the BOF was looking for a more operational (rather than procedural) audit where the auditor would look at Town operations (e.g. purchasing) and find efficiencies or lost opportunities where the Town could realize savings. Saying "it's a shame that no one else has responded" he said he was not getting any warm fuzzies that Kostin Ruffkess would find anything substantive.

Mr. Gomez said he wanted the chronology made clear in that he voted against contracting with Kostin Ruffkess for internal auditing at the June BOF meeting because the bidding exercise had not been done prior to that meeting.

Mr. Cordelli clarified that the agreement with Kostin Ruffkess was for 2007/2008 and that was also where the funding was. Mr. Ulmer said this was just like any other budget item. If we don't use it this year, we lose it. We're just like everybody else if we don't find a good thing to use for our budget, we don't have to use it, we return it to the Town.

Mr. Wahlberg said: "This is an encumbrance. It lapses."

Mr. Gomez asked who was going to take charge of setting the scope for the internal audit, and Mr. Heiser said that Mr. Wahlberg had some initial ideas and, if Mr. Gomez wanted to work with Mr. Wahlberg on areas he wanted to focus on. The BOF agreed to forward all suggestions to Mr. Wahlberg. Mr. Wahlberg said the BOF has to come up with something that it wants reviewed. Mr. Gomez said the BOF should set the priorities.

CONTROLLER'S REPORT

Transfer # 200714

WHEREAS, The General Government has incurred legal costs above the estimated budget for unanticipated litigation and various legal notices published in the Ridgefield Press.

WHEREAS, The Tree Warden has incurred emergency expenses in connection with a late spring storm.

WHEREAS, The Fire Department has incurred retro-active salary adjustments associated with the recent contract settlement above the budgeted appropriation.

WHEREAS, The Highway Department has incurred snow removal costs above the estimated budget appropriation.

WHEREAS, The Finance Department is required to balance the various line items to comply with GASB guidelines for financial reporting.

THEREFORE, the Finance Department is requesting a transfer of funds from various departments to cover said shortfalls.

INCREASE:

GENERAL GOVERNMENT	\$49,000
TREE WARDEN	104,000
FIRE DEPARTMENT	26,000
HIGHWAY DEPARTMENT	96,500

DECREASE:

VARIOUS DEPARTMENTS	275,500
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Mr. Wahlberg said the money is coming from: the First Selectman budget @ \$8K; insurance and benefits @ \$137k; Police Dept. @ \$34k; Parking Authority @ \$26k; Golf Course @ \$70k. and that is to cover the legal @ \$41k; Central Administration @ \$8k; Tree Warden @ \$104k; Fire Department @ \$26k and Highway Department @ \$96.5k.

Mr. Ulmer asked what the \$41k in legal fees stemmed from. Mr. Wahlberg opined that a lot of it has to do with Town agencies, maybe P & Z and some other legal issues. Mr. Gomez said that was an item for the internal auditor right there. Mr. Gomez asked if the \$250k legal item was

really the total cost of legal costs incurred for the year ending 6/30/2007. Mr. Wahlberg responded that legal counsel was \$265k. It does NOT include Bennett's Pond legal costs which are in a capital account.

Mr. Gomez and Mr. Ulmer calculated that the Town overran its 2006/2007 legal budget by approximately 20%, with Mr. Ulmer speculating that it happened at the end of the fiscal year. Mr. Wahlberg said Cohen & Wolf (Town attorneys) are slow billers. Mr. Gomez suggested they be reminded of the "matching principle" \$190k was budgeted for legal services for 2006/2007 and 2007/2008 fiscal years.

Mr. Ulmer lamented that nobody knows when the meter is running on legal fees above the \$5k monthly retainer paid to Cohen & Wolf until the bill arrives.

A motion was made by Mr. Ulmer and seconded by Mr. Heiser to approve Transfer #200714. Vote: 5-0. Motion **APPROVED**.

Transfer #200805

WHEREAS, The Fire Department is requesting funding to complete the Emergency Operations Center in order to bring about its full operations.

WHEREAS, the major funding of this project was through State & Federal grants; however, the Town must appropriate the remaining costs.

THEREFORE, the Fire Department is requesting approval for an appropriation from the capital reserve fund to cover said additional costs.

INCREASE:

30951-56239	EMERGENCY OPERATIONS CENTER	\$11,600
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INCREASE:

31095-54826	TRANSFER OF FUNDS	\$11,600
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Mr. Aarons and Mr. Cassella began the presentation of this request for funds for telephones, a couple of pieces of furniture, and some infrastructure to bring radio cables into the building to get the Emergency Operations Center (EOC) behind the Yannity Gym up and running on a twenty-four hour basis. Fire Chief, Heather Burford filled in the details.

Mr. Heiser asked the presenters if they were aware of this need during the preceding budget season and Mr. Aarons explained that as the build-out progressed it was financed by grants which didn't quite cover all the costs.

Mr. Heiser then asked what their initial budget was and Mr. Wahlberg responded that this was all federal and state funded, totaling almost \$200,000.00 and that the \$11,600.00 request is needed to complete the project. Mr. Heiser asked how much money is in the Capital Reserve Fund, and Mr. Wahlberg responded that there was almost \$400,000.00 “of which we’re using some, but there’s sufficient monies to cover this”.

Mr. Cordelli noted the \$600.00 installation cost for the telephone lines and the \$20.00 monthly fee for each line and asked whose budget the monthly fees would come from. Mr. Wahlberg responded that it would come from the Town’s Central Administration budget. Chief Burford added that they do anticipate some ongoing costs, but very little maintenance once it’s up and running. The Fire Department is looking to a newly-created “Security and Safety” line item to support those on-going costs.

Chief Burford explained that a very large grant came from Homeland Security to create a “true emergency operations center that includes back-up power generation and a number of other facilities that will bring all of the work groups together to actually work through any kind of an emergency that the Town may face.”

Chief Burford continued: “This is a tremendously powerful location technology wise, work, group wise, it’s going to be quite goodThis is a tremendous asset for the Town.”

Mr. Heiser sought clarification regarding the source of the funds and Mr. Wahlberg explained: “It’s a pass through, I believe it’s all federal funding passed through to the state. We actually get the funds from the state, but it actually comes from the federal.”

Mr. Gomez asked if the telephone installation at the EOC benefited at all from the Town’s telephone upgrade in the previous fiscal year. Mr. Wahlberg responded affirmatively saying there will be digital at the EOC and analog to go beyond the digital capacity, and indicated that it was compatible with the existing Town system.

Mr. Gomez asked Chief Burford if the EOC was strictly to benefit Ridgefield or if there was a shared component with other area towns. Chief Burford responded that the main focus was on Ridgefield, but: “we could act as a secondary site, or what is called a regional site, for other communities that suffer tremendously and that might not have an EOC or where their EOC has been damaged. We have the capacity to share this resource with surrounding communities. That would be part of our mutual-aid planning, it’s also offered at the State level. We work very closely with Region Five for the Department of Emergency Management and Homeland Security and that is something that they’re up to speed on. We’re very, very tight in with the Housatonic Valley Group now in terms of purchasing equipment and resource sharing as well.”

Mr. Gomez asked Chief Burford if surrounding towns have emergency operations centers and she responded that Danbury has one, Wilton, Redding and West Redding are working on establishing EOCs and New York towns tend to work regionally on such projects.

Mr. Gomez asked if having an EOC would favorably impact Ridgefield's insurance costs. Mr. Aarons indicated probably not, that it depends more on available water supply. Mr. Gomez asked Mr. Wahlberg to have a discussion with the Town's insurance providers.

A motion was made by Mr. Gomez and seconded by Mr. Cordelli to approve Transfer #200805. Vote: 5-0. Motion **APPROVED**.

Mr. Walsh suggested the BOF discuss where the money is coming from and reconciling the Capital Reserve Fund. After several runs at it, the BOF agreed that the Capital Reserve Fund balance was \pm \$93k from which there are transfer requests for \$29k and \$11k. Mr. Walsh asked Mr. Wahlberg if he expected to receive any other similar requests, and Mr. Wahlberg replied that the requests before the BOF were the only ones he was currently aware of.

Transfer #200803

WHEREAS, The review of closed bonded capital projects was assessed by the Finance Department and final approval to close said projects is needed.

WHEREAS, under IRS and State guidelines any excess funds must be transferred to bond issuance costs or debt service reduction and subsequently applied to said principal payments on those bond issues.

THEREFORE, the Finance Department is requesting such approval to transfer funds per attached project listing.

INCREASE:

30951-56310	BONDING COCSTS	\$87,645
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INCREASE:

Various	CAPITAL PROJECT FUNDS	\$87,645
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A motion was made by Mr. Heiser and seconded by Mr. Ulmer to approve Transfer #200803. Vote: 5-0. Motion **APPROVED**.

Mr. Ulmer asked where this appears on the balance sheet and Mr. Wahlberg said: "it does, it's bonded capital projects ...outside of the General Fund as we know it."

Mr. Walsh asked for an explanation of the second paragraph. Mr. Wahlberg responded: "basically what happens here is that basically any bonded projects can only reduce, can be transferred to bond-issuance costs or reduce the interest and principalIt can not be put back in the General Fund."

Mr. Ulmer asked Mr. Wahlberg if he was still planning on going out to bond in December. Mr. Wahlberg answered affirmatively, for \$9/\$10MM covering a three year period of bond projects.

Transfer #200804

WHEREAS, The review of closed non-bonded capital projects was assessed by the Finance Department and final approval to close said projects is required.

WHEREAS, under prevailing Town policy any excess funds shall be transferred to a capital reserve fund.

THEREFORE, the Finance Department is requesting such approval to transfer funds per attached project listing. (leased computers @ \$1,924.00; Town Sidewalks and Parks-grounds maintenance @ \$19,936.00; Parks-Ford Ranger & Fire Car @ \$4,488.00; and Police Mobile Computers, Fire Copier and Data Windows 2003 @ \$499.00)

INCREASE:

31095-44826	CAPITAL RESERVE FUND	\$26,847
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INCREASE:

Various	CAPITAL PROJECT FUNDS	\$26,847
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A motion was made by Mr. Heiser and seconded by Mr. Cordelli to approve Transfer #200804. Vote: 5-0. Motion **APPROVED**.

Transfer #200806

WHEREAS, the Fire Police needs to integrate its communications with the Fire Department, Police Department and Emergency Operations Center more effectively.

WHEREAS, the replacement radios will alleviate communications failure rate and become more adaptable to Ridgefield's Public Safety Departments.

THEREFORE, the Fire Department is requesting approval for an appropriation from the capital reserve fund to cover said additional costs.

INCREASE:

30851-00000	FIRE COMMUNICATIONS	\$29,000
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INCREASE:

31095-54825	TRANSFER OF FUNDS	\$29,000
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Chief Burford: "The Fire Police are a very active group of fifteen gentlemen who are recognized a little bit differently within the organization. Their mission, their responsibilities are a little bit different than traditional fire fighting. They are truly responsible for team safety, traffic patterns and control around incidents and provide a tremendous amount of safety for personnel but then also for the traffic that flows around the incident." It is a volunteer group. In the past they relied on a low-ban frequency, that is shared with the Highway Dept. which creates problems when both groups are out working at the same time. They determined that much of the community was not covered by the low-ban system, and they found a set of high-ban frequencies that were still in the Fire Department's name that, with a little work, were recaptured and gotten back on the books formally.

Mr. Heiser asked why this was being requested now rather than during the normal budget cycle, and Chief Burford responded that they didn't realize the severity of the problem until January or February of 2007.

Mr. Walsh asked if the request couldn't wait until the next budget cycle and Mr. Aarons recited the "May experience" and what ifs for the occurrence of potential natural and man-made disasters.

Mr. Walsh expressed his support of the Fire Police and their need for equipment and his discomfort with the request coming outside the budget cycle, calling it a culture issue that the BOF would like to change. Mr. Gomez echoed Mr. Walsh's frustration with out-of-cycle funding requests.

Mr. Ulmer noted the small size of the request and referenced the Charter revision that allows the Selectmen to do meet some of these funding requests through a town meeting. Mr. Ulmer questioned what would be the best source of the funds.

Mr. Heiser asked how much money had been budgeted for the fire department garage ventilation upgrade (\$225k) and what the unit cost. (\$119k bid). Chief Burford made it clear that there are many more components to the job which are still out for bid. Mr. Heiser said he didn't want a "use it or lose it mentality" on these projects. Chief Burford said coming in under budget and under time was one of her goals.

Mr. Heiser asked Mr. Wahlberg how much money would be "culled" from the capital projects being closed out at this meeting. Mr. Wahlberg responded \$26,000 to the Capital Reserve Fund.

A motion was made by Mr. Heiser and seconded by Mr. Gomez to approve Transfer #20086. Vote: 5-0. Motion **APPROVED**.

Transfer #200807

WHEREAS, a recent event has made the Assessor's vehicle no longer road worthy. The department is currently sharing the First Selectman's vehicle during non-business use.

WHEREAS, the Police Department has a Chevrolet Impala in excellent condition coming off a three-year lease.

THEREFORE, the General Government is requesting approval for an appropriation from the capital reserve fund to cover said buyout from the auto dealership.

INCREASE:

30650-00000	VEHICLE	\$11,000
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INCREASE:

31095-54826	TRANSFER OF FUNDS	\$11,000
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Mr. Heiser asked: "How many Town vehicles are there ...and How many are allowed to drive them home at night?"

Mr. Wahlberg said he didn't know how many, but that Town employees were required to pay \$.485 per mile for personal use, which has curtailed the personal use of Town vehicles.

A motion was made by Mr. Heiser and seconded by Mr. Cordelli to approve Transfer #200807. Vote: 5-0. Motion **APPROVED**.

NEW BUSINESS

Mr. Cordelli commented on the new paddle boats at Martin Park for which he recalled the BOS denying the funding. He wondered out loud how Parks & Recreation circumvented the budget process and purchased there paddle boats, He also noted that the paddle boats appear to be quite popular and have generated renewed interest in Martin Park.

Mr. Ulmer said he has not seen any BOE reports since April 30, 2007. Mr. Wahlberg said he would call Dan Carlin and ask that the reports be forwarded to BOF members monthly.

ADJOURNMENT

A motion was made by Mr. Cordelli and seconded by Mr. Gomez to adjourn the meeting at 9:50 p.m. Vote 5-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary