

APPROVED
MINUTES FOR THE BOARD OF FINANCE REGULAR MEETING
TUESDAY, JULY 20, 2010

A regular meeting of the Board of Finance was held on Tuesday, July 20, 2010 in the Town Hall Conference Room at 7:30 p.m.

Members Present: Peter Gomez, Chairman; Jill Bornstein, Vice Chairman; Marty Heiser; David Ulmer and Margaret Price Sims

Town Officials: Kevin Redmond, Controller;

A G E N D A

1. Approval of June 15, 2010 Meeting Minutes
2. Tax Collector's Report
 - a. June 2010 Report
3. Treasurer's Report
4. BOE Year To Date Financial Review
5. Controllers Report:
 - a. FYE 2010 Preliminary Financial Review
 - b. FYE 2011 Cash Flow Forecast
6. Year-End Transfers
7. Policy Regarding Treatment of Capital Items
8. Old Business
 - a. New Business
 - b. Communications & Correspondence
9. Adjournment

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

APPROVAL OF PRIOR MEETINGS' MINUTES

Mr. Heiser made and Mr. Ulmer seconded a motion to approve the June 15, 2010 minutes of the Board of Finance Meeting after correcting the typos.

VOTE: 5-0. Motion **APPROVED**.

TAX COLLECTOR'S REPORT

Fiscal Year Ending 6/30/2010										Prior YTD
TAX COLLECTOR'S REPORT (\$ in millions)									%	as %
	BDGT	Q1	Q2	Q3	April	May	June	Y-T-D	Cllctd	of Actual
Current Taxes	\$107.2	\$32.3	\$27.8	\$23.2	\$20.5	\$2.8	\$0.4	\$107.0	99.80 %	100.00%
Supplemental MV	\$0.6	\$-	\$0.1	\$0.3	\$-	\$-	\$-	\$0.5	77.67 %	100.00%
Prior Year Cllctns	\$0.6	\$0.6	\$0.3	\$0.2	\$0.1	\$0.2	\$0.1	\$1.3	240.98 %	100.00%
Int. & Lien Fees	\$0.3	\$0.4	\$0.1	\$0.1	\$-	\$0.2	\$0.1	\$0.7	224.10 %	100.00%
As of 6/30/10	\$108.7	\$33.3	\$28.4	\$23.7	\$20.6	\$2.9	\$0.6	\$109.5	100.76 %	100.00%

Mr. Redmond informed the BOF that the \$737k collected in excess of the budgeted amount was within \$3k of his \$740k forecast. Collection of Current Taxes were \$200k short of the budgeted amount. There were two foreclosures in June and eleven (11) new Lis Pendens were filed on the Ridgefield Land Records. Ms. Bornstein read a report for realtor Keller Williams predicting the real estate market will be worse in 2011 than it was in 2010.

Conveyance tax collections were strong in June. There were \$90MM worth of real estate transactions in June. So far in July there has been \$15MM worth of real estate transactions. A monthly average of \$18MM worth of real estate transactions would put conveyance tax collections on budget.

TREASURER’S REPORT

Investments as of		
6/30/2010		
MBIA	\$ 5.13	0.24
Mrl Lynch/BOA 6 mos CR	\$ 250,000.00	1.25
Ridgefield Bank (Munic MMA)	\$ 1,106,706.18	0.37
STIF (Pooled Short-Term Inv. Fund)	\$ 252,674.00	0.27
Union Svgs. Bank Municip MMA)	\$ 222,529.62	0.26
Union Svgs. (MunMMA Sweep)	\$ 3,619,262.05	0.60
Wachovia (Mun MMA)	\$ 2,631,710.82	0.25
	\$ 8,082,887.80	
YTD Interest Earned as of 6/30/10		
Ridgefield Bank	\$ 27,246.91	
STIF	\$ 1,588.78	
Union Savings	\$ 23,004.29	
Wachovia	\$ 2,735.35	
	\$ 54,575.33	

Mr. Redmond said that, whereas he has provided the Treasurer with a copy of the cash flow analysis he prepared, he does not know whether or not she is using it to help guide her investments. He suggested the next step would be to drill down to a weekly cash flow analysis.

BOARD OF EDUCATION YTD FINANCIAL REVIEW

Ms. Bornstein asked Mr. Redmond to go through that issue as you described:

Mr. Redmond: I was under the impression that the BOE would make us whole on ECS.

Mr. Gomez: Meaning what exactly.

Mr. Redmond: Well, we had budgeted 90% of ECS money. The State paid the towns approximately 85% of that number and then, through stimulus, the other 15% was paid directly to the BOE. So this year, we said to the Board of Education that we are going to be under budget if we are only getting 85% of the budgeted number. The BOE agreed to pay that money to the Town and Mr. Hendrickson told Mr. Redmond he had encumbered that amount. (approximately \$100,000.00) Then I was under the impression that when Paul (Mr. Hendrickson) was talking about the surplus that he was returning to the Town, he had already captured that encumbrance in the calculation of the surplus, I was expecting The BOF is expecting \$200k and the BOE is thinking only \$100k. Mr. Redmond has assumed \$100k in his calculations. Mr. Hendrickson has told Mr.

Redmond that the BOE did not expend all of what it encumbered last year (08/09) and it is not going to spend \$150k of that so it frees up a portion of fund balance. It is not part of the surplus, it moves in Fund Balance from designated to un-designated. Mr. Ulmer explained that it was an encumbrance for 2009, and has to be spent in 2009 or not spent.

Mr. Gomez asked from a journal entry perspective what Mr. Hendrickson has to do on his end for the unused encumbrance. Mr. Redmond said Mr. Hendrickson only has to tell him how much it is, but added that he would want to see what the original encumbrance was for. Mr. Redmond said the journal entry that he would do it take it out of reserve fund balance and put it in unreserved fund balance.

Mr. Gomez suggested to Mr. Redmond that he send Mr. Hendrickson an email confirming the BOF's expectation of \$100k being returned to the Town in addition to the \$100k of ECS money that was paid directly to the BOE. Mr. Redmond said he had already done so. Mr. Ulmer added that the BOF would also like to see the detail for what the encumbrances are this year. Mr. Gomez said Mr. Drukker should be copied on the email.

Mr. Heiser: Out of \$77MM budget returning back to the tax payers \$100k or \$200k seems to be a pretty small number. I can remember when we were short, they came up with \$800k just like that. This just seems like a rather small percentage.

Mr. Ulmer: To their (BOE's) credit, this is a much more transparent report. We can see where they are over and where they are under. Special education is definitely an issue.

Mr. Gomez: Bidding for services and products the BOE admitted they are locked into a position of State mandated use of a vendor, or there are only a few vendors in the State so they don't have any leverage to negotiate.

Mr. Ulmer: We need to see their June 30th report and compare it to May 30th and see all the year-end spending.

CONTROLLER'S REPORT

Explaining the cash-flow analysis, Mr. Redmond said he is using the same format as for fiscal 2010, taking the full year budget and allocating it by month, and depending on the nature of the revenue or expense, it might be based on straight line or prior year actual percentages that are fairly consistent year over year. He looked for what happened in fiscal 2010 as far as timing of the receipts. Expenses are based on a two-year average for Town and BOE.

Mr. Ulmer asked how Mr. Redmond got the ban (bond anticipation note) numbers, saying he thought we had more than that to actually bond. Mr. Redmond said we have fiscal 2010 and 2011 capital because we have 1.575 is banned so there is no cash flow pick up there, and another adjustment there is the Barlow water \$350k was fiscal 2010 capital but we are not going to use that now because of the water main extension. Mr. Ulmer and Mr. Redmond agreed that there would be no new bans issued, and the Town would do a new bond issue in August or September. Mr. Redmond said the Town would take out the existing ban and replace it with a bond and then likely bond the other three years of capital, and, if the rates continue to do what they've been doing, then we will probably roll this into a refunding as well. Mr. Redmond asked, if there is a \$1.5MM savings in the refunding, how the BOF would like to see the savings spread.

Mr. Gomez: Evenly.

Mr. Redmond said the Town is paying off \$9MM in principal per year and adding \$2/\$2.5MM per year in capital. Short of a new library or police station, the debt will come down to that pre-bundle level in 2015.

Mr. Redmond: That's what we did last time.

Mr. Ulmer: Last time they chose one that front-ended the savings.

Mr. Gomez said the BOF would like to see all the refunding scenarios and to have the opportunity for input regarding which one is chosen. Mr. Heiser asked if the savings could be applied to one year's budget. Mr. Redmond said: "it's possible, it depends on how they structure the proposal, we can give guidance up front." Mr. Heiser forecast a couple more "tough years" and said the savings achieved by refunding might be something to use.

Mr. Heiser said he would like to add the library to the agenda. Mr. Ulmer said the library board wants to raise \$15MM out of \$20MM, which means they want the Town to contribute \$5MM. Ms. Bornstein said the library board is talking about breaking ground in a year.

Ms. Bornstein asked about Parks & Recreation's budget gap and Mr. Redmond said it was roughly \$150k because they were able to curb expenses. Mr. Ulmer said P & R is under budget by \$112k, down from \$130k. He noted that June revenues were not strong. The golf course, conversely, had a very, very good June, maybe the highest month they have ever had. Mr. Heiser noted that, even with a very strong June, the golf course is still a little short of its budget.

Ms. Sims asked about the revenue from the Children's Corner and if the water dispute had been settled. Mr. Redmond said he was not at the last meeting and did not know.

YEAR-END TRANSFERS

Transfer #201001

Police Special Services Revenue was budgeted at \$40,000 and Special Duty Expense was budgeted at \$100. I estimate that Special Services Expense could be as high as \$350,000 for the year due to higher revenues (revenues are \$400,000 through May). The following transfer has no net impact on Fund Balance but it is necessary so that the Police Patrol Expense line item does not close the year over budget.

INCREASE:

10903-44230	POLICE – SPECIAL SERVICES REVENUE	\$350,000
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INCREASE:

10401-51020	POLICE – SPECIAL SERVICES EXPENSE	\$350,000
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A Motion to Approve Transfer #201001 was made by Ms. Sims and seconded by Mr. Heiser.

VOTE: 5-0. **APPROVED**

Transfer #201002

Snow Removal Material costs were budgeted at \$175,000, Highway Overtime was budgeted at \$120,000 and Snow Contractor costs were budgeted at \$45,000, however, actual for the year are higher. Through May 2010,

Snow Removal Material costs, Highway Overtime and Snow Contractor costs were unfavorable to budget. These additional costs are being offset by Contribution from the Town Road Aid Fund and favorability in Police Salaries as a result of vacancies.

The following transfer has no net impact on Fund Balance but it is necessary so that the Highway and Snow related Expense line items do not close the year over budget.

INCREASE EXPENDITURES:

10603-53210	SNOW REMOVAL MATERIAL	\$210,000
10602-51007	HIGHWAY MAINTENANCE – OVERTIME	\$ 45,000
10605-52204	ROAD MAINTENANCE – CONTRACTORS	\$ 32,000

DECREASE EXPENDITURES:

10401-51001	POLICE PATROL – FULL TIME SALARIES	\$100,000
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INCREASE REVENUES:

10906-44825	TOWN ROAD AID CONTRIBUTION	\$187,000
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A Motion to Approve Transfer #201002 was made by Ms. Bornstein and seconded by Ms. Sims.

VOTE: 5-0. **APPROVED**

POLICY REGARDING TREATMENT OF CAPITAL ITEMS

Ms. Bornstein said that she and Mr. Ulmer will report to the BOF in September as agreed.

NEW BUSINESS

Regarding a new town library, Ms. Sims suggested that the BOF encourage the library board to raise all the necessary funding privately before it considers it to be a capital item. She stated she could not get behind a \$15MM/\$5MM split.

Ms. Bornstein said the Board of Selectmen needs to put forth a five-year plan on any large capital items it foresees, not just the library, but police and fire stations. “I won’t support anything until I understand the big picture, for the taxpayers need to know the big picture.”

Mr. Gomez: “There has to be a comprehensive capital plan.... has to be a prioritization.”

Mr. Ulmer: “This is the largest number they have every put forth. We have a give-year capital plan for the Board of Selectmen, but these things are not in it. Things keep popping in and popping out of the five-year plan.”

Mr. Heiser: “I want to cut the best deal we can for the Town, like Tiger Hollow and The Playhouse.”

Mr. Gomez voiced his preference for the BOS speaking first on the library issue, and Ms. Bornstein agreed that any proposal has to come from the BOS to give the BOF something to consider.

Mr. Ulmer said the BOS's roll has to be more than sling-shoting one thing at a time. It is the public-policy board, but it should have everything in front of the public. He reminded the BOF that the \$4MM proposal for a new police station was voted down 4 to 1.

Mr. Heiser: "If they (Library Board) want to build their Carnegie Hall, they have to go find their Carnegie."

OLD BUSINESS

Mr. Heiser said he agreed with a recent editorial in the Ridgefield Press regarding a charter revision proposal. Mr. Gomez noted that, while anybody can come before the Charter Revision Commission and make a request, his position is that any elected board which submits proposals should do so in writing and be held to a higher standard: read, understand and debate. Mr. Ulmer said the BOS came to the Charter Revision Commission at the eleventh hour and, orally, proposed major changes. "That's about as atrocious as you can get."

COMMUNICATIONS & CORRESPONDENCE

ADJOURNMENT

A motion was made by Ms. Sims and seconded by Mr. Heiser to adjourn the meeting at 9:26 p.m.
Vote: 3-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary