

**APPROVED  
MINUTES FOR THE BOARD OF FINANCE REGULAR MEETING  
TUESDAY, FEBRUARY 15, 2011**

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A regular meeting of the Board of Finance was held on Tuesday, February 15, 2011 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: Rudy Marconi, First Selectman; Kevin Redmond, Controller; Jane Berendsen-Hill, Tax Collector; Maureen Kiernan, Treasurer; Paul Roche, Director Parks & Recreation Dept.; Phil Kearns, Chairman Parks & Recreation Commission; Catherine Scatterday, Chairwoman, P & R Spray Bay Project; and members of Spray Bay Project Committee: Amanda Bergen; Holly Endee; Stacy Grijns; Jennifer Nadel and Darcy Scatterday; Dr. Deborah Low, Supt. Of Schools; Paul Hendrickson; BOE Business Director; John Palumbo and Amy Shinohara, Board of Education

Guests: Vanessa Rossitto, Blum Shapiro

**A G E N D A**

1. Treasurer's Report and Discussion – Maureen Kiernan
2. Review of CAFR/Single Audit/Management Comment Letter
3. Parks & Recreation – “Spray Bay” Presentation – Phil Kearns and Paul Roche
4. Tax Collector's Report
5. BOE Financial Review – Paul Hendrickson
6. Town Financial Review – Kevin Redmond
7. Transfer Request - MIRMA
8. Election of Board of Finance Officers
9. Old Business
  - a. New Business
  - b. Communications & Correspondence
10. Adjournment

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

Ms. Sims made and Ms. Bornstein seconded a motion to change the agenda order and move the election of officers up to the first item before the Treasurer's Report and Discussion.

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

**ELECTION OF BOARD OF FINANCE OFFICERS**

Ms. Bornstein made and Ms. Sims seconded a motion to nominate Mr. Gomez as Chairman of the Board of Finance.

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

Mr. Gomez thanked the members of the BOF for his re-election and a “terrific year” saying he is honored to serve again.

Ms. Sims made and Mr. Gomez seconded a motion to nominate Ms. Bornstein as Vice Chairman of the Board of Finance.

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

Mr. Gomez noted that Ms. Bornstein has been very helpful to him during the past year. Mr. Ulmer noted that the meeting(s) run by Ms. Bornstein were efficiently run and concluded 45 minutes before those run by Mr. Gomez.

### **TREASURER'S REPORT AND DISCUSSION**

Ms. Kiernan and Mr. Redmond joined the BOF at the head table.

Ms. Kiernan stated that she is extremely conservative in how she invests Town funds and that she maintains a policy of keeping no more than 75% of those funds in any one bank at any one time. She distributed a paper showing current CD rates for 3, 5, 6, 9, and 12 month deposits at local banks, ranging from a low of 0.1 to a high of .75 for a 12-month certificate of deposit. Ms. Kiernan stated that, currently, money market interest rates were higher than CD interest rates. Ms. Kiernan opined that interest rates would not increase until the first quarter of 2012. She reminded the BOF that twice each month there is a "huge payout" and that the monthly Treasurer's Report does not reflect the subsequent dips in account balances, but only a once-a-month snapshot of those balances. In response to Ms. Bornstein's question as to how she determines the largest amount she can put into an investment, Ms. Kiernan responded that she knows what is coming up and that determines what she can do. "I am not going to go out a year. What if we have a quarter where there are no tax revenues?" Mr. Redmond suggested that the Town establish a line of credit in the unlikely event that the Town run short of cash to pay its bills at any time.

The historically based, cash-flow analysis prepared by Mr. Redmond, with the able assistance of the Tax Collector, was discussed. Mr. Redmond noted that June and July cash flow is bad, but the rest of the fiscal year cash balances generally exceed \$6MM at any given time. Mr. Gomez stated: "... we don't have a quarter when we don't collect taxes. Based on the cash-flow analysis, it looks like cash balances seem to be available for investment beyond a one-month period and beyond \$1MM, except in June and July. We have plenty of cash."

It was established that, with the exception of debt payments which have their own schedule, all checks are written on Wednesday. The BOF asked about accounts payable terms, timing, and general practices and learned that invoices start with department heads and by the time they find their way to the controller's office, it is probably close to thirty days from date of invoice. There seemed to be little regard for any discount terms that may or may not be available from vendors and no attempt to negotiate terms with vendors. Mr. Gomez opined: "It seems to me that we are leaving money on the table." Mr. Redmond: "It is very difficult to hit that discount period." Ms. Sims noted that vendors are frequently open to extending discount periods if they know your payment schedule. Mr. Redmond said he would look into the terms that vendors offer, noting that the Town is currently "pretty old school". Mr. Ulmer asked how invoices for capital items like trucks were paid, and Mr. Redmond responded that they were usually C.O.D. and the Town Engineer signs off on construction invoices.

Ms. Bornstein asked if there were anything that could be done at this point in time to close the shortfall between budgeted and actual interest revenue. Ms. Kiernan responded: "No."

Mr. Gomez suggested that the BOF help develop an RFQ. Ms. Kiernan said that there is a standard RFP and she would be open to sending one out in the spring or summer, but not now. Mr. Gomez stated that he would like to participate in the RFP process and he invited Ms. Kiernan to let us (BOF) assist you in the exercise. When asked if that sounded okay, Ms. Kiernan responded: "Yes."

Investments as of January 31, 2011		
MBIA	\$ 5.13	
Ridgefield Bank	\$ 10,632,754.23	0.23
STIF	\$ 740,548.49	0.23
Union Savings	\$ 222,848.16	0.23
Union Savings	\$ 5,187,617.35	0.55
Wachovia	\$ 3,838,361.71	0.25
	\$ 20,622,135.07	
YTD Interest Earned as of 1/31/11		
Merrill Lynch - BOA	\$ 1,440.65	
Ridgefield Bank	\$ 9,233.32	
STIF	\$ 381.20	
Union Savings	\$ 26,535.07	
Wachovia	\$ 1,263.82	
	\$ 38,854.06	

## **REVIEW OF CAFR**

Ms. Rossitto informed the BOF that the auditors gave Ridgefield a clean, unqualified opinion on its financial statements, "which is the highest you can receive".

Fund balances were reviewed. End of year General Fund balance is \$9,287,168 down \$301,258 from the previous year end and 6.65% of the budget. Ms. Rossitto stated that a balance between 5% and 10% of budget is "a good place to be." Mr. Redmond noted that the credit rating agencies like where our fund balance is. Their approach is, if you have it, it's okay to use it when you need it as long as you have a plan to build it back up.

Revenues reviewed showed that final budgeted revenues were \$121,328,731. Actual revenues collected were \$120,099,629, or \$1,229,102 short of budget.

Expenses reviewed showed that final budgeted expenses were \$121,328,731. Actual expenses totaled \$120,058,789, or \$1,269,942 less than budget.

Net Assets in the Government Activities-Self Insurance Fund decreased \$225,422 from the prior fiscal year to \$93,622 primarily due to the \$174,190 MIRMA payable.

Pension Trust Funds' net assets increased. OPEB (other post-employment benefits) is new as of June 30, 2010, with net assets of \$268,501. OPEB is not as well funded, by design, which is in line with other municipalities. Mr. Redmond explained that OPEB was just started in 2009 and it was not in a trust fund at that time, waiting for the trust fund to be set up. Going forward, OPEB funding will flow through the operating budget.

Ms. Rossitto informed the BOF that GASB 54 is effective for financial statements for periods beginning after June 15, 2010, and will require consolidation of some of the pension funds. Fund balance will be broken down into the following five categories:

**Nonspendable Fund Balance**

**Restricted Fund Balance**

**Committed Fund Balance**

**Assigned Fund Balance**

**Unassigned Fund Balance**

In addition, governments will be required to disclose more information about amounts reported in fund balance, e.g.:

- Description of authority and actions that lead to committed and assigned fund balance.
- The government's policy regarding order of spending regarding restricted and unrestricted fund balance and the order of spending for committed, assigned and unassigned.
- For any stabilization arrangements, the authority for establishing, requirements for additions, and the conditions under which amounts may be used. If not reported on the face of the financial statements, the stabilization balance.
- Description of any formally adopted minimum fund balance policies.
- The purpose of each major special revenue fund and which revenues or other sources are reported in each of those funds.
- Encumbrances, if significant, are reported in conjunction with other disclosures of significant commitments.

Mr. Heiser asked how many Connecticut towns Blum Shapiro audits. Mr. Rossitto responded that she about seventeen, Blum Shapiro handles around sixty. She added that Ridgefield is very well run and the BOF does a very good job of keeping tabs and asking questions.

Ms. Rossitto noted that Ridgefield does not use a positive pay service, but Mr. Redmond interjected that it does now. It is an anti-fraud system that should and will be computerized, but is currently done by hand by Ms. Kiernan.

Ms. Rossitto said that, currently, capital projects and bonded projects are in one fiscal fund. She recommended that they be put into two separate funds.

Regarding internal controls, Ms. Rossitto recommended that the BOE have a sign off to prove that work has been reviewed by someone other than its creator. She said the BOE has a good policy, but it is not being followed.

Mr. Heiser asked about purchase order policy and Mr. Redmond said the Town is currently using a new software system and that he approves every purchase order. Mr. Heiser asked about credit cards being used to make purchases, and Mr. Redmond said the Town does have a corporate card but it use has to be approved by him and he prefers to have an invoice sent by the vendor and paid by check.

Mr. Gomez opened the subject of refunded money on capital projects saying the BOF wants to be sure such money is handled correctly from an accounting stand point. Ms. Rossitto noted that the school-building projects utilized bond money, State grant money and General Fund money. She said that if there is left over money you need to determine where the money came from originally. She recommended checking with bond counsel to make sure any left over money is properly allocated. Mr. Ulmer opined that the money probably came from the General Fund and will probably being going back there. Mr. Redmond reminded that first the negative balances (about \$500k) need to be covered.

The Town's contract with Blum Shapiro was discussed. The parties have a three-year contract with a two-year option and this is the first year of said contract.

Mr. Hendrickson announced that the BOE has received word from the State of an \$815,669.00 State reimbursement on the school projects which should be received by the end of March 2011. The amount is subject to final approval which Mr. Hendrickson anticipates will be forthcoming.

### **PARKS AND RECREATION SPRAY BAY PRESENTATION**

Phil Kearns, assisted by Committee Chairman Catherine Scatterday and P & R Director, Paul Roche, made a power point presentation of P & R's "Spray Bay" project which they hope to have included in the Town's 2011/2012 capital projects budget. Total cost of the project would be \$335k. P & R anticipates raising half the

necessary funding and is asking the Town to contribute the other half, or \$167,500. P & R anticipates that Spray Bay will increase its revenue to the extent that the town will eventually break-even.

**TAX COLLECTOR’S REPORT**

Tax Collector's Report  
Fiscal Year Ending June 30,  
2011

(in millions)	Budget	Q1	Q2	Jan.	Y-T-D	% Cltd	Prior YTD % of Actl	08/09 YTD as % Actual	07/08 YTD as % Actual
Current Taxes	\$ 109.7	\$33.1	\$28.4	\$19.7	\$ 81.2	74.02%	74.24%	74.72%	74.89%
Supplemental MV	0.6	0.0	0.2	0.3	0.5	82.01%	84.15%	88.16%	84.22%
Prior Year Collections	0.6	0.2	0.3	0.1	0.6	103.37%	77.14%	63.74%	73.58%
Interest & Lien Fees	0.4	0.1	0.1	0.0	0.2	59.53%	71.93%	47.78%	49.82%
As of January 30, 2011	\$111.3	\$33.4	\$29.1	\$20.1	\$82.5	74.17%	74.26%	74.55%	74.80%

Ms. Berendsen-Hill said that collections were about \$125k below where she expects to be at this time of year, adding that escrow processors are not doing the job.

**BOE FINANCIAL REVIEW**

Mr. Hendrickson announced “very good news from Governor Malloy” the \$815k the Town is getting reimbursed for school projects. The money will be sent by wire transfer. Dr. Low said that State Senator Boucher helped the BOE by pointing out some notwithstanding legislation that “we jumped on” and it helped.

Mr. Ulmer asked the BOE that, despite being \$375k over budget in Special Education, do you think you are going to break even, but not including MIRMA or the boiler repairs which could be as much as \$160k? Mr. Hendrickson said the BOE is still working on getting insurance to pay for some of the boiler repairs.

Re insurance costs, there has been increased participation by spouses and retirees coming back into the plan which has resulted in an 8% increase in benefits costs. The Town and the BOE are discussing bringing their two plans together and thereby realize some savings. The HSA participation has risen to 40%.

Ms. Sims asked Dr. Low if she still had special education costs concerns, and Dr. Low responded affirmatively. She added that some mediations had been settled but there were more to go.

**CONTROLLER’S REPORT**

Mr. Redmond pointed out that the snow removal amounts in the January financial review did not include two materials purchases and \$188k in town road aid grant money, adding that there is about \$100k that has not yet been spent. In response to a question from the BOF, Mr. Marconi said, on average, two or three inches of snow fall costs the Town \$20k/\$22k to clean up. He continued, saying that the Town is trying to build up some reserve funds by not filling some positions.

Re: the manufacturer’s exemption, the State has only allocated enough money to pay municipalities 63% of the total due, and failed to notify the municipalities of this. The shortfall amounts to \$260k/\$270k. Special legislation is needed to get language added so that the municipalities can bill the manufacturers directly for the difference. Boehringer Ingelheim accounts for 80%/90% of the shortfall. Mr. Marconi said he is conferring with BI about this and has a sense that BI is not adverse to paying the difference.

Mr. Gomez asked about Parks & Recreation's overtime budget line, showing that it is 72% expended at 58% of the year. Mr. Redmond responded that it is "snow driven". Mr. Marconi stated that P & R only has ten people.

**TRANSFER REQUEST – MIRMA**

Transfer #201102

The second MIRMA assessment is \$217,252, of which, the Town is responsible for 60% (\$130,351) and the BOE is responsible for 40% (\$86,901). In the current year, there are certain expenses that are running under budget. Legal has a budget of \$205k and to date has only spent \$59k. Property, Liability, Umbrella and Other Insurance premiums are final and are \$30k less than budget. Worker's Compensation insurance will come in \$34k under budget as a result of an audit of the FYE 09/10 payroll resulting in a lower premium.

**INCREASE:**

10853-58008	MIRMA Assessment	\$130,351
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**DECREASE:**

10030-52400	Legal – Professional Services	\$50,000
10851-57006	Insurance – Property, Liability, Umbrella	\$30,000
10853-57002	Insurance – Worker's Compensation	\$34,035
10890-59101	Contingency	\$16,316

Mr. Ulmer made and Ms. Bornstein seconded a motion to approve Transfer #201102 as presented.

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

Mr. Gomez strongly recommended that the Town not disburse its share of the MIRMA payment until the BOE has met again to consider its information and decide if it is going to pay its share. Mr. Marconi stated that he does not intend to disburse the money until the end of March.

**OLD BUSINESS**

**NEW BUSINESS**

Mr. Heiser made and Mr. Sims seconded a motion to recognize the passing of former BOF member Norman Craig and his contributions to the Board of Finance and the Town of Ridgefield.

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

**COMMUNICATIONS & CORRESPONDENCE**

**ADJOURNMENT**

A motion was made by Mr. Ulmer and seconded by Ms. Bornstein to adjourn the meeting at 10:50 p.m.

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

Respectfully submitted,  
Karen Rodgers, Recording Secretary

