

**APPROVED  
MINUTES FOR THE BOARD OF FINANCE REGULAR MEETING  
TUESDAY, JANUARY 19, 2010**

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A regular meeting of the Board of Finance was held on Tuesday, January 19, 2010 in the Town Hall Conference Room at 7:30 p.m.

Members Present: Marty Heiser, Chairman; Peter Gomez, Vice Chairman; and Jill Bornstein

Members Absent: David Ulmer; and Robert Cascella

Town Officials: Kevin Redmond, Controller; Jane Berendsen-Hill, Tax Collector; Paul Roche  
Phil Kearns, Chairman Parks & Recreation Commission; Barbara Dobbin, Vice  
Chairman, Parks & Recreation Commission; John Palumbo, Board of Education

Guests: Vanessa Rossitto, Blum Shapiro; Keith Namiot

**A G E N D A**

1. Blum Shapiro Review of CAFR
2. Paul Roche/Parks & Recreation Commission Discussion
3. Approval of December and November 2009 BOF Minutes
4. Tax Collector's Report
5. Treasurer's Report
6. Controllers Report:
  - a. December YTD Revenue and Expense Review
7. Cash Flow
8. Potential Authorization to Purchase Heating Oil & Gas/Diesel for Fiscal 2011
9. ~~Election of Board of Finance Officers~~ - Postponed
10. Old Business
  - a. New Business
  - b. Communications & Correspondence
11. Adjournment

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

**BLUM SHAPIRO REVIEW OF CAFR**

Ms. Rossitto informed the BOF that the auditors gave Ridgefield a clean, unqualified opinion on its financial statements. She then "walked" the BOF through the Comprehensive Annual Financial Report for the year ended June 30, 2009. Starting with the basic financial statements, she indicated that the rating agencies do not look at some of the statements as much as they examine the statements for the Town's major funds, e.g. General; Capital Nonrecurring; Bond Projects; Sewer Bond Repayment; and Non-major Governmental. Mr.

Mr. Heiser asked how many Connecticut towns Blum Shapiro audits. Mr. Rossitto responded "about fifteen".

Mr. Heiser asked: "How do we stack up?"

Ms. Rossitto: "You were pretty flat for the year which, I think, is great. Nobody had increase in their general fund balances."

Mr. Heiser: "This isn't a disastrous report?"

Ms. Rossitto: "Absolutely not." She then pointed the BOF to page 19 of the CAFR (General Fund Statement of Revenues, Expenditures and Changes in Fund Balance) and noted that although revenues were \$1.5MM less than budgets, expenditures were \$3.2MM less than budgeted so the Town more than made up for the revenue shortfall.

Mr. Heiser: "Are conveyance taxes coming in any better?"

Mr. Redmond: "Better."

Mr. Heiser: "What are we projecting for the year?"

Mr. Redmond: "Conveyance taxes of \$590k and recording fees of \$225k."

Mr. Heiser: "And we are on budget?"

Mr. Redmond: "Yes."

Ms. Rossitto noted a "small decrease" of \$30k in net assets in the internal service fund. The Pension Trust Fund has an \$8MM decrease in net assets.

Pursuant to GASB 45, the Town's Other Post Employment Benefits (OPEB) liability now appears in the CAFR in the "Notes to Financial Statements" stating that the Town has contributed \$84,170 to the OPEB Special Revenue Fund to prefund benefits. A trust was officially approved the BOS on December 14, 2009, and the monies in the OPEB Special Revenue Fund were transferred to the OPEB trust fund on that date. The actuarial evaluation determined Ridgefield's annual contribution projected to cover normal cost each year and amortize and unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years at \$1,550,400.00. Ms. Rossitto added that 80% of Connecticut towns have an OPEB obligation. The Towns are not obligated to fund the obligation, just report it.

Mr. Heiser: "What is the thinking behind this?"

Ms. Rossitto: Many towns, rather than giving raises, said we are going to pay you benefits when you retire. GASB thought such a substantial liability had to be measured. Ridgefield's entire liability is going to be \$17MM, but you are only required to report the \$336k because it is amortized over thirty years and time weighted. It is the same thing as the pension. In order to be whole on this liability, you will have to contribute so much each year.

Mr. Redmond: "It's hitting the current year's operating budget."

Regarding the Capital Projects Funds, Mr. Redmond said that last year he went through the exercise to separate non-bonded from bonded projects and now he needs to physically separate them. Heretofore, the allocation was not right. Now the challenge is to get the data into the munis software. Ms. Rossitto noted that it is important to segregate the bonded from the non-bonded projects because you cannot spend bond money on non-bonded projects.

Mr. Heiser: "Did you look at the purchase-order issue?"

Ms. Rossitto: "We recommended you implement the Venus module."

Mr. Redmond: "The plan is to roll it out to one department at a time, starting with the Fire Department."

Mr. Heiser: "Are we behind the ball on this purchase-order system?"

Ms. Rossitto: Most towns have an automated purchase-order system. Ridgefield did not think about purchase orders and internal controls when it implemented munis a few years ago.

Mr. Redmond said the purchase-order system was not fixed yet, but by this time next year it will not be an issue. "By June 30, 2010 we will have the purchase-order system fully operational. It will be a total different mind set with department heads. There will not be any latitude on this."

Mr. Heiser: "Anybody using his/her own personal credit card?"

Mr. Redmond: "Very, very, rare, but it could happen. I sign off on every disbursement."

Mr. Heiser asked Ms. Rossitto if she were comfortable with the status quo and she said she was.

Ms. Rossitto informed the BOF that GASB 54 will become effective June 30, 2011 and will require a couple of thing, e.g. instead of showing your fund balance as reserve designated and undesignated, it will have five categories. The other thing it is changing is the fund definitions. In order to have a special revenue fund, the revenue source has to be from an outside source. You have the re-valuation fund that is a transfer from the general fund. It will have to be put back in the fund balance and flagged for re-valuation.

Mr. Gomez asked about the scope and engagement letter for the coming fiscal year and Ms. Rossitto noted that 2009 is the last year on the contract. Mr. Redmond added that Ridgefield is exempt from going out to bid because auditing is a professional service.

### **TAX COLLECTOR'S REPORT**

Ms. Berendsen-Hill noted that collections are doing "just fine" and do not show any sign of dropping off. She said that the month of December was excellent and tax collections are "right on target".

#### Tax Collector's Report

Fiscal Year Ending June 30, 2010

Prior YTD

(in millions)	Budget	Q1	Oct	Nov	Dec.	Y-T-D	% Cltd	% of Actl
Current Taxes	\$ 107.2	\$ 32.3	\$ 21.2	\$ 2.6	\$ 4.0	\$ 60.1	56.10%	55.84%
Supplemental MV	0.6		0.0	0.0	0.1	0.1	22.85%	54.44%
Prior Year Collections	0.6	0.6	0.1	0.1	0.1	0.9	166.58%	57.52%
Interest & Lien Fees	0.3	0.4	0.0	0.1	0.0	0.5	168.79%	40.54%
As of December 31, 2009	\$ 108.7	\$ 33.4	\$ 21.3	\$ 2.8	\$ 4.3	\$ 61.7	56.81%	55.80%

### **TREASURER'S REPORT**

No Treasurer's Report available at this time.

### **PARKS & RECREATION DISCUSSION**

Mr. Roche, Mr. Kearns and Ms. Dobbin joined the BOF at the head table. Other commission members and P&R staff were present in the audience. They came prepared with printouts of a power point presentation detailing revenue trends; operating budget year to date; revenue in the context of cost; mission statement; focus going forward and ongoing initiatives; summer camp revenue and participation; non-resident fees and what percentage of revenues they generate; and a pitch for some capital expenditures in the next fiscal-year's budget. A second hand-out provided in-depth detail for the first.

Mr. Gomez asked for the “drivers” for the 5% decrease in Parks & Recreation’s (P&R) revenues. Mr. Kearns responded that there was a significant membership decline and a decline in summer camp enrollment. Mr. Heiser asked what made up the \$300k in reduced expenses and Mr. Kearns responded that about \$140k was staff reductions (2 full-time; 2 seasonal and one part time). Additional staff reductions occurred based on program cuts. Expenses were matched to program revenues.

Mr. Kearns said that little equipment replacement was done last year and now it is necessary to replace some equipment and do some maintenance in order to stay competitive. P&R’s current forecast is that revenues will be down about \$150k at the end of the fiscal year and expenses will be down \$100k, resulting in \$50k shortfall.

Mr. Gomez noted two big changes in Ridgefield: 1) other program offerings, e.g. the Boys & Girls Club; and 2) demographic shift which favors certain programs over others.

Mr. Gomez asked questions about marketing techniques and received informed answers on P&R’s professional methods. The discussion covered the fact that memberships subsidized school maintenance; non residents pay a substantial premium over non-residents for memberships and programs; from a mission standpoint P&R gives preference to children;

### **APPROVAL OF PRIOR MEETINGS’ MINUTES**

Mr. Gomez made and Ms. Bornstein seconded a motion to approve the December 15, 2009 Board of Finance Minutes.

Vote: 3 – 0. Motion **APPROVED**.

### **CONTROLLER’S REPORT**

Mr. Heiser asked what conveyance taxes were budgeted for, and Mr. Redmond responded \$590k. Mr. Heiser then asked what conveyance taxes were budgeted for in the previous fiscal year. Mr. Redmond responded \$900k. Mr. Heiser noted that conveyance taxes were budgeted for \$900k and the actual year-end amount collected was  $\pm$  \$600k. Mr. Heiser then asked about building permit revenue which Mr. Redmond said was a little off budget at the present time.

Ms. Bornstein noted that the BOF reviews the Town’s budget in detail, but never the BOE’s numbers even through it is in the Town Charter. Mr. Gomez said he has asked to have the BOE’s monthly budget reports and Mr. Redmond said he passed that request on to Paul Hendrickson, BOE Business Director. Mr. Redmond said that he would add it to the BOF’s meeting agenda each month.

Mr. Gomez informed the BOE that the Town closed on the bond anticipation note last week. The note has an interest rate of one half of one percent.

Going through the December 2009 financial review, Mr. Redmond noted that Parks & Recreation, interest income and golf revenues are all down. He cited a favorable expense position in the legal line, adding that the ongoing litigation is covered by insurance.

Ms. Bornstein asked why the Children’s Corner revenue is allotted to the Parks & Recreation Department, and there appeared to be no good answer other than historical practice. Ms. Bornstein then asked about the de-icer material used by the highway department, and Mr. Redmond said that he has been tracking that on a cost-per-event basis and the costs are now lower than last year. Mr. Redmond said he spoke with Peter Hill, Highway Department, this morning and was told that last year they were not using the product correctly. The vendor sent out a representative to provide training for the Highway Department employees on how to use the product, which has resulted in a more conservative use.

## **CASH FLOW ANALYSIS**

Mr. Redmond presented the BOF with a detailed cash flow analysis, the expense component of which is based on two-year averages, applied to the remaining 2010/2011 fiscal year budget giving a net revenue versus expenses position by month for January 2010 through June 30, 2010. The proceeds from the bond anticipation note are included as is any capital project that will be paid for out of the capital projects funds.

When the Treasurer's report is put together so that it reflects end-of-month totals, then one can look at the actuals every month as compared to the forecast.

## **POTENTIAL AUTHORIZATION TO PURCHASE HEATING OIL & GAS/DIESEL FOR FISCAL 2011**

The Town and the BOE have joined in an effort to lock in favorable prices on their combined needs for gas, diesel fuel, and heating oil. BOS and BOF approval is required to execute contracts. Mr. Redmond said the BOS hopes to approve contracts next week and then there will be a special meeting of the BOF. Solicitations for bids have been put out to about dozen different companies.

The BOE is hoping to put a gas line out to the High School at the same time the ground is opened up for the new water line.

Mr. Heiser asked about the new teachers' contract and was told that there will be no growth in the costs of benefits. School enrollment is projected to be down 60/75 children next year, prompting the BOE to examine the most efficient use of schools. All day kindergarten is also being considered.

## **OLD BUSINESS**

Mr. Heiser informed the Board of Finance that the complaint brought against the BOF under Connecticut's Freedom of Information laws has been dropped.

## **NEW BUSINESS**

Mr. Heiser announced that Mr. Cascella is resigning his Board of Finance position.

Mr. Heiser asked that the content of a Lewisboro Ledger newspaper article be noted in the minutes. The article examined the detrimental effect high property taxes have on home values, which exacerbates the current lack luster housing market.

## **COMMUNICATIONS & CORRESPONDENCE**

## **ADJOURNMENT**

A motion was made by Mr. Gomez and seconded by Mr. Heiser to adjourn the meeting at 9:41 p.m.

Vote: 3-0. Motion **APPROVED**.

Respectfully submitted,  
Karen Rodgers, Recording Secretary