

**UNAPPROVED
MINUTES FOR THE BOARD OF FINANCE SPECIAL MEETING
MONDAY, JULY 20, 2009**

A special meeting of the Board of Finance was held on Monday, July 20, 2009 in the conference room in Town Hall at 7:30 p.m.

Members Present: Marty Heiser, Chairman; Peter Gomez, Vice Chairman; Kevin Walsh; and David Ulmer;

Members Absent: Robert Cascella

Town Officials: Kevin Redmond, Controller; John Mannuzza, Asst. Controller; Jane Berendsen-Hill, Tax Collector

A G E N D A

1. Approval of Prior Meeting Minutes
2. Tax Collector's Report
3. Treasurer's Report
4. Controllers Report:
 - 2009 12 + 0 Financials
 - FYE 2010 Budget – Analysis of Fully-Loaded Personnel Costs
5. Old Business
 - a. New Business
 - b. Communications & Correspondence
6. Adjournment

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

APPROVAL OF PRIOR MEETING MINUTES

Mr. Walsh made and Mr. Heiser seconded a motion to approve the Minutes of the Board of Finance's June 23, 2009 Special Meeting.

Vote: 3-0-1 (Mr. Gomez abstained) Motion **APPROVED**.

TAX COLLECTOR'S REPORT

Fiscal Year Ending 6/30/2009										Prior YTD
TAX COLLECTOR'S REPORT (\$ in millions)									%	as %
	BUDGET	Q1	Q2	Q3	April	May	June	Y-T-D	Clctd	of Actual
Current Taxes	\$105.6	\$31.6	\$27.4	\$23.4	\$20.3	\$2.4	\$0.5	\$105.6	100.05%	100.00%
Supplemental MV	\$0.8	\$-	\$0.3	\$0.3	\$-	\$-	\$-	\$0.6	80.84%	100.00%
Prior Year Clctns	\$0.5	\$0.3	\$0.2	\$0.1	\$-	\$0.1	\$0.1	\$0.8	150.02%	100.00%
Int. & Lien Fees	\$0.3	\$0.1	\$0.1	\$0.1	\$-	\$0.1	\$0.1	\$0.4	125.76%	100.00%
As of 6/30/09	\$107.1	\$32.0	\$27.9	\$23.9	\$20.4	\$2.5	\$0.6	\$107.3	100.22%	100.00%

Ms. Berendsen-Hill explained that the 80.84% collection percentage for supplemental motor vehicle taxes was the result of a failure to take the revaluation into account. She said: “It was my first experience with the re-evaluation. It will not happen again. I am thinking dollars and he (Al Garzi) is thinking asset value.” Ms. Berendsen-Hill informed the BOF that the difference between the rate book (all taxes billed) and the budget was a lot closer than it ever was before and it is even closer still in the current fiscal year.

Mr. Ulmer asked about tax refunds and Ms. Berendsen-Hill said they are mostly coming out of the current years collections. She noted that there are always a few instances when the real estate taxes get paid twice either with a transfer or a refinance even though her office works hard to avoid this.

Ms. Berendsen-Hill said she has started to do some enforcement on back real estate taxes which has resulted in some rather large collection amounts. She also noted that mortgage companies are paying up “... rather than take the risk of being behind me.” (priority in a foreclosure action)

Mr. Heiser asked if the worst is behind us, and Ms. Berendsen-Hill responded that she cannot be sure of that at this time. She reminded that employment numbers are a lagging indicator behind the economy. Mr. Heiser said he thinks the economy is beginning to come around and the Town has made downward adjustments on its expenses; and people are still paying their taxes. He opined: “It’s going to be okay.” Ms. Berendsen-Hill agreed.

Ms. Berendsen-Hill announced: “I have one upside, a one-time positive hit on prior-year taxes because of enforcement of real estate taxes. I am running a tax sale. I have already collected \$125k on property that never got to the sale. She explained that she initially had fourteen (14) potential tax-sale properties, which has come down to eight (8) properties which have had the requisite legal notices posted in the newspaper. One of those eight (8) has already paid up in full. One taxpayer who owed over \$80k has paid in full.

The Board of Finance congratulated Ms. Berendsen-Hill on a job well done.

TREASURER’S REPORT

Investments as of
6/30/2009

	<u>Amnt Invested</u>	
Ridgefield Bank	\$ 1,596,799.15	0.52
STIF	\$ 1,595,331.45	0.51
Union Savings	\$ 3,241,131.22	0.61
Wachovia	<u>\$ 1,648,438.01</u>	0.40
	\$ 8,081,699.83	

YTD Interst Earned:

MBIA	\$ 2,404.18
Ridgefield Bank	\$ 177,106.32
STIF	\$ 9,897.39
Union Savings	\$ 62,159.96
Wachovia	<u>\$ 15,273.82</u>
	266,841.67

Mr. Redmond said he and Mr. Mannuzza will develop a cash flow analysis and he will ask the BOE to do the same. He said they would then present these analyses to the Treasurer. He said the Treasurer felt she had to delay payment of the \$1.6MM commitment to the Pension Fund a week and a half for fear of over-drawing the available balance. Ms. Berendsen-Hill noted that her office has taken in \$8MM + since the beginning of July. Mr. Gomez asked if the accounts payables are aged out, and whether accounts payable were paid weekly or semi-monthly. Mr. Redmond responded that they are not aged out and they are paid weeks. He noted that, by the time payables reach the Treasurer's office for payment, they are generally at least a few weeks old. Mr. Gomez opined that collections, disbursements, and cash management need to be reconciled. Mr. Redmond said he knows what needs to be done and he understands that he is responsible for pulling it together. He reminded the BOF that he has to prioritize the year-end audit; segregating all capital projects in the general ledger; implementing the new purchasing software, etc. Mr. Walsh asked Mr. Redmond when he thought he might have the cash flow analysis ready and Mr. Redmond prognosticated it would be ready some time in the fourth quarter (November, December). Mr. Redmond stated that he has done a number of cash-flow analyses in the past and knows what is needed. He said that revenues are usually the hardest part of the analysis. Ms. Berendsen-Hill volunteered that she has data for the last three years for tax revenues. Mr. Heiser asked Mr. Gomez to act as liaison between the BOF and the Controller's office on the cash-flow analysis project. Mr. Gomez opined that December was a bit late, already six-months into the new fiscal year.

CONTROLLERS REPORT

2009 12 + 0 Financials

Mr. Redmond said the preliminary financial review for June 2009 presented to the BOF was just that, preliminary. It does not show revenues. It does not show a payroll accrual. There are July disbursements that will impact many of the accounts. He said he had been forecasting a \$200k surplus, but know the BOE will come in at \$1MM under budget so the \$200k will increase to \$400k/\$450. He said he will send the something to the BOF to give members a sense of what's going on.

Mr. Heiser asked Mr. Redmond if he agreed with his analysis that "we are budgeting for dooms day"?

Ms. Berendsen-Hill noted that real estate sales are still running below forecast and opined that it (recovery) will take a lot longer than you think. Home values continue to decline.

Mr. Ulmer forecast that 2010 real estate sales might be a little worse than 2009.

Mr. Redmond said the Town has not let up at all on spending and is still operating as it did in the 2008/2009 fiscal year.

Mr. Walsh asked if the Town would realize any savings from the State's consolidation of probate court districts.

Mr. Mannuzza responded that the Town would save \$4k for office supplied and a vault.

FYE 2010 Budget – Analysis of Fully-Loaded Personnel Costs

Mr. Redmond presented his analysis of fully-loaded personnel costs and explained where he had difficulty "pushing them down" to department level. Mr. Redmond said he may have an opportunity to work with the pension fund's actuary and get the pension information in the format he is looking for. Mr. Ulmer said the pension actuaries have the costs by department, not allocated by person. Mr. Redmond maintained that the information was worth asking for.

Looking at the analysis, Mr. Redmond noted that the big driver was medical costs.

Mr. Ulmer observed that, at least for the First Selectman's office, benefits (\$102.9k) added 37% to salaries (\$278.4k). He called the numbers "astonishing", and noted that they are going up 10% every year. "This is a huge issue."

Mr. Gomez observed that the three-year budget forecast is projecting 1% annual spending increases for years two and three and is not realistic. He noted that the flat revenue line and the rising expenses line are moving further and further apart.

Mr. Ulmer: "Lay offs are the only way to make the 1% projection."

Mr. Mannuzza pointed to the Highway Department as an example of using outside resources for such things as plowing, thereby keeping staffing (and it costs) at the same level or lower than it has been.

Mr. Ulmer pondered the use of overtime to manage personnel costs.

Mr. Gomez said he would like to have all costs allocated to their respective department/project/whatever and Mr. Redmond said he did not know if that could be done.

Mr. Ulmer said: "We would have to go through each bond issue."

Mr. Gomez said he would like to see the backup used by the various departments in formulating their budget projections, and Mr. Redmond said that there isn't any backup. Mr. Gomez said there ought to be contingency plans, e.g. the Golf Commission ought to have a contingency plan to implement if the number of rounds played drops off because of rain, etc.

Mr. Ulmer said that the BOF would have to call in the various Committees and Commissions because they have a lot of past history.

Mr. Heiser said a better question might be: if next year's revenues fall off, who us you plan to cut your operating plan by 10%.

Mr. Gomez posited that "...once you commit to a budget the budget is spent",

Saying: "You have to drive the savings", Mr. Redmond noted that in October 2008, when they knew that revenues were down, they were able to put a lid on expenses.

Mr. Ulmer reminded all of the difference between community services and separate cost centers.

OLD BUSINESS

NEW BUSINESS

COMMUNICATIONS & CORRESPONDENCE

ADJOURNMENT

A motion was made by Mr. Gomez and seconded by Mr. Heiser to adjourn the meeting at 9:00 p.m.

Vote: 4-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary