

**UN-APPROVED
MINUTES FOR THE BOARD OF FINANCE REGULAR MEETING
TUESDAY, JUNE 15, 2010**

A regular meeting of the Board of Finance was held on Tuesday, June 15, 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: Rudy Marconi, First Selectman; Kevin Redmond, Controller; Jane Berendsen-Hill, Tax Collector

Guests: Paul Hendricks, BOE Business Director; Amy Shinohara, Russell Katz and John Palermo, Board of Education Members

A G E N D A

1. Approval of Prior Meeting Minutes (5/18/10)
2. Tax Collector's Report
 - a. May 2010 Report
3. Treasurer's Report
4. BOE Year To Date Financial Review
5. Controllers Report:
 - a. May 2010 Financial Review
 - b. 11 + 1 Forecast / Surplus Projection
6. Recommendations from Budget Meeting/Treatment of Capital Item
7. Executive Session – MIRMA Discussion Cell Tower Discussion
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

Ms. Bornstein made and Mr. Ulmer seconded a motion to approve the May 18, 2010 minutes of the Board of Finance Meeting.

VOTE: 3-0-2 (abstaining: Mr. Gomez and Ms. Sims) Motion **APPROVED**.

TAX COLLECTOR'S REPORT

Fiscal Year Ending 6/30/2010									Prior YTD
TAX COLLECTOR'S REPORT (\$ in millions)									as %
	BUDGET	Q1	Q2	Q3	April	May	Y-T-D	Cllctd	of Actual

Current Taxes	\$107.2	\$32.3	\$27.8	\$23.2	\$20.5	\$2.8	\$106.6	99.39%	99.55%
Supplemental MV	\$0.6	\$-	\$0.1	\$0.3	\$-	\$-	\$0.5	76.69%	99.69%
Prior Year Clctns	\$0.6	\$0.6	\$0.3	\$0.2	\$0.1	\$0.2	\$1.3	229.41 %	86.80%
Int. & Lien Fees	\$0.3	\$0.4	\$0.1	\$0.1	\$-	\$0.2	\$0.7	205.06 %	81.90%
As of 5/31/10	\$108.7	\$33.3	\$28.4	\$23.7	\$20.6	\$2.9	\$108.9	100.24 %	99.40%

Ms. Berendsen-Hill reported that she has put real estate tax liens 200/225 properties.

Mr. Heiser said a cold feeling came over him when he looked at the year-end revenue numbers. "It's good that we are \$740k ahead (due to the tax sales), but what are we looking at for next year?"

Mr. Redmond reminded the BOF that the shortfalls in interest income and Parks & Recreation income would offset the \$740k.

Mr. Heiser: "We had a really bad year, but not to worry because we down graded revenue expectation to a reasonable level, but now we are saying there is a new bottom."

Mr. Redmond: In fiscal year 2010, we did not go low enough on revenues.

Mr. Berendsen-Hill said she sees the real estate market getting better which translates into delinquent taxes being paid up. She stated that delinquencies are not picking up a lot. "If you look at revenue projections for next fiscal year versus this fiscal year, I think this fiscal year is the bottom. The estimates for next fiscal year were brought down.

Ms. Bornstein: "Next year's revenue projections are own except for tax revenues."

Ms. Berendsen-Hill stated that she might not make the \$740k over budget. She noted that last fiscal year she took in \$233k in the last half of June. This year she needs to take in \$260k. She stated optimistically that refis are going well, and taxes have to be current in order to refinance. Pessimistically, she reported that nobody came in to pay real estate taxes today (when she was preparing the real estate liens), when, historically, there is a "flurry" of taxpayers in to make payments.

Mr. Ulmer noted that there are taxpayers making regular payments against their arrearage, which will give next year's tax revenues a head start.

TREASURER'S REPORT/DISCUSSION

Investments as of		
5/31/10		
	<u>Amnt Invested</u>	
Ridgefield Bank	\$ 676,327.95	0.37
STIF	\$ 1,305,241.92	0.26
Union Savings-MMA	\$ 222,475.01	0.27
Union Savings-CD	\$ 2,000,000.00	0.60
Union Savings-MMA	\$11,831,790.00	0.60

Wachovia	\$ 5,111,714.44	0.40
	\$21,147,549.32	
YTD Interest Earned		
Ridgefield Bank	\$26,181.80	
STIF	\$ 1,406.56	
Union Savings	\$18,511.36	
Wachovia	\$ 2,510.34	
	\$48,610.06	

Mr. Gomez inquired as to how the amounts in the Treasurer's report segway into the cash analysis, and Mr. Redmond stated that cash-flow analysis needs to be updated. Mr. Redmond said he sends the cash forecast to the Treasurer, but does not know if she makes use of it.

BOE YTD FINANCIAL REVIEW

Regarding the energy audit, Mr. Hendricks said the BOE signed a contract with Johnson Controls which will start a detailed audit in the next week or so, which should be completed by the first week in October. The audit includes all school buildings and five Town buildings. Mr. Ulmer noted that Johnson's main intent is to get the BOE's next project which it does on a financing basis. Different aspects of the project have different pay-backs. The various projects are financed out of the savings. Johnson admitted that it does not make any money on the audit.

Regarding HSA enrollment, Mr. Palermo reported it at 29%, one more enrollee will put the enrollment over 30% "... so we are at our goal". He said he will make an exception to the cut-off date for open enrollment. He has given the secretaries a low entry point on the HSA to go in and the enrollment went from 8% to 15%. Ms. Bornstein asked if there were any feedback from people who did not change over to the HSA and Mr. Palermo said no.

Mr. Hendricks said he expects a saving of approximately \$10k in fuel oil costs in the coming fiscal year.

Mr. Ulmer noted that special education costs are still running high. Mr. Hendricks said that special education costs depend upon who walks in the door. Re-imburement from the State is currently 84%, but nobody knows what it will be next year. The first payment from the State is made the third week of February. Last year the State's Chief Financial Officer said the re-imburement rate would be 70% and three weeks later it was 84%.

Mr. Gomez asked about text books and materials for next year which have been purchased with money from the current fiscal year's budget. Mr. Palermo said the text books are for the fifth and sixth grade new science and math curriculum. Mr. Gomez asked if there is a place holder in next year's budget for those books, and Mr. Hendricks responded that there was not.

Mr. Hendricks said he has asked everyone to get his/her bills in, especially on the legal side.

Mr. Heiser asked if enrollment continues to decline. Ms. Shinohara stated that the BOE does not have information on that until October. Mr. Hendricks said the projection is for 5,329 in the coming fiscal year.

In an effort to lay to rest some public misconceptions, Mr. Heiser asked if the BOF has ever dictated budget restrictions, e.g. a budget increase limited to 2%, to the BOE. Mr. Palermo said there have been conversations about a 2% target. Mr. Heiser noted that the BOF made a \$250k cut to the BOE's \$77MM budget this year, taking the BOE budget from a 1.6% increase down to a 1.37% increase.

Mr. Gomez said: "... we can't wait for years to have savings... that's what I think we need to focus on".

Mr. Palermo said it is more helpful to give us (the BOE) a target. We need to not wait for November to have a three-way meeting with the BOE, BOF and BOS. Mr. Bornstein agreed that November is too late for the BOE to react. Mr. Palermo opined that the economy has changed so that 4% tax increases are not going to fly in the next couple of years. "The infrastructure is going to change." Ms. Shinohara said the BOE is not interested in playing the "blame game", it has begun researching options to see if any are viable. 2% is not sustainable if you are looking at a quality product.

In response to the close budget vote, Mr. Heiser stated that he thought the voters would "overwhelmingly embrace" the modest 1.37% increase. Ms. Shinohara opined the controversy over full-day kindergarten was responsible for the close vote.

Mr. Heiser noted that the BOF does not dictate to anyone. The BOF wants to have the best deal for everyone. He stated: "we are dying on the revenue side, it's depressing".

Mr. Ulmer suggested that everyone take a look at the numbers in next year's budget, noting that there are no numbers that indicate we are not going to make are next year's numbers which are equal to or less than this year's numbers. If we have a 4% BOS's budget increase and a 3.7% BOE's budget increase, there will be a 3.7% tax increase. The increases go straight to the bottom line. The numbers are what they are and we have to work with them.

Mr. Palermo said: "The earlier you can give us an idea of where we stand, the better off we will be."

Ms. Shinohara asked, assuming the BOE closes one elementary school, what happens to that school?

Mr. Ulmer said the savings achieved by closing a school are mostly in teachers. Mr. Katz added that you still have the expenses on the Town side.

Mr. Heiser commended the BOE saying it has done a great job with the teacher's contract; the HSA; and athletic teams. "It has been impressive... it does not go unnoticed. Now do it again, better."

CONTROLLER'S REPORT

11+1 Forecast: Mr. Redmond stated that the goal is to cover expenses without using any fund balance. On the revenue side there is a timing issue with the ambulance billing which crosses over the fiscal year end. On the expense side, we continue to fine tune. Police salaries are affected by two people being out, one on disability, the second is in Afghanistan. The tax collector's number is pegged at \$740k and the Tax Collector is now saying the more likely amount is \$690k. Ms. Bornstein said a worst case scenario indicates using \$200k from fund balance. Mr. Redmond said that, at this point in time, he estimates needing \$150k from fund balance. Mr. Ulmer said that, even if, the fund balance is still healthy. Mr. Redmond said it is a good story overall, but we are just "leaking" a bit. Parks & Recreation is \$157k short and has not seen the spike it was hoping for.

Mr. Redmond said he and Mr. Marconi are meeting with bond counsel and "anything (potential savings) north of \$1MM we will look at it ... if there is an opportunity, we will use the opportunity to do the bond anticipation note... I don't know if the rates are there yet."

TREATMENT OF CAPITAL ITEMS:

Mr. Gomez said that Ms. Bornstein and Mr. Ulmer have volunteered to establishing parameters for capital items. He recommended they use GFOA to research and said that CCM is also good, as is the Office of Policy and Management. Mr. Ulmer noted that changing the treatment of capital items will be a hit to the Town's budget in the first year, and Ms. Bornstein suggested looking at phasing in the changes over a period of time. Mr. Redmond said that leasing might be an option. Ms. Bornstein said that she and Mr. Ulmer will report back to the BOF in September.

EXECUTIVE SESSION

At 8:50 p.m., Ms. Sims made and Mr. Ulmer seconded a motion to go into executive session to discuss MIRMA and the Cell Tower.

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

First Selectman, Rudy Marconi and Dr. Ok , Chairman of the Conservation Commission, joined the Board of Finance in the executive session.

At 9:55 p.m. the Board of Finance came out of Executive Session. No action was taken.

OLD BUSINESS

NEW BUSINESS

Mr. Gomez asked about police and fire department holiday pay, noting that it is at \$53k for the Fire Department and \$155k is budgeted. Mr. Redmond opined that the actual will come in on budget. Mr. Marconi agreed, noting the obligation is contractual.

COMMUNICATIONS & CORRESPONDENCE

ADJOURNMENT

A motion was made by Mr. Heiser and seconded by Mr. Ulmer to adjourn the meeting at 10:00 p.m.

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

Respectfully submitted,
Karen Rodgers, Recording Secretary