

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

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

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

Members Absent: Peter Gomez, Chairman;

Town Officials: Kevin Redmond, Controller; Jane Berendsen Hill, Tax Collector; Dr. Deborah Low, Superintendent of Schools; Paul Hendrickson, Business Manager, BOE; Karen Berasi; Austin Drukker, Chairman, BOE

A G E N D A

1. Approval of 9/21/2010 Meeting Minutes
2. Tax Collector's Report
3. Treasurer's Report
4. BOE Financial Review – Paul Hendrickson & Karen Berasi
5. Town Financial Review – Kevin Redmond
Fiscal year 2011- year to date
Cash Flow Forecast
School Project Deficit Position
6. Old Business
 - a. New Business
 - b. Communications & Correspondence
7. Adjournment

Ms. Bornstein called the meeting to order at 7:30 p.m.

APPROVAL OF PRIOR MEETINGS' MINUTES

Ms Sims made and Mr. Heiser seconded a motion to approve the March 16, 2010 Board of Finance minutes.
Vote: 5-0. Motion APPROVED.

TAX COLLECTOR'S REPORT

Fiscal Year Ending June 30, 2011							Prior YTD	08-09 YTD	07-08 YTD
(in millions)	Budget	July	August	Sept.	YTD	% Cltd	% of Actl	% of Actual	% of Actual
Current Taxes	109.73	27.54	3.88	1.70	33.12	30.18	30.06	29.77	31.08
Supplemental MV		-	-	-	-	-	-	-	-

	0.60								
Prior Year Collections	0.58	0.07	0.04	0.09	0.20	34.58	47.55	37.50	42.59
Interest & Lien Fees	0.35	0.02	0.02	0.02	0.06	16.27	49.83	19.68	23.33
As of Sept. 30, 2010	111.26	27.62	3.94	1.80	33.37	29.99	30.41	29.78	31.11

Ms. Berendsen- Hill noted the Tax Collector’s Office currently has one person out on disability.

Ms. Sims asked about real estate sales and refinancing and Mr. Redmond responded that the current level of activity and the resulting conveyance taxes collected meets the minimum needed to meet budget, but he is hesitant to draw any conclusions only three months into the new fiscal year. He expressed disappointment with September’s real estate activity saying he thought it would be higher.

Ms. Berendsen-Hill said she is seeing some activity in the higher-price range real estate market. She said that the supplemental motor vehicle bills go out in December for payment in January, noting that this budget category is the hardest to forecast. Mr. Heiser asked about the revenue realized from tax sales in the last fiscal year, hoping to hear that it could be duplicated in the current fiscal year. Ms. Berendsen-Hill was clear that such would not be the case.

Mr. Ulmer noted that the money realized from the tax sales covered the \$1MM from fund balance so only \$100k from fund balance had to used.

TREASURER’S REPORT

MBIA	\$ 5.13	0.24
Mrl Lynch/BOA 6 mos CR	\$ 250,827.74	1.25
Ridgefield Bank (Munic MMA)	\$ 1,409,625.76	0.23
STIF (Pooled Short-Term Inv. Fund)	\$ 80,625.90	0.26
Union Svgs. Bank Municip MMA)	\$ 222,668.72	0.25
Union Svgs. (MunMMA Sweep)	\$ 8,026,984.52	0.60
Wachovia (Mun MMA)	\$ 2,168,335.41	0.25
	\$ 12,159,073.18	
YTD Interest Earned as of 9/30/10		
Merrill Lynch- BOA	\$ 827.74	
Ridgefield Bank	\$ 3,657.42	
STIF	\$ 119.68	
Union Savings	\$ 12,636.57	
Wachovia	\$ 895.50	
	\$ 18,136.91	

Mr. Redmond said he had no detail to augment the amounts presented in the report. He noted that his cash flow analysis comes pretty close to the Treasurer’s report.

BOARD OF EDUCATION YTD FINANCIAL REVIEW

Mr. Hendrickson noted that the General Services account appears to be over because OPEB (other post-employment benefits) and Pension contribution have been made and the HSA contribution has been prefunded and will be amortized over the next ten months.

Mr. Hendrickson told the BOF that the High School's revised audit report should be completed by the end of this week, and he may have information on the projected payment by November's BOF meeting. He informed the BOF that First Selectman, Rudy Marconi has called O & G regarding the missing documentation on the change orders and enjoyed the same lack of success that Mr. Hendrickson has experienced.

Mr. Hendrickson anticipates receiving \$280k from the State on the Middle School and a minimum of \$200k on the High School. His "conservative" forecast is that "... we can wipe out the existing \$600k deficit.

Ms. Bornstein asked how much more above the \$600k Ridgefield could receive from the State.

Mr. Hendrickson said \$100k on the Middle School if the change orders are documented and deemed eligible.

Mr. Heiser asked Dr. Low if the difficulties Ridgefield has experienced are common for school construction projects, and she responded that she could only speak from her experience in Wilton and said that nothing there dragged out like this. Mr. Ulmer reminded everyone that Ridgefield undertook multiple projects at the same time.

Mr. Redmond speculated that the auditors might say the deficits in the school-projects accounts have existed too long and must be addressed.

Dr. Low asked if the Town had any legal recourse, but seemed to dismiss the thought because it would require investing more money. Mr. Heiser said he thinks Eisenhower was President when Ridgefield began the school projects.

Ms. Bornstein asked Dr. Low about enrollment numbers and Dr. Low responded that elementary school enrollment increased a little bit.

TOWN FINANCIAL REVIEW

Mr. Redmond said that revenues for September have not been posted, which puts the financial review out of sync. He has been short staffed for the last five weeks. On the expense side he said all of July, August and September, with the exception of BOE for September, have been posted.

Ms. Bornstein noted that the encumbrances line "went away", and Mr. Redmond said that the full year encumbrances are not in the numbers presented.

Ms. Sims asked about the Highway Utilities, Sewer, line item which is at 105% of budget and Mr. Redmond said the Town receives a bill once a year and that budget line is going to be over budget. Ms. Sims asked about vehicle fuel and Mr. Redmond explained that the Town pays to fill the tank and then the Town charges it out to different departments. The Fire Department's overtime line attracted notice and Mr. Redmond said it was disability related as a couple of people are out. The Fire Department's full-time salary line is a little lower.

Mr. Heiser observed that "... it seems like a lot of people are out on disability". Mr. Redmond, said his department has one person out on disability, the tax collector's office has one person out on disability and the Fire Department has one or two people out on disability. Mr. Heiser asked if they were job-related injuries. Mr. Redmond said that Fire Chief, Heather Buford did a really good job managing overtime and added that

there will be some upside on ambulance where we were short last year in the collection of ambulance fees when the new collection company took over. He indicated that there might be a “little bump” on building fees.

Ms. Bornstein asked if the Town Treasurer is using the cash flow analysis that Mr. Redmond has put together. Mr. Redmond said he sent it to her and will send her the new cash flow analysis as well which should give her some level of comfort to commit more dollars to slightly longer term investment vehicles.

Mr. Ulmer noted that the Town could put \$5MM in a certificate of deposit.

Mr. Heiser stated that “it’s wrong not to do that; it’s poor fiscal planning to not do that; it’s not fiscally prudent to have all that money in your checking account.” He suggested modeling a scenario for twelve months with \$3MM carved out for longer-term investment and showing the net difference in interest earned.

Mr. Redmond said: “What if we establish a line of credit?”

Ms. Bornstein observed: “we are not getting there (to budget) very quickly; we are not going to make the \$100k budgeted amount at this rate.” She suggested we be slightly more aggressive than we have been.

Mr. Redmond said there are other projects that may be under spent, e.g. HVAC replacements, and there could be more open to cover that \$600k with other projects as well.

Ms. Bornstein presented some capitalization guidelines that she and Mr. Ulmer put together.

- 1) Boards should present three-year cap ex plan annually and items under consideration for current year (unless emergency) should have been included in the previous year cap ex plan.
- 2) Items considered should have a minimum five (5) to seven (7) year life
- 3) Suggested minimum dollar amount of \$20,000.

Mr. Ulmer said one or two towns require, by charter, a five-year plan. He noted that the BOF gets very frustrated when it gets a plan and items go on and off it with nothing ever prioritized, the list changes from year to year.

All the Town’s bonds are for twenty years, but are more front loaded to account for the shorted-lived assets. (smaller dollar items being paid off sooner)

Mr. Ulmer noted that the BOE uses a capital lease which is a little more expensive than the Town’s bonding costs because you are paying somebody else to finance the capital item for you when you could finance it yourself for less money. When Mr. Redmond said the Town should look to do that, Mr. Ulmer reminded him that the Town does not have the capital reserve fund any longer.

Looking at the guidelines, Mr. Heiser said he would opt for more years of life and higher dollar amounts.

Ms. Bornstein cited the example of computers and hypothetically asked if they are a capital item or an operating item, noting that you need computers to operate. If computers are put in as a capital item and voted down, what then?

Mr. Ulmer optimistically noted that mill rate improvements will come as the Town pays down its debt.

NEW BUSINESS

OLD BUSINESS
COMMUNICATIONS & CORRESPONDENCE

ADJOURNMENT

A motion was made by Ms. Sims and seconded by Mr. Heiser to adjourn the meeting at 8:52 p.m.
Vote: 4-0. Motion **APPROVED**.

Respectfully submitted,
Karen Rodgers, Recording Secretary