

DRAFT

BLOOMFIELD TOWN COUNCIL

FINANCE SUBCOMMITTEE

There was a regular meeting of the above referenced subcommittee held on Tuesday, January 17, 2012 at 7:00 p.m. in Conference Room #5, Bloomfield Town Hall, 800 Bloomfield Avenue, Bloomfield, CT.

Present were: Mayor Sydney Schulman, Deputy Mayor Hypolite, Councilors Rivers, Merritt, Washington, Banks, Louie Chapman, Jr., Town Manager, William Hogan, Director of Finance and India Rodgers, Clerk of Council.

The meeting was called to order at 7:05 p.m.

APPROVAL OF MINUTES

It was moved by Councilor Merritt, seconded by Councilor Rivers and voted unanimously to approve the minutes of November 21, 2011.

JUNE 30, 2011 AUDIT

Mr. William Hogan, Director of Finance presented the committee with a summarized report of the June 30, 2011 town audit. The audit was completed within the timeframe by December 31, 2011. The town received a “clean” unqualified opinion from the auditing firm Blum & Shapiro. Due to the financial disclosure requirements of the industry in the past several years, the report is more extensive and complex to understand. The Government Accounting Standards Board set the requirements for compliance. Along with the annual town audit, State and Federal single audits were also completed that list all grants beyond a certain amount. The auditors tested all reports to ensure that all regulations have been met.

There were several highlights of the audit that were noted such as:

The Town of Bloomfield ended the year in the positive. There was \$1,600,000 added to the general fund unreserved balance. There were significant savings on the expenditure side totaling \$1,300,000, which includes \$300,000 carryover from the Board of Education. The town also received \$300,000 in additional revenue than what was originally budgeted. As of June 30, 2011, the reserve balance totals \$10,900,000.

The tax collection rate increased to 98.4% from 97.7%. This increase can be attributed to the tax sales auction.

Overall, the town’s outstanding debt was \$50,800,000. This amount will increase as of June 30, 2012 due to bonds that need to be issued in the amount of \$15,000,000 for renovation of the schools. After this sale, the town would have approximately \$8,000,000 remaining bonds to sale for the completion of Board of Education school renovation project. If cash flow is needed in the near future, temporary bond anticipation notes will be issued. Bond investors gave the town a credit rating of AA(2) and AA for rating agencies.

Deputy Mayor Hypolite inquired about the creative techniques used in the past year for bond restructuring. Mr. Hogan stated that with record low rates, the town completed a simple bond refunding, in which \$750,000 was saved. There was a reduction in monthly payments, then the investor gave \$2,000,000 as a bond premium to write down future interest of debt service costs. Mr. Hogan decided to spread out this premium over several upcoming budget cycles, which will offset the increase of new bonds and minimize the overall debt service.

A live bond sale auction was completed by the town as well.

Blum & Shapiro also wrote a management letter with comments related to fine tuning several finance options and how entries are recorded. For example, in regards to the Wintonbury Hills Golf Course reporting to the general ledger on a fiscal year basis.

Mr. Hogan also suggested that a meeting should be scheduled with the Finance Subcommittee and the auditing firm to review the overall financial audit. Deputy Mayor Hypolite encouraged all committee members to read and review the audit.

MONTHLY REPORTS

Mr. Hogan reported November, 2011 financials were sent out for review by the Council in December, 2011. The fund balance sheet was also included in that report. The town is approximately 40% through the year used in funding. Revenues look promising relative to the tax sale auctions. These auctions were held in late August for delinquent properties in town over several years.

The second installment of tax collections is due by February 1, 2012. It was noted that the semi-annual collection system has provided some relief to the taxpayers.

On the expenditure side of the budget, there is some concern in regards to cash outs of former employees. This line item was originally budgeted for \$140,000. There were several personnel from the Public Works and Police departments who retired and this figure doubled over the past few months.

The town's contingency is nominal. It was budgeted at \$160,000, then Council reduced it. Approximately \$40,000 for flooding issues in town were applied to this account.

In preparation for the FY 2012-2013 budget, department heads were informed that they cannot exceed line item unless there is a transfer of funds between accounts.

State Aid is also coming as scheduled. The town will receive \$1,400,000 from the Manufacturer's Pilot Grant versus \$1,200,000 that was originally estimated and budgeted.

FUND BALANCES

Aside from the \$3,200,000 needed for the Storm Alfred debris removal, funds are steady and not negatively impacted. Deputy Mayor Hypolite will review the 20+ funds report that was either restricted or committed allocations.

TAX LIENS – TOBEY ROAD

Mr. Louie Chapman, Jr., Town Manager presented the committee with a proposal regarding a tax lien at 26 Tobey Road (2 ¼ acres). This property was originally owned by Regina Associates, a food processing company. The property was sold to American Tax Funding several years ago, who ended in foreclosure of the site with approximately \$100,000 in legal fees. The building has an assessed value of \$536,690, however the current proposal is to conduct a cash purchase sale of the property for \$325,000. American Tax Funding stated that the company has invested approximately \$220,000 into the property, so only the principal amount of \$122,000 will be negotiated to purchase the successor liens from the town. It was noted by Mr. Chapman, that the current assessed value would not hold in a private assessment analysis. If sold for \$122,000 the town would lose \$100,000 in interest costs.

It is the recommendation of Mr. Chapman and town staff that the successor tax liens at 26 Tobey Road be sold for \$122,000 to American Tax Funding.

It was moved by Councilor Merritt, seconded by Councilor Rivers and voted unanimously to accept the Town Manager's recommendation regarding the sale of tax liens at 26 Tobey Road and recommend to the Council for final approval.

OTHER BUSINESS

Councilor Merritt requested a review of accounting for the debt owed of approximately \$300,000 by the Bloomfield Early Learning Center (BELC). As of June 30, 2011 the town received excess grant money to be applied to the reduction of this deficit. This program operates with approximately \$950,000 in expenditures annually.

It was noted by Mr. Hogan that the BELC organization did not comply with the deadline of January 17, 2012 to submit a monthly budget and expenditures until June 30, 2012. There has been no response regarding this request from BELC.

There will be a meeting held on Friday, January 20, 2012 with the town and the State Department of Education regarding the grantee relationship and options available to BELC, if the town decides to cease as their fiscal agent.

ADJOURNMENT

It was moved by Councilor Merritt, seconded by Councilor Rivers and voted unanimously to adjourn the meeting at 8:10 p.m.