AGENDA
REGULAR MEETING
BOARD OF FINANCE
MONDAY, JULY 22, 2019
7:30 PM
TOWN HALL MEETING ROOM

AGENDA

1. To approve minutes of BOF Meeting held on June 24, 2019
2. Public Comment
3. Tax Collector's Report
4. Finance Director's Report
5. Treasurer's Report
6. Investment Policy Draft Review
7. Reports from Individual Board members as assigned
8. Correspondence and Administrative matters
9. Public Comment

REDDING CONNECTICUT

Minutes of Board of Finance, 06/24/2019

AGENDA: Board of Finance

RECEIVED 07/01/2019 5:09pm
Kathleen R. Miserendino - Redding Deputy Town Clerk

BOARD OF FINANCE
REGULAR MEETING
WEDNESDAY, 6/24/2019
7:30PM
TOWN HALL HEARING ROOM

Filed Subject to Approval

PRESENT:
Dr. Kimberly Yonkers, Chair; Ward Mazzucco; Rob Dean; Jamie Barickman; Ed Miller (7:35PM); Susan Clark (absent)

ALSO PRESENT:
Steve Gniadek, Finance Director; Pat Moisio, Tax Collector; Wes Higgins, Treasurer; Members of the Public

Chair Yonkers called the meeting to order at **7:30PM.**

1. **TO APPROVE THE MINUTES OF THE BOF MEETING HELD ON TUESDAY, MAY 7, 2019**

MOTION: Mr. Mazzucco made a motion to approve the minutes of the Tuesday, May 7, 2019 meeting. Mr. Barickman seconded the motion. There were four yes votes (Yonkers, Mazzucco, Dean, and Barickman) and one absent (Miller). The motion Carried.

2. **PUBLIC COMMENT**

Chair Yonkers opened the floor to public comment. There was no public comment.

3. **TAX COLLECTOR'S REPORT**

Ms. Moisio addressed the BOF.

The Town budgeted for $47,072,000 in tax revenue for FY 2018-2019 and collected $48,200,000 in tax revenue.

$1,700,000 of FY 2019-2020 tax revenue has been collected and the tax bills for FY 2019-2020 have been mailed out.

58 real estate parcel taxes have not been paid for FY 2018-2019. 314 vehicle taxes haven't been paid as well.

The Sewer Treatment Plant project owes $5,000,000 in property taxes, interest, and liens. The delta payment is close to $3,000,000.

The suspense list for unpaid 2015 Grand List vehicles and personal property has been drafted. $35,000 will be dropping off of the list.

The Tax Collector department and the Health department are working together to obtain unpaid personal property taxes from Redding businesses. Businesses that do not pay these taxes can have their license to operate revoked.

4. **FINANCE DIRECTOR'S REPORT**

Mr. Gniadek addressed the BOF.

An estimate for the expenditure and revenue variances for FY 2018-2019 has been created. The Town is favorable on expenditures and revenues. Discussion followed concerning the specific savings.

Mr. Mazzucco asked Mr. Gniadek what the cash controls that are in place for the Transfer Station. Mr. Gniadek said that the Transfer Station double counts and signs off on the cash received during the day. He said that the cash is kept in a safe and receipts are produced for every transaction.

Mr. Barickman asked if the expense/revenue variance forecast for the schools are available. Mr. Gniadek said this information is shared by the

BOE/Superintendent of schools at BOF meetings.

5. **TREASURER'S REPORT**

Mr. Higgins addressed the BOF.

$400,000 in interest have accrued for FY 2018-2019.

Stone Castle rate is yielding a return of 2.375%.

Mr. Higgins hopes that $375,000 will be achieved for 2019. This number was set back in January.

Mr. Mazzucco shared a document produced by Mr. Higgins concerning his thoughts on the Board of Finance's investment policy. A discussion followed concerning this investment policy and Mr. Higgins' suggestions for improvement.

Mr. Higgins said the state statutes allow the town Treasurer to investment town monies with the approval of the BOF. He said the statutes require the Treasurer to make an annual presentation to the BOF about the investment plan for the upcoming FY.

Mr. Higgins said the BOF must produce written approval of any investment that will continue past one year.

Mr. Higgins suggested that the Treasurer should present their yearly investment plan at the November or December BOF meeting.

Mr. Higgins said there needs to be an approval of the individuals who can authorize bank transactions. He said this should be renewed annually.

Mr. Higgins said the investment policy said that the statutes do not give the BOF authority to absolve the Treasurer of personal responsibility concerning investments.

Mr. Higgins asked the BOF if he has to inform them about specific treasury bills he is investing in.

Mr. Higgins said the BOF should not list suitable investments in their investment policy. He said it is the burden of the Treasurer to come to the BOF with investments and the BOF would make judgements on those investments.

Mr. Gniadek explained how the original investment policy was created.

Mr. Barickman asked what investments/funds are long-term. Mr. Higgins said the Janney account is the long-term investment that he works with.

Chair Yonkers asked Mr. Mazzucco if the work group is going to edit the investment policy. Mr. Mazzucco said another draft can be created. Chair Yonkers said this can be presented at a later BOF meeting.

6. **REPORTS FROM INDIVIDUAL BOARD MEMBERS AS ASSIGNED**

Mr. Mazzucco asked the BOF about long-term planning and the budget process. Discussion followed concerning what this would entail and how the BOF should proceed.

Mr. Mazzucco suggested the BOF should invite a representative from the BOE and the BOS to come to the next BOF meeting to discuss long-term planning.

Chair Yonkers proposed looking at how other municipalities do long-term planning. She said that the BOE and BOS should have a chance to get on board with this process.

7. **CORRESPONDENCE AND ADMINISTRATIVE MATTERS**

There was no correspondence or administrative matters to discuss.

8. **PUBLIC COMMENT**

Chair Yonkers opened the floor to public comment. There was no public comment.

Chair Yonkers adjourned the meeting at **8:44PM.**

Submitted by,
Zachary Smith

TOWN OF REDDING
FINANCE DEPARTMENT

Memorandum

To: Town of Redding Boards of Finance and Selectmen

From: *Steve Gniadek*

Date: July 22, 2019

Re: **JULY 2019 Monthly Report**

Last Month -Expenses will be favorable by approximately $200k and Revenue will exceed budget by over $1 million. Both these amounts will be additions to the Unassigned Fund balance

UPDATE: Revenue - additional $50k from Tax Collections
Expense – additional $75k not spent
Unassigned Fund Balance Total - $1.325 million

Multi Year Budgets – I reached out to 14 area Finance Directors asking if they do multi-year operating budgets. Here are the responses:

NO:	**Bethel, Easton, Shelton, Danbury**
2 Year:	**Westport**
3 Year:	**Ridgefield, Wilton**
5 Year:	**Fairfield**
10 Year:	**Weston (informal), Greenwich (informal) Newtown ("what if" analysis)**
Awaiting:	**Darien, New Canaan, Trumbull**

Town of Redding Connecticut

Investment Policy

Draft 6.25.2019

The Board of Finance adopts this policy to govern the investment of the Town's funds according to the authority derived from Connecticut statute 7-400.

Objectives

The primary objectives, in priority order, of the investment activities of the Town of Redding shall be **safety, liquidity, and yield**.

Safety

Preservation of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk, interest rate risk, and operational risk.

Credit Risk:

The Town will minimize credit risk, which is the risk of loss due to the failure of an investment to repay principal at maturity. Investments shall be limited to the highest rated securities and the portfolio shall be adequately diversified to minimize the loss due to the failure of any single issuer or type of security.

Interest Rate Risk:

The Town will manage interest rate risk, which is the risk of loss in the value of investments due to a change in market interest rates. Investments shall be selected to match the cash requirements of the Town and the portfolio's exposure to changes in market rates shall be carefully monitored.

Operational Risk

The Town will adopt procedures to minimize the risk of loss due to employee errors, system failures, errors or failure of financial counterparties, and fraud or other criminal activity. A written policy and procedure manual that provides for the control of funds in the investment program shall be reviewed annually to ensure compliance.

Liquidity

The investment portfolio shall remain sufficiently liquid to meet all operating cash requirements. Investments shall be selected to mature concurrent with anticipated scheduled payments. Investments of the highest quality and providing active secondary markets should be utilized in order to assure access to liquidity in the event of unanticipated cash demands.

Yield

The investment portfolio shall be designed with the objective of attaining a market rate of return taking into account the objectives of safety and liquidity.

Delegation of Authority

Authority to conduct the investment program is granted to the Treasurer and derived from CGS 3-24f, 3-27a, 7-400, and 7-402. The Treasurer shall present to the Board of Finance the investment program for approval at the Board's public meeting held in November or December of each year.

Investment Program

The Treasurer shall annually present for approval the investment program for the next fiscal year. The program must describe the type of investments to be used and the risks involved in those investments. The presentation should include the forecasted income earned from the proposed plan to the extent possible. The Treasurer will review the proposed investments with respect to suitability with regard to the Town's objectives as outlined in this document, compliance with State statutes, and projected cash flow schedules. The presentation shall include the procedures to be maintained to control operational risk, the list of authorized individuals to approve the movement of funds, and provide information detailing the due diligence undertaken to minimize counterparty risk to the Town. Upon approval by the Board of Finance, the Treasurer shall provide regular updates to the Board and be responsible to notify the Board of any material changes to the approved investment plan.

Conflict of Interest Disclosures

Redding Town officials and employees involved with the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair the ability to make impartial decisions. Employees and investment officials shall disclose to the Board of Finance in writing any material interests in financial institutions with which they and the Town conduct business. They shall disclose any personal financial investments that be related to the Town's investment portfolio.

Town of Redding, CT

Investment Policy

Approved September 27, 2010

OBJECTIVES:

The primary objectives, in priority order, of investment activities of the Town of Redding shall be safety, liquidity, and yield:

SAFETY

Safety of principal is the foremost objective of the investment and deposit program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

- ***Credit Risk***

The Town will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by: limiting investments to the safest types of securities, pre-qualifying the financial institutions and advisers with which the Town will do business, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

- ***Interest Rate Risk***

The Town will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by: structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and investing operating funds primarily in shorter-term securities, daily liquid money market mutual funds, or investment pools.

LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs. Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary markets or local government investment pools which offer same-day liquidity.

YIELD

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

STANDARDS OF CARE:

PRUDENCE

The standard of prudence to be used by the Treasurer shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The Treasurer acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

ETHICS

Redding town officials and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Board of Finance in writing any material interests in financial institutions with which they and the Town conduct business. They shall further disclose any personal financial/investment positions that could be related to the Town's investment portfolio.

DELEGATION of AUTHORITY

Authority to manage the investment program is granted to the Treasurer and derived from CGS 3-24f, 3-27a, 7-400 and 7-402. Responsibility for the operation of the investment program is hereby delegated to the Treasurer, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Board of Finance. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. The Treasurer shall provide a monthly report of all investments and investment activity to the Board of Finance. The investment program shall be

operated in conformance with all federal, state, and other legal requirements. The Treasurer shall not invest in any instrument with a maturity longer than one year without written approval by the Board of Finance.

DEPOSIT of PUBLIC FUNDS:

In accordance with CGS 7-402, and to the extent provided below, the Treasurer may deposit public funds in any qualified public depository, as identified by the Banking Commission; all such deposits shall be made in the name of the Town.

SUITABLE and AUTHORIZED INVESTMENTS:

The following investments will be permitted by this policy and are further limited by state and local law where applicable:

- U.S. Treasury obligations which carry the full faith and credit guarantee of the United States government;
- U.S. Government agency and instrumentality obligations that have been approved in advance in writing by the Board of Finance and that have a liquid market with a readily determinable market value;
- The State Treasurer's Short Term Investment Fund (STIF) established pursuant to CGS 3-27a.
- The State Treasurer's Tax-Exempt Proceeds Fund (TEPF) established pursuant to CGS 3-24a.
- Certificates of deposit and other evidences of deposit at qualified public depositories, as defined in CGS 36a-330, in an amount which may not exceed the maximum FDIC insurance limit unless approved in advance in writing by the Board of Finance.
- Repurchase agreements that have been approved in advance in writing by Town Counsel and the Board of Finance and are fully collateralized with US Government and US Government agency securities held by a third-party custodian bank.
- Money market mutual funds that have been approved in advance in writing by the Board of Finance and are regulated by the Securities and Exchange Commission, and whose shares are maintained at a constant value of one dollar and whose portfolios consist of instruments that are direct obligations of, or guaranteed by, the US Government.

This policy shall be reviewed annually by the Board of Finance, or when conditions warrant.