

## **Town of Plymouth**

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## **Board of Finance**

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1. Call Meeting to Order – The Special Meeting of the Town of Plymouth Board of Finance was called to order on Thursday, August 18, 2011 at 7:00 p.m. by Chairman Ralph Zovich. Members in attendance: Pat Budnick, Vicky Carey, Peter Cook Dan Murray, Ralph Zovich. Excused absent: Michael Drozdick. Also in attendance: Mayor Vin Festa; Dave Bertnagel, Director of Finance; Robin Gudeczauskas, Recording Secretary; DiAnna Schenkel, Council Liaison.

### 2. Pledge of Allegiance

Chairman Zovich noted this is a Special Meeting and the Board is under a time frame and noted Public Comments will be taken under Item 9, asking that the public wait until that point if possible. If they have something to state on another agenda item and cannot wait to please raise their hand to be acknowledged. Vin Klimas (a) stated isn't it that the public can address on any agenda item; discussion held. (b) Does not think the Chairman has the right to obliterate and if citizens cannot comment on agenda item to provide expertise what good is it.

### 3. Discuss & take action on closing of FY2010-11 General Fund:

a. Trial balance of accounts, encumbrances as necessary, preliminary estimate of deficit or surplus and preparations for independent audit – Dave Bertnagel noted closure of fiscal year, distributed noting ended June 30<sup>th</sup> with a revenue collection \$37,872,979 as of today; variance of \$720,966 and majority can be found in tax collection area in current levy and prior levy. Expenditure side, original budget and finale expenditures reviewed noting all expenditures posted to system and under budget by \$372,276. Use of fund balance of \$200,000 and had \$60,180.80 appropriation for heart and hypertension claim and still under \$260,180. The 60 day collections are key. Discussion held. Dave reviewed and explained status by department. Revenue side, state and federal grants, \$117,000 in school transportation grant and legislation changed and piece of outplace excess cost and rest cut. Federal and state grants show \$78,000 surplus despite being cut. Focus to be on tax collection; discussion held. We budgeted 97% of collections and should collect 100% of that and have not. Structus status – in litigation. Projection on final reconciliation; if revenues do not improve and look at \$300,000 deficit will absorb from fund balance. Dave noted designated for future years budget and we did appropriate midyear for heart and hypertension and will use appropriation of fund balance of \$240,000 to close year. Independent audit proforma, scope and responsibilities and approach to audit is sampling, will be testing; detailed responsibilities to make sure all financial statements are prepared, reviewed. Finishing audit on time hinges on third party actuarial report, all set; list of fixed assets and BOE, set; reconciliation of cash accounts, all set. Proposed schedule reviewed starting August 29 and finish field work September 16<sup>th</sup> and initial draft October 5<sup>th</sup> with approval of final draft statements on October 10<sup>th</sup> for issuance of financial statements and management letter if applicable. Discussion of special meeting as early as October 5<sup>th</sup>; Dave will keep board updated on schedule and date for special meeting if needed. Vin Klimas, 5 Coral Drive, general management letter, reviewed for last 5-6 years and last 2 similar and what progress has been made to correct everything from the past two years and are you prepared to show corrections in system from letter are corrected. Dave Bertnagel stated have addressed each one and the auditor determines whether they were corrected or not.

Discussion held.

4. Follow-up on discussion of Solid Waste Bids – Chairman Zovich noted contracts approved by Town Council, bid waiver for truck purchase rejected. Council did approve a 23 month contract with CWPM. Vin Klimas, 5 Coral Drive, stated (a) at council meeting on truck discussion, minutes of Town Council meeting submitted, noting concern on Ralph's comments on the \$100,000 and question that it is his opinion that any expenditure, transferred or not, \$50,000 has to go before voters through special town meeting and want to make sure that is clear because what came across not mentioned. He wants to make sure it is clear to the Board of Finance, Town Council and Mayor that even if you transfer from one account to another, if new money for capital acquisition you must get voters approval. Chairman Zovich read from minutes what he stated noting it meant we did not have truck in general outlay for 2011-2012 and if we took money from different line items we would deplete every other department by the amount of \$100,000 and could increase capital outlay by \$100,000. Discussion held. (b) want to make sure that the chairman, comptroller, if that was topic that went forward of \$50,000 or over they would go to special meeting and/or referendum. Dave Bertnagel, gave explanation of expenditure requests and process for new specific item. Discussion held. Chairman Zovich reviewed section 3 c. (c) questioned inter-fund transfers to purchase, loan or acquire for anything new, capital equipment or capital projects over \$50,000. Chairman Zovich stated no transfers.

5. Update on Capital Improvements bonding referendum and project plan revisions. Chairman Zovich stated at July 11<sup>th</sup> Council meeting discussion initiated by Councilman Wunsch or Sandshaw about how to restructure the bond authorization; discussion of highlights reviewed noting feedback from voters. Discussion to divide project into 8 separate ballot questions. Vicky Carey stated conversation is premature and needs to go back to Capital Improvements and for them to decide projects and plans; groupings need to be concise, project listings need to be tweaked. Discussion held. Each bond authorization and issuance has underwriting cost and \$80,000 is minimum fee projected for each. Vin Klimas, 5 Coral Drive, summarize to make sure clear and should be specific; he has gone through 30 years of files in clerk's office of bond/referendum issues and town special meetings and every one has been specific.

6. Discuss & take action on implementation of General Fund budget for FY2011-12:  
a. Review plans for cost savings and asset sales for new fiscal year; i.e. sale of surplus vehicles, Trac-phone purchases, reduction in salaried overtime, etc. – Chairman Zovich noted surplus vehicles; Dave Bertnagel stated going out to bid for cars themselves for replacement, 5 Crown Vics and have grant application to State; trac phones – being purchased and have 10 now and retired other phones and in process; overtime – monitored by mayor's office. Chairman Zovich noted in approved budget that non union salary overtime to be reduced and salaried managers not collecting overtime. Legal expenses, Mayor Festa noted 7 contracts being negotiated, 4 investigations running concurrently is what caused legal side to go over. Melanie Church, observed on Saturday, 6 a.m., two weeks ago saw superintendent and do not understand why road milled, working overtime and never started to repave until a Friday and finished at 8 pm near IGA and behind, North Street and believe did all. Why done on Saturday at time and a half and this is an example on not watching over time. Chairman Zovich noted for overtime operations of government will cut back on salaried over time. Vin Klimas, overtime, can you come back with a report and check it out; your job is to monitor overtime and come back to why and stunned on why doing on a Saturday. Mayor Festa, overtime schedule and takes full responsibility for authorizing. They had two vendors

and only time they could do in a timely manner was to do on that Saturday and would have been a week and half later to get back; overtime came out of salary and do have 3 vacancies in salary account and used to pay for one time specific in relation to timing of vendors and to get this taken care of before school buses roll next week. Discussion held. Chairman Zovich, is it necessary for the Highway Superintendent to be at the transfer station every Saturday; Mayor Festa noted contractual issue to be discussed under contract negotiations. Pat Budnick noted the BOF looks at numbers, he operates within his budget and it is not up to the BOF to question why they were working at that time. Dan Murray, issue is not specific overtime of management but fact is it was done on Saturday, approved by the Mayor, on budget and this is not an issue.

b. Recommended transfers between accounts if req'd. – no transfers at this point. Dave Bernagel distributed monthly report.

c. Status and impact of changes to state budget, aid to municipalities and projected tax revenues – Chairman Zovich noted revised concessions will pass, Manufacture's Pilot restored, favorable revenue variance and 1/10 of 1% is in budget and too early to project. Dave Bernagel reviewed budget and conveyance tax issue and new surcharge tax created at state level called revenue sharing grant which will come to us 4 times per year. Also noted, no answer, re public safety (fire and police) a number of bills proposed and do not know if will be implemented; in past subsidize training for police and fire academy and we may pay for each at \$3600 for police and fire fighter that we may incur, bill approved but do not know if implemented. Also with continuing education and recertification costs may come down to the town. Pat Budnick asked if the BOE will be affected; Dave Bernagel noted a lot of grants affected such as Inter District and Special Ed grants and should have clear picture next month. Vin Klimas, ceu's, if volunteers like firemen should be paid by town as doing job for free; but if person has job and has license we should not pay for ceu's as it is up to them to make sure they have valid license; Chairman Zovich stated some is contractual and we provide professional development and training and part of expense to maintain and at this point since we do know we have budget for police training. Mayor Festa, in relation to question in hand is whether or not expense to this and we do not have that in any budget that would take care of that type of money and have viable work force fully training and operational when needed. If we tell them to go out and get own they will not stay as other communities are providing that service. Dave Bernagel, most of this is beyond our control and mandated; we have not been billed for any training and people have been taking it; feels a lot hinged on vote today and hope to know better next month and will keep the board informed. Vin Klimas, teachers, he believes, have to get masters and do we pay for masters. Chairman Zovich stated districts pay for ceu's and we pay for it.

d. Update on collection of delinquent taxes and Tax Sales – do not know on final settlement with Structus; Dave Bernagel noted there will be another tax sale next week.

7. Discuss & take action to approve Interfund transfer between Small Cities Block Grant and Plymouth Economic Development Fund. Chairman Zovich gave background on original establishment of Economic Development Fund where seed money to help businesses expand and relocate; when third phase expanded there was a policy that Town Council approved and ordinance for tax incentives and have three forms of financial assistance – tax abatement which is built into state statutes, low interest loans or guarantee loans or give direct grants; reviewed. Fund has zero in it and as we sell lots, money will get replenished; repayment to state reviewed. Town Council approved

financial assistance to Graham Tool who will relocate and awarded \$5000 relocation grant. This has been done in the past for other businesses. Council can approve award and the Mayor is authorized to make recommendation. Proposed is interfund transfer from Small Cities to Plymouth Economic Development Fund. Amount request is \$40,000. There are other applications pending but not approved by Council. It is not the BOF position to judge validity of award and all we are asked to do is make interfund transfer to replenish fund. This money is in Small Cities Block Grant; reviewed by Dave Bertnagel noting were commercial rehab grants from 70s-80s – over \$100,000 from cd's we had and as result the State said because so old and signed off, the money can be used as deemed necessary and released by the State.

**MOTION:** To transfer \$40,000 from Small Cities Block Grant to Plymouth Economic Development Fund by Vicky Carey; second Pat Budnick. Discussion: Vin Klimas, 5 Coral Drive, (a) have dealt with millions of dollars from HUD and Small Cities funds and any time used in different activity but if for different eligible activity need HUD approval; Dave Bertnagel stated we have letter and stated it is town money. (b) any public funds have to have bid process and do we need bid process. Chairman Zovich responded we are not purchasing anything. Dave Bertnagel, every year we get application where we have to advertise in paper, reviewed, and those are bid out and this goes back to 70s-80s and bid out at time and money repaid and sat in account and invested in cd. Have clearances in place. (c) on public advertisement and giving to one company it is public process and due process issue and other people have access. Chairman Zovich stated from his years on EDC and policy and application process is in place, reviewed. (d) stated application process sounds thorough and has this gone through. Mayor Festa stated this was submitted by committee and went through application process. Vote: Pat Budnick, yes; Peter Cook, yes; Vicky Carey, yes; Dan Murray, yes. Chairman Zovich stated the motion is unanimous.

8. Executive Session for discussion of pending union contract negotiations

9. Public Input

a. Mayor Festa, information to BOF and unofficial notification that the Town of Plymouth received \$800,000 grant from federal government to purchase North Street property in addition to \$650,000 from the State which covers purchase price of land. There are two other companies interested in relocating to industrial park and another business coming for help in expanding business.

b. DiAnna Schenkel – Council liaison, appalled at overage for Town Council and offer reimbursement of \$2 to make sure record is zero. Dave Bertnagel, stated DiAnna was short the \$2 less than other Council people.

c. Melanie Church, (a) what about \$196,000 from BOE that somebody told her and did not see it anywhere. Chairman Zovich noted preliminary figure and BOE still needs to reconcile all cash accounts. Dave Bertnagel noted a lot is attributable to utility cost savings and they did a good job. (b) Pat Perugino told her they cannot top off our tanks anymore.

10. Board Member Comments

a. Ralph Zovich noted for information if you go on recovery.gov will see what Town of Plymouth has received under stimulus fund; copy distributed. Also mail addressed to

many people from Department of Energy and Environment now DEEP and implementing mandated recyclables. Public Act 10-87.

11. Adjournment

**MOTION:** To adjourn by Vicky Carey; second Pat Budnick and the vote unanimous.  
Meeting adjourned at 8:35 p.m.

Respectfully submitted,

Robin Gudeczauskas  
Recording Secretary