

1. Call Meeting to Order – The **Regular Meeting of the Town of Plymouth Board of Finance** was called to order on **Thursday, September 15, 2011** in the Assembly Room, Plymouth Town Hall at 7:00 p.m. by Chairman Ralph Zovich. Members in attendance: Pat Budnick, Vicky Carey, Peter Cook, Mike Drozdick, Ralph Zovich. Also: Robin Gudeczauskas, Recording Secretary; Ted Scheidel, Administrative Assistant to the Mayor; Dave Bertnagel, Director of Finance. Dan Murray, excused absence.

2. Pledge of Allegiance

Ralph Zovich noted after last months special meeting there was misunderstanding that we were trying to make attempt to limit public comment and note that the Board of Finance complies with FOI and Charter rules. There are parliamentary procedures and protocol, definition reviewed noting public comment is commentary and entertain ideas, comments and not an interrogatory or question/answer session or debate. If public has questions we try to bend over backwards to answer and there are no FOI rules or Charter rules to compel us to answer questions. In a motion by the Board there is board discussion first and then we entertain public comment.

3. Board of Education update – Dr. Distasio, Superintendent; Mike Santogatta, Business Manager; Tommy Meehan, Director of Pupil and Personnel Services; Chairman of the BOE and a Board member. Mike Santogatta stated the beginning of the school year went very well; finished up last year and got a lot accomplished; auditors there now, books balanced; few areas concerned and few look real good. Ralph Zovich, with regard to Auditors, we need a physical asset list and update. Dave Bertnagel noted every year an inventory is done and most on the towns is on our system; Mike Santogatta stated the BOE is due in the next few days. Ralph Zovich stated we are pushing Blum Shapiro to get done early and meet Charter requirements for final report done before election. He also noted the BOE had a large surplus ending the school year. Mike Santogatta stated they are returning from the BOE to the town \$197,000 out of last year's budget. Ralph Zovich stated a good chunk was unexpected retirements. Mike Santogatta noted also special education out of district tuition and transportation savings and oil accounts contributed to the surplus. Ralph Zovich noted with regard to fuel that at a joint meeting on Monday Marty Sandshaw said analysis on costs that gas is half than oil. Mike Santogatta noted not half and did not buy heating oil yet and locked diesel at 3.14 per gallon; 3 facilities can run on natural gas and did buy that when under 4.00 per cu ft and formula brought it out to about 1.90/gallon and bought enough natural gas to run three facilities for the year and oil tanks are full. Two facilities that cannot are Central Office and Fisher Elementary. Watching oil price and although have not locked in, the company awarded has formula and variable price. Did mention to BOE that what you don't see in there is medical reserve fund and got clocked in August and again in September; will not have problem this year. Pat Perugino, it is unique that the BOE returned \$197,000 and second year turning something back, last year around \$60,000 and all cost savings that started with Special Ed, energy savings; grammar school kids are recycling. A big elephant when Mike came and it takes time and getting at it and putting emphasis on cost savings. The entire board voted to turn the money back to the town and could have spent it. Did have unexpected retirements. He is pleased as the Board who asked him to come tonight to relay that it was a 9-0 vote. Ralph Zovich suggested looking at what it would take to convert to gas; Mike Santogatta stated the gas line does not come up to building; Yankee Gas has offered to bring it up but want a 5 year agreement and the prices are better price from another company. Vicky Carey extended her personal thank you and Ralph asked that our thanks are extended to the Board.

4. Approve Minutes:

a. Regular Meeting June 16, 2011

b. Special Meeting Aug. 18, 2011

MOTION: To accept the minutes of June 16, 2011 and August 18, 2011 are presented by Pat Budnick; second Vicky Carey. Discussion: None. Vote: unanimous.

5. Mayor's Report – Not with us this evening.

6. 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 no changes as going through audit and field work should be done by end of next week; encumbrances, when first came had \$500,000 and this year down to \$6,000. Estimates on spending surpluses, nothing changed; 60 day number is between \$30 to \$51,000 to the good and will be recognized as revenue. October 5th special meeting with auditor to review draft report; Dave to check and email. Ralph has draft of Annual Report narrative, distributed, read into record and discussion held. Peter recommended deleting "to the layperson". Once the audit is finished Dave will insert actual number values. Pat Budnick, going forward and in future she did not realize legal expense numbers, aware of all the legal actions but did not know actual numbers. Dave noted Structus comes from revolving fund. He and the Mayor addressed this board on several occasions on pending litigation and expenses were results of those. Pat, in future, need special notification that we are going over budget as over by 38,000 on one and 5,000 on other and there are adjustments at end of year as some related to collections. Do you have amended income statement; Dave, finishing up schedule and can forward by email. Ralph noted net loss to fund balance is around 240 but could be as high as 3. Pat would like report quarterly.

7. 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. Dave, cost savings going on; went to RFP for information technology requests for proposals and did RFP request directed toward communication for fire and emergency medical and limited to number of bidders as need to be certified, reviewed. Do not know if there will be cost savings and looking into. Computer technology bids being reviewed now and received six. Trac phones have been purchased and distributed. Vehicles, did get listing of vehicles in back; will sell 2-3 and then next 3 and money in capital outlays but first reviewing options. Non union salary personnel notified of reductions and monitoring individuals who had overtime last year. Melanie Church, question on stimulus money from storm, if paying out of tax dollars wouldn't it go back in general fund; Dave, yes, once comes in will go back with Council for one time appropriation, emergency management. Melanie, if you pay off everything where does extra money; Dave to revenue in General Fund. Melanie, Undesignated fund came out of Anthem Blue Cross payment back to town which was not taxpayer money and put in undesignated fund; Dave that was demutualization and used the following year to lower tax burden and used that year to balance budget.

b. Recommended transfers between accounts if req'd. Dave noted two storm events, one the first hurricane that became tropical storm and approved for disaster assistance and week later another (\$7-8,000) and do not know if it will be declared by FEMA. Dave to find out from BOE on known costs from storm damage. Application process is very long and everyone is screaming for help. Once he has final total for storm will have update. No transfers this month.

c. Update on collection of delinquent taxes and Tax Sales. Ted Scheidel stated last year in first two month collected 177,000 and in this year 236,000 and significant because those two months last year were good but what happened after is concern. Some closings on tax sale property did not happen until after first of July. Ted distributed and reviewed delinquent tax collections (Ralph distributed to public) noting we just had 3 sales of property foreclosed on of which will get \$17,710 minus a bit for attorney fees, reviewed. Sunset property is viable piece of property but no maps and property lines in dispute. Planning a sale of as many as 16 properties on it and took longer to go through court system and another dozen after that of dead properties and then have cleared out the dead list and hope to be done by next January. Delinquent tax list from website reviewed by Ralph. Discussion held. Signs are on properties, listed on website. Ted noted a few lots the town will retain ownership; Plymouth Key will facilitate state work being done on bridge for waterwheel project; Dave reality is a little piece of property on 3 Fall Mountain Lake Road and where water comes through and it was gifted to the town in lieu of taxes and problem with lot next to it, reviewed. Structus, in court system and have succeeded to stay in lawsuit for insurance money; mortgage company had insurance on that property and not Structus; have been getting calls from Structus and mortgage company for payoff figures on taxes. Coldform/Jasper Associates, we have commenced with foreclosure and bank filed appearance and admits as no defense meaning we are owed that money; attorney for Lebuff has not filed appearance yet, situation reviewed. Last February 401 names and this past February 612 names and down to approximately 224 names. Tax office is doing well. Value of next tax sale could be approximately \$100,000.

8. Discuss & take action to re-affirm the current practice prohibiting intra-fund transfers between General Fund budget accounts or inter-fund transfers between the various Town of Plymouth operating, fiduciary, special revenue and proprietary funds without the approval of the Board of Finance, subject to the limitations of Chp. VII, Section 3a of the Town Charter and applicable state statutes and regulations. Chairman Zovich read Section 3(c) and stated we are reaffirming for the record our unwritten procedure for transfers. Intra fund transfers are ones Dave brings each month where transfer between accounts or within line items. Legal opinion was requested and copy of legal opinion received and filed with the Town Clerk, read into record. When no change to the bottom line of the budget it is a transfer; when new money and new appropriation it is special appropriation. Peter Cook, we have appropriated 90,000 for track excavator and that department decides to buy different piece for lesser amount and use savings to get additional equipment, both purchased are not legal. Dave, when capitals are recommended and have item such as police van and they decide to buy a lawnmower and something else and van was voted on by voters; if money to be used for a different purchase it goes to Council and under 50,000 it comes back to BOF with this recommendation; if over, it goes to a town meeting. Discussion held. Difference between town meeting and not is the \$50,000 and existing items vs. new items. Inter fund transfers, distributed, final draft/markup of Charter revisions pertaining to Chapter 7 that was submitted to the Town Clerks office and what Council worked from when structured ballots. The Town Council bundled all revisions into 4 ballot questions and one passed, #2. The name of the office of Comptroller changed to Director of Finance and passed. Section 3a, dates reviewed; 3b, referendum, changed; 3c special appropriations see threshold change and subparagraph c was to be added to take care of loophole in policies and procedures between funds. Problem from fact this town does not have written policies and procedures for finances. Over ten years ago, Covello

administration applied for a grant for Fall Mountain water and approved for rural water projects; subsequent to approval of grant, somebody got the idea to purchase a piece of property from Trelli family and add to project and no record of transfer being approved by Council, BOF or town meeting. Property purchased, we own it; however, a few years ago an attempt to sell property and stopped as trying to sell for same \$250,000 purchased for and now water access to that land and worth more and trying to get reappraisal. In January 2008, Ralph had conversation with former comptroller and told not to make inter fund transfer without approval of BOF; in March 2008, Dave is upfront in presenting all inter fund transfers; Charter revisions have not been published yet.

MOTION: Reaffirming unwritten policy we have been following for 3.5 years that no transfer made between or within accounts without coming to this board first by Pat Budnick; second Peter Cook. Discussion: Peter, when is Charter revision going to be implemented. Dave, cannot answer but we have been following guidance for budgets. Charter revision went back/forth for several months and somewhere c was removed. Ralph Zovich, this Policy is to prevent a future comptroller from making discretionary transfers. Dave Bertnagel, legal opinion you have tonight covers transfer for any budgeted funds of the town; you still have that legal opinion to do those and appropriations do not change and still go through Council, etc. We and BOE can move money within their budget but cannot exceed bottom line. Ralph, what is to stop future comptroller from making transfers. Vicky noted that was undesignated capital projects and way back only the BOF had control and could release money and that was created for infrastructure projects in town. Dave, accept legal opinion as accepted by the town attorney and place it on file. Melanie Church, 328 Main Street, until people vote on it you cannot make any rule you want to make; they brought it forward and some reason rejected and you cannot say I am ignoring this and I am going to implement it; Charter revision had wording David requested and when went to Council who did not want it and you do not have authority because it was not voted on by the people. Ralph Zovich, the Charter specifies what you can and cannot do. Melanie Church, until you have another Charter revision it cannot be brought up. Ralph reviewed legal power noting we do not have clear Charter provision that protects the town from unauthorized transfers between funds. Pat stated she is right and we have chosen to do it this way. Dave, by State statue he has authority to move within departments to a certain point; in legal opinion budgeted funds you have authority to move. Melanie Church, whether you like it or not when Council did not bring forward and you are only advisory and Council is legislative body and you cannot say that don't matter. There was a reason they did not want to give authority to you and you cannot just say I will ignore it and make a policy and you are trying to circumvent the Charter that is voted on by the people for any changes. Until another Charter revision it does not exist. Discussion held. Ralph stated we are formalizing a procedure for our records. If a Charter revision comes back and puts clause in the Charter that says different from our policy it would vaporize. Peter Cook, we cannot have a policy. Pat Budnick, it is silent. Dave Bertnagel will ask for a legal opinion regarding that one piece that was removed from Charter and why not brought forward and can the BOF create this policy. Peter Cook withdrew his second; Pat Budnick withdrew her Motion.

MOTION: to table by Vicky Carey; second Pat Budnick and the vote unanimous.

9. Finance Director's Report - Nothing

10. Public Input

11. Board Member Comments

a. Vicky Carey– would like formal letter placed to the BOE and Town Council thanking

the BOE for their due diligence on budget and saving us \$197,000; big thank you.
Ralph will prepare draft for BOF review and then mail.

- b. Mike Drozdick, agree. 30 year old report should be reviewed by Public Works
- c. Pat Budnick, agree to send something; review capital improvement and all roads on that. Dave Bertnagel stated he did a good job on list and he and Vicky went through it. Vicky reviewed history of capital projects. Discussion held.
- d. Peter Cook, we need more money in there in general for Tony to get all little things done. Dave reviewed “for general road work” which can be a question in bonding; reviewed Bond Counsel resolutions. Vicky, he has engineering software; Ralph, GIS and auto cad.
- e. Vicky Carey, if anything specific for capital line items the board wants, start giving to Vicky for review.

12. Adjournment

MOTION To adjourn by Pat Budnick; second by Peter Cook and the vote unanimous.
Meeting adjourned at 9:25 p.m.

Respectfully submitted,

Robin Gudeczauskas
Recording Secretary