

## **Town of Plymouth**

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## **Board of Finance**

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1. Call Meeting to Order – The Regular Meeting of the Board of Finance of the Town of Plymouth was called to order by Chairman Ralph Zovich on Thursday, September 20, 2012 at 7:00 p.m. in the Assembly Room, Plymouth Town Hall. Members in attendance: Pat Budnick, Vicky Carey, Peter Cook, Mike Drozdick, Dan Murray, Ralph Zovich. Also present: Dave Bertnagel, Director of Finance; Robin Gudeczauskas, Recording Secretary; Dr. Anthony Distasio, Superintendent; Michael Santogatta, Business Manager; Rob Parenti, Director of Special Education; Eleanor Cruz, incoming Superintendent; Ana LeGassey, Tax Collector; DiAnna Schenkel, Council Liaison. Dr. Distasio introduced Ellie Cruz who will begin as the Superintendent on December 17<sup>th</sup>, coming to us from Hebron, CT.

2. Pledge of Allegiance

3. Board of Education update – Mike Santogatta gave update noting all accounts are doing good and in position, repair and supply counts good as well as medical. Going into this year increased contributions in employee contribution to health account. Saving in utilities and as a result of recommendation from Energy Educators, the custodial team cleaned two buildings by mothballing Eli Terry to start, shut it totally off and combined teams to clean Fisher, then mothballed that building and back to Eli Terry. In doing so, calculations show we saved about \$3200. In August 2008 when the high school opened it was being run and utility bill was \$22,200 for that month and this August it was \$11,900; running less and buying product more advantageously. Dr. Distasio noted this is quite common out there and have cooperation throughout the district and Marty Sandshaw has cooperation from staff. Chairman Zovich stated on behalf of the Board, welcome to Ms. Cruz noting she has big shoes to fill and living proof we can improve academics in cost productive way.

4. Approve Minutes:

a. Regular Meeting July 19, 2012

**MOTION:** To accept the Minutes of the Regular Meeting of July 19, 2012 by Peter Cook, second Pat Budnick. Discussion: Chairman Zovich stated executive session was in July and when came out there was no action but follow up with Ted and have received a letter from Ted on revolving legal fund which is on the agenda.. Vote: unanimous.

5. Mayor's Report – (a) Kudos to Ana, Fran and Ted for the better working operation since Ana has been on board and we appreciate what she has done and is doing. (b) Received letter from George Andrews, WPCA, on commendation regarding Mr. Bertnagel (read portions into record) and saying in the letter that for over 12 years at WPCA he has never had such cooperation from comptroller's office since Dave came on board. (c) Industrial park, another individual interested in looking in the park for factory and has indicated if this does not work on foreclosure building he will look into building new. (d) Streetscape is underway and money left to start other side at Maple and Main for handicap ramps and have put application in for another grant. (e) Waterline on Burr Road, tomorrow morning a construction meeting taking place; bids opened and under bond amount. Dave Bertnagel reviewed financial aspect stated project approved at \$1.2 million; 250,000 grant received; will borrow up to \$950,000 and bids in at 770,000. (f)

Bids on garage will be awarded shortly. (g) Involved in negotiations with one union, town hall employees, and will discuss in executive session.

6. Discuss & take action on closing of all Town Funds for FY2011-12:

a. Progress of independent audit, trial balance of accounts and preliminary estimate of auditors were at BOE a few weeks ago; finished with a few things on EDO1 and feels everything was fine; general fund surplus, projecting \$130,000 and a few things to look at to book due to storm issue. Budgeted \$250,000 use of fund balance and will increase so net is \$380,000. All reconciliations are in place. WPCA will have \$45,000 surplus at end of year. Chairman Zovich noted Dave emailed info in August on scope of work, 5 page project letter from Blum Shapiro, auditors communication letter, reviewed. For the record he noted on behalf of Nicoletta that if any members of the Board of Finance know of misappropriation, fraud, criminal behavior, the auditors would like to know. Dave Bertnagel further reviewed timeline noting in good shape, like every year need to contact banks to get information. Chairman Zovich noted changed of meeting schedule for month of October and next meeting is second Thursday of October. Request to have draft in pdf form to review prior to meeting; time line reviewed.

Dave noted guest is about to come in for a few minutes. Chief Krasicky introduced Magnum and Officer Corey Somoskey noting this team will go to school for October 8th and graduating Jan 16<sup>th</sup>. Community donations are set up and the Leo Club will be doing a walk in October to raise money for Magnum's bullet proof vest.

b. Encumber \$20,000 into Revolving Legal Fund, requested by T. Scheidel for up-front expenses required to accelerate tax foreclosures.

Chairman Zovich read report from Ted Scheidel dated September 20, 2012 into record and reviewed conversation that in order to accelerate foreclosures estimating need \$20,000 up front and the Board encumbers now before the books close for 11-12. Discussion held.

**MOTION:** To encumber \$20,000 from 2011-2012 budget into revolving legal fund by Pat Budnick; second Mike Drozdick. Discussion: Peter Cook (a) what is status of current \$10,000; Dave Bertnagel stated we have 18 as liability; of 18, 6 dead properties going out end of October and will recoup that. We are re-supplying/investing to continue process. He, Ana, Ted and legal attorneys are going through dead properties to get credible grand list; balance of \$600,000 of taxes owed which were written off through abatement process and monies received were legal fees incurred. Ana stated not every dead property was a loser. Grand list properties have been merged with other properties next to them and people are paying their taxes on them. (b) how do you account; Dave Bertnagel stated liability account on balance sheet which is either debit or credit position, reviewed. Ted stated biggest dead properties are off the list and we will tackle foreclosures with equity and possibility we can replenish revolving fund. Board asked for accounting of how much money we will never recover. (c) How many additional foreclosures do you predict to do in this fiscal year. Ana, has list and reminds board we did land first and procedure is to do foreclosure, need lawyer; have picked out roughly 20-30 off her list and ten going after now. Some are in court but 10 now concentrating on. Melanie Church, 328 Main Street, have been talking with other tax collectors and they are not doing this. They are selling tax liens and we are not in business to do foreclosures; sell tax liens and you have no attorney fees. Another thing if you pick houses to foreclosure on you have to pick a price amount and you need to take everyone in that price amount. That is a way of not spending legal fees and we will end up getting more money. Vote: Dan Murray, yes; Vicky Carey, yes; Peter Cook, yes; Pat Budnick, yes; Mike Drozdick, yes and the vote unanimous.

c. Review draft copy of BOF narrative for Annual Financial Report. Distributed and read into record by Chairman. Discussion: BOE unspent amount of \$218,000; that is not correct as it is \$100,000 and \$118,000 went into sinking fund for future emergencies; Para 2, "to address this alarming trend" change "to continue to address alarming trend". Pat Budnick asked for something on cost of storms; Dave Bertnagel stated that will be in his narrative. Pattie DeHuff, 20 Lynn Avenue, (a) asked if this is a draft for Election Day; Chairman Zovich stated this will be narratives with financial statements and exhibits. (b) management letter is not normally with report and will that be available on Election Day; Chairman Zovich, no, that would come to the Board of Finance after the Comprehensive Annual Report is printed with the auditor's letter. When the management letter is received, the Board sits down and reviews it with the auditors, usually in December. In time for the Charter deadline is the Annual Report with financial statement and narratives. (c) the audit will be on line and will management letter be on line so that she doesn't have to bother town hall with copies. Dave Bertnagel noted the letter comes to management and it is the choice of the Board; Chairman Zovich stated the Board can make that decision at the time we get that letter.

7. Discuss & take action on implementation of General Fund budget for FY2012-13:

a. Update on collection of delinquent taxes and results of recent Tax Sales.

Chairman Zovich read note on collections into record stating collections are 1% over last year; as of 8/31 the total tax collection was \$13,899,000 and approx 52% of budget. Ted Scheidel noted last sale of 14 properties all sold and now much closer to a credible grant list and 1% above collections. They have had good payoffs and still working on bigger ones. Structus and Jasper are making way through court system; reviewed and discussed. In July went through top 30 delinquents and #3 on list would like to resolve without having to go to court or pile on legal fees, reviewed and discussed. Ana stated they had foreclosure on industrial park, Bomag building, check from TD Bank for \$26,800 came in. She stated automobile collections are huge reviewing process of DMV report being sent in and since then have people coming in because they can't register vehicles. Every two weeks she sends updated list of people paid. Ana stated she has not given up on taking tax liens off the table but a tax lien is not just sold, you still need an attorney and there are steps you have to take.

b. Recommended transfers between accounts, if required. Chairman Zovich stated in July the Board made \$48,000 transfer from Contingency and had stated we would look for ways to replenish fund and has met with the Chief, Dave and Mayor. Pat Budnick stated she has determined breakdown of salaries and 48,500 did to go fund canine officer. At the conclusion of the meeting David stated \$20,000 could come from Public Works account. Chairman Zovich stated they also took \$25,000 from the police department overtime account noting we did say we would revisit the police department budget in January. Discussion held noting they will need an additional officer; there is a vacant position and intent is to fill in February with thought of seasoned officer who has gone through training. Pat Budnick stated she will sit down with them in January to re-evaluate. To replenish 48,000 in contingency suggestion is to look at line item in public works. Mayor Festa stated his concern is that this department has suffered greatly as whenever we had retirement or resignation in that public works, we did not fill position and they are suffering. He suggested to look first at the department money is being requested from. We have been trying to hold the town together with glue and the time has come to start looking seriously at what we need to do. Chairman Zovich stated for the record, we are looking to replenish the Board of Finance Contingency which is just that, funds put aside for potential expenditures or unexpected. There are still options as we

move forward into the fiscal year. We did not expend all of our BOF contingency last year. Dave Bernagel distributed information on transfers, reviewed. Highway garage wages, do we have vacancy; Dave stated retirement and vacancy and feel comfortable to restore 40,000 to contingency. Discussion held. If come back they have used special appropriation even though it was transferred in budget, this is the police department's one time appropriation.

**MOTION:** To transfer from accounts in total \$40,317 by Pat Budnick; second Mike Drozdick. Discussion: none. Vote: unanimous.

c. Review status of hybrid vehicle grant and disposition of surplus Crown Victoria's. Ted Scheidel gave updated that Plymouth was awarded hybrid vehicle grant, \$86,000 which should fund 5 vehicles and were the only town in the state that received money through this grant (CCRPS, Prius). We are waiting notice of award and once done, money is dispersed. With regard to the surplus of 5 Crown Vics that were to be part of the replacement, had request from WPCA for one and unless there is an objection we can transfer to them at book value. They had an old pickup which was scrapped. Dave Bernagel stated most are fully depreciated. He will bid out remaining for public sale, can trade in toward cost of new. The mechanic will pick out the car in best condition for WPCA.

8. Consider proposal from Finance Director for a long-term plan to fully fund town's pension liabilities and other post-employment benefits. Proposal will require written Financial Policy Statements and Town Council approval.

Dave distributed information and reviewed noting goal to get rid of long term obligations. New obligations, July 2009 became reportable for GASB45; town has always paid through operating budget; duties of trust fund established for this is assigned to oversight board. Valuations are done every two years including health insurance, life insurance or other benefits but not include salary. Mayor has negotiated contracts and discussion on long term liability; 14.3 million obligations was projection and according to GASB45 we have 14.3 million unfunded liability and this schedule is to try to fund. Funding mechanism is this can be funded in 15 years; once funded, the trust fund pays benefits (post employment benefits). This number is the Town and BOE. \$100,000 added to expenditure side and does not factor in interest earnings in trust fund. Second item on financials; review of background held. Between town and BOE there was gap in funding. Annual required contribution is \$300,000 on town side for old pension plan. Gap is 4.7 million which we are funding each year. Impact to fully fund unfunded pension liability and post employment benefits required 10 years of 1/3 mill until 9<sup>th</sup> year at zero and that would put in principal 2.89 mills at current grand list or \$2,060,000. Chairman Zovich stated this is the first statement which will need review and will then go to Council, require financial policy statement and will go before Pension Oversight Board next month. In current 12-13 budget have \$300,000 budgeted and expensed yearly. Dave noted compensated absence, for vacation, sick time and in new contracts the amount of accumulation has been reduced. Review and discussion held on reaction from Board for feedback to go forward and will be on agenda so members can further review: within the Charter, is this considered a debt and fall under 3% rule; Dave Bernagel stated it is but also provision for debt service as required obligation to fund and will look into further; recommendation is to give something as funding mechanism; biggest hit is next year and can the BOF consider leveling out for more consistent increase in taxes; i.e. .8% of current mill rate per year and do as increase in taxes as percent every year. Dan Murray will report on consensus from Pension Oversight Board. Goal before end of fiscal year to have plan to present to Council and taxpayers.

9. Finance Director's Report – (a) Sinking Fund Agreement and Policy distributed, reviewed and read into record by Chairman Zovich noting members will take home for review and discussion at the next meeting. Questions: ½% rule; Dave Bernagel noted maximum of 1% of budget, reviewed. Once tapped out at 1% of current year's budget they are done. Discussion held on non-recurring and capital projects. (b) Dave distributed and reviewed Year to Date noting some energy efficiencies are appearing. (c) Tax sale list distributed and reviewed. (d) Revolving fund is to be self supporting. Discussion held.

#### 10. Public Input

a. Melanie Church, 328 Main Street (a) she did give David a letter asking for check register; Dave Bernagel stated they sent response certified and the register is 822 pages. (b) again purchasing stuff that is zero in budget and one is compressor 185 for public works; also a bulldozer and payloader that were not in budget and it said in, according to last page of budget zero. These things appear again and where is money coming from but has problem with it because it keeps happening. Chairman Zovich noted when making charge that someone is misappropriating budget is pretty severe and no purchase orders went through to purchase; Melanie stated she has pictures of them. Mayor Festa stated for clarification, a bulldozer was leased as they needed to do job, has lease and no option to purchase was picked up and returned after period of time. 1960 compressor died and without cannot use jackhammer and did purchase compressor; Dave Bernagel stated the compressor was in budget 2 years ago for 70,000 and part of allocation at that time for small equipment. A second compressor was requested and that was zero. Mayor Festa, secondly, charge of buying bulldozer; does know he rents some equipment and goes by hours and there is an option at point in time at end of rental where company will come back for \$1. Peter Cook, if look in general ledger we have rental line item where Tony is free to rent what he needs.

11. Executive Session regarding pending contract negotiations and personnel matters.

**MOTION:** To go into executive session inviting the Mayor and Director of Finance at 9:25 p.m. by Vicky Carey; second Peter Cook and the vote unanimous.

Chairman Zovich called the meeting back to order at 10:00 p.m. stating no action will be taken from Executive Session.

#### 12. Board Member Comments

a. Vicky Carey – Garage has gone out to bid and in front of Planning & Zoning, have A2 survey, do have to follow Planning & Zoning rules with 40' setback and do have design. Design is good. Have been appointed as liaison for Reservoir Committee and 17 panel committee with 4-5 liaisons from different boards; liaison with Bill Hamzy and John Wunsch doing financial part to get people to donate time and money to work on trails such as boy scouts; Bill Hamzy has list going through.

b. Dan Murray – will not be at October meeting.

c. Ralph Zovich – did get notice in October the CT Dept of Safety will do inspection, OSHA inspection. CCM 30<sup>th</sup> annual convention is October 23<sup>rd</sup> noting we are not a member.

13. Adjournment

**MOTION:** To adjourn by Peter Cook; second Mike Drozdick and the vote unanimous.  
Meeting adjourned at 10:05 p.m.

Respectfully submitted,

Robin Gudeczauskas  
Recording Secretary