

Town of Plymouth

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Board of Finance

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1. Call Meeting to Order – The Regular Meeting of the Plymouth Board of Finance was called to order on Thursday, January 21, 2016 by Chairman Ralph Zovich at 7:00 p.m. in the Assembly Room, Plymouth Town Hall. Members in attendance: Vicky Carey, Pattie DeHuff, Jay Dorso, Dan Murray, Jim Zalot and Ralph Zovich. Also in attendance: Mayor David Merchant; Ann Marie Rheault, Director of Finance; Sue Murawski, Council Liaison; Joe Kilduff, Tax Collector; Barbara Rockwell, Town Clerk; Charlie Wiegert, Director of Public Works; Phil Penn, BOE Business Manager, and Robin Gudeczaukas, Recording Secretary.

2. Pledge of Allegiance

3. Notice of Fire Exits – so noted

4. Acceptance of Minutes:

Regular Meeting - December 17, 2015

MOTION: To accept the minutes of December 17, 2015 by Pattie DeHuff; second Jay Dorso.

Discussion: P. DeHuff stated on first page under Mayor's Report, comments from the board, she would like her name before Grievances. **Vote:** unanimous with Dan Murray abstaining.

5. Quarterly Financial Update from Board of Education – Mr. Penn, Business Manager stated Dr. Semmel sends regrets for not being able to attend tonight. (a) 2 key highlights to address on accounts by facility: special ed outplacement costs have exploded and least predictable depending on kids who move in district, changing needs, etc. and the BOE has made transfers within appropriation to move about \$425,000 within budget to cover public outplacement (kids attending another public school) and private facility. He reviewed funding and a large amount from salary accounts due to turnover in teachers and lower salaries and early retirement \$40,000-50,000 and redistributed; second negative was from actuary and has moved within accounts to fund 50,000 of about \$104,000 deficit due to new evaluation and needs to find another 54,000. Request tonight is to reestablish the Pension Oversight Committee and from actuarial conversation, assets in portfolio are all fixed annuities, reviewed. Need to have discussion on how to structure portfolio. Mayor Merchant stated that is a priority item and Dan is representative from BOF on that committee. Discussion held. Chairman Zovich gave overview on attendance at BOE budget meeting regarding special education excess cost reimbursement. Mr. Penn stated he is hearing that the final funding amount will be between 75-80% for this fiscal year and they submitted around 870,000 in excess cost; the state will review and budgeted number is 550,000 which is about 60% and feels they will hit 550,000 but may exceed it. Chairman Zovich reviewed page 18 from the BOE accounts by facility report and they have expended 96% of budget as of 12/31/2015. Assuming the state reimburses the town, normally any excess reimbursement goes back to the General Fund and at end of year offsets deficits or helps surplus. 6 years ago the Town took 300,000 from the BOE proprietary health fund, as they had over a million dollars, and used to offset the mill rate. If 300,000 comes back to the town, right now the BOE is facing a 350,000 shortfall in their health fund due to higher cost and the town should return that money to the health fund; catastrophic costs reviewed. Board comments: (a) Page 23, account line item for tech assistants; Phil Penn stated there is a 50,000 payment from the town each year that offsets that account and when that is credited account will not go over budget.

6. Mayor's Report – meeting held with the Chief and Chairman on overtime reviewing issues with officers out and back to full strength and that should level off; contractually you have to have 3 officers per shift. Blight fund will be brought back to the BOF - house on North Main is on top of list; process reviewed; bond package - working with Capital Improvements to get package put together, reviewed; budget process started and information has been sent to all department heads; attorney fees on going, reviewed; police contract is being worked on and may end in arbitration.

Pattie DeHuff – regarding (a) police overtime over budget and at last town council meeting there were two officers there; Mayor Merchant stated they are on duty and no overtime (b) is there a reason why they are. Chairman Zovich stated there are three officer minimum staffing requirement that is contractual and he understands there were injuries and extended absences and officers at the academy. He will propose they ask for a line item transfer or have to be cutbacks somewhere. AnnMarie Rheault stated they had requested 160,000 and it was cut and the Chief made it clear at that time that the number given was not going to cover it. Vicky Carey – when the Mayor presents his budget please have departments go through capitals as last year surprises came later. AnnMarie Rheault stated she put that out there to department heads and also asked for capital expenditures for the next 2-3 years in case money may need to be put aside. Pattie DeHuff - used word “package” when talking about the bond and does that mean various projects together for one vote as we need to keep them separate as people may want one thing and not another. Chairman Zovich stated that is for the Council to answer. Dan Murray – blight fund and do we have a blight control officer or incorporate those with Clarence; Mayor Merchant stated we have a code enforcement committee; we do have a code enforcement officer.

7. Tax Collector’s Report – Packet on top shows 15 delinquent for real estate with backup on breakdown of what is owed. Current collections running 2% ahead of last year through end of December; most was on current year taxes and at end of January will have better picture of where we are; report reviewed. (b) DMV has had issues, reviewed (c) there will be two mill rates this year, one on real estate and one on motor vehicle as motor vehicle rate has been capped by the state, now 32 and next year down to 29; reviewed. This will affect Plymouth and revenue loss is supposed to be reimbursed by the state. Also, the grand list sent to towns was not accurate and a lot of school buses were sent to wrong town. Motor vehicle will not accept paper releases and needs to go through tax collector electronically. Discussion held. 32% takes effect July 1, 2016 and next year 2017 down to 29.

8. Finance Director’s Report – working on 2014 audit, reviewed; do need a full fixed asset inventory as feel things we no longer have are on list; there was a partial fixed asset inventory for public works. Auditor is working on draft report for 2014 and trying to recognize Gasb67, reviewed. Her staff is focusing on 2015 in terms of reconciling bank accounts and what needs to be recorded in 2015; reviewed. Working on 2016 to get to point where caught up and recording on a monthly basis; putting together a list of items that need to be done monthly. Need to go out to bid for 2015-2016 audit. Budget templates are out to departments and looking to have numbers next week. Dan Murray asked if she feels comfortable with staff to get done what needs to get done. Ann Marie stated needs additional appropriation for staff through end of June. Does not feel at correct staffing levels and needs a staff accountant with her.

9. Implementation of General Fund budget for FY 2015-2016:

a. Review Financial Summary report for period ending 12/31/15, budget vs. actual – A. Rheault reviewed; Charlie Wiegert gave generator update as one ordered is Kohler and there is a strike at Kohler at facility in Nov/Dec. Debt Service numbers have been entered into the general ledger. Discussion held. Grant Administrator – Ann Marie stated that was to be used on a as needed basis. Fraud Risk Assessment – have not done anything yet and may carry money forward to next budget.

b. Discuss status of collection actions from Delinquent Tax List – Top 30 – reviewed by Joe Kilduff. Almost all are in litigation or making payments; discussion on tax sale process and tax warrants. Page 2 and 3 is breakdown of real estate based on grand list going back 15 years. Real estate is under control and next will tackle personal property as difficult to enforce collection; need to issue tax warrants but need to issue before property is sold or business changes name; constables are in town and need to be used but have only one with experience in serving tax warrants; has money in part time employee line item and considering bringing in a marshal to do a training class for constables.

c. Discuss & Take action on any internal transfer requests, if req'd. – Ann Marie reviewed temporary audit request of 44,143 change to 41,723; staffing request of \$31,020 change to 28,600; Administrative Assistant Salary \$13,123; Total requested appropriation of \$44,143 to \$41,723

AnnMarie wants staff for 20 hours until end of June for \$28,600. Administrative Assistant is adjustment to line item as when budgeted was already under budgeted and 53,333 is base salary; additional amount is personal, vacation and longevity. Discussion held on position; 2014 administrative assistant was 24,815 and receptionist was 37,250; current budget is \$48,215 short the 13,123. Chairman Zovich stated this 41,723 would be a recommendation to the Town Council or a supplemental appropriation request. Contingency is zero. Salary line item has not budgeted for the vacation, personal time etc as she does not take the time and gets paid.

MOTION: To request a supplemental appropriation for 41,723 to be paid as follows:

28,600 into temporary audit staff and 13,123 to administrative assistant salary by Jim Zalot; second Dan Murray. Discussion: Vicky Carey asked if under 50,000 the BOF could take from undesignated fund balance; Chairman Zovich stated through Charter it must be approved by Council. Pattie DeHuff - why is Ann Marie just asking for 28,600 and not the mayor; Ann Marie stated he is asking and all a part of General Administration. (b) saying her contract allows; Ann Marie stated she does not have a contract; Chairman Zovich stated this is past practice and if we change as of July 1st we will need something in writing. Discussion held on job descriptions; but not for administrative assistant as this position is an at will employee. AnnMarie stated there are either employees under union contract or a separate contract. Chairman Zovich gave background to position of administrative assistant, h.r., receptionist. For July 1st 2016 we will need something in writing for the position. Public Comment: Melanie Church, 328 Main Street – you are in violation of the charter as it was changed at last charter revision and mayor used to set salary and make arrangements and that was changed and now it is the BOF that sets the salary; (b) in 2014 during budget the administrative assistant for that year was a 56.9% increase in pay and that was to cover to do both jobs and with that she was suppose to be doing h.r., insurance and those things are not being done. There is a letter that all employees must use their vacation time or lose it which was a directive by Vinnie. You cannot make exception for one person. Chairman Zovich read from Charter, Chapter 6, Section 4 read into record. The BOF set the salary \$48,500 and now we cannot under charter increase salary without a special appropriation approved by council. We are not re-setting salary but adjusting for this fiscal year. (c) last year she went over budget and she cannot get salaries. Ann Marie Rheault stated for 2015 that line item for administrative assistant was 47,500 budget and ended year at 79,367 and does not include meetings. And in 2014 mayor receptionist 37,250 and salary 60,392; administrative assistant 24,815 and 17,704 was final. If we make this adjustment and recommend to Council there will be no additional overtime paid; the Mayor cut out overtime and there has not been any. She has no FOI in her office for wages/salaries; Melanie Church stated that came from John Murphy. (d) that job when increase came in 2014 was salary position and not overtime. Board members: Chairman Zovich stated going forward if approve recommendation it has to be made clear that there is no overtime; Ann Marie stated that directive has already come and there is no overtime. Jim Zalot – temporary staff is second appropriation and for next fiscal year are you planning to have a permanent part time employee; Ann Marie would not put in temp and no discussion yet on staffing levels for next year and if she does, would request position.

MOTION TO AMEND THE MOTION: Fr this board to vote separate on temporary audit staff and administrative assistant increase. \$41,723 broken down as 28,600 and 13,123 for two accounts by vote upon in two separate components by Pattie DeHuff; Second: motion dies for lack of a second.

Continued discussion on Original Motion: Dan Murray (a) is 28,600 going to give you what you need; Ann Marie through the end of June, yes. (b) if you had ability to do more to get you farther ahead so we do not snowball is now the time to do it. AnnMarie stated 28,600 will get through end of June but she will not be able to give more time.

Vote on original Motion: Dan Murray, yes; Pattie DeHuff, no and for the record would have voted for 28,600 and no for administrative assistant; Jim Zalot, yes; Vicky Carey, yes; Jay Dorso, yes. Motion carried.

10. Discuss & Take Action on Blight Fund Resolution – Chairman Zovich stated the Mayor discussed need for blight; distributed information reviewed and approved by town attorney and blight ordinance is attached; history given. Section 7-67 out of Code of Ordinance page 553 reviewed; no blight fund or funds available and line item was not put in general fund budget as without revenue there is no way to fund it. Ordinance read into record.

MOTION: To accept the Resolution as presented by Jim Zalot; second Pattie DeHuff.

Discussion: Vicky Carey, how much are we planning to put in? Chairman Zovich stated the purpose of action tonight is to move the Resolution forward to Council and to request AnnMarie create fund; State of CT had Brownfield's cleanup program and if the state established a blight remediation we could apply for grants and can solicit donations; under government accounting standards this is a restricted fund and whatever goes in is separate by general fund and is not paid by tax money and cannot offset operating expenses. Expenses against it, Section 7-67: demolition, remediation or sale are three authorized actions. Dan Murray – would look at this no differently than going after taxes and if we are taking positive steps forward this is no different. Public Comment: Rob Wilcox, South Main Street – in regards to question the house on Harwinton was declared blight by the building inspector and costs were to be passed on to the property owner and property owner got work done cheaper and she was responsible to get it done. Chairman Zovich stated if the homeowner takes responsibility and remediates blight no money comes from fund. Melanie Church, 328 Main – goes to meetings and there are fines and not approved by Council; also talking about raising fines and will be back at some point as years ago and not enforced; you cannot as municipality solicit for money. Chairman Zovich stated we will get clarification on that and accounting boards rulings. Vote: Jay Dorso, yes; Vicky Carey, yes; Jim Zalot, yes; Pattie DeHuff, yes; Dan Murray, yes and the vote unanimous.

11. Discuss preparations for FY 2016-2017 proposed budget, goals and objectives and board member voluntary assignments by budget section. – will do next month. Vicky Carey excused herself at 9:32 p.m. Chairman Zovich stated last night he reminded the BOE if the budget was to go to referendum as is it would be 1.1 mil tax increase and more than what failed last year and stated our goal is to present a reasonable budget with minimal impact on mil rate. Pattie DeHuff - last night Ralph stated when Bertnagel stole 800,000, 200,000 was stolen from the BOE's sinking fund; in all this time she never heard a comment that the BOE suffered as a result of this; last night she went back to Marcum report and gave one to Ralph and one to Jay; reference page 3, read into record. Chairman Zovich stated the BOE budget is part of the consolidated general fund, reviewed, and stated when go to close funds there is an account and no money in that account; Pattie questioned how do we know that he did this and not someone on the BOE. Chairman Zovich stated there is no authorization to spend money from that fund as it took both BOE and BOF to vote. He stated to get the budget to pass on first referendum, we need to earn back public trust.

12. Public Comment

a. Chris Simo-Kinzer, 52 Old Farm Road – wants clarity, as the BOE was not aware of this missing 200,000 until report came out; Chairman Zovich stated he does not know history and he found out within the past month that part of the 800,000 was taken out of the sinking fund. When audit report comes out it will be public. We may never know where he took all the money from; he had to make payroll, close construction projects; pay invoices of the town; skimming a bit here and there and into payroll and checks got written.

b. Melanie Church – to answer Chris, one night at BOF meeting Mike Santogatta said he did not know anything about monies but did know that the town had borrowed out and was suppose to put back and when it was not put back he came to the Mayor and asked when money was going to be put back and that was before the arrest of David Bertnagel. (b) concerned with is what you are just approving for administrative assistant, to her you are raising pay and making so they are out of reach. They used to do increase for someone according to what union got and we are ending up with unqualified people getting big money. Hoping that this time when charter revision takes place she will have enough signatures and go for town manager. Ralph says Sue is liaison to BOF and that is not in

charter as the Mayor is the ex-officio. What we need is to go back to state statutes and charter is not being followed in a lot of ways. Excess money spent this year with no ones approval and clear they cannot spend but they do. Charter was put so public had a say. Other question, 972,000 is missing beside 808,000. At 972,000 where is that and what stuff was bought without public approval and you as BOF you should be concerned. We are 5th from bottom as most distressed area and a serious matter. Who authorized the highway garage to go over by 200,000. Every year should take a different department and will get a different perspective and if you stay, you put blinders on.

13. Correspondence - none

14. Board Members' Comments

a. Pattie DeHuff – (a) thinks we can get material before the night of the meeting. (b) would like ledger on a monthly basis. (c) when is right time to do fraud risk assessment and we allotted money and who is it to say spend it. Chairman Zovich stated last month he reviewed a letter from Vin Festa confirmed by Joe Kilduff that check from Cold Form and other properties were deposited into General Fund in August 2013; and now need to wait for auditors to confirm snapshot of 2014-2015. Going into budget process we will have year to date expenditures.

b. Chairman Zovich stated next meeting is February 18th and if budget is not ready for review on 22 or 25 we can dispense with dates and go to 29.

15. Adjournment

MOTION: To adjourn by Jim Zalot; second Dan Murray and the vote unanimous.
Meeting adjourned at 10 p.m.

Respectfully submitted,

Robin Gudczauskas
Recording Secretary