

Town of Washington  
Board of Finance  
February 22, 2021

Present: Members: Michael Jackson, Craig Schoon, Matt Cain, Barbara Brown,  
Ted Bent, Sally Cornell,  
Alternates: Elizabeth Fenton  
Selectmen: James Britton, Jay Hubelbank, Dean Sargeant  
Treasurer: Linda McGarr  
Guest: Enrico Melaragno, CPA, CGFM, Joan Lodson, Leslie Anderson,  
Press: Linda Zukauskas, Voices

Chairman Michael Jackson called the meeting to order at 5:00 p.m.

**Minutes:** A motion to approve the minutes of January 25, 2021 by Barbara Brown, seconded by Ted Bent, and unanimously approved

**Audit Review:** Enrico Melaragno, CPA, CGFM presented the 2019-2020 audit. He thanked the honorable First Selectman, his administration and the Treasurer of the Town for their assistance. We had no trouble with the audit. The audit is late but extension were submitted and it is due to the pandemic.

Management's Discussion & Analysis (MD & A) is written by the town staff. Pages 4 through 11. It is not audited but certain procedures are applied to make sure they correspond with the audited numbers. It explains what the financial statements are all about and If there are changes and their explanation. On the bottom of page 7 and page 8 it gives reasons why certain line items have gone up or down.

- There are three sets of financial statements.
  - Budgetary Method – which are the financial that the town uses to compare actual to the approved budget. Each Town picks their own budgetary method either it be cash basis, accrual basis or modify accrual basis.
  - GAAP Method, Fund Financial– for the State OPM use to compare to other towns. It is the modified accrual basis.
  - GASB 34 Government Wide – is done for the Bond rating agencies. Combines all the asset and all the liabilities. It is on the accrual basis of accounting

There is reconciliation between one method to the other.

- A question on building inspector by Michael Jackson. The town budgets \$52,000 net income from the building inspector. In 2019-2020 gross permit fees were 382,672 The building inspector get 74% of all fees charged.

- The Budgetary method starts on page 42. First is revenue that is budget. Column three show the variance for each line item. \$715,101 was collected more than budgeted. The MD&A explains some of the reasons for this.
- Page 43 are the Expense budgeted. Each are broken down in departments such as General Government, Public Safety, Parks and Recreation, etc. Column three shows over and under of the budget. Biggest expenditure is educations which is out of our control because it is a separate taxpayer approved budget
- The town has continuing appropriation such as Revaluation, Conservation & Development Plan, Legal Litigation, and Health Reimbursement Benefit. These appropriations do not end at the end of the fiscal year. As an example, Legal Litigation. There is a beginning balance (\$164,388), a transfer from this fiscal year (\$25,000) and expenditure from the fiscal year (\$58,191) and then the balance is left for future fiscal years (\$131,197). At the end of the year the fund balance has \$131,197 to be used for legal litigation. Other Appropriations are treated the same.
- Fund Balance at the end of the year is 6,944,307. The fund balance is reconciled on the next set of financial statements on page 47.
- The General Accepted Accounting Principle financial statements on page 47, Page 3 of power point presentation
  - This fund balance is 7,637,399 on the GAAP Statement
  - The difference is due to LOSAP (Volunteer incentive program) It has \$693,091 in it.
    - It is in a Rabbi trust and is subject to third party creators. It is owed to the volunteers.
  - Some of these funds are spoken for; Revaluation, Conservation & Development, Legal Litigation, Health Reimbursement Benefits and LOSAP (Length of Service Awards Program). There is also an assignment of funds for the following years budget, \$682,934
  - After the restricted funds, the available unassigned fund balance is \$6,676,665
  - Based on this year's budget of \$18,840,379 there is 4.25 operating months available. Which means without any revenue coming in the town could pay its expenses for 4 months.
  - The fund balance is 35.40 % of this year's budget.
  - The Government Finance Officer Organization recommend not less than 2 months. It does not have authority it is just a recommendation. The town is at 4.25 months. Per auditor opinion it is a good thing.
- On Page 14, The Balance Sheet, show assets, liabilities and fund balance. The fund balance is \$7,637,399 as noted above
- The funds are broken down into Major Funds and Non-Major Funds.
  - A Major Fund is a fund that has a big dollar amount. The definition is it has 10% of the total government's assets, liabilities, revenue and expense. Management can make the Fund major if it feels it is important to the town.
  - Town Aid is a restricted fund by the state and can only be used for roads.
  - Capital Nonrecurring Fund is a committed fund because the town made that restriction
  - Open Space is also a committed fund

- All other funds are Non-Major funds – (Page 51). Judea Cemetery, Park and Recreation Fund, Senior Center Fund, Greenway Committee Fund, Document Preservation Fund, Recycling Fund, After School Fund, and affordable Housing Fund.
- The Judea Cemetery has restricted funds in Perpetual Care Principal of \$66,532 which is regulated by state statute and can not be touched but the interest earned. The principal is from an accumulation of a percentage of a plot sale. The town owns the cemetery and it is the towns responsibility to maintain it.
- The recycling is not a restricted fund but a special revenue fund it is an internal restriction.
- After School Fund. - to run the after-school program. Administrator by Parks & recreation. Income comes from tuition and donations.
- Affordable Housing Fund. – for down payment assistance and to build low-income housing.
- Page 52 show the income and expenditures of these same funds.
  - The special revenue funds do not have budgets. The town made this decision that these do not have budgets. They are run by their individual commission. The commission must follow the rules of that fund.
  - Judea Cemetery as example: had a negative income because a return of plot income. They also receive \$22,000 from the town that is approved through the town budget and with expenses had loss of \$1,194.
  - Parks & Recreation had a loss because of reduction in activity and the fixing up of the tennis courts
- On page 28, states the town policy on budget requirements.
- Pension Trust Funds
  - Defined Contribution Plan – Current Plan. 7% of eligible wages are put into the trust.
  - Defined Benefit Pension Plan is terminated to new employees – When someone retires, they know what they are going to receive. This needs an actuary to calculate the amount that is transferred each year. There is a lot of assumption to come up with this calculation. We budget what the number is or a little more. This year the mortality rate was changed.
  - Volunteer Incentive Programs (LOSAP) - was moved to the general fund so it could be invested in the current investment. They are still subject to third party creditors. The funds are restricted.
- Alcohol & Drug Abuse prevention Fund. It is an agency fund. It is a Region 12 fund that we are the fiduciary for it. The program is funded by grants and the funds are used for programs at the school.
- Tax Collector report – There are only six open grand list years with a total of \$148,324. At first look it might look that COVID 19 effected collection but if you look at previous years it might just be timing thing. \$148,324 is not a significant amount.
- Recommendations
  - That the Town Clerk should change the procedure in reconciling and recording the Town clerk bank account.
- There is one separated audit that is needed to be done. State of Connecticut Single Audit
  - The State Single Audit has a threshold of \$300,000. We received \$543,436. These are the last 4 pages of the audit.

- Comment from Selectman, Jay Hubelbank, thanking Linda Gomez for the work she does for having a clean audit every year she has been here. Thanking Linda McGarr for all the work she does.

A motion to except the audit was made by Michael Jackson, seconded by Barbara Brown and unanimously approved.

**Tax Collector Report:** No Comment

**Treasurer Report:** No Comments

**Selectman:** Not a great deal. Hip deep in the budget work.

- The winter budget has taken a little hit.
- Hope to have idea on 2021-2022 budget by next meeting
- Progressing with the vaccine. The group is still doing outreach to the community.
- Still waiting on state on bridge funding. Hope to get at least one.

Ted Bent complimented Jim on setting up the senior center outreach program regarding the vaccine. It has been very helpful.

**Financial Reports:** No Comments.

- We will be eligible for FEMA fund for the August storm. They will not only be paying for the overtime but also straight time for the highway department cleanup.

**Education:** The building project is almost complete and under budget. The selectmen had a tour and it looks great.

**New Business:** None

**Old Business:** None

**A motion to adjourn at 5:58 by Ted Bent, seconded by Barbara Brown and unanimously approved.**

**Next Meeting: March 15, 2021**

Respectfully submitted,

Linda Kennedy Gomez  
Financial Administrator