

**Town of Washington**  
**Board of Finance**  
**February 28, 2022**

Present: Members: Michael Jackson, Craig Schoon, Matt Cain, Barbara Brown,  
Ted Bent,

Alternates: Elizabeth Fenton, Phyllis Allen

Selectmen: James Britton, Jay Hubelbank, Dean Sargeant

Treasurer: Linda McGarr

Guest: Enrico Melaragno, CPA,CGFM, Joan Lodson, Leslie Anderson, Peter  
Tagley, Christopher Charles, Rebecca Rebillard,

Press: Linda Zukauskas, Voices

Interim Chairman Craig Schoon called the meeting to order at 5:02 p.m.

**Minutes:** A motion to approve the minutes of January 24, 2022 with the changes of Barbara Brown not in attendance. By Barbara Brown, seconded by Ted Bent, and unanimously approved.

**Audit Review:** Enrico Melaragno, CPA, CGFM presented the 2020-2021 audit. He thanked the Board of Finance for hiring Charles Heaven & Co. He reported to the Board of Finance that there were no problems with the audit.

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 corresponding explanation. On the bottom of page 7 and page 8 it gives reasons why certain line items have gone up or down. On Page 8 represents the changes in net position.

- 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.

- The Budgetary method starts on page 42. First is revenue that is budget. Column three show the variance for each line item. Some of income is cash basis some is accrual basis. On Building

Inspection, it a net of expenditures because the building inspector gets 74% of the income which is hard to predict the expenditures.

- 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 The Town's control because it is a separate taxpayer approved budget. You can not over expend any department by state statue.
- 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 (\$131,197), a transfer from this fiscal year (\$25,000) and expenditure from the fiscal year (\$81,137) and then the balance is left for future fiscal years (\$75,060). At the end of the year the fund balance has \$75,060 to be used for legal litigation. Other Appropriations are treated the same.
- The General Accepted Accounting Principle financial statements on page 47, Page 3 of power point presentation
  - This fund balance is 8,625,724 on the GAAP Statement
  - The difference is due to LOSAP (Volunteer incentive program) It has \$758,608 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, \$966,935
  - After the restricted funds, the available unassigned fund balance is \$7,655,610
  - Based on this year's budget of \$18,841,379 there is 4.88 operating months available. Which means without any revenue coming in the town could pay its expenses for 4 months.
  - The fund balance is 40.6 % of this year's budget. The state suggests 7% - 15% but makes no requirements.
  - 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 4.88 months. There is not a written policy stating what the town would like to have. Some towns have a policy. There is no recommendation to do this.
- 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.
  - A new Fund is the American Rescue Plan Act Fund. It is to account for federal money for the pandemic
  - 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.
  - A new Non-Major fund is the Community Building Fund restricted to for the new Community Center
- Pension Trust Funds

- Defined Contribution Plan – Current Plan. 7% of eligible wages are put into the trust, if an employee meets certain requirements. They are fully vested at 7 years. These funds are invested by the individual employee.
- 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. The Financial Statements has all the information on the pension plan. Funded 101% at this time.
- Volunteer Incentive Programs (LOSAP) – Is the incentive fund for the EMT's and Fire Fighters. 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 \$124,331. The assumption would be that with COVID it would be a lot higher but it is not. When auditing the Tax collections, you know exactly what is supposed to be collected and looking at all deposit you can trace every deposit.
- There is one separated audit that is needed to be done this year. The State of Connecticut Single Audit.
  - The State Single Audit has a threshold of \$300,000.
  - A federal single audit was not necessary because it the town did not expend more than \$750,000 in federal funds.
  - Both audits need to be done when those grants are expended not received.
- It is an unmodified opinion which is a clean opinion.
- Construction Suggestion. – an update accounting procedural manual especial when there is a change in personnel. Make sure there are checks and balances.

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

**Tax Collector Report:** No Comment

**Treasurer Report:** No Comments. A motion to except the treasurer's report was made by Barbara Brown, seconded by Ted Bent and unanimously approved.

**Selectman:**

- Working on the budget and still need to meet with some departments
- Working on the health department merger that is becoming the Housatonic Valley Health district. Only \$1000 under the current contract.
  - Ted Bent has heard concerns but Jim assured him those there has been changes that have addresses those concerns.
- There has been an increase in expense but are still going forward on the three bridges
- The Child Care program is still on hold waiting on the feasibility study.

**Financial Reports:**

- Expenditure look a little higher than previous year but it has to do with timing of payments.

**Education:** Megan Bennett, Region #12 Superintendent will be attending the March meeting. Our population has increase which will increase our next year budget.

**New Business:** None

**Old Business:** None

**A motion to adjourn at 6.02 by Barbara Brown, seconded by Ted Bent and unanimously approved.**

**Next Meeting: March 21, 2022**

**Budget Meeting April 4, 2022**

Respectfully submitted,

Linda Kennedy Gomez  
Financial Administrator