

Town of Washington
Board of Finance
February 26, 2024

Present: Members: Craig Schoon, Matt Cain, Sally Cornell, Ted Bent, Elizabeth Fenton, Barbara Brown

Alternates: Phyllis Allen, Anthony Amato, Patrick Horan

Selectmen: James Britton, Dean Sarjeant, Jay Hubelbank

Treasurer: Ashley Judson

Guest: Enrico Melaragno, CPA, CGFM, Joan Lodson, Leslie Anderson

Press: Ann Jamieson

Chairman Craig Schoon called the meeting to order at 5:01p.m.

Minutes: A motion to approve the minutes of January 22, 2024 by Ted Bent, seconded by Matt Cain, and unanimously approved.

Audit Review: Enrico Melaragno, CPA, CGFM presented the 2022-2023 audit.

There are three separate audit reports, Federal single, State single, and Financial Audit.

The audit was including a federal single audit because \$750,000 of federal money was expensed. It is more about compliant work. Seen on page 69-74.

The state single audit is on page 62-68.

The financial audits include 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 is on page 44-47. First is revenue that is budgeted. The financial is broken out into each category. When the budget is approved by a town meeting it is approved as one total number. There was a positive revenue various of \$1,723,062. Tax revenue, investment income, and grant income was over budget. The school district gave back

\$543,063.00 which is not really revenue but returning of our own money. On Building Inspection, it a net of expenditures for a couple of months. This will not happen in the future because the building inspector is no longer a contracted position.

- On expense, they are broken down into departments such as General Government, Public Safety, Parks and Recreation, etc. The second column is for additional and continuing appropriations. Additional appropriation are appropriations made by the Board of Finance or at a Town Meeting. Column five shows over and under of the budget. You cannot over expend any department by state statute. The biggest expenditure is educations which is out of The Town's control because it is a separate taxpayer approved budget. Expenses are recorded mostly on a cash basis with a modified accrual. The town under expended by \$625,498.
 - 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. To end continuing appropriation, it has to be approved at a town meeting.
 - After income and expense \$769,108 was added to the fund balance. Not all of the fund balance can be used. Some are already spoken for and restricted. 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.
 - The Fund Balance is \$8,896,250 after committed funds. The 2023-2024 budget is 20,941,554 which is monthly expenses of 1,745,130 which is 5.10 operating months or 42.5% of next year's budget.
 - The State recommendation not less than 2 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. In the past the Board has not wanted less than 3 months but is comfortable with more.
- 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.
 - Non – recurring, Town Aid Road, Open Space and ARPA fund are major fund. Ambulance Fund may become a major fund during the bond and construction phase.
 - All other funds are Non-Major funds – Judea Cemetery, Park and Recreation Fund, Senior Center Fund, Greenway Committee Fund, Document Preservation Fund, Recycling Fund, After School Fund, Affordable Housing Fund, and Ambulance Building Fund.
- Government Wide Financial statements are used for Bond review. Found on page #12 and #13 It will take into account all funds and add up all infrastructure that cannot be sold because they can not be used to run the with government and all the liabilities to see what the financial health of the town is. This is important because there was a subsequent action that the town took to approve funding of the renovations of the Ambulance building for\$4,740,000.
- Pension Trust Funds are not subject to third party creditors. Fiduciary 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.
- The General Accepted Accounting Principle financial statements has adjustments that follow GAAP rules. Some adjustments are as follow:
 - The return of funds from Region #12 is not revenue.
 - Adjustment for the LOSAP (Volunteer incentive program)
 - It is subject to third party creators. It is owed to the volunteers.
 - There are only 4 to 5 adjustment which is fine.
 - GAAP rules are national rules.
- A MD& A is Page#7 and #8 is prepared by management that explains the differences to prior year.
- There are financial statement notes about the risk assessment at the banks is on page #29. Of course, this risk changes daily as balances in the accounts change daily. It would be hard to have a written rule.
- There are not any reportable issues.

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

Tax Collector Report: There are about 200 real estate properties that are delinquent. The tax collector office is making call. Many new property owners in the area were unaware that they would not be receiving anything in the mail in January. Real Estate tax bills go out in July of each year.

Treasurer Report: The treasurer will be changing the report for next month listing bank account and interest rates.

Selectman:

- Jim Brinton stated that the school budget was being presented tonight but because our lower percentage rate ours is reasonable but Roxbury was getting hit hard.
- Working on the budget – there are some high needs for the fire fighter apparatus. Jay Hubelbank prepares a schedule that estimate what we will need over the next 30 years but unfortunately the cost has risen astronomical.
- We are still waiting until the BAA appeals, to get a new grand list. We will be lowering the mil rate. A lot that drove the grand list up was the increase of construction and renovations.

Financial Reports:

- Interest is way up than budgeted.
- Highway overtime is up because most storms have happened after hours.

Education Report: It is a tough budget in reference to capital. Until the board decides on the elementary schools if there will be a complete renovation or consolidation or just put a band aid on it. It is hard to come up with a good capital plan.

New Business: None

Old Business: None

A motion to adjourn at 6:20 by Ted Bent, seconded by Sally Cornell and unanimously approved.

Next Meeting: March 18, 2024

Respectfully submitted,

Linda Kennedy Gomez
Finance Director