

• **January 24, 2005**

Present: Board Members: Jack Boyer, Jack Field, Mark Lyon

Alternates: John Allen, Liddy Adams

Selectmen: Richard Sears, Nicholas Solley

Guests: Auditor: Charles Heaven & Co.: Enrico Melaragno, Charles Heaven, Jr.

Alternates Liddy Adams and John Allen were seated in the absence of regular Board members.

2003-2004 Audit: The audit was explained in detail by Enrico Melaragno of Charles Heaven & Co. He noted the regulations of GASB Statement #34 now require the inclusion of three separate sets of financial statements, each using different methods and criteria: the usual Budgetary Method, the GAAP method and the new GASB Statement #34 method. A Management's Discussion and Analysis is also required and is included as an introduction to the audit. This is an analytical overview of the financial activities.

The MD&A included the following Financial Highlights:

- The assets of the Town of Washington exceeded liabilities at the close of the most recent year by \$12,984,016 (net assets). Of this amount, \$2,685,787 (unrestricted net assets) may be used to meet the government's ongoing obligations. (GASB 34)
- The government's total net assets increased by \$354,746. In general terms, net assets increased due to favorable revenue variances from budget, favorable operations where revenues exceeded expenditures in actuality, and capital outlays. (GASB 34)
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$4,283,321, an increase of \$537,582 in comparison with the prior year. Of this amount, \$2,034,379 (47.5%) is available for spending at the government's discretion (unreserved undesignated fund balance). (Using all major funds)
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,622,779, or 23.47% of the total general fund expenditures and transfers out of \$11,176,641. (Using General Fund only)
- The Town of Washington's total debt decreased by \$55,000 (9.09%) during the current fiscal year due to payment of scheduled bond principal amortization.

Mr. Melaragno explained the differences in the three methods. The Board agreed to review the audit and MD&A in further detail and to forward comments to the secretary prior to its submission to the State. The Board discussed the importance of maintaining an adequate fund balance and felt it prudent to perhaps set a policy for the future. There is no specific recommendation regarding the amount of fund balance set by the State.

Other long-term liabilities were discussed:

Bonds payable: (\$550,000): Bond payments remaining due on the Bee Brook Firehouse.

Compensated absences: (\$81,871): This is a record of accumulated unused sick days that are payable to

employees upon retirement. They are audited annually and considered a long-term liability.

Post-closure Landfill obligation: (\$60,000): The State requires that the Town continue to monitor the landfill area. Costs are estimated at approximately \$3,000/year times the number of years that it is anticipated testing will be required. This is an estimate that was determined many years ago. It could be lower or higher depending on the law, test results, etc.

Pension Obligation: (\$30,559): Actuarial tables are used to define benefits for the Plan by using life expectancies, etc. Rico noted if the Town continues to make deposits as recommended by the actuary, the deficit of \$30,559 would correct itself over the years. This deficit is taken into consideration by the actuary each year.

The Board agreed an adjustment would be made to offset the overrun in the Building expense line by transferring the net over budget in Building income as a credit to this line's expense. It was agreed this would provide a more realistic report in the Building area.

Jack Boyer made a motion to approve an additional appropriation of \$10,000 to the Police expense line and \$5,000 to the Winter Maintenance expense line from the Fund Balance. The motion was seconded by John Allen and unanimously passed.

John Allen moved to re-appropriate the ex-budget appropriation for the STEAP projects in the amount of \$20,000 for use in the 04/05 fiscal year. Mark Lyon seconded the motion and the motion was unanimously passed.

The Board commended the auditors on their explanation of the audit and the new requirements of GASB #34, as well as the additional effort required with the new requirements of GASB #34.

Minutes: Minutes of the December 20th meeting were reviewed. Question had been raised regarding the Parks and Rec's request for additional funding. The minutes noted the Selectmen's recommendation for an ex-budget appropriation in the amount of \$20,000 would be discussed at the January meeting. The Board agreed this was correctly reflected in the December minutes. Also, the name of Betty Hinckley will be added to those in attendance at that meeting and the adjournment time was set at 6:50 p.m. Jack Boyer moved that the minutes be accepted as submitted with these additions. Mark Lyon seconded the motion and it was unanimously passed.

Tax Collector's Report: Accepted as submitted. A recommendation was made that the Tax Collector consider providing the monthly report in a format as shown in the audit (p. 49).

Tax Relief for the Elderly: An updated report of those currently eligible for tax relief had been provided to the Board, as well as a DRAFT ordinance. The report showed approximately 50 households are currently eligible. The Committee and the Selectmen recommended that the \$33,000 threshold be increased to \$36,900. The program would be carried out through the Assessor's Office, with assistance from the Senior Center Director. Jack Boyer made a motion to recommend that a program for Tax Relief for Elderly and Disabled Homeowners be considered at a forthcoming town meeting for those qualified with an annual income of \$36,900 or less. Further, that the amount of \$20,000 be approved to provide these tax credits toward real property tax and this amount be divided equally by the number of eligible applicants. Mark Lyon seconded the motion and it was unanimously passed. Dick Sears reported a town meeting would be scheduled in the spring to consider this and other matters prior to the annual town meeting in May.

Education: Jack Field reported the Board of Education will reconsider three areas of the proposed school building renovation project: limiting total costs of the proposed projects to \$30 million, including grants;

rewriting the educational specifications of the project; and attempting to provide preliminary costs to the towns in February for budgeting assistance. He reported an excellent presentation had been made by Terry Larson of the Webster Bank regarding governmental funding and requested the Board's authorization and support to engage Ms. Larson in designing a funding mechanism for this project. He reported they had agreed informally that a joint plan should be worked up for the three towns. Jack also requested the Board's authorization to engage Ms. Larsen to design a plan focused on Washington and the implementation of the Strategic Plan. This would allow for better long-range planning and would outline the effect the Region's bonding and future Town projects would have on the town budget, the mill rate, future funding and how much of a reserve to maintain. He suggested this work precede the Education referendum. He felt alternatives with the school building projects should continue to be addressed.

Jack Boyer felt it may be premature to pay a bond advisor before we know if the school project will be approved. It was suggested \$30,000,000 could be used as a planning guideline for the school bonding and the Board could probably project its own projects.

Pavilion Bathroom: Dick reported the Selectmen are in support of the Parks & Rec Commission's request for additional funding to get this project completed. Jack Boyer made a motion to approve an ex-budget appropriation of \$20,000, contingent upon meeting the fundraising goals. Mark Lyon seconded the motion. Dick reported they will return to the contractor to review costs. Mark Lyon commended the Commission on an outstanding job of fundraising and felt the Town should pay for half of the project. The motion was unanimously passed.

The three remaining items on the agenda: the Selectman's vehicle, a letter from Richard Dutton, and a letter from Joe Mustich, were tabled until the next meeting due to time constraints.

The meeting was adjourned at 7 p.m.

Respectfully submitted,

Kathy Gollow, Secretary