

Minutes of the Selectmen's Meeting of February 25, 2014
Town Hall – Meeting Room #1 7:00pm

Present: Chairman Michael O'Donnell, Vice-Chairman Jack Franey , Helen Marrone, Richard Ward, Administrator Michael Milanoski and Elaine Weston

Absent: Selectmen Sarah Hewins

The Chair led the audience in the Pledge of Allegiance and read the announcements.

7:00 Powers and Sullivan Exit Conference on FY 13 Audit & Management Letter

Dick Sullivan & Hailey Finos from Powers and Sullivan present to walk thru how to understand the information in the audit. They gave a power point presentation to focus on the financial statements and the management letter. In the governmental sector, the ability to develop reserves is the goal for bond rating agencies. GASB & FASB are standards of reporting (as opposed to law) so you are able to compare with any other governmental entity. The Department of Revenue standards are 'UMAS' Uniform Municipal Accounting System. There are 6 sections in the opinion. The audit is done between 1-7 months after year-end. Rating companies look at the reserves, which in part determine the bond rating. GASB 34 goes from a modified accrual basis to a full accrual basis (all liabilities are reported as fully accrued as a private sector entity called the Statement of Activity). P. 48 & P.49 show 'how the town did this year' (original budget as voted, adjustments from Special Town Meetings and actual revenues and actual expenditures). The variance to final budget, the town collected was \$234,000+ than it thought it would. The budget was 99.3% correct. The revenues should be higher than budgeted. Prior years balance sheets are used to compare results as town services are typically consistent year-to-year. Non Major Governmental Funds are grants. When the money is gone there are no expenditures relating to them. For the Enterprise Funds: North Carver Water District and Cranberry Village both lost money. Depreciation is a non-cash expenditure which is included in the loss total. All accounts are compliant; the financial statements will make sense to the rating agencies. The rating agencies will also want to know the contingency plan for the liabilities.

He gave an overview of how the audit went: There are two phases lasting a total of 3 weeks. The budget, long-term debt, test of controls, expenditure, revenue, payroll cycles, internal controls are all looked at as well as a single audit are done in one week-usually in the spring. When they came back, they looked at receivables, capital assets & cash which all looked good and four liabilities: landfill, opeb, long-term debt and accrued sick and vacation time. They were happy with the accuracy and timeliness of information received. No internal control issues and no significant deficiencies were found. In his opinion the operations are structurally sound. He suggested the town explore notes instead of capital leases in order to save money on interest rates.

The Management letter is critical in nature, it doesn't address the strengths. It addresses five issues, two of which were resolved immediately mostly due to personnel changes. All recommendations have been embraced. He took information on what other clients have been

audited for and focused on those. New law in July 2013 that allows the reserve of funds for compensated absences.

He suggested guidelines for fund balance appropriations and not to go below a certain percentage. He also suggested a capital improvement plan. The current debt service is 1.22% of the budget which is extremely low-this indicates that infrastructure may be in critical need.

The reporting is drawing attention to the liabilities that are not on the books and GASB is forcing municipalities to look at the unfunded liabilities and it will effect towns across the board.

Town Administrator Update:

Monthly Financial Report (2nd meeting of the month) He plans on doing a one page narrative vs. trying to give many documents to streamline. Snow & ice is anticipated being upwards of \$250,000.

Budgeting meeting/presentation of FY 15 Proposed Budget & Organizational Plan on March 25th Looking to have 3/25 or April as a Saturday budget meeting

Warrant Articles Due by March 11th by 4pm Would like to set Town Meeting on this date.

Operational efficiencies with contracts and signing warrants Due to challenges on getting the warrant signed, he would like the policy streamlined to have one person designated to sign. Early payment can be negotiated with procurement and we need to make sure there is a way that can happen.

North Carver Water District Update (request capital outlay to review) An additional public meeting tomorrow night with the NCWD to address several items, one being what the financial projections were when the project was approved and what the assumptions were as to how fast development is going to occur which effects water usage. In order to expand capacity, money will need to be spent on the project. Only 100,000 gallons are permitted to be pumped. There are times when there are times to draw out water faster than is allowed. A projected deficit is anticipated for the FY 15 budget. The operational costs are covered by the revenue, but the debt is so large, we cannot sustain paying for the debt service.

Borrego Solar Update Last week the developer submitted the revised building plans which are at a 32% reduction. Plans were reviewed by the building inspector and the plans have been submitted and the abutters have been notified. Marrone questioned if the plans the building inspector reviewed were different than the ones given to the Planning Board. The other concern is for safety, health and wellness. Milanoski stated discrepancies were found in the plans submitted to the Planning Board and the Building Inspector. The new plans are consistent in both departments. The reduction added an additional berm, plantings as well as a setback on part of the site. There was no requirement in the town Solar By-Law prior to the project being approved, and at this point the town has established what is acceptable. Marrone stated that the ZBA appealed the decision based on the information given by Milanoski and there is nothing more the Board can do at this point. The residents appealed and went to a pre-trial hearing and everyone waived their liability.

Route 58 Project: Public Meeting on March 4th at 6pm to discuss project and easement donations. This is a multi-million dollar project primarily paid thru our gas tax & the state requires the town to secure the rights of way to the land and the project is designed not to

take anyone's land. The donation of right of entry is needed along the roadway in order to complete the project. The Town has the right to do an appraisal or compensation to the right of the property. There are some areas where a permanent easement is needed in the areas of the retaining walls and slope easements.

Committee Appointments anticipated to be made in early March He asked if anyone is interested in being on any committee to get their application in by the end of the month.

Gateway: There is a Gateway Health Group meeting tomorrow meeting to vote on health rates.

Board of Selectmen Comments:

Marrone: No Comments

Ward: The MSBA is moving forward and the School Committee is posting all information on that website

Franey: He is starting Petition to reduce the CPA surcharge from 3% to 1%. He stated that he won't be running for re-election this year

O'Donnell:

Board of Selectmen Goals & Objectives session on March 6th starting at 5:30pm (format for facilitation session). Milanoski stated that is open for the public but open for comment and it should last 3-4 hours.

Other Outstanding Items:

Discussion of Operational Override to pay for Police Officers (requested by Jack Franey)
Tabled

Approval of Minutes of February 11, 2014

Tabled until next meeting due to Hewins' absence. Motion by Franey to table until next meeting, 2nd by Ward. Vote 4-0-0.

Public Comment Period

Rod Forrester: Asked about a profit made by Cranberry Village and would that incline the Board to consider to lower the water rates as they have worked hard to correct their water leaks. Milanoski said he would take it under advisement. Milanoski stated that the project needs to build up a reserve for future use.

Bruce Keiser: Feels there is a 'pre-emptive' strike happening. Milanoski stated that the Building Inspector has contacted the State for inspection & feels that should happen first.

Topics not reasonably anticipated by the Chairman 48 hours in advance of the meeting

Franey questioned if the Santos issue was resolved from the last meeting. Milanoski stated it was researched and determined his bill was not approved to be paid, and a letter was hand-delivered by the Police Department and we have not heard of any lawsuit as of yet.

Jim Hoffman questioned the plan approved for Borrego Solar. Milanoski stated the plan was reviewed by the Planning Board and the Building Inspector.

Andy Cardarelli questioned why the Cranberry village generator has not been replaced. The NCWD should be prudent and takes things slowly. He stated that he has been against the solar project. O'Donnell stated the generator is being addressed and stated that several areas are being looked at to deflect costs of NCWD.

Marie Guadetti –congratulated all the departments on the good job on the audit. She stated that at Cranberry Village the generator lost service twice in two months. O'Donnell stated he has a letter stating those facts & the Town Administrator will be addressing the issue.

Executive Session (Exemption #2 & #3) Suggested Motion: Move to go into Executive Session to discuss strategy with respect to preparation for collective bargaining negotiations with unions and for preparation for non-union contract negotiations with non-union personnel that may have a detrimental effect on the bargaining position of the town if held in open session, and to reconvene in open session. Motion by Franey, 2nd by Ward.

Roll Call: Affirmative; Franey, Ward, Marrone. O'Donnell recused himself from Executive Session.