

TOWN COUNCIL MEETING MINUTES
Budget/Management Committee
Town Hall Council Chambers
March 16, 2015-Monday

Present: Michael Molisse, Chairman
Jane Hackett, Councilor
Rebecca Haugh, Councilor

Not Present: Patrick O'Connor, Vice Chairman
Brian McDonald, Councilor

Also Present: William McKinney, Chief Financial Officer
James Clarke, Director Planning & Comm. Dev.
Kenan Connell, Director DPW
Tom Slattery, WPS
Kevin Mackin, WPS

Recording Secretary: Mary Barker

Chairman Molisse called the meeting to order at 6:23 PM.

15 003-FY2014 Audited Financial Statements and Management Letter Presentation by Melanson & Heath

Frank Biron and Erica Lussier presented a summary of the statements and management letter for the committee. Erica Lussier reviewed the highlights of the statements: the Annual Financial Statement including Contributory Retirement, MD&A section, Statement of Net Assets which consolidates all funds into two types: government and business and Enterprise Funds. Weymouth had a clean opinion again this year.

The report is on an accrual basis and includes the long-term assets land and construction in progress, buildings and infrastructure and liabilities and noncurrent long-term liabilities; the largest portion of which is bonds payable and OPEB future employment costs amortized over thirty years. She reviewed the changes that will occur in the next few years as a result of the GASBY67 & GASBY 68. 2018 GASBY45 will require the town to record full unfunded liability but in FY2015- GASBY 67& 68- the town is required to record unfunded liability of pension system and it will have impact on future statements of net assets. This will have a large impact on statement of net assets.

She reviewed the governmental funds financial statement and how the town maintains its books. It includes the chief operating fund- General Fund and grants, and CPA and there are no significant changes to note. The fund balances include unassigned fund balances and general stabilization fund and bond rating. The rating agencies look for a range of 5-10% of the overall budget; Weymouth's is about 4%. Ms. Lussier reviewed original and

actual budget, and the variance. She reviewed the revenue surplus as a result of conservative estimating, the departmental turn-backs and town's use of free cash.

She also reviewed the proprietary funds (business activities) the enterprise funds, including long-term and capital projects related to water and sewer funds, and the unrestricted fund balance, which is inflated as it includes receivables not yet collected. Councilor Hackett asked how the bond counsel would view the free cash percent in the water and sewer accounts. Mr. Biron responded that the enterprise funds aren't held to the same standard.

The fiduciary funds were reviewed; the fiduciary includes the scholarship funds. OPEB and Pension Trust funds were reviewed. Pension had about 16.3% return rate for the year. Councilor Hackett asked how the pension trust fund rate of return compared to the market. Ms. Lussier responded that it's consistent. She noted that the General Fund ended positive and is consistent year to year; the town was able to replenish the free cash used during the year. She notes the town keeps good records and is very cooperative during the audit process.

Councilor Haugh asked how the property tax rates were trending; rates appear lower than the previous year. Mr. Biron noted that it was reasonable compared to the prior year and was due to the timing in sending out the bills.

Frank Biron reviewed the Management Letter. The auditors test areas of control and those particular items where improvements could be made. Significant problems, deficiencies or material weaknesses would be highlighted here. Weymouth's audit did not produce any significant deficiencies; however, there are a few suggestions that require follow up. Four comments in total; two from the prior year and two new ones:

1. The town should develop a more formal risk assessment process and be more proactive in finding weaknesses. It has established a fraud policy and does discuss these risk areas in department head meetings, but it needs to be better documented.
2. It also needs to document policies and procedures and improve controls in place to track receipts at the department level.
3. It also needs to reconcile key balances with a dual signature procedure; it's not always documented as to who is performing bank, receivable or departmental receipt turnover reconciliations. All functions should require two sets of oversight.
4. DESE requires School Activity funds with cash flow of anything over \$25,000 be audited annually and the Town Auditor can perform this.
5. Due to the amount of federal funding the town receives, The Federal Compliance report of School Lunch and SPED spending was performed. It is in the summary stage and will be forwarded when complete, but there were no findings.

Councilor Hackett congratulated the administration on another very solid audit. This has been the largest success as a result in the change of form of government. She also

congratulated William McKinney who has been performing dual duties as both Chief Financial Officer and Treasurer.

15 011-Debt Refinancing

William McKinney presented the measure authorizing the town to refinance existing debt at a lower interest rate. Bonds can be refinanced (refunded) ten years after they were issued. The town's financial advisor recommends this, with the potential to save in interest costs over the term of the bond.

Councilor Hackett noted that the bond does not save \$400,000 next fiscal year, but over the life of the bond. It only saves interest costs. Mr. McKinney reviewed the schedule and noted that the move makes sense while rates are lower. Councilor Hackett recommended this measure remain in committee until the public hearings are closed.

A motion was made by Councilor Hackett to continue measure 15 011-Debt Refinancing to the full Town Council and was seconded by Councilor Haugh. UNANIMOUSLY VOTED.

15 012-Bonding for Various Capital Projects

Mr. William McKinney presented the measure with Jim Clarke. Mr. McKinney reviewed the bond amount noting that FY15-16 there are some reductions in the debt payment and they would like to keep the debt service so that additional projects can be performed. Mr. McKinney reviewed the project schedule and totals. Bids came in lower than what was approved for the high school turf and Legion Field projects. The school committee requested that the track be redone at the high school and this was not included in the original bond authorization, so it was added here, but it will be paid for out of the funds already authorized. \$9.2 million will be authorized, but only \$9 million will be borrowed because the language of the bond did not cover the track.

Councilor Hackett asked if the \$6 million has been bonded yet. It was confirmed that it has not. The track will be authorized from this bond, but funded out of the other. Councilor Haugh noted that based on the auditor's report, the town reduced its bonds by less than what is being authorized. She is questioning if the town could borrow more. Mr. McKinney responded yes, but part of what was reduced was in water/sewer. Councilor Hackett asked for a breakdown of bond payments for general government enterprise and school. CFO McKinney provided the breakdown: School 4.1 million, Water / Sewer 4.9 million. He also provided the total town budget, which includes enterprise funds.

DPW Director Kenan Connell reviewed the paving list for the committee. Councilor Hackett asked for a list. He noted that some of the paving was to be funded by CDBG funding, but the district was moved from the Idlewell area. Paving will be in concert with water main installations on Rose, Lily, Violet, Biscayne, Trefton, Montcalm and Pointsettia. Hamilton School driveway are also on the list. Town building parking lots are last on the list. Primarily it will be the Idlewell area. Councilor Haugh asked if the

Johnson School parking lot is on the list. Tom Slattery noted it is third on his list of recommendations, following Hamilton and Pingree. Work will be done within the boundaries of the \$3 million.

Councilor Hackett asked what the construction schedule is for the track. Mr. Mackin and Mr. Slattery responded that construction will last about 5 weeks, following graduation. The turf field will be taken off line while the construction is done. Councilor Haugh noted that the CIP list for the tile replacement includes Chapman, if the school may be slated for demo after the feasibility study. Mr. Slattery responded that work there will be based on need.

Councilor Molisse asked when the town hall roof had been done; he thought it was recently. Mr. Richards responded that it is addressing flashing and water penetration and air handlers and not the roof.

A motion was made by Councilor Hackett to continue measure 15 012-Bonding for Various Capital Projects and was seconded by Councilor Haugh. UNANIMOUSLY VOTED.

ADJOURNMENT

At 7:05PM, there being no further business, a motion was made by Vice Chairman Hackett to adjourn the meeting and was seconded by Councilor Haugh. UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

Approved by Councilor Molisse as Chairman of the Budget/Management Committee

Voted unanimously on 6 April 2015