

**SPECIAL SELECTBOARD MEETING  
February 25, 2019**

Present: Allison Hope  
          Julia Andrews  
          Greg Barrows  
          Callie Hamdy

Grant Thomas  
John Roberts  
Nanette Rogers

Guests: Mike Segale

The meeting was called to order at 7:00 p.m.

**CHANGES TO AGENDA**

The following changes were made to the agenda: Treasurer Section, added warrant approval and Schwab IRA discussion.

**PUBLIC COMMENT**

There was no public comment.

**HIGHWAY DEPARTMENT**

John Roberts, Road Foreman, reviewed the road schedule (see attached) with board.

Julia Andrews moved to approve the February 15, 2019 through February 25, 2019 Road Schedule, Grant Thomas seconded, motion passed 3-0.

John mentioned that they attempted pot hole repair when the weather warmed, but winds and downed trees have prevented them from doing much so far. He also mentioned that the 2014 Western Star is in for repairs. Julia said that we hear about this truck a lot, John explained that the truck is aging so more repairs will be needed as it gets older.

**EXCESS WEIGHT PERMITS**

The Chair signed Excess Weight Permits for Amerigas Propane L.P., Daley E. Percy Inc, Swan Sitework LLC, Bundy's Sewer & Drain and Kennedy Excavation.

**FY18 FINANCIAL AUDIT RESULTS**

Mike Segale, CPA, shared a review of the Audit Report. Mike says that he's audited our modified cash basis fund statement and gave the Town an adverse audit opinion. The adverse opinion is the lowest level that can be given out. This rating is due to a variety of reasons. Generally Accepted Accounting Principles require a number of reports and if these are not created by the Town, the firm has no choice but to give an adverse opinion. As a town, we don't create government-wide financial statements. Using a modified cash basis of accounting requires the presentation of government-wide financial statements. In addition, we don't track fixed assets in a financial system that shows the original cost, date of purchase, depreciation and similar information. While the town keeps track of its capital assets, it has never done so in the specific manner required to not receive an adverse audit opinion.

While the adverse opinion is required because of the requirements of Generally Accepted Accounting Principles, Mike shared that it doesn't mean that our financial are not accurate, nor would any applications for loans and grants be adversely impacted. He goes on to say that even though the opinion is adverse that the town is still audited as normal. The town offers financial information that is readily accessible and understandable to taxpayers, our internal financial controls are appropriate and his team tested many of our revenue and expense

categories as part of the audit. They did not find any material weaknesses or significant deficiencies.

Mike discussed a few year-end adjustments to our financials, including how the funding for the Jackson Farm and Forest Project was accounted for – donations, Vermont Land Trust funding and Town funding. The Jackson Farm and Forest Project is significantly complicated because of multiple payments and donations for the purchase of the property. In addition, the Town underfunded the school district within the fiscal year, so that expense created a \$35,000 reduction in general funds.

Mike then discussed the balance sheet with the Board as well as the highway deficit. There is the possibility we could transfer some funds from our general fund, but Mike suggest that is not the best idea since it would not cover all the deficit and leave us with very little general fund. The best practice is generally to keep a fund balance for unanticipated or unusual expenses. Mike explained that state statute seems to indicate that these types of deficits need to be made up within three years, but that statute can be interpreted differently.

Mike had some discussion with the board about the origins of the deficit. Mike says that we did have deficits in the past couple years, but that we can narrow down where the current deficit comes from. The money we spent between 2013 and 2016 on the Seymour Bridge project prior to getting the money from our FEMA grant was a big part of it. The money that was recently received from FEMA will help cover some costs, but that our deficit is still \$200,000 without money from the flood event. Mike also mentions that we had a \$176,000 net change in fund deficit. Road maintenance and repairs made up a good chunk of the deficits, \$130,000 over budget. The transition in foreman and overspent expenses on equipment rentals and repair were the cause of this and with the transition in leadership and oversight, we don't anticipate being in this position again.

Grant asks if that means that the Audit Report is validating what the town is doing is correct.

Mike says that the fact our Treasurer is analyzing our financial information is one of our best controls. We also don't have just one person doing everything which is good and the biggest thing we can control. The board reminded Mike that our charter change allowed the town to move from an elected to an appointed Treasurer which resulted in more oversight.

Grant asked Mike to share his opinion on whether a modified accrual basis or a modified cash basis of accounting was a better choice for the town (the town uses modified cash). Generally, a modified cash basis means that expenses are recognized when payments are made or received (not the month in which they were incurred or earned). Many towns our size use this method as it's easier to understand and requires fewer monthly financial entries. This method is not always the best way to understand the timing of expenses or income, but it still offers appropriate and relevant financial information. Mike doesn't necessarily recommend that one is better than the other, but from a timing perspective and getting an accurate picture of a fiscal year's worth of expenses and income, the modified accrual basis is a bit more accurate.

## **MINUTES**

Julia moves to approve the January 22 and February 13 minutes as written, Grant seconds, motion passed 3-0.

Grant moves to approve the February 14 minutes as written, Julia seconded, motion passed 3-0.

### **NEIGHBORHOOD DEVELOPMENT AREA DESIGNATION**

Allison brings up that the Planning Commission wants to apply for a Neighborhood Development Area Designation for the T4 area surrounding the common. (Town Office Side of common). The planning commission wants to layer this neighborhood district with the T5 that we already have. While we already have a designated district, this neighborhood designation would allow the availability of incentives for homeowners and businessowners to build, develop and renovate in the potential neighborhood area, such as discounts of application fees. Of communities already participating in this program, we would be the first small town if we were to get our application accepted. This could help the town realize its hopes and dreams for the Red Brick Meeting House and the White Church.

Allison mentions she thinks going forward with the application is a no-brainer, Julia mentions that there is no cost for the town for this application.

Greg brings up the question of what exactly this does for development? He mentions there is not a whole lot of room for new buildings along the common.

Allison says that it offers incentives and opportunities for businesses and multi-family units to grow here, but obviously they would still have to abide by town planning and zoning. One thought that was mentioned was a new town office building with apartments on the second story.

Allison asks approval to apply, moved to support by Julia, seconded by Grant Thomas. Motion passed 3-0

### **TAXPAYER WASTE REIMBURSEMENT POLICY**

Nanette Rogers mentioned that the draft policy is on the Town Website and that we have also had no trash complaints recently. Myers has been a lot better about communication.

Allison said she had made a significant number of changes and that Julia had also gone over the draft policy, but made only one change in Section 5 A & B.

Allison motioned to adopt the policy, Julia moved and Grant seconded. Motion passed 3-0.

### **FIRE ORDINANCE**

Allison mentioned that she didn't have the town attorney look at the new draft Fire Ordinance yet, she wanted to wait and see if the selectboard had any further feedback.

No feedback, Allison will take the draft policy to the town attorney.

### **TASK LIST**

Nanette mentioned she was not sure if we needed to go through the task list this time as we were very thorough last meeting. She also brought up that we have put the bids to mow up on the VT Bid website, town website and Front Porch Forum.

### **CORRESPONDENCE**

The only correspondence was from Ed Chase, Town Moderator, making some suggestions regarding Town Meeting.

### **APPROVAL OF PAYROLL WARRANT**

The Board approved the payroll warrant.

Nanette said that since MJ was on vacation, she wasn't here to do AP and we can't go until the first meeting in March without another AP. Nanette asked for authorization to do another AP. Julia or Allison will sign warrant.

Grant made a motion to authorize Allison or Julia to review and approve an AP warrant before the next meeting, Julia seconded. Motion passed 3-0.

### **SCHWAB SIMPLE IRA**

Nanette explained that we allow town employees to choose their own simple IRA. In the past we were told that Schwab would only take all employees, but Schwab recently told a town employee that was not the case. So, we had Greg look further into the case.

Greg says that even though that is what Schwab employees are telling us, the Schwab paperwork still talks about exclusivity and the contract states that they have no fiduciary responsibility to you. Any additional fees by Schwab would be paid by the employee, not the town.

Nanette said Schwab wanted to know what our town's IRA plan was, but she told them we follow IRS rules for Simple IRAs.

Greg says we don't have a contract with any other companies and he's not comfortable making this call.

Allison asked Greg to forward his emails with Schwab to her so she can take a look. She thinks further conversation is needed, but that it also sounds very complex. To her the question is: Is it worth it?

### **TOWN MEETING**

Allison mentions that the Warning in the Town Report has all the information needed. Moderator Ed Chase will start the meeting and go into an informational session. Our Town Meeting is shorter now because we are part of a consolidated school district and have no Westford specific school board. Town meeting will commence at 7:00pm. Allison discussed when selectboard members should be arriving.

We will also present the Selectboard Budget at the Town Meeting which is Article 4. Allison also predicts that the public will ask about expenses and revenue in town. Greg agrees that there will be questions about the budget deficit for sure.

Allison thinks that we should push any questions about the budget to the info session.

Nanette brought up Article 3 which goes over a mixed bag of stuff including the Spiller Property.

Grant says that we have information on the deficit and asks if anybody else thinks there are any other topics that should be prepared for. He also mentions while the deficit is something that needs to be addressed, that the raise in taxes will not be that high when inflation is accounted for.

Greg says that we bought a lot of stuff in the past year and Nanette brought up the fact our increase has been about normal in comparison to previous years. She also goes on to say that the board has always strived to be under 10% which we are.

Selectboard Meeting  
February 25, 2019  
Page 5

Greg brings up that we budget revenue conservatively because we don't know what we're going to get in terms of grants, etc.

Allison mentioned that we can always lower taxes in a coming year when the deficit has been dealt with.

**ADJOURN**

The meeting adjourned at 8:10 p.m.

Respectfully Submitted,

Allison Hope, Chair  
Selectboard

Callie Hamdy  
Assistant Town Clerk

**TOWN OF WESTFORD HIGHWAY DEPT.**  
**ROAD SCHEDULE**  
**Feb. 15, 2018 – Feb. 25, 2019**

Work to be done

- Pothole repair when we can.
- Plow, sand and salt.
- Service work on the remaining trucks and equipment.
- Tree and brush cutting.
- Training the new employee.
- Open ditches, steam culverts where needed as needed.

Work completed

- Plow, Sand and salt.
- Replaced several tire chains.
- Cleaned out some ditches and steamed culverts.
- Ordered and received salt.
- Had a trucking contractor haul in more winter sand.
- Cut and removed a few downed trees in the road.
- Changed an air line and air tank strap on 14'

Approved at the 2/25/19 Selectboard Meeting.