

**BOARD OF SELECTMEN
REGULAR SESSION MEETING MINUTES
January 16, 2013
Veterans Memorial Building Room 220
900 Main Street, Millis, MA 02054**

CALL TO ORDER: Chairman Donald Hendon called the meeting to order at 7:32 p.m. The following persons were present: Chairman Donald Hendon, Vice Chairman Charles Vecchi, Clerk Andrea Wagner, Town Administrator Charles Aspinwall and Administrative Assistant Jennifer Cederberg.

AUDIT PRESENTATION: Mr. Aspinwall thanked the Finance Committee for accommodating the Board of Selectmen. Mr. Scott McIntyre of Melanson Heath informed the Board that the audit went very well, that key accounts are being reconciled timely on a regular basis. He stated that there are no significant audit entries. Mr. McIntyre pointed out one significant estimate in the audit which relates to OPEB – Other Post-Employment Benefits. He reviewed the long-term perspective financial statements along with the short-term financial statements. He noted that there was an \$897,139 increase in the unassigned fund balance which is considered an insignificant change. He explained that the committed fund represents two Stabilization Funds and he would consider this number to be break-even given the size of the Town budget.

Mr. McIntyre reviewed page 17 of the audit, noting that the revenue collection was greater than expected. He illustrated that \$336,062 in budgeted funds was turned back to the Town by departments. He then went on to further review page 11 of the audit and discussed the definition of the Town's OPEB liability which is driving the Town's net assets into a deficit. He stated that this number has increased by \$1 million and that the total liability is \$19.6 million. He informed the boards that the Town is moving \$1 million/year onto the actual balance sheet but by FY15, \$10 million will need to be shown on the Financial Statements due to the new accounting rule GASB 68. He stated that pension liabilities and OPEB do not effect the General Fund but are real liabilities that need to be recognized and eventually paid.

Mr. McIntyre went on to review the Management Letter and the Town's responses to the recommendations made.

Mr. Aspinwall informed the Board that the Financial Management Committee has been working on policies to address some of the issues mentioned in the Management Letter. He stated that they are near completion of a Stabilization Fund Policy, they are working on an Investment Policy, and that they need to work on an OPEB Policy. Mr. Chris Smith of the Finance Committee asked about the OPEB liability's impact on the Town's bond rating, borrowing, etc. He also asked how other communities are contributing to their OPEB. Mr. Aspinwall explained that some communities with AAA bond ratings, such as Wellesley, got an override to fund their full OPEB liability.

Mr. Aspinwall went on to review up to date budget spreadsheets showing revenues and expenses. He explained that the only impact on the budget was due to debt payments and Veterans' benefits.

ADJOURN: At 8:18 p.m.,

Motion by Sel. Vecchi, seconded by Sel. Wagner, to adjourn. The motion passed unanimously.

Respectfully Submitted,

Jennifer G. Cederberg, Administrative Assistant