

## Minutes of the Town of Foxborough Audit Committee Meeting

The meeting was held June 26<sup>th</sup>, 2007, at 9 AM in the Selectmen's meeting room at the Foxborough Town Hall.

### In Attendance:

Voting Members: Bill Fox, Charles McAlister, Frank Souza, Brian Walton  
Non-Voting Ex-officio Members: Randy Scollins

### Not In Attendance:

Voting Member: Al Truax (deceased)  
Non-Voting Ex-officio Members: Andrew Gala, Jan Norton

**Guests:** Robert Brown, Partner R.E. Brown & Company, Peter Paliulis CPA with R.E. Brown

The meeting was called to order at approximately 9 AM.

The meeting minutes from the Audit Committee meeting held on June 20<sup>th</sup>, 2006, were reviewed. Bill made a motion to accept, Frank seconded the motion and they were accepted by a vote of 1-0-3.

Randy gave a high level summary of the FYE 2006 audited statements as follows:

- The Town received a clean opinion from R.E. Brown & Company.
- Net Assets of the Town exceeded liabilities by \$52.2M, a \$9.2M improvement over the prior year.
- Net Assets for Governmental Activities are \$45.7M, an \$8.4M, or 22.5%, improvement
  - The primary drivers of this significant increase were:
    - Final reimbursement of \$4.7M from MSBA for their share of the Ahern school capital project. This allowed for the retirement of the remaining short term note; and
    - The closing of the sale of the former Lewis school building which resulted in a \$2.19 payment, that was subsequently voted at Town meeting to defray the cost of the Joint Public Safety Building; and
    - An increase in net capital assets of \$1.48 million
- Net Assets for Business Type Activities are \$6.5M, an \$804K improvement.
  - The primary drivers of this increase were:
    - Net principal repayments on bonds of \$453 thousand; and
    - A \$544 increase in cash balances due to rate increases exceeding FY '06 spending requirements
- Total cost of all Town services in FY '06 was \$53.6M. This is up \$2.9M from FY '05.
  - \$50.1M is associated with Governmental services, which is up \$2.7M
  - \$3.5M is associated with Business Type activities, which is up \$201K
- Total bonded debt decreased by a net of \$1.8M, or 6.4%, to \$26.1M
  - No new long term debt was issued in FY '06.
    - The entire change of a \$1.8 million reduction was due to scheduled principal repayments.

Each committee member had several questions about various aspects of the statements. All questions were answered to the satisfaction of the members.

Bob Brown reviewed the FY 2006 Management Letter items as follows:

- Grant Reconciliation and Recordkeeping Management of department grants have been completely resolved in FY '05 and in FY '06. Grant accounts are being reconciled monthly and are no longer being commingled.
- Trash program General Ledger / Internal Control remaining issues are resolved. Bags & tags physical inventories are being taken regularly. Bag inventory had been estimated previously, but now annual physical inventories are being taken. A formal written policy regarding the write off of future bad debts has been adopted, which reflects the practice.

- The Town does not have a disaster recovery plan for financial operations. The Town will look to address this situation when the Town's software package is eventually replaced.
- Control logs for reserves and abatements should be kept by the Assessor's office in order to allow for a reconciliation process with the general ledger. This recommendation will be acted upon as soon as the new Chief Assessor is hired, which should be very soon.
- Future Changes in Law & Accounting Standards, i.e., reporting of infrastructure fixed assets and other post employment benefits (OPEB), are fully understood by Town management and plans are in place to address them as required.

It was discussed again, by all, why we would wait to book the OPEB liability. Randy stated that it's not required to be booked until FY 2009. Further, the Town needs to hire an actuary to quantify the liability and then have an actuary update the liability every two years. Therefore we have decided not to spend this money until we have to, which is in FY 2009. Also, there is no advantage to the Town to begin to recognize this liability on its books before all the other Towns, as this liability will not positively impact the Town's balance sheet. Further, Randy preferred that the actuary that ultimately provides this service have many of these analysis' "under their belt" so that Foxborough's experience would be more efficient.

Bill asked if the Audit Committee should be submitting a report as per the Town By-Laws. Randy stated that he does submit a comprehensive report that is published in the Annual Town Report covering all areas of the Finance department including audit activities and results. However he stated that he welcomed any suggestions by committee members to supplement this report.

The federal grants audit document was reviewed by Bob. He stated that there were no issues with the required federal grant audit and that the report had been properly filed with the federal government.

Bob reviewed the timing of the FY 2007 audit work to commence. Bob stated that the audit team would start slightly later than in the past (usually in July & August) due to a backlog of other audit work as a result of one of his CPA's taking a Town Accountant position with a Town. However, he did not expect the timing of data collection and field work to extend beyond when it is normally completed. Randy also stated that he did not expect the FY '07 audit to be completed any earlier than it was this year, due to increased complexity of the audit, as required by GASB 34, combined with a new financial system implementation and very thin and reduced staffing in the Finance office.

The meeting was adjourned at 11:30 AM.

Meeting minutes accepted on 09/09/08 by a vote of: 4-0-0