

**TOWN OF BELMONT  
PERMANENT AUDIT COMMITTEE**

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2018 FEB 26 AM 8:51

Minutes: Wednesday, January 24, 2018, Town Hall Conference Room 1, 9:00 AM  
Present: Members Glenn Logan, Robert Keefe, ex-officio member Town Accountant  
Chitra Subramanian, ex-officio member Town Treasurer Floyd Carman, ex-officio member Board of Selectmen Adam Dash  
Absent: Frank Caruso, Robert Forrester  
Also Present: Craig Peacock from Powers and Sullivan

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Chairman Robert Keefe called the meeting to order at 9:00 AM.

Both Frank Caruso and Robert Forrester had previously reviewed the draft reports and provided comments to Floyd Carman and Robert Keefe prior to the meeting.

Frank Caruso called in to listen.

Craig Peacock presented reports on the FY17 Town-wide Audit results:

**Three Reports**

- Basic Financial Statements
- Federal Awards Program
- Management Letter

**Financial Statements Review**

1. Audit Schedule:
  - a. Preliminary – Retirement; Cash and Receivables; GASB 54; Budget; LTD; Internal Control (JE's and transactions); Single Audit; Planning;
  - b. Year end – completed preliminary work; trial balance; year-end balance sheet; perform flux analysis; compile statements.
2. Overall Results:
  - a. Unmodified Opinion.
  - b. Information received was accurate.
  - c. Responses to our audit inquiries were timely.
  - d. No major internal control issues, no material weaknesses, or significant deficiencies.
  - e. Discussed required communications.
3. Major Balance Sheet classifications:
  - a. Cash & Investments Town – \$121.6 mil
  - b. Cash & Investments Pension - \$91.5 mil
  - c. Cash & Investments OPEB - \$3.1 mil
  - d. Net Pension Liability \$74.2 mil
  - e. OPEB – Total Liability \$107.0 mil
  - f. Landfill – Total Liability \$7.3 mil
  - g. Capital Assets:
    - Town – Net increase \$1.6 mil (infrastructure, vehicles, underwood pool)
    - Water Fund – Net increase \$1.1 mil (infrastructure projects)
    - Sewer Fund – Net increase \$0.1 mil (infrastructure projects)

- Light Fund – Net decrease \$15.2 mil (mainly substation)
  - Debt – Issued \$27.6 mil ban from BMLD. Paid down with proceeds from substation equipment sale to Eversource.
- h. OTHER TESTING:
- Expenditures (30)
  - Revenues (30)
  - Journal Entries (30)
  - Payroll (25)
4. Financial Highlights:
- a. GASB 68 - Recorded deferred outflows and the net pension liability
  - b. General Fund
    - Net budgetary increase of \$1.3 mil, as a result free cash did not have to be used.
      - Revenues exceeded budget 1.6% (\$1.5 mil)
      - Expenditures came in lower by 2.3% (\$2.4 mil)
      - Unassigned fund balance – 15.6% of budget
  - c. Structurally operations are sound
    - Debt service is 4.5% of budget
    - RE & PPT collections continue to be excellent - 99% of levy
  - d. Enterprise Funds
    - Water Fund net assets increased \$1.3 mil
      - Slight increase in user fees
      - Flat overall operating costs
    - Sewer Fund net assets increased \$1.3 mil
      - Decrease in user fees
      - Flat overall operating costs
    - Light Fund net assets increased by \$1.8 mil
      - Increase in rates designed to cover costs
      - Increase in kilowatt hours sold by 7%
      - Controlling costs
  - e. Pension Fund Total Net Assets – \$95.8mil
    - \$7.0 mil increase in net assets
    - Investment income less benefits and administrative
  - f. OPEB Fund Total Net Assets – \$3.1 mil
    - \$344 k of contributions
    - \$187 k of investment earnings
    - \$385 k to be transferred in 2018
  - g. Stabilization Funds:
    - General - \$2.9 mil
    - Ash - \$3.5 mil
    - SPED - \$3,237

### **Reports on Federal Awards**

1. Unmodified opinions
2. \$1.9 mil of expenditures of federal awards:
  - Tested – A total of \$1.2 mil or 63% of federal grant expenditures
3. Test results
  - a. No findings

**Management Letter**

1. Prior year comments (6)
  - a. Resolved – 4
    - Withholding Liabilities
    - Fixed Asset Accounting
    - Parking Ticket Receivables
    - OPEB Valuation Report
  - b. Unresolved or Partially Resolved – 2
    - Automation of Compensated Absences – Working to automate the accounting process and account for buy back provisions
    - Documentation of internal controls over federal awards
2. New Comments – 1
  - a. Future GASB's - implementation of GASB 75

The members of the committee asked various questions during the presentation which were responded to by Powers and Sullivan. After discussion, language was added on clarifying the Accounting Guidance (GASB #45, #74 & #75) as it pertained to Note #13 Postemployment Benefits other than Pension and the Supplemental Information for other Postemployment Benefits.

The Meeting adjourned at 11:20AM.

Respectfully submitted,

Floyd S Carman