

Minutes of the Town of Foxborough Audit Committee Meeting

The meeting was held June 20th, 2006, at 2 PM in the Selectmen's meeting room at the Foxborough Town Hall.

In Attendance:

Voting Members: Bill Fox, Paul Mortenson & Al Truax
Non-Voting Ex-officio Members: Andrew Gala, Randy Scollins, & Kathleen Tyrell

Not In Attendance:

Voting Member: Charles McAlister & Frank Souza

Guests:

Robert Brown, Partner R.E. Brown & Company, Christopher P. Laviolette & Peter Paliulis, both CPA's with R.E. Brown

The meeting was called to order at approximately 2 PM.

The meeting minutes from the Audit Committee meeting held on November 18th, 2005, were reviewed. Paul made a motion to accept, Bill seconded the motion and they were accepted by a vote of 3-0-0.

Randy gave a high level summary of the FYE 2005 audited statements as follows:

- The Town received a clean opinion from R.E. Brown & Company.
- Net assets exceeded liabilities by \$42.9 million (comprised of \$37.3 million for government activities and \$5.6 million for business type activities).
- This represents a \$15.3 million increase / improvement over the prior year. The primary reason for this significant increase was the long awaited partial reimbursement of over \$14M received from the MSBA for their share of the Ahern school capital project.
- Total cost of town services was \$50.68 million, up \$1.03 million from the prior year (comprised of \$47.35 million for government activities and \$3.33 million for business type activities)
- Total bonded debt increased by \$13 million impacted by the following:
 - \$8.239M for the Joint Public Safety Building
 - 4.380M for the Ahern School permanent financing
 - 1.194M for various school and municipal equipment purchases
 - 200K for Sewer infrastructure permanent financing
 - \$14.013M subtotal
 - 996K less principal redemptions
 - \$13.017M Net increase in bonded debt

Randy added that the '05 statements contain \$4.76M in a short-term note associated with the Ahern capital project. However, this note was fully paid off this fiscal year, this past August, when the MSBA audit was completed.

Bob Brown reviewed the FY 2005 Management Letter items as follows:

- Police detail agency account management is now resolved. The remaining action item to write off the bad debt and fund the resulting deficit at Town meeting was completed this past fiscal year.
- Grant Reconciliation and Recordkeeping Management of department grants has been resolved in FY '05 now that 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 now 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.

- 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.

Paul asked 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.

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 briefly touched on the expanded scope audit reviews. Cash management at the Recreation department, School Athletic department and School Lunch were the requested focus areas. Bob stated that all had been reviewed and that there were no material issues uncovered with any of them. One recommendation was that the Recreation department set and stick to a regular schedule of revenue turnovers to the Treasurer's office. Bob stated that there was a requested follow-up by Kathleen to have another school visited and the school lunch cash management reviewed. Both Kathleen and Randy expressed appreciation for the extra effort by R.E. Brown for this review and the expected positive impacts it will have. Bob stated that he would have more specific feedback for the respective department heads at a later date.

Bob reviewed the timing of the FY 2006 audit work to commence. Bob stated that the audit team would start in July & August with the basics, such as cash, and plan on October for their detailed data collection and field work.

A motion to adjourn was made by Al at approximately 3:45 PM., seconded by Paul, and passed 3-0-0.

Meeting minutes accepted on 6/26/07 by a vote of: 1-0-2