BARNSTABLE COUNTY ASSEMBLY OF DELEGATES
Standing Committee on Finance
DRAFT Minutes
May 15, 2013

The Standing Committee on Finance met to review the FY 2012 financial statements with the County’s auditing firm of Sullivan, Rogers & Company on May 15, 2013 beginning at 3:00 p.m.

Committee members present: John Ohman, Chair, Leo Cakounes, Christopher Kanaga, James Killion and Julia Taylor.

Chair Ohman invited Daniel Sullivan and Matthew Hunt from Sullivan, Rogers & Company to participate in the exit conference for the annual audit dated June 30, 2012.

General Financial Statements

Matthew Hunt summarized the information contained in the financial reports that the committee (and all Assembly Delegates) received. The audited financial statements for FY12 and an additional power point handout provided to the committee will be considered an addendum to these minutes and available in the Clerk’s Office for review.

Matthew Hunt stated that the County received an unqualified opinion of its financial statements for FY12 and that is the best type of opinion to receive. It means that the County’s financial statements are free from any materials errors or misstatements. Daniel Sullivan stated this means that the County is in compliance with generally accepted accounting principles (GAAP).

General Fund

The general fund has a fund balance of 4.8 million dollars. It is made up of a restricted fund balance of 552 thousand dollars, a committed fund balance of 2.02 million dollars, an assigned fund balance for encumbrances of 1.1 million dollars, and an unassigned fund balance of 1.23 million dollars.

The general fund balance as compared to appropriations for expenditures has a ratio of about 8%. The previous year was about 13%. It was noted that the unassigned fund balance has been depleting over the past several years. A few possible reasons for the decrease could be attributed to depleting deeds revenues due to a decline in the economy, and initiatives undertaken by the County and the choice not to borrow fund

Other Major Governmental Funds

Cape Cod Commission Fund had 4.0 million dollars in expenditures and finished the year with a fund balance of 1.95 million dollars.

Septic Loan Program Fund had 1.3 million dollars in expenditures and finished the year with a fund balance of 21.6 million dollars.

Dredge Enterprise Fund had net assets of about 1.7 million dollars of which 1.2 million dollars are unrestricted. Revenue went up due to additional dredging projects in FY12.
Other Outstanding Debt represents long term debt totaling 21.7 million dollars all related to Septic Loan Program backed by loan paybacks. 

OBE (Other Post-Employment Benefits) increased by 2.3 million dollars bringing the total net OPEB obligation to 8.2 million dollars. The actuarial study that is used to compute these numbers is done every two years.

Federal Awards Report

Matt Hunt stated that the County needed to have this report done because they are required to do so if it spent more than 500 thousand dollars on federal grants in FY12. The County actually spent 2.4 million dollars in federal grants in FY 2012 and three different programs were selected and audited for compliance.

- HOME Investment Partnerships Program
- Highway Planning and Construction
- AmeriCorps and AmeriCorps – ARRA

Matt Hunt reported there were no findings on these programs and all were in compliance.

Management Letter:

Matthew Hunt reported there were no deficiencies or material weaknesses in financial controls. A comment related to encumbrances from FY11 was resolved in FY12. In FY12 there were two new comments and were informative in nature related to the use of third party service providers and new reporting requirements (GASB Statement #68) related to pension benefits.

The meeting adjourned at 4:05 p.m.

Respectfully submitted by:
Janice O’Connell, Assembly Clerk
June 30, 2012
Exit Conference for the Annual Audit
County of Barnstable, Massachusetts
Reel free to ask questions as we go

Management Letter

Federal Awards Programs

Financial Summary

Opinion

Financial Statements

Today's Process

Introduction
material errors
Means the financial statements are free of
Best opinion available

OPINION (P.2) - UNQUALIFIED

Opinion
FY 11 - CF Undesignated P/B is 12.9% of exp's

FY 12 - CF Undesignated P/B is 8.0% of exp's

Unassigned - $1.23M

Assigned - Encumbrances - $1.1M

Committee - Employee benefits - $12.9K

Committee - Continuing Appropriations - $1.9M

Restricted - Life insurance - $262K

Restricted - Statutory Reserve - $290K (2.5% > FY 11)

FY 12 - CF Fund Balance - $4.8M (GAAP)

Balance sheet (p.18)

General Fund
$2.9M of this surplus was encumbered

\[ \text{Expenditure surplus (prior to Deeds excise and ROD ($1.15M) Revenue deficit of $1.3M) } \]

\[ \text{Actual change in fund balance} = (586k) \]

\[ \text{Carry forward articles and encumbrances - $2.9M} \]

\[ \text{Carry forward articles and encumbrances - $3.4M} \]

\[ \text{Anticipated change in fund balance} - (p.54-55) \]

Budgetary Rev/Exp (p.54-55)

Net Change in G/F Balance
Barnstable County

$4.0M expenditures

Transfers in $68k (overhead reimbursements)

Departmental $1.350K

Intergovernmental $2.14M

Environmental protection taxes $2.96M

Revenue & Exp (p.20)

FY 11 - $1.6M

FY 12 - $1.95M

Fund Balance (p.18)

Cape Cod Commission
Transfers out = $72,442
Proceeds of bonds and notes = $33,270
Debt Interest Expense = $71,442
Debt Principal Expense = $61,442
Loan Interest Revenue = $75,451
Revenue $ EXP (p. 21)
Restricted $6,883
Nonspendable (Loans Receivable) = $14,978
$21,611
Fund Balance (p. 19)

Septic Loan Program
FY 11
Revenue up $1,900,000 due to more projects in FY 12 versus

Change in Net Assets = $35,000 (FY 11 = $15,400)

Revy/Exp x Change in Net Assets (p. 25)

Unrestricted - $1,700,000

Capital assets, net of related debt - $480,000

$1,700,000

Net Assets (p. 24)

Dredge Enterprise Fund
Debt to be funded by septic loan paybacks.

- Septic Loan Program
- All relates to MWPA-7T debt for the
- Outstanding debt totals $21.7M
- Long-Term Debt (Note 9, p. 43-45)

O/S Debt
To the State

Valuation as a reflection of the transfer of Sheffield's department
This liability decreased by more than 50% from the previous

- Total Unfunded Liability (06/30/10) - $34.4M
- Net OPEB Obligation - $8.2M
- Increase to Net OPEB Obligation - $2.3M
- $891K contributed (pay-as-you-go basis)
- FY 12 Annual Required Contribution = $3.0M
- Beginning Liability - $5.9M (3 years of OPEB Liabilities)
- OPEB activity

OPEB

Actuarial Valuation date 06/30/10 was used as the basis

Note 10 (p 45-47)
- Americorps
- Highway Planning and Construction
- HOME Investment Partnerships Program
- Programs tested as major programs
- Total Federal Expenditures - $2.4M

Compliance and FAP's
Reports on IC over FR
therefore, there is no "status" updates in FY 12.

Energy Efficiency Grant, which ended in FY 11.

FY 11 Findings - All FY 11 findings related to the

NO FY 12 FINDINGS

Compliance and FAP's

Reports on IC over FR.
Informative in nature

2 new comments and recommendations

Enforcement was resolved in FY 12

FY 11 comments related to

Weaknesses in financial controls

No significant deficiencies or material

Management Letter
Barstow County

Management Letter

Include contractual requirement to obtain SOC report

Identity service organizations and request annual SOC report

Recommendation

SOC 2
SOC 1

County should obtain SOC reports: employee/customer information

Service organization controls impact the County's controls

confidential/privacy information

process financial transactions and/or maintain

County should evaluate its third-party service providers that

Service Organization Controls
Management Letter

Implementation
Management familiarize itself with 68 and prepare for

Recommendation

● Expand disclosures (footnotes, etc.)
● Place conditions on use of actuarial discount rate
● More comprehensively measure annual pension costs

Statement 68 will also:

● Revisit the full accrual financial statements
● Required to recognize long-term obligation for pension
● Revisions related to pension benefits
● GASB 68 revises/establishes new financial reporting

Pension Accounting and Financial Reporting