

BARNSTABLE COUNTY ASSEMBLY OF DELEGATES
Standing Committee on Finance
Minutes

The Standing Committee on Finance met to review the FY 2011 audit with the County's auditing firm of Sullivan, Rogers & Company on May 16, 2012 beginning at 3:00 p.m.

Committee members present: John Ohman, Chair, Marcia King, Tom Lynch, Leo Cakounes, and Christopher Kanaga.

Chair Ohman invited Matthew Hunt and Christopher Rogers to present the audit review and comments to the committee.

Matthew Hunt responded to questions from the committee regarding his verbal response to a general inquiry regarding the process followed by the firm when auditing County agency funds. In the future he will ask for inquiries to be in writing.

Management Letter:

Matthew Hunt reported there was only one comment. The comment relates to encumbrances and how they are classified. An encumbrance should be a binding obligation related to the fiscal year. Some encumbrances reported by the County were considered to be continuing appropriations which carry from year to year if not spent.

Engagement Summary Matters

Matthew Hunt stated he was required to report to the committee about new accounting policies that took effect. The primary accounting policy that changed in FY 2011 related to fund balance reporting (reference Government Accounting Standards Board -Statement #54). This statement changed the way fund balances are reported and their definitions.

Matthew Hunt reported there were no difficulties encountered during the audit and no disagreements with management. Audit findings all pertained to federal grant awards.

General Financial Statements

Matthew Hunt reviewed how an audit of CLC is incorporated into a County audit. Cape Light Compact is not considered to be a County department and only acts as the fiduciary agent.

The general fund financial balance statement was reviewed next. The general fund has a fund balance of about 5.4 million dollars. It is made up of a restricted fund balance of 600 thousand dollars, a committed fund balance of 2.1 million dollars, and an assigned fund balance of 781 thousand dollars.

The general fund balance as compared to appropriations for expenditures has a ratio of about 12.9%. The previous year was 17.4%. The unassigned fund balance is getting depleted but it

is still a pretty good ratio. Matthew Hunt will provide the committee with a trend analysis, dollar amounts, and ratios going back to 2004. Ratios below 5% would not be advisable. Matt Hunt also reported on several major funds.

Major Funds:

Septic Loan Program

- Fund balance of 19 million dollars
- There are about 13.6 million dollars classified as non-spendable and 504 million dollars classified as restricted.
- The county received approximately 680,000 thousand dollars in loan interest revenue
- Debt interest expense was grossed up (per a General Accounting Practices accounting entry) to 610 thousand dollars
- Debt principal expense reported at 500 thousand dollars
- New debt issuance reported at 3.8 million dollars
- Transfer-out of 650 thousand dollars (done every year) for administration of the program

Dredge Enterprise Fund

- Net assets of about 1.7 million dollars of which 1 million dollars is unrestricted
- Decrease in net assets due to fewer dredging projects - revenue went down resulting in a loss of 168 thousand dollars as compared to FY 2010

OBEB (Other Post-Employment Benefits)

- Liability of 2.8 million dollars at year end
- Contributions made were 800 thousand dollars
- Liability decreased from previous year

Federal Awards Report

Matt Hunt stated that the county needed to have this report done because they spend more than 500 thousand dollars annually on federal grants and actually spent 4.6 million dollars in federal grants in FY 2011. There were four different programs audited for compliance.

- HOME Investment Partnerships Program
- Highway Planning and Construction
- Energy Efficiency Appliance Rebate Program
- AmeriCorps and AmeriCorps – ARRA

Matt Hunt reported on five findings and all were related to the Energy Efficiency Program. Four of five findings were from the previous year. The programs have ended and these findings will be taken into consideration for future programs.

John Ohman motioned, and it was seconded, to accept the FY 2011 audited financial reports prepared by Sullivan Rogers Company and to adjourn the meeting. Motion passed. 5-0-0.

The meeting adjourned at 4:05 p.m.

Respectfully submitted by: Janice O'Connell, Assembly Clerk