

**BARNSTABLE COUNTY ASSEMBLY OF DELEGATES**  
**Standing Committee on Finance**  
**DRAFT Minutes**  
**May 21, 2014**

The Standing Committee on Finance met to review the FY 2013 financial statements with the County's auditing firm of CliftonLarsonAllen on May 21, 2014 at 3:00 p.m.

Committee members present: John Ohman, Chair, Leo Cakounes, and James Killion.

Chair Ohman invited Matthew Hunt from CliftonLarsonAllen to participate in the exit conference for the annual audit dated June 30, 2013.

**Basic Financial Statements**

Matthew Hunt highlighted and summarized the information contained in the financial reports that the committee (and all Assembly Delegates) received. The audited financial statements for FY13 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 FY13 and this is the best type of opinion to receive. It means that the County's financial statements for FY13 were free from any materials errors or misstatements and the County was in compliance with generally accepted accounting principles (GAAP).

**General Fund**

The general fund had a fund balance of 6.0 million dollars.

It was made up of:

- Restricted statutory reserve of 297,000 ( a 2.5% increase over prior year)
- Restricted reserve of \$381,000 for life insurance
- Committed continuing appropriations of \$1,800,000
- Committed employee benefits of \$121,000
- Assigned encumbrances of \$891,000, and
- Unassigned fund balance of \$2,600,000 (up by \$1,400,000 from prior year)

The general fund balance as compared to appropriations for total expenditures had a ratio of about 16.5% (as compared to 8.0% for prior year).

The anticipated change in fund balance was \$3,400,000. There were carry overs for encumbrances of \$2,900,000. Actual changes in fund balance (as compared to anticipated) was \$1,100,000. There was a revenues surplus of \$1,000,000 (due to deeds excise taxes coming in higher) and there was an expenditure surplus of \$3,500,000 (of which \$2,600,000 carried forward to FY14.) The difference of \$900,000 goes to fund balance in addition to the revenue surplus of \$1,000,000. The amount going to fund balance was consistent with prior years.

### **Other Major Governmental Funds**

**Septic Loan Program Fund** had a fund balance of \$24,400,000.

It was made up of:

- Non-spendable loans of \$15,000,000, and
- Restricted funds of \$9,400,000

**Dredge Enterprise Fund** had net assets of \$1,600,000 of which \$1,200,000 was unrestricted. The changes in revenue and expenditures resulted in a decrease in net assets of \$114,000 due to fewer projects (related to equipment problems and issues resulting in less revenue).

### **Footnotes**

**Long Terms Debt Outstanding** represents long term debt totaling \$24,500,000 and is all related to the Septic Loan Program. This debt will be funded by septic loan paybacks.

**OBEB (Other Post-Employment Benefits)** calculation was based on an updated actuarial evaluation for FY13. There was a \$9,500,000 net OPEB liability at the end of FY13. It increased by \$1,400,000. The total evaluation decreased by \$3,400,000 from the last time it was completed and now stands at an accrued liability of \$31,000,000. This type of unfunded liability does not have a negative impact on bond ratings but some municipalities are starting to fund their liability. Barnstable County is average as compared to other government entities. Due to fluctuating revenues, the County may not be in the best position for the funding of this liability as compared to municipalities that may have a more stable funding source. At this point in time no reasonable level or percentage of funding has been established by any of the audit firm's clients.

### **Federal Awards Report**

Matt Hunt stated that the County needed to have this report completed because the County spent more than \$500,000 on grants in FY13. Federal expenditures were \$2,200,000 in FY13. Three different programs were selected and audited for compliance:

- HOME Investment Partnerships Program
- Highway Planning and Construction, and
- AmeriCorps

There were no findings on these programs and all were in compliance.

### **Management Letter:**

No significant deficiencies or material weaknesses in financial controls were noted. In FY13 there were two new comments and recommendations. One was informative in nature and relates to GASB Statement No. 68 (pension benefits) and preparation for implementation in fiscal year 2015. The second comment relates to the need to have monthly bank reconciliations within the Mitigation Fund and the general ledger.

James Killion motioned, and was seconded, to adjourn.  
The meeting adjourned at 3:55 p.m.

Respectfully submitted by:  
Janice O’Connell, Assembly Clerk