

Audit Committee Meeting Minutes

Monday, January 11th, 2016, 6:30 PM at Town Hall Meeting Room

Attendees:

Voting Members: Charlie McAlister, John Spinney, Larry Thomas, Brian Walton, Gary Whitehouse

Ex-Officio Members: Bill Keegan, Debra Spinelli, Randy Scollins

Guests: Robert Brown, Lorraine Newell, Bill Yukna

The meeting was called to order at 6:30pm. Randy reminded all members that they need to be sworn in by the Town Clerk, if they haven't already.

From the five voting members of the committee, a chair needed to be selected. Charlie nominated Brian, which was seconded by Larry. 5-0 in favor.

FY14 audited financial statements are complete. They are available on the Town website and additional hard copies were available at the meeting.

John asked why the balance in the water enterprise fund is so high. Randy said that Roger Hill (DPW Director) has spent a considerable amount of time looking for the best way to address to the Town's aging water infrastructure issues. There are major projects forthcoming and- due to the building up of these reserves- water rates aren't expected to go up by more than 3%/year over the next few years to cover these costs.

FY15 statements are being finalized and should be available mid-February. This will be the earliest that statements have been available during Randy's tenure. Randy committed that the goal would be to have statements in this same time frame annually now. There was some discussion on how GASB pronouncements will now require the full amount of unfunded pension and OPEB liabilities to be reported on to the balance sheet (pension in FY15 and OPEB in FY18). This affects all governmental entities in the U.S.

Randy spoke about the work that Robert Brown's CPA firm has done for the Town of Foxborough. They have been the Town's auditors for about the last 18 years and their work is always above and beyond, and that experienced staff members return year after year to work with the Town. They specialize in Massachusetts municipalities, working in towns such as Stoughton, Wrentham, Sturbridge, Seekonk and Lakeville.

In addition to the Town's audited financial statements, our auditors are completing focused departmental reviews at Recreation and the Council on Aging (COA). Both departments are experiencing increasingly heavy amounts of cash flow, without a formalized reconciliation process.

In order to discuss R.E. Brown & Company's contract renewal confidentially, Bob Brown was asked to leave the room so the Committee could deliberate. After discussion, John motioned to renew the

contract, seconded by Gary. The Board voted 5-0 to retain their services for the next three years (through FY18).

A credit comparison of Foxborough to 35 other AAA S&P rated communities, prepared by the Town's financial advisor, First Southwest was distributed. Randy and Bill gave some background on this topic- the Town has consistently been rated AA+ by the Standard and Poor's rating agency, with our latest bond refinancing (Nov 2015) being upgraded to "Positive". This rating report states that "Should Foxborough sustain its trajectory of balanced operations while continuing to add to reserves, and should officials introduce formal financial policies, we could raise the rating within our two-year outlook time frame". Next, draft copies of a proposed financial policy scoresheet were distributed to the Committee and discussed. Foxborough has been aware of the need for formal policies for quite some time now, and it has become a point of focus in the last six months. In addition to a written document, we are preparing a status update of the key financial policy metrics (draft copies distributed) for the last two completed fiscal years (FY14 and FY15), which includes:

- Operating Reserve Fund
- Free Cash Balance
- General Stabilization Fund & Capital Stabilization Fund
- Annual OPEB Appropriation
- General Fund Debt- Excluded and Included

The goal is to have these documents completed over the next 60 days, with the intent of having them accepted by the School Committee, the Advisory Committee, and ultimately signed off on and adopted by the Board of Selectmen, prior to the Annual Town Meeting in May. It is then anticipated, pending Town approval of the Town Hall project (February STM) and a comprehensive Water dept. infrastructure project (May ATM) that the Town would then go to market with one combined bond offering of ~\$25 million. During this bond offering process the Town will have its credit reviewed and rated, with an objective of attaining a AAA rating.

Because the completion of the financial policies document is time sensitive, the Board agreed to meet again in four weeks' time on Monday, February 8th, 2016 at 6:30pm, to review updates to these documents. Location TBD.

The meeting was adjourned at 8:25pm.

Meeting Minutes accepted on 4/11/16 by a vote of 3-0-0