Town of Brunswick, Maine

Joint meeting with School Board and Town Finance Committee
Thursday, January 21, 2016
7:00 PM
85 Union Street – Council Chambers

Meeting Minutes (Approved 2/8/16)

Elected Officials: Sarah Brayman, Jane Millett, Alison Harris, Kathy Wilson
Rich Ellis, Brenda Clough, Teresa Gillis, Janet Connors

Staff: John Eldridge, Derek Scrapchansky, Julie Henze, Branden Perreault
Paul Perzanoski, Jim Oikle

Others: Hank Farrah & Tim Gill (RKO)
Richard Fisco, Jim Bleikamp (WCME)

1. **Acknowledgement that Meeting was Properly Noticed**
   JH confirmed that the meeting was on the Town Calendar

2. **Adjustments to agenda / Public comment**

Public comment:

Richard Fisco: Statement about the 'simple algebra' of the budget. If revenues decrease, either expenses must be decreased or taxes must be increased – or some combination of those.

3. **Sarah Brayman moved, Jane Millett seconded, to approve the 12/17/15 Finance Committee Meeting minutes. The motion carried unanimously.**

4. **2014-15 Audit – Report from Runyon Kersteen Ouellette (RKO)**

Hank Farrah, partner at RKO, and Tim Gill, manager at RKO and lead on the Brunswick audit, reported on the audit of the Town's 2014-15 fiscal year, describing the responsibilities of the auditors in reviewing the Town's financials. The auditors found no issues during their testing, did not recommend any adjusting entries, and issued no findings. Having no adjusting entries is quite unusual during an audit, and is "something to be proud of". Hank and Tim reviewed and commented on the following documents:

- Letter to Finance Committee: also called the 'governance letter', this letter from RKO describes the respective responsibilities of management and the auditors and the conditions of the audit. Also attached is the representation letter signed by management.
- Independent Auditors Report: Pages 11-13 of the CAFR, this is the only portion of the CAFR written by the auditors. The CAFR is management's work, and is reviewed by the auditors. Through testing of the Town's financial records, the auditors are able to give an opinion that the financial statements are fairly presented in all material respects.

- Single Audit: Reports Required by *Government Auditing Standards* and OMB Circular A-133. Prepared by the auditors, the first section describes the auditors' review of internal controls and compliance. Beginning on page 3 is the report on the audit of the Town's Federal programs and grants. Pages 6 & 7 are a listing of the Federal awards received by the Town in 2014-15. The CDBG program was tested and there were no findings. Page 9 is a summary of the results. Unmodified opinion = 'clean'.
- Management Letter: Description of the audit testing of internal controls and the categories of results. There were no material weaknesses or significant deficiencies. The auditors made two suggestions for strengthening internal controls.
- Statement of Assurance: Addressed to the School Dept Finance Committee, this report provides a reconciliation between the financial statements and the data uploaded to the State MEDMS financial system.

Hank also mentioned changes in accounting standards, and the Town's implementation of GASB 68 – Accounting and Financial Reporting for Pensions. This change in reporting is intended to quantify the Town's liability for future pension obligations, based on actuarial assumptions. The two plans that the Town is enrolled in are not funded at 100%, though they are better funded than plans in many other places. The PLD plan is funded at 94% and the SET (teachers) plan is 83%. The Town's proportionate share of the actuarially-determined net pension liability totals approximately $4M. Hank was clear that this is an estimate of the long-term obligation to pensions and does not mean the Town has to cut a check for that amount. The notes for this are on pages 65-69 of the CAFR.

Hank described the audit process and thanked management for being well prepared.

5. Comprehensive Annual Financial Report (CAFR) – a tour

Julie Henze and Branden Perreault gave the committee an overview of the 2014-15 CAFR document in a PowerPoint presentation.

6. Adjourn