

Approved Minutes-10/30/12

Town of Wayland

Audit Committee Minutes

Date: October 1, 2012
Time of Meeting: 7:00 p.m.
Place of Meeting: Wayland Town Building, Selectmen's Meeting Room
Members Present: Tony Boschetto, Gordon Cliff, Chris Cullen, Ben Downs, Chris Riley

1. Call to Order

The meeting was called to order at 7:00 p.m. by Chris R.

2. Assign minute taker.

Chris Cullen took the minutes.

3. Public comment

There were no public comments

4. Review/discuss/amend/approved minutes from 9/10 meeting.

The committee accepted and approved the minutes as submitted, 5-0.

5. Discuss revising 8/6/12 and 8/27/12 minutes to include list of reference documents

Mr. Riley illustrated that a complete set of minutes should include a list of the documents presented in each session. Certain minutes from prior sessions did not contain such a list, and Mr. Riley offered to amend the prior minutes by inserting the appropriate information. All members of the committee agreed with that course of action.

6. Correspondence

- a) On 9/10/12 the Audit Committee voted unanimously in support of a FinComm request to the auditors for increased clarity on payments made for health insurance premiums. With that recommendation by the Audit Committee, the issue was sent to the BOS for a vote.

Mr. Riley received confirmation that the BOS voted to accept the FinComm request, and that the request would go to the auditor.

- b) In reference to the current RFP being drafted for audit of the School accounts, Donna Bouchard sent a link to the 2010 RFP used to hire The Abrahams Group.

The Committee agreed that this is good information to review for its later role in Phase II of the Financial Statement Audit RFP process. However, the School Committee, not the Audit Committee, is drafting the current RFP addressed in Ms. Bouchard's email. Therefore, the Audit Committee agreed that it would be most appropriate to guide any resident interested in offering input on this topic to contact the School Committee directly.

Mr. Riley said he would respond to Ms. Bouchard and offer that suggestion.

7. Discuss items/areas for Auditor focus

Tony Boschetto introduced the following documents for discussion of questions to bring to the auditor:

- a) Pages 5, 8, 9 & 13 of the Town of Wayland financial statements for the year ended 6/30/2011;
- b) A copy of the Town of Wayland's 2011 period 13 MUNIS balance sheet;
- c) A copy of the Town of Wayland Combined Balance Sheet dated June 30, 2011, as introduced by Donna Bouchard on 8/6/2012, highlighting liability accounts "Reserve for Encumbrances" and "Designated F/B;"
- d) A copy of the Town of Wayland Free Cash Calculation worksheet for 7/1/2011;
- e) An undated copy of the Town of Wayland Waste Water Enterprise Fund Retained Earnings Calculation worksheet.

Discussion was generally focused on the relationship between the MUNIS balance sheet and the Fund Balances (F/B), as presented in the Town's audited financial statements. Recognizing that Town residents have already addressed certain concerns about the F/B accounts, the Committee members agreed that more transparency around those numbers would be beneficial to residents in understanding the finances of the Town.

The Committee drafted the following request for the auditor to address this issue:

For the current year's audited financial statements, please refer to page 13 of the audited financial statements for the year ended 6/30/2011.

Please provide a reconciliation of the 6/30/2012 Fund Balances to their underlying MUNIS accounts. Ensure that the Fund Balances are properly classified in accordance with GASB 54, and/or any other appropriate authoritative guidance. Additionally, ensure that the amount reported as Unassigned Fund Balance is complete and accurate.

A motion was made & seconded, and the request was unanimously voted for recommendation to the BOS.

8. Current year audit progress and expected schedule of upcoming audit activity/completion

Tony Boschetto suggested that prior to the Committee's next meeting, the Committee should request the auditor's anticipated schedule so that the Committee can plan its own schedule more effectively. All members agreed, and Mr. Riley indicated he would pass on the request to the BOS.

9. Next Meeting is set for October 8th at 7 pm. Items to be discussed include:

- a) Review and rank forthcoming RFP responses for audit of the School accounts
- b) Review and discuss the audit schedule

8. Adjournment

A motion was made, seconded, and unanimously voted to adjourn. The meeting was adjourned at 8:07 pm.

Respectfully submitted,

Chris Cullen

Documents:

- Pages 5, 8, 9 & 13 of the Town of Wayland financial statements for the year ended 6/30/2011;
- A copy of the Town of Wayland's 2011 period 13 MUNIS balance sheet;
- A copy of the Town of Wayland Combined Balance Sheet dated June 30, 2011, as introduced by Donna Bouchard on 8/6/2012, highlighting liability accounts "Reserve for Encumbrances" and "Designated F/B;"
- A copy of the Town of Wayland Free Cash Calculation worksheet for 7/1/2011;
- An undated copy of the Town of Wayland Waste Water Enterprise Fund Retained Earnings Calculation worksheet.
- Ms. Bouchard email dated 9/18/12

FUND:

FUND: 10		GENERAL FUND		NET CHANGE FOR PERIOD	ACCOUNT BALANCE
ASSETS					
10	10100	CASH		.00	80,296,991.29
10	12103	03 PERSONAL PROPERTY		.00	707.56
10	12104	04 PERSONAL PROPERTY		.00	3,242.14
10	12105	05 PERSONAL PROPERTY		.00	516.63
10	12106	06 PERSONAL PROPERTY		.00	393.58
10	12107	07 PERSONAL PROPERTY		.00	628.48
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10	12610	10 MOTOR VEHICLE EXCISE		.00	14,423.89
10	12611	11 MOTOR VEHICLE EXCISE		.00	90,557.56
10	16110	DUE FROM/TO OTHER FUNDS		.00	-57,145,333.24
TOTAL ASSETS				.00	22,351,283.92
LIABILITIES					
10	20100	WARRANTS PAYABLE		.00	-1,125,887.10
10	21501	GROUP INS W/H PAYABLE		.00	-1,480,518.36
10	21709	UNION DUES SCH		.00	14.00
10	25802	GUARANTEED DEPOSITS-BOH		.00	-19,139.32
10	25803	GUARANTEED DEPOSITS-CONSERVAT		.00	-342,337.04
10	25804	GUARANTEED DEPOSITS-BUILDING		.00	-741,538.94
10	25805	GUARANTEED DEPOSITS-PLANNING		.00	-164,665.02
10	25850	TRANSFER STATION CAPPING		.00	-350,000.00
10	26101	DEFERRED REV-R.E. & P.P. TAX		.00	945,718.09
10	26301	DEFERRED REV-M.V. EXCISE		.00	-145,343.96

FUND:

FUND: 10		GENERAL FUND	NET CHANGE FOR PERIOD	ACCOUNT BALANCE
TOTAL LIABILITIES			.00	-3,423,697.65
FUND BALANCE				
10	32110	FUND BAL RES FOR ENCUMBRANCE	-1,045,900.62	-1,045,900.62
10	32401	FUND BAL RES FOR EXPENDITURES	.00	-2,010,000.00
10	35901	UNDESIGNATED FUND BALANCE	-3,977,193.12	-13,866,308.65
10	35952	FD BAL-RES EXEMPT PREMIUMS	.00	-1,505,377.00
10	35953	DESIGNATED F/B	.00	-500,000.00
10	38910	BUD FB RES FOR ENC	1,045,900.62	.00
10	39100	REVENUE CONTROL	67,268,454.83	.00
10	39300	EXPENDITURE CONTROL	-62,245,361.09	.00
10	39400	ENCUMBRANCE CONTROL	-1,045,900.62	.00
TOTAL FUND BALANCE			.00	-18,927,586.27
TOTAL LIABILITIES + FUND BALANCE			.00	-22,351,283.92

** END OF REPORT - Generated by Michael DiPietro **

Handwritten notes:
- Diana Lombardi
- 11/2/2011
- 11/2/2011
- 11/2/2011
- 11/2/2011

Town of Wayland Combined Balance Sheet June 30, 2011

	General Fund	Special Revenue	Capital Projects	Water Fund	Septage Fund	Wastewater Fund	Trust & Agency	Long-Term Debt Group	Total
Assets									
Cash and Investments:									
Cash	80,296,991								80,296,991
Investments									0
Total	80,296,991	0	0	0	0	0	0	0	80,296,991
Receivables:									
Property Taxes	1,153,059	8,415							1,161,474
Tax Title	790,039								790,039
Motor Vehicle Excise	145,344								145,344
User Charges				741,458		90,146			831,605
Due from Other Governments									0
Due to/Due from other funds	(57,145,333)	14,445,162	25,346,789	4,094,443	243,739	818,989	12,196,212		0
Total	(55,056,891)	14,453,577	25,346,789	4,835,902	243,739	909,135	12,196,212	0	2,928,462
Amount to be Provided For:									
Retirement of Bonds								78,289,910	78,289,910
Repayment of Anticipation Notes								0	0
Total	0	0	0	0	0	0	0	78,289,910	78,289,910
Total Assets	25,240,100	14,453,577	25,346,789	4,835,902	243,739	909,135	12,196,212	78,289,910	161,515,363
Liabilities & Fund Balances									
Liabilities:									
Warrants Payable	1,125,887	213,112	4,745,909	55,019		1,176			6,141,104
Accrued Payroll & Withholdings	1,480,504								1,480,504
Reserve for Abatements	2,888,816								2,888,816
Other Liabilities	1,617,680								1,617,680
Deferred Revenues	(800,374)	8,415		741,458		90,146			39,645
Bond and Grant Anticipation Notes								78,289,910	78,289,910
Bonds Payable								0	0
Total Liabilities	6,312,514	221,527	4,745,909	796,477	0	91,323	0	78,289,910	90,457,660
Fund Balances:									
Retained Earnings					203,506	611,812			815,319
Retained Earnings Appropriated									0
Unreserved	13,866,309	11,087,097	20,600,880	3,429,424			12,196,212		61,179,921
Reserved for Expenditures	2,010,000			550,000	40,233	200,000			2,800,233
Reserved for Encumbrances	1,545,901	3,144,953		60,000		6,000			4,756,853
Reserve for Other									0
Reserved for Overlay Deficit									0
Reserved for Debt Exempt Premium	1,505,377								1,505,377
Total Fund Balances	18,927,586	14,232,050	20,600,880	4,039,424	243,739	817,812	12,196,212	0	71,057,703
Total Liabilities & Fund Balances	25,240,100	14,453,577	25,346,789	4,835,902	243,739	909,135	12,196,212	78,289,910	161,515,363

Spec.
Row.

13,866,309 → 11,087,097 ✓ to DL
 2,010,000 → 3,144,953 ✓ to DL
 12,196,212 ✓ to BL

SUBMITTED BY Mike DiPietro
FIELD REP Andrew S. Nelson

COMMUNITY Wayland
FUND ~~Solid Waste~~

Waste Water

RETAINED EARNINGS CALCULATION - ENTERPRISE FUND

PART I
CASH

818,989

SUBTRACT:

CURRENT LIABILITIES, DESIGNATIONS OF FUND BALANCE	
Warrants Payable	1,176
Encumbrances	6,000
Expenditures	200,000

OTHER

TOTAL

611,813

PART II

611,812

RETAINED EARNINGS - UNDESIGNATED

Pt

CE = ON
@PJJL USTATUS TIMED = 30

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by accounting principles generally accepted in the United States of America.

B. FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the total of assets exceeded liabilities by \$ 100,679 (i.e., net assets), a change of \$ 16,173 in comparison to the prior year.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$ 56,345, a change of \$ 12,983 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 14,092, a change of \$ 3,543 in comparison with the prior year.
- Total bonds payable at the close of the current fiscal year was \$ 78,290, a change of \$ 37,616 in comparison to the prior year.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following is a summary of condensed government-wide financial data for the current and prior fiscal years.

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 76,514	\$ 51,770	\$ 9,883	\$ 8,771	\$ 86,397	\$ 60,541
Capital assets	97,924	62,203	15,689	14,467	113,613	76,670
Total assets	<u>174,438</u>	<u>113,973</u>	<u>25,572</u>	<u>23,238</u>	<u>200,010</u>	<u>137,211</u>
Long-term liabilities outstanding	65,953	32,191	16,268	15,223	82,221	47,414
Other liabilities	16,712	5,209	399	82	17,111	5,291
Total liabilities	<u>82,665</u>	<u>37,400</u>	<u>16,667</u>	<u>15,305</u>	<u>99,332</u>	<u>52,705</u>
Net assets:						
Invested in capital assets, net	43,980	31,839	3,464	3,156	47,444	34,995
Restricted	1,290	1,143	-	-	1,290	1,143
Unrestricted	46,503	43,591	5,442	4,777	51,945	48,368
Total net assets	<u>\$ 91,773</u>	<u>\$ 76,573</u>	<u>\$ 8,906</u>	<u>\$ 7,933</u>	<u>\$ 100,679</u>	<u>\$ 84,506</u>

As of the end of the current fiscal year, governmental funds reported combined ending fund balances of \$ 56,345, a change of \$ 12,983 in comparison to the prior year. Key elements of this change are as follows:

General fund revenues over expenditures	\$ 2,846
Premium on issuance of bonds	1,851 ?
CPA fund revenues over expenditures	826
Special revenue and permanent fund revenues over expenditures	1,658
Excess of current year bond proceeds and intergovernmental revenues over current year capital expenditures	<u>5,802</u>
Total	<u>\$ 12,983</u>

In fiscal year 2011, the Town implemented *Governmental Accounting Standards Board Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions*. In general, amounts previously reported as undesignated fund balance, are now reported as unassigned fund balance. Full definitions of all fund balance classifications can be found in the notes to the financial statements. Additionally, amounts previously reported in stabilization funds, are now required to be presented as committed fund balance in the general fund.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$ 14,092, while total fund balance was \$ 22,949. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Refer to the table below.

<u>General Fund</u>	<u>6/30/11</u>	<u>6/30/10</u>	<u>Change</u>	<u>% of Total General Fund Expenditures at 6/30/11</u>
Unassigned fund balance	\$ 14,092	\$ 10,549	\$ 3,543	21%
Total fund balance ¹	<u>22,949</u>	17,735	5,214	33%

¹Now includes stabilization fund. Prior period balances have been revised to conform to current presentation.

The total fund balance of the general fund changed by \$ 5,214 during the current fiscal year. Key factors in this change are as follows:

Use of free cash as a funding source	\$ 670
Revenues in excess of budget	3,359
Expenditures less than budget	2,528
Expenditures of prior year encumbrances	(2,551)
Current year encumbrances	1,046 — <i>Munis</i>
Other	<u>162</u>
Total	<u>\$ 5,214</u>

Proprietary funds. Proprietary funds provide the same type of information found in the business-type activities reported in the government-wide financial statements, but in more detail.

Unrestricted net assets of the enterprise funds at the end of the year amounted to \$ 5,442, a change of \$ 665 in comparison with the prior year.

Other factors concerning the finances of proprietary funds have already been addressed in the entity-wide discussion of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget resulted in an overall change in appropriations of \$ 369, which was funded by use of free cash.

Major reasons for revenues exceeding the budget include:

- Premium from issuance of debt of \$ 1,851.
- An increase in building permits of \$ 187 over prior year.
- An increase in motor vehicle receipts of \$ 130, the first increase in several years.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Total investment in capital assets for governmental and business-type activities at year-end amounted to \$ 113,613 (net of accumulated depreciation), a change of \$ 36,943 from the prior year. This investment in capital assets includes land, buildings and system, improvements, and machinery and equipment.

Major capital asset events during the current fiscal year included the following:

- High School renovation of \$ 37,191.

TOWN OF WAYLAND, MASSACHUSETTS

GOVERNMENTAL FUNDS

BALANCE SHEET

JUNE 30, 2011

ASSETS	<u>General</u>	Community Preservation <u>Fund</u>	High School Renovation <u>Fund</u>	Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Cash and short-term investments	\$ 74,618,695	\$ -	\$ -	\$ -	\$ 74,618,695
Investments	5,678,296	-	-	-	5,678,296
Receivables:					
Property taxes	1,943,098	8,415	-	-	1,951,513
Excises	145,344	-	-	-	145,344
Intergovernmental	-	-	-	-	-
Due from other funds	-	-	-	49,140	49,140
	<u>-</u>	<u>7,420,492</u>	<u>13,225,296</u>	<u>17,502,381</u>	<u>38,148,169</u>
TOTAL ASSETS	\$ <u>82,385,433</u>	\$ <u>7,428,907</u>	\$ <u>13,225,296</u>	\$ <u>17,551,521</u>	\$ <u>120,591,157</u>
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Warrants and accounts payable	\$ 1,125,887	\$ -	\$ -	\$ 4,801,750	\$ 5,927,637
Accrued payroll and withholdings	880,504	-	-	-	880,504
Deferred revenues	1,862,541	8,415	-	-	1,870,956
Guaranteed deposits payable	1,267,680	-	-	-	1,267,680
Due to other funds	54,299,815	-	-	-	54,299,815
	<u>59,436,427</u>	<u>8,415</u>	<u>-</u>	<u>4,801,750</u>	<u>64,246,592</u>
TOTAL LIABILITIES	59,436,427	8,415	-	4,801,750	64,246,592
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,505,377	7,420,492	13,225,296	895,610	895,610
Committed	2,375,309	-	-	11,854,161	34,005,326
Assigned	4,976,110	-	-	-	2,375,309
Unassigned (See note 15)	14,092,210	-	-	-	4,976,110
	<u>22,949,006</u>	<u>7,420,492</u>	<u>13,225,296</u>	<u>12,749,771</u>	<u>56,344,565</u>
TOTAL FUND BALANCES	22,949,006	7,420,492	13,225,296	12,749,771	56,344,565
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>82,385,433</u>	\$ <u>7,428,907</u>	\$ <u>13,225,296</u>	\$ <u>17,551,521</u>	\$ <u>120,591,157</u>

See notes to financial statements.

Chris Riley

From: gcriley@comcast.net
Sent: Wednesday, September 19, 2012 7:42 PM
To: Chris Riley
Subject: Fwd: Audit Committee RFP for the school audit

From: "Donna Bouchard" <donnabouchard@fusa.com>
To: "gcriley@comcast.net" <gcriley@comcast.net>, "benjamindowns84@gmail.com" <benjamindowns84@gmail.com>, "tonyandkathyb@verizon.net" <tonyandkathyb@verizon.net>, "gordoncliff@hotmail.com" <gordoncliff@hotmail.com>, "Christopher.t.cullen@gmail.com" <Christopher.t.cullen@gmail.com>
Sent: Tuesday, September 18, 2012 1:12:03 PM
Subject: Audit Committee RFP for the school audit

Hi all,

I know you are formulating an RFP recommendation for the school audit presently. Please note this link:

http://www.wayland.ma.us/Pages/WaylandMA_BComm/Finance/RFPOperReview.pdf

This is the RFP that was used to hire The Abrahams Group for the work they did initially for the Town and schools. The language – to include the language under “Proposal Requirements” -- is comprehensive and should provide you with an excellent template for the RFP you are drafting currently.

Best regards,
Donna

FUND:

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TOTAL LIABILITIES		.00	-3,423,697.65
FUND BALANCE	10		
	10	-1,045,900.62	-1,045,900.62
	10	.00	-2,010,000.00
	10	-3,977,193.12	-13,866,308.65
	10	.00	-1,505,377.00
	10	.00	-500,000.00
	10	1,045,900.62	.00
	10	67,268,454.83	.00
	10	-62,245,361.09	.00
	10	-1,045,900.62	.00
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** END OF REPORT - Generated by Michael Dipietro **

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10	25803	GUARANTEED DEPOSITS-CONSERVAT	.00	-342,337.04
10	25804	GUARANTEED DEPOSITS-BUILDING	.00	-741,538.94
10	25805	GUARANTEED DEPOSITS-PLANNING	.00	-164,665.02
10	25850	TRANSFER STATION CAPPING	.00	-350,000.00
10	26101	DEFERRED REV-R.E. & P.P. TAX	.00	945,718.09
10	26301	DEFERRED REV-M.V. EXCISE	.00	-145,343.96

Town of Wayland Combined Balance Sheet June 30, 2011

	General Fund	Special Revenue	Capital Projects	Water Fund	Septage Fund	Wastewater Fund	Trust & Agency	Long-Term Debt Group	Total
ASSETS									
Cash and Investments:									
Cash	80,296,991								80,296,991
Investments	80,296,991	0	0	0	0	0	0	0	80,296,991
Receivables:									
Property Taxes	1,153,059	8,415							1,161,474
Tax Title	790,039								790,039
Motor Vehicle Excise	145,244			741,458		90,146			145,344
User Charges									831,605
Due from Other Governments	157,145,333	14,443,162	25,346,789	4,094,443	243,739	818,989	12,196,212		0
Due to/Due from other funds	(55,056,891)	14,453,577	25,346,789	4,835,902	243,739	909,135	12,196,212		0
Total									2,928,462
Amount to be Provided For:									
Refinement of Bonds								78,289,910	78,289,910
Repayment of Anticipation Notes									0
Total									78,289,910
Total Assets	25,240,100	14,453,577	25,346,789	4,835,902	243,739	909,135	12,196,212	78,289,910	161,515,363
Liabilities & Fund Balances									
Liabilities:									
Warrants Payable	1,125,887	213,112	4,745,909	55,019		1,176			6,141,104
Accrued Payroll & Withholdings	1,480,504								1,480,504
Reserve for Abatements	2,888,816								2,888,816
Other Liabilities	1,617,680								1,617,680
Deferred Revenues	(800,374)			741,458		90,146			39,645
Bond and Grant Anticipation Notes									0
Bonds Payable								78,289,910	78,289,910
Total Liabilities	6,312,514	221,527	4,745,909	796,477	0	91,323	0	78,289,910	90,457,660
Fund Balances:									
Retained Earnings					203,506	611,812			815,319
Retained Earnings Appropriated									0
Unreserved	13,866,309	11,087,097	20,600,880	3,429,424			12,196,212		61,179,921
Reserved for Expenditures	2,010,000			550,000	40,233	200,000			2,800,233
Reserved for Encumbrances	1,345,901			60,000		6,000			4,756,853
Reserved for Other									0
Reserved for Overlay Deficit									0
Reserved for Debt Exempt Premium	1,505,377								1,505,377
Total Fund Balances	18,927,586	14,232,050	20,600,880	4,039,424	243,739	817,812	12,196,212	0	71,057,703
Total Liabilities & Fund Balances	25,240,100	14,453,577	25,346,789	4,835,902	243,739	909,135	12,196,212	78,289,910	161,515,363

Spec. Bond

Know

Know

Know

SUBMITTED BY Mike DiPietro
FIELD REP Andrew S. Nelson

COMMUNITY Wayland
FUND ~~Solid Waste~~

Waste Water

RETAINED EARNINGS CALCULATION - ENTERPRISE FUND

PART I
CASH

818,989

SUBTRACT:

CURRENT LIABILITIES, DESIGNATIONS OF FUND BALANCE

Warrants Payable	<u>1,176</u>
Encumbrances	<u>6,000</u>
Expenditures	<u>200,000</u>
_____	_____
_____	_____
_____	_____

OTHER

_____	_____
_____	_____

TOTAL

611,813

PART II

RETAINED EARNINGS - UNDESIGNATED

611,812

Pt

CE = ON
@PJL USTATUS TIMED = 30

Proposed Notice and request for Auditor --

In Fiscal 2012, adjustments and reclassifications were made in the fund balance accounts moving \$500,000 between account 35953 designated fund balance and account 35901. please review all reclassifications between fund balance accounts to ensure proper accounting treatment under GASB no. 54 and if such amounts have a material impact on prior year balances, such adjustments should be made in accordance with GASB Exposure Draft no. 32. section 60. "A correction of an error in previously issued financial statements should be accounted for and reported as a prior-period adjustment and excluded from the change in net assets section of the flows statement for the current period."

Further, for amounts included in Munis accounts 32110, 32401, 35901, 35952 and 35953, and any other fund balances, supporting evidence should be examined to ensure amounts are properly classified under GAS no. 54 and reflected properly in the comparative balance sheet and the amount reported in unassigned fund balance is complete and accurate.

Background data-

At the close of Fiscal 2011, the Audited Financial Statements reported the following amounts.

1. Page 5- B –Financial Highlight- At the end of the current fiscal year, unassigned fund balance for the general fund was \$14,092, a change of \$3,543 in comparison with prior year.
2. Page 8- comparative statement – unassigned fund balance \$14,092 for fy 11 and \$10,549 for FY 10.
3. Page 9- details of the changes in unassigned fund balance including 1,046 for current year encumbrances.
4. Page 13 which details the fund balances in accordance with GASB statement No. 54.
 - a. Nonspendable- 895,610
 - b. Restricted- 34,005,326
 - c. Committed – 2,375,309
 - d. Assigned – 4,976,110
 - e. Unassigned – 14,092,210

The GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type

Definitions, to address issues related to how fund balance was being reported Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance—amounts that are not in a spendable form (such as inventory) or are required to be maintained intact (such as the corpus of an endowment fund)
- Restricted fund balance—amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation
- Committed fund balance—amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint
- Assigned fund balance—amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority
- Unassigned fund balance—amounts that are available for any purpose; these amounts are reported only in the general fund.

The new standards clarify that an encumbrance is not a specific purpose and therefore should not be reported as a separate line on the face of the balance sheet. Encumbering amounts that are restricted or committed does not further limit the purposes for which they can be used. If the encumbering process meets the definition and criteria for committed fund balance, then encumbering an assigned or unassigned amount could result in the amount being reported as committed; however, it would be reported with other amounts committed to the same or similar purposes, not as “committed for encumbrances.” If a government has significant encumbrances, it should disclose them under the standards for significant commitments.

To the extent that your findings in the FY 2012 audit with respect to these items or any other testing have any impact on prior periods financial statements, we would expect that appropriate disclosure and/or restatement of prior period financials would be completed as deemed appropriate.

For Reference, GASB Exposure Draft no. 32, issued January 29, 2010 indicate:
Section 58

Prior-Period Adjustments

58. Paragraphs 58–62 do not affect the manner of reporting accounting changes required or permitted by other provisions of this Statement and other authoritative pronouncements.

59. Except as specified in paragraph 60, all increases and decreases in net assets recognized during a period, including accruals of estimated losses from loss contingencies, should be included in the change in net assets section of the flows statement for that period.

60. A correction of an error in previously issued financial statements should be accounted for and reported as a prior-period adjustment and excluded from the change in net assets section of the flows statement for the current period.

61. Those items that are reported as prior-period adjustments should, in single-period statements, be reflected as adjustments of the opening balance of net assets. When comparative statements are presented, corresponding adjustments should be made of the amounts reported in the flows statement³² and the statement of net assets³³ for all of the periods reported therein to reflect the retroactive application of the prior-period adjustments. (See paragraph 62 for required disclosures of prior-period adjustments.)

Disclosure of Prior-Period Adjustments and Restatements of Reported Changes in Net Assets

62. When prior-period adjustments are recorded, the resulting effects on the change in net assets of prior periods should be disclosed in the notes to the financial statements in the period in which the adjustments are made. When financial statements for a single period only are presented, the disclosure should indicate the effects of such restatement on the balance of net assets at the beginning of the period and on the change in net assets of the immediately preceding period. When financial statements for more than one period are presented, the disclosure should include the effects for each of the periods included in the statements. Disclosure of restatements in annual reports issued subsequent to the first such post-revision disclosure is not required.

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From: "Donna Bouchard" <donnabouchard@lfusa.com>
To: "gcriley@comcast.net" <gcriley@comcast.net>, "benjamindowns84@gmail.com" <benjamindowns84@gmail.com>, "tonyandkathyb@verizon.net" <tonyandkathyb@verizon.net>, "gordoncliff@hotmail.com" <gordoncliff@hotmail.com>, "Christopher.t.cullen@gmail.com" <Christopher.t.cullen@gmail.com>
Sent: Tuesday, September 18, 2012 1:12:03 PM
Subject: Audit Committee RFP for the school audit

Hi all,

I know you are formulating an RFP recommendation for the school audit presently. Please note this link:

http://www.wayland.ma.us/Pages/WaylandMA_BComm/Finance/RFPOperReview.pdf

This is the RFP that was used to hire The Abrahams Group for the work they did initially for the Town and schools. The language – to include the language under “Proposal Requirements” -- is comprehensive and should provide you with an excellent template for the RFP you are drafting currently.

Best regards,
Donna