

**Town of Wellesley  
Audit Committee  
Meeting Minutes  
September 19, 2022  
Zoom Virtual Public Meeting**

Attendees: Members of the Audit Committee (“Committee”): Susan O’Shea (Chair), Lacey Brandt (Secretary), Rusty Kellogg, Timothy Egan and Peter Covo. Also present by invitation were Renee Davis (Partner) of Powers & Sullivan LLC (P&S), Laura Stone (P&S), Sheryl Strother (Finance Director/CFO, Town of Wellesley), Maura O’Connor (Treasurer/Collector, Town of Wellesley), Lynn Whynot (Retirement Administrator, Town of Wellesley), Gail Sullivan (Advisory Committee, Town of Wellesley), Collette Aufranc (AC liaison to the Select Board), Megan Jop (Executive Director, Town of Wellesley), Joanne Scannell (Business Manager, MLP, Town of Wellesley), Ann Collins (Accounting Supervisor, MLP, Town of Wellesley), and Donald Newell (Director, MLP, Town of Wellesley).

Call to order and introductions:

Ms. O’Shea called the meeting to order at 4:00 PM.

Citizen Speak:

Ms. O’Shea opened the Citizen Speak portion of the meeting and noted that there were no citizens present.

Review and approval of minutes:

Ms. O’Shea asked if there were comments on the previously circulated draft minutes for the May 6, 2022 Audit Committee meetings prepared by Ms. Brandt. As there were no further comments, a motion to approve the minutes was made by Ms. O’Shea, approved by Mr. Kellogg and seconded by Mr. Covo and the minutes for the May 6, 2022 meeting were approved.

Wellesley Municipal Light Plant (MLP) Financial Statement Review:

Ms. Davis from P&S first introduced Laura Stone of P&S who joined the audit team and worked on the Audit of the MLP Financial Statements. Ms. Davis then informed the Audit Committee that her team has just finished the audit of the MLP Financial Statements. They have completed the Inventory audit, the field work and the review of the ledgers as part of the audit. There then was a

discussion of the new Audit requirements under AICPA applying this year to the MLP Audit.

We then reviewed the new structure the Wellesley Electric Customers Accelerated Reduction of Emissions (WECARE) program that, as of July 1, 2021, is an opt-out program (previously an opt-in program) which adds a 4% charge on MLP bills to help fund the Town's initiative to reduce fossil fuel dependency. The funds will be used to fund local renewable energy projects chosen by the MLP or purchase renewable electricity. This program creates a larger revenue stream than the previous opt-in program and therefore new audit focus on the use of the proceeds.

A walk through of the MLP Financial Statements including the MD&A section followed with Ms. Davis leading the discussion and Ms. Scannell, Ms. Collins and Mr. Newell adding commentary. Specific discussion revolved around the reporting of Pension Liabilities which are measured as of 12/31/2021 in the Financial Statements and, due to the high value of marketable securities at that date, the liabilities were shown as potentially understated. It was noted that the security markets have dropped as much 20% from 12/31/2021 until today. It was agreed that there would be a disclosure footnote added to the Financial Statements to show a more current value of these liabilities.

The MLP Financial Statements, along with the proposed audit opinion, will be circulated to the Audit Committee in the weeks ahead to allow the Committee to ask more detailed questions prior to their approval at the October 17<sup>th</sup> meeting.

It was agreed that the team from P&S and MLP are prepared to hit the filing deadline of October 28, 2022.

Wellesley Retirement Plan Financial Statement Review:

Ms. Davis then walked us through the status of the audit of the Wellesley Retirement Plan with Ms. Whynot adding commentary. Testing for the requirements of the Public Employee Retirement Administration Commission (PERAC) have been completed with no issues. The assets of the plan are evaluated by an actuarial firm under the requirements of Government Accounting Standards Board (GASB). There were no audit adjustments proposed and the Financial

Statements are ready to be issued. Financial Statements are to be circulated to the Audit Committee for comments before requesting approval from the Committee on October 17<sup>th</sup>.

The audit of the Retirement plan is expected to be filed on time.

Town Audit Update:

Ms. Davis gave the Committee an Update on the status of the Town audit. Areas of new work involve review of the federal funding of the school lunch program which grants the town 100% reimbursement for all school lunches served, which this year, generated a profit.

There were no other issues found to date on the audit.

It was agreed that due to the size and complexity of the Annual Comprehensive Financial Report, it would be sent to the Audit Committee ahead of the meeting for their review. It was expected to be sent sometime shortly after our October 17<sup>th</sup> meeting to be approved at the November 14<sup>th</sup> meeting. Ms. Davis will be shipping out hard copies of the Annual Comprehensive Financial Report to the Audit Committee to their home addresses.

Ms. Davis then discussed with us what would be shared at the upcoming Audit Committee Meetings.

On October 17<sup>th</sup>, The Audit Committee, having received copies of the Financial Statements for the MLP and the Retirement Plan, should be able to ask any outstanding questions and then to approve their filing.

On November 14<sup>th</sup>, the Audit Committee will be walking through the Annual Comprehensive Financial Report.

On December 5<sup>th</sup>, the Audit Committee will meet ahead of the Select Board meeting to approve the Annual Comprehensive Financial Report. Once approved, the Audit Committee will present the Annual Comprehensive Report to the Select Board.

The Upcoming Audit Committee meetings:

Monday, October 17, 2022 4:00-5:00 PM

Monday, November 14<sup>th</sup> 4:00-6:00 PM – Likely in person.

Monday, December 5<sup>th</sup> or 12<sup>th</sup> TBD

Other Matters:

Motion to Adjourn

Ms. O'Shea made a motion to adjourn the meeting at 5:24 p.m., which was seconded by Mr. Covo and approved unanimously.

Respectfully submitted,

Lacey Brandt

Secretary