



Town of Wayland Massachusetts

Audit Committee

Yutian Zhang
Klaus Shigley
Samantha Shullo (Chair)
Randi Sterrn
Michael German

AUDIT COMMITTEE

Minutes

Monday, January 22, 2024

Via Zoom -5:00 P.M.

Attendance: Samantha Shullo, Klaus Shigley, Randi Sterrn, Michael German, Yutian Zhang, Brian Keveny (Finance Director for the Town of Wayland), Alina Korsak (Independent Auditor- Marcum, LLP)

Call to Order: The meeting was called to order at 5:05 PM. Mr. Shigley was assigned to take minutes.

Review Agenda for Public: S. Shullo reviewed the agenda for the public. The focus of the meeting was the presentation of the draft ACFR for FY 23 and the FY 23 Management Letter (ML).

Announcements: None.

Public Comment: Ms. Shullo noted there were no members of the public present to comment.

Alina Korsak- Marcum, LLP- presentation:

Ms. Korsak reviewed the highlights of the FY 23 ACFR with a Power Point presentation.

Mr. Shigley suggested some edits and raised a few questions/issues. He indicated that he would send his marked up copy of the draft ACFR to Mr. Keveny and Ms. Korsak after the meeting. Other members of the AC were asked to send their edits, if any, no later than Wednesday.

Among the issues raised:

- Can someone explain what a “negative unrestricted” net position means and how it’s derived.
- Clarify that the Moody’s rating dated Oct 22 is still AAA as of the issue date of the Final ACFR, expected at the end of Jan 24.
- Observed that the Town has \$60 million in short terms and only \$10 million in “investments”. The same observation was made last year. Moreover, the following recommendation was made in last year’s *AC Report to the SB*: “The Audit Committee recommends that the Town Manager make available an overview of the investment policies and procedures to the SB and/or the Audit Committee that Town funds are invested in accordance with such policies as well as in compliance with Mass laws. Two reasons: 1. The SVB failure provides added urgency for looking at the suitability of investments, and 2. We have had significant turnover in the Treasurer position. Per the FY ‘22 ACFR, the Town had cash and short-term securities of \$44 million and investments of \$10 million.
- The ACFR states: “The investment policy of the Town’s OPEB plan contemplates reaching full funded status by 2050”. What does “contemplate” mean in this sentence? Does the Town have a funding policy to achieve that objective? Is the Town committed to getting full funding by 2050, or is 2050 just the solution to an algorithm?
- There is a disconnect between the assumed “discount rate” and the “investment rate” assumption used for the Mass Teacher’s Retirement System. The discount rate (7%) exceeds the Investment rate (6.32%). That shouldn’t happen.

Ms. Korsak also discussed the FY 24 ML.

It was noted that the issues raised in last year’s ML were still present. However, they did not rise to the level of a material weakness this year. Mr. Zhang asked the question: Why not.

Audit Committee discusses Audit Committee Report to Select Board.

The AC is charged with preparing an annual report to the SB. This report typically includes the Town’s response to the issues raised in the ML as well as the AC’s recommendation with respect to those issues.

The AC’s report to the SB will also typically state that the “Audit Committee believes that their written feedback on the draft ACFR was materially accommodated in the final version of the ACFR”. This requires that we have another meeting to review the final ACFR as well as the Town’s response to the ML.

Update on Summer Projects if any:

The summer project was to think about constructive ideas for expanding the scope of the committee’s work. How can we improve town governance or how town finances are managed? Consider how to be more relevant & add value to the town.

Last year we stepped outside the box and recommended that the Town Treasurer prepare a report on how Town funds are invested.

Mr. Zhang promised to have some ideas.

This, i.e. finding ways to add value, will be an on-going challenge/assignment.

Approve minutes of the May 24, 2023, AC Meeting:

Mr. Shigley submitted some suggested edits. Ms. Shullo will incorporate those suggestions. There were no other changes. Mr. Shigley motioned to approve the minutes. Ms. Stern seconded. Motion passed. Vote 5-0.

Ms. Shullo will send the Minutes to Mr. Keveny, who will forward to the Town Clerk.

Members' Reports, Concerns, and Topics: There was some discussion of next steps.

Topics Not Reasonably Anticipated by the Chair 48 Hours Prior to Posting: N/A

Adjourn: Ms. Shullo motioned to adjourn. Ms. Stern seconded. Motion passed. Vote 5-0. Meeting adjourned at 6:46 PM.

Respectfully Submitted,

Klaus Shigley

Attachments:

Approved Minutes of the May 24, 2024, meeting.

Draft FY 23 ACFR

Draft FY 23 ML