

**Budget/Management Committee Minutes  
Town Hall Council Chambers  
6 February 2023 at 6:00 p.m.**

Present: Michael Molisse, Chairperson  
Pascale Burga, Councilor  
Maureen Kiely, Councilor  
Greg Shanahan, Councilor

Also Present: Brian Connolly, Town Auditor  
Scott McIntire-Principal at Melanson

Absent: Christopher Heffernan, Vice Chairperson

Recording Secretary: Janet P. Murray

Chair Molisse called the Budget/Management Committee meeting to order at 6:10 p.m., February 6, 2023.

**23 001 – Fiscal Year 2023 Financial Statements and Management Letter**

Brian Connolly, Weymouth’s town auditor, introduced Scott McIntire, CPA with Melanson, the town’s audit firm. Mr. McIntire is the principal who is in charge of the audit.

Mr. Connolly stated that Mr. McIntire will be using the presentation that was handed out, and will go through it, page by page. The document is titled “Town of Weymouth, Massachusetts, Presentation of Financial Statement, Audit Results, June 30, 2021.” The document was prepared by Scott C. McIntire, CPA, Principal at Melanson, and was dated February 6, 2023.

Mr. McIntire stated that the most important communication tonight is that the audit of the town’s financial statements went well. He continued that this may sound a little strange, given the lateness of this 6/30/2021 report, but that it goes back to the reporting of the contributory retirement system. He stated that this means in the most basic terms that the books and records were in good working order, key accounts were reconciled on a regular and timely basis, cash between the treasurer, and the accounts receivable department, and long-term debt accounts, were reconciled on a regular and timely basis. As a result, Melanson did not need to propose any significant audit adjustments in order for the financial statements to be considered materially fairly presented in accordance with generally accepted accounting principles.

Mr. McIntire continued that these are two of the required pieces of communication under auditing standards; the third communication deals with estimates. He stated that there are a few estimates in the financial statements, the largest of which is the net pension liability, and net OPEB liability in some related accounts.

Mr. McIntire stated that three reports have been issued.

- The opinion on the town’s financial statements is a clean or unmodified opinion.
- The management letter which has some suggestions for improvements.

- The governance letter outlines these three required communications.

Mr. McIntire then reviewed the PowerPoint presentation for the committee.

Councilor Molisse asked about the retirement board.

Mr. Connolly stated that the Retirement Board Director was invited to tonight's meeting over two weeks ago. Unfortunately, at the last minute, he had to cancel. He reported that one of the matters that Mr. McIntire brought up was the timeliness of the reporting. There was an issue in the retirement board's audit that was mentioned by their audit firm, O'Connor and Drew, who is no longer doing this type of audit and the reconciliation was not done on a timely basis.

Mr. Connolly continued that another concern is a \$700,000 journal entry, which he has been unable to obtain an adequate explanation on from either O'Connor and Drew or the retirement board. He continued that the fee adjustment was executed. That is all he knows because they have their financials which were prepared, submitted, and approved by their board. He added that they don't report to the town as they are a component unit.

Mr. Connolly stated that he has met with the Retirement Board Director a couple of times to discuss it. He stated that he has received information that the reconciliations are going along for 2022 but he doesn't know how far along they are. Nor does he know what his responses were to O'Connor and Drew with respect to their recommendations or findings. Mr. Connolly added that this should not prevent the town from approving the financials.

Mr. Connolly stated that he invited the Retirement Director to tonight's meeting on January 19 and noted that he agreed to appear. However, today, he sent an email at 3:10 p.m. that he could not attend; he leaves the office at 3:30 p.m.

Councilor Abbott asked for clarification on discounting the net pension liability.

Mr. McIntire stated that he views net pension liability as the expected future earnings of the plan's investments. The future costs are discounted based on the future earnings of the plan's assets.

Councilor Abbott asked if they are making any predictions on that.

Mr. McIntire stated that he is not making any predictions about it yet he does have to audit that assumption. He continued that the 7 ¼ rate through 6/30/2021 was a commonly used discount rate in the Commonwealth and is one of the key metrics that often gets looked at. He reported that one of those related accounts of 7 ¼ is portable. To date, earnings of the retirement system have exceeded that estimate by about \$16 million which helps support the 7 ¼ %. This is what brings some of these discount rates down and it is something that Weymouth should consider.

Mr. Connolly commented about the General Accounting Standards Board (GASB) 87 and the leases. He reported that James Malary, the town's Chief Financial Officer (CFO) is the one

handling the town contract side for the lease portion. He has been on that since the 87 pronouncement came out.

### **23 002 – Contract for Independent Audit of Fiscal Years 2023 and 2024**

Mr. Connolly stated when he started, there was commentary regarding executing a multi-year agreement so he started researching what Weymouth has gone through the last few years and spoke with the purchasing director, the CFO, and the treasurer. He added that he looked at both the records and the requirements and noted that the town is not required to do an RFP for an audit firm. The annual audit has to be performed by a CPA firm, which is a service that is an allowed exemption under procurement procedures and law.

Mr. Connolly stated that he reviewed the town's existing firm, Melanson. He noted that they go through a rigorous peer evaluation process. He continued that in GASB 25, there is a potential for change in how financials are prepared. He stated that he wanted to lock in an audit firm for 2023 and 2024 to bridge this period of time and to focus on getting Fiscal Year (FY) 2022 completed and to move into 2023 and 2024. The plan would then be to regroup and ascertain what that change is going to be and the potential cost. He added that the town can ensure FY 23 and 24 now at the rate that has been discussed in the presentation, and then see what the new rate would be for FY 2025, 2026, and 2027. He noted that the federal reporting requirements continually change.

Councilor Burga made a motion to recommend favorable action on Item #23 002 to the Town Council. The motion was seconded by Councilor Kiely. The motion passed on a 4-0 vote.

Councilor Molisse thanked Mr. McIntire and requested that he attend the full Town Council meeting to make a brief presentation. Mr. McIntire agreed to attend.

### **23 003 – Acceptance of M.G.L. Chapter 41, Section 110A**

Chair Molisse recognized the Town Clerk, Kathleen Deree.

Ms. Deree stated that with the passing of the new voter's act, voter registration deadlines have all changed and most deadlines will now fall on a Saturday. She noted that with the acceptance of this Massachusetts General Law, the town opts to have our deadlines be the previous day at five o'clock, eliminating the need to open and staff the clerk's office on a Saturday. If a large turnout is anticipated for a certain election, the town can open on a Saturday but is not legally bound to do it. She stated that will not inhibit anyone from registering to vote, because they can still register in person, by mail, online, or through the Registry of Motor Vehicles.

Councilor Abbott stated that this is another example of the work done by Ms. Deree and getting ahead of something like this as it is not only a procedural benefit for the town, but it's a cost-saving benefit.

Councilor Burga asked how registered voters would be notified of this change.

Ms. Deree stated that this is done under the state. She added that voter registration hours will be on the website but the town is not responsible to notify all the voters.

Councilor Kiely made a motion for favorable action on Item #23 003, Acceptance of Massachusetts General Law Chapter 41 Section 110 A. The motion was seconded by Councilor Burga and unanimously voted.

Councilor Kiely made a motion to adjourn at 6:47 p.m. which was seconded by Councilor Burga and unanimously voted.

Respectfully submitted by Janet Murray

Approved by Councilor Michael Molisse as Chairman of the Budget/Management Committee  
Voted unanimously on 6 March 2023