



FINANCIAL AUDIT ADVISORY COMMITTEE

Agenda

Monday, October 31, 2022 at 8:00 AM

The Financial Audit Advisory Committee will hold this meeting as a virtual meeting on Monday, October 31, 2022 at 8:00 am. To view this meeting using Zoom use this link: <https://us02web.zoom.us/j/86128608712> or call 1-646-558-8656 and use the following Meeting ID: 861 2860 8712

Agenda Items

- Preliminary Audit Work Performed To-Date
- Update on Year-End Phase of the Audit
- Special Projects Update
- Single Audit/ Federal Grants Status
- Timing of Final Reports/ Meeting schedule
- Questions/Concerns



City of Newton, Massachusetts

Financial Audit Advisory Committee

October 31, 2022

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor

Agenda

- Audit Update
- Retirement System
- OPEB
- Single Audit (Federal Grants)
- December Meeting & Audit Timeline
- Questions



Audit Update

- Preliminary audit procedures (retirement system, internal controls, planning forms and programs, etc.) performed during summer months
- Primary audit procedures (i.e., audit procedures on June 30 balances, etc.) began this month
- Fieldwork was conducted last week at City Hall



Retirement System

- The data below related to the Retirement System as of 12/31/21 is draft only
- Total Pension Liability: \$773M
- Total Pension Net Position: \$526M
- Net Pension Liability: \$247M
 - \$293M in prior year; decrease primarily result of 2021 investment income (\$84M)
 - Calculated with 6.9% discount rate; 7.25% in prior year



OPEB

- The data below related to OPEB as of 06/30/22 is draft only
- Total OPEB Liability: \$692M
- Total OPEB Net Position: \$25M
- Net OPEB Liability: \$667M
 - \$898M in prior year; decrease primarily result of change in discount rate from 2.16% to 3.54%
 - The increase in the discount rate is largely the result of higher interest rates on 20-year municipal bonds



Single Audit (Federal Grants)

- Expected major federal grant programs to be tested for FY 22 are as follows (expenses below are draft only):
 - ARPA - \$20.6M
 - SPED Medicaid - \$1.9M
- Timing of completing federal grant audits may be impacted by timing of additional guidance to be issued by OMB



December Meeting & Audit Timeline

- Determine December date/time for FAAC meeting
- Discuss audit timeline





Questions?

