

**ROSELLI, CLARK & ASSOCIATES**  
Certified Public Accountants

**WEST BARNSTABLE FIRE DISTRICT**

Management Letter

Year Ended June 30, 2022



**WEST BARNSTABLE FIRE DISTRICT**

MANAGEMENT LETTER  
YEAR ENDED JUNE 30, 2022

*Table of Contents*

	<u>Page(s)</u>
Transmittal Letter.....	1
Informational Items.....	2
Observations .....	3



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**TRANSMITTAL LETTER**

To Honorable Members of the Prudential Committee  
West Barnstable Fire District  
Barnstable, Massachusetts

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Barnstable Fire District (the District) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, the Prudential Committee, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

*Roselli Clark & Associates*

Roselli, Clark & Associates  
Certified Public Accountants  
Woburn, Massachusetts  
January 16, 2023

## **INFORMATIONAL ITEMS**

### **Network Security (annual reminder)**

At our recommendation, the District had a security assessment completed during fiscal year 2022. As a result, it will be implementing procedures to address best practices reported to the District as part of this engagement.

### **Long-term obligations (annual update)**

Recent accounting standards have brought to light more than ever those hidden liabilities that are true long-term obligations of the District.

More specifically, OPEB and Pension liabilities are now required under GASBs 67, 68, 74 and 75 to be recorded in the District's financial statements.

The District has created a trust for its OPEB liability and in that regard has accumulated to about 30% of the unfunded liability over a short period of time. This places the District amongst the top tier of municipalities in the State with respect to its OPEB funding ratio. Despite this however the District, like most entities in the State is still well behind, and as a result it can expect its costs to rise rapidly in the future. The current net OPEB liability is about \$0.7 million.

With respect to its pension funding, the District is a member of the Barnstable County Contributory Retirement System (BCCRS) along with numerous other Districts and towns. BCCRS has accumulated about 75% of the unfunded liability which places the County above average range, regarding funding ratios within the State.

However, in light of Massachusetts General Laws to fully fund this liability no later than 2040 and with a current funding schedule maturing in 2034, the District can expect to see its pension assessment also rise rapidly.

The District should begin to factor these increases into its long-term financial plans.

### **Investment Income**

Recent aggressive actions by the Federal Open Market Committee to tame inflation have resulted in a spike in borrowing costs. These actions have also had a collateral impact on interest income yields, more specifically, short-term treasury yields which are legal investments for Massachusetts Municipalities, are now exceeding 5% yields. The District recognized this great opportunity and in January and February has begun allocating excess cash reserves to both rolling certificate of deposits and United States Treasury notes. We encourage the District to continue to do this as these opportunities continue to present themselves.

## **OBSERVATIONS**

### **Ambulance Receivables**

The District's outstanding ambulance receivable amounts continue to increase from year to year. Currently, the outstanding balance amount of \$576,000 is nearly twice as large as the net amount collected. In addition, many of the outstanding amount is greater than 120 days old.

The District should review its current abatement policy and determine if the process should be revised as many receivables are probably no longer collectible and most likely should be abated.