



**Town of Nantucket
Audit Committee
Agenda
Meeting of Tuesday, December 20, 2011
9:00AM – 10:00AM
Town Hall Conference Room**

1. Call to Order
2. Public Comment
3. Approval of Minutes
4. Audit Committee Scorecard
 - Update on Free Cash / Retained Earnings Process
5. Update on 2011 Audit Progress / 2010 Management Letter Findings
6. Update from Financial Advisory Associates
7. Date of Next Meeting: TBD; Topics TBD
8. Adjournment



Town of Nantucket
Audit Committee
www.nantucket-ma.gov

MINUTES

Tuesday November 29, 2011

16 Broad Street, Conference Room – 9:00 a.m.

All or a portion of this meeting is being recorded.

If you plan to record this meeting yourself, please check with the chairman of the board before you begin.

Attending Members: Michael Kopko (Chair), Matt Mulcahy (Vice-Chair), Rick Atherton
Staff: Libby Gibson (Town Manager), Gregg Tivnan (Assistant Town Manager), Irene Larivee (Finance Director), Debbie Weiner (Treasurer), Bob Dickenson (Controller), Debbie Dilworth (Assessor), Elizabeth Brown (Tax Collector)
Guests: Renee Davis (Powers & Sullivan), Katie Hickey (Powers & Sullivan), Michael Daley (Financial Advisory Associates)
Public: Whitey Willauer

I. CALL TO ORDER

Mr. Kopko called to order at 9:00 a.m.

II. PUBLIC COMMENTS

None

III. APPROVAL OF MINUTES – November 15, 2011

1. Mr. Atherton asks if the Airport Audit Package cited on page 1 of the minutes has been received. Ms. Davis indicates they have not yet been received. Ms. Gibson said a reminder email has been sent to the Airport on Monday, November 28.
2. Mr. Atherton asks if the Other Post Employment Benefits (OPEB) study has been completed. Ms. Davis indicates that the draft report has been completed. Mr. Atherton asks for an electronic copy of the draft to be posted on the Town website and to be forwarded to the Selectmen. Ms. Gibson and Ms. Larivee will forward the draft report.
3. Mr. Atherton asks if the Abrahams interim report is ready. Mr. Kopko and Mr. Mulcahy point out that the matter is on today's agenda.
Mr. Kopko makes motion to approve the minutes. Mr. Mulcahy seconds. Motion carries.

IV. UPDATE ON AUDIT COMMITTEE SCORECARD

Ms. Larivee says that the report this week focuses on cash, which is mostly completed. Mr. Dickenson indicates that there are eleven outstanding items that are over 60 days old. He states that these items mostly just require research and that they will be completed by December 15, 2011. No further discussion on the matter.

V. UPDATE ON ABRAHAM'S INTERIM REPORT

Ms. Gibson indicates that Mr. Abrahams has completed his field work but that we are still waiting for his interim report, which he indicated would be available in January now, instead of November. Mr. Abrahams indicated that he has questions for Mr. Daley and that he would like to see the audit report first. Mr. Daley indicates that he has not yet heard from Mr. Abrahams. Mr. Kopko expresses concerns that the interim report was due in November and there doesn't seem to be a need to wait for the audit report. Ms. Gibson will call Mr. Abrahams to obtain a preliminary report to forward to the committee.

VI. UPDATE ON 2011 AUDIT PROGRESS / 2010 MANAGEMENT LETTER FINDINGS

Ms. Davis indicates that this is third and final week of on-site field work for Powers & Sullivan. Cash is reconciled which is "excellent" and "leaps and bounds ahead of this time last year. Powers & Sullivan are testing the account balances at this time. This is the normal process and generates questions and answers for the Finance Department.

Ms. Davis is pleased that the Finance Department has stopped making account entries which is unlike previous years. There will still be normal entries made at this point, such as OPEB entries which are acceptable. Powers & Sullivan's number one priority at this time is to make sure all activity is entered correctly; however Ms. Davis cannot yet say if everything is entered correctly as they are just doing this now and have not presented anything to the Finance Department for discussion.

Mr. Atherton asks for any examples where activity could be off. Ms. Davis says the water company, for example, is off by \$70,000. Because the Wannacomet does its own reconciliation on a separate system, she and Ms. Hickey are working to clarify this and have a meeting with Wannacomet Water Company on Wednesday, November 30. Mr. Atherton asks if Wannacomet uses Munis, and if so, why any discrepancy. Ms. Davis explains that the water company uses a system called Enhance to keep their own ledger records, but that everything is still given to Munis, so there are technically two books. Ms. Davis believes they do this because historically Munis was not reliable and up to date and because Wannacomet does its own reconciliation, they have this system. Mr. Kopko and Mr. Atherton express concern over this. Ms. Davis explains that Powers & Sullivan is not challenging the bank accounts, just the reconciliation. She also adds that although Munis not be a problem anymore, the shadow database is also used for other purposes such as inventory control. Ms. Larivee points out that there are three other departments that keep separate books: Our Island Home, Memorial Airport, and Public Works – and that they are not just for bookkeeping. Discussion regarding the need for separate books ensues. Ms. Gibson acknowledges that the use of Munis town wide is a recommendation of the Abraham's Report; however this is not a priority at the moment but will eventually be put into the queue of matters to be addressed. Mr. Gardner, Director of Wannacomet Water, will be given a head's up by Administration that the Committee will like to discuss this matter with him at a future meeting.

Ms. Davis indicates that they are still waiting for information from the Airport as well as from the School Department. She and the Finance Department are working on getting the needed information

Mr. Atherton asks for an example of an adjustment item. Ms. Davis says the water company, for example, posts receipts the following month, so June collections posted in July must be adjusted to reflect last year.

Ms. Davis said the other significant project is reconciling the Airport's funds 55 and 65. Finance did receive updated information from the Airport on November 23.

VII. UPDATE FROM FINANCIAL ADVIORY ASSOCIATES

Mr. Daley says FAA is focused mainly on the cash and all is “on auto pilot”. November warrants are already posted in Munis so he and Ms. Weiner are able to begin reconciliation. He is pleased that the templates are working very well and process is running smoothly. FAA’s contract expires on December 31, 2011 and he believes all is in order.

FAA reports that the matrix of new chart of accounts is working fine and those old accounts are no longer being used.

FAA is also tasked with assisting with policies. Mr. Daley has several templates he uses across the Commonwealth that he will provide to Ms. Larivee.

The Airport Funds are a still a work in progress but progress has been made.

The DOR requirements are still floating out there but all is on track with them at this time. The timing is up to DOR and they said they want to wait until the audit is completed. Mr. Kopko asks is there is any way to appeal to DOR to move more quickly as free cash cannot be certified until DOR approval is given. Ms. Gibson said we can revisit the DOR when the airport matters are cleared up.

VIII. DATE OF NEXT MEETING

Tuesday, December 20, 2011 at 09:00 a.m. Audit progress and scorecard & testing for exceptions.

Motion to Adjourn: 9:31 a.m.

Submitted by:
Gregg Tivnan

**Audit Committee
Score Card
As of December 16, 2011**

	# of Accounts	FY2011	FY2011	FY2011	FY2012	FY2012	FY2012	FY2012	FY2012	Comments:
		Period 10 April	Period 11 May	Period 12 June	Period 1 July	Period 2 August	Period 3 September	Period 4 October	Period 5 November	
Treasury Performance Measures										
Town Cash Book to Bank	91 Accounts									
# of Accounts Reconciled		88	85	91	91	89	89	89	89	Due Jan 13
% of Accounts Reconciled	Goal 100%	96.7%	93%	100%	100%	100%	100%	100%	100%	Due Jan 13
# of Reconciling Items +60 Days Old			N/A	0	0	0	0	0	0	Due Jan 13
# of Payroll Checks Issued Year to Date		27192	N/A	27952	2349	4393	6705	8608	8608	Due Jan 13
# of Outstanding Payroll Checks +60 Days Old		61	N/A	62	54	43	41	39	39	Due Jan 13
# of Accounts Payable Checks Issued Year to Date		10443	N/A	10970	284	1236	232	2785	2785	Due Jan 13
# of Outstanding Accounts Payable Checks +60 Days Old		218	N/A	208	213	210	205	205	205	Due Jan 13
County Cash Book to Bank	17 Accounts									
# of Accounts Reconciled		17	17	17	17	8	8	8	8	Due Jan 13
% of Accounts Reconciled	Goal 100%	100%	100%	100%	100%	100%	100%	100%	100%	Due Jan 13
# of Reconciling Items +60 Days Old		0	0	0	0	0	0	0	0	Due Jan 13
# of Payroll Checks Issued Year to Date		1251	1270	1374	48	167	167	348	348	Due Jan 13
# of Outstanding Payroll Checks +60 Days Old		1	1	1	1	1	1	0	0	Due Jan 13
# of Accounts Payable Checks Issued Year to Date		207	240	241	9	17	17	29	29	Due Jan 13
# of Outstanding Accounts Payable Checks +60 Days Old		0	0	0	0	0	0	0	0	Due Jan 13
Accounting Performance Measures										
Town General Ledger to Cashbook	57 Accounts									
# of Accounts Reconciled		54	29	57	57	57	57	57	57	Due Jan 19
% of Accounts Reconciled	Goal 100%	94.7%	51%	100%	100%	100%	100%	100%	100%	Due Jan 19
# of Reconciling Items +60 Days Old		15	N/A	16	1	1	11	12	12	Due Jan 19
County General Ledger to Cashbook	13 Accounts									
# of Accounts Reconciled		13	13	13	13	13	13	13	13	Due Jan 19
% of Accounts Reconciled	Goal 100%	100%	100%	100%	100%	100%	100%	100%	100%	Due Jan 19
# of Reconciling Items +60 Days Old		0	0	0	0	0	0	0	0	Due Jan 19
Accounts Receivable	139 Accounts									
# of Accounts Reconciled		139	N/A	150	N/A	N/A	Due Nov 17	99	99	Due Jan 19
% of Accounts Reconciled	Goal 100%	92.7%	N/A	100%	N/A	N/A	Due Nov 17	71%	71%	Due Jan 19
# of Reconciling Items +60 Days Old		70	N/A	0	N/A	N/A	Due Nov 17	TBD	TBD	Due Jan 19
Accounts Receivable reconciliation for the 1st quarter ending 9/2011 are in progress which goal of completion of 12/31/11										
Interfund Transfers (Due to / Due from Accounts)	36 Accounts									
# of Accounts Reconciled		34	36	36	36	36	36	36	36	36
% of Accounts Reconciled	Goal 100%	94%	100%	100.0%	100.0%	100.0%	100%	100%	100%	100%
# of Reconciling Items +60 Days Old		0	0	0	0	0	0	0	0	0
Journal Entries	N/A									
# of YTD Journal Entries for Town		200	212	283	9	14	9	42	62	
% Cumulative Increase / Decrease over prior fiscal year		-54.8%	-51.5%	-99.8%	-80.0%	-81.3%	-76.0%	-63.5%	-53.0%	
# of YTD Journal Entries for County		30	33	39	2	2	2	4	5	
% Cumulative Increase / Decrease over prior fiscal year		-60.0%	-64.7%	-67.3%	-75.0%	-81.8%	-57.1%	-53.3%	-50.0%	
Collector's Performance Measures										
# of Real Estate Bills Issued		-	10,461	N/A	10,461	-	-	11040		
Amount Billed				N/A	61,695,869	-	-	60,919,469.09		
% of RE Bills Collected				N/A	96.00%	0.00%	0.00%	13%	47%	(of total levy)
# of Personal Property Tax Bills Issued		-	6,087	N/A	6,087	-	-	6987		
Amount Billed				N/A	\$1,344,281	\$0	\$0	1,355,275.69		
% of PP Tax Bills Collected				N/A	93.00%	0.00%	100.00%	12%	40%	
# of Motor Vehicle Tax Bills Issued		1,104	55	1,144	2,303	-	-	612	493	
Amount Billed		216,029	6,639	N/A	\$222,667	\$0	\$0	42,143.13	27620	
% of MV Bills Collected				N/A	-	-	-			
# of Boat Excise Tax Bills Issued		-	-	N/A	-	-	-	0	0	
Amount Billed				N/A	\$0	\$0	\$0	0	0	
% of Boat Bills Collected				75.0%	75%	0%	0%	0%	0%	

# of Accounts	FY2011	FY2011	FY2011	FY2012	FY2012	FY2012	FY2012	FY2012	Comments:
	Period 10 April	Period 11 May	Period 12 June	Period 1 July	Period 2 August	Period 3 September	Period 4 October	Period 5 November	

Assessor's Performance Measures

# of Real Estate Accounts	10,995	10,995	10,995	10,995	-	-	11,040	11,040	
# of Real Estate Abatement Applications Received	2	2		345	-	-	100	129	
# of RE Abatements Approved	87	26		290	-	-	62	59	
% of Applications Approved	4350.00%	1300.00%	0.00%	84.06%	-	-	62%	46%	
Total RE Amount Abated	\$123,065	\$68,206	\$0	\$479,782	-	-	\$ 42,907.25	\$ 81,604.85	
# of Personal Property Accounts	6,964	6,964	6,964	6,964	-	-	6,987	6,987	
# of Personal Property Abatement Applications Received	0	0		66	-	-	0	50	
# of PP Abatements Approved	5	1		63	-	-	0	25	
% of Applications Approved	#DIV/0!	#DIV/0!	0.00%	95.45%	-	-	0%	50%	
Total PP Amount Abated	\$1,175	\$86	\$0	\$6,711	-	-	0	\$ 2,023.56	
TOTAL ABATED	\$124,240	\$68,292	\$0	486,493	-	-	\$ 42,907.25	\$ 83,628.41	
Overlay For Abatements and Exemptions	\$879,419	\$879,419	\$879,419	\$879,419	-	-	\$ 1,022,718	\$ 1,022,718	
% of Overlay Used	14.13%	7.77%	0.00%	55.32%	-	-	4.20%	8.18%	

2010 Material Weaknesses

12 Findings

Cash Related Findings	8 of the 12								
# of Findings Related to Cash In Progress	5	6	8	0	0	0	0	0	
# of Findings Related to Cash Resolved	1	2	0	8	8	8	8	8	
# of Findings Related to Other Material Weakness In Progress	4 of the 12								
# of Findings Related to Other Material Weakness Resolved	0	0	0	1	1	1	1	1	Open item relates to last minute changes to schedules. This will be measured when the auditors perform final field work in November and early /Deember.
	0	0	0	3	3	3	3	3	

Other 2010 Audit Matters

13 Findings

# of Findings Resolved	1	3	4	4	9	10	10	10	Complete: Prepaid Exp; County Escrows; County Due to / Due from; Chapter 90; Federal and State Funds Separated for FY2012
# of Findings In Progress	10	8	7	7	3	2	2	2	Off Duty Detail; Dental Withholding Legacy Issue
# of Findings Scheduled for 2012 / 2013	2	2	2	2	1	1	1	1	Fraud Risk Assessment scheduled in 2012

Abraham's Implementation

36 Findings

# of Findings Resolved	19	19	20	20	21	22	22	22	Confirmed Town Clerk Bank Account Closed
# of Findings In Progress	11	11	10	11	10	9	9	9	
# of Findings Scheduled for 2012 / 2013	6	6	6	5	5	5	5	5	
% of Findings Completed	52.8%	52.8%	55.6%	55.6%	57.1%	61.1%	61.1%	61.1%	