



**Town of Nantucket  
Audit Committee**  
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**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 Lynch-Larivee (Finance Director), Debbie Weiner (Treasurer), Bob Dickenson (Controller), Debbie Dilworth (Assessor), Elizabeth Brown (Tax Collector)  
Guests: Rene 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's 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 is not 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 that 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