

**TOWN OF PROVINCETOWN - BOARD OF SELECTMEN
JOINT MEETING WITH FINCOM MINUTES
MONDAY, June 23, 2014 5:00 PM
TOWN HALL – JUDGE WELSH ROOM**

Chairman Donegan convened the meeting at 5:00 PM, noting the following:

Board of Selectmen attending: Tom Donegan, Erik Yingling, Robert Anthony, Cheryl Andrews and Raphael Richter.

Other attendees: Acting Town Manager David Gardner, Finance Director Dan Hoort

Finance Committee: Mike Canizales, Mark Hatch, Duane Steel, Stan Sikorski, Clarence Walker

Recorder: Mary Timmons

Tom Donegan chairs the meeting.

Dan Sullivan with Clifton, Ross, and Allen introduced himself and provided a background on his firm. He then proceeded to speak about the Audit report. Three reports financial statements, management letter and the audit of the federal financial assistance. They provided the unmodified opinion on the primary government financial statements which is the best opinion which can be provided. They did provide an adverse opinion on the discreetly presented component unit. The PPC was not audited so it could not be included which is why there was an adverse opinion. Mr. Sullivan stated based on our financials our performance is strong. He spoke of major and non-major funds of which we only have one major fund, the general fund. There are approximately 206 non-major smaller funds which do not exceed 10% of our total assets. The general funds have a \$5.5 million fund balance at the end of the year. Based on his findings our general fund can fluctuate 14% before we see any major problems.

We have 18.7 million dollars of long term debt of governmental funds and about 31 million dollars for enterprise funds. There is one significant fund which is OPEB. We were required to report a liability for what we should be putting away per year and Currently we have a 10.3 million dollar liability that is on the books. Made up of how much over last four years we should put away from an actuary standpoint (ARC). We should have 28.8 million put away as of today in OPEB.

Mike Canizales – wants to make sure we have recently had a bonding in the S&P report. We didn't get credit for OPEB, they gave us a stable outlook but contingencies in debt could become a worry. We are taking care of the debt. We are in passable shape regarding debt not great shape.

Selectman Donegan asked if we did the 1.2 million for the streets as override and increased the levy would that be better. Mr. Sullivan says at the end it probably comes out the same.

Mr. Sullivan then addressed the management letter. He stated as part of the audit we look at internal controls in the context of us not providing an opinion but as a test of the financial statements. There were no material weaknesses or deficiencies in 2013. In prior years there were weaknesses related to receivables and the firm does provide advice as to how to strengthen these weaknesses. Sullivan went through the management letter. He stated he would like to have the PPPC audited no later than the fall. were conversations regarding PPPC audits two years ago and last year. We still only have something in draft. Mr. Sullivan said it is permissible for them to do the PPPC audit if necessary.

Finance Director Dan Hoort believes 2008 was last audit on PPPC. There have been audits but they are in draft form. Mr. Sullivan also made a second point relating to the PPPC. All bills and revenues flow through an agency fund of the town. There is a set of quick books being kept by the corporation. There should only be one set of books. Regarding the Treasurer's office, they suggest using a database rather than. He also suggested automating payroll and moving away from doing things manually. This is important to the IRS as we track who gets 1099's. Some of the smaller receivables should be going through internal controls. Perhaps Munis could be used which has a billing module. Mr. Sullivan also suggested having a biller separate from collectors. He also stated the feds get testy if we don't run federal grant accounting correctly. There needs to be better communications among people running the grants and setting up better accounting methods. This is important for FY14/15

Regarding student activity funds there are some variances we do not know how far back they go but they need to be looked at. These also need to be audited in compliance with the Department of Education. Dan Hoort says the variance in the activity funds is about \$25,000.

Regarding a financial policy and procedure manual, policies should be approved by the Board of Selectmen. There should be a formal document. Mr. Hoort stated this will be done by end of FY2015.

Selectman Donegan stated we need to talk about time clocks and a secretary for the Town Manager Search Committee. Selectman Donegan explained both needs to the Finance Committee. The Finance Committee allotted \$1,000 for the Town Manager Search Committee Secretary. Regarding the time clock, Mike Canizales stated if we can analyze the software and come back with a proposal we can encumber the funds.

MEETING ADJOURNED AT 6:15 PM with no objection

Minutes transcribed by: Mary Timmons 7/2/2014