



Town of Shirley

BOARD OF SELECTMEN

7 KEADY WAY – SHIRLEY, MASSACHUSETTS - 01464-2812

Robert E. Prescott, Jr., Chair

Kendra J. Dumont, Clerk

Enrico C. Cappucci, Member

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BOARD OF SELECTMEN

MINUTES

June 15th, 2016

7:00 pm

TOWN OFFICES

The Board of Selectmen convened its meeting on Wednesday, June 6th, 2016 at the Town Offices, Meeting Rooms A & B, Chairman Robert E. Prescott, Jr. presiding, with Selectmen Kendra J. Dumont, Enrico C. Cappucci, and Town Administrator Patrice Garvin in attendance.

CALL TO ORDER

Chairman Prescott called to Order the Board of Selectmen's Meeting at 7:00 pm.

Selectmen Cappucci announced that he would be recording the meeting on his own personal voice recorder.

TOWN ADMINISTRATOR REPORT

The Town Administrator gave her weekly report.

Selectman Dumont and I met with Senator Eldridge, Representative Benson, and representatives from the MBTA and Congresswoman Tsongas office to discuss multiple issues regarding the Train.

Catacunemaug Crossing: The MBTA representatives stated that they would go look at the crossing, but there was little evidence to suggest there is a problem.

Train Whistle: The group suggested looking into the federal standard for quiet zoned towns. The whistle could be related to the high number of crossings the Town has, which promoted a discussion regarding possible crossing closures. Any costs to close a crossing would be incurred on the Town. The group also recommended contacting MRPC to do a feasibility study on the crossings in Town.

Long Trains and Idling: Given the new tracks recently laid down the MBTA representatives did not see future issues regarding long waits for trains and idling.

Parking: The MBTA stated that they would conduct a survey to see how much of the land was MBTA property and how much was Town property. The discussion centered on a possible parking plan near the station.

The Boards Executive Assistant, Nathan Boudreau was admitted to the Certificate in Local Government Leadership and Management program. This is sponsored by the MMA and Suffolk University. Nate will begin this program on Friday's in September.

Jennifer Rhodes has resigned from the Nashoba Tech School Committee. Jenn has spent many years advocating for the Students at Nashoba Tech. Now that there is an opening a replacement needs to be appointed.

Finally, we had a Department Head meeting on Thursday, June 9th. The newly adopted Cash Management Policy was discussed along with the upcoming bi-weekly payroll, which is about to be implemented.

TREASURY WARRANTS

Selectman Cappucci *Motioned to accept the following Treasury Warrants as presented. Selectman Dumont Seconded. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye and Robert E. Prescott, Jr. vote Aye.*

| | | | |
|-----------------|-------------|----------------|---------------------|
| Payroll warrant | <u>150</u> | <u>6/8/16</u> | <u>\$ 6,468.75</u> |
| Payroll warrant | <u>6150</u> | <u>6/8/16</u> | <u>\$ 40,464.35</u> |
| Payroll warrant | <u>9150</u> | <u>6/8/16</u> | <u>\$ 1,903.52</u> |
| Payable warrant | <u>9456</u> | <u>6/8/16</u> | <u>\$513,892.88</u> |
| Payable warrant | <u>2276</u> | <u>6/10/16</u> | <u>\$ 10,427.52</u> |

APPROVAL OF MINUTES

OLD BUSINESS

1. Energy Committee Update

NEW BUSINESS

2. Joint Election of a Planning Board Member

More time was requested on this matter

3. Ambulance Department Update

More time was requested on this matter

4. One Day Liquor License – American Legion Bike Run, June 25th 2016

Selectman Cappucci Motions to approve the one day liquor license. Selectman Dumont Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott votes Aye. Motion Passes.

5. 61B Right of First Refusal – 133 Hazen Road

TA Garvin states that under MGL any and all Chapter land must come before the Board of Selectmen before being able to be sold. She states the property owner has given all needed documents and it has been sent through Town Counsel. The offer must be turned down by the board of Selectmen. Garvin states the Department of Fish and Game may be interested in this property. The Board may defer their right of first refusal to the department and they would then have 120 days to either refuse or purchase the land.

Ann Gagnon from the department of fisheries and wildlife spoke on her letter and interest, but stated that fisheries and wildlife would be interested in discussing this property with the land owner and the potential developer. The first step would be to get the developer to make an offer on just the chapter land.

It was requested that the Board revisits this issues at their next meeting.

6. Driveway Permit – 18 Morse Circle

Selectman Dumont Motions to approve the Driveway Permit for 18 Morse Circle. Selectmen Cappucci Seconds. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott votes Aye. Motion Passes.

Selectmen Cappucci asked why Drive way permits even come before the Board of Selectmen. Stating he believes Paul Farrar has the knowledge and ability to approve.

7. Appointment of Barbara Nole to the Cultural Council

Selectman Cappucci Motions to appoint Barbara Nole to the Cultural Council with a term to expire 6/30/2017. Selectman Dumont Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott vote Aye. Motion Passes.

8. Conservation Commission Appointments

Selectman Cappucci Motions to appoint Jennifer Howald as a Member of the Conservation Commission term to expire 6/30/2019. Selectman Dumont Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott votes Aye. Motion Passes.

Selectman Cappucci Motions to appoint Heidi Ricci as an Associate Member of the Conservation Commission term to expire 6/30/2019. Selectman Dumont Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott votes Aye. Motion Passes.

9. Appointment of Economic Development Committee

Selectman Cappucci Motions to appoint Bryan Dumont as a Member of the Economic Development Committee with a term to expire 6/30/2017. Selectman Prescott Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Abstains, Robert E. Prescott votes Aye. Motion Passes.

Selectman Cappucci Motions to appoint Brian Hildebrant as a Member of the Economic Development Committee with a term to expire 6/30/2017. Selectman Dumont Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott votes Aye. Motion Passes.

Selectman Dumont Motions to appoint Robert Prescott as a Member of the Economic Development Committee with a term to expire 6/30/2017. Selectman Cappucci Seconds the Motion. Enrico C. Cappucci vote No, Kendra J. Dumont vote Aye, Robert E. Prescott votes Abstains. Motion Fails

Selectman Dumont Motions to appoint Sarah Widing as a Member of the Economic Development Committee with a term to expire 6/30/2017. Selectman Cappucci Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott votes Aye. Motion Passes.

10. Review of FY15 Town Audit – Dick Hingston

Mr. Hingston presented his audit of the Town of Shirley during Fiscal Year 2015.

**Management letter in full is attached*

11. Reorganization of the Board of Selectmen

Selectman Cappucci Motions to elect Selectmen Dumont as the Chairperson of the Shirley Board of Selectmen effective immediately. Selectman Prescott Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott votes Aye. Motion Passes.

Selectman Dumont Motions to elect Selectmen Prescott as the Vice-Chairperson of the Shirley Board of Selectmen effective immediately. Selectman Cappucci Seconds the Motion. Enrico C. Cappucci vote Aye, Kendra J. Dumont vote Aye, Robert E. Prescott Abstains. Motion Passes.

Selectman Dumont Motions to elect Selectmen Cappucci as the Clerk of the Shirley Board of Selectmen effective immediately. Selectman Prescott Seconds the Motion. Enrico C. Cappucci vote Abstains, Kendra J. Dumont vote Aye, Robert E. Prescott Aye. Motion Passes.

PUBLIC COMMENTS

Selectmen Cappucci states that during the June 6th meeting of the Board of Selectmen he made what he considers a mistake. Cappucci states that he did not understand that there was a portion of the motion that did not appoint or re-appoint people who are litigants against the Town to their positions on town committees. Cappucci stated he believes he spoke too fast and would like to reconsider the action taken to not re-appoint the litigants.

Chairperson Dumont stated that she does not understand where Selectmen Cappucci's confusion regarding litigants comes from as he was a police officer for many years. Dumont states that if she had known certain people were suing the Town she would not have appointed them to their initial appointment.

Selectmen Prescott states that it is counterproductive to have citizens that have current litigation pending serving actively. Prescott states that if he is sitting on the Board when the law suit is over he would have no problem appointing several of the people.

Selectmen Cappucci states that the Board should be encouraging people to volunteer on the committees.

Chairperson Dumont stated that finding quality people to serve the town has always been a priority.

Emilie Faucher of 42 Groton Road questioned that the problem was that the litigation was costing the Town money?

Selectmen Prescott stated that in his opinion these people are suing the town and costing everyone money.

Faucher stated that in her opinion the law suit is about defending proper protocol

TA Garvin stated that since this is in litigation it is probably not proper to discuss.

Janet Tice of 11 Whitney states the way she believes it is that is about proper protocol and not a matter of choice but that they have expanded all avenues in Town and are now forced to take it to the next level as it is their only recourse. Tice says no one wants to do this and she finds it troubling that the Board of Selectmen would take retribution on a group of citizens. Tice states that she believes they are right and the town's drinking water is in trouble.

Chairperson Dumont states she is an advocate for anyone that wants to volunteer, but as a Selectman it is her duty to protect the town. Dumont is also under belief that counsel would advise them to stop talking about open litigation and she would like to move on.

Selectmen Cappucci states that he will discuss what he wants and counsel is not going to tell him to shut his mouth, and whomever wants to speak may speak.

Chairwomen Dumont states that she did not tell anyone that they may not speak but as Selectmen she will not continue to speak on the litigation.

ANNOUNCEMENTS

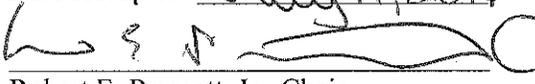
1. Next Meeting: Monday 7/11/16 at 7:00 p.m.

ADJOURNMENT

With no further business to discuss, *Chair Dumont Motioned to adjourn at 8:15p.m. and Selectmen Cappucci Seconded ., Robert E. Prescott vote Aye, Kendra J. Dumont vote Aye, and Enrico C. Cappucci, vote Aye.*

Respectfully submitted,
Nathan Boudreau, Executive Assistant

Date Accepted: July 11, 2016


Robert E. Prescott, Jr., Chair


Kendra J. Dumont, Clerk


Enrico C. Cappucci, Member

Pursuant to the 'Open Meeting Law,' G.L. 39, § 23B, the approval of these minutes by the Board constitutes a certification of the date, time and place of the meeting, the members present and absent, and the actions taken at the meeting. Any other description of statements made by any person, or the summary of the discussion of any matter, is included for the purpose of context only, and no certification, express or implied, is made by the Board as to the completeness or accuracy of such statements.

Giusti, Hingston and Company

Certified Public Accountants

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Georgetown, MA 01833

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Email: GiustiHingstonCo@aol.com

June 1, 2016

Board of Selectmen
Town of Shirley
7 Keady Way
Shirley, Massachusetts 01464

Dear Members of the Board:

In planning and performing our audit of the financial statements of the Town of Shirley, Massachusetts as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Town of Shirley, Massachusetts' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Shirley, Massachusetts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Shirley, Massachusetts' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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 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.

We do not consider the following matters to be significant deficiencies or material weaknesses. However, they are matters we want to communicate to you.

Capital Project Funds

When the Town borrows money for a project, the funds are recorded in and spent from a "capital projects" fund. Currently, a budget is not established in the capital projects funds. As a result, it is difficult to monitor the available balance in a fund when approving bills for payment on a warrant.

We recommend that the Town utilize the budget module in the accounting software for all capital projects funds. A budget should be established when a borrowing occurs for the amount of "new funding" in the borrowing. For example, if a project is authorized for \$200,000 and the initial bond anticipation note (BAN) is issued for \$75,000; a budget should be established for \$75,000. When the BAN matures and is reissued for \$125,000, the "new funding" would be \$50,000 and the budget should be increased by that amount. At year end, any remaining balance in the budgets of the capital projects funds should be carried forward to the next fiscal year.

Accounts Receivable

The Town performed procedures to reconcile the various accounts receivable from the Accountant's general ledger to the Collector's outstanding lists. However, the procedures were not performed in a timely

manner. A strong system of internal control should allow employees “to detect and correct errors in a timely manner while performing their assigned functions.”

We recommend that the Collector and Accountant work in conjunction to reconcile the accounts receivable in a timely manner. We believe that the reconciliations for a month should be completed prior to the end of the subsequent month, if possible.

Allowance for Abatements and Exemptions

Each year the Town estimates the dollar value of abatements (real estate and personal property taxes) that will be issued during the fiscal year. The estimate is included in the tax recap sheet and approved by the Massachusetts Department of Local Services. After approval of the tax recap sheet, the Town establishes an “allowance for abatements and exemptions” general ledger account for the levy year. Abatements and/or exemptions authorized by the Board of Assessors are charged to the allowance account.

If the abatements/exemptions issued exceed the allowance account, a deficit occurs. The deficit must be raised on the subsequent year’s recap sheet. If the allowance account exceeds the remaining receivable balances in the related real estate tax and personal property tax accounts – plus any pending Appellate Tax Board cases, the excess may be released by the Board of Assessors and utilized by the Town as a funding source.

As of June 30, 2015, the Town had excess balances in some of the prior levy years’ allowance for abatements and exemption accounts. The Board of Assessors recently voted to release some of the excess balances. The amount released was moved to the “Fund Balance Reserved for Extraordinary and Unforeseen Expenditures” account. The reserve is immediately available for appropriation at an annual or special Town meeting. Any balance in the reserve on June 30, should be closed to the unreserved fund balance account. Free cash will increase by the unused amount closed to unreserved fund balance.

We recommend that the Town, in conjunction with the Board of Assessors, review the balances in the allowance for abatement and exemption and the related property tax receivable accounts annually. If there are any excesses in the allowance for abatements and exemptions accounts, the Town should determine if there is a current need for a funding source. If there is, the Board of Selectmen should request that the Board of Assessors release the excess.

Consideration should be given to the timing of the request for release of the excess allowance. If the excess allowance is released prior to June 30, any unused amount will flow to the Town’s “free cash” for that year end. However, if the request for release is made in July, the Town will have a funding source available in the interim period when free cash “lapses” (June 30) to when it is certified for the current year just ended (generally around October).

Informational Items

In fiscal year 2015, the implementation of Governmental Accounting Standards Board Statement #68 caused changes that significantly affected the Town’s financial statements and net position. In fiscal year 2016, new federal regulations that could have a significant impact on how the Town manages its federal expenditures become effective. The following comments attempt to explain 1.) how Statement #68 impacts the financial statements and the Town’s net position and 2.) explain some of the requirements that result from the new federal regulations.

Implementation of Governmental Accounting Standards Board Statement #68

The Governmental Accounting Standards Board (GASB) establishes standards for financial reporting in governmental financial statements prepared in accordance with “accounting principles generally accepted in the United States of America.” A new standard related to pensions - Governmental Accounting

Standards Board Statement #68 *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement Number 27* (GASB #68) was required to be implemented in fiscal year 2015.

The Middlesex County Retirement System (the System) has an unfunded pension liability. Prior to the implementation of GASB #68, the System's unfunded liability as a whole was disclosed in the required supplementary information section of the financial statements of the Town. The Town's share of the liability was not separately stated in the required supplementary information or reflected in the Town's Statement of Net Position.

GASB #68 required that the System have an actuary calculate each member of the System's share of the "net pension liability." In addition, the Town is required to report its share of the net pension liability in the statement of net position. Each year the System is required to have a new actuarial valuation or a rollover to calculate the liability for reporting as of the next fiscal year end. The Town's share of the change in the net pension liability will be reported as a pension expense or a deferred inflow/outflow of resources related to pensions.

Since 2015 is the implementation year, a prior period adjustment (\$8,369,138) is reported in the Town's income statement to reflect the portion of the net pension liability that is attributable to prior fiscal years. The Town's share of the net pension liability (\$8,549,600) as of June 30, 2015 is reported as liability in the Town's Statement of Net Position. Reporting the net pension liability caused a reduction of the Town's unrestricted net position by the amount of the liability.

Although reporting the net pension liability caused a significant decrease in the Town's unrestricted net position, I do not believe that it will have a negative impact on the Town's bond rating. Bond rating agencies have been aware of the unfunded liabilities that were not reported in the statements of net position of municipalities. The information previously reported in the required supplementary information section allowed an informed reader to get a rough estimate of the Town's share.

Until the implementation of other recent GASB standards, only assets, liabilities and equity accounts appeared on governmental statements of net position (i.e. assets less liabilities equal net position). The new standards include reporting "deferred outflows of resources" and "deferred inflows of resources", when applicable. Deferred outflows of resources are reflected when resources leave an entity, but, do not meet the accounting definition of an expenditure. Deferred inflows of resources are reflected when resources come into an entity, but, do not meet the accounting definition of revenue. As a result of these new account classifications the net position balance is calculated as follows:

+ Assets
+ Deferred Outflows of Resources
- Liabilities
- Deferred Inflows of Resources
= Net Position

The Town's Statement of Net Position includes a deferred outflow of resources that is related to the actuarial calculation of the net pension liability/pension expense. The deferred outflow (\$73,416) relates to the difference between the projected and actual earnings on pension plan investments

The Governmental Accounting Standards Board has recently issued new standards relating to the reporting of the Other Post-Employment Benefits (OPEB) liability. Currently, the reporting of the entire OPEB liability is being phased in over a thirty year period. As a result of the new standards, the entire OPEB liability will be reported in the Town's fiscal year 2018 financial statements.

Uniform Guidance

On December 26, 2013, OMB published its comprehensive overhaul of federal grant administrative, cost accounting, and audit policies in the Federal Register. This final guidance, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), supersedes and combines the requirements of eight existing OMB Circulars (A-21, A-50, A-87, A-89, A-102, A-110, A-122 and A-133). The Uniform Guidance significantly reforms federal grant making to focus resources on improving performance and outcomes with the intent to reduce administrative burdens for grant applicants and recipients and reduce the risk of waste, fraud, and abuse.

The Uniform Guidance is a substantial document that addresses (among many other topics) cost principles, internal controls, procurement requirements and audit requirements. The Uniform Guidance is effective December 26, 2014. New and incrementally-funded awards issued on or after December 26, 2014 will be subject to the Uniform Guidance. Audit Requirements will apply to audits of fiscal years beginning on or after December 26, 2014 (i.e. fiscal year 2016).

One of the primary focuses of the new Uniform Guidance (as it relates to grantees) is internal controls over federal grants. The meaning of “must” and “should” as they are used throughout the Uniform Guidance is clarified. “Must” is not optional, “should” is recommended.

Section 200.303 of the Uniform Guidance addresses internal controls and states:

The non-Federal entity (i.e. the Town) **must**:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls **should** be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Comply with Federal statutes, regulations, and the terms and conditions of the Federal awards.
- (c) Evaluate and monitor the non-Federal entity’s compliance with statute, regulations and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings.
- (e) Take reasonable measures to safeguard protected personally identifiable information and other information the Federal awarding agency or pass through entity designates as sensitive or the non-Federal entity considers sensitive consistent with applicable Federal, state and local laws regarding privacy and obligations of confidentiality.

The “Internal Control Integrated Framework” issued by the COSO commission identifies five components of internal control that they believe should be considered in every system of internal control.

The five components are:

- (1) **Control Environment** - The “tone at the top” should promote and expect ethical behavior.
- (2) **Risk Assessment** - Consider what could go wrong and what the impact is.

(3) **Control Activities** - What controls have we established – reconciling, approvals, oversight...

(4) **Communication and Information** - Is pertinent information captured, identified and communicated on a timely basis? Are records and information systems sufficient to provide reliable reporting and to demonstrate compliance with the federal award?

(5) **Monitoring** - Are the internal controls operating as intended? Have controls become outdated or obsolete? Monitoring occurs in the course of everyday operations; it includes regular management & supervisory activities and other actions personnel take in performing their duties.

The Uniform Guidance requires that the internal control policies and procedures **must be in writing**. Topics that must be addressed in the internal control procedures document relating to **procurement** include the following:

- **Must** maintain oversight to ensure contractors perform within the terms, conditions and specifications of the contracts or purchase orders
- **Must** maintain written standards of conduct covering conflict of interest with respect to employees engaged in the selection, award and administration of contracts
- **Must** maintain written standards of conduct covering organizational conflict of interest.
- **Must** avoid acquisition of unnecessary or duplicative items

The Uniform Guidance raises the threshold for the requirement of an audit performed under the Single Audit Act to \$750,000 of federal expenditures in a fiscal year. Although the Town may not fall under the requirements of the Single Audit Act in the near future, we recommend that the Town become familiar with the new requirements of the Uniform Guidance and develop written internal control policies and procedures in order to comply with the Guidance.

Status of Prior Year's Findings

Cyber Security

In recent months, several Massachusetts municipalities have had cyber-attacks on their computer systems. The attacks have ranged from annoying intrusions to an attempt to transfer millions of dollars out of a town's bank account. As a result, it has become increasingly important to keep town employees keenly aware of the constant threat of cyber-attacks.

In addition to the risk of financial loss, the Town must be concerned with confidential/sensitive personal information that is on its computer systems including social security numbers, employee benefit and retirement information and tax records.

We recommend that the Town have "ongoing" discussions on how to mitigate the risk of cyber-attacks.

Topics for the discussions should include:

- Policies – There should be documented rules for various situations.
 - Be cautious about opening attachments or downloading files from emails
 - Don't click on, or reply to email or pop-up messages that ask for personal or financial information
 - Don't email personal or financial information
 - Require strong passwords that **must** be changed periodically
- Training – The level of training could vary by department based on perceived need.
- Technical Controls – Do we have the right technology in place (i.e. current anti-virus software and malware remover)?

It appears that the threat of cyber-attacks is a way of life in our age of technology. As the perpetrators of the attacks continue to grow more sophisticated, it is important that the Town remain vigilant in its efforts to protect the Town's assets and the confidential personal information maintained by the Town.

Cyber Security Current Status

A formal written policy has not yet been established.

Tax Liens

Typically the Treasurer's Office is responsible for maintaining the detail records related to the outstanding Tax Lien (Tax Title) accounts. In the past, the detail of those Tax Liens was maintained by the Treasurer in an Excel spreadsheet. Over the years, some tax lien data was not correctly entered into the spreadsheet and it was not reconciled to the general ledger.

In fiscal year 2014, the Collector took responsibility for the Tax Liens and began utilizing the Town's Collector's software to maintain the Tax Lien detail in a more efficient manner. There was a significant amount of data verification and data entry required in order to transfer prior information into the tax lien software. During this process, the Collector noted errors in the previous listings (i.e. parcels in the old lien list more than once). The Collector made the necessary corrections and deleted the duplicate parcels from the Collector's Tax Lien receivables. However, information related to the corrections was not forwarded to the Town Accountant. As a result, the tax lien receivable per the outstanding list varied from the general ledger balance. The Town Accountant has, subsequently, received a list of the corrections and made the correcting entry in the general ledger.

Typical changes (i.e. subsequent takings, payments...) to the outstanding tax lien accounts are reported through the normal financial cycles. We recommend that the Collector advise (through a formal process) the Town Accountant of any changes made to the tax lien accounts due to the correction of errors. The Town Accountant should review the corrections for validity.

Tax Liens Current Status

The variances increased in fiscal year 2015. It appears that adjustments/corrections were made to the tax lien detail, but the information was not given to the Town Accountant for posting into the general ledger.

Authorization of Warrants

Beginning in July 2014, the process for the approval of warrants changed so that the Board of Selectmen now signs a "warrant summary sheet." This process brought to light the fact that, in many instances, the warrants were signed after the checks were released by the Treasurer. Massachusetts General Laws (Chapter 41; Section 52) require that warrants be approved by the Board of Selectmen "before they are paid by the Treasurer."

Currently, the members must come to the Town Hall in order to review and sign the warrants. However, other options are available that will allow the Board to authorize the warrants in a timely manner.

There are third party electronic signature platforms (i.e. DocuSign) that allow people to electronically sign documents. The websites are typically secure and allow users to upload documents (i.e. warrants) for their review and electronic approval. Supporting invoices can, also, be scanned and uploaded (if requested by a Board member).

Utilizing an electronic signature website is simply another option that the Town may use in order to ensure that all warrants are approved in a timely manner. It does not preclude the Town from having some members manually sign the warrants if that is their preference.

Authorization of Warrants Current Status

We noted instances where warrants were authorized after the checks were issued.

Reserved for Subsequent Year's Expenditures

At year end, the Town must make a journal entry to reflect free cash votes (made at town meetings prior to June 30) that will be used to support the *subsequent year's* budget. The entries are made to reduce the unreserved fund balance/retained earnings so that "free cash" can be properly certified.

The journal entry made in June 2014 included an amount that was voted at the June 2, 2014 town meeting to support the *current year's* budget. As a result, the free cash certified as of July 1, 2014 was understated. The amount understated is not "lost" because it will roll forward and help the Town's free cash certification as of July 1, 2015.

We recommend that the Town verify that the year-end journal entry made to the Reserve for Subsequent Year's Expenditures includes only votes for the subsequent year.

Reserved for Subsequent Year's Expenditures Current Status

The recommendation was implemented.

Sewer User Charges

The Town has had difficulty in reconciling the Sewer User Charges outstanding list to the general ledger. As of June 30, 2014, the list varied from the general ledger by \$15,358 (the general ledger was higher than the list). As of June 30, 2013 and June 30, 2012, the variances were \$9,543 and \$5,859, respectively (in both years the general ledger was higher than the list).

We recommend that the Town and Sewer Department work together to develop procedures that will allow them to reconcile the accounts receivable on a monthly basis.

Sewer User Charges Current Status

The variance as of June 30, 2015 was reduced to \$12,627. The variance has been maintained through fiscal year 2016. As a result, we believe that the issue has been resolved in fiscal year 2016.

* * * * *

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

After you have had an opportunity to consider our findings and recommendations, we shall be pleased to discuss them further with you. We would like to thank you for the cooperation and courtesy given to us during the course of the engagement.

Very truly yours,

Giusti, Hingston and Company

Giusti, Hingston and Company
Certified Public Accountants