

The Board of Finance held a special meeting on **May 25, 2011** in the Auditorium of Windham Town Hall, 979 Main Street, Willimantic, CT 06226

Members Attending: Barbara McGrath, Charles Pennewill, Anita Sebestyen, Leo Santucci, Anna Crawford, Nina Ricardez, Jeffrey Smith

Chairman, Barbara McGrath called the meeting to order at 6:45 p.m.

Public Comment

Peter Quercia commented he is disappointed on the attendance at the meeting. The Board of Finance made a mistake in the appropriation from fund balance. This was borrowed money from the Town. He asked for the Board of Education members to step down and also the chair of the Board of Finance.

Presentation from CCR on the 2009-2010 audit

Rob Howard and Jennifer Hawkins presented the 2009-2010 audit to the Board members. There was an audit of the financial statements, a State Single Audit, and a Federal Single Audit. There were unqualified “clean” opinions for the financial statements. There was no non-compliance for the report on Compliance and Internal Control at the Financial Statement level. There was a material weakness regarding the lack of a formal closing process. This material weakness was there last year and again this year. Both the Federal and State Single audits had an unqualified “clean” opinion on compliance and there were no internal weaknesses.

Several findings were cleared up this year.

Some Government-wide financial statements highlights were the assets of the Town including business type activities exceeded its liabilities. Town’s OPEB obligation increased. Barbara McGrath asked if government wide included everything. Rob Howard replied, yes it does.

A Governmental fund financial highlight was the total fund balances increased during 2010 due to reduction in expenditures and increase in revenues. Non-major funds with deficits were disclosed.

Government Fund Financial Highlights on budgetary basis are:

There was no use of fund balance for the Town or Willimantic Service District.

The fund balance increased for both the Town and Willimantic Service District.

Actual revenues were higher than budgeted and expenditures were lower than budgeted in both the Town and Willimantic Service District.

The ending fund balance for the Town represents 11.9% of actual 2010 expenditures

The ending fund balance for the Willimantic Service District represents 16.5% of actual 2010 expenditures.

Ending fund balances should have enough to cover two months of expenditures. Based on 2010 expenditures, the Town's fund balance was sufficient to cover 1.4 months of expenditures and the Willimantic Service District's fund balance was sufficient to cover 2 months of expenditures.

Management recommendations are included in management letter. Some recommendations that are unresolved prior year matters are: the reconciliation between Town and Board of Education, bank reconciliations, accounting with GAAP – some funds are cash basis, information technology policies and procedures, fraud risk assessment process, accounting for police special duty surcharges, and improving effectiveness of fund accounting.

A new management recommendation is the Implementation of GASB 54, fund balance reporting, and governmental fund type definitions.

GASB 54 will have changes for 2011 that include moving special funds into the general fund.

Required Auditors Communications – apply procedures and make recommendations.

Planned scope of timing of audit – need to have the audit completed sooner than last year. The audit should not go beyond February. There were 150 adjustments 75 auditors and 75 consultant.

Recently issued GASB Pronouncements were reviewed for the coming year.

Anna Crawford questioned the Board of Education and Town reconciliation, and are the Board of Education expenditures looked at?

Rob Howard replied the Board of Education expenditures are reviewed

Leo Santucci questioned where do we start to fix the problems.

Rob Howard replied getting started early and get caught up. Do audit planning right away.

Jeffrey Smith questioned how many accounts do we have?

Tom Pesce replied there are about 50 accounts between the Town and Board of Education.

Jeffrey Smith questioned to what extent is the Board of Education and Town linked.

Tom Pesce replied we have the same software but separate databases.

Leo Santucci questioned where we are with the bank reconciliations now.

Tom Pesce replied some smaller accounts are up to date but the larger accounts are behind.

Upon a motion by Charles Pennewill, seconded by Anita Sebestyen to recess to an executive session regarding any issues surrounding the 2009-2010 audit and the potential appointment of Town auditor for fiscal year ending June 30, 2011 with Town Controller Thomas Pesce, Town Manager Neal Beets, and representatives from CCR.

The motion passed unanimously.

Upon a motion by Charles Pennewill, seconded by Anita Sebestyen to adjourn the executive session.

The motion passed unanimously.

Discussion and possible action on appointment of Town auditor for the fiscal year ending June 30, 2011

Upon a motion by Leo Santucci, seconded by Anita Sebestyen, to appoint Carlin, Charron & Rosen as the Town auditor for fiscal year ending June 30, 2011.

The motion passed unanimously.

Public Comment

There was no public comment.

Upon a motion by Leo Santucci, seconded by Anita Sebestyen, the meeting was adjourned at 7:45 p.m.

Attest: _____
Thomas Pesce