

**AD HOC REPORT
Meeting Charge
Audit Committee**

Hon. Mark D. Boughton, Mayor
Common Council Members

Date: 10/11/07

Mike Calandrino, Chairman, called the meeting to order at 10:00a.m. on October 11, 2007. In attendance were Council member Fred Visconti , Phil Curran, Benjamin Chianese, Ex-Officio, Lynn Taborsak, Ex-Officio, David St. Hilaire, Finance Director, Dan Garrick, Assistant Director of Finance, Scott Bassett & Susan Martinelli from the accounting firm of McGladrey & Pullen, & a member of the public. The purpose of meeting is to discuss the upcoming audit-any issues or questions the committee may have. Mike Calandrino asked David St. Hilaire for a report on the preliminary studies & Scott Barrett for an update. David reported they were working hand-in-hand with the accounting group & everything is up-to-date and Scott Bassett stated the purpose of this meeting is to open communication between the auditors and the audit committee in regards to needs required by the auditors from the audit committee. e.g frauds & irregularities, and as of Oct 11th they are right on target in regards to any deadlines. (1) Ben Chianese asked if the issue with school funds was still outstanding. Scott said that the problem with student activity funds has been remedied. (2) Michael Calandrino questioned why there was a delay in the planning of the audit. Scott said we are on target. (3) Dave thanked everyone for their help during his transition.(4) Ben Chianese questioned whether last years deficiencies have been corrected. & Scott explained that any 2006 items that have not been corrected would be added to 2007 along with any new findings. (5) Mike suggested that Dave contact Dena regarding her knowledge of any unresolved issues about which she is aware. (6) Scott explains that the State Audit regulation #133 governs all requirements that have to be audited regarding the Community Development Block Grant Funds.

Mr. Visconti moves Dave St. Hilaire contact Dena Diorio regarding any relevant information she had prior to her resignation, to be shared with the audit committee. 2nd by Phil Curran, Motion passed.

Mr. Visconti moves to set a date of 12/18/07 @ 9:am for the next meeting. 2nd by Mike Calandrino. Motion passed.

Continuation of Audit Committee Meeting on 12/18/07 at 9:am

Mike Calandrino, Chairman called the meeting to order at 9:15 am. In attendance were Council members Fred Visconti, Phil Curran, David St. Hilaire, Finance Director, Dan Garrick , Assistant Finance Director, Scott Bassett and Susan Martinelli from the accounting firm of McGladrey and Pullen. Ex-officio. Mr. Chianese was not present. The purpose of the meeting is to review the draft of the Comprehensive Annual Financial Report for the City of Danbury Connecticut. (1) Mr. Calandrino asked Mr. Bassett to comment on the results of the report and how we compared to previous years. Mr. Bassett pointed out that there were charts incoporated in the report which showed we were in good shape and this was the standard format that most city governments used around the country. The City was in good financial shape with a fund balance at around 10-11% and debt service at about 6% of general fund expenditures. There was no indication of fraud or misrepresentations noted by management or by the previous Finance Director, who was contacted by Mr. St. Hilaire. (2) Mr. St. Hilaire was pleased with the results and mentioned that we were diversified in our investments and currently 3 out of 6 of our pension plans were

fully funded. (3) Mr. Calandrino asked if there were any current litigations and also asked about the \$125,000 that was set aside for the FAA solution. Mr. St. Hilaire replied that there were funds set aside for litigation and however that the \$125,000 funding was to join with other towns in the fight against the FAA flight patterns. (4) Mr. St. Hilaire also stated that our debt is about 6% of our general fund expenditures. (6) Mr. Visconti mentioned that New Milford had dropped out and there were now 10 towns participating. (7) Mr. Bassett stated that a 6-7 page narrative would follow to be presented to the Common Council.

Mr. Calandrino moved to accept the report and to adjourn the meeting and Mr. Curran seconded the motion. Meeting adjourned.

Respectfully Submitted,

Michael Calandrino, Chairman

Phil Curran

Fred Visconti