

AD HOC REPORT – AUDIT COMMITTEE

DECEMBER 6, 2006

Mary Teicholz, Chairperson, called the meeting to order at 2:00 p.m. on December 6, 2006 and stated that this is a continuation of the meeting of July 11, 2006.

In attendance were committee member John Esposito; Dena Diorio, Director of Finance; Colleen Burke, Tax Assessor; Scott Basset and Susan Martinelli from the auditing firm of McGladrey & Pullen and Ben Chianese, ex officio. Noted for the record, Mike Calandrino was replaced by Mary Teicholz as Chairperson because of a personal issue and Mary Saracino, committee member, was out of town

The firm of McGladrey & Pullen were hired to audit the books of the City of Danbury for the fiscal year ending June 30, 2006 and give their opinion. The City has received a clean opinion for this year and no material weaknesses were noted in the internal control structure of the City.

Attached are reports Mr. Basset handed out and reviewed relating to the conduct of the annual audit so the City can appropriately discharge its oversight responsibility and issue a report concerning the internal controls over financial reporting and compliance conditions in connection with McGladrey & Pullen's audit of the City of Danbury's financial statements for the fiscal year ended June 30, 2006. McGladrey & Pullen also issued, under a separate cover, a report on compliance and internal control over compliance in accordance with OMB Circular A-133 and State Single audit and on the Schedule of Expenditures of Federal and State Awards.

Mrs. Diorio stated that she has reviewed all the observations and recommendations and will prepare a written response that will be placed in the file.

Mrs. Diorio summarized a few points. With regard to trial balance adjustments, we will post these adjusting entries at the end of the year for presentation purposes to make the financial statement cleaner. With regard to the tax exemptions, the City filed on a timely basis, but an amended report needed to be filed. With regard to changing network passwords on a 90-day cycle, this would place an undue burden on the IT Department, but consideration will be given to changing passwords on a 120-day cycle or for those with access to the City's financial system. With regard to the pension funds, the City will work to create the necessary accounts and post pension fund activity on the general ledger.

Mr. Esposito moved to approve the presentation and report of the audit committee. Seconded by Mrs. Teicholz. Mr. Esposito moved to adjourn at 2:30 p.m. Seconded by Mrs. Teicholz. Motion carried unanimously.

Respectfully submitted,

Mary Teicholz, Chairperson

John Esposito, Committee Member