

**BOARD OF FINANCE
SPECIAL MEETING
November 25, 2008**

Members Present: Fran Korn, Loraine Coe, Rosemarie Naples, Elmer Clark and Jay Berardino (arr. 8:15)

Members Absent: Rob DeSimone

Others Present: Maryjane Malavasi, Martin French, James George (Auditor)

1) Call to order:

Chairman Fran Korn called the meeting to order at 7:03 PM in the 2nd floor conference room of Town Hall.

2) Review of June 30, 2008 Audit Report

Jim George introduced himself and began by stating that two pieces of the audit report are missing but will be completed next week. Those pieces are the MD&A, which Maryjane will be completing with his assistance, and the final figures related to the MAP plan.

Jim stated that he is looking for input and feedback on the audit, especially since this is the first year that his firm has completed Durham's audit. This allows him the opportunity and the time to make changes before year end.

He stated that he has given an unqualified opinion and overall the Town of Durham is in really good financial shape. Of the things that he will be recommending be done differently, Maryjane has already set most of them in motion. He stated that the town hall staff should be commended for providing him and his staff with the information they needed to perform the audit in a timely manner.

Jim reviewed, page by page, highlights of the audit report. The final analysis indicates that the town's fund balance is up slightly from the prior year. He noted that although a couple of pieces of information are still needed, as noted above, that nothing else within the audit report will change.

Fran Korn asked what the town should be looking at as a percentage for their fund balance from an auditing standpoint. Jim replied that it should be at a level the town is comfortable, but would caution that the percentage not get too high. Fran asked Jim to supply the board with what the State gives as a reasonable recommendation for fund balance.

Jim then reviewed the items that will be in the management letter, and again noted that almost everything has already been implemented.

- Need to account for grant expenditures and revenues through the financial system. He feels this is the area that has the biggest risk because it is currently done outside of the accounting department.
 - Maryjane has already implemented a procedure that will account for all grant funding through MUNIS as of July 1, 2008.
- There were two funds not on last year's financial statements, the Library and John Camp Funds. Although these funds are held in trust by other agencies, they are accountable through the Town's audit.

- Maryjane brought these accounts to the auditor's attention before the bank confirmations were completed
- Employee files have missing information. The files are lacking important documentation, specifically I-9 forms. He noted that with immigration being a hot topic today, I-9 forms are becoming more important than every before. He recommended that a check list be produced for employee files, and that each file be updated for compliance.

Fran asked if there were other practices, such as revenue collection in the building department and our short term bond fund that needed attention. Jim stated that the audit tracks the process of how the revenue are recorded in the ledger, and would only be looking for material misstatements. Fran asked if Jim's firm could help the town with best practices for these issues. Jim stated that they could recommend changes, but could not require them, because of a possible conflict of interest. Fran asked if Jim could recommend someone to help us with these practices, and Jim replied that he could provide the guidance we needed through his firm. Jim also recommended that the town consider completing a Fiscal Policy. Fran asked Jim and Maryjane to decide on a course of action and report back to the board at their next meeting.

Jay Berardino asked if Jim liked the MUNIS system. Jim replied that he does not care for any of the government software packages because he prefers to work "paperless" and the software packages cannot export most of the reports that he needs. He stated, however, that almost all of his clients in MA are also on MUNIS.

Jim encouraged the board to call on him during the year if something comes up that there is a question on. He noted that he will be back in the spring to do some pre-audit work that will help streamline the process next summer.

3) Emergency Boiler Replacement at Ambulance Building

The board expressed concern that the building assessments have not yet been completed, which would hopefully better anticipate items such as this so they do not become emergencies.

MOTION MADE BY BERARDINO, SECONDED BY NAPLES, TO TRANSFER \$6,466 FROM #6020 CONTINGENCY TO #4030-452 AMBULANCE BUILDING MAINTENANCE FOR COSTS ASSOCIATED WITH THE EMERGENCY REPLACEMENT OF THE BOILER. KORN, COE, BERARDINO AND NAPLES – AYE. CLARK – ABSTAIN. MOTION CARRIED.

4) Adjournment:

MOTION MADE BY NAPLES, SECONDED BY BERARDINO TO ADJOURN THE MEETING AT 8:28 PM. UNANIMOUS AYE.

Respectfully submitted,

Maryjane Malavasi

RECV'D: Office of the Town Clerk
December 3, 2008 at 3:00pm