

Minutes for Audit Committee Meeting of January 28, 2010
Held at the Fire Department Meeting Room
Approved March 17, 2010

Members Present: Ernest Welker (EW), Chair; Ray McCarthy (RM), Jim Moran (JM), Joe Occhuiti (JO), Jim Shriver (JS)

Members Absent: Glenn Rosenberg (GR), Stephen Kuhn (SK)

Others: Scanlon & Associates (SA) (Greg Winters), Finance Director - Paul Pasterczyk (PP)

The Chair called the meeting to order at 7:03 p.m. Tom Scanlon of SA and Glenn Rosenberg were unable to attend due to a sudden snow squall that made travel very difficult.

Draft Management Letter (ML) Responses

RM reviewed the latest draft of the Town's responses to the ML comments. RM & GR had worked in collaboration with PP to modify the Town's responses to the ML based on the recommended changes discussed at the January 7, 2010 Audit Committee (AC) meeting. RM & GR appreciated PP's assistance in making the modifications which were forwarded along to SA to incorporate into the final ML document.

Town's Audited Financial Statements (AFS) for the Year Ended June 30, 2009

RM turned the meeting over to SA to review and discuss the draft AFS for the fiscal year ended June 30, 2009. The draft report being reviewed included basic financial statements, accompanying footnotes and supplementary schedules. The report being presented to the AC was still a draft however would be finalized in the very near future and submitted to the Select Board for formal acceptance. Once submitted to the Select Board the AFS and ML are considered public documents.

SA stated that the overall opinion issued on the AFS was an "unqualified opinion" which means the numbers are fairly stated and accurate and that there were no material or significant issues. SA reviewed the Management Discussion and Analysis (MDA) section of the report which is not a required component of the AFS however it provides a useful summary and additional insight to the financials. He also reviewed in detail the supplementary schedules (which are also not a required part of the AFS) showing AC members how this information linked and provided extra support to the AFS. Throughout this review SA responded to AC questions regarding the FS and some minor edits to some of the footnotes and language were suggested.

EW mentioned that in the MDA section of the report regarding total liabilities of the Town, the amount is reported as \$19.5 million, which does not include the newly reported \$45 million OPEB (Other Post Employment Benefits) liability or the \$16.9 million pension liability. EW stated that the reported liability of \$20 million was greatly misleading, since it would total about \$80 million with the other two amounts included, and he added he would like to highlight all the long term liabilities of the Town. SA responded that the MDA is provided by SA as a convenience to Town management, with standard content and language and management is free to revise the MDA in any way it chooses. PP did not comment on EW's proposed changes.

SA mentioned that the overall audit engagement went extremely well with continued cooperation from Town employees and management. RM asked SA who signs the audit Representation Letter (RP). SA informed the AC that PP was the only member of Town management that was signing the RP. RM described for the AC that RP was a document that made specific representations on behalf of the town to the independent auditor and that for other organizations a broader representation of management generally signs this document. RM stated that in the future SA may want to consider more members of Town Management to sign the RP including possibly the Town Manager, Select Board, Superintendent

of Schools and the School Business Manager, all of whom are directly or indirectly responsible for the accuracy of the financial results and reporting.

RM thanked SA for attending the meeting and presenting and explaining to the AC the AFS and accompanying schedules in detail. Being no further business for SA, he was excused from the meeting.

Minutes

Minutes of the December 17, 2009 and January 7, 2010 meetings were approved.

Other Business

EW submitted for review his draft summary report of the AC's activities during the past year, intended to appear in the Annual Town Report for 2009. JO complimented EW on the report and also all the work performed by the various committee members. By consensus the Chair was authorized to submit the report as drafted.

A date for the next meeting was left open, to be scheduled according to need.

Meeting adjourned 9:25 p.m.

Respectfully submitted,
Ray McCarthy, Clerk