

TOWN OF BRIDGEWATER
BOARD OF FINANCE
SPECIAL MEETING
January 27, 2010
7:00 p.m.

Members present: Greg Buchholz-Chairman, Lori Franklin, Nancy Hawley, Don Shail, and Molly Stratton
Guests present: Ed Bennett-Selectman, Mike Zemaitis CPA, Amy Allingham-Treasurer

Agenda Item #1 – call to order at 7:10 p.m.

Agenda Item #2 – Discussion with Mike Zemaitis CPA to discuss the possible engagement of his accounting services to address the audit findings. Possible action. Mike Zemaitis was introduced to the Board. Mike stated that he is available and able to help the Town address the audit findings. Greg added that these audit findings are not new and require immediate action. Mike stated that the findings really address the need to engage a qualified CPA to assist the Treasurer and to implement internal control policies and procedures. Mike stated that the trend for many small towns similar to Bridgewater, for example, Goshen, Beacon Falls, and Morris, is to have an accounting professional to assist with these matters. This trend simply raises the bar so that the towns accounting procedures and processes are improved and the checks and balances are in place. Most of Mike's municipal clients now have a professional in place since the auditor is no longer able to assist with the year end closing. Mike estimates that the first year would require between 15 to 20 days. Lori asked Mike if he could provide a detail of his services. Mike stated that the process would begin with the trial balances for all funds, he would then move forward to review and assist with monthly closing. Also, at the same time, he would work on the policies for internal control. Mike stated that this is more of a process than a concrete set of tasks. Greg stated that since Mike is familiar with the Town, he would not require any orientation time. Molly asked if Mike would be willing to report to the board, Mike replied yes and that he would want to report frequently. Further any policies and procedures he may draft would require approval by both boards of Selectmen and Finance. Over time Mike would expect the reporting requirements to reduce since none of the solutions are daunting. Lori wants to know why the mistakes year after year, Mike stated that no entity is perfect and the written comments by Lyn are his professional opinion, and that in the past, these issues have been verbally addressed and rectified. Lori further asked about the software comments and Mike stated that he is familiar with the software and concludes that it is flawed in that it allows unbalanced adjustments. Mike furthered that the monthly reconciliation of the Tax Collector's report should be implemented and that very often, this is a task that the Treasurer completes. Mike concludes that his experience in municipal accounting has shown him that the issues in Bridgewater are not out of the ordinary. The remedies are not daunting and can be addressed by him efficiently and effectively.

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Ed Bennett questioned the cost benefit analysis. Mike questioned what is the value of compliance? Molly added and Greg concurs, that as a municipal board there is an obligation to rectify any known issues and ensure that we have financial integrity. Greg furthered that the OPM letter sent this year, in some instances, addressed the same issues and had the exact language as the letter sent to OPM last year; therefore these issues need to be addressed immediately. Mike was thanked and excused.

Lori asked about the engagement of Sandra Welwood who volunteered to do this work pro-bono. Greg stated that the board did vote to accept her engagement in March 2009, her engagement letter was not signed, she did not perform any services, and subsequently the board voted to terminate her engagement in September 2009. Greg stated that Sandra Welwood's engagement was terminated because the board concluded that an independent individual should provide these services, Molly concurs.

Amy distributed a letter from Wendy Jones addressing the written comments from the auditor and Amy verbally addressed the written comments. Lori suggested Amy meet with Lyn to discuss and Amy stated that this would be counter productive since the audit is complete and the report has been filed with OPM. Further, Amy concluded that the most prudent and productive path is to go forward, address the issues that have plagued the report for the past several years and work toward a positive solution, Greg and Nancy concur.

Nancy would like to move this along and furthers that Mike is an ideal candidate; she suggests getting a letter from Mike limiting the scope of his work to remain below the bid threshold, itemizing his services, and setting forth a start date. Lori thinks that Mike's rate of \$80 per hour is high. Greg, Molly, and Nancy think that this rate is reasonable. Greg will be out of town for the next week so will be unavailable, but wants to pass the recommendation of the engagement of Mike Zemaitis to the BOS. Agreement to request that the BOS schedule a special meeting, per Ed Bennett's suggestion, to discuss and act on this engagement, Nancy will contact the First Selectman's office in the morning to request that this meeting is scheduled. Molly and Nancy agree to attend this meeting as representatives of the board. Amy will request a letter from Mike setting forth the above mentioned issues and deliver same to the board once received.

Agenda Item #3 – Discussion of the Fiscal 2010 General Fund expenditure report distributed at the January 20, 2010 regular meeting. Amy discussed some of the budget items that are, or will be, over spent. Further Amy explained that historically, the board has viewed a department as a line item, i.e. Town Roads, Elections, therefore until the department is over budget, we do not require a transfer of funds. Amy furthered that

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when the First Selectman returns, he will be better able to provide an over view or projection of future expenses.

MOTION to adjourn at 8:26 p.m. MOTION by Nancy Hawley, second by Don Shail, unanimous and so moved.

Respectfully submitted,

Greg Buchholz, Chairman