

**Minutes of the Meeting
of the
Board of Commissioners
of the
Fishers Island Ferry District**

A SPECIAL meeting of the Board of Commissioners of the Fishers Island Ferry District was held in the FI Community Center on **Friday, July 1, 2011** at 8:30 AM.

Present were Commissioners: Brooks, Edwards and Rafferty
Commissioner Brooks opened the meeting; a quorum was present.
Twelve members of the community attended.

A proposal to allow 17 members of the "Sailing Masters" fife and drum corps, free passage on the ferry on Sunday, July 3rd to participate in the parade was approved.

Marcia Marien; Marien & Company, LLC, Powerpoint Presentation of 2010 Audit

Marcia Marien of Marien & Company presented a power point display of the draft 2010 audit. Copies of the Draft 2010 Audit and the PowerPoint presentation will be available in the Ferry District Manager's Office; Highlights of the presentation are as follows:

1. Reviewed the Balance Sheet, Cash and Cash Equivalents.
2. Reviewed the new FDIC limit which has been increased to \$250,000.00. Marcia recommended that all of the checking and savings accounts remain under this limit.
3. Made a number of corrections to the beginning balances of the past statement.
4. Found a number of areas of opportunity in the internal controls:
 - a. Selling or giving away tickets for "no charge in New London".
 - b. Sell ticket books and keep the cash on Fishers Island.
 - c. Allow free boarding to friends and family on the ramps.
 - d. Freight sales could be allowed to travel for "no charge".
 - e. Freight could be picked up by anyone, should be signed for.
 - f. Freight Agents could take the cash and never deposit it.
 - g. Account payments could be received, but never deposited.
 - h. Accounts could be credited and the monies never deposited.
 - i. Tighter controls necessary on the ATM.
 - j. A discrepancy (\$6,300.) was discovered in the ATM audit
5. Recommendations going forward.
 - a. Written manuals and comprehensive controls.
 - b. Balancing, using double entry accounting.
 - c. Eliminate Excel spreadsheets.
 - d. Budget format and efficiencies
 - e. Changing the Culture/Tone.
 - f. Multi year and monthly budgeting.

6. The auditors are planning to provide a qualified opinion because of the lack of confidence in the numbers and also because of the lack of controls.
7. The Board asked Marcia to make recommendations for correcting the accounting process as well as establishing controls.

Public Comment

Harry Parker expressed his concern about the tone of the audit report and the impact it would have on a small community such as Fishers Island. Harry also asked if management will be able to respond once the final audit is completed. He was told that a qualified report was necessary because of the lack of historical data and that management would have the opportunity to respond.

Stowe Phelps pointed out that there is no real “perfect” accounting system. Marcia agreed. Stowe also asked if the Ferry District is compliant with all New York State laws and was told “No, they are not”.

Meredith Rugg thanked Marcia for an excellent presentation which was easily understood by all. She also asked about the Fish ladder payment and Commissioner Edwards explained that it was paid at the previous meeting.

Deb Shillo asked if the free rides for employees be considered gift or a benefit. Marcia replied that she thought of it as benefit. Deb also asked if the fish ladder payment should have been carried on the books as a liability and was told only if the payment is payable.

Bob Evans commented that freight should be signed for when it is picked up.

Jay Parsons asked if employees worked the hours for which they were paid. Marcia replied that she assumed they did.

The next regular meeting will be held on Tuesday, July 5, 2011 at 4:30 PM in the Fishers Island Community Center.

The meeting adjourned at 10:55 AM.

Thomas F. Doherty
Manager/Secretary