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**FINANCE COMMITTEE**  
of the Renewable Energy Investments Board  
Minutes – Special Meeting  
Friday, September 25, 2009

A special meeting of the Finance Committee (the “Committee”) of the **Renewable Energy Investments Board hereinafter referred to as “the Connecticut Clean Energy Fund Board”** (the “Board”) was held on Friday, September 25, 2009, at the office of the Connecticut Clean Energy Fund, 200 Corporate Place, Rocky Hill, Connecticut.

1. **Call to Order:** Mr. Mengacci, Chairman of the Committee, called the meeting to order at 10:09 a.m. Participating: Mary Healey, Consumer Counsel (by phone); John Mengacci, Office of Policy and Management; and Carol Muradian (by phone).

Committee Members Absent: Tracy Babbidge, Department of Environmental Protection; and Patricia Wrice.

Non-Voting Participant: Richard Steeves, Office of Consumer Counsel (by phone).

Staff and Adjunct Staff Attending: George Bellas, Lise Dondy, Shelly Mondo; and Reed Risteen, BlumShapiro.

2. **Approval of May 15, 2009 Meeting Minutes:**

Mr. Mengacci asked the Committee members to consider the minutes from the May 15, 2009 meeting.

**Upon a motion made by Ms. Muradian, seconded by Ms. Healey, the Committee members voted in favor of adopting the minutes from the May 15, 2009 meeting as presented (Ms. Healey abstained from the vote).**

3. **FY2009 Draft Audited Financial Statements:**

Mr. Bellas stated that BlumShapiro completed CCEF’s audit for fiscal year 2009. He summarized that there were no significant changes from the 2008 fiscal year’s financial statements. Mr. Bellas stated that while He discussed the major areas of difference from 2008 which include 1) the receipt of Regional Greenhouse Gas Initiative auction funds, 2) the receipt of bond defeasance funds, and 3) and the significant increase in grants and program funding for 2009.

Mr. Risteen reviewed the audited financial statements for fiscal year 2009. He noted that CCEF is a special revenue fund and the financial statements have been prepared accordingly. Mr. Risteen stated that BlumShapiro has provided an unqualified opinion in accordance with generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards.

Mr. Risteen stated that in planning for the audit, BlumShapiro gained a detailed understanding of the controls over financial reporting although did not formally audit the internal control systems. He noted that BlumShapiro did not identify any material weaknesses in controls or any non-compliance issues that would have a material effect on the financial statements of CCEF.

Since CCEF is a component unit of the state, additional compliance testing was performed in the areas of affirmative action, personnel practices, purchase of goods and services, use of surplus funds and awards of loans; and a letter indicating that there were no compliance issues was also provided.

Mr. Risteen reviewed management's discussion and analysis. He noted that the document also reports the financial information for 2008 for comparison purposes. Mr. Risteen reviewed the significant differences from 2008, which includes a decrease in net assets and an increase of revenues. He indicated that revenues were approximately 16 percent higher than budgeted, and expenditures were approximately 6.8 percent less than budgeted. Mr. Risteen reiterated that there was a large increase in grants and program activities for 2009.

Mr. Risteen mentioned that in the past, CCEF had to disclose financial commitments in the notes which gave the appearance that CCEF had more funding than was actually available. As a result of new governmental accounting standards which CCEF chose to adopt, CCEF can now report the committed fund balance on the balance sheet.

Discussion ensued on internal controls. In response to a question, Mr. Risteen mentioned that typically independent auditors do not provide separate opinions on internal controls as part of a financial statement audit. He mentioned that the State Auditors of Public Accounts perform a separate audit of CCEF's internal controls and procedures each year. It was noted that if the auditor found any of the controls to be deficient or not reliable, such issues would have to be reported in the management letter.

Mr. Risteen mentioned that this is BlumShapiro's sixth and final year as independent auditor for CCEF. In response to a question, Mr. Risteen stated that the financial reporting continues to improve each year. Mr. Risteen mentioned that discussions have been held with staff about the receipt of federal funding which will subject CCEF to a federal single audit. The Office of Consumer Counsel suggested that CCEF discuss this issue with the public utility companies to determine how they handle issues with federal funding.

Mr. Risteen discussed several recommendations pertaining to financial operations that management should consider. Mr. Risteen explained that although CCEF is not required to follow the Financial Accounting Standards Board ("FASB") guidelines pertaining to the valuation of its portfolio investments, the Valuation Committee should review the latest FASB pronouncements in this area to ascertain whether CCEF's current valuation procedures should be modified. Mr. Bellas stated that he would inform the Valuation Committee as to this recommendation. The second recommendation is to adopt and test a disaster recovery plan. Mr. Bellas explained that a plan was done about five years ago and some parts of the plan were implemented while others were not until further analysis could be done. He noted that the data information systems are secure, and backup tapes are stored off site. Mr. Bellas stated that staff will prepare a written summary of the procedures that are in place for data security and what the implementation of the remaining procedures of the existing disaster recovery plan would entail along with associated.

Mr. Risteen reviewed the audit communication letter. He noted that Mr. Bellas and his staff prepared the financial statements, and BlumShapiro audited the statements provided. Mr. Risteen noted that the audit schedule was communicated previously to the Board, and BlumShapiro followed the schedule. Mr. Risteen stated that accounting estimates are an integral part of the financial statements prepared by management, and the most sensitive estimate affecting the financial statements are the valuation of nonpublic companies. BlumShapiro believes that management's estimates of the fair value of investments in nonpublic companies are reasonable and based on CCEF's investment valuation policies. Mr. Risteen stated that there were no disagreements with management.

**Upon a motion made by Ms. Muradian, seconded by Ms. Healey, the Committee members voted unanimously in favor of recommending to the Board the acceptance of the 2009 audited financial statements for CCEF.**

Ms. Healey thanked Mr. Bellas for the improvements with the financial reporting and the clean opinion on the 2009 audited financial statements. Mr. Bellas mentioned that staff will be preparing a Request for Proposals for auditing services in October or November. It is anticipated that the selection process will be done by the Finance Committee, and the Finance Committee will make a final recommendation to the Board.

#### **4. Review of FY 2009 Budget to Actual Analysis:**

Mr. Bellas reviewed the fiscal year 2009 budget to actual analysis for CCEF. He summarized that total revenues were approximately 16 percent higher than budgeted and operating expenses were approximately 13 percent less than budgeted. Mr. Bellas mentioned that staff made significant efforts to reduce expenses wherever possible. He noted that the total grant and program funding and related expenses were approximately \$51,000,000, which was 12 percent over budget projections.

5. **Adjournment:** Upon a motion made by Ms. Muradian, seconded by Ms. Healey, the Committee members voted unanimously in favor of adjourning the September 25, 2009 meeting at 11:01 a.m.

Respectfully submitted,

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John Mengacci  
Chair of the Finance Committee

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