

**DISTRIBUTION LIST**

**Richard Donovan, Mayor**  
**Edmond Theobald, Trustee**  
**Ronald Cronk, Trustee**  
**William Brazill, Trustee**  
**John Champagne, Trustee**  
**Steven Primo, Attorney**  
**Thomas Petterelli, DPW Superintendent**  
**Janet Stanley, Justice**  
**Richard J. Greene, Codes Enforcement Officer**  
**Chief Pat Flannery**  
**Town of Manlius**  
**Village of Manlius**  
**Village of Fayetteville**  
**Donna DeSiato, Superintendent ESM School District**  
**Manlius Historical Society**  
**Minoa Library**  
**John Regan**

January 17, 2007

**SPECIAL  
MEETING**

Upon due notice to all members of the Village Board, a Special Meeting was called on Wednesday, January 17, 2007 at the Municipal Building in the Village Clerk's Office, 240 N. Main Street, Minoa, New York.

**PRESENT:** Mayor Donovan  
Trustee Cronk  
Trustee Brazill  
Trustee Theobald  
Trustee Champagne  
Clerk/Treasurer Curulla  
Attorney Primo

**ALSO PRESENT:** Auditors: Michael Koagel and Donald Vincentini, Suzanne Snider, and Thomas Petterelli

Mayor Donovan opened the Special Meeting at 6:50 p.m. for the purpose of reviewing the Annual Audit for FY 2005-2006.

**AUDITOR'S  
REPORT -  
KOAGEL &  
VINCENTINI**

Mayor Donovan said that he asked Michael Koagel and Donald Vincenti of Koagel and Vincentini, to review the Annual Audit for FY 2005-2006 and update the Board of any changes pertaining to GASB compliance and recognized the auditors in the audience.

Mr. Vincentini said that he had met with Clerk/Treasurer Curulla previously and provided her with GASB compliant reports for FY 2005-2006. He said that the consolidated reports represent the entire Village's activities on the financial statements, specifically business and government activities. Mr. Vincentini said that the fund accounting reports are independent reports that were provided to Clerk/Treasurer Curulla. He said that GASB Statement 34 came out with an announcement that requires Villages to provide

taxpayers a better picture as to the overall operating results of the Village. Mr. Vincentini said that the Village of Minoa is in compliance in the reporting stance, but the Village does not maintain depreciation records. He said that the financial statements included a qualified opinion, as the Village does not maintain fixed assets in GASB34 format. He said that it would not be a big effort to go one step further. Mr. Vincentini said that with a new person on board, and after working many years with Clerk/Treasurer Curulla, it leads to the additional comments in the management letter.

Mr. Vincentini said that the management letter addresses GASB Statement 45, which addresses post-employment benefits, specifically health insurance. He said that most municipalities pay for these premiums as they go, but they are not recognized as a liability on the financial statements. He said that GASB 45 addresses the issue and involves actuarial studies based on post-employment benefits. This is done by calculating the present value liability on the financial statements and the liability, which will directly affect the Village's financial position. Mr. Vincentini said that as the Village is not GASB 34 or 45 compliant, they suggest using an internal auditor. He said that AICPA recently came out with a pronouncement that school districts have to retain an independent auditor that would report directly to the audit committee or the board. Mr. Vincentini said that internal controls are easier to implement with offices that employ numerous employees; however, internal controls are difficult when there are a small amount of employees. Mr. Vincentini suggested that it would be a great opportunity for the Village of Minoa to utilize Clerk/Treasurer Curulla as an internal auditor upon completion of her duties as part-time Treasurer.

Mr. Vincentini recommended that Clerk/Treasurer Curulla work as the internal auditor throughout the transition and moving forward. He said that by utilizing Clerk/Treasurer Curulla's experience, they would have the ability to provide a cross check with accounting, payroll, purchasing, bank reconciliations, and the bidding process, thus, enhancing the Board's fiscal responsibility. Mr. Vincentini said that the records have always been in excellent shape and that the Village of Minoa has always been a leader in the area. He said that the Village is proactive in dealing with financial issues and the Board should feel very good about their financial position. He said that the budget has always been well controlled and pointed out that the Village only had to use \$20,000 of unexpended funds for FY 2005-2006, when \$209,000 was originally budgeted. Mr. Vincentini said that the existing fund balance is \$805,000 at the fiscal year end for 2005-2006. He said that the Village has been able to successfully monitor the budget conservatively and they are in a good financial position moving forward. Mr. Vincentini said that the Village appropriated \$314,000 of the unexpended fund balance for FY 2006-2007, at a minimum, the budget was developed by telling the taxpayers that they were going to use the fund balance. The Village has been able to keep the tax rate level and was positive in their control.

Mr. Vincentini stated that the footnotes and disclosure requirements detailed the breakdown of debt. He said that the total short-term BAN debt was \$641,000 and was budgeted to pay off 1/3<sup>rd</sup> in the current FY 2006-2007. He said that the significant amount of debt relative to the municipal building at \$5,500,000 and there is a long-term plan for payment included in the report.

Mr. Vincentini reiterated the need for an internal auditor, as the school districts currently have them in place and it's a good to have someone independent that reports directly to the Board. He said that he was available to help set-up an internal audit control program, get the depreciation program on board to become GASB 34 compliant, and then future opinions will not contain qualified opinions.

Mr. Vincentini then asked the Board if they had any questions. Trustee Cronk asked Mr. Vincentini if he felt that they would need a budget officer continuously and Mr. Vincentini said that it would make sense that they would use someone that they've had in place to act as a budget officer until the transition is complete. Trustee Cronk asked if GASB requires a budget officer and Mr. Vincentini said that GASB does not require a budget officer or even an internal control auditor, but it is mandated for school districts and will eventually flow down to municipalities.

Mr. Vincentini said that he would feel honored if he was sitting on the Board because they have always had a sound financial position, accounting department, and the records have always been excellent. He said that they have received reports from the Federal Government and New York State and they have had nothing but compliments. Mr. Vincentini said that the Board should be satisfied and honored to be in a financial position that they are currently in and that it is a small step to get the depreciation on board completed. Mr. Vincentini said that if Clerk/Treasurer Curulla is available, it makes sense to utilize her experience during the transition process.

Mayor Donovan said that the Village has worked very hard to progress this far and it's a good opportunity that they have the luxury of a long transition period. Mayor Donovan said that it was important that the Board hear the GASB description through classes at NYCOM and they are aware of the issues ahead, and it has been confusing, but they need to move forward and comply. Mayor Donovan said that the auditors were there to further educate the Board. Mayor Donovan said that it is frustrating that the financial institutions want the Village to be a government agency, but act as an independent business. He said that by the time they have GASB 34 and 45 resolved; there will be more to statements to address. Mayor Donovan said that this is a great opportunity for Suzanne Snider to learn everything without being rushed and the internal auditor needs to be addressed.

Mr. Vincentini said that in accordance with the GASB 34 compliance requires the obvious depreciation of fixed assets, but requires the financial statements appear as a publicly held corporation would. These statements would include a Management, Discussion and Analysis (MD&A) section is a requirement to comply with GASB 34. It is a dialogue that comes directly from the municipality and they have always been involved in developing the statement requirements. The MD&A summarizes the financial reports in a layman's form so that the average taxpayer doesn't have to try to digest the financial report, as the specific changes are disclosed in the beginning of the report. Mr. Vincentini said that once the depreciation is on board, then the Village will be compliant.

Mayor Donovan said that if the Village is not compliant, it will be difficult to borrow money at a good rate. Mr. Koagel confirmed that bankers do not understand fund accounting and they need the financials in a commercial format for funding possibilities. Mr. Koagel said that it's important to have an internal auditor who can decipher and explain the financial reports to a commercial institution or the Board.

Mayor Donovan said that originally there were problems with money missing in school districts, which resulted in these mandates. He said that his intentions are to be proactive in this situation and that the recognition from NYCOM is that the Village of Minoa takes care of business. Mayor Donovan then reminded the Board that they had heard of GASB 34 at NYCOM conferences in the past and asked the Board if they had any further questions. The Board had no further questions.

Mayor Donovan asked the auditors if they had a chance to review the Town of Manlius' consolidation proposal. The auditors stated that they had not seen the report, but they would review it and help decipher the information to form a response. Mayor Donovan said that he would then review the report with Clerk/Treasurer Curulla.

Trustee Theobald asked Mayor Donovan when the consolidation report would hit the newspapers and Mayor Donovan said that the report will be presented by the Town of Manlius at their next meeting on January 22, 2007. Mayor Donovan said that the local villages will not be attending because of a scheduling conflict with the Onondaga County Mayors Association meeting. Trustee Brazill said that the mayors and trustees will not be in attendance. Trustee Brazill said that the graph came from New York State and the Town of Manlius included it in the report. Mr. Vincentini said that he would like a copy of the report and would review it with Clerk/Treasurer Curulla. The Board then thanked the auditors for their report.

## **ADJOURNMENT**

A motion was made by Trustee Champagne and seconded by Trustee Cronk that the Special Meeting be adjourned at 7: 20 p.m.

Respectfully submitted,

Karen A. Curulla  
Village Clerk/Treasurer