

**VILLAGE BOARD OPERATIONS MEETING MINUTES**  
**DECEMBER 10, 2018**  
**8:00 A.M.**

**PRESENT:** Mayor Hubbard, Trustees Dove, Eriksen, Sennett, and Stokes-Cawley, CPA Richard Ward

**Exit Interview** – Richard Ward, CPA with Cuddy & Ward briefly touched on the 2018 Financial Statements noting that page 1 & 2 is the Independent Auditors' Report on the Financial Statements, followed by Management's Discussion and Analysis. Access was provided to all records and a sampling of reports were reviewed. Mr. Ward said it was a good audit overall. In reviewing the balance sheet, Mr. Ward said the General Fund, Water Fund, and Sewer Fund are each in good shape financially. All have a positive fund balance. He said the only concern is that the Sewer Fund doesn't have enough fund balance to cover next year. Mayor Hubbard noted that the Sewer Fund has been paying back the General Fund yearly at about \$40,500. However, \$86,051 is shown as Assigned – Appropriated. He showed Mr. Ward the budget for last year, explaining that the \$86,051 will be paid back over the next two years. Mr. Ward said there is no concern about the Village's financial health – it is a well-run Village, but there is room to improve on accounting. In response to Mayor Hubbard noting that the balance sheet doesn't address electric, Mr. Ward said Electric and Parking are enterprise funds that are reported on page 13 – Statement of Net Position – Proprietary Funds. Total liabilities and assets are stated – Electric net position of 3,599,208. The Parking Fund's current assets are 407,198 with accrued expenses of 56,381. Trustee Sennett noted that revenue from the Municipal Lot is restricted, but revenue from meters is unrestricted. Mayor Hubbard said he and Trustee Sennett reviewed the audit and recognized that there was not a separate Parking Checking account until last December. Mayor Hubbard said it seems like an extra layer of bureaucracy and it's confusing. Mr. Ward concluded that there is now a separate fund in addition to the CM Parking Trust. He said it was set up in the General Fund and tracked in the General Fund, so he doesn't see any reason not to change it back. Mr. Ward reiterated that the Village is in good financial shape and understands that the Board wants to go through the Memorandum of Significant Deficiencies, so will address those next. On each of the six comments, Mr. Ward offered the following:

- 1) Preparation of Financial Statements – this is Cuddy & Ward's disclosure about the financial statement. In the real world, auditing firms prepare the financial statements. This is not an unusual comment – to get rid of the comment, a CPA would have to be on staff to complete the financial statements. Mr. Ward said this is a common comment and not to be concerned.
- 2) Reconciliation of Due To/From Accounts – Mr. Ward said the due to/from accounts didn't balance. He gave an example of the entries necessary when the Sewer Fund gives money to the General Fund, noting double entries in each fund. He recommended that the Reconciliation Report be run once a month, as it is easier to catch errors monthly. He said there are not a lot of due to/from transactions and it is very easy to write a check reimbursing expenses, but forgetting to post the transaction in the other fund. The reconciliation would serve as a monitoring report.
- 3) Capitalization Policy Needs to be Implemented – Mr. Ward said that with no formal capitalization policy in place, the Village currently relies on the auditors. He suggested implementing a policy that would designate expenditures over a certain dollar value as capital expenditures that would be recorded as depreciable fixed assets. He said without a capitalization policy, assets are possibly not being recorded as such and therefore not on the schedule of fixed assets.
- 4) Fund Balance Policy – Mr. Ward explained that the NYS Office of the Comptroller (OSC) recommends municipalities adopt a policy regarding fund balance, including order and use reserves. He distributed copies of the Town of DeRuyter's Fund Balance Policy that he said, in all likelihood, came straight from the OSC website with the insertion of their name. Mr. Ward said Cuddy & Ward recommends that the Village develop and adopt a fund balance policy in accordance with this recommendation. In response to Trustee Eriksen, Mr. Ward

said the Comptroller's Office came out with this last year or so. Trustee Dove asked for explanation of the different fund balance classifications. Mr. Ward said **non-spendable fund balance** is prepaid expenses, such as insurance, or inventories. **Restricted fund balance** is reserved funds subject to designation of governing bodies. Mr. Ward said **Committed fund balance** is not typically used – none of their clients use Committed fund balance and even OSC believes that in most cases, local governments in New York will not have committed fund balance to report. **Assigned fund balance** is any money set aside for next year's budget – money that is assigned to next year; residual amount of fund balance. Mr. Ward said **Unassigned fund balance** is funds not within any other category. Mr. Ward said it is good practice to develop and adopt a fund balance policy. Clerk-Treasurer Couch suggested that this could be done at the Annual Meeting.

- 5) Utility Revenue and Receivables – Mr. Ward said the Village is making progress on this most complicated piece and the focus should be in the utility funds. Cuddy & Ward recommends that the general ledger and billing software be reconciled monthly.
- 6) Properly Account for Accounts Payable – Mr. Ward said it was noted that accounts payable at the end of the previous fiscal year were still included in the current year's account balance. Accounts payable should be properly cleared when paid in the following month, instead of posting the payment as an expense in the following month. Mr. Ward said this is something that needs to be cleaned up.

Trustee Sennett said she thinks she is hearing that "clean ups" should happen monthly. Mr. Ward agreed, noting it is so much easier on a monthly basis. As an example, he said bank reconciliations are being done monthly. Everything should balance each month. Mr. Ward said none of the comments are horrible and all can be corrected rather easily. Many of these very same comments could be in most Village and Town Memorandums of Significant Deficiencies. Generally speaking, the Village is doing what it needs to do. Relative to the SVFD Length of Service Award Program (LOSAP), and in response to Mayor Hubbard, Mr. Ward said the Village is the sponsor of the LOSAP and the Village had an audit, so that covers the need for an annual audit. He confirmed for Mayor Hubbard that the Comptroller knows it's there – the Village is covered and doesn't need a separate submission.

Mr. Ward explained that because their audit partner, Mary Beth Leeson, left the firm they won't be doing audits anymore. They just don't have the staff to do audits. Mayor Hubbard said we have been very pleased with Cuddy & Ward and sorry to be losing them.

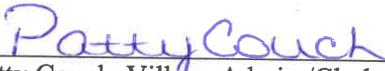
Mr. Ward thanked the Board the left the meeting at 8:52 a.m.

**Parking Meters** – Trustee Sennett reminded the Board that she will not be present at the Village Board Meeting of December 13, 2018. Therefore, if it is the pleasure of the Board, she'd like to discuss Bob Slivinski's recommendation for parking meter repair and IPS quote. Trustee Sennett said Mr. Slivinski laid out a plan. Mayor Hubbard said that while Mr. Slivinski is capable and can manage meter repair, fixes in the field should be done by Jim Brown and Pete Buehler. Trustee Sennett agreed, noting that Mr. Slivinski needed to get an assessment of what we have. While he found some ways to get batteries charged, she said she doesn't think we have much of a choice but to do his recommendation to purchase 25 of the latest generation meters (reporting to the cloud on the 4G wireless spectrum instead of the 2g which will be obsolete around 2021 or 2022). Mr. Slivinski would deploy the new meters in the highest volume parking spots and then reallocate the working meters to replace the dead meters in the village. He explained that this allow the village to assess the viability and reliability of the new product in advance of the decision on which direction to go in the future. Additionally, it should allow for 8 spare meters for replacement in the future. Trustee Sennett said Mr. Slivinski has a good handle on it and wants to use Laurie for tracking and Jim and Pete for replacing batteries and performing maintenance. **Resolution #2018-216:** On the motion of Trustee Sennett, seconded by Trustee Stokes-Cawley, it was resolved and unanimously carried (5-0 in favor) to authorize Bob Slivinski to purchase 25 IPS Group M5 Solar Power, Single Space Smart Meters

and accessories according to Quote #MB 12061802 of December 6, 2018, at a total cost of \$11,867.50. Trustee Sennett said she will let Mr. Slivinski know that he can move forward.

**Operations Meeting** – The Board scheduled an Operations Meeting for Thursday, January 3, 2019, 5:30 p.m. at Village Hall to continue discussion about a sidewalk policy and any other matters that may be brought before the Board.

**Executive Session – Resolution #2018-217:** On the motion of Trustee Sennett, seconded by Trustee Eriksen, it was resolved and unanimously carried (5-0 in favor) to enter into an Executive Session to discuss a personnel matter at 9:02 a.m. **Resolution #2018-218:** On the motion of Trustee Sennett, seconded by Trustee Eriksen, it was resolved and unanimously carried (5-0 in favor) to move out of Executive Session and immediately adjourn the meeting at 9:25 a.m.

  
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Patty Couch, Village Admin./Clerk-Treasurer

