

MINUTES OF A MEETING OF THE FINANCE COMMITTEE OF THE VILLAGE OF  
KENILWORTH HELD AT THE VILLAGE HALL, 419 RICHMOND ROAD AT 7:30 P.M. ON  
WEDNESDAY, OCTOBER 5, 2005.

Chairman Craig Miller was present and called the meeting to order at 7:30 p.m. Attendance was as follows:

Present:	Craig Miller	Chairman
	Cristy Laier	Member
	Katie White	Member
Other Village		
Officials Present:	Max Slankard	Village Manager
	Peter Dyson	Village Treasurer
	Steve Driscoll	Finance Consultant
Others Present:	Ken Davis	716 Kent Road
	Kenner Davis	716 Kent Road
	Bill Holland	342 Sterling Road
	Joe Meyer	Selden, Fox & Associates

Joe Meyer passed out a handout which showed the bank reconciliations as of April 30, 2005, followed by the May to August reconciliation of the general operating account. It listed a series of adjustments for fiscal year 2006, which he will work through with Accountant Vicky Gelfond. It will be a clean up of Fiscal Year 2006 and some will require the physical movement of cash. He has set up a meeting with Ms. Gelfond for the week of October 17<sup>th</sup>, at which he will turn over to Ms. Gelfond the bank reconciliations for September. Chairman Miller noted that Mr. Meyer had been working with the Village's software company and reviewing internal controls. Mr. Meyer said he had met with MSI and reviewed the payroll system, at which they eliminated some inefficiencies in the process. Then they ran the September 30<sup>th</sup> payroll under the revamped system, and everything seemed to work fine. Mr. Meyer also said that he ran through utility bills in some detail earlier this year, and changes were made at that time to the way receipts were being posted. Trustee White asked if Ms. Gelfond left tomorrow, would the procedure be established so the Village can carry on. The Village Manager replied that Ms. Gelfond is writing the accounting procedures in case of that eventuality. Treasurer Dyson clarified that the adjustments made with MSI were a matter of setting of the right switches in the system to create efficiencies. Mr. Meyer noted that the addition of Steve Driscoll in a consulting role and the splitting of assignments really brings a splitting of responsibility, which results in improved internal controls.

Next, the Audit Report was discussed. Mr. Meyer said this is non-GASB 34 report. The draft this evening is in the same format as used in past years, and allows for direct comparisons. GASB 34 compliant information will be added to the final audit, for the first time. The compliant statements adds a full accrual statement, in lieu of the modified accrual which has been the Village's basis of accounting. Full accrual treatments relate primarily to fixed assets, debt, and recognition of tax revenue.

Treasurer Dyson said he has suggested ignoring GASB 34 heretofore because it does not connect to anything done in the past. Joe Meyer said GASB 34 will not be posted to the General Ledger. Steve Driscoll said his staff runs their financial reports, and runs GASB 34 at year end for whoever wants it. Joe Meyer said the stated numbers in the draft are the ones the Village needs to accept. Steve Driscoll said it depends on the Board, from a policy perspective, as to what form of statements they wish to see. It will not make any difference and we can continue to use it. Treasurer Dyson asked how GASB affects the calendar year. Mr. Meyer said one example is property taxes. He said under GASB 34, it is recognized

when the lien is recorded, even though the Village will not see the cash for maybe 2 fiscal years, which is why you do not refer to, from a cash basis, in how you run the Village. Treasurer Dyson said for Kenilworth, it is an annoyance more than anything. Ken Davis asked if this is full accrual. Chairman Miller said no, it is modified accrual, as all are government accounts.

Joe Meyer said the audit is a clean opinion, and he reviewed the draft in detail. He pointed out that the water fund has always been accounted for on a full accrual basis. He went on to say that all the funds except the capital funds have balances that are positives. The closeout of the capital projects fund will wash away the negatives. He said pages 5-6 are in essence the income statement. Chairman Miller said the General Fund includes the Police Pension.

Joe Meyer said that everyone needs to understand the overlap in the fiscal year from a property tax perspective, and recognize that half of the levy is in one year, and half is in the next year. In collar counties, you do not see this. He and the Village Manager had worked through the budget figures for property tax revenues earlier in the year. Pages 7-8 of the draft shows the budget compared to actual. Trustee Laier asked why fines are down. Chairman Miller explained that the Police have used a more friendly warning system for parking tickets, and it has worked. Certain funds have separate accounts such as E911 and Motor Fuel Tax. Mr. Meyer reviewed the balance of the draft in detail. The Committee discussed the ICMA 457 deferred compensation program, and the Village's responsibilities as trustees. The Committee asked for quarterly checks of ICMA contributions.

The Chairman noted that the Committee needed to adjourn to attend the public hearing before the Building, Planning and Zoning Committee at 7:30 p.m. Treasurer Dyson reported that the draft audit will be placed before the Board of Trustees at the next meeting for acceptance, and to direct him to file the report with the State Comptroller's Office.

There being no further business, Trustee Laier made a motion to adjourn, which was seconded by Trustee White and unanimously approved.

Respectfully submitted,

Max Slankard  
Village Manager