

**Hornell Board of Education
Audit Committee-Meeting Minutes**

June 4, 2007

6:00pm Hornell Board of Education Offices
25 Pearl Street
Hornell, N.Y.

Present: Dr. Weyand, Mrs. Carol Berry, Mr. Paul Mc Anany, Dr. Pasquale Picco, Rich Dunning, Mr. George Kiley, Mr. Robert Gosden, Mr. Jeff Ahearn and Mr. Wayne Drescher of Drescher and Malecki.

6:00 the meeting was called to order.

Motion by Dr. Weyand and seconded by Mr. Mc Anany to accept the minutes of the April 2, 2007 audit committee meeting as presented. Ayes all motion carries.

Next Mr. Gosden led a discussion of our school district's corrective action plan for matters of internal control highlighted in our 2006 Drescher and Malecki audit.

Extra classroom activities, Journal Entry Procedure Policy, Budgetary Controls, Long Term Financial Planning, and new Reporting Requirements were highlighted.

Extra classroom activities, Journal entries procedure. Budgetary controls responses are in place and need to be reviewed and maintained.

The long term planning and new reporting requirements under GASB 43,45,46,47, and 48 were reviewed. Mr. Gosden thinks it would be appropriate to wait until we shift to the new CBO in July to assess internal controls.

The requirement for GASB 45 for school districts to enumerate the long term liability for benefits was described by Mr. Gosden. It should be expected to be four times current payroll. "If your current payroll is \$ 15 M then your GASB 45 obligation will be around \$ 60 M." The deadline for complying with GASB 45 is June 30, 2008.

Mr. Wayne Drescher of Drescher and Malecki was introduced.

Mr. Drescher then reviewed the audit process that began the week of June 4 in Hornell. Audit team, reports anticipated, audit plan, and audit scheduling were all described. The Drescher and Malecki plan is to meet with the audit committee again in September and present the audit on October 1, 2007.

Mr. Drescher asked the committee members if they knew of any fraud within the district. There was a consensus that we knew of none. Mr. Drescher asked committee members for areas of concern that we wished the external audit to investigate.

Paul Mc Anany expressed concern for our districts budgetary problems in 2006. Mr. Gosden then spoke of the ongoing need throughout the 2006-'07 budget year to transfer funds and increase the budget utilizing reserves and additional unbudgeted revenue to cover budget shortfalls in order to avoid over spending the budget. In fact we may have to transfer more funds before the end of this budget year.

Next Mr. Gosden informed the committee that Ms. Kathy Salvagin would meet with us in two weeks to review the internal audit. Ms. Salvagin has reported that we need a fixed asset accounting policy and an inventory policy for our codebook. The audit committee then reviewed draft policies regarding inventory and fixed asset accounting.

The committee then discussed the need within the fixed asset accounting policy for establishing a minimum dollar value for defining a fixed asset (i.e. either \$1,000 or \$5,000). This will enable the district to depreciate the value of the asset over time and help us comply with the State Education Department accounting practice GASB 34.

We then discussed the Audit Committee's need to reorganize itself at our next meeting. We will decide on whether or not we will accept a member of the community who is not a Board of Education Trustee. We will need to choose a new chairman of the audit Committee. It was decided to place an ad in the Evening Tribune asking for applicants interested in volunteer service on the Audit Committee.

This next meeting will take place June 18, 2007 at 6:00 pm in the Board of Education Offices conference room.

There was a motion by Dr. Weyand, seconded by Dr. Picco to adjourn.
Vote - ayes all.

Meeting adjourned 6:59 pm.

Respectfully Submitted,

Rich Dunning