

Notes of the Special Meeting of the Jerusalem Town Board held on August 1, 2007 at 12:00 noon. PRESENT were: Supervisor Jones, Councilpersons Hopkins and Stewart, Highway Superintendent Payne, Bookkeeper McKay, Town Clerk McMichael.

Guest: Tom Lauffer, CPA

Excused: Councilperson Barden

Absent: Councilperson Folts.

The purpose of this meeting was to meet with the Town's auditing firm, Raymond F. Wager, CPA, P.C. to review details of the 2006 audit. Tom Lauffer presented the tentative Basic Financial Statements focusing on the performance of the various funds and the fund balances.

The Town of Jerusalem received a clean opinion from the auditors. Mr. Lauffer stated the Town's financial condition is good and the Town's funds are doing very well. A year to year comparison shows the fund balances are being maintained or increased which is a good indication that our budgeting process is doing well. When discussing the Town's budgeting for unappropriated fund balances, excluding sewer and water, it is recommended a healthy fund balance be maintained by keeping the unappropriated amount between 23-25% of the Town's total budget. This guideline may not always be followed for Water and Sewer funds due to the numerous variables that need to be factored in, such as the age and condition of the system.

The Management Letter provided improvements to our existing checks and balances. Issues related to the water and sewer rents receivables can be eliminated through the consolidation of districts. In response to issues related to disbursements, one voucher format will be utilized to make our practice consistent. A signature cover sheet for the Town Board will be developed for the abstract of vouchers.

Areas of noted concern included permanently tagging fixed assets and using pre-numbered vouchers for petty cash. Our Employee Handbook adopted in 2007 will address potential accounting and reporting issues related to retirement benefits. The Town Attorney will be consulted regarding a Board policy defining when a conflict of interest should be disclosed.

The findings of the Town Clerk and the Receiver of Taxes for the year ended December 31, 2006 were reviewed.

The Town will respond with their corrective action to the findings within 30 days.

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Sheila McMichael, Town Clerk