

DRAFT
SPECIAL MEETING - ACCOUNTING FIRM INTERVIEWS
Town of Shelby
4062 Salt Works Rd. Medina, NY

July 29, 2024 4:00pm

Please note: We are live streaming our meetings through YouTube. See www.townofshelbyny.org and click on the link.

Present:

Scott Wengewicz, Supervisor
Steve Seitz, Councilman
Eddie Zelazny, Councilman
Jeff Schiffer, Councilman
Linda Limina, Councilwoman
Darlene Rich, Town Clerk

Others:

Mary Zelazny	Alan Bushover	Gabrielle Barone
John Parada	John Pratt	Sharlene Pratt
Leona Weese	Yonic Parada	Joy Waters
Larry Waters Sr.	Scott Carlton	James Zelazny
Barb Daluisio		

Called to order at 4:06 PM

This special meeting is in regards to Accounting Firm Interviews. There will be two presentations.

First Presentation-Nicole Ruf, Director at Drescher & Malecki.

Their specialty is government clients. They have over 150 municipal clients and perform all types of services for them. She audits about half and does accounting services for the other half. The clients she listed in the RFP are her clients. Price would vary -don't really know till they get in and see what they find and how long things would take. With Town of Wales, they serve as the bookkeeping position. The town clerk puts the abstract in but they are running all of the checks, putting in the payroll, EPC does the payroll there so they are inputting the journal entries for payroll and doing the bank reconciliations, maintaining the GL. The two biggest things are their annual finance report at the end of the year and doing their budget. September and February are the two busiest months but with all of that on the average will do all that with 12 hours. They pay about \$63,000 a year for those services. So a full time position they are able to do in like 12 hours on average. Town of Boston is a little bigger and ere probably in somewhat of a similar position as the Town of Shelby. They had 2 years where there

accounting records weren't maintained properly. They had a lot. Bank reconciliations were not being done. The GL was wrong, payroll was wrong. She said it sounded like we had outsourced payroll so we have that advantage of knowing payroll was being done correctly. Payroll retirement system records weren't correct so it took about a year and a half to two years to correct every single thing that had been wrong for that period of time but they were able to do that and get them moving forward. They do a continuous audit now where they go in and look after the bookkeeper and Supervisor making sure they have done bank reconciliations and have audited their bank reconciliations, journal entries, vouchers and helping them implement new governmental accounting standards, educating them and helping them with best practices. Town of Boston has their own payroll clerk and their own AP clerk. We are the general ledger position so they are reconciling the bank accounts, GL maintenance. They need to get an audit so they are coordinating that audit. They prepare the financial statements. They have a lot of water districts and sewer districts so it's pretty complicated, they have police, so they have the ACFR which is a bigger financial statement report. And then of course budget season. She had a town call saying the town clerk wasn't doing bank reconciliations with them they called them in and did the first couple for her and then gave her a template and now the clerk is doing them. Bank reconciliations and GL maintenance. Help is accounting side and audit side. On audit side they do have clients that need the extra assistance during the audit where they are proposing journal entries or helping them do their bank reconciliations. Limina asked her experience with Williamson Law. Nicole said they have a few clients that use Williamson Law. She thinks Williamson Law is a good system as long as you know how to use it and it's definitely one of those systems where if you don't stay on top of things, you can get behind because you can't close until you have everything in. One of her clients actually works for Williamson Law now and calls her for questions. Limina-asked about hourly rates with no estimate, she would also agree it's hard to estimate the time this project may take as you might get into more as your start. How do you come up with the number not to exceed? Nicole said they come up with a number you would feel comfortable with. Like after one month would kind of have a good estimate at that time. To start of with us would probably say \$10,000 and see what happens there. Pretty early on they can have those conversations. Zelazny asked if they would contact the comptroller and get an assessment of what we would be doing before as it would give you an idea how long it's going to take to get this fixed. Nicole said she would just want to start the journal entries with Williamson and they could tell how far you are off compared to bank statements are off from GL but doesn't know how many balanced sheets are off, how many revenues are off. I think they could tell me what the problem is but wouldn't be able to say how long it would take to correct it. Limina- can you give us a rough idea of partner and senior manager. How much work would need to be involved. Nicole- it would be supervising staff and staff; she would be as a partner would be overseeing. Nicole's hours are really limited. She said for every 8 hours a staff or supervising staff has she would have an hour or maybe a half hour to an hour, more in the beginning and less later on. They have done this before so she would be reviewing and guiding them. Ed- so the majority of it would be \$150 range an hour. Nicole said \$100-\$150. Kathy Bennett- For the Town of Boston where their accounting records were not maintained properly and had some problems with bookkeeping and

also payroll-do you know if it came out of a comptrollers review of the town or did they just figure that out on their own. Nicole said no they had someone leave that was not doing the job correctly and people aren't getting paid correctly or if things are getting reported to the state wrong. Bennett- so they had reports with the state that needed to be corrected? Nicole- Yes, their retirement has been sent to the state that was incorrect. Their taxes had all been filed and payroll taxes. Bennett-You mentioned a couple times for those towns where you do the bookkeeping you don't also do their audits; you just help with getting everything set up for the auditor to the extent that the town is big enough and require an audit. Nicole- they would help guide and get the information to the auditors and help and prepare the financial statements that the auditors would audit. Bennett- With respect to Williamson Law it's a difficult software to close things out so what we have come to understand that once we close things out we can't go back in and correct them. Nicole said yes and where she finds the most difficulty is people will hold things open because they are not able to close that month because they don't have that month reconciled and then 6 months later you can still process all your payments but you have to record any journal entries or you haven't input any cash receipts so she sees the one end more so where people are holding things open and not closing and getting real far behind. Limina- With closing if you keep up on things and you're processing and reconciling timely you should be able to close each month and move on to the next month. It's only if you don't. It's just the way the system works and each accounting system has its own qwerky way of how it does something. Williamson Law says you need to have all your work done in the month and then you close it and move to the next. Do you know if you can make a prior period adjustment like if the books are closed does that allow and audit entry in the prior year? Nicole has been told no. But she knows Williamson will go in and make entries themselves, like they might have the capabilities to do it on their end. Any of the prior period adjustments have been made in the subsequent year if they have already been closed.

Supervisor made motion at 4:31 PM to take recess until 4:45 pm second by Steve.

4:45PM

Second presentation - Margaret King -Single Source- Managing Director of Single Source Accounting which is a division of Tronconi Segarra & Associates.

It is a public accounting firm located in Williamsville, NY. Many of the staff are very longstanding staff. There are offices in Lockport. From the proposal you can see significant experience in municipality accounting. One of the partners is pretty much built this practice up as a niche market for the small business department and included in that department Sarah Bowser who is a former News York State Auditor. She has been with the firm about a year now and she actually went out and did the audits. She has never been involved with the Town of Shelby however has seen her working on AFRs for other municipalities so she is clearly a person who has expertise in this area, knows what the state auditors are looking for and will be able to make sure that we get everything the way that it should be done. The other thing about Sarah is she has experience with Williamson Law and has never found it to be a program that didn't work. Obviously, every program has its qwerks but she always found it to be reliable. She has the experience in using that program and would be able to guide us into what we need.

Also included in the proposal is a list of references that you can call to check the quality of our work, again they are long standing relationships that these municipalities have had with the firm. They are Town of Ellicottville, Village of Farnham and Town of Great Valley-those are the only references and they have several clients that have had a long-term basis. Andrew, partner on this account has created pretty much a niche market for the firm and he's been involved with it for multiple years. She talked about Sarah who is our former state auditor, she as the director of single source accounting that makes her principal in Tronconi Associates She has worked kind of the quarterback in this whole engagement, she is bringing all the team members together making sure everybody knows what they have to do and will oversee to make sure everything is meeting the criteria of the engagement. In addition, they have a couple of other people that will be assigned to this account. One is Jason Langendorfer. He actually started the firm and the very first assignment he had was to do bank reconciliations for multiple pension benefit plans that had not been done in quite a long time so he has quite a bit of experience in that area. The one thing she wanted to mention is all of the staff in the office are graduates that have a 4-year degree or higher many are CPAs and even if they are not CPAs every member of the firm is required to have 40 hours of continuing professional education every year to make sure that they stay on top of anything that's changing in the world of accounting. They keep making up new rules and they have to be followed. Make sure everybody has 40 hours of continuing professional education because of the scope of the engagement you can see that we don't know the number of hours that would be required to reconcile the 11 bank accounts that the town has. They have different levels of service with hourly rates that are listed on the proposal. You had also asked for our last peer review and that's either a pass or fail and that is attached to the proposal. They did pass. Schiffer- would like a little more detail with dealing with Williamson. She has audited other towns that have Williamson Law and she never found that there was a problem with any of the record keeping. You always have to remember that a program is only as good as the people that are using it sometimes and that garbage in garbage out is really true statement so you can't have good records and good numbers if you don't put good numbers in so she found Williamson Law to be very workable. Limina- With different levels could you give us some understanding of work that you would expect from Andy or yourself versus Jason. Andy will be only on the engagement as a supervisor very high-level probably not extremely involved only if there would be a question that came up that Sarah didn't know the answer to. We are not doing an audit so there would not be an audit opinion needed. We are just doing special procedures so that makes it less of a burden on the partner. She would be making sure everyone is doing what they are supposed to be doing. She has fund accounting experience and did serve as the interim district treasurer for the Clarence Central School District when she first started at Single Source. Again, oversight making sure everyone knows what to do. Sarah would be the primary person that would be able to answer questions of a nature that involves the municipality itself. Everyone on the list is capable of doing bank reconciliations however it seems as if there have been some issues in them in the past and its impossible to know what we are going to come up against. If there were any questions related to municipality law and what's required for a municipality, we would certainly have Sarah at our disposal. Most of the work would be done by the Senior Consultant staff. Jason

as the managing consultant would be here on a regular basis until the job was completed. Limina-What is a peer review- also a firm having degreed or CPAs involved or bookkeeping or bookkeepers involved-could you explain to the public as they may not know. A peer review is something that accounting firms have on a regular basis every 3 years and another firm comes and audits our work so they pick different engagements that they worked on and they make sure all the steps were taken, whether it's audit or tax return or any type of work your putting an opinion on, they would make sure all the proper procedures were done. They would make sure audit programs were complete and everything was examined as it should be. They go through several clients of work that was done over that last three-year period and make sure they are complying with the rules that have been established by the AICPA which is the American Institute of Certified Public Accountants. When you're a CPA you are licensed by New York State. In order to become licensed, you have to not only meet a requirement for a certain number of hours in college which used to be a bachelor degree and now is actually partially towards a master's degree and you have to also tit for the CPA exam several parts that test your knowledge about every aspect of accounting. Its even in more depth now than when she took her exam. They include taxes but also reporting, law, contract law, different specialty types of accounting which would be fund accounting, hospital accounting is different, college and university accounting is different. Its hard to imagine there are all kinds of accounting but there are. Just need to make sure everything is recorded correctly and when the readers of those financial statement are looking at them, they know what they are reading. Peer review makes sure they are doing their job. And they have always had passing grades. Limina asked what the timing was to start the project as soon as they got word they were engaged. There would be an engagement letter that would have to be signed but other than that would be able to start right away. Bennett- You mentioned Sarah was a former auditor with state Comptrollers office and she knows what the auditor's office is looking for, the situation that we are in here, is that communication you would do or would we do the communication with the auditor's office, would you communicate with Williamson, would you expect us to do it. Margaret said it would depend on what they ran in to. Usually, the client would be able to help us with anything they needed but obviously that doesn't seem to be available right now with Williamson because she knows we are having problems with Williamson Law. She does believe she has contacts that she could call if needed to get more additional information about Williamson Law or what needs to be done. She doesn't believe they would have any contact with the New York State Auditors that did it unless they needed to get some clarification. That's really a relationship between us and the auditors that did the work. So, we are really just independent just going to go ahead and do what they can do to get things straightened out. Bennett- Have you worked with other clients that have similar problems? Is it one, more than one. Margaret said they work with a lot of clients that have similar problems. Jason actually started don't know how many years they were working on and they were employee benefit plans, thinks it was a plan administrator that was losing a business and passing it over to another plan administrator so they had so many accounts they were looking at and they were so messed up. He has lots of experience with bank reconciliations. Believe it or not a lot of people don't always reconcile their own bank accounts. It's very important to make

sure you balance matches the bank because people could put things through there and you wouldn't even know.

Motion by Limina and seconded by Seitz to close the Special Meeting at 5:07pm
Motion carried

Respectfully submitted,

Darlene Rich, MMC / RMC
Town Clerk