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**AUDIT, FINANCE & BUDGET COMMITTEE MINUTES**  
**BUFFALO FISCAL STABILITY AUTHORITY**  
**Friday, September 19, 2008**

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The following are minutes from the Buffalo Fiscal Stability Authority's Audit, Finance and Budget Committee meeting on Friday, September 19, 2008, at the Buffalo Niagara Convention Center.

**Committee Members Present:** Kolkmeier & Mertz

**Committee Members Absent:** Giardino

**Additional Attendees** [at the behest of Acting Chair Mertz]: Arthur, Collins, Johnstone Norwood & Townsend

**Staff Present:** Kelly, Link, Miller, Mitchell and Mobley

The Buffalo Fiscal Stability Authority's Audit, Finance and Budget Committee meeting was called to order at 12:32 PM by Director Mertz. Mr. Mertz facilitated the meeting in the absence of Committee Chair Giardino. He called a roll of the members. Finding a quorum present, the meeting commenced.

**Opening Remarks**

Mr. Mertz summarized the meetings agenda which included the following:

- A resolution to approve the minutes from the June 5, 2008, Committee meeting; and
- A review of BFSA's Independent Audit, conducted by Lumsden & McCormick.

**Approval of June 5, 2008 Minutes**

Motion to approve by Kolkmeier, second by Johnstone. Motion approved 3-0.

**RESOLUTION NO. 08-05**

**APPROVING COMMITTEE MINUTES FROM JUNE 5, 2008**

**BE IT RESOLVED that the Audit, Finance & Budget Committee of the Buffalo Fiscal Stability Authority approves the minutes of its meeting of June 5, 2008. This Resolution shall take effect immediately.**

**Presentation on BFSA Fiscal Year 2008 Audit by Lumsden & McCormick**

Mr. Mertz stated that the next issue was to review the independent audit of the Authority for the fiscal year ending June 30, 2008, and to recommend its acceptance and approval to the full board. He asked Mr. John Schivone, Lumsden & McCormick to present the audit findings.

Mr. Schiavone summarized the audit for the Committee, and stated that Lumsden & McCormick has declared the BFSA audit to be a "clean audit" and has bestowed the highest opinion, an "unqualified opinion," on BFSA's 2007-08 financial statements. He also noted that Lumsden &

McCormick included a management letter, but that there were no special issues that needed attention. Mr. Schiavone informed the Committee that Lumsden & McCormick provided some normal guidance to BFSFA during the fiscal year regarding certain accounting treatments. He further stated that new auditing standards required such disclosure. Outside of this normal guidance, no accounting services were provided to BFSFA beyond the audit.

Mr. Schiavone detailed BFSFA's profit and loss statement; highlighted BFSFA's audit and full accrual practices; and spoke on BFSFA's balance sheet.

Director Arthur asked for clarification relative to BFSFA's OPEB liability. Mr. Schivone stated that BFSFA's OPEB liability is \$225 thousand and is unfunded as the State of New York has no vehicle to establish a trust to fund this.

Chair Kolkmeier mentioned that BFSFA's OPEB liability is handled the same way as the City of Buffalo and School District,, as "an unfunded, unspent liabilities."

Vice-Chair Townsend asked whether there were any other areas where the auditors had concerns. Mr. Schivone replied that there were none.

Director Mertz asked what other municipalities are doing to address their own OPEB liabilities. Mr. Schivone replied that all municipalities must calculate and account for the liability in their financial statements. Efforts to create a mechanism to allow entities to save for this liability have been explored but have not been incorporated into legislation yet.

Director Norwood asked whether or not there was sufficient momentum to continue the efforts to pass legislation. Mr. Schivone stated that, in his opinion, there will be something passed in the near future.

Director Mertz requested a motion **to accept the audit and its findings and to recommend that it be approved and accepted by the full Board**

Motion by Kolkmeier, second by Townsend. Motion approved 3-0.

### **Adjournment**

Mr. Mertz entertained a motion to adjourn which was carried unanimously. The meeting adjourned at 12:58 PM.