

**City of Port Jervis
Finance/Insurance Committee
Minutes for Meeting July 20, 2016**

Present: Committee Members Robert Ritchie, Kristin Trovei, Sarah Hendry (late arrival) and David Bavoso. Also in attendance were: George Belcher, Lisa Randazzo and Robin Waizenegger City Clerk-Treasurer.

Absent: none

Finance meeting opened at 6:30 p.m. Chairperson Robert Ritchie opened the meeting with the pledge of allegiance.

Audit – Mr. Alan Walther of Bonadio & Co. presented and reviewed the draft financial statements as of 12/31/2015. He noted the required communications letter first and noted that the City instituted two new GASB rules in 2015 which impacted the reporting of the activity of the retirement funds. He also noted that the financials do contain some estimated numbers with the most significant being OPEB.

Mr. Walther reviewed the component parts of the statements. On the financial statements he highlighted the unmodified opinion with no material weaknesses or deviations noted. He reviewed the statement of net position and explained the differences between the government-wide portions and the individual funds. It was noted that pensions are a deferred outflow of 1.1 million which is the effect of the new GASBs plus a lot of notes to the financials. He noted that ERS is 97% funded and PFRS is 99% funded as of the financial date. NYS is one of the best at fully funding the pension plans.

Mr. Walther reviewed the balance sheet noted all of the funds, noting that the ending fund balance was \$881,252 with \$469,807 as unreserved. He noted that the Capital fund has a negative balance due to the quirks of governmental accounting with respect to the 4 million dollar water clarifier project and that this will clear when the project's permanent funding is put into place in 2016 with the USDA.

Mr. Walther noted that the detail of the expenditures and revenues shows how a large amount of activity is handled and that the City has small amounts of net changes other than the Capital fund which is again a function of the water clarifier project. He did note that the City of Port Jervis did overspend its budget by 31 thousand on a base of 12 million which is only ¼ of 1 percent however technically as this is the second year of over expenditure if the City overspends again it will result in a deficiency comment next year.

It was noted that there were no internal control or non-compliance issues found.

Mr. Walther then reviewed the management letter noting that the prior year comments regarding payroll and purchasing were resolved from last year. It was noted that the issues with CDA loans and budgeted expenditures have not entirely resolved. The last comment was that it was felt that there was insufficient staffing to support all of the transaction volume and analysis that is truly needed to produce quality and timely reporting.

2nd Quarter Budget Review – Mrs. Waizenegger noted that she distributed the 2nd Quarter reports and a summary memorandum. She indicated that right now for 2016 there has not been any major weather issues or extra-ordinary events. We do budget very tightly which leaves very little room for variances in performance.

The committee discussed the timing and impact between the two years of the sales of two properties for economic development.

Mrs. Waizenegger noted that she has some concern about the water revenues as more properties go vacant and turn off utilities. There was discussion of some possible commercial expansion which might increase water usage

but those are not operational yet. She noted that most lines are running true to budget with only minor deviations. Some budget changes will be necessary before the end of the year.

Old Business: Mrs. Waizenegger asked if the City has the intention of reserving rights during the tax lien sale. She recommended that at a minimum the City reserve vacant land where available for future development.

Mrs. Waizenegger referred members to the email regarding the promenade. She gave them the city's numbers versus the engineer's numbers as there are additional expenses that the engineer's did not have access to. Which indicates that the net loss to date on not doing the project will be approximately \$67,000 without an additional costs. The committee discussed the original plans from the 1990's with the plans for the promenade dated as 2003 versus the present circumstances.

New Business: Guardrail from Chief and Jack Farr was discussed and would come out of street repairs. Mr. Ritchie indicated that he would prefer to have it come out of existing budgeted funds along with Mrs. Waizenegger. The funds would be reallocated from under expended lines.

David Bavoso informed the committee that Valerie and he had been working on a grant to write a master plan and re-write the zoning and wants \$50,000 as a match to a grant for a total of \$100,000.

Public Comment: none

Executive Session: adjourned to executive session at 7:45pm

The meeting was reconvened and adjourned at 8:00 pm. Next month's meeting – August 18th at 6:30pm.