

**City of Port Jervis  
Finance/Insurance Committee  
Minutes for Meeting May 16, 2018**

Present: Committee Members Kristin Trovei, David Bavoso, Lisa Randazzo and Dominic Santini. Also in attendance were: Stanley Siegel, Mayor Kelly Decker and Robin Waizenegger City Clerk-Treasurer.

Absent: None

Finance meeting opened at 6:00 p.m. Chairperson Kristin Trovei opened the meeting with the pledge of allegiance.

**Public Comment:** Mrs. Trovei recognized the member of the public present. She indicated that she had no comments up front but was here to listen and observe.

**Insurance Renewal** – Mr. Robert Stubbs of Marshall and Sterling was present to brief the committee on the renewal proposal for coverage. He touched on a few items that have changed. The property coverages have been increased by 2% over the prior year which is the customary inflation guard. The schedule of equipment and vehicles has been updated due to recent acquisitions. All of these items increase the premiums slightly.

There was a change in classification for the prison matrons which reduced the premium slightly.

Mr. Stubbs reviewed that the city could choose to reject coverages for acts of terrorism. He also brought forth a new coverage called Cyber Coverage 360 for the costs resulting from cyber attacks, cyber extortion, electronic media coverage and network security liability. The additional premium is only \$1,102. The committee discussed the risk and decided to implement the coverage. Mrs. Waizenegger expressed concern that when we migrate our systems to a WAN that our exposure will increase.

The Common Council granted the power of renewal to the Finance committee.

Mr. Stubbs asked for input on one large pending claim and was informed that the risk is low but that it will be drawn out process based on the claimant.

**Audited Financials 2017** – Mr. Alan Walther from Bonadio & Co. was present to review the 2017 Draft audited financials as of 12/31/2017. Mr. Walther specifically noted that these are in draft form but the numbers will not change as the statements are simply going through the firm's internal QC process and will not have any impact on the opinion or overall financials. He distributed an Executive summary outlining internal control testing and procedural auditing, Federal audit standards, required communications and Management letter. He reviewed the required reporting, new GASB requirements coming in the next few years. He noted that they are giving the City a clean or unmodified opinion for 2017 and that the overall report is favorable. He also noted that there were no internal control or compliance findings.

It was noted that the MD&A is completed in conjunction with Mrs. Waizenegger and Mr. Walther stated that if they read nothing else they should read these pages.

Mr. Walther noted the statement of net position which is primarily tied up in capital assets which is typical of governments and schools. Also the liability for OPEB as shown on the financials has a negative impact on the net position of governments and schools.

He reviewed the balance sheet with all of the fund details noting that the General Fund showed improvement from the prior year and discussed the difference between the government wide financial statement versus the fund based financials.

He reviewed the income statements and comparisons to budgets. Mr. Walther then referenced the notes to the financials noting that they are essentially the same as the previous year as there hasn't been any GASB changes implemented this year.

Mr. Walther reviewed the difference of net worth between the fund level financials and the government wide level noting that at the fund level there is a positive net worth but on the Government wide statements OPEB liability is required to be taken into consideration which total reverses the financial position of the City. He also indicated that from an operations it is treated on the cash basis or pay as you go.

He noted that 22 million dollars of revenue and 22 million dollars of expenses run through the City during the year.

Mr. Walther indicated that the notes are full of more descriptive information which is helpful to the bond raters.

It was noted that the big deviations from budget to actual are the FEMA transactions which are not budgetary areas.

It was noted that the FEMA activity has had a large impact on the cash position of the City due to the length that this receivable tends to remain outstanding.

Mrs. Waizenegger noted that she has detailed that while there was a substantial positive change in fund balance of eight hundred thousand that over five hundred thousand was related to 2 onetime items. These two items are the Energy in the Bank Contribution and the sale of a piece of City property at a profit of over one hundred thousand. Therefore while results of operations were positive they did not comprise the majority of the positive movement.

Mr. Walther noted that the internal control matters letter emphasizes the upcoming GASB Changes in the next few years. He believes that GASB 75 will impact the City the most as it folds into the actuarial analysis the municipal borrowing rates in assessing the liability. Mrs. Waizenegger explained that the Accounting Standards board recognized that no one has the ability to pay or fund the liability therefore they are folding in the fact that a government would have borrow to pay it therefore increasing the cost.

Mr. Walther also noted that the way the fiduciary funds are recorded will be changing from an accounting perspective to provide more details. The method of recording leases will also be changing in the future. This will have a major impact on governments that lease their entire fleet which is not the case in Port Jervis.

Mrs. Trovei again asked the member of the public if she had any questions. She asked if she could have a copy of the report. It was indicated that as soon as the Draft Status was removed and the final copy received it would be posted to the website.

**Old/New Business:** Mrs. Waizenegger indicated that the Police Chief would like to do an amnesty period for the payment of old tickets utilizing the interns to do the notification letters. Mrs. Waizenegger indicated that she and the Chief will process this. The Chief wanted to do this during June but Mrs. Waizenegger indicated that it might be a bit later.

Mrs. Waizenegger submitted a request from our first homestead purchaser who has requested access to the property prior to the closing to begin cleaning and beginning some prep for her renovations. The finance committee discussed this issue and decided to allow same if she signed some sort of waiver or hold harmless agreement. Mrs. Waizenegger will process this ASAP.

Mrs. Trovei tried to get a handle on the parking situation in the downtown area. Mayor Decker indicated that there is \$75,000 set aside for this purpose. He indicated that downtown will be finished in September after the street paving. Meters were discussed to create revenue to be able to fund more improvements. A booting system was discussed for violators in addition to booting for scofflaws of parking tickets.

It was noted that the first step will be reconfiguring the municipal lot and adding meters to that lot and Jersey Avenue. It was noted that central meters would be used and a search for the best company for the lease/purchase of a system. The committee also discussed other possible parking locations and different meter systems people have experienced.

**Executive Session:** The Committee went into Executive session to discuss a personnel matter with respect to the Confidential Secretary to the Police Chief at 7:10 pm

The meeting was adjourned at 7:20 pm. Next month's meeting - June 20<sup>th</sup> at 6:00pm.