

City of Port Jervis
Finance/Insurance Committee
Minutes for Meeting August 28, 2019

Present: Committee Members, Kristin Trovei, and David Bavoso. Also, in attendance were: Maria Mann, George Belcher, Stanley Siegel, Deputy Clerk and City Clerk Treasurer Robin Waizenegger.

Excused: Lisa Randazzo and Dominick Santini

Finance meeting opened at 6:00 p.m. Chairperson Kristin Trovei opened the meeting with the pledge and noted that there was no public present.

Presentation – Mrs. Trovei introduced Alan Walther from Bonadio & Co. to present the 2018 financial statements. He noted that the completion of the single audit report for the federal reporting will be filed by the September 30th deadline. He indicated that this year's audit was complicated by the turnover in the office and the lack of availability for the Treasurer to do accounting work and that the delayed statements are problematic for both their firm and the City. It was noted that corrective action with respect to personnel has been done and that the situation should not repeat in 2019.

Mr. Walther referred them to the index to review the substantial parts of the report. He noted that the financials do have an un-modified opinion. He reviewed the statement of net position noting that it is negative due to the liability that is required to be recorded with respect to OPEB (Other Post Employment Benefit) liabilities for \$38.8 million dollars. This is the actuarial calculation of future pension and health benefits the City will be required to pay. Mr. Walther explained that the state of NY prohibits the accumulation of assets to offset the liability. He noted that every government in NYS has this issue within its financial statements.

He reviewed the Cities performance within its funds for the year noting the increase in Fund Balance. Mrs. Waizenegger reminded the members that Fund Balance does not reflect cash on hand. He reviewed the reconciliation between the governmental funds and the statement of net position.

He reviewed the section of the statements that compare budget to actual for revenue and expenditures indicating that this is more relevant for the members regarding performance. He noted that there was a lot of activity with capital related expenditures and that one funding source, FEMA, was problematic and for financial statement purposes the FEMA transactions were moved from the General fund to the Capital Fund due their problematic nature of being able to confirm the accounts receivable with the federal and state authorities. Mr. Walther indicated that the General and Sewer funds had positive increases while the Water fund has a slight decrease.

Maria Mann questioned the transfer of funds from the General fund to the Sewer fund. Mr. Walther referred to page 49 to show the transfer from general to sewer that was done to establish the sewer fund. Mrs. Waizenegger explained that as the sewer fund had previously operated within the general fund the establishment of the fund was done by moving the monies as an estimate of sewer revenues versus expenses. This was also done in part due to public outcry and concern that sewer fund revenues were being used to fund non-sewer activities when it previously operated as part of the general fund.

Mr. Walther also noted the requirement to record the liability of the unfunded amount of the NYS pension system as actuarial determined annually. He noted that NYS ERS is funded at 98.2% and the PFRS is funded at 96.9% which is an excellent level of funding for a pension plan.

Mrs. Waizenegger noted that part of the final reporting will be an internal control comment regarding the number of adjusting entries required subsequent to the rendering of the trial balance to Bonadio this year as an internal control weakness. Mr. Walther indicated that It is unfortunate but the 60% staff turnover rate, inability to get information from FEMA and the massive capital activity greatly impacted the ability of the department to function appropriately from an accounting perspective. There were just too many adjustments post-closing as compared to normal not to comment.

Cash Flow – Mrs. Waizenegger noted that at the last finance meeting she had given a verbal report on the cash flow status and projections. Subsequent to that meeting she e-mailed everyone the written analysis and inquired if there were any questions regarding that document. There were no questions presented by the members present.

Vehicle Replacement Plan – Mrs. Waizenegger indicated that she had sent an email with the details of all the requests received from the departments of vehicle purchase requests. She noted that the previously done vehicle replacement plan called for \$230,000 of replacements base on the funds available through debt replacements which would not have a material impact on the budget. However, the requests submitted are \$511,000 which is a difference of \$281,000 that would have a budgetary impact of approximately \$62,000 per year for the budget years 2021-2026. The funding of the loans would be done in 2020 and the repayments would begin in 2021 which is why the budgetary impact is delayed.

The members questioned the requests specifically the Fire department's special ops truck, the Police Department special ops truck, the truck requested for Recreation. Mrs. Waizenegger suggested that the members refer the question back to the committee for explanations before any decisions are made.

Mrs. Trovei verified that the amount with no impact for funding vehicle replacement is \$230,000.

Old Business - Ford Fusion Buyout - Mrs. Waizenegger indicated that the vendor would not budge on the buyout price which is representative of Kelly Blue Book value and as the car is in good shape as will service us for several more years. The buyout amount is \$4500 part of which will be offset by the amount budgeted for lease payments this year with the remainder to come from contingency this year. This will also eliminate the need for budgeting for lease payment of \$3600 for the next two to three years such that the financial recovery is under 1 year with a net savings over multiple years.

Cash Flow Analysis was previously covered.

Property Auction – Mrs. Waizenegger noted that email has been sent regarding the setting of the date of the property auction for late October on the 30th. Mr. Siegel asked if we must accept the bids and if there are minimums. Mrs. Waizenegger indicated that we have not set minimums and will have the auction firm give us advice as to any minimums. Mrs. Trovei indicated that we are doing an auction with this firm which is the same firm used by Orange County to satisfy public demand to correct the perception that the City is manipulating sales. Mrs. Waizenegger clarified that the properties will be sold at a loss due to the large amounts of taxes that were owed when we acquired them.

A member of the public, Mr. Beasley, questioned what properties are being sold. Mrs. Waizenegger indicated that these are properties the City has acquired from tax liens and are listed in the Minutes of the 9/9 Council meeting which are posted on the City's website.

Mr. Beasley also asked about the number of vehicles in the total fleet. Mrs. Waizenegger tried to give him some estimate from recollection but could not provide exact numbers. He questioned if every officer had a car. It was noted that patrol cars are shared. Mr. Beasley asked how cars are disposed of. Mrs. Waizenegger indicated that the City has recently been using Auctions International and GovDeals which are firms that specialize in selling used municipal equipment so that we get highest value.

Mrs. Trovei informed the committee that the Fire Inspector test has been scheduled for October.

Mrs. Trovei indicated that she wanted to bring up the issue of giving the Franklin Street Warehouse a facelift as it was brought up at the last finance meeting and she has received mixed opinions. The members discussed the possible rehab of the building versus a facelift. Mr. Siegel indicated that he wants multiple quotes on every job. Both Mr. Seigel and Ms. Mann indicated that they believe the quote presented is too high. Mrs. Trovei indicated that any outside contractor will have to bid at prevailing wage which is likely to raise the cost. Mr. Bavoso reviewed the process and cost of doing a formal RFP. Mrs. Trovei indicated that the entire DPW complex needs complete renovation not just a facelift. Mr. Siegel indicated that the work to the Franklin St. building should be aesthetically pleasing not a complete renovation. Mr. Belcher indicated

that he believes something should be done to satisfy the neighboring property owners. Mrs. Trovei then stated that she will bring to the Council the issue of doing a full RFP process for the building facelift.

New Business – Mrs. Waizenegger notified the committee that in October the advertisements of properties in the 2019 Tax lien will commence. She also noted that the ads regarding the 2017 Tax lien deadlines will be published as final notices and posted to those properties. She noted that it will be busy with the 2017 tax lien closeouts, 2019 tax lien sale and the property auction. Mr. Bavoso requested a listing of the 2019 tax lien sale for Council information as well as for possible City reservation consideration.

Mr. Beasley asked if the properties are occupied. The properties for the auction are not occupied the tax lien properties may or may not be occupied. Mr. Beasley asked if you needed to be a resident to buy a lien. It was noted that there is no requirement for residency to participate in any sale.

Public Comment: Mr. John Beasley requested that she go over the property tax lien and auction schedule. The 2017 Tax lien final redemption date is 11/14/2019, the 2019 tax lien sale will be 11/19/2019 and the sale of properties owned by the City as a result of tax liens will be by auction on October 30th.

Mr. Beasley also asked when the 2020 budget will come out. Mrs. Waizenegger indicated that department are submitting their requests for inclusion onto the Mayor's budget which will get worked on during October and then presented to the council at his discretion for finalization in November and December.

Executive Session: The meeting was adjourned to executive session at 7:05 pm for discussion of a contractual negotiation item.

The meeting was reconvened and adjourned at 7:15 pm. Next month's meeting – October 23rd at 6:00pm.