

**City of Port Jervis
Finance/Insurance Committee
Minutes for Meeting August 19, 2020**

Present: Committee Members, Kristin Trovei, Lisa Randazzo, Dominic Santini and Gerald Oney Jr. Also, in attendance were: City Clerk Treasurer Robin Waizenegger and Alan Walther (via Zoom) from Bonadio & Co.

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

Public Comment – None

2019 Audited Financials Presentation - Alan Walther (via Zoom) from Bonadio & Co

Due to the remote nature of his attendance Mr. Walther prepared and distributed a copy of a power point presentation on the audited financials he prepared. A copy of this presentation will be filed with the minutes as he read from the document as the basis of his presentation.

Mr. Walther noted the difficulties financials moving forward during 2020 with the threat of a 20% cut of state aid and revenue shortfalls. It is critical that there be federal aid or a complete turnaround of the economy to avoid drastic cuts.

Mrs. Waizenegger and Mr. Oney noted that this report is indicative of good performance but that the report is as of December 31 and before the impact of COVID-19. Mrs. Waizenegger noted that while the fund balance numbers were healthy as of December 31st that the fund balance is not all in cash and that in fact most is in receivables. She also noted the severe decrease in the Capital Fund as an impact of the City taking on a major project with NYSDOT. She also recommended that the City not take on large projects with NYSDOT and to defer and let them do it without City participation.

Mr. Oney noted that the City only had 14 million of long-term debt which he noted as positive improvement.

The committee members and Mr. Walther noted that the audit was done completely by remote means due to the COVID-19 pandemic which presented a challenge for both the City Staff and his staff. Mr. Walther noted that the City of Port Jervis did a good job despite the obstacles of working this way which many of his other clients are having problems doing.

It was also noted that the remote attendance at the meeting by Mr. Walther is a good experience which allows presenters from a distance to not have to travel.

It was also noted that no council members who voted against the tax cap waiver were present for the financial presentation by our audit firm.

BAN Renewal – Mrs. Waizenegger noted that she will be seeking a renewal of the Bond Anticipation Note which is currently at 5 million dollars which was necessary to finance to NYSDOT Project at approximately one half that value. This is necessary as NYSDOT will be withholding payments of 10% of the total project plus we have cost overruns that we will have to finance through a serial bond that we cannot handle out of our cash flow.

Again, she emphasized not doing any large size projects of this nature in the future.

The committee discussed some of the conditions that resulted in cost overruns inclusive of the delayed start to the project and eminent domain proceedings.

Serial Bond 2021 – Mrs. Waizenegger emphasized the fact that it will be necessary to do a serial bond to finance the unfunded costs of the bridge project and possible a select number of previously proposed capital purchases despite the bad economic data and the limitations of the Tax Cap.

Audit – Mrs. Waizenegger informed the committee that the audit engagement with Bonadio is at an end and she inquired as to the committee's preference regarding contract renewal or bid process. The committee indicated that since it has been at least 6 years with the current firm and as the nature of the audit being done remotely has put more strain on the City's finance team they would like to do a bid process. Mrs. Waizenegger indicated that she will edit the bid documents from the last round of bidding and solicit bids from the firms known to do municipal work.

Old Business:

Surplus Vehicles - Mrs. Waizenegger informed the committee that the auction closed and all vehicles were sold and are in the process of being picked up by their new owners. We expect to net approximately \$28,000.

2018 Tax Lien Sale – Final Notices – Mrs. Waizenegger informed the committee that the final round of notices for redemption on the properties from the 2018 tax lien sale began publication today. She reviewed for the committee the final notice process over the last three months before the final redemption date.

Tax Cap Waiver Proposed Local Law #3 – The committee discussed the possibility of bringing forth the Local Law again through the public hearing process such that it can be discussed throughout the process of dealing with the 2021 budget development, annexation and the possibility of reconsidering its passage. It was noted that Mrs. Trovei will make that motion at the Council meeting noting the fact that all members of the finance committee are in favor of same.

New Business:

Property Auction - Mrs. Waizenegger indicated that the property auction company we used last year notified her that they have been cleared to begin conducting business again and that the COVID 19 restrictions on their business have been lifted. She recommended that if we do another auction she would not recommend doing it at the same time as the tax lien auction to eliminate the confusion between the two processes. She recommends repeating it in April or May of 2021. The committee discussed the pros and cons and debated the possibility of going to local realtors again due to the recent change in the real estate market. The committee also reviewed the most recent information regarding a possible counter-offer on a property sale and will need to refer the issue to the full council as an executive session item.

Engineer fees – Mrs. Waizenegger informed the committee that charges incurred for engineering fees on projects funded by SAM grants with DASNY have been disallowed due to the fact that he is directly related to Jack Farr who is designated by our Charter as a City Officer. She noted that it may be necessary to use a different engineer for grants funded in this manner. The committee noted the issue and stated that it is unfortunate that this restriction is in place when you have an engineer that does quality work. She noted that this restriction is only in relation to fees to be reimbursed and that he can still be used as part of matching funds which are paid by the City.

Tax Search Fee Increase – Mrs. Waizenegger explained that due to the impending difficult budgetary issues to be faced in 2020 and 2021 she reviewed the fees that are generated from her office and noted that while many of the fees charged are under NYS Control and cannot be raised she is recommending an increase in the fee for certified tax searches from \$150 to \$250. She feels that her staff does a lot of work in this process and also provides free updates for 90 days which uses a lot of staff resource time. In addition, we provide a total and all-encompassing search of tax information as well as all other municipal related items such as exemptions, water, sewer, maintenance, vacancy, snow removal and any associated tax lien information. The increase in the fee based on the volume of activity over the past three years should generate an additional \$50,000 in support of her department's salary costs. She would like to see the fee be effective in late 2020 but no later than 1/1/2021.

Fire Truck – Dominick Santini brought up the issue of a purchase of a new fire truck that was discussed at the Fire and Emergency meeting and inquired as to purchase options. It was noted that the usual financing source is a serial bond issue

to spread the cost over 20 years and it was planned for a serial bond issue this year that has been postponed due to the financial difficulties from the pandemic. There is an option of lease financing but that compresses the payments to a ten-year term with a higher interest rate which is unaffordable at the present time. It was noted that the chair of the Fire and Emergency committee stated that it is necessary to do more with less.

DPW Staffing - There was a discussion of a recent event which may necessitate additional cost of temporary staff to cover a vacancy. It was noted that approval of additional staffing will require a Council motion and it will be deferred to the full council meeting. Mr. Oney did obtain clarification regarding that the possible additional costs of temporary labor would be charged through the General Fund.

Executive Session: None

The meeting was adjourned at 7:15 pm. Next month's meeting – September 16th @ 6:00pm.

THE BONADIO GROUP
CPAs, Consultants & More

CITY OF PORT JERVIS

Finance Committee Meeting
August 19, 2020

**Audit of City's financial
statements as of and for the year
ended December 31, 2019**



THE BONADIO GROUP
CPAs, Consultants & More

Finance Committee Summary

- We anticipate issuing an **unmodified opinion** that the financial statements are presented fairly in accordance with GAAP upon Board acceptance. This is the **highest level of assurance** we can give.
- We completed the substantive audit of the City's financial statements remotely – **thank you to all City staff** for your efforts during this difficult time.

Required Communications

- **No new accounting policies** were adopted and the application of existing policies was not changed during 2019.
- There were **no transactions for which there was a lack of authoritative guidance** or consensus and **all significant transactions have been recognized in the proper period.**
- The most **sensitive accounting estimates** reported in the financial statements were:
 - Allowance for uncollectible receivables
 - Useful lives of assets
 - Other post-employment benefits
 - Compensated absences
 - ERS/PFRS pension proportionate shares
- **All estimates were evaluated and considered reasonable.**

Required Communications (Continued)

- There were **no significant difficulties** in performing the audit or dealing with management.
- **Management has accepted and recorded all adjusting entries.**
- There were **no disagreements with management.**
- **We are not aware that management consulted with other accountants.**
- Our **discussions with management were in the normal course of our professional relationship** and our responses were not a condition of our retention.

Financial Highlights

- **Statement of Net Position (page 10)**

- Net position at December 31, 2019 \$6,700.
- Capital assets, net of depreciation of \$54M,
- Current assets (cash, investments, receivables and prepaids) \$16M
- Deferred outflows \$6.6MM
- Total Liabilities of \$70.3MM:
 - OPEB \$43.5M
 - Long-term debt \$14.1M
 - BANs and short term debt \$ 5.1M
 - All other \$5.8M

Financial Highlights (Continued)

- **Balance Sheet – Governmental funds** - (page 12):
 - City has following funds:
 - General – Primary operating fund
 - Section 8 Housing – Self evident
 - Small Cities – Economic assistance
 - Water – Self evident
 - Capital Projects – self evident
 - Sewer – self evident

Financial Highlights (Continued)

- **Balance Sheet highlights:**

- General Fund – Assets \$5.9MM; Liabilities and deferred inflows \$3.5MM; Fund balance \$2.3MM
- Water Fund – Assets \$1.8MM; Liabilities \$139K; Fund balance \$1.6MM
- Capital – Assets \$7.9MM, Liabilities \$7.9MM; Fund balance \$35K
- Sewer – Assets \$678K; Liabilities \$239K; Fund balance \$439K

Financial highlights (continued:

Fund Statement of Revenue, Expenditures and Change in Fund Balance (p14)

- General Fund – Revenue \$14MM; Expenditures \$13.7MM; Increase \$286K
- Capital Projects – Revenue \$18.4MM; Expenditures \$20.2MM; Decrease \$1.4MM
- Water – Revenue \$2.5MM; Expenditures \$2.4MM; Surplus \$100K

Financial Highlights (continued)

- **Results vs. Budget:**
 - General Fund – Excess of \$287K
 - Water Fund – Excess of \$97K
 - Sewer Fund – Excess of \$235K

Other Items

- **GASB 84** pertaining to fiduciary fund accounting was **delayed until December 31, 2020**
- **GASB 87** pertaining to lease accounting was **delayed until December 31, 2022**
- **NYS is likely to reduce aid by 20% because of their budget shortfalls**

QUESTIONS??



THE BONADIO GROUP
CPAs, Consultants & More