

City Council of the City of New Castle
Special City Council Meeting
Town Hall, 201 Delaware Street, New Castle
Tuesday, July 12, 2016 at 6:30 p.m.

Call to order: 6:30 p.m.

Roll Call:

Councilperson Megginson - present
Councilperson Vannucci - present
Council President Ratchford - present
Councilperson Petty - present
Councilperson Di Mondì - present

Also present:

Janet Carlin, City Treasurer
Kathy Walls, Finance Coordinator
William Barthel, City Administrator

President Ratchford opened by explaining that the meeting purpose is to review the FY15 audit completed by Vincent Barbone of Haggerty and Haggerty, PA.

Mr. Barbone stated the audit being reviewed is for the fiscal year ending June 30, 2015 and is the first year of full accrual accounting. He reviewed each page of the audit with Council, City Treasurer Janet Carlin and Finance Coordinator Kathy Walls. Page 7 and 9 of the report are new with the purpose of reconciling the statements from the previous year. Both City pensions are overfunded. Mr. Barbone was pleased to advise that he is presenting an unmodified report at all levels.

Councilperson Di Mondì stated that the audit was scheduled to be completed earlier. City Council passed the budget for FY17 without the advantage of the audit report. Mr. Barbone responded that the audit was difficult to complete due to the need to determine the value of the City owned infrastructure. That process took more time than anticipated. He agrees audits should be done within six months of close of the fiscal year. Mr. Barbone pointed out that the audit simply verifies the numbers as reported and the numbers were available to Council. For the last two years, there have been no major adjustments.

President Ratchford asked for confirmation that the conversion from modified cash to full accrual accounting is complete. Mr. Barbone replied that it is and that future audits will be simpler without the need to bridge the different methods. He anticipates having the FY16 audit available for the November Council meeting.

The President asked for Mr. Barbone's perspective on the City's Reserves and Working Capital. Mr. Barbone's experience is that it is best to borrow when you are in a good bargaining position and have reserves. Banks will give a better interest rate to entities in good

financial shape. Waiting until there is a crisis results in the higher borrowing costs. He recommends that the City have a line of credit.

Councilperson Di Mondri state that the City has always had a link of credit for emergencies. He believes that the City shouldn't borrow money when they don't have to. Mr. Barbone replied that he has seen situations where an entity thought they had adequate reserves but due to unforeseen incidents, they did not.

Motion, Discussion and Vote on Resolution 2016-30 to approve the FY15 City Audit.

The **Motion** to consider Resolution No. 2016-30 was made by Councilperson Petty and seconded by Councilperson Vannucci.

President Ratchford read the resolution.

Resolution No. 2016-30 passed unanimously.

The **Motion to adjourn** was made by Councilperson Petty, seconded by Councilperson Megginson and **passed unanimously**. Council adjourned at 7:05 pm.

Respectfully submitted,

Janet Wurtzel
Clerk of the City of New Castle