

City Council of the City of New Castle
Special City Council Meeting
Town Hall, 201 Delaware Street, New Castle
Tuesday, January 10, 2017 at 6:30 p.m.

Call to order: 6:30 pm

Roll Call:

Councilperson Megginson – present
Council President Ratchford – present
Councilperson Petty – present
Councilperson Di Mondì – present

Also present:

Janet Carlin, City Treasurer
Daniel Losco, City Solicitor
William Barthel, City Administrator
Kathy Walls, Finance Manager

New Business

2016 Audit Review – Haggerty and Haggerty

President Ratchford invited Mr. Barbone of Haggerty and Haggerty, City Treasurer Janet Carlin and Finance Manager Kathy Walls to sit at the table with Council.

Mr. Barbone advised that the audit is of 2016 as compared to 2015. The City adopted accrual basis accounting in FY15, so this is first audit with a year of full comparison. There have been no changes to the accounting rules.

Mr. Barbone described each page of the audit:

Pages 1 and 2 are reports and opinions. It is a “clean opinion” with no concerns expressed.

Page 3 shows the assets and liabilities that are owned or owed by the City. Assets increased in value while liabilities decreased which is a good trend. Infrastructure improvements caused the increase in value.

Page 6 are the traditional statements governments use to budget from year-to-year. The report includes a comparison of two years of the financial situation of the City. The line called “Unassigned funds” is the amount the City has available to balance the budget in future years.

Page 7 is the reconciliation between the two reporting methods.

Page 8 shows revenue and expenditures. Both increased in 2016 as compared to 2015 but the City ended with a higher surplus at 2016 year end.

Page 9 is a reconciliation report.

Pages 10 to 14 describe the accounting policies used to generate the reports.

Page 15 shows the City’s deposits are fully collateralized.

Page 16 describes any changes in property and equipment assets.

Page 17 lists the debt obligations of the City. Long term debt decreased in 2016.

Pages 18 to 24 are the pension disclosures. The pension plans are funded. These are State pension funds that the City participates in and the City has no control over the balances. Page 25 and 26 is the disclosures of City leases.

Page 27 is the disclosure of changes required to convert to accrual accounting.

Page 28 is the 2016 budget vs actual expenditures. Revenues were greater than budgeted and expenditures were less than budgeted.

Pages 29 to 32 are additional disclosures required by government accounting standards.

Pages 33 to 38 are additional details of grants.

Councilperson Di Mondri made some observations:

1. The surplus is coming from excess transfer fees and should be equated to a five year average. The surplus can't be taken into consideration for long range planning.
2. Police fines decreased by 50% and it needs to be addressed. Councilperson Di Mondri is not talking about quotas but more emphasis on speeding. There is a need to focus on quality of life issues.
3. The cost of administration went up \$75,000. Mr. Barbone responded that people retired in 2015 and if that distortion is accounted for, the Administration spent less. He offered to add a note to the report for clarification.

President Ratchford asked Mr. Barbone for any suggestions. Mr. Barbone replied that there are no serious concerns and no evidence of mismanagement or fraud. He has made some recommendations for changes in housekeeping items and added that City personnel are still getting used to the protocols for the accrual system.

Councilperson Di Mondri thanked Mr. Barbone for submitting the audit report on time.

Mr. Barbone praised the City for paying attention to the recommendations of previous audits and specifically noted that the City has collateralized all deposits.

Motion, Discussion and Vote on Resolution 2017-01 to approve the FY16 City Audit, as presented by City Auditor.

The **Motion** to consider Resolution No. 2017-01 was made by Councilperson Di Mondri and seconded by Councilperson Petty.

President Ratchford read the resolution.

Resolution No. 2017-01 passed unanimously.

The **Motion** to adjourn was made by Councilperson Petty, seconded by Councilperson Megginson and passed unanimously. Council adjourned at 6:57 pm.

Respectfully submitted,

Janet Wurtzel
Clerk of the City of New Castle