

City Council of the City of New Castle
Special City Council Meeting
Town Hall, 201 Delaware Street, New Castle
Tuesday, January 16, 2018 at 7:30 p.m.

Call to order: 7:58 p.m.

Roll Call:

Councilperson Leary - present
Councilperson Quaranta - present
Council President Ratchford - present
Councilperson Platt - present
Councilperson Di Mondì - present

Also present:

William Barthel, City Administrator
Janet Carlin, Treasurer
Vince Barbone, City Auditor- Whisman Giordano & Associates, LLC
Sherry Garris, Manager - Whisman Giordano & Associates, LLC

Second Reading of Ordinance 514; An Ordinance to amend the City Code Chapter 209, Street and Sidewalks, Article I, clarifying the duty of property owners and occupants to maintain sidewalks adjacent to their premises.

President Ratchford noted that the Ordinance had been posted on the website, and a second reading was dispensed with.

Motion, Discussion and Vote on Ordinance 514; An Ordinance to amend the City Code Chapter 209, Street and Sidewalks, Article I, clarifying the duty of property owners and occupants to maintain sidewalks adjacent to their premises.

President Ratchford for a motion for discussion and vote on Ordinance 514. Motion was made by Councilperson Leary and seconded by Councilperson Di Mondì.

President Ratchford read the Ordinance (by title only)

President Ratchford asked for comments by Council.

Councilperson Leary stated that she agreed that the Ordinance should be tabled, but would like to see items within the Ordinance more clearly defined. There is concern regarding the property owner being responsible, regardless of the cause. The lines of responsibility need to be defined. Councilperson Leary also stated she would like to see the City be responsible for the ADA curbs; not individual homeowners.

Mr. Barthel stated that it has been the City's policy to install the ADA curbing. Mr. Losco asked if the City installed an ADA curb and in 15 years it is in disrepair, who would be responsible for

the replacement. Councilperson Leary said the curb/gutter needs to be better defined, and the City could look at interest free loans for residents that needed them.

Councilperson Platt said he would like to see curbs and gutters taken out of the Ordinance. He said he would like to see where the property lines fall in reference to the sidewalk, gutter, and street.

President Ratchford, said we should look at obstructions in the scope of the Ordinance.

President Ratchford asked for Motions.

Councilperson Platt moved that curbing and gutters be removed from the Ordinance. Second by Councilperson Di Mondì.

Motion passed unanimously.

Councilperson Di Mondì made a motion to finance lower income residents who qualify for tax exemption status. Financing over a five year period, with no administration fees or interest.

Discussion on who would qualify for the financing, and how the work would be accomplished.

Mr. Losco asked if Council would like to see the administrative fee and interest rate changed.

Councilperson Quaranta asked for a range of different options, as well as what other municipalities in the area have used. Do they have fees, have they been enforced, and have they helped.

President Ratchford made a motion that the City be responsible for installing ADA curbing in the City. Second by Councilperson Leary.

Councilperson Quaranta questioned whether residents should be responsible for replacing or repairing ADA curbs after installation. Discussion regarding ADA curbs and sidewalks.

President Ratchford withdrew her motion.

A motion to table Ordinance 514 was made by Councilperson Quaranta, and seconded by Councilperson Leary. Vote to table Ordinance 514 was passed unanimously.

New Business 2017 Audit Review – Whisman, Giordano & Associates, LLC

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

Ms. Garris advised that she had been working on the City's Audits since 2013. There have been no new accounting standards or pronouncements in this audit. There are some new ones on the horizon, and they will discuss them with management as they become relevant.

Ms. Garris described each page of the audit:

Pages 1 and 2 are the audit reports. Ms. Garris said they issued multiple opinions on the City Audit, all reports are clean, which is the highest opinion issue, and they are unmodified

Councilperson Quaranta asked if there was a management audit.

Ms. Garris said they do look at controls, and if appropriate they make suggestions. There was a management letter issued last year, and the issues were resolved, with nothing new to report this year.

Page 3, 4 & 5 are governmental statements, which included capital assets of the City. Total assets of the City increased approximately 1.1 million dollars.

President Ratchford asked for the reason of the increase. Ms. Garris said the Pier was completed and that added to capital assets, and the City collected more taxes than last year.

Total liabilities have decreased by approximately \$380,000. which means we are paying down debt. This includes vehicle leases. The total net position increased by 1.9 million.

Councilperson Quaranta asked why there was a decrease in pension liabilities. Ms. Garris explained that the two City pension plans are run by the State of Delaware and they are actuarially determined by the State and some of their actuarial calculations causing the decrease.

Pages 4 & 5 show the City's statement of activities, expenses vs. income to offset them.

Page 6 are the traditional statements governments use to budget from year-to-year. The General Fund is the Operating Fund. In the General Fund, total assets increased by \$785,000. The cash increased by approximately \$820,000. This was due in part to unusually high increase in transfer tax collections. The unassigned fund balance increased by \$781,000.

Mr. Barthel stated that this included road projects that were moved to this year.

Under public financing sources, proceeds from the sale of capital assets the City collected \$61,000 more than budgeted. The amount budgeted for Municipal Services was only off by \$651. Overall the net change in fund balance increased by 1.3 million dollars. There were no material violations in the budget.

Page 7 is the reconciliation between the two reporting methods.

Page 8 shows revenue and expenditures by category. Ms. Garris stated she wanted to go through the detail as budget vs. actual on page 28.

Page 28 Total revenues collected was \$554,000 more than budgeted, a big part of this was the real estate transfer tax. Under expenditures, the City spent \$700,000 less than budgeted.

Page 9 is a reconciliation report.

Pages 10 to 14 describe the accounting policies used to generate the reports; there were no changes from the prior year.

Page 15 shows the City's cash and cash equivalents. Ms. Garris noted that they had suggested a few years ago that the City collateralize the funds, as they were mostly held in one bank. The City has done that, so the first \$500,000 in the bank is covered by the FDIC, and the rest is collateralized. This page also disclosed that the City received donated water and electric service from Municipal Services in 2016 and water service only in 2017.

Page 16 shows any capital assets. The major addition to this are the Pier and street work. President Ratchford noted that the City worked with W&G to estimate the value of all the City assets. This would put the City in a better position should it need to borrow money.

Page 17 explains that we have commercial insurance policies to cover any potential risks, and shows any long term debt obligations, which include accrued employee benefits as well as three vehicle leases.

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.

Councilperson Quaranta asked if all the City pensions are with the State. Kathy Walls said that there are two separate pension plans but both are run by the State.

Page 25 and 26 is the disclosures of City leases.

Page 27 is the disclosure of the hierarchy of generally accepted accounting principles, this is a standard disclosure.

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. Mr. Barbone explained the State pension funds, saying that they are included in the City audit even though they are run by the State.

Pages 33 to 38 are additional details of supplementary funds and grants so you can see how those funds are being managed.

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 had 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 Quaranta asked what the auditors thought might be our greatest weakness or liability.

Ms. Garris stated that the City really does not have any significant liabilities, which is a credit to Council and management.

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 2018-03 to approve the FY17 City Audit, as presented by City Auditor.

The Motion to consider Resolution No. 2018-03 was made by Councilperson Quaranta and seconded by Councilperson Platt. President Ratchford read the resolution. Resolution 2018-03 passed unanimously.

The Motion to adjourn was made by Councilperson Leary, seconded by Councilperson Platt and passed unanimously. Council adjourned at 9:11 p.m.

Respectfully submitted,

Kimberly Burgmuller
City Council Secretary