

COMMITTEE OF THE WHOLE MEETING MINUTES

TUESDAY, MARCH 9, 2021 – 6:30 p.m.
VIA ZOOM

IN ATTENDANCE WERE: ALDERMEN CRAWFORD, WITTE, PANUS, GONZALEZ, ROBINSON, AND ANASTASIA. OTHERS: MAYOR WILLIAM AIELLO; LENS MARTIAL, CITY CLERK; FRED SARADIN, CITY AUDITOR; KERI KERPER, COMMUNITY DEVELOPMENT PROGRAM COORDINATOR; BOB RING, DIRECTOR OF PUBLIC WORKS; TIM RICHARDSON, FIRE CHIEF; TIFFANY TAYLOR, MANAGERIAL CONFIDENTIAL ADMINISTRATIVE SECRETARY, DAVE DITANNA, BUFFAMANTE WHIPPLE BUTTAFARO, P.C., AND JUSTIN ISAMAN, BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Alderman Crawford called the meeting to order at 6:30 p.m. and asked that the record show that all Aldermen were present.

1. 2019-2020 FY Audit Presentation – Buffamante Whipple Buttafaro, P.C.

Mr. DiTanna explained that the goal tonight is to walk through the highlights of the audit. He explained that each Alderman has received an audit report that tells a nice story of the City's finances. He explained that Justin Isaman is a Manager CPA with BWB who has been an integral part of the City's audit for many years.

Mr. Isaman explained that the Independent Auditor's Report reflects a clean opinion with one modified paragraph. He explained that the findings in the preparations of the financial statements are similar findings that have been reported for a few years now. He explained that one finding is related to the City utilizing BWB as a third party independent auditor to perform the audit.

Mr. Isaman explained that the item "Capital Project Internal Controls" has been in the audit for a few years. He explained that the City has complied with a majority of the recommendations. He explained that the only part of the finding that is left to address is related to budgets and doing budget to actual comparisons regularly to ensure that projects are not going over budget.

Mr. Isaman explained that there is a finding regarding prior period adjustment for federal and state grants. He explained that there were significant reclassifications of revenue from State to Federal sources related to the timing of Federal money and how it was recognized. He explained that since the funding was originally reported as State and then moved to Federal, the audit wasn't able to be done within the deadline, which is required. He explained that unfortunately the way State and Federal funds flow into the City, it is difficult to identify how it is sourced.

Mr. DiTanna explained that he has had discussions with the Mayor, Mr. Saradin, Mr. Ring and Ms. Kerper regarding this. He explained that there could be significant Federal dollars that flow

into the City because of the stimulus. He explained that grants are relatively small in nature on their own as they don't usually exceed \$750,000 but when you add grants up in multiple departments it could be a large number. He explained that he thinks that the comment is really saying that quarterly all stakeholders should get together to discuss all projects going on and identify if there is Federal or State funding. He explained that money can flow through the State but be Federal in nature. He explained that this comment warrants additional communication by everybody, and he feels that this is good timing because of the Federal dollars that are out there.

Mr. Isaman explained that the main drivers in the changes of liabilities are the police and fire retirement systems. He explained that both systems have actuarial studies done each year to calculate the assumed liabilities. He explained that the changes in expenses on the Statement of Activities is really related to changes with these. .

Mr. Isaman explained that tax bills for the City go out right before May 31st and we start to receive some payments prior to the end of the fiscal year. He explained that the payments related to the following fiscal year create a cash account and liability. He explained that the effect is a timing difference depending on whether the deposits go in before or after the year end. He explained that this year there were fewer deposits than last year which is driving assets and liabilities down. He noted that there is a \$458,000 increase to the unassigned fund balance so there are good operations in the General Fund. He explained that there is very minimal change in the revenue and expenses in the General Fund going back five years. He explained that expenditures were between \$16.2 million and \$16.8 million which shows a very good control of costs.

Mr. Isaman explained that the Water Fund saw an overall increase of \$47,000 so there were positive operations. He explained that the Water Fund revenue was up around \$102,000 which is an increase of about 2%. He explained that this is really related to rates, and usage is up a little bit. He noted that expenditures were down around \$150,000 which is what drove operations. We are adding around \$130,000 of equity into the Water Fund balance.

Mr. Isaman explained that there is a decrease in fund equity of about \$101,000 in the Sewer Fund. He explained that he believes at one point during the year \$85,000 was moved from the fund balance into an expense code. He explained that this shows that we were anticipating a lot, and it ended up being a bit higher than that. He explained that the Common Council passed a resolution which shows that this was an anticipated loss, not unexpected.

Mr. Isaman explained that Sewer Fund revenues increased by about 6% which includes an increase in rates as well as an increase in usage. He explained that expenditures have increased over the five year period from \$3 million to about \$4.2 million which is related to the work done at the wastewater treatment plant. He explained that there was debt added to the books that is funded by the sewer department each year. He explained that the DEC orders require that we comply with their rules, which is really driving costs in the Sewer Fund. He explained that over the last five

years, we can see how the results have been affecting the Sewer Fund. Mr. Isaman explained that we have been able to change the equity balance from \$1.5 million to a bit above \$2 million.

Mr. DiTanna explained that the actuarial study of the police, fire and general employees' retirement system valuations drive what gets recognized as an expense. He explained that when you add a three funds total expenses in 2020 the total is \$24.6 million, while it was also \$24.6 million in 2019. He explained that the revenue for 2020 is \$24.9 million versus \$24.6 in 2019 which is consistent with an increase of 1.5 percent. To summarize, 2019-2020 was very financially consistent with 2018-2019. He explained that if you look at the graphs there is not really a tremendous amount of major swings. He explained that the City has been very consistent with revenues and expenditures. He explained that the City is not bringing in additional revenues and for the most part we are just holding our own.

Mr. Isaman explained that the Management Letter really has a lot of repeating comments that have been a part of the audit for several years. He explained that there is a footnote regarding capital projects. There are two groups of capital projects: the first includes those with anticipated revenues to offset deficits, whether grant related or not; the other includes five older projects with a total deficit of \$178,000 with no sources of funds coming in right now so they will need to be closed with a transfer of funds from the General Fund. He explained that the biggest account is for the North Union Street project which consists of a \$150,000. He explained that the deficit could go to \$460,000 because of ongoing litigation.

Mr. Isaman explained that the COVID-19 pandemic is really bringing attention to CARES funding. He explained that funding may be coming into the City, and we really want to make sure to use that as intended and to look out for possible grants.

Mr. Isaman explained that the OATS Reserve is where a lot of revenue and surplus from contracts gets stored. He explained that at the end of the year the number needs to go out of the capital project funds. He explained that the letter includes a comment that if there is no plan to use the reserve in capital nature that it may not make sense to have it recorded in the capital project fund. He explained that if it is housed in the capital project fund that it really should be intended for capital projects. Mr. DiTanna explained that operational expenses might belong more in the General Fund for that specific program. He explained that he does not think that we are doing it incorrectly, just that it may be worth talking about and evaluating where it would make the most sense to report it.

Ms. Kerper explained that there is a specific way that she needs to report the funding to the New York State DOT. She explained that she will look into this and she may need to have a conversation with the State because they require that the funds go into the capital account. She explained that she can coordinate a call with the State and BWB.

Mr. Isaman explained that there is a clean Governance Letter attached to everything. He explained that this communicates that there were no issues conducting the audit and no disagreements with management or issues obtaining information.

Alderman Crawford explained that he highly recommends that each Alderman read BWB's opinion and Management Letter. He explained that it gives a good outline of the policy issues that the Council and City could possibly address, as well as best practices and ways to improve controls.

2. PL #09-21: (Aiello) To authorize the Mayor to sign and submit two grant applications to the New York State Department of Transportation under the BRIDGE NY program for costs associated with the replacement of the Front Street Culvert at Johnson Brook and the Brook Street Culvert at Kings Brook.

Mr. Ring explained that we have received notice of a funding opportunity for bridge and culvert projects funded by the State. He explained that we applied for and were unsuccessful in obtaining this grant in 2019 for the Front Street culvert, and he would like to submit again for this as well as for the Brook Street culvert. He explained that we have been having issues with that creek bed. He explained that these are two separate applications and that the City is eligible for up to three projects. He explained that the application has a short turnaround time and he is just asking for permission to apply at this point. He noted that the projects would be 100% funded if we were to receive the grants.

Alderman Crawford asked what the timeline is for this grant. Mr. Ring explained that he has already sent an RFP out to consultants to get the ball rolling. He explained that preapplications are due in mid-April. He explained that the City would score points for sending in the preapplication. He explained that there are still a lot of details to work out. The final applications are due in May and the City would hear back towards the end of the year.

A motion to approve PL #09-21 was made by Alderman Panus, seconded by Alderman Witte. Voice vote, ayes all. Motion carried. Referred to Regular Meeting for Resolution.

3. Adjournment

A motion to adjourn was made by Alderman Crawford, seconded by Alderman Witte. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 7:05 p.m.