

"A Historic Past"



"A Bright Future"

CITY OF DELAWARE CITY

407 Clinton Street - P.O. Box 4159
Delaware City, Delaware 19706
302-834-4573

**MINUTES
AUGUST 21, 2017
CITY OF DELAWARE CITY
MAYOR AND COUNCIL MONTHLY MEETING
PAUL H. MORRILL, JR. COMMUNITY CENTER
250 FIFTH STREET
6:30 p.m.**

CALL TO ORDER – MAYOR AND COUNCIL MEETING

The Honorable Mayor Green called to order the Regular Meeting of the Mayor and Council at 6:30 pm.

PLEDGE OF ALLEGIANCE

Mayor Green led the Pledge of Allegiance to the Flag.

ROLL CALL

Present were The Honorable Mayor Green and Vice Mayor Malinowski along with Council Members Barrett, Titus, Fitzwater and Greene. City Manager Houck, City Treasurer Hartman, City Secretary Hanna, City Solicitor Walton, Police Chief Baylor, and Assistant City Clerk Clifton were also in attendance. Joining the meeting was City Auditor Vince Barbone and Mr. Matt Boyer.

ACTION UPON THE TREASURER'S REPORT

Mayor Green asks for a motion to forgo Treasurer's Report(s) until the forensic review is completed and City Manager Houck is able to submit accurate information. Council

Member Titus makes the motion and Council Member Barrett seconds it. All were in favor.

ACTION UPON THE MINUTES OF THE PREVIOUS MEETING

Minutes from July 17, 2017

Council Member Titus pointed out a correction in the spelling of a name. There were no questions or comments. The motion was made to accept the minutes with correction by Council Member Titus and was seconded by Council Member Fitzwater. All in favor, the minutes were accepted.

Minutes from August 8, 2017

Mayor Green asked to have the following added to the Roll Call, "absent with advance notice." There were no questions or comments. The motion to accept the minutes with addition was made by Council Member Barrett and seconded by Council Member Greene. All were in favor. The minutes were accepted.

POLICE REPORT

The Year-to-Date Statistics:

- Chief Baylor tells Council not to be alarmed at the increase in numbers. The numbers reflect officers are on patrol and it means people are reporting crimes when in the past they were only reporting the obvious. This is a good thing because: it allows the Police Department to better know what is going on in the city and how to address it and to seek funding in terms of grants to help our police.

Report of Search Warrant Served:

- A search warrant was served at a residence on the 900 block of 5th Street after attempts for peaceful resolution failed. Delaware State Police and the Delaware State Alcohol Beverage Control Agents went in with 32 officers. The charges against the homeowner were many (from underage drinking to suspected prostitution). The homeowner was arrested along with another individual. Tag numbers were recorded of other participants. Chief Baylor strongly states that there is no tolerance for people who disrupt the quality of life in Delaware City.

Animal Control:

- A cyclist was attacked while riding on the trail. Animal Control was called in and the dog's owner was cited and warned if it happens again the dog will be taken away. Measures will be taken against homeowners who allow their dogs to run free.

Increased Traffic:

- From Thursday through Sunday there is an increase in visitors coming into town. This is good for the commercial business but is making it difficult for our residents for parking. We are warning people first on parking violations before we take action. But anytime it's a code violation a ticket will be issued which is a \$280.00 fine.

Chief's Closing Remarks:

- The Chief is pleased with the direction the department is going and appreciates the support of Mayor and Council and our City Manager. He welcomes input on the job the Police Department is doing because they strive to always do better.

Council Comments and/or Questions:

- Council Member Barrett commends Chief Baylor on the performance of the Police Department regarding the raid on the 900 block of 5th Street.

- Mayor Green applauds the efforts of the Police Department and further expanded the on what 'active patrol' means. He defines it as the only way to measure crime prevention is when you are on active patrol and your crime rate starts to decline or you have stopped something from happening because you are there. It's also important to our youth to know they can approach an officer if there's a need.

Concerning the raid, the officers wear body cameras and there have been no reports of force issued or a complaint, which says, correct procedures along with protocol was demonstrated.

CITY SOLICITOR'S REPORT

City Solicitor Walton reported the following:

- Worked on the August 8, 2017 Special Meeting
- Worked on the matter that brings us here tonight to address

Joining him tonight is his colleague, Matt Boyer.

There were no questions for City Solicitor Walton

APPOINTMENTS, ANNOUNCEMENTS, COMMUNICATIONS

The Mayor did not have any appointments, announcements or communications.

REPORTS FROM COMMITTEES

Main Street - Mr. Tim Konkus

- The Farmer's Market continues to operate rain or shine until October. Hours are 8 a.m. until Noon. EBT and debit cards are accepted.
- Music in the Park - the final performance in the concert series will present "Nice Like That". The location will be at the ABA, Central Hotel. 5:00 until 6:30 p.m.
- River Towns Festival - New Castle & Delaware City on Saturday, September 16, 2017. Free shuttle service will be available for visitors between the two towns. Activities will include sanctioned time trials for registered racers; recreational races; children's activities; craft beer festival; scarecrow making and the British Car Show. Also the free guidebook allows those who want to advertise their business for the coming year.

Library Committee:

- Pub Trivia - Upcoming Fund Raiser, August 22, 2017 at Lewinsky's. 20% of the evening's proceeds will be donated to the library.
- Survival Football League is recruiting new participants. Please register at the library in person, by email or phone by August 31st. Telephone number - 302 834-4148. Email - alexandra.monroe@lib.de.us
- September is Library Card Month. There will be different events and promotions during the month to sign up for or renew your library card

CITY MANAGER'S REPORT

City Manager Houck presented the following:

- We are awaiting the draft agreements from New Castle County regarding sewer agreements for Fort DuPont.

- We have submitted the Revolving Loan Application for consideration to facilitate the replacement of water meters. The benefits of this loan, if approved, will be used to evaluate Delaware City's Water Utility and assist in the recommendations to Mayor and Council regarding our water system operations. We are also currently engaged with the State of Delaware consultant to consider the sustainability and financial viability of our water utility. This also will assist in our evaluation and decision-making.
- On Friday, August 11th the request was submitted to the Delaware Emergency Management Association for a 16-month extension to the completion of the Washington Street Flood Mitigation Project. There has been no response from them to date.
- Mayor Green, Council Member Titus and City Manager joined the celebration of the National Airborne Day here in Delaware City. The attendees were very appreciative for our support and recognition of their service.
- Steps have been taken to outsource the management of payroll in an effort to reduce the time spent on this aspect of operation and should be implemented by September.
- City Manager had the honor of attending the Historical Marker Dedication at the African Union Church Cemetery.
- Also attended meetings to become acquainted with the Fish Return Project that the refinery is working on.
- We will be reengaging Edmonds to facilitate the implementation of the new financial software that was originally started in 2015. Software has been installed and some training took place but it may be necessary to repeat due to the late launch. The cost of the software is \$56,300 and has not yet been paid.
- The annual 2016-2017 audits have begun per Council's approval at the July 17th meeting. Their assistance has been enlisted to evaluate the Treasurer's reports in regards to recent reporting errors.
- Efforts are underway to sell ad space in the visitor's guide for the River Towns Ride and Festival program. A number of professional ads with the goal of subsidizing the cost of Police personnel for the event have been secured.

A listing of meetings City Manager attended the month of July in her report. There were no questions for City Manager or discussion on her report.

OLD BUSINESS

There was none.

NEW BUSINESS

Mayor Green asked for motions to table the three (3) items under New Business until next month.

- No Parking on Clinton Street on the Birders' Side of the Street - Vice Mayor Malinowski made the motion to table this item. Council Member Titus seconded it. The roll call to table this item was 4 ayes and 1 nay. Item was tabled.
- Parking Meters on Clinton Street between Front and Harbor Streets - Council Member Titus made the motion to table this item. Vice Mayor Malinowski seconded it. The roll call vote was all ayes. The item was tabled.

- Handicap Parking Signs & Time Limits in front of Post Office -Vice Mayor Malinowski made the motion to table this item. Council Member Titus seconded it. Roll call vote was 4 ayes and 1 nay. The item was tabled.

MAYOR & COUNCIL COMMENTS

Council Member Barrett - no comments

Vice Mayor Malinowski - Attended Planning Commission Meeting, dedication of the historical marker at the African Union Cemetery

Council Member Fitzwater - Expressed frustration that the 3 parking issues were tabled.

Council Member Titus - Would like to have a discussion on next month's agenda on the availability of public restrooms to accommodate the needs of visitors.

Council Member Greene - wished to address the comments Mr. Buchheit made about her at the last meeting. Mayor Green asked that she wait until it was time for Citizens' Comments. He asked her to leave Council table to speak as a citizen. City Solicitor Walton added that is was a general matter and not part of the agenda.

Mayor Green - Attended the luncheon on August 16 honoring National Airborne Day to present the proclamation of their valiant service to America. Mayor attended the dedication of the historical marker at the African American Cemetery where he read a tribute of respect and honor for the sacrifice the five (5) colored soldiers and the one unknown who are laid to rest there gave on behalf of freedom. Mayor closed his tribute with a quote by Martin Luther King, Jr. "At the center of non-violence stands the principles of love."

CITIZENS COMMENTS

Mayor Green asks that respect be shown to each speaker by allowing him or her the three (3) minutes to speak.

Helene Malgiero, 311 Monroe Street:

Thanks Chief Baylor for the action taken to putting a halt to the lewd and lascivious activity occurring at the residence on the 900 block of 5th Street. She also asks what is being done about the drug problems in town. She has witnessed the activity of the dealers and users.

Mayor Green advises Ms. Malgiero as well as the audience that if a question can be answered it will be. If not, it will be taken under advisement and followed up.

Jonna Yetter, 320 Adams Street

Inquired about the status of the variance regarding her neighbor's new driveway, which encroached on her property. City Manager Houck explained it was tabled at the Planning Commission meeting and will be re-opened at the September 11 meeting when the Code Inspector can be present. Since Ms. Yetter is unable to attend that meeting, City Manager suggested she submit her questions and comments in writing and she will personally present them at the meeting on Ms. Yetter's behalf.

John Buchheit - 210 Clinton Street

Brings attention to the continued harassing comments placed on Facebook by Council Member Greene. He strongly urges Council to take action to remove Council Member Greene. He asserts he will take legal and liable action against Delaware City if Council does not act immediately. He offered evidence to refute the claims of Council Member Greene that he had made harassing telephone calls to her. Mr. Buchheit was told to give his evidence to City Solicitor Walton.

Laurie Adams - 32 Clinton Street

Ms. Adams addressed Council making a formal complaint against Council Member Greene. Ms. Adams made known she took seriously the comment Council Member Greene made about "going down there to kill him". She takes these threats personally and feels a great obligation to protect the safety of her employees at the ice cream parlor.

In Ms. Adams comments she quoted incorrectly Chief Baylor as saying 'in the past crimes were not reported but covered up.' The Chief took exception to that comment and reiterated what he had said, 'crimes were not reported except for the obvious'. The word cover-up denotes something that is wrong.

Kelly McVey - 525 Clinton Street

Ms. McVey had worked for Mr. Buchheit in the past and knows he does run a reputable business. However, regarding death threats, she says she has them on her messenger from Mr. Buchheit to Council Member Greene as well. She says Council Member Greene deserves her time to speak.

Mayor Green says in all fairness he wants everyone to show respect and to listen carefully allowing Council Member Greene her time to speak. He stated he was giving her the amount of time she needs and she will be the last speaker for the evening.

Natalie Greene

Ms. Greene passed out a police report to Council and says this is her police report. She presents the rest of her information via video showing the dates, times, and audio of the calls she received. She also had geo mapping on each call and was able to note the origin of the calls. She explains the meaning of the term Mud-shark and Mudskipper and says Mr. Buchheit is the only one who uses that term towards her and her children. Ms. Greene said she has not been the only one who has been attacked on Facebook by Mr. Buchheit and names two others who he made derogatory accusations of character against while they were running for Council seats.

RECESS MAYOR AND COUNCIL MEETING

Mayor Green asks for a motion to recess the Mayor and Council Meeting for 10 minutes. Council Member Titus makes the motion, which is seconded by Vice Mayor Malinowski. All members were in favor.

**OPEN EXECUTIVE SESSION
TO DISCUSS PERSONNEL MATTERS
August 21, 2017**

Mayor Green turns this part of the meeting over to City Solicitor Walton to explain the rules of engagement and protocols associated with it.

City Solicitor Walton begins his explanation of the proceedings:

- Under FOIA, an Executive Session may be called pursuant to Section 1004 of Title 21. It further states personnel matters remain confidential unless the employee requests it to be open.
- After speaking with City Treasurer Hartman, City Solicitor clarified that no action would be or could be taken at this meeting in respect to her position as treasurer.
- Council was also advised to not take any vote relating to the position of treasurer. This is to be an establishment session.
- City Treasurer Hartman requested this be an open session. It does not mean that it is open for public debate.
- Generally employment records are confidential. City Treasurer was advised that opting for an open session would make her employment records pertaining only to this session a matter of public record. She waived her rights to confidentiality in this proceeding.
- Generally in Executive Session the employee would not be allowed to speak, especially when it's a status report. City Treasurer has asked to speak.
- City Manager will open the proceedings with her statements advising Council of the employment situation and what actions she has taken to date. Council may ask questions at the end of her statement
- City Manager has also requested the City Auditor to speak. Council may ask questions of him.
- Following, City Treasurer Hartman will speak. Once her presentation is complete Council may ask her questions.
- At the end, questions will be entertained at the extent they can be answered in public session. If under attorney/client privilege answers are declined, they will be provided in writing to Council.
- Once the questions are completed, the Executive Session will be closed and there will be no public comments.

Reason for the Executive Session

- Section 1-04 of the Delaware State Charter says, only 4 council members or 3 council plus mayor may remove the treasurer.
- However under Section 9-04A the City Manager has the right to hire or fire a city employee.
- Mayor & Council sit as an appeal board for a decision of the City Manager. Council will review the actions and decide what is in the best interest of the City and will be done at a later meeting.

City Solicitor Walton again reiterates that this session is not open to public comment. The action of Council will take place at a later date and is up to them to decide if public comment will be entertained.

City Manager Houck

City Manager Houck opened her presentation to Mayor & Council by presenting an overview of the performance of City Treasurer Hartman and how it is impacting her responsibility to the City.

- Interactions with Ms. Hartman regarding the financial accounting have been cumbersome, unhelpful, and fraught with inaccuracies. To date no clear picture of the City's financial position is available. Ms. Hartman maintains a defensive attitude when questioned.
- Concern grew since the inaccuracies in the May report carried over to the June report and Ms. Hartman did not accept responsibility or correct it.
- August 2, 2017 Ms. Hartman was placed on a Performance Improvement Plan (PIP)
- Because the June report continued to be inaccurate, City Manager requested at the July 17 Mayor & Council Meeting an audit be done stating she had no confidence in the reports even though corrections had been made. She suspects the errors go further back than May 2017.
- The findings of the annual audit with the added scope revealed what City Manager believes are grounds for her recommending that Mayor & Council withdraw Ms. Hartman's appointment as City Treasurer.
- City Manager calls Mayor & Council's attention the midway review of Ms. Hartman's PIP dated August 16.
- Referring to the midway review the launch of the 2017 audit revealed additional significant concerns:
 - Excessive journal entries - prime signs of sloppy bookkeeping, theft, or fraud.
 - Bank reconciliations discrepancies.
 - The general ledger does not agree with bank reconciliations causing the cash to be overstated by approximately \$200,000.
 - Loan proceeds being reflected twice
 - Failure to close an account after refinancing leaving \$9,000 at risk
 - Grant aid discrepancies
 - General Fund notes Delaware City Day \$36,000
 - No follow-up to collect money owed in taxes
 - Confirmation that no separate reserve, surplus or rainy day account exists
- Audit revealed that all the reports for 2017 presented to Mayor & Council have been inaccurate. The cause being modifications made to the system, which shows a lack of understanding of the system.
- Also included is a write-up on Ms. Hartman by former City Manager Cathcart. It outlines many of the same behaviors and issues.
- There are also issues impacting her as an employee.
 - History of severe tardiness
 - Lack of accepting responsibility
 - Lack of civility in the workplace
 - Poor attitude and disrespectful behavior to myself, past City Manager and co-workers.
 - Ms. Hartman gives up when work gets complicated or ignores the issues and does not attempt to solve problems.
 - Other situations that have occurred have been:

1. The budget did not include funds for City Manager's healthcare
2. The need for an historical review of the Treasurer's Report
3. The Washington Street Project debacle
4. No confidence message regarding the Treasurer
5. The surplus status was not what you imagined/expressed.

City Manager's Closing Remarks:

The issues Michelle brings to our organization are in fact affecting my ability to do my job. Wish this was not the case and I hope you realize professionally I must make you aware of these issues.

Questions from Mayor & Council to City Manager Houck

Council Member Titus: What is the difference between a forensic and a regular audit? Am I to understand a forensic is to examine for fraud or theft?

- One has not been done yet. Have asked the City Auditor if he advises that it is necessary to spend the funds to have a full forensic audit.

Mayor Green: What is the definition of a forensic audit?

- It's much deeper and takes more time. Right now only dealing with the information that is typical in our audits: trial balances, financial statements, etc.

Council Member Titus: Referring to a statement in your August 2nd letter, that Council Member Barrett was asked by Ms. Hartman to come in and have a meeting with you?

- ...The intension was for Ms. Hartman to go back and try to figure out what the issue was. I became aware the outreach was made to Council Member Barrett to assist her. It was Council Member Barrett who pointed out the error. Two and one half weeks later there was no resolution to the concern.

Council Member Greene: Wonders why former City Manager Cathcart did not know of any mistakes. The last six (6) years of praises for our budget, surplus and the auditors say we are doing a wonderful job. Human error/computer error, we are running on an antiquated program. Why didn't Mr. Cathcart catch this earlier? Were these errors with the programing?

- Unable to say what the former City Manager did or did not realize. The FY17 audit reveals inaccuracies all the way through the year. We have an old system. In 2015 an effort was made to start a better system. It has been installed but not implemented. The system is more appropriate for government use than the one we currently run. Your last question, I was notified that something occurred and it was in her personnel report. I did not have it until Ms. Hartman forwarded it to me. Whether its there or not, I don't know.

Council Member Titus: As for the new program, whose responsibility is it to implement the program and was Ms. Hartman trained on it? Do you know the system?

- In my opinion it's Ms. Hartman's. She was involved. We are obligated to pay its been on our system for sometime. I do not know the system. I've

reached out to other cities similar in size to ours and they are very pleased with how it works.

Council Member Greene: Are we in compliance with the State of Delaware's ADA? Are we as Mayor & Council in violation under the ADA?

- City Solicitor Walton takes this question: We are reframing from speaking of the ADA in the public session. There is neither medical testimony provided nor comments on it here. This is a report to Council and no action taken tonight. If Ms. Hartman brings the medical up we are not going to comment.

City Treasurer Hartman

Addresses her medical issues first with the statement that she is not concerned that her medical record be on public file.

- Regarding her narcolepsy, Ms. Hartman said City Manager told her it was not her concern only the organization of the City is.
- In a letter, the City Manager questions the narcolepsy. In previous jobs Ms. Hartman had accommodations called "past practices" that allows her to have accommodations for her ADA which she disclosed to City Manager in their first meeting.
- Later Ms. Hartman was written up and told she had to be in the office by 8:30 a.m. and leave by 5:30 p.m. That her staying late, unsupervised did not result in an improvement in her performance.
- Ms. Hartman made the efforts to comply by coming in at 8:45 a.m. and the latest once was 9 a.m.

Regarding her job as City Treasurer

Ms. Hartman said the Treasurer's Report is created in an Excel spreadsheet using F9, which communicates with the accounting software.

Ms. Hartman asked on many occasions for City Manager to come to her office to give her the opportunity to show her how in-depth the accounting procedure is. She feels it was quite an ordeal to have City Manager afford her the time.

Ms. Hartman explains that she does many jobs. Such as: HR, payroll, accounting, building maintenance (i.e. draining the boiler when there is no heat) as well as helping her coworkers on computer problems.

She is significantly overwhelmed and is the reason she put a part-time accountant into the budget this year because no one in the office has an accounting background.

After the recent training session on the Edmonds software the trainer emailed her saying, "in spite of the interruptions, the training was complete."

- Edmonds is still not fully installed
- A lot of information needs to be input, which will tie up the computers for hours.

Ms. Hartman explains that she doesn't stay late because she wants to, it is because there is that much work that needs to be done. Because of this, her skill set was

questioned. Is she not able to perform her job or is she overwhelmed and was asked to give a specific date as to when she first felt this overwhelmed?

Regarding the Audits:

The past few years, we have received great audits. She and the City Auditor have a good relationship.

- Ms. Hartman lets him know she can identify the issue but does not have the time to research it. Therefore, it goes on her list of “I can’t get to this”. Many of her duties have to be done in a timely matter with deadlines.

Regarding City Contracts:

Ms. Hartman’s authority to sign the phone contract came into question. Under former City Manager Cathcart, Ms. Hartman was allowed to review the information, did price comparisons and was told by Mr. Cathcart to proceed. The contract was signed prior to City Manager Houck’s employment.

Ms. Hartman’s Summation:

- Are there inaccuracies in the Treasurer’s Reports - Yes
- Problems with the spreadsheets? She has been reporting this all along.
- She did the legwork to find what would be the best software for the City but does not have the authority to implement it.
- Doing the best she can. She’s only one person. Other municipalities have departments to handle the other duties she performs.
- She feels after six (6) years on the job it is unfair of City Manager Houck to make these assumptions in just two (2) months without having any conversations with her.

Question from Mayor & Council to City Treasurer Hartman

Mayor Green: Advises Council to keep in mind to please ask the questions but do not make any personal comments.

Council Member Greene asked if there is a personal issue between Ms. Hartman and City Manager Houck?

- Ms. Hartman responds if so she would straighten it out right away.
- City Manager Houck injects her thoughts but is stopped by City Solicitor Walton that she is not to speak. She had her opportunity. It was now time for Ms. Hartman and that will be all.

Council Member Titus: Expresses her confusion as to who can sign contracts and checks and really would like an answer.

- City Solicitor answers in the charter the City Manager signs Ms. Hartman adds that the bank requires two (2) signatures.
- City Solicitor Walton reminds Council they may ask questions of Ms. Hartman. Legal questions will be answered at the end. Time has been reserved for such questions.

Regarding the Reserve or Rainy Day Fund:

Council Member Barrett: asks how long did Ms. Hartman know the City never had a reserve or rainy day fund?

- There is no accounting of a liquid account for that money. No checking account exists that we can reach out and grab. Just the general fund.

Council Member Barrett continues: We have been under the assumption that a nice rainy day fund exists. Did you and Mr. Cathcart put that in the general fund?

- No. The capital is 5% of the revenue and then the reserve is whatever excess we had. I was made aware when the audit was done and reported. There is an accounting for it but no separate bank account with the money sitting in it. That is what was explained.

Council Member Barrett: Regarding the contract extension for the Washington Street Flood Mitigation Project. Why did it take Vice Mayor Malinowski to find the mistake?

- Ms. Hartman was not included in that. Deana was handling it. She did recommend that inaccuracies were there but she was not asked for the information.

Council Member Titus: discussion begins about the capital reserve.

- Ms. Hartman: Capital reserve is 5% we save from the yearly revenue. Revenue at the top of the budget and at the bottom expense account is the budget reserve for capital projects.

Confusion continues over the definition of capital reserve and surplus. Mayor Green steps in to give an example to help with the clarification but there is still misunderstanding. Council Member Fitzwater doesn't see how this discussion has any relevance to why they are there. Mayor Green agrees its not related but since it came up the door is open and that's how it gets into the conversation.

- Ms. Hartman adds in the past when she was asked something she was not aware of she referred the person on to Former City Manager Cathcart. Now, it's she's not doing her job or she's misinformed.

City Auditor, Vince Barbone answers the question what is the difference between parts of the budget in terms of capital, etc.? There are two (2) ordinances, one is capital reserve the other is budget reserve.

- The Budget Reserve - whenever the City generates a surplus it goes into the budget reserve. Once it reaches \$500,000 the budget reserve stays constant. Whatever is in excess of the \$500,000 becomes unassigned and available for future budget matters or if a deficit in the spending year is projected.
- The Capital Reserve - is a separate reserve. Every time there is a surplus a certain amount is set aside into the reserve.
- There has never been a separate cash account because that money needs to stay available for all the capital projects the City does. Otherwise you'd have to borrow money to pay the bills. Technically the reserve is your revolving loan.

Council Member Fitzwater asks City Auditor if in his professional opinion does he think the bookkeeping for the City is sloppy and insinuates theft?

- No, the records have not always been clean and do have an excessive amount of adjustments which raises the questions is he auditing the City's system or his own work.
- During a Public Meeting in FY15, he gave specific recommendations and if not heeded would come back to haunt them.

- The preliminary audit for this year he noted quite a few discrepancies that he considered alarming since last year there was some progress but has now reverted back to FY15.
- Cash flow was overstated by approximately \$120,000.
- Delaware City Day cash account and the loan appearing in the general fund, which is in the Treasurer's Report, are misstated.
- There were direct funds that have gone uncollected because no action was taken to pursue the funds resulting in loss of money.

City Auditor Defines the Responsibilities of Treasurer

- Your Chief Financial Officer, which is the Treasurer, is responsible for the books and records.
- The Treasurer's reports were incorrect. He reviewed June 30, 2016 to July 17, 2016 there were no errors. What has happened since then he doesn't know.
- Regarding the Mass90 software, it is a comprehensive accounting system. If it's understood and operated properly it will give accurate information. However, its better equipped to handle commercial enterprises than the needs of government.

City Solicitor reminds Council that the auditor is here to answer general auditing questions. Anything that pertains to the executive session please wait until the end.

Council Member Greene asked if the Treasurer responsible for grants, etc. or is that handled by management?

- City Auditor reiterates that the Treasurer is responsible for all financial transactions of the City.

Further Questions by Council Members to the City Auditor

Council Member Titus: From June 2015 to June 2016 monitoring was recommended but we were unable to maintain monitoring for the checks and balances.

- Monitoring is crucial part of the accounting system. Garbage in/garbage out. The accounting system summarizes in a literal report all the financial transactions that occur in the City. The amount of errors in the information now requires him to increase his auditing procedures to verify if the information is correct.

Council Member Greene inquires about what is Mass90 and what does it produce.

- Concisely, Mass90 tells you what the City is worth, what it owes and the difference thereof. As well as what it generates and what it spends on an annual basis in comparison to the budget.

Mayor Green allows Ms. Hartman to ask a question of the auditor.

Ms. Hartman explains the Treasurer's Reports are not created from Mass90 but from an Excel spreadsheet that communicates with Mass90. If all the cells are there with proper formulas yes, the data from Mass90 is exported to the spreadsheet.

- The formulas have to be checked for accuracy and it's the Treasurer's responsibility to do so when the report goes to Mayor & Council.

Ms. Hartman explains there have been continual problems with the formulas calculating on their own resulting in needing to be changed manually. The IT person was contacted.

City Solicitor Concludes the Executive Session

The question to Council is: What are the legal questions does Council wish to ask of either Mr. Boyer or the City Solicitor? If they can be answered, they will. If they can not be answered in session, they will respond in writing.

Council Member Titus inquires about Ms. Hartman's medical issue since it had been brought up. Her question was as a City are we not allowed to have people show up and leave at a certain time? Was this stated when Ms. Hartman was hired?

- The question will be answered in a written memorandum.

ADJOURNMENT OF THE OPEN EXECUTIVE SESSION

Mayor Green asks for a motion to close the Open Executive Session. Council Member Fitzwater makes the motion, which was seconded by Council Member Greene. All were in favor. Open Executive Session adjourned

RECONVENING OF THE MAYOR and COUNCIL MEETING

With the Mayor and Council Meeting being reconvened, Mayor Green gives Council Member Barrett the floor.

Council Member Barrett asks to have another special meeting to discuss this issue further. Council Member Fitzwater makes that motion which is seconded by Council Member Titus. Roll call taken, all were in favor. Motion carried.

There were no further questions or comments.

ADJOURNMENT

Council Member Fitzwater made a motion to adjourn the Mayor and Council Meeting. Council Member Titus seconded the motion. A vote was taken, all ayes, motion carried. The meeting was adjourned at 8:43 pm.

Respectfully submitted,

Bonnie Lynn Hanna

City Secretary