Minutes
Loxahatchee Groves
Finance Advisory Committee Meeting
June 26, 2009
Location: Palms West Hospital (Classroom 1)

Members Present:

Elise Ryan, Chair
Lung Chiu, Vice Chair
Marge Herzog
Nancy Handwerg
Cindy Corum

Members Absent:

None

Others Attending:

Councilman Ryan Liang (Liaison)
Matthew Lippman, Town Clerk
Chris Wallace, New Community Strategies Finance Director
Dr. Irv Rosenbaum, Town Manager
Members of the Public

Town Clerk called the meeting to order at 5:05 p.m.

3. **Monthly Financials Reporting:** Discussion of the development and formatting of a consistent set of financial results to be presented on a monthly basis to the Town Council, Finance Advisory Committee and through the agenda packets. Town Clerk Matthew Lippman provided an outline of the list of reports that should be presented to the Town Council on a monthly basis:
    a. Revenue and Expense Actual vs. Budget with Encumbrance
    b. Balance Sheet (and any detail of A/P or A/R should it be necessary)
    c. Check Register
    d. Gas Tax Revenue & Expenditure Record

    Chair Elise Ryan commented that the list of reports are fine and that it is important that they are accurate and reflect the most current data. The Committee agreed with the presented reporting format.

4. **Discussion of the 2007-2008 Audit and Auditing Process:** Chair Elise Ryan inquired as to why the 2007-2008 FY Audit was so late in being completed. The contract indicated that it should be completed and presented to Town Council by March 31 of the following year. Town Clerk Lippman indicated that between it being the first complete fiscal year for the Town and Town Staff being stretched, a delay resulted. Everything is in place for the audit to be on time for next year.
    Vice Chair Lung Chiu read an email response from Town Clerk Lippman in reference to requesting for the Town Auditor to meet with the Finance Advisory Committee. Lung-Chiu indicated that it was unprofessional and possibly a violation of Florida State Statute in the refusal of the Town Auditor to meet with the Committee. Town Clerk Lippman indicated that there was no requirement and that it didn't make any sense for the Town Auditor to

meet with the Committee about the prior Fiscal Year since the audit was complete. Town Clerk Lippman indicated that a relationship could possibly be established for the next fiscal year audit.

Chris Wallace, NCS Finance Director indicated that in reviewing the resolution that created the Finance Advisory Committee, it was not written in accordance to Florida State Statute that established an Audit Committee. Chair Elise Ryan and Vice Chair Lung Chiu indicated that the was the whole intent of the Committee and that it doesn't make sense for the Committee to advise the Town with financial matters and not have the ability to meet with the auditor. Town Clerk Lippman concurred and suggested that we bring this issue up at the July 7, 2009 Town Council meeting to get direction. Town Clerk agreed to put this item on the agenda for discussion.

Town Clerk Lippman also indicated that the Comprehensive Annual Financial Audit would be available to the Committee once it was included in the agenda packet for the Town Council for the July 7, 2009 meeting and once it was approved it would be posted on-line for the general public.

5. **Receivables and Payables:** Discussion and Analysis of Town Accounts Receivable and Accounts Payable. Town Clerk Lippman distributed the detail report of Accounts Payable and Account Receivable year to date. Town Clerk Lippman indicated that there is no balance on Accounts Payable since all the invoices are paid as they are received. The balance that is shown on the Account Receivable is the outstanding revenue payments that are still owed. Chair Elise Ryan asked Chris Wallace for better clarification as to how NCS records the A/R. Chair Elise Ryan indicated that it seemed time consuming to book the receivables as NCS is currently doing. Town Clerk Lippman indicated that the new management team can take the Committee's direction and recommendations as to how the revenues should be reported for the 09-10 fiscal year.

   There was then discussion relating to the balance sheet that Town Clerk Lippman distributed to the Committee. Chair Elise Ryan asked for a clarification on the reserves that were listed on the balance sheet. Chris Wallace walked through each line but indicated that he was unclear as to the total amount of reserves for both fiscal years and that he would check into the format of the balance sheet.

6. **Contracts:** Discussion of 2008-2009 contracts and contracting process. Chair Elise Ryan stated that it was her intention just for the Committee to receive a copy of all the contracts for a reference point. Chair Elise Ryan stated that it was vital the Committee be familiar with all the contracts so they can monitor and provide feedback to the Town Council on the execution and payments of all contractual obligations. Chair Elise Ryan suggested that we discuss these at a future time as needed in the interest of time to discuss the budget.

7. **2009-2010 Budget:** Discussion of the draft budget and review of the timeline and dates: The 2nd draft of the budget was distributed to the Committee for discussion. Town Clerk Lippman explained how he constructed the budget and what each of the documents represented. Chair Elise Ryan requested that the Committee go through each section of the budget and ask questions as they see fit.

   <u>Revenue:</u> Chair Elise Ryan reviewed the revenue projections. Chair Elise Ryan inquired about the FLCIR Revenue Estimates. Chair Elise Ryan inquired about the FPL revenue estimates. Town Clerk Lippman indicated that he is still waiting on the actual estimates from FPL and would update the budget accordingly once those are received.

Chair Elise Ryan then inquired about the contingency under Executive. Town Clerk explained how he arrives at the contingency amount each year when the budget is projected. Chair Elise Ryan asked if there is a recommended amount of contingency that a municipality should have. Chris Wallace stated that generally a Town of our size should maintain a reserve of approximately 50% of the total budget. This due to the small size of the overall budget. Discussion about the size of the contingency was continued and Chair Elise Ryan requested that we get more specific data as to the total amount of trucks and yards of debris that were hauled from our Town after Hurricane Wilma. At that point, the Committee could calculate an approximate expense in the event of a disaster that would require the removal of excessive debris. This would help guide the Council in determined what size of reserve to carry and how much contingency to budget for.

There was some discussion relating to the possible use of gas tax revenues to pay for an emergency situation and then the general fund could pay back the restricted reserve fund for the amount of expenditure.

Chris Wallace stated that the contingency is not only for emergencies but for other unforeseen expenditures that may not of been accounted for in your budget. Since we are a young municipality, this could occur.

Town Clerk Lippman explained the importance of maintaining the contingency because the expected drop in property values once again next year (almost 25%). Town Clerk Lippman indicated that the budget was set for a 1.4000 millage because at 1.5000, the contingency was too high and at 1.3000 it would set the Council up for the possibility of having to raise the millage in subsequent years. The public then may be upset with the Town Council now having to RAISE taxes.

Chair Elise Ryan inquired that with over $1 million dollars in the bank, why is our projected interest income for next year so low. Town Clerk Lippman indicated that this is what the market is bearing and it is not expected to turn around for the next fiscal year. Other banks and the State of Florida are not offering anything better in the way of interest rates.

Chair Elise Ryan inquired about the protection from the FDIC with the Town's Public Money. Chris Wallace indicated that the bank is required to insure the public deposits and provide investments as collateral for the funds. Chris Wallace indicated that the Town's funds are protected beyond the FDIC limits.

Committee Member Marge Herzog asked why there is an increase in the projections for Business Tax Licenses. Town Clerk Lippman indicated that the assumption in the budget is for the Town to begin to issue its own business tax licenses at the beginning of 2010. Once the Town takes over its own Planning, Zoning and Building matters, Town Clerk Lippman made the recommendation that the Town begin to issue its own business tax licenses. It was not to generate a great amount of income. He recommended charging a nominal fee and the net result is that the Town would have more knowledge and control of all the businesses within the Town of Loxahatchee Groves. Town Clerk Lippman stated that unfortunately some businesses in our Town are either not registered in Palm Beach County, the Town of Loxahatchee Groves or even registered at all. This not only impacts the revenue stream but also impacts the ability to monitor illegal business activity once the new Land Development Regulations are developed and adopted.

Legislative: Committee Member Cindy Corum asked that if we don't anticipate any expenditures for lobbying services, then why is it even listed in the budget. Town Clerk Lippman stated that when the final budget is proposed, any line items with a zero budget

amount will not appear. This line items appear now in the analysis due to the fact that there were prior expenditures and that it is needed for comparison purposes.

Executive:
Committee Member Nancy Handwerg inquired about the budgeted amount for insurance. Town Clerk Lippman stated that there was an error and that it would be fixed to reflect the more accurate amount of $5095.00

Chair Elise Ryan asked why the budgeted amount for Phone, Internet and Alarm was much lower than the expenditures from last year. Town Clerk Lippman stated that there was a one-time expense of installing the alarm system at the office for $2000.00 this past fiscal year.

8.

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Process for Bill Payment: Current procedures for bill payment and supporting documentation required for bill payment
9 **Status of On-Going Projects** (Annual Management Report)
10 **Setting of Next Meeting Agenda, Dat**
11 **Adjournment**

There being no further discussion and no additional public comment the meeting was adjourned at 7:55 p.m.

Chair, Elise Ryan

ATTEST:

Matthew Lippman, Town Clerk

Date Approved