



Location: Loxahatchee Groves Water Control District

**Members Present:**

Elise Ryan (*Chair*)  
Lung Chiu (*Vice Chair*)  
Marge Herzog (*Committee Member*)  
Nancy Handweg (*Committee Member*)  
Cindy Corum (*Committee Member*)

**Members Absent:**

None

**Others Attending:**

Councilman Ryan Liang (*Liaison*)  
Matthew Lippman, Town Clerk  
Members of the Public

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Town Clerk called the meeting to order at 5:03 p.m.

1. **Opening:** Town Clerk Matthew Lippman called the meeting to order at 5:03 p.m.
2. **Roll Call** was taken and all members were present
3. **Minutes from the 6-12-09 and 6-26-09 Committee Meeting**

Motion to approve the minutes from 6-12-09 and 6-26-09 was made by Marge Herzog and seconded by Lung Chiu. The motion passed 5-0

**4. May Financial Package:**

- a. Chair Ryan pointed out that the check written to the Town Auditor for \$4000.00 was coded incorrectly to Legal Services. Chair Ryan requested that this be changed so that the expense is coded correctly to Financial Services. Town Clerk Lippman stated that he would take care of the correction.
- b. Chair Ryan asked why there was a credit of \$5095 for insurance. Town Clerk Lippman indicated that when he got the notice of the amount that was due; he interpreted it as an invoice, when it was actually just a notice. The check was cut, then voided, which resulted in a credit.
- c. Chair Ryan asked that the budgeted number for the 09-10 Fiscal Year be updated for insurance to reflect the actual expenditure of \$5095.00
- d. Town Clerk pointed out that the reserves listed on the Balance Sheet have been labeled such that there is no confusion as to what each number represents.
- e. Committee Member Corum asked about the reimbursement to CERT. Town Clerk Lippman explained that this was within the approved expenditure from the Town Council. Some of the items the Town purchased and some of the items CERT purchased and turned in the receipts for reimbursement.

Motion to approve the May 2009 Financials was made by Marge Herzog and seconded by Cindy Corum. The motion passed 5-0.

**5. Audit Report and Management Letter:**

- a. Town Clerk Lippman indicated that the Audit Report that was included in their meeting packet was the same report that was presented to the Town Council and

approved at the meeting last evening. The Town's website was updated as well to include the correct Audit Report.

- b. Chair Ryan explained that the Town Auditor presented the 2007-2008 Audit to the Town Council last evening. Chair Ryan suggested that the Committee focus their discussion on the recommendations found on page 65 of 105.
- c. Chair Ryan began discussion on the first recommendation, which was for the Town to create a Special Revenue Fund, which in the Town's case would be for the Local Option Gas Taxes (5 cent and 6 cent). Councilman Liang brought up that this might possibly apply to Solid Waste Revenue and Expenses as well. Town Clerk asked if he could explain why he didn't think that this applies to the Town. Town Clerk Lippman explained that many municipalities have their own Public Utilities Department that bills their residents separately and is responsible for the collections as well. The Town Auditor explained at the Town Council meeting last evening that in these cases, having a separate fund to guarantee that the revenues meet the expenditures would be necessary. Town Clerk Lippman explained that since we have no responsibility to bill or collect the revenue, since Palm Beach County provides both of these services that this recommendation would not apply to Solid Waste.
- d. Chair Ryan then asked for Town Clerk Lippman to explain how the Solid Waste billing and collection works. Chair Ryan specifically asked if the Town is billing out exactly what the Town's expenditure is for Solid Waste. Town Clerk Lippman responded that this is not the case. Town Clerk Lippman explained that actually bill out more than the actual expenses. He stated that this is due to the fact that you need to account for non-payments and the discount that is applied to the payments should the taxpayers pay their taxes early with the County. He then explained that the County does not guarantee that you will receive 100% of Solid Waste Revenue. He stated that the County recommends that the municipalities budget 90% collection; this has been done each of the fiscal years for the Town of Loxahatchee Groves budget.
- e. Town Clerk Lippman explained that at the end of the Fiscal Year, if the Solid Waste revenues exceed Solid Waste expenditures, then the difference goes to the surplus (reserves) The goal is not to create the surplus, but covering yourself is important.
- f. Chair Ryan then asked if the revenues collected for Solid Waste were restricted. Town Clerk Lippman replied that this is not the case. Chair Ryan then asked why then did the Town Auditor recommend that we should consider creating a separate fund for Solid Waste. Town Clerk Lippman explained again, that this recommendation applies to municipalities that handle their own revenue collection and don't have a consistent budgeted amount for the expenditure. He stated that they typically have employees and the revenues and expenditure balancing is more complex.
- g. Committee Member Chiu indicated that the recommendation for a separate fund for Solid Waste was in the report submitted to the Town Council. Town Clerk Lippman stated that this recommendation was not included in the report and was just brought up verbally to the Town Council.
- h. Committee Member Corum asked how the expenditure for Solid Waste Monitoring Services provided by Frank Schiola was recorded. Town Clerk Lippman stated that the expenditure would be booked under Public Works Solid Waste Contract. The subject the budgeting for Solid Waste Monitoring Services came up at this point. Town Clerk Lippman indicated that this was a policy

decision for the Town Council. Since the contract expires in the middle of August, until the Town Council renews the contract for next fiscal year, the budget would not reflect the expenditure.

- i. Chair Ryan then began discussion on the prior year recommendations listed in the Audit Report. Chair Ryan stated that this recommendation was for the adoption of a Financial and Accounting Procedures Manual and that this was a recommendation in the last Audit Report and this task has not yet been completed by New Community Strategies. Town Clerk Lippman indicated that he downloaded a template for a basic Financial and Accounting Procedures Manual and it needed to be massaged by the Committee. He also indicated that the last fiscal year, policies were adopted and adhered to and felt that this was satisfactory because our financial system was not complex. He indicated that he does understand the importance of the manual and will commit to having it complete by the end of this fiscal year. Town Clerk Lippman suggested that we wait for the new management team to write the manual, but would take the direction from the Committee. Chair Ryan indicated that she would like for NCS to write the manual so we can avoid the same finding being repeated for a third year. Vice Chair Chiu pointed out that NCS should complete the manual and the new management team can always add or amend it as they see fit.
- j. Vice Chair Chiu recommended that the manual be constructed with the policies and procedures that were created by NCS and are currently being followed.
- k. Chair Ryan recommended that someone make a motion to have Vice Chair Chiu work independently with Town Clerk Lippman to prepare and finalize the manual.

Motion to have Vice Chair Chiu work with Town Clerk Lippman independently to finalize the Finance and Accounting Procedures Manual so that it can be passed on to the next management team was made by Committee Member Herzog and seconded by Committee Member Handweg. Motion passed 5-0.

Town Clerk indicated that he would have a rough draft to Vice Chair by the next week.

- l. Chair Ryan recommended to the Committee that everyone read the 07-08 Audit Report and to better understand what the auditors are looking for. Chair Ryan explained that the primary role of the Committee was to serve as the Town's Audit Selection Committee, which is required by Florida State Statute. Town Clerk Lippman briefly explained the procurement and bidding process the Town went through back in 2007 when the 1<sup>st</sup> auditor was selected. He indicated that the Town used a compliant template that can be used in the future. Chair Ryan requested that Town Clerk Lippman forward to all of the Committee members the information that she has regarding the roles and responsibilities of an Audit Committee. Chair Ryan indicated that the Committee would determine the scope of the audit.
- m. Vice Chair Chiu indicated that everyone uses the same criteria for Audit Committees. He indicated that the main goal was to have the Audit Committee serve independent of the Town Council. The Committee would take over the entire process for developing the Request for Proposal and negotiations once the auditor is selected. Vice Chair Chiu also indicated that the Committee's other responsibility would be to monitor the performance of the auditing firm. He also indicated that you could utilize the audit firm for other matters that the Town may

need assistance with (such as bookkeeping, bonds, contractual obligations, etc.). He indicated that the audit firm could assist the Committee with a wide range of any financial issues. He indicated that the firm could be hired to do pretty much anything (such as writing the manual).

- n. Committee Member Corum indicated that even the Town Council might serve as the audit committee, the Town Council does not have the time to really perform the role that is required.
- o. Chair Ryan started the discussion of the audit contract. Town Clerk Lippman and Committee Member Herzog indicated that they remember the contract being passed by Town Council for a three-year term and an option to renew for years 4 and 5. Town Clerk Lippman indicated that he thought there was an error in the final contract because it did not reflect the 3-year term and 2 years as an option to renew. He indicated that the executed contract stated that the period was for 5 years. He indicated that he would clarify with the Town Auditor as to his interpretation and would report back to the Committee.
- p. Chair Ryan asked if we would be required to go out for bid. Town Clerk Lippman stated that there was no requirement to go out of bid. If they were satisfied with the performance, they could just renew the contract. Vice Chair Chiu indicated that the contract does indicate that the contract reads five years so this may be a mute point. Committee Member Handweg asked if the Town Council publicly approved a contract in one form but the final contract was executed in a different form, does the original action by the Town Council hold up legally. Town Clerk Lippman indicated that he could not answer that question since he does not have that knowledge and that he would follow up with the Town Attorney for clarification.
- q. Vice Chair Chiu indicated that should the opportunity arises that the Town can go out for bid for Auditing Services, that the Town should take that opportunity. Vice Chair Chiu indicated that typically after 3 years, the audit firm will have recouped their costs and made a little profit. He also indicated that it would be a good gesture to help out the local economy by allowing a local firm to perform the audit.
- r. Town Clerk Lippman asked for clarification that should the Town Attorney find that the contract is for only three years, that at that point he needs the Committee to decide if they want to go out for bid. He stated, again this would only apply if the contract were for 3 years. If it were for 5 years, that this wouldn't apply.
- s. Committee Chair Herzog indicated that if should go out for bid, then they should be firmer with the timeliness of the audit. She indicated that it was very late this year and that it shouldn't of happened. Town Clerk Lippman responded by informing the Committee that a majority of the reason for the tardiness in the audit report being completed was because the lack of man power available to NCS and that they were not timely enough due to the newness of a complete fiscal year in Loxahatchee Groves. He indicated that this would not be an issue next year and that this should not be held against the Town Audit Firm.
- t. Town Clerk Lippman pointed out to the Committee the importance of focusing on the Management Letter and the Findings submitted by the Auditor. It has been found that many municipalities, the Council or Management would not follow-through on the findings and the Council would just ignore them. This should be used as a tool for the Committee to monitor the performance of the Town's Financial Management.

## 6. 2009-2010 Fiscal Year Budget:

- a. Town Clerk Lippman indicated that he updated the budget that was included in the packet to reflect the changes made at last night's Town Council meeting. He stated that he updated the Planning and Zoning Contract line item to reflect the 50% reduction as requested by the Town Council and he incorporated the FP&L revenue estimates that he just received today.
- b. Committee Member Handweg asked why the Planning and Zoning Contract was reduced by 50% and wondered if it was due to Code Enforcement. Town Clerk Lippman indicated that there is two different approaches that he was aware of on the contractual organization should a Planning and Zoning firm takes over the Town's services. One approach was to 100% cost recovery and no cost to the Town, as indicated by The Mellgren Planning Group and the other approach was to charge a basic fee to the Town for the basic operation to handle the services and that the remainder would be obtained through Cost Recovery. He indicated that the Town Council wanted to meet it halfway by reducing the budget by 50% for that line item.
- c. At this point, Chair Ryan explained the new way the reserves were being presented on the budget so that the Town Council would be fully aware of what they have and that they can plan accordingly.
- d. Chair Ryan started discussing the Planning and Zoning section of the budget. She indicated that the Planning and Zoning Contract would cover the services that are provided to the Town should the Town Council desire. Town Clerk Lippman indicated that the change that was requested by the Town Council was to reduce the assumption of \$55,000 to \$25,000.
- e. Town Clerk Lippman indicated that the line item for rentals and leases in the budget reflects a possible increase of \$200.00 per month to cover records. When the Town takes over for Palm Beach County, he indicated that there is a possibility that we would have to take possession of all of the records. Should that be the case, he priced out what it would cost Iron Mountain to maintain those records. Town Clerk Lippman stated that he started the discussion with Jon MacGillis, in the Zoning Division, about the possibility of the County still maintaining all of the inactive records and we would then pay them should the Town want to retrieve a record. He stated that there may be so much time and money involved in the County finding all of our records, that this may work out for everyone.
- f. Town Clerk Lippman cautioned the Committee that 100% cost recovery may not be possible and at the very least not feasible. Some planning firms would start to lost money and the amount of permit fees that would have to be charged just to recover those costs, would be astronomical and out of line. He indicated that the Town should plan for paying whatever the cost is just to provide the basic services of answering questions and processing simply paperwork for the Planning Department of the Town.
- g. Town Lippman clarified that once the reason for this discussion of the Town retaining the services of planning firm was because when the Town adopts its own Land Development Regulations, the County indicated that they would be unable to provide these services due to a completely different code. Since the Town has started the process of amending the LDR's, the Town must plan ahead and put out for bid the services of a planning firm in time to enforce and manage the new Land Development Code. He indicated that the County has worked very well with the Town and would assist as much as possible during a transition.

- h. Chair Ryan and Town Clerk Lippman stated that the Town Attorney has not given us the updated budgeted number, but that we could expect the number to stay the same due to the unknown expenses that will be incurred relating to the Comprehensive Plan challenge.
- i. At this point, Chair Ryan started discussion relating to Code Enforcement and Special Magistrate. Committee Member Corum was asked if she had any recommendations for reducing the expenditure for Code Enforcement. Committee Member Corum passed out information that she gathered relating to the current Code Enforcement Contract with Calvin, Giordano and Associates.
- j. Committee Member Corum indicated that in here research she found out that there are several municipalities that spend significantly less for Special Magistrate Services. It was consensus of the Committee the Committee Member Corum would make recommendations to the Town Attorney and Town Council for a more cost efficient Special Magistrate.
- k. Committee Member Corum asked how long the contract for Calvin, Giordano & associates is in effect. Town Clerk Lippman stated that we are still under contract until September 30. Committee Member Corum suggested that we didn't need code enforcement for the remaining 3 months since there was no activity. Town Clerk Lippman warned that getting rid of Code Enforcement completely would be dangerous and would leave the Town Staff defenseless what a citizen complaint gets called into the office. Committee Member Corum expressed great concern over paying \$2350.00 per month for the remaining 3 months with no activity. She suggested that we either get rid of code enforcement, drop the fee drastically, or go to an hourly as needed basis. She asked Town Clerk Lippman if he would speak to Shelley Eichner and try to negotiate a different cost structure for the remaining time on the contract. Town Clerk Lippman indicated that he would and report back to the Town Council and Committee.

**7. Proposed Emergency Fire Rescue Services and Facilities Surtax:**

- a. Town Clerk Lippman updated the Committee in response to Councilman Liang's request to discuss this item. He indicated that at the Town Council meeting last night, he explained that the near surtax would not apply to the Town due to the fact that we don't have our own fire department and we don't have a contract with Palm Beach County Fire Rescue. In addition, Town Clerk Lippman indicated that although the bill takes effect July 1, 2009, it only gives each County the opportunity to place in on a countywide ballot at a future upcoming election.
  - b. Chair Ryan indicated that the confusion was that the presentation that was given by Palm Beach Fire Rescue was different then the final bill that was passed.
- 8. Process for Bill Payment:** Chair Ryan indicated that in the interest in time we would table this item.
- 9. Contracts (2008-2009 Contracts and Contracting Process)**
- a. Chair Ryan indicated that she has a copy of all of the contracts and verified with Town Clerk Lippman that the originals are in files at the Town Office.
  - b. Town Clerk Lippman indicated that he was working on a spread sheet for all contracts that would show the name, subject of contract, firm involved, terms, outstanding payments and whether the contract was active or not. He indicated that he would have it prepared for the next Committee Meeting.
- 10. Next Meeting Date and Time:** Town Clerk Lippman suggested that the Committee should not set the next meeting date and time due to not knowing when the new Town Manager would start. He indicated that once the new Town Manager is hired, that a

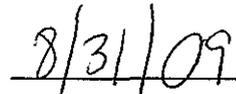
meeting could be coordinated by email and get a common date and time that everyone could attend the next meeting. The Committee asked what was going to happen after NCS' last day if the new manager wasn't ready to start yet. Town Clerk Lippman responded by letting them know that the office would be "dark" and that NCS would maintain the office until someone was ready to come in and take over. He indicated that if NCS was not prepared to fulfill that obligation, then we shouldn't even be in business. He indicated that that's not how NCS operates and would not let the Town suffer.

The Committee Members and members of the public provided comments at this point.

A motion to adjourn was made by Committee Member Herzog and seconded by Committee Member Corum. Motion passed 5-0 and the meeting was adjourned at 7:25 p.m.

ATTEST

  
Matthew Lippman Town Clerk

  
Date Approved