



Finance Advisory & Audit Committee Meeting  
Tuesday, April 23, 2013 at 7:00 p.m.  
Palms West Chamber of Commerce, 13901 Southern Boulevard

**MINUTES**

**1. OPENING**

- a. Call to Order & Roll Call

Chair Lung Chiu called the meeting to order at 7:00 P.M. Present were *Chair Lung Chiu, Vice Chair Elise Ryan, and Committee Members Ken Johnson, Cheryl Miller, and Virginia Standish*. Also present were Town Manager Mark Kutney, Bill Underwood, Managing partner, Underwood Management Services Group, and Perla Underwood, UMSG.

- b. Approval of Agenda

MOTION: Member Miller MOVED, SECONDED by Member Standish to **approve** Agenda. Motion passed unanimously, 5-0. Vice Chair Elise Ryan announced that she has a voting conflict with respect to Item No. 5c, Review of Bid No. 2013-001 and has filed a Voting Conflict as required.

**CONSENT AGENDA**

- a. Approval of February 25, 2013 Minutes

MOTION: Member Miller MOVED, SECONDED by Member Johnson to **approve** Minutes submitted. Motion passed unanimously, 5-0.

- b. Approval of March 25, 2013 Minutes

MOTION: Vice Chair Ryan MOVED, SECONDED by Member Miller to **approve** Minutes as submitted. Motion passed unanimously, 5-0.

## 2. PRESENTATION –

- a. Comprehensive Annual Financial Report (CAFR) – Terry Morton, Nowlen, Holt & Miner, P.A., CPA's

Terry Morton of Nowlen, Holt & Miner appeared before the Committee and provide an overview of the Annual Financial Report. Mr. Morton advised that his firm had completed its audit of the Town's financial statements for each major fund for the fiscal year ending September 30, 2012.

Mr. Morton briefly explained the different sections of the Report and responded to Committee questions as follows:

- Member Miller's inquired about "Contributions from Other Sources", Mr. Morton advised that the revenue was received from a Title Company with respect to the 148<sup>th</sup> Street Culvert.
- Member Standish inquired about criteria used for listing of Agreements to "Note 6 – Commitments." Mr. Morton explained that normally long term and the more costly agreements were included in this notation such as the Management Services, Interlocal Agreement with PBC, PBC Law Enforcement Services with Sheriff, and the Solid Waste & Recycle Collection Franchise Agreement.
- Vice Chair Ryan advised that a correction be made to include the word "effect" on the second line of the first paragraph of the Management Letter in the section entitled "Matter Inconsequential to the Financial Statement. Mr. Morton advised he would make the correction on the final report to be submitted to the Town Council.

Phil Liu – 4245 148<sup>th</sup> Terrace, North –

Questioned why the Town could not capitalize assets not owned similarly to capitalizing long term leases. Mr. Morton disagreed, and explained how that would not apply in this instance.

Marge Herzog – 966 A Road –

Questioned if there is a deficiency with respect to emergency reserves. She was advised that there is a fiscal policy that addresses reserves for emergencies, however, the item she was referencing in the Management Letter entitled "Financial Emergency Criteria" relates to the financial condition of a municipality. Staff advised that that the Town has not met any of the conditions with respect to the section entitled in the Management Letter as defined by Florida Statutes.

- Member Standish questioned if the gas tax finding will be resolved in next year's audit. She was advised that this matter must be resolved before the end of the current fiscal year.

With respect to the monthly financial report to Town Council, the Committee agreed to have Member Standish present the monthly report at the next Town Council Meeting.

### 3. OLD BUSINESS

a. Review of Resolution No. 2009-14

Chair Chiu advised that he believes it's important for the Committee to review their duties and responsibilities as outlined in the establishing Resolution. Chair Chiu stated that he feels the FAAC does comply with their duties, and are providing support to the Town Council as required.

Upon question from Member Standish, Chair Chiu advised that the Committee was requested at one time to review all RFPs. Chair Chiu expressed that he does not believe it is not the responsibility of the Committee to review management's work. Vice Chair Ryan advised that she sees the FAAC functioning as the internal controls. Member Johnson advised that he feels the Committee was established in part to review Management's work.

b. Review of Ordinance No. 2008-009 Procurement Requirements

The Committee generally agreed to defer this item to the next meeting.

c. Cost Recovery - *Postponed*

### 5 NEW BUSINESS

a. Approval of FY 2013 March Financial Statements

1. Budget vs. Actual
2. Bank Reconciliation
3. General Ledger Detail
4. Bank Statement

Vice Chair Ryan questioned descriptions on charges to Account No. 405-534-345-000 – Contractual – Waste Oversight. Staff advised that since the Contractor provided multiple services the monthly billing includes charges for not only solid waste oversight, but code compliance, transportation, and public works services as well.

MOTION: Vice Chair Ryan MOVED, and SECONDED by Member Miller to **approve** the Financial Reports as presented. The vote on the Motion was 5-0.

b. Review of Planning and Zoning Invoices

The Committee had no questions on the Planning & Zoning invoices. Chair Chiu advised that he would like to ensure that the Town is not charged for sales tax. Staff advised that the exempt only applies to Town paid purchases, and purchases made on behalf of the Town by staff or consultants is subject to the State's sales tax requirements. Following discussion staff advised that they will work more diligently in ensuring that all purchases are made directly by the Town when possible. Chair Chiu requested that the sales tax matter be placed under old business on FAAC agendas as a reminder.

- c. Review of Bid No 2013-001 Gravel Road Grading, Mowing, and Vegetation Removal Services Recommendation

The Committee reviewed the Bids provided by each bidder along with the Selection Committee's ranking. Upon question from Committee members, staff advised that the Bid was not for a package deal, but rather the Bid was specific in that it provides the Town Council with the option to award to multiple vendors if it so chooses.

Some members expressed concerns about a vendor's ability to do work based on the differences on bids. Staff advised that it was the Bidder's responsibility to determine the amounts they submitted. There were also questions about the ability of a vendor to perform the functions when needed by the Town. Staff advised that those concerns could be used by the Town Council as criteria when weighing award.

- d. Rescheduling May 27, 2013 (Memorial Day) FAAC Meeting

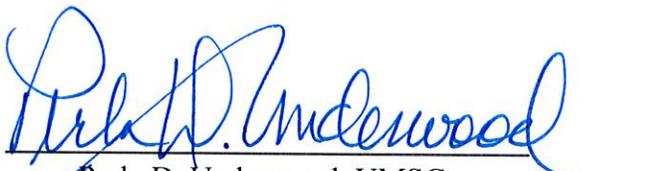
The Committee general agreed to reschedule the May FAAC meeting for Tuesday, May 28, 2013.

## 7. ADJOURNMENT

MOTION: Member Miller MOVED, SECONDED by Member Johnson to adjourn the meeting at 9:00 P.M. Motion carried 5-0.

*The next FAAC meeting is Tuesday, May 28, 2013*

**These minutes were approved by the Finance Advisory & Audit Committee on  
May 28, 2013.**

  
Perla D. Underwood, UMSG

  
Lung Chiu, Chair

SEAL