

MALABAR COUNCIL WORKSHOP MEETING

July 24, 2017

7:30 PM

This meeting of the Malabar Town Council was held at the Malabar Town Hall, 2725 Malabar Road, Malabar, Florida.

A. CALL TO ORDER:

The meeting was called to order at 7:30 pm by Chair Mayor Reilly. Prayer & Pledge were said by Council Chair, Mayor Patrick T. Reilly.

B. COUNCIL:

COUNCIL CHAIR:

MAYOR PATRICK T. REILLY

VICE-CHAIR:

STEVE RIVET

COUNCIL MEMBERS:

GRANT BALL

LAURA MAHONEY

DICK KORN, excused

RICHARD KOHLER

ADMINISTRATOR

DOUG HOYT

CLERK/TREASURER:

DEBBY FRANKLIN

DEPUTY CLERK/TREASURER:

MATT STINNETT

C. AUDIT PRESENTATION FOR 15/16 Fiscal Year

Chair introduced Audit Firm:

Ray Bastin, partner with Withum. Also, introduced Timothy (TJ) Houmes – who was the Audit Supervisor on job. Mr. Bastin then went through report. Pg 1 of 2 is their report. The financial statements and the footnotes are a responsibility that belongs to the Town Council. The Audit is based on Generally Accepted Accounting Principles (GAAP). An Audit Firm's "Opinion" is the most important result of an audit and Malabar received a Clean Opinion. Any adjustments made were recorded. Pg 2, supplementary information reported by the Town.

Pg 31 and 32 re: Florida Retirement System (FRS) that is now required to be reported per the Governmental Accounting Standard 68 showing the proportionate share of the net pension liability.

He continued that the auditors in the field also test Internal controls on a wide range of procedures and test for compliance to those procedures. That report is in the back.

Pg 3, info provided by mgmt. Key highlights are in middle of page. Pre-paid assets are deferred outflows. By 3.5 mil net position. 497K are assets that can be used. Decreased by 13K

In the FY ending 9/30/16 there were reduced expenses. He explained the requirement by State Auditor to report financials in two styles – the government wide financial reporting and government fund financial reporting. Summarized balance sheet.

Pg 7 CM Ball asked about Federal Inflation Rate used of 2.4% - Calculations.

On pg 26 that was the inflation rate used by FRS is 2.6%

TA said that is the inflation rates posted and vary widely depending on the subject. 2.41 is what we are using. Some go up to 7%. The FRS actuarial used a rate of 2.6 in their Assumptions.

Pg 9, govt wide – govt. This is different than looking at your General Fund. Net pension liability is a big number GASB 68 required it to be posted. CM Ball asked when that was effective. – last year. 760,000.00.

Pg 10 govt wide statement of activities. Presented per the requirements of the Auditor General

Pg 11 this is the governmental reporting – does not include Cap Asset or long term obligations

Pg 12 statement of revenue by line item. Had a gain in the current year of 132K. Fund balance of 1.1 mil.

Pg 16 cap assets – what is capitalized. And how it performs.

Pg 19 footnote 2, cash explained the difference. Footnote 3 and 4. 5 accrued expenditure

Pg 21, Footnote 6 is the millage rate. Footnote 7 is the pension and takes up 7 pages. That is more information than has ever been required. GASB wanted more information or clarity on what goes into that calculation. Info from the State Retirement System. Now must wait until they (State) do their audit and get that information from

Pg 23 shows their investment rate of return. That is an assumption. It is an actuary so it is based on historical. Data.

Pg 27 Footnote 8 as Lessor and Lessee: cell tower lease revenue, the copiers that the Town is leasing as an expenditure. That is what would have to be paid out. Long term expenditure is the accruals of employees.

Pg 29 other fund requirement disclosures. Pre-paid – non-spendable. 930K that you have in assets.

Pg 30 supplementary information. Original budget and summary of budget adjustment show 1.55 mil in revenue and came in with 14K more.

1.6 mil budgeted in expenses and the actual was 1.4 – so doing a good job.

CM Ball said his number is 19,000 off from that number.

Pg 31, GASB requires additional pension liability related to the .0023% of the entire FRS fund.

Pg 32 same – these are the contributions made by the town.

Pg 33 additional report done by Auditors. They looked at compliance and spent testing expenditures seeing that you are following your own policies and internal controls are working. Did have one significant deficiency and that was on pg 5, required to have two signatures that only had one signer. Follow your policy for two signers.

Pg 36 did not have any findings. – next year you will see the one finding and recommendation.

Pg 37 the State wants these items addressed. There were no alarming findings. Affirmative statements.

The last page is the requirement of FS 218 to make sure your investments are in line with the statute. CM Rivet asked if the reserves were adequate. Mr. Bastin said 952K is unrestricted and can be spent. For operating purposes, you should have 20% of your operating budget in reserves. Council thanked Auditors. Chair asked for a motion on Resolution 14-2017.

MOTION: CM Rivet CM Kohler to approve resolution accepting the audit for FY 15/16.

Discussion: CM Mahoney said the resolution should have been put on the agenda.

Roll Call vote: CM Ball, Aye; CM Mahoney, Aye; CM Rivet, Aye; CM Korn, excused; CM Kohler, Aye. Approved 4 to 0.

D. WORKSHOP ACTION: DISCUSSION ON 2017/2018 BUDGET – began immediately following special meeting, approximately 7:45pm.

Chair asked the TA to provide overview.

Revenues:

TA explained the revenues estimates. The column on the right side of budget page provides source of estimate.

Expenditures:

511 Legislative: includes the recording equipment and support and the updates to the code. Staff also put in an amount to replace the chairs the public sit in.

512: Executive: related to Administrator. Column to right of budget shows a conservative estimate of what Council can expect to pay for next Administrator.

513: Finance and Administration: this department includes cost for audit, elections, legal notices as well as Clerk/Treasurer personnel and clerical assistant. CM Mahoney questioned the pay increases.

TA said Deputy has two college degrees and is working towards his Masters. CM Rivet said there is a cost associated to turnover. CM Mahoney said G-V said they outsource. There is 2.93 per household. CM Ball said we have been down that road. That is when his eyes were done. Paying a lot more in taxes than Malabar residents.

514: Legal: Attorney Bohne and possible lawsuit pending.

515: Council will need to budget funds here for the Future Land Use Map update and the text changes in the Comprehensive Plan.

519: General Government: Operational costs of the Town Hall, Building Department and Public Works buildings, grounds, pest control, IT expenses. Deputy explained the problems with the server and the need for corrective action in the upcoming fiscal year. Clerk pointed out that although not in the budget column the notes indicate that the Town Hall building needs either shutter or impact windows on the east side and a reroof.

522: Fire Control: Chief is not here but staff will try to answer any questions.

CM Kohler asked about 4600 repairs and maintenance – with new fire truck should that be less. Deputy said the new truck is 11 months out. TA said about all volunteer Dept we had an average 100 calls per year. Now we are running 600 calls a year. Today had 4 calls. Movement toward a combo Dept gives better coverage and protection to Malabar citizens.

Ask Chief about radios and operating expenses. 522.6400

524: Protective Inspections: This is the Building Department. Clerk pointed out that with the increase demand on the Building Department they may want to consider hiring a Building Official. The estimate in the column to the right of the budget for Building Official show what a part-time person would cost. She did not include the related personnel costs for that person. The AABO is the Administrative Assistant to the Building Official. Under training the amount is to keep the Building Official certifications up to date. Malabar pays a third of the cost.

538: Flood Control / Stormwater Management: Doug explained how these projects are paid from the estimated revenue from the non-ad valorem assessment for stormwater and the additional funds needed are "carried forward" from prior year. The revenues are also shown separately on the Funding

Sources Summary Page: Account Number 38 includes estimated new revenue and Account Number 39 is the Use of Reserved Funds "Carried Forward"

541: Streets and Roads

TA talked about railroad repair we got the estimate of \$130K from FEC. It appears the crossing has been repaired. The invoice has not been received. He will have talked to Harris and Data Mgmt. The other looming expense will be Brook Hollow bridge.

Council then discussed road paving and the use of special assessments.

572: Parks and Recreation

Staff added a new person here. Council asked if this was from Streets and Roads. TA said no that we used to have six employees plus the Director. He also mentioned the replacement of the culvert pipes that are failing and needing replaced and how many employees it takes to perform these tasks.

CM Mahoney said why do we pay for a PW Director. Why couldn't the Park Employee report to TA. TA said the PW Director is a hands-on supervisor. Mayor mentioned the chain of command sheet in the front of the budget.

CM Mahoney still wants a schedule published. TA said that can't be done because on any given day some other urgent problem would require them elsewhere and then Council would say the schedule wasn't followed. CM Kohler said more like a summary report of what was done. TA will work on that.

TA went over the staffing count from 2007 to now and the great reduction they have had to manage with.

574: Special Events: This is budgeted annually as a break-even event. 5K in revenue 349.5000 and 5K in this expenditure account.

Chair Reilly, without objection, adjourned the workshop meeting at 9:20 pm.

BY: 

Mayor Patrick T. Reilly, Council Chair

(seal)

ATTEST: 

Debby Franklin, C.M.C.
Town Clerk/Treasurer

Approved: RTCM 8/7//2017