

TOWN OF PENNEY FARMS
FINANCE COMMITTEE MEETING

MINUTES of October 14, 2019 at 10:00am

Present: Chairman P. Sabin; Town Manager, David Cooper (TM); Town Clerk, Anita Cooper (TC);
B. Brower; S. Kimsey; T. Ryder and J. Weir

Absent: *NONE*

Additional Audience: Dale Fish, PRC/CFO; Town Administrative Assistant, Rachael Mack (Training)

**** According to the Florida Municipal Officials Manual: Although citizens are allowed to attend all meetings of the public body, there is no requirement that citizens be allowed to participate in these meetings. Citizens are permitted to participate at public hearings and legislative meetings, such as the Town Council meetings. ****

-Chairman Sabin informed the additional audience that if they have any questions, they can submit their questions to the Town Clerk and answers will be provided as quickly as possible.

Start Time: 10:00am

Motion to approve the September 16, 2019 minutes with corrections noted by S. Kimsey: 1st by J. Weir; 2nd by B. Brower. Motion carried without dissent.

-Town Manager Cooper reviewed the normal monthly financials with the committee.

TM Cooper stated that all three funds should be at 100%.

This is the last report for Fiscal Year 2018/2019

GENERAL FUND

AMERIS BANK GENERAL FUND BALANCE: \$618,339.45
Not used yet - New Ameris CDBG Grant Account: \$ 10.00

Income:

1 Line Item 369900 (Other Miscellaneous Revenues) – The Total of \$747.28 was for the following items: (1) \$10.00 paid for 40 color copies made for the JC Penney Scenic Highway 5K Run; (2) \$462.83 was for a health insurance rebate from AETNA for 2018; (3) \$183.55 was for an overpayment of quarterly payroll taxes in June 2019; (4) \$90.90 was for all the scrap sold by the Town – which will be donated towards the Town’s Historic Museum.

Expenses: *There were two (2) payrolls this month*

The following line items will reflect **100% or higher** already, because the 1st quarterly payment for FY 19/20 has been made to Florida Municipal Insurance Trust (FMIT) for our General Liability/Auto Insurance/Property Insurance/ and Workers Comp (Due on October 1, 2019):

- **5132400 – Workers Comp** **\$1,701.75**
- **5194500 – Insurance (Property)** **\$1,597.25**
- **5412400 – Workers Comp** **\$1,701.75**
- **5414500 – Insurance (Auto)** **\$ 378.50**
- **5724500 – General Liability** **\$3,099.50**

TOTAL \$8,478.75 = 1st Quarterly payment

-TC Cooper explained that there are two Workers Compensation line items: (1) for the Finance and Administration salaries; (2) for the Public Works salaries.

1 Line Item 511900 (Council Reserve Fund) – The total of \$85.16 was for (\$10.16) for the refreshments for the Town Council Budget Meeting and (\$75.00) for 3 – Town officials to attend the Northeast Florida League of Cities (NEFLC) dinner meeting held in Palatka, FL.

2 Line Item 5133100 (Professional Services) - \$90.00 is for the quarterly pest control at the Town Hall.

3 Line Item 5135200 (Operating Supplies/Bank Fees) - The total of \$129.37 was for (1) (\$76.95) monthly security monitoring of the Town Hall; and (2) (\$52.42) was for a Subway lunch provided for the entire staff during Hurricane Dorian preparations.

4 Line Item 5135400 (Dues/Subscription) - \$75.00 was for the Annual NEFLC membership.

5 Line Item 5194200 (Postage/Freight) – The total of \$93.30 was spent on several certified letters that went out during the month.

6 Line Item 5195100 (Office Supplies) – The total of \$989.70 included paper products (toilet paper, paper towels, coffee cups, garbage bags), bottled water, various batteries; 2 –umbrellas, 2 - New nametags; printer cartridges, copy paper; and 2020 State and Federal Labor Law posters (required).

7 Line Item 5243100 (Inspections) – The total of \$110.00 was paid out to the Fire Marshall for the final (4) fire inspections for the New skilled Nursing Facility.

8 Line Item 5414600 (Repair & Maintenance) – The total of \$3,754.08 was for the following items: (1) (\$234.00) for 2 - New tires for the Utility Truck; (\$280.38) for new lawn mower blades/ Case of bar oil/ case of motor oil; (\$135.45) was paid to Rick’s Automotive to replace the battery and charge the system on the Ford Ranger truck; (\$310.00) was for the Generator PM on the Town Hall generator (Formerly at Barrows Hall); (\$710.00) was spent on replacing the headliner and reupholstering the Chevy Truck front seat, which was half gone; (\$65.00) for the complete detailing of the Chevy Truck; then (\$2,019.25) was for replacing all (4) tires on the Chevy Truck including balancing and alignment; and new shocks and struts had to be put on the truck. **The Chevy truck was unsafe to drive without these items being repaired.*

-TM Cooper stated he had no idea that this truck was in this condition because he never drove the truck and the former employee never told him of the needed repairs.

9 Line Item 5415200 (Public Works - Operating Supplies) – The total of \$1,855.48 was spent on the following: (1) (\$386.00) for cleaning supplies, duct tape, and flex tape; (2) (\$2.67) for getting a shop key made; (3) (\$1,466.81) was for (2) diesel gas cans; a portable generator to use at lift stations if necessary (Hurricane Dorian prep) with an adapter & parallel cable.

10 Line Item 5415201 (Fuel) – The total of \$947.44 was for: weed-eater fuel (\$35.47) and (\$912.17) to keep Towns fuel tank filled and to fill up diesel generators during hurricane preparations.

11 Line Item 5724600 (Parks – Repair & Maintenance) - \$1,724.80 was spent on new mulch for the Playground Park, as requested by Council Member Andrews. **This was not budgeted for.*

TOTAL INCOME: \$ 38,140.98 **74.1%**
TOTAL EXPENSES: \$ 46,025.05 **60.7%**

NEGATIVE BALANCE: - \$ 7,884.07

**The negative balance for this month (September 2019) in the General Fund was primarily due to having to pay the 1st quarterly FMIT payment for fiscal year 2019/2020 early (\$8,478.75) and the numerous unexpected Chevy truck items that were never reported to me and discovered after the departure of Tracy Jones, (Approximately \$3,000.00); and also the Playground mulch, not budgeted for (\$1,724.80). Extras totaling about \$13,200.00 for September 2019.*

**In the last finance meeting, I mentioned there would be some extra costs this month.*

**Even with the extra items, the Town has still managed to stay under budget for the year.*

**Note: Any items that have been paid in September for the new fiscal year will be adjusted correctly, by the auditor when the annual audit is completed.*

WATER UTILITY FUND

AMERIS BANK WATER UTILITY BANK BALANCE: \$125,623.81

Income:

1 Line item 3434005 – (Solid Waste Franchise Fee) – This line item totals \$924.45 which includes payments from United Site Service (\$108.96); Advanced Disposal (\$755.49); and (\$60.00) from Medigreen Waste.

2 Line Item 3810001 – (Contingency Reserves for Water Utility) – The total of \$3,095.87 was for the following items:

- \$ 258.00 for 2 – Transducers for the Water Tower
- \$ 37.52 for the freight costs for the 2 – transducers
- \$ 129.00 for 1 - Another Transducer for the Water Tower
- \$1,415.00 for the service call to the water tower to change out transducers and repair monitor
- \$ 21.85 for a 100/pack of Water Sample Packages
- \$ 440.00 for one new Chlorine Tester
- \$ 31.23 Freight for the Chlorine tester
- \$ 103.30 for (10) keyed padlocks
- \$ 238.00 for (10) keyed padlocks – long shank / (10) keyed padlocks – short shank
- \$ 73.95 for a case of (12) Green marking paint
- \$ 78.95 for a case of (12) Blue marking paint
- \$ 36.93 Freight for marking paint
- \$ 12.60 for a car wash mop
- \$ 219.54 for (2) – 6’ Fiberglass step ladders

-TM Cooper explained that he purchased the ladders so he could avoid having to climb in and out of the Well 1 and Well 2 meter pits to get readings. He also added that some of these expenses were due to the ex-employee leaving and locks were changed out and supplies had to be ordered.

3 Line Item 3810002 – (Contingency Reserves for the WW/Sewer) – The total of \$1,925.00 was for cleaning out all of the Town’s lift stations: (\$875.00) for four of the Towns’ lift stations and (\$1,050.00) for the Master lift Station. **This item will be shown in the expenses being transferred to the WW/Sewer fund.*

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- **Water Revenue** 100.2%
- **Solid Waste Revenue** 94.8% (Total \$1,960.66 = \$1,036.21 is for Garbage/ \$924.45 is for Solid Waste Franchise Fees)
- **Misc Revenue** (Total of \$319.10) is for the following:
 - Ameris Water Utility Interest - \$ 165.69
 - Ameris Customer Deposit Interest - \$ 27.12
 - Ameris Water Reserve Interest - \$ 126.29
- **InterFund Transfers** 30.4%

Expenses:

****Again, there were two (2) payrolls this month****

1 Line Item 5334600 (Repair & Maintenance) – The total of \$1,086.90 was for the water utility portion of the generator PM’s that have been performed; and the water tower battery charger that was repaired.

2 Line Item 5334800 (Machinery & Equipment) – The total amount of \$2,290.51 was for (3) 60” Bin cabinets for the maintenance shop totaling (\$1,887.54); 1 wall mounted key cabinet (\$304.66); and (\$98.31) for a telescopic pole/lithium battery/ and a pressure gauge.

3 Line Item 5335100 (Office/Operating Supplies) – The amount of \$543.35 was for the following: (\$79.89) for 16 – 2 ½ gallons of chlorine w/ 2 sprayers; (\$21.00) for marking paint for locates; (\$289.10) water sample supplies; (\$25.42) for 1 leaf rake; and (\$127.94) for the portable cord /plug for generator.

4 Line Item 5335600 (Contingency Equipment & Repairs for the Water Utility) – The total of \$3,095.87 was paid out to the various vendors for items already mentioned in the Income – Contingency Reserve line for the Water Utility.

5 Line Item 5810004 (Transfer out to WW/Sewer Fund) – The total of \$1,925.00 was transferred to the WW/Sewer fund for the cleaning out of all the Town’s lift stations, including the Master lift station, as already explained in the Income – Contingency reserve line for the WW/Sewer.

TOTAL INCOME: \$ 14,159.13 89.5% (Overall)
TOTAL EXPENSES: \$ 13,825.88 89.8%

POSITIVE BALANCE: + \$333.25

- J. Weir asked if the Town has rules on bidding and/or a purchasing process.
- TC Clerk Cooper stated that the Town Manager has a spending permission threshold of up to \$5,000.00 on an item, anything over that amount has to be approved by the Town Council.
- TM Cooper stated he has always made the Finance committee and the Town Council aware of all major purchases, even if they don’t reach that \$5,000.00 threshold.
- T. Ryder asked about items under \$5,000.00, is there a policy for those?
- TC Cooper clarified that if you are talking about services, such as contracting for a new air conditioner and/or renovations for the Town Hall, three quotes are usually requested. She stated operating supplies, such as parts, the Town uses a variety of suppliers like Grainger, USA Bluebook, and Home Depot, which are fairly competitive, for those types of supplies.

WASTEWATER/SEWER FUND

AMERIS BANK WW/SEWER BANK BALANCE: \$21,307.91

Income:

- **Wastewater Revenue 86.4%**

- **Misc Revenue (Total of \$96.05) is for the following:**
 - Ameris WW/Sewer Fund **\$ 34.57**
 - Ameris - WW/Restricted DEP - **\$ 61.48**

****Again, there were two (2) payrolls this month****

Income:

1 Line Item 3810001 – (Contingency Reserves) – The total of \$1,925.00 is shown being transferred in from the Water Utility Fund for the cleaning out of all of the Town’s lift stations and the Master Lift Station as described in the explanation for the Water Utility.

Expenses:

1 Line Item 5354600 (Repair & Maintenance) – The total of \$941.10 was for (1) – Generator PM’s and testing (\$269.00); and a major Master Lift Generator PM totaling (\$672.10).

2 Line Item 5355100 (Office Supplies) – The total of \$133.52 was for the purchase of Circular charts/ Universal Chart Pens for the master lift station.

3 Line Item 5355600 (Contingency Equipment & Repairs) – The total of \$1,925.00 is being shown here as paid out to Champion Septic for the clean out of all the Town’s lift stations, as well as cleaning out the Master Lift Station.

TOTAL INCOME:	\$14,602.70	91.2% (Overall)
TOTAL EXPENSES:	\$14,892.07	93.6%

NEGATIVE BALANCE: - \$ 289.37

OTHER ACCOUNT BALANCES:

	<u>AMERIS BANK</u>
WW RESTRICTED (DEP) FUND:	\$ 43,318.30
UTILITY RESERVE ACCOUNT:	\$ 86,644.37
UTILITY CUSTOMER DEPOSIT ACCOUNT:	\$ 19,112.87

-B. Brower commented that the Clay County Utility Authority (CCUA) bill is tracking better than in the last couple of years. He noted that the Sewer Fund is showing a loss of about \$12,000.00 for the year. He asked the Town Manager how he plans to address that loss.

-TM Cooper stated that the Sewer is not meeting its predicted revenue.

-TC Cooper reported that in the new budget the total expected revenue was lowered to try and meet budget demands.

-B. Brower commented that a lot of repairs have been done and that has resulted in better CCUA bills. He asked if the Town Manager could estimate the cost savings of those repairs in the last year, if the repairs had been done earlier, to see how much the Town would have saved throughout the year in payments to CCUA. He stated that could show the difference in the \$12,000.00 loss for the year.

-TC Cooper stated that she could do a comparison for the committee from this fiscal year and the last fiscal years' CCUA bills to be presented at the next Finance meeting.

-TM Cooper stated he is very concerned about the Sewer Fund because the Town has just received notice from Clay County Utility Authority (CCUA) that it plans on increasing their rates 4%, effective October 1, 2019. He stated that he has taken this issue to the Water Utility Committee and they will have to provide the recommendation to pass on this increase to the Town Council.

-TM Cooper reported to the committee that with the 4% increase from CCUA that would result in approximately \$562.00 revenue per month or \$6,744.00 of annual revenue, based on an average current usage.

-TM Cooper stated that for example: September 2019, the CCUA bill was \$5,957.17. A 4% increase would result in a \$238.29 monthly increase or \$2,859.48 annually that the Town would definitely have to pay to CCUA. He stated these are the numbers the Town would have to pay whether the increase gets passed along or not.

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-J. Weir asked about the grants listed in the General Fund and noted there was no activity with them.

-TC Cooper explained that any grant the Town applies for has to be listed in the budget and that is a requirement of the grants. She stated even if the Town does not receive the grants, they are to be listed in the income and the expense sections of the budget.

-J. Weir asked the dates of a fiscal year.

-TC Cooper stated that the fiscal year for any municipality in the State of Florida begins on October 1st and goes through September 30th of the following year.

-TC Cooper stated this is the last finance meeting for the fiscal year of 2018/2019. The next meeting will be the first of the new fiscal year of October 1, 2019 – September 30, 2020.

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-TC Cooper addressed some concerns of committee member Susan Kimsey has brought to her attention. She thanked Mrs. Kimsey for her suggestions and expressed her appreciation for her thoroughness of reading the Town reports.

Item 1: The Manual Colored Reports

-TC Cooper explained that the colored financial reports are the reports that are given to the public audience at Town Council meetings. She stated that all of the numbers on those reports are derived from the original monthly Quickbooks reports for all three funds: General Fund; Water Utility Fund; and the Wastewater/Sewer Fund. She stated that the colored reports are for easier reading and understanding for the public. However, those reports are manually done and typo errors are occasionally made. Mrs. Kimsey has suggested that some sort of customized report be prepared directly out of Quickbooks to avoid any of the manual mistakes.

-TC Cooper stated that she has briefly looked into Quickbooks and believes she can come up with a customized report to accommodate that concern. She stated she will try and have a new report for the

next Finance meeting and would like the committee members' suggestions and critiques on how best to proceed with the public reports.

-TC Cooper stated that she will be out of the office, in Daytona, for training this week and will do her best to input the new fiscal year budget and customize a report during the next week or two.

Item #2: Payroll Report

-TC Cooper stated that the second suggestion from Mrs. Kimsey was to have a payroll report to support the Town's payroll.

-TC Cooper stated that she will have a payroll report to support the Town's payroll from Day 1 of when she was hired by the next Finance meeting. She stated this report will list every action that was approved and the discussions that occurred for those decisions, including statistics.

-S. Kimsey expressed her appreciation of the Town being so receptive to suggestions and requests made by committee members and that she understands the difficulty in dealing with accounting programs. She commented that no one can say enough good about the minutes and how well they are done with the clarity and detail of them.

-B. Brower reminded the committee that the original financial reports from the previous town management were incomprehensible. He further stated that these colored reports were definitely an improvement. He stated the official financial source is the Quickbooks program and those documented reports are what the auditor goes by and that should be the primary document(s) that the Finance committee receives.

-TC Cooper stated the colored reports are given to the Finance committee members, so they can see what the public is receiving.

-J. Weir asked if this committee has to approve or question the budget for each year?

-Chairman Sabin stated that the budget begins at this committee level and stated that the staff does the ground work and then we have a Town Council Budget Workshop, which includes this committee, to discuss and approve what is proposed for the coming fiscal year.

-TC Cooper stated that the Town Council Budget Workshop is usually the longest meeting of the year. She clarified that no voting can take place at a workshop, but a general consensus can be determined at that meeting. After all details of the budget are discussed openly and agreed upon at the workshop, then a recommendation comes from the Finance committee to the Town Council for the budget approval.

-TC Cooper explained that normally our budget process is, the first reading of the budget is done in August, then the second and final reading of the budget is in September to become effective on October 1, 2019. She stated that with Ad Valorem taxes the process has changed and now there will be two budget hearings to approve the millage rate and the budget, in two required public hearings. She stated the Ad Valorem process was followed correctly, with the proper notice and required advertisements.

-B. Brower identified the Town's fiscal responsibility as follows: The Finance committee is responsible for making financial recommendations to the Town Council and the Town Council is the only legislative body to approve or deny those recommendations. He further stated this committee cannot legislate.

A motion to approve the Treasury reports by T. Ryder; second by S. Kimsey. Motion carried without dissent.

-TM Cooper reminded the committee that the Town's Water Utility and Wastewater/Sewer Asset Management Plans were approved back in February of 2019 and were to include a CPI Index rate increase for each fund. He stated that the Finance committee and the Town Council approved the measures, but decided to wait and make the increase effective on October 1, 2019, to make it easier for budgeting reasons for the Town and the Penney Retirement Community (PRC). He further stated there was no problem with that decision for anyone. He further stated that this increase was properly noticed and a notice was hand delivered, in advance, to each water utility customer in July 2019,

-TM Cooper stated that Dale Fish and Teresa Scott came to his office last week to point out that on the original Resolutions for the Asset Management Plans, the wording, "billed in arrears" was not on the Resolutions and because the effective date was October 1st, their interpretation was that the increase would appear on Novembers' bill, for Octobers usage, and not be billed in October, for Septembers' usage. He further stated they suggested that the Town was misleading the public and it was not fair. They requested that every resident get a credit for the October water utility bill which was sent out on the 1st of the month.

-TM Cooper stated in light of the recent atmosphere, he made the decision to credit the average of \$1.14 to the residents and PRC for the month of October, only to become effective, and rebilled in November. He stated the Wendy, the Water Utility Administrator is working on figuring the credit for each customer now, which has created a lot more work for her.

-Dale Fish asked how will the credit show on the bill?

-TC Cooper stated that the credit is being done now and will show on the next bill as a negative (-) amount, with a new total listed. She explained that there is not a line item designated for a credit. She further stated that this will probably cause some confusion for the residents, but the Town staff will handle this issue accordingly, and are prepared to answer the questions.

-Dale Fish asked the Town Manager what rebilled means?

-TM Cooper stated that every customer will receive the average credit of \$1.14, for the September usage on the October water utility bill and the November bill will include the approved rate increases, for the October usage.

-B. Brower clarified that the November bill will show the differential between the two months usage.

-TC Cooper assured the committee that any new Resolution which includes any new utility rates will have the wording, "billed in arrears", on them.

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-TM Cooper clarified that the Water Utility committee has also been made aware of the credit issue and will make their recommendation to the Town Council regarding the CUA Increase at tomorrow nights' Town Council meeting.

-TC Cooper reminded the Finance committee to be aware that, depending on how the Town Council votes on the CCUA increase, there will be repercussions showing on the new fiscal years' budget.

-T. Ryder confirmed that he will be back for the next Town Council meeting on November 19, 2019.

There being no further questions or concerns, a motion for the meeting to adjourn by B. Brower; second by J. Weir. Motion carried without dissent.

Adjourned Time: 10:55am

The next Finance meeting is scheduled for November 18, 2019 at 10:00am.

Chairman, Paul Sabin