

**REGULAR MEETING
LAKE HELEN CITY COMMISSION
December 10, 2009
7:00 P.M.**

MINUTES

A REGULAR MEETING of the City Commission of the City of Lake Helen, Florida was called to order by **Mayor Snowden** at approximately 7:00 p.m. Present were **Mayor Snowden, Commissioners Burton, Lane and Robbins**. Also present were **City Attorney Lonnie Groot, City Administrator Don Findell** and **City Clerk Nancy Wilson**.

CALL TO ORDER: Mayor Snowden

INVOCATION AND PLEDGE OF ALLEGIANCE

Commissioner Burton gave the invocation and led the pledge of allegiance.

DELETIONS OR MODIFICATIONS TO AGENDA

COMMISSION ANNOUNCEMENTS

City Attorney Groot was not present but Jennifer Nix from the same firm was sitting in for him.

MINUTES

October 15, 2009

Commissioner Robbins found an error on page 10, where the word *one* should have read *on*. **Mayor Snowden** said on page 10, Zone 3/Commissioner Lane should have read Zone 4/Commissioner Lane.

Commissioner Robbins made a motion to approve the minutes for October 15, 2009

Burton seconded the motion

All zones and the Mayor voted yes

CONSENT AGENDA:

Bills – December 10, 2009

Commissioner Robbins said the Wright Express bill should be under General Fund in the amount of \$1594.43 and the Utility Fund in the amount of \$267.25 for a total of \$1861.68. The Finance Manager has this updated information. **Commissioner Basso** wanted to know what the Mainline Supply bill under the Utility Fund in the amount of \$17,280 was for. **City Administrator Findell** said it was for touch read meters. They are approximately \$75 each and 240 were purchased. **Mayor Snowden** said that should be all the touch read meters we are going to need. They are being changed out in phases. **Mayor Snowden** had a comment about the Flair Air expense for service at City Hall. He

told the Flair representative that we were still under warranty for those repairs. Flair is checking into this because that type of repair falls under the warranty contract so we may get reimbursed. "Payment to the humane society is again close to \$1100 for animal control and I would hope in the near future that this Commission will set up a workshop to develop some animal control ordinances that will hopefully work at reducing this financial burden. It grows each year. I also have concerns with the amount of money that department heads have the authority to spend. I don't know if the Commission is fully aware of the policies that are in place pertaining to expenditures that department heads can make. Perhaps at the next meeting we can schedule a workshop to help identify some of these issues. I noticed that some of the supplies from Lowe's were for the Christmas tree lighting. That's a very nice event but it does cost the city a fair amount to put it on." **Commissioner Robbins** said there was a pretty large expenditure from Lowe's for an auger motor used for clogs at the Youth Center. We did have a \$275 bill from Larry prior to this purchase. Regarding the Halifax Humane Society bill, there's a possible return to owner that we didn't get credit for. **City Administrator Findell** said they got in touch with the owner and we've been properly credited. **Commissioner Burton** asked why we held one stray for 31 days. **Mayor Snowden** answered that we have one animal that we've been directed by the court to retain because it's evidence in a case. Upon resolution of the case, the City is expected to be reimbursed. He added that the purchase of the auger was indeed prompted by that clogged drain. "There are certain things on the bills that I think Public Works has the ability to remedy. They have the talent to remedy some of these things that are minor plumbing problems." **Commissioner Burton** said that the audit report mentions oversight of credit card purchases. **Commissioner Robbins** said she always goes over the credit card bills and quite often there are not receipts from department heads to back up purchases. The bills have to be paid, however, or we incur a \$39 charge. The Finance Manager pays the bills and the receipts come in afterwards. As I went through them today there were probably 15 missing receipts. The Finance Manger asked her to clarify what charges they were to which **Commissioner Robbins** answered that they were all platinum plus charges and added that it's the CAC that doesn't turn in receipts, specifically Keith (Chester) or Kelly (Zender) and sometimes Mike (Walker).

Commissioner Burton made a motion that the bills be accepted as read with noted corrections

Commissioner Basso seconded the motion

All zones and the Mayor voted yes

PRESENTATIONS

Alex Kish, City Auditor

Mr. Kish from Brent Milliken presents the 2007/2008 audit. "I'm the engagement partner on the engagement and Ben Stroud has also worked on this engagement with the City of Lake Helen staff. What I'd like to do tonight, since there are three new faces, is to hit the high points but I don't want to leave anything out if there's something that you have a question about. What I try to do in the presentation is look at the overall, entity wide, picture rather than individual funds. I'm here and able to go through those with you if you desire to do that but I'd like to hit the high points and look at the strong points of the City's

financial position. For the benefit of those who have not had the opportunity to look at this before, the financial statements basically have four major sections in them. The introductory section; the financial section which basically contains all the financial information, all the statements and all the required disclosures; the required supplementary information is additional information like pension funding data, contributions data and that kind of information and then finally the compliance section which includes all of our audit reports that are on an internal control in the management letter that's required by the rules of the Auditor General in the State of Florida. If you would flip to page 1 on the independent auditors report, basically we would like to inform you that we have issued an unqualified opinion which means that we have not found any deficiencies or anything that requires qualification for consistency purposes. It's a good audit opinion and covers all of the financial statements that you have. I would like to hit the high points there. It does in fact indicate to you that we've audited the basic financial statements in the City of Lake Helen Florida for the year ending September 30, 2008. It also indicates in here that we've performed the audit in accordance with generally accepted auditing standards and government auditing standards. They are a little more involved and a little more rigorous standards than are involved in performing services on municipal engagements. Our opinion in the third paragraph is that we're trying to indicate to you that the financial statements present fairly, in all material respects, your financial position and results of operations for the prior year and conformance to generally accepted accounting rules. Also, the final paragraph indicates that we've supplemented the report with an additional report on internal control over financial reporting and matters regarding compliance. These are additional reports required by government auditing standards. The key thing to point out is that it's an unqualified opinion. On pages 3-10 you have a management's discussion and analysis documentation. One of the things that is new in 2000, the GASP issued a new statement indicating that the City should follow more closely with the reporting and disclosure requirements like an SEC type organization or a publicly traded company. While we don't follow all the same accounting and auditing requirements, one of the things that they do have is the additional management's discussion and analysis document. I would like to point out that it really covers virtually every aspect of the financial transactions occurring during the year. It's done in a narrative format. One other thing, I call it a downfall with governmental accounting and reporting, is that there is not a provision for providing for dual or comparative financial statements. This is the only place that those comparisons are allowed to be made and allowed to be narratively discussed within the report. I encourage all readers to try to zero in on the MDNA section because it really contains all of the data and at the same time it gives you a comparison with the prior year and also provides a narrative supported additional analysis for actually trying to get an understanding of the financial information. When we take a look at the financial condition of the City on page 11, basically what we have is a snapshot of an ongoing financial machine that's moving all the time. It never stops but on September 30 at midnight we take a financial snapshot of your financial affairs. When we take a look at this, it is the statement of net assets or statement of net worth for the City at September 30, 2008. One of the things that we look at here is the City's net assets that total roughly \$5.3 million at the end of 2008. This basically compares to around \$4.9 million at the end of 2007. Overall, during 2008, your net worth or your net assets on this entity wide concept increased \$383,000. That's compared to a slight increase of around \$280,000 last year. Actually taking a look at that, it's substantially almost 50% better in

2008 than it was in 2007. Total assets were slightly higher at \$7.1 million at the end of the year compared to about \$6.8 million one year earlier. Total liabilities decreased from about \$1.9 million down from \$1.8 million at the end of 2008. The reason the liabilities went down is that we had deferred revenues, that are trapped on the balance sheet, that are collected in advance that haven't been earned or else there was a delay in the process of time in receiving the grant revenues once they were recorded. In other words, when you look at grant programs, its expenditure driven. So, when you purchase a piece of equipment under a grant program, you have to purchase it before you can apply for reimbursement. That way it's earned when you purchase it. So, if you receive money in advance, prior to expending it ,it's deferred and that looks like a liability because if you don't use it for that project you have to turn around and pay it back to the grantor. So we see a large reduction in that in 2008 because we had received grant proceeds in 2007 that were not entirely spent at the end of that period. That contributed to a portion of the decline in liabilities for that period. The result of that was net assets grew from \$4.88 million in 2007 up to \$5.27 million at the end of 2008. A good increase overall. We take a look at the unrestricted component. We see that unrestricted funds from all activities dropped slightly for the second consecutive year. I'm looking at the recap for all activities. \$913,000 compared to around \$989,000 the year before. So you had a slight reduction in unreserved equity in that period which would be the unrestricted resources that you have the discretion to use as you need. Unreserved equity in the general fund - this is the fund that provides the most governmental service, that supports the City. We look at that and we see unreserved equity was at \$599,700 in 2008 compared to around almost \$700,000 in 2007 and about \$770,000 at the end of 2006. So we've had a three-year decline overall in unreserved fund equity. We take a look at surplus funds available. The calculation we do, we use this for liquidity and for financial strength overall. We look and see that the unreserved fund equity and we compare it with total expenditures for the general fund and during or at the end of September that number was roughly 25% or three months reserve funds on hand. In other words, you could continue to operate with zero money coming in for three full months before something would have to happen. That buffer has been substantially higher. Right now it's at 90 days or three months, it has been as high as 128 days or 130 days in the last two years. Again, we've had two off years from the economy where you've had to do things. That is not an unusual drop particularly if we compare that to peer cities. Net assets overall in the water fund decreased this year by about \$27,000. Again, it's a small decline overall but it's still the third consecutive year we've had a decline. That's compared to about \$111,000 increase in 2007 so there's a slight decrease this year. Net assets still remain stable at \$1.33 million. I look at that as almost a break-even year for the water operation. We take a look at the snapshot on the balance sheet so that's as of September 30. When we look to see how that changed and what occurred during the year to make that change we have a statement of activities on pages 12 and 13. Again, for the benefit of those who have never been through this process, it's a very unusual income statement. If you take a look at it, it's upside down. It's done that way on purpose. In government, basically everything is expenditure driven, therefore the emphasis is on expenditures and how we match revenues at the governmental level to make ends meet. So, if you'll notice this, you'll see on page 12 that instead of starting with revenue and expense and calculating net, we're actually starting with expense and comparing that with revenue to calculate net. The purpose of this is so you can see the matching concept of where the resources come for the functional and object activities that

you have going on. If we take a look in this page, we can see that current year revenues from all activities increased in 2008 by 23%. That's a good solid increase overall. Again, there was a decline in revenue in 2007 and probably one that was anticipated to decline in 2008 except for a few unusual things. Revenues in 2008 totaled \$2.47 million compared to just \$2 million in 2007. The increase of around \$470,000 in a way was primarily attributed to the start up of the Creative Arts Café and almost \$210,000 of that increase came from revenues that were not there in 2007. The remainder of that almost entirely came from grant funds that had been in deferred revenue. In other words, we collected the money but we hadn't earned it because we hadn't finished the project. When that comes out of the balance sheet it runs through as income and that's the other income item that's created in there. Other than that, you basically had budgeted at a breakeven basis for the year. Overall, ad valorem collections decreased \$66,000, about 10%. So when we look at that increase in revenues, it wasn't from taxes. Your actual overall ad valorem taxes went down in 2008. Governmental expenses during the period increased around \$234,000. Again a \$450,000 increase in revenue, approximately a \$234,000 increase in expense. If you take a look at the Creative Arts Café, on its own, it was almost dollar for dollar the total amount that was in excess of the amount expended the year before. Uncanny, but very close overall. Again, that does account for those differences. Excluding the Creative Arts Café, the governmental spending in 2008 remained relatively constant. There really wasn't a blip in any area. The good thing to point out is that when we take a look at the top level financial statement, we're looking at revenue and expense rather than expenditures, so capital outlay is really looked at as an asset increase rather than an expense of money. I would like to point out to you that during 2008, the City spent a little over \$511,000 on capital items, fixed assets, compared to \$360,000 the year before. That additional \$150,000 was mostly attributable to grant programs and the continuation of capital projects you had going on at the time. The utility fund operating expenses show operating revenues decreased for the third consecutive year. It was \$459,000 in 2008 compared to \$487,000 in 2007 and \$514,000 in 2006. We've had three consecutive years of increases. At first glance, I'd say you're having a problem but I know you're working diligently on trying to disseminate information on water conservation and actually doing a better job with conserving your water resources that you have and also I think you've been on an aggressive hunt looking for water leakage and trying to mitigate the loss of pressurized water that's treated and pumped through the system but not actually delivered. You've done work on those areas and I think a combination of those efforts has caused a slight decrease overall in revenue. A slight rate increase was implemented in 2007 but the decline in demand I think is related to your conservation efforts. Rates were scheduled for a slight increase primarily to provide for mandatory debt service on your FDEP loan associated with the treatment facility that went online in 2004. Overall, I think again we look at that, it's almost a break even when we take a look at the final activity in the water utility fund. The only other areas that we look at here are the fiduciary funds (pp 20-21), these are the assets of the police pension trust fund. They are only presented in these schedules for information purposes. They are not included in the top level financial statements. This is no different than any private company would report pension funds. The only thing that's reported in an entities financial statement is if there is a shortfall, if it's underfunded, you have to report that liability. If it's overfunded, you have the opportunity of reporting that net asset on your financial statement. But the actual dollar amount of the assets and liabilities associated with a pension are not recorded

within your financial statements anywhere. This gives you a recap showing that at the end of 2008, there was roughly \$440,000 in net assets available for pension benefits. If we take a look at how that changed during the year, it was roughly a \$15,800 increase. We had \$76,500 in contributions from employees, employer and your state casualty insurance premium taxes overall. As probably experienced everywhere, I won't say globally, but just about everywhere, we had a fair value impairment and depreciation in the overall investment portfolio of about \$59,000 for the year. So, actually assets only increased from \$421,000 to \$438,000 for the year in the pension fund. When we take a look at notes that are on pages 22 to 39 and I'm not going to go through all them. I would like to point out to you that governments are unique business enterprises. They do things that are different than the private sector and because of that we really have to go to the nth degree to explain the accounting treatment that's afforded different types of assets, liabilities, revenue recognition and expense recognition. Therefore, a small entity might only have two to three pages of notes where in this case you have 15 or 20 pages of notes. Again, it's basically to identify all those required elements so that a third party reader can fully understand what's going on in a government operation. I would encourage you to look at those but there is really no significant change in the notes from the past year. It does explain some of the substance of asset and liability composition matters that are there.

(00:30)

We get to these supplemental audit reports in the back on page 46 through 61, after the notes. In what we call the required supplementary information, we have a budget actual summary for your governmental funds: your general fund, your stormwater fund and your general trust fund has also got a recap. Also, the funding status for your pension funds is found on page 45. One of the things that we've done in the back section is we've got the reports that are required to be remitted in accordance with the rules of the Auditor General of the State of Florida. In the reports, we've noted five findings that are related to internal control over financial reporting, four of which I've identified and we believe to be material weaknesses. Basically, they include year-end closing procedures, cash disbursement, oversight segregation of duties for the internal functions, property and equipment records and inventory procedures and this would be for fixed assets that are owned and maintained by the City, payroll processes and reconciliation procedures and accounts payable subsidiary reconciliation procedures. We also found three other significant findings related to compliance that need to be brought to your attention having to do with the calculation of the net pension obligation and the funding requirements - talking about actuarial and funding issues, audit filing requirements - you have 12 months after year end to file the audit with the State of Florida and FDEP loan covenants. We did not meet the required coverage ratios that are established with the FDEP loan that you are required to identify to. Also, in the management letter in the back, and I'd like to point out that we've discussed these matters in detail with management and one of the things that may or may not have been explained in the past year or two is that we actually put the auditee response in here so it's nice to see the comments and the recommendation and then management's response to that. On the management letter, we had seven items that are what we call supplemental recommendations that we make to our clients. They are really not required comments but they're just things that sometimes we see something that we think may be of benefit you to look at or consider. And we include that in the back section.

We have what we call other post-employment benefit measurement requirements and reporting requirements for 2009. Probably not a significant issue for Lake Helen but one that is required, something that will have to be done for the 2009 on a report. What we call post employment benefits under the new GASP (Government Accounting Standards Board) rules you have to account for under a rate subsidization program. You have to account for the actual value of health insurance premiums that are going to be paid in the event someone leaves early. I think it's almost insane when you try to calculate that." Mr. Kish gave an example of how this works.

"We've talked about fraud risk assessment. There are some issues here that we would like to work on with you. We've met with Don a couple times trying to come up with a method to do this and I think we're a little closer to working with something that your staff can do to make a fraud risk assessment. Under the government accounting standards, you're required to do this risk analysis and we are required to assess it. We talked about managerial oversight. You experienced during this period three or four people who served in the same position. For uniform accounting policies, we'd like to encourage you to develop some sort of a written policies manual, in case of a loss of personnel, for continuity. We talked about credit cards here as well. They are hard to monitor. In a way, they can bypass the purchase order system. They shouldn't be able to, typically, but they can. Too, there's a lack of supporting documentation and invoices and making purchases sometimes has you paying sales tax when you don't have too. Inaccurate postings during the period of time made it difficult going through the audit. One of the problems that we encountered as a profession nationwide, is in the 2007 revisions to the government auditing standards that require us to continuously evaluate our relationship for independence. We're not allowed to do the things that we used to be able to do for you. If you didn't have a bank reconciliation done for your cash accounts, during the audit, we would do it or help you with it. It would be something that we would bill extra for at the end of the engagement but we are no longer allowed to do that so now it's hard to coordinate back with your people to do those things so what it does is it increases the amount of time that we have threefold by having to monitor and work on that. And it's even more difficult when you have a rollover of personnel when somebody has done something and then someone has to go back and make sense of it. Just to put it in perspective this year we wrote 76 adjusting entries in the general fund alone, 18 in the stormwater fund and 33 in the utility fund. That's a record. We've never had to write journal entries of that magnitude. We have to safeguard our independence so we can no longer do your depreciation calculations for you. That's considered a client process. If we do that, we could be viewed as having impaired our independence, in other words, we're auditing our own records. We have to wait for you to produce those records and work with your people to produce those records in a format that is auditable. It takes more time and it's more difficult and it keeps your people away from doing other things that they should be doing. It's particularly hampered when you have a rotation of three or four employees. Adjusting journal entries are where we write a journal entry to request the client to make a change to something to adjust this financial statement or financial amount. An example would be, for instance, say a bank reconciliation had not been reconciled for a long period of time and it can't be reconciled. We're able to come in and do it and we can see that there was a deposit that wasn't accounted for or a disbursement that was so old it had been written off or didn't clear the bank and it was still sitting there. We would write a journal entry to adjust cash to recognize that change. Another change would be unbilled service receivables like

in your water system. One of the things we do is we look at this snapshot on September 30. The service is billed over cycles so what would happen is if the September cycle was billed in October we would look at the number of days between the meter reading dates and we would actually write a journal entry so you could recognize that revenue and net, even though it wasn't billed until after year end. We'd write an entry to do that. Your people would normally do that but if it's not done it's something we can do but we can't develop the records that are subject to audit. The most important thing in talking about this is that we've had a very good rapport with administration and we've gone through this stuff and I don't anticipate that this will be the same from year to year. I think that there was an unusually high number of items here that basically occurred and I think it has to do with turnover of personnel. There a lot of difficulties in doing this. It can be difficult to walk in and pick something up when you don't have all the pieces of the puzzle. I didn't go through the other items, but basically in talking about those, that's where we are and we want to make sure that you're aware that we think that you can strengthen the controls. You have what we call a very small office, a relatively few number of people. You don't have the ability to segregate a lot of functions so it does increase the complications involved in looking at internal control matters. What it does, is it then requires some additional oversight that typically wouldn't have to be put in place if you had the ability to delegate jobs to individuals. The only other way to do it is to take all the individuals and come up with a plan to delegate those items and I think that's the approach that's going to be taken - to get more people involved in the oversight process so you can share duties and have a review process in place without having to hire people. The functions that can't be done because of limited manpower, would be outsourced that to the extent that it's necessary so that the oversight procedure can be employed. Basically, that's it. I'm available to go through whatever level of this you want. I did want to hit the high points and I do want to point out that in 2008 you are in a much stronger financial condition than you were in 2007 even though you're looking at downward trends everywhere. I don't know how this will apply to 2009, 2010, 2011. During that time you had an increase of value in net assets and net worth. A lot, I think, is grant related from receiving assets that you didn't have to pay for that added equity to the city." **Commissioner Burton** said the value of the City of Lake Helen property was \$149 million at the end of the previous year. At the snapshot from January 1st until we had to come up with our millage rate, the value of our property dropped from \$149 million to \$102 million so that's a loss \$47 million of real estate taxable value. Is that reflected in this report? Mr. Kish answered, "Your ad valorem taxes in 2008 decreased about 10% (\$66,000) that's the only place that's reflected in this report. You did see a reduction in overall property taxes in fiscal 2008 and that would be from your 2007 levy since it's all done in arrears. You're going to see a larger degradation in property tax receipts as a result of that. You'll have to send the millage rate through the roof to compensate. **Mr. Findell** said that this reflects a subsequent tax year to this one. We have experienced declining property values for 2007, 2008 and 2009. So the \$147 million to \$102 million is what we experienced this year and what we budgeted for this year but we will see another decline in valuation and we'll see another decline in actual revenue anticipated and received for fiscal year 2008/2009 which will be the next audit year. Mr. Kish said, "You'll see a more dramatic decline in revenue next year unless there's a dramatic increase in your millage rate." **Commissioner Burton** said we've talked about having a 90 day reserve so any disaster situation could draw down those resources. Mr. Kish said, "Your reserve balance is three months which isn't bad but for a

small city, you'd want that amount to be higher. You're looking at a buffer of around \$600,000 but that doesn't go very far in a catastrophe. **City Administrator Findell** said, "By way of example, when we had the hurricanes of 2004, our expenditure for those three hurricanes was about \$300,000 most of which was reimbursed by the federal and state governments. We had a large expense with the first hurricane and the following hurricanes just added to it after more rain was dumped on us. So we spent the lions share of \$300,000 relatively quickly after the first storm and then spent the other \$100,000 after the second and third storms." Mr. Kish said, "And you have the difficult task as the fiduciary to juggle that because at 90 days, that's a reasonable reserve. Then you have the flip of that occur with people asking why are you charging ad valorem taxes when we have three quarters of our budget in reserve. Well, you do, but that's a nest egg you're holding for a catastrophic occasion. So you have to decide where you want that to be. You're at 90 days now which is about average, maybe better than average. There are some cities that run at 100% and some cities that run 12% to 15% but they're usually a lot larger. We've got cities in Volusia County that run at 15%." **Mr. Findell** said, "Another thing to note in that regard is that percentage is based on a snapshot in time and it's based upon the percentage of reserve measured against the expenses that were incurred in that fiscal year. That same reserve may be available in a subsequent fiscal year where you don't spend, where your anticipated expenditures were not as great and then that percentage goes up. Just to give you an example, if you have the same dollar amounts in reserves for fiscal year 2009/2010 and we've anticipated expenditures of \$1.6 million and that became the measuring tool then that reserve is 35% as opposed to 25% so again, it fluctuates with time as well." Mr. Kish said, "It also fluctuates if the denominator changes. If you have a large capital project that runs through, it takes a dive because the calculation we're using is the surplus divided by the gross expenditures and if you have a one-time shot project in that gross expenditures, it's going to make that percentage smaller and I think that's what you were trying to point out. One year you could be at 20% and do nothing but just finish that project up, and the next year that same amount could be 50% or 40% just because the calculation, the denominator, is half of what it was before because of a single project. I think that you are probably looking at a real 90 day number, looking at operations. But you do need to recall that out of the funding, it was \$511,000 in capital that's in the denominator so if you said we're going to go bare bones and you take that \$500,000 out that 25% could easily be 40% and it's still the same number. It's more the dollar amounts rather than the percentage or the number of days. You really want a look at the real dollar amount is that you have to hold in reserve. At that time, you had roughly \$600,000. When I look at catastrophes, I see a lot of money spent and \$600,000 doesn't go a long way. To have to rely on FEMA or the Department of Emergency Management to reimburse you - that generally doesn't happen because a lot of expenses are denied and don't qualify for reimbursement." Mr. Findell said "We were fortunate. We were on the upper end of those who were reimbursed beneficially. We really didn't have anything that was denied though I do know a number of other communities that did. One of the things they took into account with us is the size of the city and I think that they also took into account that much of the expense associated with our cleanup was minimized by using local people rather than hiring large companies that charged an arm and a leg. Although we had a catastrophic event which required us to spend a significant amount of money in our terms it was still small when compared to other communities.

(01:00)

Commissioner Burton said, "A lot of what Don is speaking about was an historical anomaly that we had so many of the residents of Lake Helen who were in the building trades and who had heavy equipment and were in business and were able to help. Since the downturn of the economy a lot of those businesses and people are no longer here. We as a city would not have the same benefit next catastrophe." Mr. Kish said, "The learning curve can be horrible. In some of our larger cities, FEMA doesn't like to use who you want to use, they want to use one contractor to do everything and they want them to sub it out and control it and manage it. So when you take the path you took, it makes it more difficult but I think what Don is saying is that it's easier to prove your case because you don't have any other issues that come up in the process. If you weigh items that go to the dump and you have the weigh tickets rather than somebody counting the number of trailers and estimating them, you've gone the extra mile to insure that you took care of everything. It's a tough learning curve." **Mr. Findell** said, "The more expensive way is the better way for FEMA because they have a better way of verifying and managing the records associated with the cleanup but the federal government and the state government is probably paying for that record-keeping efficiency and effectiveness exponentially probably four or five times. It's unfortunate that that's the way our government works but that is the way it works." Mr. Kish said, "It's a blind agreement you enter into with FEMA; they make all the decisions. Every single contract is different. Florida Department of Emergency Management has the ability to write the project work orders and to allow what they want to allow. The contracts can be very difficult to audit because nothing's written into the contract other than it will be approved if the state approves it."

Commissioner Basso asked Mr. Kish how long his firm has been doing the audit for the City of Lake Helen. The answer was 25 years. **Commissioner Basso** then asked Mr. Kish if he knew when the City received this audit report or when it was sent to the city. Mr. Kish said he e-mailed a copy to Don yesterday but delivered the final hard copy to Don this evening. **Commissioner Basso** said he'd love an opportunity to be able to digest this information more and have an opportunity for Mr. Kish to come back and talk to us again. Mr. Kish said absolutely. Mayor Snowden said, "That was our expectation. Mr. Kish understands that we haven't had a chance to digest this." Mr. Kish added, "I'll meet one-on-one or come back for a meeting. However you want to do it." **Commissioner Basso** said, "There was only one glaring thing I saw and that was in the pension fund. From 2003 to 2008, it looks like the required contribution by the City has gone up 350%. What has attributed to that and is it sustainable?" Mr. Kish answered, "One of the things that contributes to that is when the rules are changed by the legislature or your pension trustees change the rules." Mr. Kish gave an example of why this can happen. "That's a comment that we included in here and that is that sometimes these plan amendments are made without the luxury of having a qualified actuarial consultant tell you what the real impact will be. We brought up that item on page 52, items 6. That's the same thing you're referring to, Commissioner Basso. You've got significant plan changes and amendments that have been made without first obtaining the necessary actuarial information to adequately measure and disclose the total effect of the related pending plan amendments. That's what happens and keep in mind, at the same time, you've got a board that's separate from the City so you've got to be aware that those things are going on and that you have a separate Board of Trustees that can accept those things. You've got to make

sure that you want to accept them as well.” **Commissioner Robbins** said every two or three years there is an actuarial study done and the rate went from about 13% to 30% in two years. Mr. Kish said, “It has to do with providing additional pension benefits by allowing people to retire earlier and have fewer years of service. What it does is it exposes you to a greater actuarial risk. When these guys do these calculations they assume that everybody's going to leave at the earliest possible date. And they have to because they have to look at the worst possible scenario.” Mr. Findell added that we're just a microcosm of what's occurring throughout Florida. Mr. Kish continued, “This is happening everywhere in Florida. Florida has traditionally set the rates according to the legislature and has ignored the actuarial and now they're actually paying more attention to the actuarial approved amounts. If they continue to do that, the funding will in fact occur. The problem that we're seeing now is with the interest rates - they're assuming a 6% annualized interest rate over a long period of time. I hope those days will come back but today we're looking at less than 1%. It makes that liability greater if we're to earn less money over a period of time.”

Commissioner Lane said, “One of the problems with being a small shop with few employees is with some of the control type things like reconciling. To bring someone in to provide some of that control, if we hired a qualified person to come in x number of hours, I'd like to know what you think the cost would be. How much time do you think we'd need if we hired an accountant to commit and spend five hours a week or five hours a month to do some reconciliation to give us more control.” Mr. Kish said, “That's certainly an option that I was discussing here but what we've tried to do is look at the existing staff that you have and I think the issue is they may or may not have the expertise to do these kinds of things but they could potentially be trained to provide certain procedural activities. That would be the first step. You have the ability to do it but there are some sophisticated things that have to be done and difficult things that have to be done but it can be worked out and hopefully allocated among your current employees. There are issues like fixed asset inventories and those kinds of things. In that case, I think you'd be better off to get somebody independent to come in from the outside to help you with that. I've discussed with Don that we work with another firm that's in Leesburg and Kissimmee that do a lot of government support work without doing attestation work (attestation work is that they don't issue opinions but they perform management services for people). The president is a woman who was close to being a partner with a large international CPA firm but chose to stay home to rear children. I still think she's one of the sharpest gals I've ever worked with and she does that type of work and of course there are others who do that too. That is a possibility. I don't think it would be that costly if you're looking at 10 hours a month in which case it may be \$1000 a month. It wouldn't be a lot when you look at what could be done.”

Mayor Snowden said he skipped over the modifications and deletions at the beginning of the agenda. There will be one item added, 7F. This item was submitted to the clerk on the day that the agenda was published. He wanted to add the request for Blake Memorial to get permission for temporary signage.

City Engineer – no report

Planning Board – no report

Historic Preservation Board – no report

Parks & Recreation Board

Sean Abshire – Co-chairman

“For the new kickball season starting on Monday, there were 25 kids registered and 23 were new. Some of the ones that weren't there this Saturday will be there next Saturday. The Christmas parade lineup begins at 4 pm for the Mayor and Commissioners. If you'll all be there to ride on the float, that'd great.” **Commissioner Burton** said he's spoken to Rick Mullen and the fact that there are no bathroom facilities at Melissa Park that can be used when the building is closed. He has discussed building out the back wall to allow access during the normal open hours of the parks. I'm bringing up these issues so these requests can be factored into the budget next year. **Commissioner Burton** then mentioned that there's a float for the parade and he asked what the other commissioners would like to do. **Commissioner Robbins** said she has plans. The other Commissioners and the Mayor will ride on the float together.

PUBLIC FORUM

Karen Greer from the Boys and Girls Club.

“I wanted to come here to let you guys know that with a heavy heart this will be my last Commission meeting. I'm moving away to pursue my career in psychology. I have an opportunity to go back to school, and have it paid for, to get my PhD. I will be moving away to New York City after Christmas.” She submitted an invitation to the Christmas party and goodbye party. “Mr. Sedrick Lawson will be the new contact person at the Boys and Girls Club. He's been around with the Boys and Girls Club for about three months but he's very passionate and we think he'll be an asset to Lake Helen. He won't be taking over the director position but he will be the person in command until he's ready for that role. Right now my supervisor, Althea Shavers, will be coming to the club to take over the director's role. She oversees Volusia's westside clubs.” Ms. Greer said she'd be back in February to see if Sean Abshire wins the Youth of the Year Award. If he wins, he will be sent to the state competition.

Karen Greer was applauded by the Commissioners and the Mayor

PUBLIC HEARINGS – *none for this meeting*

COMMISSION CONSIDERATION

Consideration of request by Boy Scout Troop 590 to use City Hall facilities to hold weekly troop meetings

Diane Jennings, Prevatt Avenue

“We have four dens meeting at four different locations and it makes collaboration difficult. We've held meetings at City Hall but we'd like to make it a regular thing because it worked out so well. The meetings are every Wednesday from 7pm to 8pm. I'm just requesting to be put on the regular schedule, it doesn't conflict with other activities at City Hall. It will be used for den meetings, for committee board meetings for adults only and for pack meetings which is for everybody including families. There will never be more than 35 to 40 people. When the dens met here this past Wednesday, we split up into several rooms.

Commissioner Basso asked if we have facilities available for that to happen. **City**

Administrator Findell said if there is no conflict, the rooms mentioned are rooms that are commonly open. **Commissioner Burton** mentioned the shuffleboard court but it was determined that that area is too small. **Commissioner Robbins** said somebody mentioned the shuffleboard building to her that day for these meetings. **Mayor Snowden** said you have the Creative Arts Café. Ms. Jennings said they've met at four different locations throughout town but it was a logistical nightmare and very inconvenient. They'd like everybody under the same roof and City Hall has worked very well. The groups have approximately 10 people each. **Commissioner Robbins** asked if there would be one person in charge of the key and clean-up. The answer was yes. "There's adult supervision and the children are well behaved." **Mayor Snowden** asked if she could share any complaints from other places they have used. Ms. Jennings said she's not aware of any. She assured them that they had not been kicked out of anywhere. The reason they want to use City Hall is because it's convenient and allows them to be under the same roof but in separate rooms. **Mayor Snowden** said his concern was that he didn't want the ramps to be used for skateboarding. "I'm worried about the liability of child play." She understood their concern but said that is not something that happens. The meetings start in October and wind down in May or June. **City Administrator Findell** asked if their national chapter provides accident insurance. **Mr. Findell** said they need to have the City named as an additional insured on that policy for the use of City facilities. This can be coordinated through the office. **Commissioner Burton** asked if the kids are local. Ms. Jennings said they're mostly local but they are all students at Volusia Pines Elementary.

She clarified that she's talking about the Cub Scouts who are in grades 1 thru 5. The Boy Scouts meet at the Legion on Tuesdays. **Commissioner Basso** said, "My heart would love to find a facility in the City that you can use, I'm not convinced that City Hall is the best place. I'd like us to explore our options. You said there were three different kinds of meetings. Maybe we could make the facility available for one type of meeting and different facilities for the other meetings. I'd like more information from you and look at all our facilities and how we can accomplish this for you." Ms. Jennings said they've already done that and that's why they came up with City Hall. It was the best facility for their needs. **City Clerk Wilson** said, "Wendie and I talked to Diane and we also thought City Hall would be the best facility. Hopkins Hall was another option but wanted to leave it available because it's more rentable. Wendie said City Hall accommodates them the best and it was her recommendation." **Mayor Snowden** mentioned the old Commission chambers though it is full of office furniture. **City Administrator Findell** said even the old Commission chambers wouldn't provide the rooms that Diane needs to accommodate three different groups at the same time. **Mayor Snowden** said there are many facilities over there that are within yards of each other though not in the same physical building. He asked if they have used the Creative Arts Café and she answered that they have used one room. **Commissioner Robbins** said there's a room in the back for the teen program, isn't that available for a second group? **Police Chief Chester** said it probably wouldn't be available. **Commissioner Burton** agreed that having everybody under one roof would be better than several locations. Having all the adults and children in one place results in additional oversight of the kids and is favorable than having them spread out. He thinks that City Hall would work for what they need. Ms. Jennings said that some of the parents have children in two different dens and that also causes concerns. **Police Chief Chester** said they have had no problems at the Café when Troop 590 has used it in the past.

Commissioner Lane asked when she wanted to start. She responded that they've already started but they want to make it a regular meeting place. **Commissioner Basso** said he'd be in favor of doing it as long as we have some probationary period.

Commissioner Burton made a motion that Troop 590 be able to utilize City facilities to hold their weekly meetings on Wednesdays from 7 p.m. to 8 p.m. with a 90 day probation period and that they should provide the City with the appropriate insurance naming the City as insured and also with the understanding that they will manage the children and clean-up after their meetings.

Commissioner Lane seconded

All zones and the Mayor voted yes

Consideration of appointment of a representative to the MPO Board in the seat vacated by Mayor Duffy

Mayor Snowden said Mayor Duffy was the City representative to that board. We are required to have a representative. "I have attended the meetings since Mayor Duffy left and I would be willing to continue.

Commissioner Robbins made a motion to appoint **Mayor Snowden** to this Board. **Commissioner Burton** seconded.

Commissioner Basso said he's not really quite sure what that board does. **Mayor Snowden** summed up what the Board does and added that we share one vote with Oak Hill and Pierson. **Commissioner Lane** added that it's a tremendous Board. All of the road improvements go through that committee. **Commissioners Basso and Lane** both said they'd be willing to serve. **City Administrator Findell** explained the responsibilities of the four Boards.

Zone 1 – yes; Zone 2 – yes; Zone 3 – no; Zone 4 – no; Mayor - no

The motion failed to pass 3 votes to 2 votes

Commissioner Robbins made a motion to appoint **Commissioner Basso** to the MPO Board.

Commissioner Lane seconded

All zones and the Mayor voted yes.

Consideration of request by Sean Abshire and the Boys & Girls Club to paint in Blake Park

Sean Abshire said he, in conjunction with the Boys and Girls Club, would like to paint their building, the bathroom building, some of the picnic tables under the pavilion and the playhouse next to the pavilion. The picnic tables are covered with graffiti and those tables are brown. The Playhouse has been painted brown once before but it has graffiti all over it also. The bathroom building still has some graffiti on it. The Boys and Girls Club doesn't have any graffiti, but it could be painted. "Ricky has the paint, I just need permission to do

it. I'm going to do it along with the Torch Club and volunteers. We're going to do the picnic tables first followed by the playhouse and bathrooms. We'll finish up by painting the Boys and Girls Club." **Commissioner Basso** said, "I'm in favor of it as long as it's done properly. Not that you wouldn't but a lot of times people think if I have a bucket of paint and a brush I can make something new but if it's not done or prepared properly, you can create more problems for yourself. I want to make sure the proper procedures are in place to do it properly. There's also something called graffiti guard that you can put on over paint. You just need to use a pressure washer to clean off graffiti when that product is used. We can keep maintenance costs down in the future if we do this." Mr. Abshire described some other plans the Parks & Rec Board has discussed.

Commissioner Burton made a motion to give Mr. Abshire permission to paint the aforementioned buildings and structures in Blake Park
Commissioner Robbins seconded

Commissioner Basso asked Mr. Findell to have someone in a supervisory position assist Sean in this endeavor and make sure they're following the right path. **Mr. Findell** said he was going to suggest that Sean coordinate this with Public Works. Mr. Abshire added that everything's going to be painted the same color that it is now. **Mr. Findell** said he would suggest that they paint the Boys and Girls Club the same color as the other buildings in Blake Park. **Mayor Snowden** asked that before he takes on the Boys and Girls Club that he report back on the progress of the other painting projects. **Commissioner Basso** asked if he had a professional painter at his disposal who can give him guidance. Karen Greer said there is somebody on the staff who assists with such jobs.

All zones and the Mayor voted yes

(02:00)

Consideration of request by the Parks & Recreation Board to award \$300 in total prizes for the yearly Christmas decorating contest

Sean Abshire, Co-chairman of the Parks & Rec Board, said \$300 doesn't need to be awarded but that's a starting point. This is a tradition in Lake Helen but the ultimate amount is up to the Commission. He has the judges lined up and December 22 as the date to judge. **Mayor Snowden** said his personal opinion is that it's the season where people like to show off their lights and decorate and there are those who can and there are those who can't. The reward is providing the display because they have an interest in sharing their enthusiasm over the season. **Mayor Snowden** suggested that the City rewards winners of these displays by giving them a plaque. Sean Abshire said that's fine. **Mayor Snowden** said when times are good this is fine but when times are bad the pleasure is in the display and sharing that display. **Commissioner Basso** concurred. He doesn't think we should spend City funds on this process but recognition would be nice. **Commissioner Lane** suggested a plaque that could be added to yearly and passed on to each year's winner or displayed at City Hall. **Commissioner Burton** asked Sean Abshire how long this tradition had been going on. The answer was 10 years. **Commissioner Burton** said he just loved seeing the lighting when he first moved here and it does bring

people into our community. He added that maybe the funds could be raised in some other way because the prize money really is a great incentive and helps pay those electric bills. Diane Jennings, from the audience, mentioned that we should charge a fee for some of our events and this would help pay for such things. She suggested charging a small entry fee for parade participants, etc. **Commissioner Lane** asked about how much a plaque would cost. **City Administrator Findell** said about \$50 or \$60. **Commissioner Robbins** said she'd donate the plaque.

There was discussion about what the plaque would say and who and how many places would be recognized for second and third and what else could possibly be awarded that would be cheaper or free. Alan Cooke (Oak Tree Lane) said he worked with Wayne Bishop on this for many years. "We've been doing this for 10 years and I feel that after doing it all these years we need three places. The judges do a lot of work and the people who get second and third place feel as good as the one who is awarded first place. If it's just first place it is very tough on the judges. By the time you start fooling around with the plaques, it would be a lot easier if you just leave it the way it's been for 10 years." **Mayor Snowden** said that first, second and third place have bounced around among about four people. Mr. Cooke said that after all these years of being a tradition, it would be a shame to worry about the money. Raphine Pierce (Sand Crane Lane) spoke in favor of abolishing the \$300 and getting a plaque. Lou Benton (Lake Pearl Drive) said the \$300 should be spent on folks who won't be able to have Christmas dinner. You deny other groups money for those activities so I think this cost should be cut. The Commission discussed this at length. **Commissioner Lane** said it's incumbent upon us to make the choice to spend the money to give people something pleasant during tough times. We shouldn't be too penny pinching. We've asked people to give us money and for us not to put out any money is improper.

Commissioner Lane made a motion to approve the Parks and Recreation Board's request for \$300 in total prizes for the Christmas decorating contest.

Commissioner Burton seconded

Mayor Snowden wanted to clarify the motion and asked if he wants the contest to continue as it has. **Commissioner Lane** answered, "I think that the Parks and Recreation Board should have the discretion to award the money the way they have or, during these hard times, to make a donation on the winner's behalf to buy 10 turkeys or something similar." **Commissioner Basso** said he'd be in favor of it on one condition and that is that next year we put a provision in place that if you want to be in the competition, that you pay an entry fee and that money would then be redistributed as percentages that are equal to the total collected. **Mayor Snowden** said that would have to be a different motion and then suggested that the winner get one billing cycle of free water. This wouldn't directly impact the other taxpayers. Conversation continued and it was decided to amend the motion followed by more discussion. **Commissioner Lane** said by turning down this request, we haven't returned a single dollar to a single person who's struggling to make their mortgage. By granting this request we have helped enhance the community that everybody lives in a little bit. **Commissioner Basso** said, "I don't think this discussion is about whether this should or shouldn't be done. I think the people who've done this in the past will probably continue to do it. I think what this discussion is about is if the City should spend this kind of revenue on this kind of activity." **Commissioner Burton** said,

“As a City, we lose sight that timing is everything. We can sometimes be penny wise and pound foolish. As a City, we need to show that we have a human side to us and draw people into our community with such activities.” There was conversation from the audience. **Commissioner Lane** said, “I don't think that anybody contends that it's all about the money. We have a suggestion from our standing committee that works hard for us 365 days a year so my tendency is to support the committee.”

Commissioner Lane amended his motion to fund the event (\$300) with Parks & Rec being the one to make the decision about how the money should be spent. Sean Abshire said, “I didn't say \$300 had to be granted.” **Commissioner Lane** said that's up to their discretion.

Zone 1 – no; Zone 2 – yes; Zone 3 – no; Zone 4 – yes; Mayor – no
Motion failed 3 votes to 2 votes

Conversation continued about the future of this tradition.

Consideration of appointment of Commissioner Robbins as Vice-mayor in accordance with section 8B of the City Charter

Commissioner Robbins was appointed Vice-mayor and is in line to be granted this position as outlined in Lake Helen's charter.

Commissioner Lane made a motion to appoint Commissioner Robbins as Vice-mayor

Commissioner Basso seconded

All zones and the Mayor voted yes

Consideration of request by Blake Memorial Baptist Church to erect temporary signage.

Mayor Snowden said Blake Memorial Baptist Church would like permission to erect temporary signs in the same locations as in previous years for two weeks. The signs will have directions to the nativity scene that they have set up. They will have a tour through Bethlehem with live animals. Visitors will be led through a tour of the City of Bethlehem at the time of Christ's birth. They are just trying to direct people to where this is and they've done this in past years.

Commissioner Lane made a motion to approve their request for signage
Commissioner Burton seconded

All zones and the Mayor voted yes

COMMISSION DISCUSSION – *none for this meeting*

STAFF REPORTS

City Attorney – nothing to report

Police Chief - Keith Chester gave an update on the last school board meeting regarding school redistricting. He was our ambassador for the City of Lake Helen. He said, "At the end of the day, the school board voted to keep it as it was in our favor. They were doing this in the best interest of children not necessarily to appease us. Deltona tried to make it an *us against them* situation but their argument didn't make much sense. I spoke to two school board representatives and they once again thanked us for how professionally we handled ourselves at the meetings and how kind we were. Ultimately, this helped with their final decision but the main part was what was best for the children. At the end of the day, our kids will stay at Deland High." **Mayor Snowden** commended the Chief of Police since he recognized the situation early on and mobilized the troops and rallied people around the cause. He followed it through to the last meeting.

City Administrator - He wished everybody a Merry Christmas and Happy New Year

Code Enforcement – *nothing to report*

MAYOR'S REPORT AND COMMISSIONERS' REPORTS BY ZONE

Zone 1/Vice-mayor Robbins

She also wished everybody a Merry Christmas and a prosperous new year. She said that they will be collecting toys and food in the drive for the needy and she encouraged people to contribute. She added that she and Don Findell will be purchasing plaques for the artist names on the sides of the stadium seats in the Commission chambers

Zone 2/Commissioner Burton

He wished everybody a Merry Christmas. He spoke to Ricky (Mullen) about the viaduct where they've cleared it away and it was left exposed making it dangerous for kids walking by. Rick was able to get a fence that's going to be put up this week. "I've also talked to Rick about providing bathrooms for people at Melissa Park when the building is not open. The cost is high but there's a possibility we could make an opening at the back of the building to access them from the outside. I've also talked to Ricky about the fascia and the roof. Those will be taken care of next year. The basketball courts also have cracks in them and on our side of town we know how tough things are all over. As an advocate of all the people of Lake Helen I think it is incumbent upon us as Commissioners to look at all areas of the City. I had an interesting discussion with the director of transportation for the buses. There are some children who get a ride to school on a bus and others who don't. I've been driving those children to school. There are so many people who are in need and these children can't get rides to school unless I give them one. It used to be the norm but now it's an anomaly when people give. We as a City really need to look out for each other. It's that critical a time."

Zone 3/Commissioner Basso

"I look forward to seeing you all at the Christmas Ball."

Zone 4/Commissioner Lane

“Merry Christmas to all of you, happy holidays and happy new year. Anything we can do as a community to bolster the community is good.”

Mayor/Mayor Snowden

“We had a good Christmas tree lighting event. The tour of homes was exceptional this year and I enjoyed participating in it. Lake Helen has a reputation of scrounging for things that we can't afford and we've been pretty successful with that. We had a man who did some work in Lake Helen several years ago and recalled Mayor Mark Shuttleworth and recognized that Mark was always looking out for the City. He was in a demolition phase of some historic building in Orlando and had some things that Lake Helen might have an interest in that consisted mainly of landscaping. The Chief of Police and I drove to Orlando with two trailers and a shovel and brought back some beautiful boxwood hedges and four crepe myrtle trees. If we had to tally up the total of those it was probably \$4,500 worth of nursery stock that we got just for our efforts. The fact that we have people who recognize we are who we are and they appreciate us is very satisfying. I appreciate the Chief of Police going down and contending with me because we spent about six hours in the rain digging up trees. Hopefully, we'll have a lot to show for our efforts. Just another way our Chief goes out of his way to try to make Lake Helen better. I spoke to Sharon Jackson about Melissa Park and she assured me that she would help assemble volunteer labor and she was going to make a list of the deficiencies that she knew of in Melissa Park. We as a community with volunteers could tackle some of those deficiencies. I have not heard from her yet. I hope we can start the New Year with everyone having a good attitude. It's contagious. Merry Christmas.”

The meeting was adjourned at 10:00 pm

Buddy Snowden, Mayor

Nancy Wilson, City Clerk