

**EDGEWOOD CITY COUNCIL
BUDGET WORKSHOP-- AUGUST 9, 2011**

On Tuesday, August 9, 2011, the Edgewood City Council held its Budget Workshop at Edgewood City Hall, 405 Larue Avenue, Edgewood, Florida. Council President Pro-tem Powell called the meeting to order at 6:34 p.m., gave the invocation followed by the Pledge of Allegiance.

City Clerk Meeks noted for the records the members present, and those absent, and noted there is a quorum although this is a workshop and not a voting session.

Attendees:

Mayor Bagshaw
Council Member Dowless
Council President Pro-tem Powell
Council Member Henley

Absent

Council President Beardslee (excused)
Council Member Bozeman

Staff:

Bea L. Meeks, City Clerk
Pete Marcus, Police Chief

Council President Pro-tem Powell deferred to Mayor Bagshaw who reported the following:

Mayor Bagshaw said that he wanted to explain some things so that as Council moves forward, they will be a watch-dog and make sure certain processes do not happen. He said he thinks that some of the confusion is that the City has an auditor and a bookkeeper, "How can things get screwed up? Basically, it is very simple, the auditor does his thing and the bookkeeper reconciles the statement at the end of the year. When the auditor turns in the report at the end of the year, if the auditor does not forward a copy to the bookkeeping company, the books do not get

reconciled if there is a variance”. It is imperative that the City makes sure, and if it is not in the Agreement with the auditor, there’s got to be a part of the agreement that says upon completion of the auditing report; a report is to be forwarded to the bookkeeping company. If the City does this, the responsibility is on the auditor, if the City does not do this, the responsibility is on the City. There have been instances in the past when this didn’t happen. He thanked Bonnie Bagshaw for going over the 2006 through 2010 reports from the auditor and the bookkeeper with him. He noted some of the issues:

- As an example, in January 15 2007, a check was written (using round figures) for \$321,000, coded to Orange County Fire & Rescue. The fire/rescue fee was \$619,000, and \$321,000 was a partial payment. On January 17, 2007, two days later, another check was written for the exact same amount coded to the Orange School Board, however the check was made payable to Orange County Finance Department, so the monies were credited to the Fire & Rescue fee. The auditor for that year listed both checks as fire and rescue, but they did not make a management notation for the correction/adjustment. The Bookkeeping company did not get an audit report, so they continued to carry the fact that the City paid Orange County School Board \$321,000; but, we only paid fire/rescue \$321,000 but owed \$619,000 therefore, this carried over because it has never been reconciled. The money is there, the City collected a little over 1-million dollars in impact fees from Beazer. The Orange County Ordinance states that the City keeps 3% and the rest goes to Orange County Schools. During a certain period of time, someone chose to keep 10%; therefore, the City owes 7%. This started it. Going a step further, the Ordinance states that Cities will pay quarterly. The City of Edgewood never paid quarterly. In ‘06/07 approximate year, the City remitted a check for \$504,000. The City did not list the homes the impact fees represented, and the check was late. The County performed an audit, and this is why the City was audited, as was other Orange County municipalities. The Mayor said as a result, the City owes \$558,000 in school impact fees. The City has the money, which we have been thinking is extra money. This is a liability because we owe the money, and we can’t spend it. Orange County School’s response is that they will give us 12-months to pay but ask why they should wait. Mayor Bagshaw stated that he is bringing this to Council to look at, as they consider the budget; because the City has certain liabilities that need to be taken care of.
- City Clerk Meeks confirmed that the audit was done through December 2010. A check is ready to remit to Orange County Public School for homes permitted in 2011 to date (exception of any permits received in the past couple of weeks). City Clerk Meeks said

she held off on payment until the issue regarding the amount of administrative fees the City retains was resolved. City Clerk Meeks said a listing of the homes the impact fees cover will be provided with the check for Orange County's records, and in compliance to the requirement of the Agreement.

- Mayor Bagshaw also reported that Beazer was undercharged in 2008. A letter has been sent to Beazer regarding the shortfall in the amount of \$43,000.
- Mayor Bagshaw also reported on a FEMA payment, noting a copy of the recent letter received from FEMA will be in the August regular council meeting agenda packet. The letter re-stated that on July 29, 2010 a letter was sent to Mayor Teague, asking why the City had not paid the overpayment. The letter also states that if the City does not pay, they will be in default and lose funding from other sources if not paid within 30-days of receipt of the letter. Mayor Bagshaw said the \$117,000 has to be paid on or before September 9, 2011, which is why it will be in the agenda packet for review and approval. This is another liability.
- Total liabilities are \$676,000 so far.
- Mayor Bagshaw asks Council to look at the reserve (surplus), and the total amount of money. He said that he will give some figures that will offset that amount in document form, at the next workshop.

Mayor Bagshaw deferred to the proposed budget, second page, "History of Revenue Stream" (06-'10) shows basically what came in, shows the impact fees and what happened to them, along with the franchise fees. In '07 the City received \$288,000, Mayor Bagshaw pulled these out of "Other" (unidentified funds). The \$489,000 is part of the pension plan related to some changes that were made, and references that Council Member Powell was involved when the changes took place. Mayor Bagshaw said this "kind of" gives an overview of where the City is.

Mayor Bagshaw referred to the total revenue stream for '08 and '09, and pointed out that Council was looking at the same exact figure. Mayor Bagshaw said if you look at the '09 audit, the figure is the same as in '08 because the auditor picked up the '08 number. He said the asterisk below indicates the number should be \$2,873,547. Mayor Bagshaw said he was pointing this out to say there is no guarantee. He stated that Council needs to look at the audit. Mayor Bagshaw explained to Council that a letter has been sent to Greenlee-Kurras stating the City does

not feel they owe them for the 09/10 audit. To date, Greenlee-Kurras has not responded; therefore, Mayor Bagshaw ask the City Attorney to send another letter that essentially states that since the City has not heard from them, we assume they agree with us and we do not owe them anything for the 09/10 audit. City Clerk Meeks noted that she prepared a semi-verbatim transcript of the April 2011 meeting when the audit report was presented. Council President Pro-tem gave commentary on the fact that he cannot talk to other Council members about some the items the Mayor explained because of laws. Council President Pro-tem Powell said that Council knows that Council President Beardslee is "infirm," but they do not know the status of Council Member Bozeman, who has missed several meetings/workshops. Mayor Bagshaw said he can talk to Council Member Bozeman. The Mayor noted that after so many unexcused absences a council member can be removed. Mayor Bagshaw asked City Clerk Meeks to add this to the August 16, 2011 agenda.

Mayor Bagshaw said he would like for the Police Chief to present his budget separately. Council President Pro-tem deferred to Police Chief Marcus to present the Police Department's budget.

Chief Marcus referenced his Interoffice Memorandum; a copy was provided to Council and the City Clerk. Chief Marcus said his budget is being shown in different variations, adding an officer and a vehicle, not adding an officer and vehicle, adding a vehicle and not an officer, and other variations. Mayor Bagshaw noted that the budget indicates \$1,513,998, but will be adjusted according to Council's decision.

Chief Marcus said if he could add another officer and vehicle, he would have the same budgetary figure as FY 10/11 because the mortgage is going away, and because extra fuel was budgeted to allow Belle Isle to get fuel from the City; but Belle Isle stopped getting fuel. He would like to add an officer. Chief Marcus said the City has two officers on duty 24/7, which is what the Council mandated however, it is becoming more difficult to do. He said there is seldom a time that there are not two officers on duty. Additionally, there has to be a sergeant on shift. Also, if there is an officer out on vacation, sick or other leave, it becomes difficult on the officers personal time. Chief said as much as he would like to have another officer, he would like to have another vehicle; this would provide a vehicle for a reserve officer. Council President Pro-tem Powell noted that there were 11 officers, and a former Mayor disagreed with the addition of a 12th officer; the Council over-rode the Mayor's objections. Council President Pro-tem Powell said Chief Marcus assured Council this would provide an adequate force. Chief Marcus confirmed for Council Pro-tem Powell that his department currently has 5 marked cars and 2 unmarked cars. Chief Marcus explained that he has officers drive single in cars, and depending

on how many officers (including reserve) are working, depends on how many cars are on the road. Mayor Bagshaw noted that sometime a car(s) is in the shop. He also noted the car that is parked at Discovery Church, which is an older car. Council President Pro-tem Powell said he didn't think the City needed the additional officer because even though it looks like the City has the money, the City is in the hole; can't afford it. Council President Pro-tem Powell ask if the reserve officers are being utilized; Chief Marcus said they try to; however, the problem is that they are volunteers; not much in budget for pay. Reserve officers are required to work 16 hours per month. Council President Pro-tem Powell said he is having a hard time understanding why the Police Department needs another car. Chief Marcus said he has to plan for normal daily use and plan for what could happen. Chief Marcus said the additional car helps him to reduce maintenance and helps to get reserves in cars. Council President Pro-tem Powell said "we" need to look at what the City can afford, and the City can't afford "it"; we are in a big hole. He said that it is not Council's fault, but it was inherited from previous leaders. Council President Pro-tem Powell said he is not against having an adequate police force, but there is a time when things have to be cut. Chief Marcus reminded Council that he has provided a budget with and without another officer and car. Chief Marcus said if Council says "no", he guarantees "they" will be able to continue to operate and will continue to do an excellent job. In response to Council Member Henley, Chief Marcus said that roughly 50,000/60,000 miles are annually put on the police cars. He said he likes to retire the cars at 100,000; depends on mechanical history of the car. Mayor Bagshaw said that idle hours are also considered into the equation, not just miles. Council President Pro-tem Powell ask how much Discovery Church is paying the City; is it offsetting the cost of the car idling hours? Council Member Dowless said this needs to be addressed. Chief Marcus noted this is a benefit to his officers; it's a way for them to make some extra money. Mayor Bagshaw said he is willing to sit down with the Church administrators regarding the current agreement. Chief Marcus said if the Church needs officers to help at the crossing, they will hire deputies. Chief Marcus said that he does not know how much the Church pays his officers; the money does not come to him. Council Member Henley stated he thought it was something Council should know about; if the City raises the rates too much, the Church will go somewhere else. Council President Pro-tem Powell said the City needs to cut in every way it can without jeopardizing the safety of the citizens. Chief Marcus noted that if you look at his budget, the column with no additional car and officer is still under what they are currently paying for officers. In response to Council member Dowless, Chief Marcus said the Police Department has 12 sworn officer, including him, 1 full time civilian, 1 part-time civilian and 6 reserve officers. Council President Pro-tem Powell thanked Chief Marcus.

Mayor Bagshaw wanted to know if anyone in the audience had questions. There were no comments.

Council President Pro-tem Powell asked the Mayor to “lead on”, as he has some questions. Mayor said “Let’s talk about why the junk in the budget (restated) for the proposed budget, and some of the issues that are there that are going to create this, and these decisions that the City has to make” for example:

- Carry-over in the amount of \$100,000- Lake Mary Jess Retro Project (Roads & Streets) – Council President Pro-tem Powell explained how these funds were created.
- Comp Plan (Comp Plan Update - \$30,000) – Council President Pro-tem Powell noted to Council that the fees essentially pay for the Planner to prepare the comp plan amendment, as well as the fees for mapping, studies and other necessary work to amend the comp plan. Mayor Bagshaw noted that due to the recent changes with Department of Community Affairs, the work can be done for less.
- Legal fees (Legal Counsel -\$60,000): Mayor Bagshaw noted that legal fees can be a challenge and we already know we will be over-budget this year. He added additional \$15,000 in the proposed budget
- City Hall renovations (Capital Outlay - \$17,500): Mayor Bagshaw reported that there is mold and mildew in City Hall, and a wall is about to cave in because of water intrusion, from the outside. You can go outside pull the facing off (by brick fascia) and you can see the outline of where the wall is cracked from the water intrusion. Mayor Bagshaw said part of the problem is that the windows were never sealed properly. Also, the roof at the front of City Hall has a divot where it is rotting. Progress Energy also performed an audit on City Hall, and one AC unit is so “old and about to die that it is drawing more energy than it should. Mayor Bagshaw said he believes he is on the high side. He noted the building has not been sealed and needs to be pressured washed, and noted that the fascia is fake blocks.

Council President Pro-tem Powell requested to start at the beginning of the budget and go line by line:

REVENUES

- Ad Valorem Revenues – Mayor Bagshaw noted to Council how the City obtains the revenue amounts. Mayor said the \$1,253,201 will be adjusted. City Clerk confirmed calculated at 95%
- Council President Pro-tem Powell questioned the parentheses, because it appears that the amount is a deficit and it’s not; Mayor said it will be changed.

- In response to Council Member Dowless, Mayor Bagshaw said the big difference in tangible tax is because he used actual amount.
- In response to Council Member Dowless, City Clerk Meeks confirmed that the Communication Services Tax (CST) is telephone, cell, mobile, etc.

LICENSES AND PERMITS

No questions.

INTERGOVERNMENTAL REVENUES

- In response to Council Member Dowless, Mayor Bagshaw explained Alcohol Beverage Licenses and Business Tax Receipts.
- In response to Council Member Dowless, Mayor Bagshaw explained how he and City Clerk Meeks were able to obtain the estimated revenues.

CHARGES FOR SERVICES

- Chief Marcus confirmed for Council President Pro-tem Powell that the City does not provide services for Belle Isle now.
- Fingerprints (\$25,000) - Chief Marcus confirmed for Council Member Dowless that most of these fees are from people applying for concealed weapons permit. The Edgewood Police Department is the only agency in County that provides the service five days a week 8:30 to 3:30.
- Solid Waste Revenues/Residential (\$215,000) - Mayor Bagshaw confirmed for Council President Pro-tem Powell that this is the 5% recently approved for the non-ad valorem assessment.

FINES AND FORFEITURES

- Council President Pro-tem Powell asked Chief Marcus about the police education funds; Chief said this is the second dollar fund that comes from the Clerk of Court. Chief Marcus said his department tries to use these funds for training; approximately \$15,000.
- In response to Council President Pro-tem Powell, Chief Marcus explained that LETF is the Law Enforcement Trust Fund; it is the seizure fund under the Law Enforcement Contraband Act.

MISCELLANEOUS REVENUES

- In response to Council President Pro-tem Powell, Mayor Bagshaw explained that SBA is the State Board Administration.
- In response to Council President Pro-tem Powell, Mayor Bagshaw explained interest/solid waste.
- Interest/Wachovia will be changed to Interest/First Southern Bank.
- Mayor Bagshaw said the impact fee revenues have been reduced.
- FDOT Reimburse –Traffic Light (\$12,500) – Traffic light repair and maintenance to lights. Mayor Bagshaw noted that the City also receives a reimbursement check that offsets this cost.

NON-REVENUE SOURCES

- Mayor Bagshaw confirmed for Council President Pro-tem Powell that a transfer from general fund would have to be approved by Council.

EXPENDITURES/CITY HALL

- Salary Expense – City Hall (\$130,000) – In response to Council President Pro-tem Powell, who questioned the math as it related to budget variance; Mayor Bagshaw said this will be corrected. Mayor Bagshaw said that the salaries will be separated into vacation and other personnel expenditures, so the amount shown will be reduced.
- Dr. Powell questioned longevity pay, and noted that there were no employees currently in City Hall that qualify for this benefit and he would rather remove this. He noted that currently in City Hall there is City Clerk Meeks (7-month employee and Cinnamon, 1-month employee); Mayor Bagshaw reminded Council about the part-time accounting staff. Council President Pro-tem Powell said he would rather cut it out; *consensus to cut*. Mayor Bagshaw explained he will change overtime to contract pay in place of overtime.
- Council President Pro-tem Powell questioned bonus pay. Mayor Bagshaw said this is built in but does not know how; only knows that City has been paying this but he doesn't know when. Council President Pro-tem Powell said he is not opposed to some holiday bonus but questioned the budgeted amount of \$250.00 per employee regardless of their tenure. Mayor Bagshaw said there is no policy. *Council agreed to prorate and to reduce to \$500.00.*
- Payroll Taxes (\$14,480) – Mayor Bagshaw said this will be reduced to \$10,000; will probably come in at \$8700.00.

- Health/Dental/STD/Life Insurance – City Hall - Mayor Bagshaw noted that the proposed budgeted amount is based on the current rates; however, it should go down, based on the proposed plans; better rates and coverage. Presentation will be made at the August 16, 2011 City Council meeting. Chief Marcus also noted that we had an employee who incurred a large medical bill, which stays on the City’s claim’s history for five years; time has elapsed and this history will drop off the City’s claim’s record.
- Building Janitorial (\$4200) – Confirmed that the City retained a new cleaning service. Mayor Bagshaw said the amount is a little higher however, he built some additional services into the contract. Also, although the new rate is \$10.00 more per service, the new service is cleaning every week, instead of breaking up the cleaning duties per cleaning.
- Auditor (\$20,000) – In response to Council Member Henley, Mayor Bagshaw said the amount listed is for the 11/12 FY. He also confirmed that the accountant’s bill will also be reduced because services they are currently providing to the City will be reduced.
- Office Equipment/Copier/Rental (\$5000.00) – In response to Council President Pro-tem Powell, Mayor Bagshaw explained the \$2000.00 increase in this budget item is related to old equipment therefore; part of the increase is to increase new purchase. Additionally, this also includes the maintenance agreement for the digital recording machine in council chambers, which was not included in the current budget and the service lapsed on the equipment. Mayor Bagshaw confirmed for Council Member Dowless that some of the computers are seven years old.
- Vehicle Repair/Maintenance (\$0.0) – Mayor Bagshaw confirmed this is the code enforcement vehicle that has been moved to the Police Department.
- Printing Expenses (\$5000) – City Clerk Meeks confirmed for Council Member Dowless that in addition to the printing of the newsletter and few other things, the budgeted amount also includes the printing cost associated with the codification of the City’s Code book, business cards and stationary. Clerk Meeks explained that the “Newspaper” budgeted line item covers the cost of printing the newsletter. Council Member Dowless noted that he would like to see invoices for printing services.
- Legal Counsel (\$60,000) – In response to Council Member Henley, Mayor Bagshaw explained the amount is due to records requests and (inaudible). Council Member Henley stressed that everyone needs to be more conscience of their calls to legal counsel.
- Donation Expense (\$500.00) In response to Council President Pro-tem Powell, Mayor Bagshaw confirmed these funds are what the City donates.
- Legal Ads – New Ordinances (\$5000.00) - In response to Council Member Dowless, City Clerk Meeks said these monies include TRIM ads, election ads (Spanish and English required), and legal ads. Additionally, if the City does any annexations, the required ads are display ads that have to include a location map with the ad.

POLICE DEPARTMENT

- Salaries – In response to Council President Pro-tem Powell, Mayor Bagshaw said the salaries for PD Clerk include the Code Enforcement Officer.
- Holiday Bonus (\$4950.00)– Council President Pro-tem Powell noted that the budgeted amount increased, and ask why it had doubled. Chief Marcus explained that last year the amount was changed to match the amounts given to City Hall employees and so he increased the amount for the Police Department. Chief Marcus explained the difference in holiday bonus and “holidays”; officers get paid for working on a holiday. *Council President Pro-tem Powell asked Mayor Bagshaw to look at this line item more carefully.*
- Worker’s Compensation –In response to Council Member Henley’s comment, Chief Marcus said that this fund was “drastically” underfunded last year. He said that with Interim Accounting Clerk, Pam Henley’s help, they have the “number where it should be”. Chief Marcus noted that he would present his budget to the former Mayor, the former Mayor would change the numbers and give it back to Chief Marcus telling him to resubmit. Chief Marcus said the number they are looking at is not his budget.
- Postage (\$1500) – In response to Council President Pro-tem Powell, Chief Marcus said the increase over last year’s budget is because of Code Enforcement mail, most of which has to be certified. Chief Marcus said this item will pay for itself due to the increase in code violations.
- Gas (\$40,000) - In response to Council Member Dowless, Chief Marcus confirmed the reduction is because Belle Isle is no longer getting gas from the City.
- Rental/Records System Service (\$10,000) – In response to Council Member Dowless, Chief Marcus said this is for annual fee and licensing for software (records retention).
- Repair/Maintenance – Vehicles (\$15,000) - In response to Council Member Dowless, Chief Marcus said he uses Greenway Ford for warranty issues, or issues Gator Tire can’t handle. Chief said he receives a discount on tires and oil changes at Gator Tire.
- Building Renovation/Maintenance (\$7,000) - In response to Council President Pro-tem Powell, Chief Marcus said an air conditioner is being replaced due to many repairs.

- Police Vehicles & Equipment (\$37,500) - In response to Council President Pro-tem Powell, Chief Marcus said if Council decides not to “up” a vehicle or replace a vehicle, this number will drop down. Council President Pro-tem Powell stated “After we get through with all this and see what funds (inaudible) early next year we can look at this and revisit it”.
- Software/Computer Consulting (\$12,800) - In response to Council Member Dowless, Chief Marcus explained the difference in this software versus the records retention software. He noted that the City also needs a new server.
- Education Reimbursement (\$8,000) - In response to Council Member Dowless, Chief Marcus said the increase is because this is in the CBA contract; after surveying the officers, it was indicated that they were going to go back to school; has to be law enforcement related. He said there is no requirement to repay if officer leaves employment with the City within a certain time frame. Chief Marcus said there is nothing in the contract that addresses this specific concern but he would research further.
- Training (\$2500.00) - Chief Marcus said there are annual training requirements, some comes from second dollar fund, and some can’t because of law.
- Maintenance Contracts (new) (PD Building) (\$5500.00) - In response to Council Member Dowless, Chief Marcus said the former Mayor made Chief remove this item from last year’s budget and he has contracts related to electronic fingerprinting, which allows officers to check fingerprints in the field. He also has cross-match, which is the fingerprint machine, and wind tracks are what are used for fuel dispenser (all computerized).
- Total Police Department (\$1,513,730) - - In response to Council Member Dowless, Chief Marcus said he has an updated budget that is less money. Mayor Bagshaw noted that not allowing the additional police officer will reduce the amount about \$100,000. Chief Marcus said \$1,432,444 (no added officer and no added vehicle), a little under 5%. Council agreed that they do not want to add a police officer and vehicle.

FIRE CONTROL

- Police Education Fund Expense (\$6847.94) – Already addressed.

- Neighborhood Partner Grants (Capital Outlay Grants) (\$10,000) – Council Member Dowless asked to go back to this line item and ask for an explanation. Mayor Bagshaw explained that this hasn't been used lately. There hasn't been a newsletter to help promote it. The Mayor said the reason he "bumped" it up is because the City has never reinvested or helped any of the business, and there are a lot of land owners that live in Edgewood that own businesses and homes. He wants to give the businesses an opportunity to apply for a grant; it will be a matching grant. The Mayor said it will be primarily Orange Avenue because he wants it to be a major thoroughfare.
- Orange Co. Fire/Rescue Fees (Fire Control) (\$520,000) – Mayor Bagshaw said this amount went down a little bit this year because taxes went down some. Mayor Bagshaw said the City gets a discount (7.5%), and now the County doesn't want to give a discount. The Mayor said he told the County the City can't do that. He said that the City would need at least 2 years to build into a budget, and the last two years he only wants a 1% discount, and still end up with a 4.5% discount. He said he doesn't want to give up everything. He said the County is meeting with the Town of Oakland and City of Belle Isle. These two municipalities along with Edgewood use the County's fire and rescue services. If they agree with the Mayor, then these municipalities have to get the same offer.

ROADS & STREETS

- Traffic Light – Utility ((\$12,500) – In response to Council President Pro-tem Powell, Mayor Bagshaw confirmed this is a pass through. Council President Pro-tem Powell said the City should look into this further; Mayor said he will.
- Mayor Bagshaw explained the street lighting and how some cost in lighting varies. He noted that in some areas, safety is a concern; there are either no lights or the poles are so far apart, the lighting is not effective. Council Member Dowless said he is in favor of user fees however; he feels residents need to know what they are paying for.
- Sidewalk Repair (\$5000.00) – Mayor Bagshaw said he cut this in half because of money in the current budget and hopefully this will fix the problems for a while. Council President Pro-tem Powell asks about Waterwitch Cove sidewalks and tree issues. The City Clerk was asked to look into this matter, as Council President Pro-tem Powell understood, the HOA would maintain the sidewalks and trees. Mayor

Bagshaw said he saw the minutes from the meeting where discussion was held regarding this matter, and the minutes indicated that the HOA would give easements so the City could move the sidewalks, and so the City was given more sidewalks to maintain. The Mayor said that they may have to have the attorney provide an interpretation. The Mayor said that the City needs to look at the existing trees and determine what stays and what needs to be removed. He directed the City Clerk to look at the minutes regarding this matter. In response to Council Member Dowless, Mayor Bagshaw said the City is not replanting any trees in the rights-of-way (Look at minutes from 2008). Council President Pro-tem Powell provided a brief history of the development of Waterwitch Cove and the issues regarding the trees and the sidewalk.

- In response to Council President Pro-tem Powell, Mayor Bagshaw said that it is not known yet if there will be any surplus funds from 10/11 that will move to 11/12 budget.
- Mayor Bagshaw explained the following figures:

Cash on Hand as of 6/30/2011 3,364,287 General Fund (available)

If you subtract \$676,155 (this amount represents monies owed to Orange County Public Schools and FEMA) and subtract \$3,364,287, that leaves \$2,688,132 cash on hand

If Council passed the budget there would be a negative of another \$240,432 that would be owed to General Fund, which results in \$ 2,447,700 cash on hand

The Mayor stated that the reason he is doing this exercise is that the maximum unreserved amount is 75% of the City's budget; if we have a budget of 2.9 million dollars, which means with 75% the City should have 2,175,000 in cash. "What I am telling you, even after we do all this stuff, we still have 2,447,700 based on today and now that's not through years-end; understand, this is where everything gets screwy so if we passed everything today, I don't know what the next three months are going to be and that is where we have gotten into trouble. I am just throwing this out". The Mayor said his concern is that there is no minimum amount set and that he would not want the reserve to be less than 50%. He asked what would be the minimum that Council would be satisfied with as budget is being built so Council would know by

the years-end where the City stands. The Mayor said he feels the Council needs to look at funds at a minimum not a maximum; there is no safety net.

Going back three years ago, Mayor Bagshaw said the millage was 4.700 and it was dropped to 3.950; for a two year term, this is \$160,000 per year for a total of \$320,000 less monies that the City took in. Now the Council is faced to go back to the residents and ask for the 4.700.

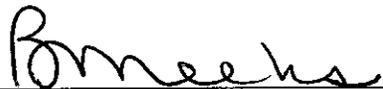
Mayor Bagshaw said he will run the 6/30/11 closing statement that will shows actual year-to-date as of 6/30/2011.

Council Member Dowless thanked Mayor Bagshaw for preparing the budget and for Bonnie Bagshaw's assistance.

Having no further discussion, on the Motion of Council Member Henley, with Second by Council Member Dowless, the Budget Workshop was adjourned at 8:58 p.m.



Neil Powell, DDS, Council President Pro-tem



Bea L. Meeks, MMC, CPM
City Clerk

CITY COUNCIL APPROVED: **September 6, 2011 (Special Council Meeting)**