

**CITY OF ANNA MARIA
CITY COMMISSION BUDGET WORK SESSION
MEETING HELD AT ANNA MARIA COUNCIL CHAMBERS
10005 GULF DRIVE – ANNA MARIA, FL
WEDNESDAY, JULY 21, 2010
5:30 P.M.**

CALL TO ORDER

Chair Quam called the Budget Work Session to order at 5:30 p.m.

PLEDGE TO THE FLAG

ROLL CALL: Mayor Fran Barford, Commissioner Jo Ann Mattick, Vice-Chair Dale Woodland, Chair John Quam, and Commissioner Harry Stoltzfus.

Absent: Commissioner Chuck Webb.

Staff Present: Finance Director/Deputy City Clerk Diane Percycocoe, Building Official Bob Welch, and Minutes Clerk Stacey Johnston.

***1. Presentation of Audit – FY 2008-2009**

Chair Quam asked that the Commission first consider Agenda item # 2 until Auditor Ed Leonard arrived at the meeting.

2. Presentation of Proposed FY 2010-2011 Budget.

Mayor Barford turned the budget discussion over to Finance Director/Deputy City Clerk Percycocoe. Mayor Barford thanked Ms. Percycocoe and the City staff for their work involved with the budget.

3. Budget Challenges – Current and Proposed.

Finance Director/Deputy City Clerk Percycocoe informed that she faced the following challenges in preparing the 2010-2011 budget:

- Trying to keep costs down by getting all revenues possible to keep within the budget.
- Legal and consultant fees are out of the City's control due to the excessive number of meetings that have been held over the past year. From October 2009 through June 2010, there have been 77 meetings - of which 32 were City Commission meetings. It was noted that the staff, City Attorney, Building Official, Planner, and Minutes Clerk attended most all meetings. The staff receives Comp Time; however, with the legal and consultant fees, a two-hour meeting will cost the City over \$1,000. Ms. Percycocoe said she hopes that the number of meetings will decrease in 2010/2011.
- Tried not to use reserves and tried to stay within the same millage. However, in order to get the same revenues as the current budget year, Ms. Percycocoe said she had to go with the roll-back rate. She noted there has been a 4% reduction in assessed values.
- Reserves will be utilized to cover the Sheriff's increase. Capital Improvement items are included in the proposed budget. The reserve amount to be transferred for 2010/2011 is \$58,549.
- It was challenging to find time to work on the budget.

Commissioner Woodland noted that during the 2009/2010 budget meetings, the Commission had discussed paying back the \$129,000 amount transferred from the reserves.

Ms. Percycoc explained that there was a gain in the reserves due to taking in more revenues and spending less than anticipated. She informed there was 43% reserves to operating expenses at the start of the 2009/2010 budget.

Commissioner Woodland pointed out that the 43% amount was a huge amount for the reserves. He asked that the reserves percentage amount for the 2010/2011 budget be provided to the Commission as soon as it was determined. He asked that *Ms. Percycoc* provide information on whether utilizing the additional reserve amount (approximately \$48,000) for the 2010/2011 budget would allow the City to remain at the same millage rate versus the roll-back rate.

***1. Presentation of Audit – FY 2008-2009.**

City Auditor Ed Leonard addressed the Commission and presented the FY 2008/2009 Audit. Auditor Leonard informed that as part of the Audit, the City's internal control is looked at and tested and it was noted that Anna Maria's was functioning as intended. A clean unqualified opinion was placed on the City's financial statements.

Auditor Leonard informed that there were no new accounting policies this year. He noted that the Finance Director, however, departmentalized the general ledger last year which has enhanced the financial reporting. Transactions were reported in the proper period. There were normal year-end audit adjustments that occurred, but no past adjustments were made.

Review followed by Auditor Leonard relating to the clean "Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards".

The Management Letter was also reviewed by Auditor Leonard. Two comments were mentioned and both were being addressed by the City staff. He further noted that the City was not in a "state of financial emergency".

The remaining audit report was reviewed in detail by Auditor Leonard.

In answer to *Commissioner Woodland*, *Auditor Leonard* explained how the reserves increased to the 43% amount.

Commissioner Woodland clarified what the \$1,000,000 loan was used for. He suggested that a lump-sum payment from a major portion of the unused loan funds from the loan be made in order to get the loan paid off as soon as possible. *Finance Director Percycoc* and *Auditor Leonard* agreed.

After review, *Auditor Leonard* stated that the City had a good year, it was a good audit report, and the City was responding well to difficult economic times. Reasonable reserves have been maintained - all while still being able to fund necessary City services. He noted that a 35% to 40% amount for the reserves was a good goal to maintain.

4. Budget Public Hearing Dates.

Finance Director Percycoe presented the dates of September 7 and September 21 for the Public Hearing dates. She informed that the School Board hearings are scheduled for one in August and the second on September 9. The County will not be setting their dates until next week.

5. Budget Review.

Review of the 2010/2011 Budget followed by Finance Director Percycoe. She reminded that the current millage rate was 1.7882 which has been the same for three years. The proposed millage rate is the roll-back rate of 1.8665. That rate will bring in the same revenues as for the current budget year.

Review of certain budget line items followed. Comments included:

Revenues

Line # 4 – Franchise Fees – FPL rates will be going down, therefore the franchise fees will be reduced. However, the City's electric charges will be lower.

Line 8 – Building Permits – Expected revenues for the 2009/2010 FY are estimated at \$195,000.

Line 27 – Parking Fines – Expected revenues for 2009/2010 are \$19,500.

Commissioner Woodland noted that he wanted to adopt the roll-back rate back when times were good and property values were going up. Now, however, with the property values dropping he would prefer staying with the same millage rate and not adopting the roll-back rate. He stated that the only way a resident will benefit from the City of Anna Maria is if the same millage rate is kept. Explanation followed by Commissioner Woodland. He asked that Finance Director Percycoe illustrate the difference between adopting the roll-back rate versus moving the excess reserves of approximately \$48,000 into the 2010/2011 budget and adopting the current millage rate.

Commissioner Stoltzfus felt it was important for the City to adopt the roll-back rate for the 2010/2011 budget.

Finance Director Percycoe stated that the City has adopted the same millage rate for the past three years. As a result, the City has lost thousands of dollars in revenue. She said at the next meeting she would illustrate why adopting the roll-back rate should not affect the taxpayers.

Commissioner Woodland responded stating that with the declining revenues it was important to adjust the expenditures and live within the means - rather than taking more from the taxpayers.

Finance Director Percycoe explained that 56% of the City's revenues were from ad-valorem. Discussion followed.

ExpensesLine 3 thru 9 - Regular Salaries and Wages

- The 2010/2011 budget includes a 2.5% salary increase for all employees.
- The number of days per week has been reduced for the Code Enforcement Officer from 3 days per week to 2 days per week. The Building Clerk is a Certified Code Enforcement Officer and will serve in that capacity in the case of an emergency.
- The 2009/2010 budget allows for 2 part-time employees for the Public Works Department. However, only one part-time employee is being paid a salary and the other is contract labor.
- Overtime has been cut out. A policy has been established that Comp Time would be taken in place of overtime pay.
- A part-time individual to work when the Building Clerk is out has been budgeted for.
- The retirement contributions have increased for both the elected officials and for the employees.
- FICA taxes have gone down.

Chair Quam suggested that other areas of the budget be reduced in order to increase the employee salary increases above the proposed 2.5% amount.

Line 16 - Attorney's Fee – It was noted that the Attorney fees have increased from \$140 per hour to \$180 per hour, and litigation fees \$145 per hour to \$185 per hour. *Commissioner Woodland* suggested that the line item should be increased by the hourly increase percentage.

Finance Director Percycoe said her thought was to keep the line item amount down and to pull from reserves if needed. She agreed, however, to change that line item amount to be more realistic.

Line 15 – Professional Services – *Chair Quam* said with the Comp Plan and LDR's he hoped that Professional Services could be reduced drastically.

Mayor Barford announced that the engineering costs have been reduced and that the Planner had reduced his hourly rate.

Finance Director Percycoe agreed to review the line item for adjustment. *Chair Quam* suggested the excess amount from the Professional Services line item be moved to Line 16 – Attorney's Fee.

Line 30 – Gas, Oil and Tire – *Commissioner Woodland* applauded staff for their efforts in reducing the gas, oil and tire line item.

Finance Director Percycoe informed that at the next regular meeting, the Commission would be considering the purchase of an electric car.

Line 34 – Donations – The proposed 2010/2011 budget has been reduced from \$18,405 (2009/2010 budget) to \$16,500 and is for the Community Center, Keep Manatee Beautiful, and START.

Line 51 – Contingency Funds – *Finance Director Percycoc* informed that staff will recommend that \$500 be transferred from the Contingency Funds for purchase of the electric car.

Line 61 – 5cnt Gas Tax Improvements – The balance will be carried over year-to-year. The money is restricted and will be utilized for new roads or signs. Explanation followed. *Commissioner Woodland* suggested the details be included in the description for that line item.

Line 64 – Lake LaVista – Line item has been reduced for the dredging. It was noted that the City is trying to change the classification in order to get totally reimbursed from WCIND. Any money not used will be placed back into the General Fund and budgeted again for the following year.

Commissioner Mattick reminded that Public Works Director McKay had indicated that the dredging would only take place every 18 months rather than once per year.

Line 76 – City Hall Generator \$5,000 / 5 Yr – *Chair Quam* asked if the Commission still wanted to budget for a generator. He said he was never interested in purchasing a generator and suggested one be rented if needed. Discussion followed relating to the pros and cons of the City owning versus renting a generator.

Building Official Welch suggested that a designated generator be considered rather than one that is portable.

Commissioner Mattick asked if solar had ever been considered.

Building Official Welch indicated it had been considered, however, there is currently no money for rebates. June 30 was the deadline for the pre-paid program.

Line 86 – Administrative Expense – *Commissioner Stoltzfus* asked why there was such a large increase.

Finance Director Percycoc explained that the line item is for the stormwater maintenance utility budget and includes administrative expenses. Details were provided in the packet materials.

Commissioner Woodland noted that the Commission had been specific as to what expenses could be taken out of the stormwater maintenance budget and he did not remember administrative expenses being included. *Commissioner Woodland* and *Finance Director Percycoc* will research.

6. General Public Comment – None.

Press Comment – None.

The Public Hearing dates and the tentative mileage rate will be adopted at the July 22, 2010 regular meeting. Noting that the Commission could not increase the millage rate, only reduce it once voted on, *Finance Director Percycoc* recommended that the roll-back rate be the rate adopted.

Adjournment

On motion made by Chair Quam and seconded by Commissioner Woodland, the work session was adjourned at 7:24 p.m. All Aye.

Alice Baird, CMC, City Clerk