

## **MALABAR TOWN COUNCIL BUDGET WORKSHOP**

**June 23, 2008**

**8:00 PM**

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

### **A. CALL TO ORDER:**

The meeting was called to order at 8:15 pm by Chair, Mayor Eschenberg. The prayer and pledge were led by Mayor.

### **B. ROLL CALL:**

MAYOR/CHAIR

TOM ESCHENBERG

VICE-CHAIR:

CHUCK McCLELLAND

COUNCIL MEMBERS:

NANCY BORTON

BRIAN VAIL

JEFF MCKNIGHT

PAT DEZMAN

TOWN ADMINISTRATOR:

BONILYN WILBANKS-FREE

ACCOUNTANT:

AUGUST TORRES

TOWN CLERK/TREASURER:

DEBBY FRANKLIN

### **C. Review Current 2007/2008 FY Budget for consideration of State Forecasted Reduced Revenues and Evaluations of Expenditures**

Mayor asked for this and he wanted to know if any of his assumptions are wrong. Pat Dezman objects and has a problem with the assumptions the Mayor has made. She felt he should allowed staff to work the budget and present to council instead of responding to Mayor's figures. McKnight disagrees and thinks it is admirable and appreciative and we must go forward and get it resolved. Borton said we are going about this wrong. She is totally comfortable with the Town Administrator and the Clerk. We need to be doing it but not this way. Let staff do their job. Borton thinks there may be more to it regarding the TA.

Vail thought he would be asking – if we are going to lose 20K we need to know where we stand.

BWF explained that when she started in April of last year she started using the proper account numbers. She and Cindi Kelley worked extensively on the new budget on the expenditure side. The first four months we tried to get IMS onboard and we couldn't get IMS to make the corrections. She got Kelley started using the proper account numbers. The revenues were done by Susan Kabana and she wasn't well and had been sick and she probably was using last year's numbers. BWF did expenditures. Kabana also did all the little miscellaneous funds because they did not make since to BWF. She also did the utility fund with Kelley.

She explained that the first projected budget is the goal – or the limits to spend. She can go through all the expenditures and report back on line items that need adjusting.

Mayor said that he doesn't care about the past and because of the revenues shortages - you have to cut expenditures. He stated that Kabana would have gotten her numbers from the State.

Mayor sees a problem with revenues and his projected expenditures unless he is wrong on something. He is looking for staff to tell him if he is right.

Mayor said that the Council has the ultimate responsibilities with the budget – it is not Clerk or Town Administrator. He would like them to answer questions to Council not to Mayors.

Dezman said we have to get educated. Mayor said it is not any more complicated. We have changed how we record things. That is how you start. You put money away for certain things, if there were shortfalls and then how would pay for those items.

BWF said after July any ad valorem is considered gravy – she is suggesting they stay at 95% due to the foreclosures and not move it to a higher percentage.

Augie said the revenues from the state won't be the real problem – the revenues from local utility and franchise should be reduced. This council could approve a surplus rollover and take it from reserves and that would be considered appropriate. You should do this at 6 months which would have been March and that was impossible. IMS wouldn't accept new numbers over old numbers. We can come up with schedules up to March and then project up until the end of the year. You have to analyze each account and then present this to April. Then you decide to cut back or decide to take from surplus as an authorized transfer..

He suggests it should be done in August, and if it produces a deficit, then you can approve a transfer from the surplus. Take the last three months of your revenues and carry forward what you have done as a projected for the rest of the year. If you provide for it and transfer from reserves you will be doing your job. Borton asked how long it would take to get it done. What is the bottom line? It would take over 400 line items. He thinks it would take several weeks. Mayor said forget the expenditures. Just focus on revenues. He thinks the revenues will come in at 95%. There is a 95K deficit. Expenditures minus revenues will provide the deficit. Cut from expenditures and then take what we need from reserves. He said we have never taken from reserves to balance a budget since 1995.

Vail said he understands it would take this man – consider that staff time is not available.

Mayor is convinced that the budget is off and there are not enough expenses to cut to reduce the deficit. Augie cautions them about next budget year. You have to be realistic about what you decide.

Speaker's card:

Stuart Borton, 141 Riverview Drive, his concern for whole meeting over this. He felt it should have been brought to Clerk, Administrator and Accountant instead of bringing back to Council. He doesn't want to bash Kabana but after Bill Hal laws gotten rid of it took years. We have had 11 years of running accounts improperly. Let not pick on Susan on projections of revenues. She didn't know about budget revenues and not all expenses can be divided by 12. Some items are not bought throughout the year, office supplies and as you go through the year your expenses are reduced. Commends Mayor for his efforts but he is overworking and applauds him for bringing this to him. Do it with Clerk and Administrator. Council understands their fiduciary responsibility. If you are short you must transfer from reserves. That is why you have reserves. Be more cautious next year. Make some hard cuts and decisions.

Mayor said that intergovernmental revenue from state and what they gave us in the past is what is used. It is a fixed one. He explains why he brings this to council. Going back to 1995. This town has never had to take from reserves to balance a budget. He doesn't know how closely everyone looked at his number. He pointed out the permits being short because the real estate market has not recovered.

The last figure was calculated; Borton wants to know who he ... Vail said the Mayor is fired up. And his mannerisms won't help this. Pat Dezman said we have to allow staff to work. McClelland said he didn't recommend what to cut. Dezman said you have to allow staff to talk.

BWF would like to do the line item review and work with formula Augie has given them and she anticipated doing this with the April 30 numbers. The flow is getting organized and she would like to come back to them with some ideas to cut some of these expenses. And projecting what can be saved. She will use his formula. Between now and then hold of the architectural money. Also the

money for the town hall. She showed the drawing from the BO and that could save money. Vail is ok with that and so it Dezman. McClelland is also in agreement.

McKnight agreed that BWF has a good idea. Did she think it was against her. Yes, she did. She did not get it from him until Friday and there was no dialogue. Mayor responded and said he wanted to get it out so council could look at it so he got it out. McKnight didn't think it was inappropriate and was grateful for his efforts and appreciated his work. Can't discuss it out of this forum and thinks what he did was appropriate and maybe not with the method with her and he can change that.

N. **ADJOURNMENT**

**MOTION: Borton / McClelland to adjourn this meeting. VOTE: All Ayes.** The meeting adjourned at 9:20 PM.

BY: Thomas Eschenberg

Mayor Thomas M. Eschenberg, Chair

ATTEST BY:

Debby Franklin

Debby K. Franklin, Town Clerk/Treasurer

7/7/08 as corrected

Date Approved