

Analysis of Published and Unpublished Financial Data of the Town of Forest Heights for Periods Ending December 31, 2009

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Conclusions: Halfway through FY 2009, the Town of Forest Heights has inadequate financial information upon which to make spending decisions, and to begin preparations for the development of the FY 2010 budget. We are unable to make financial projections to the end of the fiscal year because of the unavailability of adequate data.

Recommendations: The Town should immediately hire a qualified and experienced accountant either as Treasurer or as an assistant to the Acting Treasurer to bring the Town's financial records up to date, and assist in the preparation of financial data needed by the Town's auditor to complete both the FY 2007 and FY 2008 audits.

ANALYSIS

Background: On April 20, 2005, the Forest Heights Town Council adopted a resolution requiring the Treasurer to prepare quarterly financial reports to be submitted to the Council through the Mayor. The reports were due by the fifteenth of the month following the quarter and were to include estimates if final data were not available. The report was required to be made public.

Only a few times since the resolution was passed, have Mayors approved a Treasurer submitting such a report to the Council. Typically, the excuse for not submitting a report was that the data was not available. Mayor Stoner approved the Acting Treasurer, Bonita Anderson, submitting a quarterly financial report in October 2008 and January 2009 for the preceding quarters. The purpose of this analysis is to review that data, comment on the Town's financial status, and make recommendations for improving the financial reporting.

Available Data: Two sets of data were used for this analysis. The first was a spreadsheet file containing first quarter financial data, which was released to the Forest Heights News Report for publication. The second data set was from a hard copy quarterly financial report submitted in January 2009 to the Town Council, but not released to the public.

Methodology: The second quarter hard copy report was scanned into a computer file, and using Optical Character Recognition (OCR) software, converted into a spreadsheet file. The two files, one for the first quarter and the other for the second quarter, were then merged into a single file, and computer comparisons were made of the two data sets. The data in the combine files are displayed in the accompanying table, *Financial Data Derived From FY 2009 Published and Unpublished Data – Town of Forest Heights*.

While the first quarter data was well organized and included accounting codes, the second quarter data was less organized, and did not completely separate expense categories by

department. Some of the line item descriptions did not match the account categories that appeared in the first quarter data. To accommodate these differences, the second quarter data was sorted to match the first quarter account categories to the extent possible. Where no matches were found, an attempt was made to assign expenditure categories by department, and new categories were added to the table's account description column in italic type font.

Spreadsheet equations were imbedded for total and subtotal lines to ensure that OCR errors did not corrupt the data. All subtotals compared correctly with the hard copy data, so we assumed there were no OCR errors.

The items in columns (A) through (F) were obtained from the FY 2009 first quarter file we received from the Acting Treasurer, with the exception of the italicized descriptions in column (B). Data in columns (G), (H) and (I) were obtained from a hard copy report given to us by a Council member. The numbers in columns (J) through (O) were derived from computations on data in columns (C) through (I). The Percent of Budget, column (O) was computed by dividing the sum of the 1st and 2nd quarter reported revenues and expenses by the revised FY09 budget amount appearing in column (L). The differences between columns K and L appear minor, with the principle difference being that expense item 7046 was moved from general Expense category to a category under Capital Improvements.

In examining the second quarter data, there were six columns of data: three were labeled "Current Month" and three were labeled "Year to Date." However, we found no difference in the two sets of columns, so we then examined whether the numbers represented revenues and expenditures for the second quarter (October, November and December 2009) or whether they represented data for the entire six month period of July through December 2009.

We tentatively concluded that the second quarter data likely did not include the first quarter because real estate tax revenue on the second line (Account ID 6001) was less for the second quarter (\$577,484 in column G), than for the first quarter (\$578,228 in column F).

Real Estate Taxes: The amounts reported for real estate taxes, however, gave us some concern because of the size of the number. We added the real estate tax, plus real estate tax penalties, plus town services for trash, they totaled over \$1.2 million.¹ The budgeted amounts for those categories were only \$960.3 thousand, which would mean collected tax revenues at the half year mark equaling 128% of the budgeted amount. While there are some variables in the collection of real estate taxes, the amounts collected annually are usually within a few percent of the budgeted amounts. Since tax payments are due in October and December, receiving large amounts in the first and second quarter of the year is not unusual.

Other Significant Revenue Items: Two other revenue items of concern are Income Taxes (Account ID 6000) and Highway User Revenue (Account ID 6023). Income taxes are collected by the State of Maryland and a portion are distributed in revenue sharing to local jurisdictions on

¹ Combining these items seems to make sense from an analytic standpoint, because those funds are collected by the County on behalf of the Town, and are paid to the Town in a single transfer account. They are therefore not easily separated.

the basis of the residence of the tax payers. Given the severe economic recession currently being experienced by the nation, it might be anticipated that there would be a reduction in this revenue source. Indeed, the available data indicates only 38% of expected income taxes were received through the year's mid-point, December 31. However, there may be other seasonal factors associated with this revenue source that may explain the shortfall.

The highway user revenue is also of concern because, similar to the income tax revenue, it is revenue the State collects from motor fuel and other highway related taxes which is shared with local jurisdictions by formula. The current economic recession may have a significant impact on the amount of these funds received by the Town. The data indicate only 37% of the budgeted revenues were received by the mid-year.

The revenue items also include a \$350,000 business loan, which the Council has conceded in a Town meeting will not be applied for or received. during FY 2009.

There is no indication in either quarterly report of the status of the Fund Balance-Reserved, which was reported in the budget as \$102,000. We assume that the Fund Balance is the carryover of unexpended monies from the previous fiscal year, as is required by Section 33-49 of the Town Charter. We include more discussion of this item below in the discussion on Assets and Liabilities.

Expenditures: We examined a number of line items and subtotals in the expenditure categories of the quarterly reports. In particular, we focused on items in which the percent of budget (column O) was much greater than 50%, or otherwise was not an expected value. For most of the line items, if expenditures are going according to the budget plan, the mid-year "burn rate" should be around 50%. There could be exceptions to this expected amount however. For example, if an insurance program requires a one-time annual payment, the mid-year percentage would be expected to be either zero or 100%.

Salaries for Elected Officials (7000 and 7004) These salaries are paid quarterly, and the low percentages are attributed to the fact that paychecks were not cut before the end of December 2008, but in early January 2009.

Service Expenses Mayor (7006) Sixty-three percent of this item's budget was consumed by December 31, 2009. Our understanding is that \$1,000 appearing in the second quarter report was for a Christmas party for employees hosted by the Mayor. If this information is correct, this represents a misappropriation of the funds, as in our opinion, it should have been applied to account 7005, Employee Appreciation Mayor, for which \$300 was budgeted for FY 2009.

Dues/Meetings/Convention-Mayor (7007) The amount reported as being expended by the end of the second quarter is 124% of the amount budgeted for this line item. The question arises, as to whether the Mayor is in violation of Section 33-48 (Over-expenditures forbidden) of the Town Charter. This section forbids "expend[ing] any money or incur[ing] any liability or enter[ing] into any contract which by its terms involves the expenditure of money for any purpose, in excess of the amounts appropriated for or transferred to that general classification of expenditure pursuant to this Charter."

We then looked at Section 33–47 (Transfer of funds) of the Town Charter, which reads “any transfer of funds between **major** appropriations for different purposes by the Mayor must be approved by the Council before becoming effective.” This appears to imply that the Mayor and/or the Treasurer would have the authority to transfer funds between appropriations appearing in the budget which are less than “major,” i.e., “minor” or subsidiary accounts. To determine whether the Council has sought to define or distinguish between major and minor (less than major) appropriations, we sought to examine the budget resolution by which the funds were appropriated. To date, we do not have a copy of that report.

However, we did look at how other jurisdictions in the State of Maryland handled the concept of “Major” accounts in their budgets. Appendix B contains documents obtained on the internet from the Town of La Plata, Washington County School Board, and Montgomery County. They all refer to “major accounts” as relating to budgets and define them in the context of their budgets. It would seem that the Forest Heights Town Council should do the same in its budget resolution, and thereby make explicit the authority and limits of the Mayor’s responsibility to implement the Town’s budget.

Total Administrative Department Expenses At the end of the second quarter, these expenses equal only 33% of budgeted amounts. This low percentage likely reflects that the Town does not have a permanent Treasurer, with the Town Clerk performing those duties on an acting basis.

Legal Services (7027) At the mid-year point, this budget item stands at the 89% level. Undoubtedly, this high rate of expenditure is related to the court costs associated with the Town Attorney representing the Town in court for the law suits that were pending against the Town, such as the suit by Myles Spires, Worthington Ross and Reginald Nickens involving the March 2007 special election in Ward I.

Total General Expenses This item is worrisome because at midyear, 109% of the budgeted amounts in these categories have been expended. In particular, **General Liability Insurance (7029)**, **Retirement Contribution (7031)** Copier (7038) Office Supplies (7041) and Telephone - Municipal Building (7045) all significantly exceed the amounts budgeted for the entire year. These over expenditures should be explained in the quarterly reports as to why the outlays have been so high, and a statement included on whether any management corrective action is needed.

Police Department Expenses Overall, the Police Department appears to be under budget, with expenses totaling only 39% of the annual budget at the mid-year point. Three line items, Gasoline (7068), vehicle repair (7069), and Communications Equipment (7073) appear to be significantly over the budgeted amounts for the year. Since the gasoline expense budget item was prepared when gasoline prices were high, and gasoline prices have subsequently fallen, this appears to be an account requiring management attention. We understand that the high vehicle repair costs were incurred to avoid higher acquisition costs for new vehicles, and if this is correct, then further concern is not warranted for these items. The fact that no copier costs were reported may indicate that expenses of a shared copier with the Town Clerks office have not been properly allocated. If this is the case, management steps need to be taken so that such costs are properly assigned to the Police Department.

Public Works Department Expenses Overall, the public works department has reported expenses at the mid-year point of 49% of the total budget for the year. This appears to be right on target, although the 324% over-run in gasoline expenses (7092) is worrisome. We raised this same issue with regards to the police department, which had a 157% over-run by the mid year point on gasoline.

Street Highway Administration The Street Repair Project (8000) expenses at the mid-year stand at 31% of budgeted amounts. There are two issues we would raise at this time for street repair. The first is that the Town's streets are in substantial disrepair, with an estimate provided several years ago of over \$2 million repair the streets to standard. The amount of \$235 thousand budgeted for this work in FY 2009 is clearly not enough to repair the streets, including curbs, gutters and sidewalks. Secondly, the Town should be positioning itself to avail itself of Federal fiscal stimulus funds for public works. This means that it should have RFP's ready to publish for this work. We do not believe that developing the work plan for street repair is simple, as some of the work will require coordination with WSSC, Washington Gas Company and the Prince George's County Department of Environmental Resources. Some up front money at this time for hiring a part-time highway engineer to oversee the work may be appropriate.

Trash Services The reported expenditures for the two quarters of \$194 thousand is worrisome because it is 96% of the amount budgeted for the entire fiscal year. Perhaps this is an accounting error, which needs to be corrected. The trash contractor is typically paid on a monthly basis and the amount should be close to the 50% mid-year mark. If this is not an accounting error, the mayor needs to work with the Council to work up a correction for this major account item.

Capital Improvements Expenses No funds have been expended for Building Renovation Project-Bond Bill (8003) and Sidewalk/Street Replacement Repair (8004). The mayor should provide some verbal status report on these projects, indicating the scope of the anticipated work and when it will be accomplished.

Street Lighting Expenses At 45% of the budgeted amount, street lighting expenses are about right for the mid-year point. The billing probably covers street lighting through November, so the darkest month of the year, December is likely yet to be billed.

Assets and Liabilities The Council Resolution (Appendix B) for quarterly financial reporting required that the report include an estimate of the assets and liabilities of the Town at the end of the quarter. Neither the first or second quarter reports provided these statistics.

Basically, the liquid assets of the Town would include money in checking and savings accounts, and certificates of deposits. It would also include any significant amounts in accounts receivable for the quarter.

Liabilities would include any amounts owed, such as loans from banks or accounts payable. These are bread and butter items for any accounting system, and are necessary for understanding the financial situation of an entity at any point in time. As was noted earlier in this report, amounts included as reserved funds in the budget, did not appear in the quarterly reports. The question is, how much cash reserve does the Town have to carry it from the end of FY 2009,

and then until September of 2009 (FY 2010) when the next real property taxes and fees are due to be collected? The quarterly reports are silent on this key issue. Has there been any significant change in accounts payable from previous quarters. The salaries that were not paid elected officials in December of 2009, but were deferred until January 2009, should have been reported as an account payable under the quarterly reporting resolution.

Audits The previous year's audit should serve as a baseline for the quarterly reports, at least beginning with the second quarter's report (the audit for the previous fiscal year is not due until the November following the end of the fiscal year in June). Unfortunately, not only has the audit for FY 2008 not been completed (it hasn't been started), but the audit for FY 2007 is not completed. From a management information standpoint, this is unacceptable, and additional resources should be assigned to provide the auditor with the information he needs to complete the audits on an expedited basis. It is the responsibility of the Treasurer to provide that information to the auditor.

Contracts Town Charter Section 33-63 (b) requires that all expenditures for supplies, materials, equipment, construction of improvements, or contractual service involving more than one thousand dollars (\$1,000.00) shall be made on written contract. Section 33-63 (c) states that all such written contracts shall be approved by the Council before becoming effective. There is an exception in paragraph (e) for professional services such as accounting, architecture, auditing, engineering, law, planning, and surveying, which states that those services shall not be on a bid basis, but shall be negotiated by the Council. The Council's approval of a budget cannot be construed as a pre-approval of a contract. If budget approval implied preapproval of a specific contract, paragraph 33-63 (c) should not be in the Charter.

We used the Bureau of Labor Statistics inflation calculator² and found that the value of \$1,000 in 1967 when the Charter requirement for \$1,000 approval by the Council for contracts is about \$6,320 in today's dollars. In other words, the Charter has a requirement for contracts that is not administratively efficient in today's economy. We believe the Council should update that Charter requirement through a Charter amendment, and should reach an accommodation with the Mayor in the meantime for efficiently letting and approving smaller contracts. We also note, that the Charter places the responsibility for negotiating a contract for an audit with the Council, not the Mayor.

Projections to the End of FY 2009 We lack of information on available funds and obligations, we question the data on trash contract outlays, we lack of seasonal information on certain revenue items, and find other shortcomings of the data contained in the two quarterly reports. We are therefore unable to make any projections as to the ability of the Town of Forest Heights to finance its operations through the remaining six months of FY 2009. We also cannot make projections to the Fall of 2009 when the next installment of FY 2010 real estate tax revenues will be collected.

² http://www.bls.gov/data/inflation_calculator.htm

Financial Data Derived From FY 2009 Published and Unpublished Data -- Town of Forest Heights

Acc't ID	Account Description	From the File: "FY 2009 1st Quarter Report.xls"				From Report: "For the Six Months Ending December 31, 2008"			Quarter 2 minus Quarter 1				Combined 1st & 2nd Quarters	
		FY09 Approved	FY09 Approved (Revised)	FY09 Recommended	QTR 1 FY09	Actual	Budget	Variance	Actual	FY09 Budget Approved	FY09 Budget Appvd (Rev)	FY09 Budget Recom	Sum of 1st & 2nd Quarters	Percent of Budget
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
REVENUES														
6000	Income Taxes	135,000	135,000	135,000	703	50,285	135,000	(84,715)	49,582	0	0	0	50,989	38%
6001	Town Real Estate Taxes	752,105	752,105	752,105	578,228	577,484	752,105	(174,621)	(743)	0	0	0	1,155,712	154%
6002	Utility Taxes	13,000	13,000	13,000		0	13,000	(13,000)	0	0	0	0	0	0%
6003	Other Taxes	0	0	0	77	0	0	0	(77)	0	0	0	77	--
6004	Tangible Personal Property Taxes	9,000	9,000	9,000	0	0	9,000	(9,000)	0	0	0	0	0	0%
6005	Interest/Penalty-Town Real Estate Taxes	4,500	4,500	4,500	0	0	0	0	0	(4,500)	(4,500)	(4,500)	0	0%
6006	Interest/Penalty-Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	--
6007	GOCCP Grant-Police CADS	0	0	0	0	0	0	0	0	0	0	0	0	--
6008	State Police Grant	27,640	27,640	27,640	0	0	27,640	(27,640)	0	0	0	0	0	0%
6009	Town Services -Trash	203,688	203,688	203,688	43,692	24,485	203,688	(179,203)	(19,207)	0	0	0	68,177	33%
6010	Disposal of Tires	356	356	356	0	0	356	(356)	0	0	0	0	0	0%
6011	Cable & Television Income	28,500	28,500	28,500	0	0	28,500	(28,500)	0	0	0	0	0	0%
6012	Red Light Camera	12,500	12,500	12,500	1,640	5,921	12,500	(6,579)	4,281	0	0	0	7,561	60%
6013	Fines and Forfeitures	8,000	8,000	8,000	0	1,110	8,000	(6,890)	1,110	0	0	0	1,110	14%
6014	Parking Fines & Vehicle Release/Accident Rep	5,300	5,300	5,300	0	0	5,300	(5,300)	0	0	0	0	0	0%
6015	Municipal Violations	1,000	1,000	1,000	0	0	1,000	(1,000)	0	0	0	0	0	0%
6016	Rental Permits	1,500	1,500	1,500	0	0	1,500	(1,500)	0	0	0	0	0	0%
6017	Investment Interest Income	4,500	4,500	4,500	50	556	4,500	(3,944)	506	0	0	0	606	13%
6018	Municipal Building Rental	5,000	5,000	5,000	4,400	5,600	5,000	600	1,200	0	0	0	10,000	200%
6019	CDBG(HUD)Grant- Municipal Bldg	0	0	0	0	0	0	0	0	0	0	0	0	--
6020	Miscellaneous	0	0	0	714	2,809	0	2,809	2,095	0	0	0	3,523	--
6021	Accident Reports	0	0	0	0	0	0	0	0	0	0	0	0	--
6022	Rebates Waste Disposal	7,996	7,996	7,996	1,999	1,999	7,996	(5,997)	0	0	0	0	3,998	50%
6023	Highway User Revenue	132,657	132,657	132,657	20,552	27,902	132,657	(104,755)	7,350	0	0	0	48,453	37%
6024	Town Services - Metal Pick-Up	3,745	3,745	3,745	0	0	3,745	(3,745)	0	0	0	0	0	0%
6025	Fingerprinting	3,500	3,500	3,500	0	2,565	3,500	(935)	2,565	0	0	0	2,565	73%
6026	Grass Cutting	2,000	2,000	2,000	0	0	2,000	(2,000)	0	0	0	0	0	0%
6027	Building Permits	500	500	500	0	0	500	(500)	0	0	0	0	0	0%
6028	Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	--
6029	Livable Communities Grant	0	0	0	0	0	0	0	0	0	0	0	0	--
6030	Parks & Planning	10,000	10,000	19,045	0	0	10,000	(10,000)	0	0	0	(9,045)	0	0%
6031	Bond Bill-Building Renovation Project	200,000	200,000	200,000	0	0	200,000	(200,000)	0	0	0	0	0	0%
6032	Parking Restriction Permits	0	0	0	0	0	0	0	0	0	0	0	0	--
6033	Street Lighting-Grant	0	0	0	0	0	0	0	0	0	0	0	0	--
6034	Tree Releaf Grant	2,997	2,997	5,994	0	0	2,997	(2,997)	0	0	0	(2,997)	0	0%
6035	Coastal Initiative Grant	20,500	20,500	20,500	0	0	0	0	0	0	0	0	0	0%
6037	Notary Services	0	0	0	0	0	0	0	0	0	0	0	0	--
6038	Business Loan	350,000	350,000	0	0	0	0	0	0	0	0	0	0	0%
	<i>Sponsors/Donors</i>					0	0	0	0	0	0	0	0	
	<i>CDBG Renovations/Construction</i>					0	0	0	0	0	0	0	0	
	<i>Memorial Day Tickets</i>					0	0	0	0	0	0	0	0	
	<i>Advertisement</i>					0	0	0	0	0	0	0	0	
	<i>Maryland Revenue Admini.</i>					0	0	0	0	0	0	0	0	
	Fund Balance-Unreserved	0	0	0	0									--
	Fund Balance-Reserved	102,000	102,000	102,000	0									0%
	Total Revenue	2,047,484	2,047,484	1,709,526	652,054	700,716	1,570,484	(869,768)	48,662	(477,000)	(477,000)	(139,042)	1,352,769	66%

* "Year to Date" are the same as "Current Month" columns in second quarter report.

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Acc't ID	Account Description	From the File: "FY 2009 1st Quarter Report.xls"				From Report: "For the Six Months Ending December 31, 2008"			Quarter 2 minus Quarter 1				Combined 1st & 2nd Quarters	
		FY09 Approved	FY09 Approved (Revised)	FY09 Recommended	QTR 1 FY09	Actual	Budget	Variance	Actual	FY09 Budget Approved	FY09 Budget Appvd (Rev)	FY09 Budget Recom	Sum of 1st & 2nd Quarters	Percent of Budget
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
EXPENSES														
Elected Official Expenses														
7000	Salaries - Council	6,000	6,000	6,000	1,500	250	6,000	(5,750)	(1,250)	0	0	0	1,750	29%
7001	Service Expenses - Council	2,000	2,000	2,000	981	0	2,000	(2,000)	(981)	0	0	0	981	49%
7002	Dues/Meetings/MML Convention.-Council	9,000	9,000	9,000	0	1,316	9,000	(7,684)	1,316	0	0	0	1,316	15%
7003	Charter/Ordinance Review	0	0	0	0	0	0	0	0	0	0	0	0	--
7004	Salary - Mayor	2,600	2,600	2,600	650	0	2,600	(2,600)	(650)	0	0	0	650	25%
7005	Employee Appreciation - Mayor	300	300	300	0	0	300	(300)	0	0	0	0	0	0%
7006	Service Expenses-Mayor	2,400	2,400	2,400	518	1,000	2,400	(1,400)	482	0	0	0	1,518	63%
7007	Dues/Meetings/Convention-Mayor	1,500	1,500	1,500	668	1,186	1,500	(314)	518	0	0	0	1,854	124%
7008	Election Expenses	4,000	4,000	4,000	0	0	4,000	(4,000)	0	0	0	0	0	0%
Total Elected Official Expenses		27,800	27,800	27,800	4,317	3,752	27,800	(24,048)	(565)	0	0	0	8,068	29%
Administration Department														
7009	Salary - Town Clerk	37,800	37,800	42,000	13,367	1,454	42,000	(40,546)	(11,913)	4,200	4,200	0	14,820	39%
7010	Overtime - Administration	1,000	1,000	1,000	0	0	1,000	(1,000)	0	0	0	0	0	0%
7011	Training - Town Clerk	500	500	500	0	0	500	(500)	0	0	0	0	0	0%
7012	Town Clerk Service Expenses	350	350	350	0	0	350	(350)	0	0	0	0	0	0%
7013	Dues/Meetings/MML Convention- Town Clerk	1,500	1,500	1,500	50	50	1,500	(1,450)	0	0	0	0	100	7%
7014	Office Assistant	27,090	27,090	13,545	8,723	1,042	13,545	(12,503)	(7,682)	(13,545)	(13,545)	0	9,765	36%
7015	Salary- Treasurer Part Time	37,800	37,800	41,000	11,346	6,634	41,000	(34,366)	(4,712)	3,200	3,200	0	17,979	48%
7016	Receptionist	13,000	13,000	13,000	3,355	420	13,000	(12,580)	(2,935)	0	0	0	3,775	29%
7017	Treasurer Service Expense	150	150	150	0	0	150	(150)	0	0	0	0	0	0%
7018	Insurance-Fidelity (Treasurer)	3,075	3,075	3,075	0	0	3,075	(3,075)	0	0	0	0	0	0%
7019	Treasurer Training	2,500	2,500	2,500	159	454	2,500	(2,046)	295	0	0	0	613	25%
7020	Dues Meetings & Conventions-Treasurer	1,500	1,500	1,500	199	199	1,500	(1,301)	0	0	0	0	397	26%
7021	Data Auto System/ Upkeep-Treasurer	600	600	600	0	0	600	(600)	0	0	0	0	0	0%
7022	Auditing - Treasurer	23,000	23,000	23,000	0	0	23,000	(23,000)	0	0	0	0	0	0%
7023	Notary Expenses	60	60	60	0	0	60	0	0	0	0	0	0	0%
Total Administration Department		149,925	149,925	143,780	37,198	10,252	143,720	(133,468)	(26,946)	(6,205)	(6,205)	(60)	47,450	32%

* "Year to Date" are the same as "Current Month" columns in second quarter report.

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Acc't ID	Account Description	From the File: "FY 2009 1st Quarter Report.xls"				From Report: "For the Six Months Ending December 31, 2008"			Quarter 2 minus Quarter 1				Combined 1st & 2nd Quarters	
		FY09 Approved	FY09 Approved (Revised)	FY09 Recommended	QTR 1 FY09	Year to Date Columns*			Actual	FY09 Budget Approved	FY09 Budget Apprvd (Rev)	FY09 Budget Recom	Sum of 1st & 2nd Quarters	Percent of Budget
						Actual	Budget	Variance						
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
General Expenses														
7025	Legal Services	12,000	12,000	12,000	5,319	5,319	12,000	(6,681)	0	0	0	0	10,638	89%
7026	FICA Expense	38,779	38,779	38,779	10,123	1,011	38,779	(37,768)	(9,112)	0	0	0	11,134	29%
7027	FUTA Expense	1,500	1,500	1,500	15	15	1,500	(1,485)	0	0	0	0	30	2%
7028	Health Insurance	65,000	65,000	65,000	34,029	39,999	65,000	(25,001)	5,970	0	0	0	74,028	114%
7029	General Liability Insurance	35,000	35,000	24,748	26,801	27,003	24,748	2,255	201	(10,252)	(10,252)	0	53,804	154%
7030	Workmen's Compensation Insurance	6,000	6,000	6,000	0	2,282	6,000	(3,718)	2,282	0	0	0	2,282	38%
7031	Retirement Contribution	28,350	28,350	28,350	39,138	39,138	28,350	10,788	0	0	0	0	78,277	276%
7032	Unemployment Compensation	12,000	12,000	12,000	1,477	1,649	12,000	(10,352)	171	0	0	0	3,126	26%
7033	Life Insurance Employees	1,800	1,800	1,800	0	0	1,800	(1,800)	0	0	0	0	0	0%
7034	Contract - Temp Employees	0	0	0	0	0	0	0	0	0	0	0	0	--
7035	Publications & Subscriptions	0	0	0	0	0	0	0	0	0	0	0	0	--
7036	Legal Notices	500	500	500	0	0	500	(500)	0	0	0	0	0	0%
7037	Personnel Recruitment Ads	300	300	300	523	0	300	(300)	(523)	0	0	0	523	174%
	<i>Employment Advertising</i>					1,070	0	1,070	1,070	0	0	0	1,070	
7038	Copier - Administration	3,725	3,725	3,725	5,650	7,110	3,725	3,385	1,460	0	0	0	12,760	343%
7039	Postage - Administration	1,500	1,500	1,500	364	385	1,500	(1,115)	21	0	0	0	749	50%
7040	Internet Acc & Web Page Service	4,000	4,000	4,000	0	0	4,000	(4,000)	0	0	0	0	0	0%
7041	Office Supplies	4,000	4,000	4,000	7,340	8,274	4,000	4,274	934	0	0	0	15,614	390%
7042	Service Contracts	1,000	1,000	1,000	0	0	1,000	(1,000)	0	0	0	0	0	0%
7043	Boards & Commissions	0	0	0	0	0	0	0	0	0	0	0	0	--
7044	Utilities -Municipal Building	16,100	16,100	16,100	4,547	6,055	16,100	(10,045)	1,508	0	0	0	10,602	66%
7045	Telephone-Municipal Building	5,250	5,250	5,250	7,590	8,702	5,250	3,452	1,112	0	0	0	16,292	310%
7046	Community Room/Upgrade&Mtce	25,000	0	0	0	0	0	0	0	(25,000)	0	0	0	--
7047	ADP - Payroll Service Charge	1,500	1,500	1,500	835	201	0	201	(634)	(1,500)	(1,500)	(1,500)	1,035	69%
7049	MML Dues	2,700	2,700	2,000	0	1,976	0	1,976	1,976	(2,700)	(2,700)	(2,000)	1,976	73%
7050	National League of Cities Dues	0	0	0	0	0	0	0	0	0	0	0	0	--
7051	Bank Service Charges	0	0	0	0	0	0	0	0	0	0	0	0	--
7052	Interest Expense	21,000	21,000	0	0	0	0	0	0	(21,000)	(21,000)	0	0	0%
7053	Employee Assistance Program	2,400	2,400	2,400	0									0%
7054	Lobbyist Services	12,000	12,000	11,000	3,000	4,000	11,000	(7,000)	1,000	(1,000)	(1,000)	0	7,000	58%
	<i>Lobbyist Expenses</i>					1,000	11,000	(10,000)	1,000	11,000	11,000	11,000	1,000	
	<i>Local Travel Reimbursement</i>					0	0	0	0	0	0	0	0	
	<i>Taxes - Federal</i>					(528)	0	(528)	(528)	0	0	0	(528)	
	<i>Taxes - State</i>					(23)	0	(23)	(23)	0	0	0	(23)	
	<i>Bad Debts</i>					246	0	246	246	0	0	0	246	
	<i>Summer Youth Emp. Prog</i>					0	0	0	0	0	0	0	0	
	<i>Energy Assistance Fund</i>					0	0	0	0	0	0	0	0	
	<i>Municipal Hall Returns/All</i>					300	0	300	300	0	0	0	300	
	<i>Municipal Hall Returns/All</i>					600	0	600	600	0	0	0	600	
	Total General Expenses	301,404	276,404	243,452	146,752	155,784	248,552	(92,768)	9,032	(52,852)	(27,852)	5,100	302,535	109%

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Financial Data Derived From FY 2009 Published and Unpublished Data -- Town of Forest Heights

Acc't ID	Account Description	From the File: "FY 2009 1st Quarter Report.xls"				From Report: "For the Six Months Ending December 31, 2008"			Quarter 2 minus Quarter 1				Combined 1st & 2nd Quarters	
		FY09 Approved	FY09 Approved (Revised)	FY09 Recom- mended	QTR 1 FY09	Actual	Budget	Variance	Actual	FY09 Budget Approved	FY09 Budget Appvd (Rev)	FY09 Budget Recom	Sum of 1st & 2nd Quarters	Percent of Budget
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
Police Department														
7055	Police Chief	46,497	46,497	46,497	12,516	1,786	46,497	(44,711)	(10,730)	0	0	0	14,302	31%
7056	Police Clerk	30,093	30,093	30,093	8,103	1,158	30,093	(28,935)	(6,946)	0	0	0	9,261	31%
7057	Code Enforcement Officer Part Time	15,600	15,600	15,600	0									0%
7058	Sergeant's Salary	41,168	41,168	41,168	11,402	1,627	41,168	(39,541)	(9,775)	0	0	0	13,028	32%
7059	Corporal	38,329	38,329	38,329	10,080	2,929	38,329	(35,400)	(7,152)	0	0	0	13,009	34%
7061	Private 1	34,070	34,070	34,070	9,474	1,441	34,070	(32,629)	(8,034)	0	0	0	10,915	32%
7062	Private 2	34,070	34,070	34,070	6,862	0	34,070	(34,070)	(6,862)	0	0	0	6,862	20%
7063	Private 3	34,070	34,070	0	0	1,310	34,070	(32,760)	1,310	0	0	34,070	1,310	4%
7064	Police Leave	7,000	7,000	7,000	0									0%
7065	Police Overtime	6,550	6,550	6,550	0	0	0	0	0	(6,550)	(6,550)	(6,550)	0	0%
	<i>O/T-Private (3)</i>					0	0	0	0	0	0	0	0	
	<i>OT-Private (3)</i>					0	0	0	0	0	0	0	0	
	<i>POLICE - COURT PAY & O/TIME</i>					0	6,550	(6,550)	0	6,550	6,550	6,550	0	
7066	New Uniform Issue-Police	2,000	2,000	2,000	379	0	2,000	(2,000)	(379)	0	0	0	379	19%
	<i>Uniform Repair /Replacement</i>					1,415	0	1,415	1,415	0	0	0	1,415	
7067	Debt Service New Police Vehicle (2)	17,624	17,624	17,624	1,076	2,172	17,624	(15,452)	1,096	0	0	0	3,248	18%
7068	Gasoline Expenses-Police	22,000	22,000	22,000	14,457	19,997	22,000	(2,003)	5,540	0	0	0	34,455	157%
7069	Vehicle/ Equipment Repair	8,000	8,000	8,000	9,378	15,800	8,000	7,800	6,422	0	0	0	25,178	315%
7070	Office Supplies	3,000	3,000	3,000	2,388	0	3,000	(3,000)	(2,388)	0	0	0	2,388	80%
7071	Red Light Camera Payment	0	0	0	0	4,747	4,500	247	4,747	4,500	4,500	4,500	4,747	--
7072	Red Light Camera Debt Payment	4,500	4,500	4,500	0									0%
7073	Communication Equipment (cell phones)	1,200	1,200	1,200	2,072	47	1,000	(953)	(2,025)	(200)	(200)	(200)	2,119	177%
7074	Law Enforcement Equipment	5,000	5,000	5,000	72	72	5,000	(4,928)	0	0	0	0	144	3%
7075	MPTC Training Courses	3,000	3,000	3,000	0	0	2,000	(2,000)	0	(1,000)	(1,000)	(1,000)	0	0%
7076	Supplies & Miscellaneous Expenses	2,000	2,000	2,000	0	533	6,000	(5,467)	533	4,000	4,000	4,000	533	27%
	<i>Miscellaneous Police Expenses</i>					521	5,200	(4,679)	521	5,200	5,200	5,200	521	
7077	Mobile Data Computers	6,000	6,000	6,000	0	5,681	1,200	4,481	5,681	(4,800)	(4,800)	(4,800)	5,681	95%
	<i>Computers-Police Department</i>					600	0	600	600	0	0	0	600	
7078	Crime Prevention	1,000	1,000	1,000	0	0	0	0	0	(1,000)	(1,000)	(1,000)	0	0%
7079	K9 Unit	0	0	0	0	0	0	0	0	0	0	0	0	--
7080	Postage	2,000	2,000	2,000	0									0%
7081	Copier	3,200	3,200	3,200	0									0%
7082	Utilities-PD Dept	23,000	23,000	23,000	514	980	23,000	(22,020)	465	0	0	0	1,494	6%
7083	Telephone-PD Dept	2,000	2,000	2,000	669	669	2,000	(1,331)	0	0	0	0	1,338	67%
	Total Police Expenses	392,971	392,971	358,901	89,443	63,483	367,371	(303,888)	(25,960)	(25,600)	(25,600)	8,470	152,927	39%

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Financial Data Derived From FY 2009 Published and Unpublished Data -- Town of Forest Heights

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		FY09 Approved	FY09 Approved (Revised)	FY09 Recommended	QTR 1 FY09	Year to Date Columns*			Actual	FY09 Budget Approved	FY09 Budget Appvd (Rev)	FY09 Budget Recom	Sum of 1st & 2nd Quarters	Percent of Budget
						Actual	Budget	Variance						
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
PUBLIC WORKS DEPARTMENT														
7084	Salary-Juan	20,246	20,246	20,246	5,554	4,481	0	4,481	(1,073)	(20,246)	(20,246)	(20,246)	10,034	50%
7085	Salary-Dee	20,246	20,246	20,246	5,246	0	35,490	(35,490)	(5,246)	15,244	15,244	15,244	5,246	26%
7086	Salary-Phil	35,490	35,490	35,490	9,602	270	23,020	(22,750)	(9,333)	(12,470)	(12,470)	(12,470)	9,872	28%
7087	Salary-Rosario	23,020	23,020	23,020	3,204	0	20,246	(20,246)	(3,204)	(2,774)	(2,774)	(2,774)	3,204	14%
7088	Overtime-PW	3,000	3,000	3,000	0	0	20,246	(20,246)	0	17,246	17,246	17,246	0	0%
7089	Debt Service Heavy Duty Truck	12,912	12,912	8,376	2,192	2,192	12,912	(10,720)	0	0	0	4,536	4,384	34%
7090	Vehicle Maintenance	3,000	3,000	3,000	125	168	3,000	(2,832)	43	0	0	0	293	10%
7091	Supplies/Miscellaneous	7,000	7,000	7,000	2,731	3,854	7,000	(3,146)	1,122	0	0	0	6,585	94%
7092	Gasoline Expenses	10,000	10,000	10,000	15,476	16,964	10,000	6,964	1,487	0	0	0	32,440	324%
7093	Exterminating	400	400	400	175	350	400	(50)	175	0	0	0	525	131%
7094	Jaitorial Supplies	3,000	3,000	3,000	594	1,343	3,000	(1,657)	749	0	0	0	1,938	65%
7095	Supplies/Repairs/ Maintenance/ Equipment Re	7,000	7,000	7,000	1,655	2,281	7,000	(4,719)	627	0	0	0	3,936	56%
7096	Uniform Replacement	3,000	3,000	3,000	970									0%
7097	Street Signs & Paint	3,000	3,000	3,000	156	156	3,000	(2,844)	0	0	0	0	313	10%
7098	Utilities	6,900	6,900	6,900	83	108	6,900	(6,792)	24	0	0	0	191	3%
7099	Telephone	600	600	600	317	317	600	(283)	0	0	0	0	634	106%
7100	New Truck Purchase	6,500	6,500	6,500	0	0	0	0	0	(6,500)	(6,500)	(6,500)	0	0%
	Trash Truck Purchase					0	0	0	0	0	0	0	0	
	Training - Public Works Dept.					0	0	0	0	0	0	0	0	
	Total Public Work Expenses	165,314	165,314	160,778	48,081	32,484	155,814	(123,330)	(15,598)	(9,500)	(9,500)	(4,964)	80,565	49%
Street Hwy Administration														
8000	Street Repair Project	234,657	234,657	234,657	23,704	49,740	234,657	(184,917)	26,035	0	0	0	73,444	31%
	Total Street Hwy Administration	234,657	234,657	234,657	23,704	49,740	234,657	(184,917)	26,035	0	0	0	73,444	31%
Trash Services														
8001	Goode Trash Removal/Recycle	202,718	202,718	202,718	78,166	115,435	202,718	(87,283)	37,269	0	0	0	193,601	96%
8002	Refuse Disposal Fees	7,996	7,996	7,996		47	7,996	(7,949)	47	0	0	0	47	1%
	Waste Mangement					0	0	0	0	0	0	0	0	
	Total Expenses	210,714	210,714	210,714	78,166	115,482	210,714	(95,232)	37,316	0	0	0	193,648	92%
Capital Improvements														
8003	Building Renovation Project-Bond Bill	200,000	200,000	175,000	0									0%
7046			25,000	25,000	0									0%
8004	Sidewalk/Street Replacement Repair	10,000	10,000	10,000	0									0%
	Total Capital Improvements	210,000	235,000	210,000	0	0	0	0	0	(210,000)	(235,000)	(210,000)	0	0%

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Financial Data Derived From FY 2009 Published and Unpublished Data -- Town of Forest Heights

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		FY09 Approved	FY09 Approved (Revised)	FY09 Recommended	QTR 1 FY09	Actual	Budget	Variance	Actual	FY09 Budget Approved	FY09 Budget Appvd (Rev)	FY09 Budget Recom	Sum of 1st & 2nd Quarters	Percent of Budget
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
Coastal Initiative Grant														
8005	Coastal Initiative Grant	20,500	20,500	20,500	0									0%
	Total	20,500	20,500	20,500	0	0	0	0	0	(20,500)	(20,500)	(20,500)	0	0%
Street Lighting														
8006	Street Lighting Expenses	60,000	60,000	60,000	5,826	21,434	60,000	(38,566)	15,609	0	0	0	27,260	45%
	Total Street Lighting Expenses	60,000	60,000	60,000	5,826	21,434	60,000	(38,566)	15,609	0	0	0	27,260	45%
Horticulture/Park Maintenance														
8007	Parks Expense	2,000	2,000	2,000	0	0	2,000	(2,000)	0	0	0	0	0	0%
8008	Snow/Tree Removal	6,000	6,000	5,000	0	34	6,000	(5,966)	34	0	0	1,000	34	1%
8009	Tree Releaf Grant	6,000	6,000	6,000	0	35	0	35	35	(6,000)	(6,000)	(6,000)	35	1%
	Total Horticulture/Park Maintenance	14,000	14,000	13,000	0	366	8,000	(7,634)	366	(6,000)	(6,000)	(5,000)	366	3%
Parks and Planning														
8010	Parks and Planning Expenses	10,000	10,000	10,000	0	92	0	92	92	(10,000)	(10,000)	(10,000)	92	1%
	Total Parks and Planning	10,000	10,000	10,000	0	0	0	0	0	(10,000)	(10,000)	(10,000)	0	0%
Contracts														
8011	Waste Management	0	0	0	0									--
8012	Commerical Loan	60,196	60,196	0	0									0%
	Total Contracts	60,196	60,196	0	0	0	0	0	0	(60,196)	(60,196)	0	0	0%
	Fund Balance-Reserved	190,003	190,003	23,344	0									0%
	Fund Balance-Unreserved	0	0	0										--
	Total Revenues	2,047,484	2,047,484	1,709,526	652,054	700,716	1,570,484	(869,768)	48,662	(477,000)	(477,000)	(139,042)	1,352,769	66%
	Total Expenses	2,047,484	2,047,484	1,716,926	426,086	452,776	1,456,628	(1,003,852)	26,689	(590,856)	(590,856)	(260,298)	878,862	43%
	Net Income	0	0	(7,400)	225,967	247,940	113,856	134,084	21,973	113,856	113,856	121,256	473,908	--

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Appendix A State Code and Forest Heights Charter Citations

Pertinent Sections of Article 23A of the Maryland Code Regarding Amending Budgets

Article 23A § 2. Enumeration of express powers.

(b) Express powers.- In addition to, but not in substitution of, the powers which have been, or may hereafter be, granted to it, such legislative body also shall have the following express ordinance-making power

(2) To expend municipal funds for any purpose deemed to be public and to affect the safety, health, and general welfare of the municipality and its occupants, *provided that funds not appropriated at the time of the annual levy, shall not be expended, nor shall any funds appropriated be expended for any purpose other than that for which appropriated, except by a two-thirds vote of all members elected to said legislative body.*

Pertinent Financial Sections of the Town Charter

Section 33–44. Budget; preparation.

The Mayor, on such date as the Council shall determine, but at least thirty-two days before the beginning of any fiscal year, shall submit a budget to the Council. The budget shall provide a complete financial plan for the budget year and shall contain estimates of anticipated revenues and proposed expenditures for the coming year. The total of the anticipated revenues shall equal or exceed the total of the proposed expenditures. The budget shall be a public record in the office of the Treasurer, open to public inspection by anyone during normal business hours. (Ch. Res. No. 1, August 21, 1963, sec. 44.)

Section 33–45. Same; adoption.

Before adopting the budget the Council shall hold a public hearing thereon after two weeks notice thereof in some newspaper or newspapers having general circulation within the municipality. The Council may insert new items or may increase or decrease the items of the budget. Where the Council shall increase the total proposed expenditures it shall also increase the total anticipated revenues in an amount at least equal to such total proposed expenditures. The budget shall be prepared and adopted in the form of a resolution. A favorable vote of at least four members of the Council shall be necessary for adoption. (Ch. Res. No. 1, August 21, 1963, sec. 45.)

Section 33–46. Appropriations.

No public money may be expended without having been appropriated by the Council. From the effective date of the budget, the several amounts stated therein as proposed expenditures shall be and become appropriated to the several objects and purposes named therein. (Ch. Res. No. 1, August 21, 1963, sec. 46.)

Section 33–47. Transfer of funds.

Any transfer of funds between major appropriations for different purposes by the Mayor must be approved by the Council before becoming effective. (Ch. Res. No. 1, August 21, 1963, sec. 47.)

Section 33–48. Over-expenditures forbidden.

No officer or employees shall during any budget year expend or contract to expend any money or incur any liability or enter into any contract which by its terms involves the expenditure of money for any purpose, in excess of the amounts appropriated for or transferred to that general classification of expenditure pursuant to this Charter. Any contract, verbal or written, made in violation of this Charter shall be null and void. Nothing in this section contained, however, shall prevent the making of contracts or the spending of money for capital improvements to be financed in whole or in part by the issuance of bonds, nor the making of contracts of lease or for services for a period exceeding the budget year in which such contract is made, when such contract is permitted by law. (Ch. Res. No. 1, August 21, 1963, sec. 48.)

Section 33–49. Appropriations lapse.

All appropriations shall lapse at the end of the budget year to the extent that they shall not have been expended or lawfully encumbered. Any unexpended and unencumbered funds shall be considered a surplus at the end of the budget year and shall be included among the anticipated revenues for the next succeeding budget year. (Ch. Res. No. 1, August 21, 1963, sec. 49.)

Section 33–52. Budget authorizes levy.

From the effective date of the budget, the amount stated therein as the amount to be raised by the property tax shall constitute a determination of the amount of the tax levy in the corresponding tax year. (Ch. Res. No. 1, 1963, sec. 52; Ch. Res. No. 2, January 19, 1966 (See note (2)); Res. May 8, 1969; Res. No. 2, Sept. 15, 1982.)

Section 33–57. Audits.

The financial books and accounts of the Town shall be audited annually by a certified public accountant selected by the Mayor and Council. (Ch. Res. No. 1, August 21, 1963, sec. 57.)

Section 33–63. Purchases and contracts.

- (a) Competitive bids. All purchases and contracts for the Town government shall be made by the Mayor and Council. The Council may provide by ordinance for rules and regulations regarding the use of competitive bidding and contracts for all Town purchases and contracts.
- (b) Over \$500. All expenditures for supplies, materials, equipment, construction of improvements, or contractual service involving more than one thousand dollars (\$1,000.00) shall be made on written contract. The Mayor and Council shall be required to advertise for sealed bids for all such written contracts.

- (c) Award of bids. Such written contracts shall be awarded to the bidder who offers the lowest or best bid, quality of goods and work, time of delivery or completion, and responsibility of bidders being considered. All such written contracts shall be approved by the Council before becoming effective. The Mayor and Council shall have the right to reject all bids and readvertise. The Town at any time in its discretion may employ its own forces for the construction or reconstruction of public improvements without advertising for (or readvertising for) or receiving bids.
- (d) Surety bonds. All written contracts may be protected by such bonds, penalties, and conditions as the Town may require.
- (e) Exceptions. All contracts involving professional services such as accounting, architecture, auditing, engineering, law, planning, and surveying, shall not be on a bid basis, but shall be negotiated by the Council. (Ch. Res. No. 1, August 21, 1963, sec. 63; Res., October 9, 1969.)

**Forest Heights Town Council Resolution
on Quarterly Reporting**

**MAYOR AND TOWN COUNCIL
TOWN OF FOREST HEIGHTS**

RESOLUTION 06-05

**QUARTERLY FINANCIAL REPORTING TO THE TOWN COUNCIL
AND CITIZENS OF THE TOWN OF FOREST HEIGHTS**

INTRODUCED BY: Councilman George F. Wiggers

WHEREAS, the Town of Forest Heights financial management needs have grown in recent years.

WHEREAS, the Town Council, citizens and property owners of Forest Heights need to have adequate financial information regarding the decision-making needs of the Town, and

WHEREAS, prudent financial management and policy formulation requires a periodic review of the status of the Town's financial condition,

WHEREAS, Section 33-18(d) of the Town Charter states that the Mayor shall have complete supervision over the financial administration of the Town government.

WHEREAS, Section 33-41(4) of the Town Charter requires that the Treasurer submit at the end of each fiscal year, and at such other times as the Council may require, a complete financial report to the Council through the Mayor, and

WHEREAS, Section 33-41(8) of the Town Charter requires that the Treasurer do such other things in relation to the fiscal or financial affairs of the Town as the Mayor or the Council may require or as may be required elsewhere in this Charter.

NOW, THEREFORE, BE IT RESOLVED:

Section 1. Preparation of the Quarterly Financial Report.

The Town Treasurer is hereby directed to prepare under the supervision of the Mayor and to submit through the Mayor quarterly financial reports to the Town Council, due within fifteen days of the first day of January, April, July, and October. The reports shall provide estimates of the revenues and expenses in the categories provided in the budget resolution effective for the three months preceding the issuance of the quarterly report and for the year-to-date, showing the variances of those items to the budgeted amounts. Furthermore, the quarterly report will include

a statement of the estimated assets and liabilities of the Town as of the last day of the quarter being reported.

Section 2. Standards to be used for the Quarterly Financial Report Preparation.

The intent of this report is to provide information on the status of the Town's revenues, expenses and assets for current decision-making purposes and estimates are acceptable where final data are not available. Revenues and expenses categories should be reported consistent with the current fiscal year's budget categories, and assets should include total balances in both the general and special revenue (highway) funds for the following items: checking, savings, certificate of deposit and similar accounts, accounts receivable and accounts payable.

Section 3. Publication of the Quarterly Financial Report

The Quarterly Financial Report, upon submission to the Council, shall be a publically available document open for inspection and copying at the Municipal Building and a notice of its availability shall be inserted in the Town Newsletter, or other newspaper of general circulation. The report shall contain any disclaimers by the Treasurer related to the estimates contained therein and other qualifying factors related to the preparation of the report.

Section 4. Other Reports

This resolution shall not prohibit the Treasurer preparing other financial reports as requested by the Mayor or Town Council.

AND BE IT FURTHER RESOLVED that this Resolution shall take effect upon its passage

ADOPTED THIS 20th DAY OF APRIL, 2005 BY THE TOWN COUNCIL OF FOREST HEIGHTS, MARYLAND.

ATTEST:

Bonita Anderson, Town Clerk

Appendix C

**Documents of Maryland Jurisdictions
Relating to the Definition of Major Appropriations**

BUDGET TRANSFER AUTHORITY

Transfer of Funds Within Categories

Periodically during the fiscal year, budget categories will be examined and the year-end status of each estimated. Based on fiscally responsible estimates or actual spending needs, the Chief Financial Officer may make budget transfers within the major categories without recourse to the County Commissioners. Such transfers will be reported to the Board of Education as part of the quarterly request for budget adjustments that will ultimately be reported to the Board of County Commissioners.

Transfer of Funds Between Categories

A budget transfer between major categories requires the approval of the County Commissioners.

By Maryland law, if the County Commissioners fail to take action on a request for transfer between major categories within thirty (30) days after the receipt of a written request substantiating the transfer, the failure to take action constitutes approval.

Legal Reference: *Annotated Code of Maryland*, Education Article, Section 5-105-2001.

Policy adopted: June 20, 1984. Reviewed: October 24, 1989. Amended: November 12, 1996.
Amended: November 7, 2002. Amended: November 6, 2008
Board of Education of Washington County

TO: Board of County Commissioners ("BOCC")

FROM: County Commissioner Lennie Thompson

RE: Proposed Resolution to State Department of Education
("Department")

ISSUE: Should the BOCC notify the Department that the BOCC
has reasonable grounds to believe that the Board of
Education of Frederick County ("BOE") has not complied
with the expenditure limitations of §5-105 of the Education
Article ("ED") of the Annotated Code of Maryland?

Background

State law requires local boards of education ("county boards") to prepare an annual current expense fund budget by major appropriations categories.¹ Expenditures by a county board must be in accordance with these major appropriations categories.²

BOE's Financial Statements for FY 2002

The firm of Wooden & Benson audited the BOE's Basic Financial Statements ("financial statements") for the fiscal year ending June 30, 2002 ("FY 2002"), dated September 26, 2002. The financial

¹ §5-101(a)

² Id.

statements indicate that the actual amounts expended in eight (8) major appropriations categories exceeded the amounts budgeted³:

<u>Major Category</u>	<u>Amount Budgeted</u>	<u>Amount Spent</u>	<u>Over Expenditure</u>
Administration	\$ 5,580,863	\$ 5,827,271	\$246,408
Mid-level Admin.	20,344,651	20,514,347	169,696
Instructional Supplies	6,465,051	6,736,981	271,930
Special Education	23,167,564	23,185,704	18,140
Health	3,018,097	3,147,858	129,761
Pupil Transportation	11,894,456	12,442,795	548,339
Maintenance	7,044,311	7,512,428	468,117
Community Services	650,500	744,108	93,608

Apparent Departure From Statutory Expenditure Limitations

The over expenditures in the above major appropriations categories suggest that the BOE did not comply with the expenditure limitations set forth in ED §5-105.

BOCC Remedy for BOE’s Noncompliance with Statutory Expenditure Limitations

In the event of a departure from the expenditure limitations, “[a] county governing body may notify the Department that a local board has not complied with. . . the expenditure limitations...”⁴ Upon notification, the Department “shall investigate.”⁵

The purpose of the investigation is twofold. To determine whether a violation

³ See page 18 of the financial statements.

⁴ ED §5-113(a)

⁵ ED §5-113(b)

occurred and, if so, whether the violation occurred “without reasonable justification.”⁶

If the State Superintendent determines that a violation occurred without reasonable justification, then, “for the next fiscal year...the county board may not make a category expenditure...in excess of the category expenditure in the operating budget approved by the county governing body without the prior approval of the county governing body.”⁷ This presumably means that both the BOE and the BOCC would have to approve *any* transfer between categories, major or otherwise.

Concerns

The General Assembly carefully allocated the responsibilities for amending a county board’s operating budget. While a county board may transfer funds “...**within** the major categories without recourse to the county commissioners...”⁸; “[a] transfer **between** major categories shall be made only with the approval of the county commissioners...”⁹ As a consequence, both the BOE and the BOCC must concur if more money is to be spent in a major category than originally budgeted.

In recent years, the BOCC has followed a policy of funding the BOE operating budget by “lump sum.” The BOCC determines the overall amount of the county’s share. The BOE then allocates the county’s share among the major appropriations categories. The BOCC then adopts the budget as allocated by the BOE. The “lump sum” policy gives the BOE considerable leeway in setting the amounts to be spent in the major

⁶ Id.

⁷ Id.

⁸ ED §5-105(b)(1)(i) (emphasis added)

⁹ ED §5-105(b)(2) (emphasis added)

appropriations categories. However, the BOE's discretion is not so broad as to include the ability to spend more than the amount budgeted in a major category without the concurrence of the BOCC.

BOE's Explanation

In Note 4.F. on page 32 of the financial statements, readers are led to believe that the overspending was caused by the BOCC: "[T]he commissioners' decision resulted in categorical overspending..." This is not the case.

The gravamen of this issue was the BOCC's refusal to allow the BOE to apply audited surplus from FY 2001 to cover the FY 2002 over expenditures. The BOCC's refusal was in accord with the following provisions of State law:

- ED §5-101(b)(1)(iv), which required the BOE to include the FY 2001 audited surplus as "estimated receipts" in its FY 2003 budget (thus precluding use of the FY 2001 audited surplus during FY 2002); and

- §§2-7-5 and 2-7-6 of the Code of Public Local Laws of Frederick County, which generally prohibit the BOCC from increasing the local budget after it has been adopted. See *87 Opinions of the Attorney General* _____ (2002) [Opinion No. 02-006 May 2, 2002].

In addition, one of the following has to be true:

- The BOE decided to overspend in the major categories *before* it requested permission to do so, in which case the BOE assumed the risk of an adverse BOCC decision; or

- The BOE decided to overspend in the major categories *after* the BOCC declined to give permission, in which case the BOE made a conscious decision to disregard the budget transfer process set forth in ED §5-101(b).

In either case the BOE has no grounds to complain.

Recommendation

I would recommend that the BOCC adopt the proposed Resolution to the Department.

Respectfully submitted,

Commissioner John L. Thompson, Jr.

RESOLUTION #02- _____

A RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS OF FREDERICK COUNTY, MARYLAND ("BOCC") NOTIFYING THE STATE DEPARTMENT OF EDUCATION ("DEPARTMENT") OF REASONABLE GROUNDS TO BELIEVE THAT THE BOARD OF EDUCATION OF FREDERICK COUNTY ("BOE") HAS NOT COMPLIED WITH THE EXPENDITURE LIMITATIONS OF ED §5-105.

RECITALS

WHEREAS, ED §5-101(a) provides that a local board of education shall prepare an annual current expense fund budget according to the major categories listed in ED §5-101(b) and any other major category required by the State Board of Education; and

WHEREAS, ED §5-105(a) provides, in pertinent part, that: "All revenues received by a county board shall be spent by the board in accordance with the major categories..."; and;

WHEREAS, the BOE's Basic Financial Statements for FY 2002 are incorporated herein by reference; and

WHEREAS, as shown on page 18 and again in Note 4.F. on page 32 of the financial statements, the actual amounts expended in eight (8) major appropriations categories exceeded the budgeted amounts; and

WHEREAS, the overspending in those eight (8) major appropriations categories appears to be a departure from the expenditure limitation of ED §5-105(a); and

WHEREAS, the BOE's explanation for the overspending, set forth in Note 4.F on page 32 of the financial statements, is not in accord with the relevant law or facts; and

WHEREAS, ED §5-113(a) provides, in pertinent part, that: “A county governing body may notify the Department that a local board has not complied with...the expenditure limitations of §5-105...”,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS FOR FREDERICK COUNTY, MARYLAND

§1. Notification – Pursuant to ED §5-113(a), the BOCC hereby notifies the Department that during FY 2002 the BOE apparently did not comply with the expenditure limitations of ED §5-105.

§2. Request for Investigation – Pursuant to ED §5-113(b), the BOCC requests that the Department and the State Superintendent of Schools:

- A. Investigate the matters and issues raised in this Resolution;
- B. Determine whether a violation occurred; and
- C. Determine whether any violation occurred without reasonable justification.

§3. Delivery of Resolution to Department and BOE – The Acting County Manager, the County Attorney and the Acting County Finance Director are authorized and directed to send a copy of this Resolution, together with the financial statements and any other documents they deem necessary and appropriate to effectuate the purpose of this Resolution, to:

State Department of Education
c/o Nancy S. Grasmick,
State Superintendent of Schools
200 West Baltimore Street
Baltimore, Maryland 21201-2595

and to:

Board of Education of Frederick County
115 East Church Street
Frederick, Maryland 21701-5449

The undersigned hereby certifies that the Board of County
Commissioners of Frederick County, Maryland approved and adopted the
foregoing Resolution on the _____ day of _____, 2002.

ATTEST:

BOARD OF COUNTY
COMMISSIONERS OF FREDERICK
COUNTY, MARYLAND

By:

Douglas D. Browning,
Acting County Manager

David P. Gray, President

Council of the Town of La Plata
Town Hall, La Plata, Maryland
May 27, 2003, 7:00 PM

Present: Mayor William F. Eckman, Councilman Wayne Winkler, Councilman Gene Ambrogio;
Douglas R. Miller, Town Manager, Patricia L. Bembe, Assistant Town Manager, Judith T.
Frazier, Town Clerk

Guests: (see roster)

Pursuant to the requirement of Maryland Annotated Code State Government Article Section 10-509(c)(2), this statement is included in these minutes:

A closed session of the Council of the Town of La Plata was held at 6:00 PM, Tuesday, May 20, 2003, in the Town Hall Conference Room.

Present: Mayor Eckman, Councilmen Winkler, Fritz, Ambrogio and Hale; Douglas R. Miller, Town Manager.

During the regular monthly meeting of the Council of the Town of La Plata on May 13, 2003, a motion was made by Councilman Fritz, seconded by Councilman Ambrogio, and passed by unanimous consent of the members present to conduct a closed session on May 20, 2003, at 6:00 PM. The authority under which the session was closed was Maryland Annotated Code Section 10-508(a)(1)(i): The appointment, employment, assignment, promotion, discipline, demotion, compensation, removal, resignation or performance evaluation of appointees, employees, or officials over whom it has jurisdiction. The purpose of the meeting was the continuation of the performance evaluation of the Town Manager. Action taken: continuation of performance evaluation of the Town Manager. The meeting adjourned at 7:30 PM.

Minutes:

Mayor Eckman called the meeting to order at 7:00 PM and then led the Pledge of Allegiance.

Treasurer's Report

Mayor Eckman acknowledged receipt of the Treasurer's Report dated April 30, 2003.

Petitions, Communications and Appearances

Mayor Eckman read and presented a Town Seal to Joe Harrison, expressing the Town's appreciation of the fifteen years he served as Market Master of the La Plata Farmers Market.

Legislation

Ordinance 03-2 Town of La Plata Financial Plan/2003-2004 Budget and Tax Rate (For Adoption) - For the purpose of adopting the Town of La Plata Financial Plan/2003-2004 Budget and Tax Rate; and all matters generally relating thereto.

Councilman Hale made a motion to adopt Ordinance 03-2. Councilman Winkler seconded the motion and it passed by unanimous vote.

Ordinance 03-3 Fee Schedule (For Adoption) - For the purpose of adopting the Fee Schedule, dealing with fees set by the Town of La Plata; and all matters generally relating thereto.

Councilman Ambrogio made a motion to adopt Ordinance 03-3. Councilman Winkler seconded the motion and it passed by unanimous vote.

Resolution 03-5 Support for the Southern Maryland Heritage Area Tourism Management Plan (For Adoption) - For the purpose of expressing support for the Southern Maryland Heritage Area Tourism Management Plan; and all matters relating to said support.

Councilman Hale made a motion to adopt Resolution 03-5. Councilman Winkler seconded the motion. In discussion prior to the vote, Councilman Winkler expressed concern that La Plata was not included and noted he was only supporting this Resolution because it is a state versus county program. Mayor Eckman noted that the Town may have been asked during a time when the Town was very busy in other matters and that the Town can apply to be included. Vote: the motion passed by unanimous vote.

Resolution 03-6 Support of the Maryland Department of Housing and Community Development Neighborhood Business Development Program Financing for KNS Associates (For Adoption) - For the purpose of expressing support of the Maryland Department of Housing and Community Development Neighborhood Business Development Program financing for KNS Associates; and all matters relating to said support.

Councilman Winkler made a motion to adopt Resolution 03-6. Councilman Hale seconded the motion. In discussion prior to the vote, Mayor Eckman, Mr. Miller and Ms. Bembe responded to Councilmen Winkler's and Hale's request for more information, noting that the Town had advised property owners that the Town would support their efforts to obtain low interest loans. This Department of Business and Economic Development program requires a resolution indicating the local jurisdiction's support of their application for low interest financing. Vote: the motion passed by unanimous vote.

Resolution 03-7 Designation of Resident Agent (For Adoption) - For the purpose of designating a Resident Agent to accept service of process for the Town of La Plata; and all matters relating to said designation.

Councilman Hale made a motion to adopt Resolution 03-7. Councilman Winkler seconded the motion and it passed by unanimous vote.

Unfinished Business

Council reports

Councilman Hale reported on the Memorial Day service held on the Town Hall's front lawn on Monday, May 26.

Councilman Winkler displayed a stalk of grass which was over 36" long, and advised he had removed it from the lawn at 209 Washington Avenue, property that is owned by the County Commissioners. He described a phone conversation he had with a Charles County employee regarding

the lack of grass cutting at that property, and said he was told by the County employee that, due to budget cuts and the fact that the house is to be razed, grass cutting on the property was not a high priority. Councilman Winkler also noted that the Town sent the property owner the standard letter regarding the Town's requirement that the grass be cut within a certain timeframe.

Councilman Ambrogio reported that the Kent Avenue Revitalization Committee would be meeting on May 28. They plan to have a ceremony on June 13 to install the new community sign and to announce the new name of the community. Councilman Ambrogio also reported that the Town Council would be going for a tour of the Heritage Place Apartments after this meeting. Councilman Ambrogio asked Joe Harrison to report on the Beautification Commission meeting held May 19. Mr. Harrison reported on the proposal from the La Plata Garden Club to plant a memorial garden at the old historic firehouse site. The Beautification Commission will meet with Mary Beth Chandler to get more details. The Commission also discussed placing the new star in the immediate vicinity of the memorial garden. In response to questions from Councilmen Winkler and Hale, Mr. Harrison advised: (1) The Commission declined Don McGuire's offer of a tower for the star as they only need a 90' pedestal for the star; and (2) Melwood has asked the Town to give them a project. It is planned to have them work on steps/path to Wills Park at the intersection of St. Mary's Avenue and Glen Albin Road. Discussions will also be held regarding having Melwood take care of the plantings at the two Town entrance signs along Crain Highway.

Mayor Eckman reported on his meeting with members of the Willing Helpers Society, which was arranged by Sandy Washington. They are working on some issues and solutions and will meet again soon.

Award architect contract for Police Department-Community Center Building

Mr. Miller advised that only one response was received to the Town's request for proposals, and recommended that the Council approve the proposal from PAS. Councilman Winkler made a motion to award the contract to PAS. Councilman Ambrogio seconded the motion and it passed by unanimous vote.

Councilman Hale asked for the status on the revisions to the Town's noise ordinance and expressed concern that the ordinance be enforceable. Mr. Miller advised that the Mayor and Chief Gittings are working on the revisions. Mayor Eckman remarked that he is working with Willing Helpers Society and looking at changes to our noise ordinance. Chief Gittings advised that our current ordinance is valid and enforceable, and that the issues being looked at include the noise levels threshold and who is to be held responsible and be the focus of enforcement.

New Business

Budget Amendments

Councilman Hale explained that Joe Norris, Town Treasurer, had prepared supporting documents and requested amendments to the FY 03 budget.

Councilman Hale made a motion to amend the FY 03 General Fund Budget by increasing anticipated revenues by \$1,373,800 in the categories outlined in the document labeled "FY 03 Revenue Amendments" and by increasing appropriations for expenditures in the amount of \$1,373,800 as

outlined in the document labeled "FY 03 Expenditure Amendments." Councilman Ambrogio seconded the motion and it passed by unanimous vote.

Councilman Hale made a motion to approve increasing appropriations in certain major categories of the General Fund, and decreasing appropriations in other major categories, as outlined in the document labeled "FY 03 Budget Amendments General Fund." Councilman Winkler seconded the motion and it passed by unanimous vote.

Councilman Hale made a motion to approve increasing appropriations for two accounts in the Major Facilities Fund as outlined in the document labeled "FY 03 Budget Amendments Major Facilities Fund." Councilman Ambrogio seconded the motion and it passed by unanimous vote.

Councilman Hale made a motion to approve increasing appropriations in certain major categories of the Water and Sewer Fund, and decreasing appropriations in other major categories as outlined in the documents labeled "FY 03 Budget Amendments Sewer Fund" and "FY 03 Budget Amendments Water Fund." Councilman Winkler seconded the motion and it passed by unanimous vote.

Councilman Hale made a motion to adopt the Fund Balances, both restricted and non-restricted as of June 30, 2002 per the audited Financial Statements, as outlined in the document labeled "Fund Balances Per Audited Financial Statements June 30, 2002." Councilman Ambrogio seconded the motion and it passed by unanimous vote.

Design Review Board funding recommendations

Five funding recommendations were forwarded by the Design Review Board to the Town Council:

Nancy Gasparovic, 114 La Grange Avenue, \$19,500: Councilman Hale made a motion to approve the payment of \$19,500. Councilman Winkler seconded the motion. In discussion prior to the vote, Councilman Ambrogio asked how they arrived at this amount. Cheryl McGuire, Chairman of the Design Review Board, explained that the amount was based on Ms. Gasparovic's actual expenses, and noted that if an amount is \$25,000 (the maximum funding) it would be likely that their expenses are higher than that. Vote: the motion passed by unanimous vote.

Mudd, Mudd & Fitzgerald, 106 St. Mary's Avenue, \$25,000: Councilman Ambrogio made a motion to approve the payment of \$25,000. Councilman Winkler seconded the motion and it passed by unanimous vote.

Murphy Family LLC, 106 and 108 La Grange Avenue, \$25,000: Councilman Winkler made a motion to approve the payment of \$25,000. Councilman Hale seconded the motion. In discussion prior to the vote, Councilman Hale asked for the status of building construction plans submittal. Ms. McGuire, Ms. Bembe and Mr. Miller acknowledged that plans have not yet been submitted. Mr. Miller remarked that he would provide information at a future Council meeting regarding a different procedure for entering into contracts with those who haven't done the actual construction by the June 30 deadline set by the Department of Business and Economic Development. Vote: the motion passed by unanimous vote.

Joseph Norris, 109 La Grange Avenue, \$5,000 (additional): Councilman Winkler made a motion to approve the payment of \$5,000. Councilman Hale seconded the motion and it passed by unanimous vote.

Pat Simpson, Carroll Street and Maple Avenue, \$5,000 (additional): Councilman Hale made a motion to approve the payment of \$5,000. Councilman Winkler seconded the motion. In discussion prior to the vote, Councilman Winkler asked what plans had been submitted. Ms. McGuire advised that plans were submitted for an apartment building. Vote: the motion passed by unanimous vote.

In response to Councilman Hale's question regarding the remaining balance in this fund, Ms. McGuire advised that they have one application pending and all funds will be spent.

Public Forum

In response to a question from a member of the audience, Mayor Eckman explained that the Town is working with the State's Attorney's office and others regarding the Town's noise ordinance.

There being no further business, Councilman Winkler made a motion to adjourn at 7:46 PM. Councilman Hale seconded the motion and it carried.

Respectfully submitted,

Judith T. Frazier
Town Clerk

Resolution No: 15-1368
Introduced: February 28, 2006
Adopted: March 14, 2006

**COUNTY COUNCIL
FOR MONTGOMERY COUNTY, MARYLAND**

By: County Council

SUBJECT: Supplemental Appropriation to the FY 2006 Operating Budget
Montgomery College
Grant Fund
Montgomery College Biotechnology Project, \$500,000

Background

1. Section 16-301(d) of the Education Article of the Code of Maryland states that the capital and operating budgets of community colleges shall be prepared and considered in accordance with County fiscal procedures not inconsistent with State law. Section 16-304(a) and (b) state that each County governing body may appropriate money by major function to pay the cost of establishing and operating a community college.
2. Section 307 of the County Charter provides that any supplemental appropriation shall be recommended by the County Executive, who shall specify the source of funds to finance it. The Council shall hold a public hearing on each proposed supplemental appropriation after at least one week's notice. A supplemental appropriation that would comply with, avail the County of, or put into effect a grant or a federal, state, or county law or regulation, or one that is approved after January 1 of any fiscal year, requires an affirmative vote of five Councilmembers. A supplemental appropriation for any other purpose that is approved before January 1 of any fiscal year requires an affirmative vote of six Councilmembers. The Council may, in a single action, approve more than one supplemental appropriation. The Executive may disapprove or reduce a supplemental appropriation, and the Council may reapprove the appropriation, as if it were an item in the annual budget.

3. The State of Maryland, Montgomery County, Montgomery College, the Montgomery College Foundation, and charitable donors have joined together to sponsor and develop the Germantown Biotechnology Project. Located on the Montgomery College Campus in Germantown, and supported by a National Science Foundation (NSF) grant, the project aims to enhance Maryland's leading role in biosciences and technology and provide opportunities for underrepresented populations to pursue careers in the biosciences. The Germantown Biotechnology Project encompasses two interrelated initiatives: the Bioscience Education Center, a 127,000 gross square foot academic building; and the Life Science and Technology Park, a million gross square foot business park. The College has been awarded a grant from the Department of Energy in the amount of \$500,000 in order to move the project forward.
4. On January 17, 2006 the College Board of Trustees approved a request for a supplemental appropriation to the FY 2006 Operating Budget (Grants) as follows:

Category	Amount	Funding
60 Operations and Maintenance	\$500,000	Federal Earmark Appropriation (Grant/Department of Energy)

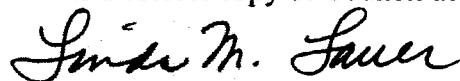
5. The County Executive recommends approval of the request.
6. Notice of a public hearing was given, and a public hearing was held.

Action

The County Council for Montgomery County, Maryland, approves the following supplemental appropriation to the FY 2006 Operating Budget (Grant Fund) of Montgomery College:

Category	Amount	Funding
60 Operations and Maintenance	\$500,000	Federal Earmark Appropriation (Grant/Department of Energy)

This is a correct copy of Council action.



Linda M. Lauer, Clerk of the Council