

**MINUTES OF THE SPECIAL MEETING
OF THE LADY LAKE TOWN COMMISSION
LADY LAKE, FLORIDA
July 7, 2014**

The Special Meeting of the Lady Lake Town Commission was held in the Commission Chambers at Lady Lake Town Hall, 409 Fennell Blvd., Lady Lake, Florida with Mayor Ruth Kussard presiding. The meeting convened at 5:30 p.m.

1. **CALL TO ORDER:** Mayor Ruth Kussard

2. **ROLL CALL:** Tony Holden, Commissioner Ward 2
Dan Vincent, Commissioner Ward 3
Paul Hannan, Commissioner Ward 4
Jim Richards, Commissioner Ward 5
Ruth Kussard, Mayor/Commissioner Ward 1

STAFF MEMBERS PRESENT: Kris Kollgaard, Town Manager/Town Clerk; Derek Schroth, Town Attorney; Jeannine Michaud, Finance Director; Thad Carroll, Growth Management Director; John Pearl, IT Director; Chief Chris McKinstry, Police Department; and Nancy Slaton, Deputy Town Clerk

3. Discussion of Decrease in Communication Services Tax Revenue (Derek Schroth/Kris Kollgaard)

Town Manager Kris Kollgaard explained that this meeting was called to discuss the decrease in Communication Services Tax revenue. She stated that the Town has been experiencing a large decrease in revenue since February. Ms. Kollgaard stated that Finance Director Jeannine Michaud was finally able to get through to the Florida Department of Revenue (DOR) and they stated that they believe there has been an error in the allocations to the Town and that they are auditing it at this time. Ms. Kollgaard stated that since staff has been unable to get much information from the DOR, she contacted Town Attorney Derek Schroth to see if he could help.

Mr. Schroth stated that he submitted a public records request asking the DOR for documentation regarding the decline in revenue. He stated he received a phone call back from them informing him that this information was confidential, which is unusual, and the DOR did not provide the statutory exception for the exemption. Mr. Schroth reported that he followed that up with another phone call to the DOR today, and spoke with the same lady that the Finance Director spoke to, and was told that they would be willing to respond to written questions by the Town, either in writing or by a conference call. He stated there are a lot of questions, and that supposedly an error was made, although who made the error is unknown; perhaps the vendor paying the tax or DOR. Mr. Schroth stated that DOR has stated that the Town has been overpaid for quite some time, and are setting this overpayment off by reducing the amount of revenue paid to the Town now. He stated that he and staff are currently formulating the questions to submit to DOR in writing to see what kind of a response we will get from them. Mr. Schroth stated that the numbers are not adding up, as the amount the Town is no longer receiving would logically be assumed to be going to Lake County, but their revenue does not show the increase of what the Town was receiving.

Ms. Kollgaard stated she sent the Commissioners an email stating that the Town has lost over \$300,000 in this year's budget alone, and each department head has cut their area by two percent. She stated that the projected loss of revenue from this in the upcoming budget is about \$650,000, which is a big impact to the Town. Ms. Kollgaard stated that once the Town receives responses back from the DOR, she would like to have another meeting with the Commissioners to review the information. She stated the residents need to know about it as well, as this is a large amount of revenue that the Town will not receive.

Commissioner Richards stated the Town has ordinances that refer to the Communication Services Tax, and although the DOR collects the tax and passes revenue on to the Town, he believes the Town should be able to audit the suppliers' accounts for the Communication Services Tax.

Ms. Kollgaard replied that the DOR has a database on their website that has everything listed on it, and the Town and other municipalities are allowed to use their database to do an audit every five years. She stated the problem is that the vendors are not required to use that database, and can use their own database, so the Town is unable to verify what has been taken off and if it should belong to the Town or the County.

Commissioner Richards stated the Town may have to file suit and have the vendors as second parties to it.

Mr. Schroth stated that he informed the DOR that absent cooperation, he may have to subpoena everything just to find out what is happening, and it was at that point that they offered cooperation in the form of answering written questions.

Mayor Kussard stated that the Town definitely needs to pursue this as it is such a huge impact on the budget.

Commissioner Hannan agreed that the employees will take a cut as a result, and Mayor Kussard stated the residents will lose as well.

Commissioner Vincent stated he would like to see where the budget cuts are coming from.

Ms. Kollgaard explained that the two percent already cut from this year's budget is shown in spreadsheet form on the budget amendment in the packet for the next meeting this evening. She stated that staff is working on the upcoming budget and is planning for the worst case scenario.

Commissioner Richards commented that it will be quite a job.

Commissioner Vincent stated the Commission should have input on what cuts are made in the budget.

Commissioner Hannan replied that staff are more experienced and will most likely do a better job making the cuts.

Ms. Kollgaard stated she will notify the Commissioners once she and Mr. Schroth receive responses from DOR, and will schedule another meeting to update them.

5. ADJOURN: There being no further discussion; the meeting was adjourned at 5:39 p.m.

Kristen Kollgaard, Town Clerk

Ruth Kussard, Mayor

Minutes transcribed by Nancy Slaton, Deputy Town Clerk