

SEPTEMBER 15, 2008 – BUDGET HEARING

The Board of County Commissioners, Walton County, Florida, held a Budget Hearing on September 15, 2008 at 5:05 p.m., at the South Walton Courthouse Annex.

The following Board members were present: Commissioner Larry Jones, Chair; Commissioner Sara Comander, Vice-Chair; Commissioner Scott Brannon; Commissioner Cindy Meadows; and Commissioner Kenneth Pridgen. Mr. Ronnie Bell, County Administrator; Attorney Mike Burke, County Attorney; and Ms. Martha Ingle, Clerk of Courts, were also present.

Commissioner Pridgen led the invocation followed by the Pledge of Allegiance to the American Flag. Chairman Jones called the meeting to order.

Chairman Jones read into the record the following: “The proposed county-wide millage rate is 3.3563 mills plus voted debt service of 0.0081 mills totaling 3.3644 mills, and 0.4912 mills for the North Walton Mosquito Control District. In aggregate, this is a 8.95% decrease below the Rolled Back Rate. The Rolled Back Rate is the rate that would essentially generate the same ad valorem tax revenues as last year. The 3.3644 mills (which is applied to the General, County Transportation, Fine and Forfeiture, and Debt Service Funds) is lower than the fiscal year 2007-2008 rate, which was 3.3707 mills. The 0.4912 millage rate for the North Walton Mosquito Control District is lower than fiscal year 2007-2008 rate, which was 0.5069.”

Mr. William Imfeld, County Finance Director, presented the tentative millage rate and tentative budget for adoption. He stated that at the July workshop a pending decline in ad valorem, sales and gas taxes was expected and a budget was created that was approximately 13% lower than the current year’s budget. A proposed 0% increase in the

ad valorem tax rate which is 3.3563 mills was also presented at the same workshop. No increases were allocated to the Constitutional Officers. Sixteen unfilled positions were cut from the Board's side of the budget. Mr. Imfeld stated that since that workshop, the Department of Revenue (DOR) has cut another \$833,647 in expected sales tax revenues. He said that work is being done to determine what areas would be affected. He stated that while these cuts are being resolved, the Budget Committee would continue to present the proposed budget of \$111,605,052 (\$109,905,052 Operations; \$1,700,000 Capital Projects; and \$619,751 South Walton Mosquito Control District). He requested that the next two truck payments for the Liberty Fire Department be deferred for a total amount of \$18,000 per year for two years. This would assist in making up the decline in funding for this year.

Chairman Jones opened the floor for public comment.

Mr. David Kramer noted that the applications for Value Adjustment Board were yet to be reviewed. He stated that there is a possibility that some additional revenues may be reduced.

Ms. Bonnie McQuiston, Walton County Tax Payers Association, thanked the Board for not increasing the millage rate for the next year's budget. She asked that the Board review the list of recurring expenditures that she submitted last year. She suggested cutting the number of cell phones used and automobile usage and inventory. She praised the work the Constitutional Officers have done in keeping their budgets to a minimum.

Mr. Robert Patrick, CPA Walton County Sheriff's Department, presented an alternate budget proposal for the Sheriff's Department. He and the Chief Financial

Officer for the Sheriff's office have been working to obtain a more reasonable budget figure. He presented the Sheriff's revised proposed budget of \$13,343,556 which represents an increase of \$325,000 over the previous year. Mr. Patrick stated that the Sheriff feels that this is a reasonable figure; and that without an increase, it would be necessary to lay off personnel. He discussed some of the changes made to the proposed Sheriff's budget. With the ability to use current year funds to reduce the premiums on insurance policies due October 1 a reduction of \$170,000 has been applied to next year's budget. Another reduction was made in Capital Outlay (\$120,000) for equipment used in deputy vehicles by using equipment in old vehicles in the new vehicles. He reported that the current number of employees is 206 and that a 0% increase would lead to the lay off of two (2) temporary employees and eight (8) permanent employees. He also feels that since the Sheriff has not been re-elected, some employees may resign thereby causing a need for funding to pay accumulated leave up to 240 hours per employee. Mr. Patrick stated that the 3% raise has been eliminated.

Commissioner Meadows asked for a breakdown of the increase in budget. Mr. Patrick reported that there was approximately \$240,000 increase in personnel cost and approximately \$72,000 in professional services. He said there is a \$225,000 decrease in insurance; a \$40,000 increase in communications services; \$49,000 increase in repairs and maintenance; \$19,000 decrease in operating supplies; and \$191,000 increase in fuel which is based on current pricing. Florida Statute restricts the ability to move funds around or to exceed the budget. Presently there are no contingency funds in the Sheriff's budget.

Commissioner Brannon questioned whether contingency funds or reserves had been used in the past. Mr. Patrick stated that there were no contingency reserves in the prior year's budget.

Commissioner Comander questioned whether the elimination of the 3% raise included the Cost of Living Adjustment (COLA). Mr. Patrick stated it did not. Commissioner Brannon asked if the COLA would include the Sheriff's Department employees. Mr. Ronnie Bell, County Administrator, stated that it did.

Commissioner Comander raised questions about the money needed to cover salaries until the new Sheriff is in office. Mr. Patrick stated that the current year's budget is approximately \$240,000 short given current salaries which would lead to the lay off as discussed earlier. Commissioner Comander asked if the lay off would occur within the next three months. Sheriff Ralph Johnson stated that it would begin October 1. He referenced Florida Statute that disallows overspending of salary money and the re-appropriation of funds by a lame duck officer. Board approval would be needed to move the funds to secure the monies for the salaries. Commissioner Comander asked if there would be funding available in next year's budget to start off the payroll. Sheriff Johnson stated that by law he is only able to spend 1/12th of the annual approved budgeted amount each month. This would not provide enough funds to cover salaries.

Commissioner Meadows asked if \$320,000 would take care of the necessary payments to avoid lay offs. Sheriff Johnson stated that it would be very close and rising fuel prices would need to be considered. Mr. Patrick stated that accumulated leave for possible employee resignations would also need to be considered. Discussion continued on monthly salaries and accumulated leave pay. Mr. Imfeld stated that \$497,000 was

designated in the consolidated financial statements for the county for use by the Sheriff's Department to fund accumulated leave pay. Should there be a need to access those funds; the Sheriff would be required to bring that request to the Board. He reported that funding for 202 employees was provided in the current budget and the upcoming year's budget; however the total number of Sheriff's Department employees has exceeded that amount throughout the year; this is the reason for the overage. Sheriff Johnson stated that the previous financial officer confused the numbers and should have budgeted for 206 employees.

Mr. Imfeld requested the Board approve the tentative millage rate of 3.3563 mills plus voted debt service of 0.0081 mills totaling 3.3644 and 0.4912 mills for the North Walton Mosquito Control District.

Motion by Commissioner Pridgen, second by Commissioner Comander, to approve the tentative millage rate of 3.3563 mills plus voted debt service of 0.0081 mills totaling 3.3644 and 0.4912 mills for the North Walton Mosquito Control District. Ayes 5, Nays 0. Jones Aye, Comander Aye, Brannon Aye, Meadows Aye, Pridgen Aye.

Mr. Imfeld requested Board approval for a tentative budget of \$109,905,052 for Operations; \$1,700,000 for Capital Projects; totaling \$111,605,052. This includes \$619,751 for North Walton Mosquito Control.

Chairman Jones asked if the deferred payments discussed earlier affected the total budget numbers. Mr. Imfeld said that the two payments of \$18,000 was not a part of the expenditure. He will work with the Clerk of the Court to postpone the repayment for two years.

Mr. Bell stated that notice had been received regarding a change in Florida Statute regarding an increase for Forestry Service. The amount rose from \$.03 per acre to \$.07 per acre. Avenues will be sought to provide that within the budget.

Motion by Commissioner Pridgen, second by Commissioner Comander, to adopt the tentative budget of \$109,905,052 for Operations; \$1,700,000 for Capital Projects; totaling \$111,605,052 which includes \$619,751 for North Walton Mosquito Control. Ayes 5, Nays 0. Jones Aye, Comander Aye, Brannon Aye, Meadows Aye, Pridgen Aye.

Mr. Imfeld announced that the next Budget Hearing will be held September 29, 2008 at the Courthouse in DeFuniak Springs.

Commissioner Meadows asked what should be done about the Sheriff's request. Chairman Jones stated that the budget amount was approved and that a motion and second would be required to move funds. Commissioner Brannon stated that the additional \$833,000 to be cut had to be considered along with the Sheriff's request. Mr. Imfeld stated that unspent monies were being considered to offset the short falls. He said that more information would be available by the next Budget Hearing. He also stated that the \$700 per person COLA raise was to be funded by the unspent personal comp portion. Commissioner Meadows stated that repair costs and fuel costs should be considered for the Sheriff's Department and that \$240,000 be found within the existing millage and budget to cover those expenses. Mr. Imfeld stated that after consideration of salaries and wages, and professional services, Mr. Patrick pointed out reductions in other line items that would be sufficient to cover the costs. He stated that the actual numbers used to determine the amount budgeted were based on what was submitted by the Sheriff.

Commissioner Meadows asked if the \$497,000 had strict limitations. Mr. Imfeld stated that it is a liability that reflects the amount of accumulated unpaid leave. The method for paying that would be to schedule a public hearing to request the amount needed for the month. The monies would then be moved from the General Fund to the Fine and Forfeiture Fund for that specific purpose and not charged against the Sheriff's budget. Discussion continued regarding the amounts needed to cover the extenuating costs.

Mr. Imfeld suggested holding a public hearing at the October 14 Board Meeting to discuss transferring funding from the General Fund to cover three months worth of salaries. This action would give time for the new Sheriff to take office and determine whether other funding would be needed.

Chairman Jones reminded the Board that earlier in the year, all of the Constitutional Officers, including the Sheriff, were asked to produce a budget that showed a 0% increase for the up coming budget year. There has been an additional cut made at the State level which further impacts this budget. Any increase in the budget would mean a realignment of funds. Commissioner Brannon stated that there are still a lot of unanswered questions.

Commissioner Meadows reiterated that \$750,000 was approved to be taken from unspent funds to cover a \$700 per person COLA raise. She voiced concerns regarding the additional \$833,000 being cut at the State level.

Chairman Jones asked if the Board desired to take action on the issue. No motion was made.

There being no further business the meeting was adjourned at 5:50 p.m.

APPROVED _____
Larry Jones, Chairman

ATTEST _____
Martha Ingle, Clerk of Courts