**REPORT OF THE COMMITTEE OF THE WHOLE WORKSHOP OF THE ESCAMBIA COUNTY BOARD OF COUNTY COMMISSIONERS**

**JUNE 10, 2021**

Present: Commissioner Robert D. Bender, Chairman, District 4
Commissioner Jeffrey W. Bergosh, Vice Chairman, District 1
Commissioner Steven L. Barry, District 5
Commissioner Lumon J. May, District 3
Commissioner Douglas B. Underhill, District 2
Honorable Pam Childers, Clerk of the Circuit Court and Comptroller
Janice Gilley, County Administrator
Alison Rogers, County Attorney
DeLana Allen-Busbee, Administrative Specialist, Clerk and Comptroller's Office
Anthony Bowens, Administrative Assistant, County Administrator's Office

Location: Ernie Lee Magaha Government Building, Board Chambers, First Floor
221 Palafox Place, Pensacola, Florida

Report prepared by: DeLana Allen-Busbee

**AGENDA ITEMS**

1. Call to Order

   Chairman Bender called the Committee of the Whole (C/W) Workshop to order at 9:13 a.m.

2. Was the Meeting Properly Advertised?

   The C/W was advised by DeLana Allen-Busbee, Administrative Specialist, Clerk and Comptroller's Office, that the meeting was advertised in the *Pensacola News Journal* on June 5, 2021, in the Board's weekly meeting schedule.

3. Pledge of Allegiance to the Flag

   Commissioner May led the Pledge of Allegiance to the Flag.

AGENDA ITEMS – Continued

4. Board Items

I. Budget Planning Discussion

A. Board Discussion – The C/W viewed and discussed a PowerPoint presentation, which was also provided in hard copy, titled *Budget Planning Discussion,* presented by Amber McClure, Chief Budget Officer, and the C/W:

(1) Was advised by Ms. McClure that an independent external audit was performed by Warren Averett and introduced Kristen McAllister, CPA, CGFM, the partner in charge of the audit;

(2) Was advised by Ms. McAllister that:

- Florida Statute 218 requires that independent auditors notify local governments of deteriorating financial conditions which may cause a state of financial emergency
- The rules of the Auditor General require that financial condition assessment procedures be incorporated into the annual audit to detect deteriorating financial conditions
- An annual assessment is completed as part of the required annual audit and has been reported in the Auditor General required communications letter which accompanies the CAFR (Comprehensive Annual Financial Report) each year
- Escambia County did not meet the definitions defined by Florida Statute of a state of financial emergency
- The Auditor General's Office provides adjusted audit procedures which consist of 29 financial indicators which are evaluated over a five-year trend period and include related benchmarks
- This analysis is adjusted for one-time anomalies, such as the CARES Act funding, certain FEMA reimbursements, as well as the BP settlement proceeds; in the trend analysis, adjustment was made for the jail proceeds and related construction costs
- The overall rating for Escambia County is inconclusive for Fiscal Year (FY) 2020; there were a total of four favorable, ten unfavorable, and nine inconclusive ratings

(Continued on Page 3)

AGENDA ITEMS – Continued

4. Continued…

I. Continued…

A. Continued…

(3) Was advised by Ms. McClure that:

- The assessment serves as a type of report card for the County and helps to analyze performance; the budget is similar to a syllabus or lesson plan; the CAFR is similar to a final exam and serves to show how the County performed
- Staff needs advice from the Board on the direction to take with the Budget
- The rating is dependent upon the County budget being structured so that on-going revenues, not including fund balance, will fund on-going expenditures and departments operate within their appropriations
- The Adopted Budget Summary, as advertised in the paper each year, shows the taxpayers how the County plans to utilize the taxpayers' dollars; the very top line shows the amount of fund balance being brought forward to fund expenditures for the year
- Ten years of history on the amount of fund balance brought forward is provided in the backup, and staff would like to know if the Board would like to establish a policy on an appropriate amount of fund balance to bring forward each year

(4) Heard discussion from Commissioner Barry and Ms. McClure regarding relevant data points for assessing the financial condition of the County and the importance of looking at trends in the budget;

(Continued on Page 4)

AGENDA ITEMS – Continued

4. Continued…

I. Continued…

A. Continued…

(5) Was advised by Ms. McClure that:

- The CAFR is another piece of the financial analysis and data from the CAFR was used to prepare the assessment
- The CAFR shows, in part, the history of the fund balances over the last ten fiscal years for all of the governmental funds
- While the raw data may appear to show a spike and then a plummet, considerations should be made for the jail being included in the number
- The graphs can be adjusted to show how they look when taking the jail bonds/capital into account and when taking the CARES fund into account
- The CAFR also shows changes in fund balance and several anomalies were highlighted to show how they may affect the tables
- The County took control of the Library in FY2014, Corrections in FY2014, the Santa Rosa Island Authority Public Works and Public Safety in FY2016, and Mass Transit in FY2018, which has caused significant growth

(6) Heard concerns from Commissioner Barry regarding the data points chosen to highlight/adjust and how they may affect the overall view of the budget;

(7) Heard reviews from Ms. McClure concerning the following:

- The history of the millage rate, which has been consistent for the last ten years, and how a portion was shifted to Library services, which effectively shrank the General Fund portion; conversely, the County no longer transfers funds to the City of Pensacola for Library services after taking them over;
- General Fund revenue increases and known expense increases; the increases include only those costs to continue operations, not capital or new budget requests
- The Sheriff's Office revenue versus expenses, the FY 2022 Budget Request, and the history, options, and considerations for the Sheriff's MSTU (Municipal Services Taxing Unit)
- Fire Protection Fund revenue versus expenses, the FY 2022 Budget Request, comparisons with other fire departments, and options/considerations for the Fire MSBU (Municipal Services Benefit Unit)

(Continued on Page 5)

AGENDA ITEMS – Continued

4. Continued…

I. Continued…

A. Continued…

(8) Was advised by Ms. McClure that:

- Staff is looking for feedback on whether the Board would like to consider any changes/increases in MSBUs/MSTUs;
- Additional items for budget preparation include self-insured health and dental net performance, Fuel and Fleet division net performance, and overhead allocation for IT, Human Resources, Purchasing, OMB, and Clerk of Court
- The American Rescue Plan Act (ARPA) interim report is due August $31^{st}$ and must contain expenditures by category at summary level; staff has an early, tentative proposal for how to spend the allocation

(9) Heard comments from Commissioner Bergosh regarding the possibility of the MSBU being reduced while increasing the MSTU, his concerns that a healthy volunteer firefighter force be maintained, and whether additional assessments can be placed on new construction so as to not raise taxes on existing residents as he will not support raising taxes;

(10) Was advised by County Attorney Rogers that assessments are generally done geographically, an expert would have to show if there is more or less of a benefit to the real estate, and that there is more leeway with the MSTU;

(11) Upon inquiry from Commissioner Underhill regarding the standards and best practices for balance being brought forward, was advised by Ms. McClure that two months of unassigned fund balance should be set aside and that the County is currently where it needs to be with the amount as long as it is not utilized;

(12) Heard comments from Commissioner Underhill regarding his support for increasing the MSTU to the full amount of the cost to run the Sheriff's Office while decreasing the General Fund accordingly, and that the County must fund what is the critical responsibility of the government;

(13) Heard comments from Commissioner Bender regarding the need for fire protection services and competing with neighboring fire departments, as well as concerns over the increasing costs for running the County (such as the increase in minimum wage) and the need to plan for ways to fund those costs;

(Continued on Page 6)

AGENDA ITEMS – Continued

4. Continued…

   I. Continued…

      A. Continued…

(14) Heard comments from Commissioner Barry concerning the management of the fire services department and fund and that he would be more comfortable taking up discussion further once he is confident that things were being managed in the public's best interest;

(15) Heard comments from Commissioner May regarding his general support of tax increases to fund the increasing need for services and investment in human capital; heard further comments regarding his request that staff bring back a recommendation on a millage rate that makes the County whole and efficient;

(16) Was advised by County Administrator Gilley that costs are increasing and staff has attempted to find ways to increase revenue to support the additional need for services;

(17) Discussed the increases in responsibilities of the Public Works department including additional holding ponds, roads, and sidewalks; Wes Moreno Deputy County Administrator and Public Works Director, advised that Public Works is operating below budget levels from 2006 and that the biggest issue is manpower;

(18) Further discussed how to bring about efficiencies in Fire Services as well as the County as a whole; and

(19) Agreed that due to the CARES and ARPA funding allocations, the Board would not support any tax increases this year that would add undue stress to citizens; and

      B. Board Direction – None.

5. Adjourn

Chairman Bender declared the C/W Workshop adjourned at 10:48 a.m.