REPORT OF THE COUNTY BUDGET TASK FORCE MEETING HELD ON THURSDAY, FEBRUARY 2, 2012

I. CALL TO ORDER AND ROLL CALL

The County Budget Task Force meeting was called to order at 11:05 a.m. on Thursday, February 2, 2012, in the Town Council Chambers. On roll call, the following members were found to be present: Chair Gail Coniglio, Carla Cove, Bobbi Horwich, Kenneth Horowitz, Bruce McAllister, and Jere Zenko.

II. PLEDGE OF ALLEGIANCE

Mayor Coniglio led the Pledge of Allegiance.

III. COMMUNICATIONS FROM CITIZENS (3-minute limit, please)

There were none.

IV. APPROVAL OF AGENDA

Motion to approve the agenda was made by Mrs. Horwich, seconded by Mrs. Cove, and was approved unanimously.

V. APPROVAL OF THE MINUTES FOR THE DECEMBER 19, 2011 CBTF MEETING

Motion to approve the minutes of the December 19, 2011, County Budget Task Force meeting was made by Mr. McAllister, seconded by Mr. Horowitz, and was approved unanimously.

VI. FREE MONEY: BEST PRACTICES IN PORTFOLIO INVESTMENTS [Sharon R. Bock, Clerk and Comptroller, Palm Beach County]

Sharon Bock, Clerk and Comptroller for Palm Beach County, provided an overview of her presentation speaking about the checks and balances at the County level. She reported that the Board of County Commissioners has the policy making and budget making ability but they don't hold the checkbook. She spoke to the lawsuit filed by the municipalities regarding the structure of payments to the Inspector General (IG). She stated that Florida Statutes say the clerk is only allowed to pay a bill if it meets three conditions: 1) the money is in the budget, 2) it is legal, and 3) it has a public purpose. She further stated that Supreme Court case law is very clear, the clerk is the last word on financial matters, following Statutes and the Constitution, and not the policy maker.

Mrs. Zenko asked if the Clerk had control over the Sheriff's Department. Ms. Bock responded that she had no control over any of the Constitutional officers.

Ms. Bock stated that she is a financial consultant and a fiscal conservative which allowed her to look at the treasury from the point of view of how it could be used better by the municipalities, the special districts, and the County. She reported that the money is managed in house and, even in the bad economy, she had been able to maintain about a 3% return on their investment. She further reported that her duration was 1.8 to about 2.2 years because she was dealing with such large numbers. She said that she used a lot of collateralized mortgage obligations (CMO) which need to be watched but were a good investment.

Mrs. Cove asked Ms. Bock to comment on the debt service payments and refinancing under the new system of finding investment providers by bid. Ms. Bock responded that the County currently manages the bonds. She said that the bonding structure was used during the good years to build the infrastructure without regard to the payback. She stated that she had advised the County Commissioners and the public to slow down on the bonds. She reported that the County was renegotiating all the revenue bonds to lower the rates. She further reported that the County was not doing any more bonds, other than the jail expansion in Belle Glade. She stated that the debt report, and all the reports, was on the Clerk's website: www.mypalmbeachclerk.com.

Mr. McAllister asked if the County was responsible for a form of debt other than long term debt outstanding and scheduled debt service payment, such as pension obligations, healthcare obligations, other forecast expenditures, mandated expenditures, or contracted expenditures. Ms. Bock responded that the counties and municipalities differ because the County is on the Florida Retirement System (FRS) and doesn't carry any liability in that area. She reported that the long term debt outstanding is all bonds. She explained that her office was a budgeting office and must, by law, stay within its budget. She added that the differentiation was whether the entity was a taxing authority.

Mr. McAllister asked about a chart showing proposed future debt. Ms. Bock answered that the five year strategic plan could be found on the County's website.

Stating that the County voters approved the office of the Inspector General, Mrs. Horwich asked the legal costs for the cities and Clerk's office for the lawsuit. Ms. Bock responded that she did not know the cost. She explained that the issue was that the ordinance that created the IG office must be followed. Mrs. Cove stated that the ordinance passed by the voters was for 0.25% of contracts. Ms. Bock clarified that the ordinance was not passed by the voters but by the County Commission and they changed the amount to the percentage of taxes paid by each municipality. There was further discussion regarding the Inspector General's office.

Ms. Bock spoke about the change in the name of her office to Clerk and Comptroller.

Mr. Horowitz asked if the Clerk's office did anything with forecasting forward. He stated that in reviewing the County budget, the revenue over the next four years is predicted to increase by about $80 million. Ms. Bock responded that budget comes under policy and she has no part in the forecasting. She noted that in other counties the chief financial officer works hand-in-hand with the chief executive officer, but that was not the case here.

Mrs. Zenko expressed her frustration with the County's spending. She asked who would be the person to say that a policy cannot be enforced, implemented, or that it would not work because there are not numbers to support it. Ms. Bock replied that it was not her job because it is policy. She said she had to wait until she had the numbers or the County does not have the money. She stated that she believed that each board member should take an area of expertise, take issues to Mr. Weisman or Ms. Glazer, and have the process be more transparent to the public.

Thomas Bradford, Deputy Town Manager, noted that the County Commission has an internal auditor, does a Comprehensive Annual Financial Report (CAFR), the Clerk's office has auditing responsibility, and there is the Inspector General. He asked for the key points between the CAFR and the auditing the Clerk's office does relative to the budget. Ms. Bock replied that her office does the CAFR, which is the County's audit. She explained that she audits all the County money (contracts, grants, housing, water and sewer, airports, etc.). She further explained that the internal auditor's role had been for performance audits (behavior of employees). She stated that the role of the Inspector General had been greatly expanded and there were now three levels of auditing. She said the public has to decide at what cost and what effectiveness.

Ms. Bock explained that the amount paid to the Inspector General's office changed because the IG did not like the .25% because the amount of money coming in could not be predicted. She said it was easier to trend the revenue using the tax base.

Mayor Coniglio stated one of the goals of the County Budget Task Force was to coordinate its comments and questions to try to pressure the County Commission to maintain the millage rate, look at their long term forecast, and try to control what the taxpayers contribute to the Palm Beach County budget. She further stated that Ms. Bock had said she had no input as the holder of the tax dollars on the five year projections. She asked if there was a way the Task Force could work with the Clerk's office to create the perception of how that negatively impacts the County. Ms. Bock responded that all 38 municipalities were very powerful and suggested the possibility of a task force at that level. She also suggested that possibly something could work through the Six Pillar process and the civic and governance. She welcomed the Task Force to work with her office for any financial information. Mayor Coniglio said she would follow up with Ms. Bock.

Mayor Coniglio offered general questions from the community. She said that there was pushback from the residents on maintaining Constitutional officers, but she understands that Ms. Bock feels that it is important but her budget is transparent enough that people can identify where their money goes. Ms. Bock spoke about the important roles of the Constitutional officers in the County check and balance system.

Mayor Coniglio asked if Ms. Bock would consider borrowing against her own reserves. Ms. Bock responded that she would not.

Ned Barnes of the Palm Beach Civic Association stated that the Civic Association was partially responsible for the funding of the Tax Watch Study and hoped it would be helpful in giving the Commission some options at budget time, but instead they got blindsided. He reported that Tax Watch on several occasions had assured the Association that their recommendations were accurate. He stated that after the Study was finished, the Clerk's office did a comprehensive study and found that some of the Tax Watch Study recommendations were not accurate. He further stated that the Civic Association went back to Tax Watch to try to get them to do something productive. Ms. Bock said that using Tax Watch may be an effective way to pressure the County Commission. Regarding the issues with the Tax Watch Study, she stated that they did not call her and she did not know the study was being conducted until she received the report. She further stated that her office could have easily shared the correct information. She advised that bringing Tax Watch in to question the County Commissioners was the right thing. She suggested she could meet with Tax Watch on a different report but with the concept still on the fiscal issues.

VII. <u>ANY OTHER MATTERS</u>

Mr. McAllister stated that the projection of revenue concerns everyone and that information has to come from the property assessor and the tax collector. He suggested that the next discussion include who determines or decides for the Commission what money is flexible, what money is fixed, and the amount of revenue they can anticipate. Mr. Bradford replied that he believed that the budget office for the County is charged with doing the forecast. He advised that the property tax base projections are in the five-year forecast section of both the County budget and brief. He suggested that John Wilson, Palm Beach County Budget Director, be contacted for information on the forecast figures. A discussion followed.

Mayor Coniglio advised that on Thursday, March 1, at 10:00 a.m., Ric Bradshaw, Palm Beach County Sheriff, would give a presentation to the Task Force.

Mayor Coniglio asked that any questions, concerns, or directives for Mr. Bradford be forwarded to her so that the Task Force is speaking in one voice and as a group.

Mr. Bradford stated that Mrs. Zenko had asked him to contact Michael Burke, Chief Financial Officer of the Palm Beach School Board, regarding the true cost of English for Speakers of Other Languages (ESOL).

Mrs. Cove asked if Mr. Bradford would send information to the Task Force members regarding the Sheriff's Department and their budget. Mayor Coniglio asked for the Sheriff's five year projections.

Mr. McAllister asked for information regarding the Inspector General with respect to the Sheriff. Ms. Bock advised that Constitutional Officers are not under the direction of the Inspector General. She stated that inspector generals were auditors. Mr. McAllister asked about an anonymous whistle blower rule. Ms. Bock answered that she had a fraud hotline and a tip line with guaranteed immunity and confidentiality. She said that she does not do anything with the municipalities but anything the Inspector General does with the County is a duplication of the work of the Clerk.

VIII. ADJOURNMENT

There being no further business to discuss, the County Budget Task Force meeting of February 2, 2012, was adjourned at 12:40 p.m.

APPROVED:

Gail L. Coniglio

Gail L. Coniglio
Mayor