

## **SPECIAL MEETING - APRIL 19, 2000**

The School Board of Okaloosa County met in Special Session on April 19, 2000, in the Fort Walton Beach Administration Building, 120 Lowery Place, SE.

PRESENT: Rodney Walker, Chairman  
Cindy Frakes, Vice-Chairman  
Don Gaetz  
Howard Hill  
Lloyd Taylor

Walter Gordon, Superintendent  
C. Jeffrey McInnis, Esq., Attorney to the Board

The Chairman called the meeting to order at 9:10 a.m. for the purpose of receiving financial information regarding the 1999-2000 fiscal year budget and to take action on recommendations of the Superintendent regarding budgetary matters.

Mr. Walker asked that Mr. Hundley provide the Board with information on the financial status of the district. He would then like for the Superintendent to make any recommendations he may have relative to the budget.

Mr. Walker stated that he would like to have the information broken down into five categories: 1) the double entry in Insurance Reserve; 2) how much unencumbered revenue is in the Impact Aid account; 3) how much revenue is anticipated in Ad Valorem taxes above the 95%; 4) any other accounts with unencumbered revenue that can be used at the Board's discretion; and 5) the exact amount in Unrestricted Reserve.

Mr. Hundley asked Alan Jowers of the accounting firm of Carr, Riggs, and Ingram to review the current fund balance. Mr. Jowers stated that the anticipated undesignated fund balance as of February 29, 2000 was \$1.54 million. With the additional revenue received in March (\$214,809 in Impact Aid and \$461,744 in the 4<sup>th</sup> calculation) and other budget adjustments, the anticipated undesignated fund balance as of date is \$2,336,179.00, which is approximately \$500,000 less than this year's beginning balance. (Exhibit 00-271)

Mr. Walker asked for clarification on this year's 874 funds--Mr. Riggs having indicated an inappropriate entry was made into this fund. Debbie Hurst, Finance Specialist, stated that Mr. Scott made a budget entry of the funds based on a phone call notifying him that the funds would be received. She then stated that she received verification from the Washington office and the Auditor General that this was a good entry based on Governmental Accounting Practices. Mrs. Hurst then explained what account the funds were posted to and why the funds are placed in this account. She further stated that the entry was a conservative estimate of what will be received and only \$178,000 of the funds posted have been encumbered leaving the account balance at \$562,367.

Mr. Gordon asked Mrs. Hurst to request in writing the Auditor General's opinion on this matter.

Mr. Hill asked if the school budget reductions recommended by the Superintendent at an earlier meeting had been made. Mr. Walker responded that the funds were taken from the schools and returned to Reserve. He added that a large portion of those funds should not have been allocated to the schools due to miscalculation of FTE.

Mr. Jowers explained that as of June 30, 1999, there were three reserve accounts in the amounts of \$1 million for FTE Shortfall, \$1 million for Retirement, and \$2.197 million for Self-Insurance that carried forward to the 1999-2000 budget. Each of these accounts are reflected in the original budget document for FY 99-00. (Exhibit 00-272)

## **SPECIAL MEETING - APRIL 19, 2000**

Mr. Walker asked if there were two FTE Reserve accounts because the Board directed Mr. Scott to put the \$1 million FTE Reserve into the 1999-2000 salary package. Mr. Jowers responded that he could not explain where the million dollars came from that went into the salary package but there are three reserve accounts still available. Discussion concluded that apparently the additional \$1 million FTE Reserve, mislabeled as Insurance Reserve, was a carryover from a previous budget year.

Mr. Walker asked for a conservative estimate of the additional ad valorem revenue expected to be received in June. Mrs. Hurst stated that in past years the district has received between \$400,000 and \$600,000 which is approximately 1% above the budgeted 95%. She added that these funds are not posted until they are received.

Mr. Hundley and Mrs. Hurst stated that when the books are closed out at the end of the fiscal year they will be able to report to the Board any unencumbered revenue available to the Board. July 1 will begin a new fiscal year and they will be able to start with a new set of books.

Mr. Walker stated that based on the information received today there doesn't appear to be the financial crisis that was reported to the Board at the Workshop. However, until the end of the fiscal year when the budget is closed out, there is a need to be very conservative. Also, some prudent measures may need to be taken in the next fiscal year to increase the fund balance.

Mr. Gordon stated that Monday night he brought forward some recommendations to recoup funds and to save funds based on what was reported to be an emergency financial situation. In light of the information received today, some of those emergency measures do not need to be taken at this time. However, as Superintendent, he may administratively enact some of the recommendations (such as placing a freeze on hiring, travel, discretionary spending) that do not require the approval of the Board. He stated that he will be reviewing with staff the information received today and the recommendations and that he will inform the Board of his decision.

Mr. Gordon further stated that the other proposals regarding personnel (such as reduction of personnel and placing administrative staff on furlow) are not being recommended at this time.

Mr. Gordon presented a list of support personnel to fill vacant positions. He stated that these positions were pulled on Monday night based on the financial information. At this time, he recommended the positions be filled as listed. (Exhibit 00-273)

Motion to approve the hiring of support personnel as recommended by the Superintendent was made by Mr. Gaetz, seconded by Mr. Hill and carried unanimously.

The Chairman recognized Bruce Nunnally of the accounting firm of Carr, Riggs and Ingram. Mr. Nunnally stated that he felt the reserve fund balance was low and that the district's goal should be to increase it to at least 5% of the total budget. With a higher fund balance, a 1% error would not be so crucial.

Mr. Gordon stated that we are unsure of the amount of funding to be received from the state next year and the district is looking at a declining enrollment. Next year's projections need to be looked at to consider where cuts may be made. Keeping in mind that children are the bottom line, it is difficult to cut programs offered to students. However, with a decrease in revenue, some personnel cuts will be included in next year's budget. He added that the change in the school budget allocation formula that was approved by the Board will be of benefit. But for now, the reserve funds need to be left as they are and we need to be very conservative.

**SPECIAL MEETING - APRIL 19, 2000**

Mr. McInnis stated that the Articulation Agreement with Troy State University for The University Schools was pulled from the Agenda on Monday night. He requested the Board approve the Agreement at this time with the technical amendments necessary to integrate this Agreement with the original Agreement approved by the Board.

Motion to approve the Articulation Agreement with Troy State University subject to the technical amendments made by the Attorney was made by Mr. Hill, seconded by Mr. Taylor and carried unanimously (Exhibit 00-274).

Motion was made by Mr. Gaetz to remove Budget Amendment #6 from the table. The motion was seconded by Mr. Hill and carried unanimously.

Motion to approve Budget Amendment #6 was made by Mr. Gaetz, seconded by Mr. Hill and carried unanimously (Exhibit 00-275).

There being no further business to come before the Board, and upon motion being duly made and seconded, the meeting was adjourned at 10:40 a.m.

Teresa Epperson, Recorder

---

WALTER C. GORDON  
SUPERINTENDENT AND  
EX-OFFICIO SECRETARY

---

RODNEY L. WALKER  
CHAIRMAN OF THE BOARD