

WALTON COUNTY
TAXPAYERS ASSOCIATION, INC
BOARD OF DIRECTORS

BONNIE McQUISTON - PRESIDENT
DAN SCUPIN - VICE-PRESIDENT
SUZANNE HARRIS - SECRETARY
MARY NIELSON - TREASURER
JIM BAGBY
BOBBY BOWICK
DON BROWN
Robert Connor
Frank Day
Pete Garcia
Emmett Hildreth
Eileen McDermott
Alan Powdermaker
Jim Rice
Dr. Don Riley
Bob Sullivan

● APRIL - 2011

The Tax Beacon

www.waltontaxpayers.org

THE WALTON COUNTY TAXPAYERS ASSOCIATION, INC
'THE EYES AND EARS FOR WALTON COUNTY TAXPAYERS'

Bob Hudson - Executive Director

ISP Budget Review

The first priority for WCTA at this time of year is local government budgets. What government decides to spend drives the taxes we pay.

WCTA has partnered with a remarkable team, Mike Flynt and Pat Hollarn with the Institute of Senior Professionals (ISP). The mutual goal is a thorough review of the Walton County board of county commission 2012 budget process. ISP is affiliated with Northwest Florida State College and does not charge for their services. Last year, ISP was invited to work on the Okaloosa County budget. They were able to recommend several million dollars in spending reductions.

With a 26-year Air Force career, followed by Valparaiso City administrator from 1995 to 2002, Mike Flynt owns a company working on government contracts around the world. Pat Hollarn is former supervisor of elections for Okaloosa County and has extensive knowledge of county budgets.

A decline in the total valuation of Walton County is projected in 2012 which will drive down tax revenues. ISP is taking the lead to identify how to reduce county expenditures to stay within these expected reduced tax receipts. Their recommendations for reductions will protect the most basic needs of the community while recommending elimination or streamlining in areas with the least risk to the community.



Mike Flynt



Pat Hollarn

This process has the potential to lower the cost of government to Walton County taxpayers. In the end, county commissioners will decide how to construct their budget using their

best judgment for the welfare of the community. It is a tough job.

WCTA's support on this project is lead by Dan Scupin who is coordinating with ISP on recommendations. Additionally,

a WCTA team of Dan, Bob Sullivan, Bob Hudson, Frank Day and Alan Powdermaker is looking at 2012 budgets for other constitutional offices: sheriff, supervisor of elections and tax collector.

Tax Collector Rhonda Skipper

The tax collector's office will begin issuing drivers' licenses in 2012. With these added staff responsibilities, a tiered approach is planned for salary increases of 1% to 5%. Since the tax collector's office is fee-based, the only ad valorem funding for this office is postage of around \$68,000.



The added expense for drivers' license services will reduce revenues that are usually returned to the board of county commission. These reductions are estimated to be over \$1 million in each of the next two years. Tax Collector Rhonda Skipper has asked WCTA to review their initial budget to understand the dramatic spending increases they expect. The tax collector's office continues a "Journey to Excellence" program and adopted a strategic plan for the next five years.

EXECUTIVE DIRECTOR

When Bob Hudson was elected to South Walton Mosquito Control, he had to relinquish his role as WCTA president. But WCTA could not relinquish Bob's talents, expertise, experience and energy. Bob was asked to be executive director, a new non-board and non-voting position in WCTA.

Thankfully, Bob accepted. He coordinates WCTA activities, advises the board with timely updates, sets board meetings and agendas, coordinates and sets up the newsletter for publication, and maintains the WCTA web site. In short, WCTA functions at a higher level under Bob Hudson's executive direction.

Members will be pleased to know that Bob remains a force within WCTA, the community and Walton County.

Presidents Message



Bonnie McQuiston
President

Our Role in County Government

What is WCTA's role in county government? It is to be the eyes and ears for taxpayers, whether residents, absentee property owners or bed tax collectors. As reflected in this newsletter, WCTA is involved and continually scrutinizing how local government spends taxpayer money.

This requires attending countless meetings and workshops, researching budgets and other financial documents, meeting with elected officials, management and administration. WCTA is made up of ordinary citizens who volunteer extraordinary time and energy to participate in local government. Why? Because the constitutional concept that government is beholden to the people, the only true source of government power, must be preserved.

It is an honor to serve as WCTA president with vice president Dan Scupin, secretary Suzanne Harris, and treasurer Mary Nielsen. WCTA board members represent a variety of strengths and diverse business experiences, each a community leader in their own right. I believe our current board is the strongest in WCTA's long history. It assuredly is the most active. Each is committed to the mission:

government transparency, conscientious and limited government spending, respect for the taxpayer, fair and just taxation to ensure the proper stewardship of our money, equal representation, accountability from public officials, and an informed public.

At the annual meeting in January, WCTA committed to work with elected officials in a new spirit of cooperation. Government and taxpayers working together is the only way to find solutions in this abysmal economy. The in-depth review of government operations by WCTA and the Institute of Senior Professionals will look at every avenue to reduce expenses and allow elected officials to hold the line on millage (tax) rates. Deep cuts will be necessary at all levels of spending. Raising taxes, asking taxpayers to shoulder the burden, is not the answer.

The act of governing in difficult financial times requires bold decisions. Will our leaders have the courage and the will to measure up to these complex challenges?

South Walton Fire District (SWFD)

The WCTA was invited to a workshop on the projected shortfall of tax revenues in FY2012. The decline in total county value will add to difficult challenges already faced by SWFD in the current year's budget, \$2 million more in expenses than revenue.

The South Walton Professional Fire Fighters have proposed one solution; improvements to their pension plan which they estimate will save the district \$850,000 in 2012. This plan represents a collaborative effort between labor leadership and the pension board. It allows some of the fire district's senior fire fighters to retire after 20 years of service versus 25 years.

The current pension plan allows retirement after 25 years of service at 100% of annual salary. The proposed plan allows the option of retirement after 20 years at 80% of annual salary.



The proposal contains a stop/start provision in which the fire district would not hire replacements for (6) vacated positions, at least temporarily. The proposal contains an additional \$600/month stipend upon retirement not in the current pension plan.

Pension plan improvements would allow the district to receive more money from a state fund. This fund returns a small portion of a levied tax on property insurance premiums to local governments who have a "local law" pension plan for firefighters. The proposed plan with the stop/start option, or the stop/start option alone without early buyout, qualify as plan improvements.

The pension board obtained actuarial calculations showing cost savings to the district if this proposal is adopted. Further analyses of projected savings, short and long term, will require an independent actuary study from both a pension and payroll perspective. It is the goal of the district, fire fighters, and taxpayers to ensure the district is aware of all potential costs and that funding for the pension plan is sustainable for the long term.

Fire fighters contribute approximately 7% of salaries to their pension plan with the district (taxpayers) contributing between 23% to 28%.

The pension plan currently is estimated to be funded at roughly 63%."

An Informed Public

The WCTA participated in recovering fees associated with the Tourist Development Council (TDC) credit card review. County commissioners, acting county administrator, county attorney, contract attorney, TDC attorney, TDC director, accounting firm and WCTA were involved in eliminating over \$73,000 charged to the TDC. TDC director Dawn Moliterno has implemented policies, including checks and balances on expenditures, to strengthen management and transparency within the organization.

WCTA officer Suzanne Harris was appointed by county commissioners to the TDC Citizen Advisory Council. Suzanne has had an impact asking tough questions. She will prove to be a tremendous asset to the TDC, the county and bed tax collectors by enhancing and encouraging transparency and good business practices.

County attorney Lynn Hoshihara successfully negotiated a contract with Waste Management, DayCo, Board of County Commissioners and City of Freeport which resulted in the county receiving \$411,000. Additionally, \$200,000 owed by Walton County was waived, residential rates for garbage pickup were reduced, recyclables will be upgraded to "green" bags, solar compactors will be provided, transfer rates for hauling trash to landfill are lowered, and former DayCo employees will remain in Freeport employed with Waste Management.

The Walton County landfill is open essentially for sorting various incoming loads of garbage, using inmate labor. Recyclables like tin, aluminum and newspapers are sorted out and sold to recyclers. Non-recyclables are hauled to Jackson County. The biggest part of the landfill budget has been contracts with DayCo, Waste Management and the City of DeFuniak Springs. DayCo is no longer in business.

Several members of WCTA along with 20 other opinion leaders in the county were invited to meet with Sheriff Adkinson and his team. A federal mandate with no federal funding requires the sheriff to implement a narrow bandwidth communication system by 2013. The projected cost is \$6 million. The sheriff is working with county finance director Bill Imfeld to phase in the system, trying to reduce costs to around \$3.5 million. The purpose of the meeting was to inform the public of this budget challenge and the steps being taken to comply with the mandate.

A new county administrator, Greg Kisela who is currently Destin city manager, has been selected by county commissioners. Lynn Hoshihara will negotiate contract terms. A new planning director, Wayne Dyess, has been hired. The county created a new position, Support Services Director, which was filled by promoting Brady Bearden. Mr. Bearden directs Human Resources, North Walton Fire Rescue, animal Control, GIS/IR and Recreation.

2010 Walton County Audit Highlights

Summary by Alan Powdermaker

- Total County Assets as of 9/30/2010 were \$ 250,854,394-an increase of \$ 6,758,530
- 2010 Revenue of \$ 116,671,403 exceeded County expense by \$ 6,758,530
- The County earned 3.11 % on its investments or \$ 2.6
- As of 9/30/2010, total Walton County government fund end balances were \$ 79,482,003 an increase of \$1,747,040
- Unrestricted net assets were \$ 38,134,041 as of 9/30/2010 or \$ 1, 181,770 higher than 2009
- The General Fund Balance as of 9/30/2010 was \$ 25,417,265 or \$ 858,736 high than 2009
- Government Fund Revenues were \$ 1,642,363 higher than in 2009
- Notes payables and bond obligations decreased by \$ 4,055,873

Source: 2009-2010 Walton County Audit

Meet Your New Directors

The WCTA prides itself on being non-partisan and representing the whole of Walton County. We are very proud to present our new board members.



Jim Bagby

Serving second term on Destin City Council, town manager of Rosemary Beach, vice-chair of Regional Utility Authority, member county investment advisory board, alternate appointee to Okaloosa-Walton Transportation Planning Organization. Committees: public works/public safety, tree board/

environmental, harbor community redevelopment advisory, municipal resort tax blue ribbon panel, Destin middle school advisory. Graduate of West Point, 21 years in military retired Lt. Colonel.



Robert M Sullivan

Chair, Walton County Tea Party organization, degree in political science, 20 years in Air Force retired Lt. Colonel, commanded security police in U.S., Okinawa, South Vietnam and Germany. Commander of DOD Working Dog Center, executive officer to chief of security police of Air Force, George Washington University masters degree in forensic investigations. Retired ITT Corporation operations manager, established

Wyatt International Consulting Corporation. Holds commercial pilot license and is FAA instructor, qualified to fly seaplanes.



Dr. Don Riley

President of Grand Dunes condo owners association. Appointed to SWFD pension board. Graduate of University of Tennessee College of Medicine, internship and residency at Baptist Hospital in Memphis, fellowship at Armed Forces Institute of Pathology/Walter Reed Army Medical Center D.C., medical director St.

Mary's Radiology Dept. in Russellville, AR, founder, president and COO of Mobile Imaging Services. Served on multiple bank boards and City Corporation in Arkansas.



Pete Garcia

Secretary, Walton County Republican Executive Committee, Precinct committeeman for Precinct 11, serves in Freeport American Legion Post 249 as Sergeant at Arms. Retired U. S. Air Force - Chief Master Sergeant in Explosive Ordnance Disposal (EOD) career field, employed with National Technologies Associates as EOD technician performing analyst functions, developing classroom and practical training curriculum for Improvised Explosive Device Division at Naval EOD school on Eglin AF Base.



Frank Day

Chair, Walton County Democrat Party, Democrat Executive Committee, Regional Director of Democratic Party's Small Counties Coalition covering all of northwest Florida, board member of Historic Point Washington Association, owner of Frank's Home Repair, LLC. Veteran of Viet Nam

war with top secret clearance. Major from Auburn University in aviation management, worked for aviation company writing inspection requirements, FAA compliance and other responsibilities. Holds a pilot license.



Don Brown

Former Florida state representative, owner/First National Insurance, DeFuniak Springs, Senior Fellow/The Heartland Institute of Chicago, Appointed to Gov. Rick Scott transition team.

Gov. Scott's transition team has been referred to as a "hall of fame of conservative economists". Representative Brown expressed an opinion that over taxation is one of the most sinister things a government can do. Over regulation causes the economy to suffer and strangles economic productivity.

School District Special Election



The school district will hold a special referendum for voters to decide to continue or not the transfer of ½ mil from capital budget to general operating budget. This transfer was first approved by voters in 2003, again in 2007 and must be re-voted every four years.

The district lowered the capital outlay millage by ½ mil in 2003 and promised not to raise it if voters approved the ½ mil transfer. They continue to stand by that promise.

The county's total taxable value is projected to decline 6% to 10% from 2010. The school district anticipates about \$2.4 million in spending cuts for FY 2012, even if the ½ mil transfer is renewed. The state is expected to reduce local per/pupil spending by \$646.18 (9.3%); the state does not take into account the projected additional reduction in the county's tax roll.

If the referendum fails, programs that exceed minimum state requirements might be in jeopardy (art, music, chorus, band, athletics, technology, dual enrollment, Advanced Placement).

Without the ½ mil transfer, teachers will lose their jobs. That will place the district in non-compliance of state classroom size requirements. Closing schools would present problems because state law does not allow children to ride on school buses for over an hour. Without referendum approval, an increase in the school district's millage (tax) rate is likely.

**Early voting will be May 2 – May 14
8:30 am to 4:30 p.m.**

Supervisor of Elections offices – North and South Walton

THE VOTE May 17, 2011

Walton County School District Special Referendum on Ad Valorem Millage (Vote for One)

Shall the Walton County School District ad valorem millage increase of ½ mill per year adopted by the voters in June 2007 for fiscal years beginning July 1, 2007 and ending June 30, 2011 be continued for the fiscal years beginning July 1, 2011 and ending June 30, 2015 for operating expenses necessary to maintain the excellent quality of Walton County's public school system?

_____ **YES, for continuation**

_____ **NO, against continuation**



South Walton County Mosquito Control District

The South Walton County Mosquito Control District is an independent special taxing district which provides services over an area of approximately 41,447 acres.

It was established on May 26, 1964 by a special referendum for the sole purpose of controlling disease-bearing arthropods and nuisance insects to improve the quality of life in beautiful South Walton County.

It is governed by a three member elected board. The current Board is comprised of James 'Jim' Crawford (Chairman), John J. Magee and Robert 'Bob' Hudson.

SWCMCD operates an integrated pest management (IPM) program. Integrating many activities with the ultimate goal of controlling mosquitoes. These activities include:

Source reduction - The elimination of mosquito producing habitat by draining or filling of water holding situations. In South Walton, 46 major drainage ditches were dug by Mosquito Control to drain the land. These ditches are continually maintained by SWCMCD to ensure that they function properly.

Larviciding – The killing of the larval, aquatic stage of the mosquito.

Adulticiding – The killing of the adult flying stage of the mosquito is done when surveillance methods (traps, landing rate counts, inspections) verify that mosquito populations have reached a level to justify the spraying of aerosolized pesticides to control adult mosquito populations.

The Mosquito Districts budget for 2009-2010 is \$1,459,224.12 including a contingency fund of \$108,740.85. The District has a reserve fund of \$460,374.00.

SWCMCD has eleven full-time employees and 5 part-time employees.

COUNTY BEGINS RE-DISTRICTING PROCESS

Walton County received the 2010 Census population numbers and the process of changing district boundaries has begun. The focus of the committee is, of course, equal representation.

GIS coordinator Kevin Laird has proved an invaluable resource, providing maps for a variety of district configurations. Meetings will be held at least monthly until a final redistricting map is agreed upon by the committee.

Meeting locations alternate between north Walton and south Walton, are advertised and open to the public.

District	2010 Census District Population	Difference From Perfect Split	2000 Census District population	District growth
1	9817	-1192	8120	1697
2	8867	-2142	8120	747
3	10662	-347	8120	2542
4	9751	-1258	8120	1631
5	15946	4937	8120	7826
	55043		40600	14443

Perfect Split for Districts
 $55,043 / 5 = 11,008.60$

A History Of Florida Property Tax

Ad valorem taxes in Florida were begun by territorial enactment in 1839. Ad valorem is Latin for “the value of.” We often use the terms ad valorem and property tax interchangeably. The tax was imposed “on every acre of first-rate land, half a cent; on every acre of second-rate land, one quarter cent; on every acre of third-rate land, one eighth of a cent.” During this time the most significant ad valorem tax was levied by the state.

In 1885, the Florida Constitution stated that the Legislature “shall provide for a uniform and equal rate of taxation.” Various exemptions were sited including property used for municipal, educational or religious purposes, as well as property owned by widows with dependents and disabled veterans.

The first homestead exemption – \$5,000 – was approved and enacted in 1934. This was also the time period in which the state changed the property tax to a city- and county-levied tax, making it no longer a source of state revenue. Local officials were tasked with developing just valuations (the job of the property appraiser) and establishing systems for collecting the local tax (the job of the tax collector).

In 1980, the “Truth in Millage” act, known as TRIM, was enacted. This revision requires cities and counties to “roll back” their property tax levies to a rate that raises the same amount of dollars as the previous year. The calculation is adjusted for new construction and annexation. If a city or county does not enact a rolled-back rate, the government must advertise a tax increase.

Also in 1980, the Legislature placed a constitutional amendment on the ballot increasing the homestead exemption to \$25,000, which passed and was implemented on a three-year schedule.

In 1982, the state increased the state-levied sales tax from 4 percent to 5 percent, and half of the “new penny” was pledged to cities and counties to help with property tax relief. To qualify for the new half cent, a city or county had to reduce its millage rate.

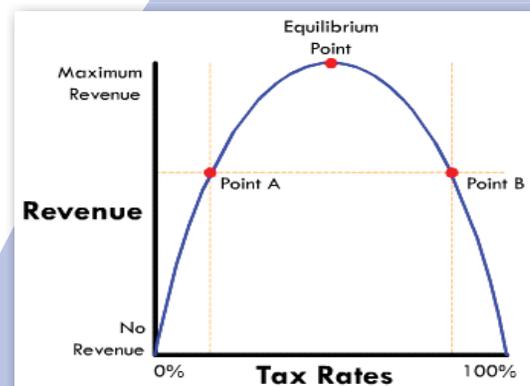
Over the years, additional exemptions were created by the Legislature to help certain categories of homeowners – handi-

capped, blind, widowed, veteran and other persons. The Legislature also created different valuations and exemptions for types of property (separating active agriculture from fallow, for example). Each exemption and change in property valuation affects cities and counties.

Recently, the most substantial change to the property tax was the “Save Our Homes” amendment to the Florida Constitution in the 1992 (implemented in 1994). This amendment set a cap of 3 percent, or the consumer price index, whichever is less, as the rate at which homesteaded property could increase in value within a year. This measure was designed to protect homesteaded property from large jumps in valuation, but unfortunately caused a shift in each county’s tax base as businesses and non-homesteaded properties bore a greater tax burden due to the homesteaded cap.

As Florida’s real estate market enjoyed the “value boom” over the past several years, citizens’ complaints about the property tax burden as a proportion of overall taxes became louder, and the 2007 Legislature decided to reduce most counties’ and cities’ property tax base. A constitutional amendment was placed on the ballot to replace “Save Our Homes” with a “super exemption” instead, but the Florida Supreme

Court pulled that amendment. Then the Legislature wrote a new amendment (Amendment 1) that was approved on January 29, 2008, that will authorize an additional \$25,000 homestead exemption, provide an assessment cap of 10 percent for non-homestead property (similar to the 3 percent assessment cap provided by “Save Our Homes” for homestead property), and allow homeowners to “port” their “Save Our Homes” assessment differential from their existing homestead to a new homestead.



The Laffer Curve

Frequently Asked

QUESTION - Annually the County approves a budget after an extensive public input process. If they approved a budget and based the tax rate on that budget how do they annually exceed the budgeted revenues and expenses ?

ANSWER - Florida Statutes specifically direct that, upon the final adoption of the budgets, the budgets shall regulate the expenditures of the County and the itemized estimates of expenditures shall have the effect of fixed appropriations and shall not be amended or altered or exceeded except as provided by the Statutes.

The Board of County Commissioners at any time within a fiscal year may amend a budget as follows:

Appropriations for expenditures in any fund may be decreased and other appropriations in the same fund correspondingly increased with the approval of the Board provided that the total appropriations of the fund are not changed.

Appropriations from the reserve for contingencies may be made to increase the appropriation for any particular expense in the same fund for any lawful purpose. Expenditures can not be charged directly to the reserve for contingencies.

The reserve for future construction and improvements may be appropriated by the Board for the purpose(s) for which the reserve was established.

A receipt from a source not anticipated in the budget and received for a particular purpose, including but not limited to grants, donations, gifts, or reimbursement for damages, may, upon approval by the Board, be appropriated and expended for that purpose. Such receipts and appropriations shall be added to the budget of the proper fund.

Increased receipts for enterprise or proprietary funds received for a particular purpose may, upon approval by the Board, be appropriated and expended for that purpose.

MEMBER SUPPORT FOR WCTA

Please accept our thanks for the support you provide. Your contributions to our organization not only sustain us financially but also validate our work.

We believe strongly that we must continue our mission for more accountability in government spending, decreasing the role of government in our daily lives, and pressing for lower taxes. We must stay involved to get more value for our tax dollars.

A basic annual contribution of \$10 goes toward the costs of our quarterly newsletter. Our newsletter is intended to keep you informed on how local government is spending your money and what you are getting in return. Your Membership allows us to continue to be The Eyes and Ears for Walton County Taxpayers.

MEMBERSHIP:

1. **ELIGIBILITY:** Every Walton County taxpayer, resident or non-resident, is eligible for membership in the Walton County Taxpayers Association.
2. **DUES:** The membership year shall be the calendar year from January 1 through December 31
3. **VOTING:** Any member in good standing (donation for the current year) may vote at an annual meeting.

Note: If you are a resident/owner of a Dunes 1, Dunes 2, Turtle Beach or Edgewater Beach Condominium your dues are paid through your Condo Association.

**PLEASE USE THE ENCLOSED RETURN ENVELOPE TO RENEW
YOUR NECESSARY SUPPORT TODAY !
PLEASE CONSIDER A "PLUS" CONTRIBUTION OF \$ 40.00**