

AGENDA
SCHOOL BOARD OF SANTA ROSA COUNTY
WORKSHOP
July 23, 2020-9:00 AM

Items for Review and Discussion

A. Presentation of Proposed 2020-2021 Budget

Note: The complete proposed/tentative 2020-21 budget presentation can be viewed at <http://santarosacountysdfi.swagit.com/school-board/>

Board Chairman Mr. Buddy Hinote opened the workshop for the 2020-21 proposed/tentative budget. All Board members were present.

Superintendent Wyrosdick expressed appreciation to Assistant Superintendent Susan McCole and her staff for their hard work on the budget. He pointed out that much of the information needed for the budget is sent from the State just a few days prior to our meeting. The Superintendent noted that this year, in particular, the words "proposed and tentative" are especially meaningful. This is our first glance at the budget; much will change.

Ms. McCole came forward and thanked her staff for their help in preparing this year's budget and discussed the following points.

- *This budget will change constantly. It is approved for advertising on July 23, 2020 with the first public hearing on July 30, 2020; the final public hearing is on September 10, 2020.*
- *Our projected unweighted FTE for the 2020-2021 school year is 29,250 which is an increase of 579 students. If our numbers decrease, our funding will go down in the third or fourth calculation.*
- *The District is self-insured for health insurance; the Board contributed approximately \$17,455,000 toward employees' insurances for fiscal year 2019-20. The last 2-3 years have been good ones in which we've been able to build up our fund balance and keep employee insurance costs stable.*
- *During 2019-2020 the District collected \$9,398,178 in sales tax revenue which is an increase of \$311,157 over the prior year. Additional funds will help with capital projects in 2020-2021. Ms. McCole noted that there is still a lot of building taking place in our county; we haven't been impacted as some other counties in Florida have with a drop in sales tax revenue.*

Ms. McCole reviewed the five categories of fund balance:

1. *Non-spendable - This is the portion of fund balance that cannot be spent because of the form (inventories).*

2. *Restricted - Portion of fund balance that reflects resources that are subject to externally enforceable legal restrictions (State categoricals, donations, State and Federal projects).*
3. *Committed - Portion of fund balance that represents resources that have been earmarked or whose use is constrained by limitations that the governing body has imposed upon it - (School based budgets and seven period day resolution).*
4. *Assigned - Portion of fund balance that is constrained by the government's intent to be used for specific purposes, but are not restricted or committed. (Board projects such as STEAM initiatives, utilities, OT/PT/Speech contracts, etc.)*
5. *Unassigned - Portion of fund balance that is available for the Board to use as needed.*

The next slide showed DCD (District Cost Differential) in comparison to neighboring counties. This is based on the cost of living in a particular area as determined by the State. Our DCD went from .9751 in 2019-2020 to .974 for 2020-2021. The Okaloosa DCD is .9933; Walton is .9825; and Escambia is .9759. We have closed the gap some over the years but the larger districts want to leave the District Cost Differential as it is since it will not benefit them to change.

Ms. McCole shared the next slide which showed the additional dollars we would receive if we were funded the same as some of our neighboring counties. If funded the same as Okaloosa we would receive an additional \$4,399,418; Walton - an additional \$23,918,201; and Monroe - an additional \$74,369,511. If funded the same as Osceola we would receive \$4,846,351 less.

She then talked about the proposed/tentative budget for fiscal year 2020-2021 and the proposed property tax effect. Our tax millage has gone down but the increase in property values helped offset this. If capital outlay increased to 1.5 from 1.4 it would bring in an additional \$1.2 million. Discussion followed about the possibility of increasing capital outlay tax millage. Mrs. Ueberschaer noted that even if capital outlay were increased to 1.5, our total tax millage would still be less than last year; it would be 6.05 compared to last year's 6.091.

Mrs. Boston spoke of a point that Mr. Winkles had brought up when the half-cent sales tax came up for renewal a few years ago. When the sales tax was first implemented, the Board made a commitment to citizens that the capital outlay tax millage would not be increased. Mrs. Ueberschaer responded that she recognizes the commitment was made but hopes the public recognizes that dramatic changes have taken place in the last few years. Superintendent Wyrosdick suggested that the Board may want to have robust discussion about this; he feels that citizens would not want us to keep a commitment if it meant our capital outlay dollars continue to decrease.

Ms. McCole pointed out that a vote on the millage won't take place at this meeting. The tentative millage will be presented at next week's Board meeting after the first public hearing of the proposed budget for 2020-21. The Board can have further discussion at that time.

The next slide contained a pie chart millage rate breakdown. State required is 63.90%; capital outlay is 23.53%, and .748 mill compression is 12.57%.

Ms. McCole reviewed proposed tax changes for 2020-2021 for varied home values. She pointed out that if a citizen's property value did not increase at all their property tax would be slightly reduced. Mrs. Sanborn asked Ms. McCole if she could prepare the same kind of chart using the 1.05% Capital Outlay Tax millage. Mrs. Ueberschaer stated that she's already done this and the increase in capital outlay millage (1.04 to 1.05) would be less than the credit for the decrease in property tax (resulting in citizens paying less property tax unless their property increased in value).

She then presented a pie chart showing Total Available Budget by fund type. Total Available Budget is determined by adding estimated revenue for the current year to the fund balance for the prior year. This year's Total Available Budget is \$261,194,015 (an increase of \$2 million; debt service decreased by \$3 million due to the Board allowing Mr. Harrell's office to pay early on the 2009 COPS. Our Capital Outlay fund balance has decreased due to debt payoff as well as the actual construction that has taken place. Special Revenue (federal and state projects) increased by a little more than \$1 million; this has not been recorded into the budget yet but should be done by the September budget hearing. As we receive award letters from the state verifying carryover amounts this will increase. Ms. McCole pointed out that a small amount of this was fronted to purchase supplies such as thermometers to be used this summer. The Proprietary fund (self-insurance) appears to have increased but part of that is because entries have not been posted yet; it will change. The Trust & Agency fund includes flexible spending accounts and is a flow-through account which changes very little.

Our over all budget is \$406,569,721 including Operating (\$261,194,015 - 64%); Proprietary (\$36,169,869 - 9%); Special Revenue (\$38,965,855 - 10%); Capital Outlay (\$62,791,375 - 15%); and Debt Service (\$6,925,281 - 2%).

Our total revenue by type - Operating only - includes \$1.6 million in Federal thru State; \$171 million in State; Property Taxes estimated at \$54 million; Other Local at \$3.6 million. Other Local includes Visa rebates and child care fees collected at Community School. At this time Operating Fund Total Revenue is estimated at \$231 million.

The total budget for revenue by type is \$311,338,209 including the following: \$28,048,404 (Federal/Federal thru State); \$172,231,035 (revenue from State); and \$111,058,770 (property taxes/other local).

The next slide showed comparison of number of employees for 2019-2020 and 2020-2021. Ms. McCole explained that due to Covid this is definitely a moving target. At this time we show an increase of 20 instructional employees; 12 classified and blue collar (including paraprofessionals); and 2 administrators (due to administrators retiring and replacement hired - the number should be down by the end of August).

Mrs. Ueberschaer asked about additional day porters at school sites - "will these numbers be included in our numbers or contractor numbers" - they will be included in ABM numbers.

The following slide showed our total budgeted expenses for Operating Budget only. Salaries and benefits make up 74% of the Operating Budget; purchased services make up 17% (this includes ABM, STA, OT/PTs, Camelot, and our CPA firm). energy services make up 3%; materials and supplies are at 4%; and other expenses make up 2%.

The total budgeted expenses for all budget parts includes 53% salaries and benefits; 15% purchased services; 2% energy services; 4% material and supplies (may include textbooks and classroom supplies); 15% capital outlay; 8% other expenses; and 3% transfers.

Ms. McCole discussed the budgeted fuel and electricity costs. During the last few months of the 2019-2020 school year (when buses were not running due to the Covid virus) she worked with Mr. Crane and was able to regain \$250-300,000 in fuel costs that went back to fund balance to be used in other areas.

The next slide showed large state/restricted carryovers at June 30, 2020. Ms. McCole noted that schools will not be getting A+ or lottery funds this year; those funds were pulled for teacher raises. The carryovers shown roll to this year (plus new dollars received this year). Mrs. Ueberschaer asked if there is a policy regarding large carryovers (do they have to be spent down to a certain percentage)? Ms. McCole responded that guidelines must be followed (must be spent on items designated to be spent on). Mrs. Ueberschaer suggested that a certain percentage should have to be spent on the designated program instead of repeatedly carrying over. Ms. McCole said that there is currently not a restriction like that in place; Superintendent Wyrosdick stated that if the Board were to implement such a policy we would follow it. Mrs. Ueberschaer stated that she would like for the Board to begin work on such a policy; Superintendent Wyrosdick responded that this is a workshop and no action can be taken but it could be acted upon at a Board meeting.

Mrs. Sanborn asked how these carryover amounts compare to last year - are they standard? Ms. McCole responded that this is standard.

The next slide showed a \$2 million carryover in school based budgets.

Ms. McCole presented the unassigned and assigned fund balance based on geography (comparison to our neighboring districts). We do not have numbers yet for the 2019-2020 year so these numbers are for 2018-2019. Bay County was at \$82,454,246; they experienced a huge increase due to insurance payment from Hurricane Michael. Escambia was at \$29,612,901; Okaloosa was at \$45,011,411; Walton was at \$36,292,191; and Santa Rosa was at \$18,551,274. She pointed out that we have a low fund balance compared to our neighboring counties; Walton and Okaloosa both have a high fund balance. Ms. McCole also noted that Walton County collects \$21 million more in property taxes than Santa Rosa just on the operating side and they only had 10,500 students. We do not collect the same property taxes as some of our neighboring areas; our property values are not the same.

Mrs. Sanborn stated that in her research and looking at other counties she found that other counties put their funds in assigned and unassigned (not in committed). If we took our committed funds and put them in assigned and unassigned things would look different. Ms. McCole responded that is the Board's decision. Mrs. Ueberschaer feels that the amount we have in committed would not make a huge difference if added to unassigned and assigned. Superintendent Wyrosdick stated that, in his opinion, the addition of the committed fund balance to unassigned and assigned will not really change what we can spend. He feels that we will need that money early next year and strongly recommends leaving it alone.

The next slide showed our balance forward on June 30, 2020 of \$23,770,763.05 (including unassigned fund balance - \$10,660,784.44; restricted fund balance \$6,045,675.55; assigned fund balance - \$1,915,707.57; committed fund balance - \$5,085,344.24; and non-spendable - \$63,251.25). After adding in estimated revenue of \$231,106,955.03 and then taking away appropriations of \$249,443,531.39 the estimated fund balance on June 30, 2021 would be \$11,750,483.36.

The following slide showed our actual Financial Condition Ratio on June 30, 2020 of 5.47% and our projected Financial Condition Ratio on June 30, 2021 to be 3.79%. The large decrease is due to a number of reasons - lots of employees retired resulting in leave payout; the SRO contract increased; loss of child care fees with Community Schools; FTE reduction in fourth calculation; and employee years of service which the Board agreed to pay. All these items decreased the FCR; they were not originally budgeted for.

The Capital Outlay Project Priority List followed as prepared by Mr. Harrell's office and summarized by fund. Capital outlay comes from ad valorem dollars and sales tax and is subject to change based on need and/or emergencies. The total capital outlay proposed budget is \$26.8 million.

The final slides in the presentation included a "Certification of School Taxable

Value" from the Property Appraiser and the legal ad including budget summary and Notice of Proposed Tax Increase. The Notice of Proposed Tax Increase is required since the amount of dollars collected is more than last year (even though the millage decreased).

The Board expressed appreciation to Ms. McCole for her patience with their questions.

The Chairman oped the floor for the Public Forum and asked if anyone would like to address the Board regarding the proposed/tentative budget. No one indicated they wanted to address the Board and the Public Forum was closed.

There being no further business the meeting was adjourned.

SCHOOL BOARD OF
SANTA ROSA COUNTY

Chairman

ATTEST:

Superintendent and Secretary