

**AGENDA**  
**SCHOOL BOARD OF SANTA ROSA COUNTY**  
**WORKSHOP**  
**July 23, 2019-9:00 AM**

Items for Review and Discussion

A. Presentation of Proposed 2019-2020 Budget

**Note: The complete proposed/tentative 2019-20 budget presentation can be viewed at <http://santarosacountydfi.swagit.com/school-board/>**

*Board Chairman Mrs. Carol Boston opened the workshop for the 2019-20 proposed/tentative budget. All Board members were present; Superintendent Wyrosdick led us in the Pledge of Allegiance to the Flag and in a moment of silence.*

*Superintendent Wyrosdick provided the introduction and expressed appreciation to Assistant Superintendent for Finance Susan McCole and her staff for their hard work and extra hours spent preparing this budget. He also noted that much will change by the time we present the final budget.*

*Ms. McCole thanked her staff and stated that they will all be very busy until September 10; they're gearing up for a busy remainder of the summer. They're working on the cost process as well as conversion to the new finance software.*

*Ms. McCole emphasized that this is a "proposed/tentative" budget with the first public hearing on August 1 and final public hearing on September 10. The first step of the budget process is receiving the estimated Unweighted FTE from Assistant Superintendent Bill Emerson; this year's projection is 28,359 students which is an increase of 423 students for the 2019-20 school year.*

*The Board contributed approximately \$16,550,000 toward employees' insurances for fiscal year 2018-19. The District is self-insured for health insurance and we've had a couple of good years; the balance is building up.*

*Another positive is that the District collected \$9,087,051 in sales tax revenue in 2018-19 which is an increase of \$708,393 over the prior year.*

*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) as compared to neighboring counties. This is the "market basket" that determines cost of living by purchasing the same items (gas, groceries, property taxes) in different areas. Our DCD went from .9713 in 2018-19 to .9751 this year; we are closing the gap with Escambia County. (We are receiving .97 on the dollar while many districts in the state are receiving more.) Ms. McCole showed a graph illustrating our district's DCD/Cost of Living Factor) of .9751 compared to Collier County's DCD of 1.0453. She pointed out that our Board members and Superintendent have gone to Tallahassee on our behalf to request more funding. "We're buying textbooks from the same suppliers as the other districts across the state." Ms. McCole continued that the larger districts (funded at a higher rate) have more representation and do not want this to change.*

*Next we looked at the comparison of our funding per student (\$7,548.89) with neighboring districts as well as the lowest and highest in the state. If we received the same amount as Escambia (\$7,580.95) our funding would increase by \$909,186; if we received the same as Okaloosa (\$7,700.67) it would increase by \$4,304,313. The state average is \$7,676.87; this would give us an increase of \$3,629,372. This year we are funded at 52 out of 67 counties. (Note: At the beginning of last fiscal year we were funded at 43 out of 67 but had dropped to 52 out of 67 by the end of the fiscal year; it changes throughout the year.)*

*The following slide showed the proposed millage for 2019-20. The Required Local Effort is set by the state; this is what we have to charge. If we do not charge the amount required by the state we do not receive millage compression which this year is \$7.4 million. We could possibly change the Capital Outlay to 1.500 but it would not be advantageous for us since we collect much more than that with the half-cent sales tax that our citizens voted on. The Required Local Effort for 2018-19 was 4.151; the proposed Required Local Effort for 2019-20 is 3.943 (which is a decrease). This means the amount of tax we're allowed to collect has gone down; but assessed property tax has increased which keeps us from losing dollars. The proposed Board Option will remain the same at .748 and proposed Capital Outlay stays the same at 1.400. The Total Millage for 2018-2019 was 6.299; this year the proposed Total Millage is 6.091.*

*Next Ms. McCole reviewed the millage rate breakdown. The Required Local*

*Effort is 64.74% of the total millage; Mill Compression is 12.28%; and Capital Outlay is 22.98%.*

*Ms. McCole reviewed proposed tax changes for 2019-20 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; most property values did increase.*

*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 Operating Budget is \$257,269,646 (based on estimated revenue during the year); it will change during the year. Our debt service went down almost \$1.5 million since we transferred some funds from capital outlay; our capital outlay decreased because we paid out approximately \$5 million for early payoff of COPS (Certificates of Participation). This caused our debt ratio to go down.*

*Mrs. Sanborn noted that this helped us get a better interest rate; Ms. McCole concurred.*

*Ms. McCole noted that we don't have all of our state and federal budgets in yet for Special Revenue; this will increase during the year. The Proprietary (this is our self-insurance) increased since our fund balance went up. The total budget - all parts for 2019-20 is \$377,857,494.*

*Our total revenue by type - operating only - includes \$2,550,048 (Federal - mostly Impact 8 and Medicaid dollars); \$164,091,794 (revenue from state - grants, FEFP); \$57,275,929 (revenue from local - ad valorem taxes, Visa rebate, miscellaneous income). Our total revenue for operating income is \$223,917,771 which does not include transfers from capital outlay.*

*The total budget for revenue by type is \$295,732,337 including the following: \$24,814,147 (Federal); \$164,923,821 (revenue from state); and \$105,994,369 (revenue from local). This is an increase in all areas.*

*Ms. McCole discussed the increase in the number of employees. The 2018-19 numbers are from August of 2019. The 2019-20 numbers are from the day she prepared this slide. She noted that this will change throughout the year based on the schools' needs. The slide showed an instructional increase of 25 and a classified/blue collar increase of 47 for a total increase of 72. The total increase from the beginning of 2018 to the present is 128 employees. This may help explain the change in salary expenses. Instructional employees comprise 66%; classified/blue collar 31%, and administrators 3%. She noted that the main reason for the increase in classified is due to hiring additional paraprofessionals to serve in Exceptional Student Education. We've had to hire many one-on-one paraprofessionals for ESE students. There are a lot of kids who require this either because of physical or behavioral needs. We do not receive additional funding from the state to cover this.*

*Superintendent Wyrosdick interjected that when speaking with his peers across the state this is a growing issue due to the number of fragile students we serve. We must consider the needs and safety of the student as well as the safety of employees. The Superintendent added that we need to begin to affect this positively; he will likely suggest this when discussing our legislative platform for the upcoming year with Board members.*

*In addition, social/emotional needs are growing; our mental health services will need to grow to meet some of those needs. This will become a high priority just as safety has become a high priority. Part of the difficulty is finding individuals who want to do this work; it's not only a financial issue but a supply issue. The Superintendent asked if there were any questions in this area.*

*Mrs. Ueberschaer asked what the consequences would be if you can't find an employee to fill that need; is there a consequence to the District? Ms. McCole responded that if you cannot meet the IEP (Individual Education Plan), then the District can be sued; there are legal ramifications.*

*Superintendent Wyrosdick added that it is also part of the Department of Education overview process. This is a state-wide issue; he's been sharing with DOE for seven years that we're seeing a shortage in the areas of mathematics, exceptional student education, and science. The teacher shortage is real. There was some interest in the last legislative session in teacher pay but they're focusing on Best and Brightest which is dangerous.*

*Ms. McCole continued that over the last few years DOE has changed the program codes and weights for many of the ESE students which has decreased funding dramatically. DOE has made it very difficult to classify a student in a way that would receive additional funding. The IDEA grant has not grown to keep up with the ESE student population. We've had to recode many of the ESE paraprofessionals back to the district since there's not enough money to pay for them (from the designated budget). We've had to assume payment for much of the OT/PT (occupational therapy/physical therapy) contracts.*

*The following slide showed our total budgeted expenses for Operating Budget only. Salaries and benefits make up 75% of the operating budget; purchased services make up 17% (this has increased due to the increase in ESE population); energy services make up 3%; materials and supplies are at 4%; and other expenses make up 1%.*

*The total budgeted expenses for all budget parts includes 56% salaries and benefits; 15% purchased services; 2% energy services; 4% material and supplies; 11% capital outlay; 9% other expenses, and 3% transfers.*

*Next Ms. McCole reviewed our budgeted fuel and electricity history from 2013 to the present. She noted that as Mr. Harrell and staff have replaced*

*HVAC/chiller systems at different sites our energy costs have come down; with the extreme heat this summer we could see an increase. Fuel costs have been fairly consistent.*

*Ms. McCole discussed the unassigned and assigned fund balance comparison with our neighboring districts. Since she only had numbers through 2017-18 those are what we have to use. Bay County is at \$24,515,939; Escambia is at \$32,699,353; Okaloosa is at \$46,382,042; Walton is at \$28,770,020; and we are at \$18,571,100. Walton County's fund balance has increased from \$13,163,242 (2015-16) to \$28,770,020 (in 2017-18) due to the dramatic increase in property value they have experienced. We are the lowest of these counties; Bay County was affected by the hurricane last year and their tax base has dropped tremendously.*

*Then we looked at the FCR (Financial Condition Ratio) comparison to our neighboring districts. FCR is calculated by adding assigned and unassigned fund balance and dividing by revenue. Bay County was at 11.46; Escambia was at 10.91; Okaloosa was at 18.79; Walton was at 33.05; and we were at 8.83. This is what DOE, the Auditor General, and Standard & Poors look at. This is what lending institutions consider when determining our stability and lending rate.*

*The next slide showed our estimated fund balances for June 30, 2019. Ms. McCole noted that this is a first glance; we are still recording receivables and payables. The estimated overall fund balance is \$28.8 million (this will change); the unassigned fund balance is \$17.2 million; restricted is \$5 million; assigned is \$1.3 million; committed is \$4.9 million; and non-spendable is \$98,000. We have estimated revenue of \$223.9 million and a transfer of \$4.5 million (from capital outlay) for a total estimated revenue of \$228.4 million. Estimated appropriations are \$235.6 million. Ms. McCole noted that appropriations are always high since you have to carry restricted balances forward to be re-appropriated out. Our estimated fund balance on June 30, 2020 is \$21.6 million. This appears low but we must replace our student system (3270) which is about thirty years old, take care of additional ESE needs, and an increase in FRS rates. Ms. McCole note that Best and Brightest (\$2.7 million) may appear to be income but it can only be used for the bonus. Safety has been increased by about \$800,000 since the state increased our safety/security requirements but did not fund it.*

*Mrs. Ueberschaer asked when the Best and Brightest would be awarded to recipients. Ms. McCole responded that we haven't received anything from the state on how the Best and Brightest is to be allocated out; Liz West usually directs the process. Mrs. Sanborn asked if teachers have already received the bonus for 2018-19; Ms. McCole responded that they have. The Superintendent stated that we will do some research on this to try and find out when it will be distributed.*

*Superintendent Wysrodick noted that there are significant bastions of increase here - the increase in the ESE world and safety. We are not given dollars to take care of safety but we will do it. This is a very tight budget as we are supplementing ESE and safety. This (the budget) includes organizational pieces like the new student system; replacing a thirty-year old system. It will be a tight year for us but maintaining the fund balance in the 6-8% range is one of our top goals.*

*Ms. McCole talked about our projected Financial Condition Ratio for June 30, 2020 - 6.89%; we know it will go down but we're hoping it won't drop more than that. That is still a healthy level; it changes throughout the year.*

*The next slide showed capital outlay summarized by fund. Ms. McCole noted that we approve capital outlay projects and the five-year plan in May. Capital outlay comes from ad valorem dollars and sales tax. The total capital outlay proposed budget is \$24.2 million. She shared that we will receive an additional \$1.5 million in local ad valorem taxes due to the increase in property values.*

*The next several slides showed the capital outlay project priority list that is subject to change based on need and/or emergencies. These have been brought to the Board previously in the five-year plan. She also monitors the sales tax budget through the year and notifies Mr. Harrell's office if there is an increase or decrease so they can adjust their projects as needed.*

*The final slides in the presentation included a "Certification of School Taxable Value" from the Property Appraiser; Ms. McCole noted that when comparing this year's property values to last year's there is an increase of over \$910 million.*

*The final slide was the legal ad "Notice of Proposed Tax Increase" including notice of a public hearing on the tax increase to be held on August 1, 2019 at 6:30 P.M. at Woodlawn Beach Middle School Cafeteria, 1500 Woodlawn Way, Gulf Breeze, Florida. Ms. McCole emphasized that the state requires this be sent out as an increase; **the increase is only due to property values going up; the millage rate actually went down.** The state requires that this be shown as a tax increase and approved this notice.*

*Mrs. Boston noted that we collected more taxes due to the exponential building that occurred; not just because property value increased. She also stated that the Capital Outlay Project List is good in that it clearly outlines that we have been responsible stewards of sales tax dollars and shows specifically what the dollars have been spent on. She continued that several of the items are security/safety issues that were not fully funded. Ms. McCole stated that the sales tax dollars are audited to ensure that we are spending them as we have advertised to citizens they will be spent; we've had no issues in this area.*

*Mrs. Sanborn added that she wishes we would have received impact fees for*

*the homes that are being built (though some say this is not happening).*

*Ms. McCole asked if there were any questions; she added that if anyone has questions later she will be glad to meet with them.*

*Superintendent Wyrosdick again expressed appreciation to the Finance staff for their hard work. Several of them are cross training while working on this budget. They do amazing work!*

*The workshop was adjourned. The July 23 Board meeting began after a short break.*

SCHOOL BOARD OF  
SANTA ROSA COUNTY

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*Chairman*

**ATTEST:**

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*Superintendent of Schools*