

AGENDA
SCHOOL BOARD OF SANTA ROSA COUNTY
WORKSHOP
July 22, 2021-9:00 AM

Items for Review and Discussion

A. Presentation of Proposed 2021-2022 Budget

Note: The complete proposed/tentative 2021-22 budget presentation can be viewed at <http://santarosacountysdfl.swagit.com/school-board/>

Board Chairperson Mrs. Wei Ueberschaer opened the workshop for the 2021-22 proposed/tentative budget. All Board members were present.

Superintendent Barber expressed appreciation to Assistant Superintendent Susan McCole and her staff for their hard work and long hours on the budget.

Ms. McCole began by thanking her staff and explaining that there is a quick turnaround on the budget since the state provided needed information on Friday afternoon (July 16) prior to this meeting (July 22). Finance staff work thru the weekend to complete our budget presentation. Ms. McCole discussed the following points.

- This is a "proposed/tentative" budget and will change many times during the year. During the regular Board meeting (immediately following this workshop) a request will be made to advertise for the first public hearing on the proposed/tentative 2021-22 budget to be held during the July 29 regular Board meeting with the final public hearing to be held September 9.*
- Unweighted FTE for this year is projected to be 28,117 which is an increase of 1,154 students.*
- The District is self-insured for health insurance; the Board contributed approximately \$14,685,000 toward employees' insurances for 2020-2021.*
- The District collected \$11,221,944 in sales tax revenue in 2020-2021. Unlike many districts, our sales tax collections increased by \$1.8 million over the prior year. These additional funds will help with capital projects.*

Ms. McCole reviewed the five categories of fund balance:

- 1. Non-spendable - 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, Federal and State 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)*
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*

Millage rates are as follows:

- *Required Local Effort is 3.656; we must use this rate or we lose compression funding from the State; this is down from 2020-2021 when it was 3.8*
- *Board Option is 0.748*
- *Total Operating is 4.404; this is important to note since this can only be used for operating funds*
- *Capital Outlay is 1.500 and can only be used for capital outlay*
- *Total Millage for this year is 5.904; a decrease of 2.41% from 2020-2021*

Our total tax roll amount increased by almost \$1.3 billion due to lots of building and an increase in property values.

Mrs. Hewey requested an explanation of how the decrease in millage along with increase in property values may affect homeowners. Mrs. McCole stated that even though the millage has gone down property taxes may increase because property values have increased.

Mrs. Ueberschaer noted that the increase in property value benefits homeowners.

The next slide showed millage rate breakdown. The proposed millage rates will result in 61.92% of funds coming from the state required portion; 25.41% from capital outlay; and 12.67% from mill compression.

The following slide showed total available budget by fund type. This is calculated by adding the prior year's estimated fund balance to the estimated revenue for the current year. Ms. McCole talked about each of the fund types and balance increase or decrease.

Mrs. Hewey asked about the increase in debt service; Ms. McCole explained it's due to the new Pace K8 School.

The next slide showed District Cost Differential compared to neighboring counties. This is based on cost of living in a particular area as determined by the State. Santa Rosa will receive \$7,656.95 per unweighted FTE. The table

showed if funded the same as Okaloosa we would receive an additional \$5.7 million; if funded the same as Walton we would receive an additional \$28.8 million; if funded the same as Hendry we would receive \$14.5 million less. If funded at the State average, we would receive an additional \$4.3 million. We are funded at 51 out of 67 counties; a couple of years ago we were funded at 43 out of 67 counties.

Our proposed/tentative budget shows a State funding decrease in the general operating fund of \$6.75 million due to a reduction in FEFP and class size funding reduction of \$4.8 million for a total State funding reduction of \$11.6 million.

The State held us harmless for FEFP reduction last year. We really needed the additional funds to get remote learning up quickly and provide additional sanitation measures.

ESSR funds can't be used for whatever we want but can only be used for Covid related items.

Dr. Barber pointed out that we ended this year with our Financial Condition Ratio at 9.8. We've worked at being strategic in spending extra dollars. This has led to an A+ rating which enabled us to have a favorable interest rate on our Certificates of Participation.

The next slide showed additional property tax revenue of \$3.2 million operating and \$1.7 million in capital outlay which will help offset State reductions.

The next chart showed estimated revenue by type in the general operating fund; State revenue has dropped since 2020-2021 but property tax revenue will help offset the reduction.

Estimated revenue by type - total budget is Federal thru State \$35,107,190; State \$159,661,852; property taxes \$77,795,193; and other local \$58,470,126 (includes sales tax revenue) for a total revenue of \$331,034,361.

Ms. McCole presented a bar chart showing budgeted appropriations by object. Salaries and employee benefits make up 75% of the operating budget. Purchased services make up 17%; energy services make up 3%, materials and supplies 4%; capital outlay .6%; other expenses .1%; and transfers .3%.

The next bar chart showed budgeted appropriations by object/all budget parts. Looking at all budget parts salaries and employee benefits comprise 52% of the budgeted appropriations by object.

The next slide summarized objects from the general object fund with a comparison of 6/30/21 to 6/30/22. This slide showed an increase in salaries of 3.61% due to additional staff and salary increase; benefits increase of 9.57%

due to FRS and insurance increase; energy services increase of 10.75% due to an additional school (East Bay K8) and utility increases; materials and supplies increase of 12.20% due to purchasing remediation materials.

Superintendent Barber expressed appreciation to Senator Broxson for supporting development of a pilot program in Santa Rosa County to build a model that can be duplicated throughout the rest of the state to benefit students who are below reading proficiency.

Capital outlay budgeted appropriations showed a decrease of 64% from last year due to computers/equipment being purchased with grants. Other expenses/Indirect costs show a decrease of 48.59%; this is because not all grants are in at this time.

The summarized functions - general operating fund comparison of 6/30/21 to 6/30/22 showed percentage change by function. There were several decreases due to staff being recoded to grants and computer/equipment being moved to grants/capital outlay. The largest increase (over \$8 million) was in "5000 Instruction" due to increases in FRS, insurance, salaries, and contracted services.

Total assigned project carryovers total is \$254,477. This includes field trip funds, ITFS/Wireless One, school athletic allocation, and other assigned projects.

Total restricted project carryovers at June 30, 2021 is \$5,723,295.

Committed project carryover for school-based budgets at June 30, 2021 is \$1,739, 195. Note: The \$3 million for seven-period day was removed from the committed fund balance and placed in the unassigned fund balance during the 2020-2021 fiscal year. This helped our Financial Condition Ratio.

When reviewing unassigned and assigned fund balance bar chart Ms. McCole pointed out that many cuts were made to bring us to the \$23,153,785 2020-2021 fund balance. We're projected to end the 2021-2022 year at \$13,596,135. This decrease is due to our loss of revenue and increase in appropriations. Dr. Barber stated that we also gave raises last year to all employees.

Dr. Barber noted that it's recommended that school districts maintain a Financial Condition Ratio between 5-10%. With our loss of revenue and increased expenses we have a projected ratio on June 30, 2022 of 6%.

Ms. McCole stated the estimated fund balance on June 30, 2022 is \$37,555,492.61.

The next slide showed the projected Financial Condition Ratio on June 30,

2022 of 6.11%. This is calculated by adding the assigned and unassigned fund balance and dividing by estimated revenue.

The following slides contained Capital Outlay projects/priority lists, Certification of School Taxable Value for 2021-2022, budget ads, and Notice of Proposed Tax Increase. Ms. McCole noted that even though we did not increase millage this must be advertised as an increase since the property value increase will generate more tax dollars.

Mrs. Hewey asked if budget ads will be posted on our website for those who do not receive print newspapers; Ms. McCole responded they will be posted on our website.

The workshop adjourned at approximately 10:05 A.M. so that after a brief intermission the regular meeting could convene.