

The District School Board of Indian River County met on July 1, 2014 at 9:30 a.m. The workshop was held in the Teacher Education Center located at the J.A. Thompson Administrative Center, 1990 25th Street, Vero Beach, Florida 32960. District School Board Members attending were: Chairman Carol Johnson, Vice Chairman Matthew McCain, and Board Members: Claudia Jiménez, Karen Disney-Brombach, and Dale Simchick. Dr. Frances J. Adams, Superintendent of Schools; and Suzanne D'Agresta, School Board Attorney, were also present.

Review 2014-2015 Preliminary Budget and Millage Levy Workshop Minutes

- I. Workshop was called to order by Chairman Johnson.
Chairman Johnson stated that this was the third budget workshop held this year regarding the 2014-2015 Preliminary Budget and Millage Levy.
- II. Purpose of the Workshop – Dr. Adams
Dr. Adams said that the Executive Team had worked very hard in preparation of the Preliminary Budget and Millage Levy being presented at this workshop for consideration.
- III. Presentation – Mr. Morrison
Mr. Morrison introduced the Assistant Superintendents and Mr. Saylor from Brown & Brown Associates, who was present to answer questions on the proposed Insurance Trust Fund budget that included the Employee Health Center.

Mr. Morrison reviewed the handouts that were included in the workshop presentation. He said that the budget was preliminary, as the bills still were coming in and the books had not been closed. Mr. Morrison said that he would cover critical areas of the budget and millage.

Preliminary Budget Book

Referencing the Preliminary Budget Book, Mr. Morrison began the presentation with page 8, "Analysis of 2013-2014 FEFP 4th Calculation vs 2014-15 Conference Report". He noted that the State funds were restricted. Mr. Morrison said that the figures on page 8 were based on the February 2014 Student Count. The TAV (Taxable Assessed Value), Line 3, was \$13,977,204,562. This resulted in an increase of 1.99% as compared to the 2013-2014 FEFP 4th Calculation. On line 27 the total State funding was listed as an increase of \$1,579,283.01 or 3.89% over the 2012-2014 FEFP 4th Calculation. The total local funding was listed as an increase of \$1,263,204.00 or 1.60%. The total funding adjustment was listed as \$2,842,487.01.

Mr. Morrison reviewed the highlights contained within the General Operating Funds. Starting on page 12, the budget details were listed for each school and each ancillary facility. Mr. Morrison said that the schools' budgets were still soft/fluid at this point. As a reference, Mr. Morrison noted on page 14 how student membership affected FTE funding. Dr. Adams stated that overall, in the secondary schools, there was a loss of over 200 FTE X \$6,900 from the traditional student count, as a result of the State recalibration. Mr. Morrison said that loss was also from not making student projections.

Mr. Morrison, referencing a memorandum dated June 4, 2014, from the Florida Department of Education, explained funding limitations for summer school transportation and the ultimate effect on the budget going forward. Dr. Adams noted that although the State was not going to provide funding for third-grade students attending summer school, summer school was required by the State for those students. There was a Board suggestion to consider holding summer school closer to their homes. It was noted that the memorandum from the State was received after the School Districts commitment of the expense. Mr. Morrison gave an update on the sick leave buy back. He then reviewed the Districtwide reserves. Mr. Rynberg gave an update on the issue of dual enrollment funding.

Mr. Morrison reported that based on current information, \$1,200,000 was reserved to fund the newest State mandate for the lowest 300 schools. At this time, the reserve would include four District schools that currently fell into that category--See page 74, Line 522. Mr. Morrison said that this unfunded mandate was the reason for 57% of the deficit for the 2014-2015 budget. The test results on proficiency and other factors could change the final number of schools affected. Other highlighted areas from page 74 were the Title I differentiated pay, critical needs millage, CWA health insurance increase, CWA salary enhancements, and other line items. Referencing the summary on page 90, Mr. Morrison noted that the bulk of the increases in funding were budgeted at the schools. The budgets at the District level were reduced.

Fund Balance

Referencing the projected fund balances on page 91, Mr. Morrison noted that the total 2014-2015 projected revenue was \$140,787,644 and the total 2014-2015 projected appropriations was \$142,980,008 for a drawdown of (\$2,192,364) from the fund balance. This would result in a projected unassigned fund balance as of June 30, 2015, of \$9,742,426 or 7.15% as a percentage of revenue; plus the assigned \$383,724 or 0.28% as a percentage of revenue. He noted that \$1.2 million of the \$2.1 drawdown was from the lowest 300 State mandate. Mr. Morrison also noted that there was a caveat in regard to personnel expenses that were due to confirmation of end of the year retirements, open positions, and payouts. Mr. Morrison noted the importance of carefully watching the

fund balance in regard to business management ratings. Dr. Adams noted that the deficit was currently projected as \$2.1 million; however, the District was at a \$3.9 million deficit. She said that staff worked diligently in reducing the budget deficit.

Preliminary Budget Book

Mr. Morrison reviewed the Debt Service, Capital Projects, Revenues and Other Financing Sources, and Total Capital Projects Fund Budget. Mr. Morrison stated that the School Impact Fees were not recorded until the funds were received because the funds were erratic. He said that they would schedule a workshop to discuss Impact Fees and would review the projects for the use of those funds.

Regarding a question on consulting fees, Dr. Adams responded that consulting fees could be paid from Title I, II, or other project funding sources. Mr. Morrison said that object code 3100 was used for all consultants' fees (professional/technical/attorney).

Mr. Morrison reviewed the Special Revenue (Federal) Funds. Regarding Title I Migrant funds 3240, Dr. Adams said that the District had fewer migrant classifications but the services would continue under Title I schools. Mr. Morrison said that in regard to Food Services budget, the food pricing would remain the same for students. He noted for the Board that the District does not receive sufficient funding to pay for meals; however, the difference was made up from a la carte items.

Mr. Saylor reviewed the Insurance Trust Fund. He said that by the end of 2014-2015 fiscal year, it was anticipated to meet Safe Harbor. The budget included the startup of the Employee Health Center. Mr. Saylor responded to a question regarding the participation in the Employee Health Center. He said that he had no way of predicting the use of the Center. Mr. Fritz stated that the projected opening date was September 22, 2014.

Mr. Morrison reviewed the Enterprise Fund for Extended Day. He stated that this was one of the areas that could be impacted with the lowest 300 schools mandate because the regular school day would be extended and the extended day would be shortened. Dr. Adams said that the afterschool program would be under the umbrella of the extended day program with targeted academic support. She said that there would be more training for existing staff. Dr. Adams said that there would be no increase in pay because the program did not require certified teachers.

Budget Calendar

July 22, 2014	Business Meeting for Approval to Advertise the Tentative Budget and Proposed Millage Levy
July 31, 2014	Public Hearing to Tentatively Adopt the Millage and Budget
September 9, 2014	Public Hearing to Adopt the Final Budget and Millage for FY 2014-2015

IV. Adjournment – Chairman Johnson

With no further discussion, the workshop adjourned at approximately 10:55 a.m.