

THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA



2014-2015 FINAL BUDGET EXECUTIVE SUMMARY

SEPTEMBER 16, 2014

SARASOTA COUNTY SCHOOL BOARD

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Frank Kovach, Vice Chair

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The School Board of Sarasota County, Florida

2014-2015 Budget Executive Summary

Introduction

The Budget Executive Summary is a general overview of the total budget of the Sarasota County School Board. It provides information regarding current and projected fiscal operations of the Sarasota County School Board. Each fund in the summary has a detailed booklet available that provides more in-depth information. Any additional questions should be addressed to the Sarasota County School Board Finance Department located at 1960 Landings Boulevard Sarasota, Florida 34231. All 2014-2015 Summary and Detail Budgetary information is available on the Sarasota County School Board web site in the district financial information.

Sarasota County School Board Vision Statement

The School District of Sarasota County places learning at the center of its activities to enable all learners to lead productive, responsible, and healthful lives.

Sarasota County School Board Mission Statement

The School District of Sarasota County prepares students to achieve the highest learning standards by engaging a high quality staff, involved parents, and a supportive community.

Sarasota County School Board Strategic Plan

The 2014-2015 budget reflects the priorities established in the Strategic Plan. The plan is based upon five pillars that provide the focus and structure from which the school district will build success. The five pillars are Quality, People, Service, Resources, and Safety. The Quality pillar focuses on measured results for student achievement. The People pillar is founded on maximizing the value of our staff, partners and stakeholders. The Services pillar is promoting courteous, professional, efficient and productive interactions among staff, students, parents, and visitors. The Resources pillar is focused upon ensuring full and equitable use of our facilities, systems and funding. The Safety pillar is protecting our resources, staff, students, parents and visitors.

Sarasota County School Board Budget Process and Timelines

The budget development process is a year round continuous process. Student projections are forecasted over a five year period identifying both operating and capital needs. The 2014-2015 budget process began with the first budget workshop being held on October 15, 2013. This workshop reviewed the Capital Projects Fund estimated funding for 2014-2015 through 2018-2019, including recurring appropriations and the balance available for major Capital Projects. Staff were directed to come back with recommendations at a subsequent workshop. The second workshop was on November 19, 2013. The second workshop reviewed results of General Fund operations through October 31, 2013. The second budget workshop was held January 21, 2014. At this workshop General Fund revenues were estimated to increase 4% based upon state economic forecasts. At this workshop it was anticipated not to use any fund balance for 2014-2015. The third budget workshop was held February 18, 2014. At this workshop the Governor's budget was used to forecast General Fund revenues for 2014-2015. Estimated General Fund appropriations were estimated to use approximately \$2.2 million of the unassigned fund balance reducing the unassigned fund balance to 8.95%. Also at this workshop the Capital Fund was reviewed for the period 2013-2014 through 2018-2019. The Capital Fund workshop resulted in tentative agreement to the priority of when major capital projects would be funded.

The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary
Sarasota County School Board Budget Process and Timelines - continued

The fourth budget workshop was held March 18, 2014, revising General Fund estimated revenues down by approximately \$1.3 million from the February workshop and using approximately \$3.8 million of the unassigned fund balance. The fifth budget workshop was held April 1, 2014. At this workshop, it was estimated \$2 to 4\$ million of the General Fund estimated unassigned fund balance would be used as June 30, 2015. It was decided to go ahead and release all budgets to schools and departments to begin the staffing process for 2014-2015. The sixth workshop was held May 20, 2014 reviewing the final budget adopted by the Florida Legislature for 2014-2015. The estimate of General Fund unassigned fund balance to be used was estimated to be \$5.8 million, with an unassigned fund balance as of June 30, 2015, to be 7.8%. The seventh workshop was held June 17, 2014, to review the Capital Fund preliminary budget for 2014-2015 through 2018-2019. The Board gave approval to staff's recommendations for the Capital Fund projects. The Superintendent's Tentative General Fund budget, which is based upon preliminary results of operations through June 30, 2014, is to use approximately \$3.4 million of the unassigned fund balance for 2014-2015. All funds being presented for the Superintendent's Tentative Budget are balanced with adequate reserves for the 2014-2015 fiscal year.

Sarasota County School Board Significant District Accomplishments
2013 - 2014

- Sarasota County School District remains an "A" district and is ranked 3rd in the state's ranking of all Florida school districts. Only five school districts in the state of Florida have a ranking of "A".
- The efficiency and effectiveness study conducted in November of 2012, by MGT of America, concluded the following: "It is important for the community to understand that SCS is one of the best-run districts that MGT has reviewed. Morale and performance, including innovative practices, are unusually high in SCS." The report also said that Sarasota County students are succeeding at levels much higher than the state average, the district maintains strong community support and our strategic planning process is one of the best in the nation. In all, the report contained 73 commendations for district programs and practices, about 20 more than MGT usually gives to comparable sized districts. The district is continuing to review and implement recommendations.
- The district has endured six consecutive years of operating budget reductions amounting to \$124.5 million and elimination of approximately 600 positions from all funds since 2007-2008. The district has maintained a productive collaboration with its employees. District teachers and staff have remained committed to teamwork and student success, as has been demonstrated by our high levels of student achievement. Negotiations for the 2014-2015 fiscal year began in June 2014. It is anticipated these negotiations may be some of the most contentious, due to the Legislatively mandated instructional salary changes. It is also anticipated negotiations will go longer than normal; however, the union and management have been and are working very cooperatively in negotiating a very contentious Legislatively mandated set of salary schedules.

The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary
Total Sarasota County School Board Funds

The 2014-2015 Appropriations Budget for all District Funds totals \$703,889,272, excluding transfers between funds. The School Board establishes a budget for six separate funds. The largest of which is the General Fund.

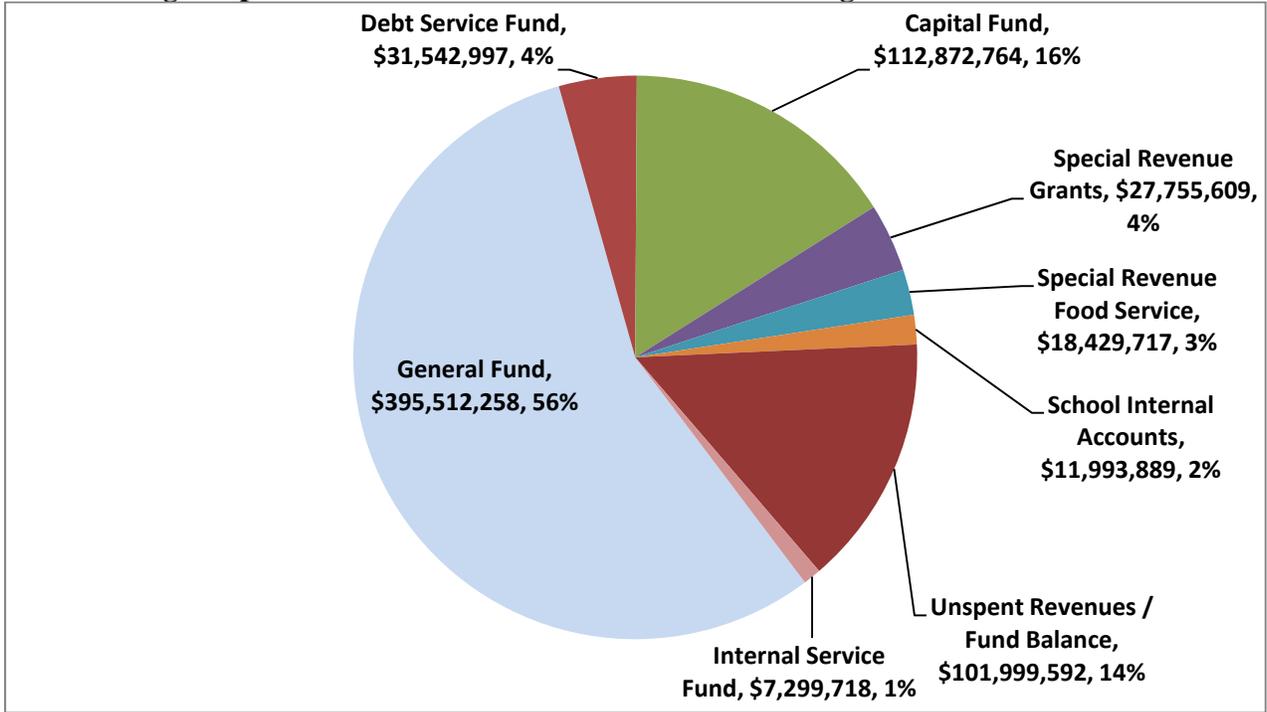
- 1). The General Fund accounts for the general operations of the school district. All of the School District revenues and expenditures are to be accounted for in the General Fund, unless there are legal reasons to report them in another fund type. The general operations of the school district include teacher salaries, custodian salaries, bus driver salaries, utilities, supplies, instructional materials, professional services, etc.
- 2). The Special Revenue Fund is used to account for revenue sources earmarked for a specific purpose. The Special Revenue Fund is composed of special state and federal grants and the National School Lunch program. The major revenue sources in the Special Revenue Fund are Title 1, IDEA Part B, and the National School Lunch program.
- 3). The Debt Service Fund is used to account for funds to meet current and future debt service obligations. The School District debt revenues are from state funds and transfers from the Capital Fund. The School District does not have any taxpayer voted debt.
- 4). The Capital Projects Fund is used to account for financial resources received for the acquisition or construction of major capital facilities. The State of Florida has a legal requirement that the revenue received from the 1.5 mill property tax levy be recorded in the Capital Projects Fund. The expenditures allowed from the 1.5 mill levy are for major capital acquisitions, maintenance and repairs, and payments for loans. A portion of the 1.5 mill levy is transferred to the General Fund for maintenance and equipment expenditures and to the Debt Fund for the payment of principal, interest, and fees related to outstanding debt obligations.
- 5). The Internal Service Fund is to account for and report the risk financing activities of the School District. In 1985, the School District began self insuring its worker's compensation program. Currently, worker's compensation, general liability, automobile - transportation liability, and other purchased employee benefits are reflected in the Internal Service Fund.
- 6). The Trust and Agency Fund, commonly called the School Internal Fund, is used to account for the financial transactions of school classes, clubs, school benefit activities, etc.

The School Board of Sarasota County, Florida

2014-2015 Budget Executive Summary

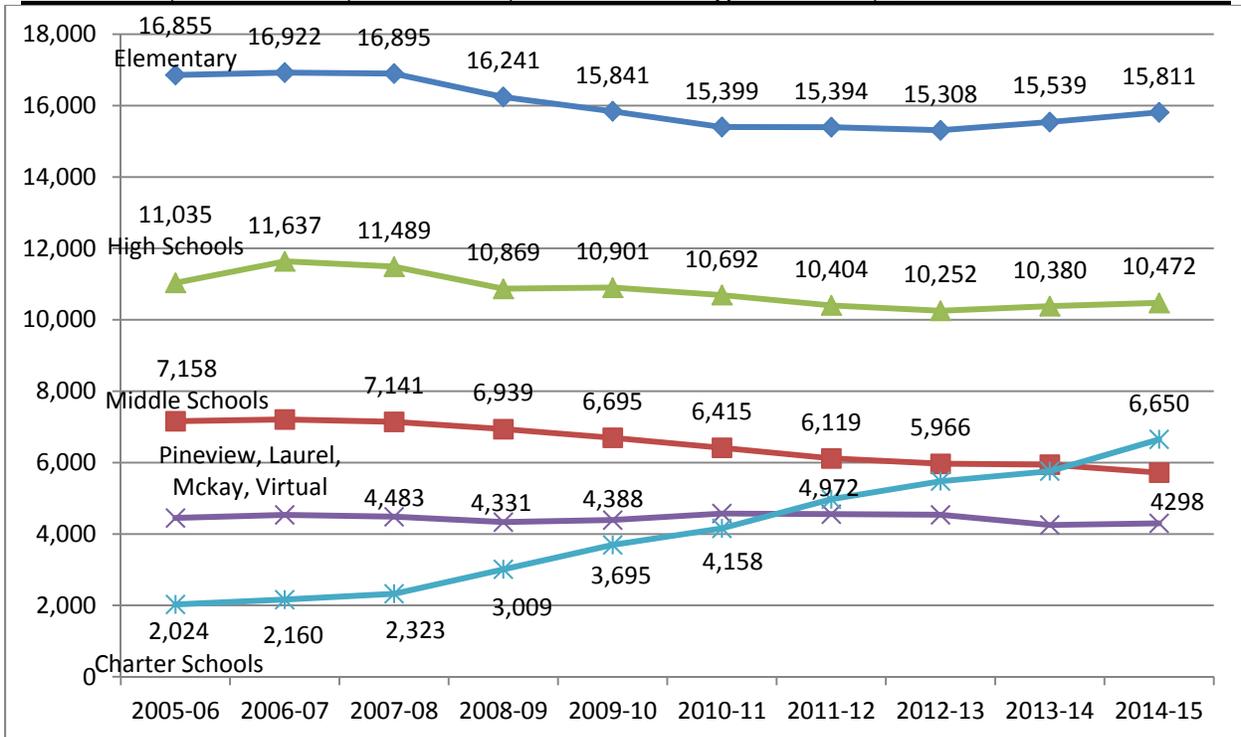
2014-2015 Total Appropriations For All Funds \$707,406,544

Including Unspent Revenues / Fund Balance and Excluding Transfers Between Funds



Ten Year Student Enrollment Data

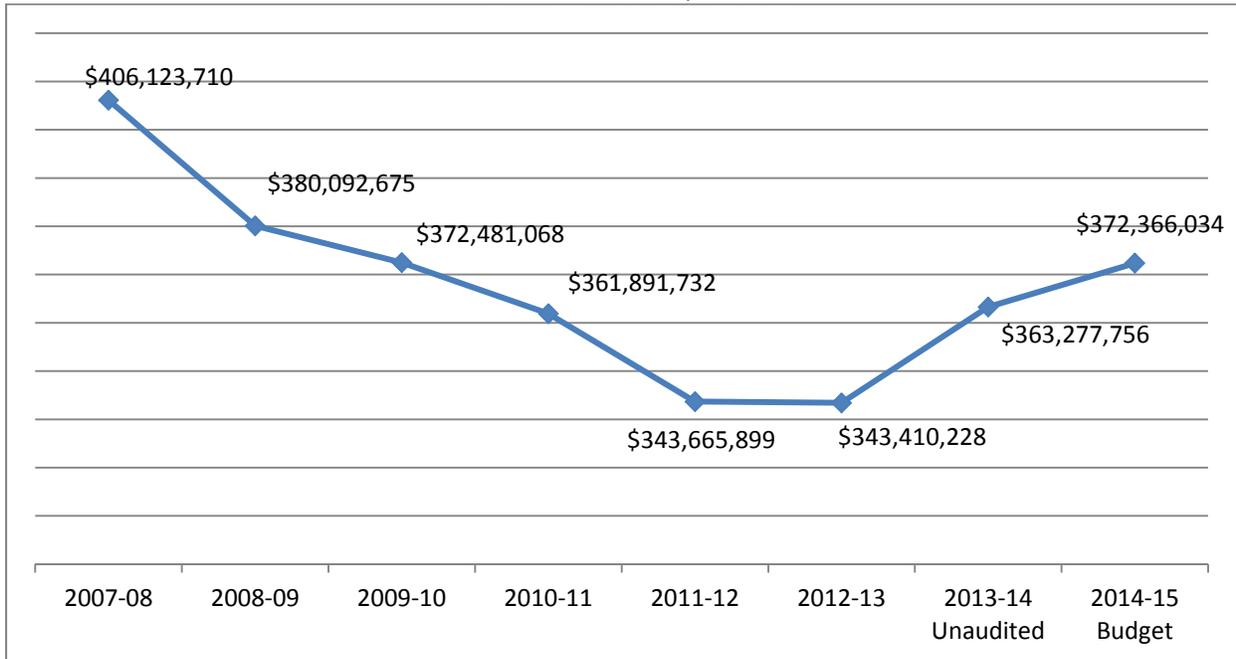
2005-06 41,515 students, 2014-15 42,951 students a growth of 1,436 students in Ten Years



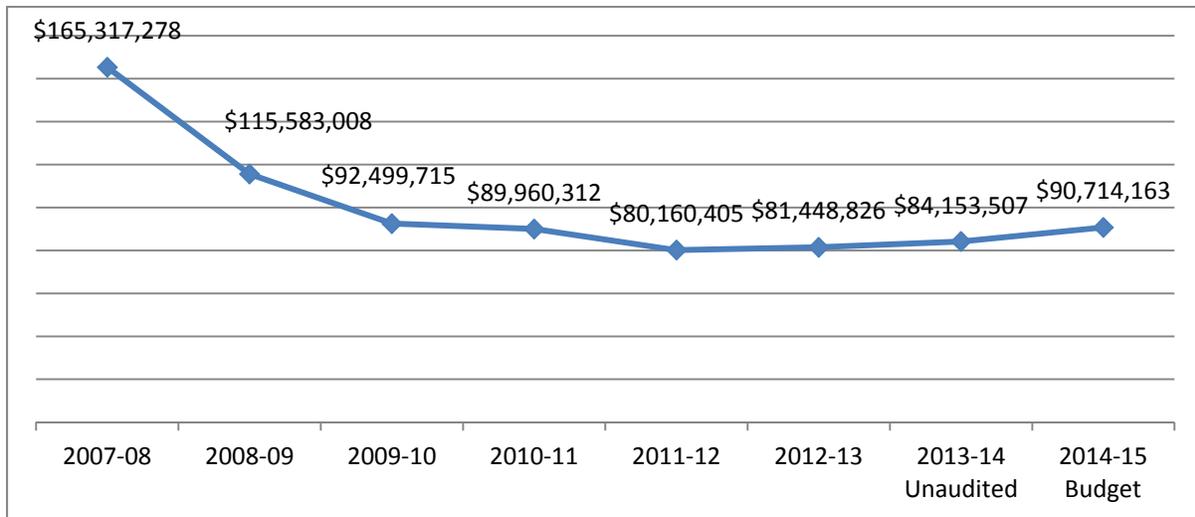
The School Board of Sarasota County, Florida 2014-2015 Budget Executive Summary

The two major funds of the School Board of Sarasota County, Florida are the General Fund and the Capital Projects Fund. The charts below demonstrate how the economic downturn that began in 2008 has impacted the revenues of the two major funds.

The General Fund Revenues for the fiscal years 2007-2008 estimated through 2014-2015 have decreased by \$33,757,676 or 8.31%. The loss in the amount of revenue per student from 2007-08 is \$785.96.



Capital Projects Fund Revenues for the fiscal years 2007-2008 estimated through 2014-2015 have decreased \$74,603,115 or 45%.



**The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary**

Actions taken since the economic downturn of 2008

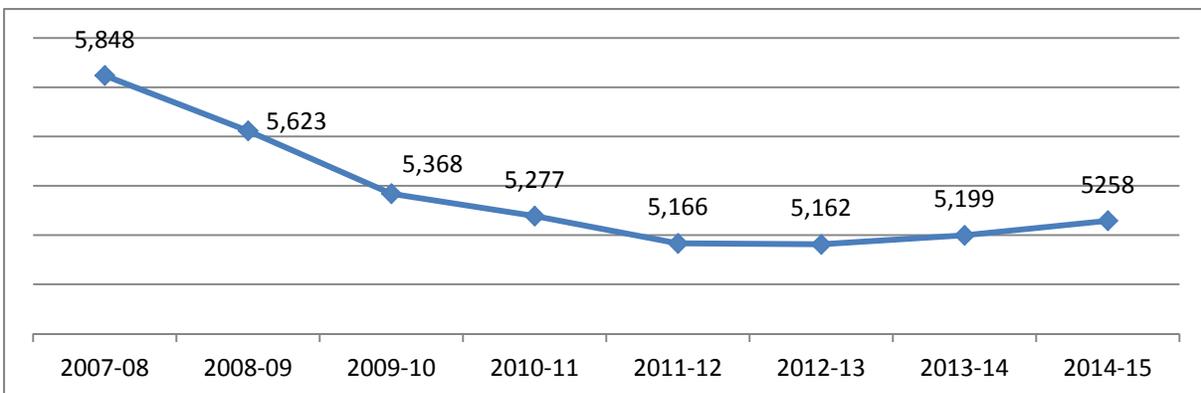
The table below contains the yearly amounts that have been reduced from the General Fund Budget. The details of the reductions are contained in the General Fund Executive Summary Appendix A. These reductions were a combination of budget reductions and cost avoidance actions.

General Fund Fiscal Year Budget Reductions	Savings
Fiscal Year 2007-2008	\$8,572,636
Fiscal Year 2008-2009	\$31,882,217
Fiscal Year 2009-2010	\$42,368,111
Fiscal Year 2010-2011	\$21,185,501
Fiscal Year 2011-2012	\$12,835,188
Fiscal Year 2012-2013	\$3,728,242
Fiscal Year 2013-2014	\$3,837,981
Fiscal Year 2014-2015	\$108,477
Total budget reductions for the past eight fiscal years	\$124,518,353

Capital Projects Fund Budget Revenue Reduction Impact

The Capital Projects Fund budget reduction from 2007-2008 through what is estimated for 2014-2015 is a reduction of 45% or \$74.6 million. This revenue reduction has pushed many projects into the future. Those projects that were determined to be of high importance have been funded primarily through the issuance of debt. Under the American Recovery and Reinvestment Act of 2009 the School Board of Sarasota County, Florida was able to secure funding at a net interest rate of .09% for the rebuilding of Booker High School. The rebuild of Venice High School and the Sarasota County Technical Institute have been financed through the issuance of Certificates of Participation at interest rates ranging from 2% to 5%. A more detailed explanation of the financing is contained in the Debt Service Funds budget. To help with the capital revenue downturn the 2014 Legislature appropriated \$3 million from state funds to fund a portion of the North Port Sarasota County Technical Institute.

**Total Staffing for all Funds since the 2008 Economic Downturn
and elimination of 590 positions**

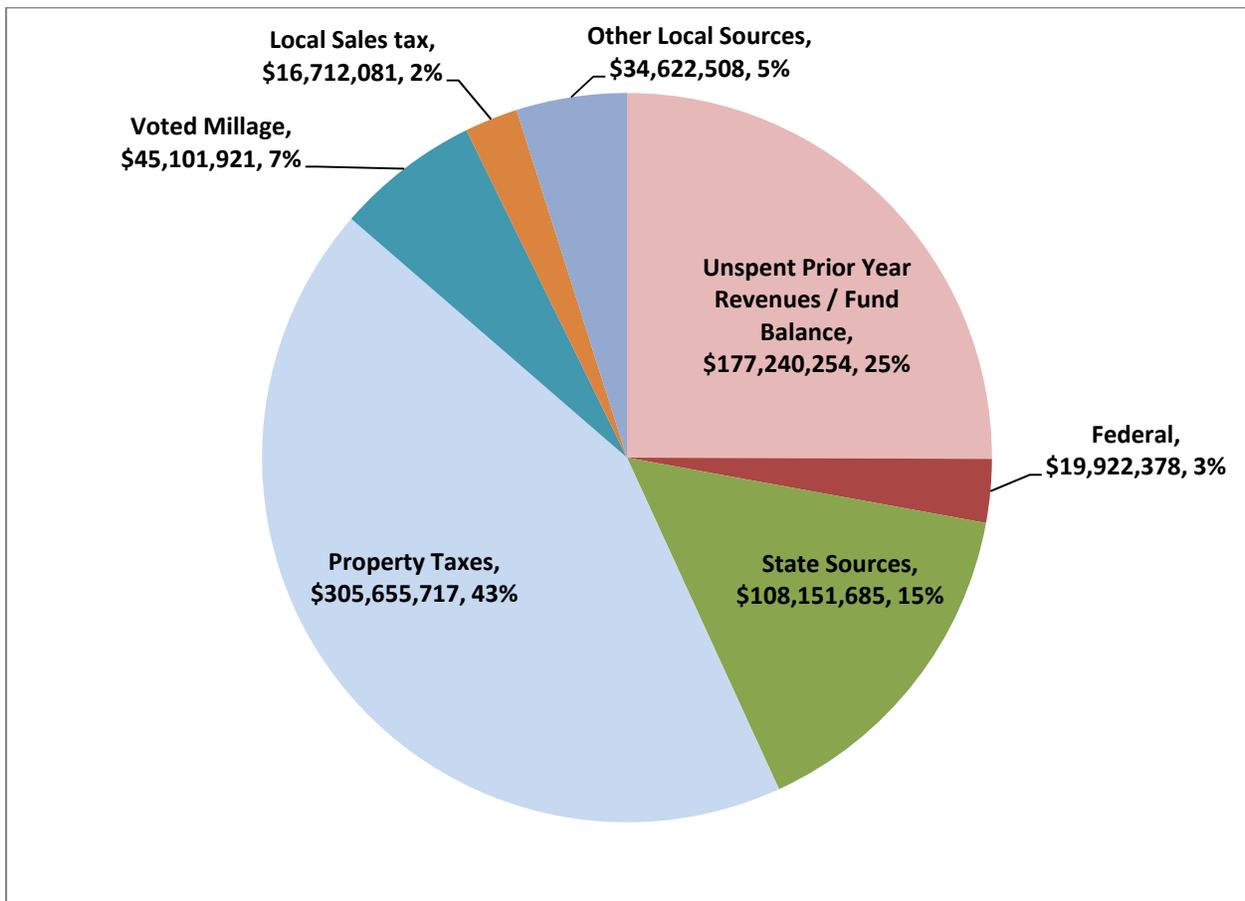


**The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary**

How the School Board of Sarasota County is Funded

The Florida Legislature annually sets the majority of funding for all school districts. The majority of the funding for school districts is contained in Florida Statutes 1010 and 1011. Other funding received, from federal entitlement programs for specific purposes. The operating fund for school districts is a combination of property taxes, state general revenue, and fees. All millage rates that the school district is allowed to levy are contained in the Florida Statutes. The major portion of the school district annual millage levy is mandated by the Florida Legislature. The mandated portion is called the required local effort millage for funding the general operations of the school district. The other millage levies authorized are at the discretion of the school board. In 2010, the voters of Sarasota approved a 4 year extension of a 1 mill levy for operating purposes. This voted millage is funding 523 positions. The details of the voted millage revenues and appropriations since its original approval in 2002 are contained in the General Fund Executive Summary Appendix B.

**2014-2015 Total Estimated Revenues of all Funds
Including Unspent Prior Year Revenues / Fund Balance
Excluding Transfers between Funds for a Total of \$707,406,544**



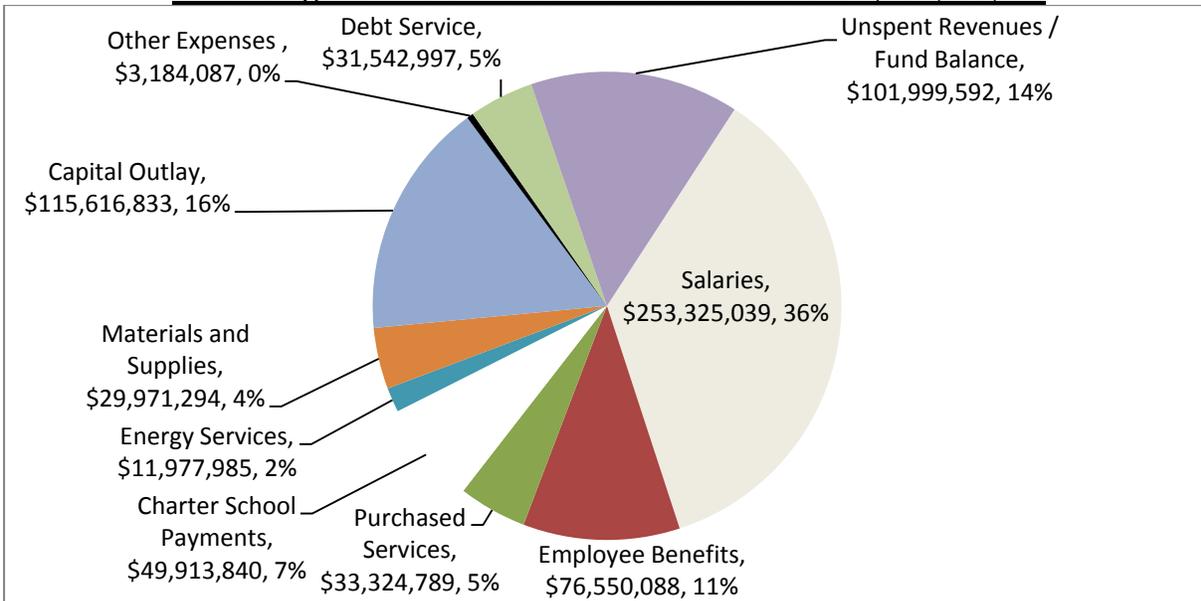
The School Board of Sarasota County, Florida 2014-2015 Budget Executive Summary

2014-2015 Total Estimated Appropriations by Object

The categories of appropriations by object are classified by expenditure categories mandated by the state chart of accounts. The categories of appropriations are as follows:

- 1) Salaries - amounts paid to employees of the school system in both appointed full-time and part-time positions.
- 2) Employee Benefits - amounts paid by the school system on behalf of employees. This category includes payments to the Florida Retirement system which is mandatory for all school districts, F.I.C.A contributions of the employers' share of social security and Medicare, Group insurance expenditures to provide health coverage, worker compensation premiums to provide workers' compensation coverage, and unemployment compensation premiums.
- 3) Purchased Services – amounts paid for professional services rendered by personnel who are not considered employees of the school board, and other services that the Board may purchase. Included are professional and technical services, services provided by charter schools, second chance schools, virtual education providers, insurance and bond premiums, repairs and maintenance, rentals, telephone, water, sewer, and fiber optic lines.
- 4) Energy Services – amounts paid for natural gas, electricity, heating oil, gasoline, and diesel fuel.
- 5) Materials and Supplies – amounts paid for consumable supplies, textbooks, periodicals, oil and grease, repair parts, tires and tubes, food, and commodities.
- 6) Capital Outlay – amounts paid for land or existing building renovations, library books, audio visual materials, furniture, fixtures, equipment, computers, vehicles, and buses.
- 7) Other Expenses – amounts paid for other expenses not classified above.

2014-2015 Total Estimated Appropriations by Object of all Funds including Estimated Unspent Prior Year Revenues / Fund Balance Excluding Transfers Between Funds for a Total of \$707,406,544



The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary

2014-2015 Total Estimated Appropriations by Function

The categories of appropriations by function are classified by expenditure categories mandated by the state chart of accounts. The categories are as follows:

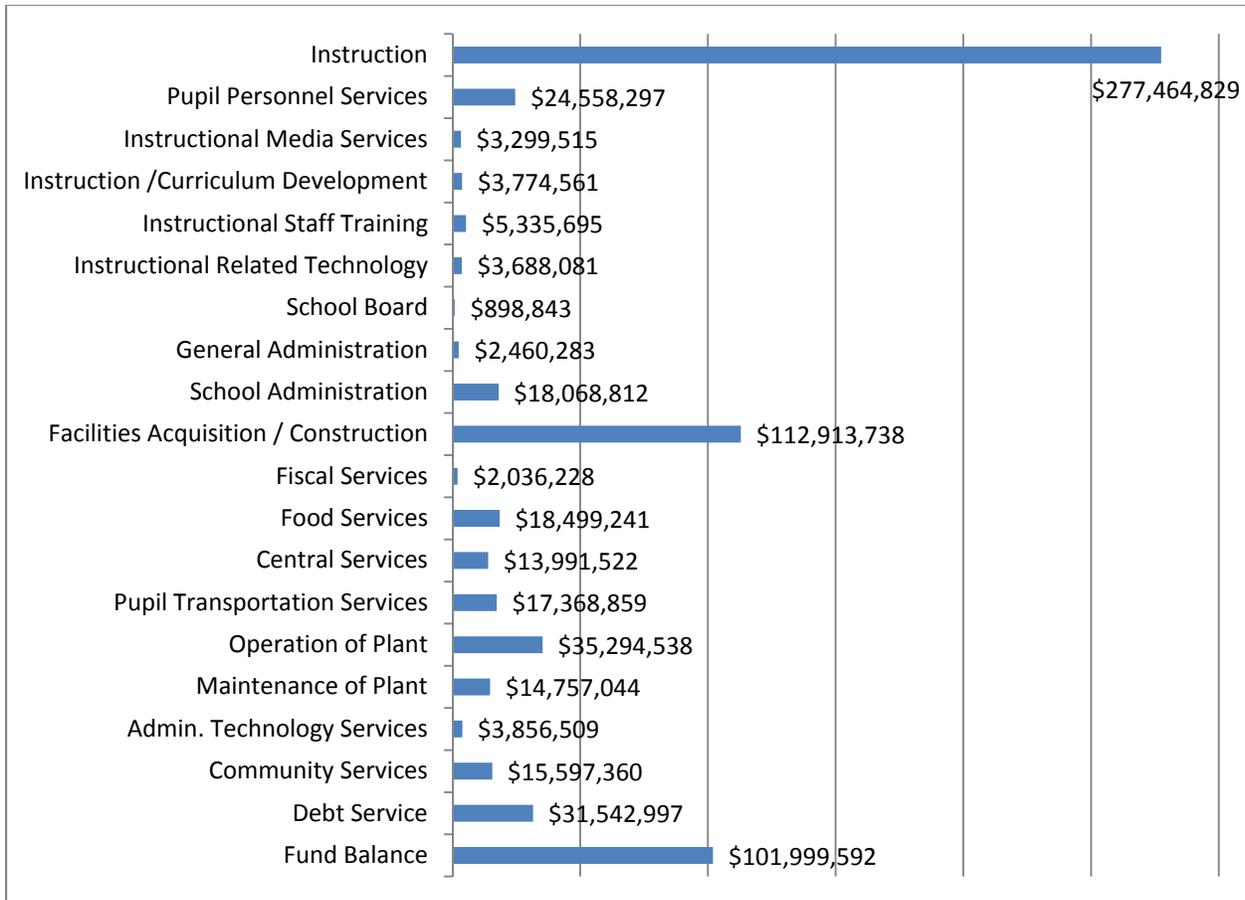
- 1) Instruction – Activities dealing directly with the teaching of students.
- 2) Pupil Personnel Services – Activities include attendance and social work, guidance services, health services, psychological services, and parental involvement.
- 3) Instructional Media Services – Activities include developing and acquiring library materials and operating libraries.
- 4) Instruction and Curriculum Development Services – Activities designed to aid teachers in developing the curriculum, preparing and utilizing support services to motivate students.
- 5) Instructional Staff Training Services – Activities designed to contribute to the professional or occupational growth and competence of members of the instructional staff.
- 6) Instruction-Related Technology - Activities and services for the purpose of supporting instruction.
- 7) School Board – Activities of the elected School Board Members including School Board Attorney, and external auditors.
- 8) General Administration – Activities performed by the superintendent and assistant superintendents in the general direction and management of all affairs of the school system.
- 9) School Administration – Activities concerned with directing and managing the operation of a particular school by the principal and assistant principal including clerical staff for these activities.
- 10) Facilities Acquisition and Construction – Activities concerned with the acquisition of land, buildings, remodeling buildings, construction of buildings, other built-in equipment, and improvement to sites.
- 11) Fiscal Services – Activities concerned with the fiscal operation of the school system. Includes budgeting, receiving and disbursing funds, financial accounting, and payroll.
- 12) Food Services – Activities concerned with providing food to students and staff in a school system.
- 13) Central Services – Activities that support the other instruction and supporting program services. Included is planning, research, development, evaluation services, recruiting and placement of staff, buying, storing, and distributing materials and supplies, printing services, mail room services etc.
- 14) Pupil Transportation Services – Activities related to the conveyance of pupils to and from schools. Includes all costs associated with maintenance of the school buses.
- 15) Operation of Plant – Activities concerned with keeping the physical plant open and ready for use. This includes utility costs, custodial costs, maintenance of grounds etc.
- 16) Maintenance of Plant – Activities that are concerned with maintaining the buildings and equipment at an acceptable level of efficiency through repairs and preventative maintenance.

**The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary**

2014-2015 Total Estimated Appropriations by Function - continued

- 17) Administrative Technology Services – Activities concerned with supporting the school district’s information technology systems including supporting administrative networks, maintaining administrative information systems, and other technology-related administrative costs.
- 18) Community Services – Activities that are not related to providing education for students. The majority of this function is related to expenditures from school internal accounts.
- 19) Debt Service – Payments of principal and interest for the retirement of debt.

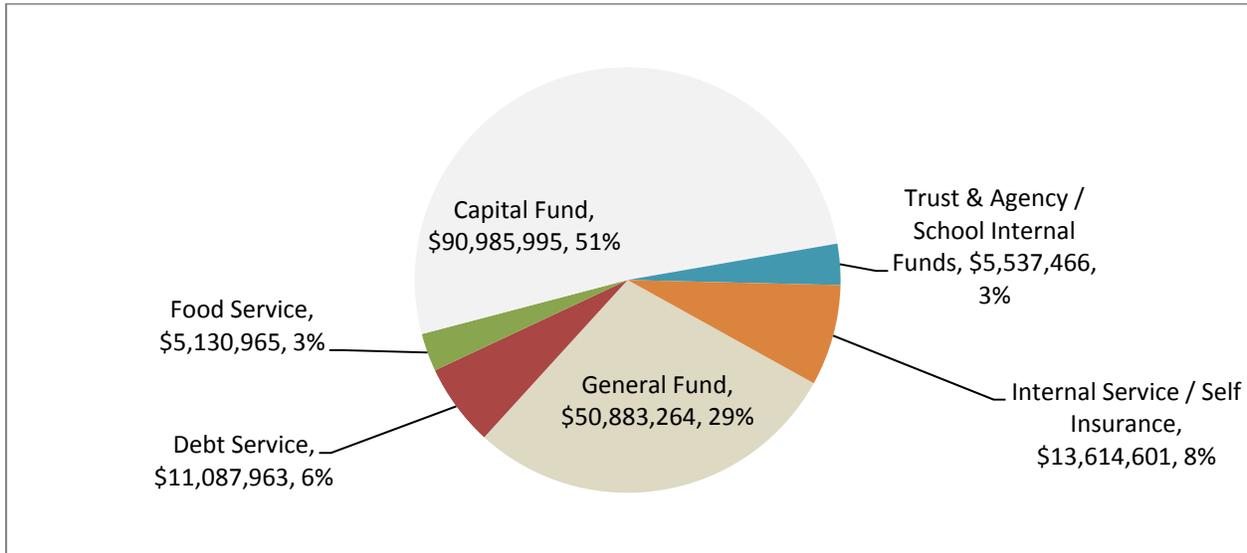
**2014-2015 Total Estimated Appropriations by Function of all Funds including
Estimated Unspent Prior Year Revenues / Fund Balance
Excluding Transfers Between Funds for a Total of \$707,406,544**



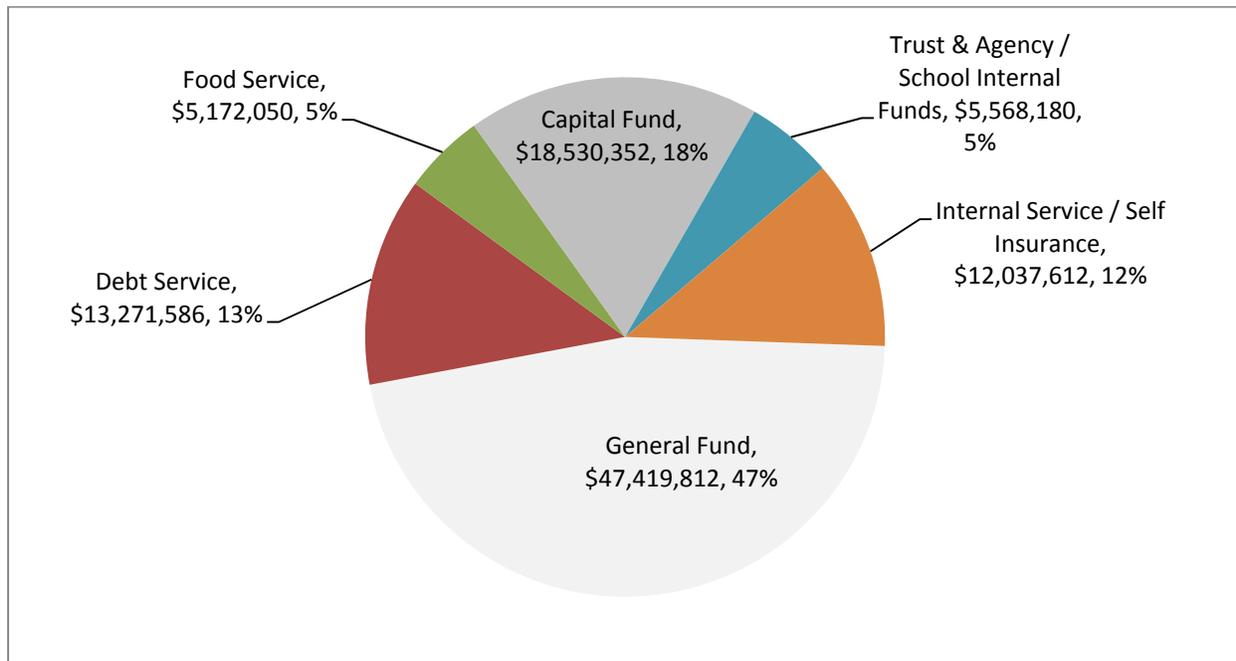
**The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary**

Composition by Fund of Unspent Revenues From Prior Years / Fund Balance as of 6/30/14
Total \$177,240,254

The largest component of the Fund Balance, for all funds, is the General Fund and the Capital Projects Fund. The major component of the Capital Projects fund balance is carry forward of funds for projects under construction and projects that are to begin in 2014-2015. In early July of 2014, Fitch rating agency reviewed the school district's financial condition and reaffirmed the AA rating of "very strong security". One of the reasons was having adequate fund balances in all funds.



Estimated by Fund of Unspent Revenues From Prior Years / Fund Balance as of 6/30/15
Total \$101,999,592



The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary

Prior Year and Proposed Millage Rates for 2014-2015

The required local effort millage rate is set yearly by the Florida Legislature. The discretionary millage rate is at the discretion of the School Board; however, it is capped yearly by the Florida Legislature. The Debt Service voted millage rate is used to pay bonds issued by the District and was approved by the voters of Sarasota County. The capital outlay millage is capped by the Florida Legislature and is at the discretion of the School Board. The voted operating millage rate is used for operating purposes and is approved by the voters of Sarasota County. The supplemental millage is set yearly by the Florida Legislature and was discontinued in 2009-2010.

Fiscal Year	Required Local Effort	Discretionary	Debt Service Voted	Capital	Voted Operating	Supplemental	Total Millage
1969-70		10.690	1.220				11.910
1970-71		10.000	1.050				11.050
1971-72		10.750	1.050				11.800
1972-73		10.850	.900				11.750
1973-74		10.850	.900				11.750
1974-75		7.220	.320				7.540
1975-76		8.000	.48				8.480
1976-77		8.000	.360				8.360
1977-78		8.000	.196				8.196
1978-79		8.000	.145				8.145
1979-80		6.750	.145				6.895
1980-81	4.804	1.454	.115		1.250		7.623
1981-82	4.512	1.130	.089		.851		6.582
1982-83	3.878	.983	.080	1.300			6.241
1983-84	4.400	1.100	.075	1.334			6.909
1984-85	4.473	1.100	.070	1.334			6.977
1985-86	4.286	1.319	.061	1.500			7.166
1986-87	5.218	.819	.054	1.500			7.591
1987-88	5.117	.819	.050	1.500			7.486
1988-89	5.523	.719	.050	1.500			7.792
1989-90	5.808	.719	.040	2.000			8.567
1990-91	5.756	1.019	.040	2.000			8.815
1991-92	6.329	1.019	.037	2.000			9.385
1992-93	6.562	1.019	.037	2.000			9.618
1993-94	6.428	.510		2.000	1.018		9.956
1994-95	5.911	.510		2.000		.116	8.537
1995-96	6.847	.510		2.000		.106	9.463
1996-97	6.483	.510		2.000		.101	9.094
1997-98	6.347	.510		2.000		.090	8.947
1998-99	6.631	.510		2.000		.088	9.229
1999-00	5.945	.510		2.000		.082	8.537
2000-01	5.957	.510		2.000		.077	8.544
2001-02	5.906	.510		2.000		.072	8.488

**The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary**

Prior Year and proposed millage rates for 2014-2015 - continued

Fiscal Year	Required Local Effort	Discretionary	Debt Service	Capital	Voted	Supplemental	Total Millage
2002-03	5.710	.510		2.000	1.000	.067	9.287
2003-04	5.223	.510		2.000	1.000	.060	8.793
2004-05	4.801	.510		2.000	1.000	.055	8.366
2005-06	4.254	.510		2.000	1.000	.097	7.861
2006-07	3.623	.510		2.000	1.000	.077	7.210
2007-08	3.541	.510		2.000	1.000	.072	7.123
2008-09	3.717	.498		1.750	1.000	.080	7.045
2009-10	4.179	.748		1.500	1.000		7.427
2010-11	4.653	.748		1.500	1.000		7.901
2011-12	4.387	.748		1.500	1.000		7.635
2012-13	4.568	.748		1.500	1.000		7.816
2013-14	4.722	.748		1.500	1.000		7.970
2014-15	4.592	.748		1.500	1.000		7.777

School Board of Sarasota County Taxable Values as of January 1 from 1990 through 2014

Year	Tax Roll	Percentage Increase (Decrease)
1990	\$13,478,732,223	8.10%
1991	\$14,268,694,198	5.86%
1992	\$14,971,351,441	4.92%
1993	\$15,507,492,364	3.58%
1994	\$16,287,281,718	5.03%
1995	\$17,151,435,992	5.31%
1996	\$18,162,519,217	5.90%
1997	\$19,146,803,661	5.42%
1998	\$20,354,551,176	6.31%
1999	\$21,910,287,140	7.64%
2000	\$23,778,791,924	8.53%
2001	\$26,353,336,881	10.83%
2002	\$29,864,864,281	13.32%
2003	\$34,048,249,636	14.01%
2004	\$38,721,183,062	13.72%
2005	\$46,435,842,068	19.92%
2006	\$58,931,736,163	26.91%
2007	\$62,679,914,511	6.36%
2008	\$55,827,860,201	(10.93%)

The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary

Year	Tax Roll	Percentage Increase (Decrease)
2009	\$49,204,548,550	(11.86%)
2010	\$44,696,823,802	(9.16%)
2011	\$41,939,538,824	(6.17%)
2012	\$41,751,400,094	(.45%)
2013	\$43,576,145,919	4.37%
2014	\$46,981,167,444	7.81%

The School Board of Sarasota County, Florida
2014-2015 Budget Executive Summary

Notes for Meeting

- 1) This meeting is a requirement of the TRIM Statute 200.65 which requires the Superintendent to present the Budget for all funds. The only required action at this meeting is to approve the advertisements for the first public meeting to be held at 5:15 Tuesday July 29, 2014. At that meeting the public is able to ask questions about the millage. After public input the school board will approve the Tentative millage rate to be forwarded to the Property Appraiser for preparation of the notice to all taxpayers of estimated taxes for 2014. Then the school board will allow the public to ask any questions about the budget and after all questions have been answered adopt the tentative budget.
- 2) The district began the budget process last October. The General Fund and Capital fund are the school districts largest funds. In total seven monthly work shops were held. The capital fund and operating fund represent approximately 83% of the total budget excluding transfers and fund balances. Also I want to take this opportunity that preparing a budget that will be advertised for a total of \$704,067,458 is a total team effort. With all departments, schools, and charter schools.
- 3) The required local effort millage rate is decreasing .193 on a \$100,000 of assessed valuation that is a decrease of \$19.30. However the tax will be impacted by the assessed taxable valuation of the property. 2013 millage rate 7.97, millage rate 2014 7.777.
- 4) The Superintendent and School Board have been very conservative during the great recession and as a result adequate reserves are being held by all funds the General Fund is estimated as of 6/30/15 to have an unassigned reserve of 9.17%, after using an estimated \$3.4 million of the reserve, the capital fund has a fund balance of 20%, Food Service Fund with a fund balance of 32%, and the self insurance fund with a reserve that is actuarially sound of \$3.7 million. This budget maintains the current programs that have enabled the school district to be rated as an A district. There were only minor changes made to the general Fund as a result of retirements. This year \$108,477 was cut from the General Fund with the total since 2007-2008 being \$124.5 million. The total General Fund Budget is 2.11% above last fiscal year and revenues are 2.7 % above last year.
- 5) Student enrollment is anticipated to increase 1,077 students 891 in charters and 186 in district schools.
- 6) All budgets are on the School District web site and copies are available in the Finance Department located here at the Landings. The budget documents have enrollment history by school from 2011-2012 projected through 2018-19. There is a complete listing by year of the reductions and cost avoidance items form 2077-08 through this coming year. In Appendix A in the General Fund Executive Summary is a listing of how the Voted referendum proceeds have been spent fro its inception of 2002. The last renewal was this year with a 77% approval. Any questions more than happy to answer