

Budget Narrative

2011-2012 Budget

The total budget for all funds for 2011-2012 is \$19.7 million. This includes a General Fund operating budget of \$14.8 million, a Special Revenue Funds budget of \$3 million, a Debt Service Funds budget of \$.1 million, and a Capital Projects Funds budget of \$1.8 million.

The General Fund is used to budget for the majority of the District's daily operations. Revenues for the General Fund are derived primarily from State allocations and local property tax levies.

Special Revenue - Other Funds account for grants received from Federal sources, including the Title 1 and Special Education grants. The 2011-2012 budget is \$1.9 million, and will grow throughout the year as new grants are received.

The Special Revenue - Food Service Fund tracks food service operations at the schools. Revenues from the National School Lunch Program, provided by the Federal government, and student lunch fees, provide support for the school lunch program. The 2011-2012 budget is \$1.1 million.

The Capital Projects Funds are used to account for the acquisition, construction, renovation, and maintenance of buildings and equipment. The primary revenue source is property tax levies.

Revenue for the Debt Service Funds consists of state sources. The Debt Service Funds are used to pay the principal and interest due on long-term financial obligations incurred to carry out Capital Projects Funds activities.

Revenue Sources for Operating Expenses

State Revenue

Funds for state support to school districts are provided primarily by legislative appropriations. The major portion of state support is distributed under the provisions of the Florida Education Finance Program (FEFP). FEFP funds appropriated to the District for 2011-2012 total \$7.5 million.

The state also allocated funding of \$2.1 million to the District to meet class size reduction requirements.

Each district's share of the State allocation is primarily determined by enrollment and the base student allocation amount.

Local Revenue

Local revenue for school support is derived almost entirely from property taxes. Each of the 67 school districts in the state is a countywide district.

Each school board participating in the state allocation of funds for current operation of schools must levy the required local effort millage rate set by the state. Each district's share of required local effort is determined by a statutory procedure initiated by certification of district property tax valuations by the Department of Revenue. The Commissioner of Education certifies each district's required local effort millage rate. These rates are determined by dividing the dollar amount of required local effort by 96 percent of the aggregate taxable value for each district. Certifications vary due to the use of assessment ratios designed to equalize the effort on the FEFP of differing levels of property appraisal in the counties. Millage rates are also adjusted, if necessary, to insure that required local effort does not exceed 90 percent of a district's total FEFP entitlement. The

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District's required local effort millage rate for 2011-2012 is 5.398 mills.

For 2011-2012, the Legislature also authorized districts to levy a discretionary millage of up to 0.748 mills, and an additional 0.250 mills for critical needs. The critical needs millage levy must have a super majority vote and by law, may be used for operating or capital critical needs. The Board is allocating the 0.250 critical needs millage levy for operating purposes.

The District budgeted property tax revenues of \$3.1 million for operating purposes in 2011-2012.

Revenue for Capital Outlay and Maintenance

Schools boards may levy property taxes up to 1.500 mills for new construction and remodeling, equipment, vehicles, and maintenance. Budgeted revenues from this source total \$729,000 in 2011-2012.

Basis of Budgeting

The *Financial and Program Cost Accounting and Reporting for Florida Schools* manual has established the modified accrual basis as the standard for governmental fund budgeting and reporting. All Florida school districts must adhere to this basis. An encumbrance system is used in this basis which charges each purchase order, salary commitment, or other expenditure to a particular appropriation (function/object). These transactions are no longer encumbrances when paid, canceled, or when the actual liability is recorded.

Budgetary control is maintained at the function/object level. Each principal and department head is responsible for their respective budget. No expenditures are authorized that are in excess of budgetary appropriations. As with any projection, however, changes to appropriations are necessary in order to meet critical needs or

changing circumstances as they are identified. Therefore, budget amendments are prepared periodically and submitted to the School Board for approval. This allows the best use of limited resources. Final amendments to each fund are prepared at year-end to complete the budgetary cycle.

Fund Structure

The accounts of the District are organized on the basis of funds. The individual funds account for the governmental resources allocated for the purpose of carrying out specific activities in accordance with state and federal requirements. The funds used by the District are grouped into one broad fund type and four generic funds as follows:

Governmental Funds: These funds are used to account for the educational programs and activities of the District.

General Fund: The general fund serves as the primary operating fund of the District. It accounts for all financial resources except those required to be accounted for in other funds. The primary source of funding is the Florida Education Finance Program.

Special Revenue Funds: These funds are utilized to account for specific revenue proceeds, other than major capital projects, which are legally restricted or committed to expenditures for specific purposes. Federal grants are placed in this fund. School Food Service is reported separately from other special revenue funds.

Debt Service Funds: The debt service funds accumulate resources to pay the interest and principal obligations associated with long-term debt.

Capital Projects Funds: These funds account for financial resources used for the acquisition and construction of facilities and equipment.

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The Budget Process

Fiscal Year

The school district fiscal year is July 1 through June 30.

Statutory Requirements

Florida Statute 1011.02 requires an annual budget be prepared by the Superintendent for the School Board, advertised and presented at two public hearings, adopted by the Board, and submitted to the Department of Education. The budget is prepared in accordance with the regulations dictated by the State Board of Education and must include an amount for required local effort revenue, as determined by the legislature. The total budget and each of the component funds must be balanced, i.e., proposed expenditures, plus transfers and balances may not exceed proposed income, transfers and balances. The annual budget must contribute to, and be consistent with, the goals of the District.

The District advertised the 2011-2012 tentative budget and millage rates, and held the first public hearing on July 21, 2011. This meeting provided the opportunity for public input to the budget process and for the School Board to approve the 2011 millage rates and approve the 2011-2012 tentative budget. The Department of Revenue sets forth very specific budget advertising and adoption requirements which are reflected in the agenda items presented. The second and final public hearing is held on September 13, 2011, for the purpose of allowing the public additional input into the budget, and for the Board to adopt the final budget for 2011-2012.

The budget process for the current year starts months before the fiscal year begins on July 1. Student enrollment is projected for the upcoming school year. The State Department of Education collects the projections made by each district, the State

Legislature formulates the budget, and funds are allocated to the individual school districts based on these projections. Once the revenue for the District is finalized, the budget is advertised and adopted by the Board.

Budget Development – Local Process

The School District budget is a detailed operating plan which identifies estimated expenditures in relation to estimated revenues. The budget reflects the Board's goals and represents a process through which policy decisions are made, implemented, and controlled.

Schools and departments prepare their individual budgets based on district allocation formulas and submit them to the Finance Office. The Finance Office then compiles the individual budgets into a district preliminary draft budget. Budget workshops are held with School Board Members and senior District staff to review and adjust the budget document as needed. Two public hearings are then held at which the public voices their opinions on the budget. The budget is adopted at the second public hearing in September.

The State recalculates the district revenue based on the revised student Full Time Equivalent (FTE) data in October and February. These adjustments are incorporated into the District's budget amendment process.

Budget Amendment Process

The budget is continually monitored throughout the year. Amendments to the budget are approved by the Board as needed to accurately reflect the District's spending plan as the year progresses.