

To Excellence in the Monroe County Schools

The Budget of the Monroe County School Board 2014-2015

September 9, 2014

The School Board of Monroe County, Florida

Table of Contents

INTRODUCTION	1
Financial Section Overview	4
General Fund Budget Fiscal Year 2013-2014	6
• Fund 0110-General Fund	12
Special Revenue Program Overview.....	14
• Fund 0410 School Food Service	16
• Fund 0420 Special Revenue Federal Fund	17
• Fund 0430 ARRA Federal Stimulus Fund.....	18
Debt Service Overview	19
• Fund 200 Debt Service Fund Summary.....	20
Capital Improvement Budget Overview	21
• Fund 0300 Capital Funds Summary	24
Internal Service Overview.....	27
• Fund 0700 Internal Revenue Fund Summary	28
• Fund 0710 Workman’s Compensation & General Liability.....	29
• Fund 0711 Vista	30
• Fund 0712 Health Insurance	31
Fiduciary Funds Overview	32
• Fund 0800 Pension.....	33
Understanding Florida Education School Funding.....	34

School District of Monroe County, Florida

Superintendent

Mark T. Porter

School Board

District 1

Robin Smith-Martin, Vice-Chairman

District 2

Andy Griffiths, Chairman Emeritus

District 3

Ed Davidson

District 4

John Dick

District 5

Ron Martin, Chairman



Administration

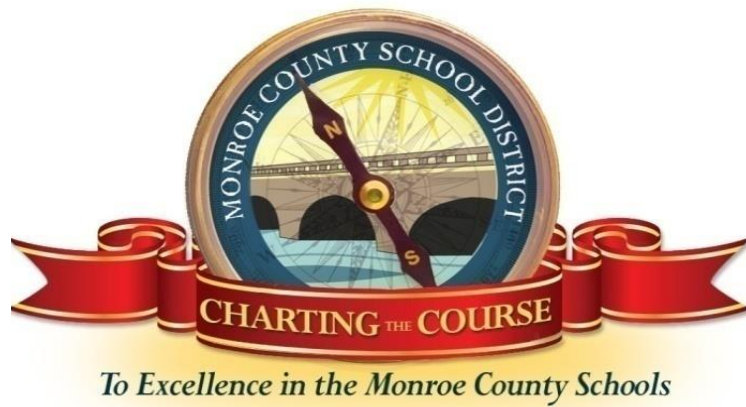
Ms. Theresa Axford, Executive Director of Teaching and Learning

Mr. Patrick Lefere, Executive Director of Operations and Planning

Dr. Ramon Dawkins, Executive Director for Human Resources

Mr. Jim Drake, CPA, Executive Director of Finance and Performance

MARK T. PORTER
Superintendent of Schools



Members of the Board

District # 1
ROBIN SMITH-MARTIN
Vice Chair

District # 2
ANDY GRIFFITHS
Chairman Emeritus

District # 3
ED DAVIDSON

District # 4
JOHN R. DICK

District # 5
RONALD A. MARTIN
Chair

Dear School Board Members and Citizens of Monroe County,

I am pleased to present to you the budget of the Monroe County School Board for 2014-2015 (FY 2015). The total budget of \$146.9 million includes the General Fund, or operating budget of \$91.1 million, which is the largest portion at 62 percent of the total of all funds. Our Capital Projects Fund is the second largest fund at \$18.4 million and represents 12.5 percent of the overall budget.

The proposed FY 2015 total budget of \$146.9 million is \$17 million more than the total budget adopted last fiscal year. The General Fund of \$91.1 million increased \$6.6 million; Special Revenue increased \$1.3 million; Debt Service decreased \$.1 million; and Capital Projects at \$18.4 million increased by \$10.9 million. This budget will support an expected increase of 51 students, bringing our projected total unweighted fulltime equivalent (UWFTE) enrollment to 8,098. In addition, the operating budget includes amounts that address increasing costs, such as retirement contributions.

The operating budget (General Fund) increased a total of \$6.6 million. Funding of \$69 million from the Florida Education Finance Program (FEFP), which is 81.7% of total revenues, is \$279.47 more per student than last year. Total FEFP funding per student is \$8,526.19.

The unassigned fund balance (\$6.0 million) that we carried forward from FY 2013 into the FY 2014 budget was \$2.1 million more than the one carried forward into the FY 2013 budget. The unassigned fund balance carried forward into the FY 2015 budget (\$10.1 million) is \$4.1 million more than the amount carried forward into FY 2014. The unassigned amount represents 12.4% of total revenues, well in excess of the state mandated percentage of three percent.

The \$38.4 million Capital Projects budget reflects an increase of \$14.2 million primarily due to the deferred maintenance projects such as HVAC and concrete repairs being scheduled and completed. The capital projects budget also includes a set-aside of \$5 million for repairs and renovation in case of a named windstorm. In concert with the District's \$5 million line of credit this set-aside covers the District's \$10 million self-insured risk from a named windstorm. This budget also includes funding to begin the replacement of Plantation Key School and the District's Security and Safety projects. Remodeling and renovation will be occurring throughout the year. Approximately \$20 million of the budget is used to service the District's outstanding debt.

Office of the Superintendent

241 Trumbo Road • Key West, FL 33040 / Tel. (305) 293-1400 • Fax (305) 293-1408 / www.KeysSchools.com

Increasing student performance, even as the district exceeds state and federal averages for most performance accountability measures, will remain the focus of Monroe County Schools. In spite of some of the most difficult circumstances, Monroe County Schools continue to be a statewide leader in student performance. Twelve out of sixteen Monroe County Schools (including charters) received an 'A' or 'B'. Of those twelve, eight schools earned an "A".

I continue to have concerns looking beyond this school year and into the future. Florida's budget numbers seem to be improving. State economists expect tax collections to grow by 4.3 percent in the coming year, and then an additional 5 percent in the year after that.

Sound fiscal decisions at the local level must include an awareness of the uncertainties that exist at the state, national and international levels. The fiscal lesson of past years is that economic downturns can occur quickly, causing budget cuts at any time during a fiscal year. The national and state economies have not recovered to points where they can withstand major economic shocks and continue to function without economic output decreases. Therefore, I am preparing for the future by continuing to maintain the strength of our fiscal house to meet the challenges of the difficult times which most assuredly lie ahead of us.

It is my pledge to the children and citizens of this county to provide the best possible services for the limited dollars available. In my position as Superintendent, I will continue to engage discussions with state legislators about the importance of funding to promote high quality schools. This is vital for the future of our students and the long term economic viability for the State of Florida.

The FY 2015 budget is designed to: (1) meet student educational and school operating needs (2) have the flexibility to adapt to changing conditions during the year, and (3) provide a substantial reserve. Budget development, review, and consideration were completed with a detailed review of every revenue and expenditure category within the context of the District's strategic plan and financial policies. This document should serve the public as a valuable source of information about the district's finances, operations, accomplishments, and future direction. I hereby submit and recommend this budget to the Monroe County School Board for fiscal year 2014-2015.

Respectfully,



Mark T. Porter
Superintendent, Monroe County Schools

FINANCIAL SECTION OVERVIEW

The purpose of this section is to display all budgeted revenues and expenditures of each major fund in summary form to establish a “big picture.” The “big picture” reflects a total educational budget of \$146.9 million.

The profile of the school district is designed to help readers obtain a better understanding. It is difficult to develop a financial and educational plan without considering the impact of the national and state economy on the state revenue inflows. This review of state revenue sources, which is driven by the state economy, attempts to provide a basis from which current and future decisions are considered.

The consolidated schedules, which review revenues and expenditures, explore alternatives for viewing how expenditures occur by examining the type of services provided (function) and the expenditure obtained (object).

BUDGET SUMMARY

The budget for Monroe County Schools is \$146.9 million consisting of the General Fund (\$91.1 million); the Special Revenue Fund (\$9.4 million); the Debt Service Fund (\$15.1 million); the Capital Projects Fund (\$18.4 million); the Internal Service Funds (\$12.7 million) and the Trust and Agency Fund (\$55 thousand). This is an increase of \$5.4 million from the Tentative Budget. The Increases come from the General Fund (\$2.2 million) and the Capital Projects Fund (\$3.2 million). The increase in the General Fund expenditures comes from a change to budgeting to unassigned fund balance. The increase in the Capital Projects Funds is a result of higher beginning fund balances than expected allowing for additional projects to be funded.

The General Fund (\$91.1 million) comprises 62% of the budget and is the most discussed because it serves the day-to-day operating needs, such as payment of teacher and bus driver salaries, of the District. Expenditures for personnel salaries and benefits average 80% of the total outlays each year. The budget includes \$65.7 million (72.2%) for salaries and benefits. The budget also allocates \$10.5 million (11.5%) to charter schools.

The Special Revenue Fund (\$9.4 million, 6.2%) is comprised of Food Service (\$3.7 million), and Federal Programs (\$5.7 million). The Food Service Program provides thousands meals daily. Federal Contracted Programs are federally funded programs that serve special needs of students throughout the District. A significant portion of the federal programs target low performing students (Title I), disadvantaged students (Head Start) and students with disabilities (Individuals with Disabilities Education Act (IDEA)).

The Debt Service Fund (\$15.1 million, 10.3%) is established to pay principal and interest for long term liabilities. The funds noted in this section of the budget incorporate payment on Sales Tax Revenue Bonds, Certificates of Participation (including Qualified Zone Academy Bonds and Qualified School Construction Bonds), and several State Bond issues incurred over the past several years.

The Capital Projects Fund (\$18.4 million, 12.5%) reflects the School Board’s commitment to provide quality educational facilities encompassed by a safe and healthy environment for learning. This budget addresses remodeling and renovation of current facilities; new construction needs; purchases of school buses; expenditures for land and land improvements; and purchases of furniture and equipment to replace and augment current levels of these assets. The budget also includes \$20 million in transfers to cover debt service payments and reimbursement of maintenance, renovation, and repairs paid through the General Fund as permitted by Florida Statute.

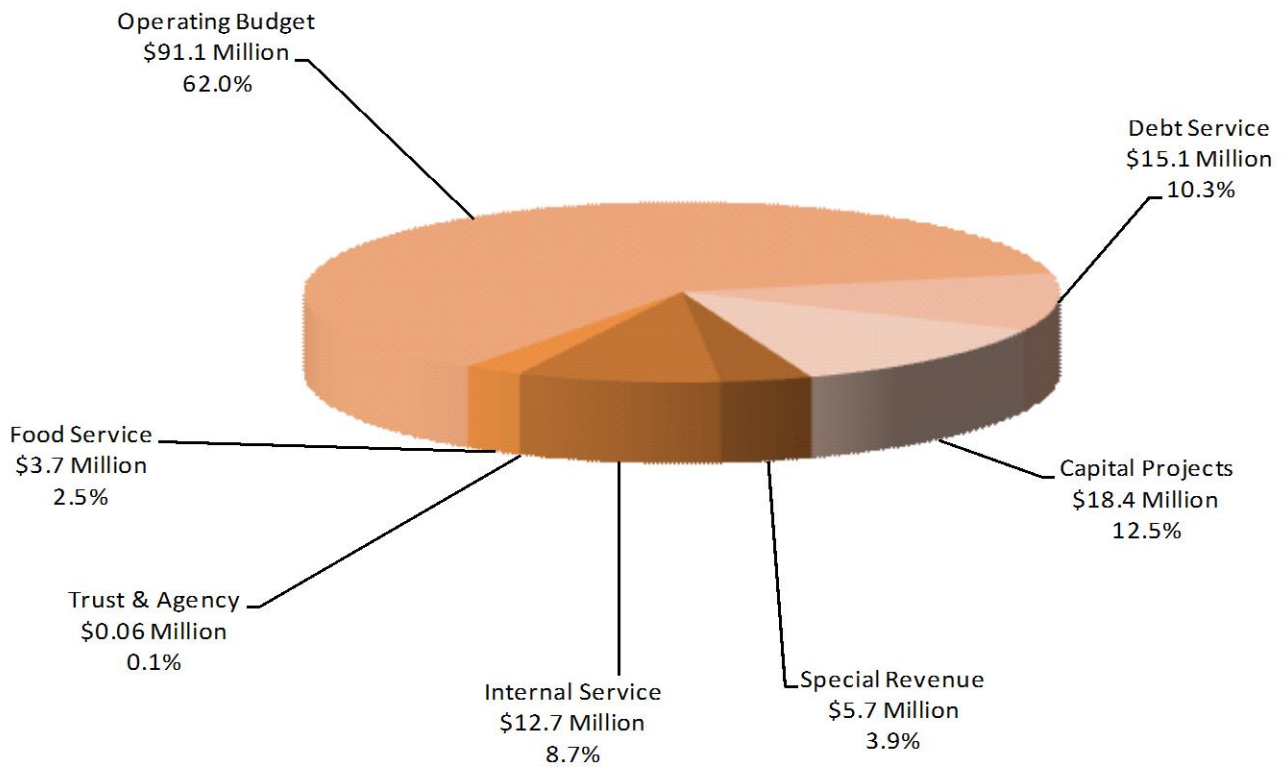
The Internal Service Fund (\$12.7 million, 8.7%) is used to account for the District’s individual self-insurance programs. The principal operating revenues of the District’s internal service funds are Board contributions for premium revenues of the property and casualty, workers’ compensation, and group medical self-insurance programs and charges for self-insurance premiums for dependent and retiree coverage. Operating expenses include salaries and benefits, purchased services, and insurance claims. The FY 15 budget includes a reduction in premiums for the property and casualty and workers compensation program and no increase in health insurance premiums.

The Trust and Agency Fund (\$55 thousand) is for assets held by the School District acting in the capacity of trustee for an early retirement plan. The Board administers the ERP assets in a pension trust fund.

Even though the funds are accounted for separately, they function as one cohesive unit to fiscally appropriate the resources the District requires to serve over eight thousand (8,098) students.

SCHOOL BOARD OF MONROE COUNTY 2014-2015 EXPENDITURE BUDGET BY FUND

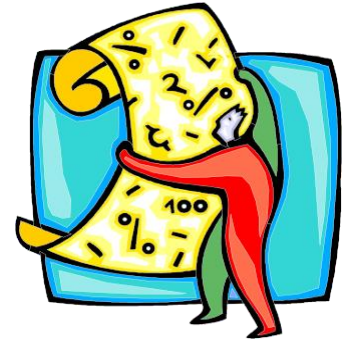
**Total Expenditure
Budget \$146.9 Million**



GENERAL FUND BUDGET FISCAL YEAR 2014-2015

SOURCES AND USES OVERVIEW

The basic day-to-day resources of the school district are accounted for in the General Fund. From a perspective of services rendered, the resources of the General Fund are used to conduct educational and supportive services programs. General Fund operating expense examples include but are not limited to: salaries of employees; fringe benefits of employees; contracted services with vendors; materials and supplies to carry out operations; instructional materials and textbooks; professional fees; legal costs; utilities; transportation costs of getting children to and from school; and custodial services to maintain clean and healthy schools.



The total FY 2015 General Fund budget of \$91.1 million is \$6.6 million (7.81%) more than the original adopted FY 2014 budget, and only \$4.2 million more than the final adopted FY 2014 budget. Total estimated revenues (including transfers) for fiscal year 2014-2015 are \$88.9 million and proposed expenditures total \$91.1 million. Included in the proposed expenditure number are carry forward carry forward encumbrances of approximately \$0.2 million; carry forward of state restricted grants of \$.6 million; unrestricted project carryover of \$.5 million; a set aside of \$.6 million for disputed tax collections; nonspendable reserves for inventory and prepaid expenses of \$.4 million and unassigned balances totaling \$10.1 million. This budget reflects a proposed ending fund balance of \$10.1 million, the June 30, 2014 unassigned fund balance.

SOURCES OF FUNDS

Resources of the General Fund are derived from local, state and federal sources. Approximately 76.2% of the total estimated revenue base is derived from local sources; primarily property taxes, fees, interest income and indirect cost reimbursements. State sources account for approximately 17.9%, transfers from Capital Outlay account for 5%, and Federal sources account for 0.9%. All of the State revenue received is restricted, and must be spent using specific criteria.

USES OF FUNDS

The General Fund budget's total expenditures are \$91.1 million. The preponderance of expenditures is for salaries and employee benefits (\$65.7 million), and is approximately 72.2 % of total estimated expenditures (\$91.1 million). Payments to charter schools in the amount of \$10.5 million (11.5%) are the second largest budgeted expenditure.

From a functional (type of service rendered) approach the sum of expenditures for instruction and instructional support (pupil personnel, instructional media, curriculum development, in-service training, instructional related technology), totaling \$67.6 million, plus an additional \$19.4 million for school administration, central services, administrative technology services, maintenance and operation of plant, and transportation accounts for approximately 95.5% of the budgeted expenditures. Expenditures for the Superintendent's activities, School Board activities, community services, and business activities make up the balance (\$4.1 million), or approximately 4.5% of the budgeted expenditures.

MAJOR BUDGETARY ALLOCATIONS

Some of the major budgetary allocations for FY 2014-2015 include the following:

- Additional School Based allocations
- Payments to Charter Schools
- Additional compensation for employees

BASIS OF ACCOUNTING

The financial transactions of the General Fund are recorded on the modified accrual basis of accounting. Under this concept, revenues are recognized when they become measurable and available to finance current operations; expenditures are recorded when the liability (obligation to pay) is incurred, and is expected to be paid within the normal operating cycle. A liability is incurred when the delivery of goods or services is complete.

The effect of this modified accrual basis influences the projections for property taxes, interest income, indirect costs and other cash flow considerations, including salaries, employee benefits and other major expenditure obligations.

General Fund Estimated Revenues

Revenue projections, including transfers of \$4.4 million for fiscal year 2014-2015, are \$88.9 million. This is an increase in the State and local allocations of approximately \$4.4 million. This is the result of an increase of \$2.5 million in base funding; a \$13 thousand increase for Class Size Reduction; \$22 thousand increase for supplemental instruction; \$5 thousand increase for the exceptional student education (ESE) guarantee; \$13 thousand increase for instructional materials; no student transportation increase; no increase of school recognition funds; and \$315 for a digital classroom allocation. Property taxes increased by \$2.3 million due to a slight decrease of .055 mills for required local effort to 3.126 mills coupled with a \$1.4 billion increase in property values. Of the increases noted above, \$.4 million came from state sources and remainder was from local property taxes and other revenues.

In the discussion that follows, major revenue items are addressed with emphasis placed on significant changes from the prior year.

LOCAL SOURCES

AD VALOREM (Property Taxes)

The estimate for Ad Valorem Taxes is based on the certified tax roll provided by the county tax assessor's office, adjusted for exempt uncollectible taxes during the budget year.

Total property taxes in this fund are \$65.9 million and are projected to increase \$3.3 million. Taxable property is reassessed by the property appraiser's office and in accordance with their time-lines and criteria. The District will receive approximately \$39.3 million of Required Local Effort (1.878 mills), which is required by the state to be levied to receive approximately \$14 million in state funding. The supplementary discretionary millage of 0.748 mills will provide \$15.8 million. The voted half mill will provide \$10.5 million. Property taxes increased because the assessed property value increased from \$20.5 billion to \$21.9 billion, an increase of \$1.4 billion. All of these sources support day-to-day operational expenses of the school district and the amounts are budgeted at 96% of total Ad Valorem taxes, which is required for all school district budgeting.

Other Local Sources - included in this category are earnings on investments, indirect costs, course fees and miscellaneous revenues totaling \$1.9 million. Other Miscellaneous Revenues, consisting of tuition fees and internal service reimbursements, are also projected to remain relatively constant.

STATE SOURCES

FLORIDA EDUCATION FINANCE PROGRAM (FEFP)

This category represents the State funding formula for public education of \$69 million for Monroe County Schools.

Categoricals and Others – This source represents funding for instructional materials, transportation, Pre-K education, state license tax, class size reduction, and other special categories totaling \$15.9 million. It should be noted that Safe School Programs, Supplemental Academic Instruction, transportation, teachers lead, and the Reading Instruction program were funded by the Legislature for 2014-2015 as quasi-categorical programs within FEFP funds. They are treated just like categoricals because the funds must be spent for the specific purposes defined by each program.

FEDERAL SOURCES

The projection of \$800 thousand for this category is based on prior year funding derived from Federal Impact Aid and Medicaid Funds.

FISCAL YEAR 2014-2015 BUDGET EXPENDITURES

When compared to the actual expenditures in fiscal year 2013-14 (\$83.2 million), budgeted expenditures for fiscal year 2014-2015 (\$91.1 million) have increased by approximately \$7.9 million (9.5%). The increase is primarily in the instructional function (\$5.4 million) and operation and maintenance of plant functions (\$1.1 million). The other functions increased, except for student support services (\$535 thousand decrease), instructional media services (\$97 thousand decrease), facilities acquisition and construction (\$196 thousand decrease), food service (\$31 thousand decrease) and administrative technology services (\$79 thousand decrease).

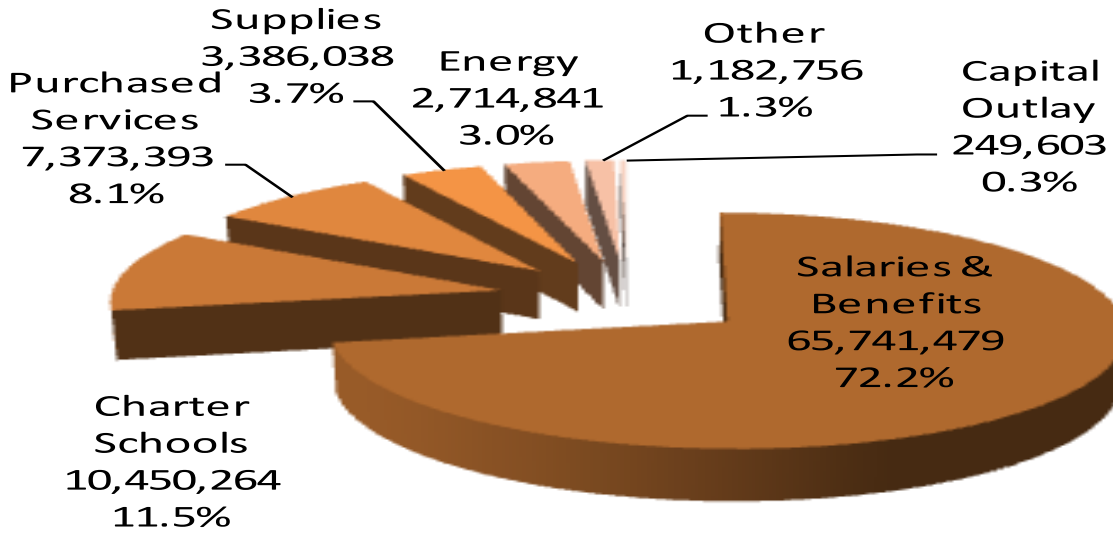
Major Budget Assumptions - The overall assumptions used for development of expenditure estimates are derived from the Board Goals, School Improvement plans, objectives and strategies, State mandated curriculum requirements, enrollment projections, long-range plan priorities, fixed costs and other operational priorities. In the discussion that follows, major budget assumptions are presented by object of expenditures:

Salaries - The budget for salaries is influenced by a combination of factors such as:

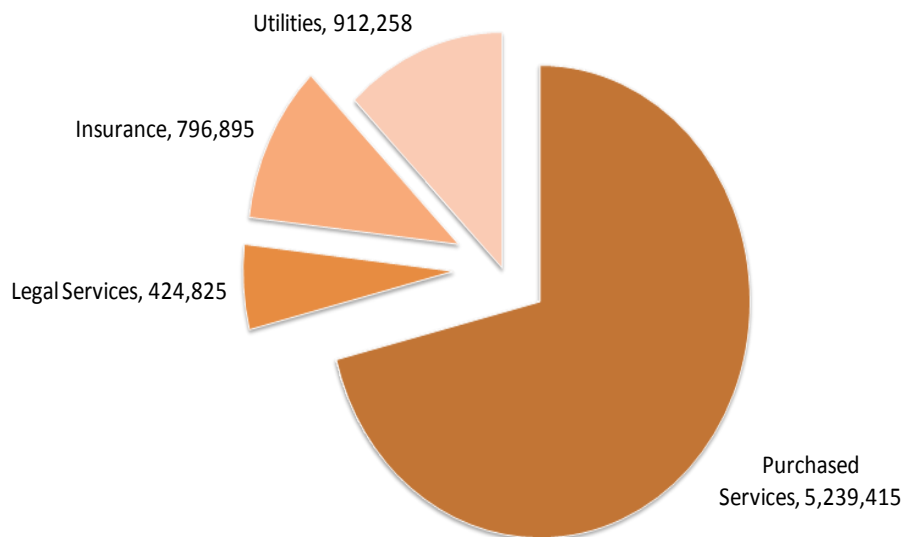
- A. School Site Salaries - Comprised of teachers, teacher aides, principals and assistant principals, other instructional support staff, secretarial, clerical and custodial. Expenditures in this category are budgeted based on projected enrollment and required positions identified by the Principals, and Executive Directors.
- B. Non-School Site Salaries - Comprised of instructional support personnel – administrative, secretarial, clerical, and service technicians – budgets in this category are developed based on justification of need and represent actual salaries based on Board approved salary schedules.
 1. All fiscal year 2014-2015 estimated salaries *do not include* salary enhancements. Provisions have been made for increases to salaries.

2. Vacancies and/or requests for new positions are evaluated to assess costs, benefits, and applicability to classroom support.
- C. Fringe Benefits - Retirement and Social Security are based on published rates and applied to each calculated unit and/or position. Non-retirement benefits are based on historical enrollment and/or the number of budgeted positions. Health insurance costs are calculated based on actual participation rates, actual Board costs, and converted to a standard per employee health cost.
- D. Purchased Services - Expenditures in this category represent a combination of fixed and variable cost components.
1. Fixed Costs - Labeled fixed costs due to the nature of the items involved – utilities, insurance and certain contracted services – the requirement for resources is determined by factors normally outside the School Board’s control. The budget is based on historical trends adjusted for estimated effects of inflation on contracts, and actual rates for insurance.
 2. Other Purchased Services - Excluding the fixed or mandated costs above, the remainder of purchased services represents requested uses of per pupil allocations to schools for administrative and departmental operating costs.
- E. Supplies and Materials - The budget for this category is based on approved budget requests from schools and departments. Included in this category are textbook allocations funded by the State. These dollars also represent the “flex” or supply money given to schools for distribution to teachers to support their classroom educational activities.
- F. Capital Outlay - Total funds in this category represent requested uses of per pupil allocations to schools and approved support department requests. Because of the increase in computer technology and related software, a large portion of the budget is allocated for these needs.
- G. Other Expenditures - The budget for this category is primarily for substitute teachers, school accreditation expenses, miscellaneous uses of per pupil allocations for schools, and system-wide fees such as bank fees and other expenses.

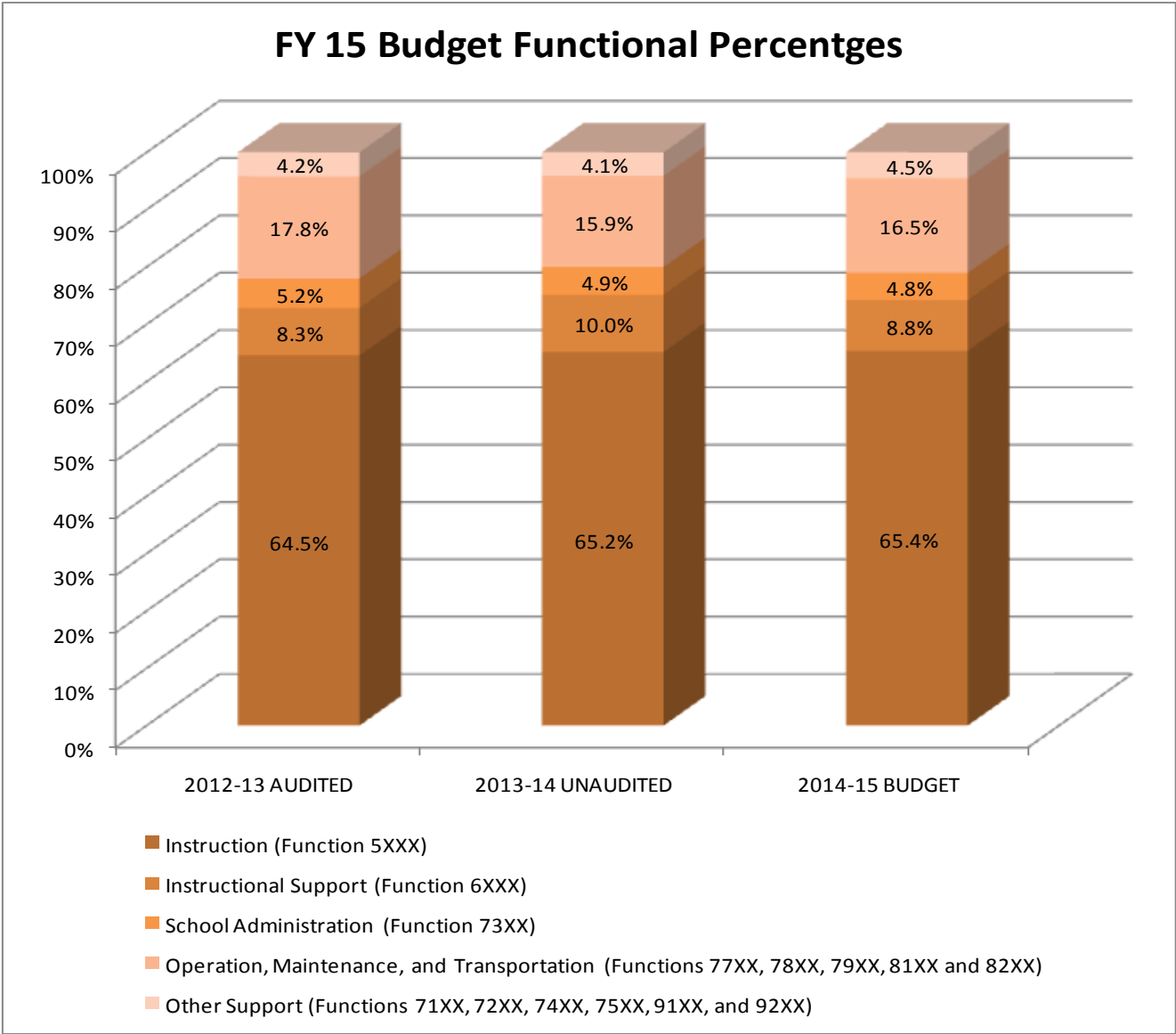
General Fund Expense Objects FY 14-15



Purchased Services Breakdown



GENERAL FUND FUNCTIONAL EXPENDITURES BY PERCENTAGE
 FOR THE FISCAL YEARS 2012-13, 2013-14, AND 2014-15



**THE SCHOOL BOARD OF MONROE COUNTY
GENERAL FUND**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
Revenue					
FEDERAL DIRECT					
FEDERAL IMPACT,CURRENT OPS	290,048.42	161,367.76	300,000.00	138,632.24	85.91%
MISCELLANEOUS FEDERAL DIRECT	35,990.07	33,004.52	0.00	(33,004.52)	(100.00)%
TOTAL FEDERAL DIRECT	326,038.49	194,372.28	300,000.00	105,627.72	54.34%
FEDERAL THRU STATE					
MEDICAID	552,501.02	359,213.32	500,000.00	140,786.68	39.19%
FEDERAL THROUGH LOCAL	120,219.02	0.00	0.00	0.00	0.00%
MISCELLANEOUS FEDERAL THRU STATE	3,040.16	0.00	0.00	0.00	0.00%
TOTAL FEDERAL THRU STATE	675,760.20	359,213.32	500,000.00	140,786.68	39.19%
STATE REVENUE SOURCES					
FLORIDA EDUCATION FINANCE PROGRAM	3,061,267.00	3,904,893.00	4,354,940.00	450,047.00	11.53%
WORKFORCE DEVELOPMENT	711,711.00	711,711.00	807,080.00	95,369.00	13.40%
PERFORMANCE BASED INCENTIVES	8,903.00	0.00	0.00	0.00	0.00%
ADULT HANDICAPPED	64,858.67	64,577.03	65,858.00	1,280.97	1.98%
CO&DS WITHHELD FOR ADMIN EXPENSES	4,912.83	4,912.83	4,795.00	(117.83)	(2.40)%
DIAGNOSTIC & LEARNING RESOURCES	150,000.00	198,790.00	211,378.00	12,588.00	6.33%
RACING COMMISSION FUNDS	223,250.00	223,250.00	223,250.00	0.00	0.00%
STATE LICENSE TAX	29,346.57	28,734.40	28,000.00	(734.40)	(2.56)%
DISTRICT DISCRETIONARY LOTTERY	0.00	81,201.00	81,147.00	(54.00)	(0.07)%
CLASS SIZE REDUCTION	9,104,181.00	9,225,944.00	9,236,903.00	10,959.00	0.12%
SCHOOL RECOGNITION	518,154.00	319,695.00	319,695.00	0.00	0.00%
VOLUNTARY PRE-K	438,925.30	542,021.77	555,493.00	13,471.23	2.49%
OTHER MISC STATE REVENUE	29,935.98	77,188.81	17,000.00	(60,188.81)	(77.98)%
TOTAL STATE REVENUE SOURCES	14,345,445.35	15,382,918.84	15,905,539.00	522,620.16	3.40%
LOCAL REVENUE SOURCES					
DISTRICT SCHOOL TAXES	59,279,022.60	62,725,617.64	65,858,201.00	3,132,583.36	4.99%
TAX REDEMPTIONS	197,490.03	851,413.51	200,000.00	(651,413.51)	(76.51)%
PAYMENT IN LIEU OF TAXES	112,960.30	112,960.30	100,000.00	(12,960.30)	(11.47)%
RENT	187,983.94	118,752.26	160,648.00	41,895.74	35.28%
INTEREST ON INVESTMENTS	112,057.79	79,065.53	120,000.00	40,934.47	51.77%
GIFTS, GRANTS, AND BEQUESTS	0.00	6,145.48	0.00	(6,145.48)	(100.00)%
ADULT EDUCATION COURSE FEES	46,658.69	37,403.00	46,000.00	8,597.00	22.98%
ADULT-POST SEC VOC COURSE FEE	0.00	13,109.00	28,500.00	15,391.00	117.41%
POST SEC VOCATIONAL COURSE FEE	25,713.15	0.00	0.00	0.00	0.00%
ADULT-OTHER SCHOOL,COURSE FEES	0.00	2,577.00	5,000.00	2,423.00	94.02%
OTHER SCHOOLS,COURSES FEES	3,241.00	0.00	0.00	0.00	0.00%
ADULT-OTHER STUDT FEE-TAB TEST	1,193.00	3,215.00	0.00	(3,215.00)	(100.00)%
PRE-K AND SCHOOL AGE CHILDCARE FEE	566,710.20	553,610.36	550,000.00	(3,610.36)	(0.65)%
TRANS-BUS FEES/SCHOOL&DEPART	24,990.50	24,720.00	25,000.00	25,000.00	0.00%
TRANSPORTATION FEE/CHARTERS	0.00	147,508.48	85,000.00	85,000.00	0.00%
SALE OF JUNK	15,038.00	1,074.00	0.00	(1,074.00)	(100.00)%
FEDERAL INDIRECT COST RATE	157,449.48	113,699.15	150,000.00	36,300.85	31.93%
MISCELLANEOUS LOCAL SOURCE-OTHER	748,025.60	943,487.73	437,440.83	(506,046.90)	(53.64)%
REFUNDS OF PRIOR YEAR'S EXPENDITURES	124,131.64	100,282.22	0.00	(100,282.22)	(100.00)%
COLLECTIONS DAMAGED TEXTBOOKS	4,410.00	3,463.33	0.00	(3,463.33)	(100.00)%
TOTAL LOCAL REVENUE SOURCES	61,607,075.92	65,838,103.99	67,765,789.83	1,927,685.84	2.93%

**THE SCHOOL BOARD OF MONROE COUNTY
GENERAL FUND**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
OTHER FINANCING SOURCES					
TRANSFERS FROM CAPITAL PROJECT	3,156,928.11	3,931,298.59	4,431,192.00	499,893.41	12.72%
TOTAL OTHER FINANCING SOURCES	3,156,928.11	3,931,298.59	4,431,192.00	499,893.41	12.72%
NON REVENUE SOURCES					
SALE OF EQUIPMENT	0.00	16,160.00	0.00	(16,160.00)	(100.00)%
INSURANCE LOSS RECOVERY	75,307.90	596.08	0.00	(596.08)	(100.00)%
OTHER LOSS RECOVERY	10,870.07	0.00	0.00	0.00	0.00%
TOTAL NON REVENUE SOURCES	86,177.97	16,756.08	0.00	(16,756.08)	(100.00)%
TOTAL REVENUES, OTHER FINANCING SOURCES AND NON REVENUE SOURCES	80,197,426.04	85,722,663.10	88,902,520.83	3,179,857.73	3.71%
BEGINNING FUND BALANCE	5,377,764.04	9,773,238.70	12,343,817.04	2,570,578.34	26.30%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	85,575,190.08	95,495,901.80	101,246,337.87	5,750,436.07	6.02%
Appropriations/Expenditures					
INSTRUCTION	48,927,205.85	54,185,133.49	59,547,121.52	5,361,988.03	9.00%
STUDENT SUPPORT SERVICES	3,108,090.26	4,410,760.43	3,875,854.07	(534,906.36)	(13.80)%
INSTRUCTIONAL MEDIA SERVICES	768,294.99	730,934.32	634,296.11	(96,638.21)	(15.24)%
INSTRUCTION & CURRICULUM	1,152,721.89	1,490,504.30	1,583,710.22	93,205.92	5.89%
INSTRUCTIONAL STAFF TRAINING	362,636.88	610,557.20	831,143.82	220,586.62	26.54%
INSTRUCTION RELATED TECHNOLOGY	871,267.40	1,048,341.90	1,104,595.24	56,253.34	5.09%
BOARD	759,477.04	663,379.98	877,147.86	213,767.88	24.37%
GENERAL ADMINISTRATION	686,068.01	546,540.80	630,545.71	84,004.91	13.32%
SCHOOL ADMINISTRATION	3,924,166.59	4,035,476.40	4,338,755.12	303,278.72	6.99%
FACILITIES & CONSTRUCTION	210,248.81	471,479.91	275,720.79	(195,759.12)	(71.00)%
FISCAL SERVICES	800,028.46	926,457.72	1,185,900.96	259,443.24	21.88%
FOOD SERVICES	18,730.34	30,597.81	0.00	(30,597.81)	0.00%
CENTRAL SERVICES	2,790,958.16	1,485,102.42	2,000,347.13	515,244.71	25.76%
PUPIL TRANSPORTATION SERVICES	2,694,216.47	3,086,937.69	3,367,263.28	280,325.59	8.33%
OPERATION OF PLANT	5,453,306.70	6,120,977.63	6,790,995.04	670,017.41	9.87%
MAINTENANCE OF PLANT	2,201,663.99	2,066,438.48	2,507,139.58	440,701.10	17.58%
ADMINISTRATIVE TECHNOLOGY SERV	363,540.40	476,541.01	397,431.78	(79,109.23)	(19.91)%
COMMUNITY SERVICES	645,953.52	661,088.81	1,050,405.99	389,317.18	37.06%
DEBT SERVICE	63,375.62	104,834.46	100,000.00	(4,834.46)	(4.83)%
TOTAL EXPENDITURES	75,801,951.38	83,152,084.76	91,098,374.22	7,946,289.46	9.56%
ENDING FUND BALANCE	9,773,238.70	12,343,817.04	10,147,963.65	(2,195,853.39)	(17.79)%
TOTAL APPROPRIATIONS/EXPENDITURES AND ENDING FUND BALANCE	85,575,190.08	95,495,901.80	101,246,337.87	5,750,436.07	6.02%

SPECIAL REVENUE PROGRAM OVERVIEW

This budget is consistent with the State Department of Education's "RED BOOK" format, which is also known as CAMIS (Cost Analysis Management Information System).

The combined special revenue budget for Federal Projects and the Food Service Program totals \$9.5 million for 2014-2015 and represents 6.2% of the total District budget.

These budgets account for programs for which revenues have been specifically designated by law or contract. The revenues cannot be diverted to other uses. The primary components of special revenue funds are the Food Service Program and all Federal Projects.

The material presented in this budget reflects comparative data for each individual fund source as it relates to revenue and expenditures by both categories (function) and type (object).

The District receives Federal Financial Assistance for the enhancement of various educational programs. This assistance is generally received based on applications submitted to and approved by various granting agencies. These dollars are supplemental in nature and require compliance with "comparability" standards imposed by each Federal program. One measure of effectiveness for this program is reflected in the number and dollar value of special projects applied for and approved from one year to the next.

FOOD SERVICE

The Food Service Program is self-supporting through meal charges to adults and students (29.7%), through federal reimbursements for student meals (61.1%), USDA donated foods and cash in lieu (5.5%), childcare and summer feeding programs (2.4%), and the state food service supplement (1.3%). Federal sources account for 69%, state sources account for 1.3%, and local sources account for 29.7% of the revenues in the Food Service program.

The Food Service Program allows schools to operate either as self-contained or as satellite operations for preparation and serving of meals.

Commodities supplement the Food Service Program and are allocated to the District on the basis of total participation in the Federal meal program. A significant portion of the meal program is comprised of free and reduced meals based on approved applications due to financial need.

In 2013-2014 total revenues of \$3.3 million were slightly higher than the previous year and expenditures of \$3.3 million increased by \$126 thousand. Fund balance increased \$70 thousand. Revenues are comprised of federal, state, and local sources. Federal sources increased \$33 thousand with Local sources decreasing by \$26 thousand. The FY 2014 federal reimbursement of \$2.3 million is approximately \$97 thousand more than the FY 2013 actual.

The total expenditure budget for fiscal year 2014-2015 is \$3.7 million, an increase of \$452 thousand over the ending budget in fiscal year 2013-2014. Projected expenditures exceed projected revenue by \$372 thousand. This increase is attributed to higher food cost related to changes in federal school nutrition regulations.

FEDERAL CONTRACTED PROGRAMS, ARRA FUNDS, RACE TO THE TOP

The total for all grants is \$5.7 million. There are small residual balances (approximately \$35 thousand) in the Race to the Top grant. All other ARRA funds have been expended.

The district maintains guidelines for those that wish to apply for grant funds and support services. Federal and State grant application forms are completed by the individuals who will administer the program. These forms are obtained from the Florida Department of Education (FDOE). The applications include statements of educational goals, instructional strategies to be used to attain the goals, and the projected budget to support these goals and strategies. Some grants require the District to provide matching funds to receive the grant. Others require in-kind services, where the District must demonstrate it is providing services from its own sources as a condition to receive the funds. Other grants require none of these conditions, so the money approved stands on its own to support the grant goals and strategies.

Once the grant application is completed, it is submitted to the School Board by the Superintendent for Board approval. If the Board approves the grant, it is submitted to the FDOE for approval. Spending for the project begins when FDOE approves the grant. Grant money is distributed to the Board by FDOE using one of two methods: (1) State grant proceeds are distributed to the District when the grant is approved by FDOE and (2) Federal Grant proceeds require the District to request the funds based on the expenditures incurred by the program. Any unspent federal or state dollars remaining in the District accounts when the grant periods end must be remitted back to FDOE.

The Federal Contracted Programs budget is \$5.7 million. The three largest grants are the Individuals with Disabilities Education Act (referred to as 'IDEA'), Head Start, and Title I totaling \$2.2 million, \$1.3 million, and \$1.6 million, respectively. These three grants account for 88.2% of this portion of the budget. The IDEA grant targets students with special educational needs, referred to as exceptional student education (ESE) students. The Head Start program targets pre-kindergarten students to increase the achievement level of 3 and 4 year olds with special attention to at-risk children. Approximately 200 families are served through the program at five schools. The Title I funds totaling \$1.6 million serves 5 schools with approximately 3,300 students. Three elementary schools and two K-8 schools are served with Title I funding.

**THE SCHOOL BOARD OF Monroe County
SCHOOL FOOD SERVICE**

Revenue	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
FEDERAL THRU STATE					
SCHOOL LUNCH REIMBURSEMENT	1,494,701.38	1,605,539.41	1,620,555.00	15,015.59	0.94%
SCHOOL BREAKFAST REIMBURSEMENT	395,004.33	401,382.32	405,385.00	4,002.68	1.00%
SCHOOL SNACK REIMBURSEMENT	11,884.18	10,549.60	13,604.00	3,054.40	28.95%
CHILD CARE FOOD PROGRAM	0.00	17,330.51	45,869.00	28,538.49	164.67%
U.S.D.A. DONATED COMMODITIES	63,825.45	4,574.66	0.00	(4,574.66)	(100.00)%
CASH IN LIEU OF DONATED FOODS	171,041.22	178,967.00	184,701.00	5,734.00	3.20%
SUMMER FOOD SERVICE PROGRAM	39,155.52	53,685.58	35,263.00	(18,422.58)	(34.32)%
TOTAL FEDERAL THRU STATE	2,175,612.08	2,272,029.08	2,305,377.00	33,347.92	1.47%
STATE REVENUE SOURCES					
SCHOOL BREAKFAST SUPPLEMENT	15,994.00	15,292.00	17,325.00	2,033.00	13.29%
SCHOOL LUNCH SUPPLEMENT	21,226.00	21,853.00	21,624.00	(229.00)	(1.05)%
OTHER MISC STATE REVENUE	2,824.00	0.00	0.00	0.00	0.00%
TOTAL STATE REVENUE SOURCES	40,044.00	37,145.00	38,949.00	1,804.00	4.86%
LOCAL REVENUE SOURCES					
INTEREST ON INVESTMENTS	4,618.69	3,063.72	2,790.00	(273.72)	(8.93)%
STUDENT LUNCHES	506,003.80	478,092.22	509,571.00	31,478.78	6.58%
STUDENT BREAKFASTS	29,942.60	36,597.30	43,306.00	6,708.70	18.33%
ADULT BREAKFAST/LUNCHES	24,811.25	27,209.25	27,725.00	515.75	1.90%
STUDENT & ADULT A LA CARTE	430,132.11	464,370.80	405,126.00	(59,244.80)	(12.76)%
OTHER FOOD SALES	4,459.56	7,089.46	2,227.00	(4,862.46)	(68.59)%
MISCELLANEOUS LOCAL SOURCE-OTHER	438.89	255.66	40.00	(215.66)	(84.35)%
TOTAL LOCAL REVENUE SOURCES	1,000,406.90	1,016,678.41	990,785.00	(25,893.41)	(2.55)%
TOTAL REVENUES AND OTHER FINANCING SOURCES	3,216,062.98	3,325,852.49	3,335,111.00	9,258.51	0.28%
BEGINNING BALANCE	529,535.41	616,170.18	686,524.66	70,354.48	11.42%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	3,745,598.39	3,942,022.67	4,021,635.66	79,612.99	2.02%
Appropriations/Expenses					
FOOD SERVICES	3,129,428.21	3,255,498.01	3,707,053.96	451,555.95	13.87%
TOTAL EXPENDITURES	3,129,428.21	3,255,498.01	3,707,053.96	451,555.95	13.87%
ENDING FUND BALANCE	616,170.18	686,524.66	314,581.70	(371,942.96)	(54.18)%
TOTAL APPROPRIATIONS/EXPENDITURES AND ENDING FUND BALANCE	3,745,598.39	3,942,022.67	4,021,635.66	79,612.99	2.02%

**THE SCHOOL BOARD OF MONROE COUNTY
SPECIAL REVENUE FEDERAL FUNDS (NOT INCLUDING ARRA FEDERAL STIMULUS)**

Revenue	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
FEDERAL DIRECT					
MISCELLANEOUS FEDERAL DIRECT	1,335,651.30	1,313,022.73	1,259,061.00	(53,961.73)	(4.11)%
Total FEDERAL DIRECT	1,335,651.30	1,313,022.73	1,259,061.00	(53,961.73)	(4.11)%
FEDERAL THRU STATE					
VOCATIONAL EDUCATION ACTS	62,834.69	65,830.64	62,527.00	(3,303.64)	(5.02)%
TEACHER & PRINCIPAL TRAINING	0.00	18,863.58	0.00	(18,863.58)	(100.00)%
EISENHOWER MATH AND SCIENCE	0.00	251,222.46	412,324.00	161,101.54	64.13%
MATH AND SCIENCE PARTNERSHIPS	441,477.20	0.00	0.00	0.00	0.00%
INDIVIDUALS WITH DISABILITIES	1,949,716.77	444,661.30	2,204,431.00	1,759,769.70	395.76%
ELEM & SEC EDUC ACT (TITLE I)	1,297,644.93	1,386,659.18	1,604,357.00	217,697.82	15.70%
ADULT GENERAL EDUCATION	163,891.62	209,638.23	160,576.00	(49,062.23)	(23.40)%
OTHER FEDERAL THROUGH STATE	563,135.28	540,381.66	45,000.00	(495,381.66)	(91.67)%
Total FEDERAL THRU STATE	4,478,700.49	2,917,257.05	4,489,215.00	1,571,957.95	53.88%
TOTAL REVENUES	5,814,351.79	4,230,279.78	5,748,276.00	1,517,996.22	35.88%
BEGINNING FUND BALANCE	0.00	0.00	0.00	0.00	0.00%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	5,814,351.79	4,230,279.78	5,748,276.00	1,517,996.22	35.88%
Appropriations/Expenditures					
INSTRUCTION	2,809,589.87	2,533,280.23	2,795,395.64	262,115.41	10.35%
STUDENT SUPPORT SERVICES	1,145,112.19	256,356.14	1,153,210.63	896,854.49	349.85%
INSTRUCTIONAL MEDIA SERVICES	50,518.57	4,825.24	0.00	(4,825.24)	(100.00)%
INSTRUCTION & CURRICULUM	882,913.44	868,011.39	995,079.93	127,068.54	14.64%
INSTRUCTIONAL STAFF TRAINING	728,467.94	380,392.19	496,267.00	115,874.81	30.46%
BOARD	9,515.00	654.39	0.00	(654.39)	(100.00)%
GENERAL ADMINISTRATION	157,419.48	113,699.15	262,960.80	149,261.65	131.28%
SCHOOL ADMINISTRATION	20,262.26	4,890.37	40,000.00	35,109.63	717.93%
FACILITIES & CONSTRUCTION	0.00	42,177.84	0.00	(42,177.84)	(100.00)%
CENTRAL SERVICES	0.00	1,623.19	0.00	(1,623.19)	(100.00)%
PUPIL TRANSPORTATION SERVICES	10,442.68	23,467.40	1,262.00	(22,205.40)	(94.62)%
OPERATION OF PLANT	110.36	902.25	4,100.00	3,197.75	354.42%
TOTAL EXPENDITURES	5,814,351.79	4,230,279.78	5,748,276.00	1,517,996.22	35.88%
ENDING FUND BALANCE	0.00	0.00	0.00	0.00	0.00%
TOTAL APPROPRIATIONS/EXPENDITURES AND ENDING FUND BALANCE	5,814,351.79	4,230,279.78	5,748,276.00	1,517,996.22	35.88%

**THE SCHOOL BOARD OF Monroe County
OTHER FEDERAL ARRA STIMULUS FUNDS**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
Revenue					
FEDERAL THRU STATE					
RACE TO THE TOP/ARRA	362,402.00	55,984.77	0.00	(55,984.77)	(100.00)%
EDUCATION JOBS FUND/ARRA	24,769.77	0.00	0.00	0.00	0.00%
Total FEDERAL THRU STATE	387,171.77	55,984.77	0.00	(55,984.77)	(100.00)%
TOTAL REVENUES AND OTHER FINANCING SOURCES	387,171.77	55,984.77	0.00	(55,984.77)	(100.00)%
BEGINNING BALANCE	0.00	0.00	0.00	0.00	0.00%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	387,171.77	55,984.77	0.00	(55,984.77)	(100.00)%
Appropriations/Expenditures					
INSTRUCTION	172,414.94	35,647.48	0.00	(35,647.48)	(100.00)%
INSTRUCTION & CURRICULUM	2,938.28	0.00	0.00	0.00	0.00%
INSTRUCTIONAL STAFF TRAINING	211,818.55	20,337.29	0.00	(20,337.29)	(100.00)%
TOTAL EXPENDITURES	387,171.77	55,984.77	0.00	(55,984.77)	(100.00)%
ENDING FUND BALANCE	0.00	0.00	0.00	0.00	0.00%
TOTAL APPROPRIATIONS/EXPENDITURES AND ENDING FUND BALANCE	387,171.77	55,984.77	0.00	(55,984.77)	(100.00)%

Remaining ARRA Stimulus funds were not included in the original budget adoption and thus are not included. Approximately \$35,000 remains to be expended from Federal ARRA Stimulus funds. These funds represent the end of stimulus funding for the District.

DEBT SERVICE OVERVIEW

The 2014-2015 debt service budget is estimated at \$15.1 million and represents 10.3% of the total budget.

School districts are required to account for the payment of interest and principal of general long-term debt. The funds noted in this section of the budget incorporate repayment on the Sales Tax Revenue Bonds, Certificates of Participation (COPs), Qualified Zone Academy Bonds (QZAB), Qualified School Construction Bonds (QSCB), and several State Bond issues incurred on behalf of Monroe County Schools over the past several years.

The Debt Service Fund consists of \$1.8 million of federal tax rebates for Qualified School Construction Bonds (QSCBs) and Qualified Zone Academy Bonds (QZABs), \$15.8 million of transfers-in from Capital Outlay, and \$15.5 million of fund balance carried forward from FY 2014. A total of \$15.2 million is expected to be paid in principal, interest, and fee payments to retire debts.

The legal debt margin is \$2,194,571,125. The net bonded debt applicable to the legal debt margin is \$0. This means the net bonded debt applicable to the legal debt margin is 0%.

Retirement of obligated debt is a primary objective of the district. A significant portion of the District's debt will be retired as of June 30, 2016.

The accrued liability for retiree health insurance is approximately \$3.4 million. No funds have been set aside to service this future liability. The revenue stream cannot sustain such a reserve without significant cuts to student services.

Monroe County District School Board
2014-2015
Computation of Legal Debt Margin
July 1, 2014
(unaudited)

2014 NON-EXEMPT TAXABLE ASSESSED VALUATION	\$ 21,945,711,246
DEBT LIMIT PERCENTAGE (1)	10%
LEGAL DEBT MARGIN	\$ 2,194,571,125
 AMOUNT OF DEBT APPLICABLE TO DEBT LIMIT:	
TOTAL BONDED DEBT (PRINCIPAL)	\$0.00
LESS DEBT SERVICE FUNDS AVAILABLE (PRINCIPAL)	\$0.00
NET BONDED DEBT APPLICABLE TO DEBT LIMIT	\$ <u> 0</u>
AVAILABLE BALANCE	\$ <u>2,194,571,125</u>

- (1) STATE BOARD OF EDUCATION RULES (RULE 6A-1.037, FAC) PROHIBITS SCHOOL DISTRICTS FROM ISSUING SCHOOL BONDS IN EXCESS OF 10 PERCENT OF THE NON-EXEMPT ASSESSED VALUATION OF THE DISTRICT WITHOUT SPECIFIC STATE BOARD APPROVAL

**THE SCHOOL BOARD OF Monroe County
DEBT SERVICE FUNDS SUMMARY**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
STATE REVENUE SOURCES					
CO&DS WITHHELD FOR SBE/COBI	\$ 269,509.87	\$ 263,705.20	\$ 232,500.00	\$ (31,205.20)	(11.83)%
SBE/COBI BOND INTEREST	1,177.51	11.47	200.00	188.53	1643.68%
Total STATE REVENUE SOURCES	270,687.38	263,716.67	232,700.00	(31,016.67)	(11.76)%
LOCAL REVENUE SOURCES					
INTEREST ON INVESTMENTS	2,056,078.27	1,920,824.52	1,834,104.57	(86,719.95)	(4.51)%
INCR/DECR VALUE OF INVESTMENTS	-	43,315.62	-	(43,315.62)	(100.00)%
Total LOCAL REVENUE SOURCES	2,056,078.27	1,964,140.14	1,834,104.57	(130,035.57)	(6.62)%
OTHER FINANCING SOURCES					
TRANSFERS FROM CAPITAL PROJECT	16,312,556.55	16,145,127.81	15,536,666.45	(608,461.36)	(3.77)%
TOTAL OTHER FINANCING SOURCES	16,312,556.55	16,145,127.81	15,536,666.45	(608,461.36)	(3.77)%
ISSUANCE OF LONG TERM DEBT					
PROCEEDS OF REFUNDING BOND	5,717,000.00	-	-	-	0.00%
TOTAL ISSUANCE OF LONG TERM DEBT	5,717,000.00	-	-	-	0.00%
TOTAL REVENUES AND OTHER FINANCING SOURCES	24,356,322.20	18,372,984.62	17,603,471.02	(769,513.60)	-4.19%
BEGINNING BALANCE	14,773,848.78	15,307,363.05	18,467,551.87	3,160,188.82	20.64%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	\$ 39,130,170.98	\$ 33,680,347.67	\$ 36,071,022.89	\$ 2,390,675.22	7.10%
Appropriations/Expenditures					
DEBT SERVICE	23,822,807.93	15,212,795.80	15,144,616.01	(68,179.79)	(0.45)%
TOTAL EXPENDITURES	23,822,807.93	15,212,795.80	15,144,616.01	(68,179.79)	(0.45)%
ENDING FUND BALANCE	15,307,363.05	18,467,551.87	20,926,406.88	2,458,855.01	13.31%
TOTAL APPROPRIATIONS/ EXPENDITURES AND ENDING FUND BALANCE	39,130,170.98	33,680,347.67	36,071,022.89	2,390,675.22	7.10%

CAPITAL IMPROVEMENT BUDGET OVERVIEW

The Capital Improvement Program totals \$18.4 million for 2014-2015 and represents 12.5% of the total budget.

This budget and schedule of projects reflects the School Board's commitment to provide quality educational facilities encompassed by a safe and healthy environment for learning. It is through this commitment the School Board of Monroe County provides and maintains an environment enriched by opportunities for learning and individual growth that all Keys residents have come to expect as part of their quality of life.

The School Board has appropriated approximately \$18.4 million for Capital Improvements throughout the school district during 2014-2015. The budget is appropriated as follows:

- ✓ 61.6% for Maintenance, Renovation and Repair Projects
- ✓ 28.6% for Technology Projects
- ✓ 6.1% for Equipment, school buses, and vehicles
- ✓ 3.7% for School Construction Projects

Transfers totaling \$20 million include \$3.6 million to the General Fund for maintenance; \$616 thousand for property insurance; and \$15.5 million transferred to the Debt Service Fund for COP and bond payments.

As part of the budget cycle, the School Board in open public session reviews, discusses, and approves an annual capital outlay plan for expenditure of taxpayers' 0.50-mill property tax revenue. Estimated Capital Outlay projects from all fund sources available for 2014-2015 are itemized on a project listing.

Capital Outlay priorities are used to rank the need and importance of projects. These priorities are:

- Safety to Life
- Legal Mandates
- Protecting the Current Investment
- Programs and Other Priorities
- Pupil-Teacher Ratio
- Energy Efficiency
- Administrative Space to Complement Administrative and Support Effort
- Permanent and Long-Lasting Facilities

It is also important to note increasingly more of the school system's capital improvement dollars are being driven by outside influences, resulting in an escalation of educational facility needs and costs to meet continued student growth. Examples of outside influences are the Department of Environmental Regulations; Environmental Protection Agency mandates; local government "concurring requirements" tied to the infrastructure; the community Comprehensive Plan related to land use and rezoning matters; local environment ordinances requiring quantity regulations; the

state Class Size Reduction mandate; and construction inflation. These influences have placed a tremendous strain on the school district's capital improvement dollars.

The five-year plant survey is the primary basis for capital expenditures each fiscal year. Its purpose is to aid in formulating plans for housing the educational activities of students and staff on the school district for the next several years. It must consider the local comprehensive plan in its forecast strategies. Plan development must be based on all available data regarding the current status of facilities in relation to capital outlay full-time equivalency (COFTE) student membership and projected changes in such student membership. The intent of the survey is to encourage the thoughtful, orderly development of a program for providing educational and ancillary plants to adequately house the educational and

academic support activities of the district. It must be conducted every five years. Additional costs for "spot surveys" submitted to and approved by FDOE for capital outlay needs that arise in the years after the initial survey is completed are added to the original survey cost. Other costs that are added are building code, hurricane shelter, environmental, and construction inflation impacts.



The overall Capital Projects budget increased \$14.2 million primarily due to deferred maintenance projects such as HVAC, painting, and concrete repairs being scheduled and completed. The capital projects budget also includes a set-aside of \$5 million for repairs and renovation in case of a named windstorm. In concert with the District's \$5 million line of credit this set-aside covers the District's \$10 million self-insured risk from a named windstorm. This budget also includes funding to begin the replacement of Plantation Key School and the District's Security and Safety projects.

A ½ cent sales tax was placed on the ballot on August 31, 2004 to address unmet capital outlay needs, and was passed by the voters. The collection of the ½ penny began in January 2006. On June 14, 2005, \$75 million in Series 2005 Sales Tax Revenue Bonds were issued to provide immediate attention to the District's capital outlay needs. Subsequently, the Board issued Subordinated Sales Tax Revenue Bonds Series 2007 in the amount of \$20.5 million to supplement the projects in the 2005 issue. On March 14, 2013, the District refunded the Subordinated Sales Tax Revenue Bonds, Series 2007 achieving a net present value savings of \$296 thousand or a 3.89% savings on debt service. These bonds will be paid in full on October 1, 2015.

A \$28 million Certificate of Participation (COP) was incurred in October 1996. This COP financed additions at Gerald Adams Elementary, Stanley Switlik Elementary, Sugarloaf and Horace O'Bryant Middle Schools (now both K-8 schools), and Marathon High School. The final payment on this COP will be on August 1, 2016.

Monroe County Schools issued Qualified Zone Academy Bonds (QZAB) in the amount of \$4.8 million in December 2005. QZAB's can be used to fund projects at schools that have greater than 35% free and reduced meal eligibility. An application was submitted to the Department of Education. Monroe

County Schools was in competition with other school districts around the state for the funds. Specific schools funded with these proceeds were Stanley Switlik Elementary, Gerald Adams Elementary, Glynn Archer Elementary, and Horace O'Bryant Middle School, now a K-8 school. These bonds provide funds to upgrade HVAC and other systems at those schools. The final sinking fund payment will be made on December 29, 2015. The final payment on this bond will be on December 29, 2020, using sinking payments and interest associated with those deposits.

Monroe County Schools issued Qualified School Construction Bonds (QSCBs) in the amount of \$36 million in June 2010. The American Recovery and Reinvestment Act of 2009 established the Qualified School Construction Bond (QCSB) program. QSCBs are financial instruments that provide a subsidy in the form of tax credits to a bank or other financial institution that holds the QSCBs. The approved QSCB program is one in which states or local governments are authorized to issue Qualified School Construction Bonds. Under this program, qualified school districts can borrow funds with no interest cost. The School District's debt service obligation is only for the principal amount of the bonds. The final payment on this bond will be on June 1, 2027. This QSCB was issued to finance construction at Horace O'Bryant School.

CAPITAL IMPROVEMENT PROGRAM

Project Listing Summaries

The major portion of this section is a summary listing of capital projects for 2014-2015 by category and project number as noted on the following two pages:

**THE SCHOOL BOARD OF Monroe County
CAPITAL FUNDS SUMMARY**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
Revenue					
STATE REVENUE SOURCES					
CO&DS DISTRIBUTED	53,099.30	58,903.97	53,000.00	(5,903.97)	(10.02)%
INTEREST ON UNDISTRIB CO&DS	3,089.34	1,569.52	0.00	(1,569.52)	(100.00)%
PUBLIC EDUC CAP OUTLAY (PECO)	0.00	0.00	147,182.00	147,182.00	0%
CHARTER SCHOOL CAPITAL OUTLAY	86,232.00	334,859.00	253,030.00	(81,829.00)	(24.44)%
Total STATE REVENUE SOURCES	142,420.64	395,332.49	453,212.00	57,879.51	14.64%
LOCAL REVENUE SOURCES					
DISTRICT LOCAL CAP IMPROV TAX	9,379,721.51	9,859,418.97	10,533,941.00	674,522.03	6.84%
LOCAL SALES TAX (HALF CENT)	15,205,185.53	15,342,494.38	15,767,847.00	425,352.62	2.77%
TAX REDEMPTIONS	29,071.20	140,348.65	0.00	(140,348.65)	(100.00)%
INTEREST ON INVESTMENTS	244,008.64	93,691.93	0.00	(93,691.93)	(100.00)%
MISCELLANEOUS LOCAL SOURCE-OTH	12,082.20	0.00	0.00	0.00	0.00%
Total LOCAL REVENUE SOURCES	24,870,069.08	25,435,953.93	26,301,788.00	865,834.07	3.40%
TOTAL REVENUES AND OTHER FINANCING SOURCES	25,012,489.72	25,831,286.42	26,755,000.00	923,713.58	3.58%
BEGINNING BALANCE	28,479,015.63	20,528,931.04	19,678,482.72	(850,448.32)	(4.32)%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	53,491,505.35	46,360,217.46	46,433,482.72	73,265.26	0.16%
Appropriations/Expenses					
FACILITIES & CONSTRUCTION	13,472,890.86	6,591,279.29	18,406,149.93	11,814,870.64	179.25%
DEBT SERVICE	20,198.79	14,029.05	13,845.74	(183.31)	(1.31)%
TOTAL EXPENDITURES	13,493,089.65	6,605,308.34	18,419,995.67	11,814,687.33	178.87%
Transfers to Trust Fund	19,469,484.66	20,076,426.40	19,967,858.45	(108,567.95)	(0.54)%
ENDING FUND BALANCE	20,528,931.04	19,678,482.72	8,045,628.60	(11,632,854.12)	(59.11)%
TOTAL APPROPRIATIONS/EXP. AND ENDING FUND BALANCE	53,491,505.35	46,360,217.46	46,433,482.72	73,265.26	0.16%

**The School Board of Monroe County
Proposed Funding by Project
Fiscal Year 2014-15**

AMOUNT TO APPROPRIATE **46,433,483**

Projects:

K-8 School Projects:

3913 HOB	175,265
3292 Plantation Key	500,000
TOTAL SCHOOL PROJECTS	675,265

Other Projects:

3005 A/C HVAC	1,487,321
3012 Maintenance/Repairs/Renovation	600,826
3013 Roofing	442,475
3019 Lease of Portables	82,068
3047 CSHS Football Field Irrigation	20,380
3055 Concrete Repair/Paint	562,594
3077 Painting	491,549
3096 Plumbing	15,726
3102 ADA	52,000
3105 Doors, Thresholds. Etc.	50,000
3108 VCT/Flooring	151,606
3112 Bathroom Repair District Wide	10,000
3113 Sewer	479,573
3114 Fencing	104,222
3118 Electrical	219,147
3130 Carpentry	66,709
3133 Drainage/Grounds	50,000
3198 Fire Alarm	25,192
3228 Safety to Life	209,806
3263 Marathon Manor Purchase	44,000
3271 Waster Water 2010	18,997
3273 ITV Move	360
3275 Graduation Stage Rental	22,040
3278 PKS Remove Portables	2,760
3283 Surveys	5,000
3284 Air monitoring/Environmental	51,100
3286 Bathroom for Rex Weech Field	13,905
3288 Construction	676,720
3291 HOB Parking Lot	1,300
3293 Deferred Maintenance Projects/Hurricane Repairs	5,000,000
3066 Telephone/Intercom Sytems	100,000
3294 Sitework	47,000
3295 Security Projects	250,000
TOTAL MAINTENANCE, RENOVATION, AND REPAIR	11,354,376

Technology Projects:

3016 WAN Equipment	337,160
3021 Network Admin/Security SW	181,151
3023 Permanent Records Solution	219,734
3025 WAN Communications	432,287
3028 Admin Resources	144,426
3036 ITV Equipment	117,072
3042 IS Curriculum Software	314,553
3272 Computer Refresh	1,821,439
3351 WAN Equipment/Support	39,652
3352 District-Wide HP lease	13,846
3911 Xerox	238,965
3601 Management/Prof dev SW	102,793
3602 Teacher Student Productivity SW	212,197
3701 ERP System	1,100,000
TOTAL TECHNOLOGY PROJECTS	<u>5,275,275</u>

Equipment/Buses

3004 Equipment Replacement	233,455
3007 Maintenance Equipment	111,500
3009 Food Service Equipment	36,360
3355 CTE Equipment	33,765
3010 Buses	500,000
3011 Vehicles	200,000
TOTAL EQUIPMENT/BUSES	<u>1,115,080</u>

TOTAL EXPENDITURES**18,419,996****Transfers**

3026 School Techs	855,000
3927 Facility Project Management	235,417
3914 Transfer for School Maintenance	2,471,415
3017 Charter School PECO	253,030
3920 Transfer for Property Insurance	616,330
TOTAL TRANSFERS TO GENERAL FUND	<u>4,431,192</u>

Transfers to Debt Service

3915 COPS 2004	2,256,050
3101 Qualified Zone Academy Bond (2005)	342,508
3975 Qualified School Construction Bond 2010	2,335,542
3916 Sales Tax Revenue Bond	10,602,566
TOTAL TRANSFERS TO DEBT SERVICE	<u>15,536,666</u>

TOTAL TRANSFERS**19,967,858****TOTAL EXPENDITURES AND TRANSFERS****38,387,854****Budgeted Ending Fund Balance****8,045,629****TOTAL BUDGETED APPROPRIATIONS****46,433,483**

INTERNAL SERVICE OVERVIEW

The 2014-2015 internal service budget is estimated at \$12.7 million and represents 8.7% of the total budget.

The Internal Service Fund (\$12.7 million, 8.7%) is used to account for the District's individual self-insurance programs. The principal operating revenues of the District's internal service funds are Board contributions for premium revenues of the property and casualty, workers' compensation, and group medical self-insurance programs and charges for self-insurance premiums for dependent and retiree coverage. Operating expenses include salaries and benefits, purchased services, and insurance claims. The FY 15 budget includes a reduction in premiums for the property and casualty and workers compensation program to more closely reflect the actuarially determined premium for those programs.

The results of financial operations for the Health Insurance, VISTA Insurance, and the Workers' Compensation/ General Liability Self-Insurance Funds showed significant improvement during the fiscal year 2013-2014. The Internal Service Fund ended the fiscal year with a net position of \$3,517,759.37 compared to a balance of \$298,406.84 for the fiscal year ended June 30, 2013, an increase of \$3,219,352.53.

The Health Insurance Self-Insurance Fund reported premium revenues, loss recoveries, and interest income in excess of claims expenses by \$1,551,890.43. This improvement was the result of changes to the District's health insurance plan as well as good claims experience.

The Workers' Compensation/General Liability Self-Insurance Fund reported premium revenues, loss recoveries, and interest income in excess of claims expenses by \$1,589,985.36. As a result, the net position deficit in the fund was eliminated and a positive net position balance of \$350,264.64 was realized. Workers' Compensation premiums were increased for the 2012-2013 fiscal year and those increases continued to the 2013-2014 budget year. For the 2014-2015 budget year, the workers compensation premiums were reduced by 2 percent to more closely reflect the actuarially determined premium.

Claims expenses for these funds include Incurred But Not Reported (IBNR) as required by the Government Accounting Standards Board. These IBNR adjustments, in essence, report claims expense on a fully accrual basis, as opposed to a cash basis.

**THE SCHOOL BOARD OF Monroe County
INTERNAL SERVICE FUNDS SUMMARY**

Revenue	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
LOCAL REVENUE SOURCES					
INTEREST ON INVESTMENTS	\$ 53,897.59	\$ 26,019.16	\$ -	\$ (26,019.16)	(100.00)%
GIFTS, GRANTS, AND BEQUESTS	-	20,000.00	-	(20,000.00)	(100.00)%
PREMIUM REVENUE	3,355,793.61	3,214,362.54	2,370,494.00	(843,868.54)	(26.25)%
PREMIUM REVENUE BOARD	7,107,323.45	7,428,595.55	7,100,000.00	(328,595.55)	(4.42)%
PREMIUM REVENUE EMPLOYEE DED.	2,458,820.24	2,426,648.30	2,300,000.00	(126,648.30)	(5.22)%
PREMIUM REVENUE/VISTA RETIREES	739,406.55	657,416.47	650,000.00	(7,416.47)	(1.13)%
Total LOCAL REVENUE SOURCES	13,715,241.44	13,773,042.02	12,420,494.00	(1,352,548.02)	(9.82)%
NON REVENUE SOURCES					
INSURANCE LOSS RECOVERY	1,111,574.65	682,540.21	400,000.00	(282,540.21)	(41.40)%
TOTAL NON REVENUE SOURCES	1,111,574.65	682,540.21	400,000.00	(282,540.21)	(41.40)%
BEGINNING NET POSITION	(1,418,435.18)	298,406.84	3,515,245.24	3,216,838.40	1078.00%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	\$ 13,408,380.91	\$ 14,753,989.07	\$ 16,335,739.24	\$ 1,581,750.17	10.72%
Appropriations/Expenses					
CENTRAL SERVICES	\$13,109,974.07	\$11,238,743.83	\$12,741,102.98	\$ 1,502,359.15	13.37%
TOTAL EXPENSES	13,109,974.07	11,238,743.83	12,741,102.98	1,502,359.15	13.37%
FUND BALANCE	298,406.84	3,515,245.24	3,594,636.26	79,391.02	2.26%
TOTAL APPROPRIATIONS/EXPENSES AND ENDING FUND BALANCE	\$ 13,408,380.91	\$ 14,753,989.07	\$ 16,335,739.24	\$ 1,581,750.17	10.72%

**THE SCHOOL BOARD OF Monroe County
WORKMANS COMP/GENERAL LIABILITY INTERNAL SERVICE FUND**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
Revenue					
LOCAL REVENUE SOURCES					
INTEREST ON INVESTMENTS	21,140.26	11,409.70	0.00	(11,409.70)	(100.00)%
PREMIUM REVENUE	2,399,892.36	2,328,034.48	1,535,494.00	(792,540.48)	(34.04)%
Total LOCAL REVENUE SOURCES	2,421,032.62	2,339,444.18	1,535,494.00	(803,950.18)	(34.37)%
NON REVENUE SOURCES					
INSURANCE LOSS RECOVERY	379,605.76	660,491.46	250,000.00	(410,491.46)	(62.15)%
TOTAL NON REVENUE SOURCES	379,605.76	660,491.46	250,000.00	(410,491.46)	(62.15)%
TOTAL REVENUES AND NON REVENUE SOURCES	2,800,638.38	2,999,935.64	1,785,494.00	(1,214,441.64)	(40.48)%
BEGINNING NET POSITION	(1,901,332.33)	(1,239,720.72)	350,264.64	1,589,985.36	(128.25)%
TOTAL ESTIMATED REVENUE AND BEGINNING NET POSITION	899,306.05	1,760,214.92	2,135,758.64	375,543.72	21.34%
Appropriations/Expenses					
CENTRAL SERVICES	2,139,026.77	1,409,950.28	1,587,676.49	177,726.21	12.61%
TOTAL EXPENDITURES	2,139,026.77	1,409,950.28	1,587,676.49	177,726.21	12.61%
ENDING NET POSITION	(1,239,720.72)	350,264.64	548,082.15	197,817.51	56.48%
TOTAL APPROPRIATIONS/EXPENSES AND ENDING NET POSITION	899,306.05	1,760,214.92	2,135,758.64	375,543.72	21.34%

**THE SCHOOL BOARD OF Monroe County
VISTA INTERNAL SERVICE FUND**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
Revenue					
LOCAL REVENUE SOURCES					
INTEREST ON INVESTMENTS	0.00	730.70	0.00	(730.70)	(100.00)%
PREMIUM REVENUE	104,025.10	105,487.69	85,000.00	(20,487.69)	(19.42)%
Total LOCAL REVENUE SOURCES	104,025.10	106,218.39	85,000.00	(21,218.39)	(19.98)%
TOTAL REVENUES	104,025.10	106,218.39	85,000.00	(21,218.39)	(19.98)%
BEGINNING BALANCE	89,233.32	159,633.92	234,596.53	74,962.61	46.96%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	193,258.42	265,852.31	319,596.53	53,744.22	20.22%
Appropriations/Expenses					
CENTRAL SERVICES	33,624.50	31,255.78	85,000.00	53,744.22	171.95%
TOTAL EXPENSES	33,624.50	31,255.78	85,000.00	53,744.22	171.95%
ENDING FUND BALANCE	159,633.92	234,596.53	234,596.53	0.00	0.00%
TOTAL APPROPRIATIONS/EXPENSES AND ENDING FUND BALANCE	193,258.42	265,852.31	319,596.53	53,744.22	20.22%

**THE SCHOOL BOARD OF Monroe County
HEALTH INSURANCE INTERNAL SERVICE FUND**

Revenue	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
LOCAL REVENUE SOURCES					
INTEREST ON INVESTMENTS	32,757.33	13,878.76	0.00	(13,878.76)	(100.00)%
GIFTS, GRANTS, AND BEQUESTS	0.00	20,000.00	0.00	(20,000.00)	(100.00)%
PREMIUM REVENUE	852,180.52	780,840.37	750,000.00	(30,840.37)	(3.95)%
PREMIUM REVENUE BOARD	7,107,323.45	7,428,595.55	7,100,000.00	(328,595.55)	(4.42)%
PREMIUM REVENUE EMPLOYEE DED.	2,458,820.24	2,426,648.30	2,300,000.00	(126,648.30)	(5.22)%
PREMIUM REVENUE/VISTA RETIREES	739,406.55	657,416.47	650,000.00	(7,416.47)	(1.13)%
Total LOCAL REVENUE SOURCES	11,190,488.09	11,327,379.45	10,800,000.00	(527,379.45)	(4.66)%
NON REVENUE SOURCES					
INSURANCE LOSS RECOVERY	731,968.89	22,048.75	150,000.00	127,951.25	580.31%
TOTAL NON REVENUE SOURCES	731,968.89	22,048.75	150,000.00	127,951.25	580.31%
TOTAL REVENUES AND NON REVENUE SOURCES	11,922,456.98	11,349,428.20	10,950,000.00	(399,428.20)	(3.52)%
BEGINNING NET POSITION	2,320,342.67	1,378,493.64	2,930,384.07	1,551,890.43	112.58%
TOTAL ESTIMATED REVENUE AND BEGINNING NET POSITION	14,242,799.65	12,727,921.84	13,880,384.07	1,152,462.23	9.05%
Appropriations/Expenses					
CENTRAL SERVICES	10,937,322.80	9,797,537.77	11,068,426.49	1,270,888.72	12.97%
TOTAL EXPENSES	10,937,322.80	9,797,537.77	11,068,426.49	1,270,888.72	12.97%
ENDING NET POSITION	1,378,493.64	2,930,384.07	2,811,957.58	(118,426.49)	(4.04)%
TOTAL APPROPRIATIONS/EXPENSES AND ENDING NET POSITION	12,315,816.44	12,727,921.84	13,880,384.07	1,152,462.23	9.05%

FIDUCIARY FUNDS OVERVIEW

The fund totals \$55,250 and represents .04% of the total budget.

TRUST AND AGENCY activity is the primary emphasis of this portion of the budget. This accounts for assets held by the School District acting in the capacity of trustee or agent for external or internal entities. The Board maintains one pension trust fund.

As authorized by Section 1012.685, Florida Statutes, the Board implemented an Early Retirement Plan (ERP) effective July 1, 1992. The ERP is a single-employer public employee retirement system (PERS) and was offered for only one year. The purpose of the ERP was to provide eligible District employees, who elect to retire under the early retirement provisions of the Florida Retirement System with a monthly benefit equal to the statutory reduction of the normal retirement benefits when early retirement precedes the normal retirement age of 62.

The Board administers the ERP assets in a pension trust fund and is responsible for their investment. The Board appoints and removes the ERP administrator. A summary of Eligibility and Benefits follows:

- **Eligibility.** All full-time United Teachers of Monroe bargaining unit members or administrative support personnel who were members of the FRS or the Teachers Retirement System (TRS) and who had attained the age of 55 as of August 1, 1992, completed 25 or more years of creditable service as determined by the FRS or the TRS, and have made application for benefits on or before June 10, 1992.
- **Benefits.** The amount of early payment reduction in monthly benefits from the FRS or the TRS as a consequence of early retirement.

As of June 30, 2014, there were eight retirees and their beneficiaries receiving benefits under the ERP. There are no current employees eligible to participate in the ERP.

Total contributions to the ERP in the 2013-14 fiscal year amounted to \$53,560, all of which were paid by the Board, and were \$2,675 more than the actuarially determined contribution requirement determined through the actuarial valuation performed as of July 1, 2013. The District has budgeted \$55,250 for the current year.

All of the assets in the District's pension trust fund are legally required reserves. None of the assets have been designated by the Board for any other specific purpose. Costs of administering the ERP are financed through the ERP's resources (employer contributions and investment earnings).

**THE SCHOOL BOARD OF Monroe County
FIDUCIARY FUNDS SUMMARY**

	2012-13 AUDITED	2013-14 UNAUDITED	2014-15 BUDGET	2013-14 UNAUDITED ACTUAL TO 2014-15 BUDGET CHANGE	
				AMOUNT	%
Revenue					
LOCAL REVENUE SOURCES					
INTEREST ON INVESTMENTS	13.50	577.19	0.00	(577.19)	(100.00)%
OTHER OPERATING REVENUE	51,986.04	53,546.04	55,250.00	1,703.96	3.18%
TOTAL LOCAL REVENUE SOURCES	51,999.54	54,123.23	55,250.00	1,126.77	2.08%
BEGINNING FUND BALANCE	195,611.89	195,625.39	196,202.58	577.19	0.30%
TOTAL ESTIMATED REVENUE AND BEGINNING FUND BALANCE	247,611.43	249,748.62	250,875.39	1,703.96	0.68%
Appropriations/Expenditures					
CENTRAL SERVICES	51,986.04	53,546.04	55,250.00	1,703.96	3.18%
TOTAL EXPENDITURES	51,986.04	53,546.04	55,250.00	1,703.96	3.18%
FUND BALANCE	195,625.39	196,202.58	196,202.58	0.00	0.00%
TOTAL APPROPRIATIONS/EXPENDITURES AND ENDING FUND BALANCE	247,611.43	249,748.62	251,452.58	1,703.96	0.68%

UNDERSTANDING THE FLORIDA EDUCATION SCHOOL FUNDING PROCESS

Florida public schools are financed from local, state, and federal sources. Revenues and expenditures are budgeted in four basic “funds” or groups of accounts. These four funds are the General Fund, the Capital Projects Fund, the Debt Service Fund, and the Special Revenue (Food Service and Federal Projects) Funds. Additionally, special operating funds can be established at the discretion of the local school district. School district budgets are for the fiscal year (July 1 – June 30), although special purpose budgets for federal programs can have a different fiscal year.

The General Fund

SOURCES OF REVENUE FOR DISTRICT’S GENERAL FUND AND OTHER OPERATING FUNDS

The general fund can be used for all lawful expenditures of the district but generally is considered the district’s “operating budget” which includes expenditures for these items.

- Salaries and benefits
- Supplies and materials
- Utilities and energy
- Related day-to-day costs
- Purchased services

Available monies to expend come from these sources:

- State sources and general fund property tax
- Other local sources (i.e., interest income, indirect costs) and beginning fund balances
- Federal sources

Most revenues to Monroe County Schools’ general funds are provided through the Florida Education Finance Program (FEFP). That being said, most of Monroe School Board funding from the FEFP comes from local property taxes (90%). The following outline provides a brief description of revenues for the general fund and other operating expenditures.

FLORIDA EDUCATION PROGRAM FUNDING

In 1973 the Florida Legislature enacted the Florida Education Finance Program (FEFP) and established the state policy on equalized funding to guarantee to each student in the Florida public education system the availability of programs and services appropriate to his or her educational needs that are substantially equal to those available to any similar student notwithstanding geographic differences and varying local economic factors.

To equalize educational opportunities, the FEFP formula recognizes: (1) varying local property tax bases; (2) varying education program costs; (3) varying costs of living; and (4) varying costs for equivalent educational programs due to sparsity and dispersion of the student population.

The key feature of the finance program is to base financial support for education upon the individual student participating in a particular program rather than upon the numbers of teachers or classrooms. FEFP funds are primarily generated by multiplying the number of full-time equivalent students (FTE’s) in each of the educational programs by cost factors to obtain weighted FTE’s. Weighted FTE’s are then multiplied by a base student allocation and by a district cost differential to determine the state and local FEFP funds. Program cost factors are determined by the DOE and adopted by the Legislature and represent relative cost differences among the FEFP programs.

The following paragraphs provide background information regarding financial support of education in Florida. The FEFP formula (see previous paragraph) has always been funded with a combination of state revenue and local property taxes. The 2014 statewide FEFP formula consists of 43.7% from local property taxes and 56.3% from state taxes.

STATE SOURCES: Funds for state support of school districts are provided primarily by legislative appropriations. The major portion of state support is distributed under the provisions of the FEFP. With the exception of a small amount, which was appropriated from the State School Trust Fund, the FEFP appropriation is funded from the state's General Revenue Fund. While a number of tax sources are deposited in the General Revenue Fund, the predominant source is the sales tax. The 67 school districts will receive \$10.6 billion from the state through the Florida Education Finance Program. School districts receive an additional \$8.3 billion from local property taxes, for a total of \$18.9 billion.

Proceeds from the Florida Lottery are primarily used to finance the following appropriations: School Recognition, Assistance to Low Performing Schools, payment of bonds for school construction, community college funding for enhancements, state university funding for enhancements, and Florida Bright Futures Scholarship Program. The Florida Legislature appropriated \$1.74 billion in Educational Enhancement Trust Funds to benefit Florida's schools and students for fiscal year 2014-15. Florida's 67 school districts received \$481 million, a significant portion of Educational Enhancement Trust Funds. It includes \$135 million for school recognition, \$104 million for class size reduction, \$242 million for the Florida Educational Finance Program, and \$82 million for workforce development. The legislature also appropriated \$315 million to pay debt service for educational facilities, \$266 million to Bright Futures scholarships, \$60 million for other financial aid, and \$540 million to state universities and community colleges.

In addition, state funds are appropriated to meet other needs by means of categorical programs and special allocations. These include the Instructional Materials Programs, Student Transportation and Class Size Reduction among others.

Capital Outlay funds to the districts are provided for in two sections of the Constitution of the State of Florida. Article XII, Section 9(d), of the State Constitution, provides a stated amount to each district annually from proceeds of licensing of motor vehicles. Article XII, Section 9(a)(2), of the State Constitution, provides that school districts may share in the proceeds from gross utilities taxes as provided by legislative allocation.

Racing Commission funds have been made available to each county commission in equal amounts. Many county commissions have shared this revenue with school districts directly or according to legislative acts of local application. These amounts are distributed by the state directly to county governments. The county government distributes the applicable portions to school boards.

LOCAL SUPPORT: Local revenue for school support is derived almost entirely from property taxes. Each of the 67 schools 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 millage set for its required local effort. The Legislature sets an amount as required local effort based on the 2014 certified tax roll provided by the Department of Revenue. The Commissioner of Education certifies the required millage of each district. Local required effort cannot exceed 90 percent of a district's total FEFP entitlement. The Monroe County Schools required local effort millage is 1.878 for 2014-2015 which includes a 0.013 mill prior period funding adjustment. The RLE is 72% of the grand total FEFP calculation for Monroe County Schools.

School Boards may set discretionary tax levies of the following types:

- (1) Capital outlay and maintenance: School Boards may levy up to 1.50 mills as prescribed in section 1011.71(2), *Florida Statutes* for new construction and remodeling as set forth in s. 1013.64(3)(b) and (6)(b) without regard to prioritization in that section, sites and site improvement or expansion to new sites, existing sites, auxiliary or ancillary facilities; maintenance, renovation, and repair school plants; school bus purchases, and purchase of new and replacement equipment. The Monroe County School Board levies 0.5 mills for the specified purposes. Payments for lease-purchase agreements for educational facilities and sites (*pursuant to Section 1003.02(1)(f) or 1013.15(2), Florida Statutes*) are authorized in an amount not to exceed three-fourths the proceeds of the millage levied under this authority. Proceeds may also be used to repay loans established according to Section 1011.14 and 1011.15, *Florida Statutes*, used for these authorized purposes; repayment of costs directly related to complying with state and federal environmental statutes; regulations governing school facilities; and payment of costs of leasing relocatable educational facilities for up to three years. (Violation of these expenditure provisions results in an equal reduction of FEFP funds in the year following audit citation).
- (2) Current operation. The current discretionary operating millage for 2014-2015 is 0.748 mills. This is the maximum amount of discretionary millage the Board can approve without getting voter approval in a referendum.

Qualified electors may vote an additional millage levy for operation and capital outlay purposes for a period not to exceed four years, in addition to the levies set by the Board. The Monroe County School Board levies a voted half mill for operations. Tax levies for debt service are in addition to the levies for current operation but are limited by State Board of Education Rule to 6 mills and 20 years duration except with specific State Board approval. The amount of the school bond issue, together with other school bonds outstanding against the district, cannot exceed 10% of the nonexempt assessed valuation of the district without specific State Board Approval. The Monroe County School Board does not levy any millage for debt service. (*Sections 1011.73 – 1010.46, Florida Statutes; Rule 6A-1.037, Florida Administrative Code*).

Budgeted revenue from local taxes and local required effort are based on applying millage levies to 96 percent of the nonexempt assessed valuation of property for school purposes.

Board adoption of millage levies is governed by the advertising and public meeting requirements of *Chapter 200, Florida Statutes (Truth In Millage)* and Florida Statute 1011.03.

Developmental research schools (lab schools) at state universities are funded as special school districts. Since these districts have no taxing authority, the state provides the same dollar amount per student as is generated for district students by the tax base of the district in which the lab school is located. Local required effort is not deducted from the FEFP calculation and the amount, which would have been raised by the discretionary levy of 0.748 mills, is added to each school's FEFP allocation.

FEDERAL SUPPORT: The State Board of Education may approve plans for cooperating with the Federal government in carrying out any phase of the educational program in which it finds cooperation desirable and must provide for the proper administration of funds apportioned to the State from Federal appropriations. The State Board is responsible for prescribing rules covering contracts or agreements made with Federal agencies.

The Commissioner is responsible for recommending ways of cooperating with the Federal government on any phase of the educational program in which cooperation is desirable. The Commissioner recommends policies for administering funds appropriated from Federal sources to the state for any educational purpose, and provides for the execution of plans and policies approved by the State Board.

School Districts receive funds from the federal government directly and through the state as an administering agency. School districts may receive federal funds from various agencies such as the Department of Agriculture, the Department of Education and the Department of Health and Human Services. Examples of Federal legislation include:

- Head Start
- Race to the Top
- Individual with Disabilities Education Act – Grants to States and Preschool Grant
- National School Lunch and School Breakfast Programs
- Education Consolidation and Improvement Act
- Adult Education Acts
- Elementary and Secondary Education Act, Title I

Description of State Distribution

FLORIDA EDUCATION FINANCE PROGRAM (FEFP)

LEGAL AUTHORIZATION - Section 1011, *Florida Statutes*

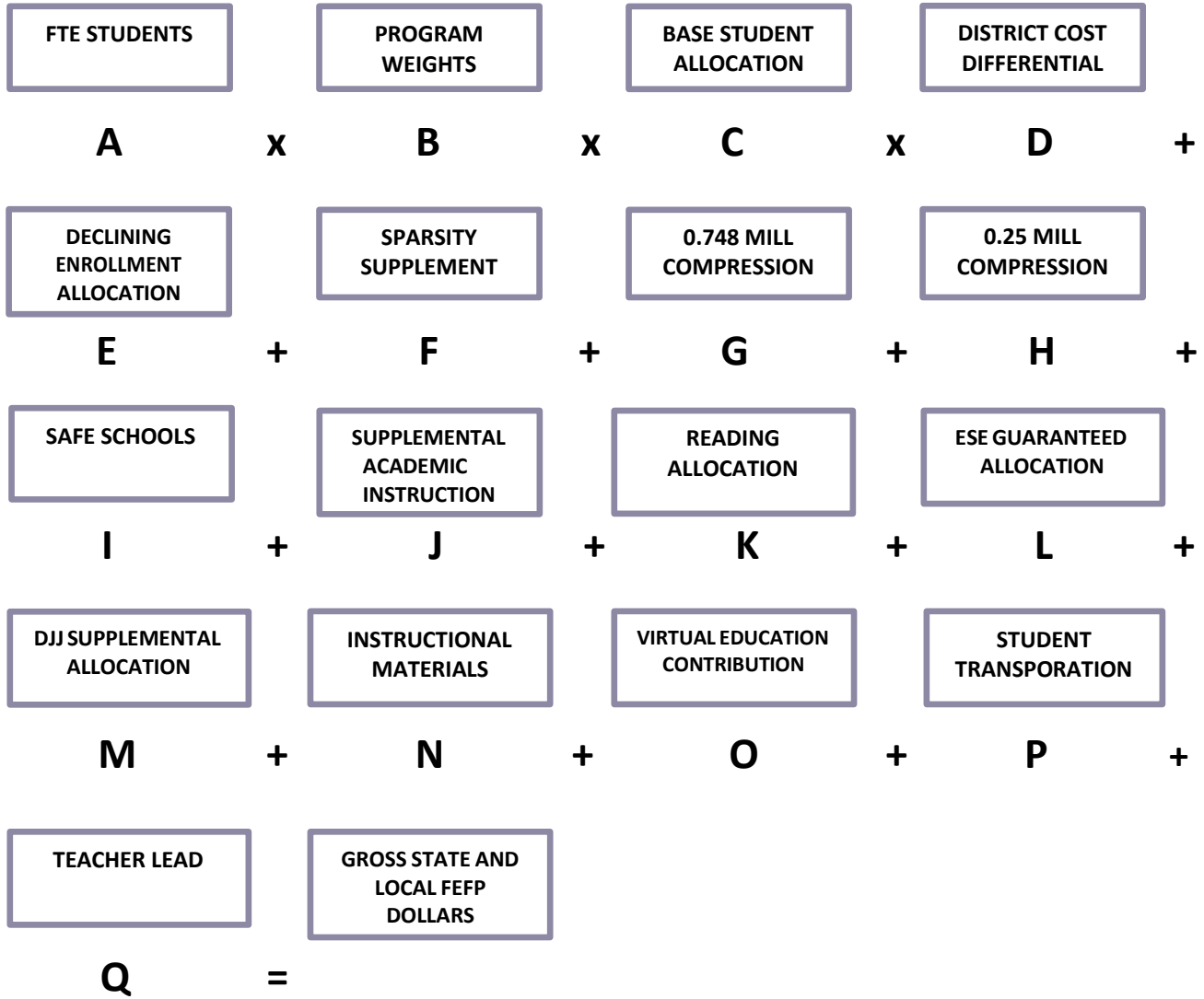
REQUIREMENTS FOR PARTICIPATION - Each district which participates in the state appropriations for the Florida Education Finance Program (FEFP) shall provide evidence of its effort to maintain an adequate school program throughout the district and shall meet at least the following requirements.

- (1) Maintain adequate and accurate records, including a system of internal accounts for individual schools, and file with the Department of Education, in correct and proper form on or before the date due as fixed by law or rule, each annual or periodic report that is required by rules of the State Board of Education.
- (2) Operate all schools for a term of at least 180 actual teaching days or the equivalent on an hourly basis. Upon written application, the State Board may prescribe procedures for altering this requirement.
- (3) Adopt rules relating to the appointment, promotion, transfer, suspension, and dismissal of personnel.
- (4) Expend funds for salaries in accordance with a salary schedule or schedules adopted by the School Board in accordance with the provisions of the laws and rules of the State Board. Expenditures for salaries of instructional personnel must include compensation based on employee performance demonstrated under S.1012.34.
- (5) Observe fully at all times law and rules of the State Board relating to the preparation, adoption, and execution of budgets for district school boards.
- (6) Make the minimum financial effort required for the support of the FEFP as prescribed in the current year's General Appropriations Act.
- (7) Maintain a system of planning and evaluation as required by law.
- (8) Comply with the minimum classroom expenditure requirements and associated reporting pursuant to S.1011.64.

Distributing State Dollars (Flow Chart)

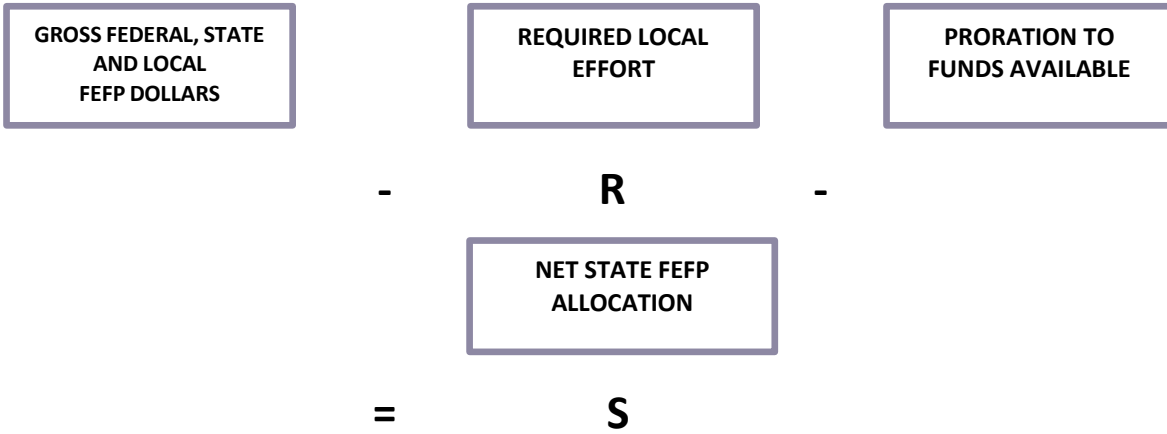
OVERVIEW

The amount of STATE AND LOCAL FEFP DOLLARS for each school district is determined in the following manner:

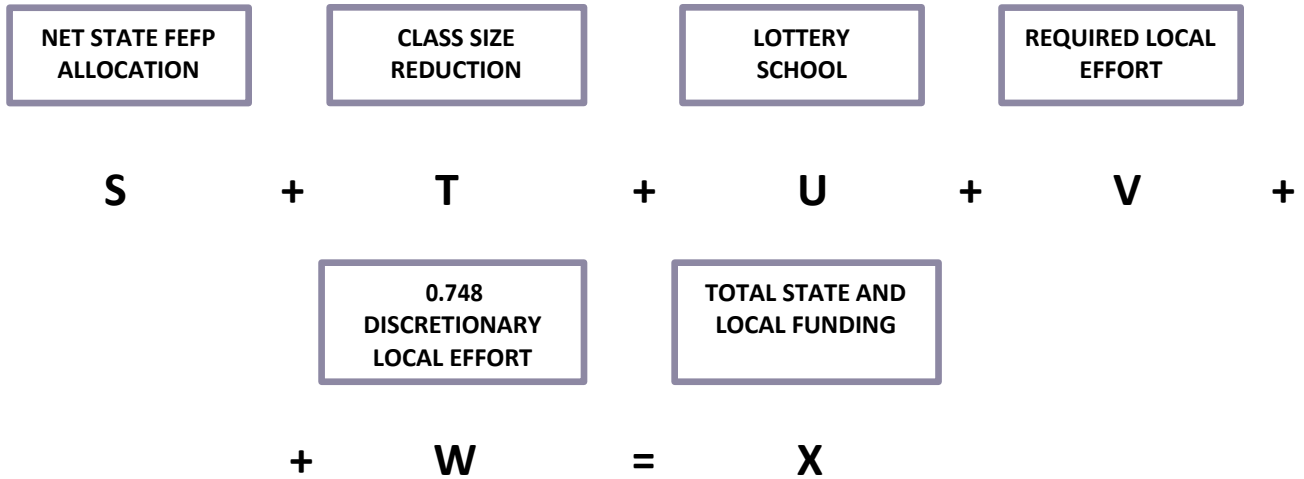


Distributing State Dollars (Flow Chart) continued

The NET STATE FEFP ALLOCATION for the support of public education derived from STATE AND LOCAL DOLLARS in the following manner:



The TOTAL FEDERAL, STATE, AND LOCAL ALLOCATION is derived from NET STATE FEFP in the following matter:



FEFP Calculations

The FEFP is calculated five times for each year's appropriation. These calculations are as follows:

- (1)First Calculation - This calculation is completed immediately after the annual legislative session. Districts' allocations for July are distributed on this calculation. This was published April 29, 2014 for FY 2015.
- (2)Second Calculation - This calculation is made upon receipt of the certified tax roll from the Department of Revenue as provided for in Section 1011.62, *Florida Statutes*. Districts' allocations for August through November are distributed using this calculation. This was published July 14, 2014 for FY 2015.
- (3)Third Calculation - This calculation is made upon receipt of the districts' October FTE surveys reported in November. District allocations for December through March are distributed using this calculation. (Districts' current year July and October and prior year June FTE are summed and a February estimate is made based on previous year's trend of February and October surveys). This was published December 20, 2013 for FY 2014.
- (4)Fourth Calculation - This calculation is made upon receipt of the districts' actual February FTE surveys and estimated June FTE surveys reported in March. District allocations for April through June are distributed using this calculation. This was published April 17, 2014 for FY 2014.
- (5)Final Calculation - This calculation is made upon receipt of the districts' actual June FTE survey, usually reported in July. Prior year adjustments in the following fiscal year are made, based on a comparison of this final calculation to the Fourth calculation. This calculation is typically published in October or November of subsequent fiscal year.

Other Local Revenue and Beginning Fund Balance

School districts receive revenues from these local sources:

- ▶ Ad Valorem property taxes
- ▶ Revenues paid to the district for tuition and student charges
- ▶ Investment earnings
- ▶ Any other lawful revenue-raising activities

Monies not expended in any budget year at the district level are allowed to be carried forward to the subsequent budget year as a beginning fund balance.

Federal Revenue

Federal support is primarily provided for special purposes. School food services (breakfast and lunches) and programs for handicapped and disadvantaged children receive the greatest amount of Federal revenue.

STATE REVENUE SOURCES

Financial operations of the State of Florida covering all receipts and expenditures are maintained through the use of three funds - the General Revenue Fund, Trust Funds, and the Working Capital Fund.

Major sources of tax revenues to the General Revenue Fund are the sales and use tax (73.7%) corporate income tax (8.7%), documentary stamp tax (2.0%), insurance premium tax (2.4%), highway safety License and fees (3.3%), beverage and license tax (1.4%), medical hospital fees (1.0%), service charges (1.8) and corporate filing fees (1.0%).

Gross Receipt Tax

All gross receipts utilities tax collections are credited to the Public Education Capital Outlay and Debt Service Trust Fund.

Lottery

In November 1986, the voters of the State of Florida approved a constitutional amendment, which allows State operated lotteries. Section 15, Article X of the Florida Constitution provides for State lotteries, with the proceeds being dedicated exclusively to education. The 1987 Legislature passed Chapter 24, *Florida Statutes*, creating the Department of Lottery to operate the State Lottery and setting forth the allocation of the revenues. Of the revenues generated by the Lottery, at least 50% is to be returned to the public as prizes; at least 39% is to be deposited in the Educational Enhancement Trust fund (for public education); and no more than 11% can be spent on the administrative cost of operating the lottery.

The lottery is Florida's second largest source of state income, but its susceptibility to economic fluctuations makes it an unstable revenue source. This year \$0.4 million of Lottery will fund the School Recognition program and fund the school advisory councils. These expenditures are determined by school faculties and staff and are not available for daily operations.

TAX INFORMATION

- ▶ Tax Roll Data
- ▶ Tax Millage Rates
- ▶ Roll Back Rates
- ▶ Local Tax Dollars

Ad valorem property taxes are the largest and most critical single source of local revenue to the school district. Each year the School Board is required to assess its educational requirements and needs. Property tax millage is levied for the general operating fund, for the capital projects and to retire debt service. The following pages represent the School Board millages required to run the school district; the technical “legally required” millage rollback calculation which causes most of the confusion with citizens; and what each of the school district millages generate in actual dollars for the operations.

MILLAGE CALCULATION

Explanation of Roll Back Rate

The “Roll Back Rate” is found in *Florida Statutes*, Chapter 200. The method of calculation is determined by the Department of Revenue. **The “roll back rate” does not include any Debt Service millage effects.**

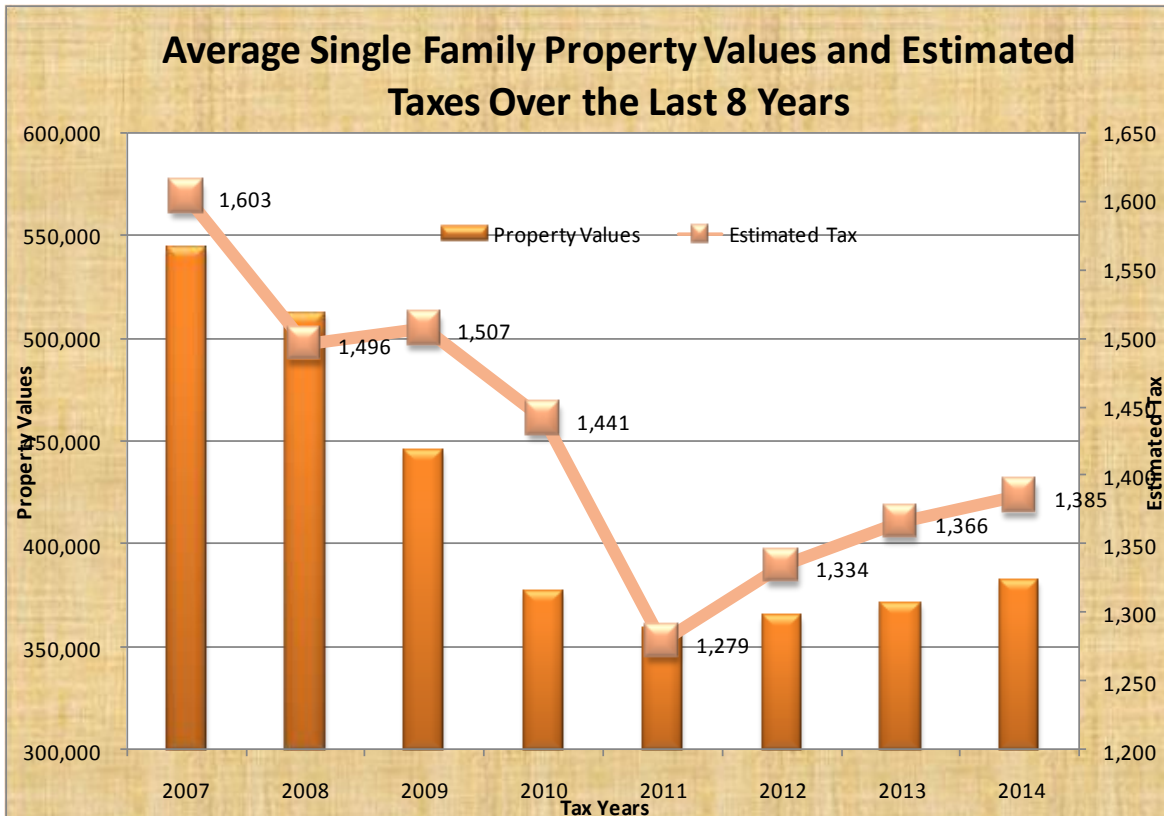
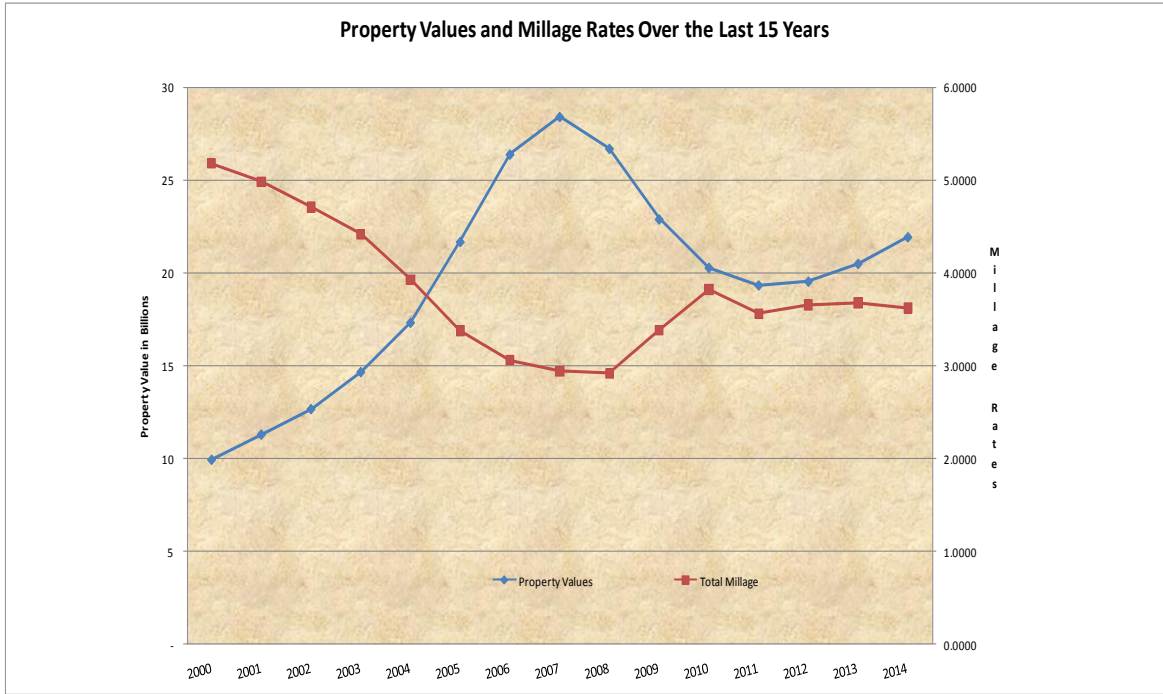
Property taxes are based on a unit called a “mill”. A mill is the rate used to calculate taxes based upon assessed property value. One mill is equal to \$1.00 per \$1,000 of assessed property value.

The “roll back rate” is the millage rate ON THE NEW TAX ROLL that will generate the same total dollars raised in the prior year. The 2014-2015 millage is 3.626 mills, which potentially would generate \$79.6 million (100%). This is used to determine the State and local “roll back rate” for 2014-2015 of 3.4344 mills. The roll back rate generates \$75.0 million using this year’s adjusted taxable value. The current year (2015) adopted millage of 3.626 mills is 5.58% more than the roll back rate of 3.4344 mills. This means the school district has a tax increase for fiscal year ending June 30, 2015.

The **TOTAL adopted fiscal year 2015 millage rate** of 3.626 mills decreased by 0.055 mills or 2.85%. The **TOTAL absolute millage** for 2014-2015 is 3.626 mills compared to the 2013-2014 millage of 3.681.

The above calculations are based on the tax roll as estimated by the Property Appraiser on the “Certification of School Taxable Value” (DR-420S) on June 27, 2014 and on Required Local Effort as calculated by the Florida Department of Education.

Included below are charts that demonstrate the relationship between property values and millage rates and well as the effects on an average homeowner.



**School Board of Monroe County
Millage Levy Information
2nd FEFP Calculation**

	2014/15	2013/14	Increase / (Decrease)	% Increase / (% Decrease)
Operating Fund				
Local Required Effort	1.8780	1.9330	(0.0550)	(2.85)%
Basic Discretionary	0.7480	0.7480	0.0000	0.00%
Additional Voted Half-mill	0.5000	0.5000	0.0000	0.00%
Debt Service Fund	0.0000	0.0000	0.0000	0.00%
Capital Outlay Fund	0.5000	0.5000	0.0000	0.00%
Total Millage	3.6260	3.6810	(0.0550)	(1.49)%

The proposed millage rate for 2014-2015 is 1.49% lower than the millage rate levied last year. The entire increase is attributable to Required Local Effort (RLE) which is mandated by statute. The School Board must levy the RLE to receive State funding. The RLE includes a prior period adjustment of .013 mills due to the final tax roll in 2013 being approximately \$143 million less than the certified tax roll on which the RLE calculation is based.

The amount of school tax on a home valued at \$407,000 (\$382,000 after homestead exemption) will be \$1,385.13 this year. The \$382,000 amount represents the average taxable value of a single-family residence for the 2014 tax year in Monroe County. The school tax on a home with no homestead exemption would be \$1,475.78.

For homesteaded properties, the maximum increase in valuation is limited to a 1.5 percent increase pursuant to the "Save Our Homes" amendment.

Assuming the maximum increase in property value and the required increase in the millage rate, the average homesteaded property owner would see an annual increase of \$19.48 in their school tax.

The overall assessed property values increased by 6.98 percent in Monroe County for the 2014 tax year.

Of course, each taxpayer's situation is different and may not yield the same results as averages were used in this comparison.



CERTIFICATION OF SCHOOL TAXABLE VALUE

Reset Form

Print Form

DR-420S
R. 5/13
Rule 12D-16.002, FAC
Effective 5/13
Provisional

Year : 2014	County : MONROE
-------------	-----------------

Name of School District :
MONROE CO SCHOOL DIST

SECTION I : COMPLETED BY PROPERTY APPRAISER. SEND TO SCHOOL DISTRICT

1.	Current year taxable value of real property for operating purposes	\$ 21,502,675,424	(1)
2.	Current year taxable value of personal property for operating purposes	\$ 443,035,822	(2)
3.	Current year taxable value of centrally assessed property for operating purposes	\$ 0	(3)
4.	Current year gross taxable value for operating purposes <i>(Line 1 plus Line 2 plus Line 3)</i>	\$ 21,945,711,246	(4)
5.	Current year net new taxable value (Add new construction, additions, rehabilitative improvements increasing assessed value by at least 100%, annexations, and tangible personal property value over 115% of the previous year's value. Subtract deletions.)	\$ 112,053,265	(5)
6.	Current year adjusted taxable value <i>(Line 4 minus Line 5)</i>	\$ 21,833,657,981	(6)
7.	Prior year FINAL gross taxable value from prior year applicable Form DR-403 Series	\$ 20,370,751,746	(7)
8.	Does the taxing authority levy a voted debt service millage or a millage voted for 2 years or less under s. 9(b), Article VII, State Constitution? <i>(If yes, complete and attach form DR-420DEBT, Certification of Voted Debt Millage.)</i>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	(8)

SIGN HERE	Property Appraiser Certification	I certify the taxable values above are correct to the best of my knowledge.	
	Signature of Property Appraiser :	Date :	
	Electronically Certified by Property Appraiser	6/27/2014 4:10 PM	

SECTION II : COMPLETED BY SCHOOL DISTRICTS. RETURN TO PROPERTY APPRAISER

Local board millage includes discretionary and capital outlay.

9.	Prior year state law millage levy: Required Local Effort (RLE) <i>(Sum of previous year's RLE and prior period funding adjustment)</i>	1.9330	per \$1,000	(9)			
10.	Prior year local board millage levy <i>(All discretionary millages)</i>	1.7480	per \$1,000	(10)			
11.	Prior year state law proceeds <i>(Line 9 multiplied by Line 7, divided by 1,000)</i>	\$ 39,376,663		(11)			
12.	Prior year local board proceeds <i>(Line 10 multiplied by Line 7, divided by 1,000)</i>	\$ 35,608,074		(12)			
13.	Prior year total state law and local board proceeds <i>(Line 11 plus Line 12)</i>	\$ 74,984,737		(13)			
14.	Current year state law rolled-back rate <i>(Line 11 divided by Line 6, multiplied by 1,000)</i>	1.8035	per \$1,000	(14)			
15.	Current year local board rolled-back rate <i>(Line 12 divided by Line 6, multiplied by 1,000)</i>	1.6309	per \$1,000	(15)			
16.	Current year proposed state law millage rate <i>(Sum of RLE and prior period funding adjustment)</i>	1.8780	per \$1,000	(16)			
17.	A. Capital Outlay	B. Discretionary Operating	C. Discretionary Capital Improvement	D. Use only with instructions from the Department of Revenue	E. Additional Voted Millage	(17)	
	0.5000	0.7480	0.0000		0.5000		
	Current year proposed local board millage rate <i>(17A plus 17B, plus 17C, plus 17D, plus 17E)</i>				1.7480	per \$1,000	

18.	Current year state law proceeds <i>(Line 16 multiplied by Line 4, divided by 1,000)</i>	\$ 41,214,046	(18)
19.	Current year local board proceeds <i>(Line 17 multiplied by Line 4, divided by 1,000)</i>	\$ 38,361,103	(19)
20.	Current year total state law and local board proceeds <i>(Line 18 plus Line 19)</i>	\$ 79,575,149	(20)
21.	Current year proposed state law rate as percent change of state law rolled-back rate <i>(Line 16 divided by Line 14, minus 1, multiplied by 100)</i>	4.13 %	(21)
22.	Current year total proposed rate as a percent change of rolled-back rate <i>{{(Line 16 plus Line 17) divided by (Line 14 plus Line 15)}, minus 1}, multiplied by 100</i>	5.58 %	(22)

Final public budget hearing	Date : 9/9/2014	Time : 6:00 PM	Place : Coral Shores High School Media Center 89901 US 1 Tavernier, FL 33070
-----------------------------	--------------------	-------------------	---

S I G N H E R E	Taxing Authority Certification	I certify the millages and rates are correct to the best of my knowledge. The millages comply with the provisions of s. 200.065, F.S.		
	Signature of Chief Administrative Officer : Electronically Certified by Taxing Authority		Date : 7/15/2014 8:54 AM	
	Title :		Contact Name And Contact Title : CANDACE KERNS, ASST DIR OF FINANCE	
	Mailing Address : MARK T PORTER, SUPERINTENDENT		Physical Address : 241 TRUMBO RD	
	City, State, Zip : KEY WEST, FL 33040		Phone Number : 3052931400	Fax Number : 3052931450

Continued on page 3

Section I: Property Appraiser

Complete Section I, Lines 1 through 8 for the school district in the county.

Line 8

Check "Yes" if the school district levies either a voted debt service millage or a levy voted for 2 years or less (s. 9(b), Article VII, State Constitution). These levies do not include levies approved by a voter referendum not required by the State Constitution. Complete and attach Form DR-420DEBT. Do not complete a separate DR-420S for these levies.

Send a copy to the school district and keep a copy. When the school district returns the DR-420S and any accompanying form(s), immediately send the originals to:

Florida Department of Revenue
Property Tax Oversight -TRIM Section
P.O. Box 3000
Tallahassee, Florida 32315-3000

Section II: School Districts

Complete Section II. Keep one copy. Return the original and one copy to the property appraiser with any applicable forms. Also, send one copy of forms to the tax collector.

Line 9

Include the sum of the previous year's Required Local Effort and the prior period funding adjustment as certified by the Commissioner of Education.

Line 16

Current year tentatively adopted Required Local Effort millage rate; show the sum of the Required Local Effort and prior period funding adjustment as certified by the Commissioner of Education.

Line 17

Current year tentatively adopted Local Board millage rate; show the total Local Board millage rate on Line 17 A-E. Separate the Local Board millage rate into the individual categories as follows:

Type of Millage	Statutory Authority	Maximum Millage	Uses
A. Capital Outlay	S.1011.71(2), F.S.	1.500	Discretionary local capital improvements.
B. Discretionary Operating	S.1011.71(1), F.S.	.748	Non-voted current year discretionary operating.
C. Discretionary Capital Improvement	S.1011.71(3)(a), F.S.	.250	Lease purchase payments or critical fixed capital outlay in addition to the 1.500 mills for capital outlay. Levying Discretionary Capital Improvement reduces the Discretionary Operating mills by the same amount.
D.			Use only with instructions from the Department of Revenue.
E. Additional Voted Millage	S.1011.73(1), F.S. S.1011.73(2), F.S.	Voted Levy	Additional voted millage for operating or capital not to exceed 2 years; or additional voted millage for operating not to exceed 4 years.