

Business Operations
Ofelia San Pedro, Deputy Superintendent

SUBJECT: RESOLUTION NO. 1, 2007-08 SPECIAL REVENUE - FOOD SERVICE FUND MID-YEAR BUDGET REVIEW

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES

The Office of Budget Management, the Office of the Controller and the Department of Food and Nutrition have completed a review of food service operations through December 31, 2007. The cost of several of the components of the approved school lunch program have escalated tremendously over the adopted budget. For example, the cost of a unit of milk has risen from 17 cents to 25 cents or \$700,000 per month. The District consumes 55 million units of milk annually for a projected cost increase of \$4.5 million. In addition to the increases in milk costs, significant price increases have occurred in egg, margarine and produce costs. The cost of delivery has increase on average .40 cents per case. The total projection for purchased food cost is an increase of \$11.9 million over the budgeted amount.

In response to the rising cost of milk and other commodities, the district is working with our legislative team and food service counter parts across the State of Florida to: 1) request an increase in federal meal reimbursement rates to cover the increased cost of producing a nutritionally sound meal and 2) require that the commodity allocation from the USDA be revised to subsidize fluid milk as a required meal component.

It is currently anticipated that the program will not be self supporting and General Fund support will be needed to cover the projected deficit. This resolution increases budgeted revenues and other sources by \$11,498,000, increases appropriations by \$11,485,000 and increases fund balance by \$13,000 to reflect projected results for the year. Changes in revenues are due to 1) a decrease in Food Service Supplement offset by 2) an increase in Local Food Sales due to a 25 cents price increase to ala carte food items and 3) a transfer of \$11.5 million from the General Fund to cover excess expenditures. It is recommended that budgeted revenues and appropriations be amended as follows:

E-15

REVENUES	Increase (Decrease)
1. Decrease State Revenues due to a projected reduction in Food Service Supplements.	\$ (93,000)
2. Increase Local Revenues for projected increase in Food Sales.	91,000
3. Establish a Transfer from General Fund.	<u>11,500,000</u>
Net Increase in Revenues/Transfers	<u>\$11,498,000</u>
APPROPRIATIONS	Increase (Decrease)
1. Decrease Purchased Services based on projections.	\$ (494,000)
2. Increase Food and Supplies to reflect an increase in the cost of purchasing and distributing food and supplies.	11,990,000
3. Decrease Indirect Cost and Other.	<u>(11,000)</u>
Net Increase in Appropriations	<u>\$ 11,485,000</u>
ENDING FUND BALANCE	
Increase in Unreserved Fund Balance.	\$ <u>13,000</u>
Net Increase in Appropriations And Ending Fund Balance	<u>\$ 11,498,000</u>

RECOMMENDED: That The School Board of Miami-Dade County, Florida, approve Resolution No. 1, 2007-08 Food Service Fund Mid-Year Budget Review, increasing revenues and appropriations/ending fund balance by \$11,498,000.

**MIAMI-DADE COUNTY PUBLIC SCHOOLS
2007-08 FOOD SERVICE BUDGET
SUMMARY OF REVENUES & APPROPRIATIONS
RESOLUTION NO.1**

	ADOPTED BUDGET 09/05/07	RESOLUTION 1	AMENDED BUDGET 02/13/08
REVENUES, BEGINNING FUND BALANCE AND OTHER FINANCING SOURCES			
REVENUES			
Federal Through State			
National School Lunch Act	\$ 85,995,000	\$ -	\$ 85,995,000
U.S.D.A. Commodities	6,974,837	-	6,974,837
Other	150,000	-	150,000
Subtotal Federal Through State	\$ 93,119,837	\$ -	\$ 93,119,837
State			
Food Service Supplement	\$ 2,723,000	\$ (93,000)	\$ 2,630,000
Other	51,000	-	51,000
Subtotal State	\$ 2,774,000	\$ (93,000)	\$ 2,681,000
Local			
Interest and Other	\$ 201,000	\$ -	201,000
Food Sales	41,097,000	91,000	41,188,000
Subtotal Local	\$ 41,298,000	\$ 91,000	\$ 41,389,000
TOTAL REVENUES	\$ 137,191,837	\$ (2,000)	\$ 137,189,837
OTHER FINANCING SOURCES			
Transfer From General Fund	\$ -	\$ 11,500,000	11,500,000
Loss Recoveries	-	0	0
Total Other Financing Sources	\$ -	11,500,000	11,500,000
BEGINNING FUND BALANCE	204,802	\$ -	\$ 204,802
TOTAL REVENUES, BEGINNING BALANCE AND OTHER FINANCING SOURCES	\$ 137,396,639	\$ 11,498,000	\$ 148,894,639
APPROPRIATIONS & RESERVES			
APPROPRIATIONS			
Salaries	\$ 44,883,406	\$ -	\$ 44,883,406
Employee Benefits	23,829,513	-	23,829,513
Purchased Services	5,244,593	(494,000)	4,750,593
Energy Services	6,025,454	-	6,025,454
Food & Supplies	53,531,225	11,990,000	65,521,225
Capital Outlay	700,000	0	700,000
Indirect Cost & Other	2,979,443	(11,000)	2,968,443
TOTAL APPROPRIATIONS	\$ 137,193,634	\$ 11,485,000	\$ 148,678,634
RESERVES			
Ending Fund Balance:			
Reserved for Commodity Inventory	\$ 3,439,837	\$ -	\$ 3,439,837
Unreserved	(3,236,832)	11,500,000	(3,223,832)
TOTAL RESERVES	\$ 203,005	\$ 13,000	\$ 216,005
TOTAL APPROPRIATIONS & RESERVES	\$ 137,396,639	\$ 11,498,000	\$ 148,894,639