

July 18, 2013

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: TENTATIVE ADOPTION OF THE FY 2013-14 BUDGET

COMMITTEE: INNOVATION, EFFICIENCY AND GOVERNMENTAL
RELATIONS

**LINK TO STRATEGIC
FRAMEWORK :** FINANCIAL EFFICIENCY/STABILITY

The Board received the Tentative Budget Recommendation for FY 2013-14 on July 8, 2013, which included proposed millage rates, projected revenues and recommended appropriations for the General Fund, Debt Service Funds, Capital Outlay Funds, Special Revenue Funds, Proprietary Fund and Fiduciary Fund.

At the July 17, 2013 meeting, the Board authorized the Superintendent to advertise the tentative budget and property tax millage rates for these funds as well as all related public notices required by Florida Statutes.

The Tentative Budget Recommendation consisted of the following documents:

- **FY 2013-14 Tentative Budget, Executive Summary**, which identifies policy issues and summarizes and analyzes projected revenues and proposed appropriations for all parts (funds) of the budget.
- **FY 2013-14 Tentative Budget Workpapers** which provide details of appropriations in the operating budget (General Fund).

As authorized by the Board, the budget advertisement will be based upon the documents listed above, and the millage rate for Required Local Effort adjusted to the level certified by the Commissioner of Education on July 16, 2013, based upon statewide assessed values of taxable property.

The FY 2013-14 budget consists of the documents listed above and the ***School Allocation Plan*** which identify the formulas used to develop personnel, materials, and supply allocations to the schools.

Final adoption of the FY 2013-14 budget is scheduled for September 3, 2013. It is desirable, however, that minimal changes be made at final budget adoption, since schools and departments use the tentative adopted budget to hire personnel and complete ordering of materials for the opening of the 2013-14 fiscal year.

The following documents are provided:

- Recommended changes to the budget subsequent to the FY 2013-14 Tentative Budget – Executive Summary (Attachment A)
- A FY 2013-14 Budget Summary, similar to that advertised pursuant to the law (Attachment B)

The **School Allocation Plan** will be distributed to the Board under separate cover on July 22, 2013.

NOTE: This item is one of two items which are part of the 6:00 p.m. public hearing, which should be discussed only at that time and should be approved second.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. tentatively adopt the FY 2013-14 Annual Budget, which consists of the budget approved for advertising on July 17, 2013, as shown on Attachment A, and including any amendments approved by the Board following the public hearing on July 25, 2013; and
2. approve the FY 2013-14 *School Allocation Plan*.

**CHANGES INCORPORATED IN THE FY 2013-14 TENTATIVE BUDGET
RECOMMENDED FOR ADOPTION
JULY 25, 2013**

GENERAL FUND

| <u>Revenue Changes</u> | <u>AMOUNT</u> |
|--|----------------------------|
| 1. Increase Florida Education Finance Program (FEFP) State revenue due to a decrease in the Required Local Effort (RLE) millage levy rate certified by the Commissioner of Education. | \$ 23,334,283 |
| 2. Adjust local revenue due to a decrease in the State mandated RLE millage levy reflected in the Executive Summary (from 5.508 to 5.396) certified by the Commissioner of Education on July 16, 2013. | (23,127,784) |
| 3. Decrease State revenue due to a proration to State funds available per FEFP 2 nd calculation. | (309,558) |
| 4. Decrease Virtual Education Contribution based on FEFP 2 nd calculation. | (2,472) |
| | <hr/> |
| Total Revenue Changes | <u>\$ (105,531)</u> |
| <u>Appropriation Changes</u> | |
| 1. Adjust Reserve for Tax Roll Yield to balance. | <u>\$ (105,531)</u> |
| Total Appropriation Changes | <u>\$ (105,531)</u> |

CHANGES INCORPORATED IN THE FY 2013-14 TENTATIVE BUDGET
RECOMMENDED FOR ADOPTION
JULY 25, 2013

DEBT SERVICE

Revenue Changes

AMOUNT

Increase property taxes based on an increase in the Debt Service Levy from .285 to .333 as a result of the historic tax roll yield shortfall in the Debt Service Fund. \$ 9,911,908

Total Revenue Changes \$ 9,911,908

Appropriation Changes

Increase Fund Balance. \$ 9,911,908

Total Appropriation Changes \$ 9,911,908

ATTACHMENT B

PROPOSED MILLAGE LEVIES:

| | |
|------------------------------|--------------|
| Operating: | |
| Required Local Effort | 5.396 |
| Discretionary Operating | 0.687 |
| Debt Service | 0.333 |
| Capital Outlay | 1.500 |
| Discretionary Capital Outlay | 0.061 |
| Total Millage | <u>7.977</u> |

BUDGET SUMMARY

THE PROPOSED OPERATING BUDGET EXPENDITURES OF MIAMI-DADE COUNTY PUBLIC SCHOOLS ARE 1.8% MORE THAN LAST YEAR'S TOTAL OPERATING EXPENDITURES.
FISCAL YEAR 2013-2014

| REVENUES | GENERAL FUND | DEBT SERVICE FUNDS | CAPITAL OUTLAY FUNDS | SPECIAL REVENUE FUNDS | PROPRIETARY FUND | FIDUCIARY FUND | TOTAL ALL FUNDS |
|---------------------------------|-------------------------|--------------------------|----------------------------|-----------------------------|-----------------------|----------------------|--------------------------------|
| Federal | \$ 17,543,686 | \$ - | \$ - | \$ 508,084,971 | \$ - | \$ - | \$ 525,628,657 |
| State | 1,260,169,995 | 13,818,668 | 16,096,810 | 2,176,060 | - | - | 1,292,261,533 |
| Local | 1,330,912,451 | 70,336,906 | 351,711,504 | 24,723,821 | 365,473,864 | 2,221,462 | 2,145,380,008 |
| TOTAL REVENUES | \$ 2,608,626,132 | \$ 84,155,574 | \$ 367,808,314 | \$ 534,984,852 | \$ 365,473,864 | \$ 2,221,462 | \$ 3,963,270,198 |
| Transfers In | 148,181,034 | 200,336,809 | - | - | - | - | 348,517,843 |
| Non Revenue Sources | - | - | 363,450,000 | - | - | - | 363,450,000 |
| Fund Balance/Net Assets | 138,479,970 | 84,399,281 | 56,474,717 | 7,691,133 | 24,839,982 | 22,095,586 | 333,980,669 |
| TOTALS | \$ 2,895,287,136 | \$ 368,891,664 | \$ 787,733,031 | \$ 542,675,985 | \$ 390,313,846 | \$ 24,317,048 | \$ 5,009,218,710 |
| Less: Transfers | | | | | | | (348,517,843) |
| Less: Proprietary Funds | | | | | | | (390,313,846) |
| TOTAL ALL FUNDS | | | | | | | <u>\$ 4,270,387,021</u> |
| | | | | | | | |
| APPROPRIATIONS | | | | | | | |
| Instruction | \$ 1,923,289,083 | \$ - | \$ - | \$ 234,140,144 | \$ - | \$ - | \$ 2,157,429,227 |
| Pupil Personnel | 91,312,708 | - | - | 30,927,473 | - | - | 122,240,181 |
| Instructional Media Services | 27,779,506 | - | - | 2,103,445 | - | - | 29,882,951 |
| Instructional & Curriculum Dev. | 21,236,454 | - | - | 30,618,661 | - | - | 51,855,115 |
| Instructional Staff Training | 1,758,082 | - | - | 49,518,997 | - | - | 51,277,079 |
| Instructional Support | 28,091,436 | - | - | 5,758,400 | - | - | 33,849,836 |
| Board of Education | 6,987,828 | - | - | - | - | - | 6,987,828 |
| General Administration | 4,167,767 | - | - | 9,909,833 | - | - | 14,077,600 |
| School Administration | 174,144,437 | - | - | 65,041 | - | - | 174,209,478 |
| Facilities - Other | - | - | 433,389,915 | 2,339,562 | - | - | 435,729,477 |
| Fiscal Services | 12,665,354 | - | - | - | - | 3,772,000 | 16,437,354 |
| Food Services | - | - | - | 157,900,984 | - | - | 157,900,984 |
| Central Services | 47,210,166 | - | - | 2,951,372 | 358,302,218 | 34,000 | 408,497,756 |
| Pupil Transportation Services | 69,475,860 | - | - | 6,438,050 | - | - | 75,913,910 |
| Operation of Plant | 267,483,238 | - | - | 752,809 | - | - | 268,236,047 |
| Maintenance of Plant | 93,173,733 | - | - | - | - | - | 93,173,733 |
| General Support | 2,022,241 | - | - | 511,713 | - | - | 2,533,954 |
| Community Services | 29,957,012 | - | - | 1,585,580 | - | - | 31,542,592 |
| Debt Services | 520,000 | 293,248,513 | - | - | - | - | 293,768,513 |
| TOTAL APPROPRIATIONS | \$ 2,801,274,905 | \$ 293,248,513 | \$ 433,389,915 | \$ 535,522,064 | \$ 358,302,218 | \$ 3,806,000 | \$ 4,425,543,615 |
| Transfers to Other Funds | 2,687,361 | - | 345,830,482 | - | - | - | 348,517,843 |
| Reserve for Tax Roll Yield | 16,112,970 | - | - | - | - | - | 16,112,970 |
| Fund Balance/Net Assets | 75,211,900 | 75,643,151 | 8,512,634 | 7,153,921 | 32,011,628 | 20,511,048 | 219,044,282 |
| TOTALS | \$ 2,895,287,136 | \$ 368,891,664 | \$ 787,733,031 | \$ 542,675,985 | \$ 390,313,846 | \$ 24,317,048 | \$ 5,009,218,710 |
| Less: Transfers | | | | | | | (348,517,843) |
| Less: Proprietary Funds | | | | | | | (390,313,846) |
| TOTAL ALL FUNDS | | | | | | | <u>\$ 4,270,387,021</u> |

The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that every entry, no matter how small, should be recorded to ensure the integrity of the financial data. This includes not only sales and purchases but also expenses and income.

The second part of the document provides a detailed breakdown of the company's financial performance over the last quarter. It includes a comparison of actual results against budgeted figures, highlighting areas of both strength and weakness. The analysis shows that while sales were slightly below target, operating expenses were well-controlled, leading to a marginally better profit than expected.

The third part of the document outlines the company's strategic goals for the upcoming year. It focuses on increasing market share through targeted marketing campaigns and improving operational efficiency to reduce costs. The management team is committed to these goals and will be closely monitoring progress throughout the year.

| Category | Actual | Budget | Variance | Notes |
|---------------------|---------|---------|----------|---|
| Sales | 120,000 | 125,000 | (5,000) | Below target due to slower sales in Q3. |
| Cost of Goods Sold | 75,000 | 78,000 | 3,000 | Below budget due to volume discounts. |
| Gross Profit | 45,000 | 47,000 | (2,000) | |
| Operating Expenses | 30,000 | 32,000 | 2,000 | Well-controlled. |
| Operating Income | 15,000 | 15,000 | 0 | Met target. |
| Interest Expense | 2,000 | 2,000 | 0 | |
| Income Before Taxes | 13,000 | 13,000 | 0 | |
| Taxes | 3,000 | 3,000 | 0 | |
| Net Income | 10,000 | 10,000 | 0 | |

The following table provides a summary of the company's financial position at the end of the reporting period. The balance sheet shows a strong asset base, supported by a healthy equity position. The income statement reflects a consistent performance over the period, with a focus on maintaining profitability while investing in growth opportunities.

The management team remains confident in the company's long-term prospects and is committed to delivering value to all stakeholders. We will continue to focus on operational excellence and strategic growth to ensure sustained success in the future.