



BUDGET MEMORANDUM

TO: School Board Members
Dr. Margaret A. Smith, Superintendent

FROM: Dr. Robert Moll, Deputy Superintendent
Financial and Business Services

DATE: September 11, 2012

SUBJECT: FY13 Recommended Budget Summary

The recommended budget for FY13 of \$766.5 million (compared to \$805.4 million for FY12 and \$878.1 million for FY11) represents the continuing trend of overall revenue losses despite a slight increase in Florida Education Finance Program (FEFP) funding. General operating revenue increased by \$12.2 million from FY12. For the sixth consecutive year, the district's gross taxable value declined by another 1%. Capital projects decreased by nearly \$30 million from the FY12 budget as the school district's 10 year building program draws to a close with Ormond Beach Middle School as the last major project. Capital revenue sources from Ad Valorem taxes decreased by \$600 thousand due to lower property tax values and Public Education Capital Outlay (PECO) revenue, originally projected at \$4.6 million, was again eliminated for FY13 causing continued strain on the capital budget.

Although the student membership trend for FY12 subsided to a higher level than anticipated, initial membership for FY13 is reverting back toward greater membership losses than projected. Class Size compliance is being purposefully pursued at all levels and the final impact to the district will be known in mid-October.

With the expiration of Federal Stabilization, Stimulus, and EduJob Funds, the district is still struggling to regain some of the fiscal traction that it had in recent years. The subsequent deficit in 2013 was primarily mitigated by the reduction in teachers, staff and central office positions and services totaling \$13.5 million. The final unassigned fund balance carried into FY13 is \$26,696,378, which is 46% less than the \$49,232,328 from the previous fiscal year.

As we look forward to FY14, the hurdles of closing the funding gaps with greatly diminished federal revenue sources, the expiration of the .25 critical needs millage, replacing non-recurring revenue, and addressing predictable rising costs will all be front and center issues. The outcome of the four year ad valorem referendum in November will determine and define the strategic plan and the course taken for confronting the budgetary challenges in the next fiscal year and beyond.

RM/dv