



THE SCHOOL DISTRICT OF LEE COUNTY

Finance Advisory Committee

August 23, 2006

Meeting Minutes

Committee Members Present: Lawrence Bush, Cheryl Diamond, David Carleton Hall, Thomas Hodson, Thomas McNulty, Susanne Quattro; Carl Snipes; Fred Whitehouse

Committee Members Absent: Keith Banasiak; Errol Howard, Michael McNally; John Murphy; Carmelo Santos; Gary Snow; Doug Wells

Lee County School Personnel Present: Mrs. Desamours, Lee Legutko

Board Member Present: Steven Teuber

Recording Secretary: Mrs. Sheila Stancel

Welcome/ Approval of Minutes

Mr. McNulty made the motion to approve the minutes for May 24, 2006, seconded by Ms. Quattro. The minutes were unanimously approved.

Public Comment

None

Board Member's Report

Mr. Teuber welcomed the committee back and commented on the start of the new school year, the unprecedented growth, cost of construction and the slow down of building. He indicated one of the targets of this committee: work with Mr. Legutko and Finance staff to review our finances, our capital plan and how they meld together. Continue to monitor the need for a sales tax referendum.

Mr. Hall asked how many students were enrolled. Mr. Legutko and Mrs. Desamours reported that we have greater than 78,000 in attendance and we reached an enrollment of 80,000. The difference between the two figures is explained that we have kids who just don't show up, those that are still on vacation, those who are waiting on a different school assignment and those who don't show until their school assignment is changed. Mr. McNulty asked how many students we had at the end of last year. Mrs. Desamours reported that we stood at 74,000 for FTE. Our financing is based on FTE which is an average of the enrolled students at a count in October and a count in February. We watch the trends along the year the elementary school population will steadily increase during the year and the high school will decline.

Substitute Teacher Pay Clarification

Handouts were passed out to the committee in folders. 1) One item is a zone based list of schools for their information to help them understand which schools are based in which zones. 2) The other item on the agenda, substitute teacher pay clarification, included press releases which may not have been printed in the News-Press. a) The first is a survey of Lee County versus the surrounding counties and b) the second survey with surrounding states. The school district is more than competitive if not ahead of most school districts.

A discussion of the surrounding district sizes and budgets followed with Mr. Tueber reporting that Seminole is a peer district with very similar demographics and student population, though our population is more diverse. Comparing us to Collier County, we have an 80,000 student population and our budget is \$1.5 billion, Collier County has a 47,000 student population and a budget of \$1.1 billion.

Mr. McNulty asked how many substitute teachers we have in the district. Mr. Tueber responded that with 7,500 teachers in the district even at 2 percent we would have 150 absences. Our absence ratio is very good for the size of our district; the absentee rate is 7.5 percent. An actual count of how many substitutes registered in the district was not known at the time of the meeting. (1,200)

TRIM and Tentative Budget

The budget process was reviewed highlighting the key dates. The Annual Financial Report will go to the Board on September 7, 2006 which finalizes the expense figures from 2006. The Final Budget is presented at the hearing on September 12, 2006 to complete the process.

Mr. Whitehouse asked about the ability for the committee to become involved in the budget process as early as the month of October. The Capital Outlay discussion will move us in that direction.

Mrs. Desamours passed out a copy of the tentative budget document that was presented to the Board July 31st reviewed what the tentative budget was at that particular time and how changes occur in relationship to and between the tentative and the final budget.

Mr. Whitehouse asked about special revenue funds or grants. Explained and confirmed by Mrs. Desamours that these funds are not spent unless the grant is received. Mr. Hall asked about the percentage recommended for reserves and Mrs. Desamours responded that it is three to five percent and we are at three percent. Mr. Whitehouse asked where the food service revenue, the money collected from the students, was reported in the budget summary. It was explained by Mrs. Desamours about the process involving the revenue and reserves then further emphasized by Mr. Hall that the local sources reported in summary includes the money collected by the schools. Mr. McNulty asked if the food service reserves would continue to grow and what process was in control if they were not spent. Mr. Legutko reported that Food Service by Federal law could not carry more than two

months worth of operation in their fund balance. Any time the funds go above the designated reserve balance allocations are made to replace equipment or some other expenses within budget, or the need to lower meal prices would be considered. Lee County School District Food Services have not raised meal prices in fifteen years. Last year prices on some menu items were actually lowered. Mr. Whitehouse asked about the salary negotiations and if the revenue was reported in the tentative budget. Mrs. Desamours and Mr. Tueber answered the questions reporting that in the Detail of Balances/Reserves it was included in the Reserve for Board Priorities. A budget is given to the negotiation team prior to negotiations. Mr. Whitehouse asked about the future of the debt service fund which was explained by Mrs. Desamours, Mr. Legutko and Mr. Teuber.

Fiscal Impactors for LCSD

Mr. Legutko discussed items of fiscal impact to the district. a) growth factor; b) the class size reduction amendment; c) dealing with "No Child Left Behind" and continuing our learning gains; d) the A+ Plan and the resulting sanctions for schools that do not meet criteria; e) escalating construction costs; f) labor market; g) low unemployment rate in our many communities which can result in converting salary dollars to contracted services at a higher competitive rate; h) aging workforce which includes a loss of knowledge as more teachers and administrators retire; i) higher premiums on health insurance due to the aging workforce, and j) the concerted effort of the Superintendent and Board to increase beginning teacher salaries. Lack of affordable housing in this community.

Final Budget: Next Steps

A handout of the July 31, 2006 tentative budget hearing PowerPoint presentation was passed out by Mrs. Desamours. She briefly shared the budget final steps since the previous discussion had covered the same information.

Update: Status of Capital Outlay Revenue/ Projects

Mrs. Desamours reviewed the assumptions which built the Capital Plan. The tax roles we used a ten year average of the tax role and projected out the average growth (12.2%) for the five year plan. Impact fees increased this January to \$4,309 per single family unit which was a 93% increase from the previous cost of approximately \$2,200 per single family unit. Our impact fee revenues are estimated at 86.8 million dollars for this year. This revenue will be analyzed quarterly to watch for construction slow down trends in the market and make adjustments. An update of impact fee revenue is prepared every six months for the superintendent and board with recommendations regarding any adjustments that may be necessary. PECO maintenance and PECO new construction capital mandated revenues received from the State for those specific maintenance and new construction purposes. This year we see an increase 4.3 million to 15 million this year as a result of our county's growth. Classroom for Kids Dollars, those are the dollars that the State allocates for class size reduction capital, allowing us to build student stations and new schools with these funds. The formula changed since last year. Last year we received 3.9 million and this year we received 73 million for capital classroom for kids dollars. We will use all of that to build the new schools and additions projected for this year and next year.

Mr. Whitehouse asked what the average cost was to build a new school. Mrs. Desamours answered that it is approximately 25-30 million for elementary, approximately 40 million for a middle school, and approximately 50-60 million for a high school. Mr. Whitehouse commented on the debt reduction as shown in the tentative budget. Mrs. Desamours responded that in our current five-year plan we do not reflect an addition of debt to the budget.

The CO/DS, the Capital Outlay and Debt Service revenue received from the state as a result of the sale of motor vehicle tags. This revenue stays pretty conservative with a minimal 3% increase in revenues each year. These are the basic assumptions that we use to build the Capital plan for the five years. The Capital Committee meets every two weeks to review and adjust the assumptions

Potential Area for Assistance

Mr. Hall and the committee discussed the need for the committee to have more substance and involvement in the budget process and how we can better educate the public about the budget. Mr. Legutko discussed how to get the committee more involved in the budget process. It is one of the most difficult tasks in his work to make the communication in its simplest form. As Mr. Hall mentioned earlier perhaps to make recommendations for investment choices the district could pursue within the state and federal regulations would be an avenue to pursue.

Good of the Order

Mr. McNulty made the motion to adjourn the meeting; it was seconded by Ms. Quattro. The meeting adjourned at 6:54 p.m.

The next meeting is scheduled for September 27, 2006, at 5:00 p.m., in the Human Resources Conference Room on the first floor of the Dr. James A. Adams Public Education Center.