



School District of Okaloosa County District Summary Budget Overview Budget Overview Fiscal Year 2023-2024

Our Mission

Placing students on a pathway to success by providing high quality instruction, a wide array of marketable experiences, and unparalleled extracurricular opportunities while developing relationships that meet both their academic and emotional needs.

Our Vision

Preparing today's students for success within and beyond the classroom.

Our Shared Values

- We are PASSIONATE about what we do.
- We make DATA-BASED decisions.
- We are personally ACCOUNTABLE and have courage to hold others accountable.
- We LISTEN and seek to understand.
- We are lifelong LEARNERS.
- We are committed to COACHING and DEVELOPING our people.
- We value HUMILITY.
- We are grounded in the RELATIONSHIPS we build.



Balanced Budget Requirement

Each year, Florida Law requires the School Board to adopt a balanced budget for all funds under its jurisdiction. The budget is the financial plan for the District that identifies estimated expenditures in relation to estimated revenues. A balanced budget is one where the beginning fund balances and current year revenue and non-revenue sources do not exceed the current year appropriations and ending fund balances.

$$\textit{Beginning Fund Balances} + \textit{Current Year Revenue} + \textit{Non-Revenue Sources} = \\ \textit{Current Year Appropriations} + \textit{Ending Fund Balances}$$



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Budgeting Process

The budgeting process is a coordinated effort, and the budget is prepared according to Florida Statutes. The budget reflects the Superintendent's and School Board's priorities and represents a process through which policy decisions are made, implemented, and controlled. The Board's responsibility is to receive, review, modify, and/or amend, if necessary, and approve the budget.

The District has published several budget documents on the District website as part of the budget process. These documents may be found at www.okaloosa.k12.fl.us/finance/BudgetPubl.aspx. Budget Publications may also be reached through a link at the bottom of the District's home page labeled Fiscal Transparency.

- The first document published was the *School Budget Manual*. It contains summary information of the allocations made to centrally budgeted schools and details how each allocation was calculated.
- The next document published was the *School Budget Book*. This book contains projected enrollment, revenue, appropriations, and staffing for each centrally budgeted school along with applicable information for other schools, school programs, contracted schools, and charter schools.
- After the School Board met with departments to review their budget requests, the *Department Budget Book* was published. This book includes the following for each department: staffing chart, department description, appropriations, staffing, detailed budget request, and detailed staffing summary. At the same time, the *Project Budget Book* was published. This book includes information for each project including a project description, fund source, appropriations, staffing, detailed budget request, and detailed staffing summary.
- *Debt Service* information may also be found on the Budget Publications website.
- A public hearing was held at the July 24, 2023, regular School Board meeting to allow the Board to hear comments from the public, set the maximum millage, and approve the tentative budget. At that point, the *Preliminary & Tentative Budget* was published.
- A public hearing was held at the July 24, 2023, regular School Board meeting to discuss the *Capital Outlay Budget & Five Year Work Plan*. The final plan was approved by the School Board, and the book was published on the website.
- The Board will hold its final public hearing on September 11, 2023, in order to approve the budget for fiscal year 2023-2024, giving the public another opportunity to comment on the budget and provide input to the Board. Once approved, this *District Summary Budget* will be published to the District's website.



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Basis of Budgeting

The *Financial and Program Cost Accounting and Reporting for Florida Schools Manual* has established a modified accrual basis as the standard for governmental fund budgeting and reporting. All Florida school districts must adhere to this basis. An encumbrance system is used in this basis which charges each purchase order or other expenditure to a particular appropriation budget strip (Fund/Function/Object/Center/Project). These transactions are no longer encumbrances when paid, canceled, or when the actual liability is recorded.

Fund

A fund is an independent fiscal and accounting entity with its own assets, liabilities, reserves, and fund balances. Funds are segregated for the purpose of carrying out specific activities of a school district in accordance with special regulations and restrictions. All money received, expended or reserved by a school system is classified and defined by this dimension. Governmental funds include General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Permanent Funds. The School District of Okaloosa County does not have Permanent Funds.

Function

Function refers to the objective or purpose of an expenditure. Functions are group-related activities aimed at accomplishing a major service or regulatory responsibility. The activities of a local school system are classified into five broad areas: (1) Instructional, (2) Instructional Support, (3) General Support, (4) Community Services, and (5) Non-Program Charges (Debt Service and Transfers).

Object

Object is a dimension of expenditures that describes the goods purchased or services obtained as a result of a specific expenditure. The eight major categories of objects are: (1) Salaries, (2) Employee Benefits, (3) Purchased Services, (4) Energy Services, (5) Materials and Supplies, (6) Capital Outlay, (7) Other Expenses, and (8) Transfers.

Center

A Center is the school or office location that is the center for accumulation of costs. A center is sometimes referred to as a facility.

Project

Project refers to a classification that is used to identify expenditures related to a specific activity such as a construction project or project funded through grants.



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Governmental Funds

General Fund

The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Examples of Special Revenue Funds include Food Services, Other Federal Programs, and Miscellaneous Special Revenue (Internal Funds). Internal Funds are raised at the schools and kept in the schools' checking accounts.

Internal Service Funds

Internal Service Funds are funds that primarily provide either benefits or goods or services to other funds, departments, or agencies of government. The District has one Internal Service Fund for its partially self-funded medical insurance plan.

Budgetary Control and Budget Amendments

Budgetary control is maintained at the Fund/Function/Object/Center/Project level. Each principal and department head is responsible for his or her own respective budget. No expenditures are authorized that are in excess of budgetary appropriations; however, changes to the budgeted appropriations are necessary in order to meet critical needs as they are identified. Budget amendments are prepared on an ongoing basis, submitted to the School Board monthly for approval, and published to the District website. This allows for the best use of limited resources.



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Revenue Sources

Revenues are categorized by source: Federal, State, and Local. Revenue sources are determined by law; therefore, revenue accounts continue to be structured by appropriation source (Federal, State, and Local) and specific appropriations.

Federal Revenue: Revenue received directly from the Federal government or indirectly by flowing through the State first is recorded as Federal Revenue. The District receives federal awards for the enhancement of various educational programs.

State Revenue: State revenue to support the school districts is provided primarily by legislative appropriations. Revenue from state sources primarily includes revenue received for the operations of the District through the Florida Education Finance Program (FEFP) administered by the Florida Department of Education (FDOE).

Local Revenue: The majority of local revenue for school support is from property taxes; however, this category also includes revenue such as child care, interest, adult education tuition, and indirect cost reimbursements.

Basis of Accounting

Our district has implemented Governmental Accounting Standards Board Statement 34 (GASB 34), which requires two types of financial statements – governmental fund-based financial statements and government-wide financial statements. The fund-based financial statements use the modified accrual basis of accounting. The government-wide financial statements are based on the flow of all economic resources applied on the accrual basis of accounting. The differences include recognition of the costs of depreciation and inventory consumption, inclusion of "component units" such as charter schools and foundations, and other items. Basis of accounting refers to *when* revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

FEFP and State Categorical Funding For Fiscal Year 2023-2024

Funds for state support to school districts are provided primarily by legislative appropriations. The major portion of state support is distributed through the Florida Education Finance Program (FEFP). The FEFP is the primary mechanism for funding the operating costs of Florida school districts. There are other sources of funding; however, the FEFP is the foundation for financing Florida's K-12 educational programs.



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A key feature of the FEFP is that it bases financial support for education upon the individual student participating in a particular educational program rather than upon the number of teachers or classrooms. FEFP funds are primarily generated by multiplying the number of full-time equivalent (FTE) students in each of the funded education programs by cost factors to obtain weighted FTE (WFTE) students. Weighted FTE students are then multiplied by a base student allocation (BSA) and by a district cost differential (DCD) in the major calculation to determine the base funding from state and local FEFP funds. Program cost factors are determined by the Legislature and represent relative cost differences among the FEFP programs.

Each school board participating in the state allocation of funds for the current operation of schools must levy the millage set for its required local effort from property taxes. Each district's share of the state total required local effort is determined by a statutory procedure that is initiated by certification of the property tax valuations of each district by the Department of Revenue.

In addition to state and local revenue, school districts may receive funds from the federal government directly and/or through the state as an administering agency.

The Legislature published the Final Conference Report on May 2, 2023. The Final Conference Report reflects the revenue allocation to Okaloosa County generated through the State school funding program (FEFP) for fiscal year 2023-2024 and provided the basis for the initial budget. The District's budget was then adjusted based on the FEFP Second Calculation received on July 19, 2023. The total allocation for Okaloosa County School District is \$262.8 million for FEFP and State Categorical Funds, including the Required Local Effort. Of this amount, it is projected that the District will pass through \$17.5 million to charter schools and \$13.7 million to Family Empowerment Scholarships for private schools and home schools.

Key State Revenue Changes from Fiscal Year 2022-2023 to Fiscal Year 2023-2024

Base Student Allocation

The Base Student Allocation from state and local funds is determined annually by the Legislature and is a component in the calculation of FEFP Base Funding. The Base Student Allocation (BSA) for fiscal year 2023-2024 is \$5,139.73 an increase of \$552.33 per weighted FTE; however, the increase is largely due to the State rolling the following categoricals into the BSA: Instructional Materials, Reading, Teacher Classroom Supplies, Teacher Salary Increase Maintenance, and Teacher Salary Increase Raise. The District must set-aside \$500.60 per UFTE in order to fund these categories; therefore, the *net* increase to the BSA is \$97.60. To further complicate the issue, the required State Retirement Contributions increased by \$77.53 per UFTE, making the *effective net* increase to the BSA only \$20.07.



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Comparable Wage Factor

Beginning in fiscal year 2023-2024, funds will be allocated using a Comparable Wage Factor (CWF) rather than a District Cost Differential. The Commissioner of Education annually computes each district's Comparable Wage Factor. The Comparable Wage Factor is calculated by adding each district's price level index as published in the Florida Price Level Index for the most recent 3 years and dividing the resulting sum by 3. The result for each district is multiplied by 0.008 and 0.200 is added to obtain the Comparable Wage Factor for the year. Each District receives either a Comparable Wage Factor based on this calculation or 1.00, whichever is greater. The CWF for fiscal year 2023-2024 increased from 0.9900 to 1.0000.

Program Cost Factors

Program cost factors are determined by the Legislature and represent relative cost differences among the FEFP programs. These factors assure that each program receives an equitable share of funds in relation to its relative cost per student. Program cost factors are for Basic Programs (101, 102, 103), Exceptional Student Education (111, 112, 113, 254, 255), English for Speakers of Other Languages (130), and Career Education for Grades 9-12 (300).

The Program Cost Factors (PCFs) for the previous and current fiscal years are shown in the table below:

| Program | Program Name | 2022-2023 PCFs | 2023-2024 PCFs | Increase/ (Decrease) |
|---------|--|-------------------|-------------------|-------------------------|
| 101/111 | Basic & ESE Level I, II, III – Grades PK – 3 | 1.126 | 1.122 | (0.004) |
| 102/112 | Basic & ESE Level I, II, III – Grades 4 – 8 | 1.000 | 1.000 | 0.000 |
| 103/113 | Basic & ESE Level I, II, III – Grades 9 – 12 | 0.999 | 0.988 | (0.011) |
| 130 | English for Speakers of Other Languages | 1.206 | 1.208 | 0.002 |
| 254 | ESE Level IV | 3.674 | 3.706 | 0.032 |
| 255 | ESE Level V | 5.401 | 5.707 | 0.306 |
| 300 | Career Education | 0.999 | 1.072 | 0.073 |



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Enrollment

Student enrollment reflects an increase for fiscal year 2023-2024 for the District as a whole; however, District schools are projected to decrease while Charter Schools and Family Empowerment Scholarships continue to increase. The table below compares actual fiscal year 2022-2023 unweighted FTE to projected fiscal year 2023-2024 unweighted FTE by school category.

| Category | FY 2022-2023 Actual UFTE | FY 2023-2024 Projected UFTE | Increase/ (Decrease) |
|---------------------------------|-----------------------------|--------------------------------|-------------------------|
| District Schools | 28,968.31 | 28,846.74 | (121.57) |
| Online Schools | 672.85 | 681.40 | 8.55 |
| Charter Schools | 1,912.44 | 2,155.88 | 243.44 |
| DJJ Schools | 142.61 | 124.46 | (18.15) |
| Family Empowerment Scholarships | 1,464.00 | 1,784.70 | 320.70 |
| Total | 33,160.21 | 33,593.18 | 432.97 |

Charter Schools & Scholarship Revenue

The District must pass through approximately \$17.5 million of FEFP related funds to charter schools and \$13.7 million to Family Empowerment Scholarships for private schools and home schools.

Millage Levy

Local revenue for school support is derived almost entirely from property taxes levied by the district. Each school board participating in the state allocation of funds for the current operation of schools must levy the millage set for its Required Local Effort (RLE). For fiscal year 2023-2024, the RLE is 3.229 on \$30.4 billion in property value of Okaloosa County. This is a decrease of 0.102 mills when compared to fiscal year 2022-2023 and represents approximately 59.0% of the total proposed taxes. The anticipated revenue from the RLE is approximately \$94.2 million, about 40% of the Total State FEFP (\$235.4 million). The Total State FEFP does not include lottery and class size categoricals, nor does it include the Discretionary Local Effort levied by the District.

A Prior Period Adjustment Millage (PPAM) must be levied by a school district if, in a prior year, the full amount of required local effort funds were not collected due to changes in property values or if a prior year's final taxable value has not been certified for the tax levy. This levy is in addition to the required local effort millage certified by the Commissioner, and the funds generated by this levy are not included in the District's FEFP allocation. The District is not required to assess a PPAM for fiscal year 2023-2024.



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

- **Current Operation** – The Florida Legislature set the maximum discretionary current operating millage at 0.748 mills. School boards may levy an additional capital outlay millage not to exceed 0.250 mills in lieu of levying an equivalent amount of the discretionary current operating millage. The District has chosen to levy 0.748 mills for Discretionary Local Effort which is expected to generate approximately \$21.8 million in revenue for our district for general operations. All school districts levy this millage, and the State includes the funding generated by this millage when calculating the amount of funds a school district receives. For fiscal year 2021-2022, twenty-two (22) school districts received additional voter approved discretionary funding ranging from 0.250 to 1.000 mills.
- **Capital Outlay and Maintenance** – School boards may levy up to 1.500 mills for capital outlay and maintenance. The District has included this levy in its millage. The levy is expected to generate \$43.8 million which will be used for: maintenance, renovation, and repair; motor vehicle purchases; new and replacement equipment, computer and device hardware and operating system software necessary for gaining access to or enhancing the use of electronic and digital instructional content and resources, and enterprise resource software; payments for educational facilities and sites due under a lease purchase agreement; payments of loans approved pursuant to SS. 1011.14 and 1011.15, F.S.; payment of costs of compliance with environmental statutes, rules, and regulations; payment of costs of leasing relocatable educational facilities; and payment of salaries and benefits for school bus drivers.

The total millage set by the District for fiscal year 2023-2024 is 5.477 as preliminarily approved on July 24, 2023, a reduction of 0.102 mills.

General Fund

The General Fund is projected to increase \$31.9 million when comparing actual results for fiscal year 2022-2023 of \$372.8 million to projected revenue for fiscal year 2023-2024 of \$404.7 million. This difference results from various increases and decreases in our revenue streams, transfers, and fund balance:

- (1) Federal Direct revenues, including Federal Impact Aid and ROTC, are estimated to be approximately \$3.3 million less;
- (2) Federal revenues through state are estimated to be approximately \$27.0 million less (Includes One-Time ESSER Allocations);
- (3) State revenues, including Florida Education Finance Program, are estimated to be \$19.0 million more;
- (4) Local revenues, including District school taxes, are estimated to be \$12.6 million more;
- (5) Transfer from capital improvement funds is estimated to be \$1.4 million more; and
- (6) Beginning fund balance decreased by \$13.3 million.



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The transfer from capital improvement funds represents approximately 36% of the Local Capital Outlay millage (1.500 mill monies). These funds will be used for maintenance of school district facilities, leases of instructional computers, and payment of salaries and benefits for school bus drivers.

The general fund includes operating revenue and categoricals/restricted funds. Even though the General Fund is projected to increase by \$31.9 million, the projected increase in funding that may be used for operating expenditures, including class size reduction, is only \$12.7 million as shown in the table below (in millions).

| Revenue | FY 2022-2023 Actual | FY 2023-2024 Estimated | Increase/ (Decrease) |
|---|--------------------------------|-----------------------------------|---------------------------------|
| FEFP Base Funding | \$ 69.5 | \$ 105.8 | \$ 36.3 |
| Less Reading Instruction Set-Aside | - | (1.8) | (1.8) |
| Less Instructional Materials Set-Aside | - | (2.5) | (2.5) |
| Less Teacher Classroom Supplies Set-Aside | - | (0.6) | (0.6) |
| Less Teacher Salary Increase Maintenance | - | (8.7) | (8.7) |
| Less Teacher Salary Increase Growth | - | (2.7) | (2.7) |
| Less Family Empowerment Scholarship (FES) Set-Aside | - | (13.7) | (13.7) |
| Transportation | 7.8 | 8.1 | 0.3 |
| Class Size Reduction | 32.0 | 30.9 | (1.1) |
| Educational Enrichment (aka SAI) | 8.8 | 9.1 | 0.3 |
| ESE Guarantee | 14.0 | 14.2 | 0.2 |
| Federally Connected Students Supplement | 2.9 | 3.1 | 0.2 |
| District School Taxes | 106.1 | 116.0 | 9.9 |
| Tax Redemptions | 0.1 | 0.1 | - |
| Interest on Investments | 2.5 | 0.5 | (2.0) |
| Federal Indirect Cost Reimbursement | 1.8 | 0.4 | (1.4) |
| School Food Service Indirect Cost Reimbursement | 0.3 | 0.2 | (0.1) |
| Total Operating/Class Size Revenue | \$ 245.8 | \$ 258.5 | \$ 12.7 |



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When reviewing the increase to the total operating/class size revenue, it is important to take into account the following anticipated increased expenditures (in millions) for fiscal year 2023-2024 in order to see the true impact to the budget:

| Description | Amount |
|---|-----------------|
| Total Operating/Class Size Revenue Increase | \$ 12.7 |
| Classroom Teachers Funded thru ESSER in Fiscal Year 2022-2023 | (8.0) |
| FTE Reserves for Non-Projected FTE in Excess of FY 2022-2023 Reserve | (1.5) |
| Increased Funding to Charter Schools | (3.0) |
| Increased Cost of Florida Retirement Contributions Due to Rate Increase | (2.4) |
| Increased Property Insurance | (1.4) |
| Increased Electricity Costs Per Florida Power & Light | (1.0) |
| Capital Transfer to Fund a Portion of Bus Driver Salaries & Benefits | 2.0 |
| Funds Remaining for All Other Increases, Including Salaries | \$ (2.6) |

Debt Service Funds

The District made its final payment on Certificates of Participation (COPs) 2016 Refunding in fiscal year 2021-2022 using Local Capital Improvement Funds (1.50 mill monies). In January 2021, the District began collecting a voter-approved half-cent sales tax to be used for certain projects at each school. In order to accelerate construction of the larger projects, the District sold COPs 2022A in February 2022. The payment in fiscal year 2023-2024 will be made by transferring Capital Outlay Half-Cent Sales Tax funding to the Debt Service Fund. No Local Capital Outlay is projected to be used for the payment this year; however, State law allows school districts to use up to 75% for this purpose if necessary.

No debt service millage assessment has been needed or requested from the taxpayers of Okaloosa County. Current debt obligations are manageable with current funding sources.



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Capital Projects Funds

Local Capital Improvement (1.500 mill monies) proceeds are expected to increase from actual collections of \$39.0 million in 2022-2023 to a projected \$43.8 million in 2023-2024 due to increased property values of \$3.4 million. The District collected \$32.9 million in half-cent sales tax revenue in fiscal year 2023-2024 and is projected to receive \$29.0 million for fiscal year 2023-2024. The projection for fiscal year 2023-2024 is lower than actual fiscal year 2022-2023 collections due to the possibility of lower spending due to inflation. Public Education Capital Outlay (PECO) new construction and maintenance funds remain at \$0 in fiscal year 2023-2024.

The large beginning fund balance of \$126.5 million is primarily due to the Certificates of Participation (COPs) 2022A sold in fiscal year 2021-2022. The carryover amount for COP 2022A is \$76.2 million.

Special Revenue Funds – Other Federal Programs (Fund 420x)

This Special Revenue Fund is used to account for the Federal funds that the District receives each year unless directed by the Florida Department of Education to utilize a separate fund, such as ESSER. The District is estimating a total of \$27.0 million in Federal funds for fiscal year 2023-2024 as compared to actual collections of \$19.5 million for fiscal year 2022-2023. The increase of \$7.5 million is partially projected new revenue and partially fiscal year 2022-2023 grants which will be closed out after approval is received from the Florida Department of Education. The \$3.6 million increase for IDEA includes fiscal year 2022-2023 funds in the amount of \$2.0 million, leaving a true increase of \$1.6 million to be used for fiscal year 2023-2024. The \$2.0 million increase for Title I includes fiscal year 2022-2023 funds in the amount of \$1.3 million, leaving a true increase of \$0.7 million to be used for fiscal year 2023-2024.

Special Revenue Funds – Elementary & Secondary School Emergency Relief (ESSER) (Fund 441x)

This Special Revenue Fund is used to account for the Federal funds that the District received for Elementary and Secondary Emergency Relief (ESSER) allocated through the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This revenue was fully expended in fiscal year 2021-2022.

Special Revenue Funds – Other CARES Act Relief (Fund 442x)

This Special Revenue Fund is used to account for the Federal funds that the District received from the CARES Act other than Elementary and Secondary Emergency Relief (ESSER). The projected revenue for fiscal year 2023-2024 is \$0.6 million less than fiscal year 2022-2023. This revenue was fully expended in fiscal year 2022-2023.



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Special Revenue Funds – Elementary & Secondary School Emergency Relief II (ESSER II) (Fund 443x)

This Special Revenue Fund is used to account for the Federal funds that the District received for Elementary and Secondary Emergency Relief II (ESSER II) allocated through the Coronavirus Response and Relief Supplement Appropriations (CRRSA) Act. The projected revenue for fiscal year 2023-2024 is \$0.3 million which is \$3.3 million less than fiscal year 2022-2023.

Special Revenue Funds – Other CRRSA Act Relief (Fund 444x)

This Special Revenue Fund is used to account for the Federal funds that the District received from the CRRSA Act other than Elementary and Secondary Emergency Relief II (ESSER II). The projected revenue for fiscal year 2023-2024 is \$10,000 less than fiscal year 2022-2023. This revenue was fully expended in fiscal year 2022-2023.

Special Revenue Funds – Elementary & Secondary School Emergency Relief III (ESSER III) (Fund 445x)

This Special Revenue Fund is used to account for the Federal funds that the District received for Elementary and Secondary Emergency Relief III (ESSER III) allocated through the American Rescue Plan (ARP) Act. The projected revenue for fiscal year 2023-2024 is \$4.3 million which is \$26.8 million less than fiscal year 2022-2023.

Special Revenue Funds – Other ARP Act Relief (Fund 446x)

This Special Revenue Fund is used to account for the Federal funds that the District received from the ARP Act other than Elementary and Secondary Emergency Relief III (ESSER III). The projected revenue for fiscal year 2023-2024 is \$0.5 million which is \$1.0 million less than fiscal year 2022-2023.

Special Revenue Funds – Miscellaneous (Fund 490x)

In fiscal year 2022-2023, the District began account for School Internal Funds as a Special Revenue Fund. This change is to comply with Governmental Accounting Standards Board Statement Number 84 (GASB 84). Estimated revenue for fiscal year 2023-2024 is \$12.0 million. Examples of School Internal Funds revenue sources include field trips, fundraisers, ticket sales, and donations. School Internal Funds is accounted for on a cash basis in a separate program at the school level – School Funds Online.



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Special Revenue Funds – Food Services

This Special Revenue Fund is used to account for school food service. The District is estimating a total of \$25.0 million for fiscal year 2023-2024 as compared to actual collections of \$27.6 million in fiscal year 2022-2023.

Special Revenue Funds – Internal Service Fund

In January 2023, the District changed from fully-insured medical insurance to partially self-insured medical insurance. The funds set-aside for this purpose are accounted for in an Internal Service Fund. The estimated revenue for fiscal year 2023-2024 is \$43.9 million which includes a carryover of \$7.0 million.

Fund Balance

Fund balance reflects the net financial resources of a fund – in other words, assets minus liabilities. If some of the fund’s resources are not available to spend, this would be indicated by “restricting” or “reserving” a portion of fund balance. The beginning fund balance as of July 1 reflects *all available funds and encumbrances* rolling from the previous year to the new year; however, the projected ending fund balance as of June 30 reflects *only the amounts appropriated to reserves*.

The Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, is effective for fiscal years beginning after June 15, 2010. The objective of the statement is to improve the usefulness and understandability of governmental fund balance information. The statement provides clearly defined categories of fund balance to make the nature and extent of the constraints placed on a government’s fund balance more transparent.

The GASB 54 classifications of fund balance are as follows:

- Nonspendable – The net current financial resources that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. Generally, not in spendable form means that an item is not expected to be converted to cash. Examples include inventory, prepaid amounts, long-term amounts of loans and notes receivable, and property acquired for resale.
- Restricted – The portion of fund balance on which constraints have been placed by creditors, grantors, contributors, laws or regulations of other governments, constitutional provisions, or enabling legislation.
- Committed – The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the highest level of decision-making authority, the District School Board. These amounts cannot be used for any other



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purpose unless the District School Board removes or changes the specified use by taking the same action it employed to previously commit the amounts.

- Assigned – The portion of fund balance that is intended to be used for specific purposes, but is neither restricted nor committed.
- Unassigned – The portion of fund balance that represents amounts that are not “nonspendable,” “restricted,” “committed,” or “assigned” to specific purposes.

General Fund

The General Fund’s nonspendable fund balance reflects beginning and projected ending inventory. Restricted fund balance includes projects for funds that have been earmarked by the State. The Assigned category includes projects that are not restricted, school carryover, school new revenue reserves, FTE reserves, retirement reserves, and self-insurance reserves. The last category, Unassigned, includes unappropriated fund balance and contingency reserves.

The beginning fund balance for fiscal year 2023-2024 is \$85.2 million and consists of all fiscal year 2022-2023 available carryover funds. The projected ending fund balance is \$35.7 million and consists of only fiscal year 2023-2024 funds appropriated to reserves. Per Florida Statute 1011.051 – Guidelines for general funds, “the District School Board shall maintain a General Fund ending balance that is sufficient to address normal contingencies. If at any time the portion of the General Fund’s ending fund balance not classified as restricted, committed, or nonspendable in the District’s approved operating budget is projected to fall below 3 percent of projected General Fund revenues during the current fiscal year, the Superintendent shall provide written notification to the District School Board and the Commissioner of Education.”

For fiscal year 2023-2024, the District’s General Fund ending balance per Florida Statute 1011.051 requirement is 8.28% as shown below:

| | |
|--|-------------------|
| Total Projected Ending Fund Balance | \$ 35,670,142.04 |
| Less Nonspendable Fund Balance | (126,235.96) |
| Less Restricted Fund Balance | (10,086,621.02) |
| Less Committed Fund Balance | - |
| Fund Balance Subject to F.S. 1011.051 | \$ 25,457,285.06 |
| | |
| New Revenue | \$ 307,402,820.39 |
| Percentage - FB Per F.S. 1011.051 to New Revenue | 8.28% |



**School District of Okaloosa County
District Summary Budget Overview
Budget Overview
Fiscal Year 2023-2024**

Debt Service

All Debt Service Funds reserve balances are restricted to debt service. The beginning fund balance for fiscal year 2023-2024 is approximately \$110,000 and consists of all fiscal year 2022-2023 available carryover funds. The projected ending fund balance is also approximately \$100,000 and consists of only fiscal year 2023-2024 funds appropriated to reserves.

Capital Projects

The reserves in Capital Projects Funds are all assigned to capital projects. The beginning fund balance for fiscal year 2023-2024 is \$126.5 million and consists of all fiscal year 2022-2023 available carryover funds. The projected ending fund balance is \$3.0 million and consists of only fiscal year 2022-2023 funds appropriated to reserves. This is due to the vast majority of capital projects funds being appropriated for specific projects rather than being held in reserve.

Special Revenue Funds

Special Revenue Funds other than Miscellaneous (Internal Fund) and Food Services do not carry a fund balance. All funds are appropriated as awarded. No funds are held in reserve.

Special Revenue Funds – Miscellaneous (Internal Funds)

The beginning fund balance for fiscal year 2023-2024 is \$6.6 million and consists of all fiscal year 2022-2023 available carryover funds. There is no projected ending fund balance as Internal Funds are appropriated to specific accounts. There are no reserves in Internal Funds.

Special Revenue Funds – Food Services

A portion of School Food Service Fund reserves are nonspendable as they are in inventory. The remainder of the fund balance is assigned to food service. The beginning fund balance for fiscal year 2023-2024 is \$10.7 million and consists of all fiscal year 2022-2023 available carryover funds. The projected ending fund balance is \$10.5 million and consists of only fiscal year 2022-2023 funds appropriated to reserves.