

May 31, 2017

Financial Emergency Board
(Board)
School District of Jefferson County
(District)
Meeting Record
May 19, 2017

Chairman Philoron Wright convened the meeting of the Financial Emergency Board for the School District of Jefferson County (board). In addition to Chairman Wright, board members John Newman and Jim Parry were present. A quorum of the board was noted.

Chairman Wright proposed a motion to approve the May 19, 2017, meeting agenda. The motion was seconded and approved unanimously by the board.

The next item on the agenda for approval was the March 31, 2017, meeting record. A motion was made and seconded to approve the meeting record as presented. The motion was approved unanimously by the board.

The Chairman called on Florida Department of Education (FDOE) Chancellor Hershel Lyons to update the board about the School District of Jefferson County's (district) turnaround plan and the charter school contracts. Chancellor Lyons reported that the charter school contracts between the district and Somerset Academy, Inc., had been approved on April 18, 2017, and that a charter school transition team was meeting twice weekly.

Chairman Wright asked for FDOE Assistant Deputy Commissioner Mark Eggers, to inform the board about the 2016-17 and the 2017-18 operating budgets and capital outlay budgets. Since the March 31, 2017, board meeting, the district staff, with consultation from FDOE staff, has done much work on the budgets to align expenditures with anticipated revenues. Mr. Eggers proceeded to explain the meeting materials to the board.

The 2016-17 school district operating budget was presented first. The district information about the status of the budgets as of April 30, 2017, and March 31, 2017, was highlighted. Included in the 2016-17 operating budget information was a column of data entitled "pro forma," which listed departmental adjustments to the district data. Each of the pro forma adjustments was explained. Board member John Newman offered a series of five motions dealing with the 2016-17 operating budget and the cited pro forma issues.

The first motion was that the district transfer operating expenses that were incorrectly charged to capital projects funds to the general fund in the amount of \$110,996.06. Those charges include: security/fire surveillance totaling \$45,531.13; PAEC information technology services totaling \$32,835.06; monthly copier charges totaling \$32,629.87; and custodial costs totaling \$45,531.13. The board discussed the motion, which was seconded and approved with the condition that the district work with FDOE staff to reconcile possible duplicative expenses for the PAEC technology services item.

A second motion by Mr. Newman was related to provisions in committee substitute for House Bill 7069 (CS/HB 7069) that was passed. The 2017 Florida Legislature in Section 29, CS/House Bill 7069 amended subsection (2) of section 1011.71, Florida Statutes, to add a subsection (k), which would provide as an allowable expenditure from capital outlay millage revenue a “payout of sick leave and annual leave accrued as of June 30, 2017, by individuals who are no longer employed by a school district that transfers to a charter school operator all day-to-day classroom instruction responsibility for all full-time equivalent students funded under s. 1011.62.” As of May 19, 2017, CS/ House Bill 7069 had not become law, therefore the district has an accruable liability. A second motion by Mr. Newman was that the district accrue a terminal leave liability in the general fund at June 30, 2017, in the amount of \$555,771.60. The motion was seconded and approved.

A third motion was proposed that the district restore money from the general fund to the operating budget, which was used to cover the costs of repairs and maintenance in the amount of \$33,363.00 that was incorrectly paid from CO&DS funds and resulted in a 2015-16 audit finding of questioned costs. The motion was seconded and approved.

The fourth motion was that the district revise the 2016-17 general fund balance to reflect the effects of the recently released audit report. The motion was seconded and approved.

The district’s true financial condition reflects a deficit assigned and unassigned fund balance in the amount of \$371,108.09, as of April 30, 2017. A fifth motion was offered that the district amend the 2016-17 budget to establish a positive assigned and unassigned fund balance by June 30, 2017, and that the balance of digital classroom allocation funds be spent in accordance with an approved plan. The motion was seconded and approved.

Following approval of the five motions, Mr. Eggers explained details of the 2017-18 operating budget draft. This will be the initial budget prepared by the district with Somerset Academy, Inc., managing the instructional program as the charter school operator. The superintendent was questioned about some of the proposed expenditures, including use of \$80,000 to pay for a curriculum specialist for the adult education program.

Following review of the 2017-18 initial draft budget, Mr. Newman moved that the district initiate the following actions: (1) revise the draft to include specific expenditure details for each function and each property; (2) provide separate budgets for each of the following operational areas – workforce (adult education) development, student transportation, and remaining district operations; and (3) that Superintendent Arbulu and the Jefferson County School Board review each function for potential reductions, including the use of contracted services, to present a balanced budget.

The board has had prior discussions about the vacant buildings and facility utilization by the district. With the consolidation of the elementary and middle/high school instructional programs into one facility, the elementary school will be added to the inventory of vacant facilities in the district. Superintendent Arbulu advised the board about the possibility of marketing two of the district’s five facilities. After background discussion, Mr. Newman moved that the district

prepare a comprehensive facilities plan for the 2017-18 fiscal year that reflects actions to dispose of unused properties through sale, demolition, or lease to external parties. The motion was seconded and approved.

Miki Presley, FDOE interim director for the Office of Educational Facilities, was asked to brief the board about the progress made in the consolidation of the educational facilities. She said the important action of moving the portables was on schedule. The expectation is that the work will be completed before the opening of the 2017-18 school year.

With little time remaining in the 2016-17 fiscal year and because recommended actions by the board affect the 2016-17 budget, board members were asked to provide information about their availability through June 30, 2017. The Chairman thanked everyone for taking the time to prepare information and to meet. The next meeting will be scheduled based on availability of participants.