


MADISON COUNTY BOARD OF EDUCATION




**FY 2017 PROPOSED BUDGET
1ST PUBLIC HEARING
SEPTEMBER 1, 2016**

MISSION OF BUDGET PROCESS

The mission of the budget process is to help decision makers make informed choices about the services and needs of a particular department, activity or local school function.

The budget process includes planning resources and prioritizing needs among the school district. And the approval process provides the legal authority to spend money.

**MADISON COUNTY SCHOOLS
FRAMEWORK FOR EXCELLENCE/MISSION STATEMENT**



The mission of the Madison County School System is to create and support high quality public schools that maximize student achievement, expand student opportunities, and prepare graduates for success in a globally-competitive world.

BUDGET OVERVIEW

- » Fiscal year – October 1, 2016 through September 30, 2017
- » Fund Types – General – State and Local Funds
Special Revenue – Federal Programs and Local School Public Funds
Debt Service – State and Local “Set Asides” for Payments
Capital Projects – Capital Funds (BRAC Bond)/Local Bond/Fleet Renewal
Fiduciary – Non Public Local School Funds (Booster Clubs, Etc.)
- » Expenditure Categories – Instruction/Instruction Support, Operations and Maintenance, Transportation, General Administrative, Debt Service (Debt Payments), Transfers to Child Nutrition and Local Schools, and Other (Preschool)
- » Budget Goals – Continue to Operate Schools and District at an Efficient Level
Ensure Programs and Services are Effective and can be Measured
Provide Accountability for Public Resources (State, Local, and Federal)

**MADISON COUNTY SCHOOLS
ANNUAL BUDGET PROCESS – GENERAL OUTLINE**

- March – Begin pre-staffing/planning based on enrollment (ADM)
- March/April – Staffing meetings (Directors and Principals)
- April/May – Begin budgeting personnel costs as Legislative Session ends
- May/June – Review State LEA allocation report and finish budgeting personnel
- June/July – Meet with department heads to budget non-personnel costs
- August – Complete budget meetings to include Federal and State funds
- August/Sept. – Finalize budget and hold first budget hearing (presentation)
- September – Second budget hearing / Board approval and submission to State

Budgets due SDE by September 15th

**GENERAL FUND
(STATE AND
LOCAL FUNDS)**


STATE REVENUES

Education Trust Fund (formerly known as "Special Education Trust Fund" or "ASETF" – now known as "ETF")

Created by the Legislature of Alabama in 1927



"...for educational purposes only"

"...for the support, maintenance and development of public education and capital improvements relating to educational facilities..."



MAJOR SOURCES OF REVENUE FOR EDUCATION TRUST FUND

- State income tax
- State sales and use tax – 4% basic rate
- State utility tax (levied by the State on the gross sales of electricity, water, gas, telegraph and telephone services)

ETF allocation is distributed monthly – in 12 equal monthly payments – to local school systems.

STATE DEPARTMENT OF EDUCATION FY2017 FOUNDATION PROGRAM

| Medon County (DE) | FY2017 | FY2016 | Change |
|---------------------------------|-----------------|-----------------|-------------|
| System ADM | 18,957.60 | 19,210.50 | -252.90 |
| Foundation Program Units | | | |
| Teachers | 1,079.75 | 1,080.46 | -0.71 |
| Principals | 27.00 | 27.00 | 0.00 |
| Assistant Principals | 24.50 | 24.00 | 0.50 |
| Counselors | 37.00 | 36.50 | 0.50 |
| Librarians | 30.50 | 30.50 | 0.00 |
| Career Tech Directors | 3.00 | 3.00 | 0.00 |
| Career Tech Counselors | 1.00 | 1.00 | 0.00 |
| Total Units | 1,202.75 | 1,202.46 | 0.29 |


| STATE DEPARTMENT OF EDUCATION FY2017 FOUNDATION PROGRAM | | | | |
|--|---------------|-------------------|---------------|---------------|
| <i>Foundation Program (State and Local Funds)</i> | <i>FY2017</i> | | <i>FY2016</i> | <i>Change</i> |
| Salaries (4% Rate) | 60,158,251 | | 58,054,944 | 2,103,307 |
| Fringe Benefits | 23,953,867 | | 23,205,591 | 748,276 |
| Other Current Expense (\$17,021/unit) | 20,472,438 | (\$16,281/unit) | 19,577,246 | 895,192 |
| Classroom Instructional Support | | | | |
| Student Materials (\$405.4534/unit) | 487,659 | (\$373.7862/unit) | 449,463 | 38,196 |
| Technology (\$169.34348/unit) | 203,678 | (\$63.7862/unit) | 76,700 | 126,978 |
| Library Enhancement (\$21.2621/unit) | 25,571 | (\$21.2621/unit) | 25,569 | 2 |
| Professional Development (\$63.78568/unit) | 76,719 | (\$63.7862/unit) | 76,700 | 19 |
| Common Purchases (\$0/unit) | 0 | (\$0/unit) | 0 | 0 |

| CLASSROOM INSTRUCTIONAL SUPPORT (CIS) THEN AND NOW | | | |
|---|-------------------|----------------------|----------------------|
| | 2008-2009 | 2015-2016 | 2016-2017 |
| Student Materials | \$400/unit | \$373.79/unit | \$487.66/unit |
| Technology | \$250/unit | \$63.79/unit | \$203.68/unit |
| Library Enhancement | \$175/unit | \$21.26/unit | \$21.26/unit |
| Professional Development | \$35/unit | \$63.79/unit | \$63.79/unit |
| Common Purchases | <u>\$125/unit</u> | <u>\$0/unit</u> | <u>\$0/unit</u> |
| Total CIS | <u>\$985/unit</u> | <u>\$522.63/unit</u> | <u>\$776.39/unit</u> |

| STATE DEPARTMENT OF EDUCATION FY2017 FOUNDATION PROGRAM | | | | |
|--|--------------------|------------------|--------------------|------------------|
| <i>State Funds</i> | <i>FY2017</i> | | <i>FY2016</i> | <i>Change</i> |
| Foundation Program ETF | 96,114,889 | | 92,370,231 | 3,744,658 |
| School Nurses Program | 634,627 | | 619,447 | 15,180 |
| Salaries - 1% per Act 57-238 | 0 | | 0 | 0 |
| Technology Coordinator | 35,412 | | 34,300 | 1,112 |
| Transportation | | | | |
| Transportation Operations | 8,634,169 | | 8,664,476 | -30,307 |
| Fleet Renewal (\$6,382/bus) | 995,592 | (\$6,382/bus) | 1,033,945 | -38,353 |
| Current Units | 0 | | 0 | 0 |
| Capital Purchase | 4,891,581 | | 4,977,404 | -85,823 |
| At Risk | 389,610 | | 350,883 | 38,727 |
| Career Tech O and M | 112,125 | | 110,941 | 1,184 |
| Total State Funds | 111,808,005 | | 108,161,627 | 3,646,378 |
| Local Funds | | | | |
| Foundation Program (10 Mills) | 10,288,390 | (10 Mills) | 10,108,610 | 179,780 |
| Capital Purchase (0.928156 Mills) | 950,163 | (0.992713 Mills) | 1,010,737 | -60,574 |

LOCAL REVENUE SOURCES


- **Local revenue is used to supplement the Foundation Program funding**
 - Where applicable, replace funding lost due to State budget cuts
 - Additional teaching units
 - Enhance curriculum programs/computer services/fiscal services
 - Capital improvements
 - Operations/Maintenance/Utilities
 - Administrative Costs
 - Transportation Shortfalls
 - Health Services
 - Pupil Services
 - Legal Fees



LOCAL REVENUES

Sales Taxes **Ad Valorem Taxes**

TVA in Lieu of Taxes



LOCAL REVENUE SOURCES

Property Taxes (ad valorem)

- County-Wide (5.5 mills)
- District (10.5 Mills)

Sales Tax


- County-Wide (1/2 cent)
- District (1 cent)

TVA in Lieu of Taxes (Percentage of power sales)




LOCAL REVENUES

Ad Valorem Taxes
ad valorem – Latin, according to the value of

A “mill” is equal to 1/10 of one cent; one mill is equal to ten cents on each \$100 of assessed value of taxable property. A single-family owner-occupied home with a fair market value of \$100,000 has an assessed value of \$10,000 and, per mill, will produce \$10 of tax revenue per year.


1/10 of 

FOUR CLASSES OF PROPERTY AS SET OUT IN THE CONSTITUTION OF ALABAMA OF 1901

| Class | Type of Property | Assessment Ratio (in terms of fair market Value) |
|-----------|---|--|
| Class I | Utilities  | 30% |
| Class II | “All property not otherwise Classified.” Generally; Business, commercial  | 20% |
| Class III | Agricultural, forest and single-Family owner-occupied Residential property Amendment No. 373 allows Agricultural property to be Valued at “CURRENT USE” – not fair market value.  | 10% |

HOW ARE PROPERTY TAXES CALCULATED?

Start with fair market value
x (times)
assessment value
x (times)
millage rate
=
amount of tax



AD VALOREM TAXES / PROPERTY TAXES

Consider duration issue: Most ad valorem school taxes (particularly those levied by counties) are voted for a specific duration, usually not more than 30 years.

MADISON COUNTY:

| | |
|--|----------|
| Countywide Ad Valorem 5.5 Mill Tax (Last Levy Date – 10/1/2019 for collections on 10/1/2020) | 30 years |
| District Regular Ad Valorem 4 Mill Tax (Last Levy Date – 10/1/2019 for collections on 10/1/2020) | 30 years |
| District Special Ad Valorem 6.5 Mill Tax (Indefinite – Must Vote to Terminate) | |

MILLAGE RATES – MADISON COUNTY PROPERTY TAXES

MILLAGE RATES ARE ASSIGNED AS PROVIDED BY THE CHARTER OF MADISON COUNTY, MISSOURI, OR BY STATE LAW.

| | |
|------------------|------------|
| Countywide | 5.50 Mills |
| District Regular | 4.00 Mills |
| District Special | 6.50 Mills |

Madison County Commission's Millage Rates for property purposes on 10/1/2020

| | |
|-----------------------|------------|
| Countywide | 5.50 Mills |
| Madison County Bridge | 0.25 Mills |
| Countywide Sewer | 0.25 Mills |
| District Regular | 4.00 Mills |
| District Special | 6.50 Mills |

Millage Rates for non-property purposes on 10/1/2020:


| | |
|-----------------------------------|------------|
| Fire/Police | 0.10 Mills |
| Madison County – Special District | 0.10 Mills |
| Madison County – General | 0.10 Mills |
| Madison County – Special | 0.10 Mills |
| Madison County – Special | 0.10 Mills |
| Madison County – Special | 0.10 Mills |
| Madison County – Special | 0.10 Mills |

Millage Rates for other purposes:

| | |
|--------------------------|------------|
| Madison County – Special | 0.10 Mills |
| Madison County – Special | 0.10 Mills |
| Madison County – Special | 0.10 Mills |

LOCAL TAXES/REVENUES

Countywide taxes are allocated and distributed on Foundation Program (“ADM”) basis; **district taxes** stay in the district in which collected.



STATE OF ALABAMA
DEPARTMENT OF EDUCATION

FY 2015-2016 Percentage Distribution
Of Countywide School Taxes

| System | System Name | Percentage |
|--------|-----------------|------------|
| 045 | Madison County | 0.3892939 |
| 159 | Huntsville City | 0.4510915 |
| 169 | Madison City | 0.1596146 |
| TOTAL | | 1.0000000 |

STATE OF ALABAMA
DEPARTMENT OF EDUCATION

FY 2014-2015 Percentage Distribution
Of Countywide School Taxes

| System | System Name | Percentage |
|--------|-----------------|------------|
| 045 | Madison County | 0.3752675 |
| 159 | Huntsville City | 0.4444071 |
| 169 | Madison City | 0.1803254 |
| TOTAL | | 1.0000000 |

GENERAL FUND LOCAL REVENUES

| | Actual 2014 | Actual 2015 | Projected 2016 | Budgeted 2017 |
|---|----------------|----------------|-------------------|------------------|
| One-Half Cent Sales Tax | \$9,264,600 | \$9,771,278 | \$10,462,824 | \$10,700,000 |
| One Cent Sales Tax | 7,363,027 | 7,804,776 | 8,363,064 | 8,600,000 |
| 5.5 Mill County-Wide Prop. Tax | 8,648,530 | 8,778,306 | 9,166,741 | 9,500,000 |
| 10.5 Mill District Prop. Tax | 10,614,774 | 10,802,799 | 10,998,137 | 11,338,390 |
| TVA In Lieu of Taxes | 4,662,741 | 4,636,491 | 4,318,570 | 4,400,000 |
| Other | 4,123,217 | 3,803,783 | 3,473,339 | 3,368,997 |
| <small>(Tobacco Tax, Casual Sales Tax, Interest County Commission Appropriation, and Indirect Cost)</small> | | | | |
| TOTAL | \$44,576,949 | \$45,296,433 | \$46,771,165 | \$47,907,387 |

**OTHER COMPARISONS – LOCAL REVENUE
FISCAL YEAR ENDING SEPTEMBER 30, 2015**

| | ADM | Local Revenue | Local Funding Per Student |
|-------------------------|--------|---------------|---------------------------|
| Madison County Schools | 19,211 | \$43,921,716 | \$2,286 |
| Huntsville City Schools | 22,837 | \$101,910,358 | \$4,463 |
| Madison City Schools | 9,907 | \$29,730,622 | \$3,001 |

ADM – Average Daily Membership

**REVENUE COMPARISONS – FUNDING SOURCES
FISCAL YEAR ENDING SEPTEMBER 30, 2015**

| | Madison County | Huntsville City | Madison City |
|----------------|----------------|-----------------|--------------|
| State Sources | 60% | 45% | 53% |
| Federal Funds | 7% | 10% | 5% |
| Local Revenues | 32% | 44% | 41% |
| Other | 1% | 1% | 1% |
| TOTAL | 100% | 100% | 100% |


General Fund Expenditures



GENERAL FUND EXPENDITURES CONTINUED

General Administrative:
 Superintendent and Board Members; Professional Services (Attorney Fees, Audit, and Bank/Fiscal Agent Charges); Accounting and Personnel Services; Purchasing Services; Warehouse Services; and Office Supplies/Travel/Telephone.

Operating Transfers and Other:
 Transfers to Debt Service Funds for Bond Payments; Transfers to CNP for State Mandated Salary Increases and ALL Fringe Benefits; TVA Transfer to Local Schools; Other Local School Allocations (CIS Funds; TVA & Custodial Allocations); and Preschool Local Support.



**SPECIAL REVENUE
 (FEDERAL PROGRAMS
 AND LOCAL SCHOOL
 PUBLIC FUNDS)**

FISCAL YEAR 2017 FEDERAL FUNDS/ALLOCATIONS AND STATE OFFICE OF SCHOOL READINESS (OSR) GRANTS

| | FY2015 | FY2016 | FY2017 |
|---|----------------|------------------|------------------|
| IDEA-B | \$3,588,186 | \$3,592,629 | \$3,615,624 |
| Preschool Part B | 47,960 | 47,770 | 59,358 |
| Title I, Part A | 2,181,295 | 2,179,581 | 2,711,696 |
| Title II, Part A - Class Size Reduction | 432,598 | 433,709 | 422,571 |
| Title III - ELL | 26,629 | 24,950 | 30,428 |
| Vocational and Technical Education | 180,858 | 198,239 | 193,592 |
| Indian Education | 222,389 | 228,337 | 231,210 |
| DODEA - LAUNCH (5 Year Grant) | 0 | 204,992 | 145,219 |
| DODEA - LAUNCH K-3 (5 Year Grant) | 0 | 0 | 149,000 |
| Preparing for Tomorrow (3 Year Grant) | 256,738 | 243,737 | 0 |
| Title I Part D | 44,093 | 46,674 | 0 |
| Homeless (Applied For) | 14,000 | 14,000 | 68,474 |
| OSR Pre-K - General Fund (State Funds) | 251,100 | 1,423,200 | 1,871,400 |

DEBT SERVICE FUNDS

DEBT SERVICE FUNDS

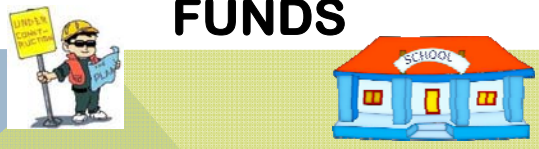
This fund type reflects the annual debt payments (principal and interest) of the Madison County Board of Education on its outstanding debt as of October 1, 2016, excluding the capital leases for buses. (See Capital Projects Funds – Fleet Renewal)

| Debt Payment FY 2017 | | | |
|---------------------------|------------------------|------------------------|-------------------------|
| WARRANT | PRINCIPAL | INTEREST | TOTAL |
| 2009 Series | 50.00 | \$ 32,800.00 | \$ 32,850.00 |
| 2010-A Series | 810,000.00 | 289,850.00 | 1,099,850.00 |
| 2010-B Series | 410,000.00 | 112,993.76 | 522,993.76 |
| 2011-A Series | - | 1,012,180.00 | 1,012,180.00 |
| 2011-B Series | - | 908,350.00 | 908,350.00 |
| 2012-A Series | 240,971.98 | 82,586.97 | 323,558.95 |
| 2013 Series | 490,000.00 | 308,512.52 | 798,512.52 |
| 2013 BRAC | 350,000.00 | 1,124,050.00 | 1,474,050.00 |
| 2014 Series | 2,065,000.00 | 682,790.00 | 2,747,790.00 |
| 2016 Series | 170,000.00 | 1,786,537.50 | 1,956,537.50 |
| SUB-TOTAL | \$ 4,535,971.98 | \$ 6,310,620.75 | \$ 10,846,592.73 |
| Schneider Phase I | \$ 440,000.00 | \$ 475,667.50 | \$ 915,667.50 |
| Schneider Phase II | 342,650.64 | 684,654.90 | 1,037,305.54 |
| SUB-TOTAL | \$ 782,650.64 | \$ 1,170,322.40 | \$ 1,952,973.04 |
| TOTAL DEBT FY 2017 | \$5,318,622.62 | \$ 7,480,943.15 | \$ 12,799,565.77 |

LOCAL SCHOOL BANK LOANS PUBLIC FUNDS/BOARD APPROVED

| Year | School | Use of Funds | Loan Amount | Current Balance | Interest Rate |
|--------------------------|---------------------|---------------------|-------------|------------------|----------------------------|
| 2017 | New Hope High | Baseball Lights | \$ 4000 | \$ 10157 | 6.25% |
| 2012 | New Hope High | Athletic Facilities | \$ 40000 | \$ 32880 | 3.25% |
| 2013 | Buckhorn High | Athletic Facilities | \$ 45000 | \$ 35925 | 3.75% (Negotiable in 2018) |
| 2013 | Spokan High | Athletic Facilities | \$ 25000 | \$ 18750 | 3.75% (Negotiable in 2018) |
| Renewed 2016 | Hazel Green High | Athletic Facilities | \$ 63940 | \$ 63940 | 3.82% (4/1/2022 Maturity) |
| Renewed 2016 | Madison County High | Athletic Facilities | \$ 32564 | \$ 32564 | 3.82% (11/1/2021 Maturity) |
| TOTAL OUTSTANDING | | | | \$ 184402 | |

CAPITAL PROJECTS FUNDS



CAPITAL PROJECTS FUNDS


| | |
|--|--------------|
| Fleet Renewal – State Allocation (Debt Service on 3 Capital Leases for Buses \$652,776 – Leases Payoff in Feb. 2017, March 2019, and Oct. 2019) and \$611,205 to Purchase 7 Buses) | \$995,592 |
| Public School Fund – State Allocation (Debt Payments on Local Bonds) | \$4,891,581 |
| BRAC Bond Issue – Balance Brought Forward October 1, 2016 (High School) | \$42,701,773 |
| Local Warrant – Balance Brought Forward October 1, 2016 (Capital Plan Maintenance and Improvements) | \$3,514,875 |

TRANSPORTATION – FLEET RENEWAL

Fleet Renewal (Buses):
MCBOE Fleet – 219 Buses
(188 regular route and 31 special needs)

2016 Buses Eligible for Fleet Renewal (10 years old or less) – 150
(Not Funded for 69)

Funding is currently \$6,382 per bus over 10 year period or \$63,820.
The average bus cost is \$88,000.





**BRAC BONDS – STATE ISSUE
DATED JUNE 2013**

| | |
|--|----------------------|
| Project – Madison County Elementary (Completed) | \$9,766,840 |
| Project – Monrovia Area High School (Budgeted) | \$46,000,000 |
| Expenditures to Date: | |
| Land/Architect Fees/Other Professional Services | (\$3,298,227) |
| Balance Held on Behalf of Madison County | \$42,701,773 |

**FIDUCIARY – NON-PUBLIC
LOCAL SCHOOL FUNDS**

Booster Clubs/School Affiliated Organizations \$2,011,011
(27 local schools plus Career Tech)





Questions?

**2nd Public Hearing
September 13, 2016**

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