



**MONTGOMERY
PUBLIC SCHOOLS**

Montgomery County Board of Education

307 South Decatur Street • P.O. Box 1991 • Montgomery, AL 36102-1991

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October 30, 2017

To the Board

Montgomery County Board of Education

307 South Decatur Street

Montgomery, AL 36102-1991

Board Members,

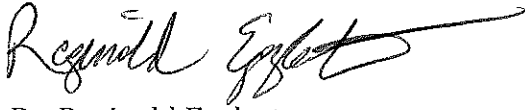
This correspondence is in connection with the called board meeting, held on October 26, 2017. The primary purpose of the meeting was to discuss and approve an operating budget for the 2018 fiscal year which began on October 1, 2017. With specific regard to the Board's action to forego passage of a budget for the now current fiscal year, I have considered the comments, sentiments and deliberations expressed by the Board during the meeting. I have considered each of the budget alternatives as presented by Ms. Brenda Palmer and Mr. Jason Taylor. As well, I have considered the fiscal and operational consequences of operating in the absence of an approved budget.

In light of these considerations, and by way of the authority designated to me by the State Superintendent of Education pursuant to and compliant with the Educational Accountability and Intervention Act of 2013, I have decided to approve the First Alternative Operating Budget for the 2018 fiscal year presented at the October 26, 2017 budget hearing (a copy of which is attached hereto for your reference). As you may recall, the First Alternative Operating Budget excludes revenues from a non-recurring sale of real estate and includes reductions in the scope of the District's instructional and operational resources. While I am generally not in favor of reduction in resources, such a measure becomes necessary in order for the District to avoid a current year budget deficiency.

Approval of the budget is not intended and should not be construed as a referendum, dismissal, or criticism of the Board's collective sentiment. To reiterate, I have considered all points brought forth during the budget hearings and during the called meeting. In my professional opinion, I believe that the First Alternative Operating Budget is the most reasonable direction to take at this time.

I welcome the opportunity to address any questions or concerns regarding the Board's fiscal year 2018 budget. Thank you for your understanding in this matter.

Respectfully,

A handwritten signature in black ink, appearing to read "Reginald Eggleston", with a long, sweeping horizontal line extending to the right.

Dr. Reginald Eggleston
Chief Academic Officer
Alabama State Department of Education

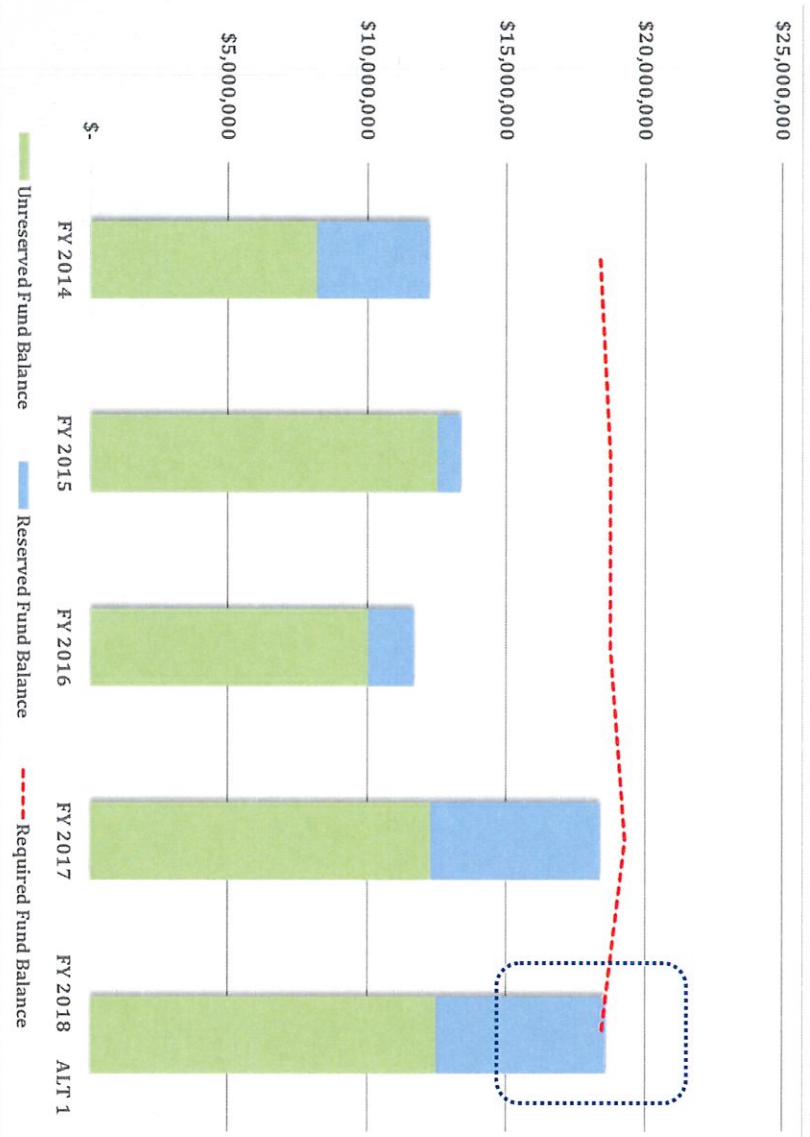
Montgomery County Board of Education *First Alternative Operating Budget for the Fiscal Year* Ending September 30, 2018

	GOVERNMENTAL FUNDS				FIDUCIARY		TOTAL (Memo Only)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST		
REVENUES:							
STATE REVENUES	\$ 162,284,587	\$ 50,757	\$ 2,063,839	\$ 6,668,162	\$ -		\$ 171,067,345
FEDERAL REVENUES	297,000	46,869,949	-	-	-		47,166,949
LOCAL REVENUES	56,166,141	6,289,702	-	127,039	845,853		63,428,735
OTHER REVENUES	-	408,590	-	-	-		408,590
TOTAL REVENUES	218,747,728	53,618,998	2,063,839	6,795,202	845,853		282,071,619
EXPENDITURES:							
INSTRUCTIONAL SERVICES	140,222,210	16,117,351	-	-	107,316		156,446,877
INSTRUCTIONAL SUPPORT SERVICES	37,320,890	9,964,423	-	-	463,003		47,748,316
OPERATIONS & MAINTENANCE	24,208,744	102,430	-	213,232	197		24,524,603
AUXILIARY SERVICES	8,921,690	20,113,570	-	4,375,304	2,098		33,412,662
GENERAL ADMINISTRATIVE SERVICES	7,699,838	2,090,149	-	-	-		9,789,987
CAPITAL OUTLAY	-	-	-	-	-		-
DEBT SERVICES	-	-	3,248,714	5,282,095	-		8,530,808
OTHER EXPENDITURES	2,453,189	5,270,166	-	-	194,102		7,917,457
TOTAL EXPENDITURES	220,826,561	53,658,089	3,248,714	9,870,630	766,716		288,370,710
OTHER FUND SOURCES (USES):							
OTHER FUND SOURCES	2,268,381	544,097	1,184,875	4,375,304	20,210		8,392,867
OTHER FUND USES	(1)	(607,850)	-	(1,184,875)	(37,764)		(1,830,490)
TOTAL OTHER FUND SOURCES (USES)	2,268,380	(63,753)	1,184,875	3,190,429	(17,554)		6,562,377
EXCESS REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	\$ 189,547	\$ (102,845)	\$ -	\$ 115,000	\$ 61,583		\$ 263,286
BEGINNING FUND BALANCE - OCT 1	18,394,177	4,978,099	12,013,236	800,000	579,089		36,764,602
ENDING FUND BALANCE - SEP 30	\$ 18,583,725	\$ 4,875,254	\$ 12,013,236	\$ 915,000	\$ 640,672		\$ 37,027,888

General Fund: The *First Alternative Operating Budget* Projects a Balanced Budget and an Ending Reserve Fund Balance Approximating \$18.5 Million (Meets the Required Reserve Fund Balance of \$18.4 Million)

	GOVERNMENTAL FUNDS				FIDUCIARY	TOTAL
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	EXPENDABLE TRUST	(Memo Only)
REVENUES:						
STATE REVENUES	\$ 162,284,587	\$ 50,757	\$ 2,063,839	\$ 6,668,162	\$ -	\$ 171,067,345
FEDERAL REVENUES	297,000	46,869,949	-	-	-	47,166,949
LOCAL REVENUES	56,166,141	6,289,702	-	127,039	845,853	63,428,735
OTHER REVENUES	-	408,590	-	-	-	408,590
TOTAL REVENUES	218,747,728	53,618,998	2,063,839	6,795,202	845,853	282,071,619
EXPENDITURES:						
INSTRUCTIONAL SERVICES	140,222,210	16,117,351	-	-	107,316	156,446,877
INSTRUCTIONAL SUPPORT SERVICES	37,320,890	9,964,423	-	-	463,003	47,748,316
OPERATIONS & MAINTENANCE	24,208,744	102,430	-	213,232	197	24,524,603
AUXILIARY SERVICES	8,921,690	20,113,570	-	4,375,304	2,098	33,412,662
GENERAL ADMINISTRATIVE SERVICES	7,699,838	2,090,149	-	-	-	9,789,987
CAPITAL OUTLAY	-	-	-	-	-	-
DEBT SERVICES	-	-	3,248,714	5,282,095	-	8,530,808
OTHER EXPENDITURES	2,453,189	5,270,166	-	-	194,102	7,917,457
TOTAL EXPENDITURES	220,826,561	53,658,089	3,248,714	9,870,630	766,716	288,370,710
OTHER FUND SOURCES (USES):						
OTHER FUND SOURCES	2,268,381	544,097	1,184,875	4,375,304	20,210	8,392,867
OTHER FUND USES	(1)	(607,850)	-	(1,184,875)	(37,764)	(1,830,490)
TOTAL OTHER FUND SOURCES (USES)	2,268,380	(63,753)	1,184,875	3,190,429	(17,554)	6,562,377
EXCESS REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	\$ 189,547	\$ (102,845)	\$ -	\$ 115,000	\$ 61,583	\$ 263,286
BEGINNING FUND BALANCE - OCT 1	18,394,177	4,978,099	12,013,236	800,000	579,089	36,764,602
ENDING FUND BALANCE - SEP 30	\$ 18,583,725	\$ 4,875,254	\$ 12,013,236	\$ 915,000	\$ 640,672	\$ 37,027,888

General Fund: The *First Alternative Operating Budget* Projects a Balanced Budget and an Ending Reserve Fund Balance Approximating \$18.5 Million
(Meets the Required Reserve Fund Balance of \$18.4 Million)



Note: Data for the fiscal years 2014, 2015 and 2016 has been normalized to account for \$3.9 million in funds restricted for capital projects originally classified in the General Fund.

General Fund: In Comparison with the Initial Operating Budget, the *First Alternative Operating Budget* Includes Adjustments to Revenues and Expenditures, Resulting in a Balanced Budget and a Minimally Sufficient Reserve Fund Balance

	INITIAL BUDGET (FY 2018)	ALT I BUDGET (FY 2018)	VARIANCE
REVENUES:			
STATE REVENUES	\$ 162,284,587	\$ 162,284,587	\$ -
FEDERAL REVENUES	297,000	297,000	-
LOCAL REVENUES	56,166,141	56,166,141	-
OTHER REVENUES	-	-	-
TOTAL REVENUES	218,747,728	218,747,728	-
EXPENDITURES:			
INSTRUCTIONAL SERVICES	143,022,210	140,222,210	(2,800,000)
INSTRUCTIONAL SUPPORT SERVICES	38,020,890	37,320,890	(700,000)
OPERATIONS & MAINTENANCE	25,408,744	24,208,744	(1,200,000)
AUXILIARY SERVICES	8,921,690	8,921,690	-
GENERAL ADMINISTRATIVE SERVICES	7,699,838	7,699,838	-
CAPITAL OUTLAY	-	-	-
DEBT SERVICES	-	-	-
OTHER EXPENDITURES	2,453,189	2,453,189	-
TOTAL EXPENDITURES	225,526,561	220,826,561	(4,700,000)
OTHER FUND SOURCES (USES):			
OTHER FUND SOURCES	12,118,381	2,268,381	(9,850,000)
OTHER FUND USES	(1)	(1)	-
TOTAL OTHER FUND SOURCES (USES)	12,118,380	2,268,380	(9,850,000)
EXCESS REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	\$ 5,339,547	\$ 189,547	\$ (5,150,000)
BEGINNING FUND BALANCE - OCT 1	18,394,177	18,394,177	-
ENDING FUND BALANCE - SEP 30	\$ 23,733,725	\$ 18,583,725	\$ (5,150,000)

Due to a reduction in anticipated revenues, the balanced budget becomes reliant on a reduction in operating expenditures equal to 81 Full-Time Employee Equivalents as follows:

Instructional Units:	41
Instructional Assistance Units:	10
Operations Personnel:	<u>30</u>
Subtotal:	81

Budget excludes \$9.85 Million in non-recurring revenues from the sale of real estate.