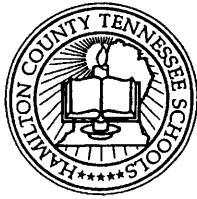


Hamilton County Department of Education

The Hamilton County Department of Education (DOE), a discretely presented component unit of Hamilton County Government, is presented in this section. The DOE provides public education for grades kindergarten through twelve. The Hamilton County Commission levies taxes for the operations of the school system and issues debt for all significant capital projects. The budget for the school system is prepared by the superintendent and his staff and presented to the nine-member elected Board of Education before it is presented to the Hamilton County Commission.





HAMILTON COUNTY DEPARTMENT OF EDUCATION

3074 Hickory Valley Road
Chattanooga, TN 37421
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Rick Smith
Superintendent

July 2013

To The Citizens of Hamilton County:

The Hamilton County Department of Education is committed to creating, fostering and supporting an environment that offers opportunities for success for all students.

I can assure you we strive to be good stewards of the funds we receive as we provide the resources and support that will offer opportunities for our students to achieve.

The Hamilton County Department of education serves more than 42,500 students in 78 schools throughout the county. Our student enrollment continues to be on an upward trend. As Superintendent, I anticipate working closely with parents, students, teachers, support staff and community leaders to focus our resources and efforts on improving student achievement. As new state standards are implemented, it is critical that our students receive support from all of us.

The Hamilton County Board of Education provides guidance and support through strategic decisions that directly impact the classroom. Their commitment to excellence is evident as they support reform measures that continue to receive national and state recognition as role models for replication. Hamilton County is now taking the lead on development of a Principal Leadership Academy in partnership with the Public Education Foundation, Chattanooga Chamber of Commerce and the University of Tennessee at Chattanooga. We have also implemented Project COACH which is a teacher evaluation model designed to provide immediate feedback to the teacher in order to maximize classroom instruction. Our STEM School which just completed its first year was supported through a commitment from business and industry and Chattanooga State.

Our business and philanthropic partnerships continue to provide the resources and support needed for effective reform. There is no doubt that it is important to all of us that our students graduate with the skills and knowledge to be productive citizens who will succeed in life. With the addition of new business and industry to our community, a renewed momentum to strengthen our instructional programs and provide the skills needed for a trainable workforce has been evident.

As we move forward with our reforms and our goal of increasing student achievement, we want the public to know that we take our responsibility of educating the community's students very seriously.

Sincerely,

A handwritten signature in cursive script that reads "Rick Smith".

Rick Smith
Superintendent



HAMILTON COUNTY DEPARTMENT OF EDUCATION BUDGET POLICY DOCUMENT

Overview

Our budget policy provides guidance for all cost center managers in submitting and justifying annual budget proposals for Hamilton County Schools and departments receiving funding from the County Commission.

The development of an annual budget document provides a framework and guide to good budget practice support, strategic, operational, and financial actions that support performance objectives and help achieve measurable service accomplishments.

Service efforts and accomplishments are one facet of effective use of performance objectives in planning and budgeting.

Performance objectives and measurement logically fall within the purview of budgetary practice rather than financial reporting.

Performance Measures

The objective of Hamilton County Department of Education is to provide the best educational opportunities for all its students. Taxes, fees, and other public resources finance these educational programs. A key responsibility of Hamilton County Department of Education is to develop and manage programs and resources as efficiently and effectively as possible and to communicate the results of these efforts to the taxpaying public. In the development and delivery of educational programs, critical decisions must be made each year regarding the allocation and management of financial resources. Most of these decisions are made as part of the annual budget development process.

Meaningful performance measurements provide for Hamilton County Department of Education accountability by assisting school officials and the citizenry in identifying financial and programmatic results and in evaluating past resource decisions. Furthermore, performance measurements facilitate qualitative improvements in future decisions regarding resource allocations and service delivery options. Finally, performance measurements provide a meaningful, understandable method of communicating service and program results to the community.

Financial, service, and program performance measures should be developed and used as an important component of decision-making and incorporated into Hamilton County Department of Education budgeting.

Performance Measurement Criteria

The following are criteria for performance measures:

- Based on program goals and objectives supporting a program mission or purpose;
- Measure program results or accomplishments;
- Provide for comparisons over time;
- Measure both efficiency and effectiveness;
- Are reliable, verifiable, and understandable;
- Are reported internally and externally;
- Monitored and used in decision-making processes;
- Limited to a number and degree of complexity that can provide an efficient and meaningful way to assess the effectiveness and efficiency of key programs;
- Promote better budget decisions between school board, school staff, and the public;

- Provide a consistent, systematic way of making budget decisions;
- Help streamline the budget process;
- Provide a guide for making decisions on budget amendments during the year, as revenues change and emergency funding needs arise;
- Promote long-term planning.

Strategic Plan

Three Steps to Excellence:

- Raising Student Achievement
- A Quality Teacher for Every Student
- A School System That is Accountable

Financial Policy Guidelines

Numerous financial policy guidelines are followed in enabling the schools to achieve a sound financial position. Some of the most significant guidelines pertaining to the budget are as follows:

Balanced budget:

The Budget should be balanced with current revenues equal to or greater than current expenditures/expenses using the following strategies: improve productivity, shift the service or payment burden away from the schools, improve revenues, create new service fees or raise existing fees based on the cost of services, reduce or eliminate programs, increase property taxes; and, lastly, reduce or eliminate services.

Tax rate:

The tax rate should be within the reasonable range of comparable schools and should be adequate to produce the revenues needed to pay for school programs, as approved by the Board of County Commissioners. The tax rate for 2013 year is County General Fund - \$1.3816, School Fund - \$1.3726, District Road Fund \$.0110 – Total Tax Rate - \$2.7652.

Exemptions:

The County exemptions are provided by State law.

Be conservative in projecting revenues:

Projected tax revenues from economy-sensitive sources; for example, the sales tax should be conservative to avoid budget shortfalls during unexpected downturns in the economy.

Hamilton County Department of Education fund balances:

The Hamilton County Department of Education fund balance should be adequate to handle unexpected decreases in revenues, as well as at a reasonable level for extraordinary unbudgeted expenditures. The minimum fund balance should be 60 days, computed separately from the designated components of the fund balance. The approximate fund balance at the end of the 2010-2011 fiscal year is estimated at approximately 15 days.

Vision Statement:

Hamilton County Schools is a diverse school system committed to creating, fostering, and supporting an environment that offers opportunities for success for all students.

Philosophy and Objectives:

Recognizing our responsibility to provide each generation with adequate skills to be independent and gainfully employed, we intend to create and maintain an enriched learning environment, conducive to the educational process. The Hamilton County Department of Education curriculum is designed to meet the following objectives for our students:

1. Competency in fundamentals of learning and communication
2. Skills and attitudes which facilitate life-long learning
3. Sufficient information to realize life goals
4. Principles, habits, and attitudes conducive to good physical and mental health
5. Ability to establish and maintain satisfactory relationships with others
6. Practice the basic requirements of responsible citizenship
7. Competence in the use of natural resources
8. Acquire career information and economic competence
9. Appreciate cultural and aesthetic values
10. Be aware of increasing interdependence among the peoples and nations of the world
11. Maintain a high degree of intellectual curiosity
12. Acquire the intellectual and social skills, which enable each individual to live in a world that accepts inclusion of people with disabilities and those with ethnic and racial differences.

Effective planning and implementation of services, policies, laws, and regulations:

- Improve communication and understanding between the Board of Education and the community by promoting a dialogue with reference to the costs and benefits of services in order to protect our quality of life.
- Increase the responsiveness of the organization by promoting efficiency, which may include modifying existing policies and procedures.
- Improve public/private and intergovernmental coordination.
- Assist in understanding the importance of improving and expanding county revenue sources to fund the stated goals.

Roles and Responsibilities of the Board of Education:

1. Be responsive to and represent the wishes of the citizens.
2. Establish strategies, set policies and determine priorities through the approval of objectives, plans, and budgets.
3. Educate citizens on the need for accomplishing stated goals of Hamilton County Department of Education.

Accounting, Auditing, and Financial Reporting Policies:

1. An independent audit will be performed annually.
2. The schools will produce annual financial reports in accordance with generally accepted accounting principles as outlined by the Governmental Accounting Standards Board.

3. The schools will maintain a strong audit review process that supports our commitment to efficient accountability in financial reporting.

Capital Budget Policies:

1. The schools will develop a multi-year plan for capital improvement, update it annually, and make all capital improvements in accordance with the plan.
2. The schools shall allocate a minimum of one million per year for Capital Investments.
3. The schools will maintain physical assets at a level adequate to protect its capital investment and minimize future maintenance and replacement costs.
4. The School Board will use the following criteria to evaluate the relative merit of each capital project. Capital investments will foster the goals of ensuring:
 - a) Economic vitality
 - b) Neighborhood vitality
 - c) Infrastructure and heritage preservation
 - d) Projects specifically included in an approved replacement schedule will receive priority.
 - e) Projects reducing the cost of operations, will receive priority and those projects that increase the cost of operations, must have identified tradeoffs to support additional costs.
 - f) Projects identified as important by the Board or a department will receive priority.
 - g) Projects, which significantly improve safety and reduce risk exposure, such as Americans with Disabilities ACT (ADA) will receive priority.

Purpose of Financial Operations Policies:

The Hamilton County School Board shall establish internal accounting and administrative controls to provide reasonable assurance that:

- a) Obligations and costs are in compliance with applicable law;
- b) Funds, property and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; and
- c) Revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the assets.

Finance and Financial Management:

Financial Management Responsibilities

Board of Education

The Board has the duty of overseeing the entire financial management of the District.

Superintendent

The Board shall assign specific financial management responsibilities to the Superintendent.

Finance Director

The Superintendent shall assign specific financial duties to the Finance Director. The Finance Director shall compile the data needed to develop the budget, shall act as a resource person for the Board, Superintendent and other staff personnel on financial matters and shall implement the approved budget through applicable policies, procedures or regulations.

Staff

Staff members shall provide needed data and assistance to the Finance Director. Any staff member having

authority to spend District funds shall do so in accordance with applicable federal, state or local statutes, and Board policies, procedures or regulations.

The Budget and Budgetary process:

Budget Defined

- a) The District's budget is a written document, presenting the Board's plan for the allocation of the available financial resources in a spending plan which sustains and improves the educational function of the District.
- b) The budget will be based upon the educational needs and financial ability of the District, as identified by the Superintendent, Staff and the School Board.

Statutory Provisions:

Board of Education

The Board shall require the Board chairman and Superintendent to prepare the budget on forms provided by the state and submit it to the County Commission after approval by the Board.

Superintendent

The Superintendent is responsible for preparing and submitting the budget to the Board and shall immediately notify the Board of any irregularities or unanticipated revenues or expenditures.

Preparation:

The Superintendent, after comparing the needs of the schools against the sources of anticipated revenue, shall prepare a tentative budget allocating funds for the operation of the District.

Adoption:

- a) The Board, after reviewing and amending the Superintendent's tentative budget, shall adopt a budget for the forthcoming school year.
- b) Copies of the adopted budget will be available for the public on the Hamilton County Department of Education website.

Presentation to County Commission:

The Superintendent shall present the budget adopted by the Board to the County Commission prior to the date for setting the tax rate.

Budget as a Spending Plan:

Responsibility for Administering

The budget represents a controlled spending plan for the fiscal year. The Superintendent is authorized to make expenditures and commitments in accordance with and in harmony with the official actions of the Board and the laws of the State of Tennessee.

Methods and Procedures

The Board of Education will be provided monthly financial statements.

Transfer of Funds

Any change in the expenditure of major budget categories shall be approved by the Board and County Commission prior to the expenditure.

Operational policy:

Provide sufficient time to complete the budget process:

Start the budget process sufficiently early to ensure that a budget and the tax rate can be adequately discussed and approved by the full Commission before the budget year starts on July 1.

Find and implement ways to improve the efficiency of County services:

- Encourage employees and citizens to help identify ways to provide educational services for less cost.
- Give high priority to projects that can be shown to provide educational services for less cost.

Maintain a trained, motivated work force:

- Provide incentives to encourage employees to learn new job skills.
- Provide a system that rewards outstanding performance.

Pay employees competitive, consistent salaries:

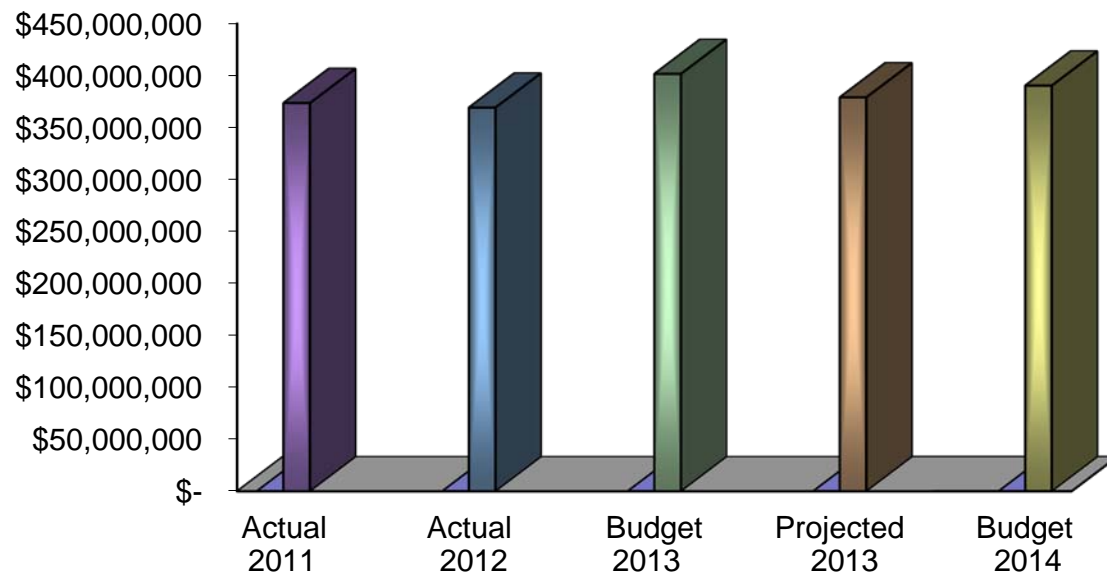
- Provide annual salary increases for employees to cover cost-of-living increases.
- Pay salaries that are comparable to those of similar counties.

Protect health and the environment:

- Ensure that environmental considerations are factored into budget decisions.
- Comply with ADA requirements.



Department of Education Expenditures



**Hamilton County Department of Education Budget Summary
Schedule of Revenue and Expenditures**

	Actual 2011	Actual 2012	Amended Budget 2013	Projected 2013	Adopted Budget 2014
<u>Revenues</u>					
Taxes	179,512,393	189,197,934	186,460,845	189,157,175	192,460,845
Intergovernmental	184,273,766	183,342,115	192,348,230	183,474,123	185,698,812
Charges for Services	9,971,406	10,564,013	12,259,668	10,005,348	10,226,983
Investment Earnings	255,266	250,719	259,650	261,432	259,650
Miscellaneous	7,034,842	5,853,600	4,821,666	3,972,032	3,457,594
Total Revenues	381,047,673	389,208,381	396,150,059	386,870,110	392,103,884
<u>Expenditures</u>					
Regular Instruction	160,704,503	156,190,832	171,076,501	167,221,091	173,225,139
Special Education	30,667,834	32,188,568	33,013,487	32,381,796	33,719,255
Vocational Education	8,238,588	8,297,430	8,283,371	8,204,919	8,578,641
Attendance	1,685,139	1,471,536	1,615,624	1,471,462	1,631,554
Health Services	2,679,702	3,061,784	3,181,455	2,999,166	3,312,865
Other Student Support	6,575,781	6,032,896	6,545,353	6,347,113	6,607,345
Regular Instruction Support Services	8,769,099	7,864,142	8,576,327	7,842,623	8,762,592
Special Education Support Services	2,744,900	2,641,146	2,950,148	2,861,020	2,984,211
Vocational Education Support Services	248,953	257,376	279,509	249,215	253,294
Board of Education	5,667,275	5,888,670	5,967,169	5,666,490	6,187,849
Office of the Superintendent	1,381,858	887,071	991,943	848,740	999,080
Office of the Principal	21,949,272	22,590,041	23,276,991	22,817,059	23,514,298
Fiscal Services	2,316,745	2,316,077	2,662,149	2,424,684	2,711,943
Human Services	1,049,500	1,054,435	1,206,135	1,070,998	1,221,994
Operation of Plant	23,811,461	23,365,914	25,792,353	23,391,323	24,707,889
Maintenance of Plant	7,486,659	7,502,122	7,927,707	7,625,447	7,964,785
Transportation	13,127,632	14,012,403	14,607,958	14,384,583	14,611,383
Central and Other	2,150,268	1,943,061	2,164,443	2,090,804	2,174,679
Community Services	2,259,684	2,442,465	2,990,133	2,414,423	2,985,896
Early Childhood Education	2,620,239	2,661,674	2,806,676	2,741,583	2,793,638
Capital Outlay	123,578	124,449	130,000	129,746	130,000
Education Debt Service	97,500	97,500	97,500	97,500	97,500
Food Service	17,164,901	18,107,596	20,284,289	19,826,115	19,758,829
Federal Projects	45,494,874	40,258,948	45,284,286	35,422,597	32,853,860
Self Funded Projects	4,464,982	4,301,119	4,677,649	4,003,251	2,463,330
Charter Schools	-	3,514,108	5,125,702	4,415,906	6,025,702
Total Expenditures	373,480,927	369,073,363	401,514,858	378,949,654	390,277,551
Excess of Revenues Over (Under) Expenditures	7,566,746	20,135,018	(5,364,799)	7,920,456	1,826,333
Other Financing Uses	(5,816,456)	(3,600,000)	(4,369,710)	(4,369,710)	(3,000,000)
Net Encumb (beginning less ending)	1,125,826	(5,466,547)	-	-	-
Excess of non-budgeted revenue and other financing sources over (under) non-budgeted expenditures	760,960	(466,331)	-	4,478,911	-
Beginning Fund Balance	35,261,672	38,898,748	49,500,888	49,500,888	57,530,545
Fund Balance at end of year	38,898,748	49,500,888	39,766,379	57,530,545	56,356,878

The Department of Education is a Component Unit of Hamilton County Government, which provides public education for grades kindergarten through twelve.

