

**Memorandum
Belmont Public Schools**

To: George Entwistle
 From: Gerry Missal *AM*
 Re: Final FY09 End-of-Year Budget Balance
 Date: September 3, 2009

Our final balance for the Fiscal Year 2009 Budget is:

	<u>Budget</u>	<u>Expended & Encumbered</u>	<u>Balance</u>
Salary	\$24,789,933	\$24,877,764	\$ -87,831
Non-Salary	\$13,680,983	\$13,106,912	\$ +574,071
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Total Budget	\$38,470,916	\$37,984,676	\$ +486,240

If this appears to be an unusually large balance to leave unspent, it is because of the manner in which the State shortfall in the FY09 Chapter 70 funds was handled. To offset the State's inability to fully pay FY09 Chapter 70 due to the State budget crisis, the Governor released ARRA stimulus funds in the form of a grant to offset the Chapter 70 loss in the amount of \$484,157. Having established the grant in a separate fund, as we would any other grant, we then transferred \$484,157 worth of expenditures from the FY09 School Budget to the FY09 ARRA grant.

A truer representation including the transferred funds would be:

	<u>Budget</u>	<u>Expended & Encumbered</u>	<u>Balance</u>
Salary	\$24,789,933	\$24,877,764	\$ -87,831
Non-Salary	\$13,680,983	\$13,591,069	\$ +89,914
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Total Budget	\$38,470,916	\$38,468,833	\$ +2,083

The following tracks our projections and how they compare with the final balance.

In late August 2008, we announced an anticipated deficit of \$-392,000 in our fuel oil account because of the unusually high collaborative bid received over the summer. At that time, we developed a plan of action to cover this deficit using the following steps or projected savings:

- | | |
|---|------------|
| • administrative and teacher salary savings | \$+230,000 |
| • medical insurance | +100,000 |
| • budget freeze | +100,000 |

The 1st quarter report presented on November 18 confirmed the general direction of these trends, but with some slight variations in the projected surpluses:

- | | |
|---|-------------|
| • administrative and teacher salary savings | \$ +190,000 |
| • Special Education | +90,000 |
| • overall utility deficit | -374,000 |
| • fringe benefits | +243,000 |
| • budget freeze | +100,000 |

The 2nd quarter report presented on February 3 projected the following:

- | | |
|---|-------------|
| • administrative and teacher salary savings | \$ +100,000 |
| • Special Education | -120,000 |
| • overall utility deficit | -290,000 |
| • fringe benefits | +235,000 |
| • budget freeze | +100,000 |

Due to my concern about the direction we were going, we projected an update of the 2nd quarter report in mid-March, which we called the 2nd quarter plus report.

The 2nd quarter plus report presented on March 17 projected the following:

- | | |
|---|-----------------|
| • administrative and teacher salary balance | \$ -23,000 |
| • Special Education | -193,000 |
| • overall utility deficit | -324,000 |
| • fringe benefits | <u>+225,000</u> |
| Sub-Total | \$-305,000 |
| • budget freeze | +350,000 |

Net With Freeze	\$ +45,000
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The 3rd quarter report presented on May 5 projected the following:

- | | |
|---|-----------------|
| • administrative and teacher salary balance | \$ -52,000 |
| • Special Education | -271,000 |
| • overall utility deficit | -267,000 |
| • fringe benefits | <u>+273,000</u> |
| Sub-Total | \$-317,000 |
| • budget freeze | +330,000 |

Net With Freeze	\$ +13,000
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A 3rd quarter plus report based upon expenditures through mid-April projected the following:

• administrative and teacher salary balance	\$ -52,000
• Special Education	-271,000
• overall utility deficit	-299,000
• fringe benefits	<u>+280,000</u>
Sub-Total	\$-342,000
• budget freeze	+330,000
Net With Freeze	<u>\$ -12,000</u>

It became obvious that we were dependent upon a strict budget freeze to be able to finish the fiscal year without a deficit.

The final balances were as follows:

Salaries **\$ -87,831**

The salary balance has been significantly impacted by the unusual activity in the use of substitutes. The long-term substitute account has a deficit of \$-117,724. Most of this is resulting from the use of long-term subs to cover teachers who are out on medical or maternity leaves, which is a by-product of having a younger teaching staff. For this year, approximately 50% of our teachers are on the first six steps of our salary scale, with only about 20% on the maximum step. We would have had a slightly positive overall salary balance if this was not the case.

Special Education **\$ -335,837**

The turn-around in Special Education from an early projected surplus to a projected deficit at this time is not surprising. The deficit is the result of several changes in out-of-district placements, plus deficits in contracted services and transportation costs. The major components are as follows:

out-of-district tuitions	-128,067
contracted services	-61,139
transportation	-146,631

The out-of-district tuition was after the full application of \$857,481 in circuit breaker reimbursement from the State and \$295,794 in LABBB Collaborative credits. The final deficit in these accounts was greater than any projection during the year.

Utilities**\$ -300,523**

The final balances in our utility accounts:

fuel oil	-334,546
natural gas	-42,708
electricity	+41,199
water & sewer	+17,154
telephone	+18,378

Fringe Benefits**\$ +340,666**

The medical insurance balance is after charging back \$341,198 to the Federal IDEA grant, the State METCO grant, the School Lunch revolving account and the full-day Kindergarten revolving account.

medical insurance	+307,427
unemployment	+23,860
Medicare	-3,208
workers compensation	+12,588

Budget freeze**\$ +384,363**

Early in the year, we had been freezing the non-salary accounts to generate \$100,000 to apply to the fuel oil and potential special education deficits. We applied this freeze specifically to the Informational Technology hardware accounts.

As the year progressed, we realized that we had to institute a systemwide freeze of discretionary non-salary accounts to attempt to cover the projected deficit. As the attached sheet indicates, we were able to freeze \$284,363 in all of the non-salary accounts not projected above. Some of these are discretionary, while others are less so. For example, we continue to perform building maintenance necessary to protect the safety of students and staff and to provide an acceptable learning environment.

Bailing out a budget deficit by freezing these accounts is a very unfortunately method of operating and is truly unfair to the principals and directors who carefully plan their budgets. It is regrettable that we have had to do this.

Attached is a summary by program of the freeze targets and the final balances.

THE BOTTOM LINE**deficit before budget freeze**

Salary balance	\$ -87,831
Special Education	-335,837
Utilities	-300,523
Fringe Benefits	+340,666
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Sub-Total:	\$ -383,525
Budget freeze	+384,363
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Net of these variables	\$ +838

cc: Administrative Council & Curriculum Directors
Bob Martin
Warrant Committee Education Sub-Committee Members

**Projection of Selected Non-Salary Accounts
Comparison of 3rd Quarter Projections with Final Balances**

Program	Unencumbered			Target End-of-Year Balance	Actual End-of-Year Balance	Actual EOY % Balance
	Non-Salary Budget	Balance as of 22-Apr-09	% Balance as of 22-Apr-09			
English	33,905	3,007	9%	1,503	3,007	9%
ELL	2,411	1,127	47%	368	1,127	47%
Reading	5,110	1,047	20%	523	1,047	20%
Elem - Burbank	21,671	-478	-2%	-478	-1,843	-9%
Elem - Butler	26,542	-647	-2%	-647	-1,122	-4%
Elem - Wellington	33,994	940	3%	0	-1,607	-5%
Elem - Winn Brook	36,869	1,105	3%	0	19	0%
Kindergarten	11,520	3,920	34%	1,960	3,920	34%
Fine Arts Supervisory	6,850	1,811	26%	1,750	1,461	21%
Art	57,700	3,667	6%	1,981	5,218	9%
Music	103,358	32,882	32%	20,595	24,630	24%
Theater Arts	17,217	-1,694	-10%	-1,694	-1,803	-10%
Foreign Language	37,430	7,454	20%	3,727	7,557	20%
Mathematics	26,514	1,640	6%	1,390	1,426	5%
Physical Education	11,658	3,956	34%	2,583	3,929	34%
Science	47,970	8,188	17%	6,130	7,017	15%
Health Education	1,750	433	25%	217	433	25%
Technology Education	4,100	205	5%	102	79	2%
Social Studies	48,620	2,512	5%	1,441	2,467	5%
Special Education, K-12						
<i>without tuition, cont serv & trans</i>	37,610	4,984	13%	4,824	2,050	5%
Spec Educ, Pre-K	2,000	-9	0%	-9	-9	0%
Total Instructional	574,799	76,052	13%	46,266	59,005	10%
Athletics	106,956	47,105	44%	30,656	47,246	44%
Student Activities	7,590	6,233	82%	3,253	5,095	67%
Guidance	10,005	6,607	66%	3,505	6,562	66%
Health Services	14,430	1,728	12%	1,205	1,634	11%
Library	14,082	5,473	39%	2,662	5,784	41%
Technology <i>without photocopiers</i>	456,962	85,497	19%	51,988	77,494	17%
Curriculum Development	4,000	977	24%	507	977	24%
Staff Development						
<i>without Tuition Reimbursement</i>	100,100	36,249	36%	23,349	49,468	49%
Transportation - Reg Day	139,414	-2,880	-2%	-2,880	-16,274	-12%
Total Instructional Support	853,539	186,989	22%	114,245	177,985	21%
Buildings & Grounds	511,500	27,529	5%	0	-26,832	-5%
Custodial Services						
<i>without cleaning contracts</i>	70,500	18,909	27%	10,185	17,601	25%
Total Operations	582,000	46,438	8%	10,185	-9,232	-2%

Program	Unencumbered			Target End-of-Year Balance	Actual End-of-Year Balance	Actual EOY % Balance
	Non-Salary Budget	Balance as of 22-Apr-09	% Balance as of 22-Apr-09			
Building Admin - Burbank	2,730	-2,120	-78%	-2,120	-2,492	-91%
Building Admin - Butler	7,050	5,483	78%	2,793	5,091	72%
Building Admin - Wellington	12,800	8,401	66%	5,848	7,731	60%
Building Admin - Winn Brook	5,675	732	13%	399	225	4%
Building Admin - Middle School	54,107	6,468	12%	3,640	5,146	10%
Building Admin - High School	91,000	15,259	17%	8,435	3,287	4%
Total Building Admin	173,362	34,224	20%	18,995	18,989	11%
Central Administration	171,725	73,952	43%	41,459	62,208	36%
Legal Services	55,000	-1,360	-2%	-1,360	-24,973	-45%
School Committee	19,500	2,829	15%	1,902	381	2%
Total Central Admin	246,225	75,421	31%	42,001	37,616	15%
Total of Selected Non-Salary Accounts	2,429,925	419,124	17%	231,692	284,363	12%

Note: All Utility accounts and Special Education accounts for contracted services and out-of-district tuition are projected separately and are not included in the above totals.

Note: "Target End-of-Year Balance" column represents budget freeze as of 2nd Quarter Plus Report. Target figure was 50% of remaining balance as of March 4, with some revisions for programs already beyond the Target.

Any "Allowed Expenditure" of 0 is already at the Target and these programs need to stop spending immediately.