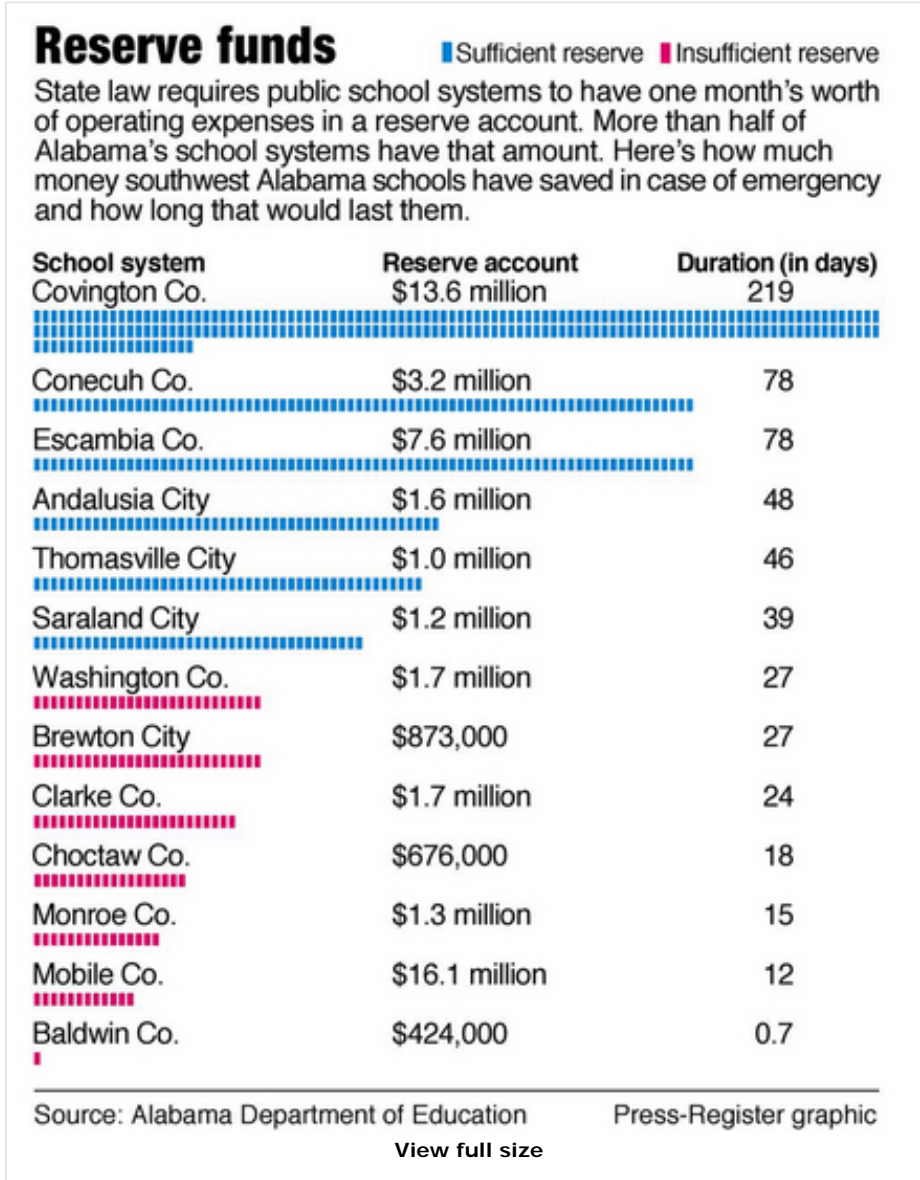




Baldwin, Mobile schools don't have required money in reserve accounts

By Rena Havner Philips
 January 02, 2010, 8:39AM



More than half of Alabama's public school systems had enough money in reserve at the close of the fiscal year to operate for one full month, as the state requires, according to a report.

Baldwin County was not one of those systems. In fact, it wasn't even close.

The Baldwin schools could only operate for 16 hours on its savings account, which had dwindled to just

\$424,000, according to Sept. 30 figures that the district submitted to the state.

And Mobile County -- the largest school district in the state -- had just 12 days' worth of money in its account, or about \$16.1 million, according to the report by the Alabama Department of Education.

Suffering from two years worth of state budget reductions, known as proration, and staffing cuts in the hundreds, Baldwin County schools were lucky to finish out the year with even that much, Chief Financial Officer Jean McCutchen said.

Until recently, Baldwin County boasted that the district had more than the state's required amount. In 2003, three years before the state passed a law requiring schools to have a reserve account, Baldwin County schools had two months' worth of money in savings, according to Press-Register archives.

As proration was declared and sales tax revenue was coming in less than expected, McCutchen said, Baldwin school officials decided to use the reserve money to keep teachers and other employees on the payroll through the end of the past academic year.

Now, Baldwin County school officials are asking voters to approve a three-year, 1-cent sales tax to get the school system back on track. If the measure is approved, McCutchen said, the school system would be able to keep some of its current positions. Eventually, the district would restore some positions and build the reserve fund balance back up to \$10 million -- or about 16 days' worth.

Seventy-six of Alabama's 132 districts had at least one-month's worth of operating expenses at the end of the fiscal year, according to the state education department's report. City school districts were more likely than county districts to have done so.

Only 10 of Alabama's systems finished out the 2009 fiscal year in September with less money than Baldwin County. Five districts were operating in the red.

Covington County has more money in its reserve account, percentage-wise, than any other district in Alabama, with more than 7 months' worth.

The two-year-old Saraland City Schools, meanwhile, had more than what is required -- \$1.2 million, which is equal to about 39 days.

State schools Assistant Superintendent over Finance Craig Pouncey said it is "phenomenal" that more than half of the state's school systems have been able to build up accounts, considering that the law was implemented in 2007.

As local officials have pointed out recently, the state law requiring that systems have the one-month reserve does not set a deadline for districts to acquire that amount, and there's no real penalty for not having it, except that state officials can step in and make recommendations on how to cut costs to put money in that account.

Pouncey said the state can intervene if the local district does not follow those recommendations.

Mobile County school board President Bill Meredith said it's been a difficult task to keep money in Mobile's account, which had one month's worth of operating expenses back in 2003.

Mobile officials have juggled money around to stay afloat, refinancing bonds and taking money out of the maintenance department, for example, to pay salaries. Millions of dollars in federal stimulus money has also helped.

Still, Mobile County officials have said that budget cuts this year could reduce the reserve account to \$6 million or even less.

Meredith said there have been several times over the last couple of years when he wanted to spend the money to keep positions. But in hindsight, he said, schools Superintendent Roy Nichols' decision to cut nearly 800 positions since 2008 and keep some money in reserve was the right thing to do.

"We've begged and borrowed," Meredith said. "When they put out a mandate that says you must have one month's operating revenue, then they give you no way of getting it, except by taking it out of your own hide,

that's a lot of money. I'm pleased as punch that our accounting people have done as well managing the money that we have."

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