

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** February 13, 2007

**TO:** **BOARD OF EDUCATION**

**FROM:** Dr. Joe A. Hairston, Superintendent

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING  
DECEMBER 31, 2005 AND 2006**

**ORIGINATOR:** J. Robert Haines, Esq., Deputy Superintendent

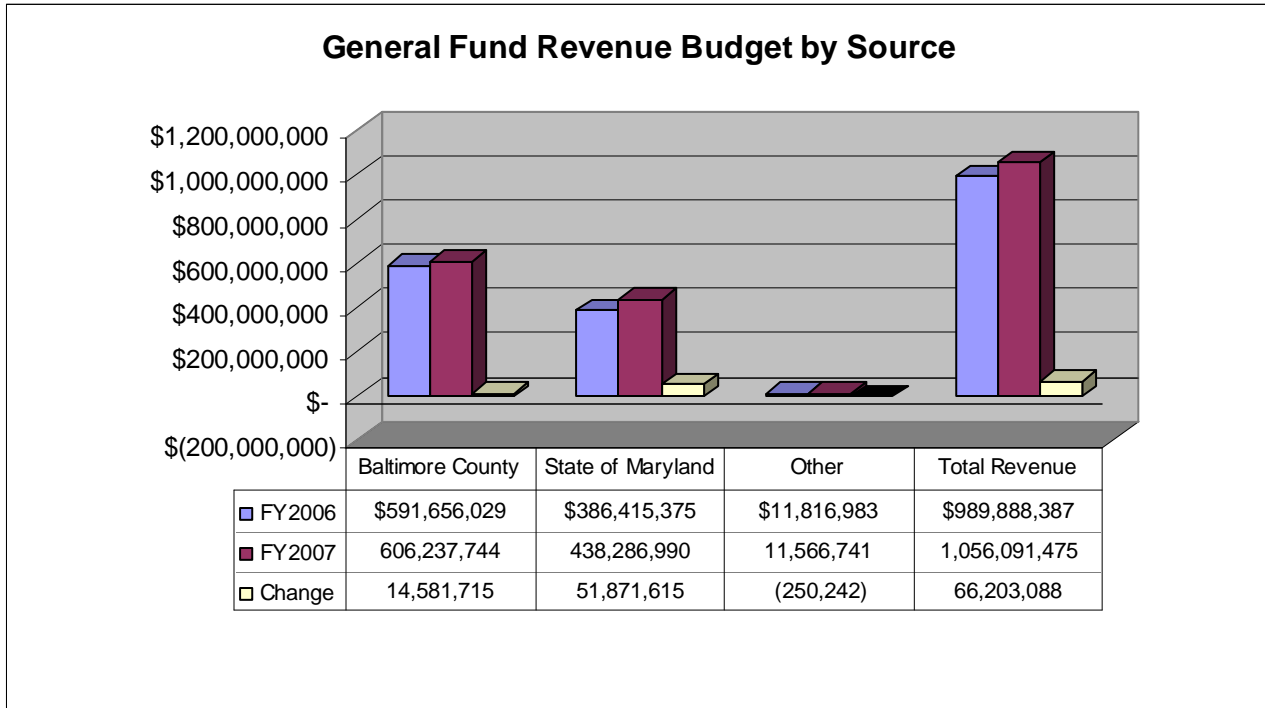
**RESOURCE  
PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the General Fund *Comparison of FY2006 and FY2007 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended December 31, 2005 and 2006.

***General Fund Comparison of FY2006 and FY2007 Revenues, Expenditures, and  
Encumbrances-Budget and Actual***

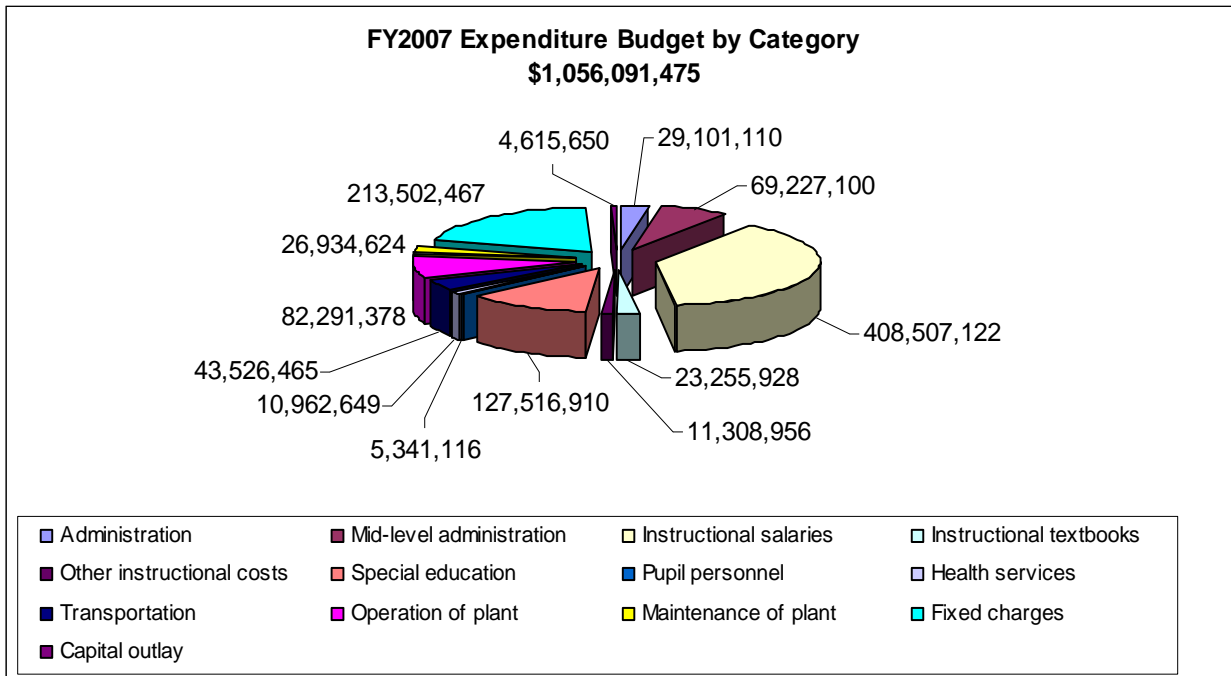
These data are presented using Maryland State Department of Education categories. Amounts included reflect actual revenues, expenditures and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2006 and FY2007 General Fund Revenue Budget. Figure 2 provides an overview of the FY2007 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of December 31, 2005 and 2006. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.



**Figure 1**

*Year-to-Date Comparison*

- **Baltimore County** – The FY2007 county appropriation increased \$14.6 million, 2.5% over the FY2006 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$233.6 million, 38.5% of the budget, as compared to \$226.4 million, 38.3% of the budget, for FY2006.
- **State of Maryland** – The FY2007 state appropriation increased \$51.8 million, 13.4% over the FY2006 budget. The increase is the result of the fourth year of the Maryland *Bridge to Excellence in Public Schools Act*. The majority of state funds are received bi-monthly in equal installments. Three of the bi-monthly payments have been received, and actual revenues to date are in line with the budget.
- **Other Revenues** –The other revenue budget is comprised of re-appropriations of funds from the prior year’s fund balance, out-of-county living arrangement payments from other local education agencies which are estimated to be \$4 million and are generally collected at year-end, tuitions and sundry revenues. The year-to-date revenue includes the re-appropriation of \$4.1 million of the prior year’s fund balance, including \$1.3 million which was approved by the county council in November to provide funding for the window replacement project at Lansdowne Elementary school; tuition and other revenues of approximately \$2.9 million.



**Figure 2 (Detail included in Figure 4)**

### *Year-to-Date Comparison*

**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through December, 2006, are \$526.6 million, 49.9 % obligated, compared to \$473 million, 47.8 % obligated, for the same period in FY2006. Salary expenditures within categories that are primarily comprised of 12-month positions (e.g., Administration, Mid-Level Administration, Operation of Plant, Maintenance of Plant, and Capital Outlay) average 47.1 % of the budget amount and are in line considering the percent of the fiscal year that has elapsed. Salary expenditures in categories with large concentrations of 10-month, school-based personnel (e.g., Instructional Salaries, Special Education, Pupil Personnel, Health Services, and Transportation) average 44.6 % of budget, which is in line with the percentage of the school year that has elapsed. The increase in salary expense is attributable to salary restructuring for all employees and additional positions to expand full-time kindergarten and other programs. The non-salary expenditures are budgeted for an overall increase of \$34.4 million, or 10%. These projected increases are in a number of categories throughout the budget, including \$3.7 million in the instructional textbook category, primarily related to planned math textbook purchases and reading materials for students in grades 7 and 8; \$1.3 million increase in fuel cost in transportation; \$11.9 million for expected increases in utilities cost and contractual services in operation of plant; \$3.8 million in additional expenditures in maintenance of plant for planned repairs and replacement of building systems in a number of schools; an increase in fixed charges of \$19.1 million resulting from additional payroll related costs, which increase as salaries are increased and cost increases in health insurances; and funds budgeted in capital outlay for the purchase of additional portable classrooms and the window replacement project at Lansdowne Elementary school.

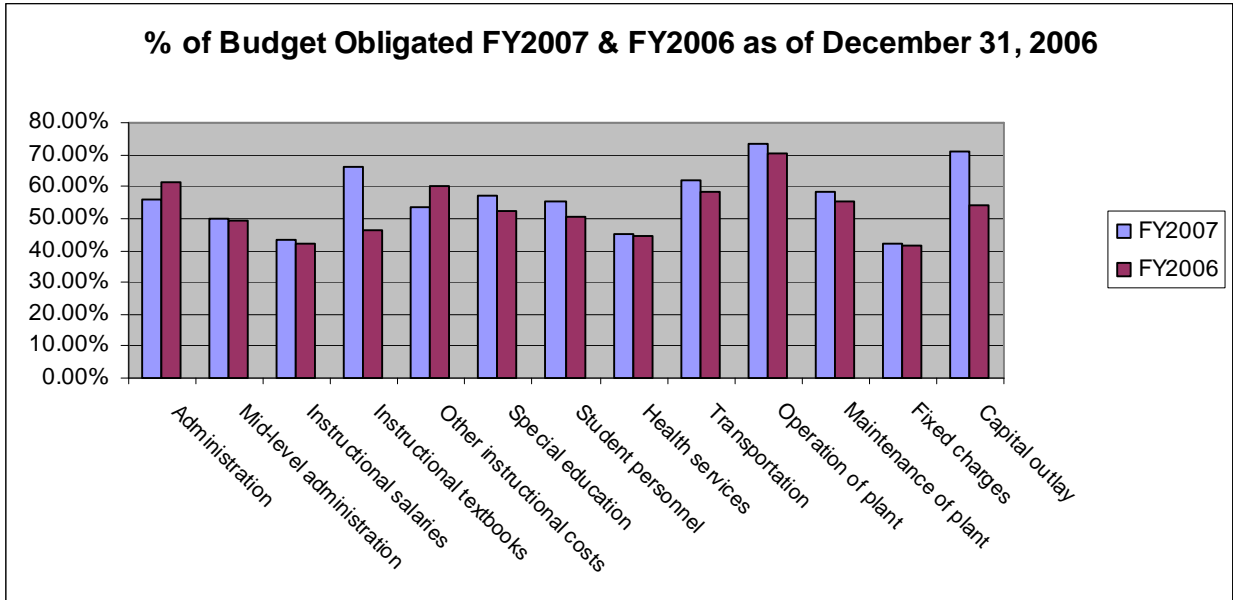


Figure 3

- Administration and Mid-level administration** – Year-to-date FY2007 administrative non-salary expenditures and encumbrances have decreased \$2.4 million over those expended during the same period in FY2006. This decrease results primarily from a decrease in budgeted contracted services related to the upgrade in the Board’s financial system, which was substantially completed in FY2006. Mid-level administration expenditures are in line with the budget and are comparable to the prior year.
- Instructional salaries** – The budget for instructional salaries was increased by \$14.7 million in FY2007 to include additional funding for salary restructuring and step increases. The budget increase also resulted from added instructional positions required to expand full-day kindergarten programs to 10 additional schools and for special education kindergarten at 10 additional schools.
- Instructional textbooks and supplies** – A significant portion of the instructional textbooks and supplies category is spent early in the fiscal year as orders are placed with vendors for textbooks and classroom supplies needed for the opening of school. The budget for this category was increased by 18.9% or approximately \$3.7 million for the year. The increase in the budget includes \$2.1 million county-wide expenditure for math textbooks and \$2.2 million for reading materials for grades 7 and 8. To date, \$15.3 million, 66% of the FY2007 budgeted textbook funds has been committed; the remaining budget will be spent throughout the year to purchase additional consumable classroom supplies, library books and other media.

- ***Other instructional costs*** – This category is comprised of commitments for contracted services, staff development, and equipment used to support the instructional programs. To date \$6 million, 53.2% of the FY2007 budgeted funds has been committed. In the prior year \$6.9 million, 60.2% had been committed primarily because of \$2 million of expenditures for new computer equipment that had been incurred at that time. Generally a majority of these expenditures are committed early in the school year to prepare for the opening of school.
- ***Special education*** – The special education category includes costs associated with the educational needs of students receiving special education services. The FY2007 salary budget includes increased funding for salary restructuring, step increases, and the cost of an additional 28 full-time employees to support expansion of kindergarten special education inclusion programs. \$32.3 million (93.3%) of the FY2007 special education non-salary budget is for private placement of children in non-public schools. To date, 88.1% of the original budgeted funds for private placement, \$28.3 million, have been committed, compared with 80% committed at December 2005.
- ***Student personnel and Health services*** – Year-to-date FY2007 expenditures and encumbrances are currently in line with the budget.
- ***Transportation*** – This category includes all costs associated with providing school transportation services for students between home, school, and school activities. Much of the transportation non-salary budget is committed early in the fiscal year to reflect the anticipated annual expenditures for contracts with private bus operators, fuel for vehicles, cost of bus maintenance, and other non-salary expenditures. The non-salary budget increased \$1.3 million, which can be attributed primarily to anticipated additional fuel cost and increased costs for parts and maintenance. It is anticipated that the expenditures for private bus contractors will be significantly in excess of the amount budgeted because of contractual increases in rates agreed to in the spring of 2006. As of December 2006, 94.4% of the non-salary budget has been committed, compared with 89.6% committed as of December 2005. Expenditures for salaries are in line with the budget and with prior year expenditures.
- ***Operation of plant*** – This category contains costs for custodial and grounds keeping salaries for care and upkeep of grounds and buildings. Additionally, costs of utilities (including telecommunications costs, gas and electric, fuel oil, sewer, and water) are included here. The non-salary expenditure budget for this category has increased \$11.9 million, 34.4%. This increase is primarily attributable to additional cost of utilities of \$6.3 million, resulting from the cost associated with the new Windsor Mill Middle school and also from overall projected price increases. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$31 million. It is anticipated that the expenditures for utilities will be less than budgeted as a result of the warmer weather experienced so far this winter. Other expenditures in this category include the cost of building rent, \$2.3 million, property insurance, \$1.1 million, trash removal, \$850,000, and related expenditures. As of December 2006, 95.6% of the non-salary budget has been committed, compared with 93.9% as of December 2005.

- ***Maintenance of plant and capital outlay*** – The maintenance category consists of activities related to the service and upkeep of building systems and grounds. The non-salary expenditure budget for this category increased \$3.8 million or 32.9% over the prior year. These increases included \$3.6 million for the planned repair and replacement of building systems at selected schools. The capital outlay category includes expenditures related to acquisition and construction of land, buildings and equipment. Capital outlay expenditures to date include approximately \$600,000 for the acquisition of portable classrooms to provide facilities for the expansion of all day kindergarten programs. Additionally, a budget supplement of \$1,292,000 was approved by the county council in November 2006 to provide funding for the completion of the window replacement project at Lansdowne Elementary school.
- ***Fixed charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 68% and 28% of the Fixed Charges budget, respectively. The FY2007 budget includes an increase of \$11.8 million resulting from increases in premiums for health insurance. Year-to-date FY2007 expenditures and encumbrances are in line with the budget.

**Baltimore County Public Schools**  
**Comparison of FY 2005 and FY 2006 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended December, 2005 and 2006**  
**General Fund**

		FY 2006				FY 2007			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc. as of 12/31/05	Budget as of 12/31/05	Earned or Obligated	Budget	Rev/Exp/Enc. as of 12/31/06	Budget as of 12/31/06	Earned or Obligated
<b>Revenues:</b>									
Baltimore County		\$ 591,656,029	\$ 226,429,773	\$ 365,226,256	38.3%	\$ 606,237,744	\$ 233,565,915	\$ 372,671,829	38.5%
State of Maryland		386,415,375	187,621,976	198,793,399	48.6%	438,286,990	213,110,198	225,176,792	48.6%
Other		11,816,983	6,861,036	4,955,947	58.1%	11,566,741	7,117,067	4,449,674	61.5%
Total Revenues		<u>\$ 989,888,387</u>	<u>\$ 420,912,785</u>	<u>\$ 568,975,602</u>	<u>42.5%</u>	<u>\$ 1,056,091,475</u>	<u>\$ 453,793,180</u>	<u>\$ 602,298,295</u>	<u>43.0%</u>
<b>Expenditures and Encumbrances:</b>									
Administration	salary	\$ 16,919,500	\$ 8,771,586	\$ 8,147,914	51.8%	\$ 19,368,269	\$ 9,925,256	\$ 9,443,013	51.2%
	non-salary	11,315,186	8,606,559	2,708,627	76.1%	9,732,841	6,284,981	3,447,860	64.6%
	subtotal	<u>28,234,686</u>	<u>17,378,145</u>	<u>10,856,541</u>	<u>61.5%</u>	<u>29,101,110</u>	<u>16,210,237</u>	<u>12,890,873</u>	<u>55.7%</u>
Mid-level Administration	salary	61,011,497	30,050,199	30,961,298	49.3%	63,906,065	31,608,217	32,297,848	49.5%
	non-salary	5,128,198	2,746,949	2,381,249	53.6%	5,321,035	2,918,362	2,402,673	54.8%
	subtotal	<u>66,139,695</u>	<u>32,797,148</u>	<u>33,342,547</u>	<u>49.6%</u>	<u>69,227,100</u>	<u>34,526,579</u>	<u>34,700,521</u>	<u>49.9%</u>
Instruction:									
Instructional Salaries	salary	393,789,802	166,899,159	226,890,643	42.4%	408,507,122	177,612,868	230,894,254	43.5%
Instructional Textbooks	non-salary	19,564,035	9,118,591	10,445,444	46.6%	23,255,928	15,318,676	7,937,252	65.9%
Other Instructional Costs	non-salary	11,574,482	6,971,609	4,602,873	60.2%	11,308,956	6,021,800	5,287,156	53.2%
Special Education	salary	87,500,557	38,955,249	48,545,308	44.5%	92,926,790	42,070,396	50,856,394	45.3%
	non-salary	39,649,253	27,461,828	12,187,425	69.3%	34,590,120	31,125,391	3,464,729	90.0%
	subtotal	<u>127,149,810</u>	<u>66,417,077</u>	<u>60,732,733</u>	<u>52.2%</u>	<u>127,516,910</u>	<u>73,195,787</u>	<u>54,321,123</u>	<u>57.4%</u>
Student Personnel	salary	4,697,545	2,405,529	2,292,016	51.2%	5,156,410	2,898,975	2,257,435	56.2%
	non-salary	167,936	45,732	122,204	27.2%	184,706	65,731	118,975	35.6%
	subtotal	<u>4,865,481</u>	<u>2,451,261</u>	<u>2,414,220</u>	<u>50.4%</u>	<u>5,341,116</u>	<u>2,964,706</u>	<u>2,376,410</u>	<u>55.5%</u>
Health Services	salary	10,122,687	4,527,298	5,595,389	44.7%	10,728,840	4,883,884	5,844,956	45.5%
	non-salary	232,453	101,273	131,180	43.6%	233,809	87,151	146,658	37.3%
	subtotal	<u>10,355,140</u>	<u>4,628,571</u>	<u>5,726,569</u>	<u>44.7%</u>	<u>10,962,649</u>	<u>4,971,036</u>	<u>5,991,613</u>	<u>45.3%</u>
Transportation	salary	25,890,607	10,347,119	15,543,488	40.0%	26,951,651	11,339,692	15,611,959	42.1%
	non-salary	15,266,890	13,674,418	1,592,472	89.6%	16,574,814	15,654,549	920,265	94.4%
	subtotal	<u>41,157,497</u>	<u>24,021,537</u>	<u>17,135,960</u>	<u>58.4%</u>	<u>43,526,465</u>	<u>26,994,241</u>	<u>16,532,224</u>	<u>62.0%</u>
Operation of Plant	salary	33,121,361	15,060,907	18,060,454	45.5%	35,828,432	15,763,057	20,065,375	44.0%
	non-salary	34,558,291	32,434,682	2,123,609	93.9%	46,462,946	44,410,217	2,052,729	95.6%
	subtotal	<u>67,679,652</u>	<u>47,495,589</u>	<u>20,184,063</u>	<u>70.2%</u>	<u>82,291,378</u>	<u>60,173,274</u>	<u>22,118,104</u>	<u>73.1%</u>
Maintenance of Plant	salary	10,218,229	4,581,836	5,636,393	44.8%	11,598,468	4,612,054	6,986,414	39.8%
	non-salary	11,536,330	7,442,305	4,094,025	64.5%	15,336,156	11,141,901	4,194,255	72.7%
	subtotal	<u>21,754,559</u>	<u>12,024,141</u>	<u>9,730,418</u>	<u>55.3%</u>	<u>26,934,624</u>	<u>15,753,955</u>	<u>11,180,669</u>	<u>58.5%</u>
Fixed Charges	non-salary	194,441,731	81,115,324	113,326,407	41.7%	213,502,467	89,561,556	32,642,038	41.9%
Capital Outlay	salary	2,162,667	1,025,240	1,137,427	47.4%	2,286,455	1,196,141	1,090,314	52.3%
	non-salary	1,019,150	703,425	315,725	69.0%	2,329,195	2,086,218	242,977	89.6%
	subtotal	<u>3,181,817</u>	<u>1,728,665</u>	<u>1,453,152</u>	<u>54.3%</u>	<u>4,615,650</u>	<u>3,282,359</u>	<u>1,333,291</u>	<u>71.1%</u>
Total Salary		645,434,452	282,624,122	362,810,330	43.8%	677,258,502	301,910,540	375,347,962	44.6%
Total Non-Salary		344,453,935	190,422,694	154,031,241	55.3%	378,832,973	224,676,533	62,857,566	59.3%
Total Expenditures and Encumbrances		<u>\$ 989,888,387</u>	<u>\$ 473,046,816</u>	<u>\$ 516,841,571</u>	<u>47.8%</u>	<u>\$ 1,056,091,475</u>	<u>\$ 526,587,074</u>	<u>\$ 438,205,528</u>	<u>49.9%</u>

Figure 4

Prepared by: Office of Accounting and Financial Reporting, January 16, 2007