

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** November 19, 2008

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING  
SEPTEMBER 30, 2007 AND 2008**

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

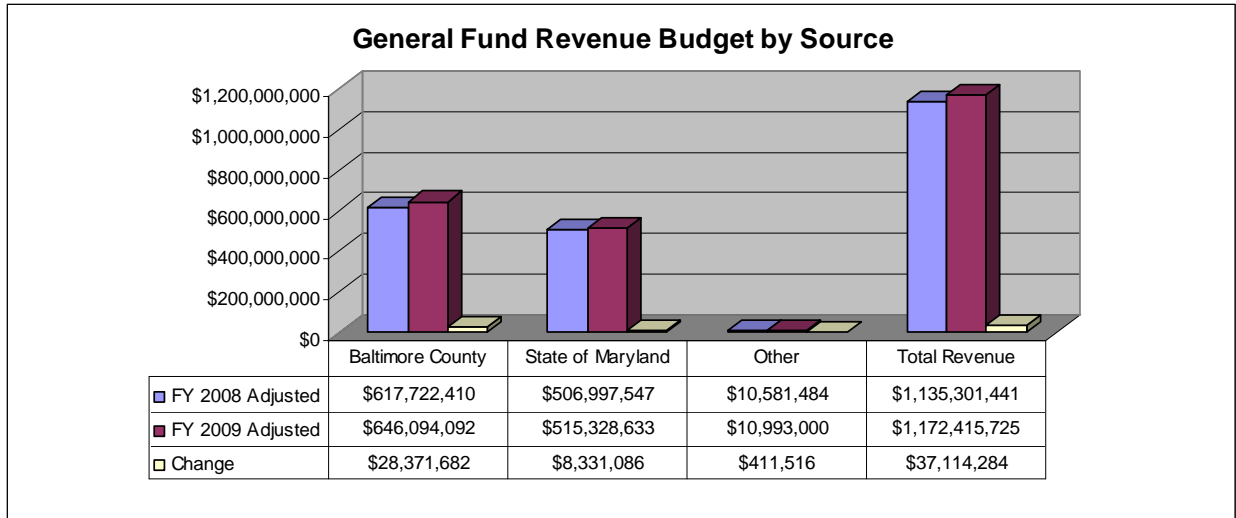
**RESOURCE  
PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the *General Fund Comparison of FY2008 and FY2009 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended September 30, 2007 and 2008.

***General Fund Comparison of FY2008 and FY2009 Revenues, Expenditures, and  
Encumbrances-Budget and Actual***

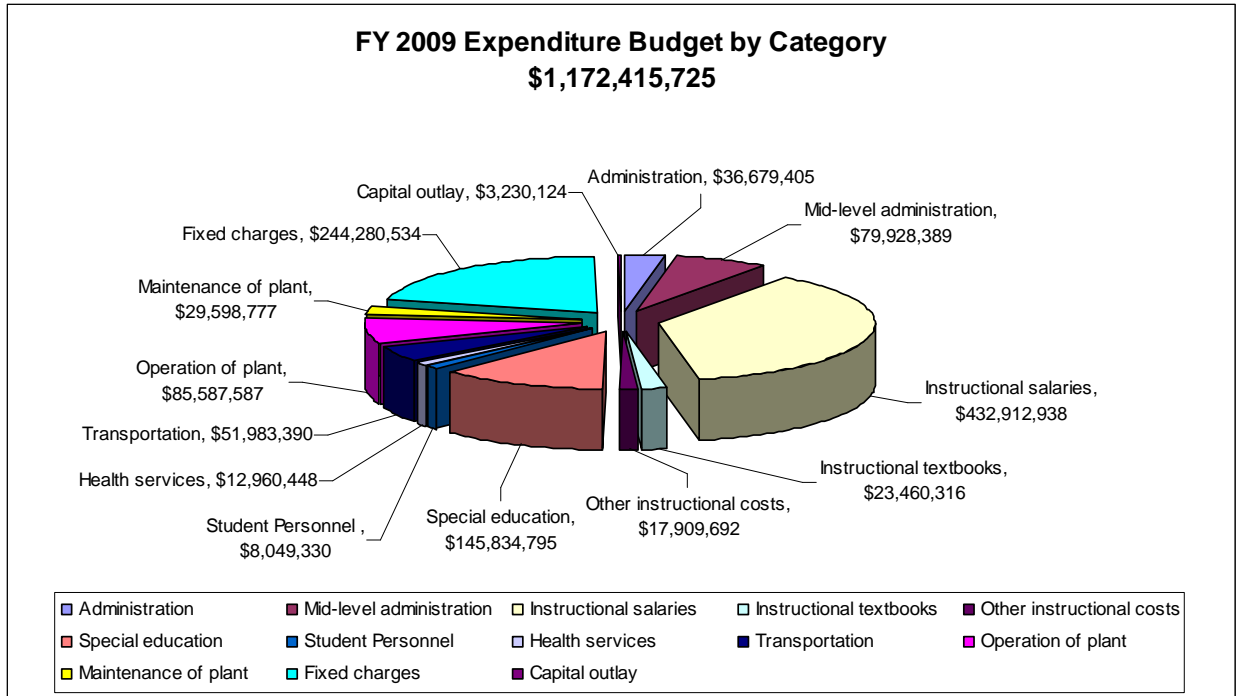
These data are presented using Maryland State Department of Education categories. Amounts included reflect actual revenues, expenditures and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2008 and FY2009 General Fund Revenue Budget. Figure 2 provides an overview of the FY2009 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of September 30, 2007 and 2008. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.



**Figure 1**

### *Year-to-Date Comparison*

- Baltimore County** – The FY2009 county appropriation increased \$28.4 million, 4.6% over the FY2008 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$77.2 million, 11.9% of the budget, as compared to \$82.6 million, 13.4% of the budget for FY2008.
- State of Maryland** – The FY2009 state appropriation increased \$8.3 million, 1.6% over the FY2008 budget. The minimal increase in the budgeted revenue is a result of the state significantly restricting increases in funding. The majority of state funds are received bi-monthly in equal installments. As of September 2008, two of the state payments had been received.
- 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 \$3.7 million and are generally collected at year-end, tuitions and sundry revenues. The year-to-date revenue includes the re-appropriation of \$3 million of the prior year’s fund balance, and tuition and other revenues of approximately \$1.5 million.



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

**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through September 2008 are \$274.8 million, 23.4% obligated compared to \$244.3 million, 21.5% obligated, for the same period in FY2008. 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 22% 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, Student Personnel, Health Services, and Transportation) average 14% of budget, which is in line with the percentage of the school year that has elapsed.

The increase of \$20 million in budgeted salary expense is primarily attributable to annual step increases for all existing employees. Funding is also provided in salary expenses for Vincent Farm Elementary School and the Imagine Discovery Charter School. Positions previously funded by Third Party Billing Medicaid revenue (107.7 FTE) and the Pass-through grant (14 FTE) have been moved to the general fund.

The non-salary expenditures are budgeted for an overall increase of \$17.1 million, or 4.1% over the prior year. The increases in these expenditures are in a number of categories throughout the budget, including \$2.8 million in Administration for the upgrade of the human resources computer system, an increase in Instructional Textbooks of \$3.6 million, an increase in Transportation for expected increases in fuel costs, and an increase in Fixed Charges of \$12 million due to cost increases in health insurance, workers compensation and FICA. These increases were partially offset by a decrease of \$4.8 million in Operations for utility expenditures.

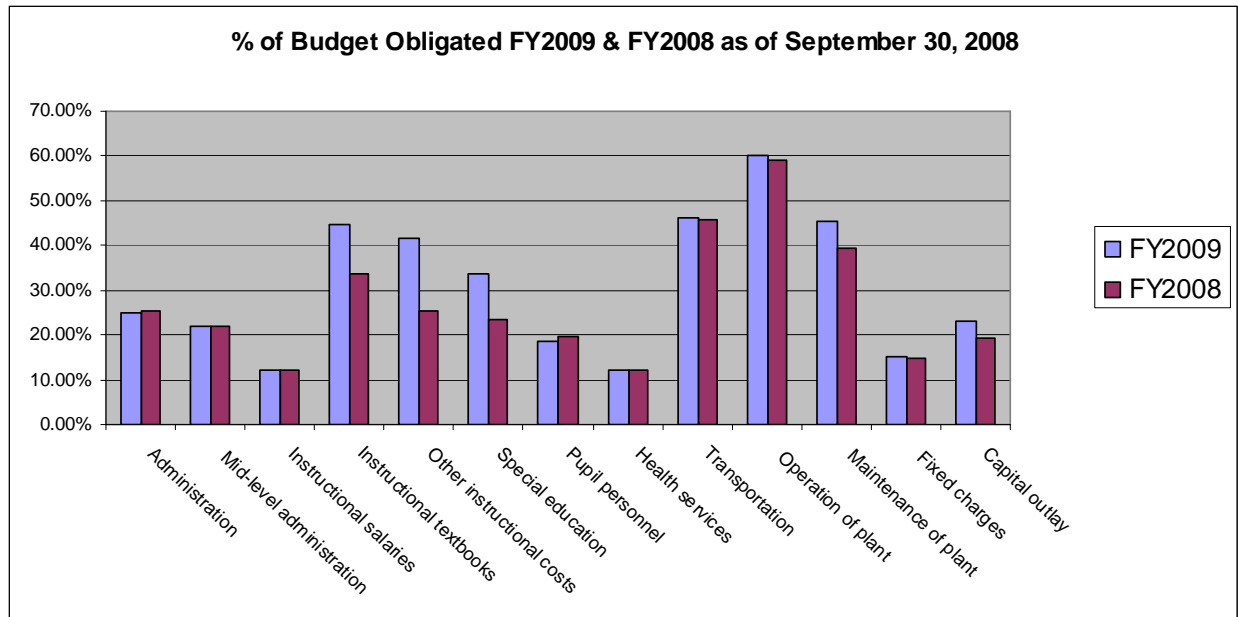


Figure 3

- Administration and Mid-level administration** – The budget for non-salary administration expenditures increased \$2.1 million or 19.6% over the prior fiscal year. This increase in budgeted expenditures is primarily attributed to the planned upgrade in the human resources computer system which will begin this year. Mid-level administration non-salary expenditures are budgeted for an increase due to the opening of Vincent Farms Elementary School and Imagine Discovery Charter School. Year-to-date expenditures in these categories are comparable to the prior year.
- Instructional salaries** – The budget for instructional salaries was increased by \$3.8 million in FY2009 primarily to fund step increases. The budget increase also resulted from added instructional positions required to maintain small kindergarten class sizes and staff the new elementary school and the charter school, which opened in August 2008.
- 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 17.2%, or approximately \$3.6 million for the system wide purchase of textbooks. To date, \$10.5 million, 44.6% of the FY2009 budgeted textbook funds has been committed; the remaining budget will be spent during the school 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, \$7.5 million, 41.7% of the FY2009 budgeted funds have been committed. In the prior year, \$4.5 million, 25.3% had been committed. It is expected that the remaining funds will be utilized by year end.

- ***Special education*** – The special education category includes costs associated with the educational needs of students receiving special education services. The FY2009 salary budget includes funding for instructional positions previously funded through Special Revenue funds, step increases, and the cost of staff to support additional services. \$35.5 million (88%) of the FY2009 special education non-salary budget is for private placement of children in non-public schools. To date, 91.2% of the budgeted funds for private placement, \$32.3 million, have been committed, compared with 18% committed at September 2007. This is the result of an effort by the Special Education Department to better project annual costs and the issuance of purchase orders that anticipate most of FY09 requirements.
- ***Student personnel and Health services*** – Year-to-date FY2009 expenditures for student personnel and health services 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 \$2.4 million, which can be attributed primarily to additional expenditures for increased cost of fuel.
- ***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 also included. The non-salary expenditure budget for this category has decreased \$4.3 million, 8.1% less than the prior year. This decrease is primarily attributable to a significant reduction anticipated in utility costs of \$4.8 million. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$29 million. Other expenditures in this category include the cost of building rent, \$4 million; property insurance, \$1.3 million; trash removal, \$1.3 million and other related expenditures. As of September 2008, 91% of the non-salary budget has been committed, compared with 86.5% as of September 2007.
- ***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 4.7% over the prior year. This increase includes additional costs for contracted services to maintain and replace building systems throughout the schools. Year-to-date non-salary expenditures and encumbrances are \$10.9 million, 61% of the budgeted amount, as compared with \$9.1 million, or 53% in the prior fiscal year. Capital Outlay non-salary expenditures are 34% expended at September 2008, as compared to 15.1% expended in September 2007. This percentage increase is attributable to a significant reduction in the expenditures budget over the prior year, although the expenditures are comparable to FY2008.

- ***Fixed charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 68% and 23% of the fixed charges budget, respectively. The FY2009 budget includes an increase of \$12 million resulting from increases in premiums for health insurance, workers compensation, FICA and costs related to new positions. Year-to-date FY2009 expenditures and encumbrances are in line with the budget.

Board of Education of Baltimore County  
 Comparison of FY 2008 and FY 2009 Revenues, Expenditures, and Encumbrances  
 Budget and Actual  
 For the Periods Ended September, 2007 and 2008  
 General Fund

		FY 2008				FY 2009			
		Adjusted	Total	Remaining	Percentage	Adopted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Earned or	Budget	Rev/Exp/Enc.	Budget	Earned or
			as of 09/30/07	as of 09/30/07	Obligated		as of 09/30/08	as of 09/30/08	Obligated
Revenues :									
Baltimore County		\$ 617,722,410	\$ 82,559,477	\$ 535,162,933	13.4%	\$ 646,094,092	\$ 77,179,871	\$ 568,914,221	11.9%
State of Maryland		506,997,547	163,895,842	343,101,705	32.3%	515,328,633	168,423,164	346,905,469	32.7%
Other		10,581,484	3,752,812	6,828,672	35.5%	10,993,000	4,559,515	6,433,485	41.5%
Total revenues		\$ 1,135,301,441	\$ 250,208,131	\$ 885,093,310	22.0%	\$ 1,172,415,725	\$ 250,162,550	\$ 922,253,175	21.3%
Expenditures and encumbrances :									
Administration	salary	\$ 21,840,565	\$ 4,787,474	\$ 17,053,091	21.9%	\$ 23,768,272	\$ 4,910,278	\$ 18,857,994	20.7%
	non-salary	10,828,185	3,505,701	7,322,484	32.4%	12,911,133	4,246,427	8,664,706	32.9%
	subtotal	32,668,750	8,293,175	24,375,575	25.4%	36,679,405	9,156,705	27,522,700	25.0%
Mid-level administration	salary	68,796,100	14,909,027	53,887,073	21.7%	72,764,471	15,646,335	57,118,136	21.5%
	non-salary	6,771,863	1,620,059	5,151,804	23.9%	7,163,918	1,885,901	5,278,017	26.3%
	subtotal	75,567,963	16,529,086	59,038,877	21.9%	79,928,389	17,532,236	62,396,153	21.9%
Instruction:									
Instructional salaries	salary	429,121,308	51,609,139	377,512,169	12.0%	432,912,938	51,738,704	381,174,234	12.0%
Instructional textbooks	non-salary	20,015,043	6,755,227	13,259,816	33.8%	23,460,316	10,468,577	12,991,739	44.6%
Other instructional costs	non-salary	17,857,804	4,517,732	13,340,072	25.3%	17,909,692	7,475,114	10,434,578	41.7%
Special education	salary	99,874,153	14,119,433	85,754,720	14.1%	105,171,833	14,739,594	90,432,239	14.0%
	non-salary	39,276,393	18,330,234	20,946,159	46.7%	40,662,962	34,113,850	6,549,112	83.9%
	subtotal	139,150,546	32,449,666	106,700,880	23.3%	145,834,795	48,853,444	96,981,351	33.5%
Pupil personnel	salary	6,351,880	1,244,362	5,107,518	19.6%	7,855,304	1,471,327	6,383,977	18.7%
	non-salary	22,306	16,552	5,754	74.2%	194,026	33,945	160,081	17.5%
	subtotal	6,374,186	1,260,914	5,113,272	19.8%	8,049,330	1,505,272	6,544,058	18.7%
Health services	salary	11,723,020	1,404,522	10,318,498	12.0%	12,676,193	1,510,515	11,165,678	11.9%
	non-salary	356,189	55,485	300,704	15.6%	284,255	77,907	206,348	27.4%
	subtotal	12,079,209	1,460,007	10,619,202	12.1%	12,960,448	1,588,422	11,372,026	12.3%
Transportation	salary	28,584,825	3,926,784	24,658,041	13.7%	30,732,661	4,048,566	26,684,095	13.2%
	non-salary	18,755,628	17,825,748	929,880	95.0%	21,250,729	19,942,095	1,308,634	93.8%
	subtotal	47,340,453	21,752,532	25,587,921	45.9%	51,983,390	23,990,661	27,992,729	46.2%
Operation of plant	salary	37,822,008	8,141,025	29,680,983	21.5%	38,233,005	8,287,418	29,945,587	21.7%
	non-salary	51,649,601	44,680,882	6,968,719	86.5%	47,354,582	43,092,075	4,262,507	91.0%
	subtotal	89,471,609	52,821,907	36,649,702	59.0%	85,587,587	51,379,492	34,208,095	60.0%
Maintenance of plant	salary	11,745,239	2,302,675	9,442,565	19.6%	11,680,331	2,528,597	9,151,734	21.6%
	non-salary	17,119,059	9,068,880	8,050,179	53.0%	17,918,446	10,924,802	6,993,644	61.0%
	subtotal	28,864,298	11,371,554	17,492,744	39.4%	29,598,777	13,453,399	16,145,378	45.5%
Fixed charges	non-salary	232,785,046	34,744,646	54,477,108	14.9%	244,280,534	36,913,178	207,367,356	15.1%
Capital outlay	salary	2,719,761	572,222	2,147,539	21.0%	2,803,459	596,366	2,207,093	21.3%
	non-salary	1,285,465	194,285	1,091,180	15.1%	426,665	145,237	281,428	34.0%
	subtotal	4,005,226	766,507	3,238,719	19.1%	3,230,124	741,603	2,488,521	23.0%
Total Salary		\$ 718,578,859	\$ 103,016,662	\$ 615,562,197	14.3%	\$ 738,598,467	\$ 105,477,700	\$ 633,120,767	14.3%
Total Non-Salary		416,722,582	141,315,430	131,843,859	33.9%	433,817,258	169,319,107	264,498,151	39.0%
Total expenditures and encumbrances		\$ 1,135,301,441	\$ 244,332,093	\$ 747,406,056	21.5%	\$ 1,172,415,725	\$ 274,796,807	\$ 897,618,918	23.4%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, October 20, 2008