

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** June 9, 2009

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING APRIL 30, 2008 AND 2009**

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

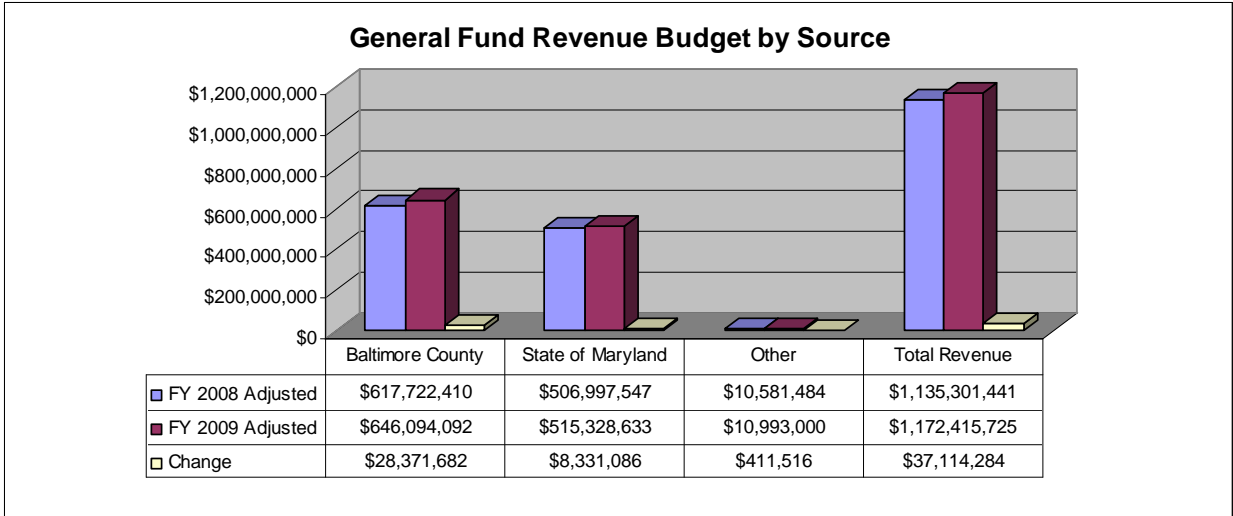
**RESOURCE PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the *General Fund Comparison of FY2008 and FY2009 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended April 30, 2008 and 2009.

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

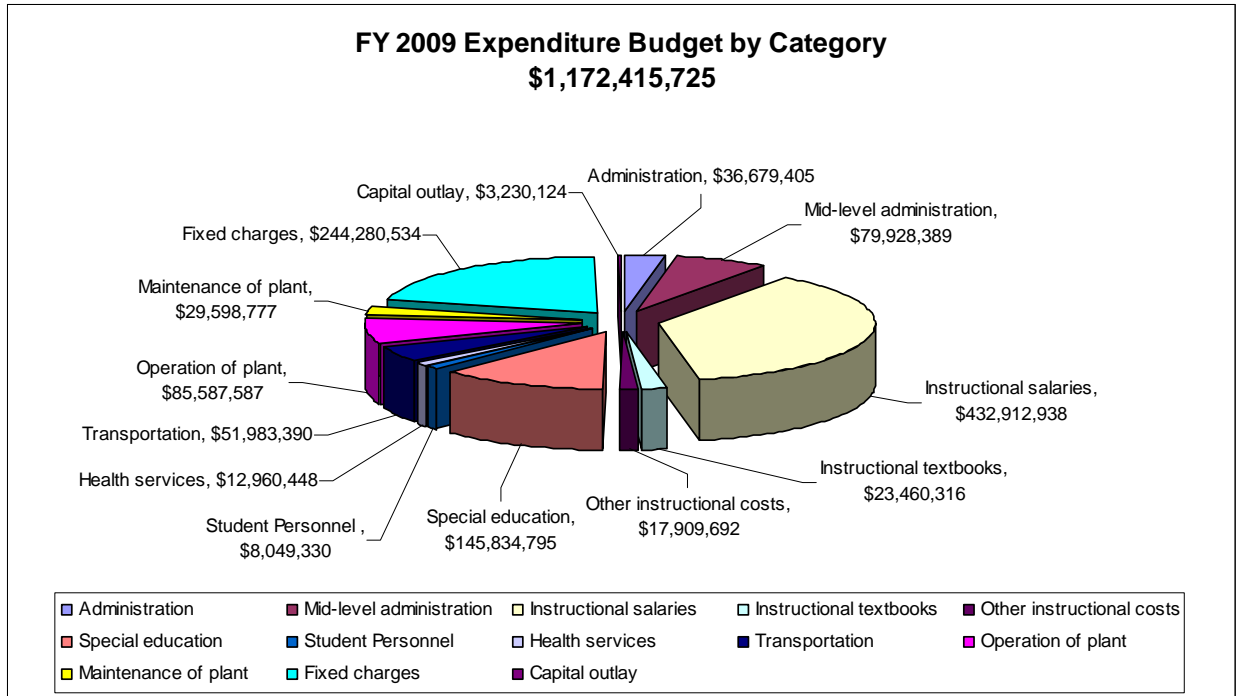
These data are presented using Maryland State Department of Education categories. Amounts included reflect actual revenues, expenditures and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2008 and FY2009 General Fund Revenue Budget. Figure 2 provides an overview of the FY2009 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of April 30, 2008 and 2009. 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 \$477.6 million, 73.9% of the budget, as compared to \$437.1 million, 70.8% 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 April 2009, five 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, tuition and sundry revenues. The year-to-date revenue includes the re-appropriation of \$3 million of the prior year’s fund balance, tuition and other revenues of approximately \$4.2 million.



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

**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through April 2009 are \$964.7 million, 82.3% obligated compared to \$915.2 million, 80.6% 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 78.2% 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 78.4% of budget and are in line considering the percent 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 one-time Administration costs for the upgrade of the human resources computer system, an increase in Instructional Textbooks of \$3.4 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.

In April, proposed year-end budget appropriation transfers between various categories of activities was approved by the Board of Education and sent to the County Council for its approval. These proposed transfers were required in order to provide funding for costs incurred over those originally included in the Adopted Budget.

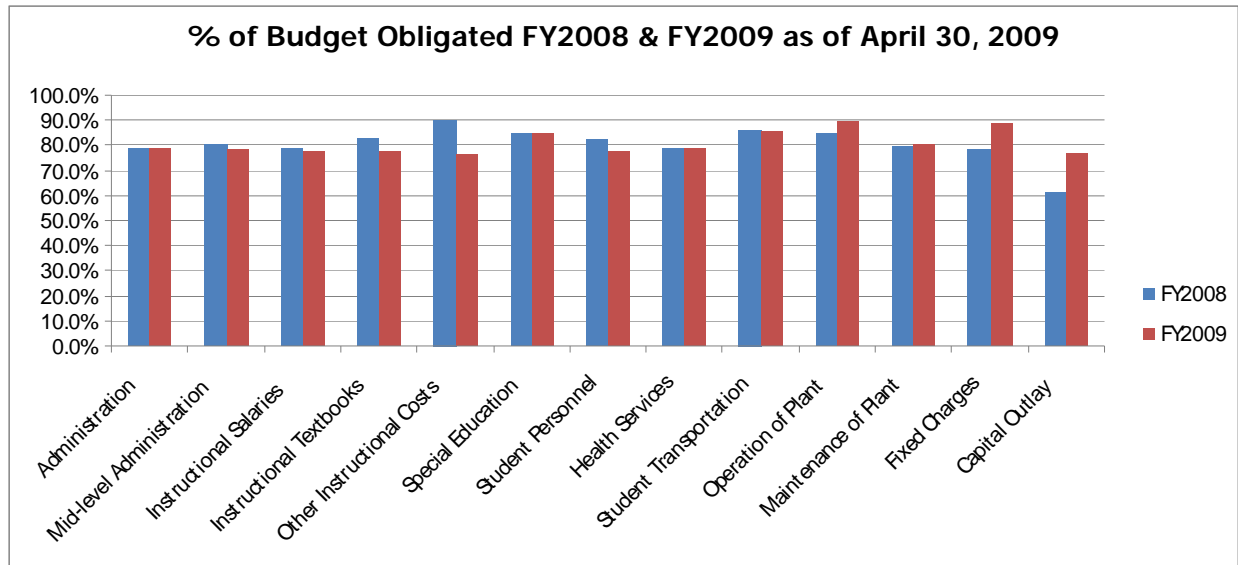


Figure 3

- 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 was begun this year. Mid-level administration non-salary expenditures are budgeted for an increase due to the opening of Vincent Farm Elementary School and Imagine Discovery Charter School. A proposed budget appropriation from other activities was approved by the Board of Education in April to account for charter school expenditures in mid-level administration.
- 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. The Board of Education approved a proposed budget appropriation transfer for estimated turnover savings to be transferred to other activities as part of the year-end budget appropriation transfer.
- 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 \$3.4 million for the system-wide purchase of textbooks. To date, \$18.5 million, 78.8% of the FY2009 budgeted textbook funds has been committed; the remaining budget will be spent by year-end to purchase additional consumable classroom supplies, library books and other media. A proposed year-end budget appropriation into this activity was approved by the Board of Education in April to cover part of the cost to develop software for the virtual classroom at Chesapeake High School.

- ***Other instructional costs*** – This category is comprised of commitments for contracted services, staff development, and equipment used to support the instructional programs. To date, \$13.7 million, 76.6% of the FY2009 budgeted funds have been committed. In the prior year, \$16 million, 90% had been committed. The decrease in expenditures over the prior year is the result of significant expenditures for computer network upgrades which were completed in FY2008. A proposed year-end budget appropriation transfer into this activity was approved by the Board of Education in April to reflect budget reallocations by principals, fund additional information technology for schools and account for charter school operations.
- ***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, 99% of the projected expenditures for private placement, \$32.8 million, have been committed, compared with 93% committed at April 2008. 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. A proposed year-end budget appropriation transfer into this activity was approved by the Board of Education in April to provide funding for employees' administrative leave and greater than anticipated costs for personal assistants.
- ***Student personnel and Health services*** – Year-to-date FY2009 expenditures for student personnel and health services are 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. A new fuel contract was finalized in December and the new fuel pricing should result in the total fuel costs being within the budgeted estimate for the year. As of April 2009, 98.1% of the non-salary budget had been committed as compared with 93.1% committed at this time in the prior year.

- ***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, 8.3% 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. Utility costs are currently projected to exceed the budget by approximately \$2.3 million and a proposed budget appropriation transfer of funds from other activities was approved by the Board of Education in April to cover the additional expenditures. 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 April 2009, 98.6% of the non-salary budget has been committed, compared with 90% as of April 2008.
- ***Maintenance of plant and capital outlay*** – The maintenance category consists of activities related to the service and upkeep of building systems and grounds. Year-to-date non-salary expenditures and encumbrances are \$14.3 million, 80.1% of the budgeted amount, as compared with \$14.3 million, or 83.6% in the prior fiscal year. Capital Outlay non-salary expenditures are 82.4% expended at April 2009, as compared to 28.1% expended in April 2008. This percentage increase is attributable to a significant reduction in the budget over the prior year during which a supplemental appropriation was budgeted for additional costs of relocatable equipment needed for construction projects. A proposed year-end budget appropriation transfer into Maintenance was approved by the Board of Education in April to fund charter school operations and unachieved turnover savings in this included in this activity.
- ***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. A proposed year-end budget appropriation into this activity was approved by the Board of Education in April to fund the cost of health care and post retirement benefits.

**Baltimore County Public Schools**  
**Comparison of FY 2008 and FY 2009 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended April 30, 2008 and 2009**  
**General Fund**

|                                      | FY 2008                 |                                   |                                 |                                | FY 2009                 |                                   |                                 |                                |
|--------------------------------------|-------------------------|-----------------------------------|---------------------------------|--------------------------------|-------------------------|-----------------------------------|---------------------------------|--------------------------------|
|                                      | Adjusted Budget         | Total Rev/Exp/Enc. as of 04/30/08 | Remaining Budget as of 04/30/08 | Percentage Earned or Obligated | Adopted Budget          | Total Rev/Exp/Enc. as of 04/30/09 | Remaining Budget as of 04/30/09 | Percentage Earned or Obligated |
| <b>Revenues</b>                      |                         |                                   |                                 |                                |                         |                                   |                                 |                                |
| Baltimore County                     | \$ 617,722,410          | \$ 437,125,815                    | \$ 180,596,595                  | 70.8%                          | \$ 646,094,092          | \$ 477,649,308                    | \$ 168,444,784                  | 73.9%                          |
| State of Maryland                    | 506,997,547             | 409,422,984                       | 97,574,563                      | 80.8%                          | 515,328,633             | 421,694,695                       | 93,633,938                      | 81.8%                          |
| Other                                | 10,581,484              | 6,496,811                         | 4,084,673                       | 61.4%                          | 10,993,000              | 7,258,321                         | 3,734,679                       | 66.0%                          |
| Total revenues                       | <u>\$ 1,135,301,441</u> | <u>\$ 853,045,610</u>             | <u>\$ 282,255,831</u>           | <u>75.1%</u>                   | <u>\$ 1,172,415,725</u> | <u>\$ 906,602,324</u>             | <u>\$ 265,813,401</u>           | <u>77.3%</u>                   |
| <b>Expenditures and encumbrances</b> |                         |                                   |                                 |                                |                         |                                   |                                 |                                |
| Administration salary                | \$ 21,844,285           | \$ 16,840,779                     | \$ 5,003,506                    | 77.1%                          | \$ 23,768,272           | \$ 17,583,673                     | \$ 6,184,599                    | 74.0%                          |
| non-salary                           | 10,824,465              | 8,870,990                         | 1,953,475                       | 82.0%                          | 12,911,133              | 11,463,707                        | 1,447,426                       | 88.8%                          |
| subtotal                             | <u>32,668,750</u>       | <u>25,711,769</u>                 | <u>6,956,981</u>                | <u>78.7%</u>                   | <u>36,679,405</u>       | <u>29,047,380</u>                 | <u>7,632,025</u>                | <u>79.2%</u>                   |
| Mid-level administration salary      | 68,669,700              | 55,299,522                        | 13,370,178                      | 80.5%                          | 72,764,471              | 57,776,275                        | 14,988,196                      | 79.4%                          |
| non-salary                           | 6,898,263               | 5,419,890                         | 1,478,373                       | 78.6%                          | 7,163,918               | 4,832,331                         | 2,331,587                       | 67.5%                          |
| subtotal                             | <u>75,567,963</u>       | <u>60,719,412</u>                 | <u>14,848,551</u>               | <u>80.4%</u>                   | <u>79,928,389</u>       | <u>62,608,606</u>                 | <u>17,319,783</u>               | <u>78.3%</u>                   |
| <b>Instruction:</b>                  |                         |                                   |                                 |                                |                         |                                   |                                 |                                |
| Instructional salaries salary        | 429,121,308             | 338,583,099                       | 90,538,209                      | 78.9%                          | 432,912,938             | 337,149,833                       | 95,763,105                      | 77.9%                          |
| Instructional textbooks non-salary   | 20,015,044              | 16,603,684                        | 3,411,360                       | 83.0%                          | 23,460,316              | 18,483,144                        | 4,977,172                       | 78.8%                          |
| Other instructional costs non-salary | 17,857,803              | 16,080,200                        | 1,777,603                       | 90.0%                          | 17,909,692              | 13,713,926                        | 4,195,766                       | 76.6%                          |
| Special education salary             | 100,493,687             | 80,934,117                        | 19,559,570                      | 80.5%                          | 105,171,833             | 85,204,702                        | 19,967,131                      | 81.0%                          |
| non-salary                           | 38,656,859              | 36,729,814                        | 1,927,045                       | 95.0%                          | 40,662,962              | 38,460,557                        | 2,202,405                       | 94.6%                          |
| subtotal                             | <u>139,150,546</u>      | <u>117,663,931</u>                | <u>21,486,615</u>               | <u>84.6%</u>                   | <u>145,834,795</u>      | <u>123,665,259</u>                | <u>22,169,536</u>               | <u>84.8%</u>                   |
| Student personnel salary             | 6,351,880               | 5,115,127                         | 1,236,753                       | 80.5%                          | 7,855,304               | 6,108,880                         | 1,746,424                       | 77.8%                          |
| non-salary                           | 22,306                  | 106,023                           | (83,717)                        | 475.3%                         | 194,026                 | 123,073                           | 70,953                          | 63.4%                          |
| subtotal                             | <u>6,374,186</u>        | <u>5,221,150</u>                  | <u>1,153,036</u>                | <u>81.9%</u>                   | <u>8,049,330</u>        | <u>6,231,953</u>                  | <u>1,817,377</u>                | <u>77.4%</u>                   |
| Health services salary               | 11,723,020              | 9,314,649                         | 2,408,371                       | 79.5%                          | 12,676,193              | 10,007,517                        | 2,668,676                       | 78.9%                          |
| non-salary                           | 356,189                 | 255,726                           | 100,463                         | 71.8%                          | 284,255                 | 236,967                           | 47,288                          | 83.4%                          |
| subtotal                             | <u>12,079,209</u>       | <u>9,570,375</u>                  | <u>2,508,834</u>                | <u>79.2%</u>                   | <u>12,960,448</u>       | <u>10,244,484</u>                 | <u>2,715,964</u>                | <u>79.0%</u>                   |
| Student transportation salary        | 28,584,825              | 23,354,664                        | 5,230,161                       | 81.7%                          | 30,732,661              | 23,450,519                        | 7,282,142                       | 76.3%                          |
| non-salary                           | 18,755,628              | 17,462,410                        | 1,293,218                       | 93.1%                          | 21,250,729              | 20,847,342                        | 403,387                         | 98.1%                          |
| subtotal                             | <u>47,340,453</u>       | <u>40,817,074</u>                 | <u>6,523,379</u>                | <u>86.2%</u>                   | <u>51,983,390</u>       | <u>44,297,861</u>                 | <u>7,685,529</u>                | <u>85.2%</u>                   |
| Operation of plant salary            | 37,822,008              | 29,247,987                        | 8,574,021                       | 77.3%                          | 38,233,005              | 29,912,825                        | 8,320,180                       | 78.2%                          |
| non-salary                           | 51,649,601              | 46,686,874                        | 4,962,727                       | 90.4%                          | 47,354,582              | 46,698,600                        | 655,982                         | 98.6%                          |
| subtotal                             | <u>89,471,609</u>       | <u>75,934,861</u>                 | <u>13,536,748</u>               | <u>84.9%</u>                   | <u>85,587,587</u>       | <u>76,611,425</u>                 | <u>8,976,162</u>                | <u>89.5%</u>                   |
| Maintenance of plant salary          | 11,745,239              | 8,648,671                         | 3,096,568                       | 73.6%                          | 11,680,331              | 9,407,475                         | 2,272,856                       | 80.5%                          |
| non-salary                           | 17,119,059              | 14,316,340                        | 2,802,719                       | 83.6%                          | 17,918,446              | 14,347,880                        | 3,570,566                       | 80.1%                          |
| subtotal                             | <u>28,864,298</u>       | <u>22,965,011</u>                 | <u>5,899,287</u>                | <u>79.6%</u>                   | <u>29,598,777</u>       | <u>23,755,355</u>                 | <u>5,843,422</u>                | <u>80.3%</u>                   |
| Fixed charges non-salary             | 232,785,046             | 182,928,105                       | 49,856,941                      | 78.6%                          | 244,280,534             | 216,393,443                       | 27,887,091                      | 88.6%                          |
| Capital outlay salary                | 2,719,761               | 2,087,285                         | 632,476                         | 76.7%                          | 2,803,459               | 2,129,193                         | 674,266                         | 75.9%                          |
| non-salary                           | 1,285,465               | 361,331                           | 924,134                         | 28.1%                          | 426,665                 | 351,575                           | 75,090                          | 82.4%                          |
| subtotal                             | <u>4,005,226</u>        | <u>2,448,616</u>                  | <u>1,556,610</u>                | <u>61.1%</u>                   | <u>3,230,124</u>        | <u>2,480,768</u>                  | <u>749,356</u>                  | <u>76.8%</u>                   |
| Total Salary                         | \$ 719,075,713          | \$ 569,425,900                    | \$ 149,649,813                  | 79.2%                          | \$ 738,598,467          | \$ 578,730,892                    | \$ 159,867,575                  | 78.4%                          |
| Total Non-Salary                     | 416,225,728             | 345,821,387                       | 70,404,341                      | 83.1%                          | 433,817,258             | 385,952,545                       | 47,864,713                      | 89.0%                          |
| Total expenditures and encumbrances  | <u>\$ 1,135,301,441</u> | <u>\$ 915,247,287</u>             | <u>\$ 220,054,154</u>           | <u>80.6%</u>                   | <u>\$ 1,172,415,725</u> | <u>\$ 964,683,437</u>             | <u>\$ 207,732,288</u>           | <u>82.3%</u>                   |

Figure 4

Prepared by: Office of Accounting and Financial Reporting, May 11, 2009