

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: December 15, 2009

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING OCTOBER 31, 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 FY2009 and FY2010 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended October 31, 2008 and 2009.

General Fund Comparison of FY2009 and FY2010 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 FY2009 and FY2010 General Fund Revenue Budget. Figure 2 provides an overview of the FY2010 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of October 31, 2008 and 2009. Figure 4 is a comparative statement of budget to actual revenues, expenditures, and encumbrances.

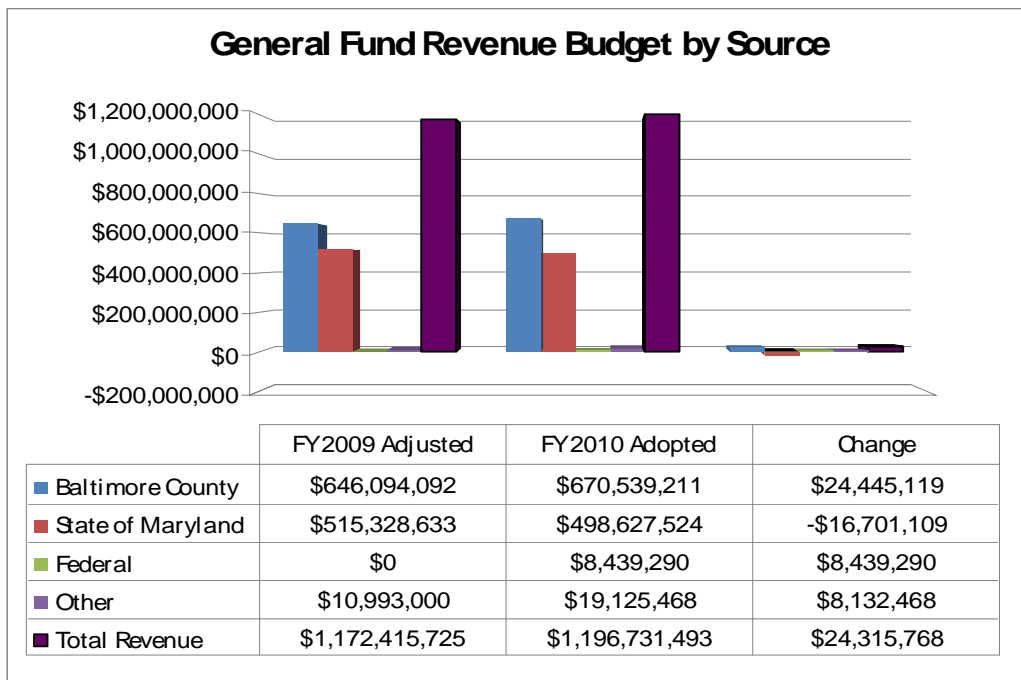


Figure 1

Year-to-Date Comparison

- ***Baltimore County*** – The FY2010 county appropriation increased \$24.4 million, 3.78% over the FY2009 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$109.9 million, 16.4% of the budget, as compared to \$123.8 million, 19.2% of the budget for FY2009.
- ***State of Maryland*** – The FY2010 state appropriation decreased \$16.7 million, 3.2% less than the FY2009 budget. The decrease in the budgeted revenue is a result of the state reducing aid to education because of overall state budget constraints. The majority of state funds are received bi-monthly in equal installments. As of October 2009, two of the state payments had been received.
- ***Federal*** – The FY2010 federal budgeted revenue resulted from funding received under the American Recovery and Reinvestment Act. These funds are from a federal stimulus program to provide funding stabilization for stressed state budgets. These funds are to be received on a reimbursement basis.
- ***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 budgeted revenue increased significantly over the prior year because of an \$8 million increase in re-appropriated fund balance to \$11 million from the \$3 million utilized in the prior year. The year-to-date revenue includes the re-appropriation of \$11 million of the prior year’s fund balance, and tuition and other revenues of approximately \$2.1 million.

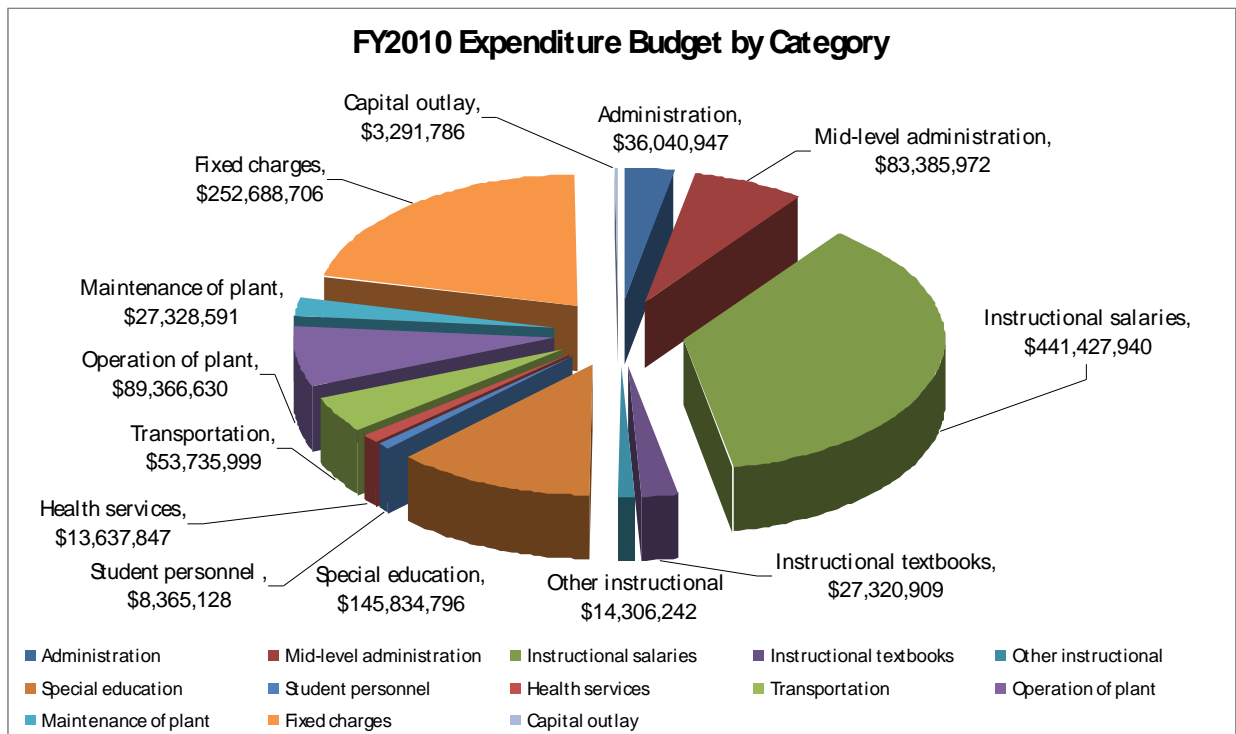


Figure 2 (Detail included in Figure 4)

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through October 2009 are \$380.6 million, 31.8% obligated compared to \$398.1 million, 34% obligated, for the same period in FY2009. 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 29.9% of the budget amount and are in line considering the portion 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 22.9% of budget, which is in line with the portion of the school year that has elapsed.

The salary budget had a net increase of approximately \$14 million, which included \$23 million to provide step increases and salary restructuring for full-time employees. Additionally, the budget increase was offset by a reduction of \$4.9 million for the cost of 194 positions which were transferred to the special revenue fund; and, by \$5 million for anticipated salary turnover.

The non-salary expenditures are budgeted for an overall increase of \$9.8 million, or 2.3% over the prior year. The increases in these expenditures are in a number of categories throughout the budget, including a one-time increase in instructional textbooks of \$5.9 million, an increase of \$1.8 million in operation of plant for utility expenditures, and an increase in fixed charges of \$8.4 million due to cost increases in health insurance, workers compensation, and FICA.

These increases were offset by a decrease of \$3.6 million in other instructional costs relating to networking costs which were incurred last year; a \$2.3 million decrease in maintenance of plant resulting from a reduction in the budgeted costs for the Aging Schools Program; and reductions in other areas.

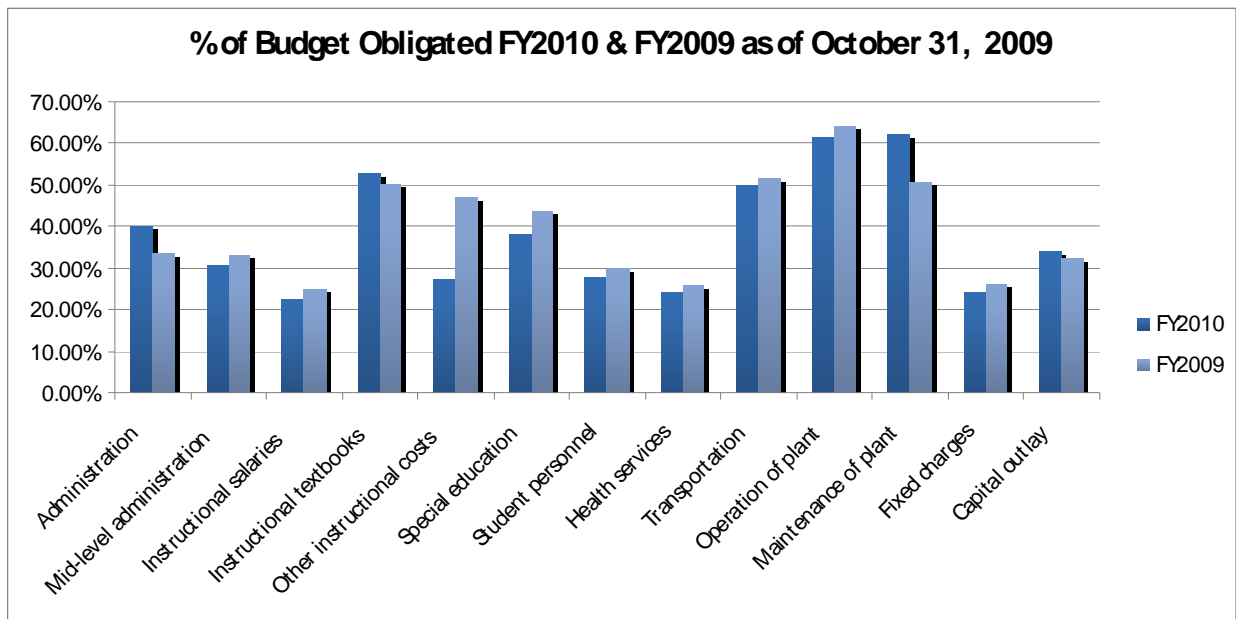


Figure 3

- Administration and Mid-level Administration** – The budget for non-salary administration expenditures decreased 5% from the amount budgeted last year primarily because of a decrease in consulting expenditures. This reduction is related to the upgrade in the human resources and financial computer systems which are expected to be completed this year. Mid-level administration non-salary expenditures are budgeted for a slight increase this year. Year-to-date expenditures in administration are greater than last year because of the timing of the issuance of purchase orders for consultants.
- Instructional Salaries** – The budget for instructional salaries was increased by \$8.5 million in FY2010 primarily to provide funding for salary increases. The budget increase also resulted from added instructional positions required due to increased enrollment, to maintain existing programs, and to provide for added personnel in some program areas.
- 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 16.4%, or approximately \$3.8 million for the systemwide purchase of textbooks. To date, \$14.5 million, 52.9% of the FY2010 budgeted textbook funds have been committed; the remaining budget will be spent during the school year to purchase additional consumable classroom supplies, textbooks, 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, \$3.9 million, 27.5% of the FY2010 budgeted funds have been committed. In the prior year, \$8.4 million, 47.1% had been committed. The decrease in year-to-date expenditures over last year resulted primarily from significant expenditures for systemwide network enhancements which were completed in the prior year. 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 FY2010 salary budget includes funding for salary increases, and, additionally, was decreased by the budgeted costs of 194 FTE positions transferred to the pass-through grant. Also, \$35.8 million (88%) of the FY2010 special education non-salary budget is for private placement of children in non-public schools. To date, 76%, \$27.2 million, of funds for private placement have been committed, compared with 91% committed at October 2008; this decrease is the result of the timing of the processing of purchase orders in FY2010.
- ***Student personnel and Health services*** – Year-to-date FY2010 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 by approximately \$1 million, which can be attributed primarily to an increased budget for private bus contractors.
- ***Operation of plant*** – This category contains salary costs 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 increased \$2.6 million, 5.8% over the prior year. This increase is primarily attributable to an anticipated increase in the cost of utilities of \$1.8 million. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$35 million. Other expenditures in this category include the cost of building rent, \$5 million (including charter lease); custodial supplies, \$1.6 million; trash removal, \$1.1 million; and other related expenditures. As of October 2009, 87.5% of the non-salary budget has been committed, compared with 92.1% as of October 2008.
- ***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 decreased 12.4% over the prior year. This decrease is primarily related to a significant decrease in the state funding for the Aging Schools Program. Funding from the state for the Aging Schools Program has been released, and a supplemental appropriation request was approved by the board on November 4, 2009, and will be forwarded to the county council. Year-to-date non-salary expenditures and encumbrances are \$13.4 million, 85.1% of the budgeted amount, as compared with \$11.5 million, or 64.1% in the prior fiscal year. The increase in expenditures over the prior year is related primarily to an increase in contracted services to maintain facilities. Capital outlay non-salary expenditures are 59.5% at October 2009, as compared to 36.9% expended in October 2008. The increase in expenditures over the prior year is a result of the purchase of relocatable units for school renovation programs.

- ***Fixed charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 70% and 22% of the fixed charges budget, respectively. The FY2010 budget includes an increase of \$8.4 million resulting from increases in premiums for health insurance, workers compensation, FICA, and costs related to new positions.

**Comparison of FY 2009 and FY 2010 Revenues, Expenditures, and Encumbrances
Budget and Actual
For the Periods Ended October, 2008 and 2009
General Fund**

		FY 2009				FY2010			
		Adjusted	Total	Remaining	Percentage	Adopted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Earned or	Budget	Rev/Exp/Enc.	Budget	Earned or
			as of 10/31/08	as of 10/31/08	Obligated		as of 10/31/09	as of 10/31/09	Obligated
Revenues :									
Baltimore County		\$ 646,094,092	\$ 123,846,933	\$ 522,247,159	19.2%	\$ 670,539,211	\$ 109,925,844	\$ 560,613,367	16.4%
State of Maryland		515,328,633	168,519,475	346,809,158	32.7%	498,627,524	162,947,923	335,679,601	32.7%
Federal		-	-	-	0.0%	8,439,290	-	8,439,290	0.0%
Other		10,993,000	6,174,249	4,818,751	56.2%	19,125,468	13,160,855	5,964,613	68.8%
Total revenues		\$ 1,172,415,725	\$ 298,540,657	\$ 873,875,068	25.5%	\$ 1,196,731,493	\$ 286,034,622	\$ 910,696,871	23.9%
Expenditures and encumbrances :									
Administration	salary	\$ 23,768,272	\$ 7,434,860	\$ 16,333,412	31.3%	\$ 23,917,419	\$ 7,365,222	\$ 16,552,197	30.8%
	non-salary	12,911,133	4,850,735	8,060,398	37.6%	12,123,528	7,151,840	4,971,688	59.0%
	subtotal	36,679,405	12,285,595	24,393,810	33.5%	36,040,947	14,517,062	21,523,885	40.3%
Mid-level administration	salary	72,764,471	24,078,410	48,686,061	33.1%	75,916,885	22,826,197	53,090,688	30.1%
	non-salary	7,163,918	2,450,922	4,712,996	34.2%	7,469,087	2,810,123	4,658,964	37.6%
	subtotal	79,928,389	26,529,332	53,399,057	33.2%	83,385,972	25,636,319	57,749,653	30.7%
Instruction:									
Instructional salaries	salary	432,912,938	107,746,741	325,166,197	24.9%	441,427,940	100,211,282	341,216,658	22.7%
Instructional textbooks	non-salary	23,460,316	11,819,258	11,641,058	50.4%	27,320,909	14,453,834	12,867,075	52.9%
Other instructional costs	non-salary	17,909,692	8,435,002	9,474,690	47.1%	14,306,242	3,927,853	10,378,389	27.5%
Special education	salary	105,171,833	28,267,163	76,904,670	26.9%	105,222,816	25,547,418	79,675,398	24.3%
	non-salary	40,662,962	35,498,871	5,164,091	87.3%	40,611,980	29,848,091	10,763,889	73.5%
	subtotal	145,834,795	63,766,034	82,068,761	43.7%	145,834,796	55,395,509	90,439,287	38.0%
Student personnel	salary	7,855,304	2,373,516	5,481,788	30.2%	8,152,546	2,282,762	5,869,784	28.0%
	non-salary	194,026	47,932	146,094	24.7%	212,582	30,977	181,605	14.6%
	subtotal	8,049,330	2,421,448	5,627,882	30.1%	8,365,128	2,313,739	6,051,389	27.7%
Health services	salary	12,676,193	3,209,003	9,467,190	25.3%	13,143,736	2,969,655	10,174,081	22.6%
	non-salary	284,255	111,297	172,958	39.2%	494,111	299,682	194,429	60.7%
	subtotal	12,960,448	3,320,300	9,640,148	25.6%	13,637,847	3,269,337	10,368,510	24.0%
Transportation	salary	30,732,661	6,763,317	23,969,344	22.0%	31,578,328	6,409,434	25,168,894	20.3%
	non-salary	21,250,729	19,960,159	1,290,570	93.9%	22,157,671	20,440,899	1,716,772	92.3%
	subtotal	51,983,390	26,723,476	25,259,914	51.4%	53,735,999	26,850,333	26,885,666	50.0%
Operation of plant	salary	38,233,005	11,251,271	26,981,734	29.4%	39,274,589	11,223,494	28,051,095	28.6%
	non-salary	47,354,582	43,608,866	3,745,716	92.1%	50,092,041	43,832,646	6,259,395	87.5%
	subtotal	85,587,587	54,860,137	30,727,450	64.1%	89,366,630	55,056,140	34,310,490	61.6%
Maintenance of plant	salary	11,680,331	3,512,440	8,167,891	30.1%	11,637,912	3,705,830	7,932,082	31.8%
	non-salary	17,918,446	11,490,068	6,428,378	64.1%	15,690,679	13,353,924	2,336,755	85.1%
	subtotal	29,598,777	15,002,508	14,596,269	50.7%	27,328,591	17,059,754	10,268,837	62.4%
Fixed charges	non-salary	244,280,534	64,169,235	180,111,299	26.3%	252,688,706	60,768,826	191,919,880	24.0%
Capital outlay	salary	2,803,459	887,125	1,916,334	31.6%	2,865,121	869,444	1,995,677	30.3%
	non-salary	426,665	157,559	269,106	36.9%	426,665	253,705	172,960	59.5%
	subtotal	3,230,124	1,044,684	2,185,440	32.3%	3,291,786	1,123,148	2,168,638	34.1%
		\$ 1,172,415,725	\$ 398,123,749	\$ 774,291,976	30.8%	\$ 1,196,731,493	\$ 380,583,136	\$ 816,148,357	31.8%
Total Salary		\$ 738,598,467	\$ 195,523,846	\$ 543,074,621	26.5%	\$ 753,137,292	\$ 183,410,737	\$ 569,726,555	24.4%
Total Non-Salary		433,817,258	202,599,903	231,217,355	46.7%	443,594,201	197,172,399	246,421,802	44.4%
Total expenditures and encumbrances		\$ 1,172,415,725	\$ 398,123,749	\$ 774,291,976	34.0%	\$ 1,196,731,493	\$ 380,583,136	\$ 816,148,357	31.8%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, November 23, 2009