

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** January 26, 2010

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

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

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

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

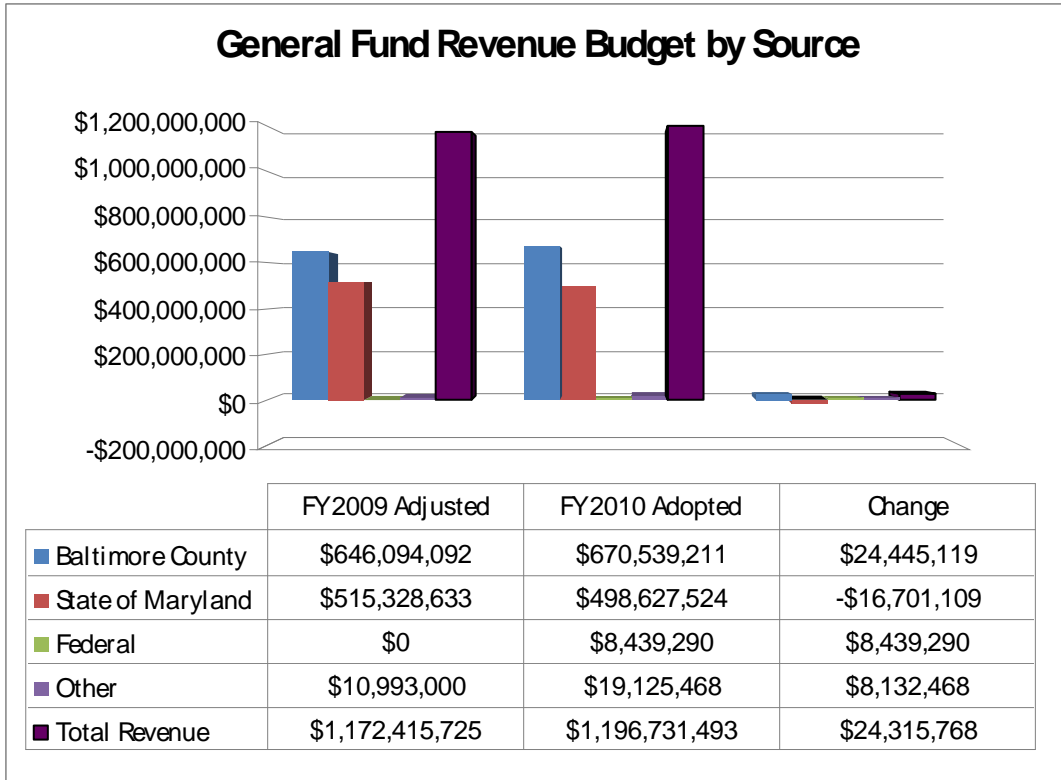
**RESOURCE  
PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the *General Fund Comparison of FY2009 and FY2010 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended November 30, 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 November 30, 2008 and 2009. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

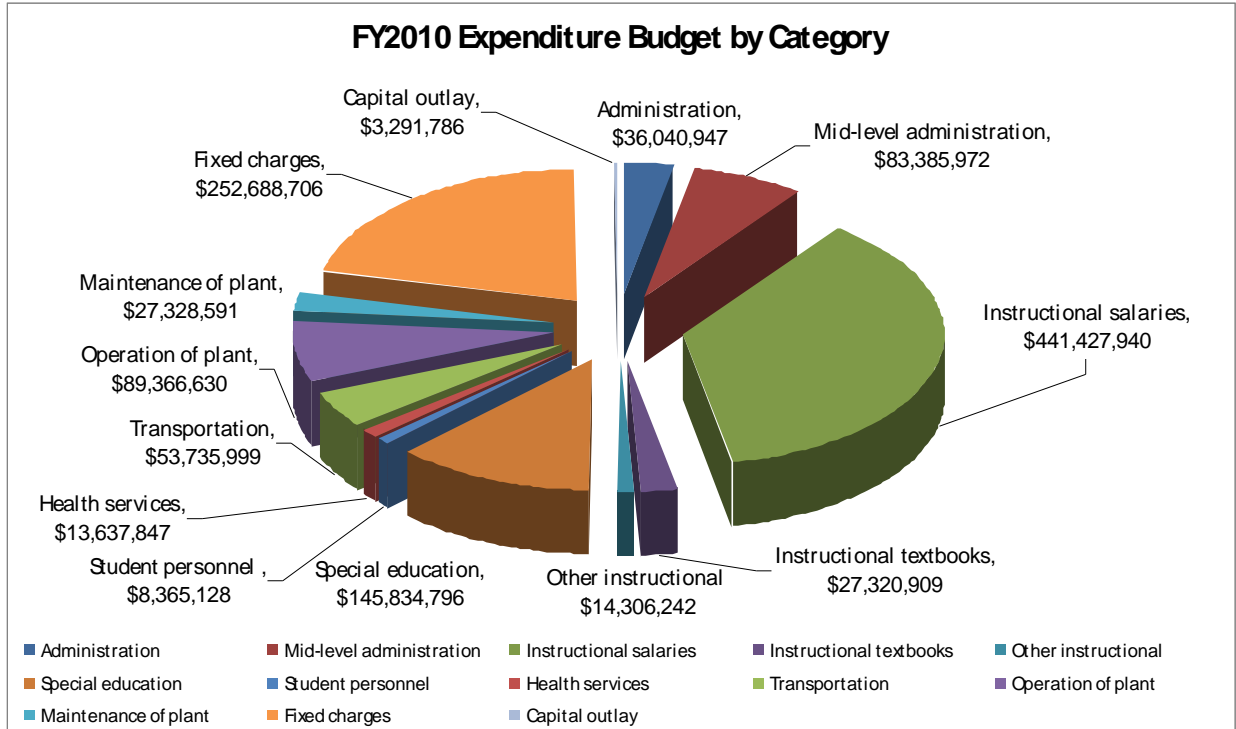


**Figure 1**

***Year-to-Date Comparison***

- ***Baltimore County*** – The 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 \$205.8 million, 30.7% of the budget, as compared to \$193.9 million, 30% 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 November 2009, three 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. As of November 30, 2009, approximately 10.8% of the funds 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 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 \$2.3 million.



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

**Total Expenditures and Encumbrances** – Year-to-date expenditures and encumbrances through November 2009 are \$475.2 million, 39.7% obligated compared to \$493.9 million, 42.1% 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 37.5% 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 31.8% of budget, which is in line with the percentage 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 \$2.5 million increase for instructional textbooks, 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 payroll taxes. 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 reduced fuel costs of \$1.2 million in transportation.

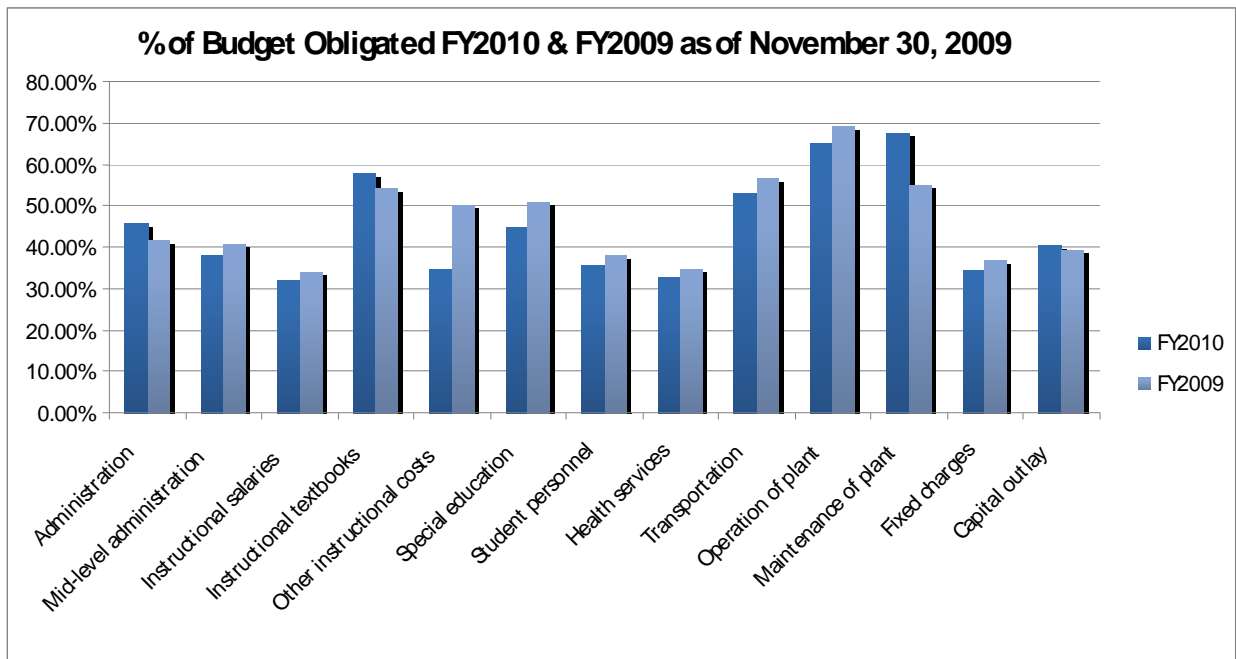


Figure 3

- 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 fiscal 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, \$15.8 million, 57.8% 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, \$4.9 million, 34.9% of the FY2010 budgeted funds have been committed. In the prior year, \$8.9 million, 50.2% had been committed. The decrease in year-to-date expenditures over last year resulted primarily from significant expenditures for system-wide 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 November 2008. It is expected that the remaining funds will be utilized by year end.
- ***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 includes 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 November 2009, 88% of the non-salary budget has been committed, compared with 94.8% as of November 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 in November and was forwarded to the County Council for approval in February. Year-to-date non-salary expenditures and encumbrances are \$13.8 million, 87.7% of the budgeted amount, as compared with \$11.9 million, or 66.5% 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 61.2% at November 2009, as compared to 39.2% expended in November 2008. The increase in expenditures over the prior year is a result of the purchase of re-locatable units for school renovation programs.
- Fixed Charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA represent 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.

**Baltimore County Public Schools**  
**Comparison of FY 2009 and FY 2010 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended November, 2008 and 2009**  
**General Fund**

		FY2009				FY2010			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Earned or	Budget	Rev/Exp/Enc.	Budget	Earned or
			as of 11/30/08	as of 11/30/08	Obligated		as of 11/30/09	as of 11/30/09	Obligated
Revenues :									
Baltimore County		\$ 646,094,092	\$ 193,913,996	\$ 452,180,096	30.0%	\$ 670,539,211	\$ 205,836,405	\$ 464,702,806	30.7%
State of Maryland		515,328,633	252,711,387	262,617,246	49.0%	498,627,524	244,421,886	254,205,638	49.0%
Federal		-	-	-	0.0%	8,439,290	910,905	7,528,385	10.8%
Other		10,993,000	6,416,047	4,576,953	58.4%	19,125,468	13,331,856	5,793,612	69.7%
<b>Total Revenues</b>		<b>\$ 1,172,415,725</b>	<b>\$ 453,041,430</b>	<b>\$ 719,374,295</b>	<b>38.6%</b>	<b>\$ 1,196,731,493</b>	<b>\$ 464,501,052</b>	<b>\$ 732,230,441</b>	<b>38.8%</b>
Expenditures and Encumbrances :									
Administration	salary	\$ 23,768,272	\$ 9,122,586	\$ 14,645,686	38.4%	\$ 23,917,419	\$ 9,100,366	\$ 14,817,053	38.0%
	non-salary	12,911,133	6,215,338	6,695,795	48.1%	12,123,528	7,420,679	4,702,849	61.2%
	subtotal	36,679,405	15,337,924	21,341,481	41.8%	36,040,947	16,521,045	19,519,902	45.8%
Mid-level administration	salary	72,764,471	29,733,697	43,030,774	40.9%	75,916,885	28,599,180	47,317,705	37.7%
	non-salary	7,163,918	2,794,761	4,369,157	39.0%	7,469,087	3,224,449	4,244,638	43.2%
	subtotal	79,928,389	32,528,458	47,399,931	40.7%	83,385,972	31,823,629	51,562,343	38.2%
Instruction:									
Instructional salaries	salary	432,912,938	147,106,257	285,806,681	34.0%	441,427,940	140,054,052	301,373,888	31.7%
Instructional textbooks	non-salary	23,460,316	12,655,186	10,805,130	53.9%	27,320,909	15,797,587	11,523,322	57.8%
Other instructional costs	non-salary	17,909,692	8,989,563	8,920,129	50.2%	14,306,242	4,988,408	9,317,834	34.9%
Special education	salary	105,171,833	37,590,120	67,581,713	35.7%	105,222,816	34,826,389	70,396,427	33.1%
	non-salary	40,662,962	36,365,855	4,297,107	89.4%	40,611,980	30,849,409	9,762,571	76.0%
	subtotal	145,834,795	73,955,975	71,878,820	50.7%	145,834,796	65,675,798	80,158,998	45.0%
Student personnel	salary	7,855,304	2,984,487	4,870,817	38.0%	8,152,546	2,926,797	5,225,749	35.9%
	non-salary	194,026	59,977	134,049	30.9%	212,582	51,558	161,024	24.3%
	subtotal	8,049,330	3,044,464	5,004,866	37.8%	8,365,128	2,978,354	5,386,774	35.6%
Health services	salary	12,676,193	4,335,080	8,341,113	34.2%	13,143,736	4,128,896	9,014,840	31.4%
	non-salary	284,255	146,231	138,024	51.4%	494,111	345,966	148,145	70.0%
	subtotal	12,960,448	4,481,311	8,479,137	34.6%	13,637,847	4,474,862	9,162,985	32.8%
Transportation	salary	30,732,661	9,344,395	21,388,266	30.4%	31,578,328	9,034,834	22,543,494	28.6%
	non-salary	21,250,729	20,063,659	1,187,070	94.4%	22,157,671	19,395,101	2,762,570	87.5%
	subtotal	51,983,390	29,408,054	22,575,336	56.6%	53,735,999	28,429,935	25,306,064	52.9%
Operation of plant	salary	38,233,005	14,181,128	24,051,877	37.1%	39,274,589	14,159,667	25,114,922	36.1%
	non-salary	47,354,582	44,882,427	2,472,155	94.8%	50,092,041	44,076,459	6,015,582	88.0%
	subtotal	85,587,587	59,063,555	26,524,032	69.0%	89,366,630	58,236,126	31,130,504	65.2%
Maintenance of plant	salary	11,680,331	4,399,484	7,280,847	37.7%	11,637,912	4,650,629	6,987,283	40.0%
	non-salary	17,918,446	11,915,857	6,002,589	66.5%	15,690,679	13,765,778	1,924,901	87.7%
	subtotal	29,598,777	16,315,341	13,283,436	55.1%	27,328,591	18,416,407	8,912,184	67.4%
Fixed charges	non-salary	244,280,534	89,784,896	154,495,638	36.8%	252,688,706	86,510,193	166,178,513	34.2%
Capital outlay	salary	2,803,459	1,092,990	(666,325)	0.1%	2,865,121	1,071,797	1,793,324	37.4%
	non-salary	426,665	167,184	3,062,940	39.2%	426,665	260,942	165,723	61.2%
	subtotal	3,230,124	1,260,174	2,396,615	39.0%	3,291,786	1,332,739	1,959,047	40.5%
<b>Total Salary</b>		<b>\$ 738,598,467</b>	<b>\$ 259,890,224</b>	<b>\$ 478,708,243</b>	<b>35.2%</b>	<b>\$ 753,137,292</b>	<b>\$ 248,552,607</b>	<b>\$ 504,584,685</b>	<b>33.0%</b>
<b>Total Non-Salary</b>		<b>433,817,258</b>	<b>234,040,934</b>	<b>199,776,324</b>	<b>53.9%</b>	<b>443,594,201</b>	<b>226,686,529</b>	<b>216,907,672</b>	<b>51.1%</b>
<b>Total Expenditures and Encumbrances</b>		<b>\$ 1,172,415,725</b>	<b>\$ 493,931,158</b>	<b>\$ 678,484,567</b>	<b>42.1%</b>	<b>\$ 1,196,731,493</b>	<b>\$ 475,239,137</b>	<b>\$ 721,492,356</b>	<b>39.7%</b>

Figure 4

Prepared by: Office of Accounting and Financial Reporting, December 8, 2009