

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: February 23, 2010

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING
DECEMBER 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 December 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 December 31, 2008 and 2009. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

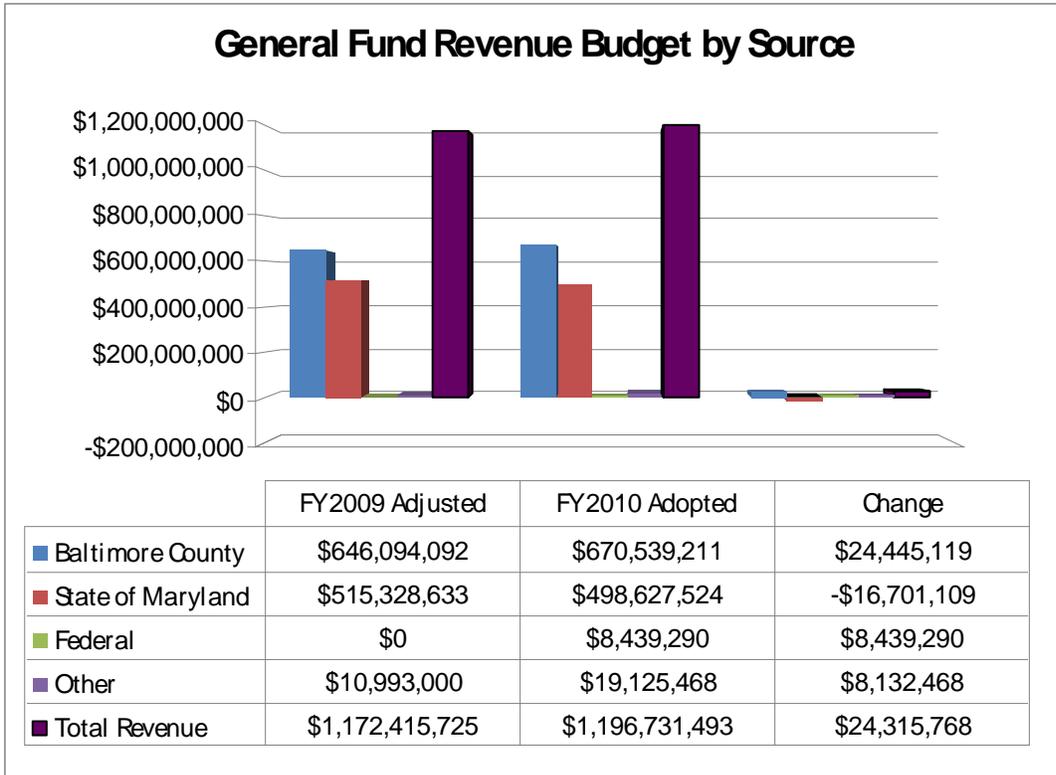


Figure 1

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 \$234.1 million, 34.9% of the budget, as compared to \$254.6 million, 39.4% 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 December 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 December 2009, approximately 25.1% 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 \$2.4 million.

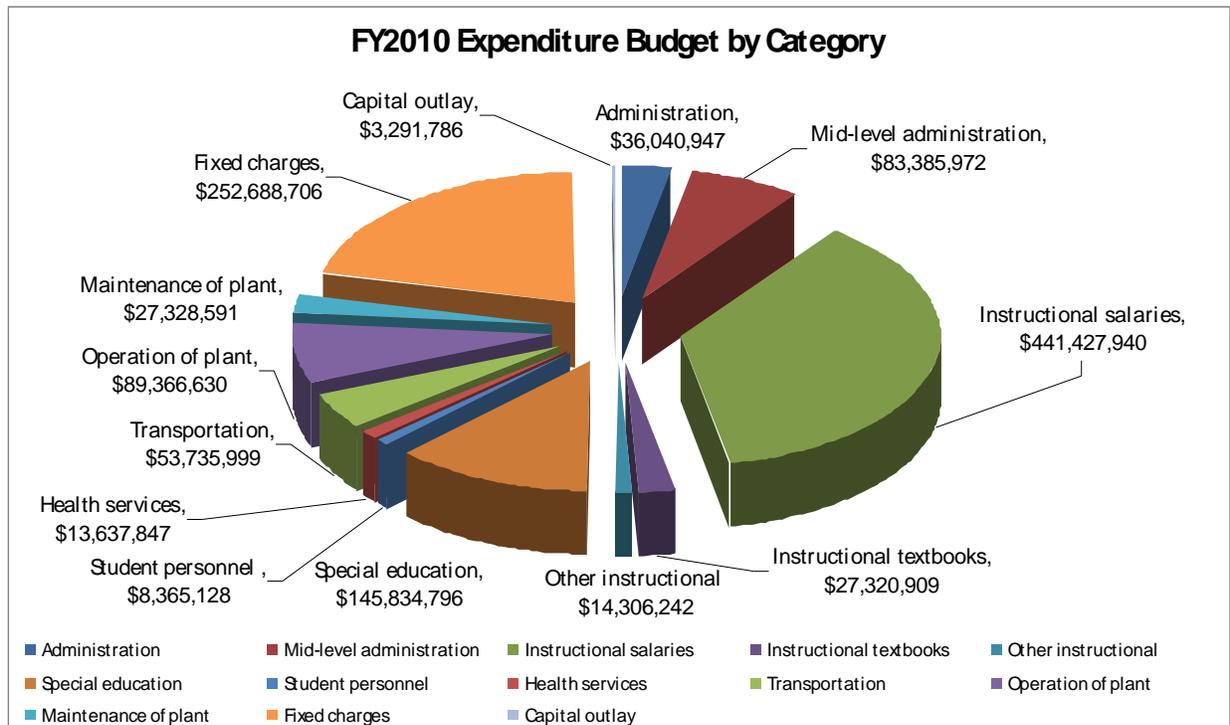


Figure 2 (Detail included in Figure 4)

Total Expenditures and Encumbrances – Year-to-date expenditures and encumbrances through December 2009 are \$576.8 million, 48.2% obligated compared to \$585.7 million, 49.9% 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 46.9% 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 42.2% 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.

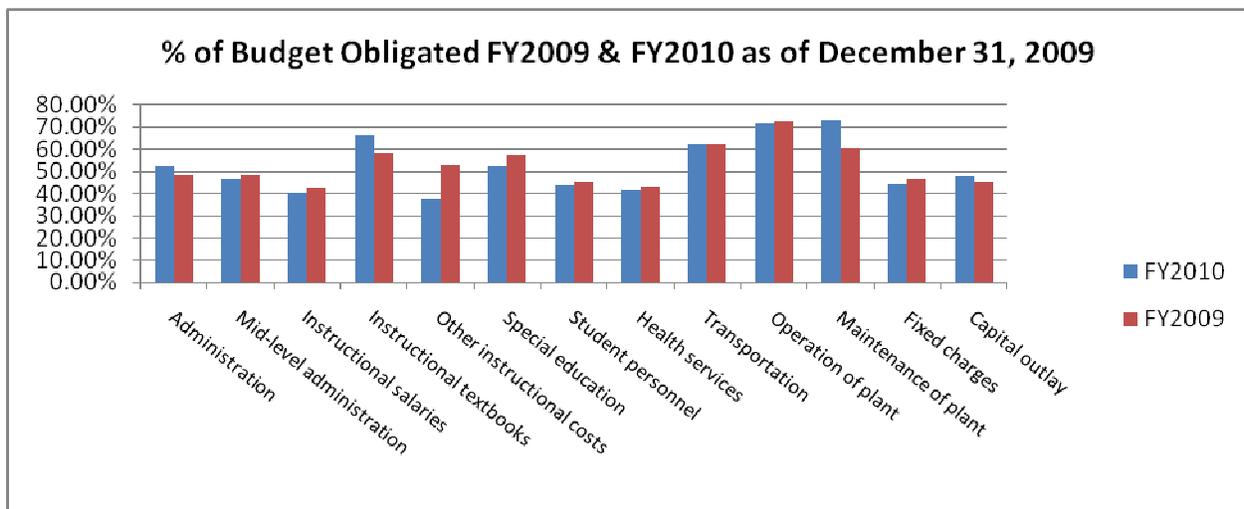


Figure 3

- **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, \$18.1 million, 66.5% 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, \$5.3 million, 37.4% of the FY2010 budgeted funds have been committed. In the prior year, \$9.4 million, 52.7% 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 December 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 December 2009, 91.6% of the non-salary budget has been committed, compared with 95.1% as of December 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. Year-to-date non-salary expenditures and encumbrances are \$13.9 million, 88.9% of the budgeted amount, as compared with \$12.5 million, or 69.8% 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 63.7% at December 2009, as compared to 41.2% expended in December 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 December, 2008 and 2009
General Fund

		FY 2009				FY 2010			
		Total	Remaining	Percentage	Total	Remaining	Percentage		
		Adjusted	Budget as	Earned or	Adjusted	Budget as	Earned or		
		Budget	of 12/31/08	Obligated	Budget	of 12/31/09	Obligated		
		Rev/Exp/Enc.	of 12/31/08		Rev/Exp/Enc.	of 12/31/09			
		as of 12/31/08			as of 12/31/09				
Revenues:									
Baltimore County		\$ 646,094,092	\$ 254,681,058	\$ 391,413,034	39.4%	\$ 670,539,211	\$ 234,190,966	\$ 436,348,245	34.9%
State of Maryland		515,328,633	252,399,337	262,929,296	49.0%	498,627,524	244,421,886	254,205,638	49.0%
Federal		-	-	-	0.0%	8,439,290	2,115,868	6,323,422	25.1%
Other		10,993,000	6,505,332	4,487,668	59.2%	19,125,468	13,408,798	5,716,670	70.1%
Total Revenues		\$ 1,172,415,725	\$ 513,585,727	\$ 658,829,998	43.8%	\$ 1,196,731,493	\$ 494,137,518	\$ 702,593,975	41.3%
Expenditures and Encumbrances:									
Administration	salary	\$ 23,768,272	\$ 10,809,403	\$ 12,958,869	45.5%	\$ 23,917,419	\$ 11,054,678	\$ 12,862,741	46.2%
	non-salary	12,911,133	6,877,884	6,033,249	53.3%	12,123,528	7,793,077	4,330,451	64.3%
	subtotal	36,679,405	17,687,287	18,992,118	48.2%	36,040,947	18,847,755	17,193,192	52.3%
Mid-level Administration	salary	72,764,471	35,373,041	37,391,430	48.6%	75,916,885	35,214,021	40,702,864	46.4%
	non-salary	7,163,918	3,249,057	3,914,861	45.4%	7,469,087	3,749,166	3,719,921	50.2%
	subtotal	79,928,389	38,622,098	41,306,291	48.3%	83,385,972	38,963,186	44,422,786	46.7%
Instruction:									
Instructional Salaries	salary	432,912,938	184,693,942	248,218,996	42.7%	441,427,940	178,473,623	262,954,317	40.4%
Instructional Textbooks	non-salary	23,460,316	13,653,474	9,806,842	58.2%	27,320,909	18,157,736	9,163,173	66.5%
Other Instructional Costs	non-salary	17,909,692	9,444,730	8,464,962	52.7%	14,306,242	5,349,547	8,956,695	37.4%
Special Education	salary	105,171,833	46,979,299	58,192,534	44.7%	105,222,816	45,279,211	59,943,605	43.0%
	non-salary	40,662,962	37,268,905	3,394,057	91.7%	40,611,980	31,015,334	9,596,646	76.4%
	subtotal	145,834,795	84,248,204	61,586,591	57.8%	145,834,796	76,294,545	69,540,251	52.3%
Student Personnel	salary	7,855,304	3,608,922	4,246,382	45.9%	8,152,546	3,603,291	4,549,255	44.2%
	non-salary	194,026	68,861	125,165	35.5%	212,582	64,853	147,729	30.5%
	subtotal	8,049,330	3,677,783	4,371,547	45.7%	8,365,128	3,668,144	4,696,984	43.9%
Health Services	salary	12,676,193	5,458,644	7,217,549	43.1%	13,143,736	5,330,963	7,812,773	40.6%
	non-salary	284,255	158,699	125,556	55.8%	494,111	356,800	137,311	72.2%
	subtotal	12,960,448	5,617,343	7,343,105	43.3%	13,637,847	5,687,763	7,950,084	41.7%
Transportation	salary	30,732,661	12,105,213	18,627,448	39.4%	31,578,328	13,234,439	18,343,889	41.9%
	non-salary	21,250,729	20,137,426	1,113,303	94.8%	22,157,671	20,203,698	1,953,973	91.2%
	subtotal	51,983,390	32,242,639	19,740,751	62.0%	53,735,999	33,438,137	53,735,999	62.2%
Operation of Plant	salary	38,233,005	17,066,690	21,166,315	44.6%	39,274,589	18,465,182	20,809,407	47.0%
	non-salary	47,354,582	45,056,594	2,297,988	95.1%	50,092,041	45,880,616	4,211,425	91.6%
	subtotal	85,587,587	62,123,284	23,464,303	72.6%	89,366,630	64,345,798	25,020,832	72.0%
Maintenance of Plant	salary	11,680,331	5,320,039	6,360,292	45.5%	11,637,912	5,998,802	5,639,110	51.5%
	non-salary	17,918,446	12,513,686	5,404,760	69.8%	15,690,679	13,949,341	1,741,338	88.9%
	subtotal	29,598,777	17,833,725	11,765,052	60.3%	27,328,591	19,948,143	7,380,448	73.0%
Fixed Charges	non-salary	244,280,534	114,393,909	129,886,625	46.8%	252,688,706	112,055,938	140,632,768	44.3%
Capital Outlay	salary	2,803,459	1,300,281	1,503,178	46.4%	2,865,121	1,305,747	1,559,374	45.6%
	non-salary	426,665	175,712	250,953	41.2%	426,665	271,807	154,858	63.7%
	subtotal	3,230,124	1,475,993	1,754,131	45.7%	3,291,786	1,577,555	1,714,231	47.9%
Total Salary		\$ 738,598,467	\$ 322,715,474	\$ 415,882,993	43.7%	\$ 753,137,292	\$ 317,959,956	\$ 435,177,336	42.2%
Total Non-Salary		433,817,258	262,998,937	170,818,321	60.6%	443,594,201	258,847,913	184,746,288	58.4%
Total Expenditures and Encumbrances		\$ 1,172,415,725	\$ 585,714,411	\$ 586,701,314	49.9%	\$ 1,196,731,493	\$ 576,807,869	\$ 619,923,624	48.2%