

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: March 23, 2010

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING JANUARY 31, 2009 AND 2010**

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 January 31, 2009 and 2010

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 January 31, 2009 and 2010. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

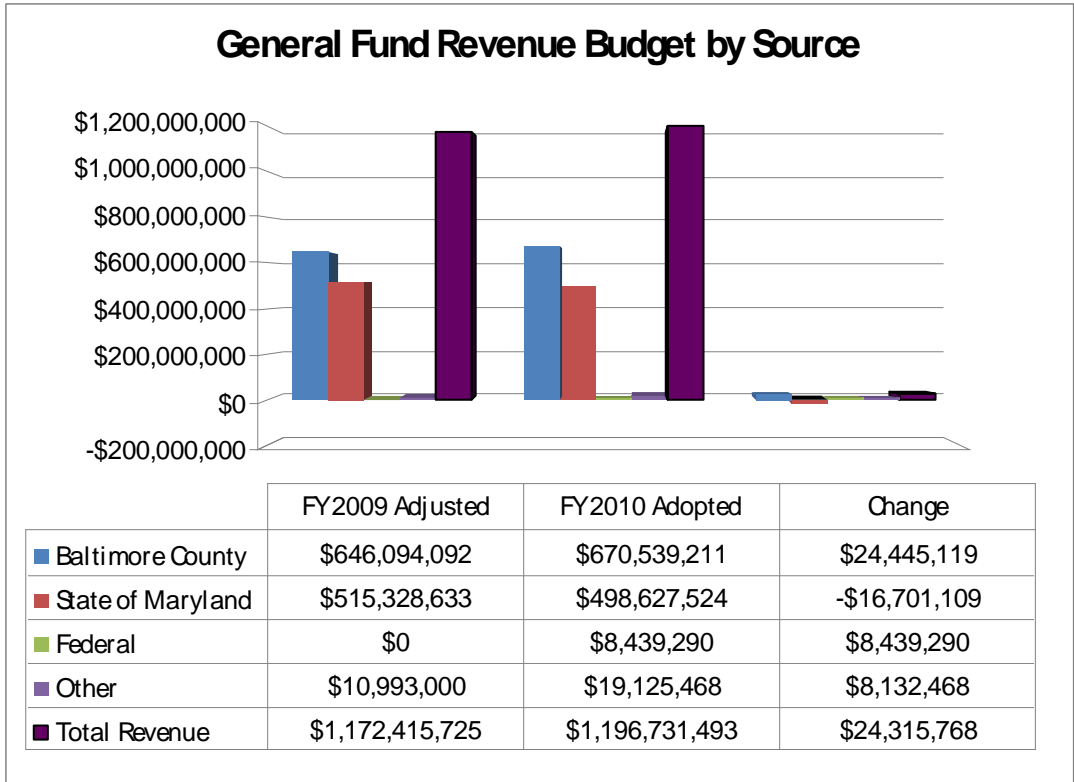


Figure 1

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 \$328.7 million, 49% of the budget, as compared to \$339.1 million, 52.5% 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 January 2010, four 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 January 2010, approximately 37.5% 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, tuition, and other revenues of approximately \$2.5 million.

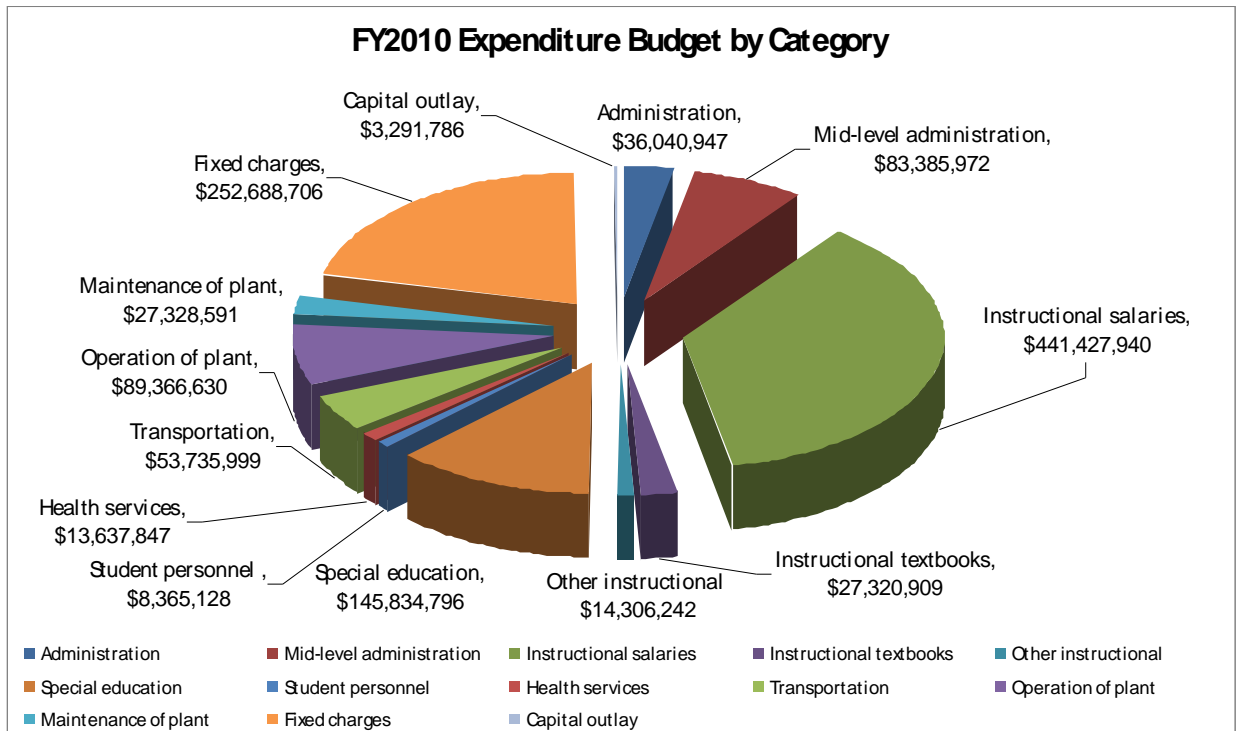


Figure 2 (Detail included in Figure 4)

Total Expenditures and Encumbrances – Year-to-date expenditures and encumbrances through January 2010 are \$670.3 million, 56% obligated compared to \$682 million, 58.2% 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 54.6% 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 49.5% 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.

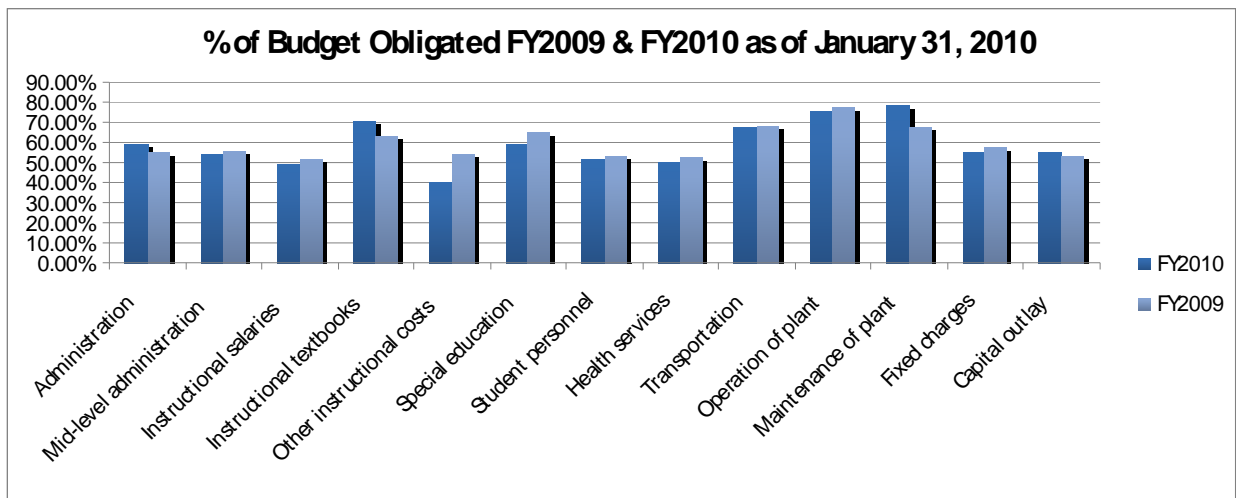


Figure 3

- ***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, \$19.1 million, 70.5% 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, \$5.6 million, 39.7% of the FY2010 budgeted funds have been committed. In the prior year, \$9.7 million, 54.6% 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, 79%, \$28.3 million of funds for private placement have been committed, compared with 97% committed at January 2009. 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 January 2010, 92.2% of the non-salary budget has been committed, compared with 95% as of January 2009.
- ***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 \$14.3 million, 91.5% of the budgeted amount, as compared with \$13.4 million, or 74.8% 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 66.9% at January 2010, as compared to 45.8% expended in January 2009. 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 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 January, 2009 and 2010
General Fund

		FY 2009				FY 2010			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Earned or	Budget	Rev/Exp/Enc.	Budget	Earned or
			as of 01/31/09	as of 01/31/09	Obligated		as of 01/31/10	as of 01/31/10	Obligated
Revenues:									
Baltimore County		\$ 646,094,092	\$ 339,148,121	\$ 306,945,971	52.5%	\$ 670,539,211	\$ 328,701,527	\$ 341,837,684	49.0%
State of Maryland		515,328,633	338,140,300	177,188,333	65.6%	498,627,524	327,422,172	171,205,352	65.7%
Federal		-	-	-	0.0%	8,439,290	3,163,154	5,276,136	37.5%
Other		10,993,000	6,671,706	4,321,294	60.7%	19,125,468	13,514,234	5,611,234	70.7%
Total revenues		\$ 1,172,415,725	\$ 683,960,127	\$ 488,455,598	58.3%	\$ 1,196,731,493	\$ 672,801,087	\$ 523,930,406	56.2%
Expenditures and Encumbrances:									
Administration	salary	\$ 23,768,272	\$ 12,501,700	\$ 11,266,572	52.6%	\$ 23,917,419	\$ 12,833,912	\$ 11,083,507	53.7%
	non-salary	12,911,133	7,548,034	5,363,099	58.5%	12,123,528	8,502,674	3,620,854	70.1%
	subtotal	36,679,405	20,049,734	16,629,671	54.7%	36,040,947	21,336,586	14,704,361	59.2%
Mid-level Administration	salary	72,764,471	40,986,304	31,778,167	56.3%	75,916,885	41,010,110	34,906,775	54.0%
	non-salary	7,163,918	3,588,809	3,575,109	50.1%	7,469,087	4,040,002	3,429,085	54.1%
	subtotal	79,928,389	44,575,113	35,353,276	55.8%	83,385,972	45,050,112	38,335,860	54.0%
Instruction:									
Instructional Salaries	salary	432,912,938	222,076,619	210,836,319	51.3%	441,729,940	216,030,948	225,698,992	48.9%
Instructional Textbooks	non-salary	23,460,316	14,820,483	8,639,833	63.2%	27,138,909	19,140,551	7,998,358	70.5%
Other Instructional Costs	non-salary	17,909,692	9,773,324	8,136,368	54.6%	14,186,242	5,629,775	8,556,467	39.7%
Special Education	salary	105,171,833	56,580,413	48,591,420	53.8%	105,222,816	54,389,561	50,833,255	51.7%
	non-salary	40,662,962	38,572,192	2,090,770	94.9%	40,611,980	32,014,346	8,597,634	78.8%
	subtotal	145,834,795	95,152,605	50,682,190	65.2%	145,834,796	86,403,907	59,430,889	59.2%
Student Personnel	salary	7,855,304	4,233,305	3,621,999	53.9%	8,152,546	4,248,880	3,903,666	52.1%
	non-salary	194,026	83,787	110,239	43.2%	212,582	78,465	291,047	36.9%
	subtotal	8,049,330	4,317,092	3,732,238	53.6%	8,365,128	4,327,345	12,692,473	51.7%
Health Services	salary	12,676,193	6,581,893	6,094,300	51.9%	13,143,736	6,477,624	6,666,112	49.3%
	non-salary	284,255	187,073	97,182	65.8%	494,111	372,310	121,801	75.3%
	subtotal	12,960,448	6,768,966	6,191,482	52.2%	13,637,847	6,849,934	6,787,913	50.2%
Student Transportation	salary	30,732,661	15,642,946	15,089,715	50.9%	31,578,328	15,682,408	15,895,920	49.7%
	non-salary	21,250,729	19,940,748	1,309,981	93.8%	22,157,671	20,433,582	1,724,089	92.2%
	subtotal	51,983,390	35,583,694	16,399,696	68.5%	53,735,999	36,115,990	17,620,009	67.2%
Operation of Plant	salary	38,233,005	21,250,727	16,982,278	55.6%	39,274,589	21,415,588	17,859,001	54.5%
	non-salary	47,354,582	44,966,497	2,388,085	95.0%	50,092,041	46,175,717	3,916,324	92.2%
	subtotal	85,587,587	66,217,224	19,370,363	77.4%	89,366,630	67,591,305	21,775,325	75.6%
Maintenance of Plant	salary	11,680,331	6,670,666	5,009,665	57.1%	11,637,912	7,020,173	4,617,739	60.3%
	non-salary	17,918,446	13,411,614	4,506,832	74.8%	15,690,679	14,360,339	1,330,340	91.5%
	subtotal	29,598,777	20,082,280	9,516,497	67.8%	27,328,591	21,380,512	5,948,079	78.2%
Fixed Charges	non-salary	244,280,534	140,853,889	103,426,645	57.7%	252,688,706	138,647,343	114,041,363	54.9%
Capital Outlay	salary	2,803,459	1,540,220	1,263,239	54.9%	2,865,121	1,521,328	1,343,793	53.1%
	non-salary	426,665	195,459	231,206	45.8%	426,665	285,414	141,251	66.9%
	subtotal	3,230,124	1,735,679	1,494,445	53.7%	3,291,786	1,806,742	1,485,044	54.9%
Total Salary		738,598,467	388,064,793	350,533,674	52.5%	\$ 753,137,292	380,630,532	372,506,760	50.5%
Total Non-Salary		433,817,258	293,941,909	139,875,349	67.8%	443,594,201	289,680,518	153,913,683	65.3%
Total Expenditures and Encumbrances		\$ 1,172,415,725	\$ 682,006,702	\$ 490,409,023	58.2%	\$ 1,196,731,493	\$ 670,311,050	\$ 526,420,443	56.0%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, February 8, 2010