

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** April 20, 2010

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING  
FEBRUARY 28, 2009 AND 2010**

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

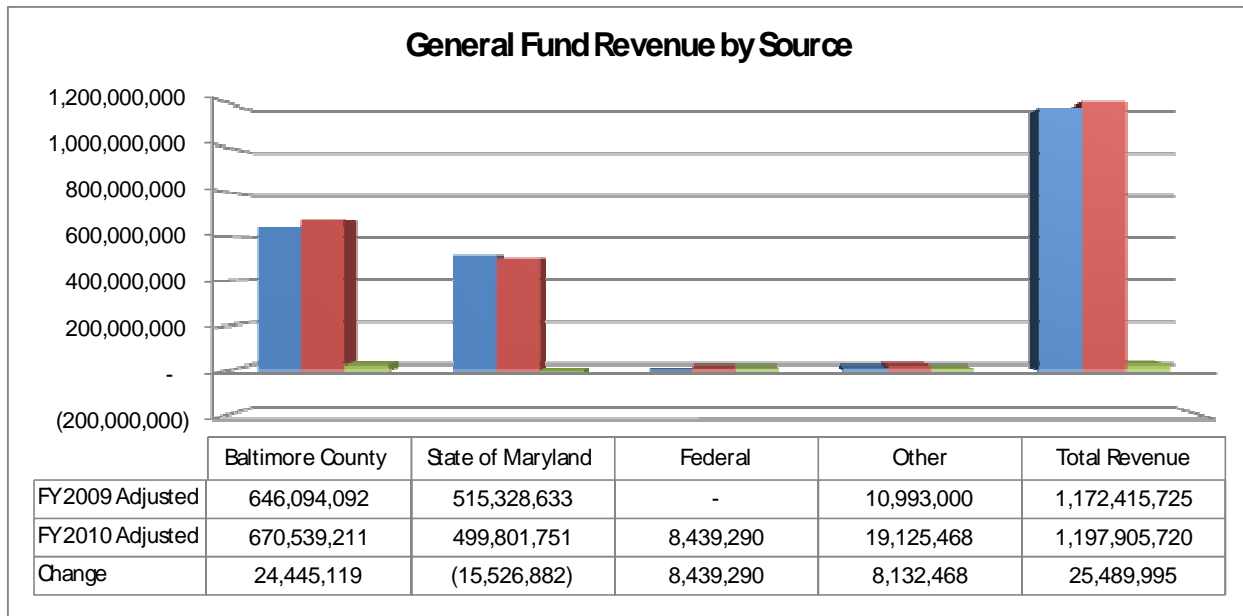
**RESOURCE  
PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the *General Fund Comparison of FY2009 and FY2010 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended February 28, 2009 and 2010

***General Fund Comparison of FY2009 and FY2010 Revenues, Expenditures, and  
Encumbrances-Budget and Actual***

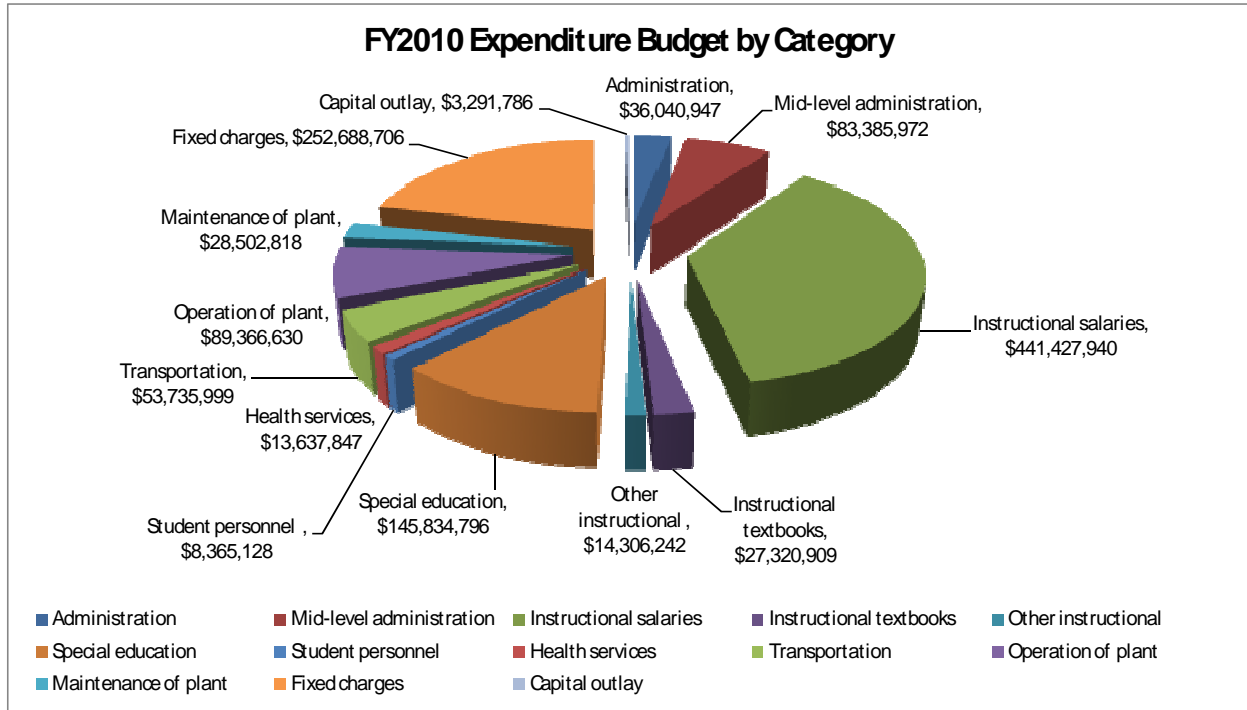
These data are presented using Maryland State Department of Education categories. Amounts included reflect actual revenues, expenditures and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2009 and FY2010 General Fund Revenue Budget. Figure 2 provides an overview of the FY2010 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of February 28, 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 \$349.4 million, 52.1% of the budget, as compared to \$359.3 million, 55.6% of the budget for FY2009.
- State of Maryland*** – The FY2010 state adjusted appropriation decreased \$15.5 million, 3.0% 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 February 2010, four of the state payments had been received. During February 2010 the county council approved a supplemental funding request of approximately \$1.2 million for funding by the state for the Aging Schools Program. These funds will be used to cover costs to be incurred for an approved list of projects.
- 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 February 2010, approximately 39.8% 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, tuition and other revenues of approximately \$2.7 million.



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

**Total Expenditures and Encumbrances** – Year-to-date expenditures and encumbrances through February 2010 are \$771.7 million, 64.4% obligated compared to \$773.1 million, 65.9% 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 62.7% 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 58.5% 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 \$10.1 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 \$1 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.

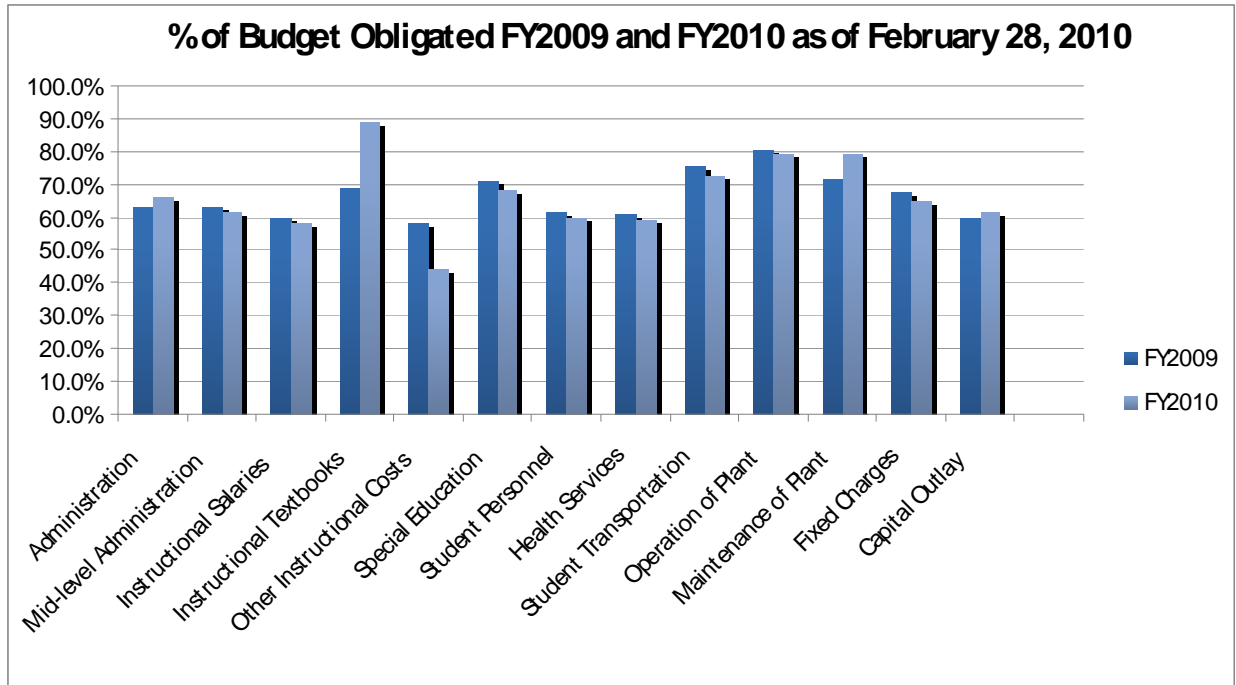


Figure 3

- 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 system-wide purchase of textbooks. To date, \$24.2 million, 88.6% 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, \$6.3 million, 44.1% of the FY2010 budgeted funds have been committed. In the prior year, \$10.4 million, 58.1% 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, 87.6%, \$31.3 million of funds for private placement have been committed, compared with 97% committed at February 2009. It is expected that the remaining funds will be utilized by year end for private placement and related services.
- ***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 February 2010, 92.8% of the non-salary budget has been committed, compared with 95% as of February 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 5.9% 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 had been awarded and a supplemental appropriation request of approximately \$1.2 million was approved by the county council in February. Year-to-date non-salary expenditures and encumbrances are \$14.4 million, 85.7% of the adjusted budgeted amount, as compared with \$13.6 million, or 76% 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 68.2% at February 2010, as compared to 48.4% expended in February 2009. 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.

**Comparison of FY 2009 and FY 2010 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended February, 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 02/28/09	as of 02/28/09	Obligated		as of 02/28/10	as of 02/28/10	Obligated
<b>Revenues</b>									
Baltimore County		\$ 646,094,092	\$ 359,315,183	\$ 286,778,909	55.6%	\$ 670,539,211	\$ 349,412,088	\$ 321,127,123	52.1%
State of Maryland		515,328,633	339,524,581	175,804,052	65.9%	499,801,751	327,832,902	171,968,849	65.6%
Federal		-	-	-	0.0%	8,439,290	3,355,191	5,084,099	39.8%
Other		10,993,000	6,838,694	4,154,306	62.2%	19,125,468	13,699,916	5,425,552	71.6%
Total revenues		\$ 1,172,415,725	\$ 705,678,458	\$ 466,737,267	60.2%	\$ 1,197,905,720	\$ 694,300,097	\$ 503,605,623	58.0%
<b>Expenditures and encumbrances</b>									
Administration	salary	\$ 23,768,272	\$ 14,188,546	\$ 9,579,726	59.7%	\$ 23,918,032	\$ 14,641,643	\$ 9,276,389	61.2%
	non-salary	12,911,133	9,044,040	3,867,093	70.0%	12,122,915	9,080,852	3,042,063	74.9%
	subtotal	36,679,405	23,232,586	13,446,819	63.3%	36,040,947	23,722,495	12,318,452	65.8%
Mid-level administration	salary	72,764,471	46,606,239	26,158,232	64.1%	75,579,264	46,877,353	28,701,911	62.0%
	non-salary	7,163,918	4,060,594	3,103,324	56.7%	7,806,708	4,379,411	3,427,297	56.1%
	subtotal	79,928,389	50,666,833	29,261,556	63.4%	83,385,972	51,256,764	32,129,208	61.5%
<b>Instruction:</b>									
Instructional salaries	salary	432,912,938	259,608,398	173,304,540	60.0%	441,427,940	255,548,619	185,879,321	57.9%
Instructional textbooks	non-salary	23,460,316	16,131,988	7,328,328	68.8%	27,320,909	24,199,948	3,120,961	88.6%
Other instructional costs	non-salary	17,909,692	10,405,390	7,504,302	58.1%	14,306,242	6,304,665	8,001,577	44.1%
Special education	salary	105,171,833	66,232,605	38,939,228	63.0%	105,222,816	63,896,874	41,325,942	60.7%
	non-salary	40,662,962	37,030,127	3,632,835	91.1%	40,611,980	35,464,542	5,147,438	87.3%
	subtotal	145,834,795	103,262,732	42,572,063	70.8%	145,834,796	99,361,416	46,473,380	68.1%
Student personnel	salary	7,855,304	4,855,842	2,999,462	61.8%	8,152,546	4,909,137	3,243,409	60.2%
	non-salary	194,026	95,526	98,500	49.2%	212,582	87,191	125,391	41.0%
	subtotal	8,049,330	4,951,368	3,097,962	61.5%	8,365,128	4,996,328	3,368,800	59.7%
Health services	salary	12,676,193	7,715,632	4,960,561	60.9%	13,143,736	7,690,818	5,452,918	58.5%
	non-salary	284,255	202,408	81,847	71.2%	494,111	382,320	111,791	77.4%
	subtotal	12,960,448	7,918,040	5,042,408	61.1%	13,637,847	8,073,138	5,564,709	59.2%
Student transportation	salary	30,732,661	18,342,300	12,390,361	59.7%	31,578,328	18,443,012	13,135,316	58.4%
	non-salary	21,250,729	20,814,350	436,379	97.9%	22,157,671	20,555,599	1,602,072	92.8%
	subtotal	51,983,390	39,156,650	12,826,740	75.3%	53,735,999	38,998,611	14,737,388	72.6%
Operation of plant	salary	38,233,005	24,172,509	14,060,496	63.2%	39,274,589	24,607,854	14,666,735	62.7%
	non-salary	47,354,582	44,918,750	2,435,832	94.9%	50,092,041	46,486,447	3,605,594	92.8%
	subtotal	85,587,587	69,091,259	16,496,328	80.7%	89,366,630	71,094,301	18,272,329	79.6%
Maintenance of plant	salary	11,680,331	7,591,005	4,089,326	65.0%	11,637,912	8,217,297	3,420,615	70.6%
	non-salary	17,918,446	13,614,577	4,303,869	76.0%	16,864,906	14,450,732	2,414,174	85.7%
	subtotal	29,598,777	21,205,582	8,393,195	71.6%	28,502,818	22,668,029	5,834,789	79.5%
Fixed charges	non-salary	244,280,534	165,546,387	78,734,147	67.8%	252,688,706	163,506,426	89,182,280	64.7%
Capital outlay	salary	2,803,459	1,728,440	1,075,019	61.7%	2,865,121	1,738,859	1,126,262	60.7%
	non-salary	426,665	206,324	220,341	48.4%	426,665	290,830	135,835	68.2%
	subtotal	3,230,124	1,934,764	1,295,360	59.9%	3,291,786	2,029,689	1,262,097	61.7%
Total Salary		738,598,467	451,041,517	287,556,950	61.1%	752,800,284	446,571,465	306,228,819	59.3%
Total Non-Salary		433,817,258	322,070,460	111,746,798	74.2%	445,105,436	325,188,964	119,916,472	73.1%
Total expenditures and encumbrances		\$ 1,172,415,725	\$ 773,111,977	\$ 399,303,748	65.9%	\$ 1,197,905,720	\$ 771,760,429	\$ 426,145,291	64.4%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, March 10, 2010