

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: May 18, 2010

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING MARCH 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 March 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 March 31, 2009 and 2010. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

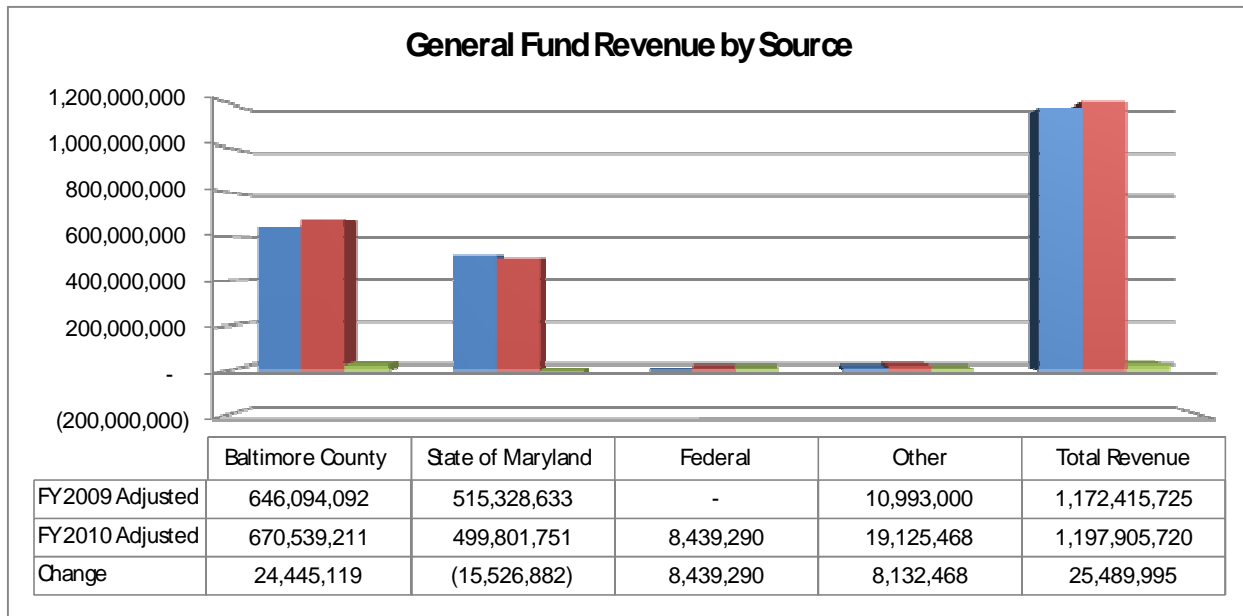


Figure 1

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 \$490.7 million, 73.2% of the budget, as compared to \$457.5 million, 70.8% 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 March 2010, five of the state payments had been received. In February, 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 the 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 March 2010, approximately 44.1% 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, tuition and other revenues of approximately \$2.7 million.

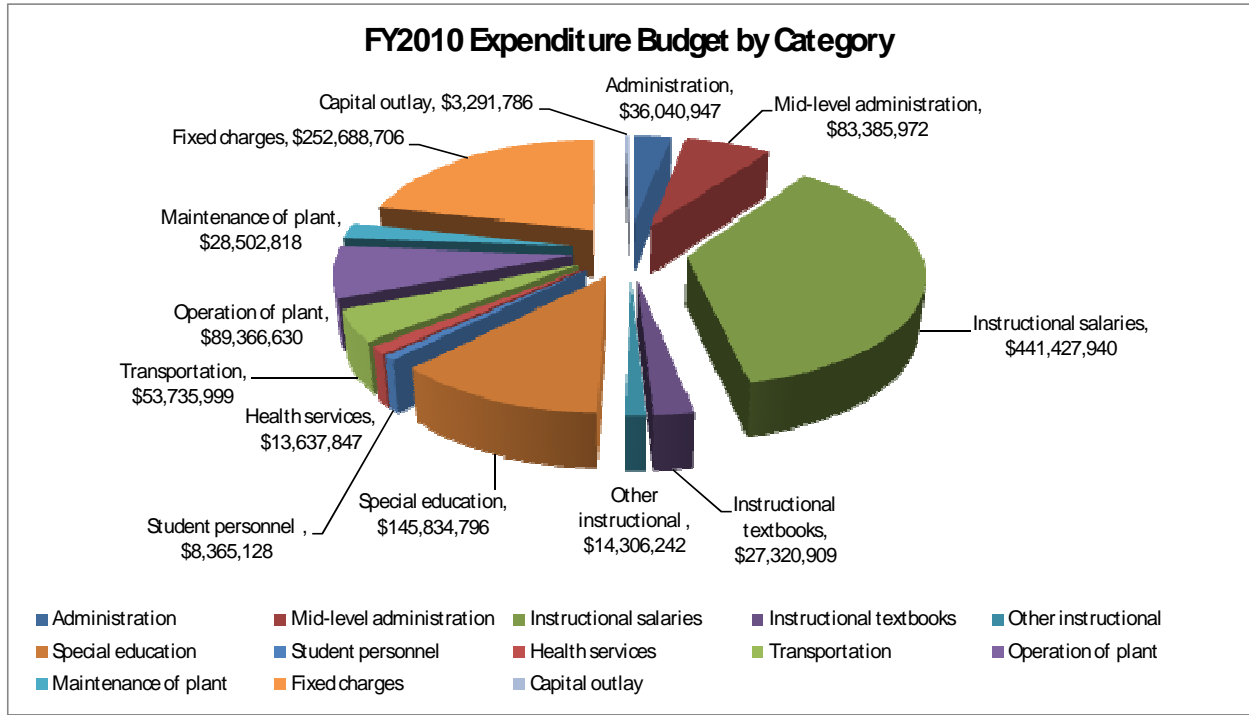


Figure 2 (Detail included in Figure 4)

Total Expenditures and Encumbrances – Year-to-date expenditures and encumbrances through March 2010 are \$871.7 million, 72.8% obligated compared to \$869.7 million, 74.2% 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 70.5% 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 67.6% 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 \$11.3 million, or 2.6% 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 Aging Schools Program, and reduced fuel costs of \$1.2 million in transportation.

A budget appropriation transfer request which will realign funds by category with planned and projected yearend expenses was submitted to the board in April.

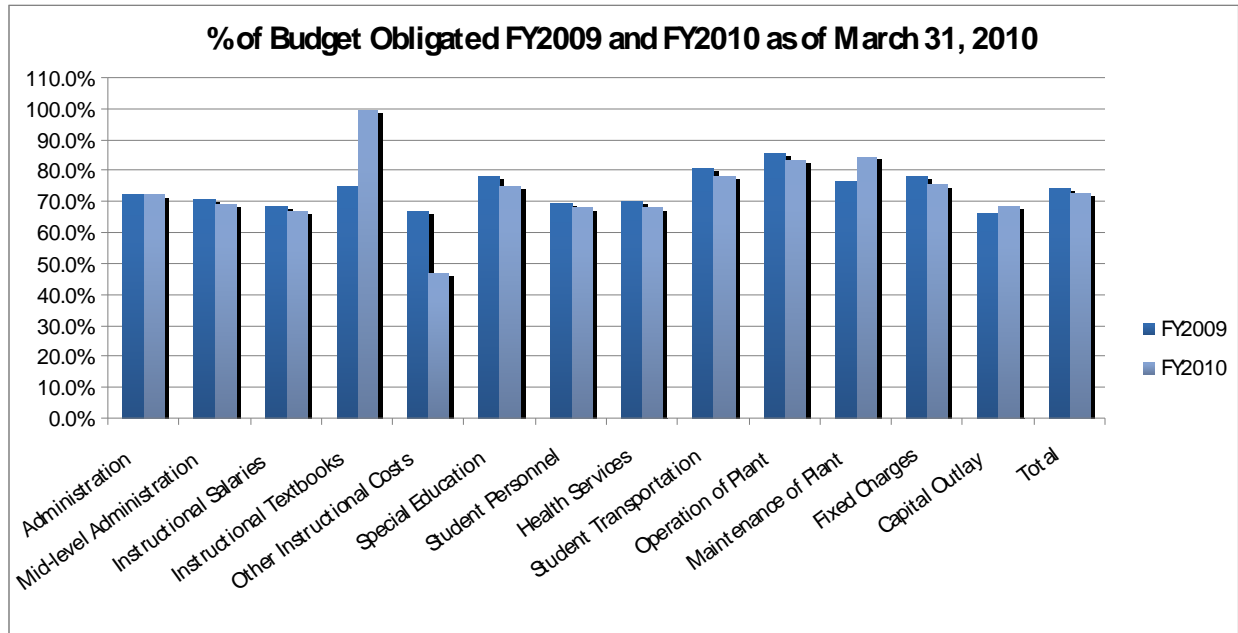


Figure 3

- 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.
- 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, \$27.1 million, 99.4% 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, \$6.6 million, 46.5% of the FY2010 budgeted funds have been committed. In the prior year, \$12 million, 67% 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, 88.1%, \$31.5 million of funds for private placement have been committed, compared with 97% committed at March 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 March 2010, 93.4% of the non-salary budget has been committed, compared with 97.4% as of March 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. Year-to-date non-salary expenditures and encumbrances are \$14.8 million, 88.1% of the adjusted budgeted amount, as compared with \$14 million, or 78.3% 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 70.5% at March 2010, as compared to 50.7% expended in March 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.

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

	FY 2009				FY 2010			
	Adjusted Budget	Total Rev/Exp/Enc.	Remaining Budget	Percentage Earned or Obligated	Adjusted Budget	Total Rev/Exp/Enc.	Remaining Budget	Percentage Earned or Obligated
		as of 03/31/09	as of 03/31/09			as of 03/31/10	as of 03/31/10	
Revenues								
Baltimore County	\$ 646,094,092	\$ 457,482,246	\$ 188,611,846	70.8%	\$ 670,539,211	\$ 490,743,769	\$ 179,795,442	73.2%
State of Maryland	515,328,633	421,694,695	93,633,938	81.8%	499,801,751	406,904,265	92,897,486	81.4%
Federal	-	-	-	0.0%	8,439,290	3,723,164	4,716,126	44.1%
Other	10,993,000	6,960,507	4,032,493	63.3%	19,125,468	13,757,885	5,367,583	71.9%
Total revenues	\$ 1,172,415,725	\$ 886,137,448	\$ 286,278,277	75.6%	\$ 1,197,905,720	\$ 915,129,083	\$ 282,776,637	76.4%
Expenditures and encumbrances								
Administration								
salary	\$ 23,768,272	\$ 15,882,356	\$ 7,885,916	66.8%	\$ 23,918,032	\$ 16,442,554	\$ 7,475,478	68.7%
non-salary	12,911,133	10,536,252	2,374,881	81.6%	12,122,915	9,599,225	2,523,690	79.2%
subtotal	36,679,405	26,418,608	10,260,797	72.0%	36,040,947	26,041,779	9,999,168	72.3%
Mid-level administration								
salary	72,764,471	52,195,411	20,569,060	71.7%	75,579,264	52,722,508	22,856,756	69.8%
non-salary	7,163,918	4,488,307	2,675,611	62.7%	7,806,708	4,857,141	2,949,567	62.2%
subtotal	79,928,389	56,683,718	23,244,671	70.9%	83,385,972	57,579,649	25,806,323	69.1%
Instruction:								
Instructional salaries	432,912,938	297,584,234	135,328,704	68.7%	441,427,940	296,073,251	145,354,689	67.1%
Instructional textbooks	23,460,316	17,565,572	5,894,744	74.9%	27,320,909	27,153,629	167,280	99.4%
Other instructional costs	17,909,692	12,000,639	5,909,053	67.0%	14,306,242	6,659,457	7,646,785	46.5%
Special education								
salary	105,171,833	75,716,449	29,455,384	72.0%	105,222,816	73,584,084	31,638,732	69.9%
non-salary	40,662,962	38,151,977	2,510,985	93.8%	40,611,980	36,026,536	4,585,444	88.7%
subtotal	145,834,795	113,868,426	31,966,369	78.1%	145,834,796	109,610,620	36,224,176	75.2%
Student personnel								
salary	7,855,304	5,485,024	2,370,280	69.8%	8,152,546	5,566,806	2,585,740	68.3%
non-salary	194,026	110,243	83,783	56.8%	212,582	129,006	83,576	60.7%
subtotal	8,049,330	5,595,267	2,454,063	69.5%	8,365,128	5,695,812	2,669,316	68.1%
Health services								
salary	12,676,193	8,860,531	3,815,662	69.9%	13,143,736	8,875,192	4,268,544	67.5%
non-salary	284,255	227,556	56,699	80.1%	494,111	398,678	95,433	80.7%
subtotal	12,960,448	9,088,087	3,872,361	70.1%	13,637,847	9,273,870	4,363,977	68.0%
Student transportation								
salary	30,732,661	21,126,060	9,606,601	68.7%	31,578,328	21,218,292	10,360,036	67.2%
non-salary	21,250,729	20,778,216	472,513	97.8%	22,157,671	20,639,283	1,518,388	93.1%
subtotal	51,983,390	41,904,276	10,079,114	80.6%	53,735,999	41,857,575	11,878,424	77.9%
Operation of plant								
salary	38,233,005	27,058,142	11,174,863	70.8%	39,274,589	27,718,794	11,555,795	70.6%
non-salary	47,354,582	46,135,326	1,219,256	97.4%	50,092,041	46,761,610	3,330,431	93.4%
subtotal	85,587,587	73,193,468	12,394,119	85.5%	89,366,630	74,480,404	14,886,226	83.3%
Maintenance of plant								
salary	11,680,331	8,538,178	3,142,153	73.1%	11,637,912	9,250,461	2,387,451	79.5%
non-salary	17,918,446	14,035,572	3,882,874	78.3%	16,864,906	14,856,333	2,008,573	88.1%
subtotal	29,598,777	22,573,750	7,025,027	76.3%	28,502,818	24,106,794	4,396,024	84.6%
Fixed charges								
non-salary	244,280,534	191,107,096	53,173,438	78.2%	252,688,706	190,874,175	61,814,531	75.5%
Capital outlay								
salary	2,803,459	1,927,629	875,830	68.8%	2,865,121	1,961,102	904,019	68.4%
non-salary	426,665	216,295	210,370	50.7%	426,665	300,801	125,864	70.5%
subtotal	3,230,124	2,143,924	1,086,200	66.4%	3,291,786	2,261,903	1,029,883	68.7%
Total Salary	\$ 738,598,467	\$ 514,374,014	\$ 224,224,453	69.6%	\$ 752,800,284	\$ 513,413,044	\$ 239,387,240	68.2%
Total Non-Salary	433,817,258	355,353,051	78,464,207	81.9%	445,105,436	358,255,875	86,849,561	80.5%
Total expenditures and encumbrances	\$ 1,172,415,725	\$ 869,727,065	\$ 302,688,660	74.2%	\$ 1,197,905,720	\$ 871,668,919	\$ 326,236,801	72.8%