

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: June 15, 2010

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING APRIL 30, 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 April 30, 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 April 30, 2009 and 2010. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

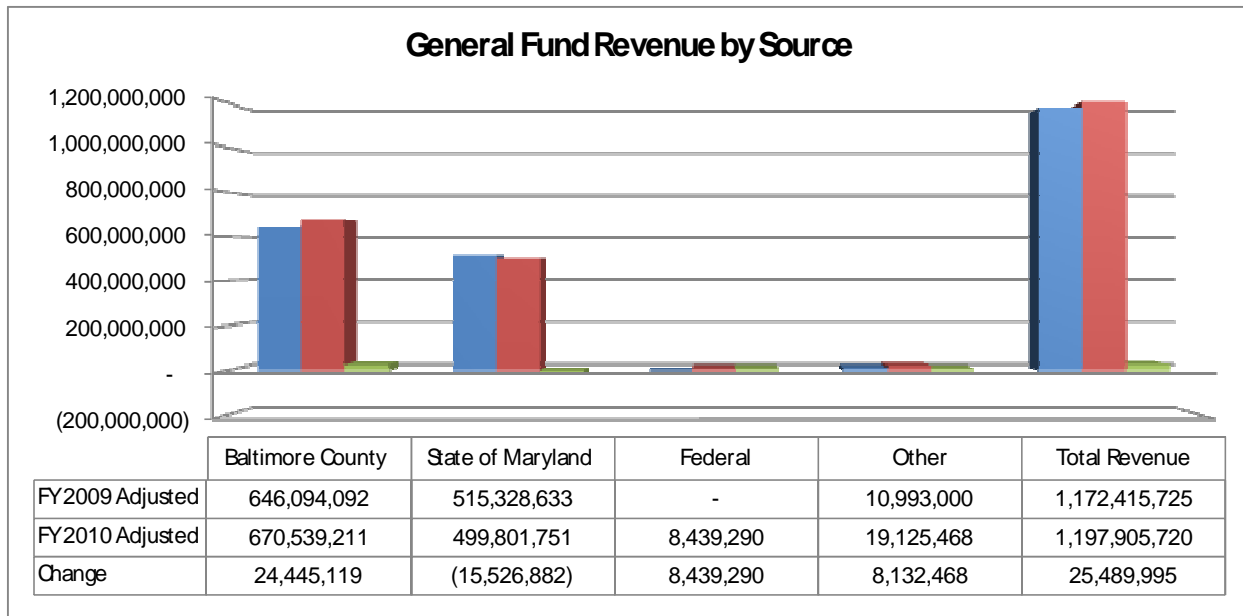


Figure 1

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 \$515.1 million, 76.8% of the budget, as compared to \$477.6 million, 73.9% 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 April 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 April 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 \$2.9 million.

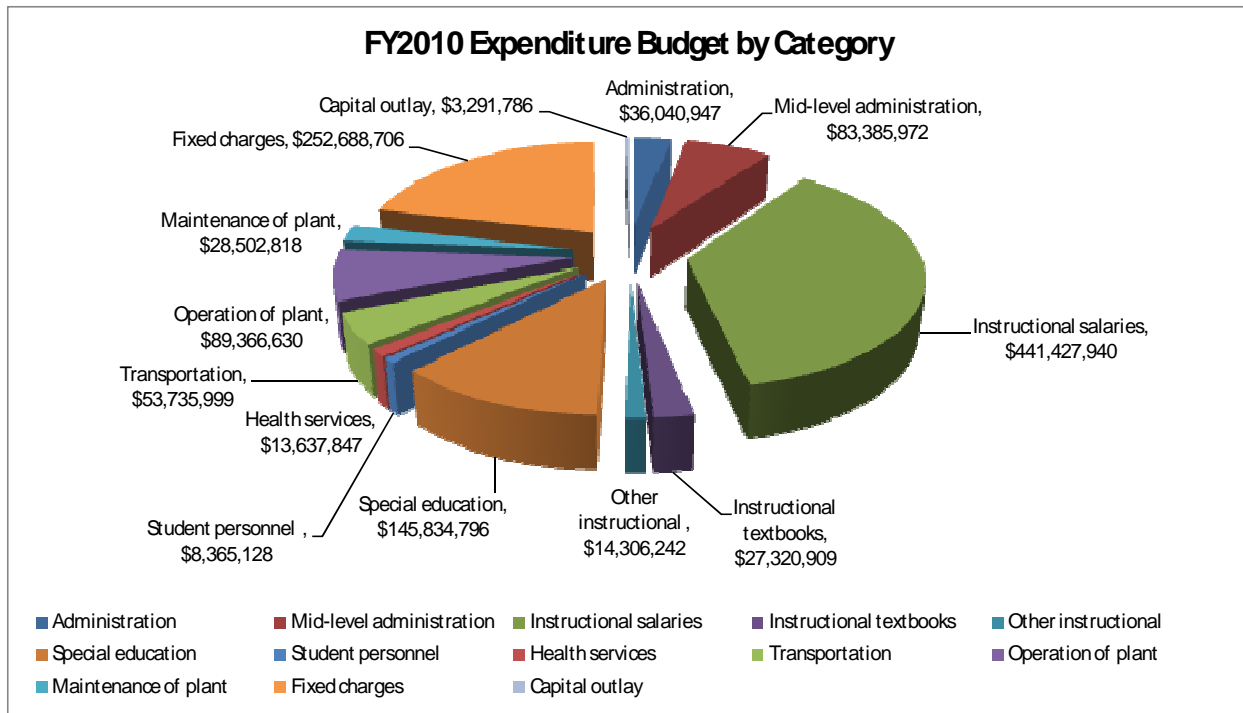


Figure 2 (Detail included in Figure 4)

Total Expenditures and Encumbrances – Year-to-date expenditures and encumbrances through April 2010 are \$998.5 million, 83.4% obligated compared to \$964.7 million, 82.3% 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 79.9% 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 80.5% 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 \$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 \$3.8 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 year-end expenses was approved by the board in April and was submitted to the county council for its approval.

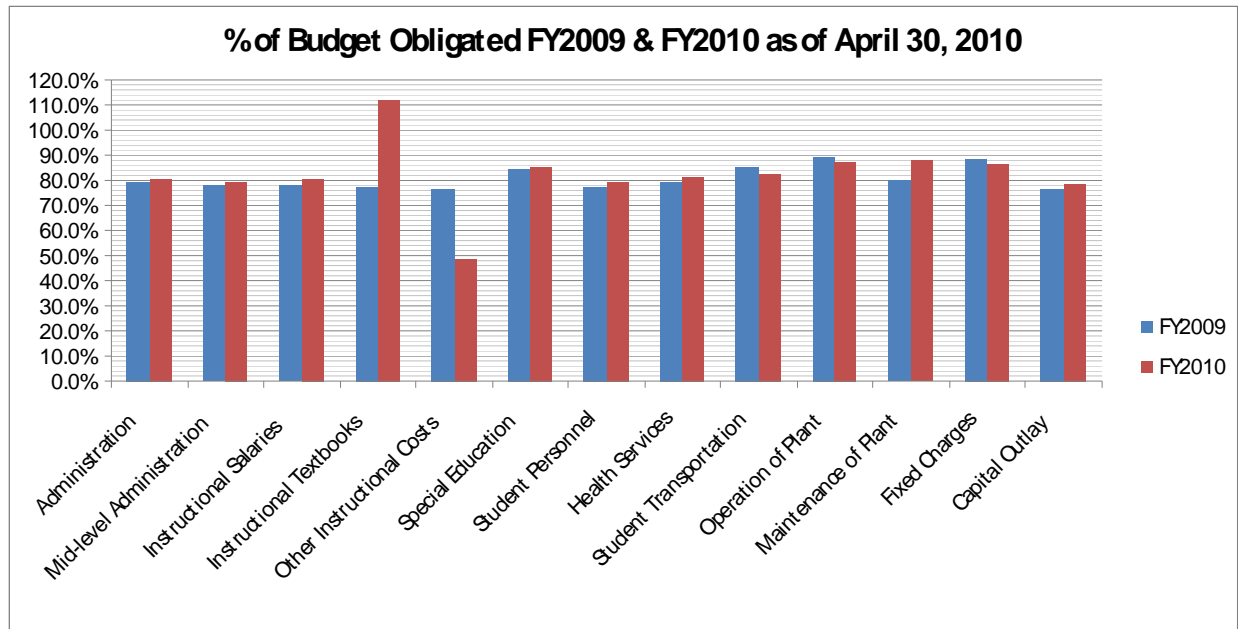


Figure 3

- 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, the budgeted amount has been over committed by approximately \$3.2 million due to an accounting change implemented by MSDE after the start of the year. A budget transfer request of \$8.4 million that realigns the budget according to the new state reporting requirements was approved by the board in April and forwarded to the county council for approval. Once the budget transfer request is approved by the council, the revised budget in this category will be \$35.7 million; by year end, it is expected that this amount will have been spent to purchase 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, \$7 million, 48.9% of the FY2010 budgeted funds have been committed. In the prior year, \$13.7 million, 76.6% 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, 88.3%, \$31.6 million of funds, for private placement have been committed, compared with 92.2% committed at April 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 April 2010, 94.2% of the non-salary budget has been committed, compared with 98.6% as of April 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 \$15 million, 89.1% of the adjusted budgeted amount, as compared with \$14.3 million, or 80.1% 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 79.1% at April 2010, as compared to 82.4% expended in April 2009.

- ***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 April 30, 2009 and 2010
General Fund

		FY 2009				FY 2010			
		Adjusted	Total	Remaining	Percentage	Adopted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Earned or	Budget	Rev/Exp/Enc.	Budget	Earned or
			as of 04/30/09	as of 04/30/09	Obligated		as of 04/30/10	as of 04/30/10	Obligated
Revenues									
Baltimore County		\$ 646,094,092	\$ 477,649,308	\$ 168,444,784	73.9%	\$ 670,539,211	\$ 515,133,208	\$ 155,406,003	76.8%
State of Maryland		515,328,633	421,694,695	93,633,938	81.8%	499,801,751	408,785,526	91,016,225	81.8%
Federal		-	-	-	0.0%	8,439,290	3,723,164	4,716,126	44.1%
Other		10,993,000	7,258,321	3,734,679	66.0%	19,125,468	13,997,866	5,127,602	73.2%
Total revenues		\$ 1,172,415,725	\$ 906,602,324	\$ 265,813,401	77.3%	\$ 1,197,905,720	\$ 941,639,764	\$ 256,265,956	78.6%
Expenditures and encumbrances									
Administration	salary	\$ 23,768,272	\$ 17,583,673	\$ 6,184,599	74.0%	\$ 23,918,032	\$ 18,904,088	\$ 5,013,944	79.0%
	non-salary	12,911,133	11,463,707	1,447,426	88.8%	12,122,915	10,176,711	1,946,204	83.9%
	subtotal	36,679,405	29,047,380	7,632,025	79.2%	36,040,947	29,080,799	6,960,148	80.7%
Mid-level administration	salary	72,764,471	57,776,275	14,988,196	79.4%	75,579,264	60,601,490	14,977,774	80.2%
	non-salary	7,163,918	4,832,331	2,331,587	67.5%	7,806,708	5,345,602	2,461,106	68.5%
	subtotal	79,928,389	62,608,606	17,319,783	78.3%	83,385,972	65,947,092	17,438,880	79.1%
Instruction:									
Instructional salaries	salary	432,912,938	337,149,833	95,763,105	77.9%	441,427,940	355,263,354	86,164,586	80.5%
Instructional textbooks	non-salary	23,460,316	18,483,144	4,977,172	78.8%	27,320,909	30,608,753	(3,287,844)	112.0%
Other instructional costs	non-salary	17,909,692	13,713,926	4,195,766	76.6%	14,306,242	7,000,973	7,305,269	48.9%
Special education	salary	105,171,833	85,204,702	19,967,131	81.0%	105,222,816	86,816,661	18,406,155	82.5%
	non-salary	40,662,962	38,460,557	2,202,405	94.6%	40,611,980	37,342,620	3,269,360	91.9%
	subtotal	145,834,795	123,665,259	22,169,536	84.8%	145,834,796	124,158,281	21,675,515	85.1%
Student personnel	salary	7,855,304	6,108,880	1,746,424	77.8%	8,152,546	6,514,846	1,637,700	79.9%
	non-salary	194,026	123,073	70,953	63.4%	212,582	142,143	70,439	66.9%
	subtotal	8,049,330	6,231,953	1,817,377	77.4%	8,365,128	6,656,989	1,708,139	79.6%
Health services	salary	12,676,193	10,007,517	2,668,676	78.9%	13,143,736	10,632,860	2,510,876	80.9%
	non-salary	284,255	236,967	47,288	83.4%	494,111	418,188	75,923	84.6%
	subtotal	12,960,448	10,244,484	2,715,964	79.0%	13,637,847	11,051,048	2,586,799	81.0%
Student transportation	salary	30,732,661	23,450,519	7,282,142	76.3%	31,578,328	23,602,698	7,975,630	74.7%
	non-salary	21,250,729	20,847,342	403,387	98.1%	22,157,671	20,857,607	1,300,064	94.1%
	subtotal	51,983,390	44,297,861	7,685,529	85.2%	53,735,999	44,460,305	9,275,694	82.7%
Operation of plant	salary	38,233,005	29,912,825	8,320,180	78.2%	39,274,589	30,761,311	8,513,278	78.3%
	non-salary	47,354,582	46,698,600	655,982	98.6%	50,092,041	47,173,588	2,918,453	94.2%
	subtotal	85,587,587	76,611,425	8,976,162	89.5%	89,366,630	77,934,899	11,431,731	87.2%
Maintenance of plant	salary	11,680,331	9,407,475	2,272,856	80.5%	11,637,912	10,059,903	1,578,009	86.4%
	non-salary	17,918,446	14,347,880	3,570,566	80.1%	16,864,906	15,029,794	1,835,112	89.1%
	subtotal	29,598,777	23,755,355	5,843,422	80.3%	28,502,818	25,089,697	3,413,121	88.0%
Fixed charges	non-salary	244,280,534	216,393,443	27,887,091	88.6%	252,688,706	218,607,230	34,081,476	86.5%
Capital outlay	salary	2,803,459	2,129,193	674,266	75.9%	2,865,121	2,258,708	606,413	78.8%
	non-salary	426,665	351,575	75,090	82.4%	426,665	337,576	89,089	79.1%
	subtotal	3,230,124	2,480,768	749,356	76.8%	3,291,786	2,596,284	695,502	78.9%
Total Salary		\$ 738,598,467	\$ 578,730,892	\$ 159,867,575	78.4%	\$ 752,800,284	\$ 605,415,918	\$ 147,384,366	80.4%
Total Non-Salary		433,817,258	385,952,545	47,864,713	89.0%	445,105,436	393,040,785	52,064,651	88.3%
Total expenditures and encumbrances		\$ 1,172,415,725	\$ 964,683,437	\$ 207,732,288	82.3%	\$ 1,197,905,720	\$ 998,456,703	\$ 199,449,017	83.4%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, May 13, 2010