

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** March 22, 2011

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING JANUARY 31, 2010 AND 2011**

**ORIGINATOR:** Joe A. Hairston, Superintendent

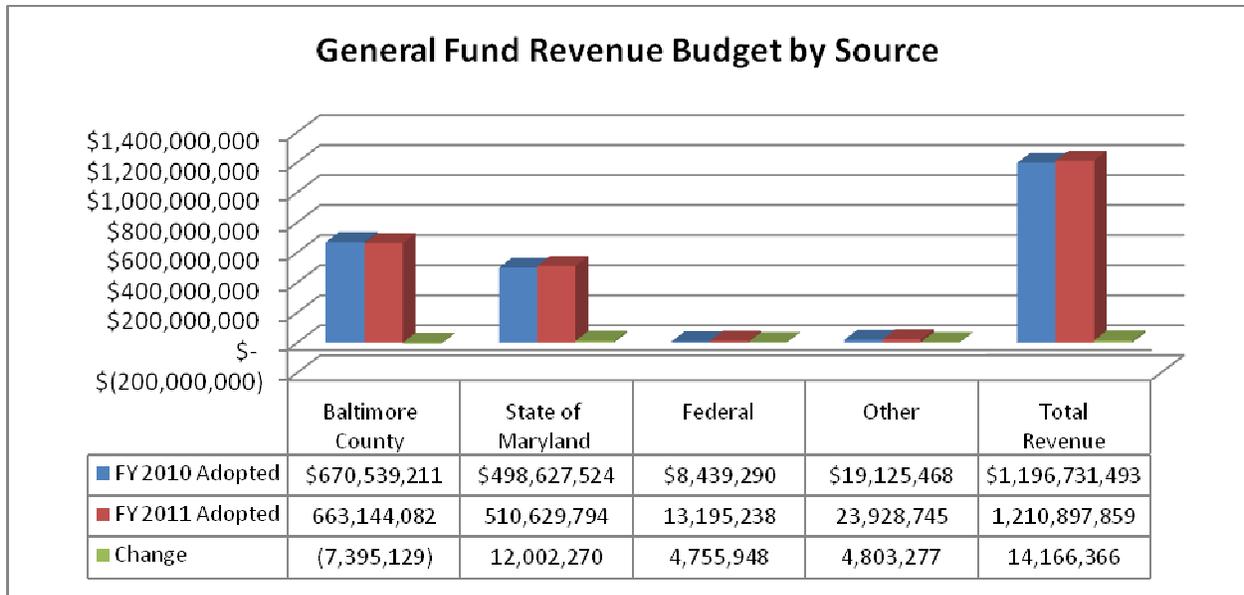
**RESOURCE PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the general fund *Comparison of FY2010 and FY2011 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended January 31, 2010, and 2011.

***General Fund Comparison of FY2010 and FY2011 Revenues, Expenditures, and Encumbrances-Budget and Actual***

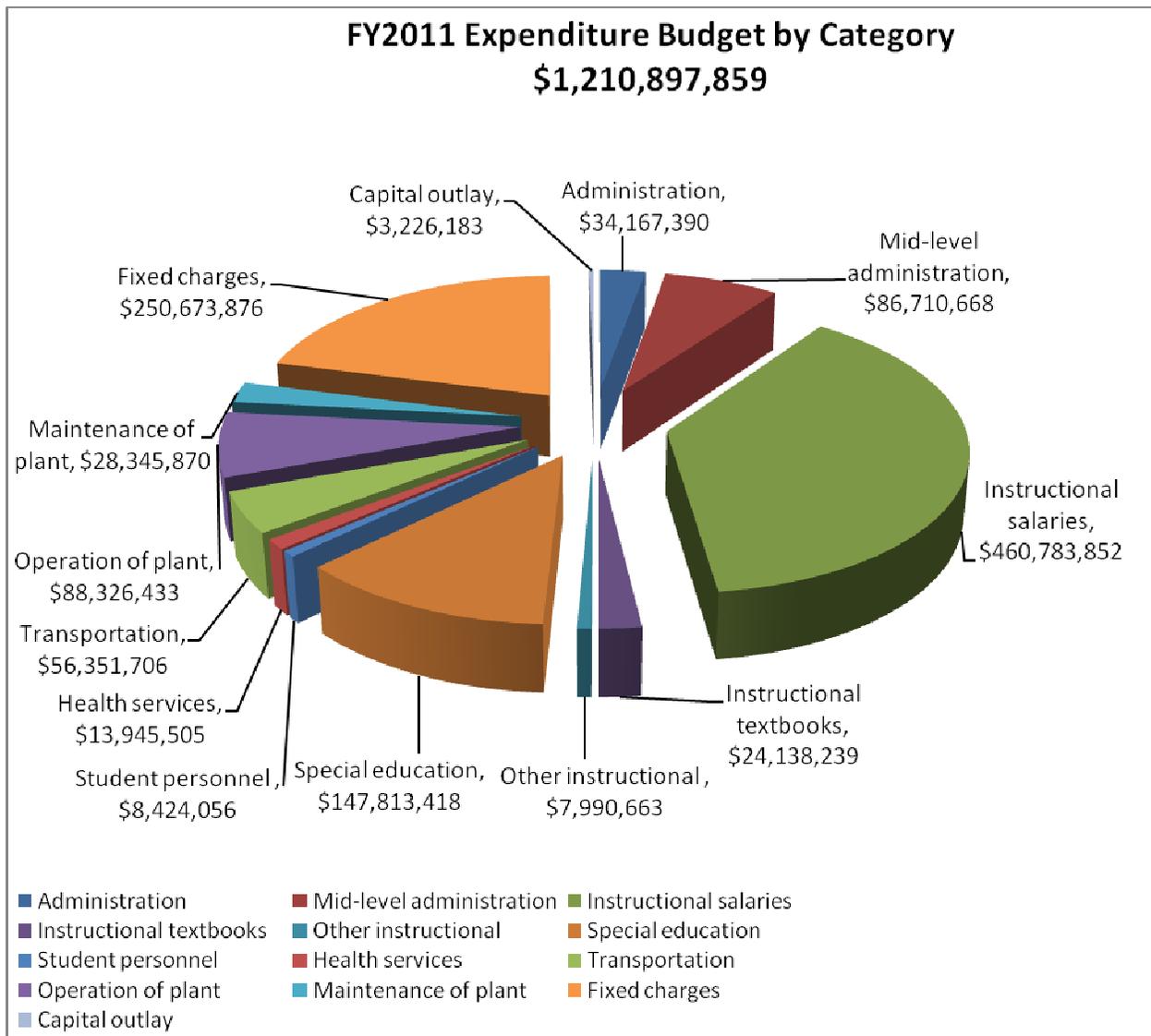
These data are presented using Maryland State Department of Education (MSDE) categories. Amounts included reflect actual revenues, expenditures, and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2010 and FY2011 general fund revenue budget. Figure 2 provides an overview of the FY2011 general fund expenditure budget. Figure 3 compares the percent of the budget obligated as of January 31, 2010, and 2011. Figure 4 is a comparative statement of budget-to-actual revenues, expenditures, and encumbrances.



**Figure 1**

***Year-to-Date Comparison***

- **Baltimore County** – The FY2011 county appropriation decreased \$7.4 million, a 1.1% reduction from the FY2010 budget. This decrease is because the FY2011 county appropriation is the minimum funding required under the state maintenance of effort (MOE) requirements. In FY2010, county appropriation exceeded MOE by 4.9%. County funds are drawn based on cash flow requirements. The year-to-date county revenue recognized is \$337 million, 50.8% of the budget, as compared to \$328.7 million, 49% of the budget for FY2010.
- **State of Maryland** – The FY2011 state appropriation increased \$12 million, 2.4% over the FY2010 budget. The increase in the budgeted revenue is a result of an overall increase over the prior year in aid to education. The majority of state funds are received bi-monthly in equal installments. As of January 2011, four of the state payments had been received.
- **Federal** – The FY2011 federal budgeted revenue resulted primarily from funding received under the American Recovery and Reinvestment Act. These State Fiscal Stabilization 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. These funds are not expected to continue in FY2012.
- **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 \$3.3 million and are generally collected at year end, tuitions, and sundry revenues. The budgeted revenue increased significantly over the prior year because of a \$5 million increase in re-appropriated fund balance to \$16 million from the \$11 million utilized in the prior year. The year-to-date revenue consists of the re-appropriated funds, tuition and other revenues.



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

**Total Expenditures and Encumbrances** – Year-to-date expenditures and encumbrances through January 2011 are \$684.4 million, 56.5% obligated compared to \$670.3 million, 56% obligated, for the same period in FY2010. 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 55.3% 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 50.5% 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 \$25.8 million, which included \$27.6 million to provide step increases and to fund a full year of salary adjustments implemented mid-year in FY2010. Other increases include additional salaries and benefits for West Towson Elementary, Imagine Discovery Public Charter School, the Infants and Toddlers program, and special education bus routes. The budget increase was offset by a reduction of \$3 million for anticipated salary turnover.

The nonsalary expenditures are budgeted for an overall decrease of \$11.6 million, or 2.6% less than the prior year. The decreases in these expenditures are in a number of categories throughout the budget. The budget for administration was decreased by \$2.3 million, primarily because of a reduction for contracted services relating to changes in computer systems for fiscal services and human resources. The budget for mid-level administration increased by \$1.2 million, a 17% increase; this increase relates primarily to additional funding for the charter school and for BCPS office budget realignments. The instructional textbook category budget was decreased by \$3.2 million, which included a reduction in budgeted textbook expenditures of approximately \$7.6 million, and an increase in the budget for other classroom supplies of approximately \$5.6 million, which had been included in the other instructional costs category as equipment in prior years. The reduced budget for other instructional costs reflected the reclassification of the equipment to the instructional textbook category. The significant changes in other categories includes an increase of \$1.2 million for expected cost increases in diesel fuel in the transportation budget; a decrease in operation of plant of \$1 million for the expected overall decrease in fuel oil; and a decrease of \$1.9 million in workers' compensation expenditures in fixed charges, which is a result of plan experience.

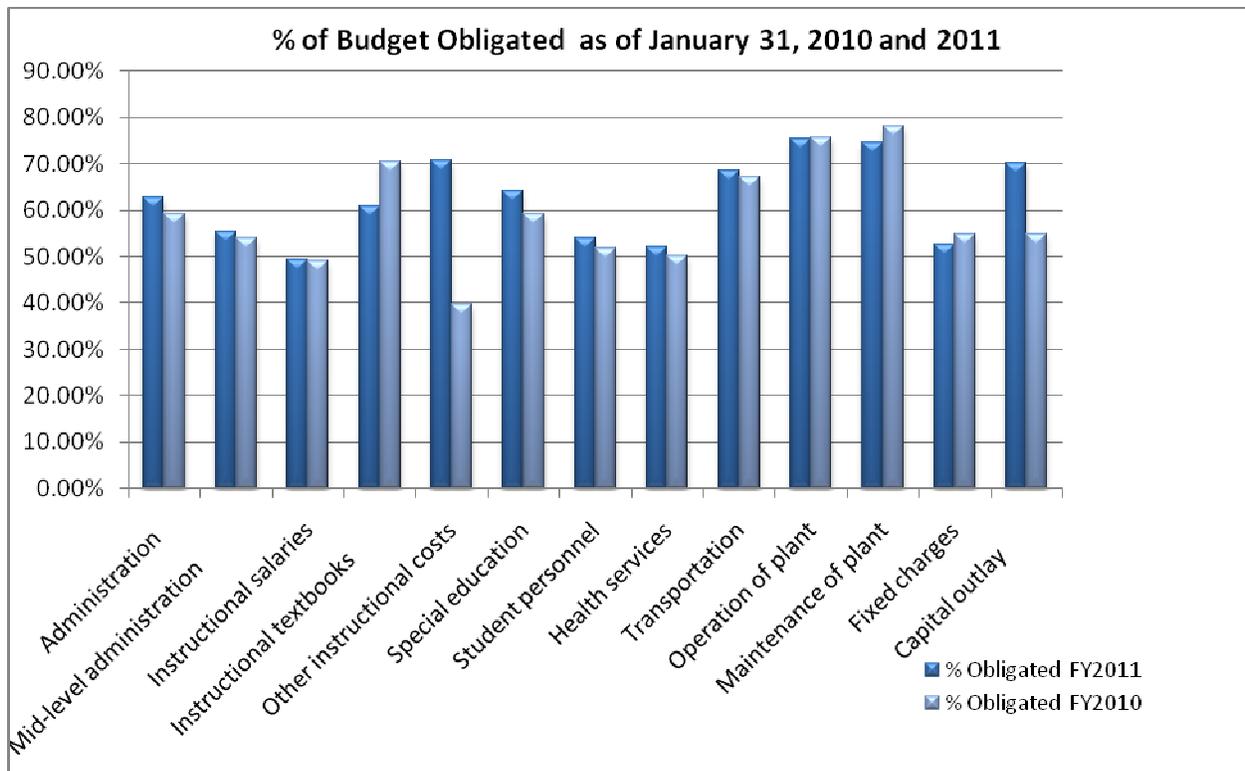


Figure 3

- Administration and Mid-Level Administration** – The budget for nonsalary administration expenditures decreased \$2.2 million, or 18.2%, from the amount budgeted last year primarily because of a decrease in consulting expenditures and equipment purchases related to the computer system upgrades in human resources and fiscal services expected to be completed this year. Mid-level administration nonsalary expenditures are budgeted for an increase of \$1.2 million, or 17% over the prior year. This increase is primarily related to a \$500,000 increase in the budget for the charter school for costs related to the addition of a Grade 6. The increase of \$1.5 million in expenditures in mid-level administration over the expenditures of the prior year is primarily the result of the timing of an encumbrance for software products, which was recorded in August 2010. The same software cost for the previous year was not encumbered until June 2010.
- Instructional Salaries** – The budget for instructional salaries was increased by \$19.4 million in FY2011 primarily to provide funding for salary increases and for the salary cost of the new West Towson Elementary School, which opened in August.
- 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 FY2011 budget for this category was decreased by 11.7%, or approximately \$3.2 million. This budgetary decrease is the result of a decrease in the central budget for textbooks. Significant textbook purchases were made in the prior year, and no additional funds were provided for this year.

The textbook decrease was offset by the reassignment of equipment purchases to this category by MSDE; these purchases were included in the other instructional costs category in past years. To date, \$14.7 million, 61% of the FY2011 budgeted instructional textbook and supplies funds, has 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 other costs used to support the instructional programs. The budget for this category decreased \$6.3 million, or 44.1%, from that of the prior year. This is due to the change by MSDE in the definition of equipment, which resulted in costs moving from this category to the instructional textbooks and supplies category. To date, \$5.6 million, 70.6% of the FY2011 budgeted funds, have been committed. In the prior year, \$5.6 million, 39.4%, had been committed. 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 FY2011 salary budget includes funding for salary increases of approximately \$1.2 million. Of the FY2011 special education nonsalary budget of \$41.4 million, \$34.7 million (84%) is now estimated for placement of children in nonpublic schools. To date, \$31.5 million of the funds for nonpublic placement have been committed, compared with \$28.3 million committed at January 2010. This change is due to earlier encumbrance of projected nonpublic services.
- **Student Personnel and Health Services** – Year-to-date FY2011 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 nonsalary 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 nonsalary expenditures. The nonsalary budget increased by approximately \$1.6 million, which is primarily attributable to an expected increase in diesel fuel costs. As of January 2011, 90.6% of the nonsalary budget had been committed compared to 92.2% committed in the prior fiscal year.
- **Operation of Plant** – This category contains personnel 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 nonsalary expenditure budget for this category has decreased \$1.9 million, a 3.9% decrease over the prior year. This decrease is primarily attributable to an anticipated decrease in the cost of fuel oil. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$29 million. Other expenditures in this category include the cost of building rent, \$5.2 million; custodial supplies, \$1.7 million; trash removal, \$1.3 million; and other related expenditures. As of January 2011, 92.1% of the nonsalary budget has been committed, compared to 92.2% committed at January 2010.

- ***Maintenance of Plant and Capital Outlay*** – The maintenance category consists of activities related to the service and upkeep of building systems and grounds. The nonsalary expenditure budget for this category increased 3.3% over the prior year. Year-to-date nonsalary expenditures and encumbrances are \$14 million, 86.5% of the budgeted amount, as compared with \$14.3 million, or 91.5%, in the prior fiscal year. Capital outlay nonsalary expenditures are over the budgeted amount as of January 2011, as compared to 66.9% expended in January 2010. The amount in excess of the budget resulted from encumbrances relating to repairing greenhouses at two schools that were damaged by the storms last winter. The budget overage will be resolved by a supplemental appropriation for insurance proceeds which will occur subsequent to the final repair costs being determined.
- ***Fixed Charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 70% and 22% of the fixed charges budget, respectively. The FY2011 budget includes a decrease of \$1.9 million resulting from a change in the workers' compensation plan experience. The additional costs of FICA expenses related to increased salaries are offset by a decrease in health care costs.

**Baltimore County Public Schools**  
**Comparison of FY 2010 and FY 2011 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended January, 2010 and 2011**  
**General Fund**

		FY 2010				FY 2011			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc. as of 01/31/10	Budget as of 01/31/10	Earned or Obligated	Budget	Rev/Exp/Enc. as of 01/31/11	Budget as of 01/31/11	Earned or Obligated
<b>Revenues:</b>									
Baltimore County		\$ 670,539,211	\$328,701,527	\$341,837,684	49.0%	\$ 663,144,082	\$337,027,741	\$326,116,341	50.8%
State of Maryland		498,627,524	327,422,172	171,205,352	65.7%	510,629,794	324,417,222	186,212,572	63.5%
Federal		8,439,290	3,163,154	5,276,136	37.5%	13,195,238	6,002,919	7,192,319	45.5%
Other		19,125,468	13,514,234	5,611,234	70.7%	23,928,745	19,372,049	4,556,696	81.0%
Total revenues		<u>\$ 1,196,731,493</u>	<u>\$672,801,087</u>	<u>\$523,930,406</u>	<u>56.2%</u>	<u>\$ 1,210,897,859</u>	<u>\$686,819,931</u>	<u>\$524,077,928</u>	<u>56.7%</u>
<b>Expenditures and Encumbrances:</b>									
Administration	salary	\$ 23,917,419	\$ 12,833,912	\$ 11,083,507	53.7%	\$ 24,251,557	\$ 13,831,038	\$ 10,420,519	57.0%
	non-salary	12,123,528	8,502,674	3,620,854	70.1%	9,915,833	7,562,021	2,353,812	76.3%
	subtotal	<u>36,040,947</u>	<u>21,336,586</u>	<u>14,704,361</u>	<u>59.2%</u>	<u>34,167,390</u>	<u>21,393,059</u>	<u>12,774,331</u>	<u>62.6%</u>
Mid-level Administration	salary	75,916,885	41,010,110	34,906,775	54.0%	78,067,971	42,436,943	35,631,028	54.4%
	non-salary	7,469,087	4,040,002	3,429,085	54.1%	8,642,697	5,548,436	3,094,261	64.2%
	subtotal	<u>83,385,972</u>	<u>45,050,112</u>	<u>38,335,860</u>	<u>54.0%</u>	<u>86,710,668</u>	<u>47,985,379</u>	<u>38,725,289</u>	<u>55.3%</u>
<b>Instruction:</b>									
Instructional Salaries	salary	441,427,940	216,030,948	225,396,992	48.9%	460,783,852	227,542,142	233,241,710	49.4%
Instructional Textbooks	non-salary	27,320,909	19,140,551	8,180,358	70.1%	24,138,239	14,712,586	9,425,653	61.0%
Other Instructional Costs	non-salary	14,306,242	5,629,775	8,676,467	39.4%	7,990,663	5,643,929	2,346,734	70.6%
Special Education	salary	105,222,816	54,389,561	50,833,255	51.7%	106,418,311	58,089,129	48,329,182	54.6%
	non-salary	40,611,980	32,014,346	8,597,634	78.8%	41,395,107	36,621,220	4,773,887	88.5%
	subtotal	<u>145,834,796</u>	<u>86,403,907</u>	<u>59,430,890</u>	<u>59.2%</u>	<u>147,813,418</u>	<u>94,710,349</u>	<u>53,103,069</u>	<u>64.1%</u>
Student Personnel	salary	8,152,546	4,248,880	3,903,666	52.1%	8,219,068	4,491,360	3,727,708	54.6%
	non-salary	212,582	78,465	134,117	36.9%	204,988	65,510	139,478	32.0%
	subtotal	<u>8,365,128</u>	<u>4,327,345</u>	<u>4,037,783</u>	<u>51.7%</u>	<u>8,424,056</u>	<u>4,556,870</u>	<u>3,867,186</u>	<u>54.1%</u>
Health Services	salary	13,143,736	6,477,624	6,666,112	49.3%	13,502,240	6,848,790	6,653,450	50.7%
	non-salary	494,111	372,310	121,801	75.3%	443,265	420,908	22,357	95.0%
	subtotal	<u>13,637,847</u>	<u>6,849,934</u>	<u>6,787,913</u>	<u>50.2%</u>	<u>13,945,505</u>	<u>7,269,698</u>	<u>6,675,807</u>	<u>52.1%</u>
Student Transportation	salary	31,578,328	15,682,408	15,895,920	49.7%	32,611,223	17,027,369	15,583,854	52.2%
	non-salary	22,157,671	20,433,582	1,724,089	92.2%	23,740,483	21,515,092	2,225,391	90.6%
	subtotal	<u>53,735,999</u>	<u>36,115,990</u>	<u>17,620,009</u>	<u>67.2%</u>	<u>56,351,706</u>	<u>38,542,461</u>	<u>17,809,245</u>	<u>68.4%</u>
Operation of Plant	salary	39,274,589	21,415,588	17,859,001	54.5%	40,184,939	22,229,625	17,955,314	55.3%
	non-salary	50,092,041	46,175,717	3,916,324	92.2%	48,141,494	44,316,600	3,824,894	92.1%
	subtotal	<u>89,366,630</u>	<u>67,591,305</u>	<u>21,775,325</u>	<u>75.6%</u>	<u>88,326,433</u>	<u>66,546,225</u>	<u>21,780,208</u>	<u>75.3%</u>
Maintenance of Plant	salary	11,637,912	7,020,173	4,617,739	60.3%	12,130,658	7,092,807	5,037,851	58.5%
	non-salary	15,690,679	14,360,339	1,330,340	91.5%	16,215,212	14,019,302	2,195,910	86.5%
	subtotal	<u>27,328,591</u>	<u>21,380,512</u>	<u>5,948,079</u>	<u>78.2%</u>	<u>28,345,870</u>	<u>21,112,110</u>	<u>7,233,760</u>	<u>74.5%</u>
Fixed Charges	non-salary	252,688,706	138,647,343	114,041,363	54.9%	250,673,876	132,111,498	118,562,378	52.7%
Capital Outlay	salary	2,865,121	1,521,328	1,343,793	53.1%	2,793,518	1,531,166	1,262,352	54.8%
	non-salary	426,665	285,414	141,251	66.9%	432,665	729,112	(296,447)	168.5%
	subtotal	<u>3,291,786</u>	<u>1,806,742</u>	<u>1,485,044</u>	<u>54.9%</u>	<u>3,226,183</u>	<u>2,260,278</u>	<u>965,905</u>	<u>70.1%</u>
Total Salary		753,137,292	380,630,532	372,506,760	50.5%	778,963,337	401,120,368	377,842,969	51.5%
Total Non-Salary		443,594,201	289,680,518	153,913,683	65.3%	431,934,522	283,266,214	148,668,308	65.6%
Total Expenditures and Encumbrances		<u>\$ 1,196,731,493</u>	<u>\$ 670,311,050</u>	<u>\$ 526,420,443</u>	<u>56.0%</u>	<u>\$ 1,210,897,859</u>	<u>\$ 684,386,583</u>	<u>\$ 526,511,276</u>	<u>56.5%</u>

Figure 4

Prepared by: Office of Accounting and Financial Reporting, February 8, 2011