

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** May 8, 2007

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING MARCH 31, 2006 AND 2007**

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

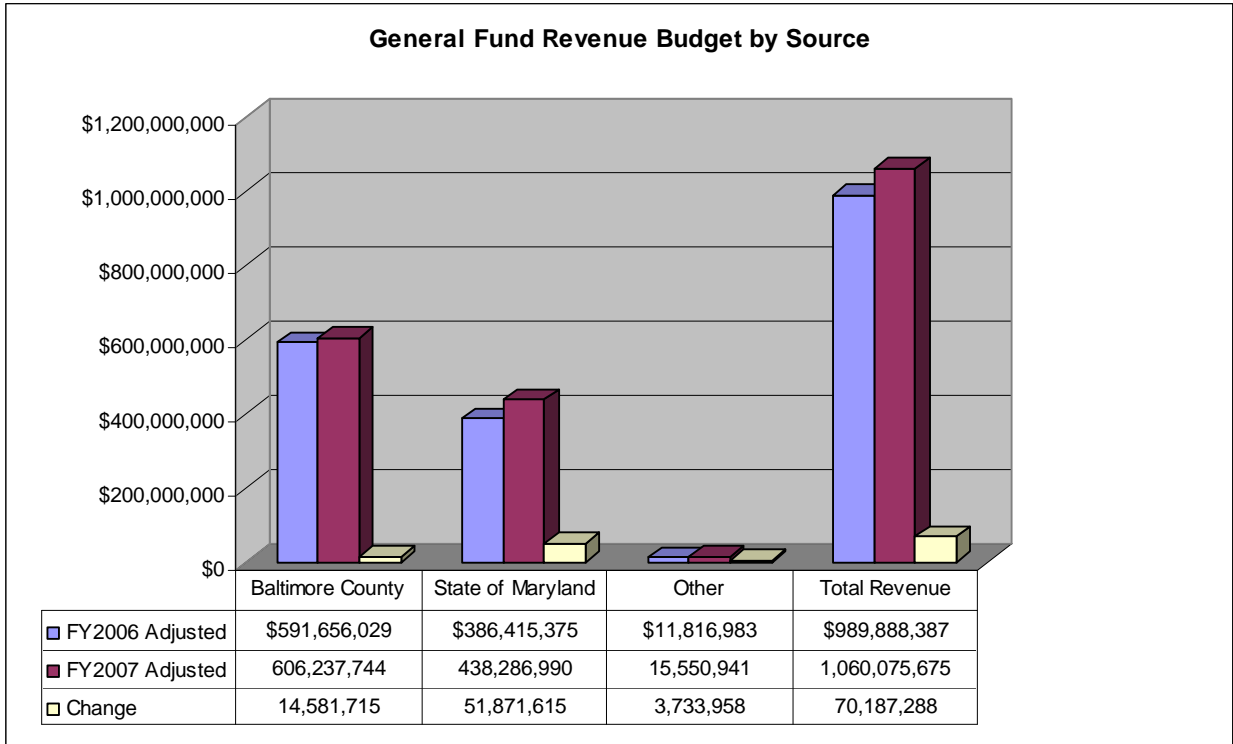
**RESOURCE PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the General Fund *Comparison of FY2006 and FY2007 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended March 31, 2006 and 2007.

***General Fund Comparison of FY2006 and FY2007 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 FY2006 and FY2007 General Fund Revenue Budget. Figure 2 provides an overview of the FY2007 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of March 31, 2006 and 2007. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

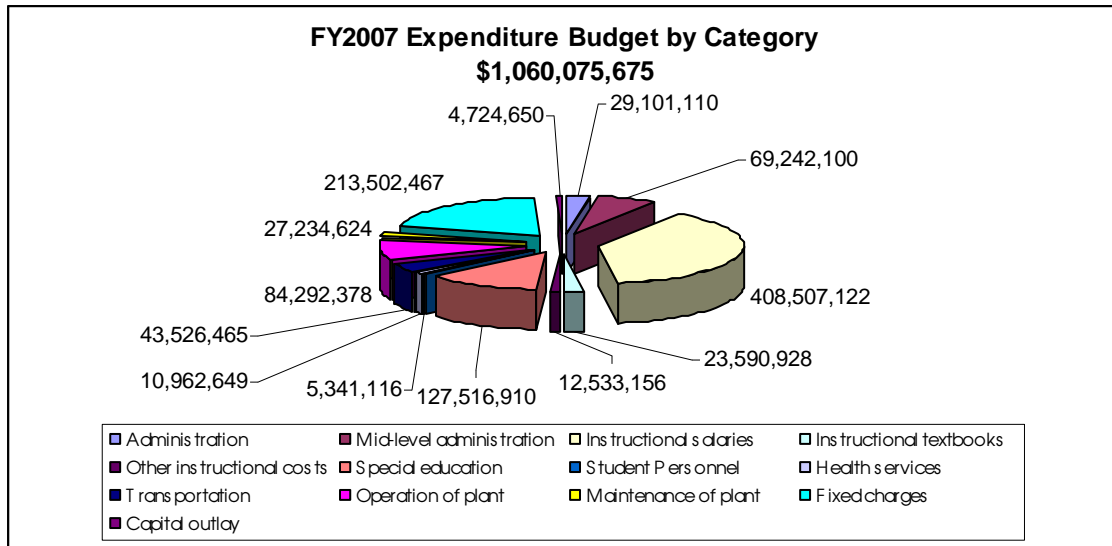


**Figure 1**

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

- **Baltimore County** – The FY2007 county appropriation increased \$14.6 million, 2.5% over the FY2006 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$431.7 million, 71.2% of the budget, as compared to \$415.7 million, 70.3% of the budget, for FY2006.
- **State of Maryland** – The FY2007 state appropriation increased \$51.8 million, 13.4% over the FY2006 budget. The increase is the result of the fourth year of the Maryland *Bridge to Excellence in Public Schools Act*. The majority of state funds are received bi-monthly in equal installments. Five of the bi-monthly payments have been received, and actual revenues to date are in line with the budget.
- **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 \$4 million and are generally collected at year-end, tuitions and sundry revenues. The year-to-date revenue includes the re-appropriation of \$8.1 million of the prior year’s fund balance, including \$5.3 million of budget supplements, which were approved by the county council to provide funding for the window replacement project at Lansdowne Elementary school, funding for two alternative academic programs and also the disaster recovery site being developed in partnership with the county government; and tuition and other revenues of approximately \$5.9 million.

Figure 2 (Detail included in Figure 4)



**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through March, 2007, are \$783 million, 73.8% obligated, compared to \$715 million, 72.2% obligated, for the same period in FY2006. 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 71% 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 71% of budget, which is in line with the percentage of the school year that has elapsed. The increase in salary expense is attributable to salary restructuring for all employees and additional positions to expand full-time kindergarten and other programs. The non-salary expenditures are budgeted for an overall increase of \$38.4 million, or 11% over the prior year. These projected increases are in a number of categories throughout the budget, including \$3.7 million in the instructional textbook category, primarily related to planned math textbook purchases and reading materials for students in grades 7 and 8; \$1.3 million increase in fuel cost in transportation; \$11.9 million for expected increases in utilities cost and contractual services in operation of plant; \$3.8 million in additional expenditures in maintenance of plant for planned repairs and replacement of building systems in a number of schools; an increase in fixed charges of \$19.1 million resulting from additional payroll related costs, which increase as salaries are increased and cost increases in health insurances; and funds budgeted in capital outlay for the purchase of additional portable classrooms and the window replacement project at Lansdowne Elementary school. In addition to the above increases, approximately \$1.6 million is budgeted to fund the expected costs of a 4-classroom modular unit and other start-up costs for Maryland’s Tomorrow/Advance Path Academy, which is a dropout prevention program housed at Chesapeake High School; and, \$2.1 million is budgeted to provide funding for space rental, supplies and materials needed for the Secondary Academic Intervention Model servicing students in grades 6-10 in the eastern and central areas of Baltimore County. The budget also includes \$300,000 for computer equipment, data and telephone cabling for the Disaster Recovery Center.

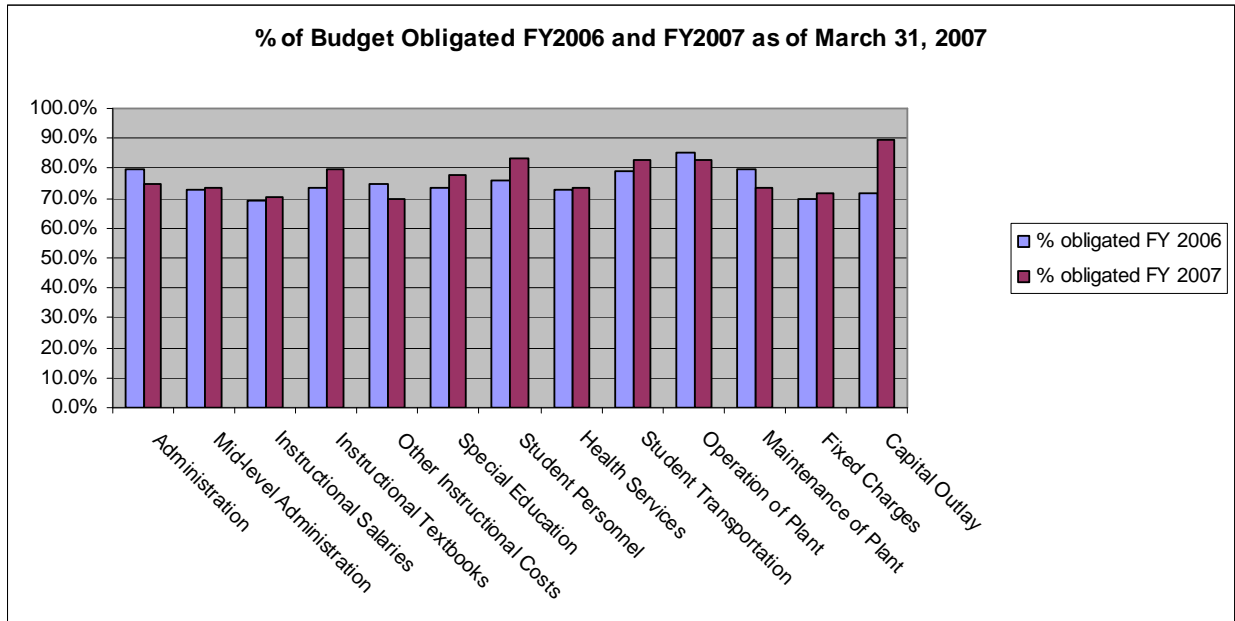


Figure 3

- Administration and Mid-level administration** – Year-to-date FY2007 administrative non-salary expenditures and encumbrances have decreased \$2 million over those expended during the same period in FY2006. This decrease results primarily from a decrease in budgeted contracted services related to the upgrade in the Board’s financial system, which was substantially completed in FY2006. Mid-level administration expenditures are in line with the budget and are comparable to the prior year.
- Instructional salaries** – The budget for instructional salaries was increased by \$14.7 million in FY2007 to include additional funding for salary restructuring and step increases. The budget increase also resulted from added instructional positions required to expand full-day kindergarten programs to 10 additional schools and for special education kindergarten at 10 additional schools.
- 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 18.9% or approximately \$4 million for the year. The increase in the budget includes \$2.1 million county-wide expenditure for math textbooks and \$2.2 million for reading materials for grades 7 and 8. To date, \$18.7 million, 79.6% of the FY2007 budgeted textbook funds has been committed; the remaining budget will be spent throughout the year to purchase additional consumable classroom supplies, library books 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. The budgeted funds in this category were increased \$1.2 million in January for expected costs for two secondary academic intervention programs. To date, \$8.7 million, 69.5% of the FY2007 budgeted funds has been committed. In the prior year, \$8.6 million, 74.6% had been committed. Generally, a majority of these expenditures are committed early in the school year to prepare for the opening of school.
- ***Special education*** – The special education category includes costs associated with the educational needs of students receiving special education services. The FY2007 salary budget includes increased funding for salary restructuring, step increases, and the cost of an additional 28 full-time employees to support expansion of kindergarten special education inclusion programs. \$32.3 million (93.3%) of the FY2007 special education non-salary budget is for private placement of children in non-public schools. To date, 93.7% of the original budgeted funds for private placement, \$30.3 million, have been committed, compared with 80% committed at March 2006. A supplemental appropriation to reflect increased tuition costs of \$1.5 million in excess of the budgeted amount was approved by the Board in March and is pending approval by the county. These excess costs will be funded entirely by additional state revenues. The total cost of non-public placements is projected to be approximately \$33.8 million for the current year.
- ***Student personnel and Health services*** – Year-to-date FY2007 expenditures and encumbrances 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 \$1.3 million, which can be attributed primarily to anticipated additional fuel cost and increased costs for parts and maintenance. It is anticipated that the expenditures for private bus contractors will be significantly in excess of the amount budgeted because of contractual increases in rates agreed to in the spring of 2006. As of March 2007, 97% of the non-salary budget has been committed, compared with 94.7% committed as of March 2006. Expenditures for salaries are in line with the budget and with prior year expenditures.

- Operation of plant*** – This category contains costs for custodial and grounds keeping salaries 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 \$13.9 million, 40.2%. This increase is largely attributable to additional cost of utilities of \$6.3 million, resulting from the cost associated with the new Windsor Mill Middle school and also from overall projected price increases for supplies and services. Additionally, \$2 million was budgeted in January to provide funding for the purchase of relocatable classrooms, space rental and build-out costs associated with two intervention programs. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$31 million. It is anticipated that the expenditures for utilities will be less than budgeted as a result of the warmer weather experienced during much of this winter. Other expenditures in this category include the cost of building rent, \$2.3 million; property insurance, \$1.1 million; trash removal, \$850,000, and related expenditures. As of March 2007, 92.9% of the non-salary budget has been committed, compared with 97.6% as of March 2006.
- 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 increased \$4.1 million or 35.5% over the prior year, including \$300,000 added in January 2007 for the Disaster Recovery Center. These increases included \$3.6 million for the planned repair and replacement of building systems at selected schools. The capital outlay category includes expenditures related to acquisition and construction of land, buildings and equipment. Capital outlay expenditures to date include approximately \$600,000 for the acquisition of portable classrooms to provide facilities for the expansion of all day kindergarten programs. Additionally, a budget supplement of \$1,292,000 was approved by the county council in November 2006 to provide funding for a transfer to the Capital Budget for the completion of the window replacement project at Lansdowne Elementary school. Salary expenses for both categories are in line with the budget.
- Fixed charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 68% and 28% of the Fixed Charges budget, respectively. The FY2007 budget includes an increase of \$11.8 million resulting from increases in premiums for health insurance. Year-to-date FY2007 expenditures and encumbrances are in line with the budget.

**Baltimore County Public Schools**  
**Comparison of FY 2006 and FY 2007 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended March, 2006 and 2007**  
**General Fund**

		FY 2006				FY 2007			
		Adjusted Budget	Total Rev/Exp/Enc. as of 03/31/06	Remaining Budget as of 03/31/06	Percentage Earned or Obligated	Adjusted Budget	Total Rev/Exp/Enc. as of 03/31/07	Remaining Budget as of 03/31/07	Percentage Earned or Obligated
<b>Revenues</b>									
Baltimore County		\$ 591,656,029	\$ 415,693,404	\$ 175,962,625	70.3%	\$ 606,237,744	\$ 431,706,352	\$ 174,531,392	71.2%
State of Maryland		386,415,375	310,243,258	76,172,117	80.3%	438,286,990	354,810,971	83,476,019	80.9%
Other		11,816,983	7,399,639	4,417,344	62.6%	15,550,941	14,038,322	1,512,619	90.9%
Total revenues		<u>\$ 989,888,387</u>	<u>\$ 733,336,301</u>	<u>\$ 256,552,086</u>	<u>74.1%</u>	<u>\$ 1,060,075,675</u>	<u>\$ 800,555,645</u>	<u>\$ 259,520,030</u>	<u>75.5%</u>
<b>Expenditures and encumbrances</b>									
Administration	salary	\$ 16,919,500	\$ 12,826,662	\$ 4,092,838	75.8%	\$ 19,368,269	\$ 14,185,703	\$ 5,182,566	73.2%
	non-salary	11,315,186	9,665,556	1,649,630	85.4%	9,732,841	7,622,663	2,110,178	78.3%
	subtotal	<u>28,234,686</u>	<u>22,492,218</u>	<u>5,742,468</u>	<u>79.7%</u>	<u>29,101,110</u>	<u>21,808,366</u>	<u>7,292,744</u>	<u>74.9%</u>
Mid-level administration	salary	61,011,497	44,301,399	16,710,098	72.6%	63,906,065	46,604,246	17,301,819	72.9%
	non-salary	5,128,198	3,993,476	1,134,722	77.9%	5,336,035	4,246,835	1,089,200	79.6%
	subtotal	<u>66,139,695</u>	<u>48,294,875</u>	<u>17,844,820</u>	<u>73.0%</u>	<u>69,242,100</u>	<u>50,851,081</u>	<u>18,391,019</u>	<u>73.4%</u>
<b>Instruction:</b>									
Instructional salaries	salary	393,789,802	271,181,538	122,608,264	68.9%	408,507,122	287,838,429	120,668,693	70.5%
Instructional textbooks	non-salary	19,564,035	14,320,898	5,243,137	73.2%	23,590,928	18,773,300	4,817,628	79.6%
Other instructional costs	non-salary	11,574,482	8,628,948	2,945,534	74.6%	12,533,156	8,707,287	3,825,869	69.5%
Special education	salary	87,500,557	62,588,716	24,911,841	71.5%	92,926,790	66,886,948	26,039,842	72.0%
	non-salary	39,649,253	30,640,863	9,008,390	77.3%	34,590,120	32,404,592	2,185,528	93.7%
	subtotal	<u>127,149,810</u>	<u>93,229,579</u>	<u>33,920,231</u>	<u>73.3%</u>	<u>127,516,910</u>	<u>99,291,540</u>	<u>28,225,370</u>	<u>77.9%</u>
Student personnel	salary	4,697,545	3,619,976	1,077,569	77.1%	5,156,410	4,353,493	802,917	84.4%
	non-salary	167,936	76,736	91,200	45.7%	184,706	102,048	82,658	55.2%
	subtotal	<u>4,865,481</u>	<u>3,696,712</u>	<u>1,168,769</u>	<u>76.0%</u>	<u>5,341,116</u>	<u>4,455,541</u>	<u>885,575</u>	<u>83.4%</u>
Health services	salary	10,122,687	7,329,818	2,792,869	72.4%	10,728,840	7,906,470	2,822,370	73.7%
	non-salary	232,453	191,430	41,023	82.4%	233,809	124,941	108,868	53.4%
	subtotal	<u>10,355,140</u>	<u>7,521,248</u>	<u>2,833,892</u>	<u>72.6%</u>	<u>10,962,649</u>	<u>8,031,411</u>	<u>2,931,238</u>	<u>73.3%</u>
Student transportation	salary	25,890,607	18,147,794	7,742,813	70.1%	26,951,651	19,823,452	7,128,199	73.6%
	non-salary	15,266,890	14,451,986	814,904	94.7%	16,574,814	16,080,976	493,838	97.0%
	subtotal	<u>41,157,497</u>	<u>32,599,780</u>	<u>8,557,717</u>	<u>79.2%</u>	<u>43,526,465</u>	<u>35,904,428</u>	<u>7,622,037</u>	<u>82.5%</u>
Operation of plant	salary	33,121,361	23,755,823	9,365,538	71.7%	35,828,432	24,935,069	10,893,363	69.6%
	non-salary	34,558,291	33,721,072	837,219	97.6%	48,463,946	45,011,883	3,452,063	92.9%
	subtotal	<u>67,679,652</u>	<u>57,476,895</u>	<u>10,202,757</u>	<u>84.9%</u>	<u>84,292,378</u>	<u>69,946,952</u>	<u>14,345,426</u>	<u>83.0%</u>
Maintenance of plant	salary	10,218,229	7,155,273	3,062,956	70.0%	11,598,468	7,290,489	4,307,979	62.9%
	non-salary	11,536,330	10,136,041	1,400,289	87.9%	15,636,156	12,763,783	2,872,373	81.6%
	subtotal	<u>21,754,559</u>	<u>17,291,314</u>	<u>4,463,245</u>	<u>79.5%</u>	<u>27,234,624</u>	<u>20,054,272</u>	<u>7,180,352</u>	<u>73.6%</u>
Fixed charges	non-salary	194,441,731	136,049,949	58,391,782	70.0%	213,502,467	152,801,308	60,701,159	71.6%
Capital outlay	salary	2,162,667	1,516,784	645,883	70.1%	2,286,455	1,798,858	487,597	78.7%
	non-salary	1,019,150	763,917	255,233	75.0%	2,438,195	2,440,507	(2,312)	100.1%
	subtotal	<u>3,181,817</u>	<u>2,280,701</u>	<u>901,116</u>	<u>71.7%</u>	<u>4,724,650</u>	<u>4,239,365</u>	<u>485,285</u>	<u>89.7%</u>
Total Salary		645,434,452	452,423,781	193,010,671	70.1%	\$ 677,258,502	481,623,157	195,635,345	71.1%
Total Non-Salary		344,453,935	262,640,874	81,813,061	76.2%	382,817,173	301,080,123	81,737,050	78.6%
Total expenditures and encumbrances		<u>\$ 989,888,387</u>	<u>\$ 715,064,655</u>	<u>\$ 274,823,732</u>	<u>72.2%</u>	<u>\$ 1,060,075,675</u>	<u>\$ 782,703,280</u>	<u>\$ 277,372,395</u>	<u>73.8%</u>

Figure 4

Prepared by: Office of Accounting and Financial Reporting, April 17, 2007