

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** January 27, 2009

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING  
NOVEMBER 30, 2007 AND 2008**

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

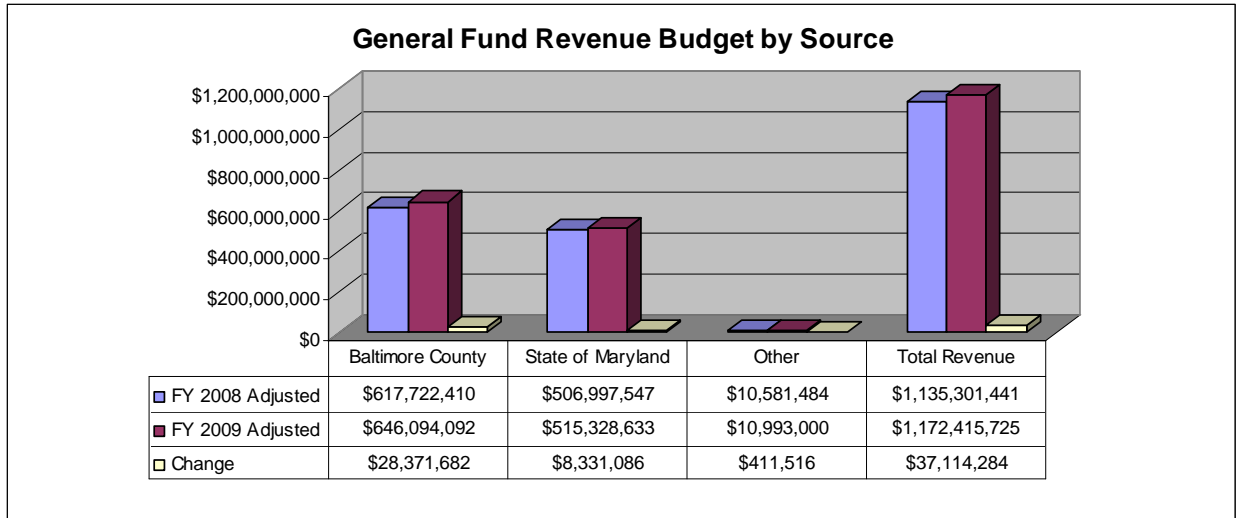
**RESOURCE  
PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the *General Fund Comparison of FY2008 and FY2009 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended November 30, 2007 and 2008.

***General Fund Comparison of FY2008 and FY2009 Revenues, Expenditures, and  
Encumbrances-Budget and Actual***

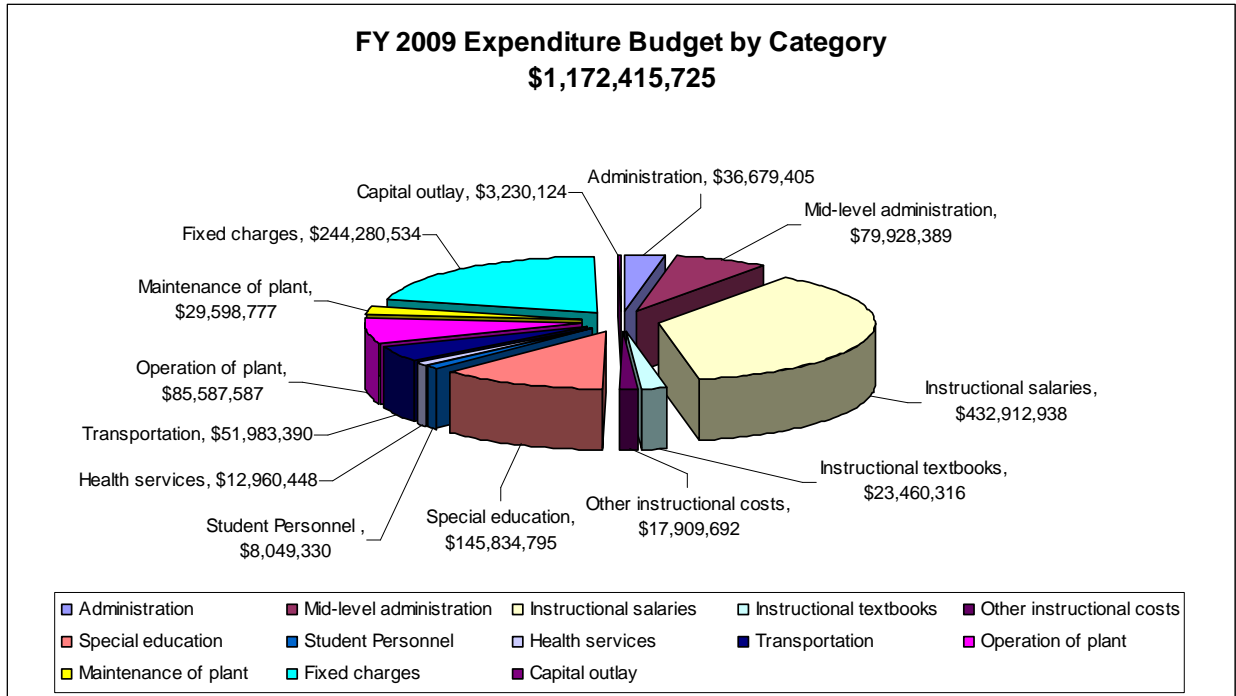
These data are presented using Maryland State Department of Education categories. Amounts included reflect actual revenues, expenditures and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2008 and FY2009 General Fund Revenue Budget. Figure 2 provides an overview of the FY2009 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of November 30, 2007 and 2008. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.



**Figure 1**

### *Year-to-Date Comparison*

- Baltimore County** – The FY2009 county appropriation increased \$28.4 million, 4.6% over the FY2008 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$193.9 million, 30% of the budget, as compared to \$190.3 million, 30.8% of the budget for FY2008.
- State of Maryland** – The FY2009 state appropriation increased \$8.3 million, 1.6% over the FY2008 budget. The minimal increase in the budgeted revenue is a result of the state significantly restricting increases in funding. The majority of state funds are received bi-monthly in equal installments. As of November 2008, three of the state payments 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, tuition and sundry revenues. The year-to-date revenue includes the re-appropriation of \$3 million of the prior year’s fund balance, tuition and other revenues of approximately \$3.4 million.

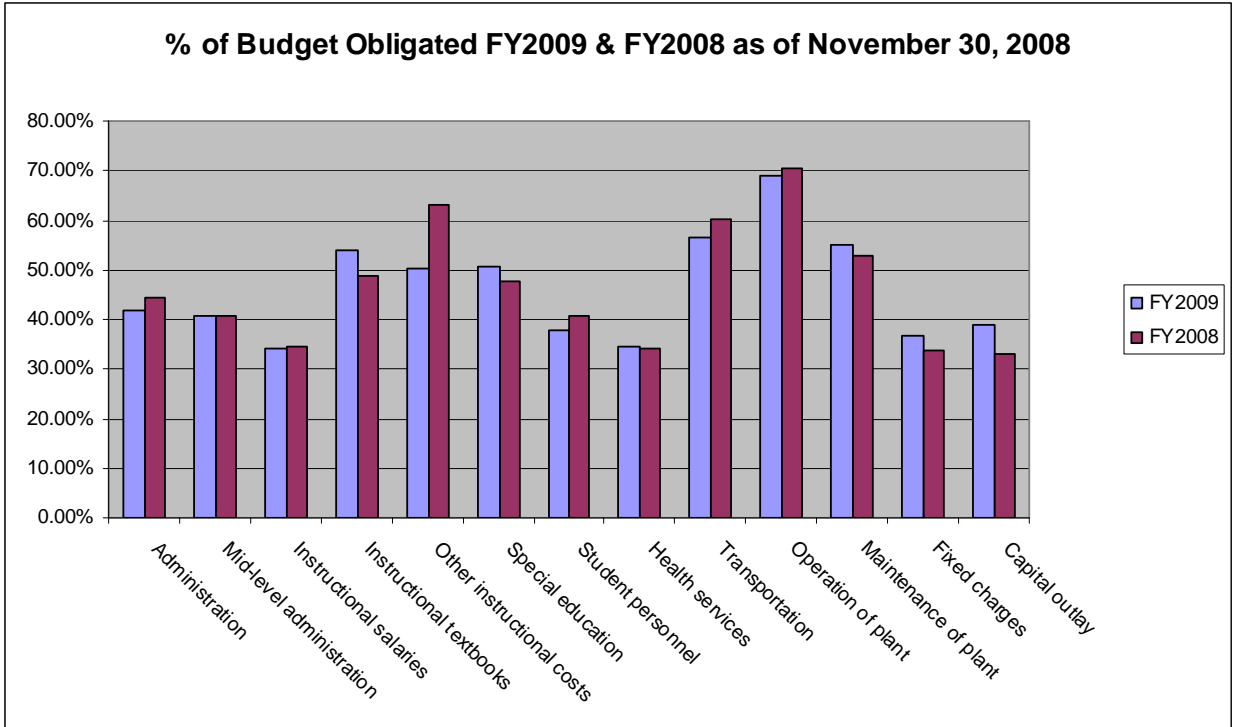


**Figure 2 (Detail included in Figure 4)**

**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through November 2008 are \$493.9 million, 42.1% obligated compared to \$473.5 million, 41.7% obligated, for the same period in FY2008. 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 39.2% 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 34.2% of budget and are in line considering the percent of the school year that has elapsed.

The increase of \$20 million in budgeted salary expense is primarily attributable to annual step increases for all existing employees. Funding is also provided in salary expenses for Vincent Farm Elementary School and the Imagine Discovery Charter School. Positions previously funded by Third Party Billing Medicaid revenue (107.7 FTE) and the Pass-through grant (14 FTE) have been moved to the general fund.

The non-salary expenditures are budgeted for an overall increase of \$17.1 million, or 4.1% over the prior year. The increases in these expenditures are in a number of categories throughout the budget, including \$2.8 million in Administration for the upgrade of the human resources computer system, an increase in Instructional Textbooks of \$3.4 million, an increase in Transportation for expected increases in fuel costs, and an increase in Fixed Charges of \$12 million due to cost increases in health insurance, workers compensation and FICA. These increases were partially offset by a decrease of \$4.8 million in Operations for utility expenditures.



**Figure 3**

- Administration and Mid-level administration** – The budget for non-salary administration expenditures increased \$2.1 million or 19.6% over the prior fiscal year. This increase in budgeted expenditures is primarily attributed to the planned upgrade in the human resources computer system which will begin this year. Mid-level administration non-salary expenditures are budgeted for an increase due to the opening of Vincent Farm Elementary School and Imagine Discovery Charter School. Year-to-date expenditures in these categories are comparable to the prior year.
- Instructional salaries** – The budget for instructional salaries was increased by \$3.8 million in FY2009 primarily to fund step increases. The budget increase also resulted from added instructional positions required to maintain small kindergarten class sizes and staff the new elementary school and the charter school, which opened in August 2008.
- 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 17.2%, or approximately \$3.4 million for the system-wide purchase of textbooks. To date, \$12.7 million, 53.9% of the FY2009 budgeted textbook funds has been committed; the remaining budget will be spent during the school 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. To date, \$8.9 million, 50.2% of the FY2009 budgeted funds have been committed. In the prior year, \$11.3 million, 63.2% had been committed. The decrease in expenditures over the prior year is the result of significant expenditures for computer network upgrades which were completed in FY2008. It is expected that the remaining FY2009 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 FY2009 salary budget includes funding for instructional positions previously funded through Special Revenue funds, step increases, and the cost of staff to support additional services. \$35.5 million (88%) of the FY2009 special education non-salary budget is for private placement of children in non-public schools. To date, 93.7% of the budgeted funds for private placement, \$33.3 million, have been committed, compared with 76.3% committed at November 2007. This is the result of an effort by the Special Education Department to better project annual costs and the issuance of purchase orders that anticipate most of FY09 requirements.
- ***Student personnel and Health services*** – Year-to-date FY2009 expenditures for student personnel and health services are 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 \$2.4 million, which can be attributed primarily to additional expenditures for increased cost of fuel. As of November 2008, 94.4% of the non-salary budget had been committed as compared with 95.7% committed at this time in the prior year.
- ***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 decreased \$4.3 million, 8.1% less than the prior year. This decrease is primarily attributable to a significant reduction anticipated in utility costs of \$4.8 million. 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, \$4 million; property insurance, \$1.3 million; trash removal, \$1.3 million and other related expenditures. As of November 2008, 94.8% of the non-salary budget has been committed, compared with 92.8% as of November 2007.

- ***Maintenance of plant and capital outlay*** – The maintenance category consists of activities related to the service and upkeep of building systems and grounds. Year-to-date non-salary expenditures and encumbrances are \$11.9 million, 66.5% of the budgeted amount, as compared with \$10.9 million, or 63.8% in the prior fiscal year. Capital Outlay non-salary expenditures are 39.2% expended at November 2008, as compared to 19.0% expended in November 2007. This percentage increase is attributable to a significant reduction in the budget over the prior year, although the expenditures are comparable to FY2008.
- ***Fixed charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 68% and 23% of the fixed charges budget, respectively. The FY2009 budget includes an increase of \$12 million resulting from increases in premiums for health insurance, workers compensation, FICA and costs related to new positions. Year-to-date FY2009 expenditures and encumbrances are in line with the budget.

**Baltimore County Public Schools**  
**Comparison of FY 2008 and FY 2009 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended November, 2007 and 2008**  
**General Fund**

		FY2008				FY2009			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc. as of 11/30/07	Budget	Earned or Obligated	Budget	Rev/Exp/Enc. as of 11/30/08	Budget	Earned or Obligated
<b>Revenues :</b>									
Baltimore County		\$ 617,722,410	\$ 190,362,431	\$ 427,359,979	30.8%	\$ 646,094,092	\$ 193,913,996	\$ 452,180,096	30.0%
State of Maryland		506,997,547	245,622,422	261,375,125	48.4%	515,328,633	252,711,387	262,617,246	49.0%
Other		10,581,484	5,068,279	5,513,205	47.9%	10,993,000	6,416,047	4,576,953	58.4%
<b>Total Revenues</b>		<b>\$ 1,135,301,441</b>	<b>\$ 441,053,132</b>	<b>\$ 694,248,309</b>	<b>38.8%</b>	<b>\$ 1,172,415,725</b>	<b>\$ 453,041,430</b>	<b>\$ 719,374,295</b>	<b>38.6%</b>
<b>Expenditures and Encumbrances :</b>									
Administration	salary	\$ 21,844,285	\$ 8,786,299	\$ 13,057,986	40.2%	\$ 23,768,272	\$ 9,122,586	\$ 14,645,686	38.4%
	non-salary	10,824,465	5,664,280	5,160,185	52.3%	12,911,133	6,215,338	6,695,795	48.1%
	subtotal	32,668,750	14,450,579	18,218,171	44.2%	36,679,405	15,337,924	21,341,481	41.8%
Mid-level administration	salary	68,818,100	28,141,602	40,676,498	40.9%	72,764,471	29,733,697	43,030,774	40.9%
	non-salary	6,749,863	2,501,913	4,247,950	37.1%	7,163,918	2,794,761	4,369,157	39.0%
	subtotal	75,567,963	30,643,515	44,924,448	40.6%	79,928,389	32,528,458	47,399,931	40.7%
<b>Instruction:</b>									
Instructional salaries	salary	429,121,308	147,508,983	281,612,325	34.4%	432,912,938	147,106,257	285,806,681	34.0%
Instructional textbooks	non-salary	20,015,044	9,790,215	10,224,829	48.9%	23,460,316	12,655,186	10,805,130	53.9%
Other instructional costs	non-salary	17,857,803	11,287,922	6,569,881	63.2%	17,909,692	8,989,563	8,920,129	50.2%
Special education	salary	99,809,153	36,551,543	63,257,610	36.6%	105,171,833	37,590,120	67,581,713	35.7%
	non-salary	39,341,393	29,844,849	9,496,544	75.9%	40,662,962	36,365,855	4,297,107	89.4%
	subtotal	139,150,546	66,396,392	72,754,154	47.7%	145,834,795	73,955,975	71,878,820	50.7%
Student personnel	salary	6,351,880	2,542,482	3,809,398	40.0%	7,855,304	2,984,487	4,870,817	38.0%
	non-salary	22,306	51,507	(29,201)	230.9%	194,026	59,977	134,049	30.9%
	subtotal	6,374,186	2,593,989	3,780,197	40.7%	8,049,330	3,044,464	5,004,866	37.8%
Health services	salary	11,723,020	4,041,900	7,681,120	34.5%	12,676,193	4,335,080	8,341,113	34.2%
	non-salary	356,189	82,629	273,560	23.2%	284,255	146,231	138,024	51.4%
	subtotal	12,079,209	4,124,529	7,954,680	34.1%	12,960,448	4,481,311	8,479,137	34.6%
Transportation	salary	28,584,825	10,630,658	17,954,167	37.2%	30,732,661	9,344,395	21,388,266	30.4%
	non-salary	18,755,628	17,941,574	814,054	95.7%	21,250,729	20,063,659	1,187,070	94.4%
	subtotal	47,340,453	28,572,232	18,768,221	60.4%	51,983,390	29,408,054	22,575,336	56.6%
Operation of plant	salary	37,822,008	15,149,849	22,672,159	40.1%	38,233,005	14,181,128	24,051,877	37.1%
	non-salary	51,649,601	47,911,181	3,738,420	92.8%	47,354,582	44,882,427	2,472,155	94.8%
	subtotal	89,471,609	63,061,030	26,410,579	70.5%	85,587,587	59,063,555	26,524,032	69.0%
Maintenance of plant	salary	11,745,239	4,368,443	7,376,796	37.2%	11,680,331	4,399,484	7,280,847	37.7%
	non-salary	17,119,059	10,917,762	6,201,297	63.8%	17,918,446	11,915,857	6,002,589	66.5%
	subtotal	28,864,298	15,286,205	13,578,093	53.0%	29,598,777	16,315,341	13,283,436	55.1%
Fixed charges	non-salary	232,785,046	78,451,392	154,333,654	33.7%	244,280,534	89,784,896	154,495,638	36.8%
Capital outlay	salary	2,719,761	1,081,215	1,638,546	39.8%	2,803,459	1,092,990	1,710,469	39.0%
	non-salary	1,285,465	244,770	1,040,695	19.0%	426,665	167,184	259,481	39.2%
	subtotal	4,005,226	1,325,985	2,679,241	33.1%	3,230,124	1,260,174	1,969,950	39.0%
<b>Total Salary</b>		<b>\$ 718,539,579</b>	<b>\$ 258,802,974</b>	<b>\$ 459,736,605</b>	<b>36.0%</b>	<b>\$ 738,598,467</b>	<b>\$ 259,890,224</b>	<b>\$ 478,708,243</b>	<b>35.2%</b>
<b>Total Non-Salary</b>		<b>416,761,862</b>	<b>214,689,994</b>	<b>202,071,868</b>	<b>51.5%</b>	<b>433,817,258</b>	<b>234,040,934</b>	<b>199,776,324</b>	<b>53.9%</b>
<b>Total Expenditures and Encumbrances</b>		<b>\$ 1,135,301,441</b>	<b>\$ 473,492,968</b>	<b>\$ 661,808,473</b>	<b>41.7%</b>	<b>\$ 1,172,415,725</b>	<b>\$ 493,931,158</b>	<b>\$ 678,484,567</b>	<b>42.1%</b>

Figure 4

Prepared by: Office of Accounting and Financial Reporting, December 8, 2008