

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: November 17, 2009

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING
SEPTEMBER 30, 2008 AND 2009**

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 September 30, 2008 and 2009.

***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 September 30, 2008 and 2009. Figure 4 is a comparative statement of budget to actual revenues, expenditures, and encumbrances.

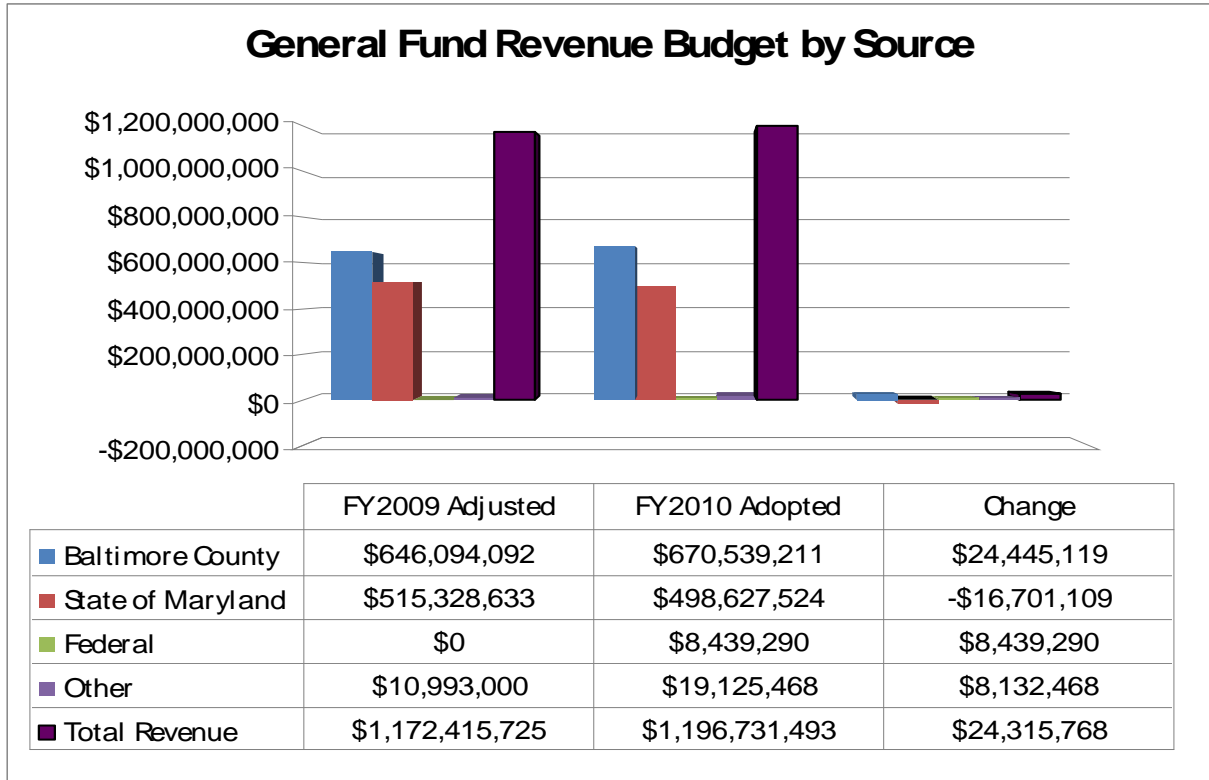


Figure 1

Year-to-Date Comparison

- Baltimore County** – The FY2010 county appropriation increased \$24.3 million, 3.78% over the FY2009 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$57.2 million, 8.5% of the budget, as compared to \$77.2 million, 11.9% of the budget for FY2009.
- State of Maryland** – The FY2010 state appropriation decreased \$16.7 million, 3.2% over 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 September 2009, two of the state payments had been received.
- 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.
- 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, and tuition and other revenues of approximately \$1.9 million.

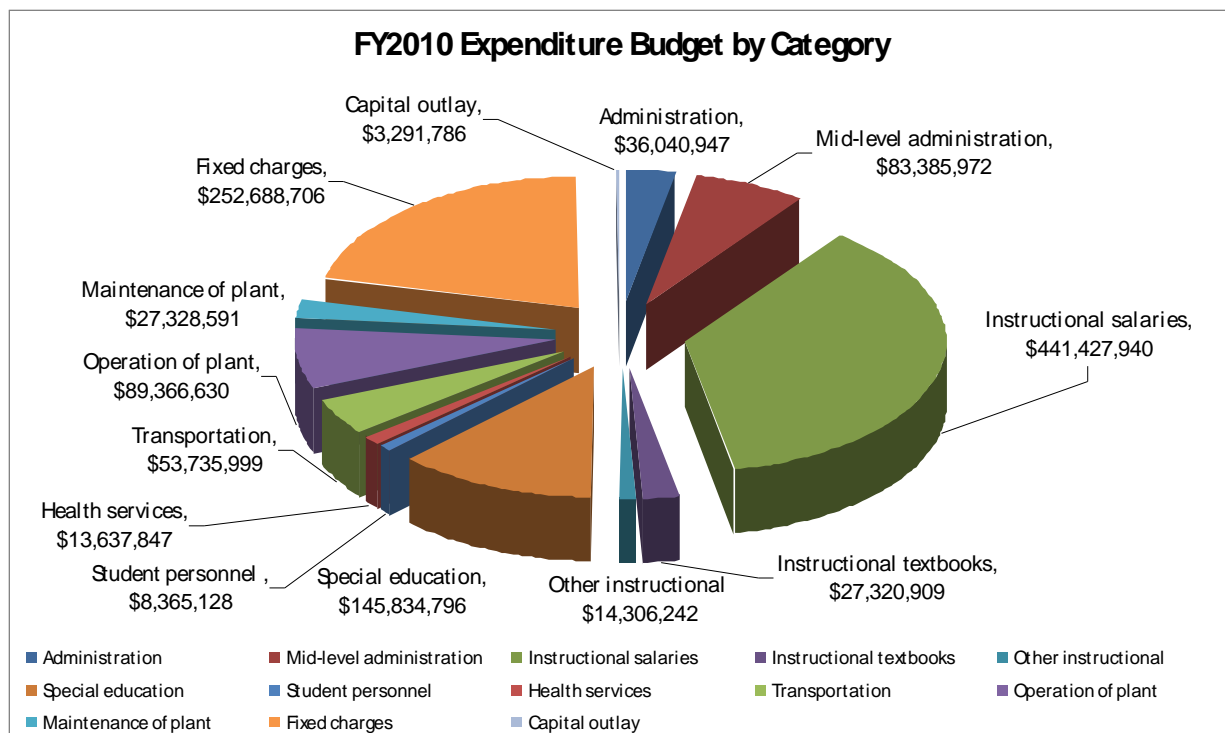


Figure 2 (Detail included in Figure 4)

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through September 2009 are \$225 million, 18.8% obligated compared to \$274.8 million, 23.4% 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 20.5% 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 10.4% 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 of \$5 million for anticipated salary turnover.

The non-salary expenditures are budgeted for an overall increase of \$9.8 million, or 2.3% over the prior year. The increases in these expenditures are in a number of categories throughout the budget, including a one-time increase in Instructional Textbooks of \$5.9 million, 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 FICA. These increases were offset by a decrease of \$3.6 million in Other instructional Costs relating to networking costs which were incurred last year; \$2.3 million decrease in Maintenance of Plant resulting from a reduction in the budgeted costs for the Aging Schools Program; and reductions in other areas.

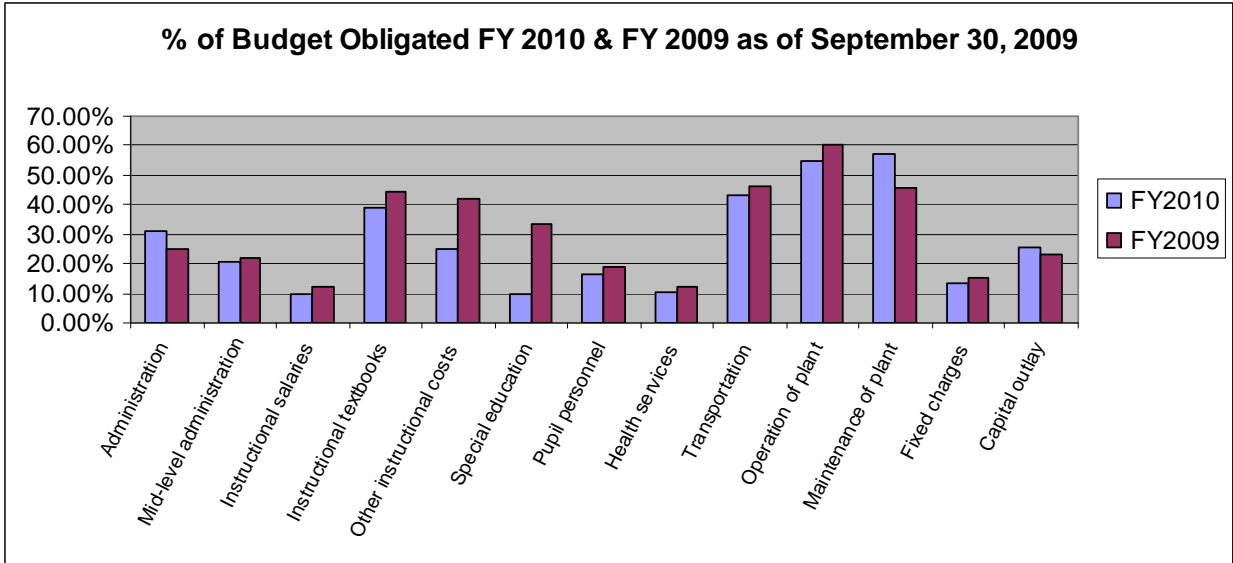


Figure 3

- 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. Year-to-date expenditures in Administration are greater than last year because of the timing of the issuance of purchase orders for consultants.
- 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 systemwide purchase of textbooks. To date, \$10.6 million, 38.9% of the FY2010 budgeted textbook 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 equipment used to support the instructional programs. To date, \$3.5 million, 24.7% of the FY2010 budgeted funds, have been committed. In the prior year, \$7.5 million, or 41.7%, 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; additionally, it 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, a minimal amount of the funds for private placement have been committed, compared with 91% committed as of September 2008. This is the result of the timing of the processing of purchase orders in FY2010 which was substantially completed in October 2009.
- ***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 contains salary costs for personnel for the 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 September 2009, 81.1% of the non-salary budget has been committed, compared with 91% as of September 2008. The decrease in expenditures, when compared with the prior year, is related to minimal commitments for telecommunication services having been made by September 30, 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 12.4% over the prior year. This decrease is primarily related to a significant decrease in the state funding for the Aging Schools Program. Funding from the state for the Aging Schools Program has been released, and a supplemental appropriation was requested from the board on November 3, 2009, and will be forwarded to the County Council for approval in December. Year-to-date non-salary expenditures and encumbrances are \$12.9 million, 82.3% of the budgeted amount, as compared with \$10.9 million, or 61% 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 57.4% expended as of September 2009, as compared to 34%

expended as of September 2008. The increase in expenditures over the prior year is a result of the purchase of relocatable units for school renovation programs.

- ***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 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.

Board of Education of Baltimore County
 Comparison of FY 2009 and FY 2010 Revenues, Expenditures, and Encumbrances
 Budget and Actual
 For the Periods Ended September, 2008 and 2009
 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 09/30/08	as of 09/30/08	Obligated		as of 09/30/09	as of 09/30/09	Obligated
Revenues :									
Baltimore County		\$ 646,094,092	\$ 77,179,871	\$ 568,914,221	11.9%	\$ 670,539,211	\$ 57,213,711	\$ 613,325,500	8.5%
State of Maryland		515,328,633	168,423,164	346,905,469	32.7%	498,627,524	162,947,923	335,679,601	32.7%
Federal		-	-	-	0.0%	8,439,290	-	8,439,290	0.0%
Other		10,993,000	4,559,515	6,433,485	41.5%	19,125,468	12,886,769	6,238,699	67.4%
Total revenues		\$ 1,172,415,725	\$ 250,162,550	\$ 922,253,175	21.3%	\$ 1,196,731,493	\$ 233,048,403	\$ 963,683,090	19.5%
Expenditures and encumbrances :									
Administration	salary	\$ 23,768,272	\$ 4,910,278	\$ 18,857,994	20.7%	\$ 23,814,718	\$ 4,976,956	\$ 18,837,762	20.9%
	non-salary	12,911,133	4,246,427	8,664,706	32.9%	12,226,229	6,193,865	6,032,364	50.7%
	subtotal	36,679,405	9,156,705	27,522,700	25.0%	36,040,947	11,170,821	24,870,126	31.0%
Mid-level administration	salary	72,764,471	15,646,335	57,118,136	21.5%	76,009,546	15,075,592	60,933,954	19.8%
	non-salary	7,163,918	1,885,901	5,278,017	26.3%	7,376,426	2,239,236	5,137,190	30.4%
	subtotal	79,928,389	17,532,236	62,396,153	21.9%	83,385,972	17,314,828	66,071,144	20.8%
Instruction:									
Instructional salaries	salary	432,912,938	51,738,704	381,174,234	12.0%	441,427,940	43,784,043	397,643,897	9.9%
Instructional textbooks	non-salary	23,460,316	10,468,577	12,991,739	44.6%	27,320,909	10,637,289	16,683,620	38.9%
Other instructional costs	non-salary	17,909,692	7,475,114	10,434,578	41.7%	14,306,242	3,529,531	10,776,711	24.7%
Special education	salary	105,171,833	14,739,594	90,432,239	14.0%	105,222,816	12,621,991	92,600,825	12.0%
	non-salary	40,662,962	34,113,850	6,549,112	83.9%	40,611,980	1,582,991	39,028,989	3.9%
	subtotal	145,834,795	48,853,444	96,981,351	33.5%	145,834,796	14,204,982	131,629,814	9.7%
Pupil personnel	salary	7,855,304	1,471,327	6,383,977	18.7%	8,152,546	1,359,359	6,793,187	16.7%
	non-salary	194,026	33,945	160,081	17.5%	212,582	19,649	192,933	9.2%
	subtotal	8,049,330	1,505,272	6,544,058	18.7%	8,365,128	1,379,008	6,986,120	16.5%
Health services	salary	12,676,193	1,510,515	11,165,678	11.9%	13,143,736	1,274,532	11,869,204	9.7%
	non-salary	284,255	77,907	206,348	27.4%	494,111	128,911	365,200	26.1%
	subtotal	12,960,448	1,588,422	11,372,026	12.3%	13,637,847	1,403,443	12,234,404	10.3%
Transportation	salary	30,732,661	4,048,566	26,684,095	13.2%	31,578,328	3,532,546	28,045,782	11.2%
	non-salary	21,250,729	19,942,095	1,308,634	93.8%	22,157,671	19,749,978	2,407,693	89.1%
	subtotal	51,983,390	23,990,661	27,992,729	46.2%	53,735,999	23,282,524	30,453,475	43.3%
Operation of plant	salary	38,233,005	8,287,418	29,945,587	21.7%	39,274,589	8,220,973	31,053,616	20.9%
	non-salary	47,354,582	43,092,075	4,262,507	91.0%	50,092,041	40,604,508	9,487,533	81.1%
	subtotal	85,587,587	51,379,493	34,208,094	60.0%	89,366,630	48,825,481	40,541,149	54.6%
Maintenance of plant	salary	11,680,331	2,528,597	9,151,734	21.6%	11,637,912	2,650,748	8,987,164	22.8%
	non-salary	17,918,446	10,924,802	6,993,644	61.0%	15,690,679	12,918,305	2,772,374	82.3%
	subtotal	29,598,777	13,453,399	16,145,378	45.5%	27,328,591	15,569,053	11,759,538	57.0%
Fixed charges	non-salary	244,280,534	36,913,178	207,367,356	15.1%	252,688,706	33,157,630	219,531,076	13.1%
Capital outlay	salary	2,803,459	596,366	2,207,093	21.3%	2,865,121	592,366	2,272,755	20.7%
	non-salary	426,665	145,237	281,428	34.0%	426,665	244,774	181,891	57.4%
	subtotal	3,230,124	741,603	2,488,521	23.0%	3,291,786	837,140	2,454,646	25.4%
Total Salary		\$ 738,598,467	\$ 105,477,700	\$ 633,120,767	14.3%	\$ 753,127,252	\$ 94,089,105	\$ 659,038,147	12.5%
Total Non-Salary		433,817,258	169,319,108	264,498,150	39.0%	443,604,241	131,006,665	312,597,576	29.5%
Total expenditures and encumbrances		\$ 1,172,415,725	\$ 274,796,808	\$ 897,618,917	23.4%	\$ 1,196,731,493	\$ 225,095,770	\$ 971,635,723	18.8%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, October 21, 2009