

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** March 24, 2009

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING JANUARY 31, 2008 AND 2009**

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

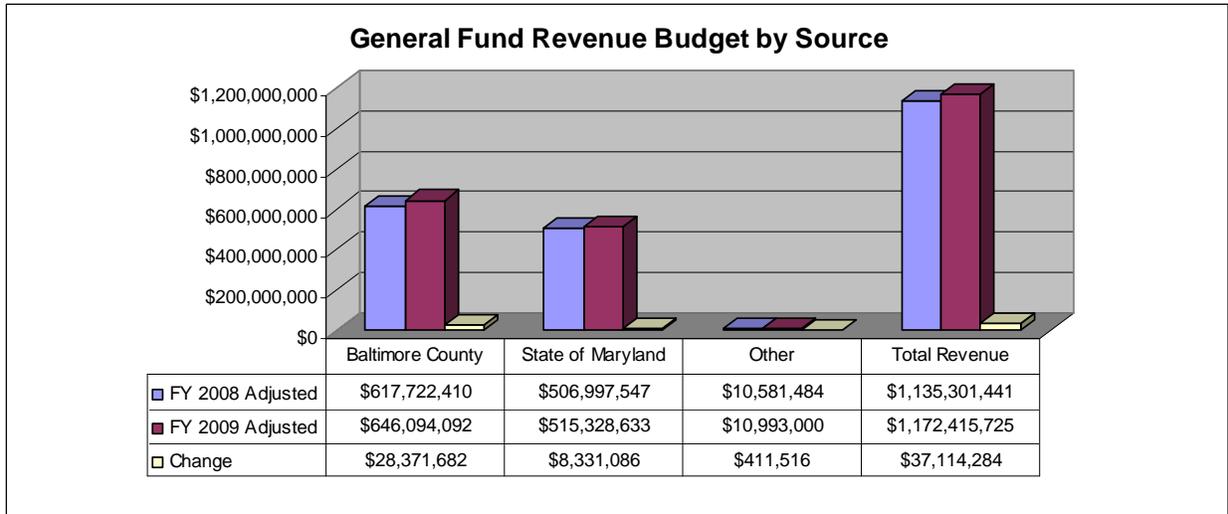
**RESOURCE PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

Attached is the General Fund *Comparison of FY2008 and FY2009 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended January 31, 2008 and 2009.

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

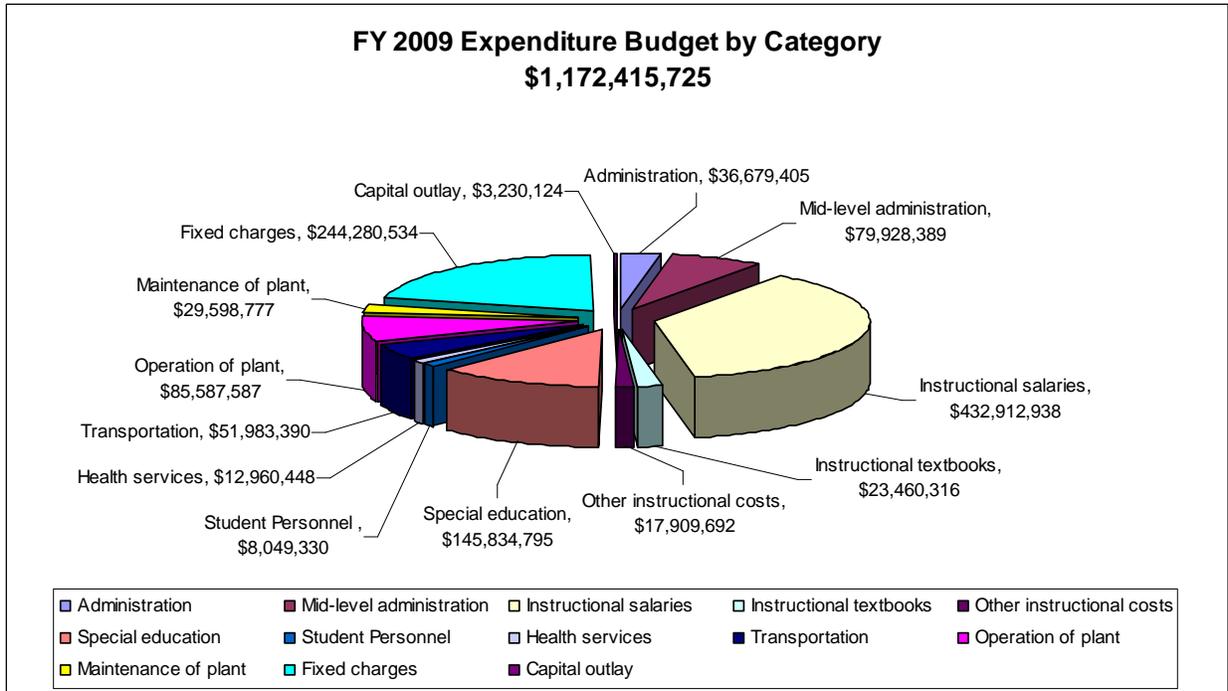
These data are presented using Maryland State Department of Education categories. Amounts included reflect actual revenues, expenditures and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2008 and FY2009 General Fund Revenue Budget. Figure 2 provides an overview of the FY2009 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of January 31, 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 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 \$339.1 million, 52.5% of the budget, as compared to \$312.2 million, 50.6% 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 January 2009, four 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 \$3.5million.

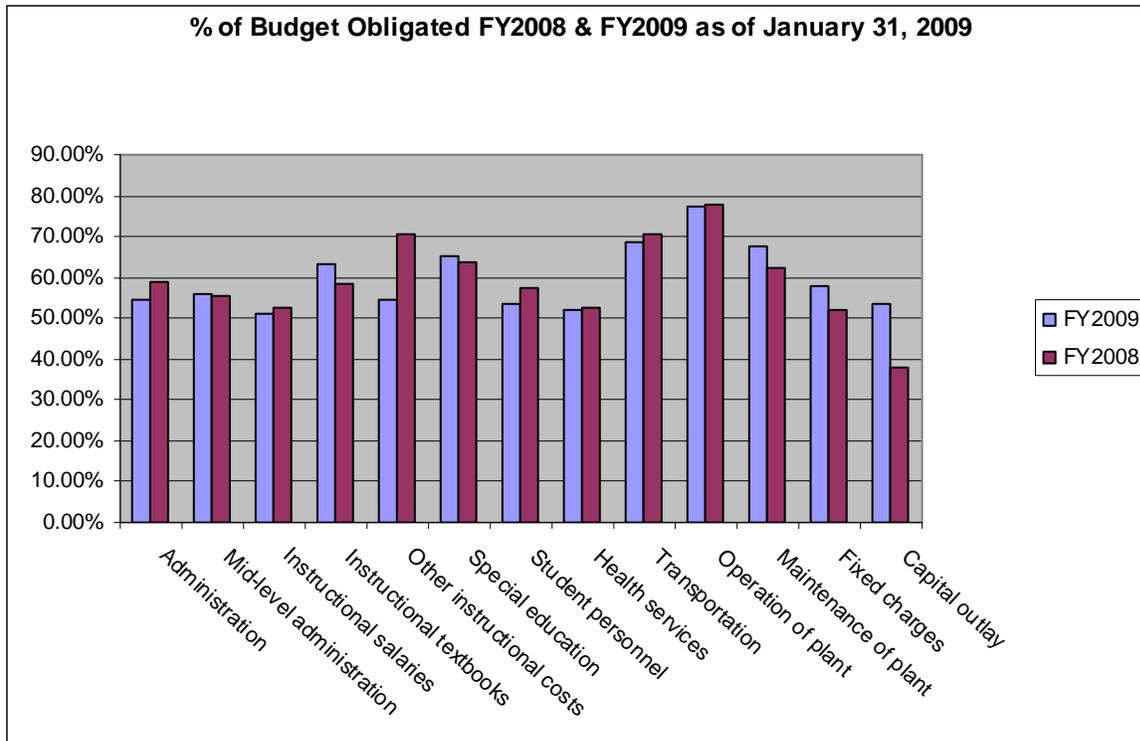


**Figure 2 (Detail included in Figure 4)**

**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through January 2009 are \$682 million, 58.2% obligated compared to \$653.3 million, 57.5% 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 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 52.4% 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 one-time Administration costs 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, \$14.8 million, 63.2% 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, \$9.8 million, 54.6% of the FY2009 budgeted funds have been committed. In the prior year, \$12.6 million, 70.7% 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, 97.3% of the budgeted funds for private placement, \$34.5 million, have been committed, compared with 87.1% committed at January 2008. 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. A new fuel contract was finalized in December and the new fuel pricing should result in the total fuel costs being within the budgeted estimate for the year. As of January 2009, 93.8% of the non-salary budget had been committed as compared with 94.7% 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. Utility costs are currently projected to exceed the budget by approximately \$2.4 million and will require a budget appropriation transfer of funds from other activities to cover the additional expenditures. 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 January 2009, 95% of the non-salary budget has been committed, compared with 94.5% as of January 2008.

- ***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 \$13.4 million, 74.8% of the budgeted amount, as compared with \$11.9 million, or 69.2% in the prior fiscal year. Capital Outlay non-salary expenditures are 45.8% expended at January 2009, as compared to 20.9% expended in January 2008. This percentage increase is attributable to a significant reduction in the budget over the prior year during which a supplemental appropriation was budgeted for additional costs of relocatable equipment needed for construction projects.
- ***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 January, 2008 and 2009**  
**General Fund**

		FY 2008				FY 2009			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc. as of 01/31/08	Budget as of 01/31/08	Earned or Obligated	Budget	Rev/Exp/Enc. as of 01/31/09	Budget as of 01/31/09	Earned or Obligated
<b>Revenues:</b>									
Baltimore County		\$ 617,722,410	\$ 312,271,384	\$ 305,451,026	50.6%	\$ 646,094,092	\$ 339,148,121	\$ 306,945,971	52.5%
State of Maryland		506,997,547	328,756,783	178,240,764	64.8%	515,328,633	338,140,300	177,188,333	65.6%
Other		10,581,484	5,492,842	5,088,642	51.9%	10,993,000	6,671,706	4,321,294	60.7%
Total revenues		<u>\$ 1,135,301,441</u>	<u>\$ 646,521,009</u>	<u>\$ 488,780,432</u>	<u>56.9%</u>	<u>\$ 1,172,415,725</u>	<u>\$ 683,960,127</u>	<u>\$ 488,455,598</u>	<u>58.3%</u>
<b>Expenditures and Encumbrances:</b>									
Administration	salary	\$ 21,844,285	\$ 11,990,241	\$ 9,854,044	54.9%	\$ 23,768,272	\$ 12,501,700	\$ 11,266,572	52.6%
	non-salary	10,824,465	7,219,817	3,604,648	66.7%	12,911,133	7,548,034	5,363,099	58.5%
	subtotal	<u>32,668,750</u>	<u>19,210,058</u>	<u>13,458,692</u>	<u>58.8%</u>	<u>36,679,405</u>	<u>20,049,734</u>	<u>16,629,671</u>	<u>54.7%</u>
Mid-level Administration	salary	68,818,100	38,850,508	29,967,592	56.5%	72,764,471	40,986,304	31,778,167	56.3%
	non-salary	6,749,863	3,218,479	3,531,384	47.7%	7,163,918	3,588,809	3,575,109	50.1%
	subtotal	<u>75,567,963</u>	<u>42,068,987</u>	<u>33,498,976</u>	<u>55.7%</u>	<u>79,928,389</u>	<u>44,575,113</u>	<u>35,353,276</u>	<u>55.8%</u>
Instruction:									
Instructional Salaries	salary	429,121,308	225,455,069	203,666,239	52.5%	432,912,938	222,076,619	210,836,319	51.3%
Instructional Textbooks	non-salary	20,015,044	11,679,147	8,335,897	58.4%	23,460,316	14,820,483	8,639,833	63.2%
Other Instructional Costs	non-salary	17,857,803	12,631,954	5,225,849	70.7%	17,909,692	9,773,324	8,136,368	54.6%
Special Education	salary	99,809,153	54,644,701	45,164,452	54.7%	105,171,833	56,580,413	48,591,420	53.8%
	non-salary	39,341,393	34,356,297	4,985,096	87.3%	40,662,962	38,572,192	2,090,770	94.9%
	subtotal	<u>139,150,546</u>	<u>89,000,998</u>	<u>50,149,548</u>	<u>64.0%</u>	<u>145,834,795</u>	<u>95,152,605</u>	<u>50,682,190</u>	<u>65.2%</u>
Student Personnel	salary	6,351,880	3,585,456	2,766,424	56.4%	7,855,304	4,233,305	3,621,999	53.9%
	non-salary	22,306	70,654	(48,348)	316.7%	194,026	83,787	110,239	43.2%
	subtotal	<u>6,374,186</u>	<u>3,656,110</u>	<u>2,718,076</u>	<u>57.4%</u>	<u>8,049,330</u>	<u>4,317,092</u>	<u>3,732,238</u>	<u>53.6%</u>
Health Services	salary	11,723,020	6,212,690	5,510,330	53.0%	12,676,193	6,581,893	6,094,300	51.9%
	non-salary	356,189	146,588	209,601	41.2%	284,255	187,073	97,182	65.8%
	subtotal	<u>12,079,209</u>	<u>6,359,278</u>	<u>5,719,931</u>	<u>52.6%</u>	<u>12,960,448</u>	<u>6,768,966</u>	<u>6,191,482</u>	<u>52.2%</u>
Student Transportation	salary	28,584,825	15,700,912	12,883,913	54.9%	30,732,661	15,642,946	15,089,715	50.9%
	non-salary	18,755,628	17,752,812	1,002,816	94.7%	21,250,729	19,940,748	1,309,981	93.8%
	subtotal	<u>47,340,453</u>	<u>33,453,724</u>	<u>13,886,729</u>	<u>70.7%</u>	<u>51,983,390</u>	<u>35,583,694</u>	<u>16,399,696</u>	<u>68.5%</u>
Operation of Plant	salary	37,822,008	20,733,809	17,088,199	54.8%	38,233,005	21,250,727	16,982,278	55.6%
	non-salary	51,649,601	48,789,436	2,860,165	94.5%	47,354,582	44,966,497	2,388,085	95.0%
	subtotal	<u>89,471,609</u>	<u>69,523,245</u>	<u>19,948,364</u>	<u>77.7%</u>	<u>85,587,587</u>	<u>66,217,224</u>	<u>19,370,363</u>	<u>77.4%</u>
Maintenance of Plant	salary	11,745,239	6,063,098	5,682,141	51.6%	11,680,331	6,670,666	5,009,665	57.1%
	non-salary	17,119,059	11,851,190	5,267,869	69.2%	17,918,446	13,411,614	4,506,832	74.8%
	subtotal	<u>28,864,298</u>	<u>17,914,288</u>	<u>10,950,010</u>	<u>62.1%</u>	<u>29,598,777</u>	<u>20,082,280</u>	<u>9,516,497</u>	<u>67.8%</u>
Fixed Charges	non-salary	232,785,046	120,621,567	112,163,479	51.8%	244,280,534	140,853,889	103,426,645	57.7%
Capital Outlay	salary	2,719,761	1,498,307	1,221,454	55.1%	2,803,459	1,540,220	1,263,239	54.9%
	non-salary	1,285,465	268,121	1,017,344	20.9%	426,665	195,459	231,206	45.8%
	subtotal	<u>4,005,226</u>	<u>1,766,428</u>	<u>2,238,798</u>	<u>44.1%</u>	<u>3,230,124</u>	<u>1,735,679</u>	<u>1,494,445</u>	<u>53.7%</u>
Total Salary		718,539,579	384,734,791	333,804,788	53.5%	\$ 738,598,467	388,064,793	350,533,674	52.5%
Total Non-Salary		416,761,862	268,606,062	148,155,800	64.5%	433,817,258	293,941,909	139,875,349	67.8%
Total Expenditures and Encumbrances		<u>\$ 1,135,301,441</u>	<u>\$ 653,340,853</u>	<u>\$ 481,960,588</u>	<u>57.5%</u>	<u>\$ 1,172,415,725</u>	<u>\$ 682,006,702</u>	<u>\$ 490,409,023</u>	<u>58.2%</u>

Figure 4

Prepared by: Office of Accounting and Financial Reporting, February 9, 2009