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Committed to Excellence

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year  
ended June 30, 2010



West Towson Elementary School opening August 2010

6901 Charles Street • Towson, Maryland 21204

# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

*Board of Education of Baltimore County*  
**A Component Unit of Baltimore County, Maryland**  
**6901 North Charles Street, Towson, Maryland 21204**

**FISCAL YEAR ENDED JUNE 30, 2010**

JoAnn C. Murphy, *President*  
H. Edward Parker Jr., *Vice President*

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Jacqueline Zoe Camp, *Student Representative*

Dr. Joe A. Hairston, *Superintendent and Secretary-Treasurer*  
J. Robert Haines, Esq. *Deputy Superintendent*  
Rita M. Fromm, *Chief of Staff*

**Prepared by the Division of Business Services**

## **Acknowledgements**

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### **Student Artwork**

The student artwork displayed in this report are the work of Baltimore County Public School students. We appreciate their contribution and acknowledge the hard work of the students and their teachers.

The students who provided their artwork are as follows:

Breanna Durst  
Emma Popp  
Jeremy Jirsa  
Justin Carney

Patapsco High Center for the Arts  
Towson High School  
Patapsco High Center for the Arts  
Milford Mill Academy

Board of Education of Baltimore County  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010

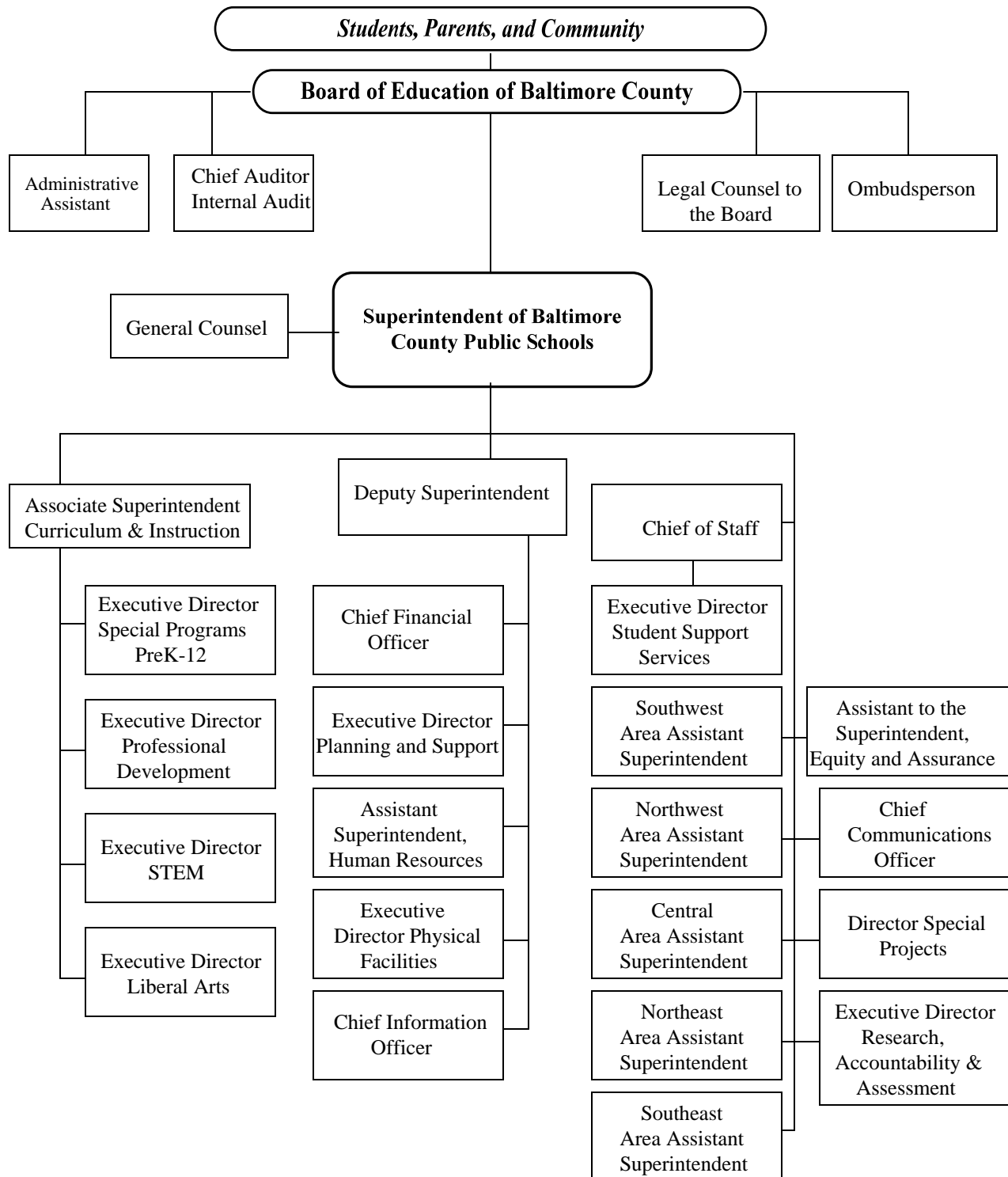
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# Baltimore County Public Schools Organization Chart as of June 30, 2010



## Superintendent's Staff

### As of June 30, 2010

Dr. Joe A. Hairston	Superintendent
J. Robert Haines, Esq.	Deputy Superintendent
Rita M. Fromm	Chief of Staff
Roger L. Plunkett	Assistant to the Superintendent
Dr. Donald A. Peccia	Assistant Superintendent, Human Resources
Vacant	Associate Superintendent, Curriculum & Instruction
Barbara E. Walker	Area Assistant Superintendent, Central Area
Lyle Patzkowski	Area Assistant Superintendent, Southeast Area
Dr. Manuel B. Rodriguez	Area Assistant Superintendent, Southwest Area
Kendra V. Johnson	Area Assistant Superintendent, Northwest Area
Verletta B. White	Area Assistant Superintendent, Northeast Area
Phyllis T. Reese	Chief Communications Officer
Barbara S. Burnopp	Chief Financial Officer
Michael J. Goodhues	Chief Information Officer
Michael G. Sines	Executive Director, Physical Facilities
Michele O. Prumo	Executive Director, Planning and Support Operations
Barbara C. Bisset	Executive Director, Professional Development
Sonja M. Karwacki	Executive Director, Special Programs PreK-12
Dale R. Rauenzahn	Executive Director, Student Support Services
Dr. Judith Smith	Executive Director, Liberal Arts
Dr. John R. Quinn	Executive Director, STEM
Dr. Thomas W. Rhoades	Executive Director, Research, Accountability, and Assessment
Margaret-Ann Howie, Esq.	General Counsel



# BALTIMORE COUNTY PUBLIC SCHOOLS

Joe A. Hairston, Superintendent

6901 Charles Street

Towson, Maryland 21204-3711

September 30, 2010

## Members of the Board of Education:

In compliance with the public school laws of the state of Maryland, the Division of Business Services (the division) annually publishes the comprehensive annual financial report (CAFR) of the Board of Education of Baltimore County (the board). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the administration of Baltimore County Public Schools (BCPS). We believe the data as presented are accurate in all material aspects and that they are presented in a manner designed to set forth the financial position and results of operations of the board as measured by the financial activity.

All matters relating to education and operations in BCPS are governed by the board, as provided by the public school laws of Maryland. The board has the responsibility to maintain a reasonable, uniform system of public schools, providing quality education for all students of Baltimore County. With the advice of the superintendent, the board establishes schools and determines the geographical attendance areas for them. Upon recommendation of the superintendent, the board approves education policy that governs the management and conduct of the school system. The activities, funds, and entities related to BCPS included in this CAFR are those in which the board exercises oversight responsibility.

All funds and accounts of the board are included in this CAFR. While the board is an entity created and governed by state law, it has been defined as a component unit of the Baltimore County Government for financial reporting purposes. Therefore, the board is included in the CAFR of Baltimore County. This CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes a list of principal officials, the organization chart of BCPS, and this transmittal letter. The financial section includes the independent auditors' report, management's discussion and analysis, the basic financial statements, and individual fund financial statements. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found at the beginning of the financial section.

The report is available to all interested parties. Copies of the report are forwarded to board members, the superintendent's staff, appropriate officials of the State of Maryland and Baltimore County, and all of the Baltimore County public schools and Baltimore County public libraries. Copies are also distributed to other school districts, individuals, and organizations upon request.

## ***THE REPORTING ENTITY AND ITS SERVICES***

BCPS is the twenty-sixth largest school system in the United States. The school system covers 610 square miles in the north central part of the state and combines urban, suburban, and business regions with vast farmland and waterfront areas. The school system reflects this diversity in its student population of nearly 104,000 students in Grades PreK–12. The students are served by more than 18,000 employees, including more than 8,900 teachers, making BCPS one of the largest employers in the region. More than 24,000 volunteers also support student achievement throughout the school system.

During the 2009-2010 school year, BCPS operated 172 schools, centers, and programs. One hundred five elementary schools served the needs of children in Grades preK–5. Additionally, 27 middle schools served students in Grades 6–8, and 24 high schools served students in Grades 9 – 12. Four special schools served children of various ages with disabilities. Another ten centers and two programs provided services including evening high school, alternative education, home assessments, technical programs, virtual instruction, and services to students confined to their homes or in hospitals.

Guided by the pledge that BCPS is “focused on quality and committed to excellence,” BCPS continues to focus on clear and measurable goals, the first and most important of which is improving achievement for all students. The school system draws strength from, and is committed to, enhancing the quality of its school-community relationships. Therefore, the school system is dedicated to delivering a high-quality, rigorous academic program in the classrooms of every school in an environment that is safe and conducive to learning.

The core academic program is enhanced by magnet, school-to-career, gifted and talented, English for speakers of other languages, and extensive acceleration programs and services. As tools to support the academic program, the school system offers a variety of other services to students and their parents through guidance counselors, nurses, psychologists, and pupil personnel workers.

## ***MAJOR INITIATIVES***

### ***Blueprint for Progress and the Master Plan***

As a public educational system, the vision of BCPS is to produce graduates who have the content knowledge, skills, and attitudes to reach their full potential as responsible, productive citizens. BCPS believes that all students can and will learn and achieve when the necessary conditions for that learning are provided: a rigorous curriculum, highly qualified teachers, and proven strategies for learning. While student success ultimately depends on the individual, it is the relationship between and among teacher, child, and parent that will provide the supportive environment necessary for high achievement. The continuing commitment of the school system in support of this relationship will have a significant effect on ensuring that all students succeed at high levels.

The BCPS *Blueprint for Progress*, which is aligned with the Maryland Bridge to Excellence Act and serves as the framework for the BCPS Master Plan, sets forth a number of performance goals and specific performance indicators for each goal. These goals and indicators are the concrete, measurable statements of the expectations that the school system has for all BCPS students. Taken as a whole, these goals (which include the five Elementary and Secondary Education Act goals) and performance indicators provide an overview of the standards that will be used to measure student achievement and define school system accountability for that achievement. Rather than focus on specific achievement gaps in the strategies, the *Blueprint for Progress* establishes that the school system is accountable for meeting these high standards for *all* students.

### ***For the Year 2009-2010***

During the 2009-2010 school year, BCPS continued to strengthen key academic initiatives, such as: becoming certified in the ISO 9000:2008 Quality Management System, expanding the AVID college preparation program, improving academic performance in targeted elementary schools; restructuring Woodlawn High School, Lansdowne Middle School, and Southwest Academy, and providing additional textbooks and instructional materials to students.

The school system also maintained its commitment to attracting and retaining quality staff by honoring step increases and maintaining benefits and preserving positions that support instruction and essential student services. In the community, the school system entered into a partnership with the Johns Hopkins University Applied Physics Lab, Lockheed Martin, Northrop Grumman, the Johns Hopkins University Career and Technology Center and other stakeholders to build the nation's first virtual learning environment at Chesapeake High School STEM Academy.

As a result of the hard work, focus, and determination of our students, teachers, and administrators, and the support of parents, community, and elected officials, BCPS continues to make steady and significant progress.

The following represent highlights of the most recently reported achievements as excerpted from the Baltimore County Public School Report on Results School Year 2008-2009 (school year 2009-2010 data not yet available):

- Elementary and middle reading and mathematics Maryland School Assessments (MSA) scores have risen for the past five years.
- At the elementary level, all student subgroups have improved performance on the MSA reading assessment from 2004-2005 to 2008-2009, with the exception of those defined as being English language learners. During this same time in mathematics, all student subgroups have improved performance on the MSA from 2004-2005 to 2008-2009, with the exception of students with disabilities and students who are English language learners.
- At the middle school level, all student subgroups have improved performance on the MSA reading and mathematics assessment from 2004-2005 to 2008-2009.
- The percentage of students passing the Algebra/Data Analysis High School Assessment (HSA) by the end of Grade 9 increased by 11.7 percentage points from 53% in 2004-2005 to 64.7% in 2008-2009. All student groups showed improvement in their performance.

- Advanced Placement (AP) participation has continued to increase from 10.2% in 2004-2005 to 14.2% in 2008-2009. During this period of increase in participation, pass rates have remained above the global pass rate of 60.0%. The system wide pass rate for 2008-2009 was 68.5%, slightly below the BCPS pass rate goal of 70.0%.
- The rate of student participation in the SAT has increased by 6 percentage points since 2004-2005. For the class of 2009, 62.5% of Baltimore County Public Schools high schools met or exceeded the national SAT participation rate, as compared with 56.5% for the class of 2005.
- The percentage of highly qualified teachers increased from 87% in 2004-2005 to 96.4% in 2008-2009. The percentage of highly qualified paraprofessionals has increased from 80.5% in 2004-2005 to 96.0% in 2008-2009, the highest percentage in five years. The percentage of highly qualified middle school mathematics teachers rose from 79.4% in 2004-2005 to 98.9% in 2008-2009, the highest rate in five years. The percentage of newly-hired highly qualified teachers in Title I schools was 100% in 2008-2009.
- In 2008-2009, all schools increased the number of student, parent/guardian, and teacher conferences.
- In 2008-2009, BCPS continued to effectively use resources and efficiently deliver business services by achieving a rate of 96.7% of school buses arriving on time, which exceeded the BCPS standard of 90.0%. The employee attendance rate for 2008-2009 was 95.6%. In addition, 99.9% of schools were operational during the 2007-2008 school year, exceeding the BCPS standard of 91.9%. The BCPS standard of providing one computer per five students was exceeded in 2008-2009, with a student to computer ratio of 3.1 to 1. The Wide Area Network (WAN), Enterprise Systems (ES), and telephone system operated effectively 99.9% of the time in 2008-2009, exceeding the BCPS standard of 98.0%. Finally, 99.9% of customer service issues were resolved within 48 hours.

Sustained progress is made possible because of a system-wide focus on student achievement as outlined in the BCPS Blueprint for Progress, which establishes clear standards and expectations for the delivery of quality instruction and support services, and continuous improvement for BCPS. As a results-oriented and ISO-certified organization, BCPS aligns every activity and function of the school system with efforts to improve student achievement. The citizens of Baltimore County expect nothing less than a quality education for *all* children.

### ***Capital Facilities***

BCPS delivers educational programs, student and family support services, and administrative functions from nearly 200 facilities. The average original construction age of all BCPS schools is 47 years old. The school system began a focused maintenance and systemic school renovation program in 1998 to address deficiencies identified among the aging buildings. To date, renovation work at 97 elementary schools and 4 special schools has been completed. Systemic or limited renovations at 21 middle schools are complete, with an additional 5 middle schools under renovation and projected to be substantially complete prior to the 2010-2011 school year. The implementation of the Limited Renovation Program for BCPS high schools continues in 2010 with Catonsville and Parkville High Schools and Milford Mill Academy. Each high school will be

evaluated for systemic improvements and program enhancements to bring the facilities to current educational standards.

More than 300 construction and building projects, including major renovations and modernizations at various elementary, middle, and high schools, were underway during fiscal year 2010. In addition to renovations to school roofing, windows, plumbing, electrical, ventilation, heating, and cooling systems, the work also consists of improvements to cafeterias, media centers, health suites, computer systems, security systems, and various other areas. Capital improvements enhancing the instructional program include renovations of science, mathematics, and art instructional areas.

In addition, the new West Towson Elementary School opened for students to relieve overcrowding in Towson area elementary schools in August 2010. Other prominent projects underway during the year included three new high school facilities to replace existing aging structures: beginning construction at George Washington Carver Center for Arts and Technology; planning for Dundalk High School and Sollers Point Technical High School; and planning for an addition/renovation at Hampton Elementary School.

### ***For the Future***

BCPS' *Blueprint for Progress* and Master Plan will continue to serve as the foundation and guide as the school system continues to advance academic achievement by equitably linking resources to students' needs. The results will be accelerated student achievement, the elimination of all student performance gaps, and graduates who meet high standards and graduate with the knowledge, skills, and attitudes to reach their potential in our multicultural society and global economy.

### ***A Sample of System, Staff, and Student Achievements***

- *Newsweek* magazine has recognized 12 Baltimore County high schools – half of all county high schools – in its list of “Top High Schools” for 2010. The list, compiled with *The Washington Post*, identifies more than 1,600 schools, approximately the top 6% of high schools in the nation. Baltimore County schools on the list are: Catonsville, Dulaney, Eastern Technical, Franklin, Hereford, Loch Raven, Perry Hall, Pikesville, Owings Mills, Towson, Western School of Technology, and the George Washington Carver Center for Arts and Technology.
- Based on a study conducted by the Editorial Projects in Education Research Center, *Education Week* identifies BCPS as having the sixth highest graduation rate among the nation's largest school districts.
- *U.S. News & World Report* magazine recognized Eastern Technical High School in Essex as among the top high schools in the nation.
- BCPS was recognized by the NAMM Foundation as one of the “Best 100 Communities for Music Education in America” in 2010. The school system also achieved this designation in 2004, 2006, 2007, 2008, and 2009.

- BCPS was recognized in 2009 by *EducationWeek*, the International Society for Technology in Education, National Public Radio, and others for the development of a groundbreaking partnership among Lockheed Martin, Northrop Grumman, The Johns Hopkins University, area software developers, and others, and launched a first-of-its-kind virtual learning environment as a result of the partnership.
- BCPS received the Meritorious Budget Award from the Association of School Business Officials International for the fifth year in a row. The BCPS Department of Fiscal Services received the award for the preparation and issuance of the fiscal year 2009 school system budget book.
- For the second year in a row, a BCPS teacher was one of only two in Maryland to receive the prestigious Presidential Award for Excellence in Mathematics and Science Teaching. Kimberly Burton-Regulski, a mathematics teacher at Eastern Technical High School, received the 2009 honor in June. A year ago, Sharon Brown, a special education teacher at Oliver Beach Elementary School, received the 2008 Presidential Award. The accolade is the highest recognition that a kindergarten through grade 12 mathematics or science teacher may receive for outstanding teaching in the United States.
- The percentage of core subject teachers considered "highly qualified" (having a bachelor's degree, full state certification, and showing how they know each subject they teach) grew from about 60% in 2000 to 96.9% in 2009. Both the federal No Child Left Behind Act and the county's Blueprint for Progress set as a goal that all students are taught by highly qualified teachers in core academic subjects.
- In 2009, Seventh District Elementary School became the eleventh BCPS school to be named a National No Child Left Behind Blue Ribbon School. In addition, Eastern Technical High School became the only high school to be twice named a Maryland Blue Ribbon School of Excellence.
- George Washington Carver Center for Arts and Technology and Patapsco High School and Center for the Arts were two of only five schools nationally designated as The Kennedy Center for the Performing Arts National Schools of Distinction in Arts Education for 2009 - the first time ever that two schools from one school district have been honored with The Kennedy Center award in the same year. Along with Carver and Patapsco, Sandy Plains Elementary School also was one of five schools statewide to be named Maryland School of Excellence Award winners.
- Five BCPS students were recognized as candidates for becoming 2010 Presidential Scholars based on the quality of their academic and artistic achievements, personal characteristics, leadership and service activities.
- Four BCPS students and recent graduates were among 143 students nationally named as finalists in the youngARTS (Arts Recognition and Talent Search) program, coordinated by the National Foundation for Advancement in the Arts. The youngARTS program recognizes high

school students, chosen from a pool of more than 4,000 applicants, as being among the best in the nation in nine artistic fields, including dance, music, photography, theater, visual arts, voice, and writing.

- The BCPS Department of Physical Facilities earned a National Mentorship Award from the U.S. Environmental Protection Agency's Indoor Air Quality Tools for Schools program. In January, the EPA recognized BCPS with this special award for its work assisting school districts throughout the nation with improving their own indoor air quality.
- Eight of Maryland's 14 Scholastic Art and Writing National Award winners were BCPS students. Their work was among 165,000 works of art and writing from students from across the nation. Selections from awards program are published in the *National Catalog*, *Best Teen Writing*, and *Spark*, an anthology of work by middle school students, which are distributed to schools and libraries nationwide.
- The Johns Hopkins University School of Education presented its prestigious 2010 School of Education Partnership award to BCPS Superintendent Dr. Joe A. Hairston as it recognized a beneficial 15-year relationship between the School of Education and the 104,000 student BCPS system.
- BCPS graduates of the school system's Achievement Via Individual Determination (AVID) program earned more than \$9 million in scholarship awards in 2010, more than three times the amount awarded to AVID graduates last year. AVID is an international program that accelerates the academic progress of students in the "academic middle" and prepares these students for college. AVID students from each of three schools - New Town, Randallstown, and Woodlawn high schools have won more than \$1 million.
- 2010 BCPS high school graduates received a total of \$86,366,905 in scholarships. In addition, 45 students were National Merit Finalists and 77 students were Maryland Distinguished Finalists.

### ***Awards***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to BCPS for its CAFR for the fiscal year ended June 30, 2009. This was the fourteenth consecutive year that the board has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to BCPS for its CAFR for the fiscal year ended June 30, 2009.

The Certificate of Excellence in Financial Reporting is the highest form of recognition in school system financial reporting issued by ASBO International. This is the twelfth consecutive year that BCPS has received this award. We believe that our current CAFR continues to meet the Certificate of Excellence program requirements and are submitting it to ASBO for consideration.

### ***ECONOMIC CONDITION AND OUTLOOK***

The county is the largest jurisdiction in a metropolitan area with a population in excess of 2.6 million. With 610 square miles, the county has the third largest land area of any political subdivision in the State of Maryland. The county's overall population grew 14% from 692,134 in 1990 to 789,618 in 2009. Today, the county has the third highest population in the State of Maryland and the second highest number of jobs.

Healthcare and education, the sectors that consistently report job stability and growth despite economic downturns, are well represented in Baltimore County by five regional medical centers and five major colleges and universities. BD Diagnostic Systems shares a zip code with one of the largest concentrations of computer game developers on the East Coast. Headquarters for the Social Security Administration and Centers for Medicare and Medicaid Services and a corps of IT contractors from the Woodlawn Federal Center form the epicenter of national health care reform implementation. Major operations of T. Rowe Price, Toyota Financial Services, Euler Hermes, Zurich America, Baltimore Life, and Bank of America form a powerful finance-insurance community. Manufacturing holds its place with General Motors, McCormick, Stanley Black & Decker, AAI, Severstal Sparrows Point, and Procter & Gamble.

### ***New Business and Real Estate Activity***

From January 2010 through June 2010, the county worked directly with more than 100 business prospects resulting in the relocation of new companies and expansion of existing businesses. Several companies have moved or begun moving to Baltimore County, including Zynga's online gaming east coast headquarters, State Auto Insurance's eastern regional office, Zurich American Insurance Company, and Social Solutions, Inc.

Significant real estate activity in the county includes:

- Saft America Inc., the U.S. leader in lithium ion batteries research and development has leased an additional 20,000 square feet to deliver high power lithium batteries to Boeing for on-board satellite use. The company added 40 new jobs to the county, bringing their total employee count to 175.
- Firaxis Games, a digital media gaming company has moved into their new corporate headquarters in the Loveton Circle complex in Sparks. The redeveloped 31,000 square foot game development center facility employs 70.
- Carroll Fuels Service, an independent full service fuels dealer, has purchased a new 40,000 square foot corporate headquarters in Hunt Valley. Carroll employs 75.



- Gill Simpson, an electrical construction services firm is building their new corporate headquarters on Red Run Boulevard in Owings Mills. The new 40,000 square foot Class A facility is the first of three multi-story offices to be developed in the new site. Gill Simpson will employ 80 within the next two years.
- Minis of Owings Mills recently opened the world's second largest Mini dealership on Reisterstown Road. The auto sales and service dealership employs 40 in the new facility.
- General Motors (GM) Powertrain is expanding its current manufacturing operations in White Marsh to include capacity for developing and manufacturing global rear-drive electric motors. GM plans to invest over \$200 million in the project and will hire an additional 189 employees. In addition to the U.S. Department of Energy, funding from Baltimore County and the State of Maryland assisted in this expansion.
- Corporate Office Properties Trust (COPT), a publicly-traded real estate investment trust, acquired the commercial/office portfolio of Nottingham Properties. Nottingham Ridge, an 89-acre site with excellent visibility from I-95, is COPT's premier county site. COPT plans to develop the site as a planned unit development (PUD) consisting of 1250 residential units in multi-family/mixed-use buildings, 1,290,000 square feet of general office space, 311,000 square feet of retail, 500 hotel rooms in multiple buildings, 82,500 square feet of restaurant space, and 10,000 square feet of conference space. The PUD concept plan has been approved by the planning board, and the project is currently in the county's development review process. The project is planned in three phases, and the market will determine the construction timeline.
- Federal Express has moved to a new \$20 million, 125,000 square-foot facility in Halethorpe to support its Fed Ex Ground and Fed Ex Home Delivery business units. The facility has a total of 85 employees, 48 of which represent new jobs.
- In May, the long vacant Investment Building in Towson was purchased by Caves Valley Partners, and the building will be completely renovated, repositioned, and renamed as *Towson City Center*. The \$27 million project will result in 150,000 square feet of leasable commercial space, and expected tenants include MileOne and Caves Valley Partners occupying about 30% of the space, a high-end steak house restaurant, a fast casual restaurant, and ancillary retail. Major building construction should be completed by winter 2011.

### ***Capital Improvements***

The availability of convenient access and public infrastructure is critical to business location decisions. The county and state have moved forward aggressively to construct several road projects to enable key development opportunities. One such project, Baltimore Crossroads@95 ("Crossroads"), is one of the largest development-ready land opportunities between Philadelphia and Richmond along I-95. Crossroads, which consultants' project holds the potential for 10,000 new jobs, has seen significant speculative and tenanted construction of office, flex, and industrial buildings. Of the 1.6 million square feet proposed for the business park, 1.1 million square feet has

been constructed, housing 1,250 employees and 30 businesses. Recent openings include: Mid-Atlantic Port Services, Social Solutions, and CDS Logistics.

The Maryland Transportation Authority (MDTA) is constructing two additional lanes on the most congested 10-mile portion of I-95 north of Baltimore City to White Marsh in Baltimore County. These two lanes will be express toll lanes and will facilitate both regional commuting and interstate commercial and personal travel.

In response to an earlier feasibility study jointly funded by Baltimore County and the State of Maryland, the State Highway Administration initiated a formal project planning study for the I-795/Dolfield Boulevard area, including a potential interchange at the Pleasant Hill Road/Dolfield Boulevard overpass, to provide improved access to the major employment corridor along Red Run Boulevard on the west side of I-795.

In May 2010, the new \$8 million Dolfield Boulevard Bridge over Red Run was opened to traffic. This bridge provides a key east-west connection between the Red Run Boulevard employment corridor and the residential growth area in Owings Mills' New Town, an important piece of transportation infrastructure supporting the Owings Mills growth area.

### ***Commercial Revitalization***

From January 2010 to July 2010, the Commercial Revitalization Program assisted 20 development projects. The county provided \$705,000 in financing and four Commercial Revitalization Property Tax Credits, which leveraged over \$103,000,000 in investment in the districts. These projects affected over 529,000 square feet of space and impacted approximately 450 jobs.

Several major projects in the Towson Revitalization District have advanced, including the opening of the 110,000 square-foot luxury wing of the General Growth Properties-owned Towson Town Center; leasing of two major residential projects: The Quarter with 430 rental units and Towson Promenade with 379 rental units; beginning of construction on the Palisades, another residential project with 355 rental units; and a final development plan approval of Towson Circle III, an entertainment destination mixed use project consisting of a 2,250-seat theater complex, 120,000 square feet of retail, restaurant, and office space, and a 700 space public parking garage.

### ***Base Realignment and Closure (BRAC)***

The BRAC is the congressionally authorized process the U.S. Department of Defense uses to reorganize its base structure to better support today's military. As a result of the BRAC, Fort Meade, located southwest of the county, and Aberdeen Proving Ground, 20 minutes to the northeast, are scheduled to receive thousands of federal research and development, information technology, homeland security, and communications jobs. The potential exists for an estimated two additional private contractor jobs for every transferred job. Estimates place the number of new BRAC-related jobs for the Baltimore metropolitan area at 35,000 by 2011. The Maryland Department of Planning estimates that the county will see 3,900 new direct, indirect, and induced jobs from BRAC, and more than 3,600 new households by 2015.

### ***Industrial Redevelopment***

The Sparrows Point peninsula includes an estimated 2,200 acres of land with deep water, heavy rail and interstate access. In May 2008, OAO Severstal (“Severstal”) became the largest property owner when it purchased the former Arcelor-Mittal steel facility for \$810 million.

Severstal, one of Russia’s largest steel producers, became the mill’s fourth owner in four years. This transaction is a result of the U.S. Justice Department’s order to Arcelor Mittal to sell its Sparrows Point mill to preserve competition in the tin-plated steel market. Severstal continues to employ 2,300 at the East Coast’s largest fully-integrated steel mill, despite global competition. As a result of declining product demand, in June 2010, the company announced a 30-day layoff of 600 workers at its Sparrows Point plant as certain operations are idled. The Sparrows Point plant has benefited from more than \$700 million in capital investments and \$500 million in environmental upgrades over the past decade.

### ***Technology Locations***

Baltimore County and the University of Maryland Baltimore County (UMBC) jointly developed a 71-acre research and technology park, bwtech@UMBC, adjacent to the university campus. The facility offers companies a setting for research and development in such fields as photonics, biotechnology, and computer software development. The five building complex is complete and includes government, science, technology, software, cyber security, healthcare communications and technology, and engineering/design tenants, as well as UMBC’s Alex Brown Center for Entrepreneurship.

Also, The Maryland Clean Energy Center Technology Incubator Network opened its first site at bwtech@UMBC. The program provides affordable space and assistance with business plans, marketing, and management of intellectual property for start-up companies that are focused on a clean or renewable energy product, service or technology.

The UMBC Incubator and Accelerator, less than one mile from bwtech@UMBC, is a successful technology incubator. Opened in late 1998, twenty bioscience, information technology, and related research companies are now located in the former Lockheed Martin laboratory complex.

### ***Enterprise Zones***

An enterprise zone is a tool the State of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The county has two enterprise zones, the North Point zone, located along the industrial North Point corridor in southeast Baltimore County, and the Southwest zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor. Together, these two areas contain over 5,000 acres of industrially-zoned land, and over 350 businesses. Since the approval of the first zone in December 1995, 120 businesses in the two enterprise zones have committed to investing over \$249 million in real property improvements and \$219 million in machinery and equipment. In addition, 2,700 new jobs have been created. The

Halethorpe-Arbutus area in the Southwest enterprise zone has seen particularly dramatic growth, with almost 600 new jobs in a four-year period.

The program's primary benefits to businesses that locate in the enterprise zone are property tax credits over a ten-year period and income tax credits for each new full-time job created.

### ***Tourism***

Visitor spending in the county accounted for more than \$1.98 billion, generated more than \$15 million in direct taxes, and accounted for nearly 20,000 jobs in 2008 according to research by Global Insight. On July 1, 2008, the Baltimore County Conference and Visitors Bureau transitioned from an independent non-profit organization to a program within the Department of Economic Development. The primary goals of the initiative are to add to the county's revenue through additional hotel and amusement and admissions taxes; grow the sector's economic impact by strengthening businesses in the industry; and enhance the quality of life for Baltimore County residents.

### ***Economic Development Financing Assistance***

In FY2010, Baltimore County provided financial assistance to 38 companies for various projects with significant economic benefit for the county. In each of these projects, the county has leveraged its investment with additional financial assistance provided by public or private resources. Together, these 38 projects are expected to result in over \$37 million in new investment, creating more than 549 new jobs and retaining 232 existing jobs.

## ***FINANCIAL INFORMATION***

### ***Budgeting and Accounting Controls***

The board prepares an annual budget for both the general and special revenue funds. These budgets are submitted to the county government for approval 120 days prior to the end of the current fiscal year. The Baltimore County Council adopts the budget by June 1 each year. The general fund budget is adopted by categories (e.g., administration, instructional salaries, special education) prescribed in Maryland state law. Transfers between categories during the year also require Baltimore County Council approval. The special revenue fund budget is adopted at the fund level.

BCPS maintains a system of budgeting and accounting controls designed to assist management in meeting its responsibilities for reporting reliable financial information. The system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed and recorded with management's authorization. Internal control systems are subject to inherent limitations with regard to the necessity of balancing costs against the benefits produced. Management believes that the existing system of budgeting and accounting controls provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. During the year, interim financial reports are available to the board and school system administrators. Account managers are

responsible for assuring that planned expenditures are within remaining appropriation balances delineated by category, object of expenditure, and in some cases, by location.

## ***OTHER INFORMATION***

### ***Independent Audit***

The financial statements for fiscal year 2010 have been audited by Clifton Gunderson LLP in accordance with Section 5-109 of the public school laws of Maryland. The independent auditor's report is included in the financial section of this report.

### ***General Information***

The statistical section of this report provides the reader with supplemental information, including government wide and governmental funds expenditures and revenues on a multiyear basis. Enrollment tables and miscellaneous statistics are also included in this section.

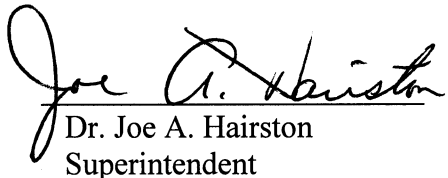
### ***Acknowledgments***

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Fiscal Services, the Office of Internal Audit, and Clifton Gunderson LLP. BCPS would like to express appreciation to all other departments and individuals who assisted in the timely closing of the BCPS financial records and the preparation of this report.

### ***Conclusion***

This report has been prepared to provide financial information for fiscal year 2010, which ended June 30, 2010, in a manner consistent with the goals and objectives of the Board of Education of Baltimore County. Should you have any questions about the financial details, needs, or plans for BCPS, please do not hesitate to call or write.

Sincerely,

  
Dr. Joe A. Hairston  
Superintendent

  
Barbara S. Burnopp  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Baltimore County Public Schools  
Maryland

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2009

A Certificate of Achievement for Excellence in Financial  
Reporting is presented by the Government Finance Officers  
Association of the United States and Canada to  
government units and public employee retirement  
systems whose comprehensive annual financial  
reports (CAFRs) achieve the highest  
standards in government accounting  
and financial reporting.



A stylized, handwritten signature in black ink.

President

A stylized, handwritten signature in black ink.

Executive Director



**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**For its Comprehensive Annual Financial Report (CAFR)**

For the Fiscal Year Ended June 30, 2009

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

*Evin Green*

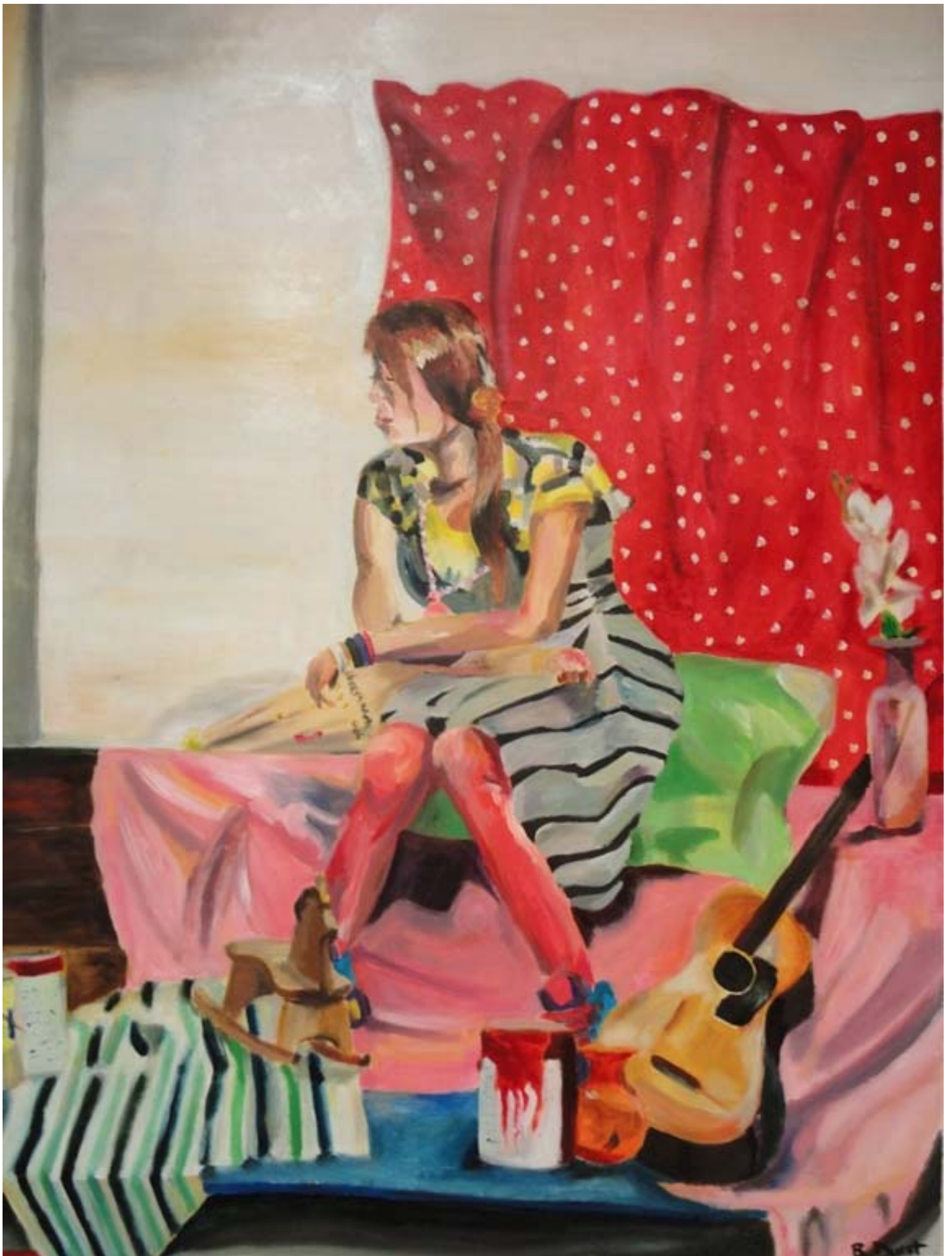
President

*John D. Mueser*

Executive Director

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## **Independent Auditor's Report**

Members of the  
Board of Education of Baltimore County  
Baltimore, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Baltimore County (the Board), a component unit of Baltimore County, Maryland, as of and for the year ended June 30, 2010, and the budgetary comparison for the general fund and special revenue fund for the year ended June 30, 2010, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof, and the respective budgetary comparison for the general fund and special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2010 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedule of funding progress, and schedule of employer contributions are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying supplementary information such as the introductory section, Statement of Changes in Assets and Liabilities – School Activities Agency Fund, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Statement of Changes in Assets and Liabilities – School Activities Agency Fund has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Clifton Gunderson LLP*

Baltimore, Maryland  
September 29, 2010

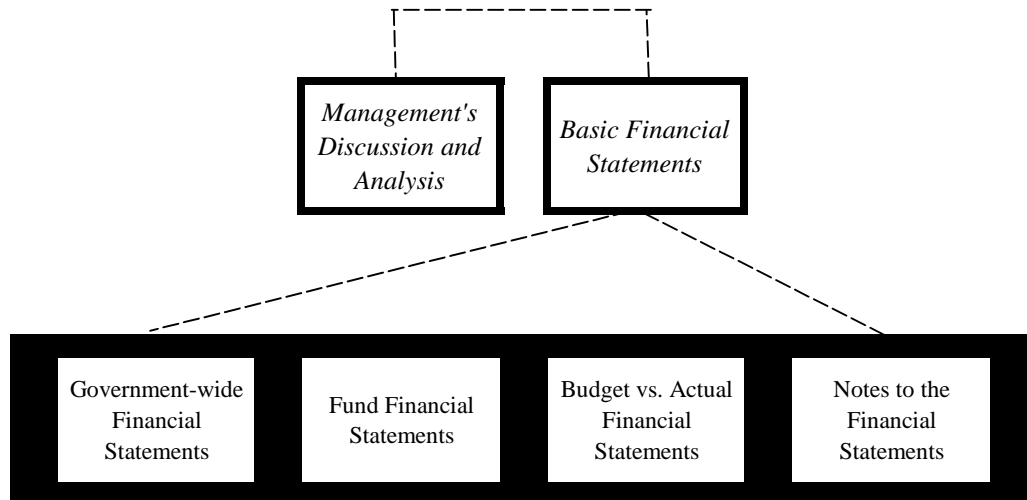
## **Board of Education of Baltimore County Management's Discussion and Analysis**

As management of the Baltimore County Public Schools, we offer the readers of the Board of Education of Baltimore County's (the board) financial statements this narrative overview and analysis of the financial activities of the board for the fiscal year ended June 30, 2010. The Management's Discussion and Analysis, financial statements, and related notes are the responsibility of management. We encourage readers to consider the information presented here in conjunction with the board's basic financial statements which follow.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the board's basic financial statements. The board's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) budget versus actual financial statements, and 4) notes to the financial statements.

#### **Required Components of the Board's Annual Financial Report**



## BASIC FINANCIAL STATEMENTS

The basic financial statements include three kinds of financial statements that present different views of the board – the *Government-wide Financial Statements* (pages 40 and 41), the *Fund Financial Statements* (pages 42, 44, and 48-51), and the *Budget to Actual Financial Statements* (pages 46 and 47). These financial statements also include the *Notes to the Basic Financial Statements* (pages 52-77) that explain some of the information in the financial statements and provide more detail.

### *Government-wide Financial Statements*

The board's *Government-wide Financial Statements* provide a broad view of the board's operations in a manner similar to a private sector business enterprise. The statements provide both short-term and long-term information about the board's financial position, which assists in assessing the board's economic condition at year end. They are prepared using the economic resources focus and full accrual basis of accounting. These are methods similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if the cash has not been received. The Government-wide Financial Statements include two statements:

The *Statement of Net Assets* presents all of the board's assets and liabilities, with the difference between the two reported as "net assets." The statement combines and consolidates all of the board's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation) and liabilities, distinguishing between governmental and business-type activities. The end result is net assets segregated into three components: invested in capital assets net of related debt, restricted, and unrestricted net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the board is improving or deteriorating.

The *Statement of Activities* presents information showing how the board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as earned, but unused, vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the board. The majority of the board's revenue is general revenue, grants and contributions from other governments.

Both of the above statements include separate sections to distinguish between those functions that are supported primarily by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant part of their costs through fees and charges (*business-type activities*).

The governmental activities of the board include Administration, Mid-level Administration, Instruction, Special Education, Student Personnel Services, Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Community Services, and Capital Administration. These activities are mostly supported by county and state appropriations mandated in accordance with state law, and state and federal grants.

The board's only business-type activity is the food service operation, which serves lunch in all Baltimore County Public Schools, and serves breakfast programs at many schools. The food service operation is primarily supported by charges for meals, donated federal food commodities, and reimbursements in accordance with government food programs.

The government-wide financial statements can be found immediately following *Management's Discussion and Analysis*.

### ***Fund Financial Statements***

The fund financial statements focus on major funds and on individual parts of the board's operations. All of the funds of the board can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds, each of which use different accounting approaches and should be interpreted differently. The three categories are as follows:

*Governmental Funds Financial Statements* – Most of the basic services provided by the board are accounted for in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on balances of spendable resources at the end of the fiscal year. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in reconciliations found on pages 43 and 45.

The basic governmental fund financial statements can be found on pages 42 and 44 of this report.



*Proprietary Fund Financial Statements* – Proprietary funds are used to show activities that operate more like those of commercial enterprises. These type funds charge fees for services that are provided to outside customers. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting and the economic resources measurement focus. Therefore, no reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The board has one proprietary fund, the Food Service Fund, which is considered a major fund for presentation purposes. The Food Service Fund operates all the school cafeterias and provides breakfast and lunch to students and staff.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements on pages 48-50 of this report.

*Fiduciary Fund Financial Statements* – The fiduciary funds are used to account for resources held for the benefit of parties outside the board. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the board's own programs. Accordingly, there is no analysis of the board's fiduciary funds included in this Management's Discussion and Analysis. The accounting used for fiduciary funds is much like that used for proprietary funds – the accrual basis of accounting.

The board's only fiduciary fund is the School Activities Fund. The school activities funds are primarily raised by students for their benefit, and are held in trust by the board.

The basic fiduciary fund financial statement, the Statement of Fiduciary Net Assets, can be found immediately following the proprietary fund financial statements on page 51 of this report.

### ***Budget and Actual Financial Statements***

A Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual is presented for the General Fund and Special Revenue Fund – both of which have legally adopted annual budgets. These statements show both original and final adopted budgets, along with actual revenues and expenditures compared to the final budget. In these statements, open encumbrances are treated as expenditures. The Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual can be found immediately following the basic governmental fund financial statements on pages 46 and 47.

## **FINANCIAL HIGHLIGHTS AND ANALYSIS**

### **GOVERNMENT-WIDE HIGHLIGHTS**

The board is a component unit of Baltimore County, Maryland, and is fiscally dependent on the Baltimore County Government and State of Maryland to appropriate funding for the board. The board receives 51% of its governmental activities funding from the county, and 42% from the state. Additionally, the board receives federal entitlement grants and competitive grants from the state and federal governments. Essentially all of the Board's funding for governmental activities is derived from these sources. The board has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the board is directly related to the financial condition of the funding authorities – the county and state. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the county government in a subsequent fiscal year before they can be spent. Key financial highlights are as follows:

- The board's net assets at the end of the fiscal year total \$1.2 billion, of which \$1.17 billion is invested in capital assets, net of related debt.
- Governmental Activities net assets increased \$58 million during the year. The increase is primarily attributable to capital construction projects (\$55 million) funded by the county and state governments. The county government issues debt to finance school construction, however, it is debt of the county government, and therefore is not reported in the board's financial statements. The increase in capital assets was offset by a reduction of the net OPEB asset of \$6 million.
- Governmental activities general revenues account for \$1.2 billion, 82% of governmental activities revenues and 80% of total government-wide revenues. Governmental activities program revenues in the form of charges for services, operating and capital grants, accounted for \$270 million or 18% of all governmental activities revenues.
- Business-type activity net assets (\$18 million as of the end of the fiscal year) increased \$4.9 million during the year. This is primarily a result of a transfer of \$3.9 million of capital assets from governmental activities. The transfer consisted primarily of capital improvements to the food service warehouse that was funded through a capital project.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### *Net Assets*

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. In the case of the board, assets exceeded liabilities by \$1.2 billion at the close of the most recent fiscal year.

The most significant portion of the board's net assets (96%) reflects its investment in capital assets (land, buildings, vehicles, and equipment), net of related debt. The board uses these assets in providing an education to the students of Baltimore County. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the board are returned to the county government, since the county is the primary funding source for school construction. Because the board has no authority to issue bonded debt, the only debt outstanding related to capital assets are capital leases for the purchase of vehicles (primarily school buses) and certain other equipment. The county and/or state government may issue debt to finance school construction; however, it is not debt of the board, and is not reported in these financial statements. Consequently, school buildings and construction in progress related to school buildings appear in the board's Statement of Net Assets, while any related outstanding debt issued by the county or state government does not.

The schedule below presents the net assets of the board's governmental and business-type activities as of June 30, 2010 and 2009.

#### **The Board of Education of Baltimore County's Net Assets (in thousands)**

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
Current assets	\$ 124,046	\$ 120,630	\$ 7,098	\$ 4,056	\$ 131,144	\$ 124,686
Capital assets	1,172,478	1,103,185	12,667	9,968	1,185,145	1,113,153
Total assets	1,296,524	1,223,815	19,765	14,024	1,316,289	1,237,839
Current liabilities	61,620	50,278	1,723	877	63,343	51,155
Long-term liabilities	38,698	35,449	217	210	38,915	35,659
Total liabilities	100,318	85,727	1,940	1,087	102,258	86,814
Net assets:						
Invested in capital assets,						
net of related debt	1,153,352	1,086,114	12,667	9,968	1,166,019	1,096,082
Restricted	25,345	29,495	-	-	25,345	29,495
Unrestricted	17,509	22,479	5,158	2,969	22,667	25,448
Total net assets	\$ 1,196,206	\$ 1,138,088	\$ 17,825	\$ 12,937	\$ 1,214,031	\$ 1,151,025

A small portion of the board's net assets (<1%) represents resources that are subject to external restrictions on how they may be used. The governmental activities restricted net assets result from funds restricted for future OPEB requirements (net OPEB asset) and grants where the resources must be used to carry out the intended purpose of the grantor.

### *Change in Net Assets*

The board's net assets, before transfers, increased \$63 million. This is primarily because the board receives intergovernmental capital grants and contributions (revenue) for school construction projects, yet has no corresponding liabilities. Additionally, most of the capital grants and contributions are capitalized as fixed assets. Accordingly, there is little current expense (i.e., depreciation) associated with this revenue. Also, since the board is fiscally dependent on the county, state, and federal governments, expenses closely match revenue, with the exception of timing differences in relation to when an expense is recognized. The funding government(s) appropriate funds to the board, which it spends to accomplish its goal of providing education to the children of Baltimore County. Any unspent funds are returned to the funding authorities and can be re-appropriated in subsequent fiscal years.

The difference between the current year and prior year change in net assets was a decrease of \$28 million. Program expenses for governmental activities increased \$57 million, however the corresponding program revenue increased by only \$36 million due to an increase in capital grants revenue of \$14 million and an increase in operating grants of \$22 million. General revenues from both the county and state fell by \$10 million and \$1.5 million, respectively. General revenues from the federal government grew by \$4 million. During fiscal year 2010, \$109 million of capital grants revenue was received and spent on school construction and renovation projects. This was 15% more than the fiscal year 2009 amount of \$95 million. The board has been undertaking a significant phased school systemic renovation and modernization program over the last few years. The renovations include most of the systems 27 middle schools and 24 high schools. Work has been completed on 21 middle schools and continues on five others. Work has begun on three of the high schools and will continue for several years. Accordingly, expenditures on capital construction projects were \$157 million in fiscal year 2007, \$165, \$94, and \$109 million in fiscal years 2008, 2009, and 2010, respectively. Those expenditures capitalized as assets exceeded current year depreciation expense by more than \$69 million.

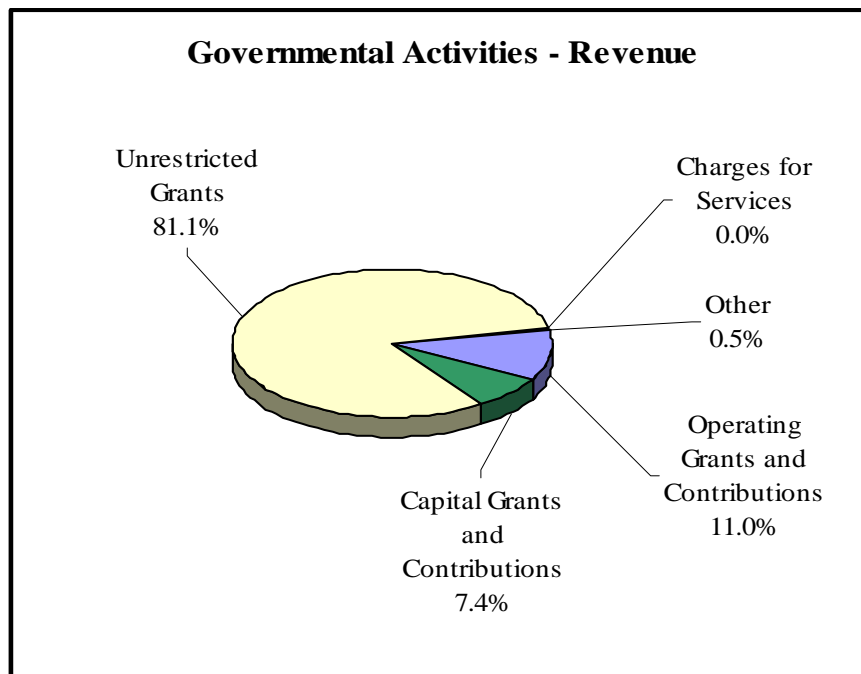
The schedule below shows the change in net assets for the board's governmental and business-type activities for the current and prior years.

**The Board of Education of Baltimore County's  
Changes in Net Assets (in thousands)**

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 528	\$ 851	\$ 15,312	\$ 16,390	\$ 15,840	\$ 17,241
Operating grants and contributions	161,158	138,879	21,851	19,591	183,009	158,470
Capital grants and contributions	108,618	94,468	-	-	108,618	94,468
General revenues:						
Grants and contributions not restricted to certain programs	1,193,006	1,200,894	-	-	1,193,006	1,200,894
Other	6,861	7,358	-	-	6,861	7,358
Total revenues	1,470,171	1,442,450	37,163	35,981	1,507,334	1,478,431
<b>Expenses:</b>						
Administration	57,590	53,564	-	-	57,590	53,564
Mid-level administration	117,522	113,623	-	-	117,522	113,623
Instruction	757,390	721,967	-	-	757,390	721,967
Special education	235,131	220,043	-	-	235,131	220,043
Student personnel services	12,699	12,006	-	-	12,699	12,006
Health services	19,864	18,961	-	-	19,864	18,961
Student transportation	65,518	64,963	-	-	65,518	64,963
Operation of plant	105,785	103,825	-	-	105,785	103,825
Maintenance of plant	34,221	34,561	-	-	34,221	34,561
Community services	40	146	-	-	40	146
Capital administration	2,011	7,326	-	-	2,011	7,326
Interest on long-term debt	341	343	-	-	341	343
Food services	-	-	36,216	36,411	36,216	36,411
Total expenses	1,408,112	1,351,328	36,216	36,411	1,444,328	1,387,739
Increase in net assets before transfers	62,059	91,122	947	(430)	63,006	90,692
Transfers	(3,941)	(1,760)	3,941	1,760	-	-
Change in net assets	58,118	89,362	4,888	1,330	63,006	90,692
Net assets, beginning of year	1,138,088	1,048,726	12,937	11,607	1,151,025	1,060,333
Net assets, end of year	\$ 1,196,206	\$ 1,138,088	\$ 17,825	\$ 12,937	\$ 1,214,031	\$ 1,151,025

### ***Governmental Activities***

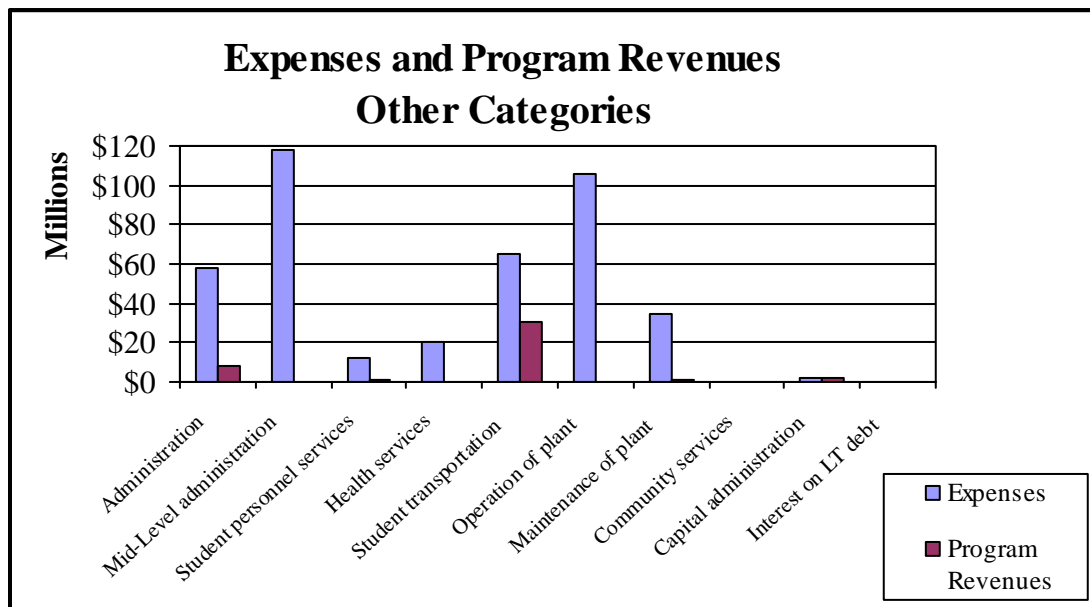
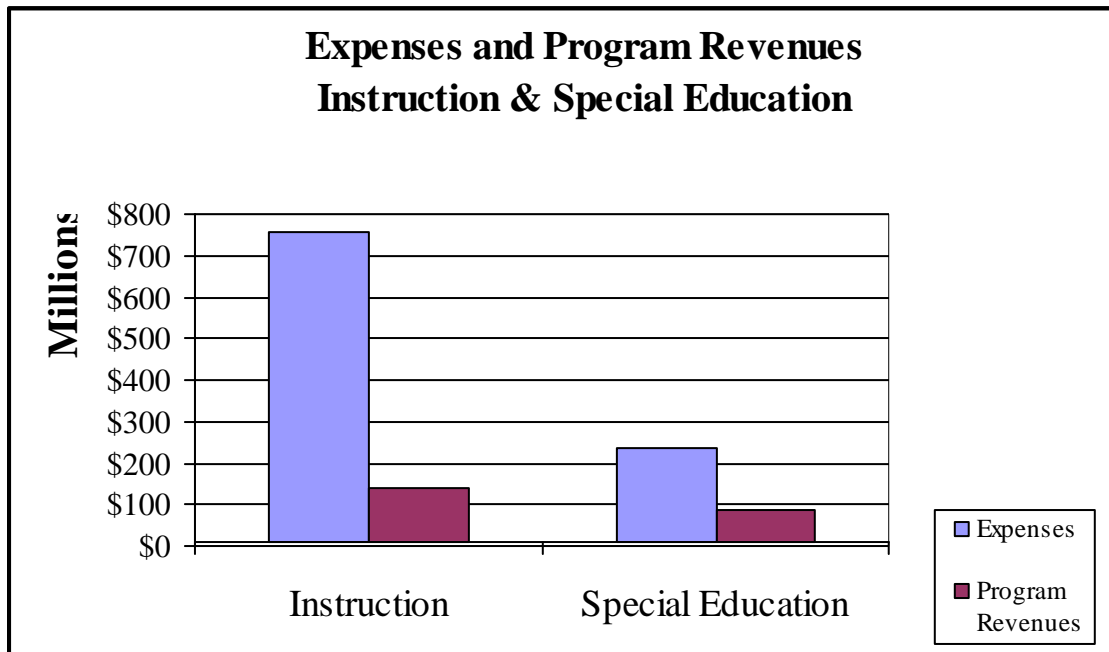
Governmental activities account for 92% of the increase in net assets of the board. General revenues from the county and state decreased by \$12 million during the current year, while general revenue from the federal government grew by \$4 million. Program revenues from the county for capital projects grew by \$23 million, while program revenue from the state for capital projects declined by \$8 million. Program revenue from the federal government grew by \$28 million. Corresponding expenses increased by slightly more than 4% (\$57 million). These changes occur because of the board's funding model previously described in the Government-wide Highlights section. Most of the increase in net assets is because of investment in capital assets through the school construction program. The chart below presents the board's governmental activities revenue for the fiscal year ending June 30, 2010.



Governmental activities revenue increased overall \$28 million from fiscal year 2009 to fiscal year 2010. Although increased county funding was offset by decreases in state funding, increased federal funding of \$28 million from the American Recovery and Reinvestment Act contributed to the overall increase in governmental activities revenue.

The graphs below represent the cost of each of the board's instructional programs, as well as the program revenues (primarily intergovernmental aid) generated by each activity.

### Governmental Activities

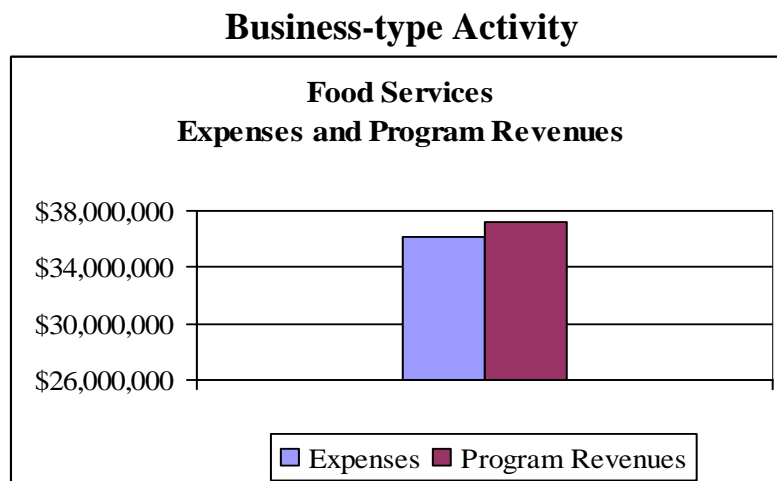


The following shows the cost of the board's major governmental activities programs and the corresponding program and general revenues:

- The cost of all of the board's educational programs was \$1.41 billion.
- Instructional and special education programs account for \$993 million (70%).
- School based and other instructional administration represents \$118 million (8%).
- General administration represents \$58 million (4%).
- Operation and maintenance of plant represents \$140 million (10%).
- Student transportation represents \$66 million (5%).
- Charges for services represent less than 0.1% of total expenses.
- Total program revenues are \$270 million – 19% of total expenses.
- Capital grants and contributions represent \$109 million (40%) of total program revenues.
- Total general revenues are \$1.2 billion – 85% of total expenses.

### ***Business-type Activity***

The board's sole business-type activity is the food service operation that serves meals to students in the schools. Revenues from fiscal year 2009 to fiscal 2010 increased \$1.2 million (3.3%). Federal reimbursement of the free and reduced meal program increased by \$2.3 million due to an increase in eligible students. However this increase was offset by a 10% decrease in the number of paid meals served (294,000 meals) because of a decline in paid eligible students. Additionally, the number of free meals served during fiscal year 2010 under the free and reduced meal program increased 13% (490,000 meals) from fiscal year 2009. Expenses essentially remained flat from 2009 to 2010, decreasing by slightly less than \$200,000 (0.5%), even though the total number of meals served grew slightly (137,000 meals). Holding expense flat was a result of better managing food prices, maintenance and repairs, and labor hours. The net income of \$0.9 million and a contribution of capital assets from the capital projects fund of \$3.9 million for improvements to the food service warehouse resulted in a net increase in net assets of \$4.9 million.





Key indicators of the change in net assets of the business-type activity follow:

- The contributed capital assets from the capital projects fund for improvements to the food warehouse total \$3.9 million.
- Operating expenses total \$36 million, the largest portion being salaries, wages, and benefits of \$19 million and cost of food sold of \$13 million.
- Operating revenues total \$15 million.
- Non-operating revenues, including federal and state reimbursement of food costs and donated federal food commodities total \$22 million.

## **FUND HIGHLIGHTS**

### ***Governmental Funds***

The assets of the board's governmental funds exceeded liabilities at the end of the current fiscal year by \$46 million (*net assets*). Total governmental revenues increased from last fiscal year by \$27 million. This includes \$12 million less from the state, offset by \$12 million more from the county. Although county general fund revenue decreased by \$10 million, this was offset by an increase in county capital funding of \$23 million. State funding fell across all funds – general decreased by \$3 million, special revenue decreased by \$1 million, and capital projects fell by \$8 million. Federal revenue grew significantly due to additional funding of \$28 million under the American Recovery and Reinvestment Act. Other revenue declined slightly by \$1 million due to less investment income.

## **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

### ***Governmental Funds – Fund Balances***

The focus of the board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the board's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$46 million, a decrease of \$1 million. This includes a net deficit unreserved fund balance of (\$99 million). This is attributable to the fund balance reserved for encumbrances of \$126 million of which \$107 million is related to capital projects. The total cost of construction projects is encumbered when the construction contract is awarded. However, revenue is generally recognized as expenditures are incurred. Accordingly, it is typical that the capital projects fund has a deficit unreserved fund balance.

The general fund is the chief operating fund of the board. At the end of the current fiscal year, the unreserved/undesignated fund balance of the general fund was zero while the total fund balance was \$34 million. The total fund balance represents 2.7% of total fund expenditures. These are typically useful as a measure of the general fund's liquidity. However, it is important to note that the board is fiscally dependent on grants and

appropriations from the county, state, and federal governments for its operating resources, as the board has no authority to levy taxes or issue bonded debt.

During the fiscal year, the fund balance of the board's general fund decreased by \$5.9 million. Any change in the board's fund balance is a result of timing of expenditures. This is because the board's revenues and expenditures are fixed depending upon funding adopted by the county and state governments.

The fund balance of the special revenue fund increased by \$4.6 million during the current fiscal year due to Medicaid reimbursement revenue exceeding expenditures.

The capital projects fund deficit fund balance of (\$267) is a result of an accrual for estimated pollution remediation expenses. These expenses will be offset by corresponding revenue in subsequent years as the remediation is complete and funding is received.

### ***Proprietary Fund***

The board's proprietary fund (Food Services Fund) provides the same type of information found in the government-wide financial statements, but in more detail.

During the current fiscal year the net assets of the Food Services Fund increased by \$4.9 million. Operating revenues increased by \$1.0 million due to an increase in the number of free meals served. Federal reimbursement of food service costs increased by \$2.2 million. Almost all categories of operating expenses remained relatively flat. In addition to the net income of approximately \$1 million, net assets increased due to transfers totaling \$3.9 million from the Capital Projects Fund related to capital assets provided to the Food Services Fund.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The final General Fund budget was \$1.2 million (0.1%) greater than the original adopted budget due to a supplemental appropriation for additional state funding under the state Aging Schools Program, which provides funding for repairs and improvements to aging school facilities. Additionally, during the year, transfers of appropriations were made between categories. Excess funds were transferred from the Administration, Mid-level Administration, Instructional Salaries, Other Instructional Costs, Student Personnel Services, Student Transportation, and Operation of Plant categories, to the Instructional Textbooks and Supplies, Special Education, and Maintenance of Plant categories due to increased costs for special education services, lower salary turnover in Maintenance, and a change in categorization of equipment costs by the state.

Actual revenues were only \$0.8 million (0.07%) less than budgeted revenues. This is attributed primarily to the fact that the board is fiscally dependent on the county and state governments for its funding, and the funding is adopted through the budget process prior to the start of the fiscal year. Once adopted, these appropriated amounts from the county and state rarely change. Although federal revenues were greater than budgeted from the ROTC

program, this was offset by less than anticipated state grant revenue, and significantly less than budgeted interest income.

Actual expenditures during fiscal year 2010 grew by \$27 million over fiscal year 2009; most of this increase is attributable to salaries (\$20.4 million) and related fringe benefit costs for FICA, retirement, and healthcare. Additionally, expenditures increased for additional textbooks (\$2 million), and the start up costs of a new elementary school.

Actual expenditures were \$6 million (0.5%) less than the adopted budget. Most of this was attributed to the cost of salaries which were lower than expected due to turnover, lower than budgeted expenditures for utilities, and lower than budgeted expenditures for special education private placement.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

The board's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$1.17 billion (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress. The board has no infrastructure assets (roads, bridges, streets, etc.)

The following schedule shows the board's governmental and business-type activities capital assets (net of depreciation) by type:

**The Board of Education of Baltimore County's Capital Assets (in thousands)**  
(net of depreciation)

	Governmental Activities		Business-type Activity		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 28,854	\$ 25,578	\$ -	\$ -	\$ 28,854	\$ 25,578
Buildings	809,030	793,333	4,417	693	813,447	794,026
Improvements other than buildings	44,833	45,222	-	-	44,833	45,222
Furniture, fixtures, and equipment	51,532	46,922	8,250	9,275	59,782	56,197
Construction in progress	238,229	192,130	-	-	238,229	192,130
Total	\$ 1,172,478	\$ 1,103,185	\$ 12,667	\$ 9,968	\$ 1,185,145	\$ 1,113,153

The total increase in the board's capital assets during the year was \$72 million. Major capital asset events during the fiscal year ended June 30, 2010, included the following:

- Construction costs of \$15.2 million for the new West Towson Elementary school
- Construction costs of \$6.8 million for replacement of a high school
- Construction costs for school building additions totaled \$2.3 million
- Renovations of several middle and high schools totaled \$22.4 million
- Re-roofing projects totaled \$9 million
- Window replacement projects totaled \$3.8 million
- Improvements to/replacement of transportation facilities of \$3.2 million

At the end of the current year, the board had outstanding contractual commitments on construction projects totaling more than \$107 million. Additional information on the board's capital assets can be found in Note 5 on pages 66-68 of this report.

### ***Debt Administration***

The board has no authority to issue bonded debt. The county or state may issue debt to finance school construction. The outstanding debt for school construction financing is reported in the financial statements of the issuing government, while the corresponding assets are reported in the board's financial statements. During the fiscal year ended June 30, 2010, the total debt service costs paid by the county government to finance public school construction were \$26.9 million.

The only debt carried by the board is in the form of short-term (5 years) capital lease-purchase financing, primarily for school buses and other vehicles. Additional details of the board's debt obligations can be found in Note 8 on pages 71-72 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Maryland state law requires the board to submit its proposed fiscal year budget to the Baltimore County Executive by March 1 of the prior fiscal year. The County Executive then submits a proposed budget to the Baltimore County Council, which must adopt a budget by June 1<sup>st</sup> of the prior fiscal year. Accordingly, the new fiscal year budget is known prior to the end of the current fiscal year.

Maryland state law mandates a certain level of state and county funding for the board based on formulas that include factors such as student enrollment, prior fiscal year per pupil expenditures, and the wealth of the county. The county is required, in compliance with state maintenance of effort calculations, to provide funding at least equal to the current year student enrollment multiplied by the county's local appropriation on a per pupil basis for the prior fiscal year. The county may also provide funding for one-time items that do not impact the maintenance of effort calculation in future years.

The general fund operating budget for the fiscal year July 1, 2010 – June 30, 2011 was adopted by the county council in May 2010. The total general fund operating budget adopted for fiscal year 2011 is \$1.2 billion. The fiscal year 2011 operating budget is 1.1% more than the fiscal year 2010 final budget, an increase of \$13 million. This increase is attributable to the following:

- The adopted budget includes additional state funding of \$10.8 million, an increase of 2.1% over fiscal year 2010 state revenue.
- Funding from the county for FY2011 was reduced by \$7.4 million. The decrease is due to the county providing funding only at the mandatory maintenance of effort

level. In FY2010 the county provided funding beyond maintenance of effort for one time expenditures.

- Federal funding from the *American Recovery and Reinvestment Act* of \$13.2 million in *State Fiscal Stabilization Funds* (an increase of \$4 million) to offset state revenue reductions.
- Additional other revenues of \$4 million attributable to an increase in use of prior year fund balance of \$5.0 million.

The adopted capital projects budget for fiscal year 2011 includes county funding of \$13.7 million and state funding of \$29 million. This total includes funding for the following major projects:

- \$5.3 million for systemic renovations of high schools
- \$17.7 million for the engineering and construction costs for the replacement of three high schools
- \$16.7 million for major maintenance and roof replacements
- \$3 million for completion of a new elementary school

The adopted budget for the special revenue fund decreased \$13.1 million primarily because of reduced federal grant funding under the *American Recovery and Reinvestment Act (ARRA)*. The ARRA funds were approved for two years and most of the ARRA funds were appropriated in FY2010.

The State of Maryland Bridge to Excellence in Public Schools and the Federal No Child Left Behind Acts established certain requirements for public school systems. These requirements include, but are not limited to; highly qualified teachers and paraprofessionals; expanded school choice options for parents; more frequent testing of students to ensure adequate yearly progress; all students must reach proficiency levels on state assessments by 2014; certification and assessment requirements for paraprofessionals; and extensive data tracking and reporting requirements. All of these requirements have significant potential cost impacts associated with them.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Board of Education of Baltimore County's finances for all those with an interest. The report seeks to demonstrate the board's accountability for the funds it receives. Questions concerning any of the information contained in this report, or requests for additional information should be addressed to: Chief Financial Officer, Department of Fiscal Services, Baltimore County Public Schools, 1940G Greenspring Drive, Timonium, Maryland 21093.



EMMA POPP

TOWSON HIGH SCHOOL



**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
**(In Thousands)**

	Governmental Activities	Business-type Activity	Total
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 7,062	\$ 4,921	\$ 11,983
Accounts receivable, net:			
Baltimore County	64,459	-	64,459
State of Maryland	13,595	1,362	14,957
United States Government	14,103	-	14,103
Other	4,728	16	4,744
Inventories:			
Food and Supplies	-	799	799
Other	592	-	592
Prepaid items	1,491	-	1,491
Restricted assets -			
Investments restricted for lease purchases	1,108	-	1,108
Net OPEB asset	16,908	-	16,908
Capital assets (net of accumulated depreciation):			
Land	28,854	-	28,854
Buildings	809,030	4,417	813,447
Improvements other than buildings	44,833	-	44,833
Furniture, fixtures, and equipment	51,532	8,250	59,782
Construction in progress	238,229	-	238,229
<b>Total assets</b>	<b>1,296,524</b>	<b>19,765</b>	<b>1,316,289</b>
<b><u>LIABILITIES</u></b>			
Accounts payable	31,445	430	31,875
Retainage payable	4,615	-	4,615
Accrued salaries and withholdings	19,235	686	19,921
Other liabilities	1,704	-	1,704
Unearned revenue	3,513	607	4,120
Liabilities payable from restricted assets	1,108	-	1,108
Long-term liabilities:			
Due within one year	17,268	184	17,452
Due in more than one year	21,430	33	21,463
<b>Total liabilities</b>	<b>100,318</b>	<b>1,940</b>	<b>102,258</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	1,153,352	12,667	1,166,019
Restricted for OPEB	16,908	-	16,908
Restricted for special education services	8,437	-	8,437
Unrestricted	17,509	5,158	22,667
<b>Total net assets</b>	<b>\$ 1,196,206</b>	<b>\$ 17,825</b>	<b>\$ 1,214,031</b>

**The notes to the basic financial statements are an integral part of this statement**



**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(In Thousands)

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-type Activity</b>
<b>Governmental activities:</b>						
Administration	\$ 57,590	\$ -	\$ 6,618	\$ 1,555	\$ (49,417)	\$ -
Mid-level administration	117,522	-	493	-	(117,029)	-
Instruction	757,390	528	39,414	99,264	(618,184)	-
Special education	235,131	-	87,105	85	(147,941)	-
Student personnel services	12,699	-	932	-	(11,767)	-
Health services	19,864	-	449	-	(19,415)	-
Student transportation	65,518	-	25,030	-	(34,545)	-
Operation of plant	105,785	-	103	-	(105,682)	-
Maintenance of plant	34,221	-	974	-	(33,247)	-
Community services	40	-	40	-	-	-
Capital administration	2,011	-	-	1,771	(240)	-
Interest on long-term debt	341	-	-	-	(341)	-
<b>Total governmental activities</b>	<b>1,408,112</b>	<b>528</b>	<b>161,158</b>	<b>108,618</b>	<b>(1,137,808)</b>	<b>-</b>
<b>Business-type activity:</b>						
Food services	36,216	15,312	21,851	-	-	947
<b>Total</b>	<b>\$ 1,444,328</b>	<b>\$ 15,840</b>	<b>\$ 183,009</b>	<b>\$ 108,618</b>	<b>(1,137,808)</b>	<b>947</b>
<b>General revenues:</b>						
Baltimore County					670,539	-
State of Maryland					517,079	-
United States Government					5,388	-
Other					6,861	-
<b>Transfers</b>					(3,941)	3,941
<b>Total general revenues and transfers</b>					<b>1,195,926</b>	<b>3,941</b>
<b>Change in net assets</b>					<b>58,118</b>	<b>4,888</b>
<b>Net assets, beginning of year</b>					<b>1,138,088</b>	<b>12,937</b>
<b>Net assets, end of year</b>					<b>\$ 1,196,206</b>	<b>\$ 17,825</b>
					<b>\$ 1,214,031</b>	<b>\$ 1,214,031</b>

The notes to the basic financial statements are an integral part of this statement.

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2010**  
**(In Thousands)**

	General	Special Revenue	Capital Projects	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 1,564	\$ 5,498	\$ -	\$ 7,062
Accounts receivable, net:				
Baltimore County	48,178	-	16,281	64,459
State of Maryland	9,157	1,278	3,160	13,595
United States Government	1,081	13,022	-	14,103
Other	4,698	30	-	4,728
Due from Other Funds	2,884	-	-	2,884
Inventories	592	-	-	592
Prepaid items	1,488	3	-	1,491
Investments restricted for lease purchases	1,108	-	-	1,108
<b>Total assets</b>	<b>\$ 70,750</b>	<b>\$ 19,831</b>	<b>\$ 19,441</b>	<b>\$ 110,022</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
Liabilities:				
Accounts payable	\$ 16,830	\$ 2,670	\$ 11,945	\$ 31,445
Retainage payable	3	-	4,612	4,615
Accrued salaries and withholdings	17,084	2,151	-	19,235
Due to other funds	-	-	2,884	2,884
Other liabilities	1,437	-	267	1,704
Unearned revenue	241	3,272	-	3,513
Liabilities payable from restricted assets	1,108	-	-	1,108
<b>Total liabilities</b>	<b>36,703</b>	<b>8,093</b>	<b>19,708</b>	<b>64,504</b>
Fund balances (deficit):				
Reserved for:				
Encumbrances	15,881	3,301	107,022	126,204
Inventories	592	-	-	592
Prepaid items	1,488	-	-	1,488
Unreserved:				
Undesignated (deficit)	-	8,437	(107,289)	(98,852)
Designated for future year expenditures	16,086	-	-	16,086
<b>Total fund balances (deficit)</b>	<b>34,047</b>	<b>11,738</b>	<b>(267)</b>	<b>45,518</b>
<b>Total liabilities and fund balances</b>	<b>\$ 70,750</b>	<b>\$ 19,831</b>	<b>\$ 19,441</b>	<b>\$ 110,022</b>

The notes to the basic financial statements are an integral part of this statement.

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2010**  
**(In Thousands)**

<b>Total fund balances - governmental funds</b> (page 42)	\$	45,518
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. The cost of the assets is \$1,639,088 and the accumulated depreciation is \$466,610.	1,172,478
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Long-term liabilities, including compensated absences (\$19,572) and capital leases (\$19,126), are not due and payable from current resources and, therefore, are not reported as liabilities in the funds.	(38,698)
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Net OPEB asset, prior year balance reduced by \$6,437 to meet FY2010 funding requirement.	16,908
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<b>Total net assets - governmental activities</b> (page 40)	<u>\$</u>	<u>1,196,206</u>
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**The notes to the basic financial statements are an integral part of this statement.**

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(In Thousands)**

	General	Special Revenue	Capital Projects	Total Governmental Funds
<b>Revenues:</b>				
Baltimore County	\$ 670,539	\$ 198	\$ 84,415	\$ 755,152
State of Maryland	585,492	6,497	24,203	616,192
United States Government	5,388	85,940	-	91,328
Other	7,122	110	-	7,232
<b>Total revenues</b>	<b>1,268,541</b>	<b>92,745</b>	<b>108,618</b>	<b>1,469,904</b>
<b>Expenditures:</b>				
Current -				
Administration	36,071	5,433	-	41,504
Mid-level administration	82,122	415	-	82,537
Instruction -				
Instructional salaries	436,347	18,595	-	454,942
Textbooks and supplies	31,652	10,263	-	41,915
Other instructional costs	10,827	5,502	-	16,329
Special education	145,884	30,188	-	176,072
Student personnel services	8,086	697	-	8,783
Health services	13,427	398	-	13,825
Student transportation	52,732	544	-	53,276
Operation of plant	87,850	103	-	87,953
Maintenance of plant	30,055	-	-	30,055
Fixed charges	338,642	15,928	-	354,570
Community services	-	39	-	39
Capital administration	3,209	-	108,572	111,781
Debt service -				
Principal	6,122	-	-	6,122
Interest	341	-	-	341
<b>Total expenditures</b>	<b>1,283,367</b>	<b>88,105</b>	<b>108,572</b>	<b>1,480,044</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(14,826)</b>	<b>4,640</b>	<b>46</b>	<b>(10,140)</b>
<b>Other financing sources:</b>				
Capital lease proceeds	8,177	-	-	8,177
Insurance proceeds	474	-	-	474
Transfer	313	-	(313)	-
<b>Total other financing sources</b>	<b>8,964</b>	<b>-</b>	<b>(313)</b>	<b>8,651</b>
<b>Net change in fund balances</b>	<b>(5,862)</b>	<b>4,640</b>	<b>(267)</b>	<b>(1,489)</b>
<b>Fund balances, beginning of year</b>	<b>39,909</b>	<b>7,098</b>	<b>-</b>	<b>47,007</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 34,047</b>	<b>\$ 11,738</b>	<b>\$ (267)</b>	<b>\$ 45,518</b>

The notes to the basic financial statements are an integral part of this statement.

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(In Thousands)**

<b>Total net change in fund balances - governmental funds</b> (page 44)	\$ (1,489)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report the construction and purchase of capital assets as expenditures.	69,293
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However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital asset additions (\$170,498) adjusted for assets converting from construction-in progress (\$51,854), contributions to the Food Services business type activity of (\$3,941), and other excess accumulated depreciation on disposals (\$92), exceed depreciation expense (\$45,318) in the current period.

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	6,122
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Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount by which vacation leave earned (\$12,269) exceeds vacation leave used (\$11,075) in the current period.	(1,194)
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Capital lease proceeds which provide current financial resources in the governmental funds, are not reported as revenues in the statement of activities.	(8,177)
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Reduction in net OPEB asset of prior year to meet current year funding requirement.	(6,437)
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<b>Change in net assets of governmental activities</b> (page 41)	\$ 58,118
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**The notes to the basic financial statements are an integral part of this statement.**

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**(In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Baltimore County	\$ 670,539	\$ 670,539	\$ 670,539	\$ -
State of Maryland -				
Foundation Program	323,573	323,573	323,556	(17)
Geographic Cost of Education	1,594	1,594	1,594	-
Compensatory Education	91,243	91,243	91,243	-
Limited English Proficiency	10,678	10,678	10,678	-
Transportation	24,486	24,486	24,486	-
Formula-Students with Disabilities	28,280	28,280	28,280	-
Out-of-County Living Arrangements	3,676	3,676	3,381	(295)
Non-public Placements	14,197	14,197	14,672	475
Aging Schools	-	1,174	975	(199)
Quality Teacher Incentive	900	900	354	(546)
Total State of Maryland	498,627	499,801	499,219	(582)
United States Government	8,439	8,439	9,208	769
Other	19,126	19,126	18,122	(1,004)
<b>Total revenues</b>	<b>1,196,731</b>	<b>1,197,905</b>	<b>1,197,088</b>	<b>(817)</b>
<b>Expenditures:</b>				
Current -				
Administration	36,040	35,711	35,608	103
Mid-level administration	83,386	82,756	82,219	537
Instruction -				
Instructional salaries	441,428	438,228	436,345	1,883
Textbooks and supplies	27,321	35,722	35,645	77
Other instructional costs	14,306	9,381	9,341	40
Special education	145,835	147,835	146,569	1,266
Student personnel services	8,365	8,265	8,087	178
Health services	13,638	13,638	13,428	210
Student transportation	53,736	52,235	51,999	236
Operation of plant	89,367	88,500	87,555	945
Maintenance of plant	27,328	29,653	29,201	452
Fixed charges	252,689	252,689	252,688	1
Capital administration	3,292	3,292	3,212	80
<b>Total expenditures</b>	<b>1,196,731</b>	<b>1,197,905</b>	<b>1,191,897</b>	<b>6,008</b>
<b>Excess of revenues over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>5,191</b>	<b>\$ 5,191</b>
<b>Fund balance, beginning of year</b>			26,623	
Reappropriation of prior year fund balance included in Other Revenues			(11,000)	
Liquidation and cancellation of prior year encumbrances			1,891	
<b>Fund balance, end of year</b>			<b>\$ 22,705</b>	

The notes to the basic financial statements are an integral part of this statement.

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
**( In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Baltimore County	\$ 198	\$ 198	\$ 198	\$ -
State of Maryland	8,510	8,433	6,437	(1,996)
United States Government	70,515	95,647	88,378	(7,269)
Other	3,285	3,311	85	(3,226)
<b>Total revenues</b>	<u>82,508</u>	<u>107,589</u>	<u>95,098</u>	<u>(12,491)</u>
<b>Expenditures:</b>				
Current -				
Administration	4,883	6,367	5,400	967
Mid-level administration	440	573	393	180
Instruction -				
Instructional salaries	14,861	19,400	18,595	805
Textbooks and supplies	8,349	10,887	10,460	427
Other instructional costs	4,858	6,335	6,526	(191)
Special education	32,646	42,570	30,986	11,584
Student personnel services	524	684	681	3
Health services	388	506	412	94
Student transportation	1,423	1,855	953	902
Operation of plant	102	133	103	30
Fixed charges	13,970	18,216	15,928	2,288
Community services	64	63	21	42
<b>Total expenditures</b>	<u>82,508</u>	<u>107,589</u>	<u>90,458</u>	<u>17,131</u>
<b>Excess of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	4,640	<u>\$ 4,640</u>
<b>Fund balance, beginning of year</b>			7,098	
<b>Fund balance, end of year</b>			<u>\$ 11,738</u>	

The notes to the basic financial statements are an integral part of this statement.

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUND**  
**JUNE 30, 2010**  
**(In Thousands)**

**ASSETS**

Current assets:

Cash	\$ 4,921
Due from other governments	1,362
Accounts receivable - Other	16
Inventory, at cost	799
Total current assets	<u>7,098</u>

Noncurrent assets:

Capital assets	<u>12,667</u>
<b>Total assets</b>	<u><u>19,765</u></u>

**LIABILITIES**

Current liabilities:

Accounts payable	430
Accrued salaries and withholdings	686
Compensated absences	184
Unearned revenue	607
Total current liabilities	<u>1,907</u>

Noncurrent liabilities:

Compensated absences	<u>33</u>
<b>Total liabilities</b>	<u><u>1,940</u></u>

**NET ASSETS**

Invested in capital assets	12,667
Unrestricted	<u>5,158</u>
<b>Total net assets</b>	<u><u>\$ 17,825</u></u>

**The notes to the basic financial statements are an integral part of this statement.**



**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(In Thousands)

**Operating Revenues:**

Charges for sales and services	\$	15,312
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**Operating expenses:**

Cost of food sold		13,396
Salaries, wages, and benefits		19,218
Supplies		905
Maintenance and repair of equipment		553
Depreciation		1,637
Administration and support		157
Other		350

<b>Total operating expenses</b>		<u>36,216</u>
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<b>Operating (loss)</b>		<u>(20,904)</u>
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**Nonoperating revenues (expenses):**

Federal reimbursement of food service costs		19,060
State reimbursement of food service costs		831
Federal donated commodities		1,878
Equipment grant and other revenue		82

<b>Total nonoperating revenues</b>		<u>21,851</u>
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<b>Income before capital contribution</b>		947
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<b>Capital contribution</b>		<u>3,941</u>
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<b>Increase in net assets</b>		4,888
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<b>Net assets, beginning of year</b>		<u>12,937</u>
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<b>Net assets, end of year</b>	<b>\$</b>	<u><u>17,825</u></u>
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**The notes to the basic financial statements are an integral part of this statement.**

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(In Thousands)

<b>Cash flows from operating activities:</b>	
Cash received for sales and services	\$ 15,328
Cash paid to employees	(18,869)
Cash paid to suppliers	(13,017)
<b>Net cash used by operating activities</b>	<u>(16,558)</u>
 <b>Cash flows from non-capital financing activities - Governmental subsidies</b>	 19,393
 <b>Cash flows from capital and related financing activities:</b>	
Purchase of capital assets	(423)
Proceeds from sale of capital assets	22
<b>Net cash used in capital and related financing activities</b>	<u>(401)</u>
 <b>Net increase in cash and cash equivalents</b>	 2,434
<b>Cash and cash equivalents, beginning of year</b>	<u>2,487</u>
 <b>Cash and cash equivalents, end of year</b>	 <u><u>\$ 4,921</u></u>
 <b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating (loss)	<u>\$ (20,904)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation expense	1,637
Federal donated commodities	1,878
Loss on disposal of assets	5
Effect of changes in operating assets and liabilities:	
Accounts receivable-other	17
Inventory	(45)
Accounts payable	396
Accrued salaries and withholdings	349
Unearned revenues	109
<b>Net cash used by operating activities</b>	<u><u>\$ (16,558)</u></u>
 <b>Noncash investing, capital and financing activities:</b>	
Contributions of federal donated commodities	\$ 1,878
Contribution of capital equipment from other fund	3,941

**The notes to the basic financial statements are an integral part of this statement.**

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**SCHOOL ACTIVITIES FUND**  
**JUNE 30, 2010**  
**(In Thousands)**

**ASSETS**

Cash and cash equivalents	\$ 3,497
Investments	2,804
Due from external parties	98
Inventories	487
<b>Total assets</b>	<b>\$ 6,886</b>

**LIABILITIES**

Accounts payable	\$ 75
Due to school organizations	6,811
<b>Total liabilities</b>	<b>\$ 6,886</b>

The notes to the basic financial statements are an integral part of this statement.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. REPORTING ENTITY**

The Board of Education of Baltimore County (the Board) is a body politic and corporate established by the Public School Laws of Maryland with the adoption of the Maryland Constitution in 1865. Section 3-103 of the Education Article of the Annotated Code of Maryland establishes that there is a board of education for each county school system. It is composed of eleven voting members who are appointed by the Governor of Maryland for terms of five years, and one student member who serves for one year. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all youth of Baltimore County.

The financial statements of the Board are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, applicable to governmental entities, as prescribed by the Governmental Accounting Standards Board (GASB).

The Board is a component unit of the Baltimore County Government and the Board's financial statements are included in the County's financial statements. This conclusion was reached based on the following criteria: (1) the County Council is responsible for approving the Board's budget and establishing spending limitations; and (2) the County Council is responsible for levying taxes and collecting and distributing the funds to the Board. The Board is fiscally dependent upon appropriations and grants from the County.

#### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements (the statement of net assets and the statement of activities) report information of all non-fiduciary activities of the Board. For the most part, inter-fund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program revenues are reported instead as general revenues. Internally allocated resources are reported as general revenues (transfers) rather than program revenues. The Board does not allocate general government administration or indirect expenses to other functions.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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Net assets are restricted when constraints imposed on them are either externally imposed or imposed by legal requirements. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

### **C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

***Government-wide Financial Statements*** – The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements have been met.

***Governmental Fund Financial Statements*** – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within one year of the end of the current fiscal year. Principal revenue sources considered susceptible to accrual include federal and state grants and local county government appropriations. Other revenues are considered to be measurable and available only when cash is received by the Board.

Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure when used. The amount of accumulated annual leave unpaid at June 30, 2010, has been reported only in the government-wide financial statements.
- Interest on long-term obligations (capital leases) is recognized when paid.
- Amounts encumbered as executory purchase orders are recorded as a reservation of fund balance.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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The Board reports the following major governmental funds:

The General Fund is the Board's primary operating fund. It accounts for all financial resources of the Board, except those required to be accounted for in another fund.

The Special Revenue Fund accounts for restricted grants that are obtained primarily from state and federal governments.

The Capital Projects Fund accounts for the resources used for the acquisition, construction, or improvement of major capital facilities, including those of the proprietary fund.

***Proprietary Fund and Agency Fund Financial Statements*** – The financial statements of the proprietary fund (Food Service Fund) are prepared using the economic resource measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. Agency funds report only assets and liabilities, and accordingly do not have a measurement focus; they use the accrual basis of accounting to recognize receivables and payables. The agency funds are not reported in the government-wide financial statements.

The proprietary fund has the option under GASB Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The Board has elected not to apply FASBs issued after the applicable date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the Food Service Fund is charges for meals. Operating expenses for the fund include costs of food sold, salaries, wages and benefits, supplies, maintenance of equipment, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

An agency fund is used to account for the School Activities Fund assets held by the Board. These funds are primarily raised by student organizations and activities and are held by the Board for custodial and investment purposes.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### D. ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

***Deposits and Investments*** – Board cash receipt and disbursement transactions relating to the major funds (General, Special Revenue, Capital Projects, and Proprietary) are initiated through a pooled cash and investment account. Unique account numbers are used to track each fund's transactions. The Board has pooled amounts from these funds, as well as certain amounts held for each school's related activities in the School Activities Fund, to be used for investment purposes. In the fund financial statements, each fund's specific share of the pooled cash, investments, and inter-fund transactions are shown as cash and cash equivalents, or as "due (to) from other funds", if the fund's inter-fund liabilities exceed its share of pooled cash and investments. The Food Service Proprietary and School Activities Agency funds are allocated interest income, on a daily basis, based on their share of the investment pool. Remaining interest income is allocated to the General Fund.

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield. In this regard, the Annotated Code of Maryland authorizes the Board to invest in the following: time deposits, savings accounts, and demand deposit accounts in banks and savings and loan associations that are federally insured; or are secured with collateral as set forth in the State Finance and Procurement Article; any investment portfolio created under the Maryland Local Government Investment Pool that is administered by the Office of the State Treasurer; obligations for which the United States has pledged its full faith and credit for the payment of the principal and interest; obligations that a federal agency or federal instrumentality has issued in accordance with an act of Congress; repurchase agreements collateralized (in an amount not less than 102% of the principal amount) by an obligation of the United States, its agencies or instrumentalities; bankers' acceptances guaranteed by a financial institution and commercial paper and money market mutual funds receiving the highest possible rating.

The Board's cash and cash equivalents are considered to be short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity at the time of purchase that they present insignificant risk of changes in value because of changes in interest rates.

Cash and cash equivalents are recorded at cost or amortized cost. Investments are recorded at fair value, based on closing market prices at June 30, 2010. The fair value of the position in the Maryland Local Government Investment Pool is the same as the value of the pool shares.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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***Receivables*** – Accounts receivable in all funds represent amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Governmental fund type receivables consist primarily of amounts due from county, state, or federal governments and from other Maryland Boards of Education. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year. Certain intergovernmental receivables may extend up to one year from the end of the fiscal year. Uncollectible amounts of as of June 30, 2010 are expected to be minimal based upon collection experience and review of the status of existing receivables.

***Inter/Intrafund Transactions*** – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” The Board has no long-term advances or inter-fund loans, and all inter-fund transactions are considered current activity. Inter-fund activity consists primarily of transfers between funds to cover cash deficits. These deficits arise primarily because many grants and capital projects are reimbursed to the Board by the granting government after the Board has incurred the expenditure.

***Inventories and Prepaid Items*** – Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Inventory in the General Fund consists of expendable supplies and materials. These inventories are accounted for under the consumption method and are stated at the lower of cost or market, using the average cost method. The General Fund inventories on hand at year-end are reflected as a reservation of fund balance.

The inventories of the Food Service Enterprise Fund include federal government donated food commodities that are valued at estimated market value. The remaining enterprise fund inventories are accounted for under the consumption method and are stated at the lower of cost or market, using the average cost method.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements. These payments are expended in future periods using the consumption method of accounting.

***Capital Assets*** – Capital assets are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Governmental activities capital assets are defined by the Board as assets which have a cost of \$5,000 or more at the date of acquisition and have a useful life of two years or more. The Food Service Proprietary Fund capitalizes assets with a cost of \$1,000 or more at the date of acquisition and having a useful life of two years or more. Such assets are stated at historical cost or estimated historical cost if actual cost is not known. Donated capital assets are recorded at estimated fair market value at the date of donation. The Board has no infrastructure assets.



# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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The cost of normal maintenance and repairs that do not add to the value or materially extend the useful life of an asset are not capitalized. Building improvements with a cost greater than \$100,000 are capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary fund financial statements.

Capital assets are depreciated over the useful life of the asset using the straight-line method. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

Furniture, fixtures and equipment	5 – 25 years
Buildings and Improvements	20 – 50 years

***Compensated Absences*** – Employees of the Board, excluding ten-month employees, may earn annual vacation leave at various rates depending on the bargaining unit that represents them and their length of service. Unused annual vacation leave may be accrued up to a maximum of 45 days. All accrued annual vacation leave is payable upon separation from employment. The governmental fund financial statements record expenditures when employees are paid for leave taken, on a first-in first-out (FIFO) basis. The government-wide and proprietary fund financial statements present the cost of accumulated vacation leave and related payroll taxes as a liability. A liability for these amounts is reported in the governmental fund financial statements only if they have matured due to resignations or retirements. There is no liability for unpaid accumulated sick leave since the Board does not pay this amount when an employee separates from service.

***Long-term Obligations*** – The Board has no authority to issue bonded debt. Debt incurred by the county or state governments to finance school construction is a debt of the issuing government and, along with the related debt service, is not reported in the Board's financial statements. The long-term obligations of the Board include capital leases and compensated absences as discussed above. The capital leases represent obligations for financing the purchase of school buses, other vehicles and certain other equipment, over a period of five years from the date of inception. In the government-wide financial statements, the long-term debt is presented in the column for governmental activities. The Board's Food Services business-type activity has no long-term obligations other than compensated absences previously discussed.

In prior years, governmental fund long-term liabilities have been liquidated through the General Fund and Special Revenue Funds. Compensated absences have been liquidated based on where an employee's salary has been funded, while payments on capital leases have been liquidated through the General Fund.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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***Unearned Revenue*** – Unearned revenue occurs when potential revenue does not meet the available criterion for recognition in the current period. Unearned revenue also arises when the Board receives funds before it has a legal claim to them. Unearned revenue for governmental activities consists of tuition payments received in advance of summer school and restricted grant funds advanced to the Board. Unearned revenue for the business-type activity represents prepaid accounts for school lunches and donated food commodities. Revenue is recognized for the donated commodities as the commodities are used.

***Net Assets and Fund Balance*** – In the Statement of Net Assets, net assets are reported as invested in capital assets net of related debt, restricted, or unrestricted. Restricted net assets are based on externally imposed restrictions on the use of the funds, such as grant funding for a specific purpose.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Fund balance reservations include reserves for inventory, prepaids, and reserves for encumbrances. The designated fund balance consists of funds designated for future expenditures.

***Notes to the Basic Financial Statements*** – To be consistent with the presentation in the financial statements, all amounts reported in the notes to the basic financial statements are reported in thousands of dollars.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

#### A. BUDGET REQUIREMENTS

The Board operates within the following budget requirements for local educational agencies as specified by State law:

1. The Board must submit an annual budget, for its governmental funds, in writing to the County Executive within 120 days prior to the end of the current fiscal year. The General, Special Revenue, and Debt Service funds have legally adopted annual budgets. The Capital Projects Fund has a legally adopted project budget.
2. The County Executive must submit his recommended school system budget to the County Council not later than 75 days prior to the end of the current fiscal year.
3. The County Council must approve the budget ordinance by June 1 of each year. Subsequent supplemental appropriations also require County Council approval.
4. The General Fund budget is prepared and approved by major expenditure categories as specified in the State law. Actual expenditures may not exceed appropriations for a category. These categories include:

Administration	Mid-Level Administration
Instructional Salaries	Instructional Textbooks and Supplies
Other Instructional Costs	Special Education
Student Personnel Services	Health Services
Student Transportation	Operation of Plant
Maintenance of Plant	Fixed Charges
Capital Administration	Community Services

The Special Revenue Fund and Debt Service Fund appropriations are authorized annually by the County Council at the Fund level, which is the legal level of control.

5. The Board may transfer funds between major categories with the approval of the County Council. The Board has the authority to transfer funds between objects of expenditures (i.e., salaries and wages, contracted services, supplies and materials, other charges, and equipment) within the major categories, but must notify the County Council of such action at the end of each month. In accordance with Education Article, Title 5, §5-105, of Maryland Annotated Code, the Board may not exceed the appropriation by category. Failure by the County Council to take action within thirty days of receipt of written requests for transfers constitutes Council approval.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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6. The management staff of Baltimore County Public Schools is responsible for preparing the budget, monitoring budgetary expenditures, reporting on the status of the budget, and making recommendations for transfers between objects of expenditure and major categories of expenditures. All such recommendations are subject to Board and/or County Council approval.
7. Unencumbered appropriations lapse at the end of each fiscal year, except in the Capital Projects Fund where appropriations do not lapse. Encumbered appropriations are liquidated through expenditures in the subsequent fiscal year. The portion of fund balance related to lapsed appropriations must be re-appropriated to be spent.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds for Budgetary Basis financial reporting purposes. Open encumbrances are treated as reservations of fund balances since the commitments will be honored through subsequent years' expenditures.

During the year, the County Council approved a supplemental appropriation of \$1.174 million for the Aging School Program and related expenditures; and, certain transfers between General Fund categories. The approved categorical increases and transfers are presented below:

	Categorical Transfers	Budget Supplement
Administration	\$ (330)	\$ -
Mid-level Administration	(630)	-
Instructional Salaries	(3,200)	-
Instructional Textbooks and Supplies	8,400	-
Other Instructional Costs	(4,924)	-
Special Education	2,000	-
Student Personnel Services	(100)	-
Health Services	-	-
Student Transportation	(1,500)	-
Operation of Plant	(866)	-
Maintenance of Plant	1,150	1,174
Fixed Charges	-	-
Capital Administration	-	-
	<u>\$ -</u>	<u>\$ 1,174</u>

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

### B. RECONCILIATION BETWEEN GAAP AND BUDGETARY BASIS

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General and Special Revenue Funds have been prepared on a legally prescribed budgetary basis of accounting that differs from GAAP. The primary difference is that the budgets are prepared using encumbrance accounting where encumbrances are treated as expenditures of the current period. In addition, for budgetary purposes revenues related to encumbrances are recorded in the Special Revenue Fund and in the General Fund in certain cases. The reconciliations from GAAP to Budgetary basis are presented below:

	Revenues	Expenditures	Other Financing Sources/ (Uses)	Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	Fund Balance
<b>General Fund</b>					
Report on the basis of GAAP	\$1,268,541	\$(1,283,367)	\$ 8,964	\$ (5,862)	\$34,047
Effect of encumbrances	-	(1,981)	-	(1,981)	(1,981)
Retirement cost paid on the Board's behalf by the State of Maryland	(85,999)	85,999	-	-	-
Reappropriation of prior year fund balance	11,000	-	-	11,000	(11,000)
Purchase of equipment on capital leases	-	8,177	(8,177)	-	-
Other GAAP adjustments	3,546	(725)	(787)	2,034	1,639
Report on the Budgetary Basis of Accounting	<u>\$1,197,088</u>	<u>\$(1,191,897)</u>	<u>\$ -</u>	<u>\$ 5,191</u>	<u>\$22,705</u>
<b>Special Revenue Fund</b>					
Reported on basis of GAAP	\$ 92,745	\$ (88,105)	\$ -	\$ 4,640	\$11,738
Effect of encumbrances	2,353	(2,353)	-	-	-
Reported on the Budgetary Basis of Accounting	<u>\$ 95,098</u>	<u>\$ (90,458)</u>	<u>\$ -</u>	<u>\$ 4,640</u>	<u>\$11,738</u>

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

### C. DEBT SERVICE BUDGETARY SCHEDULE

As discussed in Note 1, debt issued by the County government to fund school construction and related debt service is not reported in the Board's Basic Financial Statements. The authorization for the annual debt service expenditures related to this debt emanates from the Baltimore County Government Operating Budget, and is included in the Board's annual authorized budget. The reporting of the annual county debt service and related revenues pertaining to the Board in the Debt Service Fund is required by state law. The schedule below reports the budget basis debt service activity for the current fiscal year.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues - Baltimore County</b>	<u>\$ 27,519</u>	<u>\$ 26,931</u>	<u>\$ 26,931</u>	<u>\$ -</u>
<b>Expenditures:</b>				
Current -				
Principal	15,708	15,708	15,708	-
Interest	11,811	11,223	11,223	-
<b>Total expenditures</b>	<u>27,519</u>	<u>26,931</u>	<u>26,931</u>	<u>-</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund balance, July 1, 2009</b>			<u>-</u>	
<b>Fund balance, June 30, 2010</b>			<u>\$ -</u>	

### D. Deficit Fund Balance

The Capital Projects Fund had an unreserved, undesignated fund deficit of \$267. The deficit reflects an accrual of pollution remediation costs that are estimated to be incurred with certain school construction projects. It is anticipated that this deficit will be eliminated, over the construction periods, by funding from local sources.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### **NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

#### **A. CASH DEPOSITS**

The Board's bank deposits are insured either by Federal depository insurance or by a collateralization agreement with the depository bank. The Board's policy is to maximize the investment of cash balances available for investment according to depository bank records. Short-term investments included in cash and cash equivalents are available to meet cash disbursement requirements.

The Board's deposits are subject to custodial credit risk, this is the risk that in the event of bank failure that the Board's deposits may not be returned to it. The Annotated Code of Maryland requires that funds on deposit with a financial institution be fully secured by deposit insurance, surety bonds, obligations of the United States or its agencies, obligations of the State of Maryland or any of its agencies, or obligations of a county, other governmental authority, or municipal corporation in the State of Maryland.

At June 30, 2010, the reported balances of the Board's and the fiduciary funds deposits were approximately \$7 million dollars, which agreed with the respective bank balances. These balances were fully collateralized by eligible collateral posted by the bank for the benefit of the Board. The collateral required is based upon a security and custodial agreement between the Board and Manufacturers and Traders Trust Company.

#### **B. INVESTMENTS**

The Board's investments are subject to both Interest Rate Risk and Custodial Credit Risk, which are risks that are inherent with investment activities. Interest Rate Risk results from fair value of investments potentially declining as rates increase. Custodial Credit Risk is the risk that, in the event of failure of the counter party, the Board may not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. To limit exposure to these risks the Board's policy is to generally invest in overnight investments, which provide daily access to the funds invested and limits the potential from loss due to interest rate changes.

The Board's investments include the Maryland Local Government Investment Pool (Pool), which is under the administrative control of the State Treasurer, and money market mutual funds held by Fidelity Investments and PNC Bank. The Pool, which maintains a \$1 per share value, is designed to give local government units of the State an investment vehicle for short-term investment of funds. The investment objectives of the Pool are: to preserve the capital value of the dollars invested; to provide a competitive rate of return; and to provide a readily available source of daily liquidity. The Pool is rated "AAAm" by Standard and Poor's (their highest rating). The money market portfolios are also rated "AAAm" by Standard and

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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Poor's, and generally are invested in funds with the same investment parameters as those invested in the Pool.

### C. SUMMARY OF DEPOSIT AND INVESTMENT BALANCES

The following is a reconciliation of the Board's deposit and investment balances as of June 30, 2010:

	<b>Pooled Cash and Investments</b>	<b>Other</b>	<b>Total</b>
Deposits	\$ 3,637	\$ 3,497	\$ 7,134
Investments:			
MLGIP	11,150	-	11,150
Money market mutual funds	-	1,108	1,108
Total	<u>\$ 14,787</u>	<u>\$ 4,605</u>	<u>\$ 19,392</u>
	<b>Government-wide Statement of Net Assets</b>	<b>Fiduciary Fund Statement of Net Assets</b>	<b>Total</b>
<u>Unrestricted</u>			
Cash and cash equivalents	\$ 11,983	\$ -	\$ 11,983
<u>Restricted</u>			
Cash and cash equivalents	-	3,497	3,497
Investments	<u>1,108</u>	<u>2,804</u>	<u>3,912</u>
Total cash and investments	<u>\$ 13,091</u>	<u>\$ 6,301</u>	<u>\$ 19,392</u>



# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2010, the Capital Projects Fund owed \$2,884 to the General Fund for cash advanced to pay contractors for work performed on ongoing contracts.

A summary of the interfund transfers for the fiscal year ended June 30, 2010 follows:

Transfers from	Transfers to	Purpose	Amount
General Fund	Capital Projects Fund	Remediation costs	\$ 313
Governmental Activities	Proprietary Fund	Food Service warehouse renovation	\$ 3,941

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

### NOTE 5. CAPITAL ASSETS

#### A. ACTIVITY

Capital asset activity for the year ended June 30, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 25,578	\$ 3,276	\$ -	\$ 28,854
Construction in progress	192,130	101,894	(55,795)	238,229
Total capital assets not being depreciated	<u>217,708</u>	<u>105,170</u>	<u>(55,795)</u>	<u>267,083</u>
Capital assets being depreciated:				
Buildings	1,157,864	49,756	-	1,207,620
Improvements other than buildings	58,599	2,340	-	60,939
Machinery and equipment	33,837	5,011	(2,378)	36,470
Vehicles	63,111	8,221	(4,356)	66,976
Total capital assets being depreciated	<u>1,313,411</u>	<u>65,328</u>	<u>(6,734)</u>	<u>1,372,005</u>
Less accumulated depreciation for:				
Buildings	(364,531)	(34,059)	-	(398,590)
Improvements other than buildings	(13,377)	(2,729)	-	(16,106)
Machinery and equipment	(20,435)	(3,439)	2,288	(21,586)
Vehicles	(29,591)	(5,091)	4,354	(30,328)
Total accumulated depreciation	<u>(427,934)</u>	<u>(45,318)</u>	<u>6,642</u>	<u>(466,610)</u>
Total capital assets being depreciated, net	<u>885,477</u>	<u>20,010</u>	<u>(92)</u>	<u>905,395</u>
Governmental activities capital assets, net	<u>\$ 1,103,185</u>	<u>\$ 125,180</u>	<u>\$ (55,887)</u>	<u>\$ 1,172,478</u>

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business - type activities:</b>				
Capital assets being depreciated:				
Buildings and Improvements	\$ 1,565	\$ 3,872	\$ -	\$ 5,437
Furniture, fixtures and equipment	21,770	492	(392)	21,870
Total capital assets being depreciated	23,335	4,364	(392)	27,307
Less accumulated depreciation for:				
Buildings and Improvements	(872)	(148)	-	(1,020)
Furniture, fixtures and equipment	(12,495)	(1,489)	364	(13,620)
Total capital assets being depreciated	(13,367)	(1,637)	364	(14,640)
Business - type activities capital assets, net	<u>\$ 9,968</u>	<u>\$ 2,727</u>	<u>\$ (28)</u>	<u>\$ 12,667</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 1,028
Mid-level administration	97
Instruction	38,189
Special education	478
Transportation	4,174
Operation of plant	81
Maintenance of plant	1,266
Capital administration	5
Total depreciation expense - governmental activities	<u>\$ 45,318</u>
Business-type activities:	
Food Services	<u>\$ 1,637</u>

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### B. CONSTRUCTION AND LEASE PURCHASE COMMITMENTS

The Board has active construction projects as of June 30, 2010. The projects include new school construction, additions, and renovations to school buildings. School capital project construction is financed primarily from county and state grants. At year-end the Board's commitments with contractors are as follows:

<b>Projects</b>	<b>Spent-to-Date</b>	<b>Remaining Commitment</b>
New school construction	\$ 55,270	\$ 38,076
Additions	13,547	870
Improvements and renovations	164,094	68,076
<b>Total</b>	<b>\$ 232,911</b>	<b>\$ 107,022</b>

Additionally, during the fiscal year, the Board made commitments for the acquisition of assets under new capital lease agreements totaling approximately \$7.4 million. The assets to be acquired are described below:

<b>Description</b>	<b>Class</b>	<b>Amount</b>
School buses	Vehicles	\$ 6,357
Trucks and other vehicles	Vehicles	1,082
Total		<b>\$ 7,439</b>

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### NOTE 6. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illness and injuries to employees, students and the public; natural disasters; and employee health benefits.

The Board participates in the County self-insurance program for employee and retiree health and dental insurance and workers' compensation. The Board pays premiums to the County for its share of current cost based upon prior years' claims and anticipated enrollment. The County serves as the administrator of the plans and estimates outstanding claims and required reserves. The Board's ultimate liability is limited to premiums paid to the County, with the exception of salary costs related to lost time for workers compensation incidents, which is paid by the Board.

The Board also participates in a self-insured pool with other boards of education for property and casualty insurance. Casualty programs in which the Board participates include comprehensive general liability, automobile liability and physical damage, bus contractors' and drivers' liability, and Board of Education legal liability. Property insurance programs include real and personal property (replacement cost), boiler and machinery, natural disasters, employees' dishonesty blanket bond, theft and disappearance, and computer and electronic funds transfer fraud. The pool is administered by the Maryland Association of Boards of Education (MABE), a public entity risk pool. MABE serves as an independent administrator, processing and settling claims, establishing liability limits, setting premiums, and establishing and maintaining reserves. The Board's liability is limited to premiums paid to MABE plus deductibles of from \$0 - \$15,000 per incidence, depending on the nature of the coverage. The pool limits its exposure by purchasing excess coverage from commercial carriers.

Outside of the MABE pool, the Board carries underground tank, catastrophic student accident insurance and travel insurance covering Board members. The Board pays all of the premiums for this coverage.

There have been no reductions in insurance coverage from the previous year, and the amount of settlements over the last three years has not exceeded insurance coverage.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### NOTE 7. OPERATING LEASES

The Board has long-term commitments as lessee under various non-cancelable operating leases for warehouse, office, and educational space which expire at various times through 2028. Total rent expense under these operating leases for the fiscal year ended June 30, 2010, amounted to \$5,955. The aggregate future rental payments under these commitments are \$36,026 as summarized below:

<b>Fiscal year ending June 30:</b>		
2011	\$	4,185
2012		4,280
2013		4,297
2014		2,905
2015		2,616
2016 - 2020		6,590
2021 - 2025		7,532
2026- 2028		3,621
Total	\$	<u>36,026</u>

Additionally, the Board leases copiers and related equipment under contracts which are cancelable with 60 day notice. During the year \$3,036 of expense was incurred under these agreements.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### NOTE 8. LONG-TERM OBLIGATIONS

The Board's long-term obligations include capital leases and compensated absences. Details of these obligations and the current year changes follow.

#### A. CAPITAL LEASES

The Board's capital leases represent obligations incurred to finance the purchase of school buses, other vehicles and certain copying equipment, over periods of five years. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at the inception date.

The assets acquired through capital lease are as follows:

<b>Asset Description</b>	<b>Governmental Activities</b>
Vehicles	\$ 31,235
Less: accumulated depreciation	(4,762)
Total	<u>\$ 26,473</u>

The following are the future minimum lease payments under the Board's capital lease agreements, and the present value of the minimum lease payments as of June 30, 2010:

<b>Asset Description</b>	<b>Governmental Activities</b>
2011	\$ 6,572
2012	5,369
2013	4,116
2014	2,905
2015	1,202
Total minimum lease payments	<u>20,164</u>
Less: amount representing interest	(1,038)
Present value of future minimum lease payments	<u>\$ 19,126</u>

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### B. CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities reported in the Statement of Net Assets include capital leases and compensated absences. The schedule below presents the current year activity and year-end balances for the Board's long-term liabilities.

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Within One Year</b>
Capital leases	\$ 17,071	\$ 8,177	\$ (6,122)	19,126	\$ 6,193
Compensated absences	18,378	12,269	(11,075)	19,572	11,075
Governmental activity Long-term liabilities	<u>\$ 35,449</u>	<u>\$ 20,446</u>	<u>\$ (17,197)</u>	<u>\$ 38,698</u>	<u>\$ 17,268</u>
<b>Business-type Activity/ Food Services</b>					
Compensated absences	<u>\$ 210</u>	<u>\$ 191</u>	<u>\$ (184)</u>	<u>\$ 217</u>	<u>\$ 184</u>

### NOTE 9. RETIREMENT AND OTHER POST EMPLOYMENT BENEFITS

#### A. TEACHERS RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

Teachers and employees of the Board in related positions are covered by either the Teachers Retirement System of the State of Maryland or the Teachers Pension System of the State of Maryland. These Systems are part of the Maryland State Retirement and Pension System, and are cost-sharing multiple-employer public employee retirement systems. The State of Maryland pays substantially all required employer contributions on behalf of the Board. The Systems were established in accordance with the State Personnel and Pension Article of the Annotated Code of Maryland. Responsibility for administration and operation of the Systems is vested in a 15-member Board of Trustees (the Trustees). The Trustees also have the authority to establish and amend the respective benefit provisions. The Systems provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to system members and beneficiaries. Members of the Systems may retire with full benefits after completing 30 years of creditable service, regardless of age, or after attaining age 60 for members of the Teachers Retirement System, or age 62 or older with specified years of creditable service for members of the Teachers Pension System. Both Systems provide for reduced benefit allowances upon completing five years of creditable service, provided the member lives to attain age 60 or age 62 for the Teachers Retirement System and Teachers Pension System, respectively. The State Retirement Agency issues a publicly available comprehensive annual financial report that includes the System's financial statements and required supplementary information. That report may be obtained by writing to the State Retirement and Pension System of Maryland, State Retirement Agency, 120 East Baltimore Street, Baltimore, Maryland, 21202-6700.



# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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Members of the Teachers Retirement System are required to contribute either 7% or 5% of earnable compensation depending upon the retirement option selected. Members of the Teachers Pension System are required to contribute 5% of earnable compensation. Employer contribution rates are determined actuarially. The current contribution rate is 11.6% of covered payroll. The State makes employer contributions on behalf of the Board. The State's contributions on behalf of the Board for the years ended June 30, 2010, 2009, and 2008 were \$85,999, \$72,981, and \$68,579, respectively. Such contributions are recognized as revenue and expense in the Government-wide Statement of Activities, and in the General Fund in the combined statement of revenues, expenditures, and changes in fund balance. Such amounts are not recognized for budgetary purposes.

### **B. EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY**

Custodians, bus drivers, mechanics, maintenance workers, tradesmen, cafeteria workers, and employees in related positions are covered by the Employees' Retirement System of Baltimore County (the System), a cost-sharing multiple-employer public employee retirement system. The System was established in accordance with the Section 5-1-101 of the Baltimore County Code (the Code) and placed under the management of the Board of Trustees. The administration of this system is vested in the Director of Budget and Finance of Baltimore County as specified in Section 5-1-238 of the Code. The Director of Budget and Finance has the responsibility to implement policies of the eight member Board of Trustees as they pertain to the System and to ensure the System operates within the guidelines as set forth in those policies. The System provides retirement and disability benefits, annual cost-of-living adjustments, if sufficient excess earnings exist in the fund and occupational death benefits to plan members. Members hired prior to July 1, 2007 are eligible for normal service retirement after the attainment of age 60 with 5 years of creditable service or after 30 years of creditable service regardless of age. Members hired on or after July 1, 2007 are eligible for normal service retirement after attainment of age 67 with 10 years of creditable service or after 35 years of creditable service regardless of age. The System issues a publicly available comprehensive annual financial report that includes the System's financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System of Baltimore County, 400 Washington Avenue, Towson, Maryland 21204.

Plan members hired prior to July 1, 2007 are required to contribute an actuarially determined percentage of covered salary based upon the member's age at the time of employment. Plan members hired subsequent to June 30, 2007 are required to contribute 6% of covered salary to the Plan. The Board is required to contribute to the System at an actuarially determined rate. The contribution requirements for Plan members and the Board are established and may be amended by the Board of Trustees in accordance with Section 5 of the Code. The Board's contributions to the System for the years ended June 30, 2010, 2009, and 2008 were \$3,407, \$2,219, and \$2,427 respectively, all of which were 100% of the required contribution.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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The Employees' Retirement Plan of Baltimore County is subject to changes made to the plan effective July 1, 2010. The specific changes made to the Plan are not summarized in these financials statements since those changes do not effect the year ended June 30, 2010.

### **C. POST-EMPLOYMENT BENEFITS**

#### **Plan Description**

The Board participates in an agent multiple-employer Other Post-Employment Benefits (OPEB) Trust Fund operated by the Baltimore County Government. Retirees and beneficiaries receiving a Board approved retirement are eligible, in accordance with bargaining unit agreements between the Board and employee associations to participate in the plan. The Baltimore County Government issues a publically available financial report that includes financial statements and required supplementary information for the OPEB trust fund. That report may be obtained by writing to the Baltimore County Director of Budget and Finance, 400 Washington Avenue, Towson, MD 21204.

#### **Funding Policy**

The Board contributes between 50% and 90% of the cost of healthcare based on years of service for retirees that have not become Medicare eligible. For Medicare eligible retirees the Board contributes between 36% and 84% based upon years of service. The Board pays the entire cost of life insurance for a frozen group of retirees until age 70.

The *annual required contribution of the employer (ARC)* is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. Article 10, Title 14 of the Baltimore County Code gives the Director of Budget and Finance the authority to determine the annual contribution to the trust fund based on the results of the actuarial valuation of the ARC. The contribution must include an amount equal to the estimated cost of all post-employment health and life insurance claims the trust is projected to pay for the following year; and all or part of the unfunded future liability.

The Board engaged the services of an actuarial consulting firm to assist with determining the ARC. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations.

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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### Annual OPEB Cost

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for 2010 and the preceding fiscal years when the Board implemented GASB 45 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset) at June 30
2008	\$ 64,179	\$ 64,179	100%	\$ -
2009	64,254	87,599	136%	(23,345)
2010	63,662	57,225	90%	(16,908)

The following table shows the components of the Board's annual OPEB cost, the contributions actually made and the Net OPEB Asset at June 30, 2010:

Annual required contribution (ARC)	\$ 64,047
interest on net OPEB Asset	(1,838)
Adjustment to ARC	1,453
Annual OPEB cost (expense)	63,662
Contributions made	(57,225)
decrease in OPEB asset	6,437
Net OPEB asset beginning of year	(23,345)
Net OPEB asset end of year	\$ (16,908)

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2009, (the valuation date) was as follows:

Actuarial accrued liability (AAL)	\$ 784,039
Actuarial value of plan assets	51,045
Unfunded actuarial accrued liability (UAAL)	\$ 732,994
Funded ratio (actuarial value of plan assets/AAL)	6.51%
Covered payroll (active plan members)	\$ 643,962
UAAL as a percentage of covered payroll	113.83%

### Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The valuation used the projected unit credit method under which the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to all valuation years on a closed basis. The method used to determine the actuarial value of assets was market or fair value. The assumptions applied were future salary increases of 3.0% per year and the interest was assumed to have a discount rate of 7.875%. The discount rate is the rate used to determine the present value of future cash flows. The unfunded liability is amortized over a period of 30 years using level percentage of projected payroll. In the July 1, 2008 evaluation, the medical trend assumption was changed from a rate of 9.875% gradually decreasing to 7% to an assumption developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model and its baseline projections are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. The following assumptions were used as input variables into this model:

Rate of Inflation	3.2%
Rate of Growth in Real Income/GDP per capita	1.4%
Income Multiplier for Health Spending	1.4
Extra Trend due to Technology and other factors	1.2%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

The assumptions applied used covered payroll of approximately \$643 million, representing 13,000 employees with health and dental benefits.

### **NOTE 10. POLLUTION REMEDIATION**

The Board has implemented Governmental Accounting Standards Board Statement No.49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement requires the Board to disclose the nature and source of pollution remediation obligations; the amount of the estimated liability, the method used to estimate the liability, any potential for change in estimates, and estimated recoveries that may reduce the liability.

As a result of renovation work being performed in schools where asbestos may be present, containment, removal and cleanup of any material that presents an imminent threat to health and safety of students, staff and visitors may be necessary. A review of school renovation projects determined that the estimated liability for pollution remediation was approximately \$313. This amount was determined

# Board of Education of Baltimore County

## Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2010

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through a review of construction contracts and assumes that no unexpected change orders will occur. During the current year \$46 was expended on this phase of the project leaving a balance of \$267 as the estimated future cost of this work. The Board does not expect any third party recoveries of remediation costs incurred.

### **NOTE 11. CONTINGENCIES**

In the normal course of operations, the Board is subject to various lawsuits and claims. Based upon advice of counsel, the Board would establish an appropriate liability for such items where a loss is deemed probable. For the year ended June 30, 2010, no reserve for potential loss was deemed necessary. In the opinion of management and legal counsel, the ultimate disposition of other unresolved claims and litigation matters will not have a material effect on the Board's financial position or results of operations.

The Board receives grant funds, principally from the United States Government and the State of Maryland, for various programs. Certain expenditures of these funds are subject to audit by the grantors, with the Board being contingently liable for amounts received in excess of allowable expenditures. In the opinion of management, no material refunds will be required as a result of expenditures disallowed by the grantors, except as described below.

The Office of the Inspector General (OIG) of the U. S. Department of Health and Human Services conducted an audit of Medicaid cost claims submitted by Maryland Local Education Agencies (LEAs) for the period of July 1, 1999 to June 30, 2000. As a result of this audit, the OIG had recommended repayment by the State of approximately \$19 million. The audit findings and resultant claim were subsequently appealed by the State. The Federal Departmental Appeals Board issued a decision upholding the audit findings and the claim; and the State repaid the approximately \$19 million of disallowed claims. The State is seeking to recover these funds from five LEAs and the Board of Education of Baltimore County has received a request for repayment of approximately \$2.4 million, which the State deems to be the Board's share of the repayment to the federal government. The Board and other LEA's disputed the claims for recoupment on various grounds and appealed to the State's Office of Administrative Hearings. As a result of this appeal the state's hearing examiner issued an order in September 2009 which required the State to recompute the amount due from the Baltimore County Board of Education and to resubmit the recalculated amount to the Board in order to affect a settlement of the issue. As of the date of this audit no recalculation of the proposed amount due has been submitted to the board. As of June 30, 2010, the State had withheld \$1,575 in Medicaid reimbursement payments to apply against the purported amount deemed due from the Board. These funds have been recorded as revenue and expenditures in the Special Revenue Fund over the last two fiscal years. No provision for any additional potential assessments related to this or other time periods through June 30, 2010 have been recorded by the Board.



**JEREMY JIRSA**

**PATAPSCO HIGH CENTER FOR THE ARTS**



**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
(In Thousands)

**Other Post Retirement Benefits Data**

**Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ -	\$ 757,666	\$ 757,666	0.00%	\$ 606,000	125.03%
July 1, 2008	56,444	788,396	731,952	7.16%	674,755	108.48%
July 1, 2009	51,045	784,039	732,994	6.51%	643,962	113.83%

**Schedule of Contributions**

Fiscal Year Ended	Annual Required Contribution	Amount Contributed	Percentage Contributed
June 30, 2008	\$ 64,179	\$ 64,179	100%
June 30, 2009	64,254	87,599	136%
June 30, 2010	63,662	57,225	90%



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**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**SCHOOL ACTIVITIES FUND**  
**FOR THE YEAR ENDED JUNE 30, 2010**  
(In Thousands)

	<u>Balance</u> <u>July 1, 2009</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u> <u>June 30, 2010</u>
<b>Assets</b>							
Cash and cash equivalents	\$ 3,720	\$	16,568	\$	(16,791)	\$	3,497
Investments	2,852		157		(205)		2,804
Due from external parties	77		840		(819)		98
Inventories	475		487		(475)		487
<b>Total Assets</b>	<u>\$ 7,124</u>	<u>\$</u>	<u>18,052</u>	<u>\$</u>	<u>(18,290)</u>	<u>\$</u>	<u>6,886</u>
<b>Liabilities</b>							
Accounts payable	\$ 170	\$	558	\$	(653)	\$	75
Due to school organizations	6,954		16,978		(17,121)		6,811
<b>Total Liabilities</b>	<u>\$ 7,124</u>	<u>\$</u>	<u>17,536</u>	<u>\$</u>	<u>(17,774)</u>	<u>\$</u>	<u>6,886</u>

The notes to the basic financial statements are an integral part of this statement.



**JUSTIN CARNEY**

**MILFORD MILL ACADEMY**

## Statistical Section

This part of the Board of Education of Baltimore County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board's overall financial health. It includes information on financial trends, limited demographic information, and certain operating information.

No information on revenue capacity is presented, as the Board has no taxing authority and no significant "own source" revenues. The Board is fiscally dependent on appropriations from the Baltimore County government and the State of Maryland. Similarly, no information on debt capacity is presented because the Board has no authority to issue debt. The only debt carried by the Board is in the form of short term capital lease obligations. Certain data, denoted below with an asterisk (\*), included in this section is accrual basis information and is only available for years beginning in FY2002, the year GASB Statement 34 was implemented by the Board.

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These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

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#### **Demographic Information**

These schedules contain certain information about student enrollment and student/teacher ratios, which are indicators to help the reader understand the environment within which the Board's financial activities take place.

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#### **Operating Information**

These schedules contain information about certain services and other data to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.

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**Board of Education of Baltimore County**  
***Net Assets by Component***  
***Last Nine Fiscal Years***  
***(In Thousands)***

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	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Governmental activities:</b>			
Invested in capital assets, net of related debt	\$ 1,153,352	\$ 1,086,114	\$ 1,029,892
Restricted	25,345	29,495	297
Unrestricted	17,509	22,479	18,537
Total governmental activities net assets	1,196,206	1,138,088	1,048,726
<b>Business-type activities:</b>			
Invested in capital assets, net of related debt	12,667	9,968	9,761
Restricted	-	-	-
Unrestricted	5,158	2,969	1,846
Total business-type activities net assets	17,825	12,937	11,607
<b>Primary government:</b>			
Invested in capital assets, net of related debt	1,166,019	1,096,082	1,039,653
Restricted	25,345	29,495	297
Unrestricted	22,667	25,448	20,383
Total net assets	\$ 1,214,031	\$ 1,151,025	\$ 1,060,333

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<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
\$ 896,795	\$ 765,576	\$ 724,846	\$ 691,027	\$ 659,353	\$ 561,443
3,976	6,997	6,900	7,757	6,751	5,393
13,147	9,540	3,181	2,055	(2,998)	3,396
<u>913,918</u>	<u>782,113</u>	<u>734,927</u>	<u>700,839</u>	<u>663,106</u>	<u>570,232</u>
9,138	7,873	8,264	8,238	8,419	8,413
421	347	499	443	422	417
1,946	684	(1,010)	(1,031)	(909)	1,187
<u>11,505</u>	<u>8,904</u>	<u>7,753</u>	<u>7,650</u>	<u>7,932</u>	<u>10,017</u>
905,933	773,449	733,110	699,265	667,772	569,856
4,397	7,344	7,399	8,200	7,173	5,810
15,093	10,224	2,171	1,024	(3,907)	4,583
<u>\$ 925,423</u>	<u>\$ 791,017</u>	<u>\$ 742,680</u>	<u>\$ 708,489</u>	<u>\$ 671,038</u>	<u>\$ 580,249</u>



**Board of Education of Baltimore County**  
**Changes in Net Assets by Component**  
**Last Nine Fiscal Years**  
**(In Thousands)**

	2010	2009	2008	2007
<b>Expenses:</b>				
Governmental activities				
Administration	\$ 57,590	\$ 53,564	\$ 47,122	\$ 44,267
Mid-level administration	117,522	113,623	108,914	96,699
Instruction	757,390	721,967	714,795	664,039
Special education	235,131	220,043	213,072	194,330
Student personnel services	12,699	12,006	11,166	10,306
Health services	19,864	18,961	18,749	17,227
Student transportation	65,518	64,963	63,263	57,526
Operation of plant	105,785	103,825	99,795	90,631
Maintenance of plant	34,221	34,561	32,602	30,632
Community services	40	146	1,143	955
Capital administration	2,011	7,326	6,965	3,463
Interest on long-term debt	341	343	280	263
Total government activities	1,408,112	1,351,328	1,317,866	1,210,338
Business-type activity - Food Service	36,216	36,411	37,030	35,383
Total expenses	1,444,328	1,387,739	1,354,896	1,245,721
<b>Program Revenues:</b>				
Governmental activities:				
Charges for services - tuition and fees	528	851	675	918
Operating grants and contributions	161,158	138,879	122,079	121,191
Capital grants and contributions	108,618	94,468	165,219	156,875
Total governmental activities program revenues	270,304	234,198	287,973	278,984
Business-type activity:				
Charges for services	15,312	16,390	17,123	17,966
Operating grants and contributions	21,851	19,591	18,313	17,474
Total business-type activity program revenues	37,163	35,981	35,436	35,440
Total program revenues	\$ 307,467	\$ 270,179	\$ 323,409	\$ 314,424
<b>Net (Expense) Revenue:</b>				
Governmental activities	\$ (1,137,808)	\$ (1,117,130)	\$ (1,029,893)	\$ (931,354)
Business-type activity	947	(430)	(1,594)	57
Total net (expense)	\$ (1,136,861)	\$ (1,117,560)	\$ (1,031,487)	\$ (931,297)
<b>General Revenues and Other Changes in Net Assets:</b>				
Governmental activities:				
Unrestricted grants and contributions	\$ 1,193,006	\$ 1,200,894	\$ 1,158,532	\$ 1,057,779
Other	6,861	7,358	7,866	7,924
Transfers	(3,941)	(1,760)	(1,696)	(2,544)
Total governmental activities	1,195,926	1,206,492	1,164,702	1,063,159
Business-type activity:				
Transfers	3,941	1,760	1,696	2,544
Other	-	-	-	-
Total business-type activity	3,941	1,760	1,696	2,544
Total general revenues and other changes in net assets	\$ 1,199,867	\$ 1,208,252	\$ 1,166,398	\$ 1,065,703
<b>Changes in Net Assets:</b>				
Governmental activities	\$ 58,118	\$ 89,362	\$ 134,809	\$ 131,805
Business-type activity	4,888	1,330	102	2,601
Total changes in net assets	\$ 63,006	\$ 90,692	\$ 134,911	\$ 134,406

2006	2005	2004	2003	2002
\$ 41,947	\$ 34,904	\$ 31,385	\$ 30,122	\$ 26,905
90,555	85,196	79,960	77,999	75,466
619,315	594,985	564,491	542,518	521,615
182,781	166,865	153,332	149,638	136,155
8,982	8,217	7,625	7,193	6,390
16,682	15,513	14,496	14,795	13,920
51,902	48,685	45,011	43,232	40,765
83,464	75,434	71,794	68,402	67,104
25,560	24,340	21,728	22,717	21,309
753	589	392	637	462
8,563	6,695	6,267	641	7,691
226	239	239	150	166
1,130,730	1,061,662	996,720	958,044	917,948
33,279	32,769	30,795	31,777	29,838
1,164,009	1,094,431	1,027,515	989,821	947,786
728	741	760	1,106	955
120,464	119,742	108,881	127,572	111,292
66,241	57,372	51,299	109,213	170,111
187,433	177,855	160,940	237,891	282,358
17,047	16,050	15,028	14,840	14,901
16,770	15,829	14,858	13,847	13,048
33,817	31,879	29,886	28,687	27,949
\$ 221,250	\$ 209,734	\$ 190,826	\$ 266,578	\$ 310,307
\$ (943,297)	\$ (883,807)	\$ (835,780)	\$ (720,153)	\$ -
538	(890)	(909)	(3,090)	(1,889)
\$ (942,759)	\$ (884,697)	\$ (836,689)	\$ (723,243)	\$ (1,889)
\$ 982,611	\$ 911,360	\$ 866,921	\$ 808,029	\$ 786,791
8,484	7,528	7,206	5,959	5,430
(612)	(993)	(614)	(961)	(2,199)
990,483	917,895	873,513	813,027	790,022
612	993	614	961	2,199
-	-	12	44	86
612	993	626	1,005	2,285
\$ 991,095	\$ 918,888	\$ 874,139	\$ 814,032	\$ 792,307
\$ 47,186	\$ 34,088	\$ 37,733	\$ 92,874	\$ 790,022
1,150	103	(283)	(2,085)	396
\$ 48,336	\$ 34,191	\$ 37,450	\$ 90,789	\$ 790,418

**Board of Education of Baltimore County**  
***Fund Balances of Governmental Funds***  
***Last Ten Fiscal Years***  
***(In Thousands)***

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	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>General Fund:</b>				
Reserved	\$ 17,961	\$ 16,701	\$ 16,254	\$ 15,625
Unreserved:				
Undesignated	-	12,208	12,947	9,718
Designated for future year expenditures	16,086	11,000	3,000	-
Total general fund	<u>\$ 34,047</u>	<u>\$ 39,909</u>	<u>\$ 32,201</u>	<u>\$ 25,343</u>
<b>All other governmental funds:</b>				
Reserved	\$ 110,323	\$ 73,014	\$ 55,074	\$ 146,377
Unreserved, reported in :				
Special revenue fund	8,437	6,150	44	2,684
Capital projects fund (deficit)	(107,289)	(72,066)	(51,166)	(141,671)
Total all other governmental funds	<u>\$ 11,471</u>	<u>\$ 7,098</u>	<u>\$ 3,952</u>	<u>\$ 7,390</u>

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<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
\$ 11,904	\$ 10,041	\$ 10,762	\$ 8,151	\$ 10,232	\$ 9,925
10,717	3,851	3,610	1,165	4,565	3,340
-	-	-	-	-	-
<u>\$ 22,621</u>	<u>\$ 13,892</u>	<u>\$ 14,372</u>	<u>\$ 9,316</u>	<u>\$ 14,797</u>	<u>\$ 13,265</u>
\$ 66,665	\$ 41,844	\$ 31,020	\$ 34,083	\$ 73,052	\$ 89,456
6,997	6,900	4,862	4,457	3,034	1,790
(65,610)	(39,446)	(28,126)	(31,789)	(70,693)	(88,185)
<u>\$ 8,052</u>	<u>\$ 9,298</u>	<u>\$ 7,756</u>	<u>\$ 6,751</u>	<u>\$ 5,393</u>	<u>\$ 3,061</u>

**Board of Education of Baltimore County**  
***Changes in Fund Balances of Governmental Funds***  
***Last Ten Fiscal Years***  
***(In Thousands)***

	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Revenues:</b>				
Intergovernmental	\$ 1,462,672	\$ 1,434,114	\$ 1,445,627	\$ 1,335,262
Other	7,232	8,628	8,782	9,426
Total revenues	1,469,904	1,442,742	1,454,409	1,344,688
<b>Expenditures:</b>				
Current:				
Administration	41,504	42,465	36,625	35,260
Mid-level administration	82,537	80,653	76,865	70,409
Instruction -				
Instructional salaries	454,942	441,066	441,281	427,342
Textbooks and supplies	41,915	27,768	23,578	25,135
Other instructional costs	16,329	22,745	24,453	17,556
Special education	176,072	165,491	159,865	148,936
Student personnel services	8,783	8,384	7,771	7,430
Health services	13,825	13,265	13,261	12,481
Student transportation	53,276	53,936	53,835	47,609
Operation of plant	87,953	86,897	83,027	76,914
Maintenance of plant	30,055	29,530	28,336	26,150
Fixed charges	354,570	364,006	335,101	286,638
Community services	39	141	953	782
Capital administration	111,781	97,672	169,997	160,567
Debt service:				
Principal	6,122	4,823	4,642	4,809
Interest	341	343	280	263
Total expenditures	1,480,044	1,439,185	1,459,870	1,348,281
Excess (deficiency) of revenues over expenditures	(10,140)	3,557	(5,461)	(3,593)
<b>Other financing sources:</b>				
Capital lease proceeds	8,177	7,297	8,881	5,652
Insurance proceeds	474			
Transfers out	-	-	-	-
Total other financing sources	8,651	7,297	8,881	5,652
<b>Net change in fund balances</b>	<b>\$ (1,489)</b>	<b>\$ 10,854</b>	<b>\$ 3,420</b>	<b>\$ 2,059</b>
Debt service as a percentage of noncapital expenditures*	0.5%	0.4%	0.4%	0.4%

\* Debt issued to finance school construction is not an obligation of the Board, therefore the debt service relating to those obligations is not included in these financials statements.

<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
\$ 1,167,236 10,591	\$ 1,086,312 8,417	\$ 1,025,679 8,347	\$ 1,043,879 7,544	\$ 1,067,809 6,743	\$ 966,521 8,641
<u>1,177,827</u>	<u>1,094,729</u>	<u>1,034,026</u>	<u>1,051,423</u>	<u>1,074,552</u>	<u>975,162</u>
33,619 67,063	27,986 63,143	25,802 60,477	24,408 58,663	22,067 57,850	22,094 55,030
404,313 24,661 18,159 142,298 6,573 12,512 40,728 70,746 22,087 256,220 617 69,245	388,747 24,354 18,712 131,318 5,968 11,550 40,258 63,283 20,309 239,124 503 58,942	373,785 22,503 20,421 121,737 5,691 10,944 35,904 60,431 18,637 216,615 347 53,133	363,199 19,816 20,665 119,327 5,435 11,279 37,156 57,473 19,501 207,339 570 111,386	355,055 23,025 21,196 110,297 4,810 10,795 39,212 57,194 18,999 181,283 396 172,015	332,229 28,816 26,047 98,299 4,539 9,739 32,626 57,573 18,110 171,297 129 113,933
4,701 226 <u>1,173,768</u>	3,504 239 <u>1,097,940</u>	4,043 239 <u>1,030,709</u>	3,979 150 <u>1,060,346</u>	4,736 166 <u>1,079,096</u>	4,763 251 <u>975,475</u>
4,059	(3,211)	3,317	(8,923)	(4,544)	(313)
3,425	4,564	3,449	5,479	8,984	2,600
- 3,425	(293) 4,271	(704) 2,745	(678) 4,801	(577) 8,407	(556) 2,044
<u>\$ 7,484</u>	<u>\$ 1,060</u>	<u>\$ 6,062</u>	<u>\$ (4,122)</u>	<u>\$ 3,863</u>	<u>\$ 1,731</u>
0.4%	0.4%	0.4%	0.4%	0.5%	0.4%

**Board of Education of Baltimore County**  
***Government-wide Expenses by Function***  
***Last Nine Fiscal Years***  
***(In Thousands)***

Fiscal Year	Administration	Mid-Level Administration	Instruction	Special Education	Student Personnel Services	Health Services	Student Transportation
2010	\$ 57,590	\$ 117,522	\$ 757,390	\$ 235,131	\$ 12,699	\$ 19,864	\$ 65,518
2009	53,564	113,623	721,967	220,043	12,006	18,961	64,963
2008	47,122	108,914	714,795	213,072	11,166	18,749	63,263
2007	44,267	96,699	664,039	194,330	10,306	17,227	57,526
2006	41,947	90,555	619,315	182,781	8,982	16,682	51,902
2005	34,904	85,196	594,985	166,866	8,217	15,513	48,685
2004	31,385	79,960	564,491	153,332	7,625	14,496	45,011
2003	30,122	77,999	542,518	149,638	7,193	14,795	43,232
2002	26,905	75,466	521,615	136,155	6,390	13,920	40,766

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Operation of Plant	Maintenance of Plant	Community Services	Capital Administration	Interest on Long-term Debt	Food Services	Total
\$ 105,785	\$ 34,221	\$ 40	\$ 2,011	\$ 341	\$ 36,216	\$ 1,444,328
103,825	34,561	146	7,326	343	36,411	1,387,739
99,795	32,602	1,143	6,965	280	37,030	1,354,896
90,631	30,632	955	3,463	263	35,383	1,245,721
83,464	25,560	753	8,563	226	33,279	1,164,009
75,434	24,340	589	6,695	239	32,769	1,094,432
71,794	21,727	392	6,267	239	30,795	1,027,514
68,402	22,717	637	641	150	31,777	989,821
67,104	21,309	462	7,691	166	29,838	947,787



**Board of Education of Baltimore County**  
***Government-wide Revenues***  
***Last Nine Fiscal Years***  
***(In Thousands)***

Fiscal Year	Program Revenues			General Revenues					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Baltimore County	State of Maryland	United States Government	Other	Total	
2010	\$ 15,840	\$ 183,009	\$ 108,618	\$ 670,539	\$ 517,079	\$ 5,388	\$ 6,861	\$ 1,507,334	
2009	17,241	158,470	94,468	680,975	518,511	1,408	7,358	1,478,431	
2008	17,798	140,392	165,219	638,184	518,553	1,795	7,866	1,489,807	
2007	18,884	138,665	156,875	607,042	445,215	5,522	7,924	1,380,127	
2006	17,775	137,234	66,241	592,330	390,143	138	8,484	1,212,345	
2005	16,791	135,571	57,372	571,390	339,971	-	7,528	1,128,623	
2004	15,788	123,739	51,299	560,856	305,965	-	7,319	1,064,966	
2003	15,946	141,419	109,213	547,627	260,402	-	6,003	1,080,610	
2002	15,857	124,340	170,111	544,998	241,793	-	5,517	1,102,616	

**Board of Education of Baltimore County**  
***Governmental Funds Revenues by Source <sup>1</sup>***  
***Last Ten Fiscal Years***  
***(In Thousands)***

Fiscal Year	Baltimore County	State of Maryland	United States Government	Other	Total
2010	\$ 755,152	\$ 616,192	\$ 91,328	\$ 7,232	\$ 1,469,904
2009	742,912	628,362	62,840	8,628	1,442,742
2008	738,295	644,912	62,420	8,782	1,454,409
2007	726,758	536,375	72,129	9,426	1,344,688
2006	639,544	457,642	70,050	10,591	1,177,827
2005	612,031	410,781	63,500	8,417	1,094,729
2004	598,229	373,214	54,236	8,347	1,034,026
2003	626,126	366,581	51,172	7,544	1,051,423
2002	683,935	341,626	42,248	6,743	1,074,552
2001	617,474	310,988	38,059	8,641	975,162

<sup>1</sup> Includes general, special revenue, capital projects funds.

**Board of Education of Baltimore County**  
***Governmental Funds Expenditures by Function <sup>1</sup>***  
***Last Ten Fiscal Years***  
***(In Thousands)***

Fiscal Year	Administration		Mid-Level Administration		Instructional			Special Education	Student Personnel Services	Health Services						
					Salaries	Textbooks and Supplies	Other Costs									
2010	\$	41,504	\$	82,537	\$	454,942	\$	41,915	\$	16,329	\$	176,072	\$	8,783	\$	13,825
2009		42,465		80,653		441,066		27,768		22,745		165,491		8,384		13,265
2008		36,625		76,865		441,281		23,578		24,453		159,865		7,771		13,261
2007		35,260		70,409		427,342		25,135		17,556		148,936		7,430		12,481
2006		33,619		67,063		404,312		24,661		18,159		142,298		6,573		12,512
2005		27,986		63,143		388,747		24,354		18,712		131,318		5,968		11,550
2004		25,802		60,476		373,785		22,503		20,421		121,737		5,691		10,944
2003		24,408		58,663		363,199		19,816		20,665		119,327		5,435		11,278
2002		22,067		57,850		355,055		23,025		21,196		110,297		4,810		10,795
2001		22,094		55,030		332,229		28,816		26,047		98,298		4,539		9,739

<sup>1</sup> Includes general, special revenue, and capital projects funds.

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Student Transportation	Operation of Plant	Maintenance of Plant	Fixed Charges	Community Services	Capital Administration	Debt Service	Total
\$ 53,276	\$ 87,953	\$ 30,055	\$ 354,570	\$ 39	\$ 111,781	\$ 6,463	\$ 1,480,044
53,936	86,897	29,530	364,006	141	97,672	5,166	1,439,185
53,835	83,027	28,336	335,101	953	169,997	4,922	1,459,870
47,609	76,914	26,150	286,638	782	160,567	5,072	1,348,281
40,728	70,746	22,087	256,220	617	69,245	4,927	1,173,767
40,258	63,283	20,309	239,124	503	58,942	3,743	1,097,940
35,904	60,431	18,637	216,615	347	53,133	4,283	1,030,709
37,156	57,473	19,502	207,339	570	111,386	4,129	1,060,346
39,212	57,194	18,999	181,283	396	172,015	4,902	1,079,096
32,626	57,573	18,110	171,297	129	113,933	5,014	975,474

**Board of Education of Baltimore County**  
***Final Approved Operating Budgets***  
***Expenditures***  
***Last Ten Fiscal Years***  
***(In Thousands)***

<b>General Fund</b>									
Fiscal	Mid-Level		Instructional	Instructional	Special	Student	Health	Student	
Year	Administration	Administration	Salaries and	Textbooks	Education	Personnel	Services	Transportation	
			Other Costs	and Supplies		Services			
2010	\$ 35,711	\$ 82,756	\$ 447,609	\$ 35,722	\$ 147,835	\$ 8,265	\$ 13,638	\$ 52,235	
2009	36,679	80,388	447,009	23,560	146,350	8,049	12,961	51,983	
2008	33,469	76,368	448,359	20,835	139,151	6,474	12,079	48,840	
2007	29,718	69,497	421,040	23,891	128,268	6,181	11,274	45,854	
2006	28,787	65,640	402,364	19,964	123,150	5,165	11,078	42,257	
2005	23,126	62,276	385,729	18,409	115,424	4,716	9,972	38,054	
2004	22,722	59,672	372,297	19,130	108,030	4,315	9,534	35,256	
2003	19,380	58,114	342,779	16,210	101,805	3,526	9,348	35,163	
2002	19,059	57,429	345,038	19,064	95,927	3,597	9,309	35,054	
2001	19,061	54,639	326,763	26,768	87,976	3,555	8,446	34,686	

				<b>General Fund Total</b>	<b>Debt Service Fund</b>	<b>Special Revenue Fund</b>		
Operation of Plant	Maintenance of Plant	Fixed Charges	Capital Administration	General Fund	Debt Service	Federal and Restricted Programs	Total	
\$ 88,500	\$ 29,653	\$ 252,689	\$ 3,292	1,197,905	\$ 26,931	\$ 107,589	\$ 1,332,425	
87,867	29,959	244,381	3,230	1,172,416	26,377	76,438	1,275,231	
85,207	28,564	232,785	3,170	1,135,301	26,158	85,260	1,246,719	
80,490	27,235	218,424	5,849	1,067,721	24,693	88,158	1,180,572	
72,430	22,105	194,442	3,182	990,564	23,978	84,487	1,099,029	
62,907	20,962	179,052	2,309	922,936	20,559	74,894	1,018,389	
61,022	19,923	158,765	2,322	872,988	16,251	71,031	960,270	
58,062	19,587	149,000	2,133	815,107	22,397	97,491	934,995	
56,948	18,984	129,112	1,889	791,410	13,650	77,559	882,619	
58,087	18,775	115,907	1,809	756,472	14,658	73,336	844,466	

**Board of Education of Baltimore County*****General Fund - Revenue and Expenditures - Budgetary Basis******Last Nine Fiscal Years******(In Thousands)***

	<b>2010</b>		<b>2009</b>		<b>2008</b>		<b>2007</b>	
		%		%		%		%
	Amount	of Total	Amount	of Total	Amount	of Total	Amount	of Total
<b>Revenues by Source:</b>								
Baltimore County	\$ 670,539	56.0	\$ 646,094	55.0	\$ 617,723	54.5	\$ 607,042	56.9
State of Maryland	499,219	41.7	515,108	43.9	503,338	44.4	437,103	41.0
United States Government	9,208	0.8	1,408	0.1	1,795	0.1	5,520	0.5
Other	18,122	1.5	11,500	1.0	11,087	1.0	16,985	1.6
Total revenue	1,197,088	100.0	1,174,110	100.0	1,133,943	100.0	1,066,650	100.0
<b>Current Expenditures</b>								
<b>by Function:</b>								
Administration	35,608	3.0	36,632	3.1	33,452	3.0	29,666	2.8
Mid-Level Administration	82,219	6.9	79,921	6.9	75,976	6.7	69,490	6.5
Instructional costs:								
Salaries	436,345	36.6	424,083	36.4	425,971	37.8	407,249	38.3
Instr. textbooks & supp.	35,645	3.0	23,540	2.0	20,829	1.8	23,809	2.2
Other costs	9,341	0.8	19,411	1.7	18,795	1.7	12,510	1.2
Special education	146,569	12.3	146,318	12.6	138,692	12.3	127,157	12.0
Student personnel services	8,087	0.7	7,778	0.7	6,473	0.6	6,140	0.6
Health services	13,428	1.1	12,750	1.1	11,988	1.1	11,274	1.1
Student transportation	51,999	4.4	51,295	4.4	48,523	4.3	45,681	4.3
Operation of plant	87,555	7.3	87,304	7.5	83,023	7.4	78,798	7.4
Maintenance of plant	29,201	2.4	28,343	2.4	27,643	2.5	27,222	2.6
Fixed charges	252,688	21.2	244,344	20.9	232,734	20.5	218,386	20.5
Capital administration	3,212	0.3	3,104	0.3	3,039	0.3	5,841	0.5
Total expenses	1,191,897	100.0	1,164,823	100.0	1,127,138	100.0	1,063,223	100.0
<b>Excess of revenue</b>								
<b>over expenditures</b>	<b>\$ 5,191</b>		<b>\$ 9,287</b>		<b>\$ 6,805</b>		<b>\$ 3,427</b>	

2006			2005			2004			2003			2002		
Amount		% of Total	Amount		% of Total	Amount		% of Total	Amount		% of Total	Amount		% of Total
\$	591,656	59.9	\$	570,385	62.0	\$	560,234	64.3	\$	547,235	67.2	\$	544,998	68.9
	382,665	38.7		338,383	36.8		301,396	34.6		255,781	31.4		237,129	30.0
	138	-		-	-		100	0.1		-	-		-	-
	14,086	1.4		11,192	1.2		8,948	1.0		11,231	1.4		9,089	1.1
	988,545	100.0		919,960	100.0		870,678	100.0		814,247	100.0		791,216	100.0
	28,768	2.9		23,115	2.5		22,111	2.6		19,375	2.4		19,025	2.4
	65,632	6.7		62,142	6.8		59,652	6.8		58,101	7.1		57,428	7.3
	383,167	39.2		370,701	40.4		355,294	41.1		330,819	40.6		325,357	41.2
	19,835	2.0		18,392	2.0		18,670	2.1		16,209	2.0		19,064	2.4
	12,453	1.3		11,749	1.3		14,406	1.7		11,824	1.5		17,579	2.2
	121,255	12.4		114,731	12.5		104,622	12.1		101,802	12.5		95,749	12.1
	5,090	0.5		4,626	0.5		4,244	0.5		3,524	0.4		3,597	0.5
	11,071	1.1		9,969	1.1		9,528	1.1		9,348	1.1		9,309	1.2
	41,197	4.2		38,028	4.1		35,179	4.1		34,735	4.3		35,048	4.4
	71,924	7.3		62,883	6.9		60,822	7.0		58,024	7.1		56,909	7.2
	21,971	2.2		20,146	2.2		19,745	2.3		19,465	2.4		18,980	2.5
	193,514	19.9		178,959	19.5		158,676	18.3		148,827	18.3		129,107	16.4
	3,018	0.3		2,268	0.2		2,238	0.3		2,130	0.3		1,889	0.2
	978,895	100.0		917,709	100.0		865,187	100.0		814,183	100.0		789,041	100.0
\$	9,650		\$	2,251		\$	5,491		\$	64		\$	2,175	



# Board of Education of Baltimore County

## *Enrollment by Schools*

	SEPTEMBER			SEPTEMBER	
	2009	2008		2009	2008
<u>Elementary and Alternatives</u>					
Arbutus	363	333	Hillcrest	697	656
Baltimore Highlands	528	512	Imagine Discovery	552	465
Battle Grove	325	332	Jacksonville	588	533
Bear Creek	445	453	Johnnycake	593	584
Bedford	273	276	Joppa View	628	617
Berkshire	446	385	Kingsville	353	343
Campfield Ctr.	338	307	Lansdowne	410	392
Carney	475	489	Logan	488	512
Carroll Manor	333	318	Lutherville	501	491
Catonsville	419	413	Mars Estates	378	378
Cedarmere	435	459	Martin Boulevard	276	290
Chadwick	452	406	McCormick	335	390
Chapel Hill	577	534	Middleborough	319	317
Charlesmont	327	350	Middlesex	511	475
Chase	305	323	Milbrook	335	341
Chatsworth	380	390	New Town	745	709
Chesapeake Terrace	263	195	Norwood	595	584
Church Lane	483	463	Oakleigh	485	499
Colgate	328	331	Oliver Beach	272	258
Cromwell Magnet	436	432	Orems	354	349
Deep Creek	384	386	Owings Mills	758	715
Deer Park	416	431	Padonia	411	375
Dogwood	411	450	Perry Hall	552	559
Dundalk	636	651	Pine Grove	501	448
Eastwood Center	198	208	Pinewood	545	532
Edgemere	468	513	Pleasant Plains	487	500
Edmondson Heights	505	505	Pot Spring	574	540
Elmwood	573	548	Powhatan	318	329
Essex	474	461	Prettyboy	484	459
Featherbed Lane	678	691	Randallstown	394	389
Fifth District	276	285	Red House Run	573	524
Fort Garrison	429	390	Reisterstown	539	506
Franklin	528	512	Relay	435	414
Fullerton	541	525	Riderwood	542	518
Glenmar	381	341	Riverview	461	469
Glyndon	476	476	Rodgers Forge	722	709
Grange	404	364	Sandalwood	494	462
Gunpowder	518	519	Sandy Plains	580	597
Halethorpe	418	405	Scotts Branch	491	512
Halstead Academy	500	531	Seneca	356	392
Hampton	451	406	Seven Oaks	413	407
Harford Hills	339	332	Seventh District	417	395
Hawthorne	578	600	Shady Spring	591	595
Hebbville	404	438	Sparks	555	517
Hernwood	411	434	Stoneleigh	622	594

	SEPTEMBER			SEPTEMBER	
	2009	2008		2009	2008
Summit Park	368	361	Stemmers Run	709	703
Sussex	359	363	Sudbrook Magnet	1024	1007
Timber Grove	592	601	Windsor Mill	605	618
Timonium	438	434	Woodlawn	642	669
Victory Villa	315	310	Misc. Programs	-	5
Villa Cresta	586	576	Middle total	22,338	22,666
Vincent Farm	533	500			
Warren	381	358	High and Alternatives		
Wellwood	441	442	Bridge Center	11	6
Westchester	534	507	Carver Center	746	736
Westowne	548	541	Catonsville	1,735	1,756
Winand	464	465	Catonsville Ctr. for Alternative Study	72	76
Winfield	460	437	Chesapeake	1,071	1,062
Woodbridge	348	357	Crossroads Center	91	83
Woodmoor	484	495	Dulaney	1,879	1,857
Woodholme	773	730	Dundalk	1,240	1,223
Misc. Programs	1	1	Eastern School of Technology	1,283	1,263
Elementary total	49,183	48,221	Franklin	1,546	1,578
			Hereford	1,387	1,380
Middle and Alternatives			Kenwood	1,762	1,755
Arbutus	753	798	Lansdowne	1,285	1,245
Bridge Center	12	9	Loch Raven	1,027	1,043
Catonsville	641	667	Milford Mill	1,289	1,405
Cockeysville	754	813	New Town	957	981
Crossroads Center	101	90	Overlea	1,073	1,215
Deep Creek	767	793	Owings Mills	1,015	1,037
Deer Park	1,114	1,151	Parkville	1,693	1,721
Dumbarton	922	944	Patapsco	1,462	1,483
Dundalk	447	462	Perry Hall	2,265	2,192
Franklin	1,328	1,297	Pikesville	913	921
General John Stricker	786	794	Randallstown	1,208	1,231
Golden Ring	637	661	Rosedale Alternative	141	131
Hereford	966	1,008	Sparrows Point	792	802
Holabird	643	652	Towson	1,384	1,407
Lansdowne	675	673	Western School of Technology	873	885
Loch Raven Technical Acad	582	584	Woodlawn	1,641	1,767
Meadowwood Educ. Ctr.	48	44	Misc. Programs	86	83
Middle River	910	896	High total	31,927	32,324
Old Court	581	556			
Parkville	1,030	1,042	Special Education		
Perry Hall	1,519	1,521	Battle Monument	63	53
Pikesville	975	917	The Ridge Ruxton School	112	125
Pine Grove	907	1,009	Maiden Choice School	112	105
Rosedale Alt. Middle	43	40	White Oak School	97	149
Ridgely	1,011	1,052	Special Education total:	384	432
Southwest Academy	748	727			
Sparrows Point	458	464	Total enrollment	103,832	103,643

**Board of Education of Baltimore County**  
***Enrollment by Grade and***  
***Student to Teacher Ratio***

		School Year Beginning September									
		2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Elementary:											
Preschool		3,883	3,777	3,649	3,771	3,585	3,512	3,469	3,404	3,176	3,182
Kindergarten		7,534	7,320	7,156	6,731	6,849	6,812	6,748	6,654	6,665	6,722
Grade	1	7,675	7,523	7,183	7,335	7,215	7,289	7,325	7,492	7,431	7,449
	2	7,656	7,304	7,351	7,289	7,352	7,363	7,484	7,580	7,505	7,705
	3	7,352	7,414	7,356	7,349	7,384	7,597	7,753	7,671	7,802	8,212
	4	7,515	7,462	7,375	7,473	7,634	7,911	7,841	7,982	8,258	8,553
	5	7,568	7,421	7,504	7,679	7,976	7,842	8,160	8,363	8,591	8,501
Total Elementary		49,183	48,221	47,574	47,627	47,995	48,326	48,780	49,146	49,428	50,324
Middle:											
Grade	6	7,366	7,345	7,486	7,854	7,918	8,248	8,483	8,738	8,579	8,613
	7	7,407	7,538	7,886	7,949	8,240	8,447	8,847	8,784	8,655	8,590
	8	7,565	7,783	7,905	8,127	8,506	8,819	8,777	8,759	8,504	8,361
Total Middle		22,338	22,666	23,277	23,930	24,664	25,514	26,107	26,821	25,738	25,564
High:											
Grade	9	8,525	8,624	8,920	9,383	9,498	9,637	9,453	9,298	8,907	8,715
	10	8,098	8,232	8,515	8,704	8,940	8,663	8,625	8,349	8,262	7,996
	11	7,575	7,809	7,916	8,242	8,012	7,876	7,710	7,766	7,441	7,282
	12	7,729	7,659	8,113	7,867	7,784	7,520	7,581	7,261	7,021	6,708
Total High		31,927	32,324	33,464	34,196	34,234	33,696	33,369	32,674	31,631	30,701
Special Education Schools		384	432	399	429	493	479	536	503	525	544
Total enrollment		103,832	103,643	104,714	106,182	107,386	108,015	108,792	108,604	107,322	107,133
Number of teachers		7,347	7,291	7,405	7,424	7,393	7,380	7,223	6,847	6,845	6,635
Ratio of students to teachers		14.1	14.2	14.1	14.3	14.5	14.6	15.1	15.9	15.7	16.1

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**Board of Education of Baltimore County**  
***Cost Per Pupil - Budgetary Basis***  
***Last Nine Fiscal Years***

	<b>2010</b>	<b>2009</b>	<b>2008</b>
<b>Total Number of Pupils Enrolled</b>	<u>103,832</u>	<u>103,643</u>	<u>104,714</u>
<b>Current Expense</b>			
General Fund:			
Administration	\$ 343	\$ 353	\$ 319
Mid-Level Administration	792	772	726
Instructional <sup>(1)</sup> :			
Salaries	4,202	4,092	4,068
Textbooks and supplies	343	227	199
Other costs	90	187	179
Special education	1,412	1,412	1,324
Student personnel services	78	75	62
Health services	129	123	114
Student transportation	501	495	463
Operation of plant	843	842	793
Maintenance of plant	281	273	264
Fixed charges	2,434	2,358	2,223
Capital administration	31	30	29
Total General Fund	<u>11,479</u>	<u>11,239</u>	<u>10,764</u>
<b>Special Revenue Fund</b>	<u>871</u>	<u>609</u>	<u>678</u>
<b>Debt Service Fund:</b>			
Principal	151	141	138
Interest	108	114	112
Total Debt Service Fund	<u>259</u>	<u>255</u>	<u>250</u>
<b>Total Cost Per Pupil</b>	<u>\$ 12,609</u>	<u>\$ 12,103</u>	<u>\$ 11,692</u>

The cost per pupil is based on the total number of pupils enrolled in the fall of each school year.

(1) Costs that are not applicable to the basic educational program or that are not charged to the Board of Education are not included in the above computation. For the year ended June 30, 2010, contributions by the State of Maryland to the Teachers' Retirement and Pension System of \$85,998,709 on behalf of Baltimore County Public are not included in this calculation.

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<u>106,182</u>	<u>107,386</u>	<u>108,015</u>	<u>108,792</u>	<u>108,604</u>	<u>107,322</u>
\$ 279	\$ 268	\$ 214	\$ 203	\$ 208	\$ 177
654	611	575	548	549	535
3,835	3,568	3,432	3,266	3,271	3,032
224	185	170	172	176	178
118	116	109	132	140	164
1,198	1,129	1,062	962	963	892
58	47	43	39	39	34
106	103	92	88	88	87
430	384	352	323	324	327
742	670	582	559	560	530
256	205	187	181	182	177
2,057	1,802	1,657	1,459	1,461	1,203
55	28	21	21	21	18
<u>10,012</u>	<u>9,116</u>	<u>8,496</u>	<u>7,953</u>	<u>7,982</u>	<u>7,354</u>
<u>731</u>	<u>730</u>	<u>645</u>	<u>622</u>	<u>787</u>	<u>670</u>
113	106	86	88	138	79
120	114	104	52	51	48
<u>233</u>	<u>220</u>	<u>190</u>	<u>140</u>	<u>189</u>	<u>127</u>
<u>\$ 10,976</u>	<u>\$ 10,066</u>	<u>\$ 9,331</u>	<u>\$ 8,715</u>	<u>\$ 8,958</u>	<u>\$ 8,151</u>

**Board of Education of Baltimore County**  
***Other Data***  
***Last Nine Fiscal Years***

	<b><u>2009/2010</u></b>	<b><u>2008/2009</u></b>	<b><u>2007/2008</u></b>
<b><u>Number of Schools</u></b>			
Elementary	105	105	103
Middle	27	27	27
High	24	24	24
Special education schools and centers	4	4	4
Vocational program	2	2	2
Alternative centers	10	10	10
Total	<u>172</u>	<u>172</u>	<u>170</u>
<b><u>Operating Data of Food Service Fund</u></b>			
Number of days lunch served	179	180	182
Number of free lunches served to pupils annually	4,220,506	3,730,032	3,517,392
Average number of free lunches served to pupils daily	23,578	20,722	19,326
Number of paid lunches served to pupils annually:			
At reduced price	1,118,264	1,178,228	1,194,343
At regular price	2,795,700	3,089,338	3,710,496
Average number of paid lunches served to pupils daily:			
At reduced price	6,247	6,546	6,562
At regular price	15,619	17,163	20,388
Total number of lunches served to pupils annually	8,134,470	7,997,598	8,422,231
Average number of lunches served to pupils daily	45,444	44,431	46,276
Charge per lunch to students:			
Elementary	2.90	2.90	2.50
Secondary	3.00	3.00	2.60
<b><u>Student Transportation Data</u></b>			
Estimated number of eligible riders daily	70,584	62,385	65,194
Number of bus routes:			
County	746	773	767
Private contractor	81	81	81
<b><u>High School Graduates</u></b>			
Day school	7,310	7,286	7,424
Evening school	42	19	102
Total	<u>7,352</u>	<u>7,305</u>	<u>7,526</u>
Total Enrollment	<u>103,832</u>	<u>103,643</u>	<u>104,714</u>

<u>2006/2007</u>	<u>2005/2006</u>	<u>2004/2005</u>	<u>2003/2004</u>	<u>2002/2003</u>	<u>2001/2002</u>
103	103	103	103	104	104
27	26	26	26	26	26
24	24	24	24	23	23
4	4	4	4	4	4
2	2	2	2	2	2
9	9	8	8	8	8
<u>169</u>	<u>168</u>	<u>167</u>	<u>167</u>	<u>167</u>	<u>167</u>
183	182	182	179	177	180
3,413,209	3,449,101	3,306,353	3,085,437	2,903,427	2,756,967
18,651	18,951	18,167	17,237	16,404	15,316
1,171,969	1,155,092	1,058,827	1,027,733	1,025,523	991,252
4,009,149	4,327,066	4,715,756	4,795,265	4,537,225	4,429,283
6,404	6,347	5,818	5,742	5,794	5,507
21,908	23,775	25,911	26,789	25,634	24,607
8,594,327	8,931,259	9,080,936	8,908,435	8,466,175	8,177,502
46,963	49,073	49,896	49,768	47,831	45,431
2.50	2.10	1.70	1.50	1.50	1.50
2.60	2.20	1.80	1.60	1.60	1.60
62,904	70,106	69,753	78,277	79,044	75,988
749	729	710	693	690	663
81	91	89	91	91	91
7,265	7,178	7,082	7,286	6,996	6,784
99	147	114	43	29	113
<u>7,364</u>	<u>7,325</u>	<u>7,196</u>	<u>7,329</u>	<u>7,025</u>	<u>6,897</u>
<u>106,182</u>	<u>107,386</u>	<u>108,015</u>	<u>108,792</u>	<u>108,604</u>	<u>107,322</u>



**Board of Education of Baltimore County**  
***Full-time Equivalent Positions***  
***Last Nine Fiscal Years***

	<u>FY2010</u>	<u>FY2009</u>	<u>FY2008</u>
<b>Full-time Equivalent Positions By Fund:</b>			
General Fund	13,045	13,104	13,048
Special Revenue Fund	904	737	886
Enterprise Fund	<u>589</u>	<u>627</u>	<u>626</u>
Total Full-time Equivalent Positions By Fund	<u>14,538</u>	<u>14,468</u>	<u>14,560</u>
<b>Full-time Equivalent Positions By Function:</b>			
Administration	317	314	309
Mid-level Administration	1,078	1,073	1,062
Instructional	6,975	6,882	6,942
Special Education	1,771	1,935	1,887
Pupil Personnel Services	112	112	95
Health Services	216	213	187
Student Transportation	1,124	1,124	1,124
Operation of Plant	1,164	1,162	1,155
Plant Maintenance	249	250	248
Capital Administration	<u>39</u>	<u>39</u>	<u>39</u>
	13,045	13,104	13,048
Special Revenue Fund (primarily instructional)	904	737	886
Proprietary Fund - Food Service Operations	<u>589</u>	<u>627</u>	<u>626</u>
Total Full-time Equivalent Positions By Function	<u>14,538</u>	<u>14,468</u>	<u>14,560</u>

<u>FY2007</u>	<u>FY2006</u>	<u>FY2005</u>	<u>FY2004</u>	<u>FY2003</u>	<u>FY2002</u>
12,947	12,772	12,653	12,528	12,044	11,994
922	924	863	811	1,086	921
619	614	602	575	578	605
14,488	14,310	14,118	13,914	13,708	13,520
305	276	261	266	261	254
1,049	1,046	1,030	1,004	993	1,002
6,929	6,876	6,883	6,939	6,522	6,442
1,880	1,852	1,812	1,711	1,689	1,712
79	73	72	81	63	62
186	182	181	181	180	179
1,098	1,067	1,020	977	976	968
1,145	1,135	1,137	1,123	1,117	1,127
241	231	225	210	206	218
35	34	32	36	37	30
12,947	12,772	12,653	12,528	12,044	11,994
922	924	863	811	1,086	921
619	614	602	575	578	605
14,488	14,310	14,118	13,914	13,708	13,520

**Board of Education of Baltimore County**  
**Capital Asset Information**  
**Last Ten Fiscal Years**

		<u>2009-2010</u>	<u>2008-2009</u>	<u>2007-2008</u>	<u>2006-2007</u>	<u>2005-2006</u>
<b>Schools:</b>						
Elementary						
	Buildings	105	105	104	104	103
	Square Feet	6,377,242	6,325,689	6,255,467	6,246,317	6,292,258
	Capacity	48,576	48,117	48,527	48,663	48,635
	Enrollment	49,183	48,064	47,574	47,624	47,990
Middle						
	Buildings	27	27	27	26	26
	Square Feet	3,854,297	3,838,642	3,838,642	3,721,952	3,721,952
	Capacity	28,585	28,833	29,035	28,315	28,605
	Enrollment	22,295	22,578	23,122	23,813	24,545
High						
	Buildings	24	24	24	24	24
	Square Feet	5,121,487	5,121,487	5,121,487	5,078,408	5,078,408
	Capacity	33,885	33,917	33,556	33,624	33,504
	Enrollment	31,714	32,045	33,319	33,882	33,861
Special Ed						
	Buildings	4	4	4	4	4
	Square Feet	243,870	243,870	243,870	243,870	243,870
	Capacity	880	880	1,050	1,050	1,050
	Enrollment	384	432	399	429	493
<b>Alternative &amp; Other:</b>						
	Buildings	3	3	3	3	3
	Square Feet	218,785	218,785	218,785	218,785	218,785
	Capacity	1,030	1,030	1,075	1,085	1,085
	Enrollment	256	524	300	434	497
<b>Total Schools &amp; Other:</b>						
	Buildings	163	163	162	161	160
	Square Feet	15,815,681	15,515,278	15,678,251	15,509,332	15,555,273
	Capacity	112,076	112,777	113,243	112,737	112,879
	Enrollment	103,832	103,643	104,714	106,182	107,386
<b>Note: The above data does not include administrative and support buildings; and, leased office facilities.</b>						
<b>Transportation:</b>						
	School Buses	879	889	876	887	853
	Trucks	359	351	343	341	345

<u>2004-2005</u>	<u>2003-2004</u>	<u>2002-2003</u>	<u>2001-2002</u>	<u>2000-2001</u>
103	103	103	103	103
6,163,480	6,286,102	6,278,733	6,172,630	6,202,630
52,137	52,461	52,677	53,979	53,979
48,320	48,777	49,143	49,427	50,322
26	26	26	26	26
3,721,952	3,721,952	3,721,952	3,721,952	3,721,952
28,659	28,701	28,734	30,399	30,399
25,373	25,998	26,427	25,658	25,457
24	23	23	23	23
5,078,408	5,088,747	4,868,799	5,023,334	5,088,747
33,673	32,415	31,860	33,485	33,485
33,314	32,990	31,992	31,332	30,354
4	4	4	4	5
243,870	243,870	243,870	243,870	292,885
1,050	1,050	1,050	1,025	1,255
479	536	503	525	544
4	4	4	4	4
273,750	273,750	272,250	272,250	272,250
1,135	1,135	1,025	1,025	1,025
529	491	539	380	456
161	160	160	160	161
15,481,460	15,614,421	15,385,604	15,434,036	15,578,464
116,654	115,762	115,346	119,913	120,143
108,015	108,792	108,604	107,322	107,133
817	787	765	744	708
335	342	342	339	321

**BOARD OF EDUCATION OF BALTIMORE COUNTY**  
*Student Academic Performance*  
*Last Five Fiscal Years*

**Adequate Yearly Progress**

Adequate Yearly Progress (AYP) is the primary accountability component of the No Child Left Behind Act and is used to measure the gain in academic progress.

Reading	2010	2009	2008	2007	2006	Math	2010	2009	2008	2007	2006
Elementary	89.0%	88.6%	87.3%	83.6%	82.8%	Elementary	88.2%	86.0%	85.0%	83.4%	78.6%
Middle	82.1%	81.7%	78.3%	71.1%	73.5%	Middle	72.0%	70.8%	67.6%	60.0%	60.6%
High	84.5%	83.9%	80.0%	69.6%	59.0%	High	86.6%	85.5%	82.7%	64.3%	59.5%

**Maryland School Assessment**

Maryland School Assessment (MSA) is an assessment program used in grades 3 through 8, to determine student proficiency in the areas of reading and mathematics.

Reading	2010	2009	2008	2007	2006	Math	2010	2009	2008	2007	2006
Grade 3	86.81%	87.46%	84.98%	83.48%	81.73%	Grade 3	87.37%	85.78%	83.19%	81.58%	77.65%
Grade 4	88.98%	86.92%	88.90%	87.61%	85.99%	Grade 4	91.96%	90.10%	90.08%	87.99%	84.38%
Grade 5	90.49%	90.29%	87.14%	78.38%	79.33%	Grade 5	84.36%	80.80%	80.15%	79.27%	72.30%
Grade 6	84.69%	81.80%	82.64%	77.28%	73.03%	Grade 6	76.81%	72.22%	74.50%	66.44%	63.87%
Grade 7	80.60%	80.84%	81.70%	68.22%	74.59%	Grade 7	71.53%	73.08%	65.97%	58.17%	57.95%
Grade 8	81.68%	82.10%	70.35%	66.17%	70.36%	Grade 8	67.13%	65.75%	60.35%	53.29%	56.82%