

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** March 13, 2007

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

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

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

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

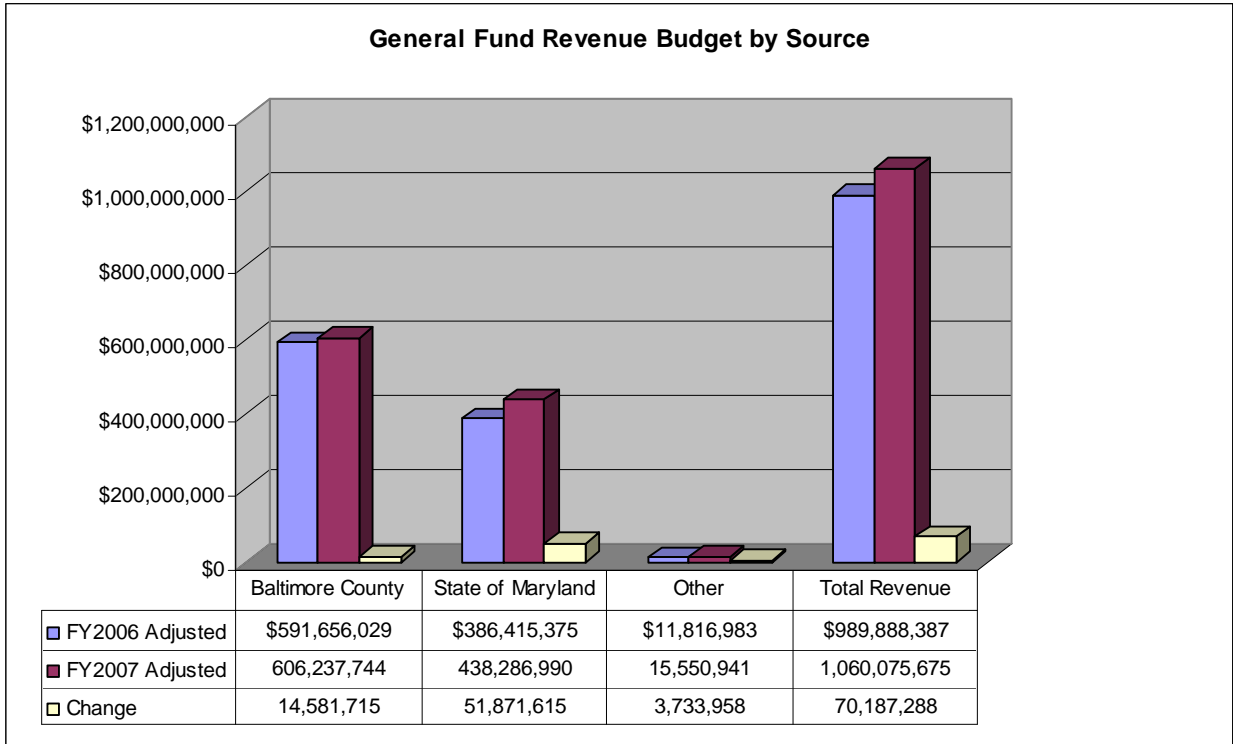
**RESOURCE PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

***INFORMATION***

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

***General Fund Comparison of FY2006 and FY2007 Revenues, Expenditures, and Encumbrances-Budget and Actual***

These data are presented using Maryland State Department of Education categories. Amounts included reflect actual revenues, expenditures and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2006 and FY2007 General Fund Revenue Budget. Figure 2 provides an overview of the FY2007 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of January 31, 2006 and 2007. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.



**Figure 1**

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

- Baltimore County** – The FY2007 county appropriation increased \$14.6 million, 2.5% over the FY2006 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$331.8 million, 54.7% of the budget, as compared to \$309.6 million, 52.3% of the budget, for FY2006.
- State of Maryland** – The FY2007 state appropriation increased \$51.8 million, 13.4% over the FY2006 budget. The increase is the result of the fourth year of the Maryland *Bridge to Excellence in Public Schools Act*. The majority of state funds are received bi-monthly in equal installments. Four of the bi-monthly payments have been received, and actual revenues to date are in line with the budget.
- Other Revenues** –The other revenue budget is comprised of re-appropriations of funds from the prior year’s fund balance, out-of-county living arrangement payments from other local education agencies which are estimated to be \$4 million and are generally collected at year-end, tuitions and sundry revenues. The year-to-date revenue includes the re-appropriation of \$8.1 million of the prior year’s fund balance, including \$1.3 million which was approved by the county council in November 2006 to provide funding for the window replacement project at Lansdowne Elementary school and approximately \$4 million approved by the county council in January 2007 to provide \$3.7 million in funding for two new alternative academic programs and \$300,000 for the disaster recovery site being developed in partnership with the county government; tuition and other revenues of approximately \$3.1 million.

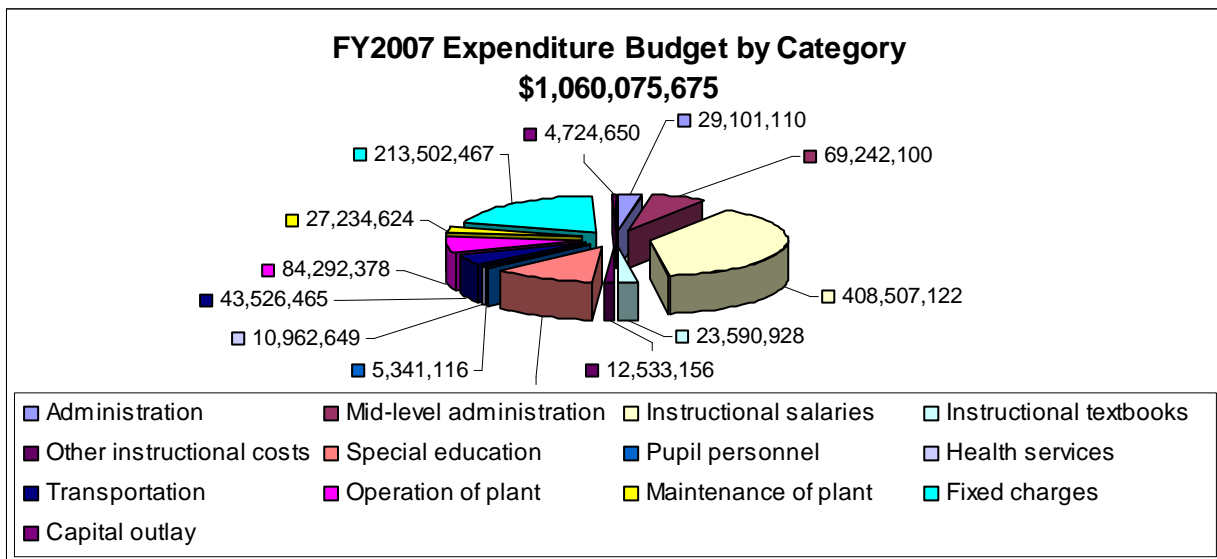


Figure 2 (Detail included in Figure 4)

### *Year-to-Date Comparison*

**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through January, 2007, are \$610 million, 57.5 % obligated, compared to \$552 million, 55.7 % obligated, for the same period in FY2006. Salary expenditures within categories that are primarily comprised of 12-month positions (e.g., Administration, Mid-Level Administration, Operation of Plant, Maintenance of Plant, and Capital Outlay) average 55 % of the budget amount and are in line considering the percent of the fiscal year that has elapsed. Salary expenditures in categories with large concentrations of 10-month, school-based personnel (e.g., Instructional Salaries, Special Education, Pupil Personnel, Health Services, and Transportation) average 52.6 % of budget, which is in line with the percentage of the school year that has elapsed. The increase in salary expense is attributable to salary restructuring for all employees and additional positions to expand full-time kindergarten and other programs. The non-salary expenditures are budgeted for an overall increase of \$38.4 million, or 11% over the prior year. These projected increases are in a number of categories throughout the budget, including \$3.7 million in the instructional textbook category, primarily related to planned math textbook purchases and reading materials for students in grades 7 and 8; \$1.3 million increase in fuel cost in transportation; \$11.9 million for expected increases in utilities cost and contractual services in operation of plant; \$3.8 million in additional expenditures in maintenance of plant for planned repairs and replacement of building systems in a number of schools; an increase in fixed charges of \$19.1 million resulting from additional payroll related costs, which increase as salaries are increased and cost increases in health insurances; and funds budgeted in capital outlay for the purchase of additional portable classrooms and the window replacement project at Lansdowne Elementary school. In addition to the above increases, approximately \$1.6 million is budgeted to fund the expected costs of a 4-classroom modular unit and other start-up costs for Maryland’s Tomorrow/Advance Path Academy, which is a new dropout prevention program housed at Chesapeake High School: and, \$2.1 million is budgeted to provide funding for space rental, supplies and materials needed for

the Secondary Academic Intervention Model, which is a new math and reading support program servicing students in grades 6-10 in the eastern and central areas of Baltimore County. The budget also includes \$300,000 for computer equipment, data and telephone cabling for the Disaster Recovery Center.

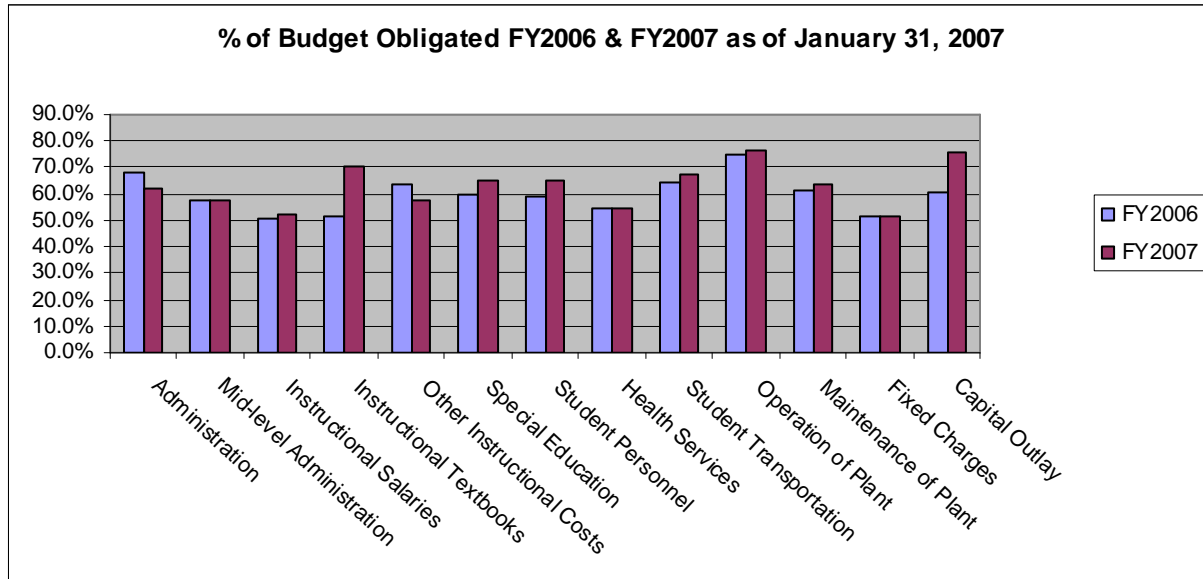


Figure 3

- Administration and Mid-level administration** – Year-to-date FY2007 administrative non-salary expenditures and encumbrances have decreased \$2.5 million over those expended during the same period in FY2006. This decrease results primarily from a decrease in budgeted contracted services related to the upgrade in the Board’s financial system, which was substantially completed in FY2006. Mid-level administration expenditures are in line with the budget and are comparable to the prior year.
- Instructional salaries** – The budget for instructional salaries was increased by \$14.7 million in FY2007 to include additional funding for salary restructuring and step increases. The budget increase also resulted from added instructional positions required to expand full-day kindergarten programs to 10 additional schools and for special education kindergarten at 10 additional schools.

- ***Instructional textbooks and supplies*** – A significant portion of the instructional textbooks and supplies category is spent early in the fiscal year as orders are placed with vendors for textbooks and classroom supplies needed for the opening of school. The budget for this category was increased by 18.9% or approximately \$4 million for the year. The increase in the budget includes \$2.1 million county-wide expenditure for math textbooks and \$2.2 million for reading materials for grades 7 and 8. To date, \$16.3 million, 69% of the FY2007 budgeted textbook funds has been committed; the remaining budget will be spent throughout the year to purchase additional consumable classroom supplies, library books and other media.
- ***Other instructional costs*** – This category is comprised of commitments for contracted services, staff development, and equipment used to support the instructional programs. The budgeted funds in this category were increased \$1.2 million in January for expected costs for two new secondary academic intervention programs. To date \$6.5 million, 51.7% of the FY2007 budgeted funds has been committed. In the prior year \$7.3 million, 63.6% had been committed primarily because of \$2 million of expenditures for new computer equipment that had been incurred at that time. Generally a majority of these expenditures are committed early in the school year to prepare for the opening of school.
- ***Special education*** – The special education category includes costs associated with the educational needs of students receiving special education services. The FY2007 salary budget includes increased funding for salary restructuring, step increases, and the cost of an additional 28 full-time employees to support expansion of kindergarten special education inclusion programs. \$32.3 million (93.3%) of the FY2007 special education non-salary budget is for private placement of children in non-public schools. To date, 88.1% of the original budgeted funds for private placement, \$28.3 million, have been committed, compared with 80% committed at January 2006. A supplemental appropriation has been submitted to the board to reflect increased tuition costs of \$1.5 million in excess of the budgeted amount. These excess costs will be funded entirely by additional state revenues. The total cost of non-public placements are projected to be approximately \$33.8 million for the current year.
- ***Student personnel and Health services*** – Year-to-date FY2007 expenditures and encumbrances are currently in line with the budget.
- ***Transportation*** – This category includes all costs associated with providing school transportation services for students between home, school, and school activities. Much of the transportation non-salary budget is committed early in the fiscal year to reflect the anticipated annual expenditures for contracts with private bus operators, fuel for vehicles, cost of bus maintenance, and other non-salary expenditures. The non-salary budget increased \$1.3 million, which can be attributed primarily to anticipated additional fuel cost and increased costs for parts and maintenance. It is anticipated that the expenditures for private bus contractors will be significantly in excess of the amount budgeted because of contractual increases in rates agreed to in the spring of 2006. As of January 2007, 95.1% of the non-salary budget has been committed, compared with 91.1% committed as of January 2006. Expenditures for salaries are in line with the budget and with prior year expenditures.

- Operation of plant*** – This category contains costs for custodial and grounds keeping salaries for care and upkeep of grounds and buildings. Additionally, costs of utilities (including telecommunications costs, gas and electric, fuel oil, sewer, and water) are included here. The non-salary expenditure budget for this category has increased \$13.9 million, 40.2%. This increase is largely attributable to additional cost of utilities of \$6.3 million, resulting from the cost associated with the new Windsor Mill Middle school and also from overall projected price increases for supplies and services. Additionally, \$2 million was budgeted in January to provide funding for the purchase of relocatable classrooms, space rental and build-out costs associated with the new intervention programs. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$31 million. It is anticipated that the expenditures for utilities will be less than budgeted as a result of the warmer weather experienced during much of this winter. Other expenditures in this category include the cost of building rent, \$2.3 million, property insurance, \$1.1 million, trash removal, \$850,000, and related expenditures. As of January 2007, 92.1% of the non-salary budget has been committed, compared with 96.5% as of January 2006.
- Maintenance of plant and capital outlay*** – The maintenance category consists of activities related to the service and upkeep of building systems and grounds. The non-salary expenditure budget for this category increased \$4.1 million or 35.5% over the prior year, including \$300,000 added in January 2007 for the Disaster Recovery Center. These increases included \$3.6 million for the planned repair and replacement of building systems at selected schools. The capital outlay category includes expenditures related to acquisition and construction of land, buildings and equipment. Capital outlay expenditures to date include approximately \$600,000 for the acquisition of portable classrooms to provide facilities for the expansion of all day kindergarten programs. Additionally, a budget supplement of \$1,292,000 was approved by the county council in November 2006 to provide funding for the completion of the window replacement project at Lansdowne Elementary school. Salary expenses for both categories are in line with the budget.
- Fixed charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 68% and 28% of the Fixed Charges budget, respectively. The FY2007 budget includes an increase of \$11.8 million resulting from increases in premiums for health insurance. Year-to-date FY2007 expenditures and encumbrances are in line with the budget.

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

		FY 2006				FY 2007			
		Adjusted Budget	Total Rev/Exp/Enc.	Remaining Budget	Percentage Earned or Obligated	Adjusted Budget	Total Rev/Exp/Enc.	Remaining Budget	Percentage Earned or Obligated
			as of 01/31/06	as of 01/31/06			as of 01/31/07	as of 01/31/07	
<b>Revenues:</b>									
Baltimore County		\$591,656,029	\$309,643,353	\$282,012,676	52.3%	\$606,237,744	\$331,868,394	\$274,369,350	54.7%
State of Maryland		386,415,375	250,011,093	136,404,282	64.7%	438,286,990	284,174,894	154,112,096	64.8%
Other		11,816,983	7,035,874	4,781,109	59.5%	15,550,941	11,212,258	4,338,683	72.1%
<b>Total revenues</b>		<b>\$989,888,387</b>	<b>\$566,690,320</b>	<b>\$423,198,067</b>	<b>57.2%</b>	<b>\$1,060,075,675</b>	<b>\$627,255,546</b>	<b>\$432,820,129</b>	<b>59.2%</b>
<b>Expenditures and Encumbrances:</b>									
<b>Administration</b>									
salary		\$16,919,500	\$10,113,894	\$6,805,606	59.8%	\$19,368,269	\$11,505,367	\$7,862,902	59.4%
non-salary		11,315,186	9,044,194	2,270,992	79.9%	9,732,841	6,458,414	3,274,427	66.4%
subtotal		28,234,686	19,158,088	9,076,598	67.9%	29,101,110	17,963,781	11,137,329	61.7%
<b>Mid-level Administration</b>									
salary		61,011,497	34,801,545	26,209,952	57.0%	63,906,065	36,602,100	27,303,965	57.3%
non-salary		5,128,198	3,168,038	1,960,160	61.8%	5,336,035	3,399,674	1,936,361	63.7%
subtotal		66,139,695	37,969,583	28,170,112	57.4%	69,242,100	40,001,774	29,240,326	57.8%
<b>Instruction:</b>									
<b>Instructional Salaries</b>									
salary		393,789,802	200,956,285	192,833,517	51.0%	408,507,122	213,402,160	195,104,962	52.2%
<b>Instructional Textbooks</b>									
non-salary		19,564,035	10,088,675	9,475,360	51.6%	23,590,928	16,277,766	6,978,162	69.0%
<b>Other Instructional Costs</b>									
non-salary		11,574,482	7,364,628	4,209,854	63.6%	12,533,156	6,477,966	6,055,190	51.7%
<b>Special Education</b>									
salary		87,500,557	46,598,580	40,901,977	53.3%	92,926,790	50,250,192	42,676,598	54.1%
non-salary		39,649,253	28,946,328	10,702,925	73.0%	34,590,120	33,024,207	1,565,913	95.5%
subtotal		127,149,810	75,544,908	51,604,902	59.4%	127,516,910	83,274,398	44,242,512	65.3%
<b>Student Personnel</b>									
salary		4,697,545	2,804,830	1,892,715	59.7%	5,156,410	3,378,874	1,777,536	65.5%
non-salary		167,936	52,520	115,416	31.3%	184,706	82,384	102,322	44.6%
subtotal		4,865,481	2,857,350	2,008,131	58.7%	5,341,116	3,461,258	1,879,858	64.8%
<b>Health Services</b>									
salary		10,122,687	5,457,290	4,665,397	53.9%	10,728,840	5,883,789	4,845,051	54.8%
non-salary		232,453	163,494	68,959	70.3%	233,809	99,752	134,057	42.7%
subtotal		10,355,140	5,620,784	4,734,356	54.3%	10,962,649	5,983,541	4,979,108	54.6%
<b>Student Transportation</b>									
salary		25,890,607	12,474,991	13,415,616	48.2%	26,951,651	13,573,136	13,378,515	50.4%
non-salary		15,266,890	13,905,035	1,361,855	91.1%	16,574,814	15,766,417	808,397	95.1%
subtotal		41,157,497	26,380,026	14,777,471	64.1%	43,526,465	29,339,553	14,186,912	67.4%
<b>Operation of Plant</b>									
salary		33,121,361	17,569,094	15,552,267	53.0%	35,828,432	18,384,373	17,444,059	51.3%
non-salary		34,558,291	33,335,486	1,222,805	96.5%	48,463,946	44,634,590	3,829,356	92.1%
subtotal		67,679,652	50,904,580	16,775,072	75.2%	84,292,378	63,018,963	21,273,415	74.8%
<b>Maintenance of Plant</b>									
salary		10,218,229	5,336,459	4,881,770	52.2%	11,598,468	5,372,276	6,226,192	46.3%
non-salary		11,536,330	7,967,427	3,568,903	69.1%	15,636,156	11,689,350	3,946,806	74.8%
subtotal		21,754,559	13,303,886	8,450,672	61.2%	27,234,624	17,061,626	10,172,998	62.6%
<b>Fixed Charges</b>									
non-salary		194,441,731	99,424,501	95,017,230	51.1%	213,502,467	109,940,974	103,561,493	51.5%
<b>Capital Outlay</b>									
salary		2,162,667	1,185,533	977,134	54.8%	2,286,455	1,385,299	901,156	60.6%
non-salary		1,019,150	745,734	273,416	73.2%	2,438,195	2,093,384	344,811	85.9%
subtotal		3,181,817	1,931,267	1,250,550	60.7%	4,724,650	3,478,684	1,245,966	73.6%
<b>Total Salary</b>		645,434,452	337,298,501	308,135,951	52.3%	677,258,502	359,737,565	317,520,937	53.1%
<b>Total Non-Salary</b>		344,453,935	214,206,060	130,247,875	62.2%	382,817,173	249,944,878	132,872,295	65.3%
<b>Total Expenditures and Encumbrances</b>		<b>\$989,888,387</b>	<b>\$551,504,561</b>	<b>\$438,383,826</b>	<b>55.7%</b>	<b>\$1,060,075,675</b>	<b>\$609,682,444</b>	<b>\$450,393,231</b>	<b>57.5%</b>

Figure 4

Prepared by: Office of Accounting and Financial Reporting, February 20, 2007.