

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: November 9, 2004

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING
SEPTEMBER 30, 2003 AND 2004**

ORIGINATOR: J. Robert Haines, Deputy Superintendent, Business Services

**RESOURCE
PERSON(S):** Barbara Burnopp, Executive Director, Fiscal Services
Patrick Fannon, Controller

INFORMATION

Attached is the General Fund *Comparison of FY2004 and FY2005 Revenues, Expenditures, and Encumbrances – Budget to Actual* for the periods ended September 30, 2003 and 2004.

**General Fund Comparison of FY2004 and FY2005 Revenues, Expenditures, and Encumbrances –
Budget to Actual
for the periods ended September 30, 2003 and 2004.**

These data are presented using State Department of Education categories. Amounts included reflect actual expenditures to date as well as encumbrances and do not reflect forecasts of revenues and expenditures. Figure 1 presents a high level overview of the FY2004 and FY2005 General Fund Revenue Budget. Figure 2 provides an overview of the original FY2005 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated (expended and encumbered) in September 2003 and 2004. Figure 4 is a comparative statement of budget to obligated (expenditures and encumbrances.)

General Fund Revenue

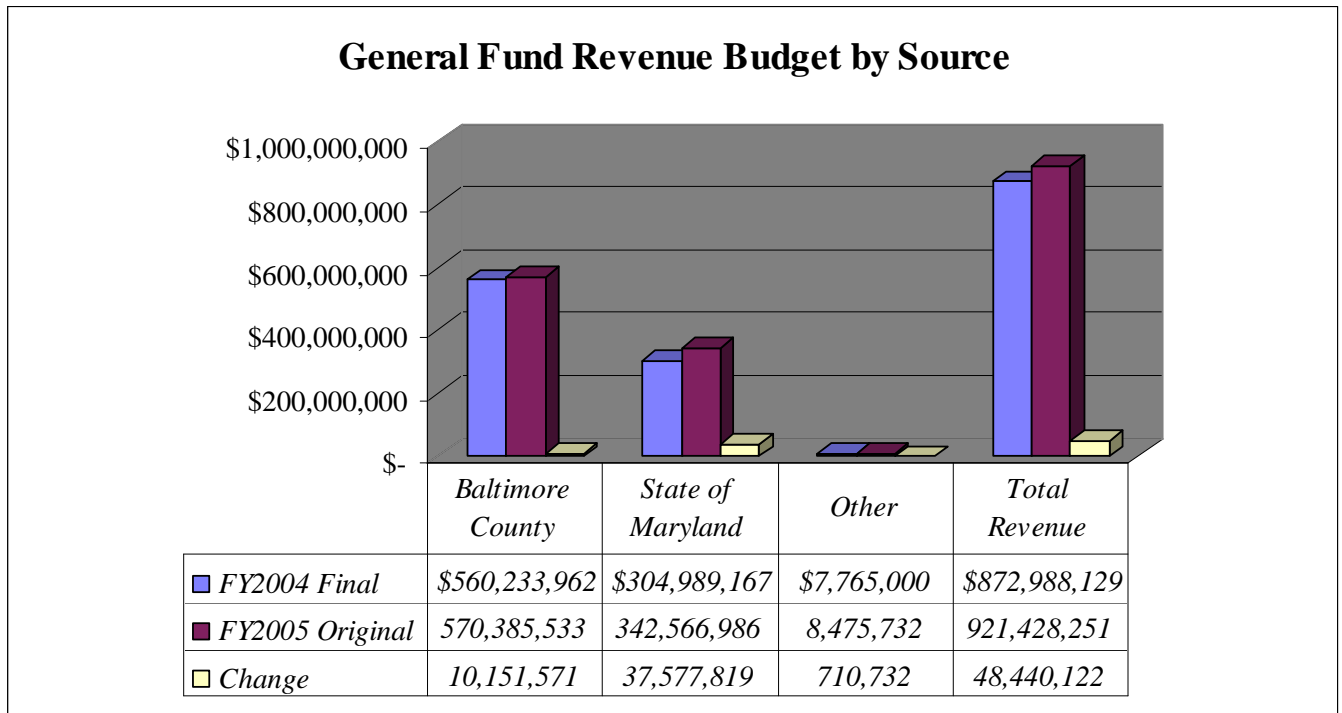


Figure 1

Year-to-Date Comparison

- Baltimore County** – The FY2005 County appropriation increased \$10,151,571, 1.8%, over the FY2004 budget. County funds are drawn, as needed, based on cash flow requirements. Year-to-date County revenue recognized is \$63 million, 11% of the budget, as compared to \$93 million, 17% of the budget, for FY2004.
- State of Maryland** – The FY2005 State appropriation increased \$37,577,819, 12.3%, when compared to the FY2004 budget. The increase is the result of the second year of the Maryland *Bridge to Excellence in Public Schools Act*. The majority of State funds are received bi-monthly in equal installments. Two of the bi-monthly payments have been received, and actual revenues to date are in line with the budget.
- Other Revenue** – Out-of-County tuition payments from other Local Education Agencies (LEAs) are generally recognized at the end of the fiscal year and represent 47% of the total Other Revenue budget. The re-appropriation of prior fiscal year’s fund balance represents an additional 20% of the FY2005 Other Revenue budget. Year-to-date actual revenue includes summer school tuition, tuition from out-of-state agencies, refunds of prior year’s expenditures, and the re-appropriation of prior year’s unspent fund balance.

General Fund Expenditures and Encumbrances

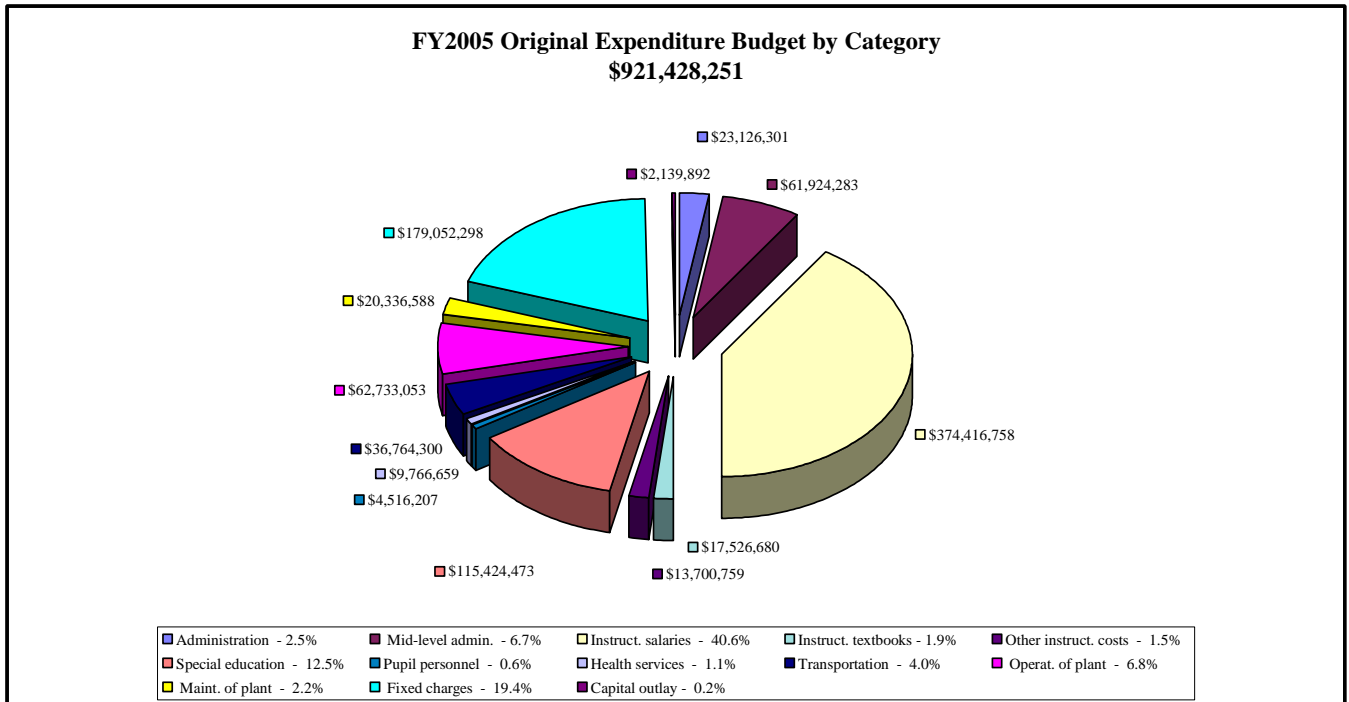


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through September 30, 2004, are \$180 million, 20% obligated, compared to \$196 million, 22% obligated, for the same period in FY2004. 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) are 19-25% of the budget. This is consistent with the fact that one quarter of the fiscal year has elapsed. Salary expenditures in categories with large concentrations of 10-month, school-based personnel (e.g., Instructional Salaries, Special Education, Health Services, and Transportation) range from 9-13% of budget. This is because most 10-month employees were not required to report for duty until late August. FY2005 year-to-date salary expenditures are less than last year because they include payment for five fewer duty days for teachers. The first duty day for the 2004-2005 school year was August 23, 2004. The first teacher duty day for the 2003-2004 school year was August 16, 2003. The decrease in year-to-date FY2005 total non-salary expenditures and encumbrances is primarily a result of a timing difference in the commitment of funds for the private placement of students in non-public schools that is discussed below.

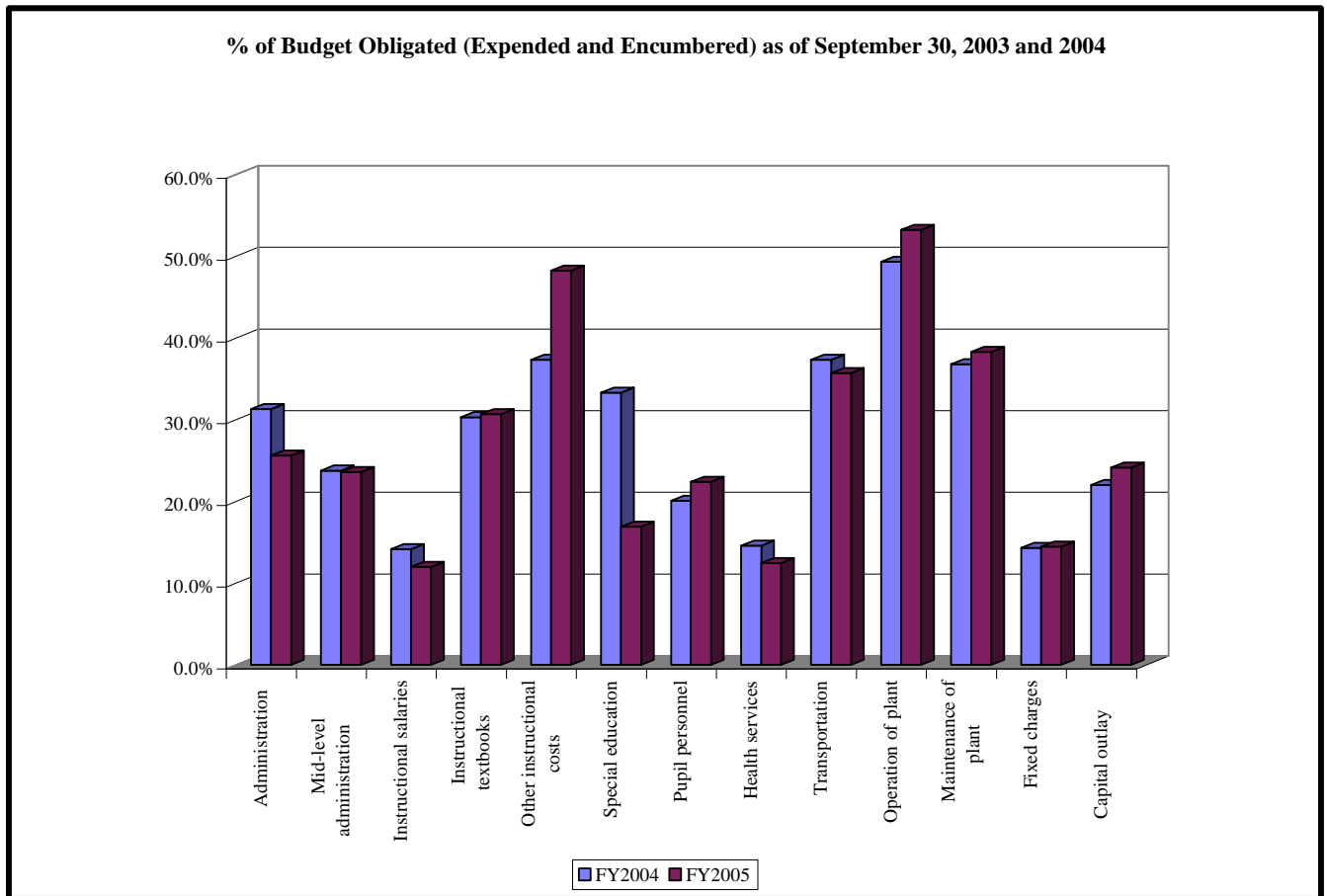


Figure 3

- ***Administration and Mid-level administration*** – Year-to-date FY2005 expenditures and encumbrances are currently in line with the budget.
- ***Instructional salaries*** – Year-to-date Instructional Salaries are \$5.6 million less than FY2004. This is because schools opened one week later in FY2005 than in FY2004. The decrease in year-to-date expenditures is temporary as the FY2005 budget includes increased funding for salary restructuring and step increases. Other factors contributing to the increase in the instructional salary budget include the addition of 20.4 full time equivalents (FTEs) to support enrollment growth, 12.5 FTEs to expand full-day kindergarten at 10 additional schools, 12.0 instructional FTEs for the new Secondary Transition Center, 4.5 instructional FTEs for career and technology and other programs at New Town High School, 3.5 teacher FTEs to add highly qualified teachers to English Language Learners classrooms, and 1.5 FTEs to implement a new 5th grade science program.
- ***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 classroom supplies needed for the opening of school. To date, \$5.4 million, 31% of the FY2005 budgeted funds have been committed.
- ***Other instructional costs*** – This category is comprised of commitments for contracted services, staff development, and equipment used to support the instructional program. The FY2005 budget includes \$3.0 million for the computer replacement program for schools and as of September 30, 2004, all of these funds had been committed.
- ***Special education*** – The Special Education category includes costs associated with the educational needs of students receiving special education services. The FY2005 salary budget includes increased funding for salary restructuring, step increases, the addition of 37.8 FTEs to support enrollment increases and 19.5 FTEs to expand kindergarten special education inclusion programs at 16 elementary schools. Ninety-two percent of the FY2005 Special Education non-salary budget is for private placement of children in non-public schools. To date, 25% of the original budgeted funds for private placement, \$8.2 million, have been committed. In September 2003, \$23.7 million had been committed for these costs.
- ***Pupil personnel and health services*** – Year-to-date FY2005 expenditures and encumbrances are currently in line with the budget.
- ***Transportation*** – This category includes all costs associated with the conveyance of 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, \$4.3 million, gasoline and diesel fuel for vehicles, \$1.6 million, and parts for bus maintenance, \$1.2 million. Other year-to-date non-salary expenditures include lease payments for buses, \$2.9 million, and insurance on buses, \$708,000
- ***Operation of plant*** – This category contains costs for custodial salaries and utilities including telephone, gas and electric, fuel oil, sewer, and water. Encumbrances for utilities have been established for the full amount of the anticipated annual costs, \$22.2 million. Other expenditures in

this category include the cost of building rent, \$1.8 million, property insurance, \$1.1 million, trash removal, \$800,000, duplicator machine maintenance, \$627,000, and custodial supplies, \$376,000.

- ***Maintenance of plant and capital outlay*** – Year-to-date FY2005 expenditures and encumbrances are currently 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 65% and 26% of the Fixed Charges budget, respectively. The FY2005 budget includes an increase of \$14.9 million as a result of a 13.9% increase in premium rates for health insurance.

Baltimore County Public Schools
Comparison of FY 2004 and FY 2005 Revenues, Expenditures, and Encumbrances
Budget and Actual
For the Periods Ended September, 2003 and 2004
General Fund

		FY 2004				FY 2005				
		Final	Total	Remaining	Percentage	Original	Total	Remaining	Percentage	
		Budget	Rev/Exp/Enc. as of 09/30/03	Budget as of 09/30/03	Earned or Obligated	Budget	Rev/Exp/Enc. as of 09/30/04	Budget as of 09/30/04	Earned or Obligated	
Revenues										
Baltimore County		\$ 560,233,962	\$ 93,470,668	\$ 466,763,294	16.7%	\$ 570,385,533	\$ 63,410,755	\$ 506,974,778	11.1%	
State of Maryland		304,989,167	97,637,814	207,351,353	32.0%	342,566,986	110,925,737	231,641,249	32.4%	
Other		7,765,000	2,232,742	5,532,258	28.8%	8,475,732	3,272,141	5,203,591	38.6%	
Total revenues		\$ 872,988,129	\$ 193,341,224	\$ 679,646,905	22.1%	\$ 921,428,251	\$ 177,608,633	\$ 743,819,618	19.3%	
Expenditures and encumbrances										
Administration	salary	\$ 14,616,977	\$ 3,578,347	\$ 11,038,630	24.5%	\$ 15,181,770	\$ 3,654,558	\$ 11,527,212	24.1%	
	non-salary	8,105,132	3,536,081	4,569,051	43.6%	7,944,531	2,268,987	5,675,544	28.6%	
	subtotal	22,722,109	7,114,428	15,607,681	31.3%	23,126,301	5,923,545	17,202,756	25.6%	
Mid-level administration	salary	53,603,618	12,459,901	41,143,717	23.2%	56,683,247	13,027,125	43,656,122	23.0%	
	non-salary	6,068,437	1,729,093	4,339,344	28.5%	5,241,036	1,581,565	3,659,471	30.2%	
	subtotal	59,672,055	14,188,994	45,483,061	23.8%	61,924,283	14,608,690	47,315,593	23.6%	
Instruction:										
Instructional salaries	salary	357,062,236	50,557,027	306,505,209	14.2%	374,416,758	44,941,266	329,475,492	12.0%	
Instructional textbooks	non-salary	19,129,870	5,798,415	13,331,455	30.3%	17,526,680	5,377,815	12,148,865	30.7%	
Other instructional costs	non-salary	15,234,574	5,686,835	9,547,739	37.3%	13,700,759	6,606,421	7,094,338	48.2%	
Special education	salary	73,701,998	11,778,287	61,923,711	16.0%	79,191,225	10,647,059	68,544,166	13.4%	
	non-salary	34,328,171	24,211,698	10,116,473	70.5%	36,233,248	8,903,307	27,329,941	24.6%	
	subtotal	108,030,169	35,989,985	72,040,184	33.3%	115,424,473	19,550,366	95,874,107	16.9%	
Pupil personnel	salary	4,160,769	836,165	3,324,604	20.1%	4,361,971	994,078	3,367,893	22.8%	
	non-salary	154,236	30,487	123,749	19.8%	154,236	17,617	136,619	11.4%	
	subtotal	4,315,005	866,652	3,448,353	20.1%	4,516,207	1,011,695	3,504,512	22.4%	
Health services	salary	9,354,587	1,318,983	8,035,604	14.1%	9,608,799	1,195,147	8,413,652	12.4%	
	non-salary	179,048	71,318	107,730	39.8%	157,860	21,087	136,773	13.4%	
	subtotal	9,533,635	1,390,301	8,143,334	14.6%	9,766,659	1,216,234	8,550,425	12.5%	
Transportation	salary	22,432,793	2,602,973	19,829,820	11.6%	24,125,796	2,180,607	21,945,189	9.0%	
	non-salary	12,823,219	10,561,512	2,261,707	82.4%	12,638,504	10,940,545	1,697,959	86.6%	
	subtotal	35,256,012	13,164,485	22,091,527	37.3%	36,764,300	13,121,152	23,643,148	35.7%	
Operation of plant	salary	31,558,383	6,380,561	25,177,822	20.2%	32,016,991	6,252,521	25,764,470	19.5%	
	non-salary	29,463,858	23,709,581	5,754,277	80.5%	30,716,062	27,151,824	3,564,238	88.4%	
	subtotal	61,022,241	30,090,142	30,932,099	49.3%	62,733,053	33,404,345	29,328,708	53.2%	
Maintenance of plant	salary	9,354,007	1,823,182	7,530,825	19.5%	9,823,730	1,872,724	7,951,006	19.1%	
	non-salary	10,569,165	5,510,961	5,058,204	52.1%	10,512,858	5,912,743	4,600,115	56.2%	
	subtotal	19,923,172	7,334,143	12,589,029	36.8%	20,336,588	7,785,467	12,551,121	38.3%	
Fixed charges	non-salary	158,765,061	22,703,948	136,061,113	14.3%	179,052,298	25,937,406	153,114,892	14.5%	
Capital outlay	salary	2,103,840	473,614	1,630,226	22.5%	1,931,742	490,617	1,441,125	25.4%	
	non-salary	218,150	37,656	180,494	17.3%	208,150	25,698	182,452	12.3%	
	subtotal	2,321,990	511,270	1,810,720	22.0%	2,139,892	516,315	1,623,577	24.1%	
Total Salary		577,949,208	91,809,040	486,140,168	15.9%	607,342,029	85,255,702	522,086,327	14.0%	
Total Non-Salary		295,038,921	103,587,585	191,451,336	35.1%	314,086,222	94,745,015	219,341,207	30.2%	
Total expenditures and encumbrances		\$ 872,988,129	\$ 195,396,625	\$ 677,591,504	22.4%	\$ 921,428,251	\$ 180,000,717	\$ 741,427,534	19.5%	