

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: January 11, 2005

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING NOVEMBER 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 November 30, 2003 and 2004.

**General Fund Comparison of FY2004 and FY2005 Revenues, Expenditures, and Encumbrances-
Budget to Actual**

These data are presented using 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 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 as of November 30 2003 and 2004. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

General Fund Revenue Budget

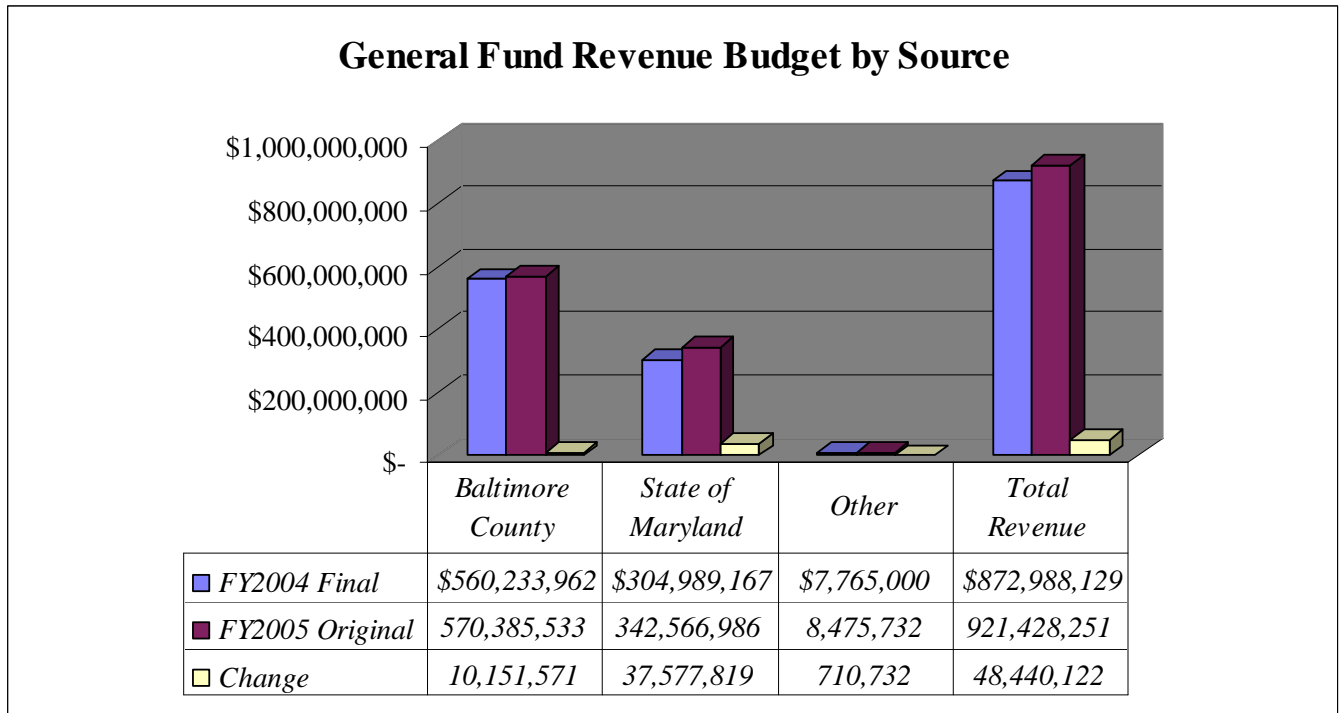


Figure 1

Year-to-Date Comparison

- **Baltimore County** – The FY2005 County appropriation increased \$10,151,571, 1.8% over the FY2004 budget. County funds are drawn based on cash flow requirements. Year-to-date County revenue recognized is \$177 million, 31% of the budget, as compared to \$193 million, 34% of the budget, for FY2004.
- **State of Maryland** – The FY2005 State appropriation increased \$37,577,819, 12.3% over 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. Three of the bi-monthly payments have been received, and actual revenues to date are in line with the budget.
- **Other Revenues** – 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 revenue includes summer school and other tuitions, the re-appropriation of prior year’s unspent fund balance of \$1.7 million and sundry other revenues.

General Fund Expenditure Budget

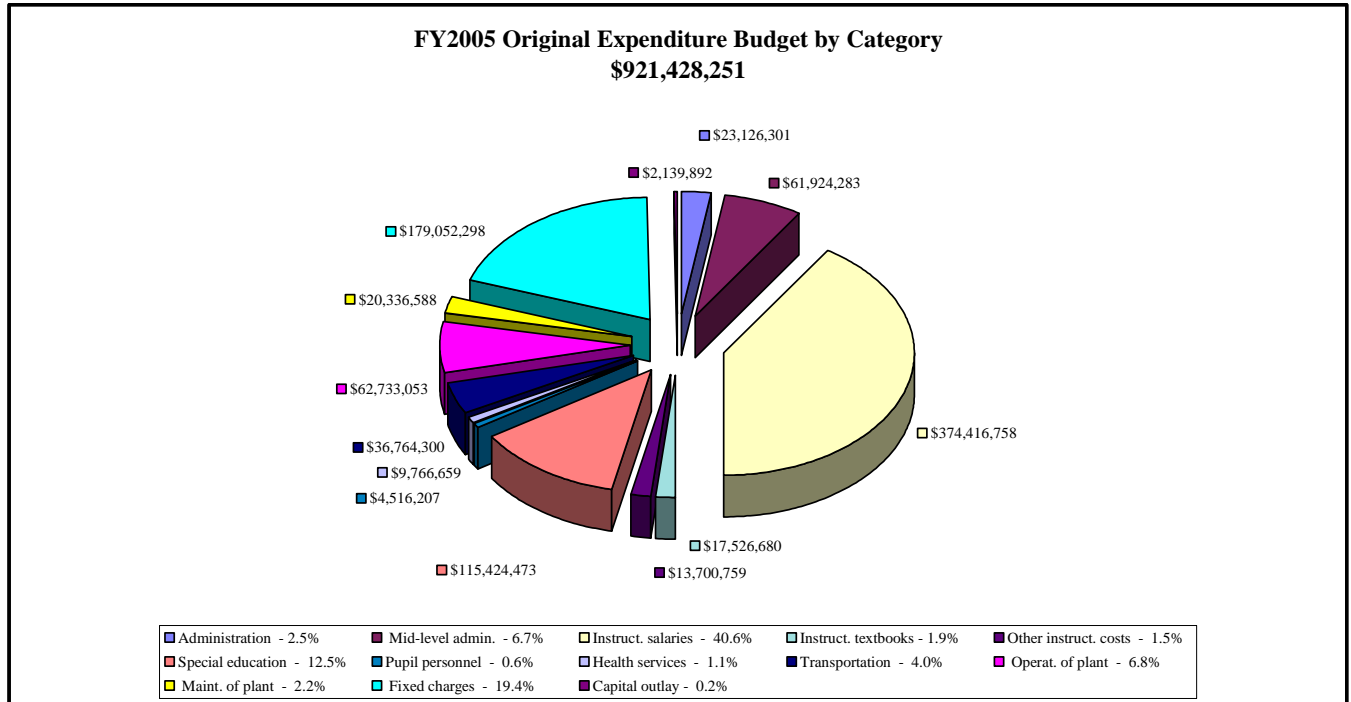


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through November 30, 2004, are \$350 million, 38 % obligated, compared to \$338 million, 39 % 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) have expended 39 % of the budget amount. This is in line with the budget, considering that 42% 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, Pupil Personnel, Health Services, and Transportation) average 30 % of budget, which is in line with the percentage of the school year that has elapsed. The increase in year-to-date FY2005 total non-salary expenditures and encumbrances results primarily from additional costs in operation and maintenance of facilities. These additional costs are for expenditures obligated for the costs of utilities and contracted services. Additionally, contracted services in the Special Education budget have been significantly encumbered for the year; and increases have incurred in Fixed Charges primarily from an increase in health benefits.

Percent of Budget Obligated

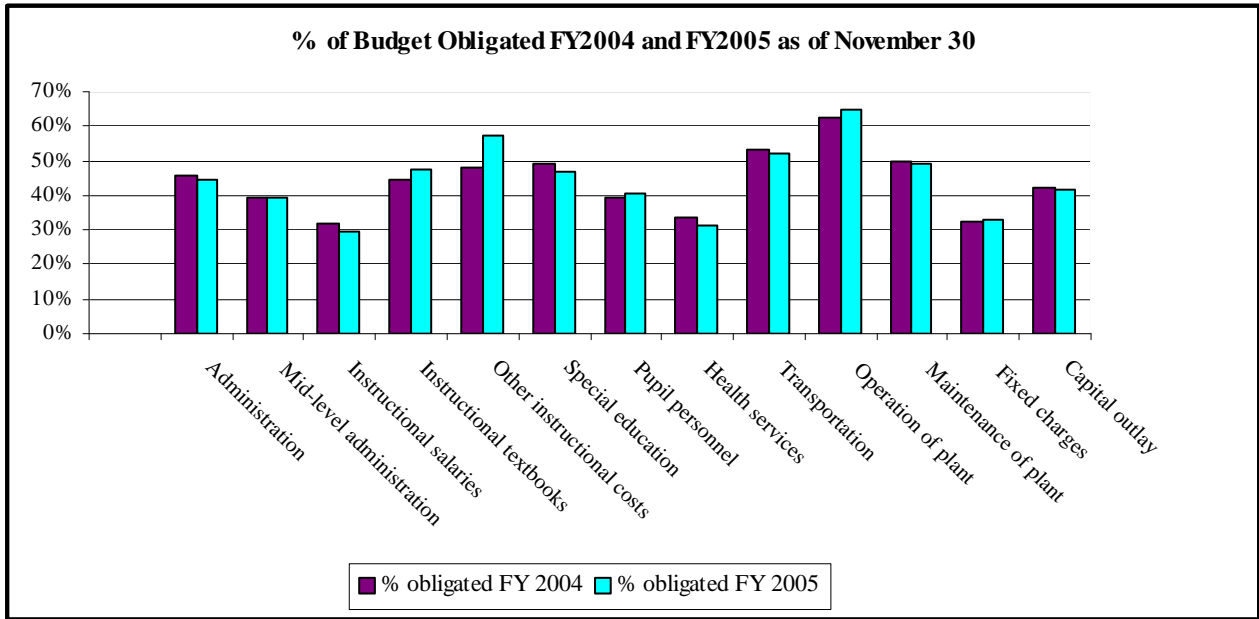


Figure 3

- **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 \$3 million less than FY2004 even though the salary budget is increased by \$ 15 million over the prior year. This is because schools opened one week later in FY2005 than in FY2004. The overall budget increase in the FY2005 budget includes increased funding for salary restructuring, step increases and additional instructional positions as a result of enrollment growth and added programs.
- **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. To date, \$8.3 million, 47% of the FY2005 budgeted funds has 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 included \$3.0 million for the computer replacement program for schools. These computers were purchased and placed in the schools prior to the start of the school year. To date \$7.8 million, 57% of the FY2005 budgeted funds has 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. \$33.4 million (92%) of the FY2005 Special Education non-salary budget is for private placement of children in non-public schools. To date, 80% of the original budgeted funds for private placement, \$27.5 million, have been committed. Year-to-date FY2005 expenditures and encumbrances are in line with the budget and are consistent with the prior year.
- ***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 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, fuels for vehicles, cost of bus maintenance, and other non-salary expenditures. As of November 30, 2004, 91% of the non-salary budget has been committed, compared with 93% committed as of November 2003. The expenditures for salaries are in line with the budget.
- ***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 communications costs, gas and electric, fuel oil, sewer, and water) are included here. Encumbrances for utilities have been established for the full amount of the budgeted annual costs of approximately \$22 million. Other expenditures in this category include the cost of building rent, \$1.8 million, property insurance, \$1.5 million, trash removal, \$925,000, duplicator machine maintenance, \$629,000, and custodial supplies, \$1 million. As of November 30, 2004, 65% of the budget has been committed compared with 62% as of November 30, 2003.
- ***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 November, 2003 and 2004
General Fund

		FY 2004				FY 2005			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget as	Earned or	Budget	Rev/Exp/Enc.	Budget as	Earned or
			as of 11/30/03	of 11/30/03	Obligated		as of 11/30/04	of 11/30/04	Obligated
Revenues									
Baltimore County		\$ 560,233,962	\$ 193,263,917	\$ 366,970,045	34.5%	\$ 570,385,533	\$ 176,968,256	\$ 393,417,277	31.0%
State of Maryland		304,989,167	146,456,722	158,532,445	48.0%	342,566,986	166,078,082	176,488,904	48.5%
Other		7,765,000	2,940,220	4,824,780	37.9%	8,475,732	3,651,642	4,824,090	43.1%
Total revenues		\$ 872,988,129	\$ 342,660,859	\$ 530,327,270	39.3%	\$ 921,428,251	\$ 346,697,980	\$ 574,730,271	37.6%
Expenditures and encumbrances									
Administration	salary	\$ 14,506,261	\$ 5,839,817	\$ 8,666,444	40.3%	\$ 15,181,770	\$ 6,086,076	\$ 9,095,694	40.1%
	non-salary	8,020,848	4,411,324	3,609,524	55.0%	7,944,531	4,165,896	3,778,635	52.4%
	subtotal	22,527,109	10,251,141	12,275,968	45.5%	23,126,301	10,251,972	12,874,329	44.3%
Mid-level administration	salary	53,995,471	20,777,518	33,217,953	38.5%	56,683,247	21,954,776	34,728,471	38.7%
	non-salary	5,826,584	2,656,737	3,169,847	45.6%	5,241,036	2,301,164	2,939,872	43.9%
	subtotal	59,822,055	23,434,255	36,387,800	39.2%	61,924,283	24,255,940	37,668,343	39.2%
Instruction:									
Instructional salaries	salary	359,412,236	113,642,465	245,769,771	31.6%	374,416,758	110,781,096	263,635,662	29.6%
Instructional textbooks	non-salary	18,029,870	8,017,090	10,012,780	44.5%	17,526,680	8,296,809	9,229,871	47.3%
Other instructional costs	non-salary	15,234,574	7,314,829	7,919,745	48.0%	13,700,759	7,817,515	5,883,244	57.1%
Special education	salary	73,650,959	25,173,743	48,477,216	34.2%	79,191,225	25,354,753	53,836,472	32.0%
	non-salary	34,379,210	27,861,222	6,517,988	81.0%	36,233,248	28,858,979	7,374,269	79.6%
	subtotal	108,030,169	53,034,965	54,995,204	49.1%	115,424,473	54,213,732	61,210,741	47.0%
Pupil personnel	salary	3,760,769	1,474,480	2,286,289	39.2%	4,361,971	1,777,562	2,584,409	40.8%
	non-salary	154,236	55,404	98,832	35.9%	154,236	38,396	115,840	24.9%
	subtotal	3,915,005	1,529,884	2,385,121	39.1%	4,516,207	1,815,958	2,700,249	40.2%
Health services	salary	9,106,128	3,028,259	6,077,869	33.3%	9,608,799	2,979,000	6,629,799	31.0%
	non-salary	177,507	96,807	80,700	54.5%	157,860	89,835	68,025	56.9%
	subtotal	9,283,635	3,125,066	6,158,569	33.7%	9,766,659	3,068,835	6,697,824	31.4%
Transportation	salary	23,681,692	7,639,288	16,042,404	32.3%	24,125,796	7,612,561	16,513,235	31.6%
	non-salary	12,474,320	11,614,127	860,193	93.1%	12,638,504	11,530,396	1,108,108	91.2%
	subtotal	36,156,012	19,253,415	16,902,597	53.3%	36,764,300	19,142,957	17,621,343	52.1%
Operation of plant	salary	31,558,383	12,292,559	19,265,824	39.0%	32,016,991	12,227,698	19,789,293	38.2%
	non-salary	27,063,858	24,264,534	2,799,324	89.7%	30,716,062	28,379,307	2,336,755	92.4%
	subtotal	58,622,241	36,557,093	22,065,148	62.4%	62,733,053	40,607,005	22,126,048	64.7%
Maintenance of plant	salary	9,018,600	3,545,968	5,472,632	39.3%	9,823,730	3,587,656	6,236,074	36.5%
	non-salary	10,404,572	6,070,154	4,334,418	58.3%	10,512,858	6,397,782	4,115,076	60.9%
	subtotal	19,423,172	9,616,122	9,807,050	49.5%	20,336,588	9,985,438	10,351,150	49.1%
Fixed charges	non-salary	160,460,061	52,177,007	108,283,054	32.5%	179,052,298	58,563,757	120,488,541	32.7%
Capital outlay	salary	1,863,840	815,588	1,048,252	43.8%	1,931,742	853,738	1,078,004	44.2%
	non-salary	208,150	53,688	154,462	25.8%	208,150	35,606	172,544	17.1%
	subtotal	2,071,990	869,276	1,202,714	42.0%	2,139,892	889,343	1,250,549	41.6%
Total Salary		580,554,339	194,229,685	386,324,654	33.5%	607,342,029	193,214,915	414,127,114	31.8%
Total Non-Salary		292,433,790	144,592,923	147,840,867	49.4%	314,086,222	156,475,443	157,610,779	49.8%
Total expenditures and encumbrances		\$ 872,988,129	\$ 338,822,608	\$ 534,165,521	38.8%	\$ 921,428,251	\$ 349,690,358	\$ 571,737,893	38.0%