

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: February 8, 2005

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING DECEMBER 31, 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 December 31, 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 December 31, 2003 and 2004. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

General Fund Revenue Budget

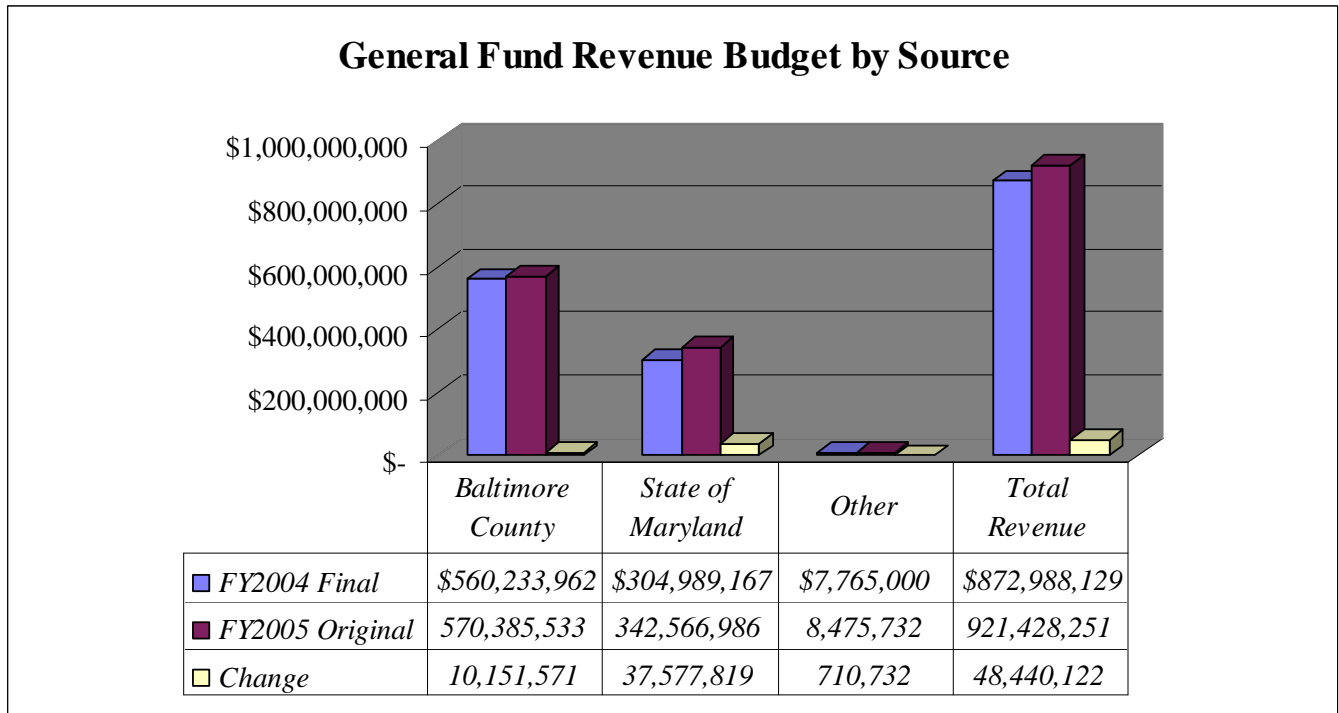


Figure 1

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 \$229 million, 40% of the budget, as compared to \$219 million, 39% 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 Other Revenues budget. The re-appropriation of the prior fiscal year’s fund balance represents an additional 20% of the Other Revenue budget. Year-to-date revenue includes summer school and other tuitions, the re-appropriation of the prior year’s unspent fund balance of \$1.7 million and sundry other revenues.

General Fund Expenditure Budget

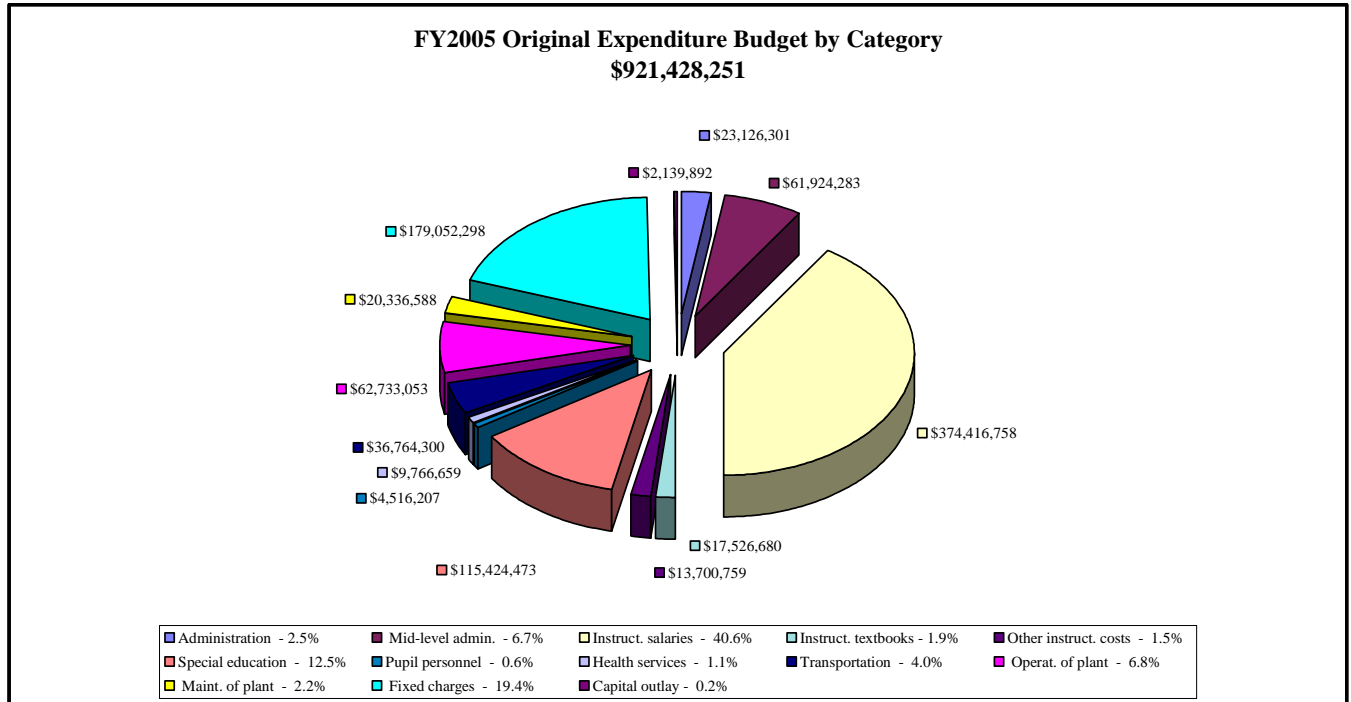


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through December 31, 2004, are \$450 million, 49 % obligated, compared to \$408 million, 47 % 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) average 49 % of the budget amount. This is in line with the budget, considering that half 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 44 % 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

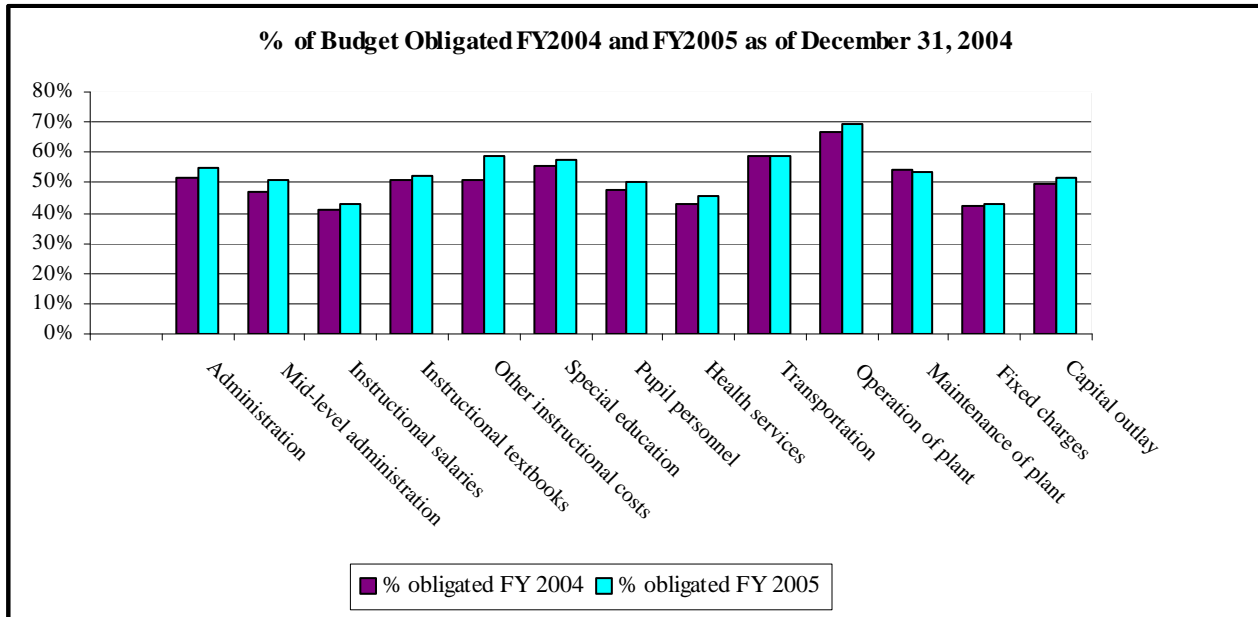


Figure 3

- **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 \$15 million greater than FY2004 primarily because of the timing of payroll, which was paid at the end of December this year; and the comparable pay period in the prior fiscal year was paid in January 2004. The budget was increased by \$15 million in the FY2005 budget, which 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, \$9.1 million, 52% of the FY2005 budgeted funds has been committed; the remaining budget will be spent throughout the year to purchase 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 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 \$8 million, 59% 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, 87% of the original budgeted funds for private placement, \$28.8 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 December 31, 2004, 92% of the non-salary budget has been committed, compared with 93% committed as of December 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 December 31, 2004, 69% of the budget has been committed compared with 67% as of December 31, 2003.
- ***Maintenance of plant and capital outlay*** – Year-to-date FY2005 expenditures and encumbrances 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 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. Year-to-date FY2005 expenditures and encumbrances are in line with the budget.

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

		FY 2004				FY 2005			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
Revenues		Budget	Rev/Exp/Enc. as of 12/31/03	Budget as of 12/31/03	Earned or Obligated	Budget	Rev/Exp/Enc. as of 12/31/04	Budget as of 12/31/04	Earned or Obligated
Baltimore County		\$ 560,233,962	\$ 218,980,012	\$ 341,253,950	39.1%	\$ 570,385,533	\$ 229,457,000	\$ 340,928,533	40.2%
State of Maryland		304,989,167	146,493,487	158,495,680	48.0%	342,566,986	166,078,082	176,488,904	48.5%
Other		7,765,000	3,037,404	4,727,596	39.1%	8,475,732	3,819,614	4,656,118	45.1%
Total revenues		\$ 872,988,129	\$ 368,510,903	\$ 504,477,226	42.2%	\$ 921,428,251	\$ 399,354,696	\$ 522,073,555	43.3%
Expenditures and encumbrances									
Administration	salary	\$ 14,506,261	\$ 6,960,454	\$ 7,545,807	48.0%	\$ 15,181,770	\$ 7,914,756	\$ 7,267,014	52.1%
	non-salary	8,020,848	4,589,454	3,431,394	57.2%	7,944,531	4,738,091	3,206,440	59.6%
	subtotal	22,527,109	11,549,908	10,977,201	51.3%	23,126,301	12,652,847	10,473,454	54.7%
Mid-level administration	salary	53,995,471	24,928,826	29,066,645	46.2%	56,683,247	28,732,692	27,950,555	50.7%
	non-salary	5,826,584	3,033,710	2,792,874	52.1%	5,241,036	2,606,008	2,635,028	49.7%
	subtotal	59,822,055	27,962,536	31,859,519	46.7%	61,924,283	31,338,700	30,585,583	50.6%
Instruction:									
Instructional salaries	salary	359,412,236	146,373,795	213,038,441	40.7%	374,416,758	161,397,073	213,019,685	43.1%
Instructional textbooks	non-salary	18,029,870	9,165,274	8,864,596	50.8%	17,526,680	9,164,342	8,362,338	52.3%
Other instructional costs	non-salary	15,234,574	7,781,044	7,453,530	51.1%	13,700,759	8,090,879	5,609,880	59.1%
Special education	salary	73,650,959	31,819,686	41,831,273	43.2%	79,191,225	36,094,648	43,096,577	45.6%
	non-salary	34,379,210	28,231,534	6,147,676	82.1%	36,233,248	30,602,188	5,631,060	84.5%
	subtotal	108,030,169	60,051,220	47,978,949	55.6%	115,424,473	66,696,836	48,727,637	57.8%
Pupil personnel	salary	3,760,769	1,790,596	1,970,173	47.6%	4,361,971	2,235,673	2,126,298	51.3%
	non-salary	154,236	66,352	87,884	43.0%	154,236	48,098	106,138	31.2%
	subtotal	3,915,005	1,856,948	2,058,057	47.4%	4,516,207	2,283,771	2,232,436	50.6%
Health services	salary	9,106,128	3,882,895	5,223,233	42.6%	9,608,799	4,337,516	5,271,283	45.1%
	non-salary	177,507	104,804	72,703	59.0%	157,860	92,934	64,926	58.9%
	subtotal	9,283,635	3,987,699	5,295,936	43.0%	9,766,659	4,430,450	5,336,209	45.4%
Transportation	salary	23,681,692	9,670,327	14,011,365	40.8%	24,125,796	9,914,274	14,211,522	41.1%
	non-salary	12,474,320	11,623,191	851,129	93.2%	12,638,504	11,625,526	1,012,978	92.0%
	subtotal	36,156,012	21,293,518	14,862,494	58.9%	36,764,300	21,539,800	15,224,500	58.6%
Operation of plant	salary	31,558,383	14,708,106	16,850,277	46.6%	32,016,991	14,736,340	17,280,651	46.0%
	non-salary	27,063,858	24,336,497	2,727,361	89.9%	30,716,062	28,610,809	2,105,253	93.1%
	subtotal	58,622,241	39,044,603	19,577,638	66.6%	62,733,053	43,347,149	19,385,904	69.1%
Maintenance of plant	salary	9,018,600	4,261,593	4,757,007	47.3%	9,823,730	4,418,151	5,405,579	45.0%
	non-salary	10,404,572	6,267,315	4,137,257	60.2%	10,512,858	6,534,486	3,978,372	62.2%
	subtotal	19,423,172	10,528,908	8,894,264	54.2%	20,336,588	10,952,637	9,383,951	53.9%
Fixed charges	non-salary	160,460,061	67,548,401	92,911,660	42.1%	179,052,298	76,463,409	102,588,889	42.7%
Capital outlay	salary	1,863,840	971,665	892,175	52.1%	1,931,742	1,067,911	863,831	55.3%
	non-salary	208,150	59,272	148,878	28.5%	208,150	41,118	167,032	19.8%
	subtotal	2,071,990	1,030,937	1,041,053	49.8%	2,139,892	1,109,029	1,030,863	51.8%
Total Salary		580,554,339	245,367,943	335,186,396	42.3%	607,342,029	270,849,634	336,492,395	44.6%
Total Non-Salary		292,433,790	162,806,848	129,626,942	55.7%	314,086,222	178,617,291	135,468,931	56.9%
Total expenditures and encumbrances		\$ 872,988,129	\$ 408,174,791	\$ 464,813,338	46.8%	\$ 921,428,251	\$ 449,466,925	\$ 471,961,326	48.8%