

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: April 12, 2005

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING FEBRUARY 29, 2004 AND FEBRUARY 28, 2005**

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 February 2004 and 2005.

***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 adjusted FY2005 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of February 2004 and 2005. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

General Fund Revenue Budget

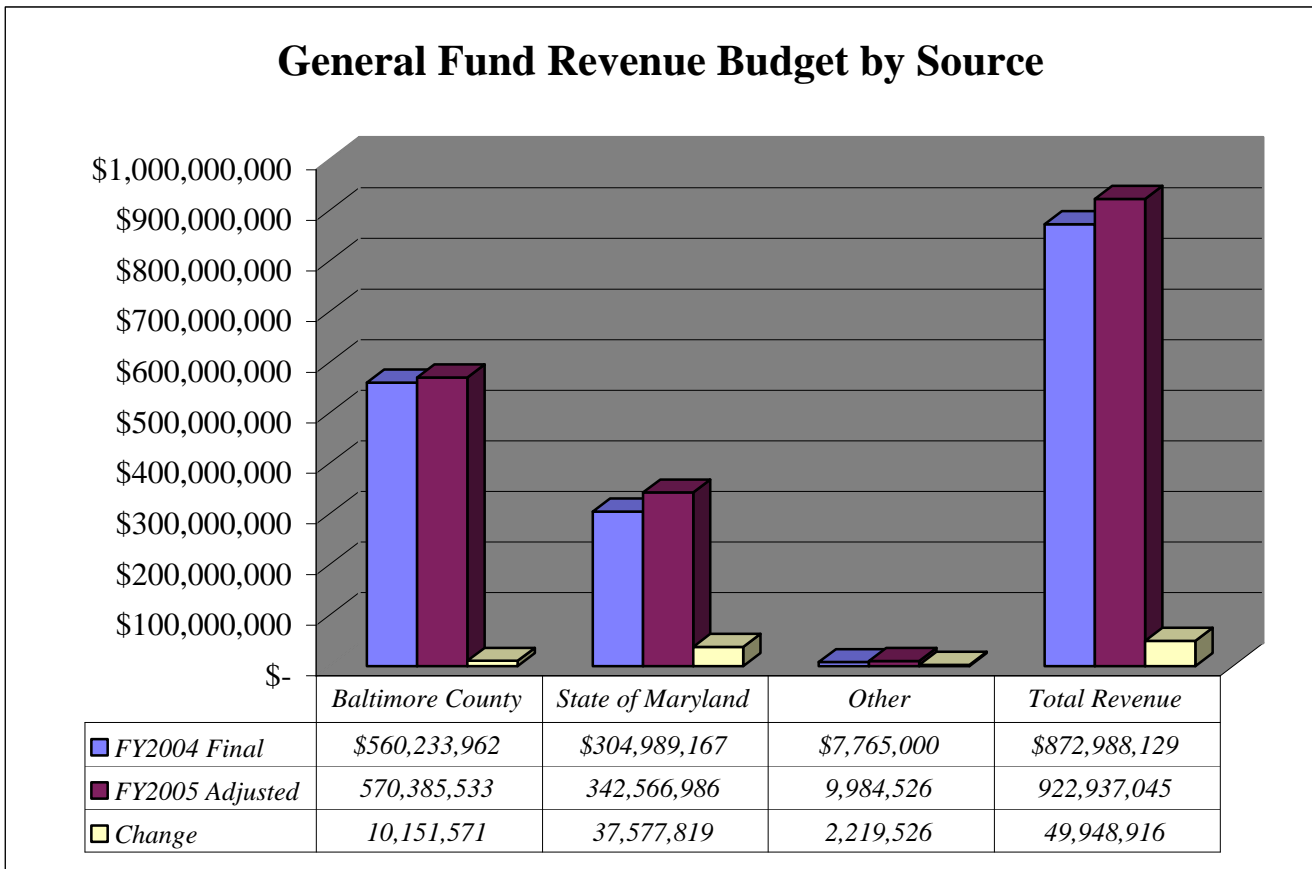


Figure 1

Year-to-Date Comparison

- ***Baltimore County*** – The FY2005 County appropriation increased \$10,151,571, 1.8% over the FY2004. County funds are drawn based on cash flow requirements. Year-to-date County revenue recognized is \$324 million, 57% of the budget, as compared to \$339 million, 60% 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. Four 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 was increased by \$1.5 million in January and now represents 33% of the Other Revenues budget. Year-to-date revenue includes summer school and other tuitions, the re-appropriation of the prior year’s unspent fund balance of \$3.3 million and sundry other revenues.

General Fund Expenditure Budget

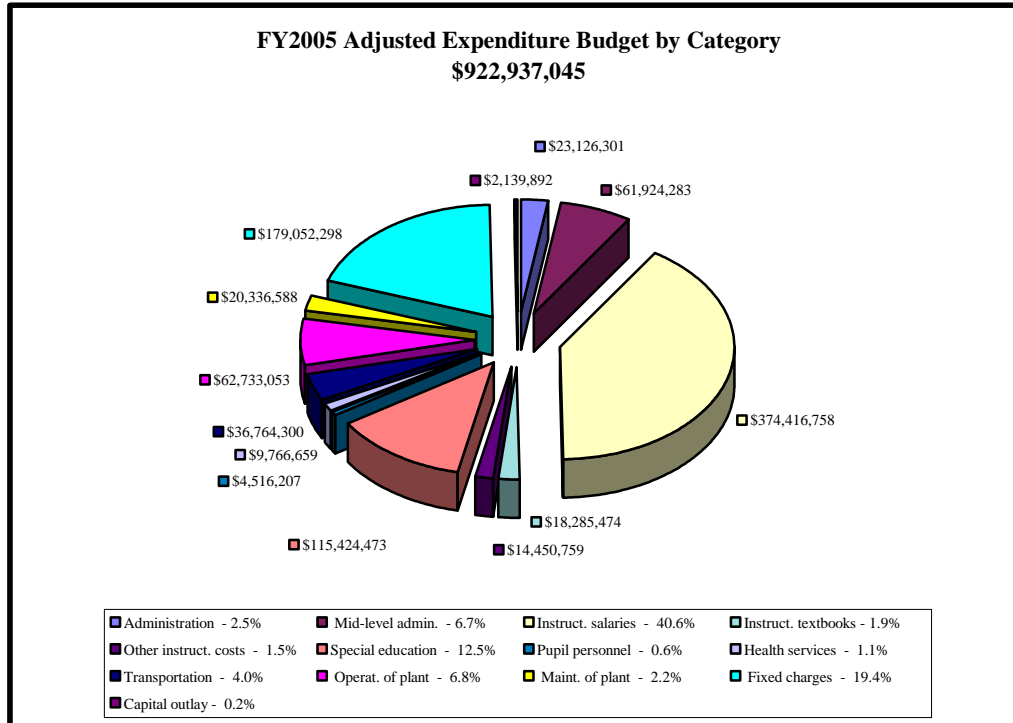


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through February 28, 2005, are \$593 million, 64.2 % obligated, compared to \$566 million, 65 % 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 65 % 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 61 % 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 been incurred in Fixed Charges primarily from an increase in health benefits.

Percent of Budget Obligated

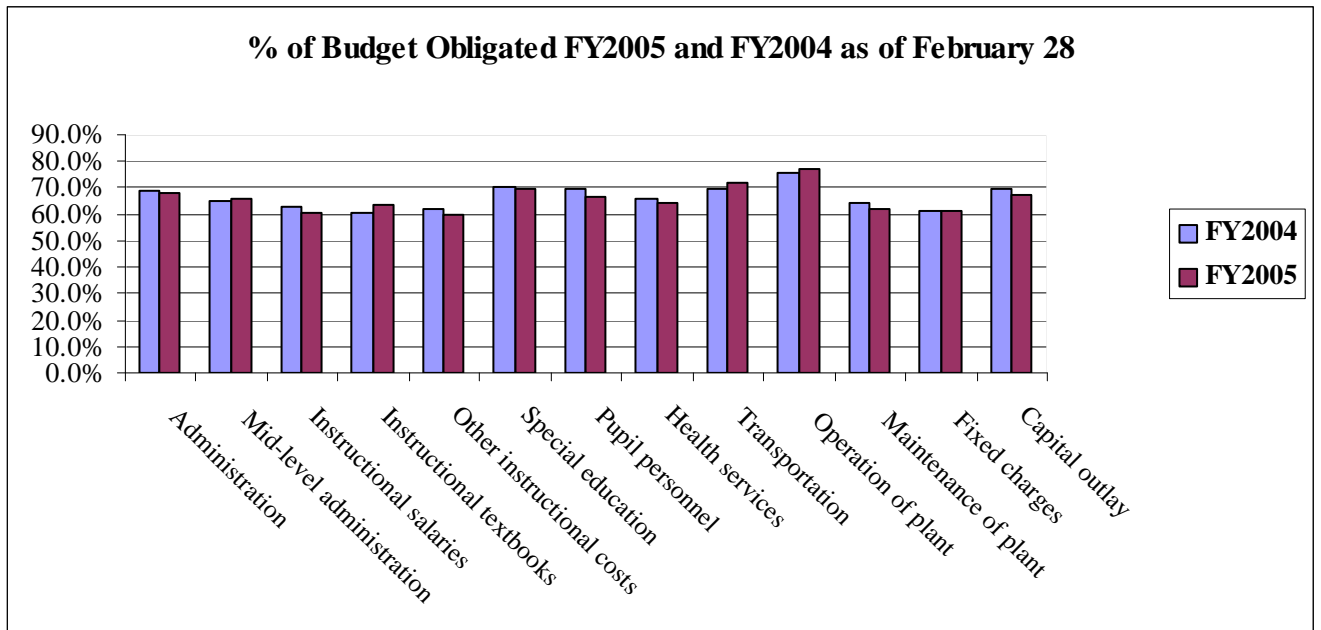


Figure 3

- **Administration and Mid-level administration** – Year-to-date FY2005 expenditures and encumbrances are currently in line with the budget.
- **Instructional salaries** – The budget for instructional salaries was increased by \$15 million in FY2005 to include increased funding for salary restructuring, step increases and additional instructional positions as a result of enrollment growth and added programs. The salaries in FY2005 are approximately the same as in the prior year even though the budget has been increased. This similarity in amounts results from teaching personnel starting their school year a week later in FY2005, which resulted in 13.5 pay periods this year as compared with 14 pay periods in the prior year. Expected turnover savings will be realized in this category and may be used to provide funding for shortfalls in other categories.
- **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 \$759,000 in January as a result of a supplemental appropriation from Baltimore County. To date, \$11.6 million, 63% of the FY2005 budgeted 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 program. This category was increased by \$750,000 in January as a result of the supplemental budget appropriation from Baltimore County. 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 \$8.7 million, 60% 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*** – While year-to-date FY2005 expenditures and encumbrances are currently in line with the budgets, most recent salary projections for these categories indicate that a minor transfer may be required at year-end.
- ***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 February 28, 2005, 96% of the non-salary budget has been committed, compared with 95% committed as of February 2004. It is expected that a transfer will be required to provide funding for additional fuel and vehicle parts expenditures that will be incurred. 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 February 28, 2005, 77% of the budget has been committed, compared with 76% as of February 2004. This category is expected to require a transfer of funds due to shortfalls in utilities and fuel expenditures primarily resulting from significant unit cost increases.
- ***Maintenance of plant and capital outlay*** – Year-to-date FY2005 expenditures and encumbrances are in line with the budget. These categories may require transfers to cover projected shortfalls in salaries, vehicle parts, and fuel.
- ***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 February, 2004 and 2005
General Fund

		FY 2004				FY 2005			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Earned or	Budget	Rev/Exp/Enc.	Budget	Earned or
			as of 02/29/04	as of 02/29/04	Obligated		as of 02/28/05	as of 02/28/05	Obligated
Revenues									
Baltimore County		\$ 560,233,962	\$ 338,636,376	\$ 221,597,586	60.4%	\$ 570,385,533	\$ 324,309,107	\$ 246,076,426	56.9%
State of Maryland		\$ 304,989,167	\$ 195,418,123	\$ 109,571,044	64.1%	\$ 342,566,986	\$ 221,319,021	\$ 121,247,965	64.6%
Other		\$ 7,765,000	\$ 3,451,812	\$ 4,313,188	44.5%	\$ 9,984,526	\$ 5,608,383	\$ 4,376,143	56.2%
Total revenues		\$ 872,988,129	\$ 537,506,311	\$ 335,481,818	61.6%	\$ 922,937,045	\$ 551,236,511	\$ 371,700,534	59.7%
Expenditures and encumbrances									
Administration	salary	\$ 14,506,261	\$ 9,780,532	\$ 4,725,729	67.4%	\$ 15,181,770	\$ 10,313,949	\$ 4,867,821	67.9%
	non-salary	\$ 8,020,848	\$ 5,723,049	\$ 2,297,799	71.4%	\$ 7,944,531	\$ 5,421,470	\$ 2,523,061	68.2%
	subtotal	\$ 22,527,109	\$ 15,503,581	\$ 7,023,528	68.8%	\$ 23,126,301	\$ 15,735,420	\$ 7,390,881	68.0%
Mid-level administration	salary	\$ 53,995,471	\$ 35,383,355	\$ 18,612,116	65.5%	\$ 56,683,247	\$ 37,731,396	\$ 18,951,851	66.6%
	non-salary	\$ 5,826,584	\$ 3,661,365	\$ 2,165,219	62.8%	\$ 5,241,036	\$ 3,247,695	\$ 1,993,341	62.0%
	subtotal	\$ 59,822,055	\$ 39,044,720	\$ 20,777,335	65.3%	\$ 61,924,283	\$ 40,979,091	\$ 20,945,192	66.2%
Instruction:									
Instructional salaries	salary	\$ 359,412,236	\$ 225,427,443	\$ 133,984,793	62.7%	\$ 374,416,758	\$ 227,744,784	\$ 146,671,974	60.8%
Instructional textbooks	non-salary	\$ 18,029,870	\$ 10,876,013	\$ 7,153,857	60.3%	\$ 18,285,474	\$ 11,564,052	\$ 6,721,422	63.2%
Other instructional costs	non-salary	\$ 15,234,574	\$ 9,403,508	\$ 5,831,066	61.7%	\$ 14,450,759	\$ 8,686,758	\$ 5,764,001	60.1%
Special education	salary	\$ 73,650,959	\$ 47,525,365	\$ 26,125,594	64.5%	\$ 79,191,225	\$ 50,014,897	\$ 29,176,328	63.2%
	non-salary	\$ 34,379,210	\$ 28,739,734	\$ 5,639,476	83.6%	\$ 36,233,248	\$ 30,692,906	\$ 5,540,342	84.7%
	subtotal	\$ 108,030,169	\$ 76,265,099	\$ 31,765,070	70.6%	\$ 115,424,473	\$ 80,707,803	\$ 34,716,670	69.9%
Pupil personnel	salary	\$ 3,760,769	\$ 2,638,188	\$ 1,122,581	70.2%	\$ 4,361,971	\$ 2,955,784	\$ 1,406,187	67.8%
	non-salary	\$ 154,236	\$ 81,764	\$ 72,472	53.0%	\$ 154,236	\$ 64,806	\$ 89,430	42.0%
	subtotal	\$ 3,915,005	\$ 2,719,952	\$ 1,195,053	69.5%	\$ 4,516,207	\$ 3,020,590	\$ 1,495,617	66.9%
Health services	salary	\$ 9,106,128	\$ 6,004,009	\$ 3,102,119	65.9%	\$ 9,608,799	\$ 6,147,239	\$ 3,461,560	64.0%
	non-salary	\$ 177,507	\$ 128,195	\$ 49,312	72.2%	\$ 157,860	\$ 111,056	\$ 46,804	70.4%
	subtotal	\$ 9,283,635	\$ 6,132,204	\$ 3,151,431	66.1%	\$ 9,766,659	\$ 6,258,295	\$ 3,508,364	64.1%
Transportation	salary	\$ 23,681,692	\$ 13,217,942	\$ 10,463,750	55.8%	\$ 24,125,796	\$ 14,213,192	\$ 9,912,604	58.9%
	non-salary	\$ 12,474,320	\$ 11,837,114	\$ 637,206	94.9%	\$ 12,638,504	\$ 12,167,855	\$ 470,649	96.3%
	subtotal	\$ 36,156,012	\$ 25,055,056	\$ 11,100,956	69.3%	\$ 36,764,300	\$ 26,381,048	\$ 10,383,252	71.8%
Operation of plant	salary	\$ 31,558,383	\$ 19,547,060	\$ 12,011,323	61.9%	\$ 32,016,991	\$ 19,585,413	\$ 12,431,578	61.2%
	non-salary	\$ 27,063,858	\$ 24,701,993	\$ 2,361,865	91.3%	\$ 30,716,062	\$ 28,824,088	\$ 1,891,974	93.8%
	subtotal	\$ 58,622,241	\$ 44,249,053	\$ 14,373,188	75.5%	\$ 62,733,053	\$ 48,409,501	\$ 14,323,552	77.2%
Maintenance of plant	salary	\$ 9,018,600	\$ 5,796,085	\$ 3,222,515	64.3%	\$ 9,823,730	\$ 5,945,555	\$ 3,878,175	60.5%
	non-salary	\$ 10,404,572	\$ 6,676,145	\$ 3,728,427	64.2%	\$ 10,512,858	\$ 6,664,321	\$ 3,848,537	63.4%
	subtotal	\$ 19,423,172	\$ 12,472,230	\$ 6,950,942	64.2%	\$ 20,336,588	\$ 12,609,876	\$ 7,726,712	62.0%
Fixed charges	non-salary	\$ 160,460,061	\$ 97,820,099	\$ 62,639,962	61.0%	\$ 179,052,298	\$ 109,131,633	\$ 69,920,665	60.9%
Capital outlay	salary	\$ 1,863,840	\$ 1,336,226	\$ 527,614	71.7%	\$ 1,931,742	\$ 1,383,409	\$ 548,333	71.6%
	non-salary	\$ 208,150	\$ 111,384	\$ 96,766	53.5%	\$ 208,150	\$ 51,161	\$ 156,989	24.6%
	subtotal	\$ 2,071,990	\$ 1,447,610	\$ 624,380	69.9%	\$ 2,139,892	\$ 1,434,570	\$ 705,322	67.0%
Total Salary		\$ 580,554,339	\$ 366,656,205	\$ 213,898,134	63.2%	\$ 607,342,029	\$ 376,035,619	\$ 231,306,410	61.9%
Total Non-Salary		\$ 292,433,790	\$ 199,760,363	\$ 92,673,427	68.3%	\$ 315,595,016	\$ 216,627,802	\$ 98,967,214	68.6%
Total expenditures and encumbrances		\$ 872,988,129	\$ 566,416,568	\$ 306,571,561	64.9%	\$ 922,937,045	\$ 592,663,421	\$ 330,273,624	64.2%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, March 8, 2005