

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: May 10, 2005

TO: BOARD OF EDUCATION

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING MARCH 31, 2004 AND 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 March 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 March 2004 and 2005. Figure 4 is a comparative statement of budget to actual revenues, expenditures and encumbrances.

General Fund Revenue Budget

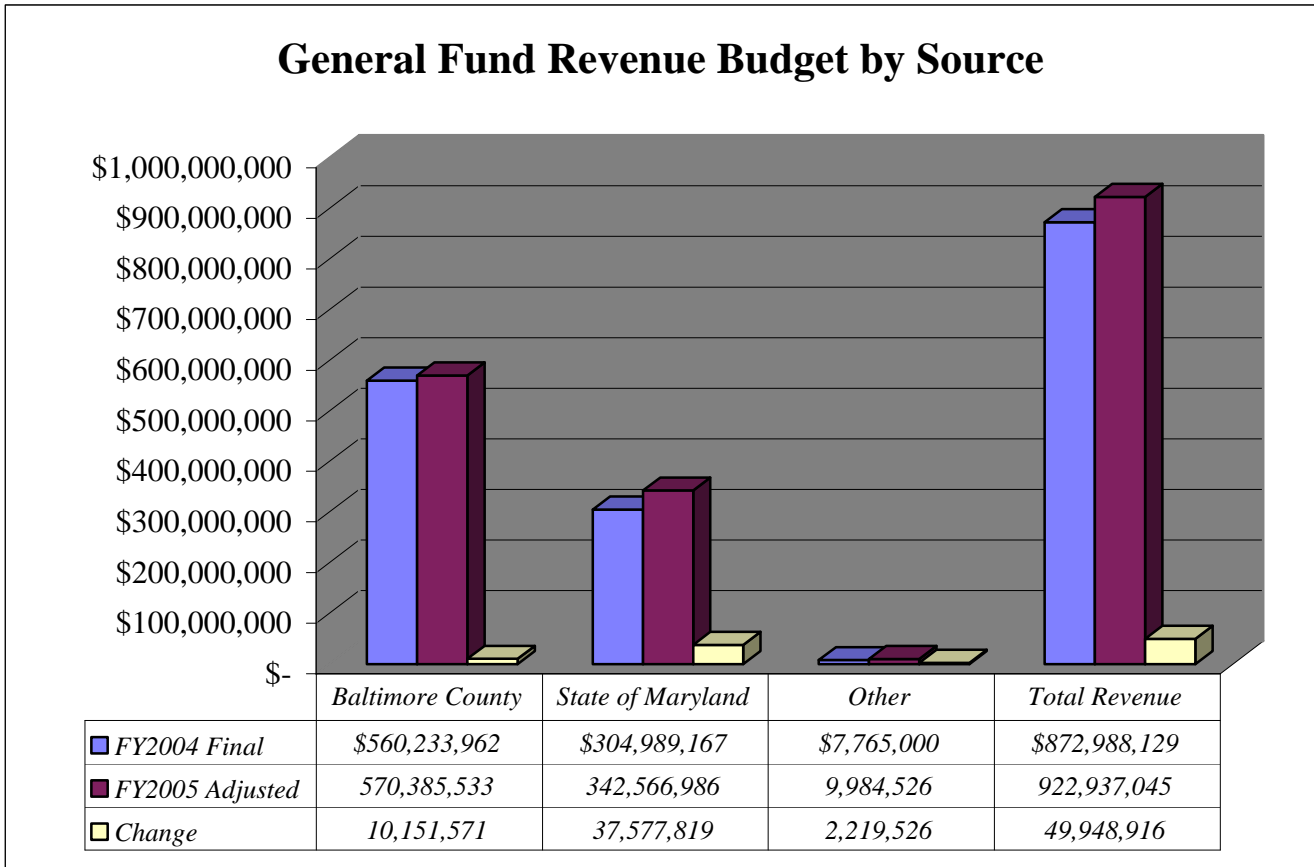


Figure 1

Year-to-Date Comparison

- Baltimore County** – The FY2005 County appropriation increased \$10,151,571, 1.8% over the FY2004 budget. County funds are drawn based on cash flow requirements. Year-to-date County revenue recognized is \$406 million, 71% of the budget, as compared to \$404 million, 72% 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. Five 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

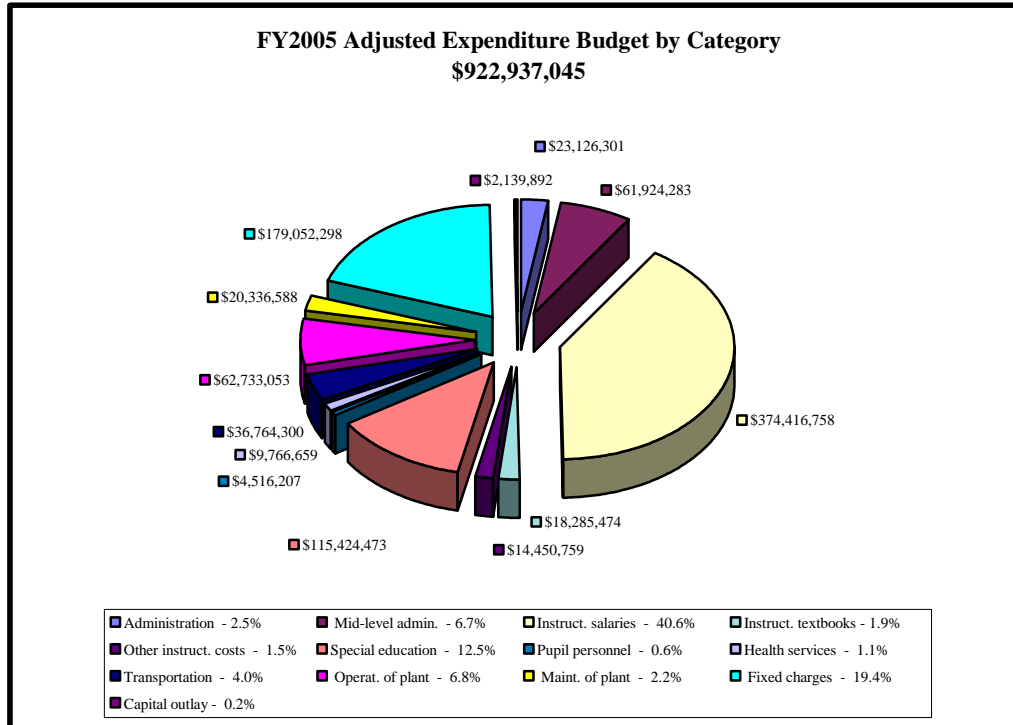


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through March 31, 2005 are \$668 million, 72.3% obligated, compared to \$637 million, 73% 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 73% 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 70% 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 benefit premiums.

Percent of Budget Obligated

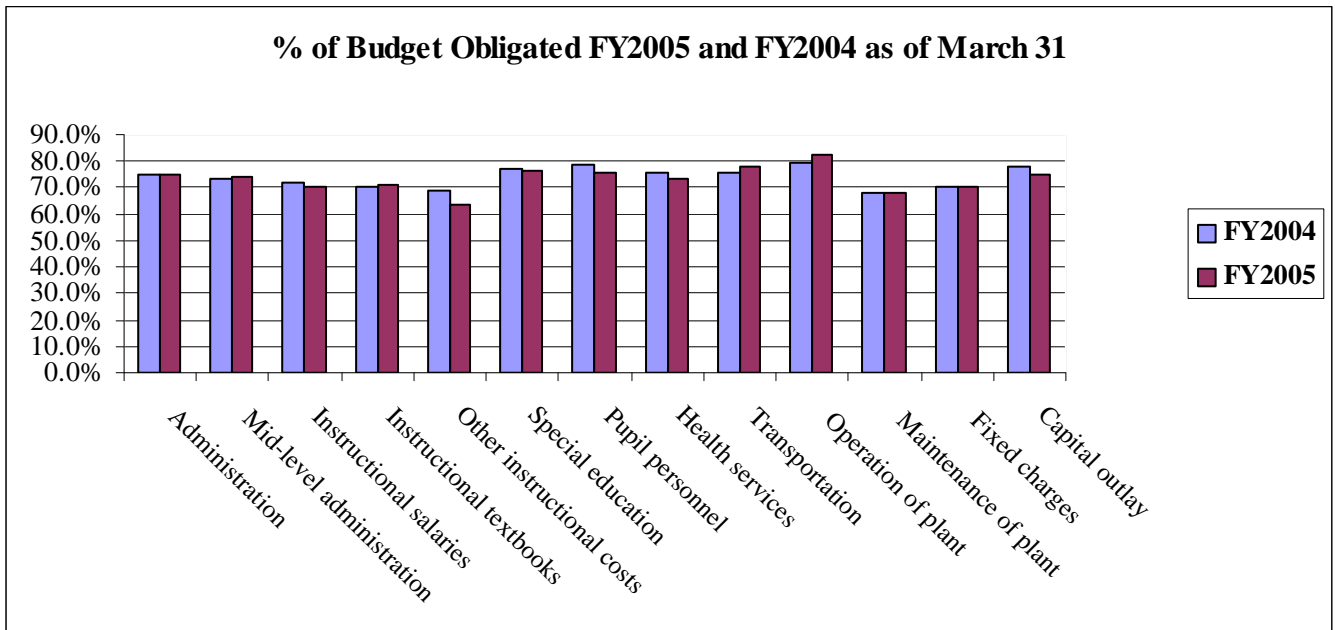


Figure 3

- ***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 15.5 pay periods this year as compared with 16 pay periods in the prior year. Anticipated 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, \$13 million, 71.3% 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 \$9.2 million, 63% 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, fuel for vehicles, costs of bus maintenance, and other non-salary expenditures. As of March 31, 2005, 98% of the non-salary budget has been committed, compared with 97% committed as of March 2004. It is anticipated 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 March 31, 2005, 82% of the budget has been committed, compared with 79% as of March 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 March, 2004 and 2005
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	Earned or
			as of 03/31/04	of 03/31/04	Obligated		as of 03/31/05	as of 03/31/05	Obligated
Revenues									
Baltimore County		\$ 560,233,962	\$ 404,271,000	\$ 155,962,962	72.2%	\$ 570,385,533	\$ 405,913,851	\$ 164,471,682	71.2%
State of Maryland		304,989,167	244,237,031	60,752,136	80.1%	342,566,986	274,762,890	67,804,096	80.2%
Other		7,765,000	3,701,388	4,063,612	47.7%	9,984,526	5,718,225	4,266,301	57.3%
Total revenues		<u>\$ 872,988,129</u>	<u>\$ 652,209,419</u>	<u>\$ 220,778,710</u>	<u>74.7%</u>	<u>\$ 922,937,045</u>	<u>686,394,966</u>	<u>\$ 236,542,079</u>	<u>74.4%</u>
Expenditures and encumbrances									
Administration	salary	\$ 14,506,261	\$ 10,917,658	\$ 3,588,603	75.3%	\$ 15,181,770	\$ 11,496,819	\$ 3,684,951	75.7%
	non-salary	8,020,848	5,901,461	2,119,387	73.6%	7,944,531	5,862,201	2,082,330	73.8%
	subtotal	<u>22,527,109</u>	<u>16,819,119</u>	<u>5,707,990</u>	<u>74.7%</u>	<u>23,126,301</u>	<u>17,359,020</u>	<u>5,767,281</u>	<u>75.1%</u>
Mid-level administration	salary	53,995,471	39,610,142	14,385,329	73.4%	56,683,247	42,208,029	14,475,218	74.5%
	non-salary	5,826,584	4,066,889	1,759,695	69.8%	5,241,036	3,499,141	1,741,895	66.8%
	subtotal	<u>59,822,055</u>	<u>43,677,031</u>	<u>16,145,024</u>	<u>73.0%</u>	<u>61,924,283</u>	<u>45,707,170</u>	<u>16,217,113</u>	<u>73.8%</u>
Instruction:									
Instructional salaries	salary	359,412,236	258,404,220	101,008,016	71.9%	374,416,758	262,028,169	112,388,589	70.0%
Instructional textbooks	non-salary	18,029,870	12,687,949	5,341,921	70.4%	18,285,474	13,039,762	5,245,712	71.3%
Other instructional costs	non-salary	15,234,574	10,462,366	4,772,208	68.7%	14,450,759	9,153,659	5,297,100	63.3%
Special education	salary	73,650,959	53,980,863	19,670,096	73.3%	79,191,225	57,079,753	22,111,472	72.1%
	non-salary	34,379,210	29,096,190	5,283,020	84.6%	36,233,248	30,864,503	5,368,745	85.2%
	subtotal	<u>108,030,169</u>	<u>83,077,053</u>	<u>24,953,116</u>	<u>76.9%</u>	<u>115,424,473</u>	<u>87,944,255</u>	<u>27,480,218</u>	<u>76.2%</u>
Pupil personnel	salary	3,760,769	2,983,496	777,273	79.3%	4,361,971	3,324,558	1,037,413	76.2%
	non-salary	154,236	106,324	47,912	68.9%	154,236	79,422	74,814	51.5%
	subtotal	<u>3,915,005</u>	<u>3,089,820</u>	<u>825,185</u>	<u>78.9%</u>	<u>4,516,207</u>	<u>3,403,980</u>	<u>1,112,227</u>	<u>75.4%</u>
Health services	salary	9,106,128	6,861,872	2,244,256	75.4%	9,608,799	7,027,495	2,581,304	73.1%
	non-salary	177,507	140,389	37,118	79.1%	157,860	121,124	36,736	76.7%
	subtotal	<u>9,283,635</u>	<u>7,002,261</u>	<u>2,281,374</u>	<u>75.4%</u>	<u>9,766,659</u>	<u>7,148,619</u>	<u>2,618,040</u>	<u>73.2%</u>
Transportation	salary	23,681,692	15,320,661	8,361,031	64.7%	24,125,796	16,423,797	7,701,999	68.1%
	non-salary	12,474,320	12,085,842	388,478	96.9%	12,638,504	12,331,182	307,322	97.6%
	subtotal	<u>36,156,012</u>	<u>27,406,503</u>	<u>8,749,509</u>	<u>75.8%</u>	<u>36,764,300</u>	<u>28,754,979</u>	<u>8,009,321</u>	<u>78.2%</u>
Operation of plant	salary	31,558,383	21,899,825	9,658,558	69.4%	32,016,991	21,937,542	10,079,449	68.5%
	non-salary	27,063,858	24,590,361	2,473,497	90.9%	30,716,062	29,673,192	1,042,870	96.6%
	subtotal	<u>58,622,241</u>	<u>46,490,186</u>	<u>12,132,055</u>	<u>79.3%</u>	<u>62,733,053</u>	<u>51,610,733</u>	<u>11,122,320</u>	<u>82.3%</u>
Maintenance of plant	salary	9,018,600	6,492,031	2,526,569	72.0%	9,823,730	6,717,172	3,106,558	68.4%
	non-salary	10,404,572	6,772,296	3,632,276	65.1%	10,512,858	7,077,605	3,435,253	67.3%
	subtotal	<u>19,423,172</u>	<u>13,264,327</u>	<u>6,158,845</u>	<u>68.3%</u>	<u>20,336,588</u>	<u>13,794,777</u>	<u>6,541,811</u>	<u>67.8%</u>
Fixed charges	non-salary	160,460,061	113,007,206	47,452,855	70.4%	179,052,298	126,168,194	52,884,104	70.5%
Capital outlay	salary	1,863,840	1,493,235	370,605	80.1%	1,931,742	1,534,784	396,958	79.5%
	non-salary	208,150	124,300	83,850	59.7%	208,150	67,413	140,737	32.4%
	subtotal	<u>2,071,990</u>	<u>1,617,535</u>	<u>454,455</u>	<u>78.1%</u>	<u>2,139,892</u>	<u>1,602,197</u>	<u>537,695</u>	<u>74.9%</u>
Total Salary		580,554,339	417,964,003	162,590,336	72.0%	607,342,029	429,778,118	177,563,911	70.8%
Total Non-Salary		292,433,790	219,041,573	73,392,217	74.9%	315,595,016	237,937,398	77,657,618	75.4%
Total expenditures and encumbrances		<u>\$ 872,988,129</u>	<u>\$ 637,005,576</u>	<u>\$ 235,982,553</u>	<u>73.0%</u>	<u>\$ 922,937,045</u>	<u>\$ 667,715,516</u>	<u>\$ 255,221,529</u>	<u>72.3%</u>