

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: June 14, 2005

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING
APRIL 30, 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 April 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 April 2004 and 2005. Figure 4 is a comparative statement of budget to actual revenues, expenditures, and encumbrances.

General Fund Revenue Budget

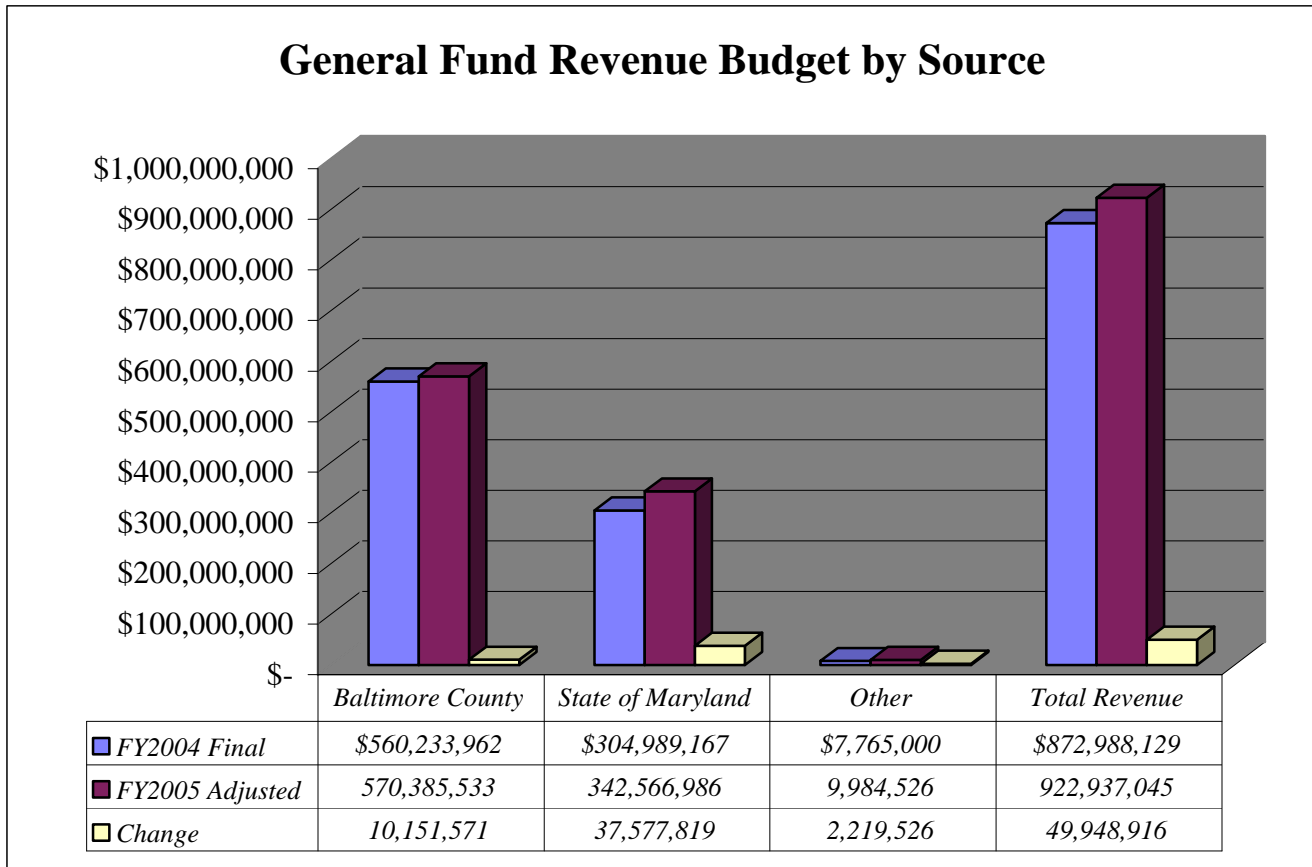


Figure 1
Year-to-Date Comparison

- 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 \$433 million, 76% of the budget, as compared to \$437 million, 78% 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

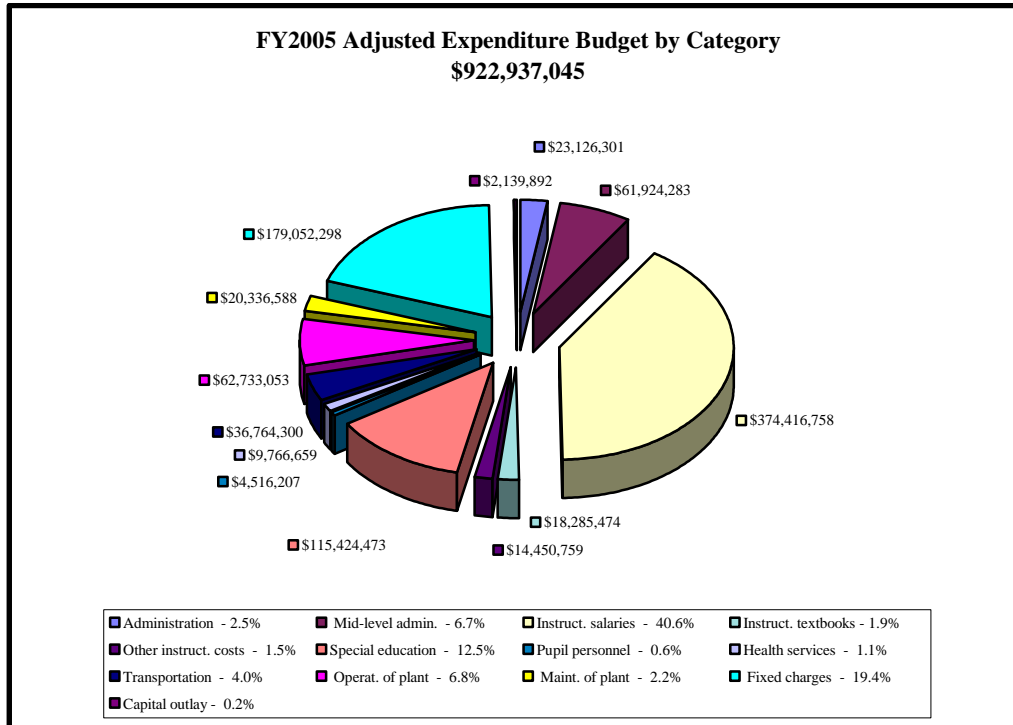


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through April 30, 2005 are \$743 million, 80.4% obligated, compared to \$710 million, 81% 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 81% 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 80% 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 transportation, operation and maintenance of facilities. These additional costs are for expenditures obligated for the costs of fuel, 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. A budget appropriation transfer decreasing Instructional salaries by \$3,138,561 and increasing other budget categories was approved by the Board on May 10, 2005 and forwarded to the County Council for action.

Percent of Budget Obligated

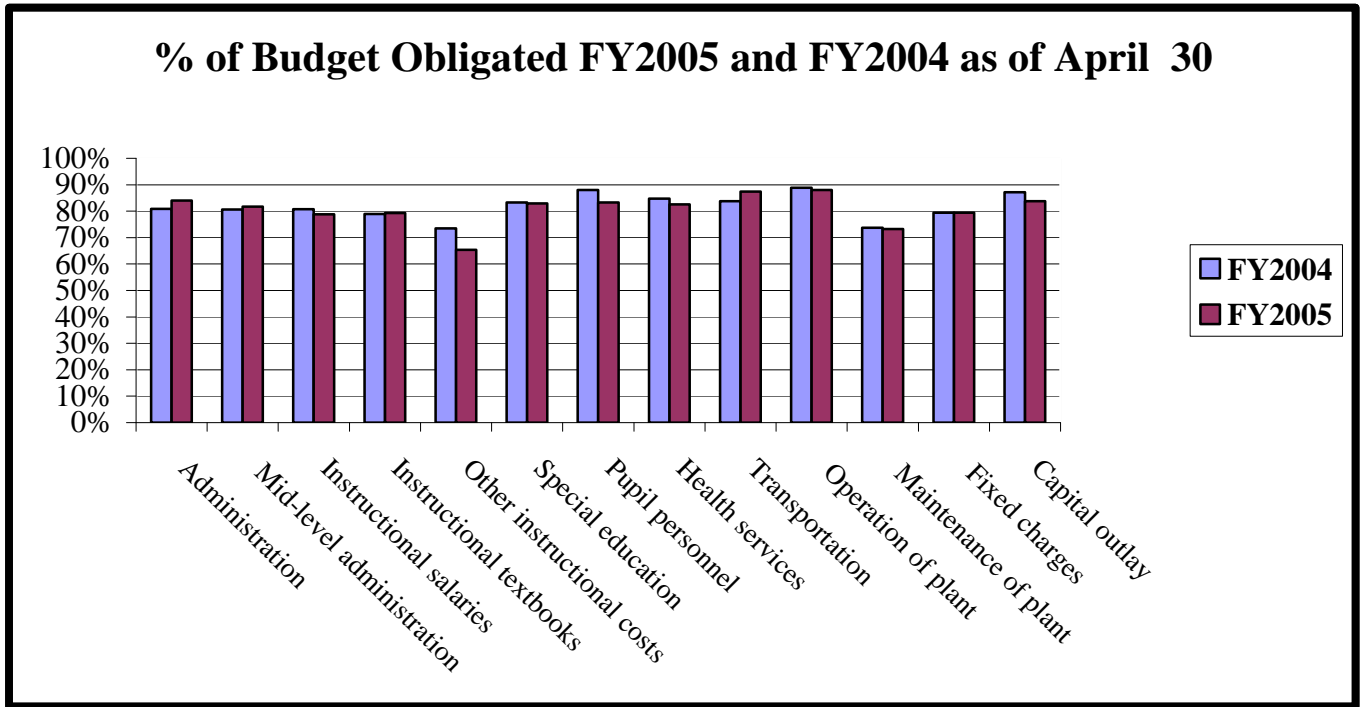


Figure 3

- **Administration and Mid-level administration** – although year-to-date FY2005 expenditures and encumbrances are currently in line with the budget, the Board at its May 10th meeting, approved a transfer of funds to provide for unachieved turnover savings.
- **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 expenditures for 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 results in 17.5 pay periods through April 2005 as compared with 18 pay periods in the prior year. Anticipated turnover savings have been realized in this category and are being 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, \$14.5 million, 79% of the FY2005 budgeted funds has been committed; the remaining budget will be spent throughout the remainder of 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 \$9.5 million, 65% 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, 88% of the original budgeted funds for private placement, \$29.3 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 indicated that a transfer of funds would be necessary to provide funding for unachieved turnover savings. The Board approved a budget transfer at its May 10th meeting to provide funding for these additional costs.
- ***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 April 30, 2005, the non-salary budget has been overcommitted, as compared with 97% committed as of April 2004. The primary cause of the expenditures being over budget is the significant increases in the cost of fuel. The Board approved a budget transfer at its May 10th meeting to provide funding for these additional costs. 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 April 30, 2005, 88% of the budget has been committed, compared with 89% as of April 2004. This category is expected to require a transfer of funds due to increases in utilities and fuel expenditures primarily resulting from significant unit cost increases.
- ***Maintenance of plant and capital outlay*** – While year-to-date FY2005 expenditures and encumbrances are currently in line with the budget, the Board approved a budget transfer at its May 10th meeting to provide funding for projected shortfalls in 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 April 30, 2004 and 2005
General Fund

		FY 2004				FY 2005			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
Revenues		Budget	Rev/Exp/Enc. as of 04/30/04	Budget as of 04/30/04	Earned or Obligated	Budget	Rev/Exp/Enc. as of 04/30/05	Budget as of 04/30/05	Earned or Obligated
Baltimore County		\$ 560,233,962	\$ 436,709,625	\$ 123,524,337	78.0%	\$ 570,385,533	\$ 433,178,595	\$ 137,206,938	75.9%
State of Maryland		304,989,167	245,076,029	59,913,138	80.4%	342,566,986	274,762,890	67,804,096	80.2%
Other		7,765,000	3,938,936	3,826,064	50.7%	9,984,526	6,086,175	3,898,351	61.0%
Total revenues		\$ 872,988,129	\$ 685,724,590	\$ 187,263,539	78.5%	\$ 922,937,045	\$ 714,027,660	\$ 208,909,385	77.4%
Expenditures and encumbrances									
Administration	salary	\$ 14,506,261	\$ 12,064,947	\$ 2,441,314	83.2%	\$ 15,181,770	\$ 12,690,303	\$ 2,491,467	83.6%
	non-salary	8,020,848	6,161,852	1,858,996	76.8%	7,944,531	6,728,063	1,216,468	84.7%
	subtotal	22,527,109	18,226,799	4,300,310	80.9%	23,126,301	19,418,365	3,707,936	84.0%
Mid-level administration	salary	53,995,471	43,803,420	10,192,051	81.1%	56,683,247	46,727,199	9,956,048	82.4%
	non-salary	5,826,584	4,403,064	1,423,520	75.6%	5,241,036	3,888,444	1,352,592	74.2%
	subtotal	59,822,055	48,206,484	11,615,571	80.6%	61,924,283	50,615,643	11,308,640	81.7%
Instruction:									
Instructional salaries	salary	359,412,236	290,330,533	69,081,703	80.8%	374,416,758	294,865,663	79,551,095	78.8%
Instructional textbooks	non-salary	18,029,870	14,229,707	3,800,163	78.9%	18,285,474	14,493,520	3,791,954	79.3%
Other instructional costs	non-salary	15,234,574	11,193,362	4,041,212	73.5%	14,450,759	9,451,739	4,999,020	65.4%
Special education	salary	73,650,959	60,640,918	13,010,041	82.3%	79,191,225	64,374,088	14,817,137	81.3%
	non-salary	34,379,210	29,390,088	4,989,122	85.5%	36,233,248	31,304,700	4,928,548	86.4%
	subtotal	108,030,169	90,031,006	17,999,163	83.3%	115,424,473	95,678,789	19,745,684	82.9%
Pupil personnel	salary	3,760,769	3,324,518	436,251	88.4%	4,361,971	3,676,407	685,564	84.3%
	non-salary	154,236	119,574	34,662	77.5%	154,236	85,527	68,709	55.5%
	subtotal	3,915,005	3,444,092	470,913	88.0%	4,516,207	3,761,934	754,273	83.3%
Health services	salary	9,106,128	7,720,933	1,385,195	84.8%	9,608,799	7,928,512	1,680,287	82.5%
	non-salary	177,507	149,690	27,817	84.3%	157,860	135,203	22,657	85.6%
	subtotal	9,283,635	7,870,623	1,413,012	84.8%	9,766,659	8,063,715	1,702,944	82.6%
Transportation	salary	23,681,692	18,194,144	5,487,548	76.8%	24,125,796	19,367,589	4,758,207	80.3%
	non-salary	12,474,320	12,079,708	394,612	96.8%	12,638,504	12,754,708	(116,204)	100.9%
	subtotal	36,156,012	30,273,852	5,882,160	83.7%	36,764,300	32,122,297	4,642,003	87.4%
Operation of plant	salary	31,558,383	25,298,291	6,260,092	80.2%	32,016,991	25,392,361	6,624,630	79.3%
	non-salary	27,063,858	26,826,048	237,810	99.1%	30,716,062	29,796,624	919,438	97.0%
	subtotal	58,622,241	52,124,339	6,497,902	88.9%	62,733,053	55,188,985	7,544,068	88.0%
Maintenance of plant	salary	9,018,600	7,447,863	1,570,737	82.6%	9,823,730	7,647,770	2,175,960	77.8%
	non-salary	10,404,572	6,870,037	3,534,535	66.0%	10,512,858	7,239,084	3,273,774	68.9%
	subtotal	19,423,172	14,317,900	5,105,272	73.7%	20,336,588	14,886,854	5,449,734	73.2%
Fixed charges	non-salary	160,460,061	127,525,931	32,934,130	79.5%	179,052,298	142,149,677	36,902,621	79.4%
Capital outlay	salary	1,863,840	1,674,126	189,714	89.8%	1,931,742	1,708,804	222,938	88.5%
	non-salary	208,150	132,128	76,022	63.5%	208,150	83,872	124,278	40.3%
	subtotal	2,071,990	1,806,254	265,736	87.2%	2,139,892	1,792,676	347,216	83.8%
Total Salary		580,554,339	470,499,693	110,054,646	81.0%	607,342,029	484,378,696	122,963,333	79.8%
Total Non-Salary		292,433,790	239,081,189	53,352,601	81.8%	315,595,016	258,111,161	57,483,855	81.8%
Total expenditures and encumbrances		\$ 872,988,129	\$ 709,580,882	\$ 163,407,247	81.3%	\$ 922,937,045	\$ 742,489,857	\$ 180,447,188	80.4%