

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: July 12, 2005

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **FINANCIAL REPORT – FOR THE MONTHS ENDING MAY 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 May 2004 and 2005.

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

These data are presented using Maryland 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 May 2004 and 2005. Figure 4 is a comparative statement of budget to actual revenues, expenditures, and encumbrances.

General Fund Revenue Budget

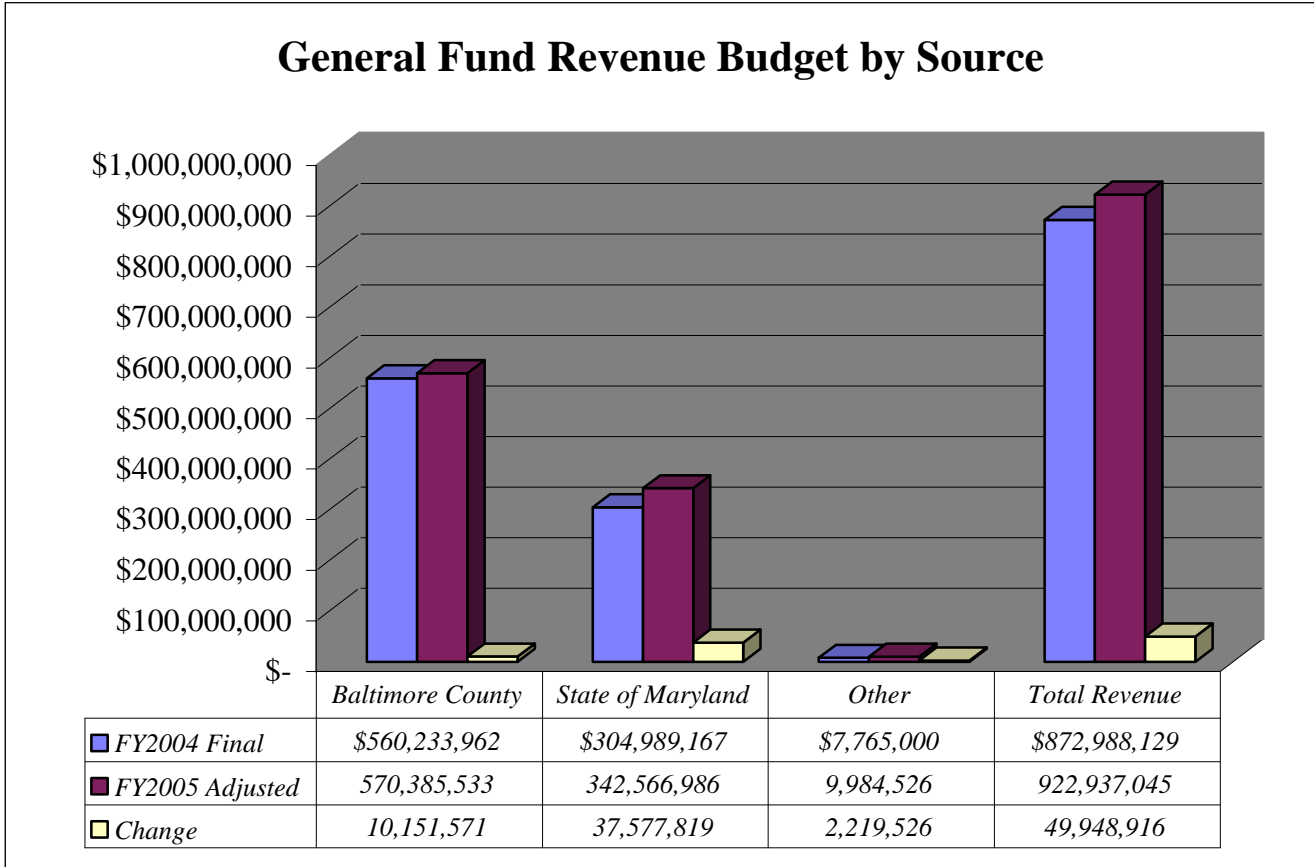


Figure 1

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 \$507 million, 90% of the budget, as compared to \$515 million, 92% 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*. Year-to-date state revenue recognized is \$332 million, 97% of the budget, as compared to \$292 million, 96% of the budget, for FY2004.
- ***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 45% 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

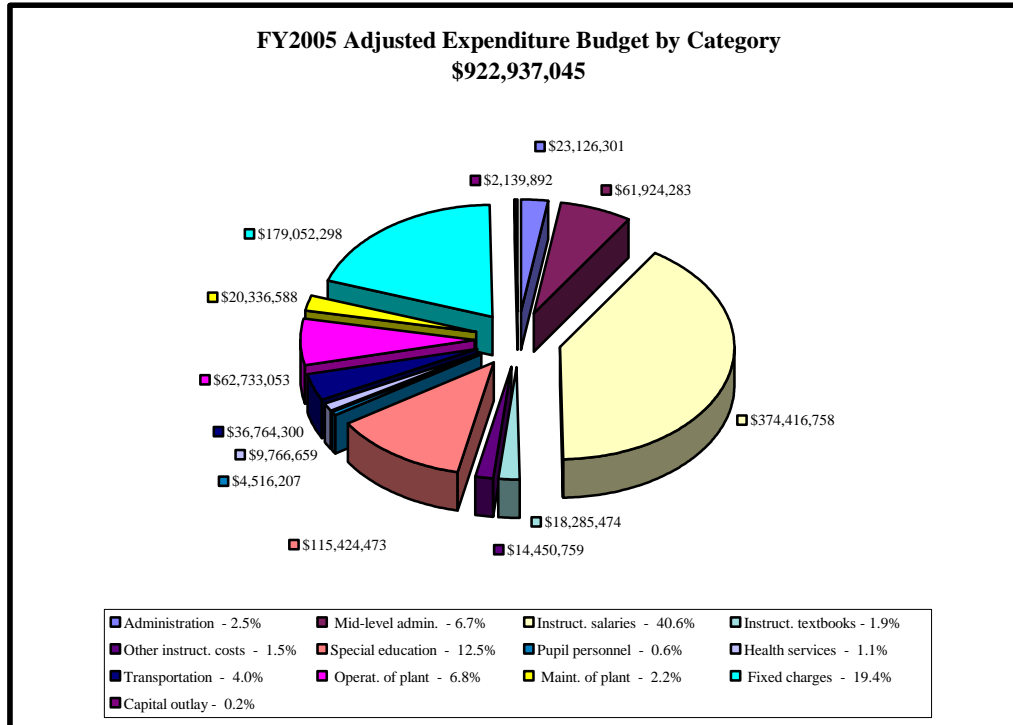


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total Expenditures and Encumbrances – Year-to-date expenditures and encumbrances through May 31, 2005 are \$818 million, 88.6% obligated, compared to \$784 million, 90% 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 89% 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 88% 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, increases have been incurred in Fixed Charges primarily from an increase in health benefit premiums. In order to provide funding for projected cost increases in various categories, at its May 10 meeting, the Board approved a budget appropriation transfer decreasing Instructional Salaries by \$3,138,561 and increasing other budget categories. The budget appropriation transfer was then forwarded to the County Council.

Percent of Budget Obligated

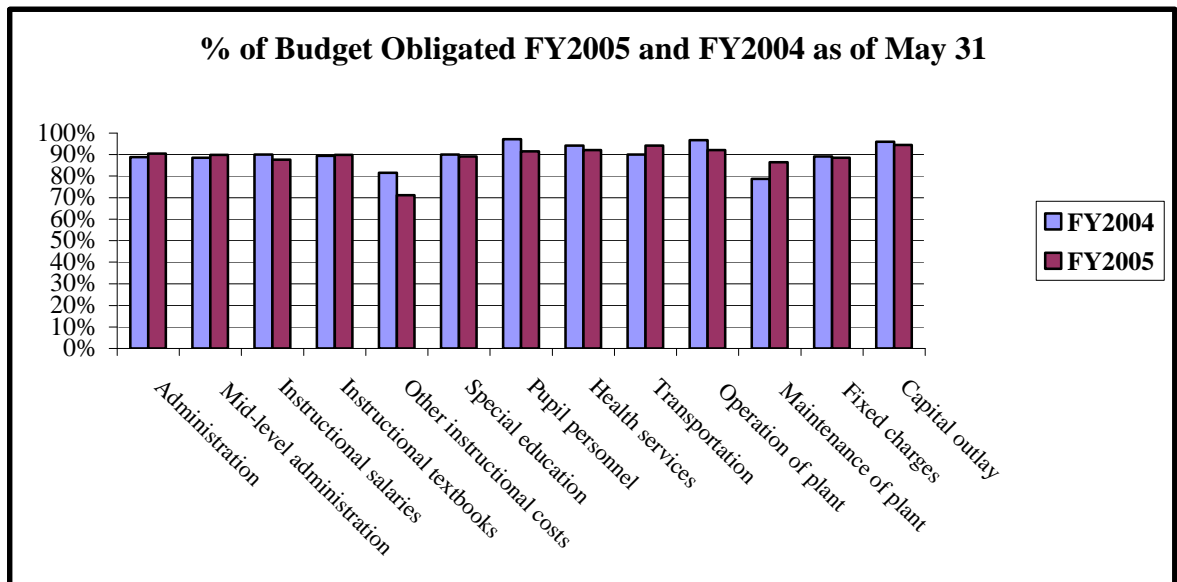


Figure 3

- ***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 10 meeting, approved a small transfer of funds in anticipation of unachieved turnover beyond savings in non-salary expenses.
- ***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 19.5 pay periods through May 2005 as compared with 20 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, \$16.4 million, 90% of the FY2005 budgeted funds, has been committed; the remaining budget is expected to be committed in June 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. To date, \$10.3 million, 71% of the FY2005 budgeted funds, has been committed. Savings in this category are a result of a change in accounting for contractual employees.
- ***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. The FY2005 Special Education non-salary budget includes \$33.4 million (92%) 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. With the exception of savings in non-public placement, 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*** – 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 10 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 May 31, 2005, the non-salary budget has been overcommitted, as compared with 98% committed as of May 2004. The primary cause of the expenditures being over budget is the significant increase in the cost of fuel. The Board approved a budget transfer at its May 10 meeting to provide funding for these additional costs.
- ***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 May 31, 2005, 92% of the budget has been committed, compared with 97% as of May 2004. This category is expected to incur additional 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 10 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 May, 2004 and 2005
General Fund

		FY 2004				FY 2005			
		Total	Remaining	Percentage			Total	Remaining	Percentage
		Adjusted	Rev/Exp/Enc.	Budget	Earned or	Adjusted	Rev/Exp/Enc.	Budget	Earned or
		Budget	as of 05/31/04	as of 05/31/04	Obligated	Budget	as of 05/31/05	as of 05/31/05	Obligated
Revenues									
Baltimore County		\$ 560,233,962	\$ 515,070,249	\$ 45,163,713	91.9%	\$ 570,385,533	\$ 507,261,338	\$ 63,124,195	88.9%
State of Maryland		304,989,167	291,894,940	13,094,227	95.7%	342,566,986	331,397,762	11,169,224	96.7%
Other		7,765,000	4,425,825	3,339,175	57.0%	9,984,526	6,330,765	3,653,761	63.4%
Total revenues		<u>\$ 872,988,129</u>	<u>\$ 811,391,014</u>	<u>\$ 61,597,115</u>	<u>92.9%</u>	<u>\$ 922,937,045</u>	<u>\$ 844,989,865</u>	<u>\$ 77,947,180</u>	<u>91.6%</u>
Expenditures and encumbrances									
Administration	salary	\$ 14,506,261	\$ 13,213,670	\$ 1,292,591	91.1%	\$ 15,181,770	\$ 13,885,470	\$ 1,296,300	91.5%
	non-salary	8,020,848	6,802,319	1,218,529	84.8%	7,944,531	7,053,239	891,292	88.8%
	subtotal	<u>22,527,109</u>	<u>20,015,989</u>	<u>2,511,120</u>	<u>88.9%</u>	<u>23,126,301</u>	<u>20,938,709</u>	<u>2,187,592</u>	<u>90.5%</u>
Mid-level administration	salary	53,995,471	47,975,410	6,020,061	88.9%	56,683,247	51,233,844	5,449,403	90.4%
	non-salary	5,826,584	4,958,036	868,548	85.1%	5,241,036	4,422,300	818,736	84.4%
	subtotal	<u>59,822,055</u>	<u>52,933,446</u>	<u>6,888,609</u>	<u>88.5%</u>	<u>61,924,283</u>	<u>55,656,143</u>	<u>6,268,140</u>	<u>89.9%</u>
Instruction:									
Instructional salaries	salary	359,412,236	323,565,720	35,846,516	90.0%	374,416,758	328,188,990	46,227,768	87.7%
Instructional textbooks	non-salary	18,029,870	16,136,771	1,893,099	89.5%	18,285,474	16,422,770	1,862,704	89.8%
Other instructional costs	non-salary	15,234,574	12,422,118	2,812,456	81.5%	14,450,759	10,269,306	4,181,453	71.1%
Special education	salary	73,650,959	67,229,520	6,421,439	91.3%	79,191,225	71,759,770	7,431,455	90.6%
	non-salary	34,379,210	30,007,196	4,372,014	87.3%	36,233,248	31,099,089	5,134,159	85.8%
	subtotal	<u>108,030,169</u>	<u>97,236,716</u>	<u>10,793,453</u>	<u>90.0%</u>	<u>115,424,473</u>	<u>102,858,859</u>	<u>12,565,614</u>	<u>89.1%</u>
Pupil personnel	salary	3,760,769	3,664,849	95,920	97.4%	4,361,971	4,030,746	331,225	92.4%
	non-salary	154,236	139,243	14,993	90.3%	154,236	104,975	49,261	68.1%
	subtotal	<u>3,915,005</u>	<u>3,804,092</u>	<u>110,913</u>	<u>97.2%</u>	<u>4,516,207</u>	<u>4,135,721</u>	<u>380,486</u>	<u>91.6%</u>
Health services	salary	9,106,128	8,591,694	514,434	94.4%	9,608,799	8,842,079	766,720	92.0%
	non-salary	177,507	156,107	21,400	87.9%	157,860	155,787	2,073	98.7%
	subtotal	<u>9,283,635</u>	<u>8,747,801</u>	<u>535,834</u>	<u>94.2%</u>	<u>9,766,659</u>	<u>8,997,866</u>	<u>768,793</u>	<u>92.1%</u>
Transportation	salary	23,681,692	20,341,060	3,340,632	85.9%	24,125,796	21,402,604	2,723,192	88.7%
	non-salary	12,474,320	12,220,055	254,265	98.0%	12,638,504	13,246,478	(607,974)	104.8%
	subtotal	<u>36,156,012</u>	<u>32,561,115</u>	<u>3,594,897</u>	<u>90.1%</u>	<u>36,764,300</u>	<u>34,649,082</u>	<u>2,115,218</u>	<u>94.2%</u>
Operation of plant	salary	31,558,383	27,638,293	3,920,090	87.6%	32,016,991	27,785,371	4,231,620	86.8%
	non-salary	27,063,858	29,087,894	(2,024,036)	107.5%	30,716,062	30,039,907	676,155	97.8%
	subtotal	<u>58,622,241</u>	<u>56,726,187</u>	<u>1,896,054</u>	<u>96.8%</u>	<u>62,733,053</u>	<u>57,825,279</u>	<u>4,907,774</u>	<u>92.2%</u>
Maintenance of plant	salary	9,018,600	8,048,091	970,509	89.2%	9,823,730	8,356,409	1,467,321	85.1%
	non-salary	10,404,572	7,254,251	3,150,321	69.7%	10,512,858	9,224,591	1,288,267	87.7%
	subtotal	<u>19,423,172</u>	<u>15,302,342</u>	<u>4,120,830</u>	<u>78.8%</u>	<u>20,336,588</u>	<u>17,581,000</u>	<u>2,755,588</u>	<u>86.5%</u>
Fixed charges	non-salary	160,460,061	142,948,262	17,511,799	89.1%	179,052,298	158,418,718	20,633,580	88.5%
Capital outlay	salary	1,863,840	1,831,142	32,698	98.2%	1,931,742	1,862,193	69,549	96.4%
	non-salary	208,150	158,230	49,920	76.0%	208,150	160,562	47,588	77.1%
	subtotal	<u>2,071,990</u>	<u>1,989,372</u>	<u>82,618</u>	<u>96.0%</u>	<u>2,139,892</u>	<u>2,022,756</u>	<u>117,136</u>	<u>94.5%</u>
Total Salary		580,554,339	522,099,449	58,454,890	89.9%	607,342,029	537,347,476	69,994,554	88.5%
Total Non-Salary		292,433,790	262,290,482	30,143,308	89.7%	315,595,016	280,617,724	34,977,292	88.9%
Total expenditures and encumbrances		<u>\$ 872,988,129</u>	<u>\$ 784,389,931</u>	<u>\$ 88,598,198</u>	<u>89.9%</u>	<u>\$ 922,937,045</u>	<u>\$ 817,965,200</u>	<u>\$ 104,971,846</u>	<u>88.6%</u>