

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** June 13, 2006

**TO:** **BOARD OF EDUCATION**

**FROM:** Dr. Joe A. Hairston, Superintendent

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING APRIL 30, 2005 AND 2006**

**ORIGINATOR:** J. Robert Haines, Deputy Superintendent, Business Services

**RESOURCE PERSON (S):** Barbara S. Burnopp, Chief Financial Officer  
Patrick M. Fannon, Controller

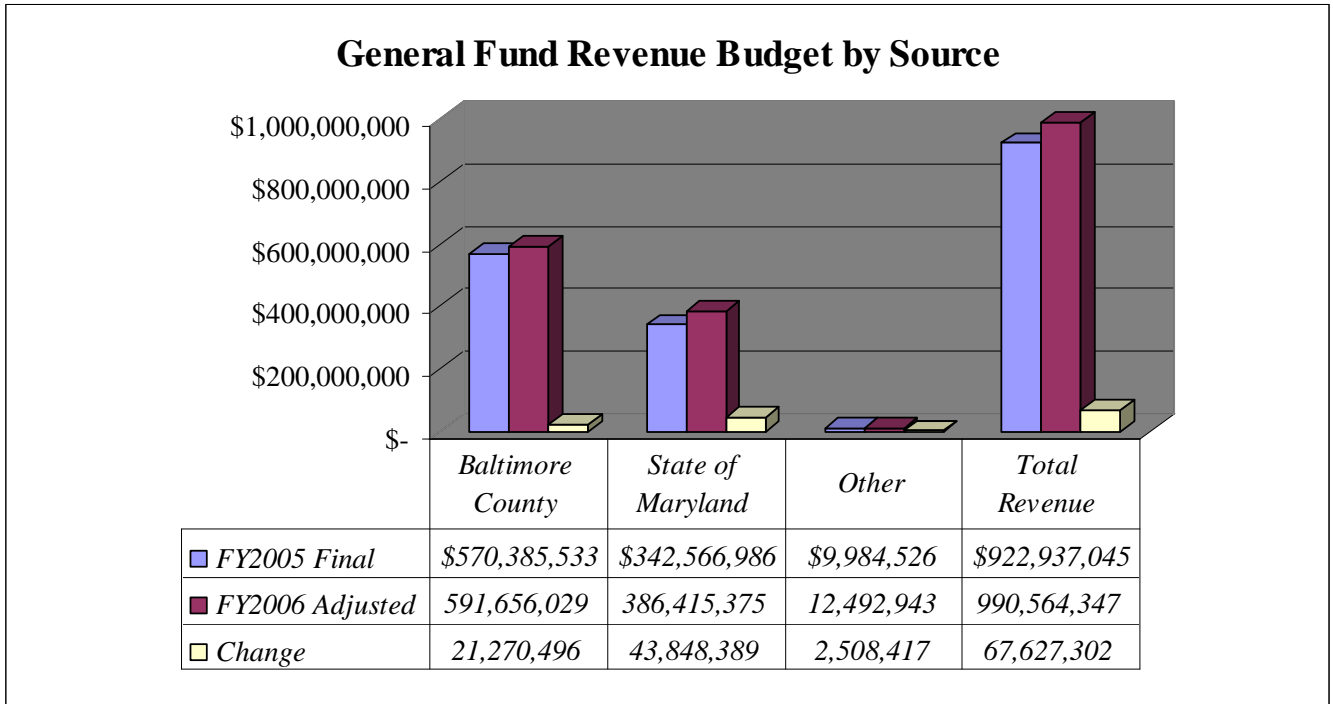
***INFORMATION***

Attached is the *General Fund Comparison of FY2005 and FY2006 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended April 30, 2005 and 2006.

***General Fund Comparison of FY2005 and FY2006 Revenues, Expenditures, and Encumbrances-  
Budget and 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 FY2005 and FY2006 General Fund Revenue Budget. Figure 2 provides an overview of the FY2006 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated as of April 30, 2005 and 2006. 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 FY2006 county appropriation increased \$21.3 million, 3.7% over the FY2005 budget. County funds are drawn based on cash flow requirements. Year-to-date county revenue recognized is \$439 million, 74.2% of the budget, as compared to \$433 million, 75.9% of the budget, for FY2005.
- State of Maryland** – The FY2006 state appropriation originally increased \$42.8 million, 12.5% over the FY2005 budget. This increase was the result of the third year of the Maryland *Bridge to Excellence in Public Schools Act*. In November 2005, the county approved a supplemental appropriation request to use additional state funding from the Aging Schools Program of \$1,092,000, for school window replacement. 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** –The other revenue budget is comprised of the re-appropriation of the prior year’s fund balance, which was increased by a supplemental budget appropriation in April 2006 of \$675,960 to \$4.9 million, out-of-county living arrangement payments from other local education agencies (LEAs) which are estimated to be \$4 million and are generally collected at year-end, tuitions and sundry revenues. In November 2005, the county approved a supplemental appropriation request to increase other revenue sources by \$930,000, which consists of additional E-Rate revenue and the use of available escheat funds. The year-to-date revenue includes the re-appropriation of the prior year’s unspent fund balance of \$4.3 million, and tuitions and sundry other revenues of approximately \$3.2 million.

## General Fund Expenditure Budget

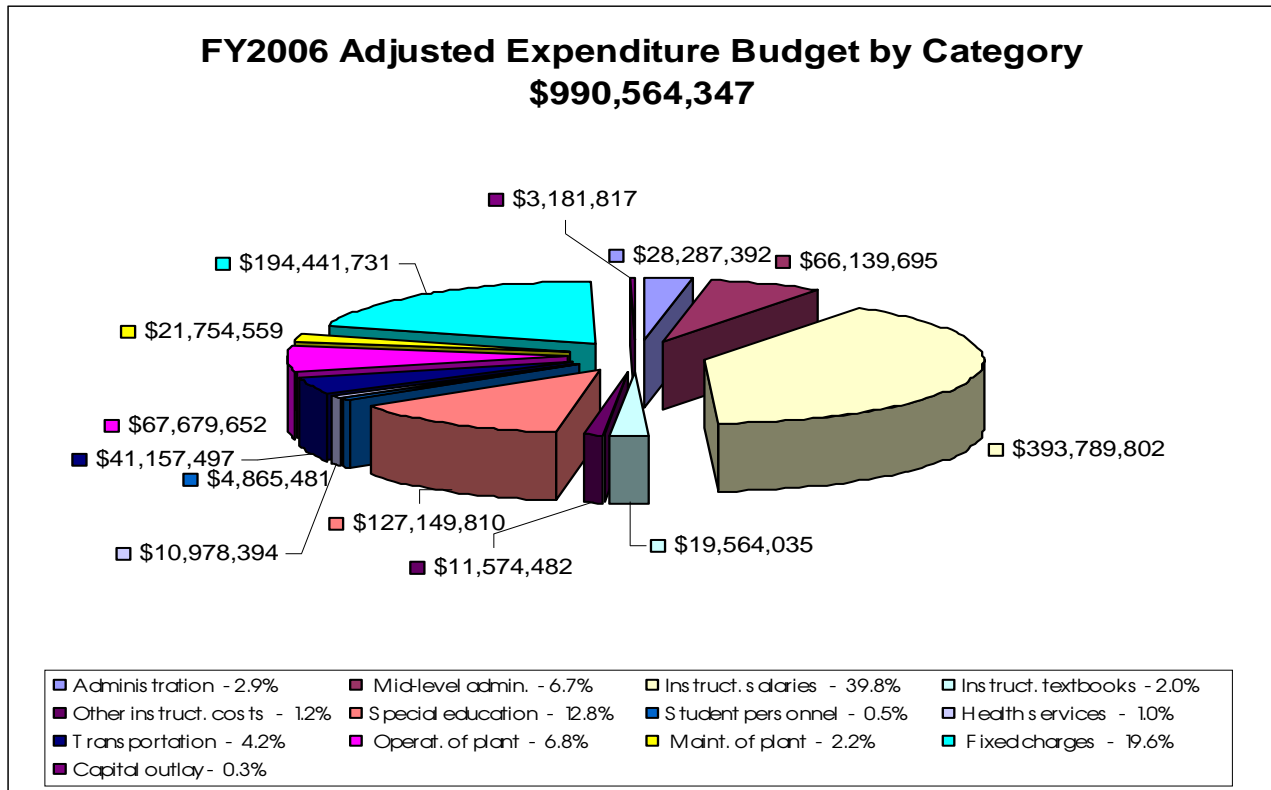
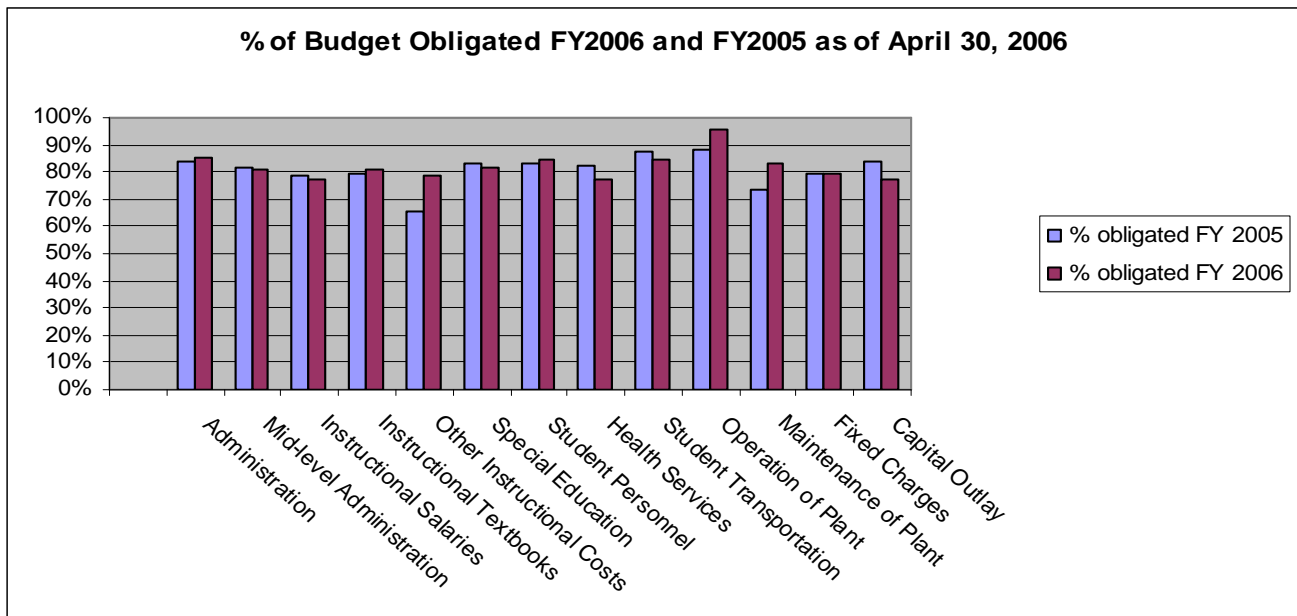


Figure 2 (Detail included in Figure 4)

### Year-to-Date Comparison

**Total Expenditures and Encumbrances** – Year-to-date expenditures and encumbrances through April 30, 2006, are \$798 million, 80.6% obligated, compared to \$742 million, 80.4% obligated, for the same period in FY2005. 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 80.3% 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, Student Personnel, Health Services, and Student Transportation) average 78.2% of budget, which is in line with the percentage of the school year that has elapsed. The increase in salary expense is attributable to salary restructuring for all employees and additional positions to expand full-day kindergarten and other programs. The increase in year-to-date FY2006 total non-salary expenditures and encumbrances results primarily from additional costs in Administration, Student Transportation and Operation of Plant. These additional costs are for expenditures obligated for the upgrade of the Board’s automated financial system and data warehouse, the costs of fuel, utilities and contracted services. Additionally, a significant portion of the contracted services in the Special Education budget have been encumbered for the year and increases have occurred in Fixed Charges primarily from an increase in health benefit costs. A transfer of funds of \$8,500,000 to provide funding for budgetary shortfalls between various categories is currently waiting county council approval.

### Percent of Budget Obligated



**Figure 3**

- Administration and Mid-level Administration** – Year-to-date FY2006 expenditures and encumbrances in Administration have increased \$4.7 million over those expended during the same period in FY2005. This increase results primarily from an increase in contracted services related to the upgrade of the Board’s automated financial system and data warehouse. In November 2005, a budget supplement of \$550,000 was approved to provide additional funding for expenditures to be incurred for student scheduling software and other data processing enhancements. An additional budget supplement of \$52,000 was approved in April 2006 to provide funding for the purchase of portable defibrillation equipment for offices. A transfer of funds between Administration and Mid-level Administration is pending approval in order to cover the expenses of information technology positions moved from Mid-level Administration to Administration. Mid-level Administration expenditures are in line with the budget and are comparable to the prior year.
- Instructional Salaries** – The budget for Instructional Salaries was increased by \$19.4 million in FY2006 to include additional funding for salary restructuring and step increases. The budget increase also resulted from added instructional positions required to expand full-day kindergarten programs to 10 additional schools. Instructional Salaries expenditures are comparable with the prior year. A transfer of funds out of this category is pending approval in order to cover expenditures 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 7% or approximately \$1.3 million for the year. The increase in the budget is attributable to \$1.1 million for additional library books for elementary schools, an increase of \$130,000 for elementary programs and additional increases in school based expenditures. To date, \$15.9 million, 81.2% of the FY2006 budgeted funds has been committed; the remaining budget will be spent during the remainder of the year to purchase additional consumable classroom supplies, library books and other media. A transfer of funds is pending approval in order to cover additional projected expenditures.
- ***Other Instructional Costs*** – This category is comprised of commitments for contracted services, staff development, and equipment used to support the instructional programs. This category's budget was decreased by \$2.8 million to more closely reflect the expenditures anticipated. To date, \$9.1 million, 78.6% of the FY2006 budgeted funds has been committed, as compared to 65.4% in the prior fiscal year. A transfer of funds is pending approval in order to cover additional projected expenditures and the cost of purchasing computer servers for schools.
- ***Special Education*** – The Special Education category includes costs associated with the educational needs of students receiving special education services. The FY2006 salary budget includes increased funding for salary restructuring, step increases, and the addition of 35 full-time employees to support expansion of kindergarten special education inclusion programs. \$37.7 million (95.2%) of the FY2006 Special Education non-salary budget is for private placement of children in non-public schools. To date, 84.3% of the original budgeted funds for private placement have been committed, compared with 87.1% committed at April 2005. Based upon current student enrollment, the entire amount originally budgeted for private placement will not be required for this school year. A transfer of funds out of this category is pending approval in order to cover expenditures in other categories.
- ***Student Personnel and Health Services*** – Year-to-date FY2006 expenditures in the Student Personnel category are comparable to the prior fiscal year. In April 2006 the budget in Health Services was increased by a supplemental budget appropriation of \$624,000 to provide funding for the purchase of portable defibrillation equipment for all schools. The salary expenditures for this category are comparable to those expenditures in the prior fiscal year. Minor transfers of funds are pending approval in order to cover the additional cost resulting from unachieved turnover.

- ***Student 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, cost of bus maintenance, and other non-salary expenditures. The non-salary budget increased \$2.6 million, which can be attributed primarily to \$1.1 million of additional capital lease obligations related to bus acquisitions and \$1.2 million of additional fuel cost and increased costs for parts and maintenance. As of April 2006, 96.1% of the non-salary budget has been committed, compared with 100% committed as of April 2005. A transfer of funds is pending approval in order to cover additional costs due to rising fuel prices and increases in the cost of parts. Salary expenses are in line with the budget and are comparable to the prior year.
- ***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 telecommunications costs, gas and electric, fuel oil, sewer, and water) are included here. The non-salary expenditure budget for this category has increased 12.5%, primarily because of an expected increase in the cost of utilities of \$2.7 million. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$24 million. Other expenditures in this category include the cost of building rent, \$2.3 million, property insurance, \$1.1 million, trash removal, \$850,000, telecommunication, \$1.8 million, and copier maintenance of \$660,000. As of April 2006, the non-salary budget has been exceeded, compared with 97.0% committed as of April 2005. A transfer of funds is pending approval in order to cover additional costs incurred in utilities because of larger than expected price increases.
- ***Maintenance of Plant and Capital Outlay*** – The Maintenance of Plant category consists of activities related to the service and upkeep of building systems and grounds. The budgeted expenditures in this category include \$6.8 million for maintenance (including service contracts), \$2.5 million for maintenance under the Aging School Program and \$1.5 million for costs related to maintenance of vehicles. In November 2005 a budget supplement of \$1,472,000 was approved to provide funding for the replacement of windows and air filters at various schools. As of April 2006, 87.9% of the non-salary budget has been committed as compared with 68.9% as of April 2005. Capital Outlay expenditures to date are for contracted services and other costs, including \$489,000 for modular buildings purchased for three schools. In November 2005, a budget transfer of \$817,500 was approved to transfer funds to the Capital Outlay category for the purchase of modular facilities originally budgeted in this category. A transfer of funds is pending approval due to rising fuel costs and additional costs of parts and maintenance. Salary expenses for both categories are in line with the respective budgets.
- ***Fixed Charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 69% and 25% of the Fixed Charges budget, respectively. The FY2006 budget increased \$15.4 million, primarily as a result of increases in premium rates for health insurance and additional FICA expense, which is directly related to payroll increases. Year-to-date FY2006 expenditures and encumbrances are comparable with last year.

**Baltimore County Public Schools**  
**Comparison of FY 2005 and FY 2006 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended April 30, 2005 and 2006**  
**General Fund**

		FY 2005				FY 2006			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc. as of 04/30/05	Budget as of 04/30/05	Earned or Obligated	Budget	Rev/Exp/Enc. as of 04/30/06	Budget as of 04/30/06	Earned or Obligated
<b>Revenues</b>									
Baltimore County		\$ 570,385,533	\$ 433,178,595	\$ 137,206,938	75.9%	\$ 591,656,029	\$ 439,006,984	\$ 152,649,045	74.2%
State of Maryland		342,566,986	274,762,890	67,804,096	80.2%	386,415,375	310,335,285	76,080,090	80.3%
Other		9,984,526	6,086,175	3,898,351	61.0%	12,492,943	7,568,192	4,924,751	60.6%
Total revenues		\$ 922,937,045	\$ 714,027,660	\$ 208,909,385	77.4%	\$ 990,564,347	\$ 756,910,461	\$ 233,653,886	76.4%
<b>Expenditures and encumbrances</b>									
Administration	salary	\$ 15,181,770	\$ 12,690,303	\$ 2,491,467	83.6%	\$ 16,919,500	\$ 14,239,610	\$ 2,679,890	84.2%
	non-salary	7,944,531	6,728,063	1,216,468	84.7%	11,367,892	9,882,068	1,485,824	86.9%
	subtotal	23,126,301	19,418,365	3,707,936	84.0%	28,287,392	24,121,678	4,165,714	85.3%
Mid-level administration	salary	56,683,247	46,727,199	9,956,048	82.4%	61,011,497	49,035,972	11,975,525	80.4%
	non-salary	5,241,036	3,888,444	1,352,592	74.2%	5,128,198	4,280,768	847,430	83.5%
	subtotal	61,924,283	50,615,643	11,308,640	81.7%	66,139,695	53,316,740	12,822,955	80.6%
<b>Instruction:</b>									
Instructional salaries	salary	374,416,758	294,865,663	79,551,095	78.8%	393,789,802	305,410,608	88,379,194	77.6%
Instructional textbooks	non-salary	18,285,474	14,493,520	3,791,954	79.3%	19,564,035	15,879,070	3,684,965	81.2%
Other instructional costs	non-salary	14,450,759	9,451,739	4,999,020	65.4%	11,574,482	9,098,811	2,475,671	78.6%
Special education	salary	79,191,225	64,374,088	14,817,137	81.3%	87,500,557	70,406,430	17,094,127	80.5%
	non-salary	36,233,248	31,304,700	4,928,548	86.4%	39,649,253	32,972,879	6,676,374	83.2%
	subtotal	115,424,473	95,678,789	19,745,684	82.9%	127,149,810	103,379,309	23,770,501	81.3%
Student personnel	salary	4,361,971	3,676,407	685,564	84.3%	4,697,545	4,028,078	669,467	85.7%
	non-salary	154,236	85,527	68,709	55.5%	167,936	85,353	82,583	50.8%
	subtotal	4,516,207	3,761,934	754,273	83.3%	4,865,481	4,113,431	752,050	84.5%
Health services	salary	9,608,799	7,928,512	1,680,287	82.5%	10,122,687	8,270,344	1,852,343	81.7%
	non-salary	157,860	135,203	22,657	85.6%	855,707	197,643	658,064	23.1%
	subtotal	9,766,659	8,063,715	1,702,944	82.6%	10,978,394	8,467,987	2,510,407	77.1%
Student transportation	salary	24,125,796	19,367,589	4,758,207	80.3%	25,890,607	20,118,341	5,772,266	77.7%
	non-salary	12,638,504	12,754,708	(116,204)	100.9%	15,266,890	14,672,687	594,203	96.1%
	subtotal	36,764,300	32,122,297	4,642,003	87.4%	41,157,497	34,791,028	6,366,469	84.5%
Operation of plant	salary	32,016,991	25,392,361	6,624,630	79.3%	33,121,361	26,233,894	6,887,467	79.2%
	non-salary	30,716,062	29,796,624	919,438	97.0%	34,558,291	38,338,308	(3,780,017)	110.9%
	subtotal	62,733,053	55,188,985	7,544,068	88.0%	67,679,652	64,572,202	3,107,450	95.4%
Maintenance of plant	salary	9,823,730	7,647,770	2,175,960	77.8%	10,218,229	7,910,106	2,308,123	77.4%
	non-salary	10,512,858	7,239,084	3,273,774	68.9%	11,536,330	10,140,140	1,396,190	87.9%
	subtotal	20,336,588	14,886,854	5,449,734	73.2%	21,754,559	18,050,246	3,704,313	83.0%
Fixed charges	non-salary	179,052,298	142,149,677	36,902,621	79.4%	194,441,731	154,456,078	39,985,653	79.4%
Capital outlay	salary	1,931,742	1,708,804	222,938	88.5%	2,162,667	1,671,695	490,972	77.3%
	non-salary	208,150	83,872	124,278	40.3%	1,019,150	773,717	245,433	75.9%
	subtotal	2,139,892	1,792,676	347,216	83.8%	3,181,817	2,445,412	736,405	76.9%
Total Salary		607,342,029	484,378,696	122,963,333	79.8%	645,434,452	507,325,078	138,109,374	78.6%
Total Non-Salary		315,595,016	258,111,161	57,483,855	81.8%	345,129,895	290,777,522	54,352,373	84.3%
Total expenditures and encumbrances		\$ 922,937,045	\$ 742,489,857	\$ 180,447,188	80.4%	\$ 990,564,347	\$ 798,102,600	\$ 192,461,747	80.6%

Figure 4

Prepared by: Office of Accounting and Financial Reporting, May 4, 2006