

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: March 8, 2005

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

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

General Fund Revenue Budget

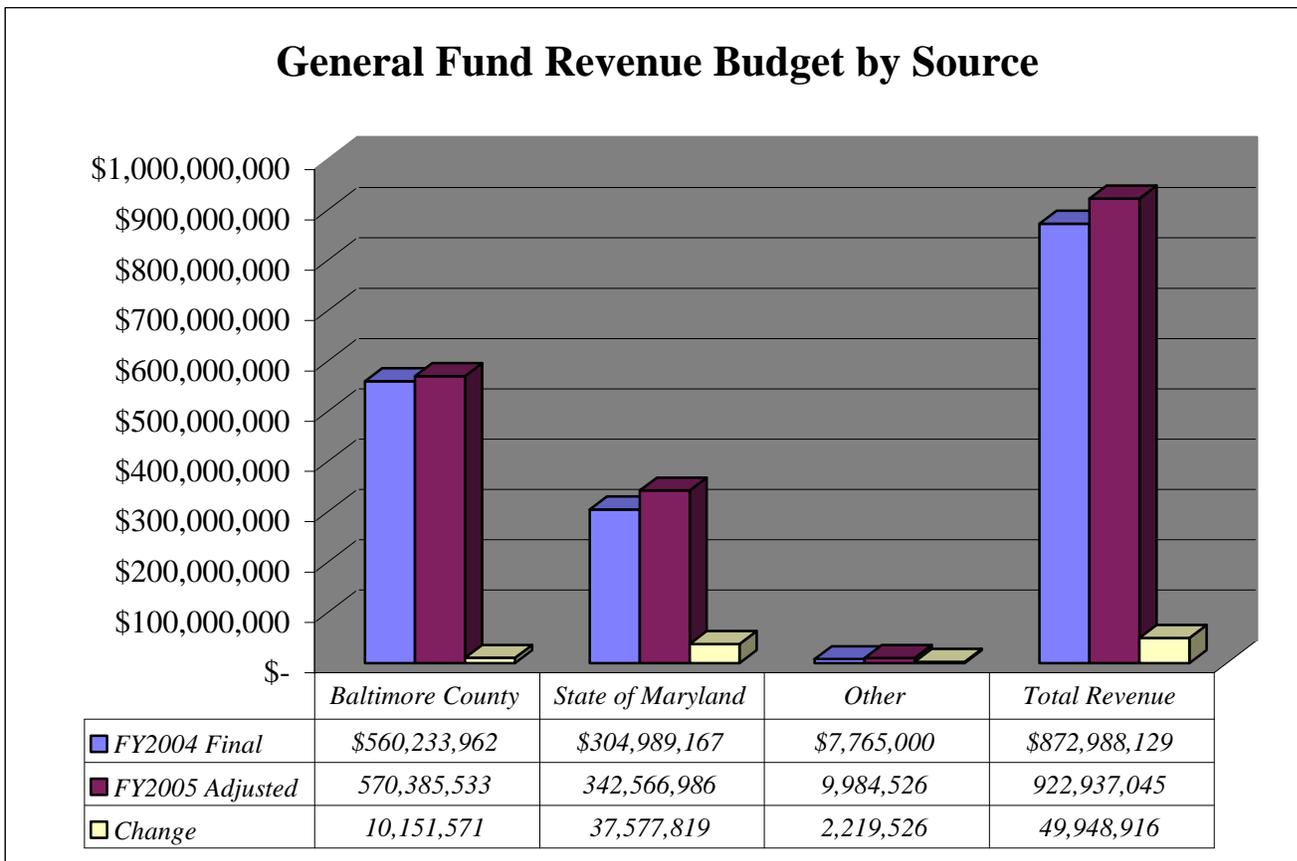


Figure 1

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 \$302 million, 53% of the budget, as compared to \$278 million, 50% 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

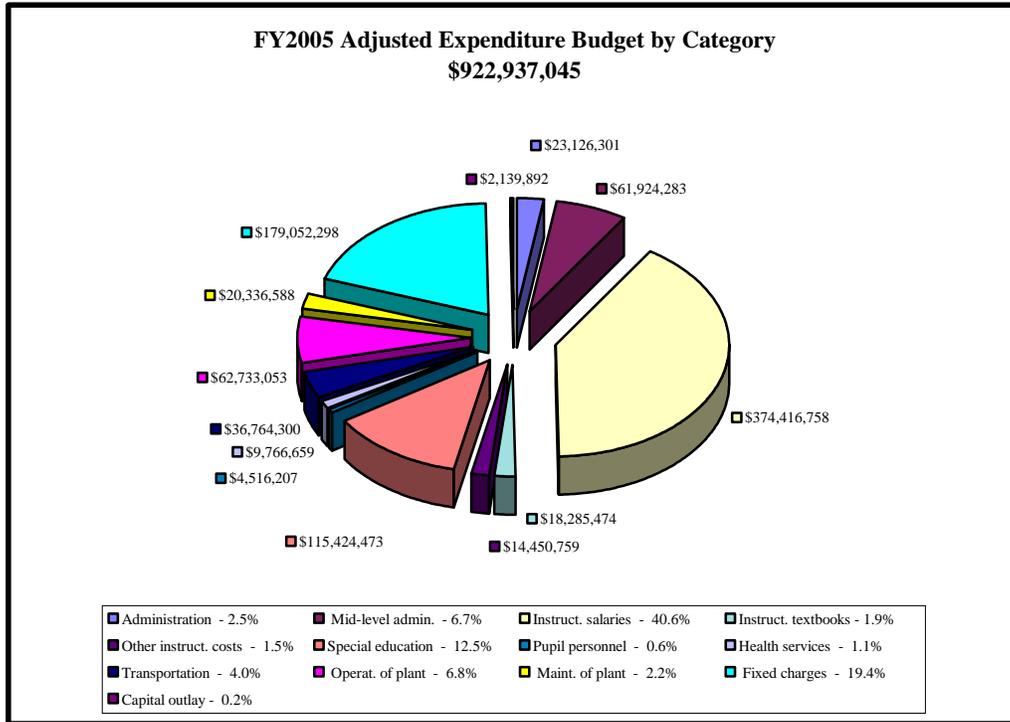


Figure 2 (Detail included in Figure 4)

Year-to-Date Comparison

Total expenditures and encumbrances – Year-to-date expenditures and encumbrances through January 31, 2005, are \$521 million, 56.4 % obligated, compared to \$500 million, 57.3 % 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 57 % 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 52 % 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 incurred in Fixed Charges primarily from an increase in health benefits.

Percent of Budget Obligated

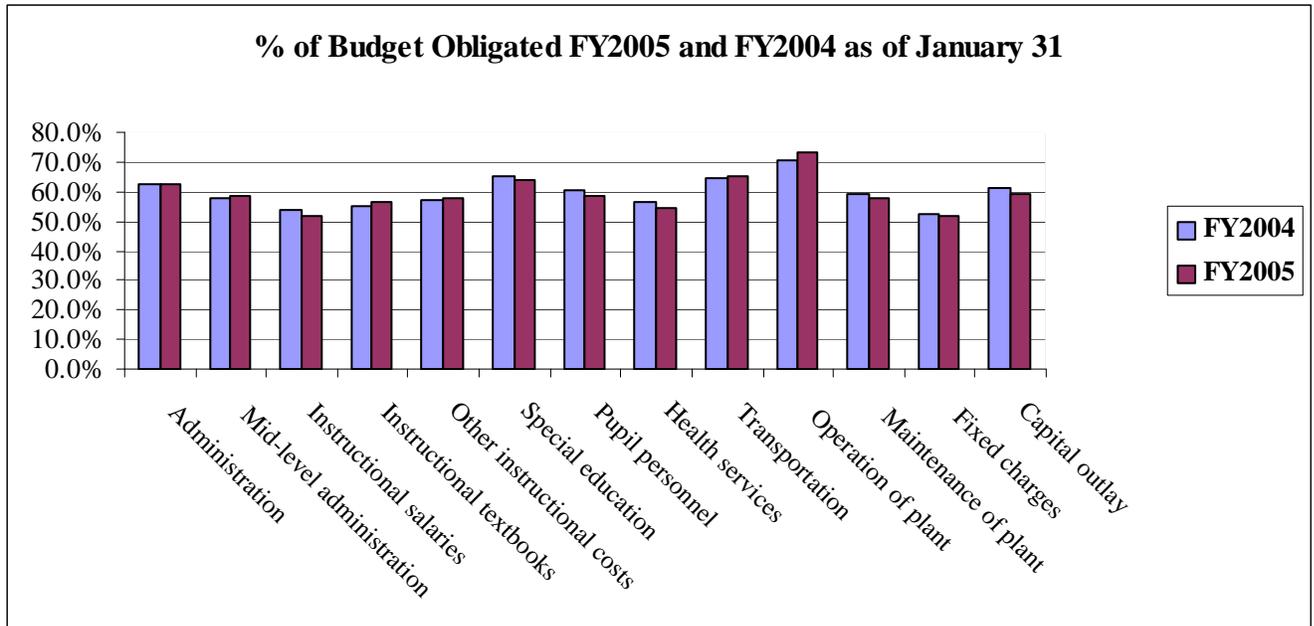


Figure 3

- **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 11.5 pay periods this year as compared with 12 pay periods in the prior year.
- **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, \$10.3 million, 56% 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 \$8.4 million, 58% 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*** – Year-to-date FY2005 expenditures and encumbrances are currently in line with the budget.
- ***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 January 31, 2005, 95% of the non-salary budget has been committed, compared with 94% committed as of January 2004. 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 January 31, 2005, 73% of the budget has been committed, compared with 71% as of January 31, 2004.
- ***Maintenance of plant and capital outlay*** – Year-to-date FY2005 expenditures and encumbrances are in line with the budget.
- ***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 January, 2004 and 2005
General Fund

		FY 2004				FY 2005			
		Adjusted	To tal	Remaining	Percentage	Adjusted	To tal	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Eamed or	Budget	Rev/Exp/Enc.	Budget	Eamed or
			as of 01/31/04	as of 01/31/04	Obligated		as of 01/31/05	as of 01/31/05	Obligated
Revenues									
Baltimore County		\$560,233,962	\$ 278,82,637	\$ 282,051,325	49.7%	\$ 570,385,533	\$ 302,245,743	\$ 268,139,790	53.0%
State of Maryland		304,989,137	195,418,123	109,571,044	64.1%	342,566,986	221,521,951	121,045,035	64.7%
Other		7,765,000	3,109,325	4,655,675	40.0%	9,984,526	5,515,733	4,468,793	55.2%
Total revenues		\$ 872,988,129	\$ 476,710,085	\$ 396,278,044	54.6%	\$ 922,937,045	\$ 529,283,427	\$ 393,653,618	57.3%
Expenditures and encumbrances									
Administration	salary	\$ 14,506,261	\$ 8,646,709	\$ 5,859,552	59.6%	\$ 15,181,770	\$ 9,116,868	\$ 6,064,902	60.1%
	no n-salary	8,020,848	5,476,845	2,544,003	68.3%	7,944,531	5,318,557	2,625,974	66.9%
	subto tal	22,527,109	14,123,554	8,403,555	62.7%	23,126,301	14,435,425	8,690,876	62.4%
Mid-level administration	salary	53,995,471	31,192,699	22,802,772	57.8%	56,683,247	33,218,348	23,464,899	58.6%
	no n-salary	5,826,584	3,346,091	2,480,493	57.4%	5,241,036	2,922,355	2,318,681	55.8%
	subto tal	59,822,055	34,538,790	25,283,265	57.7%	61,924,283	36,140,703	25,783,580	58.4%
Instruction:									
Instructional salaries	salary	359,412,236	193,691,689	165,720,547	53.9%	374,416,758	194,375,205	180,041,553	51.9%
Instructional textbooks	no n-salary	18,029,870	9,880,878	8,148,992	54.8%	18,285,474	10,268,858	8,016,616	56.2%
Other instructional costs	no n-salary	15,234,574	8,662,751	6,571,823	56.9%	14,450,759	8,377,547	6,073,212	58.0%
Special education	salary	73,650,959	41,687,145	31,963,814	56.6%	79,191,225	42,661,468	36,529,757	53.9%
	no n-salary	34,379,210	28,512,650	5,866,560	82.9%	36,233,248	30,783,022	5,450,226	85.0%
	subto tal	108,030,169	70,199,795	37,830,374	65.0%	115,424,473	73,444,491	41,979,982	63.6%
Pupil personnel	salary	3,760,769	2,290,118	1,470,651	60.9%	4,361,971	2,598,886	1,763,085	59.6%
	no n-salary	154,236	74,309	79,927	48.2%	154,236	57,336	96,900	37.2%
	subto tal	3,915,005	2,364,427	1,550,578	60.4%	4,516,207	2,656,221	1,859,986	58.8%
Health services	salary	9,106,128	5,154,624	3,951,504	56.6%	9,608,799	5,238,183	4,370,616	54.5%
	no n-salary	177,507	114,077	63,430	64.3%	157,860	100,535	57,325	63.7%
	subto tal	9,283,635	5,268,701	4,014,934	56.8%	9,766,659	5,338,718	4,427,940	54.7%
Transportation	salary	23,681,692	11,478,511	12,203,181	48.5%	24,125,796	11,964,597	12,161,199	49.6%
	no n-salary	12,474,320	11,761,632	712,688	94.3%	12,638,504	11,967,316	671,188	94.7%
	subto tal	36,156,012	23,240,143	12,915,869	64.3%	36,764,300	23,931,913	12,832,387	65.1%
Operation of plant	salary	31,558,383	17,093,631	14,464,752	54.2%	32,016,991	17,123,311	14,893,680	53.5%
	no n-salary	27,063,858	24,447,314	2,616,544	90.3%	30,716,062	28,702,024	2,014,038	93.4%
	subto tal	58,622,241	41,540,945	17,081,296	70.9%	62,733,053	45,825,335	16,907,718	73.0%
Maintenance of plant	salary	9,018,600	5,050,497	3,968,103	56.0%	9,823,730	5,156,273	4,667,457	52.5%
	no n-salary	10,404,572	6,447,742	3,956,830	62.0%	10,512,858	6,598,570	3,914,288	62.8%
	subto tal	19,423,172	11,498,239	7,924,933	59.2%	20,336,588	11,754,843	8,581,745	57.8%
Fixed charges	no n-salary	160,460,061	83,765,919	76,694,142	52.2%	179,052,298	92,993,940	86,058,358	51.9%
Capital outlay	salary	1,863,840	1,179,835	684,005	63.3%	1,931,742	1,222,332	709,410	63.3%
	no n-salary	208,150	82,826	125,324	39.8%	208,150	46,503	161,647	22.3%
	subto tal	2,071,990	1,262,661	809,329	60.9%	2,139,892	1,268,835	871,057	59.3%
Total Salary		580,554,339	317,465,458	263,088,881	54.7%	607,342,029	322,677,893	284,664,136	53.1%
Total No n-Salary		292,433,790	182,573,034	109,860,756	62.4%	315,595,016	198,136,562	117,458,454	62.8%
Total expenditures and encumbrances		\$ 872,988,129	\$ 500,038,492	\$ 372,949,637	57.3%	\$ 922,937,045	\$ 520,814,455	\$ 402,122,590	56.4%
Figure 4		Prepared by: Office of Accounting and Financial Reporting, February 7, 2005							