

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** December 7, 2004

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

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

**SUBJECT:** FINANCIAL REPORT – FOR THE MONTHS ENDING OCTOBER 31, 2003 AND 2004

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

**RESOURCE**

**PERSON(S):** Barbara Burnopp, Executive Director, Fiscal Services  
Patrick Fannon, Controller

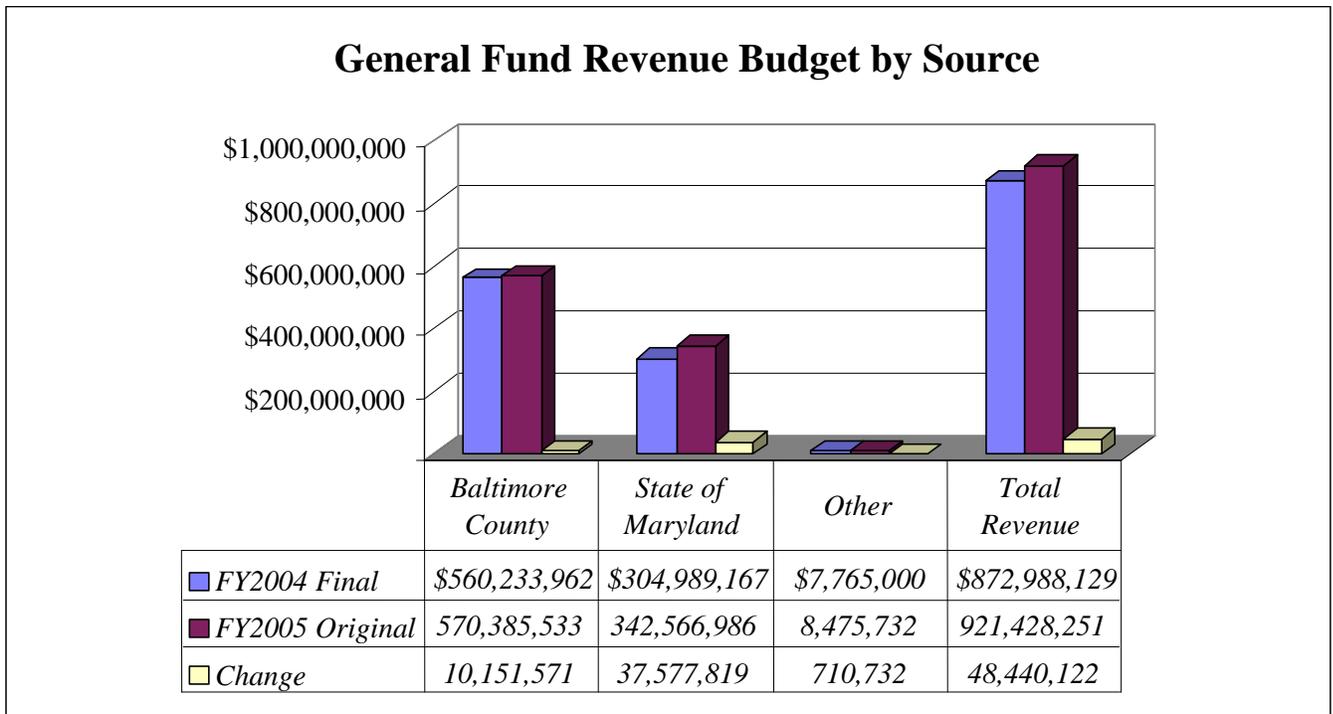
***INFORMATION***

Attached is the General Fund *Comparison of FY2004 and FY2005 Revenues, Expenditures, and Encumbrances – Budget to Actual* for the periods ended October 31, 2003 and 2004.

**General Fund Comparison of FY2004 and FY2005 Revenues, Expenditures, and Encumbrances –  
Budget to Actual  
for the periods ended October 31, 2003 and 2004.**

These data are presented using State Department of Education categories. Amounts included reflect actual expenditures to date as well as encumbrances and do not reflect forecasts of revenues and expenditures. Figure 1 presents a high level overview of the FY2004 and FY2005 General Fund Revenue Budget. Figure 2 provides an overview of the original FY2005 General Fund Expenditure Budget. Figure 3 compares the percent of the budget obligated (expended and encumbered) in September 2003 and 2004. Figure 4 is a comparative statement of budget to obligated (expenditures and encumbrances.)

**General Fund Revenue Budget**



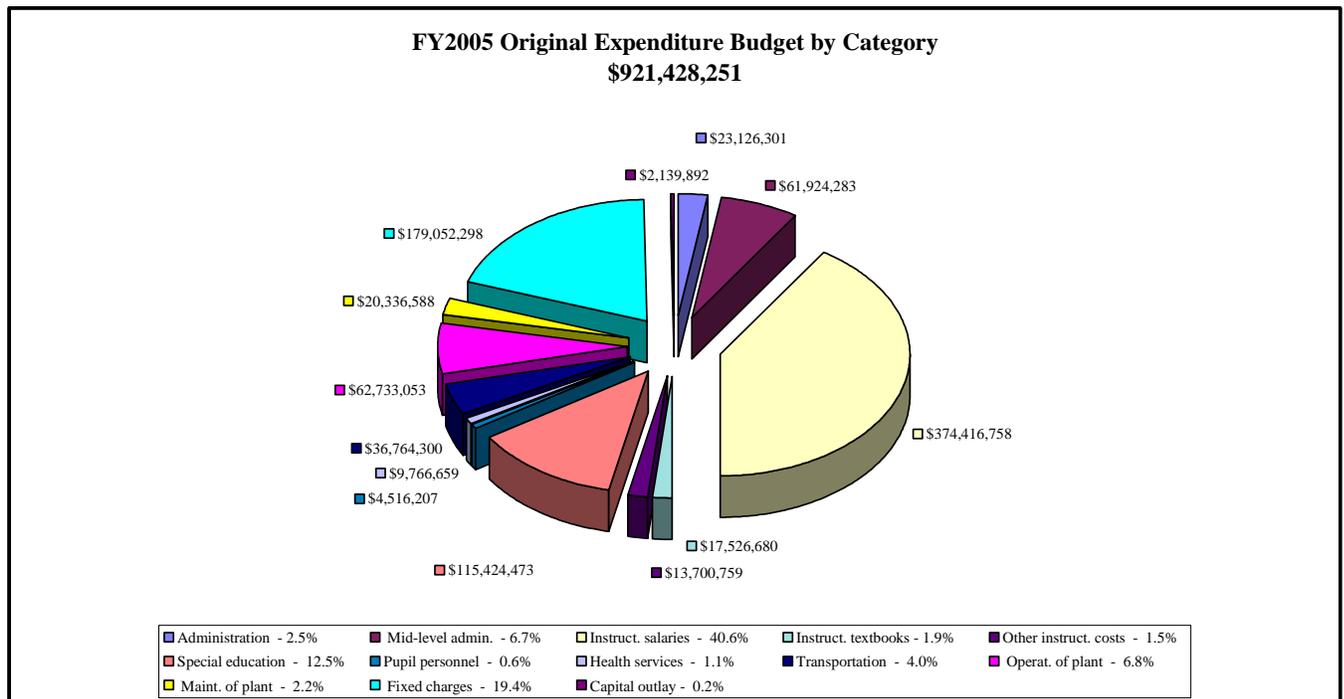
**Figure 1**

**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 \$93 million, 16% of the budget, as compared to \$120 million, 22% 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. Two of the payments have been received, and actual revenues to date are in line with the budget.

- **Other Revenue** – 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 total Other Revenue budget. The re-appropriation of prior fiscal year’s fund balance represents an additional 20% of the FY2005 Other Revenue budget. Year-to-date revenue includes summer school and other tuitions, the re-appropriation of prior year’s unspent fund balance of \$1.7 million and other revenues.

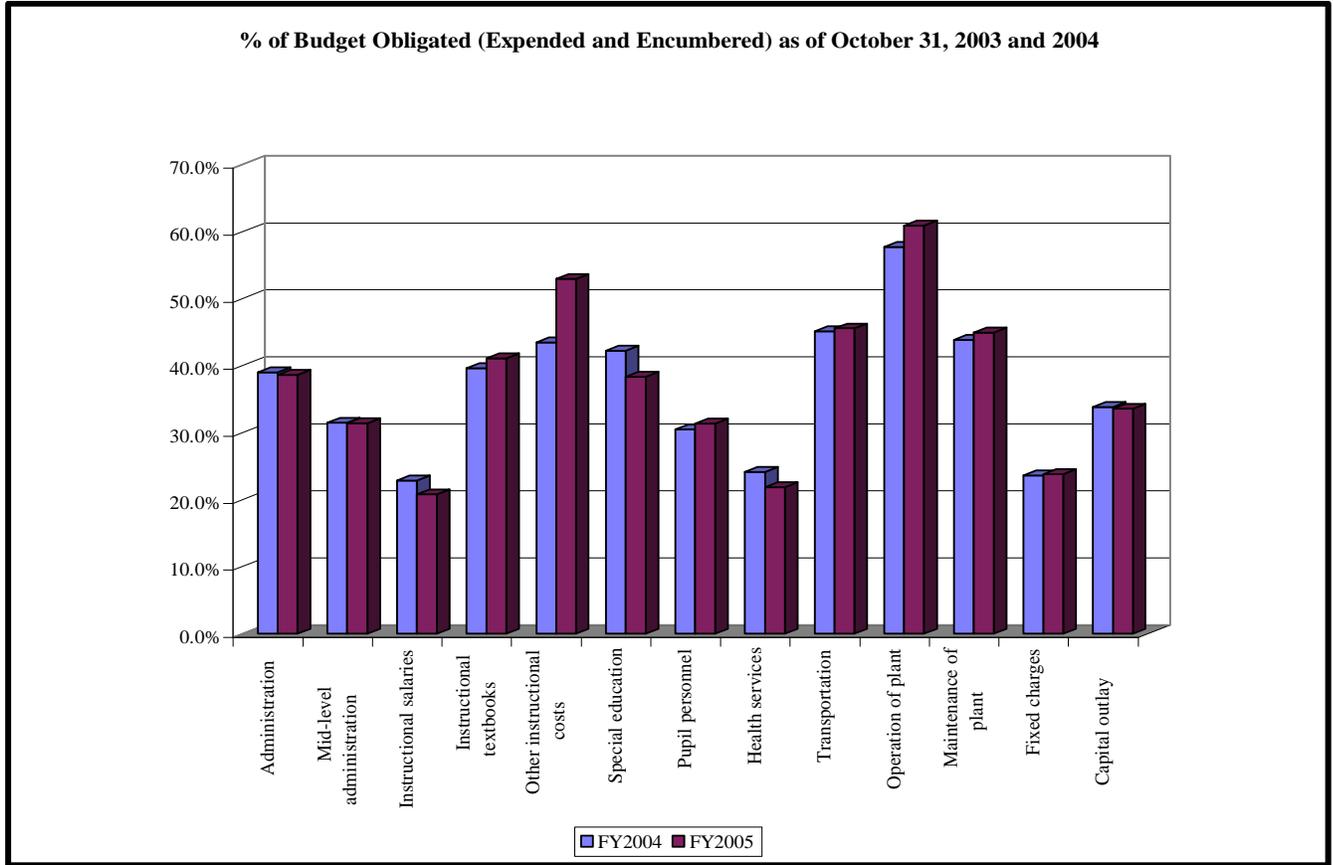
### *General Fund Expenditure Budget*



**Figure 2**

### *Year-to-Date Comparisons*

**Total expenditures and encumbrances** – Year-to-date expenditures and encumbrances through October 31, 2004, are \$276 million, 30% obligated, compared to \$269 million, 31% 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 31% of the budget. This is in line with the budget, considering that one third of the fiscal year 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 21% of budget. These salary expenditures are in line with the FY2005 budget and are less than last year’s expenditures, as the 10-month employees were not required to report for duty until late August, five fewer duty days for teachers than in FY2004. The increase in year-to-date FY2005 total non-salary expenditures and encumbrances results primarily from additional costs in operation of plant, maintenance of facilities and in fixed charges. These additional costs are for expenditures obligated for the costs of utilities and contracted services; and also result from an increase in fixed charges due to a 13.9% increase in health insurance premiums.



**Figure 3**

- **Administration and Mid-level administration** – Year-to-date FY2005 expenditures and encumbrances are currently in line with the budget.
- **Instructional salaries** – Year-to-date Instructional Salaries are \$5 million less than FY2004. This reflects the fact that schools opened one week later in FY2005 than in FY2004. The overall increase in the FY2005 budget includes increased funding for salary restructuring, step increases and additional instructional positions as a result of enrollment growth and added programs.
- **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. To date, \$7.2 million, 41% of the FY2005 budgeted funds have been committed.
- **Other instructional costs** – This category is comprised of commitments for contracted services, staff development, and equipment used to support the instructional program. The FY2005 budget includes \$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, \$7.3 million, 53% of the total FY2005 budgeted funds have been obligated.

- ***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. Ninety-two percent of the FY2005 Special Education non-salary budget is for private placement of children in non-public schools. To date, 80% of the original budgeted funds for private placement, \$26 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, fuel for vehicles, cost of bus maintenance, and other non-salary expenditures. As of October 31, 2004, 90% of the non-salary budget has been committed, compared with 86% committed as of October 2003.
- ***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 (telephone, 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 cost of approximately \$22.2 million. Other expenditures in this category include the cost of building rent, \$1.8 million, property insurance, \$1.1 million, trash removal, \$925,000, duplicator machine maintenance, \$627,000, and custodial supplies. During the month, water and sewer expenditures of \$600,000 were committed and paid.
- ***Maintenance of plant and capital outlay*** – Year-to-date FY2005 expenditures and encumbrances are currently 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.

**Baltimore County Public Schools**  
**Comparison of FY 2004 and FY 2005 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended October 31, 2003 and 2004**  
**General Fund**

		<b>FY 2004</b>				<b>FY 2005</b>			
		Total	Remaining	Percentage			Total	Remaining	Percentage
<u>Revenues</u>		Final	Rev/Exp/Enc.	Budget as	Earned or	Original	Rev/Exp/Enc.	Budget as	Earned or
		Budget	as of 10/31/03	of 10/31/03	Obligated	Budget	as of 10/31/04	of 10/31/04	Obligated
Baltimore County		\$ 560,233,962	\$ 120,417,292	\$ 439,816,670	21.5%	\$ 570,385,533	\$ 93,515,274	\$ 476,870,259	16.4%
State of Maryland		304,989,167	97,637,814	207,351,353	32.0%	342,566,986	110,634,211	231,932,775	32.3%
Other		7,765,000	2,456,494	5,308,506	31.6%	8,475,732	3,515,675	4,960,057	41.5%
Total revenues		<u>\$ 872,988,129</u>	<u>\$ 220,511,600</u>	<u>\$ 652,476,529</u>	<u>25.3%</u>	<u>\$ 921,428,251</u>	<u>\$ 207,665,160</u>	<u>\$ 713,763,091</u>	<u>22.5%</u>
<b>Expenditures and encumbrances</b>									
Administration	salary	\$ 14,506,261	\$ 4,712,610	\$ 9,793,651	32.5%	\$ 15,181,770	\$ 4,866,274	\$ 10,315,496	32.1%
	non-salary	8,020,848	4,070,560	3,950,288	50.7%	7,944,531	4,060,682	3,883,849	51.1%
	subtotal	<u>22,527,109</u>	<u>8,783,170</u>	<u>13,743,939</u>	<u>39.0%</u>	<u>23,126,301</u>	<u>8,926,956</u>	<u>14,199,345</u>	<u>38.6%</u>
Mid-level administration	salary	53,995,471	16,600,534	37,394,937	30.7%	56,683,247	17,492,220	39,191,027	30.9%
	non-salary	5,826,584	2,226,506	3,600,078	38.2%	5,241,036	1,962,738	3,278,298	37.4%
	subtotal	<u>59,822,055</u>	<u>18,827,040</u>	<u>40,995,015</u>	<u>31.5%</u>	<u>61,924,283</u>	<u>19,454,958</u>	<u>42,469,325</u>	<u>31.4%</u>
<b>Instruction:</b>									
Instructional salaries	salary	359,412,236	82,224,903	277,187,333	22.9%	374,416,758	77,794,715	296,622,043	20.8%
Instructional textbooks	non-salary	18,029,870	7,143,362	10,886,508	39.6%	17,526,680	7,207,060	10,319,620	41.1%
Other instructional costs	non-salary	15,234,574	6,622,940	8,611,634	43.5%	13,700,759	7,251,091	6,449,668	52.9%
Special education	salary	73,650,959	18,439,814	55,211,145	25.0%	79,191,225	18,073,755	61,117,470	22.8%
	non-salary	34,379,210	27,190,179	7,189,031	79.1%	36,233,248	26,204,010	10,029,238	72.3%
	subtotal	<u>108,030,169</u>	<u>45,629,993</u>	<u>62,400,176</u>	<u>42.2%</u>	<u>115,424,473</u>	<u>44,277,765</u>	<u>71,146,708</u>	<u>38.4%</u>
Pupil personnel	salary	3,760,769	1,147,494	2,613,275	30.5%	4,361,971	1,384,581	2,977,390	31.7%
	non-salary	154,236	46,305	107,931	30.0%	154,236	31,496	122,740	20.4%
	subtotal	<u>3,915,005</u>	<u>1,193,799</u>	<u>2,721,206</u>	<u>30.5%</u>	<u>4,516,207</u>	<u>1,416,077</u>	<u>3,100,130</u>	<u>31.4%</u>
Health services	salary	9,106,128	2,160,145	6,945,983	23.7%	9,608,799	2,072,514	7,536,285	21.6%
	non-salary	177,507	82,476	95,031	46.5%	157,860	63,705	94,155	40.4%
	subtotal	<u>9,283,635</u>	<u>2,242,621</u>	<u>7,041,014</u>	<u>24.2%</u>	<u>9,766,659</u>	<u>2,136,219</u>	<u>7,630,440</u>	<u>21.9%</u>
Transportation	salary	23,681,692	5,588,026	18,093,666	23.6%	24,125,796	5,344,840	18,780,956	22.2%
	non-salary	12,474,320	10,730,039	1,744,281	86.0%	12,638,504	11,406,019	1,232,485	90.2%
	subtotal	<u>36,156,012</u>	<u>16,318,065</u>	<u>19,837,947</u>	<u>45.1%</u>	<u>36,764,300</u>	<u>16,750,859</u>	<u>20,013,441</u>	<u>45.6%</u>
Operation of plant	salary	31,558,383	9,908,709	21,649,674	31.4%	32,016,991	9,958,414	22,058,577	31.1%
	non-salary	27,063,858	23,910,166	3,153,692	88.3%	30,716,062	28,215,738	2,500,324	91.9%
	subtotal	<u>58,622,241</u>	<u>33,818,875</u>	<u>24,803,366</u>	<u>57.7%</u>	<u>62,733,053</u>	<u>38,174,152</u>	<u>24,558,901</u>	<u>60.9%</u>
Maintenance of plant	salary	9,018,600	2,844,563	6,174,037	31.5%	9,823,730	2,854,037	6,969,693	29.1%
	non-salary	10,404,572	5,667,600	4,736,972	54.5%	10,512,858	6,275,363	4,237,495	59.7%
	subtotal	<u>19,423,172</u>	<u>8,512,163</u>	<u>10,911,009</u>	<u>43.8%</u>	<u>20,336,588</u>	<u>9,129,400</u>	<u>11,207,188</u>	<u>44.9%</u>
Fixed charges	non-salary	160,460,061	37,867,565	122,592,496	23.6%	179,052,298	42,647,905	136,404,393	23.8%
Capital outlay	salary	1,863,840	655,695	1,208,145	35.2%	1,931,742	685,156	1,246,586	35.5%
	non-salary	208,150	45,127	163,023	21.7%	208,150	32,538	175,612	15.6%
	subtotal	<u>2,071,990</u>	<u>700,822</u>	<u>1,371,168</u>	<u>33.8%</u>	<u>2,139,892</u>	<u>717,694</u>	<u>1,422,198</u>	<u>33.5%</u>
Total Salary		580,554,339	144,282,493	436,271,846	24.9%	607,342,029	140,526,506	466,815,523	23.1%
Total Non-Salary		292,433,790	125,602,825	166,830,965	43.0%	314,086,222	135,358,345	178,727,877	43.1%
Total expenditures and encumbrances		<u>\$ 872,988,129</u>	<u>\$ 269,885,318</u>	<u>\$ 603,102,811</u>	<u>30.9%</u>	<u>\$ 921,428,251</u>	<u>\$ 275,884,851</u>	<u>\$ 645,543,400</u>	<u>29.9%</u>