

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** July 10, 2012

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

**FROM:** S. Dallas Dance, Ph.D., Superintendent

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING  
MAY 2011 AND 2012**

**ORIGINATOR:** Barbara S. Burnopp, Chief Financial Officer

**RESOURCE  
PERSON (S):** Patrick M. Fannon, Controller

***INFORMATION***

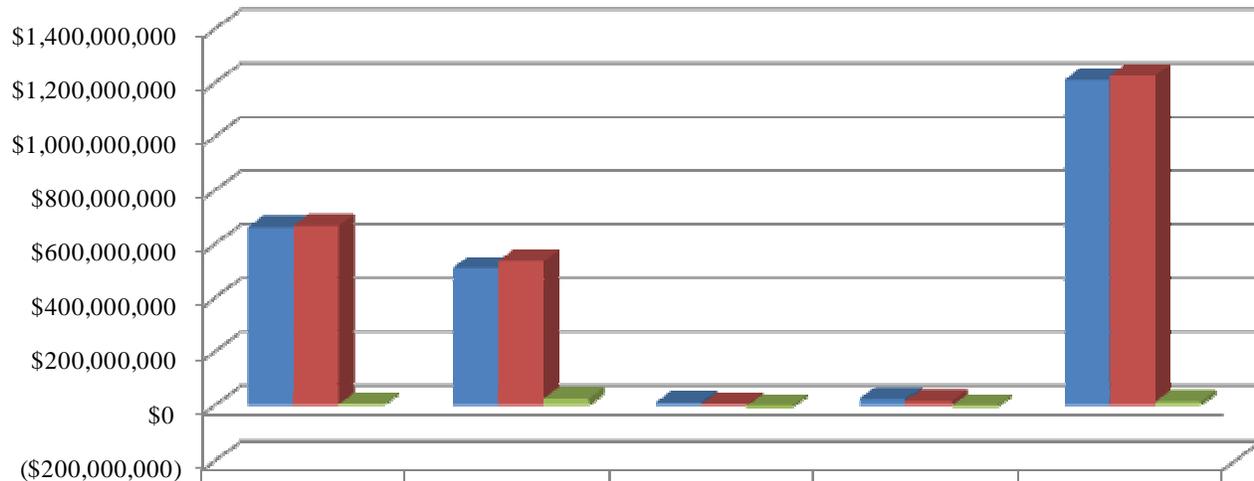
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Attached is the general fund *Comparison of FY2011 and FY2012 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended May 2011 and 2012.

***General Fund Comparison of FY2011 and FY2012 Revenues, Expenditures, and Encumbrances-Budget and Actual***

These data are presented using Maryland State Department of Education (MSDE) 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 FY2011 and FY2012 general fund revenue budget. Figure 2 provides an overview of the FY2012 general fund expenditure budget. Figure 3 compares the percent of the budget obligated as of May 2011 and 2012. Figure 4 is a comparative statement of budget-to-actual revenues, expenditures, and encumbrances.

## General Fund Revenue Budget by Source



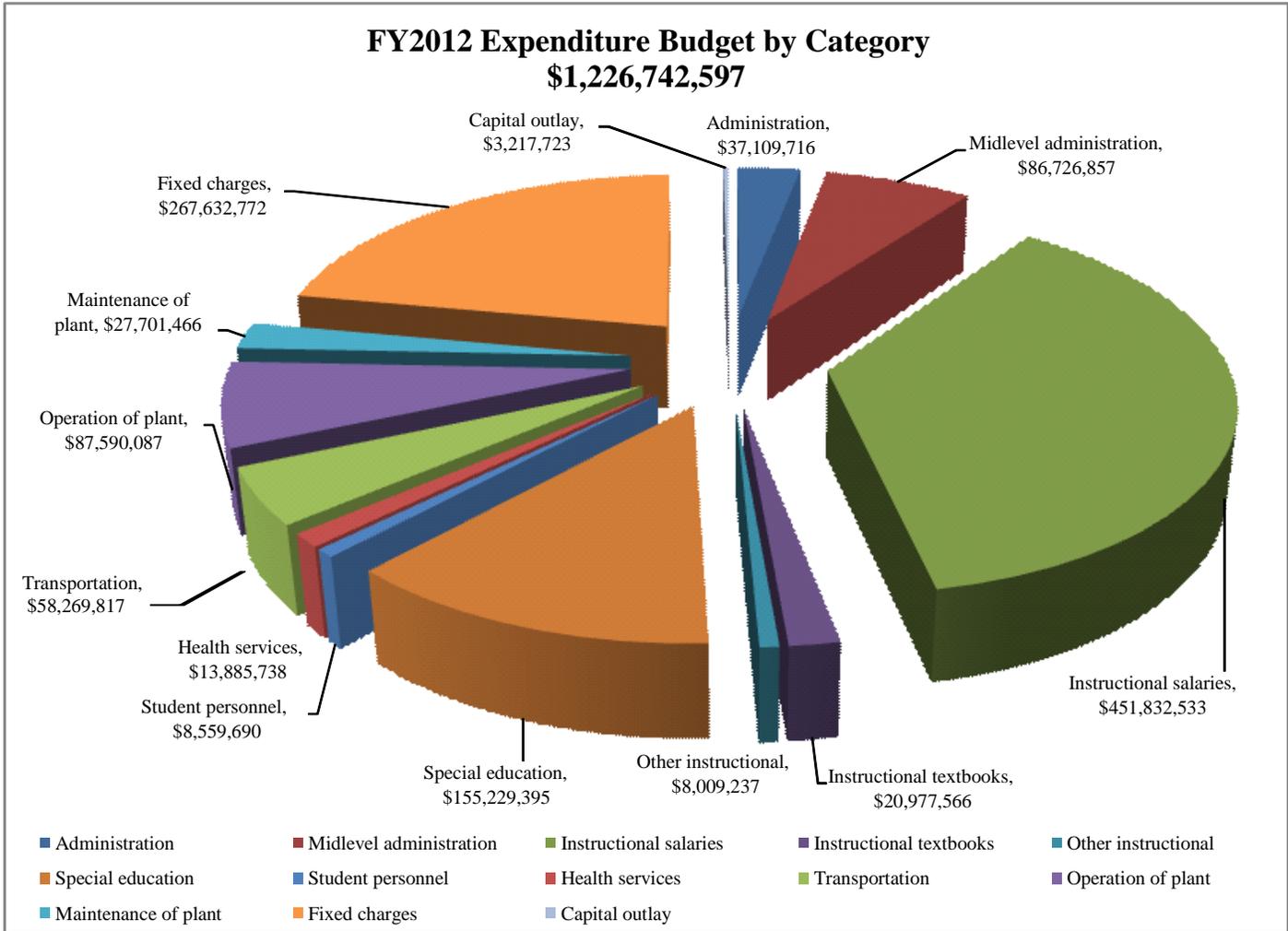
	Baltimore County	State of Maryland	Federal	Other	Total Revenue
FY 2011 Adjusted	\$663,144,082	\$510,629,794	\$13,195,238	\$24,404,720	\$1,211,373,834
FY 2012 Adopted	668,495,342	536,555,216	4,540,000	17,152,039	1,226,742,597
Change	5,351,260	25,925,422	(8,655,238)	(7,252,681)	15,368,763

**Figure 1**

### *Year-to-Date Comparison*

- Baltimore County** – The FY2012 county appropriation increased \$5.3 million, a 0.7% increase over the FY2011 budget. Increased enrollment resulted in additional funding for FY2012 even though the county appropriation, excluding one-time expenditures, is the minimum funding required under the state maintenance of effort (MOE) requirements. County funds are drawn based on cash flow requirements. The year-to-date county revenue recognized is \$629.3 million, 94.1% of the budget, as compared to \$603.9 million, 91.1% of the budget for FY2011. The increase in county funds received at May 31, 2012, over that of 2011 was based upon timing of cash requirements for payroll.
- State of Maryland** – The FY2012 state appropriation increased approximately \$26 million, 5.1% over the FY2011 budget. The increase in the budgeted revenue is a result of an overall increase over the prior year in aid to education and was made possible due to Federal Education Jobs Fund Bill revenue used by the state in FY2011 to make resources available for FY2012. The majority of state funds are received bi-monthly in equal installments. As of May 2012, all of the scheduled state payments have been received. Additional state revenues to be received include the state portion of out-of-county placements, and the final nonpublic placement payment, which is received subsequent to a final reconciliation by the state. These additional revenues will be accrued as necessary during the year-end closing process.
- Federal** – The FY2012 federal budgeted revenue is significantly reduced because of the ending of most of the funding previously received under the American Recovery and Reinvestment Act. The school system received its current year share of federal stimulus funds under the Education Jobs Fund Bill, approximately \$3.8 million, all of which was used to support employee health care costs. These funds are not expected to continue in FY2013.
- Other Revenues** – The other revenue budget is comprised of re-appropriations of funds from the prior year’s fund balance, out-of-county living arrangement payments from other local education agencies, which are estimated to be \$2.8 million and are generally collected at year end, tuitions, and sundry revenues. The budgeted revenue decreased significantly over the prior year because of a \$6.9 million

decrease in the re-appropriated fund balance to approximately \$9.1 million from the \$16 million utilized in the prior year. The year-to-date revenue consists of tuition and other revenues.



**Figure 2 (Detail included in Figure 4)**

**Total Expenditures and Encumbrances** – Year-to-date expenditures and encumbrances through May 2012 are \$1.125 billion, 91.7% obligated, compared to \$1.106 billion, 91.3% obligated, for the same period in FY2011. Salary expenditures within categories that are primarily comprised of 12-month positions (e.g., administration, midlevel administration, operation of plant, maintenance of plant, and capital outlay) average 87.4% 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 transportation) average 89.2% of the budget, which is in line with the percentage of the school year that has elapsed.

The salary budget had a net increase of approximately \$1.7 million, which included \$15.1 million to provide salary step increases and other salary adjustments. Additionally, \$3.1 million and \$2.6 million, respectively, were added to the salary budget to provide for additional teachers because of increased enrollment and to provide other positions for special education. The budget increases were offset by a reduction of \$15.8 million through decreased school staffing allocations, by a \$3.2 million transfer of the costs of special education additional assistants to the Third Party Billing program, and decreases in summer school, extended year, and extra duty programs.

The nonsalary expenditures are budgeted for an overall net increase of \$14.1 million, or 3.2% over the prior year. The changes in these expenditures are in a number of categories throughout the budget. The nonsalary budget for administration was increased by \$2.1 million, primarily because of an increase in one-time expenditures for contracted services and equipment relating to expanding the functionality of student data systems for the Office of Student Data and for network support services. The nonsalary budget for transportation was increased by \$1.2 million, a 5.1% increase, because of an expected increase for school bus replacements and diesel fuel costs. An increase of \$16.9 million is budgeted for fixed charges, a 6.8% increase, because of an increase in health benefit costs, and to provide for increased state and county pension costs and increased workers' compensation expenses. These budget increases were somewhat offset by a decrease of \$714,000 in the budget for midlevel administration, primarily because of an overall reduction in school and office expenditures; a \$3.1 million decrease in textbook and personal computer replacement costs; and a \$1.9 million decrease in the budget for operation of plant, primarily related to an expected decrease in the cost of utilities.

A budget appropriation transfer request, which would realign funds by category with planned and projected year end expenses, was approved by the board in April. This request was subsequently submitted to the county executive and county council for consideration, and was approved in June 2012 and will be reflected in the June financial records.

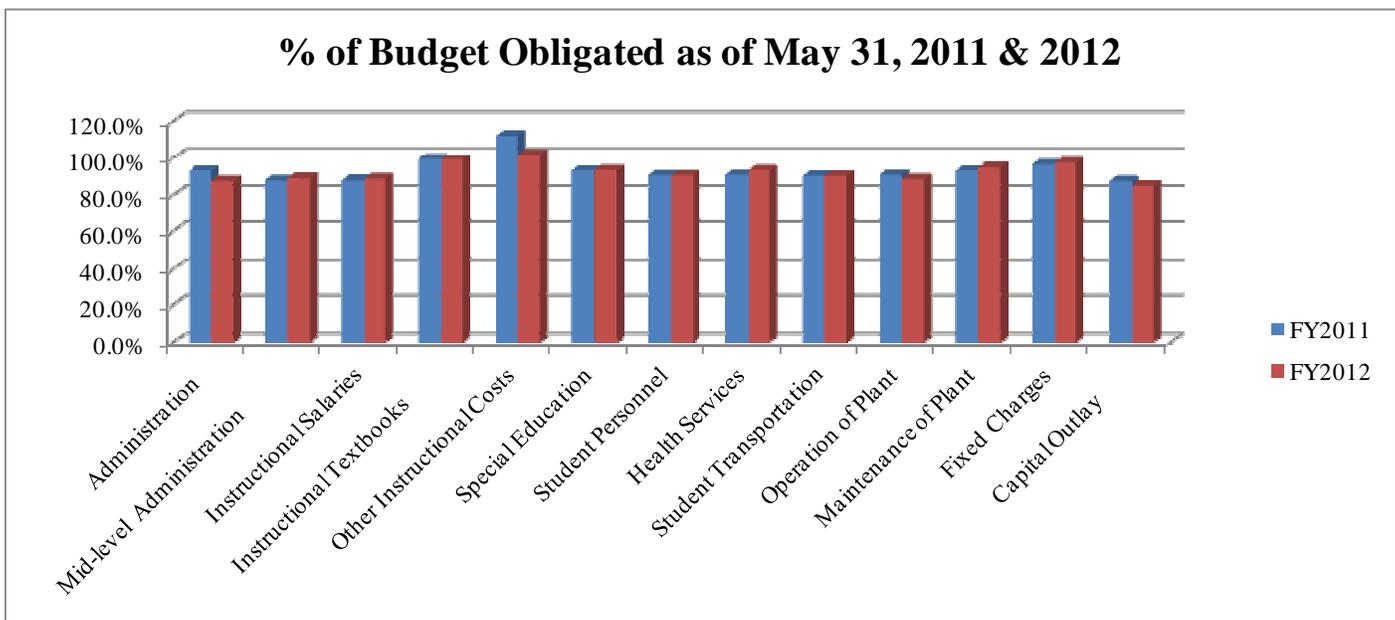


Figure 3

- Administration and Midlevel Administration** – The budget for nonsalary administration expenditures increased \$2.1 million, or 21%, over the amount budgeted last year, primarily because of an increase in one-time consulting expenditures and equipment purchases related to student data system upgrades in the Office of Student Data and in network support services. Midlevel administration nonsalary expenditures are budgeted for a decrease of \$601,000, or 7%, from the prior year's budget. This decrease results primarily from a 5% decrease in the school and office budgets for the year. The increase of approximately \$700,000 in year-to-date nonsalary expenditures in administration over the expenditures of the prior year is the result primarily of the timing of the encumbrances for software license fees for FY2012, as compared with encumbrances recorded for the same period in FY2011.

- ***Instructional Salaries*** – The budget for instructional salaries had a net decrease of \$9.0 million in FY2012. From the operating budget, 194 teaching position vacancies were frozen, and offsetting adjustments were made to classroom staffing allocations for the vacancies that were not filled. Notwithstanding the class size adjustments, it was necessary to hire 77 additional teachers to accommodate enrollment growth. The budget was also increased for salary step increases for teachers.
- ***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 FY2012 budget for this category was decreased by 13.1%, or approximately \$3.2 million. This budgetary decrease is the result of a reduction in the central budget for textbooks and computer replacements as well as a 5% reduction to classroom budgets. Significant textbook purchases were made in prior years, and no additional funds were provided for this year. The remaining budget will be spent during the school year to purchase additional consumable classroom supplies, textbooks, and other media.
- ***Other Instructional Costs*** – This category is comprised of commitments for contracted services, staff development, equipment, and other costs used to support the instructional programs. To date, \$8.1 million, 101.7% of the FY2012 budgeted funds, has been committed. A budget transfer request that will provide funding to cover this overage was approved by the board and approved by the county council in June.
- ***Special Education*** – The special education category includes costs associated with the educational needs of students receiving special education services. The FY2012 salary budget increased by \$7.3 million, 6.9% over the prior year, which included funding for salary step increases and funding of \$2.6 million for 47.8 additional positions. Additionally, 194 instructional assistant positions were transferred to the operating budget. These positions had previously been funded by grant revenues from the federal stimulus program which were included in the special revenue budget. Of the FY2012 special education nonsalary budget of \$41.5 million, \$34.9 million (84%) is for placement of children in nonpublic schools. The nonpublic placement budget decreased approximately \$2 million from the FY2011 budgeted amount. This decrease was offset by a \$2.1 million increase in contractual related services in order to provide additional therapeutic services to special education students throughout the school system. To date, substantially all of the funds for nonpublic placement have been committed, compared with \$31 million committed in May 2011. This change is due to the early encumbrance of projected services.
- ***Student Personnel and Health Services*** – Year-to-date FY2012 expenditures for student personnel and health services 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 nonsalary 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 nonsalary expenditures. The nonsalary budget increased by approximately \$1.2 million, which is primarily attributable to an expected increase in school bus replacements and diesel fuel costs. As of May 2012, \$24.4 million, 97.9% of the nonsalary budget, has been committed, compared to \$22.6 million, 95.3% expended at May 2011. The increase of approximately \$1.8 million in nonsalary expenditures over the prior year is attributable to the increase in encumbrances for diesel fuel and for additional bus purchases to replace units that the system is required to take out of service based upon state regulations.

- ***Operation of Plant*** – This category contains salary costs for personnel for care and upkeep of grounds and buildings. Additionally, costs of utilities (including telecommunications costs, gas and electric, fuel oil, sewer, and water) are also included. The nonsalary expenditure budget for this category has decreased \$1.9 million, a 4% decrease over the prior year. This decrease is primarily attributable to an anticipated decrease in the cost of utilities. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$27 million. Other expenditures in this category include the cost of building rent, \$5.4 million; supplies and materials, \$2.4 million; trash removal, \$1.3 million; and other related expenditures. As of May 2012, 91.2% of the nonsalary budget has been committed, compared to 94.5% committed at May 2011.
- ***Maintenance of Plant and Capital Outlay*** – The maintenance category consists of activities related to the service and upkeep of building systems. The nonsalary expenditure budget for this category decreased 2.8% over the prior year. Year-to-date nonsalary expenditures and encumbrances are \$15.4 million, 97.5% of the budgeted amount, as compared with \$15.2 million, or 93.7%, in the prior fiscal year. Capital outlay nonsalary expenditures at May 2012 are significantly less than those at May 2011, because of contractual service expenditures in the prior year for one-time repairs to greenhouses at two schools.
- ***Fixed Charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance and employer FICA consume 71% and 22% of the fixed charges budget, respectively. The FY2012 budget includes an increase of \$16.9 million, resulting from a significant increase in health insurance costs, increased state and county pension costs, and increased workers' compensation expenses.

**Baltimore County Public Schools**  
**Comparison of FY 2011 and FY 2012 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended May 31, 2011 and 2012**  
**General Fund**

	FY 2011				FY 2012				
	Adjusted	Total	Remaining	Percentage	Adopted	Total	Remaining	Percentage	
	Budget	Rev/Exp/Enc. as of 05/31/11	Budget as of 05/31/11	Earned or Obligated	Budget	Rev/Exp/Enc. as of 05/31/12	Budget as of 05/31/12	Earned or Obligated	
<b>Revenues</b>									
Baltimore County	\$ 663,144,082	\$ 603,873,443	\$ 59,270,639	91.1%	\$ 668,495,342	\$ 629,281,831	\$ 39,213,511	94.1%	
State of Maryland	510,629,794	484,067,695	26,562,099	94.8%	536,555,216	524,718,398	11,836,818	97.8%	
Federal	13,195,238	28,828,680	(15,633,442)	218.5%	4,540,000	4,755,189	(215,189)	104.7%	
Other	24,404,720	19,871,084	4,533,636	81.4%	17,152,039	12,448,212	4,703,827	72.6%	
<b>Total Revenues</b>	<b>\$ 1,211,373,834</b>	<b>\$ 1,136,640,902</b>	<b>\$ 74,732,932</b>	<b>93.8%</b>	<b>\$ 1,226,742,597</b>	<b>\$ 1,171,203,630</b>	<b>\$ 55,538,967</b>	<b>95.5%</b>	
<b>Expenditures and Encumbrances</b>									
Administration	salary	\$ 24,246,557	\$ 22,191,888	\$ 2,054,669	91.5%	\$ 25,079,503	\$ 22,156,568	\$ 2,922,935	88.3%
	non-salary	9,920,833	9,567,030	353,803	96.4%	12,030,213	10,262,158	1,768,055	85.3%
	subtotal	34,167,390	31,758,918	2,408,472	93.0%	37,109,716	32,418,726	4,690,990	87.4%
Mid-level Administration	salary	78,182,571	68,309,842	9,872,729	87.4%	78,799,778	69,126,655	9,673,123	87.7%
	non-salary	8,528,097	7,655,874	872,223	89.8%	7,927,079	7,942,872	(15,793)	100.2%
	subtotal	86,710,668	75,965,716	10,744,952	87.6%	86,726,857	77,069,527	9,657,330	88.9%
Instruction:									
Instructional Salaries	salary	460,783,852	404,705,914	56,077,938	87.8%	451,832,533	400,623,636	51,208,897	88.7%
Instructional Textbooks	non-salary	24,158,439	24,071,048	87,391	99.6%	20,977,566	20,812,019	165,547	99.2%
Other Instructional Costs	non-salary	7,990,663	8,963,404	(972,741)	112.2%	8,009,237	8,148,496	(139,259)	101.7%
Special Education	salary	106,418,311	100,407,560	6,010,751	94.4%	113,758,611	104,868,846	8,889,765	92.2%
	non-salary	41,395,107	37,539,849	3,855,258	90.7%	41,470,784	40,117,472	1,353,312	96.7%
	subtotal	147,813,418	137,947,409	9,866,009	93.3%	155,229,395	144,986,318	10,243,077	93.4%
Student Personnel	salary	8,219,068	7,502,532	716,536	91.3%	8,388,579	7,582,349	806,230	90.4%
	non-salary	204,988	114,677	90,311	55.9%	171,111	159,197	11,914	93.0%
	subtotal	8,424,056	7,617,209	806,847	90.4%	8,559,690	7,741,546	818,144	90.4%
Health Services	salary	13,502,240	12,153,604	1,348,636	90.0%	13,417,920	12,515,440	902,480	93.3%
	non-salary	443,265	511,011	(67,746)	115.3%	467,818	463,504	4,314	99.1%
	subtotal	13,945,505	12,664,615	1,280,890	90.8%	13,885,738	12,978,943	906,795	93.5%
Student Transportation	salary	32,611,223	28,189,755	4,421,468	86.4%	33,290,193	28,085,129	5,205,064	84.4%
	non-salary	23,740,483	22,631,787	1,108,696	95.3%	24,979,624	24,443,034	536,590	97.9%
	subtotal	56,351,706	50,821,542	5,530,164	90.2%	58,269,817	52,528,163	5,741,654	90.1%
Operation of Plant	salary	40,184,939	34,667,037	5,517,902	86.3%	41,374,772	35,243,040	6,131,732	85.2%
	non-salary	48,141,494	45,477,047	2,664,447	94.5%	46,215,315	42,159,296	4,056,019	91.2%
	subtotal	88,326,433	80,144,084	8,182,349	90.7%	87,590,087	77,402,337	10,187,750	88.4%
Maintenance of Plant	salary	12,123,658	11,142,211	981,447	91.9%	11,942,283	10,929,711	1,012,572	91.5%
	non-salary	16,222,212	15,201,019	1,021,193	93.7%	15,759,183	15,364,887	394,296	97.5%
	subtotal	28,345,870	26,343,230	2,002,640	92.9%	27,701,466	26,294,598	1,406,868	94.9%
Fixed Charges	non-salary	250,673,876	242,086,020	8,587,856	96.6%	267,632,772	260,975,157	6,657,615	97.5%
Capital Outlay	salary	2,793,518	2,421,397	372,121	86.7%	2,820,491	2,457,441	363,050	87.1%
	non-salary	888,440	796,736	91,704	89.7%	397,232	281,420	115,812	70.8%
	subtotal	3,681,958	3,218,133	463,825	87.4%	3,217,723	2,738,861	478,862	85.1%
<b>Total Salary</b>		<b>779,065,937</b>	<b>691,691,741</b>	<b>87,374,196</b>	<b>88.8%</b>	<b>780,704,663</b>	<b>693,588,815</b>	<b>87,115,848</b>	<b>88.8%</b>
<b>Total Non-Salary</b>		<b>432,307,897</b>	<b>414,615,502</b>	<b>17,692,395</b>	<b>95.9%</b>	<b>446,037,934</b>	<b>431,129,511</b>	<b>14,908,423</b>	<b>96.7%</b>
<b>Total Expenditures and Encumbrances</b>		<b>\$ 1,211,373,834</b>	<b>\$ 1,106,307,243</b>	<b>\$ 105,066,591</b>	<b>91.3%</b>	<b>\$ 1,226,742,597</b>	<b>\$ 1,124,718,326</b>	<b>\$ 102,024,271</b>	<b>91.7%</b>

Figure 4