

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** November 20, 2012

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING  
SEPTEMBER 30, 2011 AND 2012**

**ORIGINATOR:** Michael G. Sines, Chief Operations Officer

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

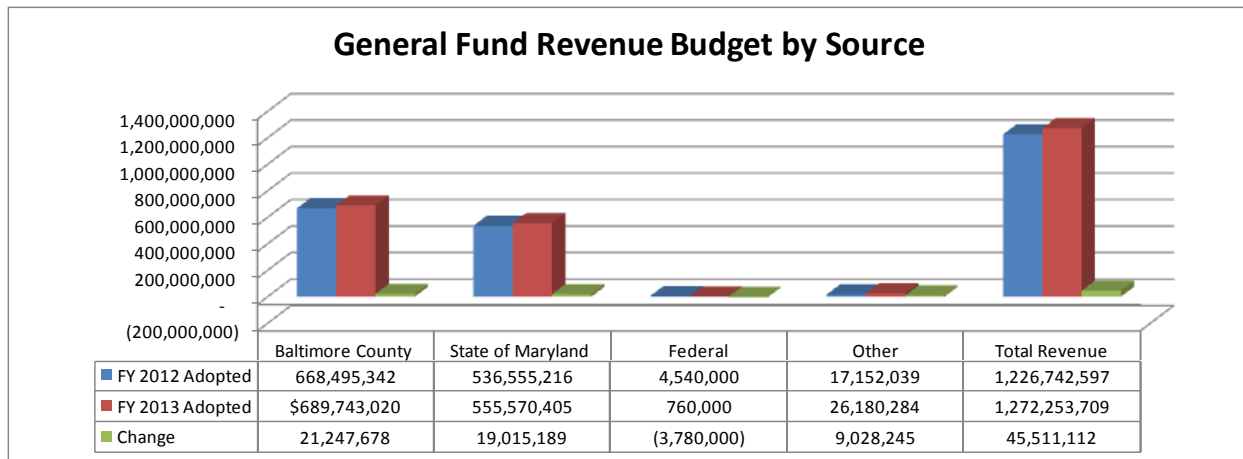
***INFORMATION***

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Attached is the general fund *Comparison of FY2012 and FY2013 Revenues, Expenditures, and Encumbrances – Budget and Actual* for the periods ended September 30, 2011 and 2012.

***General Fund Comparison of FY2012 and FY2013 Revenues, Expenditures, and  
Encumbrances-Budget and Actual***

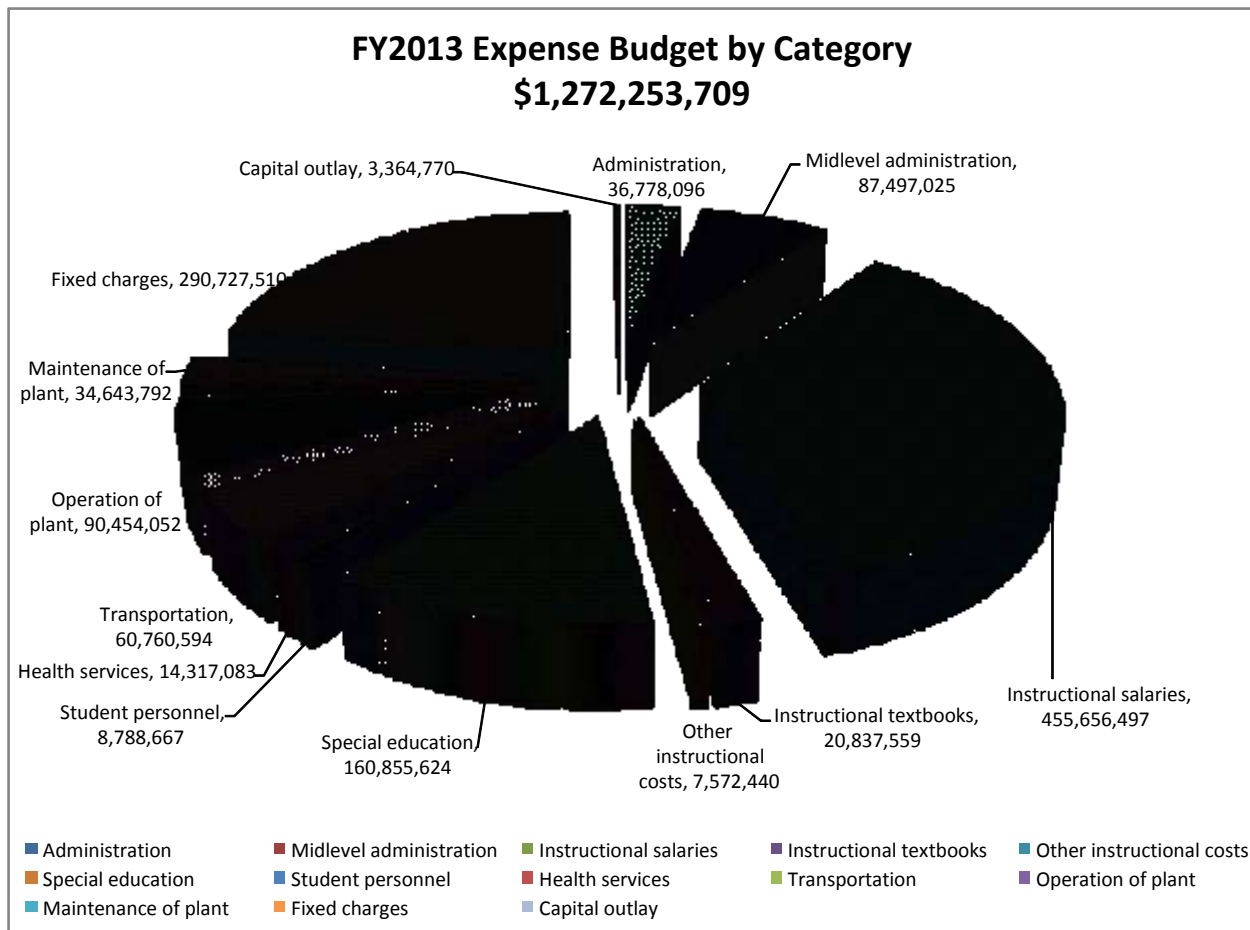
These data are presented using Maryland State Department of Education (MSDE) categories. Amounts included reflect actual revenues, expenditures, and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2012 and FY2013 general fund revenue budget. Figure 2 provides an overview of the FY2013 general fund expenditure budget. Figure 3 compares the percent of the budget obligated as of September 30, 2011 and 2012. Figure 4 is a comparative statement of budget-to-actual revenues, expenditures, and encumbrances.



**Figure 1**

### *Year-to-Date Comparison*

- **Baltimore County** – The FY2013 county appropriation increased \$21.2 million, a 3.2% increase over the FY2012 budget. Increased enrollment resulted in \$5.4 million in additional funding for FY2013. Additionally, increased funding was also provided to support the new obligation of the Board to fund a portion of the Maryland State Teachers’ Retirement and Pension System employers’ pension contribution. County funds are drawn based on cash flow requirements. The year-to-date county revenue recognized is \$41.3 million, 6% of the budget, as compared to \$64.6 million, 9.7% of the budget for FY2012. The decrease in revenue over that of the prior year is primarily related to the timing of cash requirements for payroll.
- **State of Maryland** – The FY2013 state appropriation increased approximately \$19 million, 3.5% over the FY2012 budget. The increase in the budgeted revenue is a result of an overall increase over the prior year in aid to education. The majority of state funds are received bi-monthly in equal installments. As of September 2012, two of the state payments had been received.
- **Federal** – The FY2013 federal budgeted revenue is significantly reduced because of the ending of the Education Jobs Fund Bill, a part of the American Recovery and Reinvestment Act. The school system received approximately \$4.1 million in funding from these stimulus funds in the prior year.
- **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 \$2.5 million and are generally collected at year end, tuitions, and sundry revenues. The budgeted revenue increased significantly over the prior year because of an \$8.4 million increase in the re-appropriated fund balance to approximately \$17.7 million from the \$9.2 million utilized in the prior year. The year-to-date revenue consists primarily of revenue from the ERATE program, tuition and other revenues.



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

**Total Expenditures and Encumbrances** – Year-to-date expenditures and encumbrances through September 2012 are \$310.5 million, 24.4% obligated, compared to \$293.9 million, 24% obligated, for the same period in FY2012. The increase of \$17 million in expenditures over the prior year is a result primarily of an encumbrance of \$15.8 million for the contribution to the Maryland State Teachers’ Retirement and Pension System, which was not a required expenditure in prior years. 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 21.3% 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 transportation) average 13.9% of the budget, which is in line with the percentage of the school year that has elapsed.

Additionally, \$5.9 million was added to the salary budget to provide for additional teachers because of increased enrollment and to provide other additional positions for special education. The budget increases were offset by reductions in non-classroom school staffing positions, decreases in projected overtime compensation, and other miscellaneous staffing strategies and program modifications.

The nonsalary expenditures are budgeted for an overall net increase of \$29.5 million, or 6.7% over the prior year. The changes in these expenditures are in a number of categories throughout the budget. The nonsalary budget for transportation was increased by \$1.1 million, a 4.4% increase, because of an expected increase for private bus operators and diesel fuel costs. An increase of \$23 million is budgeted for fixed charges, an 8.6% increase, because of the addition of \$15.8 million for the contribution to the teachers' retirement and pension fund, and an increase of approximately \$8 million in the contribution to the retired employees health benefit costs (OPEB). The nonsalary budget for operation of plant was increased by \$1.2 for projected increases in energy costs. Additionally, the nonsalary budget for maintenance of plant was increased by approximately \$5.3 million primarily relating to \$5.2 million of additional funding for the Aging Schools Program.

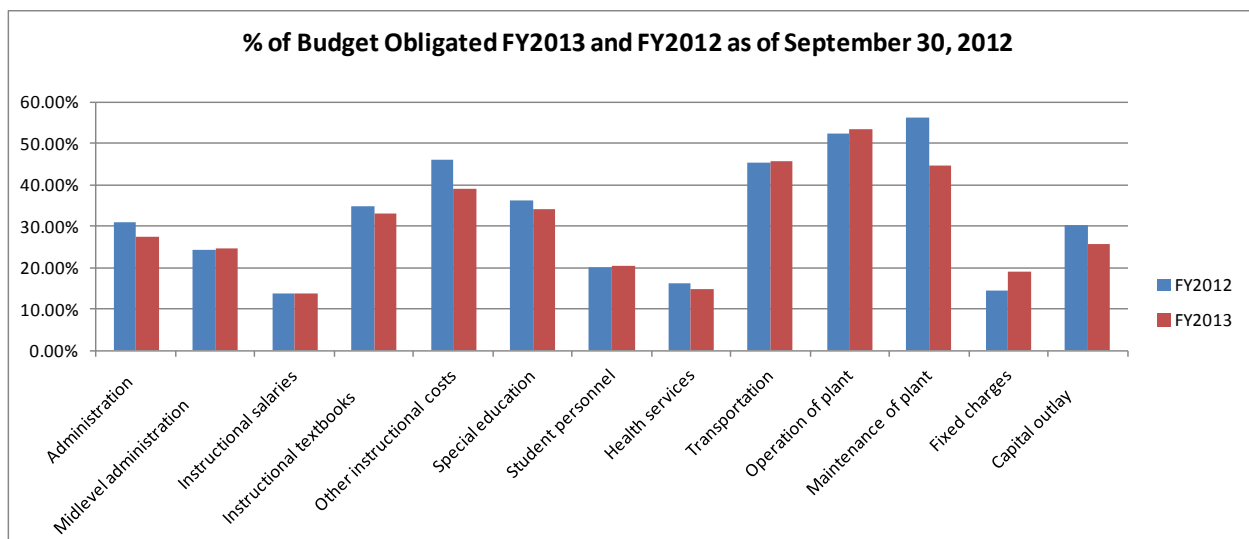


Figure 3

- Administration and Midlevel Administration** – The budget for nonsalary administration expenditures is essentially the same as the prior year. Midlevel administration nonsalary expenditures are budgeted for a decrease of \$250,000 over the prior year's budget. The decrease of \$1.3 million in year-to-date expenditures in administration over the expenditures of the prior year is the result of the timing of the encumbrances for FY2013 as compared with encumbrances recorded for the same period in FY2012.
- Instructional Salaries** – The budget for instructional salaries had a net increase of \$4.1 million in FY2013. The budget was 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 FY2013 budget for this category is essentially unchanged from the prior 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, \$3.0 million, 39.1% of the FY2013 budgeted funds, have been committed. In the prior year, \$3.8 million, 46.2%, had been committed. It is expected that the remaining funds will be utilized by year end.
- ***Special Education*** – The special education category includes costs associated with the educational needs of students receiving special education services. The FY2013 salary budget increased by \$5.6 million, 4.9% over the prior year, which included funding for salary step increases and funding additional positions. Additionally, 82 instructional assistant positions, and 4.7 additional 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 FY2013 special education nonsalary budget of \$41.5 million, \$34.8 million (84%) is for placement of children in nonpublic schools. To date, \$33.7 million of the funds for nonpublic placement have been committed, compared with \$34.7 million committed in September 2011.
- ***Student Personnel and Health Services*** – Year-to-date FY2013 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. The salary budget increased by \$1.4 million over the budget in the prior year. This increase is primarily for additional funding for salary restructuring and substitute drivers and bus attendants. 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 \$1.1 million, which is primarily attributable to an expected increase in cost for services provided by private bus contractors and diesel fuel costs.
- ***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 salary budget increased by \$1.7 million, 4% over the prior year. This increase is primarily for salary restructuring budgeted for school based custodians. The nonsalary expenditure budget for this category has increased \$1.1 million, a 2.6% increase over the prior year. This increase is primarily attributable to an anticipated increase in the cost of utilities. Encumbrances for utilities have been established for approximately the full amount of the budgeted annual costs of \$28 million. Other expenditures in this category include the cost of building rent, \$5.5 million; supplies and materials, \$2.4 million; trash removal, \$1.2 million; and other related expenditures. As of September 2012, 84.1% of the nonsalary budget has been committed, compared to 80.7% committed at September 2011.

- ***Maintenance of Plant and Capital Outlay*** – The maintenance category consists of activities related to the service and upkeep of building systems. The salary budget for this area increased by \$1.6 million, 13.7% over the prior year, due to salary restructuring and reallocation of projected turnover. The nonsalary expenditure budget for this category increased \$5.3 million, a significant portion of this increase is related to increase funding for the state Aging Schools Program. Year-to-date nonsalary expenditures and encumbrances are \$13 million, 61.7% of the budgeted amount, as compared with \$12.9 million, or 81.7%, in the prior fiscal year. The decrease in percent share of expenditures over the prior year is related primarily to the timing of encumbrances for contracted services to maintain facilities. Capital outlay nonsalary expenditures are 59.8% expended at September 2012, as compared to 81.7% expended in September 2011. The decrease in expenditures over the prior year is a result of a reduction in encumbrances for relocatable units for school renovation programs.
- ***Fixed Charges*** – This category includes the cost of employee benefits and other fixed costs. Health insurance, including the contribution to retired employees (OPEB) plan, and employer FICA, comprise 71% and 20% of the fixed charges budget, respectively. The FY2013 budget includes an increase of \$23 million, which results primarily from an \$8 million increase in health insurance contributions to OPEB and the new requirement for an employer contribution to the state teachers' pension system of \$15.8 million.

**Board of Education of Baltimore County**  
**Comparison of FY 2012 and FY 2013 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended September, 2011 and 2012**  
**General Fund**

	FY 2012				FY 2013				
	Adjusted	Total	Remaining	Percentage	Adopted	Total	Remaining	Percentage	
	Budget	Rev/Exp/Enc. as of 09/30/11	Budget as of 09/30/11	Earned or Obligated	Budget	Rev/Exp/Enc. as of 09/30/12	Budget as of 09/30/12	Earned or Obligated	
<b>Revenues :</b>									
Baltimore County	\$ 668,495,342	\$ 64,612,975	\$ 603,882,367	9.7%	\$ 689,743,020	\$ 41,264,402	648,478,618	6.0%	
State of Maryland	536,555,216	175,476,449	361,078,767	32.7%	555,570,405	180,288,362	375,282,043	32.5%	
Federal	4,540,000	121,852	4,418,148	2.7%	760,000	63,351	696,649	8.3%	
Other	17,152,039	742,192	16,409,847	4.3%	26,180,284	2,261,675	23,918,609	8.6%	
<b>Total revenues</b>	<b>\$ 1,226,742,597</b>	<b>\$ 240,953,468</b>	<b>\$ 985,789,129</b>	<b>19.6%</b>	<b>\$ 1,272,253,709</b>	<b>\$ 223,877,790</b>	<b>1,048,375,919</b>	<b>17.6%</b>	
<b>Expenditures and encumbrances :</b>									
Administration	salary	\$ 25,390,430	\$ 5,954,369	\$ 19,436,061	23.5%	\$ 25,041,561	\$ 5,723,837	19,317,724	22.9%
	non-salary	11,719,286	5,504,234	6,215,052	47.0%	11,736,535	4,388,386	7,348,149	37.4%
	subtotal	37,109,716	11,458,604	25,651,112	30.9%	36,778,096	10,112,223	26,665,873	27.5%
Midlevel administration	salary	78,643,410	17,581,477	61,061,933	22.4%	79,664,053	17,672,568	61,991,485	22.2%
	non-salary	8,083,447	3,525,434	4,558,013	43.6%	7,832,972	3,766,637	4,066,335	48.1%
	subtotal	86,726,857	21,106,911	65,619,946	24.3%	87,497,025	21,439,205	66,057,820	24.5%
Instruction:									
Instructional salaries	salary	451,549,352	62,396,064	389,153,288	13.8%	455,656,497	62,741,601	392,914,896	13.8%
Instructional textbooks	non-salary	20,977,566	7,290,137	13,687,429	34.8%	20,837,559	6,863,905	13,973,654	32.9%
Other instructional costs	non-salary	8,292,418	3,827,189	4,465,229	46.2%	7,572,440	2,963,309	4,609,131	39.1%
Special education	salary	113,758,611	17,233,527	96,525,084	15.1%	119,398,061	17,581,502	101,816,559	14.7%
	non-salary	41,470,784	39,131,053	2,339,731	94.4%	41,457,563	37,554,092	3,903,471	90.6%
	subtotal	155,229,395	56,364,579	98,864,816	36.3%	160,855,624	55,135,593	105,720,031	34.3%
Student personnel	salary	8,388,579	1,713,514	6,675,065	20.4%	8,617,556	1,758,498	6,859,058	20.4%
	non-salary	171,111	10,839	160,272	6.3%	171,111	28,601	142,510	16.7%
	subtotal	8,559,690	1,724,352	6,835,338	20.1%	8,788,667	1,787,099	7,001,568	20.3%
Health services	salary	13,417,920	1,922,143	11,495,777	14.3%	13,858,234	1,911,078	11,947,156	13.8%
	non-salary	467,818	319,108	148,710	68.2%	458,849	203,365	255,484	44.3%
	subtotal	13,885,738	2,241,252	11,644,486	16.1%	14,317,083	2,114,443	12,202,640	14.8%
Transportation	salary	33,303,850	3,633,585	29,670,265	10.9%	34,687,921	3,732,434	30,955,487	10.8%
	non-salary	24,965,967	22,877,250	2,088,717	91.6%	26,072,673	23,992,116	2,080,557	92.0%
	subtotal	58,269,817	26,510,835	31,758,982	45.5%	60,760,594	27,724,550	33,036,044	45.6%
Operation of plant	salary	41,374,772	8,630,237	32,744,535	20.9%	43,056,852	8,614,901	34,441,951	20.0%
	non-salary	46,215,315	37,291,553	8,923,762	80.7%	47,397,200	39,881,461	7,515,739	84.1%
	subtotal	87,590,087	45,921,790	41,668,297	52.4%	90,454,052	48,496,362	41,957,690	53.6%
Maintenance of plant	salary	11,928,626	2,742,256	9,186,370	23.0%	13,563,978	2,415,070	11,148,908	17.8%
	non-salary	15,772,840	12,888,189	2,884,651	81.7%	21,079,814	12,996,191	8,083,623	61.7%
	subtotal	27,701,466	15,630,445	12,071,021	56.4%	34,643,792	15,411,261	19,232,531	44.5%
Fixed charges	non-salary	267,632,772	38,426,202	229,206,570	14.4%	290,727,510	54,837,253	235,890,257	18.9%
Capital outlay	salary	2,820,491	651,683	2,168,808	23.1%	2,972,038	625,767	2,346,271	21.1%
	non-salary	397,232	324,715	72,517	81.7%	392,732	234,686	158,046	59.8%
	subtotal	3,217,723	976,398	2,241,325	30.3%	3,364,770	860,453	2,504,317	25.6%
<b>Total Salary</b>	<b>\$ 780,576,041</b>	<b>\$ 122,458,855</b>	<b>\$ 658,117,186</b>	<b>15.7%</b>	<b>\$ 796,516,751</b>	<b>\$ 122,777,255</b>	<b>673,739,496</b>	<b>15.4%</b>	
<b>Total Non-Salary</b>	<b>446,166,556</b>	<b>171,415,903</b>	<b>274,750,653</b>	<b>38.4%</b>	<b>475,736,958</b>	<b>187,710,002</b>	<b>288,026,956</b>	<b>39.5%</b>	
<b>Total expenditures and encumbrances</b>	<b>\$ 1,226,742,597</b>	<b>\$ 293,874,758</b>	<b>\$ 932,867,839</b>	<b>24.0%</b>	<b>\$ 1,272,253,709</b>	<b>\$ 310,487,258</b>	<b>961,766,451</b>	<b>24.4%</b>	

Figure 4

Prepared by: Office of Financial Reporting, November 5, 2012