

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** December 18, 2012

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

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

**SUBJECT:** **FINANCIAL REPORT – FOR THE MONTHS ENDING  
OCTOBER 31, 2011 AND 2012**

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

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

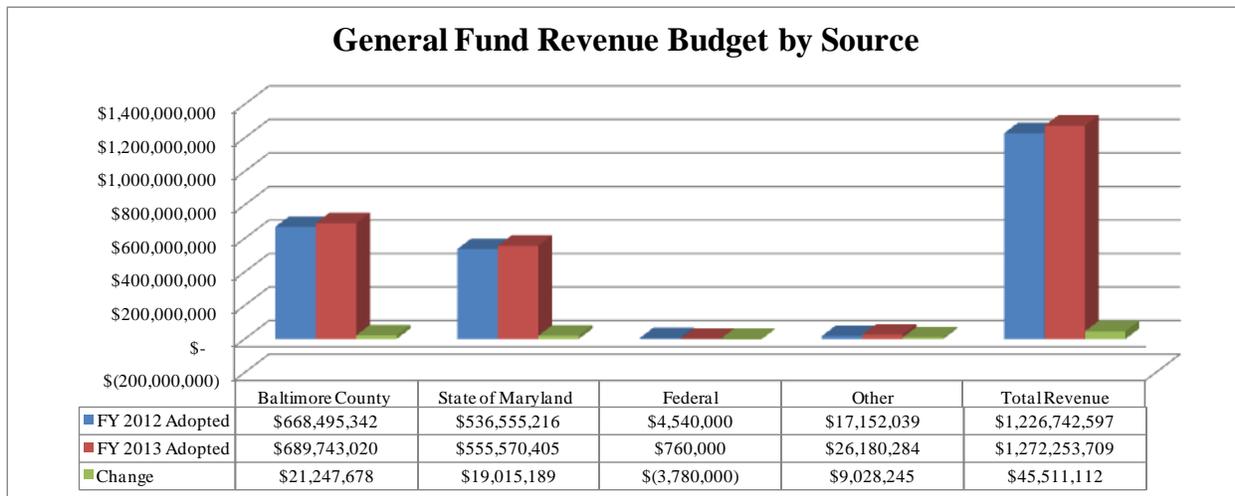
***INFORMATION***

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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 October 31, 2011 and 2012.

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

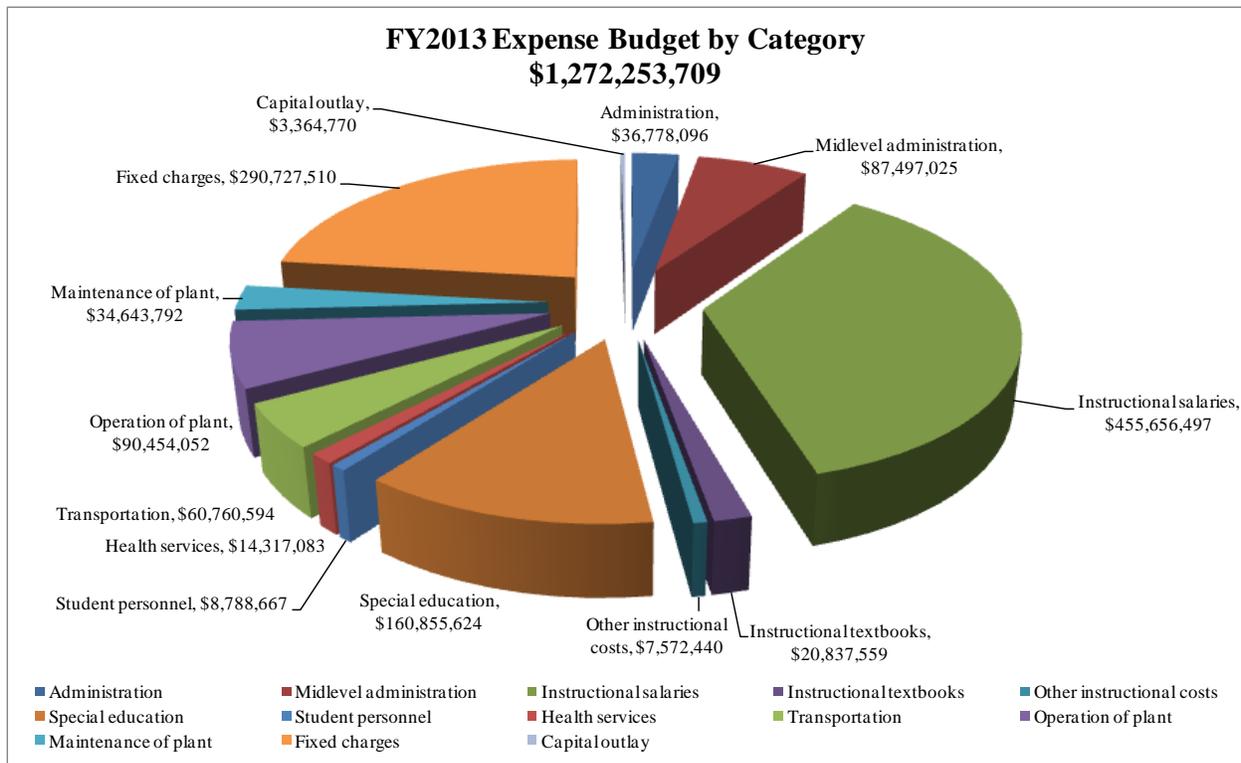
These data are presented using Maryland State Department of Education (MSDE) categories. Amounts included reflect actual revenues, expenditures, and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2012 and FY2013 general fund revenue budget. Figure 2 provides an overview of the FY2013 general fund expenditure budget. Figure 3 compares the percent of the budget obligated as of October 31, 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 \$99.7 million, 14.5% of the budget, as compared to \$110 million, 16.5% 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 October 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 re-appropriation of prior year balance of \$17.7 million, 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 October 2012 are \$415.7 million, 32.7% obligated, compared to \$392.1 million, 32% obligated, for the same period in FY2012. The increase of \$23 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, and additional costs for health care and other fixed charges. 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 28.8% 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 22.6% 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.

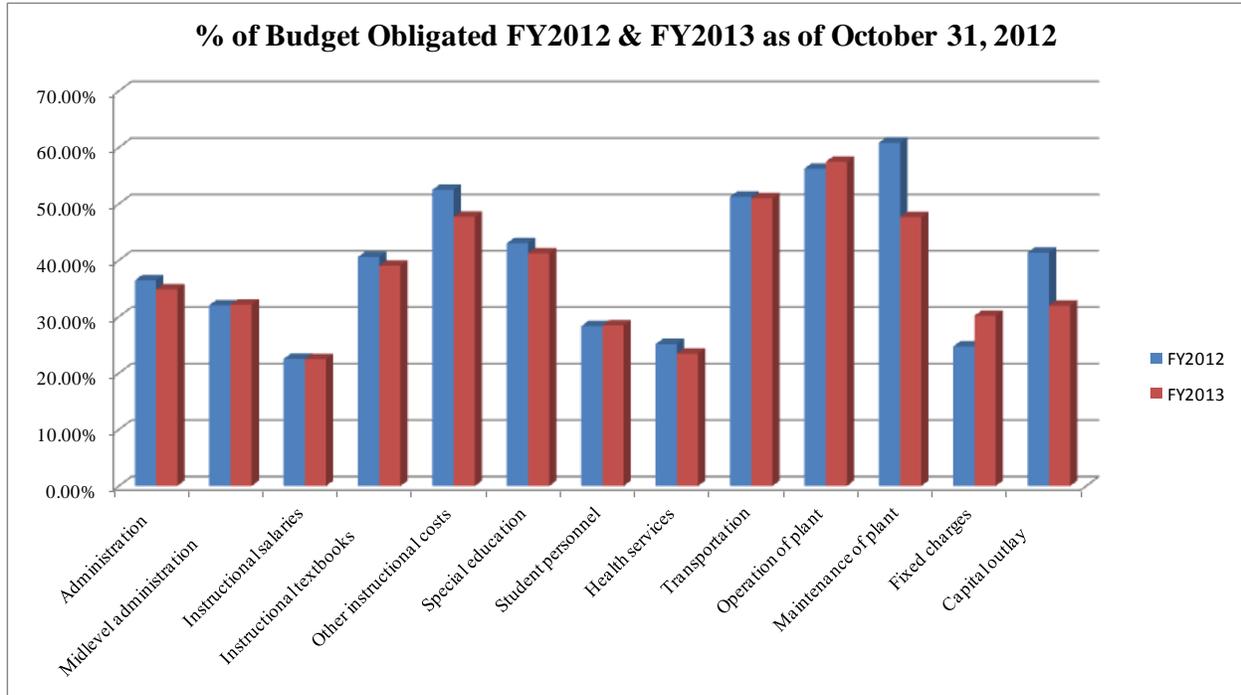


Figure 3

- **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. Year to date expenditures are comparable to last year and in line with the budget.
- **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, \$3.6 million, 47.7% of the FY2013 budgeted funds, have been committed. In the prior year, \$4.4 million, 52.5%, 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, \$34.3 million (84%) is for placement of children in nonpublic schools. To date, almost the entire nonpublic budget has been committed, which is comparable to the prior year.
- ***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 October 2012, 84.6% of the nonsalary budget has been committed, compared to 81.4% committed at October 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 for Maintenance of Plant are \$13.2 million, 62.6% of the budgeted amount, as compared with \$13.1 million, or 83.1%, in the prior fiscal year. Capital outlay nonsalary expenditures are 61.5% expended at October 2012, as compared to being over the budget in October 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.

**Comparison of FY 2012 and FY 2013 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended October 31, 2011 and 2012**  
**General Fund**

		FY2012				FY2013			
		Adjusted	Total	Remaining	Percentage	Adopted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc.	Budget	Earned or	Budget	Rev/Exp/Enc.	Budget	Earned or
			as of 10/31/11	as of 10/31/11	Obligated		as of 10/31/12	as of 10/31/12	Obligated
<b>Revenues :</b>									
Baltimore County		\$ 668,495,342	\$ 110,058,297	\$ 558,437,045	16.5%	\$ 689,743,020	\$ 99,713,048	\$ 590,029,972	14.5%
State of Maryland		536,555,216	175,476,449	361,078,767	32.7%	555,570,405	180,456,475	375,113,930	32.5%
Federal		4,540,000	265,798	4,274,202	5.9%	760,000	125,861	634,139	16.6%
Other		17,152,039	11,426,162	5,725,877	66.6%	26,180,284	20,266,559	5,913,725	77.4%
Total revenues		\$ 1,226,742,597	\$ 297,226,706	\$ 929,515,891	24.2%	\$ 1,272,253,709	\$ 300,561,943	\$ 971,691,766	23.6%
<b>Expenditures and encumbrances :</b>									
Administration	salary	\$ 25,390,430	\$ 7,868,307	\$ 17,522,123	31.0%	\$ 25,041,561	\$ 7,615,826	\$ 17,425,735	30.4%
	non-salary	11,719,286	5,654,032	6,065,254	48.2%	11,736,535	5,209,630	6,526,905	44.4%
	subtotal	37,109,716	13,522,339	23,587,377	36.4%	36,778,096	12,825,456	23,952,640	34.9%
Midlevel administration	salary	78,643,410	23,664,665	54,978,745	30.1%	79,664,053	23,855,553	55,808,500	29.9%
	non-salary	8,083,447	4,119,878	3,963,569	51.0%	7,832,972	4,287,083	3,545,889	54.7%
	subtotal	86,726,857	27,784,543	58,942,314	32.0%	87,497,025	28,142,636	59,354,389	32.2%
<b>Instruction:</b>									
Instructional salaries	salary	451,549,352	101,710,257	349,839,095	22.5%	455,656,497	102,467,897	353,188,600	22.5%
Instructional textbooks	non-salary	20,977,566	8,511,244	12,466,322	40.6%	20,837,559	8,131,641	12,705,918	39.0%
Other instructional costs	non-salary	8,292,418	4,352,660	3,939,758	52.5%	7,572,440	3,612,395	3,960,045	47.7%
Special education	salary	113,758,611	27,541,487	86,217,124	24.2%	119,398,061	27,948,907	91,449,154	23.4%
	non-salary	41,470,784	39,240,350	2,230,434	94.6%	41,457,563	38,394,936	3,062,627	92.6%
	subtotal	155,229,395	66,781,837	88,447,558	43.0%	160,855,624	66,343,843	94,511,781	41.2%
Student personnel	salary	8,388,579	2,402,216	5,986,363	28.6%	8,617,556	2,464,954	6,152,602	28.6%
	non-salary	171,111	21,576	149,535	12.6%	171,111	39,625	131,486	23.2%
	subtotal	8,559,690	2,423,792	6,135,898	28.3%	8,788,667	2,504,579	6,284,088	28.5%
Health services	salary	13,417,920	3,156,517	10,261,403	23.5%	13,858,234	3,142,016	10,716,218	22.7%
	non-salary	467,818	336,279	131,539	71.9%	458,849	218,421	240,428	47.6%
	subtotal	13,885,738	3,492,796	10,392,942	25.2%	14,317,083	3,360,437	10,956,646	23.5%
Transportation	salary	33,303,850	6,639,311	26,664,539	19.9%	34,687,921	6,878,874	27,809,047	19.8%
	non-salary	24,965,967	23,242,686	1,723,281	93.1%	26,072,673	24,108,959	1,963,714	92.5%
	subtotal	58,269,817	29,881,997	28,387,820	51.3%	60,760,594	30,987,833	29,772,761	51.0%
Operation of plant	salary	41,374,772	11,674,515	29,700,257	28.2%	43,056,852	11,860,125	31,196,727	27.5%
	non-salary	46,215,315	37,597,418	8,617,897	81.4%	47,397,200	40,108,444	7,288,756	84.6%
	subtotal	87,590,087	49,271,933	38,318,154	56.3%	90,454,052	51,968,569	38,485,483	57.5%
Maintenance of plant	salary	11,928,626	3,743,754	8,184,872	31.4%	13,563,978	3,313,386	10,250,592	24.4%
	non-salary	15,772,840	13,107,784	2,665,056	83.1%	21,079,814	13,202,899	7,876,915	62.6%
	subtotal	27,701,466	16,851,538	10,849,928	60.8%	34,643,792	16,516,285	18,127,507	47.7%
Fixed charges	non-salary	267,632,772	66,176,375	201,456,397	24.7%	290,727,510	87,724,230	203,003,280	30.2%
Capital outlay	salary	2,820,491	864,947	1,955,544	30.7%	2,972,038	833,570	2,138,468	28.0%
	non-salary	397,232	465,713	(68,481)	117.2%	392,732	241,405	151,327	61.5%
	subtotal	3,217,723	1,330,660	1,887,063	41.4%	3,364,770	1,074,975	2,289,795	31.9%
Total Salary		\$ 780,576,041	\$ 189,265,975	\$ 591,310,066	24.2%	\$ 796,516,751	\$ 190,381,109	\$ 606,135,642	23.9%
Total Non-Salary		446,166,556	202,825,995	243,340,561	45.5%	475,736,958	225,279,667	250,457,291	47.4%
Total expenditures and encumbrances		\$ 1,226,742,597	\$ 392,091,970	\$ 834,650,627	32.0%	\$ 1,272,253,709	\$ 415,660,776	\$ 856,592,933	32.7%