

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** January 22, 2013

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

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

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

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

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

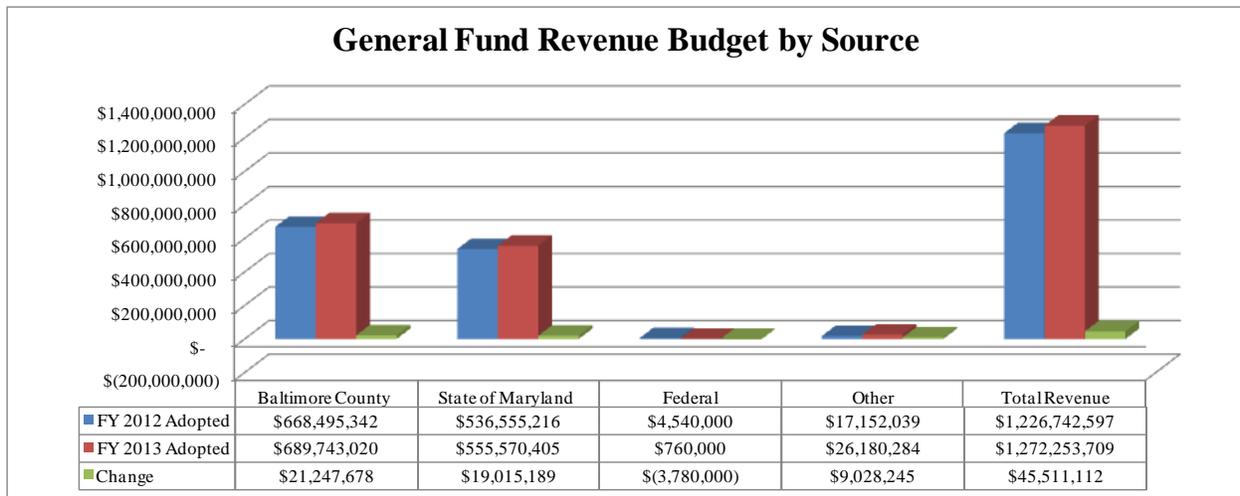
***INFORMATION***

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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 November 30, 2011 and 2012.

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

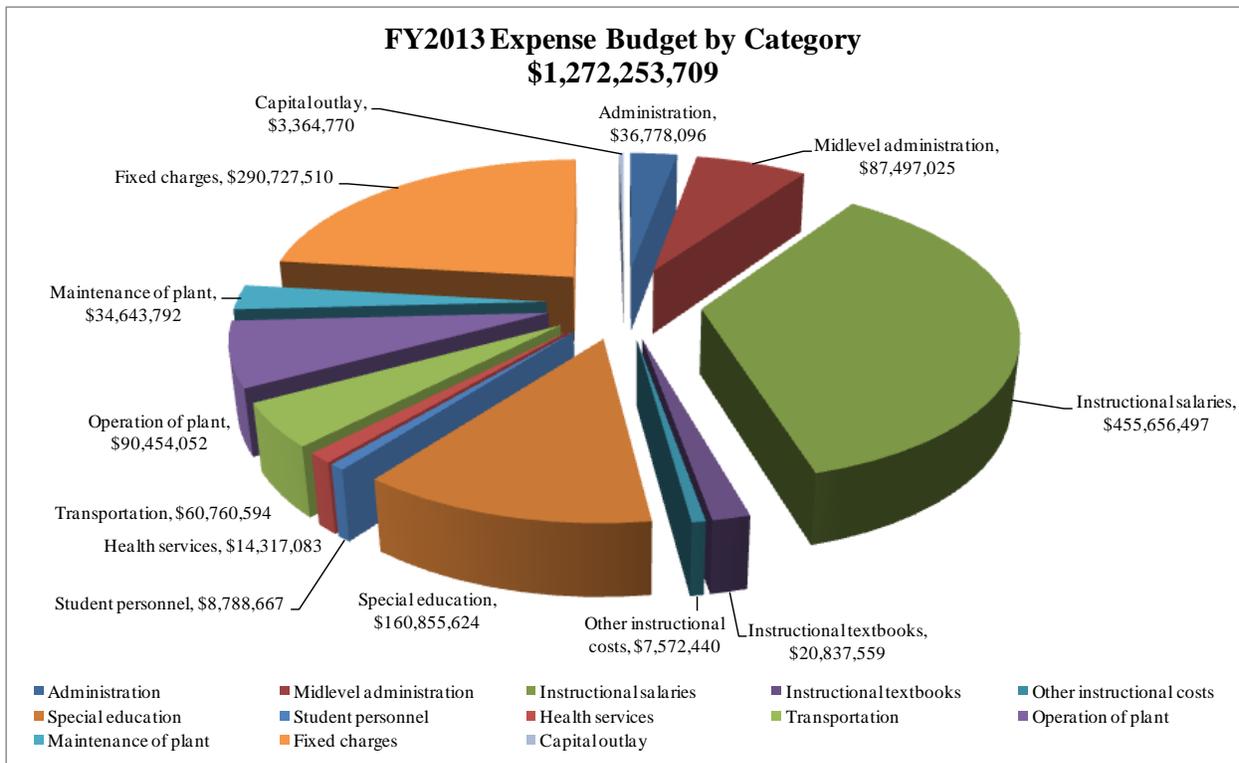
These data are presented using Maryland State Department of Education (MSDE) categories. Amounts included reflect actual revenues, expenditures, and encumbrances to date and do not reflect forecasts of revenues and expenditures. Figure 1 presents an overview of the FY2012 and FY2013 general fund revenue budget. Figure 2 provides an overview of the FY2013 general fund expenditure budget. Figure 3 compares the percent of the budget obligated as of November 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 \$200.4 million, 29.1% of the budget, as compared to \$199.1 million, 29.8% of the budget for FY2012.
- 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 November 2012, three 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 November 2012 are \$521.1 million, 41% obligated, compared to \$492.7 million, 40.2% obligated, for the same period in FY2012. The increase of \$28 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 38.5% 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 31.9% 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.

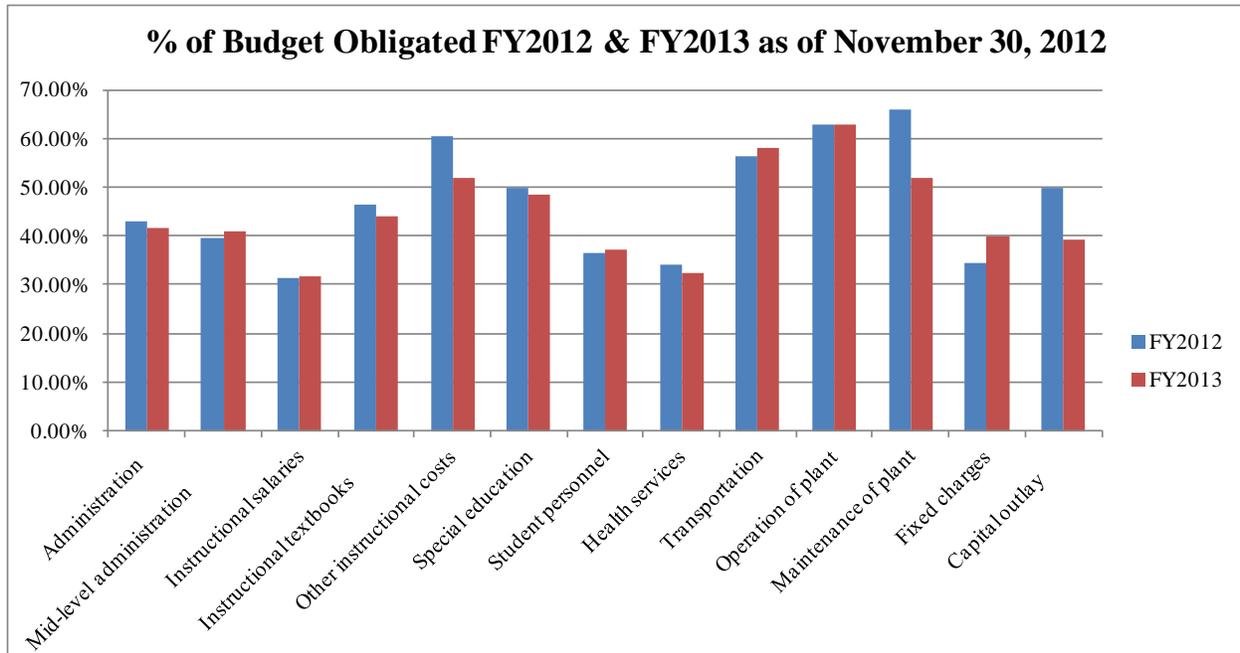


Figure 3

- **Administration and Midlevel Administration** – The budget for nonsalary administration expenditures is essentially the same as the prior year. The decrease in nonsalary expenditures as compared to the prior year is attributed to a decrease in contracted services primarily relating to the human resource-payroll systems. Midlevel administration nonsalary expenditures are comparable to last year and in line with the budget.
- **Instructional Salaries** – The budget for instructional salaries had a net increase of \$3.8 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, \$3.9 million, 51.8% of the FY2013 budgeted funds, have been committed. In the prior year, \$4.9 million, 60.6%, 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 November 2012, 84.4% of the nonsalary budget has been committed, compared to 87.3% committed at November 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 \$13.3 million, 63% of the budgeted amount, as compared with \$13.5 million, or 85.8%, in the prior fiscal year. Capital outlay nonsalary expenditures are 63.3% expended at November 2012, as compared to being over the budget in November 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.

**Baltimore County Public Schools**  
**Comparison of FY 2012 and FY 2013 Revenues, Expenditures, and Encumbrances**  
**Budget and Actual**  
**For the Periods Ended November, 2011 and 2012**  
**General Fund**

		FY2012				FY2013			
		Adjusted	Total	Remaining	Percentage	Adjusted	Total	Remaining	Percentage
		Budget	Rev/Exp/Enc. as of 11/30/11	Budget as of 11/30/11	Earned or Obligated	Budget	Rev/Exp/Enc. as of 11/30/12	Budget as of 11/30/12	Earned or Obligated
<b>Revenues :</b>									
Baltimore County		\$ 668,495,342	\$ 199,061,659	\$ 469,433,683	29.8%	\$ 689,743,020	\$ 200,380,617	\$ 489,362,403	29.1%
State of Maryland		536,555,216	263,260,372	273,294,844	49.1%	555,570,405	270,841,817	284,728,588	48.8%
Federal		4,540,000	329,800	4,210,200	7.3%	760,000	218,089	541,911	28.7%
Other		17,152,039	11,530,279	5,621,760	67.2%	26,180,284	20,348,151	5,832,133	77.7%
<b>Total Revenues</b>		<b>\$ 1,226,742,597</b>	<b>\$ 474,182,110</b>	<b>\$ 752,560,487</b>	<b>38.7%</b>	<b>\$ 1,272,253,709</b>	<b>\$ 491,788,674</b>	<b>\$ 780,465,035</b>	<b>38.7%</b>
<b>Expenditures and Encumbrances :</b>									
Administration	salary	\$ 25,079,503	\$ 9,810,899	\$ 15,268,604	39.1%	\$ 25,041,561	\$ 9,734,418	\$ 15,307,143	38.9%
	non-salary	12,030,213	6,103,703	5,926,510	50.7%	11,736,535	5,583,171	6,153,364	47.6%
	subtotal	37,109,716	15,914,602	21,195,114	42.9%	36,778,096	15,317,589	21,460,507	41.6%
Mid-level administration	salary	78,799,778	29,732,462	49,067,316	37.7%	79,664,053	31,063,417	48,600,636	39.0%
	non-salary	7,927,079	4,680,439	3,246,640	59.0%	7,832,972	4,739,981	3,092,991	60.5%
	subtotal	86,726,857	34,412,902	52,313,955	39.7%	87,497,025	35,803,397	51,693,628	40.9%
Instruction:									
Instructional salaries	salary	451,832,533	142,269,247	309,563,286	31.5%	455,656,497	143,750,444	311,906,053	31.5%
Instructional textbooks	non-salary	20,977,566	9,766,460	11,211,106	46.6%	20,837,559	9,154,592	11,682,967	43.9%
Other instructional costs	non-salary	8,009,237	4,854,808	3,154,429	60.6%	7,572,440	3,920,330	3,652,110	51.8%
Special education	salary	113,758,611	38,049,421	75,709,190	33.4%	119,398,061	39,520,832	79,877,229	33.1%
	non-salary	41,470,784	39,422,816	2,047,968	95.1%	41,457,563	38,510,682	2,946,881	92.9%
	subtotal	155,229,395	77,472,237	77,757,158	49.9%	160,855,624	78,031,515	82,824,109	48.5%
Student personnel	salary	8,388,579	3,092,896	5,295,683	36.9%	8,617,556	3,223,823	5,393,733	37.4%
	non-salary	171,111	43,408	127,703	25.4%	171,111	54,176	116,935	31.7%
	subtotal	8,559,690	3,136,304	5,423,386	36.6%	8,788,667	3,277,999	5,510,668	37.3%
Health services	salary	13,417,920	4,408,463	9,009,457	32.9%	13,858,234	4,405,538	9,452,696	31.8%
	non-salary	467,818	349,305	118,513	74.7%	458,849	235,933	222,916	51.4%
	subtotal	13,885,738	4,757,767	9,127,971	34.3%	14,317,083	4,641,471	9,675,612	32.4%
Transportation	salary	33,290,193	9,410,797	23,879,396	28.3%	34,687,921	11,266,127	23,421,794	32.5%
	non-salary	24,979,624	23,352,512	1,627,112	93.5%	26,072,673	24,115,393	1,957,280	92.5%
	subtotal	58,269,817	32,763,309	25,506,508	56.2%	60,760,594	35,381,520	25,379,074	58.2%
Operation of plant	salary	41,374,772	14,820,148	26,554,624	35.8%	43,056,852	16,793,076	26,263,776	39.0%
	non-salary	46,215,315	40,332,888	5,882,427	87.3%	47,397,200	39,998,275	7,398,925	84.4%
	subtotal	87,590,087	55,153,036	32,437,051	63.0%	90,454,052	56,791,351	33,662,701	62.8%
Maintenance of plant	salary	11,942,283	4,735,912	7,206,371	39.7%	13,563,978	4,667,327	8,896,651	34.4%
	non-salary	15,759,183	13,516,036	2,243,147	85.8%	21,079,814	13,283,807	7,796,007	63.0%
	subtotal	27,701,466	18,251,948	9,449,518	65.9%	34,643,792	17,951,134	16,692,658	51.8%
Fixed charges	non-salary	267,632,772	92,369,144	175,263,628	34.5%	290,727,510	115,785,142	174,942,368	39.8%
Capital outlay	salary	2,820,491	1,077,007	1,743,484	38.2%	2,972,038	1,070,131	1,901,907	36.0%
	non-salary	397,232	529,180	(131,948)	133.2%	392,732	248,526	144,206	63.3%
	subtotal	3,217,723	1,606,187	1,611,536	49.9%	3,364,770	1,318,657	2,046,113	39.2%
<b>Total Salary</b>		<b>\$ 780,704,663</b>	<b>\$ 257,407,253</b>	<b>\$ 523,297,410</b>	<b>33.0%</b>	<b>\$ 796,516,751</b>	<b>\$ 265,495,134</b>	<b>\$ 531,021,617</b>	<b>33.3%</b>
<b>Total Non-Salary</b>		<b>446,037,934</b>	<b>235,320,698</b>	<b>210,717,236</b>	<b>52.8%</b>	<b>475,736,958</b>	<b>255,630,007</b>	<b>220,106,951</b>	<b>53.7%</b>
<b>Total Expenditures and Encumbrances</b>		<b>\$ 1,226,742,597</b>	<b>\$ 492,727,951</b>	<b>\$ 734,014,646</b>	<b>40.2%</b>	<b>\$ 1,272,253,709</b>	<b>\$ 521,125,141</b>	<b>\$ 751,128,568</b>	<b>41.0%</b>

Figure 4

Prepared by: Office of Financial Reporting, December 12, 2012