

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: January 9, 2007

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **MSDE BIENNIAL FINANCIAL STATUS REPORT FOR PERIOD
ENDING NOVEMBER 30, 2006**

ORIGINATOR: J. Robert Haines, Deputy Superintendent

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

INFORMATION

As a result of SB894, Baltimore County Public Schools is required to submit a biannual report of its financial status.

Attachments – MSDE Biannual Financial Status Report for Period Ending November 30, 2006

Biannual Reporting Requirements under Senate Bill 894 Superintendent's Certification

Local School System: Board of Education of Baltimore County

Period Ending November 30, 2006 (report due to MSDE by December 31, 2006)

Period Ending March 31, 2007 (report due to MSDE by April 30, 2007)

This report reflects the financial status of the system's Current Expense Fund (General Fund).

Required elements:

- ✓ Revenues, by source (local, State, federal, other)
 - ✓ Expenditures, by category (as defined in the Financial Reporting Manual)
 - Current approved budget
 - Year-to-date actual
 - Encumbered or obligated expenditures
 - Available balance
 - Percent of budget spent or encumbered
 - ✓ Explanations, as necessary, if there is a variance of more than ten percentage points in any category between percent of budget obligated or received to date and percent of fiscal year elapsed
- (Each system may submit the attached template or a similar document that contains all of the required elements listed above.)

Check all that apply:

The attached schedule of year-to-date revenues and expenditures accurately reflects the financial position of the Board of Education of Baltimore County

Based on my knowledge of the system's financial position, I **do not** anticipate any issues or problems associated with cash flow during this fiscal year.

Based on my knowledge of the system's financial position, I **do not** anticipate any issues or problems associated with our ability to operate within our budgeted resources and avoid a deficit situation at the end of the fiscal year.

Based on my knowledge of the system's financial position, I **do** anticipate an issue or problem related to cash flow and/or deficit spending. I have attached a description of the possible problem(s) and a corrective action plan.

Superintendent's signature

Date

Chair/President, Board of Education's signature

Date

Chief Financial Officer's signature

Date

Biannual Reporting Required Under Senate Bill 894
 Period Ending Nine Months Ended November 30, 2006
 Percent of Fiscal Year Elapsed 42%

Local School System: Board of Education of Baltimore County FISCAL YEAR 2007

TOTAL SUMMARY BY REVENUE SOURCE

Revenue Category	Approved Budget	Year-to-Date Revenues	Anticipated Revenues	Projected Total Revenues	Percent of Budget Received to Date *	Variance From % of Year Elapsed
Local Appropriation	\$ 606,237,744	\$ 172,549,436	\$ 433,688,308	\$ 606,237,744	29%	-13%
Other Local Revenue	7,411,000	2,405,645	5,005,355	7,411,000	32%	-10%
State Revenue	438,286,990	213,110,198	225,176,792	438,286,990	49%	7%
Federal Revenue						
Other Resources/Transfers	4,155,741	4,155,741	-	4,155,741	100%	58%
Total Revenue	\$ 1,056,091,475	\$ 392,221,020	\$ 663,870,455	\$ 1,056,091,475	37%	-5%

TOTAL EXPENDITURE SUMMARY BY CATEGORY

Category	Approved Budget	Actual Expenditures	Encumbrances/Obligations	Available Balance	Percent of Budget Spent/Obligated **	Variance From % of Year Elapsed
201 Administration	\$ 29,101,110	\$ 10,409,570	\$ 2,918,859	\$ 15,772,681	46%	4%
202 Mid-level Administration :						
Office of the Principal	57,251,658	22,437,483	261,167	34,553,008	40%	-2%
Administration & Supervision	11,975,442	3,926,362	94,379	7,954,701	34%	-8%
203 Instructional Salaries	408,507,122	122,482,802	-	286,024,320	30%	-12%
204 Textbooks & Instructional Supplies	23,255,928	12,504,737	1,905,595	8,845,596	62%	20%
205 Other Instructional Costs	11,308,956	3,206,101	1,790,211	6,312,644	44%	2%
206 Special Education	127,516,910	36,211,492	22,881,944	68,423,474	46%	4%
207 Student Personnel Services	5,341,116	2,216,178	3,585	3,121,353	42%	0%
208 Health Services	10,962,649	3,446,344	-	7,516,305	31%	-9%
209 Student Transportation	43,526,465	17,332,955	7,023,271	19,170,239	56%	14%
210 Operation of Plant	82,291,378	23,641,111	32,505,474	26,144,793	68%	26%
211 Maintenance of Plant	26,934,624	7,483,681	5,718,243	13,732,700	49%	7%
212 Fixed Charges	213,502,467	65,637,673	1,454,219	146,410,575	31%	-11%
213 Food Service						
214 Community Services						
215 Capital Outlay	4,615,650	2,957,155	35,485	1,623,010	65%	23%
Undistributed Federal Funds						
TOTAL EXPENDITURES	\$ 1,056,091,475	\$ 333,893,644	\$ 76,592,432	\$ 645,605,399	39%	-3%

* Explanations are required where there is a variance in excess of 10 percentage points between Percent of Budget Received To Date and the percent of the fiscal year elapsed.
 ** Explanations are required where there is a variance in excess of 10 percentage points between Percent of Budget Spent/Obligated and the percent of the fiscal year elapsed.

Biannual Reporting Requirements under Senate Bill 894

Local School System: Board of Education of Baltimore County

Period Ending November 30, 2006 (report due to MSDE by December 31, 2006)

Report on Variances of More Than 10%

As of November 30, 2006, 42% of the fiscal year has elapsed and 30% of the 10-month school year has elapsed. The attached report shows that 37% of revenues have been received and that 39% of the expenditures have been incurred as of November 30, 2006. The overall activity reported is in line with the percentage of the school year completed. There are a number of categories for which revenues received are not in line with the percent of the year completed; and where estimated expenditures for the year have been encumbered and once a year expenditures have been made. Therefore, these categories were higher or lower than the applicable percentage required. The following information is provided to explain these variances.

REVENUES

Local Appropriation:

The school board draws county funds based on actual year-to-date expenditures. As of November 30th, year-to-date actual expenditures were 39% of the total budget, and \$173 million of the \$606 million appropriated for the board had been received.

Other Local Revenue:

This category includes budgeted amounts for various tuition revenues, universal service fee rebates and sundry revenues. As of November 30th, most of the tuition revenues (i.e. summer school) have been received, as well as \$1.8 million of service fee rebates and sundry revenues. We have not received the out of county living arrangement payments due from other local education agencies, which is budgeted at \$4 million and is generally received at year end.

Other Resources:

This category represents the re-appropriation of prior year fund balance. The Board budgeted and received approval from the Baltimore County Council to utilize \$4.1 million of the prior year's fund balance, which was recorded as revenue by November 30th.

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OBLIGATIONS (EXPENDITURES AND ENCUMBRANCES)

203 Instructional Salaries:

As anticipated, Instructional Salaries are 30% expended as of November 30, 2006. This represents the salaries paid to direct teaching personnel. These salaries generally are paid beginning in late summer and continue on to the end of the school year. As the school year is only three months completed, the 30% of salaries recognized is consistent with the percent of the school year elapsed.

204 Textbooks and Instructional Supplies

A significant portion of the Textbooks and Instructional 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. It was anticipated that our percentage spent in this category would be high at this point in the fiscal year.

208 Health Services:

As anticipated, Health Services are 31% expended/obligated as of November 30, 2006. This category represents the costs of providing health services in all schools. The salaries budget in this category represents 98% of the total budget for this area. Health services personnel are generally employed on a 10-month basis and the expenditures to date approximate the percent of the school year that has been completed.

209 Student 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 of \$16.6 million is obligated early in the fiscal year to reflect the anticipated annual expenditures for private bus contractors, fuel for vehicles and cost of bus maintenance.

210 Operation of Plant:

The Operation of Plant category includes all utilities costs, facility rent, and insurance premiums. Every year these are fully encumbered at the beginning of the year. Therefore, \$27.4 million has been expended/encumbered for these costs as of November 30, 2006. The category is 68% expended/obligated. At the same time last year, 66% of the category was expended.

212 Fixed Charges:

This category includes employee benefits, payroll taxes and other fixed costs. A significant amount of these costs are related to expenditures for 10 month employees and therefore these costs are in line with the percentage of the school year that has been completed.

Biannual Reporting Requirements under Senate Bill 894

Local School System: Board of Education of Baltimore County

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215 Capital Outlay

The Capital Outlay category includes expenditures related to the acquisition of land, buildings and equipment. Capital expenditures to date included \$600,000 for the purchase of portable classrooms to provide facilities for the expansion of all day kindergarten programs, and \$1.3 million for the completion of the window replacement project at one of our elementary schools. Both of these expenditures have been obligated at November 30th and they account for 81% of the \$2.3 million in non-salary expenditures in this category.