

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: January 8, 2008

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **MSDE BIANNUAL FINANCIAL STATUS REPORT FOR PERIOD
ENDING NOVEMBER 30, 2007**

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.

Attachment I – MSDE Biannual Financial Status Report – Superintendent’s Certification
Attachment II – MSDE Biannual Financial Status Report – Revenue and Expenditure Report
Attachment III – MSDE Biannual Financial Status Report – Report on Variances

Biannual Reporting Requirements under Senate Bill 894 Superintendent's Certification

Local School System: Board of Education of Baltimore County

Period Ending November 30, 2007 (report due to MSDE by December 31, 2007)

Period Ending March 31, 2008 (report due to MSDE by April 30, 2008)

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

Please submit certification and report to MSDE Audit Office, 200 West Baltimore St., Baltimore, MD 21201

Biannual Reporting Required Under Senate Bill 894
 Period Ending November 30, 2007
 Percent of Fiscal Year Elapsed - 41.7%

Local School System: Board of Education of Baltimore County

FISCAL YEAR 2008

TOTAL SUMMARY BY REVENUE SOURCE FOR CURRENT EXPENSE FUND (GENERAL FUND)

Revenue Category	Approved Budget	Year-to-Date Revenues	Anticipated Revenues	Projected Total Revenues	Percent of Budget Received to Date	Variance from % of FY Elapsed *
Local Appropriation	\$ 617,722,410	\$ 190,362,431	\$ 427,359,979	\$ 617,722,410	30.8%	-10.88%
Other Local Revenue	8,081,484	2,568,279	5,513,205	8,081,484	31.8%	-9.92%
State Revenue	506,997,547	245,622,422	261,375,125	506,997,547	48.4%	6.75%
Federal Revenue	-	-	-	-	0.0%	0.00%
Other Resources/Transfers	2,500,000	2,500,000	-	2,500,000	100.0%	58.30%
Total Revenue	\$ 1,135,301,441	\$ 441,053,132	\$ 694,248,309	\$ 1,135,301,441	38.8%	-2.85%

TOTAL EXPENDITURE SUMMARY BY CATEGORY FOR CURRENT EXPENSE FUND (GENERAL FUND)

Category	Approved Budget	Year-to-Date Actual Expenditures	Encumbrances/Obligations	Available Balance	Percent of Budget Spent/Obligated	Variance from % of FY Elapsed **
201 Administration	\$ 32,668,750	\$ 12,178,797	\$ 2,271,782	\$ 18,218,171	44.2%	2.53%
202 Mid-level Administration	-	-	-	-		
Office of the Principal	61,325,326	25,726,043	256,183	35,343,100	42.4%	0.67%
Administration & Supervision	14,242,637	4,592,792	68,497	9,581,348	32.7%	-8.97%
203 Instructional Salaries	429,121,308	147,508,983	-	281,612,325	34.4%	-7.33%
204 Textbooks & Instructional Supplies	20,015,044	9,040,308	749,907	10,224,829	48.9%	7.21%
205 Other Instructional Costs	17,857,803	8,621,359	2,666,563	6,569,881	63.2%	21.51%
206 Special Education	139,150,546	43,422,580	22,973,812	72,754,154	47.7%	6.02%
207 Student Personnel Services	6,374,186	2,582,948	11,041	3,780,197	40.7%	-1.00%
208 Health Services	12,079,209	4,124,529	-	7,954,680	34.1%	-7.55%
209 Student Transportation	47,340,453	18,817,055	9,755,177	18,768,221	60.4%	18.65%
210 Operation of Plant	89,471,609	29,752,863	33,308,167	26,410,579	70.5%	28.78%
211 Maintenance of Plant	28,864,298	9,429,778	5,856,427	13,578,093	53.0%	11.26%
212 Fixed Charges	232,785,046	77,887,804	563,588	154,333,654	33.7%	-8.00%
213 Food Service	-	-	-	-	0.0%	0.00%
214 Community Services	-	-	-	-	0.0%	0.00%
215 Capital Outlay	4,005,226	1,149,842	176,143	2,679,241	33.1%	-8.59%
Undistributed Federal Funds	-	-	-	-	0.0%	0.00%
TOTAL EXPENDITURES	\$ 1,135,301,441	\$ 394,835,681	\$ 78,657,287	\$ 661,808,473	41.7%	0.01%

* 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, 2007 (report due to MSDE by December 31, 2007)

Report on Variances of More Than 10%

As of November 30, 2007, 42% of the fiscal year has elapsed and 30% of the 10-month school year has elapsed. The attached report shows that 39% of revenues have been received and that 42% of the expenditures have been incurred as of November 30, 2007. The overall activity reported is in line with the percentage of the 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 42% of the total budget, and \$190 million of the \$618 million appropriated for the board had been received.

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 \$2.5 million of the prior year's fund balance, which was recorded as revenue by November 30th.

Biannual Reporting Requirements under Senate Bill 894

Local School System: Board of Education of Baltimore County

Period Ending November 30, 2007 (report due to MSDE by December 31, 2007)

OBLIGATIONS (EXPENDITURES AND ENCUMBRANCES)

205 Other Instructional Costs:

The budget in this category was increased \$6.5 million to cover the anticipated costs of computer network upgrades in all schools. These expenditures were encumbered at November 30, 2007, which increased the overall percentage of the budgeted amount expended at that date.

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 \$18.7 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 custodial costs, utilities costs, facility rent, and insurance premiums. Every year many of these anticipated costs are fully encumbered at the beginning of the year. Therefore, \$40.2 million has been expended/encumbered for these costs as of November 30, 2007. The category is 70% expended/obligated. At the same time last year, 68% of the category was expended.

211 Maintenance of Plant:

The Maintenance of Plant category contains salaries and other costs for care and upkeep of grounds and buildings. The timing of our pay dates resulted in one more pay in the current year. This additional pay date resulted in approximately \$600,000 of pay expended at November 30, 2007, as compared to the similar pay being expended in December in the prior fiscal year. The timing of this payroll in November increased the percentage sufficiently enough to result in an explanation of the variance being required for this category. Additionally, a significant amount of expenditures have been encumbered for anticipated contractual services and maintenance supplies.