

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: January 10, 2006

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **MSDE BIENNIAL FINANCIAL STATUS REPORT FOR PERIOD
ENDING NOVEMBER 30, 2005**

ORIGINATOR: J. Robert Haines, Deputy Superintendent, Business Services

**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, 2005

Bi-Annual Reporting Requirements under Senate Bill 894

Local School System: Baltimore County Public Schools

Period Ending November 30, 2005 (report due to MSDE by December 31, 2005)

Report on Variances of More Than 10%

As of November 30, 2005, 42% of the fiscal year has elapsed and 30% of the 10-month school year has elapsed. The attached report shows that 38% of revenues have been received and that 37% of the expenditures have been incurred as of November 30, 2005. 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 one-time per year expenditures have been made. Therefore these categories were greater or less than the applicable percentage required. The following information is provided to explain these variances.

REVENUES

Local Appropriation:

The local appropriation is funds that have been appropriated by Baltimore County for funding of the school board. The school board draws the county funds based on actual year-to-date expenditures. As of November 30th year-to-date actual expenditures were 32% of the total budget, and we had requested and received \$183 million of the \$592 million appropriated for the board.

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 \$1.9 million of service fee rebates and sundry revenues.

Bi-Annual Reporting Requirements under Senate Bill 894

Local School System: Baltimore County Public Schools

Period Ending November 30, 2005 (report due to MSDE by December 31, 2005)

OBLIGATIONS (EXPENDITURES AND ENCUMBRANCES)

201 Administration:

Administration costs are 55% expended/obligated as of November 30, 2005. These costs include significant expenditures for contracted services to upgrade the Board's automated financial system and data warehouse.

203 Instructional Salaries:

As anticipated, Instructional Salaries are 29% expended as of November 30, 2005. 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 29% of salaries recognized is consistent with the percent of the school year elapsed.

205 Other Instructional Costs:

Other Instructional Costs are 56% expended/obligated as of November 30, 2005. The other instructional costs category is comprised of commitments for contracted services, staff development, and equipment used to support the educational programs. Generally a majority of these expenditures are committed early in the school year to prepare for the opening of schools. The percentage expended/committed is consistent with prior years.

208 Health Services:

As anticipated, Health Services are 31% expended/obligated as of November 30, 2005. 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.

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, 2005. The category is 66% expended/obligated. At the same time last year, 65% of the category was expended/encumbered.

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.

**Bi-Annual Reporting Requirements under Senate Bill 894
Superintendent's Certification**

Local School System: Baltimore County Public Schools

Period ending November 30, 2005 (report due to MSDE by December 31, 2005)

Period ending March 31, 2006 (report due to MSDE by April 30, 2006)

This report reflects the financial status of the system's 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 remaining unspent or unencumbered
- 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 Baltimore County Public Schools.

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 W. Baltimore St., Baltimore, MD 21201

Bi-Annual Reporting Required Under Senate Bill 894
 Period Ending-Five Months Ended November 30, 2005
 Percent of Fiscal Year Elapsed 42%
 Percent of School Year Elapsed 30%

Local School System: Baltimore County Public Schools - Fiscal Year 2005

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	\$ 591,656,029	\$ 183,340,741	\$ 408,315,288	\$ 591,656,029	31%	-11%
Other Local Revenue	3,592,000	2,287,264	1,304,736	3,592,000	64%	22%
State Revenue	386,415,375	187,621,979	198,793,396	386,415,375	49%	7%
Federal Revenue	-	-	-	-	-	-
Other Resources/Transfers	8,224,983	4,224,983	4,000,000	8,224,983	51%	9%
Total Revenue	\$ 989,888,387	\$ 377,474,967	\$ 612,413,420	\$ 989,888,387	38%	-4%

TOTAL EXPENDITURE SUMMARY BY CATEGORY

Category	Approved Budget	Year-to-Date Actual Expenditures	Encumbrances/ Obligations	Available Balance	Percent of Budget Spent/Obligated **	Variance From % of Year Elapsed
201 Administration	\$ 28,234,686	\$ 9,997,730	\$ 5,531,591	\$ 12,705,365	55%	13%
202 Mid-level Administration						
Office of the Principal	56,477,962	21,420,037	215,250	34,842,675	38%	-4%
Administration & Supervision	9,661,733	3,726,947	54,104	5,880,682	39%	-3%
203 Instructional Salaries	393,789,802	114,865,026		278,924,776	29%	-13%
204 Textbooks & Instructional Supplies	19,564,035	7,626,074	832,238	11,105,723	43%	1%
205 Other Instructional Costs	11,574,482	5,689,718	821,686	5,063,078	56%	14%
206 Special Education	127,149,810	34,876,337	18,951,745	73,321,728	42%	0
207 Student Personnel Services	4,865,481	1,845,214	20	3,020,247	38%	-4%
208 Health Services	10,355,140	3,187,699	17,896	7,149,545	31%	-11%
209 Student Transportation	41,157,497	15,604,568	5,884,412	19,668,517	52%	10%
210 Operation of Plant	67,679,652	24,834,556	19,901,314	22,943,782	66%	24%
211 Maintenance of Plant	21,754,559	7,385,868	3,673,665	10,695,026	51%	9%
212 Fixed Charges	194,441,731	59,896,792	673,844	133,871,095	31%	-11%
213 Food Service	-	-	-	-	-	-
214 Community Services	-	-	-	-	-	-
215 Capital Outlay	3,181,817	1,414,583	54,923	1,712,311	46%	4%
Undistributed Federal Funds	-	-	-	-	-	-
TOTAL EXPENDITURES	\$ 989,888,387	\$ 312,371,149	\$ 56,612,688	\$ 620,904,550	37%	-5%

* 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.