

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: May 6, 2008

TO: BOARD OF EDUCATION

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **MSDE BIENNIAL FINANCIAL STATUS REPORT FOR PERIOD
ENDING MARCH 31, 2008**

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 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

Attachment I

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 March 31, 2008Percent of Fiscal Year Elapsed - 75.0%

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	\$ 416,974,338	\$ 200,748,072	\$ 617,722,410	67.5%	-7.498%
Other Local Revenue	8,081,484	3,384,249	4,697,235	8,081,484	41.9%	-33.123%
State Revenue	506,997,547	409,422,984	97,574,563	506,997,547	80.8%	5.754%
Federal Revenue	-	-	-	-	0.0%	0.000%
Other Resources/Transfers	2,500,000	2,500,000	-	2,500,000	100.0%	25.000%
Total Revenue	\$ 1,135,301,441	\$ 832,281,571	\$ 303,019,870	\$ 1,135,301,441	73.3%	-1.691%

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	\$ 20,887,591	\$ 2,404,407	\$ 9,376,752	71.3%	-3.70%
202 Mid-level Administration	-	-	-	-		
Office of the Principal	62,334,286	45,271,323	163,494	16,899,469	72.9%	-2.11%
Administration & Supervision	13,233,677	8,060,718	167,808	5,005,151	62.2%	-12.82%
203 Instructional Salaries	429,121,308	299,118,943	-	130,002,365	69.7%	-5.30%
204 Textbooks & Instructional Supplies	20,015,044	13,413,226	1,023,589	5,578,229	72.1%	-2.87%
205 Other Instructional Costs	17,857,803	12,905,233	1,268,919	3,683,651	79.4%	4.37%
206 Special Education	139,150,546	95,508,865	12,576,539	31,065,142	77.7%	2.68%
207 Student Personnel Services	6,374,186	4,679,846	28,949	1,665,391	73.9%	-1.13%
208 Health Services	12,079,209	8,488,148	3,422	3,587,639	70.3%	-4.70%
209 Student Transportation	47,340,453	34,230,440	4,803,143	8,306,870	82.5%	7.45%
210 Operation of Plant	89,471,609	55,594,163	19,948,543	13,928,903	84.4%	9.43%
211 Maintenance of Plant	28,864,298	16,004,884	4,681,229	8,178,185	71.7%	-3.33%
212 Fixed Charges	232,785,046	161,597,433	797,844	70,389,769	69.8%	-5.24%
213 Food Service	-	-	-	-	0.0%	0.00%
214 Community Services	-	-	-	-	0.0%	0.00%
215 Capital Outlay	4,005,226	2,162,826	18,651	1,823,749	54.5%	-20.53%
Undistributed Federal Funds	-	-	-	-	0.0%	0.00%
TOTAL EXPENDITURES	\$ 1,135,301,441	\$ 777,923,639	\$ 47,886,537	\$ 309,491,265	72.7%	-2.26%

* 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.

Local School System: Board of Education of Baltimore County

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

Report on Variances of More Than 10%

As of March 31, 2008, 75% of the fiscal year has elapsed and 70% of the 10-month school year has elapsed. The attached report shows that 73.3% of revenues have been received and that 72.7% of the expenditures have been incurred as of March 31, 2008. The overall activity reported is in line with the percentage of the year completed. As explained below there are two revenue categories where there is a variance in excess of 10 percentage points between the percent of the budget received to date and the percent of the fiscal year elapsed. There are two expenditure categories where the variance in estimated expenditures and the encumbrances is in excess of 10 percentage points between the percent of the budget spent and obligated, and the percent of the fiscal year elapsed. The following information is provided to explain these variances.

REVENUES

Other Local Revenue:

This category is comprised of out-of-county living arrangement payments from other local educational agencies, tuitions, investment earnings and other sundry revenues. The out-of-county arrangement payments, which are estimated to be \$4 million annually, are generally not received until the end of the fiscal year; therefore, a major part of this budgeted revenue will not be recognized until then.

Other Resources/Transfers:

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 early in the fiscal year.

Biannual Reporting Requirements under Senate Bill 894

Local School System: Board of Education of Baltimore County

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

OBLIGATIONS (EXPENDITURES AND ENCUMBRANCES)

202 Mid-level Administration:

The budget in this category includes approximately \$1.5 million, which is the estimated cost of student assessment software, which has not been encumbered at this time. These funds are expected to be utilized by year end.

215 Capital Outlay:

The Capital Outlay category contains salaries and other costs for project management of construction and renovation projects throughout the school system. The Capital Outlay budget includes \$876,600 of costs to be incurred with the start-up of a new educational program. These costs are now expected to be incurred in the Other Instructional Costs category. It is anticipated that the Board of Education and the Baltimore County Council will approve a budget appropriation transfer to move these funds to the appropriate category prior to year end.