

# REGULATION

## ANNE ARUNDEL COUNTY PUBLIC SCHOOLS

**Related Entries:** DD

**Responsible Office:** OFFICE OF FINANCE

### FINANCIAL ACCOUNTING AND REPORTING

#### A. PURPOSE

To establish policy to guide financial reporting to the Board of Education of Anne Arundel County (Board) and other governmental agencies and officials.

#### B. ISSUE

Sound financial management requires that the Board receive periodic financial information on the status of financial transactions, accounts, and funds of Anne Arundel County Public Schools (AACPS). State law requires that AACPS submit required financial reports to the Maryland State Department of Education (MSDE) and other State and county officials.

#### C. POSITION

1. The Superintendent shall submit to the Board and to appropriate State and county officials annual and periodic reports on the status of financial transactions, accounts, and funds of AACPS, including:
  - a. Comprehensive Annual Financial Report;
  - b. Bi-Annual Financial Report;
  - c. Construction Report;
  - d. Financial Status Report; and
  - e. Other reports requested by the Board.
2. a. The Superintendent shall submit to the Maryland State Board of Education (MSBE) all required financial reports in a format approved by MSDE, including:
  - i. Comprehensive Annual Financial Report;

- ii. Bi-Annual Financial Report;
  - iii. State Annual Financial Report;
  - iv. Financial Restricted Program Reports; and
  - v. Other reports required by MSBE.
- b. The reports shall be filed within the time prescribed by the State. The State Annual Financial Report shall be reconciled with the audited annual financial report published by AACPS.
3. The following funds have been established to meet the requirements of the aforementioned reports:
- a. Operating Fund (A General Fund)
    - i. The Operating Fund is the basic budgetary fund of the Board. It accounts for all operating revenues and expenditures for educational and support programs in accordance with State law and the *State Financial Reporting Manual*.
    - ii. The appropriations, together with the anticipated revenue sources, originate in the County operating budget ordinance. The fund balance shall be appropriated to support operating expenses in the subsequent year.
    - iii. Grant funds related to the educational programs for AACPS are accounted for and reported as part of the Operating Fund.
    - iv. For accounting control purposes, unrestricted operating funds and grant funds are setup in separate funds in the school system's general ledger.
  - b. School Construction Fund (A Capital Projects Fund)
    - i. The School Construction Fund accounts for all costs in connection with acquisition and improvements of sites, the construction of schools and other buildings, alterations and additions to existing school property, and the purchase of original furniture and equipment.
    - ii. This is a budgetary fund, which emanates from the County capital budget ordinance.
    - iii. The unencumbered appropriated fund balance is restricted to the completion of specific projects. The unappropriated fund balance is available to be transferred with County Government approval to existing or new projects as a funding source.

- iv. For accounting control purposes, each approved capital project is setup as a separate fund.
- c. Agency Funds
- i. Agency Funds are to be used for certain programs in which the responsibility for managerial control, planning, staffing, and supervision of the operations rests with other governmental units. The benefits of the programs accrue predominantly to persons or students outside the public school system. These funds are non-budgetary and are to be self-supportive, i.e., class reunion funds.
  - ii. Since all of these funds are expendable and may be disbursed to authorized recipients, no fund balances exist.
- d. Health Care Self Insurance Fund (A Internal Service Fund)
- i. The Health Care Self Insurance Fund accounts for all costs in connection with the school system's health care and related coverages.
  - ii. Employee, retiree, and school system contributions are shown as revenue.
  - iii. Claim payments, administrative fees, insurance premiums, and other costs are shown as expenses.
  - iv. A fund balance is maintained to cover unanticipated costs.
- e. Special Revenue Funds
- i. Special Revenue Funds shall be used for certain programs in which the responsibility for managerial control, planning, staffing, and supervision of the operations rest with school system personnel. These funds are non-budgetary and are to be self-supportive by tuition, program fees, and contractual or grant funds from other organizations.
  - ii. Food Services Fund (A Special Revenue Fund)  
  
The Food Services Fund is a non-budgetary special fund dependent largely on federal and State subsidies to supplement the sale price of food and support the costs of the school lunch and related programs. The fund balance is used in the subsequent year's operations.

f. Private Purpose Trust Funds

- i. These funds are established to account for any arrangement under which the principal and income benefit individuals, private organizations, or other governments, i.e., estate funds.

*Regulation History:* Issued 02/06/08; Technical Edit 04/01/25

*Note Previous Regulation History:* None

*Legal Reference:* Section 5-111 of the Education Article