

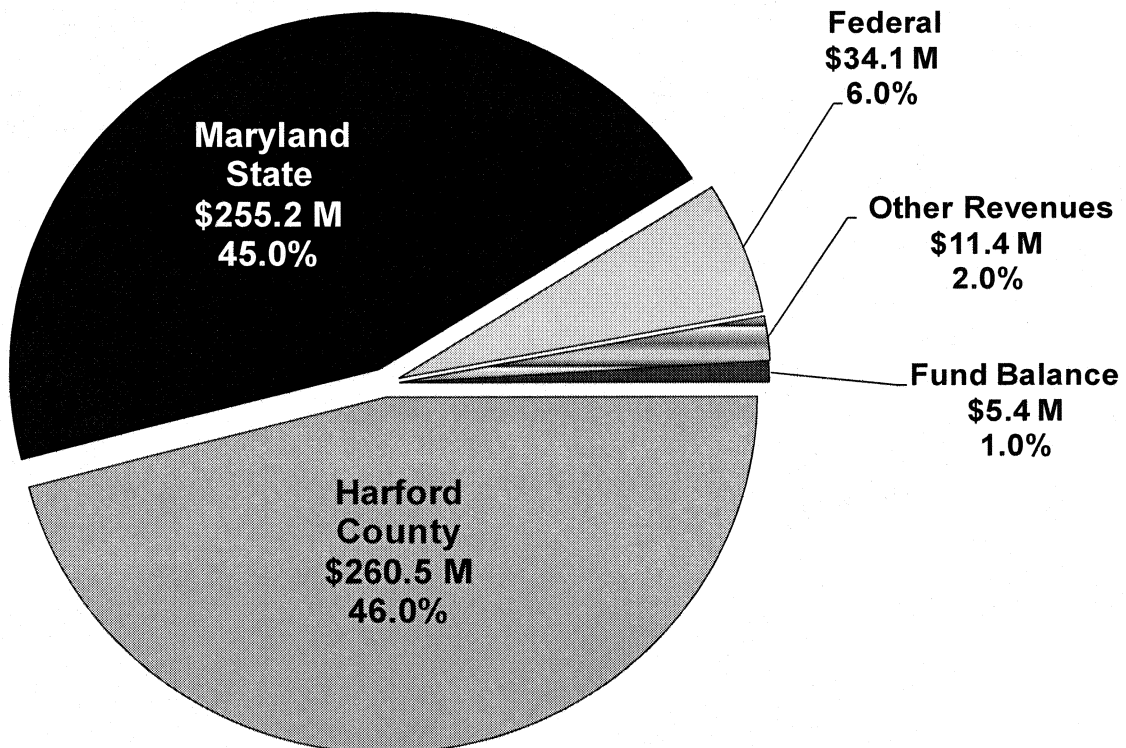
# Revenue

Harford County Public Schools depends primarily upon county and state resources to fund the total budget. We are a revenue dependent school system without taxing power. The table below summarizes actual revenue for fiscal years 2008 through 2010 and the proposed budget for fiscal 2011.

FY 2011 Revenue - All Funds							
Sources	Actual FY 2008	Actual FY 2009	Actual FY 2010	Budget FY 2010	Budget FY 2011	Change FY10 to FY11	% Change
Unrestricted Fund	\$406,342,669	\$415,169,293	\$418,841,604	\$417,525,509	\$422,528,722	\$5,003,213	1.2%
Restricted Fund	\$24,282,064	\$24,357,891	\$33,693,057	\$34,267,658	\$34,722,098	\$454,440	1.3%
<b>Current Expense Fund</b>	<b>\$430,624,733</b>	<b>\$439,527,184</b>	<b>\$452,534,661</b>	<b>\$451,793,167</b>	<b>\$457,250,820</b>	<b>\$5,457,653</b>	<b>1.2%</b>
Food Service	\$14,362,248	\$14,130,413	\$14,501,801	\$14,385,525	\$14,801,234	\$415,709	2.9%
Pension*	\$23,870,733	\$26,419,617	\$31,578,248	\$31,578,248	\$34,323,976	\$2,745,728	8.7%
Debt Service	\$11,196,145	\$13,357,222	\$15,861,041	\$16,259,253	\$25,552,328	\$9,293,075	57.2%
Capital**	\$104,188,601	\$109,254,845	\$85,054,404	\$76,183,528	\$34,699,534	(\$41,483,994)	-54.5%
<b>Total - All Funds</b>	<b>\$584,242,460</b>	<b>\$602,689,281</b>	<b>\$599,530,155</b>	<b>\$590,199,721</b>	<b>\$566,627,892</b>	<b>(\$23,571,829)</b>	<b>-4.0%</b>

\*Represents the State of Maryland pension contribution. Local contribution is included in the Unrestricted Fund, Restricted Fund, and Food Service Fund.  
 \*\*Actual numbers for Capital Revenues are on a GAAP Basis, whereas all other numbers are on a Non-GAAP (Budgetary Basis).

## FY 2011 All Funds - by Source \$566.6 Million



# Revenue

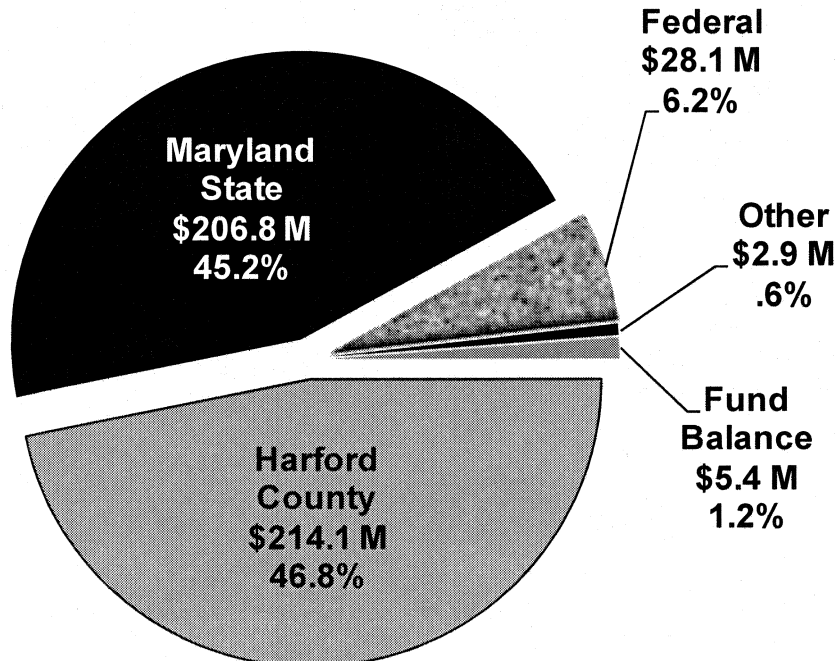
## Current Expense Fund

The Current Expense Fund is comprised of the Unrestricted Fund, usually referred to as the general operating budget, and the Restricted Fund as detailed below. The total projected change in the Current Expense Fund is an increase of \$5,457,653. Unrestricted Fund revenues for fiscal 2011 are projected to increase by \$5,003,213 or 1.2%. Restricted Fund revenues are projected to increase by \$454,440 or 1.3% in fiscal 2011. The Fiscal Year 2011 Current Expense Fund by revenue source is summarized in the chart below.

<b>FY 2011 Revenue - Current Expense Fund</b>							
Sources	Actual FY 2008	Actual FY 2009	Actual FY 2010	Budget FY 2010	Budget FY 2011	Change FY10 to FY11	% Change
Harford County	\$199,614,800	\$206,978,734	\$210,414,800	\$210,914,800	\$214,061,789	\$3,146,989	1.5%
State of Maryland	\$200,499,048	\$203,344,836	\$198,524,594	\$198,509,826	\$199,663,261	\$1,153,435	0.6%
Federal Government	\$339,805	\$278,693	\$625,283	\$380,330	\$650,000	\$269,670	70.9%
Other Sources	\$3,975,477	\$3,419,630	\$4,638,940	\$3,082,566	\$2,720,958	(\$361,608)	-11.7%
Fund Balance	\$1,913,539	\$1,147,400	\$4,637,987	\$4,637,987	\$5,432,714	\$794,727	17.1%
<b>Unrestricted Fund</b>	<b>\$406,342,669</b>	<b>\$415,169,293</b>	<b>\$418,841,604</b>	<b>\$417,525,509</b>	<b>\$422,528,722</b>	<b>\$5,003,213</b>	<b>1.2%</b>
Harford County	\$0	\$0	\$0	\$0	\$0	\$0	0.0%
State of Maryland	\$7,522,138	\$7,962,884	\$7,073,416	\$7,386,213	\$7,104,592	(\$281,621)	-3.8%
Federal Government	\$16,608,059	\$16,266,497	\$26,112,719	\$26,562,430	\$27,416,506	\$854,076	3.2%
Other Sources	\$151,867	\$128,510	\$506,922	\$319,015	\$201,000	(\$118,015)	-37.0%
<b>Restricted Fund</b>	<b>\$24,282,064</b>	<b>\$24,357,891</b>	<b>\$33,693,057</b>	<b>\$34,267,658</b>	<b>\$34,722,098</b>	<b>\$454,440</b>	<b>1.3%</b>
<b>Current Expense Fund</b>	<b>\$430,624,733</b>	<b>\$439,527,184</b>	<b>\$452,534,661</b>	<b>\$451,793,167</b>	<b>\$457,250,820</b>	<b>\$5,457,653</b>	<b>1.2%</b>

### FY 2011 Current Expense Fund - by Source

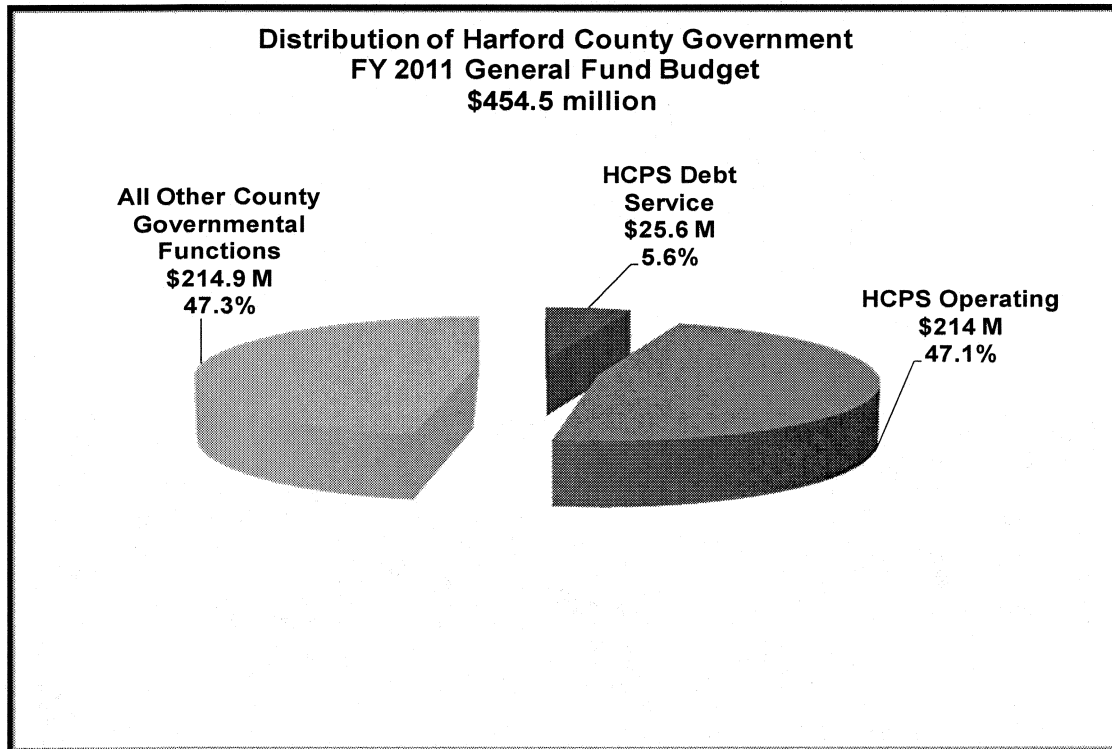
**\$457.3 Million**



# Revenue

## Harford County Government Support

Harford County Public Schools represents the largest function Harford County Government supports. When considering the General Fund budgeted by Harford County Government, Harford County Public Schools Unrestricted Fund receives 47.1% of the local government's overall support.<sup>1</sup> This does not include support by the County for Debt Service as appropriated by Harford County. The County Government support for HCPS is reflected in the chart below.



The county funding for Harford County Public Schools comes from a variety of revenue streams in place by Harford County Government. The main County sources of revenues supporting the education budget are property taxes and income taxes. Support for the education budget by the County is determined on a year to year basis. The County makes no projections for future budgets for the education system. In fiscal 2009, HCPS was budgeted to receive \$210,914,800 in revenue from the County. Due to financial constraints, the County requested a return of \$3,936,066 for fiscal 2009 and \$500,000 for fiscal 2010. Total lost operating revenues from the County equals \$4,436,066.

## Maintenance of Effort

According to Maryland's Maintenance of Effort law, in order to receive any increase in basic state school aid, each county must appropriate an amount equal to or greater than its prior year per pupil appropriation. The Maintenance of Effort law states that if there is no enrollment growth, local funding can remain the same as that of the previous year in terms of total dollars. If there is enrollment growth, local funding is to remain the same on a per pupil basis. The Maintenance of Effort calculation does not provide for other significant needs. For example, a student with special needs could cost more than twice as much as a regular education student. The calculation does not address inflation, the cost of negotiated agreements and benefits, and funding for quality improvement initiatives. Fortunately, Harford County Government has funded the school system well above the Maintenance of Effort level for several years.

<sup>1</sup> Data contained in Harford County Government Approved FY 2011 Budget.

# Revenue

The Maintenance of Effort calculation for fiscal 2011 is \$211,061,789 or an increase of \$146,989 over fiscal 2010 due to an enrollment increase of 26 students as of September 30, 2009. The fiscal 2011 Harford County Government proposed funding level exceeds Maintenance of Effort level by \$3 million.

## Harford County Government - Current Expense Fund

	Actual FY2008	Actual FY2009	Actual FY2010	Budget FY 2010	Budget FY 2011	Change from Budget FY 2010	
Unrestricted - Total	\$199,614,800	\$206,978,734	\$210,414,800	\$210,914,800	\$214,061,789	\$3,146,989	1.5%
Restricted - Total	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Current Expense Fund - Total</b>	<b>\$199,614,800</b>	<b>\$206,978,734</b>	<b>\$210,414,800</b>	<b>\$210,914,800</b>	<b>\$214,061,789</b>	<b>\$3,146,989</b>	<b>1.5%</b>
<b>% Current Expense Fund</b>	<b>46.4%</b>	<b>47.1%</b>	<b>46.5%</b>	<b>46.7%</b>	<b>46.8%</b>		

The County Executive and County Council are requested to fund the Unrestricted and Capital Funds for Harford County Public Schools. For fiscal 2011, Harford County Government will be providing 46.8% or \$214.1 million of the total Current Expense Fund Budget, after considering revenues from state, federal, and all other sources. These figures do not include Capital Projects or Debt Service funding.

## State Funding History – Bridge to Excellence

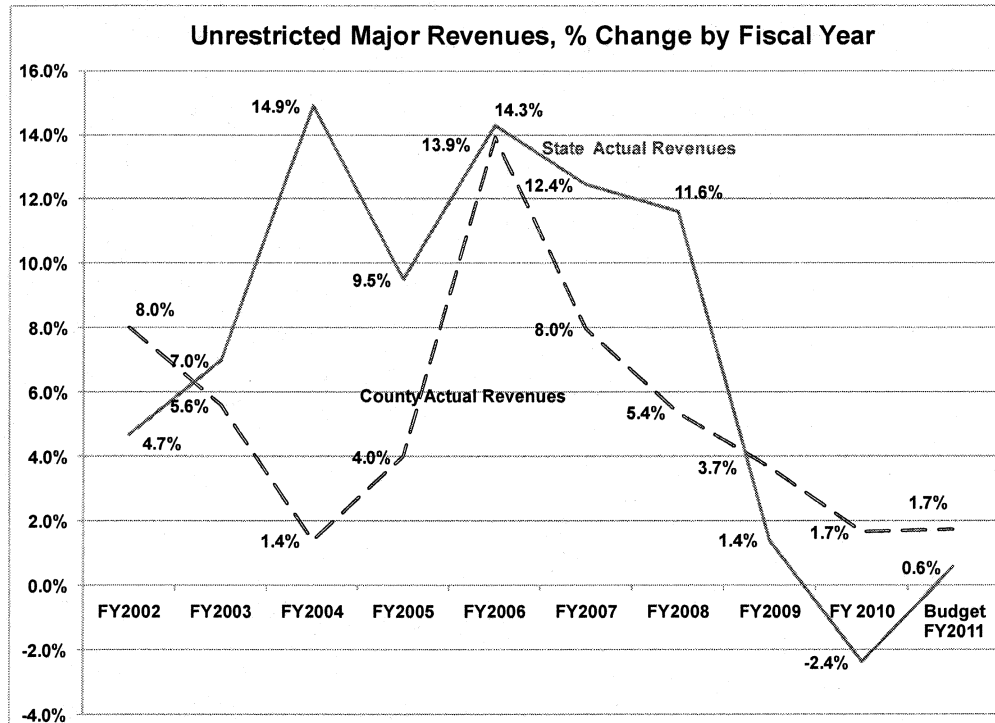
The State of Maryland adopted the (Thornton Legislation) Bridge to Excellence in Public Schools Act in 2002. This law has initiated major changes in the state financing of public schools. This legislation and on-going funding is a result of the report from the Commission on Education Finance, Equity, and Excellence (Thornton Commission) established by the state legislature in 1999. The Thornton Commission basically recommended:

- A significant increase in state aid to education to ensure adequacy.
- Additional equalization of funding between school systems, and
- Additional support for economically disadvantaged students, students with limited English proficiency, and Special Education students.

Under the legislation, the measure of success of this new flexibility with state aid would not be how funds are distributed, but how well students reach goals of academic success. The new financial structure recognizes that the basis of success for *students at risk* for academic failure is a quality teacher in every classroom, adequate materials, and additional help. The original legislation required an increase in state aid to local education agencies of \$1.3 billion from fiscal 2004 to fiscal 2009. However, in 2007 this legislation and ensuing funding formulas were amended resulting in a significant reduction to the original projected funding figures. This will be discussed in more detail in the Amendments to Bridge to Excellence section.

In 2002, State law changed to provide additional support to education and released funds previously classified as restricted. In fiscal 2004 and 2005, the State of Maryland moved approximately \$8 million of restricted revenue (grants) into unrestricted state aid as part of the change in the law in 2002. In that same two year period, the County percentage of support dropped dramatically before increasing in fiscal 2005 and 2006, then dropping to 3.7% in fiscal 2009 and decreasing to 1.7% in fiscal 2011. The chart on the following page identifies the percentage change in unrestricted State support and County Government support over the last ten year period.

# Revenue



## Amendments to Bridge to Excellence

As mentioned earlier, the Governor of the State of Maryland called a Special Session of the Maryland General Assembly in October and November 2007. During the Special Session, increases in taxes were considered and approved. In addition, the General Assembly passed a Budget Reconciliation Bill to alter the Thornton funding for the fiscal 2009 through the fiscal 2012 budget. These measures were proposed to reduce a state revenue structural deficit. As a result of the 2007 Special Session of the General Assembly and the Governor's request to change the Thornton funding formulas, HCPS lost \$9,003,000 in new state aid formula funding for fiscal 2009. This reduction continued in fiscal 2010 and 2011. Total reduction of state aid revenue, as a result of the amended legislation, is \$27,009,000.

The following table details the actual change in state aid since the inception of the Bridge to Excellence legislation in FY 2003.

<b>Change in State Aid, Bridge to Excellence Legislation</b>			
<b>Actual</b>	<b>Unrestricted Fund</b>	<b>Restricted Fund</b>	<b>Total Increase or Decrease in State Aid</b>
FY 2003	\$ 7,291,204	\$ 809,908	\$ 8,101,112
FY 2004	\$ 16,590,927	\$ (3,778,347)	\$ 12,812,580
FY 2005	\$ 12,121,928	\$ (1,927,398)	\$ 10,194,530
FY 2006	\$ 20,006,520	\$ 514,936	\$ 20,521,456
FY 2007	\$ 19,887,002	\$ 2,627,976	\$ 22,514,978
FY 2008	\$ 20,846,828	\$ (513,856)	\$ 20,332,972
FY 2009	\$ 2,845,788	\$ 440,746	\$ 3,286,534
FY 2010	(\$4,820,242)	\$ (889,468)	\$ (5,709,710)
FY 2011*	\$1,138,667	\$ 31,176	\$ 1,169,843

\*Budget

# Revenue

## State Revenues

Unrestricted state aid will increase by \$1,153,435 or .6% for fiscal year 2011. This increase is attributable to a minimal increase in enrollment of 26 students, combined with a State of Maryland freeze of the Thornton formulas for aid to local school systems. Restricted state aid is projected to decrease in fiscal 2011 by \$281,621 or -3.8%. In total, State of Maryland aid in the Current Expense Fund will increase slightly in fiscal year 2011 by \$871,814.

### Maryland State Revenue - Current Expense Fund

Program	Actual FY2008	Actual FY2009	Actual FY2010	Budget FY2010	Budget FY2011	Change from Budget FY2010	
Foundation	\$152,089,377	\$152,882,001	\$146,644,783	\$146,641,649	\$146,436,009	(\$205,640)	
Compensatory Education	\$22,631,875	\$24,815,178	\$25,933,668	\$25,932,220	\$28,111,071	\$2,178,851	
Extended Elementary	\$0	\$0	\$0	\$0	\$0	\$0	
Public Transportation Aid	\$10,525,092	\$10,815,135	\$10,815,679	\$10,815,530	\$10,805,481	(\$10,049)	
Special Education Aid	\$13,196,818	\$12,361,384	\$12,384,621	\$12,384,034	\$12,181,574	(\$202,460)	
Limited English Proficiency	\$1,602,977	\$2,039,950	\$1,880,829	\$1,880,773	\$1,787,911	(\$92,862)	
MSDE - Employees on Loan	\$452,909	\$431,188	\$360,258	\$347,317	\$347,317	\$0	
Supplemental Grant	\$0	\$0	\$504,756	\$508,303	(\$6,102)	(\$514,405)	
<b>Unrestricted - Total</b>	<b>\$200,499,048</b>	<b>\$203,344,836</b>	<b>\$198,524,594</b>	<b>\$198,509,826</b>	<b>\$199,663,261</b>	<b>\$1,153,435</b>	<b>0.6%</b>
<b>Restricted - Total</b>	<b>\$7,522,138</b>	<b>\$7,962,884</b>	<b>\$7,073,416</b>	<b>\$7,386,213</b>	<b>\$7,104,592</b>	<b>(\$281,621)</b>	<b>-3.8%</b>
<b>Current Expense Fund - Total</b>	<b>\$208,021,186</b>	<b>\$211,307,720</b>	<b>\$205,598,010</b>	<b>\$205,896,039</b>	<b>\$206,767,853</b>	<b>\$871,814</b>	<b>0.4%</b>
<b>% Current Expense Fund</b>	<b>48.3%</b>	<b>48.1%</b>	<b>45.4%</b>	<b>45.6%</b>	<b>45.2%</b>		

HCPS ranks eighth in the state for total state support with a range of \$10.6 million to \$854.2 million for school systems for fiscal 2011. State aid is the second largest funding support for the school system.

From fiscal 2002 to 2005, HCPS was ranked 24<sup>th</sup> in per pupil funding out of 24 school districts in the State of Maryland. However, in fiscal 2008, HCPS rose to 16<sup>th</sup> in total per pupil funding.

State aid for future years is unknown. The problem with expenditures exceeding ongoing revenues, commonly referred to as a "structural deficit" is projected to continue in the State of Maryland. The State enacted legislation to create new revenues and taxes during the Special Session of the Maryland General Assembly in October and November 2007 to reduce the structural deficit. Since state aid is the second largest source of funding for HCPS, the State's attempt to reduce expenditures and future state education aid is a major factor in planning future budgets.

# Revenue

## Federal Revenues

Federal aid to the Unrestricted Budget is limited to Impact Aid which currently represents less than .1% of unrestricted revenues. Federal Impact Aid provides assistance to local school districts with concentrations of children residing on Indian lands, military bases, low-rent housing properties, or other federal properties and, to a lesser extent, concentrations of children who have parents in the uniformed services or employed on eligible federal properties who do not live on federal property.

<b>Federal Revenue - Current Expense Fund</b>							
	Actual FY2008	Actual FY2009	Actual FY2010	Budget FY 2010	Budget FY 2011	Change from Budget FY 2010	
Impact Area Aid	\$339,805	\$278,693	\$625,283	\$380,330	\$650,000	269,670	77.0%
<b>Unrestricted - Total</b>	<b>\$339,805</b>	<b>\$278,693</b>	<b>\$625,283</b>	<b>\$380,330</b>	<b>\$650,000</b>	<b>\$269,670</b>	<b>77.0%</b>
<b>Restricted - Total</b>	<b>\$16,608,059</b>	<b>\$16,266,497</b>	<b>\$26,112,719</b>	<b>\$26,365,628</b>	<b>\$27,416,506</b>	<b>\$1,050,878</b>	<b>3.8%</b>
<b>Current Expense Fund - Total</b>	<b>\$16,947,864</b>	<b>\$16,545,190</b>	<b>\$26,738,002</b>	<b>\$26,745,958</b>	<b>\$28,066,506</b>	<b>1,320,548</b>	<b>4.7%</b>
<b>% Current Expense Fund</b>	<b>3.9%</b>	<b>3.8%</b>	<b>5.9%</b>	<b>5.9%</b>	<b>6.1%</b>		

Prior to fiscal 2010, restricted federal aid accounted for approximately 4% of the Current Expense Fund. However, in fiscal 2010 federal aid has increased substantially due to the funding of the American Recovery and Reinvestment Act (ARRA) of 2009. Nationally \$39.5 billion dollars will be allocated to states over two years as part of the ARRA funding in 2009. The State of Maryland will receive approximately \$720 million dollars over the two year period. As shown above, total federal aid to Harford County Public Schools increased \$10.2 million dollars in fiscal 2010 and will increase in fiscal 2011 by \$1,050,878.

The American Recovery and Reinvestment Act funds comprise \$8.7 million of the fiscal 2010 budget and \$9.8 million of the fiscal 2011 budget. ARRA funds are being awarded to HCPS as restricted grants and fall into one of several categories; State Fiscal Stabilization, Title 1, and Individuals with Disabilities Act. The overall goal of ARRA funds is to stimulate the economy in the short term and invest in education and other public services to ensure the long term health of our nation. A complete list of federal ARRA funds can be found in the restricted section of this book.

# Revenue

## Other Revenue

In the Unrestricted Fund Budget, other revenues include fees, tuition, building use fees, gate receipts, E-rate funds, interest income and other sources. In the Restricted Budget, other sources include small local grants and donations. In the total Current Expense Fund Budget, other revenue sources account for slightly less than one percent of the overall budget resources. The details of other revenues, excluding Appropriated Fund Balance, are reflected in the table below.

Other Revenue - Current Expense Fund						
	Actual FY2008	Actual FY2009	Actual FY2010	Budget FY2010	Budget FY2011	Change FY10 - FY11
Tuition - Non-Resident Pupils	\$26,109	\$34,715	\$26,445	\$25,000	\$25,000	\$0
Tuition - Adult. Education (MSDE In-service)	\$31,530	\$56,166	\$46,727	\$40,000	\$40,000	\$0
Tuition - Summer School	\$214,388	\$235,669	\$255,349	\$201,128	\$254,214	\$53,086
Alternative Education - Online Courses	\$10,725	\$13,823	\$0	\$10,700	\$0	(\$10,700)
Tuition - Other/Alternative Education	\$6,570	\$3,581	\$0	\$7,500		(\$7,500)
Transportation Receipts from Field Trips	\$206,486	\$195,510	\$177,491	\$180,000	\$180,000	\$0
Interest Income	\$740,046	\$142,026	\$25,826	\$505,000	\$150,000	(\$355,000)
Rental of Facilities	\$0	\$2,000	\$2,000	\$0	\$0	\$0
Building Use Fee	\$423,823	\$401,848	\$321,198	\$420,000	\$420,000	\$0
Harford Glen	\$2,935	\$7,012	\$14,830	\$0	\$0	\$0
Donations	\$5,117	\$13,838	\$67,727	\$18,461	\$18,461	\$0
CPR Courses	\$1,103	\$971	\$1,501	\$1,000	\$1,000	\$0
Delta Dental	\$0	\$0	\$444,791	\$0	\$0	\$0
Garnishment Admin. Charge	\$0	\$0	\$1,392	\$0	\$0	\$0
Recycle Refund	\$0	\$0	\$2,091	\$0	\$0	\$0
Health Insurance Rebate/Settlements	\$0	\$31,065	\$153,098	\$0	\$0	\$0
Liability Ins. Dividend	\$46,550	\$85,650	\$0	\$0	\$0	\$0
Medicare Part D Refunds	\$245,603	\$537,644	\$706,097	\$0	\$0	\$0
Other misc rebates and discounts	\$14,087	\$23,661	\$20,508	\$3,000	\$20,000	\$17,000
Misc revenue (write-off) from grants	-\$2,409	-\$8,424	\$17,671	-\$10,000	-\$8,000	\$2,000
MSDE - Refund	-\$23,968	\$0	\$0	\$0	\$0	\$0
Non Public Tuition Reimbursement	\$0	\$69,235	\$20,000	\$0	\$0	\$0
Reimbursement RAACS	\$13,975	\$4,520	\$0	\$0	\$0	\$0
Revenues from HCEA - Employees on Loan	\$109,806	\$90,278	\$52,750	\$90,035	\$90,035	\$0
HCEA			\$1,811	\$0	\$0	\$0
MSPRC			\$3,878	\$0	\$0	\$0
ING (ReliaStar)			\$693,703	\$0	\$0	\$0
Revenues from Johns Hopkins	\$35,309	\$0	\$0	\$0	\$0	\$0
Sale of Contract Plans	\$0	\$19,525	\$2,300	\$10,000	\$10,000	\$0
Sale of Curriculum	\$1,500	\$0	\$0	\$0	\$0	\$0
Unspent Flex Spending/Dependent Care	\$32,136	\$53,543	\$56,057	\$0	\$0	\$0
US Communities/WF Rebate	\$13,577	\$5,848	\$9,738	\$15,000	\$15,000	\$0
WC Audit Refund	\$11,582	\$4,524	\$0	\$0	\$0	\$0
WC (MABE) Dividend	\$0	\$81,631	\$100,984	\$0	\$94,506	\$94,506
Gate Receipts	\$305,744	\$325,602	\$343,003	\$329,842	\$329,842	\$0
Other Interscholastic Receipts	\$27,123	\$10,817	\$12,175	\$25,900	\$25,900	\$0
Advertising Receipts for Harford Schools	\$60,755	\$4,028	\$0	\$0	\$0	\$0
E-Rate	\$500,342	\$574,715	\$601,854	\$700,000	\$575,000	(\$125,000)
Equipment Sale	\$30,998	\$17,364	\$28,970	\$60,000	\$30,000	(\$30,000)
Net Insurance Recovery	\$435,463	\$0	\$0	\$0	\$0	\$0
Out of County LEA	\$448,473	\$381,245	\$426,974	\$450,000	\$450,000	\$0
<b>Unrestricted - Total</b>	<b>\$3,975,477</b>	<b>\$3,419,630</b>	<b>\$4,638,940</b>	<b>\$3,082,566</b>	<b>\$2,720,958</b>	<b>(\$361,608)</b>
<b>Restricted - Total</b>	<b>\$151,867</b>	<b>\$128,510</b>	<b>\$506,922</b>	<b>\$319,015</b>	<b>\$201,000</b>	<b>(\$118,015)</b>
<b>Current Expense Fund - Total</b>	<b>\$4,127,344</b>	<b>\$3,548,140</b>	<b>\$5,145,862</b>	<b>\$3,401,581</b>	<b>\$2,921,958</b>	<b>(\$479,623)</b>
<b>% Current Expense Fund</b>	<b>1.0%</b>	<b>0.8%</b>	<b>1.1%</b>	<b>0.8%</b>	<b>0.6%</b>	



# Revenue

## Unrestricted Fund Balance

Due to the fiscal constraints facing the school system, as well as the rest of the state and nation, undesignated fund balance revenue of \$5.4 million is being used to cover one-time and ongoing expenditures in the fiscal 2011 budget. Slightly more than \$2.0 million of the 2011 fund balance appropriation is a result of unanticipated revenue from FY 2010. These unanticipated revenues are detailed in the chart below.

<b>Composition of Appropriated Fund Balance for FY 2011</b>	
<b>Amount allocated from FY 2009 year end:</b>	<b>\$3,378,968</b>
<b>Unanticipated revenue from FY 2010:</b>	
Delta Dental	\$444,791
Health Insurance Rebate/Settlements	\$153,098
Medicare Part D Refunds	\$706,097
ING (ReliaStar)	\$693,703
Unspent Flex Spending/Dependent Care	\$56,057
<b>Designated for OPEB (Healthcare)</b>	<b>\$2,053,746</b>
<b>Total Fund Balance Appropriation for FY 2011</b>	<b>\$5,432,714</b>

A table is included in the expenditure section identifying all items supported by the fund balance transfer. Actual fund balance for fiscal 2008 through 2010 and budgeted fund balance for fiscal 2011 are reflected in the following table.

<b>Unrestricted Fund Balance</b>				
FUND SOURCES:	Actual FY 2008	Actual FY 2009	Actual FY 2010	Budget FY 2011
<b>Beginning Balance</b>	<b>\$9,940,093</b>	<b>\$10,626,169</b>	<b>\$11,475,851</b>	<b>\$16,477,503</b>
<b>Revenue:</b>				
Harford County Government	\$199,614,800	\$206,978,734	\$210,414,800	\$214,061,789
State of Maryland	\$200,499,048	\$203,344,836	\$198,524,594	\$199,663,261
Federal Government	\$339,805	\$278,693	\$625,283	\$650,000
Other Sources/Transfers	\$3,975,477	\$3,419,630	\$4,638,940	\$2,720,958
<b>Total Revenues</b>	<b>\$404,429,130</b>	<b>\$414,021,893</b>	<b>\$414,203,617</b>	<b>\$417,096,008</b>
<b>Expenditures</b>	<b>\$400,707,870</b>	<b>\$408,788,211</b>	<b>\$409,201,965</b>	<b>\$422,528,722</b>
Transfer to Capital Projects	(3,035,184)	(4,384,000)	\$0	\$0
<b>Ending Balance</b>	<b>\$10,626,169</b>	<b>\$11,475,851</b>	<b>\$16,477,503</b>	<b>\$11,044,789</b>
Designated Health Insurance Call		(1,225,166)	(1,225,166)	(1,225,166)
Designation for Emergency Fuel Reserve		(1,000,000)	(1,000,000)	(1,000,000)
<b>Projected Undesignated Fund Balance</b>		<b>\$9,250,685</b>	<b>\$14,252,337</b>	<b>\$8,819,623</b>
<b>Percentage of FY 2011 Unrestricted Operating Budget</b>				<b>2.1%</b>

As requested by Harford County Government, HCPS returned \$500,000 in funding for fiscal 2010. This will reduce fiscal 2010 year end fund balance accordingly. However, the combined recognition of one time revenues and implementation of various cost savings measures, HCPS ended fiscal 2010 with a positive fund balance of \$16.5 million at June 30, 2010, \$1.2 million is designated for the Health Insurance Call and \$1.0 million is designated as an Emergency Fuel Reserve. In additional \$5.4 M will be used in fiscal 2011. The projected undesignated fund balance for FY 2011, of \$8.8 million, represents 2.1% of the total Unrestricted Fund Budget. Faced with an operating structural deficit of \$7.6M for FY 2012 and stagnate revenue projections, HCPS will likely have to use fund balance to maintain current level of services.

# Revenue

## Indirect Cost Recovery

Indirect cost recovery provides the means of allocating administrative expenditures to restricted programs based on a predetermined formula. The application of these principles is based upon the fundamental premise that school systems are responsible for the efficient and effective administration of grants and for ensuring that program funds are expended and accounted for as required. Indirect cost recovery effectively acts as a transfer of eligible business and centralized service support expenditures to the restricted grant program. The eligible services include accounting, audit, budgeting, finance, payroll, personnel and purchasing. This recovery charge is posted to existing grant awards. MSDE establishes the indirect cost recovery rate for all state restricted grants and federal restricted grants that pass through the state government. The adjusted rate established, used by Harford County Public Schools to recover these administrative overhead costs, will be 3.0 percent of the total grant funds expended. Indirect cost recovery rates on other grants are negotiated with the grantor. Not every grant features indirect cost recovery eligibility. Such eligibility is dependent upon approval in the grant award. The accumulated indirect cost recovery supports the following positions:

- 1.0 FTE Grant Accountant
- 1.0 FTE Human Resource Specialist
- 1.0 FTE Payroll Clerk

The total indirect cost recovery projected for fiscal 2011 is \$563,882.

## Other Funds

The Pension Fund is \$34,323,976 which represents the State of Maryland's contribution to the teacher pension system. More details on the Pension Fund are provided in the pension section located later in this budget document. The Food Service Fund is \$14,801,234 for fiscal 2011. The Food Service Fund is a self-supporting special revenue fund. Additional detail is provided in the food service section located later in this document. Debt Service funds in the amount of \$25,552,328 are managed by the Harford County Government and more detail is provided in later in this budget document. The Capital Projects Fund of \$34,699,534 includes primarily state and local government funding. The Capital Budget Summary is contained in a later section of this budget document.