

CAPITAL BUDGET

Each year the Board of Education, school staff, and community, review and analyze the Capital Improvement Program (CIP) for the Board to establish priorities as it secures future funding. This review includes the status of county and state funding levels from the previous fiscal year, the volume and status of current approved capital projects, an analysis of enrollments and capacities, and a study of population growth within Harford County. In addition, information obtained from system wide building evaluations, a review of project categories, and the infusion of technology into our facilities is considered.

All construction projects are budgeted in the School Construction Fund often referred to as the Capital Budget. School construction is budgeted on a project basis. Projects may be funded over several years and allocations may be carried forward over multiple years until completion. This budget represents the new funding requested by the Board of Education and proposed to the County Government for FY 2009.

The Harford County Board of Education lacks taxing authority and remains revenue dependent upon the Harford County and State governments to fund the Capital Budget. State funds are approved by the State's Interagency Committee. The Capital Budget for FY 2009 contains state funding and county capital funding for new construction, renovation, expansion, and modernization projects.

The Approved Capital Budget for Fiscal Year 2009 funds thirty projects totaling \$132,930,567. Of this amount, \$113,041,627 is to be funded with county revenue and \$14,604,940 is to be funded with state revenue. In addition, \$5,284,000 will be funded from other sources of revenue. It should be noted that the Aging Schools Program, funded by the State in the amount of \$395,296, is included in Restricted Funds. Our original request for State funding was a total of \$64,109,057, of which the State has agreed to \$14,604,940 in funding.

The Capital Improvement Plan is managed by the Planning and Construction Office and the Operations Office. Harford County Public Schools has developed a multi-year capital improvement plan and updates the plan annually based on changing enrollments and conditions of schools. The School Construction Fund accounting is handled by the Finance Department in Business Services.

Harford County Public Schools School Construction Fund

| FUND SOURCE | Actual FY 2005 | Actual FY 2006 | Actual FY 2007 | Actual FY 2008 | Budget FY 2009 |
|--------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Balance | \$0 | \$0 | \$0 | \$25,000 | \$8,071,754 |
| Revenue | | | | | |
| Local | \$23,438,566 | \$49,268,486 | \$39,514,944 | \$79,119,796 | \$113,041,627 |
| State | \$11,967,677 | \$6,890,203 | \$7,648,277 | \$20,625,823 | \$14,604,940 |
| Total Federal | \$0 | \$0 | \$0 | | \$0 |
| Other Revenue | \$3,191,748 | \$161,305 | \$779,615 | \$1,407,798 | \$5,284,000 |
| Total Receipts | \$38,597,991 | \$56,319,994 | \$47,942,836 | \$101,153,417 | \$132,930,567 |
| Other Sources | \$2,475,080 | \$8,893,292 | \$151,851 | \$3,035,184 | \$0 |
| EXPENDITURES: | \$41,073,071 | \$65,213,286 | \$48,069,687 | \$96,141,847 | \$132,930,567 |
| ENDING BALANCE: | \$0 | \$0 | \$25,000 | \$8,071,754 | \$8,071,754 |

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School construction is accounted for by project where revenues are recognized at the same time as related expenditures. Under the budgetary basis of accounting, this normally results in a fund balance of zero at the end of each period.

Capital projects funds are used to account for financial resources to be used for the acquisition, construction, or improvements to major capital facilities. A capital expenditure is the amount used during a particular period to acquire or improve long-term assets such as property, plant, or equipment. Some capital expenditures are determined by the way the County government decides how they are going to budget for the expenditure (i.e. Textbook Refresh in the Capital Projects Fund instead of the Unrestricted Budget as an operating expense).

CAPITAL IMPROVEMENT IMPACT ON THE OPERATING BUDGET

As school enrollment increases or school improvement plans change, more teachers are added to the growing needs and operating expenses are increased to provide the school with it's per pupil allocation of funding.

When the School Construction Fund pays for the building or expansion of a school, there is an impact on the Operating Budget. The staff expansion needs are determined by the Executive Directors of Elementary and Secondary Education while the building maintenance needs are determined by the Director of Facilities and the Assistant Superintendent of Operations.

As the CIP is implemented and facilities are expanded, the Board of Education will determine staffing additions based on:

- Enrollment Projections (see Exhibits in the Statistical Section);
- State Rated Capacities and Percentages of Utilization; and,
- Availability of operating funds.

While some of the capital improvements involve maintenance of facilities, which should help keep operational costs down, building expansions often involve shifting students from portable classrooms to permanent instructional facilities. This often minimizes the effect on the operating budget since the instructional support is already in place. Traditionally, when a new school opens, the Board of Education has provided supplemental budget allocations for the purchase of textbooks, library materials, and other related instructional items. The custodial staffing allocations are generally determined by square footage and special needs.

Each year, a review of the operating impact of new construction or renovations is undertaken and funds are requested during the budget development process. The County Government determines the projects to be included in the capital program by their funding of the projects. Projects include new building construction, renovations, moderations, additions, roof repairs, HVAC repairs, textbooks, technology, and various other equipment or improvements.

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The following chart provides future estimated operating impacts from the Requested Capital Projects.

| HARFORD COUNTY PUBLIC SCHOOLS ESTIMATED OPERATING IMPACT - FUTURE YEARS | | | | |
|--|--|--------------------------------------|--------------------|--------------------|
| PROJECT DESCRIPTION | SALARIES & WAGES | OTHER COSTS | EQUIPMENT | TOTAL |
| Construction Projects: | | | | |
| Bel Air High School Replacement | \$0 | \$310,000 | \$300,000 | \$610,000 |
| Deerfield ES Replacement | \$0 | \$205,000 | \$125,000 | \$330,000 |
| Edgewood High School Replacement | | \$310,000 | \$300,000 | \$610,000 |
| Fire Alarm & ER Communications | \$0 | \$22,000 | \$0 | \$22,000 |
| Gordon Street (Building Restoration) | | Other Costs are unknown at this time | | |
| Joppatowne ES Modernization/Addition | \$0 | \$205,000 | \$125,000 | \$330,000 |
| Red Pump ES - New School | \$0 | \$815,000 | \$400,000 | \$1,215,000 |
| Relocatable Classrooms | \$0 | \$0 | \$275,000 | \$275,000 |
| Schuck's Road ES New School | \$0 | \$815,000 | \$400,000 | \$1,215,000 |
| Total Estimated Operating Impact - Future Years | \$0 | \$2,682,000 | \$1,925,000 | \$4,607,000 |
| Improvements & Maintenance Projects: | | | | |
| ADA Improvements and Survey | No Operating Impact at this time. | | | |
| Athletic Fields Repair/Renovations | No Operating Impact at this time. | | | |
| Bel Air Elementary School Site Improvement | No additional operating expenses but safer drop off for children | | | |
| Harford Tech. HS Field Improvements | Provides athletic fields for high school. | | | |
| Major HVAC Repairs | Provides funds for major emergency repairs | | | |
| Paving - Overlay and Maintenance | Will reduce future maintenance costs in the short term. | | | |
| Roof Replacement: Fallston High School | Replacement will enhance useful life of building and contents. | | | |
| Equipment & Other Projects: | | | | |
| Bleacher Replacement | No Operating Impact at this time. | | | |
| Equipment & Furniture Replacement | Provides new furniture & equipment to schools. | | | |
| HVAC Replacement - North Harford MS | May increase electrical costs but reduce maintenance costs. | | | |
| Jarrettsville ES - HVAC | May increase electrical costs but reduce maintenance costs. | | | |
| Locker Replacement - Havre de Grace MS | No Operating Impact at this time. | | | |
| Music Refresh Program | Replaces old music instruments. | | | |
| Playground Equipment | Provides safe playgrounds for elementary schools. | | | |
| Replacement Buses | Maintenance costs will be reduced as new buses are purchased. | | | |
| Replacement Vehicles | Allows replacement of older equipment and vehicles which in reduce future maintenance costs. | | | |
| Security Cameras | Provide secure and safer environment for students and staff. | | | |
| Technology Infrastructure | Replacement of older, obsolete, or broken equipment will reduce future technology maintenance costs. | | | |
| Textbook Refresh | Replacement of older textbooks and updating of curriculum | | | |
| Vocational/Technical Equipment Refresh | Allows replacement of older equipment which in turn will reduce future maintenance costs. | | | |

CAPITAL BUDGET

Reconciliation of County Capital Projects for Board of Education FY 2009

| | |
|--|---------------------------|
| County Government Approved Capital Program | \$ 127,282,195 |
| Board of Education Capital Projects Fund | <u>\$ 132,930,567</u> |
| Difference | \$ 5,648,372 |
| State Funding Differences | |
| Aging Schools is included in our Restricted Fund | (\$400,000) |
| Deerfield Elementary State Share not in County Budget | \$6,064,756 |
| Roof Replacement on County greater than State approval | (\$11,818) |
| Joppatowne Elem. State Funding greater than State approval | (\$4,816) |
| Jarrettsville Elem. State funding less than State approval | \$250 |
| | <u><u>\$5,648,372</u></u> |

There are no significant nonroutine capital expenditures in the capital budget. Projects are planned, reviewed, and approved by the Board of Education in advance of State and County funding approvals.

Other items in this section include the following:

Capital Improvements Process for Fiscal Year 2009

- Represents the planning process of the HCPS Capital Improvements Plan.

Capital Improvement Plan – Fiscal Year 2009 for HCPS

- Represents the current Fiscal Year Capital Projects for HCPS based on approved State of Maryland and Harford County Government funding.

Individual Capital Project Pages are included with the approved funding from State and County sources. Thirty different capital projects are included.

Harford County Public Schools Completed Capital Projects

- Represents the Capital Projects completed since 1990.