



Comprehensive Annual Financial Report

For the Fiscal Year ended June 30, 2009



A Component Unit of Harford County, Maryland

Harford County Public Schools

102 S. Hickory Avenue • Bel Air, MD 21014

2008 to 2009 Board of Education of Harford County



Pictured from left to right:

Seated: Ruth R. Rich, Patricia L. Skebeck, Patrick L. Hess, Lee Merrell

Standing: John L. Smilko, Mark M. Wolkow, Leonard D. Wheeler, Ed.D.,
Alysson L. Krchnavy, D.J. Sigworth, Jr.

Harford County Public Schools
A Component Unit of Harford County, Maryland
102 South Hickory Avenue
Bel Air, Maryland 21014



Comprehensive Annual Financial Report
For the Fiscal Year ended June 30, 2009

Prepared by the Division of Business Services
Finance Department

Office of Civil Rights Statement for Harford County Public Schools

The Harford County Public School System does not discriminate on the basis of race, color, sex, age, national origin, religion, sexual orientation, or disability in matters affecting employment or in providing access to programs. Inquiries related to the policies of the Board of Education should be directed to the Director of Public Information, 410-588-5203.

Harford County Public Schools

Student Contributions

<u>Student</u>	<u>Grade</u>	<u>School</u>	<u>Page</u>
<i>Aedan McBride</i>	<i>4</i>	<i>Roye-Williams Elementary School</i>	<i>1</i>
<i>Steven Ghlorse</i>	<i>11</i>	<i>C. Milton Wright High School</i>	<i>10</i>
<i>Katie Perzinski</i>	<i>9</i>	<i>Harford Technical High School</i>	<i>11</i>
<i>Jenna Palmer</i>	<i>1</i>	<i>Prospect Mill Elementary School</i>	<i>12</i>
<i>Erin Worthington</i>	<i>10</i>	<i>Havre de Grace High School</i>	<i>54</i>
<i>Amanda Rickman</i>	<i>8</i>	<i>North Harford Middle School</i>	<i>55</i>
<i>Michaela Ballistreri</i>	<i>5</i>	<i>Fountain Green Elementary School</i>	<i>57</i>
<i>Kim Eddy</i>	<i>9</i>	<i>Joppatowne High School</i>	<i>64</i>
<i>Patty Gray</i>	<i>12</i>	<i>North Harford High School</i>	<i>76</i>
<i>Austin Sapp</i>	<i>10</i>	<i>Fallston High School</i>	<i>77</i>

Cover Design by Amanda Spencer, Public Relations Specialist

Havre de Grace High School senior, Malukah Johnson, works on a project as part of the 19th Annual Harford Equity Leadership Program (HELP) Conference held on Friday, November 7, 2008 at Harford Community College. This conference allowed students to experience a college campus while becoming leaders of cultural diversity efforts for their schools. Discussion topics included Harassment Discrimination Bullying, Career Planning for the 21st Century, Bullying and Harassment, Resisting Bias and Hate, Race/Ethnicity, Language, and Disability.

Harford County Public Schools

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Introductory Section



Aedan McBride, Roye-Williams Elementary School, Grade 4

Harford County Public Schools

where



Vision

Harford County is a community of learners where educating everyone takes everyone. We empower all students to contribute to a diverse, democratic, and change-oriented society. Our public schools, parents, public officials, businesses, community organizations, and citizens actively commit to educate all students to become caring, respectful, and responsible citizens.

Mission

The Mission of Harford County Public Schools is to foster a quality educational system that challenges students to develop knowledge and skills, and to inspire them to become life-long learners and good citizens.

Goals

- Every student graduates ready to succeed.
- Every student achieves personal and academic growth.
- Every student connects with great employees.
- Every student benefits from accountable adults.
- Every student feels comfortable going to school.

Board of Education of Harford County

The members of the Board as of June 30, 2009, their represented areas, and the year of expiration of their terms are as follows.

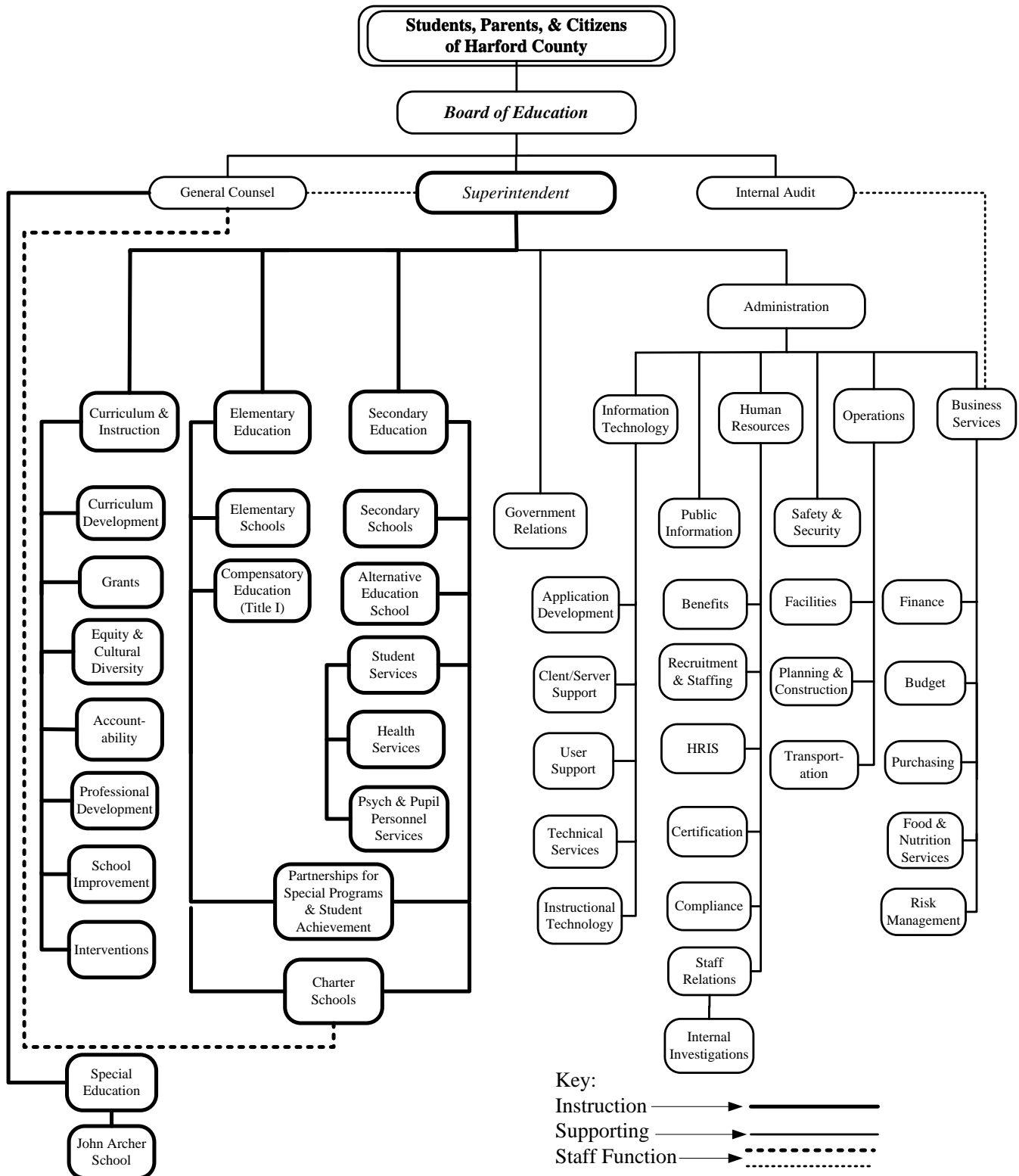
<u>Title</u>	<u>Name</u>	<u>Area</u>	<u>Term Ends</u>
President	Patrick L. Hess	Fallston	2011
Vice-president	Lee Merrell	Havre de Grace	2009
Other members	John L. Smilko	Joppa	2010
	Mark M. Wolkow	Abingdon/Edgewood	2012
	Ruth R. Rich	North Harford	2012
	Alysson L. Krchnavy	Bel Air	2013
	Leonard D. Wheeler, Ed. D.	Aberdeen	2013
Student member	D.L. Sigworth		2009

Harford County Public Schools Superintendent's Staff

Mrs. Patricia L. Skebeck	Interim Superintendent
Mr. Joseph P. Licata	Chief Administrative Officer
Mr. Cornell S. Brown, Jr.	Assistant Superintendent of Operations
Mrs. Linda J. Chamberlin	Executive Director of Elementary Education
Mr. John M. Markowski	Chief Financial Officer
Mr. H. Andrew Moore	Director of Information and Technology Services
Mr. Jonathan D. O'Neal	Assistant Superintendent of Human Resources
Mr. Roger L. Plunkett	Assistant Superintendent for Curriculum & Instruction
Mr. Patrick P. Spicer	General Counsel
Mr. David A. Volrath	Executive Director of Secondary Education

Harford County Public Schools

Organization at July 1, 2009





Harford County Public Schools

102 S. Hickory Avenue ♦ Bel Air, MD 21014 410-838-7300 Fax 410-893-2478

Robert M. Tomback, Ph.D., Superintendent of Schools

September 30, 2009

Members of the Board of Education:

The Public School Laws of the State of Maryland require school districts publish within three months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2009.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

SB & Company, LLC, a firm of licensed certified public accountants, have issued an unqualified (“clean”) opinion on Harford County Public Schools (HCPS) financial statements for the fiscal year ended June 30, 2009. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent public accountants’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

All funds and accounts of the HCPS are included in the comprehensive annual financial report. For financial reporting purposes, HCPS has been defined as a component unit of the Harford County Government. Therefore, HCPS is included in the comprehensive annual financial report of Harford County.

Profile of the Government

HCPS is a fiscally dependent school system with an actual enrollment of 38,610 students in FY 2009 and a projected enrollment of 38,351 in FY 2010. HCPS is the 129th largest school system of the 17,512 regular school districts in the country when ranked by enrollment. There are 24 school districts in the State of Maryland. This places HCPS in the top one percent of school districts by size.

Harford County Public Schools

Currently Harford County has 53 public schools along with 41 non public schools located within the County. Citizens in the County have a choice of public or private schools. According to the Bureau of Census, the school age population in 2000 was 45,189 of which 39,540 or 87.5% attended public schools. Of the 53 public schools in the system there are 32 elementary schools, nine middle schools, nine high schools, one special education school, one technical high school, and one alternative education school. A wide array of programs are offered to all students to assist in raising academic achievement, such as early reading and SAT preparation, to competitive athletics and the arts. For the last year data is available, FY07, HCPS' per pupil expenditures were \$10,247, ranking it 15th of the 24 school districts in the state.

Local economy

Harford County is located in northeastern Maryland. The County serves a population of 249,753 as of June 30, 2008. The economic condition and outlook of the County has substantially improved during the past decade. Since 1999 the population of Harford County has increased 13.3 percent, which has triggered significant construction activity and growth in the tax base. During the period, enrollment in the school system has fallen by 1.9 percent. Private schools in the County have grown from 35 to 41 during the same period of time, a 17% growth, and are presumed to absorb much of the student population increase.

County adequate public facilities (APF) legislation limits growth in areas with public schools that are over capacity. Exempted from APF legislation is 'over 55 communities' which are presumed not to have school age children. These developments are increasing in number spurring population increases while not contributing to student population growth.

It is anticipated that the impact of the federal Base Realignment and Closure (BRAC) legislation effectively moving operations from Ft. Monmouth, NJ to Aberdeen Proving Ground (APG) in Harford County will spur population and tax base growth. Legislated to be complete by 2011, it remains difficult to project the final impact on the County and HCPS but the estimates are for a population growth in excess of 10%. Initiatives are underway at the state and County levels to assess and improve the infrastructure to support this change.

The state's property assessment process, which has a three year reassessment cycle, makes the results of the recent downturn in the housing and mortgage markets difficult to assess. Further, the state's unemployment rate, in fiscal year 2008, averaged 4.4%. The County experienced a slightly lower rate of unemployment, 4.2%. In addition to steady population growth and low unemployment the County is also seeing a rise in median household income. The in 2007 state had the highest median household income in the nation, at \$68,080. According to the 2000 census, the median household income for the County was \$57,234 in 1999. In 2008 it is estimated that the County's median household income reached \$74,713.

Despite the historical trends evidence that the both the state and County are suffering from the recent recession. In FY09 the County requested a reduction of spending by the Board of Education, which is reflected in the financial statements presented herein. The state has made significant reductions to its various departments and agencies leaving public education relatively

Harford County Public Schools

unscathed. The reductions at the state continue into FY10 and we anticipate some, as yet to be determined, impact to HCPS during the current year.

Long-term financial planning

In 2002 the state legislature enacted the Bridge to Excellence in Public Schools Act. This law initiated major changes in the state financing of local schools in an effort to achieve both funding equity and adequacy between Maryland's 24 school districts. The law achieved its promise of an increase in state funding to public education of \$1.3 billion over six years. However, the governor of Maryland convened a special session of the Maryland general assembly in October 2007 to reduce the projected \$1.5 billion state structural deficit. During the special session, increases in taxes were approved and planned funding increases for public education were curtailed through FY2011. As a result, increases in State Aid to the Unrestricted Budget will be at a minimum growth of 1% over next year.

Relevant financial policies

Primary funding is provided by the State of Maryland and Harford County Government. The budget is approved by the Board of Education and the Harford County Council in accordance with state laws. The Board has no authority to levy and collect taxes or increase the budget. Formal budgetary integration, including encumbrance accounting, is employed as a management control device during the year for the governmental fund types. Management is authorized to transfer funds within major categories of expenditure, as defined by statute. Transfers between categories of expenditure during the fiscal year require approval of both the Board of Education and Harford County Council.

By statute, in order to receive any increase in state basic school aid, each county must appropriate an amount equal to, or greater than, the prior year per pupil appropriation. Referred to as the 'maintenance of effort' calculation, it provides that if there is no enrollment growth county funding will remain the same as that of the prior year in terms of total dollars. Counties often appropriate far in excess of the minimum amount stipulated in the law.

Capital projects are funded by Harford County Government and the State of Maryland. The Board of Education has no authority to issue general obligation debt. Funds are budgeted and appropriated on both a project and annual basis. Capital projects funds do not lapse at the end of each year and may be expended until completion of the project. Budget transfers between projects require the approval of both the Board of Education and the Harford County Council.

Major initiatives

Construction is underway for a replacement of Edgewood High School and the replacement of Deerfield Elementary School. Planning is in process for an additional elementary school, Red Pump Road Elementary School. The new elementary school will necessitate a comprehensive redistricting in the coming years.

Magnet and completer school programs continue to expand.

Harford County Public Schools

The *Global Studies Program (GSP)* at Edgewood High School provides a rigorous course of study for academically able and motivated students starting in the 9th grade, and serves as a preparatory program for the *International Baccalaureate Diploma Programme (IB)* in grades 11 and 12. It began at the start of the current school year along with a Natural Resources and Agriculture Sciences magnet is planned for North Harford High School.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County Public Schools for its comprehensive annual financial report for the fiscal year ended June 30, 2008. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, HCPS also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for the Year Beginning July 1, 2008. In order to qualify for the Distinguished Budget Presentation Award, the budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the services of the entire staff of the Finance Department, Office of Internal Audit, and SB & Company, LLC. Many other offices in the system contributed to provide data for this report, including the students whose art work is published throughout the document. Our appreciation is extended to all who assisted in the timely closing of the school system's financial records and in the preparation of this report. Credit must also be given to the Superintendent and Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of HCPS' finances.

Sincerely,



Robert M. Tomback, Ph.D.
Superintendent



John M. Markowski
Chief Financial Officer



Jay Staab
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Harford County Public Schools
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

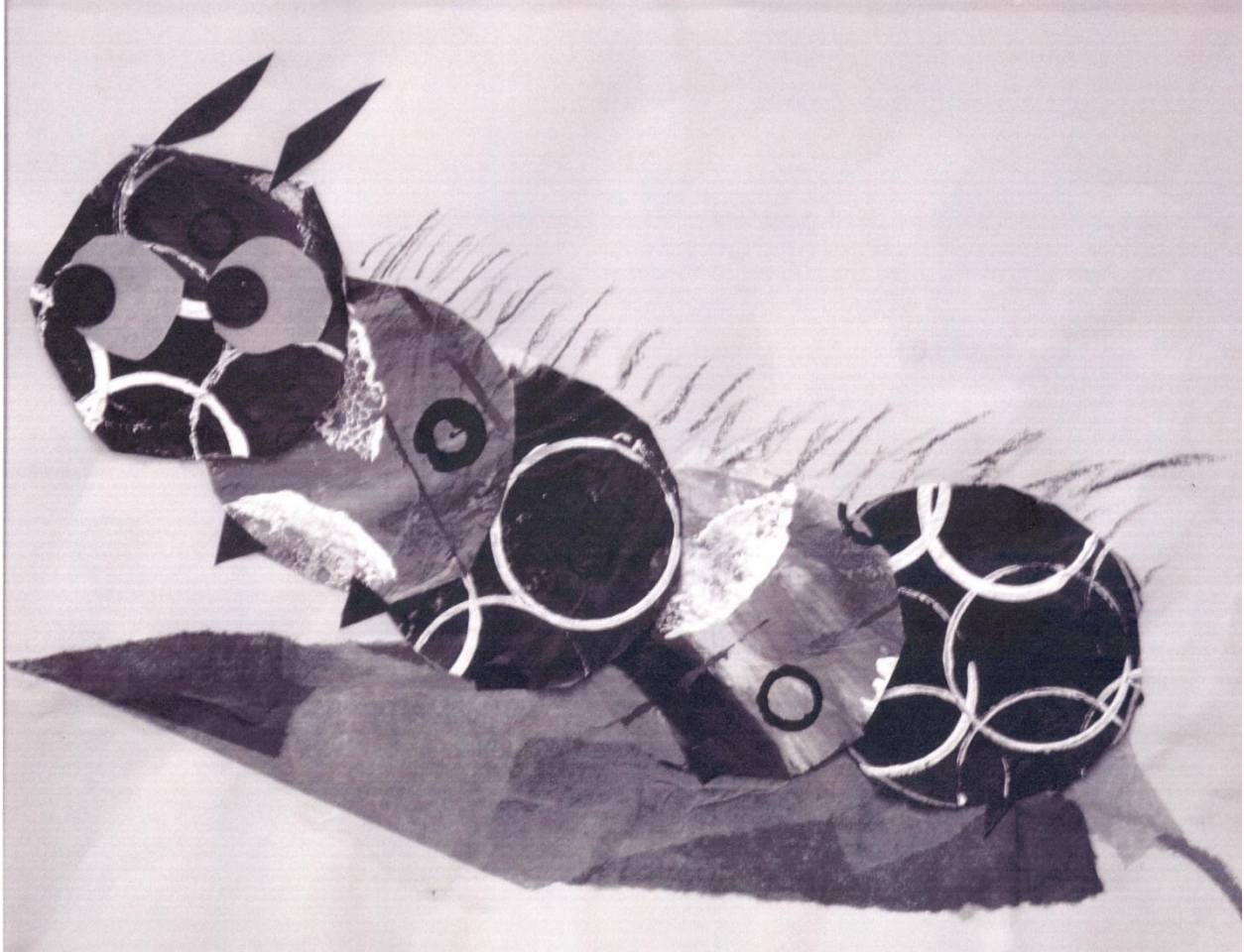


Steven Ghlorse, C. Milton Wright High School, Grade 11

Financial Section



Katie Perzinski, Harford Technical High School, Grade 9



Jenna Palmer, Prospect Mill Elementary School, Grade 1



SB & COMPANY, LLC
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Report of Independent Public Accountants

Members of The Board of
Education of Harford County
Bel Air, Maryland

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harford County Public Schools, a component unit of Harford County, Maryland, as of and for the year ended June 30, 2009, which collectively comprise the Harford County Public Schools' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Harford County Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Harford County Public Schools as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2009, on our consideration of the Harford County Public School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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The management's discussion and analysis and schedule of funding progress are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Harford County Public Schools' basic financial statements. The accompanying food service fund statement of revenues, expenditures and changes in fund balance compared to budget, school construction fund statement, agency funds statement of increases, decreases and fund balances and combining statement of fiduciary net assets, agency funds, and combining statement of changes in assets and liabilities (collectively, the Statements), introductory and statistical section as listed in the table of contents are not a required part of the basic financial statements but are presented for purposes of additional analysis. The Statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Baltimore, Maryland
September 14, 2009



Management's Discussion and Analysis (MD&A)

June 30, 2009

Our discussion and analysis of Harford County Public Schools' (HCPS) financial performance provides an overview of HCPS' financial activities for the fiscal year ended June 30, 2009. Please read it in conjunction with the financial statements.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current and prior fiscal years is required to be presented in the MD&A.

The goal of MD&A is for the HCPS' financial managers to present an objective and easily readable analysis of its financial activities based on currently known facts, decisions, or conditions.

Financial Highlights

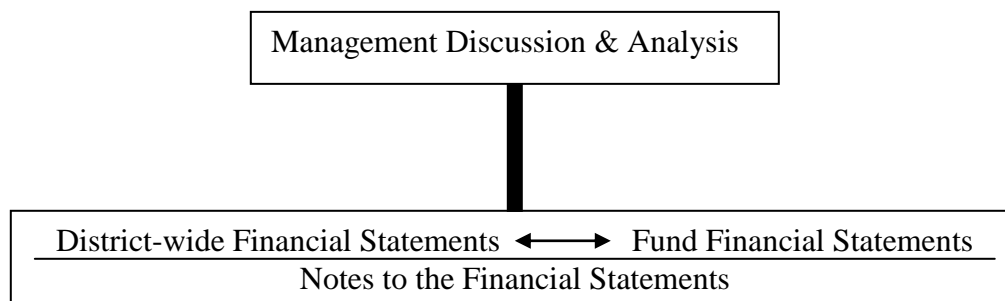
Net assets of HCPS grew by \$55.7 million during the fiscal year driven by additions in capital assets for the fiscal year.

The final unrestricted General Fund budget remained unchanged during the year from the originally adopted budget.

The General Fund unrestricted, undesignated fund balance on a budgetary basis increased from \$3,169,603 to \$4,612,698, a total of \$1,443,095 which was the product of spending containment strategies enacted during the year in response to funding reductions by the state and County governments.

The unrestricted General Fund actual revenues fell short of the amended budget by \$4,151,310 or ninety-nine hundredths of a percent (0.99%), and expenditures were \$10,532,392, or two and fifty-one hundredths of a percent (2.51%), under the amended budget.

Basic Financial Statements



The illustration above represents the minimum requirements for the basic external financial statements.

Management's Discussion and Analysis (MD&A)

June 30, 2009

District-wide financial statements. In addition to the MD&A, the District-wide Financial Statements are the other primary addition to financial reporting under GASB Statement No. 34. The District-wide perspective is designed to provide readers with a complete financial view of the entity known as Harford County Public Schools. The financial presentation of this perspective is similar to a private sector business.

The *statement of net assets* presents information on all of the assets and liabilities of HCPS with the difference between the two reported as *net assets*. The *statement of activities* presents information showing how HCPS' net assets changed during the most recent fiscal year.

These statements measure the change in total economic resources during the period utilizing the accrual basis of accounting. This means that any change in net assets is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (like earned but unused employees leave), or for which cash has already been expended (depreciation of buildings and equipment already purchased).

The District-wide perspective is unrelated to budget and accordingly, budget comparisons are not provided.

Fund financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Harford County Public Schools uses fund accounting to ensure and demonstrate compliance with finance-related requirements. HCPS' funds are in two categories, governmental funds and fiduciary funds. Harford County Public Schools does not operate any enterprise activities that are reported as proprietary funds.

The measurement focus of these statements is current financial resources; therefore the emphasis is placed on the cash flows of the organization within the reporting period or near future.

Accordingly, the modified accrual basis of accounting that measures these cash flows is used. In the case of Harford County Public Schools, open encumbrances are excluded from expenditures and the State of Maryland's contribution to the teachers retirement system is added to revenue and expenditures.

Fund Financial Statements are also unrelated to budget and accordingly, budget comparisons are not provided in the presentation.

Budgetary presentation of individual fund financial information utilizing the current financial resources measurement focus and the budgetary basis of accounting is presented as part of the Fund Financial Statements as well. In these statements, available cash flows of HCPS itself are measured as well as the commitment to acquire goods or services with that cash. Open encumbrances at year-end are included in the expenditures.

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

June 30, 2009

This is the legal basis upon which the budget is adopted so budget comparisons are provided. GASB Statement Number 34 requires that we present the original adopted budget as well as the final budget and discuss the changes between them.

	District-wide Statements	Fund Statements	Budgetary Fund Statements
Measurement Focus	Economic Resources	Current Financial Resources	Current Financial Resources
Basis of Accounting	Accrual	Modified Accrual	Cash and Commitments
Budget	No	No	Yes

The table above presents the differences in the presentation of the basic financial statements.

Fiduciary responsibility – Retiree Health Plan Trust, Scholarship, and School Activity Funds (Exhibit 8). HCPS is the trustee, or fiduciary, for its retiree health plan trust, scholarship, and student activity funds. These funds are reported as separate Agency and Trust Funds. We exclude these activities from Harford County Public Schools' other financial statements because the assets cannot be used to finance HCPS' activities. We are responsible for ensuring that the assets reported in these Funds are used for their intended purposes.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information immediately following the notes to the financial statements.

District-wide Financial Analysis

Net assets may serve over time as a useful indicator of a district's financial position. In the case of HCPS, assets exceeded liabilities by \$429 million at the close of the fiscal year.

By far the largest portion of HCPS' net assets reflects the investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. These capital assets are used to provide services to the students and citizens of Harford County and are not available for future spending. Although HCPS' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Minimal debt for assets is carried by HCPS. As previously explained, we are fiscally dependent and nearly all capital debt is carried by the County and State governments.

Harford County Public Schools

Management's Discussion and Analysis (MD&A) June 30, 2009

	June 30, 2009	June 30, 2008	\$ Change	% Change
Current and other assets	\$ 54,299,396	\$ 55,372,618	\$ (1,073,222)	-1.94%
Capital assets	483,209,783	390,113,163	93,096,620	23.86%
Total assets	537,509,179	445,485,781	92,023,398	20.66%
Current and other liabilities	26,353,548	26,038,445	315,103	1.21%
Long-term liabilities	82,200,859	46,210,777	35,990,082	77.88%
Total liabilities	108,554,407	72,249,222	36,305,185	50.25%
Net assets				
Capital assets	472,628,213	379,248,748	93,379,465	24.62%
Restricted assets	7,868,560	10,528,035	(2,659,475)	-25.26%
Unrestricted	(51,542,001)	(16,540,224)	(35,001,777)	211.62%
Total net assets	\$ 428,954,772	\$ 373,236,559	\$ 55,718,213	14.93%

HCPS' net assets increased by almost \$56 million during the fiscal year ending June 30, 2009, as illustrated in the above table and Exhibit 2. The growth is attributed to increased capital assets and the results of operations for the year but was diminished by increasing liabilities associated with other post-employment benefits (OPEB).

The unrestricted deficit at June 30, 2009 of \$51.5 million is the result of reducing the fund balance from the General Fund (Exhibit 3) of \$20.4 million with the compensated absences long-term liabilities of \$27.4 million and \$44.5 million for other post-employment benefits. We are committed by employee agreements to pay employees at retirement twenty-five percent (25%) of their earned but unused sick leave. For administrators the limit is 250 days, all others are up to 200 days, plus any earned and unused vacation. The long-term portion is the amount we expect to pay beyond June 30, 2009. Slightly over \$23.4 million is attributed to sick leave and \$4 million to vacation leave liabilities. Historically this liability was funded on a "pay as you go" basis from available current financial resources. This method is expected to continue. The remaining \$10.6 million long-term liability balance represents our obligations under the capital lease for the construction of a new administration building.

Results of operations for HCPS as a whole are presented in Exhibit 2, the Statement of Activities. Approximately \$529 million in expenses are reported. To the extent possible revenue directly attributed to the function or program is reported against the appropriate expense. Included in such revenues are charges for services and grants. \$307.3 million in expenses were paid using other general revenue sources not specifically attributed to a function or program.

The Food Service program is designed to be self-funded. Allocation of depreciation expense produced a net cost of service for this program.

Harford County Public Schools

Management's Discussion and Analysis (MD&A) June 30, 2009

	Total Cost of Services	Net Cost of Services	% Net Cost to Total Net Cost
Instruction	\$ 367,727,094	\$ 184,780,613	60.14%
Pupil personnel	2,312,317	2,183,022	0.71%
Health services	5,102,625	5,102,625	1.66%
Pupil transportation	32,723,827	21,361,031	6.95%
Operation and maintenance of plant	52,135,751	44,741,689	14.56%
Food services	15,144,343	1,163,930	0.38%
All others	53,898,786	47,949,539	15.60%
Total	<u>\$ 529,044,743</u>	<u>\$ 307,282,449</u>	<u>100.00%</u>

Above is a table summarizing the district-wide cost of services for each program or function. About 84% of the net costs of services are directly related to students' instruction and welfare. Of the remaining 16%, all but about 4.5% is used for the direct administration of schools and instructional support. It is important to note that in this report format, costs for employee benefits and depreciation on fixed assets are allocated to the appropriate program or function.

HCPS revenues increased by 2.1% from the prior year, as shown on the table below. This increase is attributable to local aid, and grants (particularly capital) increases. HCPS is fiscally dependent on local and state aid to fund its daily operations. State aid is largely formula driven based on student population and wealth. Local revenue, provided by the Harford County Government, is dependent upon the economic condition of the County. However, the education statute requires a minimum level of funding equal to the prior year's per pupil contribution times the current year projected enrollment. Most the operating and capital grant funding is from the State and County governments as well.

Expenses grew at 5.5%. The bulk of the growth, in terms of dollars, occurred in the instruction category reflecting continued wage and benefit cost increases and the addition of new teaching positions. Other large dollar increases in pupil transportation and operation of plant reflect the continued fluctuation of energy costs in addition to the wage and benefit cost increases just mentioned.

Harford County Public Schools

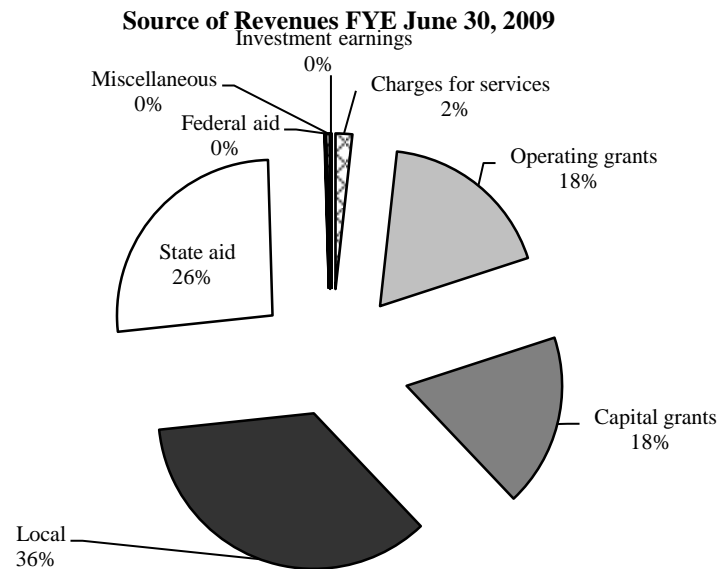
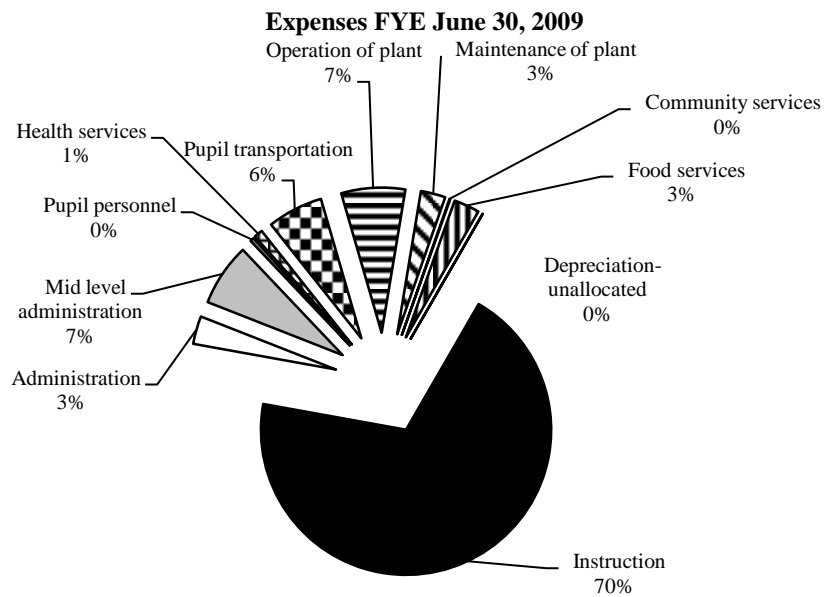
Management's Discussion and Analysis (MD&A) June 30, 2009

Changes in Net Assets

	June 30, 2009	June 30, 2008	\$ Change	% Change
Revenues				
Program revenues				
Charges for services	\$ 10,162,013	\$ 10,565,941	\$ (403,928)	-3.82%
Operating grants	106,729,436	102,131,937	4,597,499	4.50%
Capital grants	104,870,845	101,153,416	3,717,429	3.68%
Local	206,978,734	199,614,800	7,363,934	3.69%
State aid	153,313,189	152,542,286	770,903	0.51%
Federal aid	278,693	339,805	(61,112)	-17.98%
Miscellaneous	2,204,316	5,083,332	(2,879,016)	-56.64%
Investment earnings	225,730	1,263,370	(1,037,640)	-82.13%
Total revenues	<u>584,762,956</u>	<u>572,694,887</u>	<u>12,068,069</u>	<u>2.11%</u>
Expenses				
Instruction	367,727,094	346,875,432	20,851,662	6.01%
Administration	16,474,874	15,647,056	827,818	5.29%
Mid level administration	36,854,924	35,357,871	1,497,053	4.23%
Pupil personnel	2,312,317	2,198,027	114,290	5.20%
Health services	5,102,625	4,739,450	363,175	7.66%
Pupil transportation	32,723,827	31,196,815	1,527,012	4.89%
Operation of plant	37,614,013	36,304,436	1,309,577	3.61%
Maintenance of plant	14,521,738	14,527,906	(6,168)	-0.04%
Community services	479,717	499,229	(19,512)	-3.91%
Food services	15,144,343	14,179,358	964,985	6.81%
Depreciation-unallocated	89,271	89,271	0	0.00%
Total expenses	<u>529,044,743</u>	<u>501,614,851</u>	<u>27,429,892</u>	<u>5.47%</u>
Increase (decrease) in net assets	<u>\$ 55,718,213</u>	<u>\$ 71,080,036</u>	<u>\$ (15,361,823)</u>	<u>-21.61%</u>

Harford County Public Schools

Management's Discussion and Analysis (MD&A) June 30, 2009



Management's Discussion and Analysis (MD&A)
June 30, 2009

Fund Performance

Funds are self-balancing sets of accounts used to control and manage money for particular purposes. As pointed out earlier, fund information is presented in two ways to satisfy two specific purposes.

Exhibit 3 is the Balance Sheet for the HCPS' governmental funds and Exhibit 5 presents those same funds' results of operations.

General Fund - Unrestricted (Exhibit 7)

Changes made to the original budget during the fiscal year were inter-categorical transfers made for two purposes; reallocation of budget for the Charter School and funding of additional health care expenses. The total budget adopted at the beginning of the year remained unchanged at the end of the year.

Harford County Public Schools

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Change</u>
REVENUE					
Local	\$ 210,914,800	\$ 210,914,800	\$ -	\$ -	\$ -
State	204,035,225	204,035,225	-	-	-
Federal	350,000	350,000	-	-	-
Earnings on investments	675,000	675,000	-	-	-
Other Sources	2,198,178	2,198,178	-	-	-
Prior year's fund balance	<u>1,147,400</u>	<u>1,147,400</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	\$ <u>419,320,603</u>	\$ <u>419,320,603</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
EXPENDITURES					
Administration	\$ 12,146,530	\$ 12,124,595	\$ -	\$ 21,935	\$ (21,935)
Mid-Level Administration	26,460,891	26,519,664	58,773	-	58,773
Instructional Salaries	170,671,511	170,777,028	105,517	-	105,517
Textbooks	8,375,142	8,397,271	22,129	-	22,129
Other Instructional Costs	3,704,825	3,703,687	-	1,138	(1,138)
Special Education	38,207,492	38,201,915	-	5,577	(5,577)
Student Personnel Services	1,669,272	1,666,141	-	3,131	(3,131)
Student Health Services	3,504,235	3,517,773	13,538	-	13,538
Student Transportation	29,920,716	29,274,413	-	646,303	(646,303)
Operation of Plant	30,773,851	30,424,263	-	349,588	(349,588)
Maintenance of Plant	11,713,493	11,690,756	-	22,737	(22,737)
Fixed Charges	81,238,412	82,090,514	852,102	-	852,102
Community Services	525,729	524,738	-	991	(991)
Capital Outlay	<u>408,504</u>	<u>407,845</u>	<u>-</u>	<u>659</u>	<u>(659)</u>
Total expenditures	\$ <u>419,320,603</u>	\$ <u>419,320,603</u>	\$ <u>1,052,059</u>	\$ <u>1,052,059</u>	\$ <u>-</u>

Harford County Public Schools

Management's Discussion and Analysis (MD&A) **June 30, 2009**

It is critical for the reader to understand that local and state revenues account for 99% of the total General Fund unrestricted revenue. Both are stable and highly predictable.

Capital Asset and Debt Administration (See Notes 2 and 7)

At June 30, 2009 the HCPS had over \$602 million invested in a broad range of capital assets including land (over 1,922 acres), buildings (over 5.7 million square feet) and improvements, furniture, vehicles and other equipment. Capital assets increased by almost \$102 million from the same time last year, excluding the effect of depreciation, as shown in the table below. This increase is primarily attributed to the near completion of Bel Air High School, a replacement, and Joppatowne Elementary School, a major renovation, both opening in August 2009. Significant progress was also made on the construction of the replacement Edgewood High School and Deerfield Elementary School both scheduled to receive students in August 2010.

	June 30, 2009	June 30, 2008	\$ Change	% Change
Construction in progress	\$ 206,054,529	\$ 179,170,272	\$ 26,884,257	15.00%
School properties	369,653,077	296,676,112	72,976,965	24.60%
Furniture, fixtures and equipment	26,584,066	24,524,266	2,059,800	8.40%
Total capital assets	<u>\$ 602,291,672</u>	<u>\$ 500,370,650</u>	<u>\$ 101,921,022</u>	<u>20.37%</u>

School districts in Maryland are in the uncommon position of owning assets but not the debt associated with those facilities as they are fully fiscally dependent on the state and county governments,. Accordingly, HCPS carries no bond rating and has no debt policy.

Future Issues

Significant legislation by the federal and state governments has impacted public education in Maryland. The federal "No Child Left Behind" act requires that the all students meet standards and that each school and sub-group of students show adequate yearly progress. In addition it requires that teachers be highly qualified in their content areas.

Maryland enacted the "Bridge to Excellence" statute which requires that each school district adopt a master plan. This plan is to be reviewed by the County governments, and then submitted to the Maryland State Department of Education for approval. A component of the plan is the fiscal impact of each new initiative contained in the plan.

It is anticipated a new Charter School application will be forthcoming for the 2010-11 school year with an anticipated enrollment of 400 students. Per pupil funding for Charter Schools in Maryland has been litigated in matters relating to in-kind services provided by the local school

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district such as special education, student health, and transportation services. In this matter the court held that the value of in-kind services may not be withheld from payments to charter schools. The district may subsequently bill the charter schools for those services.

Harford County Public Schools continue to cope with overcrowding in, and age of, many of our schools. Funding for capital projects is jointly shared by the State and County. Traditionally, projects receive preliminary approval from the State. Both Edgewood High School and Deerfield Elementary School replacements are under construction. Design work for Red Pump Elementary School is underway.

Exacerbating the facilities issues is the anticipation of the expansion of the mission of Aberdeen Proving Ground (APG), the County's largest employer. Congress approved in its Base Realignment and Closure (BRAC) legislation closing the facility in Fort Monmouth, NJ and relocating it to APG. Despite numerous studies to determine the impact on the region surrounding APG that impact has yet be determined or experienced. The move is to be completed by 2011.

The Governmental Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. Collectively, these benefits are commonly referred to as *other postemployment benefits*, or *OPEB*.

HCPS made several policy changes with respect to benefits provided to retirees and committed to using excess monies in the health insurance rate stabilization account and federal Medicare Part D reimbursement to at least partially fund the OPEB liability. Currently HCPS is participating in a multi-employer OPEB Investment Trust administered by the Maryland Association of Boards of Education (MABE). We believe this structure is unique in the country. While we have the vehicle to invest OPEB funds the issue will be whether or not the County will fund OPEB contributions to meet our proposed 15 year timeframe to achieve full funding. The current economic climate has been, and is forecast to continue to be, prohibitive to this objective.

The continuing escalation and unpredictability of energy costs remains a vexing problem for this, and all other districts. By action of the Board a \$1 million designation of fund balance was set aside for future energy costs to offset whatever future unanticipated costs will arise.

HCPS has not escaped the souring economy. As both the state and County experience continuing reductions in revenue a source of relief for them is passing costs off to local Boards of Education. With the stimulus funding made available to public schools some of those reductions are absorbed. Of greatest concern are discussions to modify the maintenance of effort calculation statutorily required by County governments to fund their local school systems, and the transfer so some part of teacher pension costs now paid directly by the State to the local

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Boards of Education. We will be monitoring the upcoming legislative session to track progress on both of these issues.

Contacting Harford County Public Schools' Financial Management

Our financial report is designed to provide our citizens, taxpayers, parents, and students with a general overview of the HCPS' finances and to demonstrate its accountability for the money it receives.

If you have questions about this report or wish to request additional financial information, contact John M. Markowski, Chief Financial Officer, (410) 588-5243, or Jay G. Staab, Finance Director, (410) 588-5237, at Harford County Public Schools, 102 South Hickory Avenue, Bel Air, Maryland 21014.

Harford County Public Schools

STATEMENT OF NET ASSETS
JUNE 30, 2009
Governmental Activities
ASSETS

Cash and cash equivalents	\$ 3,535
Investments	15,573,476
Due from other units of government	30,153,589
Other receivables	7,706,635
Inventory	862,161
Capital assets:	
Construction in progress	206,054,529
School properties	369,653,077
Furniture, fixtures and equipment	26,584,066
Less: accumulated depreciation	<u>(119,081,889)</u>
Total capital assets, net of depreciation	<u>483,209,783</u>
Total assets	<u>537,509,179</u>

LIABILITIES

Accounts payable	20,531,551
Cash overdraft	722,533
Accrued salaries and wages	1,671,274
Payroll taxes payable	350,646
Unearned revenue	1,390,513
Noncurrent liabilities:	
Due within one year	1,687,031
Due in more than one year	<u>82,200,859</u>
Total liabilities	<u>108,554,407</u>

NET ASSETS

Invested in capital assets net of related debt under capital lease	472,628,213
Restricted for:	
Food services	2,066,217
Capital Projects	5,802,343
Unrestricted	<u>(51,542,001)</u>
Total net assets	<u>\$ 428,954,772</u>

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2009

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
				Governmental Activities	
Governmental activities:					
Instruction:					
Regular education	\$ 290,266,406	\$ 1,688,316	\$ 52,909,295	\$ 95,731,409	\$ (139,937,386)
Special education	77,460,688	-	32,617,461	-	(44,843,227)
Total Instruction	<u>367,727,094</u>	<u>1,688,316</u>	<u>85,526,756</u>	<u>95,731,409</u>	<u>(184,780,613)</u>
Support services					
Administration	16,474,874	-	1,161,026	1,684,400	(13,629,448)
Mid level administration	36,854,924	-	2,682,468	-	(34,172,456)
Pupil personnel services	2,312,317	-	129,295	-	(2,183,022)
Health services	5,102,625	-	-	-	(5,102,625)
Pupil transportation	32,723,824	-	10,841,030	521,766	(21,361,028)
Operation of plant	37,614,013	-	-	606,701	(37,007,312)
Maintenance of plant and equipment	14,521,738	-	460,792	6,326,569	(7,734,377)
Community services	479,717	414,888	6,465	-	(58,364)
Food services	15,144,343	8,058,809	5,921,604	-	(1,163,930)
Depreciation - unallocated	89,271	-	-	-	(89,271)
Total Support Services	<u>161,317,646</u>	<u>8,473,697</u>	<u>21,202,680</u>	<u>9,139,436</u>	<u>(122,501,833)</u>
Total governmental activities	<u>\$ 529,044,740</u>	<u>\$ 10,162,013</u>	<u>\$ 106,729,436</u>	<u>\$ 104,870,845</u>	<u>(307,282,446)</u>
General revenues:					
Local appropriations					206,978,734
State Aid - unrestricted					153,313,189
Federal Aid - unrestricted					278,693
Miscellaneous					2,204,313
Unrestricted investment earnings					225,730
Total general revenues					<u>363,000,659</u>
Change in net assets					55,718,213
Net assets - beginning of year					<u>373,236,559</u>
Net assets - end of year					<u>\$ 428,954,772</u>

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools
**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Current Expense (General)	Food Services (Special Revenue)	School Construction (Capital Projects)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ -	\$ 3,535	\$ -	\$ 3,535
Investments	12,739,121	2,834,355	-	15,573,476
Due from other units of government	1,891,787	273,022	27,988,780	30,153,589
Other receivables	7,533,487	-	173,148	7,706,635
Due from other funds	4,764,088	-	-	4,764,088
Inventory	521,009	341,152	-	862,161
Total assets	\$ 27,449,492	\$ 3,452,064	\$ 28,161,928	\$ 59,063,484
LIABILITIES				
Accounts payable	1,637,117	140,100	18,754,334	20,531,551
Cash overdraft	722,533	-	-	722,533
Accrued salaries and wages	1,671,274	-	-	1,671,274
Payroll taxes payable	350,646	-	-	350,646
Due to other funds	-	1,245,747	3,518,341	4,764,088
Unearned revenue	1,303,603	-	86,910	1,390,513
Compensated absences payable	1,390,103	-	-	1,390,103
Total liabilities	7,075,276	1,385,847	22,359,585	30,820,708
FUND BALANCES				
Reserved for encumbrances	2,260,683	43,143	69,833,172	72,136,998
Reserved for inventory - U.S.D.A.	-	186,112	-	186,112
Unreserved:				-
Designated	6,863,153	150,000	-	7,013,153
Undesignated	11,250,380	1,686,962	(64,030,829)	(51,093,487)
Total fund balances	20,374,216	2,066,217	5,802,343	28,242,776
Total liabilities and fund balances	\$ 27,449,492	\$ 3,452,064	\$ 28,161,928	\$ 59,063,484

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS JUNE 30, 2009

Total fund balances - governmental funds (Exhibit 3)	\$ 28,242,776
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$602,291,672 and the accumulated depreciation is \$119,081,889.	483,209,783
Long-term liabilities are not due and payable from current resources and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of compensated absences payable (\$27,402,402), an obligation under capital lease (\$10,581,570) and Net OPEB Obligation (\$44,513,815).	<u>(82,497,787)</u>
Total net assets - governmental activities (Exhibit 1)	<u>\$ 428,954,772</u>

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General Fund	Food Services Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
<u>Intergovernmental Revenues</u>				
Local sources	\$ 206,978,734	\$ -	\$ 92,470,793	\$ 299,449,527
State sources	229,764,453	283,470	11,830,181	241,878,104
Special state and federal programs	24,356,568	-	-	24,356,568
Federal sources	278,693	5,628,811	-	5,907,504
Earnings on investments	225,730	8,995	-	234,725
Charges for services	-	8,058,809	-	8,058,809
Miscellaneous revenues	4,307,518	327	569,871	4,877,716
Total revenues	<u>465,911,696</u>	<u>13,980,412</u>	<u>104,870,845</u>	<u>584,762,953</u>
Expenditures				
<u>Current</u>				
Administrative services	11,044,007	-	-	11,044,007
Mid level administrative services	25,556,452	-	-	25,556,452
Instructional salaries	168,953,130	-	-	168,953,130
Instructional textbooks and supplies	8,404,840	-	-	8,404,840
Other instructional costs	3,405,640	-	-	3,405,640
Special education	38,054,045	-	-	38,054,045
Student personnel services	1,628,891	-	-	1,628,891
Health services	3,400,241	-	-	3,400,241
Pupil transportation services	27,320,853	-	-	27,320,853
Operation of plant	29,063,042	-	-	29,063,042
Maintenance of plant and equipment	10,700,958	-	-	10,700,958
Fixed charges	107,605,434	-	-	107,605,434
Community services	428,816	-	-	428,816
Special state and federal programs	24,356,568	-	-	24,356,568
Costs of operation - food services	-	14,434,841	-	14,434,841
Capital outlay	319,546	-	111,524,256	111,843,802
Total expenditures	<u>460,242,463</u>	<u>14,434,841</u>	<u>111,524,256</u>	<u>586,201,560</u>
Excess (deficit) of revenues over expenditures	5,669,233	(454,429)	(6,653,411)	(1,438,607)
Other Financing Sources (Uses)				
Transfers	<u>(4,384,000)</u>	<u>-</u>	<u>4,384,000</u>	<u>-</u>
Net change in fund balances	1,285,233	(454,429)	(2,269,411)	(1,438,607)
Fund balances - beginning of year	19,088,983	2,456,281	8,071,754	29,617,018
Increase in reserve for inventory - U.S.D.A.	-	64,365	-	64,365
Fund balances - end of year	<u>\$ 20,374,216</u>	<u>\$ 2,066,217</u>	<u>\$ 5,802,343</u>	<u>\$ 28,242,776</u>

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**
FOR THE YEAR ENDED JUNE 30, 2009

Total net change in fund balances - governmental funds (Exhibit 5)	\$ (1,438,607)
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$102,267,176) exceeds depreciation expense (\$ 9,138,611) and loss on disposal of assets (\$31,945).	93,096,620
Capital lease provides current financial resources to government funds but increases long-term liabilities in the statement of net assets. Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, the net effect of capital lease borrowing and repayment was \$282,845.	282,845
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year) This year, vacation and sick leave earned exceeded the amounts used by \$263,010.	(263,010)
OPEB costs reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds	(36,024,000)
In the statement of activities, all inventories are charged to expense as goods are used in operations (the consumption method). However, in the government funds, the value of U.S.D.A. commodities is recorded as an expenditure at the time the inventory is acquired (the purchase method) and reflected as a reservation of fund balance. The increase in the amount of fund balance reserved for inventory during the year was \$64,365	64,365
Change in net assets of governmental activities (Exhibit 2)	\$ 55,718,213

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
JUNE 30, 2009**

	Unrestricted				Restricted			
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues								
<u>Intergovernmental Revenues</u>								
Local	\$ 210,914,800	\$ 210,914,800	\$ 206,978,734	\$ (3,936,066)	\$ -	\$ -	\$ -	\$ -
State	204,035,225	204,035,225	203,344,836	(690,389)	-	-	-	-
Federal	350,000	350,000	278,693	(71,307)	-	-	-	-
Special state and federal	-	-	-	-	23,275,522	28,503,001	24,357,891	(4,145,110)
Earnings on investments	675,000	675,000	142,026	(532,974)	-	-	-	-
Other Sources	2,198,178	2,198,178	3,277,604	1,079,426	-	-	-	-
Fund balance at July 1, 2008 - designated for fiscal year ended June 30, 2009	1,147,400	1,147,400	1,147,400	-	-	-	-	-
Total revenues	\$ 419,320,603	\$ 419,320,603	415,169,293	\$ (4,151,310)	\$ 23,275,522	\$ 28,503,001	\$ 24,357,891	\$ (4,145,110)
Expenditures								
<u>Current</u>								
Administrative services	\$ 12,146,530	\$ 12,124,595	10,955,329	\$ 1,169,266	\$ 276,000	\$ 438,039	\$ 361,333	\$ 76,706
Mid-level administration	26,460,891	26,519,664	25,543,083	976,581	473,771	349,243	310,964	38,279
Instructional salaries	170,671,511	170,777,028	168,953,130	1,823,898	3,997,559	5,208,815	4,213,897	994,918
Instructional textbooks and supplies	8,375,142	8,397,271	8,266,564	130,707	400,037	632,170	557,808	74,362
Other instructional costs	3,704,825	3,703,687	3,053,128	650,559	1,518,291	2,466,608	1,829,220	637,388
Special education	38,207,492	38,201,915	38,018,311	183,604	12,355,405	14,837,525	12,716,499	2,121,026
Student personnel services	1,669,272	1,666,141	1,614,399	51,742	-	-	-	-
Student health services	3,504,235	3,517,773	3,373,483	144,290	-	-	-	-
Student transportation	29,920,716	29,274,413	27,319,243	1,955,170	1,250	23,480	25,895	(2,415)
Operation of plant	30,773,851	30,424,263	29,069,510	1,354,753	-	-	-	-
Maintenance of plant	11,713,493	11,690,756	10,663,679	1,027,077	-	-	-	-
Fixed charges	81,238,412	82,090,514	81,185,817	904,697	3,857,913	4,161,874	3,957,028	204,846
Community services	525,729	524,738	428,816	95,922	-	-	-	-
Capital outlay	408,504	407,845	343,719	64,126	395,296	385,247	385,247	-
Total expenditures	\$ 419,320,603	\$ 419,320,603	408,788,211	\$ 10,532,392	\$ 23,275,522	\$ 28,503,001	\$ 24,357,891	\$ 4,145,110
Excess of revenues over expenditures			6,381,082					
Transfer to capital projects fund			(4,384,000)					
Excess of revenues over expenditures and transfer			1,997,082					
Total fund balance at July 1, 2008			10,626,169					
Designated fund balance at July 1, 2008 (recognized as revenue above)			(1,147,400)					
Total fund balance			11,475,851					
Fund balance at June 30, 2009 - designated for fiscal year 2010			(4,637,987)					
Fund balance at June 30, 2009 - designated for future contingencies			(2,225,166)					
Fund balance at June 30, 2009 - undesignated			\$ 4,612,698					

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools

STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2009

	Retiree Health Plan Trust	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and cash equivalents	\$ 10,233,348	\$ 2,797,894
Total assets	<u>\$ 10,233,348</u>	<u>\$ 2,797,894</u>
Liabilities		
Scholarship funds payable	\$ -	\$ 74,944
School activity funds payable	<u>-</u>	<u>2,722,950</u>
Total liabilities	<u>\$ -</u>	<u>\$ 2,797,894</u>
Net Assets		
Held in trust for retiree health plan benefits	\$ 10,233,348	\$ -
Total net assets	<u>\$ 10,233,348</u>	<u>\$ -</u>

The accompanying notes are an integral part of this financial statement.

Harford County Public Schools

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
JUNE 30, 2009

	Retiree Health Plan Trust
	<u> </u>
Deductions	
Administrative expenses	\$ 18,181
Net investment portfolio results	<u>1,884,839</u>
Total deductions	<u>\$ 1,903,020</u>
Net decrease	\$ (1,903,020)
Net fiduciary assets at July 1, 2008	<u>\$ 12,136,368</u>
Net fiduciary assets at June 30, 2009	<u><u>\$ 10,233,348</u></u>

The accompanying notes are an integral part of this financial statement.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Education of Harford County (the Board) is a body politic and corporate established by the Public School Laws of Maryland. For financial reporting purposes, the Board (alternatively referred to herein as Harford County Public Schools) is a component unit of Harford County, Maryland by virtue of the County's responsibility for levying taxes and its budgetary control over the Board of Education. Accordingly, the financial statements of the Board are included in the financial statements of Harford County.

The accounting policies of Harford County Public Schools conform to generally accepted accounting principles (GAAP) for governmental units. Significant accounting policies employed by the Board are as follows:

Government-Wide and Fund Financial Statements

The Statement of Net Assets and the Statement of Activities report information on all of the non-fiduciary activities of Harford County Public Schools as a whole. For the most part, the effect of interfund activity has been removed from these statements. The activities of the General Fund (Current Expense Fund), Special Revenue Fund (Food Service Fund) and Capital Projects Fund (School Construction Fund) have been presented as governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Local appropriations, state and federal aid and other items which are not classified as program revenues are presented as general revenues of the Board. The Board has no internal service funds and internal activity is negligible and has not been eliminated in the Statement of Activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. All individual governmental funds are considered to be major funds and are reported as separate columns in the fund financial statements. The Board has no proprietary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Local appropriations and state and federal aid are recognized as revenues in the year for which they were approved by the provider. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available resources.

Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

Interfund balances account for expenditures paid in the general fund for other funds through a common system. Reimbursements are made periodically as revenues are received.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds do, however, use the accrual basis of accounting.

The Retiree Health Plan Trust Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The Board reports the following funds in the fund financial statements:

Governmental Funds

Current Expense Fund (General Fund) - The general fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Special state and federal programs are included in the restricted portion of this fund.

Food Service Fund (Special Revenue Fund) - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

School Construction Fund (Capital Projects Fund) - Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

Scholarship and School Funds (Agency Fund) - Agency funds are used to account for assets held by the Board in a trustee capacity. Scholarship funds account for monies that have been donated for scholarships until awarded. The school funds account for student activities such as student clubs, yearbooks and field trips. These funds are the direct responsibility of the principals of the respective schools.

Retiree Health Plan Trust Fund – This fund was established to prefund other postemployment benefits (OPEB) that the Board provides to retirees and their dependents of Harford County Public Schools.

Applicability of Accounting Pronouncements

The accounting policies of Harford County Public Schools conform to accounting principles generally accepted in the United States of America. Accordingly, the Board applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported as governmental activities in the government wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives of 20-50 years for buildings, improvements and infrastructure, and 5-20 years for equipment.

Assets which have been acquired with funds received through federal grants must be used in accordance with the terms of the grant. Federal regulations require, in some cases, that the Board must reimburse the federal government for any assets which the Board retains for its own use after the termination of the grant unless otherwise provided by the grantor.

Budgets and Budgetary Accounting

The Board follows these procedures in establishing the budgetary data reflected in the financial statements:

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of Harford County, the State of Maryland, and special federal and state programs.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as reservations of the fund balance. The other principal difference is that under the budgetary basis, certain designations of the prior year's fund balance are treated as revenue of the current period. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (non-GAAP basis) and Actual-General Fund is presented using the budgetary basis of accounting.

Operating Budget (General Fund)

- 1) In early June, budget questionnaires are distributed to principals and staff members. These questionnaires and supporting documents are due in the office of the Director of Budget at the beginning of October.
- 2) At the regular monthly meetings in October and November, the Board will establish its priorities for the operating budget.
- 3) At the regular monthly meeting in December, the Superintendent of Schools will present the recommended operating budget to the Board and the general public.
- 4) In December, the Board will hold a special meeting for the purpose of providing for a public hearing on the Superintendent's recommended operating budget.
- 5) At the regular monthly meeting in January, the Board will adopt an operating budget and submit the adopted operating budget to the County Executive.
- 6) After approval or adjustment by the County Council, the final operating budget is approved by the Board in June.
- 7) Budgets are normally adopted on a basis consistent with GAAP except for the inclusion of portions of the prior year's fund balance as revenues, the inclusion of encumbrances as expenditures and the exclusion of retirement payments made on the Board's behalf by the State of Maryland as revenues and expenditures. Budget comparisons presented are on a non-GAAP budgetary basis.
- 8) Transfers may be made within the major categories by the Board of Education without the approval of the County Council as budgetary control is at the category level.
- 9) Requests for transfers between major categories must be submitted to the County Council for approval or denial. No action within thirty (30) days of submission constitutes approval.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting (continued)

The expenditures under special state and federal programs may exceed budgeted amounts. The grants included in this category are not part of budget categories subject to the spending limitations of the operating budget. Expenditures under these programs are limited to the amounts of the respective grants.

Food Services Fund Budget (Special Revenue Fund)

The Food Service Fund Budget is not a legally adopted budget and, therefore, a budget to actual presentation is not included in the basic financial statements. The comparison with actual revenues and expenditures is presented as a supplementary schedule to these financial statements. Revenue from Federal sources in the Food Services Fund includes \$864,279 of donated commodities from the United States Department of Agriculture.

Capital Budget - School Construction Fund (Capital Projects Fund)

Annual budgetary comparisons to actual expenditures are not presented in the financial statements for the capital projects fund.

School construction is budgeted on a project basis with funds primarily provided by Harford County and the State of Maryland. State funds are approved by the State's interagency committee.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund, and Capital Projects Fund. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Cash and Investments

A. Cash on Hand

At year end, cash on hand for petty cash and change funds was \$100.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments (continued)

B. Deposits

As of June 30, 2009, the book and bank balances of cash were \$2,078,796 and \$2,911,429, respectively. The bank balance of \$ 2,911,429 was collateralized 100% under FDIC’s Transaction Account Guarantee Program. The Board has a contractual arrangement with the bank for funds to be transferred daily from investment in a repurchase agreement to cover checks as presented.

C. Investments

Statutes authorize the Board to invest in obligations of the United States Government, federal government agency obligations, secured time deposits in Maryland banks, bankers’ acceptances, the Maryland Local Government Investment Pool, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations.

The Board is a participant in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market funds. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked-to-market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

At June 30, 2009 the Board’s investment balances were as follows:

	Fair Value
Repurchase agreements	\$ 2,834,355
Maryland Local Government Investment Pool	12,739,121
Total Investments	\$ 15,573,476

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments (continued)

D. Reconciliation of cash and investments as shown on the Statement of Net Assets:

Cash on hand	\$	100
Carrying amount of deposits		12,312,144
Carrying amount of cash overdraft		722,533
Carrying amount of investments		15,573,476
Total cash and investments		28,608,253
Less: Amounts in fiduciary funds		13,031,242
Total Cash and Investments Per Statement of Net Assets	\$	15,577,011
Cash and cash equivalents	\$	3,535
Investments		15,573,476
Total Cash and Investments Per Statement of Net Assets	\$	15,577,011

Investment Rate Risk

Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. To limit the Board of Education's exposure to fair value losses arising from increasing interest rates, the Board of Education's investment policy limits the term of investment maturities, except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. The Board of Education's management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the Board of Education from having to sell investments below original cost for that purpose. The investments at June 30, 2009, complied with the Board of Education's investment policy as of that date.

Investment income includes the following for the year ended June 30, 2009:

Net interest and dividends	\$	234,725
Less: Restricted net investment income		8,995
Total Net Investment Income Per Statement of Activities	\$	225,730

Credit Risk

In order to control credit risk, State statutes authorize the Board to invest in obligations of the United States Government, federal government agency obligations, secured time deposits in Maryland banks, bankers' acceptances, the Maryland Local Government Investment Pool, money market mutual funds, commercial paper and repurchase agreements secured by direct government or agency obligations.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments (continued)

Concentration of Credit Risk

In accordance with its investment policy, with the exception of US Treasury securities, repurchase agreements, US government agencies and MLGIP, no more than 50% of the Board's total investment portfolio is to be invested in a single security type. With the exception of overnight repurchase agreements with the Board's lead bank and the MLGIP, no more than 50% of the Board's portfolio may be invested in a single institution.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. For the Board of Education, \$2,834,355 in repurchase agreements and \$12,739,121 in the MLGIP, the underlying securities were held by a custodian in the Board of Education's name. As of June 30, 2009, all of the Board of Education's investments were insured or registered, or were held by the custodian in the Board of Education's name or were invested in MLGIP. The Board's policy is that all investments must be fully collateralized. As of June 30, 2009, the Board's investments were not exposed to custodial credit risk.

Investment in External Investment Pool

The Board has funds designated for Other Postemployment Benefits that are held by Maryland Association of Boards of Education (MABE). As of June 30, 2009, MABE held \$10,233,348 in cash and cash equivalents in the investment pool for the Board. The investment policy of MABE is set and monitored by MABE's Board of Trustees. MABE primarily invests in registered securities and mutual funds.

Due From Other Units of Government and Other Receivables

Due from other units of government consists primarily of amounts due for local and state appropriations under the operating budget and capital projects and, expenditures in excess of amounts received under grant agreements. Other receivables include amounts due from other local education agencies for out of county tuition and the deposit with the Harford County Consortium for stabilization of health insurance costs.

Accounts receivable are not collateralized, but are primarily with other governmental units and related agencies. These entities rarely default on their obligations and management of the Board considers all amounts collectible at June 30, 2009. Therefore, no valuation allowance is provided against the amounts due.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments (continued)

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of expendable food and supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased. Inventory is charged to expenditures as the inventory is consumed, except for USDA commodities inventory which is recorded as expenditures as the inventory is acquired.

Compensated Absences

At June 30, 2009, annual and sick leave earned, applicable to governmental fund types, but not taken by Board of Education employees, was \$28,792,505. This amount is based on vested accumulated leave as of June 30, 2009, for personnel eligible to receive annual leave benefits at retirement. Sick leave is accrued for employees with at least ten years of service and calculated at 25% of their annual daily rate up to a maximum of 200 days. An accrual in the amount of \$1,390,103 was made in the General Fund for the year ended June 30, 2009. This amount was an estimate of the accumulated annual and sick leave which will be paid to retirees at the beginning of the fiscal year ending June 30, 2010. Essentially all such payments to retirees are made in the first month of the new fiscal year. The remaining long-term liability for accumulated annual and sick leave earned in the amount of \$27,402,402 is reported as a long-term liability in the Government-wide financial statements. The long-term portion is not reported in the fund financial statements.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations placed on their use through external restrictions imposed by grantors or laws or regulations of other governments.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2009 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifi- cations</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in progress	<u>179,170,272</u>	<u>98,471,730</u>	<u>(71,587,473)</u>	<u>206,054,529</u>
Total capital assets not being depreciated	<u>188,843,214</u>	<u>98,471,730</u>	<u>(71,587,473)</u>	<u>215,727,471</u>
Capital assets being depreciated:				
Land improvements	7,587,655	446,600	250,200	8,284,455
Buildings	279,415,515	942,892	71,337,273	351,695,680
Furniture and equipment	<u>24,524,266</u>	<u>2,405,954</u>	<u>(346,154)</u>	<u>26,584,066</u>
Total capital assets being depreciated	<u>311,527,436</u>	<u>3,795,446</u>	<u>71,241,319</u>	<u>386,564,201</u>
Less accumulated depreciation for:				
Land improvements	2,279,056	368,930	-	2,647,986
Buildings	96,756,610	6,033,351	-	102,789,961
Furniture and equipment	<u>11,221,821</u>	<u>2,736,330</u>	<u>(314,209)</u>	<u>13,643,942</u>
Total accumulated depreciation	<u>110,257,487</u>	<u>9,138,611</u>	<u>(314,209)</u>	<u>119,081,889</u>
Total capital assets being depreciated, net	<u>201,269,949</u>	<u>(5,343,165)</u>	<u>71,555,528</u>	<u>267,482,312</u>
Governmental activities capital assets, net	<u>\$ 390,113,163</u>	<u>\$ 93,128,565</u>	<u>\$ (31,945)</u>	<u>\$ 483,209,783</u>

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 - CAPITAL ASSETS (continued)

Depreciation expense for the year ended June 30, 2009 was charged to governmental functions as follows:

Depreciation not allocated to specific functions	\$ 89,271
Administration	802,313
Mid-level administration	4,502
Instruction	5,050,215
Special education	10,080
Pupil service	15,780
Transportation	812,800
Operations	1,382,093
Maintenance	728,970
Food service	242,587
	<hr/>
Total	\$ 9,138,611

The Board has active school construction projects as of June 30, 2009 as follows:

Project:	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
North Harford High Modernization	\$ 46,688,823	\$ 136,664
Bel Air High Modernization	63,264,770	9,883,145
Administration Building Data Center AC	28,799	15,836
Southampton Middle Roof	25,822	1,028,733
Campus Hills Elementary	756,035	2,230,890
Homestead/Wakefield Elementary	106,595	25,859
Fallston High Wastewater Treatment	32,708	56,834
Jarrettsville Elementary HVAC	31,351	205,304
John Archer	19,259	63,786
Red Pump Elementary	1,915,380	1,334,808
John Archer HVAC	502,252	711,198
Joppatowne High	143,785	6,615
Youth's Benefit Elementary Modernization	809,790	799,091
Fountain Green Elementary HVAC	165,268	495,979
Deerfield Elementary Modernization	16,685,663	11,245,979
Edgewood High Modernization	37,978,551	35,780,751
Joppatowne Elementary Modernization	17,434,113	1,644,076
Wakefield Elementary Air Conditioning	5,356,350	14,800
North Harford Middle HVAC	9,400,415	68,121
Harford Technical High Stadium	4,564,216	73,819
North Harford High Grandstands	144,584	395,923
	<hr/>	<hr/>
Total	\$ 206,054,529	\$ 66,218,211

These projects are financed primarily by capital grants from Harford County and the State of Maryland. Contracts are not entered into with contractors until such funding is obtained.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 3 - RECONCILIATION OF BUDGETARY DATA

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - General Fund is prepared on a legally prescribed budgetary basis of accounting which differs from GAAP. The purpose of the budgetary basis of accounting is to demonstrate compliance with the legal requirements of Harford County, the State of Maryland and special federal and state programs.

The differences between the two methods are set forth below:

Revenues (non-GAAP budgetary basis) (unrestricted and restricted)	\$ 439,527,184
Fund balance at June 30, 2009 designated for current year's expenditures	(1,147,400)
Revenues adjusted by encumbrances of expenditure driven grants	(1,323)
Pension contributions made directly by State	26,419,617
Interest earned on rate stabilization deposit	83,704
Changes in value of rate stabilization fund	<u>1,029,914</u>
Revenues (GAAP basis)	<u>\$ 465,911,696</u>

Expenditures (non-GAAP budgetary basis) (unrestricted and restricted)	\$ 433,146,102
Encumbrance adjustments (net)	676,744
Pension contributions made directly by State	<u>26,419,617</u>
Expenditures (GAAP basis)	<u>\$ 460,242,463</u>

The undesignated fund balances in the current expense fund (General Fund) are reconciled as follows:

Undesignated fund balance (non-GAAP budgetary basis)	\$ 4,612,698
Cumulative effect of:	
Revenues adjusted by encumbrances of expenditure driven grants	(422,907)
Rate stabilization and MAMSI receivable	<u>7,060,589</u>
Undesignated fund balance (GAAP basis)	<u>\$ 11,250,380</u>

**HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009**

NOTE 4 - FUND BALANCES

Fund balance at June 30, 2009 designated for future use consists of the following:

	General Fund	Food Services Fund
Designated Fund Balance		
Revenue for fiscal year 2010	\$ 4,637,987	\$ 150,000
Future health insurance call	1,225,166	-
Emergency fuel reserve	1,000,000	-
Total	\$ 6,863,153	\$ 150,000

Capital Projects Fund

The School Construction Fund (Capital Projects Fund) had an undesignated fund balance deficit of \$64,030,829 at June 30, 2009. School construction is accounted for on a project basis where revenues are recognized at the same time as related expenditures. Under the budgetary basis of accounting, this results in a fund balance of zero at the end of each period.

Under GAAP, revenues are not recognized to the extent of the outstanding reserve for encumbrances causing a deficit in undesignated fund balance equal to that reserve. As of June 30, 2009, \$2,351,047 received from the state for reimbursement of capital projects previously reimbursed by the County and \$3,451,296 in fund balance transferred from the general fund remained unspent. These funds are required to be used for future capital projects and were recognized as revenue and are restricted net assets.

NOTE 5 - PENSION PLANS

Plan Description

The Board's employees are covered by the Teachers Retirement System of the State of Maryland, the Teachers Pension System of the State of Maryland or The Employees Retirement System of the State of Maryland. These systems are part of the Maryland State Retirement and Pension System (the State System), and are cost-sharing multiple-employer public employee retirement systems. The State System provides pension, death and disability benefits to plan members and beneficiaries. The State of Maryland pays a substantial portion of employer contributions on behalf of the Board. The plan is administered by the State Retirement Agency (the Agency).

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 - PENSION PLANS (continued)

Plan Description (continued)

Responsibility for the administration and operation of the State System is vested in a 12-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issued a publicly available financial report that includes basic financial statements and required supplementary information for the State System. The report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, MD 21202, or by calling 410-625-5555.

The State Personnel and Pensions Article requires active members to contribute to the State System at the rate of 5% or 7% of their covered salary depending upon the retirement option selected. Harford County Public Schools is required to contribute at an actuarially determined rate. The State's contributions on behalf of the Board for the years ended June 30, 2009, 2008, and 2007 were \$26,419,617, \$23,870,733 and \$17,751,856, respectively, which were equal to the required contributions for each year. The Board's contribution for the years ended June 30, 2009, 2008 and 2007 were \$2,985,775, \$3,183,434 and \$2,662,247, respectively, which were equal to the required contributions for each year.

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Board provides medical, dental and life insurance benefits to eligible employees who retire from employment with the Harford County Public School System. The employer's contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon the annual approval of the operating budget. Details of the postemployment benefits provided are as follows:

Medical Benefits - Retirees are eligible for continued membership in one of the school system's group medical plans provided that they have at least 10 years service with the Harford County Public Schools and are under 65 years of age. The school system pays premiums for these plans limited to 80% or 90% based on the health plan chosen. Supplemental coverage for retirees 65 years of age and older are also paid up to 90% of premiums for such coverage. The medical benefits paid by the Board for the year ended June 30, 2009 was \$13,596,805. As of June 30, 2009, 1,769 of approximately 1,926 eligible participants were receiving benefits.

Dental Benefits - The Board pays 90% of dental coverage for retirees with at least 10 years service. The dental benefits paid by the Board for the year ended June 30, 2009 was \$710,539. As of June 30, 2009, 1,753 of approximately 1,926 eligible participants were receiving benefits.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(continued)

Life Insurance Benefits - The Board pays 90% of the life insurance premiums for retirees with at least 10 years of service with the amount of insurance coverage reducing from \$20,000 upon retirement to \$10,000 five years after retirement. The life insurance benefits paid by the Board for the year ended June 30, 2009 was \$42,782. As of June 30, 2009, 1,694 of approximately 1,926 eligible participants were receiving benefits.

Annual OPEB Cost and Net OPEB Obligation

The Board's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Board's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Board's net OPEB obligation:

Annual required contribution	\$ 36,021,000
Interest on net OPEB obligation	340,000
Amortization of net OPEB obligation	(337,000)
Annual OPEB cost (expense)	36,024,000
Contributions made	-
Increase in net OPEB obligation	36,024,000
Net OPEB obligation - beginning of year	8,489,815
Net OPEB obligation - end of year	\$ 44,513,815

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2009 was as follows:

Fiscal Year	Annual	Percentage of Annual OPEB	Net OPEB
<u>Ended</u>	<u>OPEB Cost</u>	<u>Cost Contributed</u>	<u>Obligation</u>
6/30/09	\$50,794,000	29.1%	\$44,513,815

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was 2.1 percent funded. The actuarial accrued liability for benefits was \$589,795,000, and the actuarial value of assets was \$12,136,368, resulting in an unfunded actuarial accrued liability (UAAL) of \$577,658,632. The covered payroll (annual payroll of active employees covered by the plan) was \$278,038,509, and the ratio of the UAAL to the covered payroll was 207.76 percent.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS
(continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Significant actuarial assumptions are as follows:

Valuation Date	July 1, 2008
Actuarial Cost Method	Projected unit method
Amortization Method	Level percentage of projected payroll over a 30-year period
Asset Valuation Method	Market value
Actuarial Assumptions:	
Discount Rate	4.00%
Investment Rate of Return	4.00% per year compounded annually
Payroll Growth Rate	3%
Healthcare Cost Trend Rates:	
Pre-65 Medical	8.76% initial / 4.1% ultimate (not applicable to Life)
Post-65 Medical	8.76% initial / 4.1% ultimate (not applicable to Life)
Dental	5.0%

The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 7 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance at July 1, 2008	Increase	Reductions	Balance at June 30, 2009	Due Within One Year
Capital lease	\$ 10,864,415	\$ -	\$ 282,845	\$ 10,581,570	\$ 296,928
Compensated absence	28,922,483	1,937,301	2,067,279	28,792,505	1,390,103
OPEB obligation	8,489,815	36,024,000	-	44,513,815	-
Total Governmental Activities	\$ 48,276,713	\$ 37,961,301	\$ 2,350,124	\$ 83,887,890	\$ 1,687,031

Compensated absences have typically been liquidated by the General Fund in prior years.

The Board entered into lease agreements as lessee to construct the administration building in the amount of \$11,400,223, which was completed in January 2007. The lease agreement is for a period of twenty-five years. The asset acquired and capitalized under the capital lease is as follows:

Building cost	\$ 10,852,395
Less accumulated depreciation	<u>759,668</u>
Net Book Value	<u>\$ 10,092,727</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009 were as follows:

Years Ending June 30,	
2010	\$ 823,822
2011	823,822
2012	823,822
2013	823,822
2014	823,822
2015 – 2019	4,119,110
2020 – 2024	4,119,110
2025 – 2029	4,119,110
2030	<u>823,822</u>
Total minimum lease payments	17,300,262
Less:	
Amount representing interest	<u>6,718,692</u>
Present Value of Minimum Lease Payments	<u>\$ 10,581,570</u>

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 8 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is a member of the Maryland Association of Boards of Education Group Liability Insurance Pool and the Workmen's Compensation Self Insurance Fund.

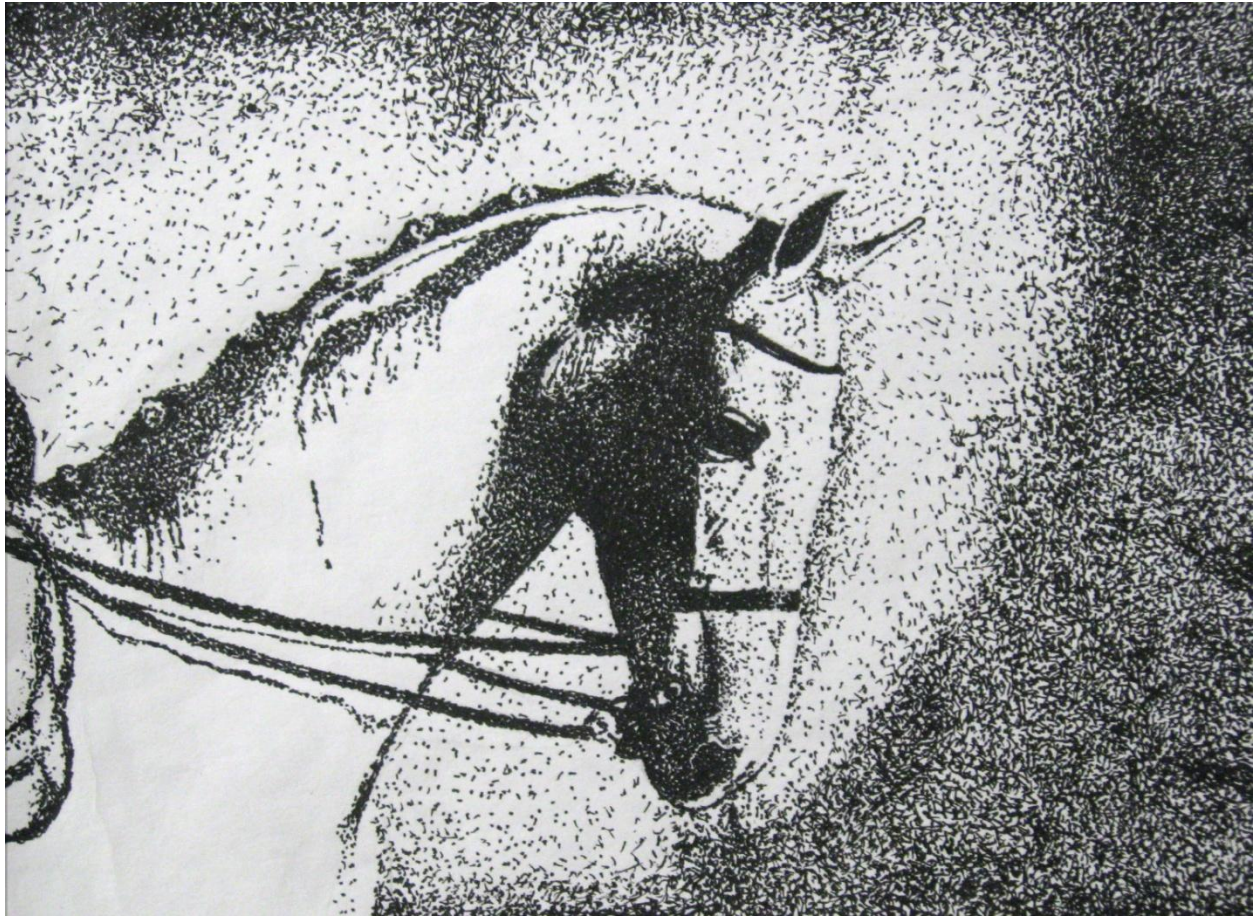
These pools are self insurance funds for the various member Maryland Boards of Education. The pools were organized for the purpose of minimizing the cost of insurance and related administrative expenses.

Coverage is provided up to specified limits and Harford County Public Schools pays an annual premium for the coverage provided by those pools. In addition to general liability insurance, the Group Liability Insurance Pool also provides coverage for property liability and automobile liability. Coverage above these limits is provided by third party insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 9 - CONTINGENCIES AND COMMITMENTS

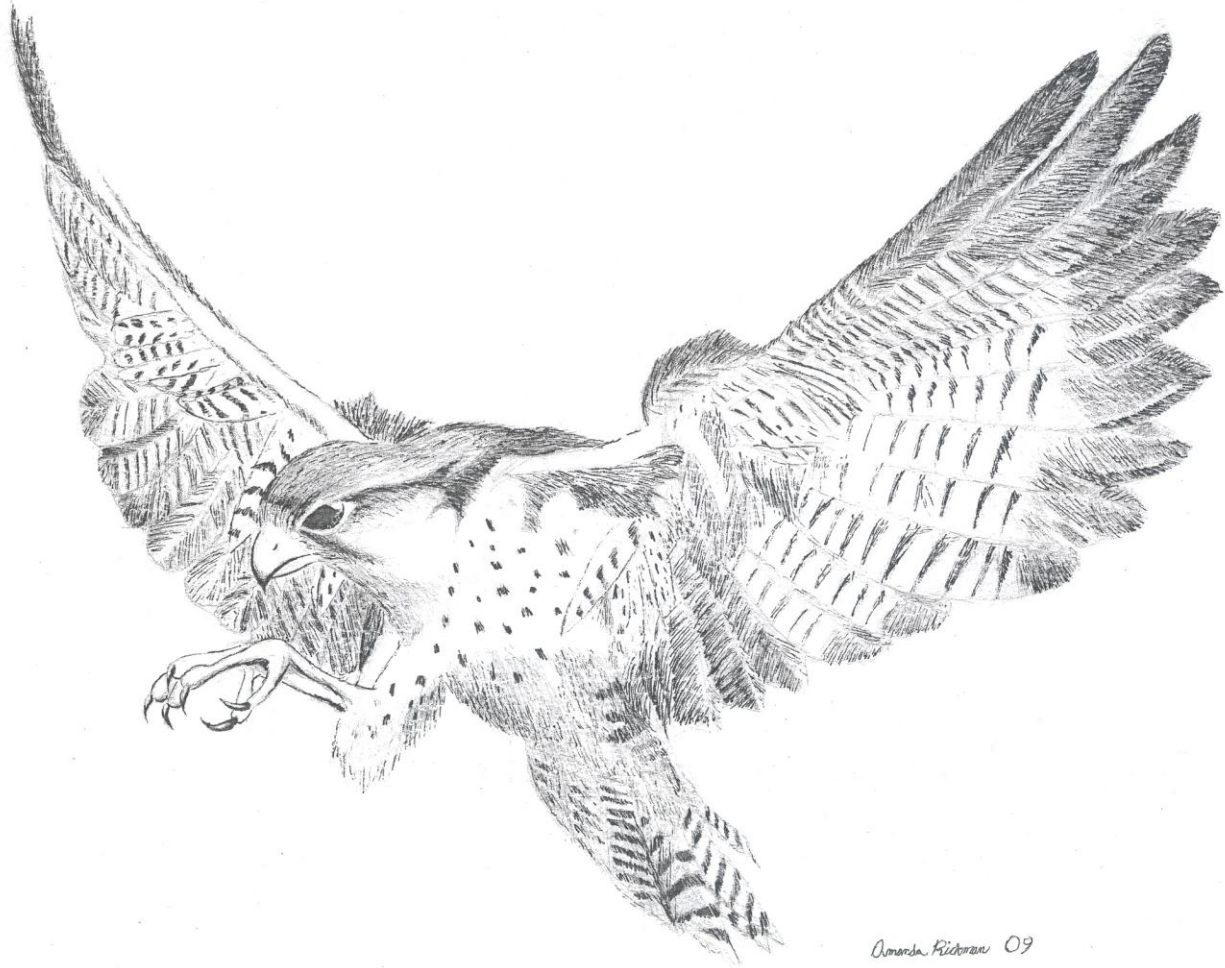
The Board has also been named as defendant in several lawsuits, the outcome of which is uncertain. It is anticipated by the Board that an adverse decision on any or all of these suits would not have a material adverse effect on these financial statements.

The Board leased certain properties for offices, storage and other uses under long-term operating leases before the completion of the administration building. Expenditures for rent under operating leases amounted to approximately \$90,355 for the year ended June 30, 2009.



Erin Worthington, Havre de Grace High School, Grade 10

Required Supplemental Information



Amanda Rickman, North Harford Middle School, Grade 8

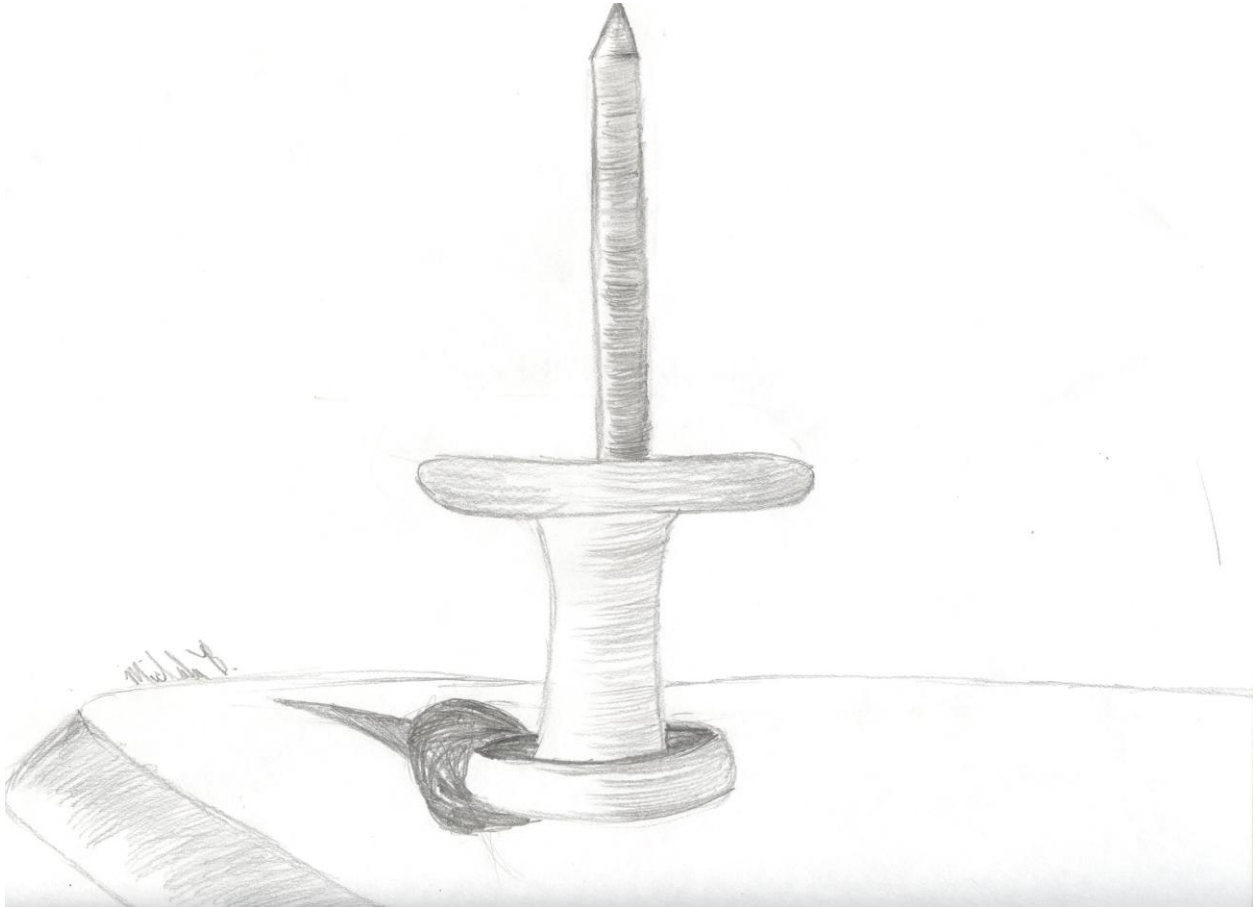
**HARFORD COUNTY PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR OTHER POSTEMPLOYMENT BENEFIT PLAN
 June 30, 2009**

Schedule of Funding Progress

Valuation Date	Value of Assets	Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2008	\$ 12,136,368	\$ 361,962,000	\$ 349,825,632	3.47%	\$ 274,153,946	127.60%
July 1, 2008	\$ 12,136,368	\$ 589,795,000	\$ 577,658,632	2.10%	\$ 278,038,509	207.76%

Valuations prior to June 30, 2008 were not valued in accordance with GASB Statement No. 43.

Other Supplemental Information



Michaela Ballistreri, Fountain Green Elementary School, Grade 5

Harford County Public Schools

**FOOD SERVICE FUND
(SPECIAL REVENUE FUND)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE COMPARED TO BUDGET (NON-GAAP BASIS)
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Cafeteria sales	\$ 8,473,180	\$ 8,058,809	\$ (414,371)
<u>Federal Aid</u>			
School Lunch Program	3,164,484	3,630,629	466,145
School Breakfast Program	815,552	973,010	157,458
Summer Months Program	95,817	160,893	65,076
U.S.D.A. Commodities	800,000	864,279	64,279
Total federal aid	4,875,853	5,628,811	752,958
<u>State Aid</u>			
Child Feeding Program	314,674	283,470	(31,204)
Interest earned	125,000	8,995	(116,005)
Miscellaneous revenues	-	328	328
Fund balance at July 1, 2008 - designated for fiscal year ended June 30, 2009	150,000	150,000	-
Total revenues	<u>\$ 13,938,707</u>	14,130,413	191,378
Expenditures			
Salaries and wages	5,151,651	5,149,819	1,832
Contracted services	233,500	315,401	(81,901)
Supplies and materials	5,771,300	5,988,413	(217,113)
Other charges	1,693,360	1,693,148	212
Furniture and equipment	263,896	476,161	(212,265)
U.S.D.A. commodities	825,000	838,145	(13,145)
Total expenditures	<u>\$ 13,938,707</u>	14,461,087	(522,380)
Deficit of revenues over expenditures		(330,674)	713,758
Total fund balance at July 1, 2008		2,439,384	
Increase (decrease) in reserve for inventory of U.S.D.A commodities		64,365	
Designated fund balance at July 1, 2008 (recognized as revenue above)		(150,000)	
Total fund Balance		2,023,075	
Reserved for inventory of U.S.D.A. commodities - end of year		(186,112)	
		1,836,963	
Fund balance at June 30, 2008 - designated for fiscal year 2009		(150,000)	
Fund balance at June 30, 2009 - undesignated		<u>\$ 1,686,963</u>	

Harford County Public Schools

**SCHOOL CONSTRUCTION FUND
(CAPITAL PROJECTS FUND)
STATEMENT OF EXPENDITURES BY PROJECT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Construction in Progress - By Project

Campus Hills Elementary	300-1901	798,155
Red Pump Elementary	300-4901	299,274
Patterson Mill Middle/High School	300-8701	861,960
Aberdeen High School Addition	305-7005	2,454,375
Joppatowne High School Gymnasium	305-8108	2,153,028
Deerfield Elementary Modernization	310-2010	15,284,678
Homestead/Wakefield Elementary Modernization	310-3510	84,807
Joppatowne Elementary Modernization	310-3710	6,052,103
William Paca/Old Post Rd Elementary Modernization	310-4010	88,571
Youth's Benefit Elementary Modernization	310-4810	440,034
Aberdeen High Modernization	310-7010	18,086
Aberdeen High North Building	310-7110	26,820
Bel Air High Modernization	310-7310	28,987,757
Edgewood High Modernization	310-7610	33,916,620
North Harford High Modernization	310-8010	1,013,617
John Archer Modernization	310-9110	6,833
Prospect Mill Elem. Remedial Capacity Renovations	315-2915	440,090
Planetaria Refresh	315-9018	299,995
Data Center Air Conditioning	325-0183	29,209
Homestead Wakefield Elementary Air Conditioning	325-4083	1,553,661
Bel Air Middle School Air Conditioning	325-7283	13,481
Fallston High Roof	325-8225	1,053,642
North Harford Middle Roof	325-8325	673,473
North Harford Middle School HVAC	325-8368	2,803,082
Roofing Projects	325-9025	36,977
Harford Technical High School Athletic Fields	330-0462	3,174,064
Relocatables	340-9041	487,991
Technology Wiring	350-9051	58,446
Milestone Project	350-9053	3,194,282
Technology Refresh	350-9057	1,244,093
Integrated Business Systems	350-9058	1,998
Forest Hill Elementary Water System	360-2676	21,845
Jarrettsville Elementary HVAC	360-3668	31,476
North Harford Sewer	360-8077	(21,565)
Fallston High Waste Water Treatment Plant	360-8276	34,271
Environmental Compliance	360-9065	184,451
Alarms	360-9074	98,525
Maintenance Replacement Vehicles	360-9075	314,672
Backflow Prevention	360-9078	83,301
Storm Water Management, Erosion and Sediment Control	360-9079	92,206
ADA Improvements	360-9080	37,135
Paving - New	360-9081	167,455
Locker Replacements	360-9083	45,305
Bleachers	360-9084	146,300
Athletic Fields	360-9162	44,442
HVAC Major Repairs	360-9968	884,252
George Lisby @ Hillsdale Elementary Playground	390-1195	76,870
Norrisville Elementary Playground	390-4195	70,100
Ring Factory Elementary Playground	390-4595	79,098
Youth's Benefit Elementary Playground	390-4895	6,658
Furniture	390-9092	127,108
Buses	390-9096	521,766
Security Cameras	390-9098	104,294
Math Refresh	390-9099	20
Textbooks	390-9793	504,945
Textbooks - FY08	390-9893	75,939
Vocational Equipment Refresh	390-9990	92,541
Textbooks - Social Science	390-9993	101,984
Band Uniforms	391-8097	47,660
		<u>111,524,256</u>

Harford County Public Schools

AGENCY FUNDS STATEMENT OF INCREASES, DECREASES AND FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2009

School Activity Funds

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
<u>Elementary Schools</u>				
Abingdon	\$ 16,811	\$ 33,506	\$ 40,028	\$ 10,288
Bakerfield	15,119	22,097	19,637	17,578
Bel Air	14,410	33,717	32,514	15,614
Church Creek	14,068	21,115	26,163	9,021
Churchville	8,774	23,290	15,665	16,400
Darlington	5,660	20,284	21,784	4,160
Deerfield	78,736	70,596	70,814	78,519
Dublin	8,229	10,071	7,534	10,766
Edgewood	16,369	20,692	21,999	15,062
Emmorton	31,099	27,563	18,787	39,874
Forest Hill	8,872	31,407	31,144	9,135
Forest Lakes	7,431	26,291	19,004	14,719
Fountain Green	30,602	22,940	31,161	22,382
George D. Lisby at Hillsdale	9,693	36,073	34,771	10,994
Hall's Cross Roads	25,485	28,520	31,828	22,178
Havre de Grace	10,064	34,086	29,584	14,566
Hickory	30,549	71,297	50,949	50,897
Homestead-Wakefield	735	69,307	56,830	13,212
Jarrettsville	17,488	55,391	43,152	29,727
John Archer	55,688	56,460	69,663	42,485
Joppatowne	12,134	23,225	21,354	14,005
Magnolia	7,388	33,506	29,674	11,220
Meadowvale	4,619	26,673	25,530	5,762
Norrisville	7,505	16,516	14,096	9,925
North Bend	19,468	80,191	72,704	26,955
North Harford	13,791	58,032	55,490	16,333
Prospect Mill	14,279	41,986	39,392	16,873
Ring Factory	24,224	43,895	52,212	15,907
Riverside	13,759	45,316	45,129	13,946
Roye-Williams	12,743	20,549	20,062	13,230
William S. James	31,026	68,151	89,018	10,158
William Paca - Old Post	14,348	11,000	12,391	12,957
Youth's Benefit	12,150	65,441	43,203	34,388
Total elementary schools	593,315	1,249,186	1,193,265	649,236

Harford County Public Schools

AGENCY FUNDS STATEMENT OF INCREASES, DECREASES AND FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2009

School Activity Funds

	Balance June 30, 2008	Increases	Decreases	Balance June 30, 2009
<u>Middle Schools</u>				
Aberdeen	44,471	133,618	119,220	58,869
Bel Air	65,614	193,824	192,425	67,013
Edgewood	20,172	135,690	134,394	21,467
Fallston	66,590	140,487	130,170	76,906
Havre de Grace	32,449	112,874	113,038	32,285
Magnolia	41,955	88,686	105,026	25,616
North Harford	51,195	186,777	186,148	51,824
Patterson Mill	17,258	101,152	97,530	20,879
Southampton	71,051	209,312	204,822	75,541
Total middle schools	<u>410,754</u>	<u>1,302,419</u>	<u>1,282,774</u>	<u>430,400</u>
<u>High Schools</u>				
Aberdeen	74,625	473,259	400,463	147,421
Alternative Education	139,031	175,460	198,870	115,622
Bel Air	274,099	419,963	383,769	310,293
C. Milton Wright	245,879	564,327	575,545	234,661
Edgewood	90,678	232,511	229,226	93,962
Fallston	128,052	514,883	514,571	128,364
Harford Technical	178,355	699,150	679,564	197,941
Havre de Grace	112,828	229,928	239,474	103,283
Joppatowne	68,852	173,584	158,262	84,173
North Harford	183,434	427,629	435,433	175,630
Patterson Mill	43,013	258,641	249,689	51,964
Total high schools	<u>1,538,846</u>	<u>4,169,335</u>	<u>4,064,867</u>	<u>1,643,314</u>
Total - all School Activity Funds	<u>2,542,916</u>	<u>6,720,940</u>	<u>6,540,906</u>	<u>2,722,950</u>
Scholarship Funds	<u>86,944</u>	<u>-</u>	<u>12,000</u>	<u>74,944</u>
Total - Agency Funds	<u>\$ 2,629,860</u>	<u>\$ 6,720,940</u>	<u>\$ 6,552,906</u>	<u>\$ 2,797,894</u>

Harford County Public Schools

COMBINING STATEMENT OF FIDUCIARY NET ASSETS - AGENCY FUNDS
JUNE 30, 2009

	Scholarship Funds	Student Activity Funds	Total Agency Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and cash equivalents	\$ 74,944	\$ 2,722,950	\$ 2,797,894
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 74,944</u>	<u>\$ 2,722,950</u>	<u>\$ 2,797,894</u>
Liabilities			
Scholarship funds payable	\$ 74,944	\$ -	\$ 74,944
School activity funds payable	-	2,722,950	2,722,950
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 74,944</u>	<u>\$ 2,722,950</u>	<u>\$ 2,797,894</u>

Harford County Public Schools

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS
JUNE 30, 2009**

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
SCHOLARSHIP FUNDS				
ASSETS				
Cash and cash equivalents	\$ 86,944	\$ -	\$ 12,000	\$ 74,944
LIABILITIES				
Scholarship funds payable	\$ 86,944	\$ -	\$ 12,000	\$ 74,944
STUDENT ACTIVITY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,542,916	\$ 6,720,940	\$ 6,540,906	\$ 2,722,950
LIABILITIES				
Student activity funds payable	\$ 2,542,916	\$ 6,720,940	\$ 6,540,906	\$ 2,722,950
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,629,860	\$ 6,720,940	\$ 6,552,906	\$ 2,797,894
LIABILITIES				
Scholarship funds payable	\$ 86,944	\$ -	\$ 12,000	\$ 74,944
Student activity funds payable	2,542,916	6,720,940	6,540,906	\$ 2,722,950
Total Liabilities	2,629,860	\$ 6,720,940	\$ 6,552,906	\$ 2,797,894



Kim Eddy, Joppatowne High School, Grade9

Statistical Section

This part of HCPS' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the district's overall financial health.

Contents	Page
Financial Trends	66 - 68
<i>These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.</i>	
Demographic and Economic Information	70 - 72
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.</i>	
Operating Information	72 - 75
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services it provides and activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year after June 30, 2004 and from the Independent Auditors' Report, Financial Statements and Supplemental Information for the relevant year prior to that.

Harford County Public Schools

Net Assets by Component

*Last Ten Fiscal Years**

(accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	160,480	181,349	196,877	224,456	265,089	297,606	379,249	472,628
Restricted for food services	2,075	2,446	2,848	3,005	2,976	2,699	2,456	2,066
Restricted for capital projects	-	-	-	-	-	25	8,072	5,802
Unrestricted	<u>(20,762)</u>	<u>(22,021)</u>	<u>(20,828)</u>	<u>(11,933)</u>	<u>(4,063)</u>	<u>1,827</u>	<u>(16,540)</u>	<u>(51,542)</u>
Total governmental activities net assets	<u>141,793</u>	<u>161,774</u>	<u>178,897</u>	<u>215,528</u>	<u>264,002</u>	<u>302,157</u>	<u>373,237</u>	<u>428,954</u>

* Prior to fiscal year 2002 generally accepted accounting principles required the use of the modified accrual basis of accounting therefore accrual basis data is unavailable.

Harford County Public Schools

*Changes in Net Assets
Last Ten Fiscal Years*
(accrual basis of accounting)
(amounts expressed in thousands)*

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Functions/Programs								
Expenses								
Governmental activities:								
Instruction:								
Regular education	174,675	187,371	191,404	200,144	229,007	247,876	277,212	290,266
Special education	36,762	39,276	40,855	47,269	54,113	60,048	69,664	77,461
Total Instruction	<u>211,437</u>	<u>226,647</u>	<u>232,259</u>	<u>247,413</u>	<u>283,120</u>	<u>307,924</u>	<u>346,876</u>	<u>367,727</u>
Support services								
Administration	7,112	7,212	8,443	9,101	11,908	14,041	15,647	16,475
Mid level administration	22,761	22,884	23,341	25,130	28,393	31,195	35,358	36,855
Pupil personnel services	1,450	1,411	1,485	1,504	1,777	1,948	2,198	2,312
Health services	2,418	2,662	2,605	3,434	3,487	4,106	4,740	5,103
Pupil transportation	16,970	18,048	19,310	20,884	23,234	25,716	31,197	32,724
Operation of plant	21,154	21,504	23,562	24,925	27,912	31,282	36,304	37,614
Maintenance of plant and equipment	8,807	8,898	9,945	10,489	11,671	12,742	14,528	14,522
Community services	318	362	319	420	434	498	499	480
Food services	8,557	9,558	10,332	11,329	12,229	13,519	14,179	15,144
Depreciation - unallocated	103	107	107	103	103	94	89	89
Total Support Services	<u>89,650</u>	<u>92,646</u>	<u>99,449</u>	<u>107,319</u>	<u>121,148</u>	<u>135,141</u>	<u>154,739</u>	<u>161,318</u>
Total governmental activities	<u>301,087</u>	<u>319,293</u>	<u>331,708</u>	<u>354,732</u>	<u>404,268</u>	<u>443,065</u>	<u>501,615</u>	<u>529,045</u>
Program revenues								
Charges for services:								
Regular education	841	859	928	1,133	1,529	1,500	1,730	1,688
Community services	288	250	324	378	439	466	488	415
Food services	6,084	6,328	6,658	7,186	7,666	8,132	8,348	8,059
Operating grants and contributions	56,590	59,861	64,773	69,930	79,547	89,364	102,132	106,729
Capital grants and contributions	23,249	29,005	20,599	38,598	56,320	47,943	101,153	104,871
Total governmental activities program revenues	<u>87,052</u>	<u>96,303</u>	<u>93,282</u>	<u>117,225</u>	<u>145,501</u>	<u>147,405</u>	<u>213,851</u>	<u>221,762</u>
Total governmental net expense	<u>(214,035)</u>	<u>(222,990)</u>	<u>(238,426)</u>	<u>(237,507)</u>	<u>(258,767)</u>	<u>(295,660)</u>	<u>(287,764)</u>	<u>(307,283)</u>
General Revenues and Other Changes in Net Assets								
General revenues:								
Local appropriations	138,335	146,051	148,150	154,047	175,415	189,415	199,615	206,979
State Aid	89,590	96,272	105,600	112,468	125,158	138,061	152,542	153,313
Federal Aid	401	421	386	371	411	443	340	279
Miscellaneous	1,510	93	1,293	2,060	5,464	4,525	5,083	2,204
Unrestricted investment earnings	318	134	120	323	793	1,371	1,264	226
Total general revenues	<u>230,154</u>	<u>242,971</u>	<u>255,549</u>	<u>269,269</u>	<u>307,241</u>	<u>333,815</u>	<u>358,844</u>	<u>363,001</u>
Change in Net Assets	<u>16,119</u>	<u>19,981</u>	<u>17,123</u>	<u>31,762</u>	<u>48,474</u>	<u>38,155</u>	<u>71,080</u>	<u>55,718</u>
Net assets - beginning of year	125,674	141,793	161,774	178,897	215,528	264,002	302,157	373,237
Adjustment to Restate Beginning Net Assets	-	-	-	4,869	-	-	-	-
Net assets - beginning of year, as Restated	<u>125,674</u>	<u>141,793</u>	<u>161,774</u>	<u>183,766</u>	<u>215,528</u>	<u>264,002</u>	<u>302,157</u>	<u>373,237</u>
Net assets - end of year	<u>141,793</u>	<u>161,774</u>	<u>178,897</u>	<u>215,528</u>	<u>264,002</u>	<u>302,157</u>	<u>373,237</u>	<u>428,955</u>

* Prior to fiscal year 2002 generally accepted accounting principles required the use of the modified accrual basis of accounting therefore accrual basis data is unavailable.

Harford County Public Schools

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General fund										
Reserved	2,918	2,584	1,945	2,911	3,409	3,523	4,230	5,338	2,937	2,261
Unreserved	4,315	2,034	2,045	910	2,778	7,635	16,188	22,128	16,152	18,113
Total general fund	<u>7,233</u>	<u>4,618</u>	<u>3,990</u>	<u>3,821</u>	<u>6,187</u>	<u>11,158</u>	<u>20,418</u>	<u>27,466</u>	<u>19,089</u>	<u>20,374</u>
All other governmental funds										
Reserved	6,205	12,184	28,229	15,196	12,191	37,660	34,804	31,198	64,514	70,062
Unreserved, reported in:										
Special revenue fund	766	1,151	1,743	1,762	2,052	2,132	2,543	2,315	2,318	1,837
Capital projects fund	(5,318)	(11,628)	(27,897)	(14,512)	(11,395)	(36,786)	(34,371)	(30,789)	(56,304)	(64,031)
Total all other governmental funds	<u>1,653</u>	<u>1,707</u>	<u>2,075</u>	<u>2,446</u>	<u>2,848</u>	<u>3,006</u>	<u>2,976</u>	<u>2,724</u>	<u>10,528</u>	<u>7,868</u>

Harford County Public Schools

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(amounts expressed in thousands)

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Intergovernmental revenues										
Local	131,034	140,346	154,360	164,163	167,880	177,486	224,683	228,930	278,735	299,449
State	121,076	123,533	124,525	136,685	144,371	168,141	183,301	205,345	245,316	241,878
Special state and federal programs	2,954	3,212	25,508	26,744	22,839	21,833	23,558	24,835	24,881	24,357
Federal	16,320	19,552	3,608	3,870	4,401	4,711	5,036	5,177	5,358	5,907
Earnings on investments	1,017	860	350	159	137	501	1,066	1,530	1,348	235
Charges for services	4,977	5,559	6,084	6,328	6,658	7,186	7,666	8,132	8,348	8,059
Donation of land from county	-	-	-	-	-	3,063	-	-	-	-
Miscellaneous revenues	938	3,351	2,771	1,325	2,545	3,574	7,432	7,271	8,709	4,878
Total revenues	<u>278,316</u>	<u>296,413</u>	<u>317,206</u>	<u>339,274</u>	<u>348,831</u>	<u>386,495</u>	<u>452,742</u>	<u>481,220</u>	<u>572,695</u>	<u>584,763</u>
Expenditures										
Current										
Administrative services	5,129	5,367	5,687	5,615	6,205	6,781	8,381	9,906	10,732	11,044
Mid level administrative services	14,531	15,889	17,154	17,707	17,428	18,638	21,411	23,592	25,282	25,556
Instructional salaries	101,918	107,187	114,172	118,502	122,904	126,644	143,325	158,371	167,938	168,953
Instructional textbooks and supplies	4,478	4,445	5,471	5,596	5,512	6,070	8,584	9,885	9,962	8,405
Other instructional costs	2,043	1,222	1,554	1,640	1,912	2,208	2,409	2,103	2,848	3,406
Special education	17,423	18,223	19,627	20,329	22,459	23,921	27,764	31,751	35,782	38,054
Student personnel services	948	1,030	1,083	1,123	1,131	1,180	1,373	1,524	1,621	1,629
Health services	1,613	1,793	1,903	1,934	2,124	2,272	2,512	3,047	3,222	3,400
Pupil transportation services	14,277	14,763	15,442	16,293	17,103	18,642	20,632	22,617	26,889	27,321
Operation of plant	15,643	17,581	17,239	18,307	19,238	21,128	23,603	26,036	28,859	29,063
Maintenance of plant and equipment	6,038	7,214	7,047	7,483	8,089	8,511	9,239	10,096	11,269	10,701
Fixed charges	50,077	53,197	52,589	58,769	67,459	72,732	80,122	88,247	112,856	107,605
Community services	275	277	283	328	293	377	398	455	450	429
Special state and federal programs	16,321	19,552	25,508	26,744	22,839	21,833	23,558	24,835	24,880	24,357
Costs of operations - food services	7,678	8,197	8,870	9,601	10,709	11,600	12,652	13,517	13,977	14,435
Capital outlay	22,854	23,108	23,744	29,092	20,846	41,242	66,404	48,395	96,663	111,844
Total expenditures	<u>281,246</u>	<u>299,045</u>	<u>317,373</u>	<u>339,063</u>	<u>346,251</u>	<u>383,779</u>	<u>452,367</u>	<u>474,377</u>	<u>573,230</u>	<u>586,202</u>
Excess (deficit) of revenues over expenditures	(2,930)	(2,632)	(167)	211	2,580	2,716	375	6,843	(535)	(1,439)
Other financing sources (uses)										
Proceeds from capital lease	-	-	-	-	-	2,475	8,893	32	-	-
Increase (decrease) in reserve for inventory	(13)	70	(92)	(10)	188	(62)	(38)	-	(38)	-
Net change in fund balances	<u>(2,943)</u>	<u>(2,562)</u>	<u>(259)</u>	<u>201</u>	<u>2,768</u>	<u>5,129</u>	<u>9,230</u>	<u>6,875</u>	<u>(573)</u>	<u>(1,439)</u>

Harford County Public Schools

Enrollment by School and Student to Teacher Ratio Last Ten Years

	At September 30,										2008 Capacity	Percent of Capacity
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008		
Abingdon Elementary	855	859	833	853	836	841	822	751	769	795	821	96.83%
Bakersfield Elementary	501	530	551	506	510	507	463	447	463	477	455	104.84%
Bel Air Elementary	638	537	567	577	525	533	524	505	487	512	500	102.40%
Church Creek Elementary	811	800	743	730	733	754	778	755	736	743	789	94.17%
Churchville Elementary	374	367	408	384	398	383	383	371	359	363	388	93.56%
Darlington Elementary	164	165	145	123	141	137	139	130	126	125	192	65.10%
Deerfield Elementary	592	594	589	639	687	670	584	569	545	520	555	93.69%
Dublin Elementary	295	280	266	258	260	268	239	250	246	247	295	83.73%
Edgewood Elementary	466	421	447	442	458	506	473	422	419	393	511	76.91%
Emmorton Elementary	561	544	544	576	580	617	617	653	667	676	549	123.13%
Forest Hill Elementary	-	609	710	536	580	603	579	585	575	564	581	97.07%
Forest Lakes Elementary	708	523	525	684	675	679	714	707	695	664	548	121.17%
Fountain Green Elementary	601	611	605	616	647	616	664	643	662	651	571	114.01%
George D. Lisby Elementary at Hillsdale	449	446	440	391	383	378	347	333	311	350	432	81.02%
Halls Cross Roads Elementary	427	431	401	401	359	364	383	415	437	430	632	68.04%
Havre de Grace Elementary	490	470	505	481	487	461	413	368	373	393	574	68.47%
Hickory Elementary	819	613	674	693	693	667	696	664	693	702	622	112.86%
Homestead-Wakefield Elementary	1,128	1,035	992	982	992	970	958	934	919	905	907	99.78%
Jarrettsville Elementary	531	517	480	480	470	455	455	423	443	414	520	79.62%
Joppatowne Elementary	552	528	568	593	564	567	581	522	515	546	484	112.81%
Magnolia Elementary	602	610	596	589	566	574	515	512	526	536	499	107.41%
Meadowvale Elementary	652	647	577	588	602	574	603	571	549	545	568	95.95%
Norrisville Elementary	239	206	192	191	194	184	207	221	206	192	252	76.19%
North Bend Elementary	551	522	503	500	481	470	449	428	399	402	513	78.36%
North Harford Elementary	497	499	498	532	539	534	551	518	502	469	487	96.30%
Prospect Mill Elementary	900	879	839	911	879	907	976	1,008	980	951	680	139.85%
Ring Factory Elementary	653	675	619	596	567	555	541	530	527	500	549	91.07%
Riverside Elementary	584	562	559	544	564	559	554	568	547	504	522	96.55%
Roye-Williams Elementary	651	654	630	620	563	641	577	546	493	426	752	56.65%
William Paca/Old Post Road Elementar	1,086	1,071	1,066	1,055	1,033	1,026	1,052	1,044	1,010	1,020	940	108.51%
William S. James Elementary	605	600	589	560	526	520	498	496	501	487	476	102.31%
Youths Benefit Elementary	1,079	1,068	1,014	1,003	985	1,008	1,029	1,044	1,067	1,072	890	120.45%
Total Elementary Schools	19,061	18,873	18,675	18,634	18,477	18,528	18,364	17,933	17,747	17,574	18,054	97.34%
Aberdeen Middle	1,236	1,228	1,265	1,299	1,293	1,301	1,247	1,207	1,095	1,120	1,709	65.54%
Bel Air Middle	1,225	1,218	1,265	1,429	1,461	1,402	1,434	1,403	1,244	1,249	1,318	94.76%
Edgewood Middle	1,179	1,228	1,331	1,349	1,346	1,275	1,216	1,164	1,151	1,028	1,370	75.04%
Fallston Middle	1,152	1,145	1,118	1,274	1,228	1,224	1,212	1,180	925	905	1,105	81.90%
Havre de Grace Middle	607	599	624	657	650	605	589	599	609	613	775	79.10%
Magnolia Middle	871	882	912	935	903	913	916	869	874	785	1,073	73.16%
North Harford Middle	1,078	1,063	1,129	1,226	1,200	1,118	1,123	1,085	1,153	1,134	1,243	91.23%
Patterson Mill Middle	-	-	-	-	-	-	-	-	735	763	733	104.09%
Southampton Middle	1,823	1,951	2,008	1,613	1,541	1,528	1,535	1,549	1,252	1,295	1,540	84.09%
Total Middle Schools	9,171	9,314	9,652	9,782	9,622	9,366	9,272	9,056	9,038	8,892	10,866	81.83%
Aberdeen High	1,173	1,204	1,220	1,250	1,250	1,357	1,543	1,589	1,569	1,504	1,370	109.78%
Bel Air High	1,556	1,587	1,573	1,573	1,649	1,636	1,639	1,683	1,403	1,380	1,423	96.98%
C. Milton Wright High	1,763	1,788	1,840	1,793	1,789	1,911	1,834	1,850	1,746	1,587	1,678	94.58%
Edgewood High	1,143	1,093	1,183	1,226	1,327	1,357	1,316	1,261	1,177	1,123	1,380	81.38%
Fallston High	1,554	1,618	1,651	1,656	1,672	1,635	1,643	1,606	1,453	1,365	1,529	89.27%
Harford Technical High	901	935	1,014	1,054	1,070	1,069	1,052	1,056	1,056	1,040	920	113.04%
Havre de Grace High	661	639	663	690	687	705	721	717	769	764	850	89.88%
Joppatowne High	1,019	1,069	1,074	1,052	1,051	1,108	1,118	1,063	1,004	969	1,105	87.69%
North Harford High	1,187	1,233	1,270	1,370	1,425	1,447	1,445	1,437	1,385	1,367	1,603	85.28%
Patterson Mill High	-	-	-	-	-	-	-	-	436	701	1,030	68.06%
Total High Schools	10,957	11,166	11,488	11,664	11,920	12,225	12,311	12,262	11,998	11,800	12,888	91.56%
Total Secondary Schools	20,128	20,480	21,140	21,446	21,542	21,591	21,583	21,318	21,036	20,692	23,754	87.11%
Alternative Education	18	54	15	20	30	17	113	139	155	106	250	42.40%
Restoration Academy (Charter)	-	-	-	-	-	-	-	21	78	79	75	105.33%
John Archer	141	155	165	164	154	158	152	160	159	159	210	75.71%
Total Special Schools	159	209	180	184	184	175	265	320	392	344	535	64.30%
Total All Schools	39,348	39,562	39,995	40,264	40,203	40,294	40,212	39,571	39,175	38,610	42,343	91.18%
Teachers & Therapists Staff (1)	2,370	2,442	2,486	2,579	2,590	2,357	2,437	2,589	2,809	2,835		
Student/Teacher Ratio	16.60	16.20	16.09	15.61	15.52	17.10	16.50	15.28	13.95	13.62		

Source: Monthly Report on Enrollment at September 30.

Source (1): Maryland State Department of Education Fact Book for relevant year

Note: September 30 is the State's official enrollment date for the school year.

Harford County Public Schools

Enrollment by Grade Last Ten Years

	September 30,									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Elementary School:										
Preschool	76	84	66	80	86	83	66	55	53	49
Prekindergarten	799	829	827	836	811	849	825	841	813	825
Kindergarten	2,789	2,716	2,804	2,796	2,721	2,653	2,811	2,611	2,823	2,704
Grade 1	2,886	2,963	2,867	2,944	2,948	2,908	2,778	2,849	2,603	2,836
2	3,047	2,814	2,960	2,879	2,904	2,953	2,907	2,756	2,848	2,643
3	3,017	3,062	2,880	3,025	2,923	2,937	2,964	2,894	2,761	2,862
4	3,265	3,072	3,115	2,932	3,068	3,006	2,971	2,947	2,906	2,762
5	<u>3,137</u>	<u>3,292</u>	<u>3,105</u>	<u>3,106</u>	<u>2,978</u>	<u>3,139</u>	<u>3,042</u>	<u>2,980</u>	<u>2,940</u>	<u>2,893</u>
Total Elementary School	<u>19,016</u>	<u>18,832</u>	<u>18,624</u>	<u>18,598</u>	<u>18,439</u>	<u>18,528</u>	<u>18,364</u>	<u>17,933</u>	<u>17,747</u>	<u>17,574</u>
Middle School:										
Grade 6	3,065	3,223	3,305	3,139	3,113	2,983	3,090	2,995	2,948	2,904
7	3,036	3,042	3,268	3,331	3,200	3,137	3,010	3,052	3,042	2,967
8	<u>3,070</u>	<u>3,051</u>	<u>3,079</u>	<u>3,315</u>	<u>3,311</u>	<u>3,249</u>	<u>3,189</u>	<u>3,040</u>	<u>3,090</u>	<u>3,069</u>
Total Middle School	<u>9,171</u>	<u>9,316</u>	<u>9,652</u>	<u>9,785</u>	<u>9,624</u>	<u>9,369</u>	<u>9,289</u>	<u>9,087</u>	<u>9,080</u>	<u>8,940</u>
High School:										
Grade 9	3,164	3,295	3,119	3,214	3,456	3,640	3,508	3,402	3,340	3,285
10	2,780	2,850	3,105	3,007	2,987	3,071	3,220	3,107	3,029	3,005
11	2,553	2,615	2,759	2,792	2,734	2,825	2,931	2,995	2,869	2,841
12	<u>2,478</u>	<u>2,443</u>	<u>2,520</u>	<u>2,629</u>	<u>2,734</u>	<u>2,703</u>	<u>2,748</u>	<u>2,887</u>	<u>2,951</u>	<u>2,806</u>
Total High School	<u>10,975</u>	<u>11,203</u>	<u>11,503</u>	<u>11,642</u>	<u>11,911</u>	<u>12,239</u>	<u>12,407</u>	<u>12,391</u>	<u>12,189</u>	<u>11,937</u>
Special Education	<u>186</u>	<u>211</u>	<u>216</u>	<u>239</u>	<u>229</u>	<u>158</u>	<u>152</u>	<u>160</u>	<u>159</u>	<u>159</u>
Total Enrollment	<u>39,348</u>	<u>39,562</u>	<u>39,995</u>	<u>40,264</u>	<u>40,203</u>	<u>40,294</u>	<u>40,212</u>	<u>39,571</u>	<u>39,175</u>	<u>38,610</u>

Source: Monthly Report on Enrollment at September 30.

Note: September 30 is the State's official enrollment date for the school year.

Harford County Public Schools

Other Data

Last Ten Fiscal Years

Fiscal Year	Per Pupil Expenditures*		Number of School Bus Riders***	Food Services****	
	Dollars	State Rank**		Breakfasts Served	Lunches Served
2000	6,962	23	33,140	397,346	2,385,171
2001	7,312	23	32,952	444,326	2,485,410
2002	7,304	24	33,850	501,288	2,626,581
2003	7,655	24	33,720	516,174	2,683,060
2004	7,816	24	34,140	632,276	2,947,239
2005	8,237	24	35,119	707,951	3,378,561
2006	9,104	23	35,340	791,792	3,527,756
2007	10,247	15	34,226	847,799	3,651,405
2008	not available		33,797	865,842	3,554,739
2009	not available		33,386	902,890	3,531,171

* Source: Maryland State Department of Education

Harford County Public Schools

Student Academic Performance 2009 Test Results

		<u>Harford</u>	<u>State</u>	<u>Nation</u>		<u>Harford</u>	<u>State</u>	<u>Nation</u>
Scholastic Assessment Test (SAT)				High School Assessments (HSA)				
	<u>Average Score</u>				<u>Percent Passing</u>			
	Verbal	505	499	502	English 2	Not Available	Not Available	not applicable
	Math	521	502	519	Biology	Not Available		
	Writing	490	497	494	Government	Not Available		
					Algebra	Not Available		
Maryland School Assessments (MSA)								
		<u>Percent Passing</u>				<u>Percent Passing</u>		
	Reading			not applicable	Math			not applicable
Grade 3	Advanced	12.6%	16.9%		Advanced	28.6%	26.7%	
	Proficient	69.1%	66.1%		Proficient	59.9%	55.9%	
	Basic*	12.6%	17.0%		Basic*	11.5%	17.4%	
Grade 4	Advanced	25.5%	27.9%		Advanced	46.1%	42.4%	
	Proficient	64.7%	60.5%		Proficient	45.3%	46.2%	
	Basic*	9.9%	11.5%		Basic*	8.6%	11.4%	
Grade 5	Advanced	59.4%	51.0%		Advanced	28.7%	25.4%	
	Proficient	32.1%	35.7%		Proficient	57.1%	55.1%	
	Basic*	8.5%	13.3%		Basic*	14.2%	19.5%	
Grade 6	Advanced	50.4%	42.9%		Advanced	31.4%	31.8%	
	Proficient	37.4%	38.8%		Proficient	48.1%	44.0%	
	Basic*	12.2%	18.2%		Basic*	20.5%	24.2%	
Grade 7	Advanced	44.3%	42.9%		Advanced	20.8%	21.7%	
	Proficient	41.5%	38.3%		Proficient	51.1%	46.5%	
	Basic*	14.2%	18.8%		Basic*	28.0%	31.8%	
Grade 8	Advanced	43.2%	34.1%		Advanced	29.5%	29.0%	
	Proficient	38.9%	38.7%		Proficient	34.1%	32.8%	
	Basic*	17.9%	27.2%		Basic*	36.5%	38.1%	
English 2	Advanced	Not Available			Algebra/DA			
	Proficient	Not Available		Advanced	Not Available			
	Basic*	Not Available		Proficient	Not Available			
				Basic*	Not Available			

Source: Office of Accountability, HCPS

Harford County Public Schools

Insurance Summary FY2009

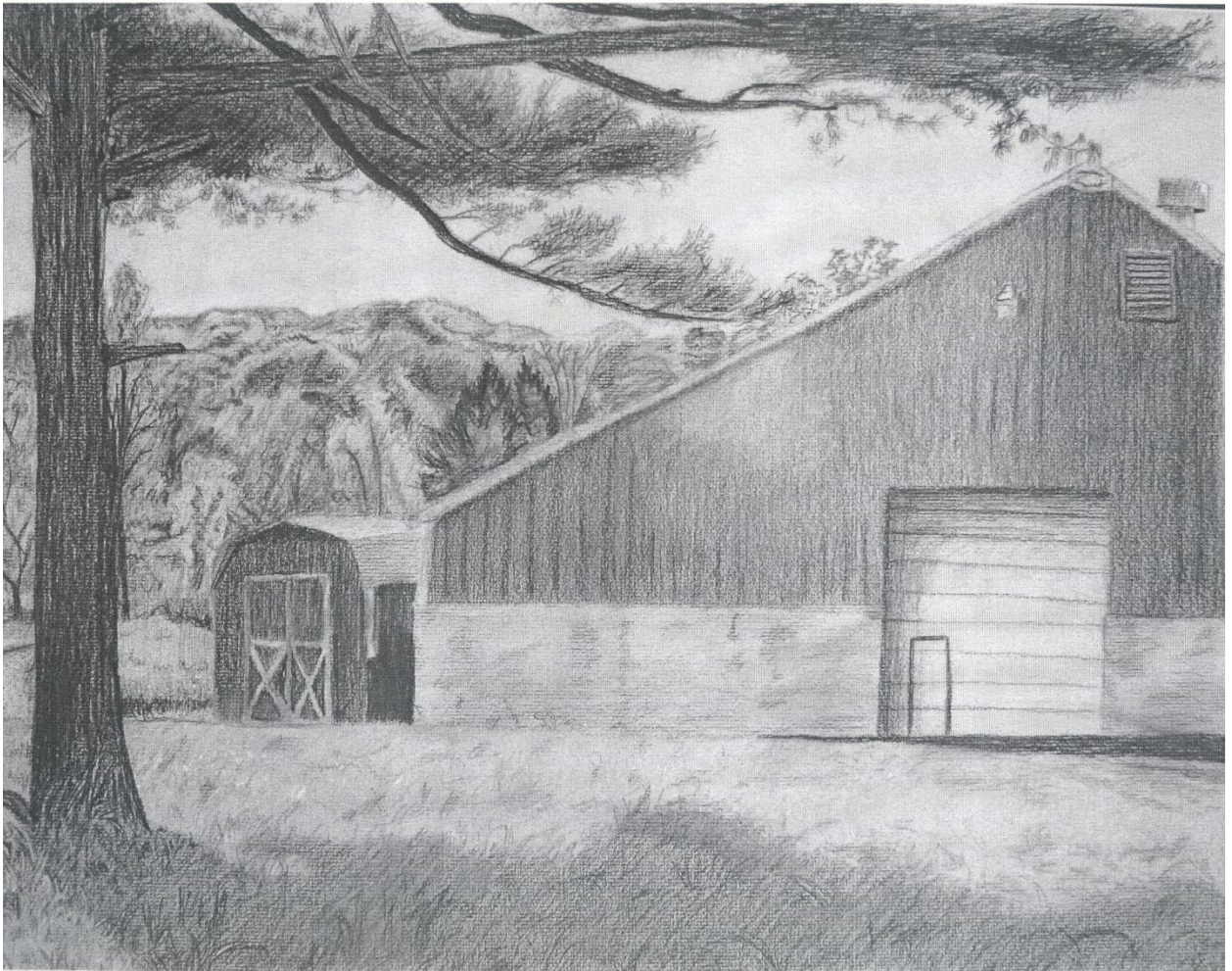
Type of Coverage	Name of Company	Policy Number	Policy Period	Limits
Workers Compensation	MABE Group Self-Insurance Fund	N/A	7/1/08-6/30/09	Statutory up to \$400,000
Excess Workers Compensation	Safety National	SP-2K59-MD	7/1/08-6/30/09	Statutory excess of \$400,000
Comprehensive General Liability	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal Injury Liability	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$100,000 combined single limit \$1 million combined single limit for Bus Contractors
Excess School Bus Liability	Lexington Insurance Company	6390126	07/1/08-7/1/09	\$1 million excess of \$1 million **Contracted buses only
Personal Injury Protection	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	Actual cash value
Garage Keepers Liability	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$100,000 per loss
Criminal Proceeding and Intentional Conduct Defense Reimbursement	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$50,000 per covered person \$100,000 annual aggregate
Property and Boiler and Machinery	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$500,000 per occurrence
Excess Property and Boiler and Machinery	PEPIP	PEPIP0809	7/01/08-6/30/09	\$1 billion per occurrence excess of \$500,000
Crime	St. Paul	F1-1697	7/1/08-6/30/09	\$2,500,000 per loss
School Board Legal Liability	MABE Group Insurance Pool	N/A	7/1/08-6/30/09	\$250,000 per occurrence \$5 million per occurrence should sovereign immunity be abrogated
School Board Legal Liability Reinsura	Lloyds of London	N/A	7/1/08-6/30/09	\$5,000,000 per occurrence excess of \$250,000
Catastrophic Student Accident	AIG	SRG 0009100979	8/01/08-8/01/09	\$5,000,000 Medical Expense \$1,000,000 Catastrophic Cash

Harford County Public Schools

Facilities Information As of June 25, 2007

	Gross Square Feet	Acres	Year Constructed	Age in Years
Central Offices				
102 S. Hickory	73,122	0.77	2005	4
Hickory Annex	39,930	7.15	various	n/a
Forest Hill Annex	30,315	5.96	various	n/a
45 E. Gordon	14,060	7.38	1882 to 1982	127
Woodbridge Center	-	19.80	n/a	n/a
Box Hill South	-	17.86	n/a	n/a
Special Schools				
Harford Glen	31,647	245.23	1804 to 2000	205
John Archer	63,984	15.00	1971	38
Center for Educational Opportunity	107,087	23.46	1965	44
High Schools				
Aberdeen High	229,000	23.46	2004	5
Bel Air High	187,980	40.00	1950	59
C. Milton Wright High	220,910	60.00	1980	29
Edgewood High	193,660	48.95	1954	55
Fallston High	233,500	96.59	1977	32
Harford Technical High	218,225	55.00	1978	31
Havre de Grace High	144,815	35.00	1955	54
Joppatowne High	193,488	65.16	1972	37
North Harford High	181,870	73.00	1950	59
Patterson Mill High & Middle	265,000	79.85	2007	2
Middle Schools				
Aberdeen Middle	196,800	43.83	1973	36
Bel Air Middle	164,900	25.84	1961	48
Edgewood Middle	166,530	34.21	1965	44
Fallston Middle	130,284	96.59	1993	16
Havre de Grace Middle	102,000	37.34	1967	42
Magnolia Middle	149,100	69.33	1979	30
North Harford Middle	173,728	40.00	1976	33
Southampton Middle	188,134	35.99	1970	39
Elementary Schools				
Abingdon Elementary	91,229	28.49	1992	17
Bakersfield Elementary	65,691	10.00	1961	48
Bel Air Elementary	49,748	6.31	1984	25
Church Creek Elementary	85,801	20.51	1994	15
Churchville Elementary	52,360	6.46	1931	78
Darlington Elementary	24,237	7.89	1938	71
Deerfield Elementary	57,529	19.00	1962	47
Dublin Elementary	44,385	24.69	1941	68
Edgewood Elementary	67,341	44.71	1969	40
Emmorton Elementary	63,000	22.04	1994	15
Forest Hill Elementary	64,722	8.44	2000	9
Forest Lakes Elementary	68,971	20.03	1997	12
Fountain Green Elementary	60,000	23.87	1993	16
George D. Lisby Elementary	56,295	20.01	1968	41
Halls Cross Roads Elementary	63,082	12.73	1943	66
Havre de Grace Elementary	65,085	10.25	1949	60
Hickory Elementary	77,958	33.11	1950	59
Homestead-Wakefield Elementary	115,458	36.53	1958	51
Jarrettsville Elementary	61,275	27.44	1962	47
Joppatowne Elementary	54,885	17.19	1965	44
Magnolia Elementary	59,900	17.00	1975	34
Meadowvale Elementary	69,000	13.26	1959	50
Norrisville Elementary	37,417	11.54	1967	42
North Bend Elementary	60,221	18.23	1991	18
North Harford Elementary	49,703	20.00	1984	25
Prospect Mill Elementary	75,538	15.00	1973	36
Ring Factory Elementary	59,132	34.26	1990	19
Riverside Elementary	55,711	13.18	1968	41
Roye Williams Elementary	78,126	28.00	1953	56
William Paca Elementary	54,452	46.00	1964	45
William S. James Elementary	58,500	15.00	1976	33
Youths Benefit Elementary	96,616	26.18	1953	56
Total	5,743,437	1,960.10		

Source: Educational Facilities Master Plan 2009



Patty Gray , North Harford High School, Grade12

Compliance Section



Austin Sapp, Fallston High School, Grade10



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**Independent Public Accountants' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Board of
Education of Harford County
Bel Air, Maryland

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harford County Public Schools as of and for the year ended June 30, 2009, which collectively comprise Harford County Public Schools' basic financial statements and have issued our report thereon dated September 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Harford County Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.



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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harford County Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Members of the Board of Harford County Public Schools, management, the Maryland State Department of Education and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

September 14, 2009
Hunt Valley, Maryland



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