

# Harford County Public Schools

102 S. Hickory Avenue \* Bel Air, MD 21014

*A Component Unit of Harford County, Maryland*



## *Comprehensive Annual Financial Report*

*For the Fiscal Year ended June 30, 2007*

*Prepared by the  
Division of Business Services Finance Department*

## 2006 to 2007 Board of Education of Harford County



From left to right:

Seated: Jennifer L. Cook, Mark M. Wolkow, Jacqueline C. Haas

Standing: Patrick L. Hess, Lee Merrell, Thomas L. Fidler, Jr., John L. Smilko, Ruth R. Rich

**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, 2007**

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

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## *Student Contributions*

<u>Student</u>	<u>Grade</u>	<u>School</u>	<u>Page</u>
<i>Monica Siedlarczyk</i>	<i>Grade 11</i>	<i>Aberdeen High School</i>	<i>1</i>
<i>Cameron Band</i>	<i>Grade 2</i>	<i>Prospect Mill Elementary School</i>	<i>2</i>
<i>Diamond Thomas</i>	<i>Grade 4</i>	<i>Joppatowne Elementary School</i>	<i>2</i>
<i>Kayla Convry</i>	<i>Grade 7</i>	<i>Bel Air Middle School</i>	<i>11</i>
<i>Lance Del Rosario</i>	<i>Grade 5</i>	<i>Abingdon Elementary School</i>	<i>11</i>
<i>Sarah Kanely</i>	<i>Grade 10</i>	<i>Joppatowne High School</i>	<i>12</i>
<i>Emma Hinz</i>	<i>Grade 11</i>	<i>Fallston High School</i>	<i>26</i>
<i>Paige Tyler</i>	<i>Grade 5</i>	<i>Abingdon Elementary School</i>	<i>26</i>
<i>Ryan Lesniewski</i>	<i>Grade 5</i>	<i>Fountain Green Elementary School</i>	<i>51</i>
<i>Tyler Abbot</i>	<i>Grade 7</i>	<i>Fallston Middle School</i>	<i>51</i>
<i>Jessica Bennett</i>	<i>Grade 10</i>	<i>Bel Air High School</i>	<i>52</i>
<i>Julia Celebrado-Royer</i>	<i>Grade 9</i>	<i>Havre de Grace High School</i>	<i>60</i>
<i>Sarah Armingier</i>	<i>Grade 10</i>	<i>C. Milton Wright High School</i>	<i>Inside Back Cover</i>
<i>Stephanie Espeland</i>	<i>Grade 11</i>	<i>Bel Air High School</i>	<i>Back Cover</i>

## ***Cover Photographs*** by Don Morrison

(Top large picture) LEADERS – Among the leaders in Bel Air Elementary School’s ‘Pennies for Patients’ effort were, from left, first row, Jeremy Ginley, Sara Kelley, Austin Koehn, Jimmy Fisher, Alyssa Moro, Cole Frado, Kira Brown, Amiris Maxwell, Alaina Menefee, and Isabella Pyle-Twele; second row, Sean Adams, Megan Chouinard, Savannah Walton, Sam Queen, Trevor Schafer, Ashly Rodriguez, Lauren Fisher, Shannen Haney, and Rachel Shin; and, third row, Patrick Luft, Phoebe Monroe, Taylor Layman, Eric Ingram, Tabitha Golumbek, Lia Testerman, Taylor Brethauer, and Alexis Golumbek.

(Top small picture) SUMMER CENTER – Students who took part in the 2007 Summer Center for Action Investigation at Harford Glen Environmental Center examine the aftermath of the pine tree clear cut that was done at the center the previous school year.

(Bottom large picture) DAVID KIVOTO of Aberdeen High, left, and Zhan Lu of Bel Air High take their game seriously during the countywide chess tournament April 28, 2007.

(Bottom small picture) BETHANY RILEY jumped rope to raise funds for the American Heart Association on April 23, 2007, in memory of her grandfather, Charlie Riley, who passed away two years ago after a lifetime of service.



# Harford County Public Schools

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# Harford County Public Schools

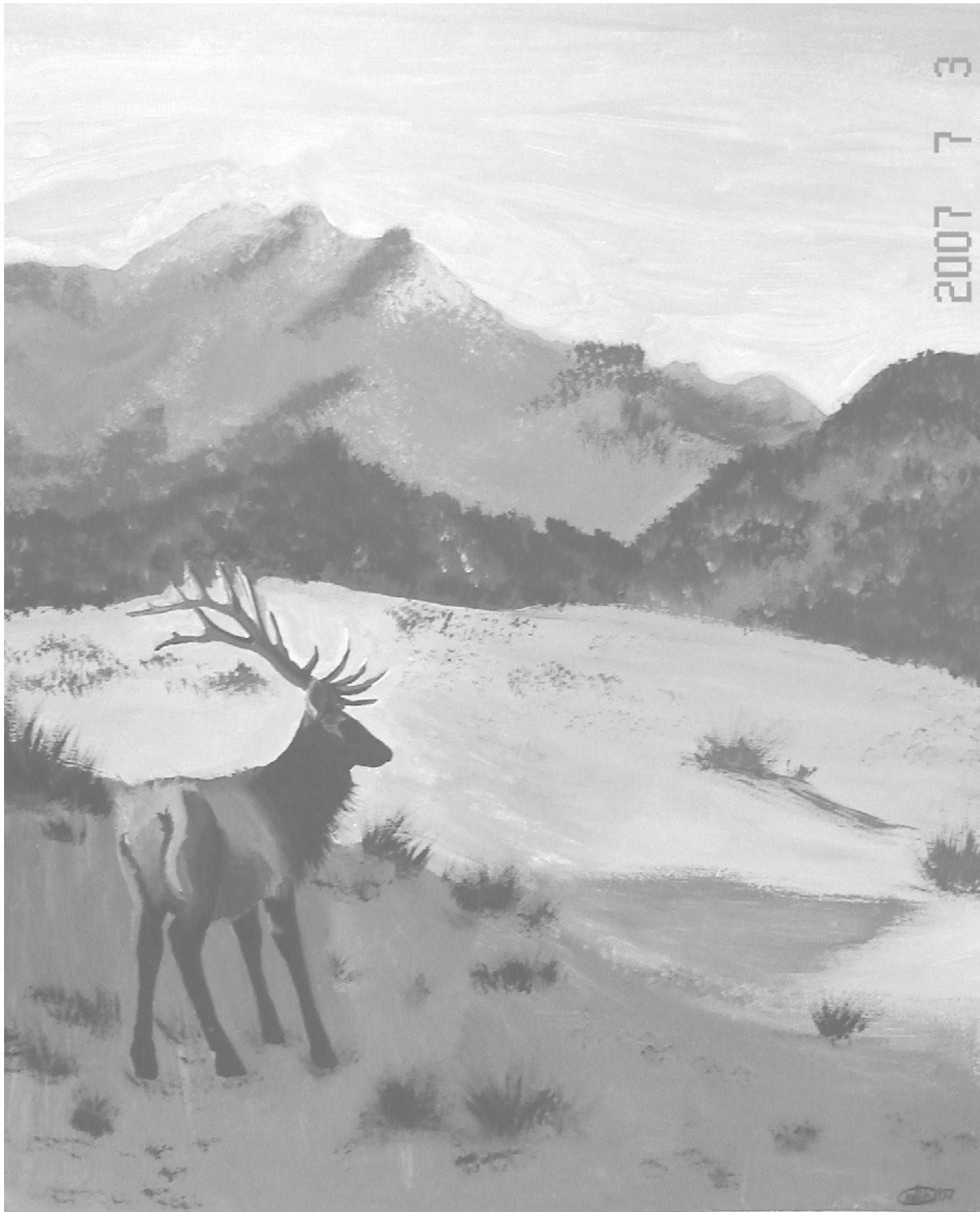
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## *Table of Contents – Continued*

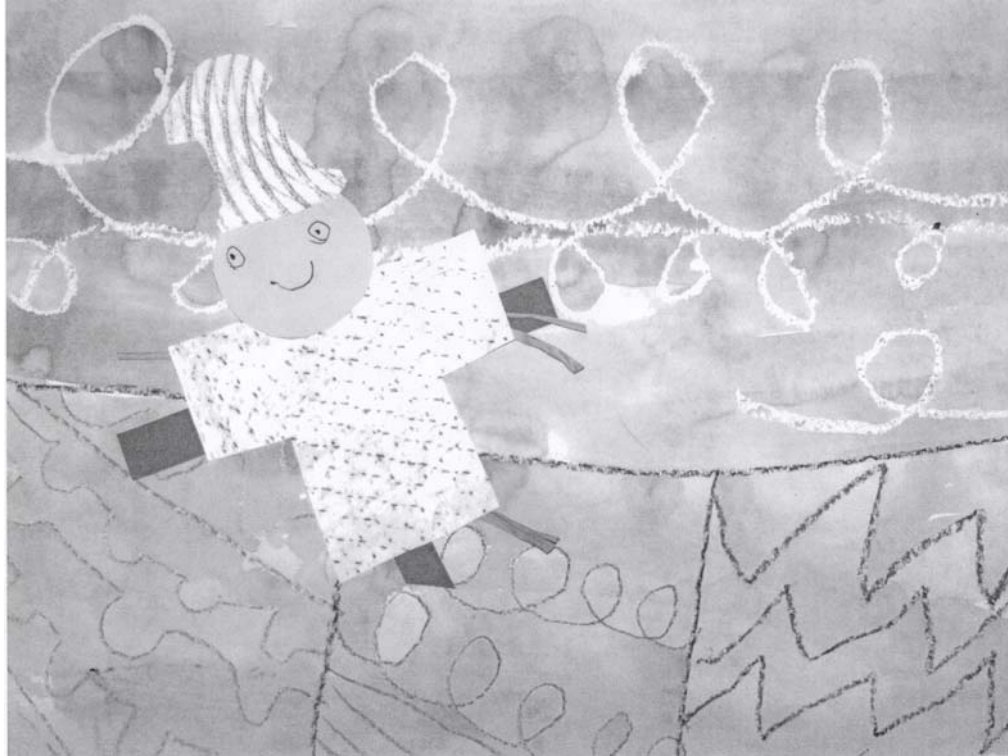
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# *Introductory Section*

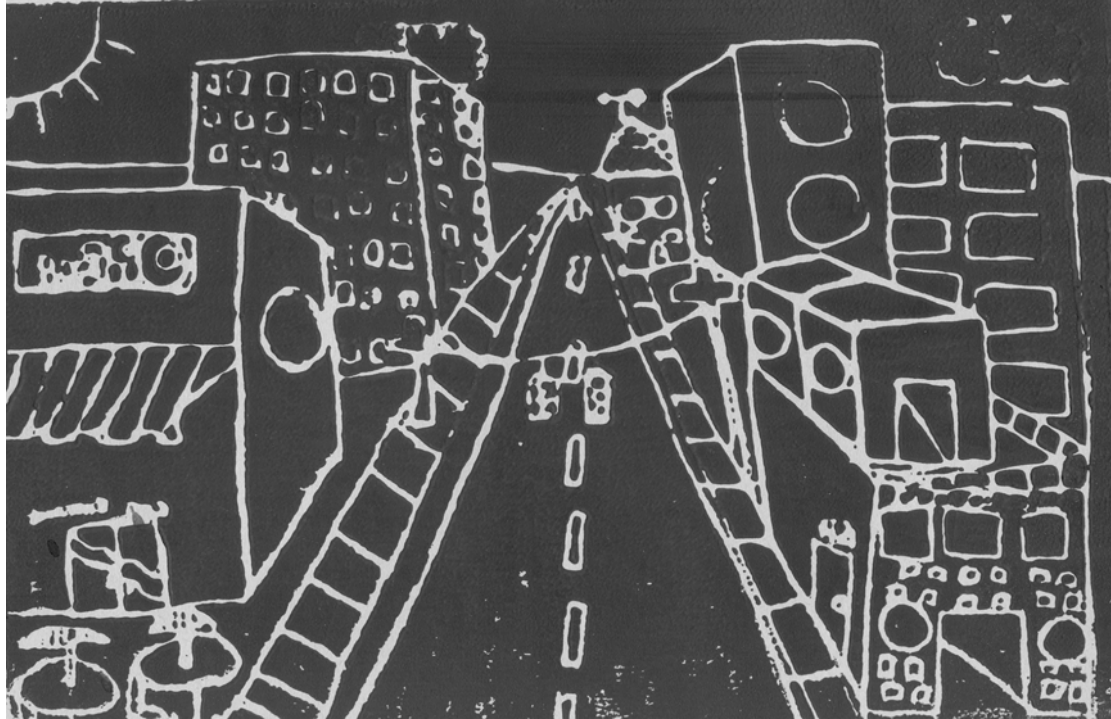
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*Monica Siedlarczyk, Aberdeen High School, Grade 11*



*Cameron Band, Prospect Mill Elementary School, Grade 2*



*Diamond Thomas, Joppatowne 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, 2007, their represented areas, and the year of expiration of their terms are as follows.

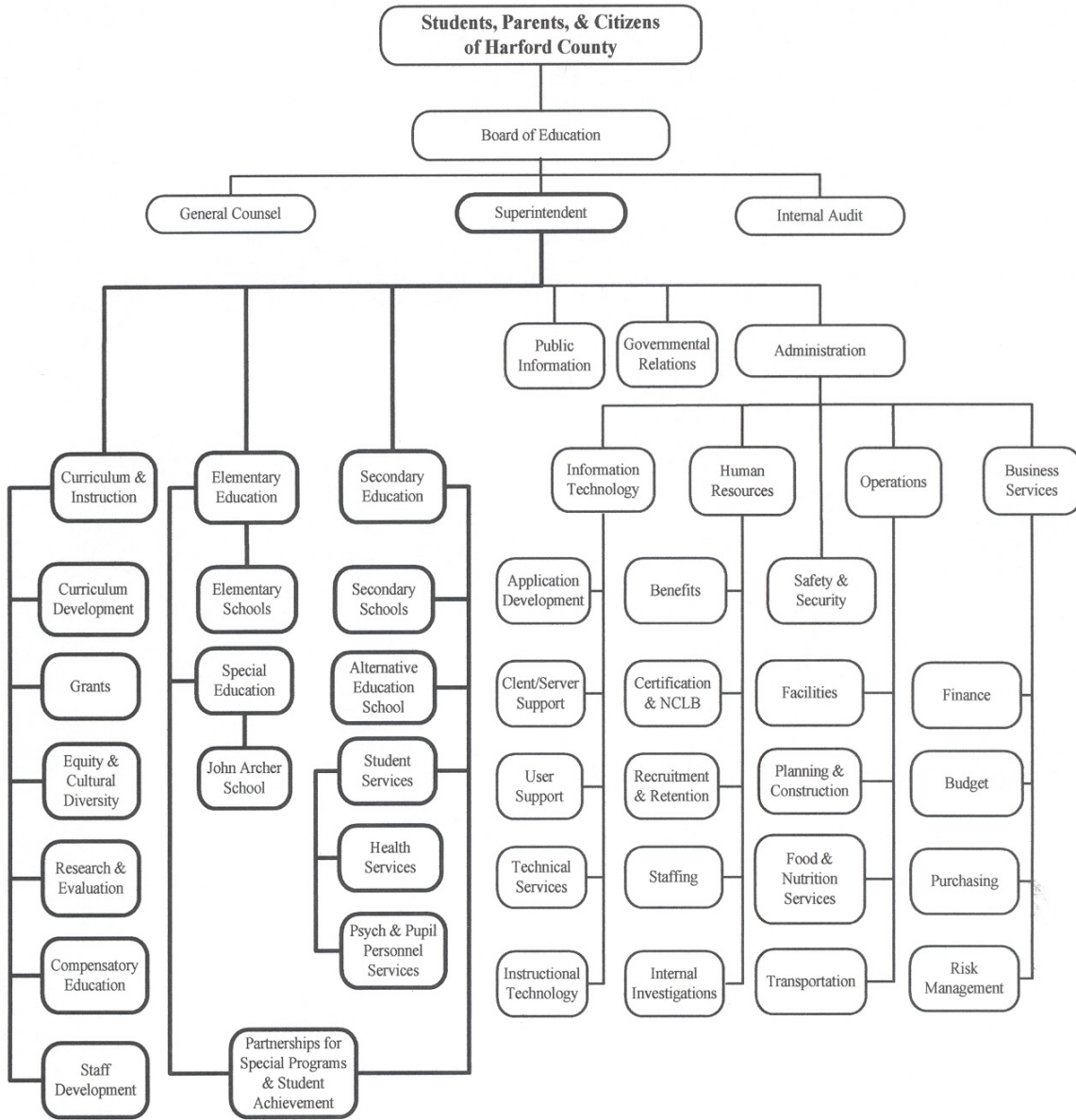
<u>Title</u>	<u>Name</u>	<u>Area</u>	<u>Term Ends</u>
President	Mark M. Wolkow	Abingdon/Edgewood	2007
Vice-president	Thomas L. Fidler, Jr.	Bel Air	2008
Other members	Ruth R. Rich	North Harford	2007
	Patrick L. Hess	Fallston	2007
	Salina M. Williams	Aberdeen	2008
	Lee Merrell	Havre de Grace	2009
	John L. Smilko	Joppa	2010
Student member	Jennifer L. Cook		2007

## Harford County Public Schools Superintendent's Staff

Dr. Jacqueline C. Haas	Superintendent
Mr. Joseph P. Licata	Assistant Superintendent of Operations
Mr. John M. Markowski	Chief Financial Officer
Vacant	Chief Administrative Officer
Mr. H. Andrew Moore	Director of Information and Technology Services
Mr. Donald R. Morrison	Director of Public Information
Mr. Jonathan D. O'Neal	Assistant Superintendent of Human Resources
Dr. Gerald E. Scarborough	Assistant Superintendent for Curriculum & Instruction
Mrs. Patricia L. Skebek	Executive Director of Elementary Education
Mr. Patrick P. Spicer	General Counsel
Mr. David A. Volrath	Executive Director of Secondary Education

# Harford County Public Schools

## Organization at June 30, 2007



Key:  
 Instruction \_\_\_\_\_  
 Supporting Services \_\_\_\_\_



# *Harford County Public Schools*

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

Jacqueline C. Haas, Ed.D., Superintendent of Schools

September 30, 2007

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, 2007.

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.

Clifton Gunderson LLP, a firm of licensed certified public accountants, have issued an unqualified (“clean”) opinion on HCPS financial statements for the fiscal year ended June 30, 2007. 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 auditor’s 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 Board 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***

Harford County Public Schools is a fiscally dependent school system comprised of 52 schools with an actual full time equivalent (FTE) enrollment of 29,582 in fiscal year 2007 (FY07) and a projected FTE enrollment of 39,487 in fiscal year 2008 (FY08). HCPS is the 127<sup>th</sup> largest school system of the 17,512 regular school districts in the country when ranked by enrollment. This places the system in the top one percent (1%) of school districts by size. The student body was served by 5,182 faculty and staff positions for FY07.



## *Harford County Public Schools*

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Of the 52 schools in the system, 32 are elementary schools, eight are middle schools, eight are high schools, one special education school, one technical high school, one alternative education school, and one charter 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, FY05, HCPS' per pupil expenditures were \$8,237, ranking it 24<sup>th</sup> of the 24 school districts in the state. Despite this, by most measures of student achievement HCPS consistently ranks among the top performing school districts in Maryland.

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HCPS's administration building, renamed after former Superintendent **A.A. Roberty**, received a "LEED Gold" rating by the U.S. Green Building Council in recognition of energy savings efforts incorporated into the building's design. Occupied on January 3, 2006 the A.A. Roberty Building replaced the 122 year-old former central office structure and numerous rental properties.

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### *Local economy*

Harford County is located in northeastern Maryland, which ranks as one of the top growth areas in the country. The economic condition and outlook of the County have substantially improved during the past decade. Since 1997 the population has increased 14.5 percent to 241,950 as of June 30, 2006, which triggered significant construction activity and growth in the tax base. During the period, enrollment in the school system has grown by only 1.6 percent. Private schools in the County have grown from 35 to 41 during the same period of time, a 17% growth, and 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 the school district. Initiatives are underway at the state and County levels to assess and improve the infrastructure to support this change.

The State of Maryland property assessment process, which has a three year reassessment cycle, make the results of the recent downturn in the housing and mortgage markets are also difficult to assess.

### *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 not only funding equity between Maryland's 24 school districts, but adequacy of funding as well. The law achieved its promise of an increase in state funding to public education of \$1.3 billion over six years. However, funding streams to sustain that promise remain to be identified.

## *Harford County Public Schools*

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Compounding the problem is the state's structural deficit of \$1.5 billion. It's likely some combination of spending cuts and revenue increases will be proffered as the solution. Public school districts in the state are bracing for those spending reductions.

### *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.

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Prospect Mill Elementary School gifted and talented teacher **Mary Murray** was one of 20 educators in the nation to be named a 'Great Books/Great Teachers' award winner by the Great Books Foundation.

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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 may, and often do, 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*

Replacements for Bel Air High School and Edgewood High School are underway. Construction commenced for Bel Air High School. The Board of Education approved the concept design for a new elementary school at Vale Road and the County acquired property off of Schucks Road for an additional elementary 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, 2006. 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

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On May 24<sup>th</sup>, 2007 a memorial to former Harford County Public School students who lost their lives in combat while serving in the U.S. Armed Forces was dedicated at the school system's administration building. The black granite memorial, consisting of three panels, was paid for by private funds raised by the Veterans Commission of Harford County.

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applicable legal requirements.

## *Harford County Public Schools*

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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, 2006. 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.

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Edgewood High School's Academy of Finance teacher **Carolyn Kustanbauer** was selected as a Claes Noble Educator of Distinction by the National Society of High School Scholars. The award recognizes teachers that encourage students to strive for excellence. The award was created in 2002 by Claes Nobel, a senior member of the family which established the Nobel Prizes.


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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 Clifton Gunderson LLP. 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,

  
\_\_\_\_\_  
Jacqueline C. Haas  
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, 2006

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



# Financial Section

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*Kayla Convry, Bel Air Middle School, Grade 7*



*Lance del Rosario, Abingdon Elementary School, Grade 5*



*Sarah Kanely, Joppatowne High School, Grade 10*





## Independent Auditor's Report

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, 2007, 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, 2007, 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, 2007, 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.

The Management's Discussion and Analysis on pages 15 - 25 is 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 of expenditures by project, and Agency funds statement of increases, decreases and fund balances are presented for purposes of additional analysis and are not a required part of the basic financial statements. These 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 section and statistical tables listed in the table of contents 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.

*Clifton Gunderson LLP*

Baltimore, Maryland  
September 14, 2007



# Harford County Public Schools

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## *Management's Discussion and Analysis (MD&A)* *June 30, 2007*

Our discussion and analysis of Harford County Public Schools' financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2007. 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 District's financial managers to present an objective and easily readable analysis of the District's financial activities based on currently known facts, decisions, or conditions.

### **Financial Highlights**

Net assets of the District grew by \$38.2 million during the fiscal year driven by additions in capital assets and the results of operations for the fiscal year.

The unrestricted General Fund budget was increased by \$185,765, or five-hundredths of a percent (0.05%), during the year from the originally adopted budget.

The General Fund unrestricted, undesignated fund balance on a budgetary basis increased from \$4,727,463 to \$4,783,642, a total of \$56,179.

The unrestricted General Fund actual revenues exceeded the amended budget by \$140,201 or four hundredths of a percent (0.04%), and expenditures were \$4,100,403, or one and nine hundredths of a percent (1.09%), under the amended budget.

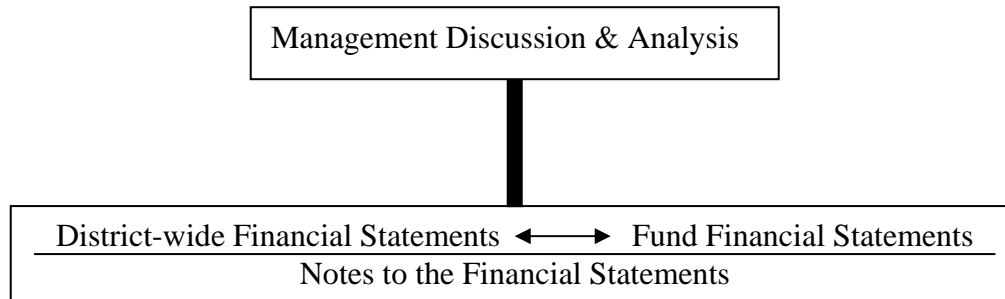
# Harford County Public Schools

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## *Management's Discussion and Analysis (MD&A)*

June 30, 2007

### Basic Financial Statements



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

***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 the District with the difference between the two reported as *net assets*. The *statement of activities* presents information showing how the District's 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. The District's 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.

# Harford County Public Schools

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## *Management's Discussion and Analysis (MD&A)*

*June 30, 2007*

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 teacher's 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 the District 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.

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.

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

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

**Fiduciary responsibility – Scholarship and School Activity Funds (Exhibit 8).** The District is the trustee, or fiduciary, for its scholarship and student activity funds. These funds are reported as a separate Agency Fund. We exclude these activities from Harford County Public Schools' other financial statements because the assets cannot be used to finance the District's activities. We are responsible for ensuring that the assets reported in the Scholarship and School Activity Funds are used for their intended purpose.

**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.

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A)

June 30, 2007

### 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 \$302 million at the close of the fiscal year.

By far the largest portion of the district's 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 the district's 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 the district. As previously explained, we are fiscally dependent and nearly all capital debt is carried by the County and State governments.

	June 30, 2007	June 30, 2006	\$ Change	% Change
Current and other assets	\$ 48,679,121	\$ 39,808,659	\$ 8,870,462	22.28%
Capital assets	308,739,858	276,447,691	32,292,167	11.68%
<b>Total assets</b>	<b>357,418,979</b>	<b>316,256,350</b>	<b>41,162,629</b>	<b>13.02%</b>
Current and other liabilities	18,758,222	16,671,466	2,086,756	12.52%
Long-term liabilities	36,504,234	35,582,929	921,305	2.59%
<b>Total liabilities</b>	<b>55,262,456</b>	<b>52,254,395</b>	<b>3,008,061</b>	<b>5.76%</b>
Net assets				
Capital assets	297,606,014	265,089,048	32,516,966	12.27%
Restricted assets	2,723,900	2,976,197	(252,297)	-8.48%
Unrestricted	1,826,609	(4,063,290)	5,889,899	-144.95%
<b>Total net assets</b>	<b>\$ 302,156,523</b>	<b>\$ 264,001,955</b>	<b>\$ 38,154,568</b>	<b>14.45%</b>

The District's net assets increased by over \$38 million during the fiscal year ending June 30, 2007, 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.

The unrestricted surplus at June 30, 2007 of \$1.8 million is the result of reducing the fund balance from the General Fund (Exhibit 3) of \$27.4 million with the compensated absences long-term liabilities of \$25.6 million. 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, 2008. Slightly over \$21.9 million is attributed to sick leave and \$3.7 million to vacation leave liabilities. Historically this liability was funded on a "pay as you go" basis from available current financial resources. This

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A)

June 30, 2007

method is expected to continue. The remaining \$10.9 million long-term liability balance represents our obligations under the capital lease for the construction of a new administration building.

Results of operations for the District as a whole are presented in Exhibit 2, the Statement of Activities. Approximately \$443 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. \$295.7 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.

	<b>Total Cost of Services</b>		<b>Net Cost of Services</b>		<b>% Net Cost to Total</b>
Instruction	\$ 307,924,491	\$	193,915,977	\$	65.59%
Pupil personnel	1,948,433		1,861,539		0.63%
Health services	4,106,162		4,073,987		1.38%
Pupil transportation	25,715,780		15,047,183		5.09%
Operation and maintenance of plant	44,023,443		39,132,944		13.24%
Food services	13,518,632		199,619		0.07%
All others	45,828,464		41,428,285		14.01%
<b>Total</b>	<b>\$ <u>443,065,405</u></b>	<b>\$</b>	<b><u>295,659,534</u></b>	<b>\$</b>	<b><u>100.00%</u></b>

Above is a table summarizing the district-wide cost of services for each program or function. About 86% of the net costs of services are directly related to students' instruction and welfare. Of the remaining 14%, all but about 4% 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.

District revenues increased by 6.29% from the prior year, as shown on the table below. This increase is attributable to local, state aid, and grant increases. The District 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 9.6%. 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 in the district.



# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2007

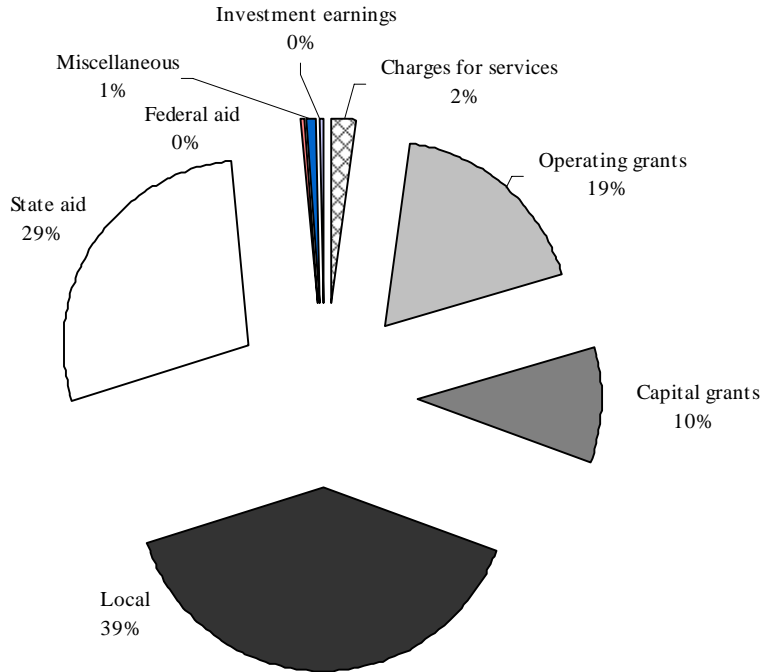
### Changes in Net Assets

	June 30, 2007	June 30, 2006	\$ Change	% Change
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 10,098,620	\$ 9,634,073	\$ 464,547	4.82%
Operating grants	89,364,415	79,546,914	9,817,501	12.34%
Capital grants	47,942,836	56,319,994	(8,377,158)	-14.87%
Local	189,414,800	175,414,800	14,000,000	7.98%
State aid	138,061,297	125,158,191	12,903,106	10.31%
Federal aid	442,908	410,759	32,149	7.83%
Miscellaneous	4,524,535	5,464,053	(939,518)	-17.19%
Investment earnings	1,370,562	792,717	577,845	72.89%
<b>Total revenues</b>	<u>481,219,973</u>	<u>452,741,501</u>	<u>28,478,472</u>	<u>6.29%</u>
<b>Expenses</b>				
Instruction	307,924,491	283,120,457	24,804,034	8.76%
Administration	14,041,317	11,907,818	2,133,499	17.92%
Mid level administration	31,195,404	28,392,740	2,802,664	9.87%
Pupil personnel	1,948,433	1,776,542	171,891	9.68%
Health services	4,106,162	3,486,624	619,538	17.77%
Pupil transportation	25,715,780	23,233,927	2,481,853	10.68%
Operation of plant	31,281,551	27,912,436	3,369,115	12.07%
Maintenance of plant	12,741,892	11,671,197	1,070,695	9.17%
Community services	498,039	434,240	63,799	14.69%
Food services	13,518,632	12,228,731	1,289,901	10.55%
Depreciation-unallocated	93,704	103,170	(9,466)	-9.18%
<b>Total expenses</b>	<u>443,065,405</u>	<u>404,267,882</u>	<u>38,797,523</u>	<u>9.60%</u>
<b>Increase (decrease) in net assets</b>	<u>\$ 38,154,568</u>	<u>\$ 48,473,619</u>	<u>\$ (10,319,051)</u>	<u>-21.29%</u>

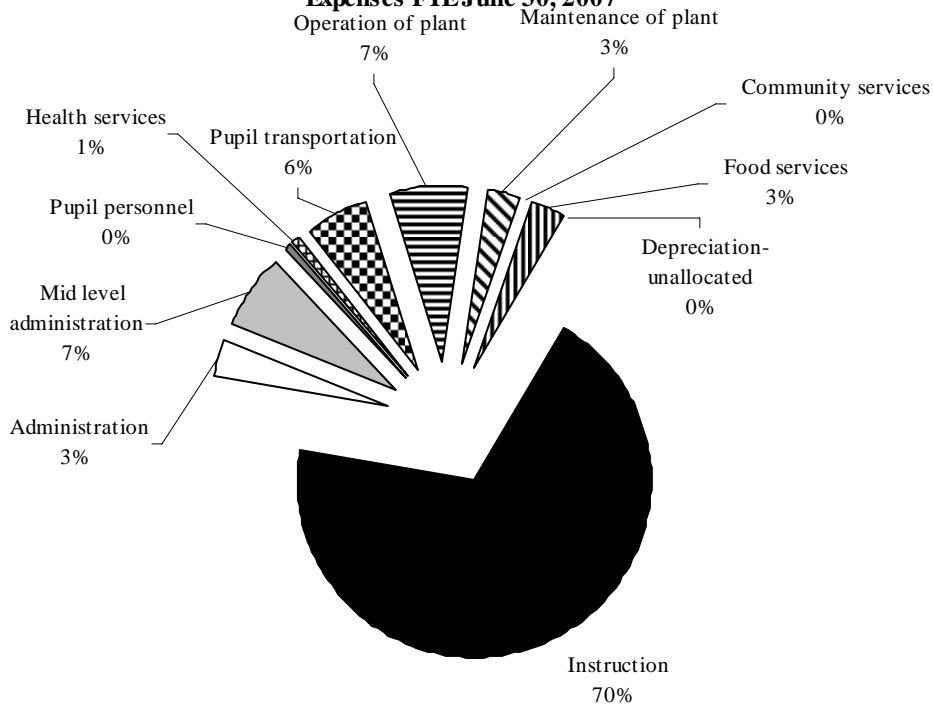
# Harford County Public Schools

Management's Discussion and Analysis (MD&A)  
June 30, 2007

**Source of Revenues FYE June 30, 2007**



**Expenses FYE June 30, 2007**



# Harford County Public Schools

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## *Management's Discussion and Analysis (MD&A)* *June 30, 2007*

### **Fund Performance**

Funds are self-balancing sets of accounts used by the District 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 District's governmental funds and Exhibit 5 presents those same funds' results of operations.

### ***General Fund - Unrestricted (Exhibit 7)***

Below is an explanatory list of additions made to the original budget during the fiscal year.

Non-public Placements	\$	800,000
Charter School Funding Adjustments		253,061
Math Intervention Program		2,625
Automatic External Defibrillators		183,140
Total Additions	\$	<u>1,238,826</u>

A schedule of changes between the original and final budgets for the year ending June 30, 2007 support the list presented above. Additions for the Charter School Funding adjustments and Non-Public Placements were funded by other accounts throughout the budget. The Math Intervention Program was funded by contributions. Automatic External Defibrillators, required to be in all high schools by statute, were funded from prior years' fund balance.

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Change</u>
<b>REVENUE</b>					
Local	\$ 189,414,800	\$ 189,414,800	\$ -	\$ -	\$ -
State	180,639,070	180,639,070	-	-	-
Federal	370,000	370,000	-	-	-
Earnings on investments	420,000	420,000	-	-	-
Other Sources	1,999,995	2,002,620	2,625	-	2,625
Prior year's fund balance	<u>1,798,278</u>	<u>1,981,418</u>	<u>183,140</u>	<u>-</u>	<u>183,140</u>
Total revenues	\$ <u>374,642,143</u>	\$ <u>374,827,908</u>	\$ <u>185,765</u>	\$ <u>-</u>	\$ <u>185,765</u>
<b>EXPENDITURES</b>					
Administration	\$ 10,052,488	\$ 10,062,134	\$ 16,080	\$ 6,434	\$ 9,646
Mid-Level Administration	23,906,669	23,890,797	-	15,872	(15,872)
Instructional Salaries	158,686,764	158,649,404	71,000	108,360	(37,360)
Textbooks	10,228,527	10,264,350	42,301	6,478	35,823
Other Instructional Costs	2,338,317	2,369,527	32,853	1,643	31,210
Special Education	30,994,407	31,826,657	852,480	20,230	832,250
Student Personnel Services	1,544,710	1,543,666	-	1,044	(1,044)
Student Health Services	2,852,280	3,033,499	183,140	1,921	181,219
Student Transportation	23,142,116	23,126,649	-	15,467	(15,467)
Operation of Plant	26,953,865	26,935,328	-	18,537	(18,537)
Maintenance of Plant	10,599,013	10,591,898	-	7,115	(7,115)
Fixed Charges	72,302,631	71,494,901	40,972	848,702	(807,730)
Community Services	507,793	507,448	-	345	(345)
Capital Outlay	<u>532,563</u>	<u>531,650</u>	<u>-</u>	<u>913</u>	<u>(913)</u>
Total expenditures	\$ <u>374,642,143</u>	\$ <u>374,827,908</u>	\$ <u>1,238,826</u>	\$ <u>1,053,061</u>	\$ <u>185,765</u>

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, 2007 the District had nearly \$411 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 over \$39 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 construction of Patterson Mill Middle/High School and North Harford High School. Both projects were substantially complete for the 2007-08 school year. North Harford was a significant renovation project which housed students over its four year construction period. Patterson Mill Middle/High School is new construction and welcomed its first students in August 2007.

# Harford County Public Schools

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## *Management's Discussion and Analysis (MD&A)*

*June 30, 2007*

	June 30, 2007	June 30, 2006	\$ Change	% Change
Construction in progress	\$ 96,655,840	\$ 70,341,885	\$ 26,313,955	37.41%
School properties	293,381,203	283,407,608	9,973,595	3.52%
Furniture, fixtures and equipment	20,863,316	18,017,979	2,845,337	15.79%
Total capital assets	<u>\$ 410,900,359</u>	<u>\$ 371,767,472</u>	<u>\$ 39,132,887</u>	<u>10.53%</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, the District 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.

In FY07 Harford County’s first Charter School opened. Housed in the Center for Educational Opportunity and sharing that space with our Alternative Education School and Professional Development Center, the Charter School opened with 30 students and is expected to expand to 75 students for the 2007-08 school year. Per pupil funding for Charter Schools in Maryland has been litigated in matters relating to in-kind services provided by the local school 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. Other charter school applications are anticipated.

Harford County Public Schools continue to cope with overcrowding in, and age of, many of the secondary schools. In addition, many of the buildings are in need of renovation. Funding for capital projects is jointly shared by the State and County. Traditionally, projects receive preliminary approval from the State. Bel Air High School replacement is currently under construction and the replacement of Edgewood High School is immanent. A design concept for a new elementary school on Vale Road was recently approved by the Board of Education and the County acquired an elementary school site off of Shucks Road.

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

# Harford County Public Schools

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## *Management's Discussion and Analysis (MD&A)*

*June 30, 2007*

Realignment and Closure (BRAC) legislation closing the facility in Fort Monmouth, NJ and relocating it to APG. Numerous studies are in progress to determine what impact that may have on the region surrounding APG focusing on infrastructure, housing, and schools. 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*.

The statement generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of Statement 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

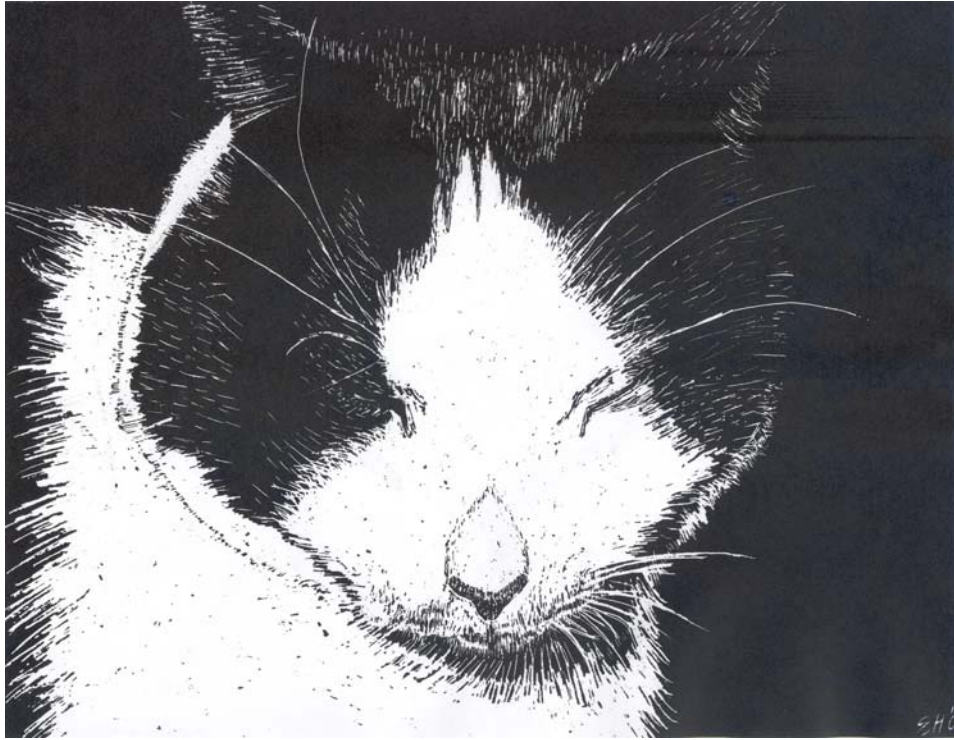
We are required to implement Statement 45 the earlier of FY08 or when implemented by the primary government. We have contracted with an actuary to provide information necessary to establish a beginning liability as of July 1, 2007. The Board made several policy changes with respect to benefits provided 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 the district is looking to participate in an appropriate trust vehicle in which to invest those dollars.

### **Contacting Harford County Public Schools' Financial Management**

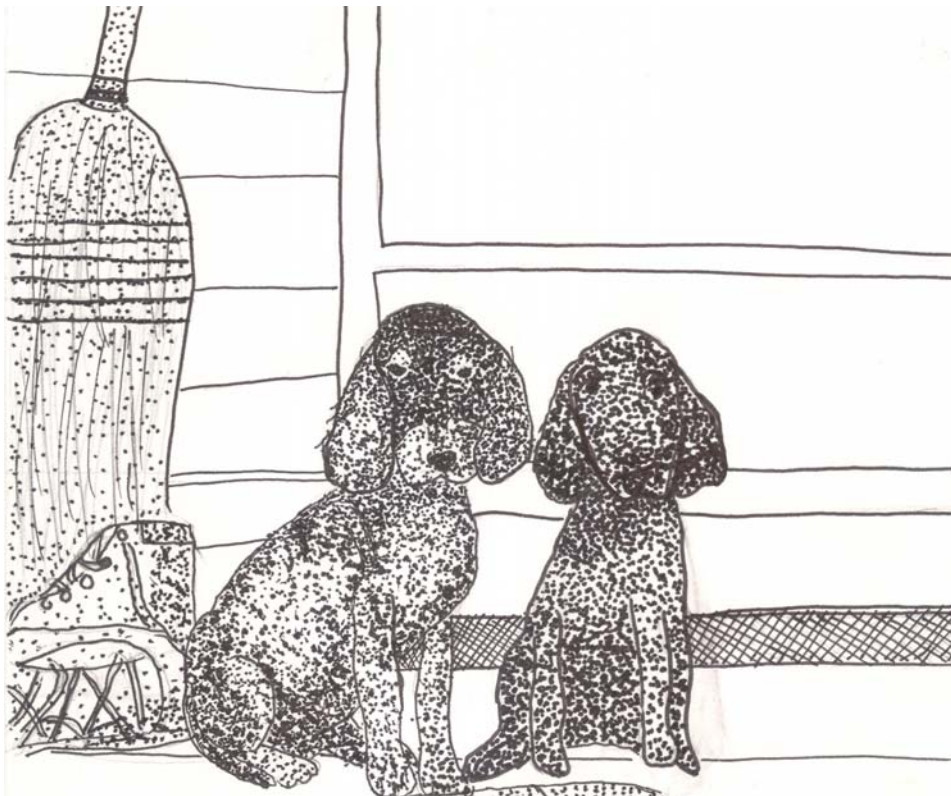
Our financial report is designed to provide our citizens, taxpayers, parents, and students with a general overview of the District's finances and to demonstrate its accountability for the money it receives.

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.





*Emma Hinz, Fallston High School, Grade 11*



*Paige Tyler, Abingdon Elementary School, Grade 5*

**Harford County Public Schools**


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**STATEMENT OF NET ASSETS**  
**JUNE 30, 2007**
**Governmental Activities**
**ASSETS**

Cash and cash equivalents	\$ 500
Investments	12,011,118
Due from other units of government	21,663,030
Other receivables	14,118,699
Inventory	885,774
Capital assets:	
Construction in progress	96,655,840
School properties	293,381,203
Furniture, fixtures and equipment	20,863,316
Less: accumulated depreciation	<u>(102,160,501)</u>
Total capital assets, net of depreciation	<u>308,739,858</u>
Total assets	<u><u>357,418,979</u></u>

**LIABILITIES**

Accounts payable	10,654,690
Cash overdraft	3,324,375
Accrued salaries and wages	1,591,367
Payroll taxes payable	228,050
Unearned revenue	470,465
Noncurrent liabilities:	
Due within one year	2,489,275
Due in more than one year	<u>36,504,234</u>
Total liabilities	<u><u>55,262,456</u></u>

**NET ASSETS**

Invested in capital assets net of related debt under capital lease	297,606,014
Restricted for:	
Food services	2,698,900
Capital Projects	25,000
Unrestricted	<u>1,826,609</u>
Total net assets	<u><u>\$ 302,156,523</u></u>

The accompanying notes are an integral part of these financial statements.

## Harford County Public Schools

### STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2007

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	\$ 247,875,979	\$ 1,500,094	\$ 41,405,333	\$ 41,285,960	\$ (163,684,592)
Special education	60,048,512	-	29,817,127	-	(30,231,385)
Total Instruction	307,924,491	1,500,094	71,222,460	41,285,960	(193,915,977)
Support services					
Administration	14,041,317	-	880,162	948,677	(12,212,478)
Mid level administration	31,195,404	-	2,100,411	-	(29,094,993)
Pupil personnel services	1,948,433	-	86,894	-	(1,861,539)
Health services	4,106,162	-	32,175	-	(4,073,987)
Pupil transportation	25,715,780	-	9,676,267	992,330	(15,047,183)
Operation of plant	31,281,551	-	-	1,689,028	(29,592,523)
Maintenance of plant and equipment	12,741,892	-	174,630	3,026,841	(9,540,421)
Community services	498,039	466,473	4,456	-	(27,110)
Food services	13,518,632	8,132,053	5,186,960	-	(199,619)
Depreciation - unallocated	93,704	-	-	-	(93,704)
Total Support Services	135,140,914	8,598,526	18,141,955	6,656,876	(101,743,557)
Total governmental activities	\$ 443,065,405	\$ 10,098,620	\$ 89,364,415	\$ 47,942,836	(295,659,534)
General revenues:					
Local appropriations					189,414,800
State Aid - unrestricted					138,061,297
Federal Aid - unrestricted					442,908
Miscellaneous					4,524,535
Unrestricted investment earnings					1,370,562
Total general revenues					333,814,102
Change in net assets					38,154,568
Net assets - beginning of year					264,001,955
Net assets - end of year					\$ 302,156,523

The accompanying notes are an integral part of these financial statements.

**Harford County Public Schools**
**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2007**

	<b>Current Expense (General)</b>	<b>Food Services (Special Revenue)</b>	<b>School Construction (Capital Projects)</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 500	\$ -	\$ 500
Investments	8,843,819	3,167,299	-	12,011,118
Due from other units of government	3,869,585	753,750	17,039,695	21,663,030
Other receivables	14,114,798	-	3,901	14,118,699
Due from other funds	10,192,037	-	-	10,192,037
Inventory	478,977	406,797	-	885,774
<b>Total assets</b>	<b>\$ 37,499,216</b>	<b>\$ 4,328,346</b>	<b>\$ 17,043,596</b>	<b>\$ 58,871,158</b>
<b>LIABILITIES</b>				
Accounts payable	2,472,715	500,116	7,681,859	10,654,690
Cash overdraft	3,324,375	-	-	3,324,375
Accrued salaries and wages	1,591,367	-	-	1,591,367
Payroll taxes payable	228,050	-	-	228,050
Due to other funds	-	1,129,330	9,062,707	10,192,037
Unearned revenue	196,435	-	274,030	470,465
Compensated absences payable	2,219,846	-	-	2,219,846
<b>Total liabilities</b>	<b>10,032,788</b>	<b>1,629,446</b>	<b>17,018,596</b>	<b>28,680,830</b>
<b>FUND BALANCES</b>				
Reserved for encumbrances	5,337,733	223,746	30,814,062	36,375,541
Reserved for inventory - U.S.D.A.	-	159,977	-	159,977
Unreserved:				-
Designated	5,156,451	590,000	-	5,746,451
Undesignated	16,972,244	1,725,177	(30,789,062)	(12,091,641)
<b>Total fund balances</b>	<b>27,466,428</b>	<b>2,698,900</b>	<b>25,000</b>	<b>30,190,328</b>
<b>Total liabilities and fund balances</b>	<b>\$ 37,499,216</b>	<b>\$ 4,328,346</b>	<b>\$ 17,043,596</b>	<b>\$ 58,871,158</b>

The accompanying notes are an integral part of these financial statements.

## Harford County Public Schools

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**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET ASSETS  
JUNE 30, 2007**

Total fund balances - governmental funds (Exhibit 3)	\$ 30,190,328
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>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 \$410,900,359 and the accumulated depreciation is \$102,160,501.</p>	308,739,858
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of compensated absences payable and an obligation under capital lease.</p>	<u>(36,773,663)</u>
<b>Total net assets - governmental activities (Exhibit 1)</b>	<b><u>\$ 302,156,523</u></b>

The accompanying notes are an integral part of these financial statements.

**Harford County Public Schools**
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2007**

	<b>General Fund</b>	<b>Food Services Fund</b>	<b>Capital Projects Fund</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>				
<u>Intergovernmental Revenues</u>				
Local sources	\$ 189,414,800	\$ -	\$ 39,514,944	\$ 228,929,744
State sources	197,404,076	292,986	7,648,277	205,345,339
Special state and federal programs	24,834,676	-	-	24,834,676
Federal sources	442,908	4,734,104	-	5,177,012
Earnings on investments	1,370,562	155,497	4,163	1,530,222
Charges for services	-	8,132,053	-	8,132,053
Miscellaneous revenues	6,491,101	4,373	775,452	7,270,926
Total revenues	<u>419,958,123</u>	<u>13,319,013</u>	<u>47,942,836</u>	<u>481,219,972</u>
<b>Expenditures</b>				
<u>Current</u>				
Administrative services	9,905,580	-	-	9,905,580
Mid level administrative services	23,591,560	-	-	23,591,560
Instructional salaries	158,370,918	-	-	158,370,918
Instructional textbooks and supplies	9,884,741	-	-	9,884,741
Other instructional costs	2,102,767	-	-	2,102,767
Special education	31,751,336	-	-	31,751,336
Student personnel services	1,524,441	-	-	1,524,441
Health services	3,046,895	-	-	3,046,895
Pupil transportation services	22,616,592	-	-	22,616,592
Operation of plant	26,036,270	-	-	26,036,270
Maintenance of plant and equipment	10,096,119	-	-	10,096,119
Fixed charges	88,247,174	-	-	88,247,174
Community services	455,147	-	-	455,147
Special state and federal programs	24,834,676	-	-	24,834,676
Costs of operation - food services	-	13,517,554	-	13,517,554
Capital outlay	325,124	-	48,069,687	48,394,811
Total expenditures	<u>412,789,340</u>	<u>13,517,554</u>	<u>48,069,687</u>	<u>474,376,581</u>
Excess (deficit) of revenues over expenditures	7,168,783	(198,541)	(126,851)	6,843,391
<b>Other Financing Sources (Uses)</b>				
Capital lease	-	-	31,851	31,851
Operating transfers	(120,000)	-	120,000	-
Net change in fund balances	7,048,783	(198,541)	25,000	6,875,242
Fund balances - beginning of year	20,417,645	2,976,197	-	23,393,842
Decrease in reserve for inventory - U.S.D.A.	-	(78,756)	-	(78,756)
<b>Fund balances - end of year</b>	<u>\$ 27,466,428</u>	<u>\$ 2,698,900</u>	<u>\$ 25,000</u>	<u>\$ 30,190,328</u>

The accompanying notes are an integral part of these financial statements.



**Harford County Public Schools**


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**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2007**

Total excess of revenues over expenditures - governmental funds (Exhibit 5)	\$ 6,843,391
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 ( \$40,316,587 ) exceeds depreciation expense ( \$ 7,940,861 ) and loss on disposal of assets (\$83,559).	32,292,167
Payments (including principal and interest) on obligations under capital lease are reported in governmental funds as expenditures. However, in the statement of activities, the principal portion of the payments are treated as a reduction of the balance of the obligation under capital lease. The principal portion of payments made during the year was \$256,649.	256,649
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 \$1,158,883.	(1,158,883)
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 decrease in the amount of fund balance reserved for inventory during the year was \$78,756.	(78,756)
<b>Change in net assets of governmental activities (Exhibit 2)</b>	<u><u>\$ 38,154,568</u></u>

The accompanying notes are an integral part of these financial statements.

**Harford County Public Schools**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2007**

	Unrestricted				Restricted			
	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<b>Revenues</b>								
<u>Intergovernmental Revenues</u>								
Local	\$ 189,414,800	\$ 189,414,800	\$ 189,414,800	\$ -	\$ -	\$ -	\$ -	\$ -
State	180,639,070	180,639,070	179,652,220	(986,850)	-	-	-	-
Federal	370,000	370,000	442,908	72,908	-	-	-	-
Special state and federal	-	-	-	-	21,976,705	27,969,090	25,418,136	(2,550,954)
Earnings on investments	420,000	420,000	815,478	395,478	-	-	-	-
Other Sources	1,999,995	2,002,620	2,661,285	658,665	-	-	-	-
Fund balance at July 1, 2006 - designated for fiscal year ended June 30, 2007	1,798,278	1,798,278	1,798,278	-	-	-	-	-
Supplemental appropriation of fund balance	-	183,140	183,140	-	-	-	-	-
<b>Total revenues</b>	<u>\$ 374,642,143</u>	<u>\$ 374,827,908</u>	<u>374,968,109</u>	<u>\$ 140,201</u>	<u>\$ 21,976,705</u>	<u>\$ 27,969,090</u>	<u>\$ 25,418,136</u>	<u>\$ (2,550,954)</u>
<b>Expenditures</b>								
<u>Current</u>								
Administrative services	\$ 10,052,488	\$ 10,062,134	9,791,740	\$ 270,394	\$ 273,627	\$ 387,686	\$ 336,649	\$ 51,037
Mid-level administration	23,906,669	23,890,797	23,604,015	286,782	298,066	499,150	470,231	28,919
Instructional salaries	158,686,764	158,649,404	158,370,918	278,486	3,991,116	4,817,930	4,216,024	601,906
Instructional textbooks and supplies	10,228,527	10,264,350	10,186,615	77,735	455,099	865,453	543,974	321,479
Other instructional costs	2,338,317	2,369,527	2,358,584	10,943	1,300,211	3,152,793	1,978,171	1,174,622
Special education	30,994,407	31,826,657	31,821,434	5,223	11,242,187	13,416,518	13,142,688	273,830
Student personnel services	1,544,710	1,543,666	1,522,541	21,125	-	-	-	-
Student health services	2,852,280	3,033,499	3,018,759	14,740	64,247	30,412	30,366	46
Student transportation	23,142,116	23,126,649	22,622,081	504,568	5,630	14,000	14,337	(337)
Operation of plant	26,953,865	26,935,328	26,054,591	880,737	-	83,050	-	83,050
Maintenance of plant	10,599,013	10,591,898	9,894,531	697,367	-	-	-	-
Fixed charges	72,302,631	71,494,901	70,495,318	999,583	3,847,607	4,069,277	4,052,875	16,402
Community services	507,793	507,448	455,147	52,301	-	-	-	-
Capital outlay	532,563	531,650	531,231	419	498,915	632,821	632,821	-
<b>Total expenditures</b>	<u>\$ 374,642,143</u>	<u>\$ 374,827,908</u>	<u>370,727,505</u>	<u>\$ 4,100,403</u>	<u>\$ 21,976,705</u>	<u>\$ 27,969,090</u>	<u>\$ 25,418,136</u>	<u>\$ 2,550,954</u>
Excess of revenues over expenditures			4,240,604					
Operating transfer to capital projects fund			(120,000)					
Excess of revenues over expenditures and operating transfer			4,120,604					
Total fund balance at July 1, 2006			7,800,907					
Designated fund balance at July 1, 2006 (recognized as revenue above)			(1,798,278)					
Supplemental appropriation of fund balance (recognized as revenue above)			(183,140)					
Total fund balance			9,940,093					
Fund balance at June 30, 2007 - designated for fiscal year 2008			(3,931,285)					
Fund balance at June 30, 2007 - designated for future health insurance call			(1,225,166)					
<b>Fund balance at June 30, 2007 - undesignated</b>			<u>\$ 4,783,642</u>					

The accompanying notes are an integral part of these financial statements.

**Harford County Public Schools**


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**STATEMENT OF FIDUCIARY NET ASSETS**  
**JUNE 30, 2007**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$ 2,576,258</u>
<b>Total assets</b>	<u><u>\$ 2,576,258</u></u>
<b>LIABILITIES</b>	
Scholarship funds payable	\$ 93,275
School activity funds payable	<u>2,482,983</u>
<b>Total liabilities</b>	<u><u>\$ 2,576,258</u></u>

The accompanying notes are an integral part of these financial statements.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**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, 2007**

**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 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.

**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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

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.

**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.

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 differences are that under the budgetary basis, certain designations of the prior year's fund

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

balance are treated as revenue of the current period and compensated absences currently payable are not recognized as expenditures until the subsequent fiscal year. 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.

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.



**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*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 \$708,167 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.

B. Deposits

At year end, the carrying amount of the Board of Education's deposits was \$2,576,658, consisting of a cash balance of \$5,901,033 net of bank overdraft of \$3,324,375 and the corresponding bank balances were \$2,661,003. Of the bank balance, \$2,661,003 was collateralized by Federal Depository Insurance and or was covered by collateral held in pledging bank's trust department in the Board of Education's name. As a result, these school funds were exposed to custodial credit risk. The Board of Education 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

At June 30, 2007, the Board of Education's investment balances by type and maturity were as follows:

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The Board of Education invests 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 AAA 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.

**Cash and Investments (Continued)**

At June 30, 2007 the Board of Education’s investment balances were as follows:

	<b>Fair Value</b>
Repurchase agreements	\$ 5,731,342
Investment in Maryland State Treasurer’s Investment Pool	6,279,776
<b>Total</b>	<b>\$12,011,118</b>

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

Cash on hand	\$ 100
Carrying amount of deposits	(748,217)
Carrying amount of cash overdraft	3,324,375
Carrying amount of investments	12,011,618
Total cash and investments	14,587,876
Less: amounts in fiduciary funds	2,576,258
<b>Total cash and investments per statement of net assets</b>	<b>\$12,011,618</b>
Cash and cash equivalents	\$ 500
Investments	12,011,118
<b>Total cash and investments per statement of net assets</b>	<b>\$12,011,618</b>

*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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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, 2007, complied with the Board of Education’s investment policy as of that date.

*Investment Rate Risk*

Investment income includes the following for the year ended June 30, 2007:

Net interest and dividends	\$ 1,530,222
Less: Restricted net investment income	<u>159,660</u>
<b>Total net investment income per statement of activities</b>	<b><u>\$ 1,370,562</u></b>

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board of Education 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, \$5,731,342 in repurchase agreements and \$6,279,776 in the MLGIP, the underlying securities were held by a custodian in the Board of Education’s name. At June 30, 2007, 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.

**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, 2007. Therefore, no valuation allowance is provided against the amounts due.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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, 2007, annual and sick leave earned, applicable to governmental fund types, but not taken by Board of Education employees, was \$27,859,665. This amount is based on vested accumulated leave as of June 30, 2007, 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 \$2,219,846 was made in the general fund for the year ended June 30, 2007. 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, 2007. 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 \$25,639,819 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 generally accepted accounting principles 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, 2007**

**NOTE 2 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2007 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirement s/Reclassifi- -cations</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 9,681,000	\$ -	\$ (8,058)	\$ 9,672,942
Construction in progress	<u>70,341,885</u>	<u>35,330,244</u>	<u>(9,016,289)</u>	<u>96,655,840</u>
Total capital assets not being depreciated	<u>80,022,885</u>	<u>35,330,244</u>	<u>(9,024,347)</u>	<u>106,328,782</u>
Capital assets being depreciated:				
Land improvements	5,869,399	606,003	-	6,475,402
Buildings	267,857,209	376,113	8,999,537	277,232,859
Furniture and equipment	<u>18,017,979</u>	<u>4,004,227</u>	<u>(1,158,890)</u>	<u>20,863,316</u>
Total capital assets being depreciated	<u>291,744,587</u>	<u>4,986,343</u>	<u>7,840,647</u>	<u>304,571,577</u>
Less accumulated depreciation for:				
Land improvements	1,681,261	278,960	-	1,960,221
Buildings	85,299,113	5,630,376	(16,753)	90,912,736
Furniture and equipment	<u>8,339,407</u>	<u>2,031,525</u>	<u>(1,083,388)</u>	<u>9,287,544</u>
Total accumulated depreciation	<u>95,319,781</u>	<u>7,940,861</u>	<u>(1,100,141)</u>	<u>102,160,501</u>
Total capital assets being depreciated, net	<u>196,424,806</u>	<u>(2,954,518)</u>	<u>8,940,788</u>	<u>202,411,076</u>
<b>Governmental activities capital assets, net</b>	<u>\$276,447,691</u>	<u>\$32,375,726</u>	<u>\$ (83,559)</u>	<u>\$308,739,858</u>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 2 - CAPITAL ASSETS (CONTINUED)**

Depreciation expense for the year ended June 30, 2007 was charged to governmental functions as follows:

Depreciation not allocated to specific functions	\$ 93,704
Administration	717,869
Mid-level administration	4,501
Instruction	4,878,335
Special education	6,357
Pupil service	12,781
Transportation	658,789
Operations	733,118
Maintenance	645,094
Food service	<u>190,313</u>
<b>Total</b>	<b><u>\$ 7,940,861</u></b>

The Board has active school construction projects as of June 30, 2007 as follows:

Project:	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
North Harford High Modernization	\$39,685,794	\$ 5,920,168
Bel Air High Modernization	3,678,092	3,251,391
Patterson Mill – New Middle/High School	48,787,156	5,434,191
North Harford Sewer	423,000	47,000
Bel Air Middle Air Conditioning	984,493	1,117,007
Vale Rd Elementary School	484,448	2,002,635
Aberdeen High Addition	233,965	174,145
Joppatowne High Gym Addition	165,250	83,410
Youth's Benefit Elementary Modernization	53,730	5,970
Prospect Mill Elementary Capacity Renovations	106,997	118,002
Deerfield Elementary Modernization	268,248	2,204,678
Edgewood High Modernization	575,289	5,941,373
Joppatowne Elementary Modernization	706,184	1,227,630
Bel Air Elementary Roof	15,938	276,788
Wakefield Elementary Air Conditioning	15,225	390,775
North Harford Middle HVAC	408,600	77,150
Harford Technical High Stadium	<u>63,430</u>	<u>237,870</u>
<b>Total</b>	<b><u>\$96,655,839</u></b>	<b><u>\$ 28,510,183</u></b>

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, 2007**

**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)	\$ 400,386,245
Fund balance at June 30, 2006 designated for current year's expenditures	(1,981,418)
Revenues adjusted by encumbrances of expenditure driven grants	(583,459)
Pension contributions made directly by State	17,751,856
Interest earned on rate stabilization deposit	555,084
Changes in value of rate stabilization fund	<u>3,829,815</u>

**Revenues (GAAP basis) \$ 419,958,123**

Expenditures (non-GAAP budgetary basis) (unrestricted and restricted)	\$ 396,145,641
Encumbrance adjustments (net)	(1,108,157)
Pension contributions made directly by State	<u>17,751,856</u>

**Expenditures (GAAP basis) \$ 412,789,340**

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

Undesignated fund balance (non-GAAP budgetary basis)	\$ 4,783,642
Cumulative effect of:	
Revenues adjusted by encumbrances of expenditure driven grants	(1,020,090)
Rate stabilization and MAMSI receivable	<u>13,208,692</u>

**Undesignated fund balance (GAAP basis) \$ 16,972,244**

**HARFORD COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2007**

**NOTE 4 - FUND BALANCES**

Fund balance at June 30, 2007 designated for fiscal year 2007 consists of the following:

	<b>General Fund</b>	<b>Food Services Fund</b>
<b>Designated Fund Balance</b>		
Revenue for fiscal year 2007	\$ 3,931,285	\$ 590,000
Future health insurance call	1,225,166	-
<b>Total</b>	<b>\$ 5,156,451</b>	<b>\$ 590,000</b>

**Capital Projects Fund**

The School Construction Fund (Capital Projects Fund) had an undesignated fund balance deficit of \$30,789,062 at June 30, 2007. 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. At June 30, 2007, \$25,000 received and not spent was treated as deferred revenue. This situation reverses in subsequent accounting periods.

**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).

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.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 5 - PENSION PLANS (CONTINUED)**

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, 2007, 2006, and 2005 were \$17,751,856, \$16,388,211 and \$16,172,006, respectively, which were equal to the required contributions for each year. The Board's contribution for the years ended June 30, 2007, 2006 and 2005 were \$2,662,247, \$2,187,791 and \$1,298,426, 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 90% of a specified health plan's premium. 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, 2007 was \$9,284,503. As of June 30, 2007, 1,642 of approximately 1,790 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, 2007 was \$611,043. As of June 30, 2007, 1,605 of approximately 1,790 eligible participants were receiving benefits.

*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, 2007 was \$46,032. As of June 30, 2007, 1,563 of approximately 1,790 eligible participants were receiving benefits.

The Board is still in the process of assessing the impact on its financial position and results of operations of implementing GASB Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement will require prospective recognition of the cost of these benefits as they are earned rather than as they are paid in the Government-wide and proprietary and fiduciary fund financial statements. Recognition in governmental fund financial statements will be on the modified accrual basis. The required implementation date for this statement is fiscal year 2008.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 6 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**  
**(CONTINUED)**

The Board has contracted an actuary to compute its unfunded actuarial liability as of July 1, 2007.

**NOTE 7 - LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2007 was as follows:

	<u>Balance at July 1, 2006</u>	<u>Increase</u>	<u>Reductions</u>	<u>Balance at June 30, 2007</u>	<u>Due Within One Year</u>
Capital lease	\$ 11,358,643	\$ -	\$ 224,799	\$ 11,133,844	\$ 269,429
Compensating absence	<u>25,298,943</u>	<u>4,940,312</u>	<u>2,379,590</u>	<u>27,859,665</u>	<u>2,219,846</u>
<b>Total Governmental Activities</b>	<u>\$ 36,657,586</u>	<u>\$ 4,940,312</u>	<u>\$ 2,604,389</u>	<u>\$ 38,993,509</u>	<u>\$ 2,489,275</u>

Compensating 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>325,572</u>
<b>Net book value</b>	<u>\$10,526,823</u>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**NOTE 7 - LONG-TERM LIABILITIES (CONTINUED)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007 were as follows:

**Years Ending June 30,**

2008	\$ 823,822
2009	823,822
2010	823,822
2011	823,822
2012	823,822
2013 – 2017	4,119,110
2018 – 2022	4,119,110
2023 – 2027	4,119,110
2028 – 2030	<u>2,471,466</u>
 Total minimum lease payments	 18,947,906
 Less:	
Amount representing interest	<u>7,814,062</u>
 <b>Present value of minimum lease payments</b>	 <b><u>\$11,133,844</u></b>

**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.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2007**

**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 \$67,323 for the year ended June 30, 2007.

This information is an integral part of the accompanying financial statements.

# Other Supplemental Information

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*Ryan Lesniewski, Fountain Green Elementary School, Grade 5*



*Tyler Abbot, Fallston Middle School, Grade 7*





*Jessica Bennett, Bel Air High School, Grade 10*





**Independent Auditor's 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, a component unit of Harford County, Maryland, as of and for the year ended June 30, 2007, which collectively comprise the Harford County Public Schools' basic financial statements and have issued our report thereon dated September 14, 2007. 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 a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of 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, audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Baltimore, Maryland  
September 14, 2007

**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, 2007**

	<u>Budget</u>	<u>Actual</u>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Cafeteria sales	\$ 8,032,375	\$ 8,132,053	\$ 99,678
<u>Federal Aid</u>			
School Lunch Program	2,950,000	3,132,436	182,436
School Breakfast Program	700,000	799,561	99,561
Summer Months Program	100,000	93,940	(6,060)
U.S.D.A. Commodities	600,000	708,167	108,167
Total federal aid	4,350,000	4,734,104	384,104
<u>State Aid</u>			
Child Feeding Program	261,600	292,986	31,386
Interest earned	60,000	155,497	95,497
Miscellaneous revenues	-	4,373	4,373
Fund balance at July 1, 2006 - designated for fiscal year ended June 30, 2007	340,000	340,000	-
<b>Total revenues</b>	<u>\$ 13,043,975</u>	13,659,013	610,665
<b>Expenditures</b>			
Salaries and wages	4,953,813	4,793,277	160,536
Contracted services	173,000	261,409	(88,409)
Supplies and materials	5,110,593	5,470,800	(360,207)
Other charges	1,702,569	1,579,402	123,167
Furniture and equipment	504,000	655,312	(151,312)
U.S.D.A. commodities	600,000	786,923	(186,923)
<b>Total expenditures</b>	<u>\$ 13,043,975</u>	13,547,123	(503,148)
Excess of revenues over expenditures		111,890	1,113,813
Total fund balance at July 1, 2006		2,782,019	
Increase (decrease) in reserve for inventory of U.S.D.A commodities		(78,756)	
Designated fund balance at July 1, 2006 (recognized as revenue above)		(340,000)	
Total fund Balance		2,475,153	
Reserved for inventory of U.S.D.A. commodities - end of year		(159,977)	
		2,315,176	
Fund balance at June 30, 2007 - designated for fiscal year 2008		(590,000)	
<b>Fund balance at June 30, 2007 - undesignated</b>		<u>\$ 1,725,176</u>	

## Harford County Public Schools

*SCHOOL CONSTRUCTION FUND  
(CAPITAL PROJECTS FUND)  
STATEMENT OF EXPENDITURES BY PROJECT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007*

Construction in Progress - By Project

Administration Building	\$ 11,014
Vale Road Elementary School	526,617
Patterson Mill Middle/High School	20,399,677
Aberdeen High School Addition	239,335
Full Day Kindergarten	502,538
Joppatowne High School Gymnasium	170,523
Deerfield Elementary Modernization	268,249
Joppatowne Elementary Modernization	744,424
Meadowvale Elementary Modernization	15,000
Youth's Benefit Elementary Modernization	53,730
Aberdeen High Modernization	(1,355)
Aberdeen High North Building	281,654
Bel Air High Modernization	3,827,938
Edgewood High Modernization	576,841
North Harford High Modernization	7,264,559
Prospect Mill Elem. Remedial Capacity Renovations	121,493
North Harford Middle Remedial Capacity Renovations	10,700
Fallston Middle Remedial Capacity Renovations	416,953
Dublin Elementary Roof	278,105
Homestead Wakefield Elementary Air Conditioning	15,225
Bel Air Middle School Air Conditioning	1,074,026
Edgewood Middle HVAC	13
North Harford Middle School HVAC	463,731
C. Milton Wright High Roof	912,375
Roofing Projects	20,088
Harford Technical High School Athletic Fields	72,970
Relocatables	347,228
Technology Wiring	192,223
High School Technology	8,410
Milestone Project	899,060
Technology Refresh	3,355,407
Integrated Business Systems	3,497
Forest Hill Elementary Water System	29,395
Bel Air High Environmental Compliance	2,490
North Harford Sewer	18,000
Environmental Compliance	32,507
Alarms	121,487
Maintenance Replacement Vehicles	972,722
Backflow Prevention	17,486
Storm Water Management, Erosion and Sediment Control	21,419
ADA Improvements	126,770
Paving - Overlay and Maintenance	135,556
Athletic Fields	27,502
HVAC Major Repairs	145,231
Floor Coverings	100,000
Church Creek Elementary Playground	7,803
Prospect Mill Elementary Playground	35,000
Homestead Wakefield Elementary Playground	49,771
William Paca Elementary Playground	127,249
North Harford Elementary Playground	(10,000)
Ring Factory Elementary Playground	58,707
Youth's Benefit Elementary Playground	61,659
Furniture	41,957
Buses	992,330
Music Refresh	250,118
Security Cameras	349,242
Math Refresh	241,992
Vocational Equipment Refresh	44,209
Textbooks - Science and Social Studies	996,837
	<u>\$ 48,069,687</u>

## Harford County Public Schools

### AGENCY FUNDS STATEMENT OF INCREASES, DECREASES AND FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2007

#### School Activity Funds

	Balance <u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2007</u>
<u>Elementary Schools</u>				
Abingdon	\$ 21,791	\$ 28,461	\$ 33,183	\$ 17,069
Bakerfield	16,187	27,626	24,055	19,758
Bel Air	12,170	39,890	32,833	19,228
Church Creek	16,414	31,339	21,272	26,481
Churchville	15,264	46,829	49,949	12,144
Darlington	4,844	9,711	11,465	3,090
Deerfield	48,173	72,341	59,153	61,360
Dublin	6,259	11,927	11,738	6,448
Edgewood	9,475	29,195	24,331	14,339
Emmorton	24,979	35,919	26,877	34,021
Forest Hill	5,516	44,165	41,578	8,102
Forest Lakes	15,855	22,325	24,342	13,837
Fountain Green	25,215	32,934	36,660	21,489
George D. Lisby at Hillsdale	12,095	35,727	34,638	13,183
Hall's Cross Roads	15,017	23,862	25,211	13,668
Havre de Grace	5,652	27,468	25,104	8,016
Hickory	31,828	95,678	87,753	39,752
Homestead-Wakefield	20,074	54,484	61,876	12,682
Jarrettsville	26,780	40,127	53,400	13,506
John Archer	45,367	88,082	82,541	50,909
Joppatowne	9,340	16,525	17,899	7,966
Magnolia	4,170	27,599	26,358	5,411
Meadowvale	9,317	25,146	29,147	5,317
Norrisville	16,923	13,525	18,763	11,685
North Bend	19,528	50,146	52,450	17,224
North Harford	8,915	86,132	86,046	9,001
Prospect Mill	17,787	51,815	54,785	14,817
Ring Factory	12,238	51,882	39,654	24,467
Riverside	10,751	51,002	49,534	12,219
Roye-Williams	15,185	30,633	30,161	15,657
William S. James	58,181	73,569	92,707	39,043
William Paca - Old Post	29,272	19,636	37,205	11,703
Youth's Benefit	60,528	54,494	96,151	18,871
Total elementary schools	<u>651,086</u>	<u>1,350,194</u>	<u>1,398,819</u>	<u>602,461</u>

## Harford County Public Schools

### AGENCY FUNDS STATEMENT OF INCREASES, DECREASES AND FUND BALANCES FOR THE YEAR ENDED JUNE 30, 2007

#### School Activity Funds

	Balance <u>June 30, 2006</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2007</u>
<u>Middle Schools</u>				
Aberdeen	17,094	148,070	130,118	35,047
Bel Air	59,506	189,442	192,584	56,363
Edgewood	24,501	106,161	127,604	3,058
Fallston	98,465	167,249	171,449	94,265
Havre de Grace	15,043	110,491	103,810	21,724
Magnolia	43,763	86,736	83,326	47,174
North Harford	71,558	205,952	236,789	40,721
Southampton	63,619	309,327	300,287	72,659
Total middle schools	<u>393,549</u>	<u>1,323,429</u>	<u>1,345,967</u>	<u>371,011</u>
<u>High Schools</u>				
Aberdeen	114,669	479,524	487,687	106,506
Alternative Education	120,576	222,250	199,878	142,949
Bel Air	298,920	425,833	439,667	285,086
C. Milton Wright	159,531	605,511	564,668	200,373
Edgewood	86,772	270,088	259,747	97,113
Fallston	85,613	484,986	456,033	114,566
Harford Technical	131,556	625,220	591,901	164,875
Havre de Grace	98,637	279,913	265,831	112,718
Joppatowne	86,632	192,590	199,648	79,574
North Harford	187,350	372,880	354,479	205,751
Total high schools	<u>1,370,256</u>	<u>3,958,795</u>	<u>3,819,540</u>	<u>1,509,512</u>
Total - all School Activity Funds	<u>2,414,891</u>	<u>6,632,418</u>	<u>6,564,326</u>	<u>2,482,983</u>
Scholarship Funds	<u>85,863</u>	<u>7,942</u>	<u>530</u>	<u>93,275</u>
Total - Agency Funds	<u>\$ 2,500,754</u>	<u>\$ 6,640,360</u>	<u>\$ 6,564,856</u>	<u>\$ 2,576,258</u>



# Statistical Section

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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	61 - 64
<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	65 - 67
<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	68 - 70
<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.



*Julia Celebrado-Royer, Havre de Grace High School, Grade 9*

## 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
Governmental activities						
Invested in capital assets, net of related debt	160,480	181,349	196,877	224,456	265,089	297,606
Restricted for food services	2,075	2,446	2,848	3,005	2,976	2,699
Restricted for capital projects	-	-	-	-	-	25
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>
Total governmental activities net assets	<u><u>141,793</u></u>	<u><u>161,774</u></u>	<u><u>178,897</u></u>	<u><u>215,528</u></u>	<u><u>264,002</u></u>	<u><u>302,157</u></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
<b>Functions/Programs</b>						
<b>Expenses</b>						
Governmental activities:						
Instruction:						
Regular education	174,675	187,371	191,404	200,144	229,007	247,876
Special education	36,762	39,276	40,855	47,269	54,113	60,048
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>
Support services						
Administration	7,112	7,212	8,443	9,101	11,908	14,041
Mid level administration	22,761	22,884	23,341	25,130	28,393	31,195
Pupil personnel services	1,450	1,411	1,485	1,504	1,777	1,948
Health services	2,418	2,662	2,605	3,434	3,487	4,106
Pupil transportation	16,970	18,048	19,310	20,884	23,234	25,716
Operation of plant	21,154	21,504	23,562	24,925	27,912	31,282
Maintenance of plant and equipment	8,807	8,898	9,945	10,489	11,671	12,742
Community services	318	362	319	420	434	498
Food services	8,557	9,558	10,332	11,329	12,229	13,519
Depreciation - unallocated	103	107	107	103	103	94
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>
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>
<b>Program revenues</b>						
Charges for services:						
Regular education	841	859	928	1,133	1,529	1,500
Community services	288	250	324	378	439	466
Food services	6,084	6,328	6,658	7,186	7,666	8,132
Operating grants and contributions	56,590	59,861	64,773	69,930	79,547	89,364
Capital grants and contributions	23,249	29,005	20,599	38,598	56,320	47,943
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>
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>
<b>General Revenues and Other Changes in Net Assets</b>						
General revenues:						
Local appropriations	138,335	146,051	148,150	154,047	175,415	189,415
State Aid	89,590	96,272	105,600	112,468	125,158	138,061
Federal Aid	401	421	386	371	411	443
Miscellaneous	1,510	93	1,293	2,060	5,464	4,525
Unrestricted investment earnings	318	134	120	323	793	1,371
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>
<b>Change in Net Assets</b>	<u>16,119</u>	<u>19,981</u>	<u>17,123</u>	<u>31,762</u>	<u>48,474</u>	<u>38,155</u>
Net assets - beginning of year	125,674	141,793	161,774	178,897	215,528	264,002
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>
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>

\* 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General fund										
Reserved	3,226	3,738	2,918	2,584	1,945	2,911	3,409	3,523	4,230	5,338
Unreserved	2,296	4,285	4,315	2,034	2,045	910	2,778	7,635	16,188	22,128
Total general fund	<u>5,522</u>	<u>8,023</u>	<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>
All other governmental funds										
Reserved	2,643	4,823	6,205	12,184	28,229	15,196	12,191	37,660	34,804	31,198
Unreserved, reported in:										
Special revenue fund	242	529	766	1,151	1,743	1,762	2,052	2,132	2,543	2,315
Capital projects fund	<u>(1,712)</u>	<u>(3,847)</u>	<u>(5,318)</u>	<u>(11,628)</u>	<u>(27,897)</u>	<u>(14,512)</u>	<u>(11,395)</u>	<u>(36,786)</u>	<u>(34,371)</u>	<u>(30,789)</u>
Total all other governmental funds	<u>1,173</u>	<u>1,505</u>	<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>

## 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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Revenues</b>										
Intergovernmental revenues										
Local	120,959	127,708	131,034	140,346	154,360	164,163	167,880	177,486	224,683	228,930
State	110,871	114,100	121,076	123,533	124,525	136,685	144,371	168,141	183,301	205,345
Special state and federal programs	7,999	10,498	2,954	3,212	25,508	26,744	22,839	21,833	23,558	24,835
Federal	5,252	5,831	16,320	19,552	3,608	3,870	4,401	4,711	5,036	5,177
Earnings on investments	1,309	964	1,017	860	350	159	137	501	1,066	1,530
Charges for services	4,223	4,769	4,977	5,559	6,084	6,328	6,658	7,186	7,666	8,132
Donation of land from county	-	-	-	-	-	-	-	3,063	-	-
Miscellaneous revenues	2,241	1,498	938	3,351	2,771	1,325	2,545	3,574	7,432	7,271
Total revenues	<u>252,854</u>	<u>265,368</u>	<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>
<b>Expenditures</b>										
Current										
Administrative services	3,990	4,584	5,129	5,367	5,687	5,615	6,205	6,781	8,381	9,906
Mid level administrative services	12,923	13,475	14,531	15,889	17,154	17,707	17,428	18,638	21,411	23,592
Instructional salaries	92,886	96,658	101,918	107,187	114,172	118,502	122,904	126,644	143,325	158,371
Instructional textbooks and supplies	5,031	5,105	4,478	4,445	5,471	5,596	5,512	6,070	8,584	9,885
Other instructional costs	2,940	2,711	2,043	1,222	1,554	1,640	1,912	2,208	2,409	2,103
Special education	18,253	18,605	17,423	18,223	19,627	20,329	22,459	23,921	27,764	31,751
Student personnel services	803	901	948	1,030	1,083	1,123	1,131	1,180	1,373	1,524
Health services	1,459	1,621	1,613	1,793	1,903	1,934	2,124	2,272	2,512	3,047
Pupil transportation services	13,696	13,483	14,277	14,763	15,442	16,293	17,103	18,642	20,632	22,617
Operation of plant	14,438	14,676	15,643	17,581	17,239	18,307	19,238	21,128	23,603	26,036
Maintenance of plant and equipment	5,703	5,933	6,038	7,214	7,047	7,483	8,089	8,511	9,239	10,096
Fixed charges	47,777	46,623	50,077	53,197	52,589	58,769	67,459	72,732	80,122	88,247
Community services	-	39	275	277	283	328	293	377	398	455
Special state and federal programs	8,025	10,498	16,321	19,552	25,508	26,744	22,839	21,833	23,558	24,835
Costs of operations - food services	7,407	7,575	7,678	8,197	8,870	9,601	10,709	11,600	12,652	13,517
Capital outlay	16,114	20,133	22,854	23,108	23,744	29,092	20,846	41,242	66,404	48,395
Total expenditures	<u>251,445</u>	<u>262,620</u>	<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>
Excess (deficit) of revenues over expenditures	1,409	2,748	(2,930)	(2,632)	(167)	211	2,580	2,716	375	6,843
Other financing sources (uses)										
Proceeds from capital lease	-	-	-	-	-	-	-	2,475	8,893	32
Increase (decrease) in reserve for inventory	70	86	(13)	70	(92)	(10)	188	(62)	(38)	-
Net change in fund balances	<u>1,479</u>	<u>2,834</u>	<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>

## Harford County Public Schools

### Enrollment by School and Student to Teacher Ratio Last Ten Years

	At September 30,										2006 Capacity	Percent of Capacity
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006		
Abingdon Elementary	761	799	855	859	833	853	836	841	822	751	821	91.47%
Bakersfield Elementary	505	497	501	530	551	506	510	507	463	447	455	98.24%
Bel Air Elementary	612	647	638	537	567	577	525	533	524	505	500	101.00%
Church Creek Elementary	797	796	811	800	743	730	733	754	778	755	790	95.57%
Churchville Elementary	332	393	374	367	408	384	398	383	383	371	389	95.37%
Darlington Elementary	180	173	164	165	145	123	141	137	139	130	170	76.47%
Deerfield Elementary	612	601	592	594	589	639	687	670	584	569	536	106.16%
Dublin Elementary	315	317	295	280	266	258	260	268	239	250	295	84.75%
Edgewood Elementary	498	470	466	421	447	442	458	506	473	422	533	79.17%
Emmorton Elementary	552	537	561	544	544	576	580	617	617	653	526	124.14%
Forest Hill Elementary	-	-	-	609	710	536	580	603	579	585	582	100.52%
Forest Lakes Elementary	612	666	708	523	525	684	675	679	714	707	546	129.49%
Fountain Green Elementary	653	622	601	611	605	616	647	616	664	643	549	117.12%
George D. Lisby Elementary at Hillsda	468	464	449	446	440	391	383	378	347	333	432	77.08%
Halls Cross Roads Elementary	475	425	427	431	401	401	359	364	383	415	518	80.12%
Havre de Grace Elementary	537	517	490	470	505	481	487	461	413	368	576	63.89%
Hickory Elementary	747	788	819	613	674	693	693	667	696	664	638	104.08%
Homestead-Wakefield Elementary	1,105	1,120	1,128	1,035	992	982	992	970	958	934	887	105.30%
Jarrettsville Elementary	560	548	531	517	480	480	470	455	455	423	524	80.73%
Joppatowne Elementary	524	538	552	528	568	593	564	567	581	522	485	107.63%
Magnolia Elementary	705	657	602	610	596	589	566	574	515	512	474	108.02%
Meadowvale Elementary	633	643	652	647	577	588	602	574	603	571	568	100.53%
Norrisville Elementary	229	225	239	206	192	191	194	184	207	221	252	87.70%
North Bend Elementary	558	546	551	522	503	500	481	470	449	428	514	83.27%
North Harford Elementary	497	510	497	499	498	532	539	534	551	518	482	107.47%
Prospect Mill Elementary	874	861	900	879	839	911	879	907	976	1,008	706	142.78%
Ring Factory Elementary	618	652	653	675	619	596	567	555	541	530	549	96.54%
Riverside Elementary	612	608	584	562	559	544	564	559	554	568	546	104.03%
Roye-Williams Elementary	679	640	651	654	630	620	563	641	577	546	629	86.80%
William Paca/Old Post Road Elementa	1,102	1,070	1,086	1,071	1,066	1,055	1,033	1,026	1,052	1,044	940	111.06%
William S. James Elementary	650	607	605	600	589	560	526	520	498	496	524	94.66%
Youths Benefit Elementary	1,117	1,099	1,079	1,068	1,014	1,003	985	1,008	1,029	1,044	870	120.00%
<b>Total Elementary Schools</b>	<b>19,119</b>	<b>19,036</b>	<b>19,061</b>	<b>18,873</b>	<b>18,675</b>	<b>18,634</b>	<b>18,477</b>	<b>18,528</b>	<b>18,364</b>	<b>17,933</b>	<b>17,806</b>	<b>100.71%</b>
Aberdeen Middle	1,241	1,233	1,236	1,228	1,265	1,299	1,293	1,301	1,247	1,207	1,656	72.89%
Bel Air Middle	1,198	1,189	1,225	1,218	1,265	1,429	1,461	1,402	1,434	1,403	1,316	106.61%
Edgewood Middle	1,114	1,114	1,179	1,228	1,331	1,349	1,346	1,275	1,216	1,164	1,338	87.00%
Fallston Middle	1,121	1,154	1,152	1,145	1,118	1,274	1,228	1,224	1,212	1,180	1,116	105.73%
Havre de Grace Middle	582	593	607	599	624	657	650	605	589	599	785	76.31%
Magnolia Middle	907	881	871	882	912	935	903	913	916	869	1,030	84.37%
North Harford Middle	1,057	1,059	1,078	1,063	1,129	1,226	1,200	1,118	1,123	1,085	1,241	87.43%
Southampton Middle	1,710	1,771	1,823	1,951	2,008	1,613	1,541	1,528	1,535	1,549	1,530	101.24%
<b>Total Middle Schools</b>	<b>8,930</b>	<b>8,994</b>	<b>9,171</b>	<b>9,314</b>	<b>9,652</b>	<b>9,782</b>	<b>9,622</b>	<b>9,366</b>	<b>9,272</b>	<b>9,056</b>	<b>10,012</b>	<b>90.45%</b>
Aberdeen High	1,271	1,208	1,173	1,204	1,220	1,250	1,250	1,357	1,543	1,589	1,360	116.84%
Bel Air High	1,440	1,525	1,556	1,587	1,573	1,649	1,636	1,639	1,683	1,423	1,423	118.27%
C. Milton Wright High	1,541	1,646	1,763	1,788	1,840	1,793	1,789	1,911	1,834	1,850	1,666	111.04%
Edgewood High	1,067	1,122	1,143	1,093	1,183	1,226	1,327	1,357	1,316	1,261	1,379	91.44%
Fallston High	1,517	1,504	1,554	1,618	1,651	1,656	1,672	1,635	1,643	1,606	1,529	105.04%
Harford Technical High	833	877	901	935	1,014	1,054	1,070	1,069	1,052	1,056	965	109.43%
Havre de Grace High	664	654	661	639	663	690	687	705	721	717	849	84.45%
Joppatowne High	919	1,028	1,019	1,069	1,074	1,052	1,051	1,108	1,118	1,063	1,115	95.34%
North Harford High	1,117	1,187	1,187	1,233	1,270	1,370	1,425	1,447	1,445	1,437	1,454	98.83%
<b>Total High Schools</b>	<b>10,369</b>	<b>10,751</b>	<b>10,957</b>	<b>11,166</b>	<b>11,488</b>	<b>11,664</b>	<b>11,920</b>	<b>12,225</b>	<b>12,311</b>	<b>12,262</b>	<b>11,740</b>	<b>104.45%</b>
<b>Total Secondary Schools</b>	<b>19,299</b>	<b>19,745</b>	<b>20,128</b>	<b>20,480</b>	<b>21,140</b>	<b>21,446</b>	<b>21,542</b>	<b>21,591</b>	<b>21,583</b>	<b>21,318</b>	<b>21,752</b>	<b>98.00%</b>
Alternative Education	29	44	18	54	15	20	30	17	113	139	-	-
Restoration Academy (Charter)	-	-	-	-	-	-	-	-	-	21	-	-
John Archer	137	143	141	155	165	164	154	158	152	160	264	60.61%
<b>Total Special Schools</b>	<b>166</b>	<b>187</b>	<b>159</b>	<b>209</b>	<b>180</b>	<b>184</b>	<b>184</b>	<b>175</b>	<b>265</b>	<b>320</b>	<b>264</b>	<b>121.21%</b>
<b>Total All Schools</b>	<b>38,584</b>	<b>38,968</b>	<b>39,348</b>	<b>39,562</b>	<b>39,995</b>	<b>40,264</b>	<b>40,203</b>	<b>40,294</b>	<b>40,212</b>	<b>39,571</b>	<b>39,822</b>	<b>99.37%</b>
<b>Teachers &amp; Therapists Staff (1)</b>	<b>2,288</b>	<b>2,307</b>	<b>2,370</b>	<b>2,442</b>	<b>2,486</b>	<b>2,579</b>	<b>2,590</b>	<b>2,357</b>	<b>2,437</b>	<b>2,589</b>		
<b>Student/Teacher Ratio</b>	<b>16.86</b>	<b>16.89</b>	<b>16.60</b>	<b>16.20</b>	<b>16.09</b>	<b>15.61</b>	<b>15.52</b>	<b>17.10</b>	<b>16.50</b>	<b>15.28</b>		

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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Elementary School:										
Preschool	146	89	76	84	66	80	86	83	66	55
Prekindergarten	708	737	799	829	827	836	811	849	825	841
Kindergarten	2,888	2,736	2,789	2,716	2,804	2,796	2,721	2,653	2,811	2,611
Grade 1	3,067	3,068	2,886	2,963	2,867	2,944	2,948	2,908	2,778	2,849
2	3,227	3,014	3,047	2,814	2,960	2,879	2,904	2,953	2,907	2,756
3	3,039	3,227	3,017	3,062	2,880	3,025	2,923	2,937	2,964	2,894
4	3,022	3,074	3,265	3,072	3,115	2,932	3,068	3,006	2,971	2,947
5	<u>2,985</u>	<u>3,038</u>	<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>
Total Elementary Schoc	<u>19,082</u>	<u>18,983</u>	<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>
Middle School:										
Grade 6	3,018	2,994	3,065	3,223	3,305	3,139	3,113	2,983	3,090	2,995
7	2,958	3,062	3,036	3,042	3,268	3,331	3,200	3,137	3,010	3,052
8	<u>2,958</u>	<u>2,940</u>	<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>
Total Middle School	<u>8,934</u>	<u>8,996</u>	<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>
High School:										
Grade 9	2,998	3,138	3,164	3,295	3,119	3,214	3,456	3,640	3,508	3,402
10	2,742	2,686	2,780	2,850	3,105	3,007	2,987	3,071	3,220	3,107
11	2,428	2,614	2,553	2,615	2,759	2,792	2,734	2,825	2,931	2,995
12	<u>2,226</u>	<u>2,355</u>	<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>
Total High School	<u>10,394</u>	<u>10,793</u>	<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>
Special Education	<u>174</u>	<u>196</u>	<u>186</u>	<u>211</u>	<u>216</u>	<u>239</u>	<u>229</u>	<u>158</u>	<u>152</u>	<u>160</u>
<b>Total Enrollment</b>	<u><b>38,584</b></u>	<u><b>38,968</b></u>	<u><b>39,348</b></u>	<u><b>39,562</b></u>	<u><b>39,995</b></u>	<u><b>40,264</b></u>	<u><b>40,203</b></u>	<u><b>40,294</b></u>	<u><b>40,212</b></u>	<u><b>39,571</b></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*

<b>Fiscal Year</b>	<b>Per Pupil Expenditures*</b>		<b>Number of School Bus Riders***</b>	<b>Food Services****</b>	
	<b>Dollars</b>	<b>State Rank**</b>		<b>Breakfasts Served</b>	<b>Lunches Served</b>
1997	6,132	18	31,965	431,377	2,458,593
1998	6,225	24	32,188	459,650	2,472,767
1999	6,396	23	33,504	427,627	2,501,839
2000	6,532	23	33,140	397,346	2,385,171
2001	6,962	23	32,952	444,326	2,485,410
2002	7,312	23	33,850	501,288	2,626,581
2003	7,304	24	33,720	516,174	2,683,060
2004	7,655	24	34,140	632,276	2,947,239
2005	7,816	24	35,119	707,951	3,378,561
2006	8,237	24	35,891	791,792	3,527,756
2007	not available		35,586	847,799	3,651,405

\* Source: Maryland State Department of Education

\*\* Ranking of the State's 24 school systems

## Harford County Public Schools

### Student Academic Performance 2007 Test Results

		<u>Harford</u>	<u>State</u>	<u>Nation</u>		<u>Harford</u>	<u>State</u>	<u>Nation</u>
<b>Scholastic Assessment Test (SAT)</b>					<b>High School Assessments (HSA)</b>			
	<u>Average Score</u>					<u>Percent Passing</u>		
	Verbal	502	500	502	English 2	79.4%	not applicable	not applicable
	Math	515	502	515	Biology	82.3%		
	Writing	490	496	494	Government	79.2%		
					Algebra	81.4%		
<b>Maryland School Assessments (MSA)</b>								
		<u>Percent Passing</u>				<u>Percent Passing</u>		
	<b>Reading</b>			not applicable	<b>Math</b>			not applicable
Grade 3	Advanced	18.4%	20.2%		Advanced	22.2%	24.8%	
	Proficient	65.2%	60.3%		Proficient	60.1%	53.8%	
	Basic*	16.4%	19.5%		Basic*	17.7%	21.4%	
Grade 4	Advanced	28.5%	24.8%		Advanced	42.3%	38.0%	
	Proficient	62.1%	61.2%		Proficient	46.6%	48.0%	
	Basic*	9.5%	14.0%		Basic*	11.0%	14.0%	
Grade 5	Advanced	35.1%	33.1%		Advanced	18.7%	20.7%	
	Proficient	47.6%	43.6%		Proficient	65.2%	57.6%	
	Basic*	17.3%	23.3%		Basic*	16.2%	21.7%	
Grade 6	Advanced	34.9%	32.9%		Advanced	23.9%	23.6%	
	Proficient	45.0%	43.6%		Proficient	51.6%	48.3%	
	Basic*	20.1%	23.4%		Basic*	24.5%	28.1%	
Grade 7	Advanced	25.9%	29.5%		Advanced	15.3%	17.9%	
	Proficient	43.7%	40.7%		Proficient	48.7%	43.3%	
	Basic*	20.3%	29.8%		Basic*	36.0%	38.7%	
Grade 8	Advanced	30.6%	23.9%		Advanced	26.1%	25.0%	
	Proficient	47.5%	44.3%		Proficient	34.5%	31.7%	
	Basic*	21.9%	31.7%		Basic*	39.3%	43.3%	
English 2	Advanced	31.4%		Algebra/DA				
	Proficient	48.0%		Advanced	29.7%			
	Basic*	20.6%		Proficient	51.7%			
				Basic*	18.6%			

Source: Office of Accountability, HCPS

*Insurance SummaryFY2007*

<b>Type of Coverage</b>	<b>Name of Company</b>	<b>Policy Number</b>	<b>Policy Period</b>	<b>Limits</b>
Workers Compensation	MABE Group Self-Insurance Fund	N/A	7/1/06-6/30/07	Statutory up to \$400,000
Excess Workers Compensation	Safety National	SP8202 MD	7/1/06-6/30/07	Statutory excess of \$400,000
Comprehensive General Liability	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal Injury Liability	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$100,000 combined single limit \$1 million combined single limit for Bus Contractors
Excess School Bus Liability	Lexington Insurance Company	1978827	07/1/06-7/1/07	\$1 million excess of \$1 million **Contracted buses only
Personal Injury Protection	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	Actual cash value
Garage Keepers Liability	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$100,000 per loss
Criminal Proceeding and Intentional Conduct Defense Reimbursement	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$50,000 per covered person \$100,000 annual aggregate
Property and Boiler and Machinery	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$500,000 per occurrence
Excess Property and Boiler and Machinery	PEPIP	PEPIP0506	7/01/06-6/30/07	\$350,000,000 per occurrence excess of \$500,000
Crime	St. Paul	103910757	9/01/06-6/30/07	\$2,500,000 per loss
School Board Legal Liability	MABE Group Insurance Pool	N/A	7/1/06-6/30/07	\$250,000 per occurrence \$5 million per occurrence should sovereign immunity be abrogated
Catastrophic Student Accident	AIG	SRG 0009100979	8/01/06-8/01/07	\$5,000,000 Medical Expense \$1,000,000 Catastrophic Cash \$1,000,000 Catastrophic Cash

Source: Office of Risk Management

# Harford County Public Schools

Table 10

*Facilities Information*  
As of June 25, 2007

	<u>Gross Square Feet</u>	<u>Acres</u>	<u>Year Constructed</u>	<u>Age in Years</u>
<b>Central Offices</b>				
102 S. Hickory	73,122	0.77	2005	2
Hickory Annex	39,030	7.15	n/a	n/a
Forest Hill Annex	30,315	5.96	n/a	n/a
45 E. Gordon	14,060	7.38	1882 to 1982	125
<b>Special Schools</b>				
Harford Glen	31,647	245.23	1804 to 2000	203
John Archer	63,984	15.00	1971	36
Center for Educational Opportunity	107,087	23.46	1965	42
<b>High Schools</b>				
Aberdeen High	209,150	23.46	2004	3
Bel Air High	187,980	40.00	1950	57
C. Milton Wright High	220,910	60.00	1980	27
Edgewood High	193,660	48.95	1954	53
Fallston High	233,500	96.59	1977	30
Harford Technical High	218,225	55.00	1978	29
Havre de Grace High	144,815	35.00	1955	52
Joppatowne High	183,573	65.16	1972	35
North Harford High	181,870	73.00	1950	57
Patterson Mill High & Middle	265,000	79.85	2007	-
<b>Middle Schools</b>				
Aberdeen Middle	196,800	43.83	1973	34
Bel Air Middle	164,900	25.84	1961	46
Edgewood Middle	166,530	34.21	1965	42
Fallston Middle	130,284	96.59	1993	14
Havre de Grace Middle	102,000	37.34	1967	40
Magnolia Middle	149,100	69.33	1979	28
North Harford Middle	173,728	40.00	1976	31
Patterson Mill Middle	-	-	2007	-
Southampton Middle	188,134	35.99	1970	37
<b>Elementary Schools</b>				
Abingdon Elementary	91,229	28.49	1992	15
Bakersfield Elementary	65,691	10.00	1961	46
Bel Air Elementary	49,748	6.31	1984	23
Church Creek Elementary	85,801	20.51	1994	13
Churchville Elementary	52,360	6.46	1931	76
Darlington Elementary	24,237	7.89	1938	69
Deerfield Elementary	57,529	19.00	1962	45
Dublin Elementary	44,385	24.69	1941	66
Edgewood Elementary	67,341	44.71	1969	38
Emmorton Elementary	63,000	22.04	1994	13
Forest Hill Elementary	64,722	8.44	2000	7
Forest Lakes Elementary	68,971	20.03	1997	10
Fountain Green Elementary	60,000	23.87	1993	14
George D. Lisby Elementary	56,295	20.01	1968	39
Halls Cross Roads Elementary	63,082	12.73	1943	64
Havre de Grace Elementary	65,085	10.25	1949	58
Hickory Elementary	77,958	33.11	1950	57
Homestead-Wakefield Elementary	115,458	36.53	1958	49
Jarrettsville Elementary	61,275	27.44	1962	45
Joppatowne Elementary	54,885	17.19	1965	42
Magnolia Elementary	59,900	17.00	1975	32
Meadowvale Elementary	69,000	13.26	1959	48
Norrisville Elementary	37,417	11.54	1967	40
North Bend Elementary	60,221	18.23	1991	16
North Harford Elementary	49,703	20.00	1984	23
Prospect Mill Elementary	65,833	15.00	1973	34
Ring Factory Elementary	59,132	34.26	1990	17
Riverside Elementary	55,711	13.18	1968	39
Roye Williams Elementary	78,126	28.00	1953	54
William Paca Elementary	54,452	46.00	1964	43
William S. James Elementary	58,500	15.00	1976	31
Youths Benefit Elementary	96,616	26.18	1953	54
<b>Total</b>	<b>5,703,067</b>	<b>1,922.44</b>		

Source: Educational Facilities Master Plan 2007



*Sarah Arming, C. Milton Wright High School, Grade 10*





*Stephanie Espeland, Bel Air High School, Grade 11*