

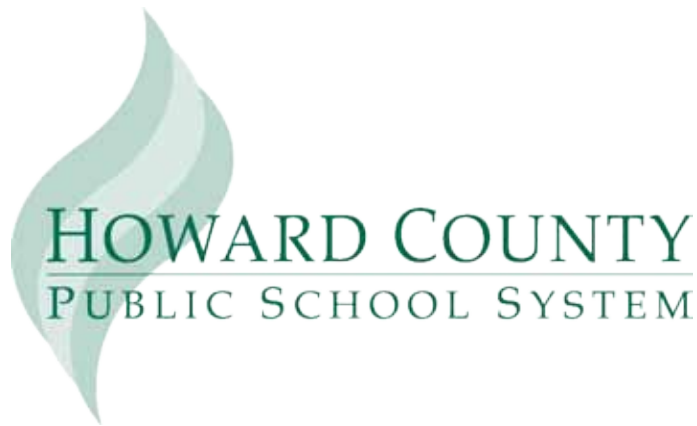
Comprehensive Annual Financial Report

**Fiscal Year Ended
June 30, 2009**



HOWARD COUNTY
PUBLIC SCHOOL SYSTEM

A Component Unit of Howard County, Maryland



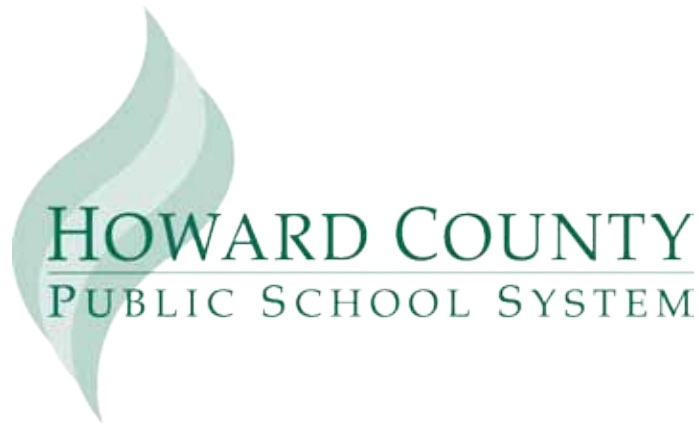
Mission

The mission of the Howard County Public School System is to ensure excellence in teaching and learning so that each student will participate responsibly in a diverse and changing world.

Goals

Goal 1 - Each child regardless of race, ethnicity, gender, disability or socio-economic status, will meet the rigorous performance standards that have been established. All diploma-bound students will perform on or above grade level in all measured content areas.

Goal 2 - Each school will provide a safe and nurturing school environment that values our diversity and commonality.



A Component Unit of Howard County, Maryland

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2009

Prepared By:

The Department of Finance

*10910 State Route 108
Ellicott City, Maryland 21042-6198
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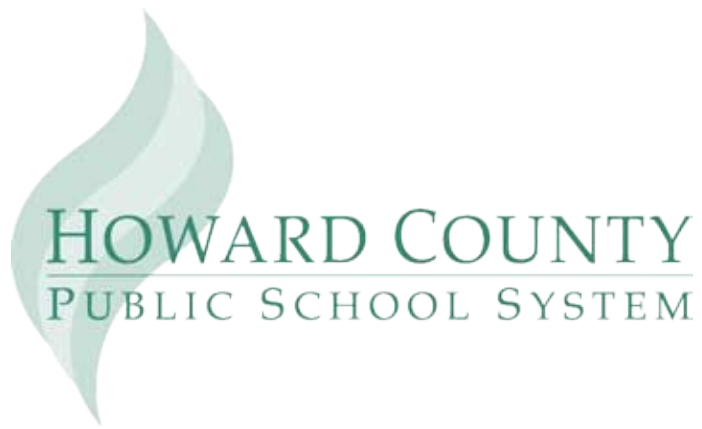
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Introductory Section



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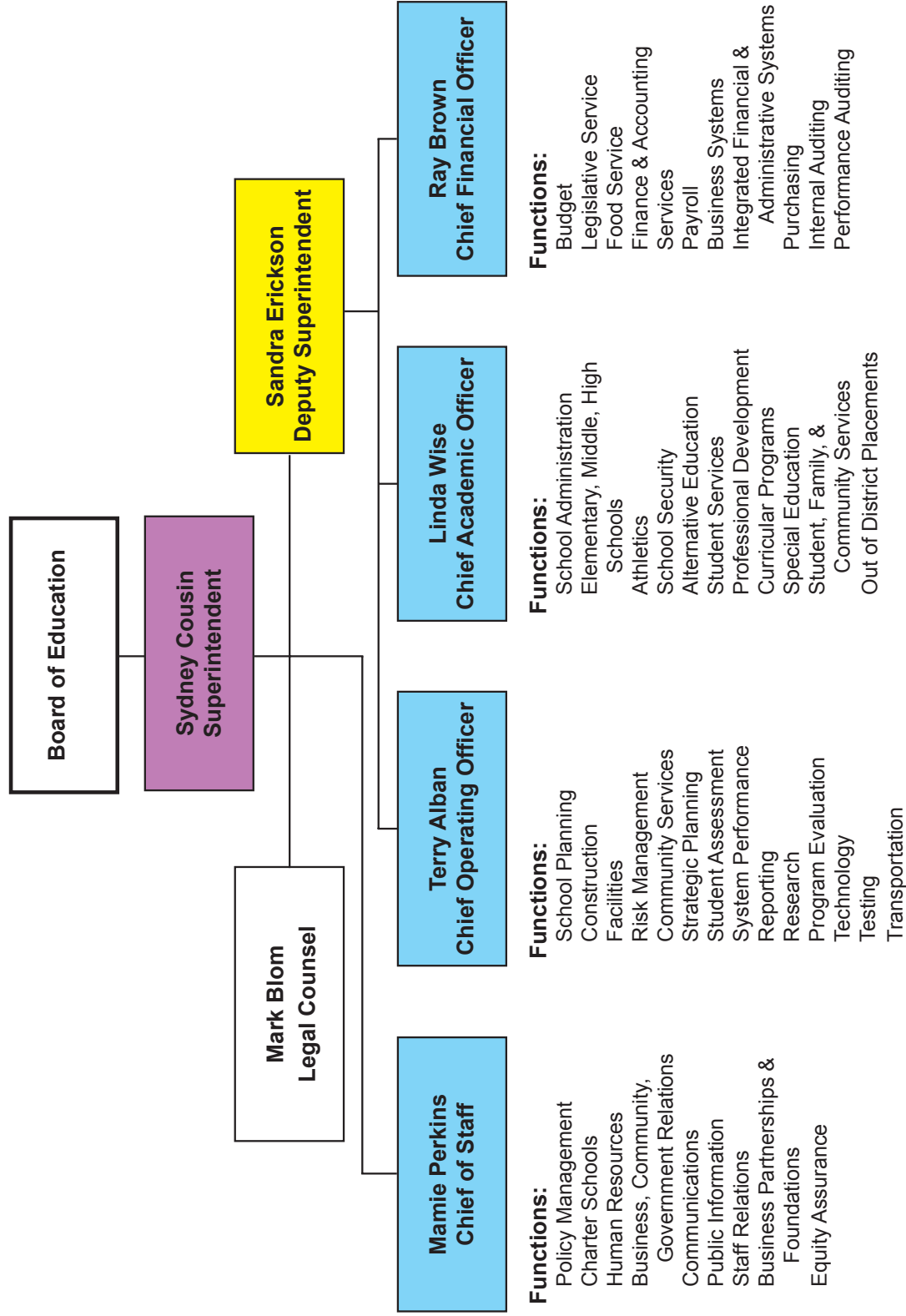
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Howard County Public School System Organizational Chart (as of July 2008)



Howard County Board of Education

10910 Route 108
Ellicott City, Maryland 21042-6198
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Howard County Public Schools Officials

Superintendent of Schools



Dr. Sydney L. Cousin

Sandra Erickson

Deputy Superintendent

Mamie J. Perkins

Chief of Staff

Theresa Alban

Chief Operating Officer

Raymond Brown

Chief Financial Officer

Linda Wise

Chief Academic Officer

Independent Auditor

Clifton Gunderson LLP

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Board of Education



Frank J. Aquino
Chairman



Ellen Flynn Giles
Vice Chairman



Larry Cohen
Member



Allen Dyer
Member



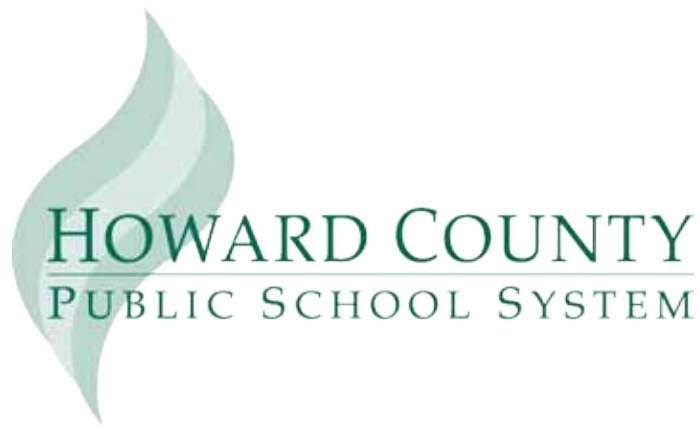
Sandra H. French
Member



Patricia S. Gordon
Member



Janet Siddiqui, M.D.
Member



November 30, 2009

Members of the Board of Education:

In compliance with the Public School Laws of the State of Maryland, the Department of Finance (the Department) publishes the Comprehensive Annual Financial Report of the Howard County Public School System (HCPSS). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the management of HCPSS. We believe the data as presented are accurate in all material aspects and are presented in a manner designed to set forth the financial position and results of operations of HCPSS as measured by the financial activity.

All matters relating to education and operations in HCPSS are governed and controlled by the Board of Education of Howard County (the Board), as provided by the Public School Laws of Maryland. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all young people of Howard County. With the advice of the Superintendent, the Board establishes schools and determines geographical attendance areas for them. Upon recommendation of the Superintendent, the Board approves education policy and prescribes the rules and regulations for the management and conduct of the school system. The activities, funds, and entities related to HCPSS included in this Comprehensive Annual Financial Report are those for which the Board exercises oversight responsibility.

All funds and accounts of HCPSS are included in this Comprehensive Annual Financial Report. For financial reporting purposes the Board has been defined as a component unit of the Howard County Government. Therefore, HCPSS is included in the Comprehensive Annual Financial Report for Howard County, Maryland.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. HCPSS's MD&A can be found at the beginning of the Financial Section.

Entity Services

HCPSS has been rated as one of the highest performing districts in Maryland for the last decade. With a guiding mission of “Ensuring excellence in teaching and learning, so that each student participates responsibly in a diverse and changing world”, HCPSS provides its students and parents with a variety of services. Located in central Maryland, HCPSS serves a diverse population of approximately 49,500 students. HCPSS has realized an increase of nearly 8,300 students over the last decade. Projections show that student enrollment will continue to increase, although at a decreasing rate. To provide for this growth, HCPSS has completed 26 additions to existing schools and built 13 new schools – 6 elementary schools, 3 middle schools, 2 special schools and 2 high schools – since 1998. Within its 251 square miles, HCPSS operated seventy three schools in the 2007-2008 academic year. A wide range of services are offered to Howard County students and parents through guidance counselors, nurses, psychologists and pupil personnel workers. Students with special needs are provided with an extensive special education program in preschool, elementary, middle and high school instructional levels.

This report includes the financial activities of HCPSS as they relate to the services provided for a public school education system of 39 elementary, 1 Pre-K-8, 2 special schools, 18 middle, and 12 high schools.

Economic Condition and Outlook

HCPSS receives approximately 70 percent of its operating budget from Howard County and approximately 28 percent from Maryland State. The economic condition and outlook of the county, therefore, plays substantial roles in the economic condition of HCPSS. At the same time, HCPSS remains a cornerstone in the economic growth of the county, as people are drawn to the county because of the quality reputation of the school system. In addition, HCPSS is the largest employer in the county, and therefore an economic force itself.

The effects of a struggling national economy have taken their toll on our state and local economy. Maryland’s state unemployment rate rose to 7.3 percent by June 2009. Maryland’s information technology, telecommunications, aerospace, and defense contracting industries continue to bolster our state economy. Nonetheless, the State is projecting a budget shortfall of \$158 million in FY 2010 and as much as \$1.9 billion in FY 2011.

Though Howard County remains a thriving municipality, its economy has slowed during the past year as well. The unemployment rate in June 2009 was 5.8 percent which was well below state and national levels, but higher than experienced locally in years. In addition, weak residential construction, a continued decline in housing sales, and weak consumer spending have contributed to the decline. Consequently, tax revenues are projected to decline significantly in FY 2010 and FY 2011.

Looking ahead, the County and economic outlook for FY 2011 and beyond remains uncertain. The looming budget deficits require that the School System continue and expand cost saving steps while both prudently and creatively utilizing all available resources effectively and efficiently on programs and services that produce measurable results, improve student performance system wide, and contribute to the success of all students.

School System Budget

The school system's final Approved Operating Budget for FY 2009 appropriations for revenue and expense totaled \$657.1 million. This was an increase of \$44.2 million or 7.2 percent over the FY 2008 appropriations. The County's increase of \$27.6 million exceeded its statutory obligation for maintenance of effort.

The FY 2009 Approved Operating Budget was crafted to maintain our momentum towards improved academic performance, including continuation of efforts to provide critical support services required to support closely aligned with the school system's Bridge to Excellence Master Plan. Therefore, the approved budget supported the school system's mission by addressing four priorities:

- 1) Accelerating student achievement in core curricular areas;
- 2) Ensuring that school facilities are safe, orderly and that school environments support teaching and learning;
- 3) Enhancing the quality of delivery of school system services through improvement of management effectiveness, efficiency, and accountability; and
- 4) Promoting recruitment, professional development, and retention of a quality work force.

Long-term Financial Planning

HCPSS's Bridge to Excellence Five-Year Master Plan reflects the district's commitment to educating our entire student population, one child at a time. The plan fulfills our obligation to the Maryland State Department of Education to integrate federal, state, and local funding and initiatives into a comprehensive master plan to improve achievement for all students and ensure that all student groups meet state standards.

Each year HCPSS prepares an annual operating budget that supports the Bridge to Excellence Five-Year Master Plan. School officials and the Board target funding to ensure the goals established in the HCPSS Master Plan are achieved.

Each year, HCPSS prepares a five year Capital Improvements Program (CIP) and a ten year Long Range Master Plan. The CIP identifies projected capital needs including new facilities and maintenance projects required to keep HCPSS facilities in good operating condition.

The FY 2009 Approved Operating Budget provided funding for the following

:

- Continuation of the current level of service and quality education
- Adding mathematics instructional support teacher and technology teacher in some middle schools
- Services targeted at making sure all students pass high school assessments
- Additional resources supporting higher enrollment of non-English speaking students
- Adding positions to lower the class size ration in high schools
- Efforts to build and expand school-based leadership capacity
- Adding positions to implement the school system's communications plan
- A new training coordinator to support services for students with learning disabled/attention deficit hyperactivity disorders

The FY 2010 Operating Budget included \$400,000 less in funding than the prior year while enrollment increased by 800 students. To do more with less, the School System has taken many cost saving steps such as eliminating unfilled administrative and support positions, cutting funds for conferences and meetings across all program areas, and deferring maintenance projects. Funding for the following items was included in the Annual Operating Budget for FY 2010:

- Continuation of the current level of service and quality education
- Additional resources to address enrollment and program growth
- Additional resources supporting higher enrollment of non-English speaking students
- Salary increases and related costs
- Increased transportation and utility costs
- Funding for key after school tutoring programs and mastery courses

Internal Controls

To assure the integrity of the financial records supporting the financial statements, consideration is given to the adequacy of internal accounting controls sufficient to provide reasonable assurance that assets are properly safeguarded, accounted for and are used only in accordance with management authorization. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The annual budget serves as the foundation of the Board's financial planning and budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

The Budget is subdivided into state-mandated categories of expenditures including Administration, Mid-level Administration, Instructional Salaries, Textbooks and Instructional Supplies, Other Instructional Costs, Special Education, Pupil Personnel Services, Student Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Fixed Charges and Community Services.

Budgetary control is maintained at the various expenditure levels by the encumbrance of estimated purchase amounts prior to release of purchase orders to vendors. Purchase orders that result in an over-obligation of available balances are not released until additional appropriations are made available. Open encumbrances are reported as reservations of fund balance at June 30, 2009.

Risk Management - Self-Insurance Programs

HCPSS has established limited risk management self-insured programs for worker's compensation and health and dental insurance to record the claims and related expenses for HCPSS's indemnity health programs. In addition, HCPSS is one of 14 members of the Maryland Association of Boards of Education Group Insurance Pool. The Pool is a self insurance fund for the member Maryland Boards of Education. Coverage is provided up to specified limits and HCPSS pays an annual premium for the coverage provided by the Pool.

Cash Management and Investments

HCPSS is authorized to invest excess funds under specific provisions of the Maryland State Annotated Code. The Board has an investment policy in place that establishes the investment scope and objectives for the investment of school system funds. By establishing an investment policy the Board has recognized the importance of prudent fiscal policies and procedures that protect the Board's investment principal and ensure sufficient liquidity while providing for a return on investment.

In accordance with the investment policy, investment of temporarily idle funds is limited to securities issued or guaranteed by the Federal government. Bank balances are covered by collateral held in the pledging bank's trust department. Investments are made principally with the Maryland Local Government Investment Pool (MLGIP), which provides all local government units in the State a safe investment vehicle for the short-term investment of funds. Such investments provided income for all funds of approximately \$1.0 million in FY 2009 which was much lower than the investment income earned in FY 2008. The decrease from 2009 to 2008 is due entirely to declining rates of return. The interest recorded and the average rate of return is considered reasonable given current economic and investment market conditions.

Debt Management

The Board has a debt management policy in place that sets forth parameters and process for issuing debt as well as managing outstanding debt. The scope of the policy is limited to lease obligations of the Board. The policy does not include or envision debt incurred on the Board's behalf by the State of Maryland or the Howard County Government to fund any planned capital improvements of the Board. By establishing a debt policy, the Board has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the Board maintains a sound debt position and that credit quality is protected.

Independent Audit

The financial statements for FY 2009 have been audited by Clifton Gunderson LLP in accordance with Section 5-109 of the Public School Laws of Maryland. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the OMB Circular A-133 Single Audit Act Amendments of 1996. The auditor's report on the financial statements is included in the Financial Section of this Report. We are pleased to report that the auditor's report on the School System's basic financial statements is without qualification, the highest possible outcome of the audit process.

System Achievements

Ninety percent of Howard County graduates continue their education beyond high school with 64% attending four-year colleges or universities. The system wide average SAT scores in FY 2009 were significantly higher than state and national average SAT scores with scores 542 in critical reading, 558 for mathematics and 541 for writing for a combined score of 1641. The average score was approximately 138 points above the national and Maryland state average.

Students at all levels are demonstrating academic achievement. In FY 2008, 82 percent of the school system's seniors scored a 3 or higher on Advanced Placement Exams – three times the national average and double the average in Maryland. A score of 3 on an AP exam is often used by universities to award credit for a college level course in that subject. To consistently have more than half of all tests receiving this score is an impressive achievement by HCPSS students.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Howard County Public School System for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2008. This was the fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements

In addition, the Association of School Business Officials (ASBO) International awarded Howard County Public School System its Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2008. This award reflects our commitment to the highest standards in school system reporting.

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

A very special thank-you to Susan Daly, Jesse Liu, Anna Gable, Tara Choi and Frank Kues for their efforts in preparing and publishing this document. We wish to express our appreciation for a job well done. The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Department of Finance.

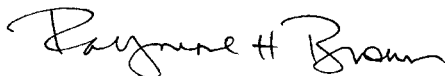
Conclusion

This report has been prepared to provide financial information for FY 2009, which ended June 30, 2009, in a manner consistent with the goals and objectives of the Board of Education of Howard County. Should you have any questions about the financial details, needs or plans for the Howard County Public School System, please do not hesitate to call or write. Contact information is included at the end of the MD&A.

Respectfully submitted,



Beverly Davis, CPA, RSBO
Director of Finance



Raymond H. Brown
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Howard County
Public School System, Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2008

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



Michael R. ...
President

Jeffrey L. Esser
Executive Director

This Certificate of Excellence in
Financial Reporting

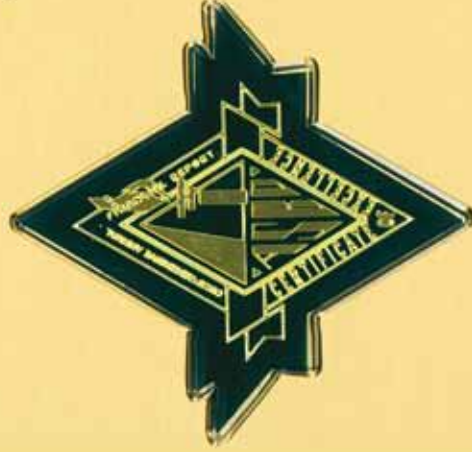
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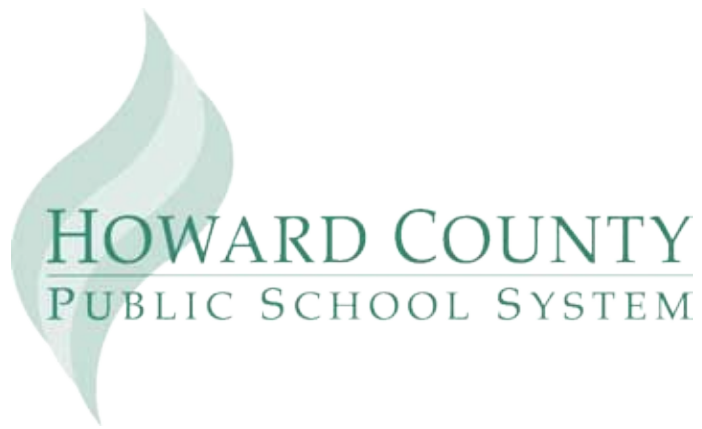
**Howard County
Public School System**

For its Comprehensive Annual
Financial Report
(CAFR)

For the Fiscal Year Ended

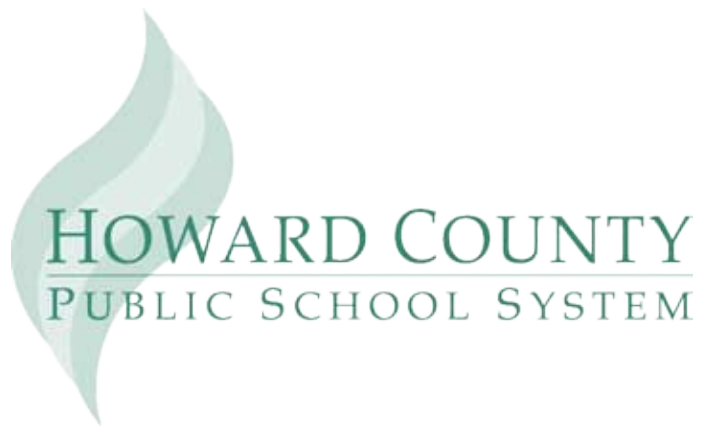
June 30, 2008





Financial Section







Independent Auditor's Report

Members of the Board of
Education of Howard County
Ellicott City, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard County Public School System (HCPSS), a component unit of Howard County, Maryland, as of and for the year ended June 30, 2009, which collectively comprise HCPSS's basic financial statements as listed in the table of contents. These financial statements are the responsibility of HCPSS's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of HCPSS as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof 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 30, 2009, on our consideration of HCPSS's internal control over financial reporting and on 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.

Offices in 17 states and Washington, DC



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

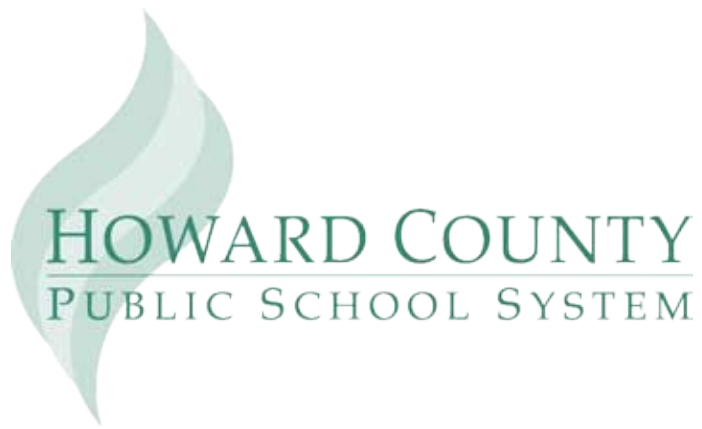
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HCPSS's basic financial statements. The introductory section, detailed budgetary comparison schedules and combining fund financial statements presented as other supplementary information and the introductory section are not a required part of the basic financial statements. The other supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is 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 30, 2009

Management's Discussion and Analysis





Management's Discussion and Analysis



Introduction

As Management of the Howard County Public School System (HCPSS, School System, Board), we have prepared the following discussion and analysis to inform readers of HCPSS annual financial report about the financial information that the enclosed statements present for the year ended June 30, 2009 with selected comparative data for the year ended June 30, 2008.

We encourage readers to consider the discussion and analysis along with the other information in this report, including the summary of significant accounting policies and notes to the basic financial statements. In this section we have provided an overview of the basic financial statements, selected condensed data and highlights, and analysis of HCPSS financial position and changes in financial position.

Financial Highlights for FY 2009

Government-wide financial statements

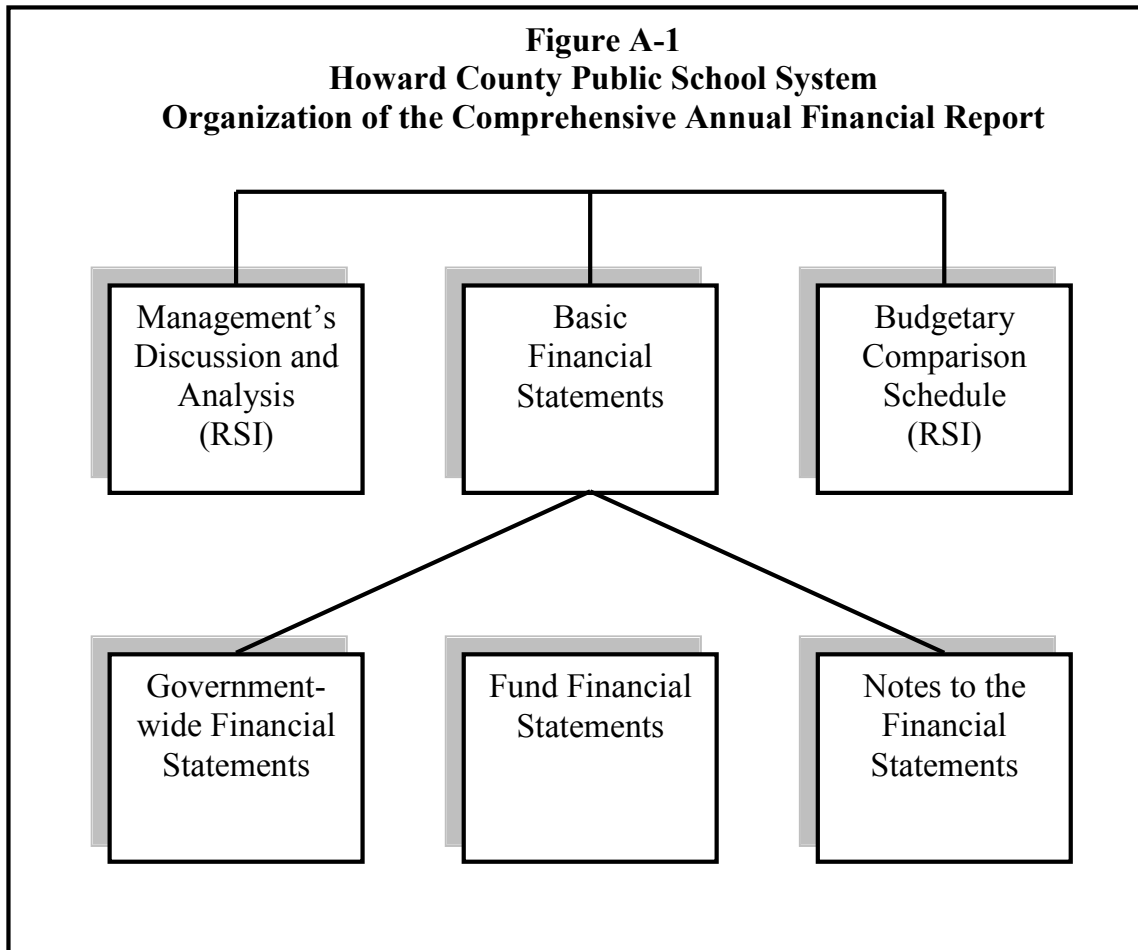
The School System's financial status as of June 30, 2009 and as reflected in **total net assets**, increased by \$16.9 million to \$865.1 million from \$848.8 million, presenting a stronger financial condition at fiscal year end. The increase in total net assets reflects increases in capital assets of \$26.3 million and increases in current and other assets of \$14.9 million, offset by an increase in liabilities of \$24.7 million. The investment made in capital assets was used for new school construction, renovations and additions as well as technology improvements.

General revenues accounted for \$625.8 million, including \$454.8 million in local appropriations and \$168.6 million in aid from the State of Maryland. Program revenues, in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$178.5 million. The total revenue from all sources was \$804.3 million.

The School System had \$787.8 million in **expenses** related to programs, an increase of \$62 million from the prior year. The increase in expenses resulted from increases in salaries, in the number of teachers and other staff, and in other expenses.

Governmental funds financial statements

The overall fund balance of the General Fund, the primary operating fund, decreased by \$1.1 million to \$10.1 million from \$11.2 million. Expenditures and other financing uses exceeded revenues and other financing sources due to expenditures on an energy performance contract in the current year while the financing for the energy contract was received in a previous year. The General Fund balance is comprised of \$5.8 million of funds reserved for encumbrances, \$236 thousand designated for future budgets, \$1.6 million for future contingencies, and \$2.5 million in undesignated fund balance.



Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements as reflected in Figure A-1. The School System's Basic Financial Statements are comprised of three parts:

1. Government-wide Financial Statements include the Statement of Net Assets and the Statement of Activities which provide a broad, long-term overview of the School System's overall financial condition;
2. Fund Financial Statements include governmental, proprietary, and fiduciary funds. These statements provide a greater level of detail of revenues and expenditures and focus on individual parts of the School System, while also indicating how well the School System has performed in the short term, in the most significant funds; and,
3. Notes to the Basic Financial Statements are disclosures to ensure that a complete picture is presented in the financial statements. Figure A-2 summarizes the major features of the School System's financial statements, including the portion of the School System's activities they cover and the types of information contained therein.

Figure A-2 - Major Features of the Government-Wide and Fund Financial Statements

	Government-Wide Financial Statements	Fund Financial Statement		
		Government Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School System (except fiduciary funds).	The activities of the School System that are not proprietary or fiduciary.	Activities of the School System that operate similar to a commercial enterprise.	Instances in which the School System administers resources on behalf of someone else, such as school activity funds.
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balance 	<ul style="list-style-type: none"> • Statement of Net Assets • Statement of Revenues, Expenses, and Changes in Net Assets • Statement of Cash Flows 	<ul style="list-style-type: none"> • Statement of Fiduciary Assets and Liabilities
Basis of accounting and measurement focus	Full accrual basis of accounting and economic resources measurement focus.	Modified accrual basis of accounting and current financial resources measurement focus.	Full accrual basis accounting and economic resources measurement focus.	Full accrual basis of accounting.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both short-term and long-term; the School System's fiduciary fund does not contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods and services have been received and the related liabilities are due and payable.	All revenue and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid. Agency funds only report assets and liabilities and do not have a measurement focus.

Management's Discussion and Analysis

Government-wide Financial Statements

The **Government-wide Financial Statements** are designed to provide readers with a broad overview of HCPSS finances, in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the School System's financial position, which assists in assessing the School System's economic condition at year end. They are prepared using the economic resources focus and full accrual basis of accounting. These are methods similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if the cash has not been received. The Government-wide Financial Statements include two statements:

The **Statement of Net Assets** presents all of the School System's assets and liabilities, with the difference between the two reported as the "net assets." The statement combines and consolidates all of the School System's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation) and liabilities, distinguishing between governmental and business-type activities. The end result is net restricted and unrestricted net assets. Over time the financial position of the School System is improving or deteriorating.

The **Statement of Activities** presents information showing how the School System's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows until future fiscal periods (such as earned, but unused, vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the School System. The majority of the School System's revenue is general revenue, grants and contributions from other governments.

Both of the above statements include separate sections to distinguish between those that are supported primarily by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant part of their costs through fees and charges (business-type activities).

In the **Government-wide Financial Statements**, the activities are divided into two categories, governmental activities and business-type activities.

- The governmental activities include HCPSS basic services which are administration, instruction, pupil and health services, pupil transportation, operation and maintenance of plant, capital outlay, special education, community services, food services, waste water treatment plant services and mid-level administration. County appropriations, state and federal aid finance most of these activities.
- Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. HCPSS reports the activities of the James Rouse Theatre as a business-type activity.

The government-wide financial statements can be found on pages 25 - 26 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. HCPSS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about HCPSS funds, focusing on the most significant or "major" funds - not HCPSS as a whole. HCPSS fund financial statements provide detailed information about its most significant funds.

All of the funds of HCPSS can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating HCPSS near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on pages 30 and 32 of this report, respectively.

The governmental fund financial statements can be found on pages 29 - 32 of this report.

Proprietary Funds

Proprietary funds are activities a school system operates similar to those of a business, in that it attempts to cover its costs through charges to users. Proprietary funds include an enterprise fund and internal service funds. HCPSS has one (1) enterprise fund and four (4) internal service funds. The enterprise fund captures the activity of the James Rouse Theatre. The internal service funds are: Printing & Duplicating, Information Management and Computer Services, Health and Dental Self-Insurance Fund, and Workers Compensation Self-Insurance.

The proprietary fund financial statements can be found on pages 33 - 35 of this report.

Summary of Significant Accounting Policies And the Notes to Financial Statements

The Summary of Significant Accounting Policies and Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside HCPSS. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support HCPSS own programs. The accrual basis of accounting is used for fiduciary funds.

The School System's only fiduciary fund is the School Activities Fund. The school activities funds are primarily raised by students, for their benefit, and are held in trust by the School System.

The fiduciary fund financial statement can be found on page 36 of this report.



government-wide and fund financial statements. The summary and notes can be found on pages 39 - 56 of this report.

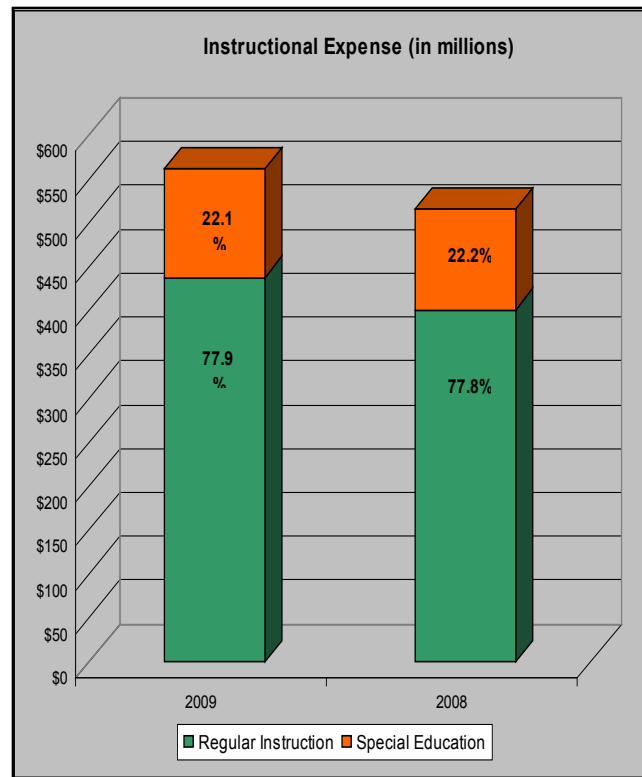
Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the HCPSS' budget process. HCPSS adopts an annual expenditure budget for all governmental funds. The System's General Fund has a legally adopted budget. Management also prepares budgets for the other governmental

funds for internal monitoring purposes. The budget to actual comparison for the General Fund is presented as required supplementary information for the System's basic financial statements. The required supplementary information can be found on pages 59 and 60 of this report.

Financial Highlights and Analysis

The School System is a component unit of Howard County, Maryland, and is fiscally dependent on the Howard County Government and the State of Maryland to appropriate funding for the School System. The School System receives 56.6% of its governmental activities funding from the County, and 21.0 % from the State. Additionally, the School System receives federal entitlement grants and competitive grants from the state and federal governments. Essentially all of the School System's funding for governmental activities is derived from these sources. The School System has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the School System is directly related to the financial condition of the funding authorities - the county and state. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the county government in a subsequent fiscal year before they can be spent.



Government-wide Financial Analysis

Net Assets

As noted earlier, net assets over time may serve as a useful indicator of a government's financial position. In the case of the School System, assets exceeded liabilities by \$865.3 million at the close of the most recent fiscal year.

The most significant portion of the School System's net assets (97.3%) reflects its investment in capital assets (land, buildings, vehicles, and equipment), net of related debt. The School System uses these assets to provide an education to the students of Howard County. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the School System are returned to the county government, since the county is the primary funding source for school buildings. Because the School System has no authority to issue bonded debt, the only debt outstanding related to capital assets are capital leases for energy performance, the purchase of equipment and technology equipment.

The county and/or state government may issue debt to finance school construction; however, it is not debt of the School System, and is not reported in these financial statements. Consequently, school buildings and construction in progress related to school buildings appear in the School System's Statement of Net Assets, while any related outstanding debt issued by the county or state government does not.

HCPSS financial position is the product of several financial transactions including the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

To assess the overall financial position of HCPSS, additional non-financial factors, such as changes in the Howard County property tax base and the condition of school buildings and other facilities, should be considered.

Table 1 provides a summary of HCPSS net assets as of June 30, 2009 and 2008.

Table 1 - Net Assets						
June 30, 2009 and 2008 (In Thousands)						
	Governmental Activities		Business-Type Activities		Total Activities	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Assets						
Current and other assets	\$ 140,968	\$ 126,014	\$ 121	\$ 149	\$ 141,089	\$ 126,163
Capital assets (net)	<u>855,029</u>	<u>828,721</u>	<u>67</u>	<u>69</u>	<u>855,096</u>	<u>828,790</u>
Total assets	<u>\$ 995,997</u>	<u>\$ 954,735</u>	<u>\$ 188</u>	<u>\$ 218</u>	<u>\$ 996,185</u>	<u>\$ 954,953</u>
Liabilities						
Long-term liabilities	\$ 19,253	\$ 15,832	\$ -	\$ -	\$ 19,253	\$ 15,832
Other Liabilities	<u>111,616</u>	<u>90,307</u>	<u>-</u>	<u>23</u>	<u>111,616</u>	<u>90,330</u>
Total Liabilities	<u>\$ 130,869</u>	<u>\$ 106,139</u>	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 130,869</u>	<u>\$ 106,162</u>
Net Assets						
Invested in capital assets	\$ 842,088	\$ 815,780	\$ 67	\$ 69	\$ 842,155	\$ 815,849
Restricted for construction	0	2,585	-	-	0	2,585
Restricted for treatment plant	984	-	-	-	984	-
Restricted for food services	806	2,274	-	-	806	2,274
Unrestricted	<u>21,250</u>	<u>27,957</u>	<u>121</u>	<u>126</u>	<u>21,371</u>	<u>28,083</u>
Total net assets	<u>\$ 865,128</u>	<u>\$ 848,596</u>	<u>\$ 188</u>	<u>\$ 195</u>	<u>\$ 865,316</u>	<u>\$ 848,791</u>

Change in Net Assets

The School System's net assets increased \$16.5 million. This is primarily because the School System receives intergovernmental capital grants and contributions (revenue) for school construction projects, yet has no corresponding liabilities. Additionally, most of the capital grants and contributions are capitalized. Accordingly, there is little current expense (i.e., depreciation) associated with this revenue. Also, since the School System is fiscally dependent on the county, state, and federal governments,

expenses closely match revenue, with the exception of timing differences in relation to when an expense is recognized. The funding government(s) appropriate funds to the School System, which it spends to accomplish its goal of providing education to the children of Howard County. Any unspent funds are re-appropriated in subsequent fiscal years from fund balance by the County.

Management's Discussion and Analysis

Net Assets

Table 2 shows the changes in net assets for the years ended June 30, 2009 and 2008. Key elements of this increase are as follows:

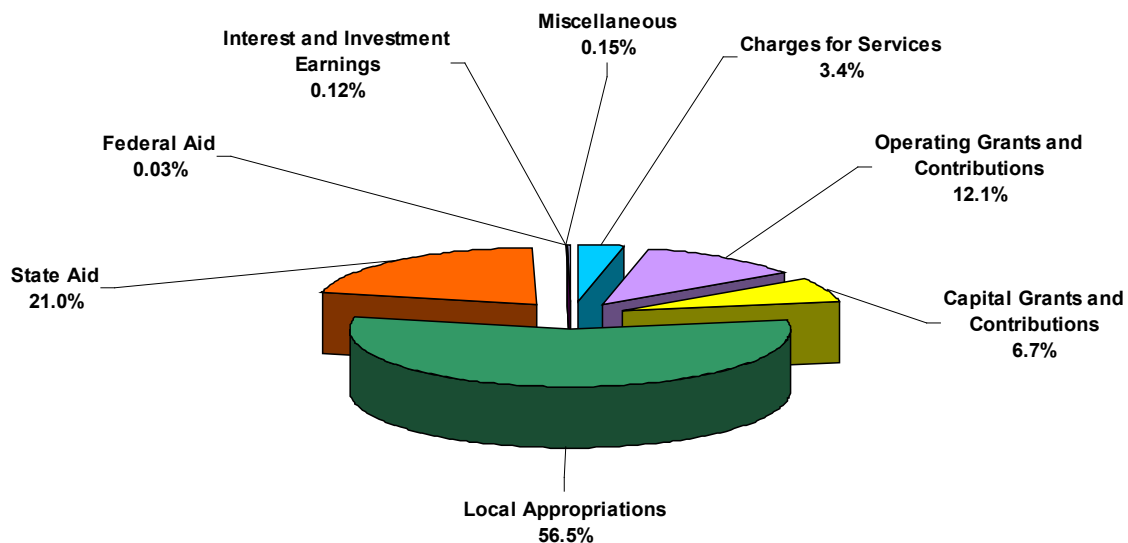
	Governmental Activities		Business-Type Activities		Total Activities	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 27,237	\$ 14,572	\$ 156	\$ 154	\$ 27,393	\$ 14,726
Operating grants and contributions	96,957	105,586	-	-	96,957	105,586
Capital gains and contributions	54,178	71,339	-	-	54,178	71,339
General revenues:						
County appropriations	454,795	427,176	-	-	454,795	427,176
Federal Aid	189	1,019	-	-	189	1,019
Interest and investment earnings	962	1,659	-	-	962	1,659
State aid	168,600	155,764	-	-	168,600	155,764
Miscellaneous	1,212	612	-	-	1,212	612
Total revenues	<u>804,130</u>	<u>777,727</u>	<u>156</u>	<u>154</u>	<u>804,286</u>	<u>777,881</u>
Expenses						
Instruction:						
Regular instruction	437,654	401,310	-	-	437,654	401,310
Special education	123,944	114,496	-	-	123,944	114,496
Support services:						
Administration	13,729	13,026	-	-	13,729	13,026
Mid-level administration	74,012	65,680	-	-	74,012	65,680
Pupil services	4,062	3,516	-	-	4,062	3,516
Health services	7,755	6,782	-	-	7,755	6,782
Pupil transportation	31,711	31,944	-	-	31,711	31,944
Operation of plant	49,378	44,954	-	-	49,378	44,954
Maintenance of plant	26,004	25,025	-	-	26,004	25,025
Community services	7,043	6,827	-	-	7,043	6,827
Food services	11,725	11,399	-	-	11,725	11,399
Interest on long-term debt	580	554	-	-	580	554
Enterprise Funds	-	-	164	227	164	227
Total expenses	<u>787,597</u>	<u>725,513</u>	<u>164</u>	<u>227</u>	<u>787,761</u>	<u>725,740</u>
Increase (decrease) in net assets	\$ 16,533	\$ 52,214	\$ (8)	\$ (73)	\$ 16,525	\$ 52,141

Government-wide Revenues and Expenses

Charts 1 and 2 display government-wide revenues and expenses, respectively, for the current year. Revenues for HCPSS combined activities (which include program revenues and general revenues) increased to \$804.3 million. County appropriations and State formula aid accounted for most of HCPSS revenue. Funds from these two sources contributed approximately 78 cents of every dollar needed. The remaining 22 cents came from federal aid for specific programs, fees charged for services and other miscellaneous revenues. Total revenues surpassed expenses, increasing net assets by \$16.5 million over last year. The revenue increase of 3.4% was primarily attributable to increased funding from the local and state governments.

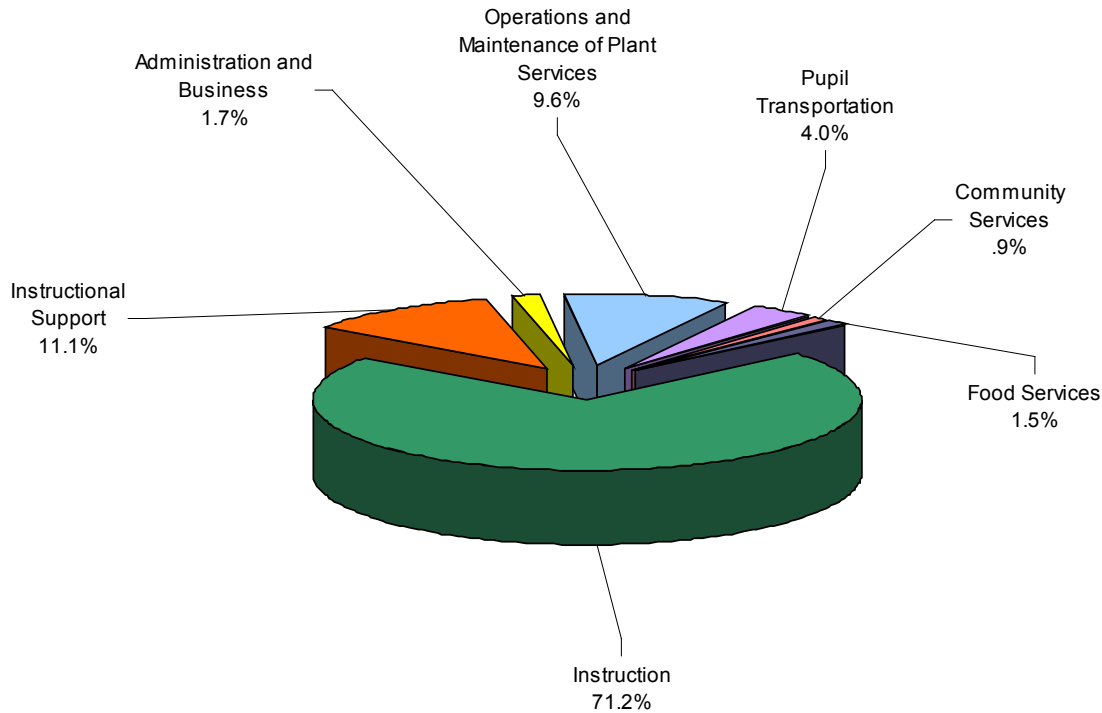
The total cost of all programs and services rose to \$787.8 million. Most of HCPSS expenses are related to instruction (including special education), instructional support and pupil transportation. Expenses in these areas comprised approximately 86.3% of all school system expenditures. The business and administration activities, food services, and community services accounted for 1.7%, 1.5% and 0.9% of total costs, respectively. Maintenance and operation expenses represented approximately 9.6%. Generally, increases in expenses closely paralleled inflation and growth in the demand for services. Educational programs like the class size reduction and bilingual education continue to receive the funding priority because these programs are integral to promoting student achievement.

Chart 1: Source Of Revenues - FYE 2009



Management's Discussion and Analysis

Chart 2: Expenses By Category - FYE 2009



Expenditures Per Pupil

	2009	2008
Total Number of Pupils Enrolled	49,072	49,543
EXPENDITURES		
Current:		
Administration	\$ 232	\$ 209
Instruction	-	-
Instructional salaries	5,628	5,172
Textbooks and classroom supplies	262	253
Other instructional costs	50	54
Pupil personnel services	60	52
Health services	119	102
Pupil transportation	639	627
Operation of plant	880	783
Maintenance of plant	452	400
Fixed charges	2,112	2,067
Mid level administration	1,091	948
Community services	123	114
Special education	1,690	1,551
Capital outlay	18	19
Total expenditures Per Pupil	\$ 13,357	\$ 12,352

Governmental Activities

Table 3 (page 17) presents the cost of the ten categories of HCPSS: instruction regular education, administration, mid-level administration, pupil and health services, pupil transportation, operation of plant, maintenance of plant, community services, and special education services, but not food services. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided by specific programs).

Business - Type Activities

HCPSS has one business-type activity: The James Rouse Theatre. Operating revenues for the business-type activity totaled \$156,108 for 2009. Operating expenses totaled \$163,752 for a net operating loss of (\$7,644). Business-type activity net assets (\$187,620 at fiscal year end) decreased \$7,644 during the year. This is primarily a result of the additional contracted services utilized in FY 2009. Details of the business-type activity can be found on pages 33 - 35 of this report.

Table 3 - Cost of Governmental Activities

Year Ended June 30, 2009

	<u>Total Cost of Services</u>	<u>Less Fees</u>	<u>Net Cost of Services</u>
Instruction			
Regular education	\$ 437,653,663	\$ 94,302,014	\$ 343,351,649
Special education	123,944,541	31,316,092	92,628,449
Support services			
Administration	13,729,219	832,013	12,897,206
Mid-level administration	74,012,670	7,704,469	66,308,201
Pupil services	4,062,105	441,040	3,621,065
Health services	7,755,205	461,529	7,293,676
Pupil transportation	31,711,661	12,003,609	19,708,052
Operation of plant	49,377,878	17,325,581	32,052,297
Maintenance of plant	26,003,611	1,220,091	24,783,520
Community services	7,042,796	680,744	6,362,052
Interest on long-term debt	579,604	-	579,604
Total expenses	<u>\$ 775,872,953</u>	<u>\$ 166,287,182</u>	<u>\$ 609,585,771</u>

Financial Analysis of the Government's Funds

The focus of the School System's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School System's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School System governmental funds reported combined ending fund balances of \$10.6 million, a decrease of \$5.7 million. This includes a net unreserved fund balance of \$4.8 million, of which \$1.6 million is designated for future contingencies, \$(3.4) million is designated for school construction, approximately \$983 thousand designated for future capital improvements to the wastewater treatment plant, \$2.4 million is designated for subsequent year expenditures with the remainder undesignated.

It is important to note that the School System is totally fiscally dependent on grants and contributions from the county, state, and federal governments for its operating resources, as the School System has no authority to levy taxes or issue bonded debt.

During the fiscal year, the fund balance of the School System's general fund decreased by \$1.1 million. Any change in the School System's fund balance is a result of timing of expenditures. This is true because the School System's revenues and expenditures are fixed depending upon funding adopted by the county and state governments.

The fund balance of the Food Service Fund, a special revenue fund, increased by \$379 thousand during the current fiscal year due to salary savings, delayed equipment replacements, food cost savings with the new meal program and a slight increase in fees.

The fund balance of Glenelg Waste Water Treatment Plant, a special revenue fund, was introduced this fiscal year. Revenues for this fund are created through the assessment of fees to the School System and the homeowners in Musgrove Farm. The fund finished with a fund balance of \$986 thousand due primarily to capital contributions of \$971 thousand as well as unearned revenues of \$9 thousand.

Revenues for HCPSS's governmental funds increased 2.7% while total expenses increased 4.5%. County revenue decreased by .87% or \$4.9 million over the previous year. Though the general fund revenues from the County increased by 4.9% or \$21.3 million, the County revenues for the Capital Projects fund decreased by 43.9 % or \$25.3 million. The Capital Projects Fund recognizes County revenues when project expenditures are incurred. With lower project expenditures in the current year, the Capital Projects Fund County revenues decreased correspondingly. While County revenues increased modestly, State appropriations increased from the previous year by 10.8% or \$25.2 million. The growth in the State appropriation is primarily attributed to an increase of \$7.4 million in State funding of capital projects in FY 2009 and an increase of \$16.3 million in general fund formula funding based on Howard County's student enrollment and student participation in state aided programs.

General Fund Budgetary Highlights

The General (Current Expense) Fund operates under a legally adopted annual budget. The budget is subdivided into State mandated categories of expenditures including administration, mid-level administration, instructional salaries, textbooks and instructional supplies, other instructional costs, special education, pupil services and health services, pupil transportation, operation of plant, maintenance of plant, fixed charges and community services. The legal level of budgetary control is at the category level. HCPSS may approve amendments to the budget recommended by Management by transferring funds within categories, but transfers between categories must be requested and approved by the County Council.

The General (Current Expense) Fund budget is prepared using the encumbrance method of accounting. Under this method, commitments such as purchase orders and contracts are recorded as

expenditures in addition to those made or accrued. When the actual expenditures take place, the accounts are adjusted for the difference between the actual expenditure and the commitment previously recorded. At the end of the fiscal year, open encumbrances are reported as reservations against fund balance. All unexpended and unencumbered appropriations terminate at the end of the fiscal year and are no longer available for use in subsequent periods.

During FY 2009, General Fund Revenues exceeded budgeted revenues by \$812 thousand, which represents less than 1% of the overall budgeted revenues. There were no major budgeted expenditure variances. Overall, expenditures were under budget by only \$1.6 million, which resulted in a net positive budget variance in the General Fund of approximately \$2.5 million.

Capital Assets

Table 4 - Capital Assets - Governmental Activities

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 13,754,378	\$ 13,754,378
Construction in progress	195,990,732	247,044,483
Buildings and improvements	902,754,051	804,114,840
Furniture and equipment	23,266,527	21,309,900
(Less accumulated depreciation)	<u>(280,737,068)</u>	<u>(257,502,672)</u>
	<u>\$ 855,028,620</u>	<u>\$ 828,720,929</u>

Capital Assets (continued)

HCPSS had \$855 million invested in land, construction in progress, buildings and improvements, and furniture and equipment at June 30, 2009.

Table 4 (on page 18) shows governmental activities capital asset balances, net of accumulated depreciation, at June 30, 2009 and 2008. During FY 2009, capital assets increased by a net of \$26.3 million from the prior year. Depreciation expense on these assets was approximately \$23.5 million in FY 2009. More detailed information about capital assets can be found on pages 47 and 48 of this report.

Major governmental activities capital asset events during the current fiscal year included the following:

- Completed construction of the parking lots to Long Fellow Elementary, Running Brook Elementary and Atholton High.
- Completed Phase II systemic renovation to Clarksville Middle and Worthington Elementary.
- Completed construction on Phase V of Full Day Kindergarten and Continued construction of final Phase VI.
- Continued construction for the additions/renovations of Mt. Hebron High, Howard High, Glenelg High, Centennial Elementary, Running Brook Elementary, and Old Cedar Lane.

- Continued construction planning for Elkridge Elementary and Glenelg High.
- Expended 7.8 million for additional technology in our classrooms.
- Started construction for a green building at Northfield Elementary.
- Started construction planning for Phase II of Waverly Elementary.
- Completed construction of expansion/renovations of Clarksville, Elementary, Atholton High, Running Brook Elementary, and Longfellow Elementary.

HCPSS FY 2010 capital budget proposes spending \$16.9 million for systemic renovations, \$24.5 million for the Mt. Hebron High School Renovations, \$13.6 million for Northfield Elementary Renovations and \$.8 million for Bellows Spring Elementary. Other major projects include technology projects and roofing projects.

HCPSS submitted proposed capital spending totaling \$536.9 million over the FY 2011-2015 period which has been submitted to the Howard County Council for its approval. This will fully fund all of the capital projects requested by HCPSS. Cost estimates will need to be monitored closely to ensure the request is sufficient with regards to changes in the economy and materials pricing.

Long Term Obligations

School systems in Maryland have no authority to incur bonded debt. The only long-term obligations of HCPSS consist of capital lease obligations and compensated absences resulting from annual leave earned but not taken by employees. The capital lease obligations were incurred in FY 2009 for financing financial and computer system upgrades totaling approximately \$10.7 million at June 30, 2009.

Annual leave is earned on a monthly basis. At the end of the fiscal year, annual leave that has not been used can be carried over into the following year.

At the end of any fiscal year, an employee may not carry over more than two times what the individual has earned in that year. Accrued leave in excess of the carryover maximum will be lost. Compensated absences totaled approximately \$8.1 million at June 30, 2009. Total long term obligations totaled approximately \$25.0 million at June 30, 2009 for an increase of approximately \$4.7 million over the balance of \$20.3 million at June 30, 2008.

Additional information on the School System's long-term obligation can be found on page 54 of this report.

Factors Influencing Future Budgets

- The student enrollments are projected to continue to increase, though at a more gradual pace, between FY 2010 and FY 2011 budgets.
- Future capital budgets include funding for renovations and additions to existing schools including major systemic renovations to many of the older school facilities.
- Improvements are required in computer systems and networks throughout the school system.
- As with many local governments, Howard County's revenues are dependent to a significant degree on real property taxes. Future revenue growth from County sources, beyond State aid related "maintenance of effort" requirements, is expected to decline due to the depressed real estate market and pronounced increase in mortgage delinquencies and foreclosures.
- Reductions in FY 2010 State revenues to education are very likely to occur as part of a series of measures the State is expected to implement to address revenue shortfalls. The impact for Howard County Public Schools could significantly affect the programs and services available.
- The continuing trend of escalating health care benefit costs that have been experienced market-wide may require larger increases in shared contributions paid by the School System and employees.
- Most school system employee groups are covered by multi-year labor contracts, which are due for negotiation during FY 2010 for future years.

Economic Factors

The Fiscal Year 2009 was a year of economic distress at the national and the regional levels as the housing crisis expanded into the mortgage market. The country experienced tightening capital markets, real inflation, a weakening dollar and gas prices at record high levels. The economic slowdown extended into Howard County as well, as troubles in the housing sector spread to other sectors of the local economy.

At the time these financial statements were prepared and audited, HCPSS was aware of other factors that could significantly affect its financial condition in the future:

- The local economy in Howard County has remained stable despite the struggling economy. Howard County has the lowest unemployment rate in the state.
- Revenues for the County are expected to dip in FY 2010 and 2011 due to decreases in the growth of personal income and reductions in transfer tax revenues.
- Rising energy-related costs will have an operational impact as will rising health and welfare costs.

- The County provides approximately 75 percent of HCPSS operating budget funding needs.
- The County government's funding to the Howard County, Maryland Post-Retirement Medical Plan on behalf of HCPSS could reduce direct county funding to the School System.
- Federal stimulus dollars are translating into jobs saved and created, which are pumping some money into the local economy.

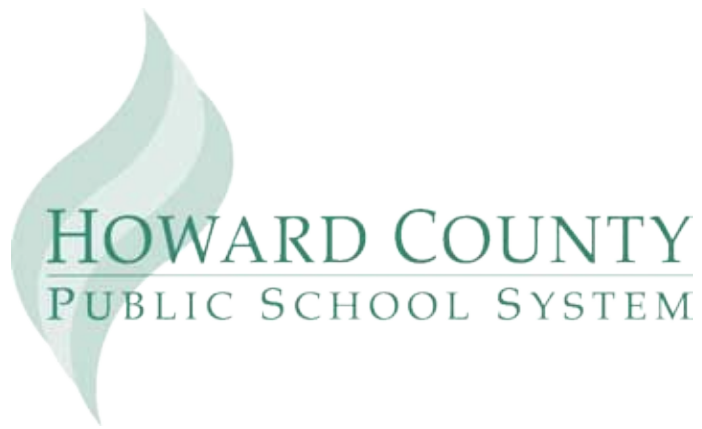
These factors were considered in preparing HCPSS budget for the FY 2010.



Contacting HCPSS Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of HCPSS finances and to show accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Howard County Public School System
Finance Department
10910 Route 108, Ellicott City, MD 21402-6198
Phone: 410-313-1530
Email: beverly_davis@hcpss.org



Basic Financial Statements



Government-wide financial statements combine all of Howard County Public School System's governmental and business-type activities.



HOWARD COUNTY PUBLIC SCHOOL SYSTEM
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental	Business-type	Total
	Activities	Activities	
ASSETS			
Cash and cash equivalents	\$ 15,651,928	\$ -	\$ 15,651,928
Restricted cash	118,656	-	118,656
Investments	109,011,916	-	109,011,916
Accounts receivable	3,031,970	-	3,031,970
Internal balances	(120,425)	120,425	-
Due from other units of government	11,398,300	-	11,398,300
Prepaid items	253,493	-	253,493
Inventory	1,622,611	-	1,622,611
Capital assets:			
School properties	916,508,429	-	916,508,429
Construction in progress	195,990,732	-	195,990,732
Furniture and equipment	23,266,527	144,920	23,411,447
Less accumulated depreciation	<u>(280,737,068)</u>	<u>(77,656)</u>	<u>(280,814,724)</u>
Total capital assets, net of depreciation	<u>855,028,620</u>	<u>67,264</u>	<u>855,095,884</u>
 Total assets	 <u>995,997,069</u>	 <u>187,689</u>	 <u>996,184,758</u>
LIABILITIES			
Accounts payable	13,956,355	69	13,956,424
Accrued liabilities	67,167,685	-	67,167,685
Unearned revenue	24,747,429	-	24,747,429
Long-term liabilities:			
Current portion	5,744,481	-	5,744,481
Long-term portion	<u>19,252,688</u>	<u>-</u>	<u>19,252,688</u>
 Total liabilities	 <u>130,868,638</u>	 <u>69</u>	 <u>130,868,707</u>
NET ASSETS			
Invested in capital assets, net of related debt	842,087,697	67,264	842,154,961
Restricted for:			
Wastewater treatment plant	983,613	-	983,613
Food services	806,232	-	806,232
Unrestricted	<u>21,250,889</u>	<u>120,356</u>	<u>21,371,245</u>
 TOTAL NET ASSETS	 <u>\$ 865,128,431</u>	 <u>\$ 187,620</u>	 <u>\$ 865,316,051</u>

These financial statements should be read only in connection with the accompanying
summary of significant accounting policies and notes to financial statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM
STATEMENT OF ACTIVITIES
 Year Ended June 30, 2009

Net (Expenses) Revenue and Changes in Net Assets

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular education	\$ 437,653,663	\$ 4,847,424	\$ 36,247,373	\$ 53,207,217	\$ (343,351,649)	\$ -	\$ (343,351,649)
Special education	123,944,541	-	31,316,092	-	(92,628,449)	-	(92,628,449)
Total instruction	561,598,204	4,847,424	67,563,465	53,207,217	(435,980,098)	-	(435,980,098)
Support services:							
Administration	13,729,219	-	832,013	-	(12,897,206)	-	(12,897,206)
Mid-level administration	74,012,670	-	7,704,469	-	(66,308,201)	-	(66,308,201)
Pupil personnel services	4,062,105	-	441,040	-	(3,621,065)	-	(3,621,065)
Health services	7,755,205	-	461,529	-	(7,293,676)	-	(7,293,676)
Pupil transportation	31,711,661	-	12,003,609	-	(19,708,052)	-	(19,708,052)
Operation of plant	49,377,878	14,331,182	2,023,399	971,000	(32,052,297)	-	(32,052,297)
Maintenance of plant and equipment	26,003,611	-	1,220,091	-	(24,783,520)	-	(24,783,520)
Community services	7,042,796	-	680,744	-	(6,362,052)	-	(6,362,052)
Food services	11,724,558	8,059,229	4,026,150	-	360,821	-	360,821
Interest on long-term debt	579,604	-	-	-	(579,604)	-	(579,604)
Total support services	225,999,307	22,390,411	29,393,044	971,000	(173,244,852)	-	(173,244,852)
Total governmental activities	787,597,511	27,237,835	96,956,509	54,178,217	(609,224,950)	-	(609,224,950)
Business-type activities:							
Enterprise Funds	163,752	156,108	-	-	-	(7,644)	(7,644)
TOTAL SCHOOL SYSTEM	\$ 787,761,263	\$ 27,393,943	\$ 96,956,509	\$ 54,178,217	(609,224,950)	(7,644)	(609,232,594)
General revenues - unrestricted:							
Local appropriations					454,794,610	-	454,794,610
State Aid					168,599,914	-	168,599,914
Federal Aid					189,077	-	189,077
Interest and investment earnings					961,922	-	961,922
Miscellaneous					1,212,029	-	1,212,029
Total general revenues					625,757,552	-	625,757,552
CHANGES IN NET ASSETS					16,532,602	(7,644)	16,524,958
NET ASSETS, BEGINNING OF YEAR					848,595,829	195,264	848,791,093
NET ASSETS, END OF YEAR					\$ 865,128,431	\$ 187,620	\$ 865,316,051

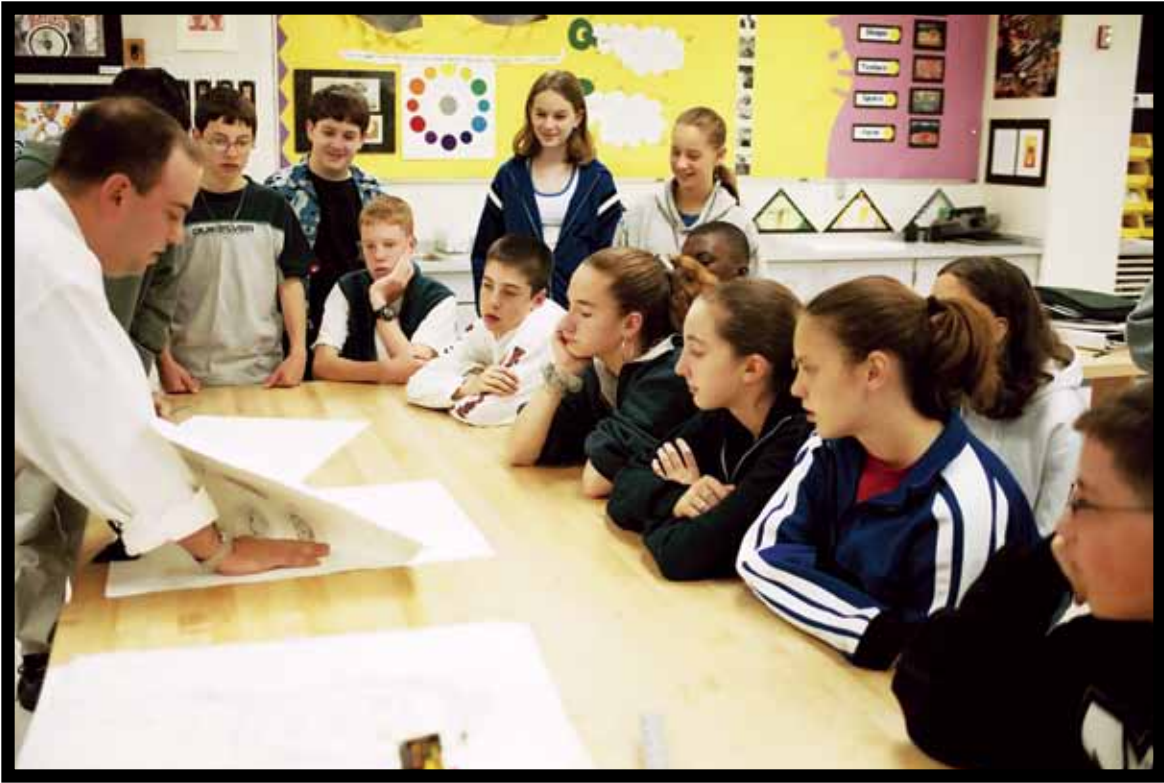
These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements



The combining and individual fund statements and schedules provide detailed information concerning financial position and results of operations.

General Fund
Proprietary Funds
Fiduciary Funds



HOWARD COUNTY PUBLIC SCHOOL SYSTEM

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	<u>General Fund</u>	<u>Food Services Fund</u>	<u>Glenn Wastewater Treatment Plant Fund</u>	<u>Restricted Programs Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 13,135,660	\$ 2,516,268	\$ -	\$ -	\$ -	\$ 15,651,928
Restricted cash	118,656	-	-	-	-	118,656
Investments	105,763,125	457,386	990,331	-	-	107,210,842
Accounts receivable	2,392,098	232,404	13,500	85,382	-	2,723,384
Prepaid items	-	-	-	-	-	-
Due from other funds	2,078,694	-	111,514	-	12,365,202	14,555,410
Due from other units of government	-	-	-	3,536,397	7,861,903	11,398,300
Inventory	882,808	221,316	-	-	-	1,104,124
TOTAL ASSETS	<u>\$ 124,371,041</u>	<u>\$ 3,427,374</u>	<u>\$ 1,115,345</u>	<u>\$ 3,621,779</u>	<u>\$ 20,227,105</u>	<u>\$ 152,762,644</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 10,794,526	\$ -	\$ 120,038	\$ 294,103	\$ 2,354,636	\$ 13,563,303
Accrued liabilities	54,349,384	153,000	-	183,309	1,316,493	56,002,186
Due to other funds	48,866,816	346,209	-	1,349,181	-	50,562,206
Unearned revenue	197,220	-	9,000	1,795,186	19,986,429	21,987,835
Compensated absences payable	22,000	-	-	-	-	22,000
Total liabilities	<u>114,229,946</u>	<u>499,209</u>	<u>129,038</u>	<u>3,621,779</u>	<u>23,657,558</u>	<u>142,137,530</u>
FUND BALANCES						
Reserved for encumbrances	5,802,505	-	-	-	-	5,802,505
Unreserved:						
Designated for:						
Subsequent years' expenditures	236,350	2,121,933	-	-	-	2,358,283
Contingencies	1,641,735	-	-	-	-	1,641,735
Capital reserve	-	-	983,613	-	-	983,613
Future school construction	-	-	-	-	(3,430,453)	(3,430,453)
Undesignated	2,460,505	806,232	2,694	-	-	3,269,431
Total fund balances	<u>10,141,095</u>	<u>2,928,165</u>	<u>986,307</u>	<u>-</u>	<u>(3,430,453)</u>	<u>10,625,114</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 124,371,041</u>	<u>\$ 3,427,374</u>	<u>\$ 1,115,345</u>	<u>\$ 3,621,779</u>	<u>\$ 20,227,105</u>	<u>\$ 152,762,644</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET ASSETS

June 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 23)	\$ 10,625,114
 Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$1,135,765,684 and the accumulated depreciation is \$280,737,068.	855,028,620
Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers compensation self-insurance activities, and health and dental self-insurance activities. The assets and liabilities of these internal service funds are included with governmental activities. The amount shown is net of the related capital assets of these funds accounted for above.	24,449,866
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 \$16,942,317 of capital leases and \$8,032,852 of compensated absences payable.	<u>(24,975,169)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES (page 21)	<u>\$ 865,128,431</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2009

	General Fund	Food Services Fund	Glenn Wastewa- ter Treatment Plant Fund	Restricted Programs Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Intergovernmental revenues:						
Local sources	\$ 458,233,637	\$ -	\$ -	\$ 433,044	\$ 32,418,919	\$ 491,085,600
State sources	232,906,033	102,227	-	4,945,855	20,745,214	258,699,329
Federal sources	395,960	3,923,923	-	16,723,434	-	21,043,317
Earnings on investments	931,178	18,131	12,613	-	43,084	1,005,006
Charges for services	6,057,152	8,059,229	122,732	-	-	14,239,113
Miscellaneous revenues	1,212,029	-	-	-	-	1,212,029
	<u>699,735,989</u>	<u>12,103,510</u>	<u>135,345</u>	<u>22,102,333</u>	<u>53,207,217</u>	<u>787,284,394</u>
Total revenues						
EXPENDITURES						
Current:						
Administration	11,219,748	-	-	319,892	-	11,539,640
Mid level administration	54,118,617	-	-	1,788,939	-	55,907,556
Instruction:						
Instructional salaries	276,171,348	-	-	3,093,818	-	279,265,166
Textbooks and classroom supplies	13,139,043	-	-	383,432	-	13,522,475
Other instructional costs	2,553,776	-	-	1,187,124	-	3,740,900
Special education	83,357,806	-	-	12,407,723	-	95,765,529
Pupil personnel services	2,979,197	-	-	153,305	-	3,132,502
Health services	5,843,744	-	-	(53,183)	-	5,790,561
Pupil transportation	31,393,382	-	-	18,745	-	31,412,127
Operation of plant	43,125,000	-	120,038	-	-	43,245,038
Maintenance of plant and equipment	21,452,311	-	-	-	-	21,452,311
Fixed charges	148,511,715	-	-	2,583,128	-	151,094,843
Community services	5,991,342	-	-	219,410	-	6,210,752
Costs of operation - food service	-	11,724,558	-	-	-	11,724,558
Capital outlay	959,197	-	-	-	69,946,644	70,905,841
	<u>700,816,226</u>	<u>11,724,558</u>	<u>120,038</u>	<u>22,102,333</u>	<u>69,946,644</u>	<u>804,709,799</u>
Total expenditures						
EXCESS (SHORTFALL) OF REVENUES OVER EXPENDITURES	<u>(1,080,237)</u>	<u>378,952</u>	<u>15,307</u>	<u>-</u>	<u>(16,739,427)</u>	<u>(17,425,405)</u>
OTHER FINANCING SOURCES (USES)						
Capital contributions	-	-	971,000	-	-	971,000
Proceeds from capital lease obligations	-	-	-	-	10,723,899	10,723,899
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>971,000</u>	<u>-</u>	<u>10,723,899</u>	<u>11,694,899</u>
NET CHANGE IN FUND BALANCE	(1,080,237)	378,952	986,307	-	(6,015,528)	(5,730,506)
FUND BALANCE, BEGINNING OF YEAR	<u>11,221,332</u>	<u>2,549,213</u>	<u>-</u>	<u>-</u>	<u>2,585,075</u>	<u>16,355,620</u>
FUND BALANCE, END OF YEAR	<u>\$ 10,141,095</u>	<u>\$ 2,928,165</u>	<u>\$ 986,307</u>	<u>\$ -</u>	<u>\$ (3,430,453)</u>	<u>\$ 10,625,114</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

June 30, 2009

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 25)	\$ (5,730,506)
 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, \$49,841,010, exceeds depreciation expense, \$23,492,192 in the period.	26,348,818
 Upon disposal, the difference between the cost basis of assets and the accumulated depreciation is recorded as a loss in the Statement of Activities. For governmental funds, all capital assets are initially recorded as expenditures and therefore no loss is recognized upon disposal. The amount by which the cost basis of disposed assets, \$305,173, exceeded the accumulated depreciation, \$257,796, is reported as a loss in the Statement of Activities.	
	(47,377)
 Capital lease obligation proceeds which provide current financial resources in the governmental funds, are not reported as revenues in the statement of activities.	
	(10,723,899)
 Repayment of capital lease obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of activities.	
	6,722,505
 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:	
	(876,176)
 Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers' compensation self-insurance activities, and health and dental self-insurance activities. The change in net assets of the service fund is reported with governmental activities.	
	839,237
 CHANGES IN NET ASSETS OF GOVERNMENTAL ACTIVITIES (page 22)	 \$ 16,532,602

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

June 30, 2009

	Enterprise Fund	Governmental Activities Internal Service Funds
ASSETS		
CURRENT ASSETS		
Investments	\$ -	\$ 1,801,074
Accounts receivable	-	308,586
Due from other funds	120,425	36,269,675
Inventory	-	518,487
Prepaid expenses	-	253,493
Total current assets	<u>120,425</u>	<u>39,151,315</u>
NONCURRENT ASSETS		
Capital assets:		
Furniture, fixtures and equipment	144,920	1,527,142
Less accumulated depreciation	<u>(77,656)</u>	<u>(1,261,508)</u>
Total capital assets, net	<u>67,264</u>	<u>265,634</u>
Total assets	<u>187,689</u>	<u>39,416,949</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	69	393,052
Accrued Liabilites	-	11,165,499
Due to other funds	-	383,304
Deferred revenue	<u>-</u>	<u>2,759,594</u>
Total liabilities	<u>69</u>	<u>14,701,449</u>
NET ASSETS		
Invested in capital assets	67,264	265,634
Unrestricted	<u>120,356</u>	<u>24,449,866</u>
TOTAL NET ASSETS	<u>\$ 187,620</u>	<u>\$ 24,715,500</u>

These financial statements should be read only in connection with the accompanying
summary of significant accounting policies and notes to financial statements

Fund Financial Statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

Year Ended June 30, 2009

	Enterprise Fund	Governmental Activities Internal Service Funds
	<u>Fund</u>	<u>Funds</u>
OPERATING REVENUES		
Charges for services - internal	\$ -	\$ 87,680,547
Charges for services - other	156,108	-
Contributions from employees and retirees	-	3,322,419
	<u>156,108</u>	<u>91,002,966</u>
Total operating revenues		
	156,108	91,002,966
OPERATING EXPENSES		
Operating expenses	143,882	-
Administrative expenses	-	6,570,090
Claims and related expenses	-	83,590,345
Depreciation expense	19,870	81,618
	<u>163,752</u>	<u>90,242,053</u>
Total operating expenses		
	163,752	90,242,053
Operating income (loss)	(7,644)	760,913
NON-OPERATING REVENUE		
Gain on sale of asset	-	1,425
Investment income	-	76,899
	<u>-</u>	<u>78,324</u>
Non-operating income		
	-	78,324
CHANGE IN NET ASSETS	(7,644)	839,237
TOTAL NET ASSETS, BEGINNING OF YEAR	<u>195,264</u>	<u>23,876,263</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 187,620</u>	<u>\$ 24,715,500</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2009

	Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 156,108	\$ -
Cash received from other funds	28,838	89,297,481
Cash received from employees and retirees	-	3,322,419
Payments to other funds	-	(4,481,691)
Payments to employees	-	(3,435,218)
Payments to suppliers	(166,702)	(88,616,547)
Net cash provided by (used in) operating activities	<u>18,244</u>	<u>(3,913,556)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of Equipment	<u>(18,244)</u>	<u>(87,868)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital contributions	-	-
Proceeds from sale of investments	-	3,924,525
Interest received	-	76,899
Net cash provided by investing activities	<u>-</u>	<u>4,001,424</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating (loss) income	\$ (7,644)	\$ 760,913
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation	19,870	81,618
Effects of changes in operating assets and liabilities:		
Accounts receivable	-	264,911
Due from other funds	28,838	(2,567,529)
Inventory	-	(29,926)
Prepaid expenses	-	(57,809)
Accounts payable	(22,820)	(3,030,953)
Unpaid claims	-	962,447
Due to other funds	-	(1,277,553)
Unearned revenue	-	980,325
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 18,244</u>	<u>\$ (3,913,556)</u>

These financial statements should be read only in connection with the accompanying
summary of significant accounting policies and notes to financial statements

Fund Financial Statements

HOWARD COUNTY PUBLIC SCHOOL SYSTEM
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
June 30, 2009

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ <u>4,635,047</u>
TOTAL ASSETS	<u>\$ 4,635,047</u>
LIABILITIES	
School activity funds payable	\$ <u>4,635,047</u>
TOTAL LIABILITIES	<u>\$ 4,635,047</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Summary of Significant Accounting Policies





Summary Of Significant Accounting Policies

June 30, 2009

Howard County Public School System (the School System) is a body politic and corporate established by the Public School Laws of Maryland. For financial reporting purposes, the School System (alternatively referred to herein as Howard County Public School System (HCPSS) is a component unit of Howard County, Maryland (the County) by virtue of the County's responsibility for levying taxes and incurring debt for the benefit of the School System and its budgetary control over the School System. Accordingly, the financial statements of the School System are included in the financial statements of the County. The School System itself has no component units.

The accounting policies of Howard County Public School System conform to generally accepted accounting principles (GAAP) for governmental units. The following is a summary of the significant policies employed by the School System.

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 the School System as a whole. For the most part, the effect of inter fund activity has been removed from these statements. The activities of the General Fund, Food Services Fund – a special revenue fund, Glenelg Waste water Treatment Plant – a special revenue fund, Restricted Programs Fund - a special revenue fund, Capital Projects Fund and Internal Service Funds have been presented as governmental activities in the government-wide financial statements. The activities of the Enterprise Fund have been presented as business-type activities in those statements because a majority of these fund revenues come from charges for services.

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 School System.

Separate financial statements are provided for governmental funds, an enterprise fund, proprietary 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 governmental fund financial statements.

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

Summary of Significant Accounting Policies

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.

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 School System considers revenues to be available if they are collectible 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 were due and payable. 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.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting used in the government-wide financial statements.

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 School System reports the following major funds in the fund financial statements:

Governmental Funds

General Fund - The general fund is the general operating fund of the School System. It is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Fund (Special Revenue Fund) – The food service fund is used to account for the operations of cafeterias and the production facility, which provides for the preparation and sale of meals primarily to students. As special revenue fund, the proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.

Glenelg Wastewater Treatment Plant (Special Revenue Fund) – The wastewater treatment fund is used to account for the operations of the shared wastewater treatment facility at Glenelg High School, which provides wastewater treatment services to Glenelg High School and the Musgrove Farm community of 31 homesites located on the adjoining property. As a special revenue fund, the proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.

Restricted Programs Fund (Special Revenue Fund) – The restricted programs fund is used to account for restricted grants issued primarily by county, state, and federal governmental agencies.

Capital Projects Fund – The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

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

Proprietary Funds

Internal Service Funds - Internal service funds are used to account for the costs of maintaining the School System's self-insured programs for health, dental and workers compensation benefits for its employees and to account for the costs of printing, duplicating and data processing services.

Enterprise Fund – Enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Jim Rouse Theater Fund is reported as an enterprise fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues for the internal service funds are premium contributions to the health and dental self-insurance fund, the workers compensation fund, the printing and duplicating fund and the data processing fund. Operating revenues for the enterprise fund, James Rouse Theater, are received primarily from ticket sales. Operating expenses for the internal service funds as well as the enterprise fund cover the cost of providing these services, including administrative, claim and related payments and depreciation. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Agency Funds - Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school funds account for the funds of other persons or organizations which are the direct responsibility of the principals of the respective schools.

The accounting policies of the School System conform to accounting principles generally accepted in the United States of America. Accordingly, the School System 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 School System Opinions, and Accounting Research Bulletins.

CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities and business type activities columns in the government-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than \$5,000 and a useful life of at least five years. 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 is depreciated using the straight-line method over estimated useful lives of 20-45 years for buildings, improvements and infrastructure, and 5-15 years for furniture and 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 School System must reimburse the federal government for any assets which the School System retains for its own use after the termination of the grant unless otherwise provided by the grantor.

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

BUDGETS AND BUDGETARY ACCOUNTING

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of Howard County and the State of Maryland. The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as reservations of the fund balance. The other principal difference is that under the budgetary basis, designations of the prior year's fund balance are treated as revenue of the current period. The general fund budgetary basis schedules of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements are presented as required supplementary information to these financial statements.

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

Operating Budget (General Fund)

- 1) A discussion guide for the following fiscal year's operating budget is published annually.
- 2) A public hearing is held in October to receive budget requests from individuals and community groups.
- 3) The proposed budget is made available to the public and the County Government in January.
- 4) Public hearings are held to obtain comments from the community.
- 5) The final proposed operating budget is submitted to the County Executive prior to March 16th.
- 6) After approval or adjustment by the County Council, the final operating budget is approved by the School System in June.
- 7) Budgets are 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 pension contributions made on the School System's behalf by the State of Maryland as both revenues and expenditures. Budget comparisons presented are on a non-GAAP budgetary basis.
- 8) Transfers may be made within the major categories by the School System of Education without the approval of the County Council.
- 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.
- 10) There were no budget amendments for the year ended June 30, 2009.

Operating Budget (Restricted Fund)

The Restricted Fund accounts for revenue and expenditures under special state and federal programs. Management estimates expected revenues and expenditures but there is not a legally adopted budget and actual expenditures may exceed budgeted amounts. The grants included in this category are not part of budget categories subject to spending limitations of the operating budget. Expenditures under these programs are limited to the amounts of the respective grants.

Operating Budget (Food Service Fund)

The comparison of the Food Service Fund (a special revenue fund) operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System.

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

BUDGETS AND BUDGETARY ACCOUNTING (continued)

Operating Budget (Glenelg Wastewater Treatment Plant Fund)

The comparison of the Glenelg Wastewater Treatment Plant Fund (a special revenue fund) operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System.

Operating Budget (Enterprise Fund)

The Enterprise Fund accounts for revenue and expenditures relative to the James Rouse Theater Fund. The operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System.

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. Encumbrances outstanding at year end are reported as reservations of fund balances, since they do not constitute expenditures or liabilities.

DEPOSITS AND INVESTMENTS

The School System maintains pooled and various separate cash accounts for its funds. The cash balances of the School Fund (see Statement of Fiduciary Net Assets) consist of individual demand accounts maintained by the schools. Investments are stated at amortized cost, which approximates market value due to the short-term nature of those investments. The School System considers any instrument with a maturity of three months or less when purchased, as cash equivalents.

DUE FROM OTHER UNITS OF GOVERNMENT AND OTHER RECEIVABLES

Accounts receivable in all funds represent amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Governmental fund type receivables consist primarily of amounts due from county, state, or federal governments and from other Maryland Public School Systems. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year. Certain intergovernmental receivables may extend up to one year from the end of the fiscal year. Uncollectible amounts as of June 30, 2009 are expected to be minimal based upon collection experience and review of the status of existing receivables.

INVENTORY

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of parts and supplies maintained in the warehouse. Inventory in the Food Services Fund consists of expendable food and supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased. As inventory is consumed, the cost is charged to expenditures.

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

COMPENSATED ABSENCES

It is the School System's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The amount recorded in the General Fund of \$22,000 represents this current portion of vacation pay. The long-term liability for accrued vacation pay is \$8,054,852. The long term portion is not reported in the fund financial statements. The obligation will be liquidated by the fund charged for the employee leave through the receipt of intergovernmental revenues.

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. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets. Major capital projects are financed through local and state aid with applicable debt recorded by Howard County and the State of Maryland. 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.

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

Notes to Financial Statements





NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2009

Note 1 – Capital Assets

Capital assets activity for the year ended June 30, 2009 was as follows:				
	Balance July 1, 2008	Increases	Decreases / Re- classifications	Balance June 30, 2009
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 13,754,378	\$ -	\$ (1,675,226)	\$ 12,079,152
Construction in progress	247,044,483	47,544,358	(98,598,109)	195,990,732
Total nondepreciable capital assets	<u>260,798,861</u>	<u>47,544,358</u>	<u>(100,273,335)</u>	<u>208,069,884</u>
Depreciable capital assets				
Land improvements	-	-	1,675,226	1,675,226
Buildings and improvements	804,114,840	41,102	98,598,109	902,754,051
Furniture and equipment	21,309,900	2,261,800	(305,173)	23,266,527
Total depreciable capital assets	<u>825,424,740</u>	<u>2,302,902</u>	<u>99,968,162</u>	<u>927,695,804</u>
Less accumulated depreciation for:				
Land improvements	(1,059,427)	(73,553)	-	(1,132,980)
Buildings and improvements	(241,699,090)	(20,954,737)	-	(262,653,827)
Furniture and equipment	(14,744,155)	(2,463,902)	257,796	(16,950,261)
Total accumulated depreciation	<u>(257,502,672)</u>	<u>(23,492,192)</u>	<u>257,796</u>	<u>(280,737,068)</u>
Total depreciable capital assets, net	<u>567,922,068</u>	<u>(21,189,290)</u>	<u>100,225,958</u>	<u>646,958,736</u>
Governmental activities capital assets, net	<u>\$ 828,720,929</u>	<u>\$ 26,355,068</u>	<u>\$ (47,377)</u>	<u>\$ 855,028,620</u>

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

Instruction:	
Regular education	\$ 21,036,631
Special education	119,086
Support services:	
Administration	271,391
Mid-level administration	1,278,833
Pupil transportation	27,870
Operation and maintenance of plant and equipment	710,433
Community services	47,948
Total	<u>\$ 23,492,192</u>

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

Note to Financial Statements

Note 1 – Capital Assets (continued)

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Balance June 30, 2009</u>
Business-type activities:			
Furniture and equipment at historical cost	\$ 126,676	\$ 18,244	\$ 144,920
Less accumulated depreciation	<u>(57,786)</u>	<u>(19,870)</u>	<u>(77,656)</u>
Business-type activities capital assets, net	<u>\$ 68,890</u>	<u>\$ (1,626)</u>	<u>\$ 67,264</u>

Depreciation expense charged to business-type activities for the year ended June 30, 2009 was \$19,870.

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Project:		
Glenelg High School	\$ 34,130,944	\$ 6,672,056
Full Day Kindergarten	30,380,808	3,258,949
Technology	22,791,638	1,212,362
Mt. Hebron High School	9,282,173	20,817,827
Roofing	9,030,904	4,084,326
Site Acquisition/Contingency	8,958,306	9,644,694
Systemic – Waterloo Elementary	8,784,982	5,655,975
Systemic - Clemens Crossing Elementary	7,131,867	3,850,133
Elkridge Elementary	4,027,179	3,045,303
Facility Modernization	1,817,231	2,382,769
Northfield Elementary	<u>1,511,015</u>	<u>4,465,985</u>
	<u>137,847,047</u>	<u>65,090,379</u>
Other projects	<u>367,112,597</u>	<u>12,685,349</u>
Total	<u>\$ 504,959,644</u>	<u>\$ 77,775,728</u>

These projects are primarily funded through capital grants from Howard County and the State of Maryland, prior to commitments being made with contractors.

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

NOTE 2 – CASH AND INVESTMENTS

Deposits

At year end, the carrying amount of the School System's deposits was \$20,286,975 consisting of \$15,651,928 in the governmental activities and \$4,635,047 in the agency fund and the corresponding bank balances were \$23,682,650. Of the bank balances, \$750,000 was covered by Federal Depository Insurance and \$22,932,650 was covered by collateral held in the pledging bank's trust department in the School System's name. The School System has a contractual arrangement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

Restricted cash in the General Fund consists of an escrow account established for disbursements in connection with the capital lease for energy performance contracts being completed at various school locations. The balance of \$118,656 at June 30, 2009 represents amounts not yet disbursed for those contracts.

Investments

At June 30, 2009, the School System's investments totaling \$109,011,916 in governmental activities were entirely 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.

Interest Rate Risk

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. To limit the School System's exposure to interest rate risk, the School System's investment policy limits the term of investment maturities to overnight deposits except in the fiduciary funds for which longer terms have been allowed to match the cash flows of liabilities. Total net investment income per the statement of activities consists of interest income of \$961,922 for the year ended June 30, 2009.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the School System will not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. The School System's investment policy limits its investments to overnight deposits that are insured or collateralized with securities held by a custodian in the School System's name and investments in the MLGIP. Statutes require that deposits be in Maryland banks and that uninsured deposits be fully collateralized and authorize the School System to invest in obligations of the United States government, federal agency obligations and repurchase agreements secured by direct government or agency obligations.

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

NOTE 3 – DUE TO/FROM OTHER FUNDS

The composition of inter-fund balances as of June 30, 2009 is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Health and Dental	General	Benefit plan expenditures	\$ 28,750,219
School Construction	General	Reimbursable expenditures	12,365,202
Data Processing	General	Reimbursable expenditures	4,391,025
Workers Compensation	General	Reimbursable expenditures	3,128,431
James Rouse Theatre	General	Reimbursable expenditures	120,425
Glenelg WWTP	General	Reimbursable expenditures	111,514
General	Restricted Programs	Advances of pooled cash	1,349,181
General	Food Services	Advances of pooled cash	346,209
General	Printing & Duplicating	Advances of pooled cash	383,304
Total			<u>\$ 50,945,510</u>

These inter-fund balances are presented in the accompanying financial statements as follows:

	<u>Due From</u>	<u>Due To</u>
Balance Sheet - Governmental Funds (page 21)	\$ 14,555,410	\$ 50,562,206
Statement of Net Assets - Proprietary Funds (page 23)	120,425	-
Statement of Net Assets - Internal Service Funds (page 23)	<u>36,269,675</u>	<u>383,304</u>
Total	<u>\$ 50,945,510</u>	<u>\$ 50,945,510</u>

Activity between funds represents expenditures paid by the General Fund on behalf of another fund or amounts received by the General Fund on behalf of another fund. All operating cash is processed through the General Fund and accounted for on each fund as due to/from the General Fund.

The School System does not have any long-term advances of inter-fund loans, and all inter-fund activity is considered current activity. Inter-fund activity consists primarily of advances from the General Fund to other funds to cover temporary cash needs. These situations arise because many grants and capital projects are reimbursed to the School System by the granting government after the School System has incurred the expenditure.

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

NOTE 4 – PREPAID EXPENSES

Prepaid expenses in the worker compensation insurance internal service fund consist of fiscal year 2010 insurance premiums and other administrative expenditures.

NOTE 5 – UNEARNED REVENUE

General Fund

Unearned revenue consists of summer school tuition which is collected in advance and unearned since the corresponding expenditures do not occur until the following fiscal year.

Restricted Programs Fund and Capital Projects Fund

Unearned revenue consists of revenues received under restricted programs in excess of the expenditures under those programs at June 30, 2009.

Glenelg Wastewater Treatment Plant

Unearned revenue consists of assessment fees collected in advance and unearned since the corresponding expenditures do not occur until the following fiscal year.

Internal Service Funds

Unearned revenue consists of payroll withholdings from employees for health and dental insurance for the first three months of fiscal year 2010.

NOTE 6 – FUND BALANCES AND NET ASSETS

Restricted Programs Fund

The Restricted Programs Fund, a special revenue fund, accounts for federal, state and local grants and programs where revenues are recognized at the same time as related expenditures. Under the budgetary (non-GAAP) 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.

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

NOTE 7 – PENSION PLANS

The employees of the School System are covered by the State Retirement and Pension System of Maryland which is a cost sharing multiple employer public employee retirement system (the State System). Most School System employees participate in the State System. The State System prepares a Comprehensive Annual Financial Report, which can be obtained from the State Retirement and Pension Systems of Maryland at 120 East Baltimore Street, Baltimore, Maryland 21202.

Plan Description

The State System, which is administered in accordance with Article 73B of the Annotated Code of Maryland, consists of the several plans which are managed by the School System of Trustees for the State System. All State employees and employees of the participating entities are eligible for coverage by the plans. The State System provides retirement, death, and disability benefits in accordance with State statutes.

Funding Policy

The School System's required contributions are based upon actuarial valuations. Effective July 1, 1980, in accordance with the law governing the State System, all benefits of the State System are funded in advance. The entry age normal cost method is the actuarial cost method used. Both the School System and covered employees are required by State statute to contribute to the State System. The employees contribute 3% to 7% of compensation, as defined, depending on the participant's plan.

The contribution requirements of the State System members, as well as the State and participating governmental employees are established and may be amended by the School System of Trustees for the State System. Benefits are provided in accordance with State statutes.

The State makes a substantial portion of the School System's annual required contributions to the State System on behalf of the School System. The State's contributions on behalf of the School System for the years ended June 30, 2009, 2008, and 2007, amounted to \$41,423,968, \$37,975,636, and, \$29,715,994 respectively.

The fiscal 2009 contributions made by the State on behalf of the School System have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and are also included as revenues and expenses on the Statement of Activities.

The School System made its share of the required contributions during the years ended June 30, 2009, 2008, and 2007 of \$3,056,419, \$3,282,616, and, \$2,800,975, respectively.

The contributions are sufficient to fund normal costs and amortize the unfunded actuarial accrued liability over a 40-year period (as provided by law) from July 1, 1980.

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The School System contributes to the Howard County, Maryland Post-Retirement Medical Plan (the Plan), a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the Howard County Government (the County). The Plan provides medical and life insurance benefits to retired employees of participating governmental entities. The County issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Howard County Government, 3430 Courthouse Drive, Ellicott City, MD 21043, or by calling 410-313-2195.

Funding Policy

Contribution requirements of the plan members and the participating employers are established and may be amended by the Plan's Board of trustees. Retirees eligible for medical insurance benefits pay between 50 and 100 percent of the School System's full premium equivalent cost, based upon years of service. Retirees eligible for life insurance benefits pay between 10 and 50 percent of the School System's full premium equivalent cost, provided they have at least ten years of service with the School System and have retired from the School System.

Participating governmental entities are contractually required to contribute at a rate assessed each year by the Plan. The Plan's Trustees set the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The School System's contributions for the year ended June 30, 2009 were \$8,068,884, which equaled the required contribution for the year. These contributions were paid by and on-behalf of the School System by the County.

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

NOTE 9 – LONG-TERM LIABILITIES

Activity in long-term liabilities for the year ended June 30, 2009 was as follows:

	<u>Balance 7/1/2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2009</u>	<u>Due Within One Year</u>
Compensated absences	\$ 7,352,676	\$ 1,015,643	\$ (313,467)	\$ 8,054,852	\$ 425,000
Capital leases	<u>12,940,923</u>	<u>10,723,899</u>	<u>(6,722,505)</u>	<u>16,942,317</u>	<u>5,319,481</u>
Total governmental activities	<u>\$ 20,293,599</u>	<u>\$ 11,739,542</u>	<u>\$ (7,035,972)</u>	<u>\$ 24,997,169</u>	<u>\$ 5,744,481</u>

Compensated absences are generally liquidated by the General Fund.

The School System has entered into lease agreements as lessee to finance the purchase of computer, tele-phone, and performance contracting equipment. The assets acquired and capitalized as fixed assets under capital leases are as follows:

	<u>Governmental Activities</u>
Equipment at cost	\$ 9,005,346
Less accumulated depreciation	<u>(5,158,389)</u>
Total	<u>\$ 3,864,957</u>

Computers purchased with lease proceeds totaling \$6,887,702 were not capitalized as their individual costs were below the School System’s capitalization threshold.

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

<u>Year Ending June 30, 2009</u>	<u>Governmental Activities</u>
2010	\$ 5,703,267
2011	4,977,036
2012	3,348,985
2013	637,950
2014	581,980
Thereafter	<u>3,377,796</u>
Total minimum lease payments	18,627,014
Less amount representing interest	<u>(1,684,697)</u>
Present value of minimum lease payments	<u>\$ 16,942,317</u>

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

NOTE 10 – RISK MANAGEMENT

The School System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School System participates in the Maryland Association of School Systems of Education Group Insurance Pool (MABE). MABE is a public entity risk pool currently operating as a common risk management and insurance program for fourteen member counties to reduce the amount of claims expenditures incurred. The School System pays an annual premium to MABE for its general insurance coverage. The Formation Agreement of MABE provides that MABE will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established loss limits which range from \$2,500 to \$5 million for each insured event depending on the type of loss. Settled claims did not exceed coverage in any of the past three years.

The School System has also established limited risk management programs for workers' compensation and health and dental insurance. Premiums are paid into these two internal service funds by other funds and are available to pay claims, claim reserves and administrative costs of the programs. The "premium" charged by the self-insurance funds considers recent trends in actual claims experience of the School System as a whole and makes provision for catastrophic losses. As of June 30, 2009, the interfund premiums did not exceed reimbursable expenditures in the Health and Dental Self-Insurance Fund or the Worker's Compensation Self-Insurance Fund.

Liabilities are reported when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual health and dental claims in excess of \$125,000; and workers compensation claims in excess of \$26,000 for periodic indemnity and \$115,000, \$60,000, and \$50,000 for medical benefits in the first, second, third and subsequent years respectively. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the respective self-insurance internal service funds.

Changes in the balances of claims payable for the years ended June 30, 2009 and 2008 are as follows:

	2009		2008	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning Payable, July 1	\$ 2,639,637	\$ 7,563,415	\$ 2,939,637	\$ 7,189,906
Incurred Claims (including IBNR)	1,404,001	61,461,159	559,586	52,821,796
Claim Payments	<u>(1,121,307)</u>	<u>(60,781,406)</u>	<u>(859,586)</u>	<u>(52,448,287)</u>
Ending Payable, June 30	<u>\$ 2,922,331</u>	<u>\$ 8,243,168</u>	<u>\$ 2,639,637</u>	<u>\$ 7,563,415</u>

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

NOTE 11 – FUND BALANCE DEFICIT

The Capital Projects Fund reflects a deficit undesignated fund balance for June 30, 2009 because revenues, provided by the State and County needed to liquidate encumbrances outstanding, are not received and recognized until invoices for goods and services rendered are received and approved by the Board. The deficit will be eliminated through the use of resources available to the Board.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The School System leases equipment under non-cancelable operating leases. Total costs were \$1,451,320 for the leases for the year ended June 30, 2009. The future minimum lease payments for these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 1,502,429
2011	1,438,193
2012	1,420,879
2013	350,871
2014	<u>304,097</u>
Total	<u>\$ 5,016,469</u>

Litigation

The School System has been named as defendant in several lawsuits in the normal course of business, the outcomes of which are uncertain. It is anticipated by the School System that an adverse decision on any or all of these suits would not have a material adverse effect on the financial statements.

Grant Programs

The School System receives grant revenues from County, State, and Federal sources. Amounts received under such programs are restricted to use in accordance with terms of the respective grants. The use of such funds is subject to audit by the grantors. Consequently, the School System is contingently liable to refund amounts received in excess of allowable expenditures, if any. In the opinion of management no material refunds will be required as the result of expenditures disallowed by the grantors.

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

Required Supplementary Information





HOWARD COUNTY PUBLIC SCHOOL SYSTEM
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental revenues:				
Local sources	\$ 454,794,610	\$ 454,794,610	\$ 454,794,610	\$ -
State sources	191,839,110	191,839,110	191,492,065	(347,045)
Federal sources	370,000	370,000	395,960	25,960
Earnings on investments	1,400,000	1,400,000	931,178	(468,822)
Charges for services	4,260,000	4,260,000	5,249,802	989,802
Miscellaneous revenues	600,000	600,000	1,212,028	612,028
Fund balance at July 1, 2008 - designated for fiscal year ended June 30, 2009	3,824,300	3,824,300	3,824,300	-
Total revenues	<u>657,088,020</u>	<u>657,088,020</u>	<u>657,899,943</u>	<u>811,923</u>
EXPENDITURES				
Current:				
Administration	11,368,190	11,668,190	11,398,822	269,368
Instruction				
Instructional salaries	277,798,350	276,368,350	276,171,348	197,002
Textbooks and classroom supplies	12,957,500	12,957,500	12,846,075	111,425
Other instructional costs	2,768,760	2,768,760	2,478,130	290,630
Pupil personnel services	2,798,800	2,988,800	2,963,485	25,315
Health services	5,707,900	5,892,900	5,834,107	58,793
Pupil transportation	32,659,320	31,734,320	31,368,607	365,713
Operation of plant	43,829,530	43,209,530	43,178,240	31,290
Maintenance of plant	23,019,340	22,219,340	22,163,114	56,226
Fixed charges	104,248,720	103,648,720	103,648,720	-
Mid level administration	51,345,570	53,575,570	53,560,878	14,692
Community services	6,146,920	6,146,920	6,038,199	108,721
Special education	81,515,640	82,985,640	82,923,702	61,938
Capital outlay	923,480	923,480	866,997	56,483
Total expenditures	<u>657,088,020</u>	<u>657,088,020</u>	<u>655,440,424</u>	<u>1,647,596</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	2,459,519	<u>\$ 2,459,519</u>
FUND BALANCE AT JULY 1, 2009				
UNDESIGNATED - BUDGETARY BASIS			236,350	
Excess of revenue recognized over amount designated at June 30, 2009			1,239,721	
Current portion of annual leave at June 30, 2009			<u>425,000</u>	
TOTAL FUND BALANCE UNDESIGNATED - BUDGETARY BASIS			4,360,590	
Fund balance at June 30, 2009 - designated:				
Fund balance contingency			1,641,735	
Fund balance carryover			<u>236,350</u>	
Fund balance at June 30, 2009:				
Undesignated - budgetary basis			2,482,505	
Current portion of annual leave earned			<u>(22,000)</u>	
FUND BALANCE AT JUNE 30, 2009, UNDESIGNATED - GAAP BASIS			<u>\$ 2,460,505</u>	

Required Supplementary Information

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

RECONCILIATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP BASIS REVENUES AND EXPENDITURES

GENERAL FUND

Year Ended June 30, 2009

REVENUES

Budgetary basis	\$ 657,899,943
Add - Pension contribution paid by State of Maryland	41,423,968
- OPEB contribution paid by Howard County Government	3,439,027
- Revenues from loaned staff program	797,351
Less - Designation of prior year's fund balance budgeted as revenue	<u>(3,824,300)</u>
GAAP basis	<u>\$ 699,735,989</u>

EXPENDITURES

Budgetary basis	\$ 655,440,424
Add - Prior year's encumbrances expended this year	5,517,961
- Pension contribution paid by State of Maryland	41,423,968
- OPEB contribution paid by Howard County Government	3,439,027
- Expenditures from loaned staff	797,351
Less - Current year's encumbrances outstanding	<u>(5,802,505)</u>
GAAP basis	<u>\$ 700,816,226</u>

Other Supplementary Information





HOWARD COUNTY PUBLIC SCHOOL SYSTEM**SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-GAAP BASIS)****GENERAL FUND**

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	Variance with Final Budget Positive (Negative)
INTERGOVERNMENTAL REVENUES				
Local Sources				
Current expense	\$ 454,794,610	\$ 454,794,610	\$ 454,794,610	\$ -
State Sources				
Current expense	148,281,710	148,281,710	145,811,861	(2,469,849)
Transportation	13,506,000	13,506,000	13,505,969	(31)
Special education	9,155,000	9,155,000	8,549,409	(605,591)
Compensatory education	14,868,700	14,868,700	14,868,662	(38)
Limited english proficient	5,667,700	5,667,700	5,666,274	(1,426)
State geographic index	-	-	2,436,662	2,436,662
Other - LEA tuition	360,000	360,000	653,228	293,228
Total state sources	<u>191,839,110</u>	<u>191,839,110</u>	<u>191,492,065</u>	<u>(347,045)</u>
Federal Sources				
ROTC reimbursement	180,000	180,000	230,138	50,138
Impact Aid (PL 874)	190,000	190,000	165,822	(24,178)
Total federal sources	<u>370,000</u>	<u>370,000</u>	<u>395,960</u>	<u>25,960</u>
Earnings on investments	<u>1,400,000</u>	<u>1,400,000</u>	<u>931,178</u>	<u>(468,822)</u>
Charges for Services, Etc.				
Tuition from patrons	675,000	675,000	1,157,084	482,084
Use of school buildings	950,000	950,000	1,367,699	417,699
Athletic program - gate receipts	425,000	425,000	403,277	(21,723)
Energy rebates	500,000	500,000	588,693	88,693
Administration and overhead fees	1,710,000	1,710,000	1,733,049	23,049
Total charges for services, etc.	<u>4,260,000</u>	<u>4,260,000</u>	<u>5,249,802</u>	<u>989,802</u>
Miscellaneous Revenues				
Other	600,000	600,000	1,212,028	612,028
FUND BALANCE AT JULY 1, 2008, DESIGNATED FOR FISCAL YEAR ENDED JUNE 30, 2009				
	<u>3,824,300</u>	<u>3,824,300</u>	<u>3,824,300</u>	<u>-</u>
TOTAL	<u>\$ 657,088,020</u>	<u>\$ 657,088,020</u>	<u>\$ 657,899,943</u>	<u>\$ 811,923</u>

Other Supplementary Information

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)

GENERAL FUND

Year Ended June 30, 2009

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Administration				
Salaries and wages	\$ 7,413,400	\$ 7,713,400	\$ 7,533,900	\$ 179,500
Contracted services	2,720,096	2,720,096	2,692,550	27,546
Supplies and materials	750,463	750,463	719,128	31,335
Other charges	414,881	414,881	383,922	30,959
Equipment	69,350	69,350	69,322	28
Total administration	<u>\$ 11,368,190</u>	<u>\$ 11,668,190</u>	<u>\$ 11,398,822</u>	<u>\$ 269,368</u>
Mid-level Administration				
Salaries and wages	\$ 45,032,220	\$ 44,826,000	\$ 44,821,368	\$ 4,632
Contracted services	3,171,740	5,030,570	5,026,453	4,117
Supplies and materials	2,755,320	3,361,992	3,361,710	282
Other charges	386,290	357,008	351,347	5,661
Equipment	-	-	-	-
Total mid-level administration	<u>\$ 51,345,570</u>	<u>\$ 53,575,570</u>	<u>\$ 53,560,878</u>	<u>\$ 14,692</u>
Instructional salaries	<u>\$ 277,798,350</u>	<u>\$ 276,368,350</u>	<u>\$ 276,171,348</u>	<u>\$ 197,002</u>
Textbooks and classroom supplies	<u>\$ 12,957,500</u>	<u>\$ 12,957,500</u>	<u>\$ 12,846,075</u>	<u>\$ 111,425</u>
Other Instructional Costs				
Contracted services	\$ 2,052,030	\$ 2,052,030	\$ 1,811,354	\$ 240,676
Other charges	275,230	275,230	239,512	35,718
Equipment	335,500	335,500	323,384	12,116
Outgoing transfers	106,000	106,000	103,880	2,120
Total other instructional costs	<u>\$ 2,768,760</u>	<u>\$ 2,768,760</u>	<u>\$ 2,478,130</u>	<u>\$ 290,630</u>
Special Education				
Salaries and wages	\$ 73,044,770	\$ 74,514,770	\$ 74,511,690	\$ 3,080
Contracted services	2,408,010	2,408,010	2,380,789	27,221
Supplies and materials	403,330	403,330	375,247	28,083
Other charges	314,710	314,710	312,303	2,407
Equipment	68,000	68,000	67,007	993
Outgoing transfers	5,276,820	5,276,820	5,276,666	154
Total special education	<u>\$ 81,515,640</u>	<u>\$ 82,985,640</u>	<u>\$ 82,923,702</u>	<u>\$ 61,938</u>
Pupil Personnel Services				
Salaries and wages	\$ 2,292,240	\$ 2,482,240	\$ 2,466,330	\$ 15,910
Contracted services	408,950	408,950	408,173	777
Supplies and materials	57,470	57,470	51,394	6,076
Other charges	40,140	40,140	37,588	2,552
Total pupil personnel services	<u>\$ 2,798,800</u>	<u>\$ 2,988,800</u>	<u>\$ 2,963,485</u>	<u>\$ 25,315</u>
Health Services				
Salaries and wages	\$ 5,041,388	\$ 5,226,388	\$ 5,212,400	\$ 13,988
Contracted services	492,552	492,552	478,740	13,812
Supplies and materials	158,600	158,600	128,590	30,010
Other charges	15,360	15,360	14,377	983
Total health services	<u>\$ 5,707,900</u>	<u>\$ 5,892,900</u>	<u>\$ 5,834,107</u>	<u>\$ 58,793</u>

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-GAAP BASIS)

GENERAL FUND

Year Ended June 30, 2009

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Pupil Transportation				
Salaries and wages	\$ 1,248,810	\$ 1,248,810	\$ 1,229,905	\$ 18,905
Contracted services	30,878,436	29,953,436	29,670,388	283,048
Supplies and materials	57,090	57,090	40,917	16,173
Other charges	337,760	337,760	292,102	45,658
Equipment	137,224	137,224	135,295	1,929
Total pupil transportation	<u>\$ 32,659,320</u>	<u>\$ 31,734,320</u>	<u>\$ 31,368,607</u>	<u>\$ 365,713</u>
Operation of Plant				
Salaries and wages	\$ 19,229,230	\$ 18,619,480	\$ 18,619,383	\$ 97
Contracted services	2,065,560	1,965,987	1,936,298	29,689
Supplies and materials	1,183,330	1,219,719	1,218,996	723
Other charges	21,121,120	21,191,974	21,191,921	53
Equipment	230,290	212,370	211,642	728
Total operation of plant	<u>\$ 43,829,530</u>	<u>\$ 43,209,530</u>	<u>\$ 43,178,240</u>	<u>\$ 31,290</u>
Maintenance of Plant				
Salaries and wages	\$ 12,050,061	\$ 11,250,061	\$ 11,239,955	\$ 10,106
Contracted services	5,881,897	5,881,897	5,860,864	21,033
Supplies and materials	3,544,228	3,544,228	3,541,650	2,578
Other charges	57,358	57,358	54,377	2,981
Equipment	1,485,796	1,485,796	1,466,268	19,528
Total maintenance of plant	<u>\$ 23,019,340</u>	<u>\$ 22,219,340</u>	<u>\$ 22,163,114</u>	<u>\$ 56,226</u>
Other Fixed Charges	<u>\$ 104,248,720</u>	<u>\$ 103,648,720</u>	<u>\$ 103,648,720</u>	<u>\$ -</u>
Community Services				
Salaries and wages	\$ 2,897,200	\$ 2,897,200	\$ 2,805,063	\$ 92,137
Contracted services	1,294,959	1,294,959	1,287,642	7,317
Supplies and materials	579,635	579,635	574,438	5,197
Other charges	1,070,126	1,070,126	1,066,056	4,070
Equipment	305,000	305,000	305,000	-
Total community services	<u>\$ 6,146,920</u>	<u>\$ 6,146,920</u>	<u>\$ 6,038,199</u>	<u>\$ 108,721</u>
Capital Outlay				
Salaries and wages	\$ 881,570	\$ 881,570	\$ 829,799	\$ 51,771
Contracted services	19,310	19,310	16,633	2,677
Supplies and materials	14,620	14,620	13,728	892
Other charges	7,980	7,980	6,837	1,143
Equipment	-	-	-	-
Total capital outlay	<u>\$ 923,480</u>	<u>\$ 923,480</u>	<u>\$ 866,997</u>	<u>\$ 56,483</u>
TOTAL EXPENDITURES	<u>\$ 657,088,020</u>	<u>\$ 657,088,020</u>	<u>\$ 655,440,424</u>	<u>\$ 1,647,596</u>

Other Supplementary Information

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

FOOD SERVICES FUND

SCHEDULE OF REVENUES, EXPENDITURES AND

CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL

Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental Revenues:			
State:			
Reimbursements	\$ 94,000	\$ 102,227	\$ 8,227
Federal:			
National School Lunch and Milk Programs	2,556,000	3,053,713	497,713
U.S.D.A. Commodity Program	-	870,210	870,210
Total intergovernmental revenues	<u>2,556,000</u>	<u>3,923,923</u>	<u>1,367,923</u>
Earnings on investments	40,000	18,131	(21,869)
Charges for Services:			
Food sales	<u>8,360,000</u>	<u>8,059,229</u>	<u>(300,771)</u>
Other revenues	-	-	-
Fund balance at July 1, 2008 - designated for fiscal year ended June 30, 2009	<u>702,169</u>	<u>702,169</u>	<u>-</u>
Total revenues	<u>11,752,169</u>	<u>12,805,679</u>	<u>1,053,510</u>
EXPENDITURES			
Costs of Operation - Food Service:			
Cost of food	3,841,310	3,625,971	215,339
U.S.D.A. Commodity Program	-	727,039	(727,039)
Salaries and wages	6,819,710	6,875,509	(55,799)
Equipment/Miscellaneous	<u>816,260</u>	<u>496,039</u>	<u>320,221</u>
Total expenditures	<u>11,477,280</u>	<u>11,724,558</u>	<u>(247,278)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 274,889</u>	1,081,121	<u>\$ 806,232</u>
FUND BALANCE AT JULY 1, 2008 - UNDESIGNATED		<u>1,847,044</u>	
TOTAL FUND EQUITY		2,928,165	
FUND BALANCE AT JUNE 30, 2009, DESIGNATED FOR FISCAL YEAR ENDING JUNE 30, 2010		<u>2,121,933</u>	
FUND BALANCE AT JUNE 30, 2009 - UNRESERVED - UNDESIGNATED		<u>\$ 806,232</u>	

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

COMBINING SCHEDULE OF NET ASSETS

INTERNAL SERVICE FUNDS

June 30, 2009

	<u>Printing and Duplicating Fund</u>	<u>Data Processing Fund</u>	<u>Workers Compensation Self-Insurance Fund</u>	<u>Health and Dental Self-Insurance Fund</u>	<u>Total</u>
ASSETS					
Current Assets					
Investments	\$ -	\$ -	\$ 1,801,074	\$ -	\$ 1,801,074
Accounts receivable	-	-	-	308,586	308,586
Due from other funds		4,391,025	3,128,431	28,750,219	36,269,675
Inventory	518,487	-	-	-	518,487
Prepaid expenses	-	-	253,493	-	253,493
	<u>518,487</u>	<u>4,391,025</u>	<u>5,182,998</u>	<u>29,058,805</u>	<u>39,151,315</u>
Total Current Assets					
Non-Current Assets					
Capital assets:					
Furniture, fixtures and equipment	468,338	1,058,804	-	-	1,527,142
Less accumulated depreciation	<u>(339,108)</u>	<u>(922,400)</u>	<u>-</u>	<u>-</u>	<u>(1,261,508)</u>
	<u>129,230</u>	<u>136,404</u>	<u>-</u>	<u>-</u>	<u>265,634</u>
Total capital assets, net of depreciation					
	<u>129,230</u>	<u>136,404</u>	<u>-</u>	<u>-</u>	<u>265,634</u>
Total Assets	<u>647,717</u>	<u>4,527,429</u>	<u>5,182,998</u>	<u>29,058,805</u>	<u>39,416,949</u>
LIABILITIES					
Current Liabilities					
Accounts payable	10,491	44,324	320,764	17,473	393,052
Accrued liabilities	-	-	2,922,331	8,243,168	11,165,499
Due to other funds	383,304	-	-	-	383,304
Unearned revenue	-	-	-	2,759,594	2,759,594
	<u>393,795</u>	<u>44,324</u>	<u>3,243,095</u>	<u>11,020,235</u>	<u>14,701,449</u>
Total Current Liabilities					
	<u>393,795</u>	<u>44,324</u>	<u>3,243,095</u>	<u>11,020,235</u>	<u>14,701,449</u>
Total Liabilities					
	<u>393,795</u>	<u>44,324</u>	<u>3,243,095</u>	<u>11,020,235</u>	<u>14,701,449</u>
NET ASSETS					
Invested in capital assets	129,230	136,404	-	-	265,634
Unrestricted	<u>124,692</u>	<u>4,346,701</u>	<u>1,939,903</u>	<u>18,038,570</u>	<u>24,449,866</u>
TOTAL NET ASSETS	<u>\$ 253,922</u>	<u>\$ 4,483,105</u>	<u>\$ 1,939,903</u>	<u>\$ 18,038,570</u>	<u>\$ 24,715,500</u>

Other Supplementary Information

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

COMBINING SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2009

	Printing and Duplicating Fund	Data Processing Fund	Workers Compensation Self-Insurance Fund	Health and Dental Self-Insurance Fund	Total
OPERATING REVENUES					
Charges for services - internal	\$ 2,393,610	\$ 8,114,900	\$ 2,400,000	\$ 74,772,037	\$ 87,680,547
Contributions from employees and retirees	-	-	-	3,322,419	3,322,419
Total operating revenues	<u>2,393,610</u>	<u>8,114,900</u>	<u>2,400,000</u>	<u>78,094,456</u>	<u>91,002,966</u>
OPERATING EXPENSES					
Administrative expenses	2,426,082	4,144,008	-	-	6,570,090
Claims and related expenses	-	-	2,361,627	81,228,718	83,590,345
Depreciation expense	27,117	54,501	-	-	81,618
Total operating expenses	<u>2,453,199</u>	<u>4,198,509</u>	<u>2,361,627</u>	<u>81,228,718</u>	<u>90,242,053</u>
Operating income (loss)	(59,589)	3,916,391	38,373	(3,134,262)	760,913
NON-OPERATING REVENUE -					
Gain on Sale of Fixed Asset	-	1,425	-	-	1,425
Interest Income	-	-	76,899	-	76,899
Non-Operating income	-	1,425	76,899	-	78,324
CHANGES IN NET ASSETS	(59,589)	3,917,816	115,272	(3,134,262)	839,237
TOTAL NET ASSETS, JULY 1, 2008	<u>313,511</u>	<u>565,289</u>	<u>1,824,631</u>	<u>21,172,832</u>	<u>23,876,263</u>
TOTAL NET ASSETS, JUNE 30, 2009	<u>\$ 253,922</u>	<u>\$ 4,483,105</u>	<u>\$ 1,939,903</u>	<u>\$ 18,038,570</u>	<u>\$ 24,715,500</u>

HOWARD COUNTY PUBLIC SCHOOL SYSTEM
 COMBINING SCHEDULE OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 Year Ended June 30, 2009

	Printing and Duplicating <u>Fund</u>	Data Processing <u>Fund</u>	Workers Compensation Self-Insurance <u>Fund</u>	Health and Dental Self-Insurance <u>Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	\$ 2,469,317	\$ 4,224,866	\$ 2,400,000	\$ 80,203,298	\$ 89,297,481
Cash received from employees and retirees	-	-	-	3,322,419	3,322,419
Payments to other funds	-	-	(4,481,691)	-	(4,481,691)
Payments to employees	(641,025)	(2,538,898)	(255,295)	-	(3,435,218)
Payments to suppliers	(1,804,492)	(1,623,325)	(1,663,013)	(83,525,717)	(88,616,547)
Net cash provided (used in) by operating activities	<u>23,800</u>	<u>62,643</u>	<u>(3,999,999)</u>	<u>-</u>	<u>(3,913,556)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of Equipment	(23,800)	(64,068)	-	-	(87,868)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	-	1,425	3,923,100	-	3,924,525
Interest received	-	-	76,899	-	76,899
Net cash provided by investing activities	<u>-</u>	<u>1,425</u>	<u>3,999,999</u>	<u>-</u>	<u>4,001,424</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS					
	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JULY 1, 2008					
	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JUNE 30, 2009					
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	\$ (59,589)	\$ 3,916,391	\$ 38,373	\$ (3,134,262)	\$ 760,913
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:					
Depreciation	27,117	54,501	-	-	81,618
Effects of changes in assets and liabilities:					
Accounts receivable	-	-	-	264,911	264,911
Due from other funds	-	(3,890,034)	(3,128,431)	4,450,936	(2,567,529)
Inventory	(29,926)	-	-	-	(29,926)
Prepaid expenses	-	-	(57,809)	-	(57,809)
Accounts payable	10,491	(18,215)	218,434	(3,241,663)	(3,030,953)
Unpaid claims	-	-	282,694	679,753	962,447
Due to other funds	75,707	-	(1,353,260)	-	(1,277,553)
Deferred revenue	-	-	-	980,325	980,325
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 23,800</u>	<u>\$ 62,643</u>	<u>\$ (3,999,999)</u>	<u>\$ -</u>	<u>\$ (3,913,556)</u>

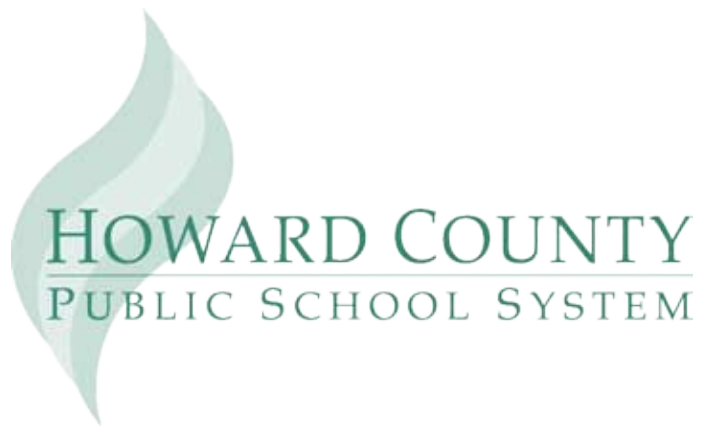
Other Supplementary Information

THE BOARD OF EDUCATION OF HOWARD COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Increases	Decreases	Transfer In	Transfer Out	Balance June 30, 2009
Elementary Schools						
Atholton ES	\$ 13,820	\$ 80,072	\$ (80,344)	\$ 16,883	\$ (16,883)	\$ 13,548
Bellows Spring ES	64,031	113,574	(122,411)	46,273	(46,273)	55,194
Bollman Bridge ES	39,458	81,198	(95,833)	49,184	(49,184)	24,823
Bryant Woods ES	14,795	36,450	(31,837)	14,389	(14,389)	19,408
Bushy Park ES	76,277	97,956	(113,449)	17,766	(17,766)	60,784
Centennial Lane ES	35,241	73,760	(78,880)	21,246	(21,246)	30,121
Clarksville ES	33,826	65,471	(72,972)	38,599	(38,599)	26,325
Clemens Crossing ES	41,817	48,191	(39,925)	24,692	(24,692)	50,083
Cradlerock School	40,213	126,916	(136,937)	53,228	(53,228)	30,192
Dayton Oaks ES	44,967	96,897	(93,406)	12,623	(12,623)	48,458
Deep Run ES	39,766	71,322	(78,901)	29,465	(29,465)	32,187
Elkridge ES	46,500	104,566	(112,530)	29,091	(29,091)	38,536
Forest Ridge ES	21,793	56,615	(58,158)	25,431	(25,431)	20,250
Fulton ES	24,760	127,362	(124,456)	35,820	(35,820)	27,666
Gorman Crossing ES	74,375	97,766	(105,832)	23,440	(23,440)	66,309
Guilford ES	27,887	56,416	(50,999)	34,791	(34,791)	33,304
Hammond ES	28,915	57,929	(57,658)	6,239	(6,239)	29,186
Hollifield Station ES	56,427	117,316	(119,999)	45,334	(45,334)	53,744
Ilchester ES	115,659	164,757	(148,914)	24,632	(24,632)	131,502
Jeffers Hill ES	27,833	53,153	(51,322)	20,648	(20,648)	29,664
Laurel Woods ES	6,755	40,622	(41,748)	20,170	(20,170)	5,629
Lisbon ES	26,349	75,926	(73,544)	16,761	(16,761)	28,731
Longfellow ES	29,848	65,827	(52,207)	10,851	(10,851)	43,468
Manor Woods ES	49,146	81,961	(110,084)	41,426	(41,426)	21,023
Northfield ES	23,665	70,643	(73,178)	22,568	(22,568)	21,130
Phelps Luck ES	12,870	41,215	(32,760)	9,144	(9,144)	21,325
Pointers Run ES	44,561	140,010	(139,013)	30,062	(30,062)	45,558
Rockburn ES	22,769	124,542	(123,920)	46,440	(46,440)	23,391
Running Brook ES	36,653	56,530	(57,423)	27,067	(27,067)	35,760
St. John's Lane ES	30,625	65,620	(67,688)	8,598	(8,598)	28,557
Steven's Forest ES	23,963	38,132	(31,649)	16,874	(16,874)	30,446
Swansfield ES	12,502	52,160	(53,452)	15,424	(15,424)	11,210
Talbott Springs ES	20,072	40,530	(42,321)	4,960	(4,960)	18,281
Thunder Hill ES	43,063	44,347	(48,207)	15,861	(15,861)	39,203
Triadelphia Ridge ES	50,247	68,171	(68,269)	22,592	(22,592)	50,149
Veterans ES	20,734	98,218	(86,085)	14,736	(14,736)	32,867
Waterloo ES	108,841	105,972	(122,835)	39,159	(39,159)	91,978
Waverly ES	82,023	65,555	(99,995)	23,389	(23,389)	47,583
West Friendship ES	48,172	45,486	(51,776)	19,367	(19,367)	41,882
Worthington ES	18,667	56,495	(62,372)	14,377	(14,377)	12,790
Total - Elementary Schools	\$ 1,579,885	\$ 3,105,649	\$ (3,213,289)	\$ 989,600	\$ (989,600)	\$ 1,472,245

THE BOARD OF EDUCATION OF HOWARD COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
YEAR ENDED JUNE 30, 2009

	Balance July 1, 2008	Increases	Decreases	Transfer In	Transfer Out	Balance June 30, 2009
Middle Schools						
Bonnie Branch MS	\$ 79,385	\$ 177,464	\$ (172,747)	\$ 42,371	\$ (42,371)	\$ 84,102
Burleigh Manor MS	54,154	157,530	(160,174)	55,784	(55,784)	51,510
Clarksville MS	84,208	131,802	(153,781)	50,381	(50,381)	62,229
Dunloggin MS	32,434	81,910	(82,437)	15,044	(15,044)	31,907
Elkridge Landing MS	35,363	163,875	(162,705)	42,002	(42,002)	66,533
Ellicott Mills MS	70,942	132,846	(138,952)	38,357	(38,357)	64,836
Folly Quarter MS	33,236	172,084	(170,151)	32,283	(32,283)	35,169
Glenwood MS	55,062	185,350	(190,265)	51,024	(51,024)	50,147
Hammond MS	37,879	131,213	(133,679)	27,132	(27,132)	35,413
Harper's Choice MS	14,076	87,636	(94,988)	18,908	(18,908)	6,724
Lime Kiln MS	50,139	217,163	(215,366)	37,202	(37,202)	51,936
Mayfield Woods MS	56,488	95,820	(121,371)	22,749	(22,749)	30,937
Mount View MS	38,134	140,349	(119,370)	21,919	(21,919)	59,113
Murray Hill MS	10,296	107,343	(92,879)	41,719	(41,719)	24,760
Oakland Mills MS	29,547	78,332	(77,373)	50,676	(50,676)	30,506
Patapsco MS	40,822	71,567	(75,305)	27,214	(27,214)	37,084
Patuxent Valley MS	12,572	130,874	(137,653)	43,055	(43,055)	5,793
Wilde Lake MS	33,309	98,593	(99,310)	27,111	(27,111)	32,592
Total - Middle Schools	\$ 768,046	\$ 2,361,751	\$ (2,398,506)	\$ 644,931	\$ (644,931)	\$ 731,291
High Schools						
Atholton HS	\$ 143,498	\$ 608,398	\$ (609,899)	\$ 169,740	\$ (169,740)	\$ 141,997
Centennial HS	291,025	798,811	(854,817)	192,185	(192,185)	235,019
Glenelg HS	277,646	613,692	(655,727)	207,608	(207,608)	235,611
Hammond HS	192,608	632,781	(619,515)	245,252	(245,252)	205,874
Howard HS	304,144	558,832	(539,805)	174,871	(174,871)	323,171
Long Reach HS	147,358	535,159	(531,127)	198,380	(198,380)	151,390
Marriotts Ridge HS	135,440	632,585	(654,441)	243,488	(243,488)	113,584
Mount Hebron HS	292,907	655,285	(703,211)	258,138	(258,138)	244,981
Oakland Mills HS	186,441	463,912	(484,761)	159,680	(159,680)	165,592
Reservoir HS	167,796	522,095	(523,130)	232,957	(232,957)	166,761
River Hill HS	185,344	930,342	(911,482)	212,838	(212,838)	204,204
Wilde Lake HS	124,767	489,288	(461,826)	121,890	(121,890)	152,229
Total - High Schools	\$ 2,448,974	\$ 7,441,180	\$ (7,549,741)	\$ 2,417,027	\$ (2,417,027)	\$ 2,340,413
Special Schools						
Apps and Research Lab	\$ 15,612	\$ 2,778	\$ (3,971)	\$ 989	\$ (989)	\$ 14,419
Cedar Lane School	47,556	134,937	(122,400)	12,338	(12,338)	60,093
Homewood School	10,430	23,090	(16,934)	13,022	(13,022)	16,586
Total - Special Schools	\$ 73,598	\$ 160,805	\$ (143,305)	\$ 26,349	\$ (26,349)	\$ 91,098
Total - All Schools	\$ 4,870,503	\$ 13,069,385	\$ (13,304,841)	\$ 4,077,907	\$ (4,077,907)	\$ 4,635,047



Report Required by Government Auditing Standards







Members of the Board of
Education of Howard County
Ellicott City, Maryland

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered HCPSS's 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 HCPSS's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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.

The following significant deficiency, which was identified and reported on in prior periods, was still in existence during the course of our current audit.

SCHOOL BUS CONTRACTS

During the audit, we reviewed the School Bus Contracting process, including the controls surrounding the payments to school bus contractors. The bus vendor payment calculations utilize a proprietary spreadsheet written in FoxPro, software with no vendor support. The spreadsheet requires numerous points of information entry and verification to ensure accurate calculations. With this process, no controls are in place within the system to ensure unauthorized rate and/or time changes are initiated. This could lead to expenditure transactions with unapproved rates or to unapproved contractors. We recommend the school system consider purchasing a new bus billing system with strong controls and the capability of integration with the IFAS system.

Offices in 17 states and Washington, DC



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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HCPSS's 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*.

We noted certain matters that we reported to management of the System in a separate letter dated September 30, 2009.

This report is intended solely for the information and use of the Audit Committee, The Board of Education of Howard County, Maryland, 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 Henderson LLP

Baltimore, Maryland
September 30, 2009

Statistical Section



The Statistical Section presents detailed information as a context for understanding what the information the financial statements, note disclosures, and required supplemental information says about the Board's overall financial health. The tables in this section are unaudited because they often present data from outside sources.



Statistical Section

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Financial Trends - These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.

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Debt Capacity - HCPSS has no authority to issue bond debt. The Howard County Government and the State of Maryland incur bond debt on behalf of HCPSS to fund Capital Improvements and are responsible for the liquidation of these debts. In accordance with Board Policy, HCPSS has the authority to enter into capital lease agreements.

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Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.

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Operating Information - These schedules contain services and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services the Board provided and the activities performed.

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Statistical Section

Howard County Public School System

Net Assets by Component

Last Five Fiscal Years *

(amounts expressed in thousands)

Table 1

	2002	2003	2004	2005	2006	2007	2008	2009
Governmental Activities								
Invested in capital assets, net of related debt	\$ 566,061	\$ 546,129	\$ 573,900	\$ 635,330	\$ 705,217	\$ 765,145	\$ 815,780	\$ 842,088
Restricted for construction	4,420	2,786	5,134	7,412	6,454	5,311	2,585	(3,428)
Restricted for treatment plant	-	-	-	-	-	-	-	984
Restricted for Food Services	1,895	2,035	1,852	1,415	1,485	1,120	2,274	806
Unrestricted	(1,564)	5,607	5,285	4,427	7,792	24,805	27,957	24,678
Total governmental activities net assets	570,812	556,557	586,171	648,584	720,948	796,381	848,596	865,128
The James Rouse Theatre								
Invested in capital assets, net of related debt	221	27	24	53	113	89	69	67
Unrestricted	85	146	213	225	149	180	126	121
Total Rouse Theatre	306	173	237	278	262	269	195	188
Total School System	\$ 571,118	\$ 556,730	\$ 586,408	\$ 648,862	\$ 721,210	\$ 796,650	\$ 848,791	\$ 865,316

* Due to the implementation of GASB 34 in fiscal year 2002, information prior to that year is not available

Source: HCPSS Finance Department

Note: find the figures in Table I - Net Assets, in the MD&A, the bottom portion of the statement, "Net Assets."

Table 2

Howard County Public School System
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years *
 (amounts expressed in thousands)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues										
Intergovernmental revenues										
Local	237,289	274,518	313,617	324,899	359,753	412,225	446,121	479,538	495,391	491,086
State	110,482	121,087	132,065	151,393	146,299	155,153	183,371	189,850	233,546	258,699
Federal	9,339	10,932	13,671	15,274	18,159	22,574	17,093	17,777	21,678	21,043
Earnings on interest and investment	1,593	1,467	425	214	173	456	1,138	2,368	1,917	1,005
Charges for services	7,876	8,751	9,270	9,158	10,612	10,400	11,450	14,377	13,413	14,239
Miscellaneous revenues	452	204	666	1,100	1,265	1,293	2,518	654	612	1,212
Total Revenues	367,031	416,959	469,714	502,038	536,261	602,101	661,691	704,564	766,557	787,284
Expenditures										
Instruction										
Regular Education	147,185	164,029	183,090	187,712	207,222	218,808	248,244	250,110	277,498	296,527
Special Education	39,675	46,441	52,684	58,532	66,164	71,118	79,623	82,168	88,837	95,766
Support Services										
General Administration	4,702	5,076	5,689	6,259	6,901	7,872	8,466	9,240	10,443	11,540
Mid-Level Administration	25,669	27,474	29,765	30,976	33,277	35,251	43,490	45,347	48,737	55,908
Pupil Personnel	1,209	1,613	1,730	1,775	1,806	2,020	2,465	2,396	2,669	3,133
Health	2,228	2,483	2,648	2,889	3,208	3,557	4,355	4,532	5,095	5,791
Pupil Transportation	15,630	17,709	19,242	20,891	22,905	23,651	27,138	28,861	31,538	31,412
Operation of Plant	20,634	21,961	23,185	23,689	26,257	28,473	33,265	38,672	43,120	43,245
Plant Maintenance	10,463	10,719	11,167	11,713	12,376	12,885	16,247	15,410	19,556	21,452
Fixed Charges	62,815	67,348	74,367	85,105	91,204	98,666	83,280	120,871	153,117	151,094
Community Services	3,309	3,410	3,559	3,672	3,848	5,176	4,780	4,914	6,010	6,211
Food Services	7,189	7,656	8,251	8,745	9,620	10,398	11,041	11,375	11,399	11,725
Capital Outlay	25,284	39,954	58,489	59,713	50,671	85,967	104,788	91,375	76,930	70,906
Total	365,992	415,873	473,866	501,671	534,459	603,842	667,182	705,271	774,949	804,710
Excess (deficit) of revenues over expenditures	1,039	1,086	(4,152)	367	1,802	(1,741)	(5,491)	(707)	(8,392)	(17,426)
Other Financing Sources (Uses)										
Capital Contributions	-	-	-	-	-	4,093	7,648	4,504	6,027	971
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
Net change in fund balances	1,039	1,086	(4,152)	367	1,802	2,352	2,157	3,797	(2,365)	(5,731)

*** Prior to FY 1998 Mid-Level Administration was included in Instruction cost

** Rouse Theatre began operations in FY 1998

Source: HCPSS Records

Note: Figures can be found in F/S p. 25 + Capital lease prnt at Expense Support in Excel F/S and add in to Operations

Howard County Public School System

Changes in Net Assets
Last Eight Fiscal Years *
(amounts expressed in thousands)

Table 3

Functions/Programs	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental Activities								
Instruction								
Regular Education	\$ 244,086	\$ 256,656	\$ 286,901	\$ 304,177	\$ 339,932	\$ 349,849	\$ 401,309	\$ 437,654
Special Education	65,261	72,582	81,270	89,054	94,877	103,170	114,495	123,944
Total Instruction	309,347	329,238	368,171	393,231	434,809	453,019	515,804	561,598
Support Services								
Administration	7,226	11,384	11,808	13,672	9,809	11,193	13,026	13,729
Mid-level Administration	37,887	39,339	42,873	45,888	50,984	59,362	65,680	74,012
Pupil personnel services	2,223	2,205	2,308	2,589	2,686	3,074	3,516	4,062
Health services	3,368	3,607	4,119	4,573	5,264	5,841	6,782	7,755
Pupil transportation	19,505	21,157	23,207	23,975	27,411	29,238	31,944	31,711
Operation of plant	26,792	26,861	30,727	31,884	34,842	40,341	44,955	49,378
Maintenance of plant and equipment	12,744	13,906	14,462	15,391	15,702	19,228	25,025	26,004
Community services	3,699	4,187	4,357	4,678	5,305	5,609	6,827	7,043
Food services	8,538	8,921	9,620	10,386	11,041	11,375	11,399	11,725
Interest on long-term debt	-	-	-	72	127	642	555	580
Total Support Services	121,982	131,567	143,481	153,108	163,171	185,903	209,709	225,999
Total Governmental Activities	431,329	460,805	511,652	546,339	597,980	638,922	725,513	787,597
Business-type Activities								
James T. Rouse Theatre	54	98	86	91	148	148	228	164
Total School System Expenses	\$ 431,383	\$ 460,903	\$ 511,738	\$ 546,430	\$ 598,128	\$ 639,070	\$ 725,741	\$ 787,761

* Due to the implementation of GASB 34 in fiscal year 2002, information prior to that year is not available
Source: HCPSS Finance Department

Howard County Public School System

**Changes in Net Assets
Last Eight Fiscal Years ***
(amounts expressed in thousands)

Table 3 (continued)

	2002	2003	2004	2005	2006	2007	2008	2009
Program Revenues								
Charges for Services								
Regular education	\$ 1,019	\$ 2,789	\$ 1,197	\$ 1,345	\$ 2,709	\$ 4,094	\$ 3,868	\$ 4,847
Special education	6	3						
Operation of plant	1,099	810	1,397	813	2,544	1,957	2,288	14,331
Food services	6,164	6,340	6,722	6,975	7,650	8,913	8,416	8,059
Operating grants and contributions	55,338	63,405	68,141	72,830	47,484	82,016	105,586	96,957
Capital grants and contributions	56,113	57,415	52,412	84,406	98,717	88,505	71,339	54,178
Total Program Revenues	<u>119,739</u>	<u>130,762</u>	<u>129,869</u>	<u>166,369</u>	<u>159,104</u>	<u>185,485</u>	<u>191,497</u>	<u>178,372</u>
Business-type Activities								
James T. Rouse Theatre	107	156	151	131	133	155	154	156
Total School System Revenues	<u>119,846</u>	<u>130,918</u>	<u>130,020</u>	<u>166,500</u>	<u>159,237</u>	<u>185,640</u>	<u>191,651</u>	<u>178,528</u>
Total Governmental Net Expense	<u>(311,537)</u>	<u>(329,985)</u>	<u>(381,718)</u>	<u>(379,930)</u>	<u>(438,891)</u>	<u>(453,430)</u>	<u>(534,090)</u>	<u>(609,233)</u>
General Revenues and Other Changes in Net Assets								
General revenues								
Local appropriations	274,540	292,401	310,590	334,590	362,590	393,711	427,176	454,795
State Aid	78,685	82,158	99,134	105,937	144,949	132,322	155,763	168,600
Federal Aid	160	204	260	191	172	183	1,019	189
Interest and investment earnings	296	140	149	373	1,010	2,001	1,660	962
Miscellaneous	666	1,047	1,264	1,293	2,518	654	612	1,212
Total General Revenues	<u>354,347</u>	<u>375,950</u>	<u>411,397</u>	<u>442,384</u>	<u>511,239</u>	<u>528,871</u>	<u>586,230</u>	<u>625,758</u>
Changes in Net Assets- Governmental Funds	42,757	45,908	29,614	62,414	72,363	75,435	52,214	16,533
Changes in Net Assets - James Rouse Theatre	53	57	65	40	(15)	6	(74)	(8)
Changes in Net Assets	<u>42,810</u>	<u>45,965</u>	<u>29,679</u>	<u>62,454</u>	<u>72,348</u>	<u>75,441</u>	<u>52,140</u>	<u>16,525</u>
Net Assets - Beginning of year	528,307	510,764	556,729	586,408	648,862	721,210	796,650	848,790
Net Assets - End of Year	<u>\$ 571,117</u>	<u>\$ 556,729</u>	<u>\$ 586,408</u>	<u>\$ 648,862</u>	<u>\$ 721,210</u>	<u>\$ 796,651</u>	<u>\$ 848,790</u>	<u>\$ 865,315</u>

* Due to the implementation of GASB 34 in fiscal year 2002, information prior to that year is not available
Note: find these figures in:

1) Expenses & change in Net Assets - Table 2 in MD&A

2) Revenue - combination of Table 2 in MD&A, Exhibit 2 Revenue Support in the Excel F/S

Source: HCPSS Finance Department

**Howard County Public School System
Fund Balances of Governmental Funds
Last Ten Fiscal Years ***
(amounts expressed in thousands)

Table 4

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ 3,091	\$ 4,285	\$ 1,904	\$ 4,150	\$ 2,343	\$ 3,365	\$ 4,515	\$ 5,942	\$ 5,518	\$ 5,803
Unreserved	1,494	168	(16)	(268)	648	574	2,469	5,594	5,703	4,338
Total General Fund	4,585	4,453	1,888	3,882	2,991	3,939	6,984	11,536	11,221	10,141
All other governmental funds										
Reserved	809	789	675	1,103	2,105	168	412	324	233	-
Unreserved										
Special Revenue fund	561	981	1,263	841	184	1,248	1,073	1,549	2,317	2931
Capital Projects fund	5,695	6,173	4,420	2,786	5,134	7,412	6,454	5,311	2,585	-2447
Total all other governmental funds	7,065	7,943	6,358	4,730	7,423	8,828	7,939	7,184	5,135	484
Total all Governmental Funds	\$ 11,650	\$ 12,396	\$ 8,246	\$ 8,612	\$ 10,414	\$ 12,767	\$ 14,923	\$ 18,720	\$ 16,356	\$ 10,625

* Modified accrual basis of accounting
Source: HCPSS Finance Department
Note: Figures found at Balance Sheet Governmental Funds, F/S (p. 23)

Howard County Public School System
General Fund
Final Approved Operating Budgets
Last Ten Fiscal Years

Table 5

	Administration	Instruction	Instructional Salaries	Textbooks and Classroom Supplies	Other Instructional Costs	Pupil Personnel Services	Health Services	Pupil Transportation
2000	4,364,640	*	133,453,340	6,416,330	1,699,190	1,196,420	2,232,680	15,542,230
2001	4,733,380	*	148,483,770	9,164,670	1,628,770	1,585,610	2,514,550	17,717,100
2002	5,218,700	173,927,350	**	**	**	1,732,620	2,691,160	19,680,890
2003	5,543,300	178,737,950	**	**	**	1,692,110	2,893,880	20,711,570
2004	6,357,360	*	183,899,880	9,141,920	1,885,150	1,693,340	3,203,480	22,962,330
2005	7,463,590	*	201,831,090	8,102,360	2,055,760	1,969,640	3,567,280	23,614,240
2006	7,799,710	*	215,125,210	11,175,120	2,275,560	2,123,910	3,989,210	27,216,280
2007	9,162,030	*	231,448,730	11,597,405	2,699,230	2,270,190	4,438,681	30,006,000
2008	10,447,281	*	256,389,040	12,556,290	2,687,269	2,600,070	5,102,390	31,618,370
2009	11,368,190	293,524,610	**	**	**	2,798,800	5,707,900	32,659,320

*Instruction amounts are presented in subcategories - Instructional Salaries, Textbooks and Classroom Supplies, and Other Instructional Costs.

**Instruction amounts were not presented as subcategory in the financial statements for these years.

Source: HCPSS Finance Department

Note: Figures can be found in the Budget Book - approx. page 15

Table 5 (continued)

**Howard County Public School System
General Fund
Final Approved Operating Budgets
Last Ten Fiscal Years**

	Operation of Plant		Maintenance of Plant and Equipment			Mid Level Administration	Community Services	Special Education	Capital Outlay	Total
	Plant		Equipment	Fixed Charges						
2000	20,926,150		10,348,010	40,280,230	25,335,140	2,931,720	34,701,470	296,910	299,724,460	
2001	21,686,440		10,686,120	46,168,930	26,671,570	3,018,480	40,006,010	321,680	334,387,080	
2002	22,695,310		11,329,260	53,843,250	28,651,240	3,081,540	45,557,900	405,330	368,814,550	
2003	24,143,340		11,987,000	61,693,440	29,927,530	3,212,510	49,611,420	556,080	390,710,130	
2004	25,124,320		11,902,340	65,476,200	31,705,580	3,223,420	54,072,880	622,030	421,270,230	
2005	27,545,780		13,168,430	71,917,600	34,793,560	3,686,340	60,651,290	737,190	461,104,150	
2006	30,381,970		14,077,530	81,188,830	39,088,010	4,042,990	64,890,120	825,700	504,200,150	
2007	36,046,160		16,188,320	88,650,070	43,537,840	4,608,680	70,018,280	850,470	551,522,086	
2008	38,794,360		19,800,720	102,406,180	47,004,300	5,667,810	76,871,520	857,020	612,802,620	
2009	43,829,530		23,019,340	104,248,720	51,345,570	6,146,920	81,515,640	923,480	657,088,020	

Source: HCPSS Finance Department

**Howard County Public School Systems
Capital Assets By Function
June 30, 2009**

Table 6

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Schools										
Buildings	64	64	66	68	70	70	71	72	72	72
Administration										
Buildings	2	2	2	2	2	3	3	3	3	3
Vehicles	39	40	42	44	30	29	24	34	32	19
Mid-level Administration										
Vehicles	*	*	*	*	*	*	*	*	*	12
Special Education										
Vehicles	*	*	*	*	*	*	*	*	*	1
Capital Outlay										
Vehicles	*	*	*	*	*	*	*	*	*	3
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	119	140	152	179	185	195	209	216	230	28
Operations										
Vehicles	*	*	*	*	*	*	*	*	*	208
Technology										
Buildings	-	-	-	-	-	-	-	1	1	1
Vehicles	12	12	14	16	16	17	17	17	16	13
Print Shop										
Print Presses	4	4	5	5	5	5	5	5	6	11
Community Service										
Vehicles	*	*	*	*	*	*	*	*	*	3
Student Transportation										
Vehicles	5	5	6	7	7	8	8	11	11	12

Source: HCPSS Finance Department
* Transfers made between categories to better reflect the funding source of the various functions. Data not available for previous years.

**Howard County Public School System
Computation of Debt Limits *
Last Five Years ****

Table 7

	2005	2006	2007	2008	2009
Current Operating Budget	461,104,150	504,200,150	551,522,080	612,902,620	657,088,020
6 % of Current Operating Budget	27,666,249	30,252,009	33,091,325	36,774,157	39,425,281
Total Debt Outstanding June 30	3,763,239	3,130,000	10,957,023	12,940,923	16,942,317
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	13,833,125	15,126,005	16,545,662	18,387,079	19,712,641
Total Debt Service	329,499	1,787,290	3,149,141	4,061,178	6,722,505
Complaine with Debt Service Limit	Yes	Yes	Yes	Yes	Yes

* The Board of Education of Howard County Public Schools adopted Policy 4090, Debt Management, effective July 1, 2008.

** HPCSS had no debt prior to FY 2005

HCPSS has no authority to issue bond debt. The Howard County Government and the State of Maryland incur bond debt on behalf of HCPSS to fund capital improvements and are responsible for the liquidation of these debts. In accordance with Board Policy, HCPSS has the authority to enter into capital lease agreements, limited to no more than 6 % of the current operating budget. In addition, HCPSS must limit debt service to 3 % of the total operating budget.

Source: HCPSS Finance Department

**Howard County Public School System
Enrollment by Grade Last Ten Years
as of September 30th**

Table 8

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Elementary School*										
PreKindergarten	407	540	586	663	706	751	804	893	948	1,015
Kindergarten	2,865	2,895	2,875	2,865	2,772	2,674	2,846	2,943	3,226	3,298
Grade 1	3,429	3,430	3,522	3,405	3,318	3,294	3,071	3,272	3,276	3,453
2	3,485	3,528	3,519	3,621	3,502	3,465	3,425	3,247	3,379	3,399
3	3,566	3,590	3,671	3,628	3,694	3,565	3,531	3,519	3,343	3,490
4	3,606	3,672	3,653	3,790	3,657	3,782	3,646	3,634	3,615	3,441
5	3,444	3,706	3,760	3,703	3,849	3,718	3,893	3,703	3,705	3,730
SP	-	-	-	-	-	-	-	-	-	-
Total Elementary School	20,802	21,361	21,586	21,675	21,498	21,249	21,216	21,211	21,492	21,826
Middle School*										
Grade 6	3,348	3,538	3,807	3,827	3,831	3,900	3,808	3,997	3,780	3,772
7	3,242	3,585	3,598	3,884	3,919	3,845	3,969	3,864	4,072	3,855
8	3,139	3,474	3,661	3,642	3,939	3,921	3,938	4,028	3,912	4,121
SP	448	75	72	93	-	88	-	-	-	-
Total Middle School	10,177	10,672	11,138	11,446	11,689	11,754	11,715	11,889	11,764	11,748
High School*										
Grade 9	3,309	3,671	3,912	4,053	4,015	4,251	4,308	4,419	4,401	4,263
10	3,038	3,252	3,477	3,598	3,887	3,835	3,988	4,025	4,147	4,175
11	2,890	3,021	3,055	3,241	3,515	3,735	3,671	3,892	3,875	3,965
12	2,659	2,844	2,888	2,972	3,212	3,325	3,611	3,522	3,768	3,828
SP	585	139	147	216	-	89	-	-	-	-
Total High School	12,481	12,927	13,479	14,080	14,629	15,235	15,578	15,858	16,191	16,231
Special Education*	103	105	115	112	101	95	87	90	96	98
Total Enrollment*	43,563	45,065	46,318	47,313	47,917	48,333	48,596	49,048	49,543	49,903
Number of Teachers**	1849	1962	2027	2042	2435	2486	2655	2736	2625	2816
Ratio of Students to Teachers	24:1	23:1	23:1	23:1	20:1	19:1	18:1	18:1	19:1	17:1

*Source: HCPSS Public Information Office

**Source: Maryland State Department of Education

Howard County Public School System
Enrollment by School Last Ten Years

Table 9

Elementary Schools	Fiscal Year										Capacity	
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		Capacity
Atholofon	518	534	511	493	499	485	443	418	437	441	387	124.0%
Bellows Springs	-	-	-	-	695	740	719	729	725	765	596	138.3%
Bolman Bridge	704	682	667	617	626	605	612	582	582	611	566	106.9%
Bryant Woods	332	316	312	284	329	360	392	398	337	347	355	99.4%
Bushy Park	544	581	633	676	707	688	677	688	691	697	788	81.0%
Centennial Lane	647	658	654	638	607	590	579	563	613	637	628	103.8%
Clarksville	459	469	452	668	669	677	675	559	532	553	634	85.5%
Clemens Crossing	662	642	597	554	531	482	459	462	469	483	522	93.5%
Cradlerock-lower	459	454	445	404	422	416	429	459	461	468	487	97.7%
Dayton Oaks	-	-	-	-	-	-	-	574	556	506	788	58.2%
Deep Run	792	783	764	777	641	600	582	592	571	598	557	112.0%
Elkridge	773	817	813	760	673	691	662	638	690	760	610	130.5%
Forest Ridge	677	698	663	664	637	601	609	603	627	633	560	117.7%
Fulton	533	587	607	646	760	756	785	683	666	638	772	84.5%
Gorman Crossing	448	424	427	453	511	553	554	566	623	579	540	113.3%
Guldford	470	510	496	457	401	412	440	470	479	486	462	110.6%
Hammond	632	675	660	649	535	518	504	492	491	475	500	99.8%
Hollifield Station	666	725	787	839	819	818	819	788	613	609	666	95.5%
Ichester	804	825	856	882	629	593	600	591	581	596	617	105.3%
Jeffers Hill	379	479	500	512	356	366	385	397	388	376	421	91.0%
Laurel Woods	462	456	437	467	480	482	484	483	531	561	540	105.4%
Lisbon	574	591	602	591	602	555	530	486	475	470	553	83.5%
Longfellow	392	385	348	393	394	389	394	395	420	427	418	99.8%
Manor Woods	603	620	666	689	694	683	674	639	602	609	647	97.2%
Northfield	649	634	628	626	616	611	620	639	533	553	522	114.2%
Phelps Luck	512	579	585	574	499	496	529	589	616	643	540	120.6%
Pointers Run	818	990	1,131	922	885	854	799	790	755	700	776	87.2%
Rockburn	785	620	665	694	613	662	686	709	714	757	667	109.6%
Running Brook	312	304	316	299	309	342	345	339	394	401	405	107.2%
St. John's Lane	631	653	661	693	744	713	766	785	551	555	553	99.3%
Steven's Forest	344	316	305	304	358	335	316	292	290	282	333	88.0%
Swansfield	582	590	574	518	492	520	525	513	518	527	528	95.6%
Talbort Springs	452	482	478	484	487	513	472	426	448	477	443	111.7%
Thunder Hill	408	394	386	374	383	339	319	319	344	356	368	94.8%
Triadelphia Ridge	643	662	671	694	693	701	671	432	431	429	544	78.7%
Veterans	-	-	-	-	-	-	-	-	800	868	788	118.4%
Waterloo	581	605	666	643	586	560	565	599	641	667	594	121.7%
Waverly	582	612	594	658	653	626	656	665	547	548	675	82.5%
West Friendship	375	410	411	421	440	426	413	310	315	299	396	75.0%
Worthington	598	599	618	658	523	491	527	551	435	439	516	87.6%
Total Elementary Schools	20,802	21,361	21,586	21,675	21,498	21,249	21,216	21,211	21,492	21,826	22,262	95.3%

Source: HCPSS Public Information Office

Table 9 (continued)

**Howard County Public School System
Enrollment by School Last Ten Years**

	Fiscal Year 2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Capacity	Capacity
Middle Schools												
Bonnie Branch	-	-	522	574	655	675	667	677	679	690	662	103.8%
Burleigh Manor	620	589	533	507	588	588	584	652	684	689	662	99.8%
Clarksville	609	685	762	794	677	729	729	748	728	720	662	104.5%
Cradlerock-upper	474	514	581	605	535	494	484	462	450	448	584	81.7%
Dunloggon	558	572	562	558	523	544	533	557	512	526	526	97.9%
Elkridge Landing	614	656	612	692	704	695	691	701	626	642	662	100.6%
Ellicott Mills	539	595	470	487	546	585	583	684	673	709	662	105.6%
Folly Quarter	-	-	-	-	664	628	625	559	577	553	662	83.1%
Glenwood	728	771	789	805	582	629	651	670	660	633	584	109.9%
Hammond	642	656	654	664	626	641	630	670	620	583	584	98.1%
Harper's Choice	599	616	604	622	640	611	560	551	558	524	506	101.2%
Lime Kiln	523	570	575	513	531	585	608	648	648	673	701	93.3%
Mayfield Woods	768	804	575	614	584	580	548	517	640	684	682	106.5%
Mount View	701	720	791	850	667	691	721	721	720	710	662	107.3%
Murray Hill	530	514	584	590	604	591	634	684	669	658	662	102.9%
Oakland Mills	494	479	458	473	485	472	443	478	478	444	506	84.0%
Patapsco	607	679	725	775	721	743	762	681	633	648	662	91.2%
Patuxent Valley	714	727	766	747	729	723	739	728	742	744	662	107.3%
Wide Lake	457	525	575	576	609	586	523	501	467	470	506	93.9%
Total Middle Schools	10,177	10,672	11,138	11,446	11,689	11,754	11,715	11,889	11,764	11,748	11,799	100.8%
High Schools												
Atholton	1,114	1,187	1,221	1,179	1,198	1,252	1,365	1,374	1,446	1,419	1,360	108.4%
Centennial	1,157	1,214	1,276	1,406	1,529	1,619	1,498	1,466	1,473	1,452	1,360	109.5%
Glen Elg	973	1,021	1,071	1,153	1,181	1,279	1,200	1,181	1,187	1,185	1,420	83.7%
Hammond	1,161	1,276	1,324	1,283	1,321	1,343	1,305	1,323	1,270	1,280	1,220	110.0%
Howard	1,249	1,259	1,174	1,201	1,174	1,242	1,332	1,398	1,453	1,517	1,400	115.6%
Long Reach	1,562	1,440	1,502	1,512	1,572	1,488	1,428	1,372	1,264	1,233	1,488	82.4%
Mariott's Ridge	-	-	-	-	-	-	577	888	1,188	1,237	1,615	79.4%
Mt. Hebron	1,350	1,481	1,598	1,564	1,578	1,618	1,450	1,427	1,422	1,450	1,280	115.0%
Oaklands Mills	995	997	981	1,025	1,062	1,111	1,159	1,168	1,237	1,217	1,400	86.1%
Reservoir	-	-	-	608	926	1,317	1,396	1,465	1,513	1,512	1,551	101.0%
River Hill	1,511	1,573	1,756	1,654	1,647	1,549	1,434	1,407	1,376	1,343	1,488	98.2%
Wide Lake	1,409	1,479	1,576	1,495	1,441	1,417	1,434	1,389	1,362	1,386	1,424	96.4%
Total High Schools	12,481	12,927	13,479	14,090	14,629	15,235	15,578	15,858	16,191	16,231	17,006	93.2%
Special Schools												
Cedar Lane	103	105	115	112	101	95	87	90	96	98	522	17.2%
Total All Schools	43,563	45,065	46,318	47,313	47,917	48,333	48,596	49,048	49,543	49,903	51,589	95.1%

Source: HCPSS Public Information Office

**Howard County Public School System
Howard County, Maryland
Principal Employers
June 30, 2009
Current Year and Nine Years Ago**

Table 10

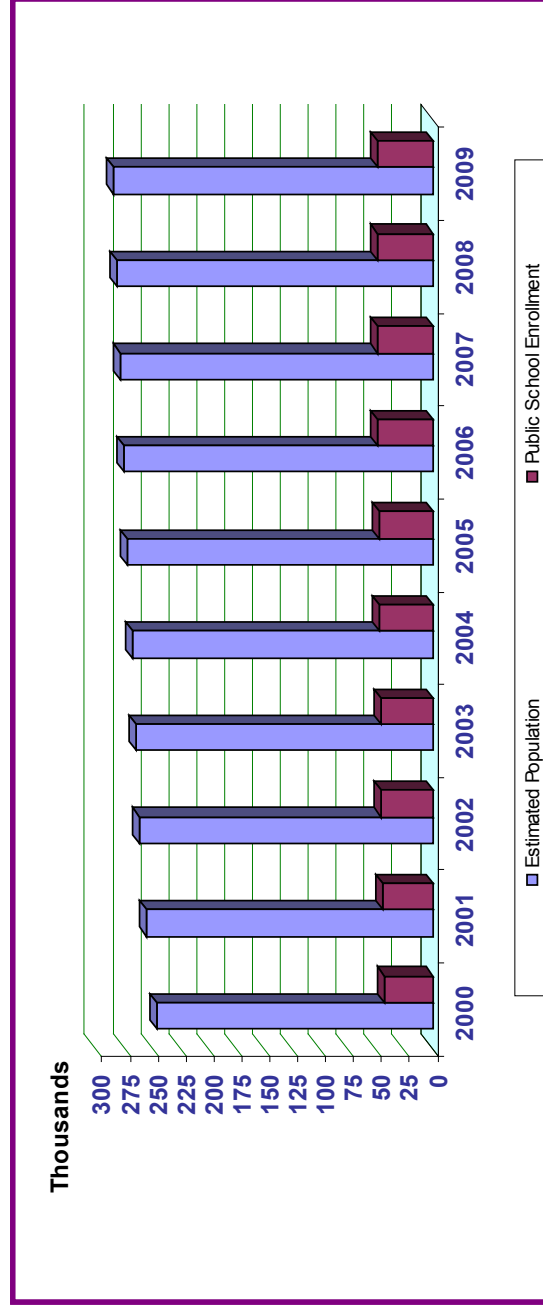
Employer	2009			2000		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public School System	7,850	1	5.29%	5642	1	3.64%
Johns Hopkins Applied Physics Laboratory	4,400	2	2.96%	2700	2	1.74%
Howard County Government	2,869	3	1.93%	2465	3	1.59%
Verizon Wireless	2,028	4	1.37%	-	-	-
Giant Food, Inc	1,953	5	1.32%	1200	4	0.77%
Howard County General Hospital	1,720	6	1.16%	1,200	4	0.77%
Columbia Association	1,600	7	1.08%	-	-	-
SAIC	1,058	8	0.71%	-	-	-
Wells Fargo Securities Administrative Services	842	9	0.57%	-	-	-
MICROS Systems, Inc.	815	10	0.55%	-	-	-
Amerix Corporation	-	-	-	1200	4	0.77%
SYSCO Food Services of Baltimore	-	-	-	945	7	0.61%
The Rouse Company	-	-	-	850	8	0.55%
Magellan Behavioral Health	-	-	-	850	8	0.55%
Care First	-	-	-	720	10	0.46%
Total	25,135		16.94%	17,772		11.45%

Source: Howard County, Maryland 2009 Comprehensive Annual Financial Report
 Found at: [howardcountymd.gov/departments/finance/financial information](http://howardcountymd.gov/departments/finance/financial%20information)
 Of: Call Angela Price, Chief, Financial Reporting, 410-313-2091

**Howard County Public School System
Demographic and Economic Statistics
Last 10 Fiscal Years**

Table 11

Fiscal Year	Estimated Population	Personal Income	Per Capita Personal Income	Student Enrollment	Unemployment Rate
2000	246,984	4,659,461,136	18,865	43,156	1.9%
2001	255,698	4,123,918,728	20,039	44,525	2.6%
2002	261,134	5,478,048,511	20,978	45,722	3.3%
2003	265,095	5,676,858,534	21,414	46,650	3.0%
2004	268,561	5,978,990,163	22,263	47,211	2.7%
2005	272,584	6,377,981,209	23,398	47,552	3.2%
2006	276,287	6,867,683,343	24,857	48,596	3.1%
2007	278,900	7,133,641,632	25,578	49,048	2.7%
2008	282,674	N/A	N/A	48,595	3.2%
2009	284,952	N/A	N/A	48,888	5.7%



Source: Howard County, Maryland 2009 Comprehensive Annual Financial Report
 Found at: howardcountymd.gov/departments/finance/financial_information
 Or: Call Angela Price, Chief, Financial Reporting, 410-313-2091

Howard County Public School System
Cost per Pupil - Budgetary Basis (non-GAAP)
Last Ten Fiscal Years *

Table 12

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Total Number of Pupils Enrolled *	<u>43,563</u>	<u>45,065</u>	<u>46,318</u>	<u>47,313</u>	<u>47,917</u>	<u>48,333</u>	<u>48,596</u>	<u>49,048</u>	<u>49,543</u>	<u>49,072</u>
Expenditures **										
Current:										
Administration	100	105	113	117	133	154	160	186	209	232
Instruction	-	-	3,748	3,777	-	-	-	-	-	-
Instructional Salaries	3063	3294	-	-	3838	4175	4427	4719	5172	5628
Textbooks and classroom supplies	146	203	-	-	190	168	230	236	253	262
Other instructional costs	38	35	-	-	39	42	47	55	54	50
Pupil Personnel services	27	35	37	36	35	40	44	46	52	60
Health Services	51	55	57	61	66	74	82	90	102	119
Pupil Transportation	357	393	413	434	470	488	551	596	627	639
Operation of plant	478	481	490	510	524	568	625	734	783	880
Maintenance of plant and equipment	237	237	237	253	248	272	289	325	400	452
Fixed Charges	924	1024	1152	1299	1366	1488	1671	1807	2067	2112
Mid level Administration	582	592	618	633	661	720	804	887	948	1091
Community services	66	67	65	68	67	76	83	94	114	123
Special education	797	886	983	1049	1128	1255	1335	1426	1551	1690
Capital outlay	<u>7</u>	<u>7</u>	<u>9</u>	<u>12</u>	<u>13</u>	<u>15</u>	<u>17</u>	<u>17</u>	<u>19</u>	<u>18</u>
Total Expenditure per Pupil	\$ <u>6873</u>	\$ <u>7414</u>	\$ <u>7922</u>	\$ <u>8249</u>	\$ <u>8778</u>	\$ <u>9535</u>	\$ <u>10365</u>	\$ <u>11218</u>	\$ <u>12351</u>	\$ <u>13356</u>
State Rank ***	5	6	6	6	5	4	3	4	****	

*Source: HCPSS Public Information Office

** Source: HCPSS Finance Department

*** Source: Maryland State Department of Education

**** 2008 Data not available at date of publication

Note: Also check with Woody Swinson, Budget Director, or approx page 16 in MD&A for these figures

Howard County Public School System
Food Service Data
Last Five Fiscal Years*

Table 13

	2005	2006	2007	2008	2009
Number of Schools	69	70	71	72	72
Number of days lunch served	180	180	180	179	180
Number of free lunches served to pupils annually	501,139	547,281	571,635	621,756	696,651
Average number of free lunches served to pupils daily	2,784	3,040	3,175	3,473	3,870
Number of paid lunches served to pupils annually:					
At reduced price	191,415	179,967	206,474	210,183	223,142
At regular price	2,736,791	2,740,517	2,624,457	2,423,656	2,129,236
Average number of paid lunches served to pupils daily:					
At reduced price	1,063	1,000	1,147	1,174	1,240
At regular price	15,204	15,225	14,580	13,540	11,829
Total number of lunches served to pupils annually	3,429,345	3,467,765	3,402,566	3,255,595	3,049,029
Average number of lunches served to pupils daily	19,052	19,265	18,903	18,188	16,939
Charge per lunch to students:					
Elementary	\$ 1.50	\$ 1.75	\$ 2.00	\$ 2.25	\$ 2.50
Secondary	\$ 1.75	\$ 2.00	\$ 2.50	\$ 2.75	\$ 3.00

*Information prior to 2005 is not available
Source: HCPSS Food and Nutrition Service

Table 14

**Howard County Public School System
Transportation Data
Last Ten Fiscal Years**

	Estimated number of eligible riders (daily)	Number of bus routes (daily)
2000	38,355	321
2001	39,927	341
2002	41,008	368
2003	41,663	379
2004	42,537	398
2005	39,603	401
2006	41,345	416
2007	41,682	420
2008	40,425	425
2009	39,079	429

*Information unavailable for this year
*Source: HCPSS Transportation Office

Table 15

**Howard County Public School System
High School Graduation Data
Last Ten Fiscal Years**

	Estimated number of eligible riders (daily)
2000	91.28%
2001	92.48%
2002	91.86%
2003	92.95%
2004	93.14%
2005	93.80%
2006	94.11%
2007	94.79%
2008	94.87%
2009	94.90%

*Source: HCPSS Public Information Office

Howard County Public School System
Full-Time Equivalent School System Budgeted Positions by Function
Last Ten Fiscal Years

Table 16

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	Percentage Change 2000-2009
General Fund											
Administration	55.5	56.5	58.5	59.5	66.0	73.5	78.5	86.3	94.3	97.8	76.2%
Instruction	3,126.5	3,320.8	3,434.5	3,545.5	3,638.9	3,759.4	3,884.0	4,030.9	4,255.4	4,336.9	38.7%
Pupil Personnel Services	20.2	23.2	23.2	22.2	23.2	24.2	25.0	30.0	32.0	32.0	58.4%
Health Services	88.0	90.0	96.0	99.0	104.0	104.0	108.0	113.0	118.0	126.0	43.2%
Pupil Transportation	10.5	11.5	11.5	12.5	12.5	13.0	13.0	12.0	12.0	13.0	23.8%
Operation of Plant	363.0	369.0	373.0	388.5	397.5	402.5	417.0	433.5	447.0	449.0	23.7%
Maintenance of plant and equipment	131.0	136.0	137.0	148.0	151.0	151.0	164.0	174.0	184.0	189.0	44.3%
Mid level/Administration	438.0	429.0	438.0	451.5	450.5	465.0	501.5	556.0	572.5	587.5	34.1%
Community Services	23.5	23.0	24.4	24.4	24.4	23.9	24.9	24.9	38.9	40.9	74.0%
Special Education	841.0	943.0	1,109.5	1,203.0	1,269.3	1,297.0	1,352.0	1,401.0	1,448.5	1,494.5	77.7%
Capital Outlay	4.5	4.5	5.5	7.5	7.5	8.5	9.0	10.0	10.0	10.0	122.2%
Total General Fund	5,101.7	5,406.5	5,711.1	5,961.6	6,144.8	6,322.0	6,576.9	6,871.6	7,212.6	7,376.6	44.6%
Total Grants Fund (estimated)	136.3	148.1	148.1	175.0	148.1	231.8	226.5	170.5	180.5	180.5	32.4%
Restricted Funds											
Food and Nutrition Services	195.5	182.0	182.0	182.0	182.0	181.0	181.5	187.5	187.5	187.0	-4.3%
Printing and Duplicating	6.0	10.0	9.0	9.0	9.0	9.0	9.0	10.0	10.0	10.0	66.7%
Health and Dental Self-Insurance	1.0	1.0	1.0	2.0	2.0	2.0	2.0	3.0	3.0	3.0	200.0%
Technology Office	2.5	3.0	3.0	3.0	3.0	3.0	2.5	2.5	3.0	3.0	20.0%
Total Revolving Funds	13.5	14.5	15.5	17.5	20.0	21.0	23.0	24.0	33.0	36.0	166.7%
Total All Funds	5,456.5	5,765.1	6,069.7	6,350.1	6,508.9	6,769.8	7,021.4	7,269.1	7,629.6	7,796.1	42.9%

Note: figures from Budget Book
Source: HCPSS Budget Office

Howard County Public School System
Assessment Achievement
County - State - National
Last Ten Years

Table 17

	Scholastic Achievement Test *			Maryland State Assessment **			High School Assessment							
	Howard County	Maryland State	National	Elementary	Middle	High	Howard County		Maryland State		Government			
							Algebra	Biology	English	Algebra	Biology	English	Government	
2009	*****	1641	1497	1509			98.0	94.9	94.3	88.8	85.5	86.6	93.2	
2008	*****	1643	1498	1511	89.2	85.9	***	91.9	90.5	89.3	81.0	74.9	76.2	83.1
2007	*****	1633	1498	1511	89.3	83.0	***	87.5	87.5	89.6	63.5	70.3	70.9	73.5
2006	*****	1636	1511	1518	88.8	85.2	***	85.2	82.1	78.2	66.6	67.7	60.1	74.2
2005		1115	1026	1028	88.5	85.4	***	74.3	76.6	76.5	53.8	57.6	57.3	66.4
2004		1097	1026	1026	86.0	81.0	75.0	74.0	79.4	73.7	58.8	60.9	53.0	65.9
2003		1096	1024	1026	82.0	81.0	70.0	69.4	73.3	61.5	53.2	54.3	39.8	60.2
2002		1084	1020	1020	**	**	55.0	66.8	72.1	65.9	**	54.5	43.6	57.3
2001		1084	1018	1020	**	**	**	**	**	**	**	**	**	**
2000		1071	1016	1019	**	**	**	**	**	**	**	**	**	**

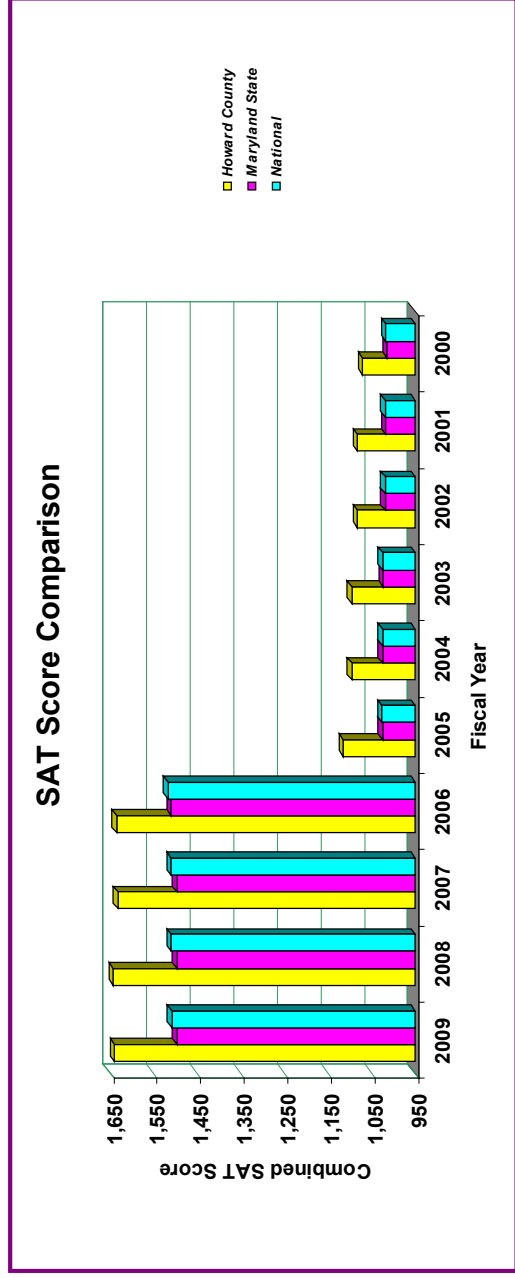
* Maryland State Assessment standard is 70.0

** Maryland State Assessment and High School Assessment scores were not available prior to FY 2002. Composite scores not available for 2009

*** Group now assessed through the High School Assessment Program

***** 2006 SAT scores reflect the addition of the writing component to the test

***** In 2009 the High School Assessment scores began to be reported based on how many students have passed the tests as of Grade 12. Prior to that the scores were based on all who passed.



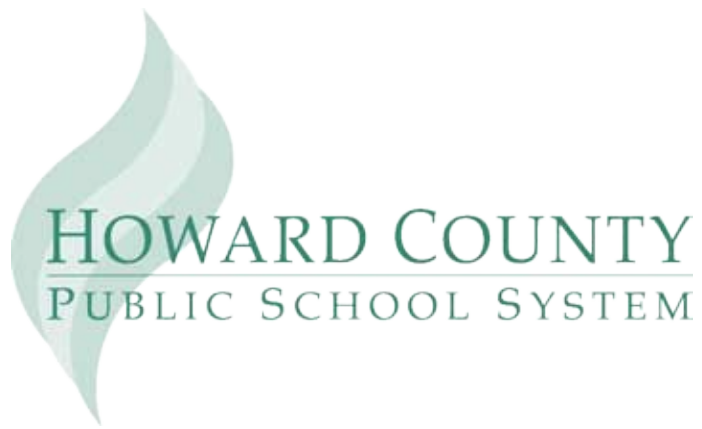
Note: Figures from HCPSS website, and Portia White - annual report to the Board.

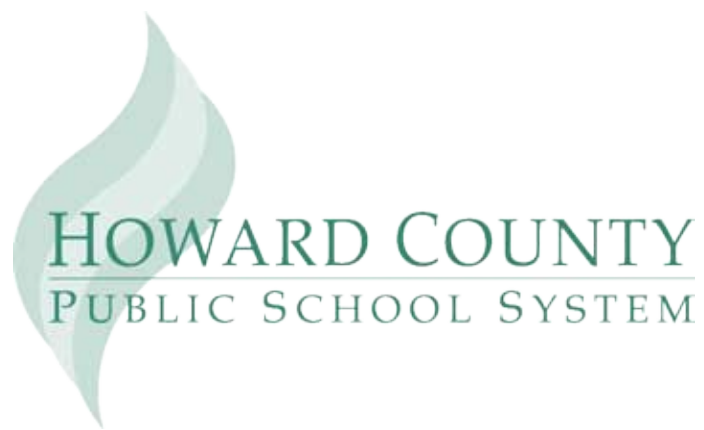
**Howard County Public Schools
Insurance Summary FY 2009**

Table 18

Type of Coverage	Name of Company	Policy Period	Limits
Workers Compensation Excess Workers Compensation	Self-Insured Safety National	7/1/08 - 6/30/09	\$450,000 retention Specific excess limit \$25 million
Comprehensive General Liability	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$100,000 per occurrence \$1 million per occurrence, should sovereign immunity be abrogated
Personal Injury Liability	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$100,000 per occurrence \$1 million per occurrence, should sovereign immunity be abrogated
Automobile Liability	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$100,000 combined single limit \$1 million combined single limit for, Bus Contractors
Personal Injury Protection	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$2,500 per covered person for, any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/08 - 6/30/09	Actual cash value
Garage Keepers Liability	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$100,000 per loss
Criminal Proceeding and Intentional	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$50,000 per covered person
Property and Boiler and Machinery	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$500,000 per occurrence
Excess Property and Boiler and Machinery	PEPIP	7/1/08 - 6/30/09	\$350,000,000 Total Property / Boiler and Machinery 100,000,000
Crime	St. Paul	7/1/08 - 6/30/09	\$2,500,000 per occurrence
School Board Legal Liability	MABE Group Insurance Pool	7/1/08 - 6/30/09	\$250,000 per occurrence \$5 million per occurrence, should sovereign immunity be abrogated

Source: HCPSS Office of Risk Management





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