



Comprehensive Annual Financial Report

For the fiscal year ending June 30, 2020

A Component Unit of Harford County, Maryland
Prepared by the Division of Business Services Finance Department

A.A. Roberty Building | 102 S. Hickory Avenue Bel Air, Maryland 21014

2019-2020 Board of Education of Harford County



Jansen M. Robinson
President
Elected Member
Councilmanic District A



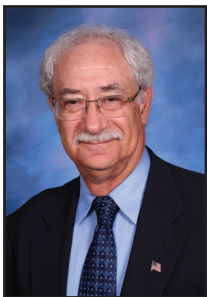
Rachel Gauthier
Vice President
Councilmanic District E



Dr. Joyce Herold
Appointed Member-at-Large



Patrice J. Ricciardi
Appointed Member-at-Large



Dr. Roy Phillips
Appointed Member-at-Large



Dr. David Bauer
Elected Member
Councilmanic District B



Dr. Carol Mueller
Appointed by County Council
Councilmanic District C



Tamera Rush
Elected Member
Councilmanic District D



Sonja Karwacki
Elected Member
Councilmanic District F



Christian J. Walker
Student Member



Sean W. Bulson, Ed.D.
Secretary-Treasurer
Superintendent of Schools

COVER DESIGN:

Photo (Front): Bel Air High School hosted its 2nd Annual Summer Freshmen Roadmap to Success sessions during the months of July and August 2019.
Photo (Back): Alongside HCPS Manager of Equity and Cultural Proficiency, Dr. Paula Stanton, Harford Technical High School's Minority Scholars group led professional development for their school's entire faculty and staff to address implicit bias and microaggressions.
Design: Stephanie Wall, HCPS Graphic Designer & Technical Specialist.



HARFORD COUNTY

PUBLIC SCHOOLS

.....
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Comprehensive Annual Financial Report

For the Fiscal Year ended June 30, 2020

Component Unit of Harford County, Maryland

Prepared by the Division of Business Services
Finance Department

102 South Hickory Avenue
Bel Air, Maryland 21014

Harford County Public Schools Non-Discrimination Statement

The Board of Education of Harford County does not discriminate on the basis of age, ancestry/national origin, color, disability, pregnancy, gender identity/expression, marital status, race, religion, sex, or sexual orientation in matters affecting employment or in providing access to programs and activities and provides equal access to the Boy Scouts and other designated youth groups.

In accordance with the requirements of Title IX of the Education Amendments of 1972 (20 U.S.C. §1681, et seq.), Harford County Public Schools does not discriminate on the basis of sex in any of its programs or activities or with regard to employment. Inquiries about the application of Title IX, and its implementing regulations to Harford County Public Schools may be referred to Dr. Paula Stanton, Harford County Public Schools Title IX Coordinator, by mail to 102 S. Hickory Avenue, Bel Air, Maryland 21014, or by telephone to 410-809-6064 or by email to Paula.Stanton@hcps.org, or the Assistant Secretary for the Office of Civil Rights in the United States Department of Education by mail to 400 Maryland Avenue, SW, Washington, DC 20202 or by telephone 1-800-421-3481, or both.

Harford County Public Schools

Student Contributors for Artwork:

<u>Student</u>	<u>Grade</u>	<u>School</u>	<u>Page</u>
Jake Steinmiller	7	Magnolia Middle School	1
Emily Webber	8	Southampton Middle School	4
Kelsey Haun	6	Fallston Middle School	4
Addison Estes	K	Hickory Elementary School	12
Justin Holley	12	Harford Technical High School	14
Chyenne Barber	10	Joppatowne High School	14
Colin Kelly	2	Emmorton Elementary School	27
Jocelyn Young	3	Deerfield Elementary School	32
Amy Harding	11	Bel Air High School	70
Ryan Craley	4	Churchville Elementary School	70
Madelyn Yost	7	Havre de Grace Middle School	77
Skyler Cohey	1	Churchville Elementary School	84
Alex Ridolfi	9	Aberdeen High School	100
London Marsh	5	Church Creek Elementary School	100
Natalie Lohr	11	C. Milton Wright High School	103
Isabella Riley	2	Darlington Elementary School	103
Hailey Humphreys	3	Churchville Elementary School	103



**Jake Steinmiller, Grade 7
Magnolia Middle School
Teacher: Ms. Emily Pecora**

Harford County Public Schools

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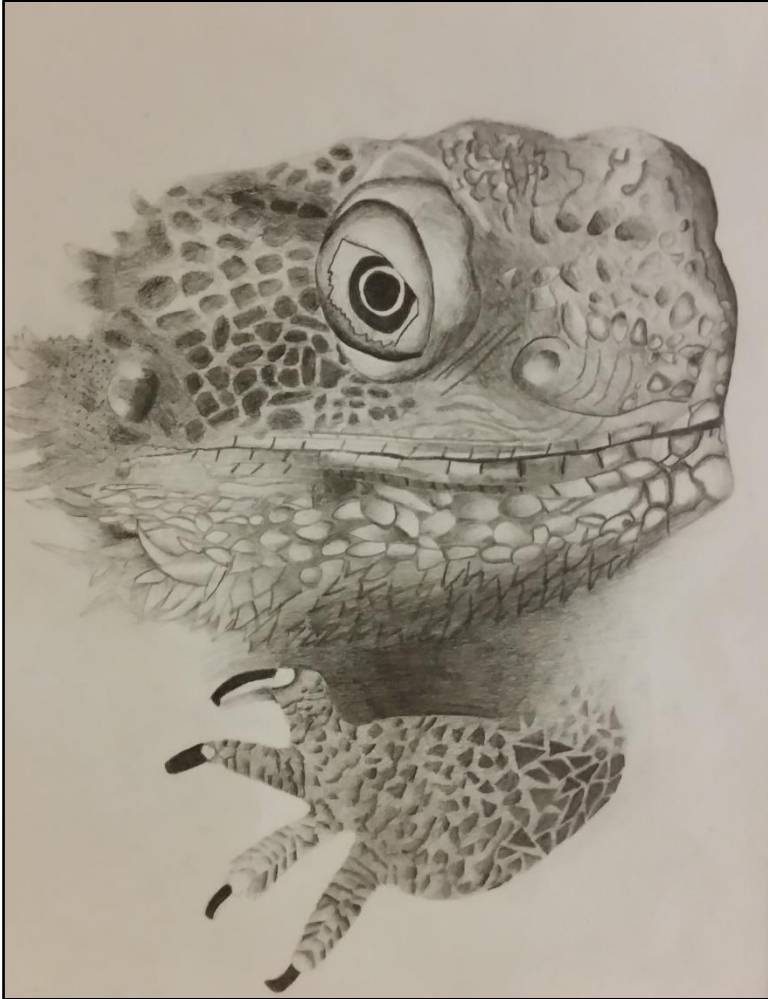
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Introductory Section



**Emily Webber, Grade 10
Southampton Middle School
Teacher: Ms. Beth Markley**



**Kelsey Haun, Grade 6
Fallston Middle School
Teacher: Ms. Meredith
Parkinson**

Harford County Public Schools

Vision

Harford County Public Schools will **inspire** and **prepare** each student to **achieve** success in college and career.

Mission

Each student will attain academic and personal success in a safe and caring environment that honors the diversity of our students and staff.

Core Values

- We empower each student to achieve academic excellence.
- We create reciprocal relationships with families and members of the community.
- We attract and retain highly skilled personnel.
- We assure an efficient and effective organization.
- We provide a safe and secure environment.

Long Term Goals

Goal 1: Prepare every student for success in postsecondary education and career.

Goal 2: Engage families and the community to be partners in the education of our students.

Goal 3: Hire and support highly effective staff who are committed to building their own professional capacity in order to increase student achievement.

Goal 4: Provide safe, secure, and healthy learning environments that are conducive to effective teaching and learning, creativity and innovation.

We believe the strategic plan guides our practice and is the foundation for continuous systemic growth and achievement. Our core values are constant, non-negotiable, and reflect our systemic beliefs. The plan will be reviewed annually by the Board of Education of Harford County. The components of the plan will be reflected in the Harford County Master Plan, the Board of Education Budget, and the respective School Performance and Achievement Plans.

Board of Education of Harford County

The members of the Board as of June 30, 2020, their represented areas, and expiration of their terms are as follows:

<u>Title</u>	<u>Name</u>	<u>Representation</u>	<u>Term Ends</u>
President	Jansen Robinson	Councilmanic District A	2023
Vice-President	Rachel Gauthier	Councilmanic District E	2023
Other members	Dr. David Bauer	Councilmanic District B	2023
	Dr. Carol L. Mueller	Councilmanic District C	2023
	Dr. Joyce Herold	Appointed Member-at-Large	2023
	Sonja Karwacki	Councilmanic District F	2023
	Dr. Roy Phillips	Appointed Member-at-Large	2023
	Patrice J. Ricciardi	Appointed Member-at-Large	2023
	Tamera Rush	Councilmanic District D	2023
Student member	Christian Walker	Student Member	2020
Secretary-Treasurer	Sean W. Bulson, Ed.D.	Superintendent of Schools	2022

Effective July 1, 2009, legislation changed the Board of Education of Harford County from a fully appointed Board to an elected-appointed Board consisting of six elected members and three members appointed by the Governor of the State of Maryland for four-year terms to be phased in over a period of time. For details on Senate Bill 629, visit mlis.state.md.us. In addition, there is a high school senior representative to the Board who serves a one-year term. The student is elected by the Harford County Regional Association of Student Councils.

Administration as of June 30, 2020

Sean W. Bulson, Ed.D.
Superintendent of Schools

Patrick P. Spicer, Esquire
General Counsel

Eric A. Davis
Chief of Administration

Jean A. Mantegna
Assistant Superintendent for Human Resources

Cornell S. Brown, Jr.
Assistant Superintendent for Operations

Eric G. Clark
Director of Budget

Deborah L. Judd, CPA
Assistant Superintendent for Business Services

Bernard P. Hennigan
Director of Student Services

Patti Jo Beard
Executive Director of Facilities Management and Planning and Construction

H. Andrew Moore, II
Director of Information and Technology

Michael L. O'Brien
Executive Director of Secondary School Instruction and Performance

Cathy E. Bendis
Director of Transportation

Renee L. Villareal
Executive Director of Elementary School Instruction and Performance

John G. Staab, CPA
Director of Finance

Susan P. Brown, Ed.D.
Executive Director of Curriculum, Instruction and Assessment

Michael J. Thatcher
Director of Special Education



**HARFORD COUNTY PUBLIC SCHOOLS
ORGANIZATIONAL CHART OF ADMINISTRATION
FY 2019-20**

Citizens, Parents, Schools & Community

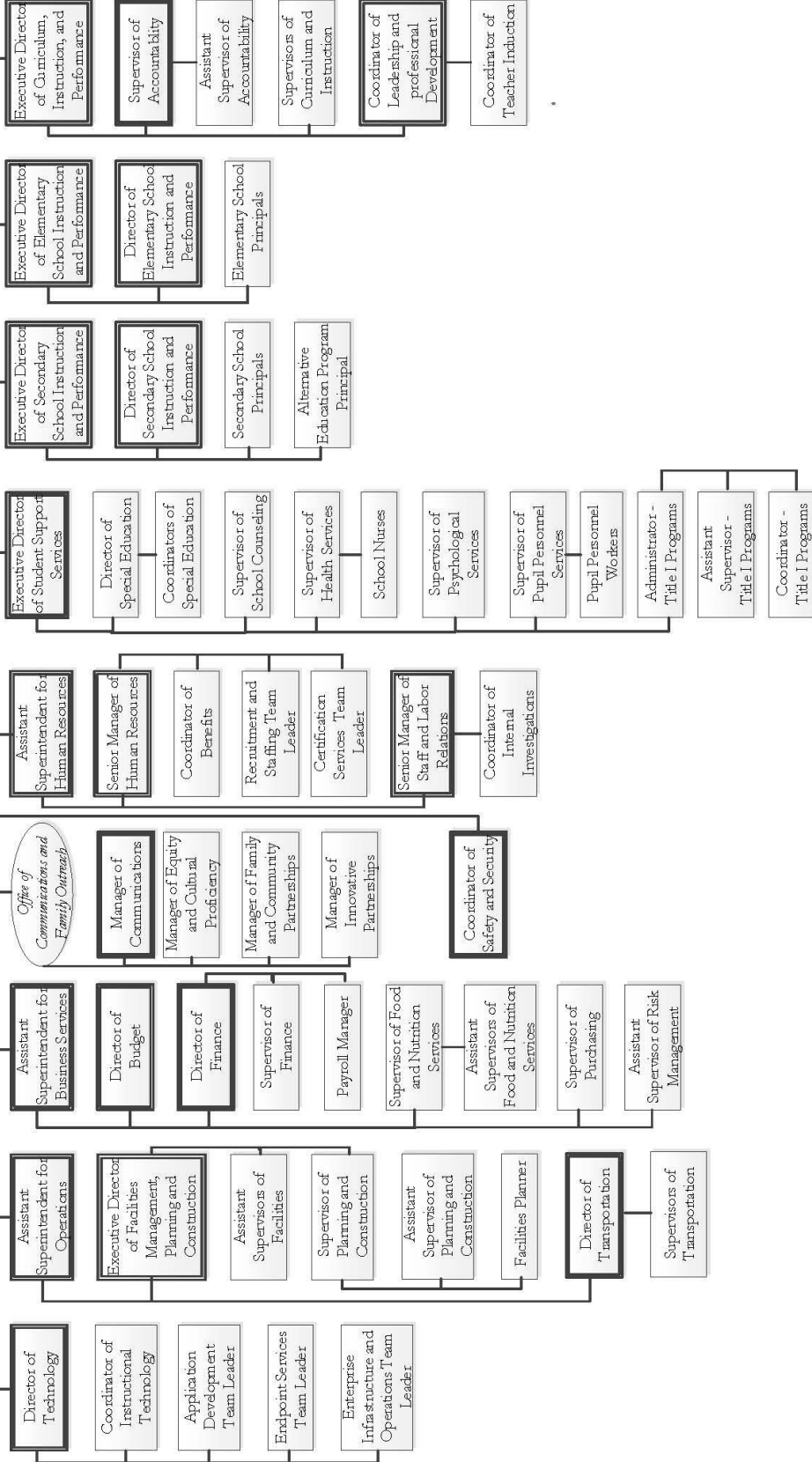
Board of Education

Internal Auditor

Superintendent of Schools

General Counsel

Chief of Administration



Boxes in Bold denote members of Superintendent's Senior Staff

Business Services

Deborah L. Judd, CPA
Assistant Superintendent for Business Services
410-588-5321

September 18, 2020

Members of the Board of Education:

The Public School Laws of the State of Maryland require school districts to publish within three months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

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

CliftonLarsonAllen, a firm of licensed certified public accountants, has issued an unmodified (“clean”) opinion on Harford County Public Schools (HCPS) financial statements for the fiscal year ended June 30, 2020. The independent public accountants’ report is located at the front of the financial section of this report.

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

All funds and accounts of HCPS are included in the Comprehensive Annual Financial Report. For financial reporting purposes, HCPS has been defined as a component unit of the Harford County Government. Therefore, HCPS’ financial statements and footnotes will be included in the Comprehensive Annual Financial Report of Harford County.

Profile of the Government

Harford County Public Schools (HCPS) is a fiscally dependent school system with an actual enrollment of 38,429 students in fiscal 2020. HCPS is the 162nd largest school system of the 554 school districts with enrollment of 15,000 or more in the country when ranked by enrollment. This places HCPS in the top thirty percent of school districts with enrollment of 15,000 or more by size¹. There are 24 school districts in the State of Maryland and HCPS is ranked 8th in size.² The student body will be served by a projected 5,112 FTE faculty and staff positions for fiscal 2021. Peak enrollment of 40,212 was reached in 2005, and has since dropped by 1,783 students, or 4.0%.

Citizens in the county have a choice of public or private schools. Harford County has 54 public schools and 44 non-public schools³ located within the county. The number of students attending private schools is unknown. The 2019 estimated population of Harford County is 255,441⁴. According to the U.S. Census Bureau, the school-age population in 2019 was 42,403⁵, of which 37,423 (HCPS enrollment less preschool and prekindergarten), or 88.3%, attended public schools.

The Board of Education of Harford County is an elected-appointed Board consisting of six elected members and three members appointed by the Governor of the State of Maryland for four-year terms to be phased in over a period of time. For details on Senate Bill 629, visit www.mlis.state.md.us. In addition, there is a student representative to the Board who serves a one-year term while a high school senior. The student is elected by the Harford County Regional Association of Student Councils.

*County Government Perspective on Local Economy*⁵

Local economy: Harford County's convenient location on the I-95 corridor in northeastern Maryland offers easy access to prominent research institutions such as the U.S. Army Aberdeen Proving Ground, Johns Hopkins, and the University of Maryland. Desirable location combined with the County's highly skilled work force and progressive, business-friendly environment; serve to provide the draw for a wide variety of companies and industry sectors to Harford County.

The County's largest revenue source remains real property taxes. The fiscal year 2020 taxable assessable base resulted in an increase over the fiscal year 2019 assessable base of 2.75%. The estimated increase in property taxes from fiscal year 2020's approved budget to fiscal year 2021's approved budget is 3.67% or \$10.2 million. The increase is due to the properties known as "Group 2" being reassessed. These properties are reassessed by the State Department of Assessments and Taxation every three years and account for one-third of the more than two million real property accounts in the state. The 2020 assessments for "Group 2" properties were based on an evaluation of 73,106 sales that occurred within the group over the last three years. If the reassessment resulted in a property value being adjusted, any increase in value will be phased-in equally over the next three years, while any decrease in value will be fully implemented in the 2021 tax year. For the 2020 assessment, 86.4% of "Group 2" residential properties saw an increase in property value statewide. In Harford County, residential assessments increased by 5.6% and commercial

¹ U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2016, Table 215.10

² Maryland State Department of Education, Student Publications, "Maryland Public School Enrollment by Race/Ethnicity and Gender and Number of Schools", September 30, 2019, Table 12

³ Maryland State Department of Education, Student Publications, "Nonpublic School Enrollment State of Maryland, September 30, 2019," Table 5

⁴ United States Census Bureau, QuickFacts, Harford County, Maryland, Persons under 5 years / 18 years, V2019

⁵ Excerpts from the Harford County Government Comprehensive Annual Financial Report for the year ended June 30, 2020.

statewide. In Harford County, residential assessments increased by 5.6% and commercial assessments for Group 2 increased by 5.2% since their last assessment in December of 2017. This is the seventh year of positive assessment growth in Harford County.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels, and personal income. Income tax revenue has shown increases beginning in 2012 through 2020 using the modified accrual basis of accounting. The year over year increase for 2017 to 2018, 2018 to 2019, and 2019 to 2020 was 2.6%, 10.7% and 1.8%. Income tax is budgeted at \$257.2 million for fiscal year 2021. The recent growth in income tax revenue is largely due to the Federal Tax Cut and Jobs Act that increased State and local taxable income by way of capping some deductions. That change is tempered by the COVID-19 economic shut down.

Long-Term Financial Planning for the School System

The majority of all funding comes from Harford County and the State of Maryland. Although local funding has increased every year, the level of funding received each year has not been enough to cover ongoing expenses. HCPS has continued to make budgetary cuts so that revenues could be allocated with minimal impact to school-based programs and services. Funding remains a concern as HCPS continues to examine ways to reduce costs and still maintain a high level of service to our students and citizens. Because most funding received is allocated towards existing programs, contracts and mandates, there are limited resources available to allocate for new initiatives in general education programming. HCPS is required to provide special education services and additional programming has been implemented in order to provide more services within HCPS. This is a cost savings measure that allows students to return to HCPS from out-of-county placements when the services can be provided locally.

In the General Assembly Session of 2012, the state changed the Maintenance of Effort Law clearly defining the minimum local government funding. This change could affect future county contributions to education.

Study of Adequacy of Funding for Education in Maryland⁶

In 2002, the Maryland General Assembly enacted Chapter 288, the Bridge to Excellence in Public Schools Act. The Act established new primary state education aid formulas based on adequacy cost studies. These adequacy cost studies, conducted in 2000 and 2001 under the purview of the Commission on Education Finance, Equity, and Excellence, employed the professional judgment and successful schools' methods and other education finance analytical tools. State funding to implement the Bridge to Excellence in Public Schools Act was phased-in over six years, reaching full implementation in fiscal year 2008. Chapter 288 requires that a follow-up study of the adequacy of education funding in the State be undertaken approximately 10 years after the enactment of the Bridge to Excellence in Public Schools Act. The study must include, at a minimum, (1) adequacy cost studies that identify (a) a base funding level for students without special needs and (b) per pupil weights for students with special needs, where weights can be applied to the base funding level, and (2) an analysis of the effects of concentrations of poverty on adequacy targets. The adequacy cost study must be based on Maryland's College and Career Ready Standards (MCCRS) adopted by the State Board of Education and include two years of results

⁶ Augenblick, Palaich & Associates. (2016). Final Report of the Study of Adequacy of Funding for Education in Maryland. Denver, CO; Author.

from the new state assessments aligned with the standards. These assessments were first administered statewide in the 2014-2015 school year.

There are several additional components that are mandated for inclusion in the study. These components include evaluations of (1) the impact of school size, (2) the Supplemental Grants program, (3) the use of Free and Reduced Price Meals eligibility as the proxy for identifying economic disadvantage, (4) the federal Community Eligibility Provision in Maryland, (5) prekindergarten services and the funding of such services, (6) equity and the current wealth calculation, and (7) the impact of increasing and decreasing enrollments on local school systems. The study must also include an update of the Maryland Geographic Cost of Education Index. APA Consulting, in partnership with Picus Odden & Associates and the Maryland Equity Project at the University of Maryland, had to submit a final report to the State no later than November 30, 2016.

This final report presents the findings of Augenblick, Palaich and Associates' (APA) adequacy analysis for the State of Maryland. The APA study team's estimate of the cost of an adequate education in Maryland used three approaches for estimating adequacy, the results of which were crafted into a single adequacy recommendation for the State. The study team also developed recommendations for a new funding formula incorporating its adequacy recommendation and a model to analyze the impacts of the proposed school funding formula on the State and on individual school districts. Final steps have yet to be determined and HCPS will monitor the progress closely.

Relevant Financial Policies

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

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

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County Public Schools for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the sixteenth consecutive year that the school system has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a school system must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The preparation of this report would not have been possible without the services of the entire staff of the Finance Department under the direction of John G. Staab, CPA, Director of Finance, and the Office of Internal Audit under the direction of Laura J. Tucholski, CPA, CIA, CFE, Internal Auditor, and CliftonLarsonAllen, LLP. Many other offices in the system contributed to provide data for this report, including the artwork published throughout the document. Our appreciation is extended to all who assisted in the timely closing of the school system's financial records and in the preparation of this report. Credit must also be given to the Superintendent and Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of HCPS' finances.

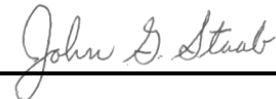
Sincerely,



Sean W. Bulson, Ed.D.
Superintendent



Deborah L. Judd, CPA
Assistant Superintendent for
Business Services



John G. Staab, CPA
Finance Director



**Addison Estes, Grade K
Hickory Elementary School
Teacher: Ms. Emily Black**



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Harford County Public Schools
Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

Financial Section



Justin Holley, Grade 12
Harford Technical High School
Teacher: Ms. Laura Prevas



Chyenne Barber, Grade 10
Joppatowne High School
Teacher: Ms. Cynthia Hendrick



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harford County Public Schools (HCPS), a component unit of Harford County, Maryland, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise HCPS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to HCPS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HCPS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of HCPS as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 18-32 and the required supplementary information on pages 71-76 as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise HCPS' basic financial statements. The introductory, other supplementary information and the statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Members of the Board of
Education of Harford County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020, on our consideration of HCPS' 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 solely 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 effectiveness of HCPS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPS' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
September 18, 2020

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

June 30, 2020

As Management of Harford County Public Schools (HCPS), we offer readers of the HCPS financial statements this narrative overview and analysis of the financial activities of HCPS for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 8-12 of this report.

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

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

Financial Highlights

- The liabilities and deferred inflows for Harford County Public Schools exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$556.1 million due mainly to the Net OPEB Liability of \$1.3 billion.
- The General Fund unrestricted, unassigned fund balance increased by \$1.4 million to \$5.4 million. See Exhibit 7.
- The final General Fund budget increased by \$12.1 million during the year from the originally adopted budget. In the restricted budget, adjustments were made for new grants received during the fiscal year and to adjust for previous unspent monies, or carry-over funds, that are subsequently added to the current year budget. See Exhibit 7.
- The General Fund includes restricted and unrestricted funds. This fund's actual revenues were lower than the final budget by \$9.9 million, or 1.9%. Expenditures were lower than the final budget by \$18.4 million, or 3.5%. These variances were mainly due to unspent restricted funds that will be carried forward to the fiscal year 2021. The surplus of \$8.6 million is due mainly to system-wide closure in March 2020. Overall, 98.2% of the unrestricted operating budget was spent during the fiscal year. See Exhibit 7.

Harford County Public Schools

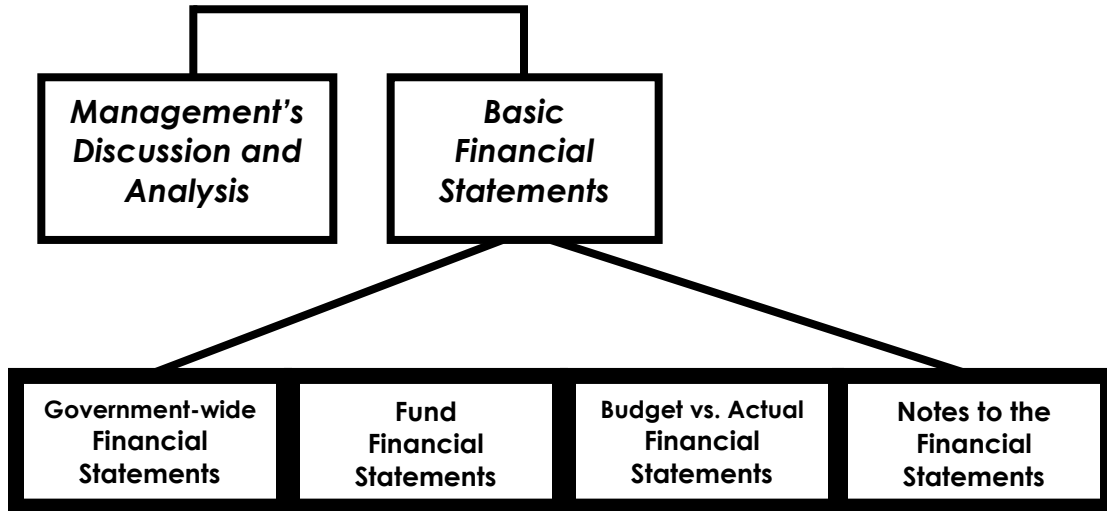
Management's Discussion and Analysis (MD&A)

June 30, 2020

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Harford County Public Schools basic financial statements.

Basic Financial Statements



The illustration above represents the minimum requirements for the basic external financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *statement of net position* presents information on all of the assets and deferred outflows and liabilities and deferred inflows of HCPS with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of HCPS is improving or deteriorating. The *statement of activities* presents information showing how HCPS' net position changed during the most recent fiscal year.

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

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

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

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

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

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

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

This is the legal basis upon which the budget is adopted so budget comparisons are provided. GASB Statement No. 34 requires that we present the original adopted budget as well as the final budget and discuss the changes between them.

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

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

Fiduciary responsibility – Retiree Health Plan Trust, Scholarship, and School Activity Funds (Exhibits 8 and 9). HCPS is the trustee, or fiduciary, for its retiree health plan trust, scholarship, and school activity funds. These funds are reported as separate agency and trust funds. We exclude these activities from Harford County Public Schools' other financial statements because the assets cannot be used to finance HCPS' activities. We are responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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

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

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

Government-wide Financial Analysis

Net position over time may serve as a useful indicator of a government's financial position. The liabilities and deferred inflows for Harford County Public Schools exceeded its assets and deferred outflows at the close of the most recent fiscal year by \$556.1 million due mainly to the Net OPEB Liability of \$1.3 billion. Net position decreased by \$43.5 million from June 30, 2019 to June 30, 2020 due mainly to the increase in deferred inflows related to OPEB. The unrestricted deficit as of June 30, 2020 of \$1.2 billion is due mainly to the net OPEB liability.

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

Current assets increased \$11.8 million due mainly to an increase in amounts due from local and state funding sources for the Havre de Grace Middle/High School construction project. Capital Assets increased by \$32.2 million due mainly to the continued construction for Havre de Grace Middle/High School. The OPEB component of deferred outflows decreased by \$60.7 million and deferred inflows increased by \$33.5 million.

Additionally, HCPS is committed by employee agreements to pay employees at retirement twenty-five percent (25%) of their earned but unused sick leave. For administrators, the limit is 300 days, all others are up to 200 days, plus any earned and unused vacation. The long-term portion is the amount we expect to pay beyond June 30, 2021. Of the total \$33.6 million of accrued compensated absences as of June 30, 2020, \$4.5 million is due within one year. The amount attributable to vacation leave is \$6.1 million and \$27.5 million for sick leave. Historically, this liability was funded on a "pay-as-you-go" basis from available current financial resources. This method is expected to continue. In addition to compensated absences, HCPS has obligations under a capital lease for the construction of the administration building totaling \$6.9 million. The remaining long-term liabilities are due to the net pension liability, \$26.0 million, and net OPEB liability, \$1.3 billion.

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HCPS' net position as of June 30, 2020 and 2019, is illustrated in the table below and Exhibit 1.

Harford County Public Schools Net Position				
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current assets	\$ 49,544,458	\$ 37,790,373	\$ 11,754,085	31.10%
Capital assets, net	688,554,146	656,394,005	32,160,141	4.90%
Total assets	<u>738,098,604</u>	<u>694,184,378</u>	<u>43,914,226</u>	<u>6.33%</u>
Deferred outflows related to OPEB	448,045,000	509,067,000	(61,022,000)	-11.99%
Deferred outflows related to pensions	<u>6,401,743</u>	<u>6,331,461</u>	<u>70,282</u>	<u>1.11%</u>
Total deferred outflows	454,446,743	515,398,461	(60,951,718)	-11.83%
LIABILITIES				
Current and other liabilities	22,660,664	11,808,194	10,852,470	91.91%
Noncurrent liabilities	1,319,442,075	1,336,682,102	(17,240,027)	-1.29%
Total liabilities	<u>1,342,102,739</u>	<u>1,348,490,296</u>	<u>(6,387,557)</u>	<u>-0.47%</u>
Deferred inflows related to OPEB	402,032,000	368,870,000	33,162,000	8.99%
Deferred inflows related to pensions	<u>4,475,120</u>	<u>4,739,776</u>	<u>(264,656)</u>	<u>-5.58%</u>
Total deferred inflows	406,507,120	373,609,776	32,897,344	8.81%
NET POSITION				
Net investment in capital assets	675,955,926	645,695,633	30,260,293	4.69%
Restricted	1,311,644	3,441,653	(2,130,009)	-61.89%
Unrestricted	(1,233,332,082)	(1,161,654,519)	(71,677,563)	6.17%
Total net position	<u>\$ (556,064,512)</u>	<u>\$ (512,517,233)</u>	<u>\$ (43,547,279)</u>	<u>8.50%</u>

Results of operations for HCPS, as a whole, are presented in Exhibit 2, the Statement of Activities. Approximately \$659.1 million in expenditures are reported. To the extent possible, revenue directly attributed to the function or program is reported against the appropriate expense. Included in such revenues are charges for services and grants. \$408.2 million in expenditures were supported using other general revenue sources not specifically attributed to a function or program.

The Special Revenue Fund, or Food Services Fund, is designed to be self-funded. Allocation of program revenues to expenditures produced a net loss for this program.

The following table summarizes the government-wide cost of services for each program or function. About 90.4% of the total cost of services are directly related to students' instruction and welfare. Of the remaining 9.6%, or \$63.2 million, \$62.1 million is used for the direct administration of schools and instructional support. It is important to note that in this report format,

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costs for employee benefits and depreciation on fixed assets are allocated to the appropriate program or function.

Harford County Public Schools Statement of Activities

	<u>June 30, 2020</u>	<u>Total Cost of Services</u>	<u>% Net Cost to Total</u>
Instruction	\$ 448,055,155	\$ 288,677,173	64.43%
Pupil personnel	4,849,425	3,506,347	72.30%
Health services	8,242,148	8,119,341	98.51%
Pupil transportation	42,250,989	27,963,284	66.18%
Operation and maintenance of plant	73,428,844	62,179,183	84.68%
Food services	19,067,898	4,093,897	21.47%
All others	63,237,166	57,176,792	90.42%
Total	<u>\$ 659,131,625</u>	<u>\$ 451,716,017</u>	<u>68.53%</u>
All others			
Administration	\$ 17,816,868	\$ 16,146,168	90.62%
Mid-level administration	44,235,265	40,609,659	91.80%
Community services	864,883	100,815	11.66%
Interest on debt	245,570	245,570	100.00%
Depreciation - unallocated	74,580	74,580	100.00%
Total	<u>\$ 63,237,166</u>	<u>\$ 57,176,792</u>	<u>90.42%</u>

Total revenues increased by \$45.4 million, or approximately 8.0%, over the prior year, as shown in the following table. Increases in both operating and capital grants and contributions and local appropriations represent 92.6% of the increase. Investment earnings decreased due to falling interest rates. HCPS is fiscally dependent on local and state aid to fund its daily operations. State aid is largely formula driven based on student population and wealth. Local revenue, provided by the Harford County Government, is dependent upon the economic condition of the County. However, the education statute requires a minimum level of funding equal to the prior year's per pupil contribution times the current year projected enrollment. Most of the operating grant funding is from the state and federal governments as well. Expenses decreased by \$4.8 million, or -0.7% due almost entirely to the shutdown that occurred in March 2020.

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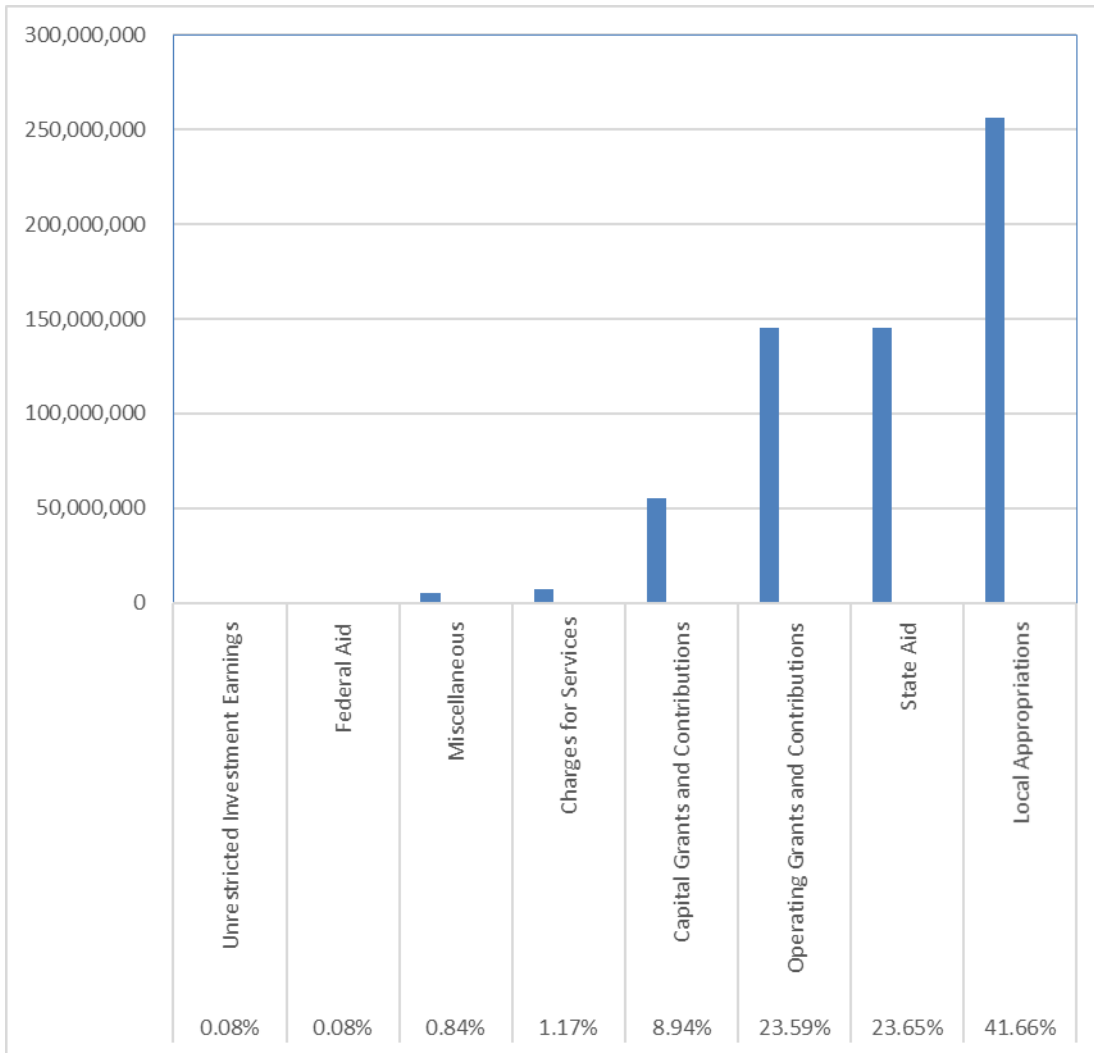
Harford County Public Schools Change in Net Position

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>% Change</u>
Revenues			
Program:			
Charges for services	\$ 7,175,788	\$ 10,082,456	-28.83%
Operating grants and contributions	145,235,567	127,856,497	13.59%
Capital grants and contributions	55,004,253	40,965,598	34.27%
Local appropriations	256,465,645	245,815,645	4.33%
State aid	145,571,263	141,639,351	2.78%
Federal aid	472,218	589,519	-19.90%
Miscellaneous	5,165,569	2,432,831	112.33%
Investment earnings	494,043	774,314	-36.20%
Total revenues	<u>615,584,346</u>	<u>570,156,211</u>	<u>7.97%</u>
Expenses			
Instruction	448,055,155	445,950,432	0.47%
Support services:			
Administration	17,816,868	17,526,054	1.66%
Mid-level administration	44,235,265	45,438,882	-2.65%
Pupil personnel services	4,849,425	3,194,316	51.81%
Health services	8,242,148	8,335,160	-1.12%
Pupil transportation	42,250,989	45,149,779	-6.42%
Operation of plant	48,824,224	50,566,821	-3.45%
Maintenance of plant and equipment	24,604,620	25,787,159	-4.59%
Community services	864,883	728,390	18.74%
Food services	19,067,898	20,912,201	-8.82%
Interest on long-term debt	245,570	263,880	-6.94%
Depreciation - unallocated	74,580	74,580	0.00%
Total expenses	<u>659,131,625</u>	<u>663,927,654</u>	<u>-0.72%</u>
Change in Net Position	(43,547,279)	(93,771,443)	-53.56%
Net position - beginning of year	<u>(512,517,233)</u>	<u>(418,745,790)</u>	<u>22.39%</u>
Net position - end of year	<u>\$ (556,064,512)</u>	<u>\$ (512,517,233)</u>	<u>8.50%</u>

Harford County Public Schools

Management's Discussion and Analysis (MD&A)
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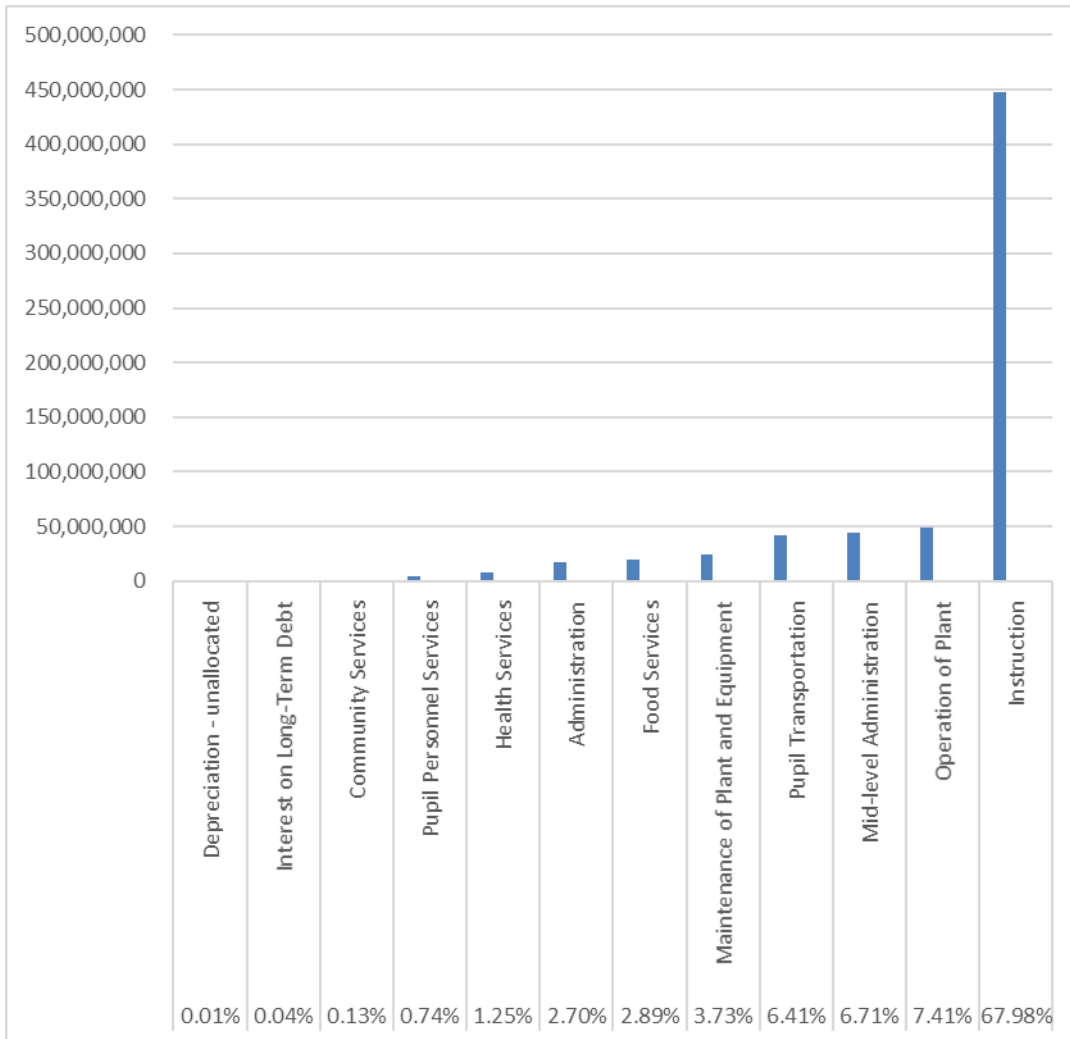
Sources of Revenues for Fiscal Year Ended June 30, 2020



Harford County Public Schools

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Expenditures for Fiscal Year Ended June 30, 2020



Harford County Public Schools

Management's Discussion and Analysis (MD&A)

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Fund Performance

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

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

In the General Fund, revenues and expenditures are as expected for the year. In the Food Services Fund, revenues fell short for the year due to the shutdown that occurred. In the Capital Projects Fund, revenues from local sources increased by \$27.2 million and decreased from state sources by \$13.2 million. The large shift from state to local funding for capital is related to the final funding process for the construction of Havre de Grace Middle/ High School.



Colin Kelly, Grade 3
Emmorton Elementary School
Teacher: Ms. Carolyn Wolf

Harford County Public Schools

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Harford County Public Schools Changes in Fund Balance

	<i>General Fund</i>		<i>Special Revenue Fund</i>		<i>Capital Projects Fund</i>		<i>Total</i>	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues								
Intergovernmental Revenues								
Local Sources	\$ 256,465,645	\$ 245,815,645	\$ -	\$ -	\$ 48,581,604	\$ 21,426,319	\$ 305,047,249	\$ 267,241,964
State Sources	240,021,553	228,296,073	451,886	392,332	6,163,376	19,377,532	246,636,815	248,065,937
Special State and Federal Programs	35,314,556	31,042,460	-	-	-	-	35,314,556	31,042,460
Federal Sources	472,218	589,519	8,913,369	9,612,191	-	-	9,385,587	10,201,710
Earnings on Investments	494,043	774,314	20,774	37,164	-	-	514,817	811,478
Charges for Services	-	-	5,459,807	7,910,992	-	-	5,459,807	7,910,992
Miscellaneous Revenues	6,881,550	4,604,295	128,165	115,628	259,273	161,747	7,268,988	4,881,670
Total revenues	<u>539,649,565</u>	<u>511,122,306</u>	<u>14,974,001</u>	<u>18,068,307</u>	<u>55,004,253</u>	<u>40,965,598</u>	<u>609,627,819</u>	<u>570,156,211</u>
Expenditures								
Administration	10,523,714	9,986,883	-	-	-	-	10,523,714	9,986,883
Mid-Level Administration	25,176,845	26,121,107	-	-	-	-	25,176,845	26,121,107
Instructional Salaries	167,556,251	167,799,472	-	-	-	-	167,556,251	167,799,472
Instructional Textbooks & Materials	5,659,390	5,689,107	-	-	-	-	5,659,390	5,689,107
Other Instructional Costs	2,576,163	3,115,637	-	-	-	-	2,576,163	3,115,637
Special Education	46,187,980	43,628,552	-	-	-	-	46,187,980	43,628,552
Student Personnel Services	2,072,125	1,790,127	-	-	-	-	2,072,125	1,790,127
Health services	4,050,210	3,938,865	-	-	-	-	4,050,210	3,938,865
Pupil transportation	30,513,794	32,223,215	-	-	-	-	30,513,794	32,223,215
Operation of plant	25,640,040	26,788,230	-	-	-	-	25,640,040	26,788,230
Maintenance of plant and equipment	12,298,111	12,744,712	-	-	-	-	12,298,111	12,744,712
Fixed Charges	161,468,922	152,730,576	-	-	-	-	161,468,922	152,730,576
Community services	433,493	519,270	-	-	-	-	433,493	519,270
Special State & Federal Programs	35,314,556	31,042,460	-	-	-	-	35,314,556	31,042,460
Costs of Operations -Food Services	-	-	16,829,630	17,924,674	-	-	16,829,630	17,924,674
Capital Outlay	11,489	38,632	-	-	55,278,633	42,382,147	55,290,122	42,420,779
Debt Service								
Capital Lease - principal	578,253	559,942	-	-	-	-	578,253	559,942
Capital Lease - interest	245,570	263,880	-	-	-	-	245,570	263,880
Total expenditures	<u>530,306,906</u>	<u>518,980,667</u>	<u>16,829,630</u>	<u>17,924,674</u>	<u>55,278,633</u>	<u>42,382,147</u>	<u>602,415,169</u>	<u>579,287,488</u>
Excess (deficiency) of revenues over expenditures	<u>9,342,659</u>	<u>(7,858,361)</u>	<u>(1,855,629)</u>	<u>143,633</u>	<u>(274,380)</u>	<u>(1,416,549)</u>	<u>7,212,650</u>	<u>(9,131,277)</u>
Fund Balances - beginning of year	20,483,282	28,341,643	2,706,247	2,706,247	591,773	2,008,322	23,781,302	33,056,212
Fund Balances - end of year	<u>\$ 29,825,941</u>	<u>\$ 20,483,282</u>	<u>\$ 850,618</u>	<u>\$ 2,706,247</u>	<u>\$ 317,393</u>	<u>\$ 591,773</u>	<u>\$ 30,993,952</u>	<u>\$ 23,924,935</u>

Harford County Public Schools

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General Fund Budget and Actual (Exhibit 7)

Budget changes made to revenues of the original budget during the fiscal year totaled \$12.1 million, or 2.4%. Approximately \$10.0 million of this change are in Federal Grants. In the restricted budget, HCPS received a grant award of \$4.3 million related to the Coronavirus Relief Fund Technology Grant and an additional \$0.5 million in Title I and III monies. The additions also include adjustments for previous unspent monies, or carry-over funds, that are subsequently added to the current year budget. The majority of carry-over funds are Medical Assistance funds totaling \$3.3 million and also \$0.8 million for Titles I, III and IV monies. There was also a final allocation for some federal grants totaling \$0.3 million. Changes to the expenditure budget include the restricted changes above and, in addition, inter-categorical transfers were made from various categories to cover additional mid-level administrative support at schools, expenditures of materials of instruction and instructional equipment.

Harford County Public Schools General Fund Changes Made to the Original Budget

	<u>Original Budget</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Change</u>	<u>Final Budget</u>
REVENUE					
Local	\$ 256,465,645	\$ -	\$ -	\$ -	\$ 256,465,645
State	211,723,056	-	-	-	211,723,056
Federal	420,000	-	-	-	420,000
Special state and federal	33,953,364	12,061,514	-	12,061,514	46,014,878
Earnings on investments	420,000	-	-	-	420,000
Other Sources	4,179,960	-	-	-	4,179,960
Prior year's fund balance	5,000,000	-	-	-	5,000,000
Total revenues	<u>\$ 512,162,025</u>	<u>\$ 12,061,514</u>	<u>\$ -</u>	<u>\$ 12,061,514</u>	<u>\$ 524,223,539</u>
EXPENDITURES					
Administration	\$ 11,539,385	\$ 158,482	\$ -	\$ 158,482	\$ 11,697,867
Mid-Level Administration	27,039,404	-	(828,780)	(828,780)	26,210,624
Instructional Salaries	176,795,097	-	(1,032,492)	(1,032,492)	175,762,605
Textbooks	7,627,952	1,175,860	-	1,175,860	8,803,812
Other Instructional Costs	4,080,211	5,567,166	-	5,567,166	9,647,377
Special Education	64,450,811	2,729,508	-	2,729,508	67,180,319
Student Personnel Services	2,402,053	474,790	-	474,790	2,876,843
Student Health Services	4,156,918	116,760	-	116,760	4,273,678
Student Transportation	33,786,221	-	(253,532)	(253,532)	33,532,689
Operation of Plant	27,803,017	-	(571,770)	(571,770)	27,231,247
Maintenance of Plant	13,938,964	-	(200,000)	(200,000)	13,738,964
Fixed Charges	137,277,234	4,207,716	-	4,207,716	141,484,950
Community Services	548,005	415,748	-	415,748	963,753
Capital Outlay	716,753	102,058	-	102,058	818,811
Total expenditures	<u>\$ 512,162,025</u>	<u>\$ 14,948,088</u>	<u>\$ (2,886,574)</u>	<u>\$ 12,061,514</u>	<u>\$ 524,223,539</u>

Harford County Public Schools

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It is critical for the reader to understand that local and state revenues account for 89.3% of the total General Fund unrestricted revenue, as reflected in Exhibit 7. The operating revenues of Harford County Public Schools are largely dependent on the economy and legislation.

Other revenue include items such as tuition, facility rental, rebates, Medicare Part D receipts and dividends from MABE's insurance programs. Major receipts in the other revenue include the following: \$1.5 million in Medicare Part D receipts, \$0.4 million in rental of facilities, \$0.4 million in gate receipts, \$0.3 million in sports participation fees, \$0.2 million in transportation fees and \$0.2 million in tuition revenue. Medicare Part D Funds, along with any healthcare and dental settlements are contributed to the OPEB Investment Trust Fund each year. For fiscal year 2020, this contribution was \$1.6 million.

Capital Asset and Debt Administration (See Notes 4 and 5)

As of June 30, 2020, HCPS had approximately \$981.6 million invested in a broad range of capital assets including land (1,920.67 acres), buildings (6.2 million square feet), improvements, furniture, vehicles and other equipment. Capital assets increased approximately \$52.7 million from the same time last year, excluding the effect of depreciation as shown in the table below.

Harford County Public Schools Changes to Capital Assets

	June 30, 2020	June 30, 2019	\$ Change	% Change
Land	\$ 9,672,942	\$ 9,672,942	\$ -	0.00%
Construction in progress	85,819,612	45,093,647	40,725,965	90.31%
School properties	836,805,723	825,253,586	11,552,137	1.40%
Furniture, fixtures and equipment	49,252,631	48,780,914	471,717	0.97%
Total Capital Assets	<u>\$ 981,550,908</u>	<u>\$ 928,801,089</u>	<u>\$ 52,749,819</u>	<u>5.68%</u>

School districts in Maryland are in the uncommon position of owning assets but not the debt associated with those facilities as they are fully fiscally dependent on the state and county governments. Accordingly, HCPS carries no bond rating, but has an approved debt policy for lease transactions. In fiscal year 2012, HCPS refinanced the capital lease for the Administration Building from an interest rate of 4.97% to a lower rate of 3.27%, resulting in a savings of \$1.1 million in the remaining term of the debt, without extending the term of the debt.

Ongoing Challenges

The Maryland Local ESSA Consolidated Plan and the Federal Every Student Succeeds Act (ESSA) established certain requirements for public school systems. These requirements include, but are not limited to, highly qualified teachers and paraprofessionals, expanded school choice options for parents, required testing of students, certification and assessment requirements for paraprofessionals, and extensive data tracking and reporting requirements. Additionally, the State of Maryland adopted the Maryland College and Career Ready Standards (MDCRRS), a set of high-quality academic expectations in English Language Arts/Literacy and mathematics that define the

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

June 30, 2020

quality academic expectations in English Language Arts/Literacy and mathematics that define the knowledge and skills all students should master by the end of each grade level. Along with the MDCRRS, Maryland implemented a new assessment program in 2014-15, the Partnership for Assessment of Readiness for College and Careers (PARCC). Students in Maryland took the PARCC assessments through the 2018-19 school year. Effective in the 2019-20 school year, the state assessment program was revised to the Maryland Comprehensive Assessment Program (MCAP). This new program will continue to assess the high-quality standards that are aligned to the MDCRRS. This program is computer based and allows for monitoring student growth over time. All of these requirements have significant cost impacts.

Future Challenges

The school system must consider a multitude of factors as it prepares future budgets. Notable factors influencing future budgets include the following:

- increasing number of homeless students, those newly immigrated to this country, and a growing socioeconomically eligible population require greater services;
- additional legislation requiring increased support for services to address the increasing mental health concerns of students, which is contributing to rising caseloads for HCPS student services staff;
- the uncertain state of the federal budget affecting funding decisions at the state and local levels;
- uncertain capital funding from the state and local governments which provide funding for renovations and additions to existing schools, including major systemic renovations to many of the older school facilities as well as the construction of new schools and also for other capital items including buses and technology;
- uncertain final outcome of identified Kirwan funds which may necessitate absorbing some of the identified initiatives within the operating budget;
- continued effects of the pandemic on funding levels, enrollment levels and unanticipated costs to ensure our students and staff have what is necessary to learn, work and remain safe;
- the need for salary increases in order to be competitive with surrounding school systems in attracting highly qualified employees;
- budget reductions already realized leave less budget flexibility for offsetting unexpected costs or any new initiatives; and
- continued projected increases in the cost of employee health and dental benefits and state retirement costs.

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

June 30, 2020

HCPS made several policy changes with respect to benefits provided to retirees and committed to using excess monies in the health insurance rate stabilization account and federal Medicare Part D reimbursement to at least partially fund the OPEB liability. Currently, HCPS is participating in a multi-employer OPEB Investment Trust administered by the Maryland Association of Boards of Education (MABE). We believe this structure is unique in the country. While we have the vehicle to invest OPEB funds, one of the issues will be whether or not the County will fund OPEB contributions to meet our proposed 30-year timeframe to achieve full funding. The current economic climate has been, and is forecast to continue to be, prohibitive to this objective. Meanwhile, the unfunded liability continues to grow. Effective January 1, 2021 retiree healthcare will move to a Medicare Advantage Plan which will result in savings both for the employee and the school system.

Contacting Harford County Public Schools' Financial Management

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

If you have questions about this report or wish to request additional financial information, contact Deborah L. Judd, CPA, Assistant Superintendent for Business Services at (410) 588-5321; or by mail at Harford County Public Schools, Business Services, 102 South Hickory Avenue, Bel Air, Maryland 21014.



**Jocelyn Young, Grade 3
Deerfield Elementary School
Teacher: Ms. Deborah Perry**

Harford County Public Schools

STATEMENT OF NET POSITION
JUNE 30, 2020
Governmental Activities
ASSETS

Cash and cash equivalents	\$ 4,395,610
Investments	12,313,775
Due from other units of government	20,672,951
Other receivables	11,474,517
Inventory	687,605
Capital assets not being depreciated:	
Land	9,672,942
Construction in progress	85,819,612
Capital assets, net of accumulated depreciation:	
Buildings and improvements	584,348,033
Furniture and equipment	8,713,559
Total assets	<u>738,098,604</u>

DEFERRED OUTFLOWS

Deferred outflows related to OPEB	448,045,000
Deferred outflows related to pensions	6,401,743
Total deferred outflows	<u>454,446,743</u>

LIABILITIES

Accounts payable	12,337,777
Accrued salaries and wages	427,654
Payroll taxes payable	380,602
Unearned revenue	4,387,211
Noncurrent liabilities:	
Due within one year	5,127,420
Due in more than one year	1,319,442,075
Total liabilities	<u>1,342,102,739</u>

DEFERRED INFLOWS

Deferred inflows related to OPEB	402,032,000
Deferred inflows related to pensions	4,475,120
Total deferred inflows	<u>406,507,120</u>

NET POSITION

Net investment in capital assets	675,955,926
Restricted for:	
Food services	994,251
Capital projects	317,393
Unrestricted	<u>(1,233,332,082)</u>
Total net position	<u>\$ (556,064,512)</u>

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

Harford County Public Schools

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Capital</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
					<u>Governmental</u> <u>Activities</u>
Governmental activities:					
Instruction:					
Regular education	\$ 332,350,715	\$ 1,274,994	\$ 75,187,898	\$ 43,771,786	\$ (212,116,037)
Special education	115,704,440	-	39,143,304	-	(76,561,136)
Total instruction	<u>448,055,155</u>	<u>1,274,994</u>	<u>114,331,202</u>	<u>43,771,786</u>	<u>(288,677,173)</u>
Support services					
Administration	17,816,868	-	1,670,700	-	(16,146,168)
Mid-level administration	44,235,265	-	3,625,606	-	(40,609,659)
Pupil personnel services	4,849,425	-	1,343,078	-	(3,506,347)
Health services	8,242,148	-	122,807	-	(8,119,341)
Pupil transportation	42,250,989	-	13,872,041	415,664	(27,963,284)
Operation of plant	48,824,224	-	28,184	340,382	(48,455,658)
Maintenance of plant and equipment	24,604,620	-	404,674	10,476,421	(13,723,525)
Community services	864,883	440,987	323,081	-	(100,815)
Food services	19,067,898	5,459,807	9,514,194	-	(4,093,897)
Interest on long-term debt	245,570	-	-	-	(245,570)
Depreciation - unallocated	74,580	-	-	-	(74,580)
Total support services	<u>211,076,470</u>	<u>5,900,794</u>	<u>30,904,365</u>	<u>11,232,467</u>	<u>(163,038,844)</u>
Total governmental activities	<u>\$ 659,131,625</u>	<u>\$ 7,175,788</u>	<u>\$ 145,235,567</u>	<u>\$ 55,004,253</u>	<u>(451,716,017)</u>
General revenues:					
Local aid not restricted to specific purposes					256,465,645
State aid not restricted to specific purposes					145,571,263
Federal aid not restricted to specific purposes					472,218
Miscellaneous					5,165,569
Investment earnings					494,043
Total general revenues					<u>408,168,738</u>
Change in net position					(43,547,279)
Net position - beginning of year					<u>(512,517,233)</u>
Net position - end of year					<u>\$ (556,064,512)</u>

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

Harford County Public Schools

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 3,607,569	\$ 788,041	\$ -	\$ 4,395,610
Investments	12,313,775	-	-	12,313,775
Due from other units of government	3,671,932	447,680	16,553,339	20,672,951
Other receivables	11,371,381	103,136	-	11,474,517
Due from other funds	5,625,684	-	-	5,625,684
Inventory	147,376	540,229	-	687,605
Total assets	<u>\$ 36,737,717</u>	<u>\$ 1,879,086</u>	<u>\$ 16,553,339</u>	<u>\$ 55,170,142</u>
LIABILITIES				
Accounts payable	\$ 1,618,444	\$ 95,398	\$ 10,623,935	\$ 12,337,777
Accrued salaries and wages	427,654	-	-	427,654
Payroll taxes payable	380,602	-	-	380,602
Due to other funds	-	281,789	5,343,895	5,625,684
Unearned revenue	3,611,447	507,648	268,116	4,387,211
Compensated absences payable	873,629	-	-	873,629
Total liabilities	<u>6,911,776</u>	<u>884,835</u>	<u>16,235,946</u>	<u>24,032,557</u>
FUND BALANCES				
Non-spendable	147,376	540,229	-	687,605
Assigned	25,987,736	454,022	317,393	26,759,151
Unassigned	3,690,829	-	-	3,690,829
Total fund balances	<u>29,825,941</u>	<u>994,251</u>	<u>317,393</u>	<u>31,137,585</u>
Total liabilities and fund balances	<u>\$ 36,737,717</u>	<u>\$ 1,879,086</u>	<u>\$ 16,553,339</u>	<u>\$ 55,170,142</u>

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

Harford County Public Schools

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 TO THE STATEMENT OF NET POSITION
 June 30, 2020**

Total fund balances - governmental funds (Exhibit 3)	\$ 31,137,585
Amounts reported for governmental activities in the statement of net position 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 \$981,550,908 and the accumulated depreciation is \$292,996,762.	688,554,146
Long-term liabilities are not due and payable from current resources and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of compensated absences payable (\$32,724,214), an obligation under capital lease (\$6,931,521), net OPEB liability (\$1,258,036,000) and net pension liability (\$26,004,131).	(1,323,695,866)
Deferred outflows related to OPEB.	448,045,000
Deferred outflows related to pensions.	6,401,743
Deferred inflows related to OPEB.	(402,032,000)
Deferred inflows related to pensions.	<u>(4,475,120)</u>
Total net position - governmental activities (Exhibit 1)	<u><u>\$ (556,064,512)</u></u>

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

Harford County Public Schools

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues				
Intergovernmental revenues:				
Local sources	\$ 256,465,645	\$ -	\$ 48,581,604	\$ 305,047,249
State sources	240,021,553	451,886	6,163,376	246,636,815
Special state and federal programs	35,314,556	-	-	35,314,556
Federal sources	472,218	8,913,369	-	9,385,587
Earnings on investments	494,043	20,774	-	514,817
Charges for services	-	5,459,807	-	5,459,807
Miscellaneous revenues	6,881,550	128,165	259,273	7,268,988
Total revenues	<u>539,649,565</u>	<u>14,974,001</u>	<u>55,004,253</u>	<u>609,627,819</u>
Expenditures				
Current:				
Administrative services	10,523,714	-	-	10,523,714
Mid-level administrative services	25,176,845	-	-	25,176,845
Instructional salaries	167,556,251	-	-	167,556,251
Instructional textbooks and supplies	5,659,390	-	-	5,659,390
Other instructional costs	2,576,163	-	-	2,576,163
Special education	46,187,980	-	-	46,187,980
Student personnel services	2,072,125	-	-	2,072,125
Health services	4,050,210	-	-	4,050,210
Pupil transportation services	30,513,794	-	-	30,513,794
Operation of plant	25,640,040	-	-	25,640,040
Maintenance of plant and equipment	12,298,111	-	-	12,298,111
Fixed charges	161,468,922	-	-	161,468,922
Community services	433,493	-	-	433,493
Special state and federal programs	35,314,556	-	-	35,314,556
Costs of operation - food services	-	16,829,630	-	16,829,630
Capital outlay	11,489	-	55,278,633	55,290,122
Debt service:				
Capital lease - principal	578,253	-	-	578,253
Capital lease - interest	245,570	-	-	245,570
Total expenditures	<u>530,306,906</u>	<u>16,829,630</u>	<u>55,278,633</u>	<u>602,415,169</u>
Excess (deficiency) of revenues over expenditures	9,342,659	(1,855,629)	(274,380)	7,212,650
Fund balances - beginning of year	20,483,282	2,849,880	591,773	23,924,935
Fund balances - end of year	<u>\$ 29,825,941</u>	<u>\$ 994,251</u>	<u>\$ 317,393</u>	<u>\$ 31,137,585</u>

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

Harford County Public Schools

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total net change in fund balances - governmental funds (Exhibit 5)	\$ 7,212,650
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 capitalized capital outlay (\$53,375,509) exceeds depreciation expense (\$21,164,090) and loss on disposal of (\$51,278).	32,160,141
Capital lease provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position. Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, the net effect of capital lease borrowings and repayment was \$578,253.	578,253
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 \$5,232,222.	(5,232,222)
OPEB costs reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(77,357,000)
Pension costs reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(909,101)
Change in net position of governmental activities (Exhibit 2)	<u>\$ (43,547,279)</u>

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

Haiford County Public Schools

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
 BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Unrestricted			Restricted			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual (non-GAAP)	Original Budget	Final Budget	Actual (non-GAAP)	
Revenues							
Intergovernmental revenues:							
Local	\$ 256,465,645	\$ 256,465,645	\$ 256,465,645	\$ -	\$ -	\$ -	\$ -
State	211,723,056	211,723,056	211,604,056	(119,000)	-	-	-
Federal	420,000	420,000	472,218	52,218	-	-	-
Special state and federal	-	-	-	33,953,364	46,014,878	36,018,970	(9,995,908)
Earnings on investments	420,000	420,000	361,153	(58,847)	-	-	-
Other sources	4,179,960	4,179,960	4,409,519	229,559	-	-	-
Prior year fund balance	5,000,000	5,000,000	5,000,000	-	-	-	-
Total revenues	\$ 478,208,661	\$ 478,208,661	\$ 478,312,591	\$ 103,930	\$ 46,014,878	\$ 36,018,970	\$ (9,995,908)
Expenditures							
Current:							
Administrative services	\$ 10,897,440	\$ 10,897,440	\$ 10,626,409	\$ 271,031	\$ 800,427	\$ 686,633	\$ 113,794
Mid-level administration	26,380,095	25,705,095	25,233,965	471,130	505,529	531,843	(26,314)
Instructional salaries	171,784,437	169,259,437	167,556,251	1,703,186	6,503,168	5,591,741	911,427
Instructional textbooks and supplies	6,838,042	7,040,042	6,536,234	503,808	1,763,770	1,112,233	651,537
Other instructional costs	2,794,786	3,612,786	2,770,623	842,163	6,034,425	2,143,676	3,890,915
Special education	46,755,971	46,755,971	46,235,291	17,694,840	20,424,348	16,213,795	4,210,553
Student personnel services	2,114,848	2,114,848	2,074,023	40,825	761,995	771,994	(9,999)
Student health services	4,156,918	4,156,918	4,118,426	38,492	116,760	106,905	9,855
Student transportation	33,720,039	33,020,039	30,722,619	2,297,420	512,650	467,413	45,237
Operation of plant	27,803,017	27,203,017	26,496,806	706,211	28,230	28,184	46
Maintenance of plant	13,938,964	13,738,964	13,069,332	669,632	-	-	-
Fixed charges	129,849,346	133,549,346	133,296,995	252,351	7,935,604	7,866,270	69,334
Community services	548,005	548,005	433,493	114,512	415,748	234,084	181,664
Capital outlay	606,753	606,753	589,742	17,011	212,058	264,199	(52,141)
Total expenditures	\$ 478,208,661	\$ 478,208,661	\$ 469,760,209	\$ 8,448,452	\$ 46,014,878	\$ 36,018,970	\$ 9,995,908
Excess of revenues over expenditures			8,552,382				
Total fund balance - beginning of year			10,164,240				
Prior year fund balance recognized as revenue above			(5,000,000)				
Total fund balance - end of year			13,716,622				
Fund balance - end of year - nonspendable			(147,376)				
- assigned			(8,200,000)				
Fund balance - end of year - unassigned			\$ 5,369,246				

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

Harford County Public Schools

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STATEMENT OF FIDUCIARY NET POSITION
June 30, 2020

	Retiree Health Plan Trust	Agency Funds
Assets	<u> </u>	<u> </u>
Cash and cash equivalents	\$ -	\$ 2,521,454
Investments held in MABE Trust	58,979,403	<u>-</u>
Total assets	<u>58,979,403</u>	<u>2,521,454</u>
 Liabilities		
Scholarship funds payable	-	59,197
School activity funds payable	<u>-</u>	<u>2,462,257</u>
Total liabilities	<u>-</u>	<u><u>\$ 2,521,454</u></u>
 Net position restricted for OPEB	<u><u>\$ 58,979,403</u></u>	

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

Harford County Public Schools

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020**

	Retiree Health Plan Trust
Additions	
Contributions	\$ 1,567,512
Net investment portfolio results	<u>1,665,276</u>
Total additions	<u>3,232,788</u>
Deductions	
Administrative expenses	<u>13,500</u>
Total deductions	<u>13,500</u>
Change in net position	3,219,288
Net position - beginning of year	<u>55,760,115</u>
Net position - end of year	<u><u>\$ 58,979,403</u></u>

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

The accounting policies of Harford County Public Schools conform to accounting principles generally accepted in the United States of America. Accordingly, the Board applies all applicable Governmental Accounting Standards Board (GASB) pronouncements. The following is a summary of significant accounting policies employed by the Board.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of Harford County Public Schools as a whole. The activities of the General Fund (Current Expense Fund), Special Revenue Fund (Food Service Fund) and Capital Projects Fund (School Construction Fund) have been presented as governmental activities in the government-wide financial statements.

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

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
.....

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Board considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available resources.

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

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

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

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
.....

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Governmental Funds

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

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

A substantial portion of its revenues are derived from other governments and it is not intended to be self-sustaining from food sales. The Board exercises the appropriate budgetary and accounting control through use of an annual budget prepared by the Department of Food and Nutrition and the Budget Office, which is reviewed and monitored by management during the fiscal year. There is no legal requirement for an approved budget.

School Construction Fund (Capital Projects Fund) – The school construction fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Fiduciary Funds

Scholarship and School Funds (Agency Funds) - Agency funds are used to account for assets held by the Board in a trustee capacity. Scholarship funds account for monies that have been donated for scholarships but have not yet been awarded. The school funds account is for student activities such as student organizations, yearbooks and field trips. School funds are the direct responsibility of the principals of the respective schools.

Retiree Health Plan Trust Fund – This fund was established to prefund other postemployment benefits (OPEB) that the Board provides to retirees of the Board and their dependents. It consists of contributions of the Board to establish a reserve to pay health and welfare benefits of future retirees. Contributions to the Trust qualify as contributions and are reported as additions using the economic resource measurement focus and the accrual basis of accounting, under which expenses (deduction) are recorded when the liability is incurred or the benefits are paid.

By definition, Fiduciary Funds assets are being held for the benefit of a third party and cannot be used to satisfy obligations of the Board, and are, therefore, not included in the government-wide financial statements.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position or Equity

Cash and Cash Equivalents

Amounts in demand deposits and short-term investments with a maturity date of three months or less when purchased are considered cash and cash equivalents.

Due From Other Units of Government and Other Receivables

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

Accounts receivable are not collateralized but are primarily with other governmental units and related agencies. These entities rarely default on their obligations and management of the Board considers all amounts collectible as of June 30, 2020. Therefore, no valuation allowance is provided against the amounts due.

Inventory

Inventory in the general fund consists of supplies maintained in the distribution center and is recorded at cost. Inventory in the food service fund consists of expendable food and supplies held for consumption and is recorded at the lower of cost (first-in, first-out) or market. 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.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported as governmental activities in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000 and a useful life of at least two 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 acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position or Equity (continued)

Capital Assets (continued)

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

Compensated Absences

As of June 30, 2020, annual and sick leave earned, applicable to governmental fund types, but not taken by Board employees, was \$33,597,843. This amount is based on vested accumulated leave as of June 30, 2020, for employees eligible to receive annual leave benefits at retirement. Sick leave is accrued for employees with at least ten years of service and calculated at 25% of their annual daily rate up to a maximum ranging from 200 to 300 days. An accrual in the amount of \$873,629 was made in the General Fund for the year ended June 30, 2020. This amount was an estimate of the accumulated annual and sick leave which is due and payable as of June 30, 2020 as it will be paid to retirees during the first month of the fiscal year ending June 30, 2021. The remaining liability for accumulated annual and sick leave earned in the amount of \$32,724,214 is reported as a noncurrent liability in the government-wide financial statements.

Pensions

Certain employees of the Board are members of the Maryland State Retirement and Pension System. Employees are members of either the Teachers Pension System of the State of Maryland (TPS) or the Employees Retirement System of the State of Maryland (ERS). TPS and ERS are part of the Maryland State Retirement and Pension System that is considered a single, multiple-employer cost-sharing plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TPS and ERS and additions to/deductions from TPS and ERS' fiduciary net position have been determined on the same basis as they are reported by TPS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position or Equity (continued)

Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Encumbrances

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

Net Position and Fund Balance

The difference between fund assets and deferred outflows and liabilities and deferred inflows is “Net Position” on the government-wide and fiduciary fund statements and “Fund Balance” on governmental fund statements. Net Position is classified as “Net investment in capital assets,” legally “Restricted” for a specific purpose, or “Unrestricted” and available for appropriation for general purposes.

In the governmental fund financial statements, non-spendable and restricted fund balance represent amounts that are legally restricted by outside parties for use for a specific purpose or are otherwise not available for appropriation. Assigned fund balance represents the portion of fund balance that reflects the Board’s intended use of resources.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

Implementation of New Accounting Principles

The Board has adopted the provisions of Governmental Accounting Standard Board (GASB) statement No. 95 Postponement of the Effective Dates of Certain Authoritative Guidance. The adoption of this standard did not have a material effect on these statements.

NOTE 2 – 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 Harford County, the State of Maryland, and special federal and state programs.

The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than assignments of the fund balance, portions of the prior year’s fund balance are included as revenues and retirement payments made on the Board’s behalf by the State of Maryland are excluded from revenues and expenditures. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (non-GAAP basis) and Actual-General Fund is presented using the budgetary basis of accounting. By state law, major categories of expenditures may not exceed budgeted amounts. The state-mandated categories of expenditures include 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, Community Services and Capital Outlay.

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

Operating Budget (General Fund)

- 1) Early each fiscal year, budget questionnaires are distributed to principals and staff members. These questionnaires and supporting documents are due in the office of the Director of Budget at the beginning of October.
- 2) The Board may, at its discretion, discuss and establish its priorities for the operating budget at the regular monthly meetings in October and November.
- 3) No later than the regular monthly meeting in January, the Superintendent of Schools will present the recommended operating budget to the Board and the general public.
- 4) In January, the Board will hold a special meeting for the purpose of providing for a public hearing on the Superintendent’s recommended operating budget.
- 5) No later than the regular monthly meeting in February, the Board will adopt an operating budget and submit the adopted operating budget to the County Executive.
- 6) After approval or adjustment by the County Council, the final operating budget is approved by the Board in June.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (continued)

Operating Budget (General Fund) (continued)

- 7) Budgets are normally adopted on a basis consistent with GAAP except for the inclusion of portions of the prior year’s fund balance as revenues, the inclusion of encumbrances as expenditures and the exclusion of retirement payments made on the Board’s behalf by the State of Maryland as revenues and expenditures. Budget comparisons presented are on a non-GAAP budgetary basis.
- 8) Transfers may be made within the major categories by the Board of Education without the approval of the County Council as budgetary control is at the major category level.
- 9) Requests approved by the Board of Education for transfers between major categories must be submitted to the County Council for approval or denial. No action within thirty (30) days of submission constitutes approval.

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

Food Service Fund Budget (Special Revenue Fund)

The Food Service Fund Budget is not a legally adopted budget; therefore, a budget to actual presentation is not included in the basic financial statements. The comparison of the Food Services Fund Budget to actual revenues and expenditures is presented as a supplementary schedule to these financial statements. Revenue from federal sources in the Food Service Fund includes \$1,172,626 of donated commodities from the United States Department of Agriculture.

Capital Budget - School Construction Fund (Capital Projects Fund)

Annual budgetary comparisons to actual expenditures are not presented in the financial statements for the Capital Projects Fund.

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

Reconciliation of Budgetary Data

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (continued)

The differences between the two methods are set forth below:

Revenues (non-GAAP budgetary basis - unrestricted and restricted)	\$ 514,331,561
Prior year fund balance	(5,000,000)
Revenues adjusted by restricted encumbrances of expenditure driven grants	(704,414)
Pension contributions made directly by the State of Maryland	28,417,497
Interest earned on rate stabilization deposit	132,890
Changes in value of rate stabilization fund	<u>2,472,031</u>
Revenues (GAAP basis)	<u><u>\$ 539,649,565</u></u>
Expenditures (non-GAAP budgetary basis - unrestricted and restricted)	\$ 505,779,179
Net effect of encumbrances	(3,889,770)
Pension contributions made directly by the State of Maryland	<u>28,417,497</u>
Expenditures (GAAP basis)	<u><u>\$ 530,306,906</u></u>

The unassigned fund balances in the current expense fund (general fund) are reconciled as follows:

Unassigned Fund Balance (non-GAAP budgetary basis)	\$ 5,369,246
Cumulative effect of:	
Revenues adjusted by encumbrances of expenditure driven grants	<u>(1,678,417)</u>
Unassigned fund balance (GAAP basis)	<u><u>\$ 3,690,829</u></u>

The assigned fund balances in the current expense fund (general fund) are reconciled as follows:

Assigned Fund Balance (non-GAAP budgetary basis)	\$ 8,200,000
Encumbrances	6,884,102
Rate stabilization fund balance	<u>10,903,634</u>
Assigned Fund Balance (GAAP basis)	<u><u>\$ 25,987,736</u></u>

**HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 3 – CASH AND INVESTMENTS

Cash on Hand

At year end, cash on hand for petty cash and change funds was \$1,550.

Deposits

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board may not be able to recover the deposits. The Annotated Code of Maryland requires that funds on deposit with a financial institution be fully secured by deposit insurance, surety bonds, obligations of the United States or its agencies, obligations of the State of Maryland or any of its agencies, or obligations of a county, other governmental authority, or municipal corporation in the State of Maryland. As of June 30, 2020, all of the Board’s deposits were either covered by FDIC insurance or collateral held by the financial institution in the Board’s name. As of June 30, 2020, the carrying amount of the Board’s deposits was \$6,915,514 and the bank balance was \$12,079,463.

Investments

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

The Board is a participant in the MLGIP, which is under the administration of the State Treasurer. The MLGIP was created as part of the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market funds. Unit value is computed using the amortized cost method and the pool maintains \$1.00 per unit constant value. The pool is a Rule 2a7 like pool, which is not registered with the Securities and Exchange Commission, but generally operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. The Board has no unfunded commitments nor significant terms or conditions for redemption. The investment objectives of the Pool are to preserve the capital value of the dollars invested, to provide a competitive rate of return and to provide a readily available source of daily liquidity. The amortized cost of the pool is the same as the value of the pool shares.

As of June 30, 2020, the Board's investment balances were as follows:

	Total Governmental Funds	Total Fiduciary Funds	Total
Maryland Local Government Investment Pool	\$ 12,313,775	\$ -	\$ 12,313,775
MABE Trust	-	58,979,403	58,979,403
Total Investments	\$ 12,313,775	\$ 58,979,403	\$ 71,293,178

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 – CASH AND INVESTMENTS (continued)

Interest Rate Risk

Fair value fluctuates with interest rates and increasing interest rates could cause fair value to decline below original cost. To limit the Board’s exposure to interest rate risk arising from increasing interest rates, the Board’s investment policy limits the term of investment maturities, except in the fiduciary funds, for which longer term maturities are allowed to match the cash flow of liabilities. The Board’s management believes the liquidity in the portfolio is adequate to meet cash flow requirements and to preclude the Board from having to sell investments below original cost for that purpose. The investments as of June 30, 2020, complied with the Board’s investment policy as of that date.

Investment income includes the following for the year ended June 30, 2020:

Net interest and dividends	\$ 514,817
Less: Restricted net investment income	<u>20,774</u>
Total Net Investment Income Per Statement of Activities	<u><u>\$ 494,043</u></u>

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The Board’s investment policy states that all investments must be fully collateralized. As of June 30, 2020, all of the Board’s investments were insured or registered, were held by the custodian in the Board’s name or were invested in MLGIP.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 3 – CASH AND INVESTMENTS (continued)

Reconciliation of cash and investments as shown on the Statement of Net Position:

Cash on hand	\$ 1,550
Carrying amount of deposits	6,915,514
Carrying amount of investments	<u>71,293,178</u>
Total cash and investments	78,210,242
Less: Amounts in fiduciary funds	<u>61,500,857</u>
Total Cash and Investments per Statement of Net Position	<u><u>\$ 16,709,385</u></u>
Cash and cash equivalents	\$ 4,395,610
Investments	<u>12,313,775</u>
Total Cash and Investments per Statement of Net Position	<u><u>\$ 16,709,385</u></u>

Investment in External Investment Pool

The Board has funds designated for Other Postemployment Benefits (OPEB) that are held by Maryland Association of Boards of Education (MABE) in the MABE OPEB Trust (MABE Trust). The MABE Trust is administered by the MABE and is a wholly-owned instrumentality of its members. The ten members who are sole contributors to the MABE Trust consist of Allegany Fiduciary Fund and the boards of education of the following Maryland counties: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George’s, St. Mary’s and Washington.

The investments of the MABE Trust are stated at fair value and are managed by Fidelity Brokerage Services, LLC and consist of money market funds, U.S. government and agency fixed income and asset backed securities, equity securities, mutual funds and exchange traded funds and corporate and corporate asset backed securities. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. Although all of the investments of the MABE Trust are considered Level 1 and Level 2, the Board’s membership investment in the MABE Trust is considered Level 2. As of June 30, 2020, the pooled net position of the MABE Trust was \$435,236,445 in total, of which the Board’s allocated investment balance was \$58,979,403. The Board may terminate its membership in the MABE Trust and withdraw its allocated investment balance by providing written notice six months prior to the intended date of withdrawal.

The MABE Trust is audited annually by an independent CPA firm. For the current year Cohen & Company of Hunt Valley, Maryland performed this service. The audit report is usually issued by September 1st of each year, a copy of which can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, MD 21401-1112.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 4 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020, were as follows:

	<u>July 1, 2019</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>June 30, 2020</u>
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in progress	45,093,647	51,217,636	(10,491,671)	85,819,612
Total nondepreciable capital assets	<u>54,766,589</u>	<u>51,217,636</u>	<u>(10,491,671)</u>	<u>95,492,554</u>
Depreciable capital assets:				
Land improvements	19,314,000	107,838	-	19,421,838
Buildings	805,939,586	952,628	10,491,671	817,383,885
Furniture and equipment	48,780,914	1,097,407	(625,690)	49,252,631
Total depreciable capital assets	<u>874,034,500</u>	<u>2,157,873</u>	<u>9,865,981</u>	<u>886,058,354</u>
Less accumulated depreciation for:				
Land improvements	9,664,426	859,943	-	10,524,369
Buildings	224,019,260	17,914,061	-	241,933,321
Furniture and equipment	38,723,398	2,390,086	(574,412)	40,539,072
Total accumulated depreciation	<u>272,407,084</u>	<u>21,164,090</u>	<u>(574,412)</u>	<u>292,996,762</u>
Total depreciable capital assets, net	<u>601,627,416</u>	<u>(19,006,217)</u>	<u>10,440,393</u>	<u>593,061,592</u>
Governmental activities, capital assets, net	<u>\$656,394,005</u>	<u>\$ 32,211,419</u>	<u>\$ (51,278)</u>	<u>\$ 688,554,146</u>

Depreciation expense for the year ended June 30, 2020, was charged to governmental functions on the Statement of Activities as follows:

Depreciation not allocated to specific functions	\$ 74,580
Administration	271,892
Mid-level administration	1,140
Instruction	10,917,809
Special education	5,316
Transportation	546,086
Operations	3,667,736
Maintenance	5,505,252
Food Service	174,279
Total	<u>\$ 21,164,090</u>

**HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

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NOTE 4 - CAPITAL ASSETS (continued)

The Board has active school construction projects as of June 30, 2020, as follows:

Project:	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bel Air Elementary Elevator Modernization	\$ 105,763	\$ 105,763
Fallston Middle Chiller	857,438	4,318
George D. Lisby Elementary HVAC	2,239,750	3,983,750
Havre de Grace High School	76,908,040	11,975,035
Havre de Grace High School PA System	17,357	7,543
Hickory Elementary Roof	24,162	1,327,732
John Archer	83,045	-
Joppatowne High	2,220,574	513,237
North Bend Elementary Central Plant and Fire Alarm	170,936	1,316,782
North Harford Middle School Pool	495,864	856
Roye Williams Elementary HVAC	2,696,683	8,013,231
Total	<u>\$ 85,819,612</u>	<u>\$ 27,248,247</u>

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2020, was as follows:

	Balance as of			Balance as of	Due
	July 1, 2019	Increases	Reductions	June 30, 2020	Within
					One Year
Capital lease	\$ 7,509,774	\$ -	\$ 578,253	\$ 6,931,521	\$ 597,161
Compensated absences	29,549,236	7,893,305	3,844,698	33,597,843	4,530,259
Net OPEB liability	1,274,863,000	-	16,827,000	1,258,036,000	-
Net pension liability	24,760,092	1,244,039	-	26,004,131	-
Total Governmental Activities	\$ 1,336,682,102	\$ 9,137,344	\$ 21,249,951	\$ 1,324,569,495	\$ 5,127,420

Compensated absences and net pension liability have typically been liquidated by the General Fund in prior years. The net OPEB obligation is expected to be liquidated by the General Fund going forward.

The Board entered into lease agreements as lessee in the amount of \$11,400,223 to construct the administration building, which was completed in January 2006. The lease agreement is for a period of twenty-five years. The debt was refinanced in May 30, 2012 at a rate of 3.27%. The term of the debt was not extended. The asset acquired and capitalized under the capital lease is as follows:

Building cost	\$ 10,852,395
Less: accumulated depreciation	3,147,194
Net Book Value	\$ 7,705,201

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 823,822
2022	823,822
2023	823,822
2024	823,822
2025	823,822
2026 - 2030	4,119,110
Total minimum lease payments	8,238,220
Less: amount representing interest	1,306,699
Present value of minimum lease payments	\$ 6,931,521

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 6 - FUND BALANCE

Fund balance as of June 30, 2020, consisted of the following:

	<u>General Fund</u>	<u>Food Services Fund</u>	<u>Capital Projects Fund</u>
Non-spendable for:			
Inventory	\$ 147,376	\$ 540,229	\$ -
Total non-spendable	147,376	540,229	-
Assigned to:			
Encumbrances:			
Contracted Services	1,858,828	64,118	317,393
Supplies and materials	2,248,776	-	-
Other charges	29,612	-	-
Equipment and other	2,746,886	-	-
Total encumbrances	6,884,102	64,118	317,393
Fiscal year 2021 expenditures	2,000,000	-	-
Rate stabilization receivable	10,903,634	-	-
Emergency fuel reserve	1,000,000	-	-
Future transfer to food services fund	1,200,000	-	-
Future lease payments for devices	4,000,000	-	-
Cost of Operation - Food Services	-	389,904	-
Total assigned	25,987,736	454,022	317,393
Unassigned	3,690,829	-	-
Total fund balances	<u>\$ 29,825,941</u>	<u>\$ 994,251</u>	<u>\$ 317,393</u>

Non-spendable fund balance reports resources that cannot be spent because of their form or due to legal or contractual requirements. Committed fund balance reports resources with self-imposed limitation approved by the Board to the end of the period. Formal action is required to remove or modify a constraint reflected in the committed fund balance. There were no committed fund balances as of June 30, 2020. Assigned fund balance records the portion of fund balance that reflects the Board's intended use of resources. For assigned fund balance, the Board's upper-level management is authorized to assign amounts to a specific purpose and is the highest level of decision-making for assigned fund balance. Unlike committed fund balance, formal action is not required to impose, remove, or modify assigned fund balance. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund, and Capital Projects Fund. Encumbrances outstanding at year-end are reported as assignments of fund balances since they do not constitute expenditures or liabilities. Unassigned fund balance represents the

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 6 – FUND BALANCE (continued)

residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally, unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

NOTE 7 - PENSION PLANS

General Information about the Pension Plan

Plan description

Teachers employed by the Board are provided with pensions through the Teachers Pension System of the State of Maryland (TPS)—a cost-sharing multiple-employer defined benefit pension plan administered by the Maryland State Retirement and Pension System (MSRPS). Certain employees of the Board are provided with pensions through the Employees Retirement System of the State of Maryland (ERS)—a cost-sharing multiple-employer defined benefit pension plan administered by the MSRPS. The State Personnel and Pensions Article of the Annotated Code of Maryland (the Article) grants the authority to establish and amend the benefit terms of TPS and ERS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report available at <https://sra.maryland.gov/sites/main/files/file-attachments/2019-srps-cafr-web.pdf?1586534928>.

Benefits provided

A member of either the TPS or ERS is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member’s Average Final Compensation (AFC) multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the TPS or ERS on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the TPS or ERS on or after July 1, 2011, is eligible for full retirement benefits if the member’s combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from either the TPS or ERS on or before June 30, 2006, the annual pension allowance equals 1.2% of the member’s AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member’s AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the TPS or ERS on or after July 1, 2006, the annual

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 7 - PENSION PLANS (continued)

General Information about the Pension Plan (continued)

pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the TPS or ERS shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the TPS or ERS.

Exceptions to these benefit formulas apply to members of the ERS, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (SSIL), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Early Service Retirement

A member of either the Teachers' or Employees' Retirement System may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a Teachers' or Employees' Retirement System member is 30%.

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the Teachers' or Employees' Pension System is 42%. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 7 - PENSION PLANS (continued)

General Information about the Pension Plan (continued)

Contributions (ERS)

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The Board’s contractually required contribution rate for ERS for the year ended June 30, 2020, was approximately \$2.7 million, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to ERS from the Board were approximately \$2.7 million for the year ended June 30, 2020.

Contributions (TPS)

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The Board’s required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation. The State of Maryland’s contribution on behalf of the Board for the year ended June 30, 2020, was approximately \$28.4 million. The Board’s contractually required contribution rate for TPS for the year ended June 30, 2020, was approximately \$10.7 million, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (state only).

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2020, the Board reported a liability of approximately \$26.0 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board’s proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. As of June 30, 2020, the Board’s proportion for ERS was 0.13%, which was substantially the same as its proportion measured as of June 30, 2019. For the year ended June 30, 2020, the Board recognized pension expense for ERS of approximately \$2.7 million. As of June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

**HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 7 - PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Board contributions subsequent to measurement date	\$2,726,056	\$ -
Changes in actuarial assumptions	177,066	707,713
Differences in expected vs. actual experience	-	1,422,687
Net difference between projected and actual earnings on pension plan investments	563,060	-
Changes in proportion	2,907,897	2,005,094
Changes in proportionate share of contributions	27,664	339,626
Total	\$6,401,743	\$4,475,120

The \$2,726,056 reported as deferred outflows of resources related to ERS resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the ERS net pension liability during the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows as of June 30, 2020:

Year Ending June 30,	Amortization of Pension Expense
2021	\$ (396,342)
2022	(845,176)
2023	49,550
2024	344,009
2025	48,526
Total	\$ (799,433)

As of June 30, 2020, the State of Maryland's proportionate share of the TPS net pension liability associated with the Board is approximately \$270,076,439. The TPS net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. State of Maryland's proportionate share of the TPS net pension liability associated with the Board was based on a projection of the state's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020
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NOTE 7 - PENSION PLANS (continued)

For the year ended June 30, 2020, the Board recognized pension expense of \$28.4 million and revenue of \$28.4 million in the General Fund for support provided by the State. In the Statement of Activities, the Board recognized pension expense of \$34.4 million and revenue of \$34.4 for support provided by the State. Due to the special funding situation related to the Teachers Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers Retirement and Pension Systems.

Information Included in the MSRPS Financial Statements

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at:

<https://sra.maryland.gov/annual-financial-reports>

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate.

The Board's proportionate share of the ERS net pension liability calculated using the discount rate of 7.40% is \$26,004,130. Additionally, the Board's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) is \$37,638,375 or 1-percentage-point higher (8.40%) is \$16,314,270.

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

Plan administration. The Board administers a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for retirees of the Board and their dependents.

In December 2007, the Board created the Retiree Benefit Trust of the Board of Education of Harford County (Benefit Trust) in order to facilitate the funding or partial funding of the actuarially calculated OPEB liability. The Benefit Trust established a trust account with, and became a member of, the Maryland Association of Boards of Education Pooled OPEB Investment Trust (MABE Trust). It is a member owned trust that provides the Board and the other nine-member boards a structure to pool assets to reduce investment costs and share administrative expenses. The Board reserves the right to establish and amend the provisions of its relationship with the MABE Trust with respect to participants, any benefit provided thereunder, or its participation therein, in whole or in part at any time, by resolution of its governing body and upon advance notice to the Trustees of the MABE Trust.

The MABE Trust was established to pool assets of its member Boards of Education for investment purposes only. Each member of the MABE Trust is required to designate a member trustee. The member trustees of the MABE Trust shall ensure that the MABE Trust keep such records as are

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

necessary in order to maintain a separation of the assets of the MABE Trust from the assets of trusts maintained by other governmental employers. Assets of the member trusts are reported in their respective financial statements using the economic resources measurement focus and the accrual basis of accounting, under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available.

The MABE Trust issues a publicly available audited GAAP-basis report that includes financial statements and required supplementary information for the MABE Trust. This report may be obtained by writing to the Trust Administrator, Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401-1112, or calling 410-841-5414.

Plan membership. As of June 30, 2020, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	2,712
Inactive plan members entitled to but not yet receiving benefit payments	547
Active plan members	4,698
Total plan members	<u>7,957</u>

Benefits provided and contributions. The Board provides medical, dental and life insurance benefits to eligible employees upon retirement. The employer’s contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon the annual approval of the operating budget. Details of the postemployment benefits provided are as follows:

Medical Benefits - Retirees are eligible for continued membership in one of the school system’s group medical plans. Dependent children can be covered until the child reaches age 26. Spouses are also covered. Surviving spouses can stay in the plan but must pay the full cost to participate. All plans include prescription drug coverage. The full Board contribution is either 85%, 90% or 95% of medical insurance premiums, based on the plan chosen by the retiree. The medical benefits paid by the Board for the year ended June 30, 2020 was \$32,985,423.

Dental Benefits - Retirees are eligible for continued membership in one of the school system’s group dental plans. Coverage is the same as described above for medical benefits. The full Board contribution is 90% of dental insurance premiums, based on the plan chosen by the retiree. The dental benefits paid by the Board for the year ended June 30, 2020 was \$1,333,955.

Life Insurance Benefits - The full Board contribution is 90% of the life insurance premiums. The amount of insurance coverage is reduced to \$20,000 upon retirement and \$10,000 five years after retirement. The life insurance benefits paid by the Board for the year ended June 30, 2020 was \$47,622.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

Whether the Board pays the full contribution rate for medical, dental and life insurance benefits depends upon the retiree's hire date and their number of years of service as follows:

<i>Year of Service</i>	<i>Participants Hired Prior to 7/1/2006</i>	<i>Participants Hired After 7/1/2006</i>
0 - 9	None	None
10 - 19	Full Board Contribution*	1/3 of Full Board Contribution*
20 - 29	Full Board Contribution*	2/3 of Full Board Contribution*
30 or more	Full Board Contribution*	Full Board Contribution*

*Upon eligibility for Medicare (usually at age 65 or if eligible due to disability, retiree's and/or their Medicare-eligible dependents are required to convert to coverage which supplements Medicare.

Net OPEB Liability of the Board

The components of the net OPEB liability of the Board as of June 30, 2020, were as follows:

Total OPEB liability	\$1,317,015,000
Plan fiduciary net position	58,979,000
Board's net OPEB liability	<u>\$1,258,036,000</u>

Plan fiduciary net position as a percentage of the total OPEB liability 4.48%

Change in the Net OPEB Liability of the Board for the year ended June 30, 2020 was as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2019	\$1,330,623,000	\$ 55,760,000	\$ 1,274,863,000
Changes for the year:			
Service cost	38,997,000	-	38,997,000
Interest	64,540,000	-	64,540,000
Differences between expected and actual experience	768,000	-	768,000
Changes of assumptions	(84,364,000)	-	(84,364,000)
Benefit payments	(33,549,000)	(33,549,000)	-
Contributions from the employer	-	34,367,000	(34,367,000)
Net investment income	-	2,415,000	(2,415,000)
Administrative expense	-	(14,000)	14,000
Net changes	<u>(13,608,000)</u>	<u>3,219,000</u>	<u>(16,827,000)</u>
Balance as of June 30, 2020	<u>\$1,317,015,000</u>	<u>\$ 58,979,000</u>	<u>\$ 1,258,036,000</u>

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

Actuarial Methods and Assumptions

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

Significant valuation methods and assumptions are as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry age normal cost method
Asset Valuation Method	Fair Market value
Actuarial Assumptions:	
Discount Rate	4.23%
Expected Return on Assets	6.50%
Salary Increases	5.04%
General Inflation	2.50%
Healthcare Cost Trend Rates:	
Medical and prescription	8.00% initial year of valuation (not applicable to Life) 4.30% final year of valuation (not applicable to Life)
Dental	5.00%

The actuarial value of assets was determined using market value of assets. The trust is assumed to earn 6.50% interest and contributions are assumed to be made in the middle of the year.

Investments

Investment policy. The MABE Trust’s policy in regard to the allocation of invested assets is established and may be amended by the Trustees by a majority vote of its members. It is the policy of the Trust to pursue an investment strategy that emphasizes growth of principal while avoiding excess risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index. The MABE Trust’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board’s adopted asset allocation policy as of June 30, 2020:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	67.10%
Fixed Income	27.30%
Cash	5.60%
Total	<u>100.00%</u>

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

Rate of return. For the year ended June 30, 2020, the total rate of return, net of investment expense, was 2.91%. The total rate of return represents a hypothetical return on the capital balance invested in the Trust during the entire year. Actual returns may vary due to the timing of capital contributions and redemptions.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of real rates of return for each major asset class included in the target asset allocation as of June 30, 2020, (see the discussion of the MABE Trust’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.75%
Fixed Income	2.85%
Cash	1.10%

Discount rate. The discount rate used to measure the Board’s total OPEB liability was 4.23% at the end of the measurement period as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Board’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the fiduciary net position was projected not to be available to make all projected future benefit payments of current members for more than 42 years after June 30, 2020. Future benefits payments beyond 42 years were discounted using the tax-exempt general obligation municipal bonds rated AA or better rate at June 30, 2020, of 2.21%. The long-term expected rate of return on investments at 6.50% was blended with the index rate of 2.21% (3.51% in fiscal 2019) for tax exempt general obligation municipal bonds rated AA or better in the Bond Buyer 20-Bond Index as published by the Bond Buyer at June 30, 2020, to arrive at a discount rate of 4.23% (4.77% in fiscal 2019) used to determine the total OPEB liability.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

Sensitivity of the net OPEB liability to changes in the discount rate. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.23%) or 1-percentage-point higher (5.23%) than the current discount rate:

	1% Decrease <u>(3.23%)</u>	Discount Rate <u>(4.23%)</u>	1% Increase <u>(5.23%)</u>
Net OPEB liability	\$ 1,497,438,000	\$ 1,258,036,000	\$ 1,067,733,000

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower (varied decreasing to 3.50%) or 1 percentage-point higher (varied decreasing to 5.50%) than the current healthcare cost trend rates:

	1% Decrease (varied decreasing to <u>3.50%</u>)	Trend Rates (varied decreasing to <u>4.50%</u>)	1% Increase (varied decreasing to <u>5.50%</u>)
Net OPEB liability	\$ 1,038,822,000	\$ 1,258,036,000	\$ 1,545,894,000

Deferred Outflows/Inflows

The following table illustrates deferred inflows and outflows as of June 30, 2020 under GASB 75:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected vs. actual experience	\$148,617,000	\$ 26,002,000
Net difference between projected and actual earnings on OPEB Trust investments	662,000	-
Changes in actuarial assumptions	298,766,000	376,030,000
Total	<u>\$ 448,045,000</u>	<u>\$ 402,032,000</u>

**HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020**

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)

Amortization of Deferred Inflows/Outflows

<u>Year Ending June 30,</u>	<u>Amortization</u>
2021	\$ 11,823,000
2022	11,824,000
2023	11,900,000
2024	11,955,000
2025	11,710,000
Total thereafter	<u>(13,199,000)</u>
Total	<u>\$ 46,013,000</u>

NOTE 9 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Board participates in the MABE Group Insurance Pool and the Worker’s Compensation Self Insurance Fund.

These public entity risk pools are self-insurance funds for the various member Maryland Boards of Education to minimize the cost of insurance and related administrative expenses.

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

NOTE 10 - CONTINGENCIES AND COMMITMENTS

The Board 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 Board that an adverse decision on any or all of these suits would not have a material adverse effect on these financial statements.

The Board leases certain equipment and properties for storage and other uses under long-term operating leases. Expenditures under operating leases amounted to approximately \$1,275,620 for the year ended June 30, 2020.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2020

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NOTE 10 - CONTINGENCIES AND COMMITMENTS (continued)

The future minimum lease payments related to operating leases as of June 30, 2020 were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,105,571
2022	1,105,571
2023	1,105,571
2024	1,105,571
2025	1,105,571
2026 - 2030	<u>5,527,855</u>
Total minimum lease payments	<u><u>\$ 11,055,710</u></u>

Required Supplementary Information



**Amy Harding, Grade 11
Bel Air High School
Teacher: Ms. Rebecca Will**



**Ryan Craley, Grade 4
Churchville Elementary School
Teacher: Ms. Virginia Hoppenstein**

**HARFORD COUNTY PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR OTHER POST-EMPLOYMENT BENEFITS PLAN
 June 30, 2020**

Schedule of Changes in the Net OPEB Liability and Related Ratios
 Last 10 Fiscal Years
 (Dollar amounts in thousands)

	Fiscal Year									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Total OPEB liability										
Service cost	\$ 38,997	\$ 57,082	\$ 33,423	\$ 32,230						
Interest	64,540	57,234	36,491	30,624						
Changes of benefit terms	768	185,569	(37,372)	7,859						
Differences between expected and actual experience	(84,364)	(376,837)	429,422	(135,516)						
Changes of assumptions	(33,549)	(28,251)	(23,812)	(24,085)						
Benefit payments	(13,608)	(105,203)	438,152	(88,888)						
Net change in total OPEB liability	1,330,623	1,435,826	997,674	1,086,562						
Total OPEB liability—beginning										
Total OPEB liability—ending (a)	\$ 1,317,015	\$ 1,330,623	\$ 1,435,826	\$ 997,674						
Plan fiduciary net position										
Contributions—employer	\$ 34,367	\$ 29,612	\$ 25,248	\$ 27,139						
Net investment income	2,415	3,631	3,416	4,551						
Benefit payments	(33,549)	(28,251)	(23,812)	(24,085)						
Administrative expense	(14)	(13)	(14)	(1,605)						
Net change in plan fiduciary net position	3,219	4,979	4,838	6,000						
Plan fiduciary net position—beginning	55,760	50,781	45,943	39,943						
Plan fiduciary net position—ending (b)	\$ 58,979	\$ 55,760	\$ 50,781	\$ 45,943						
Board's net OPEB liability—ending (a) - (b)	\$ 1,258,036	\$ 1,274,863	\$ 1,385,045	\$ 951,731						
Plan fiduciary net position as a percentage of the total OPEB liability	4.48%	4.19%	3.54%	4.61%						
Covered employee payroll	\$ 294,313	\$ 290,813	\$ 281,948	\$ 272,319						
Board's net OPEB liability as a percentage of covered employee payroll	427.45%	438.38%	491.24%	349.49%						

Information for FYE 2016 and earlier is not available

**HARFORD COUNTY PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR OTHER POST-EMPLOYMENT BENEFITS PLAN
 June 30, 2020**

Schedule of Board Contributions
 Last 10 Fiscal Years
 (Dollar amounts in thousands)

	Fiscal Years									
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 33,549	\$ 28,251	\$ 23,612	\$ 69,997						
Contributions in relation to the actuarially determined contribution	34,367	29,612	25,248	24,018						
Contribution deficiency (excess)	<u>\$ (818)</u>	<u>\$ (1,361)</u>	<u>\$ (1,636)</u>	<u>\$ 45,979</u>						
Covered employee payroll	\$294,313	\$290,813	\$281,948	\$272,319						
Contribution as a percentage of covered employee payroll	11.68%	10.18%	8.95%	8.82%						

Information for FYE 2016 and earlier is not available

Notes to Schedule:

Valuation Date: Because the contribution policy of the Harford County Public Schools is to contribute amounts as they become due, the actuarially determined contribution shown above have been set equal to the benefit payments that were paid during the applicable measurement period.

There were no significant changes to assumptions or benefit terms.

**HARFORD COUNTY PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR OTHER POST-EMPLOYMENT BENEFITS PLAN
 June 30, 2020**

Schedule of Investment Returns
 Last 10 Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment	2.91%	7.13%	7.40%	11.29%	Information for FYE 2016 and earlier is not available					

**HARFORD COUNTY PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR PENSIONS
 June 30, 2020**

**Schedule of Proportionate Share of Net Pension Liability
 Last 10 Fiscal Years**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Employees' Retirement and Pension System:										
Board's proportion of the net pension liability	0.126076900%	0.118008600%	0.108879200%	0.1117237200%	0.127132200%	0.1116983900%				
Board's proportionate share of the net pension liability	\$ 26,004,130	\$ 24,760,092	\$ 23,543,713	\$ 27,660,977	\$ 26,420,243	\$ 20,760,817				
Board's covered payroll	\$ 29,085,789	\$ 27,807,535	\$ 27,438,053	\$ 27,058,838	\$ 27,773,344	\$ 27,627,479				
Board's proportionate share of the net pension liability as a percentage of its covered payroll	89.40%	89.04%	85.81%	102.23%	95.13%	75.15%				
Plan fiduciary net position as a percentage of the total pension liability	67.80%	68.36%	66.71%	62.97%	66.26%	69.53%				

Information for FYE 2014 and earlier is not available

Teacher's Retirement and Pension System:										
Board's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%				
Board's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
State's proportionate share of the net pension liability of the Board	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061	\$ 222,273,040				
Total	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061	\$ 222,273,040				
Board's covered payroll	\$ 261,727,394	\$ 254,140,491	\$ 244,880,874	\$ 238,829,254	\$ 234,740,821	\$ 238,324,978				
Board's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%				
Plan fiduciary net position as a percentage of the total pension liability	75.42%	73.35%	71.41%	67.95%	70.76%	69.53%				

**HARFORD COUNTY PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR PENSIONS
 June 30, 2020**

**Schedule of Contributions
 Last 10 Fiscal Years**

Employees' Retirement and Pension System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 2,726,056	\$ 2,588,989	\$ 2,353,181	\$ 2,216,065	\$ 2,283,877	\$ 2,679,603	\$ 2,726,147	\$ 2,438,035	\$ 2,946,759	\$ 2,838,311
Contributions in relation to the contractually required contribution	(2,726,056)	(2,588,989)	(2,353,181)	(2,216,065)	(2,283,877)	(2,679,603)	(2,726,147)	(2,438,035)	(2,946,759)	(2,838,311)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 29,432,878	\$ 29,085,789	\$ 27,807,835	\$ 27,438,053	\$ 27,058,838	\$ 27,773,344	\$ 27,627,479	\$ 27,270,292	\$ 27,356,555	\$ 27,017,240
Contributions as a percentage of covered payroll	9.26%	8.90%	8.46%	8.08%	8.44%	9.65%	9.87%	8.94%	10.77%	10.51%

Teachers Retirement and Pension System

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 10,728,740	\$ 10,358,564	\$ 10,127,776	\$ 9,454,776	\$ 10,309,396	\$ 8,966,816	\$ 7,009,102	\$ 5,529,741	\$ -	\$ -
Contributions in relation to the contractually required contribution	(10,728,740)	(10,358,564)	(10,127,776)	(9,454,776)	(10,309,396)	(8,966,816)	(7,009,102)	(5,529,741)	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$264,880,159	\$ 261,727,394	\$254,140,491	\$244,880,874	\$238,829,254	\$234,739,821	\$238,324,978	\$246,367,823	\$249,466,752	\$251,462,753
Contributions as a percentage of covered payroll	4.05%	3.96%	3.99%	3.86%	4.32%	3.82%	2.94%	2.24%	0.00%	0.00%

* The Board was not contractually required to contribute to the Teachers' Retirement and Pension System prior to fiscal year 2013.

**HARFORD COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
FOR PENSIONS
June 30, 2020**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
State of Maryland Retirement and Pension System**

NOTE 1 - CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2015 through 2019

NOTE 2 - CHANGES IN ASSUMPTIONS

- Inflation assumptions changed as follows:
 - 6/30/2019 2.60%
 - 6/30/2018 2.60%
 - 6/30/2017 2.65%
 - 6/30/2016 2.70%
 - 6/30/2015 2.70%

- Investment return assumption changed as follows:
 - 6/30/2019 7.40%
 - 6/30/2018 7.50%
 - 6/30/2017 7.50%
 - 6/30/2016 7.55%
 - 6/30/2015 7.65%

Other Supplementary Information



**Madelyn Yost, Grade 7
Havre de Grace Middle School
Teacher: Ms. Roxanne Dodson**

Harford County Public Schools

**FOOD SERVICES FUND
(SPECIAL REVENUE FUND)
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE COMPARED TO BUDGET (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
Revenues			
Cafeteria sales	\$ 7,926,829	\$ 5,459,807	\$ (2,467,022)
<u>Federal Aid</u>			
School Lunch Program	5,868,657	3,982,196	(1,886,461)
School Breakfast Program	2,141,980	1,470,676	(671,304)
Summer Food Program	672,754	1,637,102	964,348
Fresh Fruits and Vegetables Program	-	16,797	16,797
Child and Adult Care Food Program	-	633,972	633,972
U.S.D.A. Commodities	1,114,699	1,172,626	57,927
Total federal aid	9,798,090	8,913,369	(884,721)
<u>State Aid</u>			
Child Feeding Program	412,500	451,886	39,386
Interest earned	-	20,774	20,774
Miscellaneous revenue	160,000	128,165	(31,835)
Total revenues	<u>\$ 18,297,419</u>	14,974,001	<u>\$ (3,323,418)</u>
Expenditures			
Salaries and wages	5,996,116	5,990,200	5,916
Contracted services	460,500	444,232	16,268
Supplies and materials	7,245,378	5,863,729	1,381,649
Other charges	3,369,976	3,341,479	28,497
Furniture and equipment	110,750	93,573	17,177
U.S.D.A. commodities	1,114,699	1,129,420	(14,721)
Total expenditures	<u>\$ 18,297,419</u>	16,862,633	<u>\$ 1,434,786</u>
Excess of revenues over expenditures		(1,888,632)	
Total fund balance - beginning of year		2,818,765	
Fund balance - end of year - nonspendable		(540,229)	
Fund balance - end of year - assigned		<u>\$ 389,904</u>	

Harford County Public Schools

**SCHOOL CONSTRUCTION FUND
(CAPITAL PROJECTS FUND)
SCHEDULE OF EXPENDITURES BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2020**

Aberdeen Middle roof	\$ 3,463,946
ADA improvements	34,995
Alarms	6,258
Athletic fields	90,365
Band Uniforms	7
Bel Air Elementary HVAC	247,571
Buses	415,664
Center for Educational Opportunity air conditioning	16,639
Darlington Elementary HVAC	1,536
Facilities repairs - bleachers	12,784
Facilities repairs - floors	225,692
Facilities repairs - partitions	17,735
Facilities repairs - roofs	6,193
Fallston High HVAC	11,981
Fallston Middle chiller	451,041
George D. Lisby Elementary HVAC	2,776,697
Havre de Grace High modernization	40,942,848
Hickory Elementary roof	24,708
HVAC major repairs	160,740
Joppatowne High renovations	2,117,783
North Bend Elementary central plant and fire alarm	170,936
North Harford High aquaculture lab & greenhouse	2,884
North Harford Middle domestic water improvements	16,867
Prospect Mill Elementary HVAC	3,023
Relocatables	38,286
Riverside Elementary HVAC	(24,523)
Roofing projects	101,376
Roye Williams Elementary HVAC	2,853,653
Security Measures	282,262
Septic facilities	10,985
Special education facilities	96,850
Swimming pools	316,922
Technology education lab refresh	26,775
Technology refresh	92,806
Textbooks	244,849
Youth's Benefit Elementary Replacement	19,499
	<u>\$ 55,278,633</u>

Harford County Public Schools

AGENCY FUNDS
SCHEDULE OF INCREASES, DECREASES AND FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

School Activity Funds

	Balance <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2020</u>
<u>Elementary Schools</u>				
Abingdon	\$ 22,759	\$ 20,868	\$ 11,034	\$ 32,593
Bakerfield	18,808	19,912	19,003	19,717
Bel Air	12,070	26,949	30,688	8,331
Church Creek	22,446	16,922	20,866	18,502
Churchville	12,543	15,204	19,410	8,337
Darlington	12,715	14,181	15,066	11,830
Deerfield	40,869	22,457	26,335	36,991
Dublin	37,438	9,741	20,238	26,941
Edgewood	11,112	10,428	14,176	7,364
Emmorton	19,054	10,778	10,970	18,862
Forest Hill	28,872	36,056	22,594	42,334
Forest Lakes	22,962	29,506	43,163	9,305
Fountain Green	9,195	30,638	29,239	10,594
George D. Lisby at Hillsdale	9,644	20,065	18,055	11,654
Hall's Cross Roads	8,255	5,901	7,820	6,336
Harford Glen	2,071	250	527	1,794
Havre de Grace	3,480	25,454	21,910	7,024
Hickory	28,385	41,260	40,560	29,085
Homestead-Wakefield	25,189	44,928	41,742	28,375
Jarrettsville	39,727	27,404	31,132	35,999
John Archer	58,671	28,082	37,508	49,245
Joppatowne	25,742	27,732	32,504	20,970
Magnolia	6,718	8,227	8,195	6,750
Meadowvale	5,248	17,097	14,079	8,266
Norrisville	23,959	23,602	16,189	31,372
North Bend	9,073	16,417	16,877	8,613
North Harford	30,247	25,240	31,609	23,878
Prospect Mill	34,512	27,418	25,602	36,328
Red Pump	13,106	44,705	32,548	25,263
Ring Factory	26,021	39,026	40,724	24,323
Riverside	6,310	11,255	10,724	6,841
Roye-Williams	13,594	10,155	9,317	14,432
William S. James	17,080	17,003	17,951	16,132
William Paca - Old Post Rd	23,136	16,357	22,467	17,026
Youth's Benefit	13,380	46,819	49,964	10,235
Total elementary schools	694,391	788,037	810,786	671,642

Harford County Public Schools

**AGENCY FUNDS
SCHEDULE OF INCREASES, DECREASES AND FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

School Activity Funds

	<u>Balance</u> <u>June 30, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
<u>Middle Schools</u>				
Aberdeen	52,050	52,912	58,077	46,885
Bel Air	70,241	88,766	96,861	62,146
Edgewood	38,812	88,251	100,116	26,947
Fallston	63,073	106,248	137,599	31,722
Havre de Grace	19,843	75,670	79,366	16,147
Magnolia	15,056	25,632	29,214	11,474
North Harford	59,184	45,704	40,600	64,288
Patterson Mill	48,863	52,769	44,732	56,900
Southampton	32,506	105,106	102,226	35,386
Total middle schools	<u>399,628</u>	<u>641,058</u>	<u>688,791</u>	<u>351,895</u>
<u>High Schools</u>				
Aberdeen	124,217	190,942	201,696	113,463
Alternative Education	10,187	3,294	1,196	12,285
Bel Air	185,238	328,870	286,081	228,027
C. Milton Wright	135,994	340,774	317,707	159,061
Edgewood	133,673	200,456	192,068	142,061
Fallston	111,496	236,514	227,051	120,959
Harford Technical	138,034	346,294	355,656	128,672
Havre de Grace	128,810	146,792	132,449	143,153
Joppatowne	38,092	90,520	84,724	43,888
North Harford	174,658	315,685	279,724	210,619
Patterson Mill	136,309	460,171	459,948	136,532
Total high schools	<u>1,316,708</u>	<u>2,660,312</u>	<u>2,538,300</u>	<u>1,438,720</u>
Total - all School Activity Funds	<u>2,410,727</u>	<u>4,089,407</u>	<u>4,037,877</u>	<u>2,462,257</u>
Scholarship Funds	<u>59,139</u>	<u>58</u>	<u>-</u>	<u>59,197</u>
Total - Agency Funds	<u>\$ 2,469,866</u>	<u>\$ 4,089,465</u>	<u>\$ 4,037,877</u>	<u>\$ 2,521,454</u>

Harford County Public Schools

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AGENCY FUNDS COMBINING STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2020

	Scholarship Funds	School Activity Funds	Total Agency Funds
Assets			
Cash and cash equivalents	\$ 59,197	\$ 2,462,257	\$ 2,521,454
Total assets	\$ 59,197	\$ 2,462,257	\$ 2,521,454
Liabilities			
Scholarship funds payable	\$ 59,197	\$ -	\$ 59,197
School activity funds payable	-	2,462,257	2,462,257
Total liabilities	\$ 59,197	\$ 2,462,257	\$ 2,521,454

Harford County Public Schools

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
SCHOLARSHIP FUNDS				
ASSETS				
Cash and cash equivalents	\$ 59,139	\$ 58	\$ -	\$ 59,197
LIABILITIES				
Scholarship funds payable	\$ 59,139	\$ 58	\$ -	\$ 59,197
SCHOOL ACTIVITY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,410,727	\$ 4,089,407	\$ 4,037,877	\$ 2,462,257
LIABILITIES				
Student activity funds payable	\$ 2,410,727	\$ 4,089,407	\$ 4,037,877	\$ 2,462,257
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,469,866	\$ 4,089,465	\$ 4,037,877	\$ 2,521,454
LIABILITIES				
Scholarship funds payable	\$ 59,139	\$ 58	\$ -	\$ 59,197
Student activity funds payable	2,410,727	4,089,407	4,037,877	2,462,257
Total liabilities	\$ 2,469,866	\$ 4,089,465	\$ 4,037,877	\$ 2,521,454

Statistical Section

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

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the Board's financial performance and well-being have changed over time.</i>	85 - 88
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.</i>	89 - 90
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services it provides and activities it performs.</i>	91 - 99

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year after June 30, 2011 and from the Independent Auditors' Report, Financial Statements and Supplementary Information for the relevant year prior to that.



Skyler Cohey, Grade 1
Churchville Elementary School
Teacher: Ms. Virginia Hoppenstein

Harford County Public Schools

**Net Position by Component Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)**

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$560,834	\$568,870	\$577,748	\$584,119	\$598,747	\$614,347	\$619,802	\$629,198	\$645,696	\$675,956
Restricted for food services	2,408	2,755	2,624	2,802	2,975	3,071	2,899	2,706	2,850	994
Restricted for capital projects	7,454	9,079	7,675	3,778	2,403	2,128	1,719	2,008	592	317
Unrestricted	(110,678)	(128,086)	(166,286)	(205,029)	(254,861)	(284,642)	(321,964)	(1,052,658)	(1,161,655)	(1,233,332)
Total governmental activities net position	\$460,018	\$452,618	\$421,761	\$385,670	\$349,264	\$334,904	\$302,456	(\$418,746)	(\$512,517)	(\$556,065)

Harford County Public Schools

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Functions/Programs										
Expenses										
Governmental activities:										
Instruction:										
Regular education	\$289,527	\$285,182	\$296,379	\$283,661	\$277,887	\$274,701	\$285,968	\$314,366	\$334,553	\$332,351
Special education	94,112	86,373	89,896	90,529	88,484	91,118	91,260	103,091	111,397	115,704
Total Instruction	<u>383,639</u>	<u>371,555</u>	<u>386,275</u>	<u>374,190</u>	<u>366,371</u>	<u>365,819</u>	<u>377,228</u>	<u>417,457</u>	<u>445,950</u>	<u>448,055</u>
Support services:										
Administration	15,341	16,114	15,682	15,626	15,195	15,231	15,417	16,901	17,526	17,817
Mid-level administration	36,621	37,070	37,698	37,467	38,139	37,941	40,276	43,367	45,439	44,235
Pupil personnel services	2,223	2,322	2,353	2,501	2,424	2,531	2,525	2,819	3,194	4,849
Health services	4,850	5,255	5,915	5,843	6,292	6,218	6,163	7,461	8,335	8,242
Pupil transportation	35,424	37,332	39,754	39,504	38,827	38,695	40,243	42,605	45,150	42,251
Operation of plant	38,716	40,267	43,245	47,158	45,870	42,618	45,834	48,637	50,567	48,824
Maintenance of plant and equipment	15,789	16,989	18,211	19,022	19,509	21,275	20,797	24,352	25,787	24,605
Community services	451	421	497	530	532	565	578	594	728	865
Food services	14,848	15,829	16,515	16,731	16,719	17,883	18,260	19,765	20,912	19,068
Interest on long-term debt	512	615	246	328	328	315	299	282	264	246
Depreciation - unallocated	87	86	84	81	77	77	77	75	75	75
Total Support Services	<u>164,862</u>	<u>172,300</u>	<u>180,200</u>	<u>184,791</u>	<u>183,912</u>	<u>183,349</u>	<u>190,469</u>	<u>206,858</u>	<u>217,977</u>	<u>211,077</u>
Total governmental activities	<u>548,501</u>	<u>543,855</u>	<u>566,475</u>	<u>558,981</u>	<u>550,283</u>	<u>549,168</u>	<u>567,697</u>	<u>624,315</u>	<u>663,927</u>	<u>659,132</u>
Program revenues										
Charges for services:										
Regular education	1,471	1,214	1,135	1,327	1,450	1,468	1,753	1,603	1,726	1,275
Community services	348	348	422	414	428	436	465	455	445	441
Food services	7,875	7,858	7,254	6,928	7,103	7,142	7,123	7,407	7,911	5,460
Operating grants and contributions	136,196	128,527	124,751	124,007	125,875	123,982	126,498	125,265	127,856	145,236
Capital grants and contributions	47,667	28,383	35,159	25,115	32,295	33,011	23,168	29,732	40,965	55,004
Total governmental activities program revenues	<u>193,557</u>	<u>166,330</u>	<u>168,721</u>	<u>157,791</u>	<u>167,151</u>	<u>166,039</u>	<u>159,007</u>	<u>164,462</u>	<u>178,903</u>	<u>207,416</u>
Total governmental net expense	<u>(354,944)</u>	<u>(377,525)</u>	<u>(397,754)</u>	<u>(401,190)</u>	<u>(383,132)</u>	<u>(383,129)</u>	<u>(408,690)</u>	<u>(459,853)</u>	<u>(485,024)</u>	<u>(451,716)</u>
General Revenues and Other Changes in Net Position										
General revenues:										
Local appropriations	211,067	217,782	219,821	221,301	223,667	228,209	233,534	238,716	245,816	256,466
State Aid	140,638	143,456	140,879	137,722	137,404	136,328	137,763	139,327	141,640	145,571
Federal Aid	696	1,345	449	336	434	423	392	409	590	472
Miscellaneous	3,960	7,508	5,717	5,723	5,370	3,753	4,371	2,672	2,433	5,166
Unrestricted investment earnings	43	33	31	18	13	56	182	515	774	494
Total general revenues	<u>356,404</u>	<u>370,124</u>	<u>366,897</u>	<u>365,100</u>	<u>366,888</u>	<u>368,769</u>	<u>376,242</u>	<u>381,639</u>	<u>391,253</u>	<u>408,169</u>
Change in Net Position	<u>1,460</u>	<u>(7,401)</u>	<u>(30,857)</u>	<u>(36,090)</u>	<u>(16,244)</u>	<u>(14,360)</u>	<u>(32,448)</u>	<u>(78,214)</u>	<u>(93,771)</u>	<u>(43,547)</u>
Net position - beginning of year	215,528	216,988	209,587	421,761	385,671	349,264	334,904	302,456	(418,746)	(512,517)
Adjustment to Restate Beginning Net Position	-	-	-	-	(20,163)	-	-	(642,988)	-	-
Net position - beginning of year, as Restated	<u>215,528</u>	<u>216,988</u>	<u>209,587</u>	<u>421,761</u>	<u>365,508</u>	<u>349,264</u>	<u>334,904</u>	<u>(340,532)</u>	<u>(418,746)</u>	<u>(512,517)</u>
Net position - end of year	<u>\$216,988</u>	<u>\$209,587</u>	<u>\$178,730</u>	<u>\$385,671</u>	<u>\$349,264</u>	<u>\$334,904</u>	<u>\$302,456</u>	<u>(\$418,746)</u>	<u>(\$512,517)</u>	<u>(\$556,064)</u>

Harford County Public Schools

Fund Balances of Governmental Funds Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General fund										
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 199	\$ 139	\$ 162	\$ 147
Assigned	12,976	12,628	18,650	18,320	17,370	21,784	23,988	24,443	17,293	25,988
Unassigned	13,143	13,169	4,330	3,072	6,408	8,304	10,418	3,760	3,028	3,691
Total general fund	\$26,119	\$25,797	\$22,980	\$21,392	\$23,778	\$30,112	\$34,605	\$28,342	\$20,483	\$29,826
All other governmental funds										
Non Spendable -										
Special Revenue Fund	\$294	\$237	\$187	\$142	\$105	\$31	\$373	\$352	\$387	\$540
Assigned - reported in:										
Special revenue fund	2,115	2,518	2,437	2,660	2,871	3,040	2,525	2,354	2,463	454
Capital projects fund	7,454	9,079	10,322	11,577	2,403	2,128	1,720	2,008	592	317
Unassigned - Capital projects fund	-	-	(2,647)	(7,799)	-	-	-	-	-	-
Total all other governmental funds	\$9,863	\$11,834	\$10,299	\$6,580	\$5,379	\$5,199	\$4,618	\$4,714	\$3,442	\$1,311

Harford County Public Schools

Changes in Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting) (amounts expressed in thousands)

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Intergovernmental revenues	\$241,501	\$230,041	\$231,802	\$229,680	\$240,351	\$250,885	\$252,664	\$256,649	\$267,242	\$305,047
Local sources	242,653	251,283	241,824	233,251	238,723	230,588	228,318	236,683	248,066	246,637
State sources	41,992	28,817	29,938	30,562	31,020	29,931	30,327	29,727	31,042	35,315
Special state and federal programs	7,629	8,485	8,122	8,483	8,942	9,588	9,806	9,870	10,202	9,386
Federal sources	43	33	31	18	13	56	182	521	811	514
Earnings on investments	7,875	7,858	7,254	6,929	7,103	7,142	7,123	7,407	7,911	5,460
Charges for services	8,268	9,937	16,647	13,968	7,887	6,618	6,828	5,244	4,882	7,269
Miscellaneous revenues	549,961	536,454	535,618	522,891	534,039	534,808	535,248	546,101	570,156	609,628
Total revenues										
Expenditures										
Current										
Administrative services	10,473	10,776	10,678	9,775	9,464	9,356	10,069	10,342	9,987	10,524
Mid-level administrative services	25,182	24,959	24,805	24,356	24,569	24,910	25,699	26,079	26,121	25,177
Instructional salaries	165,998	165,118	162,658	156,873	153,388	154,869	158,061	161,840	167,799	167,556
Instructional textbooks and supplies	7,316	8,067	6,689	6,849	7,101	6,598	6,625	6,527	5,689	5,659
Other instructional costs	3,173	2,839	2,446	2,392	3,340	2,795	4,336	5,452	3,116	2,576
Special education	39,674	40,322	39,951	40,088	40,714	40,672	40,700	42,541	43,628	46,188
Student personnel services	1,610	1,614	1,621	1,642	1,645	1,692	1,715	1,745	1,790	2,072
Health services	3,200	3,292	3,295	3,207	3,359	3,272	3,356	3,774	3,939	4,050
Pupil transportation services	29,522	30,917	31,151	30,300	30,113	29,201	30,808	31,552	32,223	30,514
Operation of plant	28,913	28,974	28,595	30,273	28,128	26,773	28,174	27,493	26,788	25,640
Maintenance of plant and equipment	11,757	12,607	12,249	12,110	12,707	12,562	12,986	13,605	12,745	12,298
Fixed charges	116,016	133,275	132,463	134,256	136,099	134,133	136,560	142,127	152,731	161,469
Community services	403	373	440	456	444	470	496	505	519	433
Special state and federal programs	41,992	28,817	29,938	30,562	31,020	29,931	30,327	29,727	31,042	35,315
Costs of operations - food services	14,911	15,275	15,440	15,431	15,968	16,726	17,244	17,558	17,925	16,830
Capital outlay	47,809	26,759	37,255	29,255	34,059	33,796	24,181	30,577	42,421	55,290
Debt service:										
Capital lease - principal	312	327	-	-	371	508	525	542	560	578
Capital lease - interest	512	615	246	328	328	315	299	282	264	246
Total expenditures	548,773	534,926	539,920	528,153	532,817	528,579	531,336	552,268	579,287	602,415
Excess (deficit) of revenues over expenditures	1,188	1,528	(4,302)	(5,262)	1,222	6,229	3,912	(6,167)	(9,131)	7,213
Other financing sources (uses)										
Proceeds from capital lease	-	178	-	-	-	-	-	-	-	-
Net change in fund balances	\$1,188	\$1,706	(\$4,302)	(\$5,262)	\$1,222	\$6,229	\$3,912	(\$6,167)	(\$9,131)	\$7,213

Harford County Public Schools

**Enrollment by School and Student to Teacher Ratio
Last Ten Years at September 30**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Capacity #s	Capacity %
Abingdon Elementary	798	893	882	836	845	809	830	826	775	724	863	83.89%
Bakerfield Elementary	444	366	409	396	429	415	428	410	427	426	500	85.20%
Bel Air Elementary	505	488	484	516	496	477	466	487	507	531	486	109.26%
Church Creek Elementary	781	699	745	785	786	798	796	793	738	697	819	85.10%
Churchville Elementary	376	375	395	378	382	373	367	383	393	370	411	90.02%
Darlington Elementary	123	124	115	131	133	122	114	103	106	104	157	66.24%
Deerfield Elementary	633	797	793	805	787	797	795	791	765	752	788	95.43%
Dublin Elementary	246	289	299	301	288	266	262	236	238	230	294	78.23%
Edgewood Elementary	422	451	426	421	447	391	399	394	381	405	461	87.85%
Emmorton Elementary	732	539	505	551	547	550	560	607	610	592	570	103.86%
Forest Hill Elementary	550	557	507	493	470	474	469	512	508	507	568	89.26%
Forest Lakes Elementary	681	511	483	482	462	460	463	445	427	445	569	78.21%
Fountain Green Elementary	567	562	513	521	477	492	494	500	498	484	548	88.32%
George D. Lisby Elementary at Hillsdale	347	427	434	428	408	437	459	417	406	413	455	90.77%
Halls Cross Roads Elementary	492	475	463	507	491	519	515	504	502	454	552	82.25%
Havre de Grace Elementary	424	443	421	405	431	450	457	490	512	609	542	112.36%
Hickory Elementary	720	653	681	687	706	677	687	696	663	691	668	103.44%
Homestead-Wakefield Elementary	937	892	897	901	938	949	954	974	1,003	1,034	920	112.39%
Jarrettsville Elementary	434	470	480	460	452	441	420	410	442	450	525	85.71%
Joppatowne Elementary	581	667	629	597	573	558	566	562	594	617	663	93.06%
Magnolia Elementary	466	385	470	495	476	500	538	535	568	550	561	98.04%
Meadowdale Elementary	512	532	535	554	522	524	520	515	520	518	568	91.20%
Norrisville Elementary	181	199	186	182	185	183	198	225	212	218	274	79.56%
North Bend Elementary	401	377	378	360	338	324	308	375	380	402	498	80.72%
North Harford Elementary	453	442	432	421	407	405	411	368	344	373	500	74.60%
Prospect Mill Elementary	902	651	612	557	580	587	585	566	565	591	611	96.73%
Red Pump Elementary	-	596	669	688	676	675	681	714	753	772	737	104.75%
Ring Factory Elementary	511	542	549	557	546	538	512	532	517	539	548	98.36%
Riverside Elementary	523	501	505	520	477	458	446	472	483	462	588	78.57%
Roye-Williams Elementary	388	440	474	543	533	549	533	498	521	490	703	69.70%
William Paca/Old Post Road Elementary	845	663	766	806	827	837	844	839	803	865	984	87.91%
William S. James Elementary	521	514	451	421	403	423	413	407	442	472	526	89.73%
Youths Benefit Elementary	1,029	998	973	962	990	997	987	999	1,017	1,057	1,120	94.38%
Total Elementary Schools	17,525	17,518	17,561	17,667	17,508	17,455	17,477	17,585	17,620	17,844	19,577	91.15%
Aberdeen Middle	1,087	1,043	1,034	1,113	1,108	1,184	1,127	1,126	1,144	1,203	1,624	74.08%
Bel Air Middle	1,291	1,296	1,271	1,287	1,251	1,257	1,324	1,366	1,373	1,435	1,243	115.45%
Edgewood Middle	1,022	1,073	1,046	1,109	1,066	1,062	1,073	1,089	1,118	1,160	1,295	89.58%
Fallston Middle	887	929	879	875	856	879	873	932	950	934	1,063	87.86%
Havre de Grace Middle	530	529	532	545	544	567	524	557	569	601	733	81.99%
Magnolia Middle	735	710	688	717	756	761	739	731	765	831	1,028	80.84%
North Harford Middle	1,056	1,019	974	974	958	966	951	910	895	929	1,210	76.78%
Patterson Mill Middle	753	732	700	685	665	698	690	713	738	764	731	104.51%
Southampton Middle	1,270	1,276	1,235	1,260	1,213	1,251	1,185	1,228	1,219	1,261	1,444	87.33%
Total Middle Schools	8,631	8,607	8,359	8,565	8,417	8,625	8,486	8,652	8,771	9,118	10,371	87.92%
Aberdeen High	1,459	1,411	1,411	1,420	1,444	1,453	1,485	1,468	1,458	1,431	1,720	83.20%
Bel Air High	1,574	1,633	1,647	1,656	1,670	1,581	1,564	1,555	1,544	1,560	1,768	88.24%
C. Milton Wright High	1,555	1,491	1,494	1,403	1,425	1,447	1,469	1,460	1,421	1,363	1,613	84.50%
Edgewood High	1,226	1,211	1,236	1,291	1,322	1,310	1,338	1,403	1,387	1,458	1,716	84.97%
Fallston High	1,113	1,090	1,064	1,074	1,076	1,056	1,044	1,022	985	973	1,573	61.86%
Harford Technical High	1,024	1,019	1,010	1,013	1,022	1,018	997	1,010	1,009	999	1,135	88.02%
Havre de Grace High	745	691	674	585	582	605	607	630	640	662	835	79.28%
Joppatowne High	940	872	840	762	696	666	694	723	763	745	1,056	70.55%
North Harford High	1,383	1,447	1,420	1,358	1,298	1,219	1,231	1,241	1,212	1,254	1,538	81.53%
Patterson Mill High	964	991	941	922	871	833	839	840	826	825	992	83.17%
Total High Schools	11,983	11,856	11,737	11,484	11,406	11,188	11,268	11,352	11,245	11,270	13,946	80.81%
Total Secondary Schools	20,614	20,463	20,096	20,049	19,823	19,813	19,754	20,004	20,016	20,388	24,317	83.84%
Center for Educational Opportunity	112	86	86	84	93	53	69	69	69	74	243	30.45%
John Archer	143	128	125	113	119	127	126	122	121	123	200	61.50%
Total Special Schools	255	214	211	197	212	180	195	191	190	197	443	44.47%
Total All Schools	38,394	38,195	37,868	37,913	37,543	37,448	37,426	37,780	37,826	38,429	44,337	86.67%
Teachers & Therapists Staff (1)	2,879	2,896	2,903	2,903	2,846	2,772	2,787	2,738	2,735	2,677		
Student/Teacher Ratio*	13.33	13.19	13.04	13.06	13.19	13.51	13.43	13.80	13.83	14.36		

Source: Monthly Report on Enrollment at September 30.

Source (1): MSDE Budget Certification data

Teachers - Staff with duties relating to instructing students, including classroom teachers, home and hospital teachers, distance learning teachers,

Therapists - Staff who perform activities related to physical or occupational methods of treatment and rehabilitation of students

*Definition of teaching position includes those that do not have core classroom responsibilities. Their inclusion deflates the ratio. (eg. Therapists, Special Education and Special Area Teachers)

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

Harford County Public Schools
**Enrollment by Grade Last Ten Years
as of September 30**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Elementary School:										
Prekindergarten	773	776	753	768	763	809	837	901	947	1,006
Kindergarten	2,681	2,792	2,740	2,819	2,648	2,587	2,651	2,646	2,605	2,809
Grade 1	2,808	2,715	2,820	2,787	2,831	2,704	2,605	2,694	2,696	2,700
2	2,757	2,809	2,703	2,830	2,788	2,875	2,724	2,694	2,737	2,747
3	2,904	2,796	2,809	2,751	2,829	2,822	2,920	2,797	2,720	2,825
4	2,691	2,919	2,815	2,851	2,775	2,859	2,847	2,982	2,865	2,812
5	2,911	2,711	2,921	2,861	2,874	2,799	2,893	2,871	3,050	2,945
Total Elementary School	<u>17,525</u>	<u>17,518</u>	<u>17,561</u>	<u>17,667</u>	<u>17,508</u>	<u>17,455</u>	<u>17,477</u>	<u>17,585</u>	<u>17,620</u>	<u>17,844</u>
Middle School:										
Grade 6	2,791	2,905	2,691	2,892	2,807	2,875	2,780	2,915	2,946	3,087
7	2,928	2,777	2,902	2,752	2,910	2,813	2,890	2,818	2,963	2,992
8	2,923	2,941	2,775	2,930	2,711	2,948	2,832	2,930	2,871	3,040
Total Middle School	<u>8,642</u>	<u>8,623</u>	<u>8,368</u>	<u>8,574</u>	<u>8,428</u>	<u>8,636</u>	<u>8,502</u>	<u>8,663</u>	<u>8,780</u>	<u>9,119</u>
High School:										
Grade 9	3,241	3,164	3,118	3,030	3,196	2,974	3,267	3,171	3,221	3,203
10	3,145	3,038	2,948	2,896	2,755	2,918	2,696	2,931	2,774	2,823
11	2,934	2,973	2,909	2,812	2,800	2,638	2,769	2,597	2,787	2,602
12	2,764	2,778	2,839	2,821	2,737	2,700	2,589	2,711	2,523	2,715
Total High School	<u>12,084</u>	<u>11,953</u>	<u>11,814</u>	<u>11,559</u>	<u>11,488</u>	<u>11,230</u>	<u>11,321</u>	<u>11,410</u>	<u>11,305</u>	<u>11,343</u>
Special Education	<u>143</u>	<u>128</u>	<u>125</u>	<u>113</u>	<u>119</u>	<u>127</u>	<u>126</u>	<u>122</u>	<u>121</u>	<u>123</u>
Total Enrollment	<u>38,394</u>	<u>38,222</u>	<u>37,868</u>	<u>37,913</u>	<u>37,543</u>	<u>37,448</u>	<u>37,426</u>	<u>37,780</u>	<u>37,826</u>	<u>38,429</u>

Source: Monthly Report on Enrollment at September 30.

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

Harford County Public Schools

Operating Indicators by Function

Fiscal Year	Per Pupil Expenditures ¹		Number of School Bus Riders ²	Food Services ³	
	Dollars	State Rank		Breakfasts Served	Lunches Served
2011	12,504	15	33,992	1,064,341	3,667,354
2012	12,520	14	33,873	1,237,425	3,622,066
2013	12,534	17	33,716	1,303,755	3,504,788
2014	12,443	19	32,760	1,346,713	3,381,641
2015	12,481	20	32,944	1,484,007	3,385,988
2016	12,508	23	32,535	1,517,703	3,296,515
2017	12,770	21	32,421	1,488,108	3,301,809
2018	13,005	20	32,558	1,431,954	3,238,451
2019	13,457	20	32,540	1,405,746	3,244,101
2020	not available		33,248	967,000 ⁴	2,182,334 ⁴

¹ Maryland State Department of Education, Selected Financial Data, Part 3 - Analysis of Costs, Table 2: "Cost per Pupil Belonging* for Current Expenses," for relevant year

² HCPS Department of Transportation

³ HCPS Department of Food and Nutrition Services

⁴ Mandatory school closure determined by State Superintendent of Schools effective March 16, 2020 through end of school year

Harford County Public Schools

Capital Asset Statistics by Function

	Fiscal Year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Instructional Buildings											
Elementary Schools	33	33	33	33	33	33	33	33	33	33	33
Middle Schools ¹	9	9	9	9	9	9	9	9	9	9	9
High Schools ¹	10	10	10	10	10	10	10	10	10	10	10
Special Needs School	1	1	1	1	1	1	1	1	1	1	1
Alternative Education Ctr/Staff Training Ctr	1	1	1	1	1	1	1	1	1	1	1
Harford Glen Environmental Center	1	1	1	1	1	1	1	1	1	1	1
Total	55	55	55	55	55	55	55	55	55	55	55
Support Buildings											
Central Administration Building	1	1	1	1	1	1	1	1	1	1	1
Transportation/Facilities Operations Ctr	1	1	1	1	1	1	1	1	1	1	1
Food Services/Warehouse Facility	1	1	1	1	1	1	1	1	1	1	1
Total	3	3	3	3	3	3	3	3	3	3	3

¹ Two of our facilities are combination Middle and High Schools; Patterson Mill Middle/High School and Havre de Grace Middle/High School. The gross square foot of the facility is divided evenly between the middle and high school in this chart.
 Source: HCPS Planning and Construction Office

Harford County Public Schools

Student Academic Performance 2019 Assessment Results

SAT

	<u>Harford</u>	<u>State</u>	<u>Nation</u>
	<i>Average Score</i>		
Mathematics	554	523	528
Evidence-Based Reading and Writing	548	535	531

High School Assessment (HSA)

Class of 2019

Harford

Percent Passing

Government	94.5%
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Maryland Comprehensive Assessment Program (MCAP)

Met or Exceeded Expectations	<u>Harford</u>	<u>State</u>	<u>Harford</u>	<u>State</u>	<u>Harford</u>	<u>State</u>
	<i>Math</i>		<i>English/Language Arts Literacy</i>		<i>Science***</i>	
Grade 3	53.0%	42.5%	49.7%	41.2%		
Grade 4	45.3%	39.4%	48.0%	43.6%		
Grade 5	46.7%	36.7%	50.2%	43.9%	35.9%	29.1%
Grade 6	38.2%	30.1%	42.7%	41.1%		
Grade 7	27.5%*	26.6%	51.0%	47.3%		
Grade 8	9.4%*	12.5%	45.2%	45.1%	47.5%	37.9%
Grade 10	n/a**	n/a**	48.7%	42.6%		
Algebra 1	38.0%	27.2%	n/a	n/a		

*Middle school students enrolled in Algebra I took the high school MCAP Algebra I assessment and not the grade level MCAP mathematics assessment.

**Students in grade 10 are not assessed in mathematics unless they are enrolled in Algebra I.

***Science is only assessed in grades 5 and 8.

Source: The Office of Accountability

Harford County Public Schools

**Facilities Information
as of June 30, 2020**

	Gross Square Feet	Acres	Year Constructed	Age in Years	Gross Square Feet	Acres	Year Constructed	Age in Years
Central Offices								
102 S. Hickory	73,122	0.77	2005	15	91,229	28.49	1992	28
Hickory Annex	39,930	7.15	various	n/a	65,691	10.00	1961	59
Forest Hill Annex	33,895	5.96	various	n/a	49,748	6.31	1984	36
Woodbridge Center Land	-	19.80	n/a	n/a	85,801	20.51	1994	26
Box Hill South Land	-	17.86	n/a	n/a	52,360	6.46	1931	89
Canopus Hills Land	-	31.15	n/a	n/a	24,237	7.89	1938	82
Harford Glen Environmental Center	31,647	245.23	1804 to 2000	n/a	103,200	20.76	2010	10
John Archer	63,984	15.00	1971	49	44,385	24.69	1941	79
Center for Educational Opportunity	107,087	6.40	1965	55	67,341	36.95	1969	51
High Schools								
1 Aberdeen High	230,134	47.03	2004	16	63,000	22.04	1994	26
2 Bel Air High	262,454	53.17	2009	11	64,722	8.44	2000	20
3 C. Milton Wright High	220,910	60.00	1980	40	68,971	20.03	1997	23
4 Edgewood High	268,354	44.35	2010	10	60,000	23.87	1993	27
5 Fallston High	233,500	62.00	1977	43	56,295	20.01	1968	52
6 Harford Technical High	218,225	55.00	1978	42	63,082	12.73	1943	77
7 Havre de Grace High ¹	125,056	16.24	2020	-	65,085	10.25	1949	71
8 Joppatowne High	184,070	65.16	1972	48	77,958	33.11	1950	70
9 North Harford High	245,238	73.00	1950	70	115,458	36.53	1958	62
10 Patterson Mill High ¹	132,500	39.92	2007	13	61,275	27.44	1962	58
Middle Schools								
11 Aberdeen Middle	196,800	43.83	1973	47	89,985	17.19	1965	55
12 Bel Air Middle	164,900	25.84	1961	59	59,900	17.19	1975	45
13 Edgewood Middle	166,530	34.86	1965	55	69,000	13.26	1959	61
14 Fallston Middle	130,284	34.59	1993	27	37,417	11.54	1967	53
Havre de Grace Middle ¹	125,056	16.24	2020	-	60,221	18.23	1991	29
15 Magnolia Middle	149,100	69.33	1979	41	49,703	20.00	1984	36
Patterson Mill Middle ¹	132,500	39.92	2007	13	75,538	15.00	1973	47
16 North Harford Middle	173,728	40.00	1976	44	100,573	23.67	2011	9
17 Southampton Middle	188,134	35.99	1970	50	59,132	34.26	1990	30
					55,711	13.18	1968	52
					78,126	28.00	1953	67
					112,417	46.00	1964	56
					58,500	15.00	1976	44
					149,694	26.18	2017	3
Total					6,232,892	1,881.00		

¹ Two of our facilities are combination Middle and High Schools, Patterson Mill Middle/High School and Havre de Grace Middle/High School. The gross square foot of the facility is divided evenly between the middle and high school in this chart.

Source: Educational Facilities Master Plan 2017

Harford County Public Schools

Principal Employers in Harford County Current Fiscal Year and Ten Years Ago

	Fiscal Year 2020		
	Number of Employees	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	21,000	1	22.22%
Harford County Public Schools	5,231	2	5.54%
UM Upper Chesapeake Medical Center	3,305	3	3.50%
US Army Research Laboratory (ARL)	2,000	4	2.12%
Harford County Government	1,541	5	1.63%
Klein's ShopRite of Maryland	1,200	6	1.27%
Kohl's E-Fulfillment Center	1,200	7	1.27%
Sephora USA	1,065	8	1.13%
Harford Community College	1,031	9	1.09%
	1,011	10	1.07%
<i>Total</i>	38,584		40.83%
<i>Total County Employment</i>	94,501		100.00%

	Fiscal Year 2011		
	Number of Employees	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	13,984	1	22.25%
Harford County Public Schools	5,478	2	8.72%
Upper Chesapeake Health System	2,720	3	4.33%
Harford County Government	1,579	4	2.51%
Harford Community College	1,219	5	1.94%
Rite Aid Mid-Atlantic Customer Support Center	1,167	6	1.86%
Shop Rite	800	7	1.27%
Jacobs Technology	785	8	1.25%
SAIC	700	9	1.11%
Sephora USA	700	10	1.11%
<i>Total</i>	29,132		46.35%
<i>Total County Employment</i>	62,844		100.00%

Source: Data from the Harford County, Maryland Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020; Table 15, Page 180

Harford County Public Schools

**Outstanding Capital Lease
Direct Debt
as of June 30, 2020**

Fiscal Year	Principal	Interest	Total Debt Service
2021	\$ 597,161	\$ 226,661	\$ 823,822
2022	616,689	207,133	823,822
2023	636,854	186,968	823,822
2024	657,679	166,143	823,822
2025	679,185	144,637	823,822
2026	701,395	122,427	823,822
2027	724,330	99,492	823,822
2028	748,016	75,806	823,822
2029	772,476	51,346	823,822
2030	797,736	26,086	823,822
	<u>\$ 6,931,521</u>	<u>\$ 1,306,699</u>	<u>\$ 8,238,220</u>

Capital lease is for the Administration Building.

The original capital lease was executed in 2005 and refunded in May 2012.

There is no overlapping debt.

Harford County Public Schools

Full-time Equivalent Employees by Function
Fiscal 2011 - 2020

State Category	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	124	126	123	120	120	120	117	117	117	112
Mid-Level - Office of the Principal	281	306	298	294	294	289	290	287	287	264
Mid-Level - Admin & Supervision	76	54	54	56	56	62	62	63	55	54
Instructional Salaries	2,868	2,835	2,781	2,696	2,705	2,675	2,645	2,600	2,565	2,499
Special Education	1,124	1,085	1,070	1,046	1,040	1,044	1,021	1,024	1,004	1,061
Student Services	20	20	20	21	20	25	26	30	21	25
Health Services	71	72	72	72	73	73	72	73	70	70
Transportation	203	211	217	217	217	217	217	188	188	186
Operation of Plant	334	342	345	345	345	337	340	340	338	340
Maintenance of Plant	124	125	126	126	126	125	126	126	128	114
Community Services	1	1	1	1	1	1	1	1	1	2
Totals¹	5,227	5,177	5,107	4,994	4,997	4,968	4,917	4,849	4,774	4,727

Information supplied by HCPS Budget Office from the MSDE Budget Certification Reports.

Data includes employee count from the Unrestricted and Restricted Funds, referred to as the Current Expense Fund.

¹FTE equivalents by state category are rounded to the whole number; totals by year represent the number of FTEs in total and may not equal the sum of each category due to rounding.

Harford County Public Schools

Schedule of Ratio of Total Debt Service to Non Capital Expenditures (accrual basis of accounting)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Principal & Interest	\$ 823,822	\$ 823,822	\$ 246,568	\$ 327,544	\$ 698,803	\$ 823,822	\$ 823,822	\$ 823,822	\$ 823,822	\$ 823,882
Total Expenditures	548,772,658	534,926,033	539,920,427	528,153,229	532,816,898	528,578,856	531,336,264	552,268,371	579,287,488	602,415,169
Less capitalized net activity	26,950,319	8,080,063	8,878,160	6,370,716	13,748,105	15,075,210	5,454,544	8,853,636	19,126,533	32,160,141
Net expenditures	<u>\$521,822,339</u>	<u>\$526,845,970</u>	<u>\$531,042,267</u>	<u>\$521,782,513</u>	<u>\$519,068,793</u>	<u>\$513,503,646</u>	<u>\$525,881,720</u>	<u>\$543,414,735</u>	<u>\$560,160,955</u>	<u>\$570,255,028</u>
Ratio of Principal & Interest to Net Expenditures	0.16%	0.16%	0.05%	0.06%	0.13%	0.16%	0.16%	0.15%	0.15%	0.14%

Harford County Public Schools

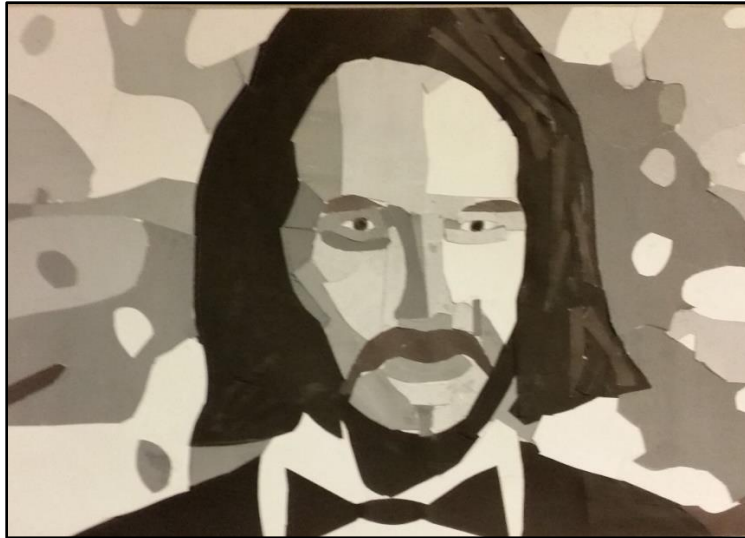
**Schedule of Total Debt Service to Student Enrollment
(accrual basis of accounting)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Principal balance	\$9,972,929	\$10,016,647	\$10,016,647	\$10,016,647	\$9,645,389	\$9,136,971	\$8,611,929	\$8,069,717	\$7,509,774	\$6,931,521
Student Enrollment	38,394	38,222	37,868	37,913	37,543	37,448	37,426	37,780	37,826	38,429
Ratio of Principal Balance to Student	\$ 259.75	\$ 262.06	\$ 264.51	\$ 264.20	\$ 256.92	\$ 243.99	\$ 230.11	\$ 213.60	\$ 198.53	\$ 180.37

Refunded original capital lease May 2012. New capital lease amount \$10,016,647, which included 2% prepayment penalty and three months of accrued interest. Interest-only payments occurred during first two years of new capital lease.

Enrollment Source: Monthly Report on Enrollment at September 30.

Compliance Section



**Alex Ridolfi, Grade 9
Aberdeen High School
Teacher: Ms. Wendy Wahl**



**London Marsh, Grade 5
Church Creek Elementary School
Teacher: Mr. Nathan Getz**



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harford County Public Schools (HCPS), a component unit of Harford County, Maryland, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise HCPS' basic financial statements, and have issued our report thereon dated September 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered HCPS' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HCPS' internal control. Accordingly, we do not express an opinion on the effectiveness of HCPS' internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether HCPS' financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HCPS' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPS' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

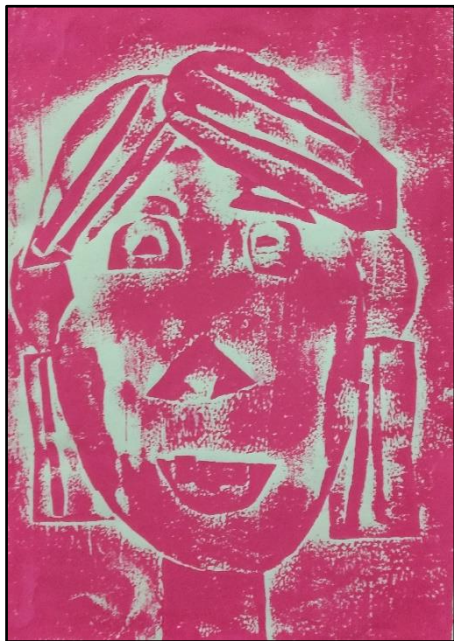


CliftonLarsonAllen LLP

Baltimore, Maryland
September 18, 2020

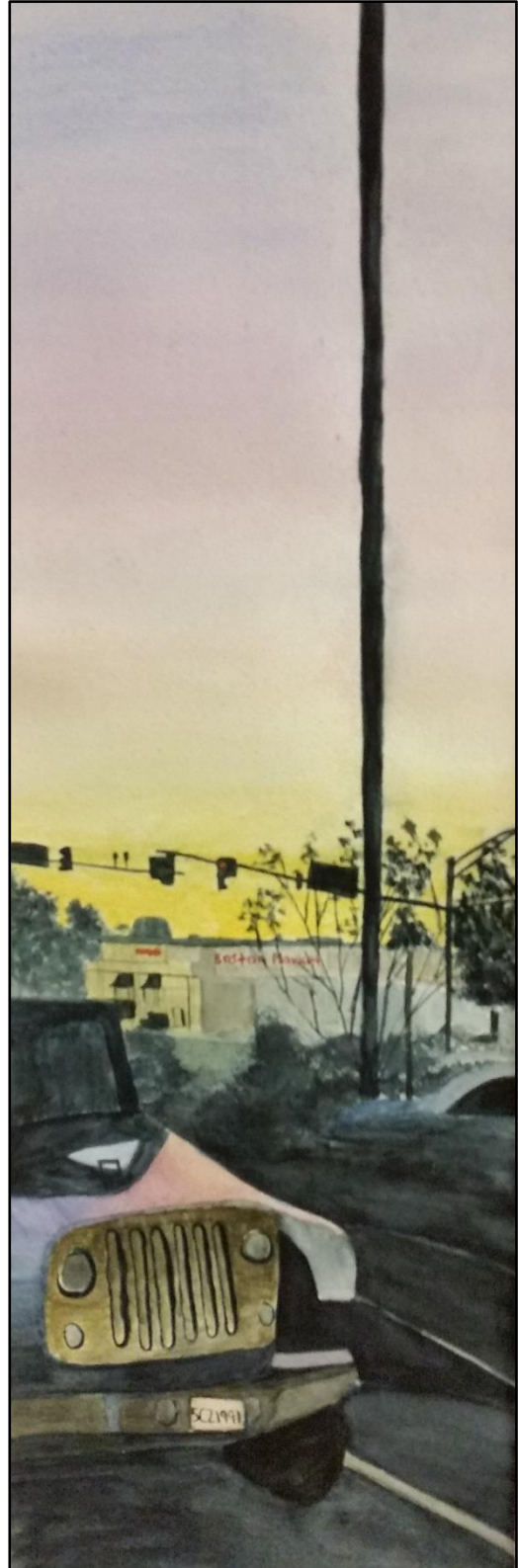


Isabella Riley, Grade 2
Darlington Elementary School
Teacher: Ms. Marilyn Koncewicz



Hailey Humphreys, Grade 3
Churchville Elementary School
Teacher: Ms. Virginia Hoppenstein

Natalie Lohr, Grade 11
C. Milton Wright High School
Teacher: Ms. Carol Dunaway





PERSON; IT'S THE PURPOSE.

Is Your Hair Short?

The Man C. J. Walker Mfg. Co. of New York



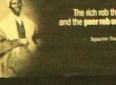
...the first African American to become a millionaire...



...the first African American to become a millionaire...



...the first African American to become a millionaire...



The rich rob the poor and the poor rob one another.

...the first African American to become a millionaire...



...the first African American to become a millionaire...



From a lady a military fashion can totally transform an entire nation.

...the first African American to become a millionaire...



...the first African American to become a millionaire...

Gym Restaurant



HARFORD COUNTY
PUBLIC SCHOOLS

Inspire • Prepare • Achieve