

# Comprehensive Annual Financial Report

For the fiscal year ending June 30, 2021



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

# 2020-2021 Board of Education of Harford County



**Jansen M. Robinson**  
President  
Elected Member  
Councilmanic District A



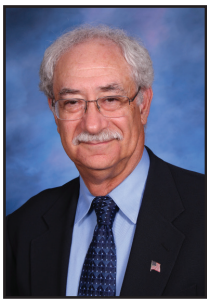
**Rachel Gauthier**  
Vice President  
Councilmanic District E



**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



**Ariane Grubb Kelly**  
Appointed by County Council  
Councilmanic District D



**Sonja Karwacki**  
Elected Member  
Councilmanic District F



**Phoebe Bailey-Probst**  
Student Member



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



# HARFORD COUNTY

## PUBLIC SCHOOLS

.....  
Inspire • Prepare • Achieve

# Comprehensive Annual Financial Report

## For the Fiscal Year ended June 30, 2021

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

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## **Student Contributors for Artwork:**

Student	Grade	School	Page
Jackson Trombley	9	C. Milton Wright High School	1
Daniel Tilghman	10	Aberdeen High School	4
Laura McCall	12	Harford Technical High School	4
Sean Ferbert	4	Red Pump Elementary School	12
Gabriella Shreve	6	Aberdeen Middle School	14
Xavier Romero	K	Hall's Crossroads Elementary School	14
Isabella LePore	5	William Paca Old Post Rd Elementary	27
Althea Velasco	4	Roye Williams Elementary School	32
Annemarie Crum	1	Roye Williams Elementary School	74
Olivia Solomon	2	Emmorton Elementary School	74
Carly Svoboda	11	Bel Air High School	80
Sarah Muller	8	Patterson Mill Middle School	83
Natalie Deitz	3	William S. James Elementary	98
Angela Kim	7	Patterson Mill Middle School	98
Madeline Hauff	9	Bel Air High School	101
Annika Peterson	11	North Harford High School	101



**Jackson Trombley, Grade 9  
C. Milton Wright High School  
Teacher: Ms. Dawn Stone**

# Harford County Public Schools

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# Harford County Public Schools

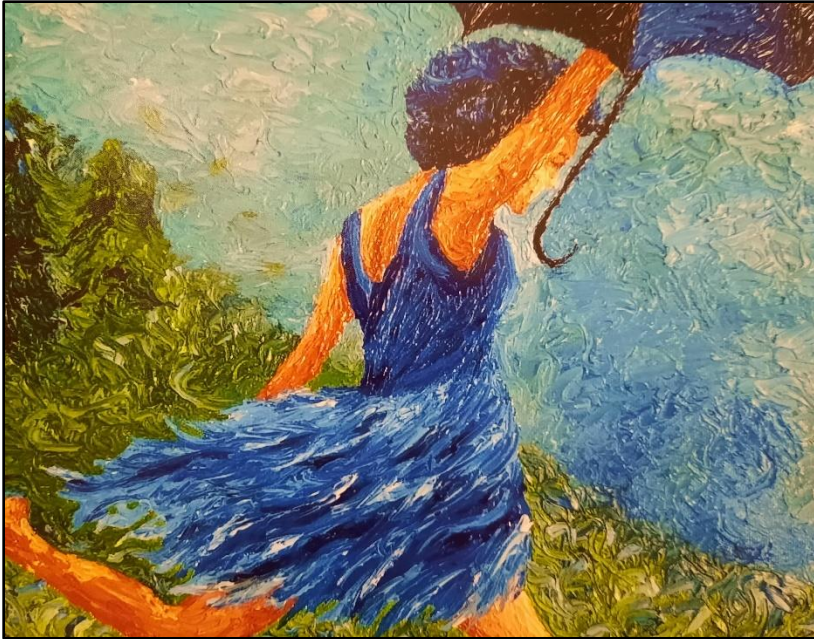
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# Introductory Section

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**Laura McCall , Grade 12  
Harford Technical High School  
Teacher: Ms. Laura Prevas**



**Daniel Tilghman, Grade 10  
Aberdeen High School  
Teacher: Ms. Wendy Wahl**

# 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, 2021, 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
	Ariane G. Kelly	Councilmanic District D	2023
	Sonja Karwacki	Councilmanic District F	2023
	Dr. Joyce Herold	Appointed Member-at-Large	2023
	Dr. Roy Phillips	Appointed Member-at-Large	2023
	Patrice J. Ricciardi	Appointed Member-at-Large	2023
Student member	Phoebe Bailey-Probst	Student Member	2021
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](http://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, 2021

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

**Patrick P. Spicer, Esquire**  
*General Counsel*

**Eric A. Davis**  
*Chief of Administration*

**Benjamin D. Richardson**  
*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*

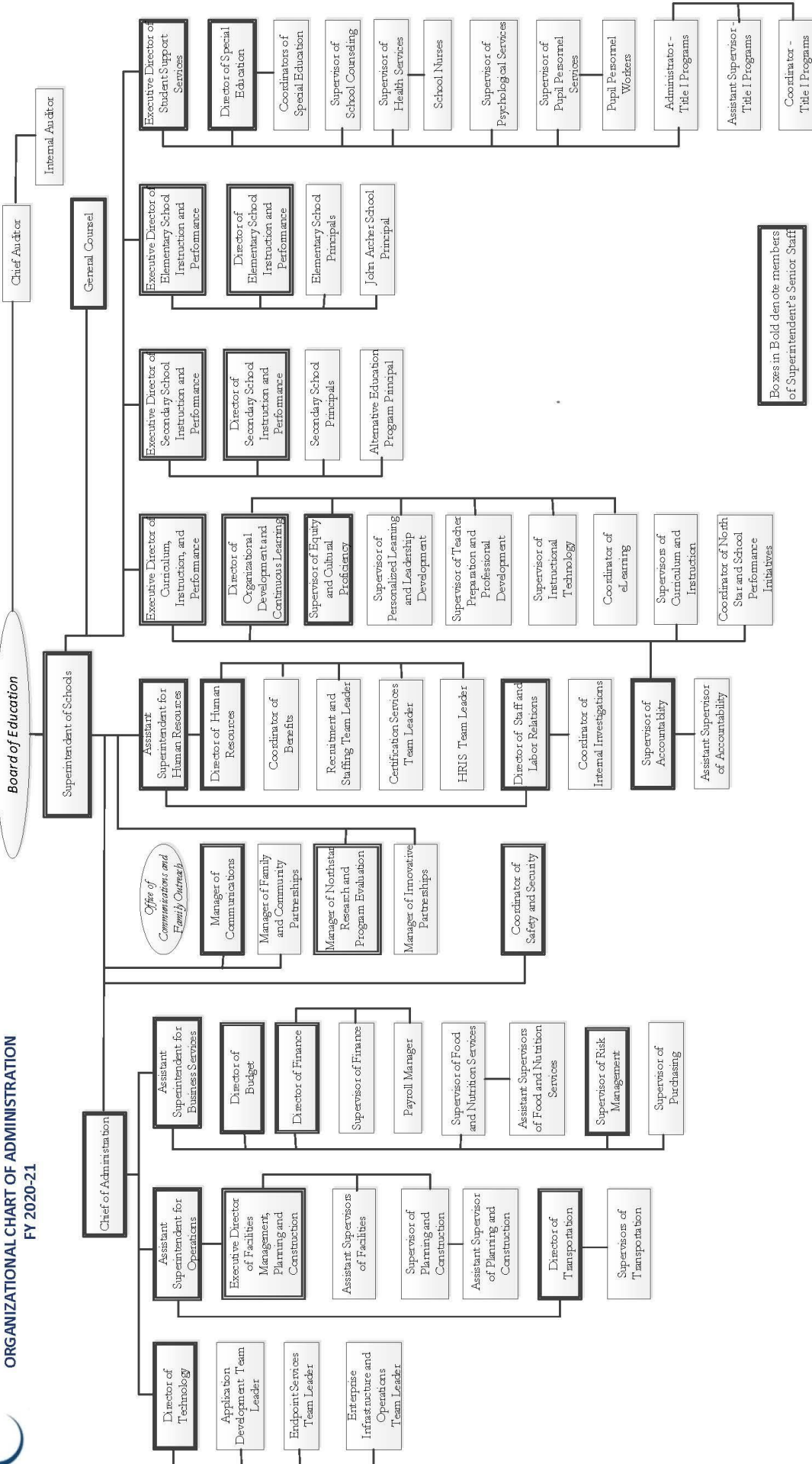
**Susan P. Brown, Ed.D.**  
*Executive Director of Curriculum, Instruction  
and Assessment*

**Michael J. Thatcher**  
*Director of Special Education*



**HARFORD COUNTY PUBLIC SCHOOLS  
ORGANIZATIONAL CHART OF ADMINISTRATION  
FY 2020-21**

*Citizens, Parents, Schools & Community*  
**Board of Education**



Boxes in Bold denote members of Superintendent's Senior Staff

**Business Services**

Deborah L. Judd, CPA  
Assistant Superintendent for Business Services

September 23, 2021

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, 2021.

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, 2021. 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 37,333 students in fiscal 2021. HCPS is the 159th largest school system of the 556 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 size<sup>1</sup>. There are 24 school districts in the State of Maryland and HCPS is ranked 8th in size.<sup>2</sup> The student body will be served by a projected 5,337 FTE faculty and staff positions for fiscal 2022. 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 schools<sup>3</sup> located within the county. The number of students attending private schools is unknown. The 2020 population of Harford County was 260,924<sup>4</sup> based on the April census. According to the U.S. Census Bureau, the school-age population in 2020 was 43,313 of which 33,968 (HCPS enrollment less preschool and prekindergarten), or 78%, 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](http://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*<sup>5</sup>

**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 2021 taxable assessable base resulted in an increase over the fiscal year 2020 assessable base of 2.9%. 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 2021 assessments are for "Group 3" properties and were based on an evaluation of 67,767 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 2022 tax year. For the 2021 assessment, 86.3% of "Group 3" residential properties saw an increase in property value statewide. In Harford County, residential assessments increased by 8.0% and commercial assessments for Group 3

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<sup>1</sup> U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2017, Table 215.10

<sup>2</sup> Maryland State Department of Education, Student Publications, "Maryland Public School Enrollment by Race/Ethnicity and Gender and Number of Schools", September 30, 2020, Table 12

<sup>3</sup> Maryland State Department of Education, Student Publications, "Nonpublic School Enrollment State of Maryland, September 30, 2020," Table 5

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

<sup>5</sup> Excerpts from the Harford County Government Comprehensive Annual Financial Report for the year ended June 30, 2021.

increased by 2.4% since their last assessment in December of 2018. This is the eighth 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 2021 using the modified accrual basis of accounting. The year over year increase for 2018 to 2019, 2019 to 2020, and 2020 to 2021 was 10.7%, 1.8% and 18.2%. Income tax is budgeted at \$268.3 million for fiscal year 2022. The recent growth in income tax revenue is largely due to an improving economy and lower unemployment.

### ***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, ongoing expenses and needs of our students also continue to increase. The federal and state pandemic funds allocated to Harford County Public Schools contribute significantly to resources allocated to our students to help meet their needs. Once the funds are gone, within three fiscal years, HCPS will need to examine ways to reduce costs should it be necessary to continue any of the pandemic-related services to our students. 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.

Requirements within the Blueprint legislation will also affect future funding considerations at both the local and state level.

### ***Blueprint for Maryland's Future***

In 2016, the Maryland General Assembly created the Kirwan Commission on Innovation and Excellence in Education with the charge of making substantive recommendations to the State of Maryland on better preparing students for college or the workforce. From there, the recommendations of this commission were proposed in the form of education reform bills called the 'Blueprint for Maryland's Future Act' (Blueprint). The final recommendations are grouped into five major policy areas: (1) Early Childhood Education; (2) High-quality and Diverse Teachers and Leaders; (3) College and Career Readiness Pathways; (4) More Resources to Ensure All Students Are Successful; and (5) Accountability and Governance.

Funding within the Blueprint builds on the Bridge to Excellence Act of 2002. Foundational funding by the State is maintained with adjustments based on the wealth of the local jurisdiction, along with additional funding provided for economically disadvantaged students, English language learners, and special education students. To ensure increased per pupil funding, the Blueprint specifies the annual target per pupil foundation amounts to be provided each year from FY2023 for the next ten years, and relies on inflation thereafter. Specifically, the target per pupil amount includes costs associated with implementing the Blueprint including the five major policy areas.

According to the Kirwan Commission, the vast majority of money follows the student to the school, and new funds must be spent effectively to improve student outcomes. Ultimately, the Blueprint interweaves funding, accountability, and purposeful mandates to alter the way Maryland school systems plan their budgets, programs, and outcome goals over the next decade. HCPS will continue to monitor this legislation 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, 2020. This was the seventeenth 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.

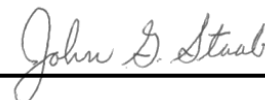
Sincerely,



Sean W. Bulson, Ed.D.  
Superintendent



Deborah L. Judd, CPA  
Assistant Superintendent for  
Business Services



John G. Staab, CPA  
Finance Director



**Sean Ferbert, Grade 4  
Red Pump Elementary School  
Teacher: Ms. Sharon Boyle**



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, 2020

*Christopher P. Morill*

Executive Director/CEO



# Financial Section

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**Gabriella Shreve, Grade 6  
Aberdeen Middle School  
Teacher: Ms. Roslyn Jones**



**Xavier Romero, Kindergarten  
Hall's Crossroads Elementary School  
Teacher: Ms. Colleen DiNunno**



## 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, 2021, 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, 2021, and the respective changes in financial position and, 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.

### ***Emphasis of Matter***

#### ***Change in Accounting Principle***

During fiscal year ended June 30, 2021, the Board adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Board reported a restatement for the change in accounting principle (see Note 11). Our auditors' opinion was not modified with respect to the restatement.

### ***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 71-77 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2021, 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 23, 2021

# Harford County Public Schools

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

**June 30, 2021**

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, 2021. 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 \$506.7 million due mainly to the Net OPEB Liability of \$977.6 million.
- On a budgetary basis, the General Fund unrestricted, unassigned fund balance increased by \$17.7 million to \$26.2 million. See Exhibit 7.
- The final General Fund budget increased by \$40.3 million during the year from the originally adopted budget. The entire increase was within the restricted budget as 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 \$15.4 million, or 2.7%. Expenditures were lower than the final budget by \$53.2 million, or 9.1%. These variances were mainly due to unspent restricted funds that will be carried forward to the fiscal year 2022. The surplus of \$37.7 million is due to the healthcare settlement of \$15.0 received during the fiscal year and to the ongoing savings related to modified operations during the pandemic. Overall, 95.4% of the unrestricted operating budget was spent during the fiscal year. See Exhibit 7.

# Harford County Public Schools

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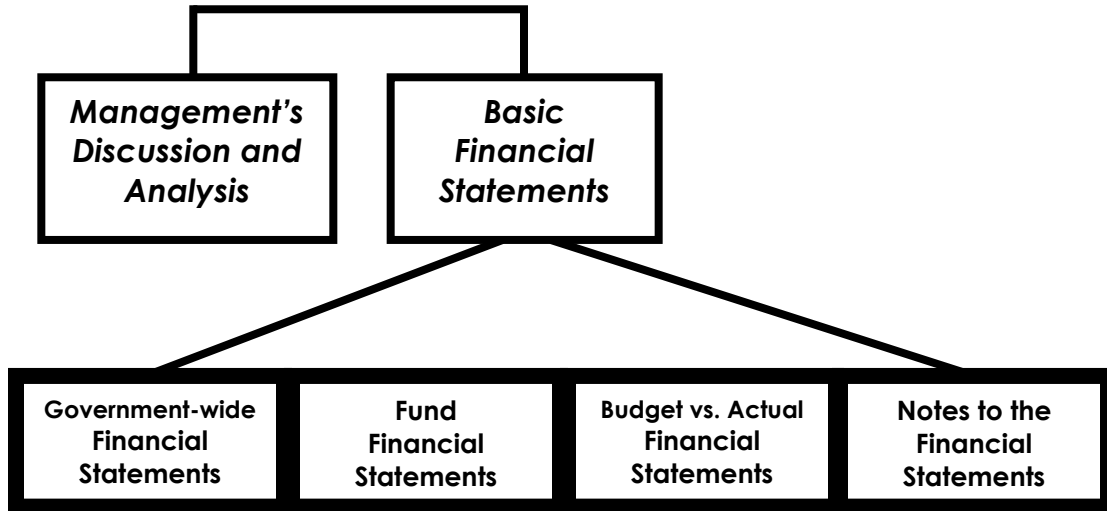
## Management's Discussion and Analysis (MD&A)

June 30, 2021

### 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.

# Harford County Public Schools

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

June 30, 2021

**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 revenues and expenditures, the activity of the self-insurance rate stabilization funds are included in revenues and expenditures, and student activities 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.

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

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

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

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

# Harford County Public Schools

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

June 30, 2021

**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 \$506.7 million due mainly to the Net OPEB Liability of \$977.6 million. Due mainly to the shift in the deferred inflows and outflows related to OPEB, net position increased by \$46.9 million from June 30, 2020 to June 30, 2021, which includes a restatement for the implementation of GASB No. 84 in the amount of \$2.5 million. The unrestricted deficit as of June 30, 2021 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 \$46.1 million due mainly to the excess revenues over expenditures which are due mainly to the savings HCPS realized during the modified operating schedule as a result of the pandemic. Capital Assets increased by \$32.4 million due mainly to the continued construction for Havre de Grace Middle/High School and the limited renovation at Joppatowne High School. The OPEB component of deferred outflows increased by \$206.4 million and deferred inflows increased by \$515.3 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, 2022. Of the total \$35.1 million of accrued compensated absences as of June 30, 2021, \$5.2 million is due within one year. The amount attributable to vacation leave is \$6.4 million and \$28.7 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 \$6.3 million. The remaining long-term liabilities are due to the net pension liability, \$28.7 million, and net OPEB liability, \$977.6 million.



# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2021

HCPS' net position as of June 30, 2021 and 2020, is illustrated in the table below and Exhibit 1.

<b>Harford County Public Schools Net Position</b>				
	<u>June 30, 2021</u>	<u>June 30, 2020*</u>	<u>\$ Change</u>	<u>% Change</u>
<b>ASSETS</b>				
Current assets	\$ 95,628,236	\$ 49,544,458	\$ 46,083,778	93.02%
Capital assets, net	720,922,616	688,554,146	32,368,470	4.70%
Total assets	<u>816,550,852</u>	<u>738,098,604</u>	<u>78,452,248</u>	<u>10.63%</u>
Deferred outflows related to OPEB	654,465,000	448,045,000	206,420,000	46.07%
Deferred outflows related to pensions	7,530,701	6,401,743	1,128,958	17.64%
Total deferred outflows	661,995,701	454,446,743	207,548,958	45.67%
<b>LIABILITIES</b>				
Current and other liabilities	23,294,548	22,660,664	633,884	2.80%
Noncurrent liabilities	1,041,946,659	1,319,442,075	(277,495,416)	-21.03%
Total liabilities	<u>1,065,241,207</u>	<u>1,342,102,739</u>	<u>(276,861,532)</u>	<u>-20.63%</u>
Deferred inflows related to OPEB	917,306,000	402,032,000	515,274,000	128.17%
Deferred inflows related to pensions	2,651,728	4,475,120	(1,823,392)	-40.75%
Total deferred inflows	919,957,728	406,507,120	513,450,608	126.31%
<b>NET POSITION</b>				
Net investment in capital assets	709,605,475	675,955,926	33,649,549	4.98%
Restricted	3,302,330	1,311,644	1,990,686	151.77%
Unrestricted	(1,219,560,187)	(1,233,332,082)	13,771,895	-1.12%
Total net position	<u>\$ (506,652,382)</u>	<u>\$ (556,064,512)</u>	<u>\$ 49,412,130</u>	<u>-8.89%</u>

\*The amounts for June 30, 2020 have not been restated for the implementation of GASB No. 84.

Results of operations for HCPS, as a whole, are presented in Exhibit 2, the Statement of Activities. Approximately \$630.6 million in expenses are reported. To the extent possible, revenue directly attributed to the function or program is reported against the appropriate expense. Included in such revenues are charges for services and grants. \$454.6 million in expenses 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 expenses produced a net loss for this program.

The following table summarizes the government-wide cost of services for each program or function. About 90.6% of the total cost of services are directly related to students' instruction and welfare. Of the remaining 9.4%, or \$59.4 million, \$58.7 million is used for the direct

# Harford County Public Schools

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

June 30, 2021

administration of schools and instructional support. It is important to note that in this report format, costs for employee benefits and depreciation on fixed assets are allocated to the appropriate program or function.

### Harford County Public Schools Statement of Activities

	<u>June 30, 2021</u>	<u>Total Cost of Services</u>	<u>% Net Cost to Total</u>
Instruction	\$ 440,022,993	\$ 270,780,703	61.54%
Pupil personnel	4,707,986	3,139,282	66.68%
Health services	7,567,284	7,409,088	97.91%
Pupil transportation	36,584,079	20,792,259	56.83%
Operation and maintenance of plant	69,300,569	52,038,633	75.09%
Food services	11,583,088	(1,345,775)	-11.62%
Student activities	1,426,255	1,426,255	100.00%
All others	59,364,578	53,438,550	90.02%
Total	<u>\$ 630,556,832</u>	<u>\$ 407,678,995</u>	<u>64.65%</u>
All others			
Administration	\$ 16,845,448	\$ 14,658,782	87.02%
Mid-level administration	41,840,856	38,379,676	91.73%
Community services	387,158	108,976	28.15%
Interest on debt	226,661	226,661	100.00%
Depreciation - unallocated	64,455	64,455	100.00%
Total	<u>\$ 59,364,578</u>	<u>\$ 53,438,550</u>	<u>90.02%</u>

Total revenues increased by \$61.8 million, or approximately 10.0%, over the prior year, as shown in the following table. Increases in both operating and capital grants and contributions and local appropriations as well as the healthcare settlement in miscellaneous revenues represent the majority of the increase. Investment earnings decreased due to falling interest rates. As a result of the implementation of GASB 84 on 7/1/2020 student activity revenues and expenses are reflected in the general fund as opposed to the agency fund, as in years past. 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 \$28.5 million, or -4.3%, due almost entirely to significantly modified operations as a result of the pandemic.

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2021

### Harford County Public Schools Change in Net Position

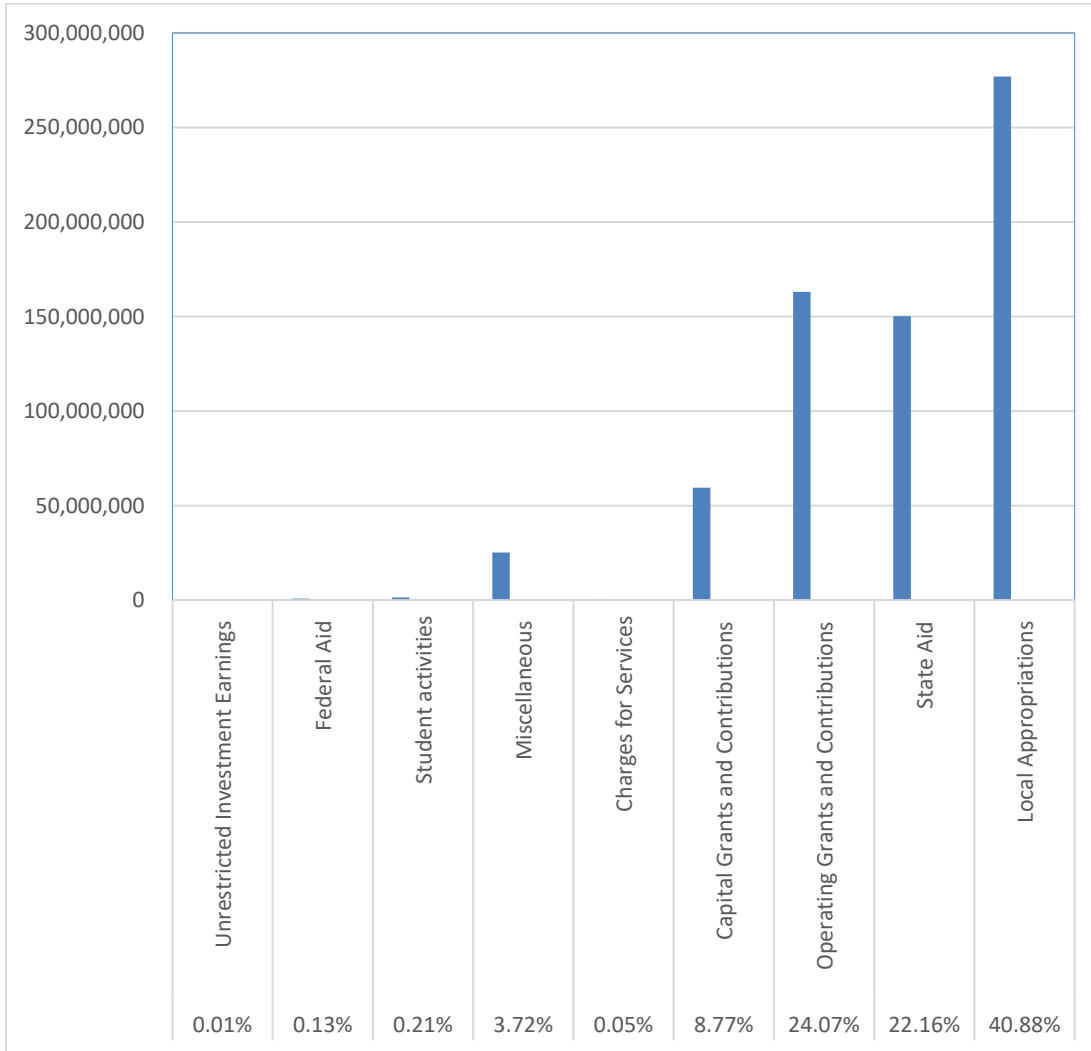
	<u>June 30, 2021</u>	<u>June 30, 2020*</u>	<u>% Change</u>
<b>Revenues</b>			
Program:			
Charges for services	\$ 340,096	\$ 7,175,788	-95.26%
Operating grants and contributions	163,092,289	145,235,567	12.30%
Capital grants and contributions	59,445,452	55,004,253	8.07%
Local appropriations	276,927,778	256,465,645	7.98%
State aid	150,152,434	145,571,263	3.15%
Federal aid	852,961	472,218	80.63%
Student activities	1,412,090	-	n/a
Miscellaneous	25,177,695	5,165,569	387.41%
Investment earnings	46,713	494,043	-90.54%
Total revenues	<u>677,447,508</u>	<u>615,584,346</u>	<u>10.05%</u>
<b>Expenses</b>			
Instruction	440,022,993	448,055,155	-1.79%
Support services:			
Administration	16,845,448	17,816,868	-5.45%
Mid-level administration	41,840,856	44,235,265	-5.41%
Pupil personnel services	4,707,986	4,849,425	-2.92%
Health services	7,567,284	8,242,148	-8.19%
Pupil transportation	36,584,079	42,250,989	-13.41%
Operation of plant	44,644,940	48,824,224	-8.56%
Maintenance of plant and equipment	24,655,629	24,604,620	0.21%
Community services	387,158	864,883	-55.24%
Food services	11,583,088	19,067,898	-39.25%
Student activities	1,426,255	-	n/a
Interest on long-term debt	226,661	245,570	-7.70%
Depreciation - unallocated	64,455	74,580	-13.58%
Total expenses	<u>630,556,832</u>	<u>659,131,625</u>	<u>-4.34%</u>
<b>Change in Net Position</b>	46,890,676	(43,547,279)	-207.68%
Net position - beginning of year, as restated	<u>(553,543,058)</u>	<u>(512,517,233)</u>	<u>8.00%</u>
<b>Net position - end of year</b>	<u>\$ (506,652,382)</u>	<u>\$ (556,064,512)</u>	<u>-8.89%</u>

\* The June 30, 2020 amounts have not been restated for the impact of GASB No. 84.

# Harford County Public Schools

Management's Discussion and Analysis (MD&A)  
June 30, 2021

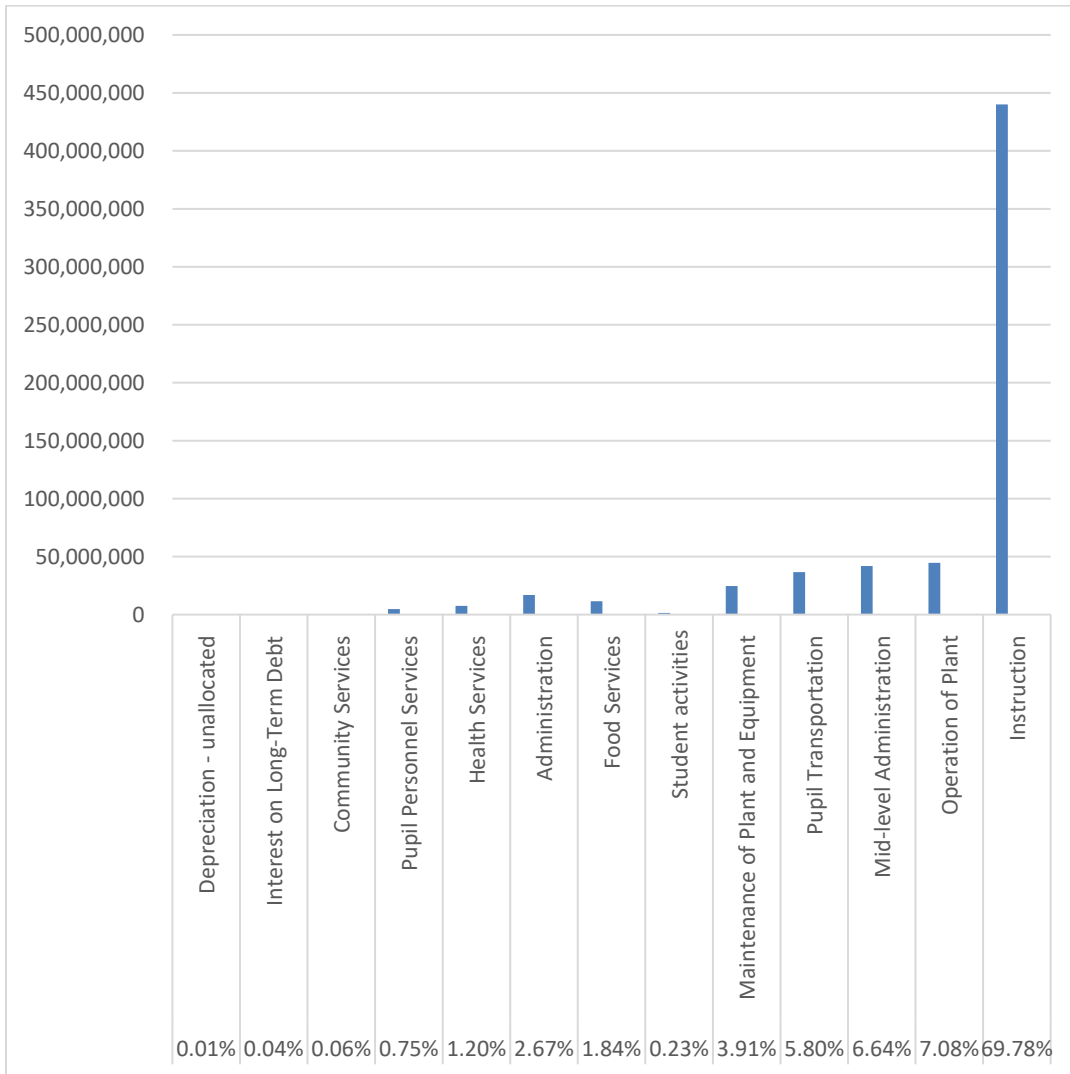
## Sources of Revenues for Fiscal Year Ended June 30, 2021



# Harford County Public Schools

Management's Discussion and Analysis (MD&A)  
June 30, 2021

## Expenses for Fiscal Year Ended June 30, 2021



# Harford County Public Schools

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

June 30, 2021

### 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 Special Revenue Fund, food services revenues shifted to federal sources due to reimbursements for all students qualifying for free lunch and breakfast throughout the year. In the Capital Projects Fund, revenues from local sources decreased by \$5.2 million and increased from state sources by \$9.0 million. The decrease in local funding is mainly due to the completion of the Havre de Grace Middle/High School project. The increase in state funding is due mainly to the beginning of the Joppatowne High School limited renovation project.



**Isabella LePore, Grade 5**  
**William Paca Old Post Road Elementary School**  
**Teacher: Ms. Amy Hadaway**

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2021

### 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, 2021	June 30, 2020*	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020*
<b>Revenues</b>								
Intergovernmental Revenues								
Local Sources	\$ 276,927,778	\$ 256,465,645	\$ -	\$ -	\$ 43,408,506	\$ 48,581,604	\$ 320,336,284	\$ 305,047,249
State Sources	246,673,712	240,021,553	402,720	451,886	15,189,255	6,163,376	262,265,687	246,636,815
Special State and Federal Programs	47,814,435	35,314,556	-	-	-	-	47,814,435	35,314,556
Federal Sources	852,961	472,218	12,484,083	8,913,369	-	-	13,337,044	9,385,587
Earnings on Investments	46,713	494,043	-	20,774	-	-	46,713	514,817
Charges for Services	-	-	19,701	5,459,807	-	-	19,701	5,459,807
Student activities	1,412,090	-	-	-	-	-	1,412,090	-
Miscellaneous Revenues	25,498,090	6,881,550	22,359	128,165	847,691	259,273	26,368,140	7,268,988
Total revenues	<u>599,225,779</u>	<u>539,649,565</u>	<u>12,928,863</u>	<u>14,974,001</u>	<u>59,445,452</u>	<u>55,004,253</u>	<u>671,600,094</u>	<u>609,627,819</u>
<b>Expenditures</b>								
Administration	10,967,020	10,523,714	-	-	-	-	10,967,020	10,523,714
Mid-Level Administration	27,365,783	25,176,845	-	-	-	-	27,365,783	25,176,845
Instructional Salaries	180,349,499	167,556,251	-	-	-	-	180,349,499	167,556,251
Instructional Textbooks & Materials	5,410,670	5,659,390	-	-	-	-	5,410,670	5,659,390
Other Instructional Costs	1,924,843	2,576,163	-	-	-	-	1,924,843	2,576,163
Special Education	49,045,239	46,187,980	-	-	-	-	49,045,239	46,187,980
Student Personnel Services	2,187,303	2,072,125	-	-	-	-	2,187,303	2,072,125
Health services	4,053,925	4,050,210	-	-	-	-	4,053,925	4,050,210
Pupil transportation	27,042,971	30,513,794	-	-	-	-	27,042,971	30,513,794
Operation of plant	26,778,347	25,640,040	-	-	-	-	26,778,347	25,640,040
Maintenance of plant and equipment	14,021,569	12,298,111	-	-	-	-	14,021,569	12,298,111
Fixed Charges	158,678,527	161,468,922	-	-	-	-	158,678,527	161,468,922
Community services	77,911	433,493	-	-	-	-	77,911	433,493
Special State & Federal Programs	47,814,435	35,314,556	-	-	-	-	47,814,435	35,314,556
Costs of Operations -Food Services	-	-	10,851,587	16,829,630	-	-	10,851,587	16,829,630
Student activities	1,426,255	-	-	-	-	-	1,426,255	-
Capital Outlay	2,820	11,489	-	-	59,532,042	55,278,633	59,534,862	55,290,122
Debt Service								
Capital Lease - principal	597,161	578,253	-	-	-	-	597,161	578,253
Capital Lease - interest	226,661	245,570	-	-	-	-	226,661	245,570
Total expenditures	<u>557,970,939</u>	<u>530,306,906</u>	<u>10,851,587</u>	<u>16,829,630</u>	<u>59,532,042</u>	<u>55,278,633</u>	<u>628,354,568</u>	<u>602,415,169</u>
Excess (deficiency) of revenues over expenditures	<u>41,254,840</u>	<u>9,342,659</u>	<u>2,077,276</u>	<u>(1,855,629)</u>	<u>(86,590)</u>	<u>(274,380)</u>	<u>43,245,526</u>	<u>7,212,650</u>
Fund Balances - beginning of year, as restated	32,347,395	20,483,282	994,251	2,849,880	317,393	591,773	33,659,039	23,781,302
Fund Balances - end of year	<u>\$ 73,602,235</u>	<u>\$ 29,825,941</u>	<u>\$ 3,071,527</u>	<u>\$ 994,251</u>	<u>\$ 230,803</u>	<u>\$ 317,393</u>	<u>\$ 76,904,565</u>	<u>\$ 30,993,952</u>

\* The June 30, 2020 amounts have not been restated for the implementation of GASB No. 84.

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2021

### General Fund Budget and Actual (Exhibit 7)

Budget changes made to the original budget during the fiscal year totaled \$40.3 million, or 7.4%. \$38 million of this change was directly related to restricted pandemic-related funds. Additionally, there were \$2.7 million in carry-over funds related to Medical Assistance.

### 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>
<b>REVENUE</b>					
Local	\$ 276,927,778	\$ -	\$ -	\$ -	\$ 276,927,778
State	218,939,837	-	-	-	218,939,837
Federal	420,000	-	-	-	420,000
Special state and federal	38,990,856	40,334,588	-	40,334,588	79,325,444
Earnings on investments	420,000	-	-	-	420,000
Other Sources	4,685,000	-	-	-	4,685,000
Prior year's fund balance	2,000,000	-	-	-	2,000,000
Total revenues	<u>\$ 542,383,471</u>	<u>\$ 40,334,588</u>	<u>\$ -</u>	<u>\$ 40,334,588</u>	<u>\$ 582,718,059</u>
<b>EXPENDITURES</b>					
Administration	\$ 12,133,394	\$ 827,365	\$ -	\$ 827,365	\$ 12,960,759
Mid-Level Administration	28,262,308	266,852	-	266,852	28,529,160
Instructional Salaries	187,262,900	11,345,695	-	11,345,695	198,608,595
Textbooks	9,113,896	5,815,177	-	5,815,177	14,929,073
Other Instructional Costs	5,193,006	11,787,805	-	11,787,805	16,980,811
Special Education	68,450,511	4,125,528	-	4,125,528	72,576,039
Student Personnel Services	2,981,977	576,531	-	576,531	3,558,508
Student Health Services	4,425,084	568,520	-	568,520	4,993,604
Student Transportation	35,263,108	2,127	-	2,127	35,265,235
Operation of Plant	28,399,456	984,626	-	984,626	29,384,082
Maintenance of Plant	14,346,081	-	-	-	14,346,081
Fixed Charges	144,787,757	4,046,434	-	4,046,434	148,834,191
Community Services	940,216	-	(6,997)	(6,997)	933,219
Capital Outlay	823,777	-	(5,075)	(5,075)	818,702
Total expenditures	<u>\$ 542,383,471</u>	<u>\$ 40,346,660</u>	<u>\$ (12,072)</u>	<u>\$ 40,334,588</u>	<u>\$ 582,718,059</u>



# Harford County Public Schools

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

June 30, 2021

It is critical for the reader to understand that local and state revenues account for 98.5% 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 revenues include items such as tuition, facility rental, rebates, Medicare Part D receipts, healthcare settlements, rebates and dividends from MABE's insurance programs. Major receipts in other revenues specifically include the following: \$1.6 million in Medicare Part D receipts, \$15.7 million in healthcare settlements, \$0.3 million in tuition and fees, and \$1.1 million in other miscellaneous revenue, including rebates.

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

As of June 30, 2021, HCPS had approximately \$1,034.3 million invested in a broad range of capital assets including land (1,881 acres), buildings (6.2 million square feet), improvements, furniture, vehicles and other equipment. Capital assets increased approximately \$52.8 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, 2021	June 30, 2020	\$ Change	% Change
Land	\$ 9,672,942	\$ 9,672,942	\$ -	0.00%
Construction in progress	128,044,332	85,819,612	42,224,720	49.20%
School properties	841,877,153	836,805,723	5,071,430	0.61%
Furniture, fixtures and equipment	54,735,491	49,252,631	5,482,860	11.13%
Total Capital Assets	<u>\$ 1,034,329,918</u>	<u>\$ 981,550,908</u>	<u>\$ 52,779,010</u>	<u>5.38%</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 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

# Harford County Public Schools

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

**June 30, 2021**

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 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.

HCPS has made several policy changes with respect to benefits provided to retirees. 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. HCPS annually budgets an amount to fund the OPEB Trust. 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 moved to a Medicare Advantage Plan which will continue to result in savings both for the employee and the school system.

### **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;
- the potential funding cliff as federal stimulus funds diminish over the next three fiscal years;
- uncertain enrollment figures as families continue to make different decisions during the pandemic;
- uncertain capital funding from the state and local governments which provide funding for renovations and additions to existing schools, 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;

# Harford County Public Schools

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

June 30, 2021

- continued effects of the pandemic on the community and being able to meet the changing needs of our students;
- 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.

### 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.



**Althea Velasco, Grade 4**  
**Roye Williams Elementary School**  
**Teacher: Ms. Faith Price**

## Harford County Public Schools

### STATEMENT OF NET POSITION JUNE 30, 2021

#### Governmental Activities

#### ASSETS

Cash and cash equivalents	\$ 15,151,264
Investments	40,338,286
Due from other units of government	21,707,706
Other receivables	17,734,521
Inventory	696,459
Capital assets not being depreciated:	
Land	9,672,942
Construction in progress	128,044,332
Capital assets, net of accumulated depreciation:	
Buildings and improvements	570,411,210
Furniture and equipment	12,794,132
Total assets	<u>816,550,852</u>

#### DEFERRED OUTFLOWS

Deferred outflows related to OPEB	654,465,000
Deferred outflows related to pensions	7,530,701
Total deferred outflows	<u>661,995,701</u>

#### LIABILITIES

Accounts payable	12,056,634
Accrued salaries and wages	564,887
Payroll taxes payable	464,346
Unearned revenue	4,379,218
Noncurrent liabilities:	
Due within one year	5,829,463
Due in more than one year	1,041,946,659
Total liabilities	<u>1,065,241,207</u>

#### DEFERRED INFLOWS

Deferred inflows related to OPEB	917,306,000
Deferred inflows related to pensions	2,651,728
Total deferred inflows	<u>919,957,728</u>

#### NET POSITION

Net investment in capital assets	709,605,475
Restricted for:	
Food services	3,071,527
Capital projects	230,803
Unrestricted	(1,219,560,187)
Total net position	<u>\$ (506,652,382)</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, 2021**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expenses) Revenue and Changes in Net Position</b>	
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>		<b>Capital Grants and Contributions</b>
<b>Governmental activities:</b>					
<b>Instruction:</b>					
Regular education	\$ 333,645,530	\$ 293,555	\$ 88,568,274	\$ 40,403,481	\$ (204,380,220)
Special education	106,377,463	-	39,976,980	-	(66,400,483)
Total instruction	<u>440,022,993</u>	<u>293,555</u>	<u>128,545,254</u>	<u>40,403,481</u>	<u>(270,780,703)</u>
<b>Support services</b>					
Administration	16,845,448	-	1,627,589	559,077	(14,658,782)
Mid-level administration	41,840,856	-	3,461,180	-	(38,379,676)
Pupil personnel services	4,707,986	-	1,568,704	-	(3,139,282)
Health services	7,567,284	-	158,196	-	(7,409,088)
Pupil transportation	36,584,079	-	14,497,339	1,294,481	(20,792,259)
Operation of plant	44,644,940	-	10,994	392,252	(44,241,694)
Maintenance of plant and equipment	24,655,629	-	62,529	16,796,161	(7,796,939)
Community services	387,158	26,840	251,342	-	(108,976)
Food services	11,583,088	19,701	12,909,162	-	1,345,775
Student activities	1,426,255	-	-	-	(1,426,255)
Interest on long-term debt	226,661	-	-	-	(226,661)
Depreciation - unallocated	64,455	-	-	-	(64,455)
Total support services	<u>190,533,839</u>	<u>46,541</u>	<u>34,547,035</u>	<u>19,041,971</u>	<u>(136,898,292)</u>
Total governmental activities	<u>\$ 630,556,832</u>	<u>\$ 340,096</u>	<u>\$ 163,092,289</u>	<u>\$ 59,445,452</u>	<u>(407,678,995)</u>
<b>General revenues:</b>					
Local aid not restricted to specific purposes					276,927,778
State aid not restricted to specific purposes					150,152,434
Federal aid not restricted to specific purposes					852,961
Student activities					1,412,090
Miscellaneous					25,177,695
Investment earnings					46,713
Total general revenues					<u>454,569,671</u>
Change in net position					46,890,676
Net position - beginning of year, as restated					<u>(553,543,058)</u>
Net position - end of year					<u>\$ (506,652,382)</u>

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

## Harford County Public Schools

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,565,496	\$ 585,768	\$ -	\$ 15,151,264
Investments	40,338,286	-	-	40,338,286
Due from other units of government	9,506,780	895,427	11,305,499	21,707,706
Other receivables	17,697,534	36,987	-	17,734,521
Due from other funds	2,004,552	1,698,968	-	3,703,520
Inventory	133,238	563,221	-	696,459
<b>Total assets</b>	<u>\$ 84,245,886</u>	<u>\$ 3,780,371</u>	<u>\$ 11,305,499</u>	<u>\$ 99,331,756</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,657,217	\$ 214,835	\$ 7,184,582	\$ 12,056,634
Accrued salaries and wages	564,887	-	-	564,887
Payroll taxes payable	464,346	-	-	464,346
Due to other funds	-	-	3,703,520	3,703,520
Unearned revenue	3,698,615	494,009	186,594	4,379,218
Compensated absences payable	1,258,586	-	-	1,258,586
<b>Total liabilities</b>	<u>10,643,651</u>	<u>708,844</u>	<u>11,074,696</u>	<u>22,427,191</u>
<b>FUND BALANCES</b>				
Non-spendable	133,238	563,221	-	696,459
Restricted	-	2,508,306	230,803	2,739,109
Assigned	53,626,535	-	-	53,626,535
Unassigned	19,842,462	-	-	19,842,462
<b>Total fund balances</b>	<u>73,602,235</u>	<u>3,071,527</u>	<u>230,803</u>	<u>76,904,565</u>
<b>Total liabilities and fund balances</b>	<u>\$ 84,245,886</u>	<u>\$ 3,780,371</u>	<u>\$ 11,305,499</u>	<u>\$ 99,331,756</u>

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

**Harford County Public Schools**

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**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2021**

Total fund balances - governmental funds (Exhibit 3)	\$ 76,904,565
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 \$1,034,329,918 and the accumulated depreciation is \$313,407,302.	720,922,616
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 (\$33,797,812), an obligation under capital lease (\$6,334,360), net OPEB liability (\$977,649,000) and net pension liability (\$28,736,364).	(1,046,517,536)
Deferred outflows related to OPEB.	654,465,000
Deferred outflows related to pensions.	7,530,701
Deferred inflows related to OPEB.	(917,306,000)
Deferred inflows related to pensions.	<u>(2,651,728)</u>
<b>Total net position - governmental activities (Exhibit 1)</b>	<b><u><u>\$ (506,652,382)</u></u></b>

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, 2021**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Intergovernmental revenues:				
Local sources	\$ 276,927,778	\$ -	\$ 43,408,506	\$ 320,336,284
State sources	246,673,712	402,720	15,189,255	262,265,687
Special state and federal programs	47,814,435	-	-	47,814,435
Federal sources	852,961	12,484,083	-	13,337,044
Earnings on investments	46,713	-	-	46,713
Charges for services	-	19,701	-	19,701
Student activities	1,412,090	-	-	1,412,090
Miscellaneous	25,498,090	22,359	847,691	26,368,140
<b>Total revenues</b>	<u>599,225,779</u>	<u>12,928,863</u>	<u>59,445,452</u>	<u>671,600,094</u>
<b>Expenditures</b>				
Current:				
Administrative services	10,967,020	-	-	10,967,020
Mid-level administrative services	27,365,783	-	-	27,365,783
Instructional salaries	180,349,499	-	-	180,349,499
Instructional textbooks and supplies	5,410,670	-	-	5,410,670
Other instructional costs	1,924,843	-	-	1,924,843
Special education	49,045,239	-	-	49,045,239
Student personnel services	2,187,303	-	-	2,187,303
Health services	4,053,925	-	-	4,053,925
Pupil transportation services	27,042,971	-	-	27,042,971
Operation of plant	26,778,347	-	-	26,778,347
Maintenance of plant and equipment	14,021,569	-	-	14,021,569
Fixed charges	158,678,527	-	-	158,678,527
Community services	77,911	-	-	77,911
Special state and federal programs	47,814,435	-	-	47,814,435
Costs of operation - food services	-	10,851,587	-	10,851,587
Student activities	1,426,255	-	-	1,426,255
Capital outlay	2,820	-	59,532,042	59,534,862
Debt service:				
Capital lease - principal	597,161	-	-	597,161
Capital lease - interest	226,661	-	-	226,661
<b>Total expenditures</b>	<u>557,970,939</u>	<u>10,851,587</u>	<u>59,532,042</u>	<u>628,354,568</u>
Excess (deficiency) of revenues over expenditures	41,254,840	2,077,276	(86,590)	43,245,526
Fund balances - beginning of year, as restated	32,347,395	994,251	317,393	33,659,039
<b>Fund balances - end of year</b>	<u>\$ 73,602,235</u>	<u>\$ 3,071,527</u>	<u>\$ 230,803</u>	<u>\$ 76,904,565</u>

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



**Harford County Public Schools**

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**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Total net change in fund balances - governmental funds (Exhibit 5)	\$ 43,245,526
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 (\$53,719,660) exceeds depreciation expense (\$21,351,190).	32,368,470
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 \$597,161.	597,161
In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year) This year, vacation and sick leave earned exceeded the amounts used by \$1,073,598.	(1,073,598)
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.	(28,467,000)
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.	220,117
<b>Change in net position of governmental activities (Exhibit 2)</b>	\$ 46,890,676

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

Harford County Public Schools

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	Unrestricted				Restricted			
	Original Budget	Final Budget	Actual (non-GAAP)	Variance - Positive (Negative)	Original Budget	Final Budget	Actual (non-GAAP)	Variance - Positive (Negative)
<b>Revenues</b>								
Intergovernmental revenues:								
Local	\$ 276,927,778	\$ 276,927,778	\$ 276,927,778	\$ -	\$ -	\$ -	\$ -	\$ -
State	218,939,837	218,939,837	219,125,080	185,243	-	-	-	-
Federal	420,000	420,000	852,961	432,961	-	-	-	-
Special state and federal	-	-	-	-	38,990,856	79,325,444	49,435,852	(29,889,592)
Earnings on investments	420,000	420,000	20,505	(399,495)	-	-	-	-
Other sources	4,685,000	4,685,000	18,910,408	14,225,408	-	-	-	-
Prior year fund balance	2,000,000	2,000,000	2,000,000	-	-	-	-	-
<b>Total revenues</b>	<u>\$ 503,392,615</u>	<u>\$ 503,392,615</u>	<u>\$ 517,836,732</u>	<u>\$ 14,444,117</u>	<u>\$ 38,990,856</u>	<u>\$ 79,325,444</u>	<u>\$ 49,435,852</u>	<u>\$ (29,889,592)</u>
<b>Expenditures</b>								
Current:								
Administrative services	\$ 11,485,806	\$ 11,485,806	\$ 11,011,707	\$ 474,099	\$ 647,588	\$ 1,474,953	\$ 582,147	\$ 892,806
Mid-level administration	27,809,169	27,809,169	27,320,770	488,399	453,139	719,991	508,135	211,856
Instructional salaries	181,139,788	181,139,788	180,349,499	790,289	6,123,112	17,468,807	7,591,703	9,877,104
Instructional textbooks and supplies	7,290,542	7,290,542	5,582,435	1,708,107	1,823,354	7,638,531	5,331,003	2,307,528
Other instructional costs	3,553,237	3,553,237	2,039,998	1,513,239	1,639,769	13,427,574	9,056,183	4,371,391
Special education	49,235,965	49,235,965	49,034,781	201,184	19,214,546	23,340,074	17,118,309	6,221,765
Student personnel services	2,270,081	2,270,081	2,194,646	75,435	711,896	1,288,427	980,428	307,999
Student health services	4,316,000	4,316,000	3,985,709	330,291	109,084	677,604	99,308	578,296
Student transportation	35,056,382	35,056,382	26,783,964	8,272,418	206,726	208,853	96,981	111,872
Operation of plant	28,373,082	28,373,082	26,374,185	1,998,897	26,374	1,011,000	10,994	1,000,006
Maintenance of plant	14,346,081	14,346,081	13,361,178	984,903	-	-	-	-
Fixed charges	137,339,017	137,339,017	131,371,556	5,967,461	7,448,740	11,495,174	7,670,041	3,825,133
Community services	551,803	551,803	77,911	473,892	388,413	381,416	212,259	169,157
Capital outlay	625,662	625,662	599,981	25,681	198,115	193,040	178,361	14,679
<b>Total expenditures</b>	<u>\$ 503,392,615</u>	<u>\$ 503,392,615</u>	<u>\$ 480,088,320</u>	<u>\$ 23,304,295</u>	<u>\$ 38,990,856</u>	<u>\$ 79,325,444</u>	<u>\$ 49,435,852</u>	<u>\$ 29,889,592</u>
Excess of revenues over expenditures			37,748,412					
Total fund balance - beginning of year			13,716,622					
Prior year fund balance recognized as revenue above			(2,000,000)					
Total fund balance - end of year			49,465,034					
Fund balance -end of year - nonspendable			(133,238)					
- assigned			(26,189,500)					
<b>Fund balance - end of year - unassigned</b>			<u>\$ 23,142,296</u>					

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, 2021**

	<u>Retiree Health Plan Trust</u>
<b>Assets</b>	
Investments held in MABE Trust	\$ 74,727,986
<b>Total assets</b>	<u>74,727,986</u>
 Liabilities	 <u>-</u>
<b>Total liabilities</b>	 <u>-</u>
 <b>Net position restricted for OPEB</b>	 <u><u>\$ 74,727,986</u></u>

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

**Harford County Public Schools**

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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Retiree Health Plan Trust</u>
<b>Additions</b>	
Contributions	\$ 26,954,000
Investment earnings	
Net increase in fair value of investments	14,446,939
Less custodial fees	<u>(184,968)</u>
Net investment results	<u>14,261,971</u>
<b>Total additions</b>	<u>41,215,971</u>
<b>Deductions</b>	
Benefit payments	25,454,000
Administrative expenses	<u>13,388</u>
<b>Total deductions</b>	<u>25,467,388</u>
<b>Change in net position</b>	15,748,583
Net position - beginning of year	<u>58,979,403</u>
<b>Net position - end of year</b>	<u><u>\$ 74,727,986</u></u>

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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
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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 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, 2021**  
.....

**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.

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, 2021**  
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**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

*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.

**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.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Assets, Liabilities and Net Position or Equity (continued)**

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, 2021. 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 cost. 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.

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.



**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Assets, Liabilities and Net Position or Equity (continued)**

Compensated Absences

As of June 30, 2021, annual and sick leave earned, applicable to governmental fund types, but not taken by Board employees, was \$35,056,398. This amount is based on vested accumulated leave as of June 30, 2021, 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 \$1,258,586 was made in the General Fund for the year ended June 30, 2021. This amount was an estimate of the accumulated annual and sick leave which is due and payable as of June 30, 2021 as it will be paid to retirees during the first month of the fiscal year ending June 30, 2022. The remaining liability for accumulated annual and sick leave earned in the amount of \$33,797,812 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.

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.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Assets, Liabilities and Net Position or Equity (continued)**

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. When both restricted and unrestricted resources are available for use, it is the Board’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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. 84 Fiduciary Activities. The impact of the adoption of this standard is discussed in Note 11.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
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**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. Revenue and expenditures from student activities are not budgeted and therefore are excluded. 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, 2021**  
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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, the inclusion of revenues and expenditures of student activities 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 \$918,611 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, 2021**

**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)	\$ 567,272,584
Prior year fund balance	(2,000,000)
Revenues adjusted by restricted encumbrances of expenditure driven grants	(1,621,417)
Pension contributions made directly by the State of Maryland	27,548,632
Interest earned on rate stabilization deposit	26,208
Student activities	1,412,090
Changes in value of rate stabilization fund	6,587,682
<b>Revenues (GAAP basis)</b>	<b><u><u>\$ 599,225,779</u></u></b>
Expenditures (non-GAAP budgetary basis - unrestricted and restricted)	\$ 529,524,172
Net effect of encumbrances	(528,120)
Pension contributions made directly by the State of Maryland	27,548,632
Student activities	1,426,255
<b>Expenditures (GAAP basis)</b>	<b><u><u>\$ 557,970,939</u></u></b>

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

Unassigned Fund Balance (non-GAAP budgetary basis)	\$ 23,142,296
Cumulative effect of:	
Revenues adjusted by encumbrances of expenditure driven grants	(3,299,834)
<b>Unassigned fund balance (GAAP basis)</b>	<b><u><u>\$ 19,842,462</u></u></b>

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

Assigned Fund Balance (non-GAAP budgetary basis)	\$ 26,189,500
Encumbrances	7,412,222
Rate stabilization fund balance	17,517,524
Student activities	2,507,289
<b>Assigned Fund Balance (GAAP basis)</b>	<b><u><u>\$ 53,626,535</u></u></b>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 3 – CASH AND INVESTMENTS**

**Cash on Hand**

At year end, cash on hand for petty cash and change funds was \$177.

**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, 2021, 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, 2021, the carrying amount of the Board’s deposits was \$15,151,087 and the bank balance was \$16,699,070.

**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, 2021, the Board's investment balances were as follows:

	<b>Total Governmental Funds</b>	<b>Total Fiduciary Funds</b>	<b>Total</b>
Maryland Local Government Investment Pool	\$ 40,338,286	\$ -	\$ 40,338,286
MABE Trust	-	74,727,986	74,727,986
<b>Total Investments</b>	<b>\$ 40,338,286</b>	<b>\$ 74,727,986</b>	<b>\$ 115,066,272</b>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

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**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, 2021, complied with the Board’s investment policy as of that date.

Investment income includes the following for the year ended June 30, 2021:

Net interest and dividends	\$ 46,713
Less: Restricted net investment income	-
<b>Total Net Investment Income Per Statement of Activities</b>	<u><u>\$ 46,713</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, 2021, 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, 2021**

**NOTE 3 – CASH AND INVESTMENTS** (continued)

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

Cash on hand	\$ 177
Carrying amount of deposits	15,151,087
Carrying amount of investments	115,066,272
Total cash and investments	130,217,536
Less: Amounts in fiduciary funds	74,727,986
<b>Total Cash and Investments per Statement of Net Position</b>	<b>\$ 55,489,550</b>
Cash and cash equivalents	\$ 15,151,264
Investments	40,338,286
<b>Total Cash and Investments per Statement of Net Position</b>	<b>\$ 55,489,550</b>

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, 2021, the pooled net position of the MABE Trust was \$589,129,491 in total, of which the Board’s allocated investment balance was \$74,727,986. 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**  
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**NOTE 4 - CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>June 30, 2021</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets:				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in progress	85,819,612	45,392,071	(3,167,351)	128,044,332
Total nondepreciable capital assets	<u>95,492,554</u>	<u>45,392,071</u>	<u>(3,167,351)</u>	<u>137,717,274</u>
Depreciable capital assets:				
Land improvements	19,421,838	532,078	-	19,953,916
Buildings	817,383,885	1,396,901	3,142,451	821,923,237
Furniture and equipment	49,252,631	6,398,610	(915,750)	54,735,491
Total depreciable capital assets	<u>886,058,354</u>	<u>8,327,589</u>	<u>2,226,701</u>	<u>896,612,644</u>
Less accumulated depreciation for:				
Land improvements	10,524,369	856,902	-	11,381,271
Buildings	241,933,321	18,151,351	-	260,084,672
Furniture and equipment	40,539,072	2,342,937	(940,650)	41,941,359
Total accumulated depreciation	<u>292,996,762</u>	<u>21,351,190</u>	<u>(940,650)</u>	<u>313,407,302</u>
Total depreciable capital assets, net	<u>593,061,592</u>	<u>(13,023,601)</u>	<u>3,167,351</u>	<u>583,205,342</u>
<b>Governmental activities, capital assets, net</b>	<u>\$688,554,146</u>	<u>\$ 32,368,470</u>	<u>\$ -</u>	<u>\$ 720,922,616</u>

Depreciation expense for the year ended June 30, 2021, was charged to governmental functions on the Statement of Activities as follows:

Depreciation not allocated to specific functions	\$ 64,455
Administration	269,171
Instruction	10,745,641
Special education	5,257
Transportation	771,287
Operations	3,638,088
Maintenance	5,719,674
Food Service	137,617
<b>Total</b>	<u>\$ 21,351,190</u>

**HARFORD COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2021**

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**NOTE 4 - CAPITAL ASSETS** (continued)

The Board has active school construction projects as of June 30, 2021, as follows:

Project:	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bel Air Middle Roof	\$ 16,132	\$ 3,935,409
George D. Lisby Elementary HVAC	6,718,347	456,343
Havre de Grace High School	87,845,098	2,568,370
Joppatowne High	20,682,721	14,192,592
Joppatowne High PA System	16,796	15,672
North Bend Elementary Central Plant and Fire Alarm	1,785,843	43,894
Roye Williams Elementary HVAC	10,979,395	55,068
<b>Total</b>	<u>\$128,044,332</u>	<u>\$ 21,267,348</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, 2021**

**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2021, was as follows:

	<b>Balance as of</b>			<b>Balance as of</b>	<b>Due</b>
	<b>July 1, 2020</b>	<b>Increases</b>	<b>Reductions</b>	<b>June 30, 2021</b>	<b>Within</b>
					<b>One Year</b>
Capital lease	\$ 6,931,521	\$ -	\$ 597,161	\$ 6,334,360	\$ 616,688
Compensated absences	33,597,843	6,651,373	5,192,818	35,056,398	5,212,775
Net OPEB liability	1,258,036,000	-	280,387,000	977,649,000	-
Net pension liability	26,004,131	2,732,233	-	28,736,364	-
<b>Total Governmental Activities</b>	<b>\$ 1,324,569,495</b>	<b>\$ 9,383,606</b>	<b>\$ 286,176,979</b>	<b>\$ 1,047,776,122</b>	<b>\$ 5,829,463</b>

Compensated absences and net pension liability have typically been liquidated by the General Fund in prior years. The net OPEB liability 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	3,364,242
<b>Net Book Value</b>	<b>\$ 7,488,153</b>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 823,822
2023	823,822
2024	823,822
2025	823,822
2026	823,822
2027 - 2030	3,295,288
Total minimum lease payments	7,414,398
Less: amount representing interest	1,080,038
<b>Present value of minimum lease payments</b>	<b>\$ 6,334,360</b>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

**NOTE 6 - FUND BALANCE**

Fund balance as of June 30, 2021, consisted of the following:

	<u>General Fund</u>	<u>Food Services Fund</u>	<u>Capital Projects Fund</u>
Non-spendable for:			
Inventory	\$ 133,238	\$ 563,221	\$ -
Total non-spendable	<u>133,238</u>	<u>563,221</u>	<u>-</u>
Restricted for:			
Food Services	-	2,508,306	-
Capital Projects	-	-	230,803
Total restricted	<u>-</u>	<u>2,508,306</u>	<u>230,803</u>
Assigned to:			
Encumbrances:			
Contracted Services	2,090,219	-	-
Supplies and materials	1,852,652	-	-
Other charges	157,860	-	-
Equipment and other	3,311,491	-	-
Total encumbrances	<u>7,412,222</u>	<u>-</u>	<u>-</u>
Fiscal year 2022 expenditures	2,989,500	-	-
Fiscal year 2022 transfer to capital projects fund	17,000,000	-	-
Rate stabilization	17,517,524	-	-
Student activities	2,507,289	-	-
Emergency fuel reserve	1,000,000	-	-
Future transfer to food services fund	1,200,000	-	-
Future lease payments for devices	4,000,000	-	-
Total assigned	<u>53,626,535</u>	<u>-</u>	<u>-</u>
Unassigned	<u>19,842,462</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u><u>\$ 73,602,235</u></u>	<u><u>\$ 3,071,527</u></u>	<u><u>\$ 230,803</u></u>

Non-spendable fund balance reports resources that cannot be spent because of their form or due to legal or contractual requirements. Restricted fund balance reports amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state or local legislation. Restrictions may be changed only with the consent of the resource providers. 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, 2021. 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

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**NOTE 6 – FUND BALANCE** (continued)

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 for the General Fund since they do not constitute expenditures or liabilities. For Special Revenue and Capital Projects Funds encumbrances outstanding are reported as part of the restricted fund balance since those resources will be used to liquidate the outstanding encumbrances. Unassigned fund balance represents the 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 restricted, committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of restricted funds, followed by 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 [2020\\_msmps\\_cafr-web\\_final.pdf \(maryland.gov\)](https://www.maryland.gov/2020_msmps_cafr-web_final.pdf).

*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.

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**NOTE 7 - PENSION PLANS** (continued)

**General Information about the Pension Plan** (continued)

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 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

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**NOTE 7 - PENSION PLANS** (continued)

**General Information about the Pension Plan** (continued)

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.

*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, 2021, was approximately \$3.0 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 \$3.0 million for the year ended June 30, 2021.

*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, 2021, was approximately \$27.5 million. The Board's contractually required contribution rate for TPS for the year ended June 30, 2021, was approximately \$10.8 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).

**HARFORD COUNTY PUBLIC SCHOOLS**  
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**NOTE 7 - PENSION PLANS** (continued)

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

As of June 30, 2021, the Board reported a liability of approximately \$28.7 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2020, 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, 2021, the Board's proportion for ERS was 0.13%, which was substantially the same as its proportion measured as of June 30, 2020. For the year ended June 30, 2021, the Board recognized pension expense for ERS of approximately \$3.2 million. As of June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Board contributions subsequent to measurement date	\$3,049,206	\$ -
Changes in actuarial assumptions	115,936	556,557
Differences in expected vs. actual experience	-	913,906
Net difference between projected and actual earnings on pension plan investments	2,157,401	-
Changes in proportion	2,195,329	1,179,668
Changes in proportionate share of contributions	12,829	1,597
<b>Total</b>	<b><u>\$7,530,701</u></b>	<b><u>\$2,651,728</u></b>

The \$3,049,206 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, 2022.



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**NOTE 7 - PENSION PLANS** (continued)

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, 2021:

<b>Year Ending June 30,</b>	<b>Amortization of Pension Expense</b>
2022	\$ (290,223)
2023	604,503
2024	898,962
2025	603,479
2026	13,046
Total	<u>\$ 1,829,767</u>

As of June 30, 2021, the State of Maryland’s proportionate share of the TPS net pension liability associated with the Board is approximately \$299,559,332. The TPS net pension liability was measured as of June 30, 2020, 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.

For the year ended June 30, 2021, the Board recognized pension expense of \$27.5 million and revenue of \$27.5 million in the General Fund for support provided by the State. In the Statement of Activities, the Board recognized pension expense of \$33.4 million and revenue of \$33.4 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.

*Actuarial Assumptions*

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% General, 3.10% Wage
Salary Increases	3.10% to 11.60%, Including Inflation
Investment Rate of Return	7.40%

Mortality rates were based on Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale.

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**NOTE 7 - PENSION PLANS** (continued)

The economic and demographic actuarial assumptions used in the June 30, 2020 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2015-2019, after completion of the June 30, 2019 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2019. As a result, an investment return assumption of 7.40% and an inflation assumption of 2.60% were used in the June 30, 2020 valuation.

*Rate of Return*

The long-term expected rate of return on pension 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System’s investment consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation, these best estimates are summarized in the following table:

Asset Class:	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Public Equity	37%	5.20%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.30%
Credit Opportunity	9%	2.8%
Real Assets	14%	4.3%
Absolute Return	8%	1.8%
Total	<u>100%</u>	

The above was the System’s Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2020.

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 3.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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**NOTE 7 - PENSION PLANS (continued)**

*Discount Rate*

The single discount rate used to measure the total pension liability was 7.40%. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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 \$28,736,364. 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 \$40,910,866 or 1-percentage-point higher (8.40%) is \$18,596,146.

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately-issued MSRPS financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.sra.maryland.gov/annual-financial-reports>.

**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

**HARFORD COUNTY PUBLIC SCHOOLS**  
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**NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (continued)**

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 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, 2021, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	3,001
Inactive plan members entitled to but not yet receiving benefit payments	119
Active plan members	4,836
<b>Total plan members</b>	<b><u>7,956</u></b>

*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, 2021 was \$25,541,597.

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

*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, 2021 was \$1,360,444.

*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, 2021 was \$51,959.

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, 2021, were as follows:

Total OPEB liability	\$1,052,377,000
Plan fiduciary net position	74,728,000
Board's net OPEB liability	<u>\$ 977,649,000</u>

Plan fiduciary net position as a percentage of the total OPEB liability 7.10%

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

Change in the Net OPEB Liability of the Board for the year ended June 30, 2021 was as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balance as of June 30, 2020</b>	<u>\$1,317,015,000</u>	<u>\$ 58,979,000</u>	<u>\$ 1,258,036,000</u>
<b>Changes for the year:</b>			
Service cost	40,146,000	-	40,146,000
Interest	56,875,000	-	56,875,000
Differences between expected and actual experience	(650,070,000)	-	(650,070,000)
Changes of assumptions	313,865,000	-	313,865,000
Benefit payments	(25,454,000)	(25,454,000)	-
Contributions from the employer	-	26,954,000	(26,954,000)
Net investment income	-	14,262,000	(14,262,000)
Administrative expense	-	(13,000)	13,000
<b>Net changes</b>	<u>(264,638,000)</u>	<u>15,749,000</u>	<u>(280,387,000)</u>
<b>Balance as of June 30, 2021</b>	<u><u>\$1,052,377,000</u></u>	<u><u>\$ 74,728,000</u></u>	<u><u>\$ 977,649,000</u></u>

*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.

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

Significant valuation methods and assumptions are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry age normal cost method
Asset Valuation Method	Fair value
Actuarial Assumptions:	
Discount Rate	2.16%
Expected Return on Assets	5.70%
Salary Increases	5.00%
General Inflation	2.10%
Healthcare Cost Trend Rates:	
Medical and prescription - pre-65	6.86% initial year and 4.50% final year of valuation (not applicable to Life)
Medical and prescription - post-65	2.05% initial year and 4.50% final year of valuation (not applicable to Life)
Dental	5.00%
Mortality Rates:	
Active Participants	Pub-2010, "Teachers" Classification, Healthy Annuitant Mortality Table, projected using Scale MP-2018, sex-distinct
Current Retirees	Pub-2010, "Teachers" Classification, Healthy Annuitant Mortality Table, projected using Scale MP-2018, sex-distinct, 105% Male and 110% Female
Surviving Spouses	Pub-2010, "Teachers" Classification, Survivor Beneficiary Mortality Table, projected using Scale MP-2018, sex-distinct, 105% Male and 110% Female

The financial accounting valuation reflects the following assumption changes

The discount rate decreased from 4.23% as of June 30, 2020 to 2.16% as of June 30, 2021.

The expected rate of return on assets decreased from 6.50% as of June 30, 2020 to 5.70% as of June 30, 2021.

General inflation decreased from 2.50% to 2.10%.

A change is assumed medical trend rates to reflect the most recently available information.

Updated assumed medical claims rates to reflect the most recently available information.

Additionally, the financial accounting valuation reflects the following assumption changes based on the Maryland State Retirement and Pension System - Maryland Municipal Corporations report as of June 30, 2020:

Scaling factors/multipliers were added to the current retiree and surviving spouse mortality tables: 105% Male and 110% Female.

Scaling factors/multipliers were added to the current disable retiree mortality tables: 105% Male and 113% Female.

The actuarial value of assets was determined using fair value of assets. The trust is assumed to earn 5.70% interest and contributions are assumed to be made in the middle of the year.

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

**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, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	54.77%
Fixed Income	38.93%
Cash	6.30%
Total	<u>100.00%</u>

*Rate of Return*

For the year ended June 30, 2021, the total rate of return, net of investment expense, was 24.16%. 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, 2021, (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	4.72%
Fixed Income	1.60%
Cash	-0.02%



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

*Discount Rate*

The discount rate used to measure the Board’s total OPEB liability was 2.16% at the end of the measurement period as of June 30, 2021. 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 amounts based on projected pay-go amounts. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB plan’s fiduciary net position was not projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB Plan investments was not applied to all periods of projected benefit payments to determine the total OPEB liability. As such the index rate of 2.16% 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, 2021 was used to arrive at the discount rate.

*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 (1.16%) or 1-percentage-point higher (3.16%) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>1.16%</u></b>	<b><u>2.16</u></b>	<b><u>3.16</u></b>
Net OPEB liability	\$ 1,192,509,000	\$ 977,649,000	\$ 809,898,000

*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 or 1 percentage-point higher than the current healthcare cost trend rates:

	<b><u>1% Decrease</u></b>	<b><u>Trend Rate</u></b>	<b><u>1% Increase</u></b>
Net OPEB liability	\$ 789,691,000	\$ 977,949,000	\$ 1,230,923,000

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

.....

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

**Deferred Outflows/Inflows**

The following table illustrates deferred inflows and outflows as of June 30, 2021 under GASB 75:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences in expected vs. actual experience	\$129,717,000	\$580,463,000
Net difference between projected and actual earnings on OPEB Trust investments	-	7,765,000
Changes in actuarial assumptions	<u>524,748,000</u>	<u>329,078,000</u>
<b>Total</b>	<u><u>\$ 654,465,000</u></u>	<u><u>\$ 917,306,000</u></u>

**Amortization of Deferred Inflows/Outflows**

<b>Year Ending June 30,</b>	<b>Amortization</b>
<u>2022</u>	\$ (37,743,000)
2023	(37,666,000)
2024	(37,609,000)
2025	(37,856,000)
2026	(35,777,000)
Total thereafter	<u>(76,190,000)</u>
Total	<u><u>\$ (262,841,000)</u></u>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**  
 .....

**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 \$1,278,305 for the year ended June 30, 2021.

The future minimum lease payments related to operating leases as of June 30, 2021 were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 1,105,571
2023	1,105,571
2024	1,105,571
2025	1,105,571
2026	1,105,571
2027 - 2030	4,422,284
Total minimum lease payments	<u>\$ 9,950,139</u>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2021**

.....

**NOTE 11 - RESTATEMENT**

The Board adopted GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements by eliminating fiduciary activities from presentation in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The fiduciary activities are instead reported in the governmental fund financial statements and as governmental activities in the government-wide financial statements. Below are the restatements to reflect this change.

Exhibit 2 - Statement of Activities

	Governmental Activities
Net position - beginning of year, as previously reported	\$ (556,064,512)
Change in principle - implementation of GASB 84	2,521,454
Net position - beginning of year, as restated	<u>\$ (553,543,058)</u>

Exhibit 5 - Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

	General Fund	Total Governmental Funds
Fund balances - beginning of year, as previously reported	\$ 29,825,941	\$ 31,137,585
Change in principle - implementation of GASB 84	2,521,454	2,521,454
Fund balances - beginning of year, as restated	<u>\$ 32,347,395</u>	<u>\$ 33,659,039</u>

## Required Supplementary Information

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**Olivia Solomon, Grade 2**  
**Emmorton Elementary School**  
**Teacher: Ms. Carolyn Wolf**



**Annemarie Crum, Grade 1**  
**Roye Williams Elementary School**  
**Teacher: Ms. Faith Price**

**HARFORD COUNTY PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR OTHER POST-EMPLOYMENT BENEFITS PLAN  
June 30, 2021**

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

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total OPEB liability</b>										
Service cost	\$ 40,146	\$ 38,997	\$ 57,082	\$ 33,423	\$ 32,230					
Interest	56,875	64,540	57,234	36,491	30,624					
Changes of benefit terms	(650,070)	768	185,569	(37,372)	7,859					
Differences between expected and actual experience	313,865	(84,364)	(376,837)	429,422	(135,516)					
Changes of assumptions	(25,454)	(33,549)	(28,251)	(23,812)	(24,085)					
Benefit payments	(264,638)	(13,608)	(105,203)	438,152	(88,888)					
<b>Net change in total OPEB liability</b>	1,317,015	1,330,623	1,435,826	997,674	1,086,562					
<b>Total OPEB liability—beginning</b>	\$ 1,052,377	\$ 1,317,015	\$ 1,330,623	\$ 1,435,826	\$ 997,674					
<b>Total OPEB liability—ending (a)</b>										

Information for FYE 2016 and earlier is not available

<b>Plan fiduciary net position</b>										
Contributions—employer	\$ 26,954	\$ 34,367	\$ 29,612	\$ 25,248	\$ 27,139					
Net investment income	14,262	2,415	3,631	3,416	4,551					
Benefit payments	(25,454)	(33,549)	(28,251)	(23,812)	(24,085)					
Administrative expense	(13)	(14)	(13)	(14)	(1,605)					
<b>Net change in plan fiduciary net position</b>	15,749	3,219	4,979	4,838	6,000					
<b>Plan fiduciary net position—beginning</b>	\$ 58,979	\$ 55,760	\$ 50,781	\$ 45,943	\$ 39,943					
<b>Plan fiduciary net position—ending (b)</b>	\$ 74,728	\$ 58,979	\$ 55,760	\$ 50,781	\$ 45,943					
<b>Board's net OPEB liability—ending (a) - (b)</b>	\$ 977,649	\$ 1,258,036	\$ 1,274,863	\$ 1,385,045	\$ 951,731					
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	7.10%	4.48%	4.19%	3.54%	4.61%					
<b>Covered employee payroll</b>	\$ 311,247	\$ 294,313	\$ 290,813	\$ 281,948	\$ 272,319					
<b>Board's net OPEB liability as a percentage of covered employee payroll</b>	314.11%	427.45%	438.38%	491.24%	349.49%					

**HARFORD COUNTY PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR PENSIONS  
 June 30, 2021**

Schedule of Investment Returns  
 Last 10 Fiscal Years

	<u>2021</u>	<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>
Annual money-weighted rate of return, net of investment	24.16%	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, 2021**

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Employees' Retirement and Pension System:</b>										
Board's proportion of the net pension liability	0.127144400%	0.126076900%	0.118008600%	0.108879200%	0.1117237200%	0.127132200%	0.116983900%			
Board's proportionate share of the net pension liability	\$ 28,736,364	\$ 26,004,130	\$ 24,760,092	\$ 23,543,713	\$ 27,660,977	\$ 26,420,243	\$ 20,760,817			
Board's covered payroll	\$ 29,432,878	\$ 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	97.63%	89.40%	89.04%	85.81%	102.23%	95.13%	75.15%			
Plan fiduciary net position as a percentage of the total pension liability	66.29%	67.80%	68.36%	66.71%	62.97%	66.26%	69.53%			
<b>Teacher's Retirement and Pension System:</b>										
Board's proportion of the net pension liability	0.0%	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	\$ 299,559,332	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061	\$ 222,273,040			
Total	\$ 299,559,332	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061	\$ 222,273,040			
Board's covered payroll	\$ 264,880,159	\$ 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%	0.00%			
Plan fiduciary net position as a percentage of the total pension liability	73.84%	75.42%	73.35%	71.41%	67.95%	70.76%	69.53%			

Information for FYE 2014 and earlier is not available



**HARFORD COUNTY PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR PENSIONS  
 June 30, 2021**

**Schedule of Contributions  
 Last 10 Fiscal Years**

**Employees' Retirement and Pension System**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 3,049,206	\$ 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
Contributions in relation to the contractually required contribution	(3,049,206)	(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)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 30,130,490	\$ 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
Contributions as a percentage of covered payroll	10.12%	9.26%	8.90%	8.46%	8.08%	8.44%	9.65%	9.87%	8.94%	10.77%

**Teachers Retirement and Pension System**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 10,728,740	\$ 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)	(10,728,740)	(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	\$281,116,864	\$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
Contributions as a percentage of covered payroll	3.82%	4.05%	3.96%	3.99%	3.86%	4.32%	3.82%	2.94%	2.24%	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, 2021**

**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 2020

**NOTE 2 - CHANGES IN ASSUMPTIONS**

- Inflation assumptions changed as follows:
  - 6/30/2020 2.60%
  - 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:
  - 6/30/2020 7.40%
  - 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***

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**Carly Svoboda , Grade 11  
Bel Air High School  
Teacher: Ms. Rebecca Will**

## 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, 2021**

	<u>Budget</u>	<u>Actual</u>	Variance - Positive (Negative)
<b>Revenues</b>			
Cafeteria sales	\$ 7,950,609	\$ 19,701	\$ (7,930,908)
<u>Federal Aid</u>			
School Lunch Program	6,044,717	-	(6,044,717)
School Breakfast Program	2,206,240	-	(2,206,240)
Summer Food Program	692,936	9,646,033	8,953,097
Fresh Fruits and Vegetables Program	-	2,587	2,587
Child and Adult Care Food Program	-	10,579	10,579
U.S.D.A. Commodities	1,148,140	918,611	(229,529)
State Administrative Expenses for Child Nutrition	-	8,425	8,425
Coronavirus Relief Fund	-	1,897,848	1,897,848
Total federal aid	<u>10,092,033</u>	<u>12,484,083</u>	<u>2,392,050</u>
<u>State Aid</u>			
Child Feeding Program	421,875	391,687	(30,188)
Food Distribution	-	11,033	11,033
Total state aid	<u>421,875</u>	<u>402,720</u>	<u>(19,155)</u>
Miscellaneous revenue	<u>174,000</u>	<u>22,359</u>	<u>(151,641)</u>
<b>Total revenues</b>	<u>\$ 18,638,517</u>	<u>\$ 12,928,863</u>	<u>\$ (5,709,654)</u>
<b>Expenditures</b>			
Salaries and wages	6,086,736	3,646,257	2,440,479
Contracted services	493,000	156,079	336,921
Supplies and materials	7,354,326	3,019,034	4,335,292
Other charges	3,423,031	3,123,005	300,026
Furniture and equipment	133,284	62,316	70,968
U.S.D.A. commodities	1,148,140	859,547	288,593
<b>Total expenditures</b>	<u>\$ 18,638,517</u>	<u>10,866,238</u>	<u>\$ 7,772,279</u>
Excess of revenues over expenditures		2,062,625	
Total fund balance - beginning of year		930,133	
Fund balance - end of year - nonspendable		<u>(563,221)</u>	
<b>Fund balance - end of year - assigned</b>		<u>\$ 2,429,537</u>	

# Harford County Public Schools

**SCHOOL CONSTRUCTION FUND  
(CAPITAL PROJECTS FUND)  
SCHEDULE OF EXPENDITURES BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2021**

Aberdeen Middle roof	\$ 72,424
Athletic and Recreational - Prospect Mill Elementary playground	80,627
Athletic and Recreational - Swimming Pools	61,486
Athletic and Recreational - Athletic Fields	268,592
Bel Air Elementary HVAC	22,863
Bel Air Middle roof	16,132
Buses	1,294,481
Educational Facilities-Career & Tech Education	5,130
Educational Facilities-Special Education	951,670
Facilities Master Plan	559,077
Facilities repairs - floors	68,170
Facilities repairs - roofs	42,387
Fallston High HVAC	704
Fallston Middle chiller	4,318
Fleet Replacement - Buses	1,533,434
George D. Lisby Elementary HVAC	4,931,914
Havre de Grace High modernization	16,773,753
Hickory Elementary roof	1,536,533
HVAC major repairs	41,080
Joppatowne High renovations	19,215,726
Life, Health, Safety - Emergency Systems	10,755
Life, Health, Safety - Energy Conservation	663
North Bend Elementary central plant and fire alarm	1,622,954
Relocatables	70,892
Roye Williams Elementary HVAC	8,477,099
Security Measures	349,841
Security Initiative prorgarm	1,331
Special education facilities	400,205
Swimming pools	3,682
Technology education lab refresh	129,240
Technology Infrastructure	675,013
Technology Infrastructure - Refresh	305,539
Textbooks	4,061
Youth's Benefit Elementary Replacement	266
	\$ 59,532,042

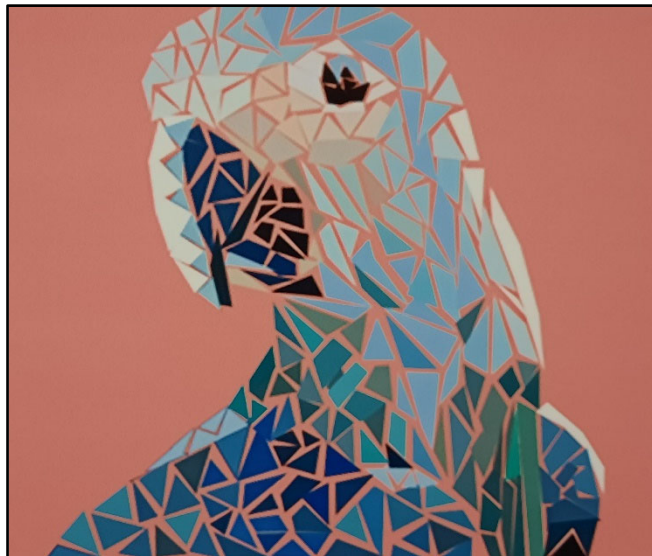
# Statistical Section

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This part of HCPS' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the 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>	84 - 87
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>	88 - 89
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>	90 - 97

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.



**Sarah Muller, Grade 8  
Patterson Mill Middle School  
Teacher: Ms. Erin Buckland**

**Harford County Public Schools**

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$568,870	\$577,748	\$584,119	\$598,747	\$614,347	\$619,802	\$629,198	\$645,696	\$675,956	\$709,605
Restricted for food services	2,755	2,624	2,802	2,975	3,071	2,899	2,706	2,850	994	3,072
Restricted for capital projects	9,079	7,675	3,778	2,403	2,128	1,719	2,008	592	317	231
Unrestricted	(128,086)	(166,286)	(205,029)	(254,861)	(284,642)	(321,964)	(1,052,658)	(1,161,655)	(1,233,332)	(1,219,560)
Total governmental activities net position	\$452,618	\$421,761	\$385,670	\$349,264	\$334,904	\$302,456	(\$418,746)	(\$512,517)	(\$556,065)	(\$506,652)

## Harford County Public Schools

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Functions/Programs</b>										
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular education	\$285,182	\$296,379	\$283,661	\$277,887	\$274,701	\$285,968	\$314,366	\$334,553	\$332,351	\$333,646
Special education	86,373	89,896	90,529	88,484	91,118	91,260	103,091	111,397	115,704	106,377
Total Instruction	371,555	386,275	374,190	366,371	365,819	377,228	417,457	445,950	448,055	440,023
Support services:										
Administration	16,114	15,682	15,626	15,195	15,231	15,417	16,901	17,526	17,817	16,845
Mid-level administration	37,070	37,698	37,467	38,139	37,941	40,276	43,367	45,439	44,235	41,841
Pupil personnel services	2,322	2,353	2,501	2,424	2,531	2,525	2,819	3,194	4,849	4,708
Health services	5,255	5,915	5,843	6,292	6,218	6,163	7,461	8,335	8,242	7,567
Pupil transportation	37,332	39,754	39,504	38,827	38,695	40,243	42,605	45,150	42,251	36,584
Operation of plant	40,267	43,245	47,158	45,870	42,618	45,834	48,637	50,567	48,824	44,645
Maintenance of plant and equipment	16,989	18,211	19,022	19,509	21,275	20,797	24,352	25,787	24,605	24,656
Community services	421	497	530	532	565	578	594	728	865	387
Food services	15,829	16,515	16,731	16,719	17,883	18,260	19,765	20,912	19,068	11,583
Student activities*	-	-	-	-	-	-	-	-	-	1,426
Interest on long-term debt	615	246	328	328	315	299	282	264	246	227
Depreciation - unallocated	86	84	81	77	77	77	75	75	75	64
Total Support Services	172,300	180,200	184,791	183,912	183,349	190,469	206,858	217,977	211,077	190,533
Total governmental activities	543,855	566,475	558,981	550,283	549,168	567,697	624,315	663,927	659,132	630,556
<b>Program revenues</b>										
Charges for services:										
Regular education	1,214	1,135	1,327	1,450	1,468	1,753	1,603	1,726	1,275	294
Community services	348	422	414	428	436	465	455	445	441	27
Food services	7,858	7,254	6,928	7,103	7,142	7,123	7,407	7,911	5,460	20
Operating grants and contributions	128,527	124,751	124,007	125,875	123,982	126,498	125,265	127,856	145,236	163,092
Capital grants and contributions	28,383	35,159	25,115	32,295	33,011	23,168	29,732	40,965	55,004	59,445
Total governmental activities program revenues	166,330	168,721	157,791	167,151	166,039	159,007	164,462	178,903	207,416	222,878
Total governmental net expense	(377,525)	(397,754)	(401,190)	(383,132)	(383,129)	(408,690)	(459,853)	(485,024)	(451,716)	(407,678)
<b>General Revenues and Other Changes in Net Position</b>										
General revenues:										
Local appropriations	217,782	219,821	221,301	223,667	228,209	233,534	238,716	245,816	256,466	276,928
State Aid	143,456	140,879	137,722	137,404	136,328	137,763	139,327	141,640	145,571	150,152
Federal Aid	1,345	449	336	434	423	392	409	590	472	853
Student activities*	-	-	-	-	-	-	-	-	-	1,412
Miscellaneous	7,508	5,717	5,723	5,370	3,753	4,371	2,672	2,433	5,166	25,177
Investment earnings	33	31	18	13	56	182	515	774	494	47
Total general revenues	370,124	366,897	365,100	366,888	368,769	376,242	381,639	391,253	408,169	454,569
<b>Change in Net Position</b>	<b>(7,401)</b>	<b>(30,857)</b>	<b>(36,090)</b>	<b>(16,244)</b>	<b>(14,360)</b>	<b>(32,448)</b>	<b>(78,214)</b>	<b>(93,771)</b>	<b>(43,547)</b>	<b>46,891</b>
Net position - beginning of year	215,528	208,127	421,761	385,671	349,264	334,904	302,456	(418,746)	(512,517)	(556,064)
Adjustment to Restate Beginning Net Position	-	-	-	(20,163)	-	-	(642,988)	-	-	2,521
Net position - beginning of year, as Restated	215,528	208,127	421,761	365,508	349,264	334,904	(340,532)	(418,746)	(512,517)	(553,543)
Net position - end of year	\$208,127	\$177,270	\$385,671	\$349,264	\$334,904	\$302,456	(\$418,746)	(\$512,517)	(\$556,064)	(\$506,652)

\* Prior to FY 2021 student activities were reported as agency funds and were not included in the entity-wide statements.



**Harford County Public Schools**

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$24	\$199	\$139	\$162	\$147	\$133
Assigned	12,628	18,650	18,320	17,370	21,784	23,988	24,443	17,293	25,988	53,627
Unassigned	13,169	4,330	3,072	6,408	8,304	10,418	3,760	3,028	3,691	19,842
Total general fund	<u>\$25,797</u>	<u>\$22,980</u>	<u>\$21,392</u>	<u>\$23,778</u>	<u>\$30,112</u>	<u>\$34,605</u>	<u>\$28,342</u>	<u>\$20,483</u>	<u>\$29,826</u>	<u>\$73,602</u>
All other governmental funds										
Non Spendable -										
Special Revenue Fund	\$237	\$187	\$142	\$105	\$31	\$373	\$352	\$387	\$540	\$563
Restricted - reported in:										
Special revenue fund	2,518	2,437	2,660	2,871	3,040	2,525	2,354	2,463	454	2,508
Capital projects fund	9,079	7,675	3,778	2,403	2,128	1,720	2,008	592	317	231
Unassigned - Capital projects fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$11,834</u>	<u>\$10,299</u>	<u>\$6,580</u>	<u>\$5,379</u>	<u>\$5,199</u>	<u>\$4,618</u>	<u>\$4,714</u>	<u>\$3,442</u>	<u>\$1,311</u>	<u>\$3,302</u>

**Harford County Public Schools**

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Intergovernmental revenues										
Local sources	\$230,041	\$231,802	\$229,680	\$240,351	\$250,885	\$252,664	\$256,649	\$267,242	\$305,047	\$320,336
State sources	251,283	241,824	233,251	238,723	230,588	228,318	236,683	248,066	246,637	262,266
Special state and federal programs	28,817	29,938	30,562	31,020	29,931	30,327	29,727	31,042	35,315	47,814
Federal sources	8,485	8,122	8,483	8,942	9,588	9,806	9,870	10,202	9,386	13,337
Earnings on investments	33	31	18	13	56	182	521	811	514	47
Charges for services	7,858	7,254	6,929	7,103	7,142	7,123	7,407	7,911	5,460	20
Student activities*	-	-	-	-	-	-	-	-	-	1,412
Miscellaneous revenues	9,937	16,647	13,968	7,887	6,618	6,828	5,244	4,882	7,269	26,368
<b>Total revenues</b>	<b>536,454</b>	<b>535,618</b>	<b>522,891</b>	<b>534,039</b>	<b>534,808</b>	<b>535,248</b>	<b>546,101</b>	<b>570,156</b>	<b>609,628</b>	<b>671,600</b>
<b>Expenditures</b>										
Current										
Administrative services	10,776	10,678	9,775	9,464	9,356	10,069	10,342	9,987	10,524	10,967
Mid-level administrative services	24,959	24,805	24,356	24,569	24,910	25,699	26,079	26,121	25,177	27,366
Instructional salaries	165,118	162,658	156,873	153,388	154,869	158,061	161,840	167,799	167,556	180,349
Instructional textbooks and supplies	8,067	6,689	6,849	7,101	6,598	6,625	6,527	5,689	5,659	5,411
Other instructional costs	2,839	2,446	2,392	3,340	2,795	4,336	5,452	3,116	2,576	1,925
Special education	40,322	39,951	40,088	40,714	40,672	40,700	42,541	43,628	46,188	49,045
Student personnel services	1,614	1,621	1,642	1,645	1,692	1,715	1,745	1,790	2,072	2,187
Health services	3,292	3,295	3,207	3,359	3,272	3,356	3,774	3,939	4,050	4,054
Pupil transportation services	30,917	31,151	30,300	30,113	29,201	30,808	31,552	32,223	30,514	27,043
Operation of plant	28,974	28,595	30,273	28,128	26,773	28,174	27,493	26,788	25,640	26,778
Maintenance of plant and equipment	12,607	12,249	12,110	12,707	12,562	12,986	13,605	12,745	12,298	14,022
Fixed charges	133,275	132,463	134,256	136,099	134,133	136,560	142,127	152,731	161,469	158,679
Community services	373	440	456	444	470	496	505	519	433	78
Special state and federal programs	28,817	29,938	30,562	31,020	29,931	30,327	29,727	31,042	35,315	47,814
Costs of operations - food services	15,275	15,440	15,431	15,968	16,726	17,244	17,558	17,925	16,830	10,851
Student activities*	-	-	-	-	-	-	-	-	-	1,426
Capital outlay	26,759	37,255	29,255	34,059	33,796	24,181	30,577	42,421	55,290	59,535
Debt service:										
Capital lease - principal	327	-	-	371	508	525	542	560	578	597
Capital lease - interest	615	246	328	328	315	299	282	264	246	227
<b>Total expenditures</b>	<b>534,926</b>	<b>539,920</b>	<b>528,153</b>	<b>532,817</b>	<b>528,579</b>	<b>531,336</b>	<b>552,268</b>	<b>579,287</b>	<b>602,415</b>	<b>628,354</b>
Excess (deficit) of revenues over expenditures	1,528	(4,302)	(5,262)	1,222	6,229	3,912	(6,167)	(9,131)	7,213	43,246
Other financing sources (uses)										
Proceeds from capital lease	178	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$1,706</b>	<b>(\$4,302)</b>	<b>(\$5,262)</b>	<b>\$1,222</b>	<b>\$6,229</b>	<b>\$3,912</b>	<b>(\$6,167)</b>	<b>(\$9,131)</b>	<b>\$7,213</b>	<b>\$43,246</b>

\* Prior to FY 2021 student activities were reported as agency funds and were not included in the entity-wide statements.

**Harford County Public Schools**

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Capacity #s	Capacity %
Abingdon Elementary	893	882	836	845	809	830	826	775	724	649	863	75.2%
Bakerfield Elementary	366	409	396	429	415	428	410	427	426	383	500	76.6%
Bel Air Elementary	488	484	516	496	477	466	487	507	531	522	486	107.4%
Church Creek Elementary	699	745	785	786	798	796	793	738	697	678	819	82.8%
Churchville Elementary	375	395	378	382	373	367	383	393	370	338	411	82.2%
Darlington Elementary	124	115	131	133	122	114	103	106	104	98	157	62.4%
Deerfield Elementary	797	793	805	787	797	795	791	765	752	720	788	91.4%
Dublin Elementary	289	299	301	288	266	262	236	238	230	215	294	73.1%
Edgewood Elementary	451	426	421	447	391	399	394	381	405	349	461	75.7%
Emmorton Elementary	539	505	551	547	550	560	607	610	592	564	570	98.9%
Forest Hill Elementary	557	507	493	470	474	469	512	508	507	472	568	83.1%
Forest Lakes Elementary	511	483	482	462	460	463	445	427	445	429	569	75.4%
Fountain Green Elementary	562	513	521	477	492	494	500	498	484	458	548	83.6%
George D. Lisby Elementary at Hillsdale	427	434	428	408	437	459	417	406	413	420	455	92.3%
Halls Cross Roads Elementary	475	463	507	491	519	515	504	502	454	429	552	77.7%
Havre de Grace Elementary	443	421	405	431	450	457	490	512	609	575	542	106.1%
Hickory Elementary	653	681	687	706	677	687	696	663	691	643	668	96.3%
Homestead-Wakefield Elementary	892	897	901	938	949	954	974	1,003	1,034	996	920	108.3%
Jarrettsville Elementary	470	480	460	452	441	420	410	442	450	426	525	81.1%
Joppatowne Elementary	667	629	597	573	558	566	562	594	617	536	663	80.8%
Magnolia Elementary	385	470	495	476	500	538	535	568	550	517	561	92.2%
Meadowvale Elementary	532	535	554	522	524	520	515	520	518	454	568	79.9%
Norrisville Elementary	199	186	182	185	183	198	225	212	218	205	274	74.8%
North Bend Elementary	377	378	360	338	324	308	375	380	402	378	498	75.9%
North Harford Elementary	442	432	421	407	405	411	368	344	373	331	500	66.2%
Prospect Mill Elementary	651	612	557	580	587	585	566	565	591	566	611	92.6%
Red Pump Elementary	596	669	688	676	675	681	714	753	772	758	737	102.8%
Ring Factory Elementary	542	549	557	546	538	512	532	517	539	520	548	94.9%
Riverside Elementary	501	505	520	477	458	446	472	483	462	445	588	75.7%
Roye-Williams Elementary	440	474	543	533	549	533	498	521	490	410	703	58.3%
William Paca/Old Post Road Elementary	663	766	806	827	837	844	839	803	865	836	984	85.0%
William S. James Elementary	514	451	421	403	423	413	407	442	472	480	526	91.3%
Youths Benefit Elementary	998	973	962	990	997	987	999	1,017	1,057	1,082	1,120	96.6%
<b>Total Elementary Schools</b>	<b>17,518</b>	<b>17,561</b>	<b>17,667</b>	<b>17,508</b>	<b>17,455</b>	<b>17,477</b>	<b>17,585</b>	<b>17,620</b>	<b>17,844</b>	<b>16,882</b>	<b>19,577</b>	<b>86.2%</b>
Aberdeen Middle	1,043	1,034	1,113	1,108	1,184	1,127	1,126	1,144	1,203	1,204	1,624	74.1%
Bel Air Middle	1,296	1,271	1,287	1,251	1,257	1,324	1,366	1,373	1,435	1,441	1,243	115.9%
Edgewood Middle	1,073	1,046	1,109	1,066	1,062	1,073	1,089	1,118	1,160	1,186	1,295	91.6%
Fallston Middle	929	879	875	856	879	873	932	950	934	864	1,063	81.3%
Havre de Grace Middle	529	532	545	544	567	524	557	569	601	613	733	83.6%
Magnolia Middle	710	688	717	756	761	739	731	765	831	812	1,028	79.0%
North Harford Middle	1,019	974	974	958	966	951	910	895	929	878	1,210	72.6%
Patterson Mill Middle	732	700	685	665	698	690	713	738	764	742	731	101.5%
Southampton Middle	1,276	1,235	1,260	1,213	1,251	1,185	1,228	1,219	1,261	1,173	1,444	81.2%
<b>Total Middle Schools</b>	<b>8,607</b>	<b>8,359</b>	<b>8,565</b>	<b>8,417</b>	<b>8,625</b>	<b>8,486</b>	<b>8,652</b>	<b>8,771</b>	<b>9,118</b>	<b>8,913</b>	<b>10,371</b>	<b>85.9%</b>
Aberdeen High	1,411	1,411	1,420	1,444	1,453	1,485	1,468	1,458	1,431	1,441	1,720	83.8%
Bel Air High	1,633	1,647	1,656	1,670	1,581	1,564	1,555	1,544	1,560	1,557	1,768	88.1%
C. Milton Wright High	1,491	1,494	1,403	1,425	1,447	1,469	1,460	1,421	1,363	1,330	1,613	82.5%
Edgewood High	1,211	1,236	1,291	1,322	1,310	1,338	1,403	1,387	1,458	1,413	1,716	82.3%
Fallston High	1,090	1,064	1,074	1,076	1,056	1,044	1,022	985	973	977	1,573	62.1%
Harford Technical High	1,019	1,010	1,013	1,022	1,018	997	1,010	1,009	999	993	1,135	87.5%
Havre de Grace High	691	674	585	582	605	607	630	640	662	699	835	83.7%
Joppatowne High	872	840	762	696	666	694	723	763	745	782	1,056	74.1%
North Harford High	1,447	1,420	1,358	1,298	1,219	1,231	1,241	1,212	1,254	1,226	1,538	79.7%
Patterson Mill High	991	941	922	871	833	839	840	826	825	836	992	84.3%
<b>Total High Schools</b>	<b>11,856</b>	<b>11,737</b>	<b>11,484</b>	<b>11,406</b>	<b>11,188</b>	<b>11,268</b>	<b>11,352</b>	<b>11,245</b>	<b>11,270</b>	<b>11,254</b>	<b>13,946</b>	<b>80.7%</b>
<b>Total Secondary Schools</b>	<b>20,463</b>	<b>20,096</b>	<b>20,049</b>	<b>19,823</b>	<b>19,813</b>	<b>19,754</b>	<b>20,004</b>	<b>20,016</b>	<b>20,388</b>	<b>20,167</b>	<b>24,317</b>	<b>82.9%</b>
Center for Educational Opportunity	86	86	84	93	53	69	69	69	74	148	243	60.9%
John Archer	128	125	113	119	127	126	122	121	123	136	200	68.0%
<b>Total Special Schools</b>	<b>214</b>	<b>211</b>	<b>197</b>	<b>212</b>	<b>180</b>	<b>195</b>	<b>191</b>	<b>190</b>	<b>197</b>	<b>284</b>	<b>443</b>	<b>64.1%</b>
<b>Total All Schools</b>	<b>38,195</b>	<b>37,868</b>	<b>37,913</b>	<b>37,543</b>	<b>37,448</b>	<b>37,426</b>	<b>37,780</b>	<b>37,826</b>	<b>38,429</b>	<b>37,333</b>	<b>44,337</b>	<b>84.2%</b>
Teachers & Therapists Staff (1)	2,896	2,903	2,903	2,846	2,772	2,787	2,738	2,735	2,677	2,742		
Student/Teacher Ratio*	13.19	13.04	13.06	13.19	13.51 #	13.43	13.80	13.83	14.36	13.62		

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>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>	<u>2020</u>
Elementary School:										
Prekindergarten	776	753	768	763	809	837	901	947	1,006	781
Kindergarten	2,792	2,740	2,819	2,648	2,587	2,651	2,646	2,605	2,809	2,584
Grade 1	2,715	2,820	2,787	2,831	2,704	2,605	2,694	2,696	2,700	2,737
2	2,809	2,703	2,830	2,788	2,875	2,724	2,694	2,737	2,747	2,601
3	2,796	2,809	2,751	2,829	2,822	2,920	2,797	2,720	2,825	2,655
4	2,919	2,815	2,851	2,775	2,859	2,847	2,982	2,865	2,812	2,772
5	2,711	2,921	2,861	2,874	2,799	2,893	2,871	3,050	2,945	2,752
Total Elementary School	<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>	<u>16,882</u>
Middle School:										
Grade 6	2,905	2,691	2,892	2,807	2,875	2,780	2,915	2,946	3,087	2,902
7	2,777	2,902	2,752	2,910	2,813	2,890	2,818	2,963	2,992	3,024
8	<u>2,941</u>	<u>2,775</u>	<u>2,930</u>	<u>2,711</u>	<u>2,948</u>	<u>2,832</u>	<u>2,930</u>	<u>2,871</u>	<u>3,040</u>	<u>3,019</u>
Total Middle School	<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>	<u>8,945</u>
High School:										
Grade 9	3,164	3,118	3,030	3,196	2,974	3,267	3,171	3,221	3,203	3,209
10	3,038	2,948	2,896	2,755	2,918	2,696	2,931	2,774	2,823	2,874
11	2,973	2,909	2,812	2,800	2,638	2,769	2,597	2,787	2,602	2,743
12	<u>2,778</u>	<u>2,839</u>	<u>2,821</u>	<u>2,737</u>	<u>2,700</u>	<u>2,589</u>	<u>2,711</u>	<u>2,523</u>	<u>2,715</u>	<u>2,544</u>
Total High School	<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>	<u>11,370</u>
Special Education	<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>	<u>136</u>
<b>Total Enrollment</b>	<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>	<u>37,333</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 <sup>1</sup>		Number of School Bus Riders <sup>2</sup>	Food Services <sup>3</sup>	
	Dollars	State Rank		Breakfasts Served	Lunches Served
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	13,552	22	33,248	967,000 <sup>4</sup>	2,182,334 <sup>4</sup>
2021	not available		31,382	2,793,483 Meal Kits Served	

<sup>1</sup> 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

<sup>2</sup> HCPS Department of Transportation

<sup>3</sup> HCPS Department of Food and Nutrition Services

<sup>4</sup> 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										
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
<b>Instructional Buildings</b>											
Elementary Schools	33	33	33	33	33	33	33	33	33	33	
Middle Schools <sup>1</sup>	9	9	9	9	9	9	9	9	9	9	
High Schools <sup>1</sup>	10	10	10	10	10	10	10	10	10	10	
Special Needs School	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	
Harford Glen Environmental Center	1	1	1	1	1	1	1	1	1	1	
<b>Total</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	
<b>Support Buildings</b>											
Central Administration Building	1	1	1	1	1	1	1	1	1	1	
Transportation/Facilities Operations Ctr	1	1	1	1	1	1	1	1	1	1	
Food Services/Warehouse Facility	1	1	1	1	1	1	1	1	1	1	
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	

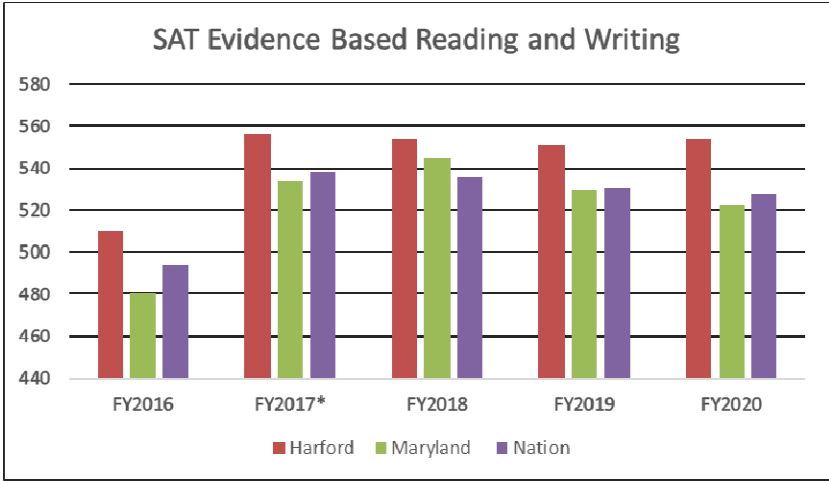
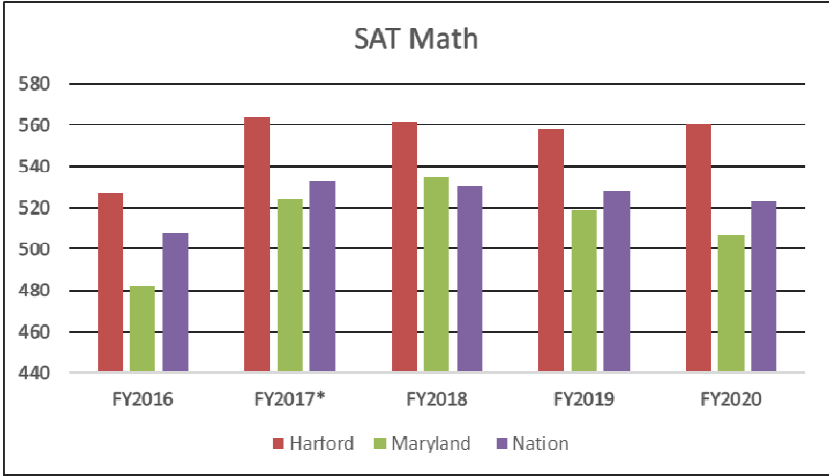
<sup>1</sup> Two of our facilities are combination Middle and High Schools; Patterson Mill Middle/High School and Havre de Grace Middle/High School. The gross square foot of the facility is divided evenly between the middle and high school in this chart.  
 Source: HCPS Planning and Construction Office

**Harford County Public Schools**

**Student Academic Performance  
2020 Assessment Results**

**SAT**

	<u>Harford</u>	<u>State</u>	<u>Nation</u>
	<i>Average Score</i>		
Mathematics	561	507	523
Evidence-Based Reading and Writing	554	522	528



Source: The Office of Accountability

**Harford County Public Schools**

**Facilities Information  
as of June 30, 2021**

	Gross Square Feet	Acres	Year Constructed	Age in Years	Gross Square Feet	Acres	Year Constructed	Age in Years
<b>Central Offices</b>								
102 S. Hickory	73,122	0.77	2005	16	91,229	28.49	1992	29
Hickory Annex	39,930	7.15	various	n/a	65,691	10.00	1961	60
Forest Hill Annex	33,895	5.96	various	n/a	49,748	6.31	1984	37
Woodbridge Center Land	-	19.80	n/a	n/a	85,801	20.51	1994	27
Box Hill South Land	-	17.86	n/a	n/a	52,360	6.46	1931	90
Campus Hills Land	-	31.15	n/a	n/a	24,237	7.89	1938	83
Harford Glen Environmental Center	31,647	245.23	1804 to 2000	n/a	103,200	20.76	2010	11
John Archer	63,984	15.00	1971	50	44,385	24.69	1941	80
Center for Educational Opportunity	107,087	6.40	1965	56	67,341	36.95	1969	52
<b>High Schools</b>								
1 Aberdeen High	230,134	47.03	2004	17	63,000	22.04	1994	27
2 Bel Air High	262,454	53.17	2009	12	64,722	8.44	2000	21
3 C. Milton Wright High	220,910	60.00	1980	41	68,971	20.03	1997	24
4 Edgewood High	268,354	44.35	2010	11	60,000	23.87	1993	28
5 Fallston High	233,500	62.00	1977	44	56,295	20.01	1968	53
6 Harford Technical High	218,225	55.00	1978	43	63,082	12.73	1943	78
7 Havre de Grace High <sup>1</sup>	125,056	16.24	2020	1	65,085	10.25	1949	72
8 Joppatowne High	184,070	65.16	1972	49	77,958	33.11	1950	71
9 North Harford High	245,238	73.00	1950	71	115,458	36.53	1958	63
10 Patterson Mill High <sup>1</sup>	132,500	39.92	2007	14	61,275	27.44	1962	59
<b>Middle Schools</b>								
11 Aberdeen Middle	196,800	43.83	1973	48	89,985	17.19	1965	56
12 Bel Air Middle	164,900	25.84	1961	60	59,900	17.19	1975	46
13 Edgewood Middle	166,530	34.86	1965	56	69,000	13.26	1959	62
14 Fallston Middle	130,284	34.59	1993	28	37,417	11.54	1967	54
Havre de Grace Middle <sup>1</sup>	125,056	16.24	2020	1	60,221	18.23	1991	30
15 Magnolia Middle	149,100	69.33	1979	42	49,703	20.00	1984	37
Patterson Mill Middle <sup>1</sup>	132,500	39.92	2007	14	75,538	15.00	1973	48
16 North Harford Middle	173,728	40.00	1976	45	100,573	23.67	2011	10
17 Southampton Middle	188,134	35.99	1970	51	59,132	34.26	1990	31
					55,711	13.18	1968	53
					78,126	28.00	1953	68
					112,417	46.00	1964	57
					58,500	15.00	1976	45
					149,694	26.18	2017	4
					<b>6,232,892</b>	<b>1,881.00</b>		
					<b>Total</b>			

<sup>1</sup> 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, MARYLAND**  
Principal Employers  
Current Fiscal Year and Ten Years Ago

Table 11

Fiscal Year 2021			
	Number of Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	21,000	1	22.75%
Harford County Public Schools	5,231	2	5.67%
UM Upper Chesapeake Medical Center	3,305	3	3.58%
US Army Research Laboratory (ARL)	2,000	4	2.17%
Harford County Government	1,541	5	1.67%
Klein's ShopRite of Maryland	1,200	6	1.30%
Kohl's E-Fulfillment Center	1,200	7	1.30%
Harford Community College	1,011	8	1.10%
Amazon Sorting Center MTN2	1,000	9	1.08%
Rite Aid Mid-Atlantic Customer Distribution Center	900	10	0.98%
Total	<u>38,388</u>		<u>41.60%</u>
Total County Employment <sup>(1)</sup>	<u>92,280</u>		<u>100%</u>
Fiscal Year 2012			
	Number of Employees <sup>(3)</sup>	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	15,582	1	22.25%
Harford County Public Schools	5,440	2	7.77%
Upper Chesapeake Health System	2,720	3	3.88%
Harford County Government	1,938	4	2.77%
Harford Community College	1,219	5	1.74%
Rite Aid Mid-Atlantic Customer Support Center	1,167	6	1.67%
Shop Rite	800	7	1.14%
Jacobs Technology	785	8	1.12%
SAIC	700	9	1.00%
Sephora USA	700	10	1.00%
Total	<u>31,051</u>		<u>44.34%</u>
Total County Employment <sup>(2)</sup>	<u>70,027</u>		<u>100%</u>

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) U.S. Census Bureau, Center for Economic Studies, June 2012
- (3) Harford County Annual Comprehensive Fiscal Report Table 16 - Fiscal Year 2012

## Harford County Public Schools

### Full-time Equivalent Employees by Function Fiscal 2012 - 2021

State Category	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	126	123	120	120	120	117	117	117	112	116
Mid-Level - Office of the Principal	306	298	294	294	289	290	287	287	264	270
Mid-Level - Admin & Supervision	54	54	56	56	62	62	63	55	54	56
Instructional Salaries	2,835	2,781	2,696	2,705	2,675	2,645	2,600	2,565	2,499	2,563
Special Education	1,085	1,070	1,046	1,040	1,044	1,021	1,024	1,004	1,061	1,091
Student Services	20	20	21	20	25	26	30	21	25	35
Health Services	72	72	72	73	73	72	73	70	70	70
Transportation	211	217	217	217	217	217	188	188	186	190
Operation of Plant	342	345	345	345	337	340	340	338	340	339
Maintenance of Plant	125	126	126	126	125	126	126	128	114	117
Community Services	1	1	1	1	1	1	1	1	2	2
<b>Totals<sup>1</sup></b>	<b>5,177</b>	<b>5,107</b>	<b>4,994</b>	<b>4,997</b>	<b>4,968</b>	<b>4,917</b>	<b>4,849</b>	<b>4,774</b>	<b>4,727</b>	<b>4,849</b>

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.

<sup>1</sup>FTE 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)**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Principal & Interest	\$ 823,822	\$ 246,568	\$ 327,544	\$ 698,803	\$ 823,822	\$ 823,822	\$ 823,822	\$ 823,822	\$ 823,882	\$ 823,882
Total Expenditures	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	628,354,568
Less capitalized net activity	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	32,368,470
Net expenditures	<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>	<u>\$595,986,098</u>
Ratio of Principal & Interest to Net Expenditures	0.16%	0.05%	0.06%	0.13%	0.16%	0.16%	0.15%	0.15%	0.14%	0.14%

**Harford County Public Schools**

**Ratios of Outstanding Debt  
(modified accrual basis of accounting)**

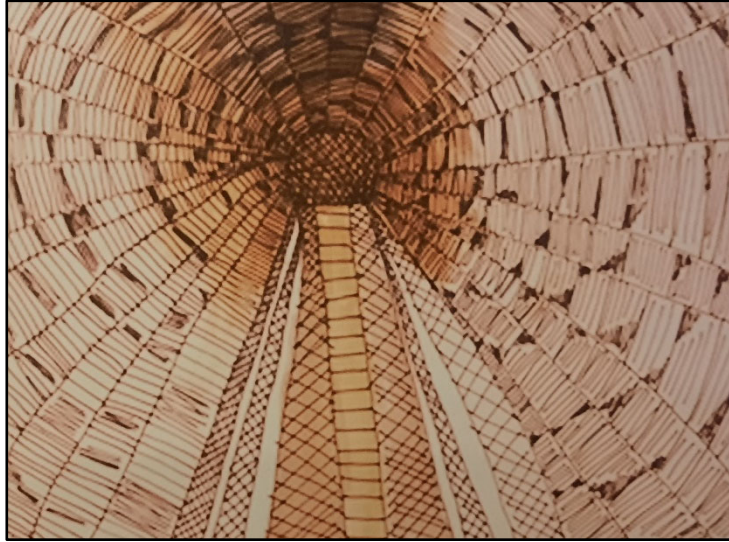
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Capital Lease Debt	\$ 10,016,647	\$ 10,016,647	\$ 10,016,647	\$ 9,645,389	\$ 9,136,971	\$ 8,611,929	\$ 8,069,717	\$ 7,509,774	\$ 6,931,521	\$ 6,334,360
Personal Income (000's) (1)	12,236,731	12,215,071	12,272,534	12,239,258	13,724,807	14,252,463	14,836,852	15,394,347	15,973,174	16,573,766
Percentage of Personal Income	0.08%	0.08%	0.08%	0.08%	0.07%	0.06%	0.05%	0.05%	0.04%	0.04%
Population (1)	248,566	248,890	249,314	249,558	250,370	251,858	253,882	255,441	257,679	259,118
Per Capita	\$ 40.30	\$ 40.25	\$ 40.18	\$ 38.65	\$ 36.49	\$ 34.19	\$ 31.79	\$ 29.40	\$ 26.90	\$ 24.45
Student Enrollment	38,222	37,868	37,913	37,543	37,448	37,426	37,780	37,826	38,429	37,333
Ratio of Principal Balance to Student Enrollment	\$ 262.06	\$ 264.51	\$ 264.20	\$ 256.92	\$ 243.99	\$ 230.11	\$ 213.60	\$ 198.53	\$ 180.37	\$ 169.67

*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.*

(1) Personal income and population data provided by Harford County Government

# ***Compliance Section***

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**Angela Kim, Grade 7  
Patterson Middle School  
Teacher: Ms. Erin Buckland**



**Natalie Deitz, Grade 3  
William S. James Elementary School  
Teacher: Ms. Diane Ratel**



## 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, 2021, and the related notes to the financial statements, which collectively comprise HCPS' basic financial statements, and have issued our report thereon dated September 23, 2021.

### 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) as a basis for designing 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 financial statements. 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 23, 2021



**Madeline Hauff, Grade 9**  
**Bel Air High School**  
**Teacher: Ms. Nicole Jergensen**



**Annika Peterson, Grade 11**  
**North Harford High School**  
**Teacher: Mr. Jason Blevins**



