



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ending June 30, 2025.

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

2024-2025 Board of Education of Harford County



Aaron S. Poynton, D.P.A.
President
Appointed Member-at-Large



Melissa L. Hahn
Vice President
Elected Member
Councilmanic District D



Terri Kocher
Appointed Member-at-Large



Lauren Paige
Appointed Member-at-Large



Denise E. Perry
Elected Member
Councilmanic District A



Wade A. Sewell
Elected Member
Councilmanic District B



Carol L. Mueller, Ph.D.
Elected Member
Councilmanic District C



Carol P. Bruce
Elected Member
Councilmanic District E



Diane M. Alvarez
Elected Member
Councilmanic District F



Sasha Z. Pazoki
Student Member



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



Annual Comprehensive Financial Report

For the Fiscal Year ended June 30, 2025

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 Public 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 Eric Davis, Harford County Public Schools Title IX Coordinator, by mail to 102 S. Hickory Avenue, Bel Air, Maryland 21014, or by telephone to 410-588-5202 or by email to TitleIX@hcps.org or the Assistant Secretary for the Office of Civil Rights in the United States Department of Education by mail to 400 Maryland Avenue, SW, Washington, DC 20202 or by telephone 1-800-421-3481, or both.

Harford County Public Schools

Student Contributors for Artwork:

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Telina Liu	6	Fallston Middle School	1
Jasmine Nguyen	9	Bel Air High School	4
Nusaibah Amin	K	Hall's Crossroads Elementary School	4
Carter Thomas	2	Abingdon Elementary School	12
Yufei Chen	10	C. Milton Wright High School	14
Alivia Horn	8	Havre de Grace Middle School	14
Felicity Lee	3	Prospect Mill Elementary School	28
Rochelle Antwi	1	George Lisby Elementary School	78
Anthony Durante	7	Bel Air Middle School	78
Capri Blankenship	11	Bel Air High School	85
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Telina Liu, Grade 6
Fallston Middle School
Teacher: Ms. Beth Markley

Harford County Public Schools

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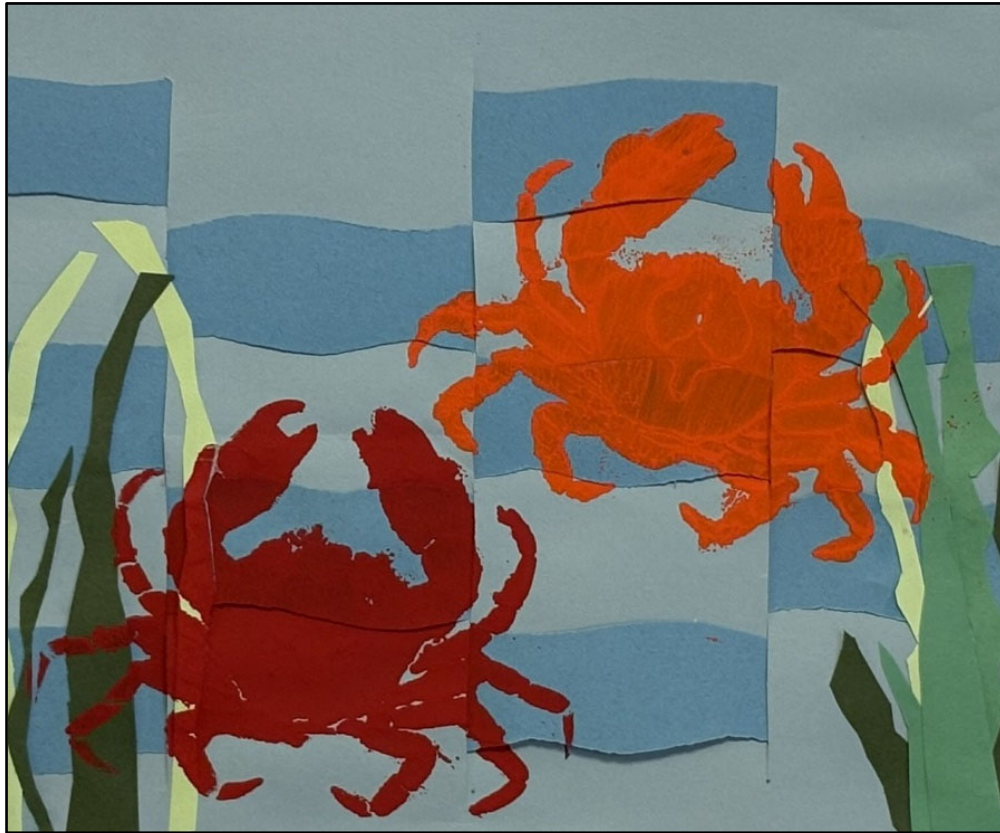
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Harford County Public Schools

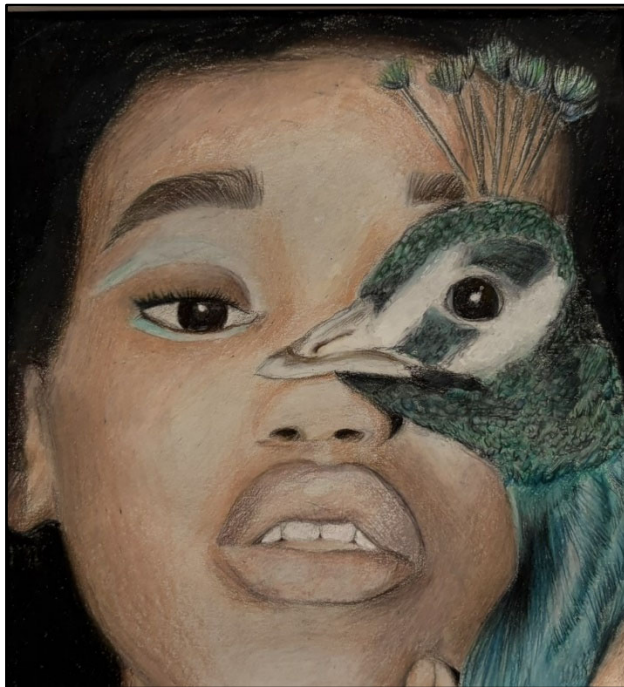
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Introductory Section



Nusaibah Amin, Grade K
Hall's Crossroads Elementary
Teacher: Ms. Piotrowski



Jasmine Nguyen, Grade 9
Bel Air High School
Teacher: Ms. Nicole Jergensen

BOARD OF EDUCATION OF HARFORD COUNTY STRATEGIC PLAN

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.



VISION

We will **inspire** and **prepare** each student to **achieve** success in college and career.

LONG TERM GOALS



Prepare every student for success in postsecondary education and career.



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



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



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.

Approved June 26, 2017.

Board of Education of Harford County

The members of the Board as of June 30, 2025, 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	Aaron S. Poynton, D.P.A.	Appointed Member-at-Large	2025
Vice-President	Melissa L. Hahn	Councilmanic District D	2026
Other members	Denise E. Perry	Councilmanic District A	2026
	Wade A. Sewell	Councilmanic District B	2026
	Dr. Carol L. Mueller	Councilmanic District C	2026
	Carol P. Bruce	Councilmanic District E	2026
	Diane M. Alvarez	Councilmanic District F	2026
	Lauren Paige	Appointed Member-at-Large	2025
	Terri Kocher	Appointed Member-at-Large	2025
Student member	Sasha Z. Pazoki	Student Member	2025
Secretary-Treasurer	Sean W. Bulson, Ed.D.	Superintendent of Schools	2026

The Board of Education of Harford County consists of six elected members and three members appointed by the County Executive, subject to the advice and consent of the County Council, by a vote of at least five members of the County Council. Elected members take office the first Monday in December and serve four-year terms. Appointed members serve two-year terms beginning July 1. 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. For more details please see Maryland Code Ann., Education Art., § 3-6A-01, *et seq.*

Administration as of June 30, 2025

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

Kimberly H. Neal, Esquire
General Counsel

Eric A. Davis, Ed.D.
Chief of Administration

Benjamin D. Richardson
Assistant Superintendent for Human Resources

Cathy E. Bendis
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 Middle and High School Performance

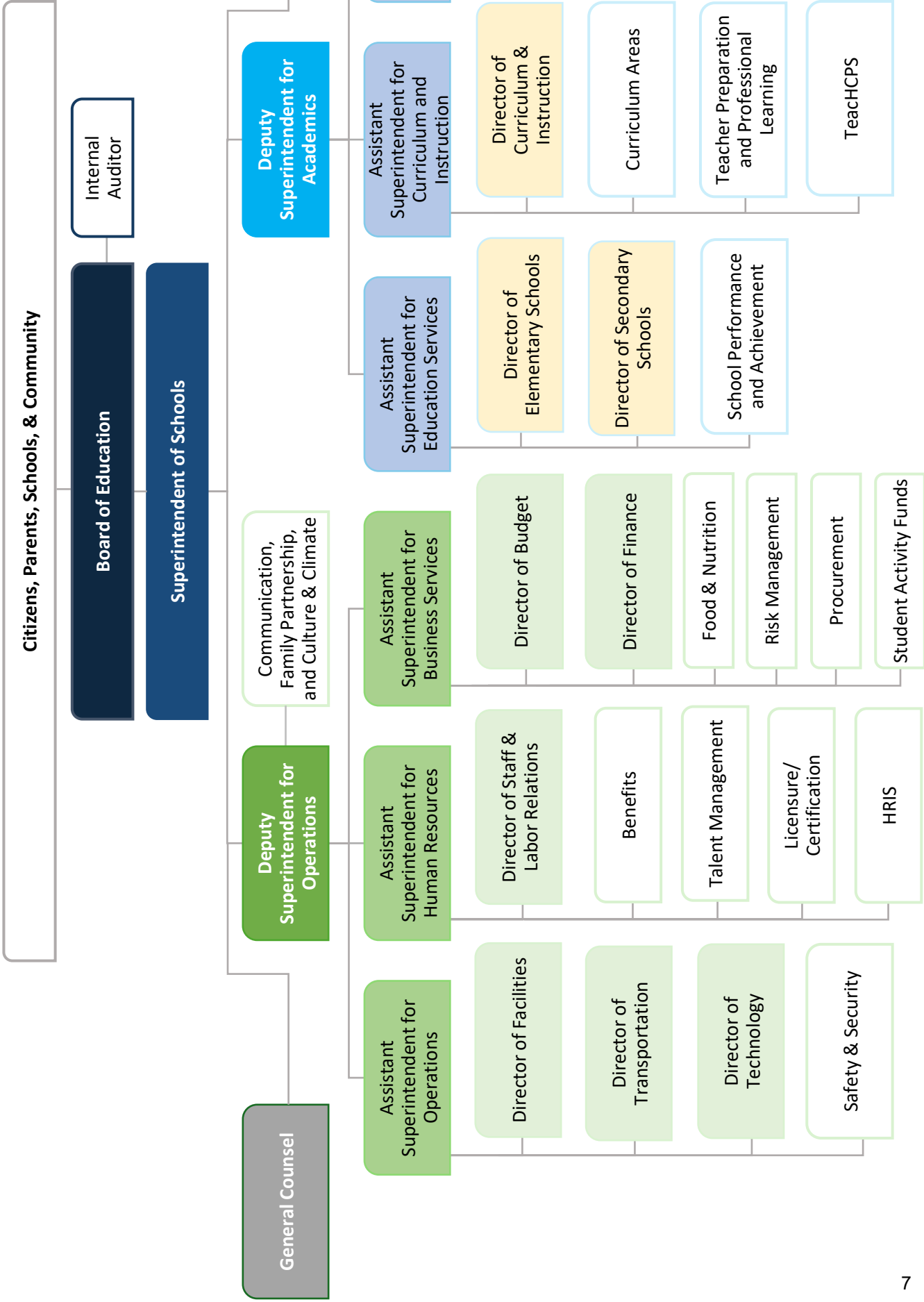
Danielle Bedsaul
Director of Transportation

Dyann R. Mack
Executive Director of Elementary Instruction and Performance

Amanda Henck, CPA
Director of Finance

Colleen B. Sasdelli
Director of Special Education

Heather L. Kutcher
Executive Director of Curriculum, Instruction and Assessment



Business Services
Deborah L. Judd, CPA
Assistant Superintendent for Business Services

October 20, 2025

Members of the Board of Education and Citizens of Harford County, Maryland:

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, 2025.

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, 2025. 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 Annual Comprehensive 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 Annual Comprehensive 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 37,771 students in fiscal 2025. HCPS is the 148th largest school system of the 530 school districts with enrollment of 15,000 or more in the country when ranked by enrollment. This places HCPS in the top twenty-eight percent of school districts with enrollment of 15,000 or more by size¹. There are 24 school districts in the State of Maryland and HCPS is ranked 8th in size.² The student body will be served by a projected 5,598 FTE faculty and staff positions for fiscal 2026. Peak enrollment of 40,212 was reached in 2005, and has since dropped by 2,441 students, or 6.0%.

Citizens in the county have a choice of public or private schools. Harford County has 54 public schools and 42 non-public schools³ located within the county. The number of students attending private schools is unknown. The 2024 population of Harford County was 265,514⁴. According to the U.S. Census Bureau, the school-age population in 2024 was 44,607 of which 36,606 (HCPS enrollment less preschool and prekindergarten), or 82%, attended public schools.

The Board of Education of Harford County consists of six elected members and three members appointed by the County Executive, subject to the advice and consent of the County Council, by a vote of at least five members of the County Council. Elected members take office the first Monday in December and serve four-year terms. Appointed members serve two-year terms beginning July 1. Effective July 1, 2025, appointed members will serve four years. 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. For more details please see Maryland Code Ann., Education Art., § 3-6A-01, et seq.

County Government Perspective on Local Economy⁴

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.

Real property taxes remain one of the County's largest revenue sources. The fiscal year 2025 taxable assessable base resulted in an increase over the fiscal year 2024 assessable base of 6.0%. 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 2025 assessments are for "Group 1" properties and were based on an evaluation of 60,761 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,

¹ U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2022, Table 215.10

² Maryland State Department of Education, Student Publications, "Maryland Public School Enrollment by Race/Ethnicity and Gender and Number of Schools", September 30, 2024, Table 12

³ Maryland State Department of Education, Student Publications, "Nonpublic School Enrollment State of Maryland, September 30, 2024," Table 5

⁴ Excerpts from the Harford County Government Annual Comprehensive Financial Report for the year ended June 30, 2024.

while any decrease in value will be fully implemented in fiscal year 2025. For the 2025 assessment, 96.9% of “Group 1” residential properties saw an increase in property value statewide. In Harford County, residential assessments increased by 20.3% and commercial A3 assessments for “Group 1” increased by 15.0% since their last assessment released in January of 2022. This is the twelfth year of positive assessment growth in Harford County.

Income tax revenue, the other major revenue source in the County, is directly affected by population growth, employment levels, and personal income. Income tax revenue has increased beginning in fiscal year 2012 through fiscal year 2025, except for one minor exception in fiscal year 2024, using the modified accrual basis of accounting. In fiscal year 2025 income tax revenue increased over prior year by 15.3%. Income tax is budgeted at \$342.0 million for fiscal year 2026. The recent decrease in income tax revenue is largely due to reconciling distributions from the Comptroller’s office within the reporting period being smaller than in prior year.

The Aberdeen Proving Ground, Maryland is Harford County’s number one employer. Primarily a scientific and technical research and development facility, APG has a workforce with one of the highest concentrations of advanced degrees among military installations in the nation.

Long-Term Financial Planning for the School System

The majority of all funding comes from Harford County and the State of Maryland. Ongoing expenses and needs of our students continue to rise, increasing the pressure for funding. Within the next year, federal and state pandemic-related funds will be gone. If funding is not sufficient to support our students’ ongoing needs, HCPS may need to examine ways to reduce expenses. 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.

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 established the Kirwan Commission on Innovation and Excellence in Education to make recommendations for strengthening Maryland’s public schools. The commission’s proposals became the foundation of the Blueprint for Maryland’s Future Act (Blueprint), passed in 2021. The Blueprint organizes its reforms 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) Governance and Accountability.

The Blueprint builds on the funding model of the Bridge to Excellence Act of 2002. State foundation funding is maintained, with adjustments based on local wealth and additional funding for students who experience poverty, are English learners, or receive special education services. The law specifies per-pupil foundation amounts which began in FY2023 and includes increases each year through FY2033 and adjustments tied to inflation thereafter. Additionally, the law dictates a local share of county government funds to pay for the Blueprint mandates, which reduces

local flexibility on how funds are spent. Both state and local funds are intended to support implementation across the five major policy areas, with oversight by the Accountability and Implementation Board (AIB). During implementation Maryland school systems must align budgets, programs, and goals to Blueprint mandates while also addressing local needs and contexts.

District budgets under the Blueprint must demonstrate that targeted funds directly support the students they are intended to serve. At least 75% of each funding category must be spent on services for those students, ensuring resources truly follow a student to the classroom level. This is a substantive shift in public education accounting and districts throughout the state are working through the implications. HCPS continues to monitor developments and adjust implementation plans to ensure both compliance and meaningful impact for students.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. This was the twentieth 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 Annual Comprehensive 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 Annual Comprehensive 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 Amanda Henck, 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



Amanda Henck, CPA
Director of Finance



Carter Thomas, Grade 2
Abingdon Elementary School
Teacher: Ms. Keri Miller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Harford County Public Schools
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

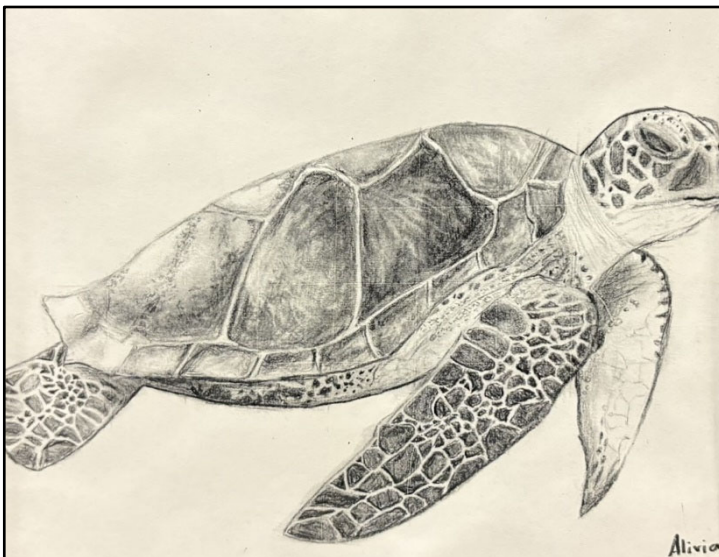
Christopher P. Morill

Executive Director/CEO

Financial Section



**Yufei Chen, Grade 10
C. Milton Wright High School
Teacher: Ms. Keri Freburger**



**Alivia Horn, Grade 8
Havre de Grace Middle School
Teacher: Ms. Laura Buscemi**



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2025, and the related notes to the financial statements, which collectively comprise HCPS' basic financial statements as listed in the table of contents.

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, 2025, and the respective changes in financial position, and the respective changes in financial position 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of HCPS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As of July 1, 2024, HCPS adopted Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Adjustment to Prior Periods

As discussed in Note 11 to the financial statements, HCPS restated beginning balances to correct an error related to the depreciation of capital assets in prior years. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about HCPS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about HCPS' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the HCPS' basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2025, 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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
October 20, 2025

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

June 30, 2025

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, 2025. 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 \$232.1 million due mainly to the Net OPEB Liability and deferred inflows related to OPEB. See Exhibit 1.
- On a budgetary basis, the General Fund unrestricted, unassigned fund balance increased by \$3.8 million to \$22.5 million. See Exhibit 7.
- The General Fund budget experienced a net increase of \$30.4 million during the year from the originally adopted budget. An additional \$5.0 million was due to an additional appropriation of unbudgeted miscellaneous and interest income in the unrestricted budget. The remaining 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 \$15.2 million, or -2.1%. Expenditures were lower than the final budget by \$23.3 million, or 3.2%. These variances were mainly due to unspent restricted funds that will be carried forward to the fiscal year 2026. The surplus in the unrestricted fund of \$8.1 million represents the additional increase of \$5.0 million in revenue and \$3.0 million is the portion of the unspent \$30.2 million fund balance that was assigned to the budget for fiscal year 2025. See Exhibit 7.

Harford County Public Schools

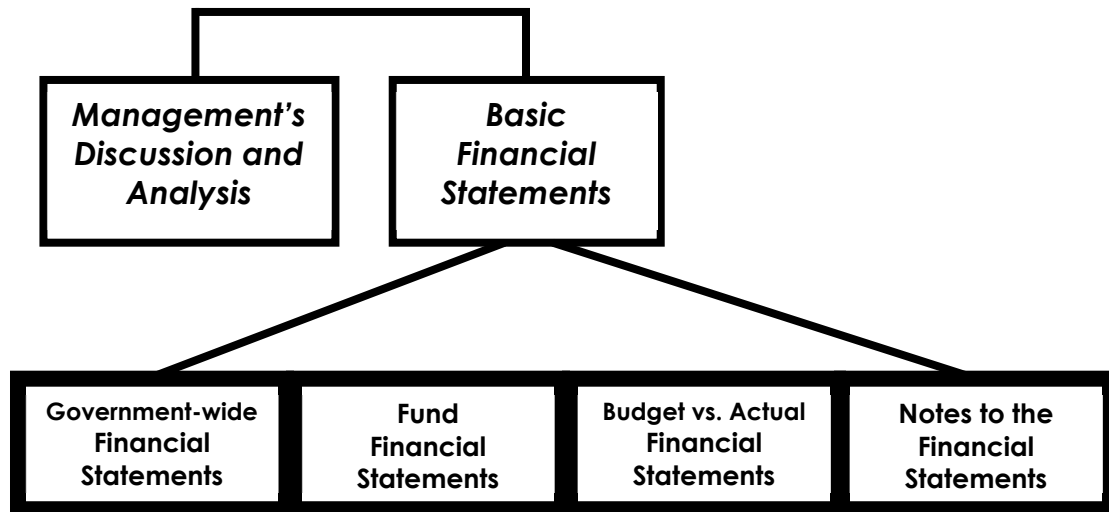
Management's Discussion and Analysis (MD&A)

June 30, 2025

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).

Harford County Public Schools

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

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 teacher 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.

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

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

Fiduciary responsibility – Retiree Health Plan Trust (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'

Harford County Public Schools

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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.

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 \$232.1 million due mainly to the Net OPEB Liability of \$553.7 million and deferred inflows related to OPEB of \$794.4 million. Net position increased by \$117.2 million from June 30, 2024 to June 30, 2025 due mainly to the increase in capital assets of \$72.2 million and to the reduction in deferred outflows of \$110.0 million. The unrestricted deficit as of June 30, 2025 is \$1.1 billion.

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 decreased \$22.5 million due to the use of \$22.1 million in assigned fund balance during fiscal year 2025. The increase of \$72.2 million in capital assets is due mainly to the construction at Homestead Wakefield Elementary, Harford Technical High School and Aberdeen Middle. The OPEB component of deferred outflows decreased \$116.6 million mainly due to the change in discount rate used in the current year valuation.

The largest change in liabilities is the reduction in noncurrent liabilities due to the reduction in the OPEB liability by \$117.6 million based on the overall actuarial valuation and the assumptions used. The OPEB component of deferred inflows decreased \$81.0 million due to the changes in the assumptions of the discount rate.

Also included in long-term liabilities is compensated absences. 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

Harford County Public Schools

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and unused vacation. The long-term portion is the amount we expect to pay beyond June 30, 2025. Of the total estimated \$42.0 million of accrued compensated absences as of June 30, 2025, \$7.1 million is due within one year. The total amount attributable to vacation and sick leave is \$8.2 million and \$33.8 million, respectively. Historically, this liability was funded on a "pay-as-you-go" basis from available current financial resources. This method is expected to continue. HCPS also has obligations under notes payable, finance purchase obligations, leases payable and subscriptions payable for \$28.9 million of which \$18.1 million is due within one year. The remaining long-term liabilities are due to the net pension liability, \$42.6 million, and net OPEB liability, \$553.7 million.

HCPS' net position as of June 30, 2025 and 2024, is illustrated in the table below and Exhibit 1.

Harford County Public Schools Net Position

	June 30, 2025	As restated for error June 30, 2024	\$ Change	% Change
ASSETS				
Current assets	\$ 123,624,572	\$ 146,080,741	\$ (22,456,169)	-15.4%
Capital assets, net	841,477,591	769,259,841	72,217,750	9.4%
Total assets	965,102,163	915,340,582	49,761,581	5.4%
Deferred outflows related to OPEB	281,270,000	397,882,000	(116,612,000)	-29.3%
Deferred outflows related to pensions	19,101,162	12,471,560	6,629,602	53.2%
Total deferred outflows	300,371,162	410,353,560	(109,982,398)	-26.8%
LIABILITIES				
Current and other liabilities	35,089,550	28,871,343	6,218,207	21.5%
Noncurrent liabilities	667,083,601	769,132,332	(102,048,731)	-13.3%
Total liabilities	702,173,151	798,003,675	(95,830,524)	-12.0%
Deferred inflows related to OPEB	794,442,000	875,395,000	(80,953,000)	-9.2%
Deferred inflows related to pensions	926,217	1,533,880	(607,663)	-39.6%
Total deferred inflows	795,368,217	876,928,880	(81,560,663)	-9.3%
NET POSITION				
Net investment in capital assets	803,415,988	742,295,238	61,120,750	8.2%
Restricted	24,218,584	32,982,997	(8,764,413)	-26.6%
Unrestricted	(1,059,702,615)	(1,124,516,648)	64,814,033	-5.8%
Total net position	\$ (232,068,043)	\$ (349,238,413)	\$ 117,170,370	-33.6%

Harford County Public Schools

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Results of operations for HCPS, as a whole, are presented in Exhibit 2, the Statement of Activities. Approximately \$720.8 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. \$517.0 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 surplus for this program due to higher than budgeted reimbursements.

The following table summarizes the government-wide cost of services for each program or function. About 91.1% of the total cost of services are directly related to students' instruction and welfare. Of the remaining 8.9%, or \$63.9 million, \$62.0 million is used for the direct administration of schools and instructional support. It is important to note that in this report format, costs for employee benefits and depreciation on fixed assets are allocated to the appropriate program or function.

Harford County Public Schools Statement of Activities

	<u>June 30, 2025</u>	<u>Total Cost of Services</u>	<u>% Net Cost to Total</u>
Instruction	\$ 480,012,645	\$ 248,793,231	51.8%
Pupil personnel	6,048,779	3,876,139	64.1%
Health services	9,054,835	8,226,497	90.9%
Pupil transportation	55,392,333	38,175,406	68.9%
Operation and maintenance of plant	79,798,066	53,011,478	66.4%
Food services	22,030,088	(1,468,493)	-6.7%
Student activities	4,522,235	4,522,235	100.0%
All others	63,914,356	54,242,481	84.9%
Total	<u>\$ 720,773,337</u>	<u>\$ 409,378,974</u>	<u>56.8%</u>
All others:			
Administration	\$ 18,402,484	\$ 15,811,634	85.9%
Mid-level administration	43,620,647	38,092,100	87.3%
Community services	1,313,322	(239,156)	-18.2%
Interest on debt	515,473	515,473	100.0%
Depreciation - unallocated	62,430	62,430	100.0%
Total	<u>\$ 63,914,356</u>	<u>\$ 54,242,481</u>	<u>84.9%</u>

Total revenues increased by \$14.6 million, or approximately 1.8%, over the prior year, as shown in the following table. Operating and capital grants and local appropriations represent a \$29.1 million increase in revenues offset by a reduction in miscellaneous revenue and investment earnings of \$14.5 million. Student activity revenues and expenses are reflected in the general fund

Harford County Public Schools

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and the expectation is that the majority of these funds are used in the current year. HCPS is fiscally dependent on local and state aid to fund its daily operations. State aid is partially formula driven based on student population and wealth and also by Blueprint mandates. 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. Expenditures are relatively consistent with the prior year.

Harford County Public Schools Change in Net Position

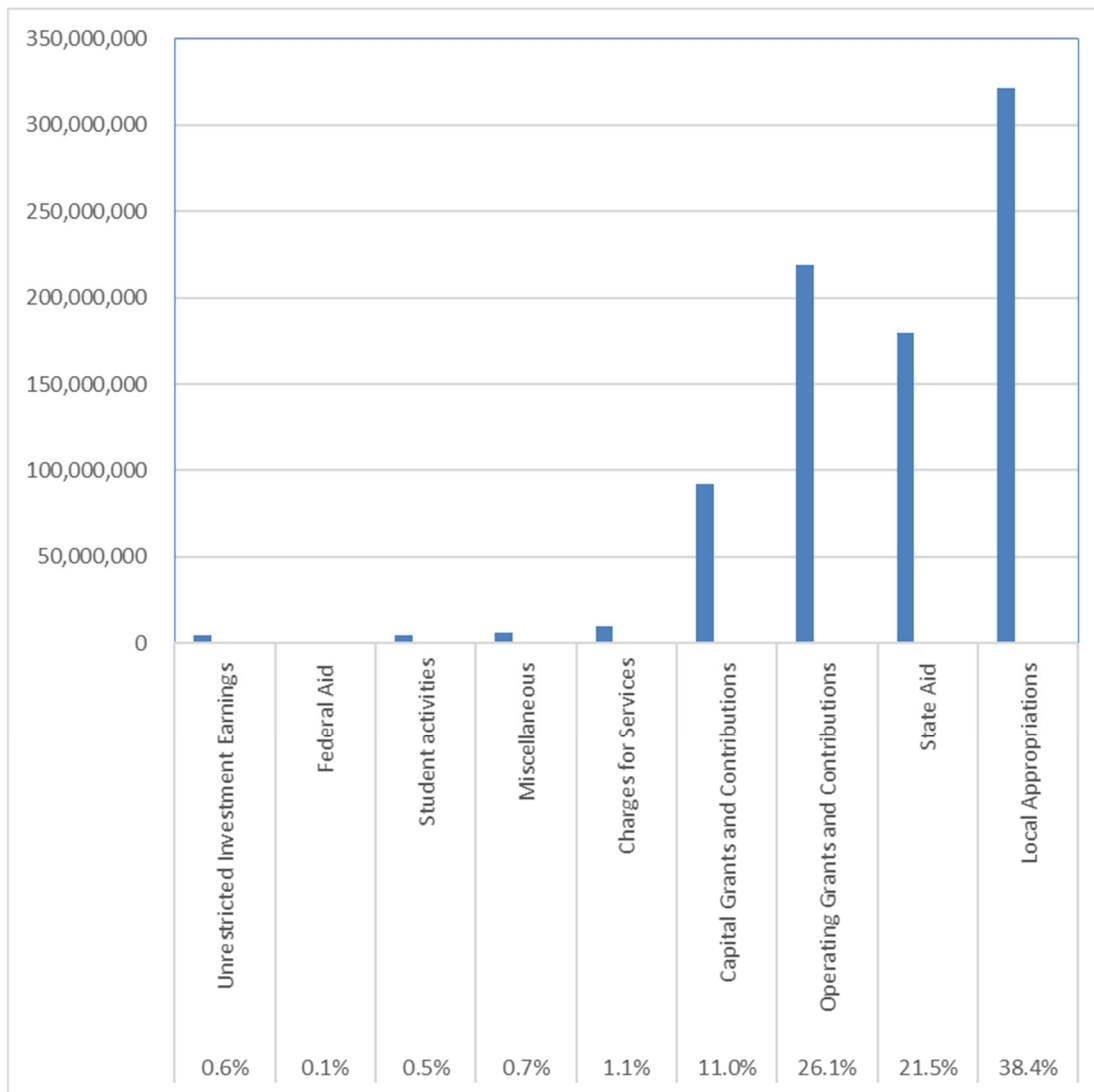
	June 30, 2025	As restated for error June 30, 2024	% Change
Revenues			
Program:			
Charges for services	\$ 9,618,858	\$ 9,149,441	5.1%
Operating grants and contributions	218,769,097	214,803,254	1.8%
Capital grants and contributions	92,510,728	73,877,210	25.2%
Local appropriations	321,352,402	314,852,402	2.1%
State aid	179,828,252	179,930,592	-0.1%
Federal aid	506,948	878,788	-42.3%
Student activities	4,595,006	4,552,067	0.9%
Miscellaneous	5,924,635	19,026,890	-68.9%
Investment earnings	4,837,781	6,249,005	-22.6%
Total revenues	837,943,707	823,319,649	1.8%
Expenses			
Instruction	480,012,645	485,305,698	-1.1%
Support services:			
Administration	18,402,484	18,833,886	-2.3%
Mid-level administration	43,620,647	44,021,555	-0.9%
Pupil personnel services	6,048,779	4,716,411	28.2%
Health services	9,054,835	9,775,504	-7.4%
Pupil transportation	55,392,333	54,620,177	1.4%
Operation of plant	51,842,249	50,714,545	2.2%
Maintenance of plant and equipment	27,955,817	27,413,334	2.0%
Community services	1,313,322	1,443,195	-9.0%
Food services	22,030,088	21,953,321	0.3%
Student activities	4,522,235	4,503,485	0.4%
Interest on long-term debt	515,473	449,464	14.7%
Depreciation - unallocated	62,430	62,431	0.0%
Total expenses	720,773,337	723,813,006	-0.4%
Change in Net Position	117,170,370	99,506,643	17.8%
Net position - beginning of year, as restated	(349,238,413)	(448,745,056)	-22.2%
Net position - end of year	<u>\$ (232,068,043)</u>	<u>\$ (349,238,413)</u>	<u>-33.6%</u>

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

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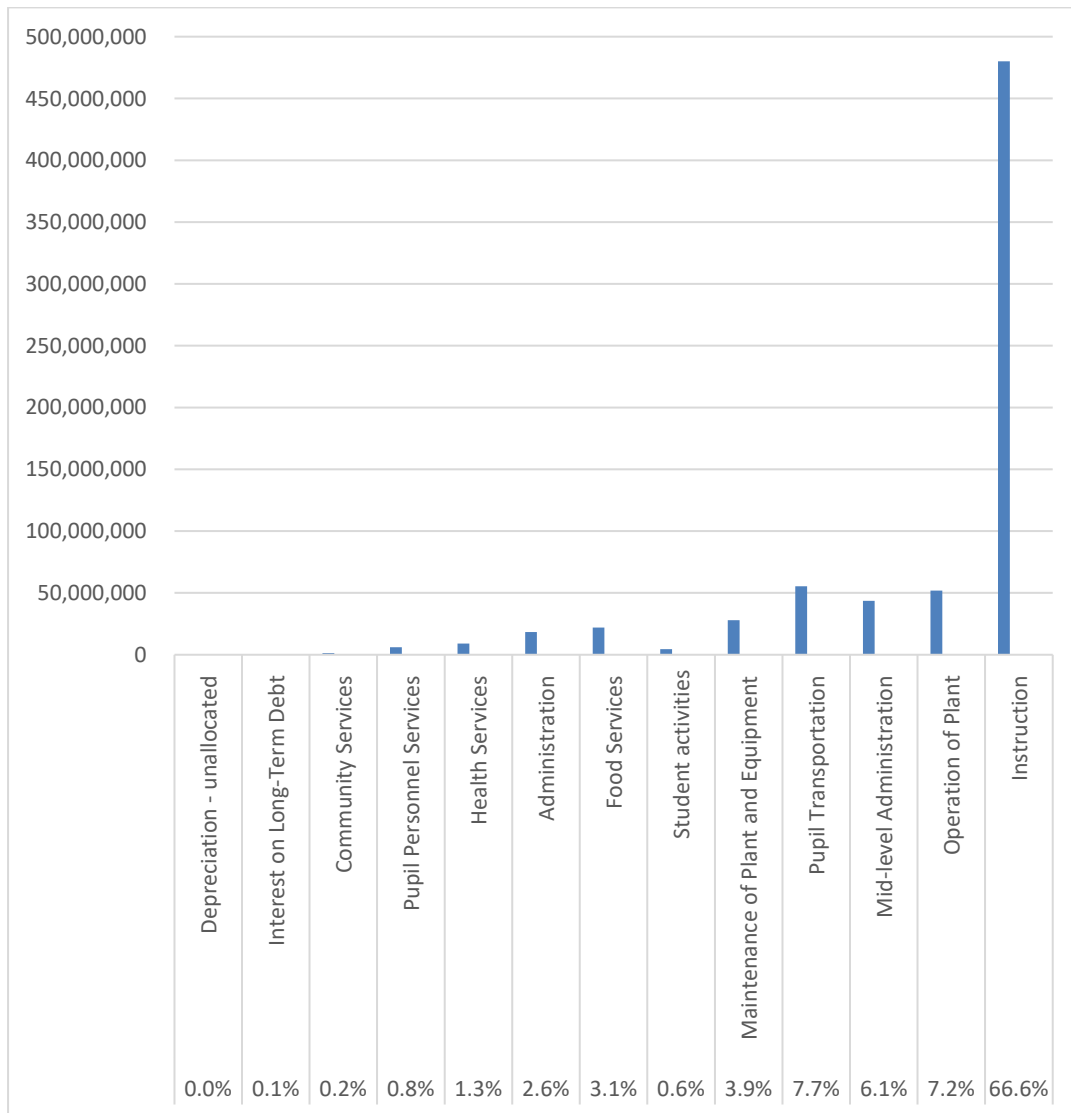
Sources of Revenues for Fiscal Year Ended June 30, 2025



Harford County Public Schools

Management's Discussion and Analysis (MD&A)
June 30, 2025

Expenses for Fiscal Year Ended June 30, 2025



Harford County Public Schools

Management's Discussion and Analysis (MD&A)

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Fund Performance

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

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

The General Fund Balance decreased by \$20.4 million due to the use of \$22.5 million of fund balance in Fiscal Year 2025. Of the \$30.2 million fund balance assigned in FY2025, the remaining surplus in the operating budget was \$8.1 million. A portion of the Special Revenue fund balance was used to invest in kitchen and warehouse equipment and vehicles to support the food and nutrition program which led to a \$0.5 million reduction of its fund balance. Expenditures exceeded revenues in the Capital Projects Fund by \$8.2 million but both revenues and expenditures were higher than in the previous year. This is due to timing of revenues received and funds used to support state and local capital projects in varying stages of progress. Homestead Wakefield Elementary construction was substantially complete at June 30, 2025. Other larger capital expenditures were for Harford Technical High School and Aberdeen Middle HVAC. Local funds contribute to state-supported projects as well as solely funding other projects such as general repairs, replacements and purchases of vehicles and buses.



Felicity Lee, Grade 3
Prospect Mill Elementary School
Teacher: Ms. Amy Hadaway

Harford County Public Schools

Management's Discussion and Analysis (MD&A) June 30, 2025

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, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Revenues								
Intergovernmental Revenues								
Local Sources	\$ 321,352,402	\$ 314,852,402	\$ -	\$ -	\$ 51,288,499	\$ 29,455,650	\$ 372,640,901	\$ 344,308,052
State Sources	333,313,901	308,111,672	354,045	545,998	39,540,681	42,944,503	373,208,627	351,602,173
Special State and Federal Programs	52,940,000	69,113,968	-	-	-	-	52,940,000	69,113,968
Federal Sources	506,948	878,788	15,089,644	14,938,248	-	1,178,353	15,596,592	16,995,389
Earnings on Investments	4,837,781	6,249,005	65,805	75,577	-	-	4,903,586	6,324,582
Charges for Services	-	-	7,522,750	7,209,474	-	-	7,522,750	7,209,474
Student activities	4,595,006	4,552,067	-	-	-	-	4,595,006	4,552,067
Miscellaneous Revenues	8,020,743	20,966,855	76,883	53,854	1,681,547	298,704	9,779,173	21,319,413
Total revenues	725,566,781	724,724,757	23,109,127	22,823,151	92,510,727	73,877,210	841,186,635	821,425,118
Expenditures								
Administration	13,788,074	13,434,033	-	-	-	-	13,788,074	13,434,033
Mid-Level Administration	33,532,096	32,357,730	-	-	-	-	33,532,096	32,357,730
Instructional Salaries	232,852,038	218,563,127	-	-	-	-	232,852,038	218,563,127
Instructional Textbooks & Materials	10,820,223	8,101,524	-	-	-	-	10,820,223	8,101,524
Other Instructional Costs	17,880,321	16,852,969	-	-	-	-	17,880,321	16,852,969
Special Education	82,956,457	71,557,292	-	-	-	-	82,956,457	71,557,292
Student Personnel Services	3,504,109	2,858,693	-	-	-	-	3,504,109	2,858,693
Health services	5,698,405	5,302,461	-	-	-	-	5,698,405	5,302,461
Pupil transportation	44,733,695	43,974,036	-	-	-	-	44,733,695	43,974,036
Operation of plant	35,457,294	33,772,466	-	-	-	-	35,457,294	33,772,466
Maintenance of plant and equipment	15,824,694	19,528,620	-	-	-	-	15,824,694	19,528,620
Fixed Charges	195,081,756	185,808,888	-	-	-	-	195,081,756	185,808,888
Community services	588,453	550,321	-	-	-	-	588,453	550,321
Special State & Federal Programs	52,936,557	66,710,036	-	-	-	-	52,936,557	66,710,036
Costs of Operations -Food Services	-	-	23,642,101	23,268,820	-	-	23,642,101	23,268,820
Student activities	4,522,235	4,503,485	-	-	-	-	4,522,235	4,503,485
Capital Outlay	-	14,280	-	-	100,742,167	88,843,096	100,742,167	88,857,376
Debt Service:								
Principal	11,251,091	12,474,218	-	-	-	-	11,251,091	12,474,218
Interest	515,473	449,464	-	-	-	-	515,473	449,464
Total expenditures	761,942,971	736,813,643	23,642,101	23,268,820	100,742,167	88,843,096	886,327,239	848,925,559
Excess (deficiency) of revenues over expenditures	(36,376,190)	(12,088,886)	(532,974)	(445,669)	(8,231,440)	(14,965,886)	(45,140,604)	(27,500,441)
Other financing sources (uses):								
Issuance of Leases	11,733,556	8,911,546	-	-	-	-	11,733,556	8,911,546
Issuance of Subscriptions	4,194,411	7,373,225	-	-	-	-	4,194,411	7,373,225
Transfers	-	(20,681,642)	-	-	-	20,681,642	-	-
Net change in fund balances	(20,448,223)	(16,485,757)	(532,974)	(445,669)	(8,231,440)	5,715,756	(29,212,637)	(11,215,670)
Fund Balances - beginning of year	82,597,413	99,083,170	12,020,289	12,465,958	20,962,708	15,246,952	115,580,410	126,796,080
Fund Balances - end of year	\$ 62,149,190	\$ 82,597,413	\$ 11,487,315	\$ 12,020,289	\$ 12,731,268	\$ 20,962,708	\$ 86,367,773	\$ 115,580,410

Harford County Public Schools

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General Fund Budget and Actual (Exhibit 7)

Budget changes made to the original budget during the fiscal year totaled \$30.4 million, or 4.4%. Most of this change was due to approximately \$19.0 million in carry-over grant funds related to special education/medical assistance, TeachHCPS and other multi-year federal grants. New grant funds were also received during the year totaling approximately \$10.0 million.

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

	<u>Original Budget</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Change</u>	<u>Final Budget</u>
REVENUE					
Local	\$ 321,352,402	\$ -	\$ -	\$ -	\$321,352,402
State	296,088,084	-	-	-	296,088,084
Federal	420,000	-	-	-	420,000
Special state and federal	45,079,390	25,382,998	-	25,382,998	70,462,388
Earnings on investments	2,000,000	2,000,000	-	2,000,000	4,000,000
Other Sources	3,210,500	3,000,000	-	3,000,000	6,210,500
Prior year's fund balance	30,211,788	-	-	-	30,211,788
Total revenues	<u>\$ 698,362,164</u>	<u>\$30,382,998</u>	<u>\$ -</u>	<u>\$30,382,998</u>	<u>\$ 728,745,162</u>
EXPENDITURES					
Administration	\$ 15,499,718	\$ 5,670,692	\$ -	\$ 5,670,692	\$ 21,170,410
Mid-Level Administration	35,075,790	1,038,565	-	1,038,565	36,114,355
Instructional Salaries	242,674,530	4,210,999	-	4,210,999	246,885,529
Textbooks	8,412,710	8,181,371	(905,500)	7,275,871	15,688,581
Other Instructional Costs	14,155,868	1,831,659	(150,000)	1,681,659	15,837,527
Special Education	98,753,841	9,542,014	-	9,542,014	108,295,855
Student Personnel Services	4,114,172	1,161,886	-	1,161,886	5,276,058
Student Health Services	5,915,539	116,970	-	116,970	6,032,509
Student Transportation	48,311,768	-	(1,809,758)	(1,809,758)	46,502,010
Operation of Plant	38,531,024	675,000	(1,675,364)	(1,000,364)	37,530,660
Maintenance of Plant	18,048,497	3,000	(600,403)	(597,403)	17,451,094
Fixed Charges	167,135,153	2,018,898	-	2,018,898	169,154,051
Community Services	832,122	854,951	-	854,951	1,687,073
Capital Outlay	901,432	218,018	-	218,018	1,119,450
Total expenditures	<u>\$ 698,362,164</u>	<u>\$35,524,023</u>	<u>\$(5,141,025)</u>	<u>\$30,382,998</u>	<u>\$ 728,745,162</u>

Harford County Public Schools

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It is critical for the reader to understand that local and state revenues account for 86.7% 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, healthcare settlements, interest income, rebates and dividends from MABE's insurance programs. Major receipts in other revenues specifically include a \$3.0 million healthcare settlements and \$1.2 million due to rebates and a settlement.

Capital Assets, Leases and Debt Administration (See Notes 4 and 5)

Capital Assets: As of June 30, 2025, HCPS had approximately \$1.2 billion invested in a broad range of capital assets including land (1,941 acres), buildings (6.3 million square feet), improvements, furniture, vehicles and other equipment. Capital and amortizable assets increased approximately \$94.5 million and \$8.1 million over last year, excluding the effect of depreciation and amortization, as shown in the table below. Most of this increase pertains to a school replacement project, a school renovation project and to instructional related subscriptions and laptop leases.

Harford County Public Schools Changes to Capital Assets

	June 30, 2025	June 30, 2024	\$ Change	% Change
Capital Assets:				
Land	\$ 9,672,942	\$ 9,672,942	\$ -	0.0%
Construction in progress	157,374,200	78,304,742	79,069,458	101.0%
School properties	1,019,606,502	1,011,043,211	8,563,291	0.8%
Furniture and equipment	71,899,685	65,024,159	6,875,526	10.6%
Total capital assets	1,258,553,329	1,164,045,054	94,508,275	8.1%
Amortizable lease and SBITA assets:				
Land improvements	1,072,667	1,072,667	-	0.0%
Buildings	645,712	377,349	268,363	71.1%
Furniture and equipment	39,017,067	27,551,874	11,465,193	41.6%
Subscription-based Information				
Technology Agreements (SBITAs)	12,062,300	7,867,888	4,194,412	53.3%
Total amortizable lease assets	52,797,746	36,869,778	15,927,968	43.2%
Capital, lease and SBITA assets	\$ 1,311,351,075	\$ 1,200,914,832	\$ 110,436,243	9.2%

The chart below reflects the various long-term liabilities reflected in these financial statements.

Leases and Long-term Debt: 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

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

June 30, 2025

approved debt policy for lease transactions. In fiscal year 2022, HCPS refinanced the note for the Administration Building, reflected as the Finance purchase obligation below, to a lower rate of 1.7%, without extending the term of the debt. Net budgetary savings is approximately \$213,000 between years 2023 and 2030. The decrease associated with the finance purchase obligation is solely the reduction of the liability.

Notes payable currently reflects the performance energy contract and the decrease associated is solely the reduction of this liability.

Leases reflected in these financial statements pertain mainly to the HCPS copier lease and laptop leases for students and staff. The increase over the prior year is due to two new laptop leases into which HCPS entered.

Subscriptions payable are also considered long-term debt. The increase over the prior year is mainly due to new instructional subscriptions that were purchased in fiscal year 2025.

Harford County Public Schools Changes to Long-term Debt

	June 30, 2025	June 30, 2024	\$ Change	% Change	Due Within One Year
Finance purchase obligations	\$ 3,789,516	\$ 4,509,625	\$ (720,109)	-16.0%	\$ 732,422
Notes payable - direct borrowings	5,233,213	6,218,303	(985,090)	-15.8%	1,005,060
Leases payable	15,076,076	9,908,102	5,167,974	52.2%	6,819,419
Subscriptions payable	4,837,888	3,623,787	1,214,101	33.5%	2,424,918
Compensated Absences	41,927,243	40,750,781	1,176,462	2.9%	7,088,880
OPEB Liability	553,659,000	671,290,000	(117,631,000)	-17.5%	-
Net Pension Liability	42,560,665	32,831,734	9,728,931	29.6%	-
Total Long-Term Debt	\$ 667,083,601	\$ 769,132,332	\$ (102,048,731)	-15.3%	\$ 18,070,699

Ongoing Challenges

The Blueprint for Maryland's Future, a comprehensive and ambitious education reform initiative, continues to present significant challenges for HCPS. Chief among these is the financial strain created by the mismatch between the Blueprint's requirements and the funding provided. This is especially evident in areas like Special Education, where HCPS expenditures and needs substantially exceed the state's calculated funding allocations. HCPS continues to face funding constraints that make it difficult to meet Blueprint expectations without compromising other essential services that fall outside the legislation's scope. These include areas such as school safety, transportation, and manageable class sizes, all of which are foundational to student well-being and academic success but are not directly accounted for in the Blueprint formula.

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

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The Blueprint's stringent data collection, tracking, and reporting requirements have also stretched HCPS's administrative capacity. Compliance with the Accountability and Implementation Board's expectations requires both short-term and long-term investments in staffing, systems, and analytic capabilities. These are not one-time efforts, but recurring and evolving expectations that will require sustained infrastructure and funding support.

In addition to the Blueprint challenges, the ongoing shifts in Maryland's statewide assessment and curriculum requirements have also introduced implementation burdens. The adoption of the Maryland Comprehensive Assessment Program (MCAP), which is fully computer-based, required significant investments in updated instructional materials, expanded technology infrastructure, and enhanced technical support. These demands have been further intensified by new state-mandated Comprehensive Literacy and Comprehensive Mathematics Plans, both of which come with major implementation and cost implications. The Comprehensive Literacy Plan requires universal screening, diagnostics, reporting systems, and alignment to the Science of Reading. The scope of training alone to meet these literacy requirements has placed significant stress on district budgets and capacity. Similarly, the Comprehensive Mathematics Plan calls for a complete redesign of math course sequencing, implementation of new instructional materials, and substantial professional development for educators. These initiatives represent significant undertakings that require time, personnel, and funding well beyond what is currently allocated by the state formula.

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Future Challenges

The school system must consider a multitude of factors as it prepares future budgets. In addition to the ongoing challenges above, notable factors influencing future budgets include the following:

- additional resource needs for more services, including individualized transportation services for an increasing number of homeless students, those newly immigrated to this country, and a growing socioeconomically eligible population
- increasing requirement for funding to hire more ESL staff and provide more documents in various languages
- 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
- increasing need to hire more high school counselors and to make them twelve-month employees to manage workloads
- increasing enrollment of students with severe disabilities requiring additional classroom capacity, programming needs, staffing and transportation services

Harford County Public Schools

Management's Discussion and Analysis (MD&A)

June 30, 2025

- increasing need to hire qualified home and hospital teachers to support students
- uncertain enrollment figures as families continue to make different educational decisions
- insufficient building capacity and resources to support expansion of pre-k, special education programming and community schools initiatives
- limited 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
- the need for competitive salaries in order to attract and retain highly qualified employees for all HCPS positions as well as to meet Maryland Blueprint requirements
- continued projected increases in the cost of employee health and dental benefits and state retirement costs
- increased costs for school safety staff and technology

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.

Harford County Public Schools

STATEMENT OF NET POSITION JUNE 30, 2025

Governmental Activities

ASSETS

Cash and cash equivalents	\$ 28,587,593
Investments	44,086,740
Due from other units of government	37,548,925
Other receivables	12,831,509
Inventory, food and supplies	569,805
Capital assets not being depreciated or amortized	167,047,142
Capital assets net of accumulated depreciation and amortization	674,430,449
Total assets	<u>965,102,163</u>

DEFERRED OUTFLOWS

Deferred outflows related to OPEB	281,270,000
Deferred outflows related to pensions	19,101,162
Total deferred outflows	<u>300,371,162</u>

LIABILITIES

Accounts payable	21,094,235
Accrued salaries and wages	1,087,978
Payroll taxes payable	307,470
Unearned revenue	12,599,867
Noncurrent liabilities:	
Due within one year	18,070,699
Due in more than one year	649,012,902
Total liabilities	<u>702,173,151</u>

DEFERRED INFLOWS

Deferred inflows related to OPEB	794,442,000
Deferred inflows related to pensions	926,217
Total deferred inflows	<u>795,368,217</u>

NET POSITION

Net investment in capital assets	803,415,988
Restricted for:	
Food services	11,487,316
Capital projects	12,731,268
Unrestricted	(1,059,702,615)
Total net position	<u>\$ (232,068,043)</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, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular education	\$ 350,884,730	\$ 1,592,264	\$ 112,071,266	\$ 66,191,308	\$ (171,029,892)
Special education	129,127,915	-	60,745,537	-	(68,382,378)
Total instruction	480,012,645	1,592,264	172,816,803	66,191,308	(239,412,270)
Support services					
Administration	18,402,484	-	2,471,810	119,040	(15,811,634)
Mid-level administration	43,620,647	-	5,528,547	-	(38,092,100)
Pupil personnel services	6,048,779	-	2,172,640	-	(3,876,139)
Health services	9,054,835	-	828,338	-	(8,226,497)
Pupil transportation	55,392,333	-	17,216,927	-	(38,175,406)
Operation of plant	51,842,249	-	625,088	24,545,542	(26,671,619)
Maintenance of plant and equipment	27,955,817	-	84,479	1,654,838	(26,216,500)
Community services	1,313,322	503,844	1,048,634	-	239,156
Food services	22,030,088	7,522,750	15,975,831	-	1,468,493
Student activities	4,522,235	-	-	-	(4,522,235)
Interest on long-term debt	515,473	-	-	-	(515,473)
Depreciation - unallocated	62,430	-	-	-	(62,430)
Total support services	240,760,692	8,026,594	45,952,294	26,319,420	(160,462,384)
Total governmental activities	\$ 720,773,337	\$ 9,618,858	\$ 218,769,097	\$ 92,510,728	(399,874,654)
General revenues:					
Local aid not restricted to specific purposes					321,352,402
State aid not restricted to specific purposes					179,828,252
Federal aid not restricted to specific purposes					506,948
Student activities					4,595,006
Miscellaneous					5,924,635
Investment earnings					4,837,781
Total general revenues					517,045,024
Change in net position					117,170,370
Net position - beginning of year, as originally reported					(315,161,152)
Error Correction					(34,077,261)
Net position - beginning of year, as restated					(349,238,413)
Net position - end of year					\$ (232,068,043)

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

Harford County Public Schools

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 16,483,435	\$ 12,104,158	\$ -	\$ 28,587,593
Investments	44,086,740	-	-	44,086,740
Due from other units of government	17,531,769	986,612	19,030,544	37,548,925
Other receivables	12,632,411	199,098	-	12,831,509
Due from other funds	1,612,180	-	8,521,001	10,133,181
Inventory, food and supplies	111,368	458,437	-	569,805
Total assets	\$ 92,457,903	\$ 13,748,305	\$ 27,551,545	\$ 133,757,753
LIABILITIES				
Accounts payable	\$ 6,398,199	\$ 337,914	\$ 14,358,122	\$ 21,094,235
Accrued salaries and wages	1,087,978	-	-	1,087,978
Payroll taxes payable	307,470	-	-	307,470
Due to other funds	8,521,001	1,612,180	-	10,133,181
Unearned revenue	11,826,817	310,895	462,155	12,599,867
Compensated absences payable	2,167,248	-	-	2,167,248
Total liabilities	30,308,713	2,260,989	14,820,277	47,389,979
FUND BALANCES				
Non-spendable	111,368	458,437	-	569,805
Restricted	-	11,028,879	12,731,268	23,760,147
Assigned	41,944,253	-	-	41,944,253
Unassigned	20,093,569	-	-	20,093,569
Total fund balances	62,149,190	11,487,316	12,731,268	86,367,774
Total liabilities and fund balances	\$ 92,457,903	\$ 13,748,305	\$ 27,551,545	\$ 133,757,753

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, 2025**

Total fund balances - governmental funds (Exhibit 3)	\$ 86,367,774
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 \$1,311,351,075 and the accumulated depreciation and amortization. is \$469,873,484.	
	\$ 841,477,591
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 net compensated absences payable (\$39,759,995), obligations under leases (\$15,076,075), finance purchase obligations (\$3,789,516), notes payable - direct borrowing (\$5,233,213) and subscriptions payable (\$4,837,889), net OPEB liability (\$553,659,000) and net pension liability (\$42,560,665).	
	(664,916,353)
Deferred outflows related to OPEB.	281,270,000
Deferred outflows related to pensions.	19,101,162
Deferred inflows related to OPEB.	(794,442,000)
Deferred inflows related to pensions.	(926,217)
Total net position - governmental activities (Exhibit 1)	<u><u>\$ (232,068,043)</u></u>

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

Harford County Public Schools

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Intergovernmental revenues:				
Local sources	\$ 321,352,402	\$ -	\$ 51,288,499	\$ 372,640,901
State sources	333,313,901	354,045	39,540,681	373,208,627
Special state and federal programs	52,940,000	-	-	52,940,000
Federal sources	506,948	15,089,644	-	15,596,592
Earnings on investments	4,837,781	65,805	-	4,903,586
Charges for services	-	7,522,750	-	7,522,750
Student activities	4,595,006	-	-	4,595,006
Miscellaneous	8,020,743	76,883	1,681,548	9,779,174
Total revenues	<u>725,566,781</u>	<u>23,109,127</u>	<u>92,510,728</u>	<u>841,186,636</u>
Expenditures				
Current:				
Administrative services	13,788,075	-	-	13,788,075
Mid-level administrative services	33,532,097	-	-	33,532,097
Instructional salaries	232,852,038	-	-	232,852,038
Instructional textbooks and supplies	10,820,222	-	-	10,820,222
Other instructional costs	17,880,322	-	-	17,880,322
Special education	82,956,456	-	-	82,956,456
Student personnel services	3,504,109	-	-	3,504,109
Health services	5,698,405	-	-	5,698,405
Pupil transportation services	44,733,694	-	-	44,733,694
Operation of plant	35,457,294	-	-	35,457,294
Maintenance of plant and equipment	15,824,693	-	-	15,824,693
Fixed charges	195,081,756	-	-	195,081,756
Community services	588,453	-	-	588,453
Special state and federal programs	52,936,558	-	-	52,936,558
Costs of operation - food services	-	23,642,101	-	23,642,101
Student activities	4,522,235	-	-	4,522,235
Capital outlay	-	-	100,742,167	100,742,167
Debt service:				
Principal	11,251,091	-	-	11,251,091
Interest	515,473	-	-	515,473
Total expenditures	<u>761,942,971</u>	<u>23,642,101</u>	<u>100,742,167</u>	<u>886,327,239</u>
Excess (deficiency) of revenues over expenditures	(36,376,190)	(532,974)	(8,231,439)	(45,140,603)
Other financing sources:				
Issuance of leases	11,733,556	-	-	11,733,556
Issuance of subscriptions	4,194,411	-	-	4,194,411
Total Other financing sources	<u>15,927,967</u>	<u>-</u>	<u>-</u>	<u>15,927,967</u>
Net change in fund balances	(20,448,223)	(532,974)	(8,231,439)	(29,212,636)
Fund balances - beginning of year	82,597,413	12,020,289	20,962,708	115,580,410
Fund balances - end of year	<u><u>\$ 62,149,190</u></u>	<u><u>\$ 11,487,315</u></u>	<u><u>\$ 12,731,269</u></u>	<u><u>\$ 86,367,774</u></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, 2025**

Total net change in fund balances - governmental funds (Exhibit 5) \$ (29,212,636)

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 (\$111,143,020) exceeded depreciation and amortization expense (\$38,925,270) . 72,217,750

Leases and notes payable provide 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 borrowings and repayments on leases was \$5,167,974, finance purchase obligations (\$720,109), notes payable - direct borrowing was (\$985,090) and subscriptions was \$1,214,101. (4,676,876)

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 \$638,202. (638,202)

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. 81,972,000

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. (2,491,666)

Change in net position of governmental activities (Exhibit 2) \$ 117,170,370

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, 2025**

	Unrestricted			Restricted				
	Original Budget	Final Budget	Actual (non-GAAP)	Variance - Positive (Negative)	Original Budget	Final Budget	Actual (non-GAAP)	Variance - Positive (Negative)
Revenues								
Intergovernmental revenues:								
Local	\$ 321,352,402	\$ 321,352,402	\$ 321,352,402	\$ -	\$ -	\$ -	\$ -	\$ -
State	296,088,084	296,088,084	297,184,398	1,096,314	-	-	-	-
Federal	420,000	420,000	506,948	86,948	-	-	-	-
Special state and federal	-	-	-	-	45,079,390	70,462,388	53,480,108	(16,982,280)
Earnings on investments	2,000,000	4,000,000	4,043,285	43,285	-	-	-	-
Other sources	3,210,500	6,210,500	6,759,212	548,712	-	-	-	-
Prior year fund balance	30,211,788	30,211,788	30,211,788	-	-	-	-	-
Total revenues	\$ 653,282,774	\$ 658,282,774	660,058,033	\$ 1,775,259	\$ 45,079,390	\$ 70,462,388	\$ 53,480,108	\$ (16,982,280)
Expenditures								
Current:								
Administrative services	\$ 14,430,886	\$ 14,430,886	\$ 14,013,127	\$ 417,759	\$ 1,068,832	\$ 6,739,524	\$ 1,427,317	\$ 5,312,207
Mid-level administration	34,083,594	34,083,594	33,559,871	523,723	992,196	2,030,761	2,178,146	(147,385)
Instructional salaries	234,487,858	234,487,858	232,852,038	1,635,820	8,186,672	12,397,671	10,065,483	2,332,188
Instructional textbooks and supplies	7,860,361	9,954,861	8,428,524	1,526,337	552,349	5,733,720	2,540,116	3,193,604
Other instructional costs	13,111,983	12,961,983	12,613,816	348,167	1,043,885	2,875,544	2,462,789	412,755
Special education	78,095,873	82,820,873	82,820,640	233	20,657,968	25,474,982	20,946,956	4,528,026
Student personnel services	3,512,762	3,512,762	3,505,801	6,961	601,410	1,763,296	1,354,260	409,036
Student health services	5,671,779	5,699,279	5,698,644	635	243,760	333,230	594,088	(260,858)
Student transportation	47,433,351	45,783,351	44,722,903	1,060,448	878,417	718,659	433,663	284,996
Operation of plant	36,341,700	36,266,700	36,255,953	10,747	2,189,324	1,263,960	1,285,507	(21,547)
Maintenance of plant	17,189,123	17,192,123	17,191,605	518	859,374	258,971	84,479	174,492
Fixed charges	159,741,393	159,741,393	159,004,983	736,410	7,393,761	9,412,658	8,885,226	527,432
Community services	573,502	598,502	588,453	10,049	258,620	1,088,571	830,798	257,773
Capital outlay	748,609	748,609	720,109	28,500	152,823	370,841	391,279	(20,438)
Total expenditures	\$ 653,282,774	\$ 658,282,774	651,976,467	\$ 6,306,307	\$ 45,079,390	\$ 70,462,388	\$ 53,480,108	\$ 16,982,280
Excess of revenues over expenditures			8,081,566					
Transfer to capital projects fund			-					
Excess of revenues over expenditures and transfer			8,081,566					
Total fund balance - beginning of year			67,234,736					
Prior year fund balance recognized as revenue above			(30,211,788)					
Total fund balance - end of year			45,104,514					
Fund balance -end of year - nonspendable			(111,368)					
- assigned			(22,500,000)					
Fund balance - end of year - unassigned			\$ 22,493,146					

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

Harford County Public Schools

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2025

	Retiree Health Plan Trust
Assets	
Investments held in MABE Trust	\$ 88,520,980
Total assets	<u>88,520,980</u>
Liabilities	
	<u>-</u>
Total liabilities	<u>-</u>
Net position restricted for OPEB	<u><u>\$ 88,520,980</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, 2025**

	Retiree Health Plan Trust
Additions	
Contributions	\$ 28,788,000
Other income	
Investment earnings	
Net increase in fair value of investments	6,804,936
Less custodial fees	<u>(278,266)</u>
Net investment results	<u>6,526,670</u>
Total additions	<u>35,314,670</u>
Deductions	
Benefit payments	28,788,000
Administrative expenses	<u>13,354</u>
Total deductions	<u>28,801,354</u>
Change in net position	6,513,316
Net position - beginning of year	<u>82,007,664</u>
Net position - end of year	<u><u>\$ 88,520,980</u></u>

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

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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.

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

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and asset retirement obligations are recognized based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Board the right to use assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscription-based information technology arrangements are reported as other financing sources.

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.

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

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

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

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.

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 receivables 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, 2025. 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

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position or Equity (continued)

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. In addition, assets having an estimated useful life of more than one year that are below the \$5,000 threshold and not considered repair or maintenance costs are collectively capitalized on the financial statements when the aggregate of those assets are considered significant. 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.

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position or Equity (continued)

Compensated Absences

The Board recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is reported in the government-wide and general fund financial statements and includes salary-related benefits, where applicable.

Vacation: The Board’s policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee’s current pay rate upon separation from employment.

Sick Leave: The Board’s policy permits employees to accumulate earned but unused sick leave. 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. Sick leave is also accrued for employees with less than ten years of service where the portion of sick leave that is accrued is based on historical tenure rates and estimates of the employee population who will be eligible for payout of their sick leave balance after ten years of service. Except when an employee retires with the State of Maryland, all sick leave lapses when employees leave the employ of the Board and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

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.

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities and Net Position or Equity (continued)

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 assets that applies to 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 assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Encumbrances

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

Net Position and Fund Balance

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

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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) Each fiscal year the Budget Office coordinates with the Superintendent to seek input from departmental leaders and the community as the budget planning process begins.
- 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, 2025
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NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (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 \$1,511,658 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, 2025

NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (continued)

Revenues (non-GAAP budgetary basis) - unrestricted and restricted - Exhibit 7	\$ 713,538,141
Prior year fund balance	(30,211,788)
Revenues adjusted by encumbrances of expenditure driven grants	(540,108)
Pension contributions made directly by State	36,129,503
Interest earned on rate stabilization deposit	794,496
Student activities	4,595,006
Changes in value of rate stabilization fund	<u>1,261,531</u>
Revenues (GAAP basis) - Exhibit 5	<u>\$ 725,566,781</u>
Expenditures (non-GAAP budgetary basis - unrestricted and restricted - Exhibit 7)	\$ 705,456,575
Encumbrance adjustments (net)	(93,307)
Pension contributions made directly by State	36,129,503
Student activities	4,522,235
Leases, notes and subscriptions payable increase	<u>15,927,965</u>
Expenditures (GAAP basis) - Exhibit 5	<u>\$ 761,942,971</u>
Unassigned Fund Balance (non-GAAP budgetary basis) - Exhibit 7	\$ 22,493,146
Cumulative effect of:	
Revenues adjusted by encumbrances of expenditure driven grants	<u>(2,399,577)</u>
Unassigned fund balance (GAAP basis) - Exhibit 3	<u>\$ 20,093,569</u>
Assigned Fund Balance (non-GAAP budgetary basis) - Exhibit 7	\$ 22,500,000
Encumbrances	4,764,725
Rate stabilization receivable	11,941,452
Student activities	<u>2,738,076</u>
Assigned Fund Balance (GAAP basis) - Exhibit 3	<u>\$ 41,944,253</u>

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 – CASH AND INVESTMENTS

Cash on Hand

At year end, cash on hand for petty cash and change funds was \$250.

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, 2025, 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, 2025, the carrying amount of the Board's deposits was \$11,761,353 and the bank balance was \$13,341,098.

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, 2025, the Board's investment balances were as follows:

	Total Governmental Funds	Total Fiduciary Funds	Total
Maryland Local Government Investment Pool	\$ 44,086,740	\$ -	\$ 44,086,740
MABE Trust	-	88,520,980	88,520,980
Total Investments	\$ 44,086,740	\$ 88,520,980	\$ 132,607,720

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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, 2025, complied with the Board's investment policy as of that date.

Investment income includes the following for the year ended June 30, 2025:

Net interest and dividends	\$ 4,903,586
Less: Restricted net investment income	65,805
Total Net Investment Income Per Statement of Activities	\$ 4,837,781

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, 2025, 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, 2025

NOTE 3 – CASH AND INVESTMENTS (continued)

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

Cash on hand	\$ 250
Carrying amount of deposits	11,761,353
Carrying amount of sweep accounts	16,825,990
Carrying amount of investments	132,607,720
Total cash and investments	161,195,313
Less: Amounts in fiduciary funds	88,520,980
Total Cash and Investments per Statement of Net Position	\$ 72,674,333
Cash and cash equivalents	\$ 28,587,593
Investments	44,086,740
Total Cash and Investments per Statement of Net Position	\$ 72,674,333

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, 2025, the pooled net position of the MABE Trust was \$772,172,812 in total, of which the Board's allocated investment balance was \$88,520,980. The Board may terminate its membership in the MABE Trust and withdraw its allocated investment balance by providing written notice six months prior to the intended date of withdrawal.

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025, were as follows, including the restatement of beginning balances for accumulated depreciation as of July 1, 2024:

	As restated for error July 1, 2024	Additions	Retirements/ Reclassifications	June 30, 2025
Governmental activities:				
Nondepreciable capital assets:				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in progress	78,304,742	86,780,096	(7,710,638)	157,374,200
Total nondepreciable capital assets	87,977,684	86,780,096	(7,710,638)	167,047,142
Depreciable capital assets:				
Land improvements	23,780,967	476,835	355,958	24,613,760
Buildings	987,262,244	375,818	7,354,680	994,992,742
Furniture and equipment	65,024,159	7,582,303	(706,777)	71,899,685
Total depreciable capital assets	1,076,067,370	8,434,956	7,003,861	1,091,506,187
Amortizable lease assets:				
Land improvements	1,072,667	-	-	1,072,667
Buildings	377,349	268,363	-	645,712
Furniture and equipment	27,551,874	11,465,193	-	39,017,067
Total amortizable lease assets	29,001,890	11,733,556	-	40,735,446
Amortizable SBITA assets:				
SBITAs	7,867,888	4,194,412	-	12,062,300
Total SBITA assets	7,867,888	4,194,412	-	12,062,300
Total Capital and Amortizable Assets	1,200,914,832	111,143,020	(706,777)	1,311,351,075
Less capital asset accumulated depreciation for:				
Land improvements	14,017,977	920,885	-	14,938,862
Buildings	354,450,441	24,925,639	-	379,376,080
Furniture and equipment	44,611,736	4,288,529	(706,777)	48,193,488
Total capital asset accumulated depreciation	413,080,154	30,135,053	(706,777)	442,508,430
Less lease asset accumulated amortization for:				
Land improvements	410,254	165,603	-	575,857
Buildings	284,810	94,080	-	378,890
Furniture and equipment	15,941,104	6,529,019	-	22,470,123
Total lease asset accumulated amortization	16,636,168	6,788,702	-	23,424,870
Less SBITA asset accumulated amortization for:				
SBITAs	1,938,669	2,001,515	-	3,940,184
Total SBITA asset accumulated amortization	1,938,669	2,001,515	-	3,940,184
Total Accumulated Depreciation and Amortization	431,654,991	38,925,270	(706,777)	469,873,484
Governmental activities, capital and lease assets, net	\$ 769,259,841	\$ 72,217,750	\$ -	\$ 841,477,591

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation and amortization expense for the year ended June 30, 2025, was charged to governmental functions on the Statement of Activities as follows:

Depreciation not allocated to specific functions	\$ 62,430
Administration	450,549
Mid-level administration	1,288
Instruction	23,018,544
Special education	89,236
Transportation	1,857,446
Operations	4,696,672
Maintenance	8,611,253
Food Service	137,852
Total	<u>\$ 38,925,270</u>

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - CAPITAL ASSETS (continued)

The Board has active school construction projects as of June 30, 2025, as follows:

Project:	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Harford Academy	\$ 6,329,198	\$ 5,719,459
Harford Technical High School	47,346,105	23,663,178
Aberdeen High Ticket Booth	25,889	97,912
Aberdeen Middle HVAC	25,188,962	5,997,760
Harford Glen Pier	23,457	21,743
Havre de Grace High School Track	273,786	256,939
Joppatowne High School Stormwater Improvements	22,149	16,860
Homestead Wakefield Elementary	64,261,079	8,015,281
Church Creek Elementary Freezer	42,014	90,629
Church Creek Elementary Pre-K Improvements	21,109	184,440
Edgewood Elementary Pre-K Improvements	21,109	152,940
Dublin Elementary Paving and ADA Improvements	163,502	502,889
George D.Lisby Elementary Paving and ADA Improvements	615,482	11,580
Oracle ERP	8,818,354	914,200
North Harford Elementary Boiler	170,199	265,804
C. Milton Wright High Track	288,000	227,725
Church Creek Elementary Modular Unit	129,540	14,143
Emmorton Elementary Modular Units	259,079	28,287
Magnolia Elementary Modular Units	259,079	28,287
Riverside Elementary Modular Unit	129,540	14,143
Prospect Mill Elementary Roof	39,478	2,786,022
Forest Hill Annex Print Shop Improvements	2,947,090	2,917
Total	<u>\$ 157,374,200</u>	<u>\$ 49,013,138</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, 2025

NOTE 5 - LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Balance as of July 1, 2024	Increases	Reductions	Balance as of June 30, 2025	Due Within One Year
Finance purchase obligations	\$ 4,509,625	\$ -	\$ 720,109	\$ 3,789,516	\$ 732,422
Notes payable - direct borrowings	6,218,303	-	985,090	5,233,213	1,005,060
Leases payable	9,908,102	11,733,556	6,565,582	15,076,076	6,819,419
Subscriptions payable	3,623,787	4,194,411	2,980,310	4,837,888	2,424,918
Compensated absences	40,750,781	8,153,596	6,977,134	41,927,243	7,088,880
Net OPEB liability	671,290,000	(117,631,000)	-	553,659,000	-
Net pension liability	32,831,734	9,728,931	-	42,560,665	-
Total Governmental Activities	\$ 769,132,332	\$ (83,820,506)	\$ 18,228,225	\$ 667,083,601	\$ 18,070,699

Finance Purchase Obligations

The Board entered into a special financing arrangement (note payable) in the amount of \$11,400,223 to construct the administration building, which was completed in January 2006. The agreement is for a period of twenty-five years. The debt was refinanced on March 1, 2022 at a rate of 1.71%. The term of the debt was not extended.

Notes Payable – Direct Borrowings

The Board entered into a contract to install energy efficient enhancements to existing buildings. Payments continue through January 2030 at a discount rate of 2.02%. The Board's outstanding note from the direct borrowing contains a provision that in the event of default, outstanding amounts become immediately due if the Board is unable to make payment.

The future minimum obligations and the net present value of these payments as of June 30, 2025 were as follows:

Years Ending June 30,	Finance Purchase Obligations Amount	Notes Payable - Direct Borrowing Amount
2026	\$ 797,223	\$ 1,105,571
2027	797,223	1,105,571
2028	797,223	1,105,571
2029	797,223	1,105,571
2030	797,223	1,105,571
2031-2034	-	-
Total minimum note payments	3,986,116	5,527,855
Less: amount representing interest	196,599	294,642
Present value of minimum note payments	\$ 3,789,517	\$ 5,233,213

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 - LONG-TERM LIABILITIES (continued)

Leases

The Board leases certain equipment and properties for storage and other uses under long-term leases. The terms of the leases range from 3 years to 5 years with discount rates ranging from 1.2% to 3.49%.

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Land Improvements	\$ 1,072,667
Buildings	608,426
Furniture and equipment	<u>31,213,366</u>
Gross asset value	32,894,459
Less: accumulated amortization	<u>23,424,870</u>
Net Book Value	<u><u>\$ 9,469,589</u></u>

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 7,033,725
2027	3,467,603
2028	3,255,929
2029	<u>2,052,432</u>
Total minimum lease payments	15,809,689
Less: amount representing interest	<u>733,614</u>
Present value of minimum lease payments	<u><u>\$ 15,076,075</u></u>

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 - LONG-TERM LIABILITIES (continued)

Subscription-Based Information Technology Arrangements

The Board entered into subscription based-information technology arrangements (SBITAs) for software subscriptions and seat licenses. The terms of the SBITA arrangements range from 2 years to 6 years expiring in 2025 with discount rates ranging from 1.2% to 3.49%.

The future minimum subscription obligations and the net present value of these minimum payments as of June 30, 2025, were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2026	\$ 2,480,341
2027	1,512,254
2028	989,827
2029	-
2030-2034	-
Total minimum subscription payments	<u>4,982,422</u>
Less: amount representing interest	<u>144,534</u>
Present value of minimum subscription payments	<u>\$ 4,837,888</u>

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 - FUND BALANCE

Fund balance as of June 30, 2025, consisted of the following:

	General Fund	Food Services Fund	Capital Projects Fund
Non-spendable for:			
Inventory	\$ 111,368	\$ 458,437	\$ -
Total non-spendable	111,368	458,437	-
Restricted for:			
Food Services	-	11,028,879	-
Capital Projects	-	-	12,731,268
Total restricted	-	11,028,879	12,731,268
Assigned to:			
Purchases on order for:			
Contracted Services	2,135,732	-	-
Supplies and materials	1,344,553	-	-
Other charges	4,524	-	-
Equipment and other	1,279,916	-	-
Total purchases on order	4,764,725	-	-
Fiscal year 2026 unrestricted expenditures	12,500,000	-	-
Rate stabilization	11,941,452	-	-
Student activities	2,738,076	-	-
Future health insurance call	5,000,000	-	-
Emergency fuel reserve	1,000,000	-	-
Future lease payments for devices	4,000,000	-	-
Total assigned	41,944,253	-	-
Unassigned	20,093,569	-	-
Total fund balances	\$ 62,149,190	\$ 11,487,316	\$ 12,731,268

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 resources 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, 2025. Assigned fund balance records the portion of fund balance that reflects the Board's intended use of resources. For assigned fund balance, the Board's upper-level management is authorized to assign amounts to a specific purpose and is the highest level of decision-making for assigned fund balance.

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 – FUND BALANCE (continued)

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. Purchases on order 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

The employees of the Board are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the Board are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publicly available financial report that can be obtained at <https://sra.maryland.gov/>.

Benefits provided

The System provides retirement allowances and other benefits to State teachers and employees of participating governmental units, among others. For individuals who become members of the Teachers' Retirement and Pension Systems and the Employees' Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual number of years of accumulated creditable service.

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 - PENSION PLANS (continued)

General Information about the Pension Plan (continued)

For individuals who become members of the Teachers' Pension System and Employees' Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefits allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

A member of either the Teachers' or Employees' Retirement System 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.

A member of either the Teachers' or Employees' Pension System 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 Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the members' 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 Teachers' or Employees' Pension System 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 Teachers' or Employees' Pension System 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 Teachers' or Employees' Pension System 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 Teachers' or Employees' Pension System.

Contributions

The Board and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System and Employees' Pension System are required to contribute 7% annually. Members of the Teachers' Retirement System and Employees' Retirement System are required to contribute 5-7 % annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers are established and may be amended by the Board of Trustees for the System.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025
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NOTE 7 - PENSION PLANS (continued)

General Information about the Pension Plan (continued)

Beginning in FY2017, the Board pays the normal cost for their teachers in the Teachers Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers Retirement and Pension System, which for the year ended June 30, 2025 was \$16.2 million. The State's contributions on behalf of the Board for the year ended June 30, 2025 was \$36.1 million. The fiscal 2025 contribution made by the State on behalf of the Board have been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2025, was 6.75% of annual payroll, 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. The Board made its share of the required contributions during the year ended June 30, 2025 of \$4.7 million.

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

Employees Retirement and Pension Systems

At June 30, 2025, the Board reported a liability of \$42.6 million for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2024, 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 net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2024. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2025, the Board's proportion for ERS was 0.16%, compared to 0.14% as of June 30, 2024.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - PENSION PLANS (continued)

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

For the year ended June 30, 2025, the Board recognized pension expense for ERS of approximately \$7.2 million. As of June 30, 2025, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Board contributions subsequent to measurement date	\$ 4,749,747	\$ -
Changes in actuarial assumptions	2,648,034	-
Differences in expected vs. actual experience	4,275,241	898,872
Net difference between projected and actual earnings on pension plan investments	2,791,900	-
Changes in proportion	4,636,239	27,321
Changes in proportionate share of contributions	1	24
Total	\$ 19,101,162	\$ 926,217

The \$4.7 million 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, 2026.

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, 2025:

Year Ending June 30,	Amortization of Pension Expense
2026	\$ 2,800,857
2027	5,097,272
2028	2,715,601
2029	1,965,528
2030	845,937
Total	\$ 13,425,195

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 - PENSION PLANS (continued)

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

Teachers Retirement and Pension Systems

At June 30, 2025, the Board did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the Board and the Board pays the normal cost related to the Boards members in the Teachers Retirement and Pension Systems; therefore, the Board is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the State of Maryland. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

State's proportionate share of the net pension liability	\$ 287,778,339
Board's proportionate share of the net pension liability	-
Total	<u>\$ 287,778,339</u>

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2025, the Board recognized pension expense of \$52.4 million and revenue of \$36.1 million in the General Fund for support provided by the State. In the Statement of Activities, the Board recognized pension expense of \$49.1 million and revenue of \$32.9 million for support provided by the State. Due to the special funding situation noted above 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, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% general, 3.0% wage
Salary increases	3.0% to 22.5%
Investment rate of return	6.80%

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

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - PENSION PLANS (continued)

The economic and demographic actuarial assumptions used in the June 30, 2024 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 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 6.80% and an inflation assumption of 2.5% were used in the June 30, 2024 valuation.

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 weighing 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	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	34%	6.00%
Private Equity	16%	8.50%
Rate Sensitive	20%	2.40%
Credit Opportunity	9%	5.40%
Real Assets	15%	5.55%
Absolute Return	6%	3.90%
Total	100%	

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, 2024.

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 6.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 7 - PENSION PLANS (continued)

Discount Rate

The single discount rate used to measure the total pension liability was 6.80%. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. 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 plans 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 Net Pension Liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Board's net pension liability, calculated using a single discount rate of 6.80%, as well as what the Board's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees Retirement and Pension Systems:

	1% Decrease	Current Discount Rate	1% Increase
	<u>5.80%</u>	<u>6.80%</u>	<u>7.80%</u>
Board's proportionate share of the net pension liability	\$ 61,855,315	\$ 42,560,655	\$ 26,477,202

Due to the special funding situation noted above related to the Teachers Retirement and Pension Systems, the Board did not record a net pension liability related to the Teachers Retirement and Pension Systems.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

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.

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

In December 2007, the Board created the Retiree Benefit Trust of the Board of Education of Harford County (Benefit Trust) in order to facilitate the funding or partial funding of the actuarially calculated OPEB liability. The Benefit Trust established a trust account with, and became a member of, the Maryland Association of Boards of Education Pooled OPEB Investment Trust (MABE Trust). It is a member owned trust that provides the Board and the other nine-member boards a structure to pool assets to reduce investment costs and share administrative expenses.

The Board reserves the right to establish and amend the provisions of its relationship with the MABE Trust with respect to participants, any benefit provided thereunder, or its participation therein, in whole or in part at any time, by resolution of its governing body and upon advance notice to the Trustees of the MABE Trust.

The MABE Trust was established to pool assets of its member Boards of Education for investment purposes only. Each member of the MABE Trust is required to designate a member trustee. The member trustees of the MABE Trust shall ensure that the MABE Trust keep such records as are 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, 2025, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	2,989
Inactive plan members entitled to but not yet receiving benefit payments	456
Active plan members	5,350
Total plan members	8,795

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:

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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

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, 2025 was \$27,070,376.

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, 2025 was \$1,640,602.

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, 2025 was \$73,673.

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.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Net OPEB Liability of the Board

The components of the net OPEB liability of the Board as of June 30, 2025, were as follows:

Total OPEB liability	642,180,000
Plan fiduciary net position	88,521,000
Board's net OPEB liability	<u>\$ 553,659,000</u>

Plan fiduciary net position as a percentage of the total OPEB liability 13.78%

Change in the Net OPEB Liability of the Board for the year ended June 30, 2025 was as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance as of June 30, 2024	<u>\$ 753,298,000</u>	<u>\$ 82,008,000</u>	<u>\$ 671,290,000</u>
Changes for the year:			
Service cost	27,813,000	-	27,813,000
Interest	32,007,000	-	32,007,000
Differences between expected and actual experience	1,697,000	-	1,697,000
Changes of assumptions	(143,847,000)	-	(143,847,000)
Benefit payments	(28,788,000)	(28,788,000)	-
Contributions from the employer	-	28,788,000	(28,788,000)
Net investment income	-	6,526,000	(6,526,000)
Administrative expense	-	(13,000)	13,000
Net changes	<u>(111,118,000)</u>	<u>6,513,000</u>	<u>(117,631,000)</u>
Balance as of June 30, 2025	<u>\$ 642,180,000</u>	<u>\$ 88,521,000</u>	<u>\$ 553,659,000</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.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Significant valuation methods and assumptions are as follows:

Significant valuation methods and assumptions are as follows:

Valuation Date	April 1, 2024 for the fiscal year ending June 30, 2025
Actuarial Cost Method	Entry age normal cost method
Asset Method	Fair market value
Actuarial Assumptions:	
Discount Rate	5.80%
Expected Return on Assets	7.96%
Salary Increases	4.65%
General Inflation	2.60%
Healthcare Cost Trend Rates:	
Medical and prescription - pre-65	7.50% initial year and 4.04% final year of valuation (not applicable to Life)
Medical and prescription - post-65	17.18% initial year and 3.92% final year of valuation (not applicable to Life)
Dental	5.00%
Mortality Rates:	
Healthy Pre-Retirement	Pub-2010 Teacher Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
Healthy Post Retirement	Pub-2010 Teacher Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale; sex distinct- 105% Male, 110% Female
Survivor/Beneficiary	Pub-2010 Teacher Contingent Survivor Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale; sex distinct- 105% Male, 110% Female
Disabled	Pub-2010 Teacher Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale; sex distinct- 105% Male, 113% Female

The financial accounting valuation reflects the following assumption changes:

The healthcare cost trend assumption was updated based on the 2024 Getzen model released by the SOA.

The mortality assumption was updated to incorporate the most recent mortality improvement scale published by the SOA (MP-2021).

The per capita cost assumption was the average 2025 premium based on enrollment as of the valuation date and trending to the midpoint of the projection period using 7.5% trend and age adjusted using the Yamamoto aging curve.

The discount rate was updated from 4.17% for June 30, 2024 to 5.80% for June 30, 2025.

The actuarial value of assets was determined using fair value of assets. The trust is assumed to earn 7.00% interest and contributions are assumed to be made in the middle of the year.

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	4.89%
Fixed Income	2.77%
Alternative	5.05%
Commodities	2.30%
Cash	1.16%

Rate of Return

For the year ended June 30, 2025, the total rate of return, net of investment expense, was 7.96%. 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, 2025, (see the discussion of the MABE Trust's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	53.45%
Fixed Income	37.13%
Alternative	4.16%
Cash	5.26%
Total	100.00%

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Discount Rate

The discount rate used to determine the Board's Post-Employment Benefits Other than Pension Plan (the "Plan") liabilities under GASB 74 and 75 depends upon the Board's funding policy. The Board has established an irrevocable Trust, but because they have not established a formal contribution policy they are considered to be a government that makes ad-hoc contributions. Therefore, the discount rate is determined based on a blend of the funded and unfunded rates based on a projection of the plan's fiduciary net position. The funded rate for the Board is the long-term rate of return of plan assets of 7.00%. The unfunded rate must be based on an index for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Board used the S&P Municipal Bond 20 Year High Grade Rate Index, which was 4.81% as of June 30, 2025. The Plan's fiduciary net position was projected for each year based on the expected total contributions, benefit payments, and investment earnings from the Trust, and is projected to remain solvent. Therefore, the expected rate of return of 7.00% is used as the discount rate. The resulting discount rate of 5.80% was used to determine plan liabilities as of June 30, 2025. The fiscal year end 2024 discount rate was 4.17%.

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 or 1-percentage-point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	<u>4.80%</u>	<u>5.80%</u>	<u>6.80%</u>
Net OPEB liability	\$ 636,731,000	\$ 553,659,000	\$ 484,119,000

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:

	1% Decrease	Discount Rate	1% Increase
	<u>2.92%</u>	<u>3.92%</u>	<u>4.92%</u>
Net OPEB liability	\$ 468,221,000	\$ 553,659,000	\$ 660,750,000

HARFORD COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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

Deferred Outflows/Inflows

The following table illustrates deferred inflows and outflows as of June 30, 2025 under GASB 75:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences in expected vs. actual experience	\$ 73,526,000	\$ 332,414,000
Net difference between projected and actual earnings on OPEB Trust investments	1,458,000	-
Changes in actuarial assumptions	206,286,000	462,028,000
Total	<u>\$ 281,270,000</u>	<u>\$ 794,442,000</u>

Amortization of Deferred Inflows/Outflows

Year Ending June 30,	Amortization
2026	\$ (105,200,000)
2027	(113,643,000)
2028	(101,163,000)
2029	(77,100,000)
2030	(44,131,000)
Total thereafter	<u>(71,935,000)</u>
Total	<u>\$ (513,172,000)</u>

HARFORD COUNTY PUBLIC SCHOOLS

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

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.

NOTE 11 – ACCOUNTING CHANGES AND ERROR CORRECTIONS

During fiscal year ended June 30, 2025, the Board determined that depreciation was understated in prior periods by \$34.1 million through June 30, 2024. During fiscal year ended June 30, 2025, the adjustment for accumulated depreciation was made and the error correction resulted in adjustments to and restatements of net position – end of year as shown in the following table:

	June 30, 2024, As Previously Reported	Error Correction	June 30, 2024, As Adjusted or Restated
Government-Wide:			
Governmental Activities	<u>\$ (315,161,152)</u>	<u>\$ (34,077,261)</u>	<u>\$ (349,238,413)</u>
Total Government-Wide:	<u>\$ (315,161,152)</u>	<u>\$ (34,077,261)</u>	<u>\$ (349,238,413)</u>

Required Supplementary Information



**Rochelle Antwi, Grade 1
George Lisby Elementary School
Teacher: Ms. Salena Benedetto**



**Anthony Durante, Grade 7
Bel Air Middle School
Teacher: Ms. Jessica Hansrote**

HARFORD COUNTY PUBLIC SCHOOLS REQUIRED SUPPLEMENTARY INFORMATION FOR OTHER POST-EMPLOYMENT BENEFITS PLAN June 30, 2025

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB liability										
Service cost	\$ 27,813	\$ 33,407	\$ 32,230	\$ 46,446	\$ 40,146	\$ 38,997	\$ 57,082	\$ 33,423	\$ 32,230	
Interest	32,007	36,070	31,847	23,508	56,875	64,540	57,234	36,491	30,624	
Changes of benefit terms	1,697	(178,278)	28,722	(1,352)	(650,070)	768	185,569	(37,372)	7,859	
Differences between expected and actual experience	(143,847)	(112,897)	52,992	(220,992)	313,865	(84,364)	(376,837)	429,422	(135,516)	
Changes of assumptions	(28,788)	(26,467)	(23,225)	(21,090)	(25,454)	(33,549)	(28,251)	(23,812)	(24,085)	
Net change in total OPEB liability	(111,118)	(248,165)	122,566	(173,480)	(264,638)	(13,608)	(105,203)	438,152	(88,888)	
Total OPEB liability—beginning	753,298	1,001,463	878,897	1,052,377	1,317,015	1,330,623	1,435,826	997,674	1,086,562	
Total OPEB liability—ending (a)	\$ 642,180	\$ 753,298	\$ 1,001,463	\$ 878,897	\$ 1,052,377	\$ 1,317,015	\$ 1,330,623	\$ 1,435,826	\$ 997,674	
Plan fiduciary net position										
Contributions—employer	\$ 28,788	\$ 28,467	\$ 25,225	\$ 23,090	\$ 26,954	\$ 34,367	\$ 29,612	\$ 25,248	\$ 27,139	
Net investment income	6,526	5,506	5,891	(10,078)	14,262	2,415	3,631	3,416	4,551	
Benefit payments	(28,788)	(26,467)	(23,225)	(21,090)	(25,454)	(33,549)	(28,251)	(23,812)	(24,085)	
Administrative expense	(13)	(13)	(13)	(13)	(13)	(14)	(13)	(14)	(1,605)	
Net change in plan fiduciary net position	6,513	7,493	7,878	(8,091)	15,749	3,219	4,979	4,838	6,000	
Plan fiduciary net position—beginning	82,008	74,515	66,637	74,728	58,979	55,760	50,781	45,943	39,943	
Plan fiduciary net position—ending (b)	\$ 88,521	\$ 82,008	\$ 74,515	\$ 66,637	\$ 74,728	\$ 58,979	\$ 55,760	\$ 50,781	\$ 45,943	
Board's net OPEB liability—ending (a) - (b)	\$ 553,659	\$ 671,290	\$ 926,948	\$ 812,260	\$ 977,649	\$ 1,258,036	\$ 1,274,863	\$ 1,385,045	\$ 951,731	
Plan fiduciary net position as a percentage of the total OPEB liability	13.78%	10.89%	7.44%	7.58%	7.10%	4.48%	4.19%	3.54%	4.61%	
Covered employee payroll *	\$ 416,255	\$ 404,350	\$ 387,206	\$ 344,940	\$ 311,247	\$ 294,313	\$ 290,813	\$ 281,948	\$ 272,319	
Board's net OPEB liability as a percentage of covered employee payroll	133.01%	166.02%	239.39%	235.48%	314.11%	427.45%	438.38%	491.24%	349.49%	

Information
for FYE
2016 is not
available

* - OPEB contributions are not based on a measure of pay.

**HARFORD COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
FOR OTHER POST-EMPLOYMENT BENEFITS PLAN
June 30, 2025**

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 28,788	\$ 26,467	\$ 23,225	\$ 21,090	\$ 25,454	\$ 33,549	\$ 28,251	\$ 23,612	\$ 69,997	
Contributions in relation to the actuarially determined contribution	28,788	28,467	25,225	23,090	26,954	34,367	29,612	25,248	24,018	Information for FYE
Contribution deficiency (excess)	\$ -	\$ (2,000)	\$ (2,000)	\$ (2,000)	\$ (1,500)	\$ (818)	\$ (1,361)	\$ (1,636)	\$ 45,979	2016 is not available
Covered employee payroll	\$416,255	\$404,350	\$387,206	\$344,940	\$311,247	\$294,313	\$290,813	\$281,948	\$272,319	
Contribution as a percentage of covered employee payroll	6.92%	7.04%	6.51%	6.69%	8.66%	11.68%	10.18%	8.95%	8.82%	

Notes to Schedule:

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

There were no significant changes to assumptions or benefit terms.

**HARFORD COUNTY PUBLIC SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR OTHER POST-EMPLOYMENT BENEFITS PLAN
 June 30, 2025
**

Schedule of Investment Returns
 Last 10 Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Annual money-weighted rate of return, net of investment	7.00%	7.34%	8.77%	-13.50%	24.16%	2.91%	7.13%	7.40%	11.29%	Information for FYE 2016 is not available

**HARFORD COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
FOR PENSIONS
June 30, 2025**

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

Employees' Retirement and Pension System:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board's proportion of the net pension liability	0.16%	0.14%	0.14%	0.14%	0.13%	0.13%	0.12%	0.11%	0.12%	0.13%
Board's proportionate share of the net pension liability	\$ 42,560,655	\$ 32,831,738	\$ 28,562,242	\$ 20,759,980	\$ 28,736,364	\$ 26,004,130	\$ 24,760,092	\$ 23,543,713	\$ 27,660,977	\$ 26,420,243
Board's covered payroll	\$ 37,388,590	\$ 31,776,292	\$ 30,787,979	\$ 30,130,490	\$ 29,432,878	\$ 29,085,789	\$ 27,807,535	\$ 27,438,053	\$ 27,058,838	\$ 27,773,344
Board's proportionate share of the net pension liability as a percentage of its covered payroll	113.83%	103.32%	92.77%	68.90%	97.63%	89.40%	89.04%	85.81%	102.23%	95.13%
Plan fiduciary net position as a percentage of the total pension liability	68.09%	69.58%	71.75%	76.76%	66.29%	67.80%	68.36%	66.71%	62.97%	66.26%

Teacher's Retirement and Pension System:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Board's proportion of the net pension liability	0.0%	0.0%	0.0%	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	\$ 287,778,339	\$ 254,134,394	\$ 247,246,463	\$ 187,560,008	\$ 299,559,332	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061
Total	\$ 287,778,339	\$ 254,134,394	\$ 247,246,463	\$ 187,560,008	\$ 299,559,332	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061
Board's covered payroll	\$ 366,961,396	\$ 355,429,225	\$ 314,152,019	\$ 281,116,864	\$ 264,880,159	\$ 261,727,394	\$ 254,140,491	\$ 244,880,874	\$ 238,829,254	\$ 234,740,821
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%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	75.05%	76.83%	79.47%	85.40%	73.84%	75.42%	73.35%	71.41%	67.95%	70.76%

**HARFORD COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
FOR PENSIONS
June 30, 2025**

**Schedule of Contributions
Last 10 Fiscal Years**

Employees' Retirement and Pension System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 4,749,747	\$ 4,236,445	\$ 3,476,891	\$ 3,257,995	\$ 3,049,206	\$ 2,726,056	\$ 2,588,989	\$ 2,353,181	\$ 2,216,065	\$ 2,283,877
Contributions in relation to the contractually required contribution	(4,749,747)	(4,236,445)	(3,476,891)	(3,257,995)	(3,049,206)	(2,726,056)	(2,588,989)	(2,353,181)	(2,216,065)	(2,283,877)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 39,680,427	\$ 37,388,590	\$ 31,776,292	\$ 30,787,979	\$ 30,130,490	\$ 29,432,878	\$ 29,083,789	\$ 27,807,835	\$ 27,438,053	\$ 27,058,838
Contributions as a percentage of covered payroll	11.97%	11.33%	10.94%	10.58%	10.12%	9.26%	8.90%	8.46%	8.08%	8.44%

Teachers Retirement and Pension System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 14,675,673	\$ 13,899,772	\$ 10,768,128	\$ 10,826,496	\$ 10,728,740	\$ 10,728,740	\$ 10,358,564	\$ 10,127,776	\$ 9,454,776	\$ 10,309,396
Contributions in relation to the contractually required contribution	(14,675,673)	(13,899,772)	(10,768,128)	(10,826,496)	(10,728,740)	(10,728,740)	(10,358,564)	(10,127,776)	(9,454,776)	(10,309,396)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 376,574,477	\$ 366,961,396	\$ 355,429,225	\$ 314,152,019	\$ 281,116,864	\$ 264,880,159	\$ 261,727,394	\$ 254,140,491	\$ 244,880,874	\$ 238,829,254
Contributions as a percentage of covered payroll	3.90%	3.79%	3.03%	3.45%	3.82%	4.05%	3.96%	3.99%	3.86%	4.32%

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 2024

NOTE 2 - CHANGES IN ASSUMPTIONS

- Inflation assumptions changed as follows:
 - 6/30/2024 2.50%
 - 6/30/2023 2.25%
 - 6/30/2022 2.25%
 - 6/30/2021 2.25%
 - 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:
 - 6/30/2024 6.80%
 - 6/30/2023 6.80%
 - 6/30/2022 6.80%
 - 6/30/2021 6.80%
 - 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



**Capri Blankenship, Grade 11
Bel Air High School
Teacher: Ms. Rebecca Will**



**Ahmad Barae, Grade 5
Prospect Mill Elementary School
Teacher: Ms. Ankita Ranjan**

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, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
Revenues			
Cafeteria sales	\$ 9,133,515	\$ 7,522,750	\$ (1,610,765)
<u>Federal Aid</u>			
Summer Food Program	808,794	213,101	(595,693)
School Lunch Program	7,299,800	9,731,948	2,432,148
School Breakfast Program	2,678,114	3,134,177	456,063
Fresh Fruits and Vegetables Program	-	96,667	96,667
Child and Adult Care Food Program	-	402,093	402,093
U.S.D.A. Commodities	1,340,108	1,511,658	171,550
Total federal aid	12,126,816	15,089,645	2,962,829
<u>State Aid</u>			
Child Feeding Program	505,034	354,045	(150,989)
Total state aid	505,034	354,045	(150,989)
Interest earned	-	65,805	65,805
Miscellaneous revenue	207,135	76,883	(130,252)
Total revenues	<u>\$ 21,972,500</u>	<u>23,109,127</u>	<u>\$ 1,136,627</u>
Expenditures			
Salaries and wages	7,306,145	7,584,597	(278,452)
Contracted services	586,974	640,744	(53,770)
Supplies and materials	8,625,924	9,804,694	(1,178,770)
Other charges	3,932,301	3,611,711	320,590
Furniture and equipment	181,048	409,394	(228,346)
U.S.D.A. commodities	1,340,108	1,474,496	(134,388)
Total expenditures	<u>\$ 21,972,500</u>	<u>23,525,635</u>	<u>\$ (1,553,135)</u>
Excess of revenues over expenditures		(416,508)	
Total fund balance - beginning of year		11,565,018	
Fund balance - end of year - nonspendable		<u>(458,437)</u>	
Fund balance - end of year - restricted		<u>\$ 10,690,073</u>	

Harford County Public Schools

SCHOOL CONSTRUCTION FUND (CAPITAL PROJECTS FUND) SCHEDULE OF EXPENDITURES BY PROJECT FOR THE YEAR ENDED JUNE 30, 2025

Abingdon Elementary Central Plant	30206123	\$ 60,670
Aberdeen High North	30100171	930
Aberdeen Middle HVAC	30206865	24,045,846
Athletic and Recreational - Aberdeen High Ticket Booth	31001070	25,888
Athletic and Recreational - Athletic Fields	31009700	45,106
Athletic and Recreational - Outdood Track Reconditioning	31009800	271,598
Bakerfield Elementary Chiller	30206312	39,790
Blue Print Facillity Program - Pre-Kindergarten	31500700	227,673
Chuchville Elementary HVAC	30206816	84,966
Educational Facilities	32000000	444,841
Educational Facilities - Furniture and Equipment	32009200	490,852
Educational Facilities - Special Education	32002100	1,654,725
Educational Facilities - Special Education - BAHS & SMS	32012100	902,819
Educational Facilities - Tech Education Lab Refresh	32001700	19,126
Facilities Master Plan	32500000	119,040
Facilities Repairs	33000000	140,526
Facilities Repairs - Forest Hill Annex	33000006	470,100
Facilities Repairs - Roofs	33002500	2,600
Fleet Replacement - Buses	33509600	468,242
Fleet Replacement - Vehicles and Equipment	33507500	2,249,184
Harford Academy	30000091	4,534,328
HCPS Local Major Projects - Harford Glen Pier	35000909	890
Harford Technical High Renovations	30500204	28,350,329
Homestead Wakefield Elementary	30000035	27,108,155
HVAC Major Repairs	34500000	421,169
HVAC Major Repairs - Halls Cross Roads Elementary Chiller	34506330	4,577
Joppatowne High Renovations	30500281	247
Life, Health, Safety - Environmental Compliance	34006500	170,434
Life, Health, Safety - Emergency Systems	34007400	108,965
Life, Health, Safety - Non Comsumptive Water	34008900	389,159
Life, Health, Safety - Security Measures	34009800	333,495
Meadowvale Elementary Chiller	30206338	(58,250)
Prospect Mill Elementary Roof	30202529	39,905
Relocatables	30400000	550,811
Security Measures - MCSS - FY24	30999800	292,538
Security Measures - MCSS - FY25	30959800	292,631
Site Improvements - Joppatowne High Stormwater	35507981	22,149
Site Improvements - Paving -New	35508100	163,406
Site Improvements - Paving-Overlay & Maintenance	35508200	429,977
Site Improvements - Stormwater, Erosion, Sediment	35507900	19,574
Swan Creek School HVAC	30206896	74,598
Technology Infrastructure	36000000	2,163,189
Technology Infrastructure - ERP	36005800	3,565,369
		<u>\$ 100,742,167</u>

Statistical Section

This part of HCPS' Annual Comprehensive 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	89 - 92
<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>	
Demographic and Economic Information	93 - 94
<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>	
Operating Information	95 - 102
<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>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive 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.



Jazmin Amoah, Grade 12
Harford Technical High School
Teacher: Ms. Laura Prevas

Harford County Public Schools

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental activities										
Net investment in capital assets	\$803,416	\$742,295	\$757,053	\$722,933	\$709,605	\$675,956	\$645,696	\$629,198	\$619,802	\$614,347
Restricted for food services	11,488	12,020	12,466	11,048	3,072	994	2,850	2,706	2,899	3,071
Restricted for capital projects	12,731	20,963	15,247	15,744	231	317	592	2,008	1,719	2,128
Unrestricted	(1,059,703)	(1,124,517)	(1,170,209)	(1,190,335)	(1,219,560)	(1,233,332)	(1,161,655)	(1,052,658)	(321,964)	(284,642)
Total governmental activities net position	(\$232,068)	(\$349,239)	(\$385,443)	(\$440,610)	(\$506,652)	(\$556,065)	(\$512,517)	(\$418,746)	\$302,456	\$334,904

**2024 and 2023 restated due to error in depreciation

Harford County Public Schools

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

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Functions/Programs										
Expenses										
Governmental activities:										
Instruction:										
Regular education	\$350,885	\$356,500	\$362,871	\$306,156	\$333,646	\$332,351	\$334,553	\$314,366	\$285,968	\$274,701
Special education	129,128	126,387	123,024	97,638	106,377	115,704	111,397	103,091	91,260	91,118
Total Instruction	<u>480,013</u>	<u>482,887</u>	<u>485,895</u>	<u>403,794</u>	<u>440,023</u>	<u>448,055</u>	<u>445,950</u>	<u>417,457</u>	<u>377,228</u>	<u>365,819</u>
Support services:										
Administration	18,403	18,834	18,839	16,076	16,845	17,817	17,526	16,901	15,417	15,231
Mid-level administration	43,621	44,022	44,944	38,229	41,841	44,235	45,439	43,367	40,276	37,941
Pupil personnel services	6,049	4,716	4,778	3,487	4,708	4,849	3,194	2,819	2,525	2,531
Health services	9,055	9,776	8,910	7,368	7,567	8,242	8,335	7,461	6,163	6,218
Pupil transportation	55,393	54,620	53,123	45,811	36,584	42,251	45,150	42,605	40,243	38,695
Operation of plant	51,842	50,715	51,023	50,945	44,645	48,824	50,567	48,637	45,834	42,618
Maintenance of plant and equipment	27,956	27,406	26,686	24,788	24,656	24,605	25,787	24,352	20,797	21,275
Community services	1,313	1,443	1,605	930	387	865	728	594	578	565
Food services	22,030	21,953	21,136	18,719	11,583	19,068	20,912	19,765	18,260	17,883
Student activities*	4,522	4,504	4,458	3,269	1,426	-	-	-	-	-
Interest on long-term debt	515	449	461	545	227	246	264	282	299	315
Depreciation - unallocated	62	62	62	62	64	75	75	75	77	77
Total Support Services	<u>240,761</u>	<u>238,500</u>	<u>236,025</u>	<u>210,229</u>	<u>190,533</u>	<u>211,077</u>	<u>217,977</u>	<u>206,858</u>	<u>190,469</u>	<u>183,349</u>
Total governmental activities	<u>720,774</u>	<u>721,387</u>	<u>721,920</u>	<u>614,023</u>	<u>630,556</u>	<u>659,132</u>	<u>663,927</u>	<u>624,315</u>	<u>567,697</u>	<u>549,168</u>
Program revenues										
Charges for services:										
Regular education	1,592	1,475	1,415	1,563	294	1,275	1,726	1,603	1,753	1,468
Community services	504	465	266	57	27	441	445	455	465	436
Food services	7,523	7,210	7,568	1,675	20	5,460	7,911	7,407	7,123	7,142
Operating grants and contributions	218,769	214,803	189,263	167,472	163,092	145,236	127,856	125,265	126,498	123,982
Capital grants and contributions	92,511	73,877	25,292	32,592	59,445	55,004	40,965	29,732	23,168	33,011
Total governmental activities program revenues	<u>320,899</u>	<u>297,830</u>	<u>223,804</u>	<u>203,359</u>	<u>222,878</u>	<u>207,416</u>	<u>178,903</u>	<u>164,462</u>	<u>159,007</u>	<u>166,039</u>
Total governmental net expense	<u>(399,875)</u>	<u>(423,557)</u>	<u>(498,116)</u>	<u>(410,664)</u>	<u>(407,678)</u>	<u>(451,716)</u>	<u>(485,024)</u>	<u>(459,853)</u>	<u>(408,690)</u>	<u>(383,129)</u>
General Revenues and Other Changes in Net Position										
General revenues:										
Local appropriations	321,352	314,853	324,238	293,813	276,928	256,466	245,816	238,716	233,534	228,209
State Aid	179,828	179,931	174,489	155,611	150,152	145,571	141,640	139,327	137,763	136,328
Federal Aid	507	879	542	449	853	472	590	409	392	423
Student activities*	4,595	4,552	4,345	3,492	1,412	-	-	-	-	-
Miscellaneous	5,925	19,026	13,252	22,888	25,177	5,166	2,433	2,672	4,371	3,753
Investment earnings	4,838	6,249	4,766	453	47	494	774	515	182	56
Total general revenues	<u>517,045</u>	<u>525,490</u>	<u>521,632</u>	<u>476,706</u>	<u>454,569</u>	<u>408,169</u>	<u>391,253</u>	<u>381,639</u>	<u>376,242</u>	<u>368,769</u>
Change in Net Position	<u>117,170</u>	<u>101,933</u>	<u>23,516</u>	<u>66,042</u>	<u>46,891</u>	<u>(43,547)</u>	<u>(93,771)</u>	<u>(78,214)</u>	<u>(32,448)</u>	<u>(14,360)</u>
Net position - beginning of year	(346,812)	(417,094)	(440,610)	(855,916)	(905,328)	(861,781)	(768,010)	(46,808)	(\$14,360)	\$0
Adjustment to Restate Beginning Net Position	(2,426)	(31,651)	-	-	2,521	-	-	(642,988)	-	-
Net position - beginning of year, as Restated	<u>(349,238)</u>	<u>(448,745)</u>	<u>(440,610)</u>	<u>(855,916)</u>	<u>(902,807)</u>	<u>(861,781)</u>	<u>(768,010)</u>	<u>(689,796)</u>	<u>(14,360)</u>	<u>-</u>
Net position - end of year	<u>(232,068)</u>	<u>(\$346,812)</u>	<u>(\$417,094)</u>	<u>(\$789,874)</u>	<u>(\$855,916)</u>	<u>(\$905,328)</u>	<u>(\$861,781)</u>	<u>(\$768,010)</u>	<u>(\$46,808)</u>	<u>(\$14,360)</u>

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

**2025 and 2024 Net position - beginning of year restated due to error in depreciation.

Harford County Public Schools

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General fund										
Non Spendable	\$111	\$734	\$847	\$166	\$133	\$147	\$162	\$139	\$199	\$ 24.00
Assigned	41,944	57,434	72,746	55,194	53,627	25,988	17,293	24,443	23,988	21,784
Unassigned	20,094	24,429	25,490	36,755	19,842	3,691	3,028	3,760	10,418	8,304
Total general fund	\$62,149	\$82,597	\$99,083	\$92,115	\$73,602	\$29,826	\$20,483	\$28,342	\$34,605	\$30,112
All other governmental funds										
Non Spendable -										
Special Revenue Fund	\$459	\$683	\$598	\$569	\$563	\$540	\$387	\$352	\$373	\$31
Restricted - reported in:										
Special revenue fund	11,029	11,337	11,868	10,479	2,508	454	2,463	2,354	2,525	3,040
Capital projects fund	12,731	20,963	15,247	15,744	231	317	592	2,008	1,720	2,128
Total all other governmental funds	\$24,219	\$32,983	\$27,713	\$26,792	\$3,302	\$1,311	\$3,442	\$4,714	\$4,618	\$5,199

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									
	2025	2024	2023	2022	2020	2016	2019	2018	2017	2016
Revenues										
Intergovernmental revenues	\$372,641	\$344,308	\$344,763	\$313,898	\$305,047	250,885	\$267,242	\$256,649	\$252,664	\$250,885
Local sources										
State sources	373,209	351,602	278,022	260,451	246,637	230,588	248,066	236,683	228,318	230,588
Special state and federal programs	52,940	69,114	66,604	73,394	35,315	29,931	31,042	29,727	30,327	29,931
Federal sources	15,597	16,995	15,846	25,494	9,386	9,588	10,202	9,870	9,806	9,588
Earnings on investments	4,904	6,325	4,817	453	514	56	811	521	182	56
Charges for services	7,522	7,210	7,568	1,675	5,460	7,142	7,911	7,407	7,123	7,142
Student activities*	4,595	4,552	4,345	3,492	-	-	-	-	-	-
Miscellaneous revenues	9,779	21,319	15,023	24,634	7,269	6,618	4,882	5,244	6,828	6,618
Total revenues	841,187	821,425	736,988	703,491	609,628	534,808	570,156	546,101	535,248	534,808
Expenditures										
Current										
Administrative services	13,788	13,434	12,958	12,211	10,524	9,356	9,987	10,342	10,069	9,356
Mid-level administrative services	33,532	32,358	31,458	29,086	25,177	24,910	26,121	26,079	25,699	24,910
Instructional salaries	232,852	218,563	208,737	185,913	167,556	154,869	167,799	161,840	158,061	154,869
Instructional textbooks and supplies	10,820	8,102	7,557	7,416	5,659	6,598	5,689	6,527	6,625	6,598
Other instructional costs	17,880	16,853	6,708	3,851	2,576	2,795	3,116	5,452	4,336	2,795
Special education	82,956	71,557	64,911	52,924	46,188	40,672	43,628	42,541	40,700	40,672
Student personnel services	3,504	2,859	2,786	2,240	2,072	1,692	1,790	1,745	1,715	1,692
Health services	5,698	5,302	5,367	4,271	4,050	3,272	3,939	3,774	3,356	3,272
Pupil transportation services	44,734	43,974	42,169	35,717	30,514	29,201	32,223	31,552	30,808	29,201
Operation of plant	35,458	33,773	32,768	36,225	25,640	26,773	26,788	27,493	28,174	26,773
Maintenance of plant and equipment	15,827	19,529	15,556	14,101	12,298	12,562	12,745	13,605	12,986	12,562
Fixed charges	195,082	185,809	166,626	155,835	161,469	134,133	152,731	142,127	136,560	134,133
Community services	588	550	448	264	433	470	519	505	496	470
Special state and federal programs	52,937	66,710	66,419	85,437	35,315	29,931	31,042	29,727	30,327	29,931
Costs of operations - food services	23,642	23,269	21,681	19,194	16,830	16,726	17,925	17,558	17,244	16,726
Student activities*	4,522	4,504	4,458	3,269	-	-	-	-	-	-
Capital outlay	100,742	88,857	31,039	34,097	55,290	33,796	42,421	30,577	24,181	33,796
Debt service:										
Principal	11,251	12,474	7,622	7,019	578	508	560	542	525	508
Interest	515	449	461	545	246	315	264	282	299	315
Total expenditures	886,328	848,926	729,729	689,615	602,415	528,579	579,287	552,268	531,336	528,579
Excess (deficit) of revenues over expenditures	(45,141)	(27,501)	7,259	13,876	7,213	6,229	(9,131)	(6,167)	3,912	6,229
Other financing sources (uses)										
Leases	11,734	8,912	148	82	-	-	-	-	-	-
Subscriptions	4,194	7,373	482	28,045	-	-	-	-	-	-
Net change in fund balances	(\$29,213)	(\$11,216)	\$7,889	\$42,003	\$7,213	\$6,229	(\$9,131)	(\$6,167)	\$3,912	\$6,229

* 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	Capacity #s	Capacity %
Abingdon Elementary	641	674	658	622	649	724	775	826	830	809	863	74.3%
Bakerfield Elementary	460	452	463	421	383	426	427	410	428	415	500	92.0%
Bel Air Elementary	521	514	532	530	522	531	507	487	466	477	486	107.2%
Church Creek Elementary	732	722	725	679	678	697	738	793	796	798	819	89.4%
Churchville Elementary	364	376	374	329	338	370	393	383	367	373	411	88.6%
Darlington Elementary	96	92	101	100	98	104	106	103	114	122	157	61.1%
Deerfield Elementary	708	714	728	733	720	752	765	791	795	797	788	89.8%
Dublin Elementary	222	216	212	214	215	230	238	236	262	266	294	75.5%
Edgewood Elementary	428	415	401	374	349	405	381	394	399	391	461	92.8%
Emmorton Elementary	584	556	548	546	564	592	610	607	560	550	570	102.5%
Forest Hill Elementary	451	475	471	467	472	507	508	512	469	474	568	79.4%
Forest Lakes Elementary	447	420	428	462	429	445	427	445	463	460	569	78.6%
Fountain Green Elementary	443	456	477	444	458	484	498	500	494	492	548	80.8%
George D. Lisby Elementary at Hillsdale	528	516	503	475	420	413	406	417	459	437	455	116.0%
Halls Cross Roads Elementary	425	443	453	438	429	454	502	504	515	519	552	77.0%
Havre de Grace Elementary	593	603	566	602	575	609	512	490	457	450	542	109.4%
Hickory Elementary	635	664	657	632	643	691	663	696	687	677	668	95.1%
Homestead-Wakefield Elementary	1,071	1,057	1,057	1,047	996	1,034	1,003	974	954	949	920	116.4%
Jarrettsville Elementary	467	476	488	440	426	450	442	410	420	441	525	89.0%
Joppatowne Elementary	495	495	501	509	536	617	594	562	566	558	663	74.7%
Magnolia Elementary	545	527	498	514	517	550	568	535	538	500	561	97.1%
Meadowvale Elementary	552	544	540	477	454	518	520	515	520	524	568	97.2%
Norrisville Elementary	213	213	212	207	205	218	212	225	198	183	274	77.7%
North Bend Elementary	467	448	428	414	378	402	380	375	308	324	498	93.8%
North Harford Elementary	424	404	386	348	331	373	344	368	411	405	500	84.8%
Old Post Road Elementary	850	892	842	807	836	865	803	839	844	837	984	86.4%
Prospect Mill Elementary	579	592	587	561	566	591	565	566	585	587	611	94.8%
Red Pump Elementary	696	753	753	755	758	772	753	714	681	675	737	94.4%
Ring Factory Elementary	541	544	534	523	520	539	517	532	512	538	548	98.7%
Riverside Elementary	481	465	440	404	445	462	483	472	446	458	588	81.8%
Roye-Williams Elementary	444	449	442	430	410	490	521	498	533	549	703	63.2%
William S. James Elementary	463	475	497	470	480	472	442	407	413	423	526	88.0%
Youths Benefit Elementary	1,151	1,114	1,123	1,103	1,082	1,057	1,017	999	987	997	1,120	102.8%
Total Elementary Schools	17,717	17,756	17,625	17,077	16,882	17,844	17,620	17,585	17,477	17,455	19,577	90.5%
Aberdeen Middle	1,071	1,058	1,082	1,072	1,204	1,203	1,144	1,126	1,127	1,184	1,624	65.9%
Bel Air Middle	1,080	1,080	1,138	1,354	1,441	1,435	1,373	1,366	1,324	1,257	1,243	86.9%
Edgewood Middle	936	994	999	1,043	1,186	1,160	1,118	1,089	1,073	1,062	1,295	72.3%
Fallston Middle	1,068	1,060	1,007	894	864	934	950	932	873	879	1,063	100.5%
Havre de Grace Middle	617	587	626	625	613	601	569	557	524	567	733	84.2%
Magnolia Middle	689	724	730	734	812	831	765	731	739	761	1,028	67.0%
North Harford Middle	849	867	848	895	878	929	895	910	951	966	1,210	70.2%
Patterson Mill Middle	716	767	819	758	742	764	738	713	690	698	731	97.9%
Southampton Middle	1,192	1,194	1,175	1,136	1,173	1,261	1,219	1,228	1,185	1,251	1,444	82.5%
Total Middle Schools	8,218	8,331	8,424	8,511	8,913	9,118	8,771	8,652	8,486	8,625	10,371	79.2%
Aberdeen High	1,396	1,465	1,495	1,469	1,441	1,431	1,458	1,468	1,485	1,453	1,720	81.2%
Bel Air High	1,341	1,419	1,489	1,522	1,557	1,560	1,544	1,555	1,564	1,581	1,768	75.8%
C. Milton Wright High	1,291	1,302	1,266	1,331	1,330	1,363	1,421	1,460	1,469	1,447	1,613	80.0%
Edgewood High	1,440	1,417	1,415	1,396	1,413	1,458	1,387	1,403	1,338	1,310	1,716	83.9%
Fallston High	1,036	1,047	1,044	982	977	973	985	1,022	1,044	1,056	1,573	65.9%
Harford Technical High	954	983	979	992	993	999	1,009	1,010	997	1,018	1,135	84.1%
Havre de Grace High	822	870	818	771	699	662	640	630	607	605	835	98.4%
Joppatowne High	882	900	833	786	782	745	763	723	694	666	1,056	83.5%
North Harford High	1,204	1,161	1,221	1,221	1,226	1,254	1,212	1,241	1,231	1,219	1,538	78.3%
Patterson Mill High	839	826	760	802	836	825	826	840	839	833	992	84.6%
Total High Schools	11,205	11,390	11,320	11,272	11,254	11,270	11,245	11,352	11,268	11,188	13,946	80.3%
Total Secondary Schools	19,423	19,721	19,744	19,783	20,167	20,388	20,016	20,004	19,754	19,813	24,317	79.9%
Center for Educational Opportunity (CEO)	122	87	39	12	148	74	69	69	69	53	243	50.21%
Swan Creek School	368	402	488	916	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Harford Academy at Campus Hills	141	139	141	132	136	123	121	122	126	127	200	70.5%
Total Special Schools	631	628	668	1,060	284	197	190	191	195	180	443	142.4%
Total All Schools	37,771	38,105	38,037	37,920	37,333	38,429	37,826	37,780	37,426	37,448	44,337	85.2%
Teachers & Therapists Staff (1)	3,013	2,983	2,964	2,846	2,742	2,677	2,735	2,738	2,787	2,772		
Student/Teacher Ratio*	12.54	12.77	12.83	13.32	13.62	14.36	13.83	13.80	13.43	13.51		

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>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Elementary School:										
Prekindergarten	1,161	1,122	1,092	988	781	1,006	947	901	837	809
Kindergarten	2,525	2,621	2,735	2,763	2,584	2,809	2,605	2,646	2,651	2,587
Grade 1	2,643	2,817	2,853	2,709	2,737	2,700	2,696	2,694	2,605	2,704
2	2,811	2,883	2,773	2,746	2,601	2,747	2,737	2,694	2,724	2,875
3	2,904	2,807	2,798	2,657	2,655	2,825	2,720	2,797	2,920	2,822
4	2,825	2,847	2,672	2,723	2,772	2,812	2,865	2,982	2,847	2,859
5	<u>2,896</u>	<u>2,711</u>	<u>2,808</u>	<u>2,807</u>	<u>2,752</u>	<u>2,945</u>	<u>3,050</u>	<u>2,871</u>	<u>2,893</u>	<u>2,799</u>
Total Elementary School	<u>17,765</u>	<u>17,808</u>	<u>17,731</u>	<u>17,393</u>	<u>16,882</u>	<u>17,844</u>	<u>17,620</u>	<u>17,585</u>	<u>17,477</u>	<u>17,455</u>
Middle School:										
Grade 6	2,679	2,814	2,812	2,783	2,902	3,087	2,946	2,915	2,780	2,875
7	2,831	2,838	2,779	2,923	3,024	2,992	2,963	2,818	2,890	2,813
8	<u>2,868</u>	<u>2,819</u>	<u>2,935</u>	<u>3,092</u>	<u>3,019</u>	<u>3,040</u>	<u>2,871</u>	<u>2,930</u>	<u>2,832</u>	<u>2,948</u>
Total Middle School	<u>8,378</u>	<u>8,471</u>	<u>8,526</u>	<u>8,798</u>	<u>8,945</u>	<u>9,119</u>	<u>8,780</u>	<u>8,663</u>	<u>8,502</u>	<u>8,636</u>
High School:										
Grade 9	3,107	3,208	3,421	3,559	3,209	3,203	3,221	3,171	3,267	2,974
10	2,872	3,017	2,990	2,819	2,874	2,823	2,774	2,931	2,696	2,918
11	2,816	2,814	2,692	2,625	2,743	2,602	2,787	2,597	2,769	2,638
12	<u>2,692</u>	<u>2,648</u>	<u>2,536</u>	<u>2,594</u>	<u>2,544</u>	<u>2,715</u>	<u>2,523</u>	<u>2,711</u>	<u>2,589</u>	<u>2,700</u>
Total High School	<u>11,487</u>	<u>11,687</u>	<u>11,639</u>	<u>11,597</u>	<u>11,370</u>	<u>11,343</u>	<u>11,305</u>	<u>11,410</u>	<u>11,321</u>	<u>11,230</u>
Special Education	<u>141</u>	<u>139</u>	<u>141</u>	<u>132</u>	<u>136</u>	<u>123</u>	<u>121</u>	<u>122</u>	<u>126</u>	<u>127</u>
Total Enrollment	<u>37,771</u>	<u>38,105</u>	<u>38,037</u>	<u>37,920</u>	<u>37,333</u>	<u>38,429</u>	<u>37,826</u>	<u>37,780</u>	<u>37,426</u>	<u>37,448</u>

Source: Monthly Report on Enrollment at September 30.

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

Harford County Public Schools

Operating Indicators by Function

Fiscal Year	Per Pupil Expenditures ¹		Number of School Bus Riders ²	Food Services ³	
	Dollars	State Rank		Breakfasts Served	Lunches Served
2025	Not available		33,481	1,371,468	3,397,279
2024	16,916	17	33,286	1,437,238	3,453,685
2023	16,936	19	31,139	1,339,119	3,354,308
2022	15,526	23	31,006	1,493,292	3,761,106
2021 ⁴	14,463	22	31,382	2,793,483	Meal Kits Served
2020 ⁵	13,552	22	33,248	967,000	2,182,334
2019	13,457	20	32,540	1,405,746	3,244,101
2018	13,005	20	32,558	1,431,954	3,238,451
2017	12,770	21	32,421	1,488,108	3,301,809
2016	12,508	23	32,535	1,517,703	3,296,515

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

² HCPS Department of Transportation

³ HCPS Department of Food and Nutrition Services

⁴ Meal Kits Served during school closure included breakfasts and lunches daily.

⁵ 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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<i>Instructional Buildings</i>										
Elementary Schools	33	33	33	33	33	33	33	33	33	33
Middle Schools ¹	9	9	9	9	9	9	9	9	9	9
High Schools ¹	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	1	1	1	1	1	1	1	1	1	1
Harford Glen Environmental Center	1	1	1	1	1	1	1	1	1	1
Total	55	55	55	55	55	55	55	55	55	55
<i>Support Buildings</i>										
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
Total	3	3	3	3	3	3	3	3	3	3

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

Source: HCPS Planning and Construction Office

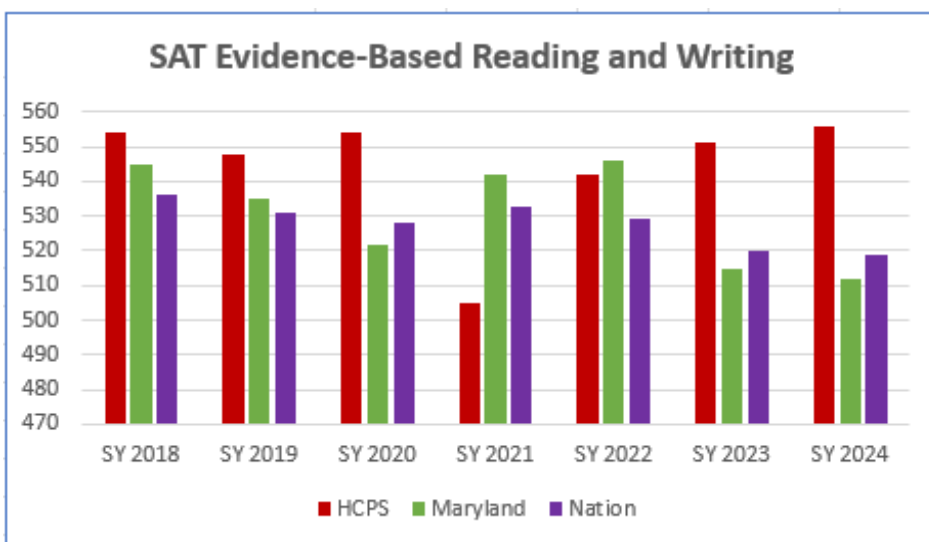
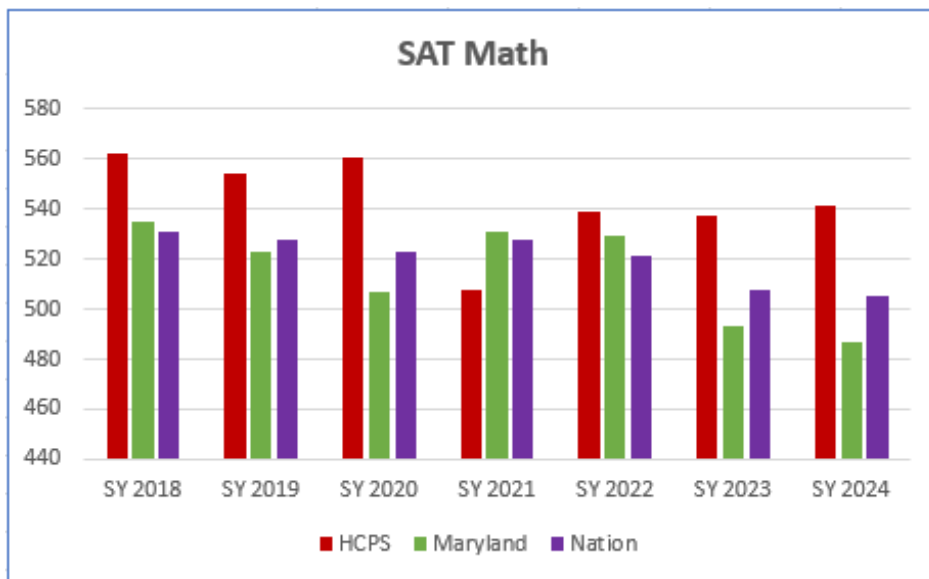
Harford County Public Schools

Student Academic Performance 2024 Assessment Results

SAT

Average Scores

	Harford	State	Nation
Mathematics	541	487	505
Evidence-Based Reading and Writing	556	512	519



Source: The Office of Accountability

Harford County Public Schools

Facilities Information as of June 30, 2025

	Gross Square Feet	Acres	Year Constructed	Age in Years		Gross Square Feet	Acres	Year Constructed	Age in Years
Central Offices					Elementary Schools				
102 S. Hickory	73,122	0.77	2005	20	18 Abingdon Elementary	91,229	28.70	1992	33
Hickory Annex	39,930	7.83	various	n/a	19 Bakerfield Elementary	65,691	10.00	1961	64
Forest Hill Annex	32,183	4.20	1980	n/a	20 Bel Air Elementary	49,748	6.25	1984	41
Eva Mar Land	-	45.21	n/a	n/a	21 Church Creek Elementary	85,801	20.51	1994	31
Woodbridge Center Land	-	12.00	n/a	n/a	22 Churchville Elementary	52,360	6.46	1931	94
Box Hill South Land	-	17.86	n/a	n/a	23 Darlington Elementary	24,237	7.89	1938	87
Campus Hills Land	-	31.15	n/a	n/a	24 Deerfield Elementary	103,200	20.73	2010	15
Harford Glen Environmental Center	31,647	284.90	1998	n/a	25 Dublin Elementary	44,385	24.69	1941	84
Harford Academy	63,984	26.78	1971	54	26 Edgewood Elementary	67,341	34.44	1969	56
Swan Creek School	107,087	6.13	1965	60	27 Emmorton Elementary	63,000	10.57	1994	31
					28 Forest Hill Elementary	64,722	8.44	2000	25
1 High Schools					29 Forest Lakes Elementary	68,971	20.67	1997	28
2 Aberdeen High	230,134	47.30	2004	21	30 Fountain Green Elementary	60,000	12.77	1993	32
3 Bel Air High	262,454	31.09	2009	16	31 George D. Lisby Elementary	56,295	20.01	1968	57
4 C. Milton Wright High	220,910	69.50	1980	45	32 Hall's Cross Roads Elementary	63,082	12.73	1943	82
5 Edgewood High	268,354	44.32	2010	15	33 Havre de Grace Elementary	65,085	11.22	1949	76
6 Fallston High	233,500	49.44	1977	48	34 Hickory Elementary	77,958	23.04	1950	75
7 Harford Technical High	218,225	26.78	1978	47	35 Homestead-Wakefield Elementary ²	141,936	11.57	1958	67
8 Havre de Grace High ¹	125,056	30.08	2020	5	36 Jarrettsville Elementary	61,275	32.43	1962	63
9 Joppatowne High	184,070	69.33	1972	53	37 Joppatowne Elementary	89,985	16.87	1965	60
10 North Harford High	245,238	73.45	1950	75	38 Magnolia Elementary	59,900	43.05	1975	50
Patterson Mill High ¹	132,500	38.68	2007	18	39 Meadowdale Elementary	69,000	13.26	1959	66
					40 Norrisville Elementary	37,417	15.00	1967	58
11 Middle Schools					41 North Bend Elementary	60,221	18.23	1991	34
12 Aberdeen Middle	196,800	43.82	1973	52	42 North Harford Elementary	49,703	20.00	1984	41
13 Bel Air Middle	164,900	49.52	1961	64	43 Prospect Mill Elementary	75,538	26.77	1973	52
14 Edgewood Middle	166,530	34.83	1965	60	44 Red Pump Elementary	100,549	23.52	2011	14
Fallston Middle	130,284	49.44	1993	32	45 Ring Factory Elementary	59,132	34.02	1990	35
15 Havre de Grace Middle ¹	125,056	30.08	2020	5	46 Riverside Elementary	55,711	13.18	1968	57
Magnolia Middle	149,100	43.05	1979	46	47 Royce Williams Elementary	78,126	28.36	1953	72
16 Patterson Mill Middle ¹	132,500	38.68	2007	18	48 Old Post Rd. Elementary	112,417	46.00	1956	69
17 North Harford Middle	173,728	40.00	1976	49	49 William S. James Elementary	58,500	15.00	1976	49
Southampton Middle	188,134	35.99	1970	55	50 Youth's Benefit Elementary	149,694	26.18	2017	8
					Total	6,257,635	1,944.77		

Notes

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

² Homestead Wakefield Elementary square footage consists of 3 buildings; Wakefield (primary), Homestead (intermediate), and Kindergarten Annex. Homestead Wakefield Replacement Elementary School is currently under construction. The Wakefield building and the Kindergarten annex have been demolished (-62,830 square foot). The students are in 3 modular buildings (38,786 square foot) located next to the Homestead Building.

Source: Educational Facilities Master Plan 2024

HARFORD COUNTY, MARYLAND
Principal Employers
Current Fiscal Year and Ten Years Ago

Table 11

Fiscal Year 2025			
	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	21,000	1	22.25%
Harford County Public Schools	5,625	2	5.96%
UM Upper Chesapeake Health	3,000	3	3.18%
Harford County Government	1,554	4	1.65%
Harford Community College	1,428	5	1.51%
Sephora	1,000	6	1.06%
Smith's Detection, Inc.	1,000	7	1.06%
Kohl's E-Fulfillment Center	954	8	1.01%
Klein's ShopRite of Maryland	900	9	0.95%
Frito Lay, Inc.	700	10	0.75%
Total	37,161		39.38%
Total County Employment ⁽²⁾	94,361		100%
Fiscal Year 2016			
	Number of Employees ⁽¹⁾	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	20,100	1	22.35%
Harford County Public Schools	5,231	2	5.82%
UM Upper Chesapeake Medical Center	3,129	3	3.48%
US Army Research	2,000	4	2.22%
Harford County Government	1,541	5	1.71%
Kohl's E-Fulfillment Center	1,140	6	1.27%
Rite Aid Mid-Atlantic Customer Distribution Center	1,095	7	1.22%
Harford Community College	1,011	8	1.12%
Klein's Shop Rites of Maryland	1,000	9	1.11%
Walmart	900	10	1.00%
Total	37,147		41.30%
Total County Employment ⁽³⁾	89,941		100%

Source:

(1) Office of Economic Development, Harford County, Maryland

(2) Maryland Department of Labor

(3) U.S. Census Bureau, Center for Economic Studies, June 2013

Harford County Public Schools

Full-time Equivalent Employees by Function Fiscal 2016 - 2024

State Category	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Administration	121	124	121	115	116	112	117	117	117	120
Mid-Level - Office of the Principal	279	282	283	278	270	264	287	287	290	289
Mid-Level - Admin & Supervision	65	72	67	64	56	54	55	63	62	62
Instructional Salaries	2,814	2,787	2,783	2,663	2,563	2,499	2,565	2,600	2,645	2,675
Special Education	1,307	1,291	1,270	1,162	1,091	1,061	1,004	1,024	1,021	1,044
Student Services	53	33	31	37	35	25	21	30	26	25
Health Services	74	78	73	71	70	70	70	73	72	73
Transportation	254	234	234	226	190	186	188	188	217	217
Operation of Plant	364	363	362	339	339	340	338	340	340	337
Maintenance of Plant	118	117	117	117	117	114	128	126	126	125
Community Services	8	2	2	2	2	2	1	1	1	1
Totals¹	5,456	5,383	5,343	5,074	4,849	4,727	4,774	4,849	4,917	4,968

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.

¹ 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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Principal & Interest	\$ 11,766,564	\$ 12,923,682	\$ 8,083,392	\$ 7,564,154	\$ 823,882	\$ 823,882	\$ 823,822	\$ 823,822	\$ 823,822	\$ 823,822
Total Expenditures	888,383,267	848,925,559	729,729,339	689,615,557	628,354,568	602,415,169	579,287,488	552,268,371	531,336,264	528,578,856
Less capitalized net activity	111,143,019	100,738,709	22,338,783	49,532,465	53,719,660	53,375,509	40,911,831	28,680,888	24,402,329	33,718,810
Net expenditures	777,240,248	748,186,850	707,390,556	640,083,092	574,634,908	549,039,660	538,375,657	523,587,483	506,933,935	494,860,046
Ratio of Principal & Interest to Net Expenditures	1.51%	1.73%	1.14%	1.18%	0.14%	0.15%	0.15%	0.16%	0.16%	0.17%

Harford County Public Schools

Ratios of Outstanding Debt (modified accrual basis of accounting)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Leases, Notes Payable, and Subscriptions (1)	\$28,936,693	\$24,259,817	\$20,449,266	\$27,442,005	\$6,334,360	\$6,931,521	\$7,509,774	\$8,069,717	\$8,611,929	\$9,136,971
Personal Income (000's) (2)	22,832,104	21,370,368	20,002,217	18,594,352	17,403,924	16,289,708	15,246,872	14,684,465	14,163,408	13,596,701
Percentage of Personal Income	0.13%	0.11%	0.10%	0.15%	0.04%	0.04%	0.05%	0.05%	0.06%	0.07%
Population (2)	266,585	265,793	264,578	262,977	259,118	256,805	255,594	253,884	251,948	250,448
Per Capita	\$ 108.55	\$ 91.27	\$ 77.29	\$ 104.35	\$ 24.45	\$ 26.99	\$ 29.38	\$ 31.79	\$ 34.18	\$ 36.48
Student Enrollment	37,771	38,105	38,037	37,920	37,333	38,429	37,826	37,780	37,426	37,448
Ratio of Principal Balance to Student Enrollment	\$ 766.11	\$ 636.66	\$ 537.62	\$ 723.68	\$ 169.67	\$ 180.37	\$ 198.53	\$ 213.60	\$ 230.11	\$ 243.99

(1) - Implemented GASB 87 – Leases in 2022; Implemented Subscriptions in 2023

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

Enrollment Source: Monthly Report on Enrollment at September 30.



Layla Owings, Grade 4
Church Creek Elementary School
Teacher: Ms. Taylor Streib



Ella Picha, Grade 8
North Harford Middle School
Teacher: Ms. Denise Terigni



HARFORD COUNTY
PUBLIC SCHOOLS

