



# Annual Comprehensive Financial Report

For the fiscal year ending June 30, 2022

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

# 2021-2022 Board of Education of Harford County



**Rachel Gauthier**  
President  
Elected Member  
Councilmanic District E



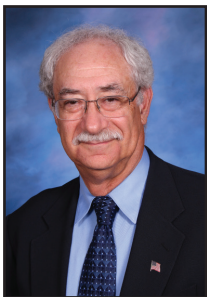
**Dr. Carol Mueller**  
Vice President  
Appointed by County Council  
Councilmanic District C



**Dr. Joyce Herold**  
Appointed Member-at-Large



**Patrice J. Ricciardi**  
Appointed Member-at-Large



**Dr. Roy Phillips**  
Appointed Member-at-Large



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



**Dr. David Bauer**  
Elected Member  
Councilmanic District B



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



**Sonja Karwacki**  
Elected Member  
Councilmanic District F



**Kanae Holcomb**  
Student Member



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



# HARFORD COUNTY

## PUBLIC SCHOOLS

Inspire • Prepare • Achieve

# Annual Comprehensive Financial Report

## For the Fiscal Year ended June 30, 2022

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 Renee McGlothlin, Harford County Public Schools Title IX Coordinator, by mail to 102 S. Hickory Avenue, Bel Air, Maryland 21014, or by telephone to 410-809-6087 or by email to Renee.McGlothlin@hcps.org or the Assistant Secretary for the Office of Civil Rights in the United States Department of Education by mail to 400 Maryland Avenue, SW, Washington, DC 20202 or by telephone 1-800-421-3481, or both.

# Harford County Public Schools

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## **Student Contributors for Artwork:**

Student	Grade	School	Page
Jenna Pham	9	Bel Air High School	1
Mischa Evans	7	Magnolia Middle School	4
Caleb Duncan	12	Patterson Mill Middle High School	4
Jack Zorbach	1	Prospect Mill Elementary School	12
Nasya Nicholson	10	Joppatowne High School	14
Alyse Giuffrida	6	Fallston Middle School	14
Brooke Reynolds	5	Abingdon Elementary School	28
Madelyn Davis	3	Norrisville Elementary School	75
Tamia Williams	8	Aberdeen Middle School	75
Gregory Burke	11	John Archer School	82
Allie DeGuzman	K	Havre de Grace Elementary	85
Ricky Hauf	4	Meadowvale Elementary School	100
Autumn Izzo	2	Ring Factory Elementary School	103
Emma Choinski	5	Churchville Elementary School	103



**Jenna Pham, Grade 9  
Bel Air High School  
Teacher: Ms. Heaven Ewing**



# Harford County Public Schools

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# Harford County Public Schools

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# Introductory Section

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**Mischa Evans , Grade 7  
Magnolia Middle School  
Teacher: Ms. Andrea Ruggeri**



**Caleb Duncan, Grade 12  
Patterson Mill Middle High School  
Teacher: Ms. Alison Filicko**

# Harford County Public Schools

## Vision

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

## Mission

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

## Core Values

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

## Long Term Goals

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

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

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

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

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



# Board of Education of Harford County

The members of the Board as of June 30, 2022, 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	Rachel Gauthier	Councilmanic District E	2023
Vice-President	Dr. Carol L. Mueller	Councilmanic District C	2024
Other members	Jansen Robinson	Councilmanic District A	2023
	Dr. David Bauer	Councilmanic District B	2023
	Ariane G. Kelly	Councilmanic District D	2023
	Sonja Karwacki	Councilmanic District F	2023
	Dr. Joyce Herold	Appointed Member-at-Large	2023
	Dr. Roy Phillips	Appointed Member-at-Large	2023
	Patrice J. Ricciardi	Appointed Member-at-Large	2023
Student member	Kanae Holcomb	Student Member	2022
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, 2022

**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*

**Cornell S. Brown, Jr.**  
*Assistant Superintendent for Operations*

**Eric G. Clark**  
*Director of Budget*

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

**Bernard P. Hennigan**  
*Director of Student Services*

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

**H. Andrew Moore, II**  
*Director of Information and Technology*

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

**Cathy E. Bendis**  
*Director of Transportation*

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

**John G. Staab, CPA**  
*Director of Finance*

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

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



**HARFORD COUNTY PUBLIC SCHOOLS  
ORGANIZATIONAL CHART OF ADMINISTRATION**

FY 2021-22

*Citizens, Parents, Schools & Community*

**Board of Education**

Chief Auditor

Internal Auditor

Staff Attorney

General Counsel

**Superintendent of Schools**

**Chief of Administration**

Director of Technology

Application Development Team Leader

Endpoint Services Team Leader

Enterprise Infrastructure and Operations Team Leader

Assistant Superintendent for Operations

Executive Director of Facilities Management, Planning and Construction

Assistant Supervisors of Facilities

Supervisor of Planning and Construction

Assistant Supervisor of Construction

Director of Transportation

Supervisors of Transportation

Assistant Superintendent for Business Services

Director of Budget

Director of Finance

Supervisor of Finance

Assistant Supervisor of Payroll

Supervisor of Food and Nutrition Services

Assistant Supervisors of Food and Nutrition Services

Supervisor of Procurement

Supervisor of Risk Management

Director of Strategic Initiatives

Office of Communications and Family Outreach

Manager of Communications

Manager of Family and Community Partnerships

Manager of North Star Research and Program Evaluation

Supervisor of Safety and Security

Assistant Superintendent for Human Resources

Director of Staff and Labor Relations

Coordinator of Internal Investigations

Supervisor of Management

Coordinator of Benefits

Certification Services Team Leader

HRIS Team Leader

Executive Director of Curriculum, Instruction, and Assessment

Director of Curriculum, Instruction, and Assessment

Supervisor of Teacher Preparation and Professional Development

Supervisor of Instructional Technology

Supervisors of Curriculum and Instruction (Subject Specific)

Coordinator of North Star and School Performance Initiatives

Coordinator of Supplemental Instruction

Executive Director of Secondary School Instruction and Performance

Director of Secondary School Instruction and Performance

Secondary School Principals

Alternative Education Program Principal

Executive Director of Elementary School Instruction and Performance

Director of Elementary School Instruction and Performance

Elementary School Principals

John Archer School Principal

Executive Director of Student Support Services

Director of Health and Wellness

Director of Special Education

Coordinators of Special Education

Supervisor of School Counseling

Supervisor of Health Services

School Nurses

Supervisor of Psychological Services

Supervisor of Pupil Personnel Services

Pupil Personnel Workers

Supervisor of Title I, Part A Grant

Assistant Supervisor - Title I Programs

Coordinator - Title I Programs

Boxes in Bold denote members of Superintendent's Senior Staff

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

September 28, 2022

Members of the Board of Education:

The Public School Laws of the State of Maryland require school districts to publish within three months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2022.

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, 2022. 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 37,920 students in fiscal 2022. HCPS is the 156th largest school system of the 550 school districts with enrollment of 15,000 or more in the country when ranked by enrollment. This places HCPS in the top thirty percent of school districts with enrollment of 15,000 or more by size<sup>1</sup>. There are 24 school districts in the State of Maryland and HCPS is ranked 8th in size.<sup>2</sup> The student body will be served by a projected 5,607 FTE faculty and staff positions for fiscal 2023. Peak enrollment of 40,212 was reached in 2005, and has since dropped by 2,292 students, or 5.7%.

Citizens in the county have a choice of public or private schools. Harford County has 54 public schools and 43 non-public schools<sup>3</sup> located within the county. The number of students attending private schools is unknown. The 2021 population of Harford County was 262,977<sup>4</sup>. According to the U.S. Census Bureau, the school-age population in 2021 was 43,654 of which 34,169 (HCPS enrollment less preschool and prekindergarten), or 78%, 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. 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 Economy***<sup>5</sup>

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

The County's largest revenue source remains real property taxes. The fiscal year 2022 taxable assessable base resulted in an increase over the fiscal year 2021 assessable base of 1.9%. Properties are reassessed by the State Department of Assessments and Taxation every three years and account for one-third of the more than two million real property accounts in the state. The 2022 assessments are for "Group 1" properties and were based on an evaluation of 74,673 sales that occurred within the group over the last three years. If the reassessment resulted in a property value being adjusted, any increase in value will be phased-in equally over the next three years, while any decrease in value will be fully implemented in fiscal year 2023. For the 2022 assessment, 93.9% of "Group 1" residential properties saw an increase in property value statewide. In Harford

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<sup>1</sup> U.S. Department of Education, National Center for Education Statistics, Common Core of Data (CCD), "Public Elementary/Secondary School Universe Survey," 2018, Table 215.10

<sup>2</sup> Maryland State Department of Education, Student Publications, "Maryland Public School Enrollment by Race/Ethnicity and Gender and Number of Schools", September 30, 2021, Table 12

<sup>3</sup> Maryland State Department of Education, Student Publications, "Nonpublic School Enrollment State of Maryland, September 30, 2021," Table 5

<sup>4</sup> United States Census Bureau, QuickFacts, Harford County, Maryland, Persons under 5 years / 18 years, V2021

<sup>5</sup> Excerpts from the Harford County Government Annual Comprehensive Financial Report for the year ended June 30, 2022.



County, residential assessments increased by 10.3% and commercial assessments for Group 1 increased by 3.8% since their last assessment in December of 2019. This is the ninth year of positive assessment growth in Harford County.

Income tax revenue, the second largest revenue source in the County, is directly affected by population growth, employment levels, and personal income. Income tax revenue has shown increases beginning in 2012 through 2022 using the modified accrual basis of accounting. The year over year increase for 2019 to 2020, 2020 to 2021, and 2021 to 2022 was 1.8%, 18.2% and 2.9%. Income tax is budgeted at \$299.8 million for fiscal year 2023. The recent growth in income tax revenue is largely due to an improving economy and lower unemployment.

### ***Long-Term Financial Planning for the School System***

The majority of all funding comes from Harford County and the State of Maryland. Although local funding has increased every year, ongoing expenses and needs of our students also continue to increase. The federal and state pandemic funds allocated to Harford County Public Schools contribute significantly to resources allocated to our students to help meet their needs. Once the funds are gone, within two fiscal years, HCPS will need to examine ways to reduce costs should it be necessary to continue any of the pandemic-related services to our students. Because most funding received is allocated towards existing programs, contracts and mandates, there are limited resources available to allocate for new initiatives in general education programming.

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

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

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

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

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

### ***Relevant Financial Policies***

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

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

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

### ***Awards and Acknowledgements***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Harford County Public Schools for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the eighteenth 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 John G. Staab, CPA, Director of Finance, and

the Office of Internal Audit under the direction of Laura J. Tucholski, CPA, CIA, CFE, Internal Auditor, and CliftonLarsonAllen, LLP. Many other offices in the system contributed to provide data for this report, including the artwork published throughout the document. Our appreciation is extended to all who assisted in the timely closing of the school system's financial records and in the preparation of this report. Credit must also be given to the Superintendent and Board of Education for their unfailing support for maintaining the highest standards of professionalism in the management of HCPS' finances.

Sincerely,



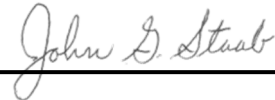
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Sean W. Bulson, Ed.D.  
Superintendent



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Deborah L. Judd, CPA  
Assistant Superintendent for  
Business Services



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John G. Staab, CPA  
Finance Director



**Jack Zorbach, Grade 1**  
**Prospect Mill Elementary School**  
**Teacher: Ms. Amy Hadaway**



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, 2021

*Christopher P. Morill*

Executive Director/CEO



# Financial Section

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**Nasya Nicholson, Grade 10**  
**Joppatowne High School**  
**Teacher: Ms. Cynthia Hendrick**



**Alyse Giuffrida, Grade 6**  
**Fallston Middle School**  
**Teacher: Ms. Meredith Parkinson**



## INDEPENDENT AUDITORS' REPORT

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

### **Report on 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, 2022, 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, 2022, 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 discussed in Note 1 to the financial statements, effective July 1, 2021, HCPS adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is 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 on pages 19-33 and the required supplementary information on pages 76-81 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 HCPS' basic financial statements. The other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are 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 the 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 September 28, 2022 on our consideration of HCPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HCPS' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPS' internal control over financial reporting and compliance.

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

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 28, 2022



# Harford County Public Schools

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

**June 30, 2022**

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, 2022. 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 \$440.6 million due mainly to the Net OPEB Liability of \$812.3 million. See Exhibit 1.
- On a budgetary basis, the General Fund unrestricted, unassigned fund balance increased by \$19.8 million to \$43.0 million. See Exhibit 7.
- The final General Fund budget increased by \$37.6 million during the year from the originally adopted budget. The entire increase was within the restricted budget as adjustments were made for new grants received during the fiscal year and to adjust for previous unspent monies, or carry-over funds, that are subsequently added to the current year budget. See Exhibit 7.
- The General Fund includes restricted and unrestricted funds. This fund's actual revenues were lower than the final budget by \$28.8 million, or 4.5%. Expenditures were lower than the final budget by \$63.7 million, or 9.9%. These variances were mainly due to unspent restricted funds that will be carried forward to the fiscal year 2023. The surplus of \$34.9 million is due to the healthcare settlement of \$15.0 received during the fiscal year and to the ongoing savings related to modified operations during the pandemic. Overall, 96.7% of the unrestricted operating budget was spent during the fiscal year. See Exhibit 7.



# Harford County Public Schools

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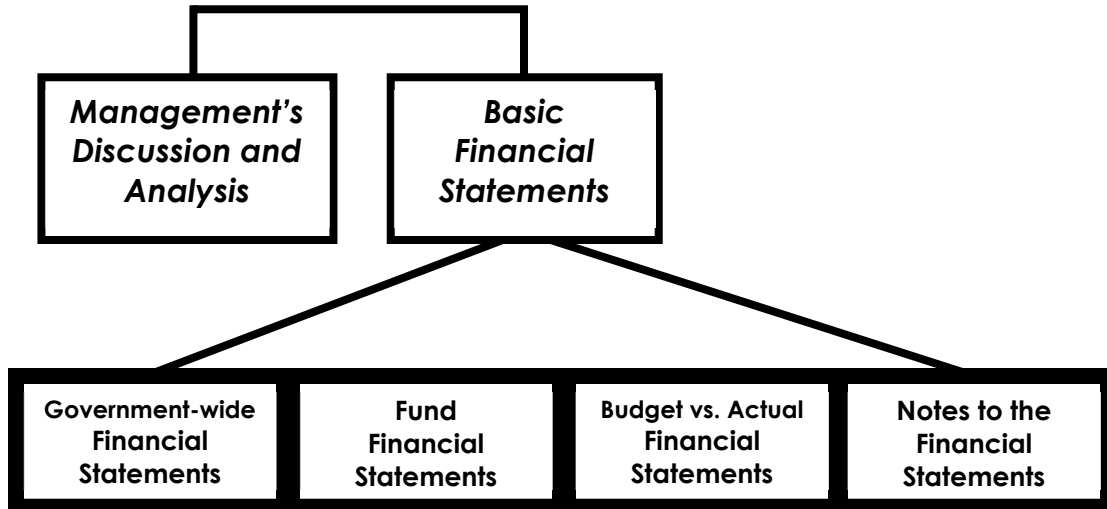
## Management's Discussion and Analysis (MD&A)

June 30, 2022

### Overview of the Financial Statements

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

### Basic Financial Statements



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

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

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

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

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

# Harford County Public Schools

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

June 30, 2022

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

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

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

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

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

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

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

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

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

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

# Harford County Public Schools

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

June 30, 2022

**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 \$440.6 million due mainly to the Net OPEB Liability of \$812.3 million. Due mainly to the shift in the deferred inflows and outflows related to OPEB, net position increased by \$66.0 million from June 30, 2021 to June 30, 2022. The unrestricted deficit as of June 30, 2022 of \$1.2 billion is due mainly to the net OPEB liability.

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

Current assets increased \$43.1 million due mainly to the increase in cash resulting from excess revenues over expenditures. HCPS continued to realize savings in operating expenses. Capital Assets increased by \$23.4 million due mainly to finalizing the limited renovation at Joppatowne High School. The OPEB component of deferred outflows decreased by \$101.1 million and deferred inflows increased by \$44.2 million.

Additionally, HCPS is committed by employee agreements to pay employees at retirement twenty-five percent (25%) of their earned but unused sick leave. For administrators, the limit is 300 days, all others are up to 200 days, plus any earned and unused vacation. The long-term portion is the amount we expect to pay beyond June 30, 2022. Of the total \$35.6 million of accrued compensated absences as of June 30, 2022, \$5.2 million is due within one year. The amount attributable to vacation leave is \$6.3 million and \$29.3 million for sick leave. Historically, this liability was funded on a "pay-as-you-go" basis from available current financial resources. This method is expected to continue. In addition to compensated absences, HCPS has obligations under leases and notes payable for \$27.4 million of which \$7.3 million is due within one year. The remaining long-term liabilities are due to the net pension liability, \$20.8 million, and net OPEB liability, \$812.3 million.

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2022

HCPS' net position as of June 30, 2022 and 2021, is illustrated in the table below and Exhibit 1.

### Harford County Public Schools Net Position

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>% Change</u>
<b>Revenues</b>			
Program:			
Charges for services	\$ 3,295,450	\$ 340,096	868.98%
Operating grants and contributions	167,471,660	163,092,289	2.69%
Capital grants and contributions	32,591,879	59,445,452	-45.17%
Local appropriations	293,812,984	276,927,778	6.10%
State aid	155,611,170	150,152,434	3.64%
Federal aid	449,032	852,961	-47.36%
Student activities	3,492,047	1,412,090	147.30%
Miscellaneous	22,888,146	25,177,695	-9.09%
Investment earnings	453,294	46,713	870.38%
<b>Total revenues</b>	<u>680,065,662</u>	<u>677,447,508</u>	<u>0.39%</u>
<b>Expenses</b>			
Instruction	403,794,370	440,022,993	-8.23%
Support services:			
Administration	16,075,813	16,845,448	-4.57%
Mid-level administration	38,228,978	41,840,856	-8.63%
Pupil personnel services	3,486,843	4,707,986	-25.94%
Health services	7,367,684	7,567,284	-2.64%
Pupil transportation	45,810,704	36,584,079	25.22%
Operation of plant	50,944,897	44,644,940	14.11%
Maintenance of plant and equipment	24,787,628	24,655,629	0.54%
Community services	930,245	387,158	140.28%
Food services	18,719,058	11,583,088	61.61%
Student activities	3,269,566	1,426,255	129.24%
Interest on long-term debt	544,881	226,661	140.39%
Depreciation - unallocated	62,430	64,455	-3.14%
<b>Total expenses</b>	<u>614,023,097</u>	<u>630,556,832</u>	<u>-2.62%</u>
<b>Change in Net Position</b>	66,042,565	46,890,676	40.84%
Net position - beginning of year, as restated	<u>(506,652,382)</u>	<u>(553,543,058)</u>	<u>-8.47%</u>
<b>Net position - end of year</b>	<u>\$ (440,609,817)</u>	<u>\$ (506,652,382)</u>	<u>-13.04%</u>

Results of operations for HCPS, as a whole, are presented in Exhibit 2, the Statement of Activities. Approximately \$614.0 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. \$476.7 million in expenses were supported using other general revenue sources not specifically attributed to a function or program.

# Harford County Public Schools

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

June 30, 2022

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

The following table summarizes the government-wide cost of services for each program or function. About 90.9% of the total cost of services are directly related to students' instruction and welfare. Of the remaining 9.1%, or \$55.8 million, \$54.3 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, 2022</u>	<u>Total Cost of Services</u>	<u>% Net Cost to Total</u>
Instruction	\$ 403,794,370	\$ 259,363,971	64.23%
Pupil personnel	3,486,843	2,725,774	78.17%
Health services	7,367,684	6,613,227	89.76%
Pupil transportation	45,810,704	30,046,310	65.59%
Operation and maintenance of plant	75,732,525	66,173,070	87.38%
Food services	18,719,058	(8,416,830)	-44.96%
Student activities	3,269,566	3,269,566	100.00%
All others	55,842,347	50,889,020	91.13%
Total	<u>\$ 614,023,097</u>	<u>\$ 410,664,108</u>	<u>66.88%</u>
All others			
Administration	\$ 16,075,813	\$ 13,833,301	86.05%
Mid-level administration	38,228,978	36,200,866	94.69%
Community services	930,245	247,542	26.61%
Interest on debt	544,881	544,881	100.00%
Depreciation - unallocated	62,430	62,430	100.00%
Total	<u>\$ 55,842,347</u>	<u>\$ 50,889,020</u>	<u>91.13%</u>

Total revenues increased by \$2.6 million, or approximately 0.4%, over the prior year, as shown in the following table. Charges for services, though a small number, represents a large percentage increase simply due to the continued closure in fiscal year 2021. Investment earnings have a large percentage increase over the prior year due both to increased interest rates as well as an increase in cash. Student activity revenues and expenses are reflected in the general fund. HCPS is fiscally dependent on local and state aid to fund its daily operations. State aid is largely formula driven based on student population and wealth. Local revenue, provided by the Harford County Government, is dependent upon the economic condition of the County. However, the education statute requires a minimum level of funding equal to the prior year's per pupil contribution times the current year projected enrollment. Most of the operating grant funding is from the state and federal governments. Expenses decreased by \$16.5 million, or -2.6%, due to vacancies and was offset by an increase in transportation and operation of plant, which is a direct result of resuming full operations during the current year.

# Harford County Public Schools

Management's Discussion and Analysis (MD&A)  
June 30, 2022

## Harford County Public Schools Change in Net Position

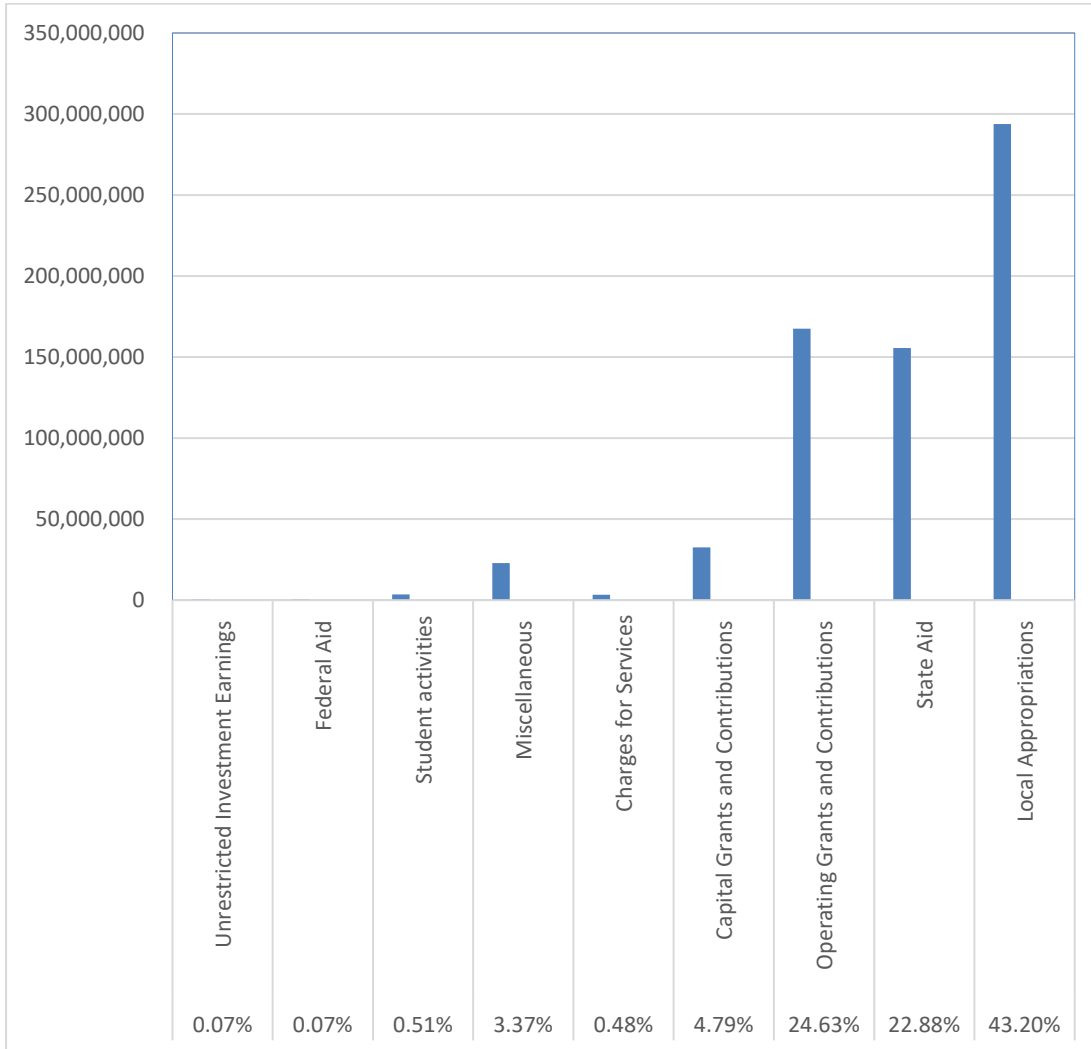
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>% Change</u>
<b>Revenues</b>			
Program:			
Charges for services	\$ 3,295,450	\$ 340,096	868.98%
Operating grants and contributions	167,471,660	163,092,289	2.69%
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Student activities	3,492,047	1,412,090	n/a
Miscellaneous	22,888,146	25,177,695	-9.09%
Investment earnings	453,294	46,713	870.38%
Total revenues	<u>680,065,662</u>	<u>677,447,508</u>	<u>0.39%</u>
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Instruction	403,794,370	440,022,993	-8.23%
Support services:			
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Pupil personnel services	3,486,843	4,707,986	-25.94%
Health services	7,367,684	7,567,284	-2.64%
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Operation of plant	50,944,897	44,644,940	14.11%
Maintenance of plant and equipment	24,787,628	24,655,629	0.54%
Community services	930,245	387,158	140.28%
Food services	18,719,058	11,583,088	61.61%
Student activities	3,269,566	1,426,255	n/a
Interest on long-term debt	544,881	226,661	140.39%
Depreciation - unallocated	62,430	64,455	-3.14%
Total expenses	<u>614,023,097</u>	<u>630,556,832</u>	<u>-2.62%</u>
<b>Change in Net Position</b>	66,042,565	46,890,676	40.84%
Net position - beginning of year, as restated	<u>(506,652,382)</u>	<u>(553,543,058)</u>	<u>-8.47%</u>
<b>Net position - end of year</b>	<u>\$ (440,609,817)</u>	<u>\$ (506,652,382)</u>	<u>-13.04%</u>



# Harford County Public Schools

Management's Discussion and Analysis (MD&A)  
June 30, 2022

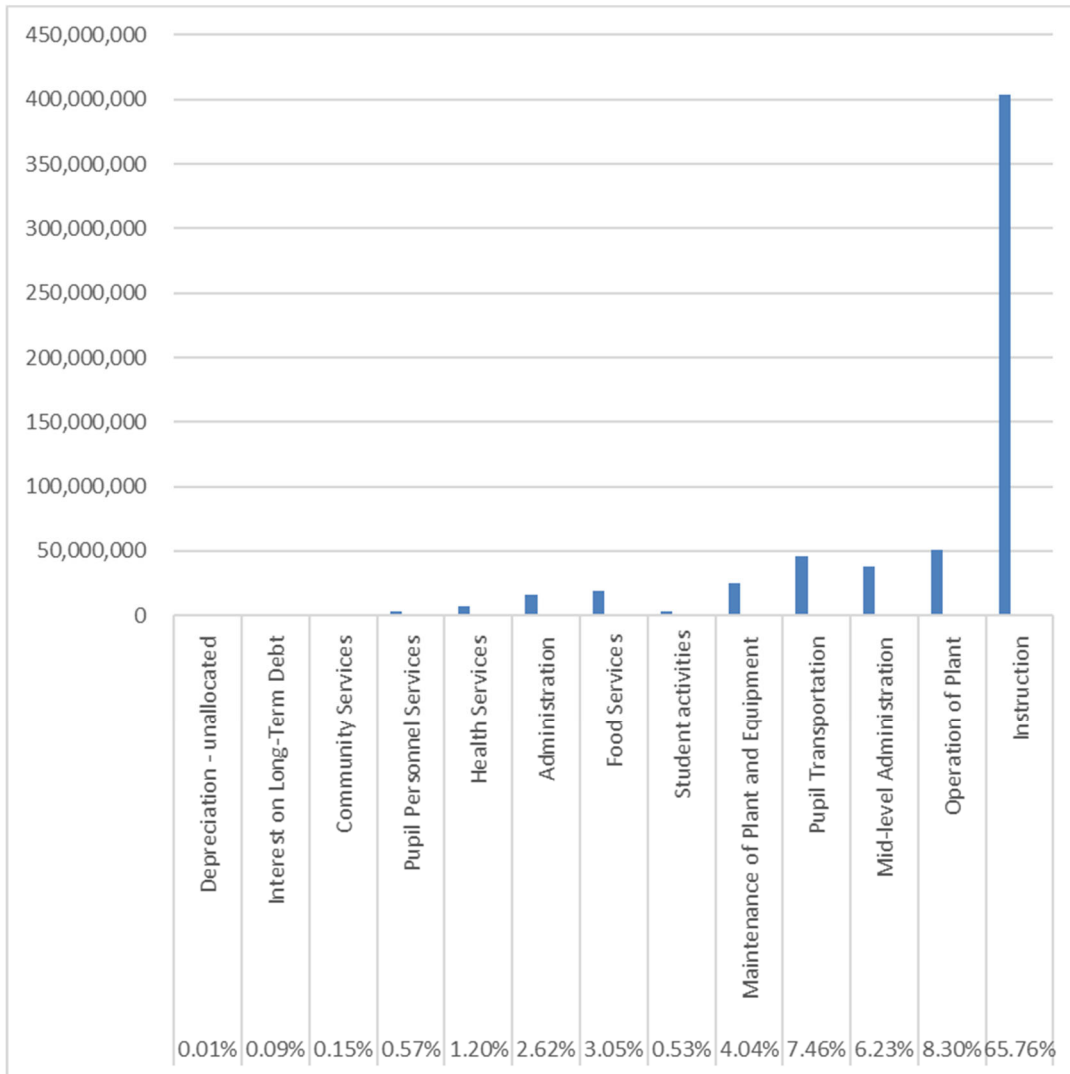
## Sources of Revenues for Fiscal Year Ended June 30, 2022



# Harford County Public Schools

Management's Discussion and Analysis (MD&A)  
June 30, 2022

## Expenses for Fiscal Year Ended June 30, 2022



# Harford County Public Schools

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

June 30, 2022

### Fund Performance

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

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

In the General Fund, revenues and expenditures are as expected for the year. In the Special Revenue Fund, food services revenues remained high from federal sources due to reimbursements for all students eligible for free lunch and breakfast throughout the year. In the Capital Projects Fund, revenues from local sources decreased by \$23.3 million and decreased from state sources by \$2.8 million. The decrease in overall funding is mainly due to the completion of the Havre de Grace Middle/High School project.



**Brooke Reynolds, Grade 5**  
**Abingdon Elementary School**  
**Teacher: Ms. Keri Miller**

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2022

### Harford County Public Schools Changes in Fund Balance

	<u>General Fund</u>		<u>Special Revenue Fund</u>		<u>Capital Projects Fund</u>		<u>Total</u>	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
<b>Revenues</b>								
Intergovernmental Revenues								
Local Sources	\$ 293,812,984	\$ 276,927,778	\$ -	\$ -	\$ 20,085,451	\$ 43,408,506	\$ 313,898,435	\$ 320,336,284
State Sources	247,653,087	246,673,712	394,779	402,720	12,402,776	15,189,255	260,450,642	262,265,687
Special State and Federal Programs	73,394,376	47,814,435	-	-	-	-	73,394,376	47,814,435
Federal Sources	449,032	852,961	25,044,890	12,484,083	-	-	25,493,922	13,337,044
Earnings on Investments	453,294	46,713	-	-	-	-	453,294	46,713
Charges for Services	-	-	1,674,626	19,701	-	-	1,674,626	19,701
Student activities	3,492,047	1,412,090	-	-	-	-	3,492,047	1,412,090
Miscellaneous Revenues	24,508,970	25,498,090	21,593	22,359	103,652	847,691	24,634,215	26,368,140
Total revenues	<u>643,763,790</u>	<u>599,225,779</u>	<u>27,135,888</u>	<u>12,928,863</u>	<u>32,591,879</u>	<u>59,445,452</u>	<u>703,491,557</u>	<u>671,600,094</u>
<b>Expenditures</b>								
Administration	12,210,619	10,967,020	-	-	-	-	12,210,619	10,967,020
Mid-Level Administration	29,086,063	27,365,783	-	-	-	-	29,086,063	27,365,783
Instructional Salaries	185,912,700	180,349,499	-	-	-	-	185,912,700	180,349,499
Instructional Textbooks & Materials	7,415,822	5,410,670	-	-	-	-	7,415,822	5,410,670
Other Instructional Costs	3,851,418	1,924,843	-	-	-	-	3,851,418	1,924,843
Special Education	52,923,985	49,045,239	-	-	-	-	52,923,985	49,045,239
Student Personnel Services	2,240,560	2,187,303	-	-	-	-	2,240,560	2,187,303
Health services	4,270,705	4,053,925	-	-	-	-	4,270,705	4,053,925
Pupil transportation	35,717,296	27,042,971	-	-	-	-	35,717,296	27,042,971
Operation of plant	36,224,693	26,778,347	-	-	-	-	36,224,693	26,778,347
Maintenance of plant and equipment	14,101,443	14,021,569	-	-	-	-	14,101,443	14,021,569
Fixed Charges	155,835,153	158,678,527	-	-	-	-	155,835,153	158,678,527
Community services	263,987	77,911	-	-	-	-	263,987	77,911
Special State & Federal Programs	85,436,777	47,814,435	-	-	-	-	85,436,777	47,814,435
Costs of Operations -Food Services	-	-	19,193,739	10,851,587	-	-	19,193,739	10,851,587
Student activities	3,269,566	1,426,255	-	-	-	-	3,269,566	1,426,255
Capital Outlay	18,114	2,820	-	-	34,078,763	59,532,042	34,096,877	59,534,862
Debt Service								
Principal	7,019,273	597,161	-	-	-	-	7,019,273	597,161
Interest	544,881	226,661	-	-	-	-	544,881	226,661
Total expenditures	<u>636,343,055</u>	<u>557,970,939</u>	<u>19,193,739</u>	<u>10,851,587</u>	<u>34,078,763</u>	<u>59,532,042</u>	<u>689,615,557</u>	<u>628,354,568</u>
Excess (deficiency) of revenues over expenditures	7,420,735	41,254,840	7,942,149	2,077,276	(1,486,884)	(86,590)	13,876,000	43,245,526
Other financing sources (uses):								
Notes	81,700	-	-	-	-	-	81,700	-
Leases	28,010,970	-	34,247	-	-	-	28,045,217	-
Transfers	(17,000,000)	-	-	-	17,000,000	-	-	-
Net change in fund balances	18,513,405	41,254,840	7,976,396	2,077,276	15,513,116	(86,590)	42,002,917	43,245,526
Fund Balances - beginning of year	73,602,235	32,347,395	3,071,527	994,251	230,803	317,393	76,904,565	33,659,039
Fund Balances - end of year	<u>\$ 92,115,640</u>	<u>\$ 73,602,235</u>	<u>\$ 11,047,923</u>	<u>\$ 3,071,527</u>	<u>\$ 15,743,919</u>	<u>\$ 230,803</u>	<u>\$ 118,907,482</u>	<u>\$ 76,904,565</u>

# Harford County Public Schools

## Management's Discussion and Analysis (MD&A) June 30, 2022

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

Budget changes made to the original budget during the fiscal year totaled \$37.6 million, or 6.2%. \$8.5 million of this increase related to new restricted funds from additional pandemic-related grants and a bequest. Additionally, there were \$23 million and \$2.3 million in carry-over funds related to pandemic-related grants and Medical Assistance, respectively.

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

	<u>Original Budget</u>	<u>Additions</u>	<u>Reductions</u>	<u>Total Change</u>	<u>Final Budget</u>
<b>REVENUE</b>					
Local	\$ 293,812,984	\$ -	\$ -	\$ -	\$ 293,812,984
State	218,249,613	-	-	-	218,249,613
Federal	420,000	-	-	-	420,000
Special state and federal	85,084,718	37,617,746	-	37,617,746	122,702,464
Earnings on investments	200,000	-	-	-	200,000
Other Sources	3,915,500	-	-	-	3,915,500
Prior year's fund balance	2,989,500	-	-	-	2,989,500
Total revenues	<u>\$ 604,672,315</u>	<u>\$ 37,617,746</u>	<u>\$ -</u>	<u>\$ 37,617,746</u>	<u>\$ 642,290,061</u>
<b>EXPENDITURES</b>					
Administration	\$ 13,058,297	\$ 222,486	\$ -	\$ 222,486	\$ 13,280,783
Mid-Level Administration	30,368,287	938,271	-	938,271	31,306,558
Instructional Salaries	206,956,310	15,970,938	-	15,970,938	222,927,248
Textbooks	15,658,706	940,869	-	940,869	16,599,575
Other Instructional Costs	18,586,136	2,488,008	-	2,488,008	21,074,144
Special Education	78,394,142	6,216,897	-	6,216,897	84,611,039
Student Personnel Services	3,648,287	-	(699,214)	(699,214)	2,949,073
Student Health Services	5,204,085	1,379,762	-	1,379,762	6,583,847
Student Transportation	36,382,698	2,390,663	-	2,390,663	38,773,361
Operation of Plant	29,851,806	548,406	-	548,406	30,400,212
Maintenance of Plant	14,471,023	1,760,000	-	1,760,000	16,231,023
Fixed Charges	150,331,868	4,850,505	-	4,850,505	155,182,373
Community Services	908,426	738,615	-	738,615	1,647,041
Capital Outlay	852,244	-	(128,460)	(128,460)	723,784
Total expenditures	<u>\$ 604,672,315</u>	<u>\$ 38,445,420</u>	<u>\$ (827,674)</u>	<u>\$ 37,617,746</u>	<u>\$ 642,290,061</u>

# Harford County Public Schools

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

June 30, 2022

It is critical for the reader to understand that local and state revenues account for 98.8% of the total General Fund unrestricted revenue, as reflected in Exhibit 7. The operating revenues of Harford County Public Schools are largely dependent on the economy and legislation.

Other revenues include items such as tuition, facility rental, rebates, Medicare Part D receipts, healthcare settlements, rebates and dividends from MABE's insurance programs. Major receipts in other revenues specifically include the following: \$15.4 million in healthcare settlements, \$1.3 million in Medicare Part D receipts, \$0.8 million in tuition and fees, and \$2.8 million in other miscellaneous revenue.

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

As of June 30, 2022, HCPS had approximately \$1,082.2 million invested in a broad range of capital assets including land (1,900.0 acres), buildings (6.2 million square feet), improvements, furniture, vehicles and other equipment. Capital assets increased approximately \$47.9 million from the same time last year, excluding the effect of depreciation as shown in the table below. \$19.9 million of this increase is due to the recording of amortizable lease assets with the implementation of Governmental Accounting Standard Board (GASB) statement No. 87 Leases.

### Harford County Public Schools Changes to Capital and Lease Assets

	June 30, 2022	June 30, 2021	\$ Change	% Change
<b>Capital Assets:</b>				
Land	\$ 9,672,942	\$ 9,672,942	\$ -	0.00%
Construction in progress	63,257,874	128,044,332	(64,786,458)	-50.60%
School properties	934,235,131	841,877,153	92,357,978	10.97%
Furniture and equipment	55,134,001	54,735,491	398,510	0.73%
Total capital assets	<u>1,062,299,948</u>	<u>1,034,329,918</u>	<u>27,970,030</u>	<u>2.70%</u>
<b>Amortizable lease assets:</b>				
Land improvements	244,651	-	244,651	n/a
Buildings	239,356	-	239,356	n/a
Furniture and equipment	19,458,246	-	19,458,246	n/a
Total amortizable lease assets	<u>19,942,253</u>	<u>-</u>	<u>19,942,253</u>	<u>n/a</u>
Capital and lease assets	<u>\$ 1,082,242,201</u>	<u>\$ 1,034,329,918</u>	<u>\$ 47,912,283</u>	<u>4.63%</u>

School districts in Maryland are in the uncommon position of owning assets but not the debt associated with those facilities as they are fully fiscally dependent on the state and county governments. Accordingly, HCPS carries no bond rating, but has an approved debt policy for lease transactions. In fiscal year 2022, HCPS refinanced the note for the Administration Building



# Harford County Public Schools

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

June 30, 2022

to a lower rate of 1.71%, without extending the term of the debt. Net budgetary savings is approximately \$213,000 between years 2023 and 2030.

### Ongoing Challenges

The Maryland Local ESSA Consolidated Plan and the Federal Every Student Succeeds Act (ESSA) established certain requirements for public school systems. These requirements include, but are not limited to, highly qualified teachers and paraprofessionals, expanded school choice options for parents, required testing of students, certification and assessment requirements for paraprofessionals, and extensive data tracking and reporting requirements. Additionally, the State of Maryland adopted the Maryland College and Career Ready Standards (MDCRRS), a set of high-quality academic expectations in English Language Arts/Literacy and mathematics that define the knowledge and skills all students should master by the end of each grade level. Along with the MDCRRS, Maryland implemented a new assessment program in 2014-15, the Partnership for Assessment of Readiness for College and Careers (PARCC). Students in Maryland took the PARCC assessments through the 2018-19 school year. Effective in the 2019-20 school year, the state assessment program was revised to the Maryland Comprehensive Assessment Program (MCAP). This program will continue to assess the high-quality standards that are aligned to the MDCRRS. This program is computer based and allows for monitoring student growth over time. All of these requirements have significant cost impacts.

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

### Future Challenges

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

- increasing number of homeless students, those newly immigrated to this country, and a growing socioeconomically eligible population require greater services;
- additional legislation requiring increased support for services to address the increasing mental health concerns of students, which is contributing to rising caseloads for HCPS student services staff;
- increasing enrollment of students with severe disabilities requiring additional programming and staffing;

# Harford County Public Schools

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

June 30, 2022

- changes in student enrollment as families make housing and educational decisions;
- uncertain enrollment figures as families continue to make different educational decisions;
- insufficient building capacity 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 salary increases in order to be competitive with surrounding school systems in attracting 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.
- the funding cliff as federal stimulus funds diminish over the next two fiscal years; and
- funding implications surrounding the implementation of the The Blueprint for Maryland's Future.

### 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, 2022

#### Governmental Activities

#### ASSETS

Cash and cash equivalents	\$ 23,533,263
Investments	62,412,151
Due from other units of government	29,583,991
Other receivables	22,455,718
Inventory	735,219
Capital assets not being depreciated:	
Land	9,672,942
Construction in progress	63,257,874
Capital assets net of accumulated depreciation and amortization:	
Buildings and improvements	643,900,671
Furniture and equipment	27,455,625
Total assets	<u>883,007,454</u>

#### DEFERRED OUTFLOWS

Deferred outflows related to OPEB	553,390,000
Deferred outflows related to pensions	10,834,503
Total deferred outflows	<u>564,224,503</u>

#### LIABILITIES

Accounts payable	8,338,472
Accrued salaries and wages	1,340,279
Payroll taxes payable	551,658
Unearned revenue	8,316,771
Noncurrent liabilities:	
Due within one year	12,490,616
Due in more than one year	883,593,977
Total liabilities	<u>914,631,773</u>

#### DEFERRED INFLOWS

Deferred inflows related to OPEB	961,462,000
Deferred inflows related to pensions	11,748,001
Total deferred inflows	<u>973,210,001</u>

#### NET POSITION

Net investment in capital assets	722,933,194
Restricted for:	
Food services	11,047,923
Capital projects	15,743,919
Unrestricted	<u>(1,190,334,853)</u>
Total net position	<u>\$ (440,609,817)</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, 2022**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net (Expenses)</b>	
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Revenue and Changes in Net Position</b>
<b>Governmental activities:</b>					
<b>Instruction:</b>					
Regular education	\$ 306,155,924	\$ 1,563,421	\$ 78,525,179	\$ 25,657,125	\$ (200,410,199)
Special education	97,638,446	-	38,684,674	-	(58,953,772)
Total instruction	<u>403,794,370</u>	<u>1,563,421</u>	<u>117,209,853</u>	<u>25,657,125</u>	<u>(259,363,971)</u>
<b>Support services</b>					
Administration	16,075,813	-	2,126,592	115,920	(13,833,301)
Mid-level administration	38,228,978	-	2,028,112	-	(36,200,866)
Pupil personnel services	3,486,843	-	761,069	-	(2,725,774)
Health services	7,367,684	-	754,457	-	(6,613,227)
Pupil transportation	45,810,704	-	15,764,394	-	(30,046,310)
Operation of plant	50,944,897	-	1,096,831	627,832	(49,220,234)
Maintenance of plant and equipment	24,787,628	-	1,643,790	6,191,002	(16,952,836)
Community services	930,245	57,403	625,300	-	(247,542)
Food services	18,719,058	1,674,626	25,461,262	-	8,416,830
Student activities	3,269,566	-	-	-	(3,269,566)
Interest on long-term debt	544,881	-	-	-	(544,881)
Depreciation - unallocated	62,430	-	-	-	(62,430)
Total support services	<u>210,228,727</u>	<u>1,732,029</u>	<u>50,261,807</u>	<u>6,934,754</u>	<u>(151,300,137)</u>
Total governmental activities	<u>\$ 614,023,097</u>	<u>\$ 3,295,450</u>	<u>\$ 167,471,660</u>	<u>\$ 32,591,879</u>	<u>(410,664,108)</u>
<b>General revenues:</b>					
Local aid not restricted to specific purposes	293,812,984				
State aid not restricted to specific purposes	155,611,170				
Federal aid not restricted to specific purposes	449,032				
Student activities	3,492,047				
Miscellaneous	22,888,146				
Investment earnings	453,294				
Total general revenues	<u>476,706,673</u>				
Change in net position	66,042,565				
Net position - beginning of year	<u>(506,652,382)</u>				
Net position - end of year	<u>\$ (440,609,817)</u>				

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

**Harford County Public Schools**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 21,293,776	\$ 2,239,487	\$ -	\$ 23,533,263
Investments	62,412,151	-	-	62,412,151
Due from other units of government	13,757,363	8,866,432	6,960,196	29,583,991
Other receivables	22,455,010	708	-	22,455,718
Due from other funds	-	46,989	13,404,767	13,451,756
Inventory	165,983	569,236	-	735,219
<b>Total assets</b>	<u>\$ 120,084,283</u>	<u>\$ 11,722,852</u>	<u>\$ 20,364,963</u>	<u>\$ 152,172,098</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 3,508,737	\$ 291,633	\$ 4,538,102	\$ 8,338,472
Accrued salaries and wages	1,340,279	-	-	1,340,279
Payroll taxes payable	551,658	-	-	551,658
Due to other funds	13,451,756	-	-	13,451,756
Unearned revenue	7,850,533	383,296	82,942	8,316,771
Compensated absences payable	1,265,680	-	-	1,265,680
<b>Total liabilities</b>	<u>27,968,643</u>	<u>674,929</u>	<u>4,621,044</u>	<u>33,264,616</u>
<b>FUND BALANCES</b>				
Non-spendable	165,983	569,236	-	735,219
Restricted	-	10,478,687	15,743,919	26,222,606
Assigned	55,194,399	-	-	55,194,399
Unassigned	36,755,258	-	-	36,755,258
<b>Total fund balances</b>	<u>92,115,640</u>	<u>11,047,923</u>	<u>15,743,919</u>	<u>118,907,482</u>
<b>Total liabilities and fund balances</b>	<u>\$ 120,084,283</u>	<u>\$ 11,722,852</u>	<u>\$ 20,364,963</u>	<u>\$ 152,172,098</u>

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

**Harford County Public Schools**

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**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2022**

Total fund balances - governmental funds (Exhibit 3)	\$ 118,907,482
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 \$1,082,242,201 and the accumulated depreciation is \$337,955,089.	744,287,112
Long-term liabilities are not due and payable from current resources and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of compensated absences payable (\$34,356,926), obligations under leases (\$13,398,125) and notes payable (\$14,043,880), net OPEB liability (\$812,260,000) and net pension liability (\$20,759,982).	(894,818,913)
Deferred outflows related to OPEB.	553,390,000
Deferred outflows related to pensions.	10,834,503
Deferred inflows related to OPEB.	(961,462,000)
Deferred inflows related to pensions.	<u>(11,748,001)</u>
<b>Total net position - governmental activities (Exhibit 1)</b>	<b><u>\$ (440,609,817)</u></b>

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



## Harford County Public Schools

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
<b>Revenues</b>				
Intergovernmental revenues:				
Local sources	\$ 293,812,984	\$ -	\$ 20,085,451	\$ 313,898,435
State sources	247,653,087	394,779	12,402,776	260,450,642
Special state and federal programs	73,394,376	-	-	73,394,376
Federal sources	449,032	25,044,890	-	25,493,922
Earnings on investments	453,294	-	-	453,294
Charges for services	-	1,674,626	-	1,674,626
Student activities	3,492,047	-	-	3,492,047
Miscellaneous	24,508,970	21,593	103,652	24,634,215
Total revenues	<u>643,763,790</u>	<u>27,135,888</u>	<u>32,591,879</u>	<u>703,491,557</u>
<b>Expenditures</b>				
Current:				
Administrative services	12,210,619	-	-	12,210,619
Mid-level administrative services	29,086,063	-	-	29,086,063
Instructional salaries	185,912,700	-	-	185,912,700
Instructional textbooks and supplies	7,415,822	-	-	7,415,822
Other instructional costs	3,851,418	-	-	3,851,418
Special education	52,923,985	-	-	52,923,985
Student personnel services	2,240,560	-	-	2,240,560
Health services	4,270,705	-	-	4,270,705
Pupil transportation services	35,717,296	-	-	35,717,296
Operation of plant	36,224,693	-	-	36,224,693
Maintenance of plant and equipment	14,101,443	-	-	14,101,443
Fixed charges	155,835,153	-	-	155,835,153
Community services	263,987	-	-	263,987
Special state and federal programs	85,436,777	-	-	85,436,777
Costs of operation - food services	-	19,193,739	-	19,193,739
Student activities	3,269,566	-	-	3,269,566
Capital outlay	18,114	-	34,078,763	34,096,877
Debt service:				
Principal	7,019,273	-	-	7,019,273
Interest	544,881	-	-	544,881
Total expenditures	<u>636,343,055</u>	<u>19,193,739</u>	<u>34,078,763</u>	<u>689,615,557</u>
Excess (deficiency) of revenues over expenditures	7,420,735	7,942,149	(1,486,884)	13,876,000
Other financing sources (uses):				
Notes	81,700	-	-	81,700
Leases	28,010,970	34,247	-	28,045,217
Transfers	(17,000,000)	-	17,000,000	-
Net change in fund balances	18,513,405	7,976,396	15,513,116	42,002,917
Fund balances - beginning of year	73,602,235	3,071,527	230,803	76,904,565
<b>Fund balances - end of year</b>	<u>\$ 92,115,640</u>	<u>\$ 11,047,923</u>	<u>\$ 15,743,919</u>	<u>\$ 118,907,482</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, 2022**

Total net change in fund balances - governmental funds (Exhibit 5)	\$ 42,002,917
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 (\$49,532,465) exceeds depreciation and amortization expense (\$26,158,483) and loss on disposal of assets (\$9,486).	23,364,496
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 \$13,398,125 and notes was \$7,709,520.	(21,107,645)
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 \$559,113.	(559,113)
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.	20,158,000
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.	2,183,910
	\$ 66,042,565
<b>Change in net position of governmental activities (Exhibit 2)</b>	<b>\$ 66,042,565</b>

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

Harford County Public Schools

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2022

	Unrestricted			Restricted			Variance - Positive (Negative)
	Original Budget	Final Budget	Actual (non-GAAP)	Original Budget	Final Budget	Actual (non-GAAP)	
<b>Revenues</b>							
Intergovernmental revenues:							
Local	\$ 293,812,984	\$ 293,812,984	\$ 293,812,984	\$ -	\$ -	\$ -	\$ -
State	218,249,613	218,249,613	219,450,551	-	-	-	-
Federal	420,000	420,000	449,032	-	-	-	-
Special state and federal	-	-	-	85,084,718	122,702,464	76,325,031	(46,377,433)
Earnings on investments	200,000	200,000	137,160	-	-	-	-
Other sources	3,915,500	3,915,500	20,346,487	-	-	-	-
Prior year fund balance	2,989,500	2,989,500	2,989,500	-	-	-	-
<b>Total revenues</b>	<b>\$ 519,587,597</b>	<b>\$ 519,587,597</b>	<b>\$ 537,185,714</b>	<b>\$ 85,084,718</b>	<b>\$ 122,702,464</b>	<b>\$ 76,325,031</b>	<b>\$ (46,377,433)</b>
<b>Expenditures</b>							
Current:							
Administrative services	\$ 11,476,258	\$ 11,476,258	\$ 11,209,537	\$ 1,582,039	\$ 1,804,525	\$ 1,662,498	\$ 142,027
Mid-level administration	29,596,022	29,596,022	29,172,551	772,265	1,710,536	1,218,439	492,097
Instructional salaries	188,225,307	188,225,307	185,912,700	18,731,003	34,701,941	18,155,431	16,546,510
Instructional textbooks and supplies	7,400,542	7,400,542	6,499,096	8,258,164	9,199,033	5,941,181	3,257,852
Other instructional costs	4,178,037	4,178,037	2,860,713	14,408,099	16,896,107	7,621,869	9,274,238
Special education	53,359,506	53,359,506	52,933,900	25,034,636	31,251,533	21,299,345	9,952,188
Student personnel services	2,268,780	2,268,780	2,233,562	1,379,507	680,293	543,453	136,840
Student health services	4,477,285	4,477,285	4,290,983	726,800	2,106,562	683,673	1,422,889
Student transportation	36,158,682	36,158,682	35,795,647	224,016	2,614,679	1,929,842	684,837
Operation of plant	28,767,404	28,767,404	28,554,079	1,084,402	2,614,679	2,774,014	(1,141,206)
Maintenance of plant	14,471,023	14,471,023	14,077,714	-	1,760,000	1,096,572	663,428
Fixed charges	138,008,081	138,008,081	127,828,666	12,323,787	17,174,292	12,767,276	4,407,016
Community services	555,481	555,481	263,987	352,945	1,091,560	520,829	570,731
Capital outlay	645,189	645,189	634,802	207,055	78,595	110,609	(32,014)
<b>Total expenditures</b>	<b>\$ 519,587,597</b>	<b>\$ 519,587,597</b>	<b>\$ 502,267,937</b>	<b>\$ 85,084,718</b>	<b>\$ 122,702,464</b>	<b>\$ 76,325,031</b>	<b>\$ (46,377,433)</b>
Excess of revenues over expenditures			34,917,777				
Transfer to capital projects fund			(17,000,000)				
Excess of revenues over expenditures and transfer			17,917,777				
Total fund balance - beginning of year			49,465,034				
Prior year fund balance recognized as revenue above			(2,989,500)				
Total fund balance - end of year			64,393,311				
Fund balance -end of year - nonspendable			(165,983)				
- assigned			(21,241,581)				
<b>Fund balance - end of year - unassigned</b>			<b>\$ 42,985,747</b>				

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

**Harford County Public Schools**

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**STATEMENT OF FIDUCIARY NET POSITION**  
**June 30, 2022**

	<u>Retiree Health Plan Trust</u>
<b>Assets</b>	
Investments held in MABE Trust	\$ 66,636,688
<b>Total assets</b>	<u>66,636,688</u>
Liabilities	<u>-</u>
<b>Total liabilities</b>	<u>-</u>
<b>Net position restricted for OPEB</b>	<u><u>\$ 66,636,688</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, 2022**

	<u>Retiree Health Plan Trust</u>
<b>Additions</b>	
Contributions	\$ 23,090,000
<b>Total additions</b>	<u>23,090,000</u>
<b>Deductions</b>	
Benefit payments	21,090,000
Administrative expenses	13,194
Investment results	
Net decrease in fair value of investments	9,875,437
Custodial fees	<u>202,667</u>
Net investment results	<u>10,078,104</u>
<b>Total deductions</b>	<u>31,181,298</u>
<b>Change in net position</b>	(8,091,298)
Net position - beginning of year	<u>74,727,986</u>
<b>Net position - end of year</b>	<u>\$ 66,636,688</u>

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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**  
.....

**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, 2022**  
.....

**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, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available resources.

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

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

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

Governmental Funds

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

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

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

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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

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

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 receivable are not collateralized but are primarily with other governmental units and related agencies. These entities rarely default on their obligations and management of the Board considers all amounts collectible as of June 30, 2022. Therefore, no valuation allowance is provided against the amounts due.

Inventory

Inventory in the general fund consists of supplies maintained in the distribution center and is recorded at cost. Inventory in the food service fund consists of expendable food and supplies held for consumption and is recorded at cost. The cost is recorded as an asset at the time individual inventory items are purchased. As inventory is consumed, the cost is charged to expenditures.



**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**  
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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

Capital Assets

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

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

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

Compensated Absences

As of June 30, 2022, annual and sick leave earned, applicable to governmental fund types, but not taken by Board employees, was \$35,622,606. This amount is based on vested accumulated leave as of June 30, 2022, for employees eligible to receive annual leave benefits at retirement. Sick leave is accrued for employees with at least ten years of service and calculated at 25% of their annual daily rate up to a maximum ranging from 200 to 300 days. An accrual in the amount of \$1,265,680 was made in the General Fund for the year ended June 30, 2022. This amount was an estimate of the accumulated annual and sick leave which is due and payable as of June 30, 2022 as it will be paid to retirees during the first month of the fiscal year ending June 30, 2023. The remaining liability for accumulated annual and sick leave earned in the amount of \$34,356,926 is reported as a noncurrent liability in the government-wide financial statements.

Pensions

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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

.....

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Encumbrances

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

Net Position and Fund Balance

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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**  
.....

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

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

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Implementation of New Accounting Principles**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Board has adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.

**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.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**  
.....

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (continued)**

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

**Operating Budget (General Fund)**

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

**HARFORD COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**  
.....

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (continued)**

**Operating Budget (General Fund) (continued)**

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 \$1,906,216 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, 2022**

**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (continued)**

The differences between the two methods are set forth below:

Revenues (non-GAAP budgetary basis - unrestricted and restricted)	\$ 613,510,745
Prior year fund balance	(2,989,500)
Revenues adjusted by restricted encumbrances of expenditure driven grants	(2,930,655)
Pension contributions made directly by the State of Maryland	28,202,536
Interest earned on rate stabilization deposit	316,133
Student activities	3,492,047
Changes in value of rate stabilization fund	<u>4,162,484</u>
<b>Revenues (GAAP basis)</b>	<b><u><u>\$ 643,763,790</u></u></b>
Expenditures (non-GAAP budgetary basis - unrestricted and restricted)	\$ 578,592,968
Net effect of encumbrances	(1,814,685)
Pension contributions made directly by the State of Maryland	28,202,536
Student activities	3,269,566
Other financing issuance cost	81,700
Leases and notes payable increase	<u>28,010,970</u>
<b>Expenditures (GAAP basis)</b>	<b><u><u>\$ 636,343,055</u></u></b>

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

Unassigned Fund Balance (non-GAAP budgetary basis)	\$ 42,985,747
Cumulative effect of:	
Revenues adjusted by encumbrances of expenditure driven grants	<u>(6,230,489)</u>
<b>Unassigned fund balance (GAAP basis)</b>	<b><u><u>\$ 36,755,258</u></u></b>

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

Assigned Fund Balance (non-GAAP budgetary basis)	\$ 21,241,581
Encumbrances	9,226,907
Rate stabilization fund balance	21,996,141
Student activities	<u>2,729,770</u>
<b>Assigned Fund Balance (GAAP basis)</b>	<b><u><u>\$ 55,194,399</u></u></b>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**NOTE 3 – CASH AND INVESTMENTS**

**Cash on Hand**

At year end, cash on hand for petty cash and change funds was \$275.

**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, 2022, 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, 2022, the carrying amount of the Board’s deposits was \$23,532,988 and the bank balance was \$23,681,288.

**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, 2022, the Board's investment balances were as follows:

	<b>Total Governmental Funds</b>	<b>Total Fiduciary Funds</b>	<b>Total</b>
Maryland Local Government Investment Pool	\$ 62,412,151	\$ -	\$ 62,412,151
MABE Trust	-	66,636,688	66,636,688
<b>Total Investments</b>	<b>\$ 62,412,151</b>	<b>\$ 66,636,688</b>	<b>\$ 129,048,839</b>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**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, 2022, complied with the Board’s investment policy as of that date.

Investment income includes the following for the year ended June 30, 2022:

Net interest and dividends	\$ 453,294
Less: Restricted net investment income	-
<b>Total Net Investment Income Per Statement of Activities</b>	<u><u>\$ 453,294</u></u>

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. The Board’s investment policy states that all investments must be fully collateralized. As of June 30, 2022, 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, 2022**

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

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

Cash on hand	\$ 275
Carrying amount of deposits	23,532,988
Carrying amount of investments	129,048,839
Total cash and investments	152,582,102
Less: Amounts in fiduciary funds	66,636,688
<b>Total Cash and Investments per Statement of Net Position</b>	<b>\$ 85,945,414</b>
Cash and cash equivalents	\$ 23,533,263
Investments	62,412,151
<b>Total Cash and Investments per Statement of Net Position</b>	<b>\$ 85,945,414</b>

Investment in External Investment Pool

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

The investments of the MABE Trust are stated at fair value and are managed by Fidelity Brokerage Services, LLC and consist of money market funds, U.S. government and agency fixed income and asset backed securities, equity securities, mutual funds and exchange traded funds and corporate and corporate asset backed securities. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 are significant unobservable inputs. Although all of the investments of the MABE Trust are considered Level 1 and Level 2, the Board’s membership investment in the MABE Trust is considered Level 2. As of June 30, 2022, the pooled net position of the MABE Trust was \$537,118,808 in total, of which the Board’s allocated investment balance was \$66,636,688. 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, 2022**

**NOTE 4 – CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

	<u>July 1, 2021</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>June 30, 2022</u>
<b>Governmental activities:</b>				
Nondepreciable capital assets:				
Land	\$ 9,672,942	\$ -	\$ -	\$ 9,672,942
Construction in progress	128,044,332	26,058,774	(90,845,232)	63,257,874
Total nondepreciable capital assets	<u>137,717,274</u>	<u>26,058,774</u>	<u>(90,845,232)</u>	<u>72,930,816</u>
Depreciable capital assets:				
Land improvements	19,953,916	197,558	-	20,151,474
Buildings	821,923,237	1,347,656	90,812,764	914,083,657
Furniture and equipment	54,735,491	1,986,224	(1,587,714)	55,134,001
Total depreciable capital assets	<u>896,612,644</u>	<u>3,531,438</u>	<u>89,225,050</u>	<u>989,369,132</u>
Amortizable lease assets:				
Land improvements	-	244,651	-	244,651
Buildings	-	239,356	-	239,356
Furniture and equipment	-	19,458,246	-	19,458,246
Total amortizable lease assets	<u>-</u>	<u>19,942,253</u>	<u>-</u>	<u>19,942,253</u>
Less capital asset accumulated depreciation for:				
Land improvements	11,381,271	857,713	-	12,238,984
Buildings	260,084,672	18,339,241	-	278,423,913
Furniture and equipment	41,941,359	2,463,413	(1,610,696)	42,794,076
Total capital asset accumulated depreciation	<u>313,407,302</u>	<u>21,660,367</u>	<u>(1,610,696)</u>	<u>333,456,973</u>
Less lease asset accumulated amortization for:				
Land improvements	-	122,326	-	122,326
Buildings	-	33,244	-	33,244
Furniture and equipment	-	4,342,546	-	4,342,546
Total lease asset accumulated amortization	<u>-</u>	<u>4,498,116</u>	<u>-</u>	<u>4,498,116</u>
<b>Governmental activities, capital and lease assets, net</b>	<u>\$ 720,922,616</u>	<u>\$ 23,373,982</u>	<u>\$ (9,486)</u>	<u>\$ 744,287,112</u>

Depreciation and amortization expense for the year ended June 30, 2022, was charged to governmental functions on the Statement of Activities as follows:

Depreciation not allocated to specific functions	\$ 62,430
Administration	373,017
Mid-level administration	859
Instruction	15,110,109
Special education	12,040
Transportation	952,442
Operations	3,746,967
Maintenance	5,766,526
Food Service	134,093
<b>Total</b>	<u>\$ 26,158,483</u>

**HARFORD COUNTY PUBLIC SCHOOLS**  
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**NOTE 4 - CAPITAL ASSETS** (continued)

The Board has active school construction projects as of June 30, 2022, as follows:

Project:	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Bel Air Middle Roof	\$ 3,906,558	\$ 191,793
George D. Lisby Elementary HVAC	7,246,634	8,031
Joppatowne High	34,634,879	2,831,766
Roye Williams Elementary HVAC	11,157,034	18,526
North Bend Elementary Central Plant and Fire Alarm	1,828,806	8,308
Bakerfield Elementary Roof	304,026	1,603,086
Abingdon Elementary Central Plant	99,075	2,173,425
Joppatowne High TV Studio	100,000	64,000
Patterson Mill High TV Studio	100,000	64,000
Bel Air High TV Studio	100,000	64,000
Churchville Elementary ADA Improvements	2,201	127,467
North Bend Elementary Paving & ADA Improvements	19,764	18,657
North Harford Elementary Paving & ADA Improvements	22,785	17,636
Halls Cross Roads Elementary Paving & ADA Improvements	18,906	15,714
Abingdon Elementary Special Education Renovations	41,511	102,499
Church Creek Elementary Special Education Renovations	67,561	264,724
Swan Creek School HVAC	53,905	53,835
Homestead Wakefield Elementary	2,409,149	882,236
Swan Creek School Roof	896,974	2,502,606
Bel Air Middle Boiler Replacement	54,233	54,183
Havre de Grace Elementary Fire Alarm System	193,873	3,665
<b>Total</b>	<u>\$ 63,257,874</u>	<u>\$ 11,070,157</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  
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**NOTE 5 - LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2022, was as follows:

	<b>Balance as of July 1, 2021</b>	<b>Increases</b>	<b>Reductions</b>	<b>Balance as of June 30, 2022</b>	<b>Due Within One Year</b>
Notes payable	\$ 6,334,360	\$ 14,971,411	\$ 7,261,891	\$ 14,043,880	\$ 1,642,432
Leases payable	-	18,873,179	5,475,054	13,398,125	\$ 5,678,159
Compensated absences	35,056,398	6,838,149	6,271,941	35,622,606	5,170,025
Net OPEB liability	977,649,000	-	165,389,000	812,260,000	-
Net pension liability	28,736,364	-	7,976,382	20,759,982	-
<b>Total Governmental Activities</b>	<b>\$ 1,047,776,122</b>	<b>\$ 40,682,739</b>	<b>\$ 192,374,268</b>	<b>\$ 896,084,593</b>	<b>\$ 12,490,616</b>

Compensated Absences

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

Notes Payable

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.

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 future minimum notes payable obligations and the net present value of these payments as of June 30, 2022 were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,902,794
2024	1,902,794
2025	1,902,794
2026	1,902,794
2027	1,902,794
2028-2032	5,708,382
Total minimum note payments	15,222,352
Less: amount representing interest	1,178,472
<b>Present value of minimum note payments</b>	<b>\$ 14,043,880</b>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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 10 years with discount rates ranging from 1.2% to 2.64%.

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

Land Improvements	\$ 244,651
Buildings	239,356
Furniture and equipment	19,458,246
Gross asset value	<u>19,942,253</u>
Less: accumulated amortization	4,498,116
<b>Net Book Value</b>	<u><u>\$ 15,444,137</u></u>

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2022, were as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 5,871,287
2024	3,944,559
2025	2,807,433
2026	937,959
2027	186,745
Total minimum lease payments	<u>13,747,983</u>
Less: amount representing interest	349,858
<b>Present value of minimum lease payments</b>	<u><u>\$13,398,125</u></u>

**HARFORD COUNTY PUBLIC SCHOOLS**  
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**NOTE 6 - FUND BALANCE**

Fund balance as of June 30, 2022, consisted of the following:

	<u>General Fund</u>	<u>Food Services Fund</u>	<u>Capital Projects Fund</u>
Non-spendable for:			
Inventory	\$ 165,983	\$ 569,236	\$ -
Total non-spendable	<u>165,983</u>	<u>569,236</u>	<u>-</u>
Restricted for:			
Food Services	-	10,478,687	-
Capital Projects	-	-	15,743,919
Total restricted	<u>-</u>	<u>10,478,687</u>	<u>15,743,919</u>
Assigned to:			
Encumbrances:			
Contracted Services	3,112,840	-	-
Supplies and materials	2,832,657	-	-
Other charges	13,355	-	-
Equipment and other	3,268,055	-	-
Total encumbrances	<u>9,226,907</u>	<u>-</u>	<u>-</u>
Fiscal year 2023 expenditures	4,791,581	-	-
Fiscal year 2023 transfer to capital projects fund	5,250,000	-	-
Fiscal year 2023 restricted expenditures	5,000,000	-	-
Rate stabilization	21,996,141	-	-
Student activities	2,729,770	-	-
Emergency fuel reserve	1,000,000	-	-
Future transfer to food services fund	1,200,000	-	-
Future lease payments for devices	4,000,000	-	-
Total assigned	<u>55,194,399</u>	<u>-</u>	<u>-</u>
Unassigned	<u>36,755,258</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u><u>\$ 92,115,640</u></u>	<u><u>\$ 11,047,923</u></u>	<u><u>\$ 15,743,919</u></u>

Non-spendable fund balance reports resources that cannot be spent because of their form or due to legal or contractual requirements. Restricted fund balance reports amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state or local legislation. Restrictions may be changed only with the consent of the resource providers. Committed fund balance reports resources with self-imposed limitation approved by the Board to the end of the period. Formal action is required to remove or modify a constraint reflected in the committed fund balance. There were no committed fund balances as of June 30, 2022. 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

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 6 – FUND BALANCE** (continued)

authorized to assign amounts to a specific purpose and is the highest level of decision-making for assigned fund balance. Unlike committed fund balance, formal action is not required to impose, remove, or modify assigned fund balance. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund, and Capital Projects Fund. Encumbrances outstanding at year-end are reported as assignments of fund balances for the General Fund since they do not constitute expenditures or liabilities. For Special Revenue and Capital Projects Funds encumbrances outstanding are reported as part of the restricted fund balance since those resources will be used to liquidate the outstanding encumbrances. Unassigned fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

**NOTE 7 - PENSION PLANS**

**General Information about the Pension Plan**

*Plan description*

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

*Benefits provided*

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

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

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

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

For most individuals who retired from either the TPS or ERS on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the TPS or ERS on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the TPS or ERS shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the TPS or ERS.

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

*Early Service Retirement*

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

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



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

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

attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the Teachers' or Employees' Pension System is 30%.

*Disability and Death Benefits*

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

*Contributions (ERS)*

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The Board's contractually required contribution rate for ERS for the year ended June 30, 2022, was approximately \$3.3 million, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to ERS from the Board were approximately \$3.3 million for the year ended June 30, 2022.

*Contributions (TPS)*

The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State of Maryland is responsible for the net pension liability of TPS. The Board's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State of Maryland is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation. The State of Maryland's contribution on behalf of the Board for the year ended June 30, 2022, was approximately \$28.2 million. The Board's contractually required contribution rate for TPS for the year ended June 30, 2022, was approximately \$10.8 million, actuarially determined as an amount that, when combined with the State of Maryland and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (state only).

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

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

As of June 30, 2022, the Board reported a liability of approximately \$20.8 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board’s proportion of the ERS net pension liability was based on a projection of the Board’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. As of June 30, 2022, the Board’s proportion for ERS was 0.14%, which was substantially the same as its proportion measured as of June 30, 2021. For the year ended June 30, 2022, the Board recognized pension expense for ERS of approximately \$1.0 million. As of June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Board contributions subsequent to measurement date	\$ 3,257,995	\$ -
Changes in actuarial assumptions	3,984,530	405,401
Differences in expected vs. actual experience	-	1,295,889
Net difference between projected and actual earnings on pension plan investments	-	9,636,251
Changes in proportion	3,591,978	409,454
Changes in proportionate share of contributions	-	1,006
<b>Total</b>	<u>\$ 10,834,503</u>	<u>\$ 11,748,001</u>

The \$3,257,995 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, 2023.

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Amortization of Pension Expense</u>
2023	\$ (1,115,686)
2024	(821,226)
2025	(1,116,710)
2026	(1,707,143)
2027	589,272
Total	<u>\$ (4,171,493)</u>

As of June 30, 2022, the State of Maryland’s proportionate share of the TPS net pension liability associated with the Board is approximately \$187,560,008. The TPS net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. State of Maryland’s proportionate share of the TPS net pension liability associated with the Board was based on a projection of the state’s long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined.

For the year ended June 30, 2022, the Board recognized pension expense of \$28.2 million and revenue of \$28.2 million in the General Fund for support provided by the State. In the Statement of Activities, the Board recognized pension expense of \$4.8 million and revenue of \$4.8 for support provided by the State. Due to the special funding situation related to the Teachers Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers Retirement and Pension Systems.

*Actuarial Assumptions*

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 9.25%
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**  
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**NOTE 7 - PENSION PLANS** (continued)

The economic and demographic actuarial assumptions used in the June 30, 2021 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2014-201, 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 2.25% were used in the June 30, 2021 valuation.

*Rate of Return*

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

Asset Class:	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Public Equity	37%	4.70%
Private Equity	13%	6.5%
Rate Sensitive	19%	-0.40%
Credit Opportunity	9%	2.6%
Real Assets	14%	4.2%
Absolute Return	8%	2.0%
Total	<u>100%</u>	

The above was the System’s Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2021.

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 26.69%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**HARFORD COUNTY PUBLIC SCHOOLS**  
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**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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Board's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The Board's proportionate share of the ERS net pension liability calculated using the discount rate of 6.80% is \$20,759,982. Additionally, the Board's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (5.80%) is \$35,357,155 or 1-percentage-point higher (7.80%) is \$8,651,719.

*Pension Plan Fiduciary Net Position*

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

**NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description**

*Plan administration*

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

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

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

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

The MABE Trust was established to pool assets of its member Boards of Education for investment purposes only. Each member of the MABE Trust is required to designate a member trustee. The member trustees of the MABE Trust shall ensure that the MABE Trust keep such records as are necessary in order to maintain a separation of the assets of the MABE Trust from the assets of trusts maintained by other governmental employers. Assets of the member trusts are reported in their respective financial statements using the economic resources measurement focus and the accrual basis of accounting, under which expenses are recorded when the liability is incurred. Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available.

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

*Plan Membership*

As of June 30, 2022, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	3,001
Inactive plan members entitled to but not yet receiving benefit payments	143
Active plan members	4,836
<b>Total plan members</b>	<b><u>7,980</u></b>

*Benefits provided and contributions*

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

*Medical Benefits*

Retirees are eligible for continued membership in one of the school system’s group medical plans. Dependent children can be covered until the child reaches age 26. Spouses are also covered. Surviving spouses can stay in the plan but must pay the full cost to participate. All plans include prescription drug coverage. The full Board contribution is either 85%, 90% or 95% of medical insurance premiums, based on the plan chosen by the retiree. The medical benefits paid by the Board for the year ended June 30, 2022 was \$21,656,253.

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

*Dental Benefits*

Retirees are eligible for continued membership in one of the school system’s group dental plans. Coverage is the same as described above for medical benefits. The full Board contribution is 90% of dental insurance premiums, based on the plan chosen by the retiree. The dental benefits paid by the Board for the year ended June 30, 2022 was \$1,379,326.

*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, 2022 was \$54,421.

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

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

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

**Net OPEB Liability of the Board**

The components of the net OPEB liability of the Board as of June 30, 2022, were as follows:

Total OPEB liability	\$ 878,897,000
Plan fiduciary net position	66,637,000
Board's net OPEB liability	<u>\$ 812,260,000</u>

Plan fiduciary net position as a percentage of the total OPEB liability 7.58%

**HARFORD COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

Change in the Net OPEB Liability of the Board for the year ended June 30, 2022 was as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balance as of June 30, 2021</b>	\$1,052,377,000	\$ 74,728,000	\$ 977,649,000
<b>Changes for the year:</b>			
Service cost	46,446,000	-	46,446,000
Interest	23,508,000	-	23,508,000
Differences between expected and actual experience	(1,352,000)	-	(1,352,000)
Changes of assumptions	(220,992,000)	-	(220,992,000)
Benefit payments	(21,090,000)	(21,090,000)	-
Contributions from the employer	-	23,090,000	(23,090,000)
Net investment income	-	(10,078,000)	10,078,000
Administrative expense	-	(13,000)	13,000
<b>Net changes</b>	<u>(173,480,000)</u>	<u>(8,091,000)</u>	<u>(165,389,000)</u>
<b>Balance as of June 30, 2022</b>	<u>\$ 878,897,000</u>	<u>\$ 66,637,000</u>	<u>\$ 812,260,000</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, 2022**

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

Significant valuation methods and assumptions are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age normal cost method
Asset Method	Fair market value
Actuarial Assumptions:	
Discount Rate	3.54%
Expected Return on Assets	6.72%
Salary Increases	4.65%
General Inflation	2.40%
Healthcare Cost Trend Rates:	
Medical and prescription - pre-65	6.86% initial year and 4.50% final year of valuation (not applicable to Life)
Medical and prescription - post-65	2.05% initial year and 4.50% final year of valuation (not applicable to Life)
Dental	5.00%
Mortality Rates:	
Active Participants	Pub-2010, "Teachers" Classification, Healthy Annuitant Mortality Table, projected using Scale MP-2018, sex-distinct
Current Retirees	Pub-2010, "Teachers" Classification, Healthy Annuitant Mortality Table, projected using Scale MP-2018, sex-distinct, 105% Male and 110% Female
Surviving Spouses	Pub-2010, "Teachers" Classification, Survivor Beneficiary Mortality Table, projected using Scale MP-2018, sex-distinct, 105% Male and 110% Female

The financial accounting valuation reflects the following assumption changes

The discount rate increased from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.

The expected rate of return on assets increased from 5.70% as of June 30, 2021 to 6.72% as of June 30, 2022.

General inflation increased from 2.10% to 2.40%.

Additionally, the financial accounting valuation reflects the following assumption changes based on the Maryland State Retirement and Pension System - Maryland Municipal Corporations report as of June 30, 2021:

Updated assumed salary scale assumption to reflect the most recently available information.

The actuarial value of assets was determined using fair value of assets. The trust is assumed to earn 6.72% interest and contributions are assumed to be made in the middle of the year.

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

**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, 2022:

<u>Asset Class</u>	<u>Target Allocation</u>
Equity	52.26%
Fixed Income	41.94%
Cash	5.80%
Total	<u>100.00%</u>

*Rate of Return*

For the year ended June 30, 2022, the total rate of return, net of investment expense, was -13.35%. 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, 2022, (see the discussion of the MABE Trust’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	5.31%
Fixed Income	2.70%
Cash	0.49%

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**

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

*Discount Rate*

The discount rate used to measure the Board’s total OPEB liability was 3.54% at the end of the measurement period as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that the Board’s contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan’s fiduciary net position was projected not to be available to make all projected future benefit payments of current Plan members for more than 3 years after June 30, 2022. Future benefits payments beyond 3 years were discounted using the tax-exempt general obligation municipal bonds rated AA or better rate at June 30, 2022, of 3.54%. The long-term expected rate of return on the Plan investments at 6.72% was blended with the index rate of 3.54% (2.16% in fiscal 2021) for tax exempt general obligation municipal bonds rated AA or better in the Bond Buyer 20-Bond Index as published by the Bond Buyer at June 30, 2022, to arrive at a discount rate of 3.54% (2.16% in fiscal 2021) used to determine the total OPEB liability.

*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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	<b>1% Decrease</b> <b><u>2.54%</u></b>	<b>Discount Rate</b> <b><u>3.54%</u></b>	<b>1% Increase</b> <b><u>4.54%</u></b>
Net OPEB liability	\$ 975,779,000	\$ 812,260,000	\$ 683,002,000

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*

The following presents the net OPEB liability of the Board, as well as what the Board’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rates:

	<b><u>1% Decrease</u></b>	<b><u>Trend Rate</u></b>	<b><u>1% Increase</u></b>
Net OPEB liability	\$ 662,366,000	\$ 812,260,000	\$ 1,011,290,000

**HARFORD COUNTY PUBLIC SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022**

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

**Deferred Outflows/Inflows**

The following table illustrates deferred inflows and outflows as of June 30, 2022 under GASB 75:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in expected vs. actual experience	\$ 110,817,000	\$ 486,037,000
Net difference between projected and actual earnings on OPEB Trust investments	5,708,000	475,425,000
Changes in actuarial assumptions	436,865,000	-
<b>Total</b>	<u>\$ 553,390,000</u>	<u>\$ 961,462,000</u>

**Amortization of Deferred Inflows/Outflows**

<u>Year Ending June 30,</u>	<u>Amortization</u>
2023	\$ (62,652,000)
2024	(62,594,000)
2025	(62,842,000)
2026	(60,763,000)
2027	(69,206,000)
Total thereafter	<u>(90,015,000)</u>
Total	<u>\$ (408,072,000)</u>

**HARFORD COUNTY PUBLIC SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2022**  
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**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.

**Required Supplementary Information**

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**Madelyn Davis, Grade 3  
Norrisville Elementary School  
Teacher: Ms. Beth Markley**



**Tamia Williams, Grade 8  
Aberdeen Middle School  
Teacher: Ms. Marie Beam**

**HARFORD COUNTY PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR OTHER POST-EMPLOYMENT BENEFITS PLAN  
 June 30, 2022**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total OPEB liability</b>										
Service cost	\$ 46,446	\$ 40,146	\$ 38,997	\$ 57,082	\$ 33,423	\$ 32,230				
Interest	23,508	56,875	64,540	57,234	36,491	30,624				
Changes of benefit terms	(1,352)	(650,070)	768	185,569	(37,372)	7,859				
Differences between expected and actual experience	(220,992)	313,865	(84,364)	(376,837)	429,422	(135,516)				
Changes of assumptions	(21,090)	(25,454)	(33,549)	(28,251)	(23,812)	(24,085)				
Benefit payments	(173,480)	(264,638)	(13,608)	(105,203)	438,152	(88,888)				
<b>Net change in total OPEB liability</b>	<b>1,052,377</b>	<b>1,317,015</b>	<b>1,330,623</b>	<b>1,435,826</b>	<b>997,674</b>	<b>1,086,562</b>				
<b>Total OPEB liability—beginning</b>	<b>\$ 878,897</b>	<b>\$ 1,052,377</b>	<b>\$ 1,317,015</b>	<b>\$ 1,330,623</b>	<b>\$ 1,435,826</b>	<b>\$ 997,674</b>				
<b>Total OPEB liability—ending (a)</b>										
<b>Plan fiduciary net position</b>										
Contributions—employer	\$ 23,090	\$ 26,954	\$ 34,367	\$ 29,612	\$ 25,248	\$ 27,139				
Net investment income	(10,078)	14,262	2,415	3,631	3,416	4,551				
Benefit payments	(21,090)	(25,454)	(33,549)	(28,251)	(23,812)	(24,085)				
Administrative expense	(13)	(13)	(14)	(13)	(14)	(1,605)				
<b>Net change in plan fiduciary net position</b>	<b>(8,091)</b>	<b>15,749</b>	<b>3,219</b>	<b>4,979</b>	<b>4,838</b>	<b>6,000</b>				
<b>Plan fiduciary net position—beginning</b>	<b>74,728</b>	<b>58,979</b>	<b>55,760</b>	<b>50,781</b>	<b>45,943</b>	<b>39,943</b>				
<b>Plan fiduciary net position—ending (b)</b>	<b>\$ 66,637</b>	<b>\$ 74,728</b>	<b>\$ 58,979</b>	<b>\$ 55,760</b>	<b>\$ 50,781</b>	<b>\$ 45,943</b>				
<b>Board's net OPEB liability—ending (a) - (b)</b>	<b>\$ 812,260</b>	<b>\$ 977,649</b>	<b>\$ 1,258,036</b>	<b>\$ 1,274,863</b>	<b>\$ 1,385,045</b>	<b>\$ 951,731</b>				
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>7.58%</b>	<b>7.10%</b>	<b>4.48%</b>	<b>4.19%</b>	<b>3.54%</b>	<b>4.61%</b>				
<b>Covered employee payroll *</b>	<b>\$ 344,940</b>	<b>\$ 311,247</b>	<b>\$ 294,313</b>	<b>\$ 290,813</b>	<b>\$ 281,948</b>	<b>\$ 272,319</b>				
<b>Board's net OPEB liability as a percentage of covered employee payroll</b>	<b>235.48%</b>	<b>314.11%</b>	<b>427.45%</b>	<b>438.38%</b>	<b>491.24%</b>	<b>349.49%</b>				

Information for FYE 2016 and earlier 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, 2022**

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

	Fiscal Years									
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Actuarially determined contribution	\$ 21,090	\$ 25,454	\$ 33,549	\$ 28,251	\$ 23,612	\$ 69,997				
Contributions in relation to the actuarially determined contribution	23,090	26,954	34,367	29,612	25,248	24,018				
Contribution deficiency (excess)	<u>\$ (2,000)</u>	<u>\$ (1,500)</u>	<u>\$ (818)</u>	<u>\$ (1,361)</u>	<u>\$ (1,636)</u>	<u>\$ 45,979</u>				
Covered employee payroll	\$ 344,940	\$ 311,247	\$ 294,313	\$ 290,813	\$ 281,948	\$ 272,319				
Contribution as a percentage of covered employee payroll	6.69%	8.66%	11.68%	10.18%	8.95%	8.82%				

Information for FYE 2016 and earlier is not available

**Notes to Schedule:**

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

There were no significant changes to assumptions or benefit terms.



**HARFORD COUNTY PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR OTHER POST-EMPLOYMENT BENEFITS PLAN  
 June 30, 2022**

Schedule of Investment Returns  
 Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual money-weighted rate of return, net of investment	-13.50%	24.16%	2.91%	7.13%	7.40%	11.29%				
										Information for FYE 2016 and earlier is not available

**HARFORD COUNTY PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR PENSIONS  
 June 30, 2022**

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b><u>Employees' Retirement and Pension System:</u></b>										
Board's proportion of the net pension liability	0.14%	0.13%	0.13%	0.12%	0.11%	0.12%	0.13%	0.12%	0.13%	0.12%
Board's proportionate share of the net pension liability	\$ 20,759,982	\$ 28,736,364	\$ 26,004,130	\$ 24,760,092	\$ 23,543,713	\$ 27,660,977	\$ 26,420,243	\$ 20,760,817	\$ 27,773,344	\$ 27,627,479
Board's covered payroll	\$ 30,130,490	\$ 29,432,878	\$ 29,085,789	\$ 27,807,535	\$ 27,438,053	\$ 27,058,838	\$ 27,773,344	\$ 27,627,479		
Board's proportionate share of the net pension liability as a percentage of its covered payroll	68.90%	97.63%	89.40%	89.04%	85.81%	102.23%	95.13%	75.15%		
Plan fiduciary net position as a percentage of the total pension liability	76.76%	66.29%	67.80%	68.36%	66.71%	62.97%	66.26%	69.53%		
<b><u>Teacher's Retirement and Pension System:</u></b>										
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	\$ 187,560,008	\$ 299,559,332	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061	\$ 222,273,040		
State's proportionate share of the net pension liability of the Board	\$ 268,318,812	\$ 299,559,332	\$ 270,076,439	\$ 277,587,636	\$ 295,072,229	\$ 322,486,680	\$ 288,471,061	\$ 222,273,040		
Total	\$ 281,116,864	\$ 264,880,159	\$ 261,727,394	\$ 254,140,491	\$ 244,880,874	\$ 238,829,254	\$ 234,740,821	\$ 238,324,978		
Board's covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		
Board's proportionate share of the net pension liability as a percentage of its covered payroll	85.40%	73.84%	75.42%	73.35%	71.41%	67.95%	70.76%	69.53%		
Plan fiduciary net position as a percentage of the total pension liability										

Information for FYE 2014 and earlier is not available

**HARFORD COUNTY PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR PENSIONS  
 June 30, 2022**

**Schedule of Contributions  
 Last 10 Fiscal Years**

**Employees' Retirement and Pension System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 3,257,995	\$ 3,049,206	\$ 2,726,056	\$ 2,588,989	\$ 2,353,181	\$ 2,216,065	\$ 2,283,877	\$ 2,679,603	\$ 2,726,147	\$ 2,438,035
Contributions in relation to the contractually required contribution	(3,257,995)	(3,049,206)	(2,726,056)	(2,588,989)	(2,353,181)	(2,216,065)	(2,283,877)	(2,679,603)	(2,726,147)	(2,438,035)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 30,787,979	\$ 30,130,490	\$ 29,432,878	\$ 29,085,789	\$ 27,807,835	\$ 27,438,053	\$ 27,058,838	\$ 27,773,344	\$ 27,627,479	\$ 27,270,292
Contributions as a percentage of covered payroll	10.58%	10.12%	9.26%	8.90%	8.46%	8.08%	8.44%	9.65%	9.87%	8.94%

**Teachers Retirement and Pension System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 10,826,496	\$ 10,728,740	\$ 10,728,740	\$ 10,358,564	\$ 10,127,776	\$ 9,454,776	\$ 10,309,396	\$ 8,966,816	\$ 7,009,102	\$ 5,529,741
Contributions in relation to the contractually required contribution	(10,826,496)	(10,728,740)	(10,728,740)	(10,358,564)	(10,127,776)	(9,454,776)	(10,309,396)	(8,966,816)	(7,009,102)	(5,529,741)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$314,152,019	\$281,116,864	\$264,880,159	\$261,727,394	\$254,140,491	\$244,880,874	\$238,829,254	\$234,739,821	\$238,324,978	\$246,367,823
Contributions as a percentage of covered payroll	3.45%	3.82%	4.05%	3.96%	3.99%	3.86%	4.32%	3.82%	2.94%	2.24%

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

**HARFORD COUNTY PUBLIC SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR PENSIONS  
 June 30, 2022**

**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 2021

**NOTE 2 - CHANGES IN ASSUMPTIONS**

- Inflation assumptions changed as follows:
 

○ 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:
 

○ 6/30/2021	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***

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**Gregory Burke , Grade 11  
John Archer School  
Teacher: Ms. Marcy Johnson**

**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, 2022**

	<u>Budget</u>	<u>Actual</u>	<b>Variance - Positive (Negative)</b>
<b>Revenues</b>			
Cafeteria sales	\$ 1,200,000	\$ 1,674,626	\$ 474,626
<u>Federal Aid</u>			
Summer Food Program	20,473,914	21,316,529	842,615
Fresh Fruits and Vegetables Program	-	22,843	22,843
Child and Adult Care Food Program	-	360,804	360,804
Child Nutrition Emergency Operational Costs Reimbursement Program	-	654,326	654,326
Elementary and Secondary School Emergency Relief Fund	-	127,650	127,650
Supplemental Nutrition Assistance Program - Pandemic EBT	-	5,814	5,814
U.S.D.A. Commodities	1,148,140	1,906,216	758,076
State Administrative Expenses for Child Nutrition	-	8,380	8,380
Supply Chain Assistance Funds	-	642,328	642,328
Total federal aid	21,622,054	25,044,890	3,422,836
<u>State Aid</u>			
Child Feeding Program	421,875	394,779	(27,096)
Total state aid	421,875	394,779	(27,096)
Miscellaneous revenue	25,000	21,593	(3,407)
<b>Total revenues</b>	<u>\$ 23,268,929</u>	<u>\$ 27,135,888</u>	<u>\$ 3,866,959</u>
<b>Expenditures</b>			
Salaries and wages	8,569,125	6,312,966	2,256,159
Contracted services	268,000	287,644	(19,644)
Supplies and materials	9,092,724	7,255,201	1,837,523
Other charges	3,915,940	3,225,552	690,388
Furniture and equipment	275,000	61,578	213,422
U.S.D.A. commodities	1,148,140	1,968,487	(820,347)
<b>Total expenditures</b>	<u>\$ 23,268,929</u>	<u>19,111,428</u>	<u>\$ 4,157,501</u>
Excess of revenues over expenditures		8,024,460	
Total fund balance - beginning of year		2,992,758	
Fund balance - end of year - nonspendable		<u>(569,236)</u>	
<b>Fund balance - end of year - assigned</b>		<u>\$ 10,447,982</u>	

# Harford County Public Schools

**SCHOOL CONSTRUCTION FUND  
(CAPITAL PROJECTS FUND)  
SCHEDULE OF EXPENDITURES BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2022**

Abingdon Elementary Central Plant	\$ 99,370
Athletic and Recreational - Athletic Fields	20,485
Athletic and Recreational - Playgrounds	19,142
Athletic and Recreational - Swimming Pools	25,214
Bakerfield Elementary roof	285,000
Bel Air Middle roof	3,954,095
Educational Facilities-Career & Tech Education	200,000
Educational Facilities-Special Education	1,250,257
Facilities Master Plan	115,920
Facilities repairs - floors	194
Facilities repairs - roofs	31,519
Fleet Replacement - Buses	113,633
Fleet Replacement - Vehicles and Equipment	868,431
George D. Lisby Elementary HVAC	659,250
Havre de Grace High modernization	3,022,730
Homestead Wakefield Elementary	4,986,674
HVAC major repairs	421,637
Joppatowne High renovations	16,045,766
Life, Health, Safety - Emergency Systems	223,856
North Bend Elementary central plant and fire alarm	42,963
Relocatables	42,970
Roye Williams Elementary HVAC	209,524
Security Measures	108,690
Site Improvements - Paving-Overlay & Maintenance	63,672
Swan Creek School HVAC	57,233
Swan Creek School roof	896,974
Technology Infrastructure	164,168
Youth's Benefit Elementary Replacement	149,396
	\$ 34,078,763

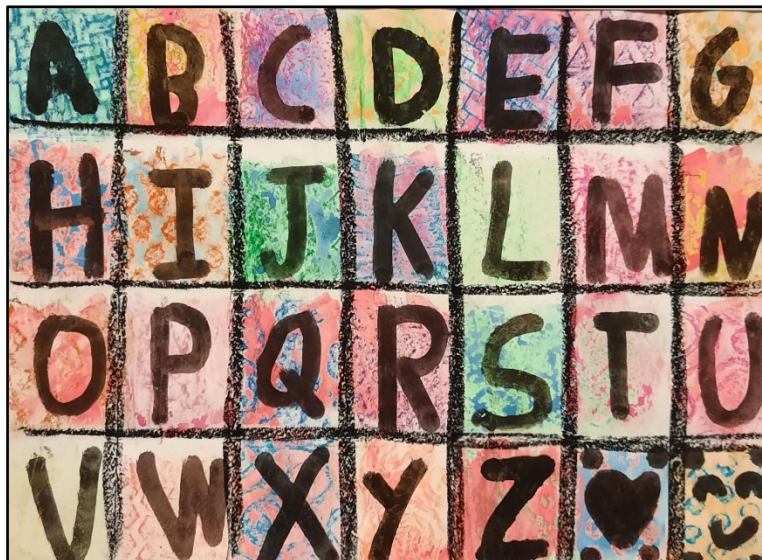
# Statistical Section

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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 <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>	86 - 89
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board's financial activities take place.</i>	90 - 91
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services it provides and activities it performs.</i>	92 - 99

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.



**Allie De Guzman, Kindergarten  
Havre de Grace Elementary School  
Teacher: Ms. Caitlin Kruzynski**



**Harford County Public Schools**

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$577,748	\$584,119	\$598,747	\$614,347	\$619,802	\$629,198	\$645,696	\$675,956	\$709,605	\$722,933
Restricted for food services	2,624	2,802	2,975	3,071	2,899	2,706	2,850	994	3,072	11,048
Restricted for capital projects	7,675	3,778	2,403	2,128	1,719	2,008	592	317	231	15,744
Unrestricted	(166,286)	(205,029)	(254,861)	(284,642)	(321,964)	(1,052,658)	(1,161,655)	(1,233,332)	(1,219,560)	(1,190,335)
Total governmental activities net position	\$421,761	\$385,670	\$349,264	\$334,904	\$302,456	(\$418,746)	(\$512,517)	(\$556,065)	(\$506,652)	(\$440,610)

## Harford County Public Schools

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Functions/Programs</b>										
<b>Expenses</b>										
Governmental activities:										
Instruction:										
Regular education	\$296,379	\$283,661	\$277,887	\$274,701	\$285,968	\$314,366	\$334,553	\$332,351	\$333,646	\$306,156
Special education	89,896	90,529	88,484	91,118	91,260	103,091	111,397	115,704	106,377	97,638
Total Instruction	<u>386,275</u>	<u>374,190</u>	<u>366,371</u>	<u>365,819</u>	<u>377,228</u>	<u>417,457</u>	<u>445,950</u>	<u>448,055</u>	<u>440,023</u>	<u>403,794</u>
Support services:										
Administration	15,682	15,626	15,195	15,231	15,417	16,901	17,526	17,817	16,845	16,076
Mid-level administration	37,698	37,467	38,139	37,941	40,276	43,367	45,439	44,235	41,841	38,229
Pupil personnel services	2,353	2,501	2,424	2,531	2,525	2,819	3,194	4,849	4,708	3,487
Health services	5,915	5,843	6,292	6,218	6,163	7,461	8,335	8,242	7,567	7,368
Pupil transportation	39,754	39,504	38,827	38,695	40,243	42,605	45,150	42,251	36,584	45,811
Operation of plant	43,245	47,158	45,870	42,618	45,834	48,637	50,567	48,824	44,645	50,945
Maintenance of plant and equipment	18,211	19,022	19,509	21,275	20,797	24,352	25,787	24,605	24,656	24,788
Community services	497	530	532	565	578	594	728	865	387	930
Food services	16,515	16,731	16,719	17,883	18,260	19,765	20,912	19,068	11,583	18,719
Student activities*	-	-	-	-	-	-	-	-	1,426	3,269
Interest on long-term debt	246	328	328	315	299	282	264	246	227	545
Depreciation - unallocated	84	81	77	77	77	75	75	75	64	62
Total Support Services	<u>180,200</u>	<u>184,791</u>	<u>183,912</u>	<u>183,349</u>	<u>190,469</u>	<u>206,858</u>	<u>217,977</u>	<u>211,077</u>	<u>190,533</u>	<u>210,229</u>
Total governmental activities	<u>566,475</u>	<u>558,981</u>	<u>550,283</u>	<u>549,168</u>	<u>567,697</u>	<u>624,315</u>	<u>663,927</u>	<u>659,132</u>	<u>630,556</u>	<u>614,023</u>
<b>Program revenues</b>										
Charges for services:										
Regular education	1,135	1,327	1,450	1,468	1,753	1,603	1,726	1,275	294	1,563
Community services	422	414	428	436	465	455	445	441	27	57
Food services	7,254	6,928	7,103	7,142	7,123	7,407	7,911	5,460	20	1,675
Operating grants and contributions	124,751	124,007	125,875	123,982	126,498	125,265	127,856	145,236	163,092	167,472
Capital grants and contributions	35,159	25,115	32,295	33,011	23,168	29,732	40,965	55,004	59,445	32,592
Total governmental activities program revenues	<u>168,721</u>	<u>157,791</u>	<u>167,151</u>	<u>166,039</u>	<u>159,007</u>	<u>164,462</u>	<u>178,903</u>	<u>207,416</u>	<u>222,878</u>	<u>203,359</u>
Total governmental net expense	<u>(397,754)</u>	<u>(401,190)</u>	<u>(383,132)</u>	<u>(383,129)</u>	<u>(408,690)</u>	<u>(459,853)</u>	<u>(485,024)</u>	<u>(451,716)</u>	<u>(407,678)</u>	<u>(410,664)</u>
<b>General Revenues and Other Changes in Net Position</b>										
General revenues:										
Local appropriations	219,821	221,301	223,667	228,209	233,534	238,716	245,816	256,466	276,928	293,813
State Aid	140,879	137,722	137,404	136,328	137,763	139,327	141,640	145,571	150,152	155,611
Federal Aid	449	336	434	423	392	409	590	472	853	449
Student activities*	-	-	-	-	-	-	-	-	1,412	3,492
Miscellaneous	5,717	5,723	5,370	3,753	4,371	2,672	2,433	5,166	25,177	22,888
Investment earnings	31	18	13	56	182	515	774	494	47	453
Total general revenues	<u>366,897</u>	<u>365,100</u>	<u>366,888</u>	<u>368,769</u>	<u>376,242</u>	<u>381,639</u>	<u>391,253</u>	<u>408,169</u>	<u>454,569</u>	<u>476,706</u>
<b>Change in Net Position</b>	<u>(30,857)</u>	<u>(36,090)</u>	<u>(16,244)</u>	<u>(14,360)</u>	<u>(32,448)</u>	<u>(78,214)</u>	<u>(93,771)</u>	<u>(43,547)</u>	<u>46,891</u>	<u>66,042</u>
Net position - beginning of year	452,618	421,761	\$385,671	\$349,264	\$334,904	302,456	(418,746)	(512,517)	(556,064)	(506,652)
Adjustment to Restate Beginning Net Position	-	-	(20,163)	-	-	(642,988)	-	-	2,521	-
Net position - beginning of year, as Restated	<u>452,618</u>	<u>421,761</u>	<u>365,508</u>	<u>349,264</u>	<u>334,904</u>	<u>(340,532)</u>	<u>(418,746)</u>	<u>(512,517)</u>	<u>(553,543)</u>	<u>(506,652)</u>
Net position - end of year	<u>\$421,761</u>	<u>\$385,671</u>	<u>\$349,264</u>	<u>\$334,904</u>	<u>\$302,456</u>	<u>(\$418,746)</u>	<u>(\$512,517)</u>	<u>(\$556,064)</u>	<u>(\$506,652)</u>	<u>(\$440,610)</u>

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

**Harford County Public Schools**

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Non Spendable	\$ -	\$ -	\$ -	\$ 24.00	\$ 199	\$ 139	\$ 162	\$ 147	\$ 133	\$ 166
Assigned	18,650	18,320	17,370	21,784	23,988	24,443	17,293	25,988	53,627	55,194
Unassigned	4,330	3,072	6,408	8,304	10,418	3,760	3,028	3,691	19,842	36,755
Total general fund	<u>\$22,980</u>	<u>\$21,392</u>	<u>\$23,778</u>	<u>\$30,112</u>	<u>\$34,605</u>	<u>\$28,342</u>	<u>\$20,483</u>	<u>\$29,826</u>	<u>\$73,602</u>	<u>\$92,115</u>
All other governmental funds										
Non Spendable -										
Special Revenue Fund	\$ 187	\$ 142	\$ 105	\$ 31	\$ 373	\$ 352	\$ 387	\$ 540	\$ 563	\$ 569
Restricted - reported in:										
Special revenue fund	2,437	2,660	2,871	3,040	2,525	2,354	2,463	454	2,508	10,479
Capital projects fund	7,675	3,778	2,403	2,128	1,720	2,008	592	317	231	15,744
Unassigned - Capital projects fund	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$10,299</u>	<u>\$6,580</u>	<u>\$5,379</u>	<u>\$5,199</u>	<u>\$4,618</u>	<u>\$4,714</u>	<u>\$3,442</u>	<u>\$1,311</u>	<u>\$3,302</u>	<u>\$26,792</u>

**Harford County Public Schools**

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Intergovernmental revenues	\$231,802	\$229,680	\$240,351	\$250,885	\$252,664	\$256,649	\$267,242	\$305,047	\$320,336	\$313,898
Local sources	241,824	233,251	238,723	230,588	228,318	236,683	248,066	246,637	262,266	260,451
State sources	29,938	30,562	31,020	29,931	30,327	29,727	31,042	35,315	47,814	73,394
Special state and federal programs	8,122	8,483	8,942	9,588	9,806	9,870	10,202	9,386	13,337	25,494
Federal sources	31	18	13	56	182	521	811	514	47	453
Earnings on investments	7,254	6,929	7,103	7,142	7,123	7,407	7,911	5,460	20	1,675
Charges for services	-	-	-	-	-	-	-	-	1,412	3,492
Student activities*	16,647	13,968	7,887	6,618	6,828	5,244	4,882	7,269	26,368	24,634
Miscellaneous revenues	535,618	522,891	534,039	534,808	535,248	546,101	570,156	609,628	671,600	703,491
<b>Expenditures</b>										
Current	10,678	9,775	9,464	9,356	10,069	10,342	9,987	10,524	10,967	12,211
Administrative services	24,805	24,356	24,569	24,910	25,699	26,079	26,121	25,177	27,366	29,086
Mid-level administrative services	162,658	156,873	153,388	154,869	158,061	161,840	167,799	167,556	180,349	185,913
Instructional salaries	6,689	6,849	7,101	6,598	6,625	6,527	6,689	5,659	5,411	7,416
Instructional textbooks and supplies	2,446	2,392	3,340	2,795	4,336	5,452	3,116	2,576	1,925	3,851
Other instructional costs	39,951	40,088	40,714	40,672	40,700	42,541	43,628	46,188	49,045	52,924
Special education	1,621	1,642	1,645	1,692	1,715	1,745	1,790	2,072	2,187	2,240
Student personnel services	3,295	3,207	3,359	3,272	3,356	3,774	3,939	4,050	4,054	4,271
Health services	31,151	30,300	30,113	29,201	30,808	31,552	32,223	30,514	27,043	35,717
Pupil transportation services	28,595	30,273	28,128	26,773	28,174	27,493	26,788	25,640	26,778	36,225
Operation of plant	12,249	12,110	12,707	12,562	12,986	13,605	12,745	12,298	14,022	14,101
Maintenance of plant and equipment	132,463	134,256	136,099	134,133	136,560	142,127	152,731	161,469	158,679	155,835
Fixed charges	440	456	444	470	496	505	519	433	78	264
Community services	29,938	30,562	31,020	29,931	30,327	29,727	31,042	35,315	47,814	85,437
Special state and federal programs	15,440	15,431	15,968	16,726	17,244	17,558	17,925	16,830	10,851	19,194
Costs of operations - food services	-	-	-	-	-	-	-	-	1,426	3,269
Student activities*	37,255	29,255	34,059	33,796	24,181	30,577	42,421	55,290	59,535	34,097
Capital outlay	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	-	371	508	525	542	560	578	597	7,019
Interest	246	328	328	315	299	282	264	246	227	545
Total expenditures	539,920	528,153	532,817	528,579	531,336	552,268	579,287	602,415	628,354	689,615
Excess (deficit) of revenues over expenditures	(4,302)	(5,262)	1,222	6,229	3,912	(6,167)	(9,131)	7,213	43,246	13,876
Other financing sources (uses)										
Notes	-	-	-	-	-	-	-	-	-	82
Leases	-	-	-	-	-	-	-	-	-	28,045
Net change in fund balances	(\$4,302)	(\$5,262)	\$1,222	\$6,229	\$3,912	(\$6,167)	(\$9,131)	\$7,213	\$43,246	\$42,003

\* 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**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Capacity #'s	Capacity %
Abingdon Elementary	882	836	845	809	830	826	775	724	649	622	863	72.1%
Bakerfield Elementary	409	396	429	415	428	410	427	426	383	421	500	84.2%
Bel Air Elementary	484	516	496	477	466	487	507	531	522	530	486	109.1%
Church Creek Elementary	745	785	786	798	796	793	738	697	678	679	819	82.9%
Churchville Elementary	395	378	382	373	367	383	393	370	338	329	411	80.0%
Darlington Elementary	115	131	133	122	114	103	106	104	98	100	157	63.7%
Deerfield Elementary	793	805	787	797	795	791	765	752	720	733	788	93.0%
Dublin Elementary	299	301	288	266	262	236	238	230	215	214	294	72.8%
Edgewood Elementary	426	421	447	391	399	394	381	405	349	374	461	81.1%
Emmorton Elementary	505	551	547	550	560	607	610	592	564	546	570	95.8%
Forest Hill Elementary	507	493	470	474	469	512	508	507	472	467	568	82.2%
Forest Lakes Elementary	483	482	462	460	463	445	427	445	429	462	569	81.2%
Fountain Green Elementary	513	521	477	492	494	500	498	484	458	444	548	81.0%
George D. Lisby Elementary at Hillsdale	434	428	408	437	459	417	406	413	420	475	455	104.4%
Halls Cross Roads Elementary	463	507	491	519	515	504	502	454	429	438	552	79.3%
Havre de Grace Elementary	421	405	431	450	457	490	512	609	575	602	542	111.1%
Hickory Elementary	681	687	706	677	687	696	663	691	643	632	668	94.6%
Homestead-Wakefield Elementary	897	901	938	949	954	974	1,003	1,034	996	1,047	920	113.8%
Jarrettsville Elementary	480	460	452	441	420	410	442	450	426	440	525	83.8%
Joppatowne Elementary	629	597	573	558	566	562	594	617	536	509	663	76.8%
Magnolia Elementary	470	495	476	500	538	535	568	550	517	514	561	91.6%
Meadowvale Elementary	535	554	522	524	520	515	520	518	454	477	568	84.0%
Norrisville Elementary	186	182	185	183	198	225	212	218	205	207	274	75.5%
North Bend Elementary	378	360	338	324	308	375	380	402	378	414	498	83.1%
North Harford Elementary	432	421	407	405	411	368	344	373	331	348	500	69.6%
Old Post Road Elementary	766	806	827	837	844	839	803	865	836	807	984	82.0%
Prospect Mill Elementary	612	557	580	587	585	566	565	591	566	561	611	91.8%
Red Pump Elementary	669	688	676	675	681	714	753	772	758	755	737	102.4%
Ring Factory Elementary	549	557	546	538	512	532	517	539	520	523	548	95.4%
Riverside Elementary	505	520	477	458	446	472	483	462	445	404	588	68.7%
Roye-Williams Elementary	474	543	533	549	533	498	521	490	410	430	703	61.2%
William S. James Elementary	451	421	403	423	413	407	442	472	480	470	526	89.4%
Youths Benefit Elementary	973	962	990	997	987	999	1,017	1,057	1,082	1,103	1,120	98.5%
<b>Total Elementary Schools</b>	<b>17,561</b>	<b>17,667</b>	<b>17,508</b>	<b>17,455</b>	<b>17,477</b>	<b>17,585</b>	<b>17,620</b>	<b>17,844</b>	<b>16,882</b>	<b>17,077</b>	<b>19,577</b>	<b>87.2%</b>
Aberdeen Middle	1,034	1,113	1,108	1,184	1,127	1,126	1,144	1,203	1,204	1,072	1,624	66.0%
Bel Air Middle	1,271	1,287	1,251	1,257	1,324	1,366	1,373	1,435	1,441	1,354	1,243	108.9%
Edgewood Middle	1,046	1,109	1,066	1,062	1,073	1,089	1,118	1,160	1,186	1,043	1,295	80.5%
Fallston Middle	879	875	856	879	873	932	950	934	864	894	1,063	84.1%
Havre de Grace Middle	532	545	544	567	524	557	569	601	613	625	733	85.3%
Magnolia Middle	688	717	756	761	739	731	765	831	812	734	1,028	71.4%
North Harford Middle	974	974	958	966	951	910	895	929	878	895	1,210	74.0%
Patterson Mill Middle	700	685	665	698	690	713	738	764	742	758	731	103.7%
Southampton Middle	1,235	1,260	1,213	1,251	1,185	1,228	1,219	1,261	1,173	1,136	1,444	78.7%
<b>Total Middle Schools</b>	<b>8,359</b>	<b>8,565</b>	<b>8,417</b>	<b>8,625</b>	<b>8,486</b>	<b>8,652</b>	<b>8,771</b>	<b>9,118</b>	<b>8,913</b>	<b>8,511</b>	<b>10,371</b>	<b>82.1%</b>
Aberdeen High	1,411	1,420	1,444	1,453	1,485	1,468	1,458	1,431	1,441	1,469	1,720	85.4%
Bel Air High	1,647	1,656	1,670	1,581	1,564	1,555	1,544	1,560	1,557	1,522	1,768	86.1%
C. Milton Wright High	1,494	1,403	1,425	1,447	1,469	1,460	1,421	1,363	1,330	1,331	1,613	82.5%
Edgewood High	1,236	1,291	1,322	1,310	1,338	1,403	1,387	1,458	1,413	1,396	1,716	81.4%
Fallston High	1,064	1,074	1,076	1,056	1,044	1,022	985	973	977	982	1,573	62.4%
Harford Technical High	1,010	1,013	1,022	1,018	997	1,010	1,009	999	993	992	1,135	87.4%
Havre de Grace High	674	585	582	605	607	630	640	662	699	771	835	92.3%
Joppatowne High	840	762	696	666	694	723	763	745	782	786	1,056	74.4%
North Harford High	1,420	1,358	1,298	1,219	1,231	1,241	1,212	1,254	1,226	1,221	1,538	79.4%
Patterson Mill High	941	922	871	833	839	840	826	825	836	802	992	80.8%
<b>Total High Schools</b>	<b>11,737</b>	<b>11,484</b>	<b>11,406</b>	<b>11,188</b>	<b>11,268</b>	<b>11,352</b>	<b>11,245</b>	<b>11,270</b>	<b>11,254</b>	<b>11,272</b>	<b>13,946</b>	<b>80.8%</b>
<b>Total Secondary Schools</b>	<b>20,096</b>	<b>20,049</b>	<b>19,823</b>	<b>19,813</b>	<b>19,754</b>	<b>20,004</b>	<b>20,016</b>	<b>20,388</b>	<b>20,167</b>	<b>19,783</b>	<b>24,317</b>	<b>81.4%</b>
Swan Creek School (Formerly CEO)	86	84	93	53	69	69	69	74	148	939 <sup>1</sup>	243	386.4%
Harford Academy (Formerly John Archer)	125	113	119	127	126	122	121	123	136	132	200	66.0%
<b>Total Special Schools</b>	<b>211</b>	<b>197</b>	<b>212</b>	<b>180</b>	<b>195</b>	<b>191</b>	<b>190</b>	<b>197</b>	<b>284</b>	<b>1,071</b>	<b>443</b>	<b>241.8%</b>
<b>Total All Schools</b>	<b>37,868</b>	<b>37,913</b>	<b>37,543</b>	<b>37,448</b>	<b>37,426</b>	<b>37,780</b>	<b>37,826</b>	<b>38,429</b>	<b>37,333</b>	<b>37,931</b>	<b>44,337</b>	<b>85.6%</b>
Teachers & Therapists Staff (1)	2,903	2,903	2,846	2,772	2,787	2,738	2,735	2,677	2,742	2,846		
Student/Teacher Ratio*	13.04	13.06	13.19	13.51	13.43	13.80	13.83	14.36	13.62	13.33		

Source: Monthly Report on Enrollment at September 30.

Source (1): MSDE Budget Certification data

<sup>1</sup> 818 students are fully virtual.

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Elementary School:										
Prekindergarten	753	768	763	809	837	901	947	1,006	781	988
Kindergarten	2,740	2,819	2,648	2,587	2,651	2,646	2,605	2,809	2,584	2,763
Grade 1	2,820	2,787	2,831	2,704	2,605	2,694	2,696	2,700	2,737	2,709
2	2,703	2,830	2,788	2,875	2,724	2,694	2,737	2,747	2,601	2,746
3	2,809	2,751	2,829	2,822	2,920	2,797	2,720	2,825	2,655	2,657
4	2,815	2,851	2,775	2,859	2,847	2,982	2,865	2,812	2,772	2,723
5	<u>2,921</u>	<u>2,861</u>	<u>2,874</u>	<u>2,799</u>	<u>2,893</u>	<u>2,871</u>	<u>3,050</u>	<u>2,945</u>	<u>2,752</u>	<u>2,807</u>
Total Elementary School	<u>17,561</u>	<u>17,667</u>	<u>17,508</u>	<u>17,455</u>	<u>17,477</u>	<u>17,585</u>	<u>17,620</u>	<u>17,844</u>	<u>16,882</u>	<u>17,393</u>
Middle School:										
Grade 6	2,691	2,892	2,807	2,875	2,780	2,915	2,946	3,087	2,902	2,783
7	2,902	2,752	2,910	2,813	2,890	2,818	2,963	2,992	3,024	2,923
8	<u>2,775</u>	<u>2,930</u>	<u>2,711</u>	<u>2,948</u>	<u>2,832</u>	<u>2,930</u>	<u>2,871</u>	<u>3,040</u>	<u>3,019</u>	<u>3,092</u>
Total Middle School	<u>8,368</u>	<u>8,574</u>	<u>8,428</u>	<u>8,636</u>	<u>8,502</u>	<u>8,663</u>	<u>8,780</u>	<u>9,119</u>	<u>8,945</u>	<u>8,798</u>
High School:										
Grade 9	3,118	3,030	3,196	2,974	3,267	3,171	3,221	3,203	3,209	3,559
10	2,948	2,896	2,755	2,918	2,696	2,931	2,774	2,823	2,874	2,819
11	2,909	2,812	2,800	2,638	2,769	2,597	2,787	2,602	2,743	2,625
12	<u>2,839</u>	<u>2,821</u>	<u>2,737</u>	<u>2,700</u>	<u>2,589</u>	<u>2,711</u>	<u>2,523</u>	<u>2,715</u>	<u>2,544</u>	<u>2,594</u>
Total High School	<u>11,814</u>	<u>11,559</u>	<u>11,488</u>	<u>11,230</u>	<u>11,321</u>	<u>11,410</u>	<u>11,305</u>	<u>11,343</u>	<u>11,370</u>	<u>11,597</u>
Special Education	<u>125</u>	<u>113</u>	<u>119</u>	<u>127</u>	<u>126</u>	<u>122</u>	<u>121</u>	<u>123</u>	<u>136</u>	<u>132</u>
<b>Total Enrollment</b>	<u>37,868</u>	<u>37,913</u>	<u>37,543</u>	<u>37,448</u>	<u>37,426</u>	<u>37,780</u>	<u>37,826</u>	<u>38,429</u>	<u>37,333</u>	<u>37,920</u>

Source: Monthly Report on Enrollment at September 30.

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

## Harford County Public Schools

### Operating Indicators by Function

Fiscal Year	Per Pupil Expenditures <sup>1</sup>		Number of School Bus Riders <sup>2</sup>	Food Services <sup>3</sup>	
	Dollars	State Rank		Breakfasts Served	Lunches Served
2013	12,534	17	33,716	1,303,755	3,504,788
2014	12,443	19	32,760	1,346,713	3,381,641
2015	12,481	20	32,944	1,484,007	3,385,988
2016	12,508	23	32,535	1,517,703	3,296,515
2017	12,770	21	32,421	1,488,108	3,301,809
2018	13,005	20	32,558	1,431,954	3,238,451
2019	13,457	20	32,540	1,405,746	3,244,101
2020 <sup>4</sup>	13,552	22	33,248	967,000	2,182,334
2021 <sup>5</sup>	14,463	22	31,382	2,793,483	Meal Kits Served
2022	Not available		31,006	1,493,292	3,761,106

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

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

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

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

<sup>5</sup> Meal Kits Served during school closure included breakfasts and lunches daily.

**Harford County Public Schools**

**Capital Asset Statistics by Function**

	Fiscal Year										
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
<b>Instructional Buildings</b>											
Elementary Schools	33	33	33	33	33	33	33	33	33	33	
Middle Schools <sup>1</sup>	9	9	9	9	9	9	9	9	9	9	
High Schools <sup>1</sup>	10	10	10	10	10	10	10	10	10	10	
Special Needs School	1	1	1	1	1	1	1	1	1	1	
Alternative Education Ctr	1	1	1	1	1	1	1	1	1	1	
Harford Glen Environmental Center	1	1	1	1	1	1	1	1	1	1	
<b>Total</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	<b>55</b>	
<b>Support Buildings</b>											
Central Administration Building	1	1	1	1	1	1	1	1	1	1	
Transportation/Facilities Operations Ctr	1	1	1	1	1	1	1	1	1	1	
Food Services/Warehouse Facility	1	1	1	1	1	1	1	1	1	1	
<b>Total</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>	

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

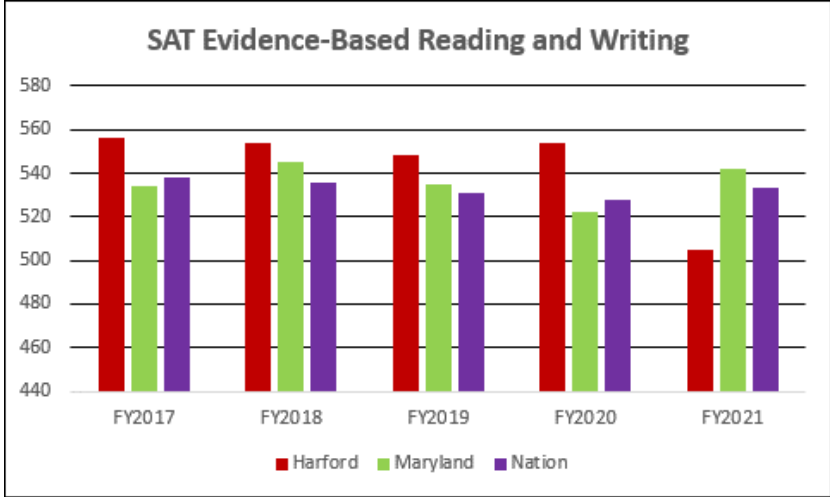
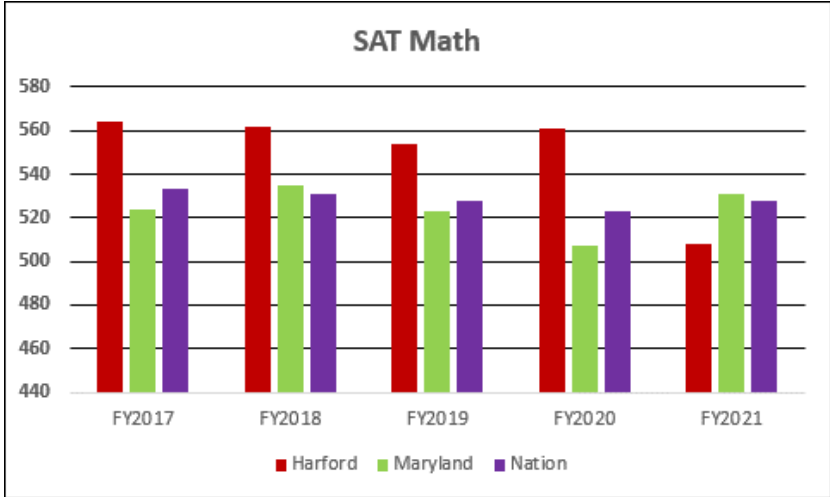


**Harford County Public Schools**

**Student Academic Performance  
2021 Assessment Results**

**SAT**

	<u>Harford</u>	<u>State</u>	<u>Nation</u>
	<i>Average Score</i>		
Mathematics	508	531	528
Evidence-Based Reading and Writing	505	542	533



Source: The Office of Accountability



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

Table 11

Fiscal Year 2022			
	Number of Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	21,000	1	23.51%
Harford County Public Schools	5,231	2	5.86%
UM Upper Chesapeake Medical Center	3,305	3	3.70%
Harford County Government	1,541	4	1.73%
Amazon Sorting Center MTN2	1,400	5	1.57%
Klein's ShopRite of Maryland	1,200	6	1.34%
Kohl's E-Fulfillment Center	1,150	7	1.29%
Harford Community College	1,011	8	1.13%
Rite Aid Mid-Atlantic Customer Distribution Center	900	9	1.01%
Frito Lay, Inc.	800	10	90.00%
Total	<u>37,538</u>		<u>42.04%</u>
Total County Employment <sup>(2)</sup>	<u>89,314</u>		<u>100%</u>
Fiscal Year 2013			
	Number of Employees <sup>(1)</sup>	Rank	Percentage of Total County Employment
U.S. Army Aberdeen Proving Ground	15,582	1	21.68%
Harford County Public Schools	5,369	2	7.47%
Upper Chesapeake Health System	3,000	3	4.17%
Harford County Government	1,591	4	2.21%
Rite Aid Mid-Atlantic Customer Support Center	1,167	6	1.62%
Harford Community College	1,006	5	1.40%
Jacobs Technology	865	8	1.20%
Kleins Shop Rite	800	7	1.11%
Sephora USA	700	10	0.97%
SAIC	664	9	0.92%
Total	<u>30,744</u>		<u>42.75%</u>
Total County Employment <sup>(3)</sup>	<u>71,886</u>		<u>100%</u>

Source:

- (1) Office of Economic Development, Harford County, Maryland
- (2) Maryland Department of Commerce (Harford County Brief Economic Facts 2022)
- (3) U.S. Census Bureau, Center for Economic Studies, June 2013

## Harford County Public Schools

### Full-time Equivalent Employees by Function Fiscal 2013 - 2022

State Category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration	123	120	120	120	117	117	117	112	116	115
Mid-Level - Office of the Principal	298	294	294	289	290	287	287	264	270	278
Mid-Level - Admin & Supervision	54	56	56	62	62	63	55	54	56	64
Instructional Salaries	2,781	2,696	2,705	2,675	2,645	2,600	2,565	2,499	2,563	2,663
Special Education	1,070	1,046	1,040	1,044	1,021	1,024	1,004	1,061	1,091	1,162
Student Services	20	21	20	25	26	30	21	25	35	37
Health Services	72	72	73	73	72	73	70	70	70	71
Transportation	217	217	217	217	217	188	188	186	190	226
Operation of Plant	345	345	345	337	340	340	338	340	339	339
Maintenance of Plant	126	126	126	125	126	126	128	114	117	117
Community Services	1	1	1	1	1	1	1	2	2	2
<b>Totals<sup>1</sup></b>	<b>5,107</b>	<b>4,994</b>	<b>4,997</b>	<b>4,968</b>	<b>4,917</b>	<b>4,849</b>	<b>4,774</b>	<b>4,727</b>	<b>4,849</b>	<b>5,074</b>

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

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

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

**Harford County Public Schools**

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Principal & Interest	\$ 246,568	\$ 327,544	\$ 698,803	\$ 823,822	\$ 823,822	\$ 823,822	\$ 823,822	\$ 823,882	\$ 823,882	\$ 7,564,154
Total Expenditures	539,920,427	528,153,229	532,816,898	528,578,856	531,336,264	552,268,371	579,287,488	602,415,169	628,354,568	689,615,557
Less capitalized net activity	8,878,160	6,370,716	13,748,105	15,075,210	5,454,544	8,853,636	19,126,533	32,160,141	32,368,470	23,364,496
Net expenditures	<u>\$531,042,267</u>	<u>\$521,782,513</u>	<u>\$519,068,793</u>	<u>\$513,503,646</u>	<u>\$525,881,720</u>	<u>\$543,414,735</u>	<u>\$560,160,955</u>	<u>\$570,255,028</u>	<u>\$595,986,098</u>	<u>\$666,251,061</u>
Ratio of Principal & Interest to Net Expenditures	0.05%	0.06%	0.13%	0.16%	0.16%	0.15%	0.15%	0.14%	0.14%	1.14%

**Harford County Public Schools**

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Leases and Notes Payable (1)	\$10,016,647	\$10,016,647	\$9,645,389	\$9,136,971	\$8,611,929	\$8,069,717	\$7,509,774	\$6,931,521	\$6,334,360	\$27,442,005
Personal Income (000's) (2)	12,191,656	12,642,596	13,109,054	13,596,701	14,163,408	14,684,465	15,246,872	16,289,708	17,403,924	18,594,352
Percentage of Personal Income	0.08%	0.08%	0.07%	0.07%	0.06%	0.05%	0.05%	0.04%	0.04%	0.15%
Population (2)	248,961	249,415	249,690	250,448	251,948	253,884	255,594	256,805	259,118	262,977
Per Capita Student Enrollment Ratio of Principal Balance to Student Enrollment	\$ 40.23	\$ 40.16	\$ 38.63	\$ 36.48	\$ 34.18	\$ 31.79	\$ 29.38	\$ 26.99	\$ 24.45	\$ 104.35
	37,868	37,913	37,543	37,448	37,426	37,780	37,826	38,429	37,333	37,920
	\$ 264.51	\$ 264.20	\$ 256.92	\$ 243.99	\$ 230.11	\$ 213.60	\$ 198.53	\$ 180.37	\$ 169.67	\$ 723.68

(1) - Implemented GASB 87 – Leases in 2022

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

Enrollment Source: Monthly Report on Enrollment at September 30.

# ***Compliance Section***

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**Ricky Hauf, Grade 4  
Meadowvale Elementary School  
Teacher: Ms. Stacey Donovan**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Harford County Public Schools (HCPS), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise HCPS' basic financial statements, and have issued our report thereon dated September 28, 2022.

***Report on Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of HCPS' financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether HCPS' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 28, 2022



**Autumn Izzo, Grade 2**  
**Ring Factory Elementary School**  
**Teacher: Ms. Amber Seyler**



**Emma Choinski, Grade 5**  
**Churchville Elementary School**  
**Teacher: Ms. Marie Hoppenstein**



**HARFORD COUNTY**  
PUBLIC SCHOOLS

Inspire • Prepare • Achieve

