

**HARFORD COUNTY PUBLIC LIBRARY**

**Financial Statements and Supplementary Information  
For the Year Ended June 30, 2025  
With Independent Auditor's Report**



**MITCHELL TITUS**  
ACHIEVING EXCELLENCE TOGETHER

**HARFORD COUNTY PUBLIC LIBRARY**  
Financial Statements and Supplementary Information  
For the Year Ended June 30, 2025

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# MITCHELL TITUS

## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Harford County Public Library

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the discretely presented component unit, the general fund, and the aggregate remaining fund information of Harford County Public Library, a component unit of Harford County, Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Harford County Public Library's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, the general fund, and the aggregate remaining fund information of Harford County Public Library, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Harford County Public Library Foundation, Inc. (the Foundation), which represent 100% of the assets, net position and revenue of the Foundation. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors.

#### *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* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Harford County Public Library, 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.

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# MITCHELL TITUS

## ***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 Harford County Public Library's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may arise substantial doubt shortly thereafter.

## ***Auditor's 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 auditor's 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 GAS 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 GAS, 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 Harford County Public Library's 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.



# MITCHELL TITUS

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harford County Public Library's 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's discussion and analysis on pages 4 to 9, the schedule of required OPEB-related supplementary information on pages 53 to 54, the schedule of required pension-related supplementary information on pages 55 and 56, and the notes to the required pension-related supplementary information on page 57 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2025, on our consideration of Harford County Public Library's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Harford County Public Library's internal control over financial reporting and compliance.

September 12, 2025

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HARFORD COUNTY PUBLIC LIBRARY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**  
As of and for the Year Ended June 30, 2025

Harford County Public Library's (the Library) Management's Discussion and Analysis provides an overview of the Library's financial activities for the year ended June 30, 2025. Please read this Management's Discussion and Analysis in conjunction with the Independent Auditor's Report on pages 1 to 3 and the Library's financial statements, beginning on page 10.

**FINANCIAL HIGHLIGHTS**

- Total assets increased by \$1,428,345 (7%).
- Total deferred outflows decreased by \$2,153,829 (49%).
- Total liabilities increased by \$568,768 (15%).
- Total deferred inflows decreased by \$5,419,070 (33%).
- The Library's net position increased by \$4,124,818 (78%).
- General Fund balance increased by \$1,470,110 (11%).

**USING THIS ANNUAL REPORT**

This annual report consists of two primary financial statements: The statement of net position, concurrently presented with the Governmental Funds balance sheet, and the statement of activities, concurrently presented with the Governmental Funds statement of revenue, expenditures and changes in fund balances. The Statement of Net Position discloses the Library's net position. Over time, increases and decreases in net position are one indicator of the Library's financial health. The statement of activities discloses the Library's revenue and expenses. These statements contain adjustments made to the fund statements to convert to the accrual basis of accounting - similar to the accounting used by most public-sector companies. Under the accrual basis of accounting, all of the current year's revenues and expenses are considered, regardless of when the cash is received or paid. The governmental funds statements provide a detailed view of the Library's basic services. The Library has the following governmental funds: General, Restricted Grant, and Restricted Memorial and Endowment. The latter two funds are combined as Non-Major Other Funds. These funds are reported on a modified accrual basis of accounting, which measures cash and all other financial assets that can easily be converted to cash.

The relationship between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is addressed in the reconciliations included within the financial statements.

The financial statements also include statements for the Library's discretely presented component unit, Harford County Public Library Foundation, Inc. and the Library's Other Post Employment Benefits Trust Fund.

Notes to the Financial Statements and Required Supplementary Information are presented to provide additional information relative to the financial statements.

**HARFORD COUNTY PUBLIC LIBRARY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS** *(continued)*  
As of and for the Year Ended June 30, 2025

**THE LIBRARY'S 457(b) PLAN**

The Library is the trustee for its employees' 457(b) deferred compensation plan and excludes these activities from its financial statements because the assets cannot be used to finance Library operations. The Library's deferred compensation plan coincides with Harford County Government's plan. As such, Harford County Government is the primary administrator of the Library's plan and oversees the related investment functions.

**NET POSITION OF THE LIBRARY**

	June 30		Variance	
	2025	2024	Inc (Dec)	%
<b>ASSETS</b>				
Current and other assets	\$ 18,454,192	\$ 16,503,731	\$ 1,950,461	12 %
Capital assets and circulating materials	4,382,166	4,904,282	(522,116)	(11)%
<b>Total assets</b>	<b>\$ 22,836,358</b>	<b>\$ 21,408,013</b>	<b>\$ 1,428,345</b>	<b>7 %</b>
<b>DEFERRED OUTFLOWS</b>				
	\$ 2,236,119	\$ 4,389,948	\$ (2,153,829)	(49)%
<b>LIABILITIES</b>				
Other liabilities	\$ 1,186,396	\$ 1,096,143	\$ 90,253	8%
Long-term liabilities	3,295,503	2,816,988	478,515	17%
<b>Total liabilities</b>	<b>\$ 4,481,899</b>	<b>\$ 3,913,131</b>	<b>\$ 568,768</b>	<b>15%</b>
<b>DEFERRED INFLOWS</b>				
	\$ 11,185,610	\$ 16,604,680	\$ (5,419,070)	(33)%
<b>NET POSITION</b>				
Net investment in capital assets	\$ 4,276,504	\$ 4,805,235	\$ (528,731)	(11)%
Restricted	102,227	98,973	3,254	3 %
Unrestricted	5,026,237	375,942	4,650,295	1237%
<b>Total net position</b>	<b>\$ 9,404,968</b>	<b>\$ 5,280,150</b>	<b>\$ 4,124,818</b>	<b>78 %</b>

The Library's total assets increased by \$1,428,345, mainly as a result of the following: an increase in cash and investments, a decrease in capital assets and an increase in net Other Post-Employment Benefits (OPEB) asset.

Cash and investments increased by \$1,724,381 for the following major reasons: Interest rates were up so the Library earned more interest than the prior year; in FY 2024, the Library made a \$1,050,000 payment into OPEB Trust that was not made in FY 2025; the Library had an average of 17 open employee positions throughout the year; and state funding increased over the prior year.

Capital assets decreased by \$522,116 because depreciation expense exceeded related asset acquisitions.

The OPEB asset increased by \$386,844 because of an increase in the value of OPEB trust assets exceeding the related OPEB liability at June 30, 2025.

**HARFORD COUNTY PUBLIC LIBRARY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
As of and for the Year Ended June 30, 2025

**NET POSITION OF THE LIBRARY (continued)**

Deferred outflows and inflows decreased primarily due to amortization to expense of prior-year deferred amounts used in actuarial calculations for pensions and OPEBs.

Total liabilities increased by \$568,768 mostly as the result of an increase in net pension liability due to actuarial accruals.

	<b>Year Ended June 30</b>		<b>Variance</b>	
	<b>2025</b>	<b>2024</b>	<b>Inc (Dec)</b>	<b>%</b>
<b>PROGRAM REVENUE</b>				
Charges for services	\$ 413,790	\$ 383,293	\$ 30,497	8 %
County appropriations	20,885,407	20,885,407	-	0 %
State appropriations	2,179,428	2,121,051	58,377	3 %
Federal and local grants	254,642	255,363	(721)	0 %
Pension contribution from the state on behalf of Harford County Public Library	1,503,504	1,249,687	253,817	20 %
Contributions	97,799	102,995	(5,196)	(5)%
Interest	<u>713,906</u>	<u>649,922</u>	<u>63,984</u>	<u>10 %</u>
Total revenue	<u>26,048,476</u>	<u>25,647,718</u>	<u>400,758</u>	<u>2 %</u>
<b>PROGRAM EXPENSES</b>				
Salaries, wages, and temporary employees	12,023,383	11,846,962	176,421	1 %
Employee benefits	4,118,086	3,603,600	514,486	14 %
Payroll taxes	895,923	893,797	2,126	0 %
Other post-employment benefits, net	(3,396,277)	(3,325,527)	(70,750)	(2)%
Pension contribution from the state on behalf of Harford County Public Library	1,503,504	1,249,687	253,817	20 %
Books	44,494	44,005	489	1%
Non-books	1,108,892	968,366	140,526	15%
Supplies	782,662	667,096	115,566	17%
Automated services	508,430	508,501	(71)	0 %
Technical services	316,724	316,945	(221)	(0)%
Contract services	562,192	555,467	6,725	1 %
Continuing education	132,260	137,880	(5,620)	(4)%
Equipment maintenance	18,854	6,631	12,223	184%
Motor vehicles maintenance	78,272	71,696	6,576	9%
Utilities	699,886	667,188	32,698	5 %
Interest	1,194	743	451	61%
Depreciation	2,315,618	2,310,566	5,052	0 %
Other	<u>209,561</u>	<u>166,554</u>	<u>43,007</u>	<u>26 %</u>
Total expenses	<u>21,923,658</u>	<u>20,690,157</u>	<u>1,233,501</u>	<u>6 %</u>
<b>Increase in net position</b>	<b>\$ 4,124,818</b>	<b>\$ 4,957,561</b>	<b>\$ (832,743)</b>	<b>(17)%</b>

The Library's FY 2025 revenue increased by \$400,758 (2%) from the prior year to \$26,048,476. Expenses for FY 2025 increased by \$1,233,501 (6%) from the prior year to \$21,923,658.

**HARFORD COUNTY PUBLIC LIBRARY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS** *(continued)*  
As of and for the Year Ended June 30, 2025

**NET POSITION OF THE LIBRARY** *(continued)*

The Library receives revenue from five main sources. The largest portion is \$20,885,407 (80%) received from Harford County Government, with the State of Maryland providing the second-largest portion of \$3,682,932 (14%), comprised of \$2,179,428 of per capita funding and \$1,503,504 of pension contributions on behalf of the Library. The various revenue collected by the Library for fees was \$413,790 (2%). Interest from invested funds and direct contributions to the Library provided \$811,705 (3%) of total revenue, and federal and local grants provided \$254,642 (1%) of the total funding.

As a service-based organization, the Library's largest operating expenses are related to staffing. Salaries, benefits, and taxes account for \$17,037,392, or 78%, of total expenses. In FY 2025, these expenses increased by \$693,033 (4%) compared to the previous fiscal year due to an increase in pay of 3% for all eligible staff, along with related salary-based tax and benefit increases.

The remainder of the increase in expenses primarily relates to an increase in pension expense funded directly by the state of \$253,817, an increase in non-books expense of \$140,526 and an increase in supplies expense of \$115,566.

The Library is committed to delivering excellent customer service and enriching experiences for our users. We value our employees and recognize their achievements through various initiatives, including milestone awards and special recognitions throughout the year.

The Harford County Public Library Foundation (the Foundation) was created in 1999. Since then, most private contributions to the Library come through the Foundation.

**FINANCIAL ANALYSIS OF THE LIBRARY'S GOVERNMENTAL FUNDS**

Fund Balance for the general fund increased by \$1,470,110 (11%) for FY 2025 compared to \$1,059,158 for FY 2024. The increase was primarily due to higher interest earnings on investments and increased state appropriations.

Non-Major Other Funds fund balances increased by \$3,254 in FY 2025 compared to \$5,184 in FY 2024. The decrease from year to year is the result of slightly lower investment earnings and an increase in spending from the Memorial accounts.

**HARFORD COUNTY PUBLIC LIBRARY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**  
As of and for the Year Ended June 30, 2025

### CIRCULATING MATERIALS

The library collection includes physical materials, such as books, audio books, musical instruments, Wi-Fi Hotspots, educational regalia, games and more. It also includes products, such as eBooks, eMusic, databases and a variety of downloadable content. The net decrease from the previous year of \$2,237 is comprised of normal additions, less retirements and annual depreciation. Physical materials are capitalized, whereas the eContent is expensed. The following table shows circulating materials and related accumulated depreciation:

	<b>Balance</b> <b>July 1, 2024</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b> <b>June 30, 2025</b>
Circulating materials	\$ 4,619,297	\$ 1,559,485	\$ 1,427,750	\$ 4,751,032
Accumulated depreciation	<u>2,269,789</u>	<u>1,561,722</u>	<u>1,427,750</u>	<u>2,403,761</u>
<b>Total assets</b>	<b>\$ 2,349,508</b>	<b>\$ (2,237)</b>	<b>\$ -</b>	<b>\$ 2,347,271</b>

### CAPITAL ASSETS

As of June 30, 2025, the Library had \$2,034,895 invested in capital assets. This amount represents a net decrease of \$518,511 (20%) caused primarily by depreciation in excess of additions. The following table shows the major categories of capital assets, net of depreciation:

	<b>Balance</b> <b>July 1, 2024</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b> <b>June 30, 2025</b>
<i>Capital assets, being depreciated</i>				
Improvements to buildings	\$ 3,573,137	\$ 24,721	\$ -	\$ 3,597,858
Furniture and equipment	4,178,736	26,364	12,466	4,192,634
Computer equipment	2,642,022	18,278	58,473	2,601,827
Vehicles	653,851	119,230	208,137	564,944
Leased assets - equipment	<u>288,399</u>	<u>46,792</u>	<u>-</u>	<u>335,191</u>
	<u>11,336,145</u>	<u>235,385</u>	<u>279,076</u>	<u>11,292,454</u>
<i>Accumulated depreciation</i>				
Improvements to buildings	2,440,452	249,329	-	2,689,781
Furniture and equipment	3,259,051	220,814	12,140	3,467,725
Computer equipment	2,399,623	175,294	57,431	2,517,486
Vehicles	491,337	67,948	208,137	351,148
Leased assets - equipment	<u>190,908</u>	<u>40,511</u>	<u>-</u>	<u>231,419</u>
	<u>8,781,371</u>	<u>753,896</u>	<u>277,708</u>	<u>9,257,559</u>
<b>Total</b>	<b>\$ 2,554,774</b>	<b>\$ (518,511)</b>	<b>\$ 1,368</b>	<b>\$ 2,034,895</b>

Depreciation expense for the Library increased \$5,502 to \$2,315,618. Of this amount, \$1,561,722 is related to the Library's collection of circulating materials and \$753,896 is related to capital assets.

**HARFORD COUNTY PUBLIC LIBRARY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS** *(continued)*  
As of and for the Year Ended June 30, 2025

**HEALTHCARE CONSORTIUM**

The Library has been part of a healthcare consortium with Harford County Government and other Harford County Government component agencies to minimize the cost of healthcare for its employees. The contract requires the component units to reimburse the insurer for amounts that exceed the contract's cap. The cap is limited to an additional 8.5% of the monthly premiums paid to the insurer for the year. The Library has \$325,205 (the excess of accumulated premiums, net of claims paid) on deposit with Harford County Government to fund future liabilities.

**BUILDINGS**

The Library is a component unit of Harford County Government. In fiscal year 2025, the Library received 80% of its total funding from Harford County Government. As a part of this relationship, Harford County Government owns all of the buildings the Library uses for its activities. There are no infrastructure assets held by the Library.

**BUDGETARY ANALYSIS**

The Library's budget is not legally adopted by category of expenditure and, therefore, is not presented herein.

**FINANCIAL CONTACT**

The Library's financial statements are designed to present users with a general overview of the Library's finances and to demonstrate management's accountability. If you have any questions about the report or need additional financial information, contact the Chief Financial Officer for Harford County Public Library at 1221-A Brass Mill Road, Belcamp, Maryland 21017.

## **BASIC FINANCIAL STATEMENTS**

**HARFORD COUNTY PUBLIC LIBRARY**  
 Statement of Net Position and Governmental  
 Funds Balance Sheet  
 As of June 30, 2025

	<b>General</b>	<b>Non-Major Other Funds</b>	<b>Total Governmental Funds</b>	<b>Adjustments</b>	<b>Statement of Net Position - Primary Government</b>	<b>Component Unit - Harford County Public Library Foundation, Inc.</b>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 972,905	\$ -	\$ 972,905	\$ -	\$ 972,905	\$ 1,568,514
Investments	15,206,723	102,227	15,308,950	-	15,308,950	-
Contributions receivable	-	-	-	-	-	34,644
Accounts receivable - county	16,464	-	16,464	-	16,464	-
Miscellaneous receivables	56,745	-	56,745	-	56,745	-
Prepaid expenses	13,579	-	13,579	-	13,579	17,275
Consortium funds	325,205	-	325,205	-	325,205	-
Circulating materials, net	-	-	-	2,347,271	2,347,271	-
Capital assets, net	-	-	-	2,034,895	2,034,895	-
Other post-employment benefits asset	-	-	-	1,760,344	1,760,344	-
<b>Total assets</b>	<b>16,591,621</b>	<b>102,227</b>	<b>16,693,848</b>	<b>6,142,510</b>	<b>22,836,358</b>	<b>\$ 1,620,433</b>
<b>Deferred outflows - state pension plan</b>						
<b>Deferred outflows - other post-employment benefits</b>						
<b>Total assets and deferred outflows</b>	<b>\$ 16,591,621</b>	<b>\$ 102,227</b>	<b>\$ 16,693,848</b>	<b>\$ 8,378,629</b>	<b>\$ 25,072,477</b>	
<b>LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 104,403	\$ -	\$ 104,403	\$ -	\$ 104,403	\$ 31,339
Other accrued liabilities	287,481	-	287,481	-	287,481	-
Accrued wages	794,512	-	794,512	-	794,512	-
Unearned revenue	-	-	-	-	-	-
<i>Long-term liabilities</i>						
Due within one year	-	-	-	59,410	59,410	-
Due in more than one year	-	-	-	3,236,093	3,236,093	-
<b>Total liabilities</b>	<b>1,186,396</b>	<b>-</b>	<b>1,186,396</b>	<b>3,295,503</b>	<b>4,481,899</b>	<b>31,339</b>
<b>Deferred inflows - state pension plan</b>						
<b>Deferred inflows - other post-employment benefits</b>						
<b>Total liabilities and fund balances</b>	<b>\$ 16,591,621</b>	<b>\$ 102,227</b>	<b>\$ 16,693,848</b>	<b>\$ 8,378,629</b>	<b>\$ 25,072,477</b>	<b>\$ 1,620,433</b>
<b>NET POSITION</b>						
Net investment in capital assets				4,276,504	4,276,504	-
Restricted for non-expendable endowments				102,227	102,227	-
With donor restrictions				-	-	1,281,121
Unrestricted				5,026,237	5,026,237	307,973
Total net position				9,404,968	9,404,968	1,589,094
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 16,591,621</b>	<b>\$ 102,227</b>	<b>\$ 16,693,848</b>	<b>\$ 8,378,629</b>	<b>\$ 25,072,477</b>	<b>\$ 1,620,433</b>

The accompanying notes are an integral part of these financial statements.

**HARFORD COUNTY PUBLIC LIBRARY**  
 Reconciliation of the Governmental Funds  
 Balance Sheet to the Statement of Net Position  
 As of June 30, 2025

Total fund balances - governmental funds \$ 15,507,452

*Amounts reported for governmental activities in the Statement of Net*

*Position are different because:*

Circulating materials and capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$16,043,537 and the accumulated depreciation is \$11,620,861.	4,382,166
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(478,818)
Capital lease liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(105,662)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	1,108,249
Deferred outflows and inflows of resources related to other post-employment benefits are applicable to future periods and, therefore, are not reported in the funds.	(10,057,740)
Net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds.	(2,711,023)
Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds.	1,760,344
<b>Total net position - governmental activities</b>	<b><u>\$ 9,404,968</u></b>

The accompanying notes are an integral part of these financial statements.

# HARFORD COUNTY PUBLIC LIBRARY

## Statement of Activities and Governmental Funds

### Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2025

	<u>General</u>	<u>Non-Major Other Funds</u>	<u>Total Governmental Funds</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>REVENUES</b>					
<i>Charges for services</i>					
Copying	\$ 45,999	\$ -	\$ 45,999	\$ -	\$ 45,999
Circulating materials sold	2,491	-	2,491	-	2,491
Reimbursements from Harford Community College	35,902	-	35,902	-	35,902
Other	329,398	-	329,398	-	329,398
Total charges for services	413,790	-	413,790	-	413,790
<i>Operating grants and contributions</i>					
County Appropriations	20,885,407	-	20,885,407	-	20,885,407
State Appropriations	2,179,428	-	2,179,428	-	2,179,428
Federal and local grants	-	254,642	254,642	-	254,642
Pension Contributions from the State on behalf of Harford County Public Library	-	-	-	-	-
Contributions	1,503,504	-	1,503,504	-	1,503,504
Interest	97,799	-	97,799	-	97,799
Total revenues	709,153	4,753	713,906	-	713,906
	<u>25,789,081</u>	<u>259,395</u>	<u>26,048,476</u>	<u>-</u>	<u>26,048,476</u>
<b>EXPENDITURES/EXPENSES</b>					
Salaries, wages, and temporary employees	12,006,535	-	12,006,535	16,848	12,023,383
Employee benefits	3,918,842	-	3,918,842	199,244	4,118,086
Payroll taxes	895,923	-	895,923	-	895,923
Other post-employment benefits, net	-	-	-	(3,396,277)	(3,396,277)
Pension contributions from the State on behalf of Harford County Public Library	1,503,504	-	1,503,504	-	1,503,504
Books	1,276,862	1,505	1,278,367	(1,233,873)	44,494
Non-books	1,434,505	-	1,434,505	(325,613)	1,108,892
Supplies	563,029	219,633	782,662	-	782,662
Capital outlay	188,023	569	188,592	(188,592)	-
Automated services	508,206	224	508,430	-	508,430
Technical services	316,724	-	316,724	-	316,724
Contract services	558,664	3,528	562,192	-	562,192
Continuing education	104,208	28,052	132,260	-	132,260
Equipment maintenance	18,854	-	18,854	-	18,854
Motor vehicles maintenance	75,837	2,435	78,272	-	78,272
Utilities	699,886	-	699,886	-	699,886
Rental expense	45,736	-	45,736	(41,371)	4,365
Interest	-	-	-	1,194	1,194
Depreciation and amortization	-	-	-	2,315,618	2,315,618
Other	203,633	195	203,828	1,368	205,196
Total expenditures/expenses	<u>24,318,971</u>	<u>256,141</u>	<u>24,575,112</u>	<u>(2,651,454)</u>	<u>21,923,658</u>
Net change in fund balances/net position	1,470,110	3,254	1,473,364	2,651,454	4,124,818
Fund balance/net position, beginning of year	<u>13,935,115</u>	<u>98,973</u>	<u>14,034,088</u>	<u>(7,515,040)</u>	<u>5,280,150</u>
<b>Fund balance/net position, end of year</b>	<b>\$ 15,405,225</b>	<b>\$ 102,227</b>	<b>\$ 15,507,452</b>	<b>\$ (4,863,586)</b>	<b>\$ 9,404,968</b>

The accompanying notes are an integral part of these financial statements.

## **HARFORD COUNTY PUBLIC LIBRARY**

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2025

Total net change in fund balances - governmental funds	\$ 1,473,364
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*Amounts reported for governmental activities in the Statement of Activities are different because:*

Capital outlays for capital assets and circulating materials are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$1,746,573 is less than depreciation expense of \$2,315,618 in the period. (569,045)

Governmental funds report the additions and payments of long term liabilities in the period that current resources are provided or used. However, in the Statement of Activities, new debt is recorded as a liability and payments of principal are charged against that liability. In addition, interest payable must be accrued from the date of the last interest payment to the end of the fiscal year. Debt related differences are as follows:

Principal payments on lease obligations	41,371
Interest on lease obligations	(1,194)
Change in accrual for long-term compensated absences	(16,848)

Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the net increase in the liability is reported as an additional current period expense. (199,244)

Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the net reduction in the liability is recorded as a reduction of current period expense. 3,396,277

Other	137
<b>Change in net position of governmental activities</b>	<b><u>\$ 4,124,818</u></b>

The accompanying notes are an integral part of these financial statements.

## HARFORD COUNTY PUBLIC LIBRARY

Component Unit - Harford County Public Library Foundation, Inc.  
 Statement of Activities  
 For the Year Ended June 30, 2025

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
<b>REVENUE, GAINS, AND OTHER SUPPORT</b>			
<b>Contributions</b>			
Contributions	\$ 38,694	\$ 120,231	\$ 158,925
Gala event revenue, net of expenditures of \$260,161	75,889	-	75,889
Other event revenue, net of expenditures of \$50,006	23,423	-	23,423
Interest income	49,021	-	49,021
Net assets released from restrictions	<u>49,946</u>	<u>(49,946)</u>	<u>-</u>
Total revenue, gains, and other support	<u>236,973</u>	<u>70,285</u>	<u>307,258</u>
<b>EXPENSES</b>			
<i>Program expenses</i>			
Donations to the Harford County Public Library	50,902	-	50,902
<i>Supporting services</i>			
Fundraising expenses	5,483	-	5,483
Other	<u>42,116</u>	<u>-</u>	<u>42,116</u>
Total expenses	<u>98,501</u>	<u>-</u>	<u>98,501</u>
Change in net assets	138,472	70,285	208,757
Net assets, beginning of year	<u>169,501</u>	<u>1,210,836</u>	<u>1,380,337</u>
<b>Net assets, end of year</b>	<b>\$ 307,973</b>	<b>\$ 1,281,121</b>	<b>\$ 1,589,094</b>

The accompanying notes are an integral part of these financial statements.

**FIDUCIARY FUND FINANCIAL STATEMENTS**

**HARFORD COUNTY PUBLIC LIBRARY**

Statement of Fiduciary Net Position

Fiduciary Fund

As of June 30, 2025

	<b>Other Post-Employment Benefits Trust Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ -
Investments	<u>7,906,153</u>
<b>Total assets</b>	<u>\$ 7,906,153</u>
<b>NET POSITION</b>	
Held in trust for other post-employment benefits	<u>\$ 7,906,153</u>

The accompanying notes are an integral part of these financial statements.

**HARFORD COUNTY PUBLIC LIBRARY**  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund  
 For the Year Ended June 30, 2025

	<b>Other Post-Employment Benefits Trust Fund</b>
<b>ADDITIONS</b>	
Contributions	<u>\$ 333,982</u>
<b>INVESTMENT INCOME</b>	
Interest	212,729
Net appreciation in fair value of investments	<u>570,792</u>
Net investment income	<u>783,521</u>
Total additions	<u>1,117,503</u>
<b>DEDUCTIONS</b>	
Benefits	333,982
Administrative expenses	<u>37,622</u>
Total deductions	<u>371,604</u>
Change in net position	745,899
<b>NET POSITION HELD IN TRUST FOR OTHER POST-EMPLOYMENT BENEFITS</b>	
Beginning of year	<u>7,160,254</u>
<b>End of year</b>	<u>\$ 7,906,153</u>

The accompanying notes are an integral part of these financial statements.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY**

The Harford County Public Library (the Library) is a component unit of the Harford County Government (the County) by virtue of the Library's fiscal dependency on the County. The Library was established in June 1945. The Library is governed by a nine-member Board of Trustees (the Library Board) appointed by the County Executive and confirmed by the County Council from nominees submitted by the Library's Board. The Library operates 11 library branches and one administrative headquarters in Harford County, Maryland.

Harford County Public Library Foundation, Inc. (the Foundation) has a separate Board of Directors (the Foundation Board) that works closely with the Library. The Foundation Board does not report to the Library's Board.

Although the Library does not control the timing or amount of receipts from the Foundation, all of the resources or income thereon that the Foundation holds and invests is restricted to the activities of the Library by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the Library, the Foundation is considered a component unit of the Library and is discretely presented in the Library's financial statements.

The Foundation is a private, non-profit organization that reports under Financial Accounting Standards Board (FASB) standards, including FASB Accounting Standards Codification (ASC) 958-205, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Library's financial reporting entity for these differences.

Complete financial statements for the Foundation can be obtained by contacting the Chief Financial Officer for the Library at 1221-A Brass Mill Road, Belcamp, Maryland 21017. During the year ended June 30, 2025, the Foundation distributed \$47,627 to the Library for both restricted and unrestricted purposes and provided other support of \$3,275.

#### Use of Estimates in Preparing Financial Statements

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY** (continued)

#### Basis of Presentation, Measurement Focus, and Basis of Accounting

The basic financial statements of the Library are prepared in conformity with U.S. GAAP as applied to local governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting. The following is a summary of such significant policies.

#### Basis of Presentation

The Library's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund basic financial statements, which provide a more detailed level of financial information.

#### *Government-Wide Financial Statements*

The statement of net position and the statement of activities display information about the Library as a whole. These statements include the financial activities of the Library, all of which are classified as governmental.

The statement of net position presents the financial condition of the Library as of year end. All expenses relate to the operations of the Library. Fines and other revenue 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 or capital requirements of a particular program. All other revenues relate to appropriations received from the County and the State of Maryland.

#### *Fund Financial Statements - Governmental Funds*

The governmental accounts of the Library are organized on the basis of funds and consist of the general and other funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The Library provides a Section 457(b) deferred compensation plan for its employees. The deferred compensation plan is not included as a fiduciary fund following the guidance provided by GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Library's deferred compensation plan coincides with the County's plan. As such, the County is the primary administrator of the Library's plan and oversees the related investment functions.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY** *(continued)*

#### Basis of Presentation (continued)

##### *Fund Financial Statements - Fiduciary Funds*

Fiduciary funds account for assets held by the Library in a trustee capacity for others and, therefore, are not available to support Library programs.

The Library has one fiduciary fund, the Other Post-Employment Benefit (OPEB) Trust Fund, which is used to account for other post-employment liability assets held by the Library in a trustee capacity.

#### Measurement Focus

##### *Government-Wide Financial Statements*

The government-wide basic financial statements are prepared using the "economic resources" measurement focus. With this measurement focus, all assets, deferred inflows/outflows, and liabilities associated with the operation of the Library are included on the government-wide statement of net position. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

##### *Fund Financial Statements - Governmental Funds*

All governmental funds are accounted for using a "flow of current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (e.g., revenue) and uses (e.g., expenditures) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide statements are prepared. Therefore, governmental fund basic financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

#### Basis of Accounting

Government-wide basic financial statements are prepared using the accrual basis of accounting.

#### *General Fund*

The General Fund is the general operating fund of the Library. It is used to account for all financial resources except those required to be accounted for in the other funds.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY**

*(continued)*

#### Basis of Accounting (continued)

The Library reports the following non-major special revenue funds:

*Restricted Grant Fund* - The Restricted Grant Fund accounts for grant monies whose use is restricted by the grantor agency.

*Restricted Memorial and Endowment Fund* - The Restricted Memorial and Endowment Fund accounts for restricted memorial and endowment funds given to the Library by members of the community or established by the Library in honor of outstanding citizens in the community.

The governmental funds are accounted for using the modified accrual basis of accounting. Its revenues are recognized when they become measurable and available as net current assets. Available is defined as resources that will be collected within the current fiscal year or are expected to be collected soon enough thereafter to pay liabilities of the current fiscal year. For the Library, available means expected to be received within 60 days of year end.

Intergovernmental revenues are susceptible to accrual. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation and capital lease long-term debt, if any, is recognized when due.

#### Budgets and Budgetary Accounting

The Library's budget is not legally adopted by line item; therefore, a budgetary comparison statement is not presented.

#### Cash, Cash Equivalents and Investments

The Library participates in the Maryland Local Government Investment Pool (the MLGIP). The Library's portion of the investment pool is included on the statement of net position and governmental funds balance sheet as part of "Investments." In addition, the Library maintains non-pooled cash.

Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at fair value.

The OPEB Trust Fund investments are invested in the Maryland Association of Counties Pooled OPEB Trust (MACO Trust). The MACO Trust is administered by Davenport & Company LLC, and is a wholly owned instrumentality of its members.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY**

*(continued)*

#### Cash, Cash Equivalents and Investments (continued)

The Library considers cash equivalents to be short-term investments maturing within three months of the statement of net position.

#### Circulating Materials

The Library's collection of circulating materials is recorded as an expenditure in the governmental funds. In the government-wide statements, these items are capitalized at cost or estimated historical cost annually as a group, without regard to individual cost.

Depreciation of circulating materials is computed and recorded by the group method using the straight-line method over the estimated useful life of three years.

#### Capital Assets

The Library's capital assets are recorded as expenditures in the governmental funds. These items are capitalized at historical cost in the government-wide statements.

Depreciation of capital assets is computed and recorded using the straight-line method over their estimated lives. Assets with initial individual costs that equal or exceed \$300 and useful lives over one year are recorded as capital assets. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Assets</u>	<u>Years</u>
Improvements to buildings	10 - 20
Furniture and equipment	5 - 7
Computer equipment	3
Vehicles	3 - 10
Copier equipment	3 - 5

#### Adoption of New Accounting Pronouncements

The Library adopted GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures* in FY 2025. Adoption of these statements had no impact on the Library's financial statements.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY** *(continued)*

#### Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources ("expenditure") until the future period. A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources ("revenue") until the future period. The Library recognizes deferred outflows and inflows related to pensions and other post-employment benefits for changes in actuarial assumptions, differences in actual and expected experience, the net difference in the projected and actual investment earnings, changes in proportion, and contributions subsequent to the measurement date.

#### Compensated Absences

The Library has an accrued liability for vacation pay, which has been earned but not taken by Library employees. The amount of the liability is accrued when incurred in the government-wide financial statements. Employees are not reimbursed for accumulated sick leave. A liability for vacation pay is reported in governmental funds only as a result of employee resignations and retirements.

#### Fund Balance

The Library follows the requirements of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

This statement requires that the fund balance be reported within one of the fund balance categories listed below.

***Non-Spendable*** - Includes fund balance amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact, such as a permanent fund. Not in spendable form includes items that are not expected to be converted to cash, such as inventories and prepaid expenses.

***Restricted*** - Includes amounts that are restricted to specific purposes when constraints are placed on the use of resources by constitution, external resource providers, or through enabling legislation.

***Committed*** - Includes fund balance amounts that can be used only for the specific purposes determined by formal action (Board resolution) of the Board of Library Trustees (the Library's highest level of decision-making authority). Similar action of the Board is required to modify or rescind such commitments.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES REPORTING ENTITY**

*(continued)*

#### Fund Balance (continued)

**Assigned** - Includes fund balance amounts that are intended to be used by the Library for specific purposes as determined by the Library Chief Executive Officer (CEO). The authority to assign funds has been granted to the Library CEO by the Board of Trustees. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as either restricted or committed.

**Unassigned** - Represents the residual classification for the Library's General Fund and includes all spendable amounts not contained in the four classifications described above.

#### Order of Fund Balance Spending Policy

The Library has established a fund balance spending policy for those instances where an expenditure is incurred for a purpose for which amounts in any of the restricted or unrestricted fund balance classifications (committed, assigned, or unassigned) could be used. The Library's policy is to apply expenditures against committed amounts first, followed by assigned amounts, and then unassigned amounts.

#### Pensions

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 the pension plans and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the pension plans. 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.

#### Other Post-Employment Benefits

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

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 2 DEPOSITS**

The combined carrying amount of the Library's net deposits with financial institutions as of June 30, 2025 was \$972,905 and the combined bank balance was \$1,296,729. Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2025, the Library's bank balance was not exposed to any custodial credit risk since all deposits were either covered by the Federal Deposit Insurance Corporation or fully collateralized with the collateral held by a third party in the Library's name.

### **NOTE 3 INVESTMENTS**

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, as follows:

- Level 1:* Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2:* Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3:* Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

The Library's investments consist of the following:

The MLGIP is in the amount of \$15,308,950. The MLGIP provides all local government units of the state a safe investment vehicle for the short-term investment of funds. The MLGIP was established under the Annotated Code of Maryland and is rated "AAAm" by Standard & Poor's, its highest rating for money market funds. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked-to-market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value. The fund's investments have a weighted average maturity of no more than 60 days.

The MACO Trust (the Trust), which is managed by a Board of Trustees, consists of U.S. Treasury obligations, U.S. Government agencies, corporate and foreign bonds, municipal obligations, taxable fixed-income securities, mutual funds, global funds, and international equity securities. Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of changes in fiduciary net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 3 INVESTMENTS (continued)**

Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust's investment policy states that the duration of the portfolio should be within six months of the Barclays Capital Aggregate Bond Index.

Credit risk is the exposure to both market risk, the risk arising from changes in fair value, and credit risk, the risk of failure by another party to perform according to the terms of a contract. The Trust bears the risk of loss only to the extent of the fair value of the respective investments.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Trust will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Trust's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments.

The Trust has all of its assets on deposit with Wilmington Trust Company in connection with its investing and cash management activities. In the event of a financial institution's insolvency, recovery of Trust assets on deposit may be limited to account insurance or other protection afforded such deposits.

Equity securities and money market funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Balance</b>
<i>MACO OPEB Trust Holdings</i>				
Investments by fair value level				
MD Assoc Counties Master Trust	\$ -	\$ 7,906,153	\$ -	\$ 7,906,153
	\$ -	\$ 7,906,153	\$ -	\$ 7,906,153

### **NOTE 4 HEALTHCARE CONSORTIUM**

The Library entered into a healthcare consortium with the County and other County component agencies to minimize the cost of healthcare for its employees. The contract requires the component units to reimburse the insurer for amounts that exceed the contract's cap. The cap is limited to an additional 8.5% of the monthly premiums paid to the insurer for the year. The Library has \$325,205 (the excess of accumulated premiums net of claims paid) on deposit with the County to fund future liabilities as of June 30, 2025.

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 5 CIRCULATING MATERIALS

Circulating materials activity for the year ended June 30, 2025 is as follows:

	Balance July 30, 2024	Additions	Retirements	Balance June 30, 2025
Circulating materials	\$ 4,619,297	\$ 1,559,485	\$ 1,427,750	\$ 4,751,032
Accumulated depreciation	2,269,789	1,561,722	1,427,750	2,403,761
<b>Total assets</b>	<b>\$ 2,349,508</b>	<b>\$ (2,237)</b>	<b>\$ -</b>	<b>\$ 2,347,271</b>

### NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	Balance July 30, 2024	Additions	Retirements	Balance June 30, 2025
<b>CAPITAL ASSETS</b>				
Improvements to buildings	\$ 3,573,137	\$ 24,721	\$ -	\$ 3,597,858
Furniture and equipment	4,178,736	26,364	12,466	4,192,634
Computer equipment	2,642,022	18,278	58,473	2,601,827
Vehicles	653,851	119,230	208,137	564,944
Leased assets - equipment	288,399	46,792	-	335,191
	<b>11,336,145</b>	<b>235,385</b>	<b>279,076</b>	<b>11,292,454</b>
<b>ACCUMULATED DEPRECIATION</b>				
Improvements to buildings	2,440,452	249,329	-	2,689,781
Furniture and equipment	3,259,051	220,814	12,140	3,467,725
Computer equipment	2,399,623	175,294	57,431	2,517,486
Vehicles	491,337	67,948	208,137	351,148
<b>ACCUMULATED AMORTIZATION</b>				
Leased assets - equipment	190,908	40,511	-	231,419
	<b>8,781,371</b>	<b>753,896</b>	<b>277,708</b>	<b>9,257,559</b>
<b>Total</b>	<b>\$ 2,554,774</b>	<b>\$ (518,511)</b>	<b>\$ 1,368</b>	<b>\$ 2,034,895</b>

### NOTE 7 LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the long-term obligations of the Library. Increases in compensated absences are reported net of decreases.

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
Lease obligations	\$ 99,047	\$ 46,792	\$ 40,177	\$ 105,662	\$ 42,415
Net pension liability	2,255,971	455,052	-	2,711,023	-
Compensated absences	461,970	16,848	-	478,818	16,995
<b>Total</b>	<b>\$ 2,816,988</b>	<b>\$ 518,692</b>	<b>\$ 40,177</b>	<b>\$ 3,295,503</b>	<b>\$ 59,410</b>

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 7      LONG-TERM OBLIGATIONS (continued)**

#### Lease Obligations

The Library is the lessee of equipment under lease agreements expiring through 2028. As a lessee, the Library recognizes a lease liability at the present value of the payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Lease assets are initially recorded as the sum of 1) the amount of the initial measurement of the lease liability, 2) lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, 3) initial direct costs that are ancillary charges necessary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or useful life of the underlying assets. Included in capital assets are assets under these leases with a cost of \$335,191 as of June 30, 2025. Amortization expense relating to the leases was \$40,511 for the year ended June 30, 2025. Accumulated amortization relating to the leased assets was \$231,419 at June 30, 2025.

Future payments under the leases are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2026	\$ 42,415
2027	41,665
2028	21,685
2029	<u>1,421</u>
Total lease payments	107,186
Less: Amount representing interest	<u>1,524</u>
	<u><u>\$ 105,662</u></u>

#### Compensated Absences

All eligible employees are granted vacation benefits in varying amounts to specified maximums depending on years of service with the Library. The Library's policy requires time earned to be used within the next fiscal period. Sick leave accrues to benefit eligible employees to termination or retirement.

Generally, employees are entitled to accrued vacation leave upon termination.

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 8 FUND BALANCES

Amounts reported as encumbrances may be classified as restricted, committed, or assigned depending on the constraints and approval in place at year end. Encumbrances outstanding at year end are reported as assignments of fund balance in the General Fund and do not constitute expenditures or liabilities because the obligation will be honored during the subsequent year.

Significant encumbrances as of June 30, 2025, consist of the following:

#### *Encumbrances*

Books, contractual services, maintenance and miscellaneous	\$ 506,700
<i>Other assigned amounts</i>	
Books and audio visual materials	465,738
Improvements to buildings	12,549,295
Consortium funding	325,205
Other	1,588,237
	<u>14,928,475</u>
<b>Total assigned fund balance</b>	<b>\$ 15,435,175</b>

### NOTE 9 MEMORIAL AND ENDOWMENT FUNDS

Generally, the restricted memorial and endowment funds were established with the intention that approximately 50% of the interest earned is to be spent on categories of books specified by the originator of the fund, and the other 50% is to be reinvested. The Havre de Grace Friends Endowment also allows the first \$300 of contributions to be used for the purchase of materials on water-related subjects.

The activity in each fund since inception is summarized below:

	Receipts	Interest Income	Disbursements	Balance June 30, 2025
Nevin Memorial	\$ 4,838	\$ 22,200	\$ 10,600	\$ 16,438
Laird Memorial	2,015	4,198	1,957	4,256
HCPL Memorial Endowment	2,503	3,306	1,767	4,042
Hutchins - Harlem Memorial	2,685	3,975	1,822	4,838
Drumm Memorial	400	656	281	775
Havre de Grace Friends Endowment	3,300	5,201	2,633	5,868
40th Anniversary Commemorative	2,365	3,531	1,655	4,241
Staff Welfare Fund	10,000	10,037	3,018	17,019
Barnhart Fund	750	866	400	1,216
Keithley Memorial	37,463	6,071	-	43,534
<b>Total</b>	<b>\$ 66,319</b>	<b>\$ 60,041</b>	<b>\$ 24,133</b>	<b>\$ 102,227</b>

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 9 MEMORIAL AND ENDOWMENT FUNDS *(continued)*

The activity in each fund for the year ended June 30, 2025, is summarized below:

	<b>Balance June 30, 2024</b>	<b>Receipts</b>	<b>Interest Income</b>	<b>Disbursements</b>	<b>Balance June 30, 2025</b>
Nevin Memorial	\$ 16,308	\$ -	\$ 784	\$ 654	\$ 16,438
Laird Memorial	4,202	-	202	148	4,256
HCPL Memorial Endowment	3,975	-	191	124	4,042
Hutchins - Harlem Memorial	4,775	-	230	167	4,838
Drumm Memorial	739	-	36	-	775
Havre de Grace Friends Endowment	5,728	-	275	135	5,868
40th Anniversary Commemorative	4,249	-	204	212	4,241
Staff Welfare Fund	16,239	-	780	-	17,019
Barnhart Fund	1,224	-	57	65	1,216
Keithley Memorial	41,534	-	2,000	-	43,534
<b>Total</b>	<b>\$ 98,973</b>	<b>\$ -</b>	<b>\$ 4,759</b>	<b>\$ 1,505</b>	<b>\$ 102,227</b>

For fund balance classification purposes, \$55,293 of the Memorial and Endowment Funds has been reported in non-spendable as the amounts are permanently restricted by the donor. Memorial and Endowment Funds in the amount of \$46,934 have been reported as restricted and assigned and can be utilized for the specific purpose defined by the donors.

### NOTE 10 PENSION PLANS SUMMARY

The Library has adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions (GASB 68)*. The Library participates in the Maryland State Retirement and Pension System (State Retirement and Pension System) and qualifies as a Participating Governmental Unit (PGU). The State Retirement Agency is the plan administrator and fiduciary. GASB 68 requires that a PGU recognize its proportionate share of the State Retirement and Pension System's net pension liability (*i.e.*, unfunded pension liability) and pension expense. The Library's proportionate share is based on total State Retirement and Pension System contributions and was 0.0103063% as of the measurement date of June 30, 2024.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 10 PENSION PLANS SUMMARY (continued)**

The Library's employees contributed 7% of their compensation during fiscal year 2024 as stipulated by the State Retirement and Pension System. The Library contributed \$274,307 to the State Retirement and Pension System for fiscal year 2025, which was actuarially determined based on statutory provisions. The Library has also recognized in pension expense its proportionate share of the State Retirement and Pension System's deferred inflows of resources (an increase in pension expense) attributable to changes in assumptions, the difference between actual and expected experience, and change in proportion, and its proportionate share of the State Retirement and Pension System's deferred outflows of resources (a decrease in pension expense) attributable to changes in assumptions, the net difference between projected and actual earnings on pension plan investments, change in proportion and contributions subsequent to the measurement date.

#### Basis of Presentation and Basis of Accounting

Employers participating in the State Retirement and Pension System's cost-sharing multiple-employer defined benefit plans are required to report pension information in their financial statements in accordance with GASB 68. The Schedule of Employer Allocations and Schedule of Pension Amounts by Employer (pension allocation schedules) , as issued annually by the State Retirement and Pension System, provide employers with the required information for financial reporting. The State Retirement and Pension System's financial statements are prepared on the accrual basis of accounting and are prepared in accordance with U.S. GAAP that apply to governmental accounting for fiduciary funds.

Actual employer contributions billed to participating governmental units for the year ended June 30, 2024, are used as the basis for determining each employer's proportionate share of the collective pension amounts reported in the Schedule of Employer Allocations. Because the State of Maryland and PGUs contributed 100% of the actuarial determined contributions, there were no adjustments for the year ended June 30, 2024.

The components of the calculation of the collective net pension liability for the State Retirement and Pension System as of the measurement date of June 30, 2024, are shown in the following table (expressed in thousands):

Total pension liability	\$ 94,214,144
Plan fiduciary net position	<hr/> 67,909,708
<b>Net pension liability</b>	<b><hr/>\$ 26,304,436</b>
Plan fiduciary net position as a percentage of the total pension liability	<hr/> 72.08%

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 10 PENSION PLANS SUMMARY (continued)

#### Actuarial Assumptions

Valuation Date	June 30, 2023, rolled forward to June 30, 2024
Actuarial Cost Method	Entry Age Normal
<i>Actuarial Assumptions</i>	
Investment Rate of Return	6.80%
Inflation	2.3% general, 3% wage
Projected Salary Increases	3% to 22.5%, including inflation
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 experience study for the period July 1, 2018 to June 30, 2023.
Mortality	Various versions of the Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2021 fully generational mortality Improvements scale for males and females.

#### Investments

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-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 geometric real rates of return were adopted after considering input from the State Retirement and Pension System's investment consultant(s) and actuary(s). For each major asset class that is included in the State Retirement and Pension System's target asset allocation, these best estimates are summarized in the following table:

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 10 PENSION PLANS SUMMARY *(continued)*

#### Investments *(continued)*

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public equity	34%	6.00%
Private equity	16%	8.50%
Rate sensitive	20%	2.40%
Credit opportunity	9%	5.40%
Real assets	15%	5.50%
Absolute return	6%	3.90%
<b>Total</b>	<b>100%</b>	

The above was the asset allocation policy adopted by the State Retirement and Pension System's Board of Trustees and best estimate of geometric real rates of return for each major asset class as of the measurement date of June 30, 2024.

#### Discount Rate

A discount rate of 6.80% was used to measure the total pension liability as of June 30, 2024. The 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 Net Pension Liability

The following presents the sensitivity of the State Retirement and Pension System's net pension liability to changes in the discount rates and the Library's proportionate share of the State Retirement and Pension System's net pension liability, calculated using a discount rate of 6.80%, a discount rate that is 1 percentage point lower (*i.e.*, 5.80%), and a discount rate that is 1 percentage point higher (*i.e.*, 7.80%).

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 10 PENSION PLANS SUMMARY (continued)

#### Sensitivity of the Net Pension Liability (continued)

	1% Decrease (5.80)%	Current Discount Rate (6.80)%	1% Increase (7.80)%
The State Retirement and Pension System's net pension liability (expressed in thousands)	\$ 38,229,418	\$ 26,304,436	\$ 16,364,123
The Library's proportionate share of the net pension liability	\$ 3,940,051	\$ 2,711,023	\$ 1,686,541

#### Pension Plan Description

##### *Organization*

The State Retirement Agency (the Agency) is the administrator of the Maryland State Retirement and Pension System (the System). The State Retirement and Pension System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The State Retirement and Pension System is made up of two cost-sharing employer pools: the "State Pool" and the "Municipal Pool." The State Pool consists of the state agencies, boards of education, community colleges, and libraries. The Municipal Pool consists of the participating governmental units that elected to join the State Retirement and Pension System. Neither pool shares in each other's actuarial liabilities, thus, participating governmental units that elect to join the State Retirement and Pension System (the Municipal Pool) share in the liabilities of the Municipal Pool only. The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The State is obligated to annually pay into the accumulation fund of each State system at least an amount that, when combined with the System's accumulation funds, is sufficient to provide benefits payable under each plan during that fiscal year.

The System is accounted for as a single plan as defined in GASB Statement No. 67, *Financial Reporting for Pension Plans - An Amendment of GASB Statement No. 25* (GASB 67). Additionally, the System is fiscally dependent on the state by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the System is included in the State's reporting entity and disclosed in its financial statements as a pension trust fund. The State Retirement and Pension System is comprised of the Teachers' Retirement and Pension Systems, Employees' Retirement and Pension Systems, State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. The Library's employees participate in either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 10 PENSION PLANS SUMMARY (continued)**

#### Covered Members

On August 1, 1927, the Teachers' Retirement System was established to provide retirement allowances and other benefits to teachers of the state. Effective January 1, 1980, the Teachers' Retirement System was closed to new members and the Teachers' Pension System was established. As a result, teachers hired after December 31, 1979, became members of the Teachers' Pension System as a condition of employment. On or after January 1, 2005, an individual who is a member of the Teachers' Retirement System may not transfer membership to the Teachers' Pension System.

On October 1, 1941, the Employees' Retirement System was established to provide retirement allowances and other benefits to state employees, elected and appointed officials, and the employees of participating governmental units. Effective January 1, 1980, the Employees' Retirement System was essentially closed to new members and the Employees' Pension System was established. As a result, state employees (other than correctional officers) and employees of participating governmental units hired after December 31, 1979, became members of the Employees' Pension System as a condition of employment, while all state correctional officers and members of the Maryland General Assembly continue to be enrolled as members of the Employees' Retirement System. On or after January 1, 2005, an individual who is a member of the Employees' Retirement System may not transfer membership to the Employees' Pension System. Currently, more than 150 governmental units participate in the Employees' Retirement System.

#### Summary of Significant Plan Provisions

All plan benefits are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. For all individuals who were members of the State Retirement and Pension System on or before June 30, 2011, pension allowances are computed using both the highest three consecutive years' Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For any individual who becomes a member of one of the pension systems on or after July 1, 2011, pension allowances are computed using both the highest five consecutive years' AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system, which ultimately determines how a retiree's benefit allowance will be computed. Some of these options require actuarial reductions based on the retiree's and designated beneficiary's attained age and similar actuarial factors. On July 1, 2011, the member contribution rate was increased for members of the Teachers' Pension System and Employees' Pension System to 7% from 5%. In addition, the benefit attributable to service on or after July 1, 2011, in many of the pension systems now will be subject to different cost-of-living adjustments (COLAs) that are based on the increase in the Consumer Price Index (CPI) and capped at 2.5%, or 1.0%, based on whether the market value investment

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 10 PENSION PLANS SUMMARY (continued)**

#### Summary of Significant Plan Provisions (continued)

return for the preceding calendar year was higher or lower than the investment return assumption used in the valuation. A brief summary of the retirement eligibility requirements of and the benefits available under the various systems in effect during FY 2024 is as follows:

#### Service Retirement Allowances

A member of either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service. An individual who was a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who became or becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the 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 Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of either the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of either the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.50% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of either the Teachers' or Employees' Pension System. Exceptions to these benefit formulas apply to members of either the Teachers' or Employees' Pension System 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.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 10 PENSION PLANS SUMMARY (continued)**

#### Vested Allowances

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 (other than a judge or legislator) and who terminates employment before attaining retirement age but after accumulating five years of eligibility service is eligible for a vested retirement allowance. Any individual who joins the State Retirement and Pension System on or after July 1, 2011 (other than a judge or legislator) and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance. A member who terminates employment prior to attaining retirement age and before vesting receives a refund of all member contributions and interest.

#### Early Service Retirement

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

#### Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after five years of service receives a service allowance based on a minimum percentage (usually 67%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating five 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. A member (other than a member of the Maryland General Assembly or a judge, both of whom are ineligible for accidental disability benefits) who is permanently and totally disabled as the result of an accident occurring in the line of duty receives two-thirds (66.7%) of the member's AFC plus an annuity based on all member contributions and interest. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 10 PENSION PLANS SUMMARY (continued)**

#### Adjusted Retirement Allowances (as applicable)

The annual increases to pension allowances for Employees' Pension System retirees who were employed by a participating governmental unit that does not provide enhanced pension benefits are limited to 3% of the initial allowance. However, beginning July 1, 2011, for benefits attributable to service earned on or after July 1, 2011, in all of the systems except the judges' and legislators' systems, the adjustment is capped at the lesser of 2.5% or the increase in CPI if the most recent calendar year market value rate of return was greater than or equal to the assumed rate. The adjustment is capped at the lesser of 1% or the increase in CPI if the market value return was less than the assumed rate of return. In years in which COLAs would be less than zero due to a decline in the CPI, retirement allowances will not be adjusted. COLAs in succeeding years are adjusted until the difference between the negative COLA that would have applied and the zero COLA is fully recovered.

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

At June 30, 2025, the Library reported a liability of \$2,711,023 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to June 30, 2024. The Library's proportion of the net pension liability was based on a projection of the Library's long-term share of contributions to the pension plan relative to the projected contributions of all participating governmental units, actuarially determined. The Library's proportion was 0.0103063% and 0.0097957% at June 30, 2024 and 2023, respectively.

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 10 PENSION PLANS SUMMARY *(continued)*

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

For the year ended June 30, 2025, the Library recognized net pension expense of \$199,244. At the measurement date of June 30, 2024, the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 167,203	\$ -
Difference between actual and expected experience	276,808	(57,770)
Net difference between projected and actual earnings on pension plan investments	196,430	-
Change in proportion	260,174	(8,902)
Contributions subsequent to the measurement date	<u>274,306</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,174,921</u></b>	<b><u>\$ (66,672)</u></b>

The deferred outflow of resources of \$274,306 relating to contributions subsequent to the measurement date of June 30, 2024, will be recognized as a reduction of the Library's net pension liability during the year ending June 30, 2026. The deferred outflows and inflows of resources due to changes in assumptions, differences between actual and expected experience, differences between projected and actual investment earnings, and change in proportion represent the Library's proportionate share of the unamortized portions of the State Retirement and Pension System's original amounts.

The deferred outflows and inflows related to non-investment activity are being amortized over the remaining service lives ranging from 5.44 to 5.52 years. The deferred outflows and inflows related to net differences in investment earnings are being amortized over a closed five-year period. These unamortized amounts will be ratably recognized in pension expense over these service lives and closed five-year period.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 10 PENSION PLANS SUMMARY (continued)**

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

The following table shows the aggregate amortization of these deferred outflow and inflow balances:

<b>Fiscal Year Ending</b> <b>June 30,</b>	<b>Amount</b>
2026	\$ 189,744
2027	336,778
2028	168,115
2029	100,367
2030	<u>38,939</u>
	<u>\$ 833,943</u>

#### Net Pension Liability

The components of the Library's proportionate share of the State Retirement and Pension System's net pension liability as of the measurement date of June 30, 2024 were as follows:

Total pension liability	\$ 9,710,001
Less: Plan fiduciary net position	<u>6,998,978</u>
<b>Net pension liability</b>	<b><u>\$ 2,711,023</u></b>
Plan fiduciary net position as a percentage of total pension liability	<u>72.08%</u>

#### The Pension Plan Fiduciary

Plan information, as well as the ACFR of the Maryland State Retirement and Pension System for the year ended June 30, 2024, is available from:

State Retirement and Pension System of Maryland  
120 East Baltimore Street  
Baltimore, MD 21202  
<https://sra.maryland.gov/>

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 11 OTHER POST-EMPLOYMENT BENEFITS**

#### Plan Description

The Library provides a portion of medical insurance benefits to eligible employees not participating in the PEHP (see Note 12), who were hired prior to July 1, 2019, when they retire from employment with the Library.

The Library established the OPEB Trust Fund to act solely as a funding mechanism for the benefits provided by this OPEB plan, a single employer, defined benefit plan. The OPEB Trust Fund is used to pay medical and dental premiums.

#### Employees Covered by Benefit Terms

Eligible participants are employees, retirees and/or their spouses who had health coverage as an active employee and chose not to participate in the PEHP. Eligible employees must retire from employment with the Library to receive OPEB benefits. To be considered a retiree for healthcare benefits an employee must file the necessary paperwork at the state retirement agency.

At June 30, 2025, the following employees were covered by the benefit terms:

Retirees currently receiving benefits	93
Active employees participating in the OPEB	57
<b>Total plan members</b>	<b>150</b>

#### Benefits Provided

The Plan's benefit provisions are established by the Board of Trustees and may be periodically amended by the Board. Pre-Medicare retirees may choose between two medical plans, both of which include prescription coverage. Medicare-eligible retirees are covered under a Medicare Advantage plan. Medicare eligible retirees must also be enrolled in both Part A and Part B of Medicare in order to enroll in this plan. Retirees may choose between two dental plans.

Retirees and their families pay 50% of the published rates. Surviving spouses receive the same subsidy percent as the participant. There is one retiree who is grandfathered at a subsidy rate of 80%. The Library offers the same subsidy schedule for dental as it does for healthcare.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 11 OTHER POST-EMPLOYMENT BENEFITS *(continued)***

#### Contributions

The contribution requirements of plan members and the Library are established by the Board of Trustees and may be periodically amended by the Board. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually during the budget process. Additional contributions may be identified during the year by the Board of Trustees. There are no contractual terms requiring a specific funding level.

For FY 2025, the Library contributed \$333,982 to the OPEB plan, including \$333,982 in benefits paid directly by the Library. Active employees are not required to contribute to the OPEB plan. There are no statutory or other legally required contribution levels.

#### Net OPEB Liability

The Library's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was measured by an actuarial valuation as of July 1, 2024, rolled forward to June 30, 2025.

#### Discount Rate

The discount rate used to measure the total OPEB liability is 7%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB Fund's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on the OPEB Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

#### Actuarial Methods and Assumptions

The total OPEB liability on June 30, 2025, was determined using the following significant actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	7.0%
Expected Return on Assets	7.0%

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (continued)**

#### Actuarial Methods and Assumptions (continued)

Salary Increases	0.25% to 4.0%
General Inflation	2.50%
<i>Retirement Age</i>	
Active Participants	Age 55 and above
<i>Mortality Rates</i>	
Healthy and Disabled	Pub 2010, "General" Classification; projected using Scale MP-2021
Healthcare Cost Trend Rate	Society of Actuaries (SOA) Long-Run Medical Cost Trend Model, 2024 version. Baseline trend rate for 2025 set at 7.0%.
Asset Method	Fair market value
Actuarial Cost Method	Entry Age Normal cost method
Measurement Date	June 30, 2025
Valuation Date	July 1, 2024
Census Data	As of July 1, 2024 for June 30, 2025 measurement date

There were no plan provision or actuarial method or assumption changes during FY 2025.

**HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

**NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (continued)**Asset Allocation

Estimates of arithmetic real rates of return for each major asset class included in the OPEB Trust Fund's asset allocation are as follows:

<b>Asset Class</b>	<b>Expected Real Rate of Return</b>	<b>Allocation</b>
Domestic Equity (Large Cap)	4.40%	29.90%
Domestic Equity (Small Cap)	4.89%	6.42%
Global Equities - Developed & Emerging	4.99%	7.59%
International Equity	4.89%	7.55%
Emerging Markets Equity	5.28%	9.04%
Cash	0.98%	0.13%
U.S. Fixed Income	1.76%	14.81%
Long Duration Bonds	2.35%	14.65%
High-Yield Bonds	3.52%	4.98%
U.S. REITs	4.40%	4.93%
		<b><u>100.00%</u></b>

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 11 OTHER POST-EMPLOYMENT BENEFITS (continued)

#### OPEB Plan's Fiduciary Net Position

The elements of the OPEB plan's basic financial statements are included within the Statement of Fiduciary Net Position - Fiduciary Fund and Statement of Changes in Fiduciary Net Position - Fiduciary Fund, in the accompanying financial statements.

	(\$000s omitted)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Beginning balance - July 1, 2024	\$ 5,787	\$ 7,160	\$ (1,373)
<i>Changes recognized for the fiscal year</i>			
Service cost	280	-	280
Interest on the total OPEB liability	413	-	413
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Benefit payments	(334)	(334)	-
Contributions from the employer	-	334	(334)
Contributions from the employee	-	-	-
Net investment income	-	746	(746)
Administrative expense	-	-	-
Net changes	359	746	(387)
<b>Ending balance - June 30, 2025</b>	<b>\$ 6,146</b>	<b>\$ 7,906</b>	<b>\$ (1,760)</b>
Funded status		128.64%	

#### Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the Library, as well as what the Library's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current discount rate:

	(\$000s omitted)		
	1% Decrease (6.00)%	Discount Rate (7.00)%	1% Increase (8.00)%
Net OPEB Liability (Asset)	\$ (1,147)	\$ (1,760)	\$ (2,289)

#### Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate

The following represents the net OPEB liability (asset) of the Library, as well as what the Library's net OPEB liability (asset) would be if it were calculated using the healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 11 OTHER POST-EMPLOYMENT BENEFITS *(continued)*

#### Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rate *(continued)*

	(\$000s omitted)		
	Healthcare Cost		
	1% Decrease	Trend Rate	1% Increase
Net OPEB Liability (Asset)	\$ (2,499)	\$ (1,760)	\$ (896)

#### Deferred Outflows and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the Library reported deferred outflows and inflows of resources related to OPEB from the following sources:

	(\$000s omitted)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 119	\$ (7,225)
Net difference between expected and actual earnings on OPEB plan investments	-	(165)
Assumption changes	<u>942</u>	<u>(3,729)</u>
<b>Total</b>	<b><u>\$ 1,061</u></b>	<b><u>\$ (11,119)</u></b>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in (as a reduction in) OPEB expense as follows:

<b><u>Fiscal Year</u></b>	<b><u>(\$000s omitted)</u></b>
<b><u>Ending June 30,</u></b>	<b><u>Total</u></b>
2026	\$ (4,632)
2027	(4,731)
2028	(646)
2029	<u>(49.00)</u>
<b>Total</b>	<b><u>\$ (10,058)</u></b>

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 12 POST EMPLOYMENT HEALTH PLAN**

On July 1, 2019, the Library signed an Employer Participation Agreement for the Post Employment Health Plan for Non-Collectively Bargained Public Employees. This agreement states that any employee hired after July 1, 2019 will be placed in a Post Employment Health Plan (PEHP) in lieu of the retiree health care subsidy offered by the Library. Benefit eligible employees hired prior to July 1, 2019, were offered a one-time election in FY 2022 to move from the retiree healthcare subsidy to the PEHP. The Library may contribute to the participant's account the amount that the Library appropriates based on the formula designated in the agreement. The formula to be utilized will be the average of all the benefit eligible employee's salaries as of June 30 calculated by 8% of those aggregate salaries which will constitute the funds to be contributed to the PEHP by the Library. This plan will be administered by a third party in individual accounts, which will grow tax-free for healthcare expenses after an employee leaves the Library. There was a total of \$539,074 contributed to this plan, and a total of 112 employees are currently enrolled as of June 30, 2025.

### **NOTE 13 COMMITMENTS AND CONTINGENCIES**

The Library is closely related to the County and the State of Maryland and is dependent on these sources for the major portion of its operating revenue. The amounts received during the year are disclosed within the basic financial statements. A significant reduction in the level of support received by the County or the State of Maryland could have an adverse effect on the Library's programs and activities.

Federal, state, and local funding is subject to review and audit by the respective agencies. Such audits could result in a request for reimbursement by a responsible agency for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Library management, such disallowances, if any, would be immaterial.

The Library occupies, without charge, certain premises located in buildings owned by the County. The estimated fair rental value of the premises has not been determined and is not reflected in the basic financial statements.

### **NOTE 14 RELATED PARTIES**

The Library is closely related to the Foundation. The Foundation was created by the Library's Board of Trustees for the purpose of creating a conduit for charitable contributions and fundraising activities intended to finance various Library projects. The Foundation's Board of Directors is comprised of 15 members. All members were elected by the Foundation's Board. The Library's CEO serves as a member of the Foundation's Board.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 14 RELATED PARTIES (continued)**

The Library also has a staff member who serves as the Foundation Director. Three members of the Library's Board of Trustees are appointed annually to the Foundation Board. The Foundation is a Section 501(c)(3) organization and reports independently from the Library.

The Foundation is reported as a component unit of the Library as the amount of assets and contributions from the Foundation to the Library are material to the financial statements as a whole. For the year ended June 30, 2025, the Foundation provided contributions of \$47,627, plus other support amounting to \$3,375, and there is also a \$29,914 receivable from the Foundation which is included in miscellaneous receivables on the statement of net position and governmental funds balance sheet.

### **NOTE 15 RISK MANAGEMENT**

The Library 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. The County purchases commercial insurance to cover the Library's buildings. Other claims are covered by the County's Self-Insurance Fund. As a condition to this participation, the Library must provide, at the County's request, a physical inventory of all building contents, which the risk management department of the County appraises for insurance purposes. In addition, the County performs an inspection of all Library buildings annually. There have been no significant reductions in insurance coverage from the prior year. In addition, the amount of settlements has not exceeded insurance coverage for each of the past three fiscal years.

### **NOTE 16 COMPONENT UNIT**

#### Summary of Significant Accounting Policies

##### *Nature of Operations*

The Foundation was established on November 2, 1998, and began operations in 1999. The Foundation serves to augment the financial resources of the Library, promote awareness of its services, and facilitate its development as a creative environment within the County that encourages the acquisition of knowledge and the love of reading. The Foundation is a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code).

##### *Accounting Standards Codification*

All references in the financial statements to the Codification refer to the ASC and the hierarchy of U.S. GAAP issued by the FASB. The Codification is the single source of authoritative GAAP in the United States for non-government organizations.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 16      COMPONENT UNIT (continued)**

#### Summary of Significant Accounting Policies (continued)

##### *Use of Estimates*

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

##### *Cash and Cash Equivalents*

At times, the Foundation may have bank deposits that exceed the federally insured limits. The Foundation believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Foundation considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

##### *Basis of Accounting and Presentation*

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. GAAP. Under the accrual basis of accounting, support and revenue are recorded when earned and expenses are recorded when incurred. Net assets, revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time, and/or purpose restrictions.

##### *Contributions*

Contributions received and unconditional promises to give are measured at their fair values and reported as an increase in net assets with or without donor restrictions depending on the existence and nature of any donor restrictions. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets or designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets without donor restrictions represent economic resources of the Foundation which are expendable for any purpose in performing the primary objectives of the Foundation under the discretionary control of the Board of Directors.

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### **NOTE 16      COMPONENT UNIT (continued)**

#### Summary of Significant Accounting Policies (continued)

##### *Contributions (continued)*

Net assets with donor restrictions include all contributions restricted for specific purposes by the donors. Restrictions typically require expenditures for specific branches of the Library.

##### *Donated Services and Facilities*

Personnel from the Library have donated their services to the Harford County Public Library Foundation, Inc. (the Foundation). Additionally, the Library has donated the use of certain facilities. These donated services and facilities have not been reflected in the financial statements since the services do not require specialized skills, and there is no practical basis to value the use of the facilities.

##### *Income Taxes*

The Foundation is exempt from federal and state income taxes under Section 501(c)(3) of the Code. In addition, the Internal Revenue Service has determined the Foundation is not a private foundation within the meaning of Section 509(a) of the Code.

The Foundation follows the provisions of Accounting for Uncertainty in Income Taxes under the Income Taxes Topic of the Codification. The Codification requires the evaluation of tax positions, which include maintaining its tax-exempt status and the taxability of any unrelated business income and does not allow recognition of tax positions that do not meet a more-likely-than-not threshold of being sustained by the applicable tax authority. Management does not believe it has taken any tax positions that would not meet this threshold.

##### In-Kind Contributions

The Foundation receives contributions of various goods, services, and facilities from third-party donors. These contributions and their related expenses are reported at their estimated fair value in the period received. In-kind contributions were \$149,849 during the year ended June 30, 2025. A significant portion of the Foundation's in-kind contributions is received from vendors to support the Foundation's annual fundraising gala. Gala event revenue and expenditures included \$132,000 of donated goods, services, and facilities for the year ended June 30, 2025.

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 16      COMPONENT UNIT *(continued)*

#### Net Assets

Net assets with donor restrictions at June 30, 2025, are restricted for the following purposes:

<i>Subject to expenditure for specified purposes</i>	
Aberdeen Campaign	\$ 76,921
Aberdeen Materials	350
Abington Campaign	5,186
Bel Air Campaign	-
Bel Air Children's Campaign	28,053
Bel Air Genealogy Research	922,211
Bel Air Materials	1,009
Darlington Campaign	100
Edgewood Campaign	12,813
Fallston Campaign	2,036
General Restricted	61,625
Havre de Grace Building Campaign	37,080
Havre de Grace Campaign	6,363
Innovation Initiatives	2,030
Innovation Lab	19,416
Jarrettsville Campaign	7,113
Joppa Campaign	651
Leap Program	4,018
Little Leapers	29,986
Materials Purchases	920
Norrisville Campaign	1,200
Partners in Reading	855
Rolling Reader	6,093
Silver Reader	3,328
Summer Reading Program	7,511
Whiteford Campaign	44,253
<b>Total net assets with donor restrictions</b>	<b>\$ 1,281,121</b>

## HARFORD COUNTY PUBLIC LIBRARY

Notes to Basic Financial Statements  
For the Year Ended June 30, 2025

### NOTE 16 COMPONENT UNIT (continued)

#### Liquidity and Availability of Financial Assets

The Foundation's financial assets available to meet cash needs for general expenditures within one year of the statement of financial position date are as follows:

Cash and cash equivalents	\$ 1,568,514
Contributions receivable	<u>34,644</u>
Total financial assets	1,603,158
<i>Donor-imposed restrictions</i>	
Donor contributions restricted to specific purposes	<u>(1,281,121)</u>
<b>Financial assets available to meet cash needs for general expenditures within one year</b>	
	<u>\$ 322,037</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

#### Functional Expenses

The Foundation's expenses by functional classification for the year ended June 30, 2025, are as follows:

	Program	Management and General	Fundraising	Total
Donations to Library	\$ 50,902	\$ -	\$ -	\$ 50,902
Accounting and auditing	-	32,974	-	32,974
Bank fees	-	118	-	118
Board	-	572	-	572
Insurance	-	1,937	-	1,937
Marketing and promotion	-	131	5,483	5,614
Office supplies	-	4,849	-	4,849
Postage	-	1,535	-	1,535
<b>Total expenses</b>	<b>\$ 50,902</b>	<b>\$ 42,116</b>	<b>\$ 5,483</b>	<b>\$ 98,501</b>

The Foundation evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through August 13, 2025, the date the financial statements were available to be issued.

## **HARFORD COUNTY PUBLIC LIBRARY**

### Notes to Basic Financial Statements

For the Year Ended June 30, 2025

#### **NOTE 17 SUBSEQUENT EVENTS**

Events that occur after the statement of net position date, but before the financial statements were available to be issued, must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net position date are recognized in the accompanying financial statements. Subsequent events that provide evidence about conditions that existed after the statement of net position date require disclosure in the accompanying notes. Management evaluated the activity of the Library through September 12, 2025, which is the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

## HARFORD COUNTY PUBLIC LIBRARY

### Schedule of Required OPEB-Related

### Supplementary Information

As of June 30, 2025

Changes in Employer's Net OPEB Liability (Asset) and Related Ratios	(\$000s omitted)							
	2025	2024	2023	2022	2021	2020	2019	2018
<i>Total OPEB liability (asset)</i>								
Service cost	\$ 280	\$ 116	\$ 108	\$ 222	\$ 865	\$ 1,077	\$ 1,375	\$ 691
Interest	413	437	411	498	1,275	1,453	1,422	651
Differences between expected and actual experience	-	(243)	(748)	(2,084)	(19,826)	(443)	805	206
Changes of assumptions	-	(801)	1,046	(746)	(2,018)	(6,006)	(6,628)	16,599
Benefit payments	(334)	(290)	(251)	(204)	(173)	(111)	(222)	(345)
Net change in total OPEB liability (asset)	359	(781)	566	(2,314)	(19,877)	(4,030)	(3,248)	17,802
Beginning total OPEB liability	5,787	6,568	6,002	8,316	28,193	32,223	35,471	17,669
Ending total OPEB liability (asset)	6,146	5,787	6,568	6,002	8,316	28,193	32,223	35,471
<i>Plan fiduciary net position</i>								
Employer contributions	334	1,440	531	484	453	342	503	3,429
Net investment income	746	591	506	(717)	1,026	71	176	-
Benefit payments	(334)	(290)	(251)	(204)	(173)	(111)	(222)	(345)
Administrative expense	-	-	(19)	(19)	(17)	(17)	(7)	-
Net change in fiduciary net position	746	1,741	767	(456)	1,289	285	450	3,084
Beginning fiduciary net position	7,160	5,419	4,652	5,108	3,819	3,534	3,084	-
Ending fiduciary net position	7,906	7,160	5,419	4,652	5,108	3,819	3,534	3,084
<b>Library's net OPEB liability (asset) - ending</b>	<b>\$ (1,760)</b>	<b>\$ (1,373)</b>	<b>\$ 1,149</b>	<b>\$ 1,350</b>	<b>\$ 3,208</b>	<b>\$ 24,374</b>	<b>\$ 28,689</b>	<b>\$ 32,387</b>
Plan fiduciary net position as a percentage of the total OPEB liability	128.64%	123.74%	82.51%	77.51%	61.42%	13.55%	10.97%	8.69%
Covered-employee payroll *	\$ 3,105	\$ 3,779	\$ 4,599	\$ 4,292	\$ 8,527	\$ 8,185	\$ 7,844	NA
Library's net OPEB liability (asset) as a percentage of covered-employee payroll	(56.68)%	(36.33)%	24.98%	31.45%	37.62%	297.79%	365.74%	NA
Annual investment return	5.60%	6.50%	5.70%	(4.69%)	10.81%	1.74%	7.70%	6.60%

The above schedules are presented to illustrate the requirement for specified information for 10 years. However, until a full 10-year trend is compiled, information is only presented for those years for which information is available.

## **HARFORD COUNTY PUBLIC LIBRARY**

### Schedule of Required OPEB-Related

### Supplementary Information (*continued*)

As of June 30, 2025

## **Benefit Terms**

There were no benefit changes during the year.

## **Actuarial Information**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Valuation date - June 30,	7/1/24; rolled forward to June 30, 2025 using standard methodology	7/1/2024	7/1/2023	7/1/21; rolled forward to June 30, 2022 using standard methodology	7/1/2021	7/1/19; rolled forward to June 30, 2020 using standard methodology	7/1/2019	7/1/18; rolled forward to June 30, 2019 using standard methodology
Actuarial cost method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset valuation method	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value	Fair Market Value
Expected return on assets	7.00%	7.00%	6.81%	6.86%	7.00%	7.00%	7.00%	6.50%
Discount rate	7.00%	7.00%	6.81%	6.86%	4.40% - 5.90%	4.37% - 4.40%	3.87% - 4.37%	3.58%
General inflation	2.50%	2.50%	2.30%	2.40%	2.10%	2.50%	2.50%	2.50%

See Notes to Required Pension-Related Supplementary Information

## HARFORD COUNTY PUBLIC LIBRARY

### Schedule of Required Pension-Related

### Supplementary Information

For the Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<i>Schedule of the Library's Proportionate Share of the Net Pension Liability for the Employees' Retirement and Pension System</i>										
Library's proportion (%) of the collective net pension liability										
Library's proportionate share (\$ of the collective net pension liability	\$ 2,711,023	\$ 2,255,971	\$ 1,860,506	\$ 1,299,252	\$ 1,703,190	\$ 1,649,770	\$ 1,585,269	\$ 1,353,117	\$ 1,565,686	\$ 1,604,327
Library's covered payroll (\$)	\$ 2,188,636	\$ 2,614,676	\$ 2,158,623	\$ 1,954,204	\$ 1,793,669	\$ 1,794,052	\$ 1,882,204	\$ 1,543,072	\$ 1,569,830	\$ 1,664,205
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	123.87%	86.28%	86.19%	66.48%	94.96%	91.96%	84.22%	87.69%	99.74%	96.40%
Plan fiduciary net position as a percentage of the total pension liability	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%
<i>Schedule of the Library's Proportionate Share of the Net Pension Liability for the Teachers' Retirement and Pension System</i>										
Library's proportion (%) of the collective net pension liability										
Library's proportionate share (\$ of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of the State of Maryland's total proportionate share (\$ of the collective net pension liability that is associated with the Library	\$ 15,104,678	\$ 11,800,597	\$ 9,616,100	\$ 7,643,134	\$ 12,955,986	\$ 12,326,327	\$ 12,726,328	\$ 13,731,491	\$ 15,377,503	\$ 12,518,650
Sum of the Library's and portion of the State of Maryland's total proportionate share (\$ of the collective net pension liability that is associated with the Library	\$ 15,104,678	\$ 11,800,597	\$ 9,616,100	\$ 7,643,134	\$ 12,955,986	\$ 12,326,327	\$ 12,726,328	\$ 13,731,491	\$ 15,377,503	\$ 12,518,650
Library's covered payroll	\$ 8,870,375	\$ 9,918,346	\$ 8,100,285	\$ 7,393,766	\$ 7,359,343	\$ 7,685,992	\$ 7,258,936	\$ 8,986,432	\$ 7,376,130	NA
Library's proportionate share of the collective net pension liability as a percentage of its covered payroll	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Plan fiduciary net position as a percentage of the total pension liability	72.08%	73.81%	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	NA

See Notes to Required Pension-Related Supplementary Information

**HARFORD COUNTY PUBLIC LIBRARY**

## Schedule of Required Pension-Related

Supplementary Information (*continued*)

For the Year Ended June 30, 2025

**Employees' Retirement and Pension System**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 274,307	\$ 269,852	\$ 238,907	\$ 212,221	\$ 190,833	\$ 161,572	\$ 164,253	\$ 150,663	\$ 127,364	\$ 129,274
Contributions in relation to the contractually required contribution	<u>(274,307)</u>	<u>(269,852)</u>	<u>(238,907)</u>	<u>(212,221)</u>	<u>(190,833)</u>	<u>(161,572)</u>	<u>(164,253)</u>	<u>(150,663)</u>	<u>(127,364)</u>	<u>(129,274)</u>
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>									
Library's covered payroll	\$ 2,188,636	\$ 2,235,594	\$ 2,614,676	\$ 2,158,623	\$ 1,954,204	\$ 1,793,669	\$ 1,794,052	\$ 1,882,204	\$ 1,543,072	\$ 1,569,830
Contributions as a percentage of covered payroll	13%	12%	9%	10%	10%	9%	9%	8%	8%	8%

See Notes to Required Pension-Related Supplementary Information

## **HARFORD COUNTY PUBLIC LIBRARY**

Notes to Required Pension-Related  
Supplementary Information  
For the Year Ended June 30, 2025

### **Benefit Terms**

There were no benefit changes during the year.

### **Actuarial Assumptions**

	<b>Change from Fiscal Year 2017 to 2018</b>	<b>Change from Fiscal Year 2018 to 2019</b>	<b>Change from Fiscal Year 2019 to 2020</b>	<b>Change from Fiscal Year 2020 to 2021</b>	<b>Change from Fiscal Year 2021 to 2022</b>	<b>Change from Fiscal Year 2022 to 2023</b>	<b>Change from Fiscal Year 2023 to 2024</b>
Inflation general	2.65% to 2.60%	2.60% to 2.65%	2.65% to 2.60%	2.60% to 2.25%	No change	No change	No change
Investment return	7.5% to 7.45%	7.45% to 7.40%	No change	7.40% to 6.80%	No change	No change	No change
Salary increases	3.15% to 3.10%	No change	No change	3.10% to 2.75%	No change	No change	No change
Discount rate	7.5% to 7.45%	7.45% to 7.40%	No change	7.40% to 6.80%	No change	No change	No change



**MITCHELL TITUS**

**INDEPENDENT AUDITOR'S 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**

Board of Trustees  
Harford County Public Library

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, the discretely presented component unit, the general fund, and the aggregate remaining fund information of Harford County Public Library, a component unit of Harford County, Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Harford County Public Library's basic financial statements, and have issued our report thereon dated September 12, 2025. The financial statements of the Harford County Public Library Foundation, Inc. were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Harford County Public Library Foundation, Inc.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Harford County Public Library's 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 the Harford County Public Library's internal control. Accordingly, we do not express an opinion on the effectiveness of the Harford County Public Library's internal control.

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

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## MITCHELL TITUS

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

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Harford County Public Library's 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 the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mitchell Titus, LLP*

September 12, 2025

