BOARD OF EDUCATION OF ALLEGANY COUNTY

FINANCIAL REPORT

AS OF JUNE 30, 2021 AND FOR THE YEAR THEN ENDED

BOARD OF EDUCATION OF ALLEGANY COUNTY

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)	4-19
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	20
Statement of Activities	21
Fund Financial Statements:	
Balance Sheet – Governmental Funds	22
Reconciliation of Governmental Fund Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	24
Reconciliation of Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	25
Statement of Net Position – Proprietary Funds	26
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	27
Statement of Cash Flows – Proprietary Funds	28
Statement of Fiduciary Net Position – Fiduciary Funds	29
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	30
NOTES TO FINANCIAL STATEMENTS	31-66

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund 67

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Funds – Restricted (Current Expense) and Food Service 68

Reconciliation of Budgetary Basis to GAAP 69

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION 70-73

Schedule of Net Other Post-Employment Benefit Liability and Related Ratios 74

Retiree Post-Employment Benefits - Schedule of Changes in the Board's Net OPEB and Related Ratios 75

Schedule of the Board's Proportionate Share of the Net Pension Liability – Maryland State Retirement and Pension System 76

Schedule of the Board's Contributions - Maryland State Retirement and Pension System 77

SUPPLEMENTARY INFORMATION

School Activities - Increases, Decreases and Balances by School 78

Statement Concerning Debt Service Fund for Public School Construction 79

Huber, Michaels & Company

Certified Public Accountants

110 S. Centre Street, Cumberland, MD 21502 • PH (301)722-4455 • FAX (301)722-5004 • www.hmccpa.com

INDEPENDENT AUDITORS' REPORT

Board of Education of Allegany County
Cumberland, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Board of Education of Allegany County, Maryland, a component unit of Allegany County, Maryland, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Board of Education of Allegany County, Maryland, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison, Reconciliation of Budgetary Basis to GAAP, the schedule of net other post-employment benefit liability and related ratios, retiree post-employment benefits – schedule of changes in the Board's net OPEB and related ratios, schedule of the Board's proportionate share of the net pension liability – Maryland State Retirement and Pension System, schedule of the Board's contributions - Maryland State Retirement and Pension System and on pages four (4) through nineteen (19) and sixty-seven (67) through seventy-seven (77) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board of Education of Allegany County, Maryland's basic financial statements. The accompanying School Activities - Increases, Decreases and Balances by School and the Statement Concerning Debt Service Fund for Public School Construction are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The School Activities - Increases, Decreases and Balances by School is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the School Activities - Increases, Decreases and Balances by school and the Statement Concerning Debt Service Fund for Public Schools Construction are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2022, on our consideration of the Board of Education of Allegany County, Maryland'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 the Board of Education of Allegany County, Maryland's 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 the Board of Education of Allegany County, Maryland's internal control over financial reporting and compliance.

Huber, Michaels & Company

Cumberland, Maryland
January 10, 2022

Our discussion and analysis of The Board of Education of Allegany County's financial performance provides an overview of the School System's financial activities for the fiscal years ended June 30, 2021 and 2020, respectively. Please read this in conjunction with the basic financial statements, notes to the basic financial statements, and the required supplemental information for a complete and detailed understanding.

At the end of fiscal year 2008, the Board implemented GASB Statement Number 39; *Determining Whether Certain Organizations are Component Units*. This statement addresses the conditions under which institutions should include associated fundraising or research foundations as component units in their financial statements. Under the previous accounting standards, the Board had no component units. Under the new standards, one entity meets the criteria of qualifying as a component unit. The component unit is the Allegany County Building Trades Education Foundation Inc. This component unit is included in the accompanying financial statements in a separate column. However, the following discussion and analysis does not include their financial condition and activities. Separately issued financial statements for the component unit are available as discussed in Note 1 of the financial statements.

The goal of Management's Discussion and Analysis (MD&A) is for the School System's financial managers to provide the reader an easy-to-understand overview and analysis of the school district's financial position and results of operations for the year based on currently known facts, decisions, and conditions.

FINANCIAL HIGHLIGHTS

On a system-wide basis the net position of the School System increased by $6,562,036 (5.01%) during the fiscal year ended June 30, 2021 when compared to fiscal 2020's restated net position. Cash increased by $3,344,381 (8.95%) to $40,732,168 from the prior year of $37,387,787 while Accounts Payable increased from $2,396,437 to $3,799,802, an increase of $1,403,365.

Total Governmental Funds revenues for the fiscal year ended June 30, 2021, were $148,264,185. This represents an increase of $7,211,306 (5.11%) over the prior fiscal year as restated. The system received an increase of $2,617,590 in School Construction revenues as restated based upon the timing of the completion of construction projects in progress compared to the prior year's funding for construction still in process. The school system received more state aid due to per pupil amounts increasing even though overall enrollment continued to decline. State direct revenues within the General fund increased by $314,219 (0.37%). State direct revenues within the Restricted fund increased by $713,801 which relates to the Blueprint for Maryland's Future funding for 2021.

Total Governmental Funds expenses for the fiscal year ended June 30, 2021 were $138,717,734. This represents an increase of $4,165,534 (3.10%) from the prior fiscal year. This increase was mainly attributable to restricted CARES grant expenditures for items such as technology, virtual learning platform, online resources, personal protective equipment, summer school and tutoring

opportunities. Spending increased within the restricted fund by $5,120,240 or 41.31% compared to the prior year.

The Current Expense Fund total fund balance as of June 30, 2021, was $32,527,434. This represents an increase of $6,115,370 (23.15%) to the fund balance from June 30, 2020. The school system is self-funded with regard to healthcare costs. The stabilization of healthcare claims, decreases in instructional costs, decreases in special education and student transportation had a dramatic impact on the school system's financial status during fiscal 2021. Moreover, many expenses were not incurred during the fiscal year as a result of changes in instruction due to COVID.

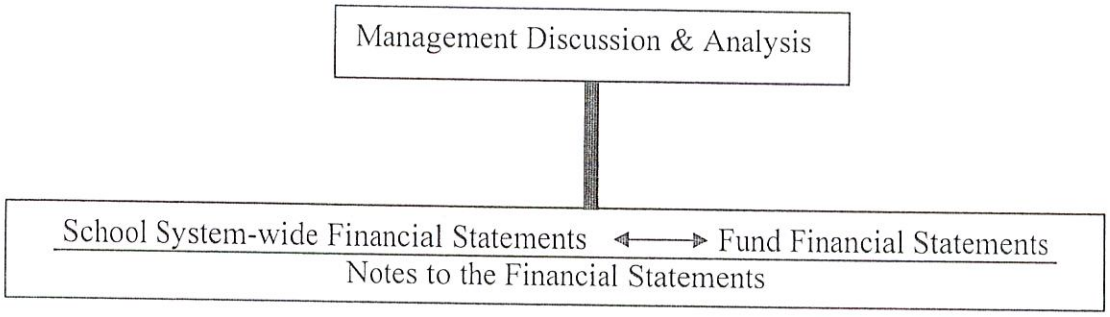
The Current Expense Fund unassigned fund balance as of June 30, 2021, was $32,477,434. This represents an increase of $6,115,370 (23.20%) from unassigned fund balance at June 30, 2020.

Current Expense Fund revenues were below the final budget by $999,140 (.85%). The system budgeted to use $1,420,643 of fund balance in fiscal 2021, to add any technology necessary to supplement the district's online learning platform and student technology as well as additional behavioral mental health positions. These needs were met through the use of CARES grant funding so fund balance was not utilized. Revenue relating to the state's portion of non-public placements were below budget by $319,182. The system also had a positive revenue impact as a result of the Blueprint for Maryland's Future funding relating to the Teacher Salary Incentive Grant of $992,058.

Current Expense Fund expenses and transfers were under budget by $7,114,510 (6.06%). The system controls labor costs by evaluating positions that come open during the school year. Also, as a result of COVID, there were several programs that were not able to occur during the course of the year that had been budgeted such as Outdoor School and some after-school programs. Fixed charges were also positive based upon healthcare expense allocations being significantly less than budgeted. Maintenance and operations were under budget due to controlling labor costs and not having major building incidents or major equipment failures. Transportation fuel costs also trended positive compared to plan as a result of fuel costs remaining relatively stable and below the budgeted amount. Also, as a result of COVID and distance learning, the district had savings as a result of buses not being on the road for a significant portion of the year.

The unrestricted final General Fund budget increased by $1,611,552 (1.39%) to $117,369,085 compared to the $115,757,533 budget for the period ended June 30, 2020. The school system received funding from county government of $31,138,670. This funding represents the legal maintenance of effort. Additional state revenue was received due to the state increase in the per pupil amounts in the state funding formulas compared to prior year. The state's funding also represents an increase related to the Blueprint for Maryland's Future funding. This funding was prioritized by the state for fiscal 2020 and 2021 and is based upon the recommendations of the Commission on Innovation and Excellence in Education (commonly known as the Kirwan Commission).

BASIC FINANCIAL STATEMENTS



The illustration above represents the minimum requirements for the general-purpose external financial statements.

School System-wide Financial Statements

In addition to the MD&A, the System-wide Financial Statements are the other primary addition to financial reporting under GASB Statement No. 34. The System-wide perspective is designed to provide readers with a complete financial view of the entity known as The Board of Education of Allegany County. The financial presentation of this perspective is similar to a private sector business. An analysis of the School System as a whole and as to whether it is better off as a result of the year's activities is reflected in the Statement of Net Position and the Statement of Activities.

The *Statement of Net Position* presents information on all of the assets and liabilities of the School System with the difference between the two reported as *net position.* Over time, increases or decreases in the System's net position are one indicator as to whether the System's financial health is improving or deteriorating. Keep in mind to consider other non-financial factors to assess the overall health of the System. Deferred Outflows and Deferred Inflows are reported on the *Statement of Net Position.* The *Statement of Activities* presents information showing how the School System's net position changed during the most recent fiscal year.

These statements measure the change in total economic resources during the period utilizing the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is actually received or paid. This means that any change in net position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (like earned, but unused employee leave), or for which cash has already been expended (depreciation of buildings and equipment already purchased).

Fund Financial Statements

A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Board of Education of Allegany County uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The School System's funds are comprised of three categories: government funds, proprietary funds and fiduciary funds. Government funds include the unrestricted General Fund, restricted General Fund, Food Service and School Construction Funds. Proprietary funds include the Information Technology Fund. Fiduciary funds include School Activities, Retiree Insurance Benefit Trust, Retiree Insurance Benefit Plan and Retiree Health Plan Trust Funds.

The measurement focus of these statements is current financial resources; therefore, the emphasis is placed on the cash flows of the organization within the reporting period or in the near future. Accordingly, the modified accrual basis of accounting that measures these cash flows is used. In the case of The Board of Education of Allegany County, open encumbrances are excluded from expenditures in all funds, except for the restricted General Fund.

Budgetary presentation of individual fund financial information, utilizing the current financial resources, measurement focus and the budgetary basis of accounting, is presented as part of the Fund Financial Statements as well. In these statements, available cash flows of the School System are measured, as well as the commitment to acquire goods or services with such cash flows.

This is the legal basis upon which the budget is adopted so budget comparisons are provided.

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

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

Fiduciary Responsibility - School Activity Fund, Retiree Insurance Benefit Plan Fund, Retiree Insurance Benefit Trust, And Retiree Health Plan Trust Funds

The School System is the trustee for four fiduciary funds: the School Activity Fund, the Retiree Insurance Benefit Plan Fund, the Retiree Insurance Benefit Trust, and Retiree Health Plan Trust Fund. These funds are reported as separate Agency Funds. The trust funds are included in the Government Wide Statement of Net Position as a result of GASB 75. We are responsible for ensuring that the assets reported in the School Activity Fund, Retiree Insurance Benefit Plan Fund, Retiree Insurance Benefit Trust, and Retiree Health Plan Trust Fund are used for their intended purpose.

The unrestricted portion of net position at June 30, 2021, of $13,526,234 is the result of combining the unreserved fund balances of the Governmental Funds with the unreserved fund balances of the Business-type Activities. This represents an increase of $6,428,961 from the prior year where the unrestricted net position showed $7,097,273.

We are committed by employee agreements to pay most employees at retirement their earned, unused sick leave up to 140 days at $30 per day. The long-term portion of compensated absences is $2,039,302 and is the amount we expect to pay beyond June 30, 2022. This liability is funded on a "pay as you go" basis from current financial resources.

	Total Cost of Services			Net (Expense) Revenue		
	June 30, 2021	June 30, 2020	% Change	June 30, 2021	June 30, 2020	% Change
Administration	$ 2,173,067	$ 2,961,080	-26.61%	$ (2,078,576)	$ (2,898,179)	-28.28%
Mid-level Administration	7,282,774	6,927,659	5.13%	(6,998,184)	(6,626,850)	5.60%
Instruction (Regular and Special Education)	73,092,302	68,119,379	7.30%	(59,734,779)	(59,371,575)	0.61%
Student Personnel and Health Services	1,261,548	1,577,160	-20.01%	(1,195,139)	(1,299,407)	-8.02%
Student Transportation	5,662,574	5,810,094	-2.54%	(5,646,552)	(5,772,298)	-2.18%
Operation, Maintenance and Capital Outlay	9,967,404	9,653,652	3.25%	(5,950,430)	(8,926,383)	-33.34%
Fixed Charges	31,433,113	33,839,592	-7.11%	(21,194,974)	(23,688,862)	-10.53%
Community Services	764,334	508,292	50.37%	(5,600)	(6,341)	-11.69%
Food Services	4,047,548	4,853,071	-16.60%	(700,182)	(658,374)	6.35%
Depreciation & Other	5,600,379	5,690,088	-1.58%	(5,600,379)	(5,690,088)	-1.58%
Total	$ 141,285,043	$ 139,940,067	0.96%	$ (109,104,795)	$ (114,938,357)	-5.08%

Results of operations for the School System as a whole are presented in the Statement of Activities. The cost of all governmental activities is $141,285,043 of which $26,346 was financed by users of the School System's programs. Grants and contributions from Federal and State governments for certain programs were $32,153,902. Net services costs were $109,104,795. Interest on capital leases is included within Administration and Instruction.

The School System is fiscally dependent on local and state aid to fund its daily operations. Approximately, 78% of the School System's Governmental Activities comes from these sources. State aid is largely formula-driven based on student population and wealth. Local revenue, provided by the Allegany County Government, is dependent upon the economic condition of the County. Most of the operating and capital grant funding is from the State and County governments and Federal grants passing through the State. These operating and capital grants represent approximately 22% of the School System's funding.

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

Condensed Statement of Net Position

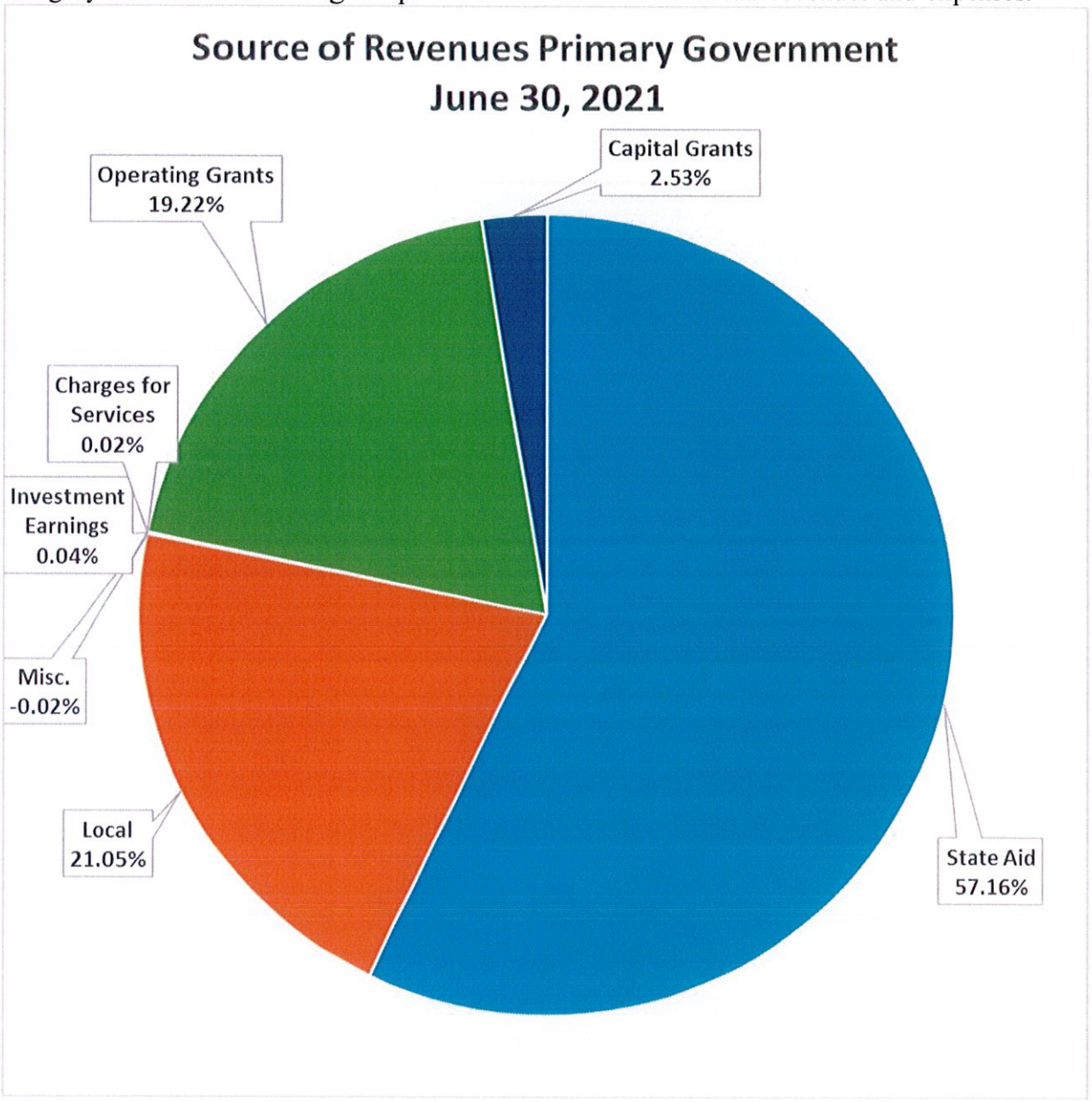
	Governmental Activities				Business-type Activities				Total School System			
	June 30, 2021	June 30, 2020 As Restated	$ Change	% Change	June 30, 2021	June 30, 2020	$ Change	% Change	June 30, 2021	June 30, 2020 As Restated	$ Change	% Change
Current and Other Assets	$ 59,050,086	$ 48,604,798	$ 10,445,288	21.49%	$ (24,247)	$ 19,777	$ (44,024)	-222.60%	$ 59,025,839	$ 48,624,575	$ 10,401,264	21.39%
Capital Assets	119,512,056	121,222,806	(1,710,750)	-1.41%	-	2,382	(2,382)	-100.00%	119,512,056	121,225,188	(1,713,132)	-1.41%
Total Assets	$ 178,562,142	$ 169,827,604	$ 8,734,538	5.14%	$ (24,247)	$ 22,159	$ (46,406)	-209.42%	$ 178,537,895	$ 169,849,763	$ 8,688,132	5.12%
Deferred Outflow of Resources	3,524,573	3,767,336	(242,763)	-6.44%					3,524,573	3,767,336	(242,763)	-6.44%
Current and Other Liabilities	$ 20,929,748	$ 18,058,421	$ 2,871,327	15.90%	$ 16,757	$ 13,896	$ 2,861	20.59%	$ 20,946,505	$ 18,072,317	$ 2,874,188	15.90%
Long-term Net OPEB Liability	10,485,511	15,387,904	(4,902,393)	-31.86%					10,485,511	$ 15,387,904	$ (4,902,393)	-31.86%
Long-term Liabilities	8,365,422	8,141,522	223,900	2.75%					8,365,422	8,141,522	223,900	2.75%
Total Liabilities	$ 39,780,681	$ 41,587,847	$ (1,807,166)	-4.35%	$ 16,757	$ 13,896	$ 2,861	20.59%	$ 39,797,438	$ 41,601,743	$ (1,804,305)	-4.34%
Deferred Inflow of Resources	4,837,124	1,149,486	3,687,638	320.81%					4,837,124	1,149,486	3,687,638	320.81%
Net Assets:												
Invested in Capital Assets, Net of Related Debt	$ 119,226,418	$ 120,844,140	$ (1,617,722)	-1.34%	$ -	$ 2,382	$ (2,382)	-100.00%	$ 119,226,418	$ 120,846,522	$ (1,620,104)	-1.34%
Restricted	4,675,254	2,922,075	1,753,179	60.00%					4,675,254	2,922,075	1,753,179	60.00%
Unrestricted	13,567,238	7,091,392	6,475,846	-91.32%	(41,004)	5,881	(46,885)	-797.23%	13,526,234	7,097,273	6,428,961	-90.58%
Total Net Position	$ 137,468,910	$ 130,857,607	$ 6,611,303	5.05%	$ (41,004)	$ 8,263	$ (49,267)	-596.24%	$ 137,427,906	$ 130,865,870	$ 6,562,036	5.01%

Changes in Net Position from Operating Results

	Governmental Activities				Business-type Activities				Total School System			
	June 30, 2021	June 30, 2020 * As Restated	$ Change	% Change	June 30, 2021	June 30, 2020	$ Change	% Change	June 30, 2021	June 30, 2020 * As Restated	$ Change	% Change
Program Revenues:												
Charges for Services	$ 26,346	$ 642,757	$ (616,411)	-95.90%	$ 109,879	$ 166,515	$ (56,636)	-34.01%	$ 136,225	$ 809,272	$ (673,047)	-83.17%
Operating Grants and Contributions	28,422,583	23,743,516	4,679,067	19.71%					28,422,583	23,743,516	4,679,067	19.71%
Capital Grants and Contributions	3,731,319	925,437	2,805,882	303.20%					3,731,319	925,437	2,805,882	303.20%
General Revenues:												
County Government	31,138,670	30,734,335	404,335	1.32%					31,138,670	30,734,335	404,335	1.32%
Grants and Contributions(unrestricted)	84,559,639	84,245,420	314,219	0.37%					84,559,639	84,245,420	314,219	0.37%
Other	17,789	252,550	(234,761)	-92.96%	156,898	209,236	(52,338)	-25.01%	174,687	461,786	(287,099)	-62.17%
Total Revenues	$ 147,896,346	$ 140,544,015	$ 7,352,331	5.23%	$ 266,777	$ 375,751	$ (108,974)	-29.00%	$ 148,163,123	$ 140,919,766	$ 7,243,357	5.14%
Administration	$ 2,173,067	$ 2,961,080	(788,013)	-26.61%					2,173,067	2,961,080	(788,013)	-26.61%
Mid-level Administration	7,282,774	6,927,659	355,115	5.13%					7,282,774	6,927,659	355,115	5.13%
Instruction(regular and special education)	73,092,302	68,119,379	4,972,923	7.30%					73,092,302	68,119,379	4,972,923	7.30%
Student Personnel and Health Services	1,261,548	1,577,160	(315,612)	-20.01%					1,261,548	1,577,160	(315,612)	-20.01%
Student Transportation	5,662,574	5,810,094	(147,520)	-2.54%					5,662,574	5,810,094	(147,520)	-2.54%
Operation, Maintenance and Capital Outlay	9,967,404	9,653,652	313,752	3.25%					9,967,404	9,653,652	313,752	3.25%
Fixed Charges	31,433,113	33,839,592	(2,406,479)	-7.11%					31,433,113	33,839,592	(2,406,479)	-7.11%
Community Services	764,334	508,292	256,042	50.37%					764,334	508,292	256,042	50.37%
Food Service	4,047,548	4,853,071	(805,523)	-16.60%					4,047,548	4,853,071	(805,523)	-16.60%
Depreciation & Other	5,600,379	5,690,088	(89,709)	-1.58%	316,044	377,312	(61,268)	-16.24%	5,916,423	6,067,400	(150,977)	-2.49%
Total Expenses	$ 141,285,043	$ 139,940,067	$ 1,344,976	0.96%	$ 316,044	$ 377,312	$ (61,268)	-16.24%	$ 141,601,087	$ 140,317,379	$ 1,283,708	0.91%
Increase(Decrease) in Net Position	$ 6,611,303	$ 603,948	$ 6,007,355	994.68%	$ (49,267)	$ (1,561)	$ (47,706)	-3056.12%	$ 6,562,036	$ 602,387	$ 5,959,649	989.34%

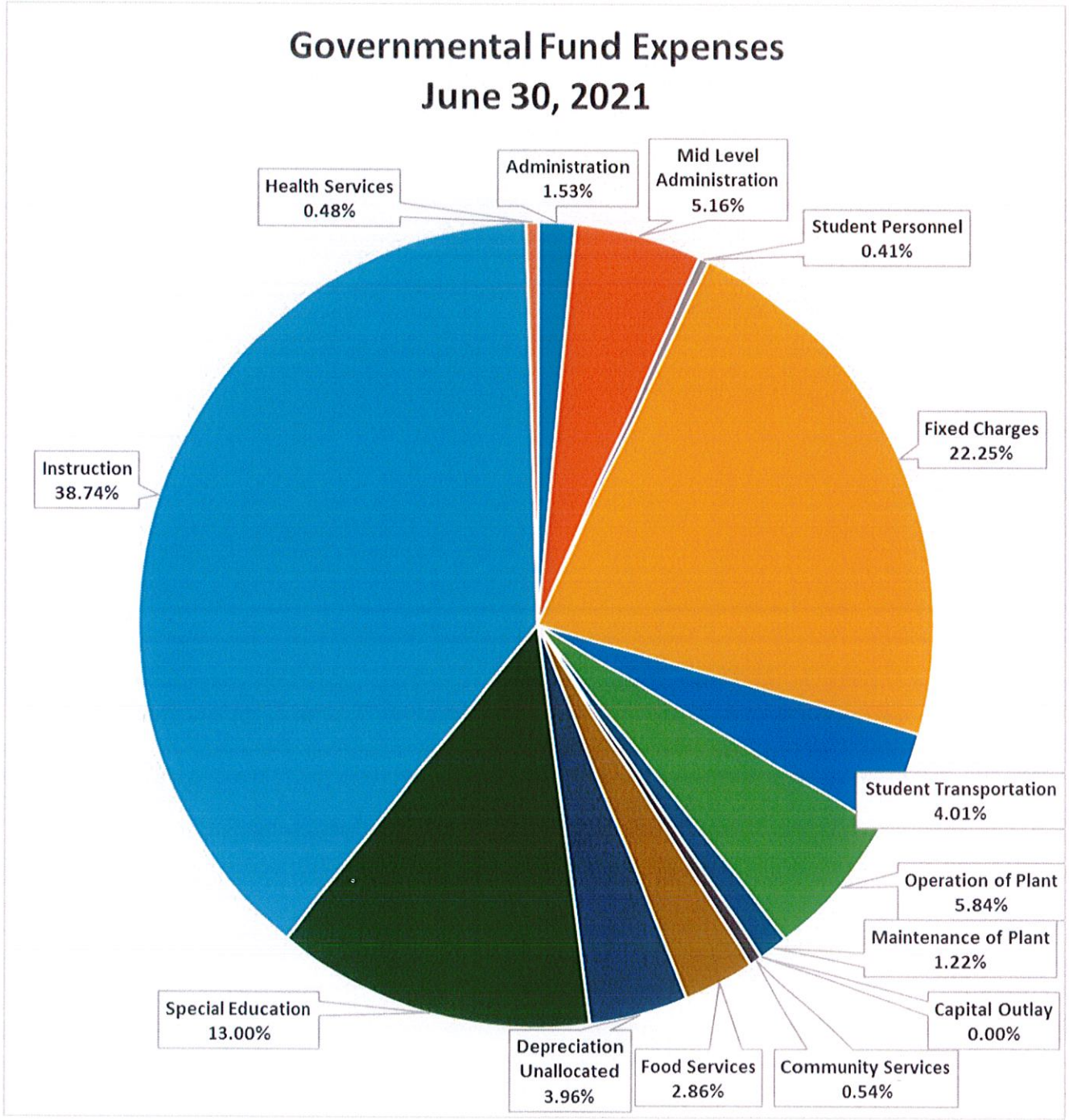
GENERAL FUND (CURRENT EXPENSE) BUDGETARY HIGHLIGHTS

The Current Expense Fund operates under a legally adopted annual budget. The budget is subdivided into State mandated categories of expenditures. These categories are Administration, Mid-level Administration, Instructional Salaries, Textbooks and Instructional Supplies, Other Instructional Costs, Special Education, Student Personnel Services, Student Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Fixed Charges, Community Services, Food Services, and Capital Outlay. The legal level of budgetary control is at the category level. The following two pie charts are reflective of actual revenues and expenses.



Fund Performance

Funds are self-balancing sets of accounts used by the School System to control and manage money for particular purposes.



General Fund – Unrestricted

A schedule of changes between the original and final budgets for the year ended June 30, 2021, is presented below.

	Original Budget	Final Budget	Additions	Reductions	Total Change
County Appropriation	$ 31,138,670	$ 31,138,670			$ -
State	83,893,272	83,893,272			-
Federal	300,000	300,000			-
Local	266,500	266,500			-
Earnings on investments	350,000	350,000			-
Other Sources	1,420,643	1,420,643			-
Total Revenues	$ 117,369,085	$ 117,369,085	$ -	$	$ -
Administration	$ 2,404,912	$ 2,404,912			$ -
Mid-Level Administration	6,920,831	6,920,831			-
Instructional Salaries	41,856,478	41,656,478			-
Textbooks	4,227,486	3,927,486			-
Other Instructional Costs	2,029,313	2,029,313			-
Special Education	15,958,370	15,958,370			-
Student Personnel Services	700,100	700,100			-
Student Health Services	894,570	894,570			-
Student Transportation	6,394,577	6,394,577			-
Operation of Plant	7,996,511	8,246,511			-
Maintenance of Plant	1,894,300	2,244,300			-
Fixed Charges	25,353,205	24,353,205			-
Food Services	448,432	848,432			-
Capital Outlay	290,000	790,000			-
Total Expenditures	$ 117,369,085	$ 117,369,085	$ -	$ -	$ -

Local and state revenues account for over 99% of the total General Fund unrestricted revenue. Both are stable and highly predictable.

Budget Variances

Below is a table listing positive and negative budget variances for the year ended June 30, 2021 as a supplement to the narrative discussion below the chart.

Unrestricted General Fund Budget to Actual Variances

Budget Variance Descriptions:	Positive (Negative)	
Revenues:		
Blueprint for Maryland's Future - Teacher salary incentive grant	992,058	
Medicare D Revenues	39,249	
Special Education Private Placements	(319,182)	
Unused Prior Year Fund Balance	(1,420,643)	
Interest Earned	(306,321)	
Other Revenue Variances	15,699	
Total Revenue Variances		$ (999,140)
Expenditures and Interfund Transfers:		
Labor Savings & Efficiencies	1,485,990	
Non Labor Transportation Savings	515,058	
Nonpublic Special Education Placements	924,987	
Fixed Charge Variance	2,475,039	
Non Labor Maintenance and Operations Costs	211,831	
Other expenditure variances	1,501,605	
Total Expenditures and Interfund Transfers Variances		7,114,510
Total Positive Variance - Unrestricted General Fund		$ 6,115,370

Revenues:

For the year ended June 30, 2021, total unrestricted General Fund revenues resulted in a shortfall when compared to budget of $999,140.

Revenues of $992,058 for the Blueprint For Maryland's Future Teacher Salary Incentive grant was included in fiscal 2021 as unrestricted. There was also a shortfall of state revenues that related to non-public placements. Public schools are required to provide a free and appropriate education to all students in a public school system. When students have intensive educational needs that cannot be met by the local school system, the school system is mandated to provide an education in a facility that can meet those needs. The cost is shared between the local school system and state government based upon a formula. Revenues were under budget because of a formulaic change that occurred as a result of facilities providing virtual services to students

versus in person services for a portion of the year. The number of students receiving services and severity of the services needed also plays a role in the overall costs.

Medicare Part D revenues show a positive variance of $39,249. The system is self-insured for health insurance purposes. As a result, the system qualifies for the Medicare Part D program that reimburses the system for a portion of prescription drug benefits provided to Medicare eligible retirees. The Government Accounting Standards Board (GASB) has issued a technical bulletin requiring recipients of Medicare Part D funds to show these proceeds as revenue. The system budget is based upon past experience.

Special Education private placement revenue had a negative budget variance of $319,182. The budget for Special Education private placement is an estimate based on the anticipated state formula and number of students served. The total number of students requiring these intensive services decreased when comparing fiscal 2021 to fiscal 2020.

The district had budgeted to utilize fund balance, if necessary, to purchase any technology required to implement and support distance learning and provide technology for every student in the district. Also, included was the potential hiring of additional behavioral and mental health support staff. The district was able to utilize federal funding through CARES and other grants to be able to meet those needs without utilizing fund balance.

Interest revenues were lower than anticipated as a result of the impact of the COVID pandemic on interest rates. The decrease was below plan by $306,321. Interest rates, which had been showing growth after historic lows for years, fell significantly since the beginning of the pandemic in March 2020.

Other revenues were under budget, creating a net unfavorable variance in the amount of $15,699.

Expenditures and Inter-fund transfers:

For the year ended June 30, 2021, total unrestricted General Fund expenditures resulted in a positive variance of $7,114,510.

Management evaluated positions that came open through attrition to determine if replacement was necessary. Through the replacement process, when an open position was replaced, it was filled at a lower cost than was budgeted. Staff retiring or leaving the system during the year typically were replaced with part-time substitutes for the remainder of the year. Those open positions were then evaluated prior to the next school year. All labor savings resulted in lower payroll tax expenditures for the school system. Also, as a result of schools going virtual during a large portion of the year as a result of the pandemic, there were no field trips and very little staff development.

The school system, as part of the normal budgeting process, budgets transportation costs up to 18 months before incurring them. Fuel costs can be very volatile given the nature of the industry as well as influences outside of the control of the system, so the district typically takes a conservative approach with regard to budgeting fuel costs. Lower fuel costs overall were recognized as compared to the budgeted amount, resulting in a savings. Also, as a result of the district's learning being virtual during a portion of year, the system recognized additional savings related to fuel since it did not reimburse contractors for unused fuel.

Administration made up $118,833 of the variance which was driven by using an Interim Superintendent which left a vacancy in the category. There was also an open position in finance. Instructional salaries had a positive variance of $699,949. While mid-year retirements and turnover accounted for some variances, there were no field trips, no Outdoor School, limited after-school programs and staff development opportunities. Special education also had a difficult time filling opening positions during the year including several instructional assistants. Also, special education was also able to use grants to pay for some positions previously paid from local funds. The labor savings from Special education was $374,751.

The district is self-insured for healthcare costs. The majority of the fixed charge variance was a result of healthcare expenditures being reduced as a result of continued positive claims during the period. Expenditures were reduced by $2,111,695 for fiscal 2021.

During the year, no major equipment breakdowns or building incidents occurred. At the end of the year, there were a few items that were unable to be completed as a result of availability of materials that the district was unable to procure such as additional blacktop projects and a vehicle that was unable to be procured as a result of a availability.

The remaining other expenditure variance is attributable to the reduction in health services compared to budget of $286,278. It is also made up of instructional expenditures being less than plan as a result of having to purchase fewer supplies as a result of significant periods of virtual learning. The district also was able to purchase some items utilizing grant funds that were attributable to COVID. Overall instructional supply savings were $806,224 compared to budget.

The organization participates in a cooperative arrangement with Allegany County Government. The Information Technology fund has two individual employees that perform various information technology functions for both the school system and county government. Operating revenues for the fund were $109,879 while non-operating revenues totaled $156,898 for fiscal year 2021. Total operating expenses were $316,044 in fiscal year 2021 while last year's operating expenses were $377,312. The fund had a negative change in net position of $49,267 as a result of the county funding its participation in the agreement at 35% this fiscal year. Both parties agreed to take the shortfall from fund balance. The financial results of this proprietary fund can be found on pages 26 and 27 of this report.

Restricted Fund

Restricted revenues and expenses for the year were $17,512,218 which is up about 41.3% or $5,120,240 from the prior year's revenues and expenses of $12,391,978. Restricted revenues are tied to the availability of grants and funding. The federal funding attributable to coronavirus relief or CARES matches almost directly to the increase in the restricted revenues. Overall, CARES spending was $6,146,548 this year compared to CARES spending of $1,025,481 last year. Spending is prescribed within the grants themselves, but ranged from the purchase of technology such as devices and access points, infrastructure for distance learning, hotspots for students and staff without connectivity, contractual resources for distance learning, summer school programs and tutoring to mitigate learning loss, protective personnel equipment, additional custodial staffing to support cleaning at schools and safely reopening schools.

Food Services Fund

Throughout the pandemic, students who have wanted a meal whether learning virtually, during the summer, or when in school have had the opportunity to get not only a free lunch, but also free breakfast as a result of federal support to schools. However, Food Services fund was unable to remain profitable this fiscal year with a loss of $83,354 compared to the prior year's loss of $295,334. Overall, revenue decreased by $538,642 to $4,043,175 as the district served fewer meals compared to the prior year and received few Children's Payments. Children's payments decreased by $385,110 from last year and that considers that there were virtually no payments mid-March through the end of the school year.

Expenses within the fund decreased to $4,126,529 compared to fiscal year 2020's expenses of $4,877,151. A portion of the decrease within expenses related to salaries and wages being lower as the district paid a COVID premium to essential employees in Spring 2020. There were significant savings related to the purchase of supplies and food as the number of meals served decreased compared to the prior year. Savings from supplies and materials was over $500,000 in comparison to 2020.

School Construction Fund

The majority of the activity within the School Construction fund focused on the completion of the George's Creek boiler project and the start of roof projects at Bel Air and the Career Center. Current year expenses paid by the County were $123,113 compared to $225,000 in fiscal year 2020. State direct revenues increased from $551,585 last year (as restated) to $3,419,554 in fiscal 2021. The increase relates to two roof projects, security vestibule projects at three schools, and two upcoming boiler projects.

This year's fund statement also includes a prior period adjustment. In fiscal 2020, the Board failed to correctly record a receivable and corresponding revenue related to School Construction projects the State had committed to fund in the future.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the School System had $247,827,116 invested in a broad range of capital assets including land, buildings and improvements, furniture, vehicles, and other equipment. Capital assets increased $3,601,309 from the same time last year, net of disposals and transfers. The increase relates primarily to the two new roofs at Bel Air and the Career Center. The completion of the boiler project at George's Creek, and the ongoing boiler projects at Washington and Braddock middle schools. The total net cost of assets after depreciation was $119,512,056. Total depreciation expense for the year ended June 30, 2021 was $6,101,271.

The main capital focus this year were the replacement roof projects at the Career Center and Bel Air along with three boiler projects at various stages of completion. The turf replacement project at Mountain Ridge high school was ongoing at the end of the fiscal year. Lobby modifications at Washington and Braddock middle schools and Fort Hill high school were also started during fiscal 2021.

Debt

School systems in Maryland are in the uncommon position of owning assets, but not the debt associated with those assets, as we have no borrowing power. We are fully fiscally dependent on the state and county governments to incur debt to fund capital projects. Accordingly, the School System carries no bond rating but the system does have a debt policy to cover leasing and alternative financing arrangements permitted under state law.

FACTORS IMPACTING THE SCHOOL SYSTEM

The single biggest issue within the district is the ongoing impact of the Novel Coronavirus Disease (COVID-19). The COVID pandemic altered operations within the district in one capacity or another for the entire school year. Students again had the opportunity to receive not only a free lunch, but also a free breakfast as the federal government continued to provide meals for students whether attending school in person or virtually during the pandemic. This continued to occur during the 2021-2022 school year, but it is unknown if this program will continue in the future. The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law by President Donald Trump on March 27, 2020. Several additional pieces of CARES Act funding have been made available to the district to aid in covering expenses and needs of the district as a result of the pandemic. The district prioritized using this funding for technology such as laptops and chromebooks for students and teachers as well as a robust distance learning platform to allow virtual online learning. Another priority is tutoring and the closure of achievement gaps as a result of the pandemic as well as the cleaning and sanitizing of all school facilities. The 2021-22 school year began and has continued "in person". There is however a

virtual option for a limited number of students in the K-Grade 6 demographic as no vaccine was available at the beginning of the school year for students in this age range.

Legislation from federal and state governments has impacted public education in Maryland. The State's Bridge to Excellence in Public Schools and the Federal No Child Left Behind legislation require school systems to ensure that all students in core academic areas are taught by "highly qualified" teachers and economically disadvantaged children must have access to a pre-kindergarten program. In addition, there are new certification and assessment requirements for paraprofessionals and extensive tracking and reporting requirements.

The Every Student Succeeds Act of 2015 (ESSA) was signed into law by President Barrack Obama. This reauthorization of the ESSA, formerly known as the No Child Left Behind Act, provides a long term, stable federal policy that gives states additional flexibility and encourages states, local school systems, and schools to innovate while at the same time holding all accountable for results. ESSA moves to establish State standards, sets academic goals, and assesses progress towards those goals for all students and schools. It also measures and reports performance of all students, schools, and local school systems and identifies schools in need of improvement and provides support to those schools. It also serves to provide and support staff development and growth for educators and supports students to ensure a well-rounded education. All of these requirements have cost impacts.

A majority of the funding for the school system comes from the Maryland General Assembly. State aid education formulas are based largely on student population and wealth. Wealth in the state aid education formulas is measured by income taxes, real estate assessments, and personal property assessments. Less funding can result when a school system's student population declines or wealth increases more than state averages or decreases less than state averages. Student population is also a factor in the required minimum of funding from county government called maintenance of effort. LEA's across the state are all facing loss of enrollment as a result of the pandemic.

The Blueprint for Maryland's Future was passed by the Maryland General Assembly and allowed to go into law on May 15, 2019 by Governor Hogan. The goal of The Blueprint for Maryland's Future is to transform the state's early childhood, primary, and secondary education systems to the levels of high performing systems around the world. Implementation of the recommendations of the Commission on Innovation and Excellence in Education (commonly known as the Kirwan Commission) began in fiscal 2020. This funding has continued in fiscal 2021. This funding included such items as pre-kindergarten expansion, concentration of poverty funding, teacher salary incentives, additional special education funding and targeted intervention services. As the State of Maryland revenues have been affected by the pandemic, future funding for the Blueprint for Maryland's Future is uncertain.

For state participating construction projects, Allegany County now qualifies to have state government pay for 89% of the eligible construction costs. Costs not eligible for state funding must be funded locally.

The school system is self-insured for health, dental, and prescription drug costs. Provisions of the federal Affordable Care Act have caused additional costs in order to comply with the regulations. Additional medical costs to the school system's health plan for employees and retirees may increase the budget for health costs even though a reserve now exists relative to the costs of health care for the district.

School systems are being encouraged to adopt the community eligibility provision (CEP), which provides free meals to all students regardless of household income. In fiscal 2019, the district began participation in the CEP program for the district's four elementary schools with the highest percentage of Free and Reduced Meal students. The participating schools are George's Creek, John Humbird, South Penn and Westernport. Costs not covered by the food service fund will be covered by the unrestricted fund. Since the start of the pandemic, students have received free lunch and free breakfast. This program is ongoing in fiscal 2022, but there is no indication that this program will continue past fiscal 2022.

CONTACT THE BOARD OF EDUCATION OF ALLEGANY COUNTY'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, and students with a general overview of the school system's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Lawrence S. McKenzie, CPA, Chief Financial Officer, (301) 759-2024, boardfinance@acpsmd.org, at The Board of Education of Allegany County, 108 Washington Street, Cumberland, Maryland 21502.

BOARD OF EDUCATION OF ALLEGANY COUNTY

STATEMENT OF NET POSITION
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Allegany County Building Trades Education Foundation, Inc.
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 40,732,168	$ -	$ 40,732,168	$ 115,494
Accounts receivable	17,802,224	-	17,802,224	
Prepaid expenses	200,736		200,736	538
Inventory	290,711		290,711	
Internal balances	24,247	(24,247)	-	
Total Current Assets	59,050,086	(24,247)	59,025,839	116,032
Noncurrent Assets:				
Non-depreciable capital assets	10,441,093	-	10,441,093	197,532
Depreciable capital assets, net of depreciation	109,070,963	-	109,070,963	
Total Noncurrent Assets	119,512,056	-	119,512,056	197,532
TOTAL ASSETS	$ 178,562,142	$ (24,247)	$ 178,537,895	$ 313,564
Deferred Outflow Of Resources:				
Deferred outflows of resources related to OPEB	2,210,571	-	2,210,571	
Deferred outflows of resources related to pension	1,314,002	-	1,314,002	-
	3,524,573	-	3,524,573	-
LIABILITIES				
Current Liabilities:				
Accounts payable	$ 3,793,236	$ 6,566	$ 3,799,802	$ 205
Salaries and benefits payable	1,590,685	10,191	1,600,876	
Grant advances	4,414,710		4,414,710	
Accrued hospital insurance	8,944,804		8,944,804	
Curent portion of long-term capital leases	101,724		101,724	
Current portion of long-term debt	241,058		241,058	
Other current liabilities	1,843,531		1,843,531	
Total Current Liabilities	20,929,748	16,757	20,946,505	205
Noncurrent Liabilities:				
Long-term portion of capital leases	183,914		183,914	
Long-term portion of compensated absences	2,039,302		2,039,302	
Net OPEB liability	10,485,511		10,485,511	
Net pension liability	6,142,206		6,142,206	
Total Noncurrent Liabilities	18,850,933	-	18,850,933	-
TOTAL LIABILITIES	39,780,681	16,757	39,797,438	205
Deferred Inflow Of Resources:				
Deferred inflows of resources related to OPEB	4,014,903		4,014,903	
Deferred inflows of resources related to pension	822,221		822,221	
	4,837,124	-	4,837,124	
NET POSITION				
Invested in capital assets, net of related debt	119,226,418	-	119,226,418	
Restricted for:				
Capital projects	4,384,543		4,384,543	
Food inventories	290,711		290,711	
Unrestricted	13,567,238	(41,004)	13,526,234	313,359
TOTAL NET POSITION	$ 137,468,910	$ (41,004)	$ 137,427,906	$ 313,359

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Allegany County Building Trades Education Foundation, Inc.
Primary government								
Governmental activities:								
Administration	$ 2,173,067	$ -	$ 94,491	$ -	$ (2,078,576)	$ -	$ (2,078,576)	$ -
Mid-level administration	7,282,774		284,590		(6,998,184)		(6,998,184)	
Instruction - salaries	44,210,577		3,702,699		(40,507,878)		(40,507,878)	
Instruction - textbooks & instructional supplies	7,563,733		4,562,693		(3,001,040)		(3,001,040)	
Instruction - other	2,926,084		1,769,210	123,390	(1,033,484)		(1,033,484)	
Student personnel services	582,730		5,883		(576,847)		(576,847)	
Health services	678,818		60,526		(618,292)		(618,292)	
Student transportation	5,662,574		16,022		(5,646,552)		(5,646,552)	
Operation of plant and equipment	8,248,703		467,872	6,435	(7,774,396)		(7,774,396)	
Maintenance of plant	1,718,291		-		(1,718,291)		(1,718,291)	
Fixed charges	23,939,731		2,744,757		(21,194,974)		(21,194,974)	
- on behalf, retirement	6,593,560		6,593,560		-		-	
- on behalf, nurses, security & mental health	899,822		899,822		-		-	
Community Services	764,334		758,734		(5,600)		(5,600)	
Capital outlay	410		-	3,542,667	3,542,257		3,542,257	
Special education	18,364,613		3,199,531		(15,165,082)		(15,165,082)	
Food Service	4,047,548	26,346	3,262,193	58,827	(700,182)		(700,182)	
Interest on Capital Leases	27,295				(27,295)		(27,295)	
Unallocated depreciation expense (excludes direct depreciation)	5,600,379				(5,600,379)		(5,600,379)	
Total Governmental Activities	141,285,043	26,346	28,422,583	3,731,319	(109,104,795)	-	(109,104,795)	-
Business-type activities:								
Information Technology	316,044	109,879				(206,165)	(206,165)	
Total Business-type Activities	316,044	109,879	-	-	-	(206,165)	(206,165)	-
Total Primary Government	$ 141,601,087	$ 136,225	$ 28,422,583	$ 3,731,319	$ (109,104,795)	$ (206,165)	$ (109,310,960)	$ -
Component unit								
Allegany County Building Trades Education Foundation, Inc.	9,767		18,577					8,810
Total Component Unit	$ 9,767	$ -	$ 18,577	$ -	$ -	$ -	$ -	$ 8,810
General Revenues:								
County appropriation:								
Regular					31,138,670		31,138,670	
Grants, subsidies, and contributions not restricted					84,559,639		84,559,639	
Investment earnings/loss					54,001		54,001	77
Miscellaneous income					298,396		298,396	
Gain/loss on disposal of fixed assets					(177,710)		(177,710)	
Transfers					(156,898)	156,898	-	
Total General Revenues, Special Items, Extraordinary Items and Transfers					115,716,098	156,898	115,872,996	77
Change in Net Position					6,611,303	(49,267)	6,562,036	8,887
Net Position - July 1, 2020, as previously presented					130,547,607	8,263	130,555,870	324,444
Change in Beginning Net Position (See Note 17)					310,000	-	310,000	(19,972)
Net Position - July 1, 2020, as restated					130,857,607	8,263	130,865,870	304,472
Net Position - June 30, 2021					$ 137,468,910	$ (41,004)	$ 137,427,906	$ 313,359

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund (Current Expense) Unrestricted	(Current Expense) Restricted	Food Service	School Construction	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 28,015,577	$ -	$ 26,539	$ 12,690,052	$ 40,732,168
Accounts receivable	1,411,551	12,210,673	327,333	3,852,667	17,802,224
Inventory - food			290,711		290,711
Internal receivables	16,480,239				16,480,239
Prepaid expenses	86,874	113,862			200,736
TOTAL ASSETS	45,994,241	12,324,535	644,583	16,542,719	75,506,078
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	1,551,853	214,936	53,977	1,466,653	3,287,419
Salaries and benefits payable	946,837	576,913	66,935		1,590,685
Internal payables		7,117,976	159,104	9,684,729	16,961,809
Grant advances		4,414,710			4,414,710
Accrued hospital insurance	8,944,804				8,944,804
Current portion of long-term debt	241,058				241,058
Other current liabilities	1,782,255		61,276		1,843,531
TOTAL LIABILITIES	13,466,807	12,324,535	341,292	11,151,382	37,284,016
FUND BALANCES					
Nonspendable - Food Inventories			290,711		290,711
Restricted - Capital Projects				4,384,543	4,384,543
Assigned to:					
Unemployment Benefits	50,000				50,000
Capital Projects				1,006,794	1,006,794
Food Service			12,580		12,580
Unassigned	32,477,434				32,477,434
TOTAL FUND BALANCES	32,527,434	-	303,291	5,391,337	38,222,062
TOTAL LIABILITIES AND FUND BALANCES	$ 45,994,241	$ 12,324,535	$ 644,583	$ 16,542,719	$ 75,506,078

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2021

Total Fund Balances - Governmental Funds		$ 38,222,062
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $247,343,170 and the accumulated depreciation is $127,831,114.		119,512,056
The net pension liability associated with the school system's proportionate share of the Maryland State Retirement and Pension System is not payable with current financial resources and is not reported in the governmental funds. The activity associated with the school system's share of the net pension liability consist of:		
Net pension liability	(6,142,206)	
Deferred outflows of resources - pension	1,314,002	
Deferred inflows of resources - pension	(822,221)	(5,650,425)
The net other post-employment benefits liability for the school system is not payable with current financial resources and is not reported in the governmental funds. The activity associated with the school system's net other post-employment benefits liability consist of:		
Net other post-employment benefits liability	(10,485,511)	
Deferred outflows of resources - other post-employment benefits	2,210,571	
Deferred inflows of resources - other post-employment benefits	(4,014,903)	(12,289,843)
Long-term liabilities for compensated absences are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.		(2,039,302)
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Similarly, the short and long-term liabilities related to copiers under lease are not reported in the governmental funds.		(285,638)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		$ 137,468,910

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

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

	General Fund (Current Expense) Unrestricted	(Current Expense) Restricted	Food Service	School Construction	Total Governmental Funds
REVENUES					
County - regular appropriation	$ 31,138,670	$ -	$ -	$ 123,113	$ 31,261,783
- on behalf, nurses, security & mental health	899,822				899,822
State - direct	84,559,639	3,441,577	169,343	3,419,554	91,590,113
- on behalf, retirement	6,593,560				6,593,560
Federal - direct			271,042		271,042
- received through State		13,049,529	2,826,001		15,875,530
- received through Pass-Thru Agency	339,249	797,766			1,137,015
Other revenue	332,387	223,346	26,346	53,241	635,320
TOTAL REVENUES	123,863,327	17,512,218	3,292,732	3,595,908	148,264,185
EXPENDITURES					
Administration	2,175,415	94,491			2,269,906
Mid-level administration	6,998,184	284,590			7,282,774
Instruction - salaries	40,956,529	3,702,699			44,659,228
Instruction - textbooks & instructional supplies	3,001,040	4,562,693			7,563,733
Instruction - other	1,575,696	1,892,600			3,468,296
Student personnel services	576,847	5,883			582,730
Health services	618,292	60,526			678,818
Student transportation	5,817,258	16,022			5,833,280
Operation of plant and equipment	7,916,394	474,307			8,390,701
Maintenance of plant	2,095,400				2,095,400
Fixed charges	19,687,223	2,405,508			22,092,731
- on behalf, retirement	6,593,560				6,593,560
- on behalf, nurses, security & mental health	899,822				899,822
Community Services	5,600	758,734			764,334
Capital outlay	223,965			2,631,110	2,855,075
Special education	15,165,082	3,199,531			18,364,613
Food Service		54,634	4,126,529		4,181,163
Capital lease payments					
Principal	114,275				114,275
Interest	27,295				27,295
TOTAL EXPENDITURES	114,447,877	17,512,218	4,126,529	2,631,110	138,717,734
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,415,450	-	(833,797)	964,798	9,546,451
OTHER FINANCING SOURCES (USES)					
Interfund transfers	(3,321,328)		750,443	566,987	(2,003,898)
Capital lease financing	21,248				21,248
TOTAL OTHER FINANCING SOURCES (USES)	(3,300,080)	-	750,443	566,987	(1,982,650)
NET CHANGE IN FUND BALANCES	6,115,370	-	(83,354)	1,531,785	7,563,801
FUND BALANCE - JULY 1, 2020, as originally presented	26,412,064	-	386,645	3,549,552	30,348,261
Change in Beginning Fund Balance (See Note 17)	-	-	-	310,000	310,000
FUND BALANCE - JULY 1, 2020, as restated	26,412,064	-	386,645	3,859,552	30,658,261
FUND BALANCE - JUNE 30, 2021	$ 32,527,434	$ -	$ 303,291	$ 5,391,337	$ 38,222,062

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

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

Total Net Change in Fund Balance - Governmental Funds		$ 7,563,801
Amounts reported for governmental activities in the statement of activities are different because:		
Long-term accrued compensated absences are not reported in governmental funds as a liability. However, in the statement of activities, the long-term compensatee absences are reported as current expense. The net amount of long term accrued compensated absences is a decrease of $105,332.		105,332
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period. Depreciation expense	(6,098,889)	
Capital Outlays	4,599,080	(1,499,809)
Capital lease proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.		(21,248)
A portion of pension expense reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds.		112,805
The net expense related to other post-employment benefits is not reflected as a source of current financial uses and therefore, is not reported in the governmental funds.		447,088
Repayment of capital lease principal is an expenditure in the government funds, but the repayment reduces long-term liabilities in the statement of net position.		114,275
Governmental funds report the proceeds from the sale of capital assets as income. However, in the statement of activities the sale of capital assets are reported net of the remaining book value of the assets as either a gain or loss. The remaining book value of assets disposed of during the year was $210,941		(210,941)
TOTAL CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 6,611,303

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Information Technology Fund
ASSETS	
TOTAL ASSETS	$ -
LIABILITIES	
Current Liabilities:	
Accounts payable	6,566
Salaries and benefits payable	10,191
Internal payable	24,247
Total Current Liabilities	41,004
TOTAL LIABILITIES	41,004
NET POSITION	
Unrestricted	(41,004)
TOTAL NET POSITION	(41,004)
TOTAL LIABILITIES AND NET POSITION	$ -

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Information Technology Fund
OPERATING REVENUES	
County - regular appropriation	$ 109,829
Other sources	50
Total Operating Revenues	109,879
OPERATING EXPENSES	
Salaries and wages	207,077
Contracted services	41,902
Other charges	64,683
Depreciation	2,382
Total Operating Expenses	316,044
Operating Income (Loss)	(206,165)
NON-OPERATING REVENUE	
Interfund Transfers	156,898
Total Non-operating Revenues	156,898
Change in Net Position	(49,267)
TOTAL NET POSITION - JULY 1, 2020	8,263
TOTAL NET POSITION - JUNE 30, 2021	$ (41,004)

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Information Technology Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers	$ 110,712
Cash paid to suppliers	(106,332)
Cash payments to employees	(204,469)
Net Cash (Used) by Operating Activities	(200,089)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Change in due to/from other funds	43,191
Interfund transfer	156,898
Net Cash Provided by Noncapital Financing Activities	200,089
Net change in Cash	-
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	$ -

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Operating Income (Loss)	$ (206,165)
Adjustments to reconcile operating income (loss) to net cash provided by operations:	
Depreciation	2,382
Change in assets and liabilities	
Decrease (increase) in account receivable	833
Increase (decrease) in accounts payable	253
Increase (decrease) salaries & benefits payable	2,608
Total Adjustments	6,076
Net Cash (Used) by Operating Activities	$ (200,089)

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	School Activities	Retiree Insurance Benefit Plan	Retiree Insurance Benefit Trust	Retiree Health Plan Trust	Total Fiduciary Funds
ASSETS					
Cash and cash equivalents	$ 2,096,274	$ -	$ -	$ -	$ 2,096,274
Investments	459,329		14,307,233	2,518,726	17,285,288
Accounts receivable	12,816				12,816
Internal receivables		505,816			505,816
TOTAL ASSETS	2,568,419	505,816	14,307,233	2,518,726	19,900,194
LIABILITIES					
Accounts payable	46,500	1,223			47,723
School Activity Advances	2,521,919				2,521,919
TOTAL LIABILITIES	2,568,419	1,223	-	-	2,569,642
NET POSITION					
Future obligation of retiree benefits to be funded (deficit)		504,593			504,593
Held in trust for retiree health plan benefits			14,307,233	2,518,726	16,825,959
TOTAL NET POSITION	-	504,593	14,307,233	2,518,726	17,330,552
TOTAL LIABILITIES AND NET POSITION	$ 2,568,419	$ 505,816	$ 14,307,233	$ 2,518,726	$ 19,900,194

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

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

	School Activities	Retiree Insurance Benefit Plan	Retiree Insurance Benefit Trust	Retiree Health Plan Trust	Total Fiduciary Funds
ADDITIONS					
Student activity revenues	$ 990,319	$ -	$ -	$ -	$ 990,319
Transfers		1,847,000			1,847,000
Earnings/loss on investment		361	2,777,782	484,313	3,262,456
DEDUCTIONS					
Student activity expenses	990,319				990,319
Retiree benefits		1,353,505			1,353,505
CHANGE IN NET POSITION	-	493,856	2,777,782	484,313	3,755,951
NET POSITION - JULY 1, 2020	-	10,737	11,529,451	2,034,413	13,574,601
NET POSITION - JUNE 30, 2021	$ -	$ 504,593	$ 14,307,233	$ 2,518,726	$ 17,330,552

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - REPORTING ENTITY

The Board of Education of Allegany County, Maryland ("Board") is an elected group constituting an on-going entity which has governance responsibilities over all activities related to public elementary and secondary school education within its jurisdiction, Allegany County, Maryland ("County"). The Board receives funding from local, state, and federal government sources and must comply with the concomitant requirements of these funding source entities. The Board is included as a component unit of Allegany County, Maryland as defined in Generally Accepted Accounting Principles (GAAP) since the Board is fiscally dependent on Allegany County, Maryland. In evaluating how to define the Board, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, and the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the Board is able to exercise oversight responsibilities. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organizations. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

The Allegany County Building Trades Education Foundation Inc. is a legally, separate tax-exempt entity that has students, with the assistance of local contractors and trade unions, build houses as part of their curriculum. The proceeds from the sale of these houses will be used to purchase materials for construction of additional houses and materials and equipment for other instructional programs at the Career Center. Because of the Foundation's relationship with the Board of Education, the Board is not financially accountable for the Foundation as defined in GASB 14, the Foundation raises and holds economic resources for the direct benefit of the Board and all three of the criteria reflected above have been met, the organization meets the criteria of a component unit of the Board as set forth in Governmental Accounting Standards Board (GASB) Statement 39. Therefore, the organization is discretely presented in the Board's financial statements.

NOTE 1 - REPORTING ENTITY (Continued)

The Allegany County Building Trades Education Foundation Inc. is a public nonprofit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Limited modifications have been made to the organization's financial statement format for inclusion in the Board's financial statements.

Complete financial statements of the component unit can be obtained from the administrative office:

The Allegany County Building Trades Education Foundation, Inc.
108 Washington Street P.O. Box 1724
Cumberland, MD 21502

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Basis of Presentation

The Board's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund 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 Board as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Board that are governmental (primarily supported by County appropriations and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges).

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program, or function of the Board's governmental activities and for the single business-type activity of the Board.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)
Direct expenses are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Board at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each enterprise and governmental fund was a major fund and is presented in a separate column. Fiduciary funds are reported by type.

B. Fund Accounting

The accounts of the Board are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues, and expenses or expenditures. The following funds and account groups are used by the Board:

Governmental Fund Types

Current Expense Fund - Unrestricted

The Current Expense Fund - Unrestricted is the general operating fund of the Board. All financial resources, except those required to be accounted for in another fund, are accounted for in this fund.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Fund Types (Continued)

Current Expense Fund - Restricted and Food Service Fund

The Current Expense Fund - Restricted and Food Service Fund are special revenue funds used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. In the event an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, restricted resources are generally used first. In the event an expenditure is incurred for purposes for which both assigned and unassigned net position is available, assigned resources are used first.

School Construction Fund

The School Construction Fund is a capital projects fund used to account for financial resources to be used for the acquisition or construction of major capital facilities which are not financed by proprietary funds.

Proprietary Fund Types

Information Technology Fund

The Information Technology Fund is an enterprise fund used to account for financing of services provided by the Information Technology Fund to other departments of the Board and to other governments within Allegany County.

Fiduciary Fund Type

School Activities Fund

The School Activities Fund is an expendable trust fund used to account for assets held by the Board in a trustee capacity for various student groups.

Retiree Insurance Benefit Plan Fund

The Retiree Insurance Benefit Plan Fund is an expendable trust fund used to account for assets held by the Board in a trustee capacity for future retirees' medical expenses.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary Fund Types (Continued)

Retiree Insurance Benefit Plan Trust

The Retiree Insurance Benefit Plan Trust is an expendable trust fund used to account for assets held in trust for future retirees' medical expenses.

Retiree Health Plan Trust

The Retiree Health Plan Trust is used to account for assets held in trust for future retirees' medical expenses.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Board are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

Fund Financial Statements 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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its enterprise fund.

The private purpose trust fund is reported using the economic resources measurement focus.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. The modified accrual basis of accounting is used by all governmental fund types and the fiduciary fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A six month availability period is used for revenue recognition for all governmental and fiduciary fund revenues. Expenditures are recorded when the related fund liability is incurred.

The proprietary fund is accounted for on a flow of economic resources measurement focus. The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. All GASB pronouncements are followed in the proprietary fund. FASB, APB Opinions and ARB's issued before November 30, 1989 are followed to the extent they do not contradict GASB. FASB pronouncements issued after November 30, 1989 that are developed for business entities are followed to the extent that they do not contradict GASB.

The Board reports deferred inflows of resources on its statement of net position. Deferred inflows represent an acquisition of net position that applies to a future period and will not be recognized as an inflow or resources, or a revenue, until that time. The Board reports deferred outflows of resources on its statement of net position. Deferred outflows represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources, or an expense, until that time. The Board reports deferred outflows of resources and deferred inflows of resources related to its pension plan. See Note 6. The Board also reports deferred inflows of resources related to its Other Post-Employment Benefits or OPEB. Deferred inflows of resources consist of the net difference between projected and actual earnings on the Board's proportionate share of the State of Maryland Retirement and Pension system pension plan investments. Deferred outflows of resources represent employer contributions made for the Board's share of the pension after the actuarial measurement date of the plan. Deferred outflows also include amounts deferred due to changes in the Plan's actuarial assumptions, and net difference between projected and actual earnings on investments, that will be amortized in future periods.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

Formal budgetary accounting is employed as a management control for all funds except, School Activities Fund, School Construction Fund, Retiree Insurance Benefit Trust, and Retiree Health Plan Trust. Annual operating budgets are adopted by the Board each fiscal year through passage of an annual budget and amended as required for all funds. Budget amendments requiring a change between categories requires approval by the Board and by the County. The budget is prepared using the same basis of accounting as is used to record actual revenues and expenditures/expenses with a few exceptions.

At the request of the Maryland State Department of Education, on-behalf retirement payments made by the State of Maryland are not included in the final budgeted amounts of revenue and expenditures. The other exceptions are in the Proprietary Fund Type – Information Technology Fund and the Governmental Fund Type - School Construction Fund. The Proprietary Fund Type – Information Technology Fund prepares its budget on the modified accrual basis but prepares its statements on the accrual basis. The Governmental Fund Type - School Construction Fund prepares its budget on the modified accrual basis but does not account for revenues from state committed funds for projects that have not begun. Budgetary control is exercised at the department level. Budgets presented in the financial statements reflect all amendments.

F. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the restricted governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

At June 30, 2021, $4,384,543 of School Construction fund balance has been reserved to cover expected appropriations for specific construction projects. Expenditures in excess of total appropriations for a project are closed out against the unreserved portion of fund balance at the end of the project.

G. Post Retirement Health Care Benefits

Prior to 1992, the Board was reimbursed 100% by all retired employees that elected to continue coverage under their health care plan. In accordance with the Board of Education Policy Manual and the Health Care Insurance Contract, all employees covered at the time they retired could elect to continue their coverage at their own expense. The reimbursements the Board received were netted with the premiums for the retirees. In 1992 and 2000, new policies were implemented to subsidize a portion of the retirees' health care costs. These policies are further described in Note 11.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventories

Materials, supplies, and textbooks purchased from Unrestricted and Restricted Current Expense Funds are not inventoried. Food Service Fund inventories consist of food and supplies located in the individual schools and in the central warehouse. Purchased food and supplies are valued at current cost, which is different from lower of cost or market. The difference is immaterial. The value of donated food is determined from U.S. Department of Agriculture price lists. Inventory on hand at the end of the period is recorded as an asset and a corresponding reservation of the fund balance is made. The amount on hand as of June 30, 2021 is $290,711.

I. Compensated Absences

Accumulated earned vacation time is accrued when incurred. At June 30, 2021, $1,723,043 has been accrued and included in other current liabilities on the Fund Balance Sheet.

During the year ended June 30, 1994, the Board implemented the provisions of the Governmental Accounting Standards Board's Statement No. 16, *Accounting for Compensated Absences*. This statement requires the recording of accumulated unused sick leave if such amounts will be paid as termination benefits. At June 30, 2021, $241,058 has been accrued as the current portion of this liability on the Fund Balance Sheet. The long-term portion of $2,039,302 has been recorded in the government-wide statement of net position. Long-term compensated absences decreased in the current year by $105,332 over the prior year total of $2,144,634.

The Board only pays benefits to employees who terminate employment upon reaching the required retirement age or death. Benefits are not paid to employees who terminate prior to reaching their defined retirement age.

J. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances. Interfund balances have no set repayment schedule and are generally not expected to be repaid within one year.

The composition of interfund balances as of June 30, 2021 is as follows:

Payable Fund	Receivable Fund	Amount
Restricted	General Fund	$ 7,117,976
School Construction	General Fund	9,684,729
Retiree Ins.	General Fund	(505,817)
General Fund	Food Service	159,104
Information Technology	General Fund	24,247
		$ 16,480,239

L. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activities column of the government-wide statement of net position and in the fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The Board maintains a capitalization threshold of three thousand dollars ($3,000) for equipment and five thousand dollars ($5,000) for buildings. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets (Continued)

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment, and Vehicles	5-20 years	5-20 years
Equipment under capital lease	5-7 years	5-7 years

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are for services provided by the Information Technology Fund to other entities within Allegany County. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

N. Statement of Cash Flows

For purposes of the statement of cash flows, the Information Technology Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

O. Credit Risk

As of June 30, 2021, the Board has recorded receivables from various governmental units. As these receivables are believed to be completely collectable, allowances for doubtful accounts are not recorded, nor are the receivables collateralized.

P. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Debt

The school system does not have the authority to issue bonds under Maryland state law or the ability to access revolving loan funds or pools. The school system cannot enter into revenue debt, conduit debt, or any other type of hybrid debt. The school system is permitted to enter into alternative financing types of debt as approved by the Board of Education and County Commissioners. The finance department reviews all lease agreements to ensure consistency with school system policy and Maryland law. Leases paid for by central office funds are approved as part of the annual budget process. No lease financing in excess of $100,000 will be entered into without approval of the Board of Education. The Board's debt consists of compensated absences payable and obligations related to capital leases.

R. Fund Balance

The elected Board of Education is the highest level of decision making authority in the organization. The elected Board of Education can commit fund balance. To remove or change the constraints placed on resources requires action by the elected Board of Education. The elected Board of Education has delegated authority to assign fund balance to the Superintendent or designee. In the event an expenditure is made from multiple balance classifications, the order of spending will be committed, assigned, and unassigned.

S. Net Pension Liability

The net pension liability had a balance at June 30, 2020 of $5,730,106, and a balance at June 30, 2021 of $6,142,206. The liability balance increased $412,100 during the current year. No portion of the balance is considered due within one year.

T. Cash and Cash Equivalents

Cash includes currency on hand as well as demand deposits with banks or financial institutions. It also includes other kinds of accounts that have the general characteristics of demand deposits in that the Entity may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty. Cash equivalents, excluding items classified as marketable securities, include short-term, highly liquid investments that are both readily convertible to known amounts of cash, and so near their maturity that they present minimal risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under that definition.

U. Investments

Due to Board's investment practices being governed by the Annotated Code of the State of Maryland, investment activity includes certificates of deposit, money market funds, instruments of the U.S. Treasury, and repurchase agreements secured by the U.S. Treasury and other federal securities with maturities of three months or longer qualify as investments.

NOTE 3 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

Governmental Activities	Balance 6/30/20	Additions	Disposals	Transfers	Balance 6/30/21
Non-depreciable assets:					
Land	$ 7,643,505	$ -	$ -	$ -	$ 7,643,505
Construction-in-progress	289,436	2,520,487	-	(12,335)	2,797,588
Total Non-depreciable assets	7,932,941	2,520,487	-	(12,335)	10,441,093
Depreciable assets:					
Land Improvements	10,969,036	33,519	(533,950)	-	10,468,605
Buildings and Improvements	201,925,395	404,386	(10,881)	12,335	202,331,235
Furniture, Equipment, and Vehicles	22,914,489	1,640,688	(452,940)	-	24,102,237
Total Depreciable assets	235,808,920	2,078,593	(997,771)	12,335	236,902,077
Less accumulated depreciation:					
Land Improvements	(5,081,711)	(547,877)	340,393	-	(5,289,195)
Buildings and Improvements	(100,927,081)	(4,305,358)	10,667	-	(105,221,772)
Furniture, Equipment, and Vehicles	(16,510,263)	(1,245,654)	435,770	-	(17,320,147)
Total accumulated depreciation	(122,519,055)	(6,098,889)	786,830	-	(127,831,114)
Total capital assets being depreciated	113,289,865	(4,020,296)	(210,941)	12,335	109,070,963
Governmental Activities Capital Assets, Net	$ 121,222,806	$ (1,499,809)	$ (210,941)	$ -	$ 119,512,056
Business-Type Activities					
Non-depreciable assets:					
Construction-in-progress	$ -	$ -	$ -	-	$ -
Total Non-depreciable assets	-	-	-	-	-
Depreciable assets:					
Furniture, Equipment, and Vehicles	483,946	-	-	-	483,946
Less accumulated depreciation	(481,564)	(2,382)	-	-	(483,946)
Business-Type Activities Capital Assets, Net	$ 2,382	$ (2,382)	$ -	$ -	$ -

* Depreciation was charged to governmental functions as follows:

Administration	$ 119,735
Student transportation	217,947
Operation of plant and equipment	26,820
Maintenance of plant	128,047
Food Service	5,961
Unallocated	5,600,379
Total Depreciation Expense	$ 6,098,889

The insurance value of capital assets as of June 30, 2021 is $424,424,470.

NOTE 4 - POSSIBLE FUTURE AUDIT ADJUSTMENTS OF REVENUE

Revenue is subject to periodic state or federal audits and possible future adjustments. Any adjustments resulting from such audits will be recorded in the year assessed.

NOTE 5 - FOOD SERVICE EXPENDITURES

Included in revenue and expenditures of the Food Service Fund is the value of USDA donated commodities used during the year of $301,915. This amount includes the value of the donated commodities plus costs to process the commodities into useable form.

NOTE 6 - PENSION PLAN

For the purpose 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 Maryland State Retirement and Pension System (MSRP) and addition to/deductions from the MSRP fiduciary net position have been determined on the same basis as they are reported by MSRP. 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.

General Information about the Pension Plan

The Board of Education of Allegany County participates in the Maryland State Retirement and Pension System, a cost sharing multiple-employer public employee retirement system. Substantially all employees of the Board are eligible to participate in the System, which provides retirement, disability and death benefits in accordance with State statues. The system is administered in accordance with the State Personnel and Pensions Article of the Annotated Code of Maryland and managed by a board of trustees. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the Teachers and Employees Retirement and Pension Systems. The annual report for the year ended June 30, 2020 (most recent available data) may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, MD 21202, by calling 1-800-492-5909 or at www.sra.state.md.us.

The Maryland State Retirement and Pension System has various plans for school system employees. The Teachers' and Employees' Retirement System closed to new members hired on or after January 1, 1980. Members on December 31, 1979 continue to be members unless they elected to transfer into the pension system prior to January 1, 2005. The Teachers' and Employees' Pension System was established for members hired on or after January 1, 1980. The plan design and benefit levels are different for the retirement system as compared to the pension system. They will be disclosed separately.

NOTE 6 - PENSION PLAN (Continued)

Teachers' and Employees' Retirement System (Continued)

Retirement system member contributions are based upon a specified percentage of annual earnable compensation. Generally, members who elected in 1984 to receive unlimited future cost-of-living adjustments (COLA) contribute 7%. Members who elected in 1984 to receive a limited future COLA contribute 5%.

Retirement system members are eligible for full service retirement allowance upon attaining age 60 or upon accumulating 30 years of service regardless of age. Full service retirement allowance equals 1/55 (1.818%) of the highest three years' average final compensation (AFC) multiplied by the number of years and months of creditable service.

Retirement system members are eligible for early service retirement upon accumulating at least 25 years of eligibility service prior to attaining age 60. The benefit will be reduced by 0.5% per month by which the retirement date precedes the earlier of the date on which the member reaches age 60 or the date on which the member would have completed 30 years of service. The maximum reduction is 30% for the pension in the retirement system and 42% on the benefit of the pension system if applicable.

Ordinary disability retirement is possible for members upon completing five years of eligibility service and receiving certification from the Medical Board that the member is permanently incapable of performing their necessary job functions. The ordinary disability retirement allowance generally equals 1/55 (1.818%) of the highest three years' AFC multiplied by the number of years of accumulated creditable service. However, the ordinary disability benefit can be no greater than 1.818% of the AFC for each year of creditable service the member would have received had they continued to work until age 60.

There is also an accidental disability retirement benefit if the Medical Board certifies that, in the course of job performance, and as the direct result of an accidental injury, the member became totally and permanently disabled. The accidental disability allowance equals the sum of an annuity determined as the actuarial value of the members' accumulated contributions plus 2/3 (66.7%) of AFC. Allowance may not exceed the members' AFC.

To be eligible for death benefits, retirement system members must have accumulated at least one year of eligibility service prior to the date of death or died in the line of duty. Death benefits are equal to a members' annual earnable compensation at the time of death plus accumulated contributions.

Retirement system members are vested provided they have at least five years of eligibility prior to separation. Vested allowances are equal to the normal service retirement allowances computed on the basis of the members' accumulated creditable service and AFC at the point of separation. If members do not withdraw their contributions and die before attaining age 60, their accumulated contributions are returned to the designated beneficiary.

NOTE 6 - PENSION PLAN (Continued)

Teachers' and Employees' Pension System

The Teachers' and Employees' Pension System was established on January 1, 1980. All members of the pension system on or before June 30, 2011, generally participate in the Alternative Contributory Pension Selection (ACPS). All members who enroll in the pension system on or after July 1, 2011, participate in the Reformed Contributory Pension Benefit (RCPB).

Members of the ACPS and RCPB contribute 7% of earnable compensation. Members of the ACPS are eligible for retirement upon accumulating 30 years of service. Absent 30 years of eligibility, options exist for retirement based upon age and years of eligibility if a member's age is 62 or older. Generally, the full service pension allowance equals 1.2% of the AFC for the three highest consecutive years for the ACPS. RCPB members are eligible for full service pension when their combined age and eligibility service equals 90 years or they attain age 65 after 10 years of eligibility. The RCPB full service pension allowance is equal to 1.5% of the AFC for the five highest years as an employee. Members of the ACPS and RCPB are eligible for cost-of-living adjustments. ACPS members have the adjustment capped at 3% and is applied to all benefits attributable to service earned before June 30, 2011 which would have been in payment for one year. ACPS and RCPB members have the cost-of-living allowance capped at 2.5% for service earned on and after July 1, 2011 or the increase in the consumer price index if the most recent calendar quarter was greater than or equal to the assumed rate. In years in which cost-of-living adjustments would be less than zero due to a decline in the consumer price index, retirement allowances will not be adjusted. Cost-of-living adjustments in succeeding years are adjusted until the difference between the negative cost-of-living adjustment that would have been applied and the zero cost-of-living adjustment is fully recovered.

Pension system members are eligible for early service retirement benefits. The ACPS allows an early service payment upon attaining age 55 with at least 15 years of eligibility service. The benefit payable will be the ACPS full service pension which will be reduced by 0.5% for each month by which the retirement precedes age 62.

The maximum reduction is 42%. The RCPB members are eligible for early service pension payments attaining age 60 and 15 years of eligible service. The benefit payable will be the RCPB full service pension which will be reduced by 0.5% for each month by which the retirement precedes age 65. The maximum reduction is 30%.

NOTE 6 - PENSION PLAN (Continued)

Teachers' and Employees' Pension System (Continued)

Ordinary disability retirement is possible for ACPS and RCPB members upon completing five years of eligibility service and receiving certification from the Medical Board that the member is permanently incapable of performing their necessary job functions. The ordinary disability pension allowances generally equal the full service pension allowance if the members are at least age 62 on the date of retirement.

There is also an accidental disability pension benefit if the Medical Board certifies that, in the course of job performance, and as the direct result of an accidental injury, the member became totally and permanently disabled. The accidental disability allowance equals the sum of an annuity determined as the actuarial value of the members' accumulated contributions plus 2/3 (66.7%) of AFC. Allowance may not exceed the members' AFC.

To be eligible for death benefits, pension system members must have accumulated at least one year of eligibility service prior to the date of death or died in the line of duty. Generally, the benefit is equal to the members' annual earnable compensation on the date of death plus accumulated contributions.

Pension system members are vested depending upon their plan. ACPS members are vested with five years of service. RCPB members are vested with 10 years of service.

For all individuals who are members of the pension systems 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/or designated beneficiary's attained age and similar actuarial factors.

A member of either the Teachers' or Employees' Retirement System (ERS) is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age.

The annual retirement allowance equals 1/55 (1.81%) of the member's AFC multiplied by the number of years of accumulated creditable service.

NOTE 6 - PENSION PLAN (Continued)

Teachers' and Employees' Pension System (Continued)

An individual who is a member of either the Teachers' or Employees' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the 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.

Any individual who is a member of the State Retirement and Pension System on or before June 30, 2011 and who terminates employment before attaining retirement age but after accumulating 5 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 and who terminates employment before attaining retirement age but after accumulating 10 years of eligibility service is eligible for a vested retirement allowance.

The State of Maryland, which is a non-employer contributor to the Teachers' Retirement System (TRS) and Teachers' Pension System (TPS), makes non-employee contributions in amounts required by State statues at a set cost-sharing amount through 2017. The Board pays all employer contributions for employees who participate in the Employees' Pension System (EPS). Employees participating in the EPS include employees classified as custodial and cafeteria personnel. Employer contribution rates for custodial and cafeteria personnel are established by annual actuarial valuations, subject to the approval of the systems' Board of Trustees in accordance with the Annotated Code of Maryland.

Employees covered under the TRS, TPS and the EPS are required by State statute to contribute 7.0% of earned compensation.

For the year ended June 30, 2019 and thereafter, the Board is responsible for paying 100% of the normal cost for the TPS and TRS plans. The State of Maryland is responsible for paying 100% of the School System's past costs related to TPS and TRS plans. This meets the criteria of a special funding situation in accordance with Governmental Accounting Standards. The State's contributions on behalf of the Board for the year ended June 30, 2021 were $6,593,560, which were equal to the State's required contributions for that year. The contributions are recognized as revenues and expenditures in the Unrestricted Current Expense Fund. The Board's contributions for the year ended June 30, 2021 were $2,591,294 to the TRS and TPS, and $657,501 for the EPS, which were equal to the Board's required contributions for that year.

NOTE 6 - PENSION PLAN (Continued)

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

Before discussion of the process used to calculate and allocate the net pension liability, it is important to understand Maryland's particular situation concerning the payment of employer pension costs for Maryland's teacher population under the 24 Boards of Education (BOE).

At the time that the GASB's pension changes were under consideration, an initiative for pension cost sharing was before the 2012 session of the General Assembly. This legislation, which became law, required each BOE to begin paying the "normal cost" for their teachers starting in FY 2013 and full normal cost to be paid in FY 2017 and each year thereafter.

Because the State of Maryland pays the unfunded liability and the local BOEs pay the normal cost for the teachers' pension, the local Boards of Education are not required under GASB 68 to record their share of the unfunded pension liability for the TRS but instead, that liability is recorded by the State of Maryland. The portion of the net pension liability recorded by the State of Maryland related to the Board's teachers' pensions was $92,348,192 as of June 30, 2020. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's portion of the net pension liability recorded by the State was calculated based on pension contributions made for Board teacher pensions relative to total employer contributions for the Teachers' Retirement System and Teachers' Pension System for the year ended June 30, 2020, actuarially determined. As June 30, 2020, the Board's proportion was 0.01 percent.

Certain non-teacher Board personnel including custodial and cafeteria personnel participate in the ERS. The Board has responsibility for the funding of these employee contributions and therefore, is required under GASB 68 to record their proportional share of the net pension liability of the Employee' Retirement and Pension System. The proportional share is based on the employer contributions for only those employees participating in the ERS and does not include contributions made for employees participating in the TRS.

At June 30, 2021, the Board reported a liability of $6,142,206 for its proportionate share of the ERS and EPS net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on the Board's contributions to the ERS relative to total contributions made by all participants to the Maryland State Retirement and Pension System for the year ended June 30, 2020, actuarially determined. At June 30, 2020, the Board's proportion was 0.02718 percent compared to 0.02778 percent at June 30, 2019, a decrease of 0.0006.

NOTE 6 - PENSION PLAN (Continued)

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

Pension expense for the ERS plan for the year ended June 30, 2021 was $544,696.

At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 31,253	$ 122,921
Change in proportionate share	170,503	436,553
Net difference between projected and actual earnings	454,745	
Difference between actual and expected experience		262,747
Board contributions to the Employees' Pension System subsequent to the measurement date	657,501	
Total	$ 1,314,002	$ 822,221

$657,501 reported as deferred outflows of resources related to pensions resulting from Board contributions to the ERS subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	$ (176,337)
2023	(156,809)
2024	23,287
2025	96,690
2026	84,709
Thereafter	(37,260)
Total	$ (165,720)

NOTE 6 - PENSION PLAN (Continued)

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

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

Actuarial	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Inflation	2.60% general, 3.10% wage
Salary increases	3.10% to 11.60%
Discount rate	7.40%
Investment rate of return	7.40%
Retirement Age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

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 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 reduce the long-term expected rate of return by weighing 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 by the System after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	37.00%	5.20%
Private Equity	13.00%	6.50%
Rate Sensitive	19.00%	-0.30%
Credit Opportunity	9.00%	2.80%
Real Assets	14.00%	4.30%
Absolute Return	8.00%	1.80%
Total	100.00%	

NOTE 6 - PENSION PLAN (Continued)

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

The discount rate used to measure the total pension liability was 7.40 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate, contributions from school districts will be made at contractually required rates (actuarially determined), and contributions from the State will be made at current statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to determine the total pension liability.

The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.40 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40 percent) or 1-percentage-point higher (8.40 percent) than the current rate:

	1% Decrease 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
Board's proportionate share of the net pension liability	$ 8,744,420	$ 6,142,206	$ 3,974,800

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

NOTE 7 - RELATED PARTIES

The Board is closely related to Allegany County and the State of Maryland, and is dependent on these two sources for the major portion of its current expense funding. The amounts received and receivable during the year are disclosed within the financial statements.

The Board is closely related to the Allegany County Public Schools Foundation, Inc. in that the Board provides labor and certain administrative costs for the Foundation in exchange for the funds the Foundation provides to the Board's students. The Board provided $382 of donated services to the Foundation and it is included in Donated Services on the Foundation's statements.

NOTE 7 - RELATED PARTIES (Continued)

The Board is closely related to the Allegany County Building Trades Educational Foundation in that the Board provides labor, certain administrative costs, and donates the use of equipment to the Foundation in exchange for the curriculum the Foundation provides to the Board's students. The Board provided $18,156 of donated services to the Foundation and it is included in Donated Services on the Foundation's statements.

NOTE 8 - CASH AND INVESTMENTS

Deposits

At June 30, 2021, the carrying amount of the Board's reconciled bank deposits was $40,847,662 and the various bank balances were $41,836,861. Of the bank balances, $387,769 was covered by depository insurance. Total collateralized deposits were $41,449,092. Total deposits include the cash balance for the Allegany County Building Trades Foundation.

Investments

The Board's investment practices are governed by the Annotated Code of the State of Maryland. The Annotated Code limits the Board's investment activity to certificates of deposit, money market funds, instruments of the U.S. Treasury, and repurchase agreements secured by U.S. Treasury and other federal securities.

All investment revenue is recorded in the fund that held the investments at year end.

As of June 30, 2021, the Board's local investments in certificates of deposit and maturities are outlined as follows:

		Investment Maturity in Months			
	Fair Value	Less Than 1	1-6	6-12	More Than 12
Certificates of Deposit	$459,329	$45,340	$181,693	$12,286	$220,010

NOTE 8 - CASH AND INVESTMENTS (Continued)

Interest Rate Risk - In accordance with its investment policy, the Board manages its exposure to declines in fair values arising from interest rates by limiting the maturity date of securities to no more than 2 years from the date of purchase, unless it is matched to a specific cash flow requirement.

Credit Risk – The Board's investment policy for investments outside the MABE pooled investment trust limits the investments of the portfolio to 5% of Bankers Acceptances, 5% to money market mutual funds, and 5% to commercial paper. The Board's investment policy complies with Maryland state law limits.

Custodial Credit Risk – Deposits and investments are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-board's name.

Board of Education Discretely Presented Component Unit – Allegany County Building Trades Educational Foundation Inc.

Cash and cash equivalents are invested in interest bearing accounts at financial institutions and in money market funds. The carrying amount of the Foundation's deposit as of June 30, 2021 was $115,494 and the balance per bank was $115,494. This amount is fully insured by federal depository insurance.

NOTE 9 - ON-BEHALF PAYMENTS

The State of Maryland paid $6,593,560 into the State Retirement and Pension System of Maryland on behalf of the Board.

In addition, the Board receives support in the form of "on-behalf spending" from the Allegany County Government. School nurses are provided to the Board through the Allegany County Health Department at a total cost of $1,266,700 of which $547,437 is paid by the Board and the remainder of $719,263 is funded by County, State, and Federal funds.

County government also supported the school system by assisting with school security of $149,174 for public school students and mental health spending in the amount of $31,385 for both public and non public school students.

NOTE 10 - COMMITMENTS, CONTINGENCIES, RISKS, AND SUBSEQUENT EVENTS

The Board is exposed to risks of loss from lawsuits, medical and dental insurance claims, workers' compensation claims, and property damage claims. The Board manages its risks for these claims in various ways. Risks of loss arising from property damage and errors and omissions have been transferred to the Board's insurance carrier through the purchase of set premium insurance. The Board retains the risk of loss for medical and dental claims and has included $8,944,804 in accrued expenses on the balance sheet to cover incurred but not reported claims. This amount decreased by $87,417 from the prior year amount of $9,032,221, and was based on total claims paid of $18,019,544 and $18,477,793 for 2021 and 2020, respectively. The Board does not include any other incremental costs in its basis. The Board's insurance consultant had advised that the recorded liability is sufficient. The Board purchased stop-loss insurance, however, so that if an individual claim exceeds $350,000, the insurance company will reimburse the Board for the excess.

Hospital Insurance Liability at Beginning of Year	$	9,032,221
Claims and changes in estimates during the year		17,932,127
Claims paid		(18,019,544)
Hospital Insurance Liability at End of Year	$	8,944,804

The Board participates in the Maryland Association of Boards of Education's risk pool to manage the risks for workers' compensation claims. The Board pays an annual premium into the pool and may participate in refunds or be assessed additional premiums based on the experience of the pool and the Board's individual experience. No additional amounts have been recorded in the financial statements for any additional assessments since it is unlikely that a material amount, if any, will be assessed.

The Board also joined the Maryland Association of Boards of Education risk pool, organized as a trust, for the purpose of providing property, liability, and automobile coverage to members of the pool for an annual premium. Such premiums are actuarially calculated for the pool as a whole based upon loss data and are allocated to members based on student enrollment, number, and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for liabilities, covering claims aggregating $3 million per system per year.

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Board's financial condition, liquidity, and future results of operations. Board officials are actively monitoring the situation. Access to grants and contracts from federal, state, and local governments may decrease or may not be available depending on appropriations. The Board's financial condition and services may be impacted for fiscal year 2022.

NOTE 10 - COMMITMENTS, CONTINGENCIES, RISKS, AND SUBSEQUENT EVENTS (Continued)

The Board is exposed to a variety of threatened and pending litigation at June 30, 2021. No liability has been recorded for contingencies in the financial statements as the Board does not believe it is likely that a material liability will result from these claims that will not be covered by insurance, and no amount is determinable.

The Board evaluated subsequent events through January 10, 2022 for possible inclusion in the financial statements for potential required disclosures.

Long-range facilities plan

A long-range facilities plan for the future operation of County schools has been approved by vote by the School Board. Formal action is required for school consolidations and new school constructions. Funding for any action would come from State, County, and the Board funds.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

In fiscal year 2018, GASB issued a new accounting standard for the employer of OPEB plans (Statement No. 75 Accounting and Reporting for Postemployment Benefits Other than Pensions). The Board adopted and implemented this standard.

Since 1992, a new policy was implemented to subsidize a portion of the retiree's health care premiums. For 2021, a maximum subsidy for all retirees of $275,000 was Board approved. The total annual amount of the subsidy for the 2021 fiscal year is as follows for 95 retirees:

Years of Service at Retirement	Total Premium Subsidy Paid Under Age 65	Over Age 65
25 - 29 years	$ 0	$83,800
30 or more years	$ 0	$135,575

Plan Description

In 2000, the "Retiree Insurance Benefit Plan" was established to subsidize a portion of future retirees' health care costs. Eligible employees retiring after June 30, 2002 will be covered under this plan. Eligible employees who retired prior to July 1, 2002 will continue to receive supplements under the plan described in the previous paragraph. The Board contributed $1,847,000 toward the fund during the fiscal year ended June 30, 2021.

The Retiree Insurance Benefit Plan, a single-employer plan, is an independent fund jointly established by the Board of Education of Allegany County and four bargaining units to reimburse eligible retirees a portion of their post-retirement health insurance costs. Annual benefits to be paid from the fund are to be determined by a Plan Oversight Committee, consisting of five employee union representatives and four representatives appointed by the Board. The plan is presented within the financial statements as a Fiduciary Fund.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

In March 2009, the Board entered into an agreement with the Maryland Association of Boards of Education (MABE), together with certain member Boards of Education of Maryland to establish the MABE Pooled OPEB Investment Trust (MABE Pool) in order to pool assets of the member Boards of Education for investment purposes and to arrange for the establishment of a reserve to pay health and welfare benefits for future retirees. The assets of the MABE Trust are managed by GYL Financial Synergies and consist of money market funds, U.S. government securities, fixed income securities, asset-backed securities, equity securities, mutual funds and exchange traded funds.

At June 30, 2021 the net position of the MABE Trust was valued at $589.13 million; the School System's interest was $16,825,959 which is held in trust for the OPEB liability. Certain investments in the trust are measured at net asset value and as such are not subject to fair value disclosure leveling. The pool does not carry a credit quality rating.

The MABE OPEB Trust is audited annually by an independent CPA firm. Cohen & Company, LTD performed this service. The audit report is usually issued by September 1st each year, a copy of which can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, MD 21401-1112. The State of Maryland Treasurer's Office provides regulatory oversight of the investment pool, and the fair value of the School System's position in the pool is the same as the fair value of pool shares. The Board can withdraw its allocated investment balance from the fund by providing written notification six months prior to the intended date of withdrawal.

Plan Membership and Benefits Provided

In addition to subsidizing a portion of retiree health care benefits, the Board provides other post-employment benefits under a single employer plan. The Board provides medical benefits including prescription drug to eligible employees who retire from the Allegany County Public School System. The employer's contributions are financed on a pay-as-you-go basis through negotiated agreements with employee bargaining groups, and the future payment for these benefits is contingent upon annual approval of the operating budget. As of the June 30, 2021 actuarial valuation date, plan membership included 1,176 active employees that may receive this benefit in the future and 945 retirees and beneficiaries that are currently eligible for this benefit. 683 retirees are taking advantage of some portion of retiree benefits as of June 30, 2021. Details of the post-retirement benefits are as follows:

Medical Benefits

Retirees are eligible for continued membership of the school system's group medical plans provided they have at least 15 years of service with the Allegany County Public Schools. Employees must actually retire from the Board and begin receiving retirement benefits from the State of Maryland without any time break between the last day of employment and their retirement date. Employees must retire July 1, 2002, or thereafter.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

The retiree pays the premiums for these benefits but is eligible for a reduction of the premium based upon years of service and age. Retirees with 30 years of service are eligible for the maximum benefit. Retirees with more than 25 years, but less than 30 years of services are eligible for 85% of the maximum benefit. Retirees with over 20 years of service, but less than 25 years of service are eligible for 70% of the maximum benefit. Retirees with over 15 years of service but less than 20 years of service are eligible for 55% of the maximum benefit. The fund will reimburse for health, dental, vision, and prescription premiums paid toward the Board insurance, other employer provided insurance, private policies, and/or Medicare B. Retirees can be covered by any health insurance plan they choose. They can be covered by any combination of the Board's health insurance, their spouse's insurance and/or a supplemental health insurance policy. If the employee dies in service July 1, 2002, or thereafter, their spouse may be eligible for benefits as explained in the negotiated contract.

Actuarial Methods and Assumptions.
The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date:	June 30, 2021
Measurement Date	June 30, 2021
Amortization Method	Entry Age Normal
Inflation	2.5 percent
Salary Increases	4.0 percent
Discount Rate	7.0 percent
Investment Rate of Return	7.0 percent
Mortality:	

Pub-2010 Teacher Headcount-weighted with fully generational scale MP-2020. The table represents the most recent table released by the Society of Actuaries specifically for governmental employees.

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

The last complete actuarial valuation was performed as of June 30, 2021. The June 30, 2021 valuation was based on (a) the plan provisions as in effect on that date, (b) employee data as of June 30, 2021, as provided by the plan sponsor, and (c) asset information as of June 30, 2021. The measurement included a 7.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5% initially, reduced linearly to an annual increase of 4.5%. The actuarial value of assets was determined using market value.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Investments

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	60.00%	7.51%
Fixed Income	37.00%	3.88%
Cash	3.00%	2.00%
TOTAL	100.00%	

The projected level of plan assets are sufficient to cover projected future obligated payments.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

Rate of Return on Investments

For the year ended June 30, 2021, the annual money-weighted rate of return on investments net of investment expense was 24.05 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. Actual future returns may vary due to the timing of capital contributions and redemptions.

Change in Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2020	$ 28,951,768	$ 13,563,864	$ 15,387,904
Changes for the year:			
Service cost	443,747	-	443,747
Interest	1,972,504	-	1,972,504
Difference between expected & actual experience	(2,387,106)	-	(2,387,106)
Assumption changes	(96,563)	-	(96,563)
Contributions - employer	-	1,572,880	(1,572,880)
Contributions - employee	-	-	-
Net investment income	-	3,276,689	(3,276,689)
Benefit payments	(1,572,880)	(1,572,880)	-
Administrative expense	-	(14,594)	14,594
Other changes	-	-	-
Net Changes	(1,640,298)	3,262,095	(4,902,393)
Balance at June 30, 2021	$ 27,311,470	$ 16,825,959	$ 10,485,511

For the year ended June 30, 2021, the Board recognized OPEB expense of $1,125,792.

Sensitivity of the net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net OPEB Liability	$13,088,069	$10,485,511	$8,225,522

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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

The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent decreasing to 3.5 percent) or 1-percentage-point higher (7.5 percent decreasing to 5.5 percent) than the current healthcare rates:

	1% Decrease (5.5% to 3.5%)	Healthcare Cost Trend Rate (6.5% to 4.5%)	1% Increase (7.5% to 5.5%)
Net OPEB Liability	$ 7,880,417	$ 10,485,511	$ 13,582,562

Deferred Outflows and Deferred Inflows of Resources Related to Other Post-Employment Benefits

At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 1,909,270	$ 83,244
Difference between expected and actual experience	-	2,057,850
Net difference between projected and actual earnings on OPEB plan investments	301,301	1,873,809
Board contributions to the OPEB subsequent to the measurement date	-	-
	$ 2,210,571	$ 4,014,903

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (Continued)

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

Year ended June 30:	
2022	$ (356,086)
2023	(346,335)
2024	(345,395)
2025	(445,828)
2026	19,716
Thereafter	(330,404)
Total	$ (1,804,332)

NOTE 12 - CAPITAL LEASES

The Board leases photocopy and printing equipment under capital leases with interest rates ranging from 2.1% to 8.1% and maturity dates up to 2026. The total capital lease obligation as of June 30, 2021 was $285,638 with $101,724 representing the current portion and $183,914 representing the long-term portion. In fiscal 2020, the capital lease obligation was $378,666 of which $111,884 was current and $266,782 was considered long-term. The detail of the $93,028 decrease in the total capital lease liability is presented below. The capital lease obligations are secured by the equipment under lease.

Capital Lease Liability at June 30, 2020	$ 378,666
Additional Lease Obligations	21,248
Payments on Capital Lease Liability	(114,276)
Capital Lease Liability at June 30, 2021	$ 285,638

NOTE 12 - CAPITAL LEASES (Continued)

Following is a schedule of principal and interest payments under capital leases as of June 30, 2021:

Year Ended June 30:	Principal	Interest	Total
2022	$ 101,724	$ 19,125	$ 120,849
2023	90,826	11,221	102,047
2024	66,337	4,754	71,091
2025	23,300	1,103	24,403
2026	3,451	76	3,527
2027 and thereafter	0	0	0
Total	$ 285,638	$ 36,279	$ 321,917

The portion of the lease payments that are for service and materials have not been capitalized. Minimum total future lease payments, including the amounts for service and materials, as of June 30, 2021 follow:

Year ended June 30:	Minimum Lease Payments
2022	$ 257,095
2023	222,924
2024	156,573
2025	53,845
2026	7,955
2027 and thereafter	0
Total	$ 698,392

The following is equipment acquired through capital leases, which is included in capital assets on the statement of net position at June 30, 2021:

Cost	$934,749
Less accumulated depreciation	(688,969)
	$245,780

NOTE 13 - FUND BALANCE

A surplus fund balance of $32,527,434 existed in the Current Expense Fund Type, Unrestricted Fund, as of June 30, 2021. The surplus of $32,477,434 was undesignated.

NOTE 14 - ACCOUNTS RECEIVABLE

Total accounts receivable of Governmental Funds in the financial statements as of June 30, 2021 is $17,802,224. This total consists of the following components:

County Government	$ 372,003
State Government	5,942,644
Federal Government	11,248,522
Other Local Education Agencies	7,824
Other	231,231
Total	$ 17,802,224

NOTE 15 - STADIUM FUNDS

Greenway Avenue Stadium

On August 13, 1996 the Board approved a $1 surcharge on adult ticket sales for varsity football, varsity soccer, and varsity track sporting events held at Greenway Avenue Stadium. The $1 surcharge is also assessed on student ticket sales for the varsity football homecoming game. The funds are to be used to maintain, renovate, and upgrade Greenway Avenue Stadium. These funds are collected by Fort Hill and Allegany High Schools and remitted to the central office. Once received by the central office, these funds become part of the School Construction Fund.

The activity for the year ended June 30, 2021 is as follows:

Balance, beginning of year	$ 250,763
Add: Ticket surcharge collections	4,496
Donation	0
Tower rent	17,512
Less: Expenditures	0
Balance, end of year	$ 272,771

Mountain Ridge Stadium

On March 13, 2007 the Board approved a $1 surcharge on adult ticket sales for varsity football, varsity soccer, and varsity track sporting events held at Mountain Ridge Stadium. The funds are to be used to maintain, renovate, and upgrade Mountain Ridge Stadium. These funds are collected by Mountain Ridge High School and remitted to the central office. Once received by the central office, these funds become part of the School Construction Fund.

NOTE 15 - STADIUM FUNDS (Continued)

Mountain Ridge Stadium (Continued)

The activity for the year ended June 30, 2021 is as follows:

Balance, beginning of year	$ 71,851
Add: Ticket surcharge collections	1,817
Interest	0
Less: Expenditures	(0)
Balance, end of year	$ 73,668

NOTE 16 - FAIR VALUE MEASUREMENTS

Government Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurement and Application, defines fair value, establishes a framework for measuring fair value, establishes a three level valuation hierarchy for disclosure of fair value measurement and enhances disclosure requirements for fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Represented by quoted prices that are available in an active market. Level 1 securities include highly liquid government bonds, treasury securities, mortgage products and exchange traded equities.
- Level 2 – Represented by assets and liabilities similar to Level 1 where quoted prices are not available, but are observable, either directly or indirectly through corroboration with observable market data, such as quoted prices for similar securities and quoted prices in inactive markets and estimated using pricing models or discounted cash flows. Level 2 securities would include U.S. agency securities, mortgage-backed agency securities, obligations of states and political subdivisions and certain corporate, asset backed securities and swap agreements.
- Level 3 – Represented by financial instruments where there is limited activity or unobservable market prices and pricing models significant to determining the fair value measurement including the reporting entity's own assumptions about the market risk. Level 3 securities would include hedge funds, private equity securities, and private investments in public entities.

NOTE 16 - FAIR VALUE MEASUREMENTS (Continued)

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

Change in Net OPEB Liability

	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ 459,329	$ -	$ -	$ 459,329
MABE Investment Assets:				
Corporate Bonds	-	1,862,000	-	1,862,000
Corporate Asset Backed Securities	-	153,835	-	153,835
Equity Securities	3,856,531	-	-	3,856,531
Exchange Traded Funds	1,757,559	-	-	1,757,559
Mutual Funds	5,920,209	-	-	5,920,209
Municipal Bonds	-	-	-	-
Foreign Government Bonds		18,940		18,940
US Government and Agency Fixed Income Asset Backed Securities	-	2,197,174	-	2,197,174
Total MABE investments by fair value level	11,534,299	4,231,948	-	15,766,247
MABE Investments measured at net asset value				1,059,712
Total Investments Measured at Fair Value and Net Asset Value	$ 11,993,628	$ 4,231,948	$ -	$ 16,225,576

The fair value measurement for these assets are based upon quoted market prices, when available (Level 1). If quoted market prices are not available, fair values are measured utilizing independent valuation techniques of identical or similar securities for which significant assumptions are derived primarily from or corroborated by observable market data (Level 2). In certain cases, where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the hierarchy.

NOTE 17 - PRIOR PERIOD ADJUSTMENTS

There are two prior period adjustments reflected within the financial statements. First, the Government-wide net position of the Board as of July 1, 2020 has been restated and increased by $310,000. In fiscal 2020, the Board failed to record a receivable and corresponding revenue related to School Construction projects the State had committed to fund in the future and is making a prior period adjustment for a correction of error.

NOTE 17 - PRIOR PERIOD ADJUSTMENTS (Continued)

	Governmental Activities
Net Position - beginning of year	$ 130,547,607
Increase in School Construction revenue	310,000
Net Position - beginning of year - as restated	$ 130,857,607

The other prior period adjustment relates to a change in accounting principle that reflects the implementation of a new standard that impacted a component unit of the Board.

The Allegany County Building Trades Education Foundation, Inc. (the "Foundation"), a component unit of the Board, adopted FASB ASC 606, *Revenue from Contracts with Customers* for the year ended June 30, 2021, in order to be in accordance with U.S. generally accepted accounting standards (U.S. G.A.A.P.). The standard allows for retrospective implementation with an adjustment for the cumulative effect of initial application to the beginning net assets of the annual reporting period that includes the date of initial application. A prior period adjustment for a change in accounting principle has been made to reflect implementation of the new standard.

The Foundation is not subject to the new standard until a contract is in place for the sale of a house. In prior years, the Foundation recognized revenue over time using the percentage completion method and, as such, included the estimated profit-to-date as a component Work in Process. With the implementation of the new standard, the Foundation must now recognize revenue at a point in time, upon completion of the sale of the house. As a result, beginning fund balance has been reduced by the previously included estimated profit-to-date of $19,972.

Net Position -at June 30, 2020, as originally stated	$ 324,444
Prior Period Adjustment	(19,972)
Net Position - at June 30, 2020 - as restated	$ 304,472

As of June 30, 2021, the Foundation had not entered into any contracts which would require recognition of revenue over time. Consequently, no contract assets or contract liabilities have been recorded.

BOARD OF EDUCATION OF ALLEGANY COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Unrestricted			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
County - regular appropriation	$ 31,138,670	$ 31,138,670	$ 31,138,670	$ -
State - direct	83,893,272	83,893,272	84,559,639	666,367
Federal - direct	300,000	300,000	339,249	39,249
Fund Balance	1,420,643	1,420,643	-	(1,420,643)
Other revenue	616,500	616,500	332,387	(284,113)
TOTAL REVENUES	117,369,085	117,369,085	116,369,945	(999,140)
EXPENDITURES				
Administration	2,404,912	2,248,014	2,175,415	72,599
Mid-level administration	6,920,831	6,920,831	6,998,184	(77,353)
Instruction - salaries	41,856,478	41,656,478	40,956,529	699,949
Instruction - textbooks & instructional supplies	4,227,486	3,927,486	3,142,610	784,876
Instruction - other	2,029,313	2,029,313	1,575,696	453,617
Student personnel services	700,100	700,100	576,847	123,253
Health services	894,570	894,570	618,292	276,278
Student transportation	6,394,577	6,394,577	5,817,258	577,319
Operation of plant and equipment	7,996,511	8,246,511	7,916,394	330,117
Maintenance of plant	1,894,300	2,244,300	2,095,400	148,900
Fixed charges	25,353,205	22,506,205	19,687,223	2,818,982
Community Service	-	-	5,600	(5,600)
Food Services	448,432	-	-	-
Capital outlay	290,000	230,000	223,965	6,035
Special education	15,958,370	15,958,370	15,165,082	793,288
TOTAL EXPENDITURES	117,369,085	113,956,755	106,954,495	7,002,260
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	3,412,330	9,415,450	6,003,120
OTHER FINANCING SOURCES (USES)				
Interfund transfers	-	(3,412,330)	(3,321,328)	91,002
Capital lease financing	-	-	21,248	21,248
TOTAL OTHER FINANCING SOURCES (USES)	-	(3,412,330)	(3,300,080)	112,250
NET CHANGE IN FUND BALANCES	-	-	6,115,370	6,115,370
FUND BALANCE - JULY 1, 2020	26,412,064	26,412,064	26,412,064	-
FUND BALANCE - JUNE 30, 2021	$ 26,412,064	$ 26,412,064	$ 32,527,434	$ 6,115,370

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

BOARD OF EDUCATION OF ALLEGANY COUNTY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS - RESTRICTED (CURRENT EXPENSE) AND FOOD SERVICE
FOR THE YEAR ENDED JUNE 30, 2021

	Restricted				Food Service			
	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
State - direct	$ 4,706,537	$ 4,706,537	$ 3,441,577	$ (1,264,960)	$ 115,000	$ 115,000	$ 169,343	$ 54,343
Federal - direct			-	-	305,000	305,000	271,042	(33,958)
- received through State & Pass-Thru Agencies	10,944,940	10,944,940	13,847,295	2,902,355	3,035,000	3,035,000	2,826,001	(208,999)
Other revenue	164,600	164,600	223,346	58,746	955,000	955,000	26,346	(928,654)
TOTAL REVENUES	15,816,077	15,816,077	17,512,218	1,696,141	4,410,000	4,410,000	3,292,732	(1,117,268)
EXPENDITURES								
Administration	96,421	96,421	94,491	1,930				
Mid-level administration	275,603	275,603	284,590	(8,987)				
Instruction - salaries	4,841,026	4,841,026	3,702,699	1,138,327				
Instruction - textbooks & instructional supplies	2,508,432	2,508,432	4,562,693	(2,054,261)				
Instruction - other	1,038,499	1,038,499	1,892,600	(854,101)				
Student personnel services	-	-	5,883	(5,883)				
Health services	283,120	283,120	60,526	222,594				
Student transportation	20,350	20,350	16,022	4,328				
Operation of plant and equipment	-	-	474,307	(474,307)				
Maintenance of plant	-	-	-	-				
Fixed charges	2,192,391	2,192,391	2,405,508	(213,117)				
Community Services	432,488	432,488	758,734	(326,246)				
Special education	4,127,747	4,127,747	3,199,531	928,216				
Food Service	-	-	54,634		4,823,900	4,823,900	4,126,529	697,371
TOTAL EXPENDITURES	15,816,077	15,816,077	17,512,218	(1,641,507)	4,823,900	4,823,900	4,126,529	697,371
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	-	-	54,634	(413,900)	(413,900)	(833,797)	(419,897)
OTHER FINANCING SOURCES (USES)								
Interfund transfers			-	-	425,000	425,000	750,443	325,443
NET CHANGE IN FUND BALANCES	-	-	-	54,634	11,100	11,100	(83,354)	(94,454)
FUND BALANCE - JULY 1, 2020	-	-	-	-	386,645	386,645	386,645	
FUND BALANCE - JUNE 30, 2021	$ -	$ -	$ -	$ 54,634	$ 397,745	$ 397,745	$ 303,291	$ (94,454)

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

BOARD OF EDUCATION OF ALLEGANY COUNTY
RECONCILIATION OF BUDGETARY BASIS TO GAAP
JUNE 30, 2021

	Revenues	Expenditures	Current Year Effect on Fund Balance
Unrestricted Current Expense Fund Budgetary Basis	$ 116,369,945	$ 106,954,495	$ 9,415,450
Retirement contribution made by the State on behalf of the Board	6,593,560	6,593,560	-
Board, and local contributions for nurses, security and mental health professionals	899,822	899,822	-
Statement of Revenues, Expenditures, and Change in Fund Balances Actuals	$ 123,863,327	$ 114,447,877	$ 9,415,450

BOARD OF EDUCATION OF ALLEGANY COUNTY

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

NOTE 1 - BUDGET TO ACTUAL VARIANCES

General Fund

For the year ended June 30, 2021, General Fund revenues fell short of budget expectations while expenditures came in significantly under budget.

Net state revenues were over budget as a result of the Teacher Salary Incentive grant that was implemented as a portion of the recommendations of the Commission on Innovation and Excellence in Education (commonly known as the Kirwan Commission). There was also a shortfall of state revenues that related to non-public placements. Public schools are required to provide a free and appropriate education to all students in a public school system. When students have intensive educational needs that cannot be met by the local school system, the school system is mandated to provide an education in a facility that can meet those needs. The cost is shared between the local school system and state government based upon a formula. Revenues were under budget because of a formulaic change that occurred as a result of facilities providing virtual services to students versus in person services for the entirely of the year. The number of students receiving services and severity of the services needed also plays a role in the overall costs.

Medicare Part D revenues show a favorable variance. The system is self-insured for health insurance purposes. As a result, the system qualifies for the Medicare Part D program that reimburses the system for a portion of prescription drug benefits provided to Medicare eligible retirees. The system budget is based upon past experience.

The district had budgeted to utilize fund balance, if necessary, to purchase any technology required to implement and support distance learning and provide technology for every student in the district. Also, included was the potential hiring of additional behavioral and mental health support staff. The district was able to utilize federal funding through CARES and other grants to be able to meet those needs.

A favorable variance existed for instructional salaries due to several employees being off due to illness and some other employees retiring during the school year. These positions were covered with substitute costs which would have been significantly lower than budgeted. There were also some open positions. Also, there were no field trips and very limited staff development opportunities this year as a result of COVID. Also, there were several programs that were not able to take place at all or on a very limited basis. These include Outdoor School as well as the district's typical after-school experiences.

NOTE 1 - BUDGET TO ACTUAL VARIANCES (Continued)

General Fund (Continued)

There were instances, as a result of virtual learning occurring during a significant portion of the year, where supplies were not consumed as normal during year. There were also instances where the district was able to utilize grants to procure supplies to meet student need.

Other instructional expenditures came in under budget. Contracted services, other charges, and equipment were all under budget in fiscal 2021. Also, due to having very limited staff development costs, there were very few speakers providing staff development Also, the district's after-school programs were limited as a result of COVID, even though they had been budgeted. Equipment expenditures were also under budget as the district evaluates the timing and necessity of all equipment purchases and tries to use grants, when available.

The budget for Special Education private placements was an estimate based on the anticipated number of students to be served and historic usage trends. The total number of students requiring these intensive services decreased in comparison to the prior year which also contributed to this positive variance. Special Education was under budget within salaries by about 3.5%. Also, contracted services for occupational and physical therapy were higher than budgeted based upon the needs of the students.

Student transportation was under budget overall and largely within contracted services due to the fuel rates being lower than budgeted. The school system must budget up to 18 months in advance of expenditure and the system uses an average fuel rate when developing the budget. The department monitors and adjusts bus routes as appropriate. Also, as a result of the district's learning going virtual during a significant portion of the school year, the system recognized additional savings related to fuel since it did not reimburse contractors for fuel they did not use. Overall, contracted services were under budget by $532,077.

The operations department was able to come in under budget overall. Overall, salaries were lower than anticipated within the budget. Supplies and materials and contracted services were over budget, but there were savings in other charges as utilities trended better than plan for the year. Equipment also came in under budget as operations did not spend all the funds appropriated in the budget as a result of the pandemic.

The maintenance department was under budget by $148,900 as a result of additional budget amendment resources. The majority of the variance was a result of an unfilled position as well as some year-end projects that were not able to be completed as a result of a lack of material availability to complete the projects such as some paving projects.

NOTE 1 - BUDGET TO ACTUAL VARIANCES (Continued)

General Fund (Continued)

The school system was able to come in under budget in fixed charges as a result of stabilizing healthcare claim. The district is self-funded for healthcare and has favorable claims results. The overall amount expensed for healthcare was less than budgeted. Also, there was a significant reduction in the amount of tuition reimbursements compared to budget. Fixed charges were also favorable due to retirees not using all of budgeted retiree health benefits. The school system will reimburse retirees up to a set amount providing documentation. In some cases, the coverage obtained by retirees is less than the cap on the amount retirees are eligible to receive.

Special Revenue Fund – Restricted

Restricted revenues and expenses for the year were $17,512,218 which is up about 41.3% or $5,120,240 from the prior year's revenues and expenses of $12,391,978. Restricted revenues are tied to the availability of grants and funding. The federal funding attributable to coronavirus relief or CARES matches almost directly to the increase in the restricted revenues. Overall, CARES spending was $6,146,548 this year compared to CARES spending of $1,025,481 last year. Spending is prescribed within the grants themselves, but ranged from the purchase of technology such as devices and access points, infrastructure for distance learning, hotspots for students and staff without connectivity, contractual resources for distance learning, summer school programs and tutoring to mitigate learning loss, protective personnel equipment, additional custodial staffing to support cleaning at schools and safely reopening schools.

Special Revenue Fund – Food Service

Throughout the pandemic, students who have wanted a meal whether learning virtually, during the summer, or when in school have had the opportunity to get not only a free lunch, but also free breakfast as a result of federal support to schools. However, the Food Services fund was unable to remain profitable this fiscal year with a loss of $83,354 compared to the prior year's loss of $295,334. Overall, revenue decreased by $538,642 to $4,043,175 as the district served fewer meals compared to the prior year and received few Children's Payments. Children's payments decreased by $385,110 from last year and that considers that there were virtually no payments mid-March through the end of the school year.

Expenses within the fund decreased to $4,126,529 compared to fiscal year 2020's expenses of $4,877,151. A portion of the decrease within expenses related to salaries and wages being lower as the district paid a COVID premium to essential employees in Spring 2020. There were significant savings related to the purchase of supplies and food as the number of meals served decreased compared to the prior year. Savings from supplies and materials was over $500,000 in comparison to 2020.

BOARD OF EDUCATION OF ALLEGANY COUNTY

NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

NOTE 2 - RECONCILIATION OF BUDGETARY BASIS TO GAAP

Actual results of operations are presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual on the budgetary basis of accounting, in order to provide a meaningful comparison of actual results with budget estimates. Under the budgetary basis, capital leases principal payments are recognized as a current expense. In addition, retirement contributions made by the State on behalf of the Board, and local contributions for nurses, security, and mental health professionals are not recognized as revenue and current expense on the budget basis.

BOARD OF EDUCATION OF ALLEGANY COUNTY

SCHEDULE OF NET OTHER POST EMPLOYMENT BENEFIT LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2021	2020	2019	2018
Actuarially determined contribution	$ 1,572,880	$ 1,600,868	$ 1,619,502	$ 1,607,290
Contributions in relation to the actuarially determined contribution	(1,572,880)	(1,600,868)	(1,619,502)	(1,607,290)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Covered - employee payroll	68,527,140	66,916,160	67,194,377	63,892,883
Contribution as a percentage of covered employee payroll	2.30%	2.39%	2.41%	2.52%

Notes:

This schedule is presented to illustrate the requirement to show the information for 10 years. However, until a full 10-year trend is completed the Board will present information for those years for which the information is available.

Changes since prior valuation:

1) The mortality table was updated from the Pub-2010 Teachers Headcount-weighted with fully generational scale MP-2019 to the Pub-2010 Teachers Headcount-weighted with fully generational scale MP-2020.

BOARD OF EDUCATION OF ALLEGANY COUNTY

RETIREE POST-EMPLOYMENT BENEFITS-SCHEDULE OF CHANGES IN THE BOARD'S NET OPEB AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2021	2020	2019	2018
TOTAL OPEB LIABILITY				
Service cost	$ 443,747	$ 371,344	$ 347,050	$ 324,346
Interest	1,972,504	1,750,690	1,718,804	1,690,682
Difference between expected & actual experience	(2,387,106)	-	-	-
Change of assumptions	(96,563)	2,633,852	-	-
Benefit payments	(1,572,880)	(1,600,868)	(1,619,502)	(1,607,290)
Net change in total OPEB liability	(1,640,298)	3,155,018	446,352	407,738
Total OPEB liability - beginning	28,951,768	25,796,750	25,350,398	24,942,660
Total OPEB liability - end	$ 27,311,470	$ 28,951,768	$ 25,796,750	$ 25,350,398
PLAN FIDUCIARY NET POSITION				
Contributions-employer	$ 1,572,880	$ 1,600,868	$ 1,619,502	$ 1,607,290
Net investment income	3,276,688	419,617	867,405	838,773
Administrative expenses	(14,593)	(47,444)	-	-
Benefit payments	(1,572,880)	(1,600,868)	(1,619,502)	(1,607,290)
Net change in plan fiduciary position	3,262,095	372,173	867,405	838,773
Plan fiduciary net position - beginning	13,563,864	13,191,691	12,324,286	11,485,513
Plan fiduciary net position - end	$ 16,825,959	$ 13,563,864	$ 13,191,691	$ 12,324,286
Board's net OPEB liability- end	$ 10,485,511	$ 15,387,904	$ 12,605,059	$ 13,026,112
Plan fiduciary net position as a percentage of the total OPEB liability	61.61%	46.85%	51.14%	48.62%
Covered employee payroll	68,527,140	66,916,160	67,194,377	63,892,883
Net OPEB liability as a percentage of covered-employee payroll	15.30%	23.00%	18.76%	20.39%

Notes:

This schedule is presented to illustrate the requirement to show information for 10 years. Until a full 10 year trend is completed, the Board will present the information for the years that are available.

Key Assumptions:	
Actuarial Valuation Date:	June 30, 2021
Measurement Date:	June 30, 2021
Amortization Method:	Entry Age Normal
Salary Increases:	4.0%
Discount Rate:	7.0%
Investment Rate of Return:	7.0%
Mortality:	Pub-2010 Teachers Headcount-weighted with fully generational scale MP-2020. The table represents the most recent table released by the Society of Actuaries specifically for governmental employees.

BOARD OF EDUCATION OF ALLEGANY COUNTY

SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - MARYLAND STATE RETIREMENT AND PENSION SYSTEM
LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015
Board's proportion of the net pension liability (asset)	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Board's proportionate share of net pension liability	$ 6,142,206	$ 5,730,106	$ 5,846,752	$ 5,657,005	$ 6,932,618	$6,917,608	$5,665,273
Board's covered employee payroll	6,211,901	6,338,813	6,491,484	6,517,359	6,710,481	$7,210,687	$7,469,056
Board's proportionate share of the net pension liability as a percentage of its covered employee payroll	98.88%	90.04%	90.07%	86.80%	103.31%	95.94%	75.85%
Plan fiduciary net position as a percentage of the total pension liability	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

Notes:

The amounts presented for each fiscal year were determiend as of the measurement period year-end. The measurement period year-end was one year prior to each fiscal year-end.

This schedule is presented to illustrate the requirement to show the informaiton for 10 years. However, until a full 10-year trend is completed the Board will present information for those years for which the information is available.

BOARD OF EDUCATION OF ALLEGANY COUNTY

SCHEDULE OF THE BOARD'S CONTRIBUTIONS - MARYLAND STATE RETIREMENT AND PENSION SYSTEM
LAST 10 FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 657,501	$ 582,676	$ 570,493	$ 555,671	$ 532,468	$ 572,404	$ 701,601
Contributions in relation to the contractually required contribution	$ (657,501)	$ (582,676)	$ (570,493)	$ (555,671)	$ (532,468)	$ (572,404)	$ (701,601)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0
District's covered-employee payroll	$ 6,420,914	$ 6,211,901	$ 6,338,813	$ 6,491,484	$ 6,517,359	$6,710,481	$7,210,687
Contributions as a percentage of covered-employee payroll	10.24%	9.38%	9.00%	8.56%	8.17%	8.53%	9.73%

Notes:

The amounts presented for each fiscal year were determined as of the measurement period year-end. The measurement period year-end was one year prior to each fiscal year-end.

This schedule is presented to illustrate the requirement to show the information for 10 years. However, until a full 10-year trend is completed the Board will present information for those years for which the information is available.

100% of the net pension liability associated with the system is the responsibility of the State of Maryland Consequently, 10 year information is not provided for the Teachers' Retirement System.

There were no changes in benefit terms during the year.

Changes in Actuarial Assumptions

Adjustments to the roll-forward liabilities were made to reflect the following assumptions in the 2020 actuarial valuation as compared to the 2019 actuarial valuation.
-Inflation assumption changed from 2.65% general and 3.15% wage to 2.60% general and 3.10% wage.
-Salary increase assumption changed from a range of 3.1% to 9.10% to a range of 3.10% to 11.60%

BOARD OF EDUCATION OF ALLEGANY COUNTY

SCHOOL ACTIVITIES - INCREASES, DECREASES AND BALANCES BY SCHOOL
For Year Ended June 30, 2021

	Balances June 30, 2020	Increases	Decreases	Balances June 30, 2021
HIGH SCHOOLS				
Allegany	$ 229,764	$ 184,117	$ 151,226	$ 262,655
Center for Career and Technical Education	87,961	39,033	39,209	87,785
Fort Hill	178,319	223,920	109,123	293,116
Mountain Ridge	328,132	205,425	171,715	361,842
Total High Schools	824,176	652,495	471,273	1,005,398
MIDDLE SCHOOLS				
Braddock	56,755	25,165	31,946	49,974
Mount Savage	93,635	37,354	32,147	98,842
Washington	108,837	40,332	25,500	123,669
Westmar	57,017	16,834	13,810	60,041
Total Middle Schools	316,244	119,685	103,403	332,526
ELEMENTARY SCHOOLS				
Beall	33,418	18,767	16,820	35,365
Bel Air	14,349	11,395	11,976	13,768
Cash Valley	29,812	14,111	11,610	32,313
Cresaptown	93,279	15,958	20,305	88,932
Flintstone-school	202,411	14,496	13,804	203,103
Flintstone-McLuckie	356,670	7,078	6,000	357,748
Frost	76,937	10,671	4,454	83,154
Georges Creek	77,857	17,702	17,076	78,483
John Humbird	45,459	13,932	12,052	47,339
Northeast	74,052	17,442	15,608	75,886
Parkside	10,601	19,572	14,534	15,639
South Penn	78,272	22,965	36,802	64,435
West Side	53,965	19,501	22,138	51,328
Westernport	35,375	14,549	13,422	36,502
Total Elementary Schools	1,182,457	218,139	216,601	1,183,995
TOTAL SCHOOLS	$ 2,322,877	$ 990,319	$ 791,277	$ 2,521,919

STATEMENT CONCERNING DEBT SERVICE FUND FOR PUBLIC SCHOOL CONSTRUCTION

Board of Education of Allegany County
Cumberland, Maryland

Our audit of the basic financial statements of the Board of Education of Allegany County as of June 30, 2021 and for the year then ended was intended for the purpose of formulating an opinion on the basic financial statements taken as a whole. The Board of Education of Allegany County has no jurisdiction, direct or indirect, over the Debt Service Fund for Public School Construction, and the fund is, consequently, outside the scope of our audit. Therefore, detailed information with respect to the Debt Service Fund is not included in this report.

Maryland law passed in 1971 provides for payment by the State of all costs, in excess of available federal funds, of all approved public school construction and capital improvements projects in its counties and Baltimore City. In addition, the law provides for payment of principal and interest on debt issued by any subdivision for public school construction, if the debt was outstanding or obligated as of June 30, 1967.

Additional legislation passed during 1973 provides that the State will assume public school costs for debt obligated after June 30, 1967 on construction contracts let prior to July 1, 1967.