

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Board of Education of Baltimore County

**A Component Unit of Baltimore County, Maryland
6901 North Charles Street, Towson, Maryland 21204**

FISCAL YEAR ENDED JUNE 30, 2015

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Prepared by the Division of Business Services

Acknowledgements

Student Artwork

The student artwork displayed in this report are the work of Baltimore County Public School students. We appreciate their contribution and acknowledge the hard work of the students and their teachers.

The students who provided artwork are as follows:

Alexandra Warren	Sudbrook Magnet Middle
Katrina Schroeder	Parkville Middle
Phuong Dinh Nguyen	Parkville Middle
Isabel Schreur	Dumbarton Middle
Matthew Burdyck	Sudbrook Magnet Middle
Jasmine Wilson	Old Court Middle

Board of Education of Baltimore County
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2015

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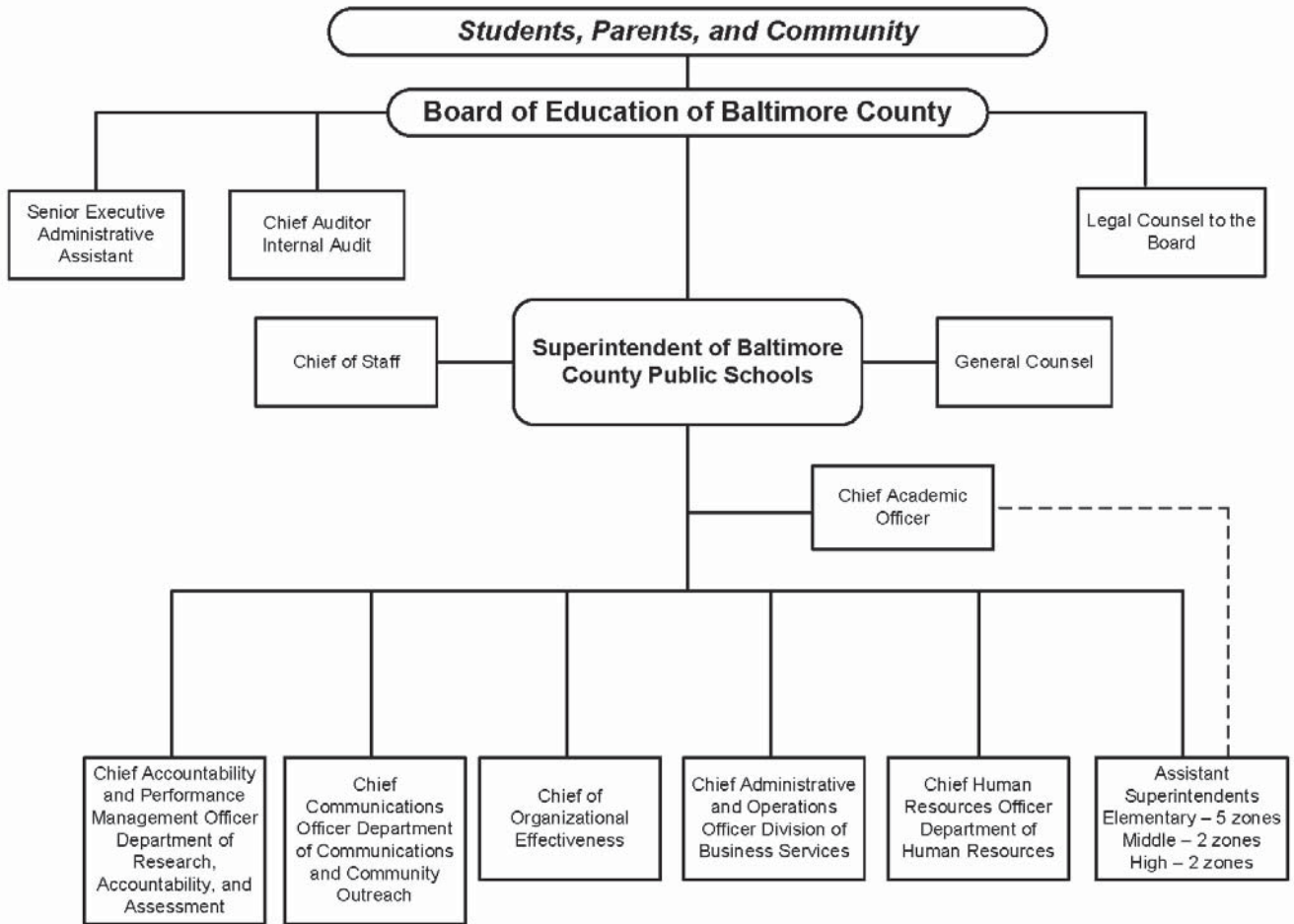
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Baltimore County Public Schools Organization Chart



Superintendent's Staff

As of June 30, 2015

Dr. S. Dallas Dance	Superintendent
Michele O. Prumo	Chief of Staff
Margaret-Ann Howie, Esq.	General Counsel
Verletta White	Chief Academic Officer
Dr. Russell Brown	Chief Accountability and Performance Management Officer
Mychael Dickerson	Chief Communications Officer
William Burke	Chief of Organizational Effectiveness
Kevin D. Smith	Chief Administrative and Operations Officer
Dr. John Mayo	Chief Human Resources Officer

BALTIMORE COUNTY PUBLIC SCHOOLS

S. Dallas Dance, Ph.D. ♦ Superintendent ♦ 6901 Charles Street ♦ Towson, MD ♦ 21204-3711

September 30, 2015

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

In compliance with the public school laws of the state of Maryland, the Division of Business Services (the division) annually publishes the comprehensive annual financial report (CAFR) of the Board of Education of Baltimore County (the Board). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation rests with the administration of Baltimore County Public Schools (BCPS). We believe that the data as presented are accurate in all material aspects and are presented in a manner designed to set forth the financial position and results of operations of the Board as measured by the financial activity.

All matters relating to education and operations in BCPS are governed by the Board, as provided by the public school laws of Maryland. The Board has the responsibility to maintain a reasonable, uniform system of public schools, providing quality education for all students of Baltimore County. With the advice of the superintendent, the Board establishes schools and determines the geographical attendance areas for them. Upon recommendation of the superintendent, the Board approves education policy that governs the management and conduct of the school system. The activities, funds, and entities related to BCPS included in this CAFR are those in which the Board exercises oversight responsibility.

All funds and accounts of the Board are included in this CAFR. While the Board is an entity created and governed by state law, it has been defined as a component unit of the Baltimore County government for financial reporting purposes. Therefore, the Board is included in the CAFR of Baltimore County.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found at the beginning of the financial section.

The report is available to all interested parties. Copies of the report are forwarded to Board members, the superintendent's staff, appropriate officials of the state of Maryland and Baltimore County, and Baltimore County public libraries. Copies are also posted on the BCPS Web site and distributed to other school districts, individuals, and organizations upon request.

THE REPORTING ENTITY AND ITS SERVICES

BCPS is the 25th largest school system in the United States. The county covers 612 square miles in the north central part of the state, and combines urban, suburban, and business regions with vast

farmland and waterfront areas. The school system reflects this diversity in the student population of 109,984 students in Grades PreK–12. These students are served by approximately 19,000 employees, including 8,859 teachers, making BCPS one of the largest employers in the region. More than 15,000 volunteers support student achievement throughout the school system.

For the 2014–2015 school year, BCPS operated 173 schools, centers, and programs. There are 106 elementary schools that serve the needs of children in Grades PreK–5; 27 middle schools serve students in Grades 6-8; and 24 high schools serve students in Grades 9–12. Additionally, four special schools serve children of various ages with disabilities. Another 10 centers and two programs provide services – including evening high school, alternative education, home assessments, technical programs, and virtual instruction – to students in need of specialized educational and instructional services.

The vision we all share is that BCPS will be among the highest performing school systems in the nation by building, sustaining, and investing in a culture of deliberate excellence for every student, every school, and every community. On June 11, 2013, the Board of Education approved a new five-year strategic plan for BCPS. The plan, *Blueprint 2.0*, was developed in collaboration with community stakeholders and rests upon a theory of action that calls for us to prepare globally-competitive graduates by creating equitable digital learning environments and providing all students with the opportunity to become proficient in a second or third language. The new strategic plan will guide us into the future and will keep us accountable and on track to meet our goals for our students.

MAJOR INITIATIVES

Students and Teachers Accessing Tomorrow (S.T.A.T.)

To equip every student with the critical 21st century skills needed to be globally competitive, BCPS must ensure that every school has an equitable, effective digital learning environment. To ensure that outcome, BCPS launched Students and Teachers Accessing Tomorrow, or S.T.A.T., during the 2013-2014 school year. Ten “Lighthouse” elementary schools piloted the initiative during the 2014-2015 school year. In the 2015-2016 school year, S.T.A.T. will be in every elementary school as well as seven middle schools.

S.T.A.T. is the multi-year transformation of BCPS into a complete 21st century technology learning environment to prepare globally-competitive graduates. BCPS first redesigned curriculum in the core content areas to redefine what instruction will look like in a blended learning environment, while placing a stronger emphasis on critical thinking and analytical skills. This transformation was necessary to provide personalized learning to our increasingly diverse student population at a time when the economy requires more from our students for future success.

S.T.A.T components reaching all BCPS schools by the 2017-2018 school year include educator, parent and student access to information and resources, including a digitally-enhanced curriculum supplemented with timely, engaging, adaptive digital resources; measures to ensure all schools have an equitable and effective digital learning environment; wireless and broadband infrastructure in

every school; and additional equipment so that every classroom and library meets a minimum standard for teaching and learning.

Second Language Acquisition

The purpose of public education is both to prepare students for college and career opportunities and to provide students with an understanding of the world. Research also suggests that an essential factor to be competitive in today's global economy and culture is fluency in a second or third language.

To ensure that every student becomes proficient in a second language, BCPS is implementing a Spanish-language instruction program in elementary schools countywide. During the 2014-2015 academic year, 10 elementary schools piloted the program. In these schools, Grade 4 students participated in weekly conversational lessons led by BCPS elementary Spanish teachers. Middlebury Interactive, a research-based and self-paced learning platform, supplemented the lessons, further allowing students to hone their Spanish listening and speaking skills.

During the 2015–2016 academic year, the program will expand to 15 additional elementary schools. The goal is to expand Spanish to all BCPS elementary schools over the next few years. With the completion of its 1:1 instructional digital conversion, known as S.T.A.T., BCPS will provide every student with a portable digital device to support instruction, and students will use the technology to begin learning Spanish in kindergarten.

For the Year 2014-2015

During the 2014-2015 school year, BCPS continued to strengthen key academic initiatives, including S.T.A.T. As a result of the hard work, focus, and determination of our students, teachers, and administrators, and the support of parents, community, and elected officials, BCPS is likely to expand upon its role as a regional and national educational model.

The following represent highlights of the most recently-reported achievements of BCPS:

- The BCPS high school graduation rate jumped 1.33 percentage points from 86.3 percent in 2013 to 87.6 percent in 2014.
- In 2014, Grade 12 SAT participation rose 58.5 percent since 2013, growing from 4,094 to 6,489 test takers. The increase came about thanks to last April's SAT School Day in BCPS, a new initiative in 2013 that gave all Grade 11 students the opportunity to take the SAT at their own school during the school day and without cost.
- In 2014, 30.7 percent of Grade 11 and 12 students took at least one AP exam, up from 29.2 percent in 2013. Similarly, 22.1 percent scored a 3 or higher on at least one exam in 2014, up from 21.3 percent in 2013.
- The Board of Education of Baltimore County adopted its first ever equity policy (Policy 0100) to affirm each student's growth potential and right to opportunity.
- BCPS added 200 prekindergarten seats with funding from the State PreKindergarten Expansion Grant.

- The number of responses to the annual Stakeholder Satisfaction Survey almost doubled from 40,542 in 2014 to 74,905 in 2015.
- Parent participation in the Stakeholder Satisfaction Survey more than doubled and the percent of parents rating BCPS as effective increased from 80 percent in 2014 to 87 percent in 2015.
- Early results from a preliminary evaluation of S.T.A.T. showed that changes in teaching and learning are starting to emerge, according to the Center for Research and Reform in Education at Johns Hopkins University. Preliminary findings included that: S.T.A.T. teachers, school-based professional development experts at all schools, provide a variety of beneficial supports; higher-level questioning techniques are commonly used by Lighthouse teachers to prompt deeper thinking from students; and Lighthouse students use digital tools more often than other students.
- BCPS One, the online gateway to information, tools, and resources, was enhanced with a new look and a variety of upgrades and improvements, based on suggestions from users.
- BCPS launched a new BCPS Opps blog (www.bcpsopps.wordpress.com) to share information with BCPS students about opportunities to develop and demonstrate their skills and knowledge and explore colleges and careers.
- The Department of Communications and Community Outreach received nine communications awards from CHESPRA, the Chesapeake chapter of the National School Public Relations Association.
- The Department of Communications and Community Outreach also launched a new Back to School Involves You, Too! campaign to remind the community of the impact of public schools and to invite greater community engagement.

Capital Facilities

BCPS delivers educational programs, student and family support services, and administrative functions from 173 schools, centers, and programs. The average original construction age of all BCPS schools exceeds 50 years old. The school system began a focused maintenance and systemic school renovation program in 1998 to address deficiencies identified among the aging buildings. To date, renovation work at 98 elementary schools and four special schools has been completed. Ten new elementary schools (*Edgemere, Sparks, Westchester, Martin Boulevard, Dogwood, New Town, Woodholme, Vincent Farm, West Towson, and Mays Chapel*), one middle school (*Windsor Mill Middle School*) and four high schools (*New Town High School, George Washington Carver Center for the Arts, Dundalk High School and Sollers Point Technical High School*) have been constructed.

Systemic upgrades, limited renovations, and renovations at 26 middle schools and three high schools have been completed. The implementation of the renovation program for BCPS high schools continued in 2014 with the ongoing renovation at Hereford High School which is to be completed in early 2016, and the start of renovations at Pikesville High School and Overlea High School which are both to be completed in late 2016. The construction of the new Mays Chapel Elementary School was completed on schedule for the opening of the 2015 school year, while a new 700-seat Lyons Mill Elementary School, in the Owings Mills area, is under construction and is scheduled for

completion in August 2015 for the opening of the 2016 school year. Additionally, construction began during 2015 on three new replacement elementary schools (*Westowne, Relay and Catonsville*).

Hundreds of construction and building projects, including new construction, major renovations, and modernizations at various elementary, middle, and high schools, were underway during school year 2014–2015. In addition to systemic renovations to school roofing, windows, plumbing, electrical, ventilation, and heating and cooling systems, the work also consists of improvements to energy performance systems, cafeterias, media centers, health suites, computer systems, security systems, and various other areas. Capital improvements enhancing the instructional program include renovations of science, mathematics, and art instructional areas.

In addition, the school system has embarked upon the development of a new ten-year capital improvement plan, *Schools for Our Future*, which began as an assessment of all BCPS school facilities. Included in this program the renovation at Dumbarton Middle School, a renovation of Padonia International Elementary School to accommodate the increased enrollment, a proposed replacement of Lansdowne and Victory Villa elementary schools, a new elementary school in the Northeast area of the county, limited renovations of four high schools (*Patapsco, Lansdowne, Woodlawn, and Dulaney*), and other projects. With a generous commitment of funding to upgrade our schools, including the addition of air-conditioning in all elementary and middle schools, and four of the remaining six high schools, the school system is poised to ensure modern, safe, and comfortable learning environments for all students in the foreseeable future.

A Sample of System, Staff, and Student Achievements

- The Schott Foundation reports that BCPS and another school system each have the third highest graduation rate for black male students, based on 2011-2012 data regarding black male graduation rates. This comparison is based on school districts that enroll 10,000 or more black male students.
- Cole Dininno, a senior at George Washington Carver Center for Arts & Technology, was among the 170 students and alumni to be named 2015 YoungArts finalists by the National YoungArts Foundation.
- Superintendent Dr. S. Dallas Dance was named among the National School Boards Association's prestigious "20 to Watch" educators for 2014–2015.
- The W. K. Kellogg Foundation awarded a \$1.5 million grant to Baltimore County Public Schools to help increase student achievement by providing all students with an effective, equitable digital learning environment.
- The national America's Most Challenging High Schools project (produced by *The Washington Post*) named 15 Baltimore County public schools – nearly two-thirds of the county's 24 traditional and magnet high schools and the most county schools ever – to its list of the nation's top schools.
- Wendy Carver, school counselor at Shady Spring Elementary, and Jeremy Goldman, school counseling department chair at Pikesville High, were named two of 16 national semi-finalists in the National School Counselor of the Year program.

- BCPS was named again as one of the nation’s “Best Communities for Music Education” by the National Association for Music Merchants (NAMM) Foundation.
- Red House Run Elementary was honored as the Baltimore County winner of the Maryland Breakfast Challenge and was awarded \$2,000 for showing the highest increase in students who ate school breakfast compared to those eligible for a free school lunch.
- Pam Gaddy, a teacher at Patapsco High School and Center for the Arts, was one of only 60 teachers nationally selected to participate in the 2015 Supreme Court Summer Institute.
- Southwest Academy science teacher Joshua Foor-Hogue and four of his Grade 8 students were named grand prize winners in the national Belk Challenge for their project to clean Dead Run stream. The award, one of three grand prizes nationally, came with \$2,000 scholarships for each student team member and another \$2,000 prize for Mr. Foor-Hogue.
- Sixteen Baltimore County high schools earned spots on the U.S. News & World Report’s “Best High Schools” list this year, compared to just five schools in 2014. Four of them – up from two last year – earned top “gold medal” honors under the magazine’s system of ranking schools.
- BCPS was named a District of Distinction by “District Administration” magazine in honor of the S.T.A.T. (Students and Teachers Accessing Tomorrow) initiative. BCPS was one of 30 school districts honored in the magazine’s July 2015 round of its national recognition program.
- A new documentary exploring programs related to the principles of President Obama’s My Brother’s Keeper initiative highlights Baltimore County Public Schools’ own Halstead Academy and interviews with three Halstead students, Principal Jennifer Mullenax, and Superintendent Dallas Dance. The documentary aired on Discovery and OWN cable channels.
- S.T.A.T. (Students and Teachers Accessing Tomorrow) was honored with a national award (The Digital Content and Curriculum Achievement Award) from the Center for Digital Education.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to BCPS for its CAFR for the fiscal year ended June 30, 2014. This was the nineteenth consecutive year that the Board has achieved this prestigious award. In order to be awarded a certificate of achievement, a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A certificate of achievement is valid for a period of one year only. We believe that the current CAFR continues to meet the certificate of achievement program’s requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) has awarded a Certificate of Excellence in Financial Reporting to BCPS for its CAFR for the fiscal year ended June 30, 2014. The Certificate of Excellence in Financial Reporting is the highest form of recognition in school system financial reporting issued by ASBO International. This is the sixteenth consecutive year that BCPS has received this award. We believe that the current CAFR continues to meet the certificate of excellence program requirements and are submitting it to ASBO for consideration.

ECONOMIC CONDITION AND OUTLOOK

The county is situated in the geographic center of Maryland, surrounding the City of Baltimore almost entirely. The county is the largest jurisdiction by population in a metropolitan area with more than 2.6 million people. The City of Baltimore and the county are entirely separate political units.

The county has the third largest land area of any political subdivision in the state of Maryland. Within its 612 square miles (plus an additional 28 square miles of water with over 200 miles of shoreline) are situated at least 29 identifiable, unincorporated communities. The county's overall population grew 6.7 percent from 2000 to 2010. Today, the county has the third highest population in the state of Maryland and the second highest number of jobs.

Healthcare and education, the sectors that generally report job stability and growth despite economic downturns, are well represented in the county by five regional medical centers and five major colleges and universities. BD Diagnostic Systems shares a zip code with PayPal and a large concentration of nationally recognized professional service organizations. Headquarters for the Social Security Administration and Centers for Medicare and Medicaid Services and a corps of IT contractors form the Woodlawn Federal Center. Major operations of T. Rowe Price, Toyota Financial Services, Euler Hermes, Zurich America, Baltimore Life, Farmers Insurance Group, and Bank of America form a powerful finance-insurance community. Manufacturing holds its place with companies such as: General Motors, McCormick and Company, Stanley Black & Decker, Lockheed Martin, AAI, and Procter & Gamble.

New Business and Real Estate Activity

The following section highlights a sampling of business and real estate activity in the county from June 2014 to June 2015.

- Towson Square (formerly known as Towson Circle III) – This new mixed use project in Towson is being developed by a joint venture of Heritage Properties and The Cordish Company. A 75,000 square foot, 3,400 seat, 15 screen multiplex cinema has already opened atop a new three story 850 space garage. Three of seven planned restaurants are also open, with others soon to open. The pedestrian friendly plaza includes a traffic circle with a European style fountain, bistro style outdoor dining areas and landscaping. The county invested \$6.2 million toward the parking garage and \$2 million for infrastructure improvements, which is leveraging \$85 million in private investment. The project brings an estimated 1,530 jobs to the area, 660 construction jobs and another 870 jobs when the project is completed.
- Towson Row - Demolition is underway on this transformative, \$350 million mixed use development at the southern gateway to downtown Towson, one block from Towson University. The development program calls for 200,000 square feet of Class A office space, 350 luxury residential units, 200 limited service hotel rooms, 300 quality student housing units and more than 100,000 square feet of retail and restaurants, anchored by the 45,000 square foot Whole Foods Market grocery chain.
- The Shops at Kenilworth - Greenberg Gibbons has announced plans for a \$20 million renovation to The Shops at Kenilworth, a landmark shopping destination in Towson,

Maryland, which was originally built in 1979. Plans call for transforming the concrete exterior and outdated interior into a more contemporary and welcoming specialty shopping and community gathering place. The design concept includes reducing the current space by 8,000 square feet and adding a 20,000 square foot, three-level “marketplace” featuring a wine bar, a mix of casual and fine dining options, and a rooftop garden with panoramic views. Project completion is targeted for 2017.

- Sale of County Properties - In December 2013, the Baltimore County Council approved the sale of three functionally obsolete county properties housing two police stations and a fire station, located on heavily traveled commercial corridors in Randallstown, Towson and Dundalk. The Towson and Dundalk properties are awaiting the approval of a Planned Unit Development. The profit from the sale of these properties will help defray the cost of new replacement buildings and generate new property tax revenue, in addition to providing jobs and economic stimulus. In Dundalk, Vanguard Commercial Development will redevelop a portion of the property into a restaurant/retail/recreational town center to be known as “Merritt Pavilion.” Merritt Pavilion is envisioned as a family friendly destination and would have 12 separate buildings spread over 12 acres. It is anticipated to include restaurants, fast casual dining establishments, an ice cream or frozen yogurt shop, an urgent care medical facility, a convenience store/gas station facility, a drive-in fast food restaurant, and other not yet defined retail. The proposal also allows recreation programs at the site to continue uninterrupted and adds other recreational amenities. In Towson, CVP-TF, LLC will add a convenience store and gas station, as well as approximately 10,000 square feet of retail strip and a 4,200 square foot restaurant pad site. Retail uses include a drive-in fast food restaurant, a fast casual restaurant, and a bank. In Randallstown, 101 Development Group, a wholly-owned subsidiary of Genesis HealthCare LLC, purchased the county property that joins its neighboring senior nursing center. The Development Group will raze the existing building and construct much needed additional parking.
- Metro Centre at Owings Mills - Metro Centre at Owings Mills is a mixed use, transit oriented special taxing district that is being developed by Owings Mills Transit, LLC through the use of tax increment financing. At completion, the project will support more than 1.2 million square feet of commercial office space, 300,000 square feet of complementary retail space, 1,700 residential units, educational facilities and a hospitality component. The project adjoins the Owings Mills Metro stop and two commuter parking garages with a total of 5,277 spaces. Total investment in the project is expected to be \$550 million. The project already completed a 120,000 square foot county campus that includes a county library, community college branch, and two five story upscale residential buildings with 232 apartments and ground floor retail and restaurant space. The developer, David S. Brown Enterprises, Ltd., is beginning development of a full service, 150 room hotel that company Chairman Howard S. Brown said will be a first for the area’s hotel market.
- Foundry Row – This \$140 million mixed use development in Owings Mills, anchored by a Wegmans grocery store, will include 356,000 square feet of retail space and 48,000 square feet of office space. Joining Wegmans as tenants will be Panera Bread, Bagby Liquors, Smashburger, Zoes Kitchen, Nalley Fresh, DSW Shoes, LA Fitness, ULTA and Sports Authority. Demolition of the industrial building on the site is complete and site prep is in process. The Wegmans store is slated to open in 2016, with other retail to follow in 2017.

- McCormick & Company – The international spice manufacturer, currently located in Sparks, will consolidate 900 office employees from several area locations into a 340,000 square foot headquarters project at 99 Shawan Road, to be completed in 2018. A former telephone company building on the site will be completely renovated, creating a state of the art corporate campus for McCormick. The building will house corporate functions, the company’s US consumer and industrial divisions and a health and wellness center. Company officials spent 15 months studying 60 possible sites in three states before selecting the Shawan Road project.
- Johnson, Mirmiran & Thompson (JMT) – a nationally ranked architectural and engineering firm, will move its headquarters from Sparks to a new five story 130,000 square foot building on Wight Avenue in Hunt Valley. Companywide, the firm employs 1,200 engineers, architects, planners, technicians and other employees, 600 of which will be located in the new headquarters. Design has started on the new building at 40 Wight Avenue, with construction expected to begin later in 2015. JMT expects to move in early 2017.
- Miller’s Minuteman Press – A graphic design, print and mailing company has centralized its production facility and expanded its services. Miller’s recently occupied a new \$5.2 million, 36,450 square foot one story facility in Owings Mills. This move allows the company to expand its workforce by about 30 percent.
- Kelly & Associates – purchased the 90,000-square-foot building at 1 Fila Way in Sparks for a company headquarters. The company is investing \$10.5 million in a renovation scheduled to be completed in 2015, when Kelly’s 500 employees will move in. The company also purchased an adjoining lot that can support an addition to the building and an expanded parking lot.
- BECO Management – The Rockville-based real estate management company purchased two office buildings located at 10451 and 10461 Mill Run Circle adjacent to Owings Mills Mall. The company invested \$15 million in improvements to the two properties and there is a resurgence of leasing activity as a result of renovations. Seven new tenants have signed leases totaling over 35,000 square feet in the past six months.
- Sparrows Point Terminal LLC – recently acquired the 3,100 acre former steel production facility. The new owners agreed to \$48 million in assurances to pay for the environmental clean-up. The property will be redeveloped for industrial use.
- PrimeAE – is one of the newest companies to the 41-acre bwtech North business park at UMBC. They consolidated two office buildings from Owings Mills and Linthicum and are relocating approximately 100 employees to the new site. PrimeAE offers engineering, technical, GIS, and data migration services.
- Loomis Armored U.S signed a 50,000 square-foot lease at 4979 Mercantile Road in the White Marsh Business Community. Loomis plans to double its work force from 100 to 200 people after it moves from its location near Golden Ring Park in Rosedale.
- Lockheed Martin’s contract with the U.S. Navy was renewed for \$235 million to manufacture missile-firing systems used on warships at Lockheed’s facility in Middle River. The deal extends through 2022 and could be worth as much as \$356 million if the Navy adds optional orders. The flexible missile system can launch a variety of missiles.
- Vac Pac acquired a 46,000 square-foot building at 917 Middle River Road, where the company will relocate 25 employees by the fourth quarter. Vac Pac specializes in cooking

bags for ovens and microwaves and its new Middle River building will include a new test facility, allowing the company to better showcase research and development and expand internationally. Vac Pac does between \$5 and \$10 million in annual revenue.

- Bottling Group, LLC, signed a lease for 25,400 square feet in a new 60,000 square-foot warehouse and distribution facility under construction in the White Marsh Business Park on Days Cove Road. The building is scheduled for completion in late summer of 2015.
- Significant activity in the Crossroads @95 Business Park include: Chesapeake Real Estate Group has completed two buildings ready for delivery - a 435,000 square-foot Class A building and a 100,685 square-foot warehouse and distribution building; Reliable Churchill - the largest wine and spirits distributorship in Maryland is relocating its headquarters, office and warehouse operations to a new 449,200 square-foot building, and will transfer over 500 associates to the new location; Carpet Consultants, a provider of residential and commercial flooring products, has signed a lease for approximately 18,000 square feet of space; and, Pro Transport Inc. has signed a 51,100 square-foot lease to expand their capacity.
- CapRock Grain an import supplier of organic animal grain, signed a five-year lease at 8907 Bethlehem Blvd. Future plans include a soybean milling and crushing manufacturing operation, resulting in an oil product for export along with potential for 200 jobs in five years.

Industrial Redevelopment

The Sparrows Point peninsula was the location of a major integrated steel mill for more than 100 years. In May 2012, the final steel mill operator, RG Steel, declared bankruptcy and announced plans to close the facility and lay off all 2,000 workers.

The Sparrows Point Partnership, an advisory group of private-sector port, logistics and real estate professionals, was established by the County Executive in 2012 to recommend how best to position Sparrows Point and the surrounding area for long term job growth. In May 2013, the Partnership released its first-year report, which highlighted the area's exceptional assets including a massive land product: 5.3 square miles, with more than 3,300-acres zoned for industrial use, deepwater access near the growing Port of Baltimore, interconnected transportation, including direct connection to two class one railroads and interstate highways, exceptional natural gas and electricity supplies, a large supply of treated water flowing directly to the site and a highly capable, motivated workforce

Sparrows Point Terminal LLC acquired the 3,100 acres in September 2014. The new owners agreed to \$48 million in assurances to pay for the environmental clean-up. The property will be redeveloped for industrial use.

Baltimore County continues to provide support services to dislocated RG workers. Hundreds of workers have received training for new jobs under Federal trade adjustment assistance programs. County and state staffs are working to help those workers find jobs as they complete their training programs.

Technology Locations

bwtech@UMBC

The bwtech@UMBC Research & Technology Park (Park) is a 41-acre community engaged in research, entrepreneurship, and economic development. The Park contains eight buildings, including multi- and single-tenant buildings and three incubators. Over 40 cyber security companies currently reside and do business in the Park. The Park, which includes 118 tenants and 1,200 employees, is adjacent to the main UMBC campus with direct access to the innovative research and amenities of a major university.

Enterprise Zones

An enterprise zone is a tool that the state of Maryland offers to local jurisdictions for promoting economic development in certain qualifying areas. The county has three Enterprise Zones - the Chesapeake Zone (formerly the North Point Zone), located along the industrial North Point Boulevard, Pulaski Highway and Eastern Boulevard corridors in eastern Baltimore County, the Southwest Zone, located in the Washington Boulevard/Hollins Ferry Road industrial corridor and the Federal Center at Woodlawn Zone. These three areas contain over 9,100 acres of industrial and office zoned land and over 1,600 businesses. Since the approval of the first zone in December 1995, 144 businesses in the Chesapeake, Southwest and Federal Center at Woodlawn enterprise zones have committed to investing over \$315 million in real property improvements and \$308 million in machinery and equipment. In addition, approximately 3,700 new jobs have been created. The program offers two primary benefits to businesses in the designated zone that make new investments or hire new employees:

1. *Property Tax Credits.* The local jurisdiction provides an annual property tax credit that is phased out over a ten-year period. For the first five years, the credit is equal to 80 percent of the increase in property tax resulting from the new investment in real property. In the subsequent five years, the credit decreases 10 percent annually until it is phased-out entirely in the eleventh year.
2. *Income Tax Credits.* For each new, full-time job created in an enterprise zone, the state grants a \$1,000, one-time state income tax credit to the employer. If a worker who is certified as economically disadvantaged fills the new job, the credit can total as much as \$6,000 over three years.

The local property tax credit is applied only to the increased tax liability resulting from the new investment. Therefore, the county experiences no loss in property tax revenue as a result of the program; it simply foregoes a portion of the increase in property tax revenue that results from the new investment. Additionally, the state of Maryland reimburses the county for 50 percent of the property tax credits to businesses.

Economic Development Financing Assistance

In FY2015, the county provided financial assistance to three companies for various projects with significant economic benefit for the county. In each of these projects, the county has leveraged its investment with additional financial assistance provided by public or private resources. Together these three projects are expected to result in over \$8 million in new investment, creating more than 51 new jobs and retaining 79 existing jobs. Additionally, in June 2015 the county was awarded \$1.6 million from the state of Maryland to fund loans to small, minority, women-owned and veteran

owned businesses in the state of Maryland. The Boost Fund provides flexible financing to assist in the acquisition of business assets, working capital, equipment, owner-occupied commercial real estate, construction of new facilities and lease hold improvements. The county received its first round of funding in the amount of \$1.5 million in July 2014. Twelve loans were approved totaling \$1.44 million.

FINANCIAL INFORMATION

Budgeting and Accounting Controls

The Board prepares an annual budget for both the general and special revenue funds. These budgets are submitted to the county government for approval 120 days prior to the end of the current fiscal year. The Baltimore County Council adopts the budget by June 1 each year. The general fund budget is adopted by categories (e.g., administration, instructional salaries, and special education) prescribed in Maryland State law. Transfers between categories during the year also require Baltimore County Council approval. The special revenue fund budget is adopted at the fund level.

BCPS maintains a system of budgeting and accounting controls designed to assist management in meeting its responsibilities for reporting reliable financial information. The system is designed to provide reasonable assurance that assets are safeguarded and transactions are executed and recorded with management's authorization. Internal control systems are subject to inherent limitations with regard to the necessity of balancing costs against the benefits produced. Management believes that the existing system of budgeting and accounting controls provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. During the year, interim financial reports are available to the Board and school system administrators. Account managers are responsible for assuring that planned expenditures are within remaining appropriation balances delineated by category, object of expenditure, and in some cases, by location.

OTHER INFORMATION

Independent Audit

The financial statements for fiscal year 2015 have been audited by CliftonLarsonAllen LLP in accordance with Section 5-109 of the public school laws of Maryland. The independent auditor's report is included in the financial section of this report.

General Information

The statistical section of this report provides the reader with supplemental information, including entity-wide and governmental funds expenditures and revenues on a multiyear basis. Enrollment tables and miscellaneous statistics are also included in this section.


Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Department of Fiscal Services and CliftonLarsonAllen LLP. The Department of Fiscal Services would like to express appreciation to all other departments and individuals who assisted in the timely closing of the BCPS financial records and the preparation of this report.

Conclusion

This report has been prepared to provide financial information for fiscal year 2015, which ended June 30, 2015, in a manner consistent with the goals and objectives of the Board of Education of Baltimore County. Should you have any questions about the financial details, needs, or plans for BCPS, please do not hesitate to call or write.

Sincerely,



S. Dallas Dance
Superintendent



Kevin D. Smith
Chief Administrative and Operations Officer
Division of Business Services



George L. Sarris
Executive Director
Department of Fiscal Services



Government Finance Officers Association

**Certificate of
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for Excellence
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**Baltimore County
Public Schools, Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Association of School Business Officials International



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is presented to*

Baltimore County Public Schools

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, appearing to read "M. Pepera", written over a horizontal line.

Mark C. Pepera, MBA, RSBO, SFO
President

A handwritten signature in black ink, appearing to read "John D. Musso", written over a horizontal line.

John D. Musso, CAE, RSBA
Executive Director



Alexandra Warren

Sudbrook Magnet Middle



CliftonLarsonAllen

INDEPENDENT AUDITORS' REPORT

Members of the
Board of Education of Baltimore County
Baltimore, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Baltimore County, Maryland (the Board), a component unit of Baltimore County, Maryland as of and for the year ended June 30, 2015, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board'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 Board'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 component unit governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During fiscal year ended June 30, 2015, the Board adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the Board reported a restatement for the change in accounting principle (see Note 2). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 22 through 38, the schedules of funding progress and employer contributions on page 89, and the schedules of the Board's proportionate share of the net pension liability, schedules of employer contributions and notes to the required supplementary information on pages 90 through 95 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's basic financial statements. The Statement of Changes in Assets and Liabilities – School Activity Fund listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Statement of Changes in Assets and Liabilities – School Activity Fund 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 Statement of Changes in Assets and Liabilities – School Activity Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical tables listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2015 on our consideration of the Board'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 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 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's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2015

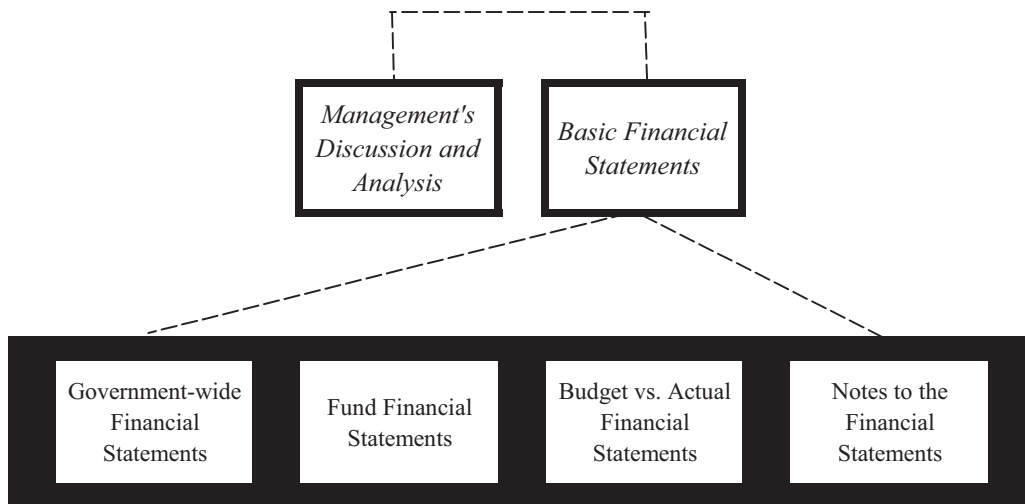
Board of Education of Baltimore County Management's Discussion and Analysis

As management of the Baltimore County Public Schools, we offer the readers of the Board of Education of Baltimore County's (the board) financial statements this narrative overview and analysis of the financial activities of the board for the fiscal year ended June 30, 2015. The Management's Discussion and Analysis, financial statements, and related notes are the responsibility of management. We encourage readers to consider the information presented here in conjunction with the board's basic financial statements which follow.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the board's basic financial statements. The board's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) budget and actual financial statements, and 4) notes to the financial statements.

Required Components of the Board's Annual Financial Report



BASIC FINANCIAL STATEMENTS

The basic financial statements include three kinds of financial statements that present different views of the board – the *Government-wide Financial Statements* (pages 40 and 41), the *Fund Financial Statements* (pages 42, 44, 48-50, and 51), and the *Budget and Actual Financial Statements* (pages 46 and 47). These financial statements also include the *Notes to the Basic Financial Statements* (pages 52-88) that explain some of the information in the financial statements and provide more detail.

Government-wide Financial Statements

The board's *Government-wide Financial Statements* provide a broad view of the board's operations in a manner similar to a private sector business enterprise. The statements provide both short-term and long-term information about the board's financial position, which assists in assessing the board's economic condition at year end. They are prepared using the economic resources focus and full accrual basis of accounting. These are methods similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if the cash has not been received. The Government-wide Financial Statements include two statements:

The *Statement of Net Position* presents all of the board's assets and deferred outflows, and liabilities and deferred inflows, with the difference between the two reported as "net position." The statement combines and consolidates all of the board's components of assets and deferred outflows, and liabilities and deferred inflows, distinguishing between governmental and business-type activities. The end result is net position segregated into three components, net investment in capital assets, restricted, and unrestricted. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the board is improving or deteriorating.

The *Statement of Activities* presents information showing how the board's net position changed during the most recent fiscal year. All changes in net position are 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 not result in cash flows until future fiscal periods (such as earned, but unused, vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the board. The majority of the board's revenue is general revenue, grants and contributions from other governments.

Both of the above statements include separate sections to distinguish between those functions that are supported primarily by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant part of their costs through fees and charges (*business-type activities*).

The governmental activities of the board include Administration, Mid-level Administration, Instruction, Special Education, Student Personnel Services, Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Community Services, and Capital Administration. These activities are mostly supported by county and state appropriations mandated in accordance with state law, and state and federal grants.

The board's only business-type activity is the food service operation, which serves lunch and breakfast in all Baltimore County Public Schools. The food service operation is primarily supported by charges for meals, donated federal food commodities, and reimbursements in accordance with government food programs.

The government-wide financial statements can be found immediately following *Management's Discussion and Analysis*.

Fund Financial Statements

The fund financial statements focus on major funds and on individual parts of the board's operations. All of the funds of the board can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds, each of which use different accounting approaches and should be interpreted differently. The three categories are as follows:

Governmental Funds Financial Statements – Most of the basic services provided by the board are accounted for in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on balances of spendable resources at the end of the fiscal year. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in reconciliations found on pages 43 and 45.

The basic governmental fund financial statements can be found on pages 42 and 44 of this report.

Proprietary Funds Financial Statements – The Board maintains two different types of proprietary funds. An enterprise fund is used to report the function presented as a business-type activity in the government-wide financial statements. The enterprise fund operates more like those of a commercial enterprise - charging fees for services that are provided to outside customers. The enterprise fund provides the same type of information as the government-wide financial statements, only in more detail. The board

has one enterprise fund, the Food Service Fund, which is considered a major fund for presentation purposes. The Food Service Fund operates all the school cafeterias and provides breakfast and lunch to students and staff. An internal service fund is an accounting device used to accumulate and allocate costs internally among various functions. The board maintains one internal service fund, the Workers' Compensation Fund, which is used to account for the self-insured workers' compensation plan. All claims are paid from the fund, and participating governmental funds are charged for their share of the expenses. Because the plan predominantly benefits the governmental rather than business-type functions, it has been included within the governmental activities in the entity-wide statements.

Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting and the economic resources measurement focus. No reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements on pages 48-50 of this report.

Fiduciary Fund Financial Statements – The fiduciary funds are used to account for resources held for the benefit of parties outside the board. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the board's own programs. Accordingly, there is no analysis of the board's fiduciary funds included in this Management's Discussion and Analysis. The accounting used for fiduciary funds is much like that used for proprietary funds – the accrual basis of accounting.

The board's only fiduciary fund is the School Activities Fund. The school activities funds are primarily raised by students for their benefit, and are held in an agency capacity by the board.

The basic fiduciary fund financial statement, the Statement of Fiduciary Net Position, can be found immediately following the proprietary funds financial statements on page 51 of this report.

Budget and Actual Financial Statements

A Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Basis) is presented for the General Fund and Special Revenue Fund – both of which have legally adopted annual budgets. These statements show both original and final adopted budgets, along with actual revenues and expenditures compared to the final budget. In these statements, open encumbrances are treated as expenditures. The Statements of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual can be found immediately following the basic governmental fund financial statements on pages 46 and 47.

FINANCIAL HIGHLIGHTS AND ANALYSIS

GOVERNMENT-WIDE HIGHLIGHTS

The board is a component unit of Baltimore County, Maryland, and is fiscally dependent on the Baltimore County Government and State of Maryland to appropriate funding for the board. The board receives 50% of its governmental activities funding from the county, and 46% from the state. Additionally, the board receives federal entitlement grants and competitive grants from the state and federal governments. Essentially all of the board's funding for governmental activities is derived from these sources. The board has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the board is directly related to the financial condition of the funding authorities – the county and state. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the county government in a subsequent fiscal year before they can be spent. Key financial highlights are as follows:

- The board's net position at the end of the fiscal year total \$1.43 billion, substantially all of which is net investment in capital assets.
- Governmental activities net position increased \$86.2 million during the year. The increase is primarily attributable to capital construction projects (\$67.3 million net of related liabilities) funded by the county and state governments. The county government issues debt to finance school construction; however, it is debt of the county government, and therefore is not reported in the board's financial statements.
- The adoption of Governmental Accounting Standards Board Statement No. 68 – *Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27*, required the July, 2014 net position of the Board to be restated. This resulted in a reduction of the beginning fiscal year 2015 net position of \$90.5 million. During fiscal year 2015 the net position related to the pension liability and corresponding deferred outflows and inflows of resources increased by \$3.5 million.
- Governmental activities general revenues account for \$1.35 billion, 83% of governmental activities revenues and 81% of total government-wide revenues. Governmental activities program revenues in the form of charges for services, operating and capital grants, accounted for \$271.2 million or 17% of all governmental activities revenues.
- Business-type activities net position (\$28 million as of the end of the fiscal year) increased slightly by \$0.4 million during the year. This is a primarily a result of an increase of \$1.6 million in federal reimbursements under the free and reduced price meal program, and federal donated commodities, which was offset by increased food costs and salaries and wages. A transfer of \$555,000 of capital assets from governmental activities also contributed to the increase.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the board, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.4 billion at the close of the most recent fiscal year.

The most significant portion of the board's net position reflects its net investment in capital assets (land, buildings, vehicles, and equipment). Due to the deficit unrestricted net position, the board's net investment in capital assets represents 102% of the total net position. The board uses these assets in providing an education to the students of Baltimore County Public Schools. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the board are returned to the county government, since the county is the primary funding source for school construction. Because the board has no authority to issue bonded debt, the only debt outstanding related to capital assets are capital leases for energy saving building improvements and the purchase of vehicles (primarily school buses). The county and state government may issue debt to finance school construction; however, it is not debt of the board, and is not reported in these financial statements. Consequently, school buildings and construction in progress related to school buildings appear in the board's Statement of Net Position, while any related outstanding debt issued by the county or state government does not.

The schedule below presents the net position of the board's governmental and business-type activities as of June 30, 2015 and 2014:

	Governmental Activities		Business-type Activity		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 160,465	\$ 133,859	\$ 16,888	\$ 15,345	\$ 177,353	\$ 149,204
Capital assets	1,500,791	1,429,789	13,045	13,750	1,513,836	1,443,539
Total assets	<u>1,661,256</u>	<u>1,563,648</u>	<u>29,933</u>	<u>29,095</u>	<u>1,691,189</u>	<u>1,592,743</u>
Deferred outflows of resources	8,988	-	-	-	8,988	-
Current liabilities	104,037	66,248	1,738	1,134	105,775	67,382
Long-term liabilities	153,018	89,919	155	282	153,173	90,201
Total liabilities	<u>257,055</u>	<u>156,167</u>	<u>1,893</u>	<u>1,416</u>	<u>258,948</u>	<u>157,583</u>
Deferred inflows of resources	10,015	-	-	-	10,015	-
Net position:						
Net investment in capital assets	1,451,076	1,383,777	13,045	13,750	1,464,121	1,397,527
Restricted	16,843	16,973	-	-	16,843	16,973
Unrestricted (deficit)	(64,745)	6,731	14,995	13,929	(49,750)	20,660
Total net position	<u>\$ 1,403,174</u>	<u>\$ 1,407,481</u>	<u>\$ 28,040</u>	<u>\$ 27,679</u>	<u>\$ 1,431,214</u>	<u>\$ 1,435,160</u>

* The Board implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.

A small portion of the board's net position (1%) represents resources that are subject to external restrictions on how they may be used. The governmental activities restricted net position results from funds restricted for special education services as mandated by the Maryland State Department of Education.

Change in Net Position

The board's net position increased \$86.6 million. This is primarily because the board receives intergovernmental capital grants and contributions (revenue) for school construction projects, yet has no corresponding liabilities. Additionally, most of the capital grants and contributions are capitalized as capital assets. Accordingly, there is little current expense (i.e., depreciation) associated with this revenue. Also, since the board is fiscally dependent on the county, state, and federal governments, expenses closely match revenue, with the exception of timing differences in relation to when an expense is recognized. The funding government(s) appropriate funds to the board, which it spends to accomplish its goal of providing education to the children of Baltimore County Public Schools. Any unspent funds are returned to the funding authorities and can be re-appropriated in subsequent fiscal years.

The difference between the current year and prior year change in net position was \$23.3 million. The change was primarily in governmental activities (\$25.1 million increase) as the change in business-type activities was insignificant (\$1.8 million decrease). Program expenses for governmental activities increased \$45.2 million; while the corresponding program revenue grew by \$26.9 million, which was primarily related to increased capital grants and contributions. General revenues from the county grew by \$25.5 million, and state general revenues grew by \$17.1 million. During fiscal year 2015, \$121.3 million of capital grants revenue was received and spent on school construction and renovation projects. This was an increase of \$29.2 million from the prior year amount. The board has been undertaking a significant phased school systemic renovation and modernization program over the last few years. The renovations include many of the systems more than 50 middle and high schools. Work has been completed on most of the middle schools. Renovation work continues on several of the high schools and will continue for several years. One new elementary school was completed during the year, while work continued on an additional elementary school and several replacement schools and additions to expand school capacity. Additionally, numerous school air conditioning projects were underway. Accordingly, expenditures on capital construction projects were \$122 million in fiscal year 2015, \$92 million, \$92 million, \$139 million, and \$98 million, in fiscal years 2014, 2013, 2012, and 2011, respectively. Those expenditures capitalized as assets exceeded current year depreciation by approximately \$71 million.

The schedule below shows the change in net position for the board's governmental and business-type activities for the current and prior years.

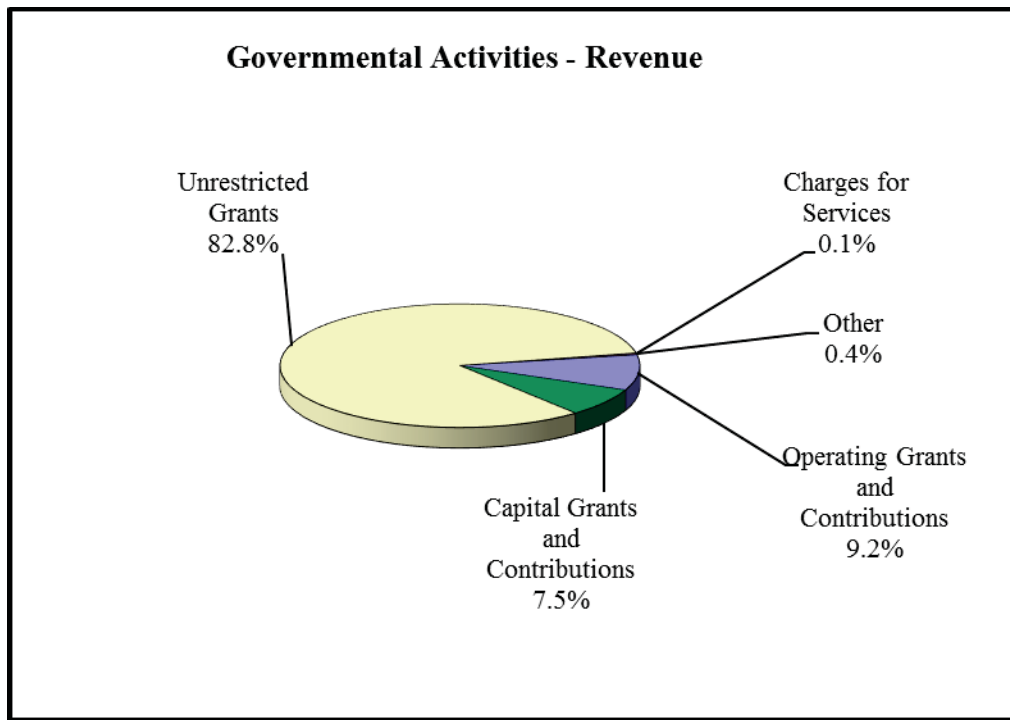
**The Board of Education of Baltimore County's
Changes in Net position (in thousands)**

	Governmental Activities		Business-type Activity		Total	
	2015	2014*	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 468	\$ 243	\$ 12,334	\$ 12,891	\$ 12,802	\$ 13,134
Operating grants and contributions	149,547	152,074	32,802	31,108	182,349	183,182
Capital grants and contributions	121,262	92,056	-	-	121,262	92,056
General revenues:						
Grants and contributions not restricted to certain programs	1,341,910	1,299,336	-	-	1,341,910	1,299,336
Other	7,313	6,398	-	-	7,313	6,398
Total revenues	<u>1,620,500</u>	<u>1,550,107</u>	<u>45,136</u>	<u>43,999</u>	<u>1,665,636</u>	<u>1,594,106</u>
Expenses:						
Administration	67,468	63,073	-	-	67,468	63,073
Mid-level administration	131,654	125,914	-	-	131,654	125,914
Instruction	808,275	787,582	-	-	808,275	787,582
Special education	249,129	242,142	-	-	249,129	242,142
Student personnel services	14,702	19,301	-	-	14,702	19,301
Health services	21,796	21,078	-	-	21,796	21,078
Student transportation	81,129	67,651	-	-	81,129	67,651
Operation of plant	111,785	111,341	-	-	111,785	111,341
Maintenance of plant	40,274	37,615	-	-	40,274	37,615
Community services	320	357	-	-	320	357
Capital administration	6,073	12,181	-	-	6,073	12,181
Interest on long-term debt	1,120	243	-	-	1,120	243
Food services	-	-	45,330	42,382	45,330	42,382
Total expenses	<u>1,533,725</u>	<u>1,488,478</u>	<u>45,330</u>	<u>42,382</u>	<u>1,579,055</u>	<u>1,530,860</u>
Increase in net position before transfers	86,775	61,629	(194)	1,617	86,581	63,246
Transfers	(555)	(566)	555	566	-	-
Change in net position	86,220	61,063	361	2,183	86,581	63,246
Net position, beginning of year, as restated *	<u>1,316,954</u>	<u>1,346,418</u>	<u>27,679</u>	<u>25,496</u>	<u>1,344,633</u>	<u>1,371,914</u>
Net position, end of year	<u>\$ 1,403,174</u>	<u>\$ 1,407,481</u>	<u>\$ 28,040</u>	<u>\$ 27,679</u>	<u>\$ 1,431,214</u>	<u>\$ 1,435,160</u>

* The Board implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.

Governmental Activities

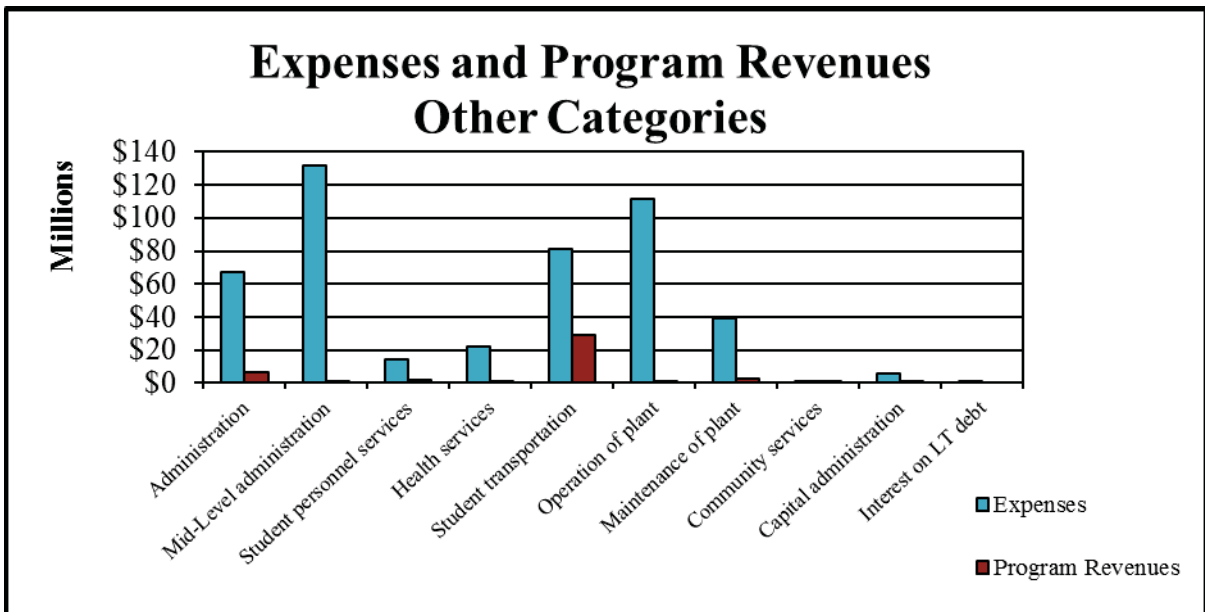
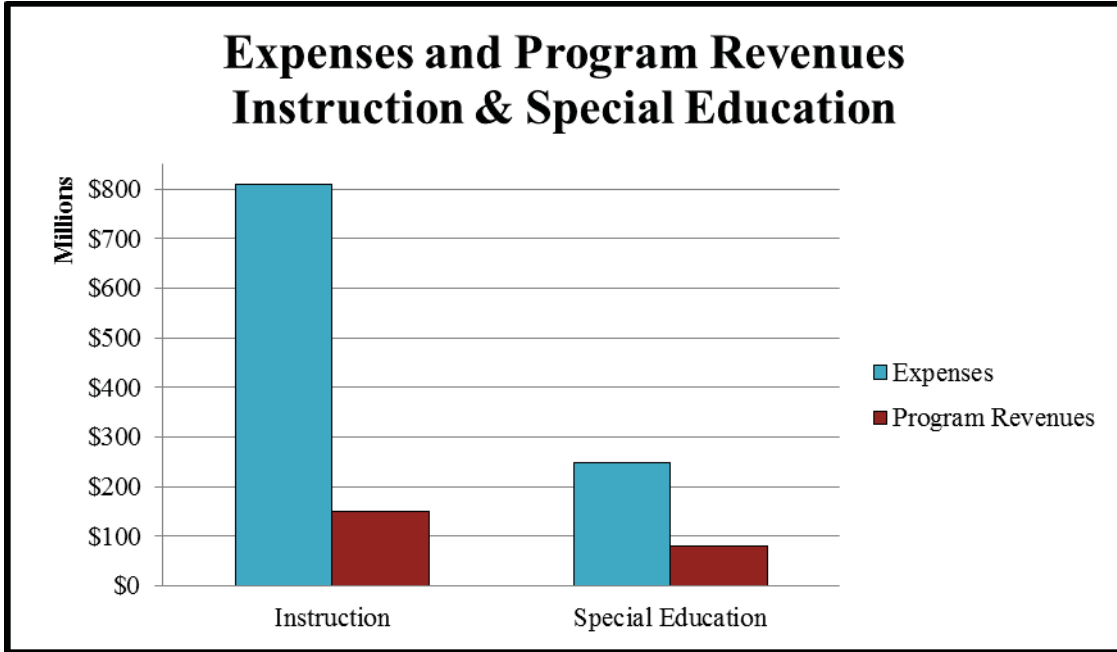
Governmental activities account for essentially 100% of the increase in net position of the board. General revenues from the county and the state increased by \$43 million during the current year, while the change in general revenue from the federal government and other revenue was negligible. Program revenues from the county for capital projects increased by \$3 million, while program revenue from the state for capital projects increased by \$26 million. Program revenue from the federal government declined by \$4.5 million. Corresponding program expenses increased by 3% (\$45 million). These changes occur because of the board's funding model previously described in the government-wide highlights section. Most of the increase in net position is because of investment in capital assets through the school construction program. The chart below presents the board's governmental activities revenue for the fiscal year ending June 30, 2015.



Governmental activities revenue increased overall \$70 million from fiscal year 2014 to fiscal year 2015. The most significant changes were the increase in general revenues from the county and state of a combined \$43 million, and increased county and state capital grants of a combined \$29 million. Operating grants decreased slightly by \$2.5 million.

The graphs below represent the cost of each of the board’s instructional programs, as well as the program revenues (primarily intergovernmental aid) generated by each activity.

Governmental Activities



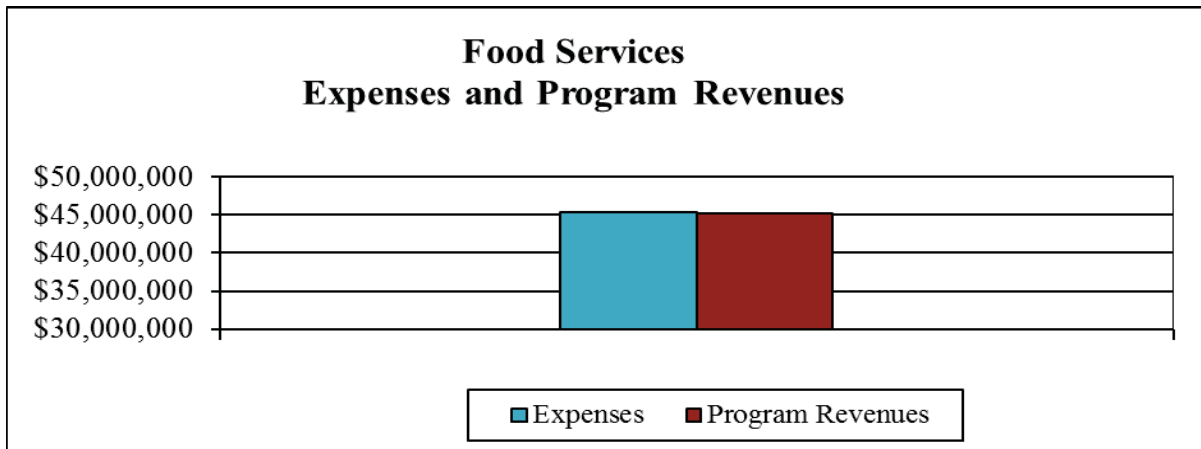
The following shows the cost of the board's major governmental activities programs and the corresponding program and general revenues:

- The cost of all of the board's educational programs was \$1.53 billion.
- Instructional and special education programs account for \$1.06 billion (69%).
- School based and other instructional administration represents \$132 million (9%).
- General administration represents \$67 million (4%).
- Operation and maintenance of plant represents \$152 million (10%).
- Student transportation represents \$81 million (5%).
- Charges for services represent less than 0.1% of total expenses.
- Total program revenues are \$271 million - 18% of total expenses.
- Capital grants and contributions represent \$121 million - (45%) of total program revenues.
- Total general revenues are \$1.3 billion - 88% of total expenses.

Business-type Activities

The board's sole business-type activity is the food service operation that serves meals to students in the schools. Revenues from fiscal year 2014 to fiscal 2015 increased \$1.1 million (2.6%). Essentially, all of the increase in revenues was from the federal reimbursement of the free and reduced meal program, which increased by \$1.8 million (6.7%); however, this was offset by a decline in charges for services of \$.6 million (-4.3%) due to lower a la carte sales. Expenses grew from 2014 to 2015 by \$2.9 million (7.0%). The increase in expense was primarily due to an increase in salaries, wages and benefits of \$1.7 million, which included a one-time bonus payment of 3% to full time employees and an increase in the cost of food sold of \$1.0 million. The number of lunches served increased by more than 250,000 (3.0%) and the number of breakfasts served grew by more than 535,000 (12.0%) due to five additional serving days and ten additional schools offering in-classroom breakfast. The number of free lunches served grew by more than 230,000 (4.2%) while the number of paid and reduced-price lunches increased by 0.7%. The net loss of \$0.2 million and a contribution of capital assets from the capital projects fund of \$.6 million for new kitchen equipment resulted in an increase in net position of \$.4 million.

Business-type Activity



Key indicators of the change in net position of the business-type activity follow:

- The contributed capital assets from the capital projects fund for equipment total \$555,000.
- Operating expenses total \$45.3 million, the largest portion being salaries, wages, and benefits of \$21.8 million and cost of food sold of \$18.8 million.
- Charges for services total \$12.3 million.
- Federal and state reimbursement of food costs and donated federal food commodities total \$32.6 million.

FUND HIGHLIGHTS

Governmental Funds

The assets of the board's governmental funds exceeded liabilities at the end of the current fiscal year by \$80 million (*fund balance*). Total governmental revenues increased from last fiscal year by \$71 million. This includes \$30 million more from the county, \$44 million more from the state, \$2 million from other local sources, offset by \$5 million less from the federal government. The general fund revenue from the county increased by \$26 million, while capital funding from the county increased by \$3 million. State general funding grew by \$18 million and state capital projects funds grew by \$26 million. The drop in federal funds was due to \$5 million less in restricted grant revenues for Title I and Race To The Top programs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – Fund Balances

The focus of the board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the board's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal

year. As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$80 million, a increase of \$15.6 million.

The general fund is the chief operating fund of the board. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$24.9 million while the total fund balance was \$65 million. The total general fund balance represents 5% of total general fund expenditures. These are typically useful as a measure of the general fund's liquidity. However, it is important to note that the board is fiscally dependent on grants and appropriations from the county, state, and federal governments for its operating resources, as the board has no authority to levy taxes or issue bonded debt.

During the fiscal year, the fund balance of the board's general fund increased by \$16.7 million. Any change in the board's fund balance is a result of timing of expenditures. This is because the board's revenues and expenditures are fixed depending upon funding adopted by the county and state governments.

The fund balance of the special revenue fund decreased marginally by only \$0.1 million during the current fiscal year due to Medicaid reimbursements expenditures exceeding revenues.

Proprietary Funds

The board's proprietary funds include the Food Services Enterprise Fund and the Workers' Compensation Internal Service Fund. The enterprise fund provides the same type of information found in the government-wide financial statements, but in more detail. The internal service fund includes interfund revenues from charges to participating funds and expenses for claims and administrative costs of operating the workers' compensation plan.

During the current fiscal year the net position of the Food Services Fund increased by \$0.4 million. Operating revenues decreased by \$0.6 million due to a decrease in ala carte sales (-11%) due to stricter "*Smart Snacks in Schools*" requirements and a lack of available products which meet the requirements. Federal reimbursements of food service costs and federal donated commodities increased by \$1.9 million. Operating expenses increased by \$2.9 million primarily due to an increase in food costs of \$1.0 million and increased salaries and wages of \$1.6 million. Although the Food Services Fund recognized a small net loss of \$0.4 million, net position increased due to transfers totaling \$0.6 million from the Capital Projects Fund related to capital assets provided to the Food Services Fund.

In fiscal year 2014 the Board assumed responsibility from the county government for operating the self-insured workers compensation plan. This included the transfer from the county of the liability for all outstanding claims pertaining to board employees. During the 2015 year, the Workers' Compensation Fund recognized \$10.7 million in chargeback revenue from other funds. Claims incurred and administrative costs totaled \$9.6 million resulting in a change in net position of \$1.0 million. The deficit net position of (\$8,387) is primarily attributable to the transfer of claims liabilities for claims incurred prior to the date the board established its own plan.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final general fund budget was unchanged from the original adopted budget. During the year however, transfers of appropriations were made between categories. Excess funds were transferred from the Administration, Special Education, Operation of Plant, and Student Transportation categories, to the Midlevel Administration, Instructional Salaries, Instructional Textbooks and Supplies, and Other Instructional Costs categories due to lower salary turnover, implementation of the *Students and Teachers Accessing Tomorrow* one-to-one computer device program, implementation of managed print services in 58 schools, reallocation of school-based budgets, and lower fuel costs.

Actual revenues were slightly above budgeted revenues (\$4.9 million) due to higher than expected state grant revenues for private placement of special education students (\$3 million) and Advance Professional Certificate stipends (\$1.3 million). This minor variance is attributed primarily to the fact that the board is fiscally dependent on the county and state governments for its funding, and the funding is adopted through the budget process prior to the start of the fiscal year. Once adopted, these appropriated amounts from the county and state rarely change.

Actual expenditures during fiscal year 2015 grew by \$36.8 million (2.8%) over fiscal year 2014. Salaries grew by \$26.3 million due to additional teachers for enrollment growth, regular salary increases, and a one-time 3% salary bonus to employees. Contracted services grew by \$11 million, primarily due to the expansion of the digital conversion initiative which includes expanded digital curriculum and one-to-one computers for students, and increased costs for additional contracted bus routes.

Actual expenditures were \$18 million (1.3%) less than the adopted budget. Most of this was attributed to the cost of salaries which were lower overall than expected due to less personnel turnover.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The board's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounts to \$1.5 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, equipment, and construction in progress. The board has no infrastructure assets (roads, bridges, streets, etc.)

The following schedule shows the board's governmental and business-type activities capital assets (net of depreciation) by type:

**The Board of Education of Baltimore County's Capital Assets (in thousands)
(net of depreciation)**

	Governmental Activities		Business-type Activity		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 30,526	\$ 30,526	\$ -	\$ -	\$ 30,526	\$ 30,526
Buildings	1,082,405	1,083,782	5,000	5,272	1,087,405	1,089,054
Improvements other than buildings	61,578	59,914	-	-	61,578	59,914
Furniture, fixtures, and equipment	62,310	56,169	8,045	8,478	70,355	64,647
Construction in progress	263,972	199,398	-	-	263,972	199,398
Total	\$ 1,500,791	\$ 1,429,789	\$ 13,045	\$ 13,750	\$ 1,513,836	\$ 1,443,539

The total net increase in the board’s capital assets during the year was \$70 million (net increase resulted from \$134 million in additions offset by depreciation and disposals of \$64 million). Major capital asset events during the fiscal year ended June 30, 2015, included the following construction costs:

- \$45 million for renovations at eleven high schools
- \$27 million for two new elementary schools
- \$6 million on seven replacement schools
- \$21 million for air conditioning at sixteen schools
- \$5 million for seven roof replacements
- \$4 million for additions to six schools
- \$2 million for security enhancements at most schools

At the end of the current year, the board had outstanding contractual commitments on construction projects totaling more than \$106 million. Additional information on the board’s capital assets can be found in Note 5 on pages 70-72 of this report.

Debt Administration

The board has no authority to issue bonded debt. The county or state may issue debt to finance school construction. The outstanding debt for school construction financing is reported in the financial statements of the issuing government, while the corresponding assets are reported in the board’s financial statements. During the fiscal year ended June 30, 2015, the total debt service costs paid by the county government to finance public school construction were \$38.9 million.

The debt carried by the board is in the form of capital lease-purchase financing, primarily short-term (5 years) for school buses and other vehicles. The board also carries a long-term capital lease (20 year) to finance energy saving improvements in various schools. Additional details of the board’s debt obligations can be found in Note 8 on pages 75-76 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

Maryland state law requires the board to submit its proposed fiscal year budget to the Baltimore County Executive by March 1st of the prior fiscal year. The county executive then submits a proposed budget to the Baltimore County Council, which must adopt a budget by

June 1st of the prior fiscal year. Accordingly, the new fiscal year budget is known prior to the end of the current fiscal year.

Maryland state law mandates a certain level of state and county funding for the board based on formulas that include factors such as student enrollment, prior fiscal year per pupil expenditures, and the wealth of the county. The county is required, in compliance with state maintenance of effort calculations, to provide funding at least equal to the current year student enrollment multiplied by the county's local appropriation on a per pupil basis for the prior fiscal year. The county may also provide funding for one-time items that do not impact the maintenance of effort calculation in future years.

The general fund operating budget for the fiscal year July 1, 2015 – June 30, 2016 was adopted by the county council on May 21, 2015. The total general fund operating budget adopted for fiscal year 2015 is \$1.4 billion. The fiscal year 2016 operating budget is \$47.9 million (3.5%) more than the fiscal year 2015 final budget. This increase is attributable to the following:

- The adopted budget includes additional state funding of \$30.7 million, an increase of 5.2% over fiscal year 2015 budgeted state revenue. The additional state funds are based on state formula funding driven by increased enrollment, increased number of students eligible for free and reduced price meals, and decreasing local wealth factor such as property assessments.
- An increase in county funding of \$10.8 million, an increase of 1.5% due to the mandated maintenance of effort formula and a state law that requires the county to fund a portion of the teachers' state retirement costs now paid by the board. The increase in state retirement costs for 2016 amount to \$3.9 million.
- Increase enrollment accounts for additional expenditures of \$10.4 million and one-time expenditures accounts for another \$6.7 million. Costs related to the opening in August 2015 of the new Lyons Mill Elementary school account for an additional \$1.9 million.
- Built-in cost increases for employee benefits, utility costs, transportation, and non-public placements for special education account for \$13.1 million.
- Other revenues increased by \$6.4 million due to more prior year fund balance being used for re-appropriation.

The adopted capital projects budget for fiscal year 2016 increased by \$67.6 million to \$194.2 million. This includes county funding of \$155.3 million and state funding of \$38.9 million. This total includes funding for the following major projects:

- \$70 million to replace Westowne, Relay, and Catonsville Elementary schools
- \$26 million for air conditioning at various schools
- \$80 million for renovations to 4 high schools
- \$16 million for roof replacements at ten schools

The adopted budget for the special revenue fund increased \$12.3 million because of increased federal grant funding for Special Education and Title I programs; increased Medicaid funding; and additional grant funds for technology, safety and security improvements.

The board anticipates continued funding by the county government of the outstanding claims liabilities of the workers' compensation internal service fund that are related to claims incurred prior to the establishment of the board's self-insured plan.

The State of Maryland Bridge to Excellence in Public Schools and the Federal No Child Left Behind Acts established certain requirements for public school systems. These requirements include, but are not limited to; highly qualified teachers and paraprofessionals; expanded school choice options for parents; more frequent testing of students; certification and assessment requirements for paraprofessionals; and extensive data tracking and reporting requirements. Additionally, the State of Maryland has adopted the Common Core State Standards (CCSS) – a set of high quality academic expectations in english/language arts and mathematics that define the knowledge and skills all students should master by the end of each grade level. Along with the CCSS, Maryland has implement new assessments - the Partnership for Assessment of Readiness for College and Careers (PARCC). The PARCC assessments replace the former Maryland State Assessments and will be computer based, aligned with the CCSS, and allow tracking of student progress over time. All of these requirements have significant potential cost impacts associated with them.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Board of Education of Baltimore County's finances for all those with an interest. The report seeks to demonstrate the board's accountability for the funds it receives. Questions concerning any of the information contained in this report, or requests for additional information should be addressed to: Executive Director, Department of Fiscal Services, Baltimore County Public Schools, 6901 N. Charles St., Towson, Maryland 21204.



Isabel Schreur

Dumbarton Middle

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

	Governmental Activities	Business-type Activity	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 50,764	\$ 13,652	\$ 64,416
Accounts receivable, net:			
Baltimore County	74,388	-	74,388
State of Maryland	17,367	2,230	19,597
United States Government	11,045	-	11,045
Other	3,909	2	3,911
Inventories:			
Food and supplies	-	1,004	1,004
Other	156	-	156
Prepaid items	342	-	342
Investments restricted for lease purchases	2,494	-	2,494
Capital assets (net of accumulated depreciation):			
Land	30,526	-	30,526
Buildings	1,082,405	5,000	1,087,405
Improvements other than buildings	61,578	-	61,578
Furniture, fixtures, and equipment	62,310	8,045	70,355
Construction in progress	263,972	-	263,972
Total assets	1,661,256	29,933	1,691,189
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Contributions to Retirement Plan after the measurement date of the net retirement plan liability	8,988	-	8,988
<u>LIABILITIES</u>			
Accounts payable	36,685	252	36,937
Retainage payable	8,614	-	8,614
Accrued salaries and withholdings	22,495	380	22,875
Other liabilities	2,705	-	2,705
Unearned revenue	2,613	935	3,548
Liabilities payable from restricted investments	2,494	-	2,494
Long-term liabilities:			
Due within one year	28,431	171	28,602
Due in more than one year	153,018	155	153,173
Total liabilities	257,055	1,893	258,948
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Difference between projected and actual earnings on Retirement Plan investments	10,015	-	10,015
<u>NET POSITION</u>			
Net Investment in capital assets	1,451,076	13,045	1,464,121
Restricted for special education services	16,843	-	16,843
Unrestricted (deficit)	(64,745)	14,995	(49,750)
Total net position	\$ 1,403,174	\$ 28,040	\$ 1,431,214

The notes to the basic financial statements are an integral part of this statement

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Totals
Governmental activities:							
Administration	\$ 67,468	\$ -	\$ 6,261	\$ 203	\$ (61,004)	\$ -	\$ (61,004)
Mid-level administration	131,654	-	176	-	(131,478)	-	(131,478)
Instruction	808,275	468	28,009	120,385	(659,413)	-	(659,413)
Special education	249,129	-	80,695	7	(168,427)	-	(168,427)
Student personnel services	14,702	-	1,603	-	(13,099)	-	(13,099)
Health services	21,796	-	551	-	(21,245)	-	(21,245)
Student transportation	81,129	-	29,236	202	(51,691)	-	(51,691)
Operation of plant	111,785	-	182	-	(111,603)	-	(111,603)
Maintenance of plant	40,274	-	2,511	-	(37,763)	-	(37,763)
Community services	320	-	323	-	3	-	3
Capital outlay	6,073	-	-	465	(5,608)	-	(5,608)
Interest on long-term debt	1,120	-	-	-	(1,120)	-	(1,120)
Total governmental activities	1,533,725	468	149,547	121,262	(1,262,448)	-	(1,262,448)
Business-type activities:							
Food services	45,330	12,334	32,802	-	-	(194)	(194)
Total	\$ 1,579,055	\$ 12,802	\$ 182,349	\$ 121,262	(1,262,448)	(194)	(1,262,642)
General revenues:							
Baltimore County					738,075	-	738,075
State of Maryland					603,108	-	603,108
United States Government					727	-	727
Other					7,313	-	7,313
Transfers					(555)	555	-
Total general revenues and transfers					1,348,668	555	1,349,223
Change in net position					86,220	361	86,581
Net position, beginning of year as restated					1,316,954	27,679	1,344,633
Net position, end of year					\$ 1,403,174	\$ 28,040	\$ 1,431,214

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 37,334	\$ 9,288	\$ -	\$ 46,622
Accounts receivable, net:				
Baltimore County	51,249	-	23,139	74,388
State of Maryland	8,378	1,553	7,436	17,367
United States Government	-	11,045	-	11,045
Other	3,404	161	-	3,565
Due from other funds	3,995	-	-	3,995
Inventories	156	-	-	156
Prepaid items	342	-	-	342
Investments restricted for lease purchases	2,494	-	-	2,494
Total assets	\$ 107,352	\$ 22,047	\$ 30,575	\$ 159,974
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 17,684	\$ 1,066	\$ 17,935	\$ 36,685
Retainage payable	-	-	8,614	8,614
Accrued salaries and withholdings	20,904	1,651	-	22,555
Due to other funds	34	-	3,995	4,029
Other liabilities	1,179	-	1,492	2,671
Unearned revenue	95	2,487	31	2,613
Liabilities payable from restricted investments	2,494	-	-	2,494
Total liabilities	42,390	5,204	32,067	79,661
Fund balances (deficit) :				
Non-spendable	498	-	-	498
Restricted	-	16,843	-	16,843
Assigned	39,588	-	-	39,588
Unassigned (deficit)	24,876	-	(1,492)	23,384
Total fund balances (deficit)	64,962	16,843	(1,492)	80,313
Total liabilities and fund balances	\$ 107,352	\$ 22,047	\$ 30,575	\$ 159,974

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2015
(In Thousands)

Total fund balances - governmental funds (page 42) \$ 80,313

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 the governmental funds. The cost of the assets is \$2,205,445 and the accumulated depreciation is (\$704,654). 1,500,791

Long-term liabilities, including capital leases of (\$49,716), compensated absences of (\$22,695), the estimated liability for workers' compensation claims and judgements of (\$12,933), the liability for unfunded post employment health benefits of (\$10,102), and the unfunded liability for the county's Employees' Retirement System of (\$86,003) are not due and payable from current resources and, therefore, are not reported as liabilities in the funds. (181,449)

An internal service fund was established to account for the activities of the workers' compensation plan. The assets of this fund are included here, but were not shown on the Governmental statements. 4,546

The net effect of the Deferred Outflows and Deferred Inflows of Resources recorded in conjunction with the recognition of the county retirement liability is shown here but not included in the Governmental Statements. (1,027)

Total net position - governmental activities (page 40) \$ 1,403,174

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenues:				
Baltimore County	\$ 738,075	\$ 48	\$ 70,776	\$ 808,899
State of Maryland	682,344	5,504	50,393	738,241
United States Government	727	63,127	-	63,854
Other	7,782	1,631	93	9,506
Total revenues	1,428,928	70,310	121,262	1,620,500
Expenditures:				
Current-				
Administration	48,221	5,118	-	53,339
Mid-level administration	91,334	168	-	91,502
Instruction -				
Instructional salaries	467,484	16,123	-	483,607
Textbooks and supplies	23,159	5,285	-	28,444
Other instructional costs	15,534	2,447	-	17,981
Special education	160,251	25,446	-	185,697
Student personnel services	8,954	1,218	-	10,172
Health services	14,553	481	-	15,034
Student transportation	69,947	201	-	70,148
Operation of plant	90,104	182	-	90,286
Maintenance of plant	32,636	-	-	32,636
Fixed charges	389,558	13,519	-	403,077
Community services	-	252	-	252
Capital administration	3,126	-	122,167	125,293
Debt service -				
Principal	10,062	-	-	10,062
Interest	1,120	-	-	1,120
Total expenditures	1,426,043	70,440	122,167	1,618,650
Excess (deficit) of revenues over expenditures	2,885	(130)	(905)	1,850
Other financing sources:				
Capital lease issuance	13,767	-	-	13,767
Total other financing sources	13,767	-	-	13,767
Net change in fund balances	16,652	(130)	(905)	15,617
Fund balances (deficit), beginning of year	48,310	16,973	(587)	64,696
Fund balances (deficit) , end of year	\$ 64,962	\$ 16,843	\$ (1,492)	\$ 80,313

The notes to the basic financial statements are an integral part of this statement.

**BOARD OF EDUCATION OF BALTIMORE COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)**

Total net change in fund balances - governmental funds (page 44)	\$ 15,617
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report the construction and purchase of capital assets as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which capital asset additions (\$173,443) adjusted for assets converting from construction-in progress (\$38,852), other disposals from CIP of (\$130), contributions to the Food Services business type activities of (\$555), other excess accumulated depreciation on disposals of (\$150), exceed depreciation expense of (\$62,754) in the current period.	71,002
Repayment of capital lease principal, less \$1,058 expensed in 2014, is an expenditure in the governmental fund, but the repayment reduces long-term liabilities in the statement of net position.	9,004
Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This is the amount by which vacation leave earned (\$13,452) exceeds vacation leave used (\$12,635) in the current period.	(817)
Proceeds of capital lease issuance which provide current financial resources in the governmental funds, are not reported as revenues in the statement of activities.	(13,767)
Increase in the estimated liability for workers' compensation claims included in long-term obligations.	(1,633)
Decrease in net OPEB liability.	628
Net effect of the expenditures for recording the liability due to the Employees' Retirement System of Baltimore County.	3,498
Increase in the assets of the Internal Service Fund are not included in the Governmental Statements.	2,688
Change in net position of governmental activities (page 41)	<u><u>\$ 86,220</u></u>

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Baltimore County	\$ 738,075	\$ 738,075	\$ 738,075	\$ -
State of Maryland -				
Foundation Program	357,703	357,703	357,703	-
Geographic Cost of Education	5,727	5,727	5,727	-
Compensatory Education	135,833	135,833	135,833	-
Limited English Proficiency	13,358	13,358	13,358	-
Transportation	29,035	29,035	29,035	-
Formula-Students with Disabilities	31,316	31,316	31,316	-
Out-of-County Living Arrangements	2,436	2,436	1,397	(1,039)
Non-public Placements	13,286	13,286	16,374	3,088
Aging Schools	874	874	852	(22)
Quality Teacher Incentive	1,346	1,346	2,732	1,386
Total State of Maryland	590,914	590,914	594,327	3,413
United States Government	650	650	727	77
Other	19,418	19,418	20,868	1,450
Total revenues	<u>1,349,057</u>	<u>1,349,057</u>	<u>1,353,997</u>	<u>4,940</u>
Expenditures:				
Current -				
Administration	50,758	49,658	49,181	477
Mid-level administration	92,097	94,597	91,657	2,940
Instruction -				
Instructional salaries	468,728	469,328	467,484	1,844
Textbooks and supplies	23,951	25,751	23,980	1,771
Other instructional costs	14,147	17,747	15,778	1,969
Special education	168,057	166,057	161,262	4,795
Student personnel services	9,389	9,389	8,997	392
Health services	15,258	15,258	14,669	589
Student transportation	65,941	65,541	64,980	561
Operation of plant	98,641	93,641	92,777	864
Maintenance of plant	33,719	33,719	33,284	435
Fixed charges	304,576	304,576	303,540	1,036
Capital administration	3,795	3,795	3,381	414
Total expenditures	<u>1,349,057</u>	<u>1,349,057</u>	<u>1,330,970</u>	<u>18,087</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	23,027	<u>\$ 23,027</u>
Fund balance, beginning of year			33,276	
Reappropriation of prior year fund balance included in Other Revenues			(13,087)	
Liquidation and cancellation of prior year encumbrances			4,268	
Fund balance, end of year			<u>\$ 47,484</u>	

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Baltimore County	\$ -	\$ -	\$ 32	\$ 32
State of Maryland	5,749	5,749	5,182	(567)
United States Government	61,434	61,434	63,322	1,888
Other	3,203	3,203	1,212	(1,991)
Total revenues	70,386	70,386	69,748	(638)
Expenditures:				
Administration	5,694	5,694	4,690	1,004
Mid-level administration	456	456	191	265
Instruction -				
Instructional salaries	17,220	17,220	16,123	1,097
Textbooks and supplies	4,583	4,583	4,964	(381)
Other instructional costs	2,489	2,489	2,570	(81)
Special education	24,443	24,443	25,599	(1,156)
Student personnel services	1,675	1,675	1,213	462
Health services	679	679	413	266
Student transportation	760	760	177	583
Operation of plant	60	60	170	(110)
Maintenance of plant	-	-	-	-
Fixed charges	12,097	12,097	13,519	(1,422)
Community services	230	230	249	(19)
Capital administration	-	-	-	-
Total expenditures	70,386	70,386	69,878	508
Excess (deficit) of revenues over expenditures	\$ -	\$ -	(130)	\$ (130)
Fund balance, beginning of year			16,973	
Fund balance, end of year			\$ 16,843	

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015
(In Thousands)

	<u>Food Service Enterprise Fund</u>	<u>Internal Service Fund</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 13,652	\$ 4,142
Due from other governments	2,230	-
Accounts receivable - other	2	344
Due from other funds	-	60
Inventories, at cost	1,004	-
Total current assets	<u>16,888</u>	<u>4,546</u>
Capital assets (net of accumulated depreciation):		
Building	5,000	-
Furniture, fixtures and equipment	8,045	-
Total capital assets	<u>13,045</u>	<u>-</u>
Total assets	<u>29,933</u>	<u>4,546</u>
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	252	-
Accrued salaries and withholdings	380	-
Compensated absences	171	-
Claims and judgements	-	6,500
Unearned revenue	935	-
Total current liabilities	<u>1,738</u>	<u>6,500</u>
Noncurrent liabilities:		
Compensated absences	155	-
Claims and judgements	-	6,433
Total Noncurrent liabilities	<u>155</u>	<u>6,433</u>
Total liabilities	<u>1,893</u>	<u>12,933</u>
<u>NET POSITION (Deficit)</u>		
Net investment in capital assets	13,045	-
Unrestricted (deficit)	14,995	(8,387)
Total net position (deficit)	<u>\$ 28,040</u>	<u>\$ (8,387)</u>

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Operating Revenues:		
Charges for services	\$ 12,334	\$ -
Employer's contributions	-	10,675
Total operating revenue	12,334	10,675
Operating Expenses:		
Cost of food sold	18,805	-
Salaries, wages, and benefits	21,754	-
Claims and judgements paid	-	6,928
Provision for claims and judgements	-	1,633
Supplies	1,472	-
Maintenance and repair of equipment	681	-
Administration and support	553	1,059
Depreciation	1,645	-
Other	420	-
Total operating expenses	45,330	9,620
Operating income (loss)	(32,996)	1,055
Nonoperating Revenues:		
Federal reimbursement of food service costs	29,004	-
State reimbursement of food service costs	1,172	-
Federal donated commodities	2,394	-
Other grant revenue	179	-
Other revenue	53	-
Total nonoperating revenues	32,802	-
Income (loss) before capital contribution	(194)	1,055
Capital contribution	555	-
Change in net position	361	1,055
Net position (deficit), beginning of year	27,679	(9,442)
Net position (deficit) , end of year	\$ 28,040	\$ (8,387)

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received for sales and services	\$ 12,372	\$ -
Cash paid to employees	(21,478)	-
Cash paid to suppliers	(19,459)	-
Claims and judgements paid	-	(7,203)
Administration and support	-	(1,059)
Employer's contributions	-	10,654
Net cash provided by (used in) operating activities	(28,565)	2,392
Cash flows from non-capital financing activities:		
Governmental subsidies	29,533	-
Other	204	-
Net cash provided by non-capital financing activities	29,737	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(388)	-
Proceeds from sale of capital assets	28	-
Net cash used in capital and related financing activities	(360)	-
Cash flows from investing activities - interest received	5	-
Net increase in cash and cash equivalents	817	2,392
Cash and cash equivalents, beginning of year	12,835	1,750
Cash and cash equivalents, end of year	\$ 13,652	\$ 4,142
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (32,996)	\$ 1,055
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation expense	1,645	-
Federal donated commodities	2,394	-
Effect of changes in operating assets and liabilities:		
Accounts receivable - other	-	(275)
Due from other funds	-	(21)
Inventories	(83)	-
Accounts payable	76	-
Accrued salaries and withholdings	276	-
Liability for claims and judgements	-	1,633
Unearned revenues	123	-
Net cash provided by (used in) operating activities	\$ (28,565)	\$ 2,392
Noncash investing, capital and financing activities:		
Contributions of federal donated commodities	\$ 2,394	\$ -
Contribution of capital equipment from other fund	555	-

The notes to the basic financial statements are an integral part of this statement.

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF FIDUCIARY NET POSITION
SCHOOL ACTIVITIES FUND
JUNE 30, 2015
(In Thousands)

ASSETS

Cash and cash equivalents	\$	4,554
Investments		2,494
Due from other funds		34
Inventories		394
Total assets	\$	7,476

LIABILITIES

Accounts payable	\$	89
Due to school organizations		7,387
Total liabilities	\$	7,476

The notes to the basic financial statements are an integral part of this statement.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Board of Education of Baltimore County (the Board) is a body politic and corporate established by the Public School Laws of Maryland with the adoption of the Maryland Constitution in 1865. Section 3-103 of the Education Article of the Annotated Code of Maryland establishes a board of education for each county school system. It is composed of eleven voting members who are appointed by the Governor of Maryland for terms of five years, and one student member who serves for one year. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all youth of Baltimore County.

The financial statements of the Board are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America, applicable to governmental entities, as prescribed by the Governmental Accounting Standards Board (GASB).

The Board is a component unit of the Baltimore County Government and the Board's financial statements are included in the County's financial statements. This conclusion was reached based on the following criteria: (1) the County Council is responsible for approving the Board's budget and establishing spending limitations; and (2) the County Council is responsible for levying taxes and collecting and distributing the funds to the Board. The Board is fiscally dependent upon appropriations and grants from the County.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (the statement of net position and the statement of activities) report information of all non-fiduciary activities of the Board. For the most part, inter-fund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Items not properly included among program revenues are reported instead as general revenues. Internally allocated resources are reported as general revenues (transfers) rather than program revenues. The majority of the intergovernmental revenues from the county and state are general revenues. This is because the county and state funding is driven by mandatory state law formulas based

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

primarily on the number of students enrolled, and the majority of these funds are not directly attributable to a specific program or activity. Those intergovernmental county and state revenues that are specifically for a specific program or activity are recognized as program revenues. The Board does not allocate general government administration or indirect expenses to other functions.

Net position is restricted when constraints imposed are either externally imposed or imposed by legal requirements. Internally imposed designations of resources are not presented as restricted net position. When both restricted and unrestricted resources are available for use, generally it is the Board's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the proprietary funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as eligibility requirements have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 180 days of the end of the current fiscal year. Principal revenue sources considered susceptible to accrual include federal and state grants and local county government appropriations. Other revenues are considered to be measurable and available only when cash is received by the Board.

Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as expenditures when used. The amount of accumulated annual leave unpaid at June 30, 2015, has been reported only in the government-wide financial statements.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

- Interest on long-term obligations (capital leases) is recognized when paid.
- Amounts encumbered as purchase orders are recorded as an assignment of fund balance.

The Board reports the following major governmental funds:

The General Fund is the Board's primary operating fund. It accounts for all financial resources of the Board, except those required to be accounted for in another fund.

The Special Revenue Fund accounts for revenues, primarily from state and federal governments, which are subject to restrictions as to their use.

The Capital Projects Fund accounts for the resources used for the acquisition, construction, or improvement of major capital facilities, including those of the proprietary fund.

Proprietary Funds and Fiduciary(Agency)Fund Financial Statements – The financial statements of the Board's proprietary funds, the Food Service Enterprise Fund and the Internal Service Fund, are prepared using the economic resource measurement focus and the accrual basis of accounting, similar to the government-wide statements described above. Because the food services fund is a significant operation of the Board, and student participation in the Free and Reduced Price Meals Program drives other fund revenue formulas, it is reported as a Major Fund. The only fiduciary fund maintained by the Board are agency funds which report only assets and liabilities, and accordingly do not have a measurement focus; they use the accrual basis of accounting to recognize receivables and payables.

The Board has implemented GASB Statement Number 62, *Codification of Accounting and Financial Reporting Guidance in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement applies only to the proprietary fund and has had no significant impact on the proprietary fund statements. The Board does not apply post November 30, 1989 FASB pronouncements to the proprietary fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Food Service Enterprise Fund are charges for meals. Operating expenses include costs of food sold, salaries, wages and benefits, supplies, maintenance of equipment, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The most significant source of revenue for the Food Service Enterprise Fund is the reimbursement of food costs from the federal government.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

The Internal Service Fund accounts for the financial activities of the Board's self-insured workers' compensation program. The revenues of this fund are generated by charges to other Board funds which have salary expenditures. The operating expenses of the Internal Service Fund include expenditures for claims paid, third-party administrative fees, and premiums for excess liability insurance coverage.

An agency fund is used to account for the School Activities Fund assets held by the Board. These funds are primarily raised by student organizations and activities and are held by the Board for custodial and investment purposes. The agency funds are not reported in the government-wide financial statements as these funds cannot be used to support the government's programs.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS AND INFLOWS, AND NET POSITION OR EQUITY

Deposits and Investments – Board cash receipt and disbursement transactions relating to the major funds (General, Special Revenue, Capital Projects, and Proprietary) are initiated through a pooled cash and investment account. Unique account numbers are used to track each fund's transactions. The Board has pooled amounts from these funds, as well as certain amounts held for each school's related activities in the School Activities Fund, to be used for investment purposes. In the fund financial statements, each fund's specific share of the pooled cash, investments, and inter-fund transactions are shown as cash and cash equivalents, or as "due (to) from other funds", if the fund's inter-fund liabilities exceed its share of pooled cash and investments. The Food Service Proprietary and School Activities Agency funds are allocated interest income, on a daily basis, based on their share of the investment pool. Remaining interest income is allocated to the General Fund.

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield. In this regard, the Annotated Code of Maryland authorizes the Board to invest in the following: time deposits, savings accounts, and demand deposit accounts in banks and savings and loan associations that are federally insured; or are secured with collateral as set forth in the State Finance and Procurement Article; any investment portfolio created under the Maryland Local Government Investment Pool that is administered by the Office of the State Treasurer; obligations for which the United States has pledged its full faith and credit for the payment of the principal and interest; obligations that a federal agency or federal instrumentality has issued in accordance with an act of Congress; repurchase agreements collateralized (in an amount not less than 102% of the principal amount) by an obligation of the United States, its agencies or instrumentalities; bankers' acceptances guaranteed by a financial institution and commercial paper and money market mutual funds receiving the highest possible rating.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

The Board's cash and cash equivalents are considered to be short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity at the time of purchase that they present insignificant risk of changes in value because of changes in interest rates.

Cash and cash equivalents are recorded at cost or amortized cost. Investments are recorded at fair value, based on closing market prices at June 30, 2015. The fair value of the position in the Maryland Local Government Investment Pool is the same as the value of the pool shares.

Receivables – Accounts receivable in all funds represent amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Governmental fund type receivables consist primarily of amounts due from county, state, or federal governments and from other Maryland Boards of Education. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year. Certain intergovernmental receivables may extend up to 180 days from the end of the fiscal year. Uncollectible amounts of as June 30, 2015 are expected to be minimal based upon collection experience and review of the status of existing receivables.

Inter/Intrafund Transactions – Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” The Board has no long-term advances or inter-fund loans, and all inter-fund transactions are considered current activity. Inter-fund activity consists primarily of transfers between funds to cover cash deficits. These deficits arise primarily because many grants and capital projects are reimbursed to the Board by the granting government after the Board has incurred the expenditure.

Inventories and Prepaid Items – Inventories of materials and supplies are determined by both physical counts and through perpetual inventory systems. Inventory in the General Fund consists of expendable supplies and materials. These inventories are accounted for under the consumption method and are stated at the lower of cost or market, using the average cost method. The General Fund inventories on hand at year-end are reflected as non-spendable fund balance.

The inventories of the Food Service Enterprise Fund include federal government donated food commodities that are valued at estimated market value. The remaining fund inventories are accounted for under the consumption method and are stated at the lower of cost or market, using the average cost method.

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid items in both the government-wide and fund financial statements, these payments are expended in future periods using the consumption method of accounting.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Capital Assets – Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Governmental activities capital assets are defined by the Board as assets which have a cost of \$5,000 or more at the date of acquisition and have a useful life of two years or more. The Food Service Enterprise Fund capitalizes assets with an individual cost of \$1,000 or more at the date of acquisition and which have a useful life of two years or more. Such assets are stated at historical cost or estimated historical cost if actual cost is not known. Donated capital assets are recorded at estimated fair market value at the date of donation. The Board has no infrastructure assets.

The cost of normal maintenance and repairs that do not add to the value or materially extend the useful life of an asset are not capitalized. Building improvements with a cost greater than \$100,000 are capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary fund financial statements. Capital assets are depreciated over the useful life of the asset using the straight-line method. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

Furniture, fixtures and equipment	5 – 25 years
Buildings and Improvements	20 – 50 years

Deferred Outflows – A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. At June 30, 2015 the Board had deferred outflows of resources in the amount of \$8,988 that represent contributions made during fiscal year 2015 to the Employees Retirement System of Baltimore County.

Compensated Absences – Employees of the Board, excluding ten-month employees, may earn annual vacation leave at various rates depending on the bargaining unit that represents them and their length of service. Unused annual vacation leave may be accrued up to a maximum of 45 days. All accrued annual vacation leave is payable upon separation from employment. The governmental fund financial statements record expenditures when employees are paid for leave taken, on a first-in first-out (FIFO) basis. The government-wide and proprietary fund financial statements present the cost of accumulated vacation leave and related payroll taxes as a liability. A liability for these amounts is reported in the governmental fund financial statements only if they have matured due to resignations or retirements. There is no liability for unpaid accumulated sick leave since the Board does not pay this amount when an employee separates from service.

Long-term Obligations – The Board has no authority to issue bonded debt. Debt incurred by the county or state governments to finance school construction is a debt of the issuing

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

government and, along with the related debt service, is not reported in the Board's financial statements. The long-term obligations of the Board include capital leases, compensated absences (as discussed above), estimated workers compensation claims, and the net pension liability and OPEB (Other Post Employment Benefits) which are discussed in detail in Note 9. The capital leases represent obligations for financing the purchase of school buses, other vehicles, and building improvements for heating and air conditioning, lighting, and corresponding control systems in a number of schools. These capital leases are being paid over periods from 5 to 20 years from the date of inception. In the government-wide financial statements, the long-term obligations are presented in the column for governmental activities. The Board's Food Services business-type activity has no long-term obligations other than compensated absences previously discussed.

In prior years, governmental fund long-term liabilities have been liquidated through the General Fund and Special Revenue Funds. Compensated absences, pension and workers' compensation liabilities have been liquidated based on where an employee's salary has been funded, while payments on capital leases and OPEB obligations have been liquidated through the General Fund.

Unearned Revenue – Unearned revenue occurs when potential revenue does not meet the available criterion for recognition in the current period. Unearned revenue also arises when the Board receives funds before it has a legal claim to them. Unearned revenue for governmental activities consists of tuition payments received in advance of summer school and restricted grant funds advanced to the Board. Unearned revenue for the business-type activities consists of prepaid accounts for school lunches, donated food commodities, and grant revenues. Revenue is recognized for the donated commodities as the commodities are used and for the grant revenues as expenditures are incurred.

Deferred Inflows – A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. For government-mandated and voluntary non-exchange transactions, a deferred inflow is reported when resources are received before time requirements are met. At June 30, 2015 the Board had deferred inflows of resources totaling \$10,015 related to the difference between projected and actual earnings on investments of the Employees Retirement System of Baltimore County.

Net Position and Fund Balance – In the Statement of Net Position, net position is reported as net investment in capital assets, restricted, or unrestricted. Restricted net position is based on externally imposed restrictions on the use of the funds, such as grant funding for a specific purpose.

The net position restricted for special education services are required to be utilized to fund those activities by regulations from the Maryland State Department of Education.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Fund balance amounts are reported within one of the fund balance categories listed below:

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

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

Committed – Includes fund balance amounts that can be used only for the specific purposes determined by formal action of the Board (the highest level of decision-making authority). Formal action of the Board would be those actions which are voted on at public Board meetings that are in compliance with Maryland law. Similar action of the Board is required to modify or rescind such commitments.

Assigned – Includes fund balance amounts that are intended to be used by the Board for specific purposes. Assignment of the fund balance for the general fund may be made upon adoption of the subsequent year's budget by the Board at a public meeting. Additionally, in accordance with the Board's policies on purchasing and contracts, the purchasing manager may assign fund balance for contractual commitments encumbered prior to year-end. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as either restricted or committed.

Unassigned – Represents the residual classification for the Board's funds and includes all spendable amounts not contained in the four classifications described above. The general fund is the only fund that may report a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in those funds.

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

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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

subsequent year. All amounts in the Special Revenue Fund are considered restricted as the entire fund balance of this fund is restricted for use in Special Education by the Maryland State Department of Education.

Notes to the Basic Financial Statements – To be consistent with the presentation in the financial statements, substantially all amounts reported in the notes to the basic financial statements are reported in thousands of dollars.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGET REQUIREMENTS

The Board operates within the following budget requirements for local educational agencies as specified by State law:

1. The Board must submit an annual budget, for its governmental funds, in writing to the County Executive within 120 days prior to the end of the current fiscal year. The General, Special Revenue, and Debt Service funds have legally adopted annual budgets. The Capital Projects Fund has a legally adopted project budget.
2. The County Executive must submit his recommended school system budget to the County Council not later than 75 days prior to the end of the current fiscal year.
3. The County Council must approve the budget ordinance by June 1st of each year. Subsequent supplemental appropriations also require County Council approval.
4. The General Fund budget is prepared and approved by major expenditure categories as specified in the State law. Actual expenditures may not exceed appropriations for a category. These categories include:

Administration	Mid-Level Administration
Instructional Salaries	Instructional Textbooks and Supplies
Other Instructional Costs	Special Education
Student Personnel Services	Health Services
Student Transportation	Operation of Plant
Maintenance of Plant	Fixed Charges
Capital Administration	Community Services

The Special Revenue Fund and Debt Service Fund appropriations are authorized annually by the County Council at the Fund level, which is the legal level of control.

5. The Board may transfer funds between major categories with the approval of the County Council. The Board has the authority to transfer funds between objects of expenditures (i.e., salaries and wages, contracted services, supplies and materials, other charges, and equipment) within the major categories, but must notify the County Council of such action at the end of each month. In accordance with Education Article, Title 5, §5-105, of the Annotated Code of Maryland, the Board may not exceed the appropriation by category. Failure by the County Council to take action within thirty days of receipt of written requests for transfers constitutes Council approval.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

6. The management staff of Baltimore County Public Schools is responsible for preparing the budget, monitoring budgetary expenditures, reporting on the status of the budget, and making recommendations for transfers between objects of expenditure and major categories of expenditures. All such recommendations are subject to Board and/or County Council approval.
7. Unencumbered appropriations lapse at the end of each fiscal year, except in the Capital Projects Fund where appropriations do not lapse. Encumbered appropriations are liquidated through expenditures in the subsequent fiscal year. The portion of fund balance related to lapsed appropriations must be re-appropriated to be spent.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds for Budgetary Basis financial reporting purposes. Open encumbrances are treated as restricted or assigned fund balances since the commitments will be honored through subsequent years expenditures.

During the year, the County Council approved certain transfers between General Fund categories. The approved categorical transfers of the General Fund are presented below:

	Categorical Transfers
Administration	\$ (1,100)
Mid-level Administration	2,500
Instructional Salaries	600
Instructional Textbooks and Supplies	1,800
Other Instructional Costs	3,600
Special Education	(2,000)
Student Personnel Services	-
Health Services	-
Student Transportation	(400)
Operation of Plant	(5,000)
Maintenance of Plant	-
Fixed Charges	-
Community Services	-
Capital Administration	-
	<hr/> <hr/> <u>\$ -</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

B. RECONCILIATION BETWEEN GAAP AND BUDGETARY BASIS

The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for the General and Special Revenue Funds have been prepared on a legally prescribed budgetary basis of accounting that differs from GAAP. The primary difference is that the budgets are prepared using encumbrance accounting where encumbrances are treated as expenditures of the current period. In addition, for budgetary purposes revenues related to encumbrances are recorded in the Special Revenue Fund and in the General Fund in certain cases. The reconciliations from GAAP to budgetary basis are presented below:

	Revenues	Expenditures	Other Financing Sources/ (Uses)	Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	Fund Balance
General Fund					
Reported on the basis of GAAP	\$ 1,428,928	\$ (1,426,043)	\$ 13,767	\$ 16,652	\$ 64,962
Effect of encumbrances	-	(3,254)	-	(3,254)	3,254
Retirement cost paid on the Board's behalf by the State of Maryland	(86,381)	86,381	-	-	-
Reappropriation of prior year fund balance	13,087	-	-	13,087	(13,087)
Effect of capital leases	-	13,767	(13,767)	-	-
Other budgetary adjustments	(1,637)	(1,821)	-	(3,458)	(7,645)
Reported on the Budgetary Basis of Accounting	<u>\$ 1,353,997</u>	<u>\$ (1,330,970)</u>	<u>\$ -</u>	<u>\$ 23,027</u>	<u>\$ 47,484</u>
Special Revenue Fund					
Reported on basis of GAAP	\$ 70,310	\$ (70,440)	\$ -	\$ (130)	\$ 16,843
Effect of encumbrances	(562)	562	-	-	-
Reported on the Budgetary Basis of Accounting	<u>\$ 69,748</u>	<u>\$ (69,878)</u>	<u>\$ -</u>	<u>\$ (130)</u>	<u>\$ 16,843</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

C. DEBT SERVICE BUDGETARY SCHEDULE

As discussed in Note 1, debt issued by the County government to fund school construction and related debt service is not reported in the Board's Basic Financial Statements. The authorization for the annual debt service expenditures related to this debt emanates from the Baltimore County Government Operating Budget, and is included in the Board's annual authorized budget. The reporting of the annual county debt service and related revenues pertaining to the Board in the Debt Service Fund is required by state law. The schedule below reports the budgetary basis debt service activity for the current fiscal year.

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues - Baltimore County	<u>\$ 38,915</u>	<u>\$ 38,914</u>	<u>\$ 38,914</u>	<u>\$ -</u>
Expenditures:				
Current -				
Principal	24,770	24,770	24,770	-
Interest	14,145	14,144	14,144	-
Total expenditures	<u>38,915</u>	<u>38,914</u>	<u>38,914</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, July 1, 2014			<u>-</u>	
Fund balance, June 30, 2015			<u>\$ -</u>	

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

D. DETAILS OF FUND BALANCES

The details of the Governmental Funds balances at June 30, 2015 are shown as follows:

The Non-spendable general fund balance consists
of the following:

Inventories	\$	156
Prepaid Items		342
	\$	<u>498</u>

The Assigned general fund balance consists of
the following:

Encumbrances for:		
Contracted services	\$	11,906
Supplies and materials		3,919
Equipment and other		4,613
		<u>20,438</u>
For use in FY2016 Budget		19,150
	\$	<u>39,588</u>

The Special Revenue fund balance of \$16,843 is considered as restricted since this amount can only be used to provide services to special education students based upon a directive from the Maryland State Department of Education.

E. NET POSITION

Deficit fund balance - The Capital Projects Fund had an unassigned fund balance deficit of \$1,492. The deficit reflects an accrual of pollution remediation costs that are estimated to be incurred during certain school construction projects. It is anticipated that this deficit will be eliminated, over the construction periods, by funding from local sources.

Internal service fund deficit net position - The Internal Service Fund has a deficit net position of \$8,387 resulting from estimated workers' compensation claims, including the transfer of estimated workers' compensation claims from the Baltimore County Government

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

in September 2013. It is anticipated that this deficit will be funded by the County Government as these claims are finalized and the liabilities are liquidated.

F. NEW ACCOUNTING PRONOUNCEMENT

The Board adopted Governmental Accounting Statement No. 68 - *Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which improves accounting and financial reporting by state and local government employers whose employees are provided benefits through pensions. The Board is now required to record a liability for future pension benefits in excess of accumulated plan contributions.

This pronouncement requires the restatement of the June 30, 2014 net position of governmental activities as follows:

	<u>Governmental Activities</u>
Net position July 1, 2014 as previously stated	\$ 1,407,481
Cummulative affect of application of GASB 68, net pension liability	(96,730)
Cummulative affect of application of GASB 71, deferred outflow of resources for Board contributions made to the plan during the fiscal year ending June 30, 2014	<u>6,203</u>
Net position July 1, 2014 as restated	<u><u>\$ 1,316,954</u></u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. CASH DEPOSITS

The Board's bank deposits are insured either by Federal depository insurance or by a collateralization agreement with the depository bank. The Board's policy is to maximize the investment of cash balances available for investment according to depository bank records. Short-term investments included in cash and cash equivalents are available to meet cash disbursement requirements.

The Board's deposits are subject to custodial credit risk, which is the risk that in the event of bank failure that the Board's deposits may not be returned to it. The Annotated Code of Maryland requires that funds on deposit with a financial institution be fully secured by deposit insurance, surety bonds, obligations of the United States or its agencies, obligations of the State of Maryland or any of its agencies, or obligations of a county, other governmental authority, or municipal corporation in the State of Maryland.

At June 30, 2015, the Board's and the fiduciary funds deposits were approximately \$7.6 million dollars. These balances were fully collateralized as described above, including in the case of the Board's operating account maintained at the Manufacturers and Traders Trust Company, eligible collateral posted by the bank for the benefit of the Board. The collateral required is based upon a security and custodial agreement between the Board and Manufacturers and Traders Trust Company.

B. INVESTMENTS

The Board's investments are subject to both interest rate risk and custodial credit risk, which are risks that are inherent with investment activities. Interest Rate Risk results from fair value of investments potentially declining as rates increase. Custodial Credit Risk is the risk that, in the event of failure of the counter party, the Board may not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. To limit exposure to these risks the Board's policy is to generally invest in overnight investments, which provide daily access to the funds invested and limits the potential from loss due to interest rate changes.

The Board's investments include the Maryland Local Government Investment Pool (Pool) at PNC Bank, which is under the administrative control of the State Treasurer, and a money market mutual fund held by Fidelity Investments. The Pool, which maintains a \$1 per share value, is designed to give local government units of the State an investment vehicle for short-term investment of funds. The investment objectives of the Pool are: to preserve the capital value of the dollars invested; to provide a competitive rate of return; and to provide a readily available source of daily liquidity. The Pool is rated "AAAm" by Standard and Poor's (their

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

highest rating). The money market portfolios are also rated “AAAm” by Standard and Poor’s, and generally are invested in funds with the same investment parameters as those invested in the Pool.

C. SUMMARY OF DEPOSIT AND INVESTMENT BALANCE

The following is a reconciliation of the Board's deposit and investment balances as of June 30, 2015:

	<u>Pooled Cash and Investments</u>	<u>Other</u>	<u>Total</u>
Deposits	\$ 3,121	\$ 4,554	\$ 7,675
Investments:			
MLGIP	63,779	-	63,779
Money market mutual funds	10	2,494	2,504
Total	<u>\$ 66,910</u>	<u>\$ 7,048</u>	<u>\$ 73,958</u>
	<u>Government-wide Statement of Net Position</u>	<u>Fiduciary Fund Statement of Net Position</u>	<u>Total</u>
<u>Unrestricted</u>			
Cash and cash equivalents	\$ 64,416	\$ -	\$ 64,416
 <u>Restricted</u>			
Cash and cash equivalents	-	4,554	4,554
Investments	2,494	2,494	4,988
Total cash and investments	<u>\$ 66,910</u>	<u>\$ 7,048</u>	<u>\$ 73,958</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2015, the Capital Projects Fund owed \$3,995 to the General Fund for cash advanced to pay contractors for work performed on ongoing contracts. Additionally, the Board owed \$34 to the School Activities Fund, an agency fund, which holds the assets of the fund in a custodial and investment capacity.

A summary of the interfund transfers for the fiscal year ended June 30, 2015 follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities	Business Type Activities	Food Service equipment	<u>\$ 555</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 5. CAPITAL ASSETS

A ACTIVITY

Capital asset activity for the year ended June 30, 2015 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,526	\$ -	\$ -	\$ 30,526
Construction in progress	199,398	104,111	(39,537)	263,972
Total capital assets not being depreciated	<u>229,924</u>	<u>104,111</u>	<u>(39,537)</u>	<u>294,498</u>
Capital assets being depreciated:				
Buildings	1,635,570	47,409	-	1,682,979
Improvements other than buildings	89,204	6,035	-	95,239
Machinery and equipment	39,050	3,924	(494)	42,480
Vehicles	85,814	11,964	(7,529)	90,249
Total capital assets being depreciated	<u>1,849,638</u>	<u>69,332</u>	<u>(8,023)</u>	<u>1,910,947</u>
Less accumulated depreciation for:				
Buildings	(551,788)	(48,786)	-	(600,574)
Improvements other than buildings	(29,290)	(4,371)	-	(33,661)
Machinery and equipment	(27,010)	(2,868)	431	(29,447)
Vehicles	(41,685)	(6,729)	7,442	(40,972)
Total accumulated depreciation	<u>(649,773)</u>	<u>(62,754)</u>	<u>7,873</u>	<u>(704,654)</u>
Total capital assets, being depreciated, net	<u>1,199,865</u>	<u>6,578</u>	<u>(150)</u>	<u>1,206,293</u>
Governmental activities, net investment in capital assets	<u>\$ 1,429,789</u>	<u>\$ 110,689</u>	<u>\$ (39,687)</u>	<u>\$ 1,500,791</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business - type activities:				
Capital assets being depreciated:				
Buildings and Improvements	\$ 7,270	\$ -	\$ -	\$ 7,270
Furniture, fixtures and equipment	25,400	943	(399)	25,944
Total capital assets being depreciated	<u>32,670</u>	<u>943</u>	<u>(399)</u>	<u>33,214</u>
Less accumulated depreciation for:				
Buildings and Improvements	(1,998)	(272)	-	(2,270)
Furniture, fixtures and equipment	(16,922)	(1,373)	396	(17,899)
Total capital assets being depreciated	<u>(18,920)</u>	<u>(1,645)</u>	<u>396</u>	<u>(20,169)</u>
Business - type activities capital assets, net	<u>\$ 13,750</u>	<u>\$ (702)</u>	<u>\$ (3)</u>	<u>\$ 13,045</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 799
Mid-level administration	71
Instruction	53,937
Special education	528
Student transportation	5,639
Operation of plant	103
Maintenance of plant	1,586
Capital administration	91
Total depreciation expense - governmental activities	<u>\$ 62,754</u>
 Business-type activities:	
Food Services	<u>\$ 1,645</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

B. CONSTRUCTION AND LEASE PURCHASE COMMITMENTS

The Board has active construction projects as of June 30, 2015. The projects include new school construction, additions, and renovations to school buildings. School capital project construction is financed primarily from county and state grants. At year-end, the Board's commitments with contractors are as follows:

<u>Projects</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
New school construction	\$ 224,579	\$ 42,856
Additions	31,875	3,703
Improvements and renovations	117,970	60,112
Total	<u>\$ 374,424</u>	<u>\$ 106,671</u>

During the fiscal year, the Board made commitments for the acquisition of vehicles under new capital lease agreements totaling approximately \$9.8 million. The assets to be acquired are described below:

<u>Description</u>	<u>Class</u>	<u>Amount</u>
School buses	Vehicles	\$ 8,743
Trucks and other vehicles	Vehicles	1,059
Total		<u>\$ 9,802</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 6. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; illness and injuries to employees, students and the public; natural disasters; and employee health benefits.

The Board participates in the Baltimore County Government self-insurance program for employee and retiree health and dental insurance. The Board pays premiums to the County for its share of current cost based upon prior years claims and anticipated enrollment. The County serves as the administrator of the plans and estimates outstanding claims and required reserves. The Board's ultimate liability is limited to premiums paid to the County.

The Board is independently self-insured for workers' compensation. The Board established an internal service fund to account for the activities of the workers' compensation plan. The Board has contracted with a third-party administrator to determine compensability for salary for lost time and to administer the payment of medical and other costs for work-related injuries. The Board has also purchased excess workers' compensation policies to limit its' liability.

The changes in the claims and judgements payable for the fiscal year are reflected below:

Fiscal Year ending June 30,	Beginning Payable	Incurred Claims and Judgements	Claims and Judgements Paid	Ending Payable
2014	\$ -	14,327	3,027	\$ 11,300
2015	\$ 11,300	8,561	6,928	\$ 12,933

The Board also participates in a self-insured pool with other boards of education for property and casualty insurance. Casualty programs in which the Board participates include comprehensive general liability, automobile liability and physical damage, bus contractors' and drivers' liability, and Board of Education legal liability. Property insurance programs include real and personal property (replacement cost), boiler and machinery, natural disasters, employees' dishonesty blanket bond, theft and disappearance, and computer and electronic funds transfer fraud. The pool is administered by the Maryland Association of Boards of Education (MABE), a public entity risk pool. MABE serves as an independent administrator, processing and settling claims, establishing liability limits, setting premiums, and establishing and maintaining reserves. The Board's liability is limited to premiums paid to MABE, plus deductibles of from \$0 - \$15,000 per incidence, depending on the nature of the coverage. The pool limits its exposure by purchasing excess coverage from commercial carriers.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Outside of the MABE pool, the Board carries underground tank, catastrophic student accident insurance and travel insurance covering Board members. The Board pays all of the premiums for this coverage. There have been no reductions in insurance coverage from the previous year, and the amount of settlements over the last three years has not exceeded insurance coverage.

NOTE 7. OPERATING LEASES

The Board has long-term commitments as lessee under various non-cancelable operating leases for warehouse, office, and educational space which expire at various times through 2028. Total expense under these operating leases for the fiscal year ended June 30, 2015, amounted to \$4,598.

Additionally, the Board entered into a four year lease agreement for personal computing devices as part of a technology initiative to equip all students and teachers with digital learning devices. Total expense under this operating lease for the fiscal year ended June 30, 2015, amounted to \$3,824.

The aggregate future rental payments under these commitments are \$32,587 as summarized below:

<u>Fiscal year ending June 30</u>	
2016	7,224
2017	5,890
2018	2,923
2019	2,662
2020	2,735
2021-2025	7,532
2026-2028	3,621
Total	<u><u>\$ 32,587</u></u>

Additionally, the Board leases copiers and other equipment under contracts which are cancelable with 60 day notice. During the year, \$2,654 of expense was incurred under these agreements.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

NOTE 8. LONG-TERM OBLIGATIONS

The Board's long-term obligations include capital leases, compensated absences, the estimated liability for workers' compensation claims and judgments, and the unfunded liabilities for Other Post Employment Benefits and county pension benefits. Details of the obligations for the capital leases and compensated absences, including the current year changes follow. The details for the claims and judgements of the Workers' Compensation Plan are discussed in Note 6. The details for the obligations for Other Post Employment Benefits and the County Employees' Retirement System are described in Note 9.

A. CAPITAL LEASES

The Board's capital leases represent obligations incurred to finance the purchase of school buses, other vehicles, and beginning in 2014 a lease was incurred for acquisition of building improvements. The bus leases are financed over periods of five years, while the improvements lease is financed over twenty years. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the present value of the future minimum lease payments at the inception date. These items acquired through capital leases are reported as capital assets and depreciated accordingly. The assets acquired through capital leases are as follows:

<u>Asset Description</u>	<u>Governmental Activities</u>
Vehicles	\$ 45,978
Building Improvements	24,274
Less: accumulated depreciation	(8,003)
Total	<u>\$ 62,249</u>

The following are the future minimum lease payments under the Board's capital lease agreements, and the present value of the minimum lease payments as of June 30, 2015:

<u>Fiscal years ending June 30:</u>	<u>Governmental Activities</u>
2016	\$ 10,403
2017	8,170
2018	7,442
2019	5,955
2020	3,155
2021-2025	9,521
2026-2030	8,136
2031-2034	7,158
Total minimum lease payments	<u>59,940</u>
Less: amount representing interest	(10,224)
Present value of future minimum lease payments	<u>\$ 49,716</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

B. CHANGES IN LONG-TERM LIABILITIES

The schedule below presents the current year activity and year-end balances for the Board's long-term liabilities.

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 46,011	\$ 13,767	\$ 10,062	49,716	\$ 9,296
Compensated absences	21,878	13,452	12,635	22,695	12,635
Claims and judgements				-	
- workers' compensation plan	11,300	8,561	6,928	12,933	6,500
Other Post Employment Benefits	10,730	48,440	49,068	10,102	-
County Employees' Retirement System	96,730	-	10,727 *	86,003	-
Governmental activity					
Long-term liabilities	\$ 186,649	\$ 84,220	\$ 89,420	\$ 181,449	\$ 28,431
Business-type Activity/ Food Services					
Compensated absences	\$ 282	\$ 215	\$ 171	\$ 326	\$ 171

* Net reduction shown

NOTE 9. RETIREMENT AND OTHER POST EMPLOYMENT BENEFITS

A. TEACHERS RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

Plan description. The employees of the Board are covered by the Maryland State Teachers Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publically available financial report that can be obtained at <http://www.sra.state.md.us>.

Benefits provided. The System provides retirement allowances and other benefits to teachers of participating governmental units. For individuals who become members of the Teachers' Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the Teachers' Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

retirees' benefits allowance will be computed. Some of these options require actuarial reductions based on the retirees' and/or designated beneficiary's attained age and similar actuarial factors.

A member of the Teachers' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's average final compensation (AFC) multiplied by the number of years of accumulated creditable service.

A member of the Teachers' 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 the Teachers' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the members' combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

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

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

The State makes a substantial portion of the Board's annual required contribution to the Teachers' Retirement and Pension Systems on behalf of the Board. The State's contributions on behalf of the Board for the year ended June 30, 2015, was \$86,381. The fiscal 2015 contributions made by the State on behalf of the Board have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Beginning in FY 2013, the State of Maryland General Assembly passed a bill that required the Boards of Education in Maryland to begin paying the normal cost for their teachers into the Teachers' Retirement and Pension Systems. The legislation structured this as a four year phase in to the full normal cost so that 50% was paid in FY 2013. Full normal cost will be paid in FY 2017 and each year thereafter. The Board's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2015 was \$25,549.

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

At June 30, 2015, the Board did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the Board and the Board pays the normal cost related to the Board's members in the Teachers Retirement and Pension Systems; therefore, the Board is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the State of Maryland. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

State's proportionate share of the net pension liability	\$ 807,793
Board's proportionate share of the net pension liability	-
Total	<u>\$ 807,793</u>

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2015, the Board recognized pension expense of \$111,930 and revenue of \$86,381 for support provided by the State. Due to the special funding situation noted above related to the Teachers Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers Retirement and Pension Systems.

Actuarial assumptions. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.90% general, 3.4% wage
Salary increases	3.40% to 11.9%, including inflation
Investment rate of return	7.65%

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Mortality rates were based on RP-2000 Combined Healthy Mortality Table projected to the year 2025.

The economic and demographic actuarial assumptions used in the June 30, 2014 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2006-2010, which was completed during FY 2011. Certain assumptions from the experience study including mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2012. The System's Board of Trustees adopted new economic assumptions for the June 30, 2013 valuation, in particular, an investment return assumption of 7.70% and an inflation assumption of 2.95%. The ultimate assumptions of a 7.55% investment return and 2.80% price inflation are being phased in over a four-year period. As a result, an investment return assumption of 7.65% and an inflation assumption of 2.90% were used for the June 30, 2014 valuation. The COLA, salary increase and payroll growth assumptions have also changed as a result of the change in the inflation assumption.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Public Equity	35%	4.70%
Fixed Income	10%	2.00%
Credit Opportunity	10%	3.00%
Real Return	14%	2.80%
Absolute Return	10%	5.00%
Private Equity	10%	6.30%
Real Estate	10%	4.50%
Cash	1%	1.40%
Total	<u>100%</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2014.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 14.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The single discount rate used to measure the total pension liability was 7.65%. This single discount rate was based on the expected rate of return on pension plan investments of 7.65%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

B. EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY

Plan description. Custodians, bus drivers, mechanics, maintenance workers, tradesmen, cafeteria workers, and employees in related positions are covered by the Employees' Retirement System of Baltimore County (the System), a cost-sharing multiple-employer public employee retirement system. The System was established in accordance with the Section 5-1-101 of the Baltimore County Code (the Code) and placed under the management of the Board of Trustees. The administration of this system is vested in the Director of Budget and Finance of Baltimore County as specified in Section 5-1-238 of the Code. The Director of Budget and Finance has the responsibility to implement policies of the eight member Board of Trustees as they pertain to the System and to ensure the System operates within the guidelines as set forth in those policies. The System issues a publicly available comprehensive annual financial report that includes the System's financial statements and required supplementary information. That report may be obtained by writing to the Employees' Retirement System of Baltimore County, 400 Washington Avenue, Towson, Maryland 21204.

Benefits provided. The System provides retirement and disability benefits, annual cost-of-living adjustments (if sufficient excess earnings exist in the fund) and occupational death benefits to plan members. Members hired prior to July 1, 2007 are eligible for normal service retirement

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

after the attainment of age 60 with 5 years of creditable service or after 30 years of creditable service regardless of age. Members hired on or after July 1, 2007 are eligible for normal service retirement after attainment of age 67 with 10 years of creditable service or after 35 years of creditable service regardless of age.

Contributions. Plan members hired prior to July 1, 2007 are required to contribute between 5.42% - 9.36% of covered salary, which is based upon the member's age at the time of employment. Plan members hired subsequent to June 30, 2007 are required to contribute 7% annually as determined by the plan. The Board is required to contribute to the System at an actuarially determined rate. The contribution requirements for Plan members and the Board are established and may be amended by the Board of Trustees in accordance with Section 5 of the Code. The Board's contribution to the System for the year ended June 30, 2015 was \$8,988, which was 100% of the required contribution.

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

Net Pension Liability - At June 30, 2015 the Board reported a liability of \$86,003 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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 a projection of the board's long-term share of contributions to the pension plan relative to the projected contributions of all the participating agencies, actuarially determined. At June 30, 2015 the Board's proportion was 7.26 percent.

The have been no changes in the benefit terms that would affect the measurement of the total pension liability since the last measurement date.

Pension expense - For the year ended June 30, 2015 the Board recognized a decrease in pension expense of (\$3,498). At June 30, 2015 the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 10,015
Board contributions subsequent to the measurement date	8,988	-
	<u>\$ 8,988</u>	<u>\$ 10,015</u>

\$8,988 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. 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:

2016	\$	2,003
2017	\$	2,003
2018	\$	2,003
2019	\$	2,003
2020	\$	2,003
Thereafter		-

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

Inflation	3.0 percent
Salary increases	Rates vary from 1.90% to 6.40% by participant service. The effective annual average is 3.50%
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation
Actuarial cost method:	Projected Unit Credit Method
Asset Valuation Method:	Ten-year moving market

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females, as appropriate, with adjustments for mortality improvements based on Scale AA. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

actuarial experience study for the period July 1, 2006 through June 30, 2011. As a result of this experience study the following actuarial assumptions and method changes were made:

- Salary increase assumptions were updated to reflect recent experience and long-term anticipated inflation.
- The mortality tables for healthy and disabled pensioners were updated to reflect future expected increases in life expectancy.
- The rates of withdrawal from active service due to termination of employment, death and accidental death, ordinary disability, and accidental disability were updated to reflect recent plan experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-term Expected Rate of Return	Target Asset Allocation
Cash	0.00%	0.00%
Large Cap Equities	7.75%	15.00%
Small/Mid Cap Equities	8.00%	7.00%
International Equities (Unhedged)	8.25%	10.00%
Emerging International Equities	9.50%	7.00%
Core Bonds	4.46%	11.00%
High-Yield Bonds	6.00%	1.00%
EMD (Local Currency)	7.25%	4.00%
Diversified Fixed Income	5.84%	10.00%
Private Equity	9.75%	5.00%
Real Estate (Core)	6.50%	4.00%
Hedge Funds	7.00%	6.00%
Global Asset Allocation	7.32%	10.00%
Risk Parity	6.39%	5.00%
Commodities	6.00%	5.00%

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Discount rate - The discount rate used to measure the total pension liability was the funding valuation interest rate of 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will continue to follow the current funding policy. Based on those assumptions, the system's fiduciary net position was projected to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate - The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Board's proportionate share of the net pension liability	\$ 114,257	\$ 86,003	\$ 61,790

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued Employees' Retirement System of Baltimore County financial report.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

C. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The Board participates in an agent multiple-employer Other Post-Employment Benefits (OPEB) Trust Fund operated by the Baltimore County Government. Retirees and beneficiaries receiving a Board approved retirement are eligible, in accordance with bargaining unit agreements between the Board and employee associations, to participate in the plan. The Baltimore County Government issues a publically available financial report that includes financial statements and required supplementary information for the OPEB trust fund. That report may be obtained by writing to the Baltimore County Director of Budget and Finance, 400 Washington Avenue, Towson, MD 21204.

Funding Policy

The Board contributes between 50% and 90% of the cost of healthcare based on years of service for retirees that have not become Medicare eligible. For Medicare eligible retirees the Board contributes between 36% and 84% based upon years of service. The Board pays the entire cost of life insurance for a frozen group of retirees until age 70.

The *annual required contribution of the employer (ARC)* is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) using closed amortization over a period not to exceed 30 years. Article 10, Title 14 of the Baltimore County Code gives the Director of Budget and Finance the authority to determine the annual contribution to the trust fund based on the results of the actuarial valuation of the ARC. The contribution must include an amount equal to the estimated cost of all post-employment health and life insurance claims the trust is projected to pay for the following year, and all or part of the unfunded future liability.

The Board engaged the services of an actuarial consulting firm to assist with determining the ARC. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the calculations.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Annual OPEB Cost

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for 2015 and the preceding fiscal years when the Board implemented GASB 45 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Amount Contributed	Percentage of OPEB Cost Contributed	Net OPEB Obligation (Asset) at June 30
2008	\$ 64,179	\$ 64,179	100%	\$ -
2009	64,254	87,599	136%	(23,345)
2010	63,662	57,225	90%	(16,908)
2011	70,559	59,678	85%	(6,027)
2012	109,512	57,327	52%	46,158
2013	51,809	65,172	126%	32,795
2014	49,246	71,311	145%	10,730
2015	48,440	49,068	101%	10,102

The following table shows the components of the Board's annual OPEB cost, the contributions made and the Net OPEB obligation at June 30, 2015:

Annual required contribution (ARC)	\$ 48,377
Interest credit on the net OPEB asset	751
Adjustment to annual required contribution	(688)
Annual OPEB cost (expense)	48,440
Contributions made	(49,068)
Change in net OPEB obligation	(628)
Net OPEB obligation - beginning of year	10,730
Net OPEB obligation - end of year	\$ 10,102

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

Funded Status and Funding Progress

The projected funded status of the plan, based upon a valuation performed at July 1, 2013, was as follows:

Actuarial accrued liability (AAL)	\$	671,552
Actuarial value of plan assets		166,663
Unfunded actuarial accrued liability (UAAL)	\$	<u>504,889</u>
Funded ratio (actuarial value of plan assets/AAL)		24.82%
Covered payroll (active plan members)	\$	725,370
UAAL as a percentage of covered payroll		69.60%

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and 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 that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The valuation used the projected unit credit method under which the benefits of each individual included in an actuarial valuation are allocated by a consistent formula to all valuation years on a closed basis. The method used to determine the actuarial value of assets was market or fair value. The assumptions applied were future salary increases of 3.0% per year and the interest was assumed to have a discount rate of 7%. The discount rate is the rate used to determine the present value of future cash flows. The unfunded liability is amortized over a period of 30 years using level percentage of projected payroll. The medical trend assumption uses the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model and its baseline projections are based on an econometric analysis of historical U.S. medical expenditures and the judgments of experts in the field. The long-run baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group. The following assumptions were used as input variables into this model:

Rate of Inflation	2.4%
Rate of Growth in Real Income/GDP per capita	1.5%
Extra Trend due to Technology and other factors	1.0%
Health Share of GDP Resistance Point	25.0%
Year for Limiting Cost Growth to GDP Growth	2075

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2015

The assumptions applied in the valuation used covered payroll of approximately \$725 million, representing approximately 13,000 employees with health and dental benefits.

NOTE 10. POLLUTION REMEDIATION

The Board has implemented Governmental Accounting Standards Board Statement No.49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement requires the Board to disclose the nature and source of pollution remediation obligations; the amount of the estimated liability, the method used to estimate the liability, any potential for change in estimates, and estimated recoveries that may reduce the liability.

As a result of renovation work being performed in schools where asbestos may be present, containment, removal and cleanup of any material that presents an imminent threat to health and safety of students, staff and visitors may be necessary. Based on management's review of current school renovation projects, an estimated liability of \$1,492 has been recorded for pollution remediation at June 30, 2015.

NOTE 11. CONTINGENCIES

In the normal course of operations, the Board is subject to various lawsuits and claims. Based upon advice of counsel, the Board establishes an appropriate liability for such items where a significant loss is deemed probable. For the year ended June 30, 2015, no reserve for potential loss was deemed necessary. In the opinion of management and legal counsel, the ultimate disposition of other unresolved claims and litigation matters will not have a material effect on the Board's financial position or results of operations.

The Board receives grant funds, principally from the United States Government and the State of Maryland, for various programs. Certain expenditures of these funds are subject to audit by the grantors, with the Board being contingently liable for amounts received in excess of allowable expenditures. In the opinion of management, no material refunds will be required as a result of expenditures disallowed by the grantors.

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(In Thousands)

Seven year historical trend information about the OPEB Plan is presented herein as required supplementary information. The information is intended to assist users to assess the OPEB Plan's funding status on a going concern basis, assess progress made in accumulating assets to pay benefits when due and make comparisons with other public employees retirement systems' OPEB Plans.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2007	\$ -	\$ 757,666	\$ 757,666	0.00%	\$ 606,000	125.03%
July 1, 2008	56,444	788,396	731,952	7.16%	674,755	108.48%
July 1, 2009	51,045	784,039	732,994	6.51%	643,962	113.83%
July 1, 2010	98,960	900,787	801,827	10.99%	679,369	118.03%
July 1, 2011	91,893	1,437,221	1,345,328	6.39%	699,750	192.26%
July 1, 2013	91,727	679,431	587,704	13.50%	707,538	83.06%
July 1, 2014	128,268	657,531	529,263	19.51%	707,522	74.81%
July 1, 2015	166,663	671,552	504,889	24.82%	725,370	69.60%

Schedule of Contributions

Fiscal Year Ended	Annual Required Contribution	Amount Contributed	Percentage Contributed
June 30, 2008	\$ 64,179	\$ 64,179	100%
June 30, 2009	64,866	87,599	135%
June 30, 2010	64,047	57,225	89%
June 30, 2011	70,741	59,678	84%
June 30, 2012	109,492	57,327	52%
June 30, 2013	51,591	65,172	126%
June 30, 2014	49,068	71,311	145%
June 30, 2015	48,377	49,068	101%

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015
(In Thousands)

State Teachers Retirement and Pension System of Maryland - Employer Contributions
Last Three Fiscal years

	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution *	\$ 25,549	\$ 19,971	\$ 15,776
Contributions in relation to the contractually required contribution	<u>(25,549)</u>	<u>(19,971)</u>	<u>(15,776)</u>
Contribution deficiency/(excess)	\$ -	\$ -	\$ -
Board's covered payroll	\$ 667,524	\$ 667,086	\$ 660,214
Contributions as a percentage of covered employee payroll	4%	3%	2%

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

**BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(In Thousands)**

**Schedule of the Board's Proportionate Share of the Net Pension Liability
State Teachers Retirement and Pension System**

	2015
Boards's proportion of the net pension liability	0.0%
Board's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability of the Board	807,793
Total	\$ 807,793
Board's covered employee payroll	\$ 667,524
Board's proportionate share of the net pension liability as a percentage of its covered employee payroll	0.0%
Plan fiduciary net position as a percentage of the total pension liability	69.53%

* The amounts presented for fiscal year 2015 were determined as of July 1 of two years prior, using membership data as of that day, projected to June 30 of the previous year. Additionally, the Board implemented GASB 68 during fiscal year 2015. As such, only one year of information is available.

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2015
(In Thousands)

Employees' Retirement System of Baltimore County - Employer Contributions
Last Three Fiscal years

	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution	\$ 8,988	\$ 6,203	\$ 5,381
Contributions in relation to the contractually required contribution	<u>8,988</u>	<u>6,203</u>	<u>5,381</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 91,778	\$ 87,829	\$ 86,713
Contributions as a percentage of covered employee payroll	9.79%	7.06%	6.21%

The Board implemented GASBS No. 68 in fiscal year 2015, which requires a 10-year schedule of employer contributions. Information is not available for years 2012 and prior.

**BOARD OF EDUCATION OF BALTIMORE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015
 (In Thousands)**

Schedule of the Board's Proportionate Share of the Net Pension Liability Employees' Retirement System of Baltimore County

		<u>2015</u>
Boards's proportion of the net pension liability		7.26%
Board's proportionate share of the net pension liability	\$	86,003
Board's covered employee payroll	\$	91,778
Board's proportionate share of the net pension liability as a percentage of its covered employee payroll		93.7%
Plan fiduciary net position as a percentage of the total pension liability		68.2%

The amounts presented for fiscal year 2015 were determined as of July 1 of two years prior, using membership data as of that day, projected to June 30 of the previous year. Additionally, the Board implemented GASB 68 during fiscal year 2015. As such, only one year of information is available.

Board of Education of Baltimore County

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2015

STATE OF MARYLAND RETIREMENT AND PENSION SYSTEMS

NOTE 1 – CHANGES IN BENEFIT TERMS

There were no benefit changes during the year.

NOTE 2 – CHANGES IN ASSUMPTIONS

Adjustments to the roll-forward liabilities were made to reflect the following assumptions in the 2014 valuation:

- Investment return assumption changed from 7.7% to 7.65%
- Inflation assumption changed from 2.95% to 2.90%
- Disability mortality assumption for State Police and LEOPS changed to: RP-2000 Disability Mortality; 505 table for males and 75% for females, but not less than RP-2000 Combined Healthy Mortality table projected to year 2025

NOTE 3 – METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization period	24 years for State system
Asset Valuation method	5-year smoothed market; 205 collar
Inflation	2.9% general, 3.4% wage
Salary Increases	3.40% to 11.90% including inflation
Investment Rate of Return	7.65%,
Retirement Age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for 2012 valuation pursuant to an experience study of the period 2006-2010
	Mortality RP-2000 Combined Healthy Mortality table projected to the year 2025

Board of Education of Baltimore County

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2015

EMPLOYEES' RETIREMENT SYSTEM OF BALTIMORE COUNTY – PLANS A & B

NOTE 1 – CHANGES IN BENEFIT TERMS

There were no benefit changes during the year.

NOTE 2 – CHANGES IN ASSUMPTIONS

There were no changes in the assumptions use to roll-forward liabilities in the 2014 evaluation.

NOTE 3 – METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization period	30 year layered amortization
Asset Valuation method	10-year smoothed market
Inflation	3.0%
Salary Increases	Rates vary by participant age and service
Investment Rate of Return	7.0%, net of investment expenses and gain sharing, and including inflation
Retirement Age	Rates vary by participant age and service
Mortality	For healthy participants and beneficiaries: For males 108% for the RP-2000 Combined Healthy male tables projected to 2027 by Scale AA and for females 100% and RP-2000 Combined Healthy female table projected to 2027 by Scale AA. For disabled members, RP-2000 Disabled Annuitant tables projected to 2027 with Scale AA.



Katarina Schroeder

Parkville Middle

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITIES FUND
FOR THE YEAR ENDED JUNE 30, 2015
(In Thousands)

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
<u>Assets</u>				
Cash and cash equivalents	\$ 4,219	\$ 14,516	\$ 14,181	\$ 4,554
Investments	2,567	33	106	2,494
Due from other funds	55	482	503	34
Inventories	426	394	426	394
Total Assets	\$ 7,267	\$ 15,425	\$ 15,216	\$ 7,476
<u>Liabilities</u>				
Accounts payable	\$ 51	\$ 524	\$ 486	\$ 89
Due to school organizations	7,216	15,419	15,248	7,387
Total Liabilities	\$ 7,267	\$ 15,943	\$ 15,734	\$ 7,476

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Statistical Section

This part of the Board of Education of Baltimore County’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Board’s overall financial health. It includes information on financial trends, limited demographic information, and certain operating information.

No information on revenue capacity is presented, as the Board has no taxing authority and no significant “own source” revenues. The Board is fiscally dependent on appropriations from the Baltimore County government and the State of Maryland. Similarly, no information on debt capacity is presented because the Board has no authority to issue debt. The only debt carried by the Board is in the form of short term capital lease obligations.

Certain economic data of Baltimore County is presented in order to assist the users of this report to assess the economic condition of the County.

<u>Contents</u>	<u>Page</u>
Financial Trends Information: These schedules contain trend information to help the reader understand how the Board’s financial performance and well-being have changed over time.	100-120
Demographic Information: These schedules contain certain information about student enrollment and Student to teacher ratio; which are indicators to help the reader understand the environment within which the Board’s financial activities take place.	122-124
Operating Information: These schedules contain information about certain services and other data to assist the reader in understanding how the information in the Board’s financial report relates to the services the Board provides and the activities it performs.	126-132
Baltimore County, Maryland Economic Data: These schedules contain information about certain economic and demographic data of Baltimore County, Maryland. These schedules are intended to provide a broader understanding of the county and its financial affairs.	134-141

Board of Education of Baltimore County
Net Position by Component
Last Ten Fiscal Years
(In Thousands)

	<u>2015</u>	<u>2014</u>	*	<u>2013</u>	<u>2012</u>
Governmental activities:					
Net investment in capital assets	\$ 1,451,076	\$ 1,383,777		\$ 1,344,340	\$ 1,300,909
Restricted	16,843	16,973		15,297	14,662
Unrestricted (deficit)	(64,745)	6,731		(13,219)	(22,997)
Total governmental activities net position	<u>1,403,174</u>	<u>1,407,481</u>		<u>1,346,418</u>	<u>1,292,574</u>
Business-type activities:					
Net investment in capital assets	13,045	13,750		13,977	14,367
Restricted	-	-		-	-
Unrestricted	14,995	13,929		11,499	9,220
Total business-type activities net position	<u>28,040</u>	<u>27,679</u>		<u>25,476</u>	<u>23,587</u>
Primary government:					
Net investment in capital assets	1,464,121	1,397,527		1,358,337	1,315,276
Restricted	16,843	16,973		15,297	14,662
Unrestricted (deficit)	(49,750)	20,660		(1,720)	(13,777)
Total net position	<u>\$ 1,431,214</u>	<u>\$ 1,435,160</u>		<u>\$ 1,371,914</u>	<u>\$ 1,316,161</u>

* The fiscal year 2014 amounts were not changed to reflect the effects of the application of GASB No. 68.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,206,622	\$ 1,153,352	\$ 1,086,114	\$ 1,029,892	\$ 896,795	\$ 765,576
19,021	25,345	29,495	297	3,976	6,997
14,995	17,509	22,479	18,537	13,147	9,540
<u>1,240,638</u>	<u>1,196,206</u>	<u>1,138,088</u>	<u>1,048,726</u>	<u>913,918</u>	<u>782,113</u>
13,290	12,667	9,968	9,761	9,138	7,873
-	-	-	-	421	347
6,851	5,158	2,969	1,846	1,946	684
<u>20,141</u>	<u>17,825</u>	<u>12,937</u>	<u>11,607</u>	<u>11,505</u>	<u>8,904</u>
1,219,912	1,166,019	1,096,082	1,039,653	905,933	773,449
19,021	25,345	29,495	297	4,397	7,344
21,846	22,667	25,448	20,383	15,093	10,224
<u>\$ 1,260,779</u>	<u>\$ 1,214,031</u>	<u>\$ 1,151,025</u>	<u>\$ 1,060,333</u>	<u>\$ 925,423</u>	<u>\$ 791,017</u>

Board of Education of Baltimore County
Changes in Net Position by Component
Last Ten Fiscal Years
(In Thousands)

	2015	2014*	2013	2012
Expenses:				
Governmental activities:				
Administration	\$ 67,468	\$ 63,073	\$ 55,792	\$ 55,234
Mid-level administration	131,654	125,914	123,424	128,958
Instruction	808,275	787,582	753,432	776,295
Special education	249,129	242,142	241,468	251,812
Student personnel services	14,702	19,301	13,692	14,097
Health services	21,796	21,078	20,714	21,967
Student transportation	81,129	67,651	73,953	73,878
Operation of plant	111,785	111,341	106,695	105,742
Maintenance of plant	40,274	37,615	33,857	34,634
Community services	320	357	289	17
Capital administration	6,073	12,181	8,525	3,424
Interest on long-term debt	1,120	243	335	373
Total government activities	1,533,725	1,488,478	1,432,176	1,466,431
Business-type activities	45,330	42,382	41,404	39,200
Total expenses	1,579,055	1,530,860	1,473,580	1,505,631
Program Revenues:				
Governmental activities:				
Charges for services	468	243	383	721
Operating grants and contributions	149,547	152,074	143,687	141,121
Capital grants and contributions	121,262	92,056	92,210	140,192
Total governmental activities program revenues	271,277	244,373	236,280	282,034
Business-type activities:				
Charges for services	12,334	12,891	13,320	13,906
Operating grants and contributions	32,802	31,108	29,303	26,406
Total business-type activities program revenues	45,136	43,999	42,623	40,312
Total program revenues	316,413	288,372	278,903	322,346
Net (Expense) Revenue:				
Governmental activities	(1,262,448)	(1,244,105)	(1,195,896)	(1,184,397)
Business-type activities	(194)	1,617	1,219	1,112
Total net (expense)	\$ (1,262,642)	\$ (1,242,488)	\$ (1,194,677)	\$ (1,183,285)
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Unrestricted grants and contributions	\$ 1,341,910	\$ 1,299,336	\$ 1,244,335	\$ 1,233,143
Other	7,313	6,398	6,095	5,524
Transfers	(555)	(566)	(690)	(2,334)
Total governmental activities	1,348,668	1,305,168	1,249,740	1,236,333
Business-type activities:				
Transfers	555	566	690	2,334
Total business-type activities	555	566	690	2,334
Total general revenues and other changes in net position	\$ 1,349,223	\$ 1,305,734	\$ 1,250,430	\$ 1,238,667
Changes in Net Position:				
Governmental activities	\$ 86,220	\$ 61,063	\$ 53,844	\$ 51,936
Business-type activities	361	2,183	1,909	3,446
Total changes in net position	\$ 86,581	\$ 63,246	\$ 55,753	\$ 55,382

* The 2014 amounts were not changed to reflect the effects of the application of GASB 68.

	2011	2010	2009	2008	2007	2006
\$	56,679	\$ 57,590	\$ 53,564	\$ 47,122	\$ 44,267	\$ 41,947
	120,945	117,522	113,623	108,914	96,699	90,555
	762,545	757,390	721,967	714,795	664,039	619,315
	243,891	235,131	220,043	213,072	194,330	182,781
	13,207	12,699	12,006	11,166	10,306	8,982
	20,340	19,864	18,961	18,749	17,227	16,682
	70,300	65,518	64,963	63,263	57,526	51,902
	105,589	105,785	103,825	99,795	90,631	83,464
	35,159	34,221	34,561	32,602	30,632	25,560
	30	40	146	1,143	955	753
	6,123	2,011	7,326	6,965	3,463	8,563
	390	341	343	280	263	226
	1,435,198	1,408,112	1,351,328	1,317,866	1,210,338	1,130,730
	38,477	36,216	36,411	37,030	35,383	33,279
	1,473,675	1,444,328	1,387,739	1,354,896	1,245,721	1,164,009
	586	528	851	675	918	728
	160,606	161,158	138,879	122,079	121,191	120,464
	96,745	108,618	94,468	165,219	156,875	66,241
	257,937	270,304	234,198	287,973	278,984	187,433
	14,821	15,312	16,390	17,123	17,966	17,047
	24,159	21,851	19,591	18,313	17,474	16,770
	38,980	37,163	35,981	35,436	35,440	33,817
	296,917	307,467	270,179	323,409	314,424	221,250
	(1,177,261)	(1,137,808)	(1,117,130)	(1,029,893)	(931,354)	(943,297)
	503	947	(430)	(1,594)	57	538
\$	(1,176,758)	\$ (1,136,861)	\$ (1,117,560)	\$ (1,031,487)	\$ (931,297)	\$ (942,759)
\$	1,216,274	\$ 1,193,006	\$ 1,200,894	\$ 1,158,532	\$ 1,057,779	\$ 982,611
	7,232	6,861	7,358	7,866	7,924	8,484
	(1,813)	(3,941)	(1,760)	(1,696)	(2,544)	(612)
	1,221,693	1,195,926	1,206,492	1,164,702	1,063,159	990,483
	1,813	3,941	1,760	1,696	2,544	612
	1,813	3,941	1,760	1,696	2,544	612
\$	1,223,506	\$ 1,199,867	\$ 1,208,252	\$ 1,166,398	\$ 1,065,703	\$ 991,095
\$	44,432	\$ 58,118	\$ 89,362	\$ 134,809	\$ 131,805	\$ 47,186
	2,316	4,888	1,330	102	2,601	1,150
\$	46,748	\$ 63,006	\$ 90,692	\$ 134,911	\$ 134,406	\$ 48,336

Board of Education of Baltimore County
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	2015	2014	2013	2012
General Fund:				
Non-spendable	\$ 498	\$ 221	\$ 639	\$ 731
Restricted	-	-	-	-
Assigned	39,588	34,539	35,628	29,481
Unassigned	24,876	13,550	4,451	12,722
Total general fund	<u>\$ 64,962</u>	<u>\$ 48,310</u>	<u>\$ 40,718</u>	<u>\$ 42,934</u>
All other governmental funds:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	16,843	16,973	15,297	15,393
Assigned	-	-	-	-
Unassigned (deficit)	(1,492)	(587)	-	(137)
Total all other governmental funds	<u>\$ 15,351</u>	<u>\$ 16,386</u>	<u>\$ 15,297</u>	<u>\$ 15,256</u>

The above detail of Governmental Fund Balances is presented to comply with the requirements of Government Accounting Standards Board Statement No. 54 (GASB 54), which requires redefining of the components of the fund balance. This statement, which took effect for years beginning after June 30, 2010, did not require restatement of the components of the fund balance for years prior to July 1, 2011. The fund balances for the prior years were restated to be comparable with the current year's presentation.

2011	2010	2009	2008	2007	2006
\$ 1,824	\$ 2,080	\$ 2,131	\$ 1,849	\$ 890	\$ 1,064
-	-	-	-	-	-
20,888	31,967	25,570	17,405	17,235	13,702
11,992	-	12,208	12,947	7,218	7,855
<u>\$ 34,704</u>	<u>\$ 34,047</u>	<u>\$ 39,909</u>	<u>\$ 32,201</u>	<u>\$ 25,343</u>	<u>\$ 22,621</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,095	11,738	7,098	3,952	7,390	8,052
-	-	-	-	-	-
(1,757)	(267)	-	-	-	-
<u>\$ 13,338</u>	<u>\$ 11,471</u>	<u>\$ 7,098</u>	<u>\$ 3,952</u>	<u>\$ 7,390</u>	<u>\$ 8,052</u>

Board of Education of Baltimore County
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(In Thousands)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Revenues:				
Intergovernmental	\$ 1,610,994	\$ 1,542,010	\$ 1,479,501	\$ 1,513,925
Other	9,506	7,649	7,209	7,475
Total revenues	<u>1,620,500</u>	<u>1,549,659</u>	<u>1,486,710</u>	<u>1,521,400</u>
Expenditures:				
Current -				
Administration	53,339	48,592	43,972	41,606
Mid-level administration	91,502	87,368	87,294	86,673
Instruction -				
Instructional salaries	483,607	469,150	461,528	453,937
Textbooks and supplies	28,444	33,928	26,628	25,232
Other instructional costs	17,981	16,873	14,931	12,272
Special education	185,697	180,429	181,271	180,342
Student personnel services	10,172	9,747	9,517	9,316
Health services	15,034	14,525	14,564	14,531
Student transportation	70,148	63,898	57,751	54,708
Operation of plant	90,286	90,636	86,955	83,080
Maintenance of plant	32,636	35,372	29,315	27,411
Fixed charges	403,077	397,970	377,854	376,484
Community services	252	293	251	17
Capital administration	125,293	96,251	94,970	141,649
Debt service -				
Principal	10,062	7,226	6,799	7,225
Interest	1,120	243	336	373
Total expenditures	<u>1,618,650</u>	<u>1,552,501</u>	<u>1,493,936</u>	<u>1,514,856</u>
Excess (deficit) of revenues over expenditures	1,850	(2,842)	(7,226)	6,544
Other financing sources:				
Capital lease proceeds	13,767	11,523	5,051	3,604
Insurance proceeds	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources	<u>13,767</u>	<u>11,523</u>	<u>5,051</u>	<u>3,604</u>
Net change in fund balances	<u>\$ 15,617</u>	<u>\$ 8,681</u>	<u>\$ (2,175)</u>	<u>\$ 10,148</u>
Debt service as a percentage of noncapital expenditures*	0.7%	0.5%	0.5%	0.6%

* Debt issued to finance school construction is not an obligation of the Board, therefore the debt service relating to those obligations is not included in these financials statements.

2011	2010	2009	2008	2007	2006
\$ 1,472,914	\$ 1,462,672	\$ 1,434,114	\$ 1,445,627	\$ 1,335,262	\$ 1,167,236
8,540	7,232	8,628	8,782	9,426	10,591
<u>1,481,454</u>	<u>1,469,904</u>	<u>1,442,742</u>	<u>1,454,409</u>	<u>1,344,688</u>	<u>1,177,827</u>
41,340	41,504	42,465	36,625	35,260	33,619
85,418	82,537	80,653	76,865	70,409	67,063
464,251	454,942	441,066	441,281	427,342	404,313
33,344	41,915	27,768	23,578	25,135	24,661
15,091	16,329	22,745	24,453	17,556	18,159
181,716	176,072	165,491	159,865	148,936	142,298
9,100	8,783	8,384	7,771	7,430	6,573
14,145	13,825	13,265	13,261	12,481	12,512
58,683	53,276	53,936	53,835	47,609	40,728
86,795	87,953	86,897	83,027	76,914	70,746
28,964	30,055	29,530	28,336	26,150	22,087
360,314	354,570	364,006	335,101	286,638	256,220
30	39	141	953	782	617
101,882	111,781	97,672	169,997	160,567	69,245
6,480	6,122	4,823	4,642	4,809	4,701
390	341	343	280	263	226
<u>1,487,943</u>	<u>1,480,044</u>	<u>1,439,185</u>	<u>1,459,870</u>	<u>1,348,281</u>	<u>1,173,768</u>
(6,489)	(10,140)	3,557	(5,461)	(3,593)	4,059
8,762	8,177	7,297	8,881	5,652	3,425
251	474	-	-	-	-
-	-	-	-	-	-
<u>9,013</u>	<u>8,651</u>	<u>7,297</u>	<u>8,881</u>	<u>5,652</u>	<u>3,425</u>
<u>\$ 2,524</u>	<u>\$ (1,489)</u>	<u>\$ 10,854</u>	<u>\$ 3,420</u>	<u>\$ 2,059</u>	<u>\$ 7,484</u>
0.5%	0.5%	0.4%	0.4%	0.4%	0.4%

Board of Education of Baltimore County
Government-wide Expenses by Function
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Administration	Mid-Level Administration	Instruction	Special Education	Student Personnel Services	Health Services	Student Transportation
2015	\$ 67,468	\$ 131,654	\$ 808,275	\$ 249,129	\$ 14,702	\$ 21,796	\$ 81,129
2014	63,073	125,914	787,582	242,142	19,301	21,078	67,651
2013	55,792	123,424	753,432	241,468	13,692	20,714	73,953
2012	55,234	128,958	776,295	251,812	14,097	21,967	73,878
2011	56,679	120,945	762,545	243,891	13,207	20,340	70,300
2010	57,590	117,522	757,390	235,131	12,699	19,864	65,518
2009	53,564	113,623	721,967	220,043	12,006	18,961	64,963
2008	47,122	108,914	714,795	213,072	11,166	18,749	63,263
2007	44,267	96,699	664,039	194,330	10,306	17,227	57,526
2006	41,947	90,555	619,315	182,781	8,982	16,682	51,902

	Operation of Plant	Maintenance of Plant	Community Services	Capital Administration	Interest on Long-term Debt	Food Services	Total
\$	111,785	\$ 40,274	\$ 320	\$ 6,073	\$ 1,120	\$ 45,330	\$ 1,579,055
	111,341	37,615	357	12,181	243	42,382	1,530,860
	106,695	33,857	289	8,525	335	41,404	1,473,580
	105,742	34,634	17	3,424	373	39,200	1,505,631
	105,589	35,159	30	6,123	390	38,477	1,473,675
	105,785	34,221	40	2,011	341	36,216	1,444,328
	103,825	34,561	146	7,326	343	36,411	1,387,739
	99,795	32,602	1,143	6,965	280	37,030	1,354,896
	90,631	30,632	955	3,463	263	35,383	1,245,721
	83,464	25,560	753	8,563	226	33,279	1,164,009

Board of Education of Baltimore County
Government-wide Revenues
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Program Revenues			General Revenues					
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Baltimore County	State of Maryland	United States Government	Other	Total	
2015	\$ 12,802	\$ 182,349	\$ 121,262	\$ 738,075	\$ 603,108	\$ 727	\$ 7,313	\$ 1,665,636	
2014	13,134	183,182	92,056	712,535	585,920	881	6,398	1,594,106	
2013	13,703	172,990	92,210	690,477	553,193	665	6,095	1,529,333	
2012	14,627	167,527	140,192	668,495	559,539	5,109	5,524	1,561,013	
2011	15,407	184,765	96,745	663,144	518,223	34,907	7,232	1,520,423	
2010	15,840	183,009	108,618	670,539	517,079	5,388	6,861	1,507,334	
2009	17,241	158,470	94,468	680,975	518,511	1,408	7,358	1,478,431	
2008	17,798	140,392	165,219	638,184	518,553	1,795	7,866	1,489,807	
2007	18,884	138,665	156,875	607,042	445,215	5,522	7,924	1,380,127	
2006	17,775	137,234	66,241	592,330	390,143	138	8,484	1,212,345	

Board of Education of Baltimore County
Governmental Funds Revenues by Source ¹
Last Ten Fiscal Years
(In Thousands)

<u>Fiscal Year</u>	<u>Baltimore County</u>	<u>State of Maryland</u>	<u>United States Government</u>	<u>Other</u>	<u>Total</u>
2015	\$ 808,899	\$ 738,241	\$ 63,854	\$ 9,506	\$ 1,620,500
2014	779,394	694,152	68,464	7,649	1,549,659
2013	738,008	674,616	66,877	7,209	1,486,710
2012	766,644	678,766	68,515	7,475	1,521,400
2011	737,353	613,905	121,656	8,540	1,481,454
2010	755,152	616,192	91,328	7,232	1,469,904
2009	742,912	628,362	62,840	8,628	1,442,742
2008	738,295	644,912	62,420	8,782	1,454,409
2007	726,758	536,375	72,129	9,426	1,344,688
2006	639,544	457,642	70,050	10,591	1,177,827

¹ Includes general, special revenue, capital projects funds.

Board of Education of Baltimore County
Governmental Funds Expenditures by Function ¹
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Administration	Mid-Level Administration	Instructional			Special Education	Student Personnel Services	Health Services
			Salaries	Textbooks and Supplies	Other Costs			
2015	\$ 53,339	\$ 91,502	\$ 483,607	\$ 28,444	\$ 17,981	\$ 185,697	\$ 10,172	\$ 15,034
2014	48,592	87,368	469,150	33,928	16,873	180,429	9,747	14,525
2013	43,972	87,294	461,528	26,628	14,931	181,271	9,517	14,564
2012	41,606	86,673	453,937	25,232	12,272	180,342	9,316	14,531
2011	41,340	85,418	464,251	33,344	15,091	181,716	9,100	14,145
2010	41,504	82,537	454,942	41,915	16,329	176,072	8,783	13,825
2009	42,465	80,653	441,066	27,768	22,745	165,491	8,384	13,265
2008	36,625	76,865	441,281	23,578	24,453	159,865	7,771	13,261
2007	35,260	70,409	427,342	25,135	17,556	148,936	7,430	12,481
2006	33,619	67,063	404,312	24,661	18,159	142,298	6,573	12,512

¹ Includes general, special revenue, and capital projects funds.

	Student Transportation	Operation of Plant	Maintenance of Plant	Fixed Charges	Community Services	Capital Administration	Debt Service	Total
\$	70,148	\$ 90,286	\$ 32,636	\$ 403,077	\$ 252	\$ 125,293	\$ 11,182	\$ 1,618,650
	63,898	90,636	35,372	397,970	293	96,251	7,469	1,552,501
	57,751	86,955	29,315	377,854	251	94,970	7,135	1,493,936
	54,708	83,080	27,411	376,484	17	141,649	7,598	1,514,856
	58,683	86,795	28,964	360,314	30	101,882	6,870	1,487,943
	53,276	87,953	30,055	354,570	39	111,781	6,463	1,480,044
	53,936	86,897	29,530	364,006	141	97,672	5,166	1,439,185
	53,835	83,027	28,336	335,101	953	169,997	4,922	1,459,870
	47,609	76,914	26,150	286,638	782	160,567	5,072	1,348,281
	40,728	70,746	22,087	256,220	617	69,245	4,927	1,173,767

Board of Education of Baltimore County
Final Approved Operating Budgets - Expenditures
Last Ten Fiscal Years
(In Thousands)

General Fund								
Fiscal Year	Administration	Mid-Level Administration	Instructional Salaries and Other Costs	Instructional Textbooks and Supplies	Special Education	Student Personnel Services	Health Services	Student Transportation
2015	\$ 49,658	\$ 94,597	\$ 487,075	\$ 25,751	\$ 166,057	\$ 9,389	\$ 15,258	\$ 65,541
2014	45,231	89,576	468,709	30,636	160,859	9,103	14,674	60,423
2013	36,778	87,872	460,254	22,137	160,856	8,888	14,317	60,761
2012	37,109	86,727	457,892	22,577	155,229	8,635	14,161	58,270
2011	35,367	85,511	465,299	25,173	150,213	8,484	13,946	56,352
2010	35,711	82,756	447,609	35,722	147,835	8,265	13,638	52,235
2009	36,679	80,388	447,009	23,560	146,350	8,049	12,961	51,983
2008	33,469	76,368	448,359	20,835	139,151	6,474	12,079	48,840
2007	29,718	69,497	421,040	23,891	128,268	6,181	11,274	45,854
2006	28,787	65,640	402,364	19,964	123,150	5,165	11,078	42,257

				General Fund Total	Debt Service Fund	Special Revenue Fund		
<u>Operation of Plant</u>	<u>Maintenance of Plant</u>	<u>Fixed Charges</u>	<u>Capital Administration</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Federal and Restricted Programs</u>	<u>Total</u>	
\$ 93,641	\$ 33,719	\$ 304,576	\$ 3,795	\$ 1,349,057	\$ 38,914	\$ 70,386	\$ 1,458,357	
94,846	33,661	300,013	3,417	1,311,148	35,556	73,475	1,420,179	
89,904	34,644	291,928	3,915	1,333,717	33,249	80,272	1,447,238	
85,626	29,666	267,633	3,217	1,265,353	34,438	87,655	1,387,446	
87,552	29,120	250,674	3,682	1,211,373	32,312	99,990	1,343,675	
88,500	29,653	252,689	3,292	1,197,905	26,931	107,589	1,332,425	
87,867	29,959	244,381	3,230	1,172,416	26,377	76,438	1,275,231	
85,207	28,564	232,785	3,170	1,135,301	26,158	85,260	1,246,719	
80,490	27,235	218,424	5,849	1,067,721	24,693	88,158	1,180,572	
72,430	22,105	194,442	3,182	990,564	23,978	84,487	1,099,029	

Board of Education of Baltimore County

General Fund Revenue and Expenditures - Budgetary Basis

Last Ten Fiscal Years

(In Thousands)

	2015		2014		2013		2012		2011	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues by Source:										
Baltimore County	\$ 738,075	54.5	\$ 712,086	54.3	\$ 689,743	54.4	\$ 668,495	54.6	\$ 663,144	54.7
State of Maryland	594,327	43.9	576,122	43.9	553,541	43.6	535,580	43.7	493,543	40.7
United States Government	727	0.1	881	0.1	665	0.1	5,109	0.4	31,087	2.6
Other	20,868	1.5	22,625	1.7	24,218	1.9	16,190	1.3	23,959	2.0
Total revenue	<u>1,353,997</u>	<u>100.0</u>	<u>1,311,714</u>	<u>100.0</u>	<u>1,268,167</u>	<u>100.0</u>	<u>1,225,374</u>	<u>100.0</u>	<u>1,211,733</u>	<u>100.0</u>
Expenditures - Current										
Administration	49,181	3.7	43,509	3.4	36,604	2.9	35,566	2.9	34,728	2.9
Mid-Level Administration	91,657	6.9	87,221	6.7	87,227	6.9	86,312	7.1	84,801	7.1
Instructional costs:										
Salaries	467,484	35.1	452,028	34.9	445,809	35.4	440,114	36.4	444,791	37.2
Textbooks and supplies	23,980	1.8	29,136	2.3	20,329	1.6	21,711	1.8	24,916	2.1
Other costs	15,778	1.2	12,980	1.0	10,935	0.9	8,614	0.7	9,492	0.8
Special education	161,262	12.1	156,997	12.1	158,232	12.6	155,223	12.8	150,142	12.5
Student personnel services	8,997	0.7	8,783	0.7	8,749	0.7	8,635	0.7	8,428	0.7
Health services	14,669	1.1	14,140	1.1	14,003	1.1	14,154	1.2	13,814	1.2
Student transportation	64,980	4.9	59,687	4.6	59,288	4.7	57,443	4.7	55,930	4.7
Operation of plant	92,777	7.0	93,978	7.3	87,728	7.0	83,571	6.9	86,679	7.2
Maintenance of plant	33,284	2.5	32,787	2.5	34,304	2.7	29,244	2.4	29,054	2.4
Fixed charges	303,540	22.8	299,988	23.2	291,894	23.2	267,413	22.1	250,638	20.9
Capital administration	3,381	0.2	2,903	0.2	3,641	0.3	3,065	0.3	3,555	0.3
Total expenditures	<u>1,330,970</u>	<u>100.0</u>	<u>1,294,137</u>	<u>100.0</u>	<u>1,258,743</u>	<u>100.0</u>	<u>1,211,065</u>	<u>100.0</u>	<u>1,196,968</u>	<u>100.0</u>
Excess of revenue over expenditures										
	<u>\$ 23,027</u>		<u>\$ 17,577</u>		<u>\$ 9,424</u>		<u>\$ 14,309</u>		<u>\$ 14,765</u>	

2010		2009		2008		2007		2006	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 670,539	56.0	\$ 646,094	55.0	\$ 617,723	52.6	\$ 607,042	56.9	\$ 591,656	59.9
499,219	41.7	515,108	43.9	503,338	42.9	437,103	41.0	382,665	38.7
9,208	0.8	1,408	0.1	1,795	0.1	5,520	0.5	138	-
18,122	1.5	11,500	1.0	11,087	0.9	16,985	1.6	14,086	1.4
<u>1,197,088</u>	<u>100.0</u>	<u>1,174,110</u>	<u>100.0</u>	<u>1,133,943</u>	<u>100.0</u>	<u>1,066,650</u>	<u>100.0</u>	<u>988,545</u>	<u>100.0</u>
35,608	3.0	36,632	3.1	33,452	3.0	29,666	2.8	28,768	2.9
82,219	6.9	79,921	6.9	75,976	6.7	69,490	6.5	65,632	6.7
436,345	36.6	424,083	36.4	425,971	37.8	407,249	38.3	383,167	39.2
35,645	3.0	23,540	2.0	20,829	1.8	23,809	2.2	19,835	2.0
9,341	0.8	19,411	1.7	18,795	1.7	12,510	1.2	12,453	1.3
146,569	12.3	146,318	12.6	138,692	12.3	127,157	12.0	121,255	12.4
8,087	0.7	7,778	0.7	6,473	0.6	6,140	0.6	5,090	0.5
13,428	1.1	12,750	1.1	11,988	1.1	11,274	1.1	11,071	1.1
51,999	4.4	51,295	4.4	48,523	4.3	45,681	4.3	41,197	4.2
87,555	7.3	87,304	7.5	83,023	7.4	78,798	7.4	71,924	7.3
29,201	2.4	28,343	2.4	27,643	2.5	27,222	2.6	21,971	2.2
252,688	21.2	244,344	20.9	232,734	20.5	218,386	20.5	193,514	19.9
3,212	0.3	3,104	0.3	3,039	0.3	5,841	0.5	3,018	0.3
<u>1,191,897</u>	<u>100.0</u>	<u>1,164,823</u>	<u>100.0</u>	<u>1,127,138</u>	<u>100.0</u>	<u>1,063,223</u>	<u>100.0</u>	<u>978,895</u>	<u>100.0</u>
<u>\$ 5,191</u>		<u>\$ 9,287</u>		<u>\$ 6,805</u>		<u>\$ 3,427</u>		<u>\$ 9,650</u>	

Board of Education of Baltimore County
Ratios of Outstanding Debt
Last Ten Fiscal Years
(In Thousands)

Fiscal Year	Future Minimum Payments	Percentage Of Personal Income (1)	Per Capita (1) (2)
2015	\$ 49,716	**	**
2014	46,011	0.10%	\$ 55.65
2013	16,038	0.04%	19.61
2012	17,786	0.04%	21.86
2011	21,408	0.05%	26.43
2010	19,126	0.05%	23.73
2009	17,071	0.04%	21.29
2008	14,597	0.04%	18.28
2007	10,359	0.03%	13.01
2006	9,516	0.03%	11.99

** Baltimore County Government data not available.

The only debt incurred by the Board are capital lease financing arrangements, for the purchase of school buses and certain other vehicles; and, for building improvements at certain schools completed during FY2014. These amounts represent the future minimum lease payments on this debt outstanding at the respective fiscal year end.

Debt incurred for the construction of schools and other capital projects is the debt of the Baltimore County Government and is not a liability of the Board of Education of Baltimore County.

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

(2) Expressed in dollars



Phuong Dinh Nguyen

Parkville Middle

Board of Education of Baltimore County

Cost Per Pupil - Budgetary Basis

Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Total Number of Pupils Enrolled	<u>109,984</u>	<u>108,376</u>	<u>107,033</u>	<u>105,315</u>
Current Expense				
General Fund:				
Administration	\$ 447	\$ 401	\$ 342	\$ 338
Mid-Level Administration	833	805	815	820
Instructional:				
Salaries	4,251	4,172	4,165	4,179
Textbooks and supplies	218	269	190	206
Other costs	143	120	102	82
Special education	1,466	1,449	1,478	1,474
Student personnel services	82	81	82	82
Health services	133	130	131	134
Student transportation	591	551	544	545
Operation of plant	844	867	820	794
Maintenance of plant	303	303	321	278
Fixed Charges ⁽¹⁾	2,760	2,768	2,727	2,539
Capital administration	31	27	34	29
Total General Fund	<u>12,102</u>	<u>11,942</u>	<u>11,750</u>	<u>11,499</u>
Special Revenue Fund	<u>635</u>	<u>665</u>	<u>687</u>	<u>644</u>
Debt Service Fund:				
Principal	225	210	202	188
Interest	129	118	108	137
Total Debt Service Fund	<u>354</u>	<u>328</u>	<u>311</u>	<u>325</u>
Total Cost Per Pupil	<u>\$ 13,091</u>	<u>\$ 12,935</u>	<u>\$ 12,748</u>	<u>\$ 12,468</u>

The cost per pupil is based on the total number of pupils enrolled in the fall of each school year.

(1) Costs that are not applicable to the basic educational program or that are not charged to the Board of Education are not included in the above computation. For the year ended June 30, 2015, contributions by the State of Maryland to the Teachers' Retirement and Pension System of \$86.4 million on behalf of Baltimore County Public Schools are not included in this calculation.

2011	2010	2009	2008	2007	2006
<u>104,331</u>	<u>103,832</u>	<u>103,643</u>	<u>104,714</u>	<u>106,182</u>	<u>107,386</u>
\$ 333	\$ 343	\$ 353	\$ 319	\$ 279	\$ 268
813	792	772	726	654	611
4,263	4,202	4,092	4,068	3,835	3,568
239	343	227	199	224	185
91	90	187	179	118	116
1,439	1,412	1,412	1,324	1,198	1,129
81	78	75	62	58	47
132	129	123	114	106	103
536	501	495	463	430	384
831	843	842	793	742	670
278	281	273	264	256	205
2,402	2,434	2,358	2,223	2,057	1,802
34	31	30	30	55	28
<u>11,472</u>	<u>11,479</u>	<u>11,239</u>	<u>10,764</u>	<u>10,012</u>	<u>9,116</u>
<u>845</u>	<u>871</u>	<u>609</u>	<u>678</u>	<u>731</u>	<u>730</u>
176	151	141	138	113	106
126	108	114	112	120	114
<u>302</u>	<u>259</u>	<u>255</u>	<u>250</u>	<u>233</u>	<u>220</u>
<u>\$ 12,619</u>	<u>\$ 12,610</u>	<u>\$ 12,103</u>	<u>\$ 11,692</u>	<u>\$ 10,976</u>	<u>\$ 10,066</u>

Board of Education of Baltimore County
Enrollment by Schools

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Elementary					
Arbutus	427	440	Johnnycake	724	699
Baltimore Highlands	708	632	Joppa View	731	708
Battle Grove	334	360	Kingsville	352	352
Bear Creek	464	483	Lansdowne	491	483
Bedford	296	285	Logan	587	555
Berkshire	486	482	Lutherville	483	565
Campfield Ctr. *	391	377	Mars Estates	427	430
Carney	573	555	Martin Boulevard	302	288
Carroll Manor	338	341	Mays Chapel	590	-
Catonsville	470	458	McCormick	429	412
Cedarmere	520	478	Middleborough	394	384
Chadwick	551	510	Middlesex	537	531
Chapel Hill	786	773	Milbrook	414	384
Charlesmont	439	409	New Town	944	971
Chase	399	378	Norwood	527	532
Chatsworth	381	385	Oakleigh	579	576
Chesapeake Terrace	301	303	Oliver Beach	229	259
Church Lane	499	501	Orems	370	355
Colgate	362	350	Owings Mills	915	851
Cromwell Magnet	389	449	Padonia	467	483
Deep Creek	421	360	Perry Hall	714	675
Deer Park	492	459	Pine Grove	524	531
Dogwood	629	598	Pinewood	485	601
Dundalk	734	715	Pleasant Plains	619	581
Edgemere	487	468	Pot Spring	412	618
Edmondson Heights	566	507	Powhatan	321	320
Elmwood	561	585	Prettyboy	425	428
Essex	524	513	Randallstown	373	394
Featherbed Lane	618	581	Red House Run	499	547
Fifth District	272	257	Reisterstown	547	540
Fort Garrison	369	434	Relay	552	527
Franklin	480	498	Riderwood	468	490
Fullerton	608	566	Riverview	575	544
Glenmar	435	422	Rodgers Forge	436	444
Glyndon	473	471	Sandalwood	608	569
Grange	435	441	Sandy Plains	553	579
Gunpowder	524	499	Scholars K-8 **	320	432
Halethorpe	524	485	Scotts Branch	610	560
Halstead Academy	526	500	Seneca	483	457
Hampton	556	554	Seven Oaks	411	412
Harford Hills	425	434	Seventh District	408	423
Hawthorne	605	623	Shady Spring	669	630
Hebbsville	425	411	Sparks	526	563
Hernwood	460	424	Stoneleigh	755	739
Hillcrest	808	817	Summit Park	494	465
Holabird	222	-	Sussex	478	455
Jacksonville	575	599			

* Centers

**Formerly Imagine Discovery Charter School

***Not in operation in 2015

	<u>2015</u>	<u>2014</u>		<u>2015</u>	<u>2014</u>
Timber Grove	625	612	Stemmers Run	706	682
Timonium	470	466	Sudbrook Magnet	1,005	1,021
Victory Villa	440	427	Windsor Mill	470	454
Villa Cresta	675	679	Woodlawn	616	626
Vincent Farm	818	735	Other Programs	7	9
Warren	410	435	Total Middle	<u>23,417</u>	<u>22,935</u>
Wellwood	475	462			
West Towson	503	542	High		
Westchester	593	606	Bridge Center ***	-	10
Westowne	601	610	Carver Center	853	841
Winand	606	522	Catonsville	1,759	1,719
Winfield	484	507	Catonsville Ctr. for Alternative Study*	44	65
Woodbridge	447	459	Chesapeake	991	1,001
Woodholme	933	932	Crossroads Center*	85	112
Woodmoor	573	558	Dulaney	1,804	1,856
Other Programs	2	243	Dundalk	1,440	1,317
Total Elementary	<u>55,280</u>	<u>54,307</u>	Eastern School of Technology	1,106	1,138
Middle			Franklin	1,563	1,542
Arbutus	820	807	Hereford	1,188	1,273
Bridge Center***	-	6	Kenwood	1,632	1,711
Catonsville	796	794	Lansdowne	1,234	1,211
Cockeysville	800	769	Loch Raven	885	888
Crossroads Center*	99	102	Milford Mill	1,533	1,460
Deep Creek	742	766	New Town	998	930
Deer Park	1,266	1,263	Overlea	964	946
Dumbarton	1,041	970	Owings Mills	932	881
Dundalk	549	450	Parkville	1,601	1,523
Franklin	1,306	1,288	Patapsco	1,443	1,457
General John Stricker	759	754	Perry Hall	2,107	2,127
Golden Ring	636	638	Pikesville	843	881
Hereford	958	924	Randallstown	1,022	1,017
Holabird	626	667	Rosedale Alternative*	116	89
Scholars K-8 **	94	123	Sparrows Point	861	809
Lansdowne	707	672	Towson	1,444	1,444
Loch Raven Tech. Acad.	773	778	Western School of Technology	926	936
Meadowwood Educ. Ctr.*	46	31	Woodlawn	1,412	1,451
Middle River	888	821	Other Programs	125	95
Old Court	667	627	Total High	<u>30,911</u>	<u>30,730</u>
Parkville	1,048	1,000	Special Education		
Perry Hall	1,648	1,605	Battle Monument	69	77
Pikesville	931	953	The Ridge Ruxton School	117	115
Pine Grove	902	895	Maiden Choice School	104	109
Rosedale Alternative*	32	32	White Oak School	86	103
Ridgely	1,154	1,100	Total Special Education	<u>376</u>	<u>404</u>
Southwest Academy	801	798			
Sparrows Point	524	510	Total Enrollment	<u>109,984</u>	<u>108,376</u>

Board of Education of Baltimore County
Enrollment by Grade and
Student to Teacher Ratio

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Elementary:										
Preschool	3,702	3,627	3,610	3,605	3,570	3,883	3,777	3,649	3,771	3,585
Kindergarten	8,633	8,586	8,552	8,165	7,773	7,534	7,320	7,156	6,731	6,849
Grade 1	8,756	8,843	8,458	8,202	7,864	7,675	7,523	7,183	7,335	7,215
2	8,885	8,540	8,340	7,978	7,824	7,656	7,304	7,351	7,289	7,352
3	8,575	8,432	8,039	7,931	7,723	7,352	7,414	7,356	7,349	7,384
4	8,538	8,139	8,049	7,843	7,484	7,515	7,462	7,375	7,473	7,634
5	8,191	8,140	7,883	7,534	7,604	7,568	7,421	7,504	7,679	7,976
Total Elementary	55,280	54,307	52,931	51,258	49,842	49,183	48,221	47,574	47,627	47,995
Middle:										
Grade 6	8,016	7,710	7,496	7,564	7,522	7,366	7,345	7,486	7,854	7,918
7	7,796	7,623	7,612	7,607	7,585	7,407	7,538	7,886	7,949	8,240
8	7,605	7,602	7,626	7,580	7,437	7,565	7,783	7,905	8,127	8,506
Total Middle	23,417	22,935	22,734	22,751	22,544	22,338	22,666	23,277	23,930	24,664
High:										
Grade 9	8,171	8,127	8,266	8,179	8,281	8,525	8,624	8,920	9,383	9,498
10	8,008	8,026	7,816	7,867	8,166	8,098	8,232	8,515	8,704	8,940
11	7,401	7,247	7,376	7,479	7,543	7,575	7,809	7,916	8,242	8,012
12	7,331	7,330	7,524	7,407	7,604	7,729	7,659	8,113	7,867	7,784
Total High	30,911	30,730	30,982	30,932	31,594	31,927	32,324	33,464	34,196	34,234
Special Education Schools	376	404	386	374	351	384	432	399	429	493
Total Enrollment	109,984	108,376	107,033	105,315	104,331	103,832	103,643	104,714	106,182	107,386
Number of teachers	7,567	7,405	7,294	7,188	7,342	7,347	7,291	7,405	7,424	7,393
Ratio of students to teachers	14.5	14.6	14.7	14.7	14.2	14.1	14.2	14.1	14.3	14.5

Enrollment data for each school year is collected as of September 30th of the school year.

Enrollment data by school and by grade was obtained from the Baltimore County Public Schools' Department of Technology - Office of Student Data

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Board of Education of Baltimore County
Other Data
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Number of Schools			
Elementary	106	105	106
Middle	27	27	27
High	24	24	24
Special Education	4	4	4
Alternative Centers and Programs	12	13	13
Total	<u>173</u>	<u>173</u>	<u>174</u>
Operating Data of Food Service Fund			
Number of days lunch served	183	178	181
Number of free lunches served to pupils annually	5,757,754	5,526,728	5,407,195
Average number of free lunches served to pupils daily	31,463	31,049	29,874
Number of paid lunches served to pupils annually:			
At reduced price	835,382	848,243	905,582
At regular price	2,119,176	2,086,479	2,267,562
Average number of paid lunches served to pupils daily:			
At reduced price	4,565	4,765	5,003
At regular price	11,580	11,722	12,528
Total number of lunches served to pupils annually	8,712,312	8,461,450	8,580,339
Average number of lunches served to pupils daily	47,608	47,536	47,405
Charge per lunch to students:			
Elementary	\$ 2.90	\$ 2.90	\$ 2.90
Secondary	3.00	3.00	3.00
Student Transportation Data			
Estimated number of eligible riders daily	71,431	70,030	70,224
Number of bus routes:			
County	730	772	774
Private contractor	112	84	82
Total bus routes	<u>842</u>	<u>856</u>	<u>856</u>
High School Graduates	<u>7,082</u>	<u>7,255</u>	<u>7,347</u>
Total Enrollment	<u>109,984</u>	<u>108,376</u>	<u>107,033</u>

Above data was provided by Baltimore County Public Schools'
Office of Food and Nutrition Services, and the Transportation Department

2012	2011	2010	2009	2008	2007	2006
106	106	105	105	103	103	103
27	27	27	27	27	27	26
24	24	24	24	24	24	24
4	4	4	4	4	4	4
13	12	12	12	12	11	11
174	173	172	172	170	169	168
181	181	179	180	182	183	182
5,231,710	4,762,367	4,220,506	3,730,032	3,517,392	3,413,209	3,449,101
28,904	26,311	23,578	20,722	19,326	18,651	18,951
950,412	1,029,539	1,118,264	1,178,228	1,194,343	1,171,969	1,155,092
2,451,939	2,663,925	2,795,700	3,089,338	3,710,496	4,009,149	4,327,066
5,251	5,688	6,247	6,546	6,562	6,404	6,347
13,547	14,718	15,619	17,163	20,388	21,908	23,775
8,634,061	8,455,831	8,134,470	7,997,598	8,422,231	8,594,327	8,931,259
47,702	46,717	45,444	44,431	46,276	46,963	49,073
\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.50	\$ 2.50	\$ 2.10
3.00	3.00	3.00	3.00	2.60	2.60	2.20
70,142	72,818	70,584	62,385	65,194	62,904	70,106
752	746	746	773	767	749	729
81	81	81	81	81	81	91
833	827	827	854	848	830	820
7,147	7,166	7,352	7,305	7,526	7,364	7,325
105,315	104,331	103,832	103,643	104,714	106,182	107,386

Board of Education of Baltimore County
Full-time Equivalent Positions
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Full-time Equivalent Positions By Fund:				
General Fund	13,445	13,338	13,204	13,104
Special Revenue Fund	594	575	555	655
Food Service Enterprise Fund	<u>586</u>	<u>561</u>	<u>584</u>	<u>569</u>
Total Full-time Equivalent Positions By Fund	<u>14,625</u>	<u>14,474</u>	<u>14,343</u>	<u>14,328</u>
Full-time Equivalent Positions By Function:				
Administration	319	319	316	320
Mid-level Administration	1,081	1,067	1,067	1,079
Instructional	7,088	7,031	6,899	6,804
Special Education	1,983	1,984	1,998	1,986
Student Personnel Services	108	113	113	114
Health Services	214	216	216	216
Student Transportation	1,180	1,148	1,141	1,128
Operation of Plant	1,184	1,172	1,165	1,167
Maintenance of Plant	249	249	250	251
Capital Administration	<u>39</u>	<u>39</u>	<u>39</u>	<u>39</u>
	13,445	13,338	13,204	13,104
Special Revenue Fund (primarily instructional)	594	575	555	655
Food Service Enterprise Fund	<u>586</u>	<u>561</u>	<u>584</u>	<u>569</u>
Total Full-time Equivalent Positions By Function	<u>14,625</u>	<u>14,474</u>	<u>14,343</u>	<u>14,328</u>

Above data provided by Baltimore County Public Schools'
Office of Budget and Reporting

2011	2010	2009	2008	2007	2006
13,055	13,045	13,104	13,048	12,947	12,772
969	904	737	886	922	924
584	589	627	626	619	614
14,608	14,538	14,468	14,560	14,488	14,310
322	317	314	309	305	276
1,079	1,078	1,073	1,062	1,049	1,046
6,969	6,975	6,882	6,942	6,929	6,876
1,770	1,771	1,935	1,887	1,880	1,852
113	112	112	95	79	73
217	216	213	187	186	182
1,128	1,124	1,124	1,124	1,098	1,067
1,167	1,164	1,162	1,155	1,145	1,135
251	249	250	248	241	231
39	39	39	39	35	34
13,055	13,045	13,104	13,048	12,947	12,772
969	904	737	886	922	924
584	589	627	626	619	614
14,608	14,538	14,468	14,560	14,488	14,310

Board of Education of Baltimore County
Capital Asset Information
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Schools:				
Elementary				
Buildings	106	105	106	106
Square Feet	6,560,121	6,467,506	6,506,021	6,450,369
Capacity	49,975	49,264	48,933	48,933
Enrollment	55,152	54,307	52,931	51,258
Middle				
Buildings	27	27	27	27
Square Feet	3,855,512	3,854,297	3,854,297	3,854,297
Capacity	28,203	28,203	28,264	28,496
Enrollment	23,513	22,903	22,695	22,716
High				
Buildings	24	24	24	24
Square Feet	5,351,847	5,171,264	5,126,992	5,126,992
Capacity	34,005	34,005	34,093	33,766
Enrollment	30,751	30,576	30,811	30,753
Special Education				
Buildings	4	4	4	4
Square Feet	243,870	243,870	243,870	243,870
Capacity	760	760	760	750
Enrollment	376	404	386	374
Alternative				
Buildings	2	3	3	3
Square Feet	101,040	196,040	218,785	218,785
Capacity	350	745	1,030	1,030
Enrollment	192	186	210	214
Total Schools				
Buildings	163	163	164	164
Square Feet	16,112,390	15,932,977	15,949,965	15,894,313
Capacity	113,293	112,977	113,080	112,975
Enrollment	109,984	108,376	107,033	105,315
Note: The above data does not include administrative and support buildings; and leased office facilities.				
Transportation:				
School Buses	886	883	883	882
Trucks	363	363	363	363

Above data provided by Baltimore County Public Schools' Department of Physical Facilities and Transportation Department

2011	2010	2009	2008	2007	2006
106	105	105	104	104	103
6,446,342	6,377,242	6,325,689	6,255,467	6,246,317	6,292,258
49,062	48,576	48,117	48,527	48,663	48,635
49,842	49,183	48,064	47,574	47,624	47,990
27	27	27	27	26	26
3,854,297	3,854,297	3,838,642	3,838,642	3,721,952	3,721,952
28,585	28,585	28,833	29,035	28,315	28,605
22,501	22,295	22,578	23,122	23,813	24,545
24	24	24	24	24	24
5,126,992	5,121,487	5,121,487	5,121,487	5,078,408	5,078,408
33,885	33,885	33,917	33,556	33,624	33,504
31,385	31,714	32,045	33,319	33,882	33,861
4	4	4	4	4	4
243,870	243,870	243,870	243,870	243,870	243,870
880	880	880	1,050	1,050	1,050
351	384	432	399	429	493
3	3	3	3	3	3
218,785	218,785	218,785	218,785	218,785	218,785
1,030	1,030	1,030	1,075	1,085	1,085
252	256	524	300	434	497
164	163	163	162	161	160
15,890,286	15,815,681	15,515,278	15,678,251	15,509,332	15,555,273
113,442	112,076	112,777	113,243	112,737	112,879
104,331	103,832	103,643	104,714	106,182	107,386
880	879	889	876	887	853
363	359	351	343	341	345

BOARD OF EDUCATION OF BALTIMORE COUNTY
Student Academic Performance
Last Eight Fiscal Years

School Progress Data

School Progress Data are measures of student achievement in reading and mathematics and are an indication of progress toward school-specific measurable objectives.

	2014	2013	2012	2011	2010	2009	2008
Reading							
Elementary	86.8%	89.6%	91.1%	90.4%	89.0%	88.6%	87.3%
Middle	79.3%	82.1%	81.6%	83.3%	82.1%	81.7%	78.3%
High	*	85.3%	85.4%	84.9%	83.8%	83.8%	80.0%
Math							
Elementary	82.4%	88.2%	91.1%	88.9%	88.2%	86.0%	85.0%
Middle	59.9%	71.6%	74.2%	73.0%	72.0%	70.8%	67.6%
High	*	86.0%	86.2%	84.8%	85.2%	85.0%	82.7%

* Data not available for high school from the Maryland State Department of Education as of the date of releasing our report.

**2012, 2013, and 2014 data includes non-participants as scoring basic

Source: MSDE Report Card website

Maryland School Assessment

Maryland School Assessment (MSA) is an assessment program used in grades 3 through 8, to determine student proficiency in the areas of reading and mathematics. *

	2014	2013	2012	2011	2010	2009	2008
Reading							
Grade 3	80.1%	85.5%	88.8%	87.9%	86.7%	87.5%	85.0%
Grade 4	88.6%	91.6%	92.6%	91.0%	88.9%	86.9%	88.9%
Grade 5	91.6%	91.3%	91.4%	92.1%	90.3%	90.3%	87.1%
Grade 6	84.4%	83.0%	84.0%	82.3%	84.4%	81.8%	82.6%
Grade 7	76.1%	84.4%	79.2%	83.0%	80.3%	80.8%	81.7%
Grade 8	77.3%	79.4%	82.1%	83.6%	81.3%	82.1%	70.4%
Math							
Grade 3	81.1%	87.2%	91.4%	89.0%	87.3%	85.8%	83.2%
Grade 4	87.5%	92.8%	92.8%	93.0%	91.8%	90.1%	90.1%
Grade 5	79.0%	84.0%	88.1%	84.4%	84.2%	80.8%	80.1%
Grade 6	65.4%	75.7%	80.0%	79.5%	76.5%	72.2%	74.5%
Grade 7	58.5%	71.7%	74.5%	72.7%	71.3%	73.1%	66.0%
Grade 8	55.9%	66.5%	67.6%	65.3%	66.7%	65.8%	60.4%

* Grades 3, 4, 6, 7 - some students participated in MSA and some participated in field testing of new assessment tool in SY 2013-14.

Due to changes in the performance testing in FY's 2015 and 2014, the results will not be available until later in the 2015-2016 school year.

Above data provided by Baltimore County Public Schools' Department of Technology
 - Office of Student Data



Matthew Burdyck

Sudbrook Magnet Middle

Baltimore County, Maryland
Ratios of Net General Obligation (GO) Debt to
Estimated Actual Value of Property and Net GO Debt Per Capita
Last Ten Fiscal Years
(in thousands)

Fiscal Year	Estimated Population (1)	Estimated Actual Value of Real & Personal Property	GO Debt (2)	Less: Amounts Available in Escrow for Debt Service (3)	Net GO Debt	Percent of Net GO Debt to Estimated Actual Value of Property	GO Debt per Capita (4)
2005	789,110	51,154,284	1,197,785	-	1,197,785	2.34	1,517.89
2006	793,733	56,105,588	1,181,111	-	1,181,111	2.11	1,488.05
2007	796,073	63,106,760	1,332,772	-	1,332,772	2.11	1,674.18
2008	798,651	72,413,505	1,626,775	-	1,626,775	2.25	2,036.90
2009	801,808	82,000,182	1,545,658	-	1,545,658	1.88	1,927.72
2010	805,964	89,373,506	1,733,952	-	1,733,952	1.94	2,151.40
2011	809,941	89,179,450	2,050,809	-	2,050,809	2.30	2,532.05
2012	813,556	84,472,824	2,351,961	232	2,351,729	2.78	2,890.68
2013	817,993	80,894,772	2,791,988	319	2,791,669	3.45	3,412.83
2014	826,784	78,535,220	2,891,081	448	2,890,633	3.68	3,496.24

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch
- (2) This is the general obligation debt of both governmental and business-type activities, net of original issuance discounts and premiums
- (3) The County has resources restricted to repaying the principal of outstanding debt.
- (4) Expressed in dollars

**Baltimore County, Maryland
Legal Debt Margin Information
Last Ten Fiscal Years
(in thousands)**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Consolidated Public Improvement (CPI)										
General Obligation Debt										
Assessed value										
Real property	\$ 48,292,908	\$ 53,194,118	\$ 60,039,162	\$ 69,345,671	\$ 78,882,654	\$ 86,262,930	\$ 86,234,670	\$ 81,448,482	\$ 77,870,032	\$ 75,548,498
Personal property	2,861,376	2,911,470	3,067,598	3,067,834	3,117,528	3,110,576	2,944,780	3,024,342	3,024,740	2,986,722
Total assessed value	51,154,284	56,105,588	63,106,760	72,413,505	82,000,182	89,373,506	89,179,450	84,472,824	80,894,772	78,535,220
Debt limit (4% of total assessed value) (2)	5,115,428	5,610,559	2,524,270	2,896,540	3,280,007	3,574,940	3,567,178	3,378,913	3,235,791	3,141,409
Debt applicable to limit:										
Consolidated public improvement bonds	507,035	473,140	550,070	651,290	574,235	702,565	918,085	1,036,500	1,161,100	1,235,730
Pension liability funding	84,210	76,195	67,755	59,110	46,140	38,885	31,805	24,735	274,010	267,085
CPI commercial paper notes	161,000	161,000	140,000	140,000	175,000	174,900	174,900	240,000	240,000	216,000
Total debt applicable to debt limit	752,245	710,335	757,825	850,400	795,375	916,350	1,124,790	1,301,235	1,675,110 *	1,718,815
Legal debt margin	\$ 4,363,183	\$ 4,900,224	\$ 1,766,445	\$ 2,046,140	\$ 2,484,632	\$ 2,658,590	\$ 2,442,388	\$ 2,077,678	\$ 1,560,681	\$ 1,422,594
Metropolitan District General Obligation Debt										
Assessed value (1)										
Real property	\$ 42,305,762	\$ 46,572,148	\$ 52,712,637	\$ 61,053,861	\$ 69,372,971	\$ 75,606,965	\$ 76,836,626	\$ 72,056,007	\$ 68,888,892	\$ 67,005,625
Personal property	2,506,635	2,549,031	2,693,261	2,701,006	2,741,695	2,726,330	2,623,851	2,675,581	2,675,882	2,648,990
Total assessed value	44,812,397	49,121,179	55,405,898	63,754,867	72,114,666	78,333,295	79,460,477	74,731,588	71,564,774	69,654,615
Debt limit (3.2% of total assessed value) (3)	3,584,992	3,929,694	1,772,989	2,040,156	2,307,669	2,506,665	2,542,735	2,391,411	2,290,073	2,228,948
Debt applicable to limit:										
Metropolitan District (MD) bonds	366,051	394,304	475,035	662,041	585,648	658,837	750,917	822,490	850,645	875,708
MD commercial paper notes	39,000	39,000	60,000	60,000	106,600	106,500	106,500	160,000	160,000	183,800
Total debt applicable to debt limit	405,051	433,304	535,035	722,041	692,248	765,337	857,417	982,490	1,010,645	1,059,508
Legal debt margin	\$ 3,179,941	\$ 3,496,390	\$ 1,237,954	\$ 1,318,115	\$ 1,615,421	\$ 1,741,328	\$ 1,685,318	\$ 1,408,921	\$ 1,279,428	\$ 1,169,440

Notes:

- (1) Assessed value of property in the Metropolitan District.
 - (2) The County General Bond debt limit on assessed value of real property was changed from 10% to 4% beginning in FY 2007.
 - (3) The Metropolitan District debt limit on assessed value of real property was changed from 8% to 3.2% beginning in FY 2007.
- * The County has \$0.448 million restricted to repaying the principal of outstanding debt as of June 30, 2014.

**Baltimore County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (1)	Total Personal Income (expressed in thousands)	Per Capita Personal Income (2)	Median Age (3)	Education Level in Years of Formal Schooling (3)	School Enrollment (4)	Unemployment Rate (5)
2005	789,110	34,389,478	43,580	37.8	14.7	108,015	4.5
2006	793,733	37,035,713	46,660	37.8	14.8	107,386	4.1
2007	796,073	38,726,771	48,647	37.9	14.9	105,330	3.7
2008	798,651	40,008,568	50,095	38.0	14.9	104,714	4.5
2009	801,808	38,464,815	47,973	38.0	15.0	103,643	7.9
2010	805,964	39,717,586	49,280	38.4	15.0	103,832	7.8
2011	809,941	41,510,448	51,251	39.1	15.0	104,331	7.9
2012	813,556	43,363,550	53,301	39.1	15.4	105,315	7.7
2013	817,993	43,356,172	53,003	39.2	15.4	107,033	7.3
2014	826,784	45,392,095	54,902	39.2	15.4	109,984	6.5

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch. Total Personal income growth rate estimated at 3.17% for FY 2012 and 1.88% for FY 2013.
- (2) Data extracts prepared by the U.S. Bureau of the Census and Maryland Office of Planning. Per Capita Personal Income growth rate estimated at 2.63% for FY 2012 and 1.41% FY 2013.
- (3) Baltimore County Office of Planning
- (4) Baltimore County Board of Education
- (5) Maryland Department of Labor and Licensing Regulation

**Baltimore County, Maryland
Principal Employers
Current Year and Nine Years Ago**

Employer	2014		Employer	2005	
	Employees	Percentage of Total County Employment		Employees	Percentage of Total County Employment
Social Security Administration/CMS	16,000	4.00	Baltimore County Public Schools	14,129	3.81
Baltimore County Public Schools	14,356	3.59	Social Security Administration/CMS	12,800	3.45
Baltimore County Government	7,348	1.84	Baltimore County Government	8,129	2.19
Greater Baltimore Medical Center	3,800	0.95	Franklin Square Hospital	2,800	0.75
Towson University	3,438	0.86	International Steel Group	2,530	0.68
T. Rowe Price Associates, Inc.	2,835	0.71	CareFirst BlueCross & BlueShield	2,498	0.67
Franklin Square Hospital	2,829	0.71	St. Joseph Medical Center	2,300	0.62
University of Maryland, Baltimore County	2,188	0.55	McCormick & Company, Inc.	2,098	0.56
McCormick & Company, Inc.	2,132	0.53	T. Rowe Price Associates, Inc.	1,796	0.48
Sheppard Pratt Health Systems	1,913	0.48	BD Diagnostic Systems	1,767	0.48
Total	56,839	14.22		50,847	13.69

Source: Baltimore County Department of Economic Development

**Baltimore County, Maryland
Principal Property Taxpayers
Current Year and Nine Years Ago
(in thousands)**

2014		2005	
Taxpayer	Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BGE	1,009,687	874,811	1.71%
Verizon	277,192	360,116	0.70%
Merrit Management Corp.	466,944	227,340	0.44%
Home Properties	256,408	144,758	0.28%
Wal Mart	199,595	140,505	0.27%
TRP Suburban	170,109	54,857	0.11%
Towson Town Center	256,894	123,628	0.24%
Comcast	75,776	116,058	0.23%
ISG Sparrows Point Inc	176,953	115,120	0.23%
White Marsh Mall	141,108	105,596	0.21%
	<u>\$ 3,030,666</u>	<u>\$ 2,262,789</u>	<u>4.42%</u>

Source: State of Maryland Assessment Files and Baltimore County Office of Budget and Finance Tax Files

**Baltimore County, Maryland
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	County Direct Rates		
	Real	Personal	Total (a)
2005	1.115	2.7875	1.209
2006	1.115	2.7875	1.202
2007	1.100	2.7500	1.181
2008	1.100	2.7500	1.170
2009	1.100	2.7500	1.163
2010	1.100	2.7500	1.162
2011	1.100	2.7500	1.155
2012	1.100	2.7500	1.159
2013	1.100	2.7500	1.161
2014	1.100	2.7500	1.162

Notes:

- (1) Rates are per \$100 of assessed value.
- (2) Except for the State of Maryland, there is no separate taxing authority that overlaps the County geographically.
- (3) There are no tax limits.
- (a) Weighted average of the individual Real & Personal direct rates.

**Baltimore County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years
(in thousands)**

Fiscal Year	Original Tax Levy	Prior Year Adjusted Levy	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Original Levy
2005	594,413	(3,317)	591,096	590,984	99.4	(798)	590,186	99.3
2006	629,732	(3,927)	625,805	627,157	99.6	531	627,688	99.7
2007	663,836	(2,486)	661,350	661,344	99.6	129	661,473	99.6
2008	711,785	(1,955)	709,830	709,242	99.6	869	710,111	99.8
2009	763,191	(1,461)	761,730	758,977	99.4	886	759,863	99.6
2010	808,956	(881)	808,075	805,384	99.6	1,985	807,369	99.8
2011	838,282	(1,899)	836,383	834,831	99.6	1,334	836,165	99.7
2012	849,559	(2,925)	846,634	841,983	99.4	3,398	845,381	99.8
2013	854,900	(1,560)	853,340	851,115	99.7	895	852,010	99.8
2014	858,621	-	858,621	854,254	99.5	-	854,612	99.5

Baltimore County, Maryland
Taxable Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended June 30	Real Property (1)			Personal Property			Total Taxable Assessed Value (1)	Estimated Actual Value	Total Direct Rate (2)
	Residential Property	Commercial Property	Total Real Property	Railroad/Utility Property	Other Business Property	Total Personal Property			
2005	37,842,322	10,450,586	48,292,908	1,282,225	1,579,151	2,861,376	51,154,284	51,154,284	1.209
2006	42,299,963	10,894,155	53,194,118	1,291,619	1,619,851	2,911,470	56,105,588	56,105,588	1.202
2007	48,631,721	11,407,441	60,039,162	1,351,599	1,715,999	3,067,598	63,106,760	63,106,760	1.181
2008	56,863,450	12,482,221	69,345,671	1,255,594	1,812,240	3,067,834	72,413,505	72,413,505	1.170
2009	62,317,297	16,565,357	78,882,654	1,257,017	1,860,511	3,117,528	82,000,182	82,000,182	1.163
2010	67,285,085	18,977,845	86,262,930	1,225,048	1,885,528	3,110,576	89,373,506	89,373,506	1.162
2011	66,400,696	19,833,974	86,234,670	1,241,027	1,703,753	2,944,780	89,179,450	89,179,450	1.155
2012	61,900,847	19,547,635	81,448,482	1,229,659	1,794,683	3,024,342	84,472,824	84,472,824	1.159
2013	58,402,524	19,467,508	77,870,032	1,271,351	1,753,389	3,024,740	80,894,772	80,894,772	1.161
2014	56,661,374	18,887,124	75,548,498	1,245,132	1,741,590	2,986,722	78,535,220	78,535,220	1.162

Note:

(1) Tax exempt properties are not included

(2) Expressed in dollars per \$100 of assessed value



Jasmine Wilson

Old Court Middle