

Baltimore County Public Schools

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2016



Creating a Culture of
Deliberate Excellence
for Every Student, Every School,
Every Community



Board of Education of Baltimore County
A Component Unit of Baltimore County,
Maryland
6901 Charles Street
Towson, Maryland 21204
www.bcps.org



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, 2016

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Michele O. Prumo, *Chief of Staff*

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:

Jalen Alexander
Jackelin Chicas-Argueta
Madisyn Gaither
Kaitlyn Helmcamp
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Warren Elementary
Colgate Elementary
Featherbed Elementary
Sussex Elementary
Pinewood Elementary
Sparks Elementary
Glyndon Elementary
Harford Hills Elementary

Board of Education of Baltimore County
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2016

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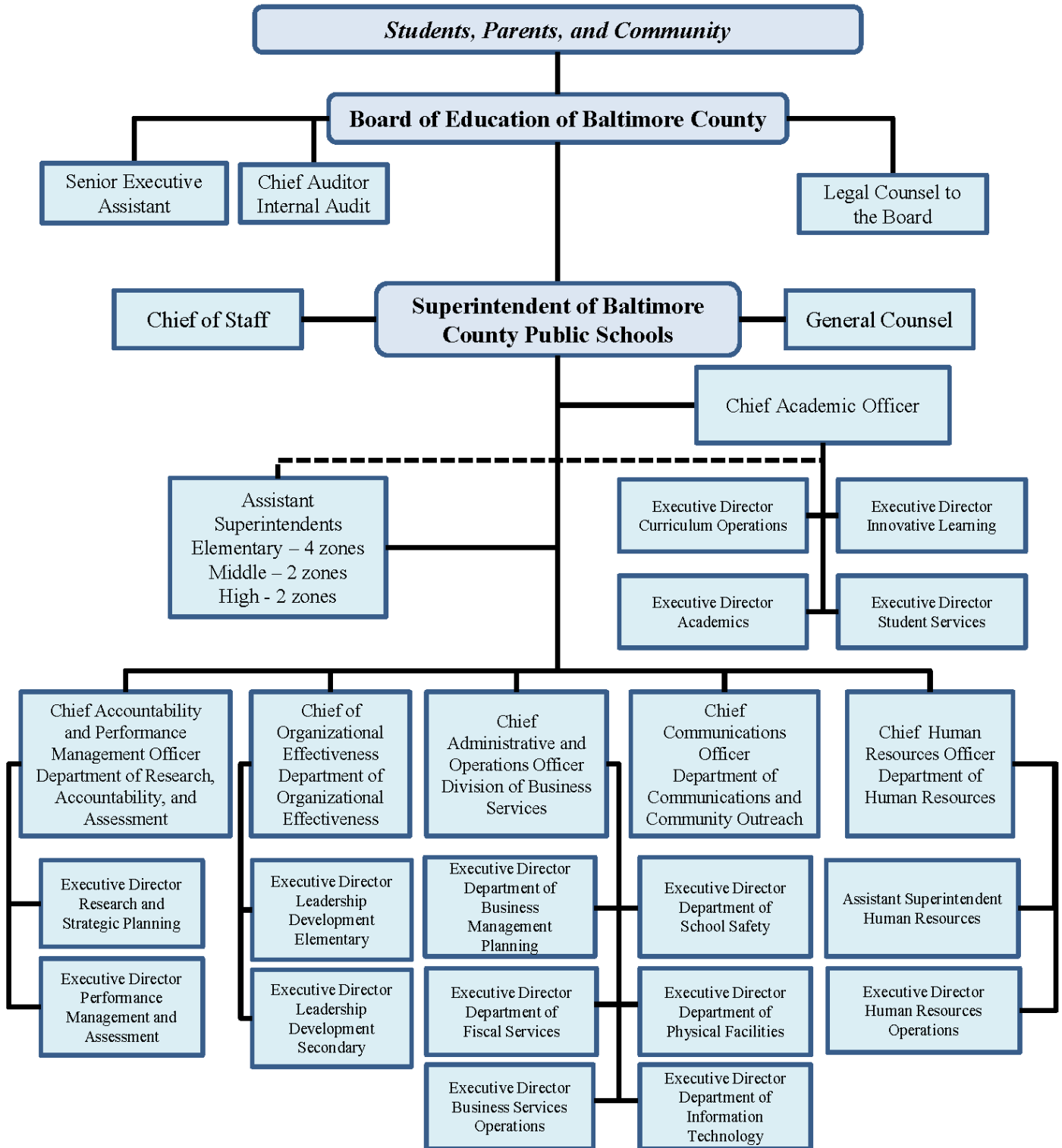
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Baltimore County Public Schools Organization Chart



Superintendent's Staff

As of June 30, 2016

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, 2016

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 111,126 students in Grades PreK–12. These students are served by approximately 21,000 employees, including 8,904 teachers, making BCPS one of the largest employers in the region. More than 29,000 volunteers support student achievement throughout the school system.

For the 2015–2016 school year, BCPS operated 175 schools, centers, and programs. There are 105 elementary schools that serve the needs of children in Grades PreK–5; one school serving Grades 4–8; one school serving Grades K–8; 27 middle schools that serve students in Grades 6–8; and 24 high schools that serve students in Grades 9–12. Additionally, 4 special schools serve children of various ages with disabilities. Another 10 centers and 3 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. During the 2015–2016 school year, S.T.A.T. expanded to every elementary school as well as seven Lighthouse middle schools. In 2016–2017, the expansion will reach all middle schools and three Lighthouse high 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 through the BCPS One digital ecosystem, 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.

Passport Program

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 the Passport 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 online learning platform, supplemented the lessons, further allowing students to hone their Spanish listening and speaking skills.

During the 2015–2016 academic year, the program expanded to 15 more elementary schools, and another 15 will begin in fall 2016. The goal is to expand Spanish instruction to all BCPS elementary schools over the next few years. With the completion of its 1:1 instructional digital conversion, BCPS students could use technology to begin learning Spanish in kindergarten.

For the Year 2015–2016

During the 2015–2016 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 0.2 percentage points from 87.6 percent in 2014 to 87.8 percent in 2015. The graduation rate gap between black and white students nearly disappeared.
- In 2015, SAT Day participation rose to 87.5 percent from 86 percent in 2014. SAT Day was launched in 2013 to give all Grade 11 students the opportunity to take the SAT at their own school during the school day and without cost, letting all students know that they are college material.
- In 2016, 38.6 percent of students took at least one AP exam by Grade 12, up from 38.0 percent in 2015.
- The annual Stakeholder Satisfaction Survey yielded 73,130 responses from students in Grades 4–12, parents, community members, and staff. The percent of parents rating BCPS as effective increased from 87 percent in 2015 to 89 percent in 2016.

- The Center for Research and Reform in Education at Johns Hopkins University completed the year two independent evaluation of S.T.A.T. Findings included that: S.T.A.T. teachers, school-based instructional coaches, provide valuable professional development and ongoing supports; classrooms commonly displayed information reflecting content being taught and supporting independent thinking; teachers were more likely to be observed acting as a coach/facilitator than presenting instruction; and teacher and student usage of digital content improved. In Grades 1–3 in Lighthouse schools, there was a significant increase in student-initiated communication and collaborative learning.
- More than half of students had a parent logged onto BCPS One, the digital ecosystem to information, tools, and resources including student schedules, assignments, grades, and curriculum.
- The Superintendent’s Teacher Advisory Group was launched to provide direct communication between teachers and leadership about issues affecting the classroom.
- The first Superintendent’s Business Advisory Council Speaker Series event engaged educators, parents, students, and business leaders around college and career readiness and other education priorities. The first speaker was Orioles Manager Buck Showalter, who discussed leadership and teamwork before taking questions from students.
- The first “Leadership Summit for Young Women in High School” was held at Notre Dame of Maryland University focused on academic and career issues for more than 215 students representing every BCPS high school. Keynote remarks were provided by S. Dallas Dance, Howard Bank CEO Mary Ann Scully, and Major General Linda L. Singh, the Adjutant General of Maryland. Participants attended their choice of two workshops focused on building skills in areas ranging from confronting racism, building self-esteem, leadership confidence, time management, and managing a digital footprint to college selection and effective interviewing.
- The first student forum allowed approximately 200 middle and high school students to hear from and vote to select the 2016-2017 student member of the Board of Education of Baltimore County, who was subsequently appointed by Governor Larry Hogan.

Capital Facilities

BCPS delivers educational programs, student and family support services, and administrative functions for 175 schools, centers, and programs. The average original construction age of all BCPS schools exceeds 50 years old. Therefore, BCPS began a focused maintenance and systemic school renovation program in 1998 to address deficiencies identified among the aging buildings.

To date, all elementary schools have had varying degrees of renovation work. Major renovation, multi-systemic renovations and limited renovations have been performed at all middle schools (Dumbarton Middle is currently under renovation). Also, 18 new schools have been constructed, including 11 new elementary schools (Dogwood, Edgemere, Lyons Mill, Martin Boulevard, Mays Chapel, New Town, Sparks, Vincent Farm, Westchester, West Towson, Woodholme), one middle school (Windsor Mill), and four high schools (Dundalk, George Washington Carver Center for the Arts, New Town, and Sollers Point Technical).

The next phase of the renovation program is underway for high schools. Under this program, six high schools have been renovated (Catonsville, Hereford, Milford Mill, Parkville, Sparrows Point,

and Towson), two high schools are currently being renovated (Overlea and Pikesville), and four high schools are currently in design for limited renovations (Dulaney, Lansdowne, Patapsco, and Woodlawn).

Additionally, construction began during 2015 on three new replacement elementary schools; two of which will open for school year 2016-2017 (Catonsville and Westowne), while the remaining replacement elementary school (Relay) will open for school year 2017–2018.

Hundreds of construction and building projects, including systemic renovations and modernizations at various elementary, middle, and high schools, were underway during school year 2015–2016. The systemic renovations included roofing, windows and doors, plumbing, electrical, ventilation, and heating and cooling systems, and air conditioning. The work also consisted 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 included renovations of science, mathematics, and art instructional areas.

Additionally, BCPS has embarked upon a long-term capital improvement plan, which began as an assessment of all BCPS school facilities. This program includes projects previously mentioned (renovation at Dumbarton Middle, limited renovations of Dulaney, Lansdowne, Patapsco, and Woodlawn high schools), as well as a renovation of Padonia International Elementary 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, and other projects. With a generous commitment of funding from Baltimore County Government to upgrade our schools, including the addition of air-conditioning in all elementary, middle schools, and high schools by 2019, BCPS 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

- Superintendent S. Dallas Dance and Team BCPS were awarded the Community Builder Award from the National Coalition for Technology in Education & Training in recognition of S.T.A.T. and Passport.
- Chelsea Mitchell, a rising Grade 10 student at George Washington Carver Center for Arts and Technology, and her sister Corrin, a former BCPS student, performed in the opening ceremonies of the 2015 Special Olympics World Games in Los Angeles with the Debbie Allen Dance Academy.
- Five Baltimore County high schools were named among the top 1,000 high schools in the nation by Newsweek. In addition, Eastern Technical High, which is one of those five, and New Town High were recognized on the magazine's "Beating the Odds" list, which considers both high academic performance and students' socio-economic backgrounds.
- Two nationally-renowned Baltimore County Public Schools educators – Sean McComb, the 2014 National Teacher of the Year, and Joshua Parker, the 2012 Maryland Teacher of the Year – were named among eight new Laureates by Teaching Channel, a nonprofit online community designed to facilitate communication, collaboration, and best-practice sharing among teachers.

- Karen Barnes, principal of Southwest Academy Magnet School for Science and Engineering, was honored with Women of Color Magazine's K-12 Promotion of Education Award.
- Dawn Roberts-Mark, a Grade 3 teacher at Scotts Branch Elementary School received a 2016 California Casualty Award for Teaching Excellence. As an award recipient, Roberts-Mark was invited to participate in the Global Learning Fellowship, an extensive, year-long professional development opportunity, and is contributing to the advancement of the profession by creating global lesson plans that are shared with educators on open source platforms. In addition, Scotts Branch Elementary received a \$650 award.
- Pine Grove Elementary School became the 18th BCPS school to be named a national Blue Ribbon School, an award that honors academic excellence and dramatic gains in student achievement.
- Ryan Imbriale, executive director of the Department of Innovative Learning, was named one of the Intel® Education Visionaries, an elite group of approximately 40 exemplars for global education transformation who are inspiring and sharing best practices with other educators, administrators and parents worldwide; and helping Intel design the future of education technology.
- The "Open Door Policy" award, one of 15 Digital Innovation in Learning Award awards from national educational technology organizations EdSurge and Digital Promise, was presented to Dr. Dance and BCPS based on efforts to collaborate and share information with educators from across the county and world.
- BCPS earned the Meritorious Budget Award for excellence in budget presentation during the 2015-2016 budget year from the Association of School Business Officials International. BCPS has earned this recognition every fiscal year since FY 2005.
- Dr. Mark Bedell, assistant superintendent for high schools, was appointed to serve a two-year term as one of two educational representatives on the National Association of School Resource Officers.
- Two Baltimore County Public Schools teachers achieved National Board Certification recently, bringing the total number of National Board certified teachers in the school district to 127.
- The Maryland State Department of Education announced that George Washington Carver Center for Arts and Technology and Hereford High School were among the six schools recognized as 2016 Maryland Blue Ribbon Schools. This brings the number of BCPS Blue Ribbon Schools to 23.
- Twelve BCPS students and graduates, all from George Washington Carver Center for Arts and Technology, were named 2016 YoungArts Winners announced by The National YoungArts Foundation for outstanding work in the literary, visual, design and performing arts.
- Abby Frisch, a Grade 6 student at Sudbrook Magnet Middle School, won a silver medal for the performance of her small group and 6th place for junior formations as a member of the United States Tap Dance Team at the World Tap Championships in Reisa, Germany.
- Kenwood High School sophomore Quantrell Jones was selected by U.S. Soccer to attend its residency program for the youth national teams at the prestigious IMG Academy in Bradenton, Florida.

- Visual Arts Coordinator Linda Popp was named National Supervision/Administration Art Educator.
- Christopher McChesney, a science and engineering teacher at Pikesville Middle School, was one of three teachers nationally to be honored with a STEM Educator Award from PASCO® Scientific and the National Science Teachers Association for implementing innovative, inquiry-based, technology-infused programs in science, technology, engineering and math (STEM) education.
- BCPS students earned 483 regional 2016 Scholastic Art & Writing Awards from the Alliance for Young Artists & Writers. Seventeen BCPS students from three high schools were named National Medalists.
- Deer Park Elementary School was named one of 10 People's Choice Award Winners in the national 2016 Follett Challenge.
- BCPS was awarded one of the Best Communities for Music Education by the NAMM Foundation for the 12th time.
- Rachel Rowe, a Grade 8 student at Hereford Middle School, qualified to compete in the 89th annual Scripps National Spelling Bee.
- Eastern Technical High School and Pikesville High School named two of approximately 650 high schools nationwide to offer the AP (Advanced Placement) Capstone™ diploma program for the 2016–2017 school year.
- Maria Royals of George Washington Carver Center for Arts and Technology named the 2016 National Dance Education Teacher of the Year by SHAPE America, the Society of Health and Physical Education.
- Nine Baltimore County high schools earned spots on the U.S. News & World Report's "Best High Schools" list. Five of them – one more than last year – earned "gold medal" status.
- The national America's Most Challenging High Schools project, coordinated by The Washington Post, named 10 Baltimore County public schools to its list of the nation's top schools.
- Two BCPS students are among the 78 young musicians selected from across the nation for the inaugural season of NYO2, a two-week, intensive summer program for outstanding instrumentalists ages 14-17. Vincent Igusa, who plays the bassoon, is a Grade 9 student at Towson High School. Kara Poling, an oboe player, is a Grade 8 student at Sudbrook Magnet Middle School. NYO2 is an extension of the National Youth Orchestra of the United States of America (NYO-USA), a program for musicians ages 16–19, launched by Carnegie Hall's Weill Music Institute in the summer of 2013 to great acclaim. Both NYO-USA and NYO2 are free to all participants.
- Sharese Acheampong, a Grade 12 student at New Town High School, was named a Poetry Out Loud National Finalist and Maryland State Champion.
- Alyssa Rasmussen, a girls' basketball player at Sparrows Point High School, became one of only two students to receive a 2016 Charles Perry McCormick Scholarship.
- The National Merit Scholarship Corporation announced that five students are among the 2,500 high school seniors awarded \$2,500 scholarships sponsored by the corporation. Six students are among the 3,000 high school seniors who have been awarded National Merit Scholarships financed by U.S. colleges and universities.
- The Academy of Finance programs at Lansdowne and Overlea high schools were honored nationally as Model academies by the National Academy Foundation (NAF).

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 Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2015. This was the twentieth 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, 2015. 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 seventeenth 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 Baltimore 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 which, as of 2010, ranged in population from approximately 4,300 to 63,000. The county's overall population grew 10% from 754,292 in 2000 to 831,128 in 2015. 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 Pay Pal 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 Global Tools and Storage, Lockheed Martin, AAI Textron, and Middle River Aircraft.

New Business and Real Estate Activity

The following section highlights a sampling of business and real estate activity in the County from June 2015 to June 2016.

- Towson Square – This mixed use project in Towson, developed by a joint venture of Heritage Properties and The Cordish Company, was acquired by Retail Properties of America, Inc. (“RPAI”) for a gross purchase price of \$39.7 million. RPAI is a REIT and is one of the largest owners and operators of high quality, strategically located shopping centers in the United States. As of September 30, 2015, RPAI owned 201 retail operating properties representing 29.2 million square feet. Towson Square includes a 75,000 square foot, 3,400 seat, 15 screen multiplex cinema atop a three story, 850 space garage. Seven restaurants are 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 has brought an estimated 1,530 jobs to the area, 660 construction jobs and another 870 jobs related to the completed project.
- Towson Residential – Since 2008, over 1,200 new luxury apartment units in three major projects have been completed. Wood Partners has teamed with Chesapeake Realty Partners to develop The Winthrop, which consists of 295 units. A second phase, developed by Wood Partners and Taylor Property Group, will comprise 175 units and is almost complete. The apartments will be owned and operated separately, but their design is complementary. These buildings replace a 70 year old, 150 unit apartment complex and will triple the site’s density. A \$60 million, 611 bed, 248 unit student housing project with first floor retail is planned at 101 York Rd. Project details are being finalized.
- Towson Row – Demolition is complete 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, shops, restaurants and anchored by the 45,000 square foot Whole Foods Market grocery chain.
- 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 buildings with 232 apartments that are 85% leased and ground floor retail and restaurant space that is 60% leased. Honey House and Eggspectation are the newest retail tenants. A new four story 200,000 square foot Class A mixed use office and retail building is under construction and scheduled to be completed by the end of summer 2016. The building, including the linked parking garage, will cost more than \$50 million to build. The developer, David S. Brown Enterprises, Ltd., will initiate construction of a full service, 225 room hotel amenity,

expected within the year. It is expected to have large event and conference room space including catering facilities.

- Carefirst – has renewed their leases in six buildings in Owings Mills and they are keeping 2,200 employees in 655,000 square feet there. The company conducted an RPF for space in the region and was considering other options before electing to stay in Baltimore County.
- Foundry Row – This \$140 million mixed-use development in Owings Mills, anchored by a Wegman's grocery store, will include 356,000 square feet of retail space and 48,000 square feet of office space. Joining Wegmans as retail tenants will be LA Fitness, DSW, Ulta Beauty, Bagby Pizza, Panera Bread, Zoe's Kitchen, Smashburger, Nally Fresh, Bar Louie, Mission BBQ, a La-Z-Boy furniture, Chipotle, Xfinity, Foundry Row Wine & Spirits, Massage Envy, Sleep Number, Mani Luxe, Hair Cuttery and a Floyd's 99 Barbershop. The Wegmans store is under construction and slated to open in September 2016, with the other retailers to follow in 2017. LifeBridge Health will occupy 40,000 square feet of office in the project.
- Hunt Valley Towne Centre – Avalon Hunt Valley, a \$70 million upscale apartment complex on the eastern end of Hunt Valley Towne Centre, will begin delivering its first units in August 2016. The 332 unit Class A apartment building offers a variety of amenities, including a dog park, a gym and a game room. The new apartment community will sit above 30,000 square feet of retail.
- Executive Plaza – is a 550,000 square foot office complex in Hunt Valley built in the 1960s and 1970s. Executive Plaza has undergone a \$12 million renovation. Occupancy in the project's four office buildings is up to 90% from a recession low of 78% and over 150,000 square feet of space has been leased in recent months. A new 7,200 square foot Texas Roadhouse restaurant is now open on a pad site in the complex.
- McCormick & Company – This international spice manufacturer, currently located in Sparks, will consolidate 900 office employees from several area locations into its 340,000 square foot headquarters at 99 Shawan Road, to be completed in 2018. A former telephone company building on the site will be completely redone, 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) – This 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. Construction has started on the new building at 40 Wight Avenue. JMT expects to move in early 2017.
- Mitsubishi Heavy Industries America – has begun to assemble corrugated box machines at their facility in Hunt Valley. Previously, the 75 foot long machines were shipped assembled from Japan and the Hunt Valley operation provided parts and repair services. Now the motor drives and electronics are installed here and the machines are fully tested before being shipped out to North American customers.
- U.S. Lacrosse Headquarters – The 450,000 member national lacrosse organization recently occupied its new headquarters in Sparks. The \$15 million project includes a 45,000 square

foot headquarters building, an outdoor training facility for the U.S. National men's and women's teams, the national lacrosse museum, the National Lacrosse Hall of Fame and classrooms and offices for 89 staff. The expected economic impact of this project will be over \$6 million.

- Aging Barns LLC, – part of Sagamore Development, purchased the parcel at 4611 North Point Blvd to transform it into five aging barns to store up to 80,000 barrels of Sagamore Spirit Rye Whiskey. The first building is scheduled for availability on December 1, 2016.
- Greenleigh at Crossroads – developed by St. John Properties and Somerset Construction Company, broke ground in May 2016 on a \$750 million mixed use community of offices, shops, apartments, single-family homes and a hotel. The project will occupy 250 of the 1,000 acre Baltimore Crossroads and is expected to build out over 10 to 15 years. Greenleigh will include 1,000 detached homes and townhouses, three midrise office buildings totaling 300,000 square feet, another 128,000 square feet in single story office buildings, 116,000 square feet of retail and a 120 room Springhill Suites by Marriott hotel.
- Medstar Franklin Square Hospital – opened a new \$7.8 million neonatal intensive care unit. The 16,000 square foot newly constructed facility has 23 beds.
- QRS of Maryland, LLC, – a joint venture between QRS and Canusa-Hershman Recycling Company, has opened a one of a kind recycling facility in Dundalk to separate and recycle post-consumer household plastics. The \$15 million plant, with more than \$10 million in high tech processing equipment, will create 60 full-time jobs at capacity.
- Steel and Wire Products – In December 2015, purchased a 122,000 square foot facility in Rosedale MD at 6901 Quad Avenue for \$4 million. Fifty eight employees from Baltimore City were relocated as a result of the move.
- Social Security Administration (SSA) – Social Security headquarters in Woodlawn announced that they will receive a \$150 million Congressional Appropriation for major renovations of their main administrative building. SSA employs approximately 11,000 at this site and this significant investment ensures that Baltimore County remains home to the Social Security Administration for decades to come.
- Lifebridge Health – In February 2016, Northwest Hospital System opened a new facility at 8600 Liberty Rd. The 13,500 square foot building houses an ExpressCare urgent care center and offices for primary care doctors and specialists. The building is part of a larger campus expansion at Northwest Hospital that is expected to cost between \$20 million and \$25 million.

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.

Tradepoint Atlantic (TPA), recently acquired the 3,100 acre former steel production facility at Sparrows Point. The new owners agreed to \$48 million in assurances to pay for the environmental clean-up. The property will be redeveloped for industrial use. FedEx secured a long term lease and is building a 300,000 square foot distribution center to employ 150 employees. Harley-Davidson is relocating a training center there that is projected to train 800 students per year on the site. Additionally, TPA recently announced its development of a 130 acre mixed use retail park. Also in June 2016, Pasha Automotive Services, a global logistics and transportation company, signed a lease to launch automobile processing operations at TPA.

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 (the “Park”) is a 71-acre community engaged in research, entrepreneurship, and economic development. The Park contains eight buildings, including multi and single-tenant buildings and 3 incubators. Over 40 cyber security companies currently reside and do business in the Park. The Park is adjacent to the main University of Maryland Baltimore County (UMBC) campus with direct access to the innovative research and amenities of a major university.

The Research & Technology Park includes 118 tenants and 1,200 employees, including mature, emerging and incubator companies. bwtech@UMBC operates these distinct business incubators with specific industry orientation. The bwtech@UMBC companies have access to UMBC campus amenities and enjoy the strategic location only minutes away from BWI Thurgood Marshall Airport, downtown Baltimore, and the federal agencies located in the Washington, D.C. corridor. The location, coupled with the opportunity to collaborate with the talented students and faculty of UMBC's nationally recognized science and engineering programs, makes bwtech@UMBC an ideal location for technology, bioscience and research organizations at all stages of development.

UMBC intends to invest in a RISE Zone in the Catonsville-Arbutus area of southwestern Baltimore County by doubling or tripling the size of bwtech@UMBC. The expansion would add hundreds of new jobs to the park as well as increase opportunities for local businesses.

Enterprise Zones

An enterprise zone is a tool 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 known as the North Point Zone), located along the industrial North Point corridor 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 10,000 acres of industrial and office-zoned land, and over 700 businesses. Since the approval of the first zone in December 1995, more than 130 businesses in the North Point and Southwest enterprise zones have committed to investing over \$315 million in real property improvements and \$270 million in machinery and equipment. In addition, approximately 3,700 new jobs have been created. The Halethorpe-Arbutus area in the Southwest Enterprise Zone has seen dramatic growth, with almost 600 new jobs in a four-year period. The Southwest Enterprise Zone was amended and redesignated in June 2013. The North Point Zone expired and was replaced in 2015 by the Chesapeake Zone, a larger area that now includes the entire Sparrows Point peninsula, now known as Tradepoint Atlantic. 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% of the increase in property tax resulting from the new investment in real property. In the subsequent five years, the credit decreases 10% 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% of the property tax credits to businesses.

Economic Development Financing Assistance

In FY2016 the county approved financial assistance to two businesses from the county's High Technology Loan Program. Additionally, during FY 2016 the county approved 15 loans totaling \$1.6 million from the county's Boost loan program. Boost loans are targeted to small, minority, women 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. In July 2016 the County was awarded an additional \$3 million from the State of Maryland in order to provide Boost loans to businesses located in Maryland.

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 2016 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.

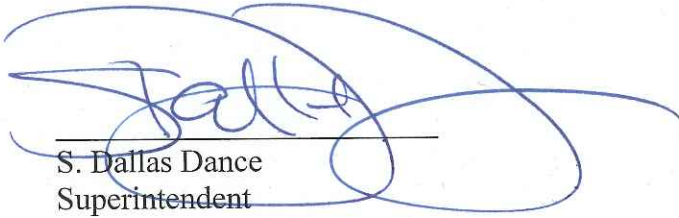
Acknowledgments

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 2016, which ended June 30, 2016, 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
Fiscal Services



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Baltimore County Public Schools
Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting Award
is presented to

Baltimore County Public Schools

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015.

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director



Alex Kim

2nd Grade

Pinewood Elementary School



INDEPENDENT AUDITORS' REPORT

Members of the
Board of Education of Baltimore County
Towson, 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, 2016, 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, 2016, 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.

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 24 through 40, the schedules of funding progress and employer contributions on page 91, 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 92 through 97 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.

Members of the
Board of Education of Baltimore County

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2016 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 cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
September 26, 2016

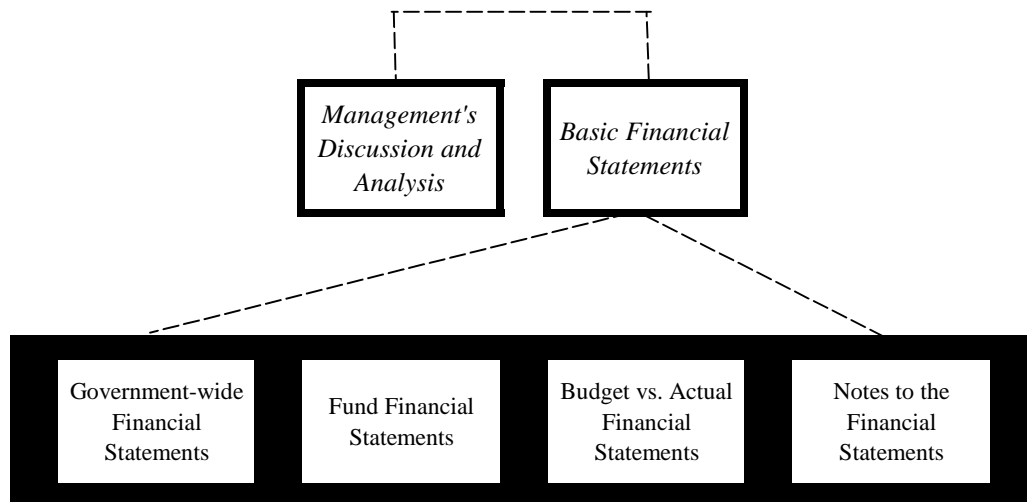
Board of Education of Baltimore County Management's Discussion and Analysis

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, 2016. 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 42 and 43), the *Fund Financial Statements* (pages 44, 46, 50-52, and 53), and the *Budget and Actual Financial Statements* (pages 48 and 49). These financial statements also include the *Notes to the Basic Financial Statements* (pages 54-89) 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 unrestricted 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 breakfast and lunch in all Baltimore County Public Schools. The food service operation is primarily supported by charges for meals, donated federal food commodities, and reimbursements from government sponsored 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 45 and 47.

The basic governmental fund financial statements can be found on pages 44 and 46 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 program. 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 50-52 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 53 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 48 and 49.

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 51% of its governmental activities funding from the county, and 44% 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 \$1.54 billion, substantially all of which is net investment in capital assets.
- Governmental activities net position increased \$111.1 million during the year. The increase is primarily attributable to capital construction projects (\$104 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.
- Governmental activities general revenues account for \$1.38 billion, 81% of governmental activities revenues and 79% of total government-wide revenues. Governmental activities program revenues in the form of charges for services, operating and capital grants, accounted for \$317 million or 19% of all governmental activities revenues.
- Business-type activities net position (\$30 million as of the end of the fiscal year) increased by \$1.9 million during the year. This is primarily a result of an increase in the participation in the free and reduced meal program and an increase in the federal reimbursement rate. A transfer of \$397,000 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 \$1.54 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 101.5% 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, 2016 and 2015:

The Board of Education of Baltimore County's Net Position (in thousands)

	Governmental Activities		Business-type Activity		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 198,974	\$ 160,465	\$ 19,984	\$ 16,888	\$ 218,958	\$ 177,353
Capital assets	1,598,486	1,500,791	11,890	13,045	1,610,376	1,513,836
Total assets	1,797,460	1,661,256	31,874	29,933	1,829,334	1,691,189
Deferred outflows of resources	41,149	8,988	-	-	41,149	8,988
Current liabilities	89,297	104,037	1,594	1,738	90,891	105,775
Long-term liabilities	226,174	153,018	363	155	226,537	153,173
Total liabilities	315,471	257,055	1,957	1,893	317,428	258,948
Deferred inflows of resources	8,854	10,015	-	-	8,854	10,015
Net position:						
Net investment in capital assets	1,555,836	1,451,076	11,890	13,045	1,567,726	1,464,121
Restricted	15,570	16,843	-	-	15,570	16,843
Unrestricted (deficit)	(57,122)	(64,745)	18,027	14,995	(39,095)	(49,750)
Total net position	\$ 1,514,284	\$ 1,403,174	\$ 29,917	\$ 28,040	\$ 1,544,201	\$ 1,431,214

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 \$113 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 \$26.4 million. The change was primarily in governmental activities (\$24.9 million increase) as the change in business-type activities was minimal (\$1.5 million increase). Program expenses for governmental activities increased \$49.4 million; while the corresponding program revenue grew by \$45.9 million, which was primarily related to increased capital grants and contributions of \$41 million. General revenues from the county grew by \$10.8 million, and state general revenues grew by \$19.2 million. During fiscal year 2016, \$162.3 million of capital grants revenue was received and spent on school construction and renovation projects. This was an increase of \$41 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. Work continued on several replacement schools and additions to expand school capacity. Additionally, numerous school air conditioning projects were underway. Accordingly, expenditures on capital construction projects were \$163 million in fiscal year 2016, \$122 million, \$92 million, \$92 million, and \$139 million, in fiscal years 2015, 2014, 2013, and 2012, respectively. Those expenditures capitalized as assets exceeded current year depreciation by approximately \$98 million.

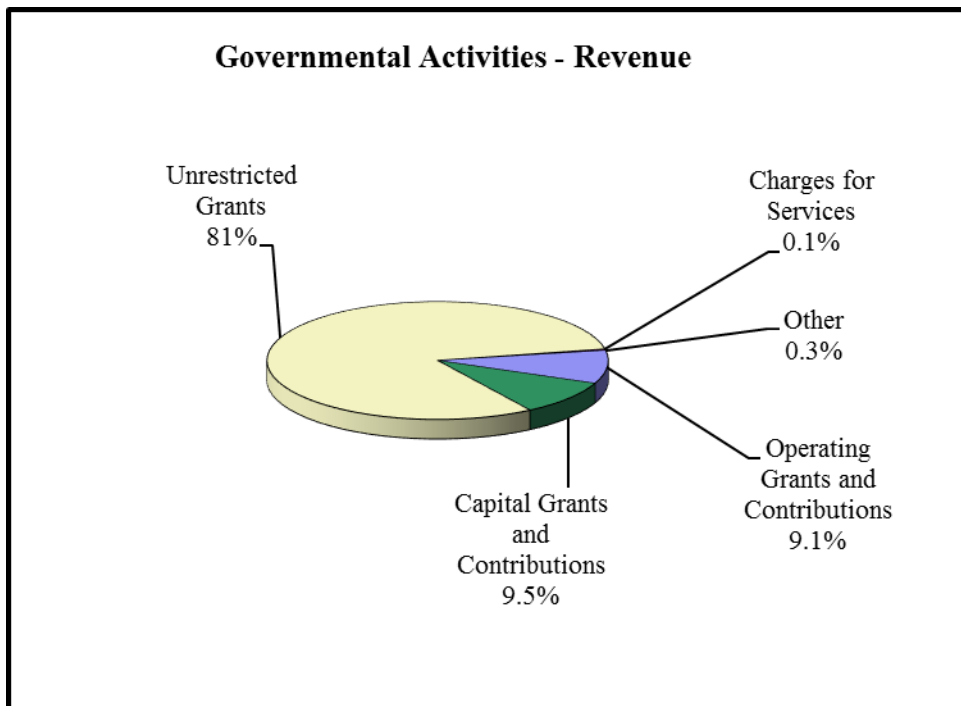
The schedule below shows the change in net position for the board's governmental and business-type activities for the current and prior years.

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

	Governmental Activities		Business-type Activity		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 403	\$ 468	\$ 12,878	\$ 12,334	\$ 13,281	\$ 12,802
Operating grants and contributions	154,541	149,547	35,397	32,802	189,938	182,349
Capital grants and contributions	162,251	121,262	-	-	162,251	121,262
General revenues:						
Grants and contributions not restricted to certain programs	1,371,932	1,341,910	-	-	1,371,932	1,341,910
Other	5,468	7,313	-	-	5,468	7,313
Total revenues	<u>1,694,595</u>	<u>1,620,500</u>	<u>48,275</u>	<u>45,136</u>	<u>1,742,870</u>	<u>1,665,636</u>
Expenses:						
Administration	60,449	67,468	-	-	60,449	67,468
Mid-level administration	133,979	131,654	-	-	133,979	131,654
Instruction	852,148	808,275	-	-	852,148	808,275
Special education	257,803	249,129	-	-	257,803	249,129
Student personnel services	17,120	14,702	-	-	17,120	14,702
Health services	22,781	21,796	-	-	22,781	21,796
Student transportation	80,006	81,129	-	-	80,006	81,129
Operation of plant	109,077	111,785	-	-	109,077	111,785
Maintenance of plant	40,637	40,274	-	-	40,637	40,274
Community services	417	320	-	-	417	320
Capital administration	7,557	6,073	-	-	7,557	6,073
Interest on long-term debt	1,114	1,120	-	-	1,114	1,120
Food services	-	-	46,795	45,330	46,795	45,330
Total expenses	<u>1,583,088</u>	<u>1,533,725</u>	<u>46,795</u>	<u>45,330</u>	<u>1,629,883</u>	<u>1,579,055</u>
Increase in net position before transfers	111,507	86,775	1,480	(194)	112,987	86,581
Transfers	(397)	(555)	397	555	-	-
Change in net position	111,110	86,220	1,877	361	112,987	86,581
Net position, beginning of year	1,403,174	1,316,954	28,040	27,679	1,431,214	1,344,633
Net position, end of year	<u>\$ 1,514,284</u>	<u>\$ 1,403,174</u>	<u>\$ 29,917</u>	<u>\$ 28,040</u>	<u>\$ 1,544,201</u>	<u>\$ 1,431,214</u>

Governmental Activities

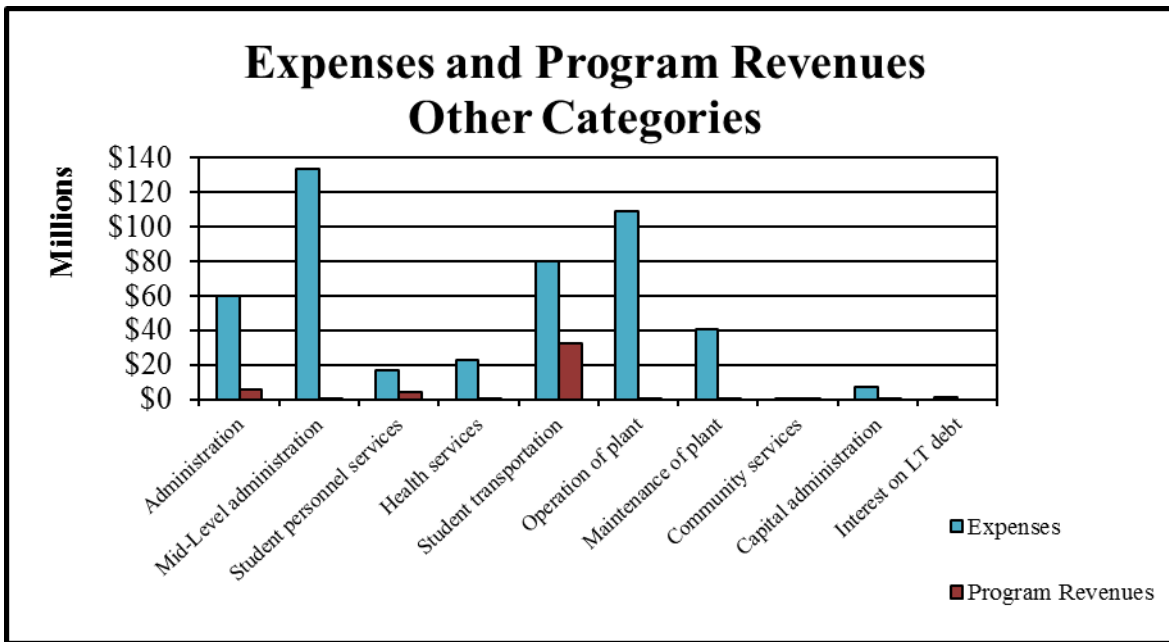
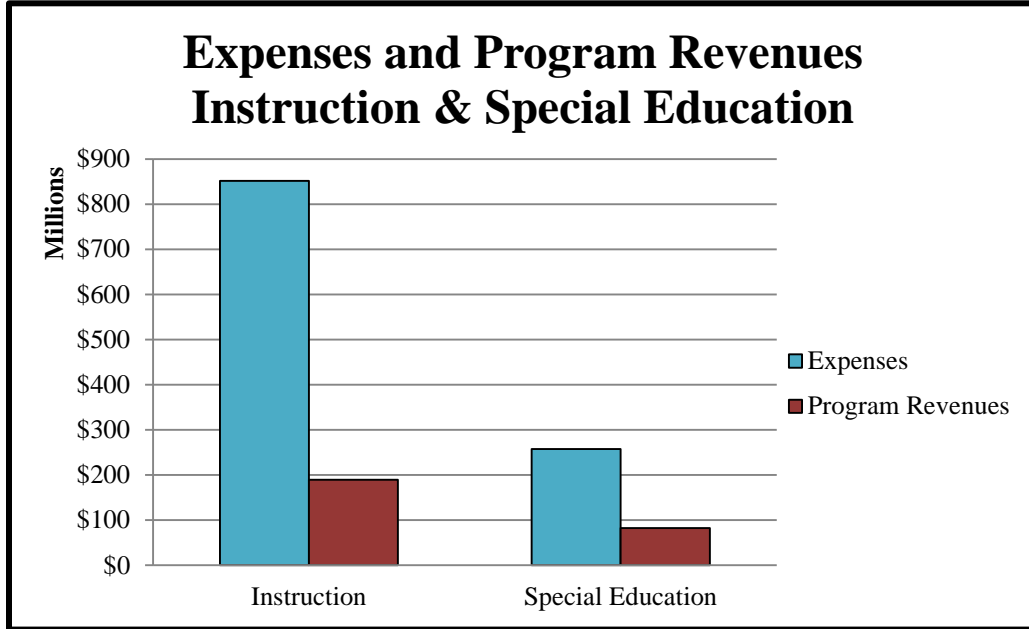
Governmental activities account for essentially all (98%) of the increase in net position of the board. General revenues from the county and the state increased by \$30 million during the current year, while the decline in general revenue from the federal government and other revenue was minimal (\$1.8 million). Program revenues from the county for capital projects increased by \$51 million, while program revenue from the state for capital projects declined by \$10 million. Program revenue from the federal government grew by \$5 million. Corresponding program expenses increased by 3% (\$49.4 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, 2016.



Governmental activities revenue increased overall \$75 million from fiscal year 2015 to fiscal year 2016. The most significant changes were the increase in general revenues from the county and state of a combined \$30 million, and increased county and state capital grants of a combined \$41 million. Operating grants increased slightly by \$5 million while other revenue decreased slightly by \$2 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



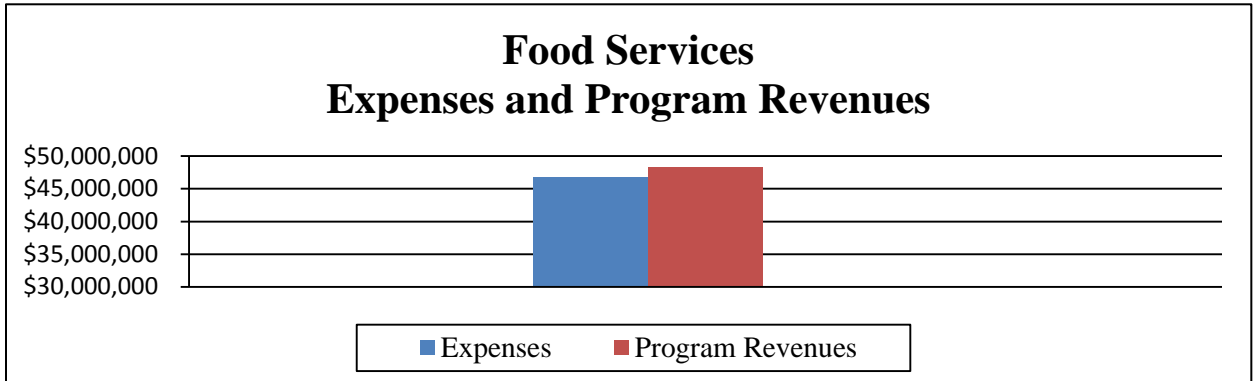
The following shows the cost of the board's major governmental activities, their cost as a percentage of total governmental activities expenditures; and, the corresponding program and general revenues:

- The cost of all the board's educational programs was \$1.58 billion.
- Instructional and special education programs were \$1.11 billion (70%).
- School based and other instructional administration was \$134 million (8%).
- General administration cost was \$60 million (4%).
- Operation and maintenance of plant accounted for \$150 million (9%).
- Student transportation cost was \$80 million (5%).
- Revenue from charges for services was less than 0.1% of total expenses.
- Total program revenues were \$317 million - 20% of total expenses.
- Capital grants and contributions were \$162 million - 51% of total program revenues.
- Total general revenues were \$1.38 billion - 87% 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 2015 to fiscal year 2016 increased \$3.1 million (7.0%). Participation was strong in both the lunch and breakfast programs and increased over the prior year. In addition, the year-over-year increases to the federal reimbursement rates for free and reduced-price meals were higher than prior years. Expenses grew from 2015 to 2016 by \$1.5 million (3.2%). The increase in expenses was primarily driven by the cost of food sold, which was due to both the increase in meal participation as well as inflationary factors to procure food and supplies. The number of lunches served increased by more than 210,000 (2.4%) and the number of breakfasts served grew by almost 620,000 (12.3%). The number of free lunches served grew by more than 40,000 (1.0%) while the number of paid and reduced-price lunches increased by almost 170,000 (5.7%). New products were tested and marketed for the lunch program and eight additional schools offered in-classroom breakfast. The net gain of \$1.5 million and a contribution of capital assets from the capital projects fund of \$0.4 million for new kitchen equipment resulted in an increase in net position of \$1.9 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 \$397,323.
- Operating expenses total \$46.8 million, the largest portion being salaries, wages, and benefits of \$22.4 million and cost of food sold of \$19.7 million.
- Charges for services total \$12.9 million.
- Federal and state reimbursement of food costs and donated federal food commodities total \$35.1 million.

FUND HIGHLIGHTS

Governmental Funds

The assets of the board's governmental funds exceeded liabilities at the end of the current fiscal year by \$105 million (*fund balance*). Total governmental revenues increased from last fiscal year by \$74 million. This includes \$61 million more from the county, \$10 million more from the state, \$5 million from the federal government, and \$2 million less from other local sources. The general fund revenue from the county increased by \$11 million and capital funding from the county increased by \$51 million. State general funding grew by \$20 million while state capital projects funding dropped by \$10 million and state special revenue funding dropped by \$1 million. The increase in federal funds was due to \$5 million more in restricted grant revenues.

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 \$105.2 million, an increase of \$24.9 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 \$24.5 million while the total fund balance was \$91.6 million. The total general fund balance represents 6.4% 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 \$26.6 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 slightly by \$1.3 million during the current fiscal year due to Medicaid reimbursements expenditures exceeding revenues.

Capital projects fund revenues and expenditures grew by \$40 million due to an increase in school renovation projects, multiple school replacement and addition projects, and increased school air conditioning installation projects. Essentially all of the increase was funded by the county (\$51 million) as state funding dropped by \$10 million.

Proprietary Funds

The board's proprietary funds include the Food Services 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 inter-fund 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 \$1.9 million. Operating revenues increased by \$0.6 million due to an increase in paid and reduced price lunches of over 5%. Federal reimbursements of food service costs and federal donated commodities increased by \$2.6 million. Operating expenses increased by \$1.5 million primarily due to an increase in food costs of \$0.9 million and increased salaries and wages of \$0.6 million. The Food Services Fund recognized a profit of \$1.5 million, which was supplemented by a transfer totaling \$0.4 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 2016 year, the Workers' Compensation Fund recognized \$7.8 million in chargeback revenue from other

funds. Claims incurred and administrative costs totaled \$7.7 million resulting in a change in net position of \$0.1 million. A large portion (58%) of the deficit net position of (\$8,292) is attributable to the 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 Instructional Salaries and Operation of Plant categories, due to lower salaries due to turnover and lower energy costs. The funds were transferred to the Instructional Textbooks and Supplies category for additional instructional materials, the Transportation category for increased costs for contractor operated buses, and the Maintenance of Plant category for additional relocatable classrooms due to school construction and rental of temporary facilities for students and staff of a school being demolished and replaced.

Actual revenues were slightly less than budgeted revenues (\$3.5 million) due to lower than expected state grant revenues for the Foundation Program (\$2.6 million), Geographic Cost of Education Grant (\$2.9 million) and Advance Professional Certificate stipends (\$1.9 million). These lower than anticipated revenues was offset by higher than budgeted state revenue for non-public placements of \$2.0 million and Compensatory Education grant revenue of \$2.0 million. This minor variance in total revenue 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 2016 grew by \$24.7 million (1.9%) over fiscal year 2015. Salaries grew by \$17.3 million due to additional teachers for enrollment growth and regular salary increases. Contracted services grew by \$21.5 million, primarily due to the expansion of the digital conversion initiative which includes expanded digital curriculum and one-to-one computers for students.

Actual expenditures were \$41 million (3%) less than the adopted budget. Most of this was attributed to the cost of salaries which were lower than expected due to personnel turnover and vacancies, and lower OPEB contributions than what was budgeted.

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, 2016, amounts to \$1.6 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	
	2016	2015	2016	2015	2016	2015
Land	\$ 30,526	\$ 30,526	\$ -	\$ -	\$ 30,526	\$ 30,526
Buildings	1,094,100	1,082,405	4,727	5,000	1,098,827	1,087,405
Improvements other than buildings	60,235	61,578	-	-	60,235	61,578
Furniture, fixtures, and equipment	57,681	62,310	7,163	8,045	64,844	70,355
Construction in progress	355,944	263,972	-	-	355,944	263,972
Total	\$ 1,598,486	\$ 1,500,791	\$ 11,890	\$ 13,045	\$ 1,610,376	\$ 1,513,836

The total net increase in the board’s capital assets during the year was \$97 million (net increase resulted from \$163 million in additions offset by depreciation and disposals of \$66 million). Major capital asset events during the fiscal year ended June 30, 2016, included the following construction costs:

- \$49 million for renovations at ten middle and high schools
- \$61 million for seven replacement schools
- \$24 million for installation of school air conditioning
- \$8 million for new schools
- \$5 million for additional classrooms
- \$3 million for site improvements
- \$2 million for roof replacements

At the end of the current year, the board had outstanding contractual commitments on construction projects totaling more than \$74 million. Additional information on the board’s capital assets can be found in Note 5 on pages 71-73 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, 2016, the total debt service costs paid by the county government to finance public school construction were \$39.7 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 76-77 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, 2016 – June 30, 2017 was adopted by the county council on May 26, 2016. The total general fund operating budget adopted for fiscal year 2017 is \$1.435 billion. The fiscal year 2017 operating budget is \$38 million (2.8%) more than the fiscal year 2016 final budget. This increase is attributable to the following:

- The adopted budget includes additional state funding of \$26.9 million, an increase of 4.3% over fiscal year 2016 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. Enrollment is expected to increase by approximately 1,225 students.
- An increase in county funding of \$8.7 million, an increase of 1.2% 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 2017 amounts to \$2.2 million (7.6%).
- Increase enrollment accounts for additional expenditures of \$3.8 million and one-time expenditures accounts for another \$5.0 million.
- An increase of \$12.3 million will be used for year three of the Students and Teachers Accessing Tomorrow technology initiative.
- An increase of \$1.3 million will be used for the English for Speakers of Other Languages program.
- Other revenues increased by \$3.4 million due to more prior year fund balance being used for re-appropriation.

The adopted capital projects budget for fiscal year 2017 increased by \$52.2 million to \$245.6 million. This includes county funding of \$195.7 million and state funding of \$49.9 million. This total includes funding for the following major projects:

- \$16 million to replace Westowne, Lansdowne, Relay and Victory Villa Elementary schools.
- \$70 million for air conditioning at various schools
- \$10 million for renovation of Dumbarton Middle School
- \$45 million for additions and renovations at multiple schools
- \$14 million for roof replacements at nine schools
- \$85 million for major maintenance projects

On July 6, 2016 the Board of Education approved a transfer of \$20 million from the General Fund balance to the County Government to be re-appropriated for school air conditioning projects in the Capital Projects Fund.

The adopted budget for the special revenue fund increased \$4.5 million because of increased Medicaid funding.

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 implemented 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.



Jackelin Chicas-Argueta

4th Grade

Colgate Elementary School

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2016
(In Thousands)

	Governmental Activities	Business-type Activity	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 125,641	\$ 16,656	\$ 142,297
Accounts receivable, net:			
Baltimore County	33,302	-	33,302
State of Maryland	14,611	2,106	16,717
United States Government	15,000	-	15,000
Other	4,842	1	4,843
Inventories:			
Food and supplies	-	1,221	1,221
Other	252	-	252
Prepaid items	243	-	243
Investments restricted for lease purchases	5,083	-	5,083
Capital assets (net of accumulated depreciation):			
Land	30,526	-	30,526
Buildings	1,094,100	4,727	1,098,827
Improvements other than buildings	60,235	-	60,235
Furniture, fixtures, and equipment	57,681	7,163	64,844
Construction in progress	355,944	-	355,944
Total assets	1,797,460	31,874	1,829,334
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Retirement Plan	41,149	-	41,149
<u>LIABILITIES</u>			
Accounts payable	45,072	229	45,301
Retainage payable	10,336	-	10,336
Accrued salaries and withholdings	23,514	494	24,008
Other liabilities	3,390	-	3,390
Unearned revenue	1,902	871	2,773
Liabilities payable from restricted investments	5,083	-	5,083
Long-term liabilities:			
Due within one year	27,046	232	27,278
Due in more than one year	199,128	131	199,259
Total liabilities	315,471	1,957	317,428
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Retirement Plan	8,854	-	8,854
<u>NET POSITION (DEFICIT)</u>			
Net Investment in capital assets	1,555,836	11,890	1,567,726
Restricted for special education services	15,570	-	15,570
Unrestricted (deficit)	(57,122)	18,027	(39,095)
Total net position	\$ 1,514,284	\$ 29,917	\$ 1,544,201

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, 2016
(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	\$ 60,449	\$ -	\$ 5,895	\$ 196	\$ (54,358)	\$ -	\$ (54,358)
Mid-level administration	133,979	-	320	-	(133,659)	-	(133,659)
Instruction	852,148	403	30,008	159,277	(662,460)	-	(662,460)
Special education	257,803	-	82,073	135	(175,595)	-	(175,595)
Student personnel services	17,120	-	3,967	-	(13,153)	-	(13,153)
Health services	22,781	-	799	-	(21,982)	-	(21,982)
Student transportation	80,006	-	30,047	2,098	(47,861)	-	(47,861)
Operation of plant	109,077	-	154	-	(108,923)	-	(108,923)
Maintenance of plant	40,637	-	874	-	(39,763)	-	(39,763)
Community services	417	-	89	-	(328)	-	(328)
Capital administration	7,557	-	315	545	(6,697)	-	(6,697)
Interest on long-term debt	1,114	-	-	-	(1,114)	-	(1,114)
Total governmental activities	1,583,088	403	154,541	162,251	(1,265,893)	-	(1,265,893)
Business-type activities:							
Food services	46,795	12,878	35,397	-	-	1,480	1,480
Total	\$ 1,629,883	\$ 13,281	\$ 189,938	\$ 162,251	(1,265,893)	1,480	(1,264,413)
Unrestricted general revenues:							
Baltimore County					748,849	-	748,849
State of Maryland					622,288	-	622,288
United States Government					795	-	795
Other					5,468	-	5,468
Transfers					(397)	397	-
Total unrestricted general revenues and transfers					1,377,003	397	1,377,400
Change in net position					111,110	1,877	112,987
Net position, beginning of year					1,403,174	28,040	1,431,214
Net position, end of year					\$ 1,514,284	\$ 29,917	\$ 1,544,201

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, 2016
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 118,483	\$ 3,382	\$ -	\$ 121,865
Accounts receivable, net:				
Baltimore County	-	-	33,302	33,302
State of Maryland	8,059	1,291	5,261	14,611
United States Government	-	15,000	-	15,000
Other	3,962	78	170	4,210
Due from other funds	7,852	-	-	7,852
Inventories	252	-	-	252
Prepaid items	243	-	-	243
Investments restricted for lease purchases	5,083	-	-	5,083
Total assets	\$ 143,934	\$ 19,751	\$ 38,733	\$ 202,418
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 23,894	\$ 658	\$ 20,520	\$ 45,072
Retainage payable	-	-	10,336	10,336
Accrued salaries and withholdings	21,939	1,674	-	23,613
Due to other funds	-	-	7,828	7,828
Other liabilities	1,436	-	1,976	3,412
Unearned revenue	4	1,849	49	1,902
Liabilities payable from restricted investments	5,083	-	-	5,083
Total liabilities	52,356	4,181	40,709	97,246
Fund balances (deficit) :				
Non-spendable	495	-	-	495
Restricted	-	15,570	-	15,570
Assigned	66,549	-	-	66,549
Unassigned (deficit)	24,534	-	(1,976)	22,558
Total fund balances (deficit)	91,578	15,570	(1,976)	105,172
Total liabilities and fund balances	\$ 143,934	\$ 19,751	\$ 38,733	\$ 202,418

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, 2016
(In Thousands)

Total fund balances - governmental funds (page 44) \$ 105,172

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 \$2,358,757 and the accumulated depreciation is (\$760,271). 1,598,486

Long-term liabilities, including capital leases of (\$42,650), compensated absences of (\$23,821), the estimated liability for workers' compensation claims and judgements of (\$12,797), the liability for unfunded post employment health benefits of (\$20,074), and the unfunded liability for the county's Employees' Retirement System of (\$126,832) are not due and payable from current resources and, therefore, are not reported as liabilities in the funds. (226,174)

An internal service fund was established to account for the activities of the workers' compensation plan. The assets and accrued expenses of this fund are included here, but were not shown on the Governmental statements. 4,505

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. 32,295

Total net position - governmental activities (page 42) \$ 1,514,284

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

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenues:				
Baltimore County	\$ 748,849	\$ 8	\$ 121,663	\$ 870,520
State of Maryland	702,574	4,873	40,511	747,958
United States Government	795	67,819	-	68,614
Other	6,060	1,553	77	7,690
Total revenues	1,458,278	74,253	162,251	1,694,782
Expenditures:				
Current-				
Administration	40,669	4,809	-	45,478
Mid-level administration	93,158	306	-	93,464
Instruction -				
Instructional salaries	479,200	18,205	-	497,405
Textbooks and supplies	23,637	4,760	-	28,397
Other instructional costs	35,306	2,797	-	38,103
Special education	166,261	25,116	-	191,377
Student personnel services	8,898	3,281	-	12,179
Health services	15,067	731	-	15,798
Student transportation	58,838	217	-	59,055
Operation of plant	87,080	156	-	87,236
Maintenance of plant	34,301	-	-	34,301
Fixed charges	377,597	14,827	-	392,424
Community services	-	321	-	321
Capital administration	3,470	-	162,735	166,205
Debt service -				
Principal	9,587	-	-	9,587
Interest	1,114	-	-	1,114
Total expenditures	1,434,183	75,526	162,735	1,672,444
Excess (deficit) of revenues over expenditures	24,095	(1,273)	(484)	22,338
Other financing sources:				
Capital lease proceeds	2,521	-	-	2,521
Total other financing sources	2,521	-	-	2,521
Net change in fund balances	26,616	(1,273)	(484)	24,859
Fund balances (deficit), beginning of year	64,962	16,843	(1,492)	80,313
Fund balances (deficit) , end of year	\$ 91,578	\$ 15,570	\$ (1,976)	\$ 105,172

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, 2016
(In Thousands)**

Total net change in fund balances - governmental funds (page 46)	\$	24,859
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 (\$225,456) adjusted for assets converting from construction-in progress (\$61,569), Other disposals from CIP (\$107), contributions to the Food Services business type activities (\$397), other excess accumulated depreciation on disposals (\$349), exceed depreciation expense of (\$65,339) in the current period.		97,695
Repayment of capital lease principal is an expenditure in the governmental fund but the repayment reduces long-term liabilities in the statement of net position.		9,587
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 (\$14,117) exceeds vacation leave used (\$12,991) in the current period.		(1,126)
Proceeds of capital lease issuance which provide current financial resources in the governmental funds, are not reported as revenues in the statement of activities.		(2,521)
Decrease in the estimated liability for workers' compensation claims included in long-term obligations.		136
Increase in net OPEB liability.		(9,972)
Net effect of the expenditures for recording the liability due to the Employees' Retirement System of Baltimore County.		(7,507)
Increase in the assets of the Internal Service Fund are not included in the Governmental Statements.		(41)
Change in net position of governmental activities (page 43)	\$	111,110

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, 2016
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Baltimore County	\$ 748,849	\$ 748,849	\$ 748,849	\$ -
State of Maryland -				
Foundation Program	377,203	377,203	374,559	(2,644)
Geographic Cost of Education	5,852	5,852	2,946	(2,906)
Compensatory Education	142,193	142,193	144,159	1,966
Limited English Proficiency	14,194	14,194	14,383	189
Transportation	29,834	29,834	29,834	-
Formula-Students with Disabilities	32,394	32,394	32,841	447
Out-of-County Living Arrangements	1,600	1,600	1,296	(304)
Non-public Placements	14,700	14,700	16,739	2,039
Aging Schools	897	897	1,041	144
Quality Teacher Incentive	2,711	2,711	780	(1,931)
Total State of Maryland	621,578	621,578	618,578	(3,000)
United States Government	700	700	795	95
Other	25,811	25,811	25,210	(601)
Total revenues	1,396,938	1,396,938	1,393,432	(3,506)
Expenditures:				
Current -				
Administration	42,469	42,469	41,162	1,307
Mid-level administration	94,822	94,822	93,307	1,515
Instruction -				
Instructional salaries	495,494	487,644	479,200	8,444
Textbooks and supplies	22,152	25,502	23,975	1,527
Other instructional costs	36,957	36,957	36,265	692
Special education	171,041	171,041	168,440	2,601
Student personnel services	9,744	9,744	8,867	877
Health services	15,667	15,667	15,021	646
Student transportation	65,899	66,232	65,697	535
Operation of plant	95,862	91,579	87,396	4,183
Maintenance of plant	32,086	40,536	38,950	1,586
Fixed charges	310,952	310,952	294,171	16,781
Capital administration	3,793	3,793	3,240	553
Total expenditures	1,396,938	1,396,938	1,355,691	41,247
Excess of revenues over expenditures	\$ -	\$ -	37,741	\$ 37,741
Fund balance, beginning of year			47,484	
Reappropriation of prior year fund balance included in Other Revenues			(19,150)	
Liquidation and cancellation of prior year encumbrances			3,240	
Fund balance, end of year			\$ 69,315	

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, 2016
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Adopted	Final		
Revenues:				
Baltimore County	\$ -	\$ -	\$ 15	\$ 15
State of Maryland	6,955	6,955	4,797	(2,158)
United States Government	71,964	71,964	68,016	(3,948)
Other	3,767	3,767	1,662	(2,105)
Total revenues	82,686	82,686	74,490	(8,196)
Expenditures:				
Administration	5,374	5,374	5,465	(91)
Mid-level administration	348	348	279	69
Instruction -				
Instructional salaries	19,480	19,480	18,205	1,275
Textbooks and supplies	5,118	5,118	4,788	330
Other instructional costs	2,017	2,017	2,479	(462)
Special education	29,106	29,106	24,898	4,208
Student personnel services	3,456	3,456	3,285	171
Health services	918	918	831	87
Student transportation	422	422	234	188
Operation of plant	174	174	156	18
Maintenance of plant	-	-	-	-
Fixed charges	15,669	15,669	14,827	842
Community services	604	604	316	288
Capital administration	-	-	-	-
Total expenditures	82,686	82,686	75,763	6,923
Excess (deficit) of revenues over expenditures	\$ -	\$ -	(1,273)	\$ (1,273)
Fund balance, beginning of year			16,843	
Fund balance, end of year			\$ 15,570	

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, 2016
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 16,656	\$ 3,776
Due from other governments	2,106	-
Accounts receivable - other	1	632
Due from other funds	-	100
Inventories, at cost	1,221	-
Total current assets	19,984	4,508
Capital assets (net of accumulated depreciation):		
Building	4,727	-
Furniture, fixtures and equipment	7,163	-
Total capital assets - net	11,890	-
Total assets	31,874	4,508
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	229	-
Accrued salaries and withholdings	494	3
Compensated absences	232	-
Claims and judgements	-	6,600
Unearned revenue	871	-
Total current liabilities	1,826	6,603
Noncurrent liabilities:		
Compensated absences	131	-
Claims and judgements	-	6,197
Total noncurrent liabilities	131	6,197
Total liabilities	1,957	12,800
<u>NET POSITION (Deficit)</u>		
Net investment in capital assets	11,890	-
Unrestricted (deficit)	18,027	(8,292)
Total net position (deficit)	\$ 29,917	\$ (8,292)

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, 2016
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Operating Revenues:		
Charges for services	\$ 12,878	\$ -
Employer's contributions	-	7,759
Total operating revenue	<u>12,878</u>	<u>7,759</u>
Operating Expenses:		
Cost of food sold	19,739	-
Salaries, wages, and benefits	22,364	-
Claims and judgements paid	-	6,567
Provision for claims and judgements	-	(136)
Supplies	1,364	-
Maintenance and repair of equipment	701	-
Administration and support	480	1,233
Depreciation	1,628	-
Other	519	-
Total operating expenses	<u>46,795</u>	<u>7,664</u>
Operating income (loss)	<u>(33,917)</u>	<u>95</u>
Nonoperating Revenues:		
Federal reimbursement of food service costs	31,189	-
State reimbursement of food service costs	1,241	-
Federal donated commodities	2,719	-
Other grant revenue	182	-
Other revenue	66	-
Total nonoperating revenues	<u>35,397</u>	<u>-</u>
Income before capital contribution	1,480	95
Capital contribution	<u>397</u>	<u>-</u>
Change in net position	1,877	95
Net position (deficit), beginning of year	<u>28,040</u>	<u>(8,387)</u>
Net position (deficit) , end of year	<u>\$ 29,917</u>	<u>\$ (8,292)</u>

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, 2016
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received for sales and services	\$ 12,781	\$ -
Cash paid to employees	(22,214)	-
Cash paid to suppliers	(20,289)	-
Claims and judgements paid	-	(6,853)
Administration and support	-	(1,233)
Employer's contributions	-	7,720
Net cash (used in) operating activities	(29,722)	(366)
Cash flows from non-capital financing activities:		
Governmental subsidies	32,555	-
Other	207	-
Net cash provided by non-capital financing activities	32,762	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(82)	-
Proceeds from sale of capital assets	22	-
Net cash used in capital and related financing activities	(60)	-
Cash flows from investing activities - interest received	24	-
Net increase (decrease) in cash and cash equivalents	3,004	(366)
Cash and cash equivalents, beginning of year	13,652	4,142
Cash and cash equivalents, end of year	\$ 16,656	\$ 3,776
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (33,917)	\$ 95
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation expense	1,628	-
Federal donated commodities	2,719	-
Effect of changes in operating assets and liabilities:		
Accounts receivable - other	1	(285)
Due from other funds	-	(40)
Inventories	(217)	-
Accounts payable	(23)	-
Accrued salaries and withholdings	150	-
Liability for claims and judgements	-	(136)
Unearned revenues	(63)	-
Net cash provided by (used in) operating activities	\$ (29,722)	\$ (366)
Noncash investing, capital and financing activities:		
Contributions of federal donated commodities	\$ 2,719	\$ -
Contribution of capital equipment from other fund	397	-

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, 2016
(In Thousands)

ASSETS

Cash and cash equivalents	\$	4,476
Investments		2,406
Inventories		364
Total assets	\$	7,246

LIABILITIES

Accounts payable	\$	83
Due to other funds		24
Due to school organizations		7,139
Total liabilities	\$	7,246

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, 2016

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 primarily on the number of students

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016, has been reported only in the government-wide financial statements.
- Interest on long-term obligations (capital leases) is recognized when paid.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

- 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.

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.

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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016

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, 2016. The investments in the Maryland Local Government Investment Pool (Pool) are valued on an amortized cost basis. The fair value of the Board's 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, 2016 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, 2016

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. 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, 2016 the Board had deferred outflows of resources in the amount of \$41,149 that relate to changes in activity, experience, and assumptions, and contributions 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 government and, along with the related debt service, is not reported in the Board's financial

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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 arises when a liability is incurred from funds received prior to the Board having 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 when the student attends summer school or participates in the lunch program; when the donated commodities are utilized; or when the grant revenues are recognized 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, 2016 the Board had deferred inflows of resources totaling \$8,854 related to the difference between actual and expected experience and 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.

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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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 followed by committed, assigned, and then unassigned amounts.

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 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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016

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, 2016

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 primarily 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	\$ -
Mid-level Administration	-
Instructional Salaries	(7,850,500)
Textbooks and Instructional Supplies	3,350,500
Other Instructional Costs	-
Special Education	-
Student Personnel Services	-
Health Services	-
Student Transportation	333,000
Operation of Plant	(4,283,000)
Maintenance of Plant	8,450,000
Fixed Charges	-
Capital Administration	-
	<u>\$ -</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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	\$ 1,458,278	\$ (1,434,183)	\$ 2,521	\$ 26,616	\$ 91,578
Effect of encumbrances	-	(3,240)	-	(3,240)	3,240
Retirement cost paid on the Board's behalf by the State of Maryland	(84,126)	84,126	-	-	-
Reappropriation of prior year fund balance	19,150	-	-	19,150	(19,150)
Effect of capital leases	-	2,521	(2,521)	-	-
Other budgetary adjustments	130	(4,915)	-	(4,785)	(6,353)
Reported on the Budgetary Basis of Accounting	<u>\$ 1,393,432</u>	<u>\$ (1,355,691)</u>	<u>\$ -</u>	<u>\$ 37,741</u>	<u>\$ 69,315</u>
Special Revenue Fund					
Reported on basis of GAAP	\$ 74,253	\$ (75,526)	\$ -	\$ (1,273)	\$ 15,570
Effect of encumbrances	237	(237)	-	-	-
Reported on the Budgetary Basis of Accounting	<u>\$ 74,490</u>	<u>\$ (75,763)</u>	<u>\$ -</u>	<u>\$ (1,273)</u>	<u>\$ 15,570</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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-
	Original	Final		Positive (Negative)
Revenues - Baltimore County	\$ 40,807	\$ 40,807	\$ 39,770	\$ (1,037)
Expenditures:				
Current -				
Principal	25,813	25,813	25,813	-
Interest	14,994	14,994	13,957	1,037
Total expenditures	<u>40,807</u>	<u>40,807</u>	<u>39,770</u>	<u>1,037</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, July 1, 2015			-	
Fund balance, June 30, 2016			<u>\$ -</u>	

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

D. DETAILS OF FUND BALANCES

The details of the Governmental Funds balances at June 30, 2016 are shown as follows:

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

Inventories	\$	252
Prepaid Items		243
	\$	<u>495</u>

The Assigned general fund balance consists of the following:

Encumbrances for:		
Contracted services	\$	14,367
Supplies and materials		4,164
Equipment and other		4,845
		<u>23,376</u>
For use in FY2017 Operating Budget		23,173
For use in FY2017 Capital Budget		20,000
	\$	<u>66,549</u>

The Special Revenue fund balance of \$15,570 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 \$1,976. 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 \$8,292 resulting from estimated workers' compensation claims, including the transfer of estimated workers' compensation claims from the Baltimore County Government 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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016, the Board's and the fiduciary funds deposits were approximately \$10.5 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 are in the Maryland Local Government Investment Pool (Pool) at PNC Bank, which is under the administrative control of the State Treasurer. The Pool is a 2a7 like pool, which is not registered with the Securities & Exchange Commission (SEC), but generally operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). 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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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 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 investments balances as of June 30, 2016:

	<u>Pooled Cash and Investments</u>	<u>Other</u>	<u>Total</u>
Deposits	\$ -	\$ 4,476	\$ 4,476
Investments:			
MLGIP	144,703	-	144,703
Money market mutual funds	-	5,083	5,083
Total	<u>\$ 144,703</u>	<u>\$ 9,559</u>	<u>\$ 154,262</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	\$ 142,297	\$ -	\$ 142,297
<u>Restricted</u>			
Cash and cash equivalents	-	4,476	4,476
Investments	5,083	2,406	7,489
Total cash and investments	<u>\$ 147,380</u>	<u>\$ 6,882</u>	<u>\$ 154,262</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2016, the Capital Projects Fund owed \$7.8 million to the General Fund for cash advanced to pay contractors for work performed on ongoing contracts. Additionally, the Board was due \$24 thousand from 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, 2016 follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities	Business Type Activities	Food Service Equipment	\$ <u>397</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

NOTE 5. CAPITAL ASSETS

A. ACTIVITY

Capital asset activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,526	\$ -	\$ -	\$ 30,526
Construction in progress	263,972	154,045	(62,073)	355,944
Total capital assets not being depreciated	<u>294,498</u>	<u>154,045</u>	<u>(62,073)</u>	<u>386,470</u>
Capital assets being depreciated:				
Buildings	1,682,979	62,574	(334)	1,745,219
Improvements other than buildings	95,239	3,273	-	98,512
Machinery and equipment	42,480	3,032	(4,869)	40,643
Vehicles	90,249	2,532	(4,868)	87,913
Total capital assets being depreciated	<u>1,910,947</u>	<u>71,411</u>	<u>(10,071)</u>	<u>1,972,287</u>
Less accumulated depreciation for:				
Buildings	(600,574)	(50,745)	200	(651,119)
Improvements other than buildings	(33,661)	(4,616)	-	(38,277)
Machinery and equipment	(29,447)	(2,852)	4,681	(27,618)
Vehicles	(40,972)	(7,126)	4,841	(43,257)
Total accumulated depreciation	<u>(704,654)</u>	<u>(65,339)</u>	<u>9,722</u>	<u>(760,271)</u>
Total capital assets, being depreciated, net	<u>1,206,293</u>	<u>6,072</u>	<u>(349)</u>	<u>1,212,016</u>
Governmental activities, net investment in capital assets	<u>\$ 1,500,791</u>	<u>\$ 160,117</u>	<u>\$ (62,422)</u>	<u>\$ 1,598,486</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

	Beginning Balance	Increases	Decreases	Ending Balance
Business - type activities:				
Capital assets being depreciated:				
Buildings and Improvements	\$ 7,270	\$ -	\$ -	\$ 7,270
Furniture, fixtures and equipment	25,944	479	(382)	26,041
Total capital assets being depreciated	<u>33,214</u>	<u>479</u>	<u>(382)</u>	<u>33,311</u>
Less accumulated depreciation for:				
Buildings and Improvements	(2,270)	(273)	-	(2,543)
Furniture, fixtures and equipment	(17,899)	(1,355)	376	(18,878)
Total capital assets being depreciated	<u>(20,169)</u>	<u>(1,628)</u>	<u>376</u>	<u>(21,421)</u>
Business - type activities capital assets, net	<u>\$ 13,045</u>	<u>\$ (1,149)</u>	<u>\$ (6)</u>	<u>\$ 11,890</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Administration	\$ 784
Mid-level administration	53
Instruction	56,166
Special education	508
Student transportation	6,027
Operation of plant	103
Maintenance of plant	1,595
Capital administration	103
Total depreciation expense - governmental activities	<u>\$ 65,339</u>
Business-type activities:	
Food Services	<u>\$ 1,628</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

B. CONSTRUCTION AND LEASE PURCHASE COMMITMENTS

The Board has active construction projects as of June 30, 2016. 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	\$ 289,460	\$ 31,980
Additions	8,798	1,129
Improvements and renovations	182,664	40,597
Total	<u>\$ 480,922</u>	<u>\$ 73,706</u>

During the fiscal year, the Board made commitments for the acquisition of vehicles under new capital lease agreements totaling approximately \$5.1 million. The assets to be acquired are described below:

<u>Description</u>	<u>Class</u>	<u>Amount</u>
School buses	Vehicles	\$ 4,059
Trucks and other vehicles	Vehicles	1,024
Total		<u>\$ 5,083</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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
2015	\$ 11,300	8,561	6,928	\$ 12,933
2016	12,933	6,432	6,568	12,797

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.

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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016, amounted to \$5,764.

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, 2016, amounted to \$19,988.

The aggregate future rental payments under these commitments are \$132,956 as summarized below:

<u>Fiscal year ending June 30</u>	
2017	\$ 36,917
2018	36,999
2019	30,090
2020	16,994
2021	1,756
2022-2026	8,223
2027-2028	1,977
Total	<u>\$ 132,956</u>

Additionally, the Board leases copiers and other equipment under contracts which are cancelable with 60 day notice. During the year, \$3.6 million 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, 2016

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	\$ 41,018
Building Improvements	24,274
Less: accumulated depreciation	(10,002)
Total	<u>\$ 55,290</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016:

Fiscal years ending June 30:	Governmental Activities
2017	\$ 8,320
2018	7,939
2019	6,520
2020	3,776
2021	1,913
2022-2026	9,121
2027-2031	8,435
2032-2034	5,823
Total minimum lease payments	51,847
Less: amount representing interest	(9,197)
Present value of future minimum lease payments	<u>\$ 42,650</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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	\$ 49,716	\$ 2,521	\$ 9,587	42,650	\$ 7,455
Compensated absences	22,695	14,117	12,991	23,821	12,991
Claims and judgements					
- workers' compensation plan	12,933	6,432	6,568	12,797	6,600
Other Post Employment Benefits	10,102	50,040	40,068	20,074	-
County Employee Retirement Plan	86,003	40,829 *	-	126,832	-
Governmental activity					
Long-term liabilities	\$ 181,449	\$ 113,939	\$ 69,214	\$ 226,174	\$ 27,046
Business-type Activity/ Food Services					
Compensated absences	\$ 326	\$ 232	\$ 195	\$ 363	\$ 232

* Net increase 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, 2016

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 (1.818%) of the member's highest three year 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, 2016, was \$84,126. The fiscal 2016 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, 2016

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, 2016 was \$29,374.

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

At June 30, 2016, 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	\$ 1,103,603
Board's proportionate share of the net pension liability	-
Total	<u>\$ 1,103,603</u>

The net pension liability was measured as of June 30, 2015, 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, 2016, the Board recognized pension expense of \$113,500 and revenue of \$84,126 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.70% general, 3.2% wage
Salary increases	3.20% to 9.2%, including inflation
Investment rate of return	7.55%

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

Mortality rates were based on RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

The economic and demographic actuarial assumptions used in the June 30, 2015 valuation were adopted by the System's Board of Trustees on May, 21, 2015 based upon review of the System's experience study for the period 2010 - 2014, which was completed during FY 2014. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.55% and an inflation assumption of 2.70% were used for the June 30, 2015 valuation.

New funding methodology set forth in Maryland legislation was first used in the June 30, 2015 valuation. The legislation removed the corridor funding method effective with the June 30, 2015 valuation. The benefit provisions valued in the actuarial valuation as of June 30, 2015, are the same as the provisions from the last valuation as of June 30, 2014.

The long term expected rate of return on pension plan investments is based on the goal of achieving an annualized investment return that over a long-term time frame: (1) meets or exceeds the investment policy benchmark for the system; (2) in nominal terms, equals or exceeds the actuarial rate of return adopted by the Board of Trustees, which was 7.55 percent for fiscal year 2015; and (3) in real terms, exceeds the U.S. inflation rate by at least 3 percent. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	35%	6.3%
Fixed Income	10%	0.6%
Credit/Debt Strategies	10%	3.2%
Real Return	14%	1.8%
Absolute Return	10%	4.2%
Private Equity	10%	7.2%
Real Estate	10%	4.4%
Cash	1%	0 %
Total	100%	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2015.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

For the year ended June 30, 2015, the time-weighted rate of total return on pension plan investments, net of the pension plan expense was 2.71%. The time-weighted rate of total return includes interest and dividends, as well as capital appreciation.

Discount rate. The single discount rate used to measure the total pension liability was 7.55%. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. 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 after the attainment of age 60 with 5 years of creditable service or after 30 years of creditable

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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, 2016 was \$8,870, 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, 2016, the Board reported a liability of \$126,832 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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 actuarially determined 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. At June 30, 2016, the Board's proportion was 8.69 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, 2016, the Board recognized an increase in pension expense of \$16,376. At June 30, 2016, 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, 2016

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,342	\$ 47
Change of assumptions	1,396	-
Net difference between projected and actual earnings on pension plan investments	10,483	8,807
Changes in proportion and differences between Board contributions and proportionate share of contributions	15,058	-
Board contributions subsequent to the measurement date	8,870	-
	<u>\$ 41,149</u>	<u>\$ 8,854</u>

Deferred outflows of \$8,870 are reported as 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, 2017. 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:

2017	\$ 5,384
2018	5,384
2019	5,383
2020	3,138
2021	517
Thereafter	3,619

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

- Inflation - 3.0 %
- 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%, net of pension plan investment expense and gain sharing, including inflation.
- Actuarial Cost Method – Entry Age Normal
- Asset Valuation Method - Ten-year Moving Market

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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 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, 2015 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	4.25%	15.00%
Small/Mid Cap Equities	4.50%	7.00%
International Equities (Unhedged)	4.75%	10.00%
Emerging International Equities	6.00%	7.00%
Core Bonds	0.73%	11.00%
High-Yield Bonds	2.50%	1.00%
EMD (Local Currency)	3.50%	4.00%
Diversified Fixed Income	2.04%	10.00%
Private Equity	6.25%	5.00%
Real Estate (Core)	3.25%	4.00%
Hedge Funds	3.50%	6.00%
Global Asset Allocation	3.89%	10.00%
Risk Parity	3.56%	5.00%
Commodities	2.50%	5.00%

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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	\$ 165,386	\$ 126,832	\$ 94,265

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.

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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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.

Annual OPEB Cost

The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for 2016 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
2016	50,040	40,068	80%	20,074

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

The following table shows the components of the Board's annual OPEB cost, the contributions made and the Net OPEB obligation at June 30, 2016:

Annual required contribution(ARC)	\$	49,998
Interest credit on the net OPEB asset		707
Adjustment to annual required contribution		(665)
Annual OPEB cost (expense)		<u>50,040</u>
Contributions made		<u>(40,068)</u>
Change in net OPEB obligation		9,972
Net OPEB obligation - beginning of year		<u>10,102</u>
Net OPEB obligation - end of year	\$	<u>20,074</u>

Funded Status and Funding Progress

The projected funded status of the plan, based upon a valuation performed at July 1, 2015, was as follows:

Actuarial accrued liability (AAL)	\$	694,992
Actuarial value of plan assets		<u>188,613</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>506,379</u>
Funded ratio (actuarial value of plan assets/AAL)		27.14%
Covered payroll (active plan members)	\$	742,924
UAAL as a percentage of covered payroll		68.16%

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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2016

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

The assumptions applied in the valuation used covered payroll of approximately \$743 million, representing approximately 13,000 employees with health and dental benefits.

NOTE 10. POLLUTION REMEDIATION

Governmental Accounting Standards Board Statement No.49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, 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 \$1,976 has been recorded for pollution remediation at June 30, 2016.

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, 2016, 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.



Madisyn Gaither

3rd Grade

Featherbed Elementary School

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(In Thousands)

Nine 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%
January 1, 2015	166,663	671,552	504,889	24.82%	725,370	69.60%
January 1, 2015	188,613	694,992	506,379	27.14%	742,924	68.16%

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%
June 30, 2016	49,998	40,068	80%

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016
(In Thousands)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution *	\$ 29,374	\$ 25,549	\$ 19,971	\$ 15,776
Contributions in relation to the contractually required contribution	<u>(29,374)</u>	<u>(25,549)</u>	<u>(19,971)</u>	<u>(15,776)</u>
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 708,720	\$ 667,524	\$ 667,086	\$ 660,214
Contributions as a percentage of covered employee payroll	4%	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, 2016
(In Thousands)**

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

	<u>2016</u>	<u>2015</u>
Boards's proportion of the net pension liability	0.0%	0.0%
Board's proportionate share of the net pension liability	\$ -	\$ -
State's proportionate share of the net pension liability of the Board	<u>1,103,603</u>	<u>807,793</u>
Total	<u>\$ 1,103,603</u>	<u>\$ 807,793</u>
Board's covered employee payroll	\$ 708,720	\$ 667,524
Board's proportionate share of the net pension liability as a percentage of its covered employee payroll	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	70.76%	69.53%

*** The amounts presented for fiscal year 2016 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 two years of information is available.**

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2016
(In Thousands)

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution	\$ 8,870	\$ 8,988	\$ 6,203	\$ 5,381
Contributions in relation to the contractually required contribution	<u>8,870</u>	<u>8,988</u>	<u>6,203</u>	<u>5,381</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 96,330	\$ 91,778	\$ 87,829	\$ 86,713
Contributions as a percentage of covered employee payroll	9.21%	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, 2016
 (In Thousands)**

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

	<u>2016</u>	<u>2015</u>
Boards's proportion of the net pension liability	8.69%	7.26%
Board's proportionate share of the net pension liability	\$ 126,832	\$ 86,003
Board's covered employee payroll	\$ 96,330	\$ 91,778
Board's proportionate share of the net pension liability as a percentage of its covered employee payroll	131.7%	93.7%
Plan fiduciary net position as a percentage of the total pension liability	62.8%	68.2%

The amounts presented for fiscal year 2016 were determined as of July 1 of two years prior using membership data as of that date, projected to June 30 of the previous year. Additionally, the Board implemented GASB 68 during fiscal year 2015, as such, only two years of information is available.

Board of Education of Baltimore County

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2016

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 2015 valuation:

- Investment return assumption changed from 7.65% to 7.55%
- Inflation assumption changed from 2.90% to 2.70%
- Disability mortality assumption updated for RP-2014 Mortality Tables

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	23 years for State system
Asset Valuation method	5-year smoothed market
Inflation	2.7% general, 3.2% wage
Salary Increases	3.20% to 9.2% including inflation
Investment Rate of Return	7.55%
Discount Rate	7.55%
Retirement Age	Experience based table of rates that are specific to the type of eligibility condition. Last updated for 2015 valuation pursuant to an experience study of the period 2010-2014 Mortality RP-2014 Mortality tables

Board of Education of Baltimore County

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2016

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 2015 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.



Allyana Underwood

Kindergarten

Harford Hills Elementary School

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITIES FUND
FOR THE YEAR ENDED JUNE 30, 2016
(In Thousands)

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Assets</u>				
Cash and cash equivalents	\$ 4,554	\$ 13,971	\$ 14,049	\$ 4,476
Investments	2,494	62	150	2,406
Due from other funds	34	-	34	-
Inventories	394	364	394	364
Total Assets	\$ 7,476	\$ 14,397	\$ 14,627	\$ 7,246
<u>Liabilities</u>				
Accounts payable	\$ 89	\$ 509	\$ 515	\$ 83
Due to other funds	-	616	592	24
Due to school organizations	7,387	14,675	14,923	7,139
Total Liabilities	\$ 7,476	\$ 15,800	\$ 16,030	\$ 7,246



Kaitlyn Helmcamp

3rd Grade

Sussex Elementary School

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.	102-122
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.	124-126
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.	128-136
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.	138-145

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	*	<u>2013</u>
Governmental activities:					
Net investment in capital assets	\$ 1,555,836	\$ 1,451,076	\$ 1,383,777		\$ 1,344,340
Restricted	15,570	16,843	16,973		15,297
Unrestricted (deficit)	(57,122)	(64,745)	6,731		(13,219)
Total governmental activities net position	<u>1,514,284</u>	<u>1,403,174</u>	<u>1,407,481</u>		<u>1,346,418</u>
Business-type activities:					
Net investment in capital assets	11,890	13,045	13,750		13,977
Restricted	-	-	-		-
Unrestricted	18,027	14,995	13,929		11,499
Total business-type activities net position	<u>29,917</u>	<u>28,040</u>	<u>27,679</u>		<u>25,476</u>
Primary government:					
Net investment in capital assets	1,567,726	1,464,121	1,397,527		1,358,337
Restricted	15,570	16,843	16,973		15,297
Unrestricted (deficit)	(39,095)	(49,750)	20,660		(1,720)
Total net position	<u>\$ 1,544,201</u>	<u>\$ 1,431,214</u>	<u>\$ 1,435,160</u>		<u>\$ 1,371,914</u>

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 1,300,909	\$ 1,206,622	\$ 1,153,352	\$ 1,086,114	\$ 1,029,892	\$ 896,795
14,662	19,021	25,345	29,495	297	3,976
(22,997)	14,995	17,509	22,479	18,537	13,147
<u>1,292,574</u>	<u>1,240,638</u>	<u>1,196,206</u>	<u>1,138,088</u>	<u>1,048,726</u>	<u>913,918</u>
14,367	13,290	12,667	9,968	9,761	9,138
-	-	-	-	-	421
9,220	6,851	5,158	2,969	1,846	1,946
<u>23,587</u>	<u>20,141</u>	<u>17,825</u>	<u>12,937</u>	<u>11,607</u>	<u>11,505</u>
1,315,276	1,219,912	1,166,019	1,096,082	1,039,653	905,933
14,662	19,021	25,345	29,495	297	4,397
(13,777)	21,846	22,667	25,448	20,383	15,093
<u>\$ 1,316,161</u>	<u>\$ 1,260,779</u>	<u>\$ 1,214,031</u>	<u>\$ 1,151,025</u>	<u>\$ 1,060,333</u>	<u>\$ 925,423</u>

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

	2016	2015	2014*	2013
Expenses:				
Governmental activities:				
Administration	\$ 60,449	\$ 67,468	\$ 63,073	\$ 55,792
Mid-level administration	133,979	131,654	125,914	123,424
Instruction	852,148	808,275	787,582	753,432
Special education	257,803	249,129	242,142	241,468
Student personnel services	17,120	14,702	19,301	13,692
Health services	22,781	21,796	21,078	20,714
Student transportation	80,006	81,129	67,651	73,953
Operation of plant	109,077	111,785	111,341	106,695
Maintenance of plant	40,637	40,274	37,615	33,857
Community services	417	320	357	289
Capital administration	7,557	6,073	12,181	8,525
Interest on long-term debt	1,114	1,120	243	335
Total governmental activities	<u>1,583,088</u>	<u>1,533,725</u>	<u>1,488,478</u>	<u>1,432,176</u>
Business-type activities	<u>46,795</u>	<u>45,330</u>	<u>42,382</u>	<u>41,404</u>
Total expenses	<u><u>1,629,883</u></u>	<u><u>1,579,055</u></u>	<u><u>1,530,860</u></u>	<u><u>1,473,580</u></u>
Program Revenues:				
Governmental activities:				
Charges for services	403	468	243	383
Operating grants and contributions	154,541	149,547	152,074	143,687
Capital grants and contributions	162,251	121,262	92,056	92,210
Total governmental activities program revenues	<u>317,195</u>	<u>271,277</u>	<u>244,373</u>	<u>236,280</u>
Business-type activities:				
Charges for services	12,878	12,334	12,891	13,320
Operating grants and contributions	35,397	32,802	31,108	29,303
Total business-type activities program revenues	<u>48,275</u>	<u>45,136</u>	<u>43,999</u>	<u>42,623</u>
Total program revenues	<u><u>365,470</u></u>	<u><u>316,413</u></u>	<u><u>288,372</u></u>	<u><u>278,903</u></u>
Net (Expense) Revenue:				
Governmental activities	(1,265,893)	(1,262,448)	(1,244,105)	(1,195,896)
Business-type activities	1,480	(194)	1,617	1,219
Total net (expense)	<u><u>\$ (1,264,413)</u></u>	<u><u>\$ (1,262,642)</u></u>	<u><u>\$ (1,242,488)</u></u>	<u><u>\$ (1,194,677)</u></u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Unrestricted grants and contributions	\$ 1,371,932	\$ 1,341,910	\$ 1,299,336	\$ 1,244,335
Other	5,468	7,313	6,398	6,095
Transfers	(397)	(555)	(566)	(690)
Total governmental activities	<u>1,377,003</u>	<u>1,348,668</u>	<u>1,305,168</u>	<u>1,249,740</u>
Business-type activities:				
Transfers	397	555	566	690
Total business-type activities	<u>397</u>	<u>555</u>	<u>566</u>	<u>690</u>
Total general revenues and other changes in net position	<u><u>\$ 1,377,400</u></u>	<u><u>\$ 1,349,223</u></u>	<u><u>\$ 1,305,734</u></u>	<u><u>\$ 1,250,430</u></u>
Changes in Net Position:				
Governmental activities	\$ 111,110	\$ 86,220	\$ 61,063	\$ 53,844
Business-type activities	1,877	361	2,183	1,909
Total changes in net position	<u><u>\$ 112,987</u></u>	<u><u>\$ 86,581</u></u>	<u><u>\$ 63,246</u></u>	<u><u>\$ 55,753</u></u>

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

	2012	2011	2010	2009	2008	2007
\$	55,234	\$ 56,679	\$ 57,590	\$ 53,564	\$ 47,122	\$ 44,267
	128,958	120,945	117,522	113,623	108,914	96,699
	776,295	762,545	757,390	721,967	714,795	664,039
	251,812	243,891	235,131	220,043	213,072	194,330
	14,097	13,207	12,699	12,006	11,166	10,306
	21,967	20,340	19,864	18,961	18,749	17,227
	73,878	70,300	65,518	64,963	63,263	57,526
	105,742	105,589	105,785	103,825	99,795	90,631
	34,634	35,159	34,221	34,561	32,602	30,632
	17	30	40	146	1,143	955
	3,424	6,123	2,011	7,326	6,965	3,463
	373	390	341	343	280	263
	1,466,431	1,435,198	1,408,112	1,351,328	1,317,866	1,210,338
	39,200	38,477	36,216	36,411	37,030	35,383
	1,505,631	1,473,675	1,444,328	1,387,739	1,354,896	1,245,721
	721	586	528	851	675	918
	141,121	160,606	161,158	138,879	122,079	121,191
	140,192	96,745	108,618	94,468	165,219	156,875
	282,034	257,937	270,304	234,198	287,973	278,984
	13,906	14,821	15,312	16,390	17,123	17,966
	26,406	24,159	21,851	19,591	18,313	17,474
	40,312	38,980	37,163	35,981	35,436	35,440
	322,346	296,917	307,467	270,179	323,409	314,424
	(1,184,397)	(1,177,261)	(1,137,808)	(1,117,130)	(1,029,893)	(931,354)
	1,112	503	947	(430)	(1,594)	57
\$	(1,183,285)	(1,176,758)	(1,136,861)	(1,117,560)	(1,031,487)	(931,297)
\$	1,233,143	\$ 1,216,274	\$ 1,193,006	\$ 1,200,894	\$ 1,158,532	\$ 1,057,779
	5,524	7,232	6,861	7,358	7,866	7,924
	(2,334)	(1,813)	(3,941)	(1,760)	(1,696)	(2,544)
	1,236,333	1,221,693	1,195,926	1,206,492	1,164,702	1,063,159
	2,334	1,813	3,941	1,760	1,696	2,544
	2,334	1,813	3,941	1,760	1,696	2,544
\$	1,238,667	\$ 1,223,506	\$ 1,199,867	\$ 1,208,252	\$ 1,166,398	\$ 1,065,703
\$	51,936	\$ 44,432	\$ 58,118	\$ 89,362	\$ 134,809	\$ 131,805
	3,446	2,316	4,888	1,330	102	2,601
\$	55,382	\$ 46,748	\$ 63,006	\$ 90,692	\$ 134,911	\$ 134,406

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
General Fund:				
Non-spendable	\$ 495	\$ 498	\$ 221	\$ 639
Restricted	-	-	-	-
Assigned	66,549	39,588	34,539	35,628
Unassigned	24,534	24,876	13,550	4,451
Total general fund	<u>\$ 91,578</u>	<u>\$ 64,962</u>	<u>\$ 48,310</u>	<u>\$ 40,718</u>
All other governmental funds:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	15,570	16,843	16,973	15,297
Assigned	-	-	-	-
Unassigned (deficit)	(1,976)	(1,492)	(587)	-
Total all other governmental funds	<u>\$ 13,594</u>	<u>\$ 15,351</u>	<u>\$ 16,386</u>	<u>\$ 15,297</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.

2012	2011	2010	2009	2008	2007
\$ 731	\$ 1,824	\$ 2,080	\$ 2,131	\$ 1,849	\$ 890
-	-	-	-	-	-
29,481	20,888	31,967	25,570	17,405	17,235
12,722	11,992	-	12,208	12,947	7,218
<u>\$ 42,934</u>	<u>\$ 34,704</u>	<u>\$ 34,047</u>	<u>\$ 39,909</u>	<u>\$ 32,201</u>	<u>\$ 25,343</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,393	15,095	11,738	7,098	3,952	7,390
-	-	-	-	-	-
(137)	(1,757)	(267)	-	-	-
<u>\$ 15,256</u>	<u>\$ 13,338</u>	<u>\$ 11,471</u>	<u>\$ 7,098</u>	<u>\$ 3,952</u>	<u>\$ 7,390</u>

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenues:				
Intergovernmental	\$ 1,687,092	\$ 1,610,994	\$ 1,542,010	\$ 1,479,501
Other	7,690	9,506	7,649	7,209
Total revenues	<u>1,694,782</u>	<u>1,620,500</u>	<u>1,549,659</u>	<u>1,486,710</u>
Expenditures:				
Current -				
Administration	45,478	53,339	48,592	43,972
Mid-level administration	93,464	91,502	87,368	87,294
Instruction -				
Instructional salaries	497,405	483,607	469,150	461,528
Textbooks and supplies	28,397	28,444	33,928	26,628
Other instructional costs	38,103	17,981	16,873	14,931
Special education	191,377	185,697	180,429	181,271
Student personnel services	12,179	10,172	9,747	9,517
Health services	15,798	15,034	14,525	14,564
Student transportation	59,055	70,148	63,898	57,751
Operation of plant	87,236	90,286	90,636	86,955
Maintenance of plant	34,301	32,636	35,372	29,315
Fixed charges	392,424	403,077	397,970	377,854
Community services	321	252	293	251
Capital administration	166,205	125,293	96,251	94,970
Debt service -				
Principal	9,587	10,062	7,226	6,799
Interest	1,114	1,120	243	336
Total expenditures	<u>1,672,444</u>	<u>1,618,650</u>	<u>1,552,501</u>	<u>1,493,936</u>
Excess (deficit) of revenues over expenditures	22,338	1,850	(2,842)	(7,226)
Other financing sources:				
Capital lease proceeds	2,521	13,767	11,523	5,051
Insurance proceeds	-	-	-	-
Total other financing sources	<u>2,521</u>	<u>13,767</u>	<u>11,523</u>	<u>5,051</u>
Net change in fund balances	<u>\$ 24,859</u>	<u>\$ 15,617</u>	<u>\$ 8,681</u>	<u>\$ (2,175)</u>
Debt service as a percentage of noncapital expenditures*	0.7%	0.7%	0.5%	0.5%

* 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.

2012	2011	2010	2009	2008	2007
\$ 1,513,925	\$ 1,472,914	\$ 1,462,672	\$ 1,434,114	\$ 1,445,627	\$ 1,335,262
7,475	8,540	7,232	8,628	8,782	9,426
<u>1,521,400</u>	<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>
41,606	41,340	41,504	42,465	36,625	35,260
86,673	85,418	82,537	80,653	76,865	70,409
453,937	464,251	454,942	441,066	441,281	427,342
25,232	33,344	41,915	27,768	23,578	25,135
12,272	15,091	16,329	22,745	24,453	17,556
180,342	181,716	176,072	165,491	159,865	148,936
9,316	9,100	8,783	8,384	7,771	7,430
14,531	14,145	13,825	13,265	13,261	12,481
54,708	58,683	53,276	53,936	53,835	47,609
83,080	86,795	87,953	86,897	83,027	76,914
27,411	28,964	30,055	29,530	28,336	26,150
376,484	360,314	354,570	364,006	335,101	286,638
17	30	39	141	953	782
141,649	101,882	111,781	97,672	169,997	160,567
7,225	6,480	6,122	4,823	4,642	4,809
373	390	341	343	280	263
<u>1,514,856</u>	<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>
6,544	(6,489)	(10,140)	3,557	(5,461)	(3,593)
3,604	8,762	8,177	7,297	8,881	5,652
-	251	474	-	-	-
<u>3,604</u>	<u>9,013</u>	<u>8,651</u>	<u>7,297</u>	<u>8,881</u>	<u>5,652</u>
<u>\$ 10,148</u>	<u>\$ 2,524</u>	<u>\$ (1,489)</u>	<u>\$ 10,854</u>	<u>\$ 3,420</u>	<u>\$ 2,059</u>
0.6%	0.5%	0.5%	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
2016	\$ 60,449	\$ 133,979	\$ 852,148	\$ 257,803	\$ 17,120	\$ 22,781	\$ 80,006
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

Operation of Plant	Maintenance of Plant	Community Services	Capital Administration	Interest on Long-term Debt	Food Services	Total
\$ 109,077	\$ 40,637	\$ 417	\$ 7,557	\$ 1,114	\$ 46,795	\$ 1,629,883
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

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

Fiscal Year	Program Revenues			General Revenues					Total
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Baltimore County	State of Maryland	United States Government	Other		
2016	\$ 13,281	\$ 189,938	\$ 162,251	\$ 748,849	\$ 622,288	\$ 795	\$ 5,468	\$ 1,742,870	
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	

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

Fiscal Year	Baltimore County	State of Maryland	United States Government	Other	Total
2016	\$ 870,520	\$ 747,958	\$ 68,614	\$ 7,690	\$ 1,694,782
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

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			
2016	\$ 45,478	\$ 93,464	\$ 497,405	\$ 28,397	\$ 38,103	\$ 191,377	\$ 12,179	\$ 15,798
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

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
\$	59,055	\$ 87,236	\$ 34,301	\$ 392,424	\$ 321	\$ 166,205	\$ 10,701	1,672,444
	70,148	90,286	32,636	403,077	252	125,293	11,182	1,655,074
	63,898	90,636	35,372	397,970	293	96,251	7,469	1,577,665
	57,751	86,955	29,315	377,854	251	94,970	7,135	1,514,843
	54,708	83,080	27,411	376,484	17	141,649	7,598	1,530,652
	58,683	86,795	28,964	360,314	30	101,882	6,870	1,467,447
	53,276	87,953	30,055	354,570	39	111,781	6,463	1,488,542
	53,936	86,897	29,530	364,006	141	97,672	5,166	1,473,255
	53,835	83,027	28,336	335,101	953	169,997	4,922	1,478,008
	47,609	76,914	26,150	286,638	782	160,567	5,072	1,387,431

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	
2016	\$ 42,469	\$ 94,822	\$ 524,601	\$ 25,502	\$ 171,041	\$ 9,744	\$ 15,667	\$ 66,232	
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	

				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>	
\$ 91,579	\$ 40,536	\$ 310,952	\$ 3,793	\$ 1,396,938	\$ 40,807	\$ 82,686	\$ 1,520,431	
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	

Board of Education of Baltimore County

General Fund Revenue and Expenditures - Budgetary Basis

Last Ten Fiscal Years

(In Thousands)

	2016		2015		2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues by Source:										
Baltimore County	\$ 748,849	53.7	\$ 738,075	54.5	\$ 712,086	54.3	\$ 689,743	54.4	\$ 668,495	54.6
State of Maryland	618,578	44.4	594,327	43.9	576,122	43.9	553,541	43.6	535,580	43.7
United States Government	795	0.1	727	0.1	881	0.1	665	0.1	5,109	0.4
Other	25,210	1.8	20,868	1.5	22,625	1.7	24,218	1.9	16,190	1.3
Total revenue	<u>1,393,432</u>	<u>100.0</u>	<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>
Expenditures - Current										
Administration	41,162	3.1	49,181	3.7	43,509	3.4	36,604	2.9	35,566	2.9
Mid-Level Administration	93,307	6.9	91,657	6.9	87,221	6.7	87,227	6.9	86,312	7.1
Instructional costs:										
Salaries	479,200	35.3	467,484	35.1	452,028	34.9	445,809	35.4	440,114	36.4
Textbooks and supplies	23,975	1.8	23,980	1.8	29,136	2.3	20,329	1.6	21,711	1.8
Other costs	36,265	2.7	15,778	1.2	12,980	1.0	10,935	0.9	8,614	0.7
Special education	168,440	12.4	161,262	12.1	156,997	12.1	158,232	12.6	155,223	12.8
Student personnel services	8,867	0.7	8,997	0.7	8,783	0.7	8,749	0.7	8,635	0.7
Health services	15,021	1.1	14,669	1.1	14,140	1.1	14,003	1.1	14,154	1.2
Student transportation	65,697	4.8	64,980	4.9	59,687	4.6	59,288	4.7	57,443	4.7
Operation of plant	87,396	6.4	92,777	7.0	93,978	7.3	87,728	7.0	83,571	6.9
Maintenance of plant	38,950	2.9	33,284	2.5	32,787	2.5	34,304	2.7	29,244	2.4
Fixed charges	294,171	21.7	303,540	22.8	299,988	23.2	291,894	23.2	267,413	22.1
Capital administration	3,240	0.2	3,381	0.2	2,903	0.2	3,641	0.3	3,065	0.3
Total expenditures	<u>1,355,691</u>	<u>100.0</u>	<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>
Excess of revenue over expenditures	<u>\$ 37,741</u>		<u>\$ 23,027</u>		<u>\$ 17,577</u>		<u>\$ 9,424</u>		<u>\$ 14,309</u>	

2011		2010		2009		2008		2007	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 663,144	54.7	\$ 670,539	56.0	\$ 646,094	55.0	\$ 617,723	52.6	\$ 607,042	56.9
493,543	40.7	499,219	41.7	515,108	43.9	503,338	42.9	437,103	41.0
31,087	2.6	9,208	0.8	1,408	0.1	1,795	0.1	5,520	0.5
23,959	2.0	18,122	1.5	11,500	1.0	11,087	0.9	16,985	1.6
<u>1,211,733</u>	<u>100.0</u>	<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>
34,728	2.9	35,608	3.0	36,632	3.1	33,452	3.0	29,666	2.8
84,801	7.1	82,219	6.9	79,921	6.9	75,976	6.7	69,490	6.5
444,791	37.2	436,345	36.6	424,083	36.4	425,971	37.8	407,249	38.3
24,916	2.1	35,645	3.0	23,540	2.0	20,829	1.8	23,809	2.2
9,492	0.8	9,341	0.8	19,411	1.7	18,795	1.7	12,510	1.2
150,142	12.5	146,569	12.3	146,318	12.6	138,692	12.3	127,157	12.0
8,428	0.7	8,087	0.7	7,778	0.7	6,473	0.6	6,140	0.6
13,814	1.2	13,428	1.1	12,750	1.1	11,988	1.1	11,274	1.1
55,930	4.7	51,999	4.4	51,295	4.4	48,523	4.3	45,681	4.3
86,679	7.2	87,555	7.3	87,304	7.5	83,023	7.4	78,798	7.4
29,054	2.4	29,201	2.4	28,343	2.4	27,643	2.5	27,222	2.6
250,638	20.9	252,688	21.2	244,344	20.9	232,734	20.5	218,386	20.5
3,555	0.3	3,212	0.3	3,104	0.3	3,039	0.3	5,841	0.5
<u>1,196,968</u>	<u>100.0</u>	<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>\$ 14,765</u>		<u>\$ 5,191</u>		<u>\$ 9,287</u>		<u>\$ 6,805</u>		<u>\$ 3,427</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)
2016	42,650	**	**
2015	49,716	0.11%	\$ 59.75
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

** 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



Jalen Alexander

5th Grade

Warren Elementary School

Board of Education of Baltimore County
Cost Per Pupil - Budgetary Basis
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total Number of Pupils Enrolled	<u>111,126</u>	<u>109,984</u>	<u>108,376</u>	<u>107,033</u>
Current Expense				
General Fund:				
Administration	\$ 370	\$ 447	\$ 401	\$ 342
Mid-Level Administration	840	833	805	815
Instructional:				
Salaries	4,312	4,251	4,172	4,165
Textbooks and supplies	216	218	269	190
Other costs	326	143	120	102
Special education	1,516	1,466	1,449	1,478
Student personnel services	80	82	81	82
Health services	135	133	130	131
Student transportation	591	591	551	544
Operation of plant	787	844	867	820
Maintenance of plant	351	303	303	321
Fixed Charges ⁽¹⁾	2,647	2,760	2,768	2,727
Capital administration	29	31	27	34
Total General Fund	<u>12,200</u>	<u>12,102</u>	<u>11,942</u>	<u>11,750</u>
Special Revenue Fund	<u>682</u>	<u>635</u>	<u>665</u>	<u>687</u>
Debt Service Fund:				
Principal	232	225	210	202
Interest	135	129	118	108
Total Debt Service Fund	<u>367</u>	<u>354</u>	<u>328</u>	<u>311</u>
Total Cost Per Pupil	<u>\$ 13,249</u>	<u>\$ 13,091</u>	<u>\$ 12,935</u>	<u>\$ 12,748</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, 2016, contributions by the State of Maryland to the Teachers' Retirement and Pension System of \$84.1 million on behalf of Baltimore County Public Schools are not included in this calculation.

2012	2011	2010	2009	2008	2007
<u>105,315</u>	<u>104,331</u>	<u>103,832</u>	<u>103,643</u>	<u>104,714</u>	<u>106,182</u>
\$ 338	\$ 333	\$ 343	\$ 353	\$ 319	\$ 279
820	813	792	772	726	654
4,179	4,263	4,202	4,092	4,068	3,835
206	239	343	227	199	224
82	91	90	187	179	118
1,474	1,439	1,412	1,412	1,324	1,198
82	81	78	75	62	58
134	132	129	123	114	106
545	536	501	495	463	430
794	831	843	842	793	742
278	278	281	273	264	256
2,539	2,402	2,434	2,358	2,223	2,057
29	34	31	30	30	55
<u>11,499</u>	<u>11,472</u>	<u>11,479</u>	<u>11,239</u>	<u>10,764</u>	<u>10,012</u>
<u>644</u>	<u>845</u>	<u>871</u>	<u>609</u>	<u>678</u>	<u>731</u>
188	176	151	141	138	113
137	126	108	114	112	120
<u>325</u>	<u>302</u>	<u>259</u>	<u>255</u>	<u>250</u>	<u>233</u>
<u>\$ 12,468</u>	<u>\$ 12,619</u>	<u>\$ 12,610</u>	<u>\$ 12,103</u>	<u>\$ 11,692</u>	<u>\$ 10,976</u>

Board of Education of Baltimore County
Enrollment by Schools

Elementary	2016	2015		2016	2015
Arbutus	448	427	Johnnycake	693	724
Baltimore Highlands	713	708	Joppa View	756	731
Battle Grove	336	334	Kingsville	355	352
Bear Creek	488	464	Lansdowne	494	491
Bedford	315	296	Logan	585	587
Berkshire	505	486	Lutherville	420	483
Campfield Ctr. *	393	391	Lyons Mill ***	625	-
Carney	588	573	Mars Estates	418	427
Carroll Manor	332	338	Martin Boulevard	330	302
Catonsville	468	470	Mays Chapel	672	590
Cedarmere	526	520	McCormick	456	429
Chadwick	565	551	Middleborough	365	394
Chapel Hill	796	786	Middlesex	571	537
Charlesmont	446	439	Milbrook	408	414
Chase	383	399	New Town	837	944
Chatsworth	373	381	Norwood	513	527
Chesapeake Terrace	312	301	Oakleigh	646	579
Church Lane	462	499	Oliver Beach	214	229
Colgate	400	362	Orems	355	370
Cromwell Magnet	347	389	Owings Mills	752	915
Deep Creek	413	421	Padonia	489	467
Deer Park	467	492	Perry Hall	723	714
Dogwood	659	629	Pine Grove	528	524
Dundalk	738	734	Pinewood	515	485
Edgemere	485	487	Pleasant Plains	616	619
Edmondson Heights	599	566	Pot Spring	460	412
Elmwood	559	561	Powhatan	307	321
Essex	529	524	Prettyboy	427	425
Featherbed Lane	616	618	Randallstown	385	373
Fifth District	278	272	Red House Run	510	499
Fort Garrison	352	369	Reisterstown	621	547
Franklin	491	480	Relay	529	552
Fullerton	631	608	Riderwood	454	468
Glenmar	454	435	Riverview	581	575
Glyndon	519	473	Rodgers Forge	431	436
Grange	479	435	Sandalwood	593	608
Gunpowder	562	524	Sandy Plains	585	553
Halethorpe	575	524	Scholars K-8 **	192	320
Halstead Academy	534	526	Scotts Branch	565	610
Hampton	600	556	Seneca	484	483
Harford Hills	419	425	Seven Oaks	437	411
Hawthorne	612	605	Seventh District	418	408
Hebbville	448	425	Shady Spring	663	669
Hernwood	456	460	Sparks	518	526
Hillcrest	753	808	Stoneleigh	730	755
Holabird MS	234	222	Summit Park	466	494
Jacksonville	541	575	Sussex	471	478

* Centers

**Formerly Imagine Discovery Charter School

***Opened in FY 2016

	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>
Timber Grove	636	625	Stemmers Run	704	706
Timonium	432	470	Sudbrook Magnet	999	1,005
Victory Villa	458	440	Windsor Mill	519	470
Villa Cresta	693	675	Woodlawn	622	616
Vincent Farm	846	818	Other Programs	4	7
Warren	431	410	Total Middle	<u>23,891</u>	<u>23,417</u>
Wellwood	493	475			
West Towson	501	503	High		
Westchester	572	593	Carver Center	875	853
Westowne	599	601	Catonsville	1,736	1,759
Winand	576	606	Catonsville Ctr. for Alter. Study*	64	44
Winfield	511	484	Chesapeake	1,004	991
Woodbridge	432	447	Crossroads Center*	88	85
Woodholme	772	933	Dulaney	1,851	1,804
Woodmoor	619	573	Dundalk	1,432	1,440
Other Programs	-	2	Eastern School of Technology	1,175	1,106
Total Elementary	<u>55,933</u>	<u>55,280</u>	Franklin	1,572	1,563
			Hereford	1,182	1,188
Middle			Kenwood	1,639	1,632
Arbutus	830	820	Lansdowne	1,307	1,234
Catonsville	856	796	Loch Raven	875	885
Cockeysville	817	800	Milford Mill	1,491	1,533
Crossroads Center*	90	99	New Town	986	998
Deep Creek	836	742	Overlea	959	964
Deer Park	1,266	1,266	Owings Mills	935	932
Dumbarton	1,096	1,041	Parkville	1,567	1,601
Dundalk	633	549	Patapsco	1,463	1,443
Franklin	1,301	1,306	Perry Hall	2,067	2,107
General John Stricker	732	759	Pikesville	840	843
Golden Ring	674	636	Randallstown	985	1,022
Hereford	983	958	Rosedale Alternative*	62	116
Holabird	666	626	Sparrows Point	891	861
Scholars K-8 **	72	94	Towson	1,482	1,444
Lansdowne	711	707	Western School of Technology	923	926
Loch Raven Tech. Acad.	756	773	Woodlawn	1,334	1,412
Meadowwood Educ. Ctr.*	40	46	Other Programs	111	125
Middle River	855	888	Total High	<u>30,896</u>	<u>30,911</u>
Old Court	662	667			
Parkville	1,068	1,048	Special Education		
Perry Hall	1,737	1,648	Battle Monument	72	69
Pikesville	952	931	Maiden Choice School	115	104
Pine Grove	879	902	The Ridge Ruxton School	124	117
Rosedale Alternative*	20	32	White Oak School	95	86
Ridgely	1,171	1,154	Total Special Education	<u>406</u>	<u>376</u>
Southwest Academy	790	801			
Sparrows Point	550	524	Total Enrollment	<u>111,126</u>	<u>109,984</u>

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Elementary:										
Preschool	3,762	3,702	3,627	3,610	3,605	3,570	3,883	3,777	3,649	3,771
Kindergarten	8,392	8,633	8,586	8,552	8,165	7,773	7,534	7,320	7,156	6,731
Grade 1	8,890	8,756	8,843	8,458	8,202	7,864	7,675	7,523	7,183	7,335
2	8,878	8,885	8,540	8,340	7,978	7,824	7,656	7,304	7,351	7,289
3	8,844	8,575	8,432	8,039	7,931	7,723	7,352	7,414	7,356	7,349
4	8,614	8,538	8,139	8,049	7,843	7,484	7,515	7,462	7,375	7,473
5	8,553	8,191	8,140	7,883	7,534	7,604	7,568	7,421	7,504	7,679
Total Elementary	55,933	55,280	54,307	52,931	51,258	49,842	49,183	48,221	47,574	47,627
Middle:										
Grade 6	8,043	8,016	7,710	7,496	7,564	7,522	7,366	7,345	7,486	7,854
7	8,093	7,796	7,623	7,612	7,607	7,585	7,407	7,538	7,886	7,949
8	7,755	7,605	7,602	7,626	7,580	7,437	7,565	7,783	7,905	8,127
Total Middle	23,891	23,417	22,935	22,734	22,751	22,544	22,338	22,666	23,277	23,930
High:										
Grade 9	8,079	8,171	8,127	8,266	8,179	8,281	8,525	8,624	8,920	9,383
10	7,956	8,008	8,026	7,816	7,867	8,166	8,098	8,232	8,515	8,704
11	7,238	7,401	7,247	7,376	7,479	7,543	7,575	7,809	7,916	8,242
12	7,623	7,331	7,330	7,524	7,407	7,604	7,729	7,659	8,113	7,867
Total High	30,896	30,911	30,730	30,982	30,932	31,594	31,927	32,324	33,464	34,196
Special Education Schools	406	376	404	386	374	351	384	432	399	429
Total Enrollment	111,126	109,984	108,376	107,033	105,315	104,331	103,832	103,643	104,714	106,182
Number of teachers	7,697	7,567	7,405	7,294	7,188	7,342	7,347	7,291	7,405	7,424
Ratio of students to teachers	14.4	14.5	14.6	14.7	14.7	14.2	14.1	14.2	14.1	14.3

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

	2016	2015	2014
Number of Schools			
Elementary	107	106	105
Middle	27	27	27
High	24	24	24
Special Education	4	4	4
Alternative Centers and Programs	13	12	13
Total	<u>175</u>	<u>173</u>	<u>173</u>
 Student Transportation Data			
Estimated number of eligible riders daily	71,916	71,431	70,030
Number of bus routes:			
County	691	730	772
Private contractor	118	112	84
Total bus routes	<u>809</u>	<u>842</u>	<u>856</u>
 High School Graduates	<u>7,320</u>	<u>7,082</u>	<u>7,255</u>
 Total Enrollment	<u>111,126</u>	<u>109,984</u>	<u>108,376</u>

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

2013	2012	2011	2010	2009	2008	2007
106	106	106	105	105	103	103
27	27	27	27	27	27	27
24	24	24	24	24	24	24
4	4	4	4	4	4	4
13	13	12	12	12	12	11
<u>174</u>	<u>174</u>	<u>173</u>	<u>172</u>	<u>172</u>	<u>170</u>	<u>169</u>
70,224	70,142	72,818	70,584	62,385	65,194	62,904
774	752	746	746	773	767	749
82	81	81	81	81	81	81
<u>856</u>	<u>833</u>	<u>827</u>	<u>827</u>	<u>854</u>	<u>848</u>	<u>830</u>
<u>7,347</u>	<u>7,147</u>	<u>7,166</u>	<u>7,352</u>	<u>7,305</u>	<u>7,526</u>	<u>7,364</u>
<u>107,033</u>	<u>105,315</u>	<u>104,331</u>	<u>103,832</u>	<u>103,643</u>	<u>104,714</u>	<u>106,182</u>

Board of Education of Baltimore County
Office of Food and Nutrition Services Data
Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014*</u>
<u>BREAKFAST</u>			
Number of days breakfast served	183	183	-
Number of free breakfasts served to pupils annually:			
Regular reimbursement	43,890	40,384	-
Severe need reimbursement	3,819,934	3,496,394	
Average number of free breakfasts served to pupils daily:			
Regular reimbursement	240	221	-
Severe need reimbursement	20,874	19,106	
Number of paid breakfasts served to pupils annually:			
Regular reimbursement:			
At reduced price	7,415	3,692	-
At paid price	36,303	24,540	
Severe:			
At reduced price	486,090	441,907	-
At paid price	1,243,725	1,011,280	
Average number of paid breakfasts served to pupils daily:			
Regular reimbursement:			
At reduced price	41	21	-
At paid price	198	138	
Severe:			
At reduced price	2,656	2,483	-
At paid price	6,796	5,681	
Total number of reimbursable breakfasts served to pupils daily	5,637,357	5,018,197	
Average number of reimbursable breakfasts served to pupils daily	30,805	27,422	
Charge per breakfast to students:			
Elementary:			
Paid	\$ 1.40	\$ 1.40	-
Reduced	\$ 0.30	\$ 0.30	
Secondary:			
Paid	\$ 1.55	\$ 1.55	-
Reduced	\$ 0.30	\$ 0.30	
<u>LUNCH</u>			
Number of days lunch served	183	183	178
Number of free lunches served to pupils annually	5,799,784	5,757,754	5,526,728
Average number of free lunches served to pupils daily	31,693	31,463	31,049
Number of paid lunches served to pupils annually:			
At reduced price	836,311	835,382	848,243
At regular price	2,288,025	2,119,176	2,086,479
Average number of paid lunches served to pupils daily:			
At reduced price	4,570	4,565	4,765
At regular price	12,503	11,580	11,722
Total number of lunches served to pupils annually	8,924,120	8,712,312	8,461,450
Average number of lunches served to pupils daily	48,766	47,608	47,536
Charge per lunch to students:			
Elementary	\$ 2.90	\$ 2.90	\$ 2.90
Secondary	\$ 3.00	\$ 3.00	\$ 3.00

*Breakfast data only available for last two fiscal years.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Full-time Equivalent Positions by Fund:				
General Fund	13,571	13,445	13,338	13,204
Special Revenue Fund	622	594	575	555
Food Service Enterprise Fund	591	586	561	584
Total Full-time Equivalent Positions By Fund	14,784	14,625	14,474	14,343

Total Full-time Equivalent Positions By Function:

Administration	315	319	319	316
Mid-level Administration	1,091	1,081	1,067	1,067
Instructional	7,179	7,088	7,031	6,899
Special Education	1,994	1,983	1,984	1,998
Student Personnel Services	107	108	113	113
Health Services	214	214	216	216
Student Transportation	1,191	1,180	1,148	1,141
Operation of Plant	1,190	1,184	1,172	1,165
Maintenance of Plant	249	249	249	250
Capital Administration	41	39	39	39
	<u>13,571</u>	<u>13,445</u>	<u>13,338</u>	<u>13,204</u>
Special Revenue Fund (primarily instructional)	622	594	575	555
Food Service Enterprise Fund	591	586	561	584
Total Full-time Equivalent Positions by Function	14,784	14,625	14,474	14,343

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

2012	2011	2010	2009	2008	2007
13,104	13,055	13,045	13,104	13,048	12,947
655	969	904	737	886	922
569	584	589	627	626	619
14,328	14,608	14,538	14,468	14,560	14,488
320	322	317	314	309	305
1,079	1,079	1,078	1,073	1,062	1,049
6,804	6,969	6,975	6,882	6,942	6,929
1,986	1,770	1,771	1,935	1,887	1,880
114	113	112	112	95	79
216	217	216	213	187	186
1,128	1,128	1,124	1,124	1,124	1,098
1,167	1,167	1,164	1,162	1,155	1,145
251	251	249	250	248	241
39	39	39	39	39	35
13,104	13,055	13,045	13,104	13,048	12,947
655	969	904	737	886	922
569	584	589	627	626	619
14,328	14,608	14,538	14,468	14,560	14,488

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

	2016	2015	2014	2013
Schools:				
Elementary				
Buildings	107	106	105	106
Square Feet	6,711,151	6,560,121	6,467,506	6,506,021
Capacity	51,098	49,975	49,264	48,933
Enrollment	55,933	55,280	54,307	52,931
Middle				
Buildings	27	27	27	27
Square Feet	3,719,824	3,855,512	3,854,297	3,854,297
Capacity	27,379	28,203	28,203	28,264
Enrollment	23,871	23,385	22,903	22,695
High				
Buildings	24	24	24	24
Square Feet	5,599,482	5,351,847	5,171,264	5,126,992
Capacity	34,973	34,005	34,005	34,093
Enrollment	30,770	30,751	30,576	30,811
Special Education				
Buildings	4	4	4	4
Square Feet	243,870	243,870	243,870	243,870
Capacity	760	760	760	760
Enrollment	406	376	404	386
Alternative				
Buildings	2	2	3	3
Square Feet	101,040	101,040	196,040	218,785
Capacity	350	350	745	1,030
Enrollment	146	192	186	210
Total Schools				
Buildings	164	163	163	164
Square Feet	16,375,367	16,112,390	15,932,977	15,949,965
Capacity	114,560	113,293	112,977	113,080
Enrollment	111,126	109,984	108,376	107,033
Note: The above data does not include administrative and support buildings; and leased office facilities.				
Transportation:				
School Buses	895	886	883	883
Trucks	392	363	363	363

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

2012	2011	2010	2009	2008	2007
106	106	105	105	104	104
6,450,369	6,446,342	6,377,242	6,325,689	6,255,467	6,246,317
48,933	49,062	48,576	48,117	48,527	48,663
51,258	49,842	49,183	48,064	47,574	47,624
27	27	27	27	27	26
3,854,297	3,854,297	3,854,297	3,838,642	3,838,642	3,721,952
28,496	28,585	28,585	28,833	29,035	28,315
22,716	22,501	22,295	22,578	23,122	23,813
24	24	24	24	24	24
5,126,992	5,126,992	5,121,487	5,121,487	5,121,487	5,078,408
33,766	33,885	33,885	33,917	33,556	33,624
30,753	31,385	31,714	32,045	33,319	33,882
4	4	4	4	4	4
243,870	243,870	243,870	243,870	243,870	243,870
750	880	880	880	1,050	1,050
374	351	384	432	399	429
3	3	3	3	3	3
218,785	218,785	218,785	218,785	218,785	218,785
1,030	1,030	1,030	1,030	1,075	1,085
214	252	256	524	300	434
164	164	163	163	162	161
15,894,313	15,890,286	15,815,681	15,515,278	15,678,251	15,509,332
112,975	113,442	112,076	112,777	113,243	112,737
105,315	104,331	103,832	103,643	104,714	106,182
882	880	879	889	876	887
363	363	359	351	343	341

Student Academic Performance

Schools

The Baltimore County Public Schools are committed to the vision, mission, belief statements, and key strategies of Blueprint 2.0 by achieving success through the measurement of the following Blueprint 2.0 Goal 1, academics measures that were updated and adopted by the Board of Education in July, 2015. These updated indicators and metrics were chosen to align with state standards and assessments and endure potential future changes:

- Kindergarten Readiness
- Grade 3 Reading
- Grade 8 Algebra
- SAT
- Graduation Rate
- Dropout Rate

Performance Goal 1: Academics - Every student will experience high academic achievement and continuous growth by participating in a rigorous instructional program designed to raise the academic bar and close achievement gaps so that every student will become a globally competitive citizen in a culturally diverse world.

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual
Percentage of students demonstrating readiness for kindergarten				50.0% ¹
Percentage of grade 3 students demonstrating on-grade level reading ²		49.9%	57.2%	52.6%
Percentage of students completing algebra with a grade of B or higher by end of grade 8	37.9%	37.6%	38.9%	40.8%
Average SAT composite score for grade 11 SAT Day test-takers ³		1335	1328	1322
Percentage of grade 11 students participating in SAT Day		84.8%	86.2%	87.5%
Percentage of students graduating in four years of enrolling in high school	83.8%	86.3%	87.6%	87.8%
Percentage of students who drop out within four years of enrolling in high school	11.0%	9.7%	8.8%	8.8%

¹ The State of Maryland changed from the Maryland Model for School Readiness assessment to the Ready 4 Kindergarten (R4K) Kindergarten Readiness Assessment beginning in the 2014-2015 school year.

² Measure reflects the fall administration of the Measure of Academic Progress (MAP) assessment for grade 3 students. This assessment was piloted in the 2012-2013 year.

³ Starting in the 2012-2013 school year, BCPS began offering the SAT for free countywide each spring to all grade 11 students to promote and support college readiness.



Gabriel Parrales

2nd Grade

Glyndon Elementary School

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
(dollars expressed 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)
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
2015	832,050	78,313,024	3,014,884	586	3,014,298	3.85	3,622.74

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
(dollars expressed in thousands)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Consolidated Public Improvement (CPI) General Obligation Debt										
Assessed value										
Real property	\$ 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	\$ 75,289,712
Personal property	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	3,023,312
Total assessed value	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	78,313,024
Debt limit (4% of total assessed value) (2)	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	3,132,521
Debt applicable to limit:										
Consolidated public improvement bonds	473,140	550,070	651,290	574,235	702,565	918,085	1,036,500	1,161,100	1,235,730	1,274,405
Pension liability funding	76,195	67,755	59,110	46,140	38,885	31,805	24,735	274,010	267,085	249,082
CPI commercial paper notes	161,000	140,000	140,000	175,000	174,900	174,900	240,000	240,000	216,000	211,900
Total debt applicable to debt limit	710,335	757,825	850,400	795,375	916,350	1,124,790	1,301,235	1,675,110	1,718,815	1,735,387
Legal debt margin	\$ 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	\$ 1,397,134
Metropolitan District General Obligation Debt										
Assessed value (1)										
Real property	\$ 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	\$ 64,936,021
Personal property	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	2,607,552
Total assessed value	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	67,543,573
Debt limit (3.2% of total assessed value) (3)	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	2,161,394
Debt applicable to limit:										
Metropolitan District (MD) bonds	394,304	475,035	662,041	585,648	658,837	750,917	822,490	850,645	875,708	928,611
MD commercial paper notes	39,000	60,000	60,000	106,600	106,500	106,500	160,000	160,000	183,800	187,500
Total debt applicable to debt limit	433,304	535,035	722,041	692,248	765,337	857,417	982,490	1,010,645	1,059,508	1,116,111
Legal debt margin	\$ 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	\$ 1,045,283

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 \$0.586 million restricted to repaying the principal of outstanding debt as of June 30, 2015.

**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)
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	108,376	6.5
2015	832,050	47,605,203	57,363	39.2	15.3	109,984	5.9

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	2015		Employer	2006	
	Employees	Percentage of Total County Employment		Employees	Percentage of Total County Employment
Baltimore County Public Schools	14,625	4.04	Baltimore County Public Schools	14,119	3.38
Social Security Administration/CMS	14,235	3.93	Social Security Administration/CMS	9,800	2.34
Baltimore County Government	7,983	2.21	Baltimore County Government	8,173	1.95
T. Rowe Price Associates, Inc.	4,200	1.16	Greater Baltimore Medical Center	3,331	0.80
Greater Baltimore Medical Center	3,900	1.08	Center for Medicare & Medicaid Services - CMS	2,968	0.71
Towson University	3,476	0.96	Franklin Square Hospital	2,800	0.67
Franklin Square Hospital	2,829	0.78	Mittal Steel	2,530	0.60
McCormick & Company, Inc.	2,132	0.59	CareFirst BlueCross & BlueShield	2,498	0.60
UMBC	2,017	0.56	St. Joseph Medical Center	2,300	0.55
Sheppard Pratt Health Systems	1,913	0.53	McCormick & Company, Inc.	2,098	0.50
Total	57,310	15.84	Total	50,617	12.10

Source: Baltimore County Department of Economic Development

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

Taxpayer	2015		Taxpayer	2006	
	Taxable Assessed Value	Percentage of Total Taxable Assessed		Taxable Assessed Value	Percentage of Total Taxable Assessed
BGE	973,284,987	1.24%	BGE	900,289,812	1.60%
Verizon	256,214,600	0.33%	Verizon	368,753,690	0.66%
Wal Mart	187,079,300	0.24%	Merritt Mgt Corp	273,438,024	0.49%
Comcast	84,035,480	0.11%	TRP Suburban	107,969,287	0.19%
Home Properties	203,883,967	0.26%	Towson Town Center	146,182,999	0.26%
Towson Town Center	259,975,940	0.33%	Oak Campus Partners LLC	144,550,160	0.26%
Sparrows Point Terminal LLC	165,008,300	0.21%	Nottingham Properties	128,417,277	0.23%
TRP Suburban	144,991,437	0.19%	Maryland Health & High Education	127,018,400	0.23%
White Marsh Mall	143,198,893	0.18%	Wal Mart	110,680,982	0.20%
Maryland Health & High Education	140,206,854	0.18%	Comcast	46,957,820	0.08%
	<u><u>\$ 2,557,879,758</u></u>	<u><u>3.27%</u></u>		<u><u>\$ 2,354,258,451</u></u>	<u><u>4.20%</u></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)
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
2015	1.100	2.7500	1.164

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
(dollars expressed in thousands)**

Fiscal Year Ended	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
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	(3,217)	855,404	854,254	99.9	357	854,612	99.5
2015	872,635	(1,757)	870,878	869,303	99.6	2,698	872,271	99.9

Baltimore County, Maryland
Taxable Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(dollars expressed 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			
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
2015	55,714,387	19,575,325	75,289,712	1,306,763	1,716,549	3,023,312	78,313,024	78,313,024	1.164

Note:

(1) Tax exempt properties are not included

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



Juliet O'Neil

5th Grade

Sparks Elementary School