

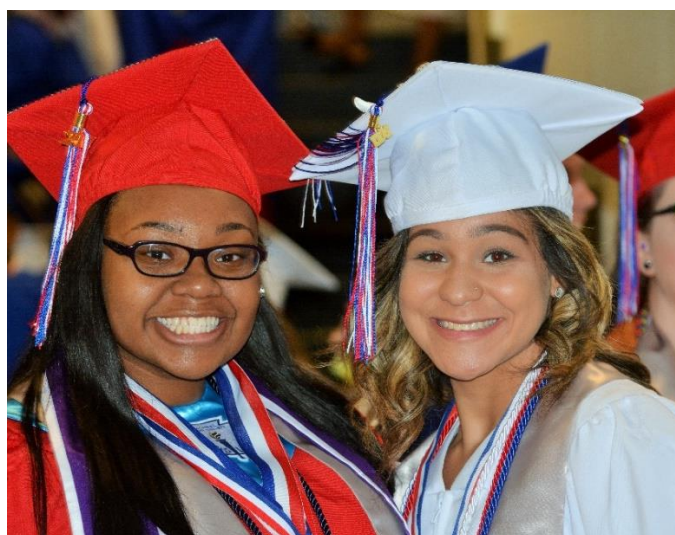
Baltimore County Public Schools

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2018



Developing Lifelong Learners
Through Literacy



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, 2018

Edward J. Gilliss, Esq., *Chair*

Nicholas C. Stewart, Esq., *Vice Chair*

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Verletta White, *Interim Superintendent and Secretary-Treasurer*

Kevin D. Smith, *Chief Administrative and Operations Officer*

Mychael Dickerson, *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:

Excellence Aregbesola	6th Grade	Middle River MS
Kayden Battle	7th Grade	Golden Ring MS
Katelynn Clarke	7th Grade	Franklin MS
Daphne Feng	7th Grade	Perry Hall MS
Kiersten Kashlak	7th Grade	Lansdowne MS
Daphne Domingo	8th Grade	Golden Ring MS
Eric Garcia	6th Grade	Northwest Academy

Board of Education of Baltimore County
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2018

TABLE OF CONTENTS

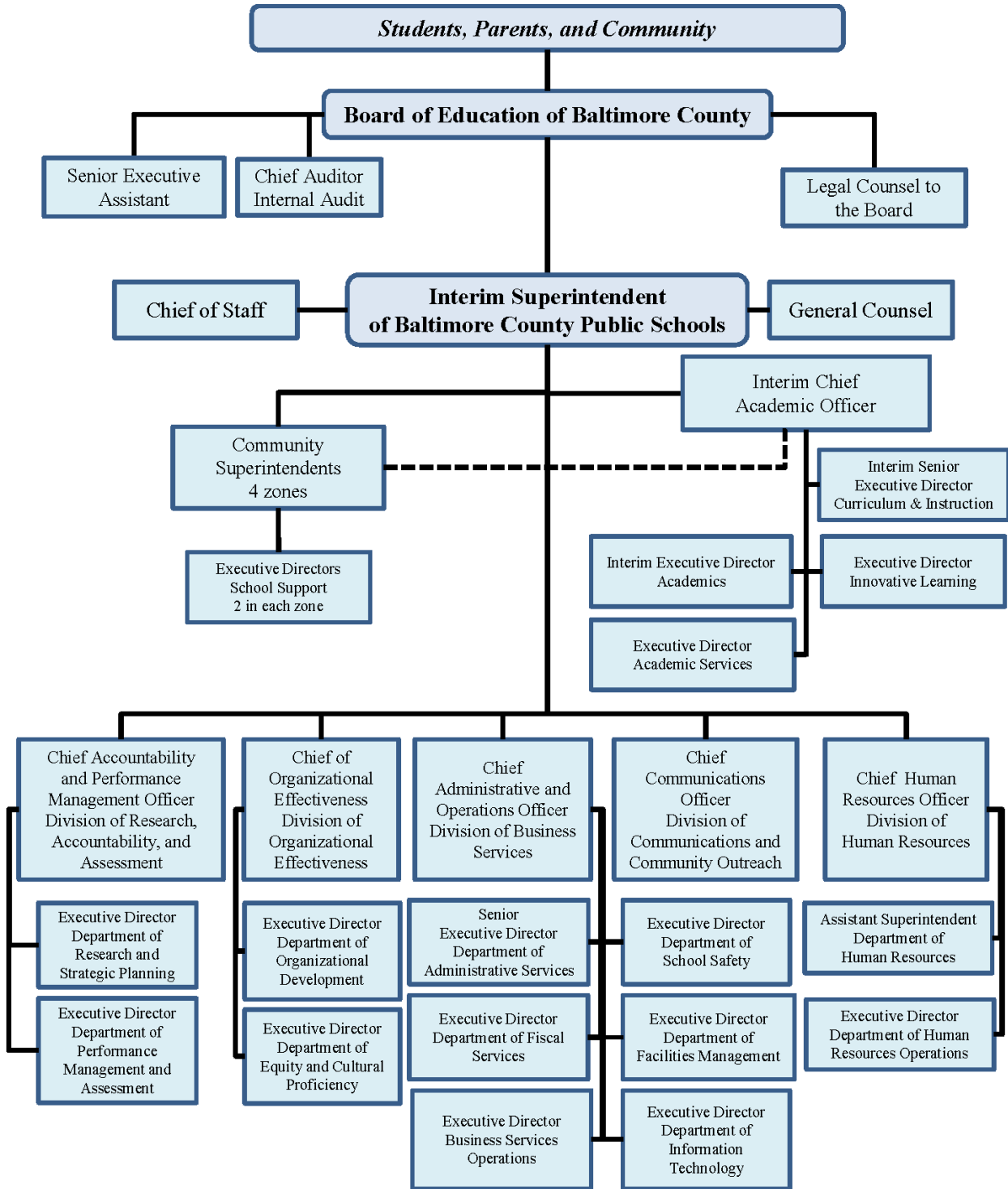
	Page
INTRODUCTORY SECTION	
Organization Chart.....	1
Superintendent’s Staff.....	2
Letter of Transmittal	3
GFOA Certificate of Achievement	18
ASBO International Certificate of Excellence.....	19
 FINANCIAL SECTION	
Independent Auditor’s Report.....	21
Management’s Discussion and Analysis	24
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	42
Statement of Activities.....	43
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	44
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	45
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	46
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	47
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budget and Actual (Non - GAAP Basis)	48
Statement of Revenues, Expenditures, and Changes in Fund Balance - Special Revenue Fund - Budget and Actual (Non-GAAP Basis).....	49
Statement of Net Position - Proprietary Funds	50
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds.....	51
Statement of Cash Flows - Proprietary Funds	52
Statement of Fiduciary Net Position - School Activities Fund.....	53
Notes to the Basic Financial Statements	54
Required Supplementary Information:	
Schedule of the Board’s Proportionate Share of the Net OPEB Liability	91
State Teachers Retirement and Pension System of Maryland - Employer Contributions	92
Schedule of the Board’s Proportionate Share of the Net Pension Liability - State Teachers Retirement and Pension System of Maryland	93
Employees’ Retirement System of Baltimore County - Employer Contributions	94

	Page
Schedule of the Board's Proportionate Share of the Net Pension Liability	
- Employees' Retirement System of Baltimore County.....	95
Notes to the Required Supplementary Information:	
State of Maryland Retirement and Pension Systems	96
Employees' Retirement System of Baltimore County - Plans A & B	97
Individual Fund Financial Statement:	
Statement of Changes in Assets and Liabilities – School Activities Fund	99

STATISTICAL SECTION

Financial Trends Information:	
Net Position by Component	102
Changes in Net Position by Component	104
Fund Balances of Governmental Funds	106
Changes in Fund Balances of Governmental Funds	108
Government-wide Expenses by Function	110
Government-wide Revenues	112
Governmental Funds Revenues by Source	113
Governmental Funds Expenditures by Function.....	114
Final Approved Operating Budgets - Expenditures	116
General Fund Revenue and Expenditures - Budgetary Basis	118
Ratios of Outstanding Debt	120
Cost Per Pupil - Budgetary Basis	122
Demographic Information:	
Enrollment by Schools	124
Enrollment by Grade and Student to Teacher Ratio	126
Operating Information:	
Other Data	128
Office of Food and Nutrition Services Data.....	130
Full-time Equivalent Positions.....	132
Capital Asset Information	134
Student Academic Performance.....	136
Baltimore County, Maryland Economic Data:	
Ratios of Net General Obligation (GO) Debt to Estimated Actual	
Value of Property and Net GO Debt Per Capita	138
Legal Debt Margin Information	139
Demographic and Economic Statistics.....	140
Principal Employers	141
Principal Property Taxpayers.....	142
Property Tax Rates.....	143
Property Tax Levies and Collections	144
Taxable Assessed Value and Estimated Actual Value of	
Taxable Property	145

Baltimore County Public Schools Organization Chart



Superintendent's Staff

As of June 30, 2018

Verletta White	Interim Superintendent
Mychael Dickerson	Chief of Staff
Margaret-Ann Howie, Esq.	General Counsel
Dr. Mary Boswell-McComas	Interim Chief Academic Officer
Dr. Russell Brown	Chief Accountability and Performance Management Officer
Vacant	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

Verletta White ♦ Interim Superintendent ♦ 6901 North Charles Street ♦ Towson, MD ♦ 21204

September 30, 2018

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 Management Discussion and Analysis (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, and appropriate officials of the state of Maryland and Baltimore County. 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 113,282 students in Grades PreK–12. These students are served by 17,731 employees, including 9,202 teachers, making BCPS one of the largest employers in the region. More than 90,000 volunteers are registered to support student achievement throughout the school system.

For the 2017–2018 school year, BCPS operated 173 schools, centers, and programs: 107 elementary schools that served the needs of children in Grades Preschool–5; one school serving Grades 4–8; 26 middle schools that served students in Grades 6–8; and 24 high schools that served students in Grades 9–12. Additionally, four special education schools served children of various ages with disabilities. Another nine centers and three programs provided services – including evening high school, alternative education, home assessments, technical programs, and virtual instruction – to students in need of specialized educational and instructional services.

BCPS emphasizes two priorities, literacy across the disciplines and school climate, to help every student graduate not only globally competitive, but also globally contributing and ready to give back for the greater good. By nurturing literacy in every subject area, students are developing the lifelong skills and knowledge needed to read, write, think critically, and communicate effectively. BCPS also promotes a safe, positive, and healthy climate in each school in order to wrap essential supports around our young people and remove barriers to instruction.

MAJOR INITIATIVES

Blueprint 2.0: Our Way Forward

Blueprint 2.0 addresses academics, safety, communication, and organizational effectiveness with a central focus on equity, meeting individual student needs, and accelerating growth. BCPS provides highly engaging, rigorous, and responsive first instruction with comprehensive supports for social-emotional learning so that students will graduate with not only a diploma, but a resume. Safety is the number one priority, and staff and leaders work proactively to upgrade BCPS infrastructure with cameras, controlled entry, and identification, to implement safety training and emergency planning, and to partner with the Baltimore County Police Department as well as schools and families. BCPS provides a growing number of options for two-way communication with all stakeholders, including many forums, advisory councils, Parent University, BCPS One, the Stakeholder Survey, and translations for families speaking languages other than English. School Progress Plans drive an ongoing process of school improvement based on data, and office scorecards hold staff and leaders accountable for organizational effectiveness.

For the Year 2017–2018

During the 2017-2018 school year, BCPS continued to serve as a regional and national educational model for educational equity, digital learning, and high achievement, thanks to hard-working and determined students, teachers, and administrators, supported by parents, community, and elected officials.

The following represent highlights of recent BCPS achievements:

- The graduation rate increased 2.7 percentage points, from 86.3% in 2013 to 89.0% in 2017, while BCPS' graduation rate exceeded the Maryland state average of 87.7% by 1.3 percentage points. The gap between black and white graduates statistically closed, and the dropout rate continued to improve, from 9.7% in 2013 to 8.2% in 2017.
- For Grade 11 BCPS students, participation in SAT Day increased from 86.2% in 2014 to 87.9% in 2017. All Grade 11 students are able to take the SAT during the school day at no cost, and at their own school.
- From 2017 to 2018, responses on the Stakeholder Survey increased 11 percent to 90,217 students in Grades 3–12, parents, community members, and staff. Nine out of ten parents continued to rate their child's school as effective.
- More than half of students had a parent logged onto BCPS One, the digital ecosystem of information, tools, and resources including student schedules, assignments, grades, and curriculum.
- BCPS launched the county's first early college program at Woodlawn High School in partnership with the Community College of Baltimore County, offering a high diploma and an associate's degree.
- To increase transparency, BCPS created a series of public online dashboards for interactive access to Stakeholder Survey data, as well as *Blueprint 2.0* metrics focused on academics, safety, and organizational effectiveness.
- To expand access to enriching and educational resources, all students may now check out public library resources using their student ID card, in partnership with the Baltimore County Public Library.
- BCPS was awarded a five-year, \$15 million grant to expand student access to magnet programs. Five new programs were created and one program was significantly revised, providing elementary through secondary continuity in health science and international studies.

Capital Facilities

BCPS delivered educational programs, student and family support services, and administrative functions for 173 schools, centers, and programs. In 2013, BCPS commissioned a consultant to perform a system wide facilities assessment (SWFA) study. The vision of the SWFA was “to provide Baltimore County Public Schools’ facilities with a full 21st century instructional capability that addresses student enrollment trends and incorporates future flexibility, fully supports the highest performance of students and staff while accommodating enrollment projections, and provides safety, comfort, and well-being for every student.” The SWFA was developed to equip BCPS to move from a reactionary mode to a proactive mode with a clear vision of the future. A public process was planned and implemented by BCPS to review the plan (during FY2015), and make recommendations for new projects starting in FY2016 and continuing into the future (including FY2021).

Utilizing this assessment, as well as incorporating growth patterns and student enrollment trends, Baltimore County government and BCPS developed the Schools for Our Future (SFOF) program. This ambitious program is modernizing schools and addressing rising enrollment. Eighty two percent of BCPS schools are 40 or more years old, and the BCPS school population is projected to increase by more than 6,000 students in the next ten years. As such, Baltimore County government and BCPS have committed the funding necessary over the next five years, supplemented with the requested state funding, that will provide for school renovations, new schools, replacement schools, and additions that will modernize BCPS schools and will eliminate all current and projected overcrowding.

BCPS has made substantial progress in the last few years installing central air-conditioning in our older schools. In 2010, 90 schools in Baltimore County lacked central air-conditioning. In August 2018, only eight schools lack central air-conditioning, and all of them will be completed through renovations or replacement projects that are currently planned as part of the Schools for Our Future program.

To date, all elementary schools have had varying degrees of renovation work. Major renovations, multi-systemic renovations, and limited renovations have been performed at all middle schools. Also, 19 new schools have been constructed, including 13 new elementary schools (Catonsville, Dogwood, Edgemere, Lyons Mill, Martin Boulevard, Mays Chapel, New Town, Relay, Sparks, Vincent Farm, Westchester, Westowne, West Towson, and Woodholme), one middle school (Windsor Mill), and four high schools (Dundalk, George Washington Carver Center for Arts and Technology, New Town, and Sollers Point Technical).

Construction began during 2016 on three new elementary schools (Lansdowne, Honeygo, and Victory Villa), which all opened for school year 2018–2019.

The next phase of the renovation program is underway for high schools. Under this program, eight high schools have been renovated (Catonsville, Hereford, Milford Mill, Overlea, Parkville, Pikesville, Sparrows Point, and Towson) and two high schools are currently being renovated (Patapsco High School and Center for the Arts and Woodlawn). A comprehensive high school capacity study is currently underway. This study will provide a wide ranging look at patterns of enrollment trends, the physical condition of the school buildings, and input from the public on secondary school needs. The results of the study will be used for capital planning of future high school projects.

Hundreds of construction and building projects, including systemic renovations and modernizations at various elementary, middle, and high schools, were underway during school year 2017–2018. The systemic renovations included roofing, plumbing, electrical, ventilation, 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.

A Sample of National Achievements

System

- BCPS was one of only five districts across the nation to receive a Fuel Education® Transformation Award for successfully integrating digital learning solutions into effective instructional initiatives through the Passport elementary world language program.
- BCPS was recognized as a Common Sense District by Common Sense for the third consecutive year, demonstrating a whole-community approach to preparing students to use digital media safely.
- For the fourteenth year, BCPS was named one of the nation's Best Communities for Music Education by the National Association for Music Merchants Foundation.
- BCPS earned six awards from the National School Public Relations Association (NSPRA) and eight awards from the Chesapeake Chapter of NSPRA for publications and digital media.

Schools

- Magnet Schools of America named Cromwell Valley Elementary Regional Magnet School of Technology a Nationally Certified Magnet School and a National Magnet School of Excellence.
- Eight Baltimore County schools made U.S. News & World Report's "Best High Schools" list, and two schools earned "gold medal" status under the magazine's ranking system. In addition, five BCPS high schools appeared on the magazine's list of best magnet schools in the nation, and two appeared on the list of best STEM (science, technology, engineering, and mathematics) schools.
- Niche named seven BCPS high schools as among the region's best. The schools were graded on a range of factors including academics, college preparation, extracurricular activities, and diversity.
- Dundalk Middle was certified as an AVID Schoolwide Site of Distinction for the 2018-19 school year. New Town and Pikesville high schools were named the first AVID Schoolwide Sites of Distinction in Maryland. AVID is a college readiness program that stands for Advancement Via Individual Determination.
- Franklin, Randallstown, and Towson high schools received honors in the 2017 Program to Recognize Excellence in Student Literary Magazines, sponsored by the National Council of Teachers of English.
- The National PTA awarded Cockeysville Middle School PTA one of 35 National PTA STEM + Families Tech Night grants.

Staff

- Patrice Goldys, principal of Norwood Elementary School, was named the winner of the Corwin Press Brilliant Principal Award, which recognizes one exceptional leader who has

demonstrated the courage to embrace new ways of thinking and who has taken bold steps to make a powerful and lasting impact on his or her school and community.

- Five BCPS elementary teachers from three schools who planned innovative writing practices for students earned the 2017 Donald H. Graves Award for Excellence in the Teaching of Writing by the National Council of Teachers of English.
- Fran Glick, coordinator for library media programs and digital resources at Baltimore County Public Schools was named one of three 2018 Women in School Leadership Awards from AASA, The School Superintendents Association, and was named a Mover and Shaker for 2018 by the School Library Journal.
- The National Art Education Association named Sudbrook Magnet Middle School art teacher Jayme Rodriguez as recipient of its 2018 New Professional Art Educator Award.
- PBS selected Joquetta L. Johnson, library media specialist at Randallstown High School, as one of 30 educators to serve in its inaugural PBS Digital Innovator All-Star Program.
- Kelly Carlson, a theatre teacher at Patapsco High School and Center for the Arts and director of its Troupe 2891, was one of three educators to receive an Inspirational Theatre Teacher Award from the International Thespian Society.
- Florence Falatko, a Grade 5 mathematics teacher at Cromwell Valley Elementary Magnet, is one of only 104 teachers this year to receive a Presidential Award for Excellence in Mathematics and Science Teaching.

Students

- The Dulaney Sequel, a creative arts magazine produced by Dulaney High students, earned a Student Work Crown Award from the Columbia Scholastic Press Association.
- Jamie Roa, a senior at Franklin High School, was selected to represent Maryland in the prestigious 56th Annual United States Senate Youth Program.
- Five BCPS students and graduates, from George Washington Carver Center for Arts and Technology, Milford Mill Academy, and Towson High School, were among the 2018 YoungArts Winners announced by The National YoungArts Foundation.
- BCPS students earned 779 Scholastic Art & Writing Awards.
- Leo Sheingate and Katharine Doggett (George Washington Carver Center for Arts and Technology) won first and second prize respectively in the international 2018 Jack London Foundation Writing Contest.
- Abegya Berhanu (Pikesville High) was selected as one of only 34 recipients of the 2018 Alexander Hamilton Scholars Award.
- Madison Wood (Overlea High) was selected from 1,000 applicants to be a speaker at the AVID Summer Institute. (AVID stands for Advancement Via Individual Determination.)
- Yara Daraiseh (Patapsco High School and Center for the Arts) was named one of only 100 LEDA Lead Scholars.

- Composer and conductor Adrian B. Sims (Catonsville High) was named one of two winners of the prestigious national 2018 MakeMusic Young Composers Contest, for his composition Force Field.
- Bassoonist Vincent Igusa (Towson High) and oboist Kara Poling (Franklin High) were among the 106 musicians selected for the sixth annual National Youth Orchestra of the United States of America.
- Ashley Hajimirsadeghi (George Washington Carver Center for Arts and Technology) was awarded a National Security Language Initiative for Youth scholarship for 2018-19 by the U.S. State Department's Bureau of Educational and Cultural Affairs.
- Mason Miller-Breetz (Towson High) was awarded his second National Security Language Initiative for Youth scholarship by the U.S. State Department's Bureau of Educational and Cultural Affairs.

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 ending June 30, 2017. This was the twenty-second 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 ending June 30, 2017. 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 twenty-second 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 2.8 million people. The City of Baltimore and the County are entirely separate political units.

The County has the third largest land area of any political subdivision in the State of Maryland. Within its 612 square miles (plus an additional 28 square miles of water with over 200 miles of shoreline) are situated at least 29 identifiable, unincorporated communities 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 832,468 in 2017. Today, the County has the third highest population in the State of Maryland.

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 one of the largest concentrations of computer game developers on the East Coast. Headquarters for the Social Security Administration and Centers for Medicare and Medicaid Services and a core of IT contractors form the Woodlawn Federal Center, the epicenter of national health care reform implementation. Major operations of T. Rowe Price, Toyota Financial Services, Euler Hermes, Zurich America, Baltimore Life, and Bank of America form a powerful finance-insurance community. Manufacturing holds its place with General Motors, McCormick, Stanley Black & Decker, Lockheed Martin, AAI Textron, Middle River Aircraft and Coty (formerly Procter & Gamble Beauty).

New Business and Real Estate Activity

The following section highlights a sampling of business and real estate activity in the County from July 2017 to June 2018:

Towson Circle East - Retail Properties of America, which is also the owner of Towson Square, is now redeveloping the former Towson Circle building and the site across the street into Towson Circle East. The two projects will be integrated in design and street level amenities. This project includes a \$30 million mixed use development planned for the traffic circle at York and Joppa Roads. The development will include 371 mid and high-rise apartments over 240,000 square feet of new and refurbished retail space with underground parking. The project is currently under construction and is expected to be completed in 2020.

Towson Row – This 1.2 million square foot mixed use development situated at downtown Towson’s southern gateway is bounded by York Road, Towsontown Boulevard, Chesapeake Avenue, and Susquehanna Avenue. When fully developed, this \$350 million project will offer roughly 145,000 square feet of Class A office space, 250 market rate apartments and condominiums, 220 limited service and extended stay hotel rooms, 985 beds for student housing, and roughly 140,000 square feet of commercial space, including shops, restaurants, and a grocery store. Portions of the development are set to be completed by fall 2020.

Stanley Black & Decker Global Tools & Storage – The company signed a lease for an additional 92,000 square feet in the Greenleigh development in Middle River. 600 total employees will be located at Greenleigh, 400 of which will be new employees hired by December 31, 2020; the remaining 200 of those employees are moving there from Towson. \$8.5 million will be invested in the new space, including real property improvements, furniture, fixtures, and equipment. The new space was necessary to accommodate projected employment growth resulting from the two major purchases in the past few years of the Newell Brands’ tool business and the Craftsman line of tools from Sears. Towson will continue to be the headquarters for Stanley Black & Decker’s Global Tools and Storage business. The company currently occupies a total of 565,000 square feet

in the Towson area, split between the 31-acre campus at 701 E. Joppa Road and several nearby leased properties. It currently employs 1,600 full-time employees and 350 private contractors.

Towson Commons Retail – Affiliates of MFI and Woodmont Properties II are redeveloping 115,000 square feet of retail space along York Road and Pennsylvania Avenue. Seven new retailers including Boho Nation, CVS Pharmacy, Chipotle, Hair Cuttery, Brown Rice, Insomnia Cookies and First National Bank have opened and renovations are underway for Salon Plaza and C&R Pub. The CPA firm, Rosen, Sapperstein & Friedlander moved its offices from Owings Mills to Towson Commons in December 2017.

Metro Centre at Owings Mills – Metro Centre at Owings Mills is a \$550 million mixed use, transit-oriented special taxing district that is being developed by Owings Mills Transit, LLC. 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 and 700 residential units and a full service 225-room hotel amenity. The project adjoins the Owings Mills Metro stop and two commuter parking garages with a total of 5,277 spaces. The project includes a County library, community college branch, and two five-story upscale buildings with 232 apartments that are over 90% leased and ground floor retail and restaurant space. Salontra Select Suites, Suya Spot, World of Beer and Club Pilates, are the newest tenants. Construction has started on a new seven-story apartment building that will bring the total number of apartments at Metro Centre to 350. The 114-unit building will be called The Met at Metro Centre. A deal has been signed for a new 225-room full service Marriott International hotel with conference facilities and a 1,000-seat ballroom and is scheduled to open later 2019.

Mill Station – The former Owings Mills Mall site will be redeveloped as an outdoor shopping center called Mill Station. Mill Station is a 575,000-square-foot, \$108 million project to be anchored by a new Costco warehouse store. The 148,000-square-foot Costco will be the retailer's fifth Baltimore area location and is expected to open in October 2018. An 111,000-square-foot Lowe's Home Improvement store is expected to open in January 2019. Other announced tenants include Marshalls, Burlington, Homesense and Five Below, all of which are expected to open in spring 2019. Plans also include major renovations to the existing AMC Theatre.

McCormick & Company – The international spice manufacturer, currently located in Sparks, will soon begin moving 900 office employees from several area locations into their new 340,000-square-foot headquarters building at 99 Shawan Road. A former telephone company building was completely renovated and retrofitted creating a state of the art corporate campus for McCormick. The building houses the company's US consumer and industrial divisions, corporate functions, and a health and wellness center.

Bank of America – Bank of America (BofA) has taken over new space, upgraded interiors, and increased parking at the 377,000-square-foot complex they own at 11333 McCormick Road. Merrill Lynch, Bank of America's wealth management division, also has offices at the site. BofA plans to add 600 jobs at its call center in Hunt Valley by 2020. These jobs will join the 300 jobs that the bank added at the two building complexes in 2017. The new positions will be primarily call center and staff support positions and will bring the bank's employee count at the site up to 1,500 over the next two years.

Stella Maris – Mercy Health Services is under construction on a new Transitional Care Center at Stella Maris. The \$24.5 million, 75,000-square-foot project will include 60 new rehabilitation or transitional care beds and space to increase the number of patients to whom rehabilitation and transitional services can be delivered from 549 to 872.

Greenleigh at Crossroads – Greenleigh at Crossroads 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 acres of the 1,000-acre Baltimore Crossroads and is expected to build out over 10 to 15 years.

Medstar Franklin Square Hospital – In July 2017, MedStar Franklin Square Medical Center was approved by the Maryland Health Care Commission to move forward with a \$70 million project to replace old surgical facilities with a new two-story 75,000-square-foot building and 14 operating rooms to be constructed on the hospital's Rosedale campus. The work began in October 2017 with the demolition of an old building that sat on the site. About \$40 million for the project will come from tax-exempt debt financing, \$10 million cash will come from hospital operations and the other \$20 million will come from several private and public investments. The project is intended to replace Franklin Square's current surgical facilities and will be constructed over the next two years. In January 2018, MedStar Orthopedic Institute opened the Orthopedic and Sports Medicine Center at MedStar Franklin Square Medical Center. Located in 10,043 square feet of space, the practice is dedicated to bone, joint, and soft tissue injuries, and includes seven orthopedic and sports medicine experts, along with rehabilitation therapy in one centralized location. The new center is located in the Medical Arts building across from the main hospital on Franklin Square Drive. It will include 18 exam rooms, two imagine suites, and an expansive waiting room with an area for children to play. The location is convenient to communities of Harford County and Eastern Baltimore County.

Hollins Ferry Logistics Center – Completed construction on a 285,000-square-foot, class A warehouse and logistics center. Located at 4803 Hollins Ferry Rd., Halethorpe, this new facility attracted LKQ Corporation, the largest provider of alternative collision auto parts, to Baltimore County in 2017 and is expected to occupy the space by early 2018.

Social Security Administration (SSA) – Social Security headquarters in Woodlawn has begun its \$150 million renovation of their main administrative building. SSA also renewed the 830,000-square-foot lease for Security West, which employs 2,400 people. SSA employs approximately 11,000 total in Baltimore County. This significant investment and renewal ensures that Baltimore County remains home to the Social Security Administration for decades to come.

Guinness Open Gate Brewery and Barrel House – In 2017, Diageo began work on their Relay Campus to produce experimental beers, Guinness Blonde Lager, and a visitor center. The goal in the first year is to attract 300,000 visitors. The \$80 million brewery project will create approximately 200 production and hospitality jobs. The tap room opened in 2017, with full brewing operations expected in August 2018.

Saval Foods – Opening in summer of 2018, Saval foods is opening a meat slicing and packaging facility on Twins Springs Road in Halethorpe. They are expecting to create 38 new jobs, with an investment of \$1.9 million in new equipment and buildout.

Maryland Packaging –In spring of 2018, Maryland Packaging opened a new location in Lansdowne. In addition to their existing service as a contract food packaging company, this new location is a cold press, high pressure pasteurization process for food. They are expecting to hire 105 employees at full operation and have invested \$9.5 million in buildout and equipment, occupying 27,000 square feet.

Caitec – Located on Hollins Ferry Road, Caitec manufactures and distributes bird and dog toys and accessories that are sold globally. This location is the US distribution and headquarters. They moved in fall of 2017 and invested \$5.7 million in acquisitions and improvements and employ 18 people.

LKQ – LKQ distributes and sells vehicle parts, collision paint and supplies, and car service items. In April 2018, they began hiring 25 new positions to add to their existing 113-person workforce. They are in a lease agreement at the newly constructed Hollins Ferry Logistics Center.

Industrial Redevelopment

Sparrows Point/Dundalk

Tradepoint Atlantic (TPA), formerly Sparrows Point LLC, 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 cleanup. The property will be redeveloped for industrial use. In May 2017, Maryland's Public Service Commission (PSC) approved two development companies, U.S. Wind Inc. and Skipjack Offshore Wind LLC, to build offshore wind projects off the coast of Ocean City, Maryland. As part of its project approval order, the PSC set certain conditions for the developers including the use of port facilities in Greater Baltimore and Ocean City, and collectively investing at least \$39.6 million to support port upgrades at Tradepoint Atlantic and \$76 million in a steel fabrication plant in Maryland. Tradepoint Atlantic recent activity includes:

Gotham Greens LLC – This agriculture startup started building a 100,000-square-foot hydroponic greenhouse at Tradepoint Atlantic in April 2018 and plans to open in early 2019, bringing 50 new jobs.

US Department of Transportation Tiger Grant – In March 2018, Tradepoint Atlantic was awarded a \$20 million grant from the US Department of Transportation to upgrade its east-west port berth and deepen channels to improve efficient transport and movement of bulk cargo goods transfer. The grant is being administered by the Baltimore County Department of Economic & Workforce Development.

Amazon announced plans to construct an 855,000-square-foot fulfillment center at Tradepoint Atlantic projected to bring 1,500 new jobs to the region. Employees at the new facility will pick, pack, and ship customer items such as electronics, books, housewares, and toys. The fulfillment center is scheduled to open in September 2018.

The Shoppes at Tradepoint Atlantic – The Shoppes at Tradepoint Atlantic is a planned retail development comprising more than 70 acres of Tradepoint Atlantic. The Royal Farms will be the first tenant to occupy the 70-acre retail development. Royal Farms will include retail gas and diesel fueling, a convenience store and a car wash.

Tradepoint Atlantic – purchased the adjacent 150-acre Sparrows Point Shipyard in May 2018 to provide additional berth capacity for its marine operations.

Essex/Middle River

Empire Resource – In March 2018, Empire Resources converted its 200,000-square-foot building in Essex into a “cold rolling” mill for aluminum and steel. Capital investment in the project is \$40 million. The company anticipates creating 150 new manufacturing-related jobs within two years and estimates opening in Q2 of 2019.

Netzer Metalcraft – This fabricating and machining company purchased a site in Essex to manufacture aerospace parts. They are relocating from Baltimore City and anticipate opening in late 2018.

Advantage Book Binding – This industry leading trade bindery for over 30 years purchased a site at 2 Nashua Court in Essex. They are relocating from Anne Arundel County with 30 existing jobs and are projected to hire at least five new positions. The approximate capital investment is \$3.5 million.

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 bwtech@UMBC Research & Technology Park contains eight buildings, including multi and single-tenant buildings and three incubators. This past year, eight new companies joined their incubator. The Park now includes 130 tenants, over 1,500 employees, and over 40 cyber security companies. The Park is adjacent to the main UMBC campus with direct access to the innovative research and amenities of a major university.

bwtech@UMBC recently announced the establishment of a new international cybersecurity center called iCyberCenter. The iCyberCenter will provide an executive training session, a 12-month incubator program, and other support to companies from the United Kingdom and other nations, to help them establish a U.S. market.

UMBC was designated as a RISE Zone institution by the State of Maryland. This designation provides income tax credits to incubator companies for each new job created. UMBC has significant resources and expertise in the areas of economic development and community relations that it expects to apply to these goals.

The following list highlights tenants at bwtech@UMBC Research & Technology Park as of FY 2018:

- **FZata** – This biotech company focuses on developing antibody-based therapeutic and preventative medicines, as well as diagnostic products.
- **Fearless Solutions** – This minority-owned business serves a variety of federal, state, and local government clients providing visualization, Rapid Prototyping / Proof of Concept, and software engineering.
- **Leverge** – Leverage develops software products that enable customers to intelligently manage and visualize large networks of diverse sensors.
- **Syncopated Engineering** – This is a creative solution provider of software applications and embedded systems for wireless communications, signal processing, and data analytics.
- **Resilient Point** – This business is a Service Disabled Veteran Owned Small Business (SDVOSB) that delivers secure mobile, cyber security, and intelligence solutions to both government and commercial organizations.
- **Zavda Technologies** – This business provides high-caliber solutions to address technology related issues before they occur.

Towson University TU Incubator

Since its inception, the TU Incubator has supported over 100 companies and produced greater than \$150 million in economic impact, supported by the creation of over 1,000 full-time jobs in companies that have raised over \$30 million of capital. TU Incubator supports the largest cluster of edtech companies in the Chesapeake region. In total, the incubator has supported over 50 edtech companies. Below are summaries of two edtech companies that have joined the TU Incubator in FY 2018:

- **Lessoncast** – Offers its platform technology to schools, districts, consultants, and teacher education programs. With the unique Lessoncast video format and interactive professional development modules targeting specific teaching practices, educators engage in professional learning that is tailored to their individual needs and aligned with their community's goals.
- **InferCabulary** – A web-based visual vocabulary and reasoning program using the Semantic Reasoning Method. Students actively infer the meaning of words based on seeing multiple images illustrating the word used in different contexts.

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.

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 10-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 FY2018 the County approved financial assistance to four businesses from the County's Revolving Financing Fund totaling \$515,000. Additionally, during FY 2018 the County approved four loans totaling \$515,000 from the County's Boost loan program. 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.

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 2018 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 multi-year 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.

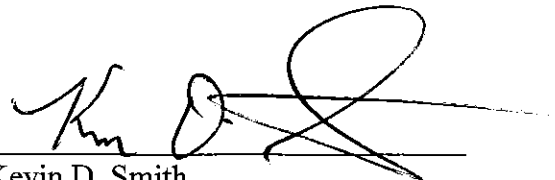
Conclusion

This report has been prepared to provide financial information for fiscal year 2018, which ended June 30, 2018, 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,



Verletta White
Interim Superintendent



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



George L. Sarris
Executive Director
Department of Fiscal Services



Government Finance Officers Association

Certificate of
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, 2017

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Baltimore County Public Schools

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.**

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



Charles E. Peterson, Jr.

Charles E. Peterson, Jr., SFO, RSBA, MBA
President

John D. Musso

John D. Musso, CAE
Executive Director



Excellence Aregbesola

6th Grade

Middle River Middle 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, 2018, 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

During fiscal year ended June 30, 2018, the Board adopted GASB Statement No 75. *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of these standards, the Board reported a restatement for the change in accounting principle (See Note 2F). Our auditor's opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 24 through 40, and the required supplementary information, as listed in the table of contents on pages 91 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.

Members of the
Board of Education of Baltimore County

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 28, 2018

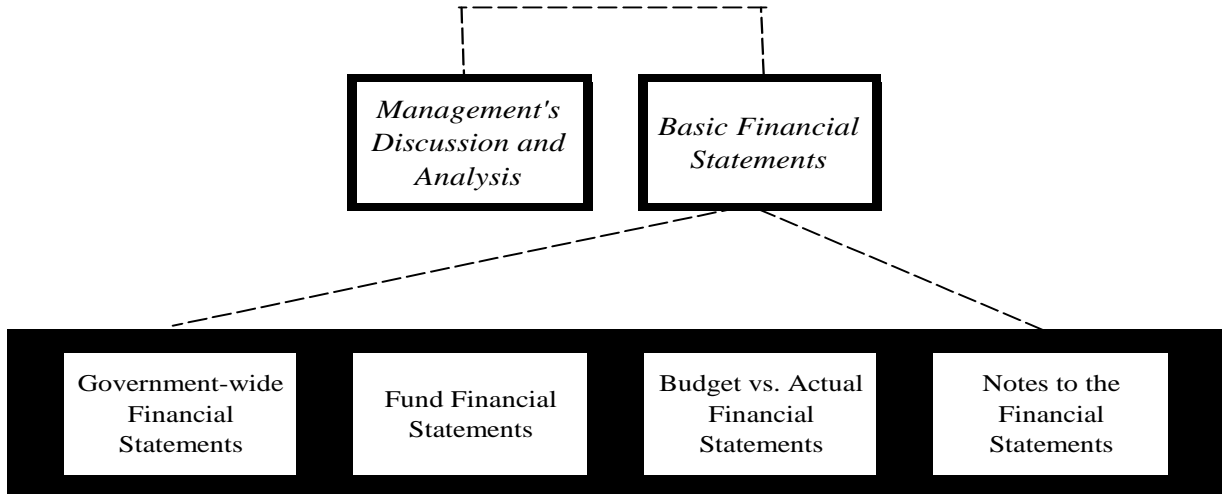
Board of Education of Baltimore County Management's Discussion and Analysis

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, 2018. 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 52% 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 \$1.04 billion, substantially all of which is net investment in capital assets.
- Governmental activities net position increased \$112.6 million during the year. The increase is primarily attributable to capital construction projects 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 \$1.45 billion, 79% of governmental activities revenues and 77% of total government-wide revenues. Governmental activities program revenues in the form of charges for services, operating and capital grants, accounted for \$388 million or 21% of all governmental activities revenues.
- Business-type activities net position (\$32 million as of the end of the fiscal year) increased by \$0.2 million during the year, primarily a result of a transfer of \$0.2 million of capital assets from governmental activities.

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 \$1.04 billion at the close of the 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 177% 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, 2018 and 2017:

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

	Governmental Activities		Business-type Activity		Total	
	2018	2017	2018	2017	2018	2017
Current assets	\$ 173,287	\$ 175,669	\$ 22,341	\$ 21,470	\$ 195,628	\$ 197,139
Capital assets	1,911,451	1,720,684	11,415	12,103	1,922,866	1,732,787
Total assets	2,084,738	1,896,353	33,756	33,573	2,118,494	1,929,926
Deferred outflows of resources	67,219	41,694	-	-	67,219	41,694
Current liabilities	97,450	101,971	1,307	1,329	98,757	103,300
Long-term liabilities	1,024,720	240,730	352	357	1,025,072	241,087
Total liabilities	1,122,170	342,701	1,659	1,686	1,123,829	344,387
Deferred inflows of resources	25,192	18,126	-	-	25,192	18,126
Net position:						
Net investment in capital assets	1,824,578	1,682,007	11,415	12,103	1,835,993	1,694,110
Restricted	11,973	13,814	-	-	11,973	13,814
Unrestricted (deficit)	(831,956)	(118,601)	20,681	19,784	(811,275)	(98,817)
Total net position	\$ 1,004,595	\$ 1,577,220	\$ 32,096	\$ 31,887	\$ 1,036,691	\$ 1,609,107

The Board implemented GASB Statement No. 75 effective July 1, 2017. The 2017 amounts presented above have not been restated to reflect the implementation of GASB75. A small portion of the board's net position (1.2%) 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 an increase of \$48 million. Governmental Activities increased by \$50 million, while the change in business-type activities was a decrease of \$2 million. Program expenses for governmental activities increased \$56 million; while the corresponding program revenue grew by \$38 million, which was primarily related to increased capital grants and contributions of \$37 million. General revenues from the county grew by \$33 million, and state general revenues grew by \$13 million. During fiscal year 2018, \$229 million of capital grants revenue was received and spent on school construction and renovation projects. This was an increase of \$37 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 \$229 million in fiscal year 2018, \$192 million, \$163 million, \$122 million, and \$92 million, in fiscal years 2017, 2016, 2015, and 2014, respectively. Those expenditures capitalized as assets exceeded current year depreciation by approximately \$69 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.

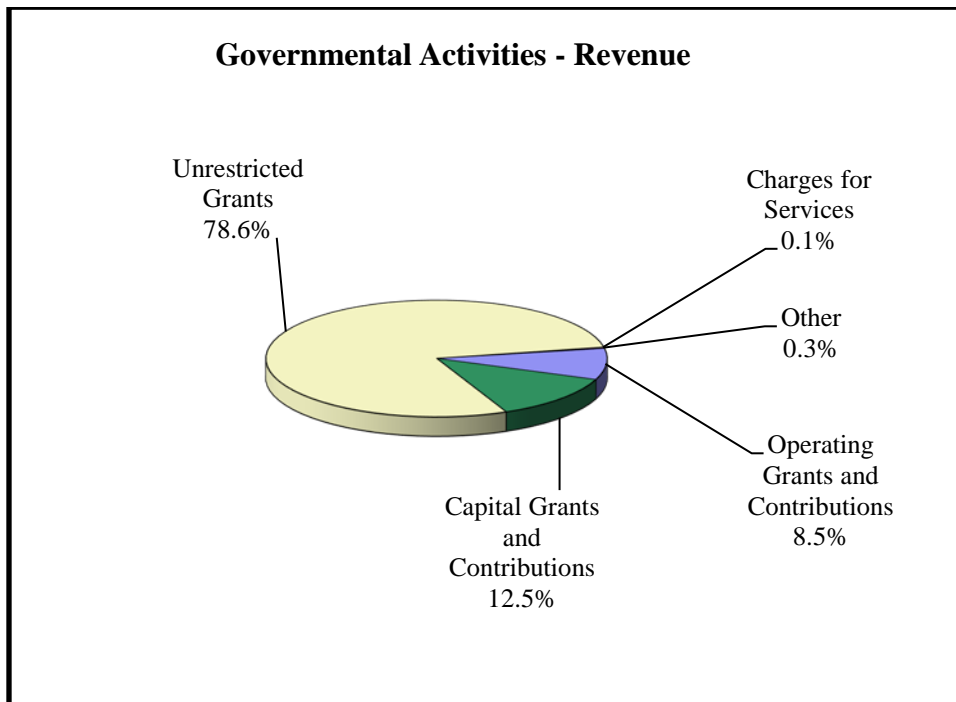
**The Board of Education of Baltimore County's
Changes in Net position (in thousands)**

	Governmental Activities		Business-type Activity		Total	
	2018	2017 *	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 198	\$ 300	\$ 13,062	13,072	\$ 13,260	\$ 13,372
Operating grants and contributions	159,135	158,277	36,346	35,662	195,481	193,939
Capital grants and contributions	229,092	191,652	-	-	229,092	191,652
General revenues:						
Grants and contributions not restricted to certain programs	1,443,733	1,398,398	-	-	1,443,733	1,398,398
Other	5,406	4,756	-	-	5,406	4,756
Total revenues	1,837,564	1,753,383	49,408	48,734	1,886,972	1,802,117
Expenses:						
Administration	67,632	63,380	-	-	67,632	63,380
Mid-level administration	144,093	140,582	-	-	144,093	140,582
Instruction	942,262	905,610	-	-	942,262	905,610
Special education	278,939	266,165	-	-	278,939	266,165
Student personnel services	18,847	18,725	-	-	18,847	18,725
Health services	23,747	23,719	-	-	23,747	23,719
Student transportation	84,777	82,464	-	-	84,777	82,464
Operation of plant	112,071	111,734	-	-	112,071	111,734
Maintenance of plant	42,536	45,502	-	-	42,536	45,502
Community services	640	676	-	-	640	676
Capital administration	8,057	9,279	-	-	8,057	9,279
Interest on long-term debt	1,126	1,100	-	-	1,126	1,100
Food services	-	-	49,391	48,275	49,391	48,275
Total expenses	1,724,727	1,668,936	49,391	48,275	1,774,118	1,717,211
Increase in net position before transfers	112,837	84,447	17	459	112,854	84,906
Reversion of fund balance to Baltimore County	-	(20,000)	-	-	-	(20,000)
Transfers	(192)	(1,511)	192	1,511	-	-
Change in net position	112,645	62,936	209	1,970	112,854	64,906
Net position, beginning of year as restated	891,950	1,514,284	31,887	29,917	923,837	1,544,201
Net position, end of year	\$ 1,004,595	\$ 1,577,220	\$ 32,096	\$ 31,887	\$ 1,036,691	\$ 1,609,107

* The Board implemented GASB Statement No. 75 effective July 1, 2017. The 2017 amounts presented above have not been restated to reflect the implementation of GASB 75.

Governmental Activities

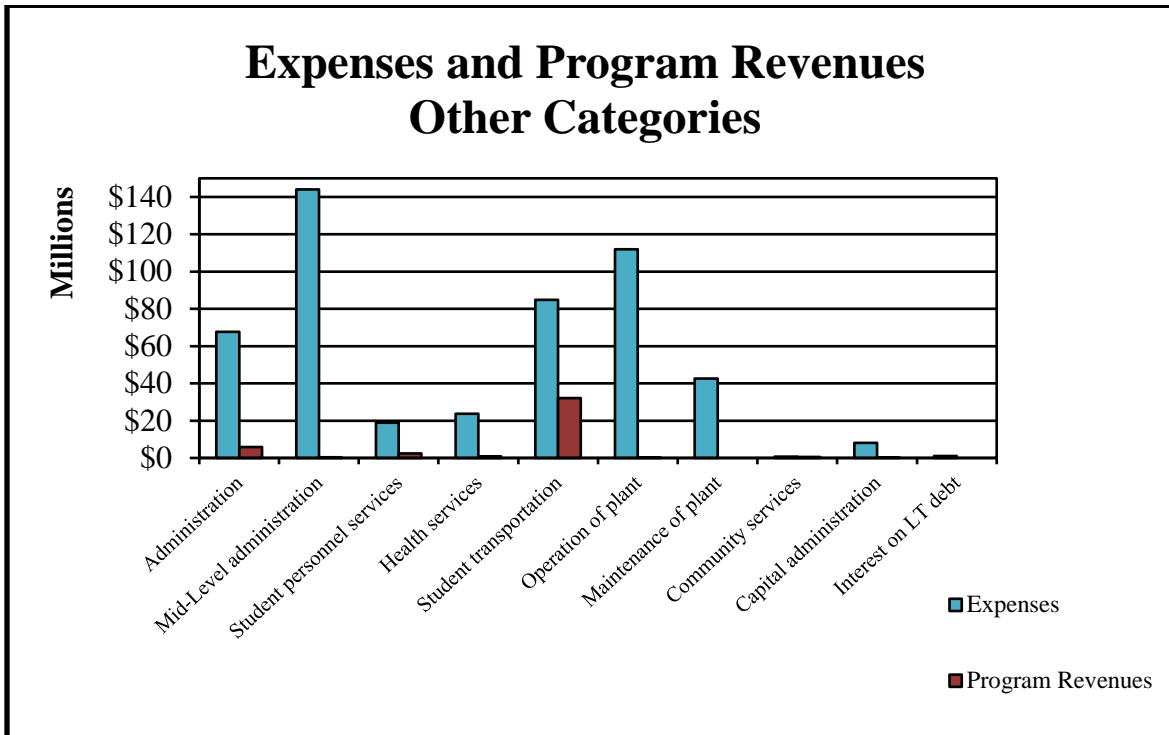
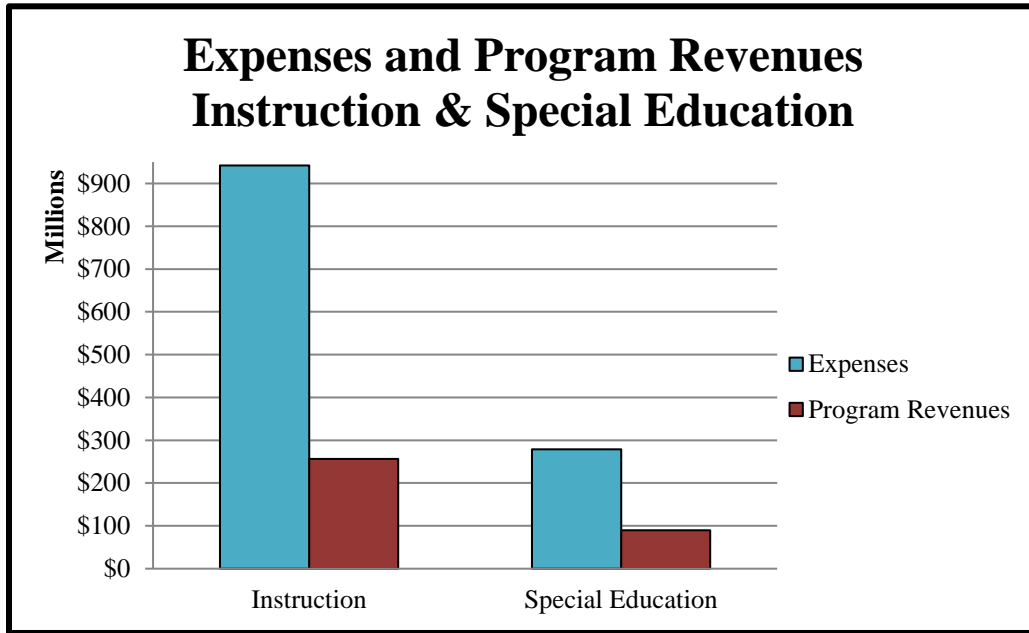
Governmental activities account for essentially all (99.8%) of the increase in net position of the board. General revenues from the county and the state increased by \$45.6 million during the current year, while the decline in general revenue from the federal government and other revenue was minimal (\$0.3 million). Program revenues from the county for capital projects increased by \$21 million, while program revenue from the state for capital projects increased by \$16 million. Program revenue from the federal government declined by \$1.9 million. Corresponding program expenses increased by 3% (\$55.6 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, 2018.



Governmental activities revenue increased overall \$84 million from fiscal year 2017 to fiscal year 2018. The most significant changes were the increase in general revenues from the county and state of a combined \$46 million, and increased county and state capital grants of a combined \$37 million. Operating grants increased slightly by \$1 million while other revenue decreased slightly by \$1 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



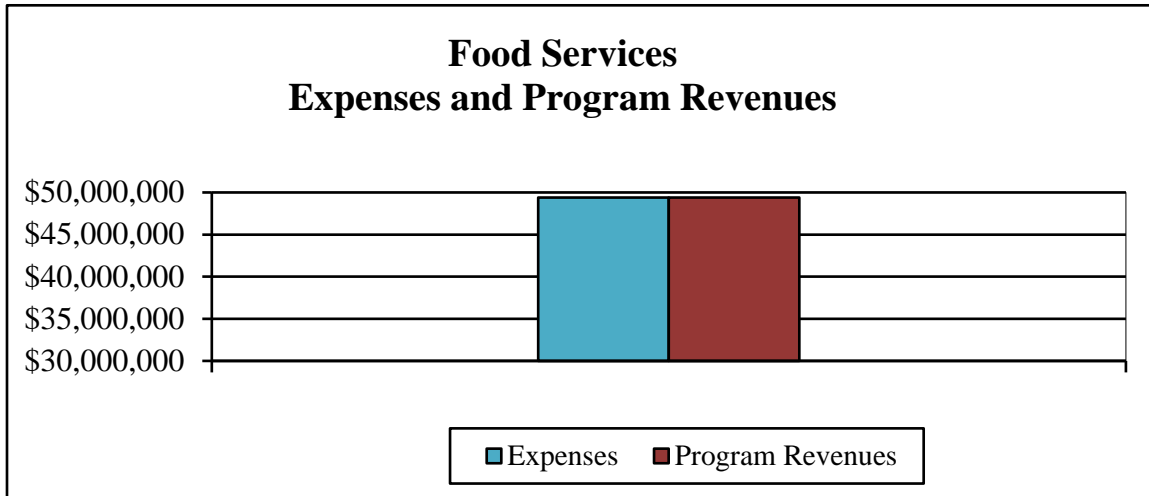
The following shows the cost of the board's major governmental activities, their cost as a percentage of total governmental activities expenditures; and, the corresponding program and general revenues:

- The cost of all the board's educational programs was \$1.72 billion.
- Instructional and special education programs were \$1.22 billion (71%).
- School based and other instructional administration was \$144 million (8%).
- General administration cost was \$68 million (4%).
- Operation and maintenance of plant accounted for \$155 million (9%).
- Student transportation cost was \$85 million (5%).
- Revenue from charges for services was less than 0.1% of total expenses.
- Total program revenues were \$388 million - 23% of total expenses.
- Capital grants and contributions were \$229 million - 59% of total program revenues.
- Total general revenues were \$1.4 billion - 84% 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 2017 to fiscal year 2018 increased \$.7 million (1.5%). Participation in both the lunch and breakfast programs decreased slightly over the prior year due to less serving days, while increases to the federal reimbursement rates helped bolster the revenue. Expenses grew from 2017 to 2018 by \$1.2 million (2.3%) primarily due to an increase in salaries and wages of \$0.9 million, \$0.3 million increase in small equipment purchases under a kitchen equipment replacement plan, and a \$0.2 million increase in supplies to replace 72 point-of-sale terminals as part of an equipment upgrade cycle. These increases were offset by a \$0.2 million decrease in cost of food sold due to five less breakfast serving days and two less lunch serving days in fiscal year 2018. The number of lunches served decreased by 62,000 (-0.7%) and the number of breakfasts served decreased by 74,000 (-1.3%). The number of free lunches served decreased by 77,000 (-1.4%) while the number of paid and reduced-price lunches increased by almost 15,000 (0.5%). The number of free breakfasts served decreased by 53,000 (-1.4%) and the number of paid and reduced-price breakfasts decreased by 21,000 (-1.1%). The net gain of \$0.02 million and a contribution of capital assets from the capital projects fund of \$.2 million for new kitchen equipment resulted in an increase in net position of \$0.2 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 \$0.2 million.
- Operating expenses total \$49.4 million, the largest portion being salaries, wages, and benefits of \$23.6 million and cost of food sold of \$20.3 million.
- Charges for services total \$13.1 million.
- Federal and state reimbursement of food costs and donated federal food commodities total \$36 million.

FUND HIGHLIGHTS

Governmental Funds

The assets of the board's governmental funds exceeded liabilities at the end of the current fiscal year by \$71 million (*fund balance*). Total governmental revenues increased from last fiscal year by \$84 million. This includes \$54 million more from the county, \$32 million more from the state, and \$2 less million from the federal government. The general fund revenue from the county increased by \$33 million and capital funding from the county increased by \$21 million. State general funding grew by \$16 million while state capital projects funding grew by \$16 million and state special revenue funding was unchanged. The decrease in federal funds was due to \$2 million less 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 \$71 million, an increase of \$1.2 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 \$0.5 million while the total fund balance was \$60 million. The total general fund balance represents 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 \$1.9 million. This is due to general fund expenditures exceeding revenue by \$40 million, which was offset by capital lease issuances of \$42 million.

The fund balance of the special revenue fund decreased slightly by \$1.8 million during the current fiscal year due to Medicaid reimbursements expenditures exceeding revenues.

Capital projects fund revenues and expenditures grew by approximately \$37 million due to an increase in school renovation projects, multiple school replacement and addition projects, increased school air conditioning projects, and a new elementary school. Most of the increase was funded by the county (\$21 million), the remainder was funded by the state (\$16 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 \$0.2 million. Operating revenues remained flat due to a 2% increase in paid breakfast and lunch meals that were offset by a 2% decrease in à la carte sales. Federal and state reimbursements of food service costs and federal donated commodities increased by \$0.5 million. Operating expenses increased by \$1.2 million primarily due to an increase in salaries and wages of \$0.9 million, \$0.3 million increase in small equipment purchases as part of a kitchen equipment replacement plan, and a \$0.2 million increase in supplies to replace 72 point-of-sale terminals as part of a replacement cycle. These increases were offset by a \$0.2 million decrease in cost of food sold due to five less breakfast serving days and two less lunch serving days in fiscal year 2018. The Food Services Fund recognized a profit of \$0.02 million, which was supplemented by a transfer totaling \$0.2 million from the Capital Projects Fund related to capital assets provided to the Food Service 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 2018 year, the Workers' Compensation Fund recognized \$10.4 million in chargeback revenue from other funds. Claims incurred and administrative costs totaled \$9.1 million resulting in a increase in net position of \$1.3 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final general fund budget was unchanged from the original adopted budget. During the year however, transfers of appropriations were made between categories. Excess funds were transferred from the Administration, Mid-level Administration, Instructional Salaries, Student Personnel Services, Health Services, Student Transportation, and Operation of Plant categories, due to salary and energy savings. The funds were transferred to the Instructional Textbooks and Other Instructional Costs for additional instructional curriculum materials, Special Education for additional private placement tuition costs, and the Maintenance of Plant category for improvements and renovations at two schools and administrative offices.

Actual revenues were greater than budgeted revenues (\$1.9 million) due to greater than expected state grant revenues for the Non-Public Placement Program (\$1.9 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 2018 grew by \$45.9 million (3.3%) over fiscal year 2017. Salaries grew by \$30.6 million (3.5%) due to additional teachers for enrollment growth and regular salary increases. Contracted services grew by \$15.8 million (15%), due increase in costs for the upgrade of administrative software and related technology, and the expansion of the digital conversion initiative which includes expanded digital curriculum and one-to-one computers for students.

Actual expenditures were \$19.3 million (1.3%) 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.

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, 2018, amounts to \$1.9 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	
	2018	2017	2018	2017	2018	2017
Land	\$ 30,526	\$ 30,526	\$ -	\$ -	\$ 30,526	\$ 30,526
Buildings	1,402,390	1,326,992	4,184	4,456	1,406,574	1,331,448
Improvements other than buildings	55,650	58,672	-	-	55,650	58,672
Furniture, fixtures, and equipment	55,995	58,395	7,231	7,647	63,226	66,042
Construction in progress	366,890	246,099	-	-	366,890	246,099
Total	\$ 1,911,451	\$ 1,720,684	\$ 11,415	\$ 12,103	\$ 1,922,866	\$ 1,732,787

The total net increase in the board’s capital assets during the year was \$190 million (net increase resulted from \$370 million in additions offset by depreciation and disposals of \$180 million). Major capital asset events during the fiscal year ended June 30, 2018, included the following construction costs:

- \$51 million for renovations and additions at over 50 schools
- \$58 million for five replacement schools
- \$59 million for installation of school air conditioning at 26 schools
- \$34 million for new schools
- \$10 million for roof replacements

At the end of the current year, the board had outstanding contractual commitments on construction projects totaling more than \$82 million. Additional information on the board’s capital assets can be found in Note 5 on pages 70 - 71 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, 2018, the total debt service costs paid by the county government to finance public school construction were \$53 million.

The debt carried by the board is in the form of capital lease-purchase financing. This includes short-term financing (5 years) for school buses and other vehicles. The board also carries long-term capital leases (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 74 - 76 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

The general fund operating budget for the fiscal year July 1, 2018 – June 30, 2019 was adopted by the county council on May 24, 2018. The total general fund operating budget adopted for fiscal year 2019 is \$1.53 billion. The fiscal year 2019 operating budget is \$53 million (3.6%) more than the fiscal year 2018 final budget. This increase is attributable to the following:

- The adopted budget includes additional state funding of \$22 million, an increase of 3.4% over fiscal year 2017 budgeted state revenue. The additional state funds are based on state formula funding driven by increased enrollment and decreasing local wealth factor such as property assessments and net taxable income.
- An increase in county funding of \$26.9 million, an increase of 3.4%. This is due to the mandated maintenance of effort formula (\$8.7 million), one-time expenditures (\$4.2 million), and the remainder (\$14 million) is primarily for increases in salaries in accordance with labor agreements.
- Other revenues increased by \$4.1 million due to more prior year fund balance being used for re-appropriation.

The adopted capital projects budget for fiscal year 2019 decreased a total of \$119 million from \$161 million to \$42 million. This decrease is because the FY2018 budget included significant funding to complete air conditioning projects for the remaining schools without air conditioning, and significant funding for additions, renovations and replacement schools. The 2019 budget includes only state funding of \$42 million primarily for new and replacement schools. No county funding is included in the FY2019 capital budget because county bond funding of \$425 million is proposed for FY2020. The FY2019 state funding includes the following major projects:

- \$9 million for replacement of Victory Villa Elementary and Lansdowne Elementary
- \$10 million for the new Honeygo Elementary
- \$12 million for the renovation of Patapsco High

- \$8 million to complete air conditioning at Franklin High and Kenwood High

The adopted budget for the special revenue fund (\$95.3 million) is an increase of \$8 million over the prior fiscal year. The increase is related to one new grant – Magnet school grant of \$3.6 million, and increases in the Special Education grant of \$1.3 million, and Title I grant of \$2.8 million.

The Every Student Succeeds Act (ESSA) replaced and updated the No Child Left behind Act in 2015. ESSA took full effect in FY2018 and shifted much of the federal requirements to the states to implement and oversee. Some of the key requirements of ESSA are:

- Accountability plans, goals, and systems
- Identification and intervention in low-performing schools
- Testing in reading and math beginning in third grade and continuing into high school
- Maintaining challenging academic standards
- Continued maintenance of effort requirements for funding

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.



Kayden Battle

7th Grade

Golden Ring Middle School

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2018
(In Thousands)

	Governmental Activities	Business-type Activity	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 96,247	\$ 19,510	\$ 115,757
Accounts receivable, net:			
Baltimore County	39,851	-	39,851
State of Maryland	14,805	1,668	16,473
United States Government	8,969	-	8,969
Other	5,493	1	5,494
Inventories:			
Food and supplies	-	1,162	1,162
Other	167	-	167
Prepaid items	321	-	321
Investments restricted for lease purchases	7,434	-	7,434
Capital assets (net of accumulated depreciation):			
Land	30,526	-	30,526
Buildings	1,402,390	4,184	1,406,574
Improvements other than buildings	55,650	-	55,650
Furniture, fixtures, and equipment	55,995	7,231	63,226
Construction in progress	366,890	-	366,890
Total assets	2,084,738	33,756	2,118,494
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Retirement and OPEB plans	67,219	-	67,219
<u>LIABILITIES</u>			
Accounts payable	48,569	184	48,753
Retainage payable	16,539	-	16,539
Accrued salaries and withholdings	20,044	57	20,101
Other liabilities	3,092	-	3,092
Unearned revenue	1,772	1,066	2,838
Liabilities payable from restricted investments	7,434	-	7,434
Long-term liabilities:			
Due within one year	27,745	232	27,977
Due in more than one year	996,975	120	997,095
Total liabilities	1,122,170	1,659	1,123,829
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Retirement and OPEB plans	25,192	-	25,192
<u>NET POSITION (DEFICIT)</u>			
Net Investment in capital assets	1,824,578	11,415	1,835,993
Restricted for special education services	11,973	-	11,973
Unrestricted (deficit)	(831,956)	20,681	(811,275)
Total net position	\$ 1,004,595	\$ 32,096	\$ 1,036,691

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, 2018
(In Thousands)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Totals
Governmental activities:							
Administration	\$ 67,632	\$ -	\$ 5,724	\$ 70	\$ (61,838)	\$ -	\$ (61,838)
Mid-level administration	144,093	-	313	-	(143,780)	-	(143,780)
Instruction	942,262	198	28,667	227,267	(686,130)	-	(686,130)
Special education	278,939	-	88,443	1,486	(189,010)	-	(189,010)
Student personnel services	18,847	-	2,477	-	(16,370)	-	(16,370)
Health services	23,747	-	864	-	(22,883)	-	(22,883)
Student transportation	84,777	-	31,896	268	(52,613)	-	(52,613)
Operation of plant	112,071	-	147	-	(111,924)	-	(111,924)
Maintenance of plant	42,536	-	-	-	(42,536)	-	(42,536)
Community services	640	-	604	-	(36)	-	(36)
Capital administration	8,057	-	-	1	(8,056)	-	(8,056)
Interest on long-term debt	1,126	-	-	-	(1,126)	-	(1,126)
Total governmental activities	1,724,727	198	159,135	229,092	(1,336,302)	-	(1,336,302)
Business-type activities:							
Food services	49,391	13,062	36,346	-	-	17	17
Total	\$ 1,774,118	\$ 13,260	\$ 195,481	\$ 229,092	(1,336,302)	17	(1,336,285)
Unrestricted general revenues:							
Baltimore County					790,069	-	790,069
State of Maryland					653,091	-	653,091
United States Government					573	-	573
Other					5,406	-	5,406
Transfers					(192)	192	-
Total unrestricted general revenues and transfers					1,448,947	192	1,449,139
Change in net position					112,645	209	112,854
Net position, beginning of year as restated					891,950	31,887	923,837
Net position, end of year					\$ 1,004,595	\$ 32,096	\$ 1,036,691

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, 2018
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 86,481	\$ 5,233	\$ -	\$ 91,714
Accounts receivable, net:				
Baltimore County	-	-	39,851	39,851
State of Maryland	8,441	968	5,396	14,805
United States Government	-	8,969	-	8,969
Other	4,285	192	806	5,283
Due from other funds	5,175	-	-	5,175
Inventories	167	-	-	167
Prepaid items	321	-	-	321
Investments restricted for lease purchases	7,434	-	-	7,434
Total assets	\$ 112,304	\$ 15,362	\$ 46,053	\$ 173,719
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 23,509	\$ 594	\$ 24,466	\$ 48,569
Retainage payable	127	-	16,412	16,539
Accrued salaries and withholdings	18,993	1,051	-	20,044
Due to other funds	48	-	5,175	5,223
Other liabilities	2,209	-	883	3,092
Unearned revenue	28	1,744	-	1,772
Liabilities payable from restricted investments	7,434	-	-	7,434
Total liabilities	52,348	3,389	46,936	102,673
Fund balances (deficit) :				
Non-spendable	488	-	-	488
Restricted	-	11,973	-	11,973
Assigned	58,994	-	-	58,994
Unassigned (deficit)	474	-	(883)	(409)
Total fund balances (deficit)	59,956	11,973	(883)	71,046
Total liabilities and fund balances	\$ 112,304	\$ 15,362	\$ 46,053	\$ 173,719

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, 2018
(In Thousands)

Total fund balances - governmental funds (page 44) \$ 71,046

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 \$2,814,350 and the accumulated depreciation is (\$902,899). 1,911,451

Long-term liabilities, including capital leases of (\$70,334), compensated absences of (\$24,350), the estimated liability for workers' compensation claims and judgements of (\$13,146), the liability for unfunded post employment health benefits of (\$789,640), and the unfunded liability for the county's Employees' Retirement System of (\$127,250) are not due and payable from current resources and, therefore, are not reported as liabilities in the funds. (1,024,720)

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. 4,786

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. 42,032

Total net position - governmental activities (page 42) \$ 1,004,595

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, 2018
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenues:				
Baltimore County	\$ 790,069	\$ 5	\$ 165,947	\$ 956,021
State of Maryland	739,307	4,638	62,332	806,277
United States Government	573	67,404	-	67,977
Other	5,790	872	813	7,475
Total revenues	<u>1,535,739</u>	<u>72,919</u>	<u>229,092</u>	<u>1,837,750</u>
Expenditures:				
Current:				
Administration	47,528	4,556	-	52,084
Mid-level administration	99,404	261	-	99,665
Instruction:				
Instructional salaries	516,312	17,753	-	534,065
Textbooks and supplies	24,797	2,982	-	27,779
Other instructional costs	56,160	2,525	-	58,685
Special education	181,531	26,413	-	207,944
Student personnel services	11,106	1,956	-	13,062
Health services	15,614	788	-	16,402
Student transportation	64,201	457	-	64,658
Operation of plant	128,104	150	-	128,254
Maintenance of plant	35,729	-	-	35,729
Fixed charges	380,234	16,429	-	396,663
Community services	-	490	-	490
Capital administration	3,610	-	227,984	231,594
Debt service:				
Principal	10,212	-	-	10,212
Interest	1,126	-	-	1,126
Total expenditures	<u>1,575,668</u>	<u>74,760</u>	<u>227,984</u>	<u>1,878,412</u>
Excess (deficit) of revenues over expenditures	<u>(39,929)</u>	<u>(1,841)</u>	<u>1,108</u>	<u>(40,662)</u>
Other financing source :				
Capital lease issuance	41,870	-	-	41,870
Total other financing sources	<u>41,870</u>	<u>-</u>	<u>-</u>	<u>41,870</u>
Net change in fund balances	1,941	(1,841)	1,108	1,208
Fund balances (deficit), beginning of year	<u>58,015</u>	<u>13,814</u>	<u>(1,991)</u>	<u>69,838</u>
Fund balances (deficit), end of year	<u>\$ 59,956</u>	<u>\$ 11,973</u>	<u>\$ (883)</u>	<u>\$ 71,046</u>

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, 2018
(In Thousands)

Total net change in fund balances - governmental funds (page 46)	\$ 1,208
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 \$370,426 adjusted for assets converting from construction-in progress (\$100,498), other disposals from CIP (\$4,598), contributions to the Food Services business type activities (\$192), other excess accumulated depreciation on disposals \$4,557, exceed depreciation expense of (\$78,928) in the current period.	190,767
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.	10,212
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 (\$15,258) is greater than vacation leave used (\$14,390) in the current period.	(868)
Proceeds of capital lease issuance which provide current financial resources in the governmental funds, are not reported as revenues in the statement of activities.	(41,870)
Decrease in the estimated liability for workers' compensation claims included in long-term obligations.	381
Net effect of the expenditures for recording the net OPEB liability.	(49,545)
Net effect of the expenditures for recording the liability due to the Employees' Retirement System of Baltimore County.	1,433
Increase in the assets of the Internal Service Fund are not included in the Governmental Statements.	927
Change in net position of governmental activities (page 43)	<u><u>\$ 112,645</u></u>

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

BOARD OF EDUCATION OF BALTIMORE COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Adopted	Final		
Revenues:				
Baltimore County	\$ 790,069	\$ 790,069	\$ 790,069	\$ -
State of Maryland:				
Foundation Program	394,091	394,091	394,052	(39)
Geographic Cost of Education	6,066	6,066	6,066	-
Compensatory Education	146,926	146,926	146,943	17
Limited English Proficiency	19,216	19,216	19,213	(3)
Transportation	31,453	31,453	31,451	(2)
Formula-Students with Disabilities	35,518	35,518	35,512	(6)
Out-of-County Living Arrangements	1,300	1,300	1,102	(198)
Non-public Placements	17,393	17,393	19,252	1,859
Aging Schools	897	897	551	(346)
Quality Teacher Incentive	192	192	81	(111)
Total State of Maryland	653,052	653,052	654,223	1,171
United States Government	795	795	573	(222)
Other	32,548	32,548	33,463	915
Total revenues	1,476,464	1,476,464	1,478,328	1,864
Expenditures:				
Current:				
Administration	51,413	51,213	50,038	1,175
Mid-level administration	101,223	100,523	99,632	891
Instruction:				
Instructional salaries	523,938	520,338	516,312	4,026
Instructional textbooks and supplies	24,905	27,405	25,394	2,011
Other instructional costs	55,325	57,125	55,585	1,540
Special education	180,087	183,087	182,398	689
Student personnel services	12,332	12,132	11,098	1,034
Health services	17,078	16,778	15,639	1,139
Student transportation	70,960	69,660	68,876	784
Operation of plant	99,638	96,238	94,808	1,430
Maintenance of plant	35,935	38,335	37,360	975
Fixed charges	299,312	299,312	296,008	3,304
Capital administration	4,318	4,318	4,032	286
Total expenditures	1,476,464	1,476,464	1,457,180	19,284
Excess of revenues over expenditures	\$ -	\$ -	21,148	\$ 21,148
Fund balance, beginning of year			38,831	
Reappropriation of prior year fund balance included in Other Revenues			(27,673)	
Liquidation and cancellation of prior year encumbrances			4,580	
Fund balance, end of year			\$ 36,886	

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, 2018
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Adopted	Final		
Revenues:				
Baltimore County	\$ 5	\$ 5	\$ 5	\$ -
State of Maryland	6,455	6,455	5,388	(1,067)
United States Government	77,353	77,353	64,566	(12,787)
Other	3,532	3,532	2,947	(585)
Total revenues	87,345	87,345	72,906	(14,439)
Expenditures:				
Administration	5,905	5,905	4,391	1,514
Mid-level administration	410	410	248	162
Instruction:				
Instructional salaries	20,177	20,177	17,752	2,425
Instructional textbooks and supplies	4,699	4,699	3,175	1,524
Other instructional costs	4,629	4,629	2,672	1,957
Special education	28,894	28,894	26,311	2,583
Student personnel services	1,948	1,948	1,949	(1)
Health services	777	777	730	47
Student transportation	515	515	441	74
Operation of plant	166	166	151	15
Fixed charges	18,692	18,692	16,430	2,262
Community services	533	533	497	36
Capital administration	-	-	-	-
Total expenditures	87,345	87,345	74,747	12,598
Excess (deficit) of revenues over expenditures	\$ -	\$ -	(1,841)	\$ (1,841)
Fund balance, beginning of year			13,814	
Fund balance, end of year			\$ 11,973	

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, 2018
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 19,510	\$ 4,532
Due from other governments	1,668	-
Accounts receivable - other	1	210
Due from other funds	-	45
Inventories, at cost	1,162	-
Total current assets	22,341	4,787
Capital assets (net of accumulated depreciation):		
Building	4,184	-
Furniture, fixtures and equipment	7,231	-
Total capital assets - net	11,415	-
Total assets	33,756	4,787
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	184	-
Accrued salaries and withholdings	57	1
Compensated absences	232	-
Claims and judgements	-	5,178
Unearned revenue	1,066	-
Total current liabilities	1,539	5,179
Noncurrent liabilities:		
Compensated absences	120	-
Claims and judgements	-	7,968
Total noncurrent liabilities	120	7,968
Total liabilities	1,659	13,147
<u>NET POSITION (Deficit)</u>		
Net investment in capital assets	11,415	-
Unrestricted (deficit)	20,681	(8,360)
Total net position (deficit)	\$ 32,096	\$ (8,360)

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, 2018
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Operating Revenues:		
Charges for services	\$ 13,062	\$ -
Employer's contributions	-	10,409
Total operating revenue	13,062	10,409
Operating Expenses:		
Cost of food sold	20,353	-
Salaries, wages, and benefits	23,633	167
Claims and judgements paid	-	8,166
Provision for claims and judgements	-	(381)
Supplies	1,924	-
Maintenance and repair of equipment	777	-
Administration and support	462	1,145
Depreciation	1,701	-
Other	541	-
Total operating expenses	49,391	9,097
Operating income (loss)	(36,329)	1,312
Nonoperating Revenues:		
Federal reimbursement of food service costs	31,710	-
State reimbursement of food service costs	1,296	-
Federal donated commodities	3,032	-
Other grant revenue	68	-
Other revenue	240	-
Total nonoperating revenues	36,346	-
Income before capital contribution	17	1,312
Capital contribution	192	-
Change in net position	209	1,312
Net position (deficit), beginning of year	31,887	(9,672)
Net position (deficit), end of year	\$ 32,096	\$ (8,360)

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, 2018
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received for sales and services	\$ 13,111	\$ -
Cash paid to employees	(23,641)	(167)
Cash paid to suppliers	(20,709)	-
Claims and judgements paid	-	(8,236)
Administration and support	-	(1,145)
Employer's contributions	-	10,460
Net cash provided by (used in) operating activities	(31,239)	912
Cash flows from non-capital financing activities:		
Governmental subsidies	32,612	-
Other	68	-
Net cash provided by non-capital financing activities	32,680	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(838)	-
Proceeds from sale of capital assets	69	-
Net cash used in capital and related financing activities	(769)	-
Cash flows from investing activities - interest received	189	-
Net increase (decrease) in cash and cash equivalents	861	912
Cash and cash equivalents, beginning of year	18,649	3,620
Cash and cash equivalents, end of year	\$ 19,510	\$ 4,532
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (36,329)	\$ 1,312
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation expense	1,701	-
Federal donated commodities	3,032	-
Effect of changes in operating assets and liabilities:		
Accounts receivable - other	1	(70)
Due from other funds	-	51
Inventories	383	-
Accounts payable	40	-
Accrued salaries and withholdings	(4)	-
Compensated absences	(5)	-
Liability for claims and judgements	-	(381)
Unearned revenue	(58)	-
Net cash provided by (used in) operating activities	\$ (31,239)	\$ 912
Noncash investing, capital and financing activities:		
Contributions of federal donated commodities	\$ 3,032	\$ -
Contribution of capital equipment from other fund	192	-

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, 2018
(In Thousands)

ASSETS

Cash and cash equivalents	\$	4,469
Investments		2,305
Inventories		306
Total assets	\$	7,080

LIABILITIES

Accounts payable	\$	116
Due to others		15
Due to school organizations		6,949
Total liabilities	\$	7,080

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, 2018

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 enrolled, and the majority of these funds are not directly attributable to a specific program or

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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

- 1) ***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.
- 2) ***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, 2018, 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, 2018

- Amounts encumbered as purchase orders are recorded as an assignment of fund balance.

The Board reports the following major governmental funds:

- a) 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.
 - b) The Special Revenue Fund accounts for revenues, primarily from state and federal governments, which are subject to restrictions as to their use.
 - c) 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.
- 3) ***Proprietary 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, 2018

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

- 1) *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.

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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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, 2018. 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.

- 2) **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, 2018 are expected to be minimal based upon collection experience and review of the status of existing receivables.
- 3) **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.
- 4) **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, where expenses are recorded as the items of inventory are used, and are stated at cost, 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 cost, 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, 2018

- 5) **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 acquisition 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

- 6) **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, 2018, the Board had deferred outflows of resources in the amount of \$67,219 that relate to changes in activity, experience, and assumptions, and contributions to the Employees Retirement System of Baltimore County and the OPEB plan.
- 7) **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.
- 8) **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, 2018

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 net liability for 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 energy 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 25 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.

- 9) ***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 primarily of 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.
- 10) ***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, 2018, the Board had deferred inflows of resources totaling \$25,192 related to the difference between actual and expected experience, the difference between projected and actual earnings on investments, and changes in proportion and differences between Board contributions and proportionate share of contributions to the Employees Retirement System of Baltimore County and the OPEB health plan.
- 11) ***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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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:

- a) *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.
- b) *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.
- c) *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.
- d) *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.
- e) *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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

12) *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.

13) *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.

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:

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

Category	Category
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.
- 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:

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

	Categorical Transfers
Administration	\$ (200)
Mid-level Administration	(700)
Instructional Salaries	(3,600)
Instructional Textbooks and Supplies	2,500
Other Instructional Costs	1,800
Special Education	3,000
Student Personnel Services	(200)
Health Services	(300)
Student Transportation	(1,300)
Operation of Plant	(3,400)
Maintenance of Plant	2,400
	<u>\$ -</u>

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:

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

	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	\$ 1,535,739	\$ (1,575,668)	\$ 41,870	\$ 1,941	\$ 59,956
Effect of encumbrances	-	(9,016)	-	(9,016)	-
Retirement cost paid on the Board's behalf by the State of Maryland	(85,634)	85,634	-	-	-
Reappropriation of prior year fund balance	27,673	-	-	27,673	(27,673)
Effect of capital leases	-	41,870	(41,870)	-	-
Other budgetary adjustments	550	-	-	550	4,603
Reported on the Budgetary Basis of Accounting	<u>\$ 1,478,328</u>	<u>\$ (1,457,180)</u>	<u>\$ -</u>	<u>\$ 21,148</u>	<u>\$ 36,886</u>
Special Revenue Fund					
Reported on basis of GAAP	\$ 72,919	\$ (74,760)	\$ -	\$ (1,841)	\$ 11,973
Effect of encumbrances	(13)	13	-	-	-
Reported on the Budgetary Basis of Accounting	<u>\$ 72,906</u>	<u>\$ (74,747)</u>	<u>\$ -</u>	<u>\$ (1,841)</u>	<u>\$ 11,973</u>

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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues - Baltimore County	\$ 53,032.26	\$ 53,032.26	\$ 53,032.26	\$ -
Expenditures:				
Current -				
Principal	35,852	35,852	35,852	-
Interest	17,180.26	17,180	17,180	-
Total expenditures	<u>53,032</u>	<u>53,032</u>	<u>53,032</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, July 1, 2017			<u>-</u>	
Fund balance, June 30, 2018			<u>\$ -</u>	

D. DETAILS OF FUND BALANCES

The details of the Governmental Funds balances at June 30, 2018 are shown as follows:

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

Inventories	\$ 167
Prepaid Items	321
	<u>\$ 488</u>

The Assigned general fund balance consists of the following:

Encumbrances for:	
Contracted services	\$ 13,756
Supplies and materials	5,023
Equipment and other	8,437
Total encumbrances	<u>27,216</u>
For use in FY2019 Operating Budget	<u>31,778</u>
	<u>\$ 58,994</u>

The Special Revenue fund balance of \$11,973 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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

E. NET POSITION

- 1) **Deficit fund balance** - The Capital Projects Fund had an unassigned fund balance deficit of \$883. 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.
- 2) **Internal service fund deficit net position** - The Internal Service Fund has a deficit net position of \$8,360 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.

F. NEW ACCOUNTING PRONOUNCEMENT

The Board adopted Governmental Accounting Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB).

This pronouncement requires restatement of the June 30, 2017 net position of governmental activities as follows:

	<u>Governmental Activities</u>
Net Position July 1, 2017 as previously stated:	\$ 1,577,220
Cummulative effect of application of GASB75, net OPEB liability	<u>(685,270)</u>
Net position July 1, 2017 as restated	<u>\$ 891,950</u>

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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

The Board's deposits are subject to custodial credit risk, which is the risk that in the event of bank failure the Board's deposits may not be returned. The Annotated Code of Maryland requires 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, 2018, the Board's and the fiduciary funds deposits were approximately \$7 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. 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.

Funds restricted for lease purchase are held in a custodial escrow account with Duetsche Bank National Trust. The funds held in escrow are invested in a JP Morgan 100% US Treasury money market fund.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

C. SUMMARY OF DEPOSIT AND INVESTMENT BALANCE

The following is a reconciliation of the Board's deposit and investments balances as of June 30, 2018:

	<u>Pooled Cash and Investments</u>	<u>Other</u>	<u>Total</u>
Deposits	\$ 2,584	\$ 4,469	\$ 7,053
Investments:			
MLGIP	115,478	-	115,478
Money market mutual funds	-	7,434	7,434
Total	\$ 118,062	\$ 11,903	\$ 129,965

	<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	\$ 115,757	\$ -	\$ 115,757
<u>Restricted</u>			
Cash and cash equivalents	-	4,469	4,469
Investments	7,434	2,305	9,739
Total cash and investments	\$ 123,191	\$ 6,774	\$ 129,965

NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2018, the Capital Projects Fund owed \$5.1 million to the General Fund for cash advanced to pay contractors for work performed on ongoing contracts. Additionally, the Board owed \$45 thousand to the Internal Service Fund for workers' compensation contributions; and, \$1 thousand to the School Activities Fund, an agency fund, which holds the assets of the fund in a custodial and investment capacity.

A summary of the interfund transfers for the fiscal year ended June 30, 2018 follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities	Business Type Activities	Food Service equipment	<u>\$ 192</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 5. CAPITAL ASSETS

A. ACTIVITY

Capital asset activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,526	\$ -	\$ -	\$ 30,526
Construction in progress	246,099	221,481	(100,690)	366,890
Total capital assets not being depreciated	<u>276,625</u>	<u>221,481</u>	<u>(100,690)</u>	<u>397,416</u>
Capital assets being depreciated:				
Buildings	2,034,188	138,241	-	2,172,429
Improvements other than buildings	101,714	1,841	-	103,555
Machinery and equipment	46,528	4,511	(7)	51,032
Vehicles	90,157	4,352	(4,591)	89,918
Total capital assets being depreciated	<u>2,272,587</u>	<u>148,945</u>	<u>(4,598)</u>	<u>2,416,934</u>
Less accumulated depreciation for:				
Buildings	(707,196)	(62,843)	-	(770,039)
Improvements other than buildings	(43,042)	(4,863)	-	(47,905)
Machinery and equipment	(30,642)	(4,154)	8	(34,788)
Vehicles	(47,648)	(7,068)	4,549	(50,167)
Total accumulated depreciation	<u>(828,528)</u>	<u>(78,928)</u>	<u>4,557</u>	<u>(902,899)</u>
Total capital assets being depreciated, net	<u>1,444,059</u>	<u>70,017</u>	<u>(41)</u>	<u>1,514,035</u>
Governmental activities, net investment in capital assets	<u>\$ 1,720,684</u>	<u>\$ 291,498</u>	<u>\$ (100,731)</u>	<u>\$ 1,911,451</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

	Beginning Balance	Increases	Decreases	Ending Balance
Business - type activities:				
Capital assets being depreciated:				
Building and improvements	\$ 7,270	\$ -	\$ -	\$ 7,270
Furniture, fixtures and equipment	27,406	1,030	(1,150)	27,286
Total capital assets being depreciated	<u>34,676</u>	1,030	(1,150)	34,556
Less accumulated depreciation for:				
Building and improvements	(2,814)	(272)	-	(3,086)
Furniture, fixtures and equipment	(19,759)	(1,429)	1,133	(20,055)
Total capital assets being depreciated	<u>(22,573)</u>	<u>(1,701)</u>	<u>1,133</u>	<u>(23,141)</u>
Business - type activities capital assets, net	<u>\$ 12,103</u>	<u>\$ (671)</u>	<u>\$ (17)</u>	<u>\$ 11,415</u>

Depreciation expense was charged to program activities as follows:

Governmental activities:

Administration	\$ 932
Mid-level administration	35
Instruction	69,590
Special education	501
Student transportation	6,035
Operation of plant	144
Maintenance of plant	1,571
Capital administration	120
Total depreciation expense - governmental activities	<u>\$ 78,928</u>

Business-type activities:

Food Services	<u>\$ 1,701</u>
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Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

B. CONSTRUCTION AND LEASE PURCHASE COMMITMENTS

The Board has active construction projects as of June 30, 2018. 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	\$ 343,618	\$ 39,963
Additions	27,163	12
Improvements and renovations	330,766	41,820
Total	<u>\$ 701,546</u>	<u>\$ 81,795</u>

During the fiscal year, the Board made commitments for the acquisition of vehicles under new capital lease agreements totaling approximately \$7.4 million. The assets to be acquired are described below:

<u>Description</u>	<u>Class</u>	<u>Amount</u>
School buses	Vehicles	\$ 5,389
Trucks and other vehicles	Vehicles	2,045
Total		<u>\$ 7,434</u>

During the prior fiscal year, the Board contracted with two vendors to undertake energy performance contract improvements to more than 150 schools and other facilities totaling approximately \$72.9 million. These improvements include, interior and exterior lighting upgrades and controls, heating and air conditioning installation, improvements and replacements, energy management system installations, building envelope improvements and insulation, fuel conversion, and water conservation. One contract for \$38.5 was completed in June 2018, and the resultant assets and capital lease liability were recorded at year end. The first repayment of \$1.1 million on this lease was made in June 2018. The entire lease is financed over a period of 20 years. The other contract which has a value of \$36.2 million is expected to be completed in February 2019. The cost-avoidance energy savings from these improvements, which are estimated to be \$4.6 - \$7.6 million annually, will fund the repayment schedules over a period of 20 years. The payments for the financing of the second project will begin after completion of the work in fiscal year 2019.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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 past two fiscal years are reflected below:

Fiscal Year ending June 30,	Beginning Payable	Incurred Claims and Judgements	Claims and Judgements Paid	Ending Payable
2017	\$ 12,797	8,137	7,407	\$ 13,527
2018	13,527	7,785	8,166	13,146

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, 2018

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, 2018, amounted to \$4,246.

The Board has entered into a new four year lease agreement for personal computing devices as well as a new seven year commitment that will provide additional desktop and portable computers. All is part of a technology initiative to equip all students and teachers with digital learning devices. Total expense under these operating leases for the fiscal year ended June 30, 2018, amounted to \$42,184.

The aggregate future rental payments under these commitments are \$137,506 as summarized below:

<u>Fiscal year ending June 30,</u>	
2019	\$ 52,796
2020	39,646
2021	17,170
2022	17,336
2023	3,177
2024-2028	<u>7,381</u>
Total	<u>\$ 137,506</u>

Additionally, the Board leases copiers and other equipment under contracts which are cancelable with 60 day notice. During the year, \$3.3 million of expense was incurred under these agreements.

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 judgments 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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

A. CAPITAL LEASES

The Board's capital leases represent obligations incurred to finance the purchase of school buses, other vehicles, and for acquisition of building energy improvements. The bus leases are financed over periods of five years, while the energy performance improvement leases are 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	\$ 41,704
Building Improvements	61,866
Less: accumulated depreciation	<u>(16,897)</u>
Total	<u>\$ 86,673</u>

The following are the future minimum lease payments under the Board's capital lease agreements, and the present value of the minimum lease payments as of June 30, 2018:

<u>Fiscal years ending June 30,</u>	<u>Governmental Activities</u>
2019	\$ 10,323
2020	7,868
2021	5,999
2022	5,147
2023	4,440
2024 - 2028	21,125
2029-2033	23,188
2034	<u>16,885</u>
Total minimum lease payments	94,975
Less: Amount representing interest	<u>(24,641)</u>
Present value of future minimum lease payments	<u>\$ 70,334</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

B. CHANGE 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	\$ 38,676	\$ 41,870	\$ 10,212	70,334	\$ 7,885
Compensated absences	23,482	15,258	14,390	24,350	14,390
Claims and judgements					
- workers' compensation plan	13,527	7,785	8,166	13,146	5,178
Other Post Employment Benefits	770,043	63,665	44,068	789,640	-
County Employee Retirement Plan	124,340	2,910	*	127,250	-
Governmental activity					
Long-term liabilities	<u>\$ 970,068</u>	<u>\$ 131,488</u>	<u>\$ 76,836</u>	<u>\$ 1,024,720</u>	<u>\$ 27,453</u>
Business-type Activity/ Food Services					
Compensated absences	<u>\$ 357</u>	<u>\$ 227</u>	<u>\$ 232</u>	<u>\$ 352</u>	<u>\$ 232</u>

* Net addition shown

NOTE 9. RETIREMENT AND OTHER POST EMPLOYMENT BENEFITS

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

1) *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 defined benefit 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>.

2) *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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefits allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

A member of the Teachers' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's 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 member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Teachers' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of 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 creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning 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. There were no benefit changes during the year.

- 3) **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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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, 2018, was \$85,634. The fiscal 2018 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. The State of Maryland General Assembly passed a bill that requires the Boards of Education in Maryland to pay the full normal cost for their teachers into the Teachers' Retirement and Pension Systems. The Board's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2018 was \$32,722.

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

At June 30, 2018, 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	\$ 943,475
Board's proportionate share of the net pension liability	-
Total	<u>\$ 943,475</u>

The net pension liability was measured as of June 30, 2017, 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, 2018, the Board recognized pension expense of \$118,356 and revenue of \$85,634 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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

- 5) *Actuarial assumptions* - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.65% general, 3.15% wage
Salary increases	3.15% to 9.15%, including inflation
Investment rate of return	7.50%

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, 2017 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 7.50% and an inflation assumption of 2.65% were used for the June 30, 2017 valuation.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	36%	5.3%
Private Equity	11%	7.0%
Rate Sensitive	21%	1.2%
Credit Opportunity	9%	3.6%
Real Assets	15%	5.7%
Absolute Return	8%	3.1%
Total	100%	

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of total return on pension plan investments, net of the pension plan expense was 10.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

- 6) **Discount rate** - The single discount rate used to measure the total pension liability was 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. 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.
- 7) **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.
- 8) **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

- 1) **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 defined benefit 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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

- 2) **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 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.
- 3) **Contributions** - Plan members hired prior to July 1, 2007 are required to contribute between 6.25% - 7.25% of covered salary as of July 1, 2016. These plan members' contributions will increase annually until it is capped at 7.25% annually beginning January 1, 2019. Plan members hired subsequent to June 30, 2007 are required to contribute 7% annually.

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, 2018 was \$8,935, which was 100% of the required contribution.

- 4) **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**
 - a. **Net Pension Liability** - At June 30, 2018, the Board reported a liability of \$127,250 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 rolled forward to June 30, 2017, 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, 2017, the Board's proportion was 7.55 percent, which was an increase of 0.43 from the proportion measured as of June 30, 2016. There have been no changes in the benefit terms that would affect the measurement of the total pension liability since the last measurement date.
 - b. **Pension expense** - For the year ended June 30, 2018, the Board recognized pension expense of \$7,439.
 - c. **Deferred outflows/inflows** - At June 30, 2018, 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, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,154	\$ 1,583
Change of assumptions	13,826	-
Net difference between projected and actual earnings on pension plan investments	-	261
Changes in proportion and differences between Board contributions and proportionate share of contributions	14,990	12,152
Board contributions subsequent to the measurement date	8,935	-
	<u>\$ 41,905</u>	<u>\$ 13,996</u>

Deferred outflows of \$8,935 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, 2019. 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:

2019	\$ 7,242
2020	4,900
2021	5,985
2022	(2,193)
2022	514
Thereafter	2,526

5) **Actuarial Assumptions** – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all period included in the measurement:

- Inflation - 3.0 %
- Salary Increases - Rates vary by participant service.
- Investment Rate of Return – 6.375%, net of pension plan investment expense and gain sharing, including inflation.
- Actuarial Cost Method – Entry Age Normal
- Asset Valuation Method - Ten-year Smoothed Market

Mortality rates were based on the RP-2000 Combined Mortality Table for males or females projected to 2027, as appropriate, with adjustments for mortality improvements based on

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

Scale AA. The actuarial assumptions used in the July 1, 2017 valuation are unchanged since the previous 2016 evaluation, which was based on the results of an actuarial experience study for the period July 1, 2006 through June 30, 2011. Other changes made include:

- The FY2017 payment toward the plan's unfunded liability was restarted on a 30 year payment schedule based on the plan's expected unfunded actuarial liability as of July 1, 2016.
- Employee contributions have been increased since the last actuarial evaluation.

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, 2017 are summarized in the following table:

Asset Class	Long-term Expected Rate of Return	Target Asset Allocation
Cash	0.25%	0.00%
Large Cap Equities	4.75%	19.00%
Small/Mid Cap Equities	5.00%	8.00%
International Equities (Unhedged)	5.00%	13.00%
Emerging International Equities	6.75%	9.00%
Core Bonds	1.25%	8.00%
Bank Loans	3.25%	3.00%
EMD (Local Currency)	3.75%	4.00%
Diversified Fixed Income	2.65%	9.00%
Private Equity	6.75%	7.00%
Real Estate (Core)	3.75%	5.00%
Global Asset Allocation	4.35%	10.00%
Risk Parity	3.43%	5.00%

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

- 6) **Discount rate** - The discount rate used to measure the total pension liability was the funding valuation interest rate of 6.75 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.
- 7) **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 6.375 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 one percentage-point lower (5.375 percent) or one percentage-point higher (7.375 percent) than the current rate:

	1% Decrease (5.375%)	Discount Rate (6.375%)	1% Increase (7.375%)
Board's proportionate share of the net pension liability	\$ 166,991	\$ 127,250	\$ 95,175

- 8) **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. The report may be obtained on line at the following link - <https://www.baltimorecountymd.gov/Agencies/budfin/retirement/index.html>.

C. OTHER POST-EMPLOYMENT BENEFITS

- 1) **Plan Description** - The County's *Other Post-Employment Benefits* plan (OPEB Plan) is a cost-sharing multiple-employer defined-benefit postemployment healthcare plan that provides certain health benefits to retirees and their beneficiaries. The OPEB Plan was established and is maintained by the county government as a trust fund as specified in Article 10, Title 14 of the County Code. Retirees receiving a Board approved retirement, and their beneficiaries, are eligible to participate in the OPEB Plan. The retiree must elect to participate in the OPEB Plan immediately upon retirement.
- 2) **Benefits Provided** - The healthcare benefits provided under the OPEB Plan are determined through negotiations between the Board and employee bargaining units, and are included in the bargaining unit contracts.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

- 3) **Optional Benefits** - Certain other optional benefits for dental, vision, and life insurance coverage that are not part of the OPEB plan may be elected by retirees, however, the retiree is responsible for the full cost of the plan. Retirees' costs for dental and vision coverage is at the COBRA equivalent rates. Retirees are responsible for the full cost of life insurance.
- 4) **Contributions** - Retired plan members and beneficiaries currently receiving benefits are required to contribute specified amounts monthly toward healthcare based on their hire date, years of active service, the medical plan chosen, and whether they are Medicare eligible (age 65). The OPEB Plan does not have any required contributions from active employees.
- 5) **Funding Policy** – There are no statutory or contractual requirements for Board contributions to the plan. 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.
- 6) **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB** – At June 30, 2018 the Board reported a liability of \$789,640 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The accrued liability was determined for each employer in the OPEB Plan. The actuarial accrued liability is a measure of the projected long-term contribution effort. Accordingly, assets and deferred inflows and outflows were allocated to each employer in proportion to the actuarial accrued liability. At June 30, 2018, the Board's proportion was 48.22%.
 - a. **Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2018, the Board recognized OPEB expense of \$62,149. At June 30, 2018 the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following resources:

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 314	\$ -
Net difference between projected and actual earnings on OPEB plan investments	-	11,196
Board contributions subsequent to the measurement date	25,000	-
	<u>\$ 25,314</u>	<u>\$ 11,196</u>

\$25,000 reported as deferred outflows of resources related to OPEB resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:

2019	\$ (2,747)
2020	(2,747)
2021	(2,747)
2022	(2,747)
2023	53
Thereafter	53

b. **Actuarial Assumptions** – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation 2.2%
- Salary increases not applicable
- Investment rate of return 3.3% blended rate
- Mortality RP-2000 projected by Scale AA.
- Cost of living adjustments 3.0%
- Healthcare cost trend rates 3.9% - 5.3%

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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

<u>Asset Class</u>	<u>Long-term Expected Rate of Return</u>	<u>Target Asset Allocation</u>
Cash	0.25%	0.00%
Large Cap Equities	4.75%	19.00%
Small/Mid Cap Equities	5.00%	8.00%
International Equities (Unhedged)	5.00%	13.00%
Emerging International Equities	6.75%	9.00%
Core Bonds	1.25%	8.00%
Bank Loans	3.25%	3.00%
EMD (Local Currency)	3.75%	4.00%
Diversified Fixed Income	2.65%	9.00%
Private Equity	6.75%	7.00%
Real Estate (Core)	3.75%	5.00%
Global Asset Allocation	4.35%	10.00%
Risk Parity	3.43%	5.00%

- c. **Discount Rate** – The discount rate used to measure the OPEB liability was 6.375 percent. The projections of cash flows used to determine the discount rate assumed that contributions from the Board will continue to follow the same funding policy. Based on this assumption, the OPEB plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

- d. *Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate* – The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate 1-percent point lower or 1-percent point higher than the current discount rate:

	1% Decrease	Discount rate	1% Increase
	(6.50%)	(7.50%)	(8.50%)
Net OPEB Liability	\$ 927,908	\$ 789,640	\$ 675,340

- e. *Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare costs trend rates* - The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percent point lower or 1-percent point higher than the current healthcare cost trend rates:

	Healthcare Cost		
	1% Decrease	Trend rates	1% Increase
	(2.8%)	(3.8%)	(4.8%)
Net OPEB Liability	\$ 676,210	\$ 789,640	\$ 930,231

- f. *OPEB plan fiduciary net position* – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued Baltimore County Government comprehensive annual financial report.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2018

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 \$667 has been recorded for pollution remediation at June 30, 2018.

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, 2018, a reserve for potential loss of \$216 was recorded for a probable loss on a construction contract. 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.



Katelynn Clarke

7th Grade

Franklin Middle School

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018
(In Thousands)

Schedule of the Board's Proportionate Share of the Net OPEB Liability

	<u>2018</u>
Board's proportion of the net OPEB liability	48.22%
Board's proportionate share of the net OPEB liability (asset)	\$ 789,640
Board's covered-employee payroll	\$ 735,217
Board's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	107%
Plan fiduciary net position as a percentage of the total OPEB liability	20.49%

The Board implemented GASB 75 during fiscal year 2018. As such, only one year of information is available.

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018
(In Thousands)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution *	\$ 32,722	\$ 29,375	\$ 29,374	\$ 25,549	\$ 19,971	\$ 15,776
Contributions in relation to the contractually required contribution	<u>(32,722)</u>	<u>(29,375)</u>	<u>(29,374)</u>	<u>(25,549)</u>	<u>(19,971)</u>	<u>(15,776)</u>
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered payroll	\$ 761,883	\$ 738,986	\$ 708,720	\$ 667,524	\$ 667,086	\$ 660,214
Contributions as a percentage of covered payroll	4%	4%	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, 2018
(In Thousands)**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Boards's proportion of the net pension liability	0.0%	0.0%	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	943,475	1,018,884	1,103,603	807,793
Total	<u>\$ 943,475</u>	<u>\$ 1,018,884</u>	<u>\$ 1,103,603</u>	<u>807,793</u>
Board's covered payroll	\$ 738,986	\$ 708,720	\$ 667,524	\$ 667,086
Board's proportionate share of the net pension liability as a percentage of its covered payroll	0.0%	0.0%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	71.41%	67.95%	70.76%	69.53%

*** The amounts presented for fiscal year 2018 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 four years of information is available.**

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2018
(In Thousands)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution	\$ 8,935	\$ 8,859	\$ 8,870	\$ 8,988	\$ 6,203	\$ 5,381
Contributions in relation to the contractually required contribution	<u>8,935</u>	<u>8,859</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Board's covered payroll	\$ 104,410	\$ 101,633	\$ 96,330	\$ 91,778	\$ 87,829	\$ 86,713
Contributions as a percentage of covered payroll	8.56%	8.72%	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, 2018
(In Thousands)**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Boards's proportion of the net pension liability	7.55%	7.12%	8.69%	7.26%
Board's proportionate share of the net pension liability	\$ 127,250	\$ 124,340	\$ 126,832	\$ 86,003
Board's covered payroll	\$ 101,633	\$ 96,330	\$ 91,778	\$ 87,829
Board's proportionate share of the net pension liability as a percentage of its covered payroll	125.2%	129.1%	138.2%	97.9%
Plan fiduciary net position as a percentage of the total pension liability	61.5%	57.1%	62.8%	68.2%

The liability presented for fiscal year 2018 was measured as of June 30, 2017 using membership data as of June 30, 2016, rolled forward to June 30, 2017. Additionally, the Board implemented GASB 68 during fiscal year 2015, as such, only four years of information is available.

Board of Education of Baltimore County

**Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2018**

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 assumption in the 2017 valuation:

- Inflation assumption changed from 2.90% to 2.65%

**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	22 years for State system
Asset Valuation method	5-year smoothed market
Inflation	2.65% general, 3.15% wage
Salary Increases	3.15% to 9.2% including inflation
Investment Rate of Return	7.50%
Discount Rate	7.50%
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, 2018**

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

The investment rate of return and discount rate was changed from 6.75% to 6.375%

**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	29 year layered amortization
Asset Valuation method	10-year smoothed market
Inflation	3.0%
Salary Increases	Rates vary by participant service
Investment Rate of Return	6.375%, 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% of the RP-2000 Combined Healthy male tables projected to 2027 by Scale AA and for females 100% of the 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.



Daphne Feng

7th Grade

Perry Hall Middle School

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITIES FUND
FOR THE YEAR ENDED JUNE 30, 2018
(In Thousands)

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Assets</u>				
Cash and cash equivalents	\$ 4,346	\$ 12,655	\$ 12,532	\$ 4,469
Investments	2,338	-	33	2,305
Due from other funds	2	-	2	-
Inventories	377	305	376	306
Total Assets	\$ 7,063	\$ 12,960	\$ 12,943	\$ 7,080
<u>Liabilities</u>				
Accounts payable	\$ 59	\$ 625	\$ 568	\$ 116
Due to others	-	414	399	15
Due to school organizations	7,004	12,092	12,147	6,949
Total Liabilities	\$ 7,063	\$ 13,131	\$ 13,114	\$ 7,080



Kiersten Kashlak

7th Grade

Lansdowne Middle 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 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. This data has been obtained directly from the Baltimore County Government and is included here in its entirety.

<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.	102-123
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>2018</u>	<u>2017**</u>	<u>2016</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 1,824,578	\$ 1,682,007	\$ 1,555,836	\$ 1,451,076
Restricted	11,973	13,814	15,570	16,843
Unrestricted (deficit)	(831,956)	(118,601)	(57,122)	(64,745)
Total governmental activities net position	<u>1,004,595</u>	<u>1,577,220</u>	<u>1,514,284</u>	<u>1,403,174</u>
Business-type activities:				
Net investment in capital assets	11,415	12,103	11,890	13,045
Unrestricted	20,681	19,784	18,027	14,995
Total business-type activities net position	<u>32,096</u>	<u>31,887</u>	<u>29,917</u>	<u>28,040</u>
Primary government:				
Net investment in capital assets	\$ 1,835,993	1,694,110	1,567,726	1,464,121
Restricted	11,973	13,814	15,570	16,843
Unrestricted (deficit)	(811,275)	(98,817)	(39,095)	(49,750)
Total net position	<u>\$ 1,036,691</u>	<u>\$ 1,609,107</u>	<u>\$ 1,544,201</u>	<u>\$ 1,431,214</u>

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

**The fiscal year 2017 amounts were not changed to reflect the effects of the application of GASB No. 75.

<u>2014 *</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 1,383,777	\$ 1,344,340	\$ 1,300,909	\$ 1,206,622	\$ 1,153,352	\$ 1,086,114
16,973	15,297	14,662	19,021	25,345	29,495
6,731	(13,219)	(22,997)	14,995	17,509	22,479
<u>1,407,481</u>	<u>1,346,418</u>	<u>1,292,574</u>	<u>1,240,638</u>	<u>1,196,206</u>	<u>1,138,088</u>
13,750	13,977	14,367	13,290	12,667	9,968
13,929	11,499	9,220	6,851	5,158	2,969
<u>27,679</u>	<u>25,476</u>	<u>23,587</u>	<u>20,141</u>	<u>17,825</u>	<u>12,937</u>
1,397,527	1,358,337	1,315,276	1,219,912	1,166,019	1,096,082
16,973	15,297	14,662	19,021	25,345	29,495
20,660	(1,720)	(13,777)	21,846	22,667	25,448
<u>\$ 1,435,160</u>	<u>\$ 1,371,914</u>	<u>\$ 1,316,161</u>	<u>\$ 1,260,779</u>	<u>\$ 1,214,031</u>	<u>\$ 1,151,025</u>

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

	<u>2018</u>	<u>2017 **</u>	<u>2016</u>	<u>2015</u>
Expenses:				
Governmental activities:				
Administration	\$ 67,632	\$ 63,380	\$ 60,449	\$ 67,468
Mid-level administration	144,093	140,582	133,979	131,654
Instruction	942,262	905,610	852,148	808,275
Special education	278,939	266,165	257,803	249,129
Student personnel services	18,847	18,725	17,120	14,702
Health services	23,747	23,719	22,781	21,796
Student transportation	84,777	82,464	80,006	81,129
Operation of plant	112,071	111,734	109,077	111,785
Maintenance of plant	42,536	45,502	40,637	40,274
Community services	640	676	417	320
Capital administration	8,057	9,279	7,557	6,073
Interest on long-term debt	1,126	1,100	1,114	1,120
Total governmental activities	<u>1,724,727</u>	<u>1,668,936</u>	<u>1,583,088</u>	<u>1,533,725</u>
Business-type activities	49,391	48,275	46,795	45,330
Total expenses	<u>\$ 1,774,118</u>	<u>\$ 1,717,211</u>	<u>\$ 1,629,883</u>	<u>\$ 1,579,055</u>
Program Revenues:				
Governmental activities:				
Charges for services	198	300	403	468
Operating grants and contributions	159,135	158,277	154,541	149,547
Capital grants and contributions	229,092	191,652	162,251	121,262
Total governmental activities program revenues	<u>388,425</u>	<u>350,229</u>	<u>317,195</u>	<u>271,277</u>
Business-type activities:				
Charges for services	13,062	13,072	12,878	12,334
Operating grants and contributions	36,346	35,662	35,397	32,802
Total business-type activities program revenues	<u>49,408</u>	<u>48,734</u>	<u>48,275</u>	<u>45,136</u>
Total program revenues	<u>437,833</u>	<u>398,963</u>	<u>365,470</u>	<u>316,413</u>
Net (Expense) Revenue:				
Governmental activities	(1,336,302)	(1,318,707)	(1,265,893)	(1,262,448)
Business-type activities	17	459	1,480	(194)
Total net (expense)	<u>\$ (1,336,285)</u>	<u>\$ (1,318,248)</u>	<u>\$ (1,264,413)</u>	<u>\$ (1,262,642)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Unrestricted grants and contributions	1,443,733	\$ 1,398,398	\$ 1,371,932	\$ 1,341,910
Other	5,406	4,756	5,468	7,313
Reversion of fund balance to Baltimore County	-	(20,000)	-	-
Transfers	(192)	(1,511)	(397)	(555)
Total governmental activities	<u>1,448,947</u>	<u>1,381,643</u>	<u>1,377,003</u>	<u>1,348,668</u>
Business-type activities:				
Transfers	192	1,511	397	555
Total business-type activities	<u>192</u>	<u>1,511</u>	<u>397</u>	<u>555</u>
Total general revenues and other changes in net position	<u>\$ 1,449,139</u>	<u>\$ 1,383,154</u>	<u>\$ 1,377,400</u>	<u>\$ 1,349,223</u>
Changes in Net Position:				
Governmental activities	\$ 112,645	\$ 62,936	\$ 111,110	\$ 86,220
Business-type activities	209	1,970	1,877	361
Total changes in net position	<u>\$ 112,854</u>	<u>\$ 64,906</u>	<u>\$ 112,987</u>	<u>\$ 86,581</u>

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

** The 2017 amounts were not changed to reflect the application of GASB 75

	2014*	2013	2012	2011	2010	2009
\$	63,073	\$ 55,792	\$ 55,234	\$ 56,679	\$ 57,590	\$ 53,564
	125,914	123,424	128,958	120,945	117,522	113,623
	787,582	753,432	776,295	762,545	757,390	721,967
	242,142	241,468	251,812	243,891	235,131	220,043
	19,301	13,692	14,097	13,207	12,699	12,006
	21,078	20,714	21,967	20,340	19,864	18,961
	67,651	73,953	73,878	70,300	65,518	64,963
	111,341	106,695	105,742	105,589	105,785	103,825
	37,615	33,857	34,634	35,159	34,221	34,561
	357	289	17	30	40	146
	12,181	8,525	3,424	6,123	2,011	7,326
	243	335	373	390	341	343
	<u>1,488,478</u>	<u>1,432,176</u>	<u>1,466,431</u>	<u>1,435,198</u>	<u>1,408,112</u>	<u>1,351,328</u>
	42,382	41,404	39,200	38,477	36,216	36,411
\$	<u>1,530,860</u>	<u>\$ 1,473,580</u>	<u>\$ 1,505,631</u>	<u>\$ 1,473,675</u>	<u>\$ 1,444,328</u>	<u>\$ 1,387,739</u>
	243	383	721	586	528	851
	152,074	143,687	141,121	160,606	161,158	138,879
	92,056	92,210	140,192	96,745	108,618	94,468
	<u>244,373</u>	<u>236,280</u>	<u>282,034</u>	<u>257,937</u>	<u>270,304</u>	<u>234,198</u>
	12,891	13,320	13,906	14,821	15,312	16,390
	31,108	29,303	26,406	24,159	21,851	19,591
	43,999	42,623	40,312	38,980	37,163	35,981
	<u>288,372</u>	<u>278,903</u>	<u>322,346</u>	<u>296,917</u>	<u>307,467</u>	<u>270,179</u>
	(1,244,105)	(1,195,896)	(1,184,397)	(1,177,261)	(1,137,808)	(1,117,130)
	1,617	1,219	1,112	503	947	(430)
\$	<u>(1,242,488)</u>	<u>(1,194,677)</u>	<u>(1,183,285)</u>	<u>(1,176,758)</u>	<u>(1,136,861)</u>	<u>(1,117,560)</u>
\$	1,299,336	\$ 1,244,335	\$ 1,233,143	\$ 1,216,274	\$ 1,193,006	\$ 1,200,894
	6,398	6,095	5,524	7,232	6,861	7,358
	-	-	-	-	-	-
	(566)	(690)	(2,334)	(1,813)	(3,941)	(1,760)
	<u>1,305,168</u>	<u>1,249,740</u>	<u>1,236,333</u>	<u>1,221,693</u>	<u>1,195,926</u>	<u>1,206,492</u>
	566	690	2,334	1,813	3,941	1,760
	<u>566</u>	<u>690</u>	<u>2,334</u>	<u>1,813</u>	<u>3,941</u>	<u>1,760</u>
\$	<u>1,305,734</u>	<u>\$ 1,250,430</u>	<u>\$ 1,238,667</u>	<u>\$ 1,223,506</u>	<u>\$ 1,199,867</u>	<u>\$ 1,208,252</u>
\$	61,063	\$ 53,844	\$ 51,936	\$ 44,432	\$ 58,118	\$ 89,362
	2,183	1,909	3,446	2,316	4,888	1,330
\$	<u>63,246</u>	<u>\$ 55,753</u>	<u>\$ 55,382</u>	<u>\$ 46,748</u>	<u>\$ 63,006</u>	<u>\$ 90,692</u>

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

	2018	2017	2016	2015
General Fund:				
Non-spendable	\$ 488	\$ 491	\$ 495	\$ 498
Restricted	-	-	-	-
Assigned	58,994	52,832	66,549	39,588
Unassigned	474	4,692	24,534	24,876
Total general fund	<u>\$ 59,956</u>	<u>\$ 58,015</u>	<u>\$ 91,578</u>	<u>\$ 64,962</u>
All other governmental funds:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	11,973	13,814	15,570	16,843
Assigned	-	-	-	-
Unassigned (deficit)	(883)	(1,991)	(1,976)	(1,492)
Total all other governmental funds	<u>\$ 11,090</u>	<u>\$ 11,823</u>	<u>\$ 13,594</u>	<u>\$ 15,351</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.

2014	2013	2012	2011	2010	2009
\$ 221	\$ 639	\$ 731	\$ 1,824	\$ 2,080	\$ 2,131
-	-	-	-	-	-
34,539	35,628	29,481	20,888	31,967	25,570
13,550	4,451	12,722	11,992	-	12,208
<u>\$ 48,310</u>	<u>\$ 40,718</u>	<u>\$ 42,934</u>	<u>\$ 34,704</u>	<u>\$ 34,047</u>	<u>\$ 39,909</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,973	15,297	15,393	15,095	11,738	7,098
-	-	-	-	-	-
(587)	-	(137)	(1,757)	(267)	-
<u>\$ 16,386</u>	<u>\$ 15,297</u>	<u>\$ 15,256</u>	<u>\$ 13,338</u>	<u>\$ 11,471</u>	<u>\$ 7,098</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:				
Intergovernmental	\$ 1,830,275	\$ 1,746,876	\$ 1,687,092	\$ 1,610,994
Other	7,475	6,710	7,690	9,506
Total revenues	<u>1,837,750</u>	<u>1,753,586</u>	<u>1,694,782</u>	<u>1,620,500</u>
Expenditures:				
Current:				
Administration	52,084	47,915	45,478	53,339
Mid-level administration	99,665	97,214	93,464	91,502
Instruction:				
Instructional salaries	534,065	518,075	497,405	483,607
Instructional textbooks and supplies	27,779	27,734	28,397	28,444
Other instructional costs	58,685	52,127	38,103	17,981
Special education	207,944	197,859	191,377	185,697
Student personnel services	13,062	12,814	12,179	10,172
Health services	16,402	16,030	15,798	15,034
Student transportation	64,658	62,141	59,055	70,148
Operation of plant	128,254	87,445	87,236	90,286
Maintenance of plant	35,729	38,731	34,301	32,636
Fixed charges	396,663	409,827	392,424	403,077
Community services	490	645	321	252
Capital administration	231,594	195,289	166,205	125,293
Debt service:				
Principal	10,212	9,026	9,587	10,062
Interest	1,126	1,100	1,114	1,120
Total expenditures	<u>1,878,412</u>	<u>1,773,972</u>	<u>1,672,444</u>	<u>1,618,650</u>
Excess (deficit) of revenues over expenditures	(40,662)	(20,386)	22,338	1,850
Other financing sources (uses):				
Capital lease issuance	41,870	5,052	2,521	13,767
Insurance proceeds	-	-	-	-
Reversion of fund balance to Baltimore County	-	(20,000)	-	-
Total other financing sources (uses)	<u>41,870</u>	<u>(14,948)</u>	<u>2,521</u>	<u>13,767</u>
Net change in fund balances	<u>\$ 1,208</u>	<u>\$ (35,334)</u>	<u>\$ 24,859</u>	<u>\$ 15,617</u>
Debt service as a percentage of noncapital expenditures*	0.7%	0.6%	0.7%	0.7%

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

2014	2013	2012	2011	2010	2009
\$ 1,542,010	\$ 1,479,501	\$ 1,513,925	\$ 1,472,914	\$ 1,462,672	\$ 1,434,114
7,649	7,209	7,475	8,540	7,232	8,628
<u>1,549,659</u>	<u>1,486,710</u>	<u>1,521,400</u>	<u>1,481,454</u>	<u>1,469,904</u>	<u>1,442,742</u>
48,592	43,972	41,606	41,340	41,504	42,465
87,368	87,294	86,673	85,418	82,537	80,653
469,150	461,528	453,937	464,251	454,942	441,066
33,928	26,628	25,232	33,344	41,915	27,768
16,873	14,931	12,272	15,091	16,329	22,745
180,429	181,271	180,342	181,716	176,072	165,491
9,747	9,517	9,316	9,100	8,783	8,384
14,525	14,564	14,531	14,145	13,825	13,265
63,898	57,751	54,708	58,683	53,276	53,936
90,636	86,955	83,080	86,795	87,953	86,897
35,372	29,315	27,411	28,964	30,055	29,530
397,970	377,854	376,484	360,314	354,570	364,006
293	251	17	30	39	141
96,251	94,970	141,649	101,882	111,781	97,672
7,226	6,799	7,225	6,480	6,122	4,823
243	336	373	390	341	343
<u>1,552,501</u>	<u>1,493,936</u>	<u>1,514,856</u>	<u>1,487,943</u>	<u>1,480,044</u>	<u>1,439,185</u>
(2,842)	(7,226)	6,544	(6,489)	(10,140)	3,557
11,523	5,051	3,604	8,762	8,177	7,297
-	-	-	251	474	-
-	-	-	-	-	-
<u>11,523</u>	<u>5,051</u>	<u>3,604</u>	<u>9,013</u>	<u>8,651</u>	<u>7,297</u>
<u>\$ 8,681</u>	<u>\$ (2,175)</u>	<u>\$ 10,148</u>	<u>\$ 2,524</u>	<u>\$ (1,489)</u>	<u>\$ 10,854</u>
0.5%	0.5%	0.6%	0.5%	0.5%	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
2018	\$ 67,632	\$ 144,093	\$ 942,262	\$ 278,939	\$ 18,847	\$ 23,747	\$ 84,777
2017	63,380	140,582	905,610	266,165	18,725	23,719	82,464
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

Operation of Plant	Maintenance of Plant	Community Services	Capital Administration	Interest on Long-term Debt	Food Services	Total
\$ 112,071	\$ 42,536	\$ 640	\$ 8,057	\$ 1,126	\$ 49,391	\$ 1,774,118
111,734	45,502	676	9,279	1,100	48,275	1,717,211
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

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		
2018	\$ 13,260	\$ 195,481	\$ 229,092	\$ 790,069	\$ 653,091	\$ 573	\$ 5,406	\$ 1,886,972	
2017	13,372	193,939	191,652	757,552	639,959	887	4,756	1,802,117	
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	

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
2018	\$ 956,021	\$ 806,277	\$ 67,977	\$ 7,475	\$ 1,837,750
2017	902,189	774,493	70,194	6,710	1,753,586
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

¹ Includes general, special revenue, capital projects funds.

Board of Education of Baltimore County
Governmental Funds Expenditures by Function¹
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			
2018	\$ 52,084	\$ 99,665	\$ 534,065	\$ 27,779	\$ 58,685	\$ 207,944	\$ 13,062	\$ 16,402
2017	47,915	97,214	518,075	27,734	52,127	197,859	12,814	16,030
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

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
\$	64,658	\$ 128,254	\$ 35,729	\$ 396,663	\$ 490	\$ 231,594	\$ 11,338	\$ 1,878,412
	62,141	87,445	38,731	409,827	645	195,289	10,126	1,773,972
	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

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
2018	\$ 51,213	\$ 100,523	\$ 577,463	\$ 27,405	\$ 183,087	\$ 12,132	\$ 16,778	\$ 69,660
2017	44,472	98,521	553,422	25,255	175,878	10,071	16,201	67,568
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

				General Fund Total	Debt Service Fund	Special Revenue Fund		
Operation of Plant	Maintenance of Plant	Fixed Charges	Capital Administration	General Fund	Debt Service	Federal and Restricted Programs	Total	
\$ 96,238	\$ 38,335	\$ 299,312	\$ 4,318	\$ 1,476,464	\$ 53,032	\$ 87,345	\$ 1,616,841	
93,218	36,783	310,568	4,034	1,435,991	47,898	87,062	1,570,951	
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	

Board of Education of Baltimore County

General Fund Revenue and Expenditures - Budgetary Basis

Last Ten Fiscal Years

(In Thousands)

	2018		2017		2016		2015		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
Revenues by Source:										
Baltimore County	\$ 790,069	53.4	\$ 757,552	53.3	\$ 748,849	53.7	\$ 738,075	54.5	\$ 712,086	54.3
State of Maryland	654,223	44.3	633,765	44.6	618,578	44.4	594,327	43.9	576,122	43.9
United States Government	573	0.1	887	0.1	795	0.1	727	0.1	881	0.1
Other	33,463	2.2	28,433	2.0	25,210	1.8	20,868	1.5	22,625	1.7
Total revenue	<u>1,478,328</u>	<u>100.0</u>	<u>1,420,637</u>	<u>100.0</u>	<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>
Expenditures - Current										
Administration	50,038	3.4	42,777	3.0	41,162	3.1	49,181	3.7	43,509	3.4
Mid-Level Administration	99,632	6.8	96,744	6.9	93,307	6.9	91,657	6.9	87,221	6.7
Instructional costs:										
Salaries	516,312	35.4	499,339	35.4	479,200	35.3	467,484	35.1	452,028	34.9
Textbooks and supplies	25,394	1.8	23,698	1.7	23,975	1.8	23,980	1.8	29,136	2.3
Other costs	55,585	3.8	50,866	3.6	36,265	2.7	15,778	1.2	12,980	1.0
Special education	182,398	12.5	175,008	12.4	168,440	12.4	161,262	12.1	156,997	12.1
Student personnel services	11,098	0.8	9,070	0.6	8,867	0.7	8,997	0.7	8,783	0.7
Health services	15,639	1.1	15,106	1.1	15,021	1.1	14,669	1.1	14,140	1.1
Student transportation	68,876	4.7	65,112	4.6	65,697	4.8	64,980	4.9	59,687	4.6
Operation of plant	94,808	6.5	90,049	6.4	87,396	6.4	92,777	7.0	93,978	7.3
Maintenance of plant	37,360	2.6	34,832	2.5	38,950	2.9	33,284	2.5	32,787	2.5
Fixed charges	296,008	20.3	305,072	21.6	294,171	21.7	303,540	22.8	299,988	23.2
Capital administration	4,032	0.3	3,591	0.2	3,240	0.2	3,381	0.2	2,903	0.2
Total expenditures	<u>1,457,180</u>	<u>100.0</u>	<u>1,411,264</u>	<u>100.0</u>	<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>
Excess of revenue over expenditures										
	<u>\$ 21,148</u>		<u>\$ 9,373</u>		<u>\$ 37,741</u>		<u>\$ 23,027</u>		<u>\$ 17,577</u>	

2013		2012		2011		2010		2009	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 689,743	54.4	\$ 668,495	54.6	\$ 663,144	54.7	\$ 670,539	56.0	\$ 646,094	55.0
553,541	43.6	535,580	43.7	493,543	40.7	499,219	41.7	515,108	43.9
665	0.1	5,109	0.4	31,087	2.6	9,208	0.8	1,408	0.1
24,218	1.9	16,190	1.3	23,959	2.0	18,122	1.5	11,500	1.0
<u>1,268,167</u>	<u>100.0</u>	<u>1,225,374</u>	<u>100.0</u>	<u>1,211,733</u>	<u>100.0</u>	<u>1,197,088</u>	<u>100.0</u>	<u>1,174,110</u>	<u>100.0</u>
36,604	2.9	35,566	2.9	34,728	2.9	35,608	3.0	36,632	3.1
87,227	6.9	86,312	7.1	84,801	7.1	82,219	6.9	79,921	6.9
445,809	35.4	440,114	36.4	444,791	37.2	436,345	36.6	424,083	36.4
20,329	1.6	21,711	1.8	24,916	2.1	35,645	3.0	23,540	2.0
10,935	0.9	8,614	0.7	9,492	0.8	9,341	0.8	19,411	1.7
158,232	12.6	155,223	12.8	150,142	12.5	146,569	12.3	146,318	12.6
8,749	0.7	8,635	0.7	8,428	0.7	8,087	0.7	7,778	0.7
14,003	1.1	14,154	1.2	13,814	1.2	13,428	1.1	12,750	1.1
59,288	4.7	57,443	4.7	55,930	4.7	51,999	4.4	51,295	4.4
87,728	7.0	83,571	6.9	86,679	7.2	87,555	7.3	87,304	7.5
34,304	2.7	29,244	2.4	29,054	2.4	29,201	2.4	28,343	2.4
291,894	23.2	267,413	22.1	250,638	20.9	252,688	21.2	244,344	20.9
3,641	0.3	3,065	0.3	3,555	0.3	3,212	0.3	3,104	0.3
<u>1,258,743</u>	<u>100.0</u>	<u>1,211,065</u>	<u>100.0</u>	<u>1,196,968</u>	<u>100.0</u>	<u>1,191,897</u>	<u>100.0</u>	<u>1,164,823</u>	<u>100.0</u>
<u>\$ 9,424</u>		<u>\$ 14,309</u>		<u>\$ 14,765</u>		<u>\$ 5,191</u>		<u>\$ 9,287</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)
2018	\$ 70,334	**	**
2017	38,676	0.08%	\$ 46.18
2016	42,650	0.09%	51.08
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

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

** Baltimore County Government data not available at time of printing.

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; and therefore, is not reflected in the above data.

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

(2) Expressed in dollars



Daphne Domingo

8th Grade

Golden Ring Middle School

Board of Education of Baltimore County

Cost Per Pupil - Budgetary Basis

Last Ten Fiscal Years

	2018	2017	2016	2015
Total Number of Pupils Enrolled	<u>113,282</u>	<u>112,139</u>	<u>111,126</u>	<u>109,984</u>
Current Expense				
General Fund:				
Administration	\$ 442	\$ 381	\$ 370	\$ 447
Mid-Level Administration	880	863	840	833
Instructional:				
Salaries	4,558	4,453	4,312	4,251
Textbooks and supplies	224	211	216	218
Other costs	491	454	326	143
Special education	1,610	1,560	1,516	1,466
Student personnel services	98	81	80	82
Health services	138	135	135	133
Student transportation	608	581	591	591
Operation of plant	837	803	787	844
Maintenance of plant	330	311	351	303
Fixed Charges ⁽¹⁾	2,613	2,720	2,647	2,760
Capital administration	36	32	29	31
Total General Fund	<u>12,865</u>	<u>12,585</u>	<u>12,200</u>	<u>12,102</u>
Special Revenue Fund	<u>660</u>	<u>675</u>	<u>682</u>	<u>635</u>
Debt Service Fund:				
Principal	316	287	232	225
Interest	152	140	135	129
Total Debt Service Fund	<u>468</u>	<u>427</u>	<u>367</u>	<u>354</u>
Total Cost Per Pupil	<u>\$ 13,993</u>	<u>\$ 13,687</u>	<u>\$ 13,249</u>	<u>\$ 13,091</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, 2018, contributions by the State of Maryland to the Teachers' Retirement and Pension System of \$85.6 million on behalf of Baltimore County Public Schools are not included in this calculation.

2014	2013	2012	2011	2010	2009
<u>108,376</u>	<u>107,033</u>	<u>105,315</u>	<u>104,331</u>	<u>103,832</u>	<u>103,643</u>
\$ 401	\$ 342	\$ 338	\$ 333	\$ 343	\$ 353
805	815	820	813	792	772
4,172	4,165	4,179	4,263	4,202	4,092
269	190	206	239	343	227
120	102	82	91	90	187
1,449	1,478	1,474	1,439	1,412	1,412
81	82	82	81	78	75
130	131	134	132	129	123
551	544	545	536	501	495
867	820	794	831	843	842
303	321	278	278	281	273
2,768	2,727	2,539	2,402	2,434	2,358
27	34	29	34	31	30
<u>11,942</u>	<u>11,750</u>	<u>11,499</u>	<u>11,472</u>	<u>11,479</u>	<u>11,239</u>
<u>665</u>	<u>687</u>	<u>644</u>	<u>845</u>	<u>871</u>	<u>609</u>
210	202	188	176	151	141
118	108	137	126	108	114
<u>328</u>	<u>310</u>	<u>325</u>	<u>302</u>	<u>259</u>	<u>255</u>
<u>\$ 12,935</u>	<u>\$ 12,747</u>	<u>\$ 12,468</u>	<u>\$ 12,619</u>	<u>\$ 12,610</u>	<u>\$ 12,103</u>

Board of Education of Baltimore County
Enrollment by Schools

Elementary	2018	2017		2018	2017
Arbutus	398	438	Johnnycake	727	699
Baltimore Highlands	733	712	Joppa View	824	792
Battle Grove	308	330	Kingsville	341	356
Bear Creek	474	480	Lansdowne	513	521
Bedford	325	313	Logan	617	652
Berkshire	491	511	Lutherville	397	403
Campfield Ctr. *	427	415	Lyons Mill	764	718
Carney	575	594	Mars Estates	434	431
Carroll Manor	370	349	Martin Boulevard	326	309
Catonsville	598	575	Mays Chapel	750	744
Cedarmere	567	553	McCormick	367	395
Chadwick	649	624	Middleborough	370	369
Chapel Hill	815	814	Middlesex	509	544
Charlesmont	458	440	Milbrook	422	415
Chase	368	348	New Town	842	839
Chatsworth	378	375	Norwood	481	500
Chesapeake Terrace	326	317	Oakleigh	676	619
Church Lane	429	454	Oliver Beach	204	194
Colgate	424	432	Orems	318	356
Cromwell Magnet	358	304	Owings Mills	769	727
Deep Creek	503	502	Padonia	494	510
Deer Park	442	465	Perry Hall	766	746
Dogwood	663	658	Pine Grove	588	560
Dundalk	703	685	Pinewood	549	515
Edgemere	492	497	Pleasant Plains	655	636
Edmondson Heights	544	585	Pot Spring	467	450
Elmwood	586	558	Powhatan	283	314
Essex	517	514	Prettyboy	446	423
Featherbed Lane	605	636	Randallstown	375	375
Fifth District	317	294	Red House Run	558	552
Fort Garrison	289	319	Reisterstown	590	601
Franklin	436	463	Relay	639	508
Fullerton	628	636	Riderwood	412	431
Glenmar	431	478	Riverview	574	597
Glyndon	540	525	Rodgers Forge	433	428
Grange	493	456	Sandalwood	543	563
Gunpowder	620	577	Sandy Plains	588	589
Halethorpe	421	510	Scotts Branch	601	597
Halstead Academy	501	521	Seneca	485	500
Hampton	568	585	Seven Oaks	504	467
Harford Hills	422	431	Seventh District	403	409
Hawthorne	544	515	Shady Spring	701	678
Hebbsville	466	454	Sparks	516	509
Hernwood	431	451	Stoneleigh	780	724
Hillcrest	698	718	Summit Park	473	491
Holabird MS	230	225	Sussex	483	480
Jacksonville	539	550	Timber Grove	630	621

* Centers

** Formerly Old Court Middle School

	<u>2018</u>	<u>2017</u>		<u>2018</u>	<u>2017</u>
Timonium	447	442	Sudbrook Magnet	1,063	1,034
Victory Villa	413	426	Windsor Mill	468	495
Villa Cresta	720	743	Woodlawn	615	613
Vincent Farm	919	903	Other Programs	2	9
Warren	419	422	Total Middle	<u>24,891</u>	<u>24,462</u>
Wellwood	497	521			
West Towson	497	517	High		
Westchester	663	632	BCDC Educational Center	14	-
Westowne	689	641	Carver Center	912	878
Winand	543	557	Catonsville	1,783	1,754
Winfield	491	476	Catonsville Ctr. for Alter. Study*	66	69
Woodbridge	442	444	Chesapeake	976	965
Woodholme	809	823	Crossroads Center*	94	92
Woodmoor	572	603	Dulaney	1,802	1,828
Other Programs	-	1	Dundalk	1,596	1,496
Total Elementary	<u>56,408</u>	<u>56,194</u>	Eastern School of Technology	1,176	1,174
Middle			Extended Day Learning Program	60	-
Arbutus	912	867	Franklin	1,576	1,603
Catonsville	875	841	Hereford	1,267	1,249
Cockeysville	911	802	Kenwood	1,582	1,619
Crossroads Center*	87	90	Lansdowne	1,342	1,338
Deep Creek	809	855	Loch Raven	859	839
Deer Park	1,272	1,295	Milford Mill	1,300	1,351
Dumbarton	1,164	1,145	New Town	1,064	1,036
Dundalk	709	701	Overlea	971	954
Franklin	1,298	1,316	Owings Mills	1,050	1,013
General John Stricker	736	728	Parkville	1,796	1,660
Golden Ring	691	684	Patapsco	1,440	1,467
Hereford	1,013	1,002	Perry Hall	2,036	1,993
Holabird	718	708	Pikesville	875	837
Lansdowne	762	755	Randallstown	987	965
Loch Raven Tech. Acad.	743	753	Rosedale Alternative*	42	64
Meadowwood Educ. Ctr.*	13	37	Sparrows Point	952	889
Middle River	837	825	Towson	1,553	1,509
Northwest Acad. of Health Sci. **	785	746	Western School of Technology	905	910
Parkville	1,129	1,122	Woodlawn	1,479	1,409
Perry Hall	1,895	1,851	Other Programs	22	104
Pikesville	1,013	965	Total High	<u>31,577</u>	<u>31,065</u>
Pine Grove	927	892	Special Education		
Rosedale Alternative*	25	1	Battle Monument	76	68
Ridgely	1,188	1,233	Maiden Choice School	119	116
Southwest Academy	888	809	The Ridge Ruxton School	118	119
Sparrows Point	566	548	White Oak School	93	115
Stemmers Run	777	740	Total Special Education	<u>406</u>	<u>418</u>
			Total Enrollment	<u>113,282</u>	<u>112,139</u>

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Elementary:										
Preschool	3,705	3,768	3,762	3,702	3,627	3,610	3,605	3,570	3,883	3,777
Kindergarten	8,354	8,373	8,392	8,633	8,586	8,552	8,165	7,773	7,534	7,320
Grade 1	8,570	8,548	8,890	8,756	8,843	8,458	8,202	7,864	7,675	7,523
2	8,679	9,040	8,878	8,885	8,540	8,340	7,978	7,824	7,656	7,304
3	9,148	8,872	8,844	8,575	8,432	8,039	7,931	7,723	7,352	7,414
4	8,974	8,930	8,614	8,538	8,139	8,049	7,843	7,484	7,515	7,462
5	8,978	8,663	8,553	8,191	8,140	7,883	7,534	7,604	7,568	7,421
Total Elementary	56,408	56,194	55,933	55,280	54,307	52,931	51,258	49,842	49,183	48,221
Middle:										
Grade 6	8,378	8,245	8,043	8,016	7,710	7,496	7,564	7,522	7,366	7,345
7	8,355	8,134	8,093	7,796	7,623	7,612	7,607	7,585	7,407	7,538
8	8,158	8,083	7,755	7,605	7,602	7,626	7,580	7,437	7,565	7,783
Total Middle	24,891	24,462	23,891	23,417	22,935	22,734	22,751	22,544	22,338	22,666
High:										
Grade 9	8,533	8,209	8,079	8,171	8,127	8,266	8,179	8,281	8,525	8,624
10	8,159	7,977	7,956	8,008	8,026	7,816	7,867	8,166	8,098	8,232
11	7,299	7,196	7,238	7,401	7,247	7,376	7,479	7,543	7,575	7,809
12	7,586	7,683	7,623	7,331	7,330	7,524	7,407	7,604	7,729	7,659
Total High	31,577	31,065	30,896	30,911	30,730	30,982	30,932	31,594	31,927	32,324
Special Education Schools	406	418	406	376	404	386	374	351	384	432
Total Enrollment	113,282	112,139	111,126	109,984	108,376	107,033	105,315	104,331	103,832	103,643
Number of teachers	7,770	7,770	7,697	7,567	7,405	7,294	7,188	7,342	7,347	7,291
Ratio of students to teachers	14.6	14.4	14.4	14.5	14.6	14.7	14.7	14.2	14.1	14.2

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 Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Number of Schools			
Elementary	107	106	107
Middle	26 *	27	27
High	24	24	24
Special Education	4	4	4
Alternative Centers and Programs	12	12	13
Total	<u>173</u>	<u>173</u>	<u>175</u>

* Includes one school serving students in grades 4-8

Student Transportation Data			
Estimated number of eligible riders daily	81,306	71,500	71,916
Number of bus routes:			
County	670	693	691
Private contractor	138	130	118
Total bus routes	<u>808</u>	<u>823</u>	<u>809</u>

High School Graduates	<u>7,141</u>	<u>7,358</u>	<u>7,320</u>
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Total Enrollment	<u>113,282</u>	<u>112,139</u>	<u>111,126</u>
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Above data was provided by various departments within the Baltimore County Public Schools' system.

2015	2014	2013	2012	2011	2010	2009
106	105	106	106	106	105	105
27	27	27	27	27	27	27
24	24	24	24	24	24	24
4	4	4	4	4	4	4
12	13	13	13	12	12	12
<u>173</u>	<u>173</u>	<u>174</u>	<u>174</u>	<u>173</u>	<u>172</u>	<u>172</u>
71,431	70,030	70,224	70,142	72,818	70,584	62,385
730	772	774	752	746	746	773
112	84	82	81	81	81	81
<u>842</u>	<u>856</u>	<u>856</u>	<u>833</u>	<u>827</u>	<u>827</u>	<u>854</u>
<u>7,082</u>	<u>7,255</u>	<u>7,347</u>	<u>7,147</u>	<u>7,166</u>	<u>7,352</u>	<u>7,305</u>
<u>109,984</u>	<u>108,376</u>	<u>107,033</u>	<u>105,315</u>	<u>104,331</u>	<u>103,832</u>	<u>103,643</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>Breakfast</u>			
Number of days breakfast served	178	183	183
Number of free breakfast served to pupils annually:			
Regular reimbursement	26,613	39,365	43,890
Severe need reimbursement	3,682,466	3,722,747	3,819,934
Average number of free breakfasts served to pupils daily:			
Regular reimbursement	150	215	240
Severe need reimbursement	20,688	20,343	20,874
Number of paid breakfasts served to pupils annually:			
Regular reimbursement			
At reduced price	4,106	6,336	7,415
At paid price	27,347	39,003	36,303
Severe			
At reduced price	453,066	471,255	486,090
At paid price	1,349,779	1,338,962	1,243,725
Average number of paid breakfasts served to pupils daily:			
Regular reimbursement			
At reduced price	22	35	41
At paid price	149	213	198
Severe			
At reduced price	2,476	2,575	2,656
At paid price	7,376	7,317	6,796
Total number of reimbursable breakfasts served to pupils daily	5,543,377	5,617,668	5,637,357
Average number of reimbursable breakfasts served to pupils daily	31,143	30,698	30,805
Charge per breakfast to students:			
Elementary:			
Paid	\$1.40	\$1.40	\$1.40
Reduced	\$0.30	\$0.30	\$0.30
Secondary:			
Paid	\$1.55	\$1.55	\$1.55
Reduced	\$0.30	\$0.30	\$0.30
<u>Lunch</u>			
Number of days lunch served	181	183	183
Number of free lunches served to pupils annually	5,566,864	5,643,859	5,799,784
Average number of free lunches served to pupils daily	30,420	30,841	31,693
Number of paid lunches served to pupils annually:			
At reduced price	788,367	802,948	836,311
At regular price	2,484,351	2,454,891	2,288,025
Average number of paid lunches served to pupils daily:			
At reduced price	4,308	4,388	4,570
At regular price	13,576	13,415	12,503
Total number of lunches served to pupils annually	8,839,582	8,901,698	8,924,120
Average number of lunches served to pupils daily	48,837	48,643	48,766
Charge per lunch to students:			
Elementary	\$2.90	\$2.90	\$2.90
Secondary	\$3.00	\$3.00	\$3.00

* Breakfast data in the above format only available for the last three fiscal years

2015	2014	2013	2012	2011	2010	2009
183	-	-	-	-	-	-
40,384	-	-	-	-	-	-
3,496,394	-	-	-	-	-	-
221	-	-	-	-	-	-
19,106	-	-	-	-	-	-
3,692	-	-	-	-	-	-
24,540	-	-	-	-	-	-
441,907	-	-	-	-	-	-
1,011,280	-	-	-	-	-	-
21	-	-	-	-	-	-
138	-	-	-	-	-	-
2,483	-	-	-	-	-	-
5,681	-	-	-	-	-	-
5,018,197	-	-	-	-	-	-
27,422	-	-	-	-	-	-
\$1.40	-	-	-	-	-	-
\$0.30	-	-	-	-	-	-
\$1.55	-	-	-	-	-	-
\$0.30	-	-	-	-	-	-
183	178	181	181	181	179	180
5,757,754	5,526,728	5,407,195	5,231,710	4,762,367	4,220,506	3,730,032
31,463	31,049	29,874	28,904	26,311	23,578	20,722
835,382	848,243	905,582	950,412	1,029,539	1,118,264	1,178,228
2,119,176	2,086,479	2,267,562	2,451,939	2,663,925	2,795,700	3,089,338
4,565	4,765	5,003	5,251	5,688	6,247	6,546
11,580	11,722	12,528	13,547	14,718	15,619	17,163
8,712,312	8,461,450	8,580,339	8,634,061	8,455,831	8,134,470	7,997,598
47,608	47,536	47,405	47,702	46,717	45,444	44,431
\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90	\$2.90
\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Full-time Equivalent Positions by Fund:				
General Fund	13,857	13,717	13,571	13,445
Special Revenue Fund	746	682	622	594
Food Service Enterprise Fund	625	616	591	586
Internal Service Fund	2	2	-	-
	<u>15,230</u>	<u>15,017</u>	<u>14,784</u>	<u>14,625</u>
Total Full-time Equivalent Positions By Fund	<u>15,230</u>	<u>15,017</u>	<u>14,784</u>	<u>14,625</u>

Total Full-time Equivalent Positions By Function:

Administration	313	315	315	319
Mid-level Administration	1,100	1,087	1,091	1,081
Instructional	7,342	7,287	7,179	7,088
Special Education	2,061	2,026	1,994	1,983
Student Personnel Services	136	112	107	108
Health Services	218	217	214	214
Student Transportation	1,191	1,191	1,191	1,180
Operation of Plant	1,194	1,192	1,190	1,184
Maintenance of Plant	259	248	249	249
Capital Administration	43	42	41	39
	<u>13,857</u>	<u>13,717</u>	<u>13,571</u>	<u>13,445</u>
Special Revenue Fund (primarily instructional)	746	682	622	594
Food Service Enterprise Fund	625	616	591	586
Internal Service Fund	2	2	-	-
Total Full-time Equivalent Positions by Function	<u>15,230</u>	<u>15,017</u>	<u>14,784</u>	<u>14,625</u>

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

2014	2013	2012	2011	2010	2009
13,338	13,204	13,104	13,055	13,045	13,104
575	555	655	969	904	737
561	584	569	584	589	627
-	-	-	-	-	-
14,474	14,343	14,328	14,608	14,538	14,468
319	316	320	322	317	314
1,067	1,067	1,079	1,079	1,078	1,073
7,031	6,899	6,804	6,969	6,975	6,882
1,984	1,998	1,986	1,770	1,771	1,935
113	113	114	113	112	112
216	216	216	217	216	213
1,148	1,141	1,128	1,128	1,124	1,124
1,172	1,165	1,167	1,167	1,164	1,162
249	250	251	251	249	250
39	39	39	39	39	39
13,338	13,204	13,104	13,055	13,045	13,104
575	555	655	969	904	737
561	584	569	584	589	627
-	-	-	-	-	-
14,474	14,343	14,328	14,608	14,538	14,468

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Schools:				
Elementary				
Buildings	107	107	107	106
Square Feet	6,846,309	6,755,151	6,711,151	6,560,121
Capacity	52,229	51,500	51,098	49,975
Enrollment	56,408	56,194	55,933	55,280
Middle				
Buildings	27	27	27	27
Square Feet	3,799,030	3,752,200	3,719,824	3,855,512
Capacity	27,788	27,605	27,379	28,203
Enrollment	24,866	24,461	23,871	23,385
High				
Buildings	24	24	24	24
Square Feet	5,545,940	5,599,482	5,599,482	5,351,847
Capacity	34,606	35,247	34,973	34,005
Enrollment	31,469	30,932	30,770	30,751
Special Education				
Buildings	4	4	4	4
Square Feet	243,870	243,870	243,870	243,870
Capacity	760	760	760	760
Enrollment	406	418	406	376
Alternative				
Buildings	2	2	2	2
Square Feet	23,500	55,445	101,040	101,040
Capacity	257	350	350	350
Enrollment	133	134	146	192
Total Schools				
Buildings	164	164	164	163
Square Feet	16,458,649	16,406,148	16,375,367	16,112,390
Capacity	115,640	115,462	114,560	113,293
Enrollment	113,282	112,139	111,126	109,984
Note: The above data does not include administrative and support buildings; and leased office facilities.				
Transportation:				
School Buses	856	883	895	886
Trucks	401	407	392	363

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

2014	2013	2012	2011	2010	2009
105	106	106	106	105	105
6,467,506	6,506,021	6,450,369	6,446,342	6,377,242	6,325,689
49,264	48,933	48,933	49,062	48,576	48,117
54,307	52,931	51,258	49,842	49,183	48,064
27	27	27	27	27	27
3,854,297	3,854,297	3,854,297	3,854,297	3,854,297	3,838,642
28,203	28,264	28,496	28,585	28,585	28,833
22,903	22,695	22,716	22,501	22,295	22,578
24	24	24	24	24	24
5,171,264	5,126,992	5,126,992	5,126,992	5,121,487	5,121,487
34,005	34,093	33,766	33,885	33,885	33,917
30,576	30,811	30,753	31,385	31,714	32,045
4	4	4	4	4	4
243,870	243,870	243,870	243,870	243,870	243,870
760	760	750	880	880	880
404	386	374	351	384	432
3	3	3	3	3	3
196,040	218,785	218,785	218,785	218,785	218,785
745	1,030	1,030	1,030	1,030	1,030
186	210	214	252	256	524
163	164	164	164	163	163
15,932,977	15,949,965	15,894,313	15,890,286	15,815,681	15,515,278
112,977	113,080	112,975	113,442	112,076	112,777
108,376	107,033	105,315	104,331	103,832	103,643
883	883	882	880	879	889
363	363	363	363	359	351

BOARD OF EDUCATION OF BALTIMORE COUNTY

Student Academic Performance

Last Five Fiscal Years

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.

	2018	2017	2016	2015	2014
Percentage of students demonstrating readiness for kindergarten	46.91%	41.23%	42.20%	49.70%	-
Percentage of Grade 3 students demonstrating on-grade level reading (percent at or above the 50th percentile Nationally					
Fall MAP (Measure of Academic Progress)	47.70%	50.20%	52.60%	57.20%	-
Winter MAP	54.80%	56.40%	56.90%	54.30%	-
PARCC Reading Grade 3 meeting the Career and College Readiness Benchmark	37.00%	37.70%	36.10%	-	-
Percentage of students completing algebra with a grade of B or higher by end of Grade 8	31.20%	37.50%	40.80%	38.90%	37.60%
Average SAT composite score for Grade 11 SAT Day test-takers	977	997	990	-	-
Percentage of Grade 11 students participating in SAT Day **	88.65%	87.90%	86.60%	86.20%	84.80%
Percentage of students graduating in four years of enrolling *** in high school	***	89.17%	87.78%	87.60%	86.30%
Percentage of students who drop out within four years of enrolling in high school ***	***	7.46%	8.78%	8.80%	9.70%

** Starting in the 2012-2013 school year, BCPS began offering the SAT for free county-wide each Spring to all Grade 11 students to promote and support college readiness.

*** Data not available at the time of printing



Eric Garcia

6th Grade

Northwest Academy

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)
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
2016	832,040	79,824,300	2,926,993	1,203	2,925,790	3.67	3,516.41
2017	837,476	82,101,821	3,327,761	1,647	3,326,114	4.05	3,971.59

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)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Consolidated Public Improvement (CPI)										
General Obligation Debt										
Assessed value										
Real property	\$ 69,345,671	\$ 78,882,654	\$ 86,262,930	\$ 86,234,670	\$ 81,448,482	\$ 77,870,032	\$ 75,548,498	\$ 75,289,712	\$ 76,579,861	\$ 78,767,139
Personal property	3,067,834	3,117,528	3,110,576	2,944,780	3,024,342	3,024,740	2,986,722	3,023,312	3,244,439	3,334,682
Total assessed value	<u>72,413,505</u>	<u>82,000,182</u>	<u>89,373,506</u>	<u>89,179,450</u>	<u>84,472,824</u>	<u>80,894,772</u>	<u>78,535,220</u>	<u>78,313,024</u>	<u>79,824,300</u>	<u>82,101,821</u>
Debt limit (4% of total assessed value)	2,896,540	3,280,007	3,574,940	3,567,178	3,378,913	3,235,791	3,141,409	3,132,521	3,192,972	3,284,073
Debt applicable to limit:										
Consolidated public improvement bonds	651,290	574,235	702,565	918,085	1,036,500	1,161,100	1,235,730	1,274,405	1,311,740	1,323,355
Pension liability funding	59,110	46,140	38,885	31,805	24,735	274,010	267,085	249,082	238,928	376,741
CPI commercial paper notes	140,000	175,000	174,900	174,900	240,000	240,000	216,000	211,900	99,800	121,000
Total debt applicable to debt limit	<u>850,400</u>	<u>795,375</u>	<u>916,350</u>	<u>1,124,790</u>	<u>1,301,235</u>	<u>1,675,110</u>	<u>1,718,815</u>	<u>1,735,387</u>	<u>1,650,468</u>	<u>1,821,096</u>
Legal debt margin	<u>\$ 2,046,140</u>	<u>\$ 2,484,632</u>	<u>\$ 2,658,590</u>	<u>\$ 2,442,388</u>	<u>\$ 2,077,678</u>	<u>\$ 1,560,681</u>	<u>\$ 1,422,594</u>	<u>\$ 1,397,134</u>	<u>\$ 1,542,504</u>	<u>\$ 1,462,977</u>
Metropolitan District General Obligation Debt										
Assessed value (1)										
Real property	\$ 61,053,861	\$ 69,372,971	\$ 75,606,965	\$ 76,836,626	\$ 72,056,007	\$ 68,888,892	\$ 67,005,625	\$ 64,936,021	\$ 67,958,118	\$ 69,971,527
Personal property	2,701,006	2,741,695	2,726,330	2,623,851	2,675,581	2,675,882	2,648,990	2,607,552	2,879,164	2,962,312
Total assessed value	<u>63,754,867</u>	<u>72,114,666</u>	<u>78,333,295</u>	<u>79,460,477</u>	<u>74,731,588</u>	<u>71,564,774</u>	<u>69,654,615</u>	<u>67,543,573</u>	<u>70,837,282</u>	<u>72,933,839</u>
Debt limit (3.2% of total assessed value)	2,040,156	2,307,669	2,506,665	2,542,735	2,391,411	2,290,073	2,228,948	2,161,394	2,266,793	2,333,883
Debt applicable to limit:										
Metropolitan District (MD) bonds	662,041	585,648	658,837	750,917	822,490	850,645	875,708	928,611	1,003,368	1,107,298
MD commercial paper notes	60,000	106,600	106,500	106,500	160,000	160,000	183,800	187,500	99,300	225,000
Total debt applicable to debt limit	<u>722,041</u>	<u>692,248</u>	<u>765,337</u>	<u>857,417</u>	<u>982,490</u>	<u>1,010,645</u>	<u>1,059,508</u>	<u>1,116,111</u>	<u>1,102,668</u>	<u>1,332,298</u>
Legal debt margin	<u>\$ 1,318,115</u>	<u>\$ 1,615,421</u>	<u>\$ 1,741,328</u>	<u>\$ 1,685,318</u>	<u>\$ 1,408,921</u>	<u>\$ 1,279,428</u>	<u>\$ 1,169,440</u>	<u>\$ 1,045,283</u>	<u>\$ 1,164,125</u>	<u>\$ 1,001,585</u>

Notes:

(1) Assessed value of property in the Metropolitan District.

* The County has \$1.646 million restricted to repaying the principal of outstanding debt as of June 30, 2017.

**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)
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	43,379,449	53,004	39.1	15.4	105,315	7.7
2013	817,993	43,128,806	52,348	39.2	15.4	107,033	7.3
2014	826,784	44,611,807	53,949	39.2	15.4	108,376	6.5
2015	832,050	46,234,945	55,568	39.2	15.3	109,984	5.9
2016	835,040	47,793,124	57,235	39.1	15.3	111,126	5.4
2017	837,476	48,328,776	57,708	39.1	15.3	112,351	4.4

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch.
- (2) Data extracts prepared by the U.S. Bureau of the Census and Maryland Office of Planning.
- (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	2017		Employer	2008	
	Employees	Percentage of Total County Employment		Employees	Percentage of Total County Employment
Social Security Administration/CMS	14,753	3.98	Baltimore County Public Schools	14,482	3.36
Baltimore County Public Schools	14,235	3.84	Social Security Administration	9,800	2.27
Baltimore County Government	7,998	2.16	Baltimore County Government	8,771	2.03
T. Rowe Price Associates, Inc.	4,200	1.13	Greater Baltimore Medical Center	3,331	0.77
Greater Baltimore Medical Center	3,900	1.05	UMBC	3,258	0.76
Towson University	3,476	0.94	Erickson Retirement Communities	3,100	0.72
Franklin Square Hospital	2,829	0.76	Franklin Square Hospital	3,000	0.70
McCormick & Company, Inc.	2,132	0.56	Center for Medicare & Medicaid Services - CMS	2,968	0.69
UMBC	2,017	0.54	T. Rowe Price Group	2,724	0.63
Sheppard Pratt Health Systems	1,913	0.52	St. Joseph Medical Center	2,650	0.61
Total	57,453	15.48	Total	54,084	12.54

Source: Baltimore County Department of Economic Development

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

Taxpayer	2017		Taxpayer	2008	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BGE	993,069,130	1.21%	BGE	961,814,944	1.33%
Verizon	242,260,180	0.30%	Verizon	377,636,304	0.52%
Merritt Mgt Corp	589,851,231	0.72%	Merritt Mgt Corp	295,975,501	0.41%
Home Properties	261,724,086	0.32%	Oak Campus Partners LLC	148,581,960	0.21%
Comcast	94,782,380	0.12%	Towson Town Center	147,607,798	0.20%
Towson Town Center	264,437,770	0.32%	Maryland Health & High Education	135,071,434	0.19%
Trade Point Atlantic LLC	183,269,557	0.22%	Wal Mart	123,197,538	0.17%
Wal Mart	156,599,560	0.19%	ISG	117,591,676	0.16%
White Marsh Mall	147,899,004	0.18%	TRP Suburban	113,682,915	0.16%
Oak Campus Partners LLC	137,240,867	0.17%	Comcast	54,078,720	0.07%
	<u>\$ 3,071,133,765</u>	<u>3.75%</u>		<u>\$ 2,475,238,790</u>	<u>3.42%</u>

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

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

Fiscal Year	County Direct Rates		
	Real	Personal	Total (a)
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
2016	1.100	2.7500	1.167
2017	1.100	2.7500	1.167

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	Total Tax 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
2008	711,041	709,242	99.75	1,710	710,952	99.99
2009	762,124	758,977	99.59	2,924	761,901	99.97
2010	806,805	805,384	99.82	992	806,376	99.95
2011	839,080	834,831	99.49	3,501	838,332	99.91
2012	846,418	841,983	99.48	3,536	845,519	99.89
2013	853,307	851,115	99.74	1,365	852,480	99.90
2014	856,946	854,254	99.69	1,824	856,078	99.90
2015	872,676	869,303	99.61	2,452	871,755	99.89
2016	888,230	886,008	99.75	973	886,981	99.86
2017	921,713	918,421	99.64	-	918,421	99.64

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			
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
2016	56,669,097	19,910,764	76,579,861	1,347,311	1,897,128	3,244,439	79,824,300	79,824,300	1.167
2017	58,287,682	20,479,456	78,767,138	1,424,762	1,909,921	3,334,683	82,101,821	82,101,821	1.167

Note:

(1) Tax exempt properties are not included

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

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