

Baltimore County Public Schools

Comprehensive Annual Financial Report For the fiscal year ended June 30, 2019



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, 2019

Kathleen S. Causey, *Chair*

Julie C. Henn, *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:

Kiren Venkatesan	1st Grade	West Towson ES
Aaron Sembly	1st Grade	Cedarmere ES
Niara Sherrod	5th Grade	Cromwell Valley ES
Tysin Melvin	3rd Grade	Lyons Mill ES
Alexa Branch	4th Grade	Randallstown ES
Grace Rolley	3rd Grade	Honeygo ES

Board of Education of Baltimore County
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2019

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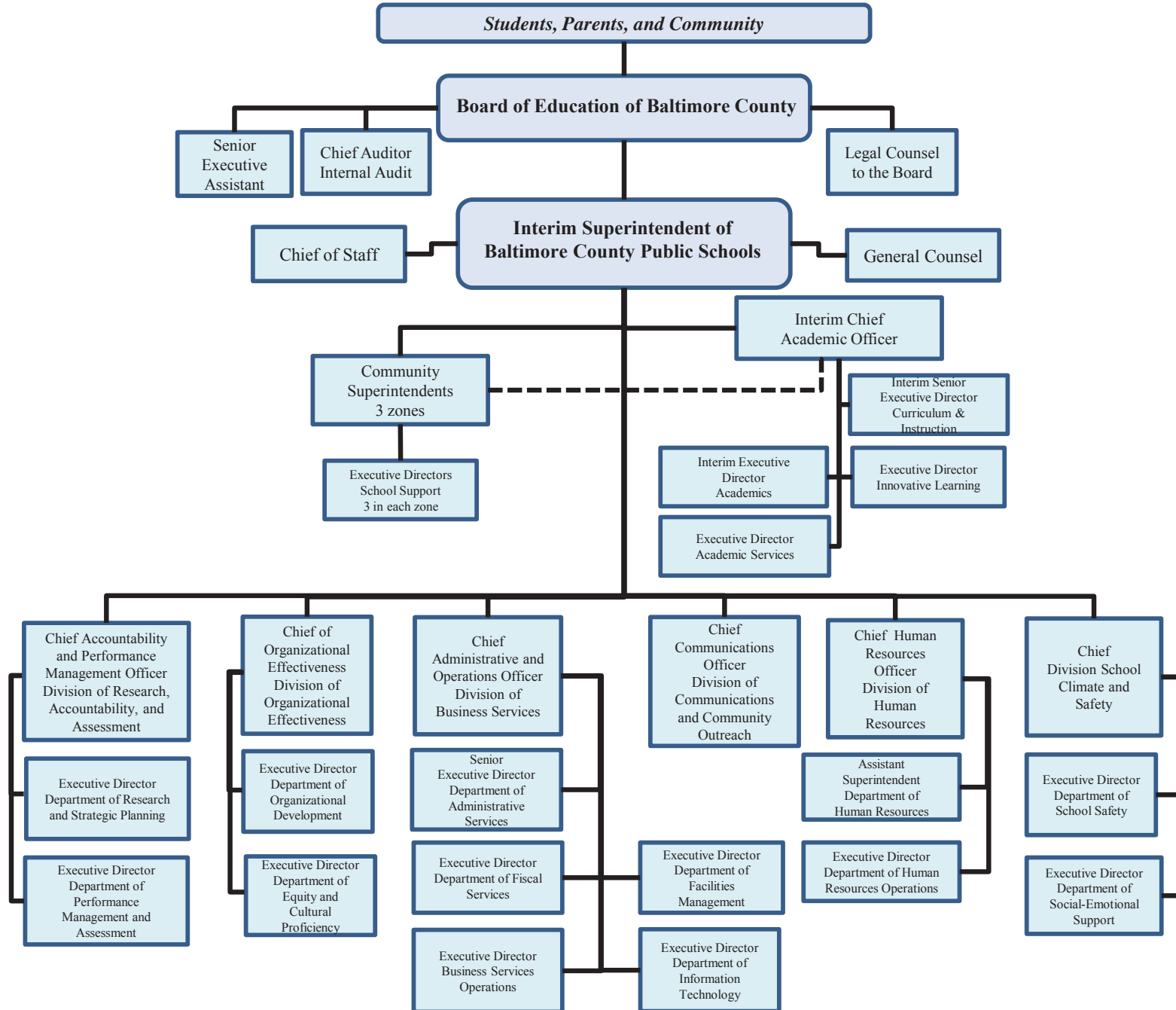
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Baltimore County Public Schools Organization Chart



Interim Superintendent's Staff

As of June 30, 2019

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
Dr. Penelope Martin-Knox	Chief of School Climate and Safety
George Roberts	Community Superintendent East Zone
Christina Byers	Community Superintendent Central Zone
Dr. Racquel Jones	Community Superintendent West Zone

BALTIMORE COUNTY PUBLIC SCHOOLS

Darryl L. Williams, Ed.D. ♦ Superintendent ♦ 6901 North Charles Street ♦ Towson, MD ♦ 21204

September 30, 2019

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 113,814 students in Grades PreK–12. These students are served by 18,202 employees, including 9,834 teachers, making BCPS one of the largest employers in the region. More than 109,000 volunteers are registered to support student achievement throughout the school system.

For the 2018–2019 school year, BCPS operated 174 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 emphasized 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 also 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 2018–2019

During the 2018–2019 school year, BCPS continued to serve as a 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 1.53 percentage points, from 87.63% in 2014 to 89.16% in 2018, while BCPS' graduation rate exceeded the Maryland state average of 87.12% by 2.04 percentage points. The dropout rate continued to improve, from 8.81% in 2014 to 7.45% in 2018.
- More than 90% of our schools earned 3, 4, or 5 stars on the Maryland Report Card in 2018.
- All Grade 11 students are able to take the SAT during the school day at no cost, and at their own school. The participation rate for Grade 11 on SAT Day 2019 was 85.97%.
- The 2019 Stakeholder Survey garnered nearly 80,000 responses from students in Grades 3–12, parents, community members, and staff members. As in prior years, 91% of parents continued to rate their child's school as effective.
- BCPS launched the county's second early college program at Dundalk High School. P-TECH (Pathways in Technology Early College High School) students have the opportunity to earn a high school diploma and an associate's degree from the Community College of Baltimore County, along with skills training, mentoring, paid internships, and first consideration for an entry-level job from an industry partner: Alban CAT, KCI, Stanley Black & Decker, or Whiting-Turner.
- To increase transparency, BCPS expanded to six public online dashboards for interactive access to data about academics, central air conditioning, organizational effectiveness, safety, school profiles, and the Stakeholder Survey.

Capital Facilities

In FY2019, BCPS received \$41.8 million from the state of Maryland for a variety of capital projects. Funding provided by Baltimore County Government is based on a two-year budget cycle in which capital improvement bonds are only issued every other year. The adopted budget for FY2019 totals \$0 because bond funding in the amount of \$425.5 million will be proposed for FY2020. The six-year capital program for FY2019 through FY2024 has projected funding of \$835.5 million. Our Capital Improvement Plan (CIP) remains focused on four main areas identified in close collaboration with our state and county fiscal partners, the Board of Education, state and county elected officials, communities, and other stakeholders.

The first priority is the installation of central air-conditioning in all of our schools through systemic renovations or replacements. 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. Our students and staff started this year with air-conditioning in all but eight schools and two centers. By January 2020, the number of schools that lack central air-conditioning will drop to five, 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.

The second priority of our Capital Improvement Plan is focused on accommodating our growing population. Over the last decade, student enrollment increased by 10,171 students – creating a need

for additional seats that is roughly equivalent to 14 large elementary schools or eight moderately-sized secondary schools over and above our current 167 buildings. Enrollment is projected to increase from 113,814 students (2018–2019 official enrollment) to over 119,000 students by 2024. With 612 square miles in Baltimore County that equates to over 166 students per square mile (174 by 2024). The FY2019 state adopted budget includes funding of \$10.1 million to complete the construction of a new 700-seat Honeygo Elementary School opened in August 2018. County funding of \$34.0 million has been previously committed. Also, the remaining \$9.3 million necessary to complete replacement schools at Victory Villa and Lansdowne elementary schools in addition to prior county funds of \$50.3 million for these two schools. The FY2019 state budget also includes funding of \$11.9 million for the limited renovation projects at Patapsco High School. Remaining state funding of \$7.9 million has been approved for the installation of central air conditioning at Franklin and Kenwood high schools, as well as boiler replacement projects at Battle Grove and Featherbed Lane elementary schools, chiller replacements at McCormick and Owings Mills elementary schools, and a roof replacement project at Orems Elementary School.

Our design decisions are based on careful instructional considerations, economic analysis that incorporates value engineering, feasibility studies, and an energy efficiency analysis. Whenever possible, we use prototype designs for cost efficiency.

Our third, and no less important, priority is to continue our ongoing program to modernize high schools through either limited renovations or replacement schools. Funding for the limited renovation projects at Patapsco and Woodlawn high schools is included in this year's state budget. Also included in the county budget is planning and design funding for the replacement of Lansdowne High School. Construction funding for this project will be included in future year's capital budget requests.

Finally, BCPS must remain vigilant in our advancement of the BCPS systemic program to replace aging roofs, boilers, chillers, windows, doors, and other essential building systems. The county adopted budget has funding for a of kitchen upgrades, security improvements, and a variety of other school building improvements. It also includes roof replacements at four schools and boiler and chiller replacements at an additional seven schools.

In total, approximately 200 construction and building projects, including new school construction, major renovations, and modernizations at various elementary, middle, and high schools, are currently underway in BCPS. In addition to renovations of schools' plumbing, electrical, ventilation, heating, and cooling systems, the work includes improvements to cafeterias, media centers, computer systems, security systems, and other features. In keeping with the goals of *Blueprint 2.0*, the capital budget includes funding to repair or replace critical infrastructure, to provide for watertight buildings, and to improve occupant comfort and well-being through the installation of modern mechanical air distribution systems in an effort to enhance the learning environment and decrease energy costs. The capital budget also includes upgrades and replacements to lighting, interior and exterior doors, windows, floors and walls, Americans with Disabilities Act (ADA) accessibility requirements, and a variety of other enhancements to improve school buildings.

A Sample of National Achievements

BCPS distinguished itself nationally through the achievements of students, staff, schools, and the system in a wide range of areas that indicate a well-rounded curriculum.

Students

- Rebecca Scherr (Carver Center) won first prize in the 2019 Jack London Foundation Writing Contest.
- Kyle Rudich (Chatsworth School) and Nadia Khanam (Western School of Technology) were named first place winners for elementary school and high school, respectively, in the Magnet Schools of America Poster Competition. Kyle was then named the overall winner of the competition.
- Ishani Shah (Franklin High) was awarded the Platinum Level Graduating Seniors Award from U.S. Figure Skating.
- Members of Overlea High's Honors Chorale performed in the U.S. premiere of a groundbreaking "community opera" – Jonathan Dove's *The Monster in the Maze*.
- Elijah Edwards (Pikesville High) was chosen as one of only two students selected to speak before an audience of more than 3,000 educators at the national 2019 AVID Summer Institute in Philadelphia.
- Six seniors were awarded \$2,500 Leaders and Achievers® Scholarships from the Comcast NBCUniversal Foundation, including Shane Shakoor (Loch Raven High) who was selected to receive an additional \$7,500 Comcast Founders Scholarship.
- Mehribon Hamrokulova (Pikesville High) was selected as one of only 29 recipients of a 2019 Alexander Hamilton Scholars Award.
- Bassoonist Vincent Igusa (Towson High) is once again among the 119 outstanding musicians selected for the seventh annual National Youth Orchestra of the United States of America.
- Thirty Junior Reserve Officer Training Corps (JROTC) cadets from Dundalk, Franklin, and Kenwood high schools graduated from Federal Aviation Administration-approved ground flight school and earned their United States Air Force JROTC Ground Flight Aviation Badges along with a certificate.
- Twelve students from three high schools earned Scholastic national medals for their achievements in visual and literary arts.
- Sixteen students were named 2019 Carson Scholars by the Carson Scholars Fund.
- Badra Kalil (Towson High) was one of more than 200 high school students selected to participate in the 2018 World Food Prize Global Youth Institute.
- Nineteen students (Pikesville High and Eastern Technical High) earned the Advanced Placement® (AP®) Capstone Diploma, and 18 students from the same two schools earned the AP Seminar and Research Certificate™ during the 2017-18 school year.
- Eight students and graduates (Carver Center and Towson High) are among the 2019 YoungArts Winners announced by The National YoungArts Foundation.

- Ozioma Mbaekwe (Parkville High) and Maya Williams (Towson High) were named among the nation's 1,044 newest QuestBridge Scholars.
- Five students from Western School of Technology and Environmental Science placed in the national top 10 in their events at the 54th Annual National Leadership and Skills Conference in competition with about 6,400 other student champions.
- Emma Boone (Grange Elementary School) won four prizes at the AAU Junior Olympics Sport Stacking Championships.

Staff

- George Roberts, community superintendent (east zone), served on a panel about school safety and security at the Education Writers Association's 72nd National Seminar.
- Walter Carter, automotive services teacher (Milford Mill Academy), was named National Teacher of the Year by Magnet Schools of America.
- Chris Lambert, social studies teacher and mock trial coach (Franklin High), was honored by the American Lawyers Alliance as one of three 2019 Law-Related Education High School Teachers of the Year.
- Seven teachers were selected to travel to Colombia, South America this summer, as part of a Fulbright-Hays Group Projects Abroad seminar coordinated by Morgan State University.
- April Lewis, executive director (school safety), was honored with the President's Citation from the National Association of School Resource Officers.
- Michelle Valerio, assistant principal (Randallstown Elementary), was named to the International Literacy Association's 2019 30 Under 30 list.
- James Corns, executive director (information technology), Ryan Imbriale, executive director (innovative learning), and Jeanne Imbriale, director (enterprise applications), recently earned the Certified Education Technology Leader designation, awarded by the Consortium for School Networking.
- Tricia Lane-Forster, art educator (Ridge Ruxton), was awarded the Special Needs in Art Education Larry Marone Grant from the National Art Education Association.
- Katie Dell, science department chair (Arbutus Middle) was named one of 25 HP Teaching Fellows for 2019.
- Krissy Bohrman, biology and animal behavior teacher (Sparrows Point High), was selected for an Earthwatch Project Kindle fellowship in Costa Rica.
- Joquetta Johnson, library media specialist (Randallstown High), was named the 2019 Roald Dahl's Miss Honey Social Justice Award by the American Association of School Librarians.
- Sherri Fisher, coordinator (visual arts), Grace Hulse, an art teacher (Fort Garrison Elementary), and Rachel Valsing, visual arts department chair (Towson High), were selected by their peers to receive national awards from the National Art Education Association.
- Four more teachers achieved National Board Certification, bringing the total number of National Board-certified teachers in the school system to 134.

- A paper written by two staff members – Katie Filling and Dr. Maria Y. Finger-Elam – was selected as the Lorne H. Woollatt Distinguished Paper from the Northeastern Educational Research Association 2018 conference.
- Jennifer McGough, a science teacher (Carver Center), and her two teammates won the Best Overall Invention prize during the National Summer Teacher Institute, hosted by the United States Patent and Trademark Office and the University of South Florida's College of Education.

Schools

- Pikesville High School was validated as one of two AVID National Demonstration Schools in Maryland.
- Four high schools were ranked among the top 10 in Maryland (six in the top 20 in Maryland) by U.S. News & World Report, and three BCPS high schools were named among the nation's top 100 magnet schools.
- Colophon, the literary magazine from Towson High, was awarded the top honor in the Recognizing Excellence in Art and Literary Magazines Program of the National Council of Teachers of English (REALM First Class), for the ninth consecutive year.
- Milford Mill Academy was one of the first winners of the College Board AP® (Advanced Placement) Computer Science Female Diversity Award for achieving high female representation in AP Computer Science Principles.
- General John Stricker Middle was named the 2019 Middle School Kindness Challenge Champion by host organization Stand for Children.
- Franklin High's Academy of Law won six of the top 10 Outstanding Orator awards as well as the Providence Foundation of Law and Leadership Professionalism Award at the Providence Cup Moot Court Tournament. All seven Franklin teams placed in the top 24 in the tournament. The mock trial team from the Franklin High's Academy of Law placed third overall against 31 teams from around the country at the Empire Mock Trial Competition's Southern Showdown.
- West Towson Elementary was named a 2018 National Blue Ribbon School by the U.S. Department of Education.
- Glyndon and Warren elementary schools were named 2018 National Schools of Character.

System

- BCPS earned a renewal of the prestigious national Trusted Learning Environment (TLE) Seal, first received in 2017, from the Consortium for School Networking for 2019–2021. The TLE Seal, which has been awarded to only 16 school systems, indicates that these systems demonstrate a strong commitment to student data privacy and security by meeting a rigorous set of standards. BCPS is the only TLE Seal recipient in Maryland.
- BCPS-TV earned both silver and bronze prizes from the 40th Annual Telly Awards for telling our own story to the community. The winning videos were Carver Alum - Amarachi Korie, a

profile of a young Alvin Ailey II dancer returning to meet with dance students at her alma mater (Carver Center), and This Is BCPS 2018, a video introduction to the school system.

- For the fifteenth year, BCPS was named one of the nation's Best Communities for Music Education by the National Association for Music Merchants Foundation.
- For the 14th consecutive year, BCPS was awarded the prestigious Annual Achievement of Excellence in Procurement® award from the National Procurement Institute, Inc.
- 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.

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, 2018. This was the twenty-third 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) application for a Certificate of Excellence in Financial Reporting to BCPS for its CAFR for the fiscal year ending June 30, 2018, is pending. 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-third 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 828,431 in 2018. The 2019 population estimate for Baltimore County is 835,673. 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. 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 BD Diagnostics, 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 2018 to June 2019:

Towson Circle East – Retail Properties of America, 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 including 371 mid and high-rise apartments and 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 there, 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 they own at 701 E. Joppa Road and several nearby leased properties. They currently employ 1600 full-time employees and 350 private contractors.

Mill Station – The former Owings Mills Mall site is being 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, the retailer's fifth Baltimore area location, opened in October 2018. In addition, an 111,000 square foot Lowe's Home Improvement store opened in January 2019. Other announced tenants include Marshalls, Burlington, Homesense, Five Below and Giant Food, all of which are expected to open in late summer 2019. Plans also call for extensive renovations to the existing AMC Theatre

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 which 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. The hotel, which represents a \$70 million investment is expected to open in late 2019.

McCormick & Company – The international spice manufacturer, currently located in Sparks, occupied their new 340,000 square foot headquarters building at 99 Shawan Road in October 2018. The building, home to 1,100 employees, houses corporate functions, the company's US consumer and industrial divisions

Bank of America – Bank of America (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 complex 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.

Paul Fredrick Menstyle LLC – This online men's clothing retailer, relocated its corporate headquarters from Pennsylvania to Sparks. The company leased 7,200 square feet and invested \$1 million in improvements. They will employ 60 people at that location and expect to add additional operations in the future.

Conveyor & Automation Technologies – This developer and provider of production line technology to the manufacturing and packaging industry, purchased a 47,000 square foot building on Loveton Circle in Sparks to expand their business. The company employs 27 at the facility and invested over \$4 million in the purchase and renovation of the building.

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.

Social Security Administration (SSA) – Social Security headquarters in Woodlawn announced that they will receive a \$150 million Congressional Appropriation for major renovations of their main administrative building. SSA employs approximately 11,000 at this site and this significant investment ensures that Baltimore County remains home to the Social Security Administration for decades to come.

Good Wrappers – Good Wrappers recently purchased 3901 Washington Blvd for expansion of their operation. The \$2.6 million expansion will provide 160,000 square feet of additional space. As a result of the expansion, they expect to increase their employment from 50 to 60 employees.

Vanns Spices – In December 2018, Vanns Spices relocated to a new facility in Baltimore County which doubled their existing space from 30,000 square feet to 60,000 square feet. They expect to increase the number of employees from 45 to 65 in 2019. The new facility will require over a \$1 million buildout and renovations.

Industrial Redevelopment

Sparrows Point/Dundalk

Tradepoint Atlantic (TPA), formerly Sparrows Point LLC, recently acquired the 3,250 acre former steel production facility at Sparrows Point. The property is being redeveloped for industrial use. In May 2017, Maryland's Public Service Commission (PSC) approved two development companies, Should offshore wind projects by S. Wind Inc. and Skipjack Offshore Wind LLC, move forward off the coast of Ocean City, Maryland, the developers must collectively invest at least \$39.6 million to support port upgrades at Tradepoint Atlantic and \$76 million in a steel fabrication plant in Maryland. Tradepoint Atlantic purchased Sparrows Point Shipyard in the summer of 2018 for \$33.5 million to expand maritime operations. The property will be redeveloped for industrial use, recent activities include:

Perdue AgriBusiness, a division of Perdue Farms, is investing \$30 million to open an organic grain receiving and storage facility at Tradepoint Atlantic. The facility includes grain and oilseed processing/milling and will support more than 25 new jobs. The facility is scheduled to open in late 2019 or early 2020.

Gotham Greens LLC – This agriculture startup is building a 100,000 square foot hydroponic greenhouse at Tradepoint Atlantic and plans to open in late 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.

Floor & Décor – This specialty retailer of tile, wood, laminate, natural stone flooring and accessories will open a 1.5 million square foot distribution center in late 2019, bringing 150 new jobs.

Fed Ex Ground – FedEx Ground secured a long term lease and in July 2017, opened a new 300,000 square foot distribution center at Tradepoint Atlantic that employs 150 with plans to hire up to another 150 long-term package handlers, drivers, and office workers.

Under Armour Omni Distribution House – Under Armour opened a one million square foot distribution warehouse employing 1,000 people in May 2019 to serve as the company’s national hub to fulfill consumers online orders.

Amazon – Amazon opened an 855,000 square foot fulfillment center at Tradepoint Atlantic and will bring 1,500 new jobs to the region. Associates at the new facility will pick, pack, and ship customer items such as electronics, books, housewares and toys.

Technology Locations

bwtech@UMBC

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

The Park includes 133 tenants and 1,500 employees, including mature, emerging and incubator companies. This past year 10 new companies joined their incubator. *bwtech@UMBC* companies have access to UMBC campus amenities and enjoy the strategic location only minutes away from BWI Thurgood Marshall Airport, downtown Baltimore, and the federal agencies located in the Washington, D.C. corridor. The location, coupled with the opportunity to collaborate with the talented students and faculty of UMBC's nationally recognized science and engineering programs, makes *bwtech@UMBC* an ideal location for technology, bioscience and research organizations at all stages of development.

Virtually all the Park’s 525,000 square feet are leased, and the Park generated nearly \$500 million in income and business sales.

The following list highlights tenants at *bwtech@UMBC* Research & Technology Park as of FY2019:

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.

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. In addition, approximately 3,700 new jobs have been created.

The program offers two primary benefits to businesses in the designated zone that make new investments or hire new employees:

1. *Property Tax Credits.* The local jurisdiction provides an annual property tax credit that is phased out over a ten-year period. For the first five years, the credit is equal to 80% 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, fulltime job created in an enterprise zone, the State grants a \$1,000, onetime 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 FY2019 the County approved financial assistance to four businesses from the County's Revolving Financing Fund totaling \$353,000. Additionally, during FY2019 the County approved five loans totaling \$1,050,000 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 is totally fiscally dependent on the County, State and federal governments for its funding. The Board has no authority to levy taxes. The minimum amount of funding provided to the Board by the County and State governments is mandated by state law and follow formulas commonly referred to as ‘Maintenance of Effort’. The Maintenance of Effort laws guarantee funding per student comparable to the prior year’s funding and can be supplemented by additional funding. Revenue and expenditures are forecasted based on the past ten years and the most current information available about the next four years. Funding should continue to grow as enrollment is projected to continue growing.

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 2019 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.

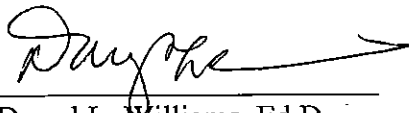
Acknowledgments

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.

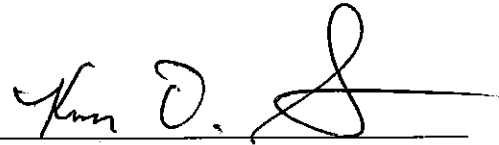
Conclusion

This report has been prepared to provide financial information for fiscal year 2019, which ended June 30, 2019, 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.

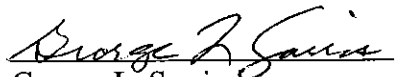
Sincerely,



Darryl L. Williams, Ed.D.
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, 2018

Christopher P. Morvill

Executive Director/CEO

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Kiren Venkatesan

Grade: 1

West Towson Elementary School



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board of Education of Baltimore County, Maryland (the Board), a component unit of Baltimore County, Maryland as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 24 through 40, 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.

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.

Members of the
Board of Education of Baltimore County

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2019 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 27, 2019

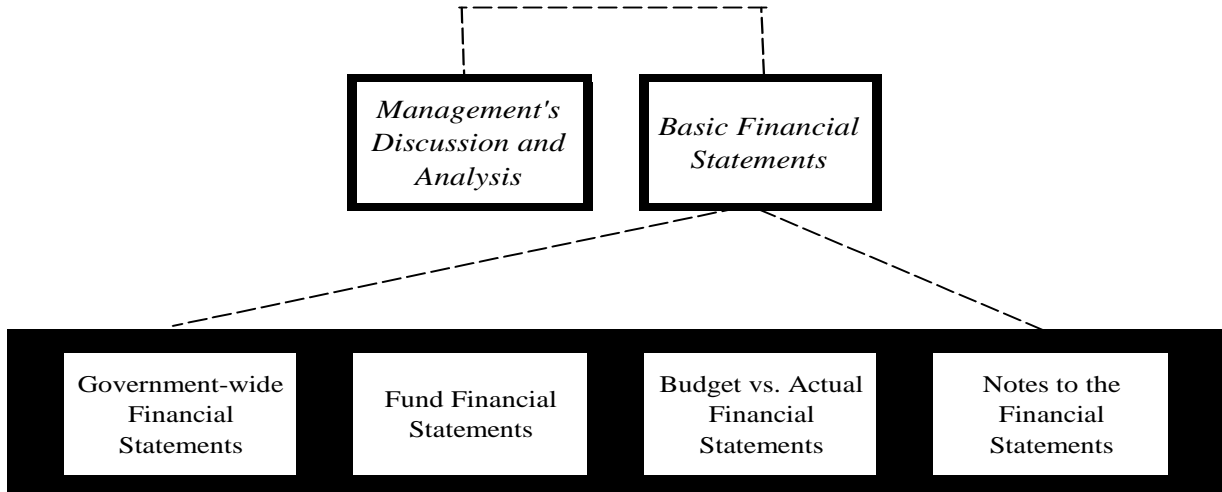
Board of Education of Baltimore County Management's Discussion and Analysis

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, 2019. 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 54-90) 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 50% of its governmental activities funding from the county, and 45% 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 \$928 million, substantially all of which is net investment in capital assets.
- Governmental activities net position decreased \$110.5 million during the year. The decrease is primarily attributable to the increase in the Other Post-Employment Benefits (OPEB) liability of \$460 million. This was offset somewhat by an increase in Deferred Outflows related to OPEB and pensions of \$321 million, and an increase in capital assets of \$60 million. Capital construction projects are 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 \$1.5 billion, 84% of governmental activities revenues and 82% of total government-wide revenues. Governmental activities program revenues in the form of charges for services, operating and capital grants, accounted for \$284 million or 16% of all governmental activities revenues.
- Business-type activities net position, \$33.6 million as of the end of the fiscal year, increased by \$1.5 million during the year, primarily as a result of a transfer of approximately \$1.9 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 \$894 million 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 202% 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, 2019 and 2018:

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

	Governmental Activities		Business-type Activity		Total	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 167,722	\$ 173,287	\$ 23,229	\$ 22,341	\$ 190,951	\$ 195,628
Capital assets	1,971,463	1,911,451	12,081	11,415	1,983,544	1,922,866
Total assets	2,139,185	2,084,738	35,310	33,756	2,174,495	2,118,494
Deferred outflows of resources	387,958	67,219	-	-	387,958	67,219
Current liabilities	84,214	97,450	1,335	1,307	85,549	98,757
Long-term liabilities	1,520,101	1,024,720	390	352	1,520,491	1,025,072
Total liabilities	1,604,315	1,122,170	1,725	1,659	1,606,040	1,123,829
Deferred inflows of resources	28,785	25,192	-	-	28,785	25,192
Net position:						
Net investment in capital assets	1,857,095	1,824,578	12,081	11,415	1,869,176	1,835,993
Restricted	11,113	11,973	-	-	11,113	11,973
Unrestricted (deficit)	(974,165)	(831,956)	21,504	20,681	(952,661)	(811,275)
Total net position	\$ 894,043	\$ 1,004,595	\$ 33,585	\$ 32,096	\$ 927,628	\$ 1,036,691

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 decreased \$109 million. This is primarily because of the increase in the OPEB liability net of related deferred outflows and inflows of \$121 million and related OPEB expenses of \$134 million.

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, operating 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 a decrease of \$222 million. Governmental Activities change in net position decreased by \$223 million, while the change in business-type activities was an increase of \$1.3 million. Program expenses for governmental activities increased \$167 million; while the corresponding program revenue decreased by \$105 million, which was primarily related to decline in capital grants and contributions. General revenues from the county grew by \$27 million, and state general revenues grew by \$20 million. During fiscal year 2019, \$112 million of capital grants revenue was received and spent on school construction and renovation projects. This was a decrease of \$117 million from the prior year amount. In the prior year a significant amount was spent on new school construction, replacement schools, renovations, and school air conditioning projects. Many of the prior year projects were completed, accounting for the decline in expenditures during fiscal year 2019. The Board has undertaken a significant systemic phased school renovation and modernization program over the last few years. 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. Several school air conditioning projects are still underway. Accordingly, expenditures on capital construction projects were \$112 million in fiscal year 2019, \$229 million, \$192 million, \$163 million, and \$122 million, in fiscal years 2018, 2017, 2016, and 2015, respectively. Those expenditures capitalized as assets exceeded current year depreciation by approximately \$69 million.

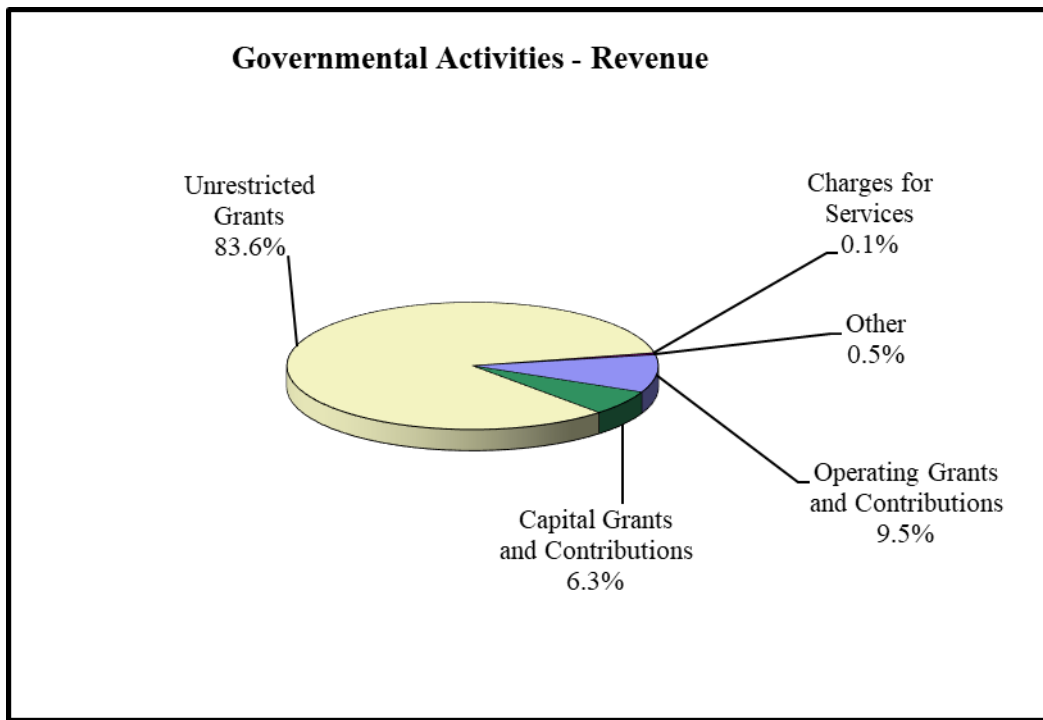
The schedule below shows the change in net position for the Board's governmental and business-type activities for the current and prior years.

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

	Governmental Activities		Business-type Activity		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 178	\$ 198	\$ 12,707	\$ 13,062	\$ 12,885	\$ 211
Operating and capital grants and contributions	170,988	159,135	37,533	36,346	208,521	195,481
Capital grants and contributions	112,470	229,092	-	-	112,470	229,092
General revenues:						
Grants and contributions not restricted to certain programs	1,491,209	1,443,733	-	-	1,491,209	1,444
Other	8,555	5,406	-	-	8,555	5,406
Total revenues	<u>1,783,400</u>	<u>1,837,564</u>	<u>50,240</u>	<u>49,408</u>	<u>1,833,640</u>	<u>431,634</u>
Expenses:						
Administration	74,608	67,632	-	-	74,608	67,632
Mid-level administration	152,790	144,093	-	-	152,790	144,093
Instruction	1,029,595	942,262	-	-	1,029,595	942,262
Special education	307,237	278,939	-	-	307,237	278,939
Student personnel services	22,077	18,847	-	-	22,077	18,847
Health services	25,907	23,747	-	-	25,907	23,747
Student transportation	94,003	84,777	-	-	94,003	84,777
Operation of plant	117,569	112,071	-	-	117,569	112,071
Maintenance of plant	45,754	42,536	-	-	45,754	42,536
Community services	664	640	-	-	664	640
Capital administration	18,714	8,057	-	-	18,714	8,057
Interest on long-term debt	3,076	1,126	-	-	3,076	1,126
Food services	-	-	50,709	49,391	50,709	49,391
Total expenses	<u>1,891,994</u>	<u>1,724,727</u>	<u>50,709</u>	<u>49,391</u>	<u>1,942,703</u>	<u>1,774,118</u>
Increase in net position before transfers	(108,594)	112,837	(469)	17	(109,063)	112,854
Transfers	(1,958)	(192)	1,958	192	-	-
Change in net position	<u>(110,552)</u>	<u>112,645</u>	<u>1,489</u>	<u>209</u>	<u>(109,063)</u>	<u>112,854</u>
Net position, beginning of year	<u>1,004,595</u>	<u>891,950</u>	<u>32,096</u>	<u>31,887</u>	<u>1,036,691</u>	<u>923,837</u>
Net position, end of year	<u>\$ 894,043</u>	<u>\$ 1,004,595</u>	<u>\$ 33,585</u>	<u>\$ 32,096</u>	<u>\$ 927,628</u>	<u>\$ 1,036,691</u>

Governmental Activities

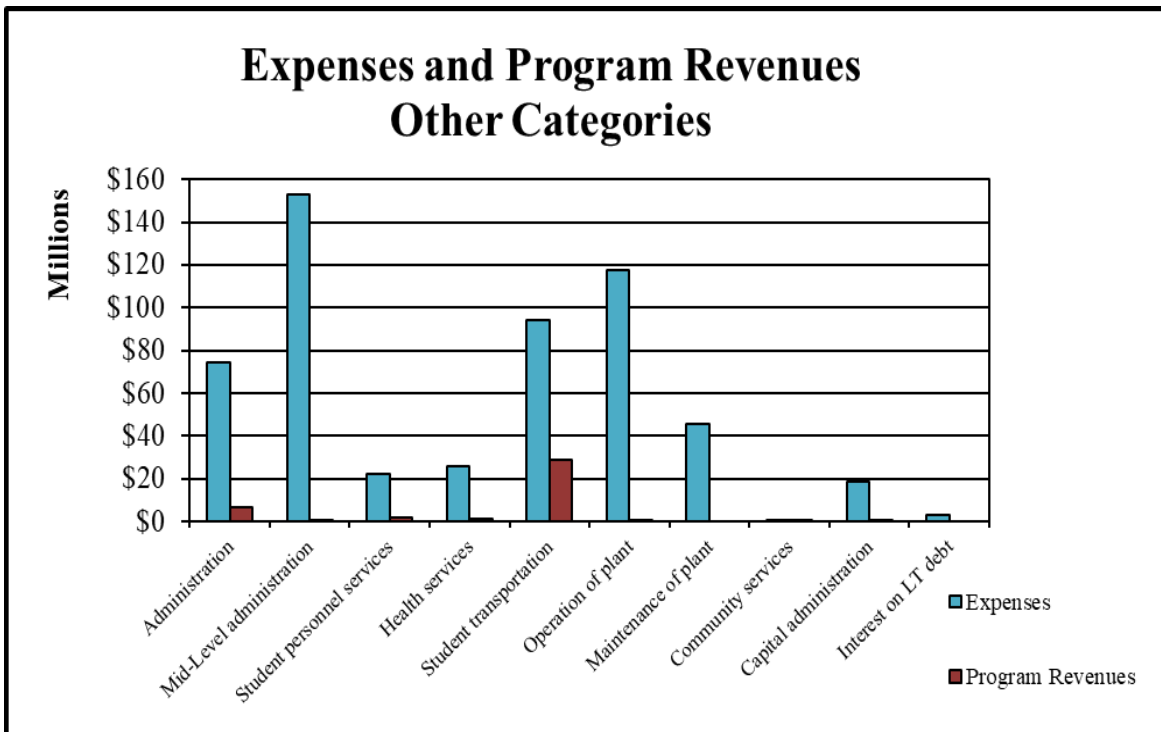
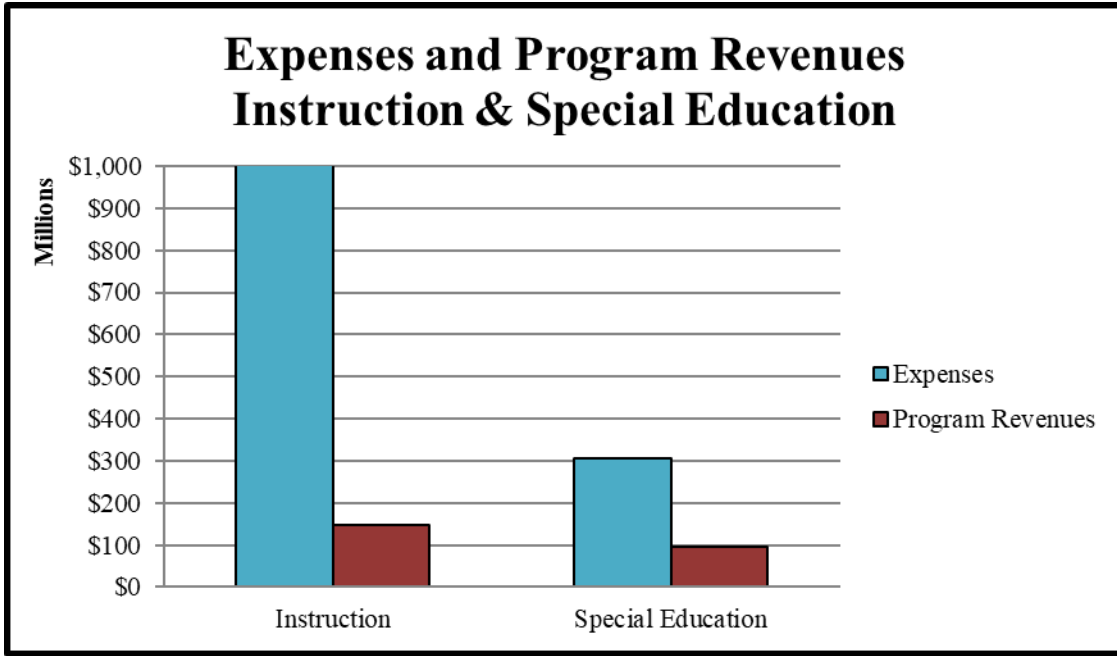
Governmental activities account for essentially all of the decrease in net position of the Board. General revenues from the county and the state increased by \$47.4 million during the current year. General revenues from the federal government and other sources grew by \$2.1 million. Program revenues from the county for capital projects decreased by \$92 million, while program revenue from the state for capital projects decreased by \$24 million. Program revenue from the federal government grew by \$7.3 million. Corresponding program expenses increased by 9.7% (\$167.3 million). Much of this increase in expense is from the impact of the OPEB plan which includes an increase in OPEB plan expenses of \$85 million. The remainder of the increase in program expenses is closely matched by increases in program revenue because of the funding model described previously. The chart below presents the Board’s governmental activities revenue for the fiscal year ending June 30, 2019.



Governmental activities revenue decreased overall \$55 million from fiscal year 2018 to fiscal year 2019. The most significant changes were the decrease in county and state capital project grants of \$116 million. General revenues from the county and state increased a combined \$47 million, and county and state operating grants increased by \$12 million, while other revenue grew slightly by \$3 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 \$1.89 billion.
- Instructional and special education programs was \$1.34 billion (71%).
- School based and other instructional administration was \$153 million (8%).
- General administration cost was \$75 million (4%).
- Operation and maintenance of plant accounted for \$163 million (9%).
- Student transportation cost was \$94 million (5%).
- Revenue from charges for services was less than 0.1% of total expenses.
- Total program revenues were \$284 million - 15% of total expenses.
- Capital grants and contributions was \$112 million - 40% of total program revenues.
- Total general revenues was \$1.5 billion - 79% of total expenses.

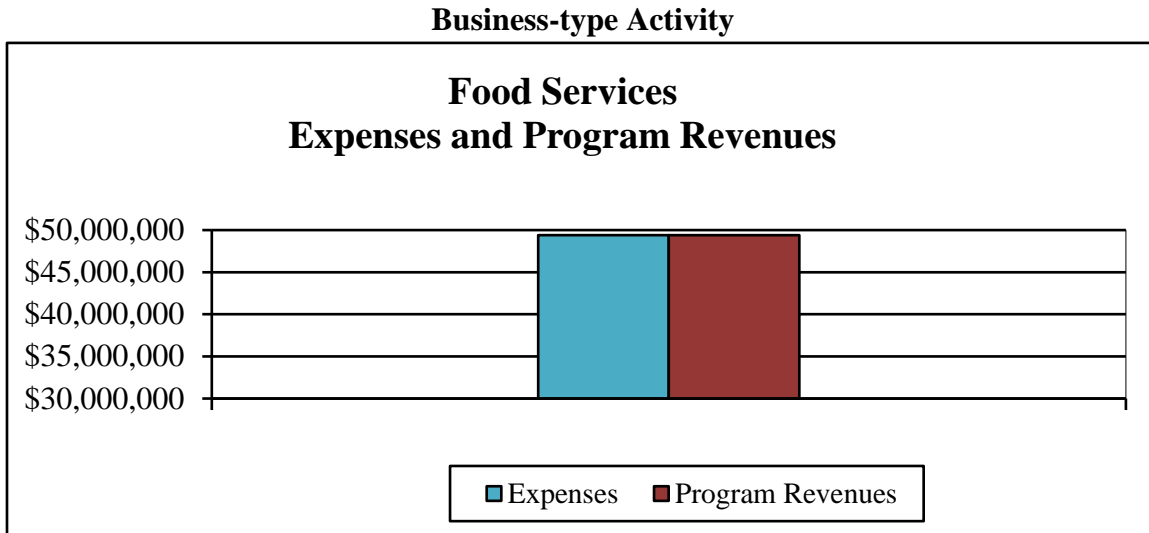
Business-type Activities

The Board's sole business-type activity is the food service operation that serves meals to students in the schools. Total revenues increased \$0.8 million (1.7%) from fiscal year 2018 to fiscal year 2019. Participation in the lunch program decreased slightly when compared to the prior year. Conversely, participation in the fiscal year 2019 breakfast program increased over the prior year. It is worth noting, there was one less serving day in fiscal year 2019 when compared with the serving days in fiscal year 2018. Moreover, an increase in the federal reimbursement rates helped bolster revenue.

The total number of lunches served decreased by 126,000 (-1.4%). However, the total number of breakfast meals served increased by 373,000 meals (6.7%), which offset the loss in lunch participation. The number of free lunches served decreased by 190,000 (-3.4%). Conversely, the number of reduced-price lunches increased by almost 92,000 (11.6%) due to the implementation of the Baltimore County Cares for Kids program, which provides meals at no cost to reduced-price eligible students. This program implements the Maryland Cares for Kids Act of 2018 fully, and ahead of schedule. The number of paid lunches decreased slightly by 28,000 meals served (-1.1%). The number of free breakfasts served remained unchanged. As a result of the addition of 18 new Maryland Meals for Achievement schools in fiscal year 2019, the number of paid breakfast participants increased by 275,000. Similarly, the reduced-price breakfast participants increased by 98,000.

Expenses grew from fiscal year 2018 to fiscal year 2019 by \$1.3 million (2.7%) primarily due to an increase in salaries and wages of \$0.9 million, and a \$0.5 million increase in the cost of food sold.

Despite a net loss of \$0.5 million, a contribution of capital assets from the capital projects fund of \$2.0 million for new kitchen and warehouse equipment resulted in an increase in net position of \$1.5 million.



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 \$1,957,984.
- Operating expenses total \$50.7 million, the largest portion being salaries, wages, and benefits of \$24.5 million, and cost of food of \$20.9 million.
- Charges for services total \$12.7 million.
- Federal and state reimbursement of food costs and donated federal food commodities total \$37.1 million.

FUND HIGHLIGHTS

Governmental Funds

The assets of the Board’s governmental funds exceeded liabilities at the end of the current fiscal year by \$77.5 million (*fund balance*). Total governmental revenues decreased from last fiscal year by \$54 million. This change includes \$65 million less from the county, \$1 million more from the state, and \$7 million more from the federal government. The general fund revenue from the county increased by \$27 million, while capital funding from the county declined by \$92 million. Similarly, state general funding grew by \$25 million while state capital projects funding fell by \$24 million and state special revenue funding was unchanged. The increase in federal funds was due to \$7 million more in restricted grant revenues.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental Funds – Fund Balances

The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$77.5 million, an increase of \$6.5 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 \$9.1 million while the total fund balance was \$66.8 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 \$6.8 million. This is due to general fund expenditures exceeding revenue by \$38 million, which was offset by capital lease issuances of \$45 million.

The fund balance of the special revenue fund decreased slightly by \$0.9 million during the current fiscal year due to Medicaid reimbursement expenditures exceeding revenues.

Capital projects fund revenues and expenditures fell by approximately \$117 million due to a number of completed school renovation projects, school replacement and addition projects, and school air conditioning projects. Most of the decrease resulted in a decrease in county revenue (\$92 million), the remaining decrease was in state revenue of (\$24 million).

Proprietary Funds

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

During the current fiscal year, the net position of the Food Services Fund increased by \$1.5 million. As a result of the Baltimore County Cares for Kids Program, which allowed reduced-price eligible students to receive meals at no cost, operating revenues decreased by 2.7%. Federal and State reimbursements of food service costs and federal donated commodities increased by \$1.1 million or 3.0%. Operating expenses increased by \$1.3 million primarily due to increases in the cost of food sold and salaries and wages of \$0.5 million and \$0.9 million respectively. These increases were partially offset by a \$0.2 million decrease in cost of supplies

and the maintenance and repair of equipment charges. The Food Service Fund incurred a loss of \$0.5 million. However, this loss was offset by a transfer approximating \$1.9 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 fiscal year 2019, the Workers' Compensation Fund recognized \$9.9 million in chargeback revenue from other funds. Claims incurred and administrative costs totaled \$9.8 million resulting in an increase in net position of \$0.1 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 Mid-level Administration, Student Transportation, Operation of Plant and Fixed Charges categories, due to salary, benefits, and energy savings. The funds were transferred to the Instructional Salaries to re-align the budget, Instructional Textbooks and Other Instructional Costs for additional instructional curriculum materials, and Special Education for additional private placement tuition costs.

Actual revenues were greater than budgeted revenues (\$5.9 million) due to higher than expected state grant revenues for the Non-Public Placement Program (\$2.3 million), increases in the erate reimbursements (\$1.7 million), and greater investment income (\$1.5 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 2019 grew by \$46.9 million (3.2%) over fiscal year 2018. Salaries grew by \$34 million (3.8%) due to additional teachers for enrollment growth and regular salary increases. Contracted services increased by \$17.6 million (14%), due primarily to additional costs for the expansion of the one-to-one computers for students and for additional leasing of network components.

Actual expenditures were \$25.5 million (1.7%) 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, 2019, amounts to \$1.97 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	
	2019	2018	2019	2018	2019	2018
Land	\$ 32,051	\$ 30,526	\$ -	\$ -	\$ 32,051	\$ 30,526
Buildings	1,564,028	1,402,390	3,918	4,184	1,567,946	1,406,574
Improvements other than buildings	51,270	55,650	-	-	51,270	55,650
Furniture, fixtures, and equipment	56,243	55,995	8,163	7,231	64,406	63,226
Construction in progress	267,871	366,890	-	-	267,871	366,890
Total	\$ 1,971,463	\$ 1,911,451	\$ 12,081	\$ 11,415	\$ 1,983,544	\$ 1,922,866

The total net increase in the Board’s capital assets during the year was \$60 million (net increase resulted from \$154 million in additions offset by depreciation and disposals of \$94 million). Major capital asset events during the fiscal year ended June 30, 2019, included the following construction costs:

- \$28 million for renovations and additions at six schools
- \$47 million for seven replacement schools
- \$48 million for installation of air conditioning and other projects at twenty schools
- \$15 million for new schools
- \$7 million for roof replacements

At the end of the current year, the Board had outstanding contractual commitments on construction projects totaling more than \$99 million. Additional information on the Board’s capital assets can be found in Note 5 on pages 71 - 72 of this report.

Debt Administration

The Board has no authority to issue bonded debt. The county or state may issue debt to finance school construction. The outstanding debt for school construction financing is reported in the financial statements of the issuing government, while the corresponding assets are reported in the Board’s financial statements. During the fiscal year ended June 30, 2019, the total debt service costs paid by the county government to finance public school construction were \$54 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, and long-term capital leases (20 year) to finance energy saving improvements in numerous schools. Additional details of the Board’s debt obligations can be found in Note 8 on pages 75 - 77 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

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

The general fund operating budget for the fiscal year July 1, 2019 – June 30, 2020 was adopted by the county council on May 23, 2019. The total general fund operating budget adopted for fiscal year 2020 is \$1.61 billion. The fiscal year 2020 operating budget is \$82 million (5.3%) more than the fiscal year 2019 final budget. This increase is attributable to the following:

- The adopted FY2020 budget includes additional state funding of \$48 million, an increase of 7.2% over fiscal year 2019 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, which accounts for \$25 million. An additional \$23 million is new funding under the Blueprint for Maryland's Future legislation.
- An increase in county funding of \$34.6 million (4.2%), This is due to the mandated maintenance of effort formula from enrollment increases (\$2.4 million), one-time expenditures (\$1.0 million), and the remainder (\$31.2 million) is primarily for increases in salaries in accordance with labor agreements.
- Other revenues decreased by \$0.9 million due to less prior year fund balance being used for re-appropriation.

The adopted capital projects budget for fiscal year 2020 increased a total of \$127 million from \$179 million to \$306 million. The FY2020 state funding includes the following major projects:

- \$160 million for the replacement of eight elementary schools
- \$82 million for two new additional schools in the northeast area
- \$14 million for the renovation of two schools
- \$50 million for various major maintenance projects

The adopted budget for the special revenue fund (\$95.3 million) is an increase of approximately \$8 million over the prior fiscal year. The increase is primarily due to expected increases in the Title I, Title IV, and the Magnet programs.

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. The State passed the Blueprint for Maryland's Future legislation which provided an additional \$22.7 million in funding.

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.



Aaron Sembly

Grade: 1

Cedarmere Elementary School

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2019
(In Thousands)

	Governmental Activities	Business-type Activity	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 108,673	\$ 20,377	\$ 129,050
Accounts receivable, net:			
Baltimore County	22,442	-	22,442
State of Maryland	14,209	1,743	15,952
United States Government	8,975	-	8,975
Other	4,130	1	4,131
Inventories:			
Food and supplies	-	1,108	1,108
Other	298	-	298
Prepaid items	323	-	323
Investments restricted for lease purchases	8,672	-	8,672
Capital assets (net of accumulated depreciation):			
Land	32,051	-	32,051
Buildings	1,564,028	3,918	1,567,946
Improvements other than buildings	51,270	-	51,270
Furniture, fixtures, and equipment	56,243	8,163	64,406
Construction in progress	267,871	-	267,871
Total assets	2,139,185	35,310	2,174,495
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Retirement and OPEB plans	387,958	-	387,958
 <u>LIABILITIES</u>			
Accounts payable	38,353	411	38,764
Retainage payable	10,862	-	10,862
Accrued salaries and withholdings	21,426	56	21,482
Other liabilities	2,599	-	2,599
Unearned revenue	2,302	868	3,170
Liabilities payable from restricted investments	8,672	-	8,672
Long-term liabilities:			
Due within one year	28,625	289	28,914
Due in more than one year	1,491,476	101	1,491,577
Total liabilities	1,604,315	1,725	1,606,040
 <u>DEFERRED INFLOWS OF RESOURCES</u>			
Retirement and OPEB plans	28,785	-	28,785
 <u>NET POSITION (DEFICIT)</u>			
Net Investment in capital assets	1,857,095	12,081	1,869,176
Restricted for special education services	11,113	-	11,113
Unrestricted (deficit)	(974,165)	21,504	(922,661)
Total net position	\$ 894,043	\$ 33,585	\$ 927,628

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, 2019
(In Thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Totals
Governmental activities:							
Administration	\$ 74,608	\$ -	\$ 6,487	\$ -	\$ (68,121)	\$ -	\$ (68,121)
Mid-level administration	152,790	-	258	-	(152,532)	-	(152,532)
Instruction	1,029,595	178	36,285	112,262	(880,870)	-	(880,870)
Special education	307,237	-	95,031	120	(212,086)	-	(212,086)
Student personnel services	22,077	-	1,721	-	(20,356)	-	(20,356)
Health services	25,907	-	1,318	-	(24,589)	-	(24,589)
Student transportation	94,003	-	28,843	88	(65,072)	-	(65,072)
Operation of plant	117,569	-	302	-	(117,267)	-	(117,267)
Maintenance of plant	45,754	-	-	-	(45,754)	-	(45,754)
Community services	664	-	630	-	(34)	-	(34)
Capital administration	18,714	-	113	-	(18,601)	-	(18,601)
Interest on long-term debt	3,076	-	-	-	(3,076)	-	(3,076)
Total governmental activities	1,891,994	178	170,988	112,470	(1,608,358)	-	(1,608,358)
Business-type activity:							
Food services	50,709	12,707	37,533	-	-	(469)	(469)
Total	\$ 1,942,703	\$ 12,885	\$ 208,521	\$ 112,470	(1,608,358)	(469)	(1,608,827)
Unrestricted general revenues:							
Baltimore County					816,971	-	816,971
State of Maryland					673,570	-	673,570
United States Government					668	-	668
Other					8,555	-	8,555
Transfers					(1,958)	1,958	-
Total unrestricted general revenues and transfers					1,497,806	1,958	1,499,764
Change in net position					(110,552)	1,489	(109,063)
Net position, beginning of year					1,004,595	32,096	1,036,691
Net position, end of year					\$ 894,043	\$ 33,585	\$ 927,628

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, 2019
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 97,827	\$ 5,123	\$ -	\$ 102,950
Accounts receivable, net:				
Baltimore County	-	-	22,442	22,442
State of Maryland	9,227	1,373	3,609	14,209
United States Government	-	8,975	-	8,975
Other	3,379	109	442	3,930
Due from other funds	943	-	-	943
Inventories	298	-	-	298
Prepaid items	323	-	-	323
Investments restricted for lease purchases	8,672	-	-	8,672
Total assets	\$ 120,669	\$ 15,580	\$ 26,493	\$ 162,742
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 22,818	\$ 826	\$ 14,709	\$ 38,353
Retainage payable	21	-	10,841	10,862
Accrued salaries and withholdings	20,109	1,367	-	21,476
Due to other funds	-	-	943	943
Other liabilities	2,265	-	334	2,599
Unearned revenue	28	2,274	-	2,302
Liabilities payable from restricted investments	8,672	-	-	8,672
Total liabilities	53,913	4,467	26,827	85,207
Fund balances (deficit) :				
Non-spendable	621	-	-	621
Restricted	-	11,113	-	11,113
Assigned	57,035	-	-	57,035
Unassigned (deficit)	9,100	-	(334)	8,766
Total fund balances (deficit)	66,756	11,113	(334)	77,535
Total liabilities and fund balances	\$ 120,669	\$ 15,580	\$ 26,493	\$ 162,742

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, 2019
(In Thousands)

Total fund balances - governmental funds (page 44)	\$	77,535
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
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 \$2,937,775 and the accumulated depreciation is (\$966,312).	1,971,463	
Long-term liabilities, including capital leases of (\$103,507), compensated absences of (\$25,781), the estimated liability for workers' compensation claims and judgements of (\$14,211), the liability for unfunded post employment health benefits of (\$1,250,360), and the unfunded liability for the county's Employees' Retirement System of (\$126,242) are not due and payable from current resources and, therefore, are not reported as liabilities in the funds.	(1,520,101)	
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.	5,973	
The net effect of the Deferred Outflows and Deferred Inflows of Resources recorded in conjunction with the recognition of the county retirement and OPEB liability is shown here but not included in the Governmental Statements.	359,173	
Total net position - governmental activities (page 42)	<u>\$</u>	<u>894,043</u>

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, 2019
(In Thousands)

	General	Special Revenue	Capital Projects	Total Governmental Funds
Revenues:				
Baltimore County	\$ 816,971	\$ 5	\$ 74,145	\$ 891,121
State of Maryland	764,428	4,828	38,190	807,446
United States Government	668	74,665	-	75,333
Other	8,733	631	135	9,499
Total revenues	<u>1,590,800</u>	<u>80,129</u>	<u>112,470</u>	<u>1,783,399</u>
Expenditures:				
Current:				
Administration	50,127	5,089	-	55,216
Mid-level administration	100,991	243	-	101,234
Instruction:				
Instructional salaries	536,767	21,397	-	558,164
Textbooks and supplies	24,553	4,041	-	28,594
Other instructional costs	65,773	3,535	-	69,308
Special education	196,371	25,020	-	221,391
Student personnel services	13,140	1,308	-	14,448
Health services	16,142	1,157	-	17,299
Student transportation	71,820	379	-	72,199
Operation of plant	128,453	305	-	128,758
Maintenance of plant	38,964	-	-	38,964
Fixed charges	366,760	17,905	-	384,665
Community services	-	496	-	496
Capital administration	4,236	114	111,921	116,271
Debt service:				
Principal	12,150	-	-	12,150
Interest	3,076	-	-	3,076
Total expenditures	<u>1,629,323</u>	<u>80,989</u>	<u>111,921</u>	<u>1,822,233</u>
Excess (deficit) of revenues over expenditures	<u>(38,523)</u>	<u>(860)</u>	<u>549</u>	<u>(38,834)</u>
Other financing source :				
Capital lease issuance	45,323	-	-	45,323
Total other financing sources	<u>45,323</u>	<u>-</u>	<u>-</u>	<u>45,323</u>
Net change in fund balances	6,800	(860)	549	6,489
Fund balances (deficit), beginning of year	<u>59,956</u>	<u>11,973</u>	<u>(883)</u>	<u>71,046</u>
Fund balances (deficit), end of year	<u>\$ 66,756</u>	<u>\$ 11,113</u>	<u>\$ (334)</u>	<u>\$ 77,535</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, 2019
(In Thousands)**

Total net change in fund balances - governmental funds (page 46)	\$	6,489
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 \$357,543 adjusted for assets converting from construction-in progress (\$201,604), other disposals of (\$30,556), contributions to the Food Services business type activity (\$1,958), other excess accumulated depreciation on disposals \$21,163, exceed depreciation expense of (\$84,576) in the current period.		60,012
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.		12,150
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 (\$15,980) is greater than vacation leave used (\$14,549) in the current period.		(1,431)
Proceeds of capital lease issuance which provide current financial resources in the governmental funds, are not reported as revenues in the statement of activities.		(45,323)
Increase in the estimated liability for workers' compensation claims included in long-term obligations.		(1,065)
Net effect of the expenditures for recording the net OPEB liability.		(134,676)
Net effect of the expenditures for recording the liability due to the Employees' Retirement System of Baltimore County.		(7,895)
Increase in the assets of the Internal Service Fund are not included in the Governmental Statements.		1,187
Change in net position of governmental activities (page 43)	<u>\$</u>	<u>(110,552)</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, 2019
(In Thousands)

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Adopted	Final	Actual Amounts	
Revenues:				
Baltimore County	\$ 816,971	\$ 816,971	\$ 816,971	\$ -
State of Maryland:				
Foundation Program	405,336	405,336	405,246	(90)
Geographic Cost of Education	6,180	6,180	6,180	-
Compensatory Education	148,810	148,810	148,756	(54)
Limited English Proficiency	24,270	24,270	24,270	-
Transportation	32,180	32,180	32,180	-
Formula-Students with Disabilities	37,503	37,503	37,503	-
Out-of-County Living Arrangements	1,100	1,100	1,132	32
Non-public Placements	18,826	18,826	21,175	2,349
Aging Schools	897	897	874	(23)
Quality Teacher Incentive	166	166	93	(73)
Total State of Maryland	675,268	675,268	677,409	2,141
United States Government	811	811	668	(143)
Other	36,652	36,652	40,510	3,858
Total revenues	1,529,702	1,529,702	1,535,558	5,856
Expenditures:				
Current:				
Administration	51,741	51,741	49,388	2,353
Mid-level administration	104,202	103,252	101,026	2,226
Instruction:				
Instructional salaries	533,692	539,292	536,767	2,525
Instructional textbooks and supplies	23,402	28,902	26,896	2,006
Other instructional costs	65,992	69,292	67,443	1,849
Special education	193,371	198,771	196,877	1,894
Student personnel services	14,774	14,774	13,145	1,629
Health services	17,495	17,495	16,146	1,349
Student transportation	78,489	74,589	73,744	845
Operation of plant	105,773	103,823	99,927	3,896
Maintenance of plant	41,294	41,294	39,376	1,918
Fixed charges	294,908	281,908	279,518	2,390
Capital administration	4,569	4,569	3,908	661
Total expenditures	1,529,702	1,529,702	1,504,161	25,541
Excess of revenues over expenditures	\$ -	\$ -	31,397	\$ 31,397
Fund balance, beginning of year			36,886	
Reappropriation of prior year fund balance included in Other Revenues			(31,777)	
Liquidation and cancellation of prior year encumbrances			7,688	
Fund balance, end of year			44,194	

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, 2019
(In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Adopted	Final		
Revenues:				
Baltimore County	\$ 6	\$ 6	\$ 5	\$ (1)
State of Maryland	7,143	7,143	5,175	(1,968)
United States Government	84,981	84,981	76,128	(8,853)
Other	3,171	3,171	646	(2,525)
Total revenues	95,301	95,301	81,954	(13,347)
Expenditures:				
Administration	5,899	5,899	5,114	785
Mid-level administration	524	524	232	292
Instruction:				
Instructional salaries	24,474	24,474	21,397	3,077
Instructional textbooks and supplies	4,612	4,612	4,282	330
Other instructional costs	6,652	6,652	4,622	2,030
Special education	29,257	29,257	25,071	4,186
Student personnel services	1,239	1,239	1,280	(41)
Health services	1,506	1,506	1,329	177
Student transportation	238	238	379	(141)
Operation of plant	391	391	305	86
Fixed charges	19,194	19,194	17,905	1,289
Community services	534	534	496	38
Capital administration	781	781	402	379
Total expenditures	95,301	95,301	82,814	12,487
Excess (deficit) of revenues over expenditures	\$ -	\$ -	(860)	\$ (860)
Fund balance, beginning of year			11,973	
Fund balance, end of year			\$ 11,113	

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, 2019
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 20,377	\$ 5,724
Due from other governments	1,743	-
Accounts receivable - other	1	200
Due from other funds	-	50
Inventories, at cost	1,108	-
Total current assets	23,229	5,974
Capital assets (net of accumulated depreciation):		
Building	3,918	-
Furniture, fixtures and equipment	8,163	-
Total capital assets - net	12,081	-
Total assets	35,310	5,974
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	411	-
Accrued salaries and withholdings	56	1
Compensated absences	289	-
Claims and judgements	-	7,022
Unearned revenue	868	-
Total current liabilities	1,624	7,023
Noncurrent liabilities:		
Compensated absences	101	-
Claims and judgements	-	7,188
Total noncurrent liabilities	101	7,188
Total liabilities	1,725	14,211
<u>NET POSITION (Deficit)</u>		
Net investment in capital assets	12,081	-
Unrestricted (deficit)	21,504	(8,237)
Total net position (deficit)	\$ 33,585	\$ (8,237)

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, 2019
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Operating Revenues:		
Charges for services	\$ 12,707	\$ -
Employer's contributions	-	9,938
Total operating revenue	<u>12,707</u>	<u>9,938</u>
Operating Expenses:		
Cost of food sold	20,901	-
Salaries, wages, and benefits	24,495	172
Claims and judgements paid	-	7,328
Provision for claims and judgements	-	1,065
Supplies	1,772	-
Maintenance and repair of equipment	688	-
Administration and support	562	1,250
Depreciation	1,648	-
Other	643	-
Total operating expenses	<u>50,709</u>	<u>9,815</u>
Operating income (loss)	<u>(38,002)</u>	<u>123</u>
Nonoperating Revenues:		
Federal reimbursement of food service costs	32,499	-
State reimbursement of food service costs	1,535	-
Federal donated commodities	3,072	-
Other grant revenue	53	-
Other revenue	374	-
Total nonoperating revenues	<u>37,533</u>	<u>-</u>
Income (loss) before capital contribution	(469)	123
Capital contribution	<u>1,958</u>	<u>-</u>
Change in net position	1,489	123
Net position (deficit), beginning of year	<u>32,096</u>	<u>(8,360)</u>
Net position (deficit), end of year	<u>\$ 33,585</u>	<u>\$ (8,237)</u>

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

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Food Service Enterprise Fund	Internal Service Fund
Cash flows from operating activities:		
Cash received for services	\$ 12,661	\$ -
Cash paid to employees	(24,458)	(172)
Cash paid to suppliers	(21,365)	-
Claims and judgements paid	-	(7,320)
Administration and support	-	(1,250)
Employer's contributions	-	9,934
Net cash provided by (used in) operating activities	(33,162)	1,192
Cash flows from non-capital financing activities:		
Governmental subsidies	34,034	-
Net cash provided by non-capital financing activities	34,034	-
Cash flows from capital and related financing activities:		
Purchase of capital assets	(386)	-
Net proceeds from sale of capital assets and other	16	-
Net cash used in capital and related financing activities	(370)	-
Cash flows from investing activities - interest received	365	-
Net increase in cash and cash equivalents	867	1,192
Cash and cash equivalents, beginning of year	19,510	4,532
Cash and cash equivalents, end of year	\$ 20,377	\$ 5,724
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (38,002)	\$ 123
Adjustments to reconcile operating income (loss) to net cash provided by (used) in operating activities:		
Depreciation expense	1,648	-
Federal donated commodities	3,072	-
Effect of changes in operating assets and liabilities:		
Accounts receivable - other	-	10
Due from other funds	-	(5)
Inventories	54	-
Accounts payable	227	-
Accrued salaries and withholdings	(1)	-
Compensated absences	38	-
Liability for claims and judgements	-	1,064
Unearned revenue	(198)	-
Net cash provided by (used in) operating activities	\$ (33,162)	\$ 1,192
Noncash investing, capital and financing activities:		
Contributions of federal donated commodities	\$ 3,072	\$ -
Contribution of capital equipment from other fund	1,958	-

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, 2019
(In Thousands)

ASSETS

Cash and cash equivalents	\$	4,646
Investments		2,507
Inventories		248
Total assets	\$	7,401

LIABILITIES

Accounts payable	\$	177
Due to others		30
Due to school organizations		7,194
Total liabilities	\$	7,401

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, 2019

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, seven who are elected for four year terms and four 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, which results primarily from activities in the Internal Service Fund, 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, 2019

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, 2019, 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, 2019

- 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, 2019

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, 2019

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, 2019. 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, 2019 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, 2019

- 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, 2019, the Board had deferred outflows of resources in the amount of \$387,958 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, 2019

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, 2019, the Board had deferred inflows of resources totaling \$28,785 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, 2019

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, 2019

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.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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:

Category	Category
Administration	Mid-level Administration
Instructional Salaries	Textbooks and Instructional 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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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:

	<u>Categorical Transfers</u>
Administration	\$ -
Mid-level Administration	(950)
Instructional Salaries	5,600
Instructional Textbooks and Supplies	5,500
Other Instructional Costs	3,300
Special Education	5,400
Student Personnel Services	-
Health Services	-
Student Transportation	(3,900)
Operation of Plant	(1,950)
Maintenance of Plant	-
Fixed Charges	(13,000)
Community Services	-
Capital Administration	-
	<u>\$ -</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

B. RECONCILIATION BETWEEN GAAP AND BUDGETARY BASIS

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

	Revenues	Expenditures	Other Financing Sources/ (Uses)	Excess/(Deficiency) of Revenue and Other Financing Sources Over Expenditures	Fund Balance
General Fund					
Reported on the basis of GAAP	\$ 1,590,800	\$ (1,629,323)	\$ 45,323	\$ 6,800	\$ 66,756
Effect of encumbrances	-	(8,054)	-	(8,054)	8,054
Retirement cost paid on the Board's behalf by the State of Maryland	(87,893)	87,893	-	-	-
Reappropriation of prior year fund balance	31,777	-	-	31,777	(31,777)
Effect of capital leases	-	45,323	(45,323)	-	-
Other budgetary adjustments	874	-	-	874	1,161
Reported on the Budgetary Basis of Accounting	<u>\$ 1,535,558</u>	<u>\$ (1,504,161)</u>	<u>\$ -</u>	<u>\$ 31,397</u>	<u>\$ 44,194</u>
Special Revenue Fund					
Reported on basis of GAAP	\$ 80,129	\$ (80,989)	\$ -	\$ (860)	\$ 11,113
Effect of encumbrances	1,825	(1,825)	\$ -	-	\$ -
Reported on the Budgetary Basis of Accounting	<u>\$ 81,954</u>	<u>\$ (82,814)</u>	<u>\$ -</u>	<u>\$ (860)</u>	<u>\$ 11,113</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

C. DEBT SERVICE BUDGETARY SCHEDULE

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues - Baltimore County	\$ 54,389	\$ 54,389	\$ 54,389	\$ -
Expenditures:				
Current -				
Principal	36,578	36,578	36,578	-
Interest	17,811	17,811	17,811	-
Total expenditures	<u>54,389</u>	<u>54,389</u>	<u>54,389</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance, July 1, 2018			<u>-</u>	
Fund balance, June 30, 2019			<u>\$ -</u>	

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

D. DETAILS OF FUND BALANCES

The details of the Governmental Funds balances at June 30, 2019 are shown as follows:

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

Inventories	\$	298
Prepaid Items		323
	\$	<u>621</u>

The Assigned general fund balance consists of the following:

Encumbrances for:		
Contracted services	\$	13,597
Supplies and materials		6,814
Equipment and other		<u>6,624</u>
Total encumbrances		27,035
For use in FY2020 Operating Budget		<u>30,000</u>
	\$	<u>57,035</u>

The Special Revenue fund balance of \$11,113 is considered as restricted since this amount can only be used to provide services to special education students or for medical related purposes based upon a directive from the Maryland State Department of Education.

E. NET POSITION

- 1) **Deficit fund balance** - The Capital Projects Fund had an unassigned fund balance deficit of \$334. The deficit reflects an accrual for claims on two projects, one of which resulted from a settlement of the claim: and the other, is based upon an estimated cost of settling the claim. 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 \$8,237 resulting from estimated workers' compensation claims, including the transfer of estimated workers' compensation claims from the Baltimore County Government in September 2013. It is anticipated that this deficit will be funded by the County Government as these claims are finalized and the liabilities are liquidated.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

A. CASH DEPOSITS

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

The Board's deposits are subject to custodial credit risk, which is the risk that in the event of bank failure 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, 2019, the Board's and the fiduciary funds net deposits were approximately \$6 million. 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 invest generally 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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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 custodial escrow accounts with Duetsche Bank National Trust. The funds held in escrow are fully invested in JP Morgan US Treasury money market funds.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

C. SUMMARY OF DEPOSIT AND INVESTMENT BALANCE

The following is a reconciliation of the Board's deposit and investments balances as of June 30, 2019:

	<u>Pooled Cash and Investments</u>	<u>Other</u>	<u>Total</u>
Deposits	\$ 1,457	\$ 4,646	\$ 6,103
Investments:			
MLGIP	130,100	-	130,100
Money market mutual funds	-	8,672	8,672
Total	<u>\$ 131,557</u>	<u>\$ 13,318</u>	<u>\$ 144,875</u>

	<u>Government-wide Statement of Net Position</u>	<u>Fiduciary Fund Statement of Net Position</u>	<u>Total</u>
<u>Unrestricted</u>			
Cash and cash equivalents	\$ 129,050	\$ -	\$ 129,050
<u>Restricted</u>			
Cash and cash equivalents	-	4,646	4,646
Investments	8,672	2,507	11,179
Total cash and investments	<u>\$ 137,722</u>	<u>\$ 7,153</u>	<u>\$ 144,875</u>

NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2019, the Capital Projects Fund owed \$943 thousand to the General Fund for cash advanced to pay contractors for work performed on ongoing contracts. Additionally, the Board owed \$50 thousand to the Internal Service Fund for workers' compensation contributions.

A summary of the interfund transfers for the fiscal year ended June 30, 2019 follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities	Business Type Activity	Food Service equipment	<u>\$ 1,958</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

NOTE 5. CAPITAL ASSETS

A. ACTIVITY

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 30,526	\$ 1,525	\$ -	\$ 32,051
Construction in progress	366,890	104,543	(203,562)	267,871
Total capital assets not being depreciated	<u>397,416</u>	<u>106,068</u>	<u>(203,562)</u>	<u>299,922</u>
Capital assets being depreciated:				
Buildings	2,172,429	237,785	(22,055)	2,388,159
Improvements other than buildings	103,555	1,597	(2,910)	102,242
Machinery and equipment	51,032	4,513	(1,014)	54,531
Vehicles	89,918	7,580	(4,577)	92,921
Total capital assets being depreciated	<u>2,416,934</u>	<u>251,475</u>	<u>(30,556)</u>	<u>2,637,853</u>
Less accumulated depreciation for:				
Buildings	(770,039)	(68,009)	13,917	(824,131)
Improvements other than buildings	(47,905)	(4,835)	1,768	(50,972)
Machinery and equipment	(34,788)	(4,470)	977	(38,281)
Vehicles	(50,167)	(7,262)	4,501	(52,928)
Total accumulated depreciation	<u>(902,899)</u>	<u>(84,576)</u>	<u>21,163</u>	<u>(966,312)</u>
Total capital assets, being depreciated, net	<u>1,514,035</u>	<u>166,899</u>	<u>(9,393)</u>	<u>1,671,541</u>
Governmental activities, net investment in capital assets	<u>\$ 1,911,451</u>	<u>\$ 272,967</u>	<u>\$ (212,955)</u>	<u>\$ 1,971,463</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activity:				
Capital assets being depreciated:				
Buildings and Improvements	\$ 7,270	\$ -	\$ -	\$ 7,270
Furniture, fixtures and equipment	27,286	2,344	(870)	28,760
Total capital assets being depreciated	<u>34,556</u>	<u>2,344</u>	<u>(870)</u>	<u>36,030</u>
Less accumulated depreciation for:				
Buildings and Improvements	(3,086)	(266)	-	(3,352)
Furniture, fixtures and equipment	(20,055)	(1,382)	840	(20,597)
Total accumulated depreciation	<u>(23,141)</u>	<u>(1,648)</u>	<u>840</u>	<u>(23,949)</u>
Business-type activity capital assets, net	<u>\$ 11,415</u>	<u>\$ 696</u>	<u>\$ (30)</u>	<u>\$ 12,081</u>

Depreciation expense was charged to program activities as follows:

Governmental activities:

Administration	\$ 1,055
Mid-level administration	15
Instruction	74,959
Special education	488
Student transportation	6,245
Operation of plant	148
Maintenance of plant	1,564
Capital administration	102
Total depreciation expense - governmental activities	<u>\$ 84,576</u>

Business-type activities:

Food Services	<u>\$ 1,648</u>
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Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

B. CONSTRUCTION AND LEASE PURCHASE COMMITMENTS

The Board has active construction projects as of June 30, 2019. 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:

Projects	Spent-to-Date	Remaining Commitment
New school construction	\$ 404,384	\$ 85,312
Additions	15,766	1,169
Improvements and renovations	270,964	12,084
Total	\$ 691,114	\$ 98,565

During the fiscal year, the Board made commitments for the acquisition of vehicles under new capital lease agreements totaling approximately \$8.4 million. The assets to be acquired are described below:

Description	Class	Amount
School buses	Vehicles	\$ 6,940
Trucks and other vehicles	Vehicles	1,458
Total		<u>\$ 8,398</u>

During a prior fiscal year, the Board contracted with a vendor to undertake energy performance contract improvements at a number of schools and other facilities totaling approximately \$49 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. The contract was completed during the year, of which approximately \$11 million was paid by the Board as the work was completed; The remaining \$38 million was financed by negotiating a capital lease agreement. The cost-avoidance energy savings from these improvements, which are estimated to be \$4.6 - \$7.6 million annually, will fund the repayment schedule over a period of 20 years.

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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
2019	\$ 13,146	8,393	7,328	\$ 14,211
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, 2019

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, 2019, amounted to \$4,541.

The Board has entered into a new four year lease agreement for personal computing devices that will provide desktop and portable computers as part of a technology initiative to equip all students and teachers with digital learning devices. Additionally, the Board has two lease agreements for servers and other data equipment. Total expense under these operating leases for the fiscal year ended June 30, 2019, amounted to \$50,774.

The aggregate future rental payments for these lease commitments are \$100,317 as summarized below:

	<u>Fiscal year ending June 30,</u>	
2020	\$	41,138
2021		25,884
2022		18,764
2023		4,478
2024		3,052
2025-2028		<u>7,001</u>
Total	\$	<u><u>100,317</u></u>

Additionally, the Board leases copiers and other equipment under contracts which are cancelable with 60 day notice. During the year, \$3.8 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, 2019

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	\$ 35,885
Building improvements	103,348
Less: accumulated depreciation	(19,250)
Total	<u>\$ 119,983</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, 2019:

<u>Fiscal years ending June 30,</u>	<u>Governmental Activities</u>
2020	\$ 11,275
2021	9,784
2022	8,997
2023	8,358
2024	7,048
2025-2029	34,722
2030-2034	39,815
2035-2038	29,637
Total minimum lease payments	<u>149,636</u>
Less: amount representing interest	(46,129)
Present value of future minimum lease payments	<u>\$ 103,507</u>

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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	\$ 70,334	\$ 45,323	\$ 12,150	103,507	\$ 7,054
Compensated absences	24,350	15,980	14,549	25,781	14,549
Claims and judgements					
- workers' compensation plan	13,146	8,393	7,328	14,211	7,022
Other Post Employment Benefits	789,640	460,720	*	1,250,360	-
County Employee Retirement Plan	127,250	-	* 1,008	126,242	-
Governmental activity					
Long-term liabilities	\$ 1,024,720	\$ 530,416	\$ 35,035	\$1,520,101	\$ 28,625
Business-type Activity/ Food Services					
Compensated absences	\$ 352	\$ 289	\$ 251	\$ 390	\$ 289

* Net change 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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a 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 members' combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from the Teachers' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the members AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.4% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.8% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. Beginning in July 1, 2011, any new member of the Teachers' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' Pension System. 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, 2019

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, 2019, was \$87,893. The fiscal 2019 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, 2019 was \$32,236.

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

At June 30, 2019, 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	\$ 901,038
Board's proportionate share of the net pension liability	-
Total	<u>\$ 901,038</u>

The net pension liability was measured as of June 30, 2018, 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, 2019, the Board recognized pension expense of \$120,129 and revenue of \$87,893 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, 2019

Actuarial assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60% general, 3.10% wage
Salary increases	3.10% to 9.10%, including inflation
Investment rate of return	7.45%

Mortality rates were based on RP-2014 Mortality Tables with generational mortality projections using scale MP-2014.

The economic and demographic actuarial assumptions used in the June 30, 2018 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 7.45% and an inflation assumption of 2.60% were used for the June 30, 2018 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	37%	5.8%
Private Equity	13%	6.7%
Rate Sensitive	19%	1.1%
Credit Opportunity	9%	3.6%
Real Assets	14%	4.8%
Absolute Return	8%	3.2%
Total	100%	

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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, 2018.

For the year ended June 30, 2018, the annual money-weighted rate of total return on pension plan investments, net of the pension plan expense was 8.08%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

- 5) **Discount rate** - The single discount rate used to measure the total pension liability was 7.45%. This single discount rate was based on the expected rate of return on pension plan investments of 7.45%. 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.
- 6) **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.
- 7) **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, 2019

- 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, 2019 was \$9,523, 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, 2019, the Board reported a liability of \$126,242 for its proportionate share of the net pension liability. The net pension liability was measured as of July 1, 2017 rolled forward to June 30, 2018, 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, 2018, the Board's proportion was 7.05 percent, which was a decrease of 0.5 from the proportion measured as of June 30, 2017. 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, 2019, the Board recognized pension expense of \$17,418.
 - c. **Deferred outflows/inflows** - At June 30, 2019, 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, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,521	\$ 1,043
Change of assumptions	7,984	-
Net difference between projected and actual earnings on pension plan investments	-	2,707
Changes in proportion and differences between Board contributions and proportionate share of contributions	12,228	13,500
Board contributions subsequent to the measurement date	9,523	-
	<u>\$ 36,256</u>	<u>\$ 17,250</u>

Deferred outflows of \$9,523 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, 2020. 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:

2020	\$ 3,291
2021	4,613
2022	(2,474)
2023	79
2024	713
Thereafter	3,261

5) **Actuarial Assumptions** – The total pension liability in the June 30, 2018 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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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 Scale AA. The actuarial assumptions used in the January 1, 2018 measurement 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:

- 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, 2018 are summarized in the following table:

Asset Class	Long-term Expected Rate of Return	Target Asset Allocation
Cash	0.00%	0.00%
Large Cap Equities	4.75%	17.00%
Small/Mid Cap Equities	5.00%	7.00%
International Equities (Unhedged)	5.00%	16.00%
Emerging International Equities	6.50%	9.00%
Core Bonds	1.00%	8.00%
Bank Loans	2.75%	3.00%
EMD (Local Currency)	3.75%	4.00%
Diversified Fixed Income	2.33%	9.00%
Private Equity	6.75%	7.00%
Real Estate (Core)	3.75%	5.00%
Global Asset Allocation	3.44%	10.00%
Risk Parity	4.01%	5.00%

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

- 6) **Discount rate** - The discount rate used to measure the total pension liability was the funding valuation interest rate of 6.375 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	\$ 163,839	\$ 126,242	\$ 94,545

- 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, 2019

- 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 0% 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 0% and 84% based upon years of service. Contributions to the OPEB plan are subject to funding availability. There was no contribution to the OPEB plan during FY2019.
- 6) **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of resources Related to OPEB** – At June 30, 2019 the Board reported a liability of \$1,250,360 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2019, the Board's proportion was 49.53%.
 - a. **Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB** – For the year ended June 30, 2019, the Board recognized OPEB expense of \$134,672. At June 30, 2019 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, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,788	\$ -
Change of assumptions	328,773	-
Net difference between projected and actual earnings on OPEB plan investments	-	11,535
Change in proportion	17,141	-
	<u>\$ 351,702</u>	<u>\$ 11,535</u>

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:

2020	\$ 55,025
2021	55,025
2022	55,025
2023	57,894
2024	58,626
Thereafter	58,572

b. **Actuarial Assumptions** – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation 3.0%
- Salary increases 0 – 5.70%
- Investment rate of return 3.98%
- Mortality RP-2000 projected by Scale AA.
- Cost of living adjustments N/A
- Healthcare cost trend rates 3.8% - 6.4%

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

Board of Education of Baltimore County

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2019

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>
Large Cap Equities	4.75%	17.00%
Small/Mid Cap Equities	5.00%	7.00%
International Equities (Unhedged)	5.00%	16.00%
Emerging International Equities	6.50%	9.00%
Core Bonds	1.00%	8.00%
Bank Loans	2.75%	3.00%
EMD (Local Currency)	3.75%	4.00%
Diversified Fixed Income	2.33%	9.00%
Private Equity	6.75%	7.00%
Real Estate (Core)	3.75%	5.00%
Global Asset Allocation	3.44%	10.00%
Risk Parity	4.01%	5.00%

- c. **Discount Rate** – The discount rate used to measure the OPEB liability was 3.98 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, 2019

- 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:

	<u>1% Decrease</u> <u>(2.98%)</u>	<u>Discount rate</u> <u>(3.98%)</u>	<u>1% Increase</u> <u>(4.98%)</u>
Net OPEB Liability	\$ 1,482,300	\$ 1,250,360	\$ 1,061,909

- 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		
	<u>1% Decrease</u> <u>(2.8%)</u>	<u>Trend rates</u> <u>(3.8%)</u>	<u>1% Increase</u> <u>(4.8%)</u>
Net OPEB Liability	\$ 1,050,492	\$ 1,250,360	\$ 1,505,873

- 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, 2019

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, a \$32 thousand dollar estimated liability was necessary for pollution remediation at June 30, 2019.

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, 2019, a reserve for potential loss of \$153 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.

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019
(In Thousands)

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

	<u>2019</u>	<u>2018</u>
Board's proportion of the net OPEB liability	49.53%	48.22%
Board's proportionate share of the net OPEB liability (asset)	\$ 1,250,360	\$ 789,640
Plan fiduciary net position as a percentage of the total OPEB liability	13.00%	20.49%

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

The OPEB plan is not dependent on salaries, therefore covered employee payroll is not shown.

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019
(In Thousands)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution *	\$ 33,736	\$ 32,722	\$ 29,375	\$ 29,374	\$ 25,549	\$ 19,971	\$ 15,776
Contributions in relation to the contractually required contribution	<u>(33,736)</u>	<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	\$ 815,899	\$ 761,883	\$ 738,986	\$ 708,720	\$ 667,524	\$ 667,086	\$ 660,214
Contributions as a percentage of covered payroll	4%	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, 2019
(In Thousands)**

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

	<u>2019</u>	<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%	0.0%
Board's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability of the Board	901,038	943,475	1,018,884	1,103,603	807,793
Total	<u>\$ 901,038</u>	<u>\$ 943,475</u>	<u>\$ 1,018,884</u>	<u>\$ 1,103,603</u>	<u>807,793</u>
Board's covered payroll	\$ 761,883	\$ 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%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	71.18%	71.41%	67.95%	70.76%	69.53%

*** The amounts presented for fiscal year 2019 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 five years of information is available.**

BOARD OF EDUCATION OF BALTIMORE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2019
(In Thousands)

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013 *</u>
Contractually required contribution	\$ 9,523	\$ 8,935	\$ 8,859	\$ 8,870	\$ 8,988	\$ 6,203	\$ 5,381
Contributions in relation to the contractually required contribution	<u>9,523</u>	<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>	<u>\$ -</u>
Board's covered payroll	\$ 109,660	\$ 104,410	\$ 101,633	\$ 96,330	\$ 91,778	\$ 87,829	\$ 86,713
Contributions as a percentage of covered payroll	8.68%	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, 2019
 (In Thousands)**

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

	2019	2018	2017	2016	2015
Boards's proportion of the net pension liability	7.05%	7.55%	7.12%	8.69%	7.26%
Board's proportionate share of the net pension liability	\$ 126,242	\$ 127,250	\$ 124,340	\$126,832	\$ 86,003
Board's covered payroll	\$104,410	\$101,633	\$ 96,330	\$ 91,778	\$ 87,829
Board's proportionate share of the net pension liability as a percentage of its covered payroll	120.9%	125.2%	129.1%	138.2%	97.9%
Plan fiduciary net position as a percentage of the total pension liability	60.9%	61.5%	57.1%	62.8%	68.2%

The liability presented for fiscal year 2019 was measured as of June 30, 2018 using membership data as of June 30, 2017, rolled forward to June 30, 2018. Additionally, the Board implemented GASB 68 during fiscal year 2015, as such, only five years of information is available.

Board of Education of Baltimore County

Notes to the Required Supplementary Information For the Fiscal Year Ended June 30, 2019

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

The valuation of the plan was changed from a fiscal year basis to a calendar year basis.

Adjustments to the rollforward liabilities were made to reflect the following assumption changes in the 2018 valuation:

- Inflation assumption changed from 2.65% to 2.60%
- Investment return assumption changed from 7.50% to 7.45%

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	2.60% general, 3.10% wage
Salary Increases	3.10% to 9.10% including inflation
Investment Rate of Return	7.45%
Discount Rate	7.45%
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, 2019

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

NOTE 1 – CHANGES IN BENEFIT TERMS

There were no benefit changes during the year.

NOTE 2 – CHANGES IN ASSUMPTIONS

There were no changes in assumptions during the year.

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	28 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.



Niara Sherrod

Grade: 5

Cromwell Valley Elementary School

BOARD OF EDUCATION OF BALTIMORE COUNTY
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
SCHOOL ACTIVITIES FUND
FOR THE YEAR ENDED JUNE 30, 2019
(In Thousands)

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
<u>Assets</u>				
Cash and cash equivalents	\$ 4,469	\$ 12,014	\$ 11,837	\$ 4,646
Investments	2,305	219	17	2,507
Inventories	306	248	306	248
Total Assets	\$ 7,080	\$ 12,481	\$ 12,160	\$ 7,401
<u>Liabilities</u>				
Accounts payable	\$ 116	\$ 419	\$ 358	\$ 177
Due to others	15	288	273	30
Due to school organizations	6,949	11,808	11,563	7,194
Total Liabilities	\$ 7,080	\$ 12,515	\$ 12,194	\$ 7,401



Tysin Melvin

Grade: 3

Lyons Mill Elementary School

Statistical Section

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

No information on revenue capacity is presented, as the Board has no taxing authority and no significant “own source” revenues. The Board is fiscally dependent on appropriations from the Baltimore County government and the State of Maryland. Similarly, no information on debt capacity is presented because the Board has no authority to issue debt. The only debt carried by the Board is in the form of 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>2019</u>	<u>2018</u>	<u>2017**</u>	<u>2016</u>
Governmental activities:				
Net investment in capital assets	\$ 1,857,095	\$ 1,824,578	\$ 1,682,007	\$ 1,555,836
Restricted	11,113	11,973	13,814	15,570
Unrestricted (deficit)	<u>(974,165)</u>	<u>(831,956)</u>	<u>(118,601)</u>	<u>(57,122)</u>
Total governmental activities net position	894,043	1,004,595	1,577,220	1,514,284
Business-type activity:				
Net investment in capital assets	12,081	11,415	12,103	11,890
Unrestricted	<u>21,504</u>	<u>20,681</u>	<u>19,784</u>	<u>18,027</u>
Total business-type activity net position	<u>33,585</u>	<u>32,096</u>	<u>31,887</u>	<u>29,917</u>
Primary government:				
Net investment in capital assets	1,869,176	1,835,993	1,694,110	1,567,726
Restricted	11,113	11,973	13,814	15,570
Unrestricted (deficit)	<u>(952,661)</u>	<u>(811,275)</u>	<u>(98,817)</u>	<u>(39,095)</u>
Total net position	<u>\$ 927,628</u>	<u>\$ 1,036,691</u>	<u>\$ 1,609,107</u>	<u>\$ 1,544,201</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>2015</u>	<u>2014 *</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 1,451,076	\$ 1,383,777	\$ 1,344,340	\$ 1,300,909	\$ 1,206,622	\$ 1,153,352
16,843	16,973	15,297	14,662	19,021	25,345
(64,745)	6,731	(13,219)	(22,997)	14,995	17,509
<u>1,403,174</u>	<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>
13,045	13,750	13,977	14,367	13,290	12,667
14,995	13,929	11,499	9,220	6,851	5,158
<u>28,040</u>	<u>27,679</u>	<u>25,476</u>	<u>23,587</u>	<u>20,141</u>	<u>17,825</u>
1,464,121	1,397,527	1,358,337	1,315,276	1,219,912	1,166,019
16,843	16,973	15,297	14,662	19,021	25,345
(49,750)	20,660	(1,720)	(13,777)	21,846	22,667
<u>\$ 1,431,214</u>	<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>

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

	<u>2019</u>	<u>2018</u>	<u>2017 **</u>	<u>2016</u>
Expenses:				
Governmental activities:				
Administration	\$ 74,608	\$ 67,632	\$ 63,380	\$ 60,449
Mid-level administration	152,790	144,093	140,582	133,979
Instruction	1,029,595	942,262	905,610	852,148
Special education	307,237	278,939	266,165	257,803
Student personnel services	22,077	18,847	18,725	17,120
Health services	25,907	23,747	23,719	22,781
Student transportation	94,003	84,777	82,464	80,006
Operation of plant	117,569	112,071	111,734	109,077
Maintenance of plant	45,754	42,536	45,502	40,637
Community services	664	640	676	417
Capital administration	18,714	8,057	9,279	7,557
Interest on long-term debt	3,076	1,126	1,100	1,114
Total governmental activities	<u>1,891,994</u>	<u>1,724,727</u>	<u>1,668,936</u>	<u>1,583,088</u>
Business-type activity	<u>50,709</u>	<u>49,391</u>	<u>48,275</u>	<u>46,795</u>
Total expenses	<u>1,942,703</u>	<u>1,774,118</u>	<u>1,717,211</u>	<u>1,629,883</u>
Program Revenues:				
Governmental activities:				
Charges for services	178	198	300	403
Operating grants and contributions	170,988	159,135	158,277	154,541
Capital grants and contributions	112,470	229,092	191,652	162,251
Total governmental activities program revenues	<u>283,636</u>	<u>388,425</u>	<u>350,229</u>	<u>317,195</u>
Business-type activity:				
Charges for services	12,707	13,062	13,072	12,878
Operating grants and contributions	37,533	36,346	35,662	35,397
Total business-type activity program revenues	<u>50,240</u>	<u>49,408</u>	<u>48,734</u>	<u>48,275</u>
Total program revenues	<u>333,876</u>	<u>437,833</u>	<u>398,963</u>	<u>365,470</u>
Net (Expense) Revenue:				
Governmental activities	(1,608,358)	(1,336,302)	(1,318,707)	(1,265,893)
Business-type activity	(469)	17	459	1,480
Total net (expense)	<u>\$ (1,608,827)</u>	<u>\$ (1,336,285)</u>	<u>\$ (1,318,248)</u>	<u>\$ (1,264,413)</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Unrestricted grants and contributions	\$ 1,491,209	\$ 1,443,733	\$ 1,398,398	\$ 1,371,932
Other	8,555	5,406	4,756	5,468
Reversion of fund balance to Baltimore County		-	(20,000)	-
Transfers	(1,958)	(192)	(1,511)	(397)
Total governmental activities	<u>1,497,806</u>	<u>1,448,947</u>	<u>1,381,643</u>	<u>1,377,003</u>
Business-type activity:				
Transfers	1,958	192	1,511	397
Total business-type activity	<u>1,958</u>	<u>192</u>	<u>1,511</u>	<u>397</u>
Total general revenues and other changes in net position	<u>\$ 1,499,764</u>	<u>\$ 1,449,139</u>	<u>\$ 1,383,154</u>	<u>\$ 1,377,400</u>
Changes in Net Position:				
Governmental activities	\$ (110,552)	\$ 112,645	\$ 62,936	\$ 111,110
Business-type activity	1,489	209	1,970	1,877
Total changes in net position	<u>\$ (109,063)</u>	<u>\$ 112,854</u>	<u>\$ 64,906</u>	<u>\$ 112,987</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

	2015	2014*	2013	2012	2011	2010
\$	67,468	\$ 63,073	\$ 55,792	\$ 55,234	\$ 56,679	\$ 57,590
	131,654	125,914	123,424	128,958	120,945	117,522
	808,275	787,582	753,432	776,295	762,545	757,390
	249,129	242,142	241,468	251,812	243,891	235,131
	14,702	19,301	13,692	14,097	13,207	12,699
	21,796	21,078	20,714	21,967	20,340	19,864
	81,129	67,651	73,953	73,878	70,300	65,518
	111,785	111,341	106,695	105,742	105,589	105,785
	40,274	37,615	33,857	34,634	35,159	34,221
	320	357	289	17	30	40
	6,073	12,181	8,525	3,424	6,123	2,011
	1,120	243	335	373	390	341
	<u>1,533,725</u>	<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>
	45,330	42,382	41,404	39,200	38,477	36,216
	<u>1,579,055</u>	<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>
	468	243	383	721	586	528
	149,547	152,074	143,687	141,121	160,606	161,158
	121,262	92,056	92,210	140,192	96,745	108,618
	<u>271,277</u>	<u>244,373</u>	<u>236,280</u>	<u>282,034</u>	<u>257,937</u>	<u>270,304</u>
	12,334	12,891	13,320	13,906	14,821	15,312
	32,802	31,108	29,303	26,406	24,159	21,851
	<u>45,136</u>	<u>43,999</u>	<u>42,623</u>	<u>40,312</u>	<u>38,980</u>	<u>37,163</u>
	<u>316,413</u>	<u>288,372</u>	<u>278,903</u>	<u>322,346</u>	<u>296,917</u>	<u>307,467</u>
	(1,262,448)	(1,244,105)	(1,195,896)	(1,184,397)	(1,177,261)	(1,137,808)
	(194)	1,617	1,219	1,112	503	947
\$	<u>(1,262,642)</u>	<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>
\$	1,341,910	\$ 1,299,336	\$ 1,244,335	\$ 1,233,143	\$ 1,216,274	\$ 1,193,006
	7,313	6,398	6,095	5,524	7,232	6,861
	-	-	-	-	-	-
	(555)	(566)	(690)	(2,334)	(1,813)	(3,941)
	<u>1,348,668</u>	<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>
	555	566	690	2,334	1,813	3,941
	<u>555</u>	<u>566</u>	<u>690</u>	<u>2,334</u>	<u>1,813</u>	<u>3,941</u>
\$	<u>1,349,223</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>
\$	86,220	\$ 61,063	\$ 53,844	\$ 51,936	\$ 44,432	\$ 58,118
	361	2,183	1,909	3,446	2,316	4,888
\$	<u>86,581</u>	<u>63,246</u>	<u>55,753</u>	<u>55,382</u>	<u>46,748</u>	<u>63,006</u>

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

	2019	2018	2017	2016
General Fund:				
Non-spendable	\$ 621	\$ 488	\$ 491	\$ 495
Restricted	-	-	-	-
Assigned	57,035	58,994	52,832	66,549
Unassigned	9,100	474	4,692	24,534
Total general fund	<u>\$ 66,756</u>	<u>\$ 59,956</u>	<u>\$ 58,015</u>	<u>\$ 91,578</u>
All other governmental funds:				
Non-spendable	\$ -	\$ -	\$ -	\$ -
Restricted	11,113	11,973	13,814	15,570
Assigned	-	-	-	-
Unassigned (deficit)	(334)	(883)	(1,991)	(1,976)
Total all other governmental funds	<u>\$ 10,779</u>	<u>\$ 11,090</u>	<u>\$ 11,823</u>	<u>\$ 13,594</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.

2015	2014	2013	2012	2011	2010
\$ 498	\$ 221	\$ 639	\$ 731	\$ 1,824	\$ 2,080
-	-	-	-	-	-
39,588	34,539	35,628	29,481	20,888	31,967
24,876	13,550	4,451	12,722	11,992	-
<u>\$ 64,962</u>	<u>\$ 48,310</u>	<u>\$ 40,718</u>	<u>\$ 42,934</u>	<u>\$ 34,704</u>	<u>\$ 34,047</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
16,843	16,973	15,297	15,393	15,095	11,738
-	-	-	-	-	-
(1,492)	(587)	-	(137)	(1,757)	(267)
<u>\$ 15,351</u>	<u>\$ 16,386</u>	<u>\$ 15,297</u>	<u>\$ 15,256</u>	<u>\$ 13,338</u>	<u>\$ 11,471</u>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:				
Intergovernmental	\$ 1,773,900	\$ 1,830,275	\$ 1,746,876	\$ 1,687,092
Other	9,499	7,475	6,710	7,690
Total revenues	<u>1,783,399</u>	<u>1,837,750</u>	<u>1,753,586</u>	<u>1,694,782</u>
Expenditures:				
Current:				
Administration	55,216	52,084	47,915	45,478
Mid-level administration	101,234	99,665	97,214	93,464
Instruction:				
Instructional salaries	558,164	534,065	518,075	497,405
Instructional textbooks and supplies	28,594	27,779	27,734	28,397
Other instructional costs	69,308	58,685	52,127	38,103
Special education	221,391	207,944	197,859	191,377
Student personnel services	14,448	13,062	12,814	12,179
Health services	17,299	16,402	16,030	15,798
Student transportation	72,199	64,658	62,141	59,055
Operation of plant	128,758	128,254	87,445	87,236
Maintenance of plant	38,964	35,729	38,731	34,301
Fixed charges	384,665	396,663	409,827	392,424
Community services	496	490	645	321
Capital administration	116,271	231,594	195,289	166,205
Debt service:				
Principal	12,150	10,212	9,026	9,587
Interest	3,076	1,126	1,100	1,114
Total expenditures	<u>1,822,233</u>	<u>1,878,412</u>	<u>1,773,972</u>	<u>1,672,444</u>
Excess (deficit) of revenues over expenditures	(38,834)	(40,662)	(20,386)	22,338
Other financing sources (uses):				
Capital lease issuance	45,323	41,870	5,052	2,521
Insurance proceeds	-	-	-	-
Reversion of fund balance to Baltimore County	-	-	(20,000)	-
Total other financing sources (uses)	<u>45,323</u>	<u>41,870</u>	<u>(14,948)</u>	<u>2,521</u>
Net change in fund balances	<u>\$ 6,489</u>	<u>\$ 1,208</u>	<u>\$ (35,334)</u>	<u>\$ 24,859</u>
Debt service as a percentage of noncapital expenditures*	0.9%	0.7%	0.6%	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.

2015	2014	2013	2012	2011	2010
\$ 1,610,994	\$ 1,542,010	\$ 1,479,501	\$ 1,513,925	\$ 1,472,914	\$ 1,462,672
9,506	7,649	7,209	7,475	8,540	7,232
<u>1,620,500</u>	<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>
53,339	48,592	43,972	41,606	41,340	41,504
91,502	87,368	87,294	86,673	85,418	82,537
483,607	469,150	461,528	453,937	464,251	454,942
28,444	33,928	26,628	25,232	33,344	41,915
17,981	16,873	14,931	12,272	15,091	16,329
185,697	180,429	181,271	180,342	181,716	176,072
10,172	9,747	9,517	9,316	9,100	8,783
15,034	14,525	14,564	14,531	14,145	13,825
70,148	63,898	57,751	54,708	58,683	53,276
90,286	90,636	86,955	83,080	86,795	87,953
32,636	35,372	29,315	27,411	28,964	30,055
403,077	397,970	377,854	376,484	360,314	354,570
252	293	251	17	30	39
125,293	96,251	94,970	141,649	101,882	111,781
10,062	7,226	6,799	7,225	6,480	6,122
1,120	243	336	373	390	341
<u>1,618,650</u>	<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>
1,850	(2,842)	(7,226)	6,544	(6,489)	(10,140)
13,767	11,523	5,051	3,604	8,762	8,177
-	-	-	-	251	474
-	-	-	-	-	-
<u>13,767</u>	<u>11,523</u>	<u>5,051</u>	<u>3,604</u>	<u>9,013</u>	<u>8,651</u>
<u>\$ 15,617</u>	<u>\$ 8,681</u>	<u>\$ (2,175)</u>	<u>\$ 10,148</u>	<u>\$ 2,524</u>	<u>\$ (1,489)</u>
0.7%	0.5%	0.5%	0.6%	0.5%	0.5%

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
2019	\$ 74,608	\$ 152,790	\$ 1,029,595	\$ 307,237	\$ 22,077	\$ 25,907	\$ 94,003
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

Operation of Plant	Maintenance of Plant	Community Services	Capital Administration	Interest on Long-term Debt	Food Services	Total
\$ 117,569	\$ 45,754	\$ 664	\$ 18,714	\$ 3,076	\$ 50,709	\$ 1,942,703
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

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		
2019	\$ 12,885	\$ 208,521	\$ 112,470	\$ 816,971	\$ 673,570	\$ 668	\$ 8,555	\$ 1,833,640	
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	

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
2019	\$ 891,121	\$ 807,446	\$ 75,333	\$ 9,499	\$ 1,783,399
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

¹ Includes general, special revenue, capital projects funds.

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

Fiscal Year	Administration	Mid-Level Administration	Instructional			Special Education	Student Personnel Services	Health Services
			Salaries	Textbooks and Supplies	Other Costs			
2019	\$ 55,216	\$ 101,234	\$ 558,164	\$ 28,594	\$ 69,308	\$ 221,391	\$ 14,448	\$ 17,299
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

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
\$	72,199	\$ 128,758	\$ 38,964	\$ 384,665	\$ 496	\$ 116,271	\$ 15,226	\$ 1,822,233
	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

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	
2019	\$ 51,741	\$ 103,252	\$ 608,584	\$ 28,902	\$ 198,771	\$ 14,774	\$ 17,495	\$ 74,589	
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	

				General Fund Total	Debt Service Fund	Special Revenue Fund		
<u>Operation of Plant</u>	<u>Maintenance of Plant</u>	<u>Fixed Charges</u>	<u>Capital Administration</u>	<u>General Fund</u>	<u>Debt Service</u>	<u>Federal and Restricted Programs</u>	<u>Total</u>	
\$ 103,823	\$ 41,294	\$ 281,908	\$ 4,569	\$ 1,529,702	\$ 54,389	\$ 95,301	\$ 1,679,392	
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	

Board of Education of Baltimore County

General Fund Revenue and Expenditures - Budgetary Basis

Last Ten Fiscal Years

(In Thousands)

	2019		2018		2017		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
		of Total		of Total		of Total		of Total		of Total
Revenues by Source:										
Baltimore County	\$ 816,971	53.2	\$ 790,069	53.4	\$ 757,552	53.3	\$ 748,849	53.7	\$ 738,075	54.5
State of Maryland	677,409	44.1	654,223	44.3	633,765	44.6	618,578	44.4	594,327	43.9
United States Government	668	0.1	573	0.1	887	0.1	795	0.1	727	0.1
Other	40,510	2.6	33,463	2.2	28,433	2.0	25,210	1.8	20,868	1.5
Total revenue	<u>1,535,558</u>	<u>100.0</u>	<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>
Expenditures - Current										
Administration	49,388	3.3	50,038	3.4	42,777	3.0	41,162	3.1	49,181	3.7
Mid-Level Administration	101,026	6.7	99,632	6.8	96,744	6.9	93,307	6.9	91,657	6.9
Instructional costs:										
Salaries	536,767	35.7	516,312	35.4	499,339	35.4	479,200	35.3	467,484	35.1
Textbooks and supplies	26,896	1.8	25,394	1.8	23,698	1.7	23,975	1.8	23,980	1.8
Other costs	67,443	4.5	55,585	3.8	50,866	3.6	36,265	2.7	15,778	1.2
Special education	196,877	13.1	182,398	12.5	175,008	12.4	168,440	12.4	161,262	12.1
Student personnel services	13,145	0.9	11,098	0.8	9,070	0.6	8,867	0.7	8,997	0.7
Health services	16,146	1.1	15,639	1.1	15,106	1.1	15,021	1.1	14,669	1.1
Student transportation	73,744	4.9	68,876	4.7	65,112	4.6	65,697	4.8	64,980	4.9
Operation of plant	99,927	6.6	94,808	6.5	90,049	6.4	87,396	6.4	92,777	7.0
Maintenance of plant	39,376	2.6	37,360	2.6	34,832	2.5	38,950	2.9	33,284	2.5
Fixed charges	279,518	18.5	296,008	20.3	305,072	21.6	294,171	21.7	303,540	22.8
Capital administration	3,908	0.3	4,032	0.3	3,591	0.2	3,240	0.2	3,381	0.2
Total expenditures	<u>1,504,161</u>	<u>100.0</u>	<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>
Excess of revenue over expenditures	<u>\$ 31,397</u>		<u>\$ 21,148</u>		<u>\$ 9,373</u>		<u>\$ 37,741</u>		<u>\$ 23,027</u>	

2014		2013		2012		2011		2010	
Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
\$ 712,086	54.3	\$ 689,743	54.4	\$ 668,495	54.6	\$ 663,144	54.7	\$ 670,539	56.0
576,122	43.9	553,541	43.6	535,580	43.7	493,543	40.7	499,219	41.7
881	0.1	665	0.1	5,109	0.4	31,087	2.6	9,208	0.8
22,625	1.7	24,218	1.9	16,190	1.3	23,959	2.0	18,122	1.5
<u>1,311,714</u>	<u>100.0</u>	<u>1,268,167</u>	<u>100.0</u>	<u>1,225,374</u>	<u>100.0</u>	<u>1,211,733</u>	<u>100.0</u>	<u>1,197,088</u>	<u>100.0</u>
43,509	3.4	36,604	2.9	35,566	2.9	34,728	2.9	35,608	3.0
87,221	6.7	87,227	6.9	86,312	7.1	84,801	7.1	82,219	6.9
452,028	34.9	445,809	35.4	440,114	36.4	444,791	37.2	436,345	36.6
29,136	2.3	20,329	1.6	21,711	1.8	24,916	2.1	35,645	3.0
12,980	1.0	10,935	0.9	8,614	0.7	9,492	0.8	9,341	0.8
156,997	12.1	158,232	12.6	155,223	12.8	150,142	12.5	146,569	12.3
8,783	0.7	8,749	0.7	8,635	0.7	8,428	0.7	8,087	0.7
14,140	1.1	14,003	1.1	14,154	1.2	13,814	1.2	13,428	1.1
59,687	4.6	59,288	4.7	57,443	4.7	55,930	4.7	51,999	4.4
93,978	7.3	87,728	7.0	83,571	6.9	86,679	7.2	87,555	7.3
32,787	2.5	34,304	2.7	29,244	2.4	29,054	2.4	29,201	2.4
299,988	23.2	291,894	23.2	267,413	22.1	250,638	20.9	252,688	21.2
2,903	0.2	3,641	0.3	3,065	0.3	3,555	0.3	3,212	0.3
<u>1,294,137</u>	<u>100.0</u>	<u>1,258,743</u>	<u>100.0</u>	<u>1,211,065</u>	<u>100.0</u>	<u>1,196,968</u>	<u>100.0</u>	<u>1,191,897</u>	<u>100.0</u>
<u>\$ 17,577</u>		<u>\$ 9,424</u>		<u>\$ 14,309</u>		<u>\$ 14,765</u>		<u>\$ 5,191</u>	

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

<u>Fiscal Year</u>	<u>Capital Lease Debt</u>	<u>Percentage Of Personal Income (1)</u>	<u>Per Capita (1) (2)</u>
2019	\$ 103,507	**	**
2018	70,334	0.14%	84.45
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

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 schools and other facilities. These amounts represent the future principal 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



Alexa Branch

Grade: 4

Randallstown Elementary School

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total Number of Pupils Enrolled	<u>113,814</u>	<u>113,282</u>	<u>112,139</u>	<u>111,126</u>
Current Expense				
General Fund:				
Administration	\$ 434	\$ 442	\$ 381	\$ 370
Mid-Level Administration	888	880	863	840
Instructional:				
Salaries	4,716	4,558	4,453	4,312
Textbooks and supplies	236	224	211	216
Other costs	593	491	454	326
Special education	1,730	1,610	1,560	1,516
Student personnel services	115	98	81	80
Health services	142	138	135	135
Student transportation	648	608	581	591
Operation of plant	878	837	803	787
Maintenance of plant	346	330	311	351
Fixed Charges ⁽¹⁾	2,456	2,613	2,720	2,647
Capital administration	34	36	32	29
Total General Fund	<u>13,216</u>	<u>12,865</u>	<u>12,585</u>	<u>12,200</u>
Special Revenue Fund	<u>728</u>	<u>660</u>	<u>675</u>	<u>682</u>
Debt Service Fund:				
Principal	321	316	287	232
Interest	157	152	140	135
Total Debt Service Fund	<u>478</u>	<u>468</u>	<u>427</u>	<u>367</u>
Total Cost Per Pupil	<u>\$ 14,422</u>	<u>\$ 13,993</u>	<u>\$ 13,687</u>	<u>\$ 13,249</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, 2019, contributions by the State of Maryland to the Teachers' Retirement and Pension System of \$87.9 million on behalf of Baltimore County Public Schools are not included in this calculation.

2015	2014	2013	2012	2011	2010
<u>109,984</u>	<u>108,376</u>	<u>107,033</u>	<u>105,315</u>	<u>104,331</u>	<u>103,832</u>
\$ 447	\$ 401	\$ 342	\$ 338	\$ 333	\$ 343
833	805	815	820	813	792
4,251	4,172	4,165	4,179	4,263	4,202
218	269	190	206	239	343
143	120	102	82	91	90
1,466	1,449	1,478	1,474	1,439	1,412
82	81	82	82	81	78
133	130	131	134	132	129
591	551	544	545	536	501
844	867	820	794	831	843
303	303	321	278	278	281
2,760	2,768	2,727	2,539	2,402	2,434
31	27	34	29	34	31
<u>12,102</u>	<u>11,942</u>	<u>11,750</u>	<u>11,499</u>	<u>11,472</u>	<u>11,479</u>
<u>635</u>	<u>665</u>	<u>687</u>	<u>644</u>	<u>845</u>	<u>871</u>
225	210	202	188	176	151
129	118	108	137	126	108
<u>354</u>	<u>328</u>	<u>310</u>	<u>325</u>	<u>302</u>	<u>259</u>
<u>\$ 13,091</u>	<u>\$ 12,935</u>	<u>\$ 12,747</u>	<u>\$ 12,468</u>	<u>\$ 12,619</u>	<u>\$ 12,610</u>

Board of Education of Baltimore County
Enrollment by Schools

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Elementary					
Arbutus	405	398	Johnnycake	717	727
Baltimore Highlands	553	733	Joppa View	801	824
Battle Grove	355	308	Kingsville	316	341
Bear Creek	498	474	Lansdowne	600	513
Bedford	312	325	Logan	584	617
Berkshire	474	491	Lutherville	374	397
Campfield Ctr. *	412	427	Lyons Mill	793	764
Carney	641	575	Mars Estates	384	434
Carroll Manor	373	370	Martin Boulevard	295	326
Catonsville	666	598	Mays Chapel	747	750
Cedarmere	564	567	McCormick	334	367
Chadwick	642	649	Middleborough	351	370
Chapel Hill	676	815	Middlesex	414	509
Charlesmont	444	458	Milbrook	410	422
Chase	404	368	New Town	779	842
Chatsworth	380	378	Norwood	488	481
Chesapeake Terrace	316	326	Oakleigh	581	676
Church Lane	386	429	Oliver Beach	199	204
Colgate	423	424	Orems	386	318
Cromwell Magnet	364	358	Owings Mills	776	769
Deep Creek	480	503	Padonia	511	494
Deer Park	393	442	Perry Hall	649	766
Dogwood	706	663	Pine Grove	595	588
Dundalk	721	703	Pinewood	552	549
Edgemere	485	492	Pleasant Plains	686	655
Edmondson Heights	540	544	Pot Spring	482	467
Elmwood	595	586	Powhatan	274	283
Essex	517	517	Prettyboy	441	446
Featherbed Lane	638	605	Randallstown	367	375
Fifth District	318	317	Red House Run	556	558
Fort Garrison	282	289	Reisterstown	594	590
Franklin	431	436	Relay	700	639
Fullerton	618	628	Riderwood	405	412
Glenmar	327	431	Riverview	553	574
Glyndon	535	540	Rodgers Forge	446	433
Grange	484	493	Sandalwood	533	543
Gunpowder	525	620	Sandy Plains	566	588
Halethorpe	409	421	Scotts Branch	578	601
Halstead Academy	480	501	Seneca	457	485
Hampton	571	568	Seven Oaks	496	504
Harford Hills	413	422	Seventh District	393	403
Hawthorne	504	544	Shady Spring	612	701
Hebbville	484	466	Sparks	486	516
Hernwood	417	431	Stoneleigh	797	780
Hillcrest	675	698	Summit Park	477	473
Holabird MS ***	223	230	Sussex	489	483
Honeygo	630	-	Timber Grove	577	630
Jacksonville	538	539	Timonium	487	447

* Centers

** Formerly Old Court Middle School

*** Grades 4-8

	<u>2019</u>	<u>2018</u>		<u>2019</u>	<u>2018</u>
Victory Villa	676	413	Sudbrook Magnet	1,040	1,063
Villa Cresta	687	720	Windsor Mill	593	468
Vincent Farm	753	919	Woodlawn	574	615
Warren	413	419	Home Assignment	6	2
Wellwood	487	497	Total Middle	<u>25,237</u>	<u>24,891</u>
West Towson	474	497			
Westchester	688	663	High		
Westowne	706	689	BCDC Educational Center	30	14
Winand	505	543	George Washington Carver Center	942	912
Winfield	502	491	Catonsville	1,830	1,783
Woodbridge	459	442	Catonsville Ctr. for Alter. Study *	65	66
Woodholme	799	809	Chesapeake	981	976
Woodmoor	621	572	Crossroads Center *	92	94
Home Assignment	2	-	Dulaney	1,879	1,802
Total Elementary	<u>56,087</u>	<u>56,408</u>	Dundalk	1,621	1,596
Middle			Eastern School of Technology	1,172	1,176
Arbutus	964	912	Extended Day Learning Program	67	60
Catonsville	859	875	Franklin	1,460	1,576
Cockeysville	940	911	Hereford	1,271	1,267
Crossroads Center *	87	87	Kenwood	1,622	1,582
Deep Creek	805	809	Lansdowne	1,291	1,342
Deer Park	1,285	1,272	Loch Raven	870	859
Dumbarton	1,168	1,164	Meadowwood Educ. Ctr.*	1	-
Dundalk	718	709	Milford Mill	1,233	1,300
Franklin	1,254	1,298	New Town	1,102	1,064
General John Stricker	728	736	Overlea	987	971
Golden Ring	763	691	Owings Mills	1,160	1,050
Hereford	1,007	1,013	Parkville	1,884	1,796
Holabird ***	738	718	Patapsco	1,441	1,440
Lansdowne	787	762	Perry Hall	1,974	2,036
Loch Raven Tech. Acad.	769	743	Pikesville	905	875
Meadowwood Educ. Ctr. *	35	13	Randallstown	969	987
Middle River	935	837	Rosedale Alternative *	64	42
Northwest Acad. of Health Sci. **	819	785	Sparrows Point	992	952
Parkville	1,175	1,129	Towson	1,629	1,553
Perry Hall	1,888	1,895	Western School of Technology	909	905
Pikesville	981	1,013	Woodlawn	1,575	1,479
Pine Grove	921	927	Home Assignment	32	22
Rosedale Alternative *	26	25	Total High	<u>32,050</u>	<u>31,577</u>
Ridgely	1,165	1,188	Special Education		
Southwest Academy	820	888	Battle Monument	73	76
Sparrows Point	627	566	Maiden Choice School	131	119
Stemmers Run	760	777	The Ridge Ruxton School	126	118
			White Oak School	110	93
			Total Special Education	<u>440</u>	<u>406</u>
			Total Enrollment	<u>113,814</u>	<u>113,282</u>

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Elementary:										
Preschool	3,843	3,705	3,768	3,762	3,702	3,627	3,610	3,605	3,570	3,883
Kindergarten	8,154	8,354	8,373	8,392	8,633	8,586	8,552	8,165	7,773	7,534
Grade 1	8,517	8,570	8,548	8,890	8,756	8,843	8,458	8,202	7,864	7,675
Grade 2	8,657	8,679	9,040	8,878	8,885	8,540	8,340	7,978	7,824	7,656
Grade 3	8,679	9,148	8,872	8,844	8,575	8,432	8,039	7,931	7,723	7,352
Grade 4	9,172	8,974	8,930	8,614	8,538	8,139	8,049	7,843	7,484	7,515
Grade 5	9,065	8,978	8,663	8,553	8,191	8,140	7,883	7,534	7,604	7,568
Total Elementary	56,087	56,408	56,194	55,933	55,280	54,307	52,931	51,258	49,842	49,183
Middle:										
Grade 6	8,606	8,378	8,245	8,043	8,016	7,710	7,496	7,564	7,522	7,366
Grade 7	8,368	8,355	8,134	8,093	7,796	7,623	7,612	7,607	7,585	7,407
Grade 8	8,263	8,158	8,083	7,755	7,605	7,602	7,626	7,580	7,437	7,565
Total Middle	25,237	24,891	24,462	23,891	23,417	22,935	22,734	22,751	22,544	22,338
High:										
Grade 9	8,483	8,533	8,209	8,079	8,171	8,127	8,266	8,179	8,281	8,525
Grade 10	8,430	8,159	7,977	7,956	8,008	8,026	7,816	7,867	8,166	8,098
Grade 11	7,431	7,299	7,196	7,238	7,401	7,247	7,376	7,479	7,543	7,575
Grade 12	7,706	7,586	7,683	7,623	7,331	7,330	7,524	7,407	7,604	7,729
Total High	32,050	31,577	31,065	30,896	30,911	30,730	30,982	30,932	31,594	31,927
Special Education Schools	440	406	418	406	376	404	386	374	351	384
Total Enrollment	113,814	113,282	112,139	111,126	109,984	108,376	107,033	105,315	104,331	103,832
Number of teachers	7,445	7,770	7,770	7,697	7,567	7,405	7,294	7,188	7,342	7,347
Ratio of students to teachers	15.3	14.6	14.4	14.4	14.5	14.6	14.7	14.7	14.2	14.1

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 Information Technology

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Board of Education of Baltimore County

Other Data

Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Number of Schools			
Elementary	107	107	106
Middle	27 *	26 *	27
High	24	24	24
Special Education	4	4	4
Alternative Centers and Programs	9	12	12
Total	<u>171</u>	<u>173</u>	<u>173</u>

* Includes one school serving students in grades 4-8

Student Transportation Data

Estimated number of eligible riders daily	84,016	81,306	71,500
Number of bus routes:			
County	670	697 **	693
Private contractor	138	130 **	130
Total bus routes	<u>808</u>	<u>827</u>	<u>823</u>

** Revised counts

High School Graduates	<u>7,124</u>	<u>7,141</u>	<u>7,358</u>
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Total Enrollment	<u>113,814</u>	<u>113,282</u>	<u>112,139</u>
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Above data was provided by various departments within the Baltimore County Public Schools' system.

2016	2015	2014	2013	2012	2011	2010
107	106	105	106	106	106	105
27	27	27	27	27	27	27
24	24	24	24	24	24	24
4	4	4	4	4	4	4
13	12	13	13	13	12	12
<u>175</u>	<u>173</u>	<u>173</u>	<u>174</u>	<u>174</u>	<u>173</u>	<u>172</u>
71,916	71,431	70,030	70,224	70,142	72,818	70,584
691	730	772	774	752	746	746
118	112	84	82	81	81	81
<u>809</u>	<u>842</u>	<u>856</u>	<u>856</u>	<u>833</u>	<u>827</u>	<u>827</u>
<u>7,320</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>111,126</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>

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Breakfast</u>			
Number of days breakfast served	177	178	183
Number of free breakfast served to pupils annually:			
Regular reimbursement	26,803	26,613	39,365
Severe need reimbursement	3,682,432	3,682,466	3,722,747
Average number of free breakfasts served to pupils daily:			
Regular reimbursement	151	150	215
Severe need reimbursement	20,805	20,688	20,343
Number of paid breakfasts served to pupils annually:			
Regular reimbursement			
At reduced price	5,695	4,106	6,336
At paid price	31,307	27,347	39,003
Severe			
At reduced price	549,508	453,066	471,255
At paid price	1,620,445	1,349,779	1,338,962
Average number of paid breakfasts served to pupils daily:			
Regular reimbursement			
At reduced price	32	23 **	35
At paid price	177	154 **	213
Severe			
At reduced price	3,105	2,545 **	2,575
At paid price	9,155	7,583 **	7,317
Total number of reimbursable breakfasts served to pupils daily	5,916,190	5,543,377	5,617,668
Average number of reimbursable breakfasts served to pupils daily	33,425	31,143	30,698
Charge per breakfast to students:			
Elementary:			
Paid	\$1.40	\$1.40	\$1.40
Reduced	-	\$0.30	\$0.30
Secondary:			
Paid	\$1.55	\$1.55	\$1.55
Reduced	-	\$0.30	\$0.30
<u>Lunch</u>			
Number of days lunch served	180	181	183
Number of free lunches served to pupils annually	5,377,175	5,566,864	5,643,859
Average number of free lunches served to pupils daily	29,873	30,756 **	30,841
Number of paid lunches served to pupils annually:			
At reduced price	880,368	788,367	802,948
At regular price	2,456,411	2,484,351	2,454,891
Average number of paid lunches served to pupils daily:			
At reduced price	4,889	4,356 **	4,388
At regular price	13,647	13,726 **	13,415
Total number of lunches served to pupils annually	8,713,654	8,839,582	8,901,698
Average number of lunches served to pupils daily	48,409	48,837	48,643
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 five fiscal years

** Formula errors in PY; corrected in FY19

2016	2015	2014	2013	2012	2011	2010
183	183	-	-	-	-	-
43,890	40,384	-	-	-	-	-
3,819,934	3,496,394	-	-	-	-	-
240	221	-	-	-	-	-
20,874	19,106	-	-	-	-	-
7,415	3,692	-	-	-	-	-
36,303	24,540	-	-	-	-	-
486,090	441,907	-	-	-	-	-
1,243,725	1,011,280	-	-	-	-	-
41	21	-	-	-	-	-
198	138	-	-	-	-	-
2,656	2,483	-	-	-	-	-
6,796	5,681	-	-	-	-	-
5,637,357	5,018,197	-	-	-	-	-
30,805	27,422	-	-	-	-	-
\$1.40	\$1.40	-	-	-	-	-
\$0.30	\$0.30	-	-	-	-	-
\$1.55	\$1.55	-	-	-	-	-
\$0.30	\$0.30	-	-	-	-	-
183	183	178	181	181	181	179
5,799,784	5,757,754	5,526,728	5,407,195	5,231,710	4,762,367	4,220,506
31,693	31,463	31,049	29,874	28,904	26,311	23,578
836,311	835,382	848,243	905,582	950,412	1,029,539	1,118,264
2,288,025	2,119,176	2,086,479	2,267,562	2,451,939	2,663,925	2,795,700
4,570	4,565	4,765	5,003	5,251	5,688	6,247
12,503	11,580	11,722	12,528	13,547	14,718	15,619
8,924,120	8,712,312	8,461,450	8,580,339	8,634,061	8,455,831	8,134,470
48,766	47,608	47,536	47,405	47,702	46,717	45,444
\$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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Full-time Equivalent Positions by Fund:				
General Fund	14,163	13,857	13,717	13,571
Special Revenue Fund	742	746	682	622
Food Service Enterprise Fund	623	625	616	591
Internal Service Fund	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total Full-time Equivalent Positions By Fund	<u>15,530</u>	<u>15,230</u>	<u>15,017</u>	<u>14,784</u>

Total Full-time Equivalent Positions By Function:

Administration	315	313	315	315
Mid-level Administration	1,107	1,100	1,087	1,091
Instructional	7,486	7,342	7,287	7,179
Special Education	2,153	2,061	2,026	1,994
Student Personnel Services	163	136	112	107
Health Services	223	218	217	214
Student Transportation	1,206	1,191	1,191	1,191
Operation of Plant	1,213	1,194	1,192	1,190
Maintenance of Plant	254	259	248	249
Capital Administration	<u>43</u>	<u>43</u>	<u>42</u>	<u>41</u>
	14,163	13,857	13,717	13,571
Special Revenue Fund (primarily instructional)	742	746	682	622
Food Service Enterprise Fund	623	625	616	591
Internal Service Fund	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total Full-time Equivalent Positions by Function	<u>15,530</u>	<u>15,230</u>	<u>15,017</u>	<u>14,784</u>

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

2015	2014	2013	2012	2011	2010
13,445	13,338	13,204	13,104	13,055	13,045
594	575	555	655	969	904
586	561	584	569	584	589
-	-	-	-	-	-
14,625	14,474	14,343	14,328	14,608	14,538
319	319	316	320	322	317
1,081	1,067	1,067	1,079	1,079	1,078
7,088	7,031	6,899	6,804	6,969	6,975
1,983	1,984	1,998	1,986	1,770	1,771
108	113	113	114	113	112
214	216	216	216	217	216
1,180	1,148	1,141	1,128	1,128	1,124
1,184	1,172	1,165	1,167	1,167	1,164
249	249	250	251	251	249
39	39	39	39	39	39
13,445	13,338	13,204	13,104	13,055	13,045
594	575	555	655	969	904
586	561	584	569	584	589
-	-	-	-	-	-
14,625	14,474	14,343	14,328	14,608	14,538

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Schools:				
Elementary				
Buildings	107	107	107	107
Square Feet	7,035,196	6,846,309	6,755,151	6,711,151
Capacity	53,657	52,229	51,500	51,098
Enrollment	56,087	56,408	56,194	55,933
Middle				
Buildings	27	27	27	27
Square Feet	3,803,274	3,799,030	3,752,200	3,719,824
Capacity	27,593	27,788	27,605	27,379
Enrollment	25,211	24,866	24,461	23,871
High				
Buildings	24	24	24	24
Square Feet	5,519,518	5,545,940	5,599,482	5,599,482
Capacity	34,688	34,606	35,247	34,973
Enrollment	31,921	31,469	30,932	30,770
Special Education				
Buildings	4	4	4	4
Square Feet	243,870	243,870	243,870	243,870
Capacity	760	760	760	760
Enrollment	440	406	418	406
Alternative				
Buildings	2	2	2	2
Square Feet	23,500	23,500	55,445	101,040
Capacity	100	257	350	350
Enrollment	155	133	134	146
Total Schools				
Buildings	164	164	164	164
Square Feet	16,625,358	16,458,649	16,406,148	16,375,367
Capacity	116,798	115,640	115,462	114,560
Enrollment	113,814	113,282	112,139	111,126
Note: The above data does not include administrative and support buildings; and leased office facilities.				
Note: Colgate ES currently occupies the building normally used by Rosedale Alternative School while construction is going on at Colgate ES.				
Transportation:				
School Buses	857	856	883	895
Trucks	410	401	407	392

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

2015	2014	2013	2012	2011	2010
106	105	106	106	106	105
6,560,121	6,467,506	6,506,021	6,450,369	6,446,342	6,377,242
49,975	49,264	48,933	48,933	49,062	48,576
55,280	54,307	52,931	51,258	49,842	49,183
27	27	27	27	27	27
3,855,512	3,854,297	3,854,297	3,854,297	3,854,297	3,854,297
28,203	28,203	28,264	28,496	28,585	28,585
23,385	22,903	22,695	22,716	22,501	22,295
24	24	24	24	24	24
5,351,847	5,171,264	5,126,992	5,126,992	5,126,992	5,121,487
34,005	34,005	34,093	33,766	33,885	33,885
30,751	30,576	30,811	30,753	31,385	31,714
4	4	4	4	4	4
243,870	243,870	243,870	243,870	243,870	243,870
760	760	760	750	880	880
376	404	386	374	351	384
2	3	3	3	3	3
101,040	196,040	218,785	218,785	218,785	218,785
350	745	1,030	1,030	1,030	1,030
192	186	210	214	252	256
163	163	164	164	164	163
16,112,390	15,932,977	15,949,965	15,894,313	15,890,286	15,815,681
113,293	112,977	113,080	112,975	113,442	112,076
109,984	108,376	107,033	105,315	104,331	103,832
886	883	883	882	880	879
363	363	363	363	363	359

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	46.9%	41.2%	42.2%	49.7%	-
Percentage of Grade 3 students demonstrating on-grade level reading (percent at or above the 50th percentile Nationally					
Fall MAP (Measure of Academic Progress)	47.7%	50.2%	52.6%	57.2%	-
Winter MAP	54.8%	56.4%	56.9%	54.3%	-
PARCC Reading Grade 3 meeting the Career and College Readiness Benchmark	37.0%	37.7%	36.1%	-	-
Percentage of students completing algebra with a grade of B or higher by end of Grade 8	31.2%	37.5%	40.8%	38.9%	37.6%
Average SAT composite score for Grade 11 SAT Day test-takers	977	997	990	-	-
Percentage of Grade 11 students participating in SAT Day **	88.7%	87.9%	86.6%	86.2%	84.8%
Percentage of students graduating in four years of enrolling in high school	89.2%	89.2%	87.8%	87.6%	86.3%
Percentage of students who drop out within four years of enrolling in high school ***	7.5%	7.5%	8.8%	8.8%	9.7%

** 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.

As of the date of this printing, no FY2019 data was available



Grace Rolley

Grade: 3

Honeygo Elementary School

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

Fiscal Year	Estimated Population (1)	Estimated Actual Value of Real & Personal Property	GO Debt (2)	Less: Amounts Available in Escrow for Debt Service (3)	Net GO Debt	Percent of Net GO Debt to Estimated Actual Value of Property	GO Debt per Capita (4)
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	829,379	78,313,024	3,014,884	586	3,014,298	3.85	3,634.40
2016	831,431	79,824,300	2,926,993	1,203	2,925,790	3.67	3,518.98
2017	832,468	82,101,821	3,327,761	1,647	3,326,114	4.05	3,995.49
2018	832,849	84,887,632	3,797,190	103,996	3,693,194	4.47	4,434.41

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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Consolidated Public Improvement (CPI) General Obligation Debt										
Assessed value										
Real property	\$ 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	\$ 81,446,013
Personal property	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	3,441,619
Total assessed value	82,000,182	89,373,506	89,179,450	84,472,824	80,894,772	78,535,220	78,313,024	79,824,300	82,101,821	84,887,632
Debt limit (4% of total assessed value)	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	3,395,505
Debt applicable to limit:										
Consolidated public improvement bonds	574,235	702,565	918,085	1,036,500	1,161,100	1,235,730	1,274,405	1,311,740	1,323,355	1,410,445
Pension liability funding	46,140	38,885	31,805	24,735	274,010	267,085	249,082	238,928	376,741	368,682
CPI commercial paper notes	175,000	174,900	174,900	240,000	240,000	216,000	211,900	99,800	121,000	246,000
Total debt applicable to debt limit	795,375	916,350	1,124,790	1,301,235	1,675,110	1,718,815	1,735,387	1,650,468	1,821,096	2,025,127
Legal debt margin	\$ 2,484,632	\$ 2,658,590	\$ 2,442,388	\$ 2,077,678	\$ 1,560,681	\$ 1,422,594	\$ 1,397,134	\$ 1,542,504	\$ 1,462,977	\$ 1,370,378
Metropolitan District General Obligation Debt										
Assessed value (1)										
Real property	\$ 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	\$ 72,576,110
Personal property	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	3,066,809
Total assessed value	72,114,666	78,333,295	79,460,477	74,731,588	71,564,774	69,654,615	67,543,573	70,837,282	72,933,839	75,642,919
Debt limit (3.2% of total assessed value)	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	2,420,573
Debt applicable to limit:										
Metropolitan District (MD) bonds	585,648	658,837	750,917	822,490	850,645	875,708	928,611	1,003,368	1,107,298	1,334,052
MD commercial paper notes	106,600	106,500	106,500	160,000	160,000	183,800	187,500	99,300	225,000	245,000
Total debt applicable to debt limit	692,248	765,337	857,417	982,490	1,010,645	1,059,508	1,116,111	1,102,668	1,332,298	1,579,052
Legal debt margin	\$ 1,615,421	\$ 1,741,328	\$ 1,685,318	\$ 1,408,921	\$ 1,279,428	\$ 1,169,440	\$ 1,045,283	\$ 1,164,125	\$ 1,001,585	\$ 841,521

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)
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	829,379	46,234,945	55,568	39.2	15.3	109,984	5.9
2016	831,431	47,793,124	57,235	39.1	15.3	111,126	5.4
2017	832,468	48,328,776	57,708	39.1	15.3	112,351	4.4
2018	832,849	50,755,156	60,942	39.4	15.4	113,282	4.2

Notes:

- (1) U.S. Bureau of the Census, Population Estimates Branch. Latest year based on budgeted amounts.
- (2) Data extracts prepared by the U.S. Bureau of the Census and Maryland Office of Planning. Latest year based on budgeted amounts.
- (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	2018		Employer	2009	
	Employees	Percentage of Total County Employment		Employees	Percentage of Total County Employment
Social Security Administration/CMS	15,345	3.68	Baltimore County Public Schools	14,468	3.67
Baltimore County Public Schools	14,235	3.41	Social Security Administration	9,800	2.49
Baltimore County Government	7,998	1.92	Baltimore County Government	8,888	2.26
T. Rowe Price Associates, Inc.	4,200	1.01	UMBC	3,718	0.94
Greater Baltimore Medical Center	3,900	0.94	Franklin Square Hospital	3,500	0.89
UMBC	3,701	0.89	Greater Baltimore Medical Center	3,331	0.84
Towson University	3,476	0.83	Erickson Retirement Communities	3,100	0.79
Franklin Square Hospital	3,225	0.77	Center for Medicare & Medicaid Services - CMS	2,968	0.75
McCormick & Company, Inc.	2,300	0.55	OAO Severstal	2,500	0.63
Sheppard Pratt Health Systems	1,913	0.46	Towson University	2,500	0.63
Total	60,293	14.46	Total	54,773	13.89

Source: Baltimore County Department of Economic Development

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

Taxpayer	2018		Taxpayer	2008	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
BGE	1,172,771,110	1.38%	BGE	890,680,869	1.09%
Verizon	279,268,873	0.33%	Verizon	349,811,620	0.43%
Merritt Mgt Corp	516,312,743	0.61%	Merritt Mgt Corp	373,876,687	0.46%
Trade Point Atlantic LLC	334,740,421	0.39%	Wal Mart	200,664,598	0.24%
Comcast	90,074,190	0.11%	Comcast	90,419,240	0.11%
Towson Town Center	266,092,150	0.31%	Towson Town Center	182,216,483	0.22%
Wal Mart	180,700,246	0.21%	Oak Campus Partners LLC	162,222,292	0.20%
TRP Suburban	151,857,545	0.18%	Maryland Health and Higher Education	144,246,000	0.18%
Home Properties	158,235,941	0.19%	ISG	127,973,100	0.16%
Columbia Gas Transmissions	63,020,160	0.07%	White Marsh Mall	107,515,460	0.13%
	\$ 3,213,073,379	3.78%		\$ 2,629,626,349	3.22%

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**

County Direct Rates				
Fiscal Year	Fiscal Year	Real	Personal	Total (a)
2009	2009	1.100	2.7500	1.163
2010	2010	1.100	2.7500	1.162
2011	2011	1.100	2.7500	1.155
2012	2012	1.100	2.7500	1.159
2013	2013	1.100	2.7500	1.161
2014	2014	1.100	2.7500	1.162
2015	2015	1.100	2.7500	1.164
2016	2016	1.100	2.7500	1.167
2017	2017	1.100	2.7500	1.167
2018	2018	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
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
2018	953,533	947,231	99.70	-	950,641	99.70

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			
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
2018	61,084,509	20,361,503	81,446,012	1,544,456	1,897,163	3,441,619	84,887,631	84,887,631	1.167

Note:

(1) Tax exempt properties are not included

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