

CALVERT COUNTY PUBLIC SCHOOLS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

Board of Education
of Calvert County
Calvert County Public Schools
Prince Frederick, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Calvert County Public Schools (CCPS), a component unit of Calvert County, Maryland, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise CCPS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 CCPS' 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 CCPS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of CCPS as of June 30, 2019, and the respective changes in financial position 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, pension, other post-employment benefit schedules, and budgetary comparison information as listed in the table of contents, 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

The Other Supplementary Information as listed in the table of contents 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 Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Education
of Calvert County
Calvert County Public Schools

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 CCPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCPS' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Baltimore, Maryland
September 27, 2019

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

This section of Calvert County Public Schools' (CCPS') annual financial report includes a discussion and analysis of the school Board's financial performance during the fiscal year that ended on June 30, 2019. Please read it in conjunction with CCPS' financial statements, which immediately follow this section.

Overview

- With bank balances as of June 30, 2019 totaling \$32.5 million, Calvert County Public Schools is financially secure.
- County, State, and Federal funding are the major factors contributing to the financial status of CCPS.
- In accordance with Maryland State Department of Education requirements, CCPS' financial records are maintained on a budgetary basis. This basis is used for all budget to actual analysis.
- Outlays for new capital assets increased during the year.

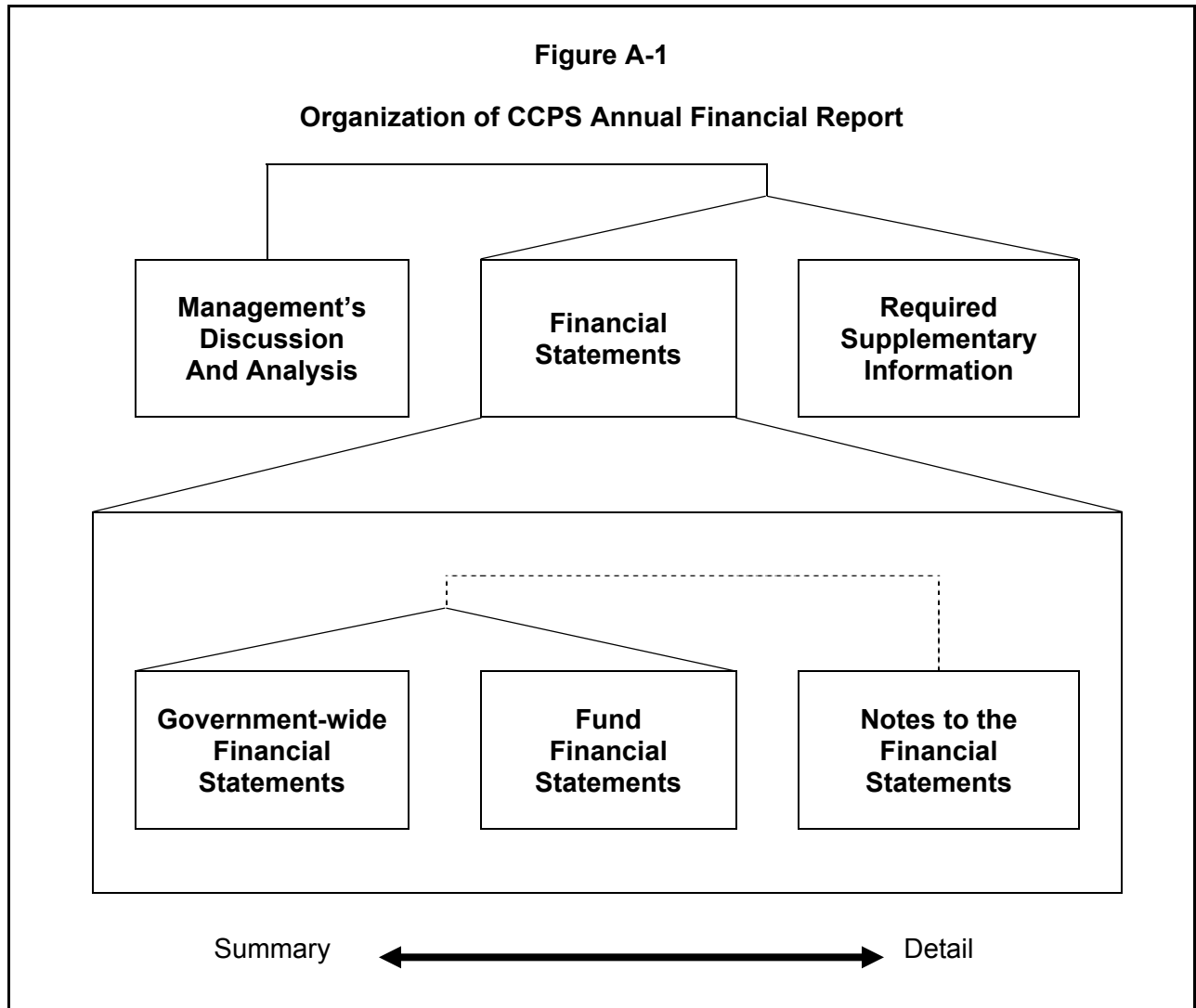
Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include two kinds of statements that present different views of the Board:

- The first two statements are CCPS government-wide financial statements that provide both short-term and long-term information about the Board's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of CCPS, reporting its operation in more detail than its government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which CCPS acts solely as a trustee or agent for the benefit of others.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of CCPS budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Figure A-2 summarizes the major features of the Board's financial statements, including the portion of CCPS activities covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

FIGURE A-2			
Major Features of the CCPS Government-wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire Board (except fiduciary funds)	The activities of the Board that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the Board administers resources on behalf of someone else, such as student activities and scholarship monies
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of flow information	All revenues earned and expenses incurred during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Government-wide Financial Statements. The school system's government-wide financial statements provide a broad view of the school system's operations in a manner similar to a private sector business enterprise. The statements provide both short-term and long-term information about the school system's financial position, which assists in assessing the school system'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 school system's assets, liabilities, and deferred inflows/outflows of resources with the difference between these components reported as "net position." The statement combines and consolidates all of the school system's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation) and liabilities, 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 net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the school system is improving or deteriorating.

The statement of activities presents information showing how the school system'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 school system's revenue is general revenue, grants and contributions from other governments.

In government-wide financial statements, CCPS' activities are classified as governmental activities. Most of CCPS' basic services (such as regular and special education, transportation, and administration) are reported here. The fees charged to cover the costs of some services such as the Child Nutrition Program are also included in the governmental activities. County appropriations and State formula aid finance most of CCPS' activities.

In government-wide financial statements, CCPS' reports only governmental activities.

Governmental activities: CCPS' basic services are included here, such as regular and special education, transportation, and administration. County appropriations and State formula aid finance most of these activities.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

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

Governmental Funds Financial Statements – Most of the basic services provided by the school system 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.

The school system has three governmental funds:

The General Fund (Current Expenses Fund) includes most of the school system's basic functions and generally follows the requirements of the Maryland State Department of Education.

The Special Revenue Fund (Cafeteria Fund) captures the financial activities of the Child Nutrition Program operations.

The Capital Projects Fund (School Construction Fund) tracks larger construction projects. This fund reports revenue and expenditures on a yearly basis. It should be noted that due to the long-term nature of most projects, the budgetary basis of this fund crosses fiscal years.

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.

Fiduciary Fund Financial Statements. The fiduciary funds are used to account for resources held for the benefit of parties outside the school system. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the school system'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 the accrual basis of accounting.

The school system's fiduciary funds include an Agency Fund which reflects liabilities due to student groups that are earmarked for specific student groups at individual schools.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Net Position. CCPS' combined net position for Governmental Activities (in millions of dollars) as of June 30, 2019 and 2018 is as follows:

	Governmental Activities		Total Amount Change	Total Percent Change
	FY 2018	FY 2019	FY 18 - 19	FY 18 - 19
Assets				
Cash and Cash Equivalents	\$ 23.4	\$ 26.5	\$ 3.12	0.1 %
Accounts Receivable	20.8	15.5	(5.3)	(0.3)%
Inventories	-	0.1	0.1	- %
Other Assets	-	0.7	0.7	- %
Prepays	0.1	-	(0.1)	(1.0)%
Capital Assets Less Accumulated Depreciation	261.8	270.4	8.6	0.0 %
Total Assets	306.1	313.2	7.1	
Deferred Outflows of Resources	18.5	16.0	(2.5)	(0.1)%
Liabilities				
Other Liabilities	26.5	24.6	(1.9)	(0.1)%
Long-term Obligations	146.9	135.8	(11.1)	(0.1)%
Total Liabilities	173.4	160.4	(13.0)	
Deferred Inflows of Resources	5.4	7.6	2.2	0.4 %
Net Position				
Net Investment in Capital Assets	261.8	270.4	8.6	0.0 %
Restricted	-	1.3	1.3	- %
Unrestricted	(115.1)	(110.6)	4.5	(0.0)%
Total Net Position	\$ 146.7	\$ 161.1	\$ 14.4	

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Capital Assets: By the end of FY 2019, CCPS had invested \$270,424,971 for governmental activities in a broad range of capital assets, including school building construction, equipment, and paving. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$7,293,687 for governmental activities. A summary of capital asset activity is as follows:

	Balance at June 30, 2018	Increases/ Transfers	Decreases/ Transfers	Balance at June 30, 2019	Percentage of Change
Land	\$ 3,846,183	\$ -	\$ 4,102	\$ 3,842,081	-0.1%
Land Improvements	7,057,140	144,508	154,000	\$ 7,047,648	-0.1%
Construction in Progress	56,945,284	15,543,057	64,251,401	\$ 8,236,940	-85.5%
Buildings and Improvements	315,210,607	63,987,156	4,306,005	\$ 374,891,758	18.9%
Equipment	9,241,909	1,002,665	462,756	\$ 9,781,818	5.8%
Totals at Historic Cost	<u>\$ 392,301,123</u>	<u>\$ 80,677,386</u>	<u>\$ 69,178,264</u>	<u>\$ 403,800,245</u>	<u>2.9%</u>

Outlays for construction in progress decreased in FY 2019 compared to the prior year due to the completion of phase 1 of the construction of the new Northern High School facility (which replaced the original building). The costs associated with the construction of phase 1 were capitalized and a new asset was recorded in FY 2019.

Capital funds were used to pay costs associated with new construction, renovations/improvements to existing structures, and school safety initiatives such as guided vestibules in elementary schools and surveillance cameras at schools throughout the district.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Statement of Activities. For the year ended June 30, 2019, below is a schedule of changes in net position from operating results (in millions of dollars) derived from the CCPS statement of activities.

	Governmental Activities		Total Amount Change	Total %age Change
	FY 2018	FY 2019	FY 18 - 19	FY 18 - 19
Program Revenues				
Charges for Services	\$ 3.4	\$ 1.1	\$ (2.3)	-66.8%
Operating Grants/Contributions	63.2	29.1	(34.1)	-54.0%
Capital Grants/Contributions	36.7	11.6	(25.1)	-68.4%
General Revenues				
Local Appropriations	121.3	126.4	5.1	4.2%
State Aid	60.0	79.7	19.7	32.9%
Federal Aid	1.2	24.4	23.2	1934.3%
Interest/Investment Earnings	0.1	0.2	0.1	83.4%
Total Revenues	<u>\$ 285.9</u>	<u>\$ 272.5</u>	<u>\$ (13.4)</u>	
Expenses				
Instruction	\$ 169.6	\$ 160.8	\$ (8.8)	-5.2%
Administration	11.4	8.2	(3.2)	-28.5%
Mid-Level Administration	13.1	16.0	2.9	22.5%
Pupil Personnel Services	2.0	2.5	0.5	26.0%
Health Services	4.5	2.2	(2.3)	-50.9%
Pupil Transportation	15.9	15.2	(0.7)	-4.4%
Operation of Plant & Equipment	8.2	42.3	34.1	416.0%
Food Services	10.5	5.3	(5.2)	-49.6%
Maintenance of Plant	13.0	4.1	(8.9)	-68.7%
Community Services	3.7	1.6	(2.1)	-56.5%
Total Expenses	<u>\$ 251.9</u>	<u>\$ 258.2</u>	<u>\$ 6.3</u>	
Increase in Net Position	<u>\$ 34.0</u>	<u>\$ 14.4</u>	<u>\$ (19.6)</u>	

Activities for the General Fund (Current Expense Fund) and the Special Revenue Fund (Cafeteria Fund) are consolidated under governmental activities on the statement of activities. The statement of activities shows that the local appropriation for the FY 2019 operating budget was \$126,367,666 which represents an increase of \$5,100,177 from FY 2018. Total revenues from governmental activities for FY 2019 were \$272,539,531 which represents a decrease of \$13,361,581 from FY 2018. FY 2019 expenditures for governmental activities were \$258,159,751 which represents an increase of \$6,247,067 from FY 2018. The net position for governmental activities decreased \$19,608,648 in FY 2019.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

Factors influencing the change in the CCPS budget are as follows:

- Providing salaries necessary to retain and recruit highly qualified staff to serve the student population.
- Providing services to meet special education mandates and individual needs. Providing services to allow for an increase in achievement for students.
- Providing a quality health insurance plan that is affordable to the staff.
- FY 2019 was the second year of a four-year funding formula which was agreed upon by the Board of Education and the Board of County Commissioners. In FY 2019, the Board of County Commissioners provided funding in excess of Maintenance of Effort. As a result of the funding formula, the local appropriation for FY 2019 exceeded the FY 2018 appropriation by \$5,100,177.
- The FY 2019 operating budget was initially constructed with a plan to utilize \$1,227,155 of prior year fund balance. The FY 2019 operating budget was subsequently increased due to a determination by the Board that we would utilize \$2,000,000 of committed fund balance for school safety & security projects. The FY 2019 operating budget was also increased as a result of the need to utilize \$448,141 of committed fund balance for health insurance to pay a call due the insurance carrier upon settlement of the 2017-2018 health insurance plan year. CCPS ended the year with a deficiency of revenues under expenditures in the amount of \$1,077,812. Consequently, we utilized \$1,077,812 of the \$3,675,296 of prior year fund balance for which we planned.

FINANCIAL ANALYSIS OF FUNDS

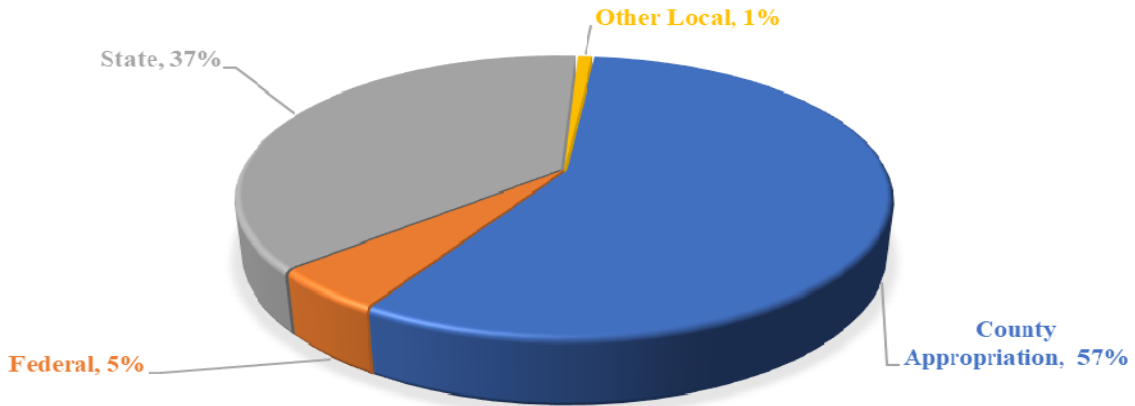
Historically, the Board of County Commissioners has provided for increased annual appropriations to CCPS's Operating Budget. A significant portion of the state funding allocated to CCPS is subject to the State Aid equalization formula. This formula attempts to overcome individual school Board funding disparities. Based on each Board's assessable wealth per student, this formula provides for the allocation of fewer dollars to higher wealth Boards and more dollars to lower wealth Boards. For FY 2019, the local appropriation provided by the Board of County Commissioners was \$126,367,666, which is a component of the local sources of funding recognized within the Current Expense Fund. Of the total funding provided by the Board of County Commissioners for FY 2019, \$5,023,147 was required to pay the local government's contribution to the teachers' pension plan as mandated by state law.

Below is a summary (on budgetary basis) of Current Expense Fund increases:

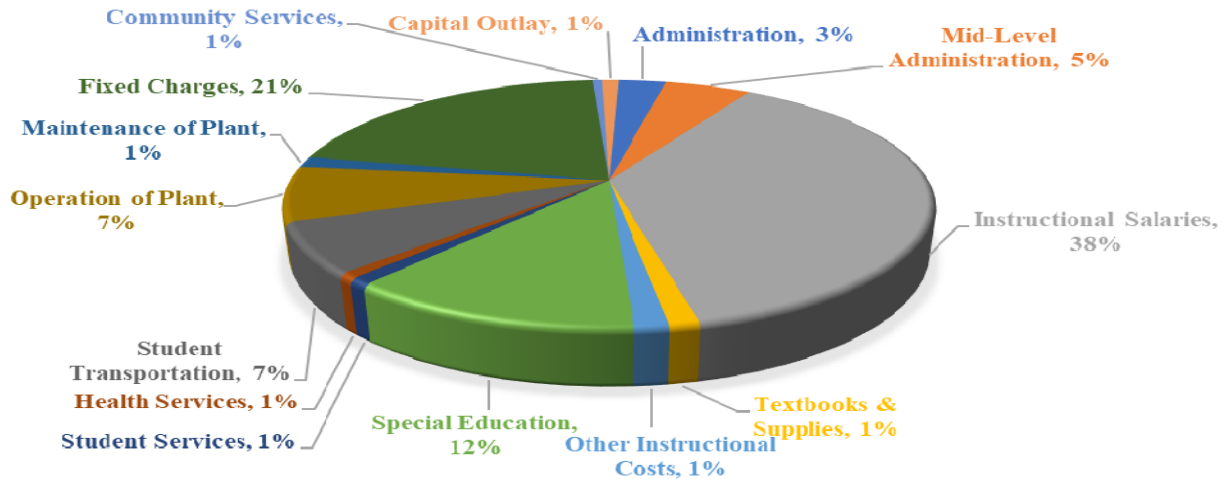
Fund	FY 2018 Revenues	FY 2019 Revenues	Increase from FY 2018	
			Amount	Percent
Unrestricted	\$ 206,121,163	\$ 208,485,799	\$ 2,364,636	1.1%
Restricted	11,021,011	11,770,304	749,293	6.8%
Total	<u>\$ 217,142,174</u>	<u>\$ 220,256,103</u>	<u>\$ 3,113,929</u>	1.4%

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

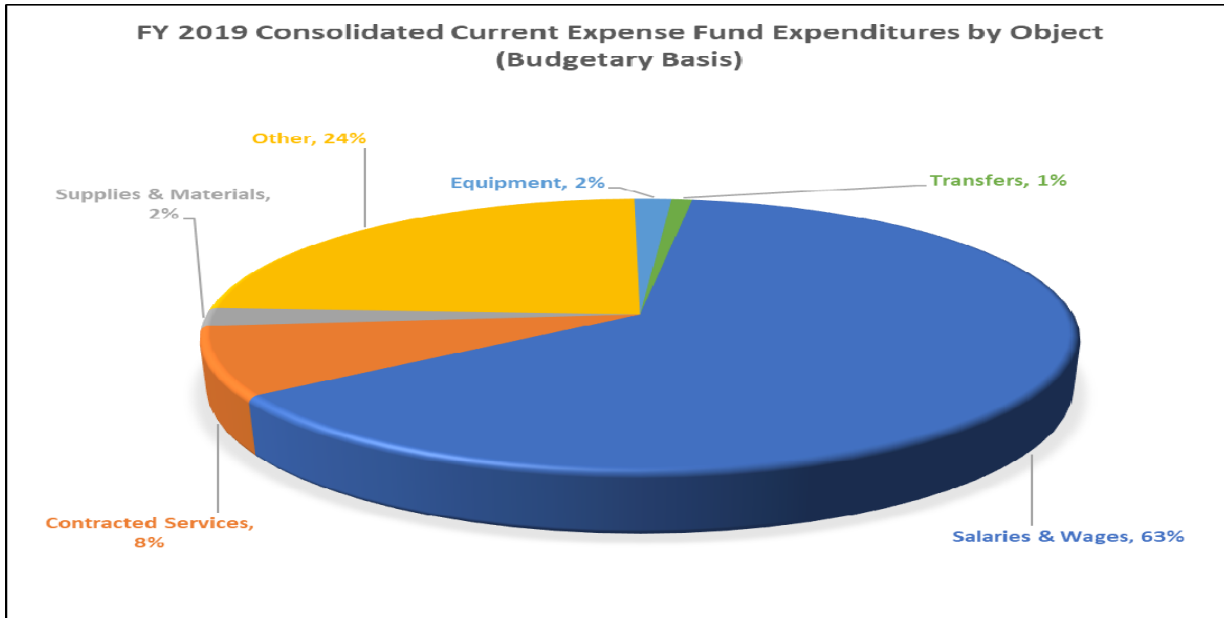
FY 2019 Consolidated Current Expense Fund Revenues by Source (Budgetary Basis)



FY 2019 Consolidated Current Expense Fund Expenditures by Category (Budgetary Basis)



**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**



Approximately 57% of the financing for the CCPS' FY 2019 operating budget came from the County Government, 37% came from the State of Maryland, and the remainder was from other sources such as the Federal Government, tuition, fees, and income from the investment of cash.

The General Fund is intended to finance instructional programs and the daily operations which support those programs. The education of students is a labor-intensive enterprise that is reflected in personnel costs. In FY 2019, salaries comprised 63% of the total expenditures in the General Fund and continues to account for the largest part of the operating budget.

The second largest object classification within the General Fund is "other" which includes costs associated with fixed charges and utilities. In FY 2019, these expenditures comprised 24% of the total General Fund operating budget.

Employees of CCPS have the option to select one of three (traditional, preferred provider network, or health maintenance organization - HMO) health insurance plans. Employee co-pays, deductibles, and health insurance benefits are negotiated. For FY 2019, employees paid 10% of the Individual Plan premium cost, 20% of the Family/Two-Employee Plan premium cost, and 28% of the Self/Child, Self/Spouse, and Family Plan premium cost. CCPS pays 100% of the remaining plan cost.

CCPS health insurance plans have modified retrospective funding arrangements with annual settlements. With these arrangements, premiums paid in excess of claim expenses are refunded to CCPS. Additionally, claim expenses in excess of paid premiums are subject to a 6% annual premium call. Annual settlements resulting in either refunds or premium calls may cause significant fluctuation in the annual current expense fund budget. In order to alleviate these fluctuations, CCPS established a committed fund balance for health insurance. As of June 30, 2019, the balance in the committed fund balance for health insurance was \$3,652,846. We anticipate requesting approval from the Board in FY 2020 to increase this fund balance by approximately \$701,154 so as to ensure that the committed fund balance is sufficient to meet the target of two years of annual premium calls.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

As stated on a previous page, CCPS paid an additional \$448,141 to the insurance carrier in FY 2019 upon settlement of the FY 2018 plan year.

The fund balance for the Child Nutrition Program decreased \$12,394 in FY 2019. As of June 30, 2019, the Child Nutrition Program reported a total net fund balance in the amount of \$1,870,917. The Maryland State Department of Education restricts the net cash balance for the Child Nutrition Program to no more than an average of three months of expenditures. The FY 2018 net cash balance exceeded the limit. Therefore, in FY 2019, the Child Nutrition Program outlined a plan to begin reducing the net cash balance by approximately \$540,074 over a period of two years. Some funds were utilized in FY 2019 to purchase equipment for kitchens in schools throughout the district as well as for the acquisition of two vans. Additionally, funds will be utilized to acquire security cameras for 10 secondary schools in FY 2020.

During FY 2019, State and County funds were appropriated for architectural services for Northern High School, school safety & security projects, and systemic renovations throughout the district. The capital fund revenues in FY 2019 were \$21,119,107 and \$36,696,423 in FY 2018.

In accordance with the Annotated Code of Maryland, annual school budgets must be submitted to their respective governing bodies – county commissioners, county council, and county executive, or for Baltimore City, the Mayor and City Council of Baltimore City. Each governing body will establish annual appropriations and will set spending limits by category. Accordingly, all school districts including CCPS are financially dependent, thus lacking taxing ability and the authority to borrow funds.

FACTORS BEARING ON THE FUTURE OF CCPS

At the time these financial statements were prepared and audited, CCPS was aware of several existing circumstances that could significantly affect its future financial status:

The Blueprint for Maryland's Future is a product of the 2019 legislative session of the Maryland General Assembly. The expectation is that the Blueprint for Maryland's Future will transform Maryland's educational system into a world-class system. Under the provisions of the Blueprint for Maryland's Future, CCPS is eligible to receive four grant awards totaling \$2,804,677 from the State of Maryland in FY 2020. The awards with the most significant impact on CCPS are: the Teacher Salary Incentive Grant (\$1,493,954) which is to be used to increase teacher salaries with the goal being to recruit and retain a high-quality and diverse pool of teachers; and the Students with Disabilities Grant (\$955,841) which is to be used primarily to fully implement Individualized Education Programs (IEPs) and 504 plans for students with disabilities.

At the end of FY 2017, the Board of Education and the Board of County Commissioners agreed to a four-year funding formula which became effective on July 1, 2017. Among the provisions of the agreement is a stipulation that the local appropriation will not be decreased if student enrollment declines. The CCPS unrestricted budget increased by \$5,100,177 for FY 2019 as a result of increased funding from the County Government.

When the responsibility for paying the normal cost for the teachers' pension plan was transferred from the state to the local governments beginning FY 2013, the normal cost was initially funded with additional revenues from the county government during a 4-year phase-in period. At the conclusion of the phase-in period, the additional funding became part of Maintenance of Effort. The portion of the FY

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

2019 operating budget that was allocated to the normal cost for the teachers' pension plan was \$5,023,147.

Our projections indicate that annual operating costs will continue to increase due to factors such as salary provisions in the negotiated agreements, the teacher pension cost-sharing, unfunded Federal and State mandates and continuing increases in employee costs and operating overhead.

- FY 2019 was the third year of a four-year labor agreement with teachers and support staff. These employees received one step increase in FY 2019. Additionally, employees who were employed with CCPS in the same bargaining unit since FY 2014 received one restoration step in FY 2019. Teachers and support staff will receive one step increase plus a 1% COLA in FY 2020.
- Group health insurance rates continue to increase. The prior usage experience of CCPS is a determining factor used in negotiations with the health insurance provider. In an effort to ensure that the health insurance plan remains affordable and sustainable by curtailing significant increases in health insurance costs, CCPS issued a Request for Proposal (RFP) for its health insurance plan in FY 2018. As a result, we have experienced minimal increases in insurance rates. We saw an overall rate increase of 0.0% in FY 2019 and anticipate an increase of 6.2% in FY 2020.
- The following recent payments have been made to OPEB on behalf of CCPS: \$13,880,336 in FY 2018 and \$6,776,228 in FY 2019. Additionally, CCPS anticipates making a contribution to OPEB in the amount of \$361,823 in FY 2020. The net cumulative OPEB liability for CCPS has been fully reflected within these statements in the amount of \$118,589,489.

CCPS participates in a cost-sharing pension plan. In accordance with Governmental Accounting Standards Board Statement #68, CCPS recognizes a liability for its proportionate share of the net pension liability. CCPS is also required to recognize pension expense and report deferred outflows and deferred inflows of resources related to its proportionate share of the collective pension expense.

- The annual crafting of the budget takes into consideration the population of student enrollment. CCPS experienced a continual decline in the pupil growth rate for more than 10 years. However, student enrollment increased in FY 2019 for the first time in over a decade. Changes in student enrollment have a direct impact on revenues received from the State & County Governments. The changes in student enrollment for the past 10 years are as follows:

Fiscal Year	Pupil Growth Rate
2010	-0.20%
2011	-1.55%
2012	-1.47%
2013	-1.57%
2014	-0.40%
2015	-1.47%
2016	-0.16%
2017	-0.37%
2018	-0.51%
2019	0.27%

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

The 0.27% increase in student enrollment in FY 2019 is equivalent to 42 full-time students.

- The Every Student Succeeds Act (ESSA) supersedes the federal No Child Left Behind (NCLB) Act of 2002. The provisions of ESSA are designed to:
 - Promote equity through protections for disadvantaged and high-need students;
 - Require all U.S. students be taught to high academic standards which will achieve college and career readiness;
 - Ensure educators, families, students, and communities are provided important information through statewide assessments that measure student progress toward reaching high standards on an annual basis;
 - Increase access to high quality preschool;
 - Maintain the expectation of accountability and positive changes in the lowest-performing schools.
- The Maryland Bridge to Excellence in the Public Schools Act, the federal Every Student Succeeds Act, and Maryland's Elementary and Secondary Education Act (ESEA) Flexibility Request provide the framework for the school system's Master Plan.

The Comprehensive Master Plan describes goals, objectives, and strategies that will be used to improve student achievement and meet State performance standards and local performance standards in each segment of the student population. This includes reform measures at each level: elementary, middle, and high schools. It obligates the system to approved strategies and outcomes.

This plan is updated annually and is submitted to the Maryland State Department of Education in October of each year. A critical component of the Master Plan is documenting how restricted and unrestricted funds are allocated to improve student achievement, close achievement gaps, and ensure student progress.

- CCPS continues to integrate technology into instruction and the curriculum.
- CCPS is using teacher and principal evaluation systems that use student growth as one component of the evaluation.
- Future Ready is an initiative undertaken by CCPS to expand and improve the use of technology in the schools. It involves improving the infrastructure and component structure of technology in our school system. This initiative includes the following:
 - Increasing the bandwidth from 2G to 10G
 - One-to-One computers for students (at all levels)
 - Updating the Learning Management System (LMS) used by CCPS
 - Utilizing digital curriculum
- CCPS adopted Policy Statement #1015 regarding equity in our school system. The purpose of the policy is to ensure the following:
 - All policies, procedures and practices are equitable;

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

- The recruitment, hiring, support and retention of culturally, racially, and linguistically diverse administrative, instructional and support personnel;
 - All students receive an education that maximizes their potential to achieve college and career readiness regardless of their race, culture, gender, orientation, or economic status;
 - Achievement for all students is raised by closing achievement and opportunity gaps amount student subgroups.
- CCPS developed a strategic plan which has five priorities and is intended to guide the academic and operational direction of the school system. The five priorities are outlined below.
 - Equity – Not all students enter the educational system with the same resources, abilities, and opportunities due to societal, cultural, environmental, and demographic inequities. CCPS will take a proactive and strategic approach in addressing inequities in resources, services, and opportunities to ensure that all students develop the necessary knowledge, skills, and understanding for life after high school. CCPS will provide equitable learning opportunities for all students; promote a culturally responsive workforce; and promote equitable allocation of resources that is transparent and clearly communicated.
 - Student Outcomes – CCPS is committed to producing graduates who are responsible 21st century citizens. CCPS will provide students with equitable access to academically challenging and enriching learning experiences through innovative and differentiated teaching approaches that drive student growth and performance. CCPS is also committed to eliminating all achievement gaps.
 - Climate & Culture – There is an increasing amount of stress on the lives of children and their families. Schools nationwide are also experiencing growth in more severe behavioral challenges as well. While the causes are unclear, the impact on teachers, schools, and students is seen every day. CCPS will integrate students' social-emotional and behavioral learning into daily instruction; provide an environment that is nurturing, respectful, and safe for all; and build and nurture the wellness ad morale amongst staff.
 - Workforce – CCPS will ensure that all students are supported by a high-quality workforce committed to and driven by the belief that all students can succeed. CCPS values the diversity of its students and is continually striving to reflect the diversity of the student population in its workforce. CCPS will enhance the diversity of its workforce; retain high-quality staff; and provide staff with personalized and differentiated professional learning that enables them to grow while increasing student success.
 - Community Engagement – Family and community involvement in education are key factors in meeting and addressing the rising and complex social, emotional, and behavioral needs of our students. Families and community members must be equal partners in helping to address these issues as well as supporting the education of our students. CCPS will ensure that all staff, families, and community businesses and organizations are actively engaged with the Board as advocates, allies, and partners to increase equity, access, and results for all students.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

CCPS will utilize specific measures to monitor progress towards achieving the five priorities.

Each year Calvert County Public Schools allocates a portion of the operating budget to each school based upon the school's projected enrollment. The formula for allocating a portion of the budget to schools is as follows:

Elementary School Allocation = Projected Student Enrollment multiplied by \$124.23 Per Student

Middle School Allocation = Projected Student Enrollment multiplied by \$129.77 Per Student

High School Allocation = Projected Student Enrollment multiplied by \$144.63 Per Student

Calvert County Public Schools recognizes that some schools have a greater financial need because they have a higher student population with special needs due to factors such as poverty, immigration, and learning challenges requiring certain kinds of special education services. While developing the FY 2019 budget, Calvert County Public Schools sought to provide additional financial assistance to schools with a higher number of students:

1. who are enrolled in the free & reduced meals program;
2. for whom English is a second language; or
3. who are enrolled in regional special education programs (such as autism and behavioral development classes).

We have developed a formula that provides additional funding to schools with a higher number of students in the 3 classifications outlined above. The FY 2019 budget contained \$472,693 of supplemental funding for 8 schools (Calvert Elementary, Dowell Elementary, St. Leonard Elementary, Patuxent/Appeal Campus, Calvert Middle, Mill Creek Middle, Calvert High, and Patuxent High). The same 8 schools qualified to receive supplemental funding in FY 2020. The total amount of supplemental funding in the FY 2020 budget is \$465,109. We will analyze data and utilize reports to determine how students benefited from the supplemental funding provided to these schools.

HOW WE PLAN TO MEET THE LEARNING NEEDS OF OUR STUDENTS

Although the school system has experienced success in all goal areas, many challenges remain. To address these challenges, the school system will continue to focus on its mission to produce graduates who are responsible citizens and who are prepared for college and careers. Accomplishing this mission will require us to continue to focus on effective, purposeful instruction that increases rigor and high levels of learning for all students while promoting equity and an appreciation of diversity among students and staff.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2019**

CONTACT CALVERT COUNTY PUBLIC SCHOOLS MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, stakeholders, and creditors with a general overview of CCPS' finances and to demonstrate CCPS' accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Edith Hutchins
Director of Finance
Calvert County Public Schools
1305 Dares Beach Road
Prince Frederick, Maryland 20678

You are also invited to visit our web site at www.calvertnet.k12.md.us.

FINANCIAL STATEMENTS

**CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2019**

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 26,521,749
Due from Other Units of Government	
Federal Government	1,254,937
State of Maryland	1,184,013
Calvert County	12,963,805
Other	70,477
Total Due from Other Units of Government	15,473,232
Other receivables	673,911
Inventories	97,112
Total Current Assets	42,766,004
NONCURRENT ASSETS	
Capital Assets Not Being Depreciated	12,079,021
Capital Assets Being Depreciated net of Accumulated Depreciation	258,345,950
Total Noncurrent Assets, Net	270,424,971
Total Assets	313,190,975
DEFERRED OUTFLOWS OF RESOURCES	
Pension	3,784,300
Other Post Employment Benefits	12,199,228
	15,983,528
LIABILITIES	
CURRENT LIABILITIES	
Salaries, Wages and Payroll Deductions	14,511,572
Accounts Payable and Other Current Liabilities	3,151,442
Unearned Revenue	6,116,895
Current Portion of Compensated Absences	155,922
Other Liabilities	711,109
Total Current Liabilities	24,646,940
NONCURRENT LIABILITIES	
Noncurrent Portion of Compensated Absences	3,788,702
Net Pension Liability	13,413,936
Net OPEB Liability	118,589,489
Total Noncurrent Liabilities	135,792,127
Total Liabilities	160,439,067
DEFERRED INFLOWS OF RESOURCES	
Pension	2,615,488
Other Post Employment Benefits	4,993,648
	7,609,136
NET POSITION	
Net Investment in Capital Assets	270,424,971
Restricted Grants	1,333,476
Unrestricted	(110,632,147)
Total Net Position	\$ 161,126,300

See accompanying Notes to Financial Statements.

**CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
<u>Instruction</u>					
Regular Education	\$ 123,236,732	\$ 130,000	\$ 17,571,872	\$ 11,608,514	\$ (93,926,346)
Special Education	37,515,742	-	7,901,965	-	(29,613,777)
Total Instructions	<u>160,752,474</u>	<u>130,000</u>	<u>25,473,837</u>	<u>11,608,514</u>	<u>(123,540,123)</u>
<u>Support Services</u>					
Administration	8,151,779		431,148	-	(7,720,632)
Mid-level Administration	16,041,911		1,029,546	-	(15,012,366)
Pupil Personnel Services	2,519,075		118,845	-	(2,400,230)
Health Services	2,210,599		140,748	-	(2,069,852)
Pupil Transportation	15,202,695		124,061	-	(15,078,635)
Operation of Plant and Equipment	42,310,459		756,006	-	(41,554,454)
Food Services	5,294,622	998,501	718,934	-	(3,577,187)
Maintenance of Plant	4,067,389		214,398	-	(3,852,991)
Community Services	1,608,746		91,825	-	(1,516,921)
Total Support Services	<u>97,407,277</u>	<u>998,501</u>	<u>3,625,509</u>	<u>-</u>	<u>(92,783,267)</u>
Total Governmental Activities	<u>258,159,751</u>	<u>1,128,501</u>	<u>29,099,346</u>	<u>11,608,514</u>	<u>(216,323,390)</u>
GENERAL REVENUES					
Local Appropriations					126,367,666
State Aid					79,740,082
Federal Aid					24,412,032
Interest and Investment Earnings					183,390
Total General Revenues					<u>230,703,170</u>
CHANGE IN NET POSITION					14,379,780
Net Position - Beginning of Year					146,746,520
NET POSITION - END OF YEAR					<u>\$ 161,126,300</u>

See accompanying Notes to Financial Statements.

**CALVERT COUNTY PUBLIC SCHOOLS
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 24,231,441	\$ 2,216,067	\$ 74,241	\$ 26,521,749
Due from Other Units of Government				
Federal Government	1,254,937	-	-	1,254,937
State of Maryland	1,009,013	-	175,000	1,184,013
Calvert County	11,850,000	2,655	1,111,150	12,963,805
Other	14,853	55,624	-	70,477
Total Due from Other Units of Government	<u>14,128,803</u>	<u>58,279</u>	<u>1,286,150</u>	<u>15,473,232</u>
Due From Capital Projects Fund	624,455	-	-	624,455
Due from Student Activity Funds	49,456	-	-	49,456
Inventories	<u>33,058</u>	<u>64,054</u>	<u>-</u>	<u>97,112</u>
 Total Assets	 <u><u>39,067,213</u></u>	 <u><u>2,338,400</u></u>	 <u><u>1,360,391</u></u>	 <u><u>42,766,004</u></u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries, Wages and Payroll Deductions	14,325,200	186,372	-	14,511,572
Current Liabilities	2,358,017	149,805	643,620	3,151,442
Due to General Fund	-	-	624,455	624,455
Unearned Revenue	5,984,783	131,306	806	6,116,895
Other Liabilities	86,654	-	-	86,654
Total Liabilities	<u>22,754,654</u>	<u>467,483</u>	<u>1,268,881</u>	<u>24,491,018</u>
FUND BALANCES				
Nonspendable	33,058	64,054	-	97,112
Restricted	1,258,543	74,933	-	1,333,476
Committed	9,438,770	1,731,930	-	11,170,700
Assigned	1,508,360	-	91,510	1,599,870
Unassigned	4,073,828	-	-	4,073,828
Total Fund Balances	<u>16,312,559</u>	<u>1,870,917</u>	<u>91,510</u>	<u>18,274,986</u>
 Total Liabilities and Fund Balances	 <u><u>\$ 39,067,213</u></u>	 <u><u>\$ 2,338,400</u></u>	 <u><u>\$ 1,360,391</u></u>	 <u><u>\$ 42,766,004</u></u>

See accompanying Notes to Financial Statements.

**RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2019**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds \$ 18,274,986

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

Cost of capital assets	\$ 403,800,245	
Accumulated depreciation	<u>(133,375,274)</u>	270,424,971

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.

Long-term liabilities at year end consist of:

Net OPEB Liability	(118,589,489)	
Net Pension Liability	(13,413,936)	
Compensated Absences	<u>(3,944,624)</u>	(135,948,049)

Deferred outflows of resources related to pensions		3,784,300
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Deferred outflows of resources related to OPEB		12,199,228
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Pension related deferred inflows of resources		(2,615,488)
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OPEB related deferred inflows of resources		<u>(4,993,648)</u>
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Total Net Position - Governmental Activities \$ 161,126,300

**CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2019**

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
REVENUES				
From Local Sources	\$ 126,367,666	\$ -	\$ -	\$ 126,367,666
From State Sources	95,200,895	27,408	11,608,514	106,836,817
From Federal Government	796,703	1,252,385	9,508,977	11,558,065
From Other Sources:				-
Student	130,000	-	-	130,000
Federal Funds Received Through State	9,075,135	3,408,853	-	12,483,988
Donated Commodities	-	258,169	-	258,169
Other	1,779,643	29,628	1,616	1,810,887
Miscellaneous	103,849	-	-	103,849
Total Revenues	<u>233,453,891</u>	<u>4,976,443</u>	<u>21,119,107</u>	<u>259,549,441</u>
EXPENDITURES				
Current:				
Administration	6,701,591	-	-	6,701,591
Mid-level Administration	12,578,977	-	-	12,578,977
Instructional Salaries	91,184,640	-	-	91,184,640
Textbooks and Instructional Supplies	2,882,688	-	-	2,882,688
Other Instructional Costs	3,179,036	-	-	3,179,036
Special Education	29,885,659	-	-	29,885,659
Pupil Personnel Services	2,119,335	-	-	2,119,335
Health Services	1,737,187	-	-	1,737,187
Pupil Transportation	14,785,411	-	-	14,785,411
Operation of Plant and Equipment	16,146,126	-	-	16,146,126
Maintenance of Plant	3,346,251	-	-	3,346,251
Fixed Charges	46,037,407	-	-	46,037,407
Community Services	1,299,887	-	-	1,299,887
Food Services:				
Cafeteria Salaries and Wages	-	2,020,321	-	2,020,321
Contracted Services	-	81,055	-	81,055
Food and Supplies	-	2,547,930	-	2,547,930
Capital Outlay	2,164,444	339,531	21,117,491	23,621,466
Total Expenditures	<u>234,048,637</u>	<u>4,988,837</u>	<u>21,117,491</u>	<u>260,154,965</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(594,746)</u>	<u>(12,394)</u>	<u>1,616</u>	<u>(605,524)</u>
NET CHANGE IN FUND BALANCES	(594,746)	(12,394)	1,616	(605,524)
Fund Balance - Beginning of Year	16,907,305	1,883,311	89,894	18,880,510
FUND BALANCE - END OF YEAR	<u>\$ 16,312,559</u>	<u>\$ 1,870,917</u>	<u>\$ 91,510</u>	<u>\$ 18,274,986</u>

See accompanying Notes to Financial Statements.

**CALVERT COUNTY PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Changes in Fund Balances - Total Governmental Funds \$ (605,524)

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation expense in the period.

Capital outlays	\$ 16,425,985	
Loss on disposal	(519,420)	
Depreciation expense	<u>(7,293,687)</u>	8,612,878

In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts earned exceeded vacation and sick leave used. (113,546)

In the statement of activities, certain operating expenses are measured by the amounts accrued during the year. In the governmental funds expenditures for these items are measured in the amount of financial resources expended, as follows:

Net OPEB Expense:		
Changed in Deferred outflows	(2,867,416)	
Change in Deferred Inflows change	(2,463,450)	
Change in Net Pension liability change	<u>12,094,801</u>	6,763,935

Net Pension Expense:		
Changed in Deferred outflows	359,327	
Change in Deferred Inflows change	299,628	
Change in Net Pension liability change	<u>(926,918)</u>	(267,963)

Miscellaneous Adjustments		<u>(10,000)</u>
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Change in Net Position of Governmental Activities \$ 14,379,780

**CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019**

	Agency Fund (School Activities Fund)
ASSETS	
Cash and Short-Term Investments	\$ 1,955,176
Total Assets	1,955,176
 LIABILITIES	
Due to Student Groups	1,905,720
Due to General Fund	49,456
Total Liabilities	\$ 1,955,176

See accompanying Notes to Financial Statements.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Education of Calvert County (the Board or CCPS) is a body politic and corporate established by the Public School Laws of Maryland. It is composed of five elected voting members, and one student member. The student member serves for one year and has no voting privileges. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all youth in Calvert County (the County).

The voting members are elected on a nonpartisan basis. One member is elected from each of the three election districts for four-year terms and two members are elected at large for four-year terms to provide for staggered service rotation.

Reporting Entity

For financial reporting purposes the Board of Education of Calvert County (sometimes referred to herein as Calvert County Public Schools or the Board) has been defined as a component unit of Calvert County, Maryland. This conclusion was reached based on the following criteria: (1) the County is responsible for approving the Board's budget and establishing spending limitations; (2) the County Commissioners are responsible for levying taxes and collecting and distributing the funds to the Board; and (3) the Board cannot borrow funds, but the County can and does issue bonds to finance school system operations. Therefore, the financial statements of the Board are included in the County's financial statements. The Board does not have any component units, as it does not have any entities that it is considered to be financially accountable for in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 and as amended by GASB Statement No. 39 and GASB Statement No. 61. As a separate financial reporting entity, the Board includes its operating departments and the school activities fund in its financial statements.

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities report information on all of the non-fiduciary activities of the Calvert County Public Schools as a whole. For the most part, the effect of interfund activity has been removed from these statements. The activities of the General Fund (Current Expense Fund) and Capital Projects Fund (School Construction Fund) have been presented as governmental activities in the government-wide financial statements. The activities of the Special Revenue Fund (Cafeteria Fund) have been presented as business-type activities in those statements because a majority of that fund's revenues comes from charges for services.

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 specifically associated with a service, program or department and are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Local appropriations, state and federal aid and other items which are not classified as program revenues are presented as general revenues of the Board.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. All individual governmental funds are considered to be major funds and are reported as separate columns in the fund financial statements. The Board has no proprietary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Local appropriations and state and federal aid are recognized as revenues in the year for which they were approved by the provider. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available resources.

Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. However, agency funds do use the accrual basis of accounting.

The Board reports the following funds in the fund financial statements:

Governmental Funds

General Fund (Current Expense Fund) – The General Fund is used to account for all financial resources of the Board except those required to be accounted for in another fund.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (Continued)

Special Revenue Fund (Cafeteria Fund) – The Special Revenue Fund is used to account for the financial resources of the child nutrition program. A substantial portion of its revenues is derived from various governmental agencies and students. The child nutrition program is not intended to be self-sustaining from food sales. However, the fund is presented as a business-type activity in the government-wide financial statements because a majority of its revenues comes from charges for services.

Capital Projects Fund (School Construction Fund) – The Capital Projects Fund is used to account for all financial resources relating to the construction of additional schools, as well as alterations and additions to existing schools.

Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school funds account for the funds of other persons or organizations which are the direct responsibility of the principals of the respective schools.

Specific Accounting Policies

The accounting policies of Calvert County Public Schools conform to generally accepted accounting principles (GAAP) as related to governmental entities. All governmental and business-type activities of the School System follow GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance, contained in pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA)*, which incorporates into GASB authoritative literature certain accounting and financial reporting guidance previously included in FASB, AICPA and Accounting Principles Board Opinions (APB), guidance issued before November 30, 1989.

Additional information about the Board's accounting policies follows:

Cash and Cash Equivalents – The Board maintains pooled and various separate cash accounts for its funds. The Board considers any instrument with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets – Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$5,000 or more and a useful life of at least five years. Capital assets are recorded at acquisition cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specific Accounting Policies (Continued)

Capital Assets (Continued)

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives of 45 years for buildings, improvements, and infrastructure, and 5-15 years for equipment.

Assets which have been acquired with funds received through federal grants must be used in accordance with the terms of the grant. Federal regulations require, in some cases, that the Board reimburse the federal government for any assets which the Board retains for its own use after the termination of the grant unless otherwise provided by the grantor.

Current Expense Fund – Revenues from the County are recognized in the year for which they were appropriated by the County. Grant revenues from the State and the United States Government are recognized in accordance with the terms of the related grants, generally on a cost-reimbursement basis, except for revenue under Public Law 874, Impact Aid, which is recognized in accordance with entitlement notices received from the United States Department of Education.

Cafeteria Fund – Revenues from patrons and students are recognized as earned. Revenues from the State and United States Government in the cafeteria fund are recorded as earned based upon rates established by the respective governmental units.

School Construction Fund – Revenues from the State and County are recognized as earned on a cost-reimbursement basis. The Board is not obligated to repay principal or interest on any debt incurred by the State and County for school construction. Such bonds and loans are obligations of the State and County.

Donated Commodities – The value of commodities donated is determined by the United States Department of Agriculture at time of the donation and is included in revenues and expenditures in the year received.

Inventories and Prepaid Costs – Inventories, principally instructional supplies and materials, are stated at the lower of cost (first-in, first-out) or market. The inventories are charged to expenditures when used (consumption method). Prepaid costs are also charged to expenditures under the consumption method.

Due To / From – The primary purposes for these interfund balances are short-term and long-term loans and amounts due to and from other funds for expenditures made on their behalf.

Accrued Salaries and Wages – The Current Expense Fund's liabilities for salaries and wages generally result from the provisions of a negotiated agreement under which ten-month and eleven-month employees are paid over the summer for salaries earned during the previous school year.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specific Accounting Policies (Continued)

Compensated Absences – Board employees who are employed on a 12-month basis are granted annual leave at varying rates based on years of service. Employees in the administrators and supervisors bargaining unit may accumulate annual leave up to a maximum of 53 days. Employees in the teachers bargaining unit may accumulate annual leave up to a maximum of 30 days. Employees in the support staff bargaining unit may accumulate annual leave up to a maximum of 38 days. Upon termination of employment, accumulated annual leave is paid to the employee.

Annual leave taken during the year is recorded as a general fund expenditure in the fund financial statements. The amount of unpaid salaries and wages at the end of the fiscal year is not recorded in the fund financial statements because it is expected to be liquidated with expendable available resources of future periods, i.e., future budget appropriations. However, this liability and related expenses are recorded in the government-wide financial statements.

Board employees earn sick leave at the rate of one day per month with no limit on the amount which can be carried over annually. Upon termination of employment, accumulated sick leave is not paid to the employee but is credited to months of service in the calculation of the employee's retirement benefits.

Unearned Revenues – Unearned revenues represent amounts received from grantors in advance of incurrence of eligible expenditures for grants and for revenues received from the State for the subsequent fiscal year as of June 30, 2019.

Pension Liability – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, the Board reports a liability of its proportionate share of the net pension liability of the Maryland State Employee Retirement System. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Board's terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Deferred inflow and Deferred outflow of resources – The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Board has two items that meet the criterion described above. These are the deferrals of pension and OPEB related items that result from the implementation of GASB Statements 68 and 75.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Budget Policy

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

1. The Board's only legally adopted budget must be submitted annually for its General Fund in writing to the County by April 1 of each year.
2. The County must approve the budget ordinance by June 1 of each year.
3. The budget is prepared and approved by major expenditure/encumbrance category as specified by State law.
4. The Board may request supplemental appropriations and transfer funds between major categories with the approval of the County. The Board has the authority to transfer funds between objects (i.e., salaries and wages, contracted services, supplies and materials) within the major categories but must notify the County of such action. In accordance with Education Article 5-105 of the Annotated Code of Maryland, the Board may not exceed the appropriation by category without transfer and approval by the County.
5. Unencumbered appropriations lapse at the end of each fiscal year, except in the capital projects fund, where appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of Calvert County, the State of Maryland, and special federal and state programs. The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as assignments of the fund balance. Revenue and a related accounts receivable is also recognized for encumbrances to the extent that the Board expects to receive matched funds from third parties to reimburse the Board for expenditures. The other principal difference is that under the budgetary basis, assignments of the prior year's fund balance are treated as revenue of the current period. The general fund budgetary basis schedules of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements are presented as required supplementary information to these financial statements.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position / Fund Balance Reporting

Net Position – Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any capital related debt. There was no related debt at June 30, 2019. Net position is reported as restricted when there are limitations placed on their use through external restrictions imposed by grantors, laws or regulations of other governments, or enabling legislation.

The Board reports fund balance of governmental funds within one of the fund balance categories listed below:

1. Nonspendable – amounts that cannot be spent because they are either not in spendable form or they are legally required to be maintained intact, generally inventories and prepaid expenses.
2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can only be used for specific purposes determined by a formal action of the Board of Education, the highest level of decision-making authority for the school system. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes. Under the Board's adopted policy, the Superintendent, Director of Finance, or Director of Procurement and Resource Management may assign amounts for specific purposes.
5. Unassigned – all other spendable amounts. 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 amounts restricted or committed to those purposes, it may be necessary to report a negative unassigned fund balance in those funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 CASH AND INVESTMENTS

Cash on Hand

At June 30, 2019, cash on hand for petty cash and change funds was \$655

Deposits

At year-end, the carrying amount of the Board's deposits was \$28,476,925 consisting of cash in the amount of \$26,521,749 in the governmental activities and \$1,955,176 in the agency fund with corresponding bank balances of \$32,501,468. Of the bank balances, all deposits were covered by Federal Depository Insurance and collateral held in the Board's name. The Board has a contractual agreement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

Interest Rate Risk

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. To limit the Board's exposure to fair value losses arising from increasing interest rates, the Board's investment policy limits the term of investment maturities to overnight repurchase agreements and requires that collateral securities underlying the repurchase agreements have a market value of at least 102% of the cost of the agreement. Interest income is reported as general revenue in the statement of activities.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board will not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. In this regard, the Board limits its investments to overnight deposits that are insured or collateralized with securities held by a custodian in the Board's name. Statutes require that deposits be in Maryland banks and that uninsured deposits be fully collateralized and authorize the Board to invest in obligations of the United States government, federal agency obligations, and repurchase agreements secured by direct government or agency obligations.

NOTE 3 DUE FROM CALVERT COUNTY

The County's annual operating appropriation to the Board is disbursed to the Board, in agreed-upon installments throughout each fiscal year. At June 30, 2019, \$11,850,000 for the Board's fiscal 2019 appropriation remained outstanding and was collected in July and August. As of June 30, 2019, \$1,111,150 and \$2,655 was due for construction projects and the summer food program, respectively.

NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

Plan description. The employees of the Board are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the Board are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publically available financial report that can be obtained at <http://www.sra.state.md.us>.

Benefits provided. The System provides retirement allowances and other benefits to State teachers and employees of participating governmental units, among others. For individuals who become members of the Teachers' Retirement and Pension Systems and the Employees' 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 and Employees' Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a 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 either the Teachers' or Employees' Retirement System is generally eligible for full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's average final compensation (AFC) multiplied by the number of years of accumulated creditable service.

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

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

Contributions. The Board and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System and Employees' Pension System are required to contribute 7% annually. Members of the Teachers' Retirement System and Employees' 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.

Teachers' Pension System

Beginning in fiscal year 2019 the Board pays the normal cost for their employees in the Teachers' Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System. The Board's normal cost for the year ended June 30, 2019 was \$5,023,147. The State's contributions on behalf of the Board for the year ended June 30, 2019 was \$13,093,939. The fiscal year 2019 contribution made by the State on behalf of the Board has been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and is also included as revenues and expenses in the Statement of Activities.

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

At June 30, 2019, CCPS 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 CCPS and CCPS pays the normal cost related to CCPS' members in the Teachers Retirement and Pension Systems; therefore, CCPS 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 CCPS 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 CCPS was as follows:

CCPS' proportionate share of the net pension liability	\$ -
State's proportionate share of net pension liability of CCPS	137,773,982
Total	<u><u>\$ 137,773,982</u></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, CCPS recognized pension expense of \$18,117,086 million and revenue of \$13,093,939 million for support provided by the State. Due to the special funding situation noted above related to the Teachers Retirement and Pension

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

Systems, CCPS did not report deferred outflows of resources and deferred inflows of resources related to the Teachers Retirement and Pension Systems.

Actuarial assumptions. The total pension liability in the June 30, 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 projected generational mortality improvements based on the MP-2014 2-dimensional mortality improvement scale.

The economic and demographic actuarial assumptions used in the June 30, 2018 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2010-2014, after completion of the June 30, 2014 valuations. 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 in 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 weighting 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%	5.80%
Private Equity	13%	6.70%
Rate Sensitive	19%	1.10%
Credit Opportunity	9%	3.60%
Real Assets	14%	4.80%
Absolute Return	8%	3.20%
Total	<u>100 %</u>	

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

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 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.

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.

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

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

EMPLOYEES' RETIREMENT AND PENSION SYSTEMS

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2019, was 6.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2019 of \$1,377,248.

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

At June 30, 2019, the Board reported a liability of \$13,413,936 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2019. The contributions were increased to adjust for differences between actuarially determined contributions and actual contributions by the State of

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

Maryland. As of June 30, 2019, the Board's proportionate share was 0.064%, which is an increase from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Board recognized pension expense of \$1,645,220. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience		\$ 1,047,051
Changes in Assumptions	406,014	
Change in Proportion	1,354,246	1,567,955
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	568,874	
Changes in Proportionate Share of Contributions	77,918	482
Board Contributions Subsequent to the Measurement Date	1,377,248	
Total	\$ 3,784,300	\$ 2,615,488

\$1,377,248 was reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2020	(409,956)
2021	(59,676)
2022	551,309
2023	339,517
2024	(212,758)

Sensitivity of the Net Pension Liability. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Board's net pension liability, calculated using a single discount rate of 7.45%, as well as what the Board's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees Retirement and Pension Systems:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
CCPS' Proportionate Share of the Net Pension Liability	\$ 19,320,670	\$ 13,413,936	\$ 8,511,770

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

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.

NOTE 5 CAPITAL ASSETS

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

Capital assets activity

	Balance at June 30, 2018	Increases	Decreases	Transfers	Balance at June 30, 2019
Capital Assets Not Being Depreciated					
Land	\$ 3,846,183	\$ -	\$ 4,102	\$ -	\$ 3,842,081
Construction in Progress	56,945,284	15,543,057	-	(64,251,401)	8,236,940
Total Capital Assets Not Being Depreciated	<u>60,791,467</u>	<u>15,543,057</u>	<u>4,102</u>	<u>(64,251,401)</u>	<u>12,079,021</u>
Capital Assets Being Depreciated					
Land Improvements	7,057,140	129,708	154,000	14,800	7,047,648
Buildings and Improvements	315,210,607	233,856	4,306,005	63,753,300	374,891,758
Equipment	7,557,491	429,617	303,528	483,301	8,166,881
Food Service Equipment	1,684,418	89,747	159,228	-	1,614,937
Total Capital Assets Being Depreciated	<u>331,509,656</u>	<u>882,928</u>	<u>4,922,761</u>	<u>64,251,401</u>	<u>391,721,224</u>
Less - Accumulated Depreciation					
Land Improvements	4,187,842	32,683	150,150	-	4,070,375
Buildings and Improvements	120,011,146	7,126,346	3,838,885	-	123,298,607
Equipment	4,740,415	91,919	260,566	-	4,571,768
Food Service Equipment	1,549,627	42,739	157,842	-	1,434,524
Total Accumulated Depreciation	<u>130,489,030</u>	<u>7,293,687</u>	<u>4,407,443</u>	<u>-</u>	<u>133,375,274</u>
Total Capital Assets Being Depreciated, Net	<u>201,020,626</u>	<u>(6,410,759)</u>	<u>515,318</u>	<u>64,251,401</u>	<u>258,345,950</u>
Capital Assets, Net	<u>\$ 261,812,093</u>	<u>\$ 9,132,298</u>	<u>\$ 519,420</u>	<u>\$ -</u>	<u>\$ 270,424,971</u>

The Board experienced a loss on disposals of \$519,420 during the year ended June 30, 2019.

Depreciation expense for the year ended June 30, 2019 was charged to governmental functions as follows:

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 CAPITAL ASSETS (CONTINUED)

Construction projects	<u>Spent to date</u>
Beach Elementary	\$ 78,800
Calvert Country HVAC	827,929
Mt. Harmony HVAC	80,250
Northern High Construction	6,427,085
Northern Middle	23,459
Patuxent High HVAC	634,118
School Safety & Security	165,299
	<u>\$ 8,236,940</u>

NOTE 6 LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 3,831,078	\$ 2,431,751	\$ 2,318,205	\$ 3,944,624	\$ 155,922
Net Pension Liability	12,487,018	926,918	-	13,413,936	-
Net OPEB Liability	130,684,290	-	12,094,801	118,589,489	-
Total Governmental Activities	<u>\$ 147,002,386</u>	<u>\$ 3,358,669</u>	<u>\$ 14,413,006</u>	<u>\$ 135,948,049</u>	<u>\$ 155,922</u>

NOTE 7 POSTEMPLOYMENT BENEFITS

PLAN DESCRIPTION

The Board participates in the Calvert County, Maryland Post-Retirement Medical Plan (the Plan), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Calvert County Commissioners (the County). The Plan provides medical and life insurance benefits to retired employees of participating governmental entities. The County issues a publicly-available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Calvert County Commissioners, 175 Main Street, Prince Frederick, Maryland 20678, or by calling (410) 535-1600.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 POSTEMPLOYMENT BENEFITS (CONTINUED)

Benefits: The Plan's board of trustees annually establishes a subsidy amount for each type of coverage under the Retiree's Health Plan. These subsidies are reviewed annually and are subject to change based on budgetary constraints. Retirees will earn the subsidy based on their years of creditable service, ranging from 20% to 100%. Retirees eligible for the disability plan earn 75% of their subsidy if approved under the Plan, and 100% of the subsidy if approved by Social Security. A 100% subsidy equates to the Plan covering 75% of the cost of the benefit coverage. The retiree is responsible for the difference between the cost of the selected Plan and the earned subsidy.

The number of participants eligible to receive benefits as of June 30, 2019 was 2,561.

Contributions: Participating governmental entities are contractually required to contribute at a rate assessed each year by the Plan. The Plan's board of trustees sets the employer contribution rate based on the actuarially determined annual required contribution. The Board's contribution for the year ended June 30, 2019 was \$12,199,228. \$6,776,228 of the contribution was paid by and on-behalf of the Board by Calvert County, and it's the Board's understanding that the remaining unfunded actuarial liability will be paid by and on-behalf of the Board by the County in future fiscal years. The pay as you go contribution made to the plan was \$5,423,000.

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 \$118,589,489 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 Board's proportion of the net OPEB liability was based on a projection of the Board's long-term share of contributions to the OPEB plan relative to the projected contributions of the County. At June 30, 2019 the Board's proportion was determined as 74%.

For the year ended June 30, 2019, the Board recognized OPEB expense of \$10,863,005. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 803,205
Changes of Assumptions	-	-
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments		4,190,443
CCPS' Contributions Subsequent to the Measurement Date	12,199,228	
Total	<u>\$ 12,199,228</u>	<u>\$ 4,993,648</u>

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 POSTEMPLOYMENT BENEFITS (CONTINUED)

\$12,199,228 was reported as deferred outflows of resources and \$4,993,648 as deferred inflows of resources. \$12,199,228 of the deferred outflows of resources was from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

<u>Year Ended June 30:</u>	Amount
2020	\$ (1,306,150)
2021	(1,306,150)
2022	(1,306,148)
2023	(673,599)
2024	(100,401)
Thereafter	(301,200)

Actuarial assumptions. The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary increases	5.65 percent, average, including inflation 2.3%
Investment rate of return	5.50 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	3.94 percent

Mortality rates were based on the RP-2014 Healthy Annuitant White Collar Mortality Table Combined Mortality Table, RP-2014 Employee White Collar Mortality Table and RP-2014 Disabled Annuitant Tables for Males or Females, as appropriate.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equity	28.0%	6.4%
Small Cap U.S. Equity	28.0%	6.9%
International Equity	19.0%	7.4%
U.S Fixed Equity	20.0%	3.5%
Private Equity	5.0%	8.6%
Total	<u>100.0%</u>	

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 POSTEMPLOYMENT BENEFITS (CONTINUED)

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 9.72%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability was 5.50%. The projection of cash flows used to determine the discount rate assumed that contributions from school Board will be made annually. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. 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.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current discount rate:

	1% Decrease 4.50%	Discount Rate 5.50%	1% Increase 6.50%
Total OPEB Liability	220,610,776	186,119,558	160,747,435
Fiduciary	(67,530,069)	(67,530,069)	(67,530,069)
Net OPEB Liability (Asset)	153,080,707	118,589,489	93,217,366

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.80% decreasing to 2.80%) or 1-percentage-point higher (3.80% increasing to 4.80%) than the current healthcare cost trend rates:

	1% Decrease 2.80%	Healthcare Cost Trend Rates 3.80%	1% Increase 4.80%
Total OPEB Liability	157,204,085	186,119,558	226,458,015
Fiduciary	(67,530,069)	(67,530,069)	(67,530,069)
Net OPEB Liability (asset)	89,674,016	118,589,489	158,927,946

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

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 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; personal injury; and natural disasters. The Board is one of sixteen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Group Insurance Pool (the Pool), a public entity risk pool organized as a trust. The Board pays an annual premium to the Pool for its property, liability, and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole based on loss data and are allocated to members based on student enrollment and number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability, covering claims aggregating \$5 million per district per year.

Additionally, the Board is one of fifteen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (the Fund). The Fund was established to provide workers' compensation indemnity and medical benefits coverage for participating school boards. The Fund is operated under regulations promulgated by the State Workers' Compensation Commission (COMAR 14.09.02).

Each Fund participant pays an annual premium calculated on their payroll, according to the standard classification, with an experience modification applied. Although premiums billed to the Fund members are determined on an actuarial basis, ultimate liability for claims remains with the respective members and accordingly, the insurance risks are not transferred to the Fund. Six months following the end of the Fund's fiscal year, the Fund's trustees declare unneeded funds as surplus and distributes as dividends to the Fund members. This dividend distribution is made no sooner than one year after the close of that fiscal year. The Fund carries an excess insurance policy providing specific excess and employer liability protection

coverage, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim.

Settled claims from these risks have not exceeded the planned coverage during any of the past three years.

The Board is under a modified retrospective billing arrangement with a commercial insurance carrier to provide group health coverage. Under this arrangement the insurance carrier assesses an initial charge paid by the Board through monthly premiums. At the end of the coverage period, there is a settlement of the difference between the billed premium and the actual claims and expenses. A deficiency in the billed premium represents the callable margin, which is owed by the Board, up to a maximum of 5%. If the actual claims and expenses are less than the billed premium, the Board would be entitled to a refund. As of June 30, 2019, the Board has a balance of \$599,804 in their rate stabilization fund held with the insurance carrier, this is included in the cash and cash equivalents for the general fund.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary integration in the General Fund and encumbrances outstanding at year-end are reported as restricted or assignments of fund balances since they do not constitute expenditures or liabilities.

	<u>Restricted Encumbrances</u>	<u>Assigned Encumbrances</u>
Administration	\$ 25	\$ 111,956
Textbooks and Supplies	1,078	-
Other Instructional Costs	100	-
Pupil Personnel Services	-	3,480
Operation of Plant	-	702,525
Maintenance of Plant	-	12,280
Community Services	2,403	-
Capital Outlay	-	678,119
Total	<u>\$ 3,606</u>	<u>\$ 1,508,360</u>

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 FUND BALANCE

Fund Balance at June 30, 2019 consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Fund Balances				
Nonspendable for:				
Inventory	\$ 33,058	\$ 64,054	\$ -	\$ 97,112
Total Nonspendable	<u>33,058</u>	<u>64,054</u>	<u>-</u>	<u>97,112</u>
Restricted for:				
Administration	11,295	-	-	11,295
Mid-Level Administration	10,918	-	-	10,918
Instructional Salaries	216,482	-	-	216,482
Textbooks and Supplies	52,531	-	-	52,531
Other Instructional Costs	70,503	-	-	70,503
Special Education	454,547	-	-	454,547
Pupil Personnel Services	3,012	-	-	3,012
Pupil Transportation	6,526	-	-	6,526
Operation of Plant	54,842	-	-	54,842
Health Services	13,428	-	-	13,428
Fixed Charges	228,654	-	-	228,654
Community Services	131,413	-	-	131,413
Capital Outlay	4,392	-	-	4,392
Food Service	-	74,933	-	-
Total Restricted	<u>1,258,543</u>	<u>74,933</u>	<u>-</u>	<u>1,333,476</u>
Committed for:				
Healthcare	3,652,846	-	-	3,652,846
Leave	309,928	-	-	309,928
Legal Fees	104,445	-	-	104,445
Food Service	-	1,731,930	-	1,731,930
NHS Construction	3,000,000	-	-	3,000,000
Textbooks, Other costs	654,307	-	-	654,307
Safety and Security	717,244	-	-	717,244
Transportation Fuel	1,000,000	-	-	1,000,000
Total Committed	<u>9,438,770</u>	<u>1,731,930</u>	<u>-</u>	<u>11,170,700</u>
Assigned for:				
Administration	111,956	-	-	111,956
Pupil Personnel Services	3,480	-	-	3,480
Operation of Plant	702,525	-	-	702,525
Maintenance of Plant	12,280	-	-	12,280
Capital Outlay	678,119	-	91,510	769,629
Total Assigned	<u>1,508,360</u>	<u>-</u>	<u>91,510</u>	<u>1,599,870</u>
Unassigned:	<u>4,073,828</u>	<u>-</u>	<u>-</u>	<u>4,073,828</u>
Total Fund Balances	<u>\$ 16,312,559</u>	<u>\$ 1,870,917</u>	<u>\$ 91,510</u>	<u>\$ 18,274,986</u>

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 CONTINGENCIES

Litigation

In the normal course of operation, the Board is subject to lawsuits and claims. In the opinion of management, the disposition of such lawsuits and claims will not have a material effect on the Board's financial condition.

Grant Program

The Board received grant revenues from County, State, and Federal sources. Amounts received under such programs are restricted to use in accordance with the terms of the respective grants. The use of such funds is subject to audit by the grantors. Consequently, the Board is contingently liable to refund amounts received in excess of allowable expenditures, if any. In the opinion of management, no material refunds will be required as the result of expenditures disallowed by the grantors.

REQUIRED SUPPLEMENTARY INFORMATION

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —
BUDGET AND ACTUAL — UNRESTRICTED AND RESTRICTED
YEAR ENDED JUNE 30, 2019**

	Budget			Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
Revenues					
Local Sources	\$ 132,841,320	\$ -	\$ 132,841,320	\$ 128,277,309	\$ (4,564,011)
State Sources	82,571,108	-	82,571,108	82,106,956	(464,152)
Federal Sources	13,663,112	-	13,663,112	9,871,838	(3,791,274)
Use of Prior Year Fund Balance	1,227,155	2,448,141	3,675,296	-	(3,675,296)
Total Revenues	<u>230,302,695</u>	<u>\$ 2,448,141</u>	<u>\$ 232,750,836</u>	<u>\$ 220,256,103</u>	<u>\$ (12,494,733)</u>
Expenditures					
Administration	\$ 6,574,381	\$ (35,850)	\$ 6,538,531	\$ 6,270,468	\$ 268,063
Mid-level Administration	11,634,260	(4,139)	11,630,121	11,408,082	222,039
Instructional Salaries	86,152,863	47,132	86,199,995	83,457,589	2,742,406
Textbooks and Instructional Supplies	3,542,916	(368,511)	3,174,405	2,883,766	290,639
Other Instructional Costs	4,438,690	76,612	4,515,302	3,176,116	1,339,186
Special Education	28,096,356	115,020	28,211,376	27,617,201	594,175
Pupil Personnel Services	2,132,870	(846)	2,132,024	2,003,970	128,054
Health Services	1,584,743	35,850	1,620,593	1,596,439	24,154
Pupil Transportation	14,627,596	114,180	14,741,776	14,661,350	80,426
Operation of Plant	16,317,025	480	16,317,505	15,786,650	530,855
Maintenance of Plant	3,241,086	-	3,241,086	3,075,383	165,703
Fixed Charges	49,583,471	468,213	50,051,684	46,037,407	4,014,277
Community Services	1,496,402	-	1,496,402	1,210,465	285,937
Capital Outlay	880,036	2,000,000	2,880,036	2,149,029	731,007
Total Expenditures	<u>230,302,695</u>	<u>2,448,141</u>	<u>232,750,836</u>	<u>221,333,915</u>	<u>11,416,921</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	(1,077,812)	<u>\$ (1,077,812)</u>
Fund Balance - Budgetary Basis - Beginning of Year				16,021,051	
Fund Balance - Budgetary Basis - End of Year				14,943,239	
Encumbrances Outstanding as of June 30, 2019				1,511,966	
Cancelled Encumbrances and Other Adjustments				(142,646)	
Fund Balance - GAAP Basis - End of Year				<u>\$ 16,312,559</u>	

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —
BUDGET AND ACTUAL — UNRESTRICTED
YEAR ENDED JUNE 30, 2019**

	Budget			Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
Revenues					
Local Sources	\$ 126,797,666		\$ 126,797,666	\$ 126,875,771	\$ 78,105
State Sources	80,192,426		80,192,426	80,182,426	(10,000)
Federal Sources	1,277,000		1,277,000	1,427,602	150,602
Use of Prior Year Fund Balance	1,227,155	2,448,141	3,675,296	-	(3,675,296)
Total Revenues	209,494,247	2,448,141	211,942,388	208,485,799	(3,456,589)
Expenditures					
Administration	\$ 6,373,962	\$ (35,850)	\$ 6,338,112	\$ 6,164,123	\$ 173,989
Mid-level Administration	11,447,194	(4,139)	11,443,055	11,305,669	137,386
Instructional Salaries	81,929,703	47,132	81,976,835	81,427,302	549,533
Textbooks and Instructional Supplies	2,903,857	(368,511)	2,535,346	2,401,037	134,309
Other Instructional Costs	2,694,063	76,612	2,770,675	2,515,720	254,955
Special Education	23,250,897	115,020	23,365,917	23,353,703	12,214
Pupil Personnel Services	2,037,974	(846)	2,037,128	1,976,247	60,881
Health Services	1,459,013	35,850	1,494,863	1,470,789	24,074
Pupil Transportation	14,487,301	114,180	14,601,481	14,600,236	1,245
Operation of Plant	15,413,714	480	15,414,194	15,272,518	141,676
Maintenance of Plant	3,241,086	-	3,241,086	3,075,383	165,703
Fixed Charges	43,430,947	468,213	43,899,160	43,893,252	5,908
Community Services	-	-	-	-	-
Capital Outlay	824,536	2,000,000	2,824,536	2,107,632	716,904
Total Expenditures	209,494,247	2,448,141	211,942,388	209,563,611	2,378,777
Excess of Revenues Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ (1,077,812)	\$ (1,077,812)

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —
BUDGET AND ACTUAL — RESTRICTED
YEAR ENDED JUNE 30, 2019**

	Budget			Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
Revenues					
Local Sources	\$ 6,043,654	\$ -	\$ 6,043,654	\$ 1,401,538	\$ (4,642,116)
State Sources	2,378,682	-	2,378,682	1,924,530	(454,152)
Federal Sources	12,386,112	-	12,386,112	8,444,236	(3,941,876)
Total Revenues	<u>\$ 20,808,448</u>	<u>\$ -</u>	<u>\$ 20,808,448</u>	<u>\$ 11,770,304</u>	<u>\$ (9,038,144)</u>
Expenditures					
Administration	\$ 200,419	-	200,419	106,345	94,074
Mid-level Administration	187,066	-	187,066	102,413	84,653
Instructional Salaries	4,223,160	-	4,223,160	2,030,287	2,192,873
Textbooks and Instructional Supplies	639,059	-	639,059	482,729	156,330
Other Instructional Costs	1,744,627	-	1,744,627	660,396	1,084,231
Special Education	4,845,459	-	4,845,459	4,263,498	581,961
Pupil Personnel Services	94,896	-	94,896	27,723	67,173
Health Services	125,730	-	125,730	125,650	80
Pupil Transportation	140,295	-	140,295	61,114	79,181
Operation of Plant	903,311	-	903,311	514,132	389,179
Maintenance of Plant	-	-	-	-	-
Fixed Charges	6,152,524	-	6,152,524	2,144,155	4,008,369
Community Services	1,496,402	-	1,496,402	1,210,465	285,937
Capital Outlay	55,500	-	55,500	41,397	14,103
Total Expenditures	<u>\$ 20,808,448</u>	<u>\$ -</u>	<u>\$ 20,808,448</u>	<u>\$ 11,770,304</u>	<u>\$ 9,038,144</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CALVERT COUNTY PUBLIC SCHOOLS
RECONCILIATION OF DIFFERENCE BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS GAAP BASIS REVENUES AND EXPENDITURES
GENERAL FUND
YEAR ENDED JUNE 30, 2019**

Revenues

Budgetary Basis	\$ 220,256,103
Add: Pension Contribution Paid by the State of Maryland	13,093,939
Add: Miscellenous adjustment	<u>103,849</u>
Total Revenues (GAAP Basis)	<u><u>\$ 233,453,891</u></u>

Expenditures

Budgetary Basis	\$ 221,333,915
Add: Pension Contribution Paid by the State of Maryland	13,093,939
Less: Prior Year Encumbrances Closed During the Current Year	(9,210)
Less: Effect of Encumbrances, net	<u>(370,007)</u>
Total Expenditures and Other Financing Uses (GAAP Basis)	<u><u>\$ 234,048,637</u></u>

**CALVERT COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
YEAR ENDED JUNE 30, 2019**

Employees' Retirement and Pension System:

	2019	2018	2017	2016	2015
CCPS' proportionation of the net pension liability	0.063931900%	0.057746900%	0.066916300%	0.068952800%	0.063737680%
CCPS' proportionate share of the net pension liability	\$ 13,413,936	\$ 12,487,018	\$ 15,788,250	\$ 14,329,572	\$ 11,311,354
CCPS' covered employee payroll	15,242,570	14,893,973	14,469,213	14,172,855	15,480,738
CCPS' proportionate share of the net pension liability as a percentage of its covered employee payroll	88.00%	83.84%	109.12%	101.11%	73.07%
Plan fiduciary net position as a percentage of the total pension liability	68.36%	66.71%	62.97%	66.26%	73.65%

Teachers' Retirement and Pension System:

CCPS' proportionation of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%
CCPS' proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability of the Board	137,773,982	145,089,938	170,642,937	141,629,004	152,207,986
Total	137,773,982	145,089,938	170,642,937	141,629,004	152,207,986
CCPS' covered employee payroll	\$ 114,372,165	\$ -	\$ 111,359,818	\$ 112,124,454	\$ 104,835,359
CCPS' proportionate share of the net pension liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	73.35%	71.41%	67.95%	69.53%	69.53%

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

**CALVERT COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
YEAR ENDED JUNE 30, 2019**

Employees' Retirement and Pension System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 1,377,248	\$ 1,274,850	\$ 1,175,347	\$ 1,303,584	\$ 1,453,337	\$ 1,484,557	\$ 1,362,356	\$ 2,012,647	\$ 1,654,559	\$ 1,160,410
Contributions in relation to the contractually required contribution	1,377,248	1,274,850	1,175,347	1,303,584	1,453,337	1,484,557	1,362,356	2,012,647	1,654,559	1,160,410
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 15,242,570	\$ 14,893,973	\$ 14,469,213	\$ 14,172,855	\$ 15,480,738	\$ 14,770,745	\$ 15,062,796	\$ 15,588,080	\$ 15,178,442	\$ 15,177,027
Contributions as a percentage of covered-employee payroll	9%	9%	8%	9%	9%	10%	9%	13%	11%	8%

Teachers' Retirement and Pension System

	2019	2018	2017	2016	2015	2014	2013	2012*	2011*	2010*
Contractually required contribution	\$ 5,023,147	\$ 4,994,291	\$ 4,951,040	\$ 5,910,295	\$ 4,598,758	\$ 3,594,696	\$ 2,835,940	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	5,023,147	4,994,291	4,951,040	5,910,295	4,598,758	3,594,696	2,835,940	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 114,372,165	\$ 110,893,973	\$ 111,359,818	\$ 112,124,454	\$ 104,835,359	\$ 106,780,951	\$ 111,686,094	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	4%	5%	4%	5%	4%	3%	3%	0%	0%	0%

**CALVERT COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET OPEB PLAN LIABILITY AND RELATED RATIOS
YEAR ENDED JUNE 30, 2019**

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 6,368,499	\$ 6,135,356
Interest	9,527,162	9,017,419
Differences between expected and actual experience	(903,606)	-
Changes of assumptions		-
Benefit payments	<u>(5,090,844)</u>	<u>(5,775,000)</u>
Net change in total OPEB liability	9,901,211	9,377,775
Total OPEB liability - beginning	<u>176,218,347</u>	<u>166,840,572</u>
Total OPEB liability - ending (a)	<u><u>\$ 186,119,558</u></u>	<u><u>\$ 176,218,347</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 20,494,356	\$ 5,775,000
Net investment income	6,592,500	5,934,703
Benefit payments	<u>(5,090,844)</u>	<u>(5,775,000)</u>
Net change in plan fiduciary net position	21,996,012	5,934,703
Total fiduciary net position - beginning	<u>45,534,057</u>	<u>39,599,354</u>
Total fiduciary net position - ending (b)	<u><u>\$ 67,530,069</u></u>	<u><u>\$ 45,534,057</u></u>
CCPS' net OPEB liability - ending (a) - (b)	<u><u>\$ 118,589,489</u></u>	<u><u>\$ 130,684,290</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	36.28%	25.84%
Covered-employee payroll	\$ 129,614,735	\$ 131,572,919
CCPS' net OPEB liability as a percentage of covered-employee payroll	91%	99%

Notes to Schedule:

Benefit Changes

None

Changes of assumptions.

The discount rate was changed as follows:

6/30/2017 5.50%

6/30/2018 5.50%

OPEB plan does not depend on salary, salary information was not provided

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

**CALVERT COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OPEB CONTRIBUTIONS
YEAR ENDED JUNE 30, 2019**

	2019		2018
Contribution	\$ 12,199,228		\$ 15,066,644
Contributions in relation to the Contractually required contribution	12,199,228		15,066,644
Contribution deficiency (excess)	-		-
 CCPS' covered-employee payroll	 \$ 129,614,735		 \$ 131,572,919
 Contributions as a percentage of covered-employee payroll	 9.41%		 11.45%

Notes to Schedule:

Valuation date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Inflation	2.30%
Healthcare cost trend rates	3.80%
Salary increases	5.65%
Investment rate of return	7.00%
Retirement age	45

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

OTHER SUPPLEMENTARY INFORMATION

**CALVERT COUNTY PUBLIC SCHOOLS
GENERAL FUND (CURRENT EXPENSE FUND) — BUDGETARY BASIS
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —
(BUDGET AND ACTUAL)
YEAR ENDED JUNE 30, 2019**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
REVENUE			
From Local Sources:			
County Funds	\$ 126,367,666	\$ 126,367,666	\$ -
Tuition	130,000	120,107	(9,893)
Interest and Other	6,343,654	1,789,536	(4,554,118)
Prior-Year Fund Balance	3,675,296	-	(3,675,296)
Total from Local Sources	<u>136,516,616</u>	<u>128,277,309</u>	<u>(8,239,307)</u>
From State Sources:			
Current Expense	70,506,415	70,496,415	(10,000)
Transportation	5,874,997	5,874,997	-
Handicapped Children	3,811,014	3,811,014	-
Other thru MSDE	1,982,762	1,560,263	(422,499)
State from Other Sources	395,920	364,267	(31,653)
Total from State Sources	<u>82,571,108</u>	<u>82,106,956</u>	<u>(464,152)</u>
From United States Government sources:			
Directly Received	300,000	538,529	238,529
U.S. Navy - NJROTC	275,000	258,174	(16,826)
Received through Other Sources	13,088,112	9,075,135	(4,012,977)
Total from Federal Sources	<u>13,663,112</u>	<u>9,871,838</u>	<u>(3,791,274)</u>
Total Revenue	<u>\$ 232,750,836</u>	<u>\$ 220,256,103</u>	<u>\$ (12,494,733)</u>

**CALVERT COUNTY PUBLIC SCHOOLS
GENERAL FUND (CURRENT EXPENSE FUND) — BUDGETARY BASIS
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —
(BUDGET AND ACTUAL)
YEAR ENDED JUNE 30, 2019**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES AND ENCUMBRANCES			
Administration:			
Salaries and Wages	\$ 4,729,867	\$ 4,742,306	\$ (12,439)
Contracted Services	1,205,819	1,126,176	79,643
Supplies and Materials	76,950	40,307	36,643
Equipment	262,568	202,992	59,576
Outgoing Transfers	70,090	56,786	13,304
Other Charges	193,237	101,901	91,336
Total Administration	<u>6,538,531</u>	<u>6,270,468</u>	<u>268,063</u>
Mid-Level Administration:			
Salaries and Wages	11,230,414	11,100,709	129,705
Contracted services	44,588	18,317	26,271
Supplies and Materials	102,097	62,235	39,862
Other Charges	243,925	226,821	17,104
Equipment	9,097	-	9,097
Total Mid-Level Administration	<u>11,630,121</u>	<u>11,408,082</u>	<u>222,039</u>
Instructional Salaries	<u>86,199,995</u>	<u>83,457,589</u>	<u>2,742,406</u>
Textbooks and Instructional Supplies	<u>3,174,405</u>	<u>2,883,766</u>	<u>290,639</u>
Other Instructional Costs:			
Contracted Services	1,018,564	721,101	297,463
Other Charges	1,450,077	897,902	552,175
Equipment	2,033,565	1,548,718	484,847
Outgoing Transfers	13,096	8,395	4,701
Total Other Instructional Costs	<u>4,515,302</u>	<u>3,176,116</u>	<u>1,339,186</u>
Special Education:			
Salaries and Wages	24,491,633	24,225,991	265,642
Contracted Services	1,170,670	958,746	211,924
Supplies and Materials	239,078	157,943	81,135
Other Charges	303,106	284,380	18,726
Equipment	79,215	58,105	21,110
Outgoing Transfers	1,927,674	1,932,036	(4,362)
Total Special Education	<u>28,211,376</u>	<u>27,617,201</u>	<u>594,175</u>
Pupil Personnel Services:			
Salaries and Wages	1,636,890	1,626,768	10,122
Contracted Services	324,288	256,311	67,977
Supplies and Materials	41,242	20,308	20,934
Other Charges	92,742	76,346	16,396
Equipment	36,862	24,237	12,625
Total Pupil Personnel Services	<u>2,132,024</u>	<u>2,003,970</u>	<u>128,054</u>
Health Services:			
Salaries and Wages	1,552,417	1,541,436	10,981
Contracted Services	5,350	1,850	3,500
Supplies and Materials	33,255	29,532	3,723
Other Charges	18,550	12,651	5,899
Equipment	11,021	10,970	51
Total Health Services	<u>1,620,593</u>	<u>1,596,439</u>	<u>24,154</u>

**CALVERT COUNTY PUBLIC SCHOOLS
GENERAL FUND (CURRENT EXPENSE FUND) — BUDGETARY BASIS
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —
(BUDGET AND ACTUAL)
YEAR ENDED JUNE 30, 2019
(CONTINUED)**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
EXPENDITURES			
AND ENCUMBRANCES (Continued)			
Pupil Transportation:			
Salaries and Wages	1,432,334	1,427,886	\$ 4,448
Contracted Services	13,225,931	13,167,351	58,580
Supplies and Materials	6,600	3,646	2,954
Other Charges	54,532	41,527	13,005
Equipment	22,379	20,940	1,439
Total Pupil Transportation	<u>14,741,776</u>	<u>14,661,350</u>	<u>80,426</u>
Operation of Plant:			
Salaries and Wages	8,431,911	8,281,853	150,058
Contracted Services	1,535,520	1,487,818	47,702
Supplies and Materials	1,098,467	895,095	203,372
Other Charges	5,152,480	5,073,879	78,601
Equipment	99,127	48,005	51,122
Total Operation of Plant	<u>16,317,505</u>	<u>15,786,650</u>	<u>530,855</u>
Maintenance of Plant:			
Salaries and Wages	2,372,986	2,274,466	98,520
Contracted Services	250,000	231,268	18,732
Supplies and Materials	612,400	567,909	44,491
Other Charges	5,700	996	4,704
Equipment	-	744	(744)
Total Maintenance of Plant	<u>3,241,086</u>	<u>3,075,383</u>	<u>165,703</u>
Fixed Charges			
Other Charges			-
Total Fixed Charges	<u>50,051,684</u>	<u>46,037,407</u>	<u>4,014,277</u>
Community Services:			
Salaries and Wages	1,214,284	997,272	217,012
Contracted Services	129,735	87,076	42,659
Supplies and Materials	80,277	66,306	13,971
Other Charges	71,806	59,520	12,286
Equipment	300	291	9
Total Community Services	<u>1,496,402</u>	<u>1,210,465</u>	<u>285,937</u>
Capital Outlay:			
Salaries and Wages	244,536	244,536	-
Contracted Services	144,708	130,625	14,083
Supplies and Materials	750	719	31
Other Charges	1,750	1,312	438
Equipment	2,488,292	1,771,837	716,455
Total Capital Outlay	<u>2,880,036</u>	<u>2,149,029</u>	<u>731,007</u>
Total Expenditures and Encumbrances	<u>232,750,836</u>	<u>221,333,915</u>	<u>11,416,921</u>
Excess of Revenues Over Expenditures and Encumbrances	<u>\$ -</u>	<u>\$ (1,077,812)</u>	<u>\$ (1,077,812)</u>

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN NET POSITION
SCHOOL ACTIVITIES FUND — AGENCY FUND
YEAR ENDED JUNE 30, 2019**

ASSETS	Balance June 30, 2018	Additions/ Receipts	Reductions/ Disbursements	Balance June 30, 2019
Cash by Schools:				
Elementary Schools				
PAC - Appeal	\$ 11,163	\$ 10,444	\$ 14,893	\$ 6,714
Barstow	18,352	94,243	73,983	38,612
Beach	20,412	105,333	102,516	23,229
Calvert	29,578	64,862	62,257	32,183
Dowell	36,579	92,863	75,982	53,460
Huntingtown	77,033	97,042	101,851	72,224
Mt. Harmony	71,063	102,875	105,067	68,871
Mutual	23,689	59,815	57,438	26,066
PAC - Patuxent	10,835	48,572	46,888	12,519
Plum Point	41,493	126,987	134,979	33,501
St. Leonard	19,292	46,813	45,271	20,834
Sunderland	56,628	94,759	104,398	46,989
Windy Hill	47,562	131,342	140,038	38,866
Middle Schools				
Calvert	31,039	90,574	82,861	38,752
Mill Creek	38,848	77,223	83,272	32,799
Northern	78,189	168,944	165,847	81,286
Plum Point	50,221	121,456	121,205	50,472
Southern	24,128	74,769	80,952	17,945
Windy Hill	60,448	105,366	91,554	74,260
High Schools				
Calvert	275,245	739,687	813,413	201,519
Huntingtown	213,343	1,125,490	1,138,673	200,160
Northern	470,139	783,641	803,425	450,355
Patuxent	221,523	642,761	669,620	194,664
Centers				
Career Technology Academy	70,168	115,220	126,324	59,064
Calvert Country	35,051	18,625	23,300	30,376
Central Office	37,965	11,491	-	49,456
Total Assets	<u>\$ 2,069,986</u>	<u>\$ 5,151,197</u>	<u>\$ 5,266,007</u>	<u>\$ 1,955,176</u>
LIABILITIES				
Liabilities of the School				
Activity Funds	<u>\$ 2,069,986</u>	<u>\$ 5,151,197</u>	<u>\$ 5,266,007</u>	<u>\$ 1,955,176</u>