

**CALVERT COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF CALVERT COUNTY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Calvert County Board of Education (CCPS or the Board), a component unit Calvert County, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Calvert County Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Calvert County Public Schools, as of June 30, 2022, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Calvert County Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvert County Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Calvert County Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvert County Public Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and encumbrances budget to actual general fund - unrestricted and restricted, reconciliation of differences between budgetary inflows and outflows and GAAP basis revenues and expenditures- general fund, schedule of proportionate share of net pension liability Maryland State Retirement and Pension System, schedule of contributions Maryland State Retirement and Pension System, notes to the schedule of proportionate share of net pension liability and schedule of contributions, schedule of changes in net OPEB plan liability and related ratios, and schedule of OPEB Plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

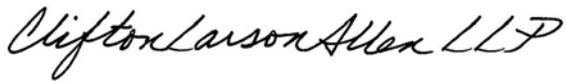
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calvert County Public Schools' basic financial statements. The schedule of revenues, expenditures and encumbrances budget to actual general fund - unrestricted, schedule of revenues, expenditures and encumbrances budget to actual general fund- restricted, and general fund (current expense fund) – budgetary basis detailed schedule of revenues, expenditures, and encumbrances (budget to actual) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the schedule of revenues, expenditures and encumbrances budget to actual general fund - unrestricted, schedule of revenues, expenditures and encumbrances budget to actual general fund - restricted, and general fund (current expense fund) – budgetary basis detailed schedule of revenues, expenditures, and encumbrances (budget to actual) are 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 October 31, 2022, on our consideration of Calvert County Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Calvert County Public Schools' 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 Calvert County Public Schools' internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
October 31, 2022

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022. Please read it in conjunction with CCPS' financial statements, which immediately follow this section.

**Overview**

- 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**

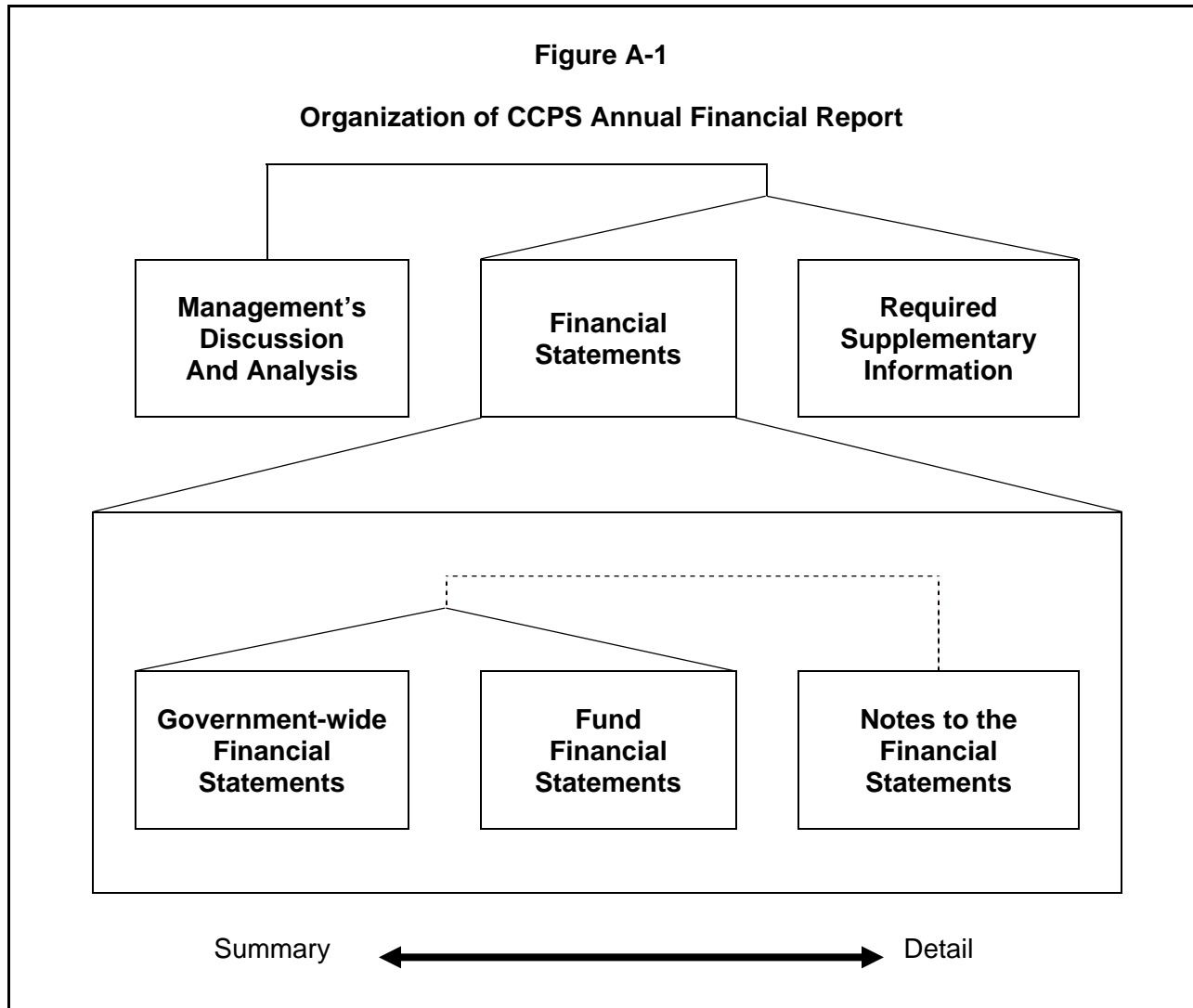
This annual report consists of three parts: management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include two kinds of statements that present different views of the Board:

- 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.



**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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, 2022**

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.

<b>FIGURE A-2</b>		
<b>Major Features of the CCPS Government-wide and Fund Financial Statements</b>		
	Government-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire Board	The activities of the Board that are not proprietary, such as special education and building maintenance
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**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 amortization) and liabilities presented as governmental activities. The 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.

**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 are governmental funds, each of which use different accounting approaches and should be interpreted differently.

**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.

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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.

**Net Position.** CCPS' combined net position for Governmental Activities (in millions of dollars) as of June 30, 2022 and 2021 is as follows:

	Governmental Activities		Total Amount Change	Total Percent Change
	FY 2021	FY 2022	FY 21 - 22	FY 21 - 22
<b>Assets</b>				
Cash and Cash Equivalents	\$ 32.2	\$ 34.5	\$ 2.3	0.1 %
Accounts Receivable	23.5	23.5	0.0	0.0 %
Inventories	0.2	0.2	0.0	- %
Other Assets	0.1	0.1	0.0	- %
Capital Assets Less Accumulated Depreciation and Amortization	272.4	278.6	6.2	0.0 %
Total Assets	328.4	336.8	8.5	
Deferred Outflows of Resources	14.4	12.7	(1.7)	(0.1)%
<b>Liabilities</b>				
Other Liabilities	32.6	31.8	(0.9)	(0.0)%
Long-term Obligations	86.2	55.2	(31.0)	(0.4)%
Total Liabilities	118.8	86.9	(31.9)	
Deferred Inflows of Resources	41.9	58.6	16.7	0.4 %
<b>Net Position</b>				
Net Investment in Capital Assets	272.4	276.2	3.8	0.0 %
Restricted	-	2.7	2.7	- %
Unrestricted	(90.5)	(75.0)	15.5	(0.2)%
Total Net Position	\$ 181.9	\$ 203.9	\$ 22.0	

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**Capital Assets:** By the end of FY 2022, CCPS had invested \$276,224,526 for governmental activities in a broad range of capital assets, including school building construction, equipment, paving and right to use assets- equipment. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation and amortization expense for the year was \$10,912,353 for governmental activities. A summary of capital and intangible asset activity is as follows:

	Balance at July 1, 2021	Increases/ Transfers	Decreases/ Transfers	Balance at June 30, 2022	Percentage of Change
Land	\$ 3,842,081	\$ -	\$ -	\$ 3,842,081	0.0%
Land Improvements	10,358,642	1,496,565	-	11,855,207	14.4%
Construction in Progress	5,100,113	12,850,268	6,224,899	11,725,482	129.9%
Buildings and Improvements	392,798,076	4,754,995	191,620	397,361,451	1.2%
Equipment	9,983,502	234,407	194,785	10,023,124	0.4%
Right to Use Assets	4,068,996	-	-	4,068,996	0.0%
Totals at Historic Cost	<u>\$ 426,151,410</u>	<u>\$ 19,336,235</u>	<u>\$ 6,611,304</u>	<u>\$ 438,876,341</u>	3.0%

**Statement of Activities.** For the year ended June 30, 2022, 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 2021	FY 2022	FY 21 - 22	FY 21 - 22
Program Revenues				
Operating Grants/Contributions	\$ 16.7	\$ 17.0	\$ 0.3	1.9%
Capital Grants/Contributions	1.3	13.1	11.8	900.0%
General Revenues				
Local Appropriations	134.7	137.0	2.3	1.7%
State Aid	94.7	91.9	(2.8)	-2.9%
Federal Aid	(3.4)	8.2	11.5	-340.8%
Interest/Investment Earnings	0.0	0.0	(0.0)	-13.9%
Miscellaneous	0.9	5.3	4.4	82.4
Total Revenues	<u>\$ 244.9</u>	<u>\$ 272.5</u>	<u>\$ 27.6</u>	
Expenses				
Instruction	\$ 169.4	\$ 162.2	\$ (7.2)	-4.2%
Administration	16.8	16.5	(0.3)	-2.1%
Mid-Level Administration	17.7	16.9	(0.8)	-4.3%
Pupil Personnel Services	2.6	2.6	(0.0)	0.0%
Health Services	1.9	1.8	(0.1)	-6.3%
Pupil Transportation	18.4	18.3	(0.1)	-0.7%
Operation of Plant & Equipment	32.4	25.6	(6.8)	-20.9%
Food Services	5.6	5.4	(0.2)	-3.6%
Maintenance of Plant	3.3	3.2	(0.2)	-4.9%
Community Services	1.4	1.8	0.4	28.4%
Student Activity	-	2.9	1.3	
Total Expenses	<u>\$ 269.6</u>	<u>\$ 257.2</u>	<u>\$ 15.3</u>	
Increase in Net Position	<u>\$ (24.7)</u>	<u>\$ 15.3</u>	<u>\$ 12.3</u>	

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

Activities for the General Fund (Current Expense Fund), the Special Revenue Fund (Cafeteria Fund) and Capital Project Fund are consolidated under governmental activities on the statement of activities. The statement of activities shows that the local appropriation for the FY 2022 operating budget was \$137,029,678 which represents an increase of \$2,324,429 from FY 2021. Total revenues from governmental activities for FY 2022 were \$272,534,399 which represents an increase of \$2,987,371 from FY 2021. FY 2022 expenses for governmental activities were \$257,234,889 which represents an decrease of \$5,763,290 from FY 2021. The net position for governmental activities increased \$15,299,510 in FY 2022.

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 2021 was the last year of a four-year funding formula which was agreed upon by the Board of Education and the Board of County Commissioners.
- FY 2022 was the second year that we received funding from the State of Maryland under the Blueprint for Maryland's Future. We received some Blueprint funding from the State of Maryland. In addition, we received federal grant awards over \$5.8 million under the Governor's Emergency Education Relief (GEER) Fund, the Elementary & Secondary School Emergency Relief (ESSER) Fund, the Coronavirus Aid Relief and Economic Security (CARES) Act, and the American Rescue Plan (ARP) Act. These funds will be used over multiple fiscal years to address student learning loss and to cover expenses related to COVID-19.

**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 2022, the local appropriation provided by the Board of County Commissioners was \$137,029,678, 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 2022, \$7,050,304 was required to pay the local government's contribution to the teachers' pension plan as mandated by state law.

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

Fund	FY 2021 Revenues	FY 2022 Revenues	Increase from FY 2021	
			Amount	Percent
Unrestricted	\$ 226,947,581	\$ 228,315,725	\$ 1,368,144	0.6%
Restricted	16,443,309	17,091,489	648,180	3.9%
Total	<u>\$ 243,390,890</u>	<u>\$ 245,407,214</u>	<u>\$ 2,016,324</u>	0.8%

Approximately 56% of the operating fund's FY 2022 revenue came from the county government, 39% came from the State of Maryland, and the rest came from other sources such as the federal government, tuition, fees, income from the investment of cash, and from other sources.

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 2022, salaries comprised 61% 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 2022, 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. Employees hired on or after July 1, 2001, are not eligible to enroll in the traditional health plan. Employee co-pays, deductibles, and health insurance benefits are negotiated. For FY 2023, 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 5% 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 maintains a committed fund balance for health insurance. As of June 30, 2022, the balance in the committed fund balance for health insurance was \$4,000,000.

The fund balance for the Child Nutrition Program increased \$2,603,325 in FY2022. As of June 30, 2022, the Child Nutrition Program reported a total net fund balance in the amount of \$3,979,552. 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.

During FY 2022, state and county funds were appropriated for architectural services and construction costs for the replacement of the Beach Elementary School building, several HVAC replacement projects, and minor systemic renovations throughout the district. The capital fund revenues in FY 2022 were \$13,126,658 and \$6,125,954 in FY 2021.

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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.

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:

After a veto by the governor in 2020, the Maryland General Assembly passed *The Blueprint for Maryland's Future* during the 2021 legislative session. *The Blueprint for Maryland's Future* is expected to transform Maryland's educational system into a world-class system. Some of the more significant provisions of the Blueprint include: implementation of the career ladder (which has four levels); a minimum starting salary for teachers of \$60,000 per year beginning July 1, 2026; a \$10,000 increase in annual salary beginning July 1, 2022 for teachers who obtain National Board Certification (NBC); an additional salary increase of \$7,000 per year for teachers who obtain the NBC and teach at a low-performing school; and a requirement that local school systems demonstrate that teachers received a 10% salary increase above the negotiated salary schedule between July 1, 2019 and June 30, 2024.

County appropriation for future years is uncertain. 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; however, the funding formula agreement expired on June 30, 2021, and has not been replaced. Among the provisions of the expired funding formula agreement was a stipulation that the local appropriation would not be decreased if student enrollment declines.

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

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, the impact of COVID-19 on our operations, implementation of the Blueprint for Maryland's Future, and increased inflationary pressure on the cost of goods and services.



**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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 budget development project takes into consideration the school district's student enrollment population. After experiencing a continual decline in student enrollment for more than a decade, CCPS began to realize increases in student enrollment beginning in FY 2019. In September 2020, however, CCPS experienced a significant decrease in enrollment (as did all Maryland public schools) as a result of the COVID-19 pandemic. Changes in student enrollment have a direct impact on revenues received from the state and county governments. The changes in student enrollment for the past 10 years are as follows:

<u>Fiscal Year</u>	<u>Pupil Growth Rate</u>
2012	-1.47%
2013	-1.57%
2014	-0.40%
2015	-1.47%
2016	-0.16%
2017	-0.37%
2018	-0.51%
2019	0.27%
2020	0.65%
2021	-4.37%

- 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 pre-school;
  - Maintain the expectation of accountability and positive changes in the lowest-performing schools.
- In accordance with ESSA requirements, CCPS reported FY 2021 school-level per pupil expenditures to the Maryland State Department of Education in FY 2022. CCPS will be required to report the school-level per pupil expenditures on an annual basis.

**CALVERT COUNTY PUBLIC SCHOOLS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**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. The long-term impact of COVID-19 on our operations and financial condition are not known at this time. 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 safety, equity, and an appreciation of diversity among students and staff

**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, and stewardship for, the funds it receives.

If you have questions about this report or need additional financial information, please contact:

Scott Johnson, Chief Financial Officer  
Calvert County Public Schools  
1305 Dares Beach Road  
Prince Frederick, Maryland 20678

You are also invited to visit our web site: [www.calvertnet.k12.md.us](http://www.calvertnet.k12.md.us)

## **FINANCIAL STATEMENTS**

**CALVERT COUNTY PUBLIC SCHOOLS  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Governmental Activities
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	
<b>CURRENT ASSETS</b>	
Cash and Cash Equivalents	\$ 34,528,599
Due from Other Units of Government	
Federal Government	5,484,934
State of Maryland	5,266,614
Calvert County	12,565,108
Other	20,077
Other receivables	117,723
Inventories	152,876
Total Current Assets	58,135,931
<b>NONCURRENT ASSETS</b>	
Capital Assets Not Being Depreciated	15,567,563
Capital Assets Being Depreciated net of	
Accumulated Depreciation	262,998,510
Total Noncurrent Assets, Net	278,566,073
Total Assets	336,702,004
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	5,985,000
Other Post Employment Benefits	6,748,763
Total Deferred Outflows of Resources	12,733,763
Total Assets and Deferred Outflows of Resources	349,435,767
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	
<b>CURRENT LIABILITIES</b>	
Salaries, Wages and Payroll Deductions	15,726,910
Accounts Payable and Other Current Liabilities	5,644,991
Unearned Revenue	8,637,436
Accrued Interest- Lease Liability	81,446
Current Portion of Compensated Absences	281,031
Current Portion of Lease Liability	1,389,861
Total Current Liabilities	31,761,675
<b>NONCURRENT LIABILITIES</b>	
Noncurrent Portion of Compensated Absences	3,981,346
Net Pension Liability	11,252,614
Net OPEB Liability	38,996,763
Lease Liability	951,686
Total Noncurrent Liabilities	55,182,409
Total Liabilities	86,944,084
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	6,491,199
Other Post Employment Benefits	52,139,236
Total Deferred Inflows of Resources	58,630,435
Total Liabilities and Deferred Outflows of Resources	145,574,519
<b>NET POSITION</b>	
Net Invested in Capital Assets	276,224,526
Restricted Grants	2,652,867
Unrestricted	(75,016,145)
Total Net Position	\$ 203,861,248

See accompanying Notes to Financial Statements.

**CALVERT COUNTY PUBLIC SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Changes in Net Position
				Governmental Activities	
<b>Governmental Activities</b>					
<u>Instruction</u>					
Regular Education	\$ 133,655,854	\$ -	\$ 12,132,717	\$ 13,126,658	\$ (108,396,479)
Special Education	28,583,560	-	4,865,252	-	(23,718,308)
Total Instructions	162,239,413	-	16,997,969	13,126,658	(132,114,786)
<u>Support Services</u>					
Administration	16,496,711	-	-	-	(16,496,711)
Mid-level Administration	16,912,617	-	-	-	(16,912,617)
Pupil Personnel Services	2,637,602	-	-	-	(2,637,602)
Health Services	1,767,630	-	-	-	(1,767,630)
Pupil Transportation	18,313,281	-	-	-	(18,313,281)
Operation of Plant and Equipment	25,602,274	-	-	-	(25,602,274)
Food Services	5,417,228	-	-	-	(5,417,228)
Maintenance of Plant	3,176,025	-	-	-	(3,176,025)
Community Services	1,797,570	-	-	-	(1,797,570)
Student Activity	2,874,538	-	-	-	(2,874,538)
Total Support Services	94,995,476	-	-	-	(94,995,476)
Total Governmental Activities	257,234,889	-	16,997,969	13,126,658	(227,110,262)
			<b>GENERAL REVENUES</b>		
			Local Appropriations		137,029,678
			State Aid		91,878,034
			Federal Aid		8,151,519
			Transfers		16,463
			Miscellaneous		5,317,146
			Interest and Investment Earnings		16,932
			Total General Revenues		242,409,772
			<b>CHANGE IN NET POSITION</b>		15,299,510
			Net Position - Beginning of Year		188,561,738
			<b>NET POSITION - END OF YEAR</b>		\$ 203,861,248

See accompanying Notes to Financial Statements.

**CALVERT COUNTY PUBLIC SCHOOLS  
BALANCE SHEET-GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 33,255,250	\$ 1,273,349	\$ -	\$ 34,528,599
Due from Other Units of Government				
Federal Government	2,536,896	2,948,038	-	5,484,934
State of Maryland	1,497,444		3,769,170	5,266,614
Calvert County	12,500,000	-	65,108	12,565,108
Other	20,077	-	-	20,077
Due From Capital Projects Fund	78,522	-	-	78,522
Other receivables	117,723	-	-	117,723
Inventories	35,819	117,058	-	152,877
<b>Total Assets</b>	<b>50,041,731</b>	<b>4,338,445</b>	<b>3,834,278</b>	<b>58,214,454</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Salaries, Wages and Payroll Deductions	15,518,891	208,019	-	15,726,910
Current Liabilities	1,979,894	2,171	3,662,928	5,644,993
Due to General Fund	-	-	78,522	78,522
Unearned Revenue	8,488,733	148,703	-	8,637,436
<b>Total Liabilities</b>	<b>25,987,518</b>	<b>358,893</b>	<b>3,741,450</b>	<b>30,087,861</b>
<b>FUND BALANCES</b>				
Nonspendable	35,819	117,058	-	152,877
Restricted	2,536,896	23,143	92,828	2,652,867
Committed	12,553,490	3,839,351	-	16,392,841
Assigned	1,628,788	-	-	1,628,788
Unassigned	7,299,220	-	-	7,299,220
<b>Total Fund Balances</b>	<b>24,054,213</b>	<b>3,979,552</b>	<b>92,828</b>	<b>28,126,593</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 50,041,731</b>	<b>\$ 4,338,445</b>	<b>\$ 3,834,278</b>	<b>\$ 58,214,454</b>

See accompanying Notes to Financial Statements.

**RECONCILIATION OF THE BALANCE SHEET — GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

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

**Total Fund Balance - Governmental Funds** \$ 28,126,593

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

Cost of capital assets	\$ 438,876,341	
Accumulated depreciation and amortization	<u>(160,310,268)</u>	278,566,073

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	(38,996,763)	
Net Pension Liability	(11,252,614)	
Lease Liability	(2,341,547)	
Accrued Interest- Lease Liability	(81,446)	
Compensated Absences	<u>(4,262,377)</u>	(56,934,747)

Deferred outflows of resources related to pensions		5,985,000
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Deferred outflows of resources related to OPEB		6,748,763
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Pension related deferred inflows of resources		(6,491,199)
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OPEB related deferred inflows of resources		<u>(52,139,236)</u>
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**Total Net Position - Governmental Activities** \$ 203,861,247

**CALVERT COUNTY PUBLIC SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES —**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2022**

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
<b>REVENUES</b>				
From Local Sources	\$ 138,883,110	\$ -	\$ 1,982,143	\$ 140,865,253
From State Sources	107,918,865	290,415	11,144,385	119,353,665
From Federal Government	12,377,469	7,906,767	-	20,284,236
From Other Sources:				
Student	3,475,107	-	-	3,475,107
Other	19,587	2,415	130	22,132
<b>Total Revenues</b>	<b>262,674,138</b>	<b>8,199,597</b>	<b>13,126,658</b>	<b>284,000,393</b>
<b>EXPENDITURES</b>				
Current:				
Administration	26,050,903	-	-	26,050,903
Mid-level Administration	12,365,018	-	-	12,365,018
Instructional Salaries	89,703,930	-	-	89,703,930
Textbooks and Instructional Supplies	3,771,408	-	-	3,771,408
Other Instructional Costs	5,652,291	-	-	5,652,291
Special Education	30,656,077	-	-	30,656,077
Pupil Personnel Services	2,637,602	-	-	2,637,602
Health Services	1,923,770	-	-	1,923,770
Pupil Transportation	18,464,171	-	-	18,464,171
Operation of Plant and Equipment	14,986,810	-	-	14,986,810
Maintenance of Plant	3,394,502	-	-	3,394,502
Fixed Charges	50,225,253	-	-	50,225,253
Community Services	1,843,946	-	-	1,843,946
Food Services:				
Cafeteria Salaries and Wages	-	2,111,953	-	2,111,953
Contracted Services	-	9,888	-	9,888
Food and Supplies	-	2,590,010	-	2,590,010
Other	-	787,368	-	787,368
Equipment	66,291	97,053	-	163,344
Student Activity	2,874,538	-	-	2,874,538
Capital Outlay	1,010,047	-	13,126,528	14,136,575
Debt Service -				
Principal	1,727,449	-	-	1,727,449
Interest	95,393	-	-	95,393
<b>Total Expenditures</b>	<b>267,449,399</b>	<b>5,596,272</b>	<b>13,126,528</b>	<b>286,172,199</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(4,775,261)</b>	<b>2,603,325</b>	<b>130.00</b>	<b>(2,171,806)</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,775,261)</b>	<b>2,603,325</b>	<b>130</b>	<b>(2,171,806)</b>
Fund Balance - Beginning of Year	28,829,474	1,376,227	92,698	30,298,399
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 24,054,213</b>	<b>\$ 3,979,552</b>	<b>\$ 92,828</b>	<b>\$ 28,126,593</b>

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, 2022**

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

**Net Changes in Fund Balances - Total Governmental Funds** \$ (2,171,806)

Capital outlays to purchase, lease 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 and right to use assets	\$ 13,111,336	
Loss on disposal	(89,278)	
Depreciation and amortization expense	<u>(10,912,353)</u>	2,109,705

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. 279,668

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:		
Change in Deferred outflows	(3,142,155)	
Change in Deferred Inflows	(11,755,846)	
Change in Net OPEB liability	<u>27,181,564</u>	12,283,563

Net Pension Expense:		
Change in Deferred outflows	1,487,406	
Change in Deferred Inflows	(4,932,117)	
Change in Net Pension liability	<u>4,597,087</u>	1,152,376

Lease proceeds provide current financial resources to governmental funds but issuing leases increases long-term liabilities in the Statement of Net Position. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.

Lease liability	1,727,450	
Accrued Interest- Lease Liability	<u>(81,446)</u>	<u>1,646,004</u>

**Change in Net Position of Governmental Activities** \$ 15,299,510

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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. 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 governmental 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), Capital Projects Fund (School Construction Fund) and Special Revenue Fund (Cafeteria Fund) have been presented as governmental activities in the government-wide financial statements.

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.

Separate financial statements are provided for governmental funds. 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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 120-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.

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.

*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 are derived from various governmental agencies and students. The child nutrition program is not intended to be self-sustaining from food sales.

*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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting Policies**

The accounting policies of Calvert County Public Schools conform to generally accepted accounting principles (GAAP) as related to governmental entities. All governmental 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 and Intangible Assets* – Capital assets, which include property, plant, equipment, infrastructure, and right-to-use assets, are reported in the governmental activities' columns in the government-wide financial statements.

- Capital and intangible 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 one year. Capital assets are recorded at acquisition cost or estimated historical cost if actual historical cost is not available. Right-to-use assets are reported at their present value at the inception of the lease agreement.
- Donated capital assets are valued at their estimated acquisition 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.

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. Right-to-use assets are amortized over the life of the related lease agreement.

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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting Policies (Continued)**

*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 unearned revenue until used and expenditures recorded.

*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 10-month and 11-month employees are paid over the summer for salaries earned during the previous school year.

*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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounting Policies (Continued)**

*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, 2022 which includes unused commodities at June 30, 2022, title does not pass to CCPS until the commodities are used.

*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. 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 GASB Statements 68 and 75.

*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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No.87 *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use of an underlying asset. Under this standard, as lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

CCPS adopted the requirements of the guidance effective July 1, 2021 and has applied the provision of this standard to the beginning of the period of adoption.

*Accrued Interest Lease Liability* – The accumulation of interest expense in-between contractual payment due dates.

**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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 accounting principles generally accepted in the United States of America, which is used for the fund financial statements, in that encumbrance, 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 schedule of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements is presented as required supplementary information to these financial statements.

**Net Position / Fund Balance Reporting**

*Net Position* – Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net invested in capital assets consists of capital assets, net of accumulated depreciation amortization, reduced by the outstanding balances of any capital related debt. As of June 30, 2022, the schools' had a right-to-use lease liability of \$2,341,657. 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. Unrestricted net position reflects the funds available for general operations.

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, Chief Financial Officer, or Director of Procurement and Resource Management may assign amounts for specific purposes.



**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position / Fund Balance Reporting (Continued)**

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.

**NOTE 2 CASH AND INVESTMENTS**

**Cash on Hand**

At June 30, 2022, cash on hand for petty cash and change funds was \$450.

**Deposits**

At year-end, the carrying amount of the Board's deposits was \$34,528,149 with corresponding bank balances of \$40,921,117. 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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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, 2022, \$12,500,000 for the Board's fiscal 2022 appropriation remained outstanding and was collected in July 2022.

The County's annual school construction appropriation to the Board is disbursed to the Board throughout each fiscal year. At June 30, 2022, \$65,108 for the Board's fiscal 2022 appropriation remained outstanding and was collected in August 2022.

**NOTE 4 RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND**

**A. Teachers Retirement and Pension Systems of the State of Maryland**

**General Information about the Plan**

*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 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 publicly available financial report that can be obtained at <https://sra.maryland.gov/>.

*Benefits provided.* The System provides retirement allowances and other benefits to State teachers of participating governmental units, among others. For individuals who become members of the Teachers' Retirement and Pension Systems on or before June 30, 2011, retirement/pension allowances are computed using both the highest three years Average Final Compensation (AFC) and the actual number of years of accumulated creditable service. For individuals who become members of the Teachers' Pension System on or after July 1, 2011, pension allowances are computed using both the highest five years AFC and the actual number of years of accumulated creditable service. Various retirement options are available under each system which ultimately determines how a retiree's benefits allowance will be computed. Some of these options require actuarial reductions based on the retiree's and/or designated beneficiary's attained age and similar actuarial factors.

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

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

A member of the Teachers' Pension System on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of the Teachers' Pension System on or after July 1, 2011, is eligible for full retirement benefits if the members' combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from either the Teachers' or 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 Teachers' or 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 on July 1, 2011, any new member of the Teachers' or 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 Teachers' or Employees' Pension System.

*Contributions.* 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 Board' Board of Trustees for the System.

Beginning in fiscal year 2017 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, 2022 was \$7,050,304. The State's contributions on behalf of the Board for the year ended June 30, 2022 was \$13,791,691. The fiscal year 2022 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.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- Teachers' Retirement and Pension Systems***

At June 30, 2022, Board did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for Board and Board pays the normal cost related to Board' members in the Teachers Retirement and Pension Systems; therefore, Board is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the State of Maryland. The amount recognized by Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with Board was as follows:

CCPS' proportionate share of the net pension liability	\$	-
State's proportionate share of net pension liability of CCPS		91,321,035
Total		\$ 91,321,035

The net pension liability was measured as of June 30, 2021, 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, 2022, the Board recognized pension expense of \$20,841,304 and revenue of \$13,791,691 in the General Fund for support provided by the State. In the Statement of Activities, the Board recognized pension expense of \$9,376,001 and revenue of \$2,325,697 for support provided by the State. Due to the special funding situation noted above related to the Teachers Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers Retirement and Pension Systems.

*Actuarial assumptions.* The total pension liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 11.25%
Investment Rate of Return	6.80%

Mortality rates were based on Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

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

The economic and demographic actuarial assumptions used in the June 30, 2021, valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 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, 2019. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.25% were used in the June 30, 2021, valuation.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	37%	4.70%
Private Equity	13%	6.50%
Rate Sensitive	19%	-0.40%
Credit Opportunity	9%	2.60%
Real Assets	14%	4.20%
Absolute Return	8%	2.00%
Total	<u>100 %</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2021.

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 26.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for amounts actually invested.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

*Discount rate.* The single discount rate used to measure the total pension liability was 6.80%. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. 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 plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability

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

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.  
<https://sra.maryland.gov/annual-financial-reports>

*Contributions* The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2022, 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, 2022, of \$1,793,427.

**EMPLOYEES' RETIREMENT AND PENSION SYSTEMS**

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

At June 30, 2022, the Board reported a liability of \$11,252,614 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021, 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, 2022. The contributions were increased to adjust for differences between actuarially determined contributions and actual contributions by the state of Maryland. As of June 30, 2022 the Board's proportionate share was 0.07501%, which is an increase of 0.0049% from its proportion measured as of June 30, 2021.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**EMPLOYEES' RETIREMENT AND PENSION SYSTEMS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and  
Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2022, the Board recognized pension expense of \$641,050. At June 30, 2022, 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	\$ -	\$ 720,153
Changes in Assumptions	2,169,868	215,659
Change in Proportion	2,021,552	344,203
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	5,210,737
Changes in Proportionate Share of Contributions	153	447
Board Contributions Subsequent to the Measurement Date	1,793,427	-
Total	<u>\$ 5,985,000</u>	<u>\$ 6,491,199</u>

\$1,793,427 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, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (724,314)
2024	(363,265)
2025	(573,234)
2026	(932,519)
2027	293,706

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

Pension 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 7.40%, 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 6.40%	Current Discount Rate 7.40%	1% Increase 8.40%
CCPS' Proportionate Share of the Net Pension Liability	\$ 19,164,779	\$ 11,252,614	\$ 4,689,526

Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report. <https://sra.maryland.gov/annual-financial-reports>

**NOTE 5 CAPITAL ASSETS**

Capital and right-to-use assets activity for the year ended June 30, 2022 was as follows:

	Balance at July 1, 2021	Increases/ Adjustments	Decreases/ Adjustments	Transfers	Balance at June 30, 2022
<b>Capital Assets Not Being Depreciated</b>					
Land	\$ 3,842,081	\$ -	\$ -	\$ -	\$ 3,842,081
Construction in Progress	5,100,113	12,850,268	-	(6,224,899)	11,725,482
Total Capital Assets Not Being Depreciated	8,942,194	12,850,268	-	(6,224,899)	15,567,563
<b>Capital Assets Being Depreciated and Amortized</b>					
Land Improvements	10,358,642	-	-	1,496,565	11,855,207
Buildings and Improvements	392,798,076	26,661	191,620	4,728,334	397,361,451
Equipment	8,378,788	87,976	179,285	-	8,287,479
Food Service Equipment	1,604,714	146,431	15,500	-	1,735,645
<b>Right-to-Use Assets</b>					
Equipment	4,068,996	-	-	-	4,068,996
Total Capital Assets Being Depreciated and Amortized	417,209,216	261,068	386,405	6,224,899	423,308,778
<b>Less - Accumulated Depreciation</b>					
Land Improvements	4,405,361	359,560	-	-	4,764,921
Buildings and Improvements	138,816,112	8,421,940	140,521	-	147,097,531
Equipment	5,090,450	559,661	141,106	-	5,509,005
Food Service Equipment	1,383,119	45,825	15,500	-	1,413,444
<b>Less - Accumulated Amortization</b>					
Equipment	-	1,525,367	-	-	1,525,367
Total Accumulated Depreciation and Amortization	149,695,042	10,912,353	297,127	-	160,310,268
Total Capital Assets Being Depreciated and Amortization, Net	267,514,174	(10,651,285)	89,278	-	262,998,510
Capital Assets, Net	\$ 276,456,368	\$ 2,198,983	\$ 89,278	\$ -	\$ 278,566,073



**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

The Board experienced a loss on disposals of \$89,278 during the year ended June 30, 2022.

Depreciation and amortization expense for the year ended June 30, 2022 was charged to governmental functions as follows:

Instruction:

Regular Education	\$ 168,574
Special Education	8,571

Support Services:

Administration	37,934
Mid-Level Administration	9,265
Transportation	5,383
Operation of Plant and Equipment	10,407,354
Maintenance of Plant	236,039
Food Service	39,233
Total	\$ 10,912,353

The schools had the follow active construction in process as of June 30, 2022. The construction projects are supported by the Maryland State Department of Education (MSDE).

**Construction projects**

	<u>Spent to date</u>
Beach Elementary	\$ 9,606,745
Calvert Elementary	134,910
Huntingtown Elementary	141,169
Northern High Construction	192,475
Northern High/Northern Middle	292,359
Southern Middle HVAC	1,217,644
School Safety & Security	140,180
Total	\$ 11,725,482

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 6 LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 4,542,045	\$ -	\$ (279,668)	\$ 4,262,377	\$ 281,031
Lease Liability	4,068,996	-	(1,727,449)	2,341,547	1,389,861
Net Pension Liability	15,849,701	-	(4,597,087)	11,252,614	-
Net OPEB Liability	66,178,327	-	(27,181,564)	38,996,763	-
Total Governmental Activities	<u>\$ 90,639,069</u>	<u>\$ -</u>	<u>\$ (33,785,768)</u>	<u>\$ 56,853,301</u>	<u>\$ 1,670,892</u>

**Leases**

CCPS leases equipment for various terms under long-term, non-cancelable equipment lease agreements at 4% interest. The leases expire at various dates through 2025 and with no renewal options.

Governmental Activities

	<u>Principal</u>	<u>Interest</u>
2023	\$ 1,389,890	\$ 40,162
2024	814,877	7,602
2025	136,780	2,078
Total minimum lease Payments	<u>\$ 2,341,547</u>	<u>\$ 49,842</u>

Right-to-use assets acquired through outstanding leases are shown below, by underlying asset class.

Governmental Activities

Equipment	\$ -
Less: accumulated amortization	(1,525,367)
Total	<u>\$ (1,525,367)</u>

**NOTE 7 POSTEMPLOYMENT BENEFITS**

**PLAN DESCRIPTION**

The Board participates in the Calvert County, Maryland Post-Retirement Medical Plan (the Plan), a cost-sharing multiemployer 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 the fiduciary financial statements for all Plan assets and required supplementary information. The 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, 2022**

**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, 2022 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 set the employer contribution rate based on the actuarially determined annual required contribution. The Board's contribution for the year ended June 30, 2022 was \$6,086,402, which 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.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The schools and County are required to obtain separate OPEB actuary valuation for the determination of the net OPEB liability. At June 30, 2022, the Board reported a liability of \$38,996,763 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2022 the Board's proportionate share of the Plan's fiduciary assets was 72%, a decrease of 1%.

For the year ended June 30, 2022, the Board recognized OPEB expense of \$2,589,546. At June 30, 2022, 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	\$ 662,361	\$ 10,645,043
Changes of Assumptions	-	26,112,268
Net Difference Between Projected and Actual Earnings on OPEB Plan investments	-	15,381,925
CCPS' Contributions Subsequent to the Measurement Date	6,086,402	-
Total	<u>\$ 6,748,763</u>	<u>\$ 52,139,236</u>

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 POSTEMPLOYMENT BENEFITS (CONTINUED)**

\$6,086,402 reported as deferred outflows of resources inflows of resources from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (10,762,812)
2024	(10,189,615)
2025	(10,954,807)
2026	(11,499,491)
2027	(7,006,194)
Thereafter	(1,063,956)

*Actuarial assumptions.* The total OPEB liability in the June 30, 2022, 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	2.50%
Investment Rate of Return	7.00% percent, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	The trend for 2021 is 5.20%. The ultimate trend is 3.94% (pre-Medicare) and 3.94% (post-Medicare)

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>
U.S. Equity	56.0%	13.3%
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, 2022**

**NOTE 7 POSTEMPLOYMENT BENEFITS (CONTINUED)**

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 7%. 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 7.00% increased 0% from 2021. 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 (6.00%) or 1-percentage-point higher (8.0%) than the current discount rate:

	1% Decrease <u>6.00%</u>	Rates <u>7.00%</u>	1% Increase <u>8.00%</u>
Total OPEB Liability	\$ 183,412,255	\$ 159,293,499	\$ 139,599,928
Fiduciary	(120,296,736)	(120,296,736)	(120,296,736)
Net OPEB Liability	<u>\$ 63,115,519</u>	<u>\$ 38,996,763</u>	<u>\$ 19,303,192</u>

*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 (5.40% decreasing to 4.40%) or 1-percentage-point higher (5.40% increasing to 6.40%) than the current healthcare cost trend rates:

	1% Decrease <u>6.00%</u>	Healthcare Cost Trend Rates <u>7.00%</u>	1% Increase <u>8.00%</u>
Total OPEB Liability	\$ 137,824,772	\$ 159,293,499	\$ 186,295,503
Fiduciary	(120,296,736)	(120,296,736)	(120,296,736)
Net OPEB Liability	<u>\$ 17,528,036</u>	<u>\$ 38,996,763</u>	<u>\$ 65,998,767</u>

*OPEB plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued in Calvert County's Annual Comprehensive Financial Report.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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.

Workers Compensation

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 them 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.

Self-Insurance Fund

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, 2022, the Board has a balance of \$610,038 in their rate stabilization fund held with the insurance carrier, this is included in the cash and cash equivalents for the general fund.

Processed claims by the insurance carrier have not exceeded the annual claim premiums during the past three years.

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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.

	Assigned Encumbrances
Administration	\$ 144,544
Textbooks and Supplies	5,483
Other Instructional Costs	148,051
Special Education	2,131
Pupil Transportation	125
Operation of Plant	166,400
Maintenance of Plant	3,684
Fixed Charges	1,300,473
Capital Outlay	481,991
Total	\$ 2,252,881

**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 FUND BALANCE**

Fund Balance at June 30, 2022 consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
<b>Fund Balances</b>				
<b>Nonspendable for:</b>				
Inventory	\$ 35,819	\$ 117,058	\$ -	\$ 152,877
Total Nonspendable	<u>35,819</u>	<u>117,058</u>	<u>-</u>	<u>152,877</u>
<b>Restricted for:</b>				
Administration	42,958	-	-	42,958
Mid-Level Administration	42,101	-	-	42,101
Instructional Salaries	847,247	-	-	847,247
Textbooks and Supplies	539,229	-	-	539,229
Other Instructional Costs	348,710	-	-	348,710
Special Education	497,601	-	-	497,601
Pupil Transportation	90,723	-	-	90,723
Operation of Plant	49,120	-	-	49,120
Community Services	79,207	-	-	79,207
Capital Outlay	-	-	92,828	92,828
Food Service	-	23,143	-	23,143
Total Restricted	<u>2,536,896</u>	<u>23,143</u>	<u>92,828</u>	<u>2,652,867</u>
<b>Committed for:</b>				
Healthcare	4,000,000	-	-	4,000,000
Risk Mgmt/COVID	1,500,000	-	-	1,500,000
Premium Holiday	720,081	-	-	720,081
Salaries/Benefits	6,333,409	-	-	6,333,409
Food Service	-	3,839,351	-	3,839,351
Total Committed	<u>12,553,490</u>	<u>3,839,351</u>	<u>-</u>	<u>16,392,841</u>
<b>Assigned for:</b>				
Student Activity Funds	1,628,788	-	-	1,628,788
Total Assigned	<u>1,628,788</u>	<u>-</u>	<u>-</u>	<u>1,628,788</u>
<b>Unassigned:</b>				
	<u>7,299,220</u>	<u>-</u>	<u>-</u>	<u>7,299,220</u>
Total Fund Balances	<u>\$ 24,054,213</u>	<u>\$ 3,979,552</u>	<u>\$ 92,828</u>	<u>\$ 28,126,593</u>



**CALVERT COUNTY PUBLIC SCHOOLS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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 GENERAL FUND — UNRESTRICTED AND RESTRICTED  
YEAR ENDED JUNE 30, 2022**

	Budget			Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
<b>Revenues</b>					
Local Sources	\$ 140,028,222	\$ 3,797,868	\$ 143,826,090	\$ 138,883,109	\$ (4,942,981)
State Sources	94,640,115	97,440	94,737,555	94,130,174	(607,381)
Federal Sources	13,683,953	29,701,078	43,385,031	12,377,468	(31,007,563)
Use of Prior Year Fund Balance	6,954,669	5,098,408	12,053,077	16,463	(12,036,614)
Total Revenues	<u>255,306,959</u>	<u>38,694,794</u>	<u>294,001,753</u>	<u>245,407,214</u>	<u>(48,594,539)</u>
<b>Expenditures</b>					
Administration	7,455,620	5,212,384	12,668,004	12,259,212	408,792
Mid-level Administration	12,516,259	1,555,840	14,072,099	12,365,018	1,707,081
Instructional Salaries	94,763,484	9,680,517	104,444,001	89,703,930	14,740,071
Textbooks and Instructional Supplies	3,807,961	1,331,496	5,139,457	3,771,408	1,368,049
Other Instructional Costs	6,312,151	2,824,252	9,136,403	5,652,291	3,484,112
Special Education	31,161,581	3,702,304	34,863,885	30,656,077	4,207,808
Pupil Personnel Services	2,793,879	31,539	2,825,418	2,637,602	187,816
Health Services	1,887,822	611,827	2,499,649	1,923,770	575,879
Pupil Transportation	16,144,940	3,626,336	19,771,276	18,464,171	1,307,105
Operation of Plant	17,265,526	491,504	17,757,030	16,809,652	947,378
Maintenance of Plant	3,547,957	-	3,547,957	3,394,502	153,455
Fixed Charges	54,622,890	3,553,148	58,176,038	50,225,253	7,950,785
Food Services	3,354	183,966	187,320	66,291	121,029
Community Services	1,944,225	616,631	2,560,856	1,843,946	716,910
Capital Outlay	1,079,310	5,273,050	6,352,360	1,010,047	5,342,313
Total Expenditures	<u>255,306,959</u>	<u>38,694,794</u>	<u>294,001,753</u>	<u>250,783,170</u>	<u>43,218,583</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(5,375,956)</u>	<u>\$ (5,375,956)</u>
Fund Balance - Budgetary Basis - Beginning of Year				24,805,524	
Fund Balance - Budgetary Basis - End of Year				<u>19,429,568</u>	
Encumbrances Outstanding as of June 30, 2022				2,252,881	
Encumbrances- Accounts Payable as of June 30, 2022				1,771,070	
Net Change in Encumbrances from June 30, 2021				(21,754)	
Student Activity				622,448	
Fund Balance - GAAP Basis - End of Year				<u>\$ 24,054,213</u>	

**CALVERT COUNTY PUBLIC SCHOOLS  
RECONCILIATION OF DIFFERENCE BETWEEN BUDGETARY INFLOWS AND  
OUTFLOWS GAAP BASIS REVENUES AND EXPENDITURES  
GENERAL FUND  
YEAR ENDED JUNE 30, 2022**

**Revenues**

Budgetary Basis		\$ 245,407,215
Add:	Pension Contribution Paid by the State of Maryland	13,791,691
Add:	Student Activity Fund Balance	<u>3,475,232</u>
	Total Revenues (GAAP Basis)	<u><u>\$ 262,674,138</u></u>

**Expenditures**

Budgetary Basis		\$ 250,783,170
Add:	Pension Contribution Paid by the State of Maryland	13,791,691
Add:	Student Activity Fund Balance	2,852,784
Add:	Change in Encumbrances, net	<u>21,754</u>
	Total Expenditures and Other Financing Uses (GAAP Basis)	<u><u>\$ 267,449,399</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, 2022**

Measurement Date June 30,

**Employees' Retirement and Pension System:**

	2021	2020	2019	2018	2017	2016	2015	2014
CCPS' proportionation of the net pension liability	0.070127200%	0.070127200%	0.067068400%	0.063931900%	0.057746900%	0.066916300%	0.068952800%	0.063737680%
CCPS' proportionate share of the net pension liability	\$ 11,252,614	\$ 15,849,701	\$ 13,833,267	\$ 13,416,936	\$ 12,487,018	\$ 15,788,250	\$ 14,329,572	\$ 11,311,354
CCPS' covered employee payroll	16,835,653	15,931,788	15,242,570	14,893,973	14,469,213	14,172,855	15,480,738	14,770,745
CCPS' proportionate share of the net pension liability as a percentage of its covered employee payroll	66.84%	99.48%	90.75%	90.08%	86.30%	111.40%	92.56%	76.58%
Plan fiduciary net position as a percentage of the total pension liability	76.76%	66.29%	68.36%	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%	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	91,321,035	145,104,827	138,260,185	137,773,982	145,089,938	170,642,937	141,629,004	152,207,986
Total	91,321,035	145,104,827	138,260,185	137,773,982	145,089,938	170,642,937	141,629,004	152,207,986
CCPS' covered employee payroll		\$ 115,671,945	\$ 114,372,165	\$ 110,893,973	\$ 111,359,818	\$ 112,124,454	\$ 104,835,359	\$ 106,780,951
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%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	85.40%	73.84%	73.35%	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, 2022**

**Employees' Retirement and Pension System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,793,427	\$ 1,652,773	\$ 1,503,572	\$ 1,377,248	\$ 1,274,850	\$ 1,175,347	\$ 1,303,584	\$ 1,452,337	\$ 1,484,557	\$ 1,362,356
Contributions in relation to the contractually required contribution	1,793,427	1,652,773	1,503,572	1,377,248	1,274,850	1,175,347	1,303,584	1,452,337	1,484,557	1,362,356
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 16,835,653	\$ 16,140,361	\$ 15,931,788	\$ 15,242,570	\$ 14,893,973	\$ 14,469,213	\$ 14,172,855	\$ 15,480,738	\$ 14,770,745	\$ 15,062,796
Contributions as a percentage of covered-employee payroll	11%	10%	9%	9%	9%	8%	9%	9%	10%	9%

**Teachers' Retirement and Pension System**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 7,050,304	\$ 5,260,512	\$ 5,180,760	\$ 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	(7,050,304)	5,260,512	5,180,760	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	\$ 125,203,943	\$ 121,933,843	\$ 115,671,945	\$ 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	-6%	4%	4%	4%	5%	4%	5%	4%	3%	3%

\* The Board was not contractually required to contribute to the Teachers' Retirement and Pension System prior to FY 2013.

**CALVERT COUNTY PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTES TO THE SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY AND  
SCHEDULE OF CONTRIBUTIONS  
MARYLAND STATE RETIREMENT AND PENSION SYSTEM  
YEAR ENDED JUNE 30, 2022**

**NOTE 1 - CHANGES IN BENEFIT TERMS**

There were no benefit changes during the years 2015 through 2021

**NOTE 2 - CHANGES IN ASSUMPTIONS**

Inflation assumptions changed as follows:

- 6/30/2021 2.30%
- 6/30/2020 2.30%
- 6/30/2019 2.55%
- 6/30/2018 2.60%
- 6/30/2017 2.65%
- 6/30/2016 2.70%
- 6/30/2015 2.70%

Investment return assumption changed as follows:

- 6/30/2021 7.00%
- 6/30/2020 7.00%
- 6/30/2019 7.40%
- 6/30/2018 7.50%
- 6/30/2017 7.50%
- 6/30/2016 7.55%
- 6/30/2015 7.65%

**CALVERT COUNTY PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET OPEB PLAN LIABILITY AND RELATED RATIOS  
YEAR ENDED JUNE 30, 2022**

Measurement Date June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB liability</b>					
Service cost	\$ 4,518,335	\$ 4,412,132	\$ 6,669,752	\$ 6,368,499	\$ 6,135,356
Interest	10,558,582	10,111,728	10,081,986	9,527,162	9,017,419
Differences between expected and actual experience	(3,490,514)	883,147	(11,342,148)	(903,606)	-
Changes of assumptions	-	(2,413,804)	(38,883,065)	-	-
Benefit payments	(6,080,402)	(6,422,787)	(5,423,001)	(5,090,844)	(5,775,000)
<b>Net change in total OPEB liability</b>	5,506,001	6,570,416	(38,896,476)	9,901,211	9,377,775
<b>Total OPEB liability - beginning</b>	153,793,498	147,223,082	186,119,558	176,218,347	166,840,572
<b>Total OPEB liability - ending (a)</b>	<u>\$ 159,299,499</u>	<u>\$ 153,793,498</u>	<u>\$ 147,223,082</u>	<u>\$ 186,119,558</u>	<u>\$ 176,218,347</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 10,030,402	\$ 15,710,589	\$ 12,199,228	\$ 20,494,356	\$ 5,775,000
Net investment income	28,737,565	2,882,769	2,253,623	6,592,500	5,934,703
adjustments	-	-	(1,115,319)	-	-
Benefit payments	(6,080,402)	(6,422,787)	(5,423,001)	(5,090,844)	(5,775,000)
Administrative expense	-	-	-	-	-
<b>Net change in plan fiduciary net position</b>	32,687,565	12,170,571	7,914,531	21,996,012	5,934,703
<b>Total fiduciary net position - beginning</b>	87,615,171	75,444,600	67,530,069	45,534,057	39,599,354
<b>Total fiduciary net position - ending (b)</b>	<u>\$ 120,302,736</u>	<u>\$ 87,615,171</u>	<u>\$ 75,444,600</u>	<u>\$ 67,530,069</u>	<u>\$ 45,534,057</u>
<b>CCPS' net OPEB liability - ending (a) - (b)</b>	<u>\$ 38,996,763</u>	<u>\$ 66,178,327</u>	<u>\$ 71,778,482</u>	<u>\$ 118,589,489</u>	<u>\$ 130,684,290</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	75.52%	56.97%	51.25%	36.28%	25.84%
<b>Covered-employee payroll</b>	\$ 138,266,172	\$ 134,893,826	\$ 131,603,733	\$ 129,614,735	\$ 131,572,919
<b>CCPS' net OPEB liability as a percentage of covered-employee payroll</b>	28%	49%	55%	91%	99%

**Notes to Schedule:**

*Benefit Changes* None  
*Changes of assumptions.* None

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 PLAN CONTRIBUTIONS  
YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018
Contribution	\$ 6,086,402	\$ 6,422,787	\$ 9,287,802	\$ 6,086,402	\$ 15,066,644
Contributions in relation to the Contractually required contribution	<u>6,086,402</u>	<u>6,422,787</u>	<u>9,287,802</u>	<u>12,199,228</u>	<u>15,066,644</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,112,826)</u>	<u>-</u>
 CCPS' covered-employee payroll	 \$ 138,266,172	 \$ 134,893,826	 \$ 131,603,733	 \$ 129,614,735	 \$ 131,572,919
 Contributions as a percentage of covered-employee payroll	 4.40%	 4.76%	 7.06%	 9.41%	 11.45%

**Notes to Schedule:**

Valuation date:                                      July 1, 2021                      July 1, 2020                      June 30, 2019

Methods and assumptions used to determine  
contribution rates:

Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Inflation	2.30%	2.30%	2.30%
Healthcare cost trend rates	The trend for 2021 is The trend for 2021 is The trend for 2019 is 5.40%. The ultimate trend is The ultimate trend is The ultimate trend is 4.06% (pre-Medicare) and 3.94% (post-Medicare)		
Salary increases	2.50%	2.50%	2.50%
Investment rate of return	7.00%	7.00%	5.50%
Retirement age	45	45	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**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —**  
**BUDGET AND ACTUAL GENERAL FUND — UNRESTRICTED**  
**YEAR ENDED JUNE 30, 2022**

	Budget			Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
<b>Revenues</b>					
Local Sources	\$ 135,113,250	\$ 1,300,000	\$ 136,413,250	\$ 137,632,933	\$ 1,219,683
State Sources	89,910,435	-	89,910,435	89,955,650	45,215
Federal Sources	701,730	-	701,730	710,679	8,949
Use of Prior Year Fund Balance	6,954,669	5,098,408	12,053,077	16,463	(12,036,614)
Total Revenues	232,680,084	6,398,408	239,078,492	228,315,725	(10,762,767)
<b>Expenditures</b>					
Administration	7,189,003	5,098,408	12,287,411	12,062,057	225,354
Mid-level Administration	12,423,543	-	12,423,543	12,198,949	224,594
Instructional Salaries	89,386,101	(1,447,000)	87,939,101	86,532,901	1,406,200
Textbooks and Instructional Supplies	2,421,554	(19,500)	2,402,054	2,203,178	198,876
Other Instructional Costs	4,656,574	344,500	5,001,074	4,459,445	541,629
Special Education	25,911,020	-	25,911,020	25,113,624	797,396
Pupil Personnel Services	2,685,450	-	2,685,450	2,509,245	176,205
Health Services	1,822,421	-	1,822,421	1,726,529	95,892
Pupil Transportation	15,739,496	2,592,000	18,331,496	18,185,266	146,230
Operation of Plant	16,650,177	-	16,650,177	16,338,833	311,344
Maintenance of Plant	3,547,957	-	3,547,957	3,394,502	153,455
Fixed Charges	49,229,250	(170,000)	49,059,250	48,066,952	992,298
Capital Outlay	1,017,538	-	1,017,538	900,200	117,338
Total Expenditures	232,680,084	6,398,408	239,078,492	233,691,681	5,386,811
Excess (Deficiency) of Revenues					
Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ (5,375,956)	\$ 5,375,956

**CALVERT COUNTY PUBLIC SCHOOLS  
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —  
BUDGET AND ACTUAL GENERAL FUND — RESTRICTED  
YEAR ENDED JUNE 30, 2022**

	Budget			Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
<b>Revenues</b>					
Local Sources	\$ 4,914,972	\$ 2,497,868	\$ 7,412,840	\$ 1,250,176	\$ (6,162,664)
State Sources	4,729,680	97,440	4,827,120	4,174,524	(652,596)
Federal Sources	12,982,223	29,701,078	42,683,301	11,666,789	(31,016,512)
Total Revenues	22,626,875	32,296,386	54,923,261	17,091,489	(37,831,772)
<b>Expenditures</b>					
Administration	266,617	113,976	380,593	197,155	183,438
Mid-level Administration	92,716	1,555,840	1,648,556	166,068	1,482,488
Instructional Salaries	5,377,383	11,127,517	16,504,900	3,171,029	13,333,871
Textbooks and Instructional Supplies	1,386,407	1,350,996	2,737,403	1,568,231	1,169,172
Other Instructional Costs	1,655,577	2,479,752	4,135,329	1,192,847	2,942,482
Special Education	5,250,561	3,702,304	8,952,865	5,542,453	3,410,412
Pupil Personnel Services	108,429	31,539	139,968	128,358	11,610
Health Services	65,401	611,827	677,228	197,241	479,987
Pupil Transportation	405,444	1,034,336	1,439,780	278,905	1,160,875
Operation of Plant	615,349	491,504	1,106,853	470,819	636,034
Fixed Charges	5,393,640	3,723,148	9,116,788	2,158,300	6,958,488
Food Services	3,354	183,966	187,320	66,291	121,029
Community Services	1,944,225	616,631	2,560,856	1,843,946	716,910
Capital Outlay	61,772	5,273,050	5,334,822	109,846	5,224,976
Total Expenditures	22,626,875	32,296,386	54,923,261	17,091,489	37,831,772
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -

**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, 2022**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>REVENUE</b>			
From Local Sources:			
County Funds	\$ 136,005,250	\$ 136,005,250	-
Tuition	100,000	137,786	37,786
Interest and Other	7,720,840	2,740,073	(4,980,767)
Prior-Year Fund Balance	12,053,077	16,463	(12,036,614)
Total from Local Sources	<u>155,879,167</u>	<u>138,899,572</u>	<u>(16,979,595)</u>
From State Sources:			
Current Expense	77,543,518	77,588,733	45,215
Kirwan-TSIG	1,493,954	1,493,954	-
Transportation	6,472,705	6,472,705	-
Handicapped Children	4,527,755	4,527,755	-
Other thru MSDE	1,899,046	1,662,342	(236,704)
State from Other Sources	2,800,577	2,384,685	(415,892)
Total from State Sources	<u>94,737,555</u>	<u>94,130,174</u>	<u>(607,381)</u>
From United States Government sources:			
Directly Received	35,997,874	9,722,923	(26,274,951)
U.S. Navy - NJROTC	271,730	250,000	(21,730)
Received through Other Sources	7,115,427	2,404,546	(4,710,881)
Total from Federal Sources	<u>43,385,031</u>	<u>12,377,469</u>	<u>(31,007,562)</u>
 Total Revenue	 <u>\$ 294,001,753</u>	 <u>\$ 245,407,215</u>	 <u>\$ (48,594,538)</u>

**CALVERT COUNTY PUBLIC SCHOOLS  
GENERAL FUND (CURRENT EXPENSE FUND) — BUDGETARY BASIS  
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —  
(BUDGET AND ACTUAL) (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>EXPENDITURES AND ENCUMBRANCES</b>			
Administration:			
Salaries and Wages	\$ 4,915,197	\$ 4,928,065	\$ (12,868)
Contracted Services	1,654,166	1,490,177	163,989
Supplies and Materials	64,450	45,875	18,575
Equipment	311,285	299,447	11,838
Outgoing Transfers	5,465,227	5,285,291	179,936
Other Charges	257,679	210,357	47,322
Total Administration	<u>12,668,004</u>	<u>12,259,212</u>	<u>408,792</u>
Mid-Level Administration:			
Salaries and Wages	13,730,074	12,121,431	1,608,643
Contracted services	2,100	1,050	1,050
Supplies and Materials	81,660	54,458	27,202
Other Charges	200,649	152,710	47,939
Equipment	57,616	35,369	22,247
Total Mid-Level Administration	<u>14,072,099</u>	<u>12,365,018</u>	<u>1,707,081</u>
Instructional Salaries	104,444,001	89,703,930	14,740,071
Textbooks and Instructional Supplies	5,139,457	3,771,408	1,368,049
Other Instructional Costs:			
Contracted Services	2,493,760	1,210,595	1,283,165
Other Charges	3,296,825	1,833,207	1,463,618
Equipment	3,325,735	2,593,684	732,051
Outgoing Transfers	20,083	14,805	5,278
Total Other Instructional Costs	<u>9,136,403</u>	<u>5,652,291</u>	<u>3,484,112</u>
Special Education:			
Salaries and Wages	29,957,829	27,014,135	2,943,694
Contracted Services	1,613,058	833,177	779,881
Supplies and Materials	613,131	534,920	78,211
Other Charges	390,298	170,878	219,420
Equipment	146,971	50,747	96,224
Outgoing Transfers	2,142,599	2,052,220	90,379
Total Special Education	<u>34,863,886</u>	<u>30,656,077</u>	<u>4,207,809</u>
Pupil Personnel Services:			
Salaries and Wages	2,236,475	2,206,807	29,668
Contracted Services	413,016	328,438	84,578
Supplies and Materials	24,379	20,224	4,155
Other Charges	122,786	54,993	67,793
Equipment	28,762	27,141	1,621
Total Pupil Personnel Services	<u>2,825,418</u>	<u>2,637,603</u>	<u>187,815</u>
Health Services:			
Salaries and Wages	2,396,621	1,841,775	554,846
Contracted Services	5,900	387	5,513
Supplies and Materials	43,208	38,110	5,098
Other Charges	22,150	18,883	3,267
Equipment	31,770	24,615	7,155
Total Health Services	<u>2,499,649</u>	<u>1,923,770</u>	<u>575,879</u>

**CALVERT COUNTY PUBLIC SCHOOLS  
GENERAL FUND (CURRENT EXPENSE FUND)- BUDGETARY BASIS  
DETAILED SCHEDULE OF REVENUE, EXPENDITURES, AND  
ENCUMBRANCES (BUDGET TO ACTUAL)  
YEAR ENDED JUNE 30, 2022**

EXPENDITURES AND ENCUMBRANCES (Continued)	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Pupil Transportation:			
Salaries and Wages	\$ 1,913,080	\$ 1,779,851	\$ 133,229
Contracted Services	17,754,300	16,597,552	1,156,748
Supplies and Materials	9,400	2,594	6,806
Other Charges	39,900	32,754	7,146
Equipment	54,596	51,420	3,176
Total Pupil Transportation	<u>19,771,276</u>	<u>18,464,171</u>	<u>1,307,105</u>
Operation of Plant:			
Salaries and Wages	9,838,581	9,569,313	269,268
Contracted Services	1,034,107	884,694	149,413
Supplies and Materials	1,114,717	883,005	231,712
Other Charges	5,287,034	5,290,181	(3,147)
Equipment	482,591	182,459	300,132
Total Operation of Plant	<u>17,757,030</u>	<u>16,809,652</u>	<u>947,378</u>
Maintenance of Plant:			
Salaries and Wages	2,652,007	2,577,087	74,920
Contracted Services	287,000	266,668	20,332
Supplies and Materials	604,050	548,532	55,518
Other Charges	4,900	2,215	2,685
Total Maintenance of Plant	<u>3,547,957</u>	<u>3,394,502</u>	<u>153,455</u>
Fixed Charges			
Other Charges	58,176,038	50,412,136	7,763,902
Outgoing Transfers	-	(186,883)	186,883
Total Fixed Charges	<u>58,176,038</u>	<u>50,225,253</u>	<u>7,950,785</u>
Food Services			
Salaries and Wages	106,620	-	106,620
Equipment	80,700	66,291	14,409
Total Food Services	<u>187,320</u>	<u>66,291</u>	<u>121,029</u>
Community Services:			
Salaries and Wages	1,865,072	1,329,001	536,071
Contracted Services	164,069	155,370	8,699
Supplies and Materials	423,948	298,942	125,006
Other Charges	91,818	44,874	46,944
Equipment	15,950	15,759	191
Total Community Services	<u>2,560,857</u>	<u>1,843,946</u>	<u>716,911</u>
Capital Outlay:			
Salaries and Wages	272,318	272,891	(573)
Contracted Services	466,728	136,355	330,373
Supplies and Materials	500	438	62
Other Charges	2,700	1,920	780
Equipment	5,610,112	598,442	5,011,670
Total Capital Outlay	<u>6,352,358</u>	<u>1,010,046</u>	<u>5,342,312</u>
Total Expenditures and Encumbrances	<u>294,001,753</u>	<u>250,783,170</u>	<u>43,218,583</u>
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	<u>\$ -</u>	<u>\$ (5,375,955)</u>	<u>\$ (5,375,955)</u>