

FREDERICK COUNTY PUBLIC SCHOOLS

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

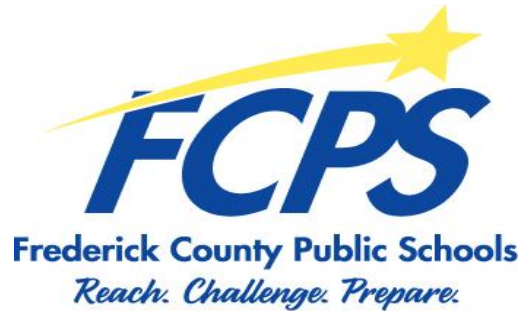


Frederick County Public Schools
Reach. Challenge. Prepare.

191 S. East Street
Frederick, MD 21701

www.fcps.org

Board of Education of Frederick County, Maryland
A Component Unit of Frederick County, Maryland



Frederick County Public Schools

Board of Education of Frederick County, Maryland

A Component Unit of Frederick County, Maryland

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

Prepared by:

Frederick County Public Schools
Budget & Finance Department
Fiscal Services Division, Business Services Group

Robert G. Reilly, CPA
Director of Budget & Finance

Leslie R. Pellegrino, CPA
Chief Financial Officer

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FREDERICK COUNTY PUBLIC SCHOOLS

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2016

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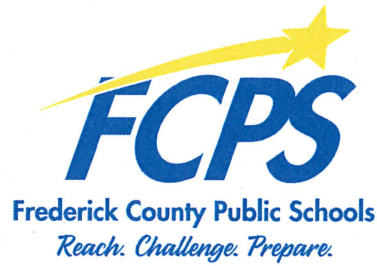
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INTRODUCTORY SECTION



September 30, 2016

Members of the Board of Education and Citizens of Frederick County, Maryland:

In compliance with the Public School Laws of the State of Maryland, the Budget and Finance Department publishes the Comprehensive Annual Financial Report (CAFR) of the Frederick County Public School System (FCPS). This CAFR is a thorough and detailed presentation of FCPS' financial position, activities and balances for the fiscal year (FY) ended June 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The FCPS financial statements have been audited by SB & Company, LLC, an independent firm of certified public accountants. SB & Company has issued an unmodified "clean" opinion on the FCPS financial statements for the fiscal year ended June 30, 2016. The independent auditor's report is presented as the first component of the financial section of this report. FCPS is also required to undergo a federally mandated "single audit" designed to meet the special needs of federal grantor agencies. In addition to reporting on the fair presentation of the financial statements, the single audit places special emphasis on internal controls and legal requirements involved in the administration of federal awards. The single audit is available separately from the CAFR.

All funds and accounts of the Board are included in this CAFR. For financial reporting purposes, FCPS has been defined as a component unit of the Frederick County Government. Therefore, FCPS is included in the Comprehensive Annual Financial Report of Frederick County.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. FCPS' MD&A can be found at the beginning of the Financial Section after the independent auditor's report.

FCPS Profile

The Board of Education of Frederick County is the elected body, corporate and politic, established under Maryland law to provide public education to children in pre-kindergarten through grade 12 residing within the borders of Frederick County, Maryland. The Board is composed of seven at-large members serving four-year terms and one student representative serving a one-year term. The Board determines educational policy and employs a superintendent of schools to administer the school system.

FCPS provided general education, special education and vocational education to 40,720 students during fiscal year 2016 within 66 schools. Projected total enrollment for fiscal year 2017 is 40,819 students.

During the 2016 school year, FCPS had three charter schools – Monocacy Valley Montessori Public Charter School (MVMPCS), Carroll Creek Montessori Charter School (CCMCS) and Frederick Classical Public Charter School (FCPCS). In accordance with Maryland Code, the Board of Education shall provide funding to the three charter schools in an amount of county, state, and federal money for elementary, middle and secondary students

that is commensurate with the amount disbursed to other public schools in the local jurisdiction. Although the charter schools function as semi-independent schools, with their own governance and instructional design, educational achievement is measured against the same performance standards used by the local and state boards of education. Staff members of the charter schools are FCPS employees, attendance is open to all FCPS students and each school's administration reports to the Superintendent.

Factors Affecting Financial Condition

Local Economy. FCPS receives more than 95 percent of its operating budget from the Frederick County Government and the State of Maryland; and, therefore, the economic condition of these entities bear heavily on the financial condition of FCPS. After facing some of the most serious economic challenges in generations over the past seven years, the state did report a decrease again in its unemployment rate during the past year. Frederick County's unemployment in June 2016 was 4.0 percent, which is below the state rate of 4.3 and the national rate of 4.9 percent for the same period. According to the most recent data, Frederick County's per capita income remains in the top third of Maryland counties.

Although some indicators, such as the decline in unemployment are showing improvement, the state, county and Board's fiscal constraints are expected to continue into fiscal year 2017. However, the FY 2017 budget reflects an amount over Maintenance of Effort (MOE) from the County for the second consecutive year, and state funding showed a slight increase, despite minor decreases in student enrollment. Capital funding is also strained; and as schools continue to age and enrollment growth continues, FCPS will need to construct, renovate and repair schools, as well as identify and allocate funds for those purposes. Forty-two of the county's schools are in part at least twenty-five years old, with major building systems such as boilers, chillers and roofs approaching or exceeding normal life expectancies.

Long-term Financial Planning. Based on 10-year enrollment projections, the Board of Education's goals and objectives (as delineated in the Strategic Plan), as well as state and county plans and programs, the Facilities Division annually updates an Educational Facilities Master Plan (EFMP). This plan assesses the age and capacity of school facilities and generates a list of proposed capacity and renovation projects. This also serves as the basis for the six-year Capital Improvement Plan budget.

Another factor affecting the financial condition and long-term financial planning of FCPS is the funding of the other post-employment benefits (OPEB) obligation. Although FCPS is among one of the few Maryland school systems that have made significant contributions towards that obligation, the net OPEB obligation did increase again during the course of the fiscal year.

FCPS completed construction of a new central office facility in fiscal year 2010, which consolidated personnel from four locations into one. This move, which has afforded economies of scale in operating costs, was financed through a lease-leaseback transaction. In FY 2013, due to the low interest rate environment, management negotiated to refinance the lease and lower the interest rate from 4.62 percent to 3.1 percent. In FY 2016 one of the surplus properties delineated in the original agreement was sold, the proceeds from which, helped to reduce the principal portion of the remaining balance. When the sale of the final remaining surplus property and vacant lot occurs the net proceeds will be applied to the principal of the lease.

Relevant Financial Policies. As mentioned above, primary FCPS funding is provided by the State of Maryland and the Frederick County Government. The Board of Education has no authority to levy taxes or increase the budget. Management is allowed to transfer funds within major categories of expenditures, as defined by state statute, but transfers between the categories must be approved by both the Board of Education and the Frederick County Council.

By Maryland statute, each county must appropriate to the Board of Education an amount equal to, or greater than, the prior year per pupil appropriation. This is referred to as the "maintenance of effort (MOE)" calculation. The county, by law, is allowed to appropriate above the maintenance of effort, and it has appropriated \$10.5 million above MOE in the FY 2017 budget. State law also requires that a follow up study of the adequacy of education funding be undertaken approximately 10 years after the original statute. This study is currently underway, and there are many factors and components of the funding formula that are being examined. Since the majority of state and local funding received by FCPS is formula driven, the results of this study may affect funding levels in future years.

In fiscal year 2013, teachers' pension costs began to be shifted from the state government to local governments over a four-year phase-in process. The state is expected to offset the majority of this increased expense to the local government with increases in various other revenue streams such as income tax. The County Government transfers the funding to the Board and in turn the Board pays the portion of the pension cost due from the local education agency to the state retirement system. In FY 2017 this transfer from the county became part of the MOE calculation.

Capital projects are primarily funded by Frederick County Government and the State of Maryland. The Board of Education has no authority to issue debt. Funds are budgeted and appropriated on both a project and an annual basis. Capital projects funds carry forward at the end of each year and are available until the completion of the project. Budget transfers between projects require the same approvals as transfers between major expenditure categories-approval by both the Board of Education and the County Council.

Major Facilities Initiatives. In fiscal year 2016, the Frederick High School replacement project was fully underway, with the opening scheduled for August 2017. Design continues on the Sugarloaf Elementary School project, a new school in the Urbana area, and the Butterfly Ridge Elementary School, a new school in Frederick City. In addition to the major construction projects, a number of systemic projects were funded in FY16, including two roof replacement projects, five HVAC/boiler projects, and portable classroom relocations. The FY17 capital budget has a projected spending of \$37.9 million for capital projects, including the final year of funding for the Frederick High School replacement project and the first year of construction funding for the Sugarloaf and Butterfly Ridge Elementary Schools.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FCPS for its CAFR for fiscal year ended June 30, 2015. This was the seventh year that FCPS has been awarded this certificate. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for another certificate. Our GFOA Certificate of Achievement can be found on page 5 of this CAFR.

FCPS has also received for the eighth consecutive year the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for its 2015 CAFR. This award, valid for one year, is granted only after an intensive review of the CAFR by an expert panel of certified public accountants and practicing school business officials. FCPS plans to submit the 2016 CAFR to ASBO and believes the report continues to meet ASBO's certificate program requirements. The ASBO Certificate of Excellence in Financial Reporting can be found on page 6 of this CAFR.

The preparation of this report could not have been accomplished without the skilled and dedicated services of the entire staff in the Department of Budget and Finance. Our appreciation is also extended to the Accounting Department, as well as all who assisted in the timely closing of the school system's financial records. We would also like to recognize the Superintendent and Board of Education for their continuing support for maintaining the highest standards of professionalism in the management of FCPS' finances.

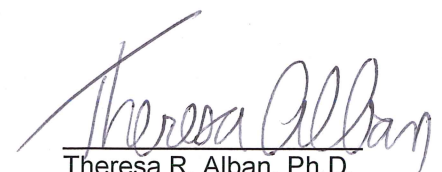
Respectfully submitted,



Robert G. Reilly, CPA
Director
Budget and Finance Department



Leslie R. Pellegrino, CPA
Chief Financial Officer



Theresa R. Alban, Ph.D.
Superintendent of Schools

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Government Finance Officers Association

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

Presented to

Frederick County Public Schools

Maryland

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Frederick County Public Schools

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

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

Frederick County Public Schools

Elected Officials

Board of Education of Frederick County

Brad W. Young, President

Liz Barrett, Vice-President

Zakir Bengali, Ph.D.

Colleen E. Cusimano

Kathryn B. Groth

April F. Miller, OD

Joy Schaefer

Student Member

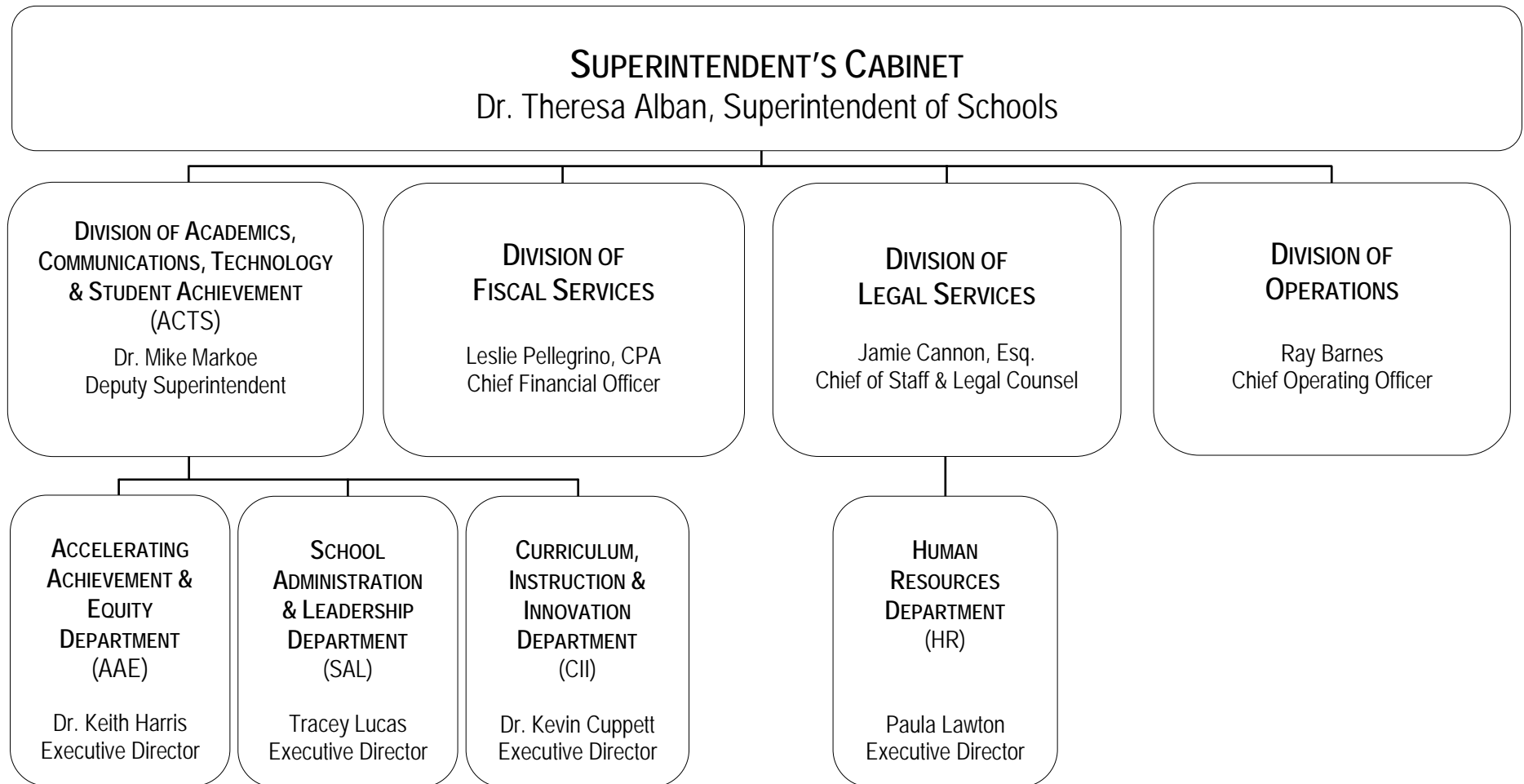
Carter Gipson



BOARD OF EDUCATION OF FREDERICK COUNTY, MARYLAND

Brad W. Young, President
Liz Barrett, Vice President
Dr. Theresa Alban, Secretary
Dr. Zakir Bengali
Colleen Cusimano

Kathryn B. Groth
Dr. April Fleming Miller
Joy Schaefer
Carter Gipson, Student Member



FINANCIAL SECTION



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Members of the Board of Education
of Frederick County, Maryland
Frederick County, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Frederick County, Maryland (the Board), a component unit of Frederick County, Maryland, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Pension Schedules of Contributions and Proportionate Share of Net Pension Liability, and Schedule of OPEB Funding Progress and Employer Contribution be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying introductory, supplementary information for the school construction fund, food nutrition services fund, school activity fund, schedule of expenditures by type of school, schedule of cumulative expenditures, encumbrances and appropriations, and statistical sections, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information for the school construction fund, food nutrition services fund, school activity fund, schedule of expenditures by type of school, schedule of cumulative expenditures, encumbrances and appropriations as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have issued our report dated September 30, 2016, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

Hunt Valley, Maryland
September 30, 2016

A handwritten signature in black ink that reads "SB & Company, LLC". The signature is written in a cursive, flowing style.

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FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

This section of the Frederick County Public Schools' (FCPS) Comprehensive Annual Financial Report presents its discussion and analysis of its financial performance during the fiscal year ended June 30, 2016. Please read it in conjunction with FCPS' financial statements.

FINANCIAL HIGHLIGHTS

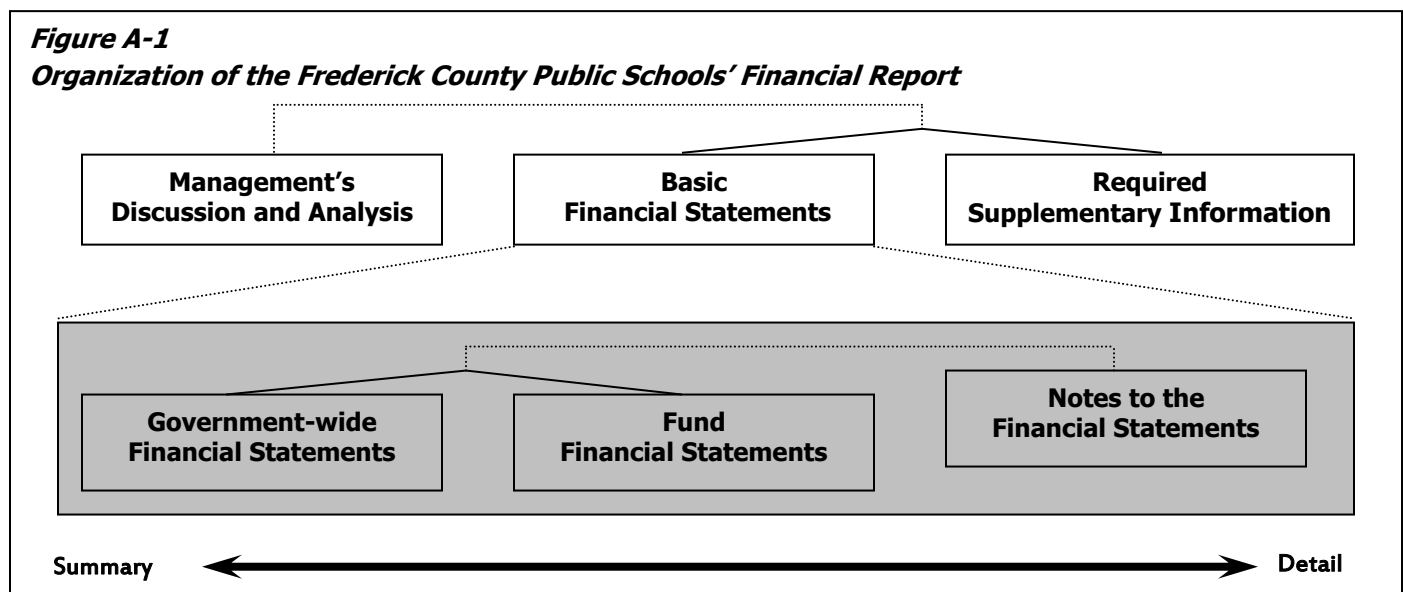
- The assets of FCPS exceeded its liabilities as of June 30, 2016 by \$354.7 million, which represents its net position.
- FCPS' net position decreased \$26.8 million per the Statement of Activities for the year ended June 30, 2016. This was primarily due to a \$46.9 million increase in the other post-employment benefit (OPEB) obligation.
- During the year, \$36.0 million was spent by FCPS towards the Frederick High School replacement, and the design of the Sugarloaf and Butterfly Ridge Elementary Schools.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to FCPS' financial statements. There are three parts to the basic financial statements: government-wide financial statements, fund financial statements, and notes to the financial statements. Supplementary information is also presented. The management's discussion and analysis, although presented before the basic financial statements, is required supplementary information. The government-wide and the fund financial statements present two different views of FCPS:

- The first two statements are *government-wide financial statements* that provide both *short-term and long-term* information about FCPS' *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of FCPS, reporting FCPS' operations in *more detail* than the government-wide financial 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.
- *Proprietary fund* statements offer *short-term and long-term* financial information about the activities FCPS operates *like a business*, such as the Self-Insurance Fund.
- *Fiduciary funds* statements provide information about the financial relationships in which FCPS acts solely as a *trustee or agent* for the benefit of others, such as the Retiree Health Benefit Plan and the School Activity Fund.

The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Government-wide Financial Statements

The government-wide financial statements include all assets and liabilities of the school system using the accrual basis of accounting. This method of accounting is similar to how private sector companies report the results of their operations. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The first of the government-wide statements is the *Statement of Net Position*. The *Statement of Net Position* presents balance sheet information for the entire FCPS operations at a given point in time (June 30, 2016). The assets include all cash and investments, receivables, materials inventory, prepaid items, and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings, and noncurrent liabilities. This results in a statement that encompasses the entire operations of FCPS.

Although the *Statement of Net Position* reports a total net position of \$354.7 million, FCPS has restrictions over the use of these funds. The investment in land, buildings, and equipment (capital assets, net of related debt) is necessary to carry out the mission of the school system. State laws segregate funds and place restrictions on spending. This should be considered when reviewing the report.

The second of the government-wide financial statements is the *Statement of Activities*. This statement shows the results of operations that caused net position to change from the prior year to the amount reported on the *Statement of Net Position* as of June 30, 2016. This statement answers the question, "How did we do financially during fiscal year 2016?" This change in net position is important because it tells the reader whether, for FCPS as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors. To assess FCPS' overall health, consideration should be given to additional non-financial factors such as building improvements, number of students served, and staffing levels.

In the government-wide financial statements, governmental activities include most of FCPS' basic services such as regular and special education, transportation, and administration. State formula aid and local revenues finance most of these activities.

The *Statement of Activities* classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that help support the expenses. The resulting *Net (Expenses) Revenue and Changes in Net Position* shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net position for the year.

Fund Financial Statements

The fund financial statements provide more detailed information about FCPS' funds, not FCPS as a whole. Funds are accounting devices FCPS uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law.
- FCPS establishes other funds to control and manage money for particular purposes or to show that it is properly using certain revenues.

FCPS has three kinds of funds:

- *Governmental funds*: Most of FCPS' basic services are included in governmental funds comprised of the General Fund, Food and Nutrition Services Fund, Artificial Turf Fund, and School Construction Fund which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance FCPS' programs. 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. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

- *Proprietary funds:* Services for which FCPS charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide statements. FCPS uses an *internal service fund* to report activities that provide dental and health insurance services to its other funds. FCPS' internal service fund is the Self-Insurance Fund.
- *Fiduciary funds:* FCPS is the trustee, or *fiduciary*, for assets that belong to others, such as the Retiree Health Benefits Plan and the School Activity Fund. FCPS is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. FCPS excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF FCPS AS A WHOLE

FCPS' net position was less as of June 30, 2016 than the combined net position the year before, decreasing 7.0% or \$26.8 million to \$354.79 million. The following are major components of FCPS' net position:

Condensed Statement of Net Position (in millions of dollars)

	Governmental	
	Activities	
	2016	2015
Current and Other Assets	\$ 139.7	\$ 101.8
Capital Assets	571.2	582.9
Total Assets	710.9	684.7
Deferred Outflows of Resources (Related to Pensions)	9.2	4.4
Other Liabilities	25.4	22.1
Long-term Liabilities	336.7	282.2
Total Liabilities	362.1	304.3
Deferred Inflows of Resources (Related to Pensions)	3.3	3.3
Net Position:		
Net Investment in Capital Assets	650.7	631.8
Restricted for:		
Debt Service	-	-
Unrestricted Deficit	(296.0)	(250.3)
Total Net Position	\$ 354.7	\$ 381.5

The \$26.8 million reduction in the net position of FCPS' governmental activities is due mainly to an increase in long-term liabilities, notably the net other post-employment benefits (OPEB) obligation and the net pension liability.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

FCPS' net position of \$354.7 million consists of a \$650.7 million net investment in capital assets, and \$9.3 thousand restricted for debt service, less an unrestricted deficit of \$296.0 million. Last year FCPS had a combined net position of \$381.5 million consisting of a \$631.8 million net investment in capital assets, and \$9.3 thousand restricted for debt service, less an unrestricted deficit of \$250.3 million. FCPS uses these capital assets to provide services to students; consequently, these assets are not available for future spending. The unrestricted deficit of \$296.0 million as of June 30, 2016 includes vacation leave, terminal benefits payable, the net OPEB obligation and the net pension liability.

Funding for the lump sum total of vacation leave, termination benefits payable, the net OPEB obligation and the net pension liability has not occurred since they would become due and payable only in the event that FCPS no longer existed as a legal entity. The annual expected payout of vacation leave, termination benefits, "pay-as-you-go" retiree medical costs and pension costs are reflected in the current operating budget of the General Fund.

The total governmental activities costs of all programs and services were \$635.8 million. The following table shows the breakdown of total costs by functional areas as follows:

Governmental Activities Expense:	2016 Percentage of Total	2015 Percentage of Total
Instruction:		
Regular Instruction	55.40%	56.78%
Special Education Instruction	12.97%	13.23%
Total Instruction	68.37%	70.01%
Support Services:		
Administration	2.58%	2.36%
Mid-level Administration	7.94%	7.69%
Pupil Personnel Services	.73%	.68%
Health	1.02%	1.06%
Pupil Transportation	4.55%	4.67%
Operations	6.77%	7.25%
Maintenance	2.59%	2.50%
Food and Nutrition Services	1.93%	1.87%
Community Services	.24%	.20%
Interest on Long-term Liabilities	.06%	.07%
Intergovernmental Payment	3.22%	1.64%
Total Support Services	31.63%	29.99%

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Total expenses surpassed revenues, decreasing net position by \$26.8 million over last year. The key elements of the decrease of FCPS' net position were as follows:

Changes in Net Position from Operating Results (in millions of dollars)

Revenues	Governmental Activities 2016	Governmental Activities 2015
Program Revenues		
Charges for Services	\$ 6.4	\$ 6.4
Operating Grants and Contributions	150.9	151.0
Capital Grants and Contributions	64.5	31.5
General Revenues		
Federal Aid	0.0	0.0
State Aid	157.8	157.3
Local Aid	229.0	223.1
Investment Earnings	0.0	0.0
Other	0.4	0.4
Total Revenues	609.0	569.7
Expenses		
Instruction:		
Regular Instruction	352.2	346.6
Special Education Instruction	82.5	80.8
Total Instruction	434.7	427.4
Support Services:		
Administration	16.4	14.4
Mid-level Administration	50.5	46.9
Pupil Personnel Services	4.7	4.1
Health	6.5	6.5
Pupil Transportation	29.0	28.5
Operations	43.0	44.3
Maintenance	16.4	15.2
Food and Nutrition Services	12.3	11.4
Community Services	1.5	1.2
Interest on Long-term Liabilities	0.4	0.4
Intergovernmental Payment	20.4	10.0
Total Support Services	201.1	182.9
Total Expenses	635.8	610.3
Change in Net Position	(26.8)	(40.6)
Net Position - Beginning	381.5	422.1
Net Position - Ending	\$ 354.7	\$ 381.5

The table shown above details FCPS' changes in net position. FCPS' total revenues for 2016 shows \$609.0 million compared to total revenues of \$569.7 million for the previous year. In 2016, state and local aid increased \$6.4 million over the prior year due to appropriation increases. For the first time in many years, local aid included an amount over Maintenance of Effort. Federal, state, and local aid not restricted to programs (general revenues) accounted for 63.6% of FCPS' revenue in 2016, down from 66.8% in 2015. This was largely due to the increased percentage of capital funding in FY16 related to the Frederick High School Replacement.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Other Observations for 2016:

- Costs of \$6.4 million were financed by users of FCPS' programs.
- Operating grants and contributions subsidized certain programs totaling \$150.9 million.
- Total instructional costs were \$434.7 million out of total costs of \$635.8 million.
- FCPS' programs were financed by \$387.2 million consisting of unrestricted federal aid (\$28 thousand), state aid (\$157.8 million), local aid (\$229.0 million), investment earnings (\$33 thousand), and other revenues (.4 million).

Governmental Activities

The table below represents the cost of FCPS' activities for the year. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on taxpayers by each of these functions. The total net cost of services for 2016 is \$411.8 million, a \$9.6 million decrease from the 2015 total of \$421.4 million.

Net Cost of Governmental Activities (in millions of dollars)

Expense Functions	Total Cost of Services 2016	Net Cost of Services 2016	Total Cost of Services 2015	Net Cost of Services 2015	Total Change in Net Cost of Services 2016-2015
Instruction:					
Regular Instruction	\$ 352.2	\$ 219.8	\$ 346.6	\$ 244.8	\$ (25.0)
Special Education Instruction	82.5	33.4	80.8	30.1	3.3
Total Instruction	<u>434.7</u>	<u>253.2</u>	<u>427.4</u>	<u>274.9</u>	<u>(21.7)</u>
Support Services:					
Administration	16.4	15.6	14.4	14.0	1.6
Mid-level Administration	50.5	48.3	46.9	45.5	2.8
Pupil Personnel Services	4.7	3.3	4.1	3.2	.1
Health	6.5	.3	6.5	.2	.1
Pupil Transportation	29.0	15.4	28.5	15.5	(.1)
Operations	43.0	40.5	44.3	42.2	(1.7)
Maintenance	16.4	16.4	15.2	15.2	1.2
Food and Nutrition Services	12.3	.5	11.4	.1	.4
Community Services	1.5	(.3)	1.2	.2	(.5)
Interest on Capital Leases	.4	.4	.4	.4	-
Intergovernmental Payment	20.4	20.4	10.0	10.0	10.4
Total Support Services	<u>201.1</u>	<u>160.8</u>	<u>182.9</u>	<u>146.5</u>	<u>14.3</u>
Total	<u>\$ 635.8</u>	<u>\$ 414.0</u>	<u>\$ 610.3</u>	<u>\$ 421.4</u>	<u>\$ (7.4)</u>

The \$7.4 million decrease in net costs from 2015 to 2016 was for the most part due to a decrease in regular education instruction, offset by the increase in intergovernmental payments. The intergovernmental payment net cost is a function of the increased capital project spending in FY16, mainly due to the Frederick High School replacement. The decrease in regular instruction net costs was due to anticipated salary savings from turnover and the staff reduction due to increasing class size.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

FINANCIAL ANALYSIS OF FCPS' FUNDS

As FCPS completed the year, its governmental funds (General Fund, Food and Nutrition Services Fund, Artificial Turf Fund, and School Construction Fund) reported combined fund balances of \$16.4 million; an increase of \$4.0 million from last year's ending fund balances of \$12.4 million. The increase of \$4.0 million consists of a \$4.2 million fund balance increase in the General Fund, mostly due to decreases in fuel costs and anticipated salary savings from turnover, a \$.3 million decrease in the Food and Nutrition Services fund balance, mostly as a result of increased food costs, and a \$.1 million increase in the Artificial Turf Fund from local funding. Last year there was a decrease of \$4.3 million, consisting of a \$4.5 million fund balance decrease in the General Fund, mostly due to increases in regular and special education instruction costs with associated health insurance increase, and a \$.1 million increase in the Food and Nutrition Services fund balance, mostly as a result of increased efficiency in its operations.

As in 2015, during 2016 state and local aid were the primary sources of operating funds for FCPS' governmental funds. In 2015, they accounted for 94.6% and in 2016, they were 94.9% of total revenues. In 2016, state aid contributed 47.2% and local aid contributed 47.7% of the combined revenues. In 2015, state aid contributed 45.7% and local aid contributed 48.9% of the combined revenues. In 2016, the federal government contributed 3.7% of governmental revenues compared to 4.0% last year. Most of these federal government revenues supported food and nutrition service activities and restricted grants and projects. Restricted Fund activities and programs are accounted for in the General Fund. This year, FCPS' General Fund spent \$527.9 million with the largest share spent on instructional programs, both regular and special education, in the amount of \$259.3 million. Last year, \$266.0 million was spent on instructional programs out of a total expenditure of \$531.4 million. In 2016, School Construction Fund revenues equaled expenditures. School Construction Fund revenues from state and local sources were \$24.0 and \$40.7 million, respectively. The nonmajor governmental funds received \$.1 million in local funding.

General Fund Budgetary Summary

Over the course of fiscal year 2016, the Board and the County Government approved various budget transfers which moved budget funding between the various major revenue and expenditure categories. The overall General Fund budget, in total, remained the same in fiscal year 2016.

Anticipated revenues for the General Fund for 2016 totaled \$544.5 million while actual revenues equaled \$537.9 million, a difference of \$6.6 million. This \$6.6 million budgeted but not received during 2016 represents mostly revenues planned for restricted grants and programs that had activity remaining at fiscal year-end and will be carried forward to 2017. This activity was approved for grant periods that extend beyond 2016.

General Fund expenditures allocated for 2016 totaled \$544.5 million while actual expenditures equaled \$529.5 million, a difference of \$15.1 million. The variance is mainly attributable to salary and fringe savings from staff vacancies and turnover in the instructional classification and savings in fuel and building utility costs. There were no expenditure classes with a negative budget variance in 2016. For the General Fund, the ending fund balance on a budgetary basis as of June 30, 2016 is a surplus of \$8.6 million of which \$9.3 thousand is restricted for future lease payments, \$6.1 million is budgeted for use in fiscal year 2017, and \$.4 million is nonspendable leaving \$2.1 million as unassigned.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2016, FCPS had invested \$662.2 million (net of accumulated depreciation) in a broad range of capital assets including school buildings, athletic facilities, technology upgrades, equipment, mechanical systems, and administrative offices. FCPS increased its net capital assets by \$17.2 million during 2016. (More detailed information about capital assets can be found in Note 3.B to the financial statements.) Total depreciation expense for the year was \$27.3 million. Depreciation expense is allocated to the fund and category in which the capital asset has been recorded.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

Capital Assets (net of depreciation, in millions of dollars)

	Governmental Activities		Total Percentage Change
	2016	2015	2015-2016
Land	\$ 48.8	\$ 48.9	(.2)%
Construction in Progress	42.2	13.2	219.7 %
Buildings and Improvements	551.5	562.5	(1.96)%
Furniture and Equipment	<u>19.7</u>	<u>20.4</u>	<u>(3.43)%</u>
Total	<u>\$ 662.2</u>	<u>\$ 645.0</u>	<u>2.67 %</u>

During fiscal year 2016, FCPS closed the North Frederick Elementary School Replacement and Walkersville Elementary School Addition projects. The Urbana Middle School Lower Level Fitout project was completed. Construction of the Frederick High School Replacement project is proceeding with the new school scheduled to open in August 2017. With design nearing completion of the two new elementary schools, Sugarloaf in the Urbana area and Butterfly Ridge in Frederick City, the projects are slated to be bid in the winter of 2016-2017. The enrollment figure, as reported to the Maryland State Department of Education for fiscal year 2016, was 40,720 students; resulting in a utilization of 89% of school capacity.

The 2017 capital budget has projected spending another \$37.9 million for capital projects.

- \$30.0 million in major construction to complete the Frederick High School Replacement project and begin construction of Sugarloaf and Butterfly Ridge Elementary Schools.
- \$7.9 million in systemic repairs and renovations to existing facilities.

Long-term Debt

School boards in Maryland have no authority to incur bonded debt. FCPS does, however, have long-term liabilities consisting of a capital lease, unused vacation leave, termination benefits, net OPEB obligation and net pension liability. (More detailed information about FCPS' long-term liabilities is presented in Note 3.D to the financial statements.)

Long-term Liabilities (in millions of dollars)

	Governmental Activities		Total Percentage Change
	2016	2015	2015-2016
Capital Leases Payable	\$ 11.5	\$ 13.2	(12.9)%
Vacation Leave Payable	7.1	7.3	(2.74)%
Termination Benefits Payable	21.5	21.1	1.9%
Net OPEB Obligation	257.4	210.5	22.3%
Net Pension Liability	<u>39.2</u>	<u>30.1</u>	<u>30.2%</u>
Total	<u>\$ 336.7</u>	<u>\$ 282.2</u>	<u>19.3%</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016

FCPS has a long-term lease for the consolidated central office building. This lease has a twenty-five year term and is contingent upon yearly appropriations. The outstanding obligation on the central office building lease as of June 30, 2016 was \$11.5 million. FCPS recognizes its contractual obligations to employees for vacation and termination benefits payable. As of June 30, 2016, FCPS had accumulated obligations totaling \$7.1 million for unpaid vacation leave and \$21.5 million for termination benefits payable. Funding for these liabilities has not occurred since they are not payable currently. The annual expected payout of vacation leave and termination benefits is reflected in the current operating budget of the General Fund.

FCPS provides post-employment benefits other than pensions such as health, dental, and life insurance to their retirees. The beginning fiscal year 2016 net OPEB obligation was \$210.5 million and the ending obligation was \$257.4 million, an increase of \$46.9 million. Although FCPS contributed \$10.3 million to the OPEB Trust and made additional payments for retiree claims (pay-as-you-go), the combined total was less than the \$60.0 million Annual Required Contribution (ARC) resulting in a \$49.7 million increase in the ending obligation.

During FY15, FCPS implemented Governmental Accounting Standards Board (hereinafter GASB) Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, which resulted in a net pension liability of \$30.1 million. Due to changes in assumptions and other variances, such as market declines, that liability increased to \$39.3 million at the end of FY16. GASB No. 68 is intended to improve accounting and financial reporting by state and local governments that provide pension benefits.

CONTACTING FCPS' FINANCIAL MANAGEMENT

This financial report is designed to provide Frederick County's citizens, taxpayers, customers, investors, creditors, parents, and students with a general overview of FCPS' finances and to demonstrate FCPS' accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Frederick County Public Schools Budget and Finance Department, 191 South East Street, Frederick, Maryland 21701.

BASIC FINANCIAL STATEMENTS

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Net Position June 30, 2016

	<u>Governmental Activities</u>
ASSETS	
Cash and Investments	\$ 33,954,378
Due From Other Units of Government	10,114,561
Accounts Receivable	3,660,552
Inventories, at Cost	830,031
Prepaid Items	65,628
Cash and Investments - Restricted	9,280
Capital Assets not being Depreciated:	
Land	48,794,385
Construction in Progress	42,248,750
Capital Assets, Net of Accumulated Depreciation:	
Buildings and Improvements	551,481,211
Furniture and Equipment	19,699,622
Total Assets	<u>710,858,398</u>
DEFERRED OUTFLOWS OF RESOURCES (Related to Pensions)	<u>9,246,053</u>
LIABILITIES	
Accounts Payable	17,012,356
Accrued Interest Payable	143,886
Salaries and Wages Payable	7,984,362
Payroll Taxes and Deductions Payable	206,931
Unearned Revenue	7,756
Noncurrent Liabilities:	
Due Within One Year	8,715,730
Due in More than One Year	328,022,559
Total Liabilities	<u>362,093,580</u>
DEFERRED INFLOWS OF RESOURCES (Related to Pensions)	<u>3,278,700</u>
NET POSITION	
Net Investment in Capital Assets	650,686,334
Restricted for:	
Debt Service	9,280
Unrestricted Deficit	<u>(295,963,443)</u>
Total Net Position	<u><u>\$ 354,732,171</u></u>

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Activities For the Year Ended June 30, 2016

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 352,196,897	\$ 817,186	\$ 67,134,461	\$ 64,425,239	\$ (219,820,011)
Special Education Instruction	82,479,537	-	49,106,519	-	(33,373,018)
Total Instruction	434,676,434	817,186	116,240,980	64,425,239	(253,193,029)
Support Services:					
Administration	16,417,367	-	807,423	-	(15,609,944)
Mid-level Administration	50,483,603	-	2,212,983	-	(48,270,620)
Pupil Personnel Services	4,633,733	-	1,359,716	-	(3,274,017)
Health	6,484,085	-	6,224,134	-	(259,951)
Pupil Transportation	28,938,501	-	13,536,266	-	(15,402,235)
Operations	43,044,135	1,046,012	1,482,253	-	(40,515,870)
Maintenance	16,423,681	-	-	-	(16,423,681)
Food and Nutrition Services	12,281,900	4,584,610	7,219,296	-	(477,994)
Community Services	1,526,228	-	1,836,439	-	310,211
Interest on Capital Lease	405,741	-	-	-	(405,741)
Intergovernmental Payment	20,457,247	-	-	-	(20,457,247)
Total Support Services	201,096,221	5,630,622	34,678,510	-	(160,787,089)
Total Governmental Activities	\$ 635,772,655	\$ 6,447,808	\$ 150,919,490	\$ 64,425,239	(413,980,118)
General Revenues:					
Federal Aid Not Restricted to Specific Purposes					27,603
State Aid Not Restricted to Specific Purposes					157,774,835
Local Aid Not Restricted to Specific Purposes					228,942,030
Interest and Investment Earnings					32,799
Other Revenue					432,865
Total General Revenues					387,210,132
Changes in Net Position					(26,769,986)
Net Position - Beginning					381,502,157
Net Position - Ending					\$ 354,732,171

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

FREDERICK COUNTY PUBLIC SCHOOLS

Balance Sheet Governmental Funds June 30, 2016

	Major		Nonmajor		Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
ASSETS					
Cash and Investments	\$ 20,903,570	\$ 192,547	\$ 1,928,906	\$ -	\$ 23,025,023
Due From:					
Federal Government	2,601,863	-	395,211	-	2,997,074
State of Maryland	1,903,025	421,014	23,749	-	2,347,788
Frederick County	40,194	5,680,711	-	-	5,720,905
Other Funds	394,916	-	388	399,482	794,786
Accounts Receivable	469,656	-	43,242	34,368	547,266
Inventories, at Cost	563,454	-	266,577	-	830,031
Prepaid Items	65,628	-	-	-	65,628
Cash and Investments - Restricted	9,280	-	-	-	9,280
Total Assets	\$ 26,951,586	\$ 6,294,272	\$ 2,658,073	\$ 433,850	\$ 36,337,781
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 3,334,728	\$ 5,899,051	\$ 291,981	\$ -	\$ 9,525,760
Accrued Liabilities:					
Salaries and Wages	7,973,723	263	10,376	-	7,984,362
Payroll Taxes and Deductions	206,137	-	794	-	206,931
Due To:					
Federal Government	473,377	-	-	-	473,377
State of Maryland	391,660	-	-	-	391,660
Frederick County	86,127	42	-	-	86,169
Other Funds	900,784	394,916	-	-	1,295,700
Unearned Revenue	7,756	-	-	-	7,756
Total Liabilities	13,374,292	6,294,272	303,151	-	19,971,715
Fund Balances:					
Nonspendable:					
Inventories	563,454	-	266,577	-	830,031
Prepaid Items	65,628	-	-	-	65,628
Restricted:					
Capital Lease	9,280	-	-	-	9,280
Committed:					
Charter Schools	347,357	-	-	-	347,357
Assigned:					
Administration	441,725	-	-	-	441,725
Instructional	2,562,952	-	-	-	2,562,952
Maintenance and Operations	2,016,688	-	-	-	2,016,688
Transportation	5,505,180	-	-	-	5,505,180
Artificial Turf	-	-	-	433,850	433,850
Food and Nutrition Services	-	-	2,088,345	-	2,088,345
Unassigned:	2,065,030	-	-	-	2,065,030
Total Fund Balances	13,577,294	-	2,354,922	433,850	16,366,066
Total Liabilities and Fund Balances	\$ 26,951,586	\$ 6,294,272	\$ 2,658,073	\$ 433,850	\$ 36,337,781

The notes to the financial statements are an integral part of this balance sheet.

FREDERICK COUNTY PUBLIC SCHOOLS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2016

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

Total fund balance - governmental funds	\$	16,366,066
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The cost of capital assets (land, buildings, construction in progress, and equipment) purchased or constructed, is reported as an expenditure in the governmental funds. The Statement of Net Position includes those capital assets among the assets of FCPS as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 1,019,571,640	
Accumulated depreciation	<u>(357,347,672)</u>	662,223,968

Long-term liabilities applicable to FCPS' governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. Interest payable on debt and other long-term obligations is also not recorded in the governmental funds but is reported in the Statement of Net Position. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Deferred outflows of resources (related to pensions)		9,246,053
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Deferred inflows of resources (related to pensions)		(3,278,700)
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Long-term liabilities (including internal service fund) at year-end consist of:

Capital lease payable	(11,537,634)	
Accrued interest payable on the lease	(143,886)	
Vacation leave payable	(7,073,446)	
Termination benefits payable	(21,491,830)	
Net OPEB obligation	(257,373,322)	
Net Pension Liability	<u>(39,262,057)</u>	(336,882,175)

An internal service fund is used by FCPS to charge the costs of the health and dental insurance program to the individual funds. The assets and liabilities of the internal service fund, net of vacation leave liability, terminal leave liability, net OPEB obligation, and net pension liability are included in governmental activities in the Statement of Net Position.

		<u>7,056,959</u>
Net position of governmental activities	\$	<u><u>354,732,171</u></u>

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	Major		Nonmajor		Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
Revenues:					
Federal	\$ 16,017,647	\$ -	\$ 6,829,377	\$ -	\$ 22,847,024
State	263,046,022	24,045,332	303,450	-	287,394,804
Local	249,364,412	40,704,125	-	66,466	290,135,003
Charges for Services	-	-	4,421,391	-	4,421,391
Other	3,712,444	-	163,219	98	3,875,761
Total Revenues	532,140,525	64,749,457	11,717,437	66,564	608,673,983
Expenditures:					
Current:					
Administration	9,936,218	-	-	-	9,936,218
Mid-level Administration	31,772,500	-	-	-	31,772,500
Instructional Salaries	193,304,177	-	-	-	193,304,177
Instructional Supplies	8,462,236	-	-	-	8,462,236
Instruction - Other	2,130,774	-	-	-	2,130,774
Special Education	55,391,267	-	-	-	55,391,267
Pupil Personnel	2,855,843	-	-	-	2,855,843
Health	6,411,420	-	-	-	6,411,420
Pupil Transportation	18,846,735	-	-	-	18,846,735
Operations	33,353,717	-	-	-	33,353,717
Maintenance	11,409,804	-	-	-	11,409,804
Fixed Charges	149,217,979	-	-	-	149,217,979
Food and Nutrition Services	51,544	-	12,043,609	-	12,095,153
Community Services	1,071,022	-	-	-	1,071,022
Capital Outlay:					
Land	-	894,712	-	-	894,712
Buildings and Improvements	-	43,055,820	-	-	43,055,820
Equipment	1,636,854	341,678	-	-	1,978,532
Debt Service:					
Capital Lease Principal	1,646,212	-	-	-	1,646,212
Capital Lease Interest	400,088	-	-	-	400,088
Intergovernmental Payment	-	20,457,247	-	-	20,457,247
Total Expenditures	527,898,390	64,749,457	12,043,609	-	604,691,456
Excess (Deficiency) of Revenues over Expenditures	4,242,135	-	(326,172)	66,564	3,982,527
Other Financing Sources (Uses)					
Transfers In From:					
General Fund	-	-	35,546	-	35,546
Transfers Out To:					
Internal Service Fund	(575)	-	-	-	(575)
Special Revenue Fund	(35,546)	-	-	-	(35,546)
Total Other Financing Sources (Uses)	(36,121)	-	35,546	-	(575)
Net Change in Fund Balances	4,206,014	-	(290,626)	66,564	3,981,952
Fund Balances - Beginning	9,371,280	-	2,645,548	367,286	12,384,114
Fund Balances - Ending	\$ 13,577,294	\$ -	\$ 2,354,922	\$ 433,850	\$ 16,366,066

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

FREDERICK COUNTY PUBLIC SCHOOLS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities For the Year Ended June 30, 2016

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

Total net change in fund balances - governmental funds	\$	3,981,952
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Governmental funds report capital outlays as expenditures. However in the Statement of Activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays	\$ 44,292,211		
Depreciation	<u>(27,349,469)</u>		16,942,742

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations, etc.) is to decrease net position.

324,218

Capital assets acquired by capital leases are shown as an expenditure in the governmental funds. Principal payments are applied to the lease liability; interest expense on the leases is recognized as it accrues.

Principal payments of capital lease	1,646,212		
Interest expense - capital lease (net effect)	<u>400,088</u>		2,046,300

An internal service fund is used by FCPS to charge the costs of the health and dental insurance program to the individual funds. The change in net position of the internal service fund, net of OPEB and compensated absences expenses, is reported with governmental activities.

1,590,430

In the Statement of Activities, vacation leave, termination leave benefits, and OPEB liabilities are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. (Internal service fund activity is included.)

Vacation leave accrued	191,380		
Termination benefits accrued	(389,991)		
Net OPEB obligation accrued	(46,857,944)		
Net pension liability accrued	<u>(4,599,073)</u>		<u>(51,655,628)</u>

Change in net position of governmental activities

\$ (26,769,986)

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:				
Federal	\$ 19,331,295	\$ 19,331,295	\$ 16,017,647	\$ (3,313,648)
State	264,581,058	264,143,971	263,046,022	(1,097,949)
Frederick County	250,110,403	250,110,403	249,364,412	(745,991)
Other Revenue	4,489,114	5,211,983	3,712,444	(1,499,539)
Fund Balance	6,018,546	5,732,764	5,732,764	-
Total Revenues	<u>544,530,416</u>	<u>544,530,416</u>	<u>537,873,289</u>	<u>(6,657,127)</u>
Expenditures:				
Administration	9,789,948	10,399,338	9,936,912	462,426
Mid-level Administration	32,275,537	32,564,520	31,811,390	753,130
Instructional Salaries	197,690,955	196,893,652	193,304,177	3,589,475
Instructional Supplies	9,134,429	8,858,825	8,530,553	328,272
Instructional - Other	2,023,088	2,298,175	2,130,774	167,401
Special Education	57,344,930	57,344,930	55,391,267	1,953,663
Pupil Personnel Services	2,873,758	2,873,758	2,856,498	17,260
Health	6,966,947	6,965,487	6,411,420	554,067
Pupil Transportation	21,046,241	20,871,241	19,709,973	1,161,268
Operations	36,266,558	35,900,038	33,434,529	2,465,509
Maintenance	11,722,814	11,846,759	11,754,970	91,789
Fixed Charges	154,506,906	154,342,613	151,300,400	3,042,213
Food and Nutrition Services	10,000	67,364	51,544	15,820
Community Services	1,238,425	1,238,425	1,056,474	181,951
Capital Outlay	1,639,880	2,065,291	1,796,351	268,940
Total Expenditures	<u>544,530,416</u>	<u>544,530,416</u>	<u>529,477,232</u>	<u>15,053,184</u>
Excess of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,396,057</u>	<u>\$ 8,396,057</u>
Fund Balance - Beginning			6,018,546	
Increase in Nonspendable Fund Balance Inventories			(61,785)	
Prior Year Surplus Funded			<u>(5,732,764)</u>	
Fund Balance - Ending			<u>\$ 8,620,054</u>	

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Net Position Proprietary Fund June 30, 2016

	Governmental Activity: Internal Service Fund Self-Insurance
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 10,929,355
Due from Other Funds	500,914
Other Receivables	3,113,286
Total Current Assets	14,543,555
 LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	7,486,596
Current Portion of Long-term Obligations	23,174
Total Current Liabilities	7,509,770
Noncurrent Liabilities:	
Noncurrent Portion of Long-term Obligations	252,193
Total Liabilities	7,761,963
 NET POSITION	
Unrestricted	6,781,592
Total Net Position	\$ 6,781,592

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Net Position Proprietary Fund For the Year Ended June 30, 2016

	Governmental Activity: Internal Service Fund Self-Insurance
Operating Revenues:	
Contributions from Employer	\$ 61,682,438
Contributions from Employees	13,617,487
Federal Government - Medicare Part D	26,012
Total Operating Revenues	75,325,937
Operating Expenses:	
Salaries and Wages	243,844
Professional and Contracted Services	4,259,302
Insurance Claims and Related Expenses	68,702,620
Payment to Federal Government	376,020
Other Charges	103,042
Total Operating Expenses	73,684,828
Operating Income	1,641,109
Nonoperating Revenues:	
Investment Earnings	4,468
Total Nonoperating Revenues:	4,468
Gain Before Transfers	1,645,577
Transfers In	575
Change in Net Position	1,646,152
Total Net Position - Beginning	5,135,440
Total Net Position - Ending	\$ 6,781,592

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2016

	Governmental Activity: Internal Service Fund Self-Insurance
Cash Flows From Operating Activities	
Receipts from User Charges	\$ 13,491,110
Receipts from Interfund Services	61,339,478
Payments to Employees	(315,666)
Payments for Insurance Claims and Related Expenses	<u>(74,564,737)</u>
Net Cash From Operating Activities	<u>(49,815)</u>
Cash Flows From Noncapital Financing Activities	
Transfers from Other Funds	<u>575</u>
Net Cash from Noncapital Financing Activities	<u>575</u>
Cash Flows From Investing Activities	
Interest Received on Investments	<u>4,468</u>
Net Decrease in Cash and Cash Equivalents	(44,772)
Cash and Cash Equivalents - Beginning	<u>10,974,127</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 10,929,355</u></u>
Reconciliation of Operating Loss to	
Net Cash From Operating Activities:	
Operating Income	\$ 1,641,109
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Effect of Changes in Non-cash Operating Assets and Liabilities:	
Receivables and Prepayments	(1,982,945)
Accrued Payables and Liabilities	<u>292,021</u>
Net Cash From Operating Activities	<u><u>\$ (49,815)</u></u>

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Net Position
 Fiduciary Funds
 June 30, 2016

	Retiree Health Benefit Plan	School Activity Fund
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents	\$ 69	\$ 2,863,920
Investments at Fair Value		
Fixed Income Securities	28,363,250	-
Equity Securities	53,428,121	-
Accounts Receivable	-	40,668
	<u>81,791,440</u>	<u>\$ 2,904,588</u>
Total Assets		
LIABILITIES		
Accounts Payable	-	\$ 130,662
Due to Student Groups	-	2,773,926
	<u>-</u>	<u>\$ 2,904,588</u>
Total Liabilities		
NET POSITION		
Net Position Held in Trust for OPEB Benefits	<u>\$ 81,791,440</u>	

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended June 30, 2016

	Retiree Health Benefit Plan
ADDITIONS	
Contributions	
Employer	\$ 10,331,056
Plan Members	6,456,298
Federal Government - Retiree Subsidy	2,332,423
Total Contributions	<u>19,119,777</u>
Investment Income	
Interest	3,604,301
Net Decrease in Fair Value of Investments	<u>(1,728,452)</u>
Total Investment Income	<u>1,875,849</u>
Total Additions	<u>20,995,626</u>
DEDUCTIONS	
Claims Incurred	16,755,785
Administrative Expenses	<u>1,318,254</u>
Total Deductions	<u>18,074,039</u>
Change in Net Position	2,921,587
Net Position - Beginning	<u>78,869,853</u>
Net Position - Ending	<u><u>\$ 81,791,440</u></u>

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

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FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Frederick County Public Schools (FCPS) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of FCPS are described below.

A. Reporting Entity

In Maryland, public schools are part of a statewide system of county school boards. The school boards' political boundaries conform to the county boundaries. The purpose of the Board of Education of Frederick County, Maryland (hereinafter the "Board") is to operate the local public school system in accordance with state and community standards.

The Board consists of seven members who set broad policy guidelines. Within these policy guidelines, the Superintendent is responsible for management of the school system.

The function of the Board is to offer a full curriculum which includes advanced courses, along with music, art, and sports in local schools. The Board has an extensive career and technology program with training in 24 occupational fields. The Board, subject to the provisions of Maryland public school laws, prescribes on the written recommendation of the Frederick County Superintendent of Schools curriculum guides and courses of study.

The Board does not have the authority to levy taxes or incur bonded debt. Schools are funded with local, state, and federal monies.

Under governmental accounting and financial reporting standards, the Board is considered to be a financial reporting entity consisting of a primary government and any other organizations for which the Board is (1) financially accountable or (2) not financially accountable but for which the nature and significance of the other organization's relationship to the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. There were no other such organizations. Frederick County (hereinafter the "County") approves and partially funds the Board's operating budget. The Board is included as a component unit in the County's financial statements.

B. Government-wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of FCPS as a whole. For the most part, the effect of interfund activity has been removed from these statements. An exception to this general rule is that interfund services provided or used between functions have not been eliminated in the statement of activities because to do so would distort the net cost data for functional activities as reported in the total column of that statement.

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 therefore 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. Items which are not classified as program revenues are presented as general revenues of FCPS.

General revenues represent the revenues available to FCPS to finance the net cost of services not funded by program revenues, such as federal, state, and local aid not restricted to specific purposes.

Separate financial statements are provided for governmental funds, the proprietary fund, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are often aggregated and reported as nonmajor funds. FCPS has only two nonmajor funds, so in lieu of aggregating, the nonmajor funds are reported as separate columns clearly indicating nonmajor status in accordance with authoritative accounting standards.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. 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. Grants and similar items are recognized as revenue as soon as 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 when 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, FCPS considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, except for principal and interest on capital leases, and expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from capital leases are reported as other financing sources.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Commitments such as purchase orders and contracts are not recorded as expenditures until a liability is incurred for goods received or services rendered. However, these outstanding commitments, if any, are assigned in the fund balance of the General Fund. The Food and Nutrition Services Fund, the Artificial Turf Fund, and the School Construction Fund do not assign their fund balances for their outstanding purchase orders and contracts. In the Food and Nutrition Services Fund, commodity revenues are recorded as expenses are incurred.

FCPS reports the following major governmental funds:

The General Fund is used to account for all financial resources applicable to the general operation of the Board that are not accounted for in other funds.

The School Construction Fund (Capital Projects) is used to account for all financial resources related to the construction of school sites and buildings and other major capital facilities.

FCPS reports the following nonmajor governmental funds:

The Artificial Turf Fund (Special Revenue) is used to account for the rentals of the Board's artificial turf fields. Upkeep and major repairs to the fields are also recorded in this fund.

The Food and Nutrition Services Fund (Special Revenue) is used to account for the activities of the school food and nutrition services program.

Proprietary fund financial statements are reported using the accrual basis of accounting and employ the economic resources measurement focus, similar to the government-wide financial statements. Under the accrual basis, all revenues and costs of providing services are reported, not just those received or paid in the current year or soon thereafter.

FCPS reports the following proprietary fund:

The Self-Insurance Fund (Internal Service Fund) is used to account for the costs of maintaining FCPS' self-insured health and dental programs.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of FCPS' internal service fund is charges to customers for services. Operating expenses for the internal service fund include the costs of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary fund reporting focuses on net position and changes in assets and liabilities and is accounted for on the accrual basis. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by FCPS under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support FCPS' own programs. The Retiree Health Benefit Plan is a pension trust fund and employs the economic resources measurement focus.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. FCPS' School Activity Fund is an agency fund.

FCPS has two fiduciary funds:

The Retiree Health Benefit Plan is used to account for the Frederick County Public Schools Retiree Health Benefit Plan. This plan provides health and welfare benefits to eligible retirees and in certain instances, their dependents. This plan is also commonly referred to as the OPEB (Other Post-employment Benefits) Plan.

The School Activity Fund is used to account for assets held by the schools for student groups.

FCPS applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins.

When both restricted and unrestricted resources are available for use, it is FCPS' policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

Amounts in demand deposits and short-term investments with a maturity date of three months or less when purchased are considered cash and cash equivalents.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Inventories and Prepaid Items

Inventory of the General Fund consists of expendable supplies held for consumption and is priced at latest invoice cost, which approximates a first-in, first-out cost basis. The fund balance of the General Fund is restored for the value of the inventory on hand at year-end and is reflected as nonspendable in the fund balance which indicates that it is unavailable for spending.

The inventory of the Food and Nutrition Services Fund is recorded on the basis of cost for purchased items and fair market value for commodities donated by the federal government. The commodities that are donated by the federal government are reflected as revenues when they are received and expenditures when they are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as nonspendable in the fund balance and are unavailable for spending. The consumption method is used.

F. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by FCPS as assets with an initial, individual cost of more than \$5,000 and an expected useful life of greater than one year. FCPS' capital assets are recorded at historical cost. Donated capital assets are valued at their estimated market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of FCPS are depreciated using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings and Improvements	7-40
Furniture and Equipment	4-15

Assets which have been acquired with funds received through federal grants must be used in accordance with the terms of the grant.

G. Vacation and Termination Pay

Under the terms of FCPS' personnel policy, FCPS employees are granted vacation and sick leave in varying amounts. In the event of termination, all 12 month employees are paid for accumulated vacation days (annual leave) up to the maximum of 40 days. Full-time classified and certified personnel accumulate sick leave at a maximum rate of 10 to 12 days per year. For employees to vest their unused sick leave and be paid for their unused sick leave at their termination from FCPS, they must retire with at least ten years of service. Upon death, employees' beneficiaries are paid this benefit regardless of years of service. FCPS used the vesting method, pursuant to GAAP, to calculate the sick pay liability as of June 30, 2016.

H. Pension

Certain employees of the Board are members of the Maryland State Retirement and Pension System (hereinafter the "MSRPS"). Employees are members of either the Teachers' Pension System of the State of Maryland (hereinafter the "TPS") or the Employees' Retirement System of the State of Maryland (hereinafter the "ERS"). TPS and ERS are part of the MSRPS which is considered a single, multiple-employer cost sharing plan.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Pension (continued)

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TPS and ERS and additions to and deductions from TPS' and ERS' fiduciary net position have been determined on the same basis as they are reported by TPS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report 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(s) and so will not be recognized as an inflow of resources (revenue) until that time.

J. Fund Balance

The FCPS fund financial statements report nonspendable, restricted, committed, assigned, and unassigned fund balances. In the General Fund, inventory and prepaid items are included in the nonspendable fund balance, the capital lease is reported as restricted fund balance, the fund balance for the charter schools is shown as committed and subsequent years' expenditures and encumbrances are shown in the assigned fund balance. These portions of the fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. If FCPS has more revenues than expenditures in a prior year, the excess revenue will accumulate in the fund balance. In subsequent years, it will be available for re-appropriation. In the General Fund, the unassigned fund balance indicates the portion of fund balance that is available for appropriation in future periods. The general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds others than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

For committed fund balances, the highest level of decision-making authority is the Board. Only the highest level action that constitutes the most binding constraint can be considered a commitment for fund balance classification purposes. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a formal vote of the Board. The charter school fund balances of \$347,357 consists of: \$182,757 for Monocacy Valley Montessori Public Charter School, \$200,974 for Carroll Creek Montessori Public Charter School, and (\$36,374) for Frederick Classical Charter School.

As stated in Section 20, 205.1, Operating and Capital Budgets, in the Board's Policy for Fiscal Procedures, "allocations to schools and administration of the budget are responsibilities of the superintendent and her staff". For assigned fund balances, FCPS' superintendent and her staff are authorized to assign amounts to a specific purpose and are the highest level of decision-making for the assigned fund balances.

When expenditures are incurred for which committed, assigned, and unassigned fund balances are available, the order of spending will be committed, assigned, and then unassigned.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Fund Balance (continued)

The restricted and unrestricted amounts are to be considered spent when expenditures are incurred for purposes for which both a restricted and unrestricted fund balance is available. The committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The General Fund shows a total of \$10,526,545 in its assigned fund balance, of which \$6,132,760 represents the portion to be used for subsequent year's expenditures in fiscal year 2016. The remaining \$4,393,785 represents its encumbrances as of June 30, 2016. Some of the more significant General Fund encumbrances as of June 30, 2016 are \$2,853,192 for buses, \$262,834 for technology, and \$156,630 for vehicle purchases.

K. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. In the government-wide statement, net position includes net investment in capital assets and amounts restricted for debt service.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Maryland statutes require that an operating budget be legally adopted for the General Fund and a capital budget be legally adopted for the School Construction Fund.

The Superintendent and staff members meet during November and December to establish priorities for the operating budget. In January the Superintendent's Recommended Operating Budget is presented to the Board and the community. This budget is subject to revisions and changes by the Board. The Board holds a public hearing in February to receive comments from the community. After meeting in February, the Board approves a budget for submission to the County Executive and County Council. Additional public hearings on the operating budget are held by the County Executive and later by the County Council. In early June, the Board adopts the Operating and Capital budgets along with the Food and Nutrition Services Fund and Self-Insurance Fund budgets. The Board-adopted budgets are then submitted to the County Executive and County Council. The County Council may vote to approve or change the budgets. Any budgets submitted to the County Council are deemed to be approved after 30 days if no formal vote is taken.

Transfers between categories in the General Fund cannot legally be executed without County Council approval; transfers within a category do not require County Council approval.

Legally adopted governmental budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when they become measurable and available. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by FCPS for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations lapse at year-end except for: capital project funds which are carried forward until such time as the project is completed or terminated and certain federal and state grants that do not have a June 30 year-end date. Encumbrances are reported as expenditures in the current year's budgetary presentation and are included by function in the assigned fund balances in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America. Accordingly, the actual expenditure data presented in the budgetary comparison statements is different than the data presented in the governmental fund financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

School Construction is budgeted on a project basis with funds primarily provided by Frederick County and the State of Maryland. State funds are approved by the State's interagency committee. Thus, annual budgetary comparisons to actual expenditures are not presented in the financial statements for the Construction Fund.

The accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund has been prepared on a legally prescribed budgetary basis of accounting which differs from generally accepted accounting principles (GAAP) as shown on the governmental fund financial statements. The budgetary basis of accounting is used to demonstrate compliance with the legal requirements of the County, the state of Maryland, and special federal and state grant programs. The reconciliation between the two methods is set forth below.

	Revenues	Expenditures and Other Financing Sources (Uses)	Net Change in Fund Balance
Reported on the Basis of GAAP	\$ 532,140,525	\$ 527,934,511	\$ 4,206,014
Effect of Encumbrances	-	1,542,721	(1,542,721)
Effect of Prior Year Surplus	5,732,764	-	5,732,764
Reported on the Budgetary Basis of Accounting	<u>\$ 537,873,289</u>	<u>\$ 529,477,232</u>	<u>\$ 8,396,057</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. Budgetary Information (continued)

A legal operating budget is not required for the Food and Nutrition Services Fund, School Activity Fund, Self-Insurance Fund, Artificial Turf Fund, or the Retiree Health Benefit Plan. Spending in funds which are not subject to the legal operating or capital budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by FCPS.

During the fiscal year ended June 30, 2016, the Board and the County Council approved the following supplemental appropriations/transfers for the General Fund:

Supplemental Appropriations/Transfers

	<u>To</u>	<u>From</u>	<u>Net Change</u>
<u>Revenues:</u>			
Other	\$ 437,087	\$ (437,087)	\$ -
Total Increase (Decrease) to Revenues	<u>\$ 437,087</u>	<u>\$ (437,087)</u>	<u>\$ -</u>
	<u>To</u>	<u>From</u>	<u>Net Change</u>
<u>Expenditures:</u>			
Administration	\$ 609,390	\$ -	\$ 609,390
Mid-level Administration	288,983	-	288,983
Instructional Salaries	-	(797,303)	(797,303)
Instructional Supplies	24,396	(300,000)	(275,604)
Instructional – Other	300,000	(24,913)	275,087
Special Education	-	-	-
Health	-	(1,460)	(1,460)
Pupil Transportation	-	(175,000)	(175,000)
Operations	155,480	(522,000)	(366,520)
Maintenance	123,945	-	123,945
Fixed Charges	-	(164,293)	(164,293)
Food Service	57,364	-	57,364
Community Services	-	-	-
Capital Outlay	425,411	-	425,411
Total Increase (Decrease) to Expenditures	<u>\$ 1,984,969</u>	<u>\$ (1,984,969)</u>	<u>\$ -</u>
Total	<u>\$ 2,422,056</u>	<u>\$ (2,422,056)</u>	<u>\$ -</u>

The General Fund budget, in total, remained the same in fiscal year 2016. Changes within the budgetary categories of the General Fund during fiscal year 2016 were approved by action of the Board and the County Council. For the year ended June 30, 2016, there were no expenditure categories that exceeded their budgets. Overall expenditures were under budget by \$8.4 million.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

1. Cash on Hand

At year-end, cash on hand for petty cash was \$2,825.

2. Deposits

At year-end, the carrying amount of FCPS' deposits was \$14,850,226 and the bank balance was \$17,830,466.

3. Investments

As of June 30, 2016, FCPS' investment balances by type and maturity were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			Interest Rate at June 30
		Less Than 1	1-5	6-10	
Maryland Local Gov. Investment Pool	\$12,488,369	\$12,488,369	\$ -	\$ -	.36%
Money Market	9,481,690	9,481,690	-	-	.05%
Certificates of Deposit	4,537	4,537	-	-	Various
Fixed Income Securities	28,363,250	28,363,250	-	-	0.00%
Equity Securities	53,428,121	53,428,121	-	-	2.11%
	<u>\$103,765,967</u>	<u>\$103,765,967</u>	<u>\$ -</u>	<u>\$ -</u>	

FCPS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principals (GASB 72). The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs.

FCPS has the following recurring fair value measurements as of June 30, 2016:

MLGIP, Money Market, Fixed Income Securities and Equity Securities of \$103,761,430, are valued using quoted market prices (Level 1 inputs).

Certificates of Deposit of \$4,537 are valued using significant other observable inputs. (Level 2 inputs).

Reconciliation of cash and investments as shown on the Statement of Net Position:

Cash on Hand	\$ 2,825
Carrying Amounts of Deposits	14,850,226
Carrying Amounts of Investments (above)	<u>103,765,967</u>
Total Cash and Investments	118,619,018
Less: Amounts in Fiduciary Funds	<u>(84,655,360)</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 33,963,658</u>
Cash and Investments	\$ 33,954,378
Cash and Investments - Restricted	<u>9,280</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 33,963,658</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. Fair value fluctuates with interest rates, and increasing interest rates could cause fair value to decline below original cost. State statute governs FCPS' investment policies. The Maryland Annotated Code Section 6-222 outlines the permissible investments and investment standards which FCPS follows.

Credit Risk. FCPS invests in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net position of the pool, marked to market, is calculated and maintained on a daily basis to ensure a \$1.00 per unit constant value.

State statute governs FCPS' investment policies. The Maryland Annotated Code Section 6-222 outlines the permissible investments and investment standards which FCPS follows.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, FCPS will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016, all of FCPS' investments were insured or registered, or the securities were held by FCPS or its agent in FCPS' name or were invested in the MLGIP.

As noted above, state statute governs FCPS' investment policies. The Maryland Annotated Code Section 6-222 outlines the permissible investments and investment standards which FCPS follows.

Foreign Currency Risk. The Retiree Health Benefit Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains one investment manager for global and international equity investments. The Plan's investment policy does not establish any limitation related to foreign currency risk. The Plan's exposure to foreign currency risk is as follows:

<u>Currency</u>	<u>Fair Value</u>
European Monetary Unit (Euro)	\$ 2,243,672
Japanese Yen	1,771,921
UK Pound	1,446,497
Swiss Franc	682,094
Australian Dollar	568,539
Hong Kong Dollar	241,591
Swedish Krona	206,534
Danish Krona	148,613
US Dollar	109,745
Singapore Dollar	96,789
Norwegian Krone	46,489
Israeli Sheikel	43,441
New Zealand Dollar	<u>15,242</u>
Total	<u>\$ 7,621,167</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

Restricted Cash. Restricted cash in the General Fund represents an escrow account holding funds for future debt service payments related to a capital lease for the design and construction of the central office building.

Retiree Health Benefit Plan Cash and Investments. As of June 30, 2016, the deposits of the Retiree Health Benefit Plan were held in an investment grade money market account, a domestic equity index fund, a foreign equity index fund, and a fixed income bond market index fund. All funds were invested in accordance with the Retiree Health Benefit Plan Investment Plan Statement.

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

B. Capital Assets

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

	Balance July 1, 2015	Additions	Retirements Reclassifications	Balance June 30, 2016
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	\$ 48,869,070	\$ 5,315	\$ 80,000	\$ 48,794,385
Construction in Progress	13,172,036	44,292,211	15,215,497	42,248,750
Total Nondepreciable Capital Assets	<u>62,041,106</u>	<u>44,297,526</u>	<u>15,295,497</u>	<u>91,043,135</u>
Depreciable Capital Assets:				
Buildings and Improvements	863,070,181	13,220,745	-	876,290,926
Furniture and Equipment	51,596,500	2,626,572	1,985,493	52,237,579
Total Depreciable Capital Assets	<u>914,666,681</u>	<u>15,847,317</u>	<u>1,985,493</u>	<u>928,528,505</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	300,575,009	24,234,706	-	324,809,715
Furniture and Equipment	31,175,769	3,114,763	1,752,575	32,537,957
Total Accumulated Depreciation	<u>331,750,778</u>	<u>27,349,469</u>	<u>1,752,575</u>	<u>357,347,672</u>
Total Depreciable Capital Assets, Net	<u>582,915,903</u>	<u>(11,502,152)</u>	<u>232,918</u>	<u>571,180,833</u>
Governmental Activities Capital Assets, Net	<u>\$ 644,957,009</u>	<u>\$ 32,795,374</u>	<u>\$ 15,528,415</u>	<u>\$ 662,223,968</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Administration	\$ 1,355,292
Mid-level Administration	60,871
Instruction - Other	23,751,640
Special Education	19,354
Pupil Personnel Services	479
Pupil Transportation	1,613,039
Operations	207,872
Maintenance	121,341
Community Services	22,572
Food and Nutrition Services	197,009
Total Depreciation Expense - Governmental Activities	<u>\$ 27,349,469</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Construction Commitments

FCPS has active construction projects as of June 30, 2016. The projects include new and renovated school construction. As of year-end, FCPS' major commitments with contractors were as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Butterfly Ridge Elementary School - New	\$ 931,870	\$ 442,593
Emmitsburg Elementary School - RTU Replacement (Phase 1)	294,593	147,297
Frederick High School - Replacement	38,830,632	48,530,852
Kemptown Elementary School - Generator (ASP)	287	125,955
Middletown Campus Roadway Design	126,717	58,572
New Market Middle School - Window & Door Replacement	410,713	40,298
New Market Middle School - Boiler & Oil Tank Removal	58,614	427,528
Rock Creek School - Feasibility Study	79,968	57,312
Sugarloaf Elementary School - New	888,205	1,013,220
Urbana Middle School - Fitout	2,764,927	27,970
Yellow Springs Elementary School - Boiler	143,359	100,675
Other Projects	480,149	205,798
Total	<u>\$ 45,010,034</u>	<u>\$ 51,178,070</u>

D. Long-term Liabilities

Long-term liability balances and activities for the year ended June 30, 2016 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Capital Leases	\$ 13,183,846	\$ -	\$ 1,646,212	\$ 11,537,634	\$ 523,809
Vacation Leave Payable	7,264,826	5,041,622	5,233,002	7,073,446	5,494,652
Termination Benefits Payable	21,101,839	4,552,202	4,162,211	21,491,830	2,697,269
Net OPEB Obligation	210,515,378	57,189,000	10,331,056	257,373,322	-
Net Pension Liability	30,144,657	9,921,453	804,053	39,262,057	-
	<u>\$ 282,210,546</u>	<u>\$ 76,704,277</u>	<u>\$ 22,176,534</u>	<u>\$ 336,738,289</u>	<u>\$ 8,715,730</u>

FCPS does not have the authority to incur bonded debt. Vacation leave, termination benefits, and other post-employment benefits have typically been liquidated in the General Fund in prior years. Net pension liabilities are liquidated by each fund which has applicable salaries reported.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

E. Capital Lease Obligations

FCPS entered into a lease agreement for a central office building in the amount of \$16,700,000 and the financing was completed in December, 2007. In fiscal year 2013, with a declining interest rate environment, FCPS refinanced the central office lease agreement. The terms of the refinanced lease agreement lowered the interest rate from 4.62% to 3.1%. The original lease agreement was for a period of twenty-five years ending September 1, 2032. Principal and interest payments were adjusted under the refinanced lease agreement, but the agreement still terminates on September 1, 2032. All of the other terms of the original agreement remain intact. Payments, including interest, during fiscal year 2016 were \$2,047,290. Current year depreciation expense for the capital lease assets shown below were \$915,556.

The assets acquired through capital leases were as follows:

	Governmental Activities
Assets:	
Building	\$ 16,361,159
Machinery and Equipment	8,332,982
Less: Accumulated Depreciation	(8,279,992)
Total	\$ 16,414,149

As of June 30, 2016, the minimum obligations under the capital lease for the central office building were as follows:

	Fiscal Years	Governmental Activities
	2017	\$ 873,356
	2018	872,741
	2019	873,286
	2020	872,715
	2021	872,773
	2022-2026	4,365,872
	2027-2031	4,365,827
	2032-2033	1,746,248
Total Obligations		14,842,818
Less: Portion Representing Interest at 3.1%		(3,305,184)
Present Value of Lease Obligation		\$ 11,537,634

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	School Construction Fund	Advances of cash for operating needs	\$ 394,916
Food and Nutrition Services Fund	General Fund	Food and Nutrition expenses	388
Artificial Turf Fund	General Fund	Future repairs and replacements	399,482
Self-Insurance Fund	General Fund	Insurance expenses	500,914
		Total	<u>\$ 1,295,700</u>

These interfund balances are presented in the accompanying financial statements as follows:

	<u>Due from</u>	<u>Due to</u>
Balance Sheet - Governmental Funds	\$ 794,786	\$ 1,295,700
Statement of Net Position - Proprietary Fund	500,914	-
Totals	<u>\$ 1,295,700</u>	<u>\$ 1,295,700</u>

Transfers to/from other funds consisted of the following:

Transfers from the General Fund to the internal service fund for OPEB	\$ 575
Transfers from the General Fund to the special revenue fund for OPEB	35,546
Total	<u>\$ 36,121</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION

A. Retirement and Pension Systems of the State of Maryland

Plan Description

The employees of FCPS are covered by the Teachers' Retirement System (hereinafter the "TRS"), the TPS, the ERS, or the Employees' Pension System (hereinafter the EPS). These systems are part of the MSRPS, and are cost-sharing multiple-employer public employee retirement systems. The MSRPS provides pension, death, and disability benefits to plan members and beneficiaries. The plan is administered by the State Retirement Agency (hereinafter the "Agency"). Responsibility for the administration and operation of the MSRPS is vested in a 12-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland, (hereinafter the "Article"). The Article grants the authority to establish and amend the benefit terms and funding policy of TRS, TPS, ERS and EPS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at www.sra.state.md.us/Agency/Downloads/CAFR/.

The Article requires active members to contribute to the MSRPS, a percentage of their covered salary depending upon the retirement option selected. FCPS is required to contribute at an actuarially determined rate. The state's contributions on behalf of FCPS for the years ended June 30, 2016, 2015, and 2014 were \$32,575,239, \$32,836,193, and \$31,980,586, respectively, which were equal to the required contributions for each year. These on-behalf payments were recognized as revenues and expenditures during the period. FCPS' contributions for the years ended June 30, 2016, 2015, and 2014 were \$14,482,959, \$13,538,662, and \$11,428,486, respectively, which were equal to the required contributions for each year.

The Governmental Accounting Standards Board has issued GASB Statement No. 68, entitled *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement No. 27* and GASB Statement No. 71, entitled *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, which was adopted by the Board during the fiscal year ending June 30, 2015. As part of the adoption of these pronouncements, entities that participate in a multi-employer cost-sharing defined benefit retirement plan are required to record their proportionate share of the net unfunded pension liability of the entire Plan. The entity's share of the Plan's total unfunded pension liability is calculated by multiplying its share of the total pension plan contributions to the Plan for the year by the total unfunded liability of the Plan as of year-end. Because the state of Maryland contributes the prior service cost and any cost related to actuarial adjustments for the teachers and certain other employees, the Board does not need to record a liability related to those employees. The Board records an unfunded pension liability related to those employees for whom the Board must contribute the entire employer's contribution. The Board's total contribution for which it must pay the total employer's contribution was \$3,495,459 for the year ended June 30, 2016.

Benefits provided. A member of either the TRS or the ERS is generally eligible to receive 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 (hereinafter the "AFC") multiplied by the number of years of accumulated creditable service.

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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION (continued)

A. Retirement and Pension Systems of the State of Maryland (continued)

Plan Description (continued)

For most individuals who retired from either the TPS or EPS on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the TPS or the EPS on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning July 1, 2011, any new member of the TPS or the EPS 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 TPS or the EPS.

Exceptions to these benefit formulas apply to members of the EPS, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (hereinafter the "SSIL"), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Early Service Retirement

A member of either the TRS or the ERS may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a TRS or ERS member is 30%.

An individual who is a member of either the TPS or the EPS on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the TPS or the EPS is 42%. An individual who becomes a member of either the TPS or the EPS on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the TPS or the EPS is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions. (ERS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 6% of their annual pay. The Board's contractually required contribution rate for ERS for the year ended June 30, 2016, was approximately \$4.0 million, 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. Contributions to ERS from the Board were approximately \$4.0 million for the year ended June 30, 2016.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION (continued)

A. Retirement and Pension Systems of the State of Maryland (continued)

Disability and Death Benefits (continued)

Contributions. (TPS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State is responsible for the net pension liability of TPS. The Board's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation. The State's contribution on behalf of the Board for the year ended June 30, 2016 was approximately \$32.6 million. The Board's contractually required contribution rate for TPS for the year ended June 30, 2016, was approximately \$9.6 million, actuarially determined as an amount that, when combined with the State and 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 (State only). Contributions to ERS from the Board were approximately \$4.0 million for the year ended June 30, 2016.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

As of June 30, 2016, the Board reported a liability of approximately \$39.3 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the ERS net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. As of June 30, 2016, the Board's proportion for ERS was 0.19 percent, which was substantially the same as its proportion measured as of June 30, 2015.

For the year ended June 30, 2016, the Board recognized pension expense for ERS of approximately \$3.8 million. As of June 30, 2016, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2016 Contributions	\$ 3,495,459	\$ -
Changes in assumptions	2,292,425	-
Projected/actual investments	3,458,169	2,474,647
Actual/expected experience	-	804,053
Total	\$ 9,246,053	\$ 3,278,700

Deferred outflows of resources in the amount of \$3,495,459, related to ERS resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the ERS net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows: Changes in assumptions: Fiscal years 2017-2021, \$393,075 per year; Difference between projected and actual earning on pension plan investments: Fiscal years 2017-2020, \$864,542 per year; Difference between actual and expected experience: Fiscal years 2017-2021, \$160,811 per year.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION (continued)

A. Retirement and Pension Systems of the State of Maryland (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

As of June 30, 2016, the State of Maryland's proportionate share of the TPS net pension liability associated with the Board was \$417,982,864. The TPS net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportionate share of the TPS net pension liability associated with the Board was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined.

Information included in the MSRPS financial statements.

Actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are available at www.sra.state.md.us/Agency/Downloads/CAFR/.

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate.

The Board's proportionate share of the ERS net pension liability calculated using the discount rate of 7.65 percent is \$39,262,057. Additionally, the Board's proportionate share of the ERS net pension liability if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) is \$55,490,897 or 1-percentage-point higher (8.65 percent) is \$25,805,115.

B. Risk Management

FCPS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. FCPS has a program of self-insuring group health and dental benefits provided to its employees, and established an internal service fund entitled Group Health and Dental Self-Insurance Fund to account for the costs of maintaining such benefits. Charges are made to other funds and to the employees for their respective share of the costs in amounts planned to match estimated claims, the cost of insurance premiums for coverage in excess of self-insured amounts, and the administrative costs in providing the program. These costs are offset by interest income earned from investing receipts until they are paid out in the form of claims or expenses. Settled claims have not exceeded commercial coverage in any of the past five fiscal years.

In the fund statement, interfund charges are accounted for as expenditures of the insured fund and as revenues of the Self-Insurance Fund in accordance with Governmental Accounting Standards Board Statement No. 10. In the government-wide Statement of Activities, eliminations are made to remove the "doubling-up" effect of the Self-Insurance Fund activity. Contributions from employees are treated as revenues of the Self-Insurance Fund since the employees' exposure is limited to the amount of their contributions in any one fiscal year. Processing of claims and other administrative matters are performed by an independent third party administrator for a fee. In addition, an insurance policy for coverage in excess of an agreed upon specific self-insured amount is purchased from an insurance company. The salary and benefits of FCPS personnel, who are partially engaged in providing internal claims coordination and handling of employee inquiries, are charged to the Self-Insurance Fund along with the above mentioned costs. In addition, any other administrative costs directly relating to the benefits program such as legal, printing, etc. are charged to the Self-Insurance Fund.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION (continued)

B. Risk Management (continued)

The Self-Insurance Fund's accrued liabilities include an estimate in accordance with standard insurance industry reserve practices of the claims to be paid for self-insured losses incurred but not reported prior to June 30, 2016. This liability is based on the requirements of GAAP which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. This estimate is based on the third party administrator's calculations and the Self-Insurance Fund's historical performance. This liability is reported in the Self-Insurance Fund financial statements as a part of accounts payable.

Changes in the balances of the liability for claims incurred but not reported during 2016 and 2015 were as follows:

June 30, 2014 liability balance	\$ 4,578,835
Claims and changes in estimates	55,452,227
Claims and expenses paid	<u>(55,413,987)</u>
June 30, 2015 liability balance	4,617,075
Claims and changes in estimates	51,330,803
Claims and expenses paid	<u>(60,950,953)</u>
June 30, 2016 liability balance	<u><u>\$ (5,003,075)</u></u>

In accordance with FCPS policy, FCPS makes a contribution toward the costs of health benefits for those retirees who elect to participate in FCPS' health benefits programs following retirement. Currently 1,884 retirees meet the health eligibility requirements. FCPS funds a percentage of the premium rate for retirees who participate in FCPS' health indemnity plan. The rates are 65% for retirees with 10 to 24 years of service and 80% for retirees with 25 or more years of service. FCPS pays 19% for retiree dependents under age 65 and 23% for retiree dependents over age 65.

Retirees may participate in FCPS' dental benefit program, but the retiree contributes the entire premium. There is no Board contribution.

FCPS employees participate in FCPS' self-insured triple option point of service health plan effective July 1, 2000. FCPS employees may also participate in FCPS' group dental indemnity program.

FCPS participates with sixteen other school districts in the state of Maryland in the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (hereinafter the "Fund"). This Fund was established to provide workers' compensation coverage for participating school boards. The Fund is operated under regulations promulgated by the State's Workers' Compensation Commission (COMAR 14.09.02). Each Fund member pays an annual premium calculated on its payroll according to the standard classifications, with an experience modification applied. Six months following the end of the Fund's fiscal year, the trustees of the Fund declare unneeded funds as surplus and distribute 50% of declared surplus, no sooner than one year after the close of that fiscal year, as dividends to the Fund members. Members dedicate 50% of total surplus each year to a surplus fund until it reaches 100% of net annual premium. The Fund carries an excess insurance policy providing specific excess and employer liability protection coverages, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$400,000 for each workers' compensation claim.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION (continued)

B. Risk Management (continued)

FCPS purchases commercial insurance to provide coverage for property, boiler, general liability, life, vehicle liability, physical damage, and miscellaneous type coverages such as bonds and accident insurance. The cost of the above coverages is included in the fixed charges and operations categories of the General Fund. There have been no significant reductions in insurance coverage from the prior year.

C. Frederick County Public Schools Defined Contribution Plan

FCPS administers the Frederick County Public Schools Defined Contribution Plan (the "Defined Contribution Plan"). The Defined Contribution Plan is designed to afford eligible employees an opportunity to increase their security at retirement through employer contributions during their periods of active employment while this Defined Contribution Plan remains in effect. The Board has the right to amend the plan at any time per the FCPS Defined Contribution Plan Document. In fiscal year 2016, the FCPS Superintendent of Schools was the only participant in the Defined Contribution Plan. There are no contribution requirements of the Board. The Defined Contribution Plan has received a favorable determination letter from the Internal Revenue Service indicating that it qualifies as a tax-qualified "profit-sharing" plan. It is intended to be a "governmental plan" within the meaning of Internal Revenue Code Section 414. During fiscal year 2016, a \$25,000 contribution was made to the Defined Contribution Plan by FCPS. The Defined Contribution Plan is similar to other deferred compensation plans such as 403(b), 401(k), and 457 plans, and therefore is not reported in FCPS' financial statements.

D. Post-employment Healthcare Plan

Plan Description

The Frederick County Public Schools Retiree Health Benefit Plan (the "Plan") is a single-employer defined benefit health plan administered by the Board. The Plan provides medical, dental, vision, and life insurance benefits to eligible participants (covered retirees, covered survivors and, with respect to certain benefits, their eligible dependents). As of June 30, 2016 there were 1,884 retirees (of which 459 had dependent coverage) and 4,994 active benefited employees in the Plan. The Board has the authority to establish and amend post-employment benefits. The Plan is included in this financial report as a fiduciary fund. A separate, audited GAAP-basis post-employment benefit plan report is not available.

Funding Policy

The Board negotiates the contribution percentage between FCPS and the employees through union contracts and personnel policy. The required contribution for participants is based on projected "pay-as-you-go" financing requirements. For fiscal year 2016, FCPS contributed \$10,331,056 to the Plan. Of this amount, \$9,289,243 was for FCPS' share of retiree premiums and \$1,041,813 was put into a 115 Trust account (the "Trust") which was established on May 29, 2008 for the purpose of pre-funding a portion of retiree health benefits in the future. Plan members receiving benefits contributed \$6,456,298 or approximately 41% of the total premiums. The rates for fiscal year 2016 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare eligible or Medicare eligible), and the type of insurance (medical Choice Plus, medical PPO, and/or Dental). Rates varied for medical coverage from \$98.61 per month to \$949.18 per month, and dental coverage varied from \$33.84 per month to \$85.47 per month.

The Board's policy established on May 9, 2007 was to phase in full funding of the Annual Required Contribution (the "ARC") less the "pay as you go" contributions over the five-year period of fiscal years 2008 through 2012. Due to the national and local economic downturn, the Board has not funded the ARC per the policy. The funding of the ARC is a budgetary consideration through the normal operating budget cycle.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Annual OPEB Cost and Net OPEB Obligation

FCPS' annual other post-employment benefit (OPEB) cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of FCPS' annual OPEB cost for all funds, the amount actually contributed to the Plan and the changes in FCPS' net OPEB obligation to the Plan for fiscal year 2016.

Annual required contribution	\$ 59,987,000
Interest on net OPEB obligation	7,866,000
Adjustment to annual required contribution	(10,664,000)
Annual OPEB cost	<u>57,189,000</u>
Contributions made	(10,331,056)
Increase in net OPEB obligation	<u>46,857,944</u>
Net OPEB obligation – Beginning of year	210,515,378
Net OPEB obligation – End of year	<u>\$257,373,322</u>

FCPS' annual OPEB cost and the net OPEB obligation for fiscal years 2011 through 2016 were as follows:

Fiscal Years Ended	Annual OPEB Cost	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
6/30/2011	\$52,774,000	10.7%	\$122,913,471
6/30/2012	32,446,000	62.4%	135,117,488
6/30/2013	34,797,000	61.6%	148,454,322
6/30/2014	41,445,000	26.7%	178,823,157
6/30/2015	43,829,000	27.7%	210,515,378
6/30/2016	57,189,000	22.0%	257,373,322

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Funded Status and Funding Progress

As of July 1, 2015 the actuarial accrued liability (AAL) for benefits was \$648.6 million, and the unfunded actuarial accrued liability (UAAL) was \$569.7 million. The actuarial value of assets was \$78.9 million. The covered payroll (annual payroll of active employees covered by the Plan) was \$295.1 million, and the ratio of the UAAL to the covered payroll was 193.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents the funding for fiscal years 2011 through 2016. Fiscal year 2008 was the first year of the Plan.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2015 actuarial valuation, the Projected Unit Credit, with linear pro-ration to assumed benefit commencement cost method was used. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.00% initially, reduced by decrements to an ultimate rate of 5.05% after 2048. Both rates include a 2.5% inflationary percentage. The medical prescription claims assumption was reduced 28% to reflect the inclusion of the Employer Group Waiver Plan (EGWP). FCPS' unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 2016 was twenty-two years.

Note 5. CONTINGENCIES

FCPS, in the course of its operations, is a party to legal proceedings. The legal opinion of FCPS is that the ultimate disposition of these claims and legal proceedings will not have a material effect on the financial condition of FCPS.

FCPS, as grantee or sub-grantee, participates in numerous federal and state grant programs, which are subject to financial and compliance audits. FCPS believes it has complied, in all material respects, with applicable grant requirements and the amount of expenditures that may be disallowed by the granting agencies, if any, would be immaterial.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2016

Note 6. NEW ACCOUNTING PRONOUNCEMENTS

During the year ended June 30, 2016, GASB issued statement no. 77, *Tax Abatement Disclosures*; statement no. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; statement no. 79, *Certain External Investment Pools and Pool Participants*; statement no. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*; statement no. 81, *Irrevocable Split-Interest Agreements*; and statement no. 82, *Pension Issues – an amendment of GASB Statements no. 67, no. 68, and no. 73*.

FCPS is analyzing the effects of these pronouncements and plans to implement them by their effective dates, FY17 through FY19.

REQUIRED SUPPLEMENTARY INFORMATION

FREDERICK COUNTY PUBLIC SCHOOLS

Required Supplementary Information Schedule of OPEB Funding Progress and Employer Contribution for the Retiree Health Benefit Plan

Schedule of OPEB Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liabilities (AAL) Project Unit Credit (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
7/1/2010	\$ 18,770,000	\$ 551,210,000	\$ 532,440,000	3.41%	\$ 277,062,397	192.17%
7/1/2011	22,513,000	303,890,000	281,377,000	7.41%	275,045,866	102.30%
7/1/2012	39,235,000	341,105,000	301,870,000	11.50%	275,832,066	109.44%
7/1/2013	59,352,300	447,436,000	388,083,700	13.26%	283,949,347	136.67%
7/1/2014	72,000,000	480,495,000	408,495,000	14.98%	285,482,518	143.09%
7/1/2015	78,873,776	648,582,000	569,708,224	12.16%	295,080,729	193.07%

Schedule of OPEB Employer and Other Contributing Entities' Contributions

Years Ended	Employer and Other Contributing Entities' Contributions	Annual Required Contribution (ARC)	Percentage of ARC Contributed
6/30/2011	\$ 5,661,961	\$ 53,028,000	10.68%
6/30/2012	20,241,983	31,565,000	64.13%
6/30/2013	21,460,166	34,138,000	62.86%
6/30/2014	11,076,165	42,518,000	26.05%
6/30/2015	12,136,779	45,446,000	26.71%
6/30/2016	10,331,056	59,987,000	17.22%

(1) Discount rate used to determine Actuarial Accrued Liabilities was 4.00%, 7.25%, 7.00%, 4.25%, 4.25%, and 3.75% for Actuarial Valuation Dates of 7/1/2010, 7/1/2011, 7/1/2012, 7/1/2013, 7/1/2014, and 7/1/2015 respectively.

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Contributions For the Year Ended June 30, 2016

	Fiscal Year	
	2016	2015
Contractually Required Contributions (ERS)	\$ 3,982,050	\$ 3,958,359
Contributions in Relation to the Contractually Required Contribution	<u>(3,982,050)</u>	<u>(3,958,359)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Board's Covered-employee Payroll	\$ 295,080,729	\$ 285,482,518
Contributions as a Percentage of Covered-employee Payroll	1.35%	1.39%

This schedule is presented to illustrate the requirement to show information for 10 years. Information prior to June 30, 2015 is not available.

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Proportionate Share of Net Pension Liability For the Year Ended June 30, 2016

	Fiscal Year	
	2016	2015
Board's Proportionate Share of the ERS Net Pension Liability (Asset)	0.189%	0.167%
Board's Proportionate Share of the ERS Net Pension Liability (Asset)	\$ 39,262,057	\$ 30,144,657
State's Proportionate Share of the TRS Net Pension Liability (Asset) Associated with the Board	417,982,864	300,434,664
TOTAL	\$ 457,244,921	\$ 330,579,321
Board's Covered-employee Payroll	\$ 295,080,729	\$ 285,482,518
Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	13.31%	10.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.78%	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. Information prior to June 30, 2015 is not available.

OTHER SUPPLEMENTARY INFORMATION

FREDERICK COUNTY PUBLIC SCHOOLS

School Construction Fund

Schedule of Expenditures by Type of School

For the Year Ended June 30, 2016 (With Comparative Totals for 2015)

	2016	2015
HIGH SCHOOLS		
Land	\$ 728,400	\$ 1,143,415
Buildings and Improvements	36,906,336	3,144,805
Furniture and Equipment	-	25,604
TOTAL	\$ 37,634,736	\$ 4,313,824
 MIDDLE SCHOOLS		
Land	\$ 63,072	\$ 123,401
Buildings and Improvements	1,240,013	3,644,155
Furniture and Equipment	341,678	709,424
TOTAL	\$ 1,644,763	\$ 4,476,980
 ELEMENTARY SCHOOLS		
Land	\$ 103,240	\$ 349,600
Buildings and Improvements	4,542,969	10,303,842
Furniture and Equipment	-	1,037,518
TOTAL	\$ 4,646,209	\$ 11,690,960
 OTHER		
Buildings and Improvements	\$ 366,502	\$ 816,025
Furniture and Equipment	-	436,955
TOTAL	\$ 366,502	\$ 1,252,980
 TOTAL		
Land	\$ 894,712	\$ 1,616,416
Buildings and Improvements	43,055,820	17,908,827
Furniture and Equipment	341,678	2,209,501
TOTAL (Excludes Intergovernmental Payment)	\$ 44,292,210	\$ 21,734,744

FREDERICK COUNTY PUBLIC SCHOOLS

School Construction Fund Schedule of Cumulative Expenditures, Encumbrances, and Appropriations Through June 30, 2016

PROJECT	Cumulative Expenditures June 30, 2015	Expenditures Net of Closed Projects Current Fiscal Year	Cumulative Expenditures June 30, 2016	Encumbrances	Cumulative Appropriations June 30, 2016	Unencumbered Balance of Appropriations
33 TJ Drive Warehouse	\$ 29,175	\$ 10,766	\$ 39,941	\$ 49,600	\$ 899,000	\$ 809,459
Ballenger Creek Middle	45,379	(45,379)	-	-	-	-
Brunswick High	451,375	(451,375)	-	-	29,015	29,015
Brunswick Middle	224,253	(224,253)	-	-	148,514	148,514
Butterfly Ridge Elementary	444,710	487,160	931,870	442,593	2,587,538	1,213,075
Catoctin High	380	-	380	-	380	-
Design Fees - Future Projects	-	110,755	110,755	35,026	169,493	23,712
Emmitsburg Elementary	-	294,593	294,593	147,297	606,000	164,110
Frederick High	3,405,641	35,424,991	38,830,632	48,530,852	94,551,014	7,189,530
Green Valley Elementary	-	-	-	-	1,528	1,528
Hillcrest Elementary	1,256,197	(1,256,197)	-	-	-	-
Kempton Elementary	-	287	287	125,955	130,000	3,758
Middletown High	696,853	(570,136)	126,717	58,572	250,000	64,711
Middletown Middle	23,234	(23,234)	-	-	-	-
Myersville Elementary	523,529	(523,529)	-	-	-	-
New Market Elementary	195,352	(204,762)	(9,410)	-	88,351	97,761
New Market Middle	183,247	295,489	478,736	467,826	1,181,000	234,438
New Midway Elementary	15,161	(15,161)	-	-	-	-
North Frederick Elementary	30,418	(30,418)	-	-	-	-
Portable Classrooms	504,345	(253,588)	250,757	52,140	306,358	3,461
Rock Creek	92,888	(12,920)	79,968	57,312	140,000	2,720
Sugarloaf Elementary	849,851	38,354	888,205	1,013,220	2,653,844	752,419
Technology Now	998,878	(998,878)	-	-	-	-
Thurmont Middle	155,765	(155,765)	-	-	-	-
Twin Ridge Elementary	-	-	-	-	100	100
Urbana Middle	2,099,071	(2,095,808)	3,263	27,970	728,337	697,104
Valley Elementary	74,895	(74,895)	-	-	95,719	95,719
Walkersville Elementary	417,401	(417,401)	-	-	46,213	46,213
Walkersville High	432,468	(432,468)	-	-	-	-
Windsor Knolls Middle	-	78,694	78,694	69,032	150,000	2,274
Woodsboro Elementary	12,400	(12,400)	-	-	-	-
Yellow Springs Elementary	9,170	134,189	143,359	100,675	367,000	122,966
TOTAL	\$ 13,172,036	\$ 29,076,711	\$ 42,248,747	\$ 51,178,070	\$ 105,129,404	\$ 11,702,587

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 Food and Nutrition Services Fund
 For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u> <u>Original & Final</u>	<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
Revenues:			
Federal	\$ 6,352,045	\$ 6,829,377	\$ 477,332
State	280,003	303,450	23,447
Charges for Services	4,834,171	4,421,391	(412,780)
Other	74,814	163,219	88,405
Total Revenues	<u>11,541,033</u>	<u>11,717,437</u>	<u>176,404</u>
Expenditures:			
Food and Nutrition Services	<u>11,541,033</u>	<u>11,882,562</u>	<u>(341,529)</u>
Total Expenditures	<u>11,541,033</u>	<u>11,882,562</u>	<u>(341,529)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>(165,125)</u>	<u>\$ (165,125)</u>
Fund Balance - Beginning		<u>2,520,047</u>	
Fund Balance - Ending		<u>\$ 2,354,922</u>	

FREDERICK COUNTY PUBLIC SCHOOLS

School Activity Fund
 Statement of Changes in Assets and Liabilities
 For the Year Ended June 30, 2016

	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,720,657	\$ 6,623,242	\$ 6,479,979	\$ 2,863,920
Accounts Receivable	17,034	40,742	17,108	40,668
Total Assets	<u>\$ 2,737,691</u>	<u>\$ 6,663,984</u>	<u>\$ 6,497,087</u>	<u>\$ 2,904,588</u>
LIABILITIES				
Accounts Payable	\$ 107,822	\$ 128,361	\$ 105,521	\$ 130,662
Due to Student Groups	2,629,869	6,646,878	6,502,821	2,773,926
Total Liabilities	<u>\$ 2,737,691</u>	<u>\$ 6,775,239</u>	<u>\$ 6,608,342</u>	<u>\$ 2,904,588</u>

FREDERICK COUNTY PUBLIC SCHOOLS

School Activity Fund - Elementary Schools
 Schedule of Changes in Due to Student Groups Liability
 For the Year Ended June 30, 2016

SCHOOL	BALANCE JUNE 30, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
Ballenger Creek	\$ 7,366	\$ 49,036	\$ 47,383	\$ 9,019
Brunswick	15,054	26,736	26,547	15,243
Carroll Creek Montessori	5,310	15,435	8,628	12,117
Carroll Manor	23,684	39,186	43,151	19,719
Centerville	22,683	76,312	77,304	21,691
Deer Crossing	13,623	48,852	48,795	13,680
Emmitsburg	17,106	18,469	16,850	18,725
Frederick Classical Charter	-	21,551	18,409	3,142
Glade	12,483	38,920	37,730	13,673
Green Valley	16,619	40,833	50,859	6,593
Hillcrest	9,892	18,474	17,621	10,745
Kemptown	7,521	39,472	34,161	12,832
Lewistown	11,993	20,744	20,180	12,557
Liberty	11,877	29,205	25,863	15,219
Lincoln	16,990	34,573	34,014	17,549
Middletown	33,890	36,065	38,001	31,954
Middletown Primary	24,717	24,533	30,301	18,949
Monocacy	6,584	24,749	23,849	7,484
Monocacy Valley Montessori	14,990	26,893	26,160	15,723
Myersville	13,758	41,211	39,887	15,082
New Market	28,551	66,050	62,051	32,550
New Midway	3,897	13,180	14,124	2,953
North Frederick	16,385	32,223	28,270	20,338
Oakdale	13,196	52,328	47,653	17,871
Orchard Grove	8,876	31,576	33,188	7,264
Parkway	10,885	10,579	15,143	6,321
Rock Creek	42,391	37,155	56,937	22,609
Sabillasville	3,655	7,275	8,570	2,360
Spring Ridge	15,277	17,404	21,763	10,918
Thurmont	15,023	23,040	24,842	13,221
Thurmont Primary	13,781	16,855	18,927	11,709
Tuscarora	12,164	46,105	46,387	11,882
Twin Ridge	34,572	65,965	49,593	50,944
Urbana	18,808	66,967	69,722	16,053
Valley	20,727	30,538	29,483	21,782
Walkersville	18,541	32,341	28,862	22,020
Waverley	6,414	10,911	12,700	4,625
Whittier	11,921	58,072	58,543	11,450
Wolfsville	9,862	14,191	12,175	11,878
Woodsboro	9,304	3,342	4,284	8,362
Yellow Springs	35,505	43,169	65,903	12,771
TOTAL	\$ 635,875	\$ 1,350,515	\$ 1,374,813	\$ 611,577

FREDERICK COUNTY PUBLIC SCHOOLS
 School Activity Fund - Secondary Schools
 Schedule of Changes in Due to Student Groups Liability
 For the Year Ended June 30, 2016

SCHOOL	BALANCE JUNE 30, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
Ballenger Creek Middle	\$ 21,612	\$ 56,369	\$ 52,412	\$ 25,569
Brunswick High	141,821	202,818	209,164	135,475
Brunswick Middle	20,240	51,566	46,913	24,893
Career and Technology Center	134,189	253,056	261,205	126,040
Catoctin High	109,917	391,144	391,772	109,289
Crestwood Middle	12,710	53,774	52,489	13,995
Frederick High	71,304	356,216	331,026	96,494
Governor Thomas Johnson High	117,195	350,142	351,021	116,316
Governor Thomas Johnson Middle	30,083	38,066	38,744	29,405
Heather Ridge	314	657	604	367
Linganore High	181,628	651,009	508,136	324,501
Middletown High	184,327	539,939	566,931	157,335
Middletown Middle	84,677	89,625	86,750	87,552
Monocacy Middle	41,653	41,742	46,832	36,563
New Market Middle	20,907	48,049	32,217	36,739
Oakdale Middle	42,044	44,280	47,563	38,761
Oakdale High	122,532	400,841	402,357	121,016
Success Program	4,465	4,004	7,348	1,121
Thurmont Middle	22,915	84,156	76,246	30,825
Tuscarora High	113,601	418,621	397,958	134,264
Urbana High	113,305	596,896	609,738	100,463
Urbana Middle	27,565	57,432	48,136	36,861
Walkersville High	301,909	340,433	349,942	292,400
Walkersville Middle	25,601	85,636	73,841	37,396
West Frederick Middle	8,883	39,167	39,040	9,010
Windsor Knolls Middle	38,597	100,725	99,623	39,699
TOTAL	<u>\$ 1,993,994</u>	<u>\$ 5,296,363</u>	<u>\$ 5,128,008</u>	<u>\$ 2,162,349</u>

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STATISTICAL SECTION

FREDERICK COUNTY PUBLIC SCHOOLS

Statistical Section

This part of FCPS' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	73-79
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Debt Capacity	80
<i>This schedule presents information to help the reader assess the affordability of the government's current level of outstanding debt.</i>	
Demographic and Economic Information	81-82
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	83-90
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services it provides and activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant fiscal years dated June 30, 2007 through June 30, 2016.

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FREDERICK COUNTY PUBLIC SCHOOLS

Net Position by Component Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year				
	2007	2008	2009	2010	2011
Governmental Activities:					
Net Investment in Capital Assets	\$ 504,996,703	\$ 527,620,225	\$ 600,533,697	\$ 649,690,115	\$ 643,325,390
Restricted	2,095,126	15,876,575	15,655,491	3,593,824	1,465,893
Unrestricted	<u>(22,165,026)</u>	<u>(33,143,085)</u>	<u>(64,196,686)</u>	<u>(80,260,114)</u>	<u>(127,904,362)</u>
Total Governmental Activities Net Position	<u>484,926,803</u>	<u>510,353,715</u>	<u>551,992,502</u>	<u>573,023,825</u>	<u>516,886,921</u>
Business-type Activities:					
Net Investment in Capital Assets	173,670	359,873	352,886	305,818	277,729
Restricted	8,584	-	-	-	-
Unrestricted	<u>(19,334)</u>	<u>(275,590)</u>	<u>(520,255)</u>	<u>(585,422)</u>	<u>(255,872)</u>
Total Business-type Activities Net Position	<u>162,920</u>	<u>84,283</u>	<u>(167,369)</u>	<u>(279,604)</u>	<u>21,857</u>
Primary Government:					
Net Investment in Capital Assets	505,170,373	527,980,098	600,886,583	649,995,933	643,603,119
Restricted	2,103,710	15,876,575	15,655,491	3,593,824	1,465,893
Unrestricted	<u>(22,184,360)</u>	<u>(33,418,675)</u>	<u>(64,716,941)</u>	<u>(80,845,536)</u>	<u>(128,160,234)</u>
Total Primary Government Net Position	<u>\$ 485,089,723</u>	<u>\$ 510,437,998</u>	<u>\$ 551,825,133</u>	<u>\$ 572,744,221</u>	<u>\$ 516,908,778</u>
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ 649,541,120	\$ 629,279,251	\$ 636,220,966	\$ 631,773,163	\$ 650,686,334
Restricted	1,423,972	1,004,071	370,277	9,279	9,280
Unrestricted	<u>(146,212,049)</u>	<u>(158,460,397)</u>	<u>(184,879,032)</u>	<u>(250,280,285)</u>	<u>(293,815,844)</u>
Total Governmental Activities Net Position	<u>504,753,043</u>	<u>471,822,925</u>	<u>451,712,211</u>	<u>381,502,157</u>	<u>356,879,770</u>
Business-type Activities:					
Net Investment in Capital Assets	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total Business-type Activities Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary Government:					
Net Investment in Capital Assets	649,541,120	629,279,251	636,220,966	631,773,163	650,686,334
Restricted	1,423,972	1,004,071	370,277	9,279	9,280
Unrestricted	<u>(146,212,049)</u>	<u>(158,460,397)</u>	<u>(184,879,032)</u>	<u>(250,280,285)</u>	<u>(295,963,443)</u>
Total Primary Government Net Position	<u>\$ 504,753,043</u>	<u>\$ 471,822,925</u>	<u>\$ 451,712,211</u>	<u>\$ 381,502,157</u>	<u>* \$ 354,732,171</u>

Note: Business-type Activities - The Printing Fund ceased operations as of July 1, 2011.

* FY15 as restated upon implementation of GASB 68.

FREDERICK COUNTY PUBLIC SCHOOLS

Changes in Net Position
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities										
Instruction										
Regular Instruction	\$ 251,021,019	\$ 288,580,594	\$ 306,029,845	\$ 312,697,166	\$ 336,134,422	\$ 326,026,032	\$ 320,729,204	\$ 333,517,634	\$ 346,599,360	\$ 352,196,897
Special Education Instruction	48,835,274	59,221,604	65,182,299	69,614,356	74,992,537	72,319,899	71,826,374	76,878,032	80,754,673	82,479,537
Total Instruction	299,856,293	347,802,198	371,212,144	382,311,522	411,126,959	398,345,931	392,555,578	410,395,666	427,354,033	434,676,434
Support Services										
Administration	11,591,903	13,530,329	14,195,431	14,324,682	14,569,617	13,443,021	15,139,813	18,024,675	14,401,715	16,417,367
Mid-level Administration	39,693,654	44,848,349	46,589,579	47,719,909	49,186,286	43,895,583	43,970,479	47,151,480	46,929,147	50,483,603
Pupil Personnel Services	3,439,708	3,884,940	4,630,492	4,556,679	4,150,114	3,968,132	3,780,428	4,096,108	4,145,017	4,633,733
Health	4,431,447	4,884,648	5,523,122	5,265,425	4,990,560	5,598,747	5,848,812	6,129,312	6,476,286	6,484,085
Pupil Transportation	22,503,847	27,468,135	25,390,743	26,011,366	28,718,856	29,390,776	28,018,016	27,114,005	28,508,543	28,938,501
Operations	34,014,011	39,939,767	42,248,365	43,431,360	45,214,648	42,009,542	42,398,992	44,319,997	44,287,048	43,044,135
Maintenance	11,979,599	14,280,338	14,542,365	14,007,386	15,854,722	14,631,698	14,329,311	14,846,437	15,230,658	16,423,681
Food and Nutrition Services	11,932,923	12,506,144	12,011,651	10,909,553	10,890,944	11,262,231	11,256,820	11,101,278	11,401,198	12,281,900
Community Services	949,070	1,162,894	1,146,697	983,715	1,039,765	1,224,212	1,795,927	1,293,017	1,208,880	1,526,228
Interest on Long-term Liabilities	165,789	382,948	107,399	58,666	763,392	735,498	426,252	464,571	411,481	405,741
Intergovernmental Payment	-	-	-	-	-	-	18,179,942	16,751,750	10,031,548	20,457,247
Total Support Services	140,701,951	162,888,492	166,385,825	167,268,741	175,378,904	166,159,440	185,144,792	191,292,630	183,031,521	201,096,221
Total Governmental Activities	440,558,244	510,690,690	537,597,969	549,580,263	586,505,863	564,505,371	577,700,370	601,688,296	610,385,554	635,772,655
Business-type Activities										
Food and Nutrition Services	-	-	-	-	-	-	-	-	-	-
Printing Services	1,086,741	1,221,758	1,108,907	837,640	803,573	-	-	-	-	-
Total Business-type Activities	1,086,741	1,221,758	1,108,907	837,640	803,573	-	-	-	-	-
Total School System	\$ 441,644,985	\$ 511,912,448	\$ 538,706,876	\$ 550,417,903	\$ 587,309,436	\$ 564,505,371	\$ 577,700,370	\$ 601,688,296	\$ 610,385,554	\$ 635,772,655
Program Revenues										
Governmental Activities										
Charges for services:										
Regular Instruction	\$ 637,987	\$ 602,995	\$ 646,371	\$ 821,261	\$ 800,312	\$ 905,821	\$ 836,373	\$ 902,138	\$ 910,751	\$ 817,186
Food and Nutrition Services	6,976,165	7,406,532	7,468,876	6,524,914	6,276,889	5,934,076	5,366,963	5,027,144	4,658,705	4,584,610
Support Services	494,213	526,071	700,291	765,737	885,866	875,703	900,966	803,464	867,971	1,046,012
Operating Grants and Contributions	88,702,960	111,306,068	119,154,524	127,299,305	143,360,660	136,349,855	135,006,820	147,916,388	151,038,997	150,919,490
Capital Grants and Contributions	52,212,966	56,624,977	77,089,567	70,080,070	19,197,375	33,017,785	24,794,489	47,563,863	31,486,425	64,425,239
Total Gov. Activities Program Revenues	149,024,291	176,466,643	205,059,629	205,491,287	170,521,102	177,083,240	166,905,611	202,212,997	188,962,849	221,792,537
Business-type Activities										
Charges for services:										
Food and Nutrition Services	-	-	-	-	-	-	-	-	-	-
Printing Services	1,164,348	1,142,966	856,255	720,789	844,694	-	-	-	-	-
Operating Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	1,164,348	1,142,966	856,255	720,789	844,694	-	-	-	-	-
Total School System	\$ 150,188,639	\$ 177,609,609	\$ 205,915,884	\$ 206,212,076	\$ 171,365,796	\$ 177,083,240	\$ 166,905,611	\$ 202,212,997	\$ 188,962,849	\$ 221,792,537

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)
(Continued)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (Expense) Revenue										
Governmental Activities	\$ (291,533,953)	\$ (334,224,047)	\$ (332,538,340)	\$ (344,088,976)	\$ (415,984,761)	\$ (387,422,131)	\$ (410,794,759)	\$ (399,475,299)	\$ (421,422,705)	\$ (413,980,118)
Business-type Activities	77,607	(78,792)	(252,652)	(116,851)	41,121	-	-	-	-	-
Total School System	<u>\$ (291,456,346)</u>	<u>\$ (334,302,839)</u>	<u>\$ (332,790,992)</u>	<u>\$ (344,205,827)</u>	<u>\$ (415,943,640)</u>	<u>\$ (387,422,131)</u>	<u>\$ (410,794,759)</u>	<u>\$ (399,475,299)</u>	<u>\$ (421,422,705)</u>	<u>\$ (413,980,118)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Federal Aid Not Restricted to Specific Purposes	\$ 127,346	\$ 133,318	\$ 176,280	\$ 173,959	\$ 184,602	\$ 184,083	\$ 80,377	\$ 985	\$ 24,613	\$ 27,603
State Aid Not Restricted to Specific Purposes	129,325,325	149,660,022	151,164,950	145,612,622	140,605,632	150,943,322	154,557,441	156,789,324	157,325,216	157,774,835
Local Aid Not Restricted to Specific Purposes	192,057,347	207,438,365	219,610,680	218,295,770	218,153,652	219,451,199	221,654,363	221,884,100	223,054,977	228,942,030
Interest and Investment Earnings	984,434	1,286,525	1,336,370	198,868	369,693	63,295	41,184	20,248	10,572	32,799
Other Revenue	834,960	1,132,729	1,888,847	843,696	794,618	4,624,497	1,531,276	669,928	372,346	432,865
Transfers	-	-	-	(4,616)	(260,340)	-	-	-	-	-
Total General Revenues and Transfers	<u>323,329,412</u>	<u>359,650,959</u>	<u>374,177,127</u>	<u>365,120,299</u>	<u>359,847,857</u>	<u>375,266,396</u>	<u>377,864,641</u>	<u>379,364,585</u>	<u>380,787,724</u>	<u>387,210,132</u>
Business-type Activities										
Interest and Investment Earnings	160	155	-	-	-	-	-	-	-	-
Other Revenue	(2,217)	-	1,000	-	-	-	-	-	-	-
Transfers	-	-	-	4,616	260,340	-	-	-	-	-
Total General Revenues and Transfers	<u>(2,057)</u>	<u>155</u>	<u>1,000</u>	<u>4,616</u>	<u>260,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School System	<u>\$ 323,327,355</u>	<u>\$ 359,651,114</u>	<u>\$ 374,178,127</u>	<u>\$ 365,124,915</u>	<u>\$ 360,108,197</u>	<u>\$ 375,266,396</u>	<u>\$ 377,864,641</u>	<u>\$ 379,364,585</u>	<u>\$ 380,787,724</u>	<u>\$ 387,210,132</u>
Changes in Net Position										
Governmental Activities	\$ 31,795,459	\$ 25,426,912	\$ 41,638,787	\$ 21,031,323	\$ (56,136,904)	\$ (12,155,735)	\$ (32,930,118)	\$ (20,110,714)	\$ (40,634,981)	\$ (26,769,986)
Business-type Activities	75,550	(78,637)	(251,652)	(112,235)	301,461	-	-	-	-	-
Total School System	<u>\$ 31,871,009</u>	<u>\$ 25,348,275</u>	<u>\$ 41,387,135</u>	<u>\$ 20,919,088</u>	<u>\$ (55,835,443)</u>	<u>\$ (12,155,735)</u>	<u>\$ (32,930,118)</u>	<u>\$ (20,110,714)</u>	<u>\$ (40,634,981)</u>	<u>\$ (26,769,986)</u>
Net Position - Beginning of Year	\$ 453,218,714	\$ 485,089,723	\$ 510,437,998	\$ 551,825,133	\$ 572,744,221	\$ 516,908,778	\$ 504,753,043	\$ 471,822,925	\$ 451,712,211	\$ 381,502,157
Adjustment to Restate Beginning Net Position	-	-	-	-	-	-	-	-	(29,575,073)	-
Net Position - Beginning of Year, as Restated	<u>453,218,714</u>	<u>485,089,723</u>	<u>510,437,998</u>	<u>551,825,133</u>	<u>572,744,221</u>	<u>516,908,778</u>	<u>504,753,043</u>	<u>471,822,925</u>	<u>422,137,138</u>	<u>381,502,157</u>
Net Position - End of Year	<u>\$ 485,089,723</u>	<u>\$ 510,437,998</u>	<u>\$ 551,825,133</u>	<u>\$ 572,744,221</u>	<u>\$ 516,908,778</u>	<u>\$ 504,753,043</u>	<u>\$ 471,822,925</u>	<u>\$ 451,712,211</u>	<u>\$ 381,502,157</u>	<u>* \$ 354,732,171</u>

Note: Business-type Activities - The Printing Fund ceased operations as of July 1, 2011.
* As restated upon implementation of GASB 68.

FREDERICK COUNTY PUBLIC SCHOOLS

Fund Balances of Governmental Funds Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
General Fund				
Reserved	\$ 3,393,598	\$ 1,863,306	\$ 5,659,878	\$ 5,912,153
Unreserved	810,785	829,088	2,655,932	3,674,175
Total General Fund	<u>\$ 4,204,383</u>	<u>\$ 2,692,394</u>	<u>\$ 8,315,810</u>	<u>\$ 9,586,328</u>
All Other Governmental Funds				
Unreserved, reported in:				
Capital Projects Fund	\$ 1,261,133	\$ 15,689,686	\$ 13,094,687	\$ 285,247
Special Revenue Funds	(1,686,264)	(1,832,420)	(1,110,866)	(241,915)
Total All Other Governmental Funds	<u>\$ (425,131)</u>	<u>\$ 13,857,266</u>	<u>\$ 11,983,821</u>	<u>\$ 43,332</u>

	Fiscal Year					
	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable:						
Inventory	\$ 538,329	\$ 584,491	\$ 610,230	\$ 540,581	\$ 501,669	\$ 563,454
Prepaid Items	45,241	47,079	64,743	25,591	63,407	65,628
Restricted:						
Lease Reserve	1,419,843	1,423,972	1,004,071	370,277	9,279	9,280
Committed:						
Charter Schools Reserve	-	-	-	280,240	252,307	347,357
Assigned:						
Administration	4,436,541	125,041	1,256,573	487,228	861,273	441,725
Instructional	6,099,873	857,524	3,514,187	5,109,713	4,623,990	2,562,952
Maintenance and Operations	2,034,004	1,791,327	1,368,136	3,449,119	551,937	2,016,688
Transportation	-	2,310,492	2,574,093	3,523,049	1,934,899	5,505,180
Unassigned:	68,225	829,944	643,594	121,035	572,519	2,065,030
Total General Fund	<u>\$ 14,642,056</u>	<u>\$ 7,969,870</u>	<u>\$ 11,035,627</u>	<u>\$ 13,906,833</u>	<u>\$ 9,371,280</u>	<u>\$ 13,577,294</u>
All other Governmental Funds						
Nonspendable:						
Inventory	\$ 373,843	\$ 394,551	\$ 450,421	\$ 440,134	\$ 281,429	\$ 266,577
Restricted:						
Unspent Lease Proceeds	46,050	-	-	-	-	-
Assigned:						
Artificial Turf	94,839	157,338	233,292	299,314	367,286	433,850
Food and Nutrition Services	256,983	1,142,618	1,785,888	2,048,875	2,364,119	2,088,345
Total All Other Governmental Funds	<u>\$ 771,715</u>	<u>\$ 1,694,507</u>	<u>\$ 2,469,601</u>	<u>\$ 2,788,323</u>	<u>\$ 3,012,834</u>	<u>\$ 2,788,772</u>

Note: Beginning in fiscal year 2011, GASB 54 required a change in fund balance reporting. The 2011 through 2016 fund balance information reported is based on this new format. Periods shown above for fiscal years 2007 through 2010 have not been restated and are reported in the pre-GASB 54 format.

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FREDERICK COUNTY PUBLIC SCHOOLS
 Change in Fund Balances of Governmental Funds
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Federal	\$ 17,327,566	\$ 18,192,713	\$ 19,093,049	\$ 29,682,550	\$ 39,570,576	\$ 20,965,745	\$ 20,713,422	\$ 22,071,060	\$ 22,801,688	\$ 22,847,024
State	205,526,872	239,567,953	248,623,191	248,688,058	246,972,262	272,871,607	272,893,455	281,360,181	279,013,269	287,394,804
Local	224,756,953	264,796,732	295,187,707	280,030,900	236,219,906	239,525,619	247,229,136	269,589,223	260,461,660	290,135,003
Charges for Services	6,812,679	6,968,193	6,973,100	6,347,060	6,096,909	5,813,647	5,228,250	4,883,435	4,538,212	4,421,391
Other	8,939,079	8,875,458	6,160,756	4,163,793	3,553,818	4,403,581	4,319,972	4,043,844	3,213,948	3,875,761
Total Revenues	463,363,149	538,401,049	576,037,803	568,912,361	532,413,471	543,580,199	550,384,235	581,947,743	570,028,777	608,673,983
Expenditures										
Current:										
Administration	7,463,505	8,457,991	8,930,898	9,337,934	9,316,102	8,661,804	9,297,216	8,940,752	8,912,766	9,936,218
Mid-level Administration	30,526,141	32,092,323	32,680,624	33,260,791	31,656,370	30,050,568	29,580,340	31,309,475	31,153,803	31,772,500
Instructional Salaries	166,231,931	185,255,867	192,678,921	189,898,936	187,496,217	190,073,972	189,307,903	194,902,037	196,954,569	193,304,177
Instructional Supplies	10,551,405	11,600,503	9,688,680	10,056,991	12,047,261	8,903,079	7,159,468	8,272,208	10,879,760	8,462,236
Instruction - Other	2,313,661	3,114,304	2,348,134	2,307,124	2,235,470	2,608,867	2,584,899	2,468,874	1,773,063	2,130,774
Special Education	38,369,288	44,093,827	47,290,762	50,394,795	51,487,944	51,141,577	51,531,969	54,619,243	56,437,598	55,391,267
Pupil Personnel	2,616,060	2,741,954	3,201,240	3,112,346	2,630,562	2,649,931	2,568,250	2,717,953	2,648,581	2,855,843
Health	4,389,218	4,836,419	5,444,055	5,184,202	4,889,606	5,523,824	5,786,921	6,076,916	6,410,009	6,411,420
Pupil Transportation	17,445,499	20,684,061	18,372,989	18,970,278	20,264,926	21,714,375	20,132,570	18,845,274	19,477,832	18,846,735
Operations	28,985,676	32,996,953	34,069,682	34,886,838	35,433,689	33,741,446	34,298,684	35,497,862	35,644,612	33,353,717
Maintenance	9,851,172	11,221,134	10,982,841	10,388,617	11,541,694	10,919,978	10,697,634	10,915,666	11,103,133	11,409,804
Fixed Charges	86,684,335	108,771,332	114,665,345	117,157,244	120,442,257	137,025,702	138,633,468	139,415,179	145,801,430	149,217,979
Food and Nutrition Services	10,524,915	11,804,101	11,532,429	10,524,257	10,566,114	10,887,350	10,886,328	10,889,282	11,191,543	12,095,153
Community Services	808,686	972,124	981,239	802,088	806,667	982,344	1,498,515	986,228	846,840	1,071,022
Capital Outlay:										
Land	1,312,138	2,681,796	1,094,700	768,085	637,287	193,193	670,560	48,521	1,616,416	894,712
Buildings and Improvements	37,034,791	54,767,707	68,717,775	75,052,957	13,795,543	27,225,477	9,192,150	28,154,457	17,908,827	43,055,820
Equipment	10,396,307	4,969,050	8,322,036	6,202,877	9,070,256	2,739,321	4,235,744	5,119,098	4,590,174	1,978,532
Debt Service:										
Capital Lease Principal	1,819,480	1,125,820	1,149,079	1,169,065	1,634,660	436,265	456,907	2,336,566	538,588	1,646,212
Capital Lease Interest	165,789	143,375	136,403	100,128	813,010	742,217	504,356	488,715	417,047	400,088
Intergovernmental Payment	-	-	-	-	-	-	18,179,942	16,751,750	10,031,548	20,457,247
Total Expenditures	467,489,997	542,330,641	572,287,832	579,575,553	526,765,635	546,221,290	547,203,824	578,756,056	574,338,139	604,691,456
Excess (Deficiency) of Revenues Over Expenditures	(4,126,848)	(3,929,592)	3,749,971	(10,663,192)	5,647,836	(2,641,091)	3,180,411	3,191,687	(4,309,362)	3,982,527

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Continued)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources (Uses)										
Proceeds from Capital Lease	\$ 5,855,201	\$ 16,700,000	\$ -	\$ -	\$ -	\$ -	\$ 668,732	\$ -	\$ -	\$ -
Transfers In From:										
General Fund	-	-	-	145,256	-	547,756	556,900	118,164	115,817	35,546
Internal Service Fund	-	-	-	-	3,096,615	-	-	-	-	-
Transfers Out To:										
Internal Service Fund	-	-	-	(2,163)	(2,700,000)	(3,108,303)	(8,292)	(1,759)	(1,680)	(575)
Enterprise Fund	-	-	-	(4,616)	(260,340)	-	-	-	-	-
Special Revenue Fund	-	-	-	(145,256)	-	(547,756)	(556,900)	(118,164)	(115,817)	(35,546)
Total Other Financing Sources (Uses)	<u>5,855,201</u>	<u>16,700,000</u>	<u>-</u>	<u>(6,779)</u>	<u>136,275</u>	<u>(3,108,303)</u>	<u>660,440</u>	<u>(1,759)</u>	<u>(1,680)</u>	<u>(575)</u>
Net Change in Fund Balances	<u>1,728,353</u>	<u>12,770,408</u>	<u>3,749,971</u>	<u>(10,669,971)</u>	<u>5,784,111</u>	<u>(5,749,394)</u>	<u>3,840,851</u>	<u>3,189,928</u>	<u>(4,311,042)</u>	<u>3,981,952</u>
Fund Balances - Beginning	<u>3,525,069</u>	<u>3,779,252</u>	<u>16,549,660</u>	<u>20,299,631</u>	<u>9,629,660</u>	<u>15,413,771</u>	<u>9,664,377</u>	<u>13,505,228</u>	<u>16,695,156</u>	<u>12,384,114</u>
Cumulative Effect of Change in Accounting Principle	<u>(1,474,170)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,779,252</u>	<u>\$ 16,549,660</u>	<u>\$ 20,299,631</u>	<u>\$ 9,629,660</u>	<u>\$ 15,413,771</u>	<u>\$ 9,664,377</u>	<u>\$ 13,505,228</u>	<u>\$ 16,695,156</u>	<u>\$ 12,384,114</u>	<u>\$ 16,366,066</u>
Total Expenditures	\$ 467,489,997	\$ 542,330,641	\$ 572,287,832	\$ 579,575,553	\$ 526,765,635	\$ 546,221,290	\$ 547,203,824	\$ 578,756,056	\$ 574,338,139	\$ 604,691,456
Less Capital Outlay	(53,577,592)	(58,261,107)	(79,385,912)	(80,109,599)	(20,319,843)	(27,633,195)	(12,238,280)	(31,186,420)	(21,734,744)	(44,292,211)
Non-capital Expenditures	<u>\$ 413,912,405</u>	<u>\$ 484,069,534</u>	<u>\$ 492,901,920</u>	<u>\$ 499,465,954</u>	<u>\$ 506,445,792</u>	<u>\$ 518,588,095</u>	<u>\$ 534,965,544</u>	<u>\$ 547,569,636</u>	<u>\$ 552,603,395</u>	<u>\$ 560,399,245</u>
Debt Service	<u>\$ 1,985,269</u>	<u>\$ 1,269,195</u>	<u>\$ 1,285,482</u>	<u>\$ 1,269,193</u>	<u>\$ 2,447,670</u>	<u>\$ 1,178,482</u>	<u>\$ 961,263</u>	<u>\$ 2,825,281</u>	<u>\$ 955,635</u>	<u>\$ 2,046,300</u>
Debt Service as a Percentage of Non-capital Expenditures	0.48%	0.26%	0.26%	0.25%	0.48%	0.23%	0.18%	0.52%	0.17%	0.37%

FREDERICK COUNTY PUBLIC SCHOOLS

Ratios of Outstanding Debt Last Ten Fiscal Years

Year	Governmental Activities	Percentage of Personal Income (1)	Per Capita (1)
	Capital Leases		
2007	\$4,662,064	0.05%	\$20
2008	\$20,236,244	0.20%	\$87
2009	\$19,087,165	0.19%	\$81
2010	\$17,918,100	0.17%	\$77
2011	\$16,283,440	0.15%	\$69
2012	\$15,847,175	0.13%	\$67
2013	\$16,059,000	0.12%	\$67
2014	\$13,722,434	N/A	\$57
2015	\$13,183,846	N/A	\$54
2016	\$11,537,634	N/A	\$47

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data.

N/A Not available.

FREDERICK COUNTY PUBLIC SCHOOLS

Demographic and Economic Statistics Last Ten Fiscal Years

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (in thousands of dollars) (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Unemployment Rate (3)</u>
2007	231,100	\$9,875,134	\$43,894	3.2 %
2008	232,700	\$10,182,523	\$44,951	3.8 %
2009	234,400	\$10,200,248	\$44,742	6.8 %
2010	233,385	\$10,582,394	\$46,610	6.6 %
2011	235,400	\$11,034,674	\$47,645	6.5 %
2012	236,551	\$11,869,821	\$48,774	5.9 %
2013	238,345	\$11,736,462	\$48,617	6.6 %
2014	240,911	\$12,805,996	\$52,554	5.4 %
2015	243,692	N/A	N/A	5.0 %
2016	246,972	N/A	N/A	4.0 %

Sources: (1) Estimated by Frederick County Division of Planning and Permitting Population Estimates
(2) U.S. Bureau of Economic Analysis (all data updated as of June 30, 2014)
(3) Maryland Department of Labor, Licensing & Regulation, June, 2016

N/A Not available.

FREDERICK COUNTY PUBLIC SCHOOLS

Principal Employers Current Year and Nine Years Ago

Employer	2016			2007		
	Employees	Rank	Percentage of Total County Employment *	Employees	Rank	Percentage of Total County Employment *
Fort Detrick	9,100 *	1	9.07%	7,900 *	1	6.52%
Board of Education of Frederick County	5,650	2	5.63%	5,384	2	4.45%
Leiods Biomedical (formerly SAIC-Frederick)	2,700	3	2.69%	1,670	6	1.38%
Frederick Memorial Healthcare System	2,328	4	2.32%	2,350	4	1.94%
Frederick County Government	2,072	5	2.06%	2,526	3	2.09%
Wells Fargo Home Mortgage	1,881	6	1.87%	1,650	7	1.36%
Frederick Community College	1,055	7	1.05%	1,320	8	1.09%
Frederick City Government	841	8	0.84%	-	-	-
United Health Care (formerly MAMSI)	675	9	0.67%	1,073	10	0.89%
AstraZeneca	650	10	0.65%	-	-	-
Bechtel Corporation (formerly Bechtel Power)	N/A	-	-	2,203	5	1.82%
CitiMortgage	N/A	-	-	1,300	9	1.07%
	<u>26,952</u>		<u>26.85%</u>	<u>27,376</u>		<u>22.61%</u>

* Includes military personnel.

Source: Frederick County Office of Economic Development, Board of Education of Frederick County, Frederick County Division of Finance, and City of Frederick.

FREDERICK COUNTY PUBLIC SCHOOLS

Total Enrollment by Grade Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Elementary School										
Pre-Kindergarten*	729	873	916	987	973	1,048	1,053	1,086	1,090	1,181
Kindergarten	2,733	2,885	2,834	2,827	2,981	2,949	3,029	2,961	2,873	2,756
Grade 1	2,901	2,830	2,904	2,872	2,878	2,978	2,977	3,077	3,015	2,910
Grade 2	2,795	2,867	2,847	2,896	2,919	2,925	2,987	3,022	3,110	3,062
Grade 3	2,906	2,860	2,859	2,860	2,941	2,937	2,928	3,016	3,092	3,142
Grade 4	2,921	2,925	2,807	2,919	2,889	2,984	2,963	2,989	3,026	3,157
Grade 5	3,006	2,968	2,927	2,848	2,956	2,944	2,975	3,015	2,968	3,048
Total Elementary School	17,991	18,208	18,094	18,209	18,537	18,765	18,912	19,166	19,174	19,256
Middle School										
Grade 6	3,114	3,029	2,970	2,977	2,894	2,983	2,945	3,017	3,036	2,965
Grade 7	3,027	3,153	3,010	2,986	3,002	2,936	2,973	2,968	2,995	3,038
Grade 8	3,072	3,064	3,127	3,040	2,970	3,009	2,965	3,008	2,987	3,015
Total Middle School	9,213	9,246	9,107	9,003	8,866	8,928	8,883	8,993	9,018	9,018
High School										
Grade 9	3,538	3,389	3,387	3,442	3,351	3,263	3,233	3,284	3,379	3,278
Grade 10	3,203	3,275	3,167	3,185	3,239	3,194	3,125	3,084	3,088	3,128
Grade 11	3,141	3,074	3,115	3,070	3,014	3,131	3,056	2,987	2,983	2,946
Grade 12	2,887	3,025	3,043	3,064	2,988	2,984	3,073	2,973	2,911	2,899
Total High School	12,769	12,763	12,712	12,761	12,592	12,572	12,487	12,328	12,361	12,251
Other Schools										
Flexible Evening High/Virtual School	76	117	46	87	74	71	97	20	19	19
Heather Ridge	163	145	109	78	72	58	65	46	54	55
Rock Creek	103	87	87	72	95	93	83	103	86	77
Success	-	-	-	-	-	-	-	59	45	44
Total Other Schools	342	349	242	237	241	222	245	228	204	195
Total Enrollment	40,315	40,566	40,155	40,210	40,236	40,487	40,527	40,715	40,757	40,720

* Includes Special Ed. Pre-K. and Part-time Special Ed. Pre-K. (Child Find).

Source: Monthly report from the FCPS Facilities Department on enrollment at September 30 of each fiscal year.

Note: September 30 is the state's official enrollment date for the school year.

Note: The Success Program enrollments were included in the Evening High enrollments prior to fiscal year 2014.

FREDERICK COUNTY PUBLIC SCHOOLS

Operating Information Last Ten Fiscal Years

Fiscal Year	Per Pupil Expenditures*		Number of School Bus Riders***	Food and Nutrition Services****	
	Dollars	State Rank**		Breakfasts Served	Lunches Served
2007	\$10,033	19	32,635	553,134	2,657,153
2008	\$11,369	15	33,563	630,997	2,755,665
2009	\$11,719	17	36,405	631,979	2,782,976
2010	\$11,746	20	29,596	647,973	2,660,534
2011	\$11,888	20	29,651	760,608	2,642,855
2012	\$12,176	20	29,626	747,984	2,387,231
2013	\$12,268	20	29,792	789,962	2,197,959
2014	\$12,482	19	29,374	863,266	2,111,462
2015	N/A	N/A	29,490	954,985	2,259,288
2016	N/A	N/A	28,945	1,073,337	2,209,809

* Source: Maryland State Department of Education

** Ranking of Maryland's 24 school systems

*** Source: FCPS Transportation Department

In fiscal year 2010 the Board changed the walking distance policy resulting in a decrease in school bus riders.

**** Source: FCPS Food and Nutrition Services Department

N/A Information is not yet available.

FREDERICK COUNTY PUBLIC SCHOOLS

Insurance Summary
07/01/15 - 06/30/16 Policy Dates

<u>Type of Coverage</u>	<u>Name of Company</u>	<u>Policy Number</u>	<u>Limits</u>
Package			
Commercial Property	Wright	CNDMDEPP27048001	\$1,634,959,643 Blanket
Business Income & Extra Expense	Wright	CNDMDEPP27048002	\$5,000,000.00
Flood	Wright	CNDMDEPP27048003	\$1,000,000.00
Earthquake	Wright	CNDMDEPP27048004	\$10,000,000.00
Honor Roll Plus Enhancements	Wright	CNDMDEPP27048005	
Data Compromise - Response Expenses	Wright	CNDMDEPP27048006	\$100,000.00
Data Compromise - Defense Liability	Wright	CNDMDEPP27048007	\$100,000.00
Spoilage	Wright	CNDMDEPP27048008	\$500,000.00
Equipment Breakdown	Wright	CNDMDEPP27048009	\$100,000.00
Commercial General Liability - General Aggregate	Wright	CNDMDEPP27048010	\$3,000,000.00
Commercial General Liability - Each Occurrence	Wright	CNDMDEPP27048014	\$1,000,000.00
Crime			
Employee Dishonesty	Wright	CNDMDEPP27048010	\$500,000.00
Forgery & Alteration	Wright	CNDMDEPP27048011	\$500,000.00
Theft of Money Inside	Wright	CNDMDEPP27048012	\$100,000.00
Theft of Money Outside	Wright	CNDMDEPP27048013	\$100,000.00
Employee Benefits Liability			
Employee Benefits Liability - Each Employee	Wright	CNDMDEPP27048016	\$1,000,000.00
Employee Benefits Liability - Aggregate	Wright	CNDMDEPP27048017	\$1,000,000.00
Educators Legal Liability			
Each Claim	Wright	CNDMDCAP27049001	\$1,000,000.00
Aggregate	Wright	CNDMDCAP27049002	\$1,000,000.00
Auto			
Auto Liability - Combined Single Limit	Wright	CNDMDCAP27049002	\$1,000,000.00
Student Medical Professional Liability			
Each Incident	Mercer	AHV102843003	\$2,000,000 Each Incident
Aggregate	Mercer	"	\$4,000,000 Aggregate
Builders' Risk			
Hard Costs - Joisted Masonry/Frame	Peerless Ins. Co.	IM8136783	\$2,000,000.00
Hard Costs - All Other	Peerless Ins. Co.	IM8136783	\$30,000,000.00
Soft Costs	Peerless Ins. Co.	IM8136783	\$1,000,000.00
Flood	Peerless Ins. Co.	IM8136783	\$5,000,000.00
Earthquake	Peerless Ins. Co.	IM8136783	\$5,000,000.00
Inland Marine			
Electronic Data Processing	Peerless Ins. Co.	IM8136833	\$33,000,000.00
Contractors Equipment - In Any One Loss (\$200k max per item)	Peerless Ins. Co.	IM8136833	\$2,974,515.00

Source: BB&T Frederick Underwriter's Insurance, with the exception of the catastrophic student accident insurance for which MABE determines the carrier. The catastrophic student accident insurance information is from the Bob McCloskey Agency.

FREDERICK COUNTY PUBLIC SCHOOLS

Employees by Function Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Instruction										
Regular Instruction										
Teachers	2,394	2,512	2,512	2,484	2,485	2,520	2,549	2,547	2,571	2,514
Other Staff	489	494	501	499	508	508	491	490	494	488
Total Regular Instruction	<u>2,883</u>	<u>3,006</u>	<u>3,013</u>	<u>2,983</u>	<u>2,993</u>	<u>3,028</u>	<u>3,040</u>	<u>3,037</u>	<u>3,065</u>	<u>3,002</u>
Special Education Instruction										
Teachers	273	292	291	298	298	297	301	301	310	309
Other Staff	397	448	504	560	552	639	676	675	704	699
Total Special Education Instruction	<u>670</u>	<u>740</u>	<u>795</u>	<u>858</u>	<u>850</u>	<u>936</u>	<u>977</u>	<u>976</u>	<u>1,014</u>	<u>1,008</u>
School Administration	408	426	425	423	425	415	408	407	421	422
Student Personnel Services	32	32	40	40	31	33	35	36	38	42
Total Instruction	<u>3,993</u>	<u>4,204</u>	<u>4,273</u>	<u>4,304</u>	<u>4,299</u>	<u>4,412</u>	<u>4,460</u>	<u>4,456</u>	<u>4,538</u>	<u>4,474</u>
Support Services										
Administration	102	106	104	106	102	105	103	102	94	98
Food and Nutrition Services	-	159	153	144	141	139	136	136	123	124
Student Transportation	349	356	353	352	369	410	407	406	406	412
Operation of Plant	385	408	405	399	403	406	403	403	401	405
Maintenance of Plant	132	144	144	140	136	136	135	135	143	144
Total Support Services	<u>968</u>	<u>1,173</u>	<u>1,159</u>	<u>1,141</u>	<u>1,151</u>	<u>1,196</u>	<u>1,184</u>	<u>1,182</u>	<u>1,167</u>	<u>1,183</u>
Total Employees - Governmental Activities	<u>4,961</u>	<u>5,377</u>	<u>5,432</u>	<u>5,445</u>	<u>5,450</u>	<u>5,608</u>	<u>5,644</u>	<u>5,638</u>	<u>5,705</u>	<u>5,657</u>
Business-type Activities										
Food and Nutrition Services	157	-	-	-	-	-	-	-	-	-
Printing Services	10	11	8	7	3	-	-	-	-	-
Total Employees - Business-type Activities	<u>167</u>	<u>11</u>	<u>8</u>	<u>7</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Employees - School System	<u>5,128</u>	<u>5,388</u>	<u>5,440</u>	<u>5,452</u>	<u>5,453</u>	<u>5,608</u>	<u>5,644</u>	<u>5,638</u>	<u>5,705</u>	<u>5,657</u>

Note: Staff count expressed in full-time equivalents (FTE). Data from FCPS PeopleSoft Human Resource Management System as of June 30 each fiscal year.

Note: In FY 2007 FCPS' Food and Nutrition Services Fund was a business-type fund.

Note: Business-type Activities: The Printing Fund ceased operations as of July 1, 2011.

FREDERICK COUNTY PUBLIC SCHOOLS

Facilities Inventory As of June 30, 2016

	<u>Acres</u>	<u>Year Constructed</u>	<u>Gross Square Feet</u>
<u>Central Offices</u>			
33 Thomas Johnson Drive	5.35	1970	43,100
7446 Hayward Road with Various Shops	11.47	-	-
Facility Services Division	-	1967	21,619
Maintenance Building	-	1967	5,220
Grounds Crew Department	-	1942	2,781
Plumbing/Electrical Building	-	1967	5,220
Welding Shop	-	1967	884
Bus Building	-	1970	5,059
AV Repair Shop	-	1967	720
191 South East Street	0.56	2010	89,840
Old Middletown Primary Prospect Street	0.95	1926	15,698
<u>High Schools</u>			
Brunswick High	48	1965	166,874
Catoctin High	88	1969	179,045
Frederick High	28	1939	242,646
Governor Thomas Johnson High	39.31	1966	312,533
Linganore High	50	2010	253,565
Middletown High	46	1974	189,641
Oakdale High	49.1	2008	241,061
Tuscarora High	46.49	2003	257,062
Urbana High	59.7	1995	249,609
Walkersville High	35	1976	181,416
<u>Middle Schools</u>			
Ballenger Creek Middle	25	1990	113,850
Brunswick Middle	29.7	1985	119,539
Crestwood Middle	23.08	2004	107,212
Governor Thomas Johnson Middle	25.31	2000	126,700
Middletown Middle	24	1953	114,974
Monocacy Middle	20.38	1981	114,445
New Market Middle	19.9	1974	114,936
Oakdale Middle	22.3	2002	109,089
Thurmont Middle	13	1950	135,260
Urbana Middle	26.18	2006	125,049
Walkersville Middle	28.68	1961	119,353
West Frederick Middle	12	1958	166,439
Windsor Knolls Middle	57	1993	116,644
<u>Elementary Schools</u>			
Ballenger Creek Elementary	19.29	1991	64,187
Brunswick Elementary	24.63	1952	60,205
Carroll Manor Elementary	18.9	1965	77,593
Centerville Elementary	16	2005	87,175
Deer Crossing Elementary	22	1997	77,966
Emmitsburg Elementary	13.35	1974	45,080

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

Facilities Inventory As of June 30, 2016 (continued)

	<u>Acres</u>	<u>Year Constructed</u>	<u>Gross Square Feet</u>
<u>Elementary Schools, continued</u>			
Glade Elementary	13	1995	66,500
Green Valley Elementary	31.22	1971	51,888
Hillcrest Elementary	12.7	1988	62,372
Kempton Elementary	39.46	1981	53,800
Lewistown Elementary	13	1961	50,898
Liberty Elementary	11.64	1927	54,902
Lincoln Elementary "A"	3.15	1974	20,334
Lincoln Elementary "B"	11	2012	98,463
Middletown Elementary	8	1974	54,854
Middletown Primary	20.03	2006	70,288
Monocacy Elementary	12.55	1989	57,900
Myersville Elementary	12	1971	54,889
New Market Elementary	12.3	1933	88,983
New Midway Elementary	6.6	1930	21,894
North Frederick Elementary	15.01	2014	95,613
Oakdale Elementary	14.781	2001	89,566
Orchard Grove Elementary	15.68	1996	70,142
Parkway Elementary	5	1930	32,223
Sabillasville Elementary	15	1964	27,000
Spring Ridge Elementary	20	1991	66,276
Thurmont Elementary	15	1955	64,250
Thurmont Primary	13.24	2001	66,334
Tuscarora Elementary	13	2004	86,938
Twin Ridge Elementary	17	1992	68,900
Urbana Elementary	19.87	1960	64,133
Valley Elementary	31.71	1967	59,989
Walkersville Elementary	15	1974	89,514
Waverley Elementary	18.17	1969	54,178
Whittier Elementary	10.126	1998	81,244
Wolfsville Elementary	14	1959	41,657
Woodsboro Elementary	5	1952	28,557
Yellow Springs Elementary	17	1957	52,600
<u>Other Schools</u>			
Career & Technology Center	15.52	1977	86,681
Carroll Creek Montessori	Leased space	N/A -	N/A -
Earth and Space Science Laboratory	2	2009	10,624
Frederick Classical Charter	Leased space	N/A -	N/A -
Heather Ridge School	10	1988	31,553
Monocacy Valley Montessori	Leased space	N/A -	N/A -
Rock Creek School	Same lot as Waverly	1972 -	55,214 -
Staff Development Center	5	1921	27,352
Totals	<u>1,462.387</u>		<u>6,617,792</u>

Source: Educational Facilities Master Plan 2016.

FREDERICK COUNTY PUBLIC SCHOOLS

Capital Assets by Function Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Schools										
Buildings	63	63	64	65	64	63	63	63	63	63
Administration										
Buildings	7	7	7	8	8	8	6	5	5	5
Vehicles	*	*	*	*	*	7	8	8	7	7
Special Education										
Vehicles	80	85	89	89	92	94	107	100	98	104
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	*	*	*	*	*	200	159	149	142	148
Operations										
Vehicles	*	*	*	*	*	30	36	41	44	44
Student Transportation										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	350	349	320	323	311	341	327	329	325	324
Technology										
Vehicles	*	*	*	*	*	5	12	14	15	12
Other										
Buildings	1	1	1	1	1	1	1	1	1	1

* Not Available

