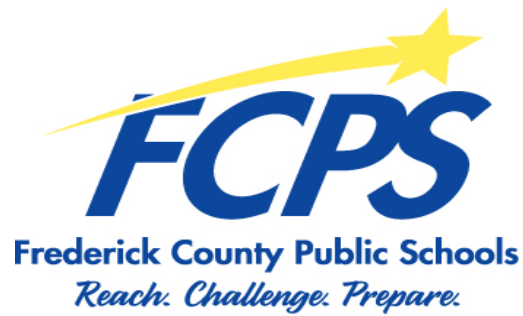


**FREDERICK COUNTY PUBLIC SCHOOLS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

BOARD OF EDUCATION OF FREDERICK COUNTY, MARYLAND
A COMPONENT UNIT OF FREDERICK COUNTY, MARYLAND



191 S. East Street
Frederick, MD 21701
www.fcps.org



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, 2018

Prepared by:
Frederick County Public Schools
Financial Reporting Department
Fiscal Services Division, Business Services Group

Melissa Rollison, MBA
Financial Reporting Manager

Leslie R. Pellegrino, CPA
Chief Financial Officer



FREDERICK COUNTY PUBLIC SCHOOLS

Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2018

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INTRODUCTORY SECTION

September 26, 2018

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

Maryland State law requires that local education agencies publish at the close of each year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In compliance with that requirement, the Financial Reporting 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, 2018.

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. Internal accounting controls are designed to provide reasonable assurance that assets are safeguarded and accounted for properly and to ensure the reliability of accounting information for preparing financial statements in conformity with GAAP. 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, 2018. The independent auditor's report is presented as the first component of the financial section of this report.

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.

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.

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.

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 42,204 students during FY 2018 within sixty-six schools. Projected total enrollment for FY 2019 is 42,989 students within sixty-seven schools.

During the 2018 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 bears heavily on the financial condition of FCPS. After Frederick County's employment rate reached a low of 3.7 percent in 2017 it rose to 4.1 percent as of June 2018. This still remained below the state unemployment rate of 4.3 percent for the same time period. Both the County and State unemployment rates were higher than the June 30, 2018 national rate of 4.0 percent. However, the increase is largely attributed to more people entering the labor market faster than being employed. According to the most recent data, Frederick County's per capita income remains in the top third of Maryland counties.

Although the overall economic outlook is good, the state, county and Board's fiscal constraints are expected to continue into FY 2019. However, the FY 2019 budget reflects an amount over Maintenance of Effort (MOE) from the County for the fourth consecutive year, and state funding showed an increase due to student enrollment growth. 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-five 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) liability. Although FCPS is among one of the few Maryland school systems that have made significant contributions towards that liability, the net OPEB liability continues to grow each year. As a result of GASB Statement No. 75, FCPS is now required to record the net OPEB liability on the financial statements. Implementation of this Statement had a material effect on the FY 2018 financial statements. The decrease in FCPS' net position was attributed to recording the OPEB liability where in prior years only the OPEB obligation was presented in the financial statements.

FCPS completed construction of a new central office facility in FY 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. 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. The lease agreement for the central office has a term of twenty-five years and terminates on September 1, 2032.

FCPS entered into a new energy performance contract lease in FY 2018, as lessee, to finance various deferred maintenance and facility improvements in the amount of \$15,002,047. The agreement has a 3.39 percent interest rate and has a term of fifteen years with payments to commence in FY 2020.

Relevant Financial Policies. As mentioned above, primary FCPS funding is provided by the State of Maryland and the Frederick County Government. The Frederick County Council approves the Board operating appropriation each year. The Board of Education has no authority to levy taxes or increase the budget. Formal budgetary integration, including encumbrance accounting, is employed as a management control device during the year for the governmental fund types. 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 \$6.8 million above MOE in the FY 2019 budget. State law has required a follow up study to the original state funding statute enacted in 2002. This study of adequate funding was completed in November 2016 and showed that the adequate funding has again fallen behind projections. This study is still being reviewed by the Commission on Innovation and Excellence in Education with plans to make recommendations in December 2018, for potential legislative action during the 2019 Legislative Session. These legislative changes may affect funding levels in future years.

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 project 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 FY 2018, the Sugarloaf Elementary School and the Butterfly Ridge Elementary School construction projects were completed and opened in September of the 2018/2019 school year. In addition, the FY 2018 capital budget funded the replacement design of Urbana Elementary School and Rock Creek School, as well as funding for the Waverley Elementary School feasibility study. In FY 2019, the Capital Improvement Program includes funding for the construction of the Urbana Elementary replacement school and design of the Waverley Elementary replacement school. Systemic improvements funded in FY 2019 include roof replacements, HVAC/boiler replacements, sewage pump station replacement and pavement reconstruction.

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 the fiscal year ended June 30, 2017. This was the ninth 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 tenth consecutive year the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for its 2017 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 2018 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 Financial Reporting. Our appreciation is also extended to the Accounting Department and the Budget 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.

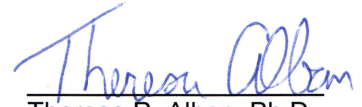
Respectfully submitted,



Melissa Rollison, MBA
Manager
Financial Reporting Department



Leslie R. Pellegrino, CPA
Chief Financial Officer
Fiscal Services Division



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



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, 2017

Christopher P. Morill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Frederick County Public Schools

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

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



A handwritten signature in black ink, reading 'Charles E. Peterson, Jr.' The signature is written in a cursive style and is positioned above a horizontal line.

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

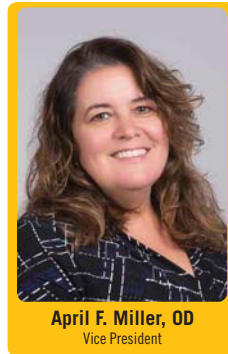
A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

John D. Musso, CAE
Executive Director

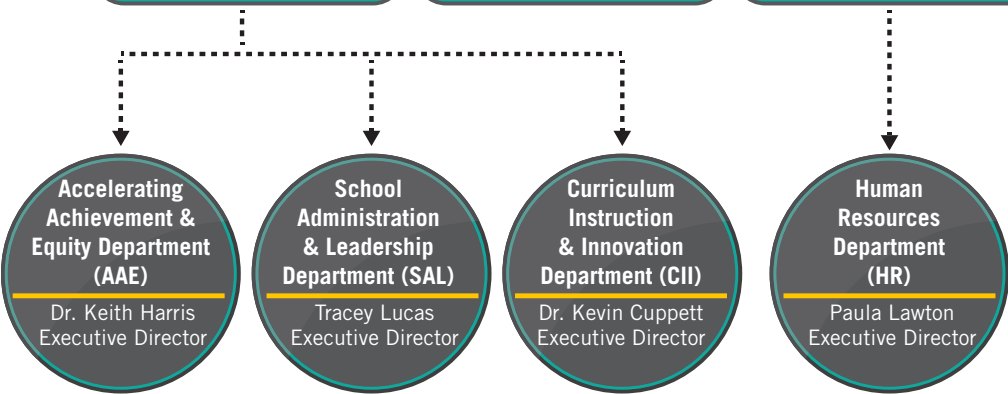
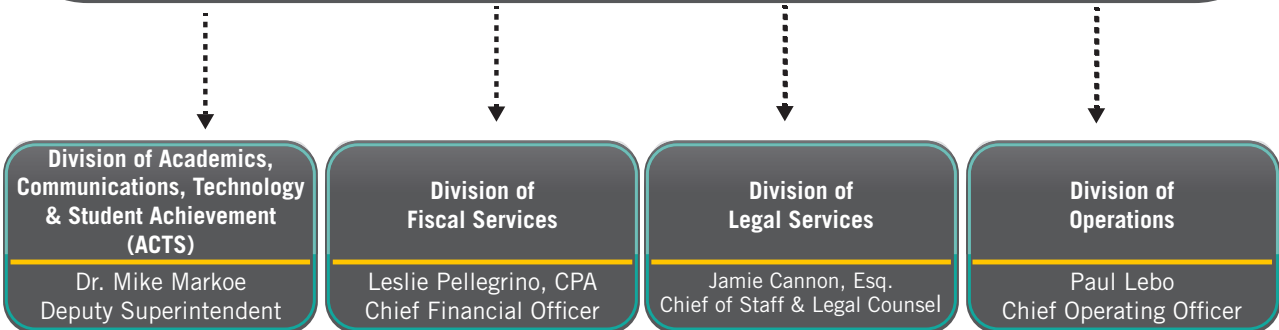
Frederick County Public Schools

Elected Officials

Board of Education of Frederick County



Superintendent's Cabinet
Dr. Theresa Alban
Superintendent



FINANCIAL SECTION



S B & COMPANY, LLC
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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, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Board's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls 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. 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 controls 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 controls. 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.



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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, 2018, 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

Emphasis of Matter

As discussed in Note 6 to the financial statements, during the year ended June 30, 2018, the Board adopted new accounting guidance from Governmental Accounting Standards Board (GASB), Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

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 Investment Returns for Retiree Health Benefit Plan, and Schedule of Changes in Board's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 and, school activity fund, 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.



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

The introductory 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 also issued our report dated September 26, 2018, on our consideration of the Board's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls 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 26, 2018



FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

This section of Frederick County Public Schools' (FCPS) Comprehensive Annual Financial Report presents the discussion and analysis of its financial performance during the fiscal year ended June 30, 2018, with selected comparative data for the year ended June 30, 2017. We encourage readers to consider the discussion and analysis in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-4 of this report.

In this section we have provided an overview of the basic financial statements, selected condensed data and highlights, and analysis of FCPS' financial position and changes in financial position. Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (hereinafter GASB).

The goal of MD&A is for the FCPS financial managers to present an objective and easily readable analysis of its financial activities based on currently known facts, decisions or conditions.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of FCPS exceeded its liabilities and deferred inflows at June 30, 2018 by \$53.1 million, which represents its net position.
- Due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the government-wide statements reflect a restated beginning net position of \$36.0 million per the Statement of Activities. This is a decrease of \$327.7 million from the June 30, 2017 ending net position of \$363.7 million.
- FCPS' change in net position increased \$17.1 million per the Statement of Activities for the year ended June 30, 2018.
- During the year \$79.2 million was spent by FCPS on three major construction projects. The Frederick High School replacement facility opened its doors welcoming students and staff for the 2017-2018 school year. The Frederick High School replacement project continued to incur expenditures in fiscal year 2018 of \$15.6 million that included the demolition of the old building, purchase of furniture and equipment, construction of the parking lot and the practice turf field. The construction phase for the Sugarloaf and Butterfly Ridge Elementary Schools was at its peak during the year incurring \$30.2 million and \$33.5 million, respectively.
- On June 20, 2018, FCPS entered into an energy performance contract lease agreement. Lease proceeds of \$15.0 million were received to finance a variety of energy conservation improvements within many FCPS facilities across the county.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve 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. The report also contains other supplementary information. 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.

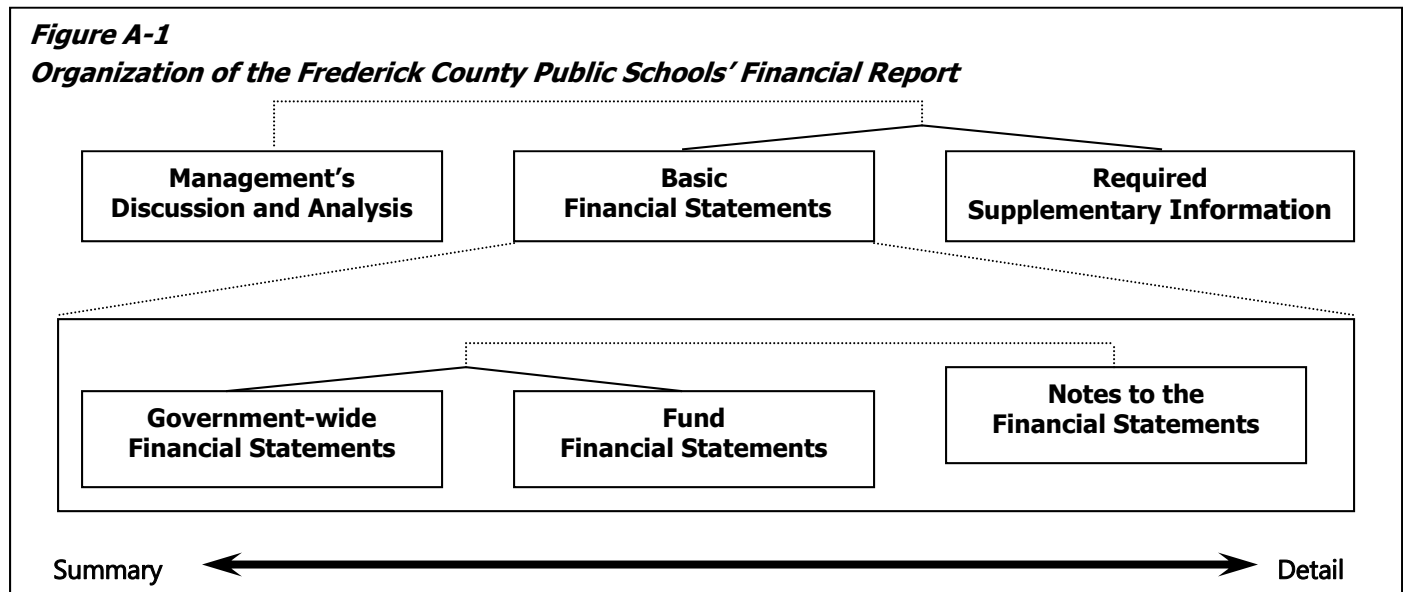
- The first two statements are *government-wide financial statements* that provide both *short-term and long-term* information about FCPS' *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of FCPS, reporting FCPS' operations in *more detail* than the government-wide financial statements. Fund Financial Statements include governmental, proprietary, and fiduciary funds. These statements provide a greater level of detail of revenues and expenditures, and indicate how well FCPS has performed in the short term in the most significant funds.
 - 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 Post-Employment Retiree Health Benefit Plan and the School Activity Fund.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

- 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.



Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of FCPS' finances. These statements include all assets, liabilities, and deferred outflows/inflows 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, 2018). 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. The difference between the assets, liabilities, and deferred inflows/outflows of resources is reported as net position. The statement encompasses the entire operations of FCPS. The ending net position segregated into three components: net investment in capital assets, restricted, and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of FCPS is improving or deteriorating.

Although the *Statement of Net Position* reports a total net position of \$53.1 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, 2018. This statement answers the question, "How did we do financially during fiscal year 2018?" 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 in the most recent fiscal year. The causes of this change may be the result of many factors. To assess FCPS'

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

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.

The government-wide perspective is unrelated to budget and accordingly, budget comparisons are not provided. The government-wide financial statements can be found on pages 24-25 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about FCPS' funds, not FCPS as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. FCPS, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of FCPS can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- *Governmental funds:* Most of FCPS' basic services are included in governmental funds comprised of the General Fund, School Construction Fund, Food and Nutrition Services Fund, and Artificial Turf Fund. Governmental funds statements generally focus on (1) cash and other financial assets that can readily be converted to cash 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. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 26-30 of this report.

- *Proprietary funds:* Services for which FCPS charges a fee are generally reported in proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. 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.

The basic proprietary fund financial statements can be found on pages 31-33 of this report.

- *Fiduciary funds:* FCPS is the trustee, or *fiduciary*, for assets that belong to others, such as the Post-Employment 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.

The basic fiduciary fund financial statements can be found on pages 34-35 of this report.

FREDERICK COUNTY PUBLIC SCHOOLS
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018

- *Notes to the financial statements:* The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 36-60 of this report.

FINANCIAL ANALYSIS OF FCPS AS A WHOLE

FCPS' net position, the amount by which assets exceed liabilities, decreased as of June 30, 2018 in comparison to the net position the year before, decreasing 85.4% or \$310.6 million to \$53.1 million. The following are major components of FCPS' net position:

Condensed Statements of Net Position (in millions of dollars)

	Governmental Activities	
	2018	2017
Current and Other Assets	\$ 91.4	\$ 65.6
Capital Assets	766.1	709.2
Total Assets	857.5	774.8
Deferred Outflows of Resources Related to Pensions	7.8	10.4
Total Deferred Outflows	7.8	10.4
Other Liabilities	44.1	30.4
Long-term Liabilities	746.2	390.0
Total Liabilities	790.3	420.4
Deferred Inflows of Resources Related to Pensions	2.7	1.1
Related to OPEB	19.2	-
Total Deferred Inflows	21.9	1.1
Net Position:		
Net Investment in Capital Assets	755.6	698.1
Restricted for:		
Debt Service	10.7	-
Unrestricted Deficit	(713.2)	(334.4)
Total Net Position	\$ 53.1	\$ 363.7

The \$310.6 million decrease in the net position of FCPS' governmental activities is mainly due to an increase in long-term liabilities and deferred inflows of resources as it relates to the other post-employment benefits (OPEB) liability.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

FCPS' net position of \$53.1 million consists of a \$755.6 million net investment in capital assets, and \$10.7 million restricted for debt service, less an unrestricted deficit of \$713.2 million. Last year FCPS had a combined net position of \$363.7 million consisting of a \$698.1 million net investment in capital assets, and \$9.3 thousand restricted for debt service, less an unrestricted deficit of \$334.4 million. FCPS uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Frederick County and the State of Maryland fund FCPS' school construction projects through the issuance of general obligation bonds. These bonds are not reflected in the Board's investment in capital assets, as the resources needed to repay these bonds must be provided by Frederick County and the State of Maryland.

The unrestricted deficit of \$713.2 million as of June 30, 2018 includes vacation leave, terminal benefits payable, the net OPEB liability and the net pension liability.

Funding for the lump sum total of vacation leave, termination benefits payable, the net OPEB liability 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 \$659.9 million. The following table shows the breakdown as a percentage of total costs by functional areas as follows:

Governmental Activities Expense:	2018 Percentage of Total	2017 Percentage of Total
	<u> </u>	<u> </u>
Instruction:		
Regular Instruction	55.10%	55.72%
Special Education Instruction	13.30%	13.24%
Total Instruction	<u>68.40%</u>	<u>68.96%</u>
Support Services:		
Administration	2.56%	2.51%
Mid-level Administration	7.92%	8.00%
Pupil Personnel Services	.76%	.76%
Health	.95%	1.00%
Pupil Transportation	4.97%	4.77%
Operations	6.71%	6.93%
Maintenance	2.50%	2.67%
Food and Nutrition Services	1.93%	1.97%
Community Services	.17%	.19%
Interest on Long-term Liabilities	.05%	.06%
Intergovernmental Payment	3.08%	2.18%
Total Support Services	<u>31.60%</u>	<u>31.04%</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Total revenues surpassed expenses increasing net position by \$17.1 million during fiscal year 2018. The key elements of FCPS' increase in net position were as follows:

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

	Governmental Activities 2018	Governmental Activities 2017
Revenues		
Program Revenues		
Charges for Services	\$ 7.0	\$ 6.6
Operating Grants and Contributions	146.1	144.9
Capital Grants and Contributions	101.5	88.3
General Revenues		
Federal Aid	0.1	0.3
State Aid	160.6	156.4
Local Aid	260.8	247.1
Investment Earnings	0.5	0.2
Other	0.4	0.5
Total Revenues	677.0	644.3
Expenses		
Instruction:		
Regular Instruction	363.6	354.0
Special Education Instruction	87.8	84.1
Total Instruction	451.4	438.1
Support Services:		
Administration	16.9	15.9
Mid-level Administration	52.3	50.8
Pupil Personnel Services	5.0	4.8
Health	6.3	6.3
Pupil Transportation	32.8	30.3
Operations	44.3	44.0
Maintenance	16.5	17.0
Food and Nutrition Services	12.7	12.5
Community Services	1.1	1.2
Interest on Capital Lease	0.3	0.5
Intergovernmental Payment	20.3	13.9
Total Support Services	208.5	197.2
Total Expenses	659.9	635.3
Change in Net Position	17.1	9.0
Net Position - Beginning *	36.0	354.7
Net Position - Ending	\$ 53.1	\$ 363.7

* June 30, 2018 Net Position - Beginning was restated for GASB 75.

The table shown above details FCPS' changes in net position. FCPS' total revenues for 2018 shows \$677.0 million compared to total revenues of \$644.3 million for the previous year. In 2018, local aid increased \$13.7 million over the prior year due to appropriation increases. For the third year in a row, local aid included an amount over Maintenance of Effort. Federal, state, and local aid not restricted to programs (general revenues) accounted for 62.4% of FCPS' total revenue in 2018, running consistent with 62.8% of total revenue in 2017. In addition to the local aid (general revenue) increase in 2018, the other component adding to the overall revenue increase over prior year was in program revenues; specifically capital grants and contributions for major projects related to the Sugarloaf Elementary School and Butterfly Ridge Elementary School.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Other Observations for 2018:

- Costs of \$6.9 million were financed by users of FCPS' programs.
- Operating grants and contributions subsidized certain programs totaling \$146.1 million.
- Total instructional costs were \$451.4 million out of total costs of \$659.9 million.
- FCPS' programs were financed by \$422.4 million consisting of unrestricted federal aid (\$40 thousand), state aid (\$160.6 million), local aid (\$260.8 million), investment earnings (\$.5 million), 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 2018 is \$405.3 million, a \$9.7 million increase from the 2017 total of \$395.6 million.

Net Cost of Governmental Activities (in millions of dollars)

Expense Functions	Total Cost of Services 2018	Net Cost of Services 2018	Total Cost of Services 2017	Net Cost of Services 2017	Total Change in Net Cost of Services 2018-2017
Instruction:					
Regular Instruction	\$ 363.6	\$ 193.4	\$ 354.0	\$ 198.5	\$ (5.1)
Special Education Instruction	87.8	41.7	84.1	38.1	3.6
Total Instruction	451.4	235.1	438.1	236.6	(1.5)
Support Services:					
Administration	16.9	16.9	15.9	15.5	1.4
Mid-level Administration	52.3	50.8	50.8	49.3	1.5
Pupil Personnel Services	5.0	4.0	4.8	3.8	.2
Health	6.3	.3	6.3	.3	-
Pupil Transportation	32.8	18.9	30.3	16.6	2.3
Operations	44.3	41.7	44.0	41.4	.3
Maintenance	16.5	16.5	17.0	17.0	(0.5)
Food and Nutrition Services	12.7	.3	12.5	.6	(0.3)
Community Services	1.1	.2	1.2	.2	-
Interest on Capital Leases	.3	.3	.5	.4	(0.1)
Intergovernmental Payment	20.3	20.3	13.9	13.9	6.4
Total Support Services	208.5	170.2	197.2	159.0	11.2
Total	\$ 659.9	\$ 405.3	\$ 635.3	\$ 395.6	\$ 9.7

The \$9.7 million increase in net costs from 2017 to 2018 was largely due to an increase in the intergovernmental payments of \$6.4 million and contributes to 66.0% of the overall increase. The intergovernmental payment net cost is a function of the "pay-back" amount to Frederick County Government for forward funding major project construction costs. The pupil transportation net cost increased in 2018 by \$2.3 million and was the result of additional special education bus routes added during the year to accommodate special need students. Additionally, there was a notable decrease in regular instruction net costs, due to salary savings from turnover. This was offset by an increase in the special education instruction net costs for contracted services needs and non-public placements for a combined net decrease in total instruction of \$1.5 million.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

FINANCIAL ANALYSIS OF FCPS' FUNDS

As FCPS completed the year, its governmental funds (General Fund, School Construction Fund, Food and Nutrition Services Fund, and Artificial Turf Fund) reported combined fund balances of \$33.2 million; an increase of \$13.2 million from last year's ending fund balances of \$20.0 million. The increase of \$13.2 million consists of a \$2.6 million fund balance increase in the General Fund, mostly due to salary savings in regular and special education instruction and utility savings, a \$10.6 million increase in the School Construction fund balance related to restricted cash for the energy performance contract lease agreement, a \$.1 million decrease in the Food and Nutrition Services fund balance, mostly as a result of increased food expenses, and a \$.1 million increase in the Artificial Turf Fund from local funding. Similarly in fiscal year 2017 there was a consistent fund balance increase in the General Fund and Artificial Turf fund for the same trending reasons as indicated in the current year. Operational measures were taken to monitor and make changes in the Food and Nutrition Services expenditures, in particular the purchased foods during fiscal year 2018. While the Food and Nutrition Services fund ran a deficit in both years, fiscal year 2018 had a decrease in fund balance of \$.1 million in comparison to a \$.4 million decrease in fund balance for fiscal year 2017. The largest contributing factor to the reported combined fund balance increase relates to the \$10.6 million residing in the School Construction fund.

Likewise in 2017, state and local aid were the primary sources of operating funds for FCPS' governmental funds for fiscal year 2018. In 2018, both funding sources combined accounted for 95.3% of total revenues, a slight increase from that of 94.9% in 2017. In 2018, state aid contributed 43.2% and local aid contributed 52.1% of the combined revenues. In 2017, state aid contributed 44.0% and local aid contributed 50.9% of the combined revenues. The federal government consistently contributed 3.5% and 3.7% of governmental revenues for 2018 and 2017, respectively. 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 \$560.7 million with the largest share spent on instructional programs, both regular and special education, in the amount of \$279.5 million. Last year, \$265.2 million was spent on instructional programs out of a total expenditure of \$540.1 million. In 2018, School Construction Fund expenditures exceeded revenues by \$4.3 million, which represented the first contractor invoice payment from the energy performance contract lease proceeds. School Construction Fund revenues from state and local sources were \$22.5 and \$83.7 million, respectively. The nonmajor governmental funds received \$.1 million in local funding.

General Fund Budgetary Summary

Over the course of fiscal year 2018, 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 2018.

Anticipated revenues for the General Fund for 2018 totaled \$578.5 million while actual revenues equaled \$572.2 million, a difference of \$6.3 million. This \$6.3 million budgeted but not received during 2018 represents mostly revenues planned for restricted grants and programs that had activity remaining at fiscal year-end and will be carried forward to 2019. This activity was approved for grant periods that extend beyond 2018. In addition, local and state in-kind transactions were less than budgeted, accounting for \$1.4 million of the aggregate \$6.3 difference.

General Fund expenditures allocated for 2018 totaled \$578.5 million while actual expenditures equaled \$560.7 million, a difference of \$17.8 million. The variance is mainly attributable to salary and fringe savings from staff vacancies and turnover in the instructional and special education classifications and continued savings in fuel and building utility costs. There were no expenditure classes with a negative budget variance in 2018. For the General Fund, the ending fund balance on a budgetary basis as of June 30, 2018 is a surplus of \$13.6 million of which \$9.3 thousand is restricted for future lease payments, \$11.4 million is budgeted for use in fiscal year 2019, and \$1.0 million is committed to Charter Schools, leaving \$1.2 million as unassigned.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2018, FCPS had invested \$766.1 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 \$56.9 million during 2018. (More detailed information about capital assets can be found in Note 3.B to the financial statements.) Total depreciation expense for the year was \$28.6 million. Depreciation expense is allocated to the fund and category in which the capital asset has been recorded.

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

	Governmental Activities		Total Percentage Change
	2018	2017	2018-2017
Land	\$ 51.2	\$ 50.7	1.0%
Construction in Progress	83.2	107.2	(22.4)%
Buildings and Improvements	611.5	531.5	15.1%
Furniture and Equipment	<u>20.2</u>	<u>19.8</u>	<u>2.0%</u>
Total	<u>\$ 766.1</u>	<u>\$ 709.2</u>	<u>8.0%</u>

The most significant change that occurred in capital assets for the period ended June 30, 2018 was in construction in progress and buildings and improvements. The Frederick High School replacement facility was open for the 2017/2018 school year and cumulative project costs incurred through June 30, 2018 were reclassified out of construction in progress. Offsetting the significant decrease attributable in construction in progress related to Frederick High School was an increase to construction in progress for two new elementary schools; Sugarloaf in the Urbana area and Butterfly Ridge in Frederick City. These elementary school facilities opened in September for the 2018/2019 school year. While the overall net decrease in construction in progress was primarily due to a combination of several major projects as mentioned, FCPS closed out several smaller systemic projects as well. The enrollment figure, as reported to the Maryland State Department of Education for fiscal year 2018, was 42,204 students; resulting in a utilization of 92% of school capacity.

The 2019 capital budget has projected spending \$24.3 million for capital projects.

- \$16.2 million in major projects, which includes \$10.5 million for the construction of Urbana Elementary School replacement and \$4.6 million for the design of Waverly Elementary School replacement. The remaining budget is for the Liberty Elementary School modernization/addition feasibility study and the design of the Hayward Road Bus facility.
- \$8.1 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 two capital leases, unused vacation leave, termination benefits, net OPEB liability and net pension liability. (More detailed information about FCPS' long-term liabilities is presented in Note 3.D to the financial statements.)

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

Long-term Liabilities (in millions of dollars)

	Governmental Activities		Total Percentage Change
	<u>2018</u>	<u>2017</u>	<u>2018-2017</u>
Capital Leases Payable	\$ 25.5	\$ 11.0	131.8%
Vacation Leave Payable	8.0	7.7	3.9%
Termination Benefits Payable	23.0	21.8	5.5%
Net OPEB Liability *	653.0	634.8	2.9%
Net Pension Liability	<u>36.8</u>	<u>42.3</u>	<u>(13.0)%</u>
Total	<u>\$ 746.3</u>	<u>\$ 717.6</u>	<u>4.0%</u>

* The June 30, 2017 balance, as restated upon implementation of GASB 75.

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, 2018, was \$10.5 million. In June 2018, FCPS entered into an energy performance contract lease agreement to finance a variety of energy conservation improvements in FCPS facilities across the county. This lease has a 15 year term and is contingent upon yearly appropriations with lease payments scheduled to commence September 2019 (FY 2020). FCPS recognizes its contractual obligations to employees for vacation and termination benefits payable. As of June 30, 2018, FCPS had accumulated obligations totaling \$8.0 million for unpaid vacation leave and \$23.0 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. During fiscal year 2018, FCPS implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in a restatement of the net OPEB liability for the period June 30, 2017 of \$634.8 million. The current year change in the net OPEB liability increased by \$18.2 million for a net OPEB liability as of June 30, 2018 of \$653.0 million. The increase of \$18.2 million was a combination of changes in service cost, interest, contributions, net investment income, assumptions and benefit payments calculated by a third party actuary. FCPS contributed \$12.7 million for the year (\$2.0 million was contributed to the OPEB Trust and \$10.7 million was FCPS' share of the retiree premiums [pay-as-you-go]). Statement No. 75 supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* from June 2004. GASB Statements No. 74 (implemented in fiscal year 2017) and Statement No. 75 are intended to improve accounting and financial reporting by state and local governments that provide postemployment benefits.

FCPS recognizes a net pension liability of \$36.8 million for the period ended June 30, 2018. This is a decrease of \$5.5 million from the fiscal year 2017 net pension liability of \$42.3 million. The decrease of \$5.5 million is due to changes in assumptions and other variances, such as market fluctuations.

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 Financial Reporting Department, 191 South East Street, Frederick, Maryland 21701.

BASIC FINANCIAL STATEMENTS

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Net Position June 30, 2018

	Governmental Activities
ASSETS	
Cash and Investments	\$ 51,970,607
Due From Other Units of Government	16,164,052
Accounts Receivable	6,192,350
Inventories, at Cost	1,051,694
Prepaid Items	1,049,999
Cash and Investments - Restricted	15,011,363
Capital Assets not being Depreciated:	
Land	51,154,643
Construction in Progress	83,223,933
Capital Assets, Net of Accumulated Depreciation:	
Buildings and Improvements	611,509,694
Furniture and Equipment	20,192,639
Total Assets	857,520,974
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	7,779,406
Related to OPEB	22,277
Total Deferred Outflows of Resources	7,801,683
LIABILITIES	
Accounts Payable	34,010,969
Accrued Interest Payable	108,034
Salaries and Wages Payable	9,088,714
Payroll Taxes and Deductions Payable	877,718
Unearned Revenue	1,527
Due to Fiduciary Fund	10,767
Noncurrent Liabilities:	
Due Within One Year	8,717,880
Due in More than One Year	737,532,520
Total Liabilities	790,348,129
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	2,637,478
Related to OPEB	19,218,074
Total Deferred Inflows of Resources	21,855,552
NET POSITION	
Net Investment in Capital Assets	755,606,761
Restricted for:	
Debt Service	10,667,947
Unrestricted Deficit	(713,155,732)
Total Net Position	\$ 53,118,976

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, 2018

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	\$ 363,567,238	\$ 908,442	\$ 67,753,875	\$ 101,509,193	\$ (193,395,728)
Special Education Instruction	87,791,944	-	46,098,500	-	(41,693,444)
Total Instruction	451,359,182	908,442	113,852,375	101,509,193	(235,089,172)
Support Services:					
Administration	16,866,200	-	-	-	(16,866,200)
Mid-level Administration	52,276,685	-	1,483,533	-	(50,793,152)
Pupil Personnel Services	4,997,831	-	1,044,039	-	(3,953,792)
Health	6,252,164	-	5,982,493	-	(269,671)
Pupil Transportation	32,767,258	-	13,879,763	-	(18,887,495)
Operations	44,282,947	1,024,951	1,548,862	-	(41,709,134)
Maintenance	16,507,013	-	3,105	-	(16,503,908)
Food and Nutrition Services	12,747,402	4,976,681	7,450,190	-	(320,531)
Community Services	1,138,316	-	852,461	-	(285,855)
Interest on Capital Lease	327,288	-	-	-	(327,288)
Intergovernmental Payment	20,342,000	-	-	-	(20,342,000)
Total Support Services	208,505,104	6,001,632	32,244,446	-	(170,259,026)
Total Governmental Activities	\$ 659,864,286	\$ 6,910,074	\$ 146,096,821	\$ 101,509,193	(405,348,198)
General Revenues:					
Federal Aid Not Restricted to Specific Purposes					40,582
State Aid Not Restricted to Specific Purposes					160,628,485
Local Aid Not Restricted to Specific Purposes					260,822,220
Interest and Investment Earnings					544,643
Other Revenue					392,108
Total General Revenues					422,428,038
Changes in Net Position					17,079,840
Net Position - Beginning, as Restated for Other Post-Employment Benefits					36,039,136
Net Position - Ending					\$ 53,118,976

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

FREDERICK COUNTY PUBLIC SCHOOLS

Balance Sheet Governmental Funds June 30, 2018

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
ASSETS					
Cash and Investments	\$ 33,546,297	\$ 1,691,243	\$ 1,261,763	\$ -	\$ 36,499,303
Due From:					
Federal Government	5,786,719	-	367,850	-	6,154,569
State of Maryland	2,098,767	543,468	23,290	-	2,665,525
Frederick County	71,456	8,442,940	-	-	8,514,396
Other Funds	105,268	-	-	564,671	669,939
Accounts Receivable	837,957	-	13,282	18,120	869,359
Inventories, at Cost	602,889	-	448,805	-	1,051,694
Prepaid Items	844,290	-	-	-	844,290
Cash and Investments - Restricted	9,316	15,002,047	-	-	15,011,363
Total Assets	\$ 43,902,959	\$ 25,679,698	\$ 2,114,990	\$ 582,791	\$ 72,280,438
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 11,185,133	\$ 14,887,482	\$ 283,608	\$ -	\$ 26,356,223
Accrued Liabilities:					
Salaries and Wages	9,029,333	47,109	12,272	-	9,088,714
Payroll Taxes and Deductions	876,779	-	939	-	877,718
Due To:					
Federal Government	1,002,336	-	-	-	1,002,336
State of Maryland	35,719	-	-	-	35,719
Frederick County	132,106	277	-	-	132,383
Other Funds	1,442,693	86,199	19,069	-	1,547,961
Unearned Revenue	1,527	-	-	-	1,527
Total Liabilities	23,705,626	15,021,067	315,888	-	39,042,581
Fund Balances:					
Nonspendable:					
Inventories	602,889	-	448,805	-	1,051,694
Prepaid Items	844,290	-	-	-	844,290
Restricted:					
Capital Leases	9,316	10,658,631	-	-	10,667,947
Committed:					
Charter Schools	1,068,728	-	-	-	1,068,728
Assigned:					
Administration	1,775,221	-	-	-	1,775,221
Instructional	3,457,824	-	-	-	3,457,824
Maintenance and Operations	4,987,762	-	-	-	4,987,762
Transportation	6,274,281	-	-	-	6,274,281
Artificial Turf	-	-	-	582,791	582,791
Food and Nutrition Services	-	-	1,350,297	-	1,350,297
Unassigned:	1,177,022	-	-	-	1,177,022
Total Fund Balances	20,197,333	10,658,631	1,799,102	582,791	33,237,857
Total Liabilities and Fund Balances	\$ 43,902,959	\$ 25,679,698	\$ 2,114,990	\$ 582,791	\$ 72,280,438

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, 2018

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

Total fund balance - governmental funds		\$ 33,237,857
<p>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.</p>		
Cost of capital assets	\$ 1,163,847,391	
Accumulated depreciation	<u>(397,766,482)</u>	766,080,909
<p>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.</p>		
<p>Long-term liabilities (including internal service fund) at year-end consist of:</p>		
Capital leases payable	(25,476,195)	
Accrued interest payable on leases	(108,034)	
Vacation leave payable	(7,985,585)	
Termination benefits payable	(22,967,039)	
Net OPEB Liability	(653,002,962)	
Net Pension Liability	<u>(36,818,619)</u>	(746,358,434)
<p>Deferred outflows of resources:</p>		
Related to Pension	7,779,406	
Related to OPEB	<u>22,277</u>	7,801,683
<p>Deferred inflows of resources:</p>		
Related to Pension	(2,637,478)	
Related to OPEB	<u>(19,218,074)</u>	(21,855,552)
<p>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, and net pension liability are included in governmental activities in the Statement of Net Position.</p>		
		<u>14,212,513</u>
Net position of governmental activities		<u>\$ 53,118,976</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, 2018

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
Revenues:					
Federal	\$ 16,494,884	\$ -	\$ 7,057,536	\$ -	\$ 23,552,420
State	271,677,066	22,544,153	269,331	-	294,490,550
Local	271,000,287	83,745,121	-	-	354,745,408
Charges for Services	-	-	4,744,567	-	4,744,567
Other	3,761,032	-	232,114	66,098	4,059,244
Total Revenues	562,933,269	106,289,274	12,303,548	66,098	681,592,189
Expenditures:					
Current:					
Administration	10,533,695	-	-	-	10,533,695
Mid-level Administration	33,889,690	-	-	-	33,889,690
Instructional Salaries	206,573,539	-	-	-	206,573,539
Instructional Supplies	9,161,076	-	-	-	9,161,076
Instruction - Other	2,527,545	-	-	-	2,527,545
Special Education	61,220,228	-	-	-	61,220,228
Pupil Personnel	3,206,954	-	-	-	3,206,954
Health	6,184,651	-	-	-	6,184,651
Pupil Transportation	22,281,281	-	-	-	22,281,281
Operations	34,570,387	-	-	-	34,570,387
Maintenance	11,708,541	-	-	-	11,708,541
Fixed Charges	155,503,890	-	-	-	155,503,890
Food and Nutrition Services	44,196	-	12,445,649	-	12,489,845
Community Services	788,754	-	-	-	788,754
Capital Outlay:					
Land	-	844,159	-	-	844,159
Buildings and Improvements	-	84,833,821	-	-	84,833,821
Equipment	1,634,231	4,612,710	-	-	6,246,941
Debt Service:					
Capital Lease Principal	539,677	-	-	-	539,677
Capital Lease Interest	333,064	-	-	-	333,064
Intergovernmental Payment	-	20,342,000	-	-	20,342,000
Total Expenditures	560,701,399	110,632,690	12,445,649	-	683,779,738
Excess (Deficiency) of Revenues over Expenditures	2,231,870	(4,343,416)	(142,101)	66,098	(2,187,549)
Other Financing Sources (Uses)					
Proceeds from Capital Lease	-	15,002,047	-	-	15,002,047
Transfers In From:					
Internal Service Fund	637,875	-	-	-	637,875
Transfers Out To:					
Internal Service Fund	(217,054)	-	-	-	(217,054)
Total Other Financing Sources (Uses)	420,821	15,002,047	-	-	15,422,868
Net Change in Fund Balances	2,652,691	10,658,631	(142,101)	66,098	13,235,319
Fund Balances - Beginning	17,544,642	-	1,941,203	516,693	20,002,538
Fund Balances - Ending	\$ 20,197,333	\$ 10,658,631	\$ 1,799,102	\$ 582,791	\$ 33,237,857

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, 2018

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

Total net change in fund balances - governmental funds \$ 13,235,319

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	\$ 90,290,690	
Depreciation	<u>(28,591,015)</u>	61,699,675

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations, etc.) is to increase/(decrease) net position. The loss on disposal of capital assets of \$1,874,178 in addition to the retirements/reclassifications of \$2,905,903 during the year resulted in a decrease in net position.

(4,780,081)

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.

Other financing sources - capital lease	(15,002,047)	
Principal payments of capital leases	539,677	
Interest expense - capital leases (net effect)	<u>50,576</u>	(14,411,794)

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 compensated absences expenses, is reported with governmental activities. The change in net position was \$(977,160), of which \$216,297 was included in the calculation below.

(1,193,457)

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	(307,190)	
Termination benefits accrued	(1,178,771)	
Net OPEB liability accrued and changes in deferred inflows and outflows	(37,350,094)	
Net pension liability accrued and changes in deferred inflows and outflows	<u>1,366,233</u>	<u>(37,469,822)</u>

Change in net position of governmental activities

\$ 17,079,840

The notes to the financial statement 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, 2018

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
Revenues:				
Federal	\$ 18,624,254	\$ 18,624,254	\$ 16,494,884	\$ (2,129,370)
State	272,386,158	272,386,158	271,677,066	(709,092)
Frederick County	272,256,736	272,256,736	271,000,287	(1,256,449)
Other Revenue	6,028,500	6,015,422	3,761,032	(2,254,390)
Fund Balance	9,219,883	9,232,961	9,232,961	-
Total Revenues	578,515,531	578,515,531	572,166,230	(6,349,301)
Expenditures:				
Administration	12,052,413	12,081,255	10,603,132	1,478,123
Mid-level Administration	35,081,807	34,902,150	33,931,189	970,961
Instructional Salaries	209,900,143	210,173,373	206,573,539	3,599,834
Instructional Supplies	9,934,564	9,957,988	9,297,490	660,498
Instructional - Other	2,567,195	2,670,926	2,534,135	136,791
Special Education	62,374,481	62,374,481	61,231,159	1,143,322
Pupil Personnel Services	3,514,965	3,514,965	3,207,508	307,457
Health	7,296,270	7,296,920	6,185,407	1,111,513
Pupil Transportation	21,709,227	21,910,777	21,900,790	9,987
Operations	37,576,745	37,432,666	34,689,059	2,743,607
Maintenance	12,699,684	12,903,567	12,071,880	831,687
Fixed Charges	160,602,059	160,078,090	155,950,838	4,127,252
Food and Nutrition Services	60,000	60,000	44,196	15,804
Community Services	1,111,841	1,111,841	781,329	330,512
Capital Outlay	2,034,137	2,046,532	1,696,249	350,283
Total Expenditures	578,515,531	578,515,531	560,697,900	17,817,631
Excess of Revenues over Expenditures	\$ -	\$ -	11,468,330	\$ 11,468,330
Fund Balance - Beginning			12,257,888	
Increase in Nonspendable Fund Balance Inventories and Prepaids			(861,832)	
Prior Year Surplus Funded			(9,232,961)	
Fund Balance - Ending			\$ 13,631,425	

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, 2018

	Governmental Activity: Internal Service Fund Self-Insurance
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 15,471,304
Due from Other Funds	867,255
Other Receivables	5,322,991
Prepaid Items	205,709
Total Current Assets	21,867,259
 LIABILITIES	
Current Liabilities:	
Accounts Payable and Accrued Liabilities	7,654,746
Current Portion of Long-term Obligations	22,720
Total Current Liabilities	7,677,466
Noncurrent Liabilities:	
Noncurrent Portion of Long-term Obligations	11,870
Total Liabilities	7,689,336
 NET POSITION	
Unrestricted	14,177,923
Total Net Position	\$ 14,177,923

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund For the Year Ended June 30, 2018

	Governmental Activity: Internal Service Fund Self-Insurance
Operating Revenues:	
Contributions from Employer	\$ 63,192,639
Contributions from Employees	14,427,398
Total Operating Revenues	77,620,037
Operating Expenses:	
Salaries and Wages	293,532
Professional and Contracted Services	4,231,406
Insurance Claims and Related Expenses	72,647,299
Payment to Federal Government	36,321
Other Charges	99,836
Total Operating Expenses	77,308,394
Operating Income	311,643
Nonoperating Revenues:	
Investment Earnings	132,018
Total Nonoperating Revenues	132,018
Gain Before Transfers	443,661
Transfers Out:	
Transfer to Fiduciary Fund	(1,000,000)
Transfer to General Fund	(420,821)
Total Transfers	(1,420,821)
Change in Net Position	(977,160)
Total Net Position - Beginning	15,155,083
Total Net Position - Ending	\$ 14,177,923

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, 2018

	Governmental Activity: Internal Service Fund Self-Insurance
Cash Flows From Operating Activities	
Receipts from User Charges	\$ 14,427,398
Receipts from Interfund Services	62,444,352
Payments to Employees	(609,665)
Payments for Insurance Claims and Related Expenses	<u>(76,187,120)</u>
Net Cash From Operating Activities	<u>74,965</u>
Cash Flows From Noncapital Financing Activities	
Transfers to Other Funds	<u>(420,821)</u>
Net Cash from Noncapital Financing Activities	<u>(420,821)</u>
Cash Flows From Investing Activities	
Interest Received on Investments	132,018
Transfer to OPEB Trust	<u>(1,000,000)</u>
Net Cash from Investing Activities	<u>(867,982)</u>
Net Decrease in Cash and Cash Equivalents	(1,213,838)
Cash and Cash Equivalents - Beginning	<u>16,685,142</u>
Cash and Cash Equivalents - Ending	<u>\$ 15,471,304</u>
Reconciliation of Operating Income to	
Net Cash From Operating Activities:	
Operating Income	\$ 311,643
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Effect of Changes in Non-cash Operating Assets and Liabilities:	
Receivables	(281,445)
Accounts Payable and Accrued Liabilities	<u>44,767</u>
Net Cash From Operating Activities	<u>\$ 74,965</u>

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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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 one nonmajor fund that is reported as a separate column clearly indicating nonmajor status in accordance with authoritative accounting standards.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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.

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

FCPS reports the following nonmajor governmental fund:

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.

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, 2018

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 Post-Employment 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 Post-Employment 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, 2018

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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value. 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 (10) years of service. At the time of official retirement (or at time of death, said beneficiary) shall receive forty percent (40%) of the accumulated sick leave at the final rate of pay. 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, 2018.

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, 2018

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. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Frederick County Public Schools Post-Employment Retiree Health Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

J. 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.

K. 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, capital leases are 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 other 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.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance (continued)

The charter school fund balances of \$1,068,728 consists of: \$277,280 for Monocacy Valley Montessori Public Charter School, \$495,112 for Carroll Creek Montessori Public Charter School, and \$296,336 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.

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 \$16,495,088 in its assigned fund balance, of which \$11,376,359 represents the portion to be used for subsequent year's expenditures in fiscal year 2019. The remaining \$5,118,729 represents its encumbrances as of June 30, 2018. Some of the more significant General Fund encumbrances as of June 30, 2018 are \$2,777,507 for buses, \$389,107 for technology, \$321,720 for vehicle purchases, and \$145,166 for capital outlay.

L. 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, 2018

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 on School Construction. Thus, annual budgetary comparisons to actual expenditures are not presented in the financial statements for the School 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	\$ 562,933,269	\$ 560,280,578	\$ 2,652,691
Effect of Encumbrances	-	417,322	(417,322)
Effect of Prior Year Surplus	9,232,961	-	9,232,961
Reported on the Budgetary Basis of Accounting	<u>\$ 572,166,230</u>	<u>\$ 560,697,900</u>	<u>\$ 11,468,330</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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 Post-Employment 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, 2018, 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	\$ -	\$ (13,078)	\$ (13,078)
Fund Balance	13,078	-	13,078
	<hr/>	<hr/>	<hr/>
Total Increase (Decrease) to Revenues	<u>\$ 13,078</u>	<u>\$ (13,078)</u>	<u>\$ -</u>
	<u>To</u>	<u>From</u>	<u>Net Change</u>
<u>Expenditures:</u>			
Administration	\$ 28,842	\$ -	\$ 28,842
Mid-level Administration	-	(179,657)	(179,657)
Instructional Salaries	273,230	-	273,230
Instructional Supplies	23,424	-	23,424
Instructional – Other	103,731	-	103,731
Special Education	-	-	-
Pupil Personnel Services	-	-	-
Health	650	-	650
Pupil Transportation	201,550	-	201,550
Operations	-	(144,079)	(144,079)
Maintenance	203,883	-	203,883
Fixed Charges	-	(523,969)	(523,969)
Food Service	-	-	-
Community Services	-	-	-
Capital Outlay	12,395	-	12,395
	<hr/>	<hr/>	<hr/>
Total Increase (Decrease) to Expenditures	<u>\$ 847,705</u>	<u>\$ (847,705)</u>	<u>\$ -</u>
	<hr/>	<hr/>	<hr/>
Total	<u>\$ (834,627)</u>	<u>\$ 834,627</u>	<u>\$ -</u>

The General Fund budget, in total, remained the same in fiscal year 2018. Changes within the budgetary categories of the General Fund during fiscal year 2018 were approved by action of the Board and the County Council. For the year ended June 30, 2018, there were no expenditure categories that exceeded their budgets. Overall expenditures were under budget by \$17.8 million.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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 \$550.

2. Deposits

At year-end, the carrying amount of FCPS' deposits was \$36,229,606 and the bank balance was \$38,128,568.

3. Investments

As of June 30, 2018, 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	\$29,704,980	\$29,704,980	\$ -	\$ -	1.82%
Money Market	4,355,459	4,355,459	-	-	.79%
Certificates of Deposit	4,557	4,557	-	-	Various
Fixed Income Securities	31,052,528	31,052,528	-	-	0.00%
Equity Securities	72,281,886	72,281,886	-	-	8.60%
	<u>\$137,399,410</u>	<u>\$137,399,410</u>	<u>\$ -</u>	<u>\$ -</u>	

FCPS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles (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, 2018:

MLGIP, Money Market, Fixed Income Securities and Equity Securities of \$137,394,853, are valued using quoted market prices (Level 1 inputs).

Certificates of Deposit of \$4,557 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	\$ 550
Carrying Amounts of Deposits	36,229,606
Carrying Amounts of Investments (above)	<u>137,399,410</u>
Total Cash and Investments	173,629,566
Less: Amounts in Fiduciary Funds	<u>106,647,596</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 66,981,970</u>
Cash and Investments	\$ 51,970,607
Cash and Investments - Restricted	<u>15,011,363</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 66,981,970</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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.

Restricted cash in the School Construction Fund represents an escrow account, holding funds available for future disbursements, related to an energy performance capital lease for deferred facility maintenance and improvement projects.

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, mark to market, is calculated and maintained on a daily basis to ensure a \$1.00 per unit constant value.

Assets in the Post-Employment Retiree Health Benefit Plan are invested in accordance with Article 95, Section 22 of the Annotated Code of Maryland as well as the Investment Plan Statement. As of June 30, 2018, the deposits of the Post-Employment 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.

The Post-Employment Retiree Health Plan had fixed-income investments with the following credit risk characteristics at June 30, 2018:

<u>Bloomberg Barclays U.S. Aggregate Bond Index</u>	<u>Percent of Fixed Income Investments</u>	<u>Fair Value</u>
Aaa	72.04%	\$ 22,371,241
Aa	3.73%	1,158,259
A	11.28%	3,502,725
Baa	12.95%	4,021,303
	<u>100.00%</u>	<u>\$ 31,052,528</u>

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, 2018, 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.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

Foreign Currency Risk. The Post-Employment 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)	\$ 3,198,020
Japanese Yen	2,384,069
UK Pound	1,777,342
Swiss Franc	772,108
Australian Dollar	688,421
Hong Kong Dollar	330,761
Swedish Krona	255,045
Danish Krona	164,384
Singapore Dollar	126,526
Norwegian Krone	73,724
Israeli Shekel	25,903
New Zealand Dollar	20,922
	<u>\$ 9,817,225</u>

B. Capital Assets

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

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Balance June 30, 2018</u>
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	\$ 50,692,385	\$ 462,258	\$ -	\$ 51,154,643
Construction in Progress	107,205,096	90,290,690	114,271,853	83,223,933
Total Nondepreciable Capital Assets	<u>157,897,481</u>	<u>90,752,948</u>	<u>114,271,853</u>	<u>134,378,576</u>
Depreciable Capital Assets:				
Buildings and Improvements	880,373,297	107,815,296	12,994,321	975,194,272
Furniture and Equipment	52,928,189	4,120,121	2,773,767	54,274,543
Total Depreciable Capital Assets	<u>933,301,486</u>	<u>111,935,417</u>	<u>15,768,088</u>	<u>1,029,468,815</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	348,948,337	25,299,187	10,562,946	363,684,578
Furniture and Equipment	33,089,315	3,291,828	2,299,239	34,081,904
Total Accumulated Depreciation	<u>382,037,652</u>	<u>28,591,015</u>	<u>12,862,185</u>	<u>397,766,482</u>
Total Depreciable Capital Assets, Net	<u>551,263,834</u>	<u>83,344,402</u>	<u>2,905,903</u>	<u>631,702,333</u>
Governmental Activities Capital Assets, Net	<u>\$ 709,161,315</u>	<u>\$ 174,097,350</u>	<u>\$ 117,177,756</u>	<u>\$ 766,080,909</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Administration	\$ 1,313,985
Mid-level Administration	64,936
Instruction - Other	24,704,615
Special Education	10,261
Pupil Transportation	1,968,547
Operations	161,916
Maintenance	141,358
Community Services	15,222
Food and Nutrition Services	210,175
Total Depreciation Expense - Governmental Activities	<u>\$ 28,591,015</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Construction Commitments

FCPS has active construction projects as of June 30, 2018. The projects include major and systemic 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>
Brunswick High School - Pavement Repair/Overlay	\$ 109,955	\$ 915,832
Butterfly Ridge Elementary School - New	38,228,595	2,244,159
Emmitsburg Elementary School - Roof Replacement	210,401	242,321
Fire Alarm Replacement (Multiple Schools)	118,482	213,737
Frederick High School - Replacement	110,563,307	1,387,413
Governor Thomas Johnson High School - Roof Replacement Ph. I	320,409	603,126
Rock Creek School - Replacement Design	360,353	2,237,224
Sugarloaf Elementary School - New	34,905,757	2,595,043
Urbana Elementary School - Replacement Design	619,693	1,952,507
Other Projects	1,126,958	488,677
Total	<u>\$ 186,563,910</u>	<u>\$ 12,880,039</u>

D. Long-term Liabilities

Long-term liability balances and activities for the year ended June 30, 2018 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	\$ 11,013,825	\$ 15,002,047	\$ 539,677	\$ 25,476,195	\$ 557,225
Vacation Leave Payable	7,678,395	5,596,333	5,289,143	7,985,585	5,553,600
Termination Benefits Payable	21,788,268	4,848,336	3,669,565	22,967,039	2,607,055
Net OPEB Liability	634,848,665 *	63,091,092	44,936,795	653,002,962	-
Net Pension Liability	42,334,928	-	5,516,309	36,818,619	-
	<u>\$ 717,664,081</u>	<u>\$ 88,537,808</u>	<u>\$ 59,951,489</u>	<u>\$ 746,250,400</u>	<u>\$ 8,717,880</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.

* As restated upon implementation of GASB 75.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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 2018 were \$872,741. Current year depreciation expense for the capital lease assets shown below was \$920,729.

In fiscal year 2018, FCPS entered into an energy performance contract lease agreement, as lessee, to finance various deferred maintenance and facility improvements in the amount of \$15,002,047. Financing was completed in June 2018. The lease agreement term is for a period of fifteen years ending September 1, 2033, with an interest rate of 3.39%. The first payment will be due on September 1, 2019.

The assets acquired through capital leases were as follows:

	<u>Governmental Activities</u>
Assets:	
Building	\$ 16,361,159
Machinery and Equipment	6,789,591
Less: Accumulated Depreciation	8,578,059
Total	<u>\$ 14,572,691</u>

As of June 30, 2018, the minimum obligations under the capital leases were as follows:

	<u>Fiscal Years</u>	<u>Governmental Activities</u>
	2019	\$ 873,286
	2020	3,611,022
	2021	1,858,833
	2022	1,889,077
	2023	1,919,389
	2024-2028	10,085,839
	2029-2033	10,997,653
	2034	1,197,534
Total Obligations		<u>32,432,633</u>
Less: Portion Representing Interest		6,956,438
Present Value of Lease Obligation		<u>\$ 25,476,195</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018 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	\$ 86,199
General Fund	Food and Nutrition Services Fund	Advances of cash for operating needs	19,069
Artificial Turf Fund	General Fund	Future upkeep and major repair needs	564,671
Self-Insurance Fund	General Fund	Insurance expenses	867,255
Post-Employment Retiree Health Benefit Plan	General Fund	Investment trust fees	10,767
		Total	<u>\$ 1,547,961</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	\$ 669,939	\$ 1,547,961
Statement of Net Position - Proprietary Fund	867,255	-
Statement of Net Position - Fiduciary Fund	10,767	-
Totals	<u>\$ 1,547,961</u>	<u>\$ 1,547,961</u>

Transfers to/from other funds consisted of the following:

Transfers to the General Fund from the Self-Insurance Fund for Retiree Costs	\$ 637,875
Transfers from the General Fund to the Self-Insurance Fund for OPEB	(217,054)
Total	<u>\$ 420,821</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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, 2018, 2017, and 2016 were \$31,248,348, \$33,138,541, and \$32,575,239, 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, 2018, 2017, and 2016 were \$15,695,935, \$14,725,602, and \$14,482,959, 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 \$3,725,167 for the year ended June 30, 2018.

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, 2018

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 7% of their annual pay. The Board's contractually required contribution rate for ERS for the year ended June 30, 2018, was approximately \$3.7 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 \$3.7 million for the year ended June 30, 2018.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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, 2018 was approximately \$31.2 million. The Board's contractually required contribution rate for TPS for the year ended June 30, 2018, was approximately \$12.0 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 \$3.7 million for the year ended June 30, 2018.

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

As of June 30, 2018, the Board reported a liability of approximately \$36.8 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the 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, 2018, the Board's proportion for ERS was 0.17 percent, which was substantially the same as its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the Board recognized pension expense for ERS of approximately \$4,256. As of June 30, 2018, 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>
2018 Contributions	\$ 3,725,167	\$ -
Changes in assumptions	1,471,536	-
Projected/actual investments	2,582,703	-
Actual/expected experience	-	2,637,478
Total	\$ 7,779,406	\$ 2,637,478

Deferred outflows of resources in the amount of \$3,725,167, 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 ending June 30, 2019. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Total</u>
2019	\$ 650,120
2020	1,365,986
2021	501,444
2022	(780,653)
2023	(320,136)
	\$ 1,416,761

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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, 2018, the State of Maryland's proportionate share of the TPS net pension liability associated with the Board was \$471,695,636. The TPS net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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.

Detailed information regarding the actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are included in the MSRPS financial statements and are available at www.sra.state.md.us/Agency/Downloads/CAFR/.

Actuarial assumptions.

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

Inflation	2.65% general, 3.15% wage
Salary increases	3.15% to 9.15%, including wage inflation
Investment rate of return	7.50%
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to MSRPS experience.

The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s). For each major asset class that is included in the System's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Public Equity	36%	3%
Private Equity	11%	7%
Rate Sensitive	21%	1%
Credit Opportunity	9%	4%
Real Assets	15%	6%
Absolute Return	8%	3%
	100%	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2017.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 4. OTHER INFORMATION (continued)

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

Actuarial assumptions. (continued)

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

Discount rate. The single discount rate used to measure the total pension liability was 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the Board's proportionate share of the ERS net pension liability to changes in the single discount rate, the following presents the Board's net pension liability, calculated using a discount rate of 7.50%, as well as what the Board's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Board's proportionate share of the net pension liability	\$52,179,278	\$36,818,619	\$24,073,621

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 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, 2018

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, 2018. 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 2018 and 2017 were as follows:

June 30, 2016 liability balance	\$ 5,003,075
Claims and changes in estimates	60,665,294
Claims and expenses paid	<u>(60,625,908)</u>
June 30, 2017 liability balance	5,042,461
Claims and changes in estimates	64,361,222
Claims and expenses paid	<u>(63,892,137)</u>
June 30, 2018 liability balance	<u>\$ 5,511,546</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 2,081 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. The Trustees will annually review the results of the most recently completed fund year based upon the audited financial statement as of June 30 of each fund year and declare surplus in accordance with their policy. The Fund carries an excess insurance policy providing specific excess and employer liability protection coverages, thus reducing the potential of assessment against Fund members.

FCPS purchases commercial insurance for various coverages including but not limited to property, automobile, general liability, life and other miscellaneous type coverages such as builders risk and contractors equipment. 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.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 4. OTHER INFORMATION (continued)

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 2018, 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 2018, a \$35,000 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

In fiscal year 2017, the Governmental Accounting Standards Board issued (GASB) a new accounting standard for OPEB plan (Statement No. 74) required the new measurement of the OPEB liability as Net OPEB liability, which is total OPEB liability less the amount of the OPEB plan's fiduciary net position. In fiscal year 2018, GASB issued a new accounting standard for the employer of OPEB plan (Statement No. 75) was adopted and implemented. The information disclosed for GASB 75, as it relates to the employer of the OPEB plan, supersedes the previous years' presentation of GASB 45 information, such as Net OPEB obligation.

Plan Description.

Plan administration. The Frederick County Public Schools Post-Employment Retiree Health Benefit Plan (the "Plan") is a single-employer defined benefit health plan administered by the Board. The defined benefit plan is used to provide post-employment benefits other than pensions (OPEB) for retirees of the Board and their dependents. The Board has the authority to establish and amend post-employment benefits.

Benefits provided. 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).

Plan membership. As of June 30, 2018 the Plan membership consisted of the following:

Retirees (of which 521 had dependent coverage) receiving benefits	2,081
Active Plan members	<u>5,009</u>
Total	<u>7,090</u>

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.

Contributions.

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 2018, FCPS contributed \$12,771,791 to the Plan. Of this amount, \$10,695,478 was for FCPS' share of retiree premiums, \$34,500 was contributed toward trust investment fees and \$2,041,813 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 \$7,768,037 or approximately 38% of the contributions. The rates for fiscal year 2018 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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Contributions. (continued)

type of insurance (medical Choice Plus, medical PPO, and/or Dental). Rates varied for medical coverage from \$100.48 per month to \$975.47 per month, and dental coverage varied from \$33.84 per month to \$97.12 per month.

In fiscal year 2018, with the implementation of GASB Statement No. 75, the Board has begun to discuss funding policy options as it relates to the actuarially determined contribution. Currently the funding of the OPEB Trust is a budgetary consideration through the normal operating budget cycle.

Investments.

Investment policy. The Frederick County Public Schools Post-Employment Retiree Health Benefit Plan's policy in regard to the allocation of invested assets is established and may be amended by the investment committee. It is the responsibility of the Committee to ensure investments shall be made with the care, skill, prudence and diligence under circumstances then prevailing that a prudent investor would use in the administration of a trust of like character and with like aims. Construction of the Public Schools OPEB Trust's asset allocation policy is based upon current capital market expectations and the Public Schools OPEB Trust's investment horizon, liquidity needs, risk tolerance and investment objectives. The Public Schools OPEB Trust will be diversified among various asset classes in an effort to reduce the risk of loss. The assets of Frederick County Public Schools OPEB Trust will be invested in accordance with Article 95, Section 22 of the Annotated Code of Maryland. The trust is intended to be exempt from federal income tax in accordance with Section 115 of the Internal Revenue Code or any other applicable federal statute.

Rate of return. For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of the OPEB plan expense was 8.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability.

The Board's net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total OPEB liability as of June 30, 2017 was based on an actuarial valuation dated August 18, 2017, utilizing valuation data as of January 1, 2017. The Plan's liability was rolled forward to the measurement date June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions used in the latest actuarial valuation were:

Inflation rate	2.30%
Salary increases	3.20% to 8.70%, including inflation; depends on age and service
Investment rate of return	7.50%, including inflation
Discount rate	4.28% as of 6/30/18
Bond rate	3.62% as of 6/30/18
Healthcare cost trend rate	5.90% in 2017 to 4.90% in 2050 using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions.
Mortality	<u>Pre-Retirement Healthy:</u> RP 2014 Employee White Collar Mortality Table, Fully Generational, Projected using Scale MP-2014 and base year 2014. <u>Post-Retirement Healthy:</u> RP 2014 Healthy Annuitant White Collar Mortality Table, Fully Generational, Projected using Scale MP-2014 (Projected from base year 2012 for Males and 2016 for Females) <u>Disabled:</u> RP 2014 Disabled Annuitant Mortality Tables, Not Generational, Set forward 1 year for Males.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Net OPEB Liability. (continued)

An experience study has not been completed for Frederick County Public Schools. The demographic assumptions are based on those used by the Maryland State Teachers Retirement and Pension System for its actuarial valuation.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	35.00%	4.75%
Equity	65.00%	9.25%
	100.00%	

Discount rate. A Single Discount Rate of 4.28% was used to measure the total OPEB liability as of June 30, 2018. The Single Discount Rate was based on an expected rate of return on OPEB plan investments of 7.50% and a municipal bond rate of 3.62%. The projection of cash flows used to determine the Single Discount Rate assumed the employer contributions will be made at rates equal to the actuarially determined contribution rates. The calculations assume that the members and the Board will continue to make the current contribution levels increasing 3 percent per annum. The GASB requires that we first allocate these contributions to the normal cost for future hires. The actuary has determined present value of payments through 2037, using the expected rate of return on investments as the discount rate, and present value of benefit payments after 2037 using the municipal bond rate to determine the total OPEB liability. The Single Discount Rate as of June 30, 2017, was 4.13%, based on an expected rate of return on OPEB plan investments of 7.50% and a municipal bond rate of 3.58%.

Changes in the Net OPEB Liability.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance as of June 30, 2017	\$727,647,425	\$92,798,760	\$634,848,665
Changes for the year:			
Service cost	33,297,713	-	33,297,713
Interest	29,768,317	-	29,768,317
Experience losses	25,062	-	25,062
Contribution – Employer	-	12,771,791	(12,771,791)
Contribution - Retiree Subsidy	-	3,362,293	(3,362,293)
Net investment income	-	8,494,054	(8,494,054)
Changes in assumptions	(20,308,657)	-	(20,308,657)
Claims Incurred	(20,450,461)	(20,450,461)	-
Contributions – Plan Members	7,768,037	7,768,037	-
Administrative Expenses	(1,405,519)	(1,405,519)	-
Net Changes	28,694,492	10,540,195	18,154,297
Balance as of June 30, 2018	\$756,341,917	\$103,338,955	\$653,002,962

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Net OPEB Liability. (continued)

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current discount rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Net OPEB liability	\$803,466,149	\$653,002,962	\$534,531,421

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available on pages 34 and 35 of the basic financial statements.

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

	1% Decrease (2.80%)	Healthcare Cost Trend Rates (3.80%)	1% Increase (4.80%)
Net OPEB liability	\$514,309,063	\$653,002,962	\$839,065,782

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2018, the Board recognized OPEB expense of \$37,350,094. At June 30, 2018, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,277	\$ -
Changes in assumptions	-	18,052,140
Net difference between projected and actual earnings on OPEB plan investments	-	1,165,934
Total	\$ 22,277	\$ 19,218,074

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Total
2019	\$ (2,545,215)
2020	(2,545,215)
2021	(2,545,215)
2022	(2,545,217)
2023	(2,253,732)
Thereafter	(6,761,203)
	\$ (19,195,797)

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2018

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.

Note 6. CHANGE IN ACCOUNTING PRINCIPLES/RESTATEMENT

FCPS adopted Governmental Accounting Standard Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the fiscal year ending June 30, 2018. The implementation of the statement required FCPS to restate the beginning net OPEB liability. As a result, the net position restatement for the governmental activities decreased by \$327,659,844. The OPEB liability was calculated by actuarial consultants using January 1, 2017 valuation data with the Plan's liability rolled forward to a measurement date of June 30, 2018. The liability is adjusted for passage of time by adding normal cost minus benefit payments all adjusted with interest.

Note 7. NEW ACCOUNTING PRONOUNCEMENTS

The Board adopted Governmental Accounting Standard Board (GASB) Statement No. 75 entitled, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 81 *Irrevocable Split-Interest Agreements*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86 *Certain Debt Extinguishment Issues*. The adoption of GASB Statement No. 75 had a material effect on the financial statements as detailed throughout the report and in Note 6 above. Adoption of all other statements issued were either not applicable or did not have a material effect on the financial statements.

In prior fiscal years, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, GASB Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 87, *Leases*. During the year ended June 30, 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* and GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. FCPS has begun analyzing the effects of these pronouncements and plans to implement them by their respective effective dates.

REQUIRED SUPPLEMENTARY INFORMATION

FREDERICK COUNTY PUBLIC SCHOOLS

Required Supplementary Information Schedule of Investment Returns for the Post-Employment Retiree Health Benefit Plan For the Year Ended June 30, 2018

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Annual money-weighted rate of return net of investment expense	8.60%	12.06%	2.70%	4.29%	17.21%	12.19%	6.60%	20.30%	10.18%	-5.08%

This schedule is presented to illustrate the requirement to show information for 10 years.

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Changes in the Board's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2018 (Dollar amounts in thousands)

	2018	2017
Total OPEB liability		
Service Cost	\$ 33,298	\$ 39,249
Interest Cost	29,769	26,304
Differences Between Expected and Actual Experience	25	-
Changes in Assumptions	(20,309)	(102,897)
Benefit Payments	(14,088)	(13,097)
Net Change in Total OPEB Liability	28,695	(50,441)
Total OPEB liability - Beginning of Year	727,647	778,088
Total OPEB liability - End of Year	\$ 756,342	\$ 727,647
 Plan Fiduciary Net Position		
Contributions		
Employer	\$ 12,772	\$ 10,730
Plan Members	7,768	5,761
Federal Government - Retiree Subsidy	3,362	3,409
Net Investment Income	8,494	9,966
Claims Incurred	(20,450)	(17,429)
Administrative Expenses	(1,406)	(1,429)
Net Change in Fiduciary Net Position	10,540	11,008
Fiduciary Net Position - Beginning of Year	92,799	81,791
Fiduciary Net Position - End of Year	\$ 103,339	\$ 92,799
 Net OPEB Liability	\$ 653,003	\$ 634,849
Fiduciary Net Position as a % of Total OPEB Liability	13.66%	12.75%
 Covered-Employee Payroll	\$ 317,315	\$ 300,358
Net OPEB Liability as a % of Payroll	206%	211%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions:

Discount rate:

6/30/17 4.13%

6/30/18 4.28%

This schedule is presented to illustrate the requirement to show information for 10 years. Information prior to June 30, 2017 is not available.

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Contributions Related to Pension For the Year Ended June 30, 2018

	Fiscal Year			
	2018	2017	2016	2015
Contractually Required Contributions (ERS)	\$ 3,725,167	\$ 3,495,459	\$ 3,982,050	\$ 3,958,359
Contributions in Relation to the Contractually Required Contribution	<u>(3,725,167)</u>	<u>(3,495,459)</u>	<u>(3,982,050)</u>	<u>(3,958,359)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's Covered-employee Payroll	\$ 317,315,367	\$ 300,358,356	\$ 295,080,729	\$ 285,482,518
Contributions as a Percentage of Covered-employee Payroll	1.17%	1.16%	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, 2018

	Fiscal Year			
	2018	2017	2016	2015
Board's Proportionate Share of the ERS Net Pension Liability	0.170%	0.179%	0.189%	0.167%
Board's Proportionate Share of the ERS Net Pension Liability	\$ 36,818,619	\$ 42,334,929	\$ 39,262,057	\$ 30,144,657
State's Proportionate Share of the TRS Net Pension Liability Associated with the Board	<u>471,695,636</u>	<u>527,606,070</u>	<u>417,982,864</u>	<u>300,434,664</u>
TOTAL	<u>\$ 508,514,255</u>	<u>\$ 569,940,999</u>	<u>\$ 457,244,921</u>	<u>\$ 330,579,321</u>
Board's Covered-employee Payroll	\$ 300,358,356	\$ 295,080,729	\$ 285,482,518	\$ 283,949,347
Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-employee Payroll	12.26%	14.35%	13.75%	10.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.38%	65.79%	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, 2018 (With Comparative Totals for 2017)

	2018	2017
HIGH SCHOOLS		
Land	\$ 390,141	\$ 565,881
Buildings and Improvements	12,562,191	55,366,180
Furniture and Equipment	3,941,382	1,025,964
TOTAL	\$ 16,893,714	\$ 56,958,025
MIDDLE SCHOOLS		
Land	\$ 196,888	\$ -
Buildings and Improvements	988,327	1,011,203
Furniture and Equipment	-	-
TOTAL	\$ 1,185,215	\$ 1,011,203
ELEMENTARY SCHOOLS		
Land	\$ 257,130	\$ 498,996
Buildings and Improvements	65,996,919	10,217,350
Furniture and Equipment	671,328	-
TOTAL	\$ 66,925,377	\$ 10,716,346
OTHER		
Buildings and Improvements	\$ 5,286,384	\$ 659,501
Furniture and Equipment	-	1,299,976
TOTAL	\$ 5,286,384	\$ 1,959,477
TOTAL		
Land	\$ 844,159	\$ 1,064,877
Buildings and Improvements	84,833,821	67,254,234
Furniture and Equipment	4,612,710	2,325,940
TOTAL (Excludes Intergovernmental Payment)	\$ 90,290,690	\$ 70,645,051

FREDERICK COUNTY PUBLIC SCHOOLS
School Construction Fund
Schedule of Cumulative Expenditures, Encumbrances, and Appropriations
Through June 30, 2018

PROJECT	Cumulative Expenditures June 30, 2017	Expenditures Net of Closed Projects Current Fiscal Year	Cumulative Expenditures June 30, 2018	Encumbrances	Cumulative Appropriations June 30, 2018	Unencumbered Balance of Appropriations
33 TJ Drive Warehouse	\$ 75,105	\$ (75,105)	\$ -	\$ -	\$ 823,896	\$ 823,896
7446 Hayward Rd	70,796	(70,796)	-	-	118,471	118,471
Ballenger Creek Elementary	-	56,402	56,402	48,896	105,298	-
Ballenger Creek Middle	-	-	-	-	67,000	67,000
Brunswick High	-	433,547	433,547	926,062	1,565,000	205,391
Butterfly Ridge Elementary	4,772,920	33,455,675	38,228,595	2,244,159	46,255,732	5,782,978
Carroll Manor Elementary	161,265	(129,825)	31,440	-	550,000	518,560
Catoctin High	22,051	9,075	31,126	5,320	266,380	229,934
Design Fees - Future Projects	114,762	(74,837)	39,925	58,767	169,493	70,801
Emmitsburg Elementary	-	210,401	210,401	242,321	560,000	107,278
Energy Performance Contract	-	4,343,416	4,343,416	-	15,002,047	10,658,631
Frederick High	94,993,893	(93,593,644)	1,400,249	1,387,413	5,203,637	2,415,975
Governor Thomas Johnson High	-	388,167	388,167	603,126	1,010,070	18,777
Governor Thomas Johnson Middle	-	-	-	-	15,000	15,000
Hillcrest Elementary	261,626	860,254	1,121,880	7,997	1,199,367	69,490
Kempton Elementary	-	7,424	7,424	36,121	942,000	898,455
Lincoln Elementary "A"	17,795	38,898	56,693	39,942	407,000	310,365
Linganore High	-	2,757	2,757	1,540	100,000	95,703
Middletown High	177,189	(37,898)	139,291	29,380	263,911	95,240
Monocacy Middle	334,191	(321,828)	12,363	2,445	531,000	516,192
New Market Middle	514,513	(514,513)	-	-	21,782	21,782
New Midway Elementary	-	-	-	-	356,000	356,000
Portable Classrooms	460,850	(257,784)	203,066	296,934	500,000	-
Rock Creek	142,216	218,136	360,352	2,237,224	3,517,500	919,924
Spring Ridge Elementary	-	-	-	112,091	174,702	62,611
Sugarloaf Elementary	4,686,895	30,218,862	34,905,757	2,595,043	41,094,763	3,593,963
Twin Ridge Elementary	-	84,046	84,046	52,751	136,797	-
Urbana Elementary	24,865	594,828	619,693	1,952,507	4,039,526	1,467,326
Urbana High	85,304	272,141	357,445	-	652,000	294,555
Valley Elementary	-	75,000	75,000	-	75,000	-
Walkersville "B" Building	18,317	6,583	24,900	-	24,900	-
Walkersville Middle	-	-	-	-	23,900	23,900
Waverly Elementary	-	-	-	-	101,641	101,641
Whittier Elementary	-	90,000	90,000	-	90,000	-
Yellow Springs Elementary	270,543	(270,543)	-	-	-	-
TOTAL	\$ 107,205,096	\$ (23,981,161)	\$ 83,223,935	\$ 12,880,039	\$ 125,963,813	\$ 29,859,839

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, 2018

	Budgeted Amounts Original & Final	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
Revenues:			
Federal	\$ 7,266,755	\$ 7,057,536	\$ (209,219)
State	294,183	269,331	(24,852)
Charges for Services	4,720,909	4,744,567	23,658
Other	96,368	232,114	135,746
Total Revenues	12,378,215	12,303,548	(74,667)
Expenditures:			
Food and Nutrition Services	12,378,215	12,445,649	(67,434)
Total Expenditures	12,378,215	12,445,649	(67,434)
Excess (Deficiency) of Revenues over Expenditures	\$ -	(142,101)	\$ (142,101)
Fund Balance - Beginning		1,941,203	
Fund Balance - Ending		\$ 1,799,102	

FREDERICK COUNTY PUBLIC SCHOOLS

School Activity Fund Statement of Changes in Assets and Liabilities For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ 3,073,656	\$ 6,608,503	\$ 6,369,191	\$ 3,312,968
Accounts Receivable	31,391	16,311	29,304	18,398
Total Assets	\$ 3,105,047	\$ 6,624,814	\$ 6,398,495	\$ 3,331,366
LIABILITIES				
Accounts Payable	\$ 99,348	\$ 139,004	\$ 96,849	\$ 141,503
Due to Student Groups	3,005,699	6,595,510	6,411,346	3,189,863
Total Liabilities	\$ 3,105,047	\$ 6,734,514	\$ 6,508,195	\$ 3,331,366

FREDERICK COUNTY PUBLIC SCHOOLS

School Activity Fund - Elementary Schools Schedule of Changes in Due to Student Groups Liability For the Year Ended June 30, 2018

SCHOOL	BALANCE JUNE 30, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
Ballenger Creek	\$ 17,147	\$ 31,124	\$ 30,365	\$ 17,906
Brunswick	22,800	34,199	26,449	30,550
Butterfly Ridge	-	800	-	800
Carroll Creek Montessori	16,585	35,737	25,643	26,679
Carroll Manor	20,143	35,530	29,152	26,521
Centerville	23,833	74,779	80,660	17,952
Deer Crossing	18,715	60,696	57,973	21,438
Emmitsburg	23,298	11,703	17,872	17,129
Frederick Classical Charter	778	24,886	25,372	292
Glade	12,262	29,167	34,471	6,958
Green Valley	13,202	66,626	69,796	10,032
Hillcrest	6,172	20,093	19,075	7,190
Kempton	14,458	42,308	42,315	14,451
Lewistown	11,122	13,172	12,910	11,384
Liberty	15,742	21,620	21,625	15,737
Lincoln	13,543	10,620	13,259	10,904
Middletown	23,189	30,326	33,145	20,370
Middletown Primary	18,941	20,134	22,602	16,473
Monocacy	13,083	42,602	40,432	15,253
Monocacy Valley Montessori	18,660	31,051	35,941	13,770
Myersville	26,626	46,381	50,371	22,636
New Market	50,155	59,147	61,546	47,756
New Midway	2,280	11,666	10,622	3,324
North Frederick	26,196	25,073	44,477	6,792
Oakdale	19,199	29,566	34,304	14,461
Orchard Grove	15,435	35,032	39,700	10,767
Parkway	10,284	12,606	13,508	9,382
Rock Creek	28,642	33,770	30,605	31,807
Sabillasville	1,774	4,489	4,671	1,592
Spring Ridge	4,838	20,042	15,017	9,863
Thurmont	11,290	11,641	18,527	4,404
Thurmont Primary	14,000	13,749	15,711	12,038
Tuscarora	10,355	57,101	55,576	11,880
Twin Ridge	53,632	48,966	41,889	60,709
Urbana	18,348	59,404	51,645	26,107
Valley	16,430	36,101	38,430	14,101
Walkersville	28,497	31,589	37,128	22,958
Waverly	9,440	26,059	21,753	13,746
Whittier	4,889	61,137	60,060	5,966
Wolfsville	6,755	14,224	17,509	3,470
Woodsboro	9,652	8,531	8,447	9,736
Yellow Springs	19,132	49,714	45,132	23,714
TOTAL	\$ 691,522	\$ 1,333,161	\$ 1,355,685	\$ 668,998

FREDERICK COUNTY PUBLIC SCHOOLS

School Activity Fund - Secondary Schools Schedule of Changes in Due to Student Groups Liability For the Year Ended June 30, 2018

SCHOOL	BALANCE JUNE 30, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
Ballenger Creek Middle	\$ 21,181	\$ 61,121	\$ 59,974	\$ 22,328
Brunswick High	140,833	233,821	221,681	152,973
Brunswick Middle	20,825	56,829	48,572	29,082
Career and Technology Center	119,421	307,995	285,394	142,022
Catoctin High	156,169	330,667	338,590	148,246
Crestwood Middle	12,119	47,583	43,471	16,231
Frederick High	140,367	361,712	357,784	144,295
Governor Thomas Johnson High	117,010	337,298	333,007	121,301
Governor Thomas Johnson Middle	36,404	43,931	36,426	43,909
Heather Ridge	475	1,095	822	748
Linganore High	340,862	508,795	497,088	352,569
Middletown High	170,880	548,328	530,033	189,175
Middletown Middle	73,422	93,811	88,545	78,688
Monocacy Middle	27,541	61,469	61,907	27,103
New Market Middle	25,444	48,027	44,059	29,412
Oakdale Middle	27,952	63,335	50,207	41,080
Oakdale High	111,958	417,304	362,744	166,518
Success Program	2,546	3,668	4,014	2,200
Thurmont Middle	31,702	114,072	111,350	34,424
Tuscarora High	141,576	396,283	404,679	133,180
Urbana High	120,597	509,739	512,957	117,379
Urbana Middle	37,170	95,945	79,239	53,876
Walkersville High	326,461	360,165	352,168	334,458
Walkersville Middle	56,031	98,036	94,768	59,299
West Frederick Middle	8,378	65,633	59,503	14,508
Windsor Knolls Middle	46,853	95,687	76,679	65,861
TOTAL	\$ 2,314,177	\$ 5,262,349	\$ 5,055,661	\$ 2,520,865



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	77-83
<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	84
<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	85-86
<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	87-94
<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, 2009 through June 30, 2018.



FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year				
	2009	2010	2011	2012	2013
Governmental Activities:					
Net Investment in Capital Assets	\$ 600,533,697	\$ 649,690,115	\$ 643,325,390	\$ 649,541,120	\$ 629,279,251
Restricted	15,655,491	3,593,824	1,465,893	1,423,972	1,004,071
Unrestricted	<u>(64,196,686)</u>	<u>(80,260,114)</u>	<u>(127,904,362)</u>	<u>(146,212,049)</u>	<u>(158,460,397)</u>
Total Governmental Activities Net Position	<u>551,992,502</u>	<u>573,023,825</u>	<u>516,886,921</u>	<u>504,753,043</u>	<u>471,822,925</u>
Business-type Activities:					
Net Investment in Capital Assets	352,886	305,818	277,729	-	-
Restricted	-	-	-	-	-
Unrestricted	<u>(520,255)</u>	<u>(585,422)</u>	<u>(255,872)</u>	<u>-</u>	<u>-</u>
Total Business-type Activities Net Position	<u>(167,369)</u>	<u>(279,604)</u>	<u>21,857</u>	<u>-</u>	<u>-</u>
Primary Government:					
Net Investment in Capital Assets	600,886,583	649,995,933	643,603,119	649,541,120	629,279,251
Restricted	15,655,491	3,593,824	1,465,893	1,423,972	1,004,071
Unrestricted	<u>(64,716,941)</u>	<u>(80,845,536)</u>	<u>(128,160,234)</u>	<u>(146,212,049)</u>	<u>(158,460,397)</u>
Total Primary Government Net Position	<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>
	2014	2015	2016	2017	2018
Governmental Activities:					
Net Investment in Capital Assets	\$ 636,220,966	\$ 631,773,163	\$ 650,686,334	\$ 698,147,490	\$ 755,606,761
Restricted	370,277	9,279	9,280	9,297	10,667,947
Unrestricted	<u>(184,879,032)</u>	<u>(250,280,285)</u>	<u>(295,963,443)</u>	<u>(334,457,807)</u>	<u>(713,155,732)</u>
Total Governmental Activities Net Position	<u>451,712,211</u>	<u>381,502,157</u>	<u>354,732,171</u>	<u>363,698,980</u>	<u>53,118,976</u>
Business-type Activities:					
Net Investment in Capital Assets	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Business-type Activities Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Primary Government:					
Net Investment in Capital Assets	636,220,966	631,773,163	650,686,334	698,147,490	755,606,761
Restricted	370,277	9,279	9,280	9,297	10,667,947
Unrestricted	<u>(184,879,032)</u>	<u>(250,280,285)</u>	<u>(295,963,443)</u>	<u>(334,457,807)</u>	<u>(713,155,732)</u>
Total Primary Government Net Position	<u>\$ 451,712,211</u>	<u>\$ 381,502,157</u> *	<u>\$ 354,732,171</u>	<u>\$ 363,698,980</u>	<u>\$ 53,118,976</u> **

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

* FY15 as restated upon implementation of GASB 68.

**Significant change in Ending Primary Government Net Position is a result of GASB 75 implementation.

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular Instruction	\$ 306,029,845	\$ 312,697,166	\$ 336,134,422	\$ 326,026,032	\$ 320,729,204	\$ 333,517,634	\$ 346,599,360	\$ 352,196,897	\$ 354,039,987	\$ 363,567,238
Special Education Instruction	65,182,299	69,614,356	74,992,537	72,319,899	71,826,374	76,878,032	80,754,673	82,479,537	84,102,569	87,791,944
Total Instruction	<u>371,212,144</u>	<u>382,311,522</u>	<u>411,126,959</u>	<u>398,345,931</u>	<u>392,555,578</u>	<u>410,395,666</u>	<u>427,354,033</u>	<u>434,676,434</u>	<u>438,142,556</u>	<u>451,359,182</u>
Support Services										
Administration	14,195,431	14,324,682	14,569,617	13,443,021	15,139,813	18,024,675	14,401,715	16,417,367	15,915,175	16,866,200
Mid-level Administration	46,589,579	47,719,909	49,186,286	43,895,583	43,970,479	47,151,480	46,929,147	50,483,603	50,848,718	52,276,685
Pupil Personnel Services	4,630,492	4,556,679	4,150,114	3,968,132	3,780,428	4,096,108	4,145,017	4,633,733	4,821,976	4,997,831
Health	5,523,122	5,265,425	4,990,560	5,598,747	5,848,812	6,129,312	6,476,286	6,484,085	6,335,474	6,252,164
Pupil Transportation	25,390,743	26,011,366	28,718,856	29,390,776	28,018,016	27,114,005	28,508,543	28,938,501	30,298,627	32,767,258
Operations	42,248,346	43,431,360	45,214,648	42,009,542	42,398,992	44,319,997	44,287,048	43,044,135	44,009,997	44,282,947
Maintenance	14,542,365	14,007,386	15,854,722	14,631,698	14,329,311	14,846,437	15,230,658	16,423,681	16,990,431	16,507,013
Food and Nutrition Services	12,011,651	10,909,553	10,890,944	11,262,231	11,256,820	11,101,278	11,401,198	12,281,900	12,505,100	12,747,402
Community Services	1,146,697	983,715	1,039,765	1,224,212	1,795,927	1,293,017	1,208,880	1,526,228	1,229,372	1,138,316
Interest on Long-term Liabilities	107,399	58,666	763,392	735,498	426,252	464,571	411,481	405,741	377,665	327,288
Intergovernmental Payment	-	-	-	-	18,179,942	16,751,750	10,031,548	20,457,247	13,871,000	20,342,000
Total Support Services	<u>166,385,825</u>	<u>167,268,741</u>	<u>175,378,904</u>	<u>166,159,440</u>	<u>185,144,792</u>	<u>191,292,630</u>	<u>183,031,521</u>	<u>201,096,221</u>	<u>197,203,535</u>	<u>208,505,104</u>
Total Governmental Activities	<u>537,597,969</u>	<u>549,580,263</u>	<u>586,505,863</u>	<u>564,505,371</u>	<u>577,700,370</u>	<u>601,688,296</u>	<u>610,385,554</u>	<u>635,772,655</u>	<u>635,346,091</u>	<u>659,864,286</u>
Business-type Activities										
Printing Services	1,108,907	837,640	803,573	-	-	-	-	-	-	-
Total Business-type Activities	<u>1,108,907</u>	<u>837,640</u>	<u>803,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School System	<u>\$ 538,706,876</u>	<u>\$ 550,417,903</u>	<u>\$ 587,309,436</u>	<u>\$ 564,505,371</u>	<u>\$ 577,700,370</u>	<u>\$ 601,688,296</u>	<u>\$ 610,385,554</u>	<u>\$ 635,772,655</u>	<u>\$ 635,346,091</u>	<u>\$ 659,864,286</u>
Program Revenues										
Governmental Activities										
Charges for services:										
Regular Instruction	\$ 646,371	\$ 821,261	\$ 800,312	\$ 905,821	\$ 836,373	\$ 902,138	\$ 910,751	\$ 817,186	\$ 927,982	\$ 908,442
Food and Nutrition Services	7,468,876	6,524,914	6,276,889	5,934,076	5,366,963	5,027,144	4,658,705	4,584,610	4,699,487	4,976,681
Support Services	700,291	765,737	885,866	875,703	900,966	803,464	867,971	1,046,012	990,508	1,024,951
Operating Grants and Contributions	119,154,524	127,299,305	143,360,660	136,349,855	135,006,820	147,916,388	151,038,997	150,919,490	144,891,134	146,096,821
Capital Grants and Contributions	77,089,567	70,080,070	19,197,375	33,017,785	24,794,489	47,563,863	31,486,425	64,425,239	88,265,911	101,509,193
Total Gov. Activities Program Revenues	<u>205,059,629</u>	<u>205,491,287</u>	<u>170,521,102</u>	<u>177,083,240</u>	<u>166,905,611</u>	<u>202,212,997</u>	<u>188,962,849</u>	<u>221,792,537</u>	<u>239,775,022</u>	<u>254,516,088</u>
Business-type Activities										
Charges for services:										
Printing Services	856,255	720,789	844,694	-	-	-	-	-	-	-
Total Business-type Activities	<u>856,255</u>	<u>720,789</u>	<u>844,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School System	<u>\$ 205,915,884</u>	<u>\$ 206,212,076</u>	<u>\$ 171,365,796</u>	<u>\$ 177,083,240</u>	<u>\$ 166,905,611</u>	<u>\$ 202,212,997</u>	<u>\$ 188,962,849</u>	<u>\$ 221,792,537</u>	<u>\$ 239,775,022</u>	<u>\$ 254,516,088</u>

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense) Revenue										
Governmental Activities	\$ (332,538,340)	\$ (344,088,976)	\$ (415,984,761)	\$ (387,422,131)	\$ (410,794,759)	\$ (399,475,299)	\$ (421,422,705)	\$ (413,980,118)	\$ (395,571,069)	\$ (405,348,198)
Business-type Activities	(252,652)	(116,851)	41,121	-	-	-	-	-	-	-
Total School System	<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>	<u>\$ (395,571,069)</u>	<u>\$ (405,348,198)</u>
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Federal Aid Not Restricted to Specific Purposes	\$ 176,280	\$ 173,959	\$ 184,602	\$ 184,083	\$ 80,377	\$ 985	\$ 24,613	\$ 27,603	\$ 264,918	\$ 40,582
State Aid Not Restricted to Specific Purposes	151,164,950	145,612,622	140,605,632	150,943,322	154,557,441	156,789,324	157,325,216	157,774,835	156,381,556	160,628,485
Local Aid Not Restricted to Specific Purposes	219,610,680	218,295,770	218,153,652	219,451,199	221,654,363	221,884,100	223,054,977	228,942,030	247,066,477	260,822,220
Interest and Investment Earnings	1,336,370	198,868	369,693	63,295	41,184	20,248	10,572	32,799	237,626	544,643
Other Revenue	1,888,847	843,696	794,618	4,624,497	1,531,276	669,928	372,346	432,865	587,301	392,108
Transfers	-	(4,616)	(260,340)	-	-	-	-	-	-	-
Total General Revenues and Transfers	<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>	<u>404,537,878</u>	<u>422,428,038</u>
Business-type Activities										
Other Revenue	1,000	-	-	-	-	-	-	-	-	-
Transfers	-	4,616	260,340	-	-	-	-	-	-	-
Total General Revenues and Transfers	<u>1,000</u>	<u>4,616</u>	<u>260,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School System	<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>	<u>\$ 404,537,878</u>	<u>\$ 422,428,038</u>
Changes in Net Position										
Governmental Activities	\$ 41,638,787	\$ 21,031,323	\$ (56,136,904)	\$ (12,155,735)	\$ (32,930,118)	\$ (20,110,714)	\$ (40,634,981)	\$ (26,769,986)	\$ 8,966,809	\$ 17,079,840
Business-type Activities	(251,652)	(112,235)	301,461	-	-	-	-	-	-	-
Total School System	<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>	<u>\$ 8,966,809</u>	<u>\$ 17,079,840</u>
Net Position - Beginning of Year	\$ 510,437,998	\$ 551,825,133	\$ 572,744,221	\$ 516,908,778	\$ 504,753,043	\$ 471,822,925	\$ 451,712,211	\$ 381,502,157	\$ 354,732,171	\$ 363,698,980
Adjustment to Restate Beginning Net Position	-	-	-	-	-	-	(29,575,073)	-	-	(327,659,844)
Net Position - Beginning of Year, as Restated	<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>	<u>354,732,171</u>	<u>36,039,136</u> **
Net Position - End of Year	<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>	<u>\$ 363,698,980</u>	<u>\$ 53,118,976</u>

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

* FY15 as restated upon implementation of GASB 68.

** FY18 as restated upon implementation of GASB 75.

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year	
	2009	2010
General Fund		
Reserved	\$ 5,659,878	\$ 5,912,153
Unreserved	2,655,932	3,674,175
Total General Fund	<u>\$ 8,315,810</u>	<u>\$ 9,586,328</u>
All Other Governmental Funds		
Unreserved, reported in:		
Capital Projects Fund	\$ 13,094,687	\$ 285,247
Special Revenue Funds	(1,110,866)	(241,915)
Total All Other Governmental Funds	<u>\$ 11,983,821</u>	<u>\$ 43,332</u>

	Fiscal Year							
	2011	2012	2013	2014	2015	2016	2017	2018
General Fund								
Nonspendable:								
Inventory	\$ 538,329	\$ 584,491	\$ 610,230	\$ 540,581	\$ 501,669	\$ 563,454	\$ 585,347	\$ 602,889
Prepaid Items	45,241	47,079	64,743	25,591	63,407	65,628	161,133	844,290
Restricted:								
Lease Reserve	1,419,843	1,423,972	1,004,071	370,277	9,279	9,280	9,297	9,316
Committed:								
Charter Schools Reserve	-	-	-	280,240	252,307	347,357	579,752	1,068,728
Assigned:								
Administration	4,436,541	125,041	1,256,573	487,228	861,273	441,725	2,743,395	1,775,221
Instructional	6,099,873	857,524	3,514,187	5,109,713	4,623,990	2,562,952	2,037,856	3,457,824
Maintenance and Operations	2,034,004	1,791,327	1,368,136	3,449,119	551,937	2,016,688	2,687,389	4,987,762
Transportation	-	2,310,492	2,574,093	3,523,049	1,934,899	5,505,180	5,952,649	6,274,281
Unassigned:	68,225	829,944	643,594	121,035	572,519	2,065,030	2,787,824	1,177,022
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>	<u>\$ 17,544,642</u>	<u>\$ 20,197,333</u>
All other Governmental Funds								
Nonspendable:								
Inventory	\$ 373,843	\$ 394,551	\$ 450,421	\$ 440,134	\$ 281,429	\$ 266,577	\$ 383,270	\$ 448,805
Restricted:								
Unspent Lease Proceeds	46,050	-	-	-	-	-	-	10,658,631
Assigned:								
Artificial Turf	94,839	157,338	233,292	299,314	367,286	433,850	516,693	582,791
Food and Nutrition Services	256,983	1,142,618	1,785,888	2,048,875	2,364,119	2,088,345	1,557,933	1,350,297
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>	<u>\$ 2,457,896</u>	<u>\$ 13,040,524</u>

Note: Beginning in fiscal year 2011, GASB 54 required a change in fund balance reporting. The 2011 through 2017 fund balance information reported is based on this new format. Periods shown above for fiscal years 2008 through 2010 have not been restated and are reported in the pre-GASB 54 format.



FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Federal	\$ 19,093,049	\$ 29,682,550	\$ 39,570,576	\$ 20,965,745	\$ 20,713,422	\$ 22,071,060	\$ 22,801,688	\$ 22,847,024	\$ 23,449,438	\$ 23,552,420
State	248,623,191	248,688,058	246,972,262	272,871,607	272,893,455	281,360,181	279,013,269	287,394,804	281,857,099	294,490,550
Local	295,187,707	280,030,900	236,219,906	239,525,619	247,229,136	269,589,223	260,461,660	290,135,003	326,158,478	354,745,408
Charges for Services	6,973,100	6,347,060	6,096,909	5,813,647	5,228,250	4,883,435	4,538,212	4,421,391	4,485,877	4,744,567
Other	6,160,756	4,163,793	3,553,818	4,403,581	4,319,972	4,043,844	3,213,948	3,875,761	4,579,641	4,059,244
Total Revenues	<u>576,037,803</u>	<u>568,912,361</u>	<u>532,413,471</u>	<u>543,580,199</u>	<u>550,384,235</u>	<u>581,947,743</u>	<u>570,028,777</u>	<u>608,673,983</u>	<u>640,530,533</u>	<u>681,592,189</u>
Expenditures										
Current:										
Administration	8,930,898	9,337,934	9,316,102	8,661,804	9,297,216	8,940,752	8,912,766	9,936,218	10,035,223	10,533,695
Mid-level Administration	32,680,624	33,260,791	31,656,370	30,050,568	29,580,340	31,309,475	31,153,803	31,772,500	32,314,112	33,889,690
Instructional Salaries	192,678,921	189,898,936	187,496,217	190,073,972	189,307,903	194,902,037	196,954,569	193,304,177	196,148,568	206,573,539
Instructional Supplies	9,688,680	10,056,991	12,047,261	8,903,079	7,159,468	8,272,208	10,879,760	8,462,236	8,788,484	9,161,076
Instruction - Other	2,348,134	2,307,124	2,235,470	2,608,867	2,584,899	2,468,874	1,773,063	2,130,774	2,292,456	2,527,545
Special Education	47,290,762	50,394,795	51,487,944	51,141,577	51,531,969	54,619,243	56,437,598	55,391,267	57,943,402	61,220,228
Pupil Personnel	3,201,240	3,112,346	2,630,562	2,649,931	2,568,250	2,717,953	2,648,581	2,855,843	3,018,648	3,206,954
Health	5,444,055	5,184,202	4,889,606	5,523,824	5,786,921	6,076,916	6,410,009	6,411,420	6,264,875	6,184,651
Pupil Transportation	18,372,989	18,970,278	20,264,926	21,714,375	20,132,570	18,845,274	19,477,832	18,846,735	20,053,991	22,281,281
Operations	34,069,682	34,886,838	35,433,689	33,741,446	34,298,684	35,497,862	35,644,612	33,353,717	33,780,176	34,570,387
Maintenance	10,982,841	10,388,617	11,541,694	10,919,978	10,697,634	10,915,666	11,103,133	11,409,804	11,949,644	11,708,541
Fixed Charges	114,665,345	117,157,244	120,442,257	137,025,702	138,633,468	139,415,179	145,801,430	149,217,979	152,891,266	155,503,890
Food and Nutrition Services	11,532,429	10,524,257	10,566,114	10,887,350	10,886,328	10,889,282	11,191,543	12,095,153	12,336,594	12,489,845
Community Services	981,239	802,088	806,667	982,344	1,498,515	986,228	846,840	1,071,022	839,691	788,754
Capital Outlay:										
Land	1,094,700	768,085	637,287	193,193	670,560	48,521	1,616,416	894,712	1,064,877	844,159
Buildings and Improvements	68,717,775	75,052,957	13,795,543	27,225,477	9,192,150	28,154,457	17,908,827	43,055,820	67,254,234	84,833,821
Equipment	8,322,036	6,202,877	9,070,256	2,739,321	4,235,744	5,119,098	4,590,174	1,978,532	5,172,867	6,246,941
Debt Service:										
Capital Lease Principal	1,149,079	1,169,065	1,634,660	436,265	456,907	2,336,566	538,588	1,646,212	523,809	539,677
Capital Lease Interest	136,403	100,128	813,010	742,217	504,356	488,715	417,047	400,088	349,548	333,064
Intergovernmental Payment	-	-	-	-	18,179,942	16,751,750	10,031,548	20,457,247	13,871,000	20,342,000
Total Expenditures	<u>572,287,832</u>	<u>579,575,553</u>	<u>526,765,635</u>	<u>546,221,290</u>	<u>547,203,824</u>	<u>578,756,056</u>	<u>574,338,139</u>	<u>604,691,456</u>	<u>636,893,465</u>	<u>683,779,738</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,749,971</u>	<u>(10,663,192)</u>	<u>5,647,836</u>	<u>(2,641,091)</u>	<u>3,180,411</u>	<u>3,191,687</u>	<u>(4,309,362)</u>	<u>3,982,527</u>	<u>3,637,068</u>	<u>(2,187,549)</u>

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Proceeds from Capital Lease	\$ -	\$ -	\$ -	\$ -	\$ 668,732	\$ -	\$ -	\$ -	\$ -	\$ 15,002,047
Transfers In From:										
General Fund	-	145,256	-	547,756	556,900	118,164	115,817	35,546	36,989	-
Internal Service Fund	-	-	3,096,615	-	-	-	-	-	-	637,875
Transfers Out To:										
Internal Service Fund	-	(2,163)	(2,700,000)	(3,108,303)	(8,292)	(1,759)	(1,680)	(575)	(596)	(217,054)
Enterprise Fund	-	(4,616)	(260,340)	-	-	-	-	-	-	-
Special Revenue Fund	-	(145,256)	-	(547,756)	(556,900)	(118,164)	(115,817)	(35,546)	(36,989)	-
Total Other Financing Sources (Uses)	-	(6,779)	136,275	(3,108,303)	660,440	(1,759)	(1,680)	(575)	(596)	15,422,868
Net Change in Fund Balances	<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>	<u>3,636,472</u>	<u>13,235,319</u>
Total Expenditures	\$ 572,287,832	\$ 579,575,553	\$ 526,765,635	\$ 546,221,290	\$ 547,203,824	\$ 578,756,056	\$ 574,338,139	\$ 604,691,456	\$ 636,893,465	\$ 683,779,738
Less Capital Outlay	(79,385,912)	(80,109,599)	(20,319,843)	(27,633,195)	(12,238,280)	(31,186,420)	(21,734,744)	(44,292,211)	(70,645,051)	(90,290,690)
Non-capital Expenditures	<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>	<u>\$ 566,248,414</u>	<u>\$ 593,489,048</u>
Debt Service	<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>	<u>\$ 873,357</u>	<u>\$ 872,741</u>
Debt Service as a Percentage of Non-capital Expenditures	0.26%	0.25%	0.48%	0.23%	0.18%	0.52%	0.17%	0.37%	0.15%	0.15%

FREDERICK COUNTY PUBLIC SCHOOLS

Ratios of Outstanding Debt Last Ten Fiscal Years

<u>Year</u>	<u>Governmental Activities</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
	<u>Capital Leases</u>		
2009	\$19,087,165	0.17%	\$81
2010	\$17,918,100	0.16%	\$77
2011	\$16,283,440	0.14%	\$69
2012	\$15,847,175	0.13%	\$67
2013	\$16,059,000	0.13%	\$67
2014	\$13,722,434	0.11%	\$57
2015	\$13,183,846	0.10%	\$54
2016	\$11,537,634	0.08%	\$47
2017	\$11,013,825	N/A	\$44
2018	\$25,476,195	N/A	\$100

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data. Historical data for Percentage of Personal Income, was updated in conjunction with updated information obtained from the U.S. Bureau of Economic Analysis (all data updated as of November 16, 2017).

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>
2009	234,400	\$11,141,895	\$48,245	6.8 %
2010	233,385	\$11,498,846	\$49,098	6.6 %
2011	235,400	\$12,041,181	\$50,738	6.5 %
2012	236,551	\$12,405,485	\$51,774	5.9 %
2013	238,345	\$12,477,615	\$51,736	6.6 %
2014	240,911	\$12,918,918	\$53,040	5.4 %
2015	243,692	\$13,447,457	\$54,803	5.0 %
2016	246,972	\$13,882,887	\$56,072	4.0 %
2017	249,277	N/A	N/A	3.7%
2018	255,265	N/A	N/A	4.3%

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 November 16, 2017). Historical years shown were updated respectively.
 (3) Maryland Department of Labor, Licensing & Regulation, June, 2018

N/A Not available.

FREDERICK COUNTY PUBLIC SCHOOLS

Principal Employers Current Year and Nine Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment *	Employees	Rank	Percentage of Total County Employment *
Fort Detrick	9,100 *	1	8.87%	8,200 *	1	9.00%
Board of Education of Frederick County	5,624	2	5.48%	5,384	2	5.91%
Frederick Memorial Healthcare System	2,379	3	2.32%	2,681	3	2.94%
Leidos Biomedical (formerly SAIC-Frederick)	2,200	4	2.14%	1,670	6	1.83%
Frederick County Government	2,034	5	1.98%	2,475	4	2.72%
Wells Fargo Home Mortgage	1,750	6	1.71%	1,500	7	1.65%
Frederick Community College	1,086	7	1.06%	899	9	0.99%
Frederick City Government	872	8	0.85%	852	10	0.93%
United Health Care (formerly MAMSI)	750	9	0.73%	-	-	-
AstraZeneca	700	10	0.68%	-	-	-
Bechtel Corporation (formerly Bechtel Power)	-	-	-	2,203	5	2.42%
CitiMortgage	-	-	-	900	8	0.99%
	<u>26,495</u>		<u>25.82%</u>	<u>26,764</u>		<u>29.38%</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 School and Student to Teacher Ratio Last Ten Fiscal Years

SCHOOLS	Fiscal Year										Capacity	Percent Capacity
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018		
Elementary												
Ballenger Creek	635	630	630	639	653	656	667	656	665	648	663	98%
Brunswick	526	527	548	559	611	619	637	659	648	703	611	115%
Carroll Creek Montessori	-	-	-	-	128	187	208	218	220	229	213	108%
Carroll Manor	533	547	572	572	552	572	573	566	556	565	618	91%
Centerville	809	888	954	991	926	947	993	997	1,001	956	675	142%
Deer Crossing	764	783	647	645	668	678	719	744	737	778	587	133%
Ernmitsburg	301	293	311	296	292	305	300	278	258	255	316	81%
Frederick Classical Charter	-	-	-	-	-	237	240	240	241	248	248	100%
Glade	704	713	724	647	645	618	634	638	666	681	638	107%
Green Valley	494	456	484	421	415	383	383	365	367	417	504	83%
Hillcrest	644	722	794	796	888	953	990	1,010	972	968	670	144%
Kempton	507	507	433	403	394	382	358	358	386	389	435	89%
Lewistown	204	195	217	217	212	196	178	177	173	170	242	70%
Liberty	325	318	317	291	292	291	294	283	284	280	364	77%
Lincoln	408	422	417	450	511	529	537	572	599	591	633	93%
Middletown	405	429	450	478	467	462	445	423	434	473	526	90%
Middletown Primary	449	454	458	492	461	410	437	443	494	464	482	96%
Monocacy	680	634	646	601	612	596	592	591	600	621	567	110%
Monocacy Valley Montessori	226	221	221	223	229	222	219	223	216	217	220	99%
Myersville	452	442	416	378	364	354	358	315	340	372	458	81%
New Market	542	566	713	747	755	736	705	699	714	691	659	105%
New Midway/Woodsboro	334	327	329	336	328	334	328	335	314	313	340	92%
North Frederick	566	555	584	646	606	598	585	631	661	661	679	97%
Oakdale	524	516	524	539	627	623	594	599	631	633	692	91%
Orchard Grove	654	639	665	628	615	616	611	630	693	686	639	107%
Parkway	222	250	240	229	251	228	226	223	212	208	248	84%
Sabillasville	136	142	123	131	125	114	114	112	122	112	160	70%
Spring Ridge	498	501	480	495	483	481	457	465	466	500	577	87%
Thurmont	396	375	375	367	336	319	302	332	301	321	483	66%
Thurmont Primary	440	428	411	394	377	373	381	373	369	370	528	70%
Tuscarora	687	670	694	733	762	794	784	774	781	798	662	121%
Twin Ridge	589	538	541	554	531	510	513	529	500	506	674	75%
Urbana	660	685	681	742	737	727	695	700	710	712	511	139%
Valley	468	451	452	434	423	409	395	408	399	400	504	79%
Walkersville	533	534	552	695	684	681	678	681	680	652	662	98%
Waverley	446	488	514	561	543	567	618	610	634	718	416	173%
Whittier	732	754	782	812	772	793	783	745	756	765	671	114%
Wolfsville	199	198	201	187	174	180	175	159	157	159	226	70%
Yellow Springs	402	411	437	436	463	486	468	495	488	453	456	99%
Total Elementary Schools	18,094	18,209	18,537	18,765	18,912	19,166	19,174	19,256	19,445	19,683	19,457	101%
Middle												
Ballenger Creek	746	694	692	704	707	698	726	718	778	779	870	90%
Brunswick	572	546	494	526	529	564	553	557	588	578	884	65%
Carroll Creek Charter	-	-	-	-	-	-	-	17	47	74	90	82%
Crestwood	573	616	557	532	513	545	539	506	514	579	600	97%
Frederick Classical Charter	-	-	-	-	-	38	75	113	116	120	120	100%
Gov. Thomas Johnson	590	533	522	516	554	522	549	532	562	513	900	57%
Middletown	870	819	838	837	812	809	786	816	851	813	914	89%
Monocacy	715	716	755	764	729	775	779	723	738	789	860	92%
Monocacy Valley Montessori	67	73	78	77	72	77	81	77	81	83	80	104%
New Market	809	765	470	475	506	478	507	497	508	545	881	62%
Oakdale	579	600	629	626	622	631	643	648	644	703	600	117%
Thurmont	722	710	680	646	616	613	583	543	561	555	900	62%
Urbana	658	694	629	682	745	767	798	834	866	964	900	107%
Walkersville	801	801	791	793	779	792	771	804	826	882	1,051	84%
West Frederick	804	830	793	802	823	863	858	856	853	890	955	93%
Windsor Knolls	601	606	938	948	876	821	770	777	761	758	924	82%
Total Middle Schools	9,107	9,003	8,866	8,928	8,883	8,993	9,018	9,018	9,294	9,625	11,529	83%
High												
Brunswick	811	819	769	761	717	673	701	737	748	766	893	86%
Catoctin	960	945	963	956	974	959	911	856	806	783	1,135	69%
Frederick	1,385	1,373	1,386	1,401	1,340	1,344	1,393	1,317	1,459	1,460	1,826	80%
Gov. Thomas Johnson	1,945	1,949	1,621	1,537	1,470	1,435	1,436	1,408	1,385	1,574	2,091	75%
Linganore	1,751	1,766	1,647	1,569	1,496	1,482	1,438	1,423	1,381	1,326	1,635	81%
Middletown	1,309	1,328	1,267	1,221	1,215	1,131	1,159	1,139	1,116	1,140	1,169	98%
Oakdale High	-	-	572	873	1,154	1,197	1,201	1,218	1,251	1,251	1,532	82%
Tuscarora	1,513	1,485	1,524	1,485	1,494	1,482	1,474	1,447	1,518	1,550	1,606	97%
Urbana	1,763	1,843	1,655	1,588	1,486	1,517	1,578	1,635	1,690	1,758	1,636	107%
Walkersville	1,275	1,253	1,188	1,181	1,141	1,108	1,070	1,071	1,088	1,094	1,197	91%
Total High Schools	12,712	12,761	12,592	12,572	12,487	12,328	12,361	12,251	12,442	12,702	14,720	86%
Other Schools												
Flexible Evening High/Virtual School	46	78	74	71	65	20	19	19	19	14	N/A	N/A
Heather Ridge	109	87	72	58	97	46	54	55	59	56	148	38%
Rock Creek	87	72	95	93	83	103	86	77	76	79	242	33%
Success	-	-	-	-	-	59	45	44	43	45	N/A	N/A
Total Other Schools	242	237	241	222	245	228	204	195	197	194	390	50%
TOTAL ALL SCHOOLS	40,155	40,210	40,236	40,487	40,527	40,715	40,757	40,720	41,378	42,204	46,096	92%
Teachers & Therapists (1)	2,904	2,826	2,826	2,869	2,880	2,878	2,916	2,864	2,827	2,921		
Student/Teacher Ratio	13.83	14.23	14.24	14.11	14.07	14.15	13.98	14.22	14.64	14.45		

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

Source: (1) The FCPS Budget and Finance Department's annual budget.

Note: Elementary and special school enrollments are total enrollments.

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

Note: Percent capacity is based on actual enrollment as presented, not on equated enrollment.

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

FREDERICK COUNTY PUBLIC SCHOOLS

Total Enrollment by Grade Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Elementary School										
Pre-Kindergarten*	916	987	973	1,048	1,053	1,086	1,090	1,181	1,204	1,288
Kindergarten	2,834	2,827	2,981	2,949	3,029	2,961	2,873	2,756	2,854	2,825
Grade 1	2,904	2,872	2,878	2,978	2,977	3,077	3,015	2,910	2,874	3,019
Grade 2	2,847	2,896	2,919	2,925	2,987	3,022	3,110	3,062	2,979	2,985
Grade 3	2,859	2,860	2,941	2,937	2,928	3,016	3,092	3,142	3,122	3,041
Grade 4	2,807	2,919	2,889	2,984	2,963	2,989	3,026	3,157	3,207	3,233
Grade 5	2,927	2,848	2,956	2,944	2,975	3,015	2,968	3,048	3,205	3,292
Total Elementary School	18,094	18,209	18,537	18,765	18,912	19,166	19,174	19,256	19,445	19,683
Middle School										
Grade 6	2,970	2,977	2,894	2,983	2,945	3,017	3,036	2,965	3,124	3,336
Grade 7	3,010	2,986	3,002	2,936	2,973	2,968	2,995	3,038	3,063	3,190
Grade 8	3,127	3,040	2,970	3,009	2,965	3,008	2,987	3,015	3,107	3,099
Total Middle School	9,107	9,003	8,866	8,928	8,883	8,993	9,018	9,018	9,294	9,625
High School										
Grade 9	3,387	3,442	3,351	3,263	3,233	3,284	3,379	3,278	3,355	3,415
Grade 10	3,167	3,185	3,239	3,194	3,125	3,084	3,088	3,128	3,116	3,217
Grade 11	3,115	3,070	3,014	3,131	3,056	2,987	2,983	2,946	3,035	3,033
Grade 12	3,043	3,064	2,988	2,984	3,073	2,973	2,911	2,899	2,936	3,037
Total High School	12,712	12,761	12,592	12,572	12,487	12,328	12,361	12,251	12,442	12,702
Other Schools										
Flexible Evening High/Virtual School	46	87	74	71	97	20	19	19	19	14
Heather Ridge	109	78	72	58	65	46	54	55	59	56
Rock Creek	87	72	95	93	83	103	86	77	76	45
Success	-	-	-	-	-	59	45	44	43	79
Total Other Schools	242	237	241	222	245	228	204	195	197	194
Total Enrollment	40,155	40,210	40,236	40,487	40,527	40,715	40,757	40,720	41,378	42,204

* 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
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	\$12,661	19	29,490	954,985	2,259,288
2016	\$12,783	18	28,945	1,073,337	2,209,809
2017	\$12,593	23	29,956	1,070,283	2,221,800
2018	N/A	N/A	29,957	1,095,044	2,230,584

* 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 07/01/17 - 06/30/18 Policy Dates

<u>Type of Coverage</u>	<u>Name of Company</u>	<u>Policy Number</u>	<u>Limits</u>
Property Policy			
Commercial Property	Affiliated FM	WD239	\$1,000,000,000.00 Blanket
Business Income & Extra Expense	Affiliated FM	WD239	\$5,000,000.00
Flood	Affiliated FM	WD239	\$50,000,000.00
Earthquake	Affiliated FM	WD239	\$100,000,000.00
Debris Removal	Affiliated FM	WD239	\$1,000,000,000.00
Spoilage	Affiliated FM	WD239	\$100,000.00
Boiler & Machinery	Affiliated FM	WD239	\$1,000,000,000.00
Package Policy			
Commercial General Liability - General Aggregate	Wright	8502WSI0352340	\$3,000,000.00
Commercial General Liability - Each Occurrence	Wright	8502WSI0352340	\$1,000,000.00
Employee Benefits Liability - Each Employee	Wright	8502WSI0352340	\$1,000,000.00
Employee Benefits Liability - Aggregate	Wright	8502WSI0352340	\$1,000,000.00
Employee Theft	Wright	8502WSI0352341	\$500,000.00
Inside the Premises - Theft of Money & Securities	Wright	8502WSI0352342	\$100,000.00
Outside the Premises	Wright	8502WSI0352343	\$100,000.00
Forgery & Alternation	Wright	8502WSI0352344	\$500,000.00
Educators Legal Liability			
Each Claim	Wright	3602WSI0352360	\$1,000,000.00
Aggregate	Wright	3602WSI0352360	\$1,000,000.00
Auto			
Auto Liability - Combined Single Limit	Wright	1002WSI0352350	\$1,000,000.00
Student Medical Professional Liability			
Each Incident	Mercer	AHV102843003	\$2,000,000 Each Incident
Aggregate	Mercer	AHV102843003	\$4,000,000 Aggregate
Builders' Risk			
Hard Costs - Joisted Masonry/Frame	Peerless/Liberty	IM8136783	\$2,000,000.00
Hard Costs - All Other	Peerless/Liberty	IM8136783	\$30,000,000.00
Soft Costs	Peerless/Liberty	IM8136783	\$1,000,000.00
Flood	Peerless/Liberty	IM8136783	\$5,000,000.00
Earthquake	Peerless/Liberty	IM8136783	\$5,000,000.00
Inland Marine			
Electronic Data Processing	Peerless/Liberty	IM8136833	\$33,000,000.00
Contractors Equipment - In Any One Loss (\$200k max per item)	Peerless/Liberty	IM8136833	\$2,749,892.00
CYBER			
Cyber Liability	INSUREtrust	12238576	\$1,000,000.00

Source: McGriff Insurance Services, Inc., with the exception of the catastrophic student accident insurance for which MABE determines the carrier. The catastrophic student accident insurance is purchased from Bob McCloskey Insurance.

FREDERICK COUNTY PUBLIC SCHOOLS

Employees by Function Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Instruction										
Regular Instruction										
Teachers	2,512	2,484	2,485	2,520	2,549	2,547	2,571	2,514	2,501	2,528
Other Staff	501	499	508	508	491	490	494	488	486	512
Total Regular Instruction	<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>	<u>2,987</u>	<u>3,040</u>
Special Education Instruction										
Teachers	291	298	298	297	301	301	310	309	312	327
Other Staff	504	560	552	639	676	675	704	699	682	655
Total Special Education Instruction	<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>	<u>994</u>	<u>982</u>
School Administration	425	423	425	415	408	407	421	422	426	430
Student Personnel Services	40	40	31	33	35	36	38	42	42	43
Total Instruction	<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>	<u>4,449</u>	<u>4,495</u>
Support Services										
Administration	104	106	102	105	103	102	94	98	98	100
Food and Nutrition Services	153	144	141	139	136	136	123	124	122	118
Student Transportation	353	352	369	410	407	406	406	412	441	449
Operation of Plant	405	399	403	406	403	403	401	405	411	409
Maintenance of Plant	144	140	136	136	135	135	143	144	143	143
Total Support Services	<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>	<u>1,215</u>	<u>1,219</u>
Total Employees - Governmental Activities	<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>	<u>5,664</u>	<u>5,714</u>
Business-type Activities										
Printing Services	8	7	3	-	-	-	-	-	-	-
Total Employees - Business-type Activities	<u>8</u>	<u>7</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Employees - School System	<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>	<u>5,664</u>	<u>5,714</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: Business-type Activities: The Printing Fund ceased operations as of July 1, 2011.

FREDERICK COUNTY PUBLIC SCHOOLS

Facilities Inventory As of June 30, 2018

	<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	166,066
Catoctin High	88	1969	179,045
Frederick High	28	2017	270,618
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	145,135
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, 2018 (continued)

	<u>Acres</u>	<u>Year Constructed</u>	<u>Gross Square Feet</u>
<u>Elementary Schools, continued</u>			
Glade Elementary	13.35	1995	66,500
Green Valley Elementary	31.22	1971	51,888
Hillcrest Elementary	12.7	1988	62,305
Kemptown Elementary	39.46	1981	53,800
Lewistown Elementary	13	1961	50,898
Liberty Elementary	11.64	1927	54,902
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	14.78	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	15.31	1955	64,250
Thurmont Primary	13.47	2001	66,334
Tuscarora Elementary	17.98	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	10.13	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
Lincoln Elementary "A"	3.15	1974	20,334
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>1,465.110</u>		<u>6,664,975</u>

Source: Educational Facilities Master Plan 2018.

FREDERICK COUNTY PUBLIC SCHOOLS

Capital Assets by Function Last Ten Fiscal Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Schools										
Buildings	64	65	64	63	63	63	63	63	63	63
Administration										
Buildings	7	8	8	8	6	5	5	5	5	5
Vehicles	*	*	*	7	8	8	7	7	7	7
Special Education										
Vehicles	89	89	92	94	107	100	98	104	106	107
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	*	*	*	200	159	149	142	148	148	153
Operations										
Vehicles	*	*	*	30	36	41	44	44	41	40
Student Transportation										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	320	323	311	341	327	329	325	324	319	321
Technology										
Vehicles	*	*	*	5	12	14	15	12	10	10
Other										
Buildings	1	1	1	1	1	1	1	1	1	1

* Not Available



Frederick County Public Schools

191 S. East Street
Frederick, MD 21701
www.fcps.org