

# Frederick County Public Schools

## Comprehensive Annual Financial Report For the Fiscal Year Ended June 30, 2019

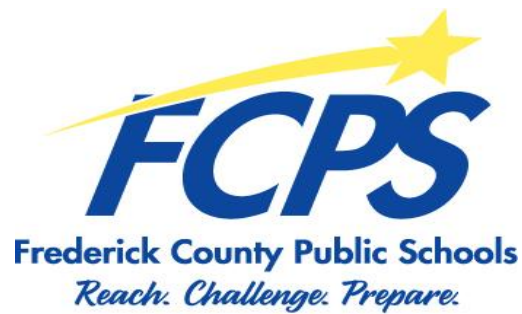
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Board of Education of Frederick County, Maryland  
A Component Unit of Frederick County, Maryland



Frederick County Public Schools

191 S. East Street  
Frederick, MD 21701  
[www.fcps.org](http://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, 2019**

**Prepared by:**  
**Frederick County Public Schools**  
**Financial Reporting Department**  
**Fiscal Services Division**

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**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, 2019

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## **INTRODUCTORY SECTION**

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September 27, 2019

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, 2019.

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, 2019. 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 42,714 students during FY 2019 within sixty-seven schools. Projected total enrollment for FY 2020 is 43,598 students within sixty-seven schools.

During the 2019 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 94 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. Frederick County's employment rate decreased from 4.1 percent in 2018 to 3.6 percent as of June 2019. This was below the state unemployment rate of 3.8 percent and national rate of 3.7 percent for the same time period. 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 2020. However, the FY 2020 budget reflects an amount over Maintenance of Effort (MOE) from the County for the fifth 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. FCPS operates forty-six buildings that are, in whole or 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. This requirement had a material effect on the FY 2019 financial statements. The decrease in FCPS' net position was attributed to the increased OPEB liability due to assumptions and benefit payments calculated by a third-party actuary.

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. After the sale of the final surplus property and vacant lot in FY19 the net proceeds were 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. As of June 30, 2019, FCPS had unspent lease proceeds in the amount of \$2,378,625.

**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 \$7.6 million above MOE in the FY 2020 budget. State law 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 had again fallen behind projections. This study was reviewed by the Commission on Innovation and Excellence in Education. As part of the Commission’s recommendation, the Blueprint for Maryland’s Future legislation became law in May of 2019, and provides additional revenue for districts. In FY 2020, FCPS will receive an additional \$8.7 million through this legislation.

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 2019, the Urbana Elementary School replacement facility began construction, with the opening anticipated in September of the 2020-2021 school year. In addition, the FY 2019 capital budget funded the design of Waverley Elementary School replacement, Blue Heron Elementary School and Oakdale Middle School addition. In FY 2020, the Capital Improvement Program includes funding for the construction of the Rock Creek School replacement, Blue Heron Elementary School and Oakdale Middle School addition. Systemic improvements funded in FY 2020 include roof replacements, HVAC replacement, window and door replacement, water storage tank replacement, security access control upgrades, track reconstruction 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, 2018. This was the tenth 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.

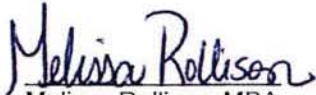
FCPS has also received for the eleventh consecutive year the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for its 2018 CAFR. This award, valid for one year, is granted only after an intensive review of the CAFR by an expert panel of certified public accountants and practicing school business officials. FCPS plans to submit the 2019 CAFR to ASBO and believes the report continues to meet

September 27, 2019

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, 2018**

*Christopher P. Morrill*

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, 2018.**

The CAFR meets the criteria established for ASBO  
International's Certificate of Excellence.



A handwritten signature in black ink, appearing to read 'Tom Wohlleber'.

Tom Wohlleber, CSRM  
President

A handwritten signature in black ink, appearing to read 'David J. Lewis'.

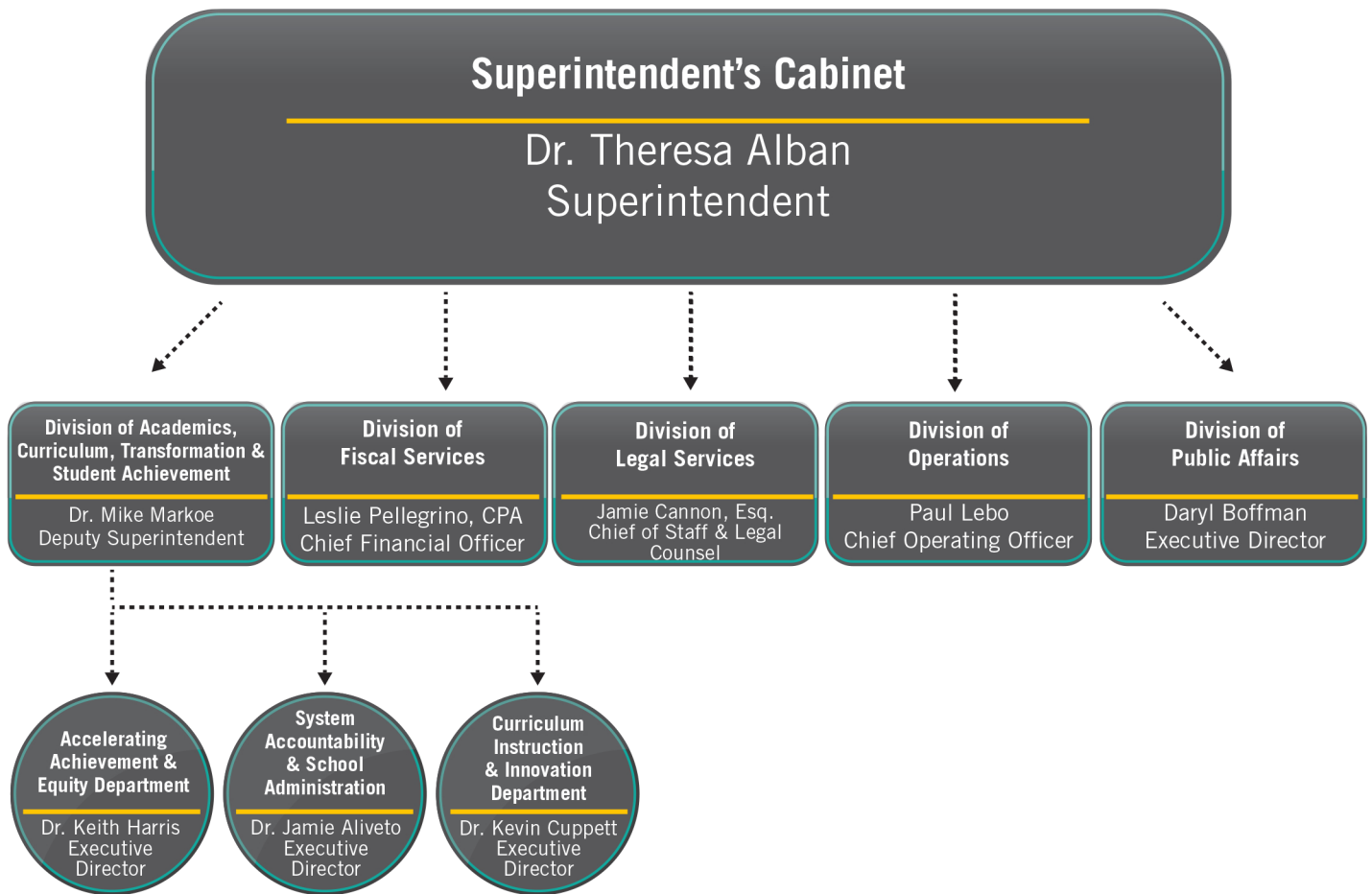
David J. Lewis  
Executive Director

# Frederick County Public Schools

## Elected Officials

### Board of Education of Frederick County





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## **FINANCIAL SECTION**

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**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, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board, as of June 30, 2019, and the respective changes in its financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Pension Schedules of Contributions and Proportionate Share of Net Pension Liability, and Schedule of 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, 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.

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.



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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 24, 2019 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.

Owings Mills, Maryland  
September 24, 2019

*SB & Company, LLC*



Student: Ella Wilson

School: Monocacy Middle, 7<sup>th</sup> Grade

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

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, 2019, with selected comparative data for the year ended June 30, 2018. 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 liabilities and deferred inflows of FCPS exceeded its assets and deferred outflows as of June 30, 2019 by \$0.7 million resulting in a deficit net position to close the year.
- FCPS' change in net position decreased \$53.8 million per the Statement of Activities for the year ended June 30, 2019. The key factor in this change was a \$73.8 million increase in the Net OPEB Liability.
- During the year \$15.6 million was spent by FCPS on major construction projects. The construction phase began for the Urbana Elementary replacement school, incurring \$5.3 million in costs. The Frederick High School replacement facility continued to incur expenses, totaling \$1.7 million. Sugarloaf Elementary and Butterfly Ridge Elementary school facilities opened their doors welcoming students and staff for the 2018-2019 school year. The Sugarloaf and Butterfly Ridge Elementary projects continued to incur expenditures in fiscal year 2019 that included construction and the purchase of furniture and equipment totaling \$3.3 million and \$3.4 million, respectively. A combined total of \$1.9 million was spent on the design of the Waverley Elementary replacement and Rock Creek replacement schools.
- As disclosed in fiscal year 2018, 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. The majority of the energy conservation improvements were completed in fiscal year 2019, with the project scheduled for completion in fiscal year 2020.

### ***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.

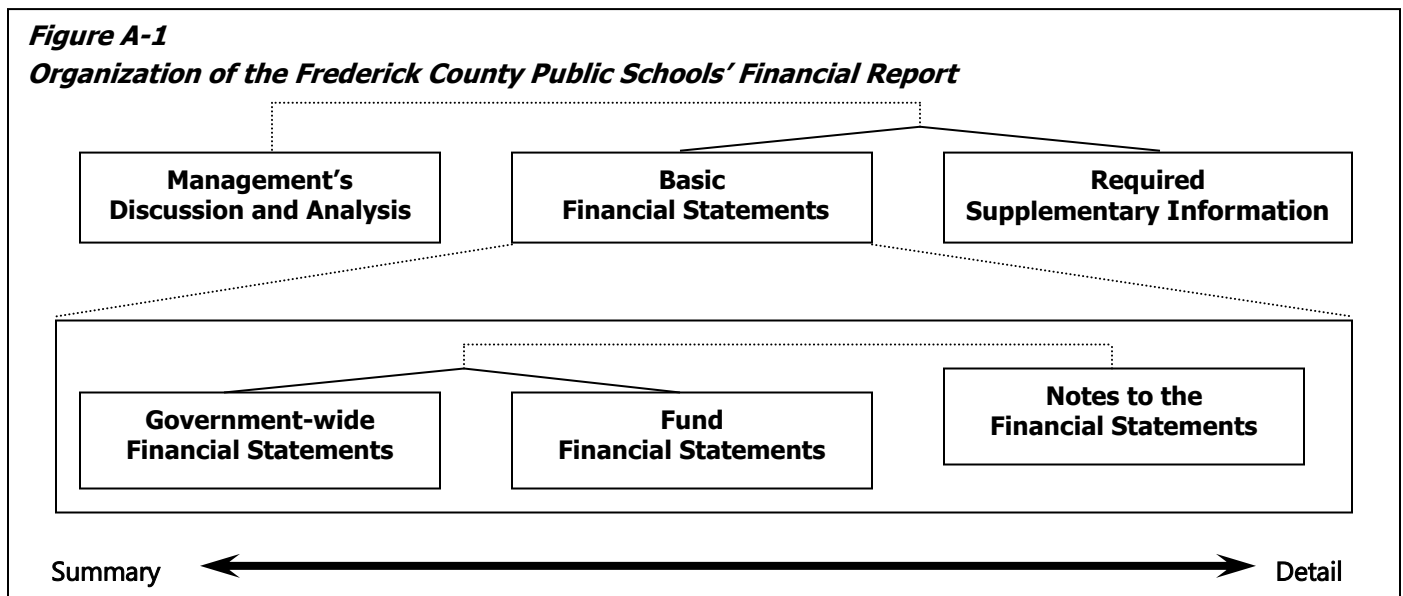
- The first two statements are *government-wide financial statements* that provide both *short-term and long-term* information about FCPS' *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of FCPS, reporting FCPS' operations in *more 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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

- *Fiduciary fund* 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.
- 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, 2019). 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.

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, 2019. This statement answers the question, "How did we do financially during fiscal year 2019?" 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, 2019

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, 2019

- *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 36-63 of this report.

**FINANCIAL ANALYSIS OF FCPS AS A WHOLE**

FCPS' net position (the difference between assets, liabilities and deferred inflows/outflows of resources) decreased as of June 30, 2019 in comparison to the net position the year before. The net position decreased 101.3% or \$53.8 million resulting in a deficit net position of \$(0.7) million. The following are major components of FCPS' net position:

**Condensed Statements of Net Position (in millions of dollars)**

	Governmental Activities	
	2019	2018
Current and Other Assets	\$ 70.0	\$ 91.4
Capital Assets	768.2	766.1
<b>Total Assets</b>	<b>838.2</b>	<b>857.5</b>
Deferred Outflows of Resources		
Related to Pensions	6.7	7.8
Related to OPEB	86.7	-
<b>Total Deferred Outflows</b>	<b>93.4</b>	<b>7.8</b>
Other Liabilities	33.2	44.1
Long-term Liabilities	822.6	746.2
<b>Total Liabilities</b>	<b>855.8</b>	<b>790.3</b>
Deferred Inflows of Resources		
Related to Pensions	3.0	2.7
Related to OPEB	73.5	19.2
<b>Total Deferred Inflows</b>	<b>76.5</b>	<b>21.9</b>
Net Position:		
Net Investment in Capital Assets	745.9	755.6
Restricted for:		
Debt Service	2.4	10.7
Unrestricted Deficit	(749.0)	(713.2)
<b>Total Net Position</b>	<b>\$ (0.7)</b>	<b>\$ 53.1</b>

The \$53.8 million decrease in the net position of FCPS' governmental activities is mainly due to an increase in non-current liabilities and deferred inflows of resources as it relates to the other post-employment benefits (OPEB) liability. A significant

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

factor in the calculation of the net OPEB liability was the change in assumptions applied, in particular, the change in the discount rate contributing to a \$73.8 million increase in the net OPEB liability.

FCPS' net position of \$(0.7) million consists of a \$745.9 million net investment in capital assets, and \$2.4 million restricted for debt service, less an unrestricted deficit of \$749.0 million. Last year FCPS had a combined net position of \$53.1 million consisting 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. 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 net 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 \$749.0 million as of June 30, 2019 includes capital leases payable, vacation leave payable, terminal benefits payable, the net OPEB liability and the net pension liability.

Funding for the lump sum total of capital leases payable, vacation leave payable, 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 for capital leases, 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 cost of all programs and services were \$693.0 million. The following table shows the breakdown as a percentage of total costs by functional areas as follows:

<b>Governmental Activities Expense:</b>	<b>2019 Percentage of Total</b>	<b>2018 Percentage of Total</b>
	<u>                    </u>	<u>                    </u>
Instruction:		
Regular Instruction	55.70%	55.10%
Special Education Instruction	14.30%	13.30%
Total Instruction	<u>70.00%</u>	<u>68.40%</u>
Support Services:		
Administration	2.49%	2.56%
Mid-level Administration	7.90%	7.92%
Pupil Personnel Services	.41%	.76%
Health	.99%	.95%
Pupil Transportation	4.91%	4.97%
Operations	6.71%	6.71%
Maintenance	2.57%	2.50%
Food and Nutrition Services	1.88%	1.93%
Community Services	.18%	.17%
Interest on Long-term Liabilities	.12%	.05%
Intergovernmental Payment	1.84%	3.08%
Total Support Services	<u>30.00%</u>	<u>31.60%</u>



# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

Total expenses surpassed revenues decreasing net position by \$53.8 million during fiscal year 2019. The key elements of FCPS' increase in net position were as follows:

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

	<b>Governmental Activities 2019</b>	<b>Governmental Activities 2018</b>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 7.6	\$ 7.0
Operating Grants and Contributions	154.3	146.1
Capital Grants and Contributions	37.8	101.5
General Revenues		
Federal Aid	0.2	0.1
State Aid	165.3	160.6
Local Aid	272.4	260.8
Investment Earnings	1.2	0.5
Other	0.4	0.4
<b>Total Revenues</b>	<b>639.2</b>	<b>677.0</b>
<b>Expenses</b>		
Instruction:		
Regular Instruction	386.0	363.6
Special Education Instruction	99.1	87.8
Total Instruction	485.1	451.4
Support Services:		
Administration	17.3	16.9
Mid-level Administration	54.7	52.3
Pupil Personnel Services	2.9	5.0
Health	6.9	6.3
Pupil Transportation	34.0	32.8
Operations	46.5	44.3
Maintenance	17.8	16.5
Food and Nutrition Services	13.0	12.7
Community Services	1.2	1.1
Interest on Capital Lease	0.9	0.3
Intergovernmental Payment	12.7	20.3
Total Support Services	207.9	208.5
<b>Total Expenses</b>	<b>693.0</b>	<b>659.9</b>
<b>Change in Net Position</b>	<b>(53.8)</b>	<b>17.1</b>
Net Position - Beginning	53.1	36.0
Net Position - Ending	\$ (0.7)	\$ 53.1

The table shown above details FCPS' changes in net position. FCPS' total revenues for 2019 shows \$639.2 million compared to total revenues of \$677.0 million for the previous year. In 2019, local aid increased \$11.6 million over the prior year due to appropriation increases. For the fourth 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 68.8% of FCPS' total revenue in 2019, slightly more compared to 62.4% of total revenue in 2018. However, the component contributing to the overall decrease in revenue compared to the prior year was in program revenues; specifically a \$63.7 million decrease in construction grants and contributions.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

### Other Observations for 2019:

- Costs of \$7.6 million were financed by users of FCPS' programs.
- Operating grants and contributions subsidized certain programs totaling \$154.3 million.
- Total instructional costs were \$485.1 million out of total costs of \$693.0 million.
- FCPS' programs were financed by \$439.5 million consisting of unrestricted federal aid (\$.2 million), state aid (\$165.3 million), local aid (\$272.4 million), investment earnings (\$1.2 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 2019 is \$493.4 million, a \$88.1 million increase from the 2018 total of \$405.3 million.

#### *Net Cost of Governmental Activities (in millions of dollars)*

<b>Expense Functions</b>	<b>Total Cost of Services 2019</b>	<b>Net Cost of Services 2019</b>	<b>Total Cost of Services 2018</b>	<b>Net Cost of Services 2018</b>	<b>Total Change in Net Cost of Services 2019-2018</b>
<b>Instruction:</b>					
Regular Instruction	\$ 386.0	\$ 276.3	\$ 363.6	\$ 193.4	\$ 82.9
Special Education Instruction	99.1	50.7	87.8	41.7	9.0
Total Instruction	485.1	327.0	451.4	235.1	91.9
<b>Support Services:</b>					
Administration	17.3	15.9	16.9	16.9	(1.0)
Mid-level Administration	54.7	52.4	52.3	50.8	1.6
Pupil Personnel Services	2.9	2.8	5.0	4.0	(1.2)
Health	6.9	0.4	6.3	0.3	0.1
Pupil Transportation	34.0	19.8	32.8	18.9	0.9
Operations	46.5	43.8	44.3	41.7	2.1
Maintenance	17.8	17.7	16.5	16.5	1.2
Food and Nutrition Services	13.0	(0.3)	12.7	.3	(0.6)
Community Services	1.2	0.3	1.1	.2	0.1
Interest on Capital Leases	0.9	0.9	.3	.3	0.6
Intergovernmental Payment	12.7	12.7	20.3	20.3	(7.6)
Total Support Services	207.9	166.4	208.5	170.2	(3.8)
<b>Total</b>	<b>\$ 693.0</b>	<b>\$ 493.4</b>	<b>\$ 659.9</b>	<b>\$ 405.3</b>	<b>\$ 88.1</b>

The \$88.1 million increase in net costs from 2018 to 2019 was largely due to an increase in regular and special education instruction, offset by a decrease in the intergovernmental payments. Both, a \$33.7 million increase in instruction expenses and a \$58.2 decrease in program revenues were factors in the overall \$91.9 million increase in total instruction net cost over 2018. Salaries along with materials and supply costs increased due to enrollment growth at all levels. While the decrease in program revenues were due to fewer capital grants as FCPS had less construction projects in 2019. The intergovernmental payment net cost which decreased \$7.6 million is a function of the "pay-back" amount to Frederick County Government for forward funding major project construction costs.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

### ***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 \$24.3 million; a decrease of \$8.9 million from last year's ending fund balances of \$33.2 million. The decrease of \$8.9 million consists of a \$1.2 million fund balance decrease in the General Fund, mostly due to increases in instructional, maintenance and operations spending; an \$8.3 million decrease in the School Construction fund balance related to expenditures for the energy performance contract lease agreement; a \$.5 million increase in the Food and Nutrition Services fund balance, mostly as a result of higher cash and investment balances; and a \$.1 million increase in the Artificial Turf Fund from local funding. Similarly, in fiscal year 2018 there was a consistent fund balance increase in the Artificial Turf Fund for the same trending reasons as indicated in the current year. The largest contributing factor to the reported combined fund balance decrease relates to the \$8.3 million reduction in the School Construction fund.

Likewise in 2018, state and local aid were the primary sources of operating funds for FCPS' governmental funds for fiscal year 2019. In 2019, both funding sources combined accounted for 94.1% of total revenues, a slight decrease from that of 95.3% in 2018. In 2019, state aid contributed 46.2% and local aid contributed 47.8% of the combined revenues. In 2018, state aid contributed 43.2% and local aid contributed 52.1% of the combined revenues. The federal government contributed 4.1% and 3.5% of governmental revenues for 2019 and 2018, respectively. Most of these federal government revenues supported food and nutrition service activities and restricted grants or projects. Restricted Fund activities and programs are accounted for in the General Fund. This year, FCPS' General Fund spent \$589.7 million with the largest share spent on instructional programs, both regular and special education, in the amount of \$299.4 million. Last year, \$279.5 million was spent on instructional programs out of a total expenditure of \$560.7 million. In 2019, School Construction Fund expenditures exceeded revenues by \$8.3 million, which represented the building improvement invoice payments from the energy performance contract lease proceeds received in 2018. School Construction Fund revenues from state and local sources were \$15.9 and \$22.7 million, respectively. The nonmajor governmental funds received \$0.1 million in local funding.

### ***General Fund Budgetary Summary***

Over the course of fiscal year 2019, 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 2019.

Anticipated revenues for the General Fund for 2019 totaled \$604.5 million while actual revenues equaled \$600.0 million, a difference of \$4.5 million. This \$4.5 million budgeted but not received during 2019 represents mostly revenues planned for restricted grants and programs that had activity remaining at fiscal year-end and will be carried forward to 2020. This activity was approved for grant periods that extend beyond 2019. In addition, local and state in-kind transactions were less than budgeted, accounting for \$1.0 million of the aggregate \$4.5 million difference.

General Fund expenditures allocated for 2019 totaled \$604.5 million while actual expenditures equaled \$589.4 million, a difference of \$15.1 million. The variance is mainly attributable to salary and fringe savings from staff vacancies and turnover in the instructional and special education classifications and continued savings in fuel and building utility costs. There were no expenditure classes with a negative budget variance in 2019. For the General Fund, the ending fund balance on a budgetary basis as of June 30, 2019 is a surplus of \$12.7 million of which \$8.7 million is budgeted for use in fiscal year 2019, and \$1.0 million is committed to Charter Schools, leaving \$3.0 million as unassigned.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2019

### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

#### ***Capital Assets***

As of the end of fiscal year 2019, FCPS had invested \$768.2 million (net of accumulated depreciation) in a broad range of capital assets including school buildings, athletic facilities, technology upgrades, equipment, mechanical systems, and administrative offices. FCPS increased its net capital assets by \$2.1 million during 2019. (More detailed information about capital assets can be found in Note 3.B to the financial statements.) Total depreciation expense for the year was \$31.2 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)***

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019-2018</b>
Land	\$ 51.7	\$ 51.2	1.0%
Construction in Progress	23.8	83.2	(71.4)%
Buildings and Improvements	672.1	611.5	9.9%
Furniture and Equipment	<u>20.6</u>	<u>20.2</u>	2.0%
Total	<u>\$ 768.2</u>	<u>\$ 766.1</u>	0.3%

The most significant change that occurred in capital assets for the period ended June 30, 2019 was in construction in progress. The Frederick High Replacement project was closed. Sugarloaf Elementary and Butterfly Ridge Elementary school facilities opened in September for the 2018-2019 school year and cumulative project costs incurred through June 30, 2019 were reclassified out of construction in progress. 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 2019, was 42,714 students; resulting in a utilization of 93% of school capacity.

The 2020 capital budget has projected spending \$82.3 million for capital projects.

- \$73.6 million in major projects, which includes \$31.6 million for the construction of Urbana Elementary School replacement, \$18.5 million for the construction of Rock Creek School replacement, \$10.0 million for the construction of Blue Heron Elementary, and \$13.5 million for the construction of the Oakdale Middle School addition.
- \$8.7 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, 2019

### ***Long-term Liabilities (in millions of dollars)***

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>
	<b>2019</b>	<b>2018</b>	<b>2019-2018</b>
Capital Leases Payable	\$24.7	\$ 25.4	(3.1)%
Vacation Leave Payable	8.3	8.0	3.8%
Termination Benefits Payable	23.6	23.0	2.6%
Net OPEB Liability	726.8	653.0	11.3%
Net Pension Liability	39.2	36.8	6.5%
Total	<u>\$ 822.6</u>	<u>\$ 746.2</u>	10.2%

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, 2019, was \$9.7 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. The outstanding obligation on the energy performance lease as of June 30, 2019 was \$15.0 million. 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, 2019, FCPS had accumulated obligations totaling \$8.3 million for unpaid vacation leave and \$23.6 million for termination benefits payable. Funding for these liabilities has not occurred since they are not payable currently. The annual expected payout of vacation leave and termination benefits is reflected in the current operating budget of the General Fund.

FCPS provides post-employment benefits other than pensions such as health, dental, and life insurance to their retirees. The current year change in the net OPEB liability increased by \$73.8 million for a net OPEB liability as of June 30, 2019 of \$726.8 million. The increase of \$73.8 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 \$13.4 million for the year (\$2.0 million was contributed to the OPEB Trust and \$11.4 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 (implemented in fiscal year 2018) are intended to improve accounting and financial reporting by state and local governments that provide post-employment benefits.

FCPS recognizes a net pension liability of \$39.2 million for the year ended June 30, 2019. This is an increase of \$2.4 million from the fiscal year 2018 net pension liability of \$36.8 million. The increase of \$2.4 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.

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## BASIC FINANCIAL STATEMENTS

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# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Net Position June 30, 2019

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and Investments	\$ 52,463,822
Due From Other Units of Government	6,032,358
Accounts Receivable	7,808,416
Inventories, at Cost	1,129,363
Prepaid Items	193,735
Cash and Investments - Restricted	2,378,625
Capital Assets not being Depreciated:	
Land	51,653,390
Construction in Progress	23,752,294
Capital Assets, Net of Accumulated Depreciation:	
Buildings and Improvements	672,142,951
Furniture and Equipment	20,646,836
<b>Total Assets</b>	<b>838,201,790</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pension	6,739,399
Related to OPEB	86,699,082
<b>Total Deferred Outflows of Resources</b>	<b>93,438,481</b>
<b>LIABILITIES</b>	
Accounts Payable	17,363,045
Accrued Interest Payable	634,227
Salaries and Wages Payable	13,127,665
Payroll Taxes and Deductions Payable	1,393,122
Unearned Revenue	684,733
Noncurrent Liabilities:	
Due Within One Year	6,524,913
Due in More than One Year	816,099,825
<b>Total Liabilities</b>	<b>855,827,530</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pension	3,061,749
Related to OPEB	73,499,355
<b>Total Deferred Inflows of Resources</b>	<b>76,561,104</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	745,864,060
Restricted for:	
Debt Service	2,378,625
Unrestricted Deficit	(748,991,048)
<b>Total Net Position</b>	<b>\$ (748,363)</b>

*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, 2019

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	\$ 386,007,871	\$ 856,365	\$ 71,052,715	\$ 37,799,310	\$ (276,299,481)
Special Education Instruction	99,099,495	-	48,435,555	-	(50,663,940)
Total Instruction	485,107,366	856,365	119,488,270	37,799,310	(326,963,421)
Support Services:					
Administration	17,282,282	-	1,337,741	-	(15,944,541)
Mid-level Administration	54,709,958	-	2,296,048	-	(52,413,910)
Pupil Personnel Services	2,866,085	-	8,523	-	(2,857,562)
Health	6,873,851	-	6,522,426	-	(351,425)
Pupil Transportation	34,028,232	-	14,239,791	-	(19,788,441)
Operations	46,518,844	1,034,228	1,666,635	-	(43,817,981)
Maintenance	17,796,436	-	77,546	-	(17,718,890)
Food and Nutrition Services	13,045,590	5,660,046	7,720,963	-	335,419
Community Services	1,240,872	-	915,931	-	(324,941)
Interest on Capital Lease	842,056	-	-	-	(842,056)
Intergovernmental Payment	12,737,000	-	-	-	(12,737,000)
Total Support Services	207,941,206	6,694,274	34,785,604	-	(166,461,328)
Total Governmental Activities	\$ 693,048,572	\$ 7,550,639	\$ 154,273,874	\$ 37,799,310	(493,424,749)
General Revenues:					
Federal Aid Not Restricted to Specific Purposes					223,630
State Aid Not Restricted to Specific Purposes					165,329,475
Local Aid Not Restricted to Specific Purposes					272,386,838
Interest and Investment Earnings					1,169,840
Other Revenue					447,627
Total General Revenues					439,557,410
Change in Net Position					(53,867,339)
Net Position - Beginning					53,118,976
Net Position - Ending					\$ (748,363)

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



# FREDERICK COUNTY PUBLIC SCHOOLS

## Balance Sheet Governmental Funds June 30, 2019

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
<b>ASSETS</b>					
Cash and Investments	\$ 37,060,498	\$ 387,214	\$ 1,596,925	\$ -	\$ 39,044,637
Due From:					
Federal Government	1,965,777	-	465,420	-	2,431,197
State of Maryland	2,889,133	18,400	27,431	-	2,934,964
Frederick County	89,080	1,826,358	-	-	1,915,438
Other Funds	262,021	-	6,628	646,556	915,205
Accounts Receivable	271,123	-	38,082	19,412	328,617
Inventories, at Cost	581,681	-	547,682	-	1,129,363
Prepaid Items	188,265	-	-	-	188,265
Cash and Investments - Restricted	-	2,378,625	-	-	2,378,625
<b>Total Assets</b>	<b>\$ 43,307,578</b>	<b>\$ 4,610,597</b>	<b>\$ 2,682,168</b>	<b>\$ 665,968</b>	<b>\$ 51,266,311</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 5,386,730	\$ 1,968,232	\$ 330,612	\$ -	\$ 7,685,574
Accrued Liabilities:					
Salaries and Wages	13,108,421	1,222	18,022	-	13,127,665
Payroll Taxes and Deductions	1,391,753	-	1,369	-	1,393,122
Due To:					
Federal Government	1,094,094	-	-	-	1,094,094
State of Maryland	80,423	-	-	-	80,423
Frederick County	74,227	497	-	-	74,724
Other Funds	2,528,293	262,021	-	-	2,790,314
Unearned Revenue	684,733	-	-	-	684,733
<b>Total Liabilities</b>	<b>24,348,674</b>	<b>2,231,972</b>	<b>350,003</b>	<b>-</b>	<b>26,930,649</b>
Fund Balances:					
Nonspendable:					
Inventories	581,681	-	547,682	-	1,129,363
Prepaid Items	188,265	-	-	-	188,265
Restricted:					
Capital Leases	-	2,378,625	-	-	2,378,625
Committed:					
Charter Schools	1,020,144	-	-	-	1,020,144
Assigned:					
Administration	1,739,814	-	-	-	1,739,814
Instructional	2,442,274	-	-	-	2,442,274
Maintenance and Operations	3,872,277	-	-	-	3,872,277
Transportation	6,068,002	-	-	-	6,068,002
Artificial Turf	-	-	-	665,968	665,968
Food and Nutrition Services	-	-	1,784,483	-	1,784,483
Unassigned:	3,046,447	-	-	-	3,046,447
<b>Total Fund Balances</b>	<b>18,958,904</b>	<b>2,378,625</b>	<b>2,332,165</b>	<b>665,968</b>	<b>24,335,662</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 43,307,578</b>	<b>\$ 4,610,597</b>	<b>\$ 2,682,168</b>	<b>\$ 665,968</b>	<b>\$ 51,266,311</b>

*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, 2019

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

Total fund balance - governmental funds	\$	24,335,662
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The cost of capital assets (land, buildings, construction in progress, and equipment) purchased or constructed, is reported as an expenditure in the governmental funds. The Statement of Net Position includes those capital assets among the assets of FCPS as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 1,190,073,450		
Accumulated depreciation	<u>(421,877,979)</u>		768,195,471

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.

Long-term liabilities (including internal service fund) at year-end consist of:

Capital leases payable	(24,710,036)		
Accrued interest payable on leases	(634,227)		
Vacation leave payable	(8,316,982)		
Termination benefits payable	(23,610,736)		
Net OPEB Liability	(726,790,904)		
Net Pension Liability	<u>(39,196,080)</u>		(823,258,965)

Deferred outflows of resources:

Related to Pension	6,739,399		
Related to OPEB	<u>86,699,082</u>		93,438,481

Deferred inflows of resources:

Related to Pension	(3,061,749)		
Related to OPEB	<u>(73,499,355)</u>		(76,561,104)

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.

		<u>13,102,092</u>
Net position of governmental activities	\$	<u><u>(748,363)</u></u>

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2019

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
<b>Revenues:</b>					
Federal	\$ 18,817,165	\$ -	\$ 7,248,947	\$ -	\$ 26,066,112
State	279,550,675	15,928,017	353,191	-	295,831,883
Local	283,305,204	22,678,104	-	-	305,983,308
Charges for Services	-	-	5,407,402	-	5,407,402
Other	6,219,659	-	252,644	83,177	6,555,480
<b>Total Revenues</b>	587,892,703	38,606,121	13,262,184	83,177	639,844,185
<b>Expenditures:</b>					
Current:					
Administration	11,135,941	-	-	-	11,135,941
Mid-level Administration	35,333,435	-	-	-	35,333,435
Instructional Salaries	216,533,524	-	-	-	216,533,524
Instructional Supplies	11,715,229	-	-	-	11,715,229
Instruction - Other	2,451,672	-	-	-	2,451,672
Special Education	68,687,338	-	-	-	68,687,338
Pupil Personnel	1,910,448	-	-	-	1,910,448
Health	6,796,889	-	-	-	6,796,889
Pupil Transportation	22,699,098	-	-	-	22,699,098
Operations	35,893,919	-	-	-	35,893,919
Maintenance	12,910,918	-	-	-	12,910,918
Fixed Charges	159,784,290	-	-	-	159,784,290
Food and Nutrition Services	66,614	-	12,764,121	-	12,830,735
Community Services	831,541	-	-	-	831,541
Capital Outlay:					
Land	-	2,153,743	-	-	2,153,743
Buildings and Improvements	-	28,111,489	-	-	28,111,489
Equipment	1,880,305	3,883,895	-	-	5,764,200
Debt Service:					
Capital Lease Principal	766,159	-	-	-	766,159
Capital Lease Interest	316,062	-	-	-	316,062
Intergovernmental Payment	-	12,737,000	-	-	12,737,000
<b>Total Expenditures</b>	589,713,382	46,886,127	12,764,121	-	649,363,630
Excess (Deficiency) of Revenues over Expenditures	(1,820,679)	(8,280,006)	498,063	83,177	(9,519,445)
<b>Other Financing Sources (Uses)</b>					
Transfers In From:					
General Fund	-	-	35,000	-	35,000
Internal Service Fund	617,250	-	-	-	617,250
Transfers Out To:					
Food and Nutrition Services	(35,000)	-	-	-	(35,000)
<b>Total Other Financing Sources (Uses)</b>	582,250	-	35,000	-	617,250
<b>Net Change in Fund Balances</b>	(1,238,429)	(8,280,006)	533,063	83,177	(8,902,195)
Fund Balances - Beginning	20,197,333	10,658,631	1,799,102	582,791	33,237,857
<b>Fund Balances - Ending</b>	\$ 18,958,904	\$ 2,378,625	\$ 2,332,165	\$ 665,968	\$ 24,335,662

*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, 2019

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

Total net change in fund balances - governmental funds	\$	(8,902,195)
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Governmental funds report capital outlays as expenditures. However in the Statement of Activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlays	\$ 34,149,127		
Depreciation	<u>(31,227,754)</u>		2,921,373

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 \$447,754 in addition to the retirements/reclassifications of \$359,057 during the year resulted in a decrease in net position.

(806,811)

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

Principal payments of capital leases	766,159		
Interest expense - capital leases (net effect)	<u>(526,193)</u>		239,966

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 \$(1,155,915), of which \$(45,494) was included in the calculation below.

(1,110,421)

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	(331,397)		
Termination benefits accrued	(643,697)		
Net OPEB liability accrued and changes in deferred inflows and outflows	(41,392,418)		
Net pension liability accrued and changes in deferred inflows and outflows	<u>(3,841,739)</u>		<u>(46,209,251)</u>

Change in net position of governmental activities	\$	<u><u>(53,867,339)</u></u>
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*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, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<b>Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Federal	\$ 21,783,002	\$ 21,848,002	\$ 18,817,165	\$ (3,030,837)
State	278,852,168	279,426,168	279,550,675	124,507
Frederick County	284,145,549	284,345,154	283,305,204	(1,039,950)
Other Revenue	5,390,375	6,772,984	6,219,659	(553,325)
Fund Balance	12,126,359	12,148,750	12,148,750	-
<b>Total Revenues</b>	<u>602,297,453</u>	<u>604,541,058</u>	<u>600,041,453</u>	<u>(4,499,605)</u>
<b>Expenditures:</b>				
Administration	11,431,591	11,864,797	11,190,550	674,247
Mid-level Administration	36,561,327	36,728,277	35,481,596	1,246,681
Instructional Salaries	218,859,738	219,737,966	216,533,524	3,204,442
Instructional Supplies	11,588,158	11,638,366	11,556,861	81,505
Instructional - Other	2,662,891	2,994,198	2,458,529	535,669
Special Education	68,282,567	68,982,567	68,655,460	327,107
Pupil Personnel Services	1,922,800	1,937,800	1,909,894	27,906
Health	7,549,147	7,749,772	6,796,133	953,639
Pupil Transportation	23,051,200	23,052,200	22,941,227	110,973
Operations	39,072,638	38,575,385	35,825,630	2,749,755
Maintenance	13,179,393	13,274,114	12,814,873	459,241
Fixed Charges	164,916,174	164,278,557	160,457,471	3,821,086
Food and Nutrition Services	90,515	120,515	101,614	18,901
Community Services	890,518	955,518	836,651	118,867
Capital Outlay	2,238,796	2,651,026	1,894,995	756,031
<b>Total Expenditures</b>	<u>602,297,453</u>	<u>604,541,058</u>	<u>589,455,008</u>	<u>15,086,050</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	10,586,445	<u>\$ 10,586,445</u>
Fund Balance - Beginning			13,631,425	
Net Increase in Nonspendable Fund Balance				
Inventories and Prepaids			677,233	
Prior Year Surplus Funded			<u>(12,148,750)</u>	
<b>Fund Balance - Ending</b>			<u>\$ 12,746,353</u>	

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Net Position Proprietary Fund June 30, 2019

	<b>Governmental Activity: Internal Service Fund Self-Insurance</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 13,419,185
Due from Other Funds	1,875,109
Other Receivables	7,479,799
Prepaid Items	5,470
<b>Total Current Assets</b>	22,779,563
 <b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable and Accrued Liabilities	9,677,471
Current Portion of Long-term Obligations	21,589
<b>Total Current Liabilities</b>	9,699,060
<b>Noncurrent Liabilities:</b>	
Noncurrent Portion of Long-term Obligations	58,495
<b>Total Liabilities</b>	9,757,555
 <b>NET POSITION</b>	
<b>Unrestricted</b>	13,022,008
<b>Total Net Position</b>	\$ 13,022,008

*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, 2019

	<b>Governmental Activity: Internal Service Fund Self-Insurance</b>
<b>Operating Revenues:</b>	
Contributions from Employer	\$ 64,066,708
Contributions from Employees	14,334,701
<b>Total Operating Revenues</b>	<b>78,401,409</b>
<b>Operating Expenses:</b>	
Salaries and Wages	274,491
Professional and Contracted Services	3,784,983
Insurance Claims and Related Expenses	73,825,418
Payment to Federal Government	37,889
Other Charges	161,152
<b>Total Operating Expenses</b>	<b>78,083,933</b>
<b>Operating Income</b>	<b>317,476</b>
<b>Nonoperating Revenues:</b>	
Investment Earnings	143,859
<b>Total Nonoperating Revenues</b>	<b>143,859</b>
<b>Gain Before Transfers</b>	<b>461,335</b>
<b>Transfers Out:</b>	
Transfer to Fiduciary Fund	(1,000,000)
Transfer to General Fund	(617,250)
<b>Total Transfers</b>	<b>(1,617,250)</b>
<b>Change in Net Position</b>	<b>(1,155,915)</b>
Total Net Position - Beginning	14,177,923
<b>Total Net Position - Ending</b>	<b>\$ 13,022,008</b>

*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, 2019

	<b>Governmental Activity: Internal Service Fund Self-Insurance</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from User Charges	\$ 14,334,701
Receipts from Interfund Services	63,058,854
Payments to Employees	(390,149)
Payments for Insurance Claims and Related Expenses	<u>(77,582,134)</u>
Net Cash From Operating Activities	<u>(578,728)</u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Transfers to Other Funds	<u>(617,250)</u>
Net Cash from Noncapital Financing Activities	<u>(617,250)</u>
<b>Cash Flows From Investing Activities</b>	
Interest Received on Investments	143,859
Transfer to OPEB Trust	<u>(1,000,000)</u>
Net Cash from Investing Activities	<u>(856,141)</u>
 Net Decrease in Cash and Cash Equivalents	 (2,052,119)
Cash and Cash Equivalents - Beginning	<u>15,471,304</u>
Cash and Cash Equivalents - Ending	<u>\$ 13,419,185</u>
<b>Reconciliation of Operating Income to</b>	
<b>Net Cash From Operating Activities:</b>	
Operating Income	\$ 317,476
Adjustments to Reconcile Operating Income to Net Cash from Operating Activities:	
Effect of Changes in Non-cash Operating Assets and Liabilities:	
Receivables	(2,964,423)
Accounts Payable and Accrued Liabilities	<u>2,068,219</u>
<b>Net Cash From Operating Activities</b>	<b><u>\$ (578,728)</u></b>

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



# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Net Position Fiduciary Funds June 30, 2019

	<b>Post-Employment Retiree Health Benefit Plan</b>	<b>School Activity Fund</b>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 656	\$ 3,376,750
Investments at Fair Value		
Fixed Income Securities	35,231,277	-
Equity Securities	77,912,998	-
Accounts Receivable	9,925	40,990
<b>Total Assets</b>	113,154,856	\$ 3,417,740
<b>LIABILITIES</b>		
Accounts Payable	8,906	\$ 159,351
Due to Student Groups	-	3,258,389
<b>Total Liabilities</b>	8,906	\$ 3,417,740
<b>NET POSITION</b>		
Net Position Restricted for OPEB Benefits	\$ 113,145,950	

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Changes in Net Position Fiduciary Fund For the Year Ended June 30, 2019

	<b>Post-Employment Retiree Health Benefit Plan</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 13,399,513
Plan Members	8,632,616
Federal Government - Retiree Subsidy	3,789,883
Total Contributions	25,822,012
Investment Income	
Interest	2,379,276
Net Increase in Fair Value of Investments	5,389,215
Total Investment Income	7,768,491
<b>Total Additions</b>	<b>33,590,503</b>
<b>DEDUCTIONS</b>	
Claims Incurred	22,385,271
Administrative Expenses	1,398,237
<b>Total Deductions</b>	<b>23,783,508</b>
Change in Net Position	9,806,995
Net Position - Beginning	103,338,955
<b>Net Position - Ending</b>	<b>\$ 113,145,950</b>

*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, 2019

### **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 governmental 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 government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, report information on all of the nonfiduciary activities of FCPS as a whole. The activities of the General Fund (Current Expense Fund), Special Revenue Funds (Food Service Fund and Artificial Turf Fund), and Capital Projects Fund (School Construction Fund) have been presented as governmental activities in the government-wide financial statements. 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 Net Position** – The Statement of Net Position displays the financial position of FCPS as of fiscal year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. FCPS' net position is reported in three categories: 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

**The Statement of Activities** - 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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### **Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **B. Government-wide and Fund Financial Statements (continued)**

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.

**Fund Financial Statements** - 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.

**Budgetary Comparison Statements** - Demonstrating compliance with the adopted budgets is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the financial progress of their governments over the course of the year. For this reason, FCPS has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements. A budgetary statement for the Food and Nutrition Services Fund is presented as required supplementary information. Budgetary comparison statements illustrate the Board's original budget to the final budget and the actual results. FCPS revises its original budgets over the course of the year for a variety of reasons; such revisions are reflected in a separate column in these statements.

#### **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, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Local appropriations and state and federal aid are recognized as revenues in the year for which they were approved by the provider. Grants and similar items are recognized as 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 sixty 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.

Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal year. 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 commodities are received.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### **Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

##### **Governmental Funds**

FCPS reports the following major governmental funds, in the fund financial statements:

The General Fund is the general operating fund of the school system. It accounts 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, in the fund financial statements:

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**

Proprietary fund financial statements are reported using the accrual basis of accounting and employ the economic resources measurement focus, used in 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 for its employees.

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 are the premium contributions to the health and dental self-insurance fund. Operating expenses for the internal service fund include the costs of providing these services, including administrative and claim expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

##### **Fiduciary Fund**

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 (and other employee benefit) 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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### **Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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

FCPS has two fiduciary funds:

The Other Post-Employment Retiree Health Benefit Plan (Pension and Other Employee Benefit Trust Fund) 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. It consists of contributions of the Board to establish a reserve to pay health and welfare benefits of future retirees. Contributions to the Trust qualify as contributions and are reported as additions using the economic resource measurement focus and the actual basis of accounting, under which expenses (deduction) are recorded when the liability is incurred or the benefits are paid. This plan is also commonly referred to as the OPEB (Other Post-employment Benefits) Plan.

The School Activity Fund (Agency Fund) is used to account for assets held by the schools for student groups. FCPS' School Activity Fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school activity funds account is for student activities such as student organizations, yearbooks and field trips. School funds are the direct responsibility of the principals of the respective schools.

By definition, Fiduciary Fund assets are being held for the benefit of a third party and cannot be used to satisfy obligations of the Board, and are, therefore not included in the government-wide financial statements.

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.

#### **E. Due from Other Units of Government and Other Receivables**

Due from other units of government consists primarily of amounts due for local and state appropriations under the operating budget and capital projects, and expenditures in excess of amounts received under grant agreements. Other receivables include amounts due from other local education agencies for out-of-county tuition.

Accounts receivable are primarily with other governmental units and related agencies which are generally collected within ninety days of the end of the fiscal year. These entities rarely default on their obligations and management of the Board considers all amounts collectible as of June 30, 2019. Therefore, no valuation allowance is provided against the amounts due.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### F. Inventories and Prepaid Items

Inventory of the General Fund consists of expendable supplies held for consumption and is recorded at cost. Inventory in the General Fund consists of parts, fuel and supplies maintained at the transportation and the warehouse facilities. As inventory is consumed, the cost is charged to expenditures. 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 which approximates a first-in, first-out cost basis. Inventory in the Food and Nutrition Services Fund is maintained in the warehouse and at school locations, and consists of expendable food and supplies held for consumption. 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. Prepayments are expended in future periods and are accounted for in accordance with the consumption method. Prepaid items are reflected as nonspendable in the fund balance and are unavailable for spending.

#### G. 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 on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

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

#### H. 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 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 will not be recognized as an inflow of resources (revenue) until that time.

The Board has two items that meet the criterion described above. These are the deferrals of pension and OPEB expenses that result from the implementation of GASB Statements 68 and 75.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### **Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **I. Compensated Absences**

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, 2019. All annual and sick leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only at the time of employee resignations and retirements.

#### **J. 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.

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.

#### **K. Post-Employment 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.

#### **L. Net Position / Fund Balance**

The government-wide financial statements utilize a net position presentation. 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. Net investment in capital assets consists of capital assets, net of accumulated depreciation and capital lease liability. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets, except for those capital assets purchased under capital leases. Major capital projects are financed through local and state aid with applicable debt recorded by Frederick County and the State of Maryland.



# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### **Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **L. Net Position / Fund Balance (continued)**

Governmental funds, in the fund financial statements, report fund balances according to classifications that provide an understanding of the nature of resources available for specific purposes and the extent of constraints that determine how funds can be spent. FCPS' governmental fund balances are classified as follows:

**Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Not in spendable form includes items that are not expected to be converted to cash. In the governmental funds, FCPS reports inventories and prepaid items in the nonspendable fund balance classification.

**Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. In the governmental funds, FCPS reports capital leases are reported as restricted fund balance.

**Committed** – Amounts that can be used only for specific purposes as determined by a formal action of the Board, the highest level of decision-making authority for the School System. Formal action of the Board would be those items which are voted on at public Board meetings that are in compliance with Maryland law. Commitments may be established, modified, or rescinded only through formal actions consisting of resolutions approved by the Board. In the governmental funds, FCPS reports the fund balance for the charter schools as committed fund balance.

The charter school fund balances of \$1,020,144 consists of: \$238,329 for Monocacy Valley Montessori Public Charter School and \$781,815 for Carroll Creek Montessori Public Charter School. Frederick Classical Charter School's fund balance is not shown within Frederick County Public School's financial statements; rather reflected within the charter school's governing body's financial statements.

**Assigned** – Amounts that do not meet the criteria to be classified as restricted nor committed but that are intended to be used for specific purposes. This intent can be expressed by the Board or through their delegating this responsibility to the Superintendent's budgetary process. In the governmental funds, FCPS reports 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.

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.

**Unassigned** – All other spendable amounts. This is the residual classification for the General fund and other governmental funds. 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.

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.

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### **Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **L. Net Position / Fund Balance (continued)**

The restricted and unrestricted amounts are to be considered spent when expenditures are incurred for purposes for which both a restricted and unrestricted fund balance is available. The committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The General Fund shows a total of \$14,122,367 in its assigned fund balance, of which \$8,677,022 represents the portion to be used for subsequent year's expenditures in fiscal year 2020. The remaining \$5,445,345 represents its encumbrances as of June 30, 2019. Some of the more significant General Fund encumbrances as of June 30, 2019, are \$2,949,158 for buses, \$402,771 for technology, \$273,488 for vehicles, \$198,539 for textbooks and \$120,000 for capital outlay.

#### **M. Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

### **Note 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **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 April, the County Executive submits the budget to the County Council for approval. By statute, the County Council must approve the appropriation for the Board of Education by May 31<sup>st</sup>. 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 approved budgets must be submitted to MSDE seven days after Board approval.

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

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

#### Budgetary Information (continued)

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 Commission 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.

	<b>Revenues</b>	<b>Expenditures and Other Financing Sources (Uses)</b>	<b>Net Change in Fund Balance</b>
Reported on the Basis of GAAP	\$ 587,892,703	\$ 589,131,132	\$ (1,238,429)
Effect of Encumbrances	-	323,876	(323,876)
Effect of Prior Year Surplus	12,148,750	-	12,148,750
Reported on the Budgetary Basis of Accounting	<u>\$ 600,041,453</u>	<u>\$ 589,455,008</u>	<u>\$ 10,586,445</u>

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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

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

#### Budgetary Information (continued)

During the fiscal year ended June 30, 2019, 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>
<b><u>Revenues:</u></b>			
Federal	\$ 65,000	\$ -	\$ 65,000
State	574,000	-	574,000
Frederick County	199,605	-	199,605
Other	1,405,000	(22,391)	1,382,609
Fund Balance	22,391	-	22,391
<hr/>			
Total Increase (Decrease) to Revenues	<u>\$ 2,265,996</u>	<u>\$ (22,391)</u>	<u>\$ 2,243,605</u>
<b><u>Expenditures:</u></b>			
Administration	\$ 433,206	\$ -	\$ 433,206
Mid-level Administration	166,950	-	166,950
Instructional Salaries	878,228	-	878,228
Instructional Supplies	50,208	-	50,208
Instructional – Other	345,000	(13,693)	331,307
Special Education	700,000	-	700,000
Pupil Personnel Services	15,000	-	15,000
Health	200,625	-	200,625
Pupil Transportation	1,000	-	1,000
Operations	282,747	(780,000)	(497,253)
Maintenance	94,721	-	94,721
Fixed Charges	409,605	(1,047,222)	(637,617)
Food Service	30,000	-	30,000
Community Services	65,000	-	65,000
Capital Outlay	412,230	-	412,230
<hr/>			
Total Increase (Decrease) to Expenditures	<u>\$ 4,084,520</u>	<u>\$ (1,840,915)</u>	<u>\$ 2,243,605</u>
Total	<u>\$ (1,818,524)</u>	<u>\$ 1,818,524</u>	<u>\$ -</u>

The General Fund budget, in total, increased by \$2,243,605 in fiscal year 2019. The majority of the increase was due to unanticipated grant awards, including but not limited to Striving Readers, Safe Schools and School Safety grants, that required the recognition of additional potential revenue and corresponding expenditures. FCPS also received the revenue from the sale of the final surplus property; the revenue was applied to the principal of the lease payment for the central office building. Changes within the budgetary categories of the General Fund during fiscal year 2019 were approved by action of the Board and the County Council. For the year ended June 30, 2019, there were no expenditure categories that exceeded their budgets. Overall expenditures were under budget by \$10.6 million.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### 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 \$100.

2. Deposits

At year-end, the carrying amount of FCPS' deposits was \$16,236,092 and the bank balance was \$18,838,837.

3. Investments

As of June 30, 2019, FCPS' investment balances by type and maturity were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>
Maryland Local Gov. Investment Pool	\$38,175,983	\$38,175,983	\$ -	\$ -
Money Market	3,803,112	3,803,112	-	-
Certificates of Deposit	4,566	4,566	-	-
Fixed Income Securities	35,231,277	35,231,277	-	-
Equity Securities	<u>77,912,998</u>	<u>77,912,998</u>	<u>-</u>	<u>-</u>
	<u>\$155,127,936</u>	<u>\$155,127,936</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.

FCPS has recurring fair value investments as of June 30, 2019, of \$113,144,275, that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$38,175,983, Money Market of \$3,803,112 and Certificates of Deposit of \$4,566 are valued using the amortized cost method, which estimates market value.

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

Cash on Hand	\$ 100
Carrying Amounts of Deposits	16,236,092
Carrying Amounts of Investments (above)	<u>155,127,936</u>
Total Cash and Investments	171,364,128
Less: Amounts in Fiduciary Funds	<u>116,521,681</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 54,842,447</u>
Cash and Investments	\$ 52,463,822
Cash and Investments - Restricted	<u>2,378,625</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 54,842,447</u>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### Note 3. DETAILED NOTES ON ALL FUNDS (continued)

#### A. Deposits and Investments (continued)

*Restricted Cash.* 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, 2019, 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, 2019:

<b>Bloomberg Barclays U.S. Aggregate Bond Index</b>	<b>Percent of Fixed Income Investments</b>	<b>Fair Value</b>
Aaa	72.04%	\$ 25,380,612
Aa	3.73%	1,314,127
A	11.28%	3,974,088
Baa	12.95%	4,562,450
	<u>100.00%</u>	<u>\$ 35,231,277</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, 2019, 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, 2019

### 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.

#### B. Capital Assets

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

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Retirements Reclassifications</b>	<b>Balance June 30, 2019</b>
<b>Governmental Activities:</b>				
Nondepreciable Capital Assets:				
Land	\$ 51,154,643	\$ 573,747	\$ 75,000	\$ 51,653,390
Construction in Progress	83,223,933	34,149,127	93,620,766	23,752,294
Total Nondepreciable Capital Assets	<u>134,378,576</u>	<u>34,722,874</u>	<u>93,695,766</u>	<u>75,405,684</u>
Depreciable Capital Assets:				
Buildings and Improvements	975,194,272	88,692,646	5,133,482	1,058,753,436
Furniture and Equipment	54,274,543	3,906,619	2,266,832	55,914,330
Total Depreciable Capital Assets	<u>1,029,468,815</u>	<u>92,599,265</u>	<u>7,400,314</u>	<u>1,114,667,766</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	363,684,578	27,821,589	4,895,682	386,610,485
Furniture and Equipment	34,081,904	3,406,165	2,220,575	35,267,494
Total Accumulated Depreciation	<u>397,766,482</u>	<u>31,227,754</u>	<u>7,116,257</u>	<u>421,877,979</u>
Total Depreciable Capital Assets, Net	<u>631,702,333</u>	<u>61,371,511</u>	<u>284,057</u>	<u>692,789,787</u>
Governmental Activities Capital Assets, Net	<u>\$ 766,080,909</u>	<u>\$ 96,094,385</u>	<u>\$ 93,979,823</u>	<u>\$ 768,195,471</u>

Depreciation expense was charged to governmental activities as follows:

<b>Governmental Activities:</b>	
Administration	\$ 1,300,747
Mid-level Administration	71,426
Instruction - Other	27,218,496
Special Education	9,355
Pupil Transportation	2,133,513
Operations	163,328
Maintenance	150,235
Community Services	6,221
Food and Nutrition Services	174,433
Total Depreciation Expense - Governmental Activities	<u>\$ 31,227,754</u>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### Note 3. DETAILED NOTES ON ALL FUNDS (continued)

#### C. Construction Commitments

FCPS has active construction projects as of June 30, 2019. 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>
Blue Heron Elementary Design	\$ 527,374	\$ 1,464,598
Carroll Manor Window Replacement	197,427	438,601
Kempton Elementary Water Storage Tank Replacement	519,630	355,379
Monocacy Middle HVAC Terminal Units	21,418	585,290
New Midway Boiler Replacement	-	219,918
Rock Creek School Replacement	1,702,047	1,193,051
Urbana Elementary Replacement	5,922,221	3,562,229
Walkersville High Pavement Reconstruction/Lighting	36,198	834,209
Waverley Elementary Replacement	528,537	2,969,122
Woodsboro Boiler Replacement	32,817	384,872
Other Projects	80,247,154	541,480
Total	<u>\$ 89,734,823</u>	<u>\$ 12,548,749</u>

#### D. Non-Current Liabilities

Non-current liability balances and activities for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital Leases	\$ 25,476,195	\$ -	\$ 766,159	\$ 24,710,036	\$ 2,706,864
Vacation Leave Payable	7,985,585	1,427,646	1,096,249	8,316,982	1,151,061
Termination Benefits Payable	22,967,039	1,668,398	1,024,701	23,610,736	2,666,988
Net OPEB Liability	653,002,962	162,678,770	88,890,828	726,790,904	-
Net Pension Liability	36,818,619	2,377,461	-	39,196,080	-
	<u>\$ 746,250,400</u>	<u>\$ 168,152,275</u>	<u>\$ 91,777,937</u>	<u>\$ 822,624,738</u>	<u>\$ 6,524,913</u>

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



# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### 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 2019 were \$1,082,221. Current year depreciation expense for the capital lease assets shown below was \$409,029.

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. As of June 30, 2019, FCPS had unspent lease proceeds in the amount of \$2,378,625.

The assets acquired through capital leases were as follows:

<b>Assets:</b>	<b>Governmental Activities</b>
Building	\$ 16,361,159
Less: Accumulated Depreciation	3,476,746
Total	<u>\$ 12,884,413</u>

As of June 30, 2019, the minimum obligations under the capital leases were as follows:

	<b>Years Ending June 30,</b>	<b>Governmental Activities</b>
	2020	\$ 3,607,733
	2021	1,855,493
	2022	1,885,686
	2023	1,915,945
	2024	1,946,859
	2025-2029	10,239,488
	2030-2034	9,802,043
Total Obligations		<u>31,253,247</u>
Less: Portion Representing Interest		6,543,211
Present Value of Lease Obligation		<u>\$ 24,710,036</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements  
June 30, 2019

**Note 3. DETAILED NOTES ON ALL FUNDS (continued)**

**F. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2019 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	\$ 262,021
Food and Nutrition Services Fund	General Fund	Food and nutrition expenses	6,628
Artificial Turf Fund	General Fund	Future upkeep and major repair needs	646,556
Self-Insurance Fund	General Fund	Insurance expenses	1,875,109
		Total	<u>\$ 2,790,314</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	\$ 915,205	\$ 2,790,314
Statement of Net Position - Proprietary Fund	1,875,109	-
Totals	<u>\$ 2,790,314</u>	<u>\$ 2,790,314</u>

Activity between funds represents expenditures paid by the General Fund on behalf of another fund or amounts received by the General Fund on behalf of another fund.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### 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/](http://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, 2019, 2018, and 2017, were \$30,735,591, \$31,248,348, and \$33,138,541, 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, 2019, 2018, and 2017, were \$15,931,817, \$15,695,935, and \$14,725,602, 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 \$4,102,821 for the year ended June 30, 2019.

**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, 2019

### **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, 2019, was approximately \$4.1 million, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to ERS from the Board were approximately \$4.1 million for the year ended June 30, 2019.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### 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, 2019 was approximately \$30.7 million. The Board's contractually required contribution rate for TPS for the year ended June 30, 2019, was approximately \$11.8 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).

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

As of June 30, 2019, the Board reported a liability of approximately \$39.2 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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, 2019, the Board's proportion for ERS was 0.19 percent, which was substantially the same as its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Board recognized pension expense for ERS of approximately \$4.1 million. As of June 30, 2019, 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>
2019 Contributions	\$ 4,102,821	\$ -
Changes in assumptions	1,170,704	-
Projected/actual investments	1,465,874	-
Actual/expected experience	-	3,061,749
<b>Total</b>	<b>\$ 6,739,399</b>	<b>\$ 3,061,749</b>

Deferred outflows of resources in the amount of \$4,102,821, 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, 2020. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	<u>Total</u>
2020	\$ 1,107,869
2021	243,327
2022	(1,038,770)
2023	(578,252)
2024	(159,345)
	<b>\$ (425,171)</b>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### 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, 2019, the State of Maryland's proportionate share of the TPS net pension liability associated with the Board was \$454,750,072. The TPS net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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/](http://www.sra.state.md.us/Agency/Downloads/CAFR/).*

##### ***Actuarial assumptions.***

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

Inflation	2.60% general, 3.10% wage
Salary increases	3.10% to 9.10%, including wage inflation
Investment rate of return	7.45%
Mortality	RP-2014 Mortality Tables with generational mortality projections using scale MP-2014 (2-dimensional) mortality improvement scale.

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, 2018, these best estimates are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long Term Expected Real Rate of Return</u></b>
Public Equity	37%	5.8%
Private Equity	13%	6.7%
Rate Sensitive	19%	1.1%
Credit Opportunity	9%	3.6%
Real Assets	14%	4.8%
Absolute Return	8%	3.2%
Total	<u>100%</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2018.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

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

*Discount rate.* The single discount rate used to measure the total pension liability was 7.45%. This single discount rate was based on the expected rate of return on pension plan investments of 7.45%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the 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 7.45%, as well as what the Board's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

	<b>1% Decrease (6.45%)</b>	<b>Current Discount Rate (7.45%)</b>	<b>1% Increase (8.45%)</b>
Board's proportionate share of the net pension liability	\$56,455,807	\$39,196,080	\$24,871,749

#### 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.

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, 2019

### 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, 2019. 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 2019 and 2018 were as follows:

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	5,511,546
Claims and changes in estimates	63,864,068
Claims and expenses paid	<u>(63,049,101)</u>
June 30, 2019 liability balance	<u>\$ 6,326,513</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 2,187 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 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, 2019

### 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 2019, 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 2019, a \$40,000 contribution was made to the Defined Contribution Plan by FCPS. The Defined Contribution Plan is similar to other deferred compensation plans such as 403(b), 401(k), and 457 plans, and therefore is not reported in FCPS' financial statements.

#### D. Post-employment Healthcare Plan

##### Plan Description.

*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, 2019, the Plan membership consisted of the following:

Retirees (of which 555 had dependent coverage) receiving benefits	2,187
Active Plan members	<u>5,116</u>
Total	<u>7,303</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 2019, FCPS contributed \$13,399,513 to the Plan. Of this amount, \$11,323,200 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 \$8,632,616 or approximately 39% of the employer and plan member contributions.

The rates for fiscal year 2019 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare eligible or Medicare eligible), and the type of insurance (medical Choice Advantage, out-of-network 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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### Note 4. OTHER INFORMATION (continued)

#### D. Post-employment Healthcare Plan (continued)

##### Contributions. (continued)

With the implementation of GASB Statement No. 75, in fiscal year 2018, 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 Board. 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.

The Plan's investment policy includes an asset allocation plan for investments. The broad asset target allocation percentage for the Plan's OPEB Trust by asset class are as follows; U.S. Equity 55%, International Equity 10%, U.S. Fixed Income 35%.

*Rate of return.* For the year ended June 30, 2019, the annual money-weighted rate of return on OPEB plan investments, net of the OPEB plan expense was 8.02%. 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, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability as of June 30, 2019, were as follows (dollar amounts in thousands):

Total OPEB liability	\$ 839,937
Plan fiduciary net position	<u>113,146</u>
Net OPEB liability	<u>\$ 726,791</u>
Plan fiduciary net position as a percentage of the total OPEB liability	13.47%

*Actuarial Assumptions.* The total OPEB liability as of June 30, 2019 was based on an actuarial valuation dated August 14, 2019, utilizing valuation data as of January 1, 2019. The data was subsequently revised in May 2019. The valuation treated the data as if it was as of July 1, 2019. The valuation uses the Entry Age Normal Funding Method calculated on an individual basis with level percentage of payroll. The Plan's liability is reported on a measurement date of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### Note 4. OTHER INFORMATION (continued)

#### D. Post-employment Healthcare Plan (continued)

##### Net OPEB Liability. (continued)

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	3.33% as of 6/30/19
Bond rate	3.13% as of 6/30/19
Healthcare cost trend rate	5.70% in 2019 for Pre-65 Medicare and Post-65 Medicare decreasing to an ultimate trend rate of 4.00% for Pre-65 Medicare and 3.90% for Post-65 Medicare in 2084 using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in September 2016.
Mortality	<u>Healthy Teachers (Pre-Retirement and Post-Retirement):</u> PubT. H-2010 Mortality Table (teacher, headcount-weighted), Fully Generational, Projected using Scale MP-2018 and base year 2010. <u>Health Non-Teachers (Pre-Retirement and Post-Retirement):</u> RP 2014 Blue Collar Mortality Table, Fully Generational, Projected using Scale MP-2018 (Projected from base year 2006) <u>Disabled:</u> RP 2014 Disabled Annuitant Mortality Tables, Not Generational, Set forward 1 year for Males.

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%
	<u>100.00%</u>	

*Discount rate.* A Single Discount Rate of 3.33% was used to measure the total OPEB liability as of June 30, 2019. 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 3.13%. 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 3.0% 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 2033, using the expected rate of return on investments as the discount rate, and present value of benefit payments after 2033 using the municipal bond rate to determine the total OPEB liability. The Single Discount Rate as of June 30, 2018, was 4.28%, based on an expected rate of return on OPEB plan investments of 7.50% and a municipal bond rate of 3.62%.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### Note 4. OTHER INFORMATION (continued)

#### D. Post-employment Healthcare Plan (continued)

##### Changes in the Net OPEB Liability.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
<b>Balance as of June 30, 2018</b>	\$756,341,917	\$103,338,955	\$653,002,962
Changes for the year:			
Service cost	33,157,026	-	33,157,026
Interest	32,059,743	-	32,059,743
Experience losses	(63,932,941)	-	(63,932,941)
Contribution – Employer	-	13,399,513	(13,399,513)
Contribution - Retiree Subsidy	-	3,789,883	(3,789,883)
Net investment income	-	7,768,491	(7,768,491)
Changes in assumptions	97,462,001	-	97,462,001
Claims Incurred	(22,385,271)	(22,385,271)	-
Contributions – Plan Members	8,632,616	8,632,616	-
Administrative Expenses	(1,398,237)	(1,398,237)	-
<b>Net Changes</b>	<b>83,594,937</b>	<b>9,806,995</b>	<b>73,787,942</b>
<b>Balance as of June 30, 2019</b>	<b>\$839,936,854</b>	<b>\$113,145,950</b>	<b>\$726,790,904</b>

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.33 percent) or 1-percentage-point higher (4.33 percent) than the current discount rate:

	1% Decrease (2.33%)	Discount Rate (3.33%)	1% Increase (4.33%)
Net OPEB Liability	\$895,599,726	\$726,790,904	\$593,825,853

*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	\$581,045,515	\$726,790,904	\$921,086,779

*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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### Note 4. OTHER INFORMATION (continued)

#### D. Post-employment Healthcare Plan (continued)

##### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.**

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.* For the year ended June 30, 2019, the Board recognized OPEB expense of \$58,581,814. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 19,492	\$ 56,829,281
Changes in assumptions	86,632,890	15,795,623
Net difference between projected and actual earnings on OPEB plan investments	46,700	874,451
<b>Total</b>	<b>\$ 86,699,082</b>	<b>\$ 73,499,355</b>

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

<u>Years Ending June 30,</u>	<u>Total</u>
2020	\$ (1,191,911)
2021	(1,191,911)
2022	(1,191,909)
2023	(1,483,394)
2024	(1,471,719)
Thereafter	(6,668,883)
<b>Total</b>	<b>\$ (13,199,727)</b>

### 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. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The Board adopted Governmental Accounting Standard Board (GASB) Statement No. 83 entitled, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations, legally enforceable liabilities associated with the retirement of tangible capital assets. The Statement had no impact on the financial statements.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2019

### **Note 6. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS (continued)**

The Board has adopted Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement had no impact on the financial statements.

The Board has adopted Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. This Statement also reiterates that such interest costs should be recognized as an expenditure on a basis consistent with governmental fund accounting principles for financial statements prepared using the current financial resources measurement focus. The Statement had no impact on the financial statements.

### **Note 7. PENDING PRONOUNCEMENTS**

GASB routinely issues standards that will become effective in future years. The following is a list of standards that have been issued that the Board has determined may have an impact on future financial statements.

#### *Statement No. 84, Fiduciary Activities*

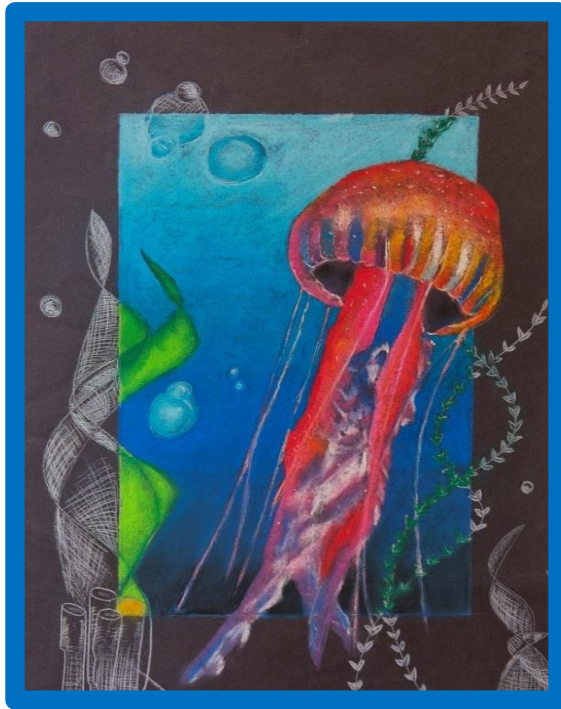
The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The Board is currently evaluating the effect of implementation of this Statement.

#### *Statement No. 87, Leases*

The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Board is currently evaluating the effect of implementation of this Statement.

#### *Statement No. 90, Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for periods beginning after December 15, 2018. The Board is currently evaluating the effect of implementation of this Statement.



Student: Amy Tavcza

School: Brunswick High, 10<sup>th</sup> Grade

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## REQUIRED SUPPLEMENTARY INFORMATION

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**FREDERICK COUNTY PUBLIC SCHOOLS**  
 Required Supplementary Information  
 Schedule of Investment Returns for the Post-Employment Retiree Health Benefit Plan  
 Last Ten Fiscal Years

	<b>Fiscal Year</b>									
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Annual money-weighted rate of return net of investment expense	8.02%	8.60%	12.06%	2.70%	4.29%	17.21%	12.19%	6.60%	20.30%	10.18%

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 Last Ten Fiscal Years (Dollar amounts in thousands)

	Fiscal Year		
	2019	2018	2017
<b>Total OPEB liability</b>			
Service Cost	\$ 33,157	\$ 33,298	\$ 39,249
Interest Cost	32,060	29,769	26,304
Differences Between Expected and Actual Experience	(63,933)	25	-
Changes in Assumptions	97,462	(20,309)	(102,897)
Benefit Payments	(15,151)	(14,088)	(13,097)
Net Change in Total OPEB Liability	83,595	28,695	(50,441)
Total OPEB liability - Beginning of Year	756,342	727,647	778,088
Total OPEB liability - End of Year	\$ 839,937	\$ 756,342	\$ 727,647
<b>Plan Fiduciary Net Position</b>			
Contributions			
Employer	\$ 13,399	\$ 12,772	\$ 10,730
Plan Members	8,633	7,768	5,761
Federal Government - Retiree Subsidy	3,790	3,362	3,409
Net Investment Income	7,768	8,494	9,966
Claims Incurred	(22,385)	(20,450)	(17,429)
Administrative Expenses	(1,398)	(1,406)	(1,429)
Net Change in Fiduciary Net Position	9,807	10,540	11,008
Fiduciary Net Position - Beginning of Year	103,339	92,799	81,791
Fiduciary Net Position - End of Year	\$ 113,146	\$ 103,339	\$ 92,799
Net OPEB Liability	\$ 726,791	\$ 653,003	\$ 634,849
Fiduciary Net Position as a % of Total OPEB Liability	13.47%	13.66%	12.75%
Covered Payroll	\$ 332,251	\$ 317,315	\$ 300,358
Net OPEB Liability as a % of Payroll	219%	206%	211%

**Notes to Schedule:**

Benefit Changes: None

Changes in fiscal year 2019 assumptions:

Discount rate:

6/30/18 4.28%

6/30/19 3.33%

Mortality:

The census data included an indication as to whether the employee is a teacher or non-teacher. Based off of this, the mortality assumptions was split into two groups; teachers and non-teachers. The teachers rates were updated to the *Public Sector Mortality rates for Teachers*, developed by the Society of Actuaries (SOA). The non-teacher's mortality rate was updated to the *RP-2014 Blue Collar Mortality* rate.

This schedule is presented to illustrate the requirement to show information for 10 years. The Board implemented GASB 74 during fiscal year 2017. As such, information prior to June 30, 2017 is not available.

**FREDERICK COUNTY PUBLIC SCHOOLS**  
**Schedule of Contributions Related to Pension**  
**Last Ten Fiscal Years**

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually Required Contributions (ERS)	\$ 4,102,821	\$ 3,725,167	\$ 3,495,459	\$ 3,982,050	\$ 3,958,359
Contributions in Relation to the Contractually Required Contribution	<u>(4,102,821)</u>	<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>	<u>\$ -</u>
Board's Covered Payroll	\$ 332,250,721	\$ 317,315,367	\$ 300,358,356	\$ 295,080,729	\$ 285,482,518
Contributions as a Percentage of Covered Payroll	1.23%	1.17%	1.16%	1.35%	1.39%

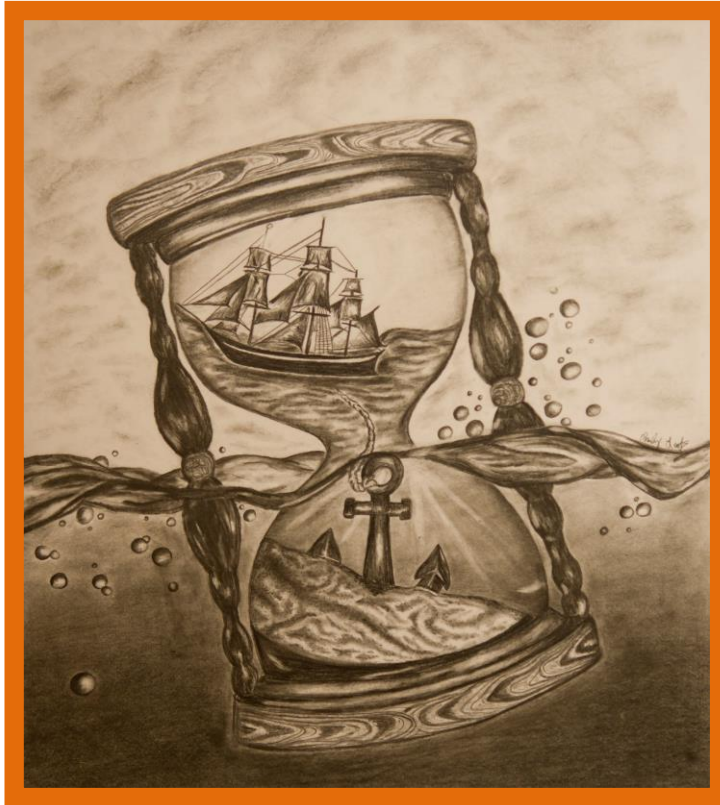
This schedule is presented to illustrate the requirement to show information for 10 years. The Board implemented GASB 68 during fiscal year 2015. As such, information prior to June 30, 2015 is not available.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Schedule of Proportionate Share of Net Pension Liability Last Ten Fiscal Years

	<b>Fiscal Year</b>				
	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Board's Proportionate Share of the ERS Net Pension Liability	0.187%	0.170%	0.179%	0.189%	0.167%
Board's Proportionate Share of the ERS Net Pension Liability	\$ 39,196,080	\$ 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>454,750,072</u>	<u>471,695,636</u>	<u>527,606,070</u>	<u>417,982,864</u>	<u>300,434,664</u>
<b>TOTAL</b>	<u>\$ 493,946,152</u>	<u>\$ 508,514,255</u>	<u>\$ 569,940,999</u>	<u>\$ 457,244,921</u>	<u>\$ 330,579,321</u>
Board's Covered Payroll	\$ 317,315,367	\$ 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 Payroll	12.35%	12.26%	14.35%	13.75%	10.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.18%	69.38%	65.79%	68.78%	71.87%

This schedule is presented to illustrate the requirement to show information for 10 years. The Board implemented GASB 68 during fiscal year 2015. As such, information prior to June 30, 2015 is not available.



Student: Emily Lutz

School: Tuscarora High, 12<sup>th</sup> Grade

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## OTHER SUPPLEMENTARY INFORMATION

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# FREDERICK COUNTY PUBLIC SCHOOLS

## School Construction Fund

### Schedule of Expenditures by Type of School

For the Year Ended June 30, 2019 (With Comparative Totals for 2018)

	<b>2019</b>	<b>2018</b>
<b>HIGH SCHOOLS</b>		
Land	\$ 1,307,217	\$ 390,141
Buildings and Improvements	10,179,775	12,562,191
Furniture and Equipment	27,377	3,941,382
TOTAL	\$ 11,514,369	\$ 16,893,714
 <b>MIDDLE SCHOOLS</b>		
Land	\$ 7,848	\$ 196,888
Buildings and Improvements	3,132,440	988,327
Furniture and Equipment	-	-
TOTAL	\$ 3,140,288	\$ 1,185,215
 <b>ELEMENTARY SCHOOLS</b>		
Land	\$ 795,236	\$ 257,130
Buildings and Improvements	17,252,142	65,996,919
Furniture and Equipment	2,957,959	671,328
TOTAL	\$ 21,005,337	\$ 66,925,377
 <b>OTHER</b>		
Land	\$ 43,442	\$ -
Buildings and Improvements	(2,452,868)	5,286,384
Furniture and Equipment	898,559	-
TOTAL	\$ (1,510,867)	\$ 5,286,384
 <b>TOTAL</b>		
Land	\$ 2,153,743	\$ 844,159
Buildings and Improvements	28,111,489	84,833,821
Furniture and Equipment	3,883,895	4,612,710
TOTAL (Excludes Intergovernmental Payment)	\$ 34,149,127	\$ 90,290,690

# FREDERICK COUNTY PUBLIC SCHOOLS

## School Construction Fund Schedule of Cumulative Expenditures, Encumbrances, and Appropriations Through June 30, 2019

PROJECT	Cumulative Expenditures June 30, 2018	Expenditures Net of Closed Projects Current Fiscal Year	Cumulative Expenditures June 30, 2019	Encumbrances	Cumulative Appropriations June 30, 2019	Unencumbered Balance of Appropriations
7446 Hayward Rd	-	\$ 60,514	\$ 60,514	\$ 52,300	\$ 823,895	\$ 711,081
Ballenger Creek Elementary	56,402	48,896	105,298	-	105,298	-
Ballenger Creek Middle	-	25,755	25,755	110,857	154,858	18,246
Blue Heron Elementary	-	527,374	527,374	1,464,598	3,069,924	1,077,952
Brunswick High	433,547	(263,568)	169,979	500	250,812	80,333
Butterfly Ridge Elementary	38,228,595	(38,228,595)	-	35,589	4,599,088	4,563,499
Carroll Manor Elementary	31,440	177,287	208,727	453,719	1,217,832	555,386
Catoctin High	31,126	(6,506)	24,620	103,432	143,160	15,108
Design Fees - Future Projects	39,925	(15,712)	24,213	-	169,493	145,280
Emmitsburg Elementary	210,401	(210,401)	-	-	45,575	45,575
Energy Performance Contract	4,343,416	8,280,006	12,623,422	-	15,002,047	2,378,625
Frederick High	1,400,249	(1,400,249)	-	-	1,948,410	1,948,410
Glade Elementary	-	-	-	-	106,500	106,500
Governor Thomas Johnson High	388,167	(388,167)	-	36,248	60,871	24,623
Hillcrest Elementary	1,121,880	(1,121,880)	-	-	67,699	67,699
Technology Infrastructure Project	-	898,560	898,560	-	900,000	1,440
Kempton Elementary	7,424	512,206	519,630	355,379	942,000	66,991
Liberty Elementary	-	-	-	-	121,500	121,500
Lincoln Elementary "A"	56,693	(56,693)	-	-	-	-
Linganore High	2,757	8,310	11,067	1,540	100,000	87,393
Middletown Elementary	-	-	-	-	104,952	104,952
Middletown High	139,291	(139,291)	-	-	-	-
Middletown Middle	-	-	-	-	83,200	83,200
Monocacy Middle	12,363	34,945	47,308	694,156	764,480	23,016
New Midway Elementary	-	-	-	219,918	299,748	79,830
Oakdale Elementary	-	7,848	7,848	11,000	800,000	781,152
Portable Classrooms	203,066	(203,066)	-	-	218,671	218,671
Rock Creek	360,352	1,341,695	1,702,047	1,193,051	3,619,141	724,043
Spring Ridge Elementary	-	112,091	112,091	-	154,297	42,206
Sugarloaf Elementary	34,905,757	(34,905,757)	-	15,287	2,900,259	2,884,972
Thurmont Middle	-	16,419	16,419	5,008	667,400	645,973
Twin Ridge Elementary	84,046	31,061	115,107	-	117,280	2,173
Urbana Elementary	619,693	5,302,528	5,922,221	3,562,229	14,511,000	5,026,550
Urbana High	357,445	(357,445)	-	-	-	-
Valley Elementary	75,000	(60,856)	14,144	-	395,999	381,855
Walkersville "B" Building	24,900	(24,900)	-	-	-	-
Walkersville High	-	36,198	36,198	834,209	1,400,000	529,593
Waverly Elementary	-	528,537	528,537	2,969,122	4,638,500	1,140,841
Whittier Elementary	90,000	(90,000)	-	-	-	-
Wolfsville Elementary	-	18,400	18,400	45,735	64,135	-
Woodsboro Elementary	-	32,817	32,817	384,872	420,200	2,511
<b>TOTAL</b>	<b>\$ 83,223,935</b>	<b>\$ (59,471,639)</b>	<b>\$ 23,752,296</b>	<b>\$ 12,548,749</b>	<b>\$ 60,988,224</b>	<b>\$ 24,687,179</b>



# 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, 2019

	<u>Budgeted Amounts</u> <u>Original &amp; Final</u>	<u>Actual Amounts</u> <u>Budgetary Basis</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>			
Federal	\$ 7,194,233	\$ 7,248,947	\$ 54,714
State	219,144	353,191	134,047
Charges for Services	5,389,155	5,407,402	18,247
Other	106,538	252,644	146,106
<b>Total Revenues</b>	<u>12,909,070</u>	<u>13,262,184</u>	<u>353,114</u>
<b>Expenditures:</b>			
Food and Nutrition Services	12,944,070	12,779,196	164,874
<b>Total Expenditures</b>	<u>12,944,070</u>	<u>12,779,196</u>	<u>164,874</u>
Excess (Deficiency) of			
Revenues over Expenditures	<u>(35,000)</u>	<u>482,988</u>	<u>\$ 517,988</u>
Transfer from General Fund	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Net Change	<u>\$ -</u>	<u>517,988</u>	<u>\$ 517,988</u>
Fund Balance - Beginning		<u>1,799,102</u>	
Fund Balance - Ending		<u>\$ 2,317,090</u>	

# FREDERICK COUNTY PUBLIC SCHOOLS

## School Activity Fund Statement of Changes in Assets and Liabilities For the Year Ended June 30, 2019

	<b>Balance June 30, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2019</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 3,312,968	\$ 6,375,446	\$ 6,311,664	\$ 3,376,750
Accounts Receivable	18,398	38,904	16,312	40,990
<b>Total Assets</b>	<b>\$ 3,331,366</b>	<b>\$ 6,414,350</b>	<b>\$ 6,327,976</b>	<b>\$ 3,417,740</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 141,503	\$ 157,265	\$ 139,417	\$ 159,351
Due to Student Groups	3,189,863	6,398,038	6,329,512	3,258,389
<b>Total Liabilities</b>	<b>\$ 3,331,366</b>	<b>\$ 6,555,303</b>	<b>\$ 6,468,929</b>	<b>\$ 3,417,740</b>

# FREDERICK COUNTY PUBLIC SCHOOLS

## School Activity Fund - Elementary Schools Schedule of Changes in Due to Student Groups Liability For the Year Ended June 30, 2019

<u>SCHOOL</u>	<u>BALANCE JUNE 30, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2019</u>
Ballenger Creek	\$ 17,906	\$ 36,265	\$ 29,890	\$ 24,281
Brunswick	30,550	44,277	40,720	34,107
Butterfly Ridge	800	23,326	16,725	7,401
Carroll Creek Montessori	26,679	22,478	15,834	33,323
Carroll Manor	26,521	34,264	37,326	23,459
Centerville	17,952	63,618	60,291	21,279
Deer Crossing	21,438	59,795	51,906	29,327
Emmitsburg	17,129	18,371	23,278	12,222
Frederick Classical Charter	292	36,529	36,231	590
Glade	6,958	42,143	38,121	10,980
Green Valley	10,032	67,464	66,892	10,604
Hillcrest	7,190	18,911	15,211	10,890
Kemptown	14,451	35,930	42,404	7,977
Lewistown	11,384	11,705	12,947	10,142
Liberty	15,737	16,045	19,039	12,743
Lincoln	10,904	8,087	8,919	10,072
Middletown	20,370	30,612	29,979	21,003
Middletown Primary	16,473	23,050	25,119	14,404
Monocacy	15,253	44,985	41,690	18,548
Monocacy Valley Montessori	13,770	34,466	40,102	8,134
Myersville	22,636	54,931	46,616	30,951
New Market	47,756	49,122	41,754	55,124
New Midway	3,324	6,832	5,904	4,252
North Frederick	6,792	25,243	19,380	12,655
Oakdale	14,461	36,062	30,400	20,123
Orchard Grove	10,767	32,823	33,080	10,510
Parkway	9,382	10,098	12,853	6,627
Rock Creek	31,807	33,230	17,808	47,229
Sabillasville	1,592	6,152	5,986	1,758
Spring Ridge	9,863	26,180	23,750	12,293
Thurmont	4,404	15,307	14,960	4,751
Thurmont Primary	12,038	14,847	14,381	12,504
Tuscarora	11,880	40,894	40,085	12,689
Twin Ridge	60,709	55,924	50,441	66,192
Urbana (at Sugarloaf)	26,107	38,570	36,573	28,104
Valley	14,101	56,747	58,439	12,409
Walkersville	22,958	24,989	35,449	12,498
Waverley	13,746	16,757	11,129	19,374
Whittier	5,966	52,241	41,964	16,243
Wolfsville	3,470	19,255	14,159	8,566
Woodsboro	9,736	7,185	11,144	5,777
Yellow Springs	23,714	38,361	42,724	19,351
<b>TOTAL</b>	<u>\$ 668,998</u>	<u>\$ 1,334,071</u>	<u>\$ 1,261,603</u>	<u>\$ 741,466</u>

# FREDERICK COUNTY PUBLIC SCHOOLS

## School Activity Fund - Secondary Schools Schedule of Changes in Due to Student Groups Liability For the Year Ended June 30, 2019

<u>SCHOOL</u>	<u>BALANCE JUNE 30, 2018</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2019</u>
Ballenger Creek Middle	\$ 22,328	\$ 65,902	\$ 67,663	\$ 20,567
Brunswick High	152,973	240,997	215,506	178,464
Brunswick Middle	29,082	44,592	45,686	27,988
Career and Technology Center	142,022	291,600	291,087	142,535
Catoctin High	148,246	305,515	304,682	149,079
Crestwood Middle	16,231	40,858	34,376	22,713
Frederick High	144,295	303,677	324,418	123,554
Governor Thomas Johnson High	121,301	365,352	385,212	101,441
Governor Thomas Johnson Middle	43,909	47,917	47,240	44,586
Heather Ridge	748	591	693	646
Linganore High	352,569	536,339	524,154	364,754
Middletown High	189,175	456,644	444,614	201,205
Middletown Middle	78,688	92,599	82,032	89,255
Monocacy Middle	27,103	64,607	74,919	16,791
New Market Middle	29,412	45,363	44,118	30,657
Oakdale High	166,518	455,359	468,789	153,088
Oakdale Middle	41,080	61,706	54,899	47,887
Success Program	2,200	4,403	2,370	4,233
Thurmont Middle	34,424	103,449	102,277	35,596
Tuscarora High	133,180	365,011	363,866	134,325
Urbana High	117,379	501,468	510,326	108,521
Urbana Middle	53,876	85,092	69,254	69,714
Walkersville High	334,458	313,226	346,649	301,035
Walkersville Middle	59,299	99,101	90,633	67,767
West Frederick Middle	14,508	60,217	64,943	9,782
Windsor Knolls Middle	65,861	112,382	107,503	70,740
<b>TOTAL</b>	<u>\$ 2,520,865</u>	<u>\$ 5,063,967</u>	<u>\$ 5,067,909</u>	<u>\$ 2,516,923</u>



Student: Grace Dutrow

School: Middletown High, 12<sup>th</sup> Grade

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## **STATISTICAL SECTION**

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# FREDERICK COUNTY PUBLIC SCHOOLS

## Statistical Section

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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.

<b>Contents</b>	<b>Page</b>
Financial Trends	81-87
<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	88
<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	89-90
<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	91-98
<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, 2010 through June 30, 2019.



Student: Sarah Starkey

School: Catoctin High, 9<sup>th</sup> Grade



# FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 649,690,115	\$ 643,325,390	\$ 649,541,120	\$ 629,279,251	\$ 636,220,966
Restricted	3,593,824	1,465,893	1,423,972	1,004,071	370,277
Unrestricted	(80,260,114)	(127,904,362)	(146,212,049)	(158,460,397)	(184,879,032)
Total Governmental Activities Net Position	<u>573,023,825</u>	<u>516,886,921</u>	<u>504,753,043</u>	<u>471,822,925</u>	<u>451,712,211</u>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	305,818	277,729	-	-	-
Restricted	-	-	-	-	-
Unrestricted	(585,422)	(255,872)	-	-	-
Total Business-type Activities Net Position	<u>(279,604)</u>	<u>21,857</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Primary Government:</b>					
Net Investment in Capital Assets	649,995,933	643,603,119	649,541,120	629,279,251	636,220,966
Restricted	3,593,824	1,465,893	1,423,972	1,004,071	370,277
Unrestricted	(80,845,536)	(128,160,234)	(146,212,049)	(158,460,397)	(184,879,032)
Total Primary Government Net Position	<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>
<b>Governmental Activities:</b>					
Net Investment in Capital Assets	\$ 631,773,163	\$ 650,686,334	\$ 698,147,490	\$ 755,606,761	\$ 745,864,060
Restricted	9,279	9,280	9,297	10,667,947	2,378,625
Unrestricted	(250,280,285)	(295,963,443)	(334,457,807)	(713,155,732)	(748,991,048)
Total Governmental Activities Net Position	<u>381,502,157</u>	<u>354,732,171</u>	<u>363,698,980</u>	<u>53,118,976</u>	<u>(748,363)</u>
<b>Business-type Activities:</b>					
Net Investment in Capital Assets	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	-	-	-	-	-
Total Business-type Activities Net Position	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Primary Government:</b>					
Net Investment in Capital Assets	631,773,163	650,686,334	698,147,490	755,606,761	745,864,060
Restricted	9,279	9,280	9,297	10,667,947	2,378,625
Unrestricted	(250,280,285)	(295,963,443)	(334,457,807)	(713,155,732)	(748,991,048)
Total Primary Government Net Position	<u>\$ 381,502,157 *</u>	<u>\$ 354,732,171</u>	<u>\$ 363,698,980</u>	<u>\$ 53,118,976 **</u>	<u>\$ (748,363)</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular Instruction	\$ 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	\$ 386,007,871
Special Education Instruction	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	99,099,495
Total Instruction	<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>	<u>485,107,366</u>
Support Services										
Administration	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	17,282,282
Mid-level Administration	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	54,709,958
Pupil Personnel Services	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	2,866,085
Health	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	6,873,851
Pupil Transportation	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	34,028,232
Operations	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	46,518,844
Maintenance	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	17,796,436
Food and Nutrition Services	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	13,045,590
Community Services	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	1,240,872
Interest on Long-term Liabilities	58,666	763,392	735,498	426,252	464,571	411,481	405,741	377,665	327,288	842,056
Intergovernmental Payment	-	-	-	18,179,942	16,751,750	10,031,548	20,457,247	13,871,000	20,342,000	12,737,000
Total Support Services	<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>	<u>207,941,206</u>
Total Governmental Activities	<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>	<u>693,048,572</u>
Business-type Activities										
Printing Services	837,640	803,573	-	-	-	-	-	-	-	-
Total Business-type Activities	<u>837,640</u>	<u>803,573</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School System	<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>	<u>\$ 693,048,572</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for services:										
Regular Instruction	\$ 821,261	\$ 800,312	\$ 905,821	\$ 836,373	\$ 902,138	\$ 910,751	\$ 817,186	\$ 927,982	\$ 908,442	\$ 856,365
Food and Nutrition Services	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	5,660,046
Support Services	765,737	885,866	875,703	900,966	803,464	867,971	1,046,012	990,508	1,024,951	1,034,228
Operating Grants and Contributions	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	154,273,874
Capital Grants and Contributions	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	37,799,310
Total Gov. Activities Program Revenues	<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>	<u>199,623,823</u>
Business-type Activities										
Charges for services:										
Printing Services	720,789	844,694	-	-	-	-	-	-	-	-
Total Business-type Activities	<u>720,789</u>	<u>844,694</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School System	<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>	<u>\$ 199,623,823</u>

(continued)

# FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Net (Expense) Revenue</b>										
Governmental Activities	\$ (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)	\$ (493,424,749)
Business-type Activities	(116,851)	41,121	-	-	-	-	-	-	-	-
Total School System	<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>	<u>\$ (493,424,749)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Federal Aid Not Restricted to Specific Purposes	\$ 173,959	\$ 184,602	\$ 184,083	\$ 80,377	\$ 985	\$ 24,613	\$ 27,603	\$ 264,918	\$ 40,582	\$ 223,630
State Aid Not Restricted to Specific Purposes	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	165,329,475
Local Aid Not Restricted to Specific Purposes	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	272,386,838
Interest and Investment Earnings	198,868	369,693	63,295	41,184	20,248	10,572	32,799	237,626	544,643	1,169,840
Other Revenue	843,696	794,618	4,624,497	1,531,276	669,928	372,346	432,865	587,301	392,108	447,627
Transfers	(4,616)	(260,340)	-	-	-	-	-	-	-	-
Total General Revenues and Transfers	<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>	<u>439,557,410</u>
Business-type Activities										
Other Revenue	-	-	-	-	-	-	-	-	-	-
Transfers	4,616	260,340	-	-	-	-	-	-	-	-
Total General Revenues and Transfers	<u>4,616</u>	<u>260,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total School System	<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>	<u>\$ 439,557,410</u>
<b>Changes in Net Position</b>										
Governmental Activities	\$ 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	\$ (53,867,339)
Business-type Activities	(112,235)	301,461	-	-	-	-	-	-	-	-
Total School System	<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>	<u>\$ (53,867,339)</u>
Net Position - Beginning of Year	\$ 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	\$ 53,118,976
Adjustment to Restate Beginning Net Position	-	-	-	-	-	(29,575,073)	-	-	(327,659,844)	-
Net Position - Beginning 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>422,137,138 *</u>	<u>381,502,157</u>	<u>354,732,171</u>	<u>36,039,136 **</u>	<u>53,118,976</u>
Net Position - End of Year	<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>	<u>\$ (748,363)</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)

	<b>Fiscal Year</b>
	<b>2010</b>
General Fund	
Reserved	\$ 5,912,153
Unreserved	3,674,175
Total General Fund	\$ 9,586,328
All Other Governmental Funds	
Unreserved, reported in:	
Capital Projects Fund	\$ 285,247
Special Revenue Funds	(241,915)
Total All Other Governmental Funds	\$ 43,332

	<b>Fiscal Year</b>								
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
General Fund									
Nonspendable:									
Inventory	\$ 538,329	\$ 584,491	\$ 610,230	\$ 540,581	\$ 501,669	\$ 563,454	\$ 585,347	\$ 602,889	\$ 581,681
Prepaid Items	45,241	47,079	64,743	25,591	63,407	65,628	161,133	844,290	188,265
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	1,020,144
Assigned:									
Administration	4,436,541	125,041	1,256,573	487,228	861,273	441,725	2,743,395	1,775,221	1,739,814
Instructional	6,099,873	857,524	3,514,187	5,109,713	4,623,990	2,562,952	2,037,856	3,457,824	2,442,274
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	3,872,277
Transportation	-	2,310,492	2,574,093	3,523,049	1,934,899	5,505,180	5,952,649	6,274,281	6,068,002
Unassigned:	68,225	829,944	643,594	121,035	572,519	2,065,030	2,787,824	1,177,022	3,046,447
Total General Fund	\$ 14,642,056	\$ 7,969,870	\$ 11,035,627	\$ 13,906,833	\$ 9,371,280	\$ 13,577,294	\$ 17,544,642	\$ 20,197,333	\$ 18,958,904
All other Governmental Funds									
Nonspendable:									
Inventory	\$ 373,843	\$ 394,551	\$ 450,421	\$ 440,134	\$ 281,429	\$ 266,577	\$ 383,270	\$ 448,805	\$ 547,682
Restricted:									
Unspent Lease Proceeds	46,050	-	-	-	-	-	-	10,658,631	2,378,625
Assigned:									
Artificial Turf	94,839	157,338	233,292	299,314	367,286	433,850	516,693	582,791	665,968
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	1,784,483
Total All Other Governmental Funds	\$ 771,715	\$ 1,694,507	\$ 2,469,601	\$ 2,788,323	\$ 3,012,834	\$ 2,788,772	\$ 2,457,896	\$ 13,040,524	\$ 5,376,758

Note: Beginning in fiscal year 2011, GASB 54 required a change in fund balance reporting. The 2011 through 2019 fund balance information reported is based on this new format. Period shown above for fiscal year 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Federal	\$ 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	\$ 26,066,112
State	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	295,831,883
Local	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	305,983,308
Charges for Services	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	5,407,402
Other	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	6,555,480
Total Revenues	<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>	<u>639,844,185</u>
<b>Expenditures</b>										
<b>Current:</b>										
Administration	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	11,135,941
Mid-level Administration	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	35,333,435
Instructional Salaries	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	216,533,524
Instructional Supplies	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	11,715,229
Instruction - Other	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	2,451,672
Special Education	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	68,687,338
Pupil Personnel	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	1,910,448
Health	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	6,796,889
Pupil Transportation	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	22,699,098
Operations	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	35,893,919
Maintenance	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	12,910,918
Fixed Charges	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	159,784,290
Food and Nutrition Services	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	12,830,735
Community Services	802,088	806,667	982,344	1,498,515	986,228	846,840	1,071,022	839,691	788,754	831,541
<b>Capital Outlay:</b>										
Land	768,085	637,287	193,193	670,560	48,521	1,616,416	894,712	1,064,877	844,159	2,153,743
Buildings and Improvements	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	28,111,489
Equipment	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	5,764,200
<b>Debt Service:</b>										
Capital Lease Principal	1,169,065	1,634,660	436,265	456,907	2,336,566	538,588	1,646,212	523,809	539,677	766,159
Capital Lease Interest	100,128	813,010	742,217	504,356	488,715	417,047	400,088	349,548	333,064	316,062
Intergovernmental Payment	-	-	-	18,179,942	16,751,750	10,031,548	20,457,247	13,871,000	20,342,000	12,737,000
Total Expenditures	<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>	<u>649,363,630</u>
Excess (Deficiency) of Revenues Over Expenditures	<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>	<u>(9,519,445)</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	-	35,000
Internal Service Fund	-	3,096,615	-	-	-	-	-	-	637,875	617,250
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)	-	(35,000)
Total Other Financing Sources (Uses)	(6,779)	136,275	(3,108,303)	660,440	(1,759)	(1,680)	(575)	(596)	15,422,868	617,250
Net Change in Fund Balances	(10,669,971)	5,784,111	(5,749,394)	3,840,851	3,189,928	(4,311,042)	3,981,952	3,636,472	13,235,319	(8,902,195)
Total Expenditures	\$ 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	\$ 649,363,630
Less Capital Outlay	(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)	(34,149,127)
Non-capital Expenditures	\$ 499,465,954	\$ 506,445,792	\$ 518,588,095	\$ 534,965,544	\$ 547,569,636	\$ 552,603,395	\$ 560,399,245	\$ 566,248,414	\$ 593,489,048	\$ 615,214,503
Debt Service	\$ 1,269,193	\$ 2,447,670	\$ 1,178,482	\$ 961,263	\$ 2,825,281	\$ 955,635	\$ 2,046,300	\$ 873,357	\$ 872,741	\$ 1,082,221
Debt Service as a Percentage of Non-capital Expenditures	0.25%	0.48%	0.23%	0.18%	0.52%	0.17%	0.37%	0.15%	0.15%	0.18%

# 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>		
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	0.07%	\$44
2018	\$25,476,195	N/A	\$100
2019	\$24,710,036	N/A	\$95

(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 March 6, 2019).

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>
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	\$14,934,448	\$59,259	3.7%
2018	255,265	N/A	N/A	4.1%
2019	259,942	N/A	N/A	3.6%

Sources: (1) Estimated by Frederick County Division of Planning and Permitting Population  
 (2) U.S. Bureau of Economic Analysis (all data updated as of March 6, 2019). Historical years shown were updated respectively.  
 (3) Maryland Department of Labor, Licensing & Regulation

N/A Not available.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Principal Employers Current Year and Nine Years Ago

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment *	Employees	Rank	Percentage of Total County Employment *
Fort Detrick	10,078 *	1	9.68%	9,200 *	1	10.05%
Board of Education of Frederick County	5,863	2	5.63%	5,384	2	5.88%
Frederick Memorial Healthcare System	2,618	3	2.52%	2,295	4	2.51%
Leidos Biomedical (formerly SAIC-Frederick)	2,277	4	2.19%	1,965	6	2.15%
Frederick County Government	2,175	5	2.09%	2,404	3	2.63%
Wells Fargo Home Mortgage	1,400	6	1.34%	1,500	7	1.64%
Frederick Community College	1,115	7	1.07%	899	9	0.98%
Frederick City Government	931	8	0.89%	-	-	-
NVR, Inc.	683	9	0.66%	-	-	-
AstraZeneca	675	10	0.65%	-	-	-
United Health Care (formerly MAMSI)	-	-	-	832	10	0.91%
Bechtel Corporation (formerly Bechtel Power)	-	-	-	2,203	5	2.41%
CitiMortgage	-	-	-	900	8	0.98%
	<u>27,815</u>		<u>26.72%</u>	<u>27,582</u>		<u>30.14%</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
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019		
<b>Elementary</b>												
Ballenger Creek	630	630	639	653	656	667	656	665	648	650	614	106%
Brunswick	527	548	559	611	619	637	659	648	703	727	508	143%
Butterfly Ridge	-	-	-	-	-	-	-	-	-	-	627	734
Carroll Creek Montessori	-	-	-	128	187	208	218	220	229	228	210	109%
Carroll Manor	547	572	572	552	572	573	566	556	565	579	595	97%
Centerville	888	954	991	926	947	993	997	1,001	956	929	635	146%
Deer Crossing	783	647	645	668	678	719	744	737	778	788	590	134%
Emmitsburg	293	311	296	292	305	300	278	258	255	247	225	110%
Frederick Classical Charter	-	-	-	-	237	240	240	241	248	252	240	105%
Glade	713	724	647	645	618	634	638	666	681	616	608	101%
Green Valley	456	484	421	415	383	383	365	367	417	511	499	102%
Hillcrest	722	794	796	888	953	990	1,010	972	968	732	537	136%
Kempstown	507	433	403	394	382	358	358	386	389	404	398	102%
Lewistown	195	217	217	212	196	178	177	173	170	184	174	106%
Liberty	318	317	291	292	291	294	283	284	280	262	274	96%
Lincoln	422	417	450	511	529	537	572	599	591	583	656	89%
Middletown	429	450	478	467	462	445	423	434	473	467	490	95%
Middletown Primary	454	458	492	461	410	437	443	494	464	496	445	111%
Monocacy	634	646	601	612	596	592	591	600	621	619	574	108%
Monocacy Valley Montessori	221	221	223	229	222	219	223	216	217	218	195	112%
Myersville	442	416	378	364	354	358	315	340	372	385	421	91%
New Market	566	713	747	755	736	705	699	714	691	693	647	107%
New Midway/Woodsboro	327	329	336	328	334	328	335	314	313	300	291	103%
North Frederick	555	584	646	606	598	585	631	661	661	668	735	91%
Oakdale	516	524	539	627	623	594	599	631	633	679	624	109%
Orchard Grove	639	665	628	615	616	611	630	693	686	602	598	101%
Parkway	250	240	229	251	228	226	223	212	208	220	228	96%
Sabillasville	142	123	131	125	114	114	112	122	112	99	114	87%
Spring Ridge	501	480	495	483	481	457	465	466	500	475	523	91%
Thurmont	375	375	367	336	319	302	332	301	321	299	368	81%
Thurmont Primary	428	411	394	377	373	381	373	369	370	370	470	79%
Tuscarora	670	694	733	762	794	784	774	781	798	654	580	113%
Twin Ridge	538	541	554	531	510	513	529	500	506	483	566	85%
Urbana (at Sugarloaf)	685	681	742	737	727	695	700	710	712	761	718	106%
Valley	451	452	434	423	409	395	408	399	400	494	500	99%
Walkersville	534	552	695	684	681	678	681	680	652	691	683	101%
Waverley	488	514	561	543	567	618	610	634	718	517	355	146%
Whittier	754	782	812	772	793	783	745	756	765	690	626	110%
Wolfsville	198	201	187	174	180	175	159	157	159	138	190	73%
Yellow Springs	411	437	436	463	486	468	495	488	453	455	431	106%
<b>Total Elementary Schools</b>	<b>18,209</b>	<b>18,537</b>	<b>18,765</b>	<b>18,912</b>	<b>19,166</b>	<b>19,174</b>	<b>19,256</b>	<b>19,445</b>	<b>19,683</b>	<b>19,792</b>	<b>18,869</b>	<b>105%</b>
<b>Middle</b>												
Ballenger Creek	694	692	704	707	698	726	718	778	779	840	859	98%
Brunswick	546	494	526	529	564	553	557	588	578	606	957	63%
Carroll Creek Charter	-	-	-	-	-	-	17	47	74	85	90	94%
Crestwood	616	557	532	513	545	539	506	514	579	653	850	77%
Frederick Classical Charter	-	-	-	-	38	75	113	116	120	126	120	105%
Gov. Thomas Johnson	533	522	516	554	522	549	532	562	513	509	827	62%
Middletown	819	838	837	812	809	786	816	851	813	782	1,072	73%
Monocacy	716	755	764	729	775	779	723	738	789	886	914	97%
Monocacy Valley Montessori	73	78	77	72	77	81	77	81	83	81	90	90%
New Market	765	470	475	506	478	507	497	508	545	552	732	75%
Oakdale	600	629	626	622	631	643	648	644	703	769	775	99%
Thurmont	710	680	646	616	613	583	543	561	555	563	945	60%
Urbana	694	629	682	745	767	798	834	866	964	1,003	1,020	98%
Walkersville	801	791	793	779	792	771	804	826	882	891	1,105	81%
West Frederick	830	793	802	823	863	858	856	853	890	853	1,049	81%
Windsor Knolls	606	938	948	876	821	770	777	761	758	742	893	83%
<b>Total Middle Schools</b>	<b>9,003</b>	<b>8,866</b>	<b>8,928</b>	<b>8,883</b>	<b>8,993</b>	<b>9,018</b>	<b>9,018</b>	<b>9,294</b>	<b>9,625</b>	<b>9,941</b>	<b>12,298</b>	<b>81%</b>
<b>High</b>												
Brunswick	819	769	761	717	673	701	737	748	766	740	886	84%
Catoctin	945	963	956	974	959	911	856	806	783	753	1,066	71%
Frederick	1,373	1,386	1,401	1,340	1,344	1,393	1,317	1,459	1,460	1,395	1,601	87%
Gov. Thomas Johnson	1,949	1,621	1,537	1,470	1,435	1,436	1,408	1,385	1,574	1,692	2,001	85%
Linganore	1,766	1,647	1,569	1,496	1,482	1,438	1,423	1,381	1,326	1,323	1,583	84%
Middletown	1,328	1,267	1,221	1,215	1,131	1,159	1,139	1,116	1,140	1,133	1,338	85%
Oakdale High	-	572	873	1,154	1,197	1,201	1,218	1,251	1,251	1,250	1,535	81%
Tuscarora	1,485	1,524	1,485	1,494	1,482	1,474	1,447	1,518	1,550	1,570	1,749	90%
Urbana	1,843	1,655	1,588	1,486	1,517	1,578	1,635	1,690	1,758	1,785	1,831	97%
Walkersville	1,253	1,188	1,181	1,141	1,108	1,070	1,071	1,088	1,094	1,148	1,039	110%
<b>Total High Schools</b>	<b>12,761</b>	<b>12,592</b>	<b>12,572</b>	<b>12,487</b>	<b>12,328</b>	<b>12,361</b>	<b>12,251</b>	<b>12,442</b>	<b>12,702</b>	<b>12,789</b>	<b>14,629</b>	<b>87%</b>
<b>Other Schools</b>												
Flexible Evening High/Virtual School	78	74	71	65	20	19	19	19	14	20	N/A	N/A
Heather Ridge	87	72	58	97	46	54	55	59	56	56	148	38%
Rock Creek	72	95	93	83	103	86	77	76	79	75	242	31%
Success	-	-	-	-	59	45	44	43	45	41	N/A	N/A
<b>Total Other Schools</b>	<b>237</b>	<b>241</b>	<b>222</b>	<b>245</b>	<b>228</b>	<b>204</b>	<b>195</b>	<b>197</b>	<b>194</b>	<b>192</b>	<b>390</b>	<b>49%</b>
<b>TOTAL ALL SCHOOLS</b>	<b>40,210</b>	<b>40,236</b>	<b>40,487</b>	<b>40,527</b>	<b>40,715</b>	<b>40,757</b>	<b>40,720</b>	<b>41,378</b>	<b>42,204</b>	<b>42,714</b>	<b>46,186</b>	<b>92%</b>
<b>Teachers &amp; Therapists (1)</b>	<b>2,826</b>	<b>2,826</b>	<b>2,869</b>	<b>2,880</b>	<b>2,878</b>	<b>2,916</b>	<b>2,864</b>	<b>2,827</b>	<b>2,921</b>	<b>3,048</b>		
<b>Student/Teacher Ratio</b>	<b>14.23</b>	<b>14.24</b>	<b>14.11</b>	<b>14.07</b>	<b>14.15</b>	<b>13.98</b>	<b>14.22</b>	<b>14.64</b>	<b>14.45</b>	<b>14.01</b>		

Source: Monthly report is from the FCPS Facilities Department on enrollment at September 30 of each fiscal year through 2018.

2019 enrollments are from the FCPS System Accountability & School Improvement Department. Capacity is from the FCPS Educational Facilities Masters Plan, June 2019.

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

Note: Elementary and special school enrollments are total enrollments.

Note: October 1 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>Elementary School</u></b>										
Pre-Kindergarten*	987	973	1,048	1,053	1,086	1,090	1,181	1,204	1,288	1,253
Kindergarten	2,827	2,981	2,949	3,029	2,961	2,873	2,756	2,854	2,825	2,958
Grade 1	2,872	2,878	2,978	2,977	3,077	3,015	2,910	2,874	3,019	2,963
Grade 2	2,896	2,919	2,925	2,987	3,022	3,110	3,062	2,979	2,985	3,114
Grade 3	2,860	2,941	2,937	2,928	3,016	3,092	3,142	3,122	3,041	3,088
Grade 4	2,919	2,889	2,984	2,963	2,989	3,026	3,157	3,207	3,233	3,132
Grade 5	2,848	2,956	2,944	2,975	3,015	2,968	3,048	3,205	3,292	3,284
<b>Total Elementary School</b>	<b>18,209</b>	<b>18,537</b>	<b>18,765</b>	<b>18,912</b>	<b>19,166</b>	<b>19,174</b>	<b>19,256</b>	<b>19,445</b>	<b>19,683</b>	<b>19,792</b>
<b><u>Middle School</u></b>										
Grade 6	2,977	2,894	2,983	2,945	3,017	3,036	2,965	3,124	3,336	3,374
Grade 7	2,986	3,002	2,936	2,973	2,968	2,995	3,038	3,063	3,190	3,370
Grade 8	3,040	2,970	3,009	2,965	3,008	2,987	3,015	3,107	3,099	3,197
<b>Total Middle School</b>	<b>9,003</b>	<b>8,866</b>	<b>8,928</b>	<b>8,883</b>	<b>8,993</b>	<b>9,018</b>	<b>9,018</b>	<b>9,294</b>	<b>9,625</b>	<b>9,941</b>
<b><u>High School</u></b>										
Grade 9	3,442	3,351	3,263	3,233	3,284	3,379	3,278	3,355	3,415	3,421
Grade 10	3,185	3,239	3,194	3,125	3,084	3,088	3,128	3,116	3,217	3,272
Grade 11	3,070	3,014	3,131	3,056	2,987	2,983	2,946	3,035	3,033	3,110
Grade 12	3,064	2,988	2,984	3,073	2,973	2,911	2,899	2,936	3,037	2,986
<b>Total High School</b>	<b>12,761</b>	<b>12,592</b>	<b>12,572</b>	<b>12,487</b>	<b>12,328</b>	<b>12,361</b>	<b>12,251</b>	<b>12,442</b>	<b>12,702</b>	<b>12,789</b>
<b><u>Other Schools</u></b>										
Flexible Evening High/Virtual School	87	74	71	97	20	19	19	19	14	20
Heather Ridge	78	72	58	65	46	54	55	59	56	56
Rock Creek	72	95	93	83	103	86	77	76	79	75
Success	-	-	-	-	59	45	44	43	45	41
<b>Total Other Schools</b>	<b>237</b>	<b>241</b>	<b>222</b>	<b>245</b>	<b>228</b>	<b>204</b>	<b>195</b>	<b>197</b>	<b>194</b>	<b>192</b>
<b>Total Enrollment</b>	<b>40,210</b>	<b>40,236</b>	<b>40,487</b>	<b>40,527</b>	<b>40,715</b>	<b>40,757</b>	<b>40,720</b>	<b>41,378</b>	<b>42,204</b>	<b>42,714</b>

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

Source: Monthly report is from the FCPS Facilities Department on enrollment at September 30 of each fiscal year through 2018.  
2019 enrollments are from the FCPS System Accountability & School Improvement Department.

Note: October 1 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

<b>Fiscal Year</b>	<b>Per Pupil Expenditures*</b>		<b>Number of School Bus Riders***</b>	<b>Food and Nutrition Services****</b>	
	<b>Dollars</b>	<b>State Rank**</b>		<b>Breakfasts Served</b>	<b>Lunches Served</b>
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	\$12,682	23	29,957	1,095,044	2,230,584
2019	N/A	N/A	30,320	1,242,221	2,255,822

\* 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 07/01/18 - 06/30/19 Policy Dates

Type of Coverage	Name of Company	Policy Number	Limits
<b>Property Policy</b>			
Commercial Property	Affiliated FM	WD239	\$1,000,000,000 Blanket
Business Income & Extra Expense	Affiliated FM	WD239	\$5,000,000
Flood	Affiliated FM	WD239	\$50,000,000
Earthquake	Affiliated FM	WD239	\$100,000,000
Debris Removal	Affiliated FM	WD239	\$1,000,000,000
Spoilage	Affiliated FM	WD239	\$100,000
Boiler & Machinery	Affiliated FM	WD239	\$1,000,000,000
<b>Package Policy</b>			
Commercial General Liability - General Aggregate	Wright	8502WSI0352342	\$3,000,000
Commercial General Liability - Each Occurrence	Wright	8502WSI0352342	\$1,000,000
Employee Benefits Liability - Each Employee	Wright	8502WSI0352342	\$1,000,000
Employee Benefits Liability - Aggregate	Wright	8502WSI0352342	\$1,000,000
Employee Theft	Wright	8502WSI0352342	\$500,000
Inside the Premises - Theft of Money & Securities	Wright	8502WSI0352342	\$100,000
Outside the Premises	Wright	8502WSI0352342	\$100,000
Forgery & Alteration	Wright	8502WSI0352342	\$500,000
<b>Educators Legal Liability</b>			
Each Claim	Wright	3602WSI0352362	\$1,000,000
Aggregate	Wright	3602WSI0352362	\$1,000,000
<b>Auto</b>			
Auto Liability - Combined Single Limit	Wright	1002WSI0352352	\$1,000,000
<b>Student Medical Professional Liability</b>			
Each Incident	Mercer	AHV103421004	\$2,000,000 Each Incident
Aggregate	Mercer	AHV103421004	\$4,000,000 Aggregate
<b>Builders' Risk</b>			
Hard Costs - Joisted Masonry/Frame	Peerless/Liberty	IM8136783	\$2,000,000
Hard Costs - All Other	Peerless/Liberty	IM8136783	\$30,000,000
Soft Costs	Peerless/Liberty	IM8136783	\$1,000,000
Flood	Peerless/Liberty	IM8136783	\$5,000,000
Earthquake	Peerless/Liberty	IM8136783	\$5,000,000
<b>Inland Marine</b>			
Electronic Data Processing	Peerless/Liberty	IM8136833	\$42,757,567
Contractors Equipment - In Any One Loss (\$200k max per item)	Peerless/Liberty	IM8136833	\$3,372,900
<b>CYBER</b>			
Cyber Liability	AIG	12883731	\$1,000,000
<b>International</b>			
General Liability	Wright	PH19FPK0BYONV	\$1,000,000/\$2,000,000
Employers Liability	Wright	PH19FPK0BYONV	\$1,000,000/\$1,000,000/\$1,000,000
Auto Liability	Wright	PH19FPK0BYONV	\$1,000,000

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Instruction										
Regular Instruction										
Teachers	2,484	2,485	2,520	2,549	2,547	2,571	2,514	2,501	2,528	2,581
Other Staff	499	508	508	491	490	494	488	486	512	503
Total Regular Instruction	<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>	<u>3,084</u>
Special Education Instruction										
Teachers	298	298	297	301	301	310	309	312	327	346
Other Staff	560	552	639	676	675	704	699	682	655	683
Total Special Education Instruction	<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>	<u>1,029</u>
School Administration	423	425	415	408	407	421	422	426	430	438
Student Personnel Services	40	31	33	35	36	38	42	42	43	26
Total Instruction	<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>	<u>4,577</u>
Support Services										
Administration	106	102	105	103	102	94	98	98	100	99
Food and Nutrition Services	144	141	139	136	136	123	124	122	118	119
Student Transportation	352	369	410	407	406	406	412	441	449	447
Operation of Plant	399	403	406	403	403	401	405	411	409	427
Maintenance of Plant	140	136	136	135	135	143	144	143	143	140
Total Support Services	<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>	<u>1,232</u>
Total Employees - Governmental Activities	<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>	<u>5,809</u>
<b>Business-type Activities</b>										
Printing Services	7	3	-	-	-	-	-	-	-	-
Total Employees - Business-type Activities	<u>7</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Employees - School System	<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>	<u>5,809</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, 2019

	<u>Acres</u>	<u>Year Constructed</u>	<u>Gross Square Feet</u>
<b><u>Central Offices</u></b>			
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
<b><u>High Schools</u></b>			
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
<b><u>Middle Schools</u></b>			
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
<b><u>Elementary Schools</u></b>			
Ballenger Creek Elementary	19.29	1991	64,187
Brunswick Elementary	24.63	1952	60,205
Butterfly Ridge Elementary	12.12	2018	105,515
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, 2019 (continued)

<b><u>Elementary Schools, continued</u></b>	<b><u>Acres</u></b>	<b><u>Year Constructed</u></b>	<b><u>Gross Square Feet</u></b>
Glade Elementary	13.35	1995	66,500
Green Valley Elementary	31.22	1971	51,888
Hillcrest Elementary	12.7	1988	62,305
Kempton 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
Sugarloaf Elementary	12.9	2018	97,869
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
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
<b><u>Other Schools</u></b>			
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 Waverley	1972	55,214
Staff Development Center	5	1921	27,352
<b>Totals</b>	<b><u>1,469.31</u></b>		<b><u>6,788,528</u></b>

Source: Educational Facilities Master Plan 2019.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Capital Assets by Function Last Ten Fiscal Years

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Schools										
Buildings	65	64	63	63	63	63	63	63	63	64
Administration										
Buildings	8	8	8	6	5	5	5	5	5	3
Vehicles	*	*	7	8	8	7	7	7	7	9
Special Education										
Vehicles	89	92	94	107	100	98	104	106	107	110
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	*	*	200	159	149	142	148	148	153	148
Operations										
Vehicles	*	*	30	36	41	44	44	41	40	38
Student Transportation										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	323	311	341	327	329	325	324	319	321	315
Technology										
Vehicles	*	*	5	12	14	15	12	10	10	9
Other										
Buildings	1	1	1	1	1	1	1	1	1	2

\* Not Available



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