



Frederick County Public Schools  
**Annual Comprehensive Financial Report**  
For the year ended June 30, 2021

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

191 S. East Street  
Frederick, MD 21701





**Frederick County Public Schools**  
**Board of Education of Frederick County, Maryland**  
**A Component Unit of Frederick County, Maryland**

**Annual Comprehensive Financial Report**  
**For the Fiscal Year Ended June 30, 2021**

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

**Melissa Rollison, MBA**  
**Financial Reporting Manager**

**Leslie R. Pellegrino, CPA**  
**Chief Financial Officer**



# FREDERICK COUNTY PUBLIC SCHOOLS

## Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2021

### TABLE OF CONTENTS

#### INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	7
ASBO Certificate of Excellence in Financial Reporting	8
List of Elected Officials	9
Organization Chart	10

#### FINANCIAL SECTION

Report of Independent Public Accountants	11
Management's Discussion and Analysis	15
Basic Financial Statements:	27
Government-wide Financial Statements:	
Statement of Net Position	28
Statement of Activities	29
Fund Financial Statements:	
Balance Sheet – Governmental Funds	30
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities	33
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	34
Statement of Net Position – Proprietary Fund	35
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	36
Statement of Cash Flows – Proprietary Fund	37
Statement of Net Position – Fiduciary Fund	38
Statement of Changes in Net Position – Fiduciary Fund	39
Notes to the Basic Financial Statements	40
<i>(The notes to the financial statements are an integral part of the Basic Financial Statements.)</i>	
Required Supplementary Information:	69
Post-Employment Retiree Health Benefit Plan:	
Schedule of Investment Returns for Post-Employment Retiree Health Benefit Plan	70
Schedule of Changes in the Board's Net OPEB Liability and Related Ratios	71

(continued)

# FREDERICK COUNTY PUBLIC SCHOOLS

## Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2021

### TABLE OF CONTENTS (continued)

Pension Schedules:	
Schedule of Contributions Related to Pension	72
Schedule of Proportionate Share of Net Pension Liability	73
Other Supplementary Information:	75
Governmental Funds:	
Schedule of Expenditures by Type of School – School Construction Fund	76
Schedule of Cumulative Expenditures, Encumbrances, and Appropriations – School Construction Fund	77
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Food and Nutrition Services Fund	78
<b>STATISTICAL SECTION</b>	
Contents	79
Net Position by Component – Last Ten Fiscal Years (Accrual Basis of Accounting)	81
Changes in Net Position – Last Ten Fiscal Years (Accrual Basis of Accounting)	82
Fund Balances of Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	84
Change in Fund Balances of Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	86
Ratios of Outstanding Debt – Last Ten Fiscal Years	88
Demographic and Economic Statistics – Last Ten Fiscal Years	89
Principal Employers – Current Year and Nine Years Ago	90
Total Enrollment by School and Student to Teacher Ratio – Last Ten Fiscal Years	92
Total Enrollment by Grade – Last Ten Fiscal Years	94
Operating Information – Last Ten Fiscal Years	95
Employees by Function – Last Ten Fiscal Years	97
Facilities Inventory	98
Capital Assets by Function – Last Ten Fiscal Years	100
<b>COMPLIANCE SECTION</b>	101
Independent Public Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103

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## **INTRODUCTORY SECTION**

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September 28, 2021

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 Annual Comprehensive Financial Report (ACFR) of the Frederick County Public School System (FCPS). This ACFR is a thorough and detailed presentation of FCPS' financial position, activities and balances for the fiscal year (FY) ended June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls 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, 2021. The report of independent public accountants is presented as the first component of the Financial Section of this report.

Generally Accepted Accounting Principles 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 report of independent public accountants.

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

### **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 43,221 students during FY 2021 within sixty-nine schools. These schools consist of 39 elementary schools, 13 middle schools, 10 high schools, 3 charter schools, 2 alternative schools, 1 virtual school and 1 career and technology center.

The three charter schools FCPS had during the 2021 school year were 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.

During FY 2021, the Board of Education received an application for a new environmental public charter school in the northern part of the county with a proposed opening for the 2022-2023 school year (FY 2023). On September 8, 2021 the Board of Education's vote passed in favor of a conditional approval of the charter application for three years with an enrollment provision.

Total enrollment for FY 2022 is projected at 45,642 students. There were significant concerns for FY 2022 regarding the level of revenue FCPS would receive, because the majority of FCPS revenue is established using the September 30th actual enrollment from the previous year. The decline in enrollment experienced in FY 2021 was an anomaly, and the FCPS planning staff anticipated our FY 2022 enrollment to return to pre-FY 2021 levels and continue to grow. Legislation was enacted to hold local school systems harmless for the decrease in state aid due to the COVID-19 impact on enrollment for FY 2022 but it did not address any anticipated enrollment growth.

FCPS is a successful school system in a diverse and growing community. Frederick County bridges rural, suburban, and urban lifestyles near both the Washington, DC and Baltimore metropolitan communities. The racial/ethnic composition of the student body is 55 percent White; 19 percent Hispanic/Latino; 13 percent Black; 6 percent Asian; 6 percent two or more races; and less than 1 percent American Indian/Alaskan Native and Pacific Islander/Native Hawaiian. We serve students with varying needs, including students receiving special education services (11 percent), English learners (7 percent), and students receiving Free and/or Reduced-Price Meal services (29 percent).

With over 6,300 full-time equivalent employee positions, including over 3,400 teachers, FCPS is one of the largest single employers in Frederick County. Our buses travel an estimated seven million miles of city, suburban, and rural roadways annually. We operate and maintain over 6.7 million square feet under roof and more than 1,500 acres of property.

## **Factors Affecting Financial Condition**

**Local Economy.** Frederick County, Maryland, founded in 1748, originally included the present Maryland counties of Garrett, Allegany, Washington, Carroll and Montgomery. It is located in the north central part of Maryland, is 664 square miles in area, and serves a population over 271,000. Frederick County is bordered on the north by the Commonwealth of Pennsylvania, on the west by Washington County, Maryland, on the east by Howard and Carroll Counties, both in Maryland, and on the south by Montgomery County, Maryland and the Commonwealth of Virginia.

Frederick County has a diverse economy and is well positioned for business growth and development. Location, upscale business and employment parks, available infrastructure, business friendly programs, a highly skilled and educated workforce and room to grow are all key factors for businesses looking to locate or expand in Frederick County.

Frederick County Government and the State of Maryland are the primary sources of revenue for Frederick County Public Schools. These two funding sources are significantly affected by property assessments and personal income. FCPS receives more than 93 percent of its governmental fund revenues 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 unemployment rate decreased from 7.6 percent in 2020 to 5.8 percent as of June 2021. This was below the state unemployment rate of 6.2 percent and national rate of 5.9 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.

The adopted FY 2022 operating budget totals \$765.1 million, an increase of \$63.9 million or 9.1 percent over the FY 2021 final operating budget. State funding showed an increase due to additional funding for early childhood and pre-



kindergarten programs. Together, state revenues and the local county appropriation account for nearly 85 percent of the total operating budget funding. State revenues of \$319.2 million are \$5.4 million or 1.7 percent higher than FY 2021. Frederick County revenue of \$330.3 million is \$20.6 million or 6.6 percent more than the prior year. Also, FCPS is receiving additional restricted funding from the federal government as part of the various COVID-19 relief bills.

Capital funding continues to be strained; 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. With the age of many FCPS school buildings, major building systems such as boilers, chillers and roofs are approaching or exceeding normal life expectancies. The average age of school buildings varies from 32.7 years for high schools, 39.7 years for middle schools to 41.4 years for elementary schools. Forty-five, or 69 percent, of the county's schools are in part at least twenty-five years old.

**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 has made annual contributions to the OPEB Trust, the net OPEB liability continues to be a significant liability required under GASB Statement 75 to be recorded in the financial statements. FCPS relies on a third-party actuary to calculate the net OPEB liability. In FY 2021, the net OPEB liability decreased \$76.3 million for a reported net OPEB liability of \$736.0 million, with the experience factor applied being the contributing component. As of June 30, 2021, the net OPEB liability is 18.6 percent funded as a percentage of the total OPEB liability.

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, the Board 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 FY 2019 the net proceeds were applied to the principal of the lease. In FY 2020, the Board again took advantage of a decreasing interest rate environment and refinanced the lease lowering the interest rate from 3.10 percent to 1.98 percent with projected savings of \$493 thousand. The new lease agreement for the central office retained the original maturity date of September 1, 2032. The amount of the future minimum lease payments, for the fiscal years 2022-2033 is \$9.9 million.

FCPS entered into a new energy performance contract lease in FY 2018, as lessee, to finance various deferred maintenance and facility improvements. The agreement had a 3.39 percent interest rate and a term of fifteen years with payments to commence in FY 2020. At the end of FY 2020, the Board refinanced this lease in order to lower the interest rate from 3.39 percent to 2.08 percent with projected savings of \$917 thousand. The original maturity date of September 1, 2033 remains the same under the new lease agreement. The amount of the future minimum lease payments, for the fiscal years 2022-2034 is \$15.2 million.

**Relevant Financial Policies.** Maryland boards of education have no taxing authority or ability to increase the budget, so our public-school systems depend extensively on state and local governments for revenue. State funding is established primarily during the annual January-April legislative session of the General Assembly and funds are administered through the Maryland State Department of Education (MSDE).

Pursuant to state law, Frederick County Government provides significant fiscal support to FCPS. Due to this fiscal reliance, much of the budget process is built around the County budget timeline. Preparing the operating budget involves school system staff, as well as citizen participation. In the fall, requests are submitted and reviewed by the Superintendent and other school officials. In January, after consideration, the Superintendent recommends to the Board of Education an operating budget for the coming fiscal year that is aligned with our strategic plan. Board members review the proposal, make changes if they desire, take it to public hearing in February, and then reevaluate and modify it accordingly before forwarding it to the Frederick County Government. The County Executive recommends and the County Council must approve the allocation to the Board of Education (BOE). By statute, the County Council must approve the county's budget by May 31st. Then the BOE adopts the detailed school system budget that takes effect July 1.

The annual budget is prepared in legal conformance with Maryland state law. The general budget is adopted by state-mandated categories of expenditures. 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 the state-mandated categories of expenditures 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. The FY 2022 budget reflects an additional \$20.6 million over the FY 2021 appropriation or \$21.7 million above Maintenance of Effort (MOE) from the County. This was the seventh consecutive year of funding from the County exceeding MOE requirements.

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.

**Blueprint for Maryland’s Future.** The Blueprint for Maryland’s Future Act is a landmark, generational piece of legislation intended to enhance and improve the state and local investment in Maryland’s public-school systems. The Blueprint for Maryland’s Future is comprised of two legislative bills; House Bill 1300, originally vetoed by the Governor and subsequently overridden by the General Assembly at the beginning of the 2021 legislative session, and House Bill 1372, which passed at the end of the 2021 legislative session. This legislation is based on the recommendations of the Commission on Innovation and Excellence in Education (commonly referred to as the Kirwan Commission) and centers around five policy areas: early childhood education; high quality diverse teachers and school leaders in every school; an instructional system that is based on world-class standards and fully aligns with a college and career readiness standard; a system that meets the needs of all students including students with disabilities, students from low-income families, and students where English is not a primary language; and a strong system of accountability. Initial funding for the Blueprint implementation began in FY 2020 with funding for pre-kindergarten expansion, concentration of poverty funding, teacher salary incentives, additional special education funding and targeted intervention funding. This funding continued in FY 2021 and will expand in FY 2022. The Blueprint funding for FY 2022 is estimated at \$10.2 million. FY 2023 will be the first year of funding based on revised state funding formulas prescribed in the Blueprint legislation.

**COVID.** FCPS began the 2020-2021 school year virtually with small group instruction available at schools in response to the Novel Coronavirus Disease 2019 (COVID-19). As the school year progressed, FCPS opened in a hybrid model with students attending in-person two days a week and virtually two days a week; Wednesdays were fully virtual days throughout the system. Toward the end of the school year, elementary students were invited to return to school four days per week. FCPS completed the 2020-2021 school year without returning to a traditional five days per week schedule.

Working collaboratively with Frederick County Health Department and officials, FCPS opened its doors for the 2021-2022 school year on August 18, 2021 welcoming back students for five-days a week in-person instruction. A small group of students self-selected to participate in a fully virtual program offered. As FCPS prepared for the return of students to in-person learning, educators acknowledged the need to address the challenges of interrupted or unfinished learning. To meet these challenges, additional staffing to address academic recovery and support student’s mental health were included in the operating budget. These resources include additional academic support teachers, school counselors, trauma therapy specialists, school psychologists, and additional funding for virtual school programming.

All school systems have received a significant infusion of federal funds to support the recovery from COVID-19, including:

- Carryover funding from Elementary and Secondary Student Emergency Relief (ESSER) I and II funds from the CARES (Coronavirus Aid, Relief, and Economic Security) Act and CRRSA (Coronavirus Response and Relief Supplemental Appropriations) Act, respectively.
- New FY 2022 funding from the ARP (American Rescue Plan) Act including ARP ESSER III and various supplemental aid grants.

- These funds are being used for expanded summer school programs, before and after school tutoring, technology, replacement of materials of instruction, projects to improve air handling conditions in schools, cleaning and sanitizing of schools, and mental health supports.

**Major Facilities Initiatives.** Frederick County continues to experience population growth. Over the last several years, the capital budget has included new schools and replacement schools to relieve overcrowding throughout the county. In FY 2021, the following multi-year major construction projects were completed; the Rock Creek Replacement School, the new Blue Heron Elementary School and the Oakdale Middle School Addition. Together the multi-year constructed facilities have incurred cumulative costs as of June 30, 2021 of \$85.5 million and opened for the 2021-2022 school year. In addition, the FY 2021 capital budget included funding for the construction of the Waverley Elementary Replacement School and has incurred costs as of June 30, 2021 of \$21.5 million and is scheduled to open in the 2022-2023 school year. Included in the Capital Improvement Program for FY 2022 is additional funding for the construction of the Waverley Elementary Replacement School, and the Brunswick Elementary Replacement School. The Systemic improvements funded in FY 2022 include a roof replacement, playground replacements, a limited renovation, and an additional bus.

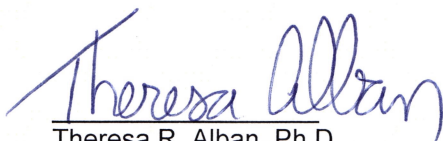
### Awards and Acknowledgements

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 ACFR for the fiscal year ended June 30, 2020. This was the twelfth year that FCPS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 ACFR continues to meet the Certificate of Achievement Program's requirements and demonstrates a constructive "spirit of full disclosure," reflection of FCPS' financial health. FCPS intends to submit the 2021 ACFR to the GFOA to determine its eligibility for another certificate. Our 2020 GFOA Certificate of Achievement can be found on page 7 of this ACFR.

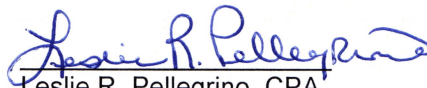
FCPS has also received for the thirteenth consecutive year the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for its 2020 ACFR. This award, valid for one year, is granted only after an intensive review of the ACFR by an expert panel of certified public accountants and practicing school business officials. FCPS plans to submit the 2021 ACFR to ASBO and believes the report continues to meet ASBO's certificate program requirements. The 2020 ASBO Certificate of Excellence in Financial Reporting can be found on page 8 of this ACFR.

The preparation of this report could not have been accomplished without the skilled and dedicated services of the entire staff of the Financial Reporting Department. 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. Many other departments in the system contributed to provide data for this report, including the photographs and student artwork published throughout this document. 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.

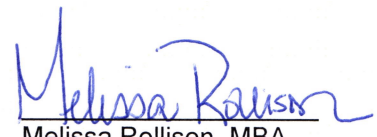
Respectfully submitted,



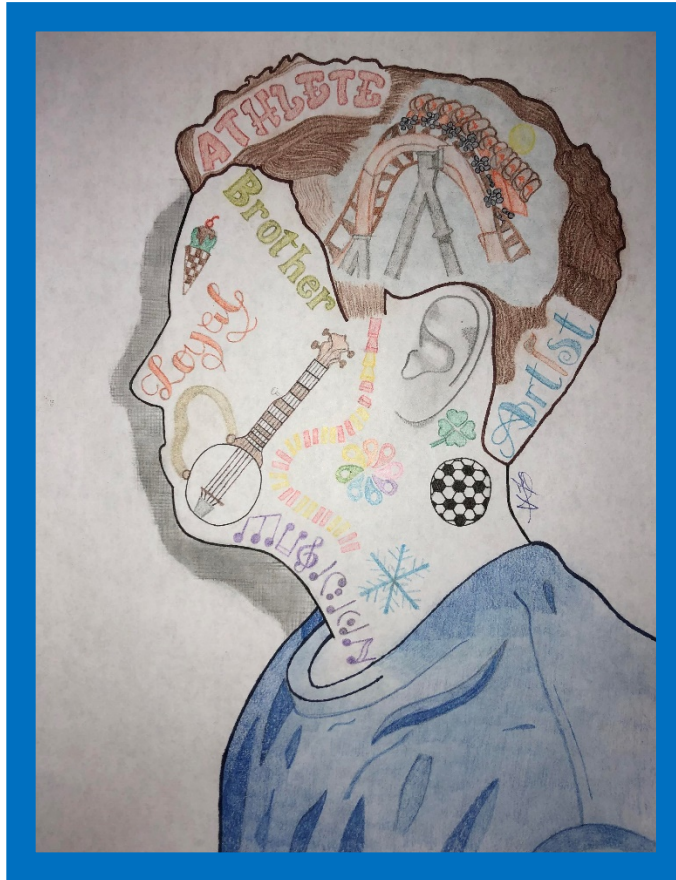
Theresa R. Alban, Ph.D.  
Superintendent of Schools



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



Melissa Rollison, MBA  
Manager Financial Reporting  
Department



Student: Luke A.

Urbana Middle School

8th Grade



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, 2020

*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, 2020.

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



A handwritten signature in black ink that reads 'W. Edward Chabal'.

W. Edward Chabal  
President

A handwritten signature in black ink that reads 'David J. Lewis'.

David J. Lewis  
Executive Director

# Frederick County Public Schools

## Elected Officials

### Board of Education of Frederick County



**Jay Mason**  
President



**Karen Yoho**  
Vice President



**Liz Barrett**



**David Bass**



**Jason Johnson**



**Sue Johnson**



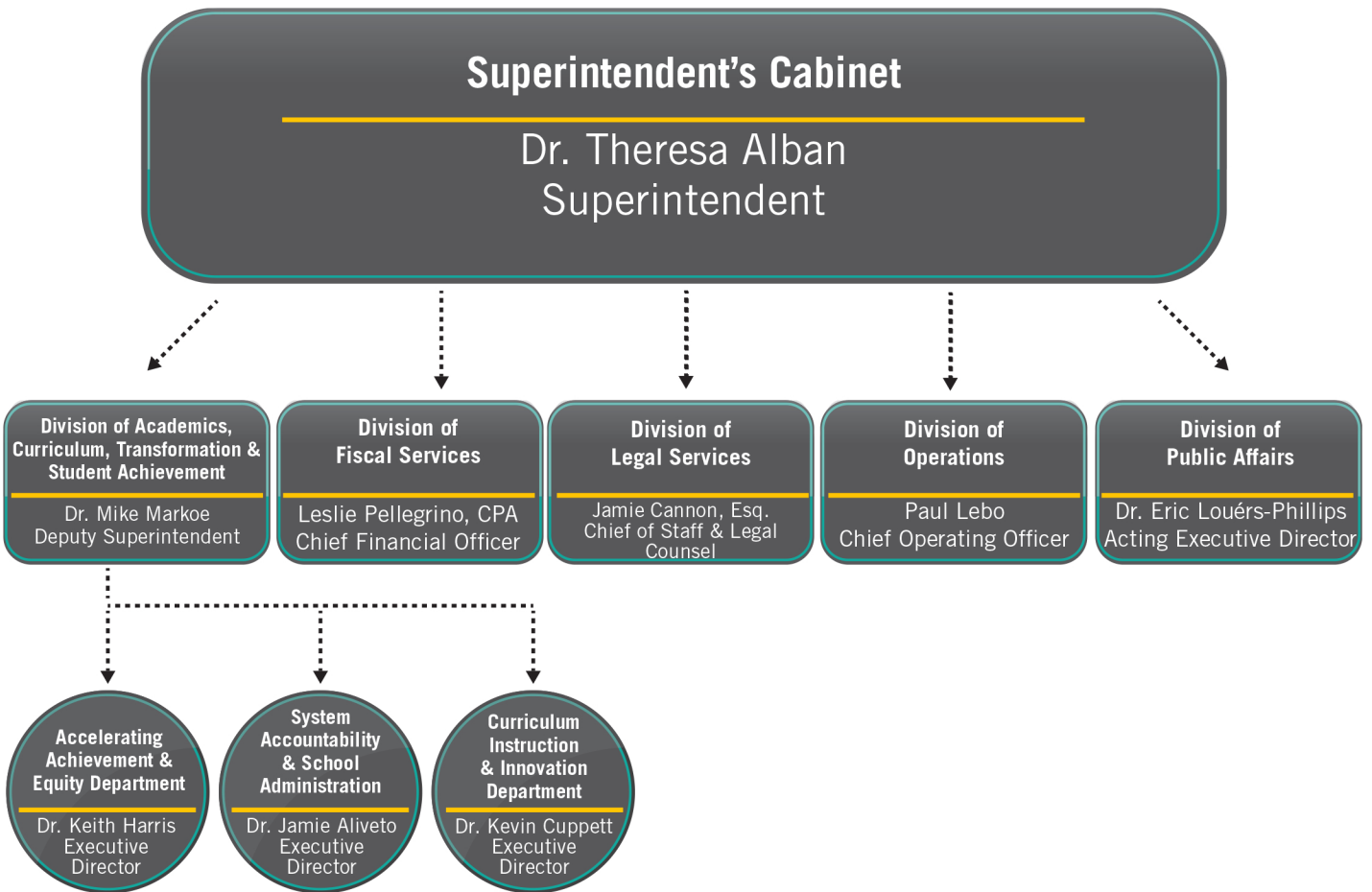
**Brad Young**



**Sam Starrs**  
Student Member



**Theresa R. Alban, Ph.D.**  
Secretary-Treasurer





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## **FINANCIAL SECTION**

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**S B & C O M P A N Y, L L C**  
KNOWLEDGE • QUALITY • CLIENT SERVICE

## **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, 2021, 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 an opinion 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 opinion.



**S B & C O M P A N Y, L L C**  
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### ***Opinion***

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, 2021, 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.

### ***Emphasis of Matter***

As discussed in Note 7, during the year ended June 30, 2021, the Board adopted Government Accounting Standards Boards (GASB) Statement No. 84 *Fiduciary Activities*. This Adoption resulted in a restatement of net position as of July 1, 2020. Our opinion is not modified with respect to this matter.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Contributions Related to Pension and Schedule of Proportionate Share of Net Pension Liability, and Schedule of Investment Returns for the Post-Employment Retiree Health Benefit Plan, and Schedule of Changes in the 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 an opinion on the financial statements that collectively comprise the Board's basic financial statements. The accompanying introductory, supplementary information for the school construction fund, food nutrition services fund, and 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.



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

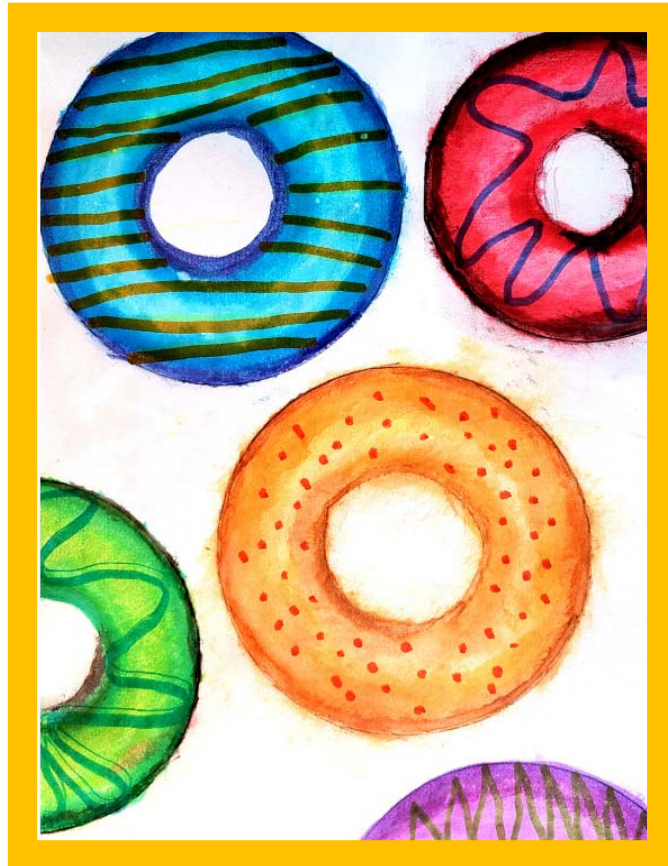
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2021, 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 solely 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 the effectiveness of the Board's 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 controls over financial reporting and compliance.

Owings Mills, Maryland  
September 28, 2021

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



Student: Dylan P.

Carroll Creek Montessori School

4<sup>th</sup> Grade

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

This section of Frederick County Public Schools' (FCPS) Annual Comprehensive Financial Report presents the discussion and analysis of its financial performance during the fiscal year ended June 30, 2021, with selected comparative data for the year ended June 30, 2020. 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 1-5 of this report.

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

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

### ***FINANCIAL HIGHLIGHTS***

- The assets and deferred outflows of FCPS exceeded its liabilities and deferred inflows as of June 30, 2021 by \$23.0 million which represents its net position.
- The Board adopted Governmental Accounting Standard Board (GASB) Statement No. 84, entitled, *Fiduciary Activities*. Due to the implementation of Statement No. 84, FCPS was required to restate the beginning fund balance and net position resulting in the General fund balance and government-wide net position increase of \$3.4 million as of July 1, 2020. The government-wide statements reflect a restated beginning net position of \$(5.2) million per the Statement of Activities. This is an increase of \$3.4 million from the June 30, 2020 ending net position of \$(8.6) million. The fund financial statements reflect a General restated beginning fund balance of \$38.1 million per the Statement of Revenues, Expenditures, and Changes in Fund Balance. This is an increase of \$3.4 million from the June 30, 2020 ending General fund balance of \$34.7 million.
- FCPS' change in net position increased \$28.2 million per the Statement of Activities for the year ended June 30, 2021. The key factor in this change was a \$76.3 million decrease in the Net OPEB Liability.
- Costs of \$87.2 million were incurred by FCPS on major construction projects. The following projects commenced in a prior year but was still under construction during FY 2021, incurring project costs of; \$29.2 million on the Rock Creek replacement, \$29.2 million on the new Blue Heron Elementary, \$5.1 million on the Oakdale Middle addition, \$19.6 million on the Waverley Elementary replacement, and \$4.1 million on the Urbana Elementary replacement.

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

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

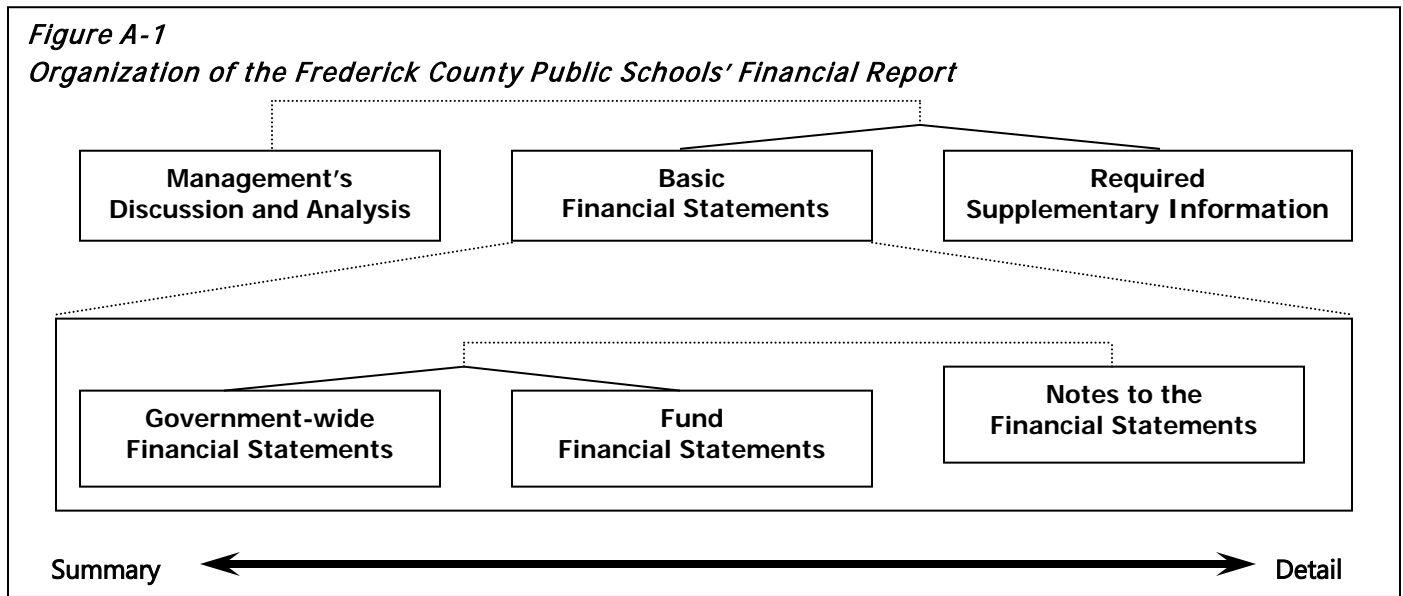
- The first two statements are *government-wide financial statements* that provide both *short-term and long-term* information about FCPS' *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of FCPS, reporting FCPS' operations in *more detail* than the government-wide financial statements. Fund Financial Statements include governmental, proprietary, and fiduciary funds. These statements provide a greater level of detail of revenues and expenditures, and indicate how well FCPS has performed in the short term in the most significant funds.
  - The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
  - *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities FCPS operates *like a business*, such as the Self-Insurance Fund.
  - *Fiduciary fund* statements provide information about the financial relationships in which FCPS acts solely as a *trustee* for the benefit of others, such as the Post-Employment Retiree Health Benefit Plan.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

- 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, 2021). 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, 2021. This statement answers the question, "How did we do financially during fiscal year 2021?" 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' overall health, consideration should be given to additional non-financial factors such as building improvements, number of students served, and staffing levels.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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 28-29 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 funds financial statements can be found on pages 30-34 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 35-37 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. 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 38-39 of this report.

- ***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 40-68 of this report.



FREDERICK COUNTY PUBLIC SCHOOLS  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021

***FINANCIAL ANALYSIS OF FCPS AS A WHOLE***

FCPS' net position (the difference between assets, liabilities and deferred inflows/outflows of resources) increased as of June 30, 2021 in comparison to the restated net position the year prior. The net position increased \$28.2 million resulting in a net position of \$23.0 million. The following are major components of FCPS' net position:

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

	<b>Governmental</b>	
	<b>Activities</b>	
	2021	2020
Current and Other Assets	\$ 101.4	\$ 98.3*
Capital Assets	865.3	804.3
<b>Total Assets</b>	<b>966.7</b>	<b>902.6</b>
Deferred Outflows of Resources		
Related to Pensions	8.8	6.0
Related to OPEB	157.4	113.7
<b>Total Deferred Outflows</b>	<b>166.2</b>	<b>119.7</b>
Other Liabilities	49.1	40.4*
Long-term Liabilities	842.1	919.8
<b>Total Liabilities</b>	<b>891.2</b>	<b>960.2</b>
Deferred Inflows of Resources		
Related to Pensions	2.7	3.8
Related to OPEB	216.0	63.5
<b>Total Deferred Inflows</b>	<b>218.7</b>	<b>67.3</b>
Net Position		
Net Investment in Capital Assets	843.3	781.6
Unrestricted Deficit	(820.3)	(786.8)*
<b>Total Net Position</b>	<b>\$ 23.0</b>	<b>\$ (5.2)*</b>

\*FY 2020 Restated for GASB Statement No. 84

The \$28.2 million increase in the net position of FCPS' governmental activities includes a restatement of FY 2020 for GASB Statement No. 84 that increased prior year's net position by \$3.4 million, however, the main contributing factor for the increase in net position is a result of a decrease in non-current liabilities as it relates to the other post-employment benefits (OPEB) liability. While there was a decrease in the discount rate causing the liability to increase, the experience factor applied in the calculation was the driving component contributing to a net \$76.3 million decrease in the net OPEB liability. Deferred outflows related to OPEB increased \$43.8 million and deferred inflows related to OPEB increased \$152.5 million.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

FCPS' net position of \$23.0 million consists of a \$843.3 million net investment in capital assets, less an unrestricted deficit of \$820.3 million. Last year FCPS had a combined restated net position of \$(5.2) million consisting of a \$781.6 million net investment in capital assets, less a restated unrestricted deficit of \$786.8 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 \$820.3 million as of June 30, 2021 includes unspent 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 \$759.7 million. The following table shows the breakdown as a percentage of total costs by functional areas as follows:

<b>Governmental Activities Expense:</b>	<b>2021 Percentage of Total</b>	<b>2020 Percentage of Total</b>
	<u>                    </u>	<u>                    </u>
Instruction:		
Regular Instruction	56.90%	55.46%
Special Education Instruction	13.39%	13.56%
Total Instruction	<u>70.29%</u>	<u>69.02%</u>
Support Services:		
Administration	2.57%	2.56%
Mid-level Administration	8.11%	7.88%
Pupil Personnel Services	0.57%	0.47%
Health	0.86%	0.92%
Pupil Transportation	3.60%	4.69%
Operations	7.04%	6.62%
Maintenance	2.55%	2.47%
Food and Nutrition Services	1.36%	1.63%
Community Services	0.09%	0.14%
Student Activities	0.25%	0.93%*
Interest on Long-term Liabilities	0.07%	0.13%
Intergovernmental Payment	2.64%	2.54%
Total Support Services	<u>29.71%</u>	<u>30.98%</u>

\*FY 2020 Restated for GASB Statement No. 84

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

Total revenues surpassed expenses increasing net position by \$28.2 million during fiscal year 2021. The key elements of FCPS' increase in net position were as follows:

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

	Governmental Activities 2021	Governmental Activities 2020
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 0.8	\$ 6.7 *
Operating Grants and Contributions	194.8	173.8 *
Capital Grants and Contributions	116.9	86.5
General Revenues		
Federal Aid	0.4	0.3
State Aid	176.6	171.2
Local Aid	296.6	283.5
Investment Earnings	0.3	0.8
Other	1.5	2.8
<b>Total Revenues</b>	<b>787.9</b>	<b>725.6</b>
<b>Expenses</b>		
Instruction:		
Regular Instruction	432.3	406.7
Special Education Instruction	101.7	99.4
<b>Total Instruction</b>	<b>534.0</b>	<b>506.1</b>
Support Services:		
Administration	19.5	18.8
Mid-level Administration	61.6	57.8
Pupil Personnel Services	4.4	3.4
Health	6.5	6.8
Pupil Transportation	27.4	34.4
Operations	53.5	48.6
Maintenance	19.3	18.1
Food and Nutrition Services	10.3	11.9
Community Services	0.7	1.0
Student Activities	1.9	6.8 *
Interest on Capital Lease	0.6	1.0
Intergovernmental Payment	20.0	18.6
<b>Total Support Services</b>	<b>225.7</b>	<b>227.2</b>
<b>Total Expenses</b>	<b>759.7</b>	<b>733.3</b>
<b>Change in Net Position</b>	<b>28.2</b>	<b>(7.7)</b>
Net Position - Beginning	(5.2) *	2.5 *
<b>Net Position - Ending</b>	<b>\$ 23.0</b>	<b>\$ (5.2) *</b>

\* FY 2020 Restated for GASB Statement No. 84

The table shown above details FCPS' changes in net position. FCPS' total revenues for 2021 shows \$787.9 million compared to total revenues of \$725.6 million for the previous year. In 2021, local aid increased \$13.1 million over the prior year due to appropriation increases. For the sixth year in a row, local aid included an amount over Maintenance of Effort. Federal, state, and local aid and other revenue not restricted to programs (general revenues) accounted for 60.3% of FCPS' total revenue in 2021, slightly less compared to 63.2% of total revenue in 2020. The component contributing to the overall increase in revenue compared to the prior year was in program revenues; specifically, a \$30.4 million increase in capital grants and contributions and a \$21.0 million increase in operating grants and contributions. Of the \$21.0 million increase, approximately \$16.5 million related to recognizing Coronavirus Relief restricted program revenues. Similarly, just not to the extent of revenues, FCPS' total expenditures increased from \$733.3 million in 2020 to \$759.7 million in 2021. Regular instruction accounted for \$25.6 million of the \$26.4 million increase with another \$2.3 million increase attributed to special education instruction, offset by an combined decrease in support services of \$1.5 million. The decrease in support services represent areas such as transportation and student activities, that did not have normal operations because of the virtual learning environment.

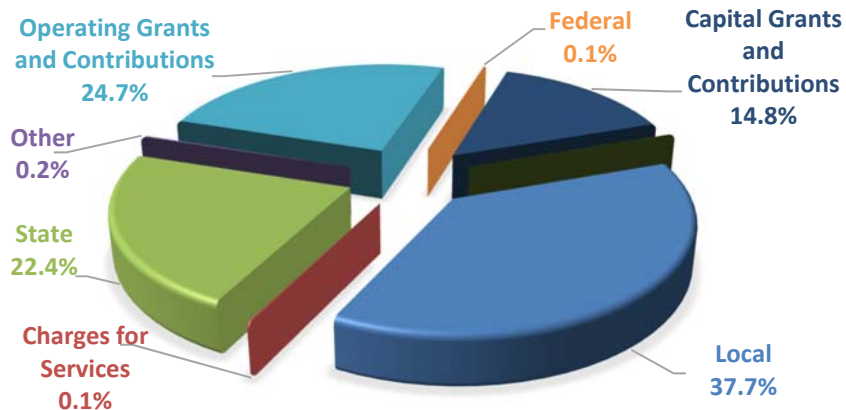
# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

### Governmental Activities

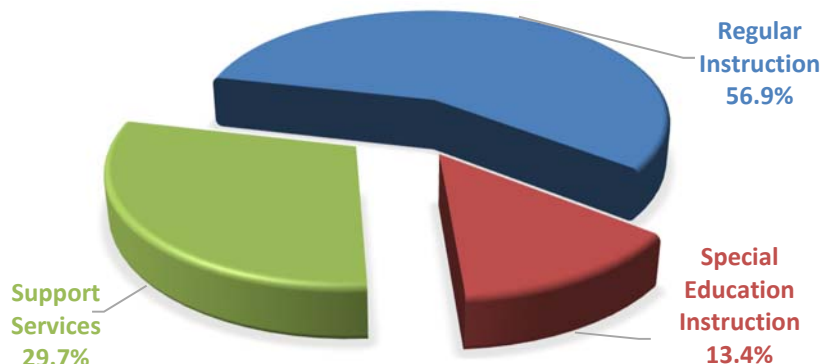
Charts 1 and 2 display government-wide revenues and expenses, respectively, for the current year. Total revenues for the FCPS combined activities (which include program revenues and general revenues) were \$787.9 million which was an increase of \$62.3 million over prior year. County appropriations and State formula aid accounting for approximately 60.1% of the FCPS revenue, while the remaining 39.9% came from operating and capital grants for specific programs, fees charged for services and other miscellaneous revenues. Costs of \$0.8 million were financed by users of FCPS' programs, while operating grants and contributions subsidized certain programs totaling \$194.8 million. FCPS' programs were financed by \$475.4 million consisting of unrestricted federal aid \$0.4 million, state aid of \$176.6 million, local aid of \$296.6 million, investment earnings of \$0.3 million, and other revenues of \$1.5 million.

**CHART 1: SOURCE OF REVENUES – FY 2021**



The total cost of all programs and services rose to \$759.7 million. Most of the FCPS expenses are related to instruction, both regular and special education. Total instructional costs were \$534.0 million or 70.3% of all school system expenditures, while support services comprised of 29.7% of total expenditures.

**CHART 2: EXPENSES BY FUNCTION – FY 2021**



# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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 2021 is \$447.1 million, a \$19.1 million decrease from the 2020 total of \$466.2 million.

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

<b>Expense Functions</b>	<b>Total Cost of Services 2021</b>	<b>Net Cost of Services 2021</b>	<b>Total Cost of Services 2020</b>	<b>Net Cost of Services 2020</b>	<b>Total Change in Net Cost of Services 2021-2020</b>
Instruction:					
Regular Instruction	\$ 432.3	\$ 242.8	\$ 406.7	\$ 238.2	\$ 4.6
Special Education Instruction	101.7	25.7	99.4	47.6	(21.9)
Total Instruction	534.0	268.5	506.1	285.8	(17.3)
Support Services:					
Administration	19.5	19.0	18.8	17.7	1.3
Mid-level Administration	61.6	58.8	57.8	55.5	3.3
Pupil Personnel Services	4.4	2.2	3.4	2.8	(0.6)
Health	6.5	0.5	6.8	0.3	0.2
Pupil Transportation	27.4	12.1	34.4	19.5	(7.4)
Operations	53.5	48.0	48.6	45.8	2.2
Maintenance	19.3	18.5	18.1	18.1	0.4
Food and Nutrition Services	10.3	(1.2)	11.9	1.2	(2.4)
Community Services	0.7	(0.1)	1.0	0.1	(0.2)
Student Activities	1.9	0.2	6.8	(0.2)	0.4
Interest on Capital Leases	0.6	0.6	1.0	1.0	(0.4)
Intergovernmental Payment	20.0	20.0	18.6	18.6	1.4
Total Support Services	225.7	178.6	227.2	180.4	(1.8)
Total	\$ 759.7	\$ 447.1	\$ 733.3	\$ 466.2	\$ (19.1)

The \$19.1 million decrease in net costs from 2020 to 2021 was largely due to a decrease in special education instruction and pupil transportation, offset by an increase in the regular instruction, mid-level administration and operations. Both, a \$27.9 million increase in instruction expenses and a \$45.2 million increase in related instruction program revenues were factors in the overall \$17.3 million decrease in 2021 total instruction net cost over 2020. In addition to salary increases, technology supplies increased in order to meet the challenges for virtual education. The increase in program revenues were due to \$30.4 million in capital grants as FCPS had increased construction projects in 2021 and a \$15.2 million increase in operating grants of which \$7.0 million was from Coronavirus Relief Fund Technology and Tutoring grants and \$5.8 million from the Elementary and Secondary School Emergency Relief Fund, offset by a \$0.4 million decrease in Charges for Services. The intergovernmental payment net cost which increased \$1.4 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, 2021

### ***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 \$41.1 million; an increase of \$1.0 million from last year's restated ending fund balances of \$40.1 million. The increase of \$1.0 million consists of a \$0.1 million fund balance increase in the General Fund, a \$0.6 million increase in the School Construction fund balance due to a transfer from the General Fund and a restricted booster club donation unspent as of June 30, 2021; a \$1.2 million increase in the Food and Nutrition Services fund balance due to decreased personnel and purchased food expenditures; and a \$0.9 million decrease in the Artificial Turf Fund due to artificial turf field replacements made during the year.

Likewise, as in 2020, state and local aid were the primary sources of operating funds for FCPS' governmental funds for fiscal year 2021. In 2021, both funding sources combined accounted for 93.6% of total revenues, a slight decrease from that of 94.0% in 2020, with the consideration of restated total revenues in prior year. In 2021, state aid contributed 42.5% and local aid contributed 51.1% of the combined revenues. In 2020, state aid contributed 44.9% and local aid contributed 49.1% of the combined restated revenues. The federal government contributed 5.6% and 3.4% of governmental revenues for 2021 and 2020, 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 \$650.4 million with the largest share spent on instructional programs, both regular and special education, in the amount of \$335.0 million. In comparison, last year, \$312.2 million was spent on instructional programs out of \$622.4 million total expenditures. In 2021, School Construction Fund revenues exceeded expenditures by \$0.2 million, which represented a donation from a local booster club. School Construction Fund revenues from state and local sources were \$22.8 and \$92.3 million, respectively. The nonmajor governmental fund received \$0.2 million in other funding for cell tower land rental agreements and the rental of artificial turf fields to outside community user groups. The redirection of the cell tower land rental income was budgeted and recognized as revenue in the Artificial Turf fund beginning in 2021 as historically this revenue was accounted for in the General Fund. The revenue for community user group rentals was less this year than typical due to facility closures to the community, as a result of COVID-19. During fiscal year 2021, the game field at Middletown High and the game and practice fields at Oakdale High were replaced and FCPS incurred expenses of \$1.3 million. These replacements caused a deficit as of June 30, 2021, with an anticipated recovery of fund balance in early fiscal year 2022.

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

Over the course of fiscal year 2021, 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, increased \$26.6 million in fiscal year 2021 as the result of increased federal funding. The federal government passed several legislative acts that allocated additional funds to FCPS to support recovery from the Novel Coronavirus (COVID-19) pandemic. The legislative acts included the CARES (Coronavirus Aid, Relief, and Economic Security) Act, CRF (Coronavirus Relief Fund), and CRRSA (Coronavirus Response and Relief Supplemental Appropriations) Act.

Budgeted revenues for the General Fund for 2021 totaled \$701.1 million while actual revenues equaled \$672.1 million, a difference of \$29.0 million. This \$29.0 million budgeted but not received during 2021 represents mostly COVID-19 relief grant allocations budgeted whereby program revenues were not yet recognizable. Grant balance activities remaining at fiscal year-end will be carried forward to 2022. This activity was approved for grant periods that extend beyond 2021 and overlap fiscal years. In addition, local in-kind transactions and other revenue were less than budgeted, accounting for \$5.4 million of the aggregate \$29.0 million difference.

General Fund budgeted expenditures allocated for 2021 totaled \$701.1 million while actual expenditures equaled \$650.2 million, a difference of \$50.9 million. The variance is mainly attributable to salary and fringe savings from staff vacancies and turnover in the instructional and special education classifications, transportation savings as FCPS conducted virtual classes the first semester and continued savings in building utility costs. There were no expenditure classes with a negative budget variance in 2021. For the General Fund, the ending fund balance on a budgetary basis as of June 30, 2021 is a surplus of \$28.5 million of which \$17.9 million is budgeted for use in fiscal year 2022, \$1.5 million is committed to Charter Schools, \$1.1 million assigned for restricted projects where revenue earned exceeded expenditures, and \$3.2 million assigned for student activities, leaving \$4.5 million as unassigned.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

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

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

As of the end of fiscal year 2021, FCPS had invested \$865.3 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 \$61.0 million during 2021. (More detailed information about capital assets can be found in Note 3.B to the financial statements.) Total depreciation expense for the year was \$37.0 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>2021</b>	<b>2020</b>	<b>2021-2020</b>
Land	\$ 52.3	\$ 52.0	0.6%
Construction in Progress	59.5	63.1	(5.7)%
Buildings and Improvements	730.5	668.3	9.3%
Furniture and Equipment	<u>23.0</u>	<u>20.9</u>	10.0%
Total	<u>\$ 865.3</u>	<u>\$ 804.3</u>	7.6%

The most significant changes that occurred in capital assets for the period ended June 30, 2021 was the increase in furniture and equipment as well as buildings and improvements. The cumulative costs of the Urbana Elementary School replacement facility (opened in August 2020), the Rock Creek Replacement School facility (opened in July 2021), and the Oakdale Middle School Addition facility (opened in August 2021) were reclassified out of construction in progress and into building and improvements. The construction in progress decreased during the fiscal year 2021 largely due to those major construction projects mentioned, in addition to several smaller systemic projects that were closed out. The new Blue Heron Elementary, included in the construction in progress at June 30, 2021, will open in August for the 2021/2022 school year. The enrollment figure, as reported to the Maryland State Department of Education for fiscal year 2021, was 43,221 students; resulting in a utilization of 93% of school capacity.

The 2022 Capital Budget has projected spending of \$50.7 million for capital projects.

- \$40.0 million in major projects; which includes \$25.0 million for the construction of Waverley Elementary School replacement and \$15.0 million for the construction of Brunswick Elementary replacement projects.
- \$10.7 million in systemic repairs and renovations to existing facilities, of which some of the projects include; \$7.2 million for limited renovations at Thurmont Elementary, a \$0.6 million roof project at Ballenger Creek Middle; \$0.5 million for replacement of playground equipment at four schools; a \$0.6 million track repair at Governor Thomas Johnson High; and \$1.2 million for systemic portable relocations.

#### ***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, 2021

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

	<b>Governmental Activities</b>		<b>Total Percentage Change</b>
	<b>2021</b>	<b>2020</b>	<b>2021-2020</b>
Capital Leases Payable	\$ 22.0	\$ 31.9	(31.0)%
Vacation Leave Payable	9.9	9.1	8.8%
Termination Benefits Payable	27.5	25.3	8.7%
Net OPEB Liability	736.0	812.3	(9.4)%
Net Pension Liability	<u>46.7</u>	<u>41.2</u>	13.3%
Total	<u>\$ 842.1</u>	<u>\$ 919.8</u>	(8.4)%

FCPS has had a long-term lease since 2007, for the consolidated central office building which was refinanced in June 2020 with a new lessor. The terms of the newly refinanced lease agreement lowered the interest rate from 3.1% to 1.98% and adjusted the principal and interest payments. However, the original maturity date of September 1, 2032 remained intact and is contingent upon yearly appropriations. Because the terms of the original lease did not allow for payoff prior to September 1, 2020, lease proceeds from the new lease were placed in escrow until the September 1, 2020 payoff date. Unable to pay off the original lease at the time of refinancing resulted in reporting two lease obligations outstanding for the central office as of June 30, 2020 whereby the outstanding obligation on the central office building leases for prior year included the new \$9.3 million lease in addition to the original lease with a balance of \$9.2 million. In June 2018, FCPS entered into an energy performance contract lease agreement to finance a variety of energy conservation improvements in FCPS facilities across the county. This lease was also refinanced in June 2020 with a new lessor. The pay-off of the original lease occurred prior to year-end. The outstanding obligation on the energy performance lease as of June 30, 2020, was the new lease for \$13.4 million. This lease retained the original 15-year term and is also contingent upon yearly appropriations. In fiscal year 2021, the reduction in capital lease payable represents the payoff of the original central office building lease as well as scheduled principal payments.

FCPS recognizes its contractual obligations to employees for vacation and termination benefits payable. As of June 30, 2021, FCPS had accumulated obligations totaling \$9.9 million for unpaid vacation leave and \$27.5 million for termination benefits payable. Funding for these liabilities has not occurred since they are not currently payable. 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 decreased by \$76.3 million as of June 30, 2021, for a net OPEB liability of \$736.0 million. The decrease of \$76.3 million was a combination of changes in service cost, interest, contributions, net investment income, assumptions, benefit payments and a change in the applied experience factor, calculated by a third-party actuary. FCPS contributed \$19.5 million for the year (\$7.1 million was contributed to the OPEB Trust and \$12.4 million was FCPS' share of the retiree premiums [pay-as-you-go]).

FCPS recognizes a net pension liability of \$46.7 million as of June 30, 2021. This is an increase of \$5.5 million from the fiscal year 2020 net pension liability of \$41.2 million. The increase of \$5.5 million is due to changes in assumptions and other variances, such as market fluctuations.

### **Future Challenges**

The school system must consider a multitude of factors as it prepares future budgets. School systems across the nation, including Frederick County Public Schools will have many lasting effects of the Coronavirus pandemic, most notably with concerns around enrollment and increased costs for social and emotional supports and instructional recovery services for students. In Maryland, school systems are also beginning to implement the requirements of the Blueprint for Maryland's Future legislation which will greatly impact FCPS' operating budget both from a revenue and an expenditure perspective. Lastly, as in prior years, FCPS will face economic uncertainties, growing capital needs, and long-term financial planning.



# FREDERICK COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2021

These next few years will be very challenging budgetarily, as the Board strives to meet the varying needs of the school system while balancing continued revenue resource constraints.

### ***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 resources 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, 2021

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and Investments	\$ 66,426,005
Due From Other Units of Government	26,173,329
Accounts Receivable	5,827,162
Inventories, at Cost	1,771,779
Prepaid Items	1,187,800
Capital Assets not being Depreciated:	
Land	52,312,535
Construction in Progress	59,455,295
Capital Assets, Net of Accumulated Depreciation:	
Buildings and Improvements	730,498,728
Furniture and Equipment	<u>23,038,128</u>
<b>Total Assets</b>	<u>966,690,761</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Related to Pension	8,769,421
Related to OPEB	<u>157,430,387</u>
<b>Total Deferred Outflows of Resources</b>	<u>166,199,808</u>
<b>LIABILITIES</b>	
Accounts Payable	30,704,633
Accrued Interest Payable	160,077
Salaries and Wages Payable	16,471,653
Payroll Taxes and Deductions Payable	1,695,777
Noncurrent Liabilities:	
Due Within One Year	8,527,753
Due in More than One Year	<u>833,587,629</u>
<b>Total Liabilities</b>	<u>891,147,522</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to Pension	2,731,135
Related to OPEB	<u>215,967,751</u>
<b>Total Deferred Inflows of Resources</b>	<u>218,698,886</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	843,331,592
Unrestricted Deficit	<u>(820,287,431)</u>
<b>Total Net Position</b>	<u>\$ 23,044,161</u>

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Activities For the Year Ended June 30, 2021

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	\$ 432,271,717	\$ 362,807	\$ 101,425,916	\$ 87,689,255	\$ (242,793,739)
Special Education Instruction	101,711,158	-	46,820,072	29,213,796	(25,677,290)
Total Instruction	<u>533,982,875</u>	<u>362,807</u>	<u>148,245,988</u>	<u>116,903,051</u>	<u>(268,471,029)</u>
Support Services:					
Administration	19,564,018	-	600,233	-	(18,963,785)
Mid-level Administration	61,608,229	-	2,771,649	-	(58,836,580)
Pupil Personnel Services	4,361,979	-	2,124,387	-	(2,237,592)
Health	6,493,717	-	5,997,240	-	(496,477)
Pupil Transportation	27,373,321	-	15,246,270	-	(12,127,051)
Operations	53,505,366	217,488	5,311,481	-	(47,976,397)
Maintenance	19,337,223	-	861,340	-	(18,475,883)
Food and Nutrition Services	10,292,829	74,356	11,381,157	-	1,162,684
Community Services	656,910	-	781,192	-	124,282
Student Activities	1,873,015	176,068	1,459,647	-	(237,300)
Interest on Capital Lease	568,992	-	-	-	(568,992)
Intergovernmental Payment	20,038,937	-	-	-	(20,038,937)
Total Support Services	<u>225,674,536</u>	<u>467,912</u>	<u>46,534,596</u>	<u>-</u>	<u>(178,672,028)</u>
Total Governmental Activities	<u>\$ 759,657,411</u>	<u>\$ 830,719</u>	<u>\$ 194,780,584</u>	<u>\$ 116,903,051</u>	<u>(447,143,057)</u>
General Revenues:					
Federal Aid Not Restricted to Specific Purposes					413,158
State Aid Not Restricted to Specific Purposes					176,559,518
Local Aid Not Restricted to Specific Purposes					296,598,012
Interest and Investment Earnings					299,632
Other Revenue					1,530,771
Total General Revenues					<u>475,401,091</u>
Change in Net Position					28,258,034
Net Position - Beginning, as restated					(5,213,873)
Net Position - Ending					<u>\$ 23,044,161</u>

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Balance Sheet Governmental Funds June 30, 2021

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
<b>ASSETS</b>					
Cash and Investments	\$ 47,597,366	\$ 1,382,101	\$ 1,748,822	\$ -	\$ 50,728,289
Due From:					
Federal Government	7,015,714	-	1,181,837	-	8,197,551
State of Maryland	5,191,773	1,012,159	-	-	6,203,932
Frederick County	70,393	12,157,699	-	-	12,228,092
Other Funds	680,800	-	-	-	680,800
Accounts Receivable	211,285	-	15,367	12,893	239,545
Inventories, at Cost	1,084,454	-	687,325	-	1,771,779
Prepaid Items	1,172,650	-	-	-	1,172,650
<b>Total Assets</b>	<b>\$ 63,024,435</b>	<b>\$ 14,551,959</b>	<b>\$ 3,633,351</b>	<b>\$ 12,893</b>	<b>\$ 81,222,638</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 5,795,773	\$ 13,919,547	\$ 666,458	\$ -	\$ 20,381,778
Accrued Liabilities:					
Salaries and Wages	16,430,255	16,051	25,347	-	16,471,653
Payroll Taxes and Deductions	1,693,838	-	1,939	-	1,695,777
Due To:					
Federal Government	239,010	-	-	-	239,010
State of Maryland	132,006	-	-	-	132,006
Frederick County	83,519	1,711	-	-	85,230
Other Funds	460,298	14,650	503,369	162,781	1,141,098
<b>Total Liabilities</b>	<b>24,834,699</b>	<b>13,951,959</b>	<b>1,197,113</b>	<b>162,781</b>	<b>40,146,552</b>
Fund Balances:					
Nonspendable:					
Inventories	1,084,454	-	687,325	-	1,771,779
Prepaid Items	1,172,650	-	-	-	1,172,650
Restricted:					
School Construction	-	200,000	-	-	200,000
Committed:					
Charter Schools	1,481,773	-	-	-	1,481,773
School Construction	-	400,000	-	-	400,000
Assigned:					
Administration	2,451,935	-	-	-	2,451,935
Instructional	6,656,745	-	-	-	6,656,745
Maintenance and Operations	7,414,892	-	-	-	7,414,892
Transportation	9,106,920	-	-	-	9,106,920
Food and Nutrition Services	-	-	1,748,913	-	1,748,913
Grants	1,096,624	-	-	-	1,096,624
Student Activities	3,178,951	-	-	-	3,178,951
Unassigned:	4,544,792	-	-	(149,888)	4,394,904
<b>Total Fund Balances</b>	<b>38,189,736</b>	<b>600,000</b>	<b>2,436,238</b>	<b>(149,888)</b>	<b>41,076,086</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 63,024,435</b>	<b>\$ 14,551,959</b>	<b>\$ 3,633,351</b>	<b>\$ 12,893</b>	<b>\$ 81,222,638</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, 2021

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

Total fund balance - governmental funds		\$ 41,076,086
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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	\$ 1,347,930,639		
Accumulated depreciation	<u>(482,625,953)</u>		865,304,686

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 are 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	(21,973,094)		
Accrued interest payable on leases	(160,077)		
Vacation leave payable	(9,941,383)		
Termination benefits payable	(27,513,468)		
Net OPEB Liability	(735,997,197)		
Net Pension Liability	<u>(46,690,240)</u>		(842,275,459)

Deferred outflows of resources:

Related to Pension	8,769,421		
Related to OPEB	<u>157,430,387</u>		166,199,808

Deferred inflows of resources:

Related to Pension	(2,731,135)		
Related to OPEB	<u>(215,967,751)</u>		(218,698,886)

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>11,437,926</u>
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Net Position of Governmental Activities		<u><u>\$ 23,044,161</u></u>
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*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, 2021

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
<b>Revenues:</b>					
Federal	\$ 34,261,272	\$ -	\$ 10,069,845	\$ -	\$ 44,331,117
State	311,175,432	22,826,501	347,361	-	334,349,294
Local	309,170,970	92,313,223	-	-	401,484,193
Charges for Services	176,068	-	32,700	-	208,768
Other	5,506,780	200,000	29,330	239,014	5,975,124
<b>Total Revenues</b>	660,290,522	115,339,724	10,479,236	239,014	786,348,496
<b>Expenditures:</b>					
Current:					
Administration	12,699,145	-	-	-	12,699,145
Mid-level Administration	40,387,727	-	-	-	40,387,727
Instructional Salaries	237,816,410	-	-	-	237,816,410
Instructional Supplies	22,573,877	-	-	-	22,573,877
Instruction - Other	3,783,467	-	-	-	3,783,467
Special Education	70,801,307	-	-	-	70,801,307
Pupil Personnel	2,721,015	-	-	-	2,721,015
Health	6,384,327	-	-	-	6,384,327
Pupil Transportation	17,877,064	-	-	-	17,877,064
Operations	42,306,098	-	-	-	42,306,098
Maintenance	14,315,480	-	-	-	14,315,480
Fixed Charges	174,270,235	-	-	-	174,270,235
Food and Nutrition Services	847,433	-	9,319,321	-	10,166,754
Community Services	472,187	-	-	-	472,187
Student Activities	1,873,015	-	-	-	1,873,015
Capital Outlay:					
Land	-	1,701,285	-	-	1,701,285
Buildings and Improvements	-	90,728,991	-	1,312,198	92,041,189
Equipment	-	2,670,511	-	-	2,670,511
Debt Service:					
Capital Lease Principal	841,460	-	-	-	841,460
Capital Lease Interest	309,387	-	-	-	309,387
Capital Lease Refinancing Costs	141,524	-	-	-	141,524
Intergovernmental Payment	-	20,038,937	-	-	20,038,937
<b>Total Expenditures</b>	650,421,158	115,139,724	9,319,321	1,312,198	776,192,401
Excess (Deficiency) of Revenues over Expenditures	9,869,364	200,000	1,159,915	(1,073,184)	10,156,095
<b>Other Financing Sources (Uses)</b>					
Payment to Retire Debt	(9,130,561)	-	-	-	(9,130,561)
Transfers In From:					
General Fund	-	400,000	17,434	200,000	617,434
Transfers Out To:					
School Construction	(400,000)	-	-	-	(400,000)
Food and Nutrition Services	(17,434)	-	-	-	(17,434)
Artificial Turf Fund	(200,000)	-	-	-	(200,000)
<b>Total Other Financing         Sources (Uses)</b>	(9,747,995)	400,000	17,434	200,000	(9,130,561)
<b>Net Change in Fund Balances</b>	121,369	600,000	1,177,349	(873,184)	1,025,534
Fund Balances - Beginning, as restated	38,068,367	-	1,258,889	723,296	40,050,552
<b>Fund Balances - Ending</b>	\$ 38,189,736	\$ 600,000	\$ 2,436,238	\$ (149,888)	\$ 41,076,086

*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, 2021

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

Total net change in fund balances - governmental funds	\$	1,025,534
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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 capitalized capital outlay (\$99,288,746) exceeds depreciation expense (\$36,977,206) and retirements/reclassifications (\$1,312,434).

60,999,106

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.

Payments to retire debt	\$	9,130,561	
Principal payments of capital leases		841,460	
Interest expense - capital leases (cumulative)		<u>(118,081)</u>	9,853,940

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 (\$6,461,522) of which (\$12,457) was included in the calculation below.

(6,449,065)

In the Statement of Activities, certain operating expenses are measured by the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources expended. (Internal service fund activity is included.)

Vacation leave accrued		(838,744)	
Termination benefits accrued		(2,213,083)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources		(32,469,281)	
Changes in pension liabilities and related deferred outflows and inflows of resources		<u>(1,650,373)</u>	<u>(37,171,481)</u>

Change in Net Position of Governmental Activities	\$	<u><u>28,258,034</u></u>
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*The notes to the financial statements are an integral part of this statement.*



# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)

### General Fund

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
<b>Revenues:</b>				
Federal	\$ 30,135,989	\$ 54,105,989	\$ 34,261,272	\$ (19,844,717)
State	313,806,816	314,456,816	311,175,432	(3,281,384)
Frederick County	309,699,428	311,711,993	309,170,970	(2,541,023)
Other Revenue	6,883,019	6,883,019	4,047,133	(2,835,886)
Fund Balance	13,996,447	13,996,447	13,465,185	(531,262)
<b>Total Revenues</b>	<u>674,521,699</u>	<u>701,154,264</u>	<u>672,119,992</u>	<u>(29,034,272)</u>
<b>Expenditures:</b>				
Administration	13,635,375	13,866,635	12,784,779	1,081,856
Mid-level Administration	40,212,951	41,290,200	40,363,909	926,291
Instructional Salaries	244,257,685	248,218,021	237,816,410	10,401,611
Instructional Supplies	17,482,567	25,993,768	22,554,400	3,439,368
Instructional - Other	4,913,972	5,187,749	3,640,329	1,547,420
Special Education	76,321,388	81,721,388	70,811,076	10,910,312
Pupil Personnel Services	2,642,188	2,757,188	2,721,382	35,806
Health	8,649,383	8,982,463	6,314,869	2,667,594
Pupil Transportation	25,193,622	26,507,058	18,906,718	7,600,340
Operations	42,399,396	45,228,886	41,518,968	3,709,918
Maintenance	14,199,044	15,006,245	14,409,086	597,159
Fixed Charges	180,873,286	181,499,383	174,779,622	6,719,761
Food and Nutrition Services	573,180	1,298,180	864,867	433,313
Community Services	988,718	1,268,718	473,322	795,396
Capital Outlay	2,178,944	2,328,382	2,254,815	73,567
<b>Total Expenditures</b>	<u>674,521,699</u>	<u>701,154,264</u>	<u>650,214,552</u>	<u>50,939,712</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	21,905,440	<u>\$ 21,905,440</u>
Fund Balance - Beginning, as restated			20,969,826	
Net Increase in Nonspendable Fund Balance Inventories and Prepaids			(927,529)	
Prior Year Surplus Funded			<u>(13,465,185)</u>	
<b>Fund Balance - Ending</b>			<u>\$ 28,482,552</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, 2021

	<b>Governmental Activity: Internal Service Fund Self-Insurance</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Cash Equivalents	\$ 15,697,716
Due from Other Funds	460,298
Other Receivables	5,587,617
Prepaid Items	15,150
<b>Total Current Assets</b>	<b>21,760,781</b>
 <b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable	979,468
Accrued Claim Liabilities	9,343,387
Current Portion of Long-term Obligations	23,814
<b>Total Current Liabilities</b>	<b>10,346,669</b>
<b>Noncurrent Liabilities:</b>	
Noncurrent Portion of Long-term Obligations	69,601
<b>Total Liabilities</b>	<b>10,416,270</b>
 <b>NET POSITION</b>	
<b>Unrestricted</b>	<b>11,344,511</b>
<b>Total Net Position</b>	<b>\$ 11,344,511</b>

*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, 2021

	<b>Governmental Activity: Internal Service Fund Self-Insurance</b>
<b>Operating Revenues:</b>	
Contributions from Employer	\$ 69,276,095
Contributions from Employees	16,754,427
Federal Government - Medicare Part D	253,225
<b>Total Operating Revenues</b>	<b>86,283,747</b>
<b>Operating Expenses:</b>	
Salaries and Wages	374,669
Professional and Contracted Services	4,010,040
Insurance Claims and Related Expenses	82,124,069
Payment to Federal Government	40,462
Other Charges	154,365
Payment to Fiduciary Fund	6,045,286
<b>Total Operating Expenses</b>	<b>92,748,891</b>
<b>Operating Loss</b>	<b>(6,465,144)</b>
<b>Nonoperating Revenues:</b>	
Investment Earnings	3,622
<b>Total Nonoperating Revenues</b>	<b>3,622</b>
<b>Change in Net Position</b>	<b>(6,461,522)</b>
Total Net Position - Beginning	17,806,033
<b>Total Net Position - Ending</b>	<b>\$ 11,344,511</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, 2021

	<b>Governmental Activity: Internal Service Fund Self-Insurance</b>
<b>Cash Flows From Operating Activities</b>	
Receipts from User Charges	\$ 16,754,427
Receipts from Interfund Services	69,104,420
Payments to Employees	(516,577)
Payments for Insurance Claims	(81,524,867)
Payments for Contracted Services	(3,244,976)
Payment to Fiduciary Fund	(6,045,286)
Net Cash From Operating Activities	(5,472,859)
<b>Cash Flows From Investing Activities</b>	
Interest Received on Investments	3,622
Net Cash from Investing Activities	3,622
Net Decrease in Cash and Cash Equivalents	(5,469,237)
Cash and Cash Equivalents - Beginning	21,166,953
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 15,697,716</b>
<b>Reconciliation of Operating Loss to Net Cash From Operating Activities:</b>	
Operating Loss	\$ (6,465,144)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:	
Effect of Changes in Non-cash Operating Assets and Liabilities:	
Receivables	(424,900)
Prepays	(1,066)
Accounts Payable	806,592
Accrued Liabilities and Compensated Absences	611,659
<b>Net Cash From Operating Activities</b>	<b>\$ (5,472,859)</b>

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Statement of Net Position Fiduciary Fund June 30, 2021

	<b>Post-Employment Retiree Health Benefit Plan</b>
	<hr/>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 65,872
Investments at Fair Value	
Fixed Income Securities	49,609,226
Equity Securities	118,018,775
Accounts Receivable	36,012
<b>Total Assets</b>	<hr/> <b>167,729,885</b> <hr/>
<b>LIABILITIES</b>	
Accounts Payable	6,074
<b>Total Liabilities</b>	<hr/> <b>6,074</b> <hr/>
<b>NET POSITION</b>	
Net Position Restricted for OPEB	<hr/> <b>\$ 167,723,811</b> <hr/>

*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, 2021

	<b>Post-Employment Retiree Health Benefit Plan</b>
<b>ADDITIONS</b>	
Contributions	
Employer	\$ 19,517,983
Plan Members	8,241,614
Federal Government - Retiree Subsidy	4,211,161
<b>Total Contributions</b>	<b>31,970,758</b>
Investment Income	
Interest and Other Investment Income	6,282,885
Net Increase in Fair Value of Investments	30,230,130
<b>Total Net Investment Income</b>	<b>36,513,015</b>
<b>Total Additions</b>	<b>68,483,773</b>
<b>DEDUCTIONS</b>	
Claims Incurred	23,368,548
Administrative Expenses	1,493,525
<b>Total Deductions</b>	<b>24,862,073</b>
Change in Net Position	43,621,700
Net Position - Beginning	124,102,111
<b>Net Position - Ending</b>	<b>\$ 167,723,811</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, 2021

### **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, 2021

### 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 the fiduciary fund, even though the latter is 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 and because Maryland statutes require that the operating budget be legally adopted, FCPS has chosen to make its General Fund budget-to-actual comparison statement part of the basic financial statements. 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.

The Food and Nutrition Services budget is not legally adopted and therefore, a budget to actual presentation is not included in the basic statements. The Food Nutrition Services budget is developed internally by the school system for management purposes. The comparison of the Food and Nutrition Services Fund budget to actual revenues and expenditures is presented as other supplementary information.

#### 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, 2021

### **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, except those required to be accounted for in another fund.

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. The Food and Nutrition Services Fund is treated as a major fund by election.

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 custodial 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, 2021

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

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

FCPS has one fiduciary fund reported in the accompanying financial statements:

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 (deductions) 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.

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.

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, 2021. Therefore, no valuation allowance is provided against the amounts due.

#### **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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

#### F. Inventories and Prepaid Items (continued)

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.

#### 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, 2021.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

#### **I. Compensated Absences (continued)**

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.

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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

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

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 as restricted fund balance, when applicable.

As of June 30, 2021, the School Construction Fund has a restricted fund balance of \$200,000 which represents a donation received from the Thomas Johnson High School Patriots Boosters, Inc. restricted for the school's turf field project. The turf field project commenced June 28, 2021 and with minimal expenditures incurred at year-end, the donation is 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 \$1,481,773 consists of: \$460,275 for Monocacy Valley Montessori Public Charter School and \$1,021,498 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.

As of June 30, 2021, the School Construction Fund has a committed fund balance of \$400,000 which represents a transfer from the General Fund, restricted for the school's turf field project. The turf field project commenced June 28, 2021 and with minimal expenditures incurred at year-end, the transfer is reported as a committed fund balance in the School Construction Fund.

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. FCPS also reports an assigned fund balance for grants and student activities, for instances where revenue has been earned but not yet expended.

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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

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

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.

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 \$29,906,067 in its assigned fund balance, which is comprised of the following; \$1,096,624 of grant revenue in excess of expenditures; \$3,178,951 of student activity revenues in excess of expenditures; \$17,940,368 for subsequent year's expenditures in fiscal year 2022, and \$7,690,124 of encumbrances as of June 30, 2021. Some of the more significant General Fund encumbrances as of June 30, 2021, are \$4,085,914 for buses, \$389,076 for software/technology, \$150,000 for retrofit of an HVAC control system, \$140,000 for elimination of an aging storage tank and \$116,414 for network infrastructure upgrades.

#### **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, Self-Insurance Fund, and Artificial Turf 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.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

#### Budgetary Information (continued)

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

School Construction is budgeted on a project basis with funds primarily provided by Frederick County and the State of Maryland. State funds are approved by the State's Interagency 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 Uses</b>	<b>Net Change in Fund Balance</b>
Reported on the Basis of GAAP	\$ 660,290,522	\$ 660,169,153	\$ 121,369
Effect of Encumbrances	-	1,190,499	(1,190,499)
Effect of Prior Year Surplus	13,465,185	-	13,465,185
Capital Lease Retirement of Debt and Refinancing Costs	-	(9,272,085)	9,272,085
Effect of Student Activities	(1,635,715)	(1,873,015)	237,300
	<u>\$ 672,119,992</u>	<u>\$ 650,214,552</u>	<u>\$ 21,905,440</u>
Reported on the Budgetary Basis of Accounting	<u>\$ 672,119,992</u>	<u>\$ 650,214,552</u>	<u>\$ 21,905,440</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.

During the fiscal year ended June 30, 2021, the Board and the County Council approved the following supplemental appropriations/transfers for the General Fund:

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

#### Budgetary Information (continued)

##### Supplemental Appropriations/Transfers

	<u>To</u>	<u>From</u>	<u>Net Change</u>
<b><u>Revenues:</u></b>			
Federal	\$ 23,970,000	\$ -	\$ 23,970,000
State	650,000	-	650,000
Frederick County	2,012,565	-	2,012,565
Other	-	-	-
Fund Balance	-	-	-
<hr/>			
Total Increase (Decrease) to Revenues	<u>\$ 26,632,565</u>	<u>\$ -</u>	<u>\$ 26,632,565</u>
	<u>To</u>	<u>From</u>	<u>Net Change</u>
<b><u>Expenditures:</u></b>			
Administration	\$ 231,260	\$ -	\$ 231,260
Mid-level Administration	1,077,249	-	1,077,249
Instructional Salaries	3,960,336	-	3,960,336
Instructional Supplies	8,511,201	-	8,511,201
Instructional – Other	300,000	(26,223)	273,777
Special Education	5,400,000	-	5,400,000
Pupil Personnel Services	115,000	-	115,000
Health	353,801	(20,721)	333,080
Pupil Transportation	1,313,436	-	1,313,436
Operations	3,229,490	(400,000)	2,829,490
Maintenance	850,000	(42,799)	807,201
Fixed Charges	930,000	(303,903)	626,097
Food Service	725,000	-	725,000
Community Services	280,000	-	280,000
Capital Outlay	400,000	(250,562)	149,438
<hr/>			
Total Increase (Decrease) to Expenditures	<u>\$ 27,676,773</u>	<u>\$ (1,044,208)</u>	<u>\$ 26,632,565</u>
Total	<u>\$ (1,044,208)</u>	<u>\$ 1,044,208</u>	<u>\$ -</u>

The Operating Budget, in total, increased by \$26,632,565 in fiscal year 2021. The majority FY 2021 budget increase was due to unanticipated grant awards and carryover grant balances from the previous year due to the Novel Coronavirus Disease 2019 (COVID-19). When COVID-19 required FCPS to transition to fully virtual in March 2020, the school system was unable to spend awarded grant funds as anticipated, and many grants received extensions resulting in a higher than normal restricted fund carryover budget into fiscal year 2021. During the next few months, the federal government passed several legislative acts that allocated additional funds to FCPS to support recovery from COVID-19. At the time of approval of the FY 2021 budget, FCPS did not include sufficient federal appropriations to accommodate these legislative acts, and current expense amendments were required to recognize the additional allocations. The legislative acts included the CARES (Coronavirus Aid, Relief, and Economic Security) Act, CRF (Coronavirus Relief Fund), and CRRSA (Coronavirus Response and Relief Supplemental Appropriations) Act. Changes within the budgetary categories of the General Fund during fiscal year 2021 were approved by action of the Board and the County Council. For the year ended June 30, 2021, there were no expenditure categories that exceeded their budgets. Overall expenditures were under budget by \$50.9 million.



# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### Note 3. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

##### Cash on Hand

As of year-end, cash on hand for petty cash was \$100.

##### Deposits

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board may not be able to recover the deposits. The Annotated Code of Maryland requires that funds on deposit with a financial institution be fully secured by deposit insurance, surety bonds, obligations of the United States or its agencies, obligations of the State of Maryland or any of its agencies, or obligations of a county, other governmental authority, or municipal corporation in the State of Maryland. As of June 30, 2021, all of the Board's deposits were either covered by FDIC insurance or collateral held by the financial institution in the Board's name. As of year-end, the carrying amount of FCPS' deposits were \$21,567,353 and the bank balance was \$27,924,964.

##### Investments

As of June 30, 2021, FCPS' investment balances by type and maturity were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Maryland Local Gov. Investment Pool	\$44,853,966	\$44,853,966	\$ -	\$ -
Money Market	65,872	65,872	-	-
Certificates of Deposit	4,586	4,586	-	-
Fixed Income Securities	49,609,226	49,609,226	-	-
Equity Securities	118,018,775	118,018,775	-	-
	<u>\$212,552,425</u>	<u>\$212,552,425</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, 2021, of \$167,628,001, that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

MLGIP of \$44,853,966, Money Market of \$65,872 and Certificates of Deposit of \$4,586 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	21,567,353
Carrying Amounts of Investments (above)	<u>212,552,425</u>
Total Cash and Investments	234,119,878
Less: Amounts in Fiduciary Fund	<u>167,693,873</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 66,426,005</u>
Cash and Cash Equivalents	\$ 21,567,453
Investments	<u>44,858,552</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 66,426,005</u>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

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

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

*Credit Risk.* FCPS invests in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market mutual funds. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net position of the pool, 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, 2021, 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, 2021:

<u>Allocations by Credit Rating</u>	<u>Percent of Fixed Income Investments</u>	<u>Fair Value</u>
AAA	54.35%	\$ 26,962,614
AA	4.79%	2,376,282
A	7.10%	3,522,256
BBB	21.93%	10,879,303
BB	10.18%	5,050,219
B	0.72%	357,186
CCC	0.09%	44,648
<CCC/NR	0.84%	416,718
	<u>100.00%</u>	<u>\$ 49,609,226</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, 2021, 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, 2021

### 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. To minimize risk, the Plan's investment policy establishes a maximum asset allocation of 15% investment in international equity. The Plan also includes a manager for a fixed income investment fund which may invest up to 20% of the fund's assets in non-U.S. dollar denominated securities.

#### B. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Balance June 30, 2021</u>
<b>Governmental Activities:</b>				
Nondepreciable Capital Assets:				
Land	\$ 51,951,021	\$ 635,765	\$ 274,251	\$ 52,312,535
Construction in Progress	63,065,843	95,100,787	98,711,335	59,455,295
Total Nondepreciable Capital Assets	<u>115,016,864</u>	<u>95,736,552</u>	<u>98,985,586</u>	<u>111,767,830</u>
Depreciable Capital Assets:				
Buildings and Improvements	1,085,493,993	96,435,087	6,312,320	1,175,616,760
Furniture and Equipment	57,894,253	5,828,442	3,176,646	60,546,049
Total Depreciable Capital Assets	<u>1,143,388,246</u>	<u>102,263,529</u>	<u>9,488,966</u>	<u>1,236,162,809</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	417,150,270	33,305,699	5,337,937	445,118,032
Furniture and Equipment	36,949,260	3,671,507	3,112,846	37,507,921
Total Accumulated Depreciation	<u>454,099,530</u>	<u>36,977,206</u>	<u>8,450,783</u>	<u>482,625,953</u>
Total Depreciable Capital Assets, Net	<u>689,288,716</u>	<u>65,286,323</u>	<u>1,038,183</u>	<u>753,536,856</u>
Governmental Activities Capital Assets, Net	<u>\$ 804,305,580</u>	<u>\$ 161,022,875</u>	<u>\$ 100,023,769</u>	<u>\$ 865,304,686</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Administration	\$ 1,290,325
Mid-level Administration	72,598
Instruction - Other	32,648,685
Special Education	6,587
Pupil Transportation	2,413,655
Operations	142,372
Maintenance	249,553
Community Services	1,112
Food and Nutrition Services	152,319
Total Depreciation Expense - Governmental Activities	<u>\$ 36,977,206</u>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

#### C. Construction Commitments

FCPS has active construction projects as of June 30, 2021. 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 - New	\$ 34,235,656	\$ 4,434,111
Brunswick Elementary - Design	746,647	1,037,773
Governor Thomas Johnson High - Roof Replacement	7,227	713,333
Governor Thomas Johnson High - Artificial Turf Field	-	650,000
Heather Ridge - Roof Replacement	733,267	303,729
Lincoln "A" Building - Roof Replacement	234,475	211,275
Oakdale Middle - Addition	5,854,430	1,234,912
Rock Creek School - Replacement	45,458,339	1,959,137
Spring Ridge Elementary - Playground Equipment	-	108,406
Urbana Elementary - Replacement	41,231,185	163,713
Waverley Elementary - Replacement	21,484,281	3,956,903
Other Projects	2,011,239	61,700
Total	<u>\$ 151,996,746</u>	<u>\$ 14,834,992</u>

#### D. Non-Current Liabilities

Non-current liability balances and activities for the year ended June 30, 2021 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	\$ 31,945,115	\$ -	\$ 9,972,021	\$ 21,973,094	\$ 740,311
Vacation Leave Payable	9,102,639	5,716,695	4,877,951	9,941,383	5,121,849
Termination Benefits Payable	25,300,385	6,434,874	4,221,791	27,513,468	2,665,593
Net OPEB Liability	812,253,229	141,469,454	217,725,486	735,997,197	-
Net Pension Liability	41,209,266	5,480,974	-	46,690,240	-
	<u>\$ 919,810,634</u>	<u>\$ 159,101,997</u>	<u>\$ 236,797,249</u>	<u>\$ 842,115,382</u>	<u>\$ 8,527,753</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, 2021

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

#### E. Capital Lease Obligations

FCPS entered into a lease agreement in December 2007 for a central office building in the approximate amount of \$16.0 million. The lease was refinanced in fiscal year 2013 to lower the interest rate from 4.62% to 3.1%. In fiscal year 2020, to take advantage of a declining interest rate environment, FCPS refinanced the central office lease with a new lessor. The terms of the newly refinanced lease agreement lowered the interest rate from 3.1% to 1.98% and adjusted the principal and interest payments. The original maturity date of September 1, 2032 and other terms of the original agreement remained the same. The lease refinance with the new lessor took place on June 25, 2020, however, the terms of the original lease did not allow for payoff prior to September 1, 2020. In fiscal year 2021, payments including interest were \$9,895,263 for the original lease and the refinanced lease related to the central office. Payments for original lease payoff and the refinanced lease were in the amount of \$9,272,085 and \$623,178, respectively. Current year depreciation expense for the central office capital lease asset was \$409,029.

FCPS entered into a lease agreement for an energy performance contract to finance facility improvements in the approximate amount of \$15.0 million in June, 2018. In fiscal year 2020, with a declining interest rate environment, FCPS refinanced the energy performance contract lease agreement with a new lessor. The terms of the refinanced lease agreement lowered the interest rate from 3.39% to 2.08%. Principal and interest payments were adjusted under the refinanced lease agreement, but the new lease agreement still terminates on September 1, 2033. All of the other terms of the original agreement remain intact with the new lessor. Payments, including interest, during fiscal year 2021 were \$527,669. Current year depreciation expense for the energy performance contract lease assets was \$2,143,150.

The assets acquired through capital leases were as follows:

	<b>Governmental Activities</b>
<b>Assets:</b>	
Building	\$ 31,363,206
Less: Accumulated Depreciation	7,509,528
Total	\$ 23,853,678

As of June 30, 2021, the minimum obligations under the capital leases were as follows:

	<b>Years Ending June 30,</b>	<b>Governmental Activities</b>
	2022	\$ 1,181,039
	2023	1,915,944
	2024	1,946,857
	2025	1,979,154
	2026	2,012,913
	2027-2031	10,597,943
	2032-2034	5,451,511
Total Obligations		25,085,361
Less: Portion Representing Interest		3,112,267
Present Value of Lease Obligation		\$ 21,973,094

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

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

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

The composition of interfund balances as of June 30, 2021 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	\$ 14,650
General Fund	Food and Nutrition Services Fund	Food and nutrition expenses	503,369
General Fund	Artificial Turf Fund	Advance for major repair needs	162,781
Self-Insurance Fund	General Fund	Insurance expenses	460,298
		Total	<u>\$ 1,141,098</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	\$ 680,800	\$ 1,141,098
Statement of Net Position - Proprietary Fund	460,298	-
Totals	<u>\$ 1,141,098</u>	<u>\$ 1,141,098</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, 2021

### 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.maryland.gov/annual-financial-reports](http://www.sra.maryland.gov/annual-financial-reports).

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, 2021, 2020, and 2019, were \$32,855,984, \$32,893,353, and \$30,735,591, 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, 2021, 2020, and 2019, were \$17,930,986, \$16,860,886, and \$15,931,817, 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 \$5,002,218 for the year ended June 30, 2021.

**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, 2021

### 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, 2021, was approximately \$5.0 million, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to ERS from the Board were approximately \$5.0 million for the year ended June 30, 2021.



# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### 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, 2021 was approximately \$32.9 million. The Board's contractually required contribution rate for TPS for the year ended June 30, 2021, was approximately \$12.9 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, 2021, the Board reported a liability of approximately \$46.7 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2020, 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, 2021, the Board's proportion for ERS was 0.21 percent, which was substantially the same as its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the Board recognized pension expense for ERS of approximately \$5.2 million. As of June 30, 2021, 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>
2021 Contributions	\$ 5,002,218	\$ -
Changes in assumptions	216,068	897,221
Projected/actual investments	3,551,135	-
Actual/expected experience	-	1,833,914
<b>Total</b>	<b>\$ 8,769,421</b>	<b>\$ 2,731,135</b>

Deferred outflows of resources in the amount of \$5,002,218, 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, 2022. 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>Pension Expense Amount</u>
2022	\$ (331,890)
2023	128,629
2024	547,534
2025	706,880
2026	(15,085)
	<u>\$ 1,036,068</u>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### 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, 2021, the State of Maryland's proportionate share of the TPS net pension liability associated with the Board was \$477,787,576. The TPS net pension liability was measured as of June 30, 2020, 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.maryland.gov/annual-financial-reports](http://www.sra.maryland.gov/annual-financial-reports).*

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

The total pension liability in the June 30, 2020 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 11.60%, including wage inflation
Investment rate of return	7.40%
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (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 weighting the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s).

For each major asset class that is included in the System's target asset allocation as of June 30, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Public Equity	37%	5.2%
Private Equity	13%	6.5%
Rate Sensitive	19%	(0.3)%
Credit Opportunity	9%	2.8%
Real Assets	14%	4.3%
Absolute Return	8%	1.8%
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, 2020.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### Note 4. OTHER INFORMATION (continued)

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

##### *Actuarial assumptions. (continued)*

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense, was 3.50% and 6.44%, respectively. 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 7.40%. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. 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 7.40%, as well as what the Board's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

	<b>1% Decrease (6.40%)</b>	<b>Current Discount Rate (7.40%)</b>	<b>1% Increase (8.40%)</b>
Board's proportionate share of the net pension liability	\$66,471,122	\$46,690,240	\$30,214,631

#### 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; and employee health benefits. FCPS believes it is more economical to manage its employee health risks internally and set aside assets for health and dental claim settlements in an internal service fund. The Self-Insurance Fund accounts for all school system employees' health and dental expenses and related administrative costs by charging a premium to employees, retirees, and other funds. 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, 2021

### Note 4. OTHER INFORMATION (continued)

#### B. Risk Management (continued)

The accrued liabilities reported in the Self-Insurance Fund include an estimate of claims that have been reported but not settled and an estimate in accordance with standard insurance industry reserve practices of claims that have been incurred but not reported prior to June 30, 2021. This aggregate unpaid claim liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Calculations provided by third party administrators and the Self-Insurance Fund's historical performance were used to estimate the claims liability.

Changes in the claims liability for self-insurance claims during 2021 and 2020 were as follows:

June 30, 2019 Liability Balance	\$ 9,525,682
Claims and Changes in Estimates	72,429,799
Claims Paid	(73,211,296)
	<hr/>
June 30, 2020 Liability Balance	8,744,185
Claims and Changes in Estimates	82,124,069
Claims Paid	(81,524,867)
	<hr/>
June 30, 2021 Liability Balance	<u>\$ 9,343,387</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 2,410 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 18% for retiree dependents under age 65 and 21% 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, 2021

### 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 2021, the FCPS Superintendent of Schools was the only participant in the Defined Contribution Plan. Contribution requirements are a negotiated part of the current Superintendent's contract. 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 2021, a \$40,000 contribution was made to the Defined Contribution Plan by the Board. 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, 2021, the Plan membership consisted of the following:

Retirees (of which 636 had dependent coverage) receiving benefits	2,410
Active Plan members	<u>5,257</u>
Total	<u>7,667</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 2021, FCPS contributed \$19,517,983 to the Plan. Of this amount, \$12,376,384 was for FCPS' share of retiree premiums, \$54,500 was contributed toward trust investment fees and \$7,087,099 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 \$8,241,614 or approximately 30% of the employer and plan member contributions.

The rates for fiscal year 2021 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, which includes out-of-network medical PPO and prescription, and/or Dental). Rates varied for medical coverage from \$104.54 per month to \$1,019.48 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, 2021

### 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 Section 17-102 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, 2021, the annual money-weighted rate of return on OPEB plan investments, net of the OPEB plan expense was 28.94%. 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, 2021, 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, 2021, were as follows (dollar amounts in thousands):

Total OPEB liability	\$ 903,721
Plan fiduciary net position	<u>167,724</u>
Net OPEB liability	<u>\$ 735,997</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.56%

*Actuarial Assumptions.* The total OPEB liability as of June 30, 2021 is based on an actuarial valuation dated August 9, 2021, utilizing valuation data as of January 1, 2021. 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, 2021, 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, 2021

### 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	2.50%
Salary increases	3.20% to 8.70%, including inflation; depends on age and service
Investment rate of return	6.50%, including inflation
Discount rate	2.35% as of 6/30/21
Bond rate	1.92% as of 6/30/21
Healthcare cost trend rate	4.90% in 2021 4.40% - 5.20% between 2074 and 2022 4.00% in 2075+

The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in September 2019.

Mortality Healthy Teachers (Pre-Retirement and Post-Retirement): PubT. H-2010 Mortality Table (teacher, headcount-weighted), Fully Generational, Projected using Scale MP-2018 and base year 2010.

Health Non-Teachers (Pre-Retirement and Post-Retirement): RP 2014 Blue Collar Mortality Table, Fully Generational, Projected using Scale MP-2018 (Projected from base year 2006)

Disabled: RP 2014 Disabled Annuitant Mortality Tables, Not Generational, Set forward 1 year for Males.

The demographic assumptions are based on those used by the Maryland State Teachers Retirement and Pension System for its actuarial valuation.

*Long Term Expected Rate of Return.* The long term expected rate of return on OPEB plan investments was determined using a building block approach. The target allocation and best estimates of the geometric rates of return for each asset class is summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>20-Year Arithmetic Nominal Rate of Return</u>	<u>20-Year Arithmetic Real Rate of Return</u>	<u>Weighted Average Rate 20-Year Arithmetic Real Rate of Return</u>
U.S. Large Cap Equity	45.00%	8.36%	6.06%	2.73%
U.S. Small/Mid Cap Equity	10.00%	9.54%	7.21%	0.72%
International Equity	10.00%	9.09%	6.77%	0.68%
U.S. Fixed Income	35.00%	3.74%	1.54%	0.54%
	<u>100.00%</u>			

The 20-year arithmetic nominal rates of return for the asset classes were taken from the Horizon capital market survey for 2020. The real rates of return were determined by excluding the 2.17% inflation assumption in the Horizon survey (page 13) from the nominal rates of return. The weighted average arithmetic real rate of return is determined using the real rates of return and the target allocations. To determine the portfolio nominal rate of return, the inflation assumption used by the long-term medical trend is applied to the weighted average real rate of return (rounded to the 25 basis points) resulting in a portfolio arithmetic nominal rate of return of 7.25%. The portfolio geometric return is determined by reducing the portfolio arithmetic nominal rate of return by half of the portfolio variance of 1.24%. The resulting rate of 6.63% was reduced 13 basis points to 6.50% to provide a margin for adverse experience.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### Note 4. OTHER INFORMATION (continued)

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

*Discount rate.* A Single Discount Rate of 2.35% was used to measure the total OPEB liability as of June 30, 2021. The benefit payment stream for the Plan is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 6.50% for years when the projected benefit payouts are expected to be funded. The Single Discount Rate was based on an expected rate of return on OPEB plan investments of 6.50% and a 20-year AA municipal bond rate of 1.92%. 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 2043, using the expected rate of return on investments as the discount rate, and present value of benefit payments after 2043 using the municipal bond rate to determine the total OPEB liability. The Single Discount Rate as of June 30, 2021, was 2.35%, based on the blending of an expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 1.92%.

#### 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, 2020</b>	\$ 936,355,340	\$ 124,102,111	\$ 812,253,229
Changes for the year:			
Service cost	48,407,410	-	48,407,410
Interest	25,613,959	-	25,613,959
Experience losses	(157,483,327)	-	(157,483,327)
Contribution – Employer	-	19,517,983	(19,517,983)
Contribution - Retiree Subsidy	-	4,211,161	(4,211,161)
Net investment income	-	36,513,015	(36,513,015)
Changes in assumptions	67,448,085	-	67,448,085
Claims Incurred	(23,368,548)	(23,368,548)	-
Contributions – Plan Members	8,241,614	8,241,614	-
Administrative Expenses	(1,493,525)	(1,493,525)	-
<b>Net Changes</b>	<b>(32,634,332)</b>	<b>43,621,700</b>	<b>(76,256,032)</b>
<b>Balance as of June 30, 2021</b>	<b>\$ 903,721,008</b>	<b>\$ 167,723,811</b>	<b>\$ 735,997,197</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 (1.35 percent) or 1-percentage-point higher (3.35 percent) than the current discount rate:

	1% Decrease (1.35%)	Discount Rate (2.35%)	1% Increase (3.35%)
Net OPEB Liability	\$ 933,498,568	\$ 735,997,197	\$ 582,832,800



# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### Note 4. OTHER INFORMATION (continued)

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

*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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current healthcare cost trend rates:

	1% Decrease (3.00%)	Healthcare Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB Liability	\$ 566,780,904	\$ 735,997,197	\$ 967,336,269

*OPEB Plan Fiduciary Net Position.* Detailed information about the OPEB plan's fiduciary net position is available on pages 38 and 39 of the basic financial statements.

#### **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, 2021, the Board recognized OPEB expense of \$56,198,425. At June 30, 2021, 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	\$ 13,922	\$ 182,788,437
Changes in assumptions	157,416,465	11,282,589
Net difference between projected and actual earnings on OPEB plan investments	-	21,896,725
<b>Total</b>	<b>\$ 157,430,387</b>	<b>\$ 215,967,751</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>OPEB Expense Amount</u>
2022	\$ (9,525,277)
2023	(9,233,792)
2024	(9,245,466)
2025	(9,560,030)
2026	(3,916,967)
Thereafter	(17,055,832)
<b>Total</b>	<b>\$ (58,537,364)</b>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### 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. SUBSEQUENT EVENTS

FCPS received notification on March 26, 2021 of the allocation from the American Rescue Plan Act – Elementary and Secondary Schools Emergency Relief (ARP ESSER). FCPS' final allocation was \$37.9 million. The application was distributed by MSDE on June 25, 2021, and was due to the state on August 17, 2021. No funds were encumbered or expended in FY 2021. FCPS anticipates spending to commence once the notice of grant award is received in FY 2022.

On May 28, 2021, FCPS was awarded \$1.8 million from American Rescue Plan Act of 2021 Coronavirus State Fiscal Recovery Funds (FY 2021 funds); which includes \$537 thousand for Summer School Grant funds; \$686 thousand for Reopening Grant funds; and \$536 thousand for Trauma and Behavioral Health Grant funds. MSDE approved the applications in July 2021 (FY 2022). No funds were encumbered or expended in FY 2021.

On July 2, 2021, FCPS was awarded \$7.7 million from American Rescue Plan Act of 2021 Coronavirus State Fiscal Recovery Funds (FY 2022 funds); which includes \$686 thousand for Summer School Grant funds; \$805 thousand for Trauma and Behavioral Health Grant funds; \$5.5 million for Supplemental Instruction and Tutoring Grant funds; and \$744 thousand for Transitional Supplemental Instruction Grant funds. No funds were encumbered or expended in FY 2021.

### Note 7. CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT

FCPS adopted Government Accounting Standard Board (GASB) Statement No. 84, *Fiduciary Activities*, during the fiscal year ending June 30, 2021. The implementation of the statement required FCPS to restate the beginning fund balance and net position resulting in the General fund balance and government-wide net position increase of \$3,416,251 as of July 1, 2020. Prior to the implementation of Statement No. 84, School Activity Fund related assets and liabilities were reported in separate fiduciary fund financial statements. Under the requirements of the newly implemented Statement No. 84, the assets, liabilities, revenues and expenditures related to School Activity Funds are reported in the General Fund due to the Board's administrative involvement with these activities. The impact on beginning fund balance and net position were as follows:

	<u>General Fund</u>	<u>Government-wide</u>
Fund Balance / Net Position as of June 30, 2020 (as previously reported)	\$ 34,652,116	\$ (8,630,124)
Increase in Cash and Investments	3,439,004	3,439,004
Increase in Accounts Receivable	59,153	59,153
Increase in Accounts Payable	(81,906)	(81,906)
Fund Balance / Net Position as of June 30, 2020 (as restated)	<u>\$ 38,068,367</u>	<u>\$ (5,213,873)</u>

# FREDERICK COUNTY PUBLIC SCHOOLS

## Notes to the Basic Financial Statements June 30, 2021

### Note 8. DEFICIT

As of June 30, 2021, the Artificial Turf fund, a non-major governmental fund, reported a deficit fund balance of \$149,888. During fiscal year 2021, three (3) existing turf fields were replaced, incurring expenses of \$1.3 million. The replacement of these fields caused a deficit as of June 30, 2021, with an anticipated recovery of fund balance in early fiscal year 2022. While revenue for community user group rentals have been less in both fiscal years 2021 and 2020, future anticipated revenues such as the cell tower land rental income of approximately \$175,000, will eliminate the deficit. No expenditures are budgeted for FY 2022.

### Note 9. 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. 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. With the adoption of Statement, No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, the requirement of Statement No. 87 was postponed by eighteen months. Originally effective for reporting periods beginning after December 15, 2019 (FY 2021), the Board is currently evaluating the effect of implementation of this Statement. With FCPS' election to postpone by eighteen months, the Standard will be implemented in FY 2022.

#### Statement No. 96, *Subscription-Based Information Technology Arrangements*

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. The requirements of this Statement are effective for periods beginning after June 15, 2022 (FY 2023). The Board is currently evaluating the effect of implementation of this Statement.

#### Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32.*

This Statement provides guidance regarding the financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans. The Statement will also enhance (1) information related to Section 457 plans that meet the definition of a pension plan and the benefits provided through those plans and (2) investment information for all Section 457 plans. Paragraphs 4 and 5 of the Statement were effective immediately whereas the remaining requirements of this Statement are effective for periods beginning after June 15, 2021 (FY 2022). The Board is currently evaluating the effect of implementation of this Statement.

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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>2021</b>	<b>2020</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>
Annual money-weighted rate of return net of investment expense	28.94%	5.60%	8.02%	8.60%	12.06%	2.70%	4.29%	17.21%	12.19%	6.60%

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)

	2021	2020	Fiscal Year 2019	2018	2017
<b>Total OPEB liability</b>					
Service Cost	\$ 48,407	\$ 42,409	\$ 33,157	\$ 33,298	\$ 39,249
Interest Cost	25,614	27,712	32,060	29,769	26,304
Differences Between Expected and Actual Experience	(157,483)	(233)	(63,933)	25	-
Changes in Assumptions	67,448	41,770	97,462	(20,309)	(102,897)
Benefit Payments	(16,620)	(15,240)	(15,151)	(14,088)	(13,097)
Net Change in Total OPEB Liability	(32,634)	96,418	83,595	28,695	(50,441)
Total OPEB liability - Beginning of Year	936,355	839,937	756,342	727,647	778,088
Total OPEB liability - End of Year	<u>\$ 903,721</u>	<u>\$ 936,355</u>	<u>\$ 839,937</u>	<u>\$ 756,342</u>	<u>\$ 727,647</u>
<b>Plan Fiduciary Net Position</b>					
Contributions					
Employer	\$ 19,518	\$ 15,431	\$ 13,399	\$ 12,772	\$ 10,730
Plan Members	8,242	7,305	8,633	7,768	5,761
Federal Government - Retiree Subsidy	4,211	3,706	3,790	3,362	3,409
Net Investment Income	36,513	7,059	7,768	8,494	9,966
Claims Incurred	(23,369)	(21,126)	(22,385)	(20,450)	(17,429)
Administrative Expenses	(1,493)	(1,419)	(1,398)	(1,406)	(1,429)
Net Change in Fiduciary Net Position	43,622	10,956	9,807	10,540	11,008
Fiduciary Net Position - Beginning of Year	124,102	113,146	103,339	92,799	81,791
Fiduciary Net Position - End of Year	<u>\$ 167,724</u>	<u>\$ 124,102</u>	<u>\$ 113,146</u>	<u>\$ 103,339</u>	<u>\$ 92,799</u>
Net OPEB Liability	\$ 735,997	\$ 812,253	\$ 726,791	\$ 653,003	\$ 634,849
Fiduciary Net Position as a % of Total OPEB Liability	18.56%	13.25%	13.47%	13.66%	12.75%
Covered Payroll	\$ 358,709	\$ 351,559	\$ 332,251	\$ 317,315	\$ 300,358
Net OPEB Liability as a % of Payroll	205%	231%	219%	206%	211%

**Notes to Schedule:**

Benefit Changes: None

Changes in the fiscal year assumptions included:

Change in Assumption	2021	2020	Fiscal Year 2019	2018	2017
Inflation rate	2.50%	2.30%	2.30%	2.30%	unknown
Investment Rate of Return	6.50%	7.50%	7.50%	7.50%	7.50%
Discount Rate	2.35%	2.76%	3.33%	4.28%	4.13%
Bond Rate	1.92%	2.45%	3.13%	3.62%	3.58%
Healthcare cost trend rate	4.90%	4.70%	5.70%	5.90%	unknown

Medical Trend: The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA Model was released in October 2010 and updated in September 2019.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contributions (ERS)	\$ 5,002,218	\$ 4,429,238	\$ 4,102,821	\$ 3,725,167	\$ 3,495,459	\$ 3,982,050	\$ 3,958,359
Contributions in Relation to the Contractually Required Contribution	<u>(5,002,218)</u>	<u>(4,429,238)</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
Board's Covered Payroll	\$ 358,708,872	\$ 351,558,647	\$ 332,250,721	\$ 317,315,367	\$ 300,358,356	\$ 295,080,729	\$ 285,482,518
Contributions as a Percentage of Covered Payroll	1.39%	1.26%	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.

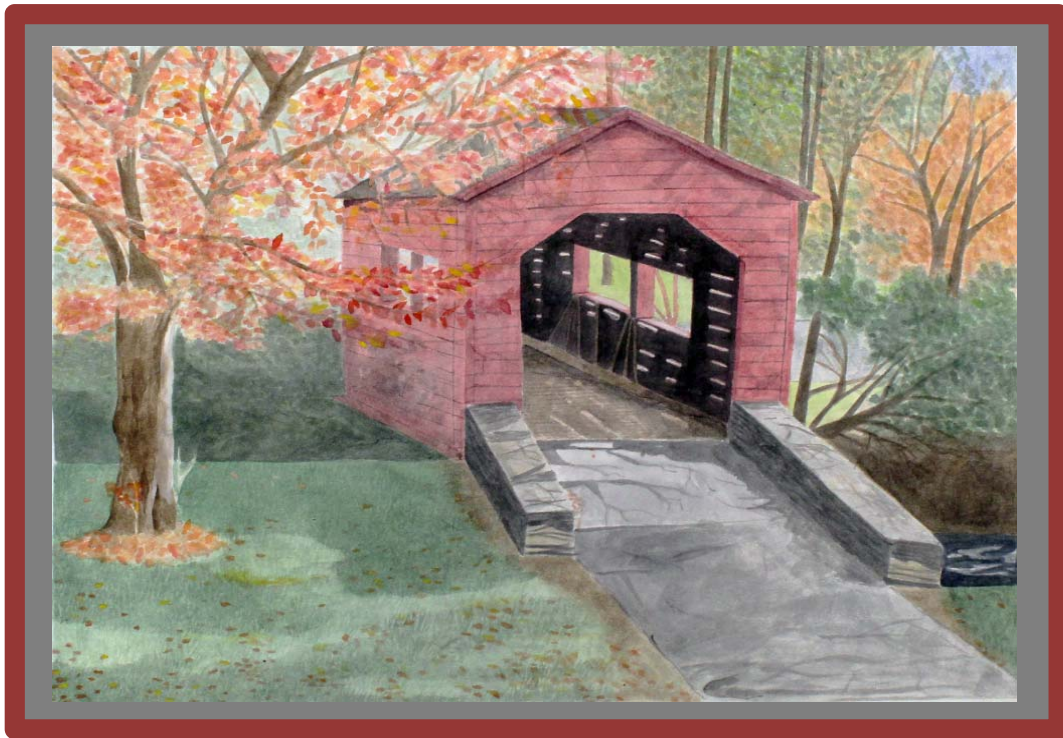
# FREDERICK COUNTY PUBLIC SCHOOLS

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>Fiscal Year 2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Board's Proportionate Share of the ERS Net Pension Liability	0.207%	0.200%	0.187%	0.170%	0.179%	0.189%	0.167%
Board's Proportionate Share of the ERS Net Pension Liability	\$ 46,690,240	\$ 41,209,266	\$ 39,196,080	\$ 36,818,619	\$ 42,334,929	\$ 39,262,057	\$ 30,144,657
State's Proportionate Share of the TPS Net Pension Liability Associated with the Board	<u>477,787,576</u>	<u>427,524,226</u>	<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>\$ 524,477,816</u>	<u>\$ 468,733,492</u>	<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	\$ 351,558,647	\$ 332,250,721	\$ 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	13.28%	12.40%	12.35%	12.26%	14.35%	13.75%	10.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.72%	72.34%	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: Jordan S.

Oakdale High School

12th 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, 2021 (With Comparative Totals for 2020)

	<b>2021</b>	<b>2020</b>
<b>HIGH SCHOOLS</b>		
Land	\$ 974,453	\$ 1,151,816
Buildings and Improvements	236,498	4,977,198
Furniture and Equipment	-	-
TOTAL	\$ 1,210,951	\$ 6,129,014
 <b>MIDDLE SCHOOLS</b>		
Land	\$ 7,813	\$ 69,984
Buildings and Improvements	6,008,540	3,114,553
Furniture and Equipment	52,632	-
TOTAL	\$ 6,068,985	\$ 3,184,537
 <b>ELEMENTARY SCHOOLS</b>		
Land	\$ 653,045	\$ 1,123,541
Buildings and Improvements	53,806,391	38,625,497
Furniture and Equipment	1,582,157	220,546
TOTAL	\$ 56,041,593	\$ 39,969,584
 <b>OTHER</b>		
Land	\$ 65,974	\$ 203,028
Buildings and Improvements	30,677,562	15,150,650
Furniture and Equipment	1,035,722	1,001,440
TOTAL	\$ 31,779,258	\$ 16,355,118
 <b>TOTAL</b>		
Land	\$ 1,701,285	\$ 2,548,369
Buildings and Improvements	90,728,991	61,867,898
Furniture and Equipment	2,670,511	1,221,986
TOTAL (Excludes Intergovernmental Payment)	\$ 95,100,787	\$ 65,638,253

# FREDERICK COUNTY PUBLIC SCHOOLS

## School Construction Fund Schedule of Cumulative Expenditures, Encumbrances, and Appropriations Through June 30, 2021

<u>PROJECT</u>	<u>Cumulative Expenditures June 30, 2020</u>	<u>Expenditures Net of Closed Projects Current Fiscal Year</u>	<u>Cumulative Expenditures June 30, 2021</u>	<u>Encumbrances</u>	<u>Cumulative Appropriations June 30, 2021</u>	<u>Unencumbered Balance of Appropriations</u>
7446 Hayward Rd	\$ 72,474	\$ -	\$ 72,474	\$ -	\$ 823,895	\$ 751,421
Ballenger Creek Middle	-	616,684	616,684	3,310	621,250	1,256
Blue Heron Elementary	5,022,690	29,212,965	34,235,655	4,434,111	43,726,924	5,057,158
Brunswick Elementary	-	746,647	746,647	1,037,773	3,125,370	1,340,950
Brunswick High	-	-	-	-	13,992	13,992
Buses	-	-	-	-	436	436
Butterfly Ridge Elementary	30,257	(30,257)	-	-	4,546,009	4,546,009
Carroll Manor Elementary	331,418	657,726	989,144	500	1,064,312	74,668
Catoctin High	409,890	(409,890)	-	-	667,244	667,244
Design Fees - Future Projects	-	-	-	-	169,493	169,493
Governor Thomas Johnson High	-	7,227	7,227	1,363,333	1,689,623	319,063
Green Valley Elementary	-	-	-	-	122,611	122,611
Heather Ridge	-	733,267	733,267	303,729	1,038,250	1,254
Hillcrest Elementary	-	-	-	-	59,089	59,089
Kemptown Elementary	-	-	-	-	32,818	32,818
Liberty Elementary	-	-	-	-	21,500	21,500
Limited Renovations	-	127,965	127,965	-	800,000	672,035
Lincoln Elementary	-	234,475	234,475	211,275	926,050	480,300
Middletown Elementary	68,391	(68,391)	-	-	3,617	3,617
Middletown High	-	1,795	1,795	-	302,150	300,355
Middletown Middle	76,889	(76,889)	-	-	8,844	8,844
Monocacy Elementary	-	-	-	-	7,559	7,559
Myersville Elementary	-	1,734	1,734	-	169,650	167,916
New Midway Elementary	-	-	-	-	79,830	79,830
Oakdale Middle	771,107	(771,107)	-	1,234,912	5,290,808	4,055,896
Parkway Elementary	-	-	-	-	215,000	215,000
Portable Classrooms	78,297	(68,317)	9,980	47,856	136,591	78,755
Rock Creek	16,244,543	(16,242,039)	2,504	1,959,137	5,645,326	3,683,685
Security Access Control Upgrade	-	-	-	-	406	406
Spring Ridge Elementary	-	-	-	108,406	144,292	35,886
Sugarloaf Elementary	31,215	150,325	181,540	2,313	2,900,259	2,716,406
Systemic Contingency	-	-	-	-	567,950	567,950
Thurmont Middle	798,694	(798,694)	-	-	21,612	21,612
Thurmont Primary	98,285	(98,285)	-	-	-	-
Twin Ridge Elementary	-	-	-	-	156,590	156,590
Urbana Elementary	37,092,516	(37,092,516)	-	163,714	4,908,480	4,744,766
Valley Elementary	-	-	-	-	34,588	34,588
Walkersville High	-	-	-	-	33,427	33,427
Walkersville Middle	8,335	1,588	9,923	7,720	240,000	222,357
Waverly Elementary	1,930,842	19,553,439	21,484,281	3,956,903	27,394,500	1,953,316
<b>TOTAL</b>	<u>\$ 63,065,843</u>	<u>\$ (3,610,548)</u>	<u>\$ 59,455,295</u>	<u>\$ 14,834,992</u>	<u>\$ 107,710,345</u>	<u>\$ 33,420,058</u>

# 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, 2021

	<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	\$ 6,175,805	\$ 10,069,845	\$ 3,894,040
State	274,336	347,361	73,025
Charges for Services	3,421,822	32,700	(3,389,122)
Other	55,999	29,330	(26,669)
<b>Total Revenues</b>	<u>9,927,962</u>	<u>10,479,236</u>	<u>551,274</u>
<b>Expenditures:</b>			
Food and Nutrition Services	12,771,812	9,337,807	3,434,005
<b>Total Expenditures</b>	<u>12,771,812</u>	<u>9,337,807</u>	<u>3,434,005</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(2,843,850)</u>	<u>1,141,429</u>	<u>\$ 3,985,279</u>
Transfer from Self Insurance Fund	2,843,850	-	2,843,850
Transfer from General Fund	-	17,434	(17,434)
Net Change	<u>\$ -</u>	<u>1,158,863</u>	<u>\$ 6,811,695</u>
Fund Balance - Beginning		<u>1,217,107</u>	
Fund Balance - Ending		<u>\$ 2,375,970</u>	

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## **STATISTICAL SECTION**

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# FREDERICK COUNTY PUBLIC SCHOOLS

## Statistical Section

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This part of FCPS' annual comprehensive 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	92-100
<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, 2012 through June 30, 2021.



Student: Addie S.

Windsor Knolls Middle School

8th Grade



# FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
Net Investment in Capital Assets	\$ 649,541,120	\$ 629,279,251	\$ 636,220,966	\$ 631,773,163	\$ 650,686,334	\$ 698,147,490	\$ 755,606,761	\$ 745,864,060	\$ 781,632,550	\$ 843,331,592
Restricted	1,423,972	1,004,071	370,277	9,279	9,280	9,297	10,667,947	2,378,625	-	-
Unrestricted	(146,212,049)	(158,460,397)	(184,879,032)	(250,280,285)	(295,963,443)	(334,457,807)	(713,155,732)	(748,991,048)	(786,846,423) <sup>3</sup>	(820,287,431)
Total Governmental Activities Net Position	504,753,043	471,822,925	451,712,211	381,502,157	354,732,171	363,698,980	53,118,976	(748,363)	(5,213,873) <sup>3</sup>	23,044,161
Primary Government:										
Net Investment in Capital Assets	649,541,120	629,279,251	636,220,966	631,773,163	650,686,334	698,147,490	755,606,761	745,864,060	781,632,550	843,331,592
Restricted	1,423,972	1,004,071	370,277	9,279	9,280	9,297	10,667,947	2,378,625	-	-
Unrestricted	(146,212,049)	(158,460,397)	(184,879,032)	(250,280,285)	(295,963,443)	(334,457,807)	(713,155,732)	(748,991,048)	(786,846,423) <sup>3</sup>	(820,287,431)
Total Primary Government Net Position	\$ 504,753,043	\$ 471,822,925	\$ 451,712,211	\$ 381,502,157 <sup>1</sup>	\$ 354,732,171	\$ 363,698,980	\$ 53,118,976 <sup>2</sup>	\$ (748,363)	\$ (5,213,873) <sup>3</sup>	\$ 23,044,161

- Notes:
- <sup>1</sup> FY15, as restated upon implementation of GASB 68.
  - <sup>2</sup> Significant change in Ending Primary Government Net Position is a result of GASB 75 implementation.
  - <sup>3</sup> As restated upon implementation of GASB 84.

# FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular Instruction	\$ 326,026,032	\$ 320,729,204	\$ 333,517,634	\$ 346,599,360	\$ 352,196,897	\$ 354,039,987	\$ 363,567,238	\$ 386,007,871	\$ 406,660,933	\$ 432,271,717
Special Education Instruction	72,319,899	71,826,374	76,878,032	80,754,673	82,479,537	84,102,569	87,791,944	99,099,495	99,422,202	101,711,158
Total Instruction	<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>	<u>506,083,135</u>	<u>533,982,875</u>
Support Services										
Administration	13,443,021	15,139,813	18,024,675	14,401,715	16,417,367	15,915,175	16,866,200	17,282,282	18,779,454	19,564,018
Mid-level Administration	43,895,583	43,970,479	47,151,480	46,929,147	50,483,603	50,848,718	52,276,685	54,709,958	57,816,089	61,608,229
Pupil Personnel Services	3,968,132	3,780,428	4,096,108	4,145,017	4,633,733	4,821,976	4,997,831	2,866,085	3,419,562	4,361,979
Health	5,598,747	5,848,812	6,129,312	6,476,286	6,484,085	6,335,474	6,252,164	6,873,851	6,752,882	6,493,717
Pupil Transportation	29,390,776	28,018,016	27,114,005	28,508,543	28,938,501	30,298,627	32,767,258	34,028,232	34,397,092	27,373,321
Operations	42,009,542	42,398,992	44,319,997	44,287,048	43,044,135	44,009,997	44,282,947	46,518,844	48,582,801	53,505,366
Maintenance	14,631,698	14,329,311	14,846,437	15,230,658	16,423,681	16,990,431	16,507,013	17,796,436	18,094,357	19,337,223
Food and Nutrition Services	11,262,231	11,256,820	11,101,278	11,401,198	12,281,900	12,505,100	12,747,402	13,045,590	11,940,356	10,292,829
Community Services	1,224,212	1,795,927	1,293,017	1,208,880	1,526,228	1,229,372	1,138,316	1,240,872	1,022,336	656,910
Student Activities	-	-	-	-	-	-	-	-	6,796,800 <sup>3</sup>	1,873,015
Interest on Long-term Liabilities	735,498	426,252	464,571	411,481	405,741	377,665	327,288	842,056	978,497	568,992
Intergovernmental Payment	-	18,179,942	16,751,750	10,031,548	20,457,247	13,871,000	20,342,000	12,737,000	18,629,976	20,038,937
Total Support Services	<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>	<u>227,210,202</u>	<u>225,674,536</u>
Total Governmental Activities	<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>	<u>\$ 733,293,337</u>	<u>\$ 759,657,411</u>
<b>Program Revenues</b>										
Governmental Activities										
Charges for services:										
Regular Instruction	\$ 905,821	\$ 836,373	\$ 902,138	\$ 910,751	\$ 817,186	\$ 927,982	\$ 908,442	\$ 856,365	\$ 731,969	\$ 362,807
Food and Nutrition Services	5,934,076	5,366,963	5,027,144	4,658,705	4,584,610	4,699,487	4,976,681	5,660,046	4,013,873	74,356
Support Services	875,703	900,966	803,464	867,971	1,046,012	990,508	1,024,951	1,034,228	828,630	217,488
Student Activities	-	-	-	-	-	-	-	-	1,129,158 <sup>3</sup>	176,068
Operating Grants and Contributions	136,349,855	135,006,820	147,916,388	151,038,997	150,919,490	144,891,134	146,096,821	154,273,874	173,793,918 <sup>3</sup>	194,780,584
Capital Grants and Contributions	33,017,785	24,794,489	47,563,863	31,486,425	64,425,239	88,265,911	101,509,193	37,799,310	86,498,795	116,903,051
Total Gov. Activities Program Revenues	<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>	<u>\$ 266,996,343</u>	<u>\$ 312,514,354</u>
<b>Net (Expense) Revenue</b>										
Governmental Activities	<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>	<u>\$ (466,296,994)</u>	<u>\$ (447,143,057)</u>

(continued)

# FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Federal Aid Not Restricted to Specific Purposes	\$ 184,083	\$ 80,377	\$ 985	\$ 24,613	\$ 27,603	\$ 264,918	\$ 40,582	\$ 223,630	\$ 345,444	\$ 413,158
State Aid Not Restricted to Specific Purposes	150,943,322	154,557,441	156,789,324	157,325,216	157,774,835	156,381,556	160,628,485	165,329,475	171,208,564	176,559,518
Local Aid Not Restricted to Specific Purposes	219,451,199	221,654,363	221,884,100	223,054,977	228,942,030	247,066,477	260,822,220	272,386,838	283,465,005	296,598,012
Interest and Investment Earnings	63,295	41,184	20,248	10,572	32,799	237,626	544,643	1,169,840	787,652	299,632
Other Revenue	4,624,497	1,531,276	669,928	372,346	432,865	587,301	392,108	447,627	2,766,431	1,530,771
Total General Revenues	<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>	<u>458,573,096</u>	<u>475,401,091</u>
<b>Changes in Net Position</b>										
Governmental Activities	<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>	<u>\$ (7,723,898)</u>	<u>\$ 28,258,034</u>
Net Position - Beginning of Year	\$ 516,908,778	\$ 504,753,043	\$ 471,822,925	\$ 451,712,211	\$ 381,502,157	\$ 354,732,171	\$ 363,698,980	\$ 53,118,976	\$ (748,363)	\$ (8,630,124)
Adjustment to Restate Beginning Net Position	-	-	-	(29,575,073)	-	-	(327,659,844)	-	3,258,388 <sup>3</sup>	3,416,251 <sup>3</sup>
Net Position - Beginning of Year, Restated	<u>516,908,778</u>	<u>504,753,043</u>	<u>471,822,925</u>	<u>422,137,138<sup>1</sup></u>	<u>381,502,157</u>	<u>354,732,171</u>	<u>36,039,136<sup>2</sup></u>	<u>53,118,976</u>	<u>2,510,025</u>	<u>(5,213,873)<sup>3</sup></u>
Net Position - End of Year	<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>	<u>\$ (5,213,873)<sup>3</sup></u>	<u>\$ 23,044,161</u>

Notes:

<sup>1</sup> FY15 as restated upon implementation of GASB 68.

<sup>2</sup> FY18 as restated upon implementation of GASB 75.

<sup>3</sup> As restated upon implementation of GASB 84.

# FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable:										
Inventory	\$ 584,491	\$ 610,230	\$ 540,581	\$ 501,669	\$ 563,454	\$ 585,347	\$ 602,889	\$ 581,681	\$ 719,103	\$ 1,084,454
Prepaid Items	47,079	64,743	25,591	63,407	65,628	161,133	844,290	188,265	610,472	1,172,650
Restricted:										
Lease Reserve	1,423,972	1,004,071	370,277	9,279	9,280	9,297	9,316	-	9,272,085	-
Committed:										
Charter Schools Reserve	-	-	280,240	252,307	347,357	579,752	1,068,728	1,020,144	1,114,017	1,481,773
Assigned:										
Administration	125,041	1,256,573	487,228	861,273	441,725	2,743,395	1,775,221	1,739,814	2,171,017	2,451,935
Instructional	857,524	3,514,187	5,109,713	4,623,990	2,562,952	2,037,856	3,457,824	2,442,274	4,224,196	6,656,745
Maintenance and Operations	1,791,327	1,368,136	3,449,119	551,937	2,016,688	2,687,389	4,987,762	3,872,277	6,145,886	7,414,892
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	7,204,972	9,106,920
Grants	-	-	-	-	-	-	-	-	-	1,096,624
Student Activities	-	-	-	-	-	-	-	-	3,416,251 <sup>1</sup>	3,178,951
Unassigned:	829,944	643,594	121,035	572,519	2,065,030	2,787,824	1,177,022	3,046,447	3,190,368	4,544,792
Total General Fund	<u>\$ 7,969,870</u>	<u>\$ 11,035,627</u>	<u>\$ 13,906,833</u>	<u>\$ 9,371,280</u>	<u>\$ 13,577,294</u>	<u>\$ 17,544,642</u>	<u>\$ 20,197,333</u>	<u>\$ 18,958,904</u>	<u>\$ 38,068,367</u>	<u>\$ 38,189,736</u>
All other Governmental Funds										
Nonspendable:										
Inventory	\$ 394,551	\$ 450,421	\$ 440,134	\$ 281,429	\$ 266,577	\$ 383,270	\$ 448,805	\$ 547,682	\$ 1,077,913	\$ 687,325
Restricted:										
Unspent Lease Proceeds	-	-	-	-	-	-	10,658,631	2,378,625	-	-
School Construction	-	-	-	-	-	-	-	-	-	200,000
Committed:										
School Construction	-	-	-	-	-	-	-	-	-	400,000
Assigned:										
Artificial Turf	157,338	233,292	299,314	367,286	433,850	516,693	582,791	665,968	723,296	-
Food and Nutrition Services	1,142,618	1,785,888	2,048,875	2,364,119	2,088,345	1,557,933	1,350,297	1,784,483	180,976	1,748,913
Unassigned:										
Artificial Turf	-	-	-	-	-	-	-	-	-	(149,888)
Total All Other Governmental Funds	<u>\$ 1,694,507</u>	<u>\$ 2,469,601</u>	<u>\$ 2,788,323</u>	<u>\$ 3,012,834</u>	<u>\$ 2,788,772</u>	<u>\$ 2,457,896</u>	<u>\$ 13,040,524</u>	<u>\$ 5,376,758</u>	<u>\$ 1,982,185</u>	<u>\$ 2,886,350</u>

Notes:

<sup>1</sup> FY20, as restated upon implementation of GASB 84.



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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Revenues</b>										
Federal	\$ 20,965,745	\$ 20,713,422	\$ 22,071,060	\$ 22,801,688	\$ 22,847,024	\$ 23,449,438	\$ 23,552,420	\$ 26,066,112	\$ 24,786,371	\$ 44,331,117
State	272,871,607	272,893,455	281,360,181	279,013,269	287,394,804	281,857,099	294,490,550	295,831,883	323,558,892	334,349,294
Local	239,525,619	247,229,136	269,589,223	260,461,660	290,135,003	326,158,478	354,745,408	305,983,308	353,915,383	401,484,193
Charges for Services	5,813,647	5,228,250	4,883,435	4,538,212	4,421,391	4,485,877	4,744,567	5,407,402	4,953,730 <sup>1</sup>	208,768
Other	4,403,581	4,319,972	4,043,844	3,213,948	3,875,761	4,579,641	4,059,244	6,555,480	13,677,319 <sup>1</sup>	5,975,124
<b>Total Revenues</b>	<b>543,580,199</b>	<b>550,384,235</b>	<b>581,947,743</b>	<b>570,028,777</b>	<b>608,673,983</b>	<b>640,530,533</b>	<b>681,592,189</b>	<b>639,844,185</b>	<b>720,891,695</b>	<b>786,348,496</b>
<b>Expenditures</b>										
<b>Current:</b>										
Administration	8,661,804	9,297,216	8,940,752	8,912,766	9,936,218	10,035,223	10,533,695	11,135,941	11,721,221	12,699,145
Mid-level Administration	30,050,568	29,580,340	31,309,475	31,153,803	31,772,500	32,314,112	33,889,690	35,333,435	37,007,206	40,387,727
Instructional Salaries	190,073,972	189,307,903	194,902,037	196,954,569	193,304,177	196,148,568	206,573,539	216,533,524	228,068,154	237,816,410
Instructional Supplies	8,903,079	7,159,468	8,272,208	10,879,760	8,462,236	8,788,484	9,161,076	11,715,229	12,291,941	22,573,877
Instruction - Other	2,608,867	2,584,899	2,468,874	1,773,063	2,130,774	2,292,456	2,527,545	2,451,672	2,617,153	3,783,467
Special Education	51,141,577	51,531,969	54,619,243	56,437,598	55,391,267	57,943,402	61,220,228	68,687,338	69,263,293	70,801,307
Pupil Personnel	2,649,931	2,568,250	2,717,953	2,648,581	2,855,843	3,018,648	3,206,954	1,910,448	2,129,103	2,721,015
Health	5,523,824	5,786,921	6,076,916	6,410,009	6,411,420	6,264,875	6,184,651	6,796,889	6,666,586	6,384,327
Pupil Transportation	21,714,375	20,132,570	18,845,274	19,477,832	18,846,735	20,053,991	22,281,281	22,699,098	22,617,928	17,877,064
Operations	33,741,446	34,298,684	35,497,862	35,644,612	33,353,717	33,780,176	34,570,387	35,893,919	37,487,751	42,306,098
Maintenance	10,919,978	10,697,634	10,915,666	11,103,133	11,409,804	11,949,644	11,708,541	12,910,918	13,039,478	14,315,480
Fixed Charges	137,025,702	138,633,468	139,415,179	145,801,430	149,217,979	152,891,266	155,503,890	159,784,290	167,658,453	174,270,235
Food and Nutrition Services	10,887,350	10,886,328	10,889,282	11,191,543	12,095,153	12,336,594	12,489,845	12,830,735	11,770,377	10,166,754
Community Services	982,344	1,498,515	986,228	846,840	1,071,022	839,691	788,754	831,541	695,872	472,187
Student Activities	-	-	-	-	-	-	-	-	6,796,800 <sup>1</sup>	1,873,015
<b>Capital Outlay:</b>										
Land	193,193	670,560	48,521	1,616,416	894,712	1,064,877	844,159	2,153,743	2,548,369	1,701,285
Buildings and Improvements	27,225,477	9,192,150	28,154,457	17,908,827	43,055,820	67,254,234	84,833,821	28,111,489	61,867,898	92,041,189
Equipment	2,739,321	4,235,744	5,119,098	4,590,174	1,978,532	5,172,867	6,246,941	5,764,200	1,221,986	2,670,511
<b>Debt Service:</b>										
Capital Lease Principal	436,265	456,907	2,336,566	538,588	1,646,212	523,809	539,677	766,159	2,706,864	841,460
Capital Lease Interest	742,217	504,356	488,715	417,047	400,088	349,548	333,064	316,062	1,337,251	309,387
Capital Lease Issuance Cost	-	-	-	-	-	-	-	-	104,751	-
Capital Lease Refinancing Costs	-	-	-	-	-	-	-	-	128,726	141,524
<b>Intergovernmental Payment</b>	<b>-</b>	<b>18,179,942</b>	<b>16,751,750</b>	<b>10,031,548</b>	<b>20,457,247</b>	<b>13,871,000</b>	<b>20,342,000</b>	<b>12,737,000</b>	<b>18,629,976</b>	<b>20,038,937</b>
<b>Total Expenditures</b>	<b>546,221,290</b>	<b>547,203,824</b>	<b>578,756,056</b>	<b>574,338,139</b>	<b>604,691,456</b>	<b>636,893,465</b>	<b>683,779,738</b>	<b>649,363,630</b>	<b>718,377,137</b>	<b>776,192,401</b>
<b>Excess (Deficiency) of Revenues</b>										
<b>Over Expenditures</b>	<b>(2,641,091)</b>	<b>3,180,411</b>	<b>3,191,687</b>	<b>(4,309,362)</b>	<b>3,982,527</b>	<b>3,637,068</b>	<b>(2,187,549)</b>	<b>(9,519,445)</b>	<b>2,514,558</b>	<b>10,156,095</b>

(continued)

# FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses)										
Proceeds from Capital Lease	\$ -	\$ 668,732	\$ -	\$ -	\$ -	\$ -	\$ 15,002,047	\$ -	\$ 9,341,835	\$ -
Proceeds from Lease Refinancing	-	-	-	-	-	-	-	-	13,472,719	-
Payments to Retire Debt	-	-	-	-	-	-	-	-	(12,872,611)	(9,130,561)
Transfers In From:										
General Fund	547,756	556,900	118,164	115,817	35,546	36,989	-	35,000	-	617,434
Internal Service Fund	-	-	-	-	-	-	637,875	617,250	-	-
Transfers Out To:										
Internal Service Fund	(3,108,303)	(8,292)	(1,759)	(1,680)	(575)	(596)	(217,054)	-	-	-
Enterprise Fund	-	-	-	-	-	-	-	-	-	-
Special Revenue Funds	(547,756)	(556,900)	(118,164)	(115,817)	(35,546)	(36,989)	-	(35,000)	-	(217,434)
Capital Projects Fund	-	-	-	-	-	-	-	-	-	(400,000)
Total Other Financing Sources (Uses)	(3,108,303)	660,440	(1,759)	(1,680)	(575)	(596)	15,422,868	617,250	9,941,943	(9,130,561)
Net Change in Fund Balances	(5,749,394)	3,840,851	3,189,928	(4,311,042)	3,981,952	3,636,472	13,235,319	(8,902,195)	12,456,501	1,025,534
Total Expenditures	\$ 546,221,290	\$ 547,203,824	\$ 578,756,056	\$ 574,338,139	\$ 604,691,456	\$ 636,893,465	\$ 683,779,738	\$ 649,363,630	\$ 718,377,137	\$ 776,192,401
Less Capital Outlay	(33,300,080)	(14,900,428)	(31,013,568)	(21,756,616)	(44,849,346)	(74,478,273)	(88,416,512)	(33,701,373)	(71,228,131)	(99,288,746)
Non-capital Expenditures	<u>\$ 512,921,210</u>	<u>\$ 532,303,396</u>	<u>\$ 547,742,488</u>	<u>\$ 552,581,523</u>	<u>\$ 559,842,110</u>	<u>\$ 562,415,192</u>	<u>\$ 595,363,226</u>	<u>\$ 615,662,257</u>	<u>\$ 647,149,006</u>	<u>\$ 676,903,655</u>
Debt Service	<u>\$ 1,178,482</u>	<u>\$ 961,263</u>	<u>\$ 2,825,281</u>	<u>\$ 955,635</u>	<u>\$ 2,046,300</u>	<u>\$ 873,357</u>	<u>\$ 872,741</u>	<u>\$ 1,082,221</u>	<u>\$ 4,148,866</u>	<u>\$ 1,150,847</u>
Debt Service as a Percentage of Non-capital Expenditures	0.23%	0.18%	0.52%	0.17%	0.37%	0.16%	0.15%	0.18%	0.64%	0.17%

Notes:

<sup>1</sup> FY20, as restated upon implementation of GASB 84.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Ratios of Outstanding Debt Last Ten Fiscal Years

<u>Year</u>	<u>Governmental Activities Capital Leases</u>	<u>Percentage of Personal Income<sup>1</sup></u>	<u>Per Capita<sup>1</sup></u>
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	0.16%	100
2019	24,710,036	0.15%	95
2020	31,945,115	N/A	120
2021	21,973,094	N/A	81

<sup>1</sup> 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 2020).

N/A Information not yet available.



# FREDERICK COUNTY PUBLIC SCHOOLS

## Demographic and Economic Statistics Last Ten Fiscal Years

<b>Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income (in thousands of dollars)<sup>2</sup></b>	<b>Per Capita Personal Income<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>
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	15,816,571	61,869	4.1%
2019	259,942	16,649,205	64,147	3.6%
2020	265,480	N/A	N/A	7.6%
2021	271,717	N/A	N/A	5.8%

Sources: <sup>1</sup> Estimated by Frederick County Division of Planning and Permitting Population

<sup>2</sup> U.S. Bureau of Economic Analysis (all data updated as of March 2020)

<sup>3</sup> Maryland Department of Labor, Licensing & Regulation

N/A Information not yet available.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Principal Employers Current Year and Nine Years Ago

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment <sup>1</sup>	Employees	Rank	Percentage of Total County Employment <sup>1</sup>
Fort Detrick	10,200 <sup>1</sup>	1	10.34%	9,200 <sup>1</sup>	1	10.08%
Frederick County Board of Education	6,800	2	6.89%	5,538	2	6.07%
Frederick Health Hospital <sup>2</sup>	3,300	3	3.34%	2,652	3	2.91%
Frederick County Government	2,342	4	2.37%	2,300	4	2.52%
Leidos Biomedical (formerly SAIC-Frederick)	2,334	5	2.36%	1,965	5	2.15%
Frederick Community College	1,286	6	1.30%	899	8	0.99%
Wells Fargo Home Mortgage	1,175	7	1.19%	1,881	6	2.06%
Frederick City Government	880	8	0.89%	852	9	0.93%
Thermo Fisher Scientific (formerly Life Technologies)	853	9	0.86%	-	-	-
Costco Wholesale	751	10	0.76%	-	-	-
United Health Care (formerly MAMSI)	128		0.13%	832	10	0.91%
Bechtel Corporation (formerly Bechtel Power)	-	-	-	1,578	7	1.73%
State Farm Insurance	-	-	-	793	-	0.87%
	<u>30,049</u>		<u>30.43%</u>	<u>28,490</u>		<u>31.22%</u>

<sup>1</sup> Includes military personnel

<sup>2</sup> Formerly Frederick Memorial Healthcare System

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



Student: Genevieve V.

New Market Middle

8th Grade

# FREDERICK COUNTY PUBLIC SCHOOLS

## Total Enrollment by School and Student to Teacher Ratio Last Ten Fiscal Years

SCHOOLS	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Capacity</u>	<u>Percent Capacity</u>
<b>Elementary</b>												
Ballenger Creek	639	653	656	667	656	665	648	650	586	602	614	98%
Brunswick	559	611	619	637	659	648	703	727	762	694	508	137%
Butterfly Ridge	-	-	-	-	-	-	-	627	675	649	734	88%
Carroll Creek Montessori	-	128	187	208	218	220	229	228	228	228	210	109%
Carroll Manor	572	552	572	573	566	556	565	579	577	538	595	90%
Centerville	991	926	947	993	997	1,001	956	929	972	439	635	69%
Deer Crossing	645	668	678	719	744	737	778	788	806	813	590	138%
Emmitsburg	296	292	305	300	278	258	255	247	220	201	225	89%
Frederick Classical Charter	-	-	237	240	240	241	248	252	249	250	240	104%
Glade	647	645	618	634	638	666	681	616	611	543	608	89%
Green Valley	421	415	383	383	365	367	417	511	627	545	499	109%
Hillcrest	796	888	953	990	1,010	972	968	732	749	714	537	133%
Kempton	403	394	382	358	358	386	389	404	403	356	398	89%
Lewistown	217	212	196	178	177	173	170	184	195	161	174	93%
Liberty	291	292	291	294	283	284	280	262	262	215	274	78%
Lincoln	450	511	529	537	572	599	591	583	598	605	656	92%
Middletown	478	467	462	445	423	434	473	467	472	417	490	85%
Middletown Primary	492	461	410	437	443	494	464	496	477	428	445	96%
Monocacy	601	612	596	592	591	600	621	619	611	551	574	96%
Monocacy Valley Montessori	223	229	222	219	223	216	217	218	217	214	195	110%
Myersville	378	364	354	358	315	340	372	385	418	379	421	90%
New Market	747	755	736	705	699	714	691	693	684	632	647	98%
New Midway/Woodsboro	336	328	334	328	335	314	313	300	292	287	291	99%
North Frederick	646	606	598	585	631	661	661	668	669	599	735	81%
Oakdale	539	627	623	594	599	631	633	679	792	926	624	148%
Orchard Grove	628	615	616	611	630	693	686	602	635	603	598	101%
Parkway	229	251	228	226	223	212	208	220	242	223	228	98%
Sabillasville	131	125	114	114	112	122	112	99	82	70	114	61%
Spring Ridge	495	483	481	457	465	466	500	475	482	437	523	84%
Sugarloaf	-	-	-	-	-	-	-	-	-	-	620	718
Thurmont	367	336	319	302	332	301	321	299	312	292	368	79%
Thurmont Primary	394	377	373	381	373	369	370	370	336	284	470	60%
Tuscarora	733	762	794	784	774	781	798	654	713	701	580	121%
Twin Ridge	554	531	510	513	529	500	506	483	473	577	566	102%
Urbana	742	737	727	695	700	710	712	761	813	651	511	127%
Valley	434	423	409	395	408	399	400	494	508	459	500	92%
Walkersville	695	684	681	678	681	680	652	691	678	631	683	92%
Waverley	561	543	567	618	610	634	718	517	548	511	355	144%
Whittier	812	772	793	783	745	756	765	690	718	686	626	110%
Wolfsville	187	174	180	175	159	157	159	138	149	123	190	65%
Yellow Springs	436	463	486	468	495	488	453	455	470	498	421	118%
<b>Total Elementary Schools</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>20,311</b>	<b>19,352</b>	<b>19,370</b>	<b>100%</b>

(continued)

# FREDERICK COUNTY PUBLIC SCHOOLS

## Total Enrollment by School and Student to Teacher Ratio Last Ten Fiscal Years (continued)

SCHOOLS	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Capacity	Percent Capacity
<b>Middle</b>												
Ballenger Creek	704	707	698	726	718	778	779	840	817	800	859	93%
Brunswick	526	529	564	553	557	588	578	606	573	610	957	64%
Carroll Creek Charter	-	-	-	-	17	47	74	85	90	90	90	100%
Crestwood	532	513	545	539	506	514	579	653	691	670	850	79%
Frederick Classical Charter	-	-	38	75	113	116	120	126	127	126	120	105%
Gov. Thomas Johnson	516	554	522	549	532	562	513	509	553	563	827	68%
Middletown	837	812	809	786	816	851	813	782	784	794	1,072	74%
Monocacy	764	729	775	779	723	738	789	886	969	978	914	107%
Monocacy Valley Montessori	77	72	77	81	77	81	83	81	83	89	90	99%
New Market	475	506	478	507	497	508	545	552	563	647	732	88%
Oakdale	626	622	631	643	648	644	703	769	872	899	775	116%
Thurmont	646	616	613	583	543	561	555	563	545	573	945	61%
Urbana	682	745	767	798	834	866	964	1,003	1,021	967	1,020	95%
Walkersville	793	779	792	771	804	826	882	891	876	836	1,105	76%
West Frederick	802	823	863	858	856	853	890	853	947	925	1,049	88%
Windsor Knolls	948	876	821	770	777	761	758	742	764	709	893	79%
<b>Total Middle Schools</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>10,275</b>	<b>10,276</b>	<b>12,298</b>	<b>84%</b>
<b>High</b>												
Brunswick	761	717	673	701	737	748	766	740	788	791	886	89%
Catoctin	956	974	959	911	856	806	783	753	741	715	1,066	67%
Frederick	1,401	1,340	1,344	1,393	1,317	1,459	1,460	1,395	1,502	1,541	1,601	96%
Gov. Thomas Johnson	1,537	1,470	1,435	1,436	1,408	1,385	1,574	1,692	1,720	1,733	2,001	87%
Linganore	1,569	1,496	1,482	1,438	1,423	1,381	1,326	1,323	1,309	1,391	1,583	88%
Middletown	1,221	1,215	1,131	1,159	1,139	1,116	1,140	1,133	1,125	1,148	1,338	86%
Oakdale High	873	1,154	1,197	1,201	1,218	1,251	1,251	1,250	1,263	1,358	1,535	88%
Tuscarora	1,485	1,494	1,482	1,474	1,447	1,518	1,550	1,570	1,582	1,639	1,749	94%
Urbana	1,588	1,486	1,517	1,578	1,635	1,690	1,758	1,785	1,849	1,905	1,831	104%
Walkersville	1,181	1,141	1,108	1,070	1,071	1,088	1,094	1,148	1,180	1,217	1,039	117%
<b>Total High Schools</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>13,059</b>	<b>13,438</b>	<b>14,629</b>	<b>92%</b>
<b>Other Schools</b>												
Flexible Evening High/Virtual School	71	65	20	19	19	19	14	20	22	11	N/A	N/A
Heather Ridge	58	97	46	54	55	59	56	56	56	44	148	30%
Rock Creek	93	83	103	86	77	76	79	75	74	71	242	29%
Success	-	-	59	45	44	43	45	41	31	29	N/A	N/A
<b>Total Other Schools</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>183</b>	<b>155</b>	<b>390</b>	<b>40%</b>
<b>TOTAL ALL SCHOOLS</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>43,828</b>	<b>43,221</b>	<b>46,687</b>	<b>93%</b>
<b>Teachers &amp; Therapists<sup>1</sup></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>3,079</b>	<b>3,201</b>		
<b>Student/Teacher Ratio</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>	<b>14.23</b>	<b>13.50</b>		

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

2019 through 2021 enrollments are from the FCPS System Accountability & School Improvement Department. Capacity is from the FCPS Educational Facilities Masters Plan, May 2021

<sup>1</sup> The FCPS Budget Office's annual budget.

Notes:

Elementary and special school enrollments are total enrollments.

October 1 is the state's official enrollment date for the school year.

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

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

Frederick County Virtual School was Flexible Evening High School prior to fiscal year 2018.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Total Enrollment by Grade Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Elementary School</b>										
Pre-Kindergarten <sup>1</sup>	1,048	1,053	1,086	1,090	1,181	1,204	1,288	1,253	1,392	1,061
Kindergarten	2,949	3,029	2,961	2,873	2,756	2,854	2,825	2,958	3,098	2,788
Grade 1	2,978	2,977	3,077	3,015	2,910	2,874	3,019	2,963	3,084	3,012
Grade 2	2,925	2,987	3,022	3,110	3,062	2,979	2,985	3,114	3,048	3,037
Grade 3	2,937	2,928	3,016	3,092	3,142	3,122	3,041	3,088	3,217	3,047
Grade 4	2,984	2,963	2,989	3,026	3,157	3,207	3,233	3,132	3,202	3,205
Grade 5	2,944	2,975	3,015	2,968	3,048	3,205	3,292	3,284	3,270	3,202
<b>Total Elementary School</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>20,311</b>	<b>19,352</b>
<b>Middle School</b>										
Grade 6	2,983	2,945	3,017	3,036	2,965	3,124	3,336	3,374	3,399	3,346
Grade 7	2,936	2,973	2,968	2,995	3,038	3,063	3,190	3,370	3,482	3,417
Grade 8	3,009	2,965	3,008	2,987	3,015	3,107	3,099	3,197	3,394	3,513
<b>Total Middle School</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>10,275</b>	<b>10,276</b>
<b>High School</b>										
Grade 9	3,263	3,233	3,284	3,379	3,278	3,355	3,415	3,421	3,566	3,689
Grade 10	3,194	3,125	3,084	3,088	3,128	3,116	3,217	3,272	3,264	3,418
Grade 11	3,131	3,056	2,987	2,983	2,946	3,035	3,033	3,110	3,132	3,167
Grade 12	2,984	3,073	2,973	2,911	2,899	2,936	3,037	2,986	3,097	3,164
<b>Total High School</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>13,059</b>	<b>13,438</b>
<b>Other Schools</b>										
Flexible Evening High/Virtual School	71	97	20	19	19	19	14	20	22	11
Heather Ridge	58	65	46	54	55	59	56	56	56	44
Rock Creek	93	83	103	86	77	76	79	75	74	71
Success	-	-	59	45	44	43	45	41	31	29
<b>Total Other Schools</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>183</b>	<b>155</b>
<b>Total Enrollment</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>43,828</b>	<b>43,221</b>

Sources: Monthly report is from the FCPS Facilities Department on enrollment at September 30 of each fiscal year through 2018. 2019 through 2021 enrollments are from the FCPS System Accountability & School Improvement Department.

Notes:

<sup>1</sup> Includes Special Ed. Pre-K. and Part-time Special Ed. Pre-K. (Child Find).

October 1 is the State's official enrollment date for the school year.

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Operating Information Last Ten Fiscal Years

Fiscal Year	Per Pupil Expenditures <sup>1</sup>		Number of School Bus Riders <sup>3</sup>	Food and Nutrition Services <sup>4</sup>	
	Dollars	State Rank <sup>2</sup>		Breakfasts Served	Lunches Served
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	13,283	24	30,320	1,242,221	2,255,822
2020	13,545	23	30,656	846,968 <sup>5</sup>	1,529,690 <sup>5</sup>
2021	N/A	N/A	1,368 <sup>5</sup>	863,940 <sup>5</sup>	994,288 <sup>5</sup>

<sup>1</sup> Source: Maryland State Department of Education

<sup>2</sup> Ranking of Maryland's 24 school systems

<sup>3</sup> Source: FCPS Transportation Department

<sup>4</sup> Source: FCPS Food and Nutrition Services Department

<sup>5</sup> Decrease in meals served and number of school bus riders is a direct result of modified instruction during the COVID-19 pandemic (March 2020-June 2021)

N/A Information is not yet available.



Student: Mossimo D.

Yellow Springs Elementary School

Kindergarten



# FREDERICK COUNTY PUBLIC SCHOOLS

## Employees by Function Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental Activities</b>										
Instruction										
Regular Instruction										
Teachers	2,520	2,549	2,547	2,571	2,514	2,501	2,528	2,581	2,634	2,704
Other Staff	508	491	490	494	488	486	512	503	510	535
Total Regular Instruction	<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>	<u>3,144</u>	<u>3,239</u>
Special Education Instruction										
Teachers	297	301	301	310	309	312	327	346	359	383
Other Staff	639	676	675	704	699	682	655	683	729	715
Total Special Education Instruction	<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>	<u>1,088</u>	<u>1,098</u>
School Administration	415	408	407	421	422	426	430	438	443	459
Student Personnel Services	33	35	36	38	42	42	43	26	30	38
Total Instruction	<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>	<u>4,705</u>	<u>4,834</u>
Support Services										
Administration	105	103	102	94	98	98	100	99	101	101
Food and Nutrition Services	139	136	136	123	124	122	118	119	117	107
Student Transportation	410	407	406	406	412	441	449	447	449	418
Operation of Plant	406	403	403	401	405	411	409	427	426	430
Maintenance of Plant	136	135	135	143	144	143	143	140	139	138
Total Support Services	<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>	<u>1,232</u>	<u>1,194</u>
Total Employees - Governmental Activities	<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>	<u>5,937</u>	<u>6,028</u>

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

# FREDERICK COUNTY PUBLIC SCHOOLS

## Facilities Inventory As of June 30, 2021

	<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
57 West Frederick Street, Walkersville	0.97	1988	2,445
<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	34.1	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, 2021 (continued)

	<u>Acres</u>	<u>Year Constructed</u>	<u>Gross Square Feet</u>
<b><u>Elementary Schools, continued</u></b>			
Glade Elementary	13.35	1995	66,500
Green Valley Elementary	31.22	1971	51,888
Hillcrest Elementary	12.7	1988	62,305
Kemptown Elementary	39.46	1981	53,800
Lewistown Elementary	13	1961	50,898
Liberty Elementary	11.64	1927	40,720
Lincoln Elementary	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	13.39	2004	86,938
Twin Ridge Elementary	17	1992	68,900
Urbana Elementary	19.87	2021	98,178
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	10,771
Frederick Classical Charter	Leased space	N/A	N/A
Heather Ridge School	10	1988	31,553
Lincoln "A" Building	3.15	1974	20,334
Monocacy Valley Montessori	Leased space	N/A	N/A
Rock Creek School	Same lot as Walkersville Middle	2021	79,474
Staff Development Center	5	1921	27,352
<b>Totals</b>	<u>1,495.03</u>		<u>6,899,376</u>

Source: Educational Facilities Master Plan, May 2021.

# FREDERICK COUNTY PUBLIC SCHOOLS

## Capital Assets by Function Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Schools										
Buildings	63	63	63	63	63	63	63	64	64	65
Administration										
Buildings	8	6	5	5	5	5	5	3	4	4
Vehicles	7	8	8	7	7	7	7	9	10	10
Special Education										
Vehicles	94	107	100	98	104	106	107	110	115	115
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	200	159	149	142	148	148	153	148	149	149
Operations										
Vehicles	30	36	41	44	44	41	40	38	24 <sup>1</sup>	22
Student Transportation										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	341	327	329	325	324	319	321	315	340 <sup>1</sup>	349
Technology										
Vehicles	5	12	14	15	12	10	10	9	9	11
Other										
Buildings	1	1	1	1	1	1	1	2	2	2

<sup>1</sup> Vehicles were reclassified from the Operations Department to the Student Transportation in FY 2020.

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## COMPLIANCE SECTION

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**S B & COMPANY, LLC**  
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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

**Report on the Financial Statements**

We have audited, 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, the 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) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 28, 2021.

***Internal Controls over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Board's internal controls over financial reporting (internal controls) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal controls. Accordingly, we do not express an opinion on the effectiveness of the Board's internal controls.

*A deficiency in internal controls* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies.

Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



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### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Board’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland  
September 28, 2021

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





191 S. East Street  
Frederick, MD 21701  
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