



Annual Comprehensive
FY 2021
Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

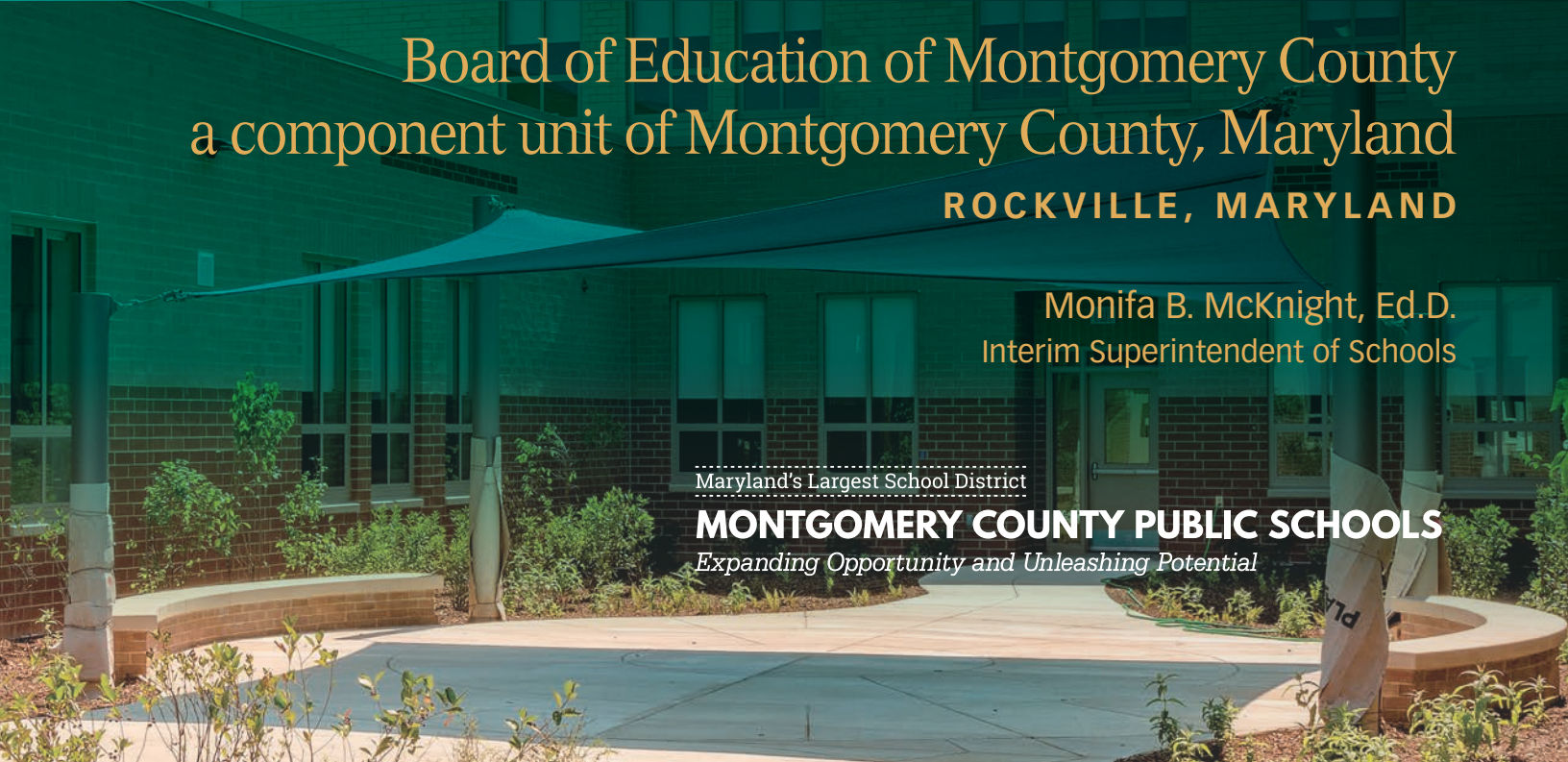
Board of Education of Montgomery County
a component unit of Montgomery County, Maryland
ROCKVILLE, MARYLAND

Monifa B. McKnight, Ed.D.
Interim Superintendent of Schools

Maryland's Largest School District

MONTGOMERY COUNTY PUBLIC SCHOOLS

Expanding Opportunity and Unleashing Potential



Board of Education of Montgomery County

GUIDING TENETS

- VISION:** We inspire learning by providing the greatest public education to each and every student.
- MISSION:** Every student will have the academic, creative problem solving, and social emotional skills to be successful in college and career.
- CORE PURPOSE:** Prepare all students to thrive in their future.

CORE VALUES

LEARNING

WE BELIEVE that we must engage every student, every day; learning is achieved by cultivating curiosity and encouraging determination, focus, and hard work; and adult learning and engagement are key to student learning.

THEREFORE, we will encourage and support critical thinking, problem solving, active questioning, and risk taking to continuously improve; stimulate discovery by engaging students in relevant and rigorous academic, social, and emotional learning experiences; and challenge ourselves to analyze and reflect upon evidence to improve our practices.

RELATIONSHIPS

WE BELIEVE that meaningful collaboration is vital to our success; strong partnerships are built on trust and open and honest communication; and building relationships with our diverse community requires us to understand the perspectives and experiences of others.

THEREFORE, we will get to know student and staff members as individuals to better serve them; engage in interest-based decision making with our partners to achieve mutually agreed upon goals; and build strong relationships with students, family, staff, and community to support learning.

RESPECT

WE BELIEVE that each individual's contributions add value to our learning community; fair treatment, honesty, openness, and integrity are essential; and the diversity of our culture, interests, skills, and backgrounds is an asset that makes us stronger.

THEREFORE, we will model civility in all interactions and encourage candid conversations; deal fairly and honestly with each other; and listen to others' perspectives with openness and accept that there are various points of view.

EXCELLENCE

WE BELIEVE that raising the bar and setting high standards is necessary to ensure that all students graduate ready for college and career; we have to expect the best to get the best from everyone, every day; and creating intellectual excitement and supporting personal growth inspires us all toward excellence.

THEREFORE, we will push unceasingly for continuous improvement; hold our practice and our work to the highest possible standards; and nurture a culture of creativity and inquiry that supports innovation and progress.

EQUITY

WE BELIEVE that each and every student matters; outcomes should not be predictable by race, ethnicity, or socioeconomic status; equity demands the elimination of all gaps; and creating and maximizing future opportunities for students and staff is necessary.

THEREFORE, we will hold high expectations for all students and staff; distribute resources as necessary to provide extra supports and interventions so all students can achieve; identify and eliminate any institutional barriers to students' success; and ensure that equitable practices are used in all classrooms and workplaces.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
A Component Unit of Montgomery County, Maryland

Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2021

Prepared by: Office of Finance

Robert Reilly, CPA, *Associate Superintendent of Finance*

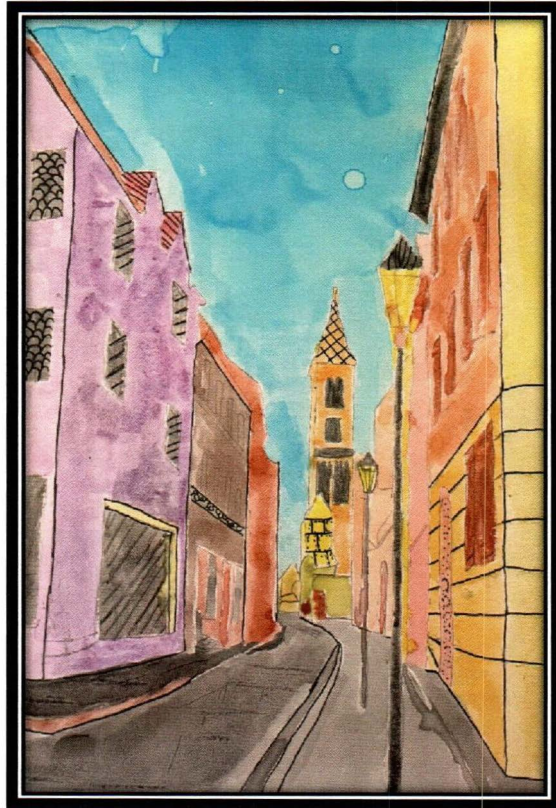
Dan Kelley, CPA, *Assistant Controller*

Cover Photograph:

Carl Sandburg Learning Center

850 Hungerford Drive, Room 167

Rockville, Maryland 20850



Student Artist: Allison Museles, 10th Grade
School: Wootton High School

BOARD OF EDUCATION OF MONTGOMERY COUNTY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

Table of Contents

Introductory Section

Letter of Transmittal	1
GFOA Certificate of Achievement for Excellence in Financial Reporting	8
ASBO Certificate of Excellence in Financial Reporting	9
Listing of Officials	10
Organizational Chart	11

Financial Section 13

Independent Auditors' Report	14
Management's Discussion and Analysis	17

Basic Financial Statements..... 32

Government-wide Financial Statements

Statement of Net Position	33
Statement of Activities	34

Fund Financial Statements

Balance Sheet – Governmental Funds	36
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	37
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	38
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds with the Government-Wide Statement of Activities.....	39
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	40
Statement of Net Position – Proprietary Funds	41
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	42
Statement of Cash Flows – Proprietary Funds	43
Statement of Fiduciary Net Position – Fiduciary Funds	44
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	45

Notes to the Financial Statements..... 46

Required Supplementary Information 87

Schedule of Changes in Net Pension Liability and Related Ratios.....	88
Schedule of Net Pension Liability	89
Schedule of Pension Contributions	90
Schedule of Pension Plan Investment Returns.....	91
Schedule of the Board Proportionate Share of Net Pension Liability	92
Schedule of the Board Contributions	93
Schedule of Changes in Net OPEB Plan Liability and Related Ratios.....	94
Schedule of Net OPEB Plan Liability	95
Schedule of Employer OPEB Plan Contributions	96
Schedule of OPEB Plan Investment Returns.....	97

BOARD OF EDUCATION OF MONTGOMERY COUNTY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

Table of Contents

Financial Section (continued)

Supplementary Data	98
Governmental Funds	99
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Capital Projects Fund	100
Schedule of Construction in Progress – Capital Projects Fund	101
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – Special Revenue Fund	102
Nonmajor Enterprise Funds.....	103
Combining Statement of Net Position – Nonmajor Enterprise Funds	104
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	105
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	106
Fiduciary Funds	107
Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefits Trust Funds.....	108
Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefits Trust Funds	109
 Statistical Section	 111
Statistical Section Table of Contents.....	112
Net Position by Component – Last Ten Fiscal Years (Accrual Basis of Accounting).....	113
Change in Net Position – Last Ten Fiscal Years (Accrual Basis of Accounting).....	114
Fund Balances of Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting).....	117
Change in Fund Balances of Governmental Funds – Last Ten Fiscal Years (Modified Accrual Basis of Accounting).....	118
Statement of Revenues, Expenses and Changes in Net Position – Montgomery County and Board of Education Self-Insurance Fund	120
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years.....	121
Montgomery County, Maryland:	
Revenue Capacity Property Tax Levies and Collections – Last Ten Fiscal Years.....	122
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years	123
Real and Personal Property Tax Rates – County Direct Rate – Last Ten Fiscal Years	124
Real and Personal Property Tax Rates – County Special Taxing Districts – Last Ten Fiscal Years	125
Real and Personal Property Tax Rates – Overlapping Governments – Cities and Towns – Last Ten Fiscal Years	126
Real and Personal Property Tax Rates – Overlapping Governments – Villages – Last Ten Fiscal Years	127
Ten Highest Commercial Property Taxpayers – Current Fiscal Year and Nine Years Ago	128
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years.....	129
Computation of Legal Debt Margin – Last Ten Fiscal Years	130

BOARD OF EDUCATION OF MONTGOMERY COUNTY
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021

Table of Contents

Statistical Section (continued)

Direct and Overlapping Governmental Activities Debt	131
Statement of Long-term Indebtedness (Public Schools)	132
Demographic Statistics – Last Ten Fiscal Years	133
Principal Employers – Current Fiscal Year and Nine Years Ago	134
Board of Education of Montgomery County:	
Operating Indicators by Function – Last Ten Fiscal Years	136
Employees by Function – Last Ten Fiscal Years	138



Student Artist: "Ta 'Marion M."
School: Carl Sandburg Learning Center



INTRODUCTORY SECTION

Board of Education of Montgomery County
June 30, 2021



Wootton High School Lacrosse, 2021

MONTGOMERY COUNTY PUBLIC SCHOOLS

Expanding Opportunity and Unleashing Potential

OFFICE OF THE SUPERINTENDENT OF SCHOOLS

September 30, 2021

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

Maryland State law requires that Local Education Agencies (LEAs) publish at the close of each year a complete set of financial statements presented in conformity with generally accepted accounting principles (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In compliance with that requirement, we hereby submit the Annual Comprehensive Financial Report (ACFR) of the Board of Education of Montgomery County (the Board) for the fiscal year (FY) ended June 30, 2021.

This report has been prepared pursuant to Education Article Section 5-109 of the Annotated Code of Maryland. The report consists of management's representations concerning the finances of the Board. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. Management has established a comprehensive internal control framework. 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 U.S. GAAP. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management. 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 Board financial statements have been audited by CliftonLarsonAllen LLP, an independent firm of licensed certified public accountants. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

The Board also is 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. These reports are available in the Board's separately issued Single Audit Report.

Board Profile

The Montgomery County Board of Education is the elected body, corporate and politic, established under Maryland State law to provide public education in kindergarten through twelfth

grade to children residing within the borders of Montgomery County, Maryland. The Board is composed of five district members and two at-large members elected for a four-year term, and one student member elected for a one-year term. The Board determines educational policy and employs a superintendent of schools to administer the school system. Primary funding is provided by Montgomery County from its general revenues. Funds are also received from state and federal sources for general school aid and specific purpose grants.

The Board has no power to levy and collect taxes, which is the case for all LEAs in Maryland. Each year the Board, with the involvement of the superintendent of schools, parents, guardians, students, Board employees, residents and other stakeholders in the community, will adopt an annual operating budget. This budget must be approved by the Montgomery County Council. Funding for the capital budget is handled differently. In November 1996, the Montgomery County charter was amended by referendum to require a biennial, rather than annual, Capital Improvements Program (CIP) review and approval process. The total six-year CIP is now reviewed and approved for each odd-numbered fiscal year. For even-numbered fiscal years, only amendments are considered where changes are needed in the second year of the six-year CIP. FY 2021 is an odd-numbered fiscal year and, therefore, all CIP projects were considered with a full review by the county executive and the County Council. Because of the relationship with Montgomery County, the Board is considered a component unit of the county government, as defined by U.S. GAAP for governmental entities. As such, much of the data presented in this ACFR will also appear in the Montgomery County, Maryland ACFR for the corresponding year.

The basic financial statements and supplementary data in this report include all funds administered by the Board in conjunction with its mission of providing elementary and secondary public education. The reporting entity also includes a component unit of the Board, the Montgomery County Public Schools Educational Foundation, Inc. (the Foundation). The Foundation is legally separate from the Board but is included in the Board reporting entity because of the significance of its financial relationship with the Board, and because the Board is considered financially accountable for the Foundation.

Relevant Financial Policies

The school system financial policies, endorsed by the Board's policies and regulations, remain unchanged: organize and optimize resources for improved academic results; deliver high academic results at a low student cost; evaluate the use of resources for applicability to goals of the Board's strategic planning framework; provide financial accountability and transparency to the citizens of Montgomery County; obtain a fair share of state aid; and carefully manage indebtedness and debt service.

The Board uses zero-based budgeting as a tool to manage its exposure to rising costs and to assure spending is efficient. Innovative approaches to continuous improvement are employed to streamline

processes, eliminate waste, and to measure process performance in meeting the goals of the Board's strategic planning framework.

Factors Affecting Financial Condition

The county executive submitted his recommended FY 2022 operating budget for Montgomery County on March 15, 2021. This budget included revenue estimates based on information available in January and early February 2021. Due to the ongoing COVID-19 pandemic health emergency, the county and state began stay-at-home orders to prevent the spread of the virus that shut down or revised the operations of the economy. The Montgomery County Council adopted an FY 2022 operating budget on May 27, 2021. The approved budget included revenue estimates from the March 2021 budget recommendation by the county executive.

According to the FY 2021 Business Advisory Panel Report to the Montgomery County Council, Montgomery County's economy experienced mixed economic performance during calendar year (CY) 2020 attributed to the COVID-19 pandemic. The areas of weakness included a decrease in resident employment, a significant increase in the unemployment rate, a decrease in the construction of residential housing and non-residential projects, and decreases in the added values of new construction for residential and non-residential properties. The areas of strength in the county's economy were an increase in the sales of existing homes and an increase in the median sales price for an existing home. Employment situation based on data from the Maryland Department of Labor, Licensing and Regulation (DLLR) and the Bureau of Labor Statistics, U.S. Department of Labor, resident employment (labor force series and not seasonally adjusted) in CY 2020 decreased by 26,000 from CY 2019 (4.8 percent decrease). The county's unemployment rate at 6.3 percent was more than twice the rate in CY 2019.

The construction of new residential units decreased 18.7 percent in CY 2020, and total value added decreased from \$892.1 million in CY 2019 to \$752.7 million in CY 2020 (15.6 percent decrease). The total value added from non-residential projects decreased from \$1,636.0 million in CY 2019 to \$377.3 million (77 percent decrease) in CY 2020. During CY 2020, existing home sales increased 6.1 percent which followed an increase of 3.3 percent in CY 2019. The median sales price for existing homes increased 7.1 percent in CY 2020 following an increase of 2.3 percent in CY 2019.

The two economic indicators, employment and construction, confirm that the county's economy experienced weak economic performance attributed to the impact of the COVID-19 pandemic during CY 2020. That performance included a decrease in residential employment, an elevated unemployment rate, and a decrease in residential and non-residential construction. However, the residential real estate market experienced positive performance during COVID-19.

Economic Outlook

The county's Department of Finance (the department) forecasts that Montgomery County's economy will continue to experience weak economic performance through CY 2021 and CY 2022.

The department assumes payroll employment will decrease from CY 2019 to CY 2022 at an average annual rate of 1.3 percent over that period. This is below the average annual growth rate of 0.8 percent experienced between CY 2015 and CY 2019. The department assumes payroll employment will not reach its pre-pandemic level until CY 2026.

Further, the department assumes that resident employment will decrease at an average annual rate of 1.5 percent from CY 2019 to CY 2022. That rate is below the average annual growth rate of 1.1 percent between CY 2015 and CY 2019. The department estimates the resident employment will not reach its pre-pandemic level in CY 2019 until CY 2027-2028.

The department assumes wage and salary income will decrease at an average annual rate of 1.5 percent from CY 2020 to CY 2022 compared to the average annual growth rate of 2.6 percent from CY 2015 to CY 2020. The department estimates that total wage and salary income will not reach its pre-pandemic peak in CY 2020 until CY 2023.

The department assumes income from dividends, interest and rents in Montgomery County will decrease at an average annual rate of 5.9 percent from CY 2019 to CY 2021 compared to the average annual growth rate of 4.6 percent from CY 2015 to CY 2019. Income from dividends, interest, and rents will not reach its pre-pandemic peak until CY 2024.

In addition, the department assumes that total personal income in Montgomery County will decrease at an average annual rate of 1.1 percent from CY 2020 to CY 2022 compared to an average annual growth rate of 3.5 percent from CY 2015 to CY 2020. Total personal income will not reach its pre-pandemic peak until CY 2023.

The overall regional inflation index is projected to increase from 0.9 percent in CY 2020 to 1.66 percent in CY 2021, decelerate to 1.57 percent in CY 2022, then increase to 2.4 percent in CY 2023, and 2.44 percent in CY 2024. Since the yield on the county's short-term investments are highly correlated with the federal funds rate, the county earned an average of 1.76 percent in investment income on its short-term portfolio for FY 2020, but will only earn an estimated average of 0.15 percent in FY 2021 and FY 2022 and 0.35 percent in FY 2023 and FY 2024 due to rate cuts to the targeted federal funds by the Federal Open Market Committee of the Board of Governors of the Federal Reserve System in response to COVID-19 and the national recession.

Negotiated Agreements

The bargaining units for Montgomery County Public Schools (MCPS) are the Montgomery County Education Association (MCEA), representing certificated non-administrative employees; Service Employees International Union (SEIU) Local 500, representing supporting services employees; and the Montgomery County Association of Administrators and Principals/Montgomery County Business and Operations Administrators (MCAAP/MCBOA), representing certificated and non-certificated administrators and non-certificated supervisory employees in separate units. The two MCAAP units are covered in a single contract. During FY 2021, the Board reached agreements covering economic and non-economic terms with

all three employee associations. MCAAP/MCBOA and SEIU are covered under separate three-year agreements, effective July 1, 2020, through June 30, 2023. The agreement with MCEA is shorter, effective February 23, 2021, through June 30, 2022.

Based on the three agreements, employees received a general wage increase of two percent effective May 3, 2021. The agreements ratified between April and June 2021 also provided annual step increases and longevity increases for FY 2021 based on eligibility criteria. As part of the ratified agreements, the contracts are open for negotiations on wages for FY 2022. Those negotiations are not completed as of this publication.

Key highlights of the agreements are as follows:

Agreement between MCAAP/MCBOA and MCPS for the School Years 2020-2023:

Effective May 3, 2021

1. Salary scales increased by 2.0 percent.
2. All eligible employees received scheduled step and longevity increases.
3. It is recognized that approximately \$3.1 million in additional annualized costs will occur during FY 2022 as a result of the delayed implementation of the FY 2021 negotiated agreements.

Agreement between MCEA and MCPS for School Years 2020-2022:

Effective May 3, 2021

1. Salary scales increased by 2.0 percent.
2. All eligible employees received scheduled step increases.
3. Substitute teacher pay scales increased by 2.0 percent.
4. It is recognized that approximately \$42.3 million in additional annualized costs will occur during FY 2022 as a result of the delayed implementation of the FY 2021 negotiated agreements.

Agreement between SEIU Local 500 and MCPS for School Years 2020-2023:

Effective May 3, 2021

1. Salary scales increased by 2.0 percent.
2. All eligible employees received scheduled step and longevity increases.
3. It is recognized that approximately \$16.2 million in additional annualized costs will occur during FY 2022 as a result of the delayed implementation of the FY 2021 negotiated agreements.

Enrollment—MCPS has seen a steady increase in enrollment since the 2007–2008 school year. The COVID-19 pandemic, however, impacted our student enrollment, as well as the student enrollment of many public schools across the country. The official September 30, 2020, enrollment was 160,564; 4,703 students less than the previous year. Nationwide, school systems experienced reduced enrollments in the 2020–2021 school year, especially in the lower grades, as homeschooling and private schools that offered in-person instruction, gained student enrollment. We are confident, however, that many of these students likely will return to our schools for the 2021–2022 school year.

Total school system enrollment is projected to increase to 170,761 students by the 2026–2027 school year. This projection represents a slight slowdown in enrollment growth in part due to the continued decline in resident births, resulting in reduced kindergarten enrollment and smaller cohorts of students as they progress through the school system each year. In addition, our enrollment projections do account for the current COVID-19 pandemic. We believe, however, that this decline in enrollment will be temporary and, therefore, the capacity projects included in the amended Capital Improvements Program (CIP), as adopted by the County Council in May 2021, are warranted and must remain on their approved schedules.

The adopted CIP includes funding for the planning, design, and/or construction of 13 elementary school capacity projects, five middle school capacity projects, and five high school capacity projects. It also includes funding for nine major capital projects that address capacity, aging infrastructure and programmatic deficiencies at various schools throughout the county. Finally, the adopted CIP also funds many countywide systemic projects that address systemwide needs of our aging facilities.

Accomplishments and Awards

Graduation rates— The graduation rate for all students in 2020 rose and is greater than the state average. The graduation rate for Hispanic/Latino students rose to 77.1, a one-year increase of 1 percentage point. The graduation rate for Black or African American students rose to 91.3, a one-year increase of 1.6 percentage points. The rate also rose for special education students (4.1 percent over two years), and students who receive Free and Reduced-price Meals (2.8 percent over two years). The graduation rate for students with Limited English Proficiency (LEP) rose 3 percent over the previous year and jumped 9.3 percent since the Class of 2018. Nearly 240 more LEP students graduated in 2020 than in 2019; and 531 LEP more students graduated in 2020 than in 2018.

Top high schools— All 25 Montgomery County public schools earned spots on the 2021 Best High Schools list, published by U.S. News & World Report. Five ranked in the top 500 nationally, and eight were ranked in the top 25 in Maryland. Walt Whitman High School was ranked first in Maryland and 105th nationally.

Academic progress— Students at all levels are engaged in rigorous academic study. The emphasis on rigorous course taking resulted in more than 39,000 Advanced Placement (AP) exams taken by the Board's students in 2020. Students earned a college-ready score (three or higher) on 75 percent of those exams. In 2020, the percentage of AP exams taken by the Board's Black or African American students (55.7 percent) that earned college-ready scores of three or higher is significantly higher than the percentages of 48.6 percent in Maryland and 40.9 percent in the nation. In 2020, the percentage of AP exams taken by Hispanic/Latino students that earned college-ready scores of three or higher (61.9 percent) was slightly higher than the percentage of exams for Hispanic students in Maryland (61.2 percent) and significantly higher than the nation (52.1 percent).

Return on Investment— More than \$737 million in scholarships were offered to students in the Class of 2020.

Financial reporting awards—The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Board for the 17th consecutive year for its comprehensive annual financial report for the fiscal year ended June 30, 2020. 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. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate. For 40 consecutive years, the Board has received the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting. This award, valid for one year, is granted after an intensive review of the ACFR by an expert panel of certified public accountants and practicing school business officials. The Board plans to submit the 2021 ACFR to ASBO and believes the report continues to meet ASBO certificate program requirements.

Acknowledgements

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Office of Finance. The high standard of conformity of this report reflects the professional competence of all individuals responsible for its preparation. We express our appreciation for a job well done.

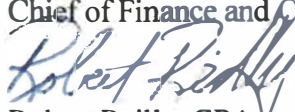
Sincerely,



Monifa B. McKnight, Ed.D.
Interim Superintendent of Schools



Eugenia S. Dawson
Chief of Finance and Operations



Robert Reilly, CPA
Associate Superintendent of Finance

MBM:ESD:RR:rg



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Montgomery County Public Schools
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



**ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**

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

Board of Education of Montgomery County

**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**

**BOARD OF EDUCATION OF MONTGOMERY COUNTY
LISTING OF OFFICIALS**

MEMBERS OF THE BOARD OF EDUCATION

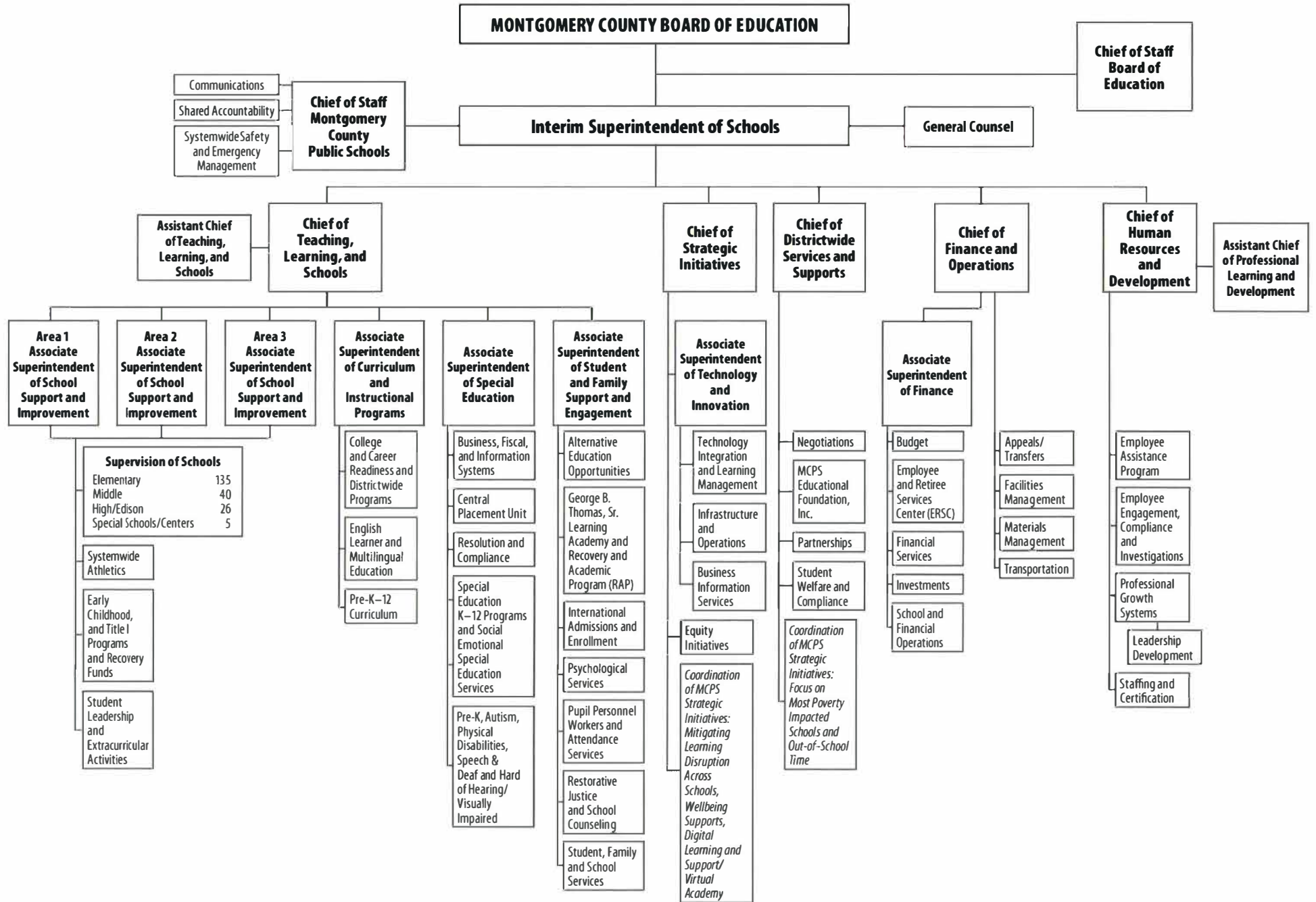
Brenda Wolff, President
Karla Silvestre, Vice President
Dr. Judith R. Docca
Shebra L. Evans
Lynne Harris, At-Large
Rebecca K. Smondrowski
Hana O’Looney, Student Member

EXECUTIVE STAFF

Monifa B. McKnight, Ed.D.
Interim Superintendent of Schools

James N. D’Andrea..... Chief of Staff
Eugenia S. Dawson..... Chief of Finance and Operations
Dana E. Edwards Chief of Districtwide Services and Supports
Helen A. Nixon, Ed.D..... Chief of Human Resources and Development
Ruschelle Reuben..... Chief of Teaching, Learning, and Schools
Stephanie S. Sheron.....Chief of Strategic Initiatives
Stephanie WilliamsGeneral Counsel
Peter Cevenini.....Associate Superintendent of Technology and Innovation
Everett Davis..... Acting Associate Superintendent of Student and Family Support and Engagement
Niki T. Hazel Associate Superintendent of Curriculum and Instructional Programs
Gwendolyn J. Mason, Ed.D. Acting Associate Superintendent of Special Education
Robert Reilly, CPA Associate Superintendent of Finance
Cheryl L. Dyson Area 1 Associate Superintendent of School Support and Improvement
James P. Koutsos.....Area 2 Associate Superintendent of School Support and Improvement
Diane D. Morris.....Area 3 Associate Superintendent of School Support and Improvement

FY 2022 | MCPS STRATEGIC ORGANIZATIONAL LEADERSHIP STRUCTURE



Note: This chart does not include every office, department, division or unit. Refer to the 2022 Adopted Operating Budget for a comprehensive list.



Student Artist: "JJ D."
School: Carl Sandburg Learning Center



FINANCIAL SECTION

Board of Education of Montgomery County
June 30, 2021



INDEPENDENT AUDITORS' REPORT

Board of Education
of Montgomery County, Maryland
Rockville, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of The Board of Education of Montgomery County, Maryland operating as Montgomery County Public Schools (the Board), a component unit of Montgomery 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

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 control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board'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 Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discreetly presented component unit, each major fund, and the aggregate remaining fund information of the Board as of June 30, 2021, and the respective changes in financial position and, 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

Change in Accounting Principle

During fiscal year ended June 30, 2021, the Board adopted GASB Statement No. 84, *Fiduciary Activities*. As a result of the implementation of this standard, the Board reported a restatement for the change in accounting principle (see Note 1-L). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 18-32 and the required supplementary information on pages 71-77 as listed in the table of contents, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The introductory, supplementary information and the statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 30, 2021, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 30, 2021

Board of Education of Montgomery County Management's Discussion and Analysis

This section of the Board of Education of Montgomery County (the Board) Annual Comprehensive Financial Report presents a narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2021. Readers are encouraged to consider the information presented here in conjunction with additional information presented in the transmittal letter, which can be found on pages 1 – 7 of this report.

Financial Highlights

- The assets and deferred outflows of the Board exceeded its liabilities and deferred inflows at June 30, 2021, by \$223.2 million, which represents its net position.
- The Board's net position decreased during the year by \$55.5 million.
- 81 percent of capital asset additions were directed toward instructional facilities.
- The Board successfully generated \$26.3 million in Fiscal Year (FY) 2021 budgetary savings to be used to fund future operating budgets.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Board financial statements. The Board's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Board's assets, liabilities, and deferred inflows/outflows of resources, if applicable, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

The *statement of activities* presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result only in cash flows in future fiscal periods (e.g., depreciation and earned but unused annual leave).

Both of the government-wide financial statements distinguish functions of the Board that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Board include most of the district's basic services, such as regular and special education, transportation, and administration. The business-type activities of the Board include food services, real estate management operations, field trip services, and entrepreneurial activities.

The government-wide financial statements include not only the Board itself (known as the *primary government*), but also the Montgomery County Public Schools (MCPS) Educational Foundation, Inc. for which the Board is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 33–35 of this report.

Fund financial statements. 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. The Board, like other governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Board maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund—both of which are considered to be major funds—and the special revenue fund.

The Board adopts annual appropriated budgets for its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 36–40 of this report.

Proprietary funds. The Board maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Board uses enterprise funds to account for its food services, real estate management, field trip, and entrepreneurial activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Board's various functions. The Board uses an internal service fund to account for its active employees' health benefit plan costs. Because this plan predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities*.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the food services operation which is considered to be a major fund of the Board. Data for the other three proprietary funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for each of these nonmajor proprietary funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 41–43 of this report.

Fiduciary funds. The Board is the trustee, or fiduciary, for assets that belong to others, which includes the Montgomery County Public Schools Employee Retirement and Pension Plan, and the Other Postemployment Benefits (OPEB) Plan Trust. The Board 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. The Board excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. In FY21 the Board implemented GASB 84, and, as such, the student activities funds no longer appear in the fiduciary fund section. All balances and activity in the former student activity fund are now recognized as part of the general fund.

The basic fiduciary fund financial statements can be found on pages 44–45 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 46–86 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor proprietary funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 98-110 of this report.

Board of Education of Montgomery County Net Position
(amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020*	2021	2020*	2021	2020*
Current and other assets	\$ 362.9	\$ 353.8	\$ 5.7	\$ 16.0	\$ 368.6	\$ 369.8
Capital assets	3,363.2	3,293.5	6.9	5.8	3,370.1	3,299.3
Total assets	3,726.1	3,647.3	12.6	21.8	3,738.7	3,669.1
Deferred outflows of resources	713.9	708.4			713.9	708.4
Total assets and deferred outflows	4,440.0	4,355.7	12.6	21.8	4,452.6	4,377.5
Long-term liabilities outstanding	3,164.4	3,360.5	3.4	3.6	3,167.8	3,364.1
Other liabilities	287.4	293.9	6.5	2.2	293.9	296.1
Total liabilities	3,451.8	3,654.4	9.9	5.8	3,461.7	3,660.2
Deferred inflows of resources	767.7	455.0			767.7	455.0
Total liabilities and deferred inflows	4,219.5	4,109.4	9.9	5.8	4,229.4	4,115.2
Net Position:						
Net investment in capital assets	3,321.7	3,253.1	6.9	5.7	3,328.6	3,258.8
Restricted for instructional programs	0.5	0.5			0.5	0.5
Unrestricted	(3,101.7)	(3,007.3)	(4.2)	10.1	(3,105.9)	(2,997.2)
Total net position	\$ 220.5	\$ 246.3	\$ 2.7	\$ 15.8	\$ 223.2	\$ 262.1

* The amounts for June 30, 2020 have not been restated for implementation of GASB No. 84.

Government-wide Financial Analysis

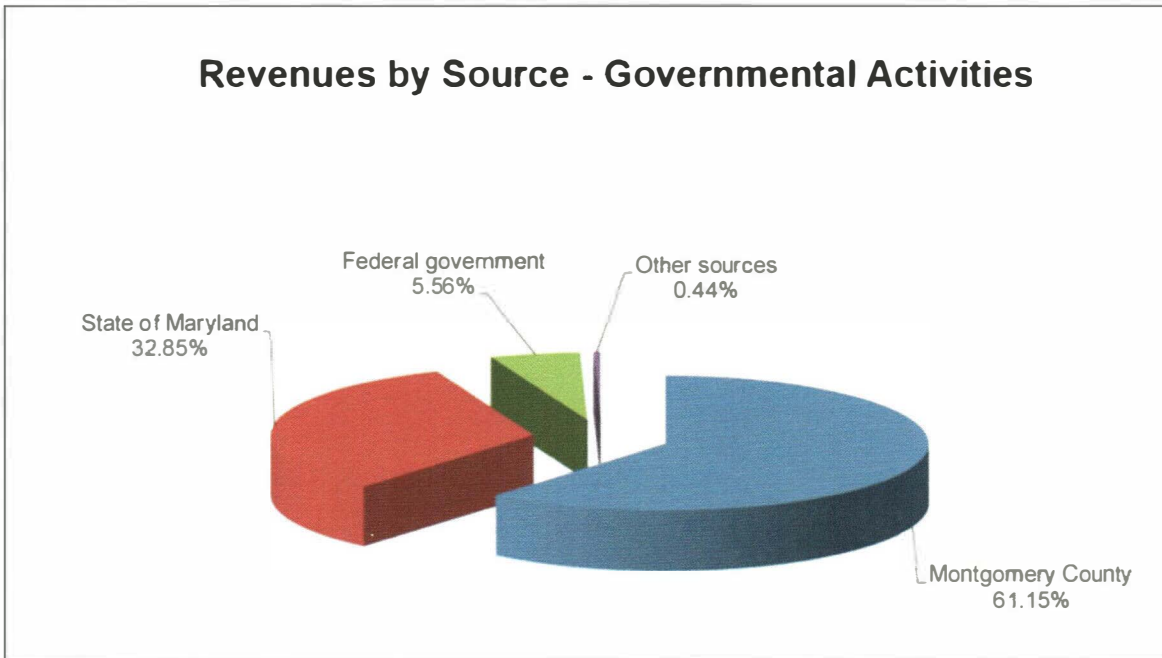
Net position may serve as a useful indicator of a government’s financial position. The Board’s net position, the amount by which assets and deferred outflows exceed liabilities and deferred inflows, decreased \$55.5 million to \$223.2 million. The major portion of the decrease came from governmental activities, which decreased by \$42.4 million to \$220.5 million. The largest portion of net position reflects the Board’s investment in capital assets (e.g., land, school buildings, buses, and equipment), less any related outstanding debt used by the Board to acquire those assets. Net investment in capital assets for governmental activities increased \$69.8 million to \$3,328.6 million. These assets are used by the Board in its instructional programs; consequently, these assets are not available for future spending.

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

The unrestricted net deficit increased \$108.7 million to a \$3,105.9 million deficit at June 30, 2021. The increase in unrestricted net deficit is primarily attributed to the effect of the increase in the OPEB and pension deferred inflows. These increases were \$312.7 million.

The deficit in unrestricted net position arises from the district’s funding policies for its noncurrent liabilities, especially for compensated absences and other postemployment benefits. The fiscal condition of the Board remains strong, and intergovernmental revenues remained high to meet its fiscal obligations and to fund its

current operations. However, it is yet to be determined what further effects the COVID-19 pandemic will have on the future of intergovernmental revenue growth.



Governmental activities. Governmental activities unrestricted net deficit increased \$94.4 million to a deficit of \$3.1 billion at June 30, 2021. The increase in unrestricted net deficit arose primarily from the increases in both OPEB and net pension deferred inflows, as previously mentioned.

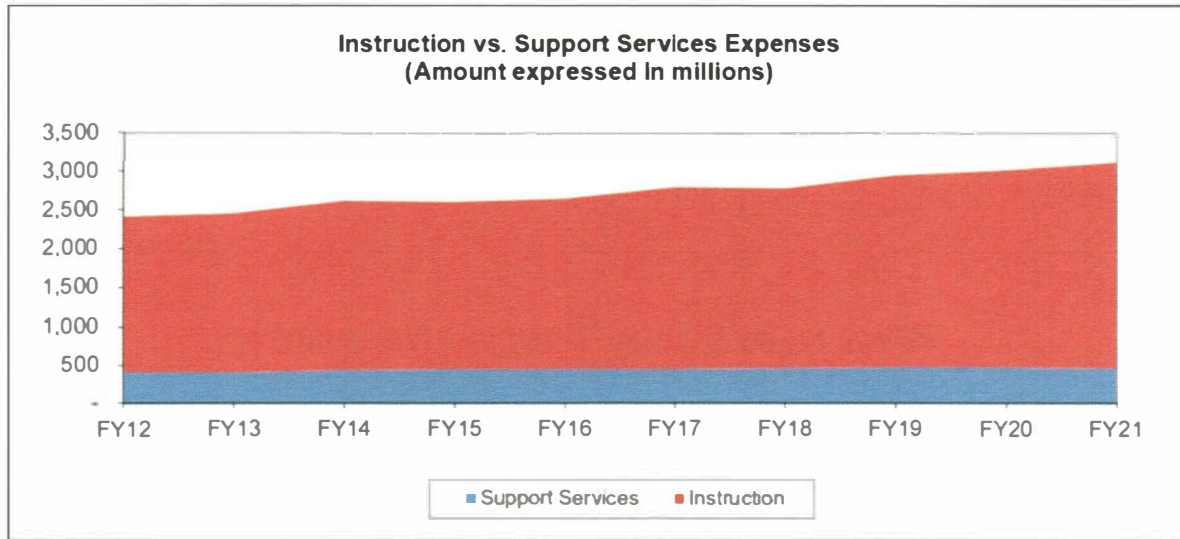
Total revenues for the Board’s governmental activities decreased \$59.2 million (1.9 percent). Intergovernmental revenues decreased \$49.0 million (1.7 percent), and operating grants revenues decreased \$4.4 million (4.1 percent). Intergovernmental revenues from Montgomery County decreased \$75.9 million. The decrease is primarily due to a decrease of \$158.0 million in capital projects revenue in 2021. Intergovernmental revenue from the State of Maryland increased \$19.8 million (2.0 percent). Federal intergovernmental revenue increased \$7.1 million (26.7 percent). Other revenue decreased by \$3.1 million due to decreases in land contributions and interest income.

Board of Education of Montgomery County Changes in Net Position
(amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020*	2021	2020*	2021	2020*
Revenues:						
Program revenues:						
Charges for services	\$ 2.2	\$ 3.0	\$ 7.4	\$ 25.2	\$ 9.6	\$ 28.2
Operating grants and contributions	102.8	107.2	35.7	44.6	138.5	151.8
Capital grants and contributions	65.9	67.8	2.2	0.2	68.1	68.0
General revenues:						
Intergovernmental	2,886.1	2,935.1			2,886.1	2,935.1
Other	8.7	11.8		0.1	8.7	11.9
Total revenues	<u>3,065.7</u>	<u>3,124.9</u>	<u>45.3</u>	<u>70.1</u>	<u>3,111.0</u>	<u>3,195.0</u>
Expenses:						
Regular instruction	1,922.2	1,825.1			1,922.2	1,825.1
Special education	485.3	486.3			485.3	486.3
School administration	217.8	217.3			217.8	217.3
Student personnel services	17.5	17.5			17.5	17.5
Health services	0.3				0.3	
Student transportation	138.7	140.2			138.7	140.2
Operation of plant	170.8	179.4			170.8	179.4
Maintenance of plant	72.7	73.0			72.7	73.0
Administration	77.8	76.1			77.8	76.1
Community services	3.5	3.3			3.5	3.3
Interest on capital leases	1.5	1.6			1.5	1.6
Food services			50.4	60.7	50.4	60.7
Real estate management			4.9	3.7	4.9	3.7
Field trips			0.4	1.5	0.4	1.5
Entrepreneurial activities			2.7	8.1	2.7	8.1
Total expenses	<u>3,108.1</u>	<u>3,019.8</u>	<u>58.4</u>	<u>74.0</u>	<u>3,166.5</u>	<u>3,093.8</u>
Increase (decrease) in net position	(42.4)	105.1	(13.1)	(3.9)	(55.5)	101.2
Net position - Beginning, as restated	262.9	141.2	15.8	19.7	278.7	160.9
Net position - Ending	<u>\$ 220.5</u>	<u>\$ 246.3</u>	<u>\$ 2.7</u>	<u>\$ 15.8</u>	<u>\$ 223.2</u>	<u>\$ 262.1</u>

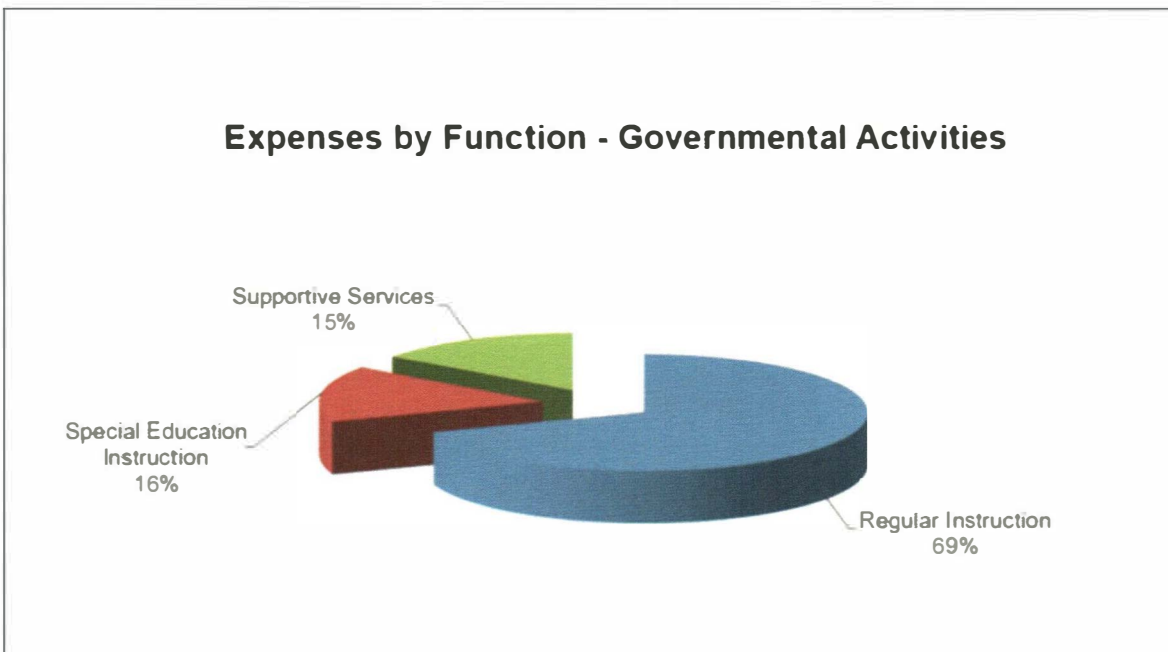
* The amounts for June 30, 2020 have not been restated for implementation of GASB No. 84.

Total expenses for the Board governmental activities increased \$88.3 million (2.8 percent) to \$3,108.1 million. In 2021, instructional programs expenses accounted for 85 percent, (84 percent in 2020), and support services accounted for 15 percent (16 percent in 2020) of total governmental activities expenses. The proportion of instructional expenses to total expenses continues to rise as internal savings and cost reduction programs remain the primary source for funding instructional program initiatives.

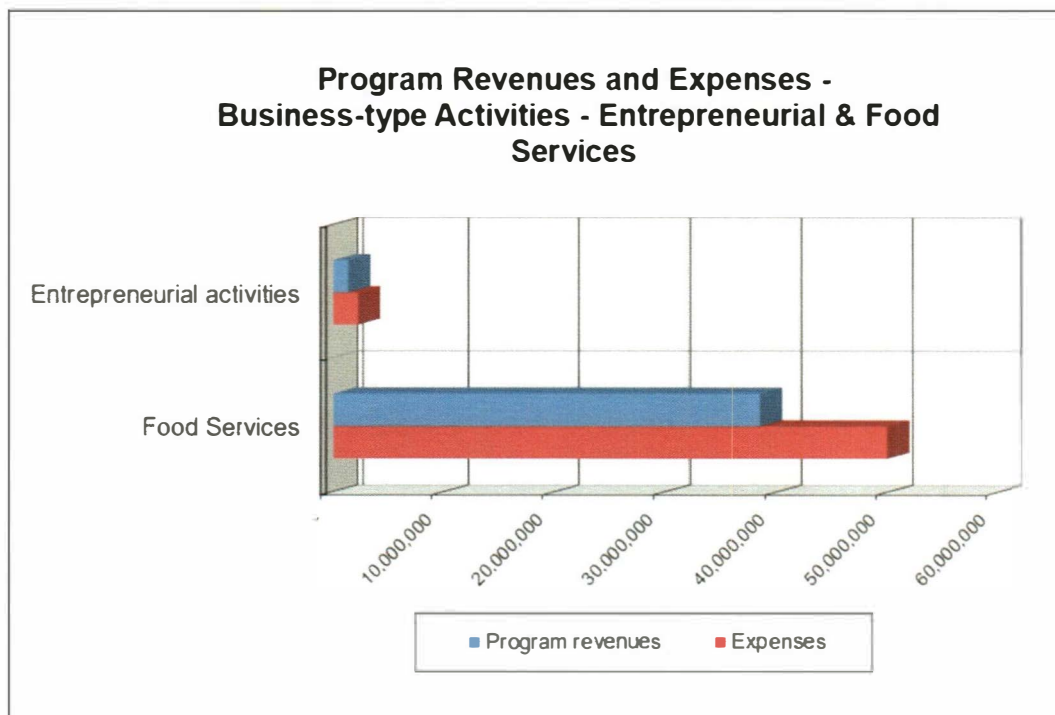
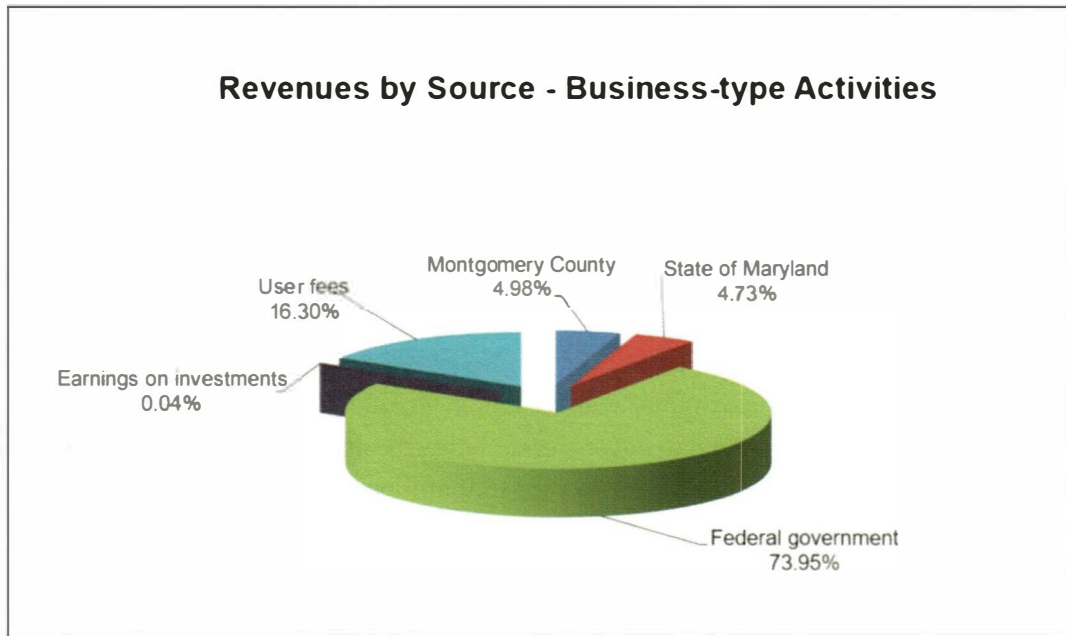


OPEB contributions decreased \$8.6 million which was based on the actuarial calculation of the annual required contribution. The Council also agreed with the county executive to provide \$27.2 million from the county's Consolidated OPEB Trust Fund to cover current retiree health benefits expenditures in FY 2021. Board contributions to the pension plan decreased by \$16.0 million (18.4 percent) which was due to the fact that the Board contributed extra funding in FY 2020.

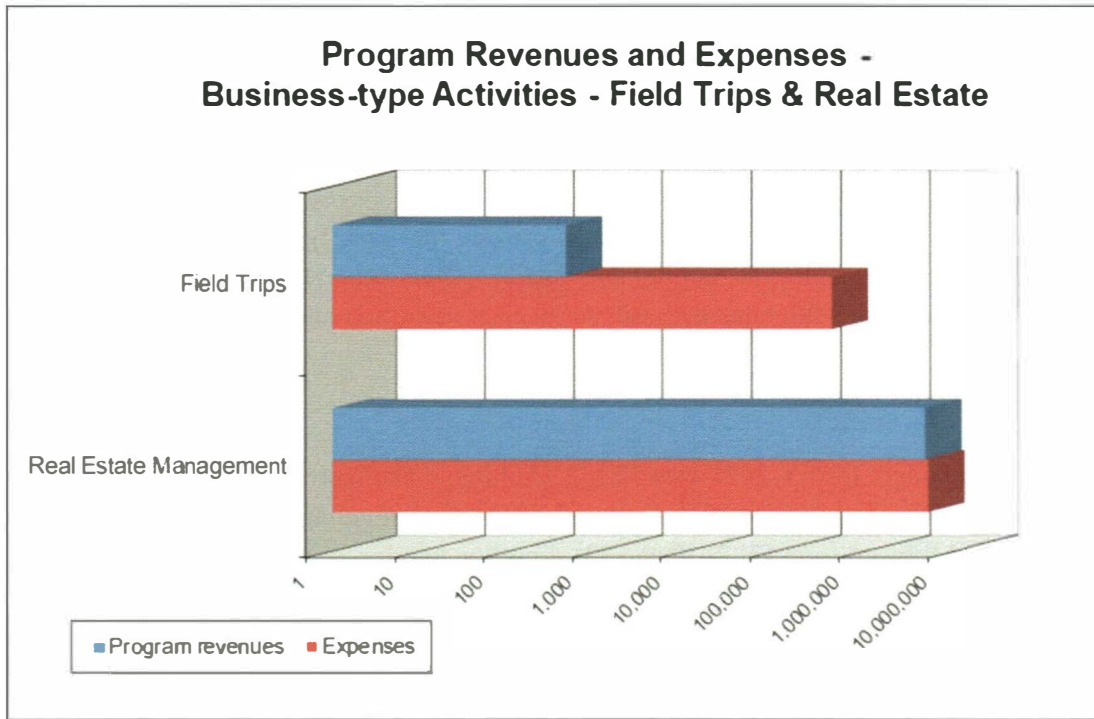
General fund salaries increased \$15.3 million (0.9 percent) primarily due to steps and longevity increases in FY 2021. In addition, part of the general fund salary increase was due to the addition of a net 490 positions in the approved FY 2021 budget to accommodate growth and strategic priorities.



Business-type activities. Business-type activities decreased the Board's net position by \$13.1 million. Total revenues decreased \$24.8 million (35.4 percent) to \$45.3 million. Charges for services decreased \$17.8 million (70.6 percent) largely due to the effects of schools and cafeterias closing for the majority of the year due to COVID-19. Nonoperating revenues in the Food Services fund experienced a slight increase due to increased participation in some of the Federal and Maryland State Department of Education (MSDE) grant programs.



Total expenses decreased \$15.6 million (21.1 percent). Food Services operating expenses increased \$5.5 million (12.3 percent). Entrepreneurial activities expenses decreased \$5.1 million (66.6 percent), and Real Estate Management and Field Trips remained relatively constant in aggregate. Much of these decreases in expenses were due to the effects of COVID-19.



The entrepreneurial, real estate, and field trip enterprise funds all experienced operating losses in FY 2021. The loss in all three nonmajor enterprise funds has resulted in a net negative position as of June 30, 2021. It is expected that all three of these nonmajor enterprise funds will return to profitability after the setbacks from COVID-19.

Financial Analysis of the Board’s Funds

The Board uses fund accounting to ensure accountability and to demonstrate compliance with finance-related legal and contractual provisions.

Governmental funds. The focus of the Board’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Board’s governmental funds reported a combined ending fund balance of \$94.4 million, an increase of \$12.1 million from the restated prior year amount.

The general fund is the principal operating fund of the Board. At June 30, 2021, fund balance was \$93.9 million. Nonspendable fund balance was \$6.1 million. Nonspendable fund balance is classified as nonspendable as the resources, inventories and prepaids, are not expected to be converted to cash. Fund balance assigned for instructional programs increased by \$25.2 million to \$81.6 million. The reason for the increase was largely due to GASB 84 moving the agency fund into the general fund and the increase in encumbrances. Unassigned fund balance increased by \$3.3 million to \$6.3 million at June 30, 2021. The capital projects' fund balance is zero. This is because project budgets are fixed depending upon capital project funding adopted by the county, state and federal governments. A more detailed discussion of capital projects spending found in the Capital Assets section on page 27 of this report.

Proprietary funds. The Board's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning the finances of those funds have already been addressed within the discussion of business-type activities.

General Fund Budgetary Highlights

The final amended budget for FY 2021 was \$2,912.1 million. The increase of \$239.3 million from the original budget was a result of \$154.0 million in supplemental grant funding, \$53.9 million in unspent grant expenditures carried forward from FY 2020 and \$31.4 million in prior year encumbrances.

Actual budgetary fund balance increased from the prior year. This is due to more supplemental grant funding and more carried forward grant expenditures than FY 2020.

Actual revenues were \$165.2 million under budget for the year. This was the result of the \$164.9 million under budget on federal, Maryland and local grants and a corresponding decrease of \$0.3 million in interest revenue under budget. The restricted revenue shortfall was comprised of \$1.9 million estimated restricted grant activity that did not materialize, and \$162.7 million in unrealized revenue for grants that carried forward into FY 2022.

Actual expenditures were \$191.5 million under budget. Restricted expenditures were \$164.9 million less than the budget, consisted of \$162.7 million in unspent funds for grants that carry forward into FY 2022, and \$1.9 million in estimated restricted grant activity that did not materialize.

Unrestricted expenditures were \$28.3 million under budget. Most of the reduction resulted from a savings plan implemented, higher than budgeted instructional salaries lapse, and personnel turnover.

Capital Asset and Debt Administration

Capital Assets. Capital assets include land and site improvements, schools and administrative buildings, school buses, and other vehicles and equipment. At June 30, 2021, the Board's investment in capital assets for its governmental and business-type activities amounted to \$3,370.1 million, net of accumulated

depreciation. This amount represented a net increase of \$70.8 million or 2.1 percent from last year. Construction accounted for most of the increase.

Board of Education of Montgomery County Capital Assets
(Net of depreciation)
(amounts expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 113.1	\$ 113.1	\$	\$	\$ 113.1	\$ 113.1
Buildings	2,570.4	2,585.5			2,570.4	2,585.5
Improvements other than buildings	385.9	391.9			385.9	391.9
Vehicles and equipment	94.5	89.4	6.9	5.8	101.4	95.2
Construction	199.3	113.6			199.3	113.6
Total	\$3,363.2	\$3,293.5	\$ 6.9	\$ 5.8	\$ 3,370.1	\$ 3,299.3

To relieve overcrowding and reduce the number of relocatable classrooms in FY 2021, the Board added 27 classrooms associated with the construction of capital projects at Montgomery Knolls Elementary School (4), Pine Crest Elementary School (9), and Thomas W. Pyle Middle School (14). The Board will add 67 classrooms through the revitalization/expansion projects at Seneca Valley High School (56) and Tilden Middle School/Rock Terrace School (11).

In FY 2022, the Board will add 34 classrooms associated with the construction of capital projects at Takoma Park Middle School (16) and Walt Whitman High School (18).

Additional information about capital assets can be found in note VI to the financial statements.

Long-term debt. At June 30, 2021, the Board had \$61.8 million in capital leases outstanding. The Board acquires school buses, instructional computers and furniture, other vehicles, and heavy equipment through a master lease agreement with a financial institution. New capital leases for school buses, instructional computers, and other equipment amounted to \$18.9 million during FY 2021. Principal payments on existing capital leases were \$31.6 million during the current year.

Additional information on the Board's long-term debt can be found in notes VIII and IX to the financial statements.

Factors Bearing on the Board's Future

The transmittal letter presents certain information on the local economy and long-term financial planning, enrollment, and negotiated agreement issues affecting the Board. There are several additional initiatives that significantly impact the Board.

Other Postemployment Benefits (OPEB)

Montgomery County contributed \$27.2 million, to the CRHBT in FY 2020 and FY 2021 on behalf of the Board. In FY 2020, the county budget authorized \$78.5 million in total MCPS retiree pay-as-you-go funding through \$51.3 million in tax supported funding and \$27.2 million from the Board's portion of the CRHBT. In FY 2021, the county budget authorized \$71.7 million in total MCPS retiree pay-as-you-go funding through \$44.5 million in tax supported funding and \$27.2 million from the Board's portion of the CRHBT. The Board's OPEB pre-funding is appropriated directly to the CRHBT and is not part of the Board's budget request. Until FY 2017, the county had been funding the Board's OPEB actuarially determined contribution. However, in FY 2018 and FY 2019 the contribution was decreased due to a self-imposed savings plan. The FY 2020 and FY 2021 county budgets reverted back to fully funding the actuarially determined contribution.

Every Student Succeeds Act of 2015 (ESSA). On December 10, 2015, the ESSA was signed into law by President Barack Obama. This reauthorization of the ESEA, formerly known as the *NCLB Act*, provides a long-term, stable federal policy that gives states additional flexibility and encourages states, local school systems, and schools to innovate while at the same time holding all accountable for results. Specifically, ESSA requires states to do the following:

- Establish State standards, set academic goals, and assess progress toward those goals for all students and schools;
- Measure and report performance of all students, schools, and local school systems;
- Identify and support schools in need of improvement;
- Support professional development and growth for educators;
- Support students to ensure a well-rounded education.

Bridge to Excellence in Public Schools Act of 2002 (BTE). The 2002 Maryland General Assembly adopted ground-breaking legislation to reform the system of educational funding in the state. The BTE Act (Senate Bill 856) provides additional statewide funding to assure the adequacy of educational resources while redirecting resources more equitably to meet the needs of students with disabilities, limited English proficient students, and students impacted by poverty. For FY 2021, in the operating budget adopted on June 11, 2020, the Montgomery County Board of Education received an increase of \$38,421,473 million (5.1 percent) in state aid compared to FY 2020. The majority of this funding is from the Bridge to Excellence legislation and other forms of state aid including aid for students with disabilities and student transportation. Changes in the various categories of state aid in FY 2021 are the result of the official enrollment as of September 30, 2019, compared to the previous year. The MCPS enrollment increase totaling 2,437 eligible students on September 30, 2019, represented 21.8 percent of the statewide enrollment increases. Major changes in state aid in FY 2021 from FY 2020 are an additional \$19,838,396 (5.4 percent) in the Foundation grant, \$5,509,078 (3.9 percent) in compensatory education revenue for students who are economically disadvantaged, \$5,113,693 (6.7 percent) in funding for Limited English Proficient aid, \$1,991,603 (4.7 percent) in formula aid for students with disabilities, \$1,176,848 (2.5 percent) for student transportation aid, and \$1,074,707 (2.8 percent) based on the Geographic Cost of Education Index.

In addition, the Blueprint for Maryland's Future legislation, passed in 2019, transforms the state's early childhood, primary, and secondary education systems to the levels of high-performing systems around the world. This legislation provided MCPS with a total of \$27,404,996 of state aid in FY 2021, an increase of \$2,980,532 compared to FY 2020.

The Maryland State Department of Education is in the process of distributing final state revenue allocations to the Local Education Agencies based on the state's FY 2022 budget that was passed by the Maryland General Assembly. As a result, MCPS will need to introduce a supplemental appropriation to the Board of Education for approval reflecting these updated state revenue amounts for FY 2022.

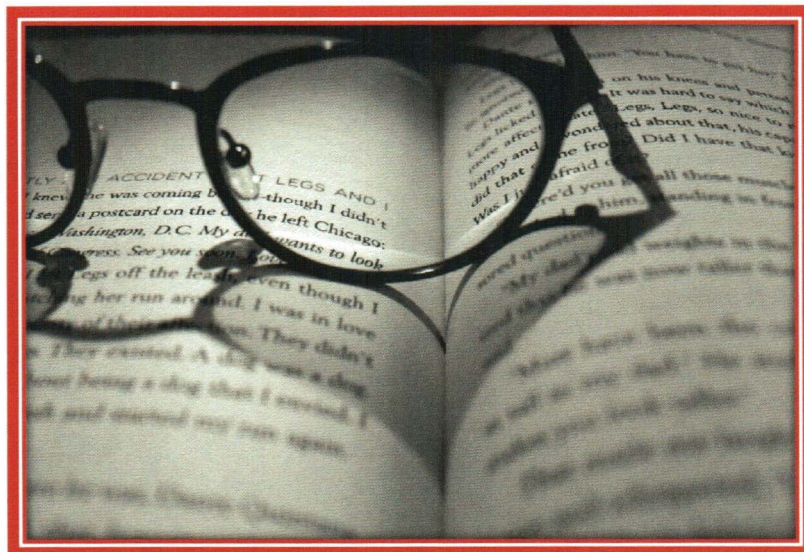
Maintenance of Local Effort (MOE). In 2012, the Maryland General Assembly adopted Senate Bill (SB) 848 that clarified and strengthened requirements for counties to maintain the local financial commitment to public schools. SB 848 provides significant protection of local funding for public schools, especially during periods of economic challenges. The law requires all counties and the City of Baltimore to provide at least as much local tax revenue per student as the previous fiscal year. Instead of penalizing a school district with the loss of increased state aid, SB 848 provides for the diversion of sufficient local income tax collections to assure that a school district receives at least the required amount of local contribution. If a county cannot meet its commitment because of a severe financial downturn, the law provides broader criteria for a waiver application to the MSDE, but also limits the amount of the possible waiver. Montgomery County has met MOE requirements each year.

Following several years of being funded at the minimum level required by the MOE law, in FY 2017, the Board was funded at \$90.0 million above MOE. This increased the cost per pupil from \$9,749 to \$10,637. Along with this increase, the County Council's appropriation provided \$37.9 million of accelerators that allows the Board to reduce class sizes in many classrooms across the district and accelerate efforts to close the achievement gap. In FY 2018, the County Council funded MCPS at \$21.2 million above MOE. This increased the cost per pupil to \$10,765. In FY 2019, MCPS received \$18.6 million over MOE. This increased the cost per pupil to \$10,878. In FY 2020, MCPS received \$8.7 million over MOE. This increased the cost per pupil to \$10,923. Finally, in FY 2021, MCPS was funded at the minimum level required by the MOE law.

The FY 2022 Operating Budget appropriated by the County Council for MCPS includes a local contribution of \$1,752,662,235, an increase of \$50,115 more than the FY 2021 local contribution of \$1,752,612,120. Based on the language in Maryland House Bill 1372 passed by the General Assembly in the Spring of 2021, this local contribution is \$349,430 above the minimum level required by the state's Maintenance of Effort Law. In addition, this local contribution amount for FY 2022 is consistent with Section 10 of the Budget Reconciliation and Financing Act that indicates that \$29,701,255 in state hold harmless grants for MCPS are contingent on the county's appropriation of local funds for FY 2022 exceeding the local appropriation for FY 2021. The \$349,430 of funding above MOE from Montgomery County increased the cost per pupil to \$10,926 in FY 2022.

Requests for Information

This financial report is designed to provide a general overview of the Board's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Associate Superintendent of Finance, Board of Education of Montgomery County, 850 Hungerford Drive, Room 167, Rockville, Maryland 20850.



Student Photographer: Salma Srour, 9th Grade
School: Wootton High School



BASIC FINANCIAL STATEMENTS

Board of Education of Montgomery County
June 30, 2021

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		Educational Foundation
Assets				
Equity in pooled cash and investments	\$ 161,535,702	\$ -	\$ 161,535,702	\$ -
Cash and cash equivalents		6,109,043	6,109,043	499,387
Investments - cash equivalents	89,118,324		89,118,324	8,086,167
Accounts receivable:				
Montgomery County	17,668,207	444,330	18,112,537	
State of Maryland	31,399,090	798	31,399,888	
Federal government	19,387,942	2,957,520	22,345,462	
Other	27,195,496	1,127,510	28,323,006	
Due from component unit	234,798		234,798	
Internal balances	10,161,226	(10,161,226)	-	
Inventories	5,835,275	5,311,430	11,146,705	
Prepays	350,374		350,374	
Due from employees	60,854		60,854	
Capital assets (not being depreciated):				
Land	113,117,160		113,117,160	
Construction in progress	199,332,390		199,332,390	
Capital assets (net of accumulated depreciation):				
Buildings and additions	2,570,431,086		2,570,431,086	
Improvements other than buildings	385,879,215		385,879,215	
Vehicles and equipment	94,454,507	6,871,022	101,325,529	
Total assets	3,726,161,646	12,660,427	3,738,822,073	8,585,554
Deferred Outflows Of Resources				
Pension deferrals	272,066,175		272,066,175	
OPEB deferrals	441,820,411		441,820,411	
Total deferred outflows of resources	713,886,586	-	713,886,586	-
Liabilities				
Accounts payable and other current liabilities	203,141,066	2,015,298	205,156,364	250,000
Due to primary government				234,798
Due to external parties	44,165,435		44,165,435	
Internal balances		-	-	
Unearned revenue	3,589,414	4,300,655	7,890,069	
Noncurrent liabilities:				
Due within one year	36,487,187	198,679	36,685,866	
Due in more than one year	3,164,441,972	3,422,461	3,167,864,433	
Total liabilities	3,451,825,074	9,937,093	3,461,762,167	484,798
Deferred Inflows Of Resources				
Pension deferrals	179,048,993		179,048,993	
OPEB deferrals	588,674,612		588,674,612	
Total deferred inflows of resources	767,723,605	-	767,723,605	-
Net Position				
Net investment in capital assets	3,321,724,670	6,871,022	3,328,595,692	
Restricted - instructional programs and scholarships	543,071		543,071	4,397,829
Unrestricted	(3,101,768,189)	(4,147,688)	(3,105,915,877)	3,702,927
Total net position	\$ 220,499,552	\$ 2,723,334	\$ 223,222,886	\$ 8,100,756

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,922,207,255	\$ 2,089,510	\$ 47,853,023	\$ 45,188,900
Special education	485,265,823	165,414	45,790,451	
School administration	217,783,576		3,274,729	
Student personnel services	17,546,877		1,516,647	
Health services	353,778			
Total instruction	<u>2,643,157,309</u>	<u>2,254,924</u>	<u>98,434,850</u>	<u>45,188,900</u>
Support services:				
Student transportation	138,676,291		1,151,184	
Operation of plant	170,814,711			
Maintenance of plant	72,666,735			15,450,211
Administration	77,816,957		361,787	5,210,300
Community services	3,491,917		2,865,943	
Interest on capital leases	1,475,236			
Total support services	<u>464,941,847</u>	<u>-</u>	<u>4,378,914</u>	<u>20,660,511</u>
Total governmental activities	<u>3,108,099,156</u>	<u>2,254,924</u>	<u>102,813,764</u>	<u>65,849,411</u>
Business-type activities:				
Food services	50,354,105	998,957	35,641,759	2,257,988
Real estate management	4,925,966	4,566,198		
Field trips	409,543	423		
Entrepreneurial activities	2,716,804	1,817,850		
Total business-type activities	<u>58,406,418</u>	<u>7,383,428</u>	<u>35,641,759</u>	<u>2,257,988</u>
Total primary government	<u>\$ 3,166,505,574</u>	<u>\$ 9,638,352</u>	<u>\$ 138,455,523</u>	<u>\$ 68,107,399</u>
Component Unit:				
Educational Foundation	\$ 2,444,583	\$ -	\$ 3,045,608	\$ -

General revenues:
Unrestricted intergovernmental:
Montgomery County
State of Maryland
Federal government
Other income
Total general revenues
Change in net position
Net position - beginning, as restated
Net position - ending

The Notes to the Financial Statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Educational Foundation
\$ (1,827,075,822)	\$ -	\$ (1,827,075,822)	\$ -
(439,309,958)		(439,309,958)	
(214,508,847)		(214,508,847)	
(16,030,230)		(16,030,230)	
(353,778)		(353,778)	
<u>(2,497,278,635)</u>	<u>-</u>	<u>(2,497,278,635)</u>	<u>-</u>
(137,525,107)		(137,525,107)	
(170,814,711)		(170,814,711)	
(57,216,524)		(57,216,524)	
(72,244,870)		(72,244,870)	
(625,974)		(625,974)	
(1,475,236)		(1,475,236)	
<u>(439,902,422)</u>	<u>-</u>	<u>(439,902,422)</u>	<u>-</u>
<u>(2,937,181,057)</u>	<u>-</u>	<u>(2,937,181,057)</u>	<u>-</u>
	(11,455,401)	(11,455,401)	
	(359,768)	(359,768)	
	(409,120)	(409,120)	
	(898,954)	(898,954)	
<u>-</u>	<u>(13,123,243)</u>	<u>(13,123,243)</u>	<u>-</u>
<u>(2,937,181,057)</u>	<u>(13,123,243)</u>	<u>(2,950,304,300)</u>	<u>-</u>
			<u>601,025</u>
1,866,785,056		1,866,785,056	
985,645,763		985,645,763	
33,692,960		33,692,960	
8,646,203	16,996	8,663,199	
<u>2,894,769,982</u>	<u>16,996</u>	<u>2,894,786,978</u>	<u>-</u>
(42,411,075)	(13,106,247)	(55,517,322)	601,025
262,910,627	15,829,581	278,740,208	7,499,731
<u>\$ 220,499,552</u>	<u>\$ 2,723,334</u>	<u>\$ 223,222,886</u>	<u>\$ 8,100,756</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Capital Projects	Nonmajor Governmental Fund - Special Revenue	Total Governmental Funds
Assets				
Equity in pooled cash and investments	\$ 161,535,702	\$ -	\$ -	\$ 161,535,702
Accounts receivable:				
Montgomery County		17,668,207		17,668,207
State of Maryland	18,740,044	12,659,046		31,399,090
Federal government	18,761,243	626,699		19,387,942
Other	25,742,763			25,742,763
Due from other funds	20,269,927	1,003,416	575,189	21,848,532
Due from component unit	232,656			232,656
Inventories	5,835,275			5,835,275
Prepays	350,374			350,374
Due from employees	60,854			60,854
Total assets	<u>\$ 251,528,838</u>	<u>\$ 31,957,368</u>	<u>\$ 575,189</u>	<u>\$ 284,061,395</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 41,672,902	\$ 12,698,361	\$ 24,453	\$ 54,395,716
Retainage payable		9,063,307		9,063,307
Accrued salaries and withholdings	104,664,579			104,664,579
Due to other funds	6,392,700	10,195,700	7,665	16,596,065
Due to fiduciary funds	1,318,461			1,318,461
Unearned revenue	3,589,414			3,589,414
Total liabilities	<u>157,638,056</u>	<u>31,957,368</u>	<u>32,118</u>	<u>189,627,542</u>
Fund balances:				
Nonspendable	6,052,935			6,052,935
Restricted			543,071	543,071
Assigned	81,556,560			81,556,560
Unassigned	6,281,287			6,281,287
Total fund balances	<u>93,890,782</u>	<u>-</u>	<u>543,071</u>	<u>94,433,853</u>
Total liabilities and fund balances	<u>\$ 251,528,838</u>	<u>\$ 31,957,368</u>	<u>\$ 575,189</u>	<u>\$ 284,061,395</u>

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
 WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
 JUNE 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	\$	94,433,853
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 5,125,376,520	
Accumulated depreciation is	<u>(1,762,162,162)</u>	
		3,363,214,358
Pension related deferred outflows of resources		272,066,175
OPEB related deferred outflows of resources		441,820,411
An internal service fund is used to account for the employee health benefit plan costs. The assets and liabilities of the internal service fund are included with governmental activities.		
		17,617,519
Treatment of compensated absences on the governmental statement has changed. Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Capital leases payable	\$ (61,462,835)	
Compensated absences	(175,481,076)	
Net pension liability	(464,686,817)	
Net OPEB liability	<u>(2,499,298,431)</u>	
		(3,200,929,159)
Pension related deferred inflows of resources		(179,048,993)
OPEB related deferred inflows of resources		<u>(588,674,612)</u>
Total net position - governmental activities	<u>\$</u>	<u>220,499,552</u>

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General	Capital Projects	Nonmajor Governmental Fund -Special Revenue	Total Governmental Funds
Revenues:				
Montgomery County	\$ 1,725,412,120	\$ 149,244,477	\$ -	\$ 1,874,656,597
State of Maryland	957,606,889	49,686,993		1,007,293,882
Federal government	167,390,189	2,985,072		170,375,261
Other sources	11,373,611	218,955	1,769,775	13,362,341
Total revenues	<u>2,861,782,809</u>	<u>202,135,497</u>	<u>1,769,775</u>	<u>3,065,688,081</u>
Expenditures:				
Current:				
Administration	57,626,802			57,626,802
Mid-level administration	155,904,282			155,904,282
Instructional salaries and wages	1,057,141,211			1,057,141,211
Instructional textbooks and supplies	100,380,011			100,380,011
Other instructional costs	39,015,133			39,015,133
Special education	364,620,237			364,620,237
Student personnel services	13,944,027			13,944,027
Health services	353,778			353,778
Student transportation	100,793,265			100,793,265
Operation of plant	141,643,246			141,643,246
Maintenance of plant	36,290,454			36,290,454
Fixed charges	782,201,687			782,201,687
Community services	970,795		1,695,917	2,666,712
Debt service:				
Capital lease principal	17,694,929	13,857,930		31,552,859
Capital lease interest	974,740	500,496		1,475,236
Capital outlay		189,600,967		189,600,967
Total expenditures	<u>2,869,554,597</u>	<u>203,959,393</u>	<u>1,695,917</u>	<u>3,075,209,907</u>
Excess (deficiency) of revenues over expenditures	<u>(7,771,788)</u>	<u>(1,823,896)</u>	<u>73,858</u>	<u>(9,521,826)</u>
Other financing sources:				
Capital lease financing	17,146,000	1,823,896		18,969,896
Inventory reserve	2,643,770			2,643,770
Total other financing sources	<u>19,789,770</u>	<u>1,823,896</u>	<u>-</u>	<u>21,613,666</u>
Net change in fund balances	12,017,982	-	73,858	12,091,840
Fund balances - beginning, as restated	<u>81,872,800</u>	<u>-</u>	<u>469,213</u>	<u>82,342,013</u>
Fund balances - ending	<u>\$ 93,890,782</u>	<u>\$ -</u>	<u>\$ 543,071</u>	<u>\$ 94,433,853</u>

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balances - governmental funds \$ 12,091,840

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays for capital project assets (\$189,600,967 less non-capitalized items of \$127,561,500) plus capital outlays for general fund assets (\$19,433,083) exceed depreciation expense (\$127,771,205) in the current period. (46,298,655)

Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities 106,594,397

Contributions to the pension plan in the current fiscal year are not included on the statement of activities 70,919,230

Some of the capital assets and assets below the capitalization threshold acquired this year were financed with capital leases. The amount financed by capital leases is reported in the governmental funds as a source of financing. On the other hand, the capital leases are not revenues in the statement of activities, but rather constitute long-term liabilities in the statement of net position. Also, expenditures for principal repayment of capital leases are measured by the amount of financial resources used by governmental funds and have no effect on net position. This is the amount by which new capital leases (\$31,552,859) exceeded principal payments (\$18,969,896). 12,582,963

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, as follows:

Compensated absences	\$ 22,158,331	
Pension expense	(89,646,636)	
OPEB expense	<u>(116,875,334)</u>	(184,363,639)

An internal service fund is used to charge the costs of the employee benefit plan to the individual funds. The net expense of the internal service fund is reported with governmental activities in the statement of activities. (13,937,211)

Change in net position of governmental activities \$ (42,411,075)

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
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 Final Budget - Positive (Negative)
	Original	Final	Actual	Encumbrances	Total	
Revenues:						
Montgomery County	\$ 1,752,612,120	\$ 1,752,612,120	\$ 1,752,612,120	\$ -	\$ 1,752,612,120	\$ -
State of Maryland	803,290,826	803,290,826	798,867,728		798,867,728	(4,423,098)
Federal government	88,686,189	296,587,275	136,096,288		136,096,288	(160,490,987)
Other sources	3,220,000	3,220,000	2,912,327		2,912,327	(307,673)
Total revenues	2,647,809,135	2,855,710,221	2,690,488,463		2,690,488,463	(165,221,758)
Expenditures and encumbrances:						
Current:						
Administration	57,147,645	63,650,836	57,657,595	4,947,354	62,604,949	1,045,887
Mid-level administration	156,453,505	158,852,912	155,904,282	344,978	156,249,260	2,603,652
Instructional salaries and wages	1,109,986,450	1,136,485,926	1,057,141,211		1,057,141,211	79,344,715
Instructional textbooks and supplies	31,817,982	130,414,910	100,380,011	13,970,280	114,350,291	16,064,619
Other instructional costs	21,052,219	68,280,513	31,485,308	6,573,400	38,058,708	30,221,805
Special education	375,271,849	394,833,208	364,620,237	2,737,191	367,357,428	27,475,780
Student personnel services	15,809,669	16,177,073	13,944,027	3,268	13,947,295	2,229,778
Health services	2,381,456	2,300,728	353,778		353,778	1,946,950
Student transportation	117,715,284	112,399,066	99,944,274	5,327,734	105,272,008	7,127,058
Operation of plant	145,793,929	150,098,074	142,046,099	2,799,551	144,845,650	5,252,424
Maintenance of plant	42,689,669	45,446,728	36,872,505	2,962,225	39,834,730	5,611,998
Fixed charges	595,706,749	631,579,536	619,368,625	239,345	619,607,970	11,971,566
Community services	982,729	1,591,248	970,795		970,795	620,453
Total expenditures and encumbrances	2,672,809,135	2,912,110,758	2,680,688,747	39,905,326	2,720,594,073	191,516,685
Excess (deficiency) of revenues over expenditures and encumbrances	(25,000,000)	(56,400,537)	9,799,716	(39,905,326)	(30,105,610)	26,294,927
Other financing sources						
Budgeted use of fund balance	25,000,000	25,000,000				(25,000,000)
Prior-year encumbrances		31,400,537			31,400,537	
Net change in fund balance	\$ -	\$ -			1,294,927	1,294,927
Fund balance - beginning					28,014,609	28,014,609
(Increase) in Nonspendable Fund Balance - Inventories					1,971,751	1,971,751
(Use) of Fund Balance in Subsequent Year					(25,000,000)	(25,000,000)
Fund balance - ending					\$ 6,281,287	\$ 6,281,287

The Notes to the Financial Statements are an integral part of this statement

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Services	Nonmajor Enterprise Funds	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 6,109,043	\$ -	\$ 6,109,043	\$ -
Investments - cash equivalents				89,118,324
Accounts receivable:				
Montgomery County	444,330		444,330	
State of Maryland	798		798	
Federal government	2,957,520		2,957,520	
Other		1,127,510	1,127,510	1,452,733
Due from other funds		1,776,481	1,776,481	4,908,730
Inventories	5,311,430		5,311,430	
Total current assets	<u>14,823,121</u>	<u>2,903,991</u>	<u>17,727,112</u>	<u>95,479,787</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation:				
Machinery and equipment	6,803,564	67,458	6,871,022	
Total noncurrent assets	<u>6,803,564</u>	<u>67,458</u>	<u>6,871,022</u>	<u>-</u>
Total assets	<u>21,626,685</u>	<u>2,971,449</u>	<u>24,598,134</u>	<u>95,479,787</u>
Liabilities				
Current liabilities:				
Accounts payable	647,237	1,368,061	2,015,298	25,230
Claims payable				26,371,985
Due to employees, advance premium withholdings				8,620,249
Due to other funds	8,501,533	3,436,174	11,937,707	
Due to fiduciary funds				42,844,802
Unearned revenue	4,300,655		4,300,655	
Capital leases - current	193,053		193,053	
Compensated absences - current	5,626		5,626	
Total current liabilities	<u>13,648,104</u>	<u>4,804,235</u>	<u>18,452,339</u>	<u>77,862,266</u>
Noncurrent liabilities:				
Capital leases payable	314,060		314,060	
Compensated absences	2,754,242	354,159	3,108,401	
Total noncurrent liabilities	<u>3,068,302</u>	<u>354,159</u>	<u>3,422,461</u>	<u>-</u>
Total liabilities	<u>16,716,406</u>	<u>5,158,394</u>	<u>21,874,800</u>	<u>77,862,266</u>
Net Position				
Net investment in capital assets	6,803,564	67,458	6,871,022	
Unrestricted (deficit)	<u>(1,893,285)</u>	<u>(2,254,403)</u>	<u>(4,147,688)</u>	<u>17,617,521</u>
Total net position	<u>\$ 4,910,279</u>	<u>\$ (2,186,945)</u>	<u>\$ 2,723,334</u>	<u>\$ 17,617,521</u>

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Business-Type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Fund
	Food Services	Nonmajor Enterprise Funds	Total	
Operating revenues:				
Sale of food	\$ 998,957	\$ -	\$ 998,957	\$ -
Rent and fees		6,384,471	6,384,471	
Employer's contributions				319,031,534
Members' contributions				48,577,894
Total operating revenues	<u>998,957</u>	<u>6,384,471</u>	<u>7,383,428</u>	<u>367,609,428</u>
Operating expenses:				
Salaries and wages	23,707,441	1,717,437	25,424,878	
Contracted services	1,023,651	1,114,161	2,137,812	
Supplies and materials	1,360,088	487,871	1,847,959	
Food purchases	9,586,893		9,586,893	
USDA commodities	2,087,635		2,087,635	
Other charges	11,474,589	4,707,229	16,181,818	1,707,194
Depreciation	1,113,808	25,615	1,139,423	
Benefits paid to plan members			-	321,068,973
Premiums paid to insurance companies				58,775,834
Total operating expenses	<u>50,354,105</u>	<u>8,052,313</u>	<u>58,406,418</u>	<u>381,552,001</u>
Operating income (loss)	<u>(49,355,148)</u>	<u>(1,667,842)</u>	<u>(51,022,990)</u>	<u>(13,942,573)</u>
Nonoperating revenues:				
National school lunch and other food programs:				
Federal funds	31,412,076		31,412,076	
State funds	2,142,048		2,142,048	
USDA commodities	2,087,635		2,087,635	
Investment income	16,996		16,996	5,362
Total nonoperating revenues	<u>35,658,755</u>	<u>-</u>	<u>35,658,755</u>	<u>5,362</u>
Income (loss) before capital contributions and transfers	<u>(13,696,393)</u>	<u>(1,667,842)</u>	<u>(15,364,235)</u>	<u>(13,937,211)</u>
Capital contributions - equipment	<u>2,257,988</u>		<u>2,257,988</u>	
Change in net position	<u>(11,438,405)</u>	<u>(1,667,842)</u>	<u>(13,106,247)</u>	<u>(13,937,211)</u>
Total net position - beginning	<u>16,348,684</u>	<u>(519,103)</u>	<u>15,829,581</u>	<u>31,554,732</u>
Total net position - ending	<u>\$ 4,910,279</u>	<u>\$ (2,186,945)</u>	<u>\$ 2,723,334</u>	<u>\$ 17,617,521</u>

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Food Services	Nonmajor Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,365,467	\$ 6,054,086	\$ 7,419,553	\$ 48,344,752
Receipts from assessments made to other funds				311,876,078
Payments to suppliers	(4,086,960)	428,751	(3,658,209)	(58,750,604)
Payments to employees	(25,934,717)	(1,914,590)	(27,849,307)	
Payments for insurance claims				(316,957,974)
Payments for assessments made by other funds	(8,909,775)	(375,543)	(9,285,318)	
Payments for other operating expenses	(287,436)	(4,192,704)	(4,480,140)	(1,707,194)
Net cash provided (used by) operating activities	<u>(37,853,421)</u>	<u>-</u>	<u>(37,853,421)</u>	<u>(17,194,942)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Nonoperating grants received	33,958,203		33,958,203	
Transfers (to) from other funds				5,128,437
Net cash provided (used by) noncapital financing activities	<u>33,958,203</u>	<u>-</u>	<u>33,958,203</u>	<u>5,128,437</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from capital leases	507,114		507,114	
Purchases of capital assets	28,993		28,993	
Principal paid on capital leases	(530,255)		(530,255)	
Net cash provided (used by) capital and related financing activities	<u>5,852</u>	<u>-</u>	<u>5,852</u>	
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	16,996		16,996	2,345,434
Net cash provided by investing activities	<u>16,996</u>	<u>-</u>	<u>16,996</u>	<u>2,345,434</u>
Net increase (decrease) in cash and cash equivalents	(3,872,370)	-	(3,872,370)	(9,721,071)
Cash and cash equivalents - beginning	9,981,413	-	9,981,413	98,839,395
Cash and cash equivalents - ending	<u>\$ 6,109,043</u>	<u>\$ -</u>	<u>\$ 6,109,043</u>	<u>\$ 89,118,324</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (49,355,148)	\$ (1,667,842)	\$ (51,022,990)	\$ (13,942,573)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,113,808	25,615	1,139,423	
USDA commodities used	2,087,635		2,087,635	
Effects of changes in operating assets and liabilities:				
Receivables		(330,385)	(330,385)	
Due from other funds				(7,155,456)
Non USDA inventories	(516,162)		(516,162)	
Accounts payable	(152,688)	1,045,734	893,046	25,230
Claims payable				4,110,999
Advance premium withholdings				(233,142)
Due to other funds	8,552,521	985,049	9,537,570	
Unearned revenue	366,511		366,511	
Compensated absences	50,102	(58,171)	(8,069)	
Net cash provided (used by) operating activities	<u>\$ (37,853,421)</u>	<u>\$ -</u>	<u>\$ (37,853,421)</u>	<u>\$ (17,194,942)</u>
Noncash investing, capital and financing activities:				
Capital contributions of equipment	\$ 2,257,988	\$ -	\$ 2,257,988	\$ -
USDA commodities received	(2,087,635)	-	(2,087,635)	-

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Pension and Other Employee Benefits Trust Funds
<hr/>	
Assets	
Cash	\$ <u> -</u>
Investments:	
Global equities	1,354,273,551
Fixed income securities	550,556,973
Real estate	88,341,330
Alternative investments	240,599,022
Short-term investments/CRHBT	<u>775,606,834</u>
Total investments	3,009,377,710
Accounts receivable	2,334,896
Due from Internal Service Fund	43,777,002
Due from General Fund	<u>1,318,461</u>
Total assets	<u>3,056,808,069</u>
Liabilities	
Accounts payable	96,560
Claims payable	8,044,280
Due to General Fund	<u>1,640,323</u>
Total liabilities	<u>9,781,163</u>
Net Position	
Restricted for pension and other postemployment benefits	\$ <u><u>3,047,026,906</u></u>

The Notes to the Financial Statements are an integral part of this statement.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Contributions:	
Employer	\$ 177,513,627
Members	67,296,614
Federal government - Medicare Part D	<u>31,293,901</u>
Total contributions	<u>276,104,142</u>
Investment earnings:	
Net increase in fair value of investments	610,010,100
Interest and dividends	<u>11,413,623</u>
Total investment earnings	<u>621,423,723</u>
Less investment expense:	
Investment fees and other	<u>(10,072,095)</u>
Total investment expense	<u>(10,072,095)</u>
Net investment earnings	<u>611,351,628</u>
Total additions	<u>887,455,770</u>
DEDUCTIONS	
Benefits paid to plan members	220,155,737
Premiums paid to insurance companies	20,221,399
Administrative expenses	<u>578,807</u>
Total deductions	<u>240,955,943</u>
Change in net position	646,499,827
Net position - beginning	<u>2,400,527,079</u>
Net position - ending	<u><u>\$ 3,047,026,906</u></u>

The Notes to the Financial Statements are an integral part of this statement.



NOTES TO THE FINANCIAL STATEMENT

Board of Education of Montgomery County
June 30, 2021

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Note I	Summary of Significant Accounting Policies
Note II	Budgetary Information
Note III	Deposits and Investments
Note IV	Interfund Receivables and Payables
Note V	Due from Employees
Note VI	Capital Assets
Note VII	Payables
Note VIII	Leases
Note IX	Long-Term Liabilities
Note X	Fund Balance
Note XI	Risk Management
Note XII	Defined Benefit Pension Plans (GASB 68)
Note XIII	Defined Benefit Pension Plans (GASB 67)
Note XIV	Postemployment Healthcare Benefits (GASB 75)
Note XV	Postemployment Healthcare Benefits (GASB 74)
Note XVI	Trust Plans Condensed Financial Statements
Note XVII	Contingencies

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. REPORTING ENTITY

The Board of Education of Montgomery County is the elected body, corporate and politic, established under Maryland law to provide public education in kindergarten through twelfth grade to children residing within the borders of Montgomery County, Maryland. The Board determines educational policy and employs a superintendent of schools to administer the public school system known as the Board of Education of Montgomery County. Primary funding is provided by Montgomery County from its general revenues. Funds are also received from state and federal sources for general school aid and specific purpose grants. The budget is approved by the Montgomery County Council. The Board has no power to levy and collect taxes or to increase the budget. Because of the relationship with Montgomery County, the Board is considered a component unit of the county government, as defined by GAAP for governmental entities.

The accompanying financial statements present the primary government, the Board, and its discretely presented component unit, the Montgomery County Public Schools Educational Foundation, Inc. (the Foundation). The Foundation is included in the reporting entity because of the financial benefits provided through it to the Board, and because the Board is considered to be financially accountable. The Foundation is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Board. Since the Foundation adheres to the reporting conventions of the Financial Accounting Standards Board, and the Board's statements conform to GASB, adjustments were made for the timing of certain contributions and expenses.

The Foundation accepts grants and contributions from private organizations and individuals. All such funds received are used to enhance the Board educational programs and to provide student scholarships. Complete financial statements can be obtained from the Associate Superintendent of Finance, Board of Education of Montgomery County, 850 Hungerford Drive, Room 167, Rockville, Maryland 20850.

B. BASIS OF PRESENTATION

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Board and its component unit except for fiduciary activities. 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 reported in the total column of that statement. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for support. Likewise, the primary government is

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

reported separately from its legally separate component unit for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Intergovernmental revenue and other items not properly included among program revenues are reported as general revenues.

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor enterprise funds are aggregated and reported as nonmajor funds.

The Board reports the following major governmental funds:

- The general fund is the primary operating fund of the Board. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The capital projects fund accounts for financial resources to be used in the acquisition or construction of school sites, buildings, and other major capital facilities.

The Board reports the following major proprietary funds:

- The Food Services Fund accounts for the operations of 208 cafeterias and the central production facility, providing for the preparation and sale of meals to students, other agencies, and customers.

Additionally, the Board reports the following fund types:

- The special revenue fund accounts for the use of Cable TV franchise fees that are legally restricted to expenditure for specific purposes.
- The internal service fund accounts for the financing of active employee health benefits provided to other funds of the government on a cost reimbursement basis.
- The pension and other employee benefits trust funds account for the activities of the Employees' Retirement and Pension System that accumulates resources for pension benefit payments to qualified employees, and the Board's interest in the Consolidated Retiree Health Benefit Trust (CRHBT) that accumulates resources for other postemployment benefits (OPEB).

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 revenues of the Food Services and nonmajor enterprise funds, as well as the internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

include cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Revenue from U.S. Department of Agriculture (USDA) commodities is considered earned when the commodities are used. The value of unused USDA commodities is reported as unearned revenue. Employee, employer, and other contributing entities' contributions to the pension and other employee benefit trust funds are recognized as revenue in the period that the contributions are due. Pension and other postemployment benefits expenses and refunds are recognized when due and payable.

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. All governmental fund revenues are considered available if the revenues are collected within ninety days after year-end. The Board's primary sources of funding are intergovernmental revenues which are either unrestricted as to purpose of expenditure or are restricted to a specific purpose. Unrestricted funds are recorded as revenues at the time of receipt or earlier if they meet the availability criterion. Restricted funds are recognized as revenue when all eligibility requirements imposed by the provider have been met and the resources are available. Restricted funds received in excess of recorded expenditures are recorded as unearned revenue. 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, 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.

All funds of the Board follow Governmental Accounting Standards Board (GASB) Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The sources of authoritative GAAP are categorized first by officially established accounting principles under GASB Statements and then by GASB Technical Bulletins, GASB Implementation Guides, and literature of the American Institute of Certified Public Accountants (AICPA) cleared by the GASB. If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP, the Board then may consider nonauthoritative accounting literature from other sources. Sources of nonauthoritative accounting literature include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board, Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles.

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

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

D. USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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

E. CASH AND INVESTMENTS

The Board maintains an active pooled cash and investment program which is managed in accordance with the Annotated Code of Maryland. Overnight investments in repurchase agreements and money market investments are stated at amortized cost. Investment income is allocated to the various funds based on their average equity in the pool. The assignment of allocated investment income to the general fund is reported as a transfer.

Pension Trust Fund investments consist of separate and comingled funds carried at fair value. Equity and bond securities are valued using the net asset value (NAV) per share (or its equivalent). The fair value of mortgages, real estate investments, private equity and hedge fund investments are also valued using the NAV, based on information provided by fund managers.

OPEB Plan Trust investments are now part of the CRHBT. In accordance with the trust agreement, the Board is allocated a portion of the investment pool. The allocated portion is treated in the statements as short-term investments, measured at net asset value.

Internal Service Fund investments are stated at fair value. For purposes of the statement of cash flows, the Internal Service Fund, and the Food Services Fund consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, measured at net asset value.

The Foundation invests in an external investment pool and publicly traded mutual funds. The Montgomery County Investment Pool invests funds for itself and participating agencies pursuant to the Annotated Code of Maryland, County Code and the county's short-term investment policy as approved by the County Council. The fair value of the Board's position in the aforementioned pools is the same as the value of pool shares. The Foundation investment in Northern Trust publicly traded mutual funds is stated at fair value.

F. INVENTORIES AND PREPAID ITEMS

Depending on the character and composition of the inventory, the method of cost or market, whichever is lower, may be applied either directly to each item or to the total of the inventory. For supplies, inventories are reported at cost. For instructional materials and transportation parts, cost is determined by the lower of cost or market basis method. For transportation fuels, food, and food-related inventories, cost is determined by the first-in, first-out method. Commodities received from the USDA are stated at fair value. Unused USDA commodities in inventory at year-end are reported as deferred revenue as title

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

does not pass to the Board until the commodities are used. The cost of all inventories is recorded as an expense/expenditure at the time the individual inventory items are consumed (consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both government-wide and fund financial statements.

G. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial individual cost of more than \$5,000 (\$1,000 for the Food Services Fund) for equipment and \$200,000 for buildings and structural additions, and an estimated useful life in excess of one year. Purchased or constructed capital assets are valued at cost where historic records exist and at estimated historic cost where no historic records exist. Donated capital assets are valued at acquisition value at the date of acquisition. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transactions at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

Outlays for capital assets and improvements are capitalized as projects are constructed. Outlays for normal maintenance and repairs that do not add to the value of an asset or materially extend asset lives are not capitalized. Capital outlays for technology modernization are capitalized to the extent individual costs exceed capitalization thresholds.

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

<u>Assets</u>	<u>Years</u>
Buildings	40
Land and building improvements	20
Portable classrooms	15
Furniture, heavy equipment, and vehicles	12
Technology, light equipment, and vehicles	5

H. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense or expenditure until then. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. The Board has two items that meet the criterion described above. These are the deferrals of pension and OPEB expenses that result from the implementation of GASB Statements 68 and 75.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

I. COMPENSATED ABSENCES

Board employees are permitted to accumulate earned but unused annual and sick leave benefits. It is Board policy to pay employees who separate from service the accumulated amount of earned but unused annual leave and, for employees of all unions with at least five years of credited service, one quarter of earned, accumulated sick leave. The amount of accumulated annual leave that may be paid is limited by each of the union agreements. Employees with thirty or more years credited service receive 30% of earned, accumulated sick leave. Members of the Montgomery County Education Association (MCEA) receive 35% only if they submit retirement or termination notice by April 1, for an effective date of July 1. Otherwise, MCEA member will only receive 20% of their accumulated sick leave. All annual and sick leave is accrued when earned in the government-wide and proprietary fund financial statements.

J. LONG-TERM OBLIGATIONS

All long-term obligations are reported as liabilities in the government-wide and the proprietary fund financial statements. Only the portion of long-term obligations expected to be paid from expendable available financial resources is reported as a liability in the governmental fund financial statements. The face amount of capital lease issuances is reported as other financing sources.

K. FUND BALANCES

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. Governmental fund balances are classified as follows:

Nonspendable – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, such as a permanent fund. Not in spendable form includes items that are not expected to be converted to cash, such as inventories and prepaid items.

Restricted – Amounts for which constraints have been placed on the use of the resource either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Special Revenue Fund resources are restricted as to use to the Instructional TV program only. The restriction exists by law under a Cable Franchise Agreement established by Montgomery County Code, Chapter 8A, Cable Commission Law.

Committed – Amounts that can be used only for specific purposes determined by formal action of the Board (the highest level of decision-making authority). Formal action of the Board would be those actions which are voted on at public Board meetings that are in compliance with Maryland law. Similar action of the Board is required to modify or rescind such commitments. Capital Projects Fund resources may only be used for construction projects specifically approved by the County Council capital improvements program. These amounts cannot be used for any other purpose unless approved by the County Council.

Assigned – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The intent should be expressed by (a) the governing body itself or

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

(b) a body (for example, a budget or finance committee) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. This category includes resources the Board have expressly assigned to specific purposes. An assignment may be determined and amended, by the superintendent of schools, or their designee.

Unassigned – This classification is the residual amount of the general fund balance which represents all spendable amounts that have not been restricted, committed, or assigned to specific purposes. In other funds, the unassigned classification can only be used to report a deficit balance resulting from overspending for a specific purpose for which amounts had been restricted, committed, or assigned.

When an expenditure has been spent for which both restricted and unrestricted fund balance is available, the Board considers restricted amounts to have been spent before unrestricted amounts. Within unrestricted amounts, when committed, assigned, or unassigned fund balances exist, the Board considers committed amounts to be spent first, followed by assigned amounts, and then unassigned amounts, when expenditures are incurred for which amounts in any of those unrestricted fund balance classifications could be used. Net position of the Internal Service Fund represents equity reserved for future claim losses and benefits under the employee benefit plan.

Details about the FY 2021 amounts for each of the classifications described above can be found on page 66 of the footnotes.

As for the Governmental-Wide Fund Balance, the Nonspendable portion of the Governmental Fund Balance is reclassified as “Net investment in capital assets.” The restricted classification remains as is, and the only other component of the Government-Wide Fund Balance is “Unrestricted.”

For purposes of measuring the net pension and OPEB liability, deferred outflows of resources and deferred inflows of resources related to pension and OPEB expense, information about the fiduciary net position of the Pension and OPEB Plans (Plans), and additions to/deductions from their fiduciary net position have been determined on the same basis, as they are reported by Plans. 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.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

L. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

The Board has adopted Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The implantation of this statement has resulted in changing the presentation of the financial statements by eliminating fiduciary activities from presentation in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. The fiduciary activities are instead reported in the governmental fund financial statements and as governmental activities in the government-wide financial statements. Below are the restatements to reflect this change:

<u>Statement of Activities</u>	<u>Governmental Activities</u>
Net position - beginning, as previously reported	\$ 246,259,393
Implementation of GASB 84	16,651,234
Net position - beginning, as restated	<u>\$ 262,910,627</u>

<u>Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds</u>	<u>General Fund</u>
Fund balances - beginning, as previously reported	\$ 65,221,566
Implementation of GASB 84	16,651,234
Fund balances - beginning, as restated	<u>\$ 81,872,800</u>

M. PENDING PRONOUNCEMENTS

GASB routinely issues standards that will become effective in future years. The following is a standard that has been issued that the Board has determined will have a significant 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. The requirements of this Statement are effective for financial statements starting with the fiscal year (FY) that ends June 30, 2022 (FY 2022). The Board is currently evaluating the effect of implementation of this Statement.

II. BUDGETARY INFORMATION

A. OVERVIEW

The majority of current funding for the Board is provided by Montgomery County, the state of Maryland, and the federal government. Under Maryland school statutes, the Board's annual Operating Budget, incorporating general, special revenue, and enterprise funds is presented to the Montgomery County Executive and the County Council no later than March 1, and is to be appropriated by the County Council by May 31. In general, the county is then responsible to fund the budget as appropriated, to the extent that funds are not raised from other sources (e.g., state and federal government). The Board has no power to levy taxes or to spend funds not appropriated by the County Council. The budget is adopted by the Board of Education by June 30.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Formal budgetary integration, including encumbrance accounting, is employed as a management control device during the year for the governmental and proprietary fund types. Management is authorized to transfer funds within major objects of expenditure (e.g., salaries and wages, contractual services, supplies and materials) up to \$100,000. Transfers in excess of \$100,000 require the approval of the superintendent and the Board of Education; transfers between major state categories of expenditure (e.g., administration, instructional salaries), require the approval of the County Council. By state law, major categories of expenditure may not exceed budgeted amounts for the year ending June 30.

The final budgeted amounts reflected in the accompanying financial statements recognize budget revisions made during the year, all of which were properly reported and/or approved, as applicable.

In the governmental funds for GAAP purposes, outstanding encumbrances are reported as a restricted, committed, or assigned category of fund balance because they do not constitute expenditures or liabilities. Encumbrances outstanding for the proprietary funds are eliminated for financial statement presentation. Annual appropriations that are not restricted, committed, or assigned at year-end lapse. Outstanding encumbrances at year-end are re-appropriated in the subsequent year.

Capital projects are funded primarily by the county and by the state. Funds are budgeted in the Council approved Capital Budget and appropriated on a project basis and on an annual basis. Capital projects funds do not lapse at the end of each year, but may be expended until project completion.

B. BUDGETARY PRESENTATION

The general fund statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual, has been prepared on the legally prescribed budgetary basis of accounting to demonstrate compliance with the legally adopted budget. Generally, the budgetary basis of accounting employs the modified accrual basis plus the effect of encumbrances. The basis used to prepare the legally adopted budget differs from GAAP as follows:

- Encumbrances outstanding are charged to budgetary appropriations in the current period.
- State of Maryland retirement contributions made on behalf of the Board employees are a legal obligation of the State, and so are not included in the Board budget.
- Montgomery County OPEB contributions made to the CRHBT on behalf of the Board employees and retirees, are not included in the Board budget.
- Federal government Medicare Part D payments made to the CRHBT on behalf of the Board retired employees for postemployment prescription benefits are not included in the Board budget.
- Capital lease financing is accounted for as other financing sources for GAAP purposes.
- The revenues and expenses of student activity funds.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Adjustments to reconcile the budgetary statement to the GAAP fund statement are as follows:

	<u>Revenues</u>	<u>Expenditures & Encumbrances</u>	<u>Other Financing Sources</u>	<u>Effect on Fund Balance</u>
As reported - budgetary basis	\$ 2,690,488,463	\$ 2,720,594,073	\$ -	\$ (30,105,610)
Reconciling items:				
2020 Encumbrances outstanding		(39,905,326)		39,905,326
State of Maryland retirement contributions	158,739,161	158,739,161		
Montgomery County OPEB contributions	(27,200,000)	(27,200,000)		
Federal Medicare Part D contributions	31,293,901	31,293,901		
Capital lease financing		17,146,000	17,146,000	
Inventory reserve			2,643,770	2,643,770
Student activity funds	8,461,284	8,886,788		(425,504)
As reported – GAAP basis	<u>\$ 2,861,782,809</u>	<u>\$ 2,869,554,597</u>	<u>\$ 19,789,770</u>	<u>\$ 12,017,982</u>

Governmental funds encumbrances outstanding at June 30, 2021 include \$39,905,325 for the General Fund. Encumbrances are considered expenses for budgetary purposes, however are not considered liabilities or expenditures for GAAP purposes.

Beginning June 15 of each fiscal year, the Board issues purchase orders and begins shipment of inventory to various schools for items such as instructional materials, textbooks, and construction contracts that will be charged to the budget of the next fiscal year. These obligations and warehouse shipments are not reflected in the accompanying financial statements. At June 30, 2021, \$3,176,552 of such purchase orders had been issued.

III. DEPOSITS AND INVESTMENTS

Cash and investments at June 30, 2021 are summarized as follows:

	<u>Primary Government (including fiduciary)</u>	<u>Component Unit</u>
Equity in pooled cash and investments	\$ 146,301,819	\$ -
Cash and cash equivalents	6,109,043	499,387
Cash-fiduciary funds	15,233,883	
Investments – cash equivalents	89,118,324	8,086,167
Investments-fiduciary funds	3,009,377,710	
Total	<u>\$ 3,266,140,779</u>	<u>\$ 8,585,554</u>
Deposits and Investments Summary:		
Deposits	\$ 167,642,208	499,387
Investments	3,098,496,034	8,086,167
Cash on hand	2,537	
Total	<u>\$ 3,266,140,779</u>	<u>\$ 8,585,554</u>

A. DEPOSITS

Custodial credit risk. In the case of deposits, this is the risk that in the event of a bank failure, the Board may not be able to recover all or a portion of the deposit. The Annotated Code of Maryland requires that public

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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.

At June 30, 2021, the reported balance of the Board's deposits was \$167,642,208 and the bank balance was \$171,443,183. The bank balance was covered either by federal depository insurance or by collateral held by the Board's agent in the Board's name.

B. INVESTMENTS

Investments as of June 30, 2021 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Pension Trust Investments:	
Global equities index funds	\$ 1,354,273,551
Fixed income securities	550,556,973
Real estate	88,341,330
Alternative investments	240,599,022
Subtotal Pension Trust Investments	<u>2,233,770,876</u>
OPEB Related Investments:	
Investment in CRHBT	729,670,417
Subtotal OPEB Related Investments	<u>\$ 729,670,417</u>
Other Investments:	
Cash equivalents (Pension and Internal Service Fund)	135,054,741
Total Investments	<u>\$ 3,098,496,034</u>

Interest rate risk. The Board manages its exposure to fair value losses arising from increasing interest rates by limiting the duration of its fixed income investment portfolios. Internal pooled investments duration is limited to less than six months. The investment policy of the Centralized Investment Fund limits maturities to three years or less. The Pension Trust investment policy specifies that fixed income portfolio duration should track the Bloomberg Barclays Intermediate Aggregate Bond Index. During FY 2021, the investment portfolios were managed within the duration guidelines specified in each of the respective investment policies.

Duration estimates the sensitivity of a bond's price to interest rate changes. The higher the duration of a bond, the greater its price volatility should be in response to changes in interest rates.

As of June 30, 2021, fixed income investments had the following sensitivity to interest rates:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Modified Duration in Years</u>
Pension Trust Investments:		
Core fixed income	\$ 415,056,801	5.5
Other fixed income	135,500,172	3.1
Total	<u>\$ 550,556,973</u>	

Credit risk. The Annotated Code of Maryland authorizes the Board to invest in obligations for which the United States has pledged its faith and credit for the payment of principal and interest, in obligations issued by a federal agency in accordance with an act of Congress, in repurchase agreements collateralized at not less than 102% of the principal amount by obligations of the United States and its agencies, in money market mutual

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

funds operated in accordance with the U.S. Securities and Exchange Commission (SEC) Rule 2A-7, or in any investment portfolio created under the Maryland Local Government Investment Pool.

The Pension Trust Fund is authorized to invest in a broad range of securities including domestic and foreign equities, obligations of the United States and its agencies, securities issued or guaranteed by a foreign government, corporate bonds, asset backed securities, private equity, money market funds, and private real estate investments.

Pension Trust fixed income investments at June 30, 2021, had the following credit risk characteristics:

<u>S&P/Moody's Quality Rating</u>	<u>Percent of Fixed-Income Investments</u>	<u>Fair Value</u>
AAA	3.2%	\$ 17,607,135
AA	50.2%	275,969,188
A	7.7%	42,655,162
BBB	16.9%	93,211,617
BB and below	21.1%	116,138,159
Not rated	0.9%	4,975,712
Total	<u>100.0%</u>	<u>\$ 550,556,973</u>

During FY 2021, individual holdings in the investment portfolios did not exceed policy guidelines. About \$11.3 million of the fixed income portfolio cannot be readily redeemed.

Foreign currency risk. The Pension Trust's exposure to foreign currency risk is derived from its investments in vehicles that have positions in securities denominated in foreign currencies. The Board's direct foreign currency risk at June 30, 2021, is as follows:

<u>Currency</u>	<u>Fixed Income</u>	<u>Alternative Investments</u>	<u>Total Fair Value</u>
Argentina Peso	\$ 567	\$ -	\$ 567
Australian Dollar	3,090,253		3,090,253
Brazil Real	1,414,367		1,414,367
Canadian Dollar	8,370,004		8,370,004
Euro Currency Unit	6,647,720	10,630,355	17,278,075
Indian Rupee	325,224		325,224
Indonesian Rupiah	1,959,672		1,959,672
Japanese Yen	2,904,352		2,904,352
Mexican Peso	5,775,368		5,775,368
Pound Sterling	1,190,193		1,190,193
Russian Ruble	6,338,519		6,338,519
Total	<u>\$ 38,016,239</u>	<u>\$ 10,630,355</u>	<u>\$ 48,646,594</u>

Commitments. At June 30, 2021, unfunded commitments were \$172,197,221 to private equity funds, private credit funds and private real estate funds.

Fair value measurement. The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles, as follows:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The Board has the following recurring fair value measurements as of June 30, 2021:

<u>Investments by Fair Value Level</u>	<u>June 30, 2021</u>	<u>Fair Value Measurement Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Debt Securities:				
Treasury Inflation Protected Securities	\$ 894,067	\$ 894,067	\$ -	\$ -
US Treasuries Securities	31,267,647	31,267,647		
Asset Backed	3,890,201		3,890,201	
Corporate Bonds	47,101,149		43,618,988	3,482,161
Municipal Bonds	504,699		504,699	
Mortgage Backed Securities	24,765,498		24,765,498	
International Government Bonds	11,950,175		11,950,175	
Futures Contracts	21,506	21,506		
Cash & Cash Equivalents*	135,054,741	132,920,561	1,296,499	837,681
Total Investment by Fair Value Level	\$ 255,449,683	\$ 165,103,781	\$ 86,026,060	\$ 4,319,842

<u>Investments Measured at the NAV</u>		<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Received Period</u>
Global Equities				
Commingled global equity funds	1,354,273,551	-	Daily	T+2, T+2 settlement
Fixed Income Securities				
Commingled bond funds	430,162,031	-	Daily	T+2, T+2 settlement
Real Estate				
Private real estate funds	88,341,330	30,530,830	Illiquid or Quarterly	60 days for quarterly redemption
Alternative Investments				
Private equity	131,868,784	111,666,391	Illiquid	
Private credit		30,000,000	Illiquid	
Hedge funds	108,730,238	-	Monthly, quarterly, or annual	30-90 days
Other Investments				
Investment in CRHBT	729,670,417	-		
Total Investments Measured at the NAV	\$ 2,843,046,351	\$ 172,197,221		
Total Investments	\$ 3,098,496,034			

* The cash or cash equivalents are invested in money market-type securities (U.S. Treasury Securities, Futures, cash, etc.) reported at cost plus accrued interest, which approximates market or fair value.

Commingled equity funds and bonds funds – the fair values of investment in these types have been determined using the NAV per share of the investments.

- The objective of the commingled global equity funds is to provide exposure to economic growth and capture the equity risk premium. The investments consist of global stocks and shall be invested primarily in passively managed investment strategies designed to track the return of the following indexes: S&P 500 Index, Russell 2000 Index, MSCI EAFE Index, MSCI EAFE Small Cap Index, MSCI Emerging Markets Equity Index. Characteristics of the portfolio include:

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

- Higher Expected Returns - Over the long-term, investments in equities (stocks) have delivered returns superior to those generated by fixed income.
- Dividends - Dividends paid by the companies in the portfolio generate an additional source of income.
- Volatility - Over the long-term, equity returns exhibit a wider range of outcomes, both positive and negative.
- Liquidity – The size and activity of Global Equity markets allows the Pension Trust to raise cash with relative ease.

The global equity funds also have a smaller active component, with three separate managers. One of which is benchmarked to the MSCI World benchmark, the other two benchmarked to the MSCI ACWI benchmark.

- The objectives of the commingled bond funds is to provide low risk exposure, diversification, and increase yield to the portfolio. The investments shall be invested in a combination of passively and actively managed strategies. The passive strategies are designed to track the return of the Bloomberg Barclays Intermediate Aggregate Bond Index. The active strategies are designed to track the return of primary benchmarks with a low tracking error (the standard deviation of the difference between the returns of an investment portfolio and the underlying benchmark). Characteristics of the portfolio include:
 - Principal Protection - The amount invested by the pension is typically at a lower degree of risk relative to amounts invested in other types of assets.
 - Income - Bonds typically pay interest which could provide cash income to the pension.
 - Lower Expected Returns - While bonds provide multiple benefits, the expected returns are generally not as high as those offered by other asset categories.
 - Liquidity - The market for investment grade bonds is generally large and active which allows the pension's investment managers to sell assets with relative ease if an unexpected need for cash arises.

Private Real Estate. The fair value of the investments of these types has been determined using the NAV per share. This type includes investments in limited partnerships and commingled funds with the quarterly redemption term and 60 days advance notice required. Private real estate is expected to provide the pension portfolio with a degree of inflation protection and to exhibit a low correlation to other investment strategies. Private real estate can also offer a steady source of income, which could provide cash to the pension. The investment return of this portfolio is expected to be somewhere between the returns of the core fixed income and global equity portfolios. It is expected to meet or exceed the NCREIF Fund Index - ODCE (Open-End Diversified Core Equity).

Private Equity and Hedge funds. The fair value of the investments of these types has been determined using the NAV per share of the investments.

- Private equity fund managers generally invest money in companies whose shares are not publicly traded on a stock exchange, or in companies with publicly traded securities that the private equity firm intends to take private by acquiring all of the public securities. Private equity managers are active investors who typically play a significant role in the operations of their portfolio companies. Private

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

equity funds are illiquid and long-term in nature, thus investors expect to receive a return greater than those available in the public equity market. Private equity investments may have a broader range of outcomes than public equities. The return on the total private equity allocation is expected to meet or exceed the Russell 3000 Index plus a 200 basis point premium net of fees. Comparing private equity returns to a public equity index will naturally result in large performance differences in the short and medium term. As the private equity benchmark, the Russell 3000 + 200 basis points is used as a long-term performance tool.

- Hedge funds invest across multiple assets and markets taking long and short positions. A long position is one in which the investor benefits if the price of the asset increases. A short position is one in which the investor generates a return from asset price declines. A hedge fund can specialize in particular niches including different geographies, security types (debt, equity, currencies, and derivatives), market directions, and macroeconomic catalysts. Most hedge fund managers focus on performing comprehensive research to identify securities they believe are mispriced. As a whole, the objective of the Trust's hedge fund portfolio is to provide superior risk-adjusted returns. The return on the total hedge fund allocation is expected to meet or exceed the HFRI Fund of Funds Composite Index.

C. CASH ON HAND

At June 30, 2021, the primary government had \$2,537 on hand in petty cash accounts.

IV. INTERFUND RECEIVABLES AND PAYABLES

Interfund transactions that are due *from* other funds are reported below as "Funds Reflecting a Receivable" and the amounts due *to* other funds are reported below as "Funds Reflecting a Payable." These amounts are owed between the Board's governmental and proprietary funds within the Board reporting entity. An example of interfund transactions is when the Board's General Fund processes payments for other Board funds. The amounts of interfund receivables and payables for each of the funds below can be found on the balance sheets on pages 36, 41, and 104 of this Annual Comprehensive Financial Report. The composition of interfund receivables and payables as of June 30, 2021, is as follows:

Funds Reflecting a Receivable	Funds Reflecting a Payable							Total
	General	Capital Projects	Instruc. TV	Food Services	Real Estate	Field Trip	Entrepreneurial	
General	\$ -	\$ 9,806,728	\$ -	\$ 7,111,888	\$ -	\$ 379,182	\$ 2,972,129	\$ 20,269,927
Capital Projects			7,636	995,780				1,003,416
Instructional TV	575,189							575,189
Food Services								-
Real Estate	908,781	41,273		3,061				953,115
Field Trip		11,804		1,721	82,687			96,212
Entrepreneurial		335,895	29	389,083	1,660	3,577		730,244
Internal Service	4,908,730							4,908,730
Total	\$ 6,392,700	\$ 10,195,700	\$ 7,665	\$ 8,501,533	\$ 84,347	\$ 382,759	\$ 2,972,129	\$ 28,536,833

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

V. DUE FROM EMPLOYEES

The \$60,854 reported as due from employees on the Governmental Funds Balance Sheet arose from past transition to a unified pay cycle calendar for twelve-month employees. Repayment is made from final paychecks when employees separate from active employment with the Board.

VI. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 113,117,160	\$ -	\$ -	\$ 113,117,160
Construction in progress	113,645,794	126,412,224	40,725,628	199,332,390
Total nondepreciable capital assets	<u>226,762,954</u>	<u>126,412,224</u>	<u>40,725,628</u>	<u>312,449,550</u>
Depreciable capital assets:				
Buildings and improvements	4,013,826,738	91,665,560	6,735,826	4,098,756,472
Site improvements	494,219,215	2,245,321		496,464,536
Vehicles and equipment	207,128,679	19,433,083	8,855,800	217,705,962
Total depreciable capital assets	<u>4,715,174,632</u>	<u>113,343,964</u>	<u>15,591,626</u>	<u>4,812,926,970</u>
Less accumulated depreciation for:				
Buildings and improvements	1,428,351,432	105,189,459	5,215,505	1,528,325,386
Site improvements	102,324,020	8,261,301		110,585,321
Vehicles and equipment	117,721,496	14,320,446	8,790,487	123,251,455
Total accumulated depreciation	<u>1,648,396,948</u>	<u>127,771,206</u>	<u>14,005,992</u>	<u>1,762,162,162</u>
Total depreciable capital assets, net	<u>3,066,777,684</u>	<u>(14,427,242)</u>	<u>1,585,634</u>	<u>3,050,764,808</u>
Government activities capital assets, net	\$ <u>3,293,540,638</u>	\$ <u>111,984,982</u>	\$ <u>42,311,262</u>	\$ <u>3,363,214,358</u>
Business-Type Activities:				
Depreciable capital assets:				
Vehicles and equipment	21,535,555	2,288,558	356,285	23,467,828
Total depreciable capital assets	<u>21,535,555</u>	<u>2,288,558</u>	<u>356,285</u>	<u>23,467,828</u>
Less accumulated depreciation for:				
Vehicles and equipment	15,784,675	1,139,423	327,292	16,596,806
Total accumulated depreciation	<u>15,784,675</u>	<u>1,139,423</u>	<u>327,292</u>	<u>16,596,806</u>
Business-type activities capital assets, net	\$ <u>5,750,880</u>	\$ <u>1,149,135</u>	\$ <u>28,993</u>	\$ <u>6,871,022</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
Regular instruction	\$ 99,464,328
Special education	143,940
Student transportation	12,530,985
Operation of plant	308,678
Maintenance of plant	15,130,544
Administration	182,403
Community services	10,327
Total depreciation expense-governmental activities	<u>\$ 127,771,205</u>
 Business Type Activities:	
Food Services	1,113,808
Entrepreneurial	25,615
Total depreciation expense business type activities	<u>\$ 1,139,423</u>

Commitments for ongoing construction in progress at June 30, 2021 are \$151,161,167.

VII. PAYABLES

Accounts payable and other current liabilities of the governmental and business-type activities at June 30, 2021 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Payable	\$ 54,420,946	\$ 2,015,298	\$ 56,436,244
Retainage Payable	9,063,307		9,063,307
Accrued Salaries and Withholdings	104,664,579		104,664,579
Claims Payable	26,371,985		26,371,985
Due to Employees-advance Premium Withholding	8,620,249		8,620,249
Total Accounts Payable and Other Current Liabilities	<u>\$ 203,141,066</u>	<u>\$ 2,015,298</u>	<u>\$ 205,156,364</u>

VIII. LEASES

A. OPERATING LEASES

Expenditures under lease agreements for office space and equipment were approximately \$8,116,737 in FY 2021. Commitments for FY 2022 under lease agreements are approximately \$8,715,730. Lease agreements typically provide for automatic yearly termination on July 1 of any year in which funds to meet rental payments are not appropriated.

B. CAPITAL LEASES

Under a master lease arrangement, the Board acquires school buses, vehicles, technology and other equipment under noncancelable capital leases that expire at various times through FY 2026. Lease payments, including interest, in FY 2021 were \$33,028,095 for Governmental funds (\$18,669,669 for the General Fund, \$14,358,426 for the Capital Projects Fund), and \$200,380 for the Business-Type Activities.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Assets acquired through capital leases are as follows:

	Governmental Activities	Business-Type Activities
Vehicles and equipment	\$ 81,043,705	\$ 138,455
Less: accumulated depreciation	(16,940,063)	(40,902)
Total	\$ 64,103,642	\$ 97,553

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Fiscal year ending June 30	Governmental Activities	Business-Type Activities
2022	\$ 26,372,893	\$ 145,837
2023	19,274,173	145,837
2024	9,313,577	57,323
2025	5,751,940	
2026	2,970,332	
Total minimum lease payments	63,682,915	348,997
Less: Amount representing interest	(2,220,080)	(9,742)
Present value of future minimum lease payments	\$ 61,462,835	\$ 339,255

\$41,489,689 of outstanding capital lease obligations for governmental activities at June 30, 2021, were used to acquire capital assets. \$55,960 of outstanding capital lease obligations for business-type activities at June 30, 2021 were used to acquire capital assets.

IX. LONG-TERM LIABILITIES

Long-term liability activities during FY 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	\$ 74,045,798	\$ 18,969,896	\$ 31,552,859	\$ 61,462,835	\$ 25,253,008
Compensated absences	153,322,745	33,463,165	11,304,834	175,481,076	11,234,179
Net pension liability(*)	554,333,453		89,646,636	464,686,817	
Net OPEB liability(*)	2,616,173,765	441,820,411	558,695,745	2,499,298,431	
Total	\$ 3,397,875,761	\$ 494,253,472	\$ 691,200,074	\$ 3,200,929,159	\$ 36,487,187
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-Type Activities:					
Capital leases	\$ 530,255	-	\$ 191,000	\$ 339,255	\$ 140,049
Compensated absences	3,122,096	383,743	391,813	3,114,026	357,039
Total	\$ 3,652,351	\$ 383,743	\$ 582,813	\$ 3,453,281	\$ 497,088

* Net Pension and OPEB liabilities are generally liquidated by the General Fund.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

X. FUND BALANCE

A. GOVERNMENTAL FUNDS

Fund Balance as of June 30, 2021 consists of the following:

Fund Balances:	General	Instructional TV	Total Governmental Funds
Nonspendable:			
Inventories	\$ 5,835,275	\$ -	\$ 5,835,275
Inventories –student activity fund	(132,714)		(132,714)
Prepays	350,374		350,374
Total NonSpendable	<u>6,052,935</u>		<u>6,052,935</u>
Restricted for:			
Instructional TV program		543,071	543,071
Total Restricted	<u>-</u>	<u>543,071</u>	<u>543,071</u>
Assigned for:			
Subsequent Year's Budget	25,000,000		25,000,000
Student Activity Funds	16,651,234		16,651,234
Encumbrances:			
Administrative	4,947,354		4,947,354
Instructional	23,629,117		23,629,117
Operation of Plant	11,328,855		11,328,855
Total Encumbrances	<u>39,905,326</u>	<u>-</u>	<u>39,905,326</u>
Total Assigned	<u>81,556,560</u>	<u>-</u>	<u>81,556,560</u>
Unassigned	<u>6,281,287</u>		<u>6,281,287</u>
Total Fund Balances	<u>\$ 93,890,782</u>	<u>\$ 543,071</u>	<u>\$ 94,433,853</u>

B. PROPRIETARY FUNDS

The Food Services and Real Estate Management Funds ended the year with a positive net position. However, the Field Trip and Entrepreneurial Funds net position as of June 30, 2021, were negative. The reasons for the decrease in FY 2021 were largely related to a severe decrease in revenues related to COVID-19 without an offsetting decrease in expenses. The deficits will be eliminated in future years by reducing expenditures to align with new revenue figures.

XI. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees or students; natural disasters; and employee health benefits. The Board participates in the Montgomery County Liability and Property Coverage Self-Insurance Program. Under this program, the Board receives coverage for general liability, workers' compensation, public official liability, property, and motor vehicle risks, generally up to a maximum of \$400,000 per claim. The Board's premium payments to the fund are an actuarially determined reflection of the covered risks. The Board purchases commercial insurance for claims in excess of coverage by the self-insurance program and for other risks not covered by the program. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

The active employees' health benefits plan is financed through an internal service fund, the Employee Benefit Plan Trust Fund. The postemployment health benefits plan is financed through a fiduciary fund, the OPEB Plan Trust. The funds provide plan coverage for active and retired employees under contracts with several insurance companies and health maintenance organizations. The Board funds participate in the plans by making payments to the trust funds in amounts sufficient to cover normal plan costs, which are comprised of premiums paid to insured plans, and actuarial estimates of amounts needed to pay prior- and current-year claims and to establish a reserve for incurred but not reported claims (IBNR). An additional payment is made to the OPEB Plan Trust to cover amortization of the actuarial accrued liability (see note XIV). Claims payable of \$26,371,985 and \$8,044,280 reported in the Internal Service Fund and the Fiduciary Funds, respectively at June 30, 2021, are based on the requirements of GASB 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. Changes in claims payable for fiscal years 2021 and 2020 are reflected below.

	Beginning Payable	Incurred Claims (Including IBNR)	Claim Payments	Ending Payable
2021				
Internal Service Fund	\$ 22,260,986	\$ 321,068,973	\$ (316,957,974)	\$ 26,371,985
Fiduciary Funds	9,221,811	108,520,388	(109,697,919)	8,044,280
Total	<u>\$ 31,482,797</u>	<u>\$ 429,589,361</u>	<u>\$ (426,655,893)</u>	<u>\$ 34,416,265</u>
2020				
Internal Service Fund	\$ 20,750,708	\$ 287,842,238	\$ (286,331,960)	\$ 22,260,986
Fiduciary Funds	7,416,439	109,553,037	(107,747,665)	9,221,811
Total	<u>\$ 28,167,147</u>	<u>\$ 397,395,275</u>	<u>\$ (394,079,625)</u>	<u>\$ 31,482,797</u>

XII. DEFINED BENEFIT PENSION PLANS (GASB 68)

Substantially all of the Board's employees working at least four hours a day in an approved job classification are covered under one of three mandatory defined benefit retirement plans. Two of these are cost-sharing multi-employer type plans administered by the Maryland State Retirement and Pension System (MSRPS); and one is a single-employer plan, the Board Employees' Retirement and Pension System, administered by the Board.

A. STATE PLANS

GENERAL INFORMATION ABOUT THE PLAN

Plan Description. The eligible Board employees are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, the Board employees are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The System was established by the *State Personnel and Pensions Article of the Annotated Code of Maryland* to provide retirement allowances and other benefits to state employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

15-member Board of Trustees. The System issues a publically available financial report that can be obtained at <http://www.sra.state.md.us>.

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

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

A member of either the Teachers' or Employees' Pension System on or before June 30, 2011 is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the Teachers' or Employees' Pension System 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.

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the members AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998, plus 1.4% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. With certain exceptions for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of credible service accumulated prior to July 1, 1998 plus 1.8% of the members AFC, multiplied by the number of years of credible service accumulated subsequent to June 30, 1998. Beginning on July 1, 2011, any new member of the Teachers' or Employees' Pension System earns an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employees' Pension System.

Effective January 1, 1980, new teacher and administrative personnel became members of the Maryland State Teachers' Pension System. Members in the existing Maryland State Teachers' Retirement System had the option to transfer from the old to the new plan.

Contribution. The Board and covered members are required by state statute to contribute to the System. Members of the Teachers' Pension System are required to contribute 7% of salary annually. Members of the Teachers' Retirement System are required to contribute 5-7% of salary annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the state

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

and participating governmental employers are established and may be amended by the Board of Trustees for the System.

The state makes a substantial portion of the Board annual required contribution to the Teachers' Retirement and Pension Systems on behalf of the Board. The State's contributions on behalf of the Board for the year ended June 30, 2021 was \$158,739,161. The FY 2021 contributions made by the state on behalf of the Board have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and also included as revenues and expenses in the Statement of Activities.

Beginning in FY 2013, the state of Maryland General Assembly passed a bill that required the Boards of Education in Maryland to begin paying the normal cost for their teachers into the Teachers' Retirement and Pension Systems. The legislation structured this as a four-year phase in to the full normal cost so that 50% was paid in FY 2013. Full normal cost was paid in FY 2017 and each year thereafter. The Board required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2021 was \$61,688,473.

The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2021, was 4.38% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2021 of \$634,213.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

EMPLOYEES' RETIREMENT AND PENSION SYSTEMS

At June 30, 2021, the Board reported a liability of \$7,557,276 for its proportionate share of the net pension liability of the System, increased by \$699,375 from \$6,857,901 in FY 2020. The 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 net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2020. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the state of Maryland. As of June 30, 2020, the Board's proportionate share was 0.0334373%, which is an increase of 0.0001879% from its proportion measured as of June 30, 2019.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

For the year ended June 30, 2021, the Board recognized pension expense of \$842,515. In addition, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 36,133	\$ 146,777
Net difference between projected and actual earnings on pension plan investments		551,634
Difference between projected and actual experience		303,105
Board contributions subsequent to the measurement date	634,213	
Changes in proportion	475,180	35,636
Changes in proportionate share	3,334	435
Total	\$ 1,148,860	\$ 1,037,587

The \$634,213 reported as deferred outflows of resources related to pensions resulting from the Board contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ (124,211)
2023	(143,132)
2024	(97,888)
2025	(158,775)
2026	1,066
Total	\$ (522,940)

TEACHERS' RETIREMENT AND PENSION SYSTEMS

At June 30, 2021, the Board did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The state of Maryland pays the unfunded liability for the Board, therefore, the Board is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the state of Maryland. The amount recognized by the Board as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Board were as follows:

State's proportionate share of the net pension liability associated with the Board	\$ 1,721,734,917
The Board's proportionate share of the net pension liability	-
Total	\$ 1,721,734,917

The 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.

For the year ended June 30, 2021, the Board recognized pension expense of \$158,739,161 and revenue of \$158,739,161 for support provided by the State. Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

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:

Actuarial Cost Method	Entry Age Normal
Amortization method	Level Percentage of Payroll Closed
Inflation	2.60% general, 3.50% wage
Salary increases	3.10% to 11.60%, including inflation
Investment rate of return	7.40%
Discount Rate	7.40%
Mortality rates	Mortality fully generational-Pub-2010/MP-2018

The economic and demographic actuarial assumptions used in the June 30, 2020 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, which was completed during FY 2019. Certain assumptions from the experience study including investment return, inflation, Cost-of-Living Adjustment (COLA) increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2020.

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 consultants and actuaries. For each major asset class that is included in the System's target asset allocation, 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.

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 3.50%. 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 (SDR) used to measure the total pension liability was 7.40%. This SDR was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this SDR assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Board’s net pension liability, calculated using an SDR of 7.40%, as well as what the Board’s net pension liability would be if it were calculated using an SDR that is one percent lower or one percent higher:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
Board's proportionate share of the net pension liability	\$ 10,759,018	\$ 7,557,285	\$ 4,890,541

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

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued System’s financial report.

B. THE BOARD PLAN

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description. The Employees' Retirement and Pension System is funded and administered as a single-employer defined benefit plan with three separate benefit structures: the retirement system, the pension system, and the reformed pension system. The Retirement system covers employees hired prior to January 1, 1980. The retirement system provides retirement benefits, as well as death and disability benefits, to employees who are not members of the Maryland State Teachers’ Retirement System and supplements the state benefits to members of the Maryland State Teachers’ Retirement System. The Pension system covers employees hired after January 1, 1980. Members in the retirement system may elect to participate in the pension system, in which case their excess contributions are refunded. Effective July 1, 2011, the Board adopted plan amendments to the core Pension System that generally mirror state of Maryland plan changes. This is called the reformed pension plan.

Benefits provided. The system provides retirement benefits, as well as death and disability benefits, to employees who are not members of the Maryland State Teachers’ Retirement System and supplements the state benefits to members of the Maryland State Teachers’ Retirement System. Benefits at retirement are based on years of service and the average earned compensation of an eligible employee during any three years (highest three consecutive years for pension system or highest five consecutive years for employees hired after June 30, 2011) that provide the highest average earned compensation, and are adjusted for changes in the consumer price index after retirement. Benefits at early retirement are reduced by an early retirement factor. Benefits vest after five years (ten years for employees hired after June 30, 2011) of creditable service. For employees hired after June 30, 2011, plan benefit changes were made, as follows:

- The core benefit multiplier was reduced from 1.8% to 1.5%.
- Normal service retirement eligibility was changed to either the Rule of 90 or 65 years with ten years of service. Early retirement eligibility was changed to age 60 with fifteen years of service.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

At July 1, 2019 the date of the latest actuarial report for employer reporting, the Board's plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	14,019
Terminated plan members entitled to benefits but not yet receiving them	7,080
Active plan members	<u>23,464</u>
Total	<u>44,563</u>

Contributions. Plan members are required by resolution to contribute to the plan. Effective July 1, 2011, plan members contribute for the supplemental benefit, and the combined core and supplemental benefit 0.5% and 7.5%, respectively, of their salary to the plan. The Board is required by resolution to contribute the remaining actuarially determined amounts necessary to finance the combined coverage of plan members. Benefits and contribution provisions are established and may be amended only by the Board. Administrative costs are financed through investment earnings. The Board's actuarially determined contribution rate as a percentage of covered payroll for FY 2020 was 4.68%.

NET PENSION LIABILITY

The Board's 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. It was as follows:

Total pension liability	\$ 2,288,699,029
Plan fiduciary net position	<u>(1,831,569,488)</u>
Net pension liability	<u>\$ 457,129,541</u>

Plan fiduciary net position as a percentage of the total pension liability: 80.03%

Method and assumptions used to determine Net Pension Liability were as follows:

Valuation Date	July 1, 2019
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Inflation	2.50%
Salary Increases	2.50% to 13.50%, including inflation
Investment Rate of Return	7.00% net of investment expense, including inflation
Retirement Age	Experience-based table of rates
Mortality	Pre-retirement: Pub-2010 Employee mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Post-retirement Healthy Lives: Pub-2010 Healthy Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Disabled Lives: Pub-2010 Disabled Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018.
Cost of Living Adjustment	2.50% compound for ERS retirees and 2.50% simple for original pension plan retirees. 2.35% compound for service before July 1, 2011 and 1.85% compound for service after July 1, 2011 for enhanced pension plan retirees.

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-term expected rate of return by weighting the expected future real

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rate of return for each major asset class included in the pension plan's target asset allocation of June 30, 2020 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed income	23%	1.94%
Global Equities	50	6.90
Alternatives	25	6.83
Cash & Cash Equivalents	2	0.60
Total	100%	

* Expected inflation: 1.70%

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flow to determine the discount rate assumed the contributions from plan members will be made at the current contribution rate and that contributions from the Board will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (a)	Increase (Decreases) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2019	\$ 2,356,205,761	\$ 1,808,730,209	\$ 547,475,552
Changes for the year			
Service cost	54,379,440		54,379,440
Interest	163,070,418		163,070,418
Differences between expected and actual experience	(176,404,209)		(176,404,209)
Contributions – employer		86,941,255	(86,941,255)
Contributions – employee		25,526,536	(25,526,536)
Net Investment Income		20,090,221	(20,090,221)
Benefit payments, including refunds of employee contributions	(108,552,381)	(108,552,381)	
Administrative expense		(1,166,352)	1,166,352
Net Changes	(67,506,732)	22,839,279	(90,346,011)
Balances as of 6/30/2020	\$ 2,288,699,029	\$ 1,831,569,488	\$ 457,129,541

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Board calculated using the discount rate of 7.0%, as well as what the Board's net pension liability would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability	\$ 750,346,226	\$ 475,129,541	\$ 212,478,989

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Rate of Return on Investments. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2020 was 1.2%. The money-weighted rate of return expresses investment performance, net of expense, adjusted for the changing amounts actually invested.

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the Statement of Fiduciary Net Position Fiduciary Funds.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2021, the Board recognized pension expense of \$105,080,873. At June 30, 2021, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience measurement date	\$ 24,263,254	\$ 38,373,707
Changes in assumptions	84,562,575	139,637,699
Difference between projected and actual earnings on investments	91,172,256	
Board contributions subsequent to the measurement date	70,919,230	
Total	\$ 270,917,315	\$ 178,011,406

Board contributions of \$70,919,230 reported as deferred outflows of resources subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 12,984,039
2023	20,873,590
2024	25,063,029
2025	16,354,170
2026	(28,068,037)
Thereafter	(25,220,112)
Total	\$ 21,986,679

XIII. DEFINED BENEFIT PENSION PLANS (GASB 67)

The below are additional disclosures presented according to the accounting standard GASB Statement No. 67 *Financial Reporting for Pension Plans*—an amendment of GASB Statement No. 25 for pension plan since the Board does not issue separate pension plan financial statements.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description. For a description of the plan and the benefits provided, see Note XI, Section B.

At July 1, 2020, the date of the latest actuarial report, the Board's plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	14,200
Terminated plan members entitled to benefits but not yet receiving them	7,504
Active plan members	<u>24,184</u>
Total	<u><u>45,888</u></u>

Contributions. Plan members are required by resolution to contribute to the plan. Effective July 1, 2011, plan members contribute for the supplemental benefit, and the combined core and supplemental benefit 0.5% and 7.5%, respectively, of their salary to the plan. The Board is required by resolution to contribute the remaining actuarially determined amounts necessary to finance the combined coverage of plan members. Benefits and contribution provisions are established and may be amended only by the Board. Administrative costs are financed through investment earnings. The Board actuarially determined contribution rate as a percentage of covered payroll for FY 2021 was 4.68%.

NET PENSION LIABILITY

Beginning of year total pension liability is based on the Board's actuarial valuation date of July 1, 2020, and a measurement date of June 30, 2020. The end of year total pension liability based on the Board's actuarial valuation date of July 1, 2020, with the results rolled forward to a measurement date of June 30, 2021 is as follows:

Total pension liability	\$ 2,377,844,339
Plan fiduciary net position	<u>(2,278,066,970)</u>
Net pension liability	<u><u>\$ 99,777,369</u></u>

Plan fiduciary net position as a percentage of the total pension liability: 95.80%

Method and assumptions used to determine Net Pension Liability were as follows:

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Fair Market Value
Inflation	2.50%
Salary Increases	2.50% to 13.50%, including inflation
Investment Rate of Return	7.00%, net of investment expense, including inflation
Retirement Age	Experience-based table of rates
Mortality	Pre-retirement: Pub-2010 Employee mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Post-retirement Healthy Lives: Pub-2010 Healthy Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Disabled Lives: Pub-2010 Disabled Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018.
Cost of Living Adjustment	2.50% compound for ERS retirees and 2.50% simple for original pension plan retirees. 2.35% compound for service before July 1, 2011 and 1.85% compound for service after July 1, 2011 for enhanced pension plan retirees.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of July 1, 2020, then rolled forward to June 30, 2021 including any changes made to the roll forward. The actuarial assumption used in this valuation was based on the results of prior actuarial experience study completed as of June 30, 2019.

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-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rate of return for each major asset class included in the pension plan's target asset allocation of June 30, 2021 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed income	21.5%	5.1%
Global Equities	50.0	8.2
Alternatives	26.5	9.4
Cash & Cash Equivalents	2.0	2.3
Total	100%	

* Expected inflation: 2.5%

Discount Rate. The discount rate used to measure the total pension liability was 7.0%. The projection of cash flow to determine the discount rate assumed the contributions from plan members will be made at the current contribution rate and that contributions from the Board will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

CHANGES IN THE NET PENSION LIABILITY

	Total Pension Liability (a)	Increase (Decreases) Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2020	\$ 2,288,699,029	\$ 1,831,569,488	\$ 457,129,541
Changes for the year			
Service cost	57,102,963		57,102,963
Interest	158,332,579		158,332,579
Changes of benefit terms	(1,537,714)		(1,537,714)
Differences between expected and actual experience	(13,117,169)		(13,117,169)
Contributions – employer		70,919,230	(70,919,230)
Contributions – employee		25,715,329	(25,715,329)
Net Investment Income		461,878,831	(461,878,831)
Benefit payments, including refunds of employee contributions	(111,635,349)	(111,635,349)	
Administrative expense		(380,559)	380,559
Net Changes	89,145,310	446,497,482	(357,352,172)
Balances as of 6/30/2021	\$ 2,377,844,339	\$ 2,278,066,970	\$ 99,777,369

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the Board calculated using the discount rate of 7.0%, as well as what the Board’s net pension liability would be if it were calculated using a discount rate that is one percent lower (6.0%) or one percent higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Rate (7.0%)	1% Increase (8.0%)
Net Pension Liability	\$ 403,205,606	\$ 99,777,369	\$ 153,421,992

Rate of Return on Investments. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2021 was 24.7%. The money-weighted rate of return expresses investment performance, net of expense, adjusted for the changing amounts actually invested.

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the Statement of Fiduciary Net Position Fiduciary Funds.

XIV. POSTEMPLOYMENT HEALTHCARE BENEFITS (GASB 75)

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description. The OPEB Plan is a single-employer defined benefit healthcare plan funded and administered by the Board. Employees receiving a Board approved retirement are eligible, in accordance with bargaining agreements between the Board and employee associations, for continued healthcare coverage if they have been covered under the Board Employee Benefit Plan for at least five years, (ten years for employees hired after July 1, 2011). Terminated employees are not eligible to participate in the plan. The OPEB Plan provides medical, dental, vision, prescription drug, and life insurance benefits for retirees and their dependents. Authority to establish and amend benefit provisions resides with the Board. Separate financial statements for the OPEB Plan are not available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Benefit Provided. The Board offers single employer plans including CareFirst BlueChoice HMO/Point of Service (POS)/Preferred Provider Organization (PPO), Kaiser HMO, Caremark Prescription Drugs (Option A or B), Kaiser Prescription Drugs, CareFirst Dental, Aetna Dental Maintenance Organization or PPO and Vision. The Board’s employees are eligible to continue group insurance coverage after retirement provided that retiring employees qualify for pension benefits under either the Employees’ Pension System (EPS) or Employees’ Retirement System (ERS). The surviving spouses and dependent children who are covered under any of the Board’s sponsored health plans (medical, vision, prescription or dental) have the right to continue coverage upon the death of the Board’s employee/retiree. Retirees/spouses who are eligible for Medicare Parts A & B must enroll for Medicare coverage in order to retain coverage under the Board’s plans. Group life insurance may be continued for retirees with 10 years of service prior to retirement. Eligible employees will have their life insurance coverage modified as follows: An employee’s life insurance coverage on the day before the employee’s retirement is equal to final pay. When an employee elects to continue the basic employee term life insurance coverage, the coverage amount reduces to 42.5% of the active employee basic term life insurance amount. For each of the next four years, on the anniversary of the retirement, the life insurance amount will reduce by 7.5% of the active life amount. On the fourth anniversary of the retirement, the life insurance amount becomes 12.5% of the active life amount and will remain at that level for the lifetime as long as the premiums are paid.

Plan membership consisted of the following at July 1, 2019, the date of the latest actuarial valuation:

Inactive Plan Members with Medical Coverage	10,016
Active Plan Members	<u>23,464</u>
Total	<u>33,480</u>

Funding Policy. The Board has the authority to establish and amend contribution requirements of the plan members and the Board. Retired plan members and beneficiaries currently receiving benefits are required to contribute 36% and the Board contributes 64% toward the current cost of healthcare benefits. Effective for employees hired July 1, 2011 and for certain employees hired as of July 1, 2006, a tiered contribution structure is in effect, with the Board contribution levels of 40, 50, or 64% respectively based on years of service. During FY 2020, plan members and beneficiaries receiving benefits contributed \$42,290,716 (approximately 23.0% of current contributions). The Board and other contributing entities’ contributed \$141,748,303 (approximately 77.0% of current contributions) for current premiums, claims and administrative expenses. Administrative costs are financed through investment earnings.

Effective July 1, 2011, the County Council enacted legislation (Bill No. 17-11) to create a CRHBT that expanded the county OPEB Trust to include the Board employees. Beginning in FY 2012, and for each fiscal year thereafter, the Board’s annual contribution toward funding amortization of the actuarial accrued liability has been made by the County Council directly to the CRHBT rather than to the Board’s OPEB Plan Trust. In FY 2020, the County Council contributed \$78,533,000 and recorded as on behalf of the Board employees. In FY 2021 the County Council contributed \$69,358,879 and recorded as on behalf of the Board employees.

The CRHBT is an agent multiple-employer defined benefit healthcare plan sponsored by the county. Other agencies and political subdivisions have the right to elect participation. The Board of Trustees has the exclusive authority to manage the assets of the CRHBT. The Board of Trustees consists of nineteen trustees and functions as part of the county. Separate financial statements are issued for the CRHBT.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Funded Status and Funding Progress. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the Board are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

NET OPEB LIABILITY

The net OPEB liability is to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. The net OPEB liability should be measured as of the OPEB plan's most recent fiscal year end. The components of the Plan's net OPEB liability as of June 30, 2020, were as follows:

Total OPEB liability	\$	3,068,256,022
Plan fiduciary net position		(568,957,591)
Net OPEB liability		\$ 2,499,298,431
Plan fiduciary net position as a percentage of the total OPEB liability:		18.54%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, then rolled forward using the SDR which is based on the assumed 7.50% long-term rate of return for projected benefits paid before the crossover year and the municipal bond index rate for projected benefits paid after the crossover year with using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial assumptions used in the latest actuarial valuation were:

Valuation date	July 1, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Market Value
Inflation rate	2.50%
Salary increases	2.50% to 13.50%, including inflation
Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates
Health care cost trend rates	Initial trend rates of 10.0% for Rx, 8.00 for medical, decreasing to an ultimate trend rate of 4.50%, 4.50% dental trend rate, 3.50% vision trend rate
Mortality	Pre-retirement: Pub-2010 Employee mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Post-retirement healthy lives: Pub-2010 Healthy Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018.

The total OPEB liability shown is based on an actuarial valuation performed as of July 1, 2019, and a measurement date of June 30, 2020. Update procedures were used to roll forward the total OPEB liability to the OPEB plan's fiscal year end.

The assets of CRHBT are managed by the county. The following target allocation was adopted asset allocation policy as of June 30, 2020 by the CRHBT's Board. The long-term expected rate of return on CRHBT plan investments was determined by the county using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020 (see the discussion of the OPEB plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equities	16.80%	3.40%
International Equities	13.50	3.90
Emerging Market Equities	3.90	5.50
Global Equities	3.80	4.20
Private Equity	8.00	6.60
Credit Opportunities	2.00	4.10
High Yield Bonds	7.50	0.90
Emerging Markets Debt	2.50	1.00
Directional Hedge Funds	2.50	2.00
Long Duration Fixed Income	12.50	(0.80)
Cash	1.00	(1.20)
Diversifying Hedge Funds	2.50	2.00
Global ILs	13.50	1.90
Private Real Assets	5.00	4.90
Public Real Assets	5.00	3.90
Total	<u>100.00%</u>	

Discount Rate. An SDR of 4.45% was used to measure the total OPEB liability as of June 30, 2020. The SDR was based on an expected rate of return on OPEB plan investments of 7.5% and a 20-year municipal bond rate of 2.45%. The projection of cash flows used to determine this SDR assumes that for contributions until FY 2032, the county will contribute the amount of the net benefit payments plus 70% of the difference between the Annual Required Contribution calculation in the actuarial valuation and the projected net benefit payments. For contributions during FY 2032 and after, the county will contribute the Annual Required Contribution amount calculated in the actuarial valuation.

By comparison, the SDR as of June 30, 2019, was 4.85%, based on an expected rate of return on OPEB plan investments of 7.50% and a municipal bond rate of 3.13%.

CHANGES IN THE NET OPEB LIABILITY

	Increase (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2019	\$ 3,107,830,553	\$ 491,656,788	\$ 2,616,173,765
Changes for the year			
Service cost	109,249,061		109,249,061
Interest	151,919,286		151,919,286
Differences between expected and actual experience	(269,627,645)		(269,627,645)
Contributions - employer		115,201,749	(115,201,749)
Medicare Part D subsidies		26,546,554	(26,546,554)
Contributions - employee		42,290,716	(42,290,716)
Net Investment Income		21,895,304	(21,895,304)
Benefit payments, including refunds of employee contributions	(59,609,650)	(128,446,920)	68,837,270
Administrative expense		(187,904)	187,904
Assumption changes	28,494,417	1,304	28,493,113
Net Changes	<u>(39,574,531)</u>	<u>77,300,803</u>	<u>(116,875,334)</u>
Balance as of 6/30/2020	<u>\$ 3,068,256,022</u>	<u>\$ 568,957,591</u>	<u>\$ 2,499,298,431</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability calculated using the discount rate of 4.45%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (3.45%) or one-percent higher (5.45%) than the current rate:

	<u>1% Decrease (3.45%)</u>	<u>Discount Rate (4.45%)</u>	<u>1% Increase (5.45%)</u>
Net OPEB liability	\$ 3,044,409,888	\$ 2,499,298,431	\$ 2,065,369,378

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or one percent higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$2,001,592,013	\$ 2,499,298,431	\$ 3,151,247,693

Rate of Return on Investments. The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expenses, for FY 2020 was 4.69%. The money-weighted rate of return expresses investment performance, net of expense, adjusted for the changing amounts actually invested.

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the Statement of Fiduciary Net Position Fiduciary Funds.

OPEB LIABILITIES, 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 \$190,355,679. 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>
Changes in assumptions	\$ 293,491,770	\$ 146,016,751
Net difference between projected and actual earnings on OPEB plan investments at measurement date	10,440,343	
Difference between expected and actual experience		442,657,861
Board contributions subsequent to the measurement date	137,888,298	
Total	<u>\$ 441,820,411</u>	<u>\$ 588,674,612</u>

Board contributions of \$137,888,298 reported as deferred outflows of resources subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	\$ (47,284,012)
2023	(44,941,679)
2024	(44,714,612)
2025	(44,588,818)
2026	(37,981,647)
Thereafter	(65,231,731)
Total	<u>\$ (284,742,499)</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

XV. POSTEMPLOYMENT HEALTHCARE BENEFITS (GASB 74)

In FY 2017, a new accounting standard for OPEB plan (GASB 74) required the new measurement of the OPEB liability as Net OPEB liability, which is total OPEB liability less the amount of the OPEB plan’s fiduciary net position. Since the Board does not issue separate OPEB plan financial statements, the Board needs to disclose the required OPEB plan information, such as Net OPEB Liability, long-term expected rate of return on OPEB plan investments, and discount rate, etc.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description. For a description of the plan and the benefits provided, see Note XIV.

Plan membership consisted of the following at July 1, 2020, the date of the latest actuarial valuation:

Inactive Plan Members with Medical Coverage	10,233
Active Plan Members	24,184
Total	34,417

Contributions. The Board has the authority to establish and amend contribution requirements of the plan members and the Board. Retired plan members and beneficiaries currently receiving benefits are required to contribute 36% and the Board contributes 64% toward the current cost of healthcare benefits. Effective for employees hired July 1, 2011 and for certain employees hired as of July 1, 2006, a tiered contribution structure is in effect, with the Board contribution levels of 40, 50, or 64% respectively based on years of service. During FY 2021, plan members and beneficiaries receiving benefits contributed \$41,581,285 (approximately 23.2% of current contributions). The Board and other contributing entities’ contributed \$137,888,298 (approximately 76.8% of current contributions) for current premiums, claims, and administrative expenses. Administrative costs are financed through investment earnings.

NET OPEB LIABILITY

The net OPEB liability is to be measured as the total OPEB liability, less the amount of the OPEB plan’s fiduciary net position. The net OPEB liability should be measured as of the OPEB plan’s most recent fiscal year end. The components of the Plan’s net OPEB liability as of June 30, 2021, were as follows:

Total OPEB liability	\$ 3,596,803,362
Plan fiduciary net position	(768,959,936)
Net OPEB liability	\$ 2,827,843,426
Plan fiduciary net position as a percentage of the total OPEB liability:	21.38%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020, then rolled forwarded using the SDR which is based on the assumed 7.50% long-term rate of return for projected benefits paid before the crossover year and the municipal bond index rate for projected benefits paid after the crossover year with using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

Actuarial assumptions used in the latest actuarial valuation were:

Valuation date	July 1, 2020
Measurement date	June 30, 2021
Actuarial cost method	Entry Age Normal
Asset valuation method	Fair Market Value
Inflation rate	2.50%
Salary increases	2.50% to 13.50%, including inflation
Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Retirement age	Experience-based table of rates
Health care cost trend rates	Initial trend rates of 8.5% for Rx, 8.0% for medical, decreasing to an ultimate trend rate of 4.25%, 4.25% dental trend rate, 3.25% vision trend rate
Mortality	Pre-retirement: Pub-2010 Employee mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP- 2018. Post-retirement healthy lives: Pub-2010 Healthy Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Disabled Lives: Pub-2010 Disabled Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018.

The total OPEB liability shown is based on an actuarial valuation performed as of July 1, 2020, and a measurement date of June 30, 2021. Update procedures were used to roll forward the total OPEB liability to the OPEB plan's fiscal year end.

Discount Rate. An SDR of 3.93% was used to measure the total OPEB liability as of June 30, 2021. The SDR was based on an expected rate of return on OPEB plan investments of 7.5% and a 20-year municipal bond rate of 1.92%. The projection of cash flows used to determine this SDR assumes that for contributions until FY 2032, the county will contribute the amount of the net benefit payments plus 70% of the difference between the Annual Required Contribution calculation in the actuarial valuation and the projected net benefit payments. For contributions during FY 2032 and after, the county will contribute the Annual Required Contribution amount calculated in the actuarial valuation.

By comparison, the SDR as of June 30, 2020, was 4.45%, based on an expected rate of return on OPEB plan investments of 7.50% and a municipal bond rate of 2.45%.

CHANGES IN THE NET OPEB LIABILITY

	Total OPEB Liability (a)	Increase (Decreases) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at 6/30/2020	\$ 3,068,256,022	\$ 568,957,591	\$ 2,499,298,431
Changes for the year			
Service cost	131,125,105		131,125,105
Interest	138,193,669		138,193,669
Differences between expected and actual experience	69,057,445		69,057,445
Contributions - employer		106,594,397	(106,594,397)
Medicare Part D subsidies		31,293,901	(31,293,901)
Contributions - employee		41,581,285	(41,581,285)
Net Investment Income		149,472,797	(149,472,797)
Benefit payments, including refunds of employee contributions	(55,866,601)	(128,741,787)	72,875,186
Administrative expense		(198,248)	198,248
Assumption changes	246,037,722		246,037,722
Net Changes	528,547,340	200,002,345	328,544,995
Balance as of 6/30/2021	\$ 3,596,803,362	\$ 768,959,936	\$ 2,827,843,426

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2021

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability calculated using the discount rate of 3.93%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (2.93%) or one-percent higher (4.93%) than the current rate:

	<u>1% Decrease (2.93%)</u>	<u>Discount Rate (3.93%)</u>	<u>1% Increase (4.93%)</u>
Net OPEB liability	\$ 3,497,911,572	\$ 2,827,843,426	\$ 2,296,572,204

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or one percent higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,210,998,767	\$ 2,827,843,426	\$ 3,641,853,213

Rate of Return on Investments. The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expenses, for FY 2021 was 26.09%. The money-weighted rate of return expresses investment performance, net of expense, adjusted for the changing amounts actually invested.

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the Statement of Fiduciary Net Position Fiduciary Funds.

XVI. TRUST PLANS CONDENSED FINANCIAL STATEMENTS

Condensed financial statements for the Retirement and Pension System and the OPEB Plan Trust are as follows:

CONDENSED STATEMENT OF FIDUCIARY NET POSITION

	<u>Retirement and Pension System</u>	<u>OPEB Plan Trust</u>	<u>Total</u>
Assets:			
Current assets	\$ 2,279,707,293	\$ 777,100,776	\$ 3,056,808,069
Total assets	2,279,707,293	777,100,776	3,056,808,069
Liabilities:			
Total liabilities	1,640,323	8,140,840	9,781,163
Net Position:			
Restricted for pension and other postemployment benefits	\$ 2,278,066,970	\$ 768,959,936	\$ 3,047,026,906
	2,278,066,970	768,959,936	3,047,026,906

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	<u>Retirement and Pension System</u>	<u>OPEB Plan Trust</u>	<u>Total</u>
Additions:			
Contributions	\$ 96,634,559	\$ 179,469,583	\$ 276,104,142
Net investment earnings	461,878,831	149,472,797	611,351,628
Total additions	558,513,390	328,942,380	887,455,770
Deductions:			
Benefit and premium payments	111,635,349	128,741,787	240,377,136
Administrative expenses	380,559	198,248	578,807
Total deductions	112,015,908	128,940,035	240,955,943
Change in net position	446,497,482	200,002,345	646,499,827
Net position – beginning	1,831,569,488	568,957,591	2,400,527,079
Net position – ending	\$ 2,278,066,970	\$ 768,959,936	\$ 3,047,026,906

BOARD OF EDUCATION OF MONTGOMERY COUNTY
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

XVII. CONTINGENCIES

Litigation. The Board, in the normal course of its operations, is subject to lawsuits and claims. While the outcome of these matters is uncertain, the Board believes that any losses not otherwise covered by insurance, which may ultimately be incurred as a result of lawsuits and claims, will not have a material adverse effect on the Board financial condition. Additionally, it is the opinion of counsel that under current law, the Board would have governmental immunity in non-contractual matters for any individual judgments in excess of \$100,000, increasing to \$400,000 effective October 1, 2016, except for civil rights cases.

Supported Projects. Certain programs, referred to as supported projects, which serve specific needs and purposes of the school system and the welfare of the students, are funded by special federal and state grants, and are included in the General Fund and the Enterprise Funds. Grant activities are subject to audit by the granting agencies.

Federal Financial Assistance. The Board receives financial assistance from the U.S. Government. Entitlement to the resources is generally conditioned on compliance with terms and conditions of the grant agreements and applicable Federal regulations, including expenditures of resources for eligible purposes. All grants are subject to financial and compliance audits. Any disallowances as a result of these audits become a liability of the fund that received the grants.

In the opinion of management, the ultimate resolution of any of these matters or audits will not be material to the basic financial statements of the Board.



REQUIRED SUPPLEMENTARY INFORMATION

Board of Education of Montgomery County
June 30, 2021

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 YEAR ENDED JUNE 30, 2021

Fiscal Year Ending	2021	2020	2019	2018	2017
Total Pension Liability					
Service Cost	\$ 57,102,963	\$ 54,379,440	\$ 51,411,385	\$ 50,395,825	\$ 44,436,725
Interest	158,332,579	163,070,418	155,248,918	146,658,956	141,159,580
Benefit Changes	(1,537,714)				
Difference between Actual & Expected, if any	(13,117,169)	(13,391,489)	8,963,079	31,406,064	
Assumption Changes		(163,012,720)		132,086,081	
Benefit Payments	(111,635,349)	(108,552,381)	(102,247,449)	(95,135,058)	(90,109,676)
Refund					
Net Change in Total Pension Liability	89,145,310	(67,506,732)	113,375,933	265,411,868	95,486,629
Total Pension Liability -Beginning	2,288,699,029	2,356,205,761	2,242,829,828	1,977,417,960	1,881,931,331
Total Pension Liability -Ending (a)	<u>\$ 2,377,844,339</u>	<u>\$ 2,288,699,029</u>	<u>\$ 2,356,205,761</u>	<u>\$ 2,242,829,828</u>	<u>\$ 1,977,417,960</u>
Plan Fiduciary Net Position					
Contribution -Employer	70,919,230	86,941,255	88,769,344	79,863,596	65,877,870
Contribution -Employee	25,715,329	25,526,536	24,951,070	24,323,349	23,749,197
Net Investment Income	461,878,831	20,090,221	79,565,869	124,868,624	172,942,114
Benefit Payments	(111,635,349)	(108,552,381)	(102,247,449)	(95,135,058)	(90,109,676)
Refund					
Admin Expense	(380,559)	(1,166,352)	(1,475,279)	(1,209,068)	(1,151,736)
Other					
Net change in Plan Fiduciary Net Position	446,497,482	22,839,279	89,563,555	132,711,443	171,307,769
Plan Fiduciary Net Position -Beginning	1,831,569,488	1,808,730,209	1,719,166,654	1,586,455,213	1,415,147,444
Plan Fiduciary Net Position -Ending (b)	<u>\$ 2,278,066,970</u>	<u>\$ 1,831,569,488</u>	<u>\$ 1,808,730,209</u>	<u>\$ 1,719,166,656</u>	<u>\$ 1,586,455,213</u>
Net Pension Liability -Ending (a-b)	<u>\$ 99,777,369</u>	<u>\$ 457,129,541</u>	<u>\$ 547,475,552</u>	<u>\$ 523,663,172</u>	<u>\$ 390,962,746</u>
Plan Fiduciary Net Position as a Percentage of					
Total Pension Liability	95.80%	80.03%	76.76%	76.65%	80.23%
Covered Payroll	\$ 1,706,582,045	\$ 1,630,158,866	\$ 1,600,129,357	\$ 1,563,346,475	\$ 1,468,494,379
Net Pension Liability as a Percentage of					
Covered Payroll	5.85%	28.04%	34.21%	33.50%	26.62%

Fiscal Year Ending	2016	2015	2014
Total Pension Liability			
Service Cost	\$ 43,500,877	\$ 53,269,208	\$ 53,238,295
Interest	135,814,794	123,895,167	120,371,102
Benefit Changes			
Difference between Actual & Expected, if any	(22,132,062)	(18,234,988)	(47,593,419)
Assumption Changes		93,368,251	
Benefit Payments	(85,230,639)	(81,971,251)	(76,147,472)
Refund			
Net Change in Total Pension Liability	71,952,970	170,326,387	49,868,506
Total Pension Liability -Beginning	1,809,978,361	1,639,651,974	1,589,783,468
Total Pension Liability -Ending (a)	<u>\$ 1,881,931,331</u>	<u>\$ 1,809,978,361</u>	<u>\$ 1,639,651,974</u>
Plan Fiduciary Net Position			
Contribution -Employer	74,861,086	83,498,517	80,544,815
Contribution -Employee	22,949,001	22,486,721	21,578,300
Net Investment Income	(3,391,963)	26,441,619	179,375,231
Benefit Payments	(85,230,639)	(81,971,251)	(76,147,472)
Refund			
Admin Expense	(2,012,071)	(2,217,291)	(2,163,665)
Other			
Net change in Plan Fiduciary Net Position	7,175,414	48,238,316	203,187,209
Plan Fiduciary Net Position -beginning	1,407,972,029	1,359,733,714	1,156,546,505
Plan Fiduciary Net Position -Ending (b)	<u>\$ 1,415,147,444</u>	<u>\$ 1,407,972,029</u>	<u>\$ 1,359,733,714</u>
Net Pension Liability -Ending (a-b)	<u>\$ 466,783,888</u>	<u>\$ 402,006,332</u>	<u>\$ 279,918,260</u>
Plan Fiduciary Net Position as a Percentage of			
Total Pension Liability	75.20%	77.79%	82.93%
Covered Payroll	\$ 1,425,722,698	\$ 1,429,764,138	\$ 1,390,868,330
Net Pension Liability as a Percentage of			
Covered Payroll	32.74%	28.12%	20.13%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NET PENSION LIABILITY
 YEAR ENDED JUNE 30, 2021

FY Ending June 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2014	\$ 1,639,651,974	\$ 1,359,733,714	\$ 279,918,260	82.93 %	\$ 1,390,868,330	20.13 %
2015	1,809,978,361	1,407,972,029	402,006,332	77.79	1,429,764,138	28.12
2016	1,881,931,331	1,415,147,443	466,783,888	75.20	1,425,722,698	32.74
2017	1,977,417,960	1,586,455,212	390,962,748	80.23	1,468,494,379	26.62
2018	2,242,829,828	1,719,166,655	523,663,173	76.65	1,563,346,475	33.50
2019	2,356,205,761	1,808,730,209	547,475,552	76.76	1,600,129,357	34.21
2020	2,288,699,029	1,831,569,488	457,129,541	80.03	1,630,158,866	28.04
2021	2,377,844,339	2,278,066,970	99,777,369	95.80	1,706,582,045	5.85

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2021

FY Ending June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2014	\$ 79,016,414	\$ 80,544,815	\$ (1,528,401)	\$ 1,390,868,330	5.79 %
2015	44,295,412	83,498,517	(39,203,105)	1,429,764,138	5.84
2016	58,384,555	74,861,086	(16,476,531)	1,425,722,698	5.25
2017	59,762,674	65,877,870	(6,115,196)	1,468,494,379	4.49
2018	58,627,379	79,863,596	(21,236,217)	1,563,346,475	5.11
2019	73,119,150	88,769,344	(15,650,194)	1,600,129,357	5.55
2020	73,016,807	86,941,255	(13,924,448)	1,630,158,866	5.33
2021	61,688,473	70,919,230	(9,230,757)	1,706,582,045	4.16

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Measurement date	30-Jun
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll open amortization method over 15 years with plan changes closed over 30 years
Asset valuation method	5 year smoothing
Investment rate of return	7.00%
Projected Salary increases	2.50% to 13.50%, including inflation
Cost of living adjustments	1.85% - 2.50%
Inflation	2.50%
Retirement age	Experience-based table of rates that specific to the type of eligibility condition and years of services
Mortality rates	Post-Retirement healthy lives: Pub-2010 Healthy Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Disabled Lives: Pub-2010 Disabled Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
 YEAR ENDED JUNE 30, 2021

Fiscal year ending June 30	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actual money weighted rate of return, net of investment expense	24.7%	1.2%	4.9%	7.8%	11.9%	-0.02%	2.20%	15.75%	12.95%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 SCHEDULE OF THE BOARD PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 REQUIRED SUPPLEMENTARY INFORMATION
 MARYLAND STATE RETIREMENT AND PENSION SYSTEM
 YEAR ENDED JUNE 30, 2021

<u>Employees' Retirement and Pension Systems</u>	Fiscal Year Ending						
	2021	2020	2019	2018	2017	2016	2015
Board's proportion of the net pension liability (asset)	0.03343730%	0.03324940%	0.03260980%	0.03042730%	0.03027640%	0.02665060%	0.02295670%
Board's proportionate share of the net pension liability (asset)	\$ 7,557,285	\$ 6,857,901	\$ 6,842,058	\$ 6,579,513	\$ 7,143,423	\$ 5,538,451	\$ 4,074,064
Board's covered payroll	0	-	-	-	-	-	-
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	66.29%	67.98%	68.36%	66.71%	62.97%	66.26%	69.53%
 <u>Teachers' Retirement and Pension Systems</u>							
Board's proportion of the net pension liability (asset)	0.00000000%	0.00000000%	0.00000000%	0.00000000%	0.00000000%	0.00000000%	0.00000000%
State's proportionate share of the net pension liability (asset) associated with the Board	\$ 1,721,734,917	\$ 1,661,983,738	\$ 1,618,273,835	\$ 1,757,492,373	\$ 1,871,367,674	\$ 1,522,877,235	\$ 1,115,879,101
Board's covered payroll	1,630,158,866	1,600,129,357	1,563,346,475	1,468,494,379	1,425,722,698	1,429,764,138	1,390,868,330
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	105.62%	103.87%	103.51%	119.68%	131.26%	106.51%	80.23%
Plan fiduciary net position as a percentage of the total pension liability	73.84%	74.43%	73.35%	71.41%	67.95%	70.76%	69.53%
 Methods and assumptions used to determine contribution rates:							
Valuation Date	7/1/2020						
Measurement date	30-Jun						
Actuarial cost method	Entry Age Normal						
Amortization method	Level percent of payroll closed						
Investment rate of return	7.40%						
Discount rate	7.40%						
Salary increases	3.10% to 11.60%, including wage inflation						
Inflation	2.60% general, 3.50% wage						
Mortality rates	Mortality fully generational - Pub - 2010/MP-2018						

Note 1 - Changes in Benefit Terms - There were no benefit changes during the year.

Note 2 - Changes in Assumptions - Were the result of an FY 2020 experience review.

Note 3 - Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE BOARD CONTRIBUTIONS
 MARYLAND STATE RETIREMENT AND PENSION SYSTEM
 YEAR ENDED JUNE 30, 2021

<u>Employees' Retirement and Pension Systems</u>	Fiscal Year Ending				
	2021	2020	2019	2018	2017
Contractually required contribution	\$ 634,213	\$ 716,916	\$ 682,777	\$ 650,264	\$ 619,299
Contributions in relation to the contractually required contribution	634,213	716,916	682,777	650,264	619,299
Contribution deficiency (excess)	-	-	-	-	-
<u>Teachers' Retirement and Pension Systems</u>					
Contractually required contribution	\$ 61,086,328	\$ 60,354,730	\$ 58,560,510	\$ 58,672,664	\$ 59,762,674
Contributions in relation to the contractually required contribution	61,086,328	60,354,730	58,560,510	58,672,664	59,762,674
Contribution deficiency (excess)	-	-	-	-	-
Board's covered payroll	\$ 1,706,582,045	\$ 1,630,158,866	\$ 1,600,129,357	\$ 1,563,346,475	\$ 1,468,494,379
Contributions as a percentage of covered payroll	3.58%	3.70%	3.66%	3.75%	4.07%

<u>Employees' Retirement and Pension Systems</u>	Fiscal Year Ending				
	2016	2015	2014	2013	2012
Contractually required contribution	\$ 589,809	\$ 561,723	\$ 534,974	\$ 509,499	\$ 485,237
Contributions in relation to the contractually required contribution	589,809	561,723	534,974	509,499	485,237
Contribution deficiency (excess)	-	-	-	-	-
<u>Teachers' Retirement and Pension Systems</u>					
Contractually required contribution	\$ 58,384,555	\$ 44,295,412	\$ 79,016,414	\$ 131,705,430	\$ 173,954,985
Contributions in relation to the contractually required contribution	58,384,555	44,295,412	79,016,414	131,705,430	173,954,985
Contribution deficiency (excess)	-	-	-	-	-
Board's covered payroll	\$ 1,425,722,698	\$ 1,429,764,138	\$ 1,390,868,330	\$ 1,358,290,896	\$ 1,342,294,369
Contributions as a percentage of covered payroll	4.10%	3.10%	5.68%	9.70%	12.96%

Schedule shows contribution information for 10 years.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET OPEB PLAN LIABILITY AND RELATED RATIOS
 YEAR ENDED JUNE 30, 2021

Fiscal Year Ending	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	\$ 131,125,105	\$ 109,249,061	\$ 104,162,538	\$ 88,364,530	\$ 125,216,637
Interest	138,193,669	151,919,286	153,797,183	157,630,126	146,230,235
Benefit Changes					
Different between Actual & Expected if any	69,057,445	(269,627,645)	(73,824,566)	(216,455,378)	
Assumption Changes	246,037,722	28,494,417	169,486,009	203,760,125	(270,838,727)
Benefit Payments, including refunds of employee contributions	(55,866,601)	(59,609,650)	(83,877,327)	(72,763,620)	(70,432,337)
Net Change in Total OPEB Liability	<u>528,547,340</u>	<u>(39,574,531)</u>	<u>269,743,837</u>	<u>160,535,784</u>	<u>(69,824,192)</u>
Total OPEB Liability -Beginning	<u>3,068,256,022</u>	<u>3,107,830,553</u>	<u>2,838,086,716</u>	<u>2,677,550,932</u>	<u>2,747,375,124</u>
Total OPEB Liability -Ending (a)	<u>\$ 3,596,803,362</u>	<u>\$ 3,068,256,022</u>	<u>\$ 3,107,830,553</u>	<u>\$ 2,838,086,716</u>	<u>\$ 2,677,550,932</u>
Plan Fiduciary Net Position					
Contribution -Employer	106,594,397	115,201,749	62,667,044	90,580,304	96,333,627
Contribution -Nonemployer entities					
Medicare Part D subsidies	31,293,901	26,546,554	22,561,041	21,197,806	18,725,635
Contributions-member	41,581,285	42,290,716	38,743,969	39,875,875	37,315,988
Net Investment Income	149,472,797	21,895,304	34,845,670	31,492,272	36,233,300
Benefit Payments, including refunds of employee contributions	(128,741,787)	(128,446,920)	(122,621,296)	(112,639,495)	(107,748,325)
Admin Expense	(198,248)	(187,904)	(194,702)	(207,208)	(292,732)
Other		1,304			
Net change in Plan Fiduciary Net Position	<u>200,002,345</u>	<u>77,300,803</u>	<u>36,001,726</u>	<u>70,299,554</u>	<u>80,567,493</u>
Plan Fiduciary Net Position -beginning	<u>568,957,591</u>	<u>491,656,788</u>	<u>455,655,062</u>	<u>385,355,507</u>	<u>304,788,014</u>
Plan Fiduciary Net Position -Ending (b)	<u>\$ 768,959,936</u>	<u>\$ 568,957,591</u>	<u>\$ 491,656,788</u>	<u>\$ 455,655,060</u>	<u>\$ 385,355,507</u>
Net OPEB Liability -Ending (a-b)	<u>\$ 2,827,843,426</u>	<u>\$ 2,499,298,431</u>	<u>\$ 2,616,173,765</u>	<u>\$ 2,382,431,656</u>	<u>\$ 2,292,195,425</u>
Plan Fiduciary Net Position as a Percentage of					
Total OPEB Liability	21.38%	18.54%	15.82%	16.06%	14.39%
Covered Employee Payroll (c)	\$ 1,710,734,313	\$ 1,634,125,189	\$ 1,600,129,357	\$ 1,563,346,475	\$ 1,546,150,104
Net OPEB Liability as a Percentage of Covered Employee Payroll	165.30%	152.94%	163.50%	152.32%	148.25%

Notes to Schedule

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF NET OPEB PLAN LIABILITY
 YEAR ENDED JUNE 30, 2021

FY Ending June 30	Total OPEB Liability	Plan Net Position	Net OPEB Liability	Plan Net Position as a % of Total OPEB Liability	Covered Employee Payroll	Net OPEB Liability as a % of Covered Employee Payroll
2017	\$ 2,677,550,932	\$ 385,355,507	\$ 2,292,195,425	14.39 %	\$ 1,546,150,104	148.25 %
2018	2,838,086,716	455,655,062	2,382,431,654	16.06	1,563,346,475	152.32
2019	3,107,830,553	491,656,788	2,616,173,765	15.82	1,600,129,357	163.50
2020	3,068,256,022	568,957,591	2,499,298,431	18.54	1,634,125,189	152.94
2021	3,596,803,362	768,959,936	2,827,843,426	21.38	1,710,734,313	165.30

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF EMPLOYER OPEB PLAN CONTRIBUTIONS
 YEAR ENDED JUNE 30, 2021

FY Ending June 30	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered Employee Payroll
2017	\$ 136,339,000	\$ 115,059,262	\$ 21,279,738	\$ 1,546,150,104	7.44 %
2018	168,287,000	111,778,110	56,508,890	1,563,346,475	7.15
2019	159,436,200	85,228,085	74,208,115	1,600,129,357	5.33
2020	154,363,013	141,748,303	12,614,710	1,634,125,189	8.67
2021	142,970,371	137,888,298	5,082,073	1,710,734,313	8.06

Notes to Schedule:

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, one year prior to the of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2019
Actuarial cost method	Projected Unit Credit
Amortization method	Level Percentage of Payroll, Open
Investment rate of return	7.50%, net of OPEB plan investment expense, including inflation
Inflation	2.50%
Salary increases	2.50% to 13.50%, including inflation
Retirement ages	Experience-based table of rates.
Mortality rates	Pre-retirement: Pub-2010 Employee mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Post-retirement healthy lives: Pub-2010 Healthy Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018. Disabled Lives: Pub-2010 Disabled Retiree mortality table (for General Employees), sex distinct, with generational mortality improvements from 2010 using scale MP-2018.
Health Care Trend Rates	Trend rates of 10.0% for RX, 8.0% for medical, decreasing to an ultimate trend rate of 4.50%, 4.50% dental trend rate, 3.50% vision trend rate.

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Actuarially determined contribution was calculated and provided in the actuarial valuation report from the prior actuary and is equal to normal cost plus 30-year open level-percentage-of-payroll amortization of the unfunded liability. Actual contribution equals the sum of the employer contribution and the Medicare Part D subsidy from the federal government.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF OPEB PLAN INVESTMENT RETURNS
 YEAR ENDED JUNE 30, 2021

Fiscal year ending June 30	2021	2020	2019	2018	2017
Actual money weighted rate of return, net of investment expense	26.09%	4.69%	8.26%	8.82%	11.99%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.
 The information is provided by Montgomery County Employee Retirement Plans.



SUPPLEMENTARY DATA

Board of Education of Montgomery County
June 30, 2021

GOVERNMENTAL FUNDS

June 30, 2021

Capital Projects Fund — The Capital Projects Fund is used to account for financial resources used in the acquisition or construction of school sites and buildings and other major capital facilities.

Special Revenue Fund (nonmajor) — The Special Revenue Fund is used to account for the receipt and expenditure of Cable TV franchise fees that are restricted as to purpose and use.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Montgomery County	\$ 574,179,061	\$ 578,341,991	\$ 149,244,477	\$ (429,097,514)
State of Maryland	76,238,695	76,980,205	49,686,993	(27,293,212)
Federal	1,255,262	4,885,796	2,985,072	(1,900,724)
Other sources	<u>2,567,614</u>	<u>2,567,614</u>	<u>218,955</u>	<u>(2,348,659)</u>
Total revenues	654,240,632	662,775,606	202,135,497	(460,640,109)
Expenditures and encumbrances:				
Capital outlay	<u>654,240,632</u>	<u>662,775,606</u>	<u>202,135,497</u>	<u>460,640,109</u>
Total expenditures and encumbrances	654,240,632	662,775,606	202,135,497	460,640,109
Excess of revenues over expenditures and encumbrances	-	-	-	-
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ -	\$ -	\$ -
Reconciliation to GAAP fund balance:				
2021 encumbrances outstanding			<u>-</u>	
Fund balance - GAAP basis			\$ -	

SCHEDULE OF CONSTRUCTION IN PROGRESS
CAPITAL PROJECTS FUND
JUNE 30, 2021

Award Number	Project Name	Project Authorization	Expended to Jun 30, 2021	Committed	Available for Future Expenditure
000000	Unliquidated Surplus for Local Funds	\$ 2,103,138	\$ -	\$ -	\$ 2,103,138
006503	Water and Indoor Air Quality Improvements Local Funding	73,521	72,000		1,521
016532	Fire Safety Code Upgrades Local Funding	4,650,818	2,186,748	699,812	1,764,258
036510	The Schools and Libraries Program of the Universal Service Fund	5,628,522		669,693	4,958,829
056501	Restroom Renovations Local Funding	10,681,255	3,582,288	5,316,127	1,782,840
076506	Building Modifications and Program Improvements Local Funding	21,269,372	18,683,832	624,580	1,960,960
116505	Clarksburg High School Local Funding	1,614,451	1,614,451		
116506	Clarksburg/Damascus Middle School (New)	48,014,000	48,010,222		3,778
116510	Viers Mill Elementary School Addition 2013	10,836,865	10,820,384		16,481
116513	Viers Mill ES Addition - State Funding	336,000	336,000		
136500	Arcoia Elementary School Local Funding	3,841,000	3,682,279		158,721
136502	Bethesda-Chevy Chase Middle School #2 2017	54,114,000	54,096,140	5,675	12,185
546034	Land Acquisition Local Funding	1,352,803			1,352,803
651503	North Bethesda MS Addition 2018	21,298,000	21,057,726	13,137	227,137
651504	Lucy V Bamsley ES Addition 2018	13,924,000	13,688,244	6,329	229,427
651510	Diamond Elementary School Addition 2018	9,147,000	9,128,014		18,986
651513	Bethesda-Chevy Chase HS Addition 2018	41,692,000	41,599,918	9,563	82,519
651515	Blair Ewing Center Improvements 2018	264,203	263,018		1,185
746032	Design and Construction Management Local Funding	956,246		20,391	935,855
766995	Roof Replacement Local Funding	30,027,170	11,922,152	2,162,307	15,942,711
796222	Energy Conservation Local Funding	1,452,996	700,000	64,486	688,510
796235	ADA Compliance Local Funding	8,524,779	4,407,952	823,214	3,293,613
816633	HVAC Replacement Local Funding	63,619,381	40,781,728	8,301,087	14,536,566
816695	Asbestos Abatement Local Funding	372,223			372,223
846540	Relocatable Classrooms Local Funding	4,576,607		3,106,775	1,469,832
876544	Stadium Lighting Other Funding	131,875		76,850	55,025
896586	Planned Life Cycle Asset Replacement Local Funding	16,519,490	7,508,859	4,662,953	4,347,678
916587	Rehab/Renovation of Closed Schools Local Funding	41,287,796	40,900,581	11,086	376,129
926557	School Security Local Funding	25,307,689	8,790,404	8,463,400	8,053,885
926575	Current Replacements/Modernizations Local Funding	650,119,358	633,925,050	2,920,934	13,273,374
956547	Educational Technology (Global Access)	12			12
096506	Rock View Elementary School Local Funding	5,443,365	5,062,386		380,979
651502	S. Christa McAuliffe ES Addition 2019	10,653,590	10,607,524	11,345	34,721
651511	Brutonsville ES Addition 2020	1,172,000			1,172,000
651514	Ashburton ES Addition 2019	10,944,000	10,754,286	19,302	170,412
651518	Gaithersburg ES Addition 2020	36,761,707	6,716,002	29,646,938	398,767
651705	Thomas W. Pyle MS Addition 2020	25,114,000	24,905,559	65,043	143,398
651706	Takoma Park MS Addition 2020	25,186,000	20,918,830	1,832,375	2,434,795
651708	Pine Crest ES Addition 2020	8,623,000	8,601,892	9,890	11,218
651709	Montgomery Knolls ES Addition 2020	10,605,000	9,608,605	337,746	658,649
651713	Clarksburg Cluster ES (Village Site #2) 2019	32,824,030	31,851,650		972,380
116509	Somerset Elementary School Addition 2011	1,475,114	1,325,113		150,001
651704	Walt Whitman High School Addition 2021	30,577,000	24,772,081	2,439,020	3,365,899
651801	Outdoor Play Maintenance 2019-20	2,806,168	568,919	337,209	1,900,040
096500	Brookhaven Elementary School Local Funding	5,654,103	5,651,311		2,792
651905	DuFief ES Addition/Facility Upgrade 2022	2,910,000	1,485,603	541,559	882,838
651906	John F Kennedy HS Addition 2022	26,578,000	3,820,333	17,917,084	4,840,583
651907	Northwood HS Addition/Upgrades	9,873,000	4,292,494	1,910,363	3,670,143
651908	Charles W. Woodward HS Re-Opening	123,935,000	7,427,402	716,040	115,791,558
651910	Col E Brooke Lee MS Addition/Upgrade 2021	61,114,000	19,135,953	40,598,249	1,379,798
651912	Silver Spring International MS Addition 2022	35,140,000	771,304	1,323,689	33,045,007
651901	Clarksburg Cluster ES #9 - New	2,981,000	1,058,538	316,576	1,605,886
651902	Cresthaven Elementary School Addition	11,624,000			11,624,000
651903	Roscoe Nix Elementary School Addition	16,030,000			16,030,000
651909	Crown High School - New	6,306,000	201,709	6,078,666	25,625
651913	Major Capital Projects	19,724,546	3,738,782	3,676,547	12,309,217
652001	Highland View Elementary School Addition	775,000			775,000
652002	Lake Seneca Elementary School Addition	875,000			875,000
652003	Thurgood Marshall Elementary School Addition	630,000			630,000
651904	Ronald McNair ES Addn - Local Funding	1,024,000	47,000	546,958	430,042
651911	Parkland MS Addition Local Funding	1,240,000	422,729	541,798	275,473
652102	Major Capital Projects-Secondary	14,628,000	4,097,112	2,822,606	7,708,282
652105	W. T. Page ES Addition - Local Funding	1,715,000		1,010,928	704,072
116512	Westbrook Elementary School Addition 2013	9,737,000	9,704,686		32,314
136510	Modifications to Holding, Special Education & Alternative Schools	276			276
Total Open & Interim Projects		1,666,311,491	1,206,489,304	151,161,167	308,661,020
Capitalized land, equipment and furniture, and items not capitalized		(5,785,386)	(5,785,386)		
Interim closing of open projects **		(1,001,371,526)	(1,001,371,526)		
Total construction in progress		\$ 659,154,579	\$ 199,332,392	\$ 151,161,167	\$ 308,661,020

* Appropriations for school modernizations are approved by the Montgomery County Council in the aggregate as one project, although the Board separately accounts for each modernization. The school modernization project, in the aggregate, does not exceed the legally appropriated project authorization at June 30, 2021.

** Represents expenditures for projects that are in use but not formally closed out.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - Positive (Negative)
	Prior Year Carryover Encumbrances	Original	Final		
Revenues:					
Cable TV franchise fees	\$ -	\$ 1,769,775	\$ 1,769,775	\$ 1,769,775	\$ -
Total revenues	-	1,769,775	1,769,775	1,769,775	-
Expenditures and encumbrances:					
Community services	22,812	1,792,587	1,792,587	1,758,650	33,937
Total expenditures and encumbrances	22,812	1,792,587	1,792,587	1,758,650	33,937
Excess of expenditures and encumbrances over revenues	(22,812)	(22,812)	(22,812)	11,125	33,937
Fund balance - beginning	22,812	22,812	22,812	469,213	446,401
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	\$ 480,338	<u>\$ 480,338</u>
Reconciliation to GAAP fund balance: 2021 encumbrances outstanding				<u>62,733</u>	
Fund balance - GAAP basis				<u>\$ 543,071</u>	

NONMAJOR ENTERPRISE FUNDS

June 30, 2021

Real Estate Management – Accounts for the rental of surplus space in school buildings for complementary programs such as child care, and for the administration of potential future school sites.

Field Trip – Accounts for the operation of transportation services for student field trips and external organizations.

Entrepreneurial Activities – Provides supplemental funding for the instructional program through the sale of Board expertise, services and products.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 COMBINING STATEMENT OF NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 JUNE 30, 2021

	Real Estate Management	Field Trip	Entrepreneurial	Total Nonmajor Enterprise Funds
Assets				
Current assets:				
Accounts receivable	\$ 302,578	\$ 12,233	\$ 812,699	\$ 1,127,510
Due from other funds	950,054	96,212	730,215	1,776,481
Total current assets	<u>1,252,632</u>	<u>108,445</u>	<u>1,542,914</u>	<u>2,903,991</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation:				
Machinery and equipment			67,458	67,458
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>67,458</u>	<u>67,458</u>
Total assets	<u>1,252,632</u>	<u>108,445</u>	<u>1,610,372</u>	<u>2,971,449</u>
Liabilities				
Current liabilities:				
Accounts payable	1,292,670		75,391	1,368,061
Due to other funds	81,286	382,759	2,972,129	3,436,174
Unearned revenue				
Capital leases - current				
Total current liabilities	<u>1,373,956</u>	<u>382,759</u>	<u>3,047,520</u>	<u>4,804,235</u>
Noncurrent liabilities:				
Compensated absences	74,871	51,688	227,600	354,159
Total noncurrent liabilities	<u>74,871</u>	<u>51,688</u>	<u>227,600</u>	<u>354,159</u>
Total liabilities	<u>1,448,827</u>	<u>434,447</u>	<u>3,275,120</u>	<u>5,158,394</u>
Net Position				
Net investment in capital assets			67,458	67,458
Unrestricted	(196,195)	(326,002)	(1,732,206)	(2,254,403)
Total net position	<u>\$ (196,195)</u>	<u>\$ (326,002)</u>	<u>\$ (1,664,748)</u>	<u>\$ (2,186,945)</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Real Estate Management	Field Trip	Entrepreneurial	Total Nonmajor Enterprise Funds
Operating revenues:				
Rent and fees	\$ 4,566,198	\$ 423	\$ 1,817,850	\$ 6,384,471
Total operating revenues	<u>4,566,198</u>	<u>423</u>	<u>1,817,850</u>	<u>6,384,471</u>
Operating expenses:				
Salaries and wages	481,412	304,179	931,846	1,717,437
Contracted services	138,236		975,925	1,114,161
Supplies and materials	5,716	364	481,791	487,871
Other charges	4,300,602	105,000	301,627	4,707,229
Depreciation			25,615	25,615
Total operating expenses	<u>4,925,966</u>	<u>409,543</u>	<u>2,716,804</u>	<u>8,052,313</u>
Operating income (loss)	<u>(359,768)</u>	<u>(409,120)</u>	<u>(898,954)</u>	<u>(1,667,842)</u>
Change in net position	(359,768)	(409,120)	(898,954)	(1,667,842)
Total net position - beginning	163,573	83,118	(765,794)	(519,103)
Total net position - ending	<u>\$ (196,195)</u>	<u>\$ (326,002)</u>	<u>\$ (1,664,748)</u>	<u>\$ (2,186,945)</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 COMBINING STATEMENT OF CASH FLOWS
 NONMAJOR ENTERPRISE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Real Estate Management	Field Trip	Entrepreneurial	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 4,738,698	\$ 115,544	\$ 1,199,844	\$ 6,054,086
Payments to suppliers	29,422	378,818	20,511	428,751
Payments to employees	(504,072)	(420,438)	(990,080)	(1,914,590)
Payments for assessments made by other funds	(124,888)	(73,924)	(176,731)	(375,543)
Payments for other operating expenses	(4,139,160)		(53,544)	(4,192,704)
Net cash provided (used) by operating activities	-	-	-	-
Increase (Decrease) in cash and cash equivalents				
Cash and cash equivalents - beginning				
Cash and cash equivalents - ending	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (359,768)	\$ (409,120)	\$ (898,954)	\$ (1,667,842)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation			25,615	25,615
Effects of changes in operating assets and liabilities:				
Receivables	172,500	115,121	(618,006)	(330,385)
Accounts payable	1,149,660		(103,926)	1,045,734
Due to other funds	(976,286)	379,182	1,582,153	985,049
Compensated absences	13,894	(85,183)	13,118	(58,171)
Net cash provided (used) by operating activities	\$ -	\$ -	\$ -	\$ -

FIDUCIARY FUNDS

June 30, 2021

Pension and Other Employee Benefits Trust Funds:

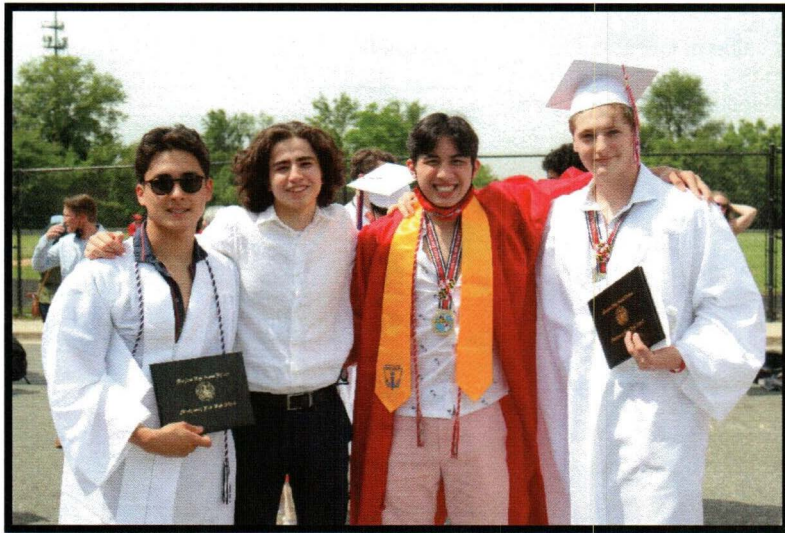
- Retirement and Pension System – Accounts for the activities of the Retirement and Pension System, which accumulates resources for pension benefit payments to qualified Board employees.
- OPEB Plan Trust – Accounts for activities that accumulate resources for postemployment healthcare benefits for qualified Board retirees.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
 JUNE 30, 2021

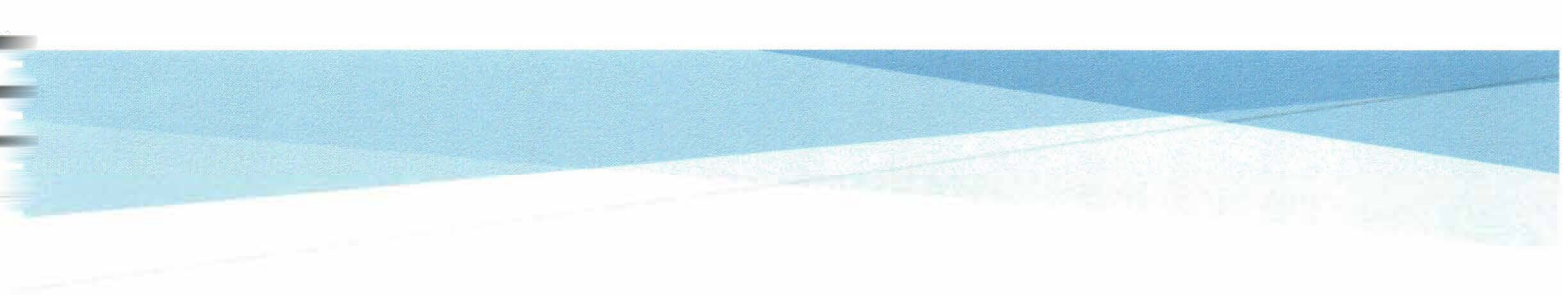
	Retirement and Pension System	OPEB Plan Trust	Total Pension and Other Employee Benefits Trust Funds
Assets			
Investments:			
Global equities	\$ 1,354,273,551	\$ -	\$ 1,354,273,551
Fixed income securities	550,556,973		550,556,973
Real estate	88,341,330		88,341,330
Alternative investments	240,599,022		240,599,022
Short-term investments/CRHBT	45,936,417	729,670,417	775,606,834
Total investments	<u>2,279,707,293</u>	<u>729,670,417</u>	<u>3,009,377,710</u>
Accounts receivable		2,334,896	2,334,896
Due from Internal Service Fund		43,777,002	43,777,002
Due from General Fund		1,318,461	1,318,461
Total assets	<u>2,279,707,293</u>	<u>777,100,776</u>	<u>3,056,808,069</u>
Liabilities			
Due to General Fund	1,640,323		1,640,323
Accounts payable		96,560	96,560
Claims payable		8,044,280	8,044,280
Total liabilities	<u>1,640,323</u>	<u>8,140,840</u>	<u>9,781,163</u>
Net Position			
Restricted for pension and other postemployment benefits	<u>\$ 2,278,066,970</u>	<u>\$ 768,959,936</u>	<u>\$ 3,047,026,906</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	Retirement and Pension System	OPEB Plan Trust	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS			
Contributions:			
Employer	\$ 70,919,230	\$ 106,594,397	\$ 177,513,627
Members	25,715,329	41,581,285	67,296,614
Federal government - Medicare Part D		31,293,901	31,293,901
Total contributions	<u>96,634,559</u>	<u>179,469,583</u>	<u>276,104,142</u>
Investment earnings:			
Net increase in fair value of investments	460,537,303	149,472,797	610,010,100
Interest and dividends	11,413,623		11,413,623
Total investment income	<u>471,950,926</u>	<u>149,472,797</u>	<u>621,423,723</u>
Less investment expense:			
Investment fees and other	(10,072,095)		(10,072,095)
Total investment expense	<u>(10,072,095)</u>	<u>-</u>	<u>(10,072,095)</u>
Net investment earnings	<u>461,878,831</u>	<u>149,472,797</u>	<u>611,351,628</u>
Total additions	<u>558,513,390</u>	<u>328,942,380</u>	<u>887,455,770</u>
DEDUCTIONS			
Benefits paid to plan members	111,635,349	108,520,388	220,155,737
Premiums paid to insurance companies		20,221,399	20,221,399
Administrative expenses	380,559	198,248	578,807
Total deductions	<u>112,015,908</u>	<u>128,940,035</u>	<u>240,955,943</u>
Change in net position	446,497,482	200,002,345	646,499,827
Net position - beginning	<u>1,831,569,488</u>	<u>568,957,591</u>	<u>2,400,527,079</u>
Net position - ending	<u>\$ 2,278,066,970</u>	<u>\$ 768,959,936</u>	<u>\$ 3,047,026,906</u>



Montgomery Blair High School graduates, 2021



STATISTICAL SECTION

Board of Education of Montgomery County
June 30, 2021

STATISTICAL SECTION

Table of Contents

This section of the Board's Annual Comprehensive Financial Report presents detailed information for understanding what the information in the financial statements, note disclosures, and required supplementary information says about Board's overall financial health.

	Page
Financial Trends	113-121
These schedules provide trend information to help the reader understand how the Board's financial performance and well-being have changed over time.	
Revenue Capacity	122-128
Since Board revenues are primarily provided by Montgomery County, these schedules on the county's revenue sources are relevant to an understanding of Montgomery County's most significant local revenue source, the property tax. Montgomery County levies property taxes and the Board has no authority to collect taxes.	
Debt Capacity	129-132
Since Board construction funding is primarily provided by Montgomery County, these schedules of the county's debt capacity assist the reader in assessing the affordability of Montgomery County's current levels of outstanding debt and Montgomery County's ability to issue additional debt in the future. The Board has no authority to issue bonds. The debt is issued by the Montgomery County.	
Demographic and Economic Information	133-134
Details found in these schedules offer demographic and economic indicators to aid the reader in understanding the environment within which the Board's financial activities take place.	
Operating Information	136-139
These schedules contain select operating indicators to help the reader understand how the information in the Board's financial report relates to the services the Board provides and the activities it performs.	

**BOARD OF EDUCATION OF MONTGOMERY COUNTY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Net Investment in capital assets	\$ 2,234,805,426	\$ 2,377,418,879	\$ 2,467,557,443	\$ 2,545,451,592	\$ 2,639,420,067
Restricted for Instructional TV, Expendable					
Unrestricted	<u>(446,600,594)</u>	<u>(487,587,959)</u>	<u>(574,669,171)</u>	<u>(961,916,071)</u>	<u>(999,244,078)</u>
Total governmental activities net position	<u>\$ 1,788,204,832</u>	<u>\$ 1,889,830,920</u>	<u>\$ 1,892,888,272</u>	<u>\$ 1,583,535,521</u>	<u>\$ 1,640,175,989</u>
Business-type activities:					
Net Investment in capital assets	\$ 3,570,524	\$ 3,105,386	\$ 4,936,206	\$ 5,195,791	\$ 4,439,974
Unrestricted	<u>(6,792,149)</u>	<u>(7,068,728)</u>	<u>(7,848,538)</u>	<u>(7,337,109)</u>	<u>(5,288,323)</u>
Total business-type activities net position	<u>\$ (3,221,625)</u>	<u>\$ (3,963,342)</u>	<u>\$ (2,912,332)</u>	<u>\$ (2,141,318)</u>	<u>\$ (848,349)</u>
Primary government:					
Net Investment in capital assets	\$ 2,238,375,950	\$ 2,380,524,265	\$ 2,472,493,649	\$ 2,550,647,383	\$ 2,643,860,041
Restricted for Instructional TV, Expendable					
Unrestricted	<u>(453,392,743)</u>	<u>(494,656,687)</u>	<u>(582,517,709)</u>	<u>(969,253,180)</u>	<u>(1,004,532,401)</u>
Total primary government net position	<u>\$ 1,784,983,207</u>	<u>\$ 1,885,867,577</u>	<u>\$ 1,889,975,940</u>	<u>\$ 1,581,394,203</u>	<u>\$ 1,639,327,640</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
Governmental Activities:					
Net Investment in capital assets	\$ 2,749,974,181	\$ 2,884,728,055	\$ 3,047,409,607	\$ 3,253,095,975	\$ 3,321,724,670
Restricted for Instructional TV, Expendable	280,688	328,504	395,240	469,213	543,071
Unrestricted	<u>(1,024,990,225)</u>	<u>(2,824,799,646)</u>	<u>(2,906,632,993)</u>	<u>(3,007,305,795)</u>	<u>(3,101,768,189)</u>
Total governmental activities net position	<u>\$ 1,725,264,644</u>	<u>\$ 60,256,913</u>	<u>\$ 141,171,854</u>	<u>\$ 246,259,393</u>	<u>\$ 220,499,552</u>
Business-type activities:					
Net Investment in capital assets	\$ 5,476,647	\$ 6,625,622	\$ 6,447,680	\$ 5,667,833	\$ 6,871,022
Unrestricted	<u>(1,101,387)</u>	<u>12,052,586</u>	<u>13,236,716</u>	<u>10,161,748</u>	<u>(4,147,688)</u>
Total business-type activities net position	<u>\$ 4,375,260</u>	<u>\$ 18,678,208</u>	<u>\$ 19,684,396</u>	<u>\$ 15,829,581</u>	<u>\$ 2,723,334</u>
Primary government:					
Net Investment in capital assets	\$ 2,755,450,828	\$ 2,891,353,677	\$ 3,053,857,287	\$ 3,258,763,808	\$ 3,328,595,692
Restricted for Instructional TV, Expendable *	280,688	328,504	395,240	469,213	543,071
Unrestricted	<u>(1,026,091,612)</u>	<u>(2,812,747,060)</u>	<u>(2,893,396,277)</u>	<u>(2,997,144,047)</u>	<u>(3,105,915,877)</u>
Total primary government net position	<u>\$ 1,729,639,904</u>	<u>\$ 78,935,121</u>	<u>\$ 160,856,250</u>	<u>\$ 262,088,974</u>	<u>\$ 223,222,886</u>

In FY 2015, net position has been restated to conform with GASB Statement No. 68, Accounting and Financial Reporting for Pensions.

In FY 2018, net position has been restated to conform with GASB Statement No. 75, Accounting and Financial Reporting for OPEB.

In FY 2021, net position has been restated to conform with GASB Statement No. 784, Accounting and Financial Reporting for Fiduciary Activities.

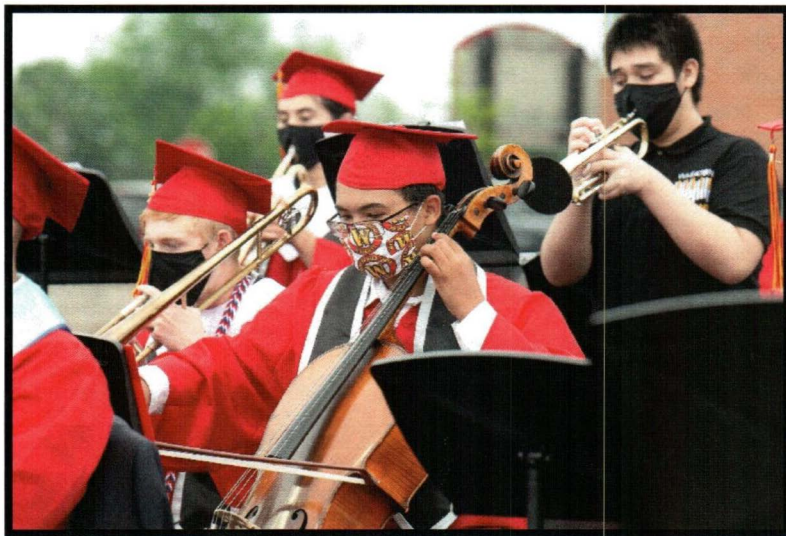
* Beginning in FY 2017, Restricted for Instructional TV was reported under restricted net position.

BOARD OF EDUCATION OF MONTGOMERY COUNTY
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
Expenses				
Governmental activities				
Instruction:				
Regular instruction	\$ 1,401,069,607	\$ 1,425,776,788	\$ 1,510,082,837	\$ 1,507,192,601
Special education	392,865,396	398,480,390	436,204,642	433,278,196
School administration	202,692,468	204,795,867	210,172,216	203,472,513
Student personnel services	16,251,838	15,992,374	16,496,795	16,623,187
Health services	17,911	20,074	17,336	1,594
Total instruction	<u>2,012,897,220</u>	<u>2,045,065,493</u>	<u>2,172,973,826</u>	<u>2,160,568,091</u>
Support services:				
Student transportation	129,115,379	129,890,569	136,415,463	134,999,834
Operation of plant	147,289,980	150,099,667	158,947,644	169,601,304
Maintenance of plant	64,129,559	69,624,065	76,505,617	69,525,061
Administration	57,291,531	58,481,042	59,544,537	64,351,553
Community services	2,090,179	2,548,923	3,103,601	3,168,196
Interest on capital leases	897,345	801,273	745,756	784,439
Total support services	<u>400,813,973</u>	<u>411,445,539</u>	<u>435,262,618</u>	<u>442,430,387</u>
Total governmental activities expenses	<u>2,413,711,193</u>	<u>2,456,511,032</u>	<u>2,608,236,444</u>	<u>2,602,998,478</u>
Business-type activities				
Food services	49,720,564	51,249,507	52,926,067	54,353,613
Real estate management	3,220,047	3,039,558	2,845,571	3,385,485
Field trips	1,770,547	1,664,949	1,803,944	1,895,960
Entrepreneurial activities	1,983,788	2,604,177	2,356,182	2,466,024
Total business-type activities expenses	<u>56,694,946</u>	<u>58,558,191</u>	<u>59,931,764</u>	<u>62,101,082</u>
Total primary government expenses	<u>\$ 2,470,406,139</u>	<u>\$ 2,515,069,223</u>	<u>\$ 2,668,168,208</u>	<u>\$ 2,665,099,560</u>
Program Revenues				
Governmental activities				
Charges for services	\$ 3,820,871	\$ 3,871,684	\$ 3,848,232	\$ 3,804,324
Operating grants and contributions	83,474,771	77,994,243	79,196,930	80,147,449
Capital grants and contributions	59,387,969	67,644,476	59,687,504	78,396,597
Total governmental activities program revenues	<u>146,683,611</u>	<u>149,510,403</u>	<u>142,732,666</u>	<u>162,348,370</u>
Business-type activities				
Charges for services:				
Food services	19,252,693	17,907,925	16,631,652	16,303,287
Real estate management	2,892,122	3,026,997	2,744,862	3,277,410
Field trips	1,778,378	1,735,962	1,786,478	2,003,127
Entrepreneurial activities	2,186,618	2,235,250	1,974,638	2,205,227
Operating grants and contributions	30,590,480	32,844,833	35,934,919	38,684,559
Capital grants and contributions	464,308	30,898	1,877,408	381,764
Total business-type activities program revenues	<u>57,164,599</u>	<u>57,781,865</u>	<u>60,949,957</u>	<u>62,855,374</u>
Total primary government program revenues	<u>\$ 203,848,210</u>	<u>\$ 207,292,268</u>	<u>\$ 203,682,623</u>	<u>\$ 225,203,744</u>
Net (expense)/revenue				
Governmental activities	(2,267,027,582)	(2,307,000,628)	(2,465,503,778)	(2,440,650,108)
Business-type activities	469,653	(776,326)	1,018,193	754,292
	<u>(2,266,557,929)</u>	<u>(2,307,776,955)</u>	<u>(2,464,485,585)</u>	<u>(2,439,895,816)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Intergovernmental:				
Montgomery County	\$ 1,581,675,500	\$ 1,633,828,866	\$ 1,672,780,820	\$ 1,672,029,373
State of Maryland	761,695,928	771,174,249	792,450,552	810,716,731
Federal government	4,414,871	2,758,250	1,930,243	7,387,393
Other income	526,078	865,352	1,399,515	460,704
Total government activities	<u>2,348,312,377</u>	<u>2,408,626,717</u>	<u>2,468,561,130</u>	<u>2,490,594,201</u>
Business-type activities				
Other income	32,892	34,609	32,817	16,722
Total business-type activities	<u>32,892</u>	<u>34,609</u>	<u>32,817</u>	<u>16,722</u>
Total primary government	<u>\$ 2,348,345,269</u>	<u>\$ 2,408,661,326</u>	<u>\$ 2,468,593,947</u>	<u>\$ 2,490,610,923</u>
Change in Net Position				
Governmental activities	\$ 81,284,795	\$ 101,626,088	\$ 3,057,352	\$ 49,944,093
Business-type activities	502,545	(741,717)	1,051,010	771,014
Total primary government	<u>\$ 81,787,340</u>	<u>\$ 100,884,371</u>	<u>\$ 4,108,362</u>	<u>\$ 50,715,107</u>

In fiscal year 2015, net position has been restated to conform with GASB Statement No. 68, Accounting and Financial Reporting for Pensions.
In fiscal year 2018, net position has been restated to conform with GASB Statement No. 75, Accounting and Financial Reporting for OPEB.

Fiscal Year						
2016	2017	2018	2019	2020	2021	
\$ 1,509,093,578	\$ 1,633,033,361	\$ 1,616,010,500	\$ 1,762,655,649	\$ 1,825,108,205	\$ 1,922,207,255	
456,783,996	468,463,510	472,508,294	481,466,470	486,268,182	485,265,823	
207,845,076	217,940,076	212,525,992	213,469,890	217,320,615	217,783,576	
17,050,375	17,126,556	16,988,187	17,752,918	17,476,467	17,546,877	
836	1,577	1,411	1,590	722	353,778	
<u>2,190,773,861</u>	<u>2,336,565,080</u>	<u>2,318,034,384</u>	<u>2,475,346,517</u>	<u>2,546,174,191</u>	<u>2,643,157,309</u>	
138,795,597	140,687,102	140,237,799	144,323,992	140,236,209	138,676,291	
169,976,798	170,791,707	172,434,134	179,743,650	179,437,815	170,814,711	
69,797,436	71,483,269	74,579,051	79,162,111	73,029,852	72,666,735	
60,021,749	64,961,620	68,058,928	71,790,674	76,050,285	77,816,957	
3,095,853	3,200,420	3,220,575	3,198,429	3,305,531	3,491,917	
1,086,674	1,028,146	1,183,963	1,469,981	1,589,522	1,475,236	
<u>442,774,107</u>	<u>452,152,264</u>	<u>459,714,450</u>	<u>479,688,837</u>	<u>473,649,214</u>	<u>464,941,847</u>	
<u>2,633,547,968</u>	<u>2,788,717,344</u>	<u>2,777,748,834</u>	<u>2,955,035,354</u>	<u>3,019,823,405</u>	<u>3,108,099,156</u>	
56,469,606	58,125,752	57,733,700	60,564,324	60,678,747	50,354,105	
3,251,364	3,226,308	3,360,543	3,651,111	3,684,085	4,925,966	
1,991,456	2,006,344	2,196,677	2,308,586	1,541,053	409,543	
2,504,873	3,875,067	8,766,263	13,264,774	8,107,610	2,716,804	
<u>64,217,299</u>	<u>67,233,471</u>	<u>72,057,183</u>	<u>79,788,795</u>	<u>74,011,495</u>	<u>58,406,418</u>	
<u>\$ 2,697,765,267</u>	<u>\$ 2,855,950,815</u>	<u>\$ 2,849,806,017</u>	<u>\$ 3,034,824,149</u>	<u>\$ 3,093,834,900</u>	<u>\$ 3,166,505,574</u>	
\$ 4,001,803	\$ 4,146,827	\$ 3,358,232	\$ 3,407,477	\$ 2,968,633	\$ 2,254,924	
78,289,593	76,400,678	84,092,926	86,548,240	107,186,574	102,813,764	
54,561,101	72,592,518	70,241,200	62,851,159	67,750,408	65,849,411	
<u>136,852,497</u>	<u>153,140,023</u>	<u>157,692,358</u>	<u>152,806,876</u>	<u>177,905,615</u>	<u>170,918,099</u>	
16,119,711	17,148,111	17,476,818	17,896,527	12,830,168	998,957	
3,536,447	3,194,139	3,536,111	3,327,588	3,340,553	4,566,198	
2,184,988	2,053,978	2,148,783	2,175,575	1,334,742	423	
2,226,617	4,040,576	8,857,581	12,856,424	7,649,091	1,817,850	
41,326,131	44,102,198	44,052,643	43,620,377	44,622,910	35,641,759	
104,574	1,909,310	1,509,107	897,719	242,780	2,257,988	
<u>65,498,468</u>	<u>72,448,312</u>	<u>77,581,043</u>	<u>80,774,210</u>	<u>70,020,244</u>	<u>45,283,175</u>	
<u>\$ 202,350,965</u>	<u>\$ 225,588,335</u>	<u>\$ 235,273,401</u>	<u>\$ 233,581,086</u>	<u>\$ 247,925,859</u>	<u>\$ 216,201,274</u>	
(2,496,695,471)	(2,635,577,321)	(2,620,056,476)	(2,802,228,478)	(2,841,917,790)	(2,937,181,057)	
1,281,169	5,214,840	5,523,860	985,415	(3,991,251)	(13,123,243)	
<u>(2,495,414,302)</u>	<u>(2,630,362,480)</u>	<u>(2,614,532,616)</u>	<u>(2,801,243,063)</u>	<u>(2,845,909,041)</u>	<u>(2,950,304,300)</u>	
\$ 1,699,998,943	\$ 1,829,282,694	\$ 1,873,380,768	\$ 1,934,769,763	\$ 1,942,690,403	\$ 1,866,785,056	
829,182,141	871,366,816	892,225,277	916,115,657	965,884,095	985,645,763	
15,914,171	19,672,201	21,302,600	23,015,752	26,585,270	33,692,960	
8,240,684	344,265	14,687,987	9,242,247	11,845,561	8,646,203	
<u>2,553,335,939</u>	<u>2,720,665,976</u>	<u>2,801,596,632</u>	<u>2,883,143,419</u>	<u>2,947,005,329</u>	<u>2,894,769,982</u>	
11,800	8,768	9,358	20,773	136,436	16,996	
11,800	8,768	9,358	20,773	136,436	16,996	
<u>\$ 2,553,347,739</u>	<u>\$ 2,720,674,744</u>	<u>\$ 2,801,605,990</u>	<u>\$ 2,883,164,192</u>	<u>\$ 2,947,141,765</u>	<u>\$ 2,894,786,978</u>	
\$ 56,640,468	\$ 85,088,655	\$ 181,540,156	\$ 80,914,941	\$ 105,087,539	\$ (42,411,075)	
1,292,969	5,223,609	5,533,218	1,006,188	(3,854,815)	(13,106,247)	
<u>\$ 57,933,437</u>	<u>\$ 90,312,264</u>	<u>\$ 187,073,374</u>	<u>\$ 81,921,129</u>	<u>\$ 101,232,724</u>	<u>\$ (55,517,322)</u>	



Wheaton High School Band, 2021

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2012	2013	2014	2015	2016
General Fund:					
Nonspendable	\$ 7,310,053	\$ 7,745,654	\$ 7,952,232	\$ 7,456,908	\$ 7,781,042
Assigned	7,069,165	5,478,166	2,510,534	2,758,823	3,615,674
Unassigned	28,660,135	36,068,895	25,709,467	24,048,758	21,926,344
Total general fund	<u>\$ 43,039,353</u>	<u>\$ 49,292,715</u>	<u>\$ 36,172,233</u>	<u>\$ 34,264,489</u>	<u>\$ 33,323,060</u>

All other governmental funds:					
Restricted - Special revenue fund	\$ 287,268	\$ 365,128	\$ 304,595	\$ 265,417	\$ 265,286
Total all other governmental funds	<u>\$ 287,268</u>	<u>\$ 365,128</u>	<u>\$ 304,595</u>	<u>\$ 265,417</u>	<u>\$ 265,286</u>

	Fiscal Year				
	2017	2018	2019	2020	2021
General Fund:					
Nonspendable	\$ 7,850,918	\$ 8,264,483	\$ 5,931,432	\$ 5,806,420	\$ 6,052,935
Assigned	8,262,452	14,765,257	49,137,024	56,400,537	81,556,560
Unassigned	12,217,790	17,068,844	262,260	3,014,609	6,281,287
Total general fund	<u>\$ 28,331,160</u>	<u>\$ 40,098,584</u>	<u>\$ 55,330,716</u>	<u>\$ 65,221,566</u>	<u>\$ 93,890,782</u>

All other governmental funds:					
Restricted - Special revenue fund	\$ 280,688	\$ 328,504	\$ 395,240	\$ 469,213	\$ 543,071
Total all other governmental funds	<u>\$ 280,688</u>	<u>\$ 328,504</u>	<u>\$ 395,240</u>	<u>\$ 469,213</u>	<u>\$ 543,071</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY
CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Intergovernmental:				
Montgomery County	\$ 1,634,325,263	\$ 1,697,311,813	\$ 1,722,421,710	\$ 1,746,734,700
State of Maryland	765,912,232	776,187,259	802,146,773	818,487,290
Federal Government	88,309,979	77,668,057	79,111,667	81,162,630
Other	6,448,515	6,501,793	7,613,644	6,557,953
Total Revenue	<u>2,494,995,989</u>	<u>2,557,668,922</u>	<u>2,611,293,794</u>	<u>2,652,942,573</u>
Expenditures				
Current:				
Administration	\$ 35,931,627	\$ 38,361,432	\$ 37,180,315	\$ 43,121,059
Mid-level administration	132,955,672	135,537,267	136,161,260	136,742,143
Instructional salaries and wages	806,181,103	831,267,986	862,096,690	887,923,350
Instructional textbooks and supplies	24,407,914	24,850,483	23,239,502	23,110,188
Other instructional costs	13,588,680	13,409,988	13,676,632	10,131,255
Special education	270,775,788	275,623,730	291,929,538	298,528,876
Student personnel services	10,649,399	10,572,269	10,682,855	11,185,874
Health services	16,908	18,994	16,388	1,594
Student transportation	95,559,434	95,911,020	101,036,031	102,233,482
Operation of plant	111,067,453	112,560,889	118,604,859	127,576,145
Maintenance of plant	31,575,617	33,286,341	33,947,985	31,557,851
Fixed charges	666,817,831	705,727,831	758,138,841	759,060,741
Community services	1,519,629	1,888,449	2,281,607	2,436,418
Debt service:				
Capital lease principal	18,844,888	19,394,211	21,691,477	28,238,622
Capital lease interest	897,345	801,273	745,756	784,439
Capital outlay	<u>286,212,343</u>	<u>280,935,624</u>	<u>237,654,916</u>	<u>234,711,185</u>
Total expenditures	<u>2,507,001,631</u>	<u>2,580,147,787</u>	<u>2,649,084,652</u>	<u>2,697,343,222</u>
Excess (deficiency) of Revenues over expenditures	(12,005,642)	(22,478,865)	(37,790,858)	(44,400,649)
Other financing sources				
Capital lease financing	\$ 25,113,901	\$ 28,810,087	\$ 24,609,843	\$ 42,453,727
Inventory reserve				
Total other financing sources	<u>25,113,901</u>	<u>28,810,087</u>	<u>24,609,843</u>	<u>42,453,727</u>
Net change in fund balances	<u>\$ 13,108,259</u>	<u>\$ 6,331,222</u>	<u>\$ (13,181,015)</u>	<u>\$ (1,946,922)</u>
Debt service as a percentage of noncapital expenditures	0.9%	0.9%	0.9%	1.2%

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 1,751,827,765	\$ 1,899,983,488	\$ 1,942,980,004	\$ 1,993,589,587	\$ 2,006,838,461	\$ 1,874,656,597
832,480,205	873,853,069	896,240,261	923,873,624	987,525,707	1,007,293,882
91,387,696	93,191,282	99,806,421	103,621,276	113,251,972	170,375,261
7,979,169	6,778,158	6,877,603	10,968,607	9,152,404	13,362,341
<u>2,683,674,835</u>	<u>2,873,805,997</u>	<u>2,945,904,289</u>	<u>3,032,053,094</u>	<u>3,116,768,544</u>	<u>3,065,688,081</u>
\$ 38,137,108	\$ 43,005,135	\$ 46,373,276	\$ 50,821,017	\$ 55,151,646	\$ 57,626,802
138,754,954	145,298,770	146,059,390	148,254,887	154,180,405	155,904,282
903,658,977	957,765,591	978,816,045	995,917,614	1,036,247,907	1,057,141,211
20,622,147	26,389,897	23,469,595	29,862,590	32,318,483	100,380,011
9,246,817	11,324,064	13,457,116	18,711,018	18,876,983	39,015,133
313,795,044	321,502,025	333,569,547	342,604,008	360,469,160	364,620,237
11,392,324	11,396,245	11,683,385	12,374,569	12,270,907	13,944,027
836	1,577	1,411	1,590	722	353,778
103,885,365	105,176,130	106,938,152	110,784,402	109,379,844	100,793,265
126,557,151	130,631,994	135,115,367	141,668,968	142,592,029	141,643,246
35,772,435	34,661,021	36,696,411	41,193,843	39,130,545	36,290,454
750,150,331	819,971,483	813,415,347	807,858,788	771,779,226	782,201,687
2,291,995	2,358,835	2,478,259	2,427,511	2,550,386	2,666,712
28,223,640	30,098,676	30,934,266	28,850,815	34,587,878	31,552,859
1,086,674	1,028,145	1,183,963	1,469,981	1,589,522	1,475,236
223,192,574	269,116,996	285,128,443	317,123,509	380,697,053	189,600,967
<u>2,706,768,372</u>	<u>2,909,726,584</u>	<u>2,965,319,973</u>	<u>3,049,925,111</u>	<u>3,151,822,697</u>	<u>3,075,209,907</u>
(23,093,537)	(35,920,587)	(19,415,684)	(17,872,016)	(35,054,152)	(9,521,826)
\$ 22,151,977	\$ 30,944,089	\$ 31,230,924	\$ 33,170,884	\$ 45,018,976	\$ 18,969,896
<u>22,151,977</u>	<u>30,944,089</u>	<u>31,230,924</u>	<u>33,170,884</u>	<u>45,018,976</u>	<u>21,613,666</u>
\$ (941,560)	\$ (4,976,498)	\$ 11,815,240	\$ 15,298,868	\$ 9,964,824	\$ 12,091,840
1.2%	1.2%	1.2%	1.1%	1.3%	1.2%

BOARD OF EDUCATION OF MONTGOMERY COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
MONTGOMERY COUNTY AND BOARD OF EDUCATION SELF-INSURANCE FUND
YEAR ENDED JUNE 30, 2020*

Operating Revenues:	
Contributions by other agencies	\$ 50,358,388
Contributions by the Board of Education	<u>22,998,587</u>
Total operating revenue	<u>73,356,975</u>
Operating Expenses:	
Self-insurance losses, net of recoveries	45,967,942
Other costs at risk	7,987,004
Commercial insurance	6,197,190
Other operating expenses	<u>4,229,462</u>
Total operating expenses	<u>64,381,598</u>
Operating Gain (Loss)	<u>8,975,377</u>
Nonoperating Revenues:	
Interest on investments	4,758,470
Other revenue	8,835
Insurance recoveries	<u>1,186,005</u>
Total nonoperating revenues	<u>5,953,310</u>
Transfers In/Out:	
Transfers In/Out	<u>-</u>
Total transfers In/Out	<u>-</u>
Change in net position	<u>14,928,687</u>
Total net position (deficit) - beginning of year	<u>(503,463)</u>
Total net position - end of year	<u>\$ 14,425,224</u>

* Date of the most current available information.

Source: Montgomery County FY 2020 CAFR

BOARD OF EDUCATION OF MONTGOMERY COUNTY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities Capital Leases	Business-Type Activities Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2012	37,674,880	596,314	38,271,194	0.05	38
2013	47,090,756	713,086	47,803,842	0.06	47
2014	50,009,122	792,703	50,801,825	0.06	50
2015	64,224,227	973,638	65,197,865	0.08	63
2016	58,152,564	655,347	58,807,911	0.07	57
2017	58,997,977	651,328	59,649,305	0.07	57
2018	59,294,633	386,164	59,680,797	0.06	57
2019	63,614,700	494,518	64,109,218	0.07	60
2020	74,045,798	530,255	74,576,053	0.07	70
2021	61,462,835	339,255	61,802,090	0.06	58

Notes:

Details regarding the Board's outstanding debt can be found in notes VIII and IX to the financial statements.

(1) Personal income and population used in calculations are found in the Montgomery County FY 2021 CAFR Demographic Statistics - Last Ten Fiscal Years Table 23.

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
PROPERTY TAX LEVIES AND COLLECTIONS *
LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy			Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
	Total Original Levy for Fiscal Year	Adjustments in Subsequent Years	Total Adjusted Levy	Amount (1)	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2012	1,365,605,932	(232,034)	1,365,373,898	1,363,217,734	99.83	668,865	1,363,886,599	99.89 %
2013	1,390,542,228	(1,449,007)	1,389,093,221	1,384,563,178	99.57	814,016	1,385,377,194	99.73
2014	1,437,898,506	(855,564)	1,437,042,942	1,434,787,650	99.78	(1,737,963)	1,433,049,687	99.72
2015	1,447,816,313	1,633,279	1,449,449,592	1,442,602,468	99.64	1,529,973	1,444,132,441	99.63
2016	1,521,343,303	(3,786,076)	1,517,557,227	1,518,519,304	99.81	(8,980,688)	1,509,538,616	99.47
2017	1,663,208,936	(1,459,621)	1,661,749,315	1,661,121,521	99.87	(2,957,669)	1,658,163,852	99.78
2018	1,679,004,512	(2,355,622)	1,676,648,890	1,678,245,742	99.95	(2,259,890)	1,675,985,852	99.96
2019	1,691,044,390	660,722	1,691,705,112	1,691,091,714	100.00	587,298	1,691,679,012	100.00
2020	1,720,090,151	17,594,962	1,737,685,113	1,711,893,942	99.52	11,506,539	1,723,400,481	99.18
2021	1,767,873,961	-	1,767,873,961	1,756,064,789	99.33	-	1,756,064,789	99.33

NOTES:

* This table includes data for all property taxes billed applicable to all funds for Montgomery County, Maryland to include General, Special Revenue, Debt Service, and Enterprise Funds. Property taxes billed for the State of Maryland, various municipalities and development districts, the Washington Suburban Sanitary Commission, and the Maryland-National Capital Park and Planning Commission, are excluded.

(1) Amounts represent collections received, including overpayments, net of refunds. Penalties and interest are excluded. See Montgomery County FY 2021 Table 12, Note (2) for treatment of such overpayments.

Table Reference Source: Montgomery County FY 2021 Table 11

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property						Total Direct Tax Rate (3)	Ratio of Total Assessed Value to Total Estimated Market Value*
	Residential (1)		Commercial/Other		Total			
	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value	Assessed Value	Estimated Market Value		
2012	129,513,818,139	139,412,075,499	32,683,331,619	35,181,196,575	162,197,149,758	174,593,272,074	0.947	92.90%
2013	124,783,384,563	136,226,402,361	33,489,446,285	36,560,530,879	158,272,830,848	172,786,933,240	0.990	91.60
2014	125,035,897,087	135,320,234,942	34,855,968,247	37,722,909,358	159,891,865,334	173,043,144,300	1.008	92.40
2015	127,929,975,330	132,432,686,677	35,726,782,876	36,984,247,284	163,656,758,206	169,416,933,961	0.995	96.60
2016	130,228,674,548	139,133,199,303	39,947,771,504	42,679,243,060	170,176,446,052	181,812,442,363	0.986	93.60
2017	136,227,683,441	146,324,042,364	41,267,669,577	44,326,175,700	177,495,353,018	190,650,218,064	1.025	93.10
2018	141,123,298,797	150,291,053,032	42,870,571,864	45,655,561,091	183,993,870,661	195,946,614,123	1.000	93.90
2019	144,227,022,428	153,563,695,089	44,823,996,615	47,725,720,416	189,051,019,043	201,289,415,505	0.980	96.20
2020	147,243,712,565	155,517,229,156	46,234,426,154	48,841,810,471	193,487,138,719	204,359,039,627	0.977	92.80
2021	150,027,567,286	158,815,349,985	48,320,294,646	51,150,629,477	198,347,861,932	209,965,979,462	0.969	94.47

Fiscal Year	Personal Property (2)					Total Direct Tax Rate (3)	Real and Personal Property Total	
	Business		Public Utility		Total		Assessed Value	Estimated Actual Value
	Individuals	Corporations	Operating Property	Domestic Shares				
2012	44,967,690	2,206,151,910	1,063,567,900	404,258,210	3,718,945,710	2.357	165,916,095,468	178,312,217,784
2013	46,638,380	2,092,070,220	1,081,466,940	384,303,210	3,604,478,750	2.463	161,877,309,598	176,391,411,990
2014	42,416,630	2,172,248,760	1,120,973,968	373,688,150	3,709,327,508	2.509	163,601,192,842	176,752,471,808
2015	42,008,150	2,075,584,320	1,181,901,740	355,639,000	3,655,133,210	2.473	167,311,891,416	173,072,067,171
2016	47,898,060	2,234,518,270	1,258,731,007	343,201,680	3,884,349,017	2.450	174,060,795,069	185,696,791,380
2017	58,246,910	2,294,129,160	1,353,826,658	345,169,740	4,051,372,468	2.547	181,546,725,486	194,701,590,532
2018	59,939,710	2,365,219,600	1,415,902,926	347,503,030	4,188,565,266	2.487	188,182,435,927	200,135,179,389
2019	54,351,120	2,165,482,980	1,487,936,178	347,682,480	4,055,452,758	2.439	193,106,471,801	205,344,868,263
2020	50,107,770	2,102,502,400	1,588,156,716	360,200,070	4,100,966,956	2.432	197,588,105,675	208,460,006,583
2021	45,265,400	2,691,715,890	1,605,523,467	339,688,220	4,682,192,977	2.436	203,030,054,909	214,648,172,439

NOTES:

- * Exempt and nontaxable property are not included in this table.
 - * The following classes of property are not taxed: 1) personal property not used in a trade, business, or profession, and 2) business inventories.
 - * Intangible personal property is exempt from taxation except in two instances: shares of stock in certain domestic utilities and oil pipeline corporations (shown above), and intangible personal property of corporations under a contract with the State, granted charter exemptions from property taxation.
 - * Property owned by the Federal government, the State, or a subdivision or agency of either, is exempt. Also exempt are real and personal property used for religious, educational, or charitable purposes. Specific exemptions involve historical property, societies and museums, conservation property, cemeteries, certain fraternal and service organizations, continuing care facilities for the aged, nonprofit housing, property, and dwelling houses of disabled veterans and blind persons.
 - * Ratio for total assessed to total estimated actual value were revised by the State Department of Assessments and Taxation for FY 2019.
 - * Ratio of total assessed value to total estimated market value for FY 2021 is the three-year average of FY 2011, FY 2014 and FY 2017. Ratio for FY 2020 is a revised estimate and is the three-year average of FY 2012, FY 2015 and FY 2018.
 - (1) Residential real property includes single-family homes, townhouses, and condominiums but excludes apartment dwellings which are included under the Commercial/Other category.
 - (2) For personal property, the assessed value and estimated actual value are the same.
 - (3) See Montgomery County FY 2021 Table 9-a for real and personal property direct tax rates.
- Source: State of Maryland, Department of Assessments and Taxation

Table Reference Source: Montgomery County FY 2021 Table 8

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY DIRECT RATE
LAST TEN FISCAL YEARS

	County-wide					Substantially County-wide (1)					Total County Direct Rate (3)
	County		M-NCPPC (2)			County		M-NCPPC (2)			
	Fire Tax	Transit District	Advance Land Acquisition	Subtotal		Storm Drainage	Regional District	Metropolitan District	Prorata Tax Rate		
	County District	District			Recreation						
Real Property:											
2012	.7130	.1210	.0380	.0010	.8730	.0180	.0030	.0170	.0480	.0740	.9470
2013	.7240	.1340	.0480	.0010	.9070	.0210	.0030	.0180	.0540	.0830	.9900
2014	.7590	.1250	.0420	.0010	.9270	.0200	.0030	.0180	.0530	.0810	1.0080
2015	.7320	.1360	.0400	.0010	.9090	.0230	.0030	.0170	.0560	.0857	.9947
2016	.7230	.1160	.0600	.0010	.9000	.0230	.0030	.0180	.0552	.0858	.9858
2017	.7734	.1140	.0520	.0010	.9404	.0230	.0030	.0170	.0548	.0845	1.0249
2018	.7484	.1089	.0580	.0010	.9163	.0240	.0000	.0172	.0554	.0833	.9996
2019	.7414	.1065	.0498	.0010	.8987	.0254	.0000	.0156	.0530	.0811	.9798
2020	.7166	.1068	.0672	.0010	.8916	.0261	.0000	.0170	.0560	.0854	.9770
2021	.6948	.1182	.0736	.0010	.8876	.0260	.0000	.0176	.0600	.0893	.9769
Personal Property:											
2012	1.7830	.3030	.0950	.0030	2.1840	.0450	.0080	.0430	.1200	.1730	2.3570
2013	1.8100	.3350	.1200	.0030	2.2680	.0530	.0080	.0450	.1350	.1950	2.4630
2014	1.8980	.3130	.1050	.0030	2.3190	.0500	.0080	.0450	.1330	.1900	2.5090
2015	1.8300	.3400	.1000	.0030	2.2730	.0580	.0080	.0430	.1400	.2003	2.4733
2016	1.8075	.2900	.1500	.0025	2.2500	.0575	.0075	.0450	.1380	.1998	2.4498
2017	1.9335	.2850	.1300	.0025	2.3510	.0575	.0075	.0425	.1370	.1959	2.5469
2018	1.8710	.2723	.1450	.0025	2.2908	.0600	.0000	.0430	.1385	.1963	2.4871
2019	1.8535	.2663	.1245	.0025	2.2468	.0635	.0000	.0390	.1325	.1923	2.4391
2020	1.7915	.2670	.1680	.0025	2.2290	.0653	.0000	.0425	.1400	.2034	2.4324
2021	1.7370	.2955	.1840	.0025	2.2190	.0650	.0000	.0440	.1500	.2168	2.4358

NOTES:

- * The tax rates are per \$100 of assessed value.
 - * The charter requires that revenues from real property taxes cannot exceed last year's revenues adjusted by the rate of inflation excluding revenues from new construction. The Council can adopt tax rates that exceed this limit by a supermajority of seven out of nine councilmembers.
 - * No discounts are allowed.
 - * Taxes are levied as of July 1, are due by September 30, and become delinquent the following October 1 for non-owner occupied property.
 - * Unless homeowners elect to pay their real property taxes annually, taxes are paid on a semi-annual basis with payment due by September 30 and December 31 for owner occupied property.
 - * Interest and penalty at 20 percent are assessed on delinquent tax bills.
 - * Revised tax bills based upon certifications from the State received after September 1 may be paid within thirty days without interest.
 - * Delinquent taxes on real property are collected by sale. Taxes on personal property are enforced by legal action. Corporations may lose charter for failure to pay taxes.
 - * Costs of tax sale, which vary, are added to tax bills. The last sale cost \$50 per parcel.
 - * Tax sale date: second Monday in June.
 - * Personal property tax rates are applied to 100 percent of the property assessment.
- (1) Rates classified as substantially county-wide represent those tax rates that are levied against all of the County's assessable base, except those incorporated cities and municipalities that provide their own such service.
 - (2) M-NCPPC County property tax rates are included in the County's direct rate since the County Council has the power to set, modify, or approve these tax rates for this joint venture organization.
 - (3) County direct rate includes: County tax rates that are levied County-wide, and County tax rates levied by M-NCPPC. For County special taxing district tax rates that are levied substantially County-wide, the direct rate includes a prorata portion of the tax rate that corresponds to the portion of the County's assessable base against which the rate is levied. Therefore, the total County direct rate presented above is not a mathematical sum of all the individual rates presented.

Table Reference Source: Montgomery County FY 2021 Table 9-a

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - COUNTY SPECIAL TAXING DISTRICTS
LAST TEN FISCAL YEARS

Fiscal Year	Parking Lot Districts (1)			Urban Districts			Noise Abatement Districts		Development Districts			
	Silver Spring	Bethesda	Wheaton	Montgomery Hills (3)	Silver Spring	Bethesda	Wheaton	Bradley	Cabin John	Kingsview Village	West Germantown	White Flint (2)
Real Property:												
2012	.3170	.1040	.2400	.2400	.0240	.0120	.0300	.0770	.0800	.0990	.1650	.1070
2013	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0100	.0990	.1730	.1120
2014	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0000	.1050	.1830	.1130
2015	.3170	.1240	.2400	.2400	.0240	.0120	.0300	.0000	.0000	.0810	.1820	.1120
2016	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0660	.1510	.1111
2017	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0410	.1530	.1150
2018	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0740	.1610	.1125
2019	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0750	.1560	.1105
2020	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0740	.1530	.1103
2021	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0400	.1540	.1103
Personal Property:												
2012	.7930	.2600	.6000	.6000	.0600	.0300	.0750	.1930	.2000	.0000	.0000	.0000
2013	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0250	.0000	.0000	.0000
2014	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2015	.7930	.3100	.6000	.6000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2016	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2017	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2018	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2019	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2020	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000
2021	.0000	.0000	.0000	.0000	.0600	.0300	.0750	.0000	.0000	.0000	.0000	.0000

NOTES:

- * Tax rates are per \$100 of assessed value.
- * Personal property tax rates are applied to 100 percent of the property assessment.
- * The County special taxing district rates above represent taxes that are levied against mutually exclusive specific geographic portions of the County's assessable base. Such rates are not included in the County direct rate on Table 9-a, as they are not reflective of what all County taxpayers would pay.

- (1) Parking Lot Districts also carry a tax rate of one-half the amount shown which applies to property zoned commercial but not used as such.
- (2) White Flint Special Taxing District was established in November 2010 and levy year 2011, (FY 2012), was the first year that the property tax on commercial properties went into effect.
- (3) Montgomery Hills Parking Lot District was merged with the Silver Spring Parking Lot District effective July 1, 2017.

Table Reference Source: Montgomery County FY 2021 Table 9-b

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES
OVERLAPPING GOVERNMENTS - CITIES AND TOWNS
LAST TEN FISCAL YEARS

Fiscal Year	Cities			Towns				
	Gaithersburg	Rockville	Takoma Park	Barnesville	Brookeville	Chevy Chase	Garrett Park	Glen Echo
Real Property:								
2012	.2620	.2920	.5800	.0514	.1500	.0105	.2100	.1300
2013	.2620	.2920	.5800	.0514	.1500	.0104	.2100	.1340
2014	.2620	.2920	.5700	.0514	.1500	.0000	.2100	.1400
2015	.2620	.2920	.5700	.0514	.1500	.0000	.2100	.1400
2016	.2620	.2920	.5850	.0514	.2000	.0000	.2100	.1400
2017	.2620	.2920	.5675	.0514	.2000	.0100	.2100	.1400
2018	.2620	.2920	.5348	.0514	.1500	.0100	.2100	.1400
2019	.2620	.2920	.5291	.0514	.1500	.0100	.2000	.1500
2020	.2620	.2920	.5397	.0514	.1500	.0990	.2045	.1500
2021	.2620	.2920	.5397	.0514	.1500	.0098	.2045	.1500
Personal Property:								
2012	.5300	.8050	1.4500	.2000	.4500	.1000	1.0000	.8000
2013	.5300	.8050	1.5500	.2000	.4500	.1000	1.0000	.8000
2014	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000
2015	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000
2016	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000
2017	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000
2018	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000
2019	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000
2020	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000
2021	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000

Fiscal Year	Towns				
	Kensington	Laytonsville	Poolesville	Somerset	Washington Grove
Real Property:					
2012	.1360	.1100	.1594	.0800	.2210
2013	.1360	.1100	.1590	.0800	.3170
2014	.1360	.1000	.1672	.0800	.3000
2015	.1360	.0900	.1672	.0800	.3000
2016	.1360	.0900	.1700	.0800	.2860
2017	.1360	.0900	.1756	.1000	.2700
2018	.1360	.0900	.1756	.1000	.2550
2019	.1360	.0900	.1756	.1000	.2620
2020	.1312	.0900	.1800	.1000	.2603
2021	.1312	.0900	.1781	.1000	.2587
Personal Property:					
2012	.5500	.3000	.6000	1.0000	.6000
2013	.5500	.3000	.6000	1.0000	.6000
2014	.5700	.3000	.6000	1.0000	.7000
2015	.6200	.3000	.6000	1.0000	.7000
2016	.6500	.3000	.6000	1.0000	.7000
2017	.7000	.3000	.6000	1.0000	.7000
2018	.7000	.3000	.6000	1.0000	.7000
2019	.7500	.3000	.6000	1.0000	.7000
2020	.8000	.3000	.6000	1.0000	.7000
2021	.8000	.3000	.6000	1.0000	.7000

NOTES:

* Tax rates are per \$100 of assessed value.

* Personal property tax rates are applied to 100 percent of the property assessment.

* Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.

Table Reference Source: Montgomery County FY2021 Table 9-c

MONTGOMERY COUNTY, MARYLAND
REVENUE CAPACITY
REAL AND PERSONAL PROPERTY TAX RATES - OVERLAPPING GOVERNMENTS - VILLAGES
LAST TEN FISCAL YEARS

Fiscal Year	Villages									
	Battery Park	Chevy Chase Section 3	Chevy Chase Section 5	Chevy Chase View	Chevy Chase Village	Drummond	Friendship Heights	Martin's Additions to Chevy Chase	North Chevy Chase	Oakmont
Real Property:										
2012	.0500	.0200	.0000	.0220	.1005	.0480	.0400	.0460	.0520	.0400
2013	.0500	.0200	.0000	.0220	.1005	.0480	.0400	.0470	.0520	.0400
2014	.0500	.0200	.0000	.0220	.1002	.0480	.0400	.0470	.0520	.0400
2015	.0500	.0200	.0000	.0220	.0850	.0480	.0400	.0472	.0520	.0400
2016	.0500	.0200	.0000	.0220	.0828	.0480	.0400	.0472	.0520	.0400
2017	.0400	.0200	.0000	.0220	.0807	.0480	.0400	.0472	.0520	.0400
2018	.0400	.0200	.0000	.0200	.0819	.0480	.0400	.0472	.0450	.0400
2019	.0400	.0200	.0000	.0200	.0813	.0480	.0400	.0050	.0450	.0400
2020	.0400	.0200	.0000	.0200	.0804	.0480	.0400	.0050	.0450	.0400
2021	.0400	.0200	.0000	.0200	.0787	.0480	.0400	.0050	.0450	.0400
Personal Property:										
2012	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2013	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2014	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2015	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2016	.1250	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2017	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2018	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2019	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2020	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000
2021	.1000	.0500	.0000	.0000	.6600	.1200	.0400	.5000	.1300	.1000

NOTES:

- * Tax rates are per \$100 of assessed value.
- * Personal property tax rates are applied to 100 percent of the property assessment.
- * Taxes collected by the County for other fiscal units, including overlapping governments, are remitted based on actual collections.

Table Reference Source: Montgomery County FY 2021 Table 9-d

MONTGOMERY COUNTY, MARYLAND
TEN HIGHEST COMMERCIAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO

For the Fiscal Year Ended June 30, 2021

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 1,139,436,824	\$ 40,385,234	\$ 1,099,051,590	0.56 %
JBG Smith	679,754,685	672,037,435	7,717,250	0.33
Federal Realty Investments Trust	642,598,160	638,646,200	3,951,960	0.32
Montgomery Mall LLC	593,090,243	590,938,633	2,151,610	0.29
CP 7272 Wisconsin Ave LLC	541,911,067	541,911,067	-	0.27
GI Partners	539,170,000	539,170,000	-	0.27
ARE- Maryland	531,408,090	531,388,600	19,490	0.26
Verizon Inc.	455,749,520	36,280,900	419,468,620	0.22
Wash Metro Area Transit Auth	420,897,000	420,897,000	-	0.21
Medimmune, LLC	378,735,570	365,574,600	13,160,970	0.19
Total	\$ 5,922,751,159	\$ 4,377,229,669	\$ 1,545,521,490	2.92 %
Total Assessable Base	\$ 203,030,054,909			100.00 %

For the Fiscal Year Ended June 30, 2012

	Assessable Base			Ratio: Taxpayer Base to Total Assessable Base
	Total	Real Property	Personal Property	
Potomac Electric Power Co.	\$ 751,658,563	\$ 24,481,033	\$ 727,177,530	0.45 %
Verizon Maryland Inc	572,981,617	38,155,367	534,826,250	0.35
Montgomery Mall LLC	293,001,260	292,319,100	682,160	0.18
Washington Gas Light Co.	263,742,870	-	263,742,870	0.16
Medimmune Inc	223,005,690	202,991,600	20,014,090	0.13
Chevy Chase Land Co	207,018,567	207,018,567	-	0.12
Camalier, Anne D et al, Trustee	205,657,500	205,657,500	-	0.12
7501 Wisconsin Avenue LLC	200,032,490	200,000,000	32,490	0.12
Federal Realty Investment Trust	196,688,020	194,431,300	2,256,720	0.12
Wheaton Plaza Reg Shopping Center	175,771,910	175,141,900	630,010	0.11
Total	\$ 3,089,558,487	\$ 1,540,196,367	\$ 1,549,362,120	1.86 %
Total Assessable Base	\$ 165,916,095,469			100.00 %

Table Reference Source: Montgomery County FY 2021 Table 10

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding (1)			Total	Percentage of Estimated Actual Taxable Value of Property (2)	Per Capita (3)
	General Obligation Bonds	Variable Rate Demand Obligations	Taxable BABs General Obligations			
2012	1,658,970,000	100,000,000	338,320,000	2,097,290,000	1.18	2,085
2013	1,930,155,391	100,000,000	339,827,520	2,369,982,911	1.34	2,333
2014	2,085,028,317	100,000,000	339,671,879	2,524,700,196	1.43	2,462
2015	2,465,315,677	100,000,000	339,516,238	2,904,831,915	1.68	2,809
2016	2,582,259,186	100,000,000	323,901,913	3,006,161,099	1.62	2,868
2017	2,722,235,195	90,000,000	308,297,064	3,120,532,259	1.60	2,977
2018	2,919,530,233	170,000,000	292,692,211	3,382,222,444	1.69	3,213
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.73	3,261
2020	3,108,554,670	170,000,000	106,386,112	3,384,940,782	1.62	3,161
2021	3,311,757,397	170,000,000	-	3,481,757,397	1.62	3,256

NOTES:

- (1) General Bonded Debt includes all general obligation debt, variable rate demand obligation, regardless of purpose or repayment source, and other bonded debt financed with general government resources. Governmental lease revenue bonds and business-type revenue bonds are excluded because they are repayable from specific resources other than general governmental resources. Other debt is excluded because it is not in the form of bonds.
- (2) See Montgomery County FY 2021 Table 8 for estimated actual value of taxable property data.
- (3) See Montgomery County FY 2021 Table 23 for population data used in calculating the Per Capita.

Table Reference Source: Montgomery County FY 2021 Table 18.

**MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS**

	2012	2013	2014	2015	2016
Assessed Value					
Real property (1,3)	\$ 162,197,149,758	\$ 158,272,830,848	\$ 159,891,865,334	\$ 163,656,758,206	\$ 170,176,446,052
Personal property (2)	3,718,945,710	3,604,478,750	3,709,327,508	3,655,133,210	3,884,349,017
Total Assessed Value	<u>\$ 165,916,095,468</u>	<u>\$ 161,877,309,598</u>	<u>\$ 163,601,192,842</u>	<u>\$ 167,311,891,416</u>	<u>\$ 174,060,795,069</u>
Legal Debt Margin					
Debt Limit - Percentage of Assessable Base:					
For real property at 6%	\$ 9,731,828,985	\$ 9,496,369,851	\$ 9,593,511,920	\$ 9,819,405,492	\$ 10,210,586,763
For personal property at 15%	557,841,857	540,671,813	556,399,126	548,269,982	582,652,353
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>10,289,670,842</u>	<u>10,037,041,664</u>	<u>10,149,911,046</u>	<u>10,367,675,474</u>	<u>10,793,239,116</u>
Debt Applicable to Limit:					
General obligation bonds	1,658,970,000	1,930,155,391	2,085,028,317	2,465,315,677	2,582,259,186
Variable Rate Demand Obligation	100,000,000	100,000,000	100,000,000	100,000,000	100,000,000
Taxable BABs General Obligation	338,320,000	339,827,520	339,671,879	339,516,238	323,901,913
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>2,597,290,000</u>	<u>2,869,982,911</u>	<u>3,024,700,196</u>	<u>3,404,831,915</u>	<u>3,506,161,099</u>
Legal Debt Margin	<u>\$ 7,692,380,842</u>	<u>\$ 7,167,058,753</u>	<u>\$ 7,125,210,850</u>	<u>\$ 6,962,843,559</u>	<u>\$ 7,287,078,017</u>
Legal Debt Margin as a Percentage of Debt Limit	75%	71%	70%	67%	68%

	2017	2018	2019	2020	2021
Assessed Value					
Real property (1,3)	\$ 177,495,353,018	\$ 183,993,870,661	\$ 189,051,019,043	\$ 193,487,138,719	\$ 198,347,861,932
Personal property (2)	4,051,372,468	4,188,565,266	4,055,452,758	4,100,966,956	4,682,192,977
Total Assessed Value	<u>\$ 181,546,725,486</u>	<u>\$ 188,182,435,927</u>	<u>\$ 193,106,471,801</u>	<u>\$ 197,588,105,675</u>	<u>\$ 203,030,054,909</u>
Legal Debt Margin					
Debt Limit - Percentage of Assessable Base:					
For real property at 6%	\$ 10,649,721,181	\$ 11,039,632,240	\$ 11,343,061,143	\$ 11,609,228,323	\$ 11,900,871,716
For personal property at 15%	607,705,870	628,284,790	608,317,914	615,145,043	702,328,947
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>11,257,427,051</u>	<u>11,667,917,030</u>	<u>11,951,379,057</u>	<u>12,224,373,366</u>	<u>12,603,200,663</u>
Debt Applicable to Limit:					
General obligation bonds	2,722,235,195	2,919,530,233	3,015,532,116	3,108,554,670	3,311,757,397
Variable Rate Demand Obligation	90,000,000	170,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs General Obligation	308,297,064	292,692,211	277,106,496	106,386,112	-
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	470,000,000
Total Debt Applicable to Limit	<u>3,620,532,259</u>	<u>3,882,222,444</u>	<u>3,962,638,612</u>	<u>3,884,940,782</u>	<u>3,951,757,397</u>
Legal Debt Margin	<u>\$ 7,636,894,792</u>	<u>\$ 7,785,694,586</u>	<u>\$ 7,988,740,445</u>	<u>\$ 8,339,432,584</u>	<u>\$ 8,651,443,266</u>
Legal Debt Margin as a Percentage of Debt Limit	68%	67%	67%	68%	69%

NOTES:

- (1) See (1) on Montgomery County FY 2021 CAFR Table 8.
- (2) See (2) on Montgomery County FY 2021 CAFR Table 8.
- (3) As a Charter County, the legal debt limit is provided by Article 25A, Section 5(P(i)), of the Annotated Code of Maryland. The legal debt margin is a total of 6 percent of the assessable base (presented at 100 percent) of real property of the County and 15 percent of the County's assessable base of personal property and operating real property.

Table Reference Source: Montgomery County FY 2021 Table 20

MONTGOMERY COUNTY, MARYLAND
DEBT CAPACITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)
AS OF JUNE 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages: (2, 3)			
Garrett Park - bonds	\$ 59,900	100.00 %	\$ 59,900
Poolesville - bonds	1,743,546	100.00	1,743,546
Rockville - bonds	26,599,225	100.00	26,599,225
Somerset - bonds	1,155,000	100.00	1,155,000
Takoma Park:			
Bonds	8,610,500	100.00	8,610,500
Certificates or notes	150,000	100.00	150,000
Component Units (2):			
MCPS - capital leases	61,462,834	100.00	61,462,834
MC - capital leases	76,894,739	100.00	76,894,739
Joint Venture - M-NCPPC (4):			
Park acquisition and development bonds	159,725,127	39.66	63,347,170
Advance land acquisition bonds	490,000	100.00	490,000
Development Districts (2):			
Kingsview Village Center - bonds	106,363	100.00	106,363
West Germantown - bonds	7,720,000	100.00	<u>7,720,000</u>
Total Overlapping Debt			248,339,277
Montgomery County direct debt (5)			<u>4,368,682,858</u>
Total Direct and Overlapping Debt			<u>\$ 4,617,022,135</u>

NOTES:

- (1) Direct debt relating to the governmental activities of the County includes general obligation bonds, variable rate demand obligations, bond anticipation notes, notes payable, lease revenue bonds, and capital leases. Overlapping debt is the debt of other governmental entities in the County that is payable in whole or in part by taxpayers of the County. It includes general obligation bonds, revenue bonds, mortgages payable, notes payable, commercial paper, bond anticipation notes, certificates of participation, capital leases, and bank loans.
- (2) Entities are wholly within Montgomery County.
- (3) Unaudited information provided by entities.
- (4) Overlapping debt percentage is based on the debt relating to the County.
- (5) Source: total of governmental activities debt on Montgomery County Table 17.
- (6) The Board has no authority to issue bonds.

Table Reference Source: Montgomery County FY 2021 Table 19

**MONTGOMERY COUNTY, MARYLAND
STATEMENT OF LONG-TERM INDEBTEDNESS (PUBLIC SCHOOLS)
YEAR ENDED JUNE 30, 2021***

<u>Description of Bonds and Purpose of Issue</u>	<u>Interest Rate</u>	<u>Date of</u>		<u>Amount of General Tax Bonds</u>	
		<u>Bond Issue</u>	<u>Maturity</u>	<u>Issued</u>	<u>Outstanding June 30, 2021</u>
General bonded indebtedness:					
Consolidated Public Improvement-General Obligation Refunding Bonds	2.00 - 5.00	11/17/2009	2011-2020	\$ 78,095,307	\$ -
Consolidated Public Improvement-General Obligation Bonds BAB's	3.75 - 5.50	11/17/2009	2015-2029	130,000,000	-
Consolidated Public Improvement-General Obligation Bonds	2.00 - 5.00	7/26/2010	2011-2022	80,500,000	-
Consolidated Public Improvement-General Obligation Bonds BAB's	4.75 - 5.40	7/26/2010	2023-2030	18,600,000	-
Consolidated Public Improvement-General Obligation Bonds	2.00 - 5.00	8/11/2011	2012-2031	118,500,000	-
Consolidated Public Improvement-General Obligation Refunding Bonds	2.00 - 5.00	8/11/2011	2012-2022	106,469,440	28,949,760
Consolidated Public Improvement-General Obligation Bonds	2.50 - 5.00	10/24/2012	2013-2032	150,000,000	-
Consolidated Public Improvement-General Obligation Bonds	3.00 - 5.00	11/26/2013	2014-2034	83,300,000	12,495,000
Consolidated Public Improvement-General Obligation Refunding Bonds	5.00	11/26/2013	2023-2024	8,794,995	8,794,995
Consolidated Public Improvement-General Obligation Bonds	4.00 - 5.00	11/19/2014	2015-2035	200,575,000	40,115,000
Consolidated Public Improvement-General Obligation Refunding Bonds	5.00	11/19/2014	2016-2028	146,015,100	126,652,750
Consolidated Public Improvement-General Obligation Refunding Bonds	5.00	3/26/2015	2018-2021	30,371,880	3,996,300
Consolidated Public Improvement-General Obligation Bonds	3.00 - 5.00	11/18/2015	2016-2035	95,789,000	71,841,750
Consolidated Public Improvement-General Obligation Bonds	3.00 - 5.00	12/13/2016	2017-2036	95,092,945	76,074,356
General Obligation Bonds Series A	5.00	11/15/2017	2018-2027	49,938,000	34,956,600
General Obligation Refunding Bonds Series B	5.00	11/15/2017	2018-2026	50,092,800	29,174,400
General Obligation Refunding Bonds Series C	3.00 - 5.00	11/15/2017	2019-2031	123,978,200	114,731,120
General Obligation Refunding Bonds Series D**	3.00 - 4.00	11/15/2017	2020-2029	80,593,702	72,519,203
Consolidated Public Improvement Series E	Variable	12/19/2017	2028-2037	49,938,000	49,938,000
General Obligation Bonds Series A	3.50 - 5.00	11/8/2018	2019-2038	117,878,586	106,090,728
General Obligation Bonds Series A	3.50 - 5.00	11/7/2019	2020-2039	114,865,903	109,122,608
General Obligation Bonds Series A	1.750-4.000	8/5/2020	2021-2040	131,892,200	131,892,200
General Obligation Bonds Series B	4.0	8/5/2020	2023-2032	45,141,571	45,141,571
General Obligation Bonds Series C	0.500-1.850	8/5/2020	2023-2034	132,419,653	132,419,653
Total				\$ 2,238,842,282	\$ 1,194,905,994

NOTES:

* These general obligation bonds issued for public purposes are liabilities of, and the debt service is paid by Montgomery County

** Refunding Bonds 2017 Series D interest is paid by refunding proceeds with escrow agent. No cash outflow from the County.

Source: Montgomery County, Maryland Debt Service Program, Direct Debt, Issues Through June 30, 2021

MONTGOMERY COUNTY, MARYLAND
DEMOGRAPHIC STATISTICS
LAST TEN YEARS

Calendar Year	Population (1)	Personal Income (\$ thousands) (2)	Per Capita Income (3)	Civilian Labor Force (4)	Resident Employment (5)	Unemployment Rate (6)	Average Registered Number of Pupils as of September (7)
2012	1,005,079	77,350,599	76,960	540,810	513,193	5.1	146,497
2013	1,015,172	74,736,876	73,620	543,134	516,469	4.9	148,779
2014	1,024,617	76,751,191	74,907	544,271	520,698	4.3	151,298
2015	1,032,814	82,460,250	79,840	547,229	526,310	3.8	153,852
2016	1,038,846	87,319,432	84,054	544,649	526,510	3.3	156,447
2017	1,046,822	90,014,129	85,988	554,112	536,053	3.3	159,010
2018	1,048,478	91,903,198	87,654	556,234	539,139	3.1	161,545
2019	1,050,688	94,708,400	90,139	565,463	549,296	2.9	162,680
2020	1,062,061	98,000,000	92,273	548,398	513,663	6.3	165,267
2021	1,069,320	95,200,000	89,029	537,620	506,133	5.9	160,564

NOTES:

- (1) Source: Data for 2011-2019 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2020 and 2021 are estimated by the Montgomery County Department of Finance. Data for 2011-2019 was published by BEA.
- (2) Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Personal income includes money income from wages and salaries; transfer payments such as social security and public assistance; income from rent, interest and dividends. Data for 2012-2019 was published by BEA. Data for 2020 through 2021 are estimates derived by the Montgomery County Department of Finance.
- (3) Per capita income is derived by dividing personal income by population.
- (4) Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor. Civilian labor force data include all persons in the civilian noninstitutional population classified as either employed or unemployed and counted by place of residence and are published by BLS for 2012 - 2020. Data for 2021 is estimated by Montgomery County Department of Finance based on the monthly average of the first six months of CY 2021.
- (5) Source: Bureau of Labor Statistics (BLS), U.S. Department of Labor. Resident employment includes all persons who during the survey week (a) did any work as paid employees, worked in their own business or profession or on their own farm, or worked 15 hours or more as unpaid workers in an enterprise operated by a member of their family, or (b) were not working but who had jobs from which they were temporarily absent because of vacation, illness, bad weather, etc. Each employed person is counted only once, even if they hold more than one job and is counted by place of residence and not by place of employment. Data for 2012-2020 was published by BLS. Data for 2021 is estimated by Montgomery County Department of Finance based on the monthly average of the first six months of CY 2021.
- (6) The unemployment rates for 2012 through 2020 were published by the Bureau of Labor Statistics (BLS), U.S. Department of Labor. Unemployment rate for 2021 is estimated by Montgomery County Department of Finance based on the estimate of the civilian labor force and the estimate of resident employment.
- (7) Source: Indicators provided by the Montgomery County Public Schools, a component unit organization.

Table Reference Source: Montgomery County FY 2021 Table 23

MONTGOMERY COUNTY, MARYLAND
 DEMOGRAPHIC STATISTICS
 PRINCIPAL EMPLOYERS
 CURRENT FISCAL YEAR AND NINE YEARS AGO

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Rank	Employees (1)	Percentage of Total County Employment (2,3)	Rank	Employees (1)	Percentage of Total County Employment (2,3)
U.S. Department of Health and Human Services	1	25,000 - 30,000	6.24 %	1	>30,000	5.85 %
Montgomery County Public Schools	2	25,000 - 30,000	5.11	2	20,000 - 25,000	4.79
Montgomery County Government	3	10,000-15,000	2.84	4	5,000 - 10,000	1.60
U.S. Department of Defense	4	5,000-10,000	1.70	3	10,000 - 15,000	2.66
Adventist Healthcare	5	5,000-10,000	1.70	6	5,000 - 10,000	1.60
Holy Cross Hospital of Silver Spring	6	2,500-5,000	0.85	*	-	-
Marriott International Admin Srvs, Inc.	7	2,500-5,000	0.85	7	5,000 - 10,000	1.60
Montgomery Community College	8	2,500-5,000	0.85	10	2,500 - 5,000	0.80
Government Employees Insurance Co.	9	2,500-5,000	0.85	*	-	-
U.S. Department of Commerce	10	2,500-5,000	0.85	5	5,000 - 10,000	1.60
Lockheed Martin Corporation		*	-	8	2,500 - 5,000	1.60
Verizon		*	-	9	2,500 - 5,000	0.80
Total			21.84 %			22.90 %

NOTES:

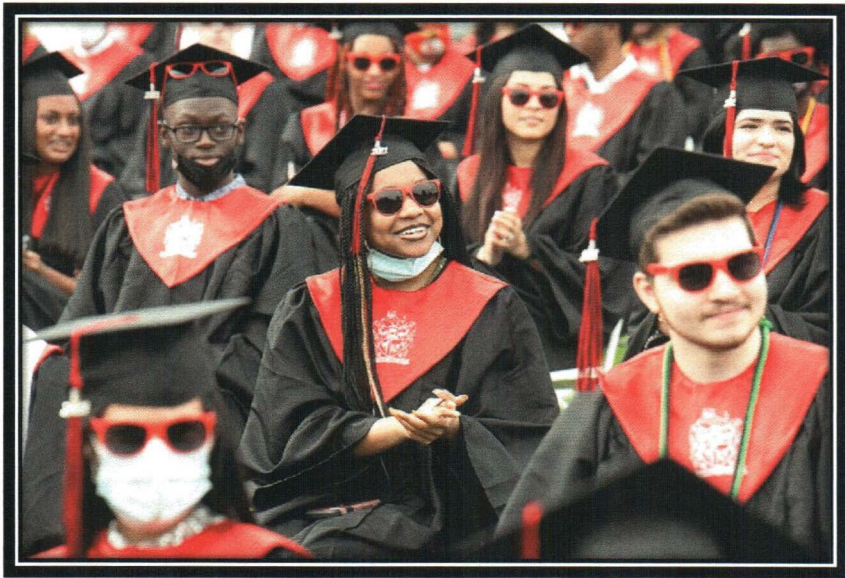
* Employer is not one of the ten largest employers during the year noted.

Source: Department of Labor, Licensing and Regulation

Analysis and Information-Major Employer List- 4th quarter CY 2020 and CY 2012

- (1) Information such as the actual number of employees is not available for disclosure.
- (2) Percentages are based on the midpoint of the employment range and average total Montgomery County employment of FY 2021 and FY 2012 according to Bureau of Labor Statistics, U.S. Department of Labor. Employee counts for federal and military facilities exclude contractors to the extent possible.
- (3) Total average payroll employment in FY 2021 was 440,368 and in FY 2012 was 469,700.

Table Reference Source: Montgomery County FY 2021 Table 22



Quince Orchard High School graduates, 2021

BOARD OF EDUCATION OF MONTGOMERY COUNTY
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS

	Fiscal Year				
	2012	2013	2014	2015	2016
Governmental Activities:					
Instruction:					
Total enrollment ⁽¹⁾	146,497	148,779	151,289	153,852	156,447
Regular students ⁽¹⁾	144,571	146,930	149,390	152,092	154,288
ESOL students ⁽²⁾	18,650	19,200	22,088	23,386	26,127
Special education classroom students ⁽²⁾	9,533	11,614	16,339	16,462	17,053
Cost per pupil (accrual basis) ⁽⁵⁾	\$ 16,476	\$ 16,511	\$ 17,240	\$ 16,919	\$ 16,833
Number of teaching stations ⁽³⁾	7,492	7,313	7,584	7,595	8,307
Average Teacher Salary ⁽⁶⁾	\$ 72,356	\$ 75,463	\$ 75,452	\$ 76,029	\$ 75,717
Student/Teacher ratio - Regular Instruction ⁽⁴⁾	14:1	14:1	14:1	14:1	14:1
Average SAT score ^{(1) *}	1,651	1,648	1,650	1,629	1,631
Seniors taking SAT ⁽¹⁾	71 %	69 %	69 %	68 %	65 %
Average ACT score	23	23	24	24	25
Seniors taking ACT	30.0 %	29.3 %	29.6 %	34 %	35.6 %
Building capacity used ^{(3) #}	99.5 %	102 %	99 %	101 %	101 %
Support services:					
Student transportation:					
Number of buses ⁽¹⁾	1,264	1,264	1,270	1,273	1,287
Students transported ⁽¹⁾	100,158	99,300	101,949	101,949	104,000
Operation of plant:					
School buildings ⁽¹⁾	200	202	202	203	204
Square footage ⁽³⁾	24.2 million	24.6 million	24.9 million	24.9 million	23.9 million
Number of rooms ⁽³⁾	7,898	7,950	8,157	8,169	8,184
Maintenance of plant:					
Work orders completed	61,529	60,305	59,862	63,980	67,083
Average building age (years) ^{(3) +}	22	22	23	22	24
Administration:					
Payments issued	65,035	64,880	64,506	61,911	57,476
Purchased orders issued	33,436	33,663	48,375	37,763	37,929
Business-Type Activities:					
Food Service:					
Meals served ⁽⁷⁾	14.6 million	14.6 million	15.1 million	17.2 million	17.6 million
Free and Reduced meals ⁽⁷⁾	9.6 million	9.9 million	10.3 million	11.9 million	12 million
Real Estate Management:					
Square footage under lease	169,432	169,768	185,375	179,686	207,177
Average annual rental months	11.31	11.28	11.06	11.7	11.1
Field Trip:					
Number of trips run	11,632	11,490	11,509	11,187	12,264
Trip miles	440,462	433,456	421,296	436,954	478,034
Entrepreneurial activities:					
Science kits sold	4,748	3,546	1,854	2,293	3,570

NOTES:

NA - Data not readily available.

* SAT score is the average score for the previous year's graduating class.

Beginning with the Class of 2006, the SAT changed from a two-part exam totalling 1,600 to a three-part exam totalling 2,400.

Beginning with the Class of 2017, the SAT changed back to a two-part exam totalling 1,600 rather than a three-part exam totalling 2,400.

ACT is reported as a Mean Composite Score & tracking was added in 2010; students can take both the ACT and the SAT.

Capacity calculation for elementary schools/classroom is currently 23.

+ Average age of school buildings from time of opening to last renovation/modernization.

Overall field trips and field trip miles reduced due to no trips taking place after March 2019 due to the pandemic

All science kits in FY 2021 were developed for individual use and sold as individual kits.

Sources for 2021:

(1) The Superintendent's FY 2022 Operating Budget Summary

Total schools are 207 with breakdown: 135 elementary schools; 40 middle schools; 25 high schools; 1 Career & Technology HS (Edison); 5 Special Education Centers (Stephen Knolls, Longview, RICA, Rock Terrace and Carl Sandburg); 1 Alternative Education Center (Blair Ewing Center)

(2) 2020-2021 Schools at a Glance, FY 2022 Capital Budget

(3) FY 2021 Educational Facilities Master Plan and the FY 2019-2024 Capital Improvements Program

(4) Various Board departments where not otherwise noted

(5) Total governmental-activities expense from the Statement of Activities divided by total enrollment

(6) FY 2021 Fact Sheet prepared by Employee and Retiree Service Center

(7) Breakfast and Lunch were served until 3/13/20 due to COVID-19. Summer meals have been served after this period and are not included in these figures. All meals during FY 2021 were charged at no cost due to USDA waivers during the pandemic.

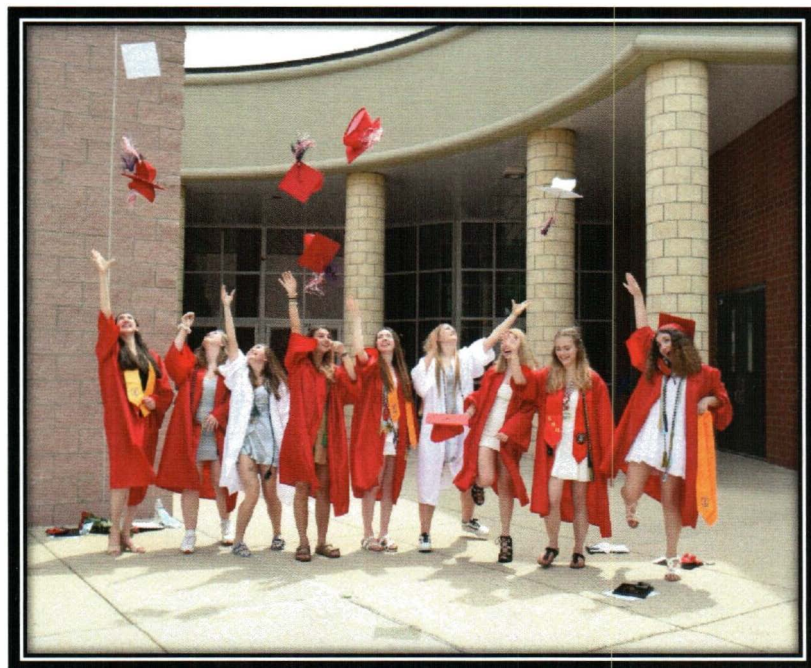
Fiscal Year				
2017	2018	2019	2020	2021
159,010	161,470	162,600	165,267	160,564
157,047	159,447	160,519	163,097	158,599
25,867	26,597	28,651	28,417	24,897
17,861	18,084	18,211	18,965	19,268
\$ 17,538	\$ 17,203	\$ 18,174	\$ 18,272	\$ 17,317
8,307	7,987	8,083	8,169	8,206
\$ 79,604	\$ 82,809	\$ 81,085	\$ 83,828	\$ 83,655
14:1	14:1	14:1	14:1	13:1
1,126	1,167 *	1,119 *	NA *	1,224
62 %	66 %	76 %	NA %	37.6 %
25	25	26	NA	28
39.6 %	34.4 %	30.7 %	NA %	12.6 %
101 %	101 %	101 %	96 %	96 %
1,290	1,323	1,378	1,378	1,379
101,225	102,067	104,555	103,973	44
204	205	207	207	207
23.7 million	24.3 million	24.4 million	24.9 million	25.1 million
8,320	8,540	8,640	8,721	8,758
67,740	69,918	73,466	65,703	58,900
25	25	26	26	26
56,441	54,787	53,609	45,667	29,850
36,153	34,543	32,411	24,918	18,700
17.7 million	17.4 million	16.9 million	11.9 million	7.4 million
11.7 million	11.3 million	10.9 million	7.5 million	0
173,797	192,500	187,912	201,894	211,831
11.6	11.6	11.7	11.7	11.6
13,266	13,295	13,885	11,767	478
503,020	522,322	549,635	394,882	18,226
2,334	2,056	3,654	1,710	39,028

BOARD OF EDUCATION OF MONTGOMERY COUNTY
EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	2012	2013	2014	2015
Governmental Activities:				
Instruction				
Regular instruction:				
Teachers	9,467	9,617	9,887	10,119
Other staff	1,208	1,211	1,205	1,085
Total Regular instruction	<u>10,675</u>	<u>10,828</u>	<u>11,092</u>	<u>11,204</u>
Special education:				
Teachers	2,114	2,141	2,201	2,241
Other staff	1,547	1,556	1,591	1,626
Total Special education	<u>3,661</u>	<u>3,697</u>	<u>3,792</u>	<u>3,867</u>
School administration	1,669	1,673	1,675	1,678
Student personnel services	109	107	108	112
Total Instruction	<u>16,114</u>	<u>16,305</u>	<u>16,667</u>	<u>16,861</u>
Support services:				
Student transportation	1,733	1,733	1,733	1,733
Operation of plant	1,430	1,431	1,442	1,594
Maintenance of plant	380	380	375	351
Administration	327	328	333	347
Total Support services	<u>3,870</u>	<u>3,872</u>	<u>3,883</u>	<u>4,025</u>
Special Revenue:				
Instructional TV	13	13	13	14
Business-Type Activities:				
Food Service	584	583	583	585
Real Estate Management	7	7	7	7
Field Trips	5	5	5	5
Entrepreneurial activities	<u>9</u>	<u>13</u>	<u>13</u>	<u>13</u>
Position Grand Total	<u>20,602</u>	<u>20,798</u>	<u>21,171</u>	<u>21,510</u>

Source:
The Superintendent's FY 2022 Operating Budget

Fiscal Year					
2016	2017	2018	2019	2020	2021
10,029	10,572	10,611	10,716	10,882	11,072
1,022	1,141	1,056	1,071	1,120	1,140
<u>11,051</u>	<u>11,713</u>	<u>11,667</u>	<u>11,787</u>	<u>12,002</u>	<u>12,212</u>
2,272	2,299	2,355	2,387	2,461	2,507
1,659	1,682	1,699	1,743	1,787	1,869
<u>3,931</u>	<u>3,981</u>	<u>4,054</u>	<u>4,130</u>	<u>4,248</u>	<u>4,376</u>
1,655	1,678	1,689	1,680	1,700	1,716
112	112	118	123	118	151
<u>16,749</u>	<u>17,484</u>	<u>17,528</u>	<u>17,720</u>	<u>18,068</u>	<u>18,455</u>
1,721	1,741	1,737	1,747	1,760	1,834
1,594	1,592	1,617	1,636	1,653	1,682
356	354	369	369	369	359
341	336	366	356	363	370
<u>4,012</u>	<u>4,023</u>	<u>4,089</u>	<u>4,108</u>	<u>4,145</u>	<u>4,245</u>
14	14	14	14	14	14
585	588	588	598	604	608
9	12	12	12	12	11
5	5	5	5	5	5
14	12	12	12	12	12
<u>21,388</u>	<u>22,138</u>	<u>22,248</u>	<u>22,469</u>	<u>22,860</u>	<u>23,350</u>



Montgomery Blair High School graduates, 2021

MCPS NONDISCRIMINATION STATEMENT

Montgomery County Public Schools (MCPS) prohibits illegal discrimination based on race, ethnicity, color, ancestry, national origin, nationality, religion, immigration status, sex, gender, gender identity, gender expression, sexual orientation, family structure/parental status, marital status, age, ability (cognitive, social/emotional, and physical), poverty and socioeconomic status, language, or other legally or constitutionally protected attributes or affiliations. Discrimination undermines our community’s long-standing efforts to create, foster, and promote equity, inclusion, and acceptance for all. Some examples of discrimination include acts of hate, violence, insensitivity, harassment, bullying, disrespect, or retaliation. The Board prohibits the use of language and/or the display of images and symbols that promote hate and can be reasonably expected to cause substantial disruption to school or district operations or activities. For more information, please review Montgomery County Board of Education Policy *ACA, Nondiscrimination, Equity, and Cultural Proficiency*. This Policy affirms the Board’s belief that each and every student matters, and in particular, that educational outcomes should never be predictable by any individual’s actual or perceived personal characteristics. The Policy also recognizes that equity requires proactive steps to identify and redress implicit biases, practices that have an unjustified disparate impact, and structural and institutional barriers that impede equality of educational or employment opportunities.

<p>For inquiries or complaints about discrimination against MCPS staff *</p> <p>Office of Human Resources and Development Department of Compliance and Investigations 850 Hungerford Drive, Room 55, Rockville, MD 20850 240-740-2888 DCI@mcpsmd.org</p>	<p>For inquiries or complaints about discrimination against MCPS students *</p> <p>Office of the Chief of Districtwide Services and Supports Student Welfare and Compliance 850 Hungerford Drive, Room 162, Rockville, MD 20850 240-740-3215 SWC@mcpsmd.org</p>
<p>For inquiries or complaints about sex discrimination under Title IX, including sexual harassment, against students or staff*</p> <p>Title IX Coordinator Office of the Chief of Districtwide Services and Supports Student Welfare and Compliance 850 Hungerford Drive, Room 162, Rockville, MD 20850 240-740-3215 TitleIX@mcpsmd.org</p>	

**Inquiries, complaints, or requests for accommodations for students with disabilities also may be directed to the supervisor of the Office of Special Education, Resolution and Compliance Unit, at 240-740-3230. Inquiries regarding accommodations or modifications for staff may be directed to the Office of Human Resources and Development, Department of Compliance and Investigations, at 240-740-2888. In addition, discrimination complaints may be filed with other agencies, such as: the U.S. Equal Employment Opportunity Commission, Baltimore Field Office, GH Fallon Federal Building, 31 Hopkins Plaza, Suite 1432, Baltimore, MD 21201, 1-800-669-4000, 1-800-669-6820 (TTY); or U.S. Department of Education, Office for Civil Rights, Lyndon Baines Johnson Dept. of Education Bldg., 400 Maryland Avenue, SW, Washington, DC 20202-1100, 1-800-421-3481, 1-800-877-8339 (TDD), OCR@ed.gov, or www2.ed.gov/about/offices/list/ocr/complaintintro.html.*

This document is available, upon request, in languages other than English and in an alternate format under the *Americans with Disabilities Act*, by contacting the MCPS Office of Communications at 240-740-2837, 1-800-735-2258 (Maryland Relay), or PIO@mcpsmd.org. Individuals who need sign language interpretation or cued speech transliteration may contact the MCPS Office of Interpreting Services at 240-740-1800, 301-637-2958 (VP) or MCPSInterpretingServices@mcpsmd.org. MCPS also provides equal access to the Boy/Girl Scouts and other designated youth groups.



Maryland's Largest School District

MONTGOMERY COUNTY PUBLIC SCHOOLS

Published by the Department of Materials Management
for the Division of Financial Services
0243.22 • Editorial, Graphics & Publishing Services • 10/21 • 140
Copyright © 2021 Montgomery County Public Schools, Rockville, Maryland

