



Annual Comprehensive  
FY 2022  
**Financial Report**

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Board of Education of Montgomery County  
A Component Unit of Montgomery County, Maryland**

ROCKVILLE, MARYLAND

**Monifa B. McKnight, Ed.D.**  
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.



Maryland's Largest School District

## **MONTGOMERY COUNTY PUBLIC SCHOOLS**

*Expanding Opportunity and Unleashing Potential*

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

# Annual Comprehensive Financial Report

For the fiscal year ended June 30, 2022

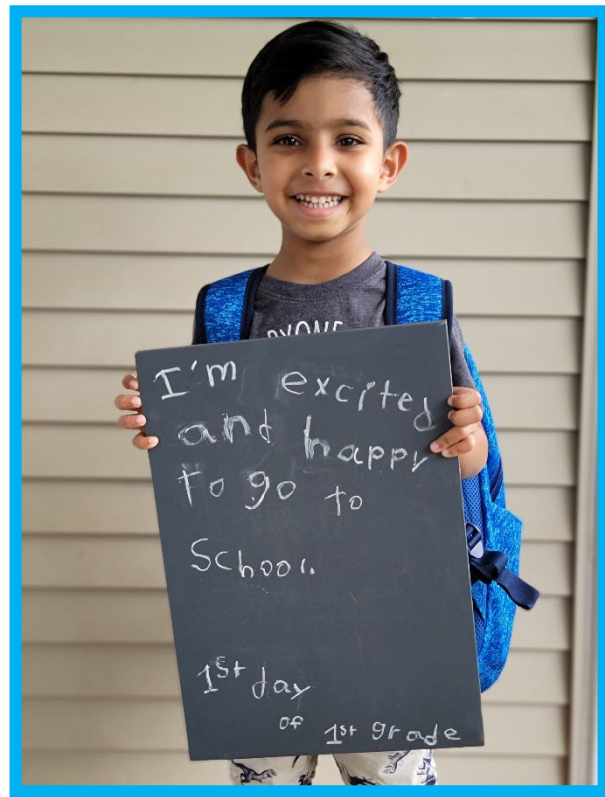
PREPARED BY:

Montgomery County Public Schools  
*Office of Finance*

Robert Reilly, CPA  
*Associate Superintendent of Finance*

Dan Kelley, CPA  
*Director*

Cover Photographs:  
*A. Mario Loiderman Middle School*



First Day of First Grade

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2022

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# INTRODUCTORY SECTION

Board of Education of Montgomery County  
June 30, 2022



Niko's First Day of Second Grade  
School: Rock Creek Forest Elementary School



# MONTGOMERY COUNTY PUBLIC SCHOOLS

*Expanding Opportunity and Unleashing Potential*

OFFICE OF THE SUPERINTENDENT OF SCHOOLS

October 25, 2022

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 United States 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 Montgomery County Board of Education (Board) for the fiscal year ended June 30, 2022.

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's 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 immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. Management's Discussion and Analysis 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 Grade 12 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 also are received from state and federal sources for general school aid and specific purpose grants.

The Board has no power to levy and collect taxes, as is the case for all of the LEAs in Maryland. Each year the Board, with the involvement of the superintendent, 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 now is 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. As Fiscal Year (FY) 2023 is an odd-numbered year, all CIP projects will be 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 also will 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. (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 2023 Operating Budget for Montgomery County on March 15, 2022. This budget included revenue estimates based on information available

in January and early February 2022. The FY 2023 operating budget approved by the Montgomery County Council included revenue estimates from the March 2022 budget recommendation by the county executive.

According to the FY 2022 Business Advisory Panel Report to the Montgomery County Council, the pandemic significantly impacted the regional economy during the past two years and the region has not completely recovered. The region lost 370,900 jobs and as of December 2021 only had recovered approximately 90 percent of that loss. Compared with the ten largest Metropolitan Statistical Areas, the District of Columbia region lost among the lowest number of jobs and has performed middling in terms of job recovery.

While unemployment is down (3.3 percent compared with the national average of 3.7 percent) at the time of the spring report, metrics reflecting economic vitality remain down and office vacancy is higher than it was pre-pandemic in all areas of the region. Home values and sales both increased markedly during the pandemic due to high demand and low inventories. While the region needs 32,000 new housing units per year, it only is producing 22,000 units annually indicating that home affordability will continue to worsen. There are indications that the demand for office space will remain depressed following the pandemic as significant leased office square footage is scheduled for lease expiration from 2022 through 2025. The report finds that many employees prefer some degree of telework and the region's workforce has one of the highest capacities for telework, which could affect the willingness of firms to renew leases.

Overall, the report expressed cautious optimism regarding Montgomery County's economy. The three major issues discussed are the challenge presented by the lack of entry-level housing, the need for more support for minority-owned businesses, and the need to support start-up life science/biotech firms.

Based on data from the Maryland Department of Labor, Licensing, and Regulation and the federal Bureau of Labor Statistics, resident employment in Calendar Year (CY) 2021 decreased by 1,270 from CY 2020 (a decrease of 0.25 percent). This follows a decline of 35,600 between CY 2019 and CY 2020 (decrease of 6.8 percent).

Construction of new residential units decreased by 3.2 percent in CY 2021 following a decrease of 24.5 percent from CY 2019 to CY 2020. Demand for existing homes remains strong with total sales increasing by 16.1 percent in CY 2021, following a 6.1 percent increase in CY 2020. The median sales price for existing homes increased by 9.9 percent in CY 2021, following a 7.1 percent increase in CY 2020.

In conclusion, the economic indicators, employment and construction, confirm that Montgomery County's economy weakened due to the pandemic in CY 2021. The 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 the pandemic in CY 2021.

## **Economic Outlook**

Montgomery County's Department of Finance (the department) forecasts that the economic recovery from the pandemic has accelerated beyond initial expectations with broad strength in wage and salary income, business income, capital gains, and housing values leading to higher than expected tax revenue growth. The FY 2023 outlook anticipates continuation of the strong growth in income taxes and real estate-based taxes, building on strength experienced in FY 2022. The forecast reflects the facts and economic assumptions at the time that revenue estimates were developed and published in early 2022. Despite projecting continued growth, the estimated growth rate from FY 2022 to FY 2023 of Montgomery County's income tax revenue (a key driver of overall revenue growth) is less than the State of Maryland's income tax rate of growth projected by the Bureau of Revenue Estimates, while simultaneously accounting for Montgomery County's unique strengths.

The department assumes that payroll employment will increase from CY 2020 to CY 2024 at an average annual rate of 1.9 percent. This exceeds the average annual growth rate of 0.7 percent for the previous five years. The department assumes payroll employment will exceed the pre-pandemic level by CY 2024. Resident employment is estimated to increase by an average annual rate of 1.1 percent from CY 2020 to CY 2024. This rate is similar to the rate in several years prior to the pandemic. Similarly, the department assumes that total personal income in the county will increase by an average annual rate of 5.7 percent from CY 2021 to CY 2024 compared with an average annual growth rate of 1.9 percent from CY 2016 to CY 2020. Wage and salary income are projected to increase at an average annual rate of 6.7 percent from CY 2021 to CY 2024 compared with a rate of 3.2 percent for the previous five years.

The overall regional inflation index is estimated to change from 4.2 percent in CY 2021 to 4.0 percent in CY 2022, and then to 2.4 percent by CY 2025.

## **Negotiated Agreements**

The bargaining units for Montgomery County Public Schools (MCPS) are the Montgomery County Education Association (MCEA), representing certificated nonadministrative 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 units are covered in a single contract for both units. During FY 2021, the Board of Education reached agreements covering non-economic terms with all three employee associations. Economic terms re-open with each association annually. MCAAP/MCBOA and SEIU are covered under separate three-year agreements, effective July 1, 2020, through June 30, 2023.

The agreement with MCEA was shorter, effective February 23, 2021, through June 30, 2022. In a memorandum of understanding, MCPS and MCEA agreed to extend the contract one fiscal year, through June 30, 2023, with a reopener for FY 2023 on two non-economic articles to be bargained during FY 2022.

For FY 2023, joint compensation agreements were approved by the Board of Education on May 10, 2022, and ratified by the three employee associations. Key highlights of the agreements follow:

**Agreement between MCPS and MCAAP/MCBOA for FY 2023:**

1. Salary scales will increase by 3.35 percent effective December 17, 2022.
2. All eligible employees will receive step increases effective December 17, 2022, or the date of actual eligibility, whichever is later.
3. All eligible employees will receive longevity increases on the date of actual eligibility.
4. Modification to the longevity supplement to increase the amount of the 15- and 20-year supplement, and the creation of a new 25 years of service supplement.

**Agreement between MCPS and MCEA for FY 2022:**

1. Salary scales will increase by 3.35 percent effective December 17, 2022.
2. All eligible employees will receive step increases effective December 17, 2022, or the date of actual eligibility, whichever is later.
3. Modifications/increases to several of the negotiated supplements.

**Agreement between MCPS and SEIU Local 500 for FY 2022:**

1. Salary scales will increase by 3.35 percent effective December 17, 2022.
2. All eligible employees will receive step and longevity increases effective December 17, 2022, or the date of actual eligibility, whichever is later.

It is recognized that approximately \$41.8 million in annualized costs will occur during FY 2024 as a result of the delayed implementation of the FY 2023 negotiated compensation agreements.

**Enrollment**—MCPS has seen a steady increase in student enrollment since the 2007–2008 school year. However, the COVID-19 pandemic impacted our student enrollment, as well as the student enrollment of many public schools across the country. The official Pre-K–12 September 30, 2021, enrollment was 158,232; 2,332 students less than the previous year. Even with a decline in the official enrollment at the beginning of the year, student enrollment rebounded to a higher year-end level than the 2020–2021 year-end enrollment total, possibly indicating a return to public school from homeschooling and private schools.

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, which results in lower kindergarten enrollment and smaller cohorts of students as they progress through the school system each year. In addition, our enrollment projections 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 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, 5 middle school capacity projects, and 5 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 the systemwide needs of our aging facilities.

### **Accomplishments and Awards**

**Graduation rates**—The graduation rate for all students in 2021 rose to 91.4%, which is greater than the state average of 87.2%. The graduation rate for Hispanic/Latino students rose to 82.5, a one-year increase of 5.4 percentage points. The graduation rate for Black or African American students dropped to 91.0, a one-year decrease of 0.3 percentage points. The rate also rose for special education students (4.3 percent over two years), and students who receive Free and Reduced-price Meals (4.1 percent over two years). The graduation rate for students with Limited English Proficiency (LEP) rose 11.6 percent as compared to the previous year and increased 14.6 percent since the Class of 2019.

**Top high schools**—All 25 Montgomery County public high schools earned ranking on the 2022 Best High Schools list, published by U.S. News & World Report. Five high schools were ranked in the top 500 nationally, and nine were ranked in the top 25 in Maryland. Walt Whitman High School was ranked first in Maryland and 104th nationally.

**Academic progress**—Students at all levels are engaged in rigorous academic study. The emphasis on taking rigorous courses resulted in more than 31,750 Advanced Placement (AP) exams taken by high school students in school year 2020–2021. Students earned a college-ready score (three or higher) on 68.1 percent of those exams. In 2020–2021, the percentages of AP exams taken by Black or African American students and Hispanic/Latino students that earned college-ready scores of three or higher were 42.0 percent and 50.2 percent, respectively.

**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 its annual comprehensive financial report for the fiscal year ended June 30, 2021, for the 18th consecutive year. 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 41 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 2022 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 in 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.

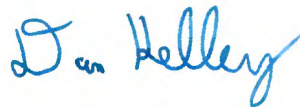
Sincerely,



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



Robert Reilly, CPA  
Associate Superintendent of Finance



Dan Kelley, CPA  
Director, Division of Financial Services

MBM:MBH:RR:DK:jp



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Montgomery County Public Schools  
Maryland**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*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, Maryland**

**for its Annual Comprehensive Financial Report  
for the Fiscal Year Ended June 30, 2021.**

The district report meets the criteria established for  
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, appearing to read 'Will Sutter'.

**William A. Sutter  
President**

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

**David J. Lewis  
Executive Director**

**BOARD OF EDUCATION OF MONTGOMERY COUNTY**  
**LISTING OF OFFICIALS**  
as of August 15, 2022

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**SCHOOL BOARD**

**Brenda Wolff**  
President

**Karla Silvestre**  
Vice President

**Dr. Judith Docca**  
District 1

**Shebra L. Evans**  
District 4

**Lynne Harris**  
At-Large

**Dr. Scott Jofus**  
District 3

**Rebecca K. Smondrowski**  
District 2

**Arvin Kim**  
Student Member

**EXECUTIVE STAFF**

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

**Brian S. Stockton**  
Chief of Staff

**Dr. Patrick Murphy**  
Deputy Superintendent

**M. Brian Hull**  
Chief Operating Officer

**Ruschelle Reuben**  
Chief, School Support  
and Well-Being

**Peggy Pugh, Ed.D.**  
Chief Academic Officer

**Stephanie S. Sheron**  
Chief, Strategic initiatives

**Dana E. Edwards**  
Chief, District Operations

**Susan F. Marks, Ed.D.**  
Acting Chief, Human Resources  
and Development

**Stephanie Williams**  
General Counsel

**EXECUTIVE STAFF**

**Niki T. Hazel**  
Associate Superintendent,  
Curriculum and Instructional  
Programs

**Diana K. Wyles**  
Acting Associate Superintendent,  
Special Education

**Robert Reilly, CPA**  
Associate Superintendent,  
Finance

**Rotunda Floyd-Cooper, Ed.D.**  
Associate Superintendent,  
School Support and Well-Being

**Peter O. Moran**  
Associate Superintendent,  
School Support and Well-Being

**Diane D. Morris**  
Associate Superintendent,  
School Support and Well-Being

**Damon A. Monteleone**  
Associate Superintendent,  
Well-Being, Learning and  
Achievement



MEMBERS OF THE BOARD OF EDUCATION  
OF MONTGOMERY COUNTY, MARYLAND  
as of July 1, 2022

---



Dr. Judith R. Docca  
*District 1*



Shebra L. Evans  
*District 4*



Lynne Harris  
*At-Large*



Dr. Scott Joftus  
*District 3*



Karla Silvestre  
*Vice President*



Rebecca Smondrowski  
*District 2*

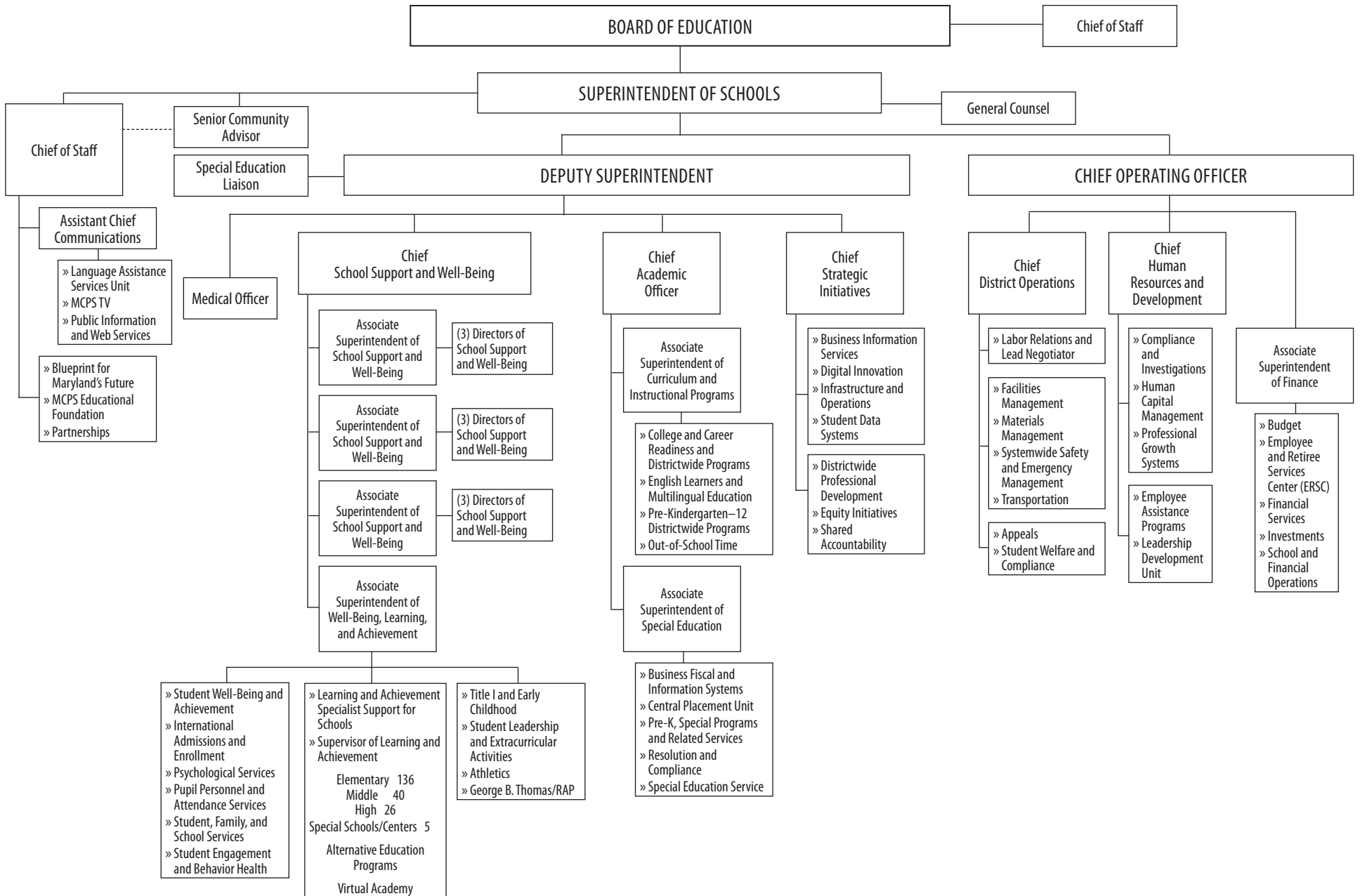


Brenda Wolff  
*President*

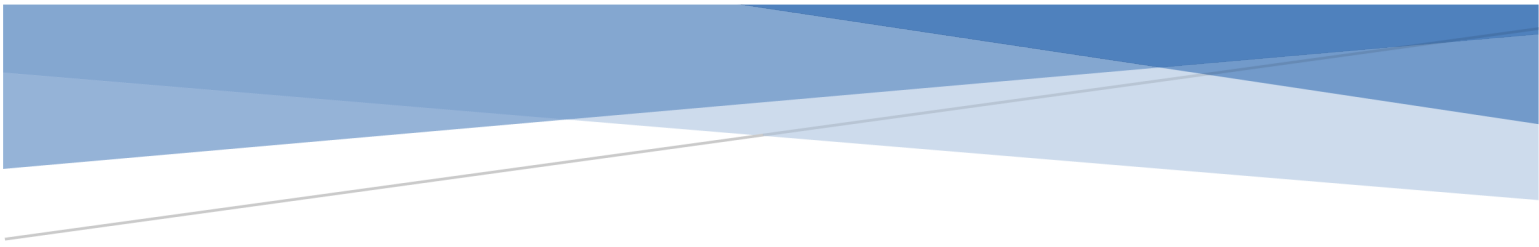


Arvin Kim  
*Student Member*

# FY 2023 MCPS STRATEGIC ORGANIZATIONAL & LEADERSHIP STRUCTURE



**Note:** This chart does not include every office, department, division or unit. Refer to the FY2023 Summary Budget for a comprehensive list.



# FINANCIAL SECTION

Board of Education of Montgomery County  
June 30, 2022



## INDEPENDENT AUDITORS' REPORT

Board of Education  
of Montgomery County, Maryland  
Rockville, Maryland

### Report on the Audit of the Financial Statements

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the Board, as of June 30, 2022, and the respective changes in financial position, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

##### ***Change in Accounting Principle***

As discussed in Note I L. to the financial statements, effective July 1, 2021, the Board adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 18-31 and the required supplementary information on pages 88-97 as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary 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 other supplementary information on pages 98 through 109 as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and the statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

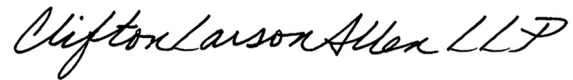
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022, 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.

Board of Education  
of Montgomery County, Maryland

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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
October 25, 2022

## 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, 2022. 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, 2022, by \$284.0 million, which represents its net position.
- The Board's net position increased during the year by \$60.8 million.
- 90 percent of capital asset additions were directed toward instructional facilities.
- The Board successfully generated \$33.0 million in Fiscal Year (FY) 2022 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 and real estate management operation, both of which are considered to be major funds of the Board. Data for the other two 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.

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	
	2022	2021*	2022	2021*	2022	2021*
Current and other assets	\$ 355.4	\$ 362.9	\$ 57.9	\$ 5.7	\$ 413.3	\$ 368.6
Capital assets	3,485.6	3,363.2	164.8	6.9	3,650.4	3,370.1
Total assets	3,841.0	3,726.1	222.7	12.6	4,063.7	3,738.7
Deferred outflows of resources	804.7	713.9			804.7	713.9
Total assets and deferred outflows	4,645.7	4,440.0	222.7	12.6	4,868.4	4,452.6
Long-term liabilities outstanding	3,176.2	3,164.4	162.0	3.4	3,338.2	3,167.8
Other liabilities	292.6	287.4	11.7	6.5	304.3	293.9
Total liabilities	3,468.8	3,451.8	173.7	9.9	3,642.5	3,461.7
Deferred inflows of resources	921.2	767.7	20.7		941.9	767.7
Total liabilities and deferred inflows	4,390.0	4,219.5	194.4	9.9	4,584.4	4,229.4
Net Position:						
Net investment in capital assets	3,391.4	3,321.7	4.2	6.9	3,395.6	3,328.6
Restricted for instructional programs	0.6	0.5			0.6	0.5
Unrestricted	(3,136.3)	(3,101.7)	24.1	(4.2)	(3,112.2)	(3,105.9)
Total net position	\$ 255.7	\$ 220.5	\$ 28.3	\$ 2.7	\$ 284.0	\$ 223.2

\* The amounts for June 30, 2021 have not been restated for implementation of GASB No. 87.

### Government-wide Financial Analysis

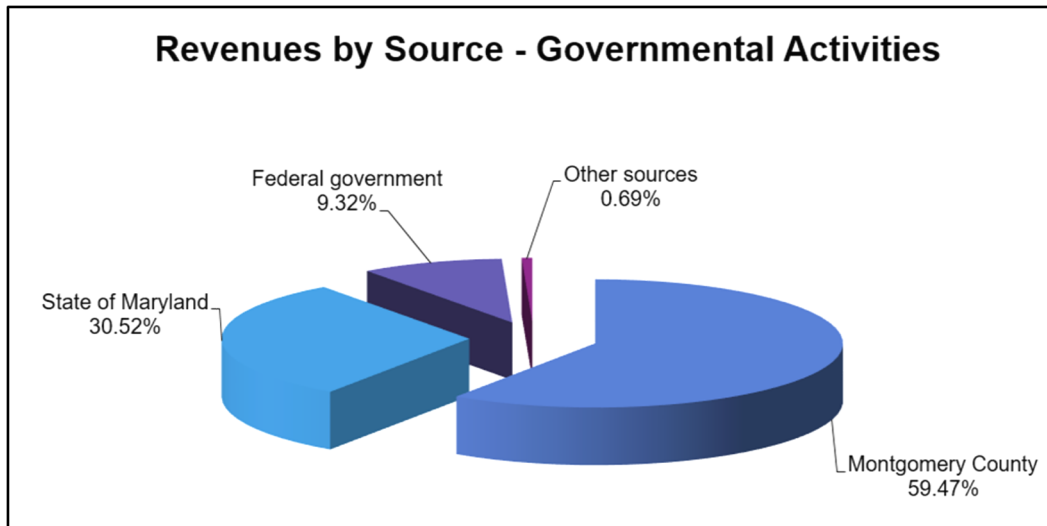
Net position may serve as a useful indicator of a government's financial position. The Board's net position, the amount by which assets and deferred outflows exceed liabilities and deferred inflows, increased \$60.8 million to \$284.0 million. The major portion of the increase came from governmental activities, which increased by \$35.2 million to \$255.7 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 \$67.0 million to \$3,395.6 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 \$6.3 million to a \$3,112.2 million deficit at June 30, 2022. The increase in unrestricted net deficit is primarily attributed to the effect of the increase in the pension deferred inflows. This increase was \$171.6 million.

The deficit in unrestricted net position arose 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.





**Governmental activities.** Governmental activities unrestricted net deficit increased \$34.6 million to a deficit of \$3.1 billion at June 30, 2022. The increase in unrestricted net deficit arose primarily from the increase in net pension deferred inflows, as previously mentioned.

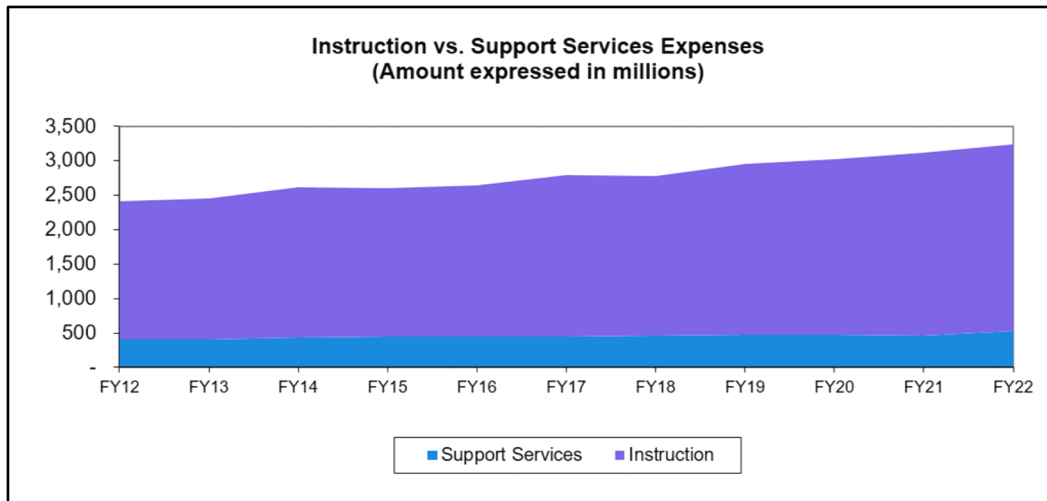
Total revenues for the Board’s governmental activities increased \$202.6 million (6.6 percent). Intergovernmental revenues increased \$26.0 million (0.9 percent), and operating grants revenues increased \$180.8 million (175.9 percent). Intergovernmental revenues from Montgomery County increased \$26.6 million. The increase is primarily due to an increase of \$67.2 million in capital projects revenue in 2022. Intergovernmental revenue from the State of Maryland decreased \$2.6 million (0.3 percent). Federal intergovernmental revenue increased \$2.0 million (5.9 percent). Other revenue increased by \$10.0 million due to increased student activity funds revenue.

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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021*	2022	2021*	2022	2021*
Revenues:						
Program revenues:						
Charges for services	\$ 0.9	\$ 2.2	\$ 13.1	\$ 7.4	\$ 14.0	\$ 9.6
Operating grants and contributions	283.6	102.8	95.9	35.7	379.5	138.5
Capital grants and contributions	53.0	65.9		2.2	53.0	68.1
General revenues:						
Intergovernmental	2,912.1	2,886.1			2,912.1	2,886.1
Other	18.7	8.7			18.7	8.7
Total revenues	3,268.3	3,065.7	109.0	45.3	3,377.3	3,111.0
Expenses:						
Regular instruction	1,931.5	1,922.2			1,931.5	1,922.2
Special education	516.1	485.3			516.1	485.3
School administration	228.6	217.8			228.6	217.8
Student personnel services	24.7	17.5			24.7	17.5
Health services	1.3	0.3			1.3	0.3
Student transportation	161.3	138.7			161.3	138.7
Operation of plant	198.9	170.8			198.9	170.8
Maintenance of plant	83.8	72.7			83.8	72.7
Administration	82.3	77.8			82.3	77.8
Community services	3.5	3.5			3.5	3.5
Interest on finance agreements	1.1	1.5			1.1	1.5
Food services			68.9	50.4	68.9	50.4
Real estate management			4.8	4.9	4.8	4.9
Field trips			1.0	0.4	1.0	0.4
Entrepreneurial activities			8.7	2.7	8.7	2.7
Total expenses	3,233.1	3,108.1	83.4	58.4	3,316.5	3,166.5
Increase (decrease) in net position	35.2	(42.4)	25.6	(13.1)	60.8	(55.5)
Net position - Beginning	220.5	262.9	2.7	15.8	223.2	278.7
Net position - Ending	\$ 255.7	\$ 220.5	\$ 28.3	\$ 2.7	\$ 284.0	\$ 223.2

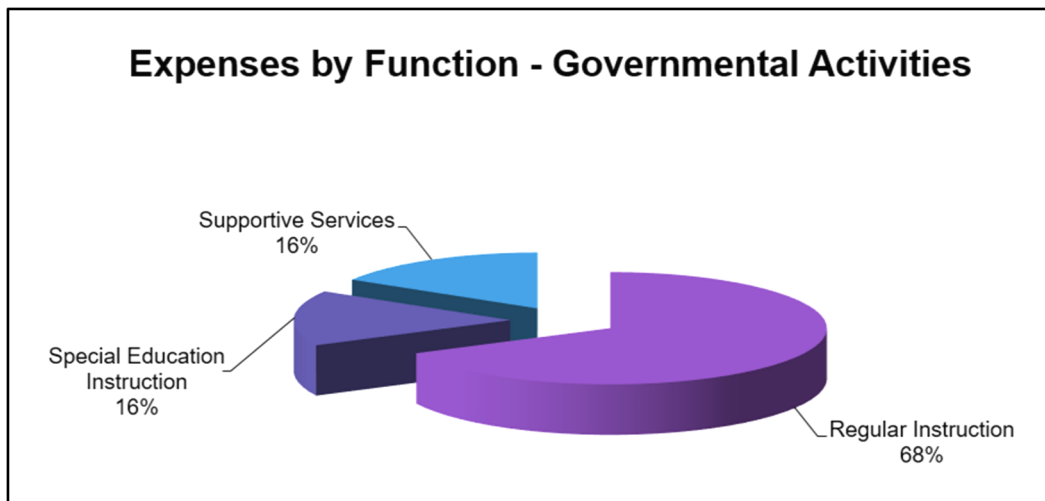
\* The amounts for June 30, 2021 have not been restated for implementation of GASB No. 87.

Total expenses for the Board governmental activities increased \$125.0 million (4.0 percent) to \$3,233.1 million. In 2022, instructional programs expenses accounted for 84 percent, (85 percent in 2021), and support services accounted for 16 percent (15 percent in 2021) of total governmental activities expenses. The proportion of instructional expenses to total expenses remains relatively consistent year over year.

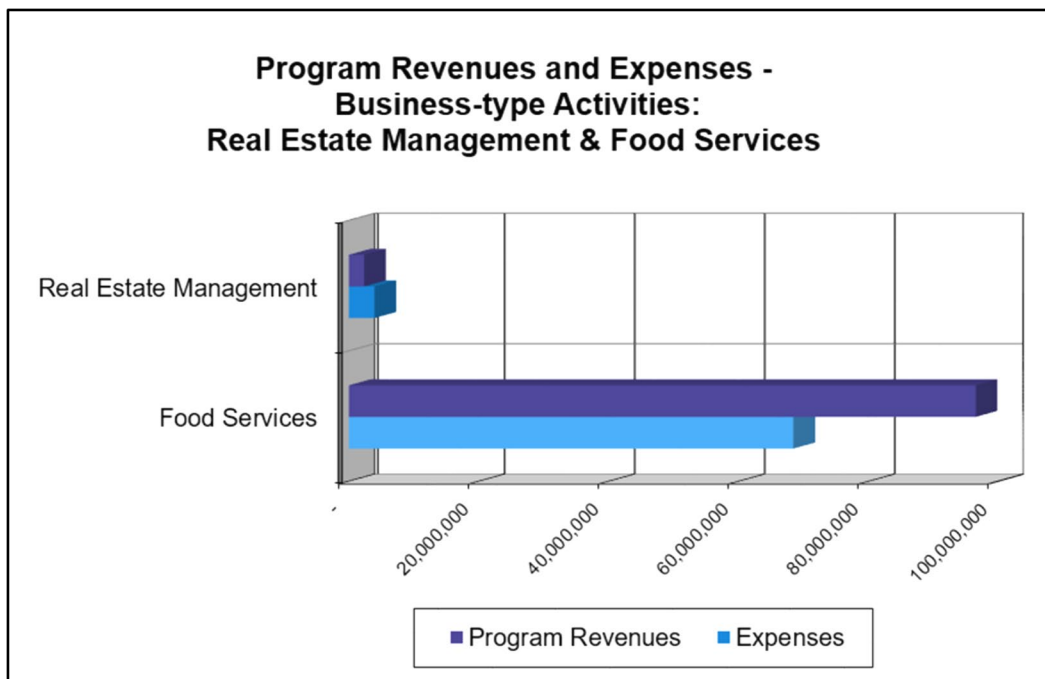
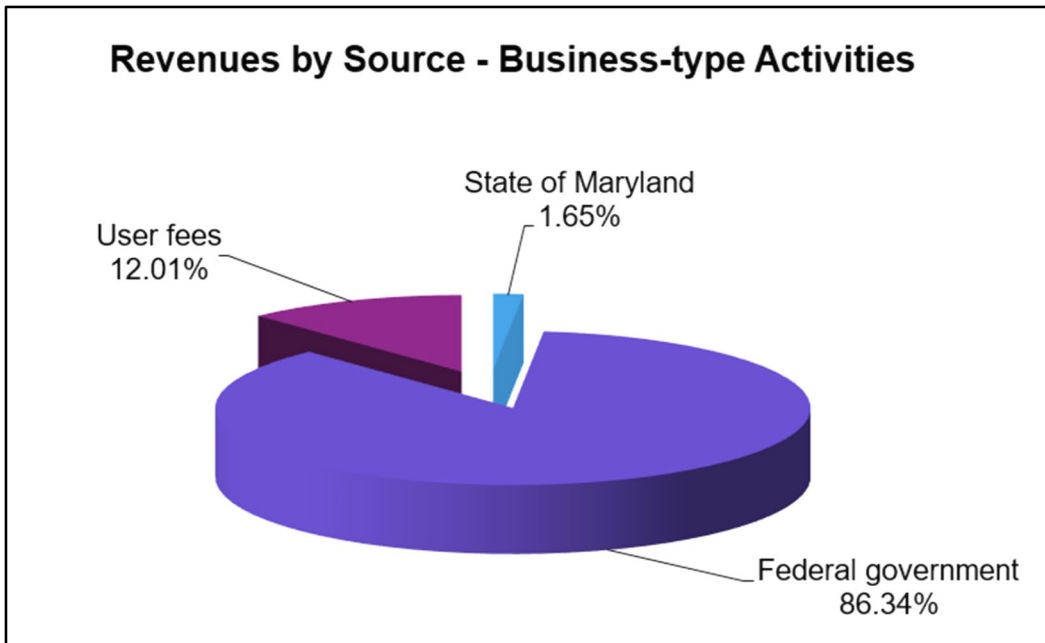


OPEB contributions decreased \$11.9 million which was based on the actuarial calculation of the annual required contribution. The County Council also agreed with the county executive to provide \$27.2 million from the county’s Consolidated OPEB Trust Fund to cover current retiree health benefits expenditures in FY 2022. Board contributions to the pension plan decreased by \$0.4 million (0.6 percent) which is relatively consistent with last year.

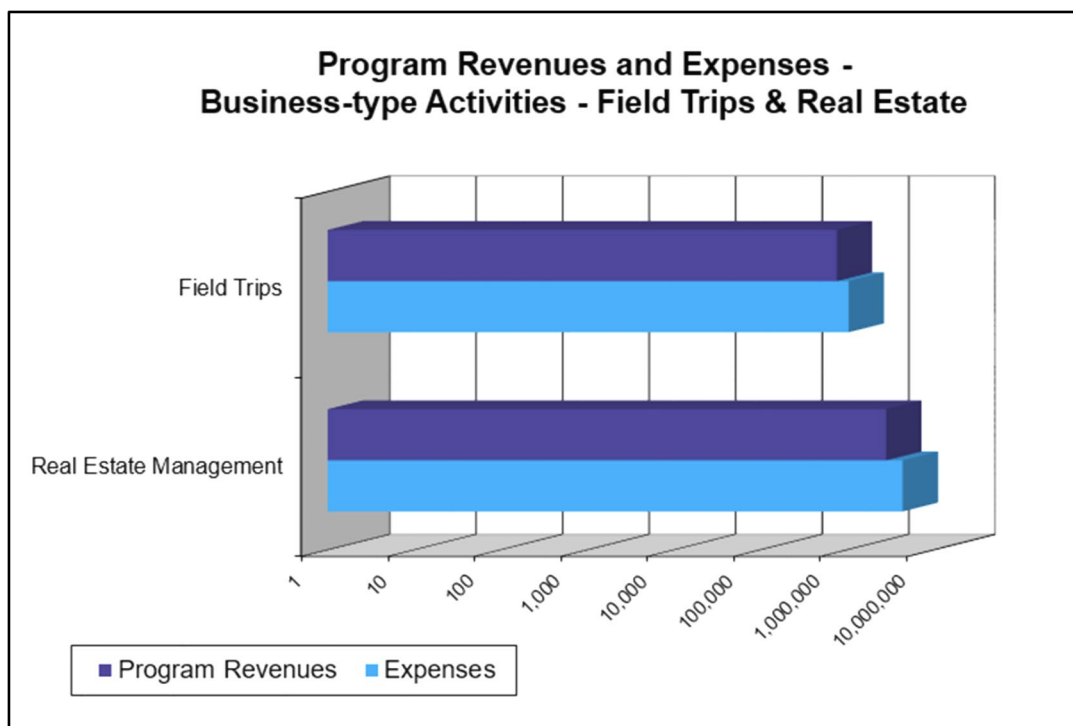
General fund salaries increased \$49.5 million (3.0 percent) primarily due to steps and longevity increases in FY 2022 along with a cost of living adjustment. In addition, part of the general fund salary increase was due to the addition of a net 399 positions in the approved FY 2022 budget to accommodate growth and strategic priorities.



**Business-type activities.** Business-type activities increased the Board's net position by \$25.6 million. Total revenues increased \$63.7 million (140.6 percent) to \$109.0 million. Charges for services increased \$5.7 million (77.0 percent) largely due to the effects of schools and cafeterias closing for the majority of the previous year due to COVID-19. Nonoperating revenues in the Food Services fund experienced a significant increase due to increased participation in COVID relief grants and increased federal and Maryland State Department of Education (MSDE) grant programs with open cafeterias.



Total expenses increased \$25.0 million (42.8 percent). Food Services operating expenses increased \$18.5 million (36.7 percent). Entrepreneurial activities expenses increased \$6.0 million (222.2 percent), Real Estate Management expenses decreased \$0.1 million (2.0 percent) and Field Trips expenses increased \$0.6 million (150.0 percent). Much of these increases in expenses were due to the effects of COVID-19 in the prior year.



The entrepreneurial, real estate, and field trip enterprise funds all experienced operating losses in FY 2022. The loss in both nonmajor enterprise funds and real estate management fund has resulted in a net negative position as of June 30, 2022. It is expected that all three of these 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 \$87.5 million, a decrease of \$6.9 million from the prior year amount.

The general fund is the principal operating fund of the Board. As of June 30, 2022, fund balance was \$86.9 million. Nonspendable fund balance was \$6.9 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 decreased by \$6.6 million to \$75.1 million. The reason for the decrease was largely due to the decrease in encumbrances. Unassigned fund balance decreased by \$1.5 million to \$4.8 million at June 30, 2022. 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 is found in the Capital Assets section on page 28 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 2022 was \$3,173.6 million. The increase of \$477.5 million from the original budget was a result of \$279.6 million in supplemental grant funding, \$157.8 million in unspent grant expenditures carried forward from FY 2021 and \$39.9 million in prior year encumbrances.

Actual budgetary fund balance decreased from the prior year. This is due to more fund balance being carried forward for next year's budget.

Actual revenues were \$278.3 million under budget for the year. This was the result of the \$281.2 million under budget on federal, Maryland and local grants and an offsetting increase of \$2.8 million in other revenue over budget. The restricted revenue shortfall was \$276.4 and is mostly comprised of unrealized revenue for COVID relief grants that carried forward into FY 2023.

Actual expenditures were \$311.3 million under budget. Restricted expenditures were \$276.4 million less than the budget, consisted mostly of unspent funds for grants that carry forward into FY 2023.

Unrestricted expenditures were \$58.7 million under budget. Most of the reduction resulted from a savings plan implemented, higher than budgeted instructional salaries lapse, and personnel turnover.

### Capital Assets and Debt Administration

**Capital Assets.** Capital assets include land and site improvements, schools and administrative buildings, school buses, and other vehicles and equipment, including related right of use lease assets. As of June 30, 2022, the Board's investment in capital assets for its governmental and business-type activities amounted to \$3,650.4 million, net of accumulated depreciation. This amount represented a net increase of \$280.3 million or 8.3 percent from last year. Right of use lease assets and 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	
	2022	2021	2022	2021	2022	2021
Land	\$ 113.1	\$ 113.1	\$	\$	\$ 113.1	\$ 113.1
Buildings	2,612.2	2,570.4			2,612.2	2,570.4
Improvements other than buildings	398.8	385.9			398.8	385.9
Vehicles and equipment	95.4	94.5	5.6	6.9	101.0	101.4
Construction	222.1	199.3			222.1	199.3
Right of use lease asset, building	31.9		159.2		191.2	
Right of use lease asset, vehicle	12.1				12.1	
<b>Total</b>	<b>\$ 3,485.6</b>	<b>\$ 3,363.2</b>	<b>\$ 164.8</b>	<b>\$ 6.9</b>	<b>\$ 3,650.4</b>	<b>\$ 3,370.1</b>

To relieve overcrowding and reduce the number of relocatable classrooms in FY 2022, the Board added 73 classrooms associated with the construction of capital projects at John F. Kennedy High School (20), Odessa Shannon Middle School (11), Harriet Tubman Elementary School (39), and Westbrook Elementary School (3).

In FY 2023, the Board will add a total of 99 classrooms associated with the construction of capital projects at Parkland Middle School (11), Dr. Ronald E. McNair Elementary School (8), William Tyler Page Elementary School Addition (16), a new school: Clarksburg Elementary School #9 (37), and Major Capital Projects at Burnt Mills Elementary School (13), Stonegate Elementary School (9), and South Lake Elementary School (5).

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

**Long-term debt.** As of June 30, 2022, the Board had \$61.4 million in finance agreements outstanding. The Board acquires school buses, instructional computers and furniture, other vehicles, and heavy equipment through a finance agreement with a financial institution. New finance agreements for school buses, instructional computers, and other equipment amounted to \$32.0 million during FY 2022. Principal payments on existing finance agreements were \$32.3 million during the current year.



Additional information on the Board's long-term debt can be found in note 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 Consolidated Retiree Health Benefit Trust (CRHBT) in FY 2021 and FY 2022 on behalf of the Board. 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. In FY 2022, the county budget authorized \$73.0 million in total MCPS retiree pay-as-you-go funding through \$45.8 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, FY 2021 and FY 2022 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 *No Child Left Behind Act of 2001*, 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 2022, in the operating budget adopted on June 10, 2021, the Montgomery County Public Schools received an increase of \$23,973,170 (3.0 percent) in state aid compared to FY 2021. 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 2022 are the result of the official enrollment as of September 30, 2020, compared to the previous year. The Board enrollment decrease totaled 3,648 eligible students on September 30, 2020, due to the pandemic. Hold-harmless provisions in state aid accounted for the increase in state aid in FY 2022. Major changes in state aid in FY 2022 from FY 2021 are a decrease of \$3,833,932 (1.0 percent) in the foundation grant, a decrease of \$14,786,128 (10.0 percent) in compensatory education revenue for students who are economically disadvantaged, a decrease of \$4,791,071 (5.8 percent) in funding for Limited English Proficient aid, a decrease of \$133,296 (0.3 percent) in formula aid for students with disabilities, a decrease of \$5,461,967 (11.5 percent) for student transportation aid, and a decrease of \$594,861 (1.5 percent) based on the Geographic Cost of Education Index.

To counter these formula-based reductions in state aid based on our official enrollment, the Board received \$23,822,255 for a hold-harmless grant for declining enrollment and \$5,879,000 for a hold-harmless grant for transportation of students with disabilities.

In addition, the *Blueprint for Maryland's Future* legislation, originally 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 the Board with a total of \$31,301,475 of state aid in FY 2022, an increase of \$3,896,479 compared to FY 2021. The budget also included \$20,070,818 in funding for supplemental instruction/tutoring activities in the district.

**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 allow 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 the Board at \$21.2 million above MOE. This increased the amount per pupil to \$10,765. In FY 2019, the Board received \$18.6 million over MOE. This increased the amount per pupil to \$10,878. In FY 2020, the Board received \$8.7 million over MOE. This increased the amount per pupil to \$10,923. In FY 2021, the Board was funded at the minimum level required by the MOE law. This increased the amount per pupil to \$10,926. Finally, based on language in Maryland

House Bill 1372, the local contribution in FY 2022 was \$349,430 above the minimum level required by the state's Maintenance of Effort law. This increased the amount per pupil to \$10,938.

The FY 2023 Operating Budget appropriated by the County Council for the Board includes a local contribution of \$1,839,071,460, an increase of \$84,823,592 more than the FY 2022 local contribution of \$1,754,247,868. Based on the language in Maryland House Bill 1372 passed by the General Assembly in the spring of 2021, this local contribution is \$86,409,225 above the minimum level required by the state's Maintenance of Effort law. The \$86,409,225 of funding above MOE from Montgomery County increased the cost per pupil amount to \$11,663 in FY 2023, an increase of \$725 per student compared to 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.



# **BASIC FINANCIAL STATEMENTS**

Board of Education of Montgomery County  
June 30, 2022

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Educational Foundation
<b>Assets</b>				
Equity in pooled cash and investments	\$ 93,887,076	\$ -	\$ 93,887,076	\$ -
Cash and cash equivalents		9,451,142	9,451,142	109,513
Investments - cash equivalents	70,574,846		70,574,846	6,558,743
Accounts receivable:				
Montgomery County	44,779,372	419	44,779,791	
State of Maryland	51,021,992	809	51,022,801	
Federal government	44,140,839	30,948,583	75,089,422	
Other	28,142,887	7,928,679	36,071,566	
Due from component unit	13,709		13,709	
Internal balances	15,747,202	(15,747,202)		
Inventories	6,585,761	4,966,242	11,552,003	
Prepays	498,630		498,630	
Due from employees	48,343		48,343	
Lease receivable		20,298,386	20,298,386	
Capital assets, not being depreciated	335,228,328		335,228,328	
Capital assets, net of accumulated depreciation and amortization	3,150,340,662	164,868,137	3,315,208,799	
<b>Total assets</b>	<b>3,841,009,647</b>	<b>222,715,195</b>	<b>4,063,724,842</b>	<b>6,668,256</b>
<b>Deferred Outflows of Resources</b>				
Pension deferrals	145,352,557		145,352,557	
OPEB deferrals	659,325,289		659,325,289	
<b>Total deferred outflows of resources</b>	<b>804,677,846</b>	<b>-</b>	<b>804,677,846</b>	<b>-</b>
<b>Liabilities</b>				
Accounts payable and other current liabilities	222,831,534	3,176,661	226,008,195	
Due to primary government				13,709
Due to external parties	26,176,432		26,176,432	
Internal balances				
Unearned revenue	3,675,901	6,550,889	10,226,790	
Noncurrent liabilities:				
Due within one year	40,006,303	1,930,132	41,936,435	
Due in more than one year	3,176,151,906	162,016,803	3,338,168,709	
<b>Total liabilities</b>	<b>3,468,842,076</b>	<b>173,674,485</b>	<b>3,642,516,561</b>	<b>13,709</b>
<b>Deferred Inflows of Resources</b>				
Pension deferrals	350,638,273		350,638,273	
OPEB deferrals	570,515,842		570,515,842	
Lease deferrals		20,740,206	20,740,206	
<b>Total deferred inflows of resources</b>	<b>921,154,115</b>	<b>20,740,206</b>	<b>941,894,321</b>	<b>-</b>
<b>Net Position</b>				
Net investment in capital assets	3,391,387,271	4,192,736	3,395,580,007	
Restricted - instructional programs and scholarships	635,453		635,453	3,418,929
Unrestricted	(3,136,331,422)	24,107,768	(3,112,223,654)	3,235,618
<b>Total net position</b>	<b>\$ 255,691,302</b>	<b>\$ 28,300,504</b>	<b>\$ 283,991,806</b>	<b>\$ 6,654,547</b>

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental activities:				
Instruction:				
Regular instruction	\$ 1,931,502,496	\$ 681,532	\$ 214,064,799	\$ 33,502,242
Special education	516,117,109	172,385	46,182,377	
School administration	228,575,927		6,030,127	
Student personnel services	24,741,357		774,530	
Health services	1,334,009			
<b>Total instruction</b>	<u>2,702,270,898</u>	<u>853,917</u>	<u>267,051,833</u>	<u>33,502,242</u>
Support services:				
Student transportation	161,259,198		2,989,957	
Operation of plant	198,863,122		6,516,715	
Maintenance of plant	83,813,685		4,101,565	15,159,608
Administration	82,263,848		341,436	4,358,608
Community services	3,544,368		2,587,916	
Interest on finance agreements	1,119,884			
<b>Total support services</b>	<u>530,864,105</u>	<u>-</u>	<u>16,537,589</u>	<u>19,518,216</u>
<b>Total governmental activities</b>	<u>3,233,135,003</u>	<u>853,917</u>	<u>283,589,422</u>	<u>53,020,458</u>
Business-type activities:				
Food services	68,848,570	1,131,282	95,891,870	
Real estate management	4,813,175	2,832,976		
Field trips	1,048,486	763,806		
Entrepreneurial activities	8,689,763	8,354,854		
<b>Total business-type activities</b>	<u>83,399,994</u>	<u>13,082,918</u>	<u>95,891,870</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 3,316,534,997</u>	<u>\$ 13,936,835</u>	<u>\$ 379,481,292</u>	<u>\$ 53,020,458</u>
<b>Component Unit:</b>				
Educational Foundation	<u>\$ 1,092,558</u>	<u>\$ -</u>	<u>\$ (353,651)</u>	<u>\$ -</u>

**General revenues:**

Unrestricted intergovernmental:  
Montgomery County  
State of Maryland  
Federal government  
Other income  
Total general revenues  
Change in net position  
Net position - beginning  
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
\$ (1,683,253,923)	\$ -	\$ (1,683,253,923)	\$ -
(469,762,347)		(469,762,347)	
(222,545,800)		(222,545,800)	
(23,966,827)		(23,966,827)	
(1,334,009)		(1,334,009)	
<u>(2,400,862,906)</u>	<u>-</u>	<u>(2,400,862,906)</u>	<u>-</u>
(158,269,241)		(158,269,241)	
(192,346,407)		(192,346,407)	
(64,552,512)		(64,552,512)	
(77,563,804)		(77,563,804)	
(956,452)		(956,452)	
(1,119,884)		(1,119,884)	
<u>(494,808,300)</u>	<u>-</u>	<u>(494,808,300)</u>	<u>-</u>
<u>(2,895,671,206)</u>	<u>-</u>	<u>(2,895,671,206)</u>	<u>-</u>
	28,174,582	28,174,582	
	(1,980,199)	(1,980,199)	
	(284,680)	(284,680)	
	(334,909)	(334,909)	
<u>-</u>	<u>25,574,794</u>	<u>25,574,794</u>	<u>-</u>
<u>(2,895,671,206)</u>	<u>25,574,794</u>	<u>(2,870,096,412)</u>	<u>-</u>
			<u>(1,446,209)</u>
1,893,400,154		1,893,400,154	
983,052,767		983,052,767	
35,708,586		35,708,586	
18,701,449	2,376	18,703,825	
<u>2,930,862,956</u>	<u>2,376</u>	<u>2,930,865,332</u>	<u>-</u>
35,191,750	25,577,170	60,768,920	(1,446,209)
220,499,552	2,723,334	223,222,886	8,100,756
<u>\$ 255,691,302</u>	<u>\$ 28,300,504</u>	<u>\$ 283,991,806</u>	<u>\$ 6,654,547</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	General	Capital Projects	Nonmajor Governmental Fund - Special Revenue	Total Governmental Funds
<b>Assets</b>				
Equity in pooled cash and investments	\$ 93,887,076	\$ -	\$ -	\$ 93,887,076
Accounts receivable:				
Montgomery County		44,779,372		44,779,372
State of Maryland	18,619,282	32,402,710		51,021,992
Federal government	44,140,839			44,140,839
Other	24,979,803			24,979,803
Due from other funds	64,980,954	1,003,416	667,571	66,651,941
Due from fiduciary funds	403,857			403,857
Due from component unit	13,709			13,709
Inventories	6,585,761			6,585,761
Prepays	498,630			498,630
Due from employees	48,343			48,343
<b>Total assets</b>	<u>\$ 254,158,254</u>	<u>\$ 78,185,498</u>	<u>\$ 667,571</u>	<u>\$ 333,011,323</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 43,013,316	\$ 19,517,834	\$ 24,453	\$ 62,555,603
Retainage payable		8,720,756		8,720,756
Accrued salaries and withholdings	117,092,275			117,092,275
Due to other funds	3,470,672	49,946,908	7,665	53,425,245
Unearned revenue	3,675,901			3,675,901
<b>Total liabilities</b>	<u>167,252,164</u>	<u>78,185,498</u>	<u>32,118</u>	<u>245,469,780</u>
<b>Fund balances:</b>				
Nonspendable	6,949,571			6,949,571
Restricted			635,453	635,453
Assigned	75,138,278			75,138,278
Unassigned	4,818,241			4,818,241
<b>Total fund balances</b>	<u>86,906,090</u>	<u>-</u>	<u>635,453</u>	<u>87,541,543</u>
<b>Total liabilities and fund balances</b>	<u>\$ 254,158,254</u>	<u>\$ 78,185,498</u>	<u>\$ 667,571</u>	<u>\$ 333,011,323</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, 2022

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

Total fund balances - governmental funds	\$	87,541,543
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	\$ 5,367,818,908	
Accumulated depreciation is	<u>(1,882,249,918)</u>	3,485,568,990
Pension related deferred outflows of resources		145,352,557
OPEB related deferred outflows of resources		659,325,289
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.		
		15,215,247
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:		
Finance agreements payable	\$ (60,921,919)	
Compensated absences	(182,906,782)	
Lease liability	(44,708,713)	
Net pension liability	(99,777,369)	
Net OPEB liability	<u>(2,827,843,426)</u>	(3,216,158,209)
Pension related deferred inflows of resources		(350,638,273)
OPEB related deferred inflows of resources		<u>(570,515,842)</u>
Total net position - governmental activities	\$	<u>255,691,302</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, 2022

	General	Capital Projects	Nonmajor Governmental Fund - Special Revenue	Total Governmental Funds
<b>Revenues:</b>				
Montgomery County	\$ 1,727,065,670	\$ 216,521,301	\$ -	\$ 1,943,586,971
State of Maryland	966,893,909	30,800,510		997,694,419
Federal government	302,447,234	2,077,855		304,525,089
Other sources	<u>20,627,745</u>	<u>122,754</u>	<u>1,769,775</u>	<u>22,520,274</u>
Total revenues	<u>3,017,034,558</u>	<u>249,522,420</u>	<u>1,769,775</u>	<u>3,268,326,753</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Administration	59,435,572			59,435,572
Mid-level administration	160,381,381			160,381,381
Instructional salaries and wages	1,175,000,687			1,175,000,687
Instructional textbooks and supplies	52,090,936			52,090,936
Other instructional costs	52,030,264			52,030,264
Special education	378,766,118			378,766,118
Student personnel services	17,326,866			17,326,866
Health services	1,334,009			1,334,009
Student transportation	125,167,927			125,167,927
Operation of plant	157,941,726			157,941,726
Maintenance of plant	42,634,924			42,634,924
Fixed charges	797,414,433			797,414,433
Community services	1,069,626		1,677,393	2,747,019
<b>Debt service:</b>				
Finance agreement principal	19,777,133	13,758,319		33,535,452
Finance agreement interest	1,294,339	254,410		1,548,749
Capital outlay	<u>46,096,560</u>	<u>249,469,691</u>		<u>295,566,251</u>
Total expenditures	<u>3,087,762,501</u>	<u>263,482,420</u>	<u>1,677,393</u>	<u>3,352,922,314</u>
Excess (deficiency) of revenues over expenditures	<u>(70,727,943)</u>	<u>(13,960,000)</u>	<u>92,382</u>	<u>(84,595,561)</u>
<b>Other financing sources:</b>				
Finance agreements	17,646,691	13,960,000		31,606,691
Lease financing	<u>46,096,560</u>			<u>46,096,560</u>
Total other financing sources	<u>63,743,251</u>	<u>13,960,000</u>	<u>-</u>	<u>77,703,251</u>
Net change in fund balances	(6,984,692)	-	92,382	(6,892,310)
Fund balances - beginning	<u>93,890,782</u>	<u>-</u>	<u>543,071</u>	<u>94,433,853</u>
Fund balances - ending	<u>\$ 86,906,090</u>	<u>\$ -</u>	<u>\$ 635,453</u>	<u>\$ 87,541,543</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, 2022

Total net change in fund balances - governmental funds \$ (6,892,310)

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 (\$249,522,420 less non-capitalized items of \$188,872,388) plus capital outlays for general fund assets (\$29,734,947) exceed depreciation expense (\$134,582,003) in the current period. (44,197,024)

Contributions to the OPEB plan in the current fiscal year are not included on the statement of activities 94,655,970

Contributions to the pension plan in the current fiscal year are not included on the statement of activities 70,507,843

Some of the capital assets and assets below the capitalization threshold acquired this year were financed with finance agreements. The amount financed through finance agreements is reported in the governmental funds as a source of financing. On the other hand, the finance agreements 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 finance agreements 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 principal payments (\$33,535,452) exceeded new finance agreements (\$31,606,691). 1,928,761

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	\$ (7,425,706)	
Lease liability	(44,708,713)	
Pension expense	66,606,550	
OPEB expense	<u>(92,881,347)</u>	(78,409,216)

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. (2,402,274)

Change in net position of governmental activities \$ 35,191,750

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, 2022

	Budgeted Amounts		Actual Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	Encumbrances	Total	
<b>Revenues:</b>						
Montgomery County	\$ 1,754,265,670	\$ 1,754,265,670	\$ 1,754,265,670	\$ -	\$ 1,754,265,670	\$ -
State of Maryland	827,263,996	827,263,996	804,134,654		804,134,654	(23,129,342)
Federal government	88,878,035	526,362,083	268,334,970		268,334,970	(258,027,113)
Other sources	756,498	756,498	3,597,134		3,597,134	2,840,636
<b>Total revenues</b>	<b>2,671,164,199</b>	<b>3,108,648,247</b>	<b>2,830,332,428</b>		<b>2,830,332,428</b>	<b>(278,315,819)</b>
<b>Expenditures and encumbrances:</b>						
<b>Current:</b>						
Administration	61,083,603	66,337,929	59,466,365	5,157,806	64,624,171	1,713,758
Mid-level administration	159,551,145	166,795,445	160,381,381	102,953	160,484,334	6,311,111
Instructional salaries and wages	1,090,778,138	1,281,183,230	1,175,000,687		1,175,000,687	106,182,543
Instructional textbooks and supplies	36,833,752	109,871,722	52,090,936	5,843,154	57,934,090	51,937,632
Other instructional costs	27,393,923	78,805,851	37,350,492	3,659,028	41,009,520	37,796,331
Special education	375,998,878	419,506,551	378,766,118	2,115,442	380,881,560	38,624,991
Student personnel services	17,658,602	27,363,853	17,326,866	1,311	17,328,177	10,035,676
Health services	1,061,600	1,728,557	1,334,009	311,401	1,645,410	83,147
Student transportation	122,336,183	131,661,195	127,133,037	905,286	128,038,323	3,622,872
Operation of plant	149,330,268	161,567,532	158,642,817	1,864,086	160,506,903	1,060,629
Maintenance of plant	39,353,868	54,916,093	42,063,431	3,727,569	45,791,000	9,125,093
Fixed charges	613,811,896	657,540,987	627,742,914	211,974	627,954,888	29,586,099
Food Service		14,788,945			-	14,788,945
Community services	972,343	1,485,683	1,069,626	12,538	1,082,164	403,519
<b>Total expenditures and encumbrances</b>	<b>2,696,164,199</b>	<b>3,173,553,573</b>	<b>2,838,368,679</b>	<b>23,912,548</b>	<b>2,862,281,227</b>	<b>311,272,346</b>
Excess (deficiency) of revenues over expenditures and encumbrances	(25,000,000)	(64,905,326)	(8,036,251)	(23,912,548)	(31,948,799)	32,956,527
<b>Other financing sources</b>						
Budgeted use of fund balance	25,000,000	25,000,000				(25,000,000)
Prior-year encumbrances		39,905,326			39,905,326	
<b>Net change in fund balance</b>	<b>\$ -</b>	<b>\$ -</b>			<b>7,956,527</b>	<b>7,956,527</b>
Fund balance - beginning					31,281,287	31,281,287
(Increase) in Nonspendable Fund Balance - Inventories					580,427	580,427
(Use) of Fund Balance in Subsequent Year					(35,000,000)	(35,000,000)
<b>Fund balance - ending</b>					<b>\$ 4,818,241</b>	<b>\$ 4,818,241</b>

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, 2022

	Business-Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Fund
	Food Services	Real Estate Management	Nonmajor Enterprise Funds		
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 9,451,142	\$ -	\$ -	\$ 9,451,142	\$ -
Investments - cash equivalents					70,574,846
Accounts receivable:					
Montgomery County	419			419	
State of Maryland	809			809	
Federal government	30,948,583			30,948,583	
Other		725,725	7,202,954	7,928,679	3,163,084
Due from other funds		326,929	837,138	1,164,067	2,520,506
Lease receivable		2,310,790		2,310,790	
Inventories	4,966,242			4,966,242	
Total current assets	<u>45,367,195</u>	<u>3,363,444</u>	<u>8,040,092</u>	<u>56,770,731</u>	<u>76,258,436</u>
Noncurrent assets:					
Lease receivable		17,987,596		17,987,596	
Capital assets, net of accumulated depreciation:					
Machinery and equipment	5,584,101		44,935	5,629,036	
Right of use lease asset, building		159,239,101		159,239,101	
Total noncurrent assets	<u>5,584,101</u>	<u>177,226,697</u>	<u>44,935</u>	<u>182,855,733</u>	<u>-</u>
Total assets	<u>50,951,296</u>	<u>180,590,141</u>	<u>8,085,027</u>	<u>239,626,464</u>	<u>76,258,436</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	85,324	1,473,642	1,617,695	3,176,661	
Claims payable					23,475,108
Due to employees, advance premium withholdings					10,987,792
Due to other funds	8,030,404	84,347	8,796,518	16,911,269	
Due to fiduciary funds					26,580,289
Unearned revenue	6,550,889			6,550,889	
Finance agreements payable - current	210,473			210,473	
Compensated absences - current	161,770			161,770	
Lease liability - current		1,557,889		1,557,889	
Total current liabilities	<u>15,038,860</u>	<u>3,115,878</u>	<u>10,414,213</u>	<u>28,568,951</u>	<u>61,043,189</u>
Noncurrent liabilities:					
Finance agreements payable	272,806			272,806	
Compensated absences	2,552,393	65,745	281,153	2,899,291	
Lease liability		158,844,706		158,844,706	
Total noncurrent liabilities	<u>2,825,199</u>	<u>158,910,451</u>	<u>281,153</u>	<u>162,016,803</u>	<u>-</u>
Total liabilities	<u>17,864,059</u>	<u>162,026,329</u>	<u>10,695,366</u>	<u>190,585,754</u>	<u>61,043,189</u>
<b>Deferred Inflows of Resources</b>					
Lease deferrals		20,740,206		20,740,206	
Total Deferred Inflows of Resources	<u>-</u>	<u>20,740,206</u>	<u>-</u>	<u>20,740,206</u>	<u>-</u>
<b>Net Position</b>					
Net investment in capital assets	5,311,295	(1,163,494)	44,935	4,192,736	
Unrestricted (deficit)	27,775,942	(1,012,900)	(2,655,274)	24,107,768	15,215,247
Total net position	<u>\$ 33,087,237</u>	<u>\$ (2,176,394)</u>	<u>\$ (2,610,339)</u>	<u>\$ 28,300,504</u>	<u>\$ 15,215,247</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, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Food Services	Real Estate Management	Nonmajor Enterprise Funds	Total	
Operating revenues:					
Sale of food	\$ 1,131,282	\$ -	\$ -	\$ 1,131,282	\$ -
Rent and fees		2,832,976	9,118,660	11,951,636	
Employer's contributions					350,059,553
Members' contributions					52,336,831
Total operating revenues	<u>1,131,282</u>	<u>2,832,976</u>	<u>9,118,660</u>	<u>13,082,918</u>	<u>402,396,384</u>
Operating expenses:					
Salaries and wages	23,552,520	503,538	1,836,048	25,892,106	
Contracted services	1,230,254	72,233	7,297,606	8,600,093	
Supplies and materials	3,341,848	11,296	172,300	3,525,444	
Food purchases	21,726,515			21,726,515	
USDA commodities	5,127,668			5,127,668	
Other charges	12,653,796	2,183,577	409,774	15,247,147	1,474,689
Depreciation and amortization	1,215,969	2,042,531	22,521	3,281,021	
Benefits paid to plan members					345,171,166
Premiums paid to insurance companies					58,184,818
Total operating expenses	<u>68,848,570</u>	<u>4,813,175</u>	<u>9,738,249</u>	<u>83,399,994</u>	<u>404,830,673</u>
Operating income (loss)	<u>(67,717,288)</u>	<u>(1,980,199)</u>	<u>(619,589)</u>	<u>(70,317,076)</u>	<u>(2,434,289)</u>
Nonoperating revenues:					
National school lunch and other food programs:					
Federal funds	88,961,364			88,961,364	
State funds	1,802,838			1,802,838	
USDA commodities	5,127,668			5,127,668	
Investment income	2,376			2,376	32,015
Total nonoperating revenues	<u>95,894,246</u>	<u>-</u>	<u>-</u>	<u>95,894,246</u>	<u>32,015</u>
Change in net position	28,176,958	(1,980,199)	(619,589)	25,577,170	(2,402,274)
Total net position - beginning	4,910,279	(196,195)	(1,990,750)	2,723,334	17,617,521
Total net position - ending	<u>\$ 33,087,237</u>	<u>\$ (2,176,394)</u>	<u>\$ (2,610,339)</u>	<u>\$ 28,300,504</u>	<u>\$ 15,215,247</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, 2022

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Food Services	Real Estate Management	Nonmajor Enterprise Funds	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers and users	\$ 3,381,516	\$ 2,851,649	\$ 2,740,637	\$ 8,973,802	\$ 54,704,374
Receipts from assessments made to other funds					352,447,777
Payments to suppliers	(26,986,471)	723,629	(496,680)	(26,759,522)	(58,210,048)
Payments to employees	(25,875,559)	(552,670)	(1,977,820)	(28,406,049)	
Payments for insurance claims					(348,068,043)
Payments for assessments made by other funds	(9,906,252)	(135,884)	(264,263)	(10,306,399)	
Payments for other operating expenses	(470,210)	(2,007,687)	(1,874)	(2,479,771)	(1,474,689)
Net cash provided (used by) operating activities	<u>(59,856,976)</u>	<u>879,037</u>	<u>-</u>	<u>(58,977,939)</u>	<u>(600,629)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Nonoperating grants received	63,217,039			63,217,039	
Transfers (to) from other funds					(16,264,513)
Net cash provided (used by) noncapital financing activities	<u>63,217,039</u>	<u>-</u>	<u>-</u>	<u>63,217,039</u>	<u>(16,264,513)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Proceeds from finance agreements payable	506,421			506,421	
Purchases of capital assets	3,494			3,494	
Principal paid on finance agreements	(530,255)			(530,255)	
Principal paid on leases		(405,778)		(405,778)	
Interest paid on leases		(473,259)		(473,259)	
Net cash provided (used by) capital and related financing activities	<u>(20,340)</u>	<u>(879,037)</u>	<u>-</u>	<u>(899,377)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment income	2,376			2,376	(1,678,336)
Net cash provided by investing activities	<u>2,376</u>	<u>-</u>	<u>-</u>	<u>2,376</u>	<u>(1,678,336)</u>
Net increase (decrease) in cash and cash equivalents	3,342,099	-	-	3,342,099	(18,543,478)
Cash and cash equivalents - beginning	6,109,043	-	-	6,109,043	89,118,324
Cash and cash equivalents - ending	<u>\$ 9,451,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,451,142</u>	<u>\$ 70,574,846</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:</b>					
Operating income (loss)	\$ (67,717,288)	\$ (1,980,199)	\$ (619,589)	\$ (70,317,076)	\$ (2,434,289)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	1,215,969	2,042,531	22,521	3,281,021	
USDA commodities used	5,127,668			5,127,668	
Deferred inflow of resources- leases		20,740,206		20,740,206	
Effects of changes in operating assets and liabilities:					
Receivables		(423,147)	(6,378,023)	(6,801,170)	
Due from other funds					2,388,224
Non USDA inventories	345,188			345,188	
Lease receivables		(20,298,386)		(20,298,386)	
Accounts payable	(561,913)	180,972	1,542,278	1,161,337	(25,230)
Claims payable					(2,896,877)
Advance premium withholdings					2,367,543
Due to other funds	(471,129)	626,186	5,430,948	5,586,005	
Unearned revenue	2,250,234			2,250,234	
Compensated absences	(45,705)	(9,126)	1,865	(52,966)	
Net cash provided (used by) operating activities	<u>\$ (59,856,976)</u>	<u>\$ 879,037</u>	<u>\$ -</u>	<u>\$ (58,977,939)</u>	<u>\$ (600,629)</u>
<b>Noncash investing, capital and financing activities:</b>					
USDA commodities received	\$ 5,127,668	\$ -	\$ -	\$ 5,127,668	\$ -
Capital assets financed through leases	\$ -	\$ 161,281,632	\$ -	\$ 161,281,632	\$ -

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, 2022

	Pension and Other Employee Benefits Trust Funds
<hr/>	
<b>Assets</b>	
Cash	\$ <u>                  -</u>
Investments:	
Global equities	1,069,808,657
Fixed income securities	516,408,879
Real estate	109,522,646
Alternative investments	299,169,170
Short-term investments/CRHBT	<u>744,251,668</u>
Total investments	2,739,161,020
Accounts receivable	1,793,079
Due from Internal Service Fund	26,580,289
Due from General Fund	<u>750,685</u>
Total assets	<u>2,768,285,073</u>
<b>Liabilities</b>	
Accounts payable	60,017
Claims payable	7,159,121
Due to General Fund	<u>1,154,542</u>
Total liabilities	<u>8,373,680</u>
<b>Net Position</b>	
Restricted for pension	2,037,030,384
Restricted for other postemployment benefits	<u>722,881,009</u>
Total net position	<u>\$ 2,759,911,393</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, 2022

	Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 165,163,813
Members	67,240,691
Federal government - Medicare Part D	<u>34,112,264</u>
Total contributions	<u>266,516,768</u>
Investment earnings:	
Net increase (decrease) in fair value of investments	(299,242,040)
Interest and dividends	<u>19,460,121</u>
Total investment earnings	<u>(279,781,919)</u>
Less investment expense:	
Investment fees and other	<u>(10,823,890)</u>
Total investment expense	<u>(10,823,890)</u>
Net investment earnings	<u>(290,605,809)</u>
Total additions	<u>(24,089,041)</u>
<b>DEDUCTIONS</b>	
Benefits paid to plan members	243,959,165
Premiums paid to insurance companies	18,695,362
Administrative expenses	<u>371,945</u>
Total deductions	<u>263,026,472</u>
Change in net position	(287,115,513)
Net position - beginning	<u>3,047,026,906</u>
Net position - ending	<u>\$ 2,759,911,393</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, 2022

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

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

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

**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, 2022

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 207 cafeterias and the central production facility, providing for the preparation and sale of meals to students, other agencies, and customers.
- The real estate management fund accounts for the rental of surplus space in school buildings for complementary programs such as child care, lessee arrangements for building space, and for the administration of potential future school sites.

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

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

the food services, real estate management, 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 include cost of sales and services, administrative expenses, and depreciation and amortization 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 finance agreements payable, 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 finance agreements payable are reported as other financing sources.

All funds of the Board follow 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.

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

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.

**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 real estate investments, private equity, private debt, and hedge fund investments are also valued using the NAV, based on information provided by fund managers.

OPEB Plan Trust investments are 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,

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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 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 transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date. Leased capital assets are recorded as right of use lease assets at the present value of future payments net of additional costs, incentives, or payments.

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
Right of use lease assets, building	40-45
Right of use lease assets, vehicle	12

**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.



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These are the deferrals of pension and OPEB expenses that result from the implementation of GASB Statements 68 and 75.

**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 members 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 finance agreements payable issuances and lease financing are 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 to use for 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

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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, (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 2022 amounts for each of the classifications described above can be found on page 66 of the footnotes.

As for the Government-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.

**L. GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS**

The Board has adopted Statement No. 87, *Leases*, which is to better meet the informational needs of financial statement users by improving accounting and financial reporting for leases by governments. This standard requires the recognition of certain leased assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this

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standard, a lessee is required to recognize a lease liability and an intangible right of use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The Board adopted the requirements of the guidance effective July 1, 2021 and has applied the provisions of this standard to the beginning of the period of adoption.

#### 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. 96, *Subscription-Based Information Technology Arrangements*

The objective of this Statement is to better meet the informational needs of financial statement users by improving accounting and financial reporting for Subscription-Based Information Technology Arrangements by governments. The requirements of this Statement are effective for financial statements starting with the fiscal year (FY) that ends June 30, 2023 (FY 2023). 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.

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

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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 are not included in the Board budget. The budget does include the portion of the costs associated with the Maryland State Retirement and Pension System that was shifted to local governments in 2012.
- 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.
- Proceeds from finance agreements are accounted for as other financing sources for GAAP purposes.
- The revenues and expenses of student activity funds are included under GAAP.
- Lease financing is included as a capital outlay and other financing source for GAAP purposes.

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

	<u>Revenues</u>	<u>Expenditures &amp; Encumbrances</u>	<u>Other Financing Sources</u>	<u>Effect on Fund Balance</u>
As reported – budgetary basis	\$ 2,830,332,428	\$ 2,862,281,227	\$ -	\$ (31,948,799)
Reconciling items:				
2022 Encumbrances outstanding		(23,912,548)		23,912,548
State of Maryland retirement contributions	162,759,255	162,759,255		
Montgomery County OPEB contributions	(27,200,000)	(27,200,000)		
Federal Medicare Part D contributions	34,112,264	34,112,264		
Finance agreements payable		17,646,691	17,646,691	
Student activity funds	17,030,611	15,979,052		1,051,559
Lease financing		46,096,560	46,096,560	
As reported – GAAP basis	<u>\$ 3,017,034,558</u>	<u>\$ 3,087,762,501</u>	<u>\$ 63,743,251</u>	<u>\$ (6,984,692)</u>

Governmental funds encumbrances outstanding at June 30, 2022 include \$23,912,548 for the General Fund. Encumbrances are considered expenditures for budgetary purposes, however are not considered liabilities or expenditures for GAAP purposes.

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**III. DEPOSITS AND INVESTMENTS**

Cash and investments at June 30, 2022 are summarized as follows:

	<u>Primary Government (including fiduciary)</u>	<u>Component Unit</u>
Equity in pooled cash and investments	\$ 93,887,076	\$ -
Cash and cash equivalents	9,451,142	109,513
Investments – cash equivalents	70,574,846	6,558,743
Investments – fiduciary funds	<u>2,739,161,020</u>	
Total	<u>\$ 2,913,074,084</u>	<u>\$ 6,668,256</u>
Deposits and Investments Summary:		
Deposits	\$ 103,335,971	109,513
Investments	2,809,735,866	6,558,743
Cash on hand	<u>2,247</u>	
Total	<u>\$ 2,913,074,084</u>	<u>\$ 6,668,256</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 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, 2022, the reported balance of the Board’s deposits was \$103,335,971 and the bank balance was \$101,703,158. 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, 2022 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Pension Trust Investments:	
Global equities index funds	\$ 1,069,808,657
Fixed income securities	516,408,879
Real estate	109,522,646
Alternative investments	<u>299,169,170</u>
Subtotal Pension Trust Investments	<u>1,994,909,352</u>
OPEB Related Investments:	
Investment in CRHBT	<u>702,881,321</u>
Subtotal OPEB Related Investments	<u>\$ 702,881,321</u>
Other Investments:	
Cash equivalents (Pension and Internal Service Fund)	<u>111,945,193</u>
Total Investments	<u>\$ 2,809,735,866</u>

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*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 2022, 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, 2022, fixed income investments had the following sensitivity to interest rates:

Investment Type	Fair Value	Modified Duration in Years
Pension Trust Investments:		
Core fixed income	\$ 404,043,346	6.7
Other fixed income	112,365,533	2.7
Total	<u>\$ 516,408,879</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 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, 2022, had the following credit risk characteristics:

S&P/Moody's Quality Rating	Percent of Fixed- Income Investments	Fair Value
AAA	2.0%	\$ 10,522,648
AA	13.3%	68,547,143
A	55.2%	285,062,228
BBB	8.3%	43,149,233
BB and below	16.2%	83,539,858
Not rated	5.0%	25,587,769
Total	<u>100.0%</u>	<u>\$ 516,408,879</u>

During FY 2022, individual holdings in the investment portfolios did not exceed policy guidelines. About \$10.6 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, 2022, is as follows:

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Currency	Fixed Income	Alternative Investments	Total Fair Value
Argentina Peso	\$ 217	\$ -	\$ 217
Australian Dollar	1,257,381		1,257,381
Canadian Dollar	4,019,443		4,019,443
Chinese R Yuan HK	(557,649)		(557,649)
Euro Currency Unit	(546,115)	6,584,002	6,037,887
Indian Rupee	153,039		153,039
Indonesian Rupiah	973,360		973,360
Japanese Yen	1,208,040		1,208,040
Mexican Peso	2,069,145		2,069,145
Norwegian Krone	478,722		478,722
Pound Sterling	462,504		462,504
Total	<u>\$ 9,518,087</u>	<u>\$ 6,584,002</u>	<u>\$ 16,102,089</u>

*Commitments.* At June 30, 2022, unfunded commitments were \$220,970,844 to private equity funds, private debt 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
- 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.

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The Board has the following recurring fair value measurements as of June 30, 2022:

Investments by Fair Value Level	June 30, 2022	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Debt Securities:				
US Treasuries Securities	\$ 28,393,234	\$ 28,393,234	\$ -	\$ -
US Agencies	21,315,431		21,315,431	
Asset Backed	4,087,887		4,087,887	
Corporate Bonds	40,292,411		37,823,261	2,469,150
Municipal Bonds	413,591		413,591	
Mortgage Backed Securities	5,869,378		5,703,873	165,505
International Government Bonds	5,247,191		5,247,191	
Others*	(1,836,590)		1,098,634	(2,935,224)
Futures Contracts	(1,121,668)	(1,121,668)		
Cash & Cash Equivalents*	111,945,193	111,945,193		
<b>Total Investment by Fair Value Level</b>	<b>\$ 214,606,058</b>	<b>\$ 139,216,759</b>	<b>\$ 75,689,868</b>	<b>\$ (300,569)</b>

Investments Measured at the NAV		Unfunded Commitments	Redemption Frequency	Redemption Received Period
Global Equities				
Commingled global equity funds	1,069,808,657	-	Daily	Varies by fund
Fixed Income Securities				
Commingled bond funds	413,748,014	-	Daily or Monthly	Varies by fund
Real Estate				
Private real estate funds	109,522,646	51,391,868	Illiquid or Quarterly	60 days for quarterly redemption
Alternative Investments				
Private equity	196,898,483	142,496,045	Illiquid	
Private credit	27,569,943	27,082,931	Illiquid	
Hedge funds	74,700,744	-	Monthly, quarterly, or annual	30-90 days
Other Investments				
Investment in CRHBT	702,881,321	-		
<b>Total Investments Measured at the NAV</b>	<b>\$ 2,595,129,808</b>	<b>\$ 220,970,844</b>		
<b>Total Investments</b>	<b>\$ 2,809,735,866</b>			

\* 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. Others are holdings mainly in non-leveled payables and receivables due to forward foreign exchange contract etc.

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:



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- 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.

For the commingled global equity funds, the Redemption notification date varies from T-4 to T, and the settlement date varies from T+1 to T+5.

- The objectives of the commingled bond funds are 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.

For the commingled bond funds, the Redemption notification date varies from 30 days to T-2, and the settlement date varies from T+2 to T+30.

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).

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Private Equity, Private Debt, 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 funds 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 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.
- Private debt is the investment of capital to acquire the debt of private companies (as opposed to acquiring equity). Private debt is not traded or issued in an open market. Private debt managers have multiple levers to create value: interest and fees, buying low and selling high (multiple arbitrage), restructuring a company and using leverage. Returns are generated through capital appreciation and current income. The objective of the Pension Trust's private debt portfolio is to complement the broader credit portfolio with higher returns due to illiquidity and complexity premium, diversify the risk/return profile via a wide range of underlying collateral types, and income generation through contractual yield. The private debt portfolio will consist of higher yielding corporate, physical (excluding real estate), or financial assets held within a private "lock-up" fund partnership structure. The return on the total private debt portfolio is expected to meet or exceed the Credit Suisse Leveraged Loans Index plus 200 basis points.
- 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 Pension Trust's hedge fund portfolio is to provide superior risk-adjusted returns and/or exhibit low correlation relative to the traditional asset classes. 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, 2022, the primary government had \$2,247 on hand in petty cash accounts.

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**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, 2022, is as follows:

Funds Reflecting a Receivable	Funds Reflecting a Payable							Total
	General	Capital Projects	Instructional TV	Food Services	Real Estate	Field Trip	Entrepreneurial	
General	\$ -	\$ 49,557,965	\$ -	\$ 6,630,048	\$ -	\$ 780,354	\$ 8,012,587	\$ 64,980,954
Capital Projects			7,636	995,780				1,003,416
Instructional TV	667,571							667,571
Real Estate	282,595	41,273		3,061				326,929
Field Trip		11,804		1,721	82,687			96,212
Entrepreneurial		335,866	29	399,794	1,660	3,577		740,926
Internal Service	2,520,506							2,520,506
<b>Total</b>	<b>\$ 3,470,672</b>	<b>\$ 49,946,908</b>	<b>\$ 7,665</b>	<b>\$ 8,030,404</b>	<b>\$ 84,347</b>	<b>\$ 783,931</b>	<b>\$ 8,012,587</b>	<b>\$ 70,336,514</b>

**V. DUE FROM EMPLOYEES**

The \$48,343 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.

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**VI. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022 was as follows:

<b>Governmental Activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Nondepreciable capital assets:</b>				
Land	\$ 113,117,160	\$ -	\$ -	\$ 113,117,160
Construction in Progress	199,332,390	180,440,724	157,661,946	222,111,168
Total nondepreciable capital assets	<u>312,449,550</u>	<u>180,440,724</u>	<u>157,661,946</u>	<u>335,228,328</u>
<b>Depreciable capital assets:</b>				
Buildings and improvements	4,098,756,472	150,576,832		4,249,333,304
Land improvements	496,464,536	21,277,470		517,742,006
Machinery and equipment	217,705,962	16,314,310	14,601,562	219,418,710
Right of use lease asset, building		33,132,014		33,132,014
Right of use lease asset, vehicle		12,964,546		12,964,546
Total depreciable capital assets	<u>4,812,926,970</u>	<u>234,265,172</u>	<u>14,601,562</u>	<u>5,032,590,580</u>
<b>Less accumulated depreciation and amortization for:</b>				
Buildings and improvements	1,528,325,386	108,862,503		1,637,187,889
Land improvements	110,585,321	8,345,779		118,931,100
Machinery and equipment	123,251,455	15,248,480	14,494,247	124,005,688
Right of use lease asset, building		1,211,074		1,211,074
Right of use lease asset, vehicle		914,167		914,167
Total accumulated depreciation and amortization	<u>1,762,162,162</u>	<u>134,582,003</u>	<u>14,494,247</u>	<u>1,882,249,918</u>
Total depreciable capital assets, net	<u>3,050,764,808</u>	<u>99,683,169</u>	<u>107,315</u>	<u>3,150,340,662</u>
Government activities capital assets, net	<u>\$ 3,363,214,358</u>	<u>\$ 280,123,893</u>	<u>\$ 157,769,261</u>	<u>\$ 3,485,568,990</u>
<b>Business-Type Activities:</b>				
<b>Depreciable capital assets:</b>				
Machinery and equipment	23,467,828		116,633	23,351,195
Right of use lease asset, building		161,281,632		161,281,632
Total depreciable capital assets	<u>23,467,828</u>	<u>161,281,632</u>	<u>116,633</u>	<u>184,632,827</u>
<b>Less accumulated depreciation and amortization for:</b>				
Machinery and equipment	16,596,806	1,238,490	113,137	17,722,159
Right of use lease asset, building		2,042,531		2,042,531
Total accumulated depreciation and amortization	<u>16,596,806</u>	<u>3,281,021</u>	<u>113,137</u>	<u>19,764,690</u>
Business-type activities capital assets, net	<u>\$ 6,871,022</u>	<u>\$ 158,000,611</u>	<u>\$ 3,496</u>	<u>\$ 164,868,137</u>

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

**Governmental Activities:**

Regular instruction	\$ 101,828,624
Special education	141,467
Student transportation	14,355,297
Operation of plant	1,602,520
Maintenance of plant	16,484,329
Administration	158,915
Community services	10,851
Total depreciation and amortization expense-governmental activities	<u>\$ 134,582,003</u>

**Business-Type Activities:**

Food services	1,215,969
Real estate management	2,042,531
Entrepreneurial	22,521
Total depreciation and amortization expense business type activities	<u>\$ 3,281,021</u>

Commitments for ongoing construction in progress at June 30, 2022 are \$379,018,535.

**VII. PAYABLES**

Accounts payable and other current liabilities of the governmental and business-type activities at June 30, 2022 are as follows:

	Governmental Activities	Business-Type Activities	Total
Accounts Payable	\$ 62,555,603	\$ 3,176,661	\$ 65,732,264
Retainage Payable	8,720,756		8,720,756
Accrued Salaries and Withholdings	117,092,275		117,092,275
Claims Payable	23,475,108		23,475,108
Due to Employees-advance Premium Withholding	10,987,792		10,987,792
Total Accounts Payable and Other Current Liabilities	<u>\$ 222,831,534</u>	<u>\$ 3,176,661</u>	<u>\$ 226,008,195</u>

**VIII. LEASES**

**A. LESSEE**

The Board leases buses as well as office space for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2057 and the office space provides for renewal options after 10 years.

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the agreement.

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Total future minimum lease payments under lease agreements are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2023	\$ 1,467,142	\$ 618,333	\$ 1,557,889	\$ 2,266,039
2024	1,516,584	598,642	1,660,632	2,249,258
2025	1,313,898	576,380	1,779,112	2,218,659
2026	1,284,967	558,151	1,895,119	2,192,517
2027	1,342,532	539,246	2,014,822	2,164,698
2028-2032	7,632,794	2,385,250	11,994,377	10,355,474
2033 and thereafter	29,249,587	6,021,115	139,500,644	30,144,965
Total minimum lease payments	<u>\$ 43,807,504</u>	<u>\$ 11,297,117</u>	<u>\$ 160,402,595</u>	<u>\$ 51,591,610</u>

Right of use assets acquired through outstanding leases are shown below, by underlying asset class.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Building	\$ 33,132,014	\$ 161,281,632
Equipment	12,964,546	
Less: Accumulated amortization	<u>(2,125,241)</u>	<u>(2,042,531)</u>
Total	<u>\$ 43,971,319</u>	<u>\$ 159,239,101</u>

**B. LESSOR**

The Board, acting as lessor, leases cell towers and facility space under long-term, non-cancelable lease agreements. The leases expire at various dates through 2026 and provide for renewal options ranging from one year to four years. During the year ended June 30, 2022, the Board recognized \$2,581,342 and \$293,051 in lease revenue and interest revenue, respectively, pursuant to these contracts.

Certain facility leases provide for increases in future minimum annual rental payments based on defined increases in the agreement.

Total future minimum lease payments to be received under lease agreements are as follows:

	<u>Business-Type Activities</u>	
	Principal	Interest
2023	\$ 2,310,790	\$ 8,422
2024	1,761,021	234,982
2025	1,773,558	209,200
2026	1,532,539	186,633
2027	1,324,873	167,690
2028-2032	6,337,822	557,999
2033 and thereafter	5,257,783	387,425
Total Minimum lease payments	<u>\$ 20,298,386</u>	<u>\$ 1,752,351</u>

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**IX. LONG-TERM LIABILITIES**

Long-term liability activities during FY 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
Finance agreements payable	\$ 61,462,835	\$ 31,606,689	\$ 32,147,605	\$ 60,921,919	\$ 24,754,724
Compensated absences	175,481,076	21,270,715	13,845,009	182,906,782	13,784,437
Lease liability		44,708,713		44,708,713	1,467,142
Net pension liability(*)	464,686,817		364,909,448	99,777,369	
Net OPEB liability(*)	<u>2,499,298,431</u>	<u>659,325,289</u>	<u>330,780,294</u>	<u>2,827,843,426</u>	
<b>Total</b>	<b>\$ <u>3,200,929,159</u></b>	<b>\$ <u>756,911,406</u></b>	<b>\$ <u>741,682,356</u></b>	<b>\$ <u>3,216,158,209</u></b>	<b>\$ <u>40,006,303</u></b>
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-Type Activities:</b>					
Finance agreements payable	\$ 339,255	\$ 360,500	\$ 216,476	\$ 483,279	\$ 210,473
Compensated absences	3,114,026	125,909	178,875	3,061,060	161,770
Lease liability		<u>160,402,595</u>		<u>160,402,595</u>	<u>1,557,889</u>
<b>Total</b>	<b>\$ <u>3,453,281</u></b>	<b>\$ <u>160,889,004</u></b>	<b>\$ <u>395,351</u></b>	<b>\$ <u>163,946,934</u></b>	<b>\$ <u>1,930,132</u></b>

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

**X. FUND BALANCE**

**A. GOVERNMENTAL FUNDS**

Fund Balance as of June 30, 2022 consists of the following:

Fund Balances:	General	Instructional TV	Total Governmental Funds
<b>Nonspendable:</b>			
Inventories	\$ 6,585,761	\$ -	\$ 6,585,761
Inventories –student activity fund	(134,820)		(134,820)
Prepays	<u>498,630</u>		<u>498,630</u>
<b>Total Nonspendable</b>	<b><u>6,949,571</u></b>		<b><u>6,949,571</u></b>
<b>Restricted for:</b>			
Instructional TV program		<u>635,453</u>	<u>635,453</u>
<b>Total Restricted</b>	<b><u>-</u></b>	<b><u>635,453</u></b>	<b><u>635,453</u></b>
<b>Assigned for:</b>			
Subsequent Year's Budget	35,000,000		35,000,000
Student Activity Funds	16,225,730		16,225,730
<b>Encumbrances:</b>			
Administrative	5,260,759		5,260,759
Instructional	11,618,935		11,618,935
Operation of Plant	<u>7,032,854</u>		<u>7,032,854</u>
<b>Total Encumbrances</b>	<b><u>23,912,548</u></b>	<b><u>-</u></b>	<b><u>23,912,548</u></b>
<b>Total Assigned</b>	<b><u>75,138,278</u></b>	<b><u>-</u></b>	<b><u>75,138,278</u></b>
Unassigned	<u>4,818,241</u>		<u>4,818,241</u>
<b>Total Fund Balances</b>	<b>\$ <u>86,906,090</u></b>	<b>\$ <u>635,453</u></b>	<b>\$ <u>87,541,543</u></b>

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**B. PROPRIETARY FUNDS**

The Food Services Fund ended the year with a positive net position. However, the Field Trip, Real Estate Management, and Entrepreneurial Funds net position as of June 30, 2022, were negative. The reasons for the decrease in FY 2022 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.

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 \$23,475,108 and \$7,159,121 reported in the Internal Service Fund and the Fiduciary Funds, respectively at June 30, 2022, 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 2022 and 2021 are reflected below.

	<u>Beginning Payable</u>	<u>Incurred Claims (Including IBNR)</u>	<u>Claim Payments</u>	<u>Ending Payable</u>
<b>2022</b>				
Internal Service Fund	\$ 26,371,985	\$ 345,171,166	\$ (348,068,043)	\$ 23,475,108
Fiduciary Funds	8,044,280	123,942,135	(124,827,294)	7,159,121
<b>Total</b>	<u>\$ 34,416,265</u>	<u>\$ 469,113,301</u>	<u>\$ (472,895,337)</u>	<u>\$ 30,634,229</u>
<b>2021</b>				
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
<b>Total</b>	<u>\$ 31,482,797</u>	<u>\$ 429,589,361</u>	<u>\$ (426,655,893)</u>	<u>\$ 34,416,265</u>



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**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 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<sup>th</sup> (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.

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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 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, 2022 was \$162,759,255. The FY 2022 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, 2022 was \$61,727,304.

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

### **EMPLOYEES' RETIREMENT AND PENSION SYSTEMS**

The Board withdrew from the fund in FY 2022 after a forty-year payout of amortized liability amounts. At June 30, 2022, the Board reported a liability of \$0 for its proportionate share of the net pension liability of the System, decreased by \$7,557,276 from \$7,557,276 in FY 2021. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was

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determined by an actuarial valuation as of that date. As of June 30, 2021, the Board’s proportionate share was 0.0%, which is a decrease of 0.0334373% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Board recognized pension credit of \$(1,369,494). 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 proportionate share	\$ -	\$	6,187,782
Total	\$ -	\$	6,187,782

**TEACHERS’ RETIREMENT AND PENSION SYSTEMS**

At June 30, 2022, 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	\$	1,080,747,616
The Board’s proportionate share of the net pension liability		-
Total	\$	1,080,747,616

The net pension liability was measured as of June 30, 2021, 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, 2022, the Board recognized pension expense of \$162,759,255 and revenue of \$162,759,255 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.

*Actuarial assumptions.* The total pension liability in the June 30, 2021 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, 3.10% 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, 2021 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, 2021.

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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%	4.7%
Private Equity	13	6.5
Rate Sensitive	19	(0.4)
Credit Opportunity	9	2.6
Real Assets	14	4.2
Absolute Return	8	2.0
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, 2021.

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 26.69%. 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability.* Since the Board withdrew from the Employees’ Retirement and pension system in FY 2022, there is no net pension liability as of June 30, 2022.

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.

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**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.

At July 1, 2020 the date of the latest actuarial report for employer reporting, 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	24,184
Total	45,888

*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 2021 was 4.68%.

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**NET PENSION LIABILITY**

The Board's net pension liability was measured as of June 30, 2021, 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	\$ 2,377,844,339
Plan fiduciary net position	<u>(2,278,066,970)</u>
Net pension liability	<u>\$ 99,777,369</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.

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	<u>100%</u>	

\* 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

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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**

	Increase (Decreases)		
	Total Pension Liability (a)	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.

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

For the year ended June 30, 2022, the Board recognized pension expense of \$5,159,514. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience measurement date	\$ 18,460,253	\$ 38,537,074
Changes in assumptions	56,384,461	116,262,678
Net difference between projected and actual earnings on investments		189,650,739
Board contributions subsequent to the measurement date	70,507,843	
Total	\$ 145,352,557	\$ 344,450,491

Board contributions of \$70,507,843 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, 2023. 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:	
2023	\$ (47,833,371)
2024	(43,643,932)
2025	(52,352,791)
2026	(96,774,997)
2027	(27,087,431)
Thereafter	(1,913,255)
Total	\$ (269,605,777)

### XIII. DEFINED BENEFIT PENSION PLANS (GASB 67)

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.

#### GENERAL INFORMATION ABOUT THE PENSION PLAN

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

At July 1, 2021, the date of the latest actuarial report, the Board's plan membership consisted of:

Retirees and beneficiaries currently receiving benefits	14,476
Terminated plan members entitled to benefits but not yet receiving them	8,114
Active plan members	24,223
Total	46,813

*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 2022 was 4.68%.



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**NET PENSION LIABILITY**

Beginning of year total pension liability is based on the Board’s actuarial valuation date of July 1, 2021, and a measurement date of June 30, 2021. The end of year total pension liability based on the Board’s actuarial valuation date of July 1, 2021, with the results rolled forward to a measurement date of June 30, 2022 is as follows:

Total pension liability	\$ 2,539,582,525
Plan fiduciary net position	<u>(2,037,030,384)</u>
Net pension liability	<u>\$ 502,552,141</u>

Plan fiduciary net position as a percentage of the total pension liability: 80.21%

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

Valuation date	July 1, 2021
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	6.75%, 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.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of July 1, 2021, then rolled forward to June 30, 2022 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, 2022 are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return*</u>
Fixed income	21.5%	4.8%
Global Equities	50.0	9.1
Alternatives	26.5	9.5
Cash & Cash Equivalents	<u>2.0</u>	2.9
Total	<u>100%</u>	

\* Expected inflation: 2.5%

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*Discount Rate.* The discount rate used to measure the total pension liability was 6.75%. The discount rate and investment rate of return changed in FY 2022 from 7.00% to 6.75%. 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 6/30/2021	\$ 2,377,844,339	\$ 2,278,066,970	\$ 99,777,369
Changes for the year			
Service cost	57,827,229		57,827,229
Interest	164,309,274		164,309,274
Differences between expected and actual experience	(13,595,604)		(13,595,604)
Changes of assumptions	73,214,317		73,214,317
Contributions – employer		70,507,843	(70,507,843)
Contributions – employee		26,478,722	(26,478,722)
Net Investment Income		(220,145,882)	220,145,882
Benefit payments, including refunds of employee contributions	(120,017,030)	(120,017,030)	
Other		2,139,761	(2,139,761)
Net Changes	161,738,186	(241,036,586)	402,774,772
Balances as of 6/30/2022	\$ 2,539,582,525	\$ 2,037,030,384	\$ 502,552,141

*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 6.75%, 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 (5.75%) or one percent higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Rate (6.75%)	1% Increase (7.75%)
Net Pension Liability	\$ 831,635,341	\$ 502,552,141	\$ 228,429,401

*Rate of Return on Investments.* The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for FY 2022 was (8.7)%. 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.

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**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.

*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, 2020, the date of the latest actuarial valuation:

Inactive Plan Members with Medical Coverage	10,233
Active Plan Members	<u>24,184</u>
Total	<u><u>34,417</u></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 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.

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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 2021, the County Council contributed \$69,358,879 and recorded as on behalf of the Board employees. In FY 2022 the County Council contributed \$73,048,269 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.

*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, 2021, were as follows:

Total OPEB liability	\$ 3,596,803,362
Plan fiduciary net position	<u>(768,959,936)</u>
Net OPEB liability	<u>\$ 2,827,843,426</u>
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 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:

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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 8.50% for Rx, 8.00% 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.

The assets of CRHBT are managed by the county. The following target allocation was the adopted asset allocation policy as of June 30, 2021 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 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, 2021 (see the discussion of the OPEB plan’s investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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>	

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*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 7.50% 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**

	Increase (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/2020</b>	\$ 3,068,256,022	\$ 568,957,591	\$ 2,499,298,431
<b>Changes for the year</b>			
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
<b>Net Changes</b>	528,547,340	200,002,345	328,544,995
<b>Balance as of 6/30/2021</b>	<u>\$ 3,596,803,362</u>	<u>\$ 768,959,936</u>	<u>\$ 2,827,843,426</u>

*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.

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*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, 2022, the Board recognized OPEB expense of \$125,277,883. At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 61,684,082	\$ 381,484,274
Changes in assumptions	468,872,973	114,811,257
Net difference between projected and actual earnings on OPEB plan investments at measurement date		74,220,311
Board contributions subsequent to the measurement date	128,768,234	
Total	\$ 659,325,289	\$ 570,515,842

Board contributions of \$128,768,234 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, 2023. 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:	
2023	\$ (32,286,588)
2024	(32,059,521)
2025	(31,933,727)
2026	(25,326,556)
2027	16,856,294
Thereafter	64,791,311
Total	\$ (39,958,787)

**XV. POSTEMPLOYMENT HEALTHCARE BENEFITS (GASB 74)**

An accounting standard for OPEB plan (GASB 74) requires the 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, 2021, the date of the latest actuarial valuation:

Inactive Plan Members with Medical Coverage	10,503
Active Plan Members	24,223
Total	34,726

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

*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 2022, plan members and beneficiaries receiving benefits contributed \$40,761,969 (approximately 24.0% of current contributions). The Board and other contributing entities' contributed \$128,768,234 (approximately 76.0% 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, 2022, were as follows:

Total OPEB liability	\$	2,808,330,020
Plan fiduciary net position		(722,881,009)
Net OPEB liability	\$	<u>2,085,449,011</u>
Plan fiduciary net position as a percentage of the total OPEB liability:		25.74%

*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of July 1, 2021, 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, 2021
Measurement date	June 30, 2022
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, 2021, and a measurement date of June 30, 2022. Update procedures were used to roll forward the total OPEB liability to the OPEB plan's fiscal year end.



BOARD OF EDUCATION OF MONTGOMERY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

*Discount Rate.* An SDR of 5.52% was used to measure the total OPEB liability as of June 30, 2022. The SDR was based on an expected rate of return on OPEB plan investments of 7.50% and a 20-year municipal bond rate of 3.69%. The projection of cash flows used to determine this SDR assumes that for contributions until FY 2034, the county and the Board will contribute the greater of: 1) the Annual Required Contribution less \$27.2 million, and, 2) the projected net benefit payments. For contributions during FY 2034 and after, the county and the Board will contribute the Annual Required Contribution amount calculated in the actuarial valuation.

By comparison, the SDR as of June 30, 2021, was 3.93%, based on an expected rate of return on OPEB plan investments of 7.50% and a municipal bond rate of 1.92%.

**CHANGES IN THE NET OPEB LIABILITY**

	Total OPEB Liability (a)	Increase (Decreases) Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Balances at 6/30/2021</b>	\$ 3,596,803,362	\$ 768,959,936	\$ 2,827,843,426
<b>Changes for the year</b>			
Service cost	155,942,782		155,942,782
Interest	143,070,402		143,070,402
Differences between expected and actual experience	(250,869,087)		(250,869,087)
Contributions - employer		94,655,970	(94,655,970)
Medicare Part D subsidies		34,112,264	(34,112,264)
Contributions - employee		40,761,969	(40,761,969)
Net Investment Income		(72,599,688)	72,599,688
Benefit payments, including refunds of employee contributions	(67,763,264)	(142,637,497)	74,874,233
Administrative expense		(371,945)	371,945
Assumption changes	(768,854,175)		(768,854,175)
<b>Net Changes</b>	(788,473,342)	(46,078,927)	(742,394,415)
<b>Balance as of 6/30/2022</b>	\$ 2,808,330,020	\$ 722,881,009	\$ 2,085,449,011

*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 5.52%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percent lower (4.52%) or one-percent higher (6.52%) than the current rate:

	<u>1% Decrease (4.52%)</u>	<u>Discount Rate (5.52%)</u>	<u>1% Increase (6.52%)</u>
Net OPEB liability	\$ 2,543,869,962	\$ 2,085,449,011	\$ 1,715,229,820

*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	\$ 1,653,023,877	\$ 2,085,449,011	\$ 2,641,895,867

*Rate of Return on Investments.* The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expenses, for FY 2022 was (8.30)%. 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.

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2022

**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

	Retirement and Pension System	OPEB Plan Trust	Total
<b>Assets:</b>			
Current assets	\$ 2,037,030,384	\$ 731,254,689	\$ 2,768,285,073
Total assets	<u>2,037,030,384</u>	<u>731,254,689</u>	<u>2,768,285,073</u>
<b>Liabilities:</b>			
Total liabilities		8,373,680	8,373,680
<b>Net Position:</b>			
Restricted for pension and other postemployment benefits	\$ 2,037,030,384	\$ 722,881,009	\$ 2,759,911,393

CONDENSED STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Retirement and Pension System	OPEB Plan Trust	Total
<b>Additions:</b>			
Contributions	\$ 96,986,565	\$ 169,530,203	\$ 266,516,768
Net investment earnings	(218,006,121)	(72,599,688)	(290,605,809)
Total additions	<u>(121,019,556)</u>	<u>96,930,515</u>	<u>24,089,041</u>
<b>Deductions:</b>			
Benefit and premium payments	120,017,030	142,637,497	262,654,527
Administrative expenses		371,945	371,945
Total deductions	<u>120,017,030</u>	<u>143,009,442</u>	<u>263,026,472</u>
Change in net position	(241,036,586)	(46,078,927)	(287,115,513)
Net position – beginning	2,278,066,970	768,959,936	3,047,026,906
Net position – ending	<u>\$ 2,037,030,384</u>	<u>\$ 722,881,009</u>	<u>\$ 2,759,911,393</u>

**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, 2022

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
YEAR ENDED JUNE 30, 2022

Fiscal Year Ending	2022	2021	2020	2019	2018
<b>Total Pension Liability</b>					
Service Cost	\$ 57,827,229	\$ 57,102,963	\$ 54,379,440	\$ 51,411,385	\$ 50,395,825
Interest	164,309,274	158,332,579	163,070,418	155,248,918	146,658,956
Benefit Changes	-	(1,537,714)			
Difference between Actual & Expected, if any	(13,595,604)	(13,117,169)	(13,391,489)	8,963,079	31,406,064
Assumption Changes	73,214,317		(163,012,720)		132,086,081
Benefit Payments	(120,017,030)	(111,635,349)	(108,552,381)	(102,247,449)	(95,135,058)
Refund					
Net Change in Total Pension Liability	<u>161,738,186</u>	<u>89,145,310</u>	<u>(67,506,732)</u>	<u>113,375,933</u>	<u>265,411,868</u>
Total Pension Liability -Beginning	<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>
Total Pension Liability -Ending (a)	<u>\$ 2,539,582,525</u>	<u>\$ 2,377,844,339</u>	<u>\$ 2,288,699,029</u>	<u>\$ 2,356,205,761</u>	<u>\$ 2,242,829,828</u>
<b>Plan Fiduciary Net Position</b>					
Contribution -Employer	70,507,843	70,919,230	86,941,255	88,769,344	79,863,596
Contribution -Employee	26,478,722	25,715,329	25,526,536	24,951,070	24,323,349
Net Investment Income	(220,145,882)	461,878,831	20,090,221	79,565,869	124,868,624
Benefit Payments	(120,017,030)	(111,635,349)	(108,552,381)	(102,247,449)	(95,135,058)
Refund					
Admin Expense	-	(380,559)	(1,166,352)	(1,475,279)	(1,209,068)
Other	2,139,761				
Net change in Plan Fiduciary Net Position	<u>(241,036,586)</u>	<u>446,497,482</u>	<u>22,839,279</u>	<u>89,563,555</u>	<u>132,711,443</u>
Plan Fiduciary Net Position -Beginning	<u>2,278,066,970</u>	<u>1,831,569,488</u>	<u>1,808,730,209</u>	<u>1,719,166,654</u>	<u>1,586,455,213</u>
Plan Fiduciary Net Position -Ending (b)	<u>\$ 2,037,030,384</u>	<u>\$ 2,278,066,970</u>	<u>\$ 1,831,569,488</u>	<u>\$ 1,808,730,209</u>	<u>\$ 1,719,166,656</u>
Net Pension Liability -Ending (a-b)	<u>\$ 502,552,141</u>	<u>\$ 99,777,369</u>	<u>\$ 457,129,541</u>	<u>\$ 547,475,552</u>	<u>\$ 523,663,172</u>
<b>Plan Fiduciary Net Position as a Percentage of</b>					
Total Pension Liability	80.21%	95.80%	80.03%	76.76%	76.65%
Covered Payroll	\$ 1,760,070,058	\$ 1,706,582,045	\$ 1,630,158,866	\$ 1,600,129,357	\$ 1,563,346,475
Net Pension Liability as a Percentage of Covered Payroll	28.55%	5.85%	28.04%	34.21%	33.50%
<b>Fiscal Year Ending</b>					
	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	
<b>Total Pension Liability</b>					
Service Cost	\$ 44,436,725	\$ 43,500,877	\$ 53,269,208	\$ 53,238,295	
Interest	141,159,580	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	(90,109,676)	(85,230,639)	(81,971,251)	(76,147,472)	
Refund					
Net Change in Total Pension Liability	<u>95,486,629</u>	<u>71,952,970</u>	<u>170,326,387</u>	<u>49,868,506</u>	
Total Pension Liability -Beginning	<u>1,881,931,331</u>	<u>1,809,978,361</u>	<u>1,639,651,974</u>	<u>1,589,783,468</u>	
Total Pension Liability -Ending (a)	<u>\$ 1,977,417,960</u>	<u>\$ 1,881,931,331</u>	<u>\$ 1,809,978,361</u>	<u>\$ 1,639,651,974</u>	
<b>Plan Fiduciary Net Position</b>					
Contribution -Employer	65,877,870	74,861,086	83,498,517	80,544,815	
Contribution -Employee	23,749,197	22,949,001	22,486,721	21,578,300	
Net Investment Income	172,942,114	(3,391,963)	26,441,619	179,375,231	
Benefit Payments	(90,109,676)	(85,230,639)	(81,971,251)	(76,147,472)	
Refund					
Admin Expense	(1,151,736)	(2,012,071)	(2,217,291)	(2,163,665)	
Other					
Net change in Plan Fiduciary Net Position	<u>171,307,769</u>	<u>7,175,414</u>	<u>48,238,316</u>	<u>203,187,209</u>	
Plan Fiduciary Net Position -beginning	<u>1,415,147,444</u>	<u>1,407,972,029</u>	<u>1,359,733,714</u>	<u>1,156,546,505</u>	
Plan Fiduciary Net Position -Ending (b)	<u>\$ 1,586,455,213</u>	<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>\$ 390,962,746</u>	<u>\$ 466,783,888</u>	<u>402,006,332</u>	<u>279,918,260</u>	
<b>Plan Fiduciary Net Position as a Percentage of</b>					
Total Pension Liability	80.23%	75.20%	77.79%	82.93%	
Covered Payroll	\$ 1,468,494,379	\$ 1,425,722,698	\$ 1,429,764,138	\$ 1,390,868,330	
Net Pension Liability as a Percentage of Covered Payroll	26.62%	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, 2022

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
2022	2,539,582,525	2,037,030,384	502,552,141	80.21	1,760,070,058	28.55

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, 2022

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
2022	62,184,996	70,507,843	(8,322,847)	1,760,070,058	4.01

**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 Percentage of Payroll, Open (Closed Period for Plan Changes)
Remaining amortization period	15 years for non-plan changes, initial period of 30 years for the 2006 and 2010 plan changes (16 years remaining for the 2006 plan change and 20 years for the 2010 plan change), initial period of 15 years for the 2020 plan change (15 years remaining)
Asset valuation method	5 year smoothing
Investment rate of return	6.75%, net of investment expense, including inflation
Projected salary increases	2.50% to 13.50%, including inflation
Inflation	2.50%
Retirement age	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.
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.

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, 2022

Fiscal year ending June 30	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Actual money weighted rate of return, net of investment expense	(8.7)%	24.7%	1.2%	4.9%	7.8%	11.9%	(0.02)%	2.20%	15.75%	12.95%

This schedule shows information for 10 years.

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE BOARD PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 MARYLAND STATE RETIREMENT AND PENSION SYSTEM  
 YEAR ENDED JUNE 30, 2022

<u>Employees' Retirement and Pension Systems</u>	Fiscal Year Ending							
	2022	2021	2020	2019	2018	2017	2016	2015
Board's proportion of the net pension liability (asset)	0.00000000%	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	-	-	-	-	-	-	-	-
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%	0.00%
Plan fiduciary net position as of a percentage of the total pension liability	76.76%	66.29%	67.98%	68.36%	66.71%	62.97%	66.26%	69.53%

Teachers' Retirement and Pension Systems

Board's proportion of the net pension liability (asset)	0.00000000%	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	\$ 1,080,747,616	\$ 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	1,706,582,045	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	63.33%	105.62%	103.87%	103.51%	119.68%	131.26%	106.51%	80.23%
Plan fiduciary net position as of a percentage of the total pension liability	85.40%	73.84%	74.43%	73.35%	71.41%	67.95%	70.76%	69.53%

Methods and assumptions used to determine contribution rates:

Valuation date	7/1/2021
Measurement date	6/30/2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percent of payroll closed
Investment rate of return	6.80%
Discount rate	6.80%
Salary increases	3.10% to 11.60%, including wage inflation
Inflation	2.60% general, 3.10% 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 2021 experience review. Discount rate and investment rate of return were reduced to 6.80% for FY 21.

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, 2022

<u>Employees' Retirement and Pension Systems</u>	Fiscal Year Ending				
	2022	2021	2020	2019	2018
Contractually required contribution	\$ -	\$ -	\$ 716,916	\$ 682,777	\$ 650,264
Contributions in relation to the contractually required contribution	-	-	716,916	682,777	650,264
Contribution deficiency (excess)	-	-	-	-	-
 <u>Teachers' Retirement and Pension Systems</u>					
Contractually required contribution	61,908,257	\$ 61,086,328	\$ 60,354,730	\$ 58,560,510	\$ 58,672,664
Contributions in relation to the contractually required contribution	61,908,257	61,086,328	60,354,730	58,560,510	58,672,664
Contribution deficiency (excess)	-	-	-	-	-
Board's covered payroll	\$ 1,760,070,058	\$ 1,706,582,045	\$ 1,630,158,866	\$ 1,600,129,357	\$ 1,563,346,475
Contributions as a percentage of covered payroll	3.52%	3.58%	3.70%	3.66%	3.75%

<u>Employees' Retirement and Pension Systems</u>	Fiscal Year Ending				
	2017	2016	2015	2014	2013
Contractually required contribution	\$ 619,299	\$ 589,809	\$ 561,723	\$ 534,974	\$ 509,499
Contributions in relation to the contractually required contribution	619,299	589,809	561,723	534,974	509,499
Contribution deficiency (excess)	-	-	-	-	-
 <u>Teachers' Retirement and Pension Systems</u>					
Contractually required contribution	\$ 59,762,674	\$ 58,384,555	\$ 44,295,412	\$ 79,016,414	\$ 131,705,430
Contributions in relation to the contractually required contribution	59,762,674	58,384,555	44,295,412	79,016,414	131,705,430
Contribution deficiency (excess)	-	-	-	-	-
Board's covered payroll	\$ 1,468,494,379	\$ 1,425,722,698	\$ 1,429,764,138	\$ 1,390,868,330	\$ 1,358,290,896
Contributions as a percentage of covered payroll	4.07%	4.10%	3.10%	5.68%	9.70%

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, 2022

Fiscal Year Ending	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service Cost	\$ 155,942,782	\$ 131,125,105	\$ 109,249,061	\$ 104,162,538	\$ 88,364,530	\$ 125,216,637
Interest	143,070,402	138,193,669	151,919,286	153,797,183	157,630,126	146,230,235
Benefit Changes						
Different between Actual & Expected if any Assumption Changes	(250,869,087)	69,057,445	(269,627,645)	(73,824,566)	(216,455,378)	
Assumption Changes	(768,854,175)	246,037,722	28,494,417	169,486,009	203,760,125	(270,838,727)
Benefit Payments, including refunds of employee contributions	(67,763,264)	(55,866,601)	(59,609,650)	(83,877,327)	(72,763,620)	(70,432,337)
Net Change in Total OPEB Liability	(788,473,342)	528,547,340	(39,574,531)	269,743,837	160,535,784	(69,824,192)
Total OPEB Liability -Beginning	3,596,803,362	3,068,256,022	3,107,830,553	2,838,086,716	2,677,550,932	2,747,375,124
Total OPEB Liability -Ending (a)	<u>\$ 2,808,330,020</u>	<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>
<b>Plan Fiduciary Net Position</b>						
Contribution -Employer	94,655,970	106,594,397	115,201,749	62,667,044	90,580,304	96,333,627
Contribution -Nonemployer entities						
Medicare Part D subsidies	34,112,264	31,293,901	26,546,554	22,561,041	21,197,806	18,725,635
Contributions-member	40,761,969	41,581,285	42,290,716	38,743,969	39,875,875	37,315,988
Net Investment Income	(72,599,688)	149,472,797	21,895,304	34,845,670	31,492,272	36,233,300
Benefit Payments, including refunds of employee contributions	(142,637,497)	(128,741,787)	(128,446,920)	(122,621,296)	(112,639,495)	(107,748,325)
Admin Expense	(371,945)	(198,248)	(187,904)	(194,702)	(207,208)	(292,732)
Other			1,304			
Net change in Plan Fiduciary Net Position	(46,078,927)	200,002,345	77,300,803	36,001,726	70,299,554	80,567,493
Plan Fiduciary Net Position -beginning	768,959,936	568,957,591	491,656,788	455,655,062	385,355,507	304,788,014
Plan Fiduciary Net Position -Ending (b)	<u>\$ 722,881,009</u>	<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>\$ 2,085,449,011</u>	<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>
<b>Plan Fiduciary Net Position as a Percentage of</b>						
Total OPEB Liability	25.74%	21.38%	18.54%	15.82%	16.06%	14.39%
Covered Employee Payroll (c)	\$ 1,764,352,468	\$ 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	118.20%	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, 2022

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	152.39
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
2022	2,808,330,020	722,881,009	2,085,449,011	25.74	1,764,352,468	118.20

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, 2022

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
2022	149,523,526	128,768,234	20,755,292	1,764,352,468	7.30

**Notes to Schedule:**

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

Methods and assumptions used to determine contribution rates:

Valuation date	July 1, 2020
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
Health care trend rates	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.

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, 2022

<b>Fiscal year ending June 30</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Actual money weighted rate of return, net of investment expense	(8.30)%	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, 2022

## **GOVERNMENTAL FUNDS**

June 30, 2022

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, 2022

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Montgomery County	\$ 874,857,783	\$ 911,185,783	\$ 216,521,301	\$ (694,664,482)
State of Maryland	51,950,802	52,553,453	30,800,510	(21,752,943)
Federal	1,900,724	3,978,579	2,077,855	(1,900,724)
Other sources	<u>2,551,798</u>	<u>2,551,798</u>	<u>122,754</u>	<u>(2,429,044)</u>
 Total revenues	 931,261,107	 970,269,613	 249,522,420	 (720,747,193)
 <b>Expenditures and encumbrances:</b>				
Capital outlay	<u>931,261,107</u>	<u>970,269,613</u>	<u>249,522,420</u>	<u>720,747,193</u>
 Total expenditures and encumbrances	 <u>931,261,107</u>	 <u>970,269,613</u>	 <u>249,522,420</u>	 <u>720,747,193</u>
 Excess of revenues over expenditures and encumbrances	 -	 -	 -	 -
 Fund balance - beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance - ending	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>
 <b>Reconciliation to GAAP fund balance:</b>				
2022 encumbrances outstanding			<u>-</u>	
 Fund balance - GAAP basis			 <u>\$ -</u>	



BOARD OF EDUCATION OF MONTGOMERY COUNTY  
SCHEDULE OF CONSTRUCTION IN PROGRESS  
CAPITAL PROJECTS FUND  
JUNE 30, 2022

Award Number	Project Name	Project Authorization	Expended to Jun 30, 2022	Committed	Available for Future Expenditure
000000	Unliquidated Surplus for Local Funds	\$ 2,103,138	\$ -	\$ 369,087	\$ 1,734,051
006503	Water and Indoor Air Quality Improvements Local Funding	73,521	72,000	1,521	
016532	Fire Safety Code Upgrades Local Funding	5,265,917	3,260,237	486,154	1,519,526
036510	Technology Modernization Local Funding	27,653,743	20,252,740	833,727	6,567,276
056501	Restroom Renovations Local Funding	13,447,065	5,109,489	7,240,229	1,097,347
076506	Building Modifications and Program Improvements Local Funding	27,362,346	24,379,134	1,423,224	1,559,988
096500	Brookhaven Elementary School Local Funding	5,654,103	5,651,311		2,792
096503	Harmony Hills Elementary School Local Funding	5,448,741	5,403,129	45,612	
096506	Rock View Elementary School Local Funding	5,443,365	5,062,386		380,979
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
116509	Somerset Elementary School Addition 2011	1,475,114	1,341,155		133,959
116510	Viers Mill Elementary School Addition 2013	10,836,865	10,836,865		
116513	Wyngate Elementary School Addition 2013	336,000	336,000		
136500	Arcola 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
136510	Modifications to Holding, Special Education & Alternative Schools Local Funding	276			276
546034	Land Acquisition Local Funding	1,352,803			1,352,803
651502	S. Christa McAuliffe ES Addition 2019	10,653,590	10,639,332	10,497	3,761
651503	North Bethesda MS Addition 2018	21,298,000	21,056,694	13,137	228,169
651504	Lucy V Barnsley ES Addition 2018	13,924,000	13,688,244		235,756
651510	Diamond Elementary School Addition 2018	9,147,000	9,130,738		16,262
651511	Burtonsville ES Addition 2020	1,172,000			1,172,000
651513	Bethesda-Chevy Chase HS Addition 2018	41,692,000	41,619,751	19,010	53,239
651514	Ashburton ES Addition 2019	10,944,000	10,756,636	16,003	171,361
651515	Blair Ewing Center Improvements 2018	264,203	264,093		110
651518	Gaithersburg ES Addition 2020	38,086,707	32,296,133		5,790,574
651704	Walt Whitman High School Addition 2021	30,577,000	30,207,221		369,779
651705	Thomas W. Pyle MS Addition 2020	25,114,000	25,024,299	16,625	73,076
651706	Takoma Park MS Addition 2020	25,186,000	23,409,620		1,776,380
651708	Pine Crest ES Addition 2020	8,623,000	8,604,892	11,435	6,673
651709	Montgomery Knolls ES Addition 2020	10,605,000	10,067,021	23,063	514,916
651713	Clarksburg Cluster ES (Village Site #2) 2019	32,824,030	31,846,756		977,274
651801	Outdoor Play Maintenance 2019-20	2,431,972	568,919	679,137	1,183,916
651901	Clarksburg Cluster ES #9 - New	44,176,000	7,991,974	34,355,734	1,828,292
651904	Ronald McNair ES Addn - Local Funding	10,913,000	708,121	232,023	9,972,856 *
651905	DuFief ES Addition/Facility Upgrade 2022	2,762,000	1,588,535	443,494	729,971
651906	John F Kennedy HS Addition 2022	26,578,000	20,611,769	2,822,277	3,143,954
651907	Northwood HS Addition/Upgrades	27,140,000	4,817,294	1,427,719	20,894,987
651908	Charles W. Woodward HS Re-Opening	132,235,000	35,333,239	92,407,358	4,494,403
651909	Crown High School - New	6,306,000	1,458,013	4,841,059	6,928
651910	Odessa Shannon MS Addition/Upgrade 2021	62,864,000	50,947,695	53,410	11,862,895
651911	Parkland MS Addition Local Funding	13,748,000	848,042	252,993	12,646,965
651912	Silver Spring International MS Addition 2022	19,140,000	1,912,985	812,259	16,414,756
651913	Major Capital Projects	177,718,546	28,883,132	138,742,588	10,092,826
652001	Highland View Elementary School Addition	16,775,000	32,835	756,140	15,986,025
652002	Lake Seneca Elementary School Addition	875,000			875,000
652003	Thurgood Marshall Elementary School Addition	630,000			630,000
652102	Major Capital Projects-Secondary	143,505,000	14,619,237	64,809,505	64,076,258
652105	W. T. Page ES Addition - Local Funding	19,823,000	54,490	1,025,825	18,742,685
652107	Westbrook ES Addition Local Funding	13,918,000	10,109,388		3,808,612
652201	JoAnn Leleck ES at Broad Acres Local Funding	27,654,000	23,525		27,630,475
746032	Design and Construction Management Local Funding	5,705,979	4,556,749	18,085	1,131,145
766995	Roof Replacement Local Funding	41,775,096	19,435,335	9,488,217	12,851,544
796222	Energy Conservation Local Funding	1,452,996	700,000		752,996
796235	ADA Compliance Local Funding	6,920,496	2,773,897	1,063,391	3,083,208
816633	HVAC Replacement Local Funding	87,930,970	50,873,859		37,057,111
816695	Asbestos Abatement Local Funding	1,276,710	778,220	60,314	438,176
846540	Relocatable Classrooms Local Funding	8,265,680	942,559	2,215,741	5,107,380
876544	Stadium Lighting Local Funding	9,121			9,121
896586	Planned Life Cycle Asset Replacement Local Funding	26,931,468	10,546,747	6,417,100	9,967,621
916587	Rehab/Renovation of Closed Schools Local Funding	41,287,796	40,893,701	21,657	372,438
926557	School Security Local Funding	30,784,268	17,582,084	2,997,298	10,204,886
926575	Current Replacements/Modernizations Local Funding	646,119,358	638,223,710	589,306	7,306,342
956547	Educational Technology (Global Access)	12			12
956550	Stormwater Management	670,718	481,995	27,175	161,548
966553	Facility Planning Local Funding	2,768,736		670,352	2,098,384
975051	Improved (Safe) Access to Schools Local Funding	8,674,789	7,050,848	1,273,379	350,562
<b>Total Open &amp; Interim Projects</b>		<b>2,153,913,689</b>	<b>1,433,067,865</b>	<b>379,018,535</b>	<b>341,827,289</b>
Capitalized land, equipment and furniture, and items not capitalized		(6,591,348)	(6,591,348)		
Interim closing of open projects **		(1,204,365,349)	(1,204,365,349)		
<b>Total construction in progress</b>		<b>\$ 942,956,992</b>	<b>\$ 222,111,168</b>	<b>\$ 379,018,535</b>	<b>\$ 341,827,289</b>

\* 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, 2022.

\*\* 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, 2022

	Budgeted Amounts			Actual Amounts	Variance with Final Budget - (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	62,733	1,832,508	1,832,508	1,793,911	38,597
Total expenditures and encumbrances	62,733	1,832,508	1,832,508	1,793,911	38,597
Excess of expenditures and encumbrances over revenues	(62,733)	(62,733)	(62,733)	(24,136)	38,597
Fund balance - beginning	62,733	62,733	62,733	543,071	480,338
Fund balance - ending	\$ -	\$ -	\$ -	\$ 518,935	\$ 518,935
Reconciliation to GAAP fund balance:					
2022 encumbrances outstanding				116,518	
Fund balance - GAAP basis				\$ 635,453	

## **NONMAJOR ENTERPRISE FUNDS**

June 30, 2022

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, 2022

	Field Trip	Entrepreneurial	Total Nonmajor Enterprise Funds
<b>Assets</b>			
Current assets:			
Accounts receivable	\$ 156,959	\$ 7,045,995	\$ 7,202,954
Due from other funds	96,212	740,926	837,138
Total current assets	<u>253,171</u>	<u>7,786,921</u>	<u>8,040,092</u>
Noncurrent assets:			
Capital assets, net of accumulated depreciation:			
Machinery and equipment		44,935	44,935
Total noncurrent assets	<u>-</u>	<u>44,935</u>	<u>44,935</u>
Total assets	<u>253,171</u>	<u>7,831,856</u>	<u>8,085,027</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable		1,617,695	1,617,695
Due to other funds	783,931	8,012,587	8,796,518
Total current liabilities	<u>783,931</u>	<u>9,630,282</u>	<u>10,414,213</u>
Noncurrent liabilities:			
Compensated absences	79,922	201,231	281,153
Total noncurrent liabilities	<u>79,922</u>	<u>201,231</u>	<u>281,153</u>
Total liabilities	<u>863,853</u>	<u>9,831,513</u>	<u>10,695,366</u>
<b>Net Position</b>			
Net investment in capital assets		44,935	44,935
Unrestricted	(610,682)	(2,044,592)	(2,655,274)
Total net position	<u>\$ (610,682)</u>	<u>\$ (1,999,657)</u>	<u>\$ (2,610,339)</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, 2022

	Field Trip	Entrepreneurial	Total Nonmajor Enterprise Funds
<b>Operating revenues:</b>			
Rent and fees	\$ 763,806	\$ 8,354,854	\$ 9,118,660
Total operating revenues	<u>763,806</u>	<u>8,354,854</u>	<u>9,118,660</u>
<b>Operating expenses:</b>			
Salaries and wages	899,802	936,246	1,836,048
Contracted services		7,297,606	7,297,606
Supplies and materials	2,276	170,024	172,300
Other charges	146,408	263,366	409,774
Depreciation and amortization		22,521	22,521
Total operating expenses	<u>1,048,486</u>	<u>8,689,763</u>	<u>9,738,249</u>
Operating income (loss)	<u>(284,680)</u>	<u>(334,909)</u>	<u>(619,589)</u>
Change in net position	(284,680)	(334,909)	(619,589)
Total net position - beginning	<u>(326,002)</u>	<u>(1,664,748)</u>	<u>(1,990,750)</u>
Total net position - ending	<u>\$ (610,682)</u>	<u>\$ (1,999,657)</u>	<u>\$ (2,610,339)</u>

BOARD OF EDUCATION OF MONTGOMERY COUNTY  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Field Trip	Entrepreneurial	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers and users	\$ 619,080	\$ 2,121,557	\$ 2,740,637
Payments to suppliers	398,896	(895,576)	(496,680)
Payments to employees	(940,088)	(1,037,732)	(1,977,820)
Payments for assessments made by other funds	(77,888)	(186,375)	(264,263)
Payments for other operating expenses	-	(1,874)	(1,874)
Net cash provided (used) by operating activities	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in cash and cash equivalents			
Cash and cash equivalents - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ (284,680)	\$ (334,909)	\$ (619,589)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation		22,521	22,521
Effects of changes in operating assets and liabilities:			
Receivables	(144,726)	(6,233,297)	(6,378,023)
Accounts payable		1,542,278	1,542,278
Due to other funds	401,172	5,029,776	5,430,948
Compensated absences	28,234	(26,369)	1,865
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# FIDUCIARY FUNDS

June 30, 2022

## 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, 2022

	Retirement and Pension System	OPEB Plan Trust	Total Pension and Other Employee Benefits Trust Funds
<b>Assets</b>			
Investments:			
Global equities	\$ 1,069,808,657	\$ -	\$ 1,069,808,657
Fixed income securities	516,408,879		516,408,879
Real estate	109,522,646		109,522,646
Alternative investments	299,169,170		299,169,170
Short-term investments/CRHBT	41,370,347	702,881,321	744,251,668
Total investments	<u>2,036,279,699</u>	<u>702,881,321</u>	<u>2,739,161,020</u>
Accounts receivable		1,793,079	1,793,079
Due from Internal Service Fund		26,580,289	26,580,289
Due from General Fund	750,685		750,685
Total assets	<u>2,037,030,384</u>	<u>731,254,689</u>	<u>2,768,285,073</u>
<b>Liabilities</b>			
Due to General Fund		1,154,542	1,154,542
Accounts payable		60,017	60,017
Claims payable		7,159,121	7,159,121
Total liabilities	<u>-</u>	<u>8,373,680</u>	<u>8,373,680</u>
<b>Net Position</b>			
Restricted for pension	2,037,030,384		2,037,030,384
Restricted for other postemployment benefits		722,881,009	722,881,009
Total net position	<u>\$ 2,037,030,384</u>	<u>\$ 722,881,009</u>	<u>\$ 2,759,911,393</u>

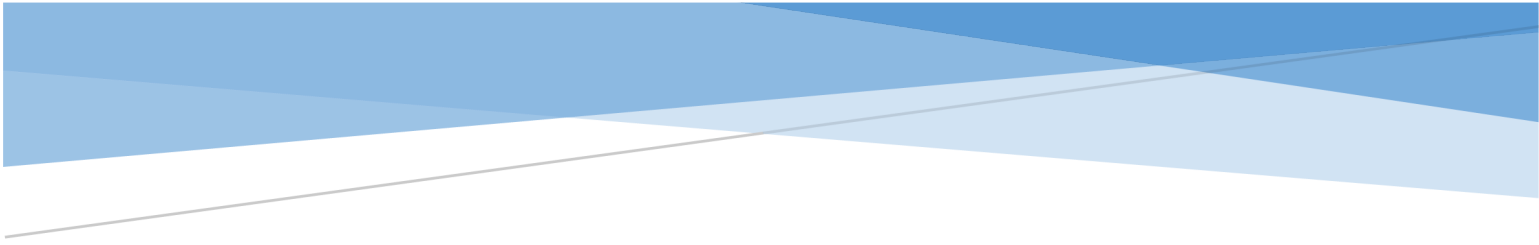


BOARD OF EDUCATION OF MONTGOMERY COUNTY  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2022

	Retirement and Pension System	OPEB Plan Trust	Total Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 70,507,843	\$ 94,655,970	\$ 165,163,813
Members	26,478,722	40,761,969	67,240,691
Federal government - Medicare Part D		34,112,264	34,112,264
	<u>96,986,565</u>	<u>169,530,203</u>	<u>266,516,768</u>
Total contributions			
Investment earnings:			
Net increase in fair value of investments	(226,642,352)	(72,599,688)	(299,242,040)
Interest and dividends	19,460,121		19,460,121
Total investment income	<u>(207,182,231)</u>	<u>(72,599,688)</u>	<u>(279,781,919)</u>
Less investment expense:			
Investment fees and other	(10,823,890)		(10,823,890)
Total investment expense	<u>(10,823,890)</u>	<u>-</u>	<u>(10,823,890)</u>
Net investment earnings	<u>(218,006,121)</u>	<u>(72,599,688)</u>	<u>(290,605,809)</u>
Total additions	<u>(121,019,556)</u>	<u>96,930,515</u>	<u>(24,089,041)</u>
<b>DEDUCTIONS</b>			
Benefits paid to plan members	120,017,030	123,942,135	243,959,165
Premiums paid to insurance companies		18,695,362	18,695,362
Administrative expenses		371,945	371,945
	<u>120,017,030</u>	<u>143,009,442</u>	<u>263,026,472</u>
Total deductions			
Change in net position	(241,036,586)	(46,078,927)	(287,115,513)
Net position - beginning	<u>2,278,066,970</u>	<u>768,959,936</u>	<u>3,047,026,906</u>
Net position - ending	<u>\$ 2,037,030,384</u>	<u>\$ 722,881,009</u>	<u>\$ 2,759,911,393</u>



Students at Potomac Elementary School  
Celebrate Lunar New Year



# STATISTICAL SECTION

Board of Education of Montgomery County  
June 30, 2022

# 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.

	<b>Page</b>
<b>Financial Trends</b>	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.	
<b>Revenue Capacity</b>	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.	
<b>Debt Capacity</b>	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.	
<b>Demographic and Economic Information</b>	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.	
<b>Operating Information</b>	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				
	2013	2014	2015	2016	2017
<b>Governmental Activities:</b>					
Net Investment in capital assets	\$ 2,377,418,879	\$ 2,467,557,443	\$ 2,545,451,592	\$ 2,639,420,067	\$ 2,749,974,181
Restricted for Instructional TV, Expendable					280,688
Unrestricted	<u>(487,587,959)</u>	<u>(574,669,171)</u>	<u>(961,916,071)</u>	<u>(999,244,078)</u>	<u>(1,024,990,225)</u>
Total governmental activities net position	<u>\$ 1,889,830,920</u>	<u>\$ 1,892,888,272</u>	<u>\$ 1,583,535,521</u>	<u>\$ 1,640,175,989</u>	<u>\$ 1,725,264,644</u>
<b>Business-type activities:</b>					
Net Investment in capital assets	\$ 3,105,386	\$ 4,936,206	\$ 5,195,791	\$ 4,439,974	\$ 5,476,647
Unrestricted	<u>(7,068,728)</u>	<u>(7,848,538)</u>	<u>(7,337,109)</u>	<u>(5,288,323)</u>	<u>(1,101,387)</u>
Total business-type activities net position	<u>\$ (3,963,342)</u>	<u>\$ (2,912,332)</u>	<u>\$ (2,141,318)</u>	<u>\$ (848,349)</u>	<u>\$ 4,375,260</u>
<b>Primary government:</b>					
Net Investment in capital assets	\$ 2,380,524,265	\$ 2,472,493,649	\$ 2,550,647,383	\$ 2,643,860,041	\$ 2,755,450,828
Restricted for Instructional TV, Expendable					280,688
Unrestricted	<u>(494,656,687)</u>	<u>(582,517,709)</u>	<u>(969,253,180)</u>	<u>(1,004,532,401)</u>	<u>(1,026,091,612)</u>
Total primary government net position	<u>\$ 1,885,867,577</u>	<u>\$ 1,889,975,940</u>	<u>\$ 1,581,394,203</u>	<u>\$ 1,639,327,640</u>	<u>\$ 1,729,639,904</u>

	Fiscal Year				
	2018	2019	2020	2021	2022
<b>Governmental Activities:</b>					
Net Investment in capital assets	\$ 2,884,728,055	\$ 3,047,409,607	\$ 3,253,095,975	\$ 3,321,724,670	\$ 3,391,387,271
Restricted for Instructional TV, Expendable	328,504	395,240	469,213	543,071	635,453
Unrestricted	<u>(2,824,799,646)</u>	<u>(2,906,632,993)</u>	<u>(3,007,305,795)</u>	<u>(3,101,768,189)</u>	<u>(3,136,331,422)</u>
Total governmental activities net position	<u>\$ 60,256,913</u>	<u>\$ 141,171,854</u>	<u>\$ 246,259,393</u>	<u>\$ 220,499,552</u>	<u>\$ 255,691,302</u>
<b>Business-type activities:</b>					
Net Investment in capital assets	\$ 6,625,622	\$ 6,447,680	\$ 5,667,833	\$ 6,871,022	\$ 4,192,736
Unrestricted	<u>12,052,586</u>	<u>13,236,716</u>	<u>10,161,748</u>	<u>(4,147,688)</u>	<u>24,107,768</u>
Total business-type activities net position	<u>\$ 18,678,208</u>	<u>\$ 19,684,396</u>	<u>\$ 15,829,581</u>	<u>\$ 2,723,334</u>	<u>\$ 28,300,504</u>
<b>Primary government:</b>					
Net Investment in capital assets	\$ 2,891,353,677	\$ 3,053,857,287	\$ 3,258,763,808	\$ 3,328,595,692	\$ 3,395,580,007
Restricted for Instructional TV, Expendable *	328,504	395,240	469,213	543,071	635,453
Unrestricted	<u>(2,812,747,060)</u>	<u>(2,893,396,277)</u>	<u>(2,997,144,047)</u>	<u>(3,105,915,877)</u>	<u>(3,112,223,654)</u>
Total primary government net position	<u>\$ 78,935,121</u>	<u>\$ 160,856,250</u>	<u>\$ 262,088,974</u>	<u>\$ 223,222,886</u>	<u>\$ 283,991,806</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. 84, 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			
	2013	2014	2015	2016
<b>Expenses</b>				
Governmental activities				
Instruction:				
Regular instruction	\$ 1,425,776,788	\$ 1,510,082,837	\$ 1,507,192,601	\$ 1,509,093,578
Special education	398,480,390	436,204,642	433,278,196	456,783,996
School administration	204,795,867	210,172,216	203,472,513	207,845,076
Student personnel services	15,992,374	16,496,795	16,623,187	17,050,375
Health services	20,074	17,336	1,594	836
Total instruction	<u>2,045,065,493</u>	<u>2,172,973,826</u>	<u>2,160,568,091</u>	<u>2,190,773,861</u>
Support services:				
Student transportation	129,890,569	136,415,463	134,999,834	138,795,597
Operation of plant	150,099,667	158,947,644	169,601,304	169,976,798
Maintenance of plant	69,624,065	76,505,617	69,525,061	69,797,436
Administration	58,481,042	59,544,537	64,351,553	60,021,749
Community services	2,548,923	3,103,601	3,168,196	3,095,853
Interest on finance agreements	801,273	745,756	784,439	1,086,674
Total support services	<u>411,445,539</u>	<u>435,262,618</u>	<u>442,430,387</u>	<u>442,774,107</u>
Total governmental activities expenses	<u>2,456,511,032</u>	<u>2,608,236,444</u>	<u>2,602,998,478</u>	<u>2,633,547,968</u>
Business-type activities				
Food services	51,249,507	52,926,067	54,353,613	56,469,606
Real estate management	3,039,558	2,845,571	3,385,485	3,251,364
Field trips	1,664,949	1,803,944	1,895,960	1,991,456
Entrepreneurial activities	2,604,177	2,356,182	2,466,024	2,504,873
Total business-type activities expenses	<u>58,558,191</u>	<u>59,931,764</u>	<u>62,101,082</u>	<u>64,217,299</u>
Total primary government expenses	<u>\$ 2,515,069,223</u>	<u>\$ 2,668,168,208</u>	<u>\$ 2,665,099,560</u>	<u>\$ 2,697,765,267</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services	\$ 3,871,684	\$ 3,848,232	\$ 3,804,324	\$ 4,001,803
Operating grants and contributions	77,994,243	79,196,930	80,147,449	78,289,593
Capital grants and contributions	67,644,476	59,687,504	78,396,597	54,561,101
Total governmental activities program revenues	<u>149,510,403</u>	<u>142,732,666</u>	<u>162,348,370</u>	<u>136,852,497</u>
Business-type activities				
Charges for services:				
Food services	17,907,925	16,631,652	16,303,287	16,119,711
Real estate management	3,026,997	2,744,862	3,277,410	3,536,447
Field trips	1,735,962	1,786,478	2,003,127	2,184,988
Entrepreneurial activities	2,235,250	1,974,638	2,205,227	2,226,617
Operating grants and contributions	32,844,833	35,934,919	38,684,559	41,326,131
Capital grants and contributions	30,898	1,877,408	381,764	104,574
Total business-type activities program revenues	<u>57,781,865</u>	<u>60,949,957</u>	<u>62,855,374</u>	<u>65,498,468</u>
Total primary government program revenues	<u>\$ 207,292,268</u>	<u>\$ 203,682,623</u>	<u>\$ 225,203,744</u>	<u>\$ 202,350,965</u>
Net (expense)/revenue				
Governmental activities	(2,307,000,628)	(2,465,503,778)	(2,440,650,108)	(2,496,695,471)
Business-type activities	(776,326)	1,018,193	754,292	1,281,169
	<u>(2,307,776,955)</u>	<u>(2,464,485,585)</u>	<u>(2,439,895,816)</u>	<u>(2,495,414,302)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Intergovernmental:				
Montgomery County	\$ 1,633,828,866	\$ 1,672,780,820	\$ 1,672,029,373	\$ 1,699,998,943
State of Maryland	771,174,249	792,450,552	810,716,731	829,182,141
Federal government	2,758,250	1,930,243	7,387,393	15,914,171
Other income	865,352	1,399,515	460,704	8,240,684
Total government activities	<u>2,408,626,717</u>	<u>2,468,561,130</u>	<u>2,490,594,201</u>	<u>2,553,335,939</u>
Business-type activities				
Other income	34,609	32,817	16,722	11,800
Total business-type activities	<u>34,609</u>	<u>32,817</u>	<u>16,722</u>	<u>11,800</u>
Total primary government	<u>\$ 2,408,661,326</u>	<u>\$ 2,468,593,947</u>	<u>\$ 2,490,610,923</u>	<u>\$ 2,553,347,739</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 101,626,088	\$ 3,057,352	\$ 49,944,093	\$ 56,640,468
Business-type activities	(741,717)	1,051,010	771,014	1,292,969
Total primary government	<u>\$ 100,884,371</u>	<u>\$ 4,108,362</u>	<u>\$ 50,715,107</u>	<u>\$ 57,933,437</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.

In fiscal year 2021, net position has been restated to conform with GASB Statement No. 84, Accounting and Financial Reporting for Fiduciary Funds.

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 1,633,033,361	\$ 1,616,010,500	\$ 1,762,655,649	\$ 1,825,108,205	\$ 1,922,207,255	\$ 1,931,502,496	
468,463,510	472,508,294	481,466,470	486,268,182	485,265,823	516,117,109	
217,940,076	212,525,992	213,469,890	217,320,615	217,783,576	228,575,927	
17,126,556	16,988,187	17,752,918	17,476,467	17,546,877	24,741,357	
1,577	1,411	1,590	722	353,778	1,334,009	
<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>	<u>2,702,270,898</u>	
140,687,102	140,237,799	144,323,992	140,236,209	138,676,291	161,259,198	
170,791,707	172,434,134	179,743,650	179,437,815	170,814,711	198,863,122	
71,483,269	74,579,051	79,162,111	73,029,852	72,666,735	83,813,685	
64,961,620	68,058,928	71,790,674	76,050,285	77,816,957	82,263,848	
3,200,420	3,220,575	3,198,429	3,305,531	3,491,917	3,544,368	
1,028,146	1,183,963	1,469,981	1,589,522	1,475,236	1,119,884	
452,152,264	459,714,450	479,688,837	473,649,214	464,941,847	530,864,105	
<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>	<u>3,233,135,003</u>	
58,125,752	57,733,700	60,564,324	60,678,747	50,354,105	68,848,570	
3,226,308	3,360,543	3,651,111	3,684,085	4,925,966	4,813,175	
2,006,344	2,196,677	2,308,586	1,541,053	409,543	1,048,486	
3,875,067	8,766,263	13,264,774	8,107,610	2,716,804	8,689,763	
<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>83,399,994</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>	<u>\$ 3,316,534,997</u>	
\$ 4,146,827	\$ 3,358,232	\$ 3,407,477	\$ 2,968,633	\$ 2,254,924	\$ 853,917	
76,400,678	84,092,926	86,548,240	107,186,574	102,813,764	283,589,422	
72,592,518	70,241,200	62,851,159	67,750,408	65,849,411	53,020,458	
<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>	<u>337,463,797</u>	
17,148,111	17,476,818	17,896,527	12,830,168	998,957	1,131,282	
3,194,139	3,536,111	3,327,588	3,340,553	4,566,198	2,832,976	
2,053,978	2,148,783	2,175,575	1,334,742	423	763,806	
4,040,576	8,857,581	12,856,424	7,649,091	1,817,850	8,354,854	
44,102,198	44,052,643	43,620,377	44,622,910	35,641,759	95,891,870	
1,909,310	1,509,107	897,719	242,780	2,257,988	-	
<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>108,974,788</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>	<u>\$ 446,438,585</u>	
(2,635,577,321)	(2,620,056,476)	(2,802,228,478)	(2,841,917,790)	(2,937,181,057)	(2,895,671,206)	
5,214,840	5,523,860	985,415	(3,991,251)	(13,123,243)	25,574,794	
<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>	<u>(2,870,096,412)</u>	
\$ 1,829,282,694	\$ 1,873,380,768	\$ 1,934,769,763	\$ 1,942,690,403	\$ 1,866,785,056	\$ 1,893,400,154	
871,366,816	892,225,277	916,115,657	965,884,095	985,645,763	983,052,767	
19,672,201	21,302,600	23,015,752	26,585,270	33,692,960	35,708,586	
344,265	14,687,987	9,242,247	11,845,561	8,646,203	18,701,449	
<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>	<u>2,930,862,956</u>	
8,768	9,358	20,773	136,436	16,996	2,376	
8,768	9,358	20,773	136,436	16,996	2,376	
<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>	<u>\$ 2,930,865,332</u>	
\$ 85,088,655	\$ 181,540,156	\$ 80,914,941	\$ 105,087,539	\$ (42,411,075)	\$ 35,191,750	
5,223,609	5,533,218	1,006,188	(3,854,815)	(13,106,247)	25,577,170	
<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>	<u>\$ 60,768,920</u>	



Clarksburg High School POM Squad



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

	Fiscal Year				
	2013	2014	2015	2016	2017
General Fund:					
Nonspendable	\$ 7,745,654	\$ 7,952,232	\$ 7,456,908	\$ 7,781,042	\$ 7,850,918
Assigned	5,478,166	2,510,534	2,758,823	3,615,674	8,262,452
Unassigned	<u>36,068,895</u>	<u>25,709,467</u>	<u>24,048,758</u>	<u>21,926,344</u>	<u>12,217,790</u>
Total general fund	<u>\$ 49,292,715</u>	<u>\$ 36,172,233</u>	<u>\$ 34,264,489</u>	<u>\$ 33,323,060</u>	<u>\$ 28,331,160</u>

All other governmental funds:					
Restricted - Special revenue fund	\$ 365,128	\$ 304,595	\$ 265,417	\$ 265,286	\$ 280,688
Total all other governmental funds	<u>\$ 365,128</u>	<u>\$ 304,595</u>	<u>\$ 265,417</u>	<u>\$ 265,286</u>	<u>\$ 280,688</u>

	Fiscal Year				
	2018	2019	2020	2021	2022
General Fund:					
Nonspendable	\$ 8,264,483	\$ 5,931,432	\$ 5,806,420	\$ 6,052,935	\$ 6,949,571
Assigned	14,765,257	49,137,024	56,400,537	81,556,560	75,138,278
Unassigned	<u>17,068,844</u>	<u>262,260</u>	<u>3,014,609</u>	<u>6,281,287</u>	<u>4,818,241</u>
Total general fund	<u>\$ 40,098,584</u>	<u>\$ 55,330,716</u>	<u>\$ 65,221,566</u>	<u>\$ 93,890,782</u>	<u>\$ 86,906,090</u>

All other governmental funds:					
Restricted - Special revenue fund	\$ 328,504	\$ 395,240	\$ 469,213	\$ 543,071	\$ 635,453
Total all other governmental funds	<u>\$ 328,504</u>	<u>\$ 395,240</u>	<u>\$ 469,213</u>	<u>\$ 543,071</u>	<u>\$ 635,453</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			
	2013	2014	2015	2016
<b>Revenues</b>				
Intergovernmental:				
Montgomery County	\$ 1,697,311,813	\$ 1,722,421,710	\$ 1,746,734,700	\$ 1,751,827,765
State of Maryland	776,187,259	802,146,773	818,487,290	832,480,205
Federal Government	77,668,057	79,111,667	81,162,630	91,387,696
Other	6,501,793	7,613,644	6,557,953	7,979,169
Total Revenue	<u>2,557,668,922</u>	<u>2,611,293,794</u>	<u>2,652,942,573</u>	<u>2,683,674,835</u>
<b>Expenditures</b>				
Current:				
Administration	\$ 38,361,432	\$ 37,180,315	\$ 43,121,059	\$ 38,137,108
Mid-level administration	135,537,267	136,161,260	136,742,143	138,754,954
Instructional salaries and wages	831,267,986	862,096,690	887,923,350	903,658,977
Instructional textbooks and supplies	24,850,483	23,239,502	23,110,188	20,622,147
Other instructional costs	13,409,988	13,676,632	10,131,255	9,246,817
Special education	275,623,730	291,929,538	298,528,876	313,795,044
Student personnel services	10,572,269	10,682,855	11,185,874	11,392,324
Health services	18,994	16,388	1,594	836
Student transportation	95,911,020	101,036,031	102,233,482	103,885,365
Operation of plant	112,560,889	118,604,859	127,576,145	126,557,151
Maintenance of plant	33,286,341	33,947,985	31,557,851	35,772,435
Fixed charges	705,727,831	758,138,841	759,060,741	750,150,331
Community services	1,888,449	2,281,607	2,436,418	2,291,995
Debt service:				
Finance agreement principal	19,394,211	21,691,477	28,238,622	28,223,640
Finance agreement interest	801,273	745,756	784,439	1,086,674
Capital outlay	280,935,624	237,654,916	234,711,185	223,192,574
Total expenditures	<u>2,580,147,787</u>	<u>2,649,084,652</u>	<u>2,697,343,222</u>	<u>2,706,768,372</u>
Excess (deficiency) of Revenues over expenditures	(22,478,865)	(37,790,858)	(44,400,649)	(23,093,537)
<b>Other financing sources</b>				
Finance agreements	\$ 28,810,087	\$ 24,609,843	\$ 42,453,727	\$ 22,151,977
Lease financing				
Inventory reserve				
Total other financing sources	<u>28,810,087</u>	<u>24,609,843</u>	<u>42,453,727</u>	<u>22,151,977</u>
Net change in fund balances	<u>\$ 6,331,222</u>	<u>\$ (13,181,015)</u>	<u>\$ (1,946,922)</u>	<u>\$ (941,560)</u>
Debt service as a percentage of noncapital expenditures	0.9%	0.9%	1.2%	1.2%

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 1,899,983,488	\$ 1,942,980,004	\$ 1,993,589,587	\$ 2,006,838,461	\$ 1,874,656,597	\$ 1,943,586,971
873,853,069	896,240,261	923,873,624	987,525,707	1,007,293,882	997,694,419
93,191,282	99,806,421	103,621,276	113,251,972	170,375,261	304,525,089
6,778,158	6,877,603	10,968,607	9,152,404	13,362,341	22,520,274
<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>	<u>3,268,326,753</u>
\$ 43,005,135	\$ 46,373,276	\$ 50,821,017	\$ 55,151,646	\$ 57,626,802	\$ 59,435,572
145,298,770	146,059,390	148,254,887	154,180,405	155,904,282	160,381,381
957,765,591	978,816,045	995,917,614	1,036,247,907	1,057,141,211	1,175,000,687
26,389,897	23,469,595	29,862,590	32,318,483	100,380,011	52,090,936
11,324,064	13,457,116	18,711,018	18,876,983	39,015,133	52,030,264
321,502,025	333,569,547	342,604,008	360,469,160	364,620,237	378,766,118
11,396,245	11,683,385	12,374,569	12,270,907	13,944,027	17,326,866
1,577	1,411	1,590	722	353,778	1,334,009
105,176,130	106,938,152	110,784,402	109,379,844	100,793,265	125,167,927
130,631,994	135,115,367	141,668,968	142,592,029	141,643,246	157,941,726
34,661,021	36,696,411	41,193,843	39,130,545	36,290,454	42,634,924
819,971,483	813,415,347	807,858,788	771,779,226	782,201,687	797,414,433
2,358,835	2,478,259	2,427,511	2,550,386	2,666,712	2,747,019
30,098,676	30,934,266	28,850,815	34,587,878	31,552,859	33,535,452
1,028,145	1,183,963	1,469,981	1,589,522	1,475,236	1,548,749
269,116,996	285,128,443	317,123,509	380,697,053	189,600,967	295,566,251
<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>	<u>3,352,922,314</u>
(35,920,587)	(19,415,684)	(17,872,016)	(35,054,152)	(9,521,826)	(84,595,561)
\$ 30,944,089	\$ 31,230,924	\$ 33,170,884	\$ 45,018,976	\$ 18,969,896	\$ 31,606,691
				2,643,770	46,096,560
<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>	<u>77,703,251</u>
\$ (4,976,498)	\$ 11,815,240	\$ 15,298,868	\$ 9,964,824	\$ 12,091,840	\$ (6,892,310)
1.2%	1.2%	1.1%	1.3%	1.2%	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, 2021\*

<b>Operating Revenues:</b>	
Contributions by other agencies	\$ 53,653,704
Contributions by the Board of Education	23,860,441
Total operating revenue	<u>77,514,145</u>
<b>Operating Expenses:</b>	
Self-insurance losses, net of recoveries	57,526,957
Other costs at risk	8,099,335
Commercial insurance	9,255,551
Other operating expenses	4,079,308
Total operating expenses	<u>78,961,151</u>
Operating Gain (Loss)	<u>(1,447,006)</u>
<b>Nonoperating Revenues:</b>	
Investment Income	334,239
Interest Expense	(20,773)
Insurance recoveries	398,893
Total nonoperating revenues	<u>712,359</u>
<b>Transfers In/Out:</b>	
Transfers In/Out	<u>-</u>
Total transfers In/Out	<u>-</u>
Change in net position	<u>(734,647)</u>
Total net position (deficit) - beginning of year	<u>14,425,224</u>
Total net position - end of year	<u>\$ 13,690,577</u>

\* Date of the most current available information.

Source: Montgomery County FY 2021 ACFR

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

Fiscal Year	Governmental Activities Finance Agreements Payable	Business-Type Activities Finance Agreements Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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
2022	60,921,919	483,279	61,405,198	0.06	57

Notes:

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

(1) Personal income and population used in calculations are found in the Montgomery County FY 2022 ACFR 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
2013	\$ 1,390,542,228	\$ (1,438,996)	\$ 1,389,103,232	\$ 1,384,563,178	99.57	\$ 817,073	\$ 1,385,380,251	99.73
2014	1,437,898,506	(841,666)	1,437,056,840	1,434,787,650	99.78	(1,745,937)	1,433,041,713	99.72
2015	1,447,816,313	1,653,318	1,449,469,631	1,442,602,468	99.64	1,521,379	1,444,123,847	99.63
2016	1,521,343,303	(3,750,347)	1,517,592,956	1,518,519,304	99.81	(8,972,156)	1,509,547,148	99.47
2017	1,663,208,936	(1,443,323)	1,661,765,613	1,661,121,521	99.87	(2,970,651)	1,658,150,870	99.78
2018	1,679,004,512	(2,359,437)	1,676,645,075	1,678,245,742	99.95	(4,444,062)	1,673,801,680	99.83
2019	1,691,044,390	387,632	1,691,432,022	1,691,091,714	100.00	(507,602)	1,690,584,112	99.95
2020	1,720,090,151	2,883,600	1,722,973,751	1,711,893,942	99.52	10,724,903	1,722,618,845	99.98
2021	1,767,873,961	(11,709,799)	1,756,164,162	1,756,064,789	99.33	(1,612,590)	1,754,452,199	99.90
2022	1,801,778,279	-	1,801,778,279	1,804,371,273	100.14	-	1,804,371,273	100.14

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 2022 Table 12, Note (2) for treatment of such overpayments.

Table Reference Source: Montgomery County FY 2022 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		
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	149,924,139,738	44,823,996,615	46,594,591,076	189,051,019,043	196,518,730,814	0.980	96.20
2020	147,243,712,565	153,699,073,659	46,243,426,154	48,270,799,743	193,487,138,719	201,969,873,402	0.977	95.80
2021	150,027,567,286	160,285,862,485	48,320,294,646	51,624,246,417	198,347,861,932	211,910,108,902	0.977	93.60
2022	153,211,485,026	160,936,433,851	49,345,758,473	51,833,779,909	202,557,243,499	212,770,213,759	0.977	95.20

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				
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	200,574,183,572
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	206,070,840,358
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	216,592,301,879
2022	42,820,470	2,126,887,380	1,752,559,668	320,489,690	4,242,757,208	2.430	206,800,000,707	217,012,970,967

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 of total assessed value to total estimated market value for FY 2022 is the three-year average of FY 2019, FY 2020 and FY 2021.  
Ratios for FY 2020 and FY 2021 have been updated by the Maryland Department of Assessments and Taxation.

- (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 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 2022 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)				Prorata Tax Rate	Total County Direct Rate (3)
	County		M-NCPPC (2)			County		M-NCPPC (2)			
	County	Fire Tax District	Transit District	Advance Land Acquisition	Subtotal	Recreation	Storm Drainage	Regional District	Metropolitan District		
<b>Real Property:</b>											
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
2022	.7178	.1202	.0524	.0010	.8914	.0261	.0000	.0174	.0556	.0854	.9768
<b>Personal Property:</b>											
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
2022	1.7945	.3005	.1310	.0025	2.2285	.0653	.0000	.0435	.1390	.2019	2.4304

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 2022 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)
<b>Real Property:</b>												
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
2022	.0000	.0000	.0000	.0000	.0240	.0120	.0300	.0000	.0000	.0000	.1560	.1103
<b>Personal Property:</b>												
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
2022	.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 2022 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
<b>Real Property:</b>								
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
2022	.2620	.2920	.5397	.0514	.1500	.0098	.2045	.1500
<b>Personal Property:</b>								
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
2022	.5300	.8050	1.5500	.2000	.4500	.0000	1.0000	.8000

Fiscal Year	Towns				
	Kensington	Laytonsville	Poolesville	Somerset	Washington Grove
<b>Real Property:</b>					
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
2022	.1312	.0900	.1781	.1000	.2479
<b>Personal Property:</b>					
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
2022	.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 FY2022 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
<b>Real Property:</b>										
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
2022	.0400	.0200	.0000	.0200	.0773	.0480	.0400	.0050	.0450	.0400
<b>Personal Property:</b>										
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
2022	.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 2022 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, 2022**

	Assessable Base			Ratio:
	Total	Real Property	Personal Property	Taxpayer Base to Total Assessable Base
Potomac Electric Power Co.	\$ 1,244,042,846	\$ 34,511,366	\$ 1,209,531,480	0.60 %
JBG Smith	652,490,944	645,860,234	6,630,710	0.32
Federal Realty Investments Trust	615,414,401	615,414,401	-	0.30
7750 Wisconsin Ave LLC	578,974,000	578,974,000	-	0.28
ARE- Maryland	573,073,824	573,054,334	19,490	0.28
GI Partners	561,003,634	561,003,634	-	0.27
CP 7272 Wisconsin Ave LLC	512,892,057	511,876,767	1,015,290	0.25
Montgomery Mall LLC	511,931,277	510,087,767	1,843,510	0.25
Washington Metropolitan Area Transit Authority	402,190,433	402,190,433	-	0.19
Medimmune, LLC	388,217,503	373,007,533	15,209,970	0.19
<b>Total</b>	<b>\$ 6,040,230,919</b>	<b>\$ 4,805,980,469</b>	<b>\$ 1,234,250,450</b>	<b>2.92 %</b>
<b>Total Assessable Base</b>	<b>\$ 206,800,000,707</b>			<b>100.00 %</b>

**For the Fiscal Year Ended June 30, 2013**

	Assessable Base			Ratio:
	Total	Real Property	Personal Property	Taxpayer Base to Total Assessable Base
Potomac Electric Power Co.	\$ 714,754,210	\$ -	\$ 714,754,210	0.45 %
Verizon Maryland Inc	530,706,663	41,110,733	489,595,930	0.33
Montgomery Mall LLC	280,682,610	280,115,000	567,610	0.17
Washington Gas Light Co.	258,719,080	-	258,719,080	0.16
Wheaton Plaza Reg Shopping Center	213,403,400	212,858,800	544,600	0.13
Chevy Chase Land Co	207,339,733	207,339,733	-	0.13
Camalier, Anne D et al, Trustee	202,494,900	202,494,900	-	0.13
7501 Wisconsin Avenue LLC	200,029,560	200,000,000	29,560	0.12
Federal Realty Investment Trust	198,438,757	196,053,067	2,385,690	0.12
WP Project Developer LLC	165,434,493	165,371,263	63,230	0.10
<b>Total</b>	<b>\$ 2,972,003,406</b>	<b>\$ 1,505,343,496</b>	<b>\$ 1,466,659,910</b>	<b>1.84 %</b>
<b>Total Assessable Base</b>	<b>\$ 161,877,309,598</b>			<b>100.00 %</b>

Table Reference Source: Montgomery County FY 2022 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				
2013	\$ 1,930,155,391	\$ 100,000,000	\$ 339,827,520	\$ 2,369,982,911	1.34 %	\$ 2,334	
2014	2,085,028,317	100,000,000	339,671,879	2,524,700,196	1.43	2,463	
2015	2,465,315,677	100,000,000	339,516,238	2,904,831,915	1.68	2,811	
2016	2,582,259,186	100,000,000	323,901,913	3,006,161,099	1.62	2,892	
2017	2,722,235,195	90,000,000	308,297,064	3,120,532,259	1.60	2,980	
2018	2,919,530,233	170,000,000	292,692,211	3,382,222,444	1.69	3,225	
2019	3,015,532,116	170,000,000	277,106,496	3,462,638,612	1.73	3,294	
2020	3,109,101,181	170,000,000	106,404,112	3,385,505,293	1.64	3,188	
2021	3,287,199,209	170,000,000	-	3,457,199,209	1.60	3,234	
2022	3,333,092,653	170,000,000	-	3,503,092,653	1.61	3,255	

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 2022 Table 8 for estimated actual value of taxable property data.
- (3) See Montgomery County FY 2022 Table 23 for population data used in calculating the Per Capita.

Table Reference Source: Montgomery County FY 2022 Table 18.

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

	2013	2014	2015	2016	2017
<b>Assessed Value</b>					
Real property (1,3)	\$ 158,272,830,848	\$ 159,891,865,334	\$ 163,656,758,206	\$ 170,176,446,052	\$ 177,495,353,018
Personal property (2)	3,604,478,750	3,709,327,508	3,655,133,210	3,884,349,017	4,051,372,468
Total Assessed Value	<u>\$ 161,877,309,598</u>	<u>\$ 163,601,192,842</u>	<u>\$ 167,311,891,416</u>	<u>\$ 174,060,795,069</u>	<u>\$ 181,546,725,486</u>
<b>Legal Debt Margin</b>					
Debt Limit - Percentage of Assessable Base:					
For real property at 6%	\$ 9,496,369,851	\$ 9,593,511,920	\$ 9,819,405,492	\$ 10,210,586,763	\$ 10,649,721,181
For personal property at 15%	540,671,813	556,399,126	548,269,982	582,652,353	607,705,870
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>10,037,041,664</u>	<u>10,149,911,046</u>	<u>10,367,675,474</u>	<u>10,793,239,116</u>	<u>11,257,427,051</u>
Debt Applicable to Limit:					
General obligation bonds	1,930,155,391	2,085,028,317	2,465,315,677	2,582,259,186	2,722,235,195
Variable Rate Demand Obligation	100,000,000	100,000,000	100,000,000	100,000,000	90,000,000
Taxable BABs General Obligation	339,827,520	339,671,879	339,516,238	323,901,913	308,297,064
Bond anticipation notes	500,000,000	500,000,000	500,000,000	500,000,000	500,000,000
Total Debt Applicable to Limit	<u>2,869,982,911</u>	<u>3,024,700,196</u>	<u>3,404,831,915</u>	<u>3,506,161,099</u>	<u>3,620,532,259</u>
Legal Debt Margin	<u>\$ 7,167,058,753</u>	<u>\$ 7,125,210,850</u>	<u>\$ 6,962,843,559</u>	<u>\$ 7,287,078,017</u>	<u>\$ 7,636,894,792</u>
Legal Debt Margin as a Percentage of Debt Limit	71%	70%	67%	68%	68%
<hr/>					
	2018	2019	2020	2021	2022
<b>Assessed Value</b>					
Real property (1,3)	\$ 183,993,870,661	\$ 189,051,019,043	\$ 193,487,138,719	\$ 198,347,861,932	\$ 202,557,243,499
Personal property (2)	4,188,565,266	4,055,452,758	4,100,966,956	4,682,192,977	4,242,757,208
Total Assessed Value	<u>\$ 188,182,435,927</u>	<u>\$ 193,106,471,801</u>	<u>\$ 197,588,105,675</u>	<u>\$ 203,030,054,909</u>	<u>\$ 206,800,000,707</u>
<b>Legal Debt Margin</b>					
Debt Limit - Percentage of Assessable Base:					
For real property at 6%	\$ 11,039,632,240	\$ 11,343,061,143	\$ 11,609,228,323	\$ 11,900,871,716	\$ 12,153,434,610
For personal property at 15%	628,284,790	608,317,914	615,145,043	702,328,947	636,413,581
Legal Limitation for the Borrowing of Funds and the Issuance of Bonds	<u>11,667,917,030</u>	<u>11,951,379,057</u>	<u>12,224,373,366</u>	<u>12,603,200,663</u>	<u>12,789,848,191</u>
Debt Applicable to Limit:					
General obligation bonds	2,919,530,233	3,015,532,116	3,109,101,181	3,287,199,209	3,333,092,653
Variable Rate Demand Obligation	170,000,000	170,000,000	170,000,000	170,000,000	170,000,000
Taxable BABs General Obligation	292,692,211	277,106,496	106,404,112	-	-
Bond anticipation notes	500,000,000	500,000,000	500,000,000	470,000,000	311,000,000
Total Debt Applicable to Limit	<u>3,882,222,444</u>	<u>3,962,638,612</u>	<u>3,885,505,293</u>	<u>3,927,199,209</u>	<u>3,814,092,653</u>
Legal Debt Margin	<u>\$ 7,785,694,586</u>	<u>\$ 7,988,740,445</u>	<u>\$ 8,338,868,073</u>	<u>\$ 8,676,001,454</u>	<u>\$ 8,975,755,538</u>
Legal Debt Margin as a Percentage of Debt Limit	67%	67%	68%	69%	70%

NOTES:

- (1) See (1) on Montgomery County FY 2022 ACFR Table 8.
- (2) See (2) on Montgomery County FY 2022 ACFR 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 2022 Table 20

MONTGOMERY COUNTY, MARYLAND  
DEBT CAPACITY  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT (1)  
AS OF JUNE 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Overlapping Debt:			
Towns, Cities, and Villages: (2, 3)			
Poolesville - bonds	\$ 1,548,760	100.00 %	\$ 1,548,760
Rockville - bonds	22,876,804	100.00	22,876,804
Somerset - bonds	885,000	100.00	885,000
Takoma Park - bonds	8,158,500	100.00	8,158,500
Component Units (2):			
MCPS - finance agreements payable	60,921,919	100.00	60,921,919
MC - finance agreements payable	71,885,696	100.00	71,885,696
Joint Venture - M-NCPPC (4):			
Park acquisition and development bonds	173,156,498	33.72	58,387,170
Advance land acquisition bonds	365,000	100.00	365,000
Development Districts (2):			
West Germantown - bonds	6,895,000	100.00	<u>6,895,000</u>
Total Overlapping Debt			231,923,849
Montgomery County direct debt (5)			<u>4,471,268,804</u>
Total Direct and Overlapping Debt			<u><u>\$ 4,703,192,653</u></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 finance agreements payable. 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, finance agreements payable, 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 2022 Table 19

**MONTGOMERY COUNTY, MARYLAND**  
**STATEMENT OF LONG-TERM INDEBTEDNESS (PUBLIC SCHOOLS)**  
**YEAR ENDED JUNE 30, 2022\***

<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, 2022</u>
General bonded indebtedness:					
General Obligation Refunding Bonds	2.00 - 5.00	8/11/2011	2012-2022	\$ 94,837,120	\$ -
General Obligation Bonds	3.00 - 5.00	11/26/2013	2014-2034	83,300,000	8,330,000
General Obligation Refunding Bonds	5.00	11/26/2013	2023-2024	8,794,995	8,794,995
General Obligation Bonds	4.00 - 5.00	11/19/2014	2015-2035	200,575,000	30,086,250
General Obligation Refunding Bonds	5.00	11/19/2014	2016-2028	146,015,100	112,922,950
General Obligation Refunding Bonds	5.00	3/26/2015	2018-2021	30,371,880	-
General Obligation Bonds	3.00 - 5.00	11/18/2015	2016-2035	95,789,000	67,052,300
General Obligation Bonds	3.00 - 5.00	12/13/2016	2017-2036	95,092,945	71,319,709
General Obligation Bonds Series A	5.00	11/15/2017	2018-2027	49,938,000	29,962,800
General Obligation Refunding Bonds Series B	5.00	11/15/2017	2018-2026	50,092,800	23,673,600
General Obligation Refunding Bonds Series C	3.00 - 5.00	11/15/2017	2019-2031	123,978,200	102,959,240
General Obligation Refunding Bonds Series D**	3.00 - 4.00	11/15/2017	2020-2029	80,593,702	64,461,513
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	100,196,798
General Obligation Bonds Series A	3.50 - 5.00	11/7/2019	2020-2039	114,865,903	103,379,313
General Obligation Bonds Series A	1.75 - 4.00	8/5/2020	2021-2040	131,892,200	125,297,590
General Obligation Bonds Series B	4.0	8/5/2020	2023-2032	45,141,571	45,141,571
General Obligation Bonds Series C	0.50 - 1.85	8/5/2020	2023-2034	132,419,653	132,419,653
General Obligation Bonds Series A	2.00 - 5.00	9/8/2021	2022-2041	141,885,810	141,885,810
General Obligation Bonds Series B	5.00	9/8/2021	2022-2022	11,251,520	11,251,520
Total				<u>\$ 1,804,651,985</u>	<u>\$ 1,229,073,612</u>

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, 2022



**MONTGOMERY COUNTY, MARYLAND  
DEMOGRAPHIC STATISTICS  
LAST TEN YEARS**

<b>Calendar Year</b>	<b>Population (1)</b>	<b>Personal Income (\$ thousands) (2)</b>	<b>Per Capita Income (3)</b>	<b>Civilian Labor Force (4)</b>	<b>Resident Employment (5)</b>	<b>Unemployment Rate (6)</b>	<b>Average Registered Number of Pupils as of September (7)</b>
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	1,069,095	99,800,000	93,350	547,389	517,358	5.9	160,564
2022	1,076,176	102,500,000	95,245	552,640	534,430	3.3	164,890

**NOTES:**

- (1) Source: Data for 2013-2020 is from the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Data for 2021 and 2022 are estimated by the Montgomery County Department of Finance. Data for 2013 through 2020 was updated and published by BEA.
- (2) Source: Bureau of Economic Analysis (BEA), U.S. Department of Commerce. Personal income includes money from wages and salaries; transfer payments such as social security and public assistance; income from rent, interest, and dividends. Data for 2013-2019 was revised by BEA. Data for 2020 is from BEA, and data for 2021 and 2022 is estimated by the Montgomery County Department of Finance.
- (3) Per capita income is derived by dividing personal income by population and was revised by BEA from 2013 through 2019.
- (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 is published by BLS for 2013-2021. Data from 2017 through 2021 was revised by BLS. Data for 2022 is estimated by the Montgomery County Department of Finance based on the monthly average of the first five months of 2022 compared to the first five months of 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 he or she holds more than one job, and is counted by place of residence and not by place of employment. Data for 2013-2021 was revised by BLS. Data for 2022 is estimated by the Montgomery County Department of Finance based on the monthly average of the first five months of 2022 compared to the first five months of 2021.
- (6) The unemployment rates for 2013 through 2021 were published by the Bureau of Labor Statistics, U.S. Department of Labor. The unemployment rates for 2017 through 2021 were revised by BLS. The unemployment rate for 2022 is estimated by the 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 2022 Table 23

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

Employer	Fiscal Year 2022			Fiscal Year 2013		
	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	30,000 - 35,000	7.17 %	1	25,000 - 30,000	5.77 %
Montgomery County Public Schools	2	25,000 - 30,000	6.07	2	20,000 - 25,000	4.72
Montgomery County Government	3	10,000-15,000	2.76	4	10,000 - 15,000	2.62
U.S. Department of Defense	4	5,000-10,000	1.65	3	10,000 - 15,000	2.62
U.S. Department of Commerce	5	5,000-10,000	1.65	5	5,000 - 10,000	1.57
Adventist Healthcare	6	5,000-10,000	1.65	6	5,000 - 10,000	1.57
Holy Cross Hospital of Silver Spring	7	2,500-5,000	0.83		*	-
AstraZeneca Pharmaceuticals LP	8	2,500-5,000	0.83		*	-
Government Employees Insurance Co.	9	2,500-5,000	0.83		*	-
Montgomery Community College	10	2,500-5,000	0.83	7	5,000 - 10,000	1.57
Marriott International Admin Svcs, Inc.		*	-	8	5,000 - 10,000	1.57
Lockheed Martin Corporation		*	-	9	2,500 - 5,000	0.79
Verizon		*	-	10	2,500 - 5,000	0.79
Giant Food Corporation		*	-		*	-
<b>Total</b>			<u>24.27 %</u>			<u>23.59 %</u>

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 2022 and CY 2013

(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 2022 and FY 2013 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 2022 was 453,409, and in FY 2013, 477,000.

Table Reference Source: Montgomery County FY 2022 Table 22



MCPS Students at the KID Museum, October 2021

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

	Fiscal Year			
	2013	2014	2015	2016
<b>Governmental Activities:</b>				
Instruction:				
Total enrollment <sup>(1)</sup>	148,779	151,289	153,852	156,447
Regular students <sup>(1)</sup>	146,930	149,390	152,092	154,288
ESOL students <sup>(2)</sup>	19,200	22,088	23,386	26,127
Special education classroom students <sup>(2)</sup>	11,614	16,339	16,462	17,053
Cost per pupil (accrual basis) <sup>(5)</sup>	\$ 16,511	\$ 17,240	\$ 16,919	\$ 16,833
Number of teaching stations <sup>(3)</sup>	7,313	7,584	7,595	8,307
Average Teacher Salary <sup>(6)</sup>	\$ 75,463	\$ 75,452	\$ 76,029	\$ 75,717
Student/Teacher ratio - Regular Instruction <sup>(4)</sup>	14:1	14:1	14:1	14:1
Average SAT score <sup>(1) *</sup>	1,648	1,650	1,629	1,631
Seniors taking SAT <sup>(1)</sup>	69 %	69 %	68 %	65 %
Average ACT score	23	24	24	25
Seniors taking ACT	29.3 %	29.6 %	34 %	35.6 %
Building capacity used <sup>(3)#</sup>	102 %	99 %	101 %	101 %
Support services:				
Student transportation:				
Number of buses <sup>(1)</sup>	1,264	1,270	1,273	1,287
Students transported <sup>(1)</sup>	99,300	101,949	101,949	104,000
Operation of plant:				
School buildings <sup>(1)</sup>	202	202	203	204
Square footage <sup>(3)</sup>	24.6 million	24.9 million	24.9 million	23.9 million
Number of rooms <sup>(3)</sup>	7,950	8,157	8,169	8,184
Maintenance of plant:				
Work orders completed	60,305	59,862	63,980	67,083
Average building age (years) <sup>(3) +</sup>	22	23	22	24
Administration:				
Payments issued	64,880	64,506	61,911	57,476
Purchased orders issued	33,663	48,375	37,763	37,929
<b>Business-Type Activities:</b>				
Food Service:				
Meals served <sup>(7)</sup>	14.6 million	15.1 million	17.2 million	17.6 million
Free and Reduced meals <sup>(7)</sup>	9.9 million	10.3 million	11.9 million	12 million
Real Estate Management:				
Square footage under lease	169,768	185,375	179,686	207,177
Average annual rental months	11.28	11.06	11.7	11.1
Field Trip:				
Number of trips run	11,490	11,509	11,187	12,264
Trip miles	433,456	421,296	436,954	478,034
Entrepreneurial activities:				
Science kits sold	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 for students/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. Reduction in leased space for FY 2022 is due to the Fairland Center no longer being leased. All science kits in FY 2021 were developed for individual use and sold as individual kits.

Sources for 2022:

(1) The Superintendent's FY 2023 Operating Budget Summary

Total schools are 209 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 2022 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	2022
159,010	161,470	162,600	165,267	160,564	164,890
157,047	159,447	160,519	163,097	158,599	162,673
25,867	26,597	28,651	28,417	24,897	26,067
17,861	18,084	18,211	18,965	19,268	20,281
\$ 17,538	\$ 17,203	\$ 18,174	\$ 18,272	\$ 17,317	\$ 16,863
8,307	7,987	8,083	8,169	8,206	8,827
\$ 79,604	\$ 82,809	\$ 81,085	\$ 83,828	\$ 83,655	\$ 85,569
14:1	14:1	14:1	14:1	13:1	14:1
1,126	1,167 *	1,119 *	NA *	1,224	1,127
62 %	66 %	76 %	NA %	37.6 %	65.2 %
25	25	26	NA	28	27
39.6 %	34.4 %	30.7 %	NA %	12.6 %	12 %
101 %	101 %	101 %	96 %	96 %	95 %
1,290	1,323	1,378	1,378	1,379	1,278
101,225	102,067	104,555	103,973	44	101,592
204	205	207	207	207	209
23.7 million	24.3 million	24.4 million	24.9 million	25.1 million	25.5 million
8,320	8,540	8,640	8,721	8,758	9,373
67,740	69,918	73,466	65,703	58,900	70,968
25	25	26	26	26	27
56,441	54,787	53,609	45,667	29,850	40,946
36,153	34,543	32,411	24,918	18,700	27,396
17.7 million	17.4 million	16.9 million	11.9 million	7.4 million	20.3 million
11.7 million	11.3 million	10.9 million	7.5 million	-	-
173,797	192,500	187,912	201,894	211,831	173,745
11.6	11.6	11.7	11.7	11.6	12
13,266	13,295	13,885	11,767	478	25,037
503,020	522,322	549,635	394,882	18,226	294,557
2,334	2,056	3,654	1,710	39,028	22,714

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

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities:				
Instruction				
Regular instruction:				
Teachers	9,617	9,887	10,119	10,029
Other staff	1,211	1,205	1,085	1,022
Total Regular instruction	<u>10,828</u>	<u>11,092</u>	<u>11,204</u>	<u>11,051</u>
Special education:				
Teachers	2,141	2,201	2,241	2,272
Other staff	1,556	1,591	1,626	1,659
Total Special education	<u>3,697</u>	<u>3,792</u>	<u>3,867</u>	<u>3,931</u>
School administration	1,673	1,675	1,678	1,655
Student personnel services	107	108	112	112
Total Instruction	<u>16,305</u>	<u>16,667</u>	<u>16,861</u>	<u>16,749</u>
Support services:				
Student transportation	1,733	1,733	1,733	1,721
Operation of plant	1,431	1,442	1,594	1,594
Maintenance of plant	380	375	351	356
Administration	328	333	347	341
Total Support services	<u>3,872</u>	<u>3,883</u>	<u>4,025</u>	<u>4,012</u>
Special Revenue:				
Instructional TV	13	13	14	14
Business-Type Activities:				
Food Service	583	583	585	585
Real Estate Management	7	7	7	9
Field Trips	5	5	5	5
Entrepreneurial activities	13	13	13	14
Position Grand Total	<u>20,798</u>	<u>21,171</u>	<u>21,510</u>	<u>21,388</u>

Source:  
 The Superintendent's FY 2022 Operating Budget

Fiscal Year					
2017	2018	2019	2020	2021	2022
10,572	10,611	10,716	10,882	11,072	11,241
1,141	1,056	1,071	1,120	1,140	1,213
<u>11,713</u>	<u>11,667</u>	<u>11,787</u>	<u>12,002</u>	<u>12,212</u>	<u>12,454</u>
2,299	2,355	2,387	2,461	2,507	2,546
1,682	1,699	1,743	1,787	1,869	1,940
<u>3,981</u>	<u>4,054</u>	<u>4,130</u>	<u>4,248</u>	<u>4,376</u>	<u>4,486</u>
1,678	1,689	1,680	1,700	1,716	1,734
112	118	123	118	151	168
<u>17,484</u>	<u>17,528</u>	<u>17,720</u>	<u>18,068</u>	<u>18,455</u>	<u>18,842</u>
1,741	1,737	1,747	1,760	1,834	1,831
1,592	1,617	1,636	1,653	1,682	1,686
354	369	369	369	359	342
<u>336</u>	<u>366</u>	<u>356</u>	<u>363</u>	<u>370</u>	<u>404</u>
<u>4,023</u>	<u>4,089</u>	<u>4,108</u>	<u>4,145</u>	<u>4,245</u>	<u>4,263</u>
14	14	14	14	14	14
588	588	598	604	608	603
12	12	12	12	11	10
5	5	5	5	5	5
<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>12</u>
<u>22,138</u>	<u>22,248</u>	<u>22,469</u>	<u>22,860</u>	<u>23,350</u>	<u>23,749</u>



Montgomery Blair High School Graduates, 2022



# 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. 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. MCPS also provides equal access to the Boy/Girl Scouts and other designated youth groups.\*\*

<b>For inquiries or complaints about discrimination against MCPS students*</b>	<b>For inquiries or complaints about discrimination against MCPS staff*</b>
Director of Student Welfare and Compliance Office of District Operations Student Welfare and Compliance 850 Hungerford Drive, Room 55, Rockville, MD 20850 240-740-3215 SWC@mcpsmd.org	Human Resource Compliance Officer Office of Human Resources and Development Department of Compliance and Investigations 45 West Gude Drive, Suite 2100, Rockville, MD 20850 240-740-2888 DCI@mcpsmd.org
<b>For student requests for accommodations under Section 504 of the Rehabilitation Act of 1973</b>	<b>For staff requests for accommodations under the Americans with Disabilities Act</b>
Section 504 Coordinator Office of Academic Officer Resolution and Compliance Unit 850 Hungerford Drive, Room 208, Rockville, MD 20850 240-740-3230 RACU@mcpsmd.org	ADA Compliance Coordinator Office of Human Resources and Development Department of Compliance and Investigations 45 West Gude Drive, Suite 2100, Rockville, MD 20850 240-740-2888 DCI@mcpsmd.org
<b>For inquiries or complaints about sex discrimination under Title IX, including sexual harassment, against students or staff*</b>	
Title IX Coordinator Office of District Operations Student Welfare and Compliance 850 Hungerford Drive, Room 55, Rockville, MD 20850 240-740-3215 TitleIX@mcpsmd.org	

*\*Discrimination complaints may be filed with other agencies, such as the following: U.S. Equal Employment Opportunity Commission (EEOC), Baltimore Field Office, GH Fallon Federal Building, 31 Hopkins Plaza, Suite 1432, Baltimore, MD 21201, 1-800-669-4000, 1-800-669-6820 (TTY); Maryland Commission on Civil Rights (MCCR), William Donald Schaefer Tower, 6 Saint Paul Street, Suite 900, Baltimore, MD 21202, 410-767-8600, 1-800-637-6247, mCCR@maryland.gov; or U.S. Department of Education, Office for Civil Rights (OCR), The Wanamaker Building, 100 Penn Square East, Suite 515, Philadelphia, PA 19107, 1-800-421-3481, 1-800-877-8339 (TDD), OCR@ed.gov, or www2.ed.gov/about/offices/list/ocr/complaintintro.html.*

*\*\*This notification complies with the federal Elementary and Secondary Education Act, as amended.*

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](mailto: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) [mcpsinterpretingservices@mcpsmd.org](mailto:mcpsinterpretingservices@mcpsmd.org), or [MCPSInterpretingServices@mcpsmd.org](mailto:MCPSInterpretingServices@mcpsmd.org).





Maryland's Largest School District

## MONTGOMERY COUNTY PUBLIC SCHOOLS

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