



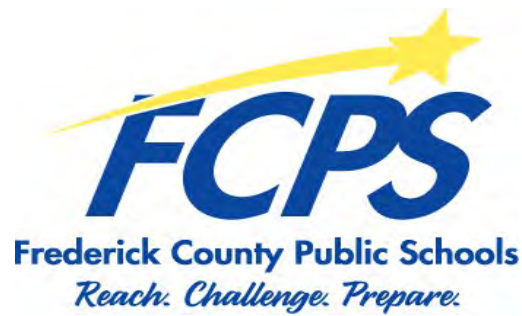
BRUNSWICK ELEMENTARY SCHOOL



Frederick County Public Schools Annual Comprehensive Financial Report

For the year ended June 30, 2023

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



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

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

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

Leslie R. Pellegrino, CPA
Chief Financial Officer

Melissa Rollison, MBA
Financial Reporting Manager



FREDERICK COUNTY PUBLIC SCHOOLS

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023

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FREDERICK COUNTY PUBLIC SCHOOLS

Annual Comprehensive Financial Report For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



September 28, 2023

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

Maryland State law requires that local education agencies publish at the close of each year a complete set of financial statements presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In compliance with that requirement, the Financial Reporting Department publishes the Annual Comprehensive Financial Report (ACFR) of the Frederick County Public School System (FCPS). This ACFR is a thorough and detailed presentation of FCPS' financial position, activities and balances for the fiscal year (FY) ended June 30, 2023.

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 FCPS. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Internal accounting controls are designed to provide reasonable assurance that assets are safeguarded and accounted for properly and to ensure the reliability of accounting information for preparing financial statements in conformity with U.S. GAAP. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The FCPS financial statements have been audited by SB & Company, LLC, an independent firm of licensed certified public accountants. The independent auditor's report is located at the front of the financial section of this report.

Generally Accepted Accounting Principles requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. FCPS' MD&A can be found at the beginning of the Financial Section after the report of independent public accountants.

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

FCPS is also required to undergo a federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. In addition to reporting on the fair presentation of the financial statements, the Single Audit places special emphasis on internal controls and legal requirements involved in the administration of federal awards. The Single Audit is available separately from the ACFR.

FCPS Profile

The Board of Education of Frederick County is the elected body, corporate and politic, established under Maryland law to provide public education to children in pre-kindergarten through grade 12 residing within the borders of Frederick County, Maryland. The Board is composed of seven at-large members serving four-year terms and one student representative serving a one-year term. The Board determines educational policy and employs a Superintendent of schools to administer the school system.

FCPS provided general education, special education and vocational education to 46,899 students during FY 2023 within 69 schools. These schools consist of 38 elementary schools, 13 middle schools, 10 high schools, 4 charter schools, 2 alternative schools, 1 virtual school and 1 career and technology center. Total enrollment for FY 2024 is projected at 47,659 students within 69 schools.

The four charter schools FCPS had during the 2023 school year were Monocacy Valley Montessori Public Charter School (MVMPCS), Carroll Creek Montessori Charter School (CCMCS), Frederick Classical Public Charter School (FCPCS), and Sabillasville Environmental Public Charter School (SEPCS). In accordance with Maryland Code, the Board of Education shall provide funding to the four charter schools in an amount of county, state, and federal money for elementary and secondary students that is commensurate with the amount disbursed to other public schools in the local jurisdiction. Although the charter schools function as semi-independent schools, with their own governance and instructional design, educational achievement is measured against the same performance standards used by the local and state boards of education. Staff members of the charter schools are FCPS employees, attendance is open to all FCPS students and each school's administration reports to the Superintendent. Sabillasville Environmental Public Charter School, opened for the 2022-2023 school year, with a three-year conditional approval passed by the Board of Education on September 8, 2021.

FCPS is a successful school system in a diverse and growing community. Frederick County bridges rural, suburban, and urban lifestyles near both the Washington, DC and Baltimore metropolitan communities. The racial/ethnic composition of the student body is 50.4 percent White; 20.6 percent Hispanic/Latino; 14.4 percent Black; 7.4 percent Asian; 6.9 percent two or more races; and less than 1.0 percent American Indian/Alaskan Native and Pacific Islander/Native Hawaiian. We serve students with varying needs, including students receiving special education services (11.0 percent), English learners (7.0 percent), and students receiving Free and/or Reduced-Price Meal services (35.5 percent).

With over 7,000 full-time equivalent employee positions, including over 3,500 teachers, FCPS is one of the largest single employers in Frederick County. Our buses travel an estimated 7.6 million miles of city, suburban, and rural roadways annually. We operate and maintain over 6.9 million square feet under roof and more than 1,500 acres of property.

Factors Affecting Financial Condition

Local Economy. Frederick County, Maryland, founded in 1748, originally included the present Maryland counties of Garrett, Allegany, Washington, Carroll and Montgomery. It is located in the north central part of Maryland, is 664 square miles in area, and serves a population over 287,000. Frederick County is bordered on the north by the Commonwealth of Pennsylvania, on the west by Washington County, Maryland, on the east by Howard and Carroll Counties, both in Maryland, and on the south by Montgomery County, Maryland and the Commonwealth of Virginia.

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

Frederick County Government and the State of Maryland are the primary sources of revenue for Frederick County Public Schools. These two funding sources are significantly affected by property assessments and personal income. FCPS receives approximately 92.0 percent of its governmental fund revenues from the Frederick County Government and the State of Maryland; and, therefore, the economic condition of these entities bears heavily on the financial condition of FCPS. Frederick County's unemployment rate decreased from 3.2 percent in 2022 to 2.0 percent as of May 2023. This was equal to the state unemployment rate of 2.0 percent and less than the national rate of 3.6 percent for the same time period. According to the most recent data, Frederick County's per capita income is in the top 40 percent of Maryland counties.

The adopted FY 2024 operating budget totals \$910.2 million, an increase of \$87.3 million or 10.6 percent over the original FY 2023 operating budget. State funding increased due to increasing FCPS enrollments as well as the continuing implementation of the Blueprint for Maryland's Future funding formula. Together, state revenues and the local county appropriation account for nearly 91.5 percent of the total operating budget funding. State revenues of \$413.9 million are \$48.2 million or 13.2 percent higher than FY 2023. Frederick County revenue of \$418.9 million is \$53.6 million or 14.7 percent more than the prior year. Also, FCPS continues expending the federal funds received as

part of the various COVID-19 relief bills, with the expectation that all funds related to COVID-19 will be fully expended by September 30, 2024.

Capital funding continues to be strained; as schools continue to age and enrollment growth continues, FCPS will need to construct, renovate and repair schools, as well as identify and allocate funds for those purposes. With the age of many FCPS school buildings, major building systems such as boilers, chillers and roofs are approaching or exceeding normal life expectancies. The average age of school buildings varies from 34.7 years for high schools, 41.7 years for middle schools to 40.6 years for elementary schools. Forty-six, or 66.7 percent, of the county's schools are in part at least twenty-five years old.

Long-term Financial Planning. Based on 10-year enrollment projections, the Board of Education's goals and objectives (as delineated in the Strategic Plan), as well as state and county plans and programs, the Facilities Division annually updates an Educational Facilities Master Plan (EFMP). This plan assesses the age and capacity of school facilities and generates a list of proposed capacity and renovation projects. This also serves as the basis for the six-year Capital Improvement Plan budget.

Another factor affecting the financial condition and long-term financial planning of FCPS is the funding of the other post-employment benefits (OPEB) liability. Although FCPS has made annual contributions to the OPEB Trust, the net OPEB liability continues to be a significant liability required under GASB Statement 75 to be recorded in the financial statements. FCPS relies on a third-party actuary to calculate the net OPEB liability. In FY 2023, the net OPEB liability decreased \$88.4 million for a reported net OPEB liability of \$474.9 million. The increase in the discount rate applied accounted for \$36.0 million of the overall decrease with a combination of changes in service cost, interest, contributions, net investment income, assumptions, benefit payments and updated demographic and claim data offsetting or contributing to the remainder of the net decrease. As of June 30, 2023, the net OPEB liability is 25.9 percent funded as a percentage of the total OPEB liability.

FCPS completed construction of a new central office facility in FY 2010, which consolidated personnel from four locations into one. This move, which has afforded economies of scale in operating costs, was financed through a lease-leaseback transaction. In FY 2013, due to the low interest rate environment, the Board negotiated to refinance the lease and lower the interest rate from 4.62 percent to 3.10 percent. After the sale of the final surplus property and vacant lot in FY 2019 the net proceeds were applied to the principal of the lease. In FY 2020, the Board again took advantage of a decreasing interest rate environment and refinanced the lease lowering the interest rate from 3.10 percent to 1.98 percent with projected savings of \$493 thousand. The new lease agreement for the central office retained the original maturity date of September 1, 2032. The amount of the future minimum lease payments, for the fiscal years 2024-2033 is \$8.4 million.

FCPS entered into a new energy performance contract lease in FY 2018, as lessee, to finance various deferred maintenance and facility improvements. The agreement had a 3.39 percent interest rate and a term of fifteen years with payments to commence in FY 2020. At the end of FY 2020, the Board refinanced this lease in order to lower the interest rate from 3.39 percent to 2.08 percent with projected savings of \$917 thousand. The original maturity date of September 1, 2033 remains the same under the new lease agreement. The amount of the future minimum lease payments, for the fiscal years 2024-2034 is \$13.6 million.

In FY 2023 FCPS signed a lease agreement as lessee for warehouse space. The lease is for an initial term of ten years with monthly payments commencing in FY 2024. After the initial maturity date of July 1, 2033, the lease agreement provides two (2) five (5) year option renewal periods. It is reasonably certain the Board will exercise the renewal options extending the maturity date to fiscal year 2044. The amount of future minimum lease payments for the fiscal years 2024-2044 is \$15.8 million.

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

Pursuant to state law, Frederick County Government provides significant fiscal support to FCPS. Due to this fiscal reliance, much of the budget process is built around the County budget timeline. Preparing the operating budget involves school system staff, as well as citizen participation. In the fall, requests are submitted and reviewed by the Superintendent and other school officials. In January, after consideration, the Superintendent recommends to the Board

of Education an operating budget for the coming fiscal year that is aligned with our strategic plan. Board members review the proposal, make changes if they desire, take it to public hearing in February, and then reevaluate and modify it accordingly before forwarding it to the Frederick County Government. The County Executive recommends and the County Council must approve the allocation to the Board of Education (BOE). By statute, the County Council must approve the county's budget by May 31st. Then the BOE adopts the detailed school system budget that takes effect July 1.

The annual budget is prepared in legal conformance with Maryland State law. The general budget is adopted by state-mandated categories of expenditures. Formal budgetary integration, including encumbrance accounting, is employed as a management control device during the year for the governmental fund types. Management is allowed to transfer funds within the state-mandated categories of expenditures but transfers between the categories must be approved by both the Board of Education and the Frederick County Council.

By Maryland statute, each county must appropriate to the Board of Education an amount equal to, or greater than, the prior year per pupil appropriation. This is referred to as the "maintenance of effort" (MOE) calculation. The County, by law, is allowed to appropriate above the maintenance of effort. The FY 2024 budget reflects an additional \$50.7 million over the FY 2023 appropriation or \$49.1 million above Maintenance of Effort (MOE) from the County. This was the ninth consecutive year of funding from the County exceeding MOE requirements.

Capital projects are primarily funded by Frederick County Government and the State of Maryland. The Board of Education has no authority to issue debt. Funds are budgeted and appropriated on both a project and an annual basis. Capital project funds carry forward at the end of each year and are available until the completion of the project. Budget transfers between projects require the same approvals as transfers between major expenditure categories; approval by both the Board of Education and the County Council.

Blueprint for Maryland's Future. The Blueprint for Maryland's Future Act is a landmark, generational piece of legislation intended to enhance and improve the state and local investment in Maryland's public-school systems. This legislation is based on the recommendations of the Commission on Innovation and Excellence in Education (commonly referred to as the Kirwan Commission) and centers around five policy areas: early childhood education; high quality diverse teachers and school leaders in every school; an instructional system that is based on world-class standards and fully aligns with a college and career readiness standard; a system that meets the needs of all students including students with disabilities, students from low-income families, and students where English is not a primary language; and a strong system of accountability. Initial funding for the Blueprint implementation began in FY 2020 with funding for pre-kindergarten expansion, concentration of poverty funding, teacher salary incentives, additional special education funding and targeted intervention funding. This funding continued in FY 2021 and expanded in FY 2022 with FY 2023 being the first year of funding based on the revised state funding formulas prescribed in the Blueprint legislation. Due to enrollment growth as well as the 10-year implementation of the Blueprint for Maryland's Future funding formulas FY 2024 state funding increased \$48.2 million over FY 2023 state funding.

Novel Coronavirus Disease 2019 (COVID-19). FCPS opened its doors for the 2021-2022 school year on August 18, 2021 welcoming back students for five-days a week in-person instruction. A small group of students self-selected to participate in a fully virtual program offered. As FCPS prepared for the return of students to in-person learning, educators acknowledged the need to address the challenges of interrupted or unfinished learning. To meet these challenges, additional staffing to address academic recovery and support student's mental health were included in the operating budget. These resources included additional academic support teachers, school counselors, trauma therapy specialists, school psychologists, and additional funding for virtual school programming.

All school systems received a significant infusion of federal funds to support the recovery from COVID-19. The FY 2024 budget reflects a total of \$18.1 million which includes unspent funds from previous years in federal funding from Elementary and Secondary Student Emergency Relief (ESSER) II and III funds which are part of CRRSA (Coronavirus Response and Relief Supplemental Appropriations) Act and ARP (American Rescue Plan). These funds are being used for expanded summer school programs, before and after school tutoring, technology, replacement of materials of instruction, projects to improve air handling conditions in schools, cleaning and sanitizing of schools, and mental health supports.

Major Facilities Initiatives. Frederick County is one of the fastest growing counties in the state of Maryland and continues to experience population growth. Over the last several years, the capital budget has included new schools and replacement schools to relieve overcrowding throughout the county. In FY 2023, the Brunswick Elementary Replacement School, which had cumulative costs of \$40.8 million as of June 30, 2023, was completed and opened for the 2023-2024 school year. In addition, the FY 2023 capital budget included funding for the design of the Crestwood Middle School Addition, the Green Valley Elementary Replacement School, and the Valley Elementary Replacement School; incurring costs of \$0.6 million, \$1.0 million and \$1.1 million, respectively. Included in the Capital Improvement Program for FY 2024 is additional funding for the construction of the following projects; Crestwood Middle School Addition, the Green Valley Elementary Replacement School and the Valley Elementary Replacement School, funding for the design of the following projects; Middletown Co-located Elementary/Middle School and the Northern Frederick City Area Elementary School (Yellow Springs Elementary) and funding towards the FCPS Bus Facility. The systemic improvements funded in FY 2024 include a roof replacement, playground replacements, limited renovations, and the purchase of a bus.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to FCPS for its ACFR for the fiscal year ended June 30, 2022. This was the fourteenth year that FCPS has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program’s requirements and demonstrates a constructive “spirit of full disclosure,” reflection of FCPS’ financial health. FCPS intends to submit the 2023 ACFR to the GFOA to determine its eligibility for another certificate. Our 2022 GFOA Certificate of Achievement can be found on page 7 of this ACFR.

FCPS has also received for the fifteenth consecutive year the Association of School Business Officials (ASBO) Certificate of Excellence in Financial Reporting for its 2022 ACFR. This award, valid for one year, is granted only after an intensive review of the ACFR by an expert panel of certified public accountants and practicing school business officials. FCPS plans to submit the 2023 ACFR to ASBO and believes the report continues to meet ASBO’s certificate program requirements. The 2022 ASBO Certificate of Excellence in Financial Reporting can be found on page 8 of this ACFR.

The preparation of this report could not have been accomplished without the skilled and dedicated services of the entire staff of the Financial Reporting Department and our external auditors SB & Company, LLC. Our appreciation is also extended to the Accounting Department and the Budget Department, as well as all who assisted in the timely closing of the school system’s financial records. Many other departments in the system contributed to this report, including the photographs and student artwork published throughout this document. The high standard of conformity of this report reflects the professional competence of all individuals responsible for its preparation. We would also like to recognize the Board of Education for their continuing support for maintaining the highest standards of professionalism in the management of FCPS’ finances.

Respectfully submitted,



Dr. Cheryl L. Dyson
Superintendent of Schools



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



Melissa Rollison, MBA
Financial Reporting Manager
Fiscal Services Division



Student: Cayla O.

Oakdale High School

Grade 12



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Frederick County Public Schools
Maryland**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Frederick County Public Schools

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

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



A handwritten signature in black ink, reading 'John W. Hutchison'. The signature is written in a cursive style.

John W. Hutchison
President

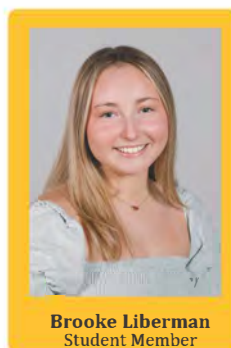
A handwritten signature in black ink, reading 'Siobhán McMahon'. The signature is written in a cursive style.

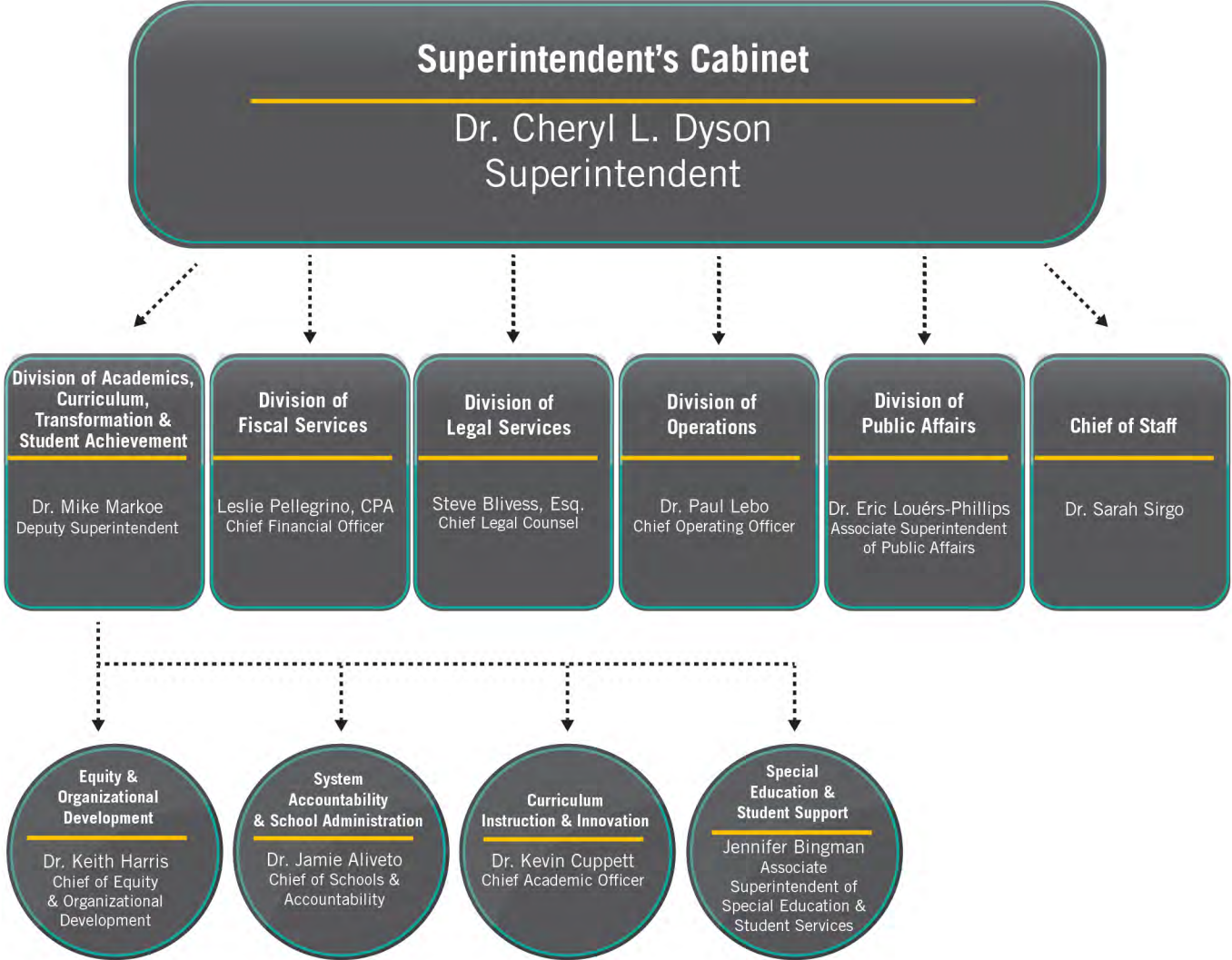
Siobhán McMahon, CAE
Chief Operations Officer/
Interim Executive Director

Frederick County Public Schools

Elected Officials

Board of Education of Frederick County





FINANCIAL SECTION



S B & C O M P A N Y, L L C
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Frederick County, Maryland (the Board), a component unit of Frederick County, Maryland, as of and for the year ended June 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Board, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and 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 (GAS). Our responsibilities under those standards are further described in the *Auditor's 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.

Responsibilities of Management for the Financial Statements

The Board's 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



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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 one year beyond the date that the financial statements are available to be issued, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's 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 auditor's 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 GAS 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 controls. 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 GAS, 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 controls 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 controls. 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 controls-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’s Discussion and Analysis, and Schedule of Investment Returns for the Post-Employment Retiree Health Benefit Plan, and Schedule of Changes in the Board’s Net OPEB Liability and Related Ratios, Schedule of Contributions Related to Pension and Schedule of Proportionate Share of Net Pension Liability, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board’s basic financial statements. The accompanying supplementary information for the school construction fund, food nutrition services fund, and listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



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Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical selections but does not include the financial statements and our independent public accountant's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 September 28, 2023 on our consideration of the Board's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal controls over financial reporting and compliance.

Owings Mills, Maryland
September 28, 2023

SB & Company, LLC

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

This section of Frederick County Public Schools' (FCPS) Annual Comprehensive Financial Report presents the discussion and analysis of its financial performance during the fiscal year ended June 30, 2023, with selected comparative data for the year ended June 30, 2022. We encourage readers to consider the discussion and analysis in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-5 of this report.

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

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of FCPS exceeded its liabilities and deferred inflows as of June 30, 2023 by \$76.4 million which represents its net position.
- FCPS' change in net position increased \$45.4 million per the Statement of Activities for the year ended June 30, 2023.
- The overall net increase in net position of \$45.4 million was the combination of a \$45.7 million increase in total assets, a \$33.3 million decrease in total deferred outflows, offset by a decrease in total noncurrent liabilities of \$62.1 million and a \$29.1 million increase deferred inflows.
- Most significantly, as of June 30, 2023, the change in noncurrent liabilities relating to the net other post-employment benefits (OPEB) liability decreased \$88.4 million while the net pension liability increased \$12.0 million over prior year.
- Costs of \$52.7 million were incurred by FCPS on major construction projects and a limited renovations systemic project. The construction phase of Brunswick Elementary Replacement (opening in August 2023) was at its peak during the year, incurring \$34.8 million in costs. The design of the Valley Elementary Replacement Design and Green Valley Elementary Replacement projects incurred \$1.1 million and \$1.0 million, respectively. The design of the Crestwood Middle Addition incurred \$0.6 million and the feasibility studies of the Middletown Campus and the Yellow Springs Elementary incurred \$0.2 million and \$0.1 million in costs, respectively. The following projects commenced in prior years but were still under construction during fiscal year 2023, incurring costs of; \$7.0 million on the Waverley Elementary replacement, \$0.2 million on the Rock Creek replacement and \$7.7 million on the Thurmont Elementary Limited Renovation project.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

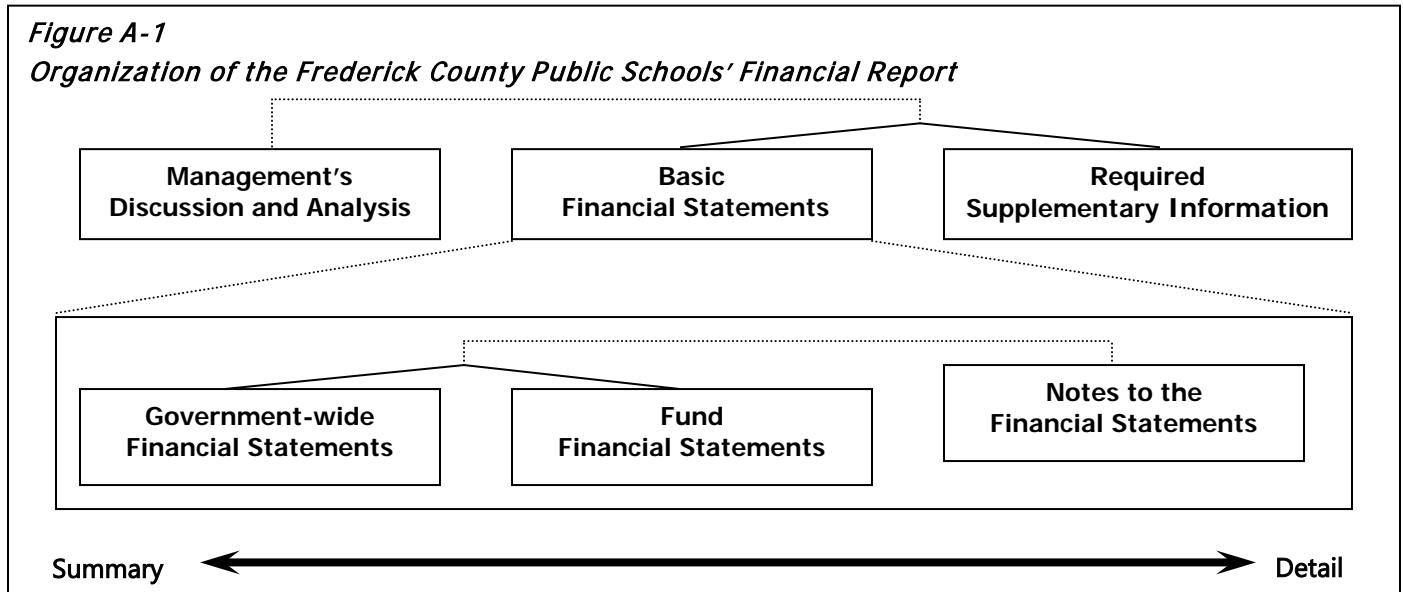
- The first two statements are *government-wide financial statements* that provide both *short-term and long-term* information about FCPS' *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of FCPS, reporting FCPS' operations in *more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

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- The basic financial statements also include notes that explain some of the information in the statements and provide more detailed data.

Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of FCPS' finances. These statements include all assets, liabilities, and deferred outflows/inflows of the school system using the accrual basis of accounting. This method of accounting is similar to how private sector companies report the results of their operations. These statements take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The first of the government-wide statements is the *Statement of Net Position*. The *Statement of Net Position* presents balance sheet information for the entire FCPS operations at a given point in time (June 30, 2023). The assets include all cash and investments, receivables, materials inventory, prepaid items, and capital assets reduced by accumulated depreciation. Liabilities include accounts payable, accrued payroll earnings, and noncurrent liabilities. The difference between the assets, liabilities, and deferred inflows/outflows of resources is reported as net position. The statement encompasses the entire operations of FCPS. The ending net position is segregated into two components: net investment in capital assets and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of FCPS is improving or deteriorating.

The second of the government-wide financial statements is the *Statement of Activities*. This statement shows the results of operations that caused net position to change from the prior year to the amount reported on the *Statement of Net Position* as of June 30, 2023. This statement answers the question, "How did we do financially during fiscal year 2023?" This change in net position is important because it tells the reader whether, for FCPS as a whole, the financial position has improved or diminished in the most recent fiscal year. The causes of this change may be the result of many factors. To assess FCPS' overall health, consideration should be given to additional non-financial factors such as building improvements, number of students served, and staffing levels.

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In the government-wide financial statements, governmental activities include most of FCPS' basic services such as regular and special education, transportation, and administration. State formula aid and local revenues finance most of these activities.

The *Statement of Activities* classifies expenses by functional area. The report also shows corresponding charges for services and restricted grants for each function that help support the expenses. The resulting *Net (Expenses) Revenue and Changes in Net Position* shows the remaining expenses not supported by charges for services and restricted grants. General revenues are then applied to the remaining expenses resulting in the total change in net position for the year.

The government-wide perspective is unrelated to budget and accordingly, budget comparisons are not provided. The government-wide financial statements can be found on pages 28-29 of this report.

Fund Financial Statements

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

- ***Governmental funds:*** Most of FCPS' basic services are included in governmental funds comprised of the General Fund, School Construction Fund, Food and Nutrition Services Fund, and Artificial Turf Fund. Governmental funds statements generally focus on (1) cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance FCPS' programs. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The basic governmental funds financial statements can be found on pages 30-34 of this report.

- ***Proprietary funds:*** Services for which FCPS charges a fee are generally reported in proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. FCPS uses an *internal service fund* to report activities that provide dental and health insurance services to its other funds. FCPS' internal service fund is the Self-Insurance Fund.

The basic proprietary fund financial statements can be found on pages 35-37 of this report.

- ***Fiduciary funds:*** FCPS is the trustee, or *fiduciary*, for assets that belong to others, such as the Post-Employment Retiree Health Benefits Plan. FCPS is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. FCPS excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 38-39 of this report.

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

The notes to the financial statements can be found on pages 40-69 of this report.

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For the Fiscal Year Ended June 30, 2023

FINANCIAL ANALYSIS OF FCPS AS A WHOLE

FCPS' net position (the difference between assets, liabilities and deferred inflows/outflows of resources) increased as of June 30, 2023 in comparison to the year prior. The net position increased \$45.4 million resulting in a net position of \$76.4 million. The following are major components of FCPS' net position:

Condensed Statements of Net Position (in millions of dollars)

	Governmental Activities	
	2023*	2022
Current and Other Assets	\$ 95.7	\$ 97.0
Capital Assets	920.0	873.0
Total Assets	1,015.7	970.0
Deferred Outflows of Resources		
Related to Pensions	14.2	15.6
Related to OPEB	115.4	147.3
Total Deferred Outflows	129.6	162.9
Other Liabilities	42.1	41.4
Long-term Liabilities	593.9	656.7
Total Liabilities	636.0	698.1
Deferred Inflows of Resources		
Related to Pensions	3.8	18.9
Related to OPEB	429.1	384.9
Total Deferred Inflows	432.9	403.8
Net Position		
Net Investment in Capital Assets	888.1	851.8
Unrestricted Deficit	(811.7)	(820.8)
Total Net Position	\$ 76.4	\$ 31.0

* The Board implemented GASB Statement No. 96 for fiscal year 2023. Management evaluated the standard deeming a restatement for prior periods was unpracticable with no impact to the net position as of July 1, 2022.

The \$45.4 million increase in the net position of FCPS' governmental activities is mainly due to a decrease in liabilities of \$62.1 million offset by an increase in deferred inflows of resources of \$29.1 million, resulting in a net change in total liabilities and deferred inflows of \$(33.0) million. The most significant changes noted in the decrease of noncurrent liabilities relates to the net OPEB liability. Changes in assumptions, specifically increases in the discount rate, bond rate and healthcare cost trend rate were the driving components contributing to a net \$88.4 million decrease in the net OPEB liability. The net pension liability had an increase of \$12.0 million whereby salary increases and experience-based retirement age rates were the changing components in the actuarial assumptions.

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FCPS' net position of \$76.4 million consists of a \$888.1 million net investment in capital assets, less an unrestricted deficit of \$811.7 million. Last year FCPS had a combined net position of \$31.0 million consisting of a \$851.8 million net investment in capital assets, less an unrestricted deficit of \$820.8 million. FCPS uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

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

The unrestricted deficit of \$811.7 million as of June 30, 2023 includes leases payable, subscription-based information technology agreements payable, vacation leave payable, terminal benefits payable, the net OPEB liability and the net pension liability.

Funding for the lump sum total of leases payable, subscription-based information technology agreements payable, vacation leave payable, termination benefits payable, the net OPEB liability and the net pension liability has not occurred since they would become due and payable only in the event that FCPS no longer existed as a legal entity. The annual expected payout for leases payable, vacation leave, termination benefits, "pay-as-you-go" retiree medical costs and pension costs are reflected in the current operating budget of the General Fund.

The total governmental activities cost of all programs and services were \$883.7 million. The following table shows the breakdown as a percentage of total costs by functional areas as follows:

Governmental Activities Expense:	2023 Percentage of Total	2022 Percentage of Total
	<u> </u>	<u> </u>
Instruction:		
Regular Instruction	52.95%	56.33%
Special Education Instruction	13.50%	13.45%
Total Instruction	<u>66.45%</u>	<u>69.78%</u>
Support Services:		
Administration	2.52%	2.37%
Mid-level Administration	7.47%	7.53%
Pupil Personnel Services	0.56%	0.61%
Health	1.09%	1.15%
Pupil Transportation	4.47%	4.49%
Operations	6.77%	6.76%
Maintenance	2.27%	2.44%
Food and Nutrition Services	2.35%	2.20%
Community Services	0.23%	0.16%
Student Activities	0.74%	0.52%
Interest on Long-term Liabilities	0.11%	0.05%
Intergovernmental Payment	4.97%	1.94%
Total Support Services	<u>33.55%</u>	<u>30.22%</u>

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Total revenues surpassed expenses increasing net position by \$45.4 million during fiscal year 2023. The key elements of FCPS' increase in net position were as follows:

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

	Governmental Activities 2023	Governmental Activities 2022
Revenues		
Program Revenues		
Charges for Services	\$ 10.5	\$ 4.5
Operating Grants and Contributions	230.7	246.9
Capital Grants and Contributions	125.4	61.6
General Revenues		
Federal Aid	0.2	0.1
State Aid	209.2	177.3
Local Aid	349.7	316.6
Investment Earnings	2.5	0.4
Other	0.9	0.7
Total Revenues	929.1	808.1
Expenses		
Instruction:		
Regular Instruction	467.9	450.7
Special Education Instruction	119.3	107.6
Total Instruction	587.2	558.3
Support Services:		
Administration	22.3	18.9
Mid-level Administration	66.0	60.2
Pupil Personnel Services	5.0	4.9
Health	9.6	9.2
Pupil Transportation	39.5	35.9
Operations	59.9	54.1
Maintenance	20.1	19.6
Food and Nutrition Services	20.7	17.6
Community Services	2.0	1.3
Student Activities	6.5	4.2
Interest on Payables	1.0	0.4
Intergovernmental Payment	43.9	15.5
Total Support Services	296.5	241.8
Total Expenses	883.7	800.1
Change in Net Position	45.4	8.0
Net Position - Beginning	31.0	23.0
Net Position - Ending	\$ 76.4	\$ 31.0

The table shown above details FCPS' changes in net position. FCPS' total revenues for 2023 shows \$929.1 million compared to total revenues of \$808.1 million for the previous year. In 2023, local aid increased \$33.1 million over the prior year due to appropriation increases. For the eighth year in a row, local aid included an amount over Maintenance of Effort. Federal, state, and local aid and other revenue not restricted to programs (general revenues) accounted for 60.5% of FCPS' total revenue in 2023, a slight decrease compared to 61.3% of total revenue in 2022. Program revenues with an increase of \$53.6 million over 2022 was the component contributing the most to the overall increase in revenue compared to the prior year. Similarly, just not to the extent of revenues, FCPS' total expenditures increased from \$800.1 million in 2022 to \$883.7 million in 2023. Regular instruction accounts for \$17.2 million of the \$83.6 million increase with another \$11.7 million increase attributed to special education instruction. Support services added another \$54.7 million increase in expenses with operations increasing \$5.8 million, mid-level administration also increasing \$5.8 million, pupil transportation increasing \$3.6 million, administration increasing \$3.4 million and Food and Nutrition Services increasing \$3.1 million. In 2023 inflationary pressures contributed to increased expenses in many areas including personnel costs, utilities, fuel and food purchases.

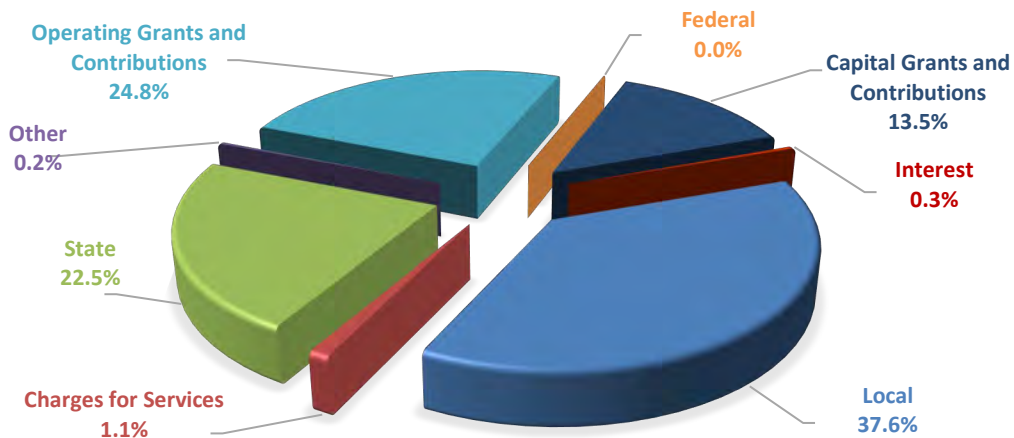
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Governmental Activities

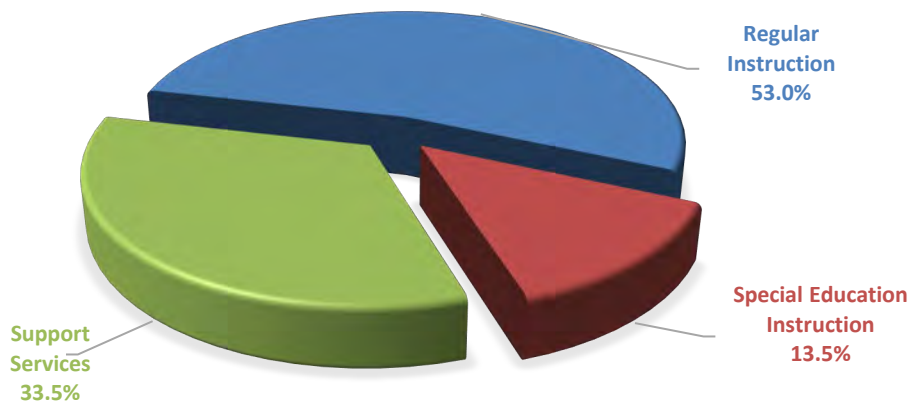
Charts 1 and 2 display government-wide revenues and expenses, respectively, for the current year. Total revenues for the FCPS combined activities (which include program revenues and general revenues) were \$929.1 million which was an increase of \$121.0 million or 15.0% over prior year. County appropriations and State formula aid accounted for approximately 60.2% of the FCPS revenue, while the remaining 39.8% came from operating and capital grants for specific programs, fees charged for services and other miscellaneous revenues. Costs of \$10.5 million were financed by users of FCPS' programs, while operating and capital grants and contributions subsidized certain programs totaling \$356.1 million. FCPS' programs were financed by \$562.5 million consisting of unrestricted federal aid \$0.2 million, state aid of \$209.2 million, local aid of \$349.7 million, investment earnings of \$2.5 million, and other revenues of \$0.9 million.

CHART 1: SOURCE OF REVENUES – FISCAL YEAR 2023



The total cost of all programs and services rose to \$883.7 million. The majority of FCPS expenses are related to instruction, both regular and special education. Total instructional costs were \$587.2 million or 66.5% of all school system expenditures, while support services costs were \$296.5 million or 33.5% of total expenditures.

CHART 2: EXPENSES BY FUNCTION – FISCAL YEAR 2023



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The table below represents the cost of FCPS' activities for the year. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on taxpayers by each of these functions. The total net cost of services for 2023 is \$517.1 million, a \$30.0 million increase from the 2022 total of \$487.1 million.

Net Cost of Governmental Activities (in millions of dollars)

Expense Functions	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022	Total Change in Net Cost of Services 2023-2022
Instruction:					
Regular Instruction	\$ 467.9	\$ 224.0	\$ 450.7	\$ 263.6	\$ (39.6)
Special Education Instruction	119.3	68.5	107.6	57.8	10.7
Total Instruction	587.2	292.5	558.3	321.4	(28.9)
Support Services:					
Administration	22.3	20.7	18.9	15.6	5.1
Mid-level Administration	66.0	61.9	60.2	57.0	4.9
Pupil Personnel Services	5.0	4.7	4.9	2.3	2.4
Health	9.6	0.5	9.2	0.5	-
Pupil Transportation	39.5	20.2	35.9	18.1	2.1
Operations	59.9	54.8	54.1	48.6	6.2
Maintenance	20.1	17.3	19.6	17.5	(0.2)
Food and Nutrition Services	20.7	(0.1)	17.6	(9.4)	9.3
Community Services	2.0	(0.1)	1.3	0.2	(0.3)
Student Activities	6.5	(0.2)	4.2	(0.6)	0.4
Interest on Leases Payable	1.0	1.0	0.4	0.4	0.6
Intergovernmental Payment	43.9	43.9	15.5	15.5	28.4
Total Support Services	296.5	224.6	241.8	165.7	58.9
Total	\$ 883.7	\$ 517.1	\$ 800.1	\$ 487.1	\$ 30.0

The \$30.0 million increase in net costs from 2022 to 2023 was due to increases in special education instruction, and support services offset by a decrease in regular instruction. Salary increases of \$9.5 million was the primary reason for the increase in special education instruction. The largest increase under support services was intergovernmental payment increasing \$28.4 million. Intergovernmental payment is a function of the "pay-back" amount to Frederick County Government for forward funding major project construction costs. Operations within food and nutrition services reported an \$11.6 million decrease in operating grants, resulting in an increase in net costs by \$9.3 million. Other support services contributing to the increase in net costs included operations increasing \$6.2 million, administration \$5.1 million and mid-level administration \$4.9 million. Offsetting these increases in net costs was a \$39.6 million decrease in regular instruction. Increased program revenues for regular instruction of \$56.8 million was the driving factor behind the decrease in net costs. This \$56.8 million increase in program revenues included a \$66.3 million increase in capital grants, \$9.6 million decrease in operating grants and \$0.1 million increase in charges for services. Expenses for regular instruction increased \$17.2 million.

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FINANCIAL ANALYSIS OF FCPS' FUNDS

As FCPS completed the year, its governmental funds (General Fund, School Construction Fund, Food and Nutrition Services Fund, and Artificial Turf Fund) reported combined fund balances of \$57.7 million; an increase of \$10.1 million from last year's ending fund balances of \$47.6 million. The net increase of \$10.1 million consists of a \$3.5 million fund balance increase in the General Fund, primarily due to increases in state and local funding, a \$6.3 million increase in the School Construction fund balance due to receiving a \$10.0 million pass-through grant for projects that were not completed in 2023; a \$0.3 million increase in the Food and Nutrition Services fund balance and a \$50.0 thousand decrease in the Artificial Turf Fund due to expenditures incurred to replace a game field in fiscal year 2023.

Likewise, as in 2022, state and local aid were the primary sources of operating funds for FCPS' governmental funds for fiscal year 2023. In 2023, both funding sources combined accounted for 92.0% of total revenues, an increase from that of 87.6% in 2022. In 2023, state aid contributed 47.2% and local aid contributed 44.8% of the combined revenues. In 2022, state aid contributed 41.3% and local aid contributed 46.3% of the combined revenues. The federal government contributed 5.8% and 11.0% of governmental revenues for 2023 and 2022, respectively. Most of these federal government revenues supported food and nutrition service activities and restricted grants or projects. Restricted Fund activities and programs are accounted for in the General Fund. This year, FCPS' General Fund spent \$789.3 million with the largest share spent on instructional programs, both regular and special education, in the amount of \$402.6 million. In comparison, last year, \$379.3 million was spent on instructional programs out of \$722.4 million total expenditures. In 2023, School Construction Fund revenues exceeded expenditures by \$6.3 million, a result of one-time funding through a pass-through grant (PTG) received from the State. The revenues were received and recognized prior to incurring expenditures for multiple turf field projects and the Thurmont Elementary School Limited Renovation project, by \$5.2 million and \$1.1 million, respectively. The turf fields under construction as of June 30, 2023 included the game field at Tuscarora High School, Brunswick High School, Catoctin High School and Walkersville High School. School Construction Fund revenues from state and local sources were \$68.8 and \$47.7 million, respectively. The Artificial Turf Fund, a nonmajor governmental fund reported expenditures in excess of revenues by \$0.2 million. The fund received \$0.4 million in other funding for cell tower land rental agreements and the rental of artificial turf fields to outside community user groups. During fiscal year 2023, the game field at Linganore High was replaced incurring expenses of \$0.6 million in the Artificial Turf Fund. The fund also recognized a budgeted transfer from the General Fund of \$0.2 million and reflected a fund balance of \$0.2 million as of June 30, 2023.

General Fund Budgetary Summary

Over the course of fiscal year 2023, the Board and the County Government approved various budget transfers which moved budget funding between the various major revenue and expenditure categories. The overall General Fund budget, increased \$4.2 million in fiscal year 2023 as the result of recognizing additional fund balance assigned to the Charter Schools and additional restricted funds received from State and Local sources.

Final budgeted revenues for the General Fund for 2023 totaled \$827.0 million while actual revenues equaled \$792.4 million, a difference of \$34.6 million. This \$34.6 million budgeted but not received during 2023 represents grant allocations budgeted whereby program revenues were not yet recognizable, of which COVID-19 relief grants contributed to approximately \$18.1 million of the balance. Grant balance activities remaining at fiscal year-end will be carried forward to 2024. This activity was approved for grant periods that extend beyond 2023 and overlap fiscal years.

Comprised of unrestricted and restricted funds, the General Fund final budgeted expenditures allocated for 2023 totaled \$827.0 million while actual expenditures equaled \$773.6 million, a difference of \$53.4 million. Of the \$53.4 million budgeted expenditures, approximately \$34.2 million relate to grant awards that budgeted for the total allocation but allow for spending over a multiple year period. The \$34.2 million is restricted for program activities as approved by the grantors. Collectively, the \$53.4 million variance is mainly attributable to salary and fringe savings from staff vacancies and turnover in the instructional and special education classifications, in both the unrestricted and restricted funds. In addition to the savings mentioned, the restricted fund also had significant savings within the administration and maintenance categories for grant funded technology infrastructure upgrades and quality air enhancements. These activities were budgeted for but unspent as of June 30, 2023. Restricted fund grant balance activities remaining at fiscal year-end will be carried forward to 2024. There were no expenditure classes with a negative budget variance in 2023.

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For the General Fund, the ending fund balance on a budgetary basis as of June 30, 2023 is a surplus of \$29.6 million of which \$15.3 million is budgeted for use in fiscal year 2024, \$2.3 million is committed to Charter Schools, \$2.6 million assigned for restricted projects where revenue earned exceeded expenditures, and \$4.0 million assigned for student activities, leaving \$5.4 million as unassigned.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of the end of fiscal year 2023, FCPS had invested \$920.0 million (net of accumulated depreciation and amortization) in a broad range of capital assets including school buildings, athletic facilities, technology upgrades, equipment, mechanical systems, administrative offices as well as the right-to-use assets which include lease building and improvements and subscription-based information technology agreements (SBITAs). FCPS increased its net capital assets by \$47.0 million during 2023. (More detailed information about capital assets can be found in Note 3.B to the financial statements.) Total depreciation and amortization expense for the year was \$41.8 million. Depreciation and amortization expense is allocated to the fund and category in which the capital asset has been recorded.

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

	Governmental Activities		Total Percentage Change
	2023	2022	2023-2022
Land	\$ 53.4	\$ 53.2	0.4%
Construction in Progress	25.0	12.7	96.9%
Buildings and Improvements	778.1	760.6	2.3%
Furniture and Equipment	32.8	25.2	30.2%
Right-to-Use Buildings and Improvements	28.8	21.3	35.2%
Right-to-Use Subscription-Based Agreements	1.9*	-	-%
Total	<u>\$ 920.0</u>	<u>\$ 873.0</u>	5.4%

* The Board implemented GASB Statement No. 96 for fiscal year 2023. The Board adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

The most significant changes that occurred in capital assets for the period ended June 30, 2023 were within construction in progress and furniture and equipment. The construction in progress increased during fiscal year 2023 largely due to the Waverley Elementary Replacement School facility (opened August 2022) and the Thurmont Elementary Limited Renovation project (still incurring costs), both included in the construction in progress at June 30, 2023. Though construction in progress increased the cumulative costs of the Rock Creek School facility (opened in June 2021), the Brunswick Elementary Replacement School facility (opening in August 2023), the Sugarloaf Elementary School facility (opened in August 2018) and several smaller systemic projects were reclassified out of construction in progress and into building and improvements. The enrollment figure, as reported to the Maryland State Department of Education for fiscal year 2023, was 46,899 students resulting in a utilization of 95% of school capacity.

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The 2024 Capital Budget has projected spending of \$156.9 million for capital projects.

- \$125.2 million in major projects which includes \$10.5 million for the design of the Middletown Co-located ES/MS Replacement, \$2.0 million for the Brunswick Elementary Replacement, \$11.1 million for the Crestwood Middle Addition, \$17.2 million for the Northern Frederick City area Elementary School (Yellow Springs Elementary), \$43.2 million for the Valley Elementary School Replacement, \$39.0 million for the Green Valley Elementary Replacement, and \$2.2 million for the FCPS Bus Facility project.
- \$31.7 million in systemic repairs and renovations to existing facilities, of which some of the projects include; \$3.7 million for limited renovations at Monocacy Elementary, \$12.7 million for the limited renovations at Spring Ridge Elementary, \$11.6 million for the limited renovations of the Ballenger Creek Elementary, \$0.7 million for the roof project at Brunswick Middle, \$0.1 million for replacement of playground equipment at two schools and \$2.0 million for systemic portable relocations.

Long-term Debt

School boards in Maryland have no authority to incur bonded debt. FCPS does, however, have long-term liabilities consisting of three leases payable, several subscription-based information technology agreements (SBITAs), unused vacation leave, termination benefits, net OPEB liability and net pension liability. (More detailed information about FCPS' long-term liabilities is presented in Note 3.D to the financial statements.)

Long-term Liabilities (in millions of dollars)

	Governmental		Total
	Activities		Percentage
	2023	2022	Change
	2023	2022	2023-2022
Leases Payable	\$ 29.7	\$ 21.2	40.1%
Subscriptions Payable	2.0*	-	-
Vacation Leave Payable	11.5	10.2	12.7%
Termination Benefits Payable	29.7	27.9	6.5%
Net OPEB Liability	474.9	563.3	(15.7)%
Net Pension Liability	46.1	34.1	35.2%
Total	<u>\$ 593.9</u>	<u>\$ 656.7</u>	(9.6)%

* The Board implemented GASB Statement No. 96 for fiscal year 2023. The 2022 amounts have not been restated to reflect the implementation of GASB 96.

FCPS has had a long-term lease since 2007, for the consolidated central office building. This lease was refinanced in June 2020 with a new lessor at an interest rate of 1.98%. The original maturity date of September 1, 2032 remained intact and is contingent upon yearly appropriations. In June 2018, FCPS entered into an energy performance contract lease agreement to finance a variety of energy conservation improvements in FCPS facilities across the county. This lease was also refinanced in June 2020 with a new lessor at an interest rate of 2.08%. This lease retained the original 15-year term and is also contingent upon yearly appropriations. In fiscal year 2023, the reduction in leases payable represents scheduled principal payments for the central office and energy performance leases. In May 2023, FCPS entered into a contract for leased warehouse space, recognizing a \$10.0 million right-to-use asset and corresponding \$10.0 million lease liability at the net present value of future payments, under GASB Statement No. 87. The lease is for an initial term of ten years with a maturity date of July 1, 2033, and contains two (2) five (5) year option renewal periods. The Board has included these renewal periods in the lease term as it is reasonably certain that the Board will exercise the renewal option. As the interest rate implicit in the lease agreement is not readily determinable, FCPS utilizes its incremental borrowing rate of 4.5% to discount the lease payments. The \$29.7 million leases payable outstanding obligation as of June 30, 2023 consist of \$7.7 million, \$12.0 million, and \$10.0 million, for the central office, energy performance, and the warehouse contracts, respectively.

FREDERICK COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023

FCPS recognizes its contractual obligations to employees for vacation and termination benefits payable. As of June 30, 2023, FCPS had accumulated obligations totaling \$11.5 million for unpaid vacation leave and \$29.7 million for termination benefits payable. Funding for these liabilities has not occurred since they are not currently payable. The annual expected payout of vacation leave and termination benefits is reflected in the current operating budget of the General Fund.

FCPS provides post-employment benefits other than pensions such as health, dental, and life insurance to their retirees. The current year change in the net OPEB liability decreased by \$88.4 million or (15.7%) as of June 30, 2023, for a net OPEB liability of \$474.9 million. The decrease of \$88.4 million was a combination of changes in service cost, interest, contributions, net investment income, assumptions, benefit payments and updated demographic and claims data. A change in the discount rate applied, increasing from 3.99% in fiscal year 2022 to 4.31% in fiscal year 2023, accounted for \$36.0 million of the plan's liability decrease with the other factors aforementioned offsetting or contributing to the net decrease. FCPS contributed \$16.3 million for the year (\$1.5 million was contributed to the OPEB Trust and \$14.8 million was FCPS' share of the retiree premiums [pay-as-you-go]).

FCPS recognizes a net pension liability of \$46.1 million as of June 30, 2023. This is an increase of \$12.0 million or 35.2% from the fiscal year 2022 net pension liability of \$34.1 million. The increase of \$12.0 million is due to changes in assumptions and other variances, such as market fluctuations.

Future Challenges

The school system must consider a multitude of factors as it prepares future budgets. School systems across the nation, including Frederick County Public Schools are seeing lasting effects of the Coronavirus pandemic, most notably with concerns around increased costs for social and emotional supports and instructional recovery services for students as well as a nationwide teacher staffing shortage. In Maryland, school systems have begun the implementation of the requirements of the Blueprint for Maryland's Future legislation which will greatly impact FCPS' operating budget both from a revenue and an expenditure perspective. When looking forward and planning financially for the future, FCPS has to take into consideration the following challenges: economic uncertainties, growing capital needs, continued higher than average student enrollment, staffing challenges, and diminishing federal stimulus funding which will end in September 2024. These next few years will be very challenging budgetarily as the Board strives to meet the varying needs of the school system while balancing continued revenue resource constraints.

CONTACTING FCPS' FINANCIAL MANAGEMENT

This financial report is designed to provide Frederick County's citizens, taxpayers, customers, investors, creditors, parents, and students with a general overview of FCPS' finances and to demonstrate FCPS' accountability for the resources it receives. If you have questions about this report or need additional financial information, contact the Frederick County Public Schools Financial Reporting Department, 191 South East Street, Frederick, Maryland 21701.



BASIC FINANCIAL STATEMENTS

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Net Position June 30, 2023

	Governmental Activities
ASSETS	
Cash and Investments	\$ 67,735,334
Due From Other Units of Government	18,186,709
Accounts Receivable	7,661,758
Inventories, at Cost	1,441,358
Prepaid Items	766,282
Capital Assets not being Depreciated:	
Land	53,396,247
Construction in Progress	25,024,412
Capital Assets, Net of Accumulated Depreciation and Amortization:	
Buildings and Improvements	778,098,925
Furniture and Equipment	32,773,007
Right-to-Use Lease Assets, Building and Improvements	28,754,275
Right-to-Use Subscription-Based Assets, IT Agreements	1,892,534
Total Assets	1,015,730,841
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pension	14,190,474
Related to OPEB	115,391,389
Total Deferred Outflows of Resources	129,581,863
LIABILITIES	
Accounts Payable	26,555,309
Accrued Interest Payable	502,925
Salaries and Wages Payable	14,018,104
Payroll Taxes and Deductions Payable	991,561
Noncurrent Liabilities:	
Due Within One Year	12,818,939
Due in More than One Year	581,059,174
Total Liabilities	635,946,012
DEFERRED INFLOWS OF RESOURCES	
Related to Pension	3,759,949
Related to OPEB	429,136,181
Total Deferred Inflows of Resources	432,896,130
NET POSITION	
Net Investment in Capital Assets	888,167,323
Unrestricted Deficit	(811,696,761)
Total Net Position	\$ 76,470,562

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Activities For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instruction:					
Regular Instruction	\$ 467,915,141	\$ 982,295	\$ 117,699,412	\$ 125,185,952	\$ (224,047,482)
Special Education Instruction	119,302,719	-	50,609,044	200,519	(68,493,156)
Total Instruction	587,217,860	982,295	168,308,456	125,386,471	(292,540,638)
Support Services:					
Administration	22,277,372	-	1,511,579	-	(20,765,793)
Mid-level Administration	66,009,331	-	4,144,315	-	(61,865,016)
Pupil Personnel Services	4,964,857	-	286,305	-	(4,678,552)
Health	9,609,688	-	9,122,995	-	(486,693)
Pupil Transportation	39,544,639	-	19,289,834	-	(20,254,805)
Operations	59,862,735	1,033,760	4,068,516	-	(54,760,459)
Maintenance	20,064,205	-	2,795,235	-	(17,268,970)
Food and Nutrition Services	20,739,196	7,137,488	13,660,121	-	58,413
Community Services	2,026,146	-	2,146,429	-	120,283
Student Activities	6,524,623	1,311,267	5,396,139	-	182,783
Interest on Noncurrent Liabilities	952,073	-	-	-	(952,073)
Intergovernmental Payment	43,902,626	-	-	-	(43,902,626)
Total Support Services	296,477,491	9,482,515	62,421,468	-	(224,573,508)
Total Governmental Activities	\$ 883,695,351	\$ 10,464,810	\$ 230,729,924	\$ 125,386,471	(517,114,146)
General Revenues:					
					159,037
					209,240,441
					349,748,012
					2,466,715
					922,521
					562,536,726
					45,422,580
Net Position - Beginning					31,047,982
Net Position - Ending					\$ 76,470,562

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

FREDERICK COUNTY PUBLIC SCHOOLS

Balance Sheet Governmental Funds June 30, 2023

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
ASSETS					
Cash and Investments	\$ 43,272,463	\$ 9,493,496	\$ 12,012,423	\$ -	\$ 64,778,382
Due From:					
Federal Government	6,318,390	-	100,091	-	6,418,481
State of Maryland	7,208,484	7,859,734	257,852	-	15,326,070
Frederick County	61,989	-	-	-	61,989
Other Funds	782,997	-	-	211,733	994,730
Accounts Receivable	1,159,097	-	53,941	30,250	1,243,288
Inventories, at Cost	678,903	-	762,455	-	1,441,358
Prepaid Items	752,832	-	-	-	752,832
Total Assets	\$ 60,235,155	\$ 17,353,230	\$ 13,186,762	\$ 241,983	\$ 91,017,130
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 5,939,229	\$ 7,760,584	\$ 747,037	\$ -	\$ 14,446,850
Accrued Liabilities:					
Salaries and Wages	13,987,163	5,901	25,040	-	14,018,104
Payroll Taxes and Deductions	988,749	-	2,812	-	991,561
Due To:					
State of Maryland	100,117	-	-	-	100,117
Frederick County	264,919	3,254,795	-	-	3,519,714
Other Funds	211,733	4,735	44,477	-	260,945
Total Liabilities	21,491,910	11,026,015	819,366	-	33,337,291
Fund Balances:					
Nonspendable:					
Inventories	678,903	-	762,455	-	1,441,358
Prepaid Items	752,832	-	-	-	752,832
Committed:					
Charter Schools	2,319,948	-	-	-	2,319,948
School Construction	-	6,327,215	-	-	6,327,215
Assigned:					
Administration	616,943	-	-	-	616,943
Instructional	7,883,287	-	-	-	7,883,287
Maintenance and Operations	5,110,950	-	-	-	5,110,950
Transportation	9,472,755	-	-	-	9,472,755
Artificial Turf	-	-	-	241,983	241,983
Food and Nutrition Services	-	-	11,604,941	-	11,604,941
Grants	2,602,966	-	-	-	2,602,966
Student Activities	3,949,068	-	-	-	3,949,068
Unassigned:	5,355,593	-	-	-	5,355,593
Total Fund Balances	38,743,245	6,327,215	12,367,396	241,983	57,679,839
Total Liabilities and Fund Balances	\$ 60,235,155	\$ 17,353,230	\$ 13,186,762	\$ 241,983	\$ 91,017,130

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

FREDERICK COUNTY PUBLIC SCHOOLS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2023

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

Total fund balance - governmental funds		\$ 57,679,839
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The cost of capital assets (land, buildings, construction in progress, and equipment) purchased, constructed or the right-to-use, is reported as an expenditure in the governmental funds. The Statement of Net Position includes those capital assets among the assets of FCPS as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation or amortization expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation and amortization expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 1,467,202,133		
Accumulated depreciation and amortization	<u>(547,262,733)</u>		919,939,400

Long-term liabilities applicable to FCPS' governmental activities are not due and payable in the current period and accordingly are not reported as governmental fund liabilities. Interest payable on debt and other long-term obligations are also not recorded in the governmental funds but is reported in the Statement of Net Position. All liabilities, both current and long-term, are reported in the Statement of Net Position.

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

Leases payable	(29,739,826)		
Subscription-based payable	(2,032,251)		
Accrued interest payable on leases	(502,925)		
Vacation leave payable	(11,462,498)		
Termination benefits payable	(29,650,433)		
Net OPEB Liability	(474,889,803)		
Net Pension Liability	<u>(46,103,302)</u>		(594,381,038)

Deferred outflows of resources:

Related to Pension	14,190,474		
Related to OPEB	<u>115,391,389</u>		129,581,863

Deferred inflows of resources:

Related to Pension	(3,759,949)		
Related to OPEB	<u>(429,136,181)</u>		(432,896,130)

An internal service fund is used by FCPS to charge the costs of the health and dental insurance program to the individual funds. The assets and liabilities of the internal service fund, net of vacation leave liability, terminal leave liability, and net pension liability are included in governmental activities in the Statement of Net Position.

	<u>(3,453,372)</u>
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Net Position of Governmental Activities

	<u>\$ 76,470,562</u>
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The notes to the financial statements are an integral part of this statement.

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2023

	Major			Nonmajor	Total Governmental Funds
	General	School Construction	Food and Nutrition Services	Artificial Turf	
Revenues:					
Federal	\$ 40,932,700	\$ -	\$ 12,500,003	\$ -	\$ 53,432,703
State	364,229,003	68,840,823	753,963	-	433,823,789
Local	364,705,067	47,709,873	-	-	412,414,940
Charges for Services	1,311,267	-	6,466,070	-	7,777,337
Other	11,783,982	-	671,418	350,082	12,805,482
Total Revenues	782,962,019	116,550,696	20,391,454	350,082	920,254,251
Expenditures:					
Current:					
Administration	15,045,871	-	-	-	15,045,871
Mid-level Administration	46,410,449	-	-	-	46,410,449
Instructional Salaries	283,536,244	-	-	-	283,536,244
Instructional Supplies	23,664,724	-	-	-	23,664,724
Instruction - Other	5,207,783	-	-	-	5,207,783
Special Education	90,170,695	-	-	-	90,170,695
Pupil Personnel	3,458,868	-	-	-	3,458,868
Health	9,451,844	-	-	-	9,451,844
Pupil Transportation	29,016,671	-	-	-	29,016,671
Operations	50,112,195	-	-	-	50,112,195
Maintenance	16,209,857	-	-	-	16,209,857
Fixed Charges	195,686,338	-	-	-	195,686,338
Food and Nutrition Services	248,762	-	20,052,968	-	20,301,730
Community Services	1,601,393	-	-	-	1,601,393
Student Activities	6,524,623	-	-	-	6,524,623
Capital Outlay:					
Land	-	3,301,134	-	-	3,301,134
Buildings and Improvements	10,004,955	59,155,540	-	598,000	69,758,495
Equipment	-	3,864,181	-	-	3,864,181
Debt Service:					
Lease Principal	1,497,912	-	-	-	1,497,912
Subscription-Based Principal	894,768	-	-	-	894,768
Lease Interest	418,032	-	-	-	418,032
Subscription-Based Interest	108,443	-	-	-	108,443
Intergovernmental Payment	-	43,902,626	-	-	43,902,626
Total Expenditures	789,270,427	110,223,481	20,052,968	598,000	920,144,876
Excess (Deficiency) of Revenues over Expenditures	(6,308,408)	6,327,215	338,486	(247,918)	109,375
Other Financing Sources (Uses)					
Proceeds from Lease Payable	10,004,955	-	-	-	10,004,955
Transfers In From:					
General Fund	-	-	-	200,000	200,000
Transfers Out To:					
Artificial Turf Fund	(200,000)	-	-	-	(200,000)
Total Other Financing Sources (Uses)	9,804,955	-	-	200,000	10,004,955
Net Change in Fund Balances	3,496,547	6,327,215	338,486	(47,918)	10,114,330
Fund Balances - Beginning	35,246,698	-	12,028,910	289,901	47,565,509
Fund Balances - Ending	\$ 38,743,245	\$ 6,327,215	\$ 12,367,396	\$ 241,983	\$ 57,679,839

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

FREDERICK COUNTY PUBLIC SCHOOLS

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities For the Year Ended June 30, 2023

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

Total net change in fund balances - governmental funds	\$	10,114,330
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Governmental funds report capital outlays as expenditures. However in the Statement of Activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation or amortization expense. This is the amount by which capitalized capital outlay (\$87,018,154) exceeds depreciation / amortization expense (\$41,802,747) and retirements/reclassifications (\$1,258,569).

43,956,838

Right-to-use assets under lease and subscription-based arrangements are shown as an expenditure in the governmental funds. Principal payments are applied to the payables; interest expense is recognized as it accrues.

Other financing sources - lease proceeds	\$	(10,004,955)	
Principal payments on lease payables		1,497,912	
Principal payments on subscription-based payables		894,768	
Interest expense on payables		(425,598)	
		(425,598)	(8,037,873)

An internal service fund is used by FCPS to charge the costs of the health and dental insurance program to the individual funds. The change in net position of the internal service fund, net of compensated absences expenses, is reported with governmental activities. The change in net position was (\$11,498,147) of which \$2,736 was included in the calculation below.

(11,500,883)

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

Vacation leave accrued		(1,281,907)	
Termination benefits accrued		(1,785,824)	
Changes in OPEB liabilities and related deferred outflows and inflows of resources		12,249,455	
Changes in pension liabilities and related deferred outflows and inflows of resources		1,708,444	
		1,708,444	10,890,168

Change in Net Position of Governmental Activities

\$ 45,422,580

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

FREDERICK COUNTY PUBLIC SCHOOLS

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

General Fund

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final	Budgetary Basis	
Revenues:				
Federal	\$ 71,243,748	\$ 71,243,748	\$ 40,932,700	\$ (30,311,048)
State	365,686,270	367,586,270	364,229,003	(3,357,267)
Frederick County	365,338,683	365,338,683	364,705,067	(633,616)
Other Revenue	5,272,758	6,032,758	6,387,843	355,085
Fund Balance	15,294,792	16,815,862	16,126,062	(689,800)
Total Revenues	822,836,251	827,017,321	792,380,675	(34,636,646)
Expenditures:				
Administration	17,971,575	17,811,232	15,113,249	2,697,983
Mid-level Administration	47,029,943	47,392,737	45,814,873	1,577,864
Instructional Salaries	292,227,762	292,633,836	283,536,244	9,097,592
Instructional Supplies	21,952,464	24,682,227	24,040,323	641,904
Instructional - Other	7,029,237	7,192,678	5,121,311	2,071,367
Special Education	101,799,624	100,609,624	90,205,047	10,404,577
Pupil Personnel Services	3,221,023	3,521,023	3,455,297	65,726
Health	10,688,979	10,693,329	9,451,844	1,241,485
Pupil Transportation	29,960,882	30,461,382	29,071,318	1,390,064
Operations	49,518,038	50,640,635	49,396,444	1,244,191
Maintenance	24,078,712	24,127,343	16,662,620	7,464,723
Fixed Charges	211,900,470	209,139,117	196,304,370	12,834,747
Food and Nutrition Services	511,198	811,198	248,762	562,436
Community Services	2,654,196	2,689,196	1,590,373	1,098,823
Capital Outlay	2,292,148	4,611,764	3,551,200	1,060,564
Total Expenditures	822,836,251	827,017,321	773,563,275	53,454,046
Excess of Revenues over Expenditures	\$ -	\$ -	18,817,400	\$ 18,817,400
Fund Balance - Beginning			26,587,327	
Net Decrease in Nonspendable Fund Balance				
Inventories and Prepaids			103,100	
Net Change in Student Activities			182,783	
Prior Year Surplus Funded			(16,126,062)	
Fund Balance - Ending			\$ 29,564,548	

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Net Position Proprietary Fund June 30, 2023

	Governmental Activity: Internal Service Fund Self-Insurance
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 2,956,952
Other Receivables	6,418,470
Prepaid Items	13,450
Total Current Assets	9,388,872
 LIABILITIES	
Current Liabilities:	
Accounts Payable	57,538
Accrued Claim Liabilities	12,050,921
Due to Other Funds	733,785
Current Portion of Compensated Absences	23,908
Total Current Liabilities	12,866,152
Noncurrent Liabilities:	
Noncurrent Portion of Compensated Absences	38,228
Total Liabilities	12,904,380
 NET POSITION	
Unrestricted	(3,515,508)
Total Net Position	\$ (3,515,508)

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Fund For the Year Ended June 30, 2023

	Governmental Activity: Internal Service Fund Self-Insurance
Operating Revenues:	
Contributions from Employer	\$ 78,289,749
Contributions from Employees	16,801,852
Total Operating Revenues	95,091,601
Operating Expenses:	
Salaries and Wages	363,814
Professional and Contracted Services	5,216,956
Insurance Claims and Related Expenses	100,840,770
Payment to Federal Government	39,773
Other Charges	156,340
Total Operating Expenses	106,617,653
Operating Loss	(11,526,052)
Nonoperating Revenues:	
Investment Earnings	27,905
Total Nonoperating Revenues	27,905
Change in Net Position	(11,498,147)
Total Net Position - Beginning	7,982,639
Total Net Position - Ending	\$ (3,515,508)

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Cash Flows Proprietary Fund For the Year Ended June 30, 2023

	Governmental Activity: Internal Service Fund Self-Insurance
Cash Flows From Operating Activities	
Receipts from User Charges	\$ 16,801,852
Receipts from Interfund Services	77,809,349
Payments to Employees	(522,890)
Payments for Insurance Claims	(98,188,434)
Payments for Contracted Services	(5,341,197)
Net Cash From Operating Activities	(9,441,320)
 Cash Flows From Investing Activities	
Interest Received on Investments	27,905
Net Cash from Investing Activities	27,905
Net Decrease in Cash and Cash Equivalents	(9,413,415)
 Cash and Cash Equivalents - Beginning	12,370,367
Cash and Cash Equivalents - Ending	\$ 2,956,952
 Reconciliation of Operating Loss to Net Cash From Operating Activities:	
Operating Loss	\$ (11,526,052)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:	
Effect of Changes in Non-cash Operating Assets and Liabilities:	
Other Receivables	(480,400)
Prepays Items	(137)
Accounts Payable	649,454
Accrued Claim Liabilities and Compensated Absences	1,915,815
Net Cash From Operating Activities	\$ (9,441,320)

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Net Position Fiduciary Fund June 30, 2023

	Post-Employment Retiree Health Benefit Plan
ASSETS	
Cash and Cash Equivalents	\$ 52,490
Investments at Fair Value	
Fixed Income Securities	48,351,479
Equity Securities	118,078,262
Accounts Receivable	52,441
Total Assets	<u>166,534,672</u>
LIABILITIES	
Accounts Payable	763
Total Liabilities	<u>763</u>
NET POSITION	
Net Position Restricted for OPEB	<u>\$ 166,533,909</u>

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

FREDERICK COUNTY PUBLIC SCHOOLS

Statement of Changes in Net Position Fiduciary Fund For the Year Ended June 30, 2023

	Post-Employment Retiree Health Benefit Plan
ADDITIONS	
Contributions	
Employer	\$ 16,352,953
Plan Members	11,203,740
Federal Government - Retiree Subsidy	4,980,964
Total Contributions	32,537,657
Investment Income	
Interest and Other Investment Income	45,464,941
Net Decrease in Fair Value of Investments	(26,853,799)
Total Net Investment Income	18,611,142
Total Additions	51,148,799
DEDUCTIONS	
Claims Incurred	29,106,015
Administrative Expenses	1,916,424
Total Deductions	31,022,439
Change in Net Position	20,126,360
Net Position - Beginning	146,407,549
Net Position - Ending	\$ 166,533,909

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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

In Maryland, public schools are part of a statewide system of county school boards. The school boards' political boundaries conform to the county boundaries. The purpose of the Board of Education of Frederick County, Maryland (hereinafter the "Board") is to operate the local public school system in accordance with state and community standards.

The Board consists of seven members who set broad policy guidelines. Within these policy guidelines, the Superintendent is responsible for management of the school system.

The function of the Board is to offer a full curriculum which includes advanced courses, along with music, art, and sports in local schools. The Board has an extensive career and technology program with training in 24 occupational fields. The Board, subject to the provisions of Maryland public school laws, prescribes on the written recommendation of the Frederick County Superintendent of Schools curriculum guides and courses of study.

The Board does not have the authority to levy taxes or incur bonded debt. Schools are funded with local, state, and federal revenues.

Under governmental accounting and financial reporting standards, the Board is considered to be a financial reporting entity consisting of a primary government and any other organizations for which the Board is (1) financially accountable or (2) not financially accountable but for which the nature and significance of the other organization's relationship to the Board are such that exclusion would cause the Board's financial statements to be misleading or incomplete. There were no other such organizations. Frederick County (hereinafter the "County") approves and partially funds the Board's operating budget. The Board is included as a component unit in the County's financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements, which include the Statement of Net Position and the Statement of Activities, report information on all of the nonfiduciary activities of FCPS as a whole. The activities of the General Fund (Current Expense Fund), Special Revenue Funds (Food Service Fund and Artificial Turf Fund), and Capital Projects Fund (School Construction Fund) have been presented as governmental activities in the government-wide financial statements. For the most part, the effect of interfund activity has been removed from these statements. An exception to this general rule is that interfund services provided or used between functions have not been eliminated in the statement of activities because to do so would distort the net cost data for functional activities as reported in the total column of that statement.

The Statement of Net Position – The Statement of Net Position displays the financial position of FCPS as of fiscal year-end. Governmental activities are reported on a consolidated basis and are reported on a full accrual, economic resources basis, which recognizes all long-term assets, including infrastructure, as well as long-term debt and obligations. FCPS' net position is reported in the following categories: 1) net investment in capital assets and 2) unrestricted.

The Statement of Activities - The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational requirements of a particular program. Items which are not classified as program revenues are presented as general revenues of FCPS.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Government-Wide and Fund Financial Statements (continued)

General revenues represent the revenues available to FCPS to finance the net cost of services not funded by program revenues, such as federal, state, and local aid not restricted to specific purposes.

Fund Financial Statements - Separate financial statements are provided for governmental funds, the proprietary fund, and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are often aggregated and reported as nonmajor funds. FCPS has only one nonmajor fund that is reported as a separate column clearly indicating nonmajor status in accordance with authoritative accounting standards.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Local appropriations and state and federal aid are recognized as revenues in the year for which they were approved by the provider. Grants and similar items are recognized as revenue as soon as eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, FCPS considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting; except for principal and interest on leases, and expenditures related to compensated absences and claims and judgments, which are recorded only when payment is due. Right-to-use lease assets are reported as expenditures in governmental funds. When applicable, proceeds from leases are reported as other financing sources.

Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual, and so have been recognized as revenues of the current fiscal year. Entitlements and shared revenues are recorded at the time of receipt or earlier if the 'susceptible to accrual' criteria are met. Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Commitments such as purchase orders and contracts are not recorded as expenditures until a liability is incurred for goods received or services rendered. However, these outstanding commitments, if any, are assigned in the fund balance of the General Fund. The Food and Nutrition Services Fund, the Artificial Turf Fund, and the School Construction Fund do not assign their fund balances for their outstanding purchase orders and contracts. In the Food and Nutrition Services Fund, commodity revenues are recorded as commodities are received.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Governmental Funds

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

The General Fund also referred to as the Current Expense Fund, is the general operating fund of the school system. It accounts for all financial resources applicable to the general operation of the Board, except those required to be accounted for in another fund. Special state and federal programs are included in the restricted portion of this fund.

The School Construction Fund (Capital Projects Fund) is used to account for all financial resources related to the construction of school sites and buildings and other major capital facilities.

The Food and Nutrition Services Fund (Special Revenue Fund) is used to account for the activities of the school food and nutrition services program. The Food and Nutrition Services Fund is treated as a major fund by election.

FCPS reports the following nonmajor governmental fund, in the fund financial statements:

The Artificial Turf Fund (Special Revenue Fund) is used to account for the rentals of the Board's artificial turf fields. Upkeep and major repairs to the fields are also recorded in this fund.

Proprietary Fund

Proprietary fund financial statements are reported using the accrual basis of accounting and employ the economic resources measurement focus, used in the government-wide financial statements. Under the accrual basis, all revenues and costs of providing services are reported, not just those received or paid in the current year or soon thereafter.

FCPS reports the following proprietary fund:

The Self-Insurance Fund (Internal Service Fund) is used to account for the costs of maintaining FCPS' self-insured health and dental programs for its employees.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of FCPS' internal service fund are the premium contributions to the health and dental self-insurance fund. Operating expenses for the internal service fund include the costs of providing these services, including administrative and claim expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Fund

Fiduciary fund reporting focuses on net position and changes in assets and liabilities and is accounted for on the accrual basis. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by FCPS under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support FCPS' own programs.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

D. Cash and Cash Equivalents

Amounts in demand deposits and short-term investments with a maturity date of three months or less when purchased are considered cash and cash equivalents.

E. Due from Other Units of Government and Other Receivables

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

Accounts receivable are primarily with other governmental units and related agencies which are generally collected within ninety days of the end of the fiscal year. These entities rarely default on their obligations and management of the Board considers all amounts collectible as of June 30, 2023. Therefore, no valuation allowance is provided against the amounts due.

F. Inventories and Prepaid Items

Inventory of the General Fund consists of expendable supplies held for consumption and is recorded at cost. Inventory in the General Fund consists of parts, fuel and supplies maintained at the transportation and the warehouse facilities. As inventory is consumed, the cost is charged to expenditures. The fund balance of the General Fund is restored for the value of the inventory on hand at year-end and is reflected as nonspendable in the fund balance which indicates that it is unavailable for spending.

The inventory of the Food and Nutrition Services Fund is recorded on the basis of cost for purchased items and fair market value for commodities donated by the federal government which approximates a first-in, first-out cost basis. Inventory in the Food and Nutrition Services Fund is maintained in the warehouse and at school locations, and consists of expendable food and supplies held for consumption. The commodities that are donated by the federal government are reflected as revenues when they are received and expenditures when they are consumed.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Inventories and Prepaid Items (continued)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepayments are expended in future periods and are accounted for in accordance with the consumption method. Prepaid items are reflected as nonspendable in the fund balance and are unavailable for spending.

G. Capital Assets

Capital assets, which include property, plant, equipment, and right-to-use assets are reported in the government-wide financial statements. Capital assets are defined by FCPS as assets with an initial, individual cost of more than \$5,000 and an expected useful life of greater than one year. FCPS' capital assets are recorded at historical cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value on the date donated. Lease and subscription-based capital assets are recorded as the right-to-use assets at the net present value of the future payments. The costs of normal maintenance and repairs that do not add to the value of the asset or do not materially extend the life of the asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and the right-to-use assets (lease and subscription-based agreements) are depreciated using the straight-line method over the following estimated useful lives:

<i>Assets</i>	<i>Years</i>
Buildings and Improvements	7-40
Furniture and Equipment	4-15
Right-to-Use Lease Assets, Building and Improvements	7-40 (shorter of term or useful life)
Right-to-Use Subscription-Based Assets, Information Technology	2-5 (shorter of term or useful life)

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

H. Leases and Subscription-Based Information Technology Agreements

FCPS as Lessee/Subscriber. FCPS has entered into lease agreements for noncancelable leases of equipment, office space, and land. FCPS has also entered into intangible subscription-based information technology agreements (SBITAs) for the right-to-use vendor-provided software. FCPS is a lessee for buildings and improvements and is a subscriber to various SBITAs and recognizes the corresponding liabilities and right-to-use assets (lease and subscription-based assets) in the government-wide financial statements.

At the commencement of a lease and/or a SBITA, FCPS initially measures the lease and subscription-based liability at the present value of payments expected to be made during the term. Subsequently, the lease and subscription-based liability is reduced by the principal portion of lease payments made. The right-to-use asset (lease and SBITA) is initially measured as the initial amount of the liability, adjusted for lease and SBITA payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease and SBITA asset is amortized on a straight-line basis over the shorter of the lease or SBITA term or the useful life of the underlying asset.

Key estimates and judgments related to leases and SBITAs include how FCPS determines (1) the discount rate it uses to discount the expected lease and SBITA payments to present value, (2) lease and SBITA term, and (3) lease and SBITA payments.

- FCPS uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, FCPS generally uses its estimated incremental borrowing rate as the discount rate.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Leases and Subscription-Based Information Technology Agreements (continued)

- The lease and SBITA terms include the noncancelable period of the lease or subscription agreement. Lease and SBITA payments included in the measurement of the lease and subscription-based liability are composed of fixed payments and purchase option price that FCPS is reasonably certain to exercise. In determining the lease and SBITA terms, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease and SBITA terms if the lease and SBITA is reasonably certain to be extended (or not terminated).

FCPS monitors changes in circumstances that would require a remeasurement of its leases and SBITAs and will remeasure recorded assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease and subscription-based liability.

Lease and subscription-based assets are reported with other capital assets and lease and subscription-based liabilities are reported with long-term debt on the statement of net position.

Payments due under recorded lease contracts and subscription-based agreements are at fixed payment amounts.

Assets and liabilities arising from a lease and/or a subscription-based agreement are initially measured on a present value basis. Lease and subscription-based liabilities include the net present value of the following payments:

- fixed payments (including in-substance fixed payments), less any lease and subscription-based agreement incentives receivable;
- amounts expected to be payable by FCPS under residual value guarantees;
- the exercise price of a purchase option if the group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease or subscription-based agreement, if the term reflects FCPS exercising that option.

The lease and subscription-based payments are discounted using the interest rate implicit in the contract agreements. If that rate cannot be readily determined FCPS' incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Should FCPS enter into lease or subscription-based agreements that have variable payment that depend on an index or a rate (such as the Consumer Price index of a market interest rate), they will be initially measured using the index or rate as of the commencement of the lease term.

FCPS as Lessor. At the commencement of a lease, FCPS initially measures the lease receivable at the present value of payments expected to be received during the lease at the commencement date. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how FCPS determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- FCPS uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease receipts include in the measurement of the lease receivable is composed of fixed payments for the lessee.

FCPS monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the recorded lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The Board has two items that meet the criterion described above. These are the deferrals of pension and OPEB expenses that result from the timing of when the deferred expenses are recognized.

J. Compensated Absences

Under the terms of the various employee collective bargaining agreements, FCPS employees are granted vacation and sick leave in varying amounts. In the event of termination, all 12-month employees are paid for accumulated vacation days (annual leave) up to the maximum of 40 or 60 days. Full-time classified and certified personnel accumulate sick leave at a maximum rate of 10 to 12 days per year. For employees to vest their unused sick leave and be paid for their unused sick leave at their termination from FCPS, they must retire with at least ten (10) years of service. At the time of official retirement (or at time of death, said beneficiary) shall receive forty percent (40%) or sixty percent (60%) of the accumulated sick leave at the final rate of pay. Upon death, employees' beneficiaries are paid this benefit regardless of years of service. FCPS used the vesting method, pursuant to GAAP, to calculate the sick pay liability as of June 30, 2023. All annual and sick leave is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only at the time of employee resignations and retirements.

K. Pension

Certain employees of the Board are members of the Maryland State Retirement and Pension System (hereinafter the "MSRPS"). Employees are members of either the Teachers' Pension System of the State of Maryland (hereinafter the "TPS") or the Employees' Retirement System of the State of Maryland (hereinafter the "ERS"). TPS and ERS are part of the MSRPS which is considered a single, multiple-employer cost sharing plan.

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of TPS and ERS and additions to and deductions from TPS' and ERS' fiduciary net position have been determined on the same basis as they are reported by TPS and ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

L. Post-Employment Benefits Other Than Pensions (OPEB)

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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Position / Fund Balance

The government-wide financial statements utilize a net position presentation. Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. In the government-wide statement, net position includes net investment in capital assets and if applicable, amounts restricted for debt service. Net investment in capital assets consists of lease and subscription-based assets, net of accumulated depreciation/amortization and related payables. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets, except for those capital assets with a right-to-use under lease arrangements and subscription-based information technology agreements. Major capital projects are financed through local and state aid with applicable debt recorded by Frederick County and the State of Maryland.

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

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

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

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

The charter school fund balances of \$2,319,948 consists of: \$434,467 for Monocacy Valley Montessori Public Charter School and \$1,885,481 for Carroll Creek Montessori Public Charter School. Frederick Classical Charter School and Sabillasville Environmental Charter School's fund balances are not shown within Frederick County Public School's financial statements; rather reflected within the charter school's governing body's financial statements.

Assigned – Amounts that do not meet the criteria to be classified as restricted nor committed but that are intended to be used for specific purposes. This intent can be expressed by the Board or through their delegating this responsibility to the Superintendent's budgetary process. In the governmental funds, FCPS reports subsequent years' expenditures and encumbrances are shown in the assigned fund balance. These portions of the fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. FCPS also reports an assigned fund balance for grants and student activities, for instances where revenue has been earned but not yet expended.

As stated in Section 20, 205.1, Operating and Capital Budgets, in the Board's Policy for Fiscal Procedures, "allocations to schools and administration of the budget are responsibilities of the Superintendent and her staff." For assigned fund balances, FCPS' Superintendent and her staff are authorized to assign amounts to a specific purpose and are the highest level of decision-making for the assigned fund balances.

Unassigned – All other spendable amounts. This is the residual classification for the General Fund and other governmental funds. In the General Fund, the unassigned fund balance indicates the portion of fund balance that is available for appropriation in future periods. The General Fund is the only fund that reports a positive unassigned fund balance amount.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Position / Fund Balance (continued)

In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

If FCPS has more revenues than expenditures in a prior year, the excess revenue will accumulate in the fund balance. In subsequent years, it will be available for re-appropriation.

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

The restricted and unrestricted amounts are to be considered spent when expenditures are incurred for purposes for which both a restricted and unrestricted fund balance is available. The committed, assigned, or unassigned amounts are considered to have been spent when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. The General Fund shows a total of \$29,635,969 in its assigned fund balance, which is comprised of the following; \$2,602,966 of grant revenue in excess of expenditures; \$3,949,068 of student activity revenues in excess of expenditures; \$15,336,973 for subsequent year's expenditures in fiscal year 2024, and \$7,746,962 of encumbrances as of June 30, 2023. Some of the more significant General Fund encumbrances as of June 30, 2023, are \$2,522,175 for buses, \$705,000 for building renovations, \$342,570 for software/technology, \$172,865 capital outlay for Linganore High School track and field facilities refurbishment, \$141,722 for chiller replacement, and \$128,168 for vehicle replacement.

N. Use of Estimates in Preparing Financial Statements

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

O. New Governmental Accounting Standards Board (GASB) Pronouncement

The Board has adopted the following GASB Statement as it was determined to have a material effect on the financial statements.

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

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction. The Standard was effective for the year ended June 30, 2023. The Board adopted the requirements of the guidance effective July 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. As a result, the beginning balances represent the asset and liability for qualifying subscription-based information technology agreements that were in place at the implementation date. The required changes are reflected in the financial statements and notes to those statements. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management evaluated the standard deeming a restatement for prior periods was unpracticable with no impact to the net position as of July 1, 2022.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

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

Budgetary Information (continued)

A legal operating budget is not required for the Food and Nutrition Services Fund, School Activity Fund, Self-Insurance Fund, Artificial Turf Fund, or the Post-Employment Retiree Health Benefit Plan. Spending in funds which are not subject to the legal operating or capital budget requirements is controlled by federal regulations, other statutes, or by the use of internal spending limits established by FCPS.

During the fiscal year ended June 30, 2023, the Board and the County Council approved the following supplemental appropriations/transfers for the General Fund:

Supplemental Appropriations/Transfers

	<u>To</u>	<u>From</u>	<u>Net Change</u>
Revenues:			
Federal	\$ -	\$ -	\$ -
State	1,900,000	-	1,900,000
Frederick County	-	-	-
Other	760,000	-	760,000
Fund Balance	1,521,070	-	1,521,070
	<hr/>	<hr/>	<hr/>
Total Increase (Decrease) to Revenues	<u>\$ 4,181,070</u>	<u>\$ -</u>	<u>\$ 4,181,070</u>
Expenditures:			
Administration	\$ -	\$ (160,343)	\$ (160,343)
Mid-level Administration	362,794	-	362,794
Instructional Salaries	1,131,074	(725,000)	406,074
Instructional Supplies	2,729,763	-	2,729,763
Instructional – Other	200,000	(36,559)	163,441
Special Education	10,000	(1,200,000)	(1,190,000)
Pupil Personnel Services	300,000	-	300,000
Health	4,350	-	4,350
Pupil Transportation	500,500	-	500,500
Operations	1,122,597	-	1,122,597
Maintenance	48,631	-	48,631
Fixed Charges	1,521,070	(4,282,423)	(2,761,353)
Food Service	300,000	-	300,000
Community Services	35,000	-	35,000
Capital Outlay	2,319,616	-	2,319,616
	<hr/>	<hr/>	<hr/>
Total Increase (Decrease) to Expenditures	<u>\$ 10,585,395</u>	<u>\$ (6,404,325)</u>	<u>\$ 4,181,070</u>
	<hr/>	<hr/>	<hr/>
Total	<u>\$ (6,404,325)</u>	<u>\$ 6,404,325</u>	<u>\$ -</u>

The Operating Budget, in total, increased by \$4,181,070 in fiscal year 2023. The budget increase was due to recognition of additional fund balance assigned to the Charter Schools and additional restricted funds received from the State of Maryland and local sources. Changes within the budgetary categories of the General Fund during fiscal year 2023 were approved by action of the Board and the County Council. For the year ended June 30, 2023, there were no expenditure categories that exceeded their budgets. Overall expenditures were under budget by \$53.4 million. Of the \$53.4 million budgeted expenditures, approximately \$34.2 million relate to grant awards that budgeted for the total allocation but allow

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

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

Budgetary Information (continued)

for spending over a multiple year period. The \$34.2 million is restricted for program activities as approved by the grantors. Collectively, the \$53.4 million variance is mainly attributable to salary and fringe savings from staff vacancies and turnover in the instructional and special education classifications, in both the unrestricted and restricted funds. In addition to the savings mentioned, the restricted fund also had significant savings within the administration and maintenance categories for grant funded technology infrastructure upgrades and quality air enhancements. These activities were budgeted for but unspent as of June 30, 2023. Restricted fund grant balance activities remaining at fiscal year-end will be carried forward to 2024.

Note 3. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cash on Hand

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

Deposits

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the Board may not be able to recover the deposits. The Annotated Code of Maryland requires that funds on deposit with a financial institution be fully secured by deposit insurance, surety bonds, obligations of the United States or its agencies, obligations of the State of Maryland or any of its agencies, or obligations of a county, other governmental authority, or municipal corporation in the State of Maryland. As of June 30, 2023, all of the Board's deposits were either covered by FDIC insurance or collateral held by the financial institution in the Board's name. As of year-end, the carrying amount of FCPS' deposits were \$40,857,929 and the bank balance was \$49,989,664.

Investments

As of June 30, 2023, FCPS' investment balances by type and maturity were as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Maryland Local Gov. Investment Pool	\$26,872,708	\$26,872,708	\$ -	\$ -
Money Market	52,490	52,490	-	-
Certificates of Deposit	4,597	4,597	-	-
Fixed Income Securities	48,351,479	48,351,479	-	-
Equity Securities	118,078,262	118,078,262	-	-
	<u>\$193,359,536</u>	<u>\$193,359,536</u>	<u>\$ -</u>	<u>\$ -</u>

FCPS categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets.

FCPS has recurring fair value investments as of June 30, 2023, of \$166,429,741, that include Fixed Income Securities and Equity Securities. These investments were valued using quoted market prices (Level 1 inputs).

Maryland Local Government Investment Pool (MLGIP) of \$26,872,708, Money Market of \$52,490 and Certificates of Deposit of \$4,597 are valued using the amortized cost method, which estimates fair value.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

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

Cash on Hand	\$ 100
Carrying Amounts of Deposits	40,857,929
Carrying Amounts of Investments	<u>193,359,536</u>
Total Cash and Investments	234,217,565
Less: Amounts in Fiduciary Fund	<u>166,482,231</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 67,735,334</u>
Cash and Cash Equivalents	\$ 40,858,029
Investments	<u>26,877,305</u>
Total Cash and Investments per Statement of Net Position	<u>\$ 67,735,334</u>

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

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

Assets in the Post-Employment Retiree Health Benefit Plan are invested in accordance with Article 95, Section 22 of the Annotated Code of Maryland as well as the Investment Plan Statement. As of June 30, 2023, the deposits of the Post-Employment Retiree Health Benefit Plan were held in a securities grade money market account, a domestic equity index fund, an international equity fund, and a fixed income bond fund.

The Post-Employment Retiree Health Plan had fixed-income investments with the following credit risk characteristics as of June 30, 2023:

<u>Allocations by Credit Rating</u>	<u>Percent of Fixed Income Securities</u>	<u>Fair Value</u>
AAA	48.93%	\$ 23,658,379
AA	4.39%	2,122,630
A	10.32%	4,989,873
BBB	25.51%	12,334,462
BB	7.08%	3,423,285
B	1.88%	909,008
CCC	0.22%	106,373
<CCC/NR	1.19%	575,382
Cash	0.48%	<u>232,087</u>
	<u>100.00%</u>	<u>\$ 48,351,479</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

A. Deposits and Investments (continued)

State statute governs FCPS' investment policies. The Maryland Annotated Code Section 6-222 outlines the permissible investments and investment standards which FCPS follows.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, FCPS will not be able to recover all or a portion of the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2023, all of FCPS' investments were insured or registered, or the securities were held by FCPS or its agent in FCPS' name or were invested in the MLGIP.

As noted above, state statute governs FCPS' investment policies. The Maryland Annotated Code Section 6-222 outlines the permissible investments and investment standards which FCPS follows.

Foreign Currency Risk. The Post-Employment Retiree Health Benefit Plan's exposure to foreign currency risk derives from its investment in foreign currency or instruments denominated in foreign currency. The Plan recognizes the value of global diversification and retains one investment manager for global and international equity investments. To minimize risk, the Plan's investment policy establishes a maximum asset allocation of 20% investment in international equity. The Plan also includes a manager for a fixed income investment fund which may invest up to 35% of the fund's assets in non-U.S. dollar denominated securities.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

B. Capital Assets

Capital asset activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Retirements Reclassifications	Balance June 30, 2023
Governmental Activities:				
Nondepreciable Capital Assets:				
Land	\$ 53,210,034	\$ 263,659	\$ 77,446	\$ 53,396,247
Construction in Progress	12,705,540	66,306,275	53,987,403	25,024,412
Total Nondepreciable Capital Assets	<u>65,915,574</u>	<u>66,569,934</u>	<u>54,064,849</u>	<u>78,420,659</u>
Depreciable Capital Assets:				
Buildings and Improvements	1,230,230,481	51,949,120	9,466,722	1,272,712,879
Furniture and Equipment	63,681,672	12,558,994	4,467,251	71,773,415
Total Depreciable Capital Assets	<u>1,293,912,153</u>	<u>64,508,114</u>	<u>13,933,973</u>	<u>1,344,486,294</u>
Right-to-Use Amortizable Assets:				
Lease Assets, Buildings and Improvements	31,363,206	10,004,955	-	41,368,161
Subscription-Based Assets, IT Agreements	2,927,019	-	-	2,927,019
Total Amortizable Capital Assets	<u>34,290,225</u>	<u>10,004,955</u>	<u>-</u>	<u>44,295,180</u>
Less Accumulated Depreciation and Amortization for:				
Buildings and Improvements	469,586,612	33,706,119	8,678,777	494,613,954
Furniture and Equipment	38,487,071	4,509,964	3,996,627	39,000,408
Lease Assets, Buildings and Improvements	10,061,707	2,552,179	-	12,613,886
Subscription-Based Assets, IT Agreements	-	1,034,485	-	1,034,485
Total Accumulated Depreciation and Amortization	<u>518,135,390</u>	<u>41,802,747</u>	<u>12,675,404</u>	<u>547,262,733</u>
Total Depreciable and Amortizable Capital Assets, Net	<u>810,066,988</u>	<u>32,710,322</u>	<u>1,258,569</u>	<u>841,518,741</u>
Governmental Activities Capital Assets, Net	<u>\$ 875,982,562</u>	<u>\$ 99,280,256</u>	<u>\$ 55,323,418</u>	<u>\$ 919,939,400</u>

Depreciation/Amortization expense was charged to governmental activities as follows:

Governmental Activities:	
Administration	\$ 1,542,080
Mid-level Administration	84,995
Instruction - Other	36,719,265
Special Education	11,926
Pupil Personnel Services	9,888
Pupil Transportation	2,503,100
Operations	280,915
Maintenance	273,958
Community Services	7,132
Food and Nutrition Services	369,488
Total Depreciation Expense - Governmental Activities	<u>\$ 41,802,747</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

C. Construction Commitments

FCPS has active construction projects as of June 30, 2023. The projects include major and systemic school construction. As of year-end, FCPS' major commitments with contractors were as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Blue Heron Elementary - New	\$ 39,230,692	\$ 8,946
Brunswick Elementary - Replacement	40,784,128	3,713,614
Brunswick High - Artificial Turf	1,197,890	1,015,192
Catoctin High - Artificial Turf	191,756	1,974,328
Deer Crossing Elementary - Playground Equipment	-	299,894
Green Valley Elementary - Replacement	952,941	905,800
Orchard Grove Elementary - Playground Replacement	88,365	145,390
Thurmont Elementary Limited Renovations	10,764,915	1,225,320
Thurmont Middle - Fire Alarm Replacement	352,602	180,933
Tuscarora High - Artificial Turf	884,854	1,491,561
Valley Elementary - Replacement	1,069,143	1,022,698
Walkersville High - Artificial Turf	625,976	1,446,827
Waverley Elementary - Replacement	51,150,732	406,539
Other Projects	1,834,573	612,118
Total	<u>\$ 149,128,567</u>	<u>\$ 14,449,160</u>

D. Noncurrent Liabilities

Noncurrent liability balances and activities for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Leases Payable	\$ 21,232,783	\$ 10,004,955	\$ 1,497,912	\$ 29,739,826	\$ 1,695,842
Subscription-Based Payable	2,927,019	-	894,768	2,032,251	1,086,408
Vacation Leave Payable	10,180,591	7,939,887	6,657,980	11,462,498	6,990,879
Termination Benefits Payable	27,864,609	7,395,310	5,609,486	29,650,433	3,045,810
Net OPEB Liability	563,323,006	-	88,433,203	474,889,803	-
Net Pension Liability	34,056,720	12,046,582	-	46,103,302	-
	<u>\$ 659,584,728</u>	<u>\$ 37,386,734</u>	<u>\$ 103,093,349</u>	<u>\$ 593,878,113</u>	<u>\$ 12,818,939</u>

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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

E. Lease and Subscription-Based Obligations

Lease Obligations:

FCPS has entered into lease arrangements as a lessee to finance the right-to-use asset of the central office building and energy performance enhancements for facility improvements throughout the county that expire in fiscal year 2033 and 2034, respectively. New in fiscal year 2023, FCPS entered into a new warehouse space lease arrangement as a lessee to finance the right-to-use asset that will expire in fiscal year 2044.

The lease arrangement entered into for the central office building (December 2007), for approximately \$16.0 million has a refinanced interest rate of 1.98% and maturity date of September 1, 2032. In fiscal year 2023, payments including interest for the lease were \$869,833. Current year amortization expense for the central office right-to-use lease asset was \$409,029.

FCPS entered into a lease agreement for an energy performance contract to finance facility improvements in the approximate amount of \$15.0 million in June, 2018. The lease arrangement has a refinanced interest rate of 2.08% and maturity date of September 1, 2033. Payments, including interest, during fiscal year 2023 were \$1,046,111. Current year amortization expense for the energy performance contract lease assets was \$2,143,150.

The warehouse lease agreement was signed in May, 2023 and financed for approximately \$10.0 million. The lease is for an initial term of ten years with a maturity date of July 1, 2033, and contains two (2) five (5) year option renewal periods. The Board has included these renewal periods in the lease term as it is reasonably certain that the Board will exercise the renewal option. The rent payment commencement date was sixty days following the lease commencement date (starting in fiscal year 2024). As the interest rate implicit in the lease agreement is not readily determinable, FCPS utilizes its incremental borrowing rate of 4.5% to discount the lease payments. Payments and amortization expense will begin in fiscal year 2024. Additional payments for common area maintenance, real estate taxes, and insurance are expensed as incurred.

The right-to-use assets under lease arrangements were as follows:

	<u>Governmental Activities</u>
Right-to-Use Lease Assets:	
Buildings and Improvements	\$ 41,368,161
Less: Amortization	12,613,886
Total	<u>\$ 28,754,275</u>

As of June 30, 2023, the minimum obligations under the leases were as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,695,842	\$ 820,075	\$ 2,515,917
2025	1,795,341	792,921	2,588,262
2026	1,889,414	750,880	2,640,294
2027	1,986,792	706,199	2,692,991
2028	2,088,919	658,751	2,747,670
2029-2033	11,883,981	2,477,492	14,361,473
2034-2038	4,045,771	1,314,259	5,360,030
2039-2043	4,325,781	513,981	4,839,762
2044	27,985	-	27,985
Total	<u>\$ 29,739,826</u>	<u>\$ 8,034,558</u>	<u>\$ 37,774,384</u>

Subscription-Based Obligations:

FCPS has entered into various subscription-based information technology arrangements (SBITAs) as a subscriber to finance the right-to-use asset software subscriptions. The SBITAs have initial terms that range from 2 - 4 years, and contain one or more option year renewal, generally for an additional 1 - 2 years. FCPS has generally included these renewal periods in the SBITA term when it is reasonably certain that FCPS will exercise the renewal option. As the interest rate implicit in the lease agreement is not readily determinable, FCPS utilizes its incremental borrowing rate of 4.5% to discount the lease payments.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 3. DETAILED NOTES ON ALL FUNDS (continued)

E. Lease and Subscription-Based Obligations (continued)

The right-to-use assets under subscription-based arrangements were as follows:

Right-to-Use Subscription-Based Assets:	Governmental Activities
Information Technology (IT)	\$ 2,927,019
Less: Amortization	1,034,485
Total	\$ 1,892,534

As of June 30, 2023, the minimum obligations under the leases were as follows:

Years Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$ 1,086,408	\$ 65,012	\$ 1,151,420
2025	749,452	22,018	771,470
2026	88,553	6,676	95,229
2027	95,548	2,537	98,085
2028	12,290	15	12,305
Total	\$ 2,032,251	\$ 96,258	\$ 2,128,509

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023 was as follows:

Receivable Fund	Payable Fund	Purpose	Amount
General Fund	School Construction Fund	Advances of cash for operating needs	\$ 4,735
General Fund	Food and Nutrition Services Fund	Food and nutrition expenses	44,477
Artificial Turf Fund	General Fund	Future upkeep and major repair needs	211,733
General Fund	Self-Insurance Fund	Insurance expenses	733,785
		Total	\$ 994,730

These interfund balances are presented in the accompanying financial statements as follows:

	Due from	Due to
Balance Sheet - Governmental Funds	\$ 260,945	\$ 994,730
Statement of Net Position - Proprietary Fund	733,785	-
Totals	\$ 994,730	\$ 994,730

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

Interfund transfers for the year ended June 30, 2023, consisted of the following:

Transfers Out Fund	Transfers In Fund	Purpose	Amount
General Fund	Artificial Turf Fund	Budgeted transfer for future upkeep and major repair needs	\$ 200,000

Transfer activity from major governmental fund (General Fund) to nonmajor governmental fund (Artificial Turf Fund) represents a budgeted transfer that will be used for future upkeep and major repair needs. Because the transfer activity occurred within the governmental funds, the net effect presented on the Statement of Revenues, Expenditures, and Changes in Fund Balances, is zero and does not reflect an other financing source.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION

A. Retirement and Pension Systems of the State of Maryland

Plan Description

The employees of FCPS are covered by the Teachers' Retirement System (hereinafter the "TRS"), the TPS, the ERS, or the Employees' Pension System (hereinafter the EPS). These systems are part of the MSRPS, and are cost-sharing multiple-employer public employee retirement systems. The MSRPS provides pension, death, and disability benefits to plan members and beneficiaries. The plan is administered by the State Retirement Agency (hereinafter the "Agency"). Responsibility for the administration and operation of the MSRPS is vested in a 12-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland, (hereinafter the "Article"). The Article grants the authority to establish and amend the benefit terms and funding policy of TRS, TPS, ERS and EPS to the MSRPS Board of Trustees. MSRPS issues a publicly available financial report that can be obtained at www.sra.maryland.gov/annual-financial-reports.

The Article requires active members to contribute to the MSRPS, a percentage of their covered salary depending upon the retirement option selected. FCPS is required to contribute at an actuarially determined rate. The state's contributions on behalf of FCPS for the years ended June 30, 2023, 2022, and 2021, were \$31,971,017, \$34,387,294 and \$32,855,984, respectively, which were equal to the required contributions for each year. These on-behalf payments were recognized as revenues and expenditures during the period. FCPS' contributions for the years ended June 30, 2023, 2022, and 2021, were \$22,309,428, \$18,403,741 and \$17,930,986, respectively, which were equal to the required contributions for each year.

Entities that participate in a multi-employer cost-sharing defined benefit retirement plan are required to record their proportionate share of the net unfunded pension liability of the entire Plan. The entity's share of the Plan's total unfunded pension liability is calculated by multiplying its share of the total pension plan contributions to the Plan for the year by the total unfunded liability of the Plan as of year-end. Because the state of Maryland contributes the prior service cost and any cost related to actuarial adjustments for the teachers and certain other employees, the Board does not need to record a liability related to those employees. The Board records an unfunded pension liability related to those employees for whom the Board must contribute the entire employer's contribution. The Board's total contribution for which it must pay the total employer's contribution was \$5,764,436 for the year ended June 30, 2023.

Benefits Provided. A member of either the TRS or the ERS is generally eligible to receive full retirement benefits upon the earlier of attaining age 60 or accumulating 30 years of creditable service regardless of age. The annual retirement allowance equals 1/55 (1.81%) of the member's average final compensation (hereinafter the "AFC") multiplied by the number of years of accumulated creditable service.

An individual who is a member of either the TPS or the EPS on or before June 30, 2011, is eligible for full retirement benefits upon the earlier of attaining age 62, with specified years of eligibility service, or accumulating 30 years of eligibility service regardless of age. An individual who becomes a member of either the TPS or the EPS on or after July 1, 2011, is eligible for full retirement benefits if the member's combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

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

Plan Description (continued)

Exceptions to these benefit formulas apply to members of the EPS, who are employed by a participating governmental unit that does not provide the 1998 or 2006 enhanced pension benefits or the 2011 reformed pension benefits. The pension allowance for these members equals 0.8% of the member's AFC up to the social security integration level (hereinafter the "SSIL"), plus 1.5% of the member's AFC in excess of the SSIL, multiplied by the number of years of accumulated creditable service. For the purpose of computing pension allowances, the SSIL is the average of the social security wage bases for the past 35 calendar years ending with the year the retiree separated from service.

Early Service Retirement

A member of either the TRS or the ERS may retire with reduced benefits after completing 25 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree either attains age 60 or would have accumulated 30 years of creditable service, whichever is less. The maximum reduction for a TRS or ERS member is 30%.

An individual who is a member of either the TPS or the EPS on or before June 30, 2011, may retire with reduced benefits upon attaining age 55 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 62. The maximum reduction for these members of the TPS or the EPS is 42%. An individual who becomes a member of either the TPS or the EPS on or after July 1, 2011, may retire with reduced benefits upon attaining age 60 with at least 15 years of eligibility service. Benefits are reduced by 0.5% per month for each month remaining until the retiree attains age 65. The maximum reduction for these members of the TPS or the EPS is 30%.

Disability and Death Benefits

Generally, a member covered under retirement plan provisions who is permanently disabled after 5 years of service receives a service allowance based on a minimum percentage (usually 25%) of the member's AFC. A member covered under pension plan provisions who is permanently disabled after accumulating 5 years of eligibility service receives a service allowance computed as if service had continued with no change in salary until the retiree attained age 62. Death benefits are equal to a member's annual salary as of the date of death plus all member contributions and interest.

Contributions. (ERS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The Board's contractually required contribution rate for ERS for the year ended June 30, 2023, was approximately \$5.8 million, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to ERS from the Board were approximately \$5.8 million for the year ended June 30, 2023.

Contributions. (TPS) The Article sets contribution requirements of the active employees and the participating governmental units are established and may be amended by the MSRPS Board. Employees are required to contribute 7% of their annual pay. The State is responsible for the net pension liability of TPS. The Board's required contribution is for the normal cost and does not include any contribution for past service cost. As such, the State is responsible for 100% of the net pension liability related to TPS and qualifies as a special funding situation. The State's contribution on behalf of the Board for the year ended June 30, 2023, was approximately \$31.9 million. The Board's contractually required contribution rate for TPS for the year ended June 30, 2023, was approximately \$16.5 million, actuarially determined as an amount that, when combined with the State and employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability (State only).

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

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

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

As of June 30, 2023, the Board reported a liability of approximately \$46.1 million for its proportionate share of the ERS net pension liability. The ERS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the ERS net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined. The Board's proportion for the ERS was 0.230% as of June 30, 2023 as compared to 0.227% as of June 30, 2022, a change of 0.003%.

For the year ended June 30, 2023, the Board recognized pension expense for ERS of approximately \$5.8 million. As of June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 5,067,491	\$ 448,610
Projected/actual investments	-	32,282
Actual/expected experience	-	3,279,057
Change in proportionate share	3,358,547	-
2023 Contributions	5,764,436	-
Total	<u>\$ 14,190,474</u>	<u>\$ 3,759,949</u>

Deferred outflows of resources in the amount of \$5,764,436, related to ERS resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the ERS net pension liability in the year ending June 30, 2024. Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Years Ending June 30,</u>	<u>Pension Expense Amount</u>
2024	\$ 507,484
2025	666,830
2026	(55,132)
2027	3,692,167
2028	(145,260)
	<u>\$ 4,666,089</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

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

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (continued)

As of June 30, 2023, the State of Maryland's proportionate share of the TPS net pension liability associated with the Board was \$416,706,031. The TPS net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportionate share of the TPS net pension liability associated with the Board was based on a projection of the State's long-term share of contributions to the pension plan relative to the projected contributions of all participating government units, actuarially determined.

Detailed information regarding the actuarial assumptions, long-term expected rate of return on pension plan investments, discount rate, and pension plan fiduciary net position are included in the MSRPS financial statements and are available at www.sra.maryland.gov/annual-financial-reports.

Actuarial Assumptions. The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25% including wage inflation
Investment rate of return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2019 valuation pursuant to the 2019 experience study for the period July 1, 2014 to June 30, 2018.
Mortality	Various versions of the Pub-2010 Mortality Tables for males and females with projected generational mortality improvements based on the MP-2018 fully generational mortality improvements scale for males and females.

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 by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System's investment consultant(s) and actuary(s).

For each major asset class that is included in the System's target asset allocation as of June 30, 2022, 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	34%	6.0%
Private Equity	16%	8.4%
Rate Sensitive	21%	1.2%
Credit Opportunity	8%	4.9%
Real Assets	15%	5.2%
Absolute Return	6%	3.5%
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, 2022.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

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

Actuarial Assumptions. (continued)

For the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense, was (2.97)% and 26.69%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. A single discount rate of 6.80% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension 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 Board's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the Board's proportionate share of the ERS net pension liability to changes in the single discount rate, the following presents the Board's net pension liability, calculated using a discount rate of 6.80%, as well as what the Board's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Board's proportionate share of the net pension liability	\$70,737,136	\$46,103,302	\$25,662,930

B. Risk Management

FCPS is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters; and employee health benefits. FCPS believes it is more economical to manage its employee health risks internally and set aside assets for health and dental claim settlements in an internal service fund. The Self-Insurance Fund accounts for all school system employees' health and dental expenses and related administrative costs by charging a premium to employees, retirees, and other funds. Costs are offset by interest income earned from investing receipts until they are paid out in the form of claims or expenses.

In the fund statements, interfund charges are accounted for as expenditures of the insured fund and as revenues of the Self-Insurance Fund in accordance with Governmental Accounting Standards Board Statement No. 10. In the government-wide Statement of Activities, eliminations are made to remove the "doubling-up" effect of the Self-Insurance Fund activity. Contributions from employees are treated as revenues of the Self-Insurance Fund since the employees' exposure is limited to the amount of their contributions in any one fiscal year. Processing of claims and other administrative matters are performed by an independent third-party administrator for a fee. In addition, an insurance policy for coverage in excess of an agreed upon specific self-insured amount is purchased from an insurance company. The salary and benefits of FCPS personnel, who are partially engaged in providing internal claims coordination and handling of employee inquiries, are charged to the Self-Insurance Fund along with the above-mentioned costs. In addition, any other administrative costs directly relating to the benefits program such as legal, printing, etc. are charged to the Self-Insurance Fund.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

B. Risk Management (continued)

The accrued liabilities reported in the Self-Insurance Fund include an estimate of claims that have been reported but not settled and an estimate in accordance with standard insurance industry reserve practices of claims that have been incurred but not reported prior to June 30, 2023. This aggregate unpaid claim liability is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Calculations provided by third party administrators and the Self-Insurance Fund's historical performance were used to estimate the claims liability.

Changes in the claims liability for self-insurance claims during 2023 and 2022 were as follows:

June 30, 2021 Liability Balance	\$ 9,343,387
Claims and Changes in Estimates	86,152,692
Claims Paid	<u>(85,363,709)</u>
June 30, 2022 Liability Balance	10,132,370
Claims and Changes in Estimates	100,840,770
Claims Paid	<u>(98,922,219)</u>
June 30, 2023 Liability Balance	<u><u>\$ 12,050,921</u></u>

In accordance with FCPS' policy, FCPS makes a contribution toward the costs of health benefits for those retirees who elect to participate in FCPS' health benefits programs following retirement. Currently 2,571 retirees meet the health eligibility requirements. FCPS funds a percentage of the premium rate for retirees who participate in FCPS' health indemnity plan. The rates are 65% for retirees with 10 to 24 years of service and 80% for retirees with 25 or more years of service. FCPS pays 18% for retiree dependents under age 65 and 21% for retiree dependents over age 65.

Retirees may participate in FCPS' dental benefit program, but the retiree contributes the entire premium. There is no Board contribution.

FCPS participates with sixteen other school districts in the State of Maryland in the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (hereinafter the "Fund"). This Fund was established to provide workers' compensation coverage for participating school boards. The Fund is operated under regulations promulgated by the State's Workers' Compensation Commission (COMAR 14.09.02). Each Fund member pays an annual premium calculated on its payroll according to the standard classifications, with an experience modification applied. The Trustees annually review the results of the most recently completed fund year based upon the audited financial statement as of June 30 of each fund year and determine whether to declare a surplus in accordance with their policy. The Fund carries an excess insurance policy providing specific excess and employer liability protection coverages, thus reducing the potential of assessment against Fund members.

FCPS purchases commercial insurance for various coverages including but not limited to property, automobile, general liability, life and other miscellaneous type coverages such as builders risk, contractors equipment and cybersecurity. The cost of the above coverages is included in the fixed charges and operations categories of the General Fund. There has been no significant reduction in insurance coverage or any settle claims that have exceeded the amount of coverage in any past three years.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

C. Frederick County Public Schools Defined Contribution Plan

FCPS administers the Frederick County Public Schools Defined Contribution Plan (the "Defined Contribution Plan"). The Defined Contribution Plan is designed to afford eligible employees an opportunity to increase their security at retirement through employer contributions during their periods of active employment while this Defined Contribution Plan remains in effect. The Board has the right to amend the plan at any time per the FCPS Defined Contribution Plan Document. In fiscal year 2023, the FCPS Superintendent of Schools was the only participant in the Defined Contribution Plan. Contribution requirements are a negotiated part of the Superintendent's contract. The Defined Contribution Plan has received a favorable determination letter from the Internal Revenue Service indicating that it qualifies as a tax-qualified "profit-sharing" plan. It is intended to be a "governmental plan" within the meaning of Internal Revenue Code Section 414. During fiscal year 2023, the Board contributed \$21,200 to the Defined Contribution Plan. The Defined Contribution Plan is similar to other deferred compensation plans such as 403(b), 401(k), and 457 plans, and therefore is not reported in FCPS' financial statements.

D. Post-employment Healthcare Plan

Plan Description

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

Benefits provided. The Plan provides medical, dental, vision, and life insurance benefits to eligible participants (covered retirees, covered survivors and, with respect to certain benefits, their eligible dependents).

Plan membership. As of June 30, 2023, the Plan membership consisted of the following:

Retirees (of which 673 had dependent coverage) receiving benefits	2,571
Active Plan members	<u>5,720</u>
Total	<u>8,291</u>

The Plan is included in this financial report as a fiduciary fund. A separate, audited GAAP-basis post-employment benefit plan report is not available.

Contributions

The Board negotiates the contribution percentage between FCPS and the employees through union contracts and personnel policy. The required contribution for participants is based on projected "pay-as-you-go" financing requirements. For fiscal year 2023, FCPS contributed \$16,352,953 to the Plan. Of this amount, \$14,798,453 was for FCPS' share of retiree premiums, \$54,500 was contributed toward trust investment fees and \$1,500,000 was put into a 115 Trust account (the "Trust") which was established on May 29, 2008 for the purpose of pre-funding a portion of retiree health benefits in the future. Retiree plan members receiving benefits contributed \$11,203,740 or approximately 41% of combined contributions from the employer and plan members.

The rates for fiscal year 2023 were based on the length of service of the retiree (two tiers), the age of the retiree (non-Medicare eligible or Medicare eligible), and the type of insurance (medical Choice Advantage, which includes out-of-network medical PPO and prescription, and/or Dental). Rates paid by retirees varied for medical coverage from \$111.67 per month to \$1,089.06 per month, and dental coverage varied from \$33.84 per month to \$97.12 per month.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Contributions (continued)

Prior to the implementation of GASB Statement No. 75, in fiscal year 2018, the Board began to discuss funding policy options as it relates to the actuarially determined contribution. Previously the funding of the OPEB Trust was a budgetary consideration through the normal operating budget cycle. In November 2021, the Board approved an OPEB funding plan through Board Resolution. The funding plan outlines a strategy to incrementally increase the general fund annual contribution until the annual contribution amount equals the recommended annual contribution, above normal pay-go contributions, as derived from a bi-annual funding contribution study conducted by an independent professional actuarial company.

Investments

Investment policy. The Frederick County Public Schools Post-Employment Retiree Health Benefit Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board. It is the responsibility of the Committee to ensure investments shall be made with the care, skill, prudence and diligence under circumstances then prevailing that a prudent investor would use in the administration of a trust of like character and with like aims. Construction of the Public Schools OPEB Trust's asset allocation policy is based upon current capital market expectations and the Public Schools OPEB Trust's investment horizon, liquidity needs, risk tolerance and investment objectives. The Public Schools OPEB Trust will be diversified among various asset classes in an effort to reduce the risk of loss. The assets of Frederick County Public Schools OPEB Trust will be invested in accordance with Section 17-102 of the Annotated Code of Maryland. The trust is intended to be exempt from federal income tax in accordance with Section 115 of the Internal Revenue Code or any other applicable federal statute.

The Plan's investment policy includes an asset allocation plan for investments. The broad asset target allocation percentage for the Plan's OPEB Trust by asset class are as follows; U.S. Equity 55%, International Equity 15%, U.S. Fixed Income 30%.

Rate of return. For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of the OPEB plan expense was 13.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

The Board's net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

The components of the net OPEB liability as of June 30, 2023, were as follows (dollar amounts in thousands):

Total OPEB liability	\$ 641,424
Less plan fiduciary net position	<u>166,534</u>
Net OPEB liability	<u>\$ 474,890</u>
Plan fiduciary net position as a percentage of the total OPEB liability	25.96%

Actuarial Assumptions. The total OPEB liability as of June 30, 2023 is based on an actuarial valuation dated August 17, 2023, utilizing valuation data as of January 1, 2023. The valuation used the Entry Age Normal Funding Method calculated on an individual basis with level percentage of payroll. The Plan's liability is reported on a measurement date of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Net OPEB Liability (continued)

Actuarial assumptions used in the latest actuarial valuation were:

Inflation rate	2.50%
Salary increases	2.75% to 9.25%, including inflation; depends on years of service
Investment rate of return	6.50%, including inflation
Discount rate	4.31% as of 6/30/23
Bond rate	3.86% as of 6/30/23
Healthcare cost trend rate	7.50% between 2022 to 2024 5.20% - 4.20% between 2025 to 2070 3.94% in 2075+

The medical trend assumption was developed using the Society of Actuaries (SOA) Getzen Long-Term Healthcare Cost Trend Model. Baseline assumptions are from the most recent version of the model (updated in October 2021).

Mortality Decrements	Description
Healthy Active	<i>Regular, male and female:</i> Pub-2010 General Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale <i>Teachers, male and female:</i> Pub-2010 Teachers Employees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
Healthy Inactive	<i>Regular, male and female:</i> Pub-2010 General Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale <i>Teachers, male and female:</i> Pub-2010 Teachers Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
Contingent Survivors	<i>Regular, male and female:</i> Pub-2010 General Contingent Survivors Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale <i>Teachers, male and female:</i> Pub-2010 Teachers Contingent Survivors Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale
Disabled	<i>Regular, male and female:</i> Pub-2010 General Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale <i>Teachers, male and female:</i> Pub-2010 Teachers Disabled Retirees Headcount-Weighted Mortality Projected with Fully Generational MP2021 Mortality Improvement Scale

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

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

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

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

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

Discount rate. A Single Discount Rate of 4.31% was used to measure the total OPEB liability as of June 30, 2023. The benefit payment stream for the Plan is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 6.50% for years when the projected benefit payouts are expected to be funded. The Single Discount Rate was based on an expected rate of return on OPEB plan investments of 6.50% and a 20-year AA municipal bond rate of 3.86%. The projection of cash flows used to determine the Single Discount Rate assumed the employer contributions will adhere to the Funding Policy that the Board established on November 22, 2021, with the goal of reaching 50 percent funding by 2051. The calculations assume the total pay-go and trust contributions increase 3.0% per year. Initially trust contributions increase \$500,000 above pay-go annually until they reach the level which is projected to be needed to attain the 50 percent funding target. The GASB requires that we first allocate these contributions to the normal cost for future hires. The actuary has determined present value of payments through 2045, using the expected rate of return on investments as the discount rate, and present value of benefit payments after 2045 using the municipal bond rate to determine the total OPEB liability. The Single Discount Rate as of June 30, 2023, was 4.31%, based on the blending of an expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 3.86%.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance as of June 30, 2022	\$ 709,730,555	\$ 146,407,549	\$ 563,323,006
Changes for the year:			
Service cost	29,210,949	-	29,210,949
Interest	27,988,955	-	27,988,955
Experience (gain)/loss	(101,371,847)	-	(101,371,847)
Contribution – Employer	-	16,352,953	(16,352,953)
Net investment income/(loss)	-	18,611,142	(18,611,142)
Changes in assumptions	(11,213,589)	-	(11,213,589)
Claims Incurred	(29,106,015)	(29,106,015)	-
Contributions – Plan Members	11,203,740	11,203,740	-
Contribution - Retiree Subsidy	4,980,964	4,980,964	-
Administrative Expenses	-	(1,916,424)	1,916,424
Net Changes	(68,306,843)	20,126,360	(88,433,203)
Balance as of June 30, 2023	\$ 641,423,712	\$ 166,533,909	\$ 474,889,803

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 4. OTHER INFORMATION (continued)

D. Post-employment Healthcare Plan (continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31%) or 1-percentage-point higher (5.31%) than the current discount rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Net OPEB Liability	\$ 597,249,433	\$ 474,889,803	\$ 377,978,994

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Board, as well as what the Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.94%) or 1-percentage-point higher (4.94%) than the current healthcare cost trend rates:

	1% Decrease (2.94%)	Healthcare Cost Trend Rates (3.94%)	1% Increase (4.94%)
Net OPEB Liability	\$ 371,754,515	\$ 474,889,803	\$ 610,743,749

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2023, the Board recognized OPEB expense of \$4,103,498. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,847,504	\$ 221,937,845
Changes in assumptions	111,487,509	207,198,336
Net difference between projected and actual earnings on OPEB plan investments	2,056,376	-
Total	<u>\$ 115,391,389</u>	<u>\$ 429,136,181</u>

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

Years Ending June 30,	OPEB Expense Amount
2024	\$ (43,542,344)
2025	(43,856,908)
2026	(38,213,845)
2027	(42,714,865)
2028	(44,631,239)
Thereafter	(100,785,591)
Total	<u>\$ (313,744,792)</u>

FREDERICK COUNTY PUBLIC SCHOOLS

Notes to the Basic Financial Statements June 30, 2023

Note 5. DEFICIT

For the fiscal year ending June 30, 2023, the Self-Insurance fund, recognized a negative change in net position of \$11.5 million resulting in a reported net position deficit of \$3.5 million. Throughout fiscal year 2023, the fund experienced increases in medical, vision, dental, and pharmaceutical claims as well as administrative expenses. The increase in claims related expenses is driven by multiple factors some of which include the increase in covered members, market inflation, provider and prescription price increases, increases in specialty drugs available and prescribed, regulatory changes, the ongoing rebound of delayed or deferred care post COVID-19. In the fiscal year 2024 budget, the Board approved a one-time premium subsidy from the General Fund of \$5.0 million which was added funding included in the fiscal year 2024 appropriation from Frederick County Government in effort to help replenish the self-insurance fund balance reserves and to help mitigate the effects of a substantial premium increase on employees and retirees. As part of the fund's recovery plan, also effective in fiscal year 2024, is a 9.5% increase in medical premiums. Given the volatility of claims, the fund's activities are being closely monitored to ensure a positive financial net position is regained. Efforts to recover the fund's financial position, that may include plan design changes and/or premium increases, will be actions considered in fiscal year 2025 should claims trend unfavorably.

Note 6. CONTINGENCIES AND COMMITMENTS

FCPS, in the course of its operations, is a party to legal proceedings. The legal opinion of FCPS is that the ultimate disposition of these claims and legal proceedings will not have a material effect on the financial condition of FCPS.

FCPS, as grantee or sub-grantee, participates in numerous federal and state grant programs, which are subject to financial and compliance audits. FCPS believes it has complied, in all material respects, with applicable grant requirements and the amount of expenditures that may be disallowed by the granting agencies, if any, would be immaterial.

Note 7. PENDING PRONOUNCEMENTS

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

Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (FY 2024), and all reporting periods thereafter. The Board is currently evaluating the effect of implementation of this Statement.

Statement No. 101, *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023 (FY 2025), and all reporting periods thereafter. The Board is currently evaluating the effect of implementation of this Statement.





REQUIRED SUPPLEMENTARY INFORMATION

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

	Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return net of investment expense	13.10%	-13.48%	28.94%	5.60%	8.02%	8.60%	12.06%	2.70%	4.29%	17.21%

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

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Changes in the Board's Net OPEB Liability and Related Ratios Last Ten Fiscal Years (Dollar amounts in thousands)

	Fiscal Years						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service Cost	\$ 29,211	\$ 45,165	\$ 48,407	\$ 42,409	\$ 33,157	\$ 33,298	\$ 39,249
Interest Cost	27,989	21,057	25,614	27,712	32,060	29,769	26,304
Differences Between Expected and Actual Experience	(101,372)	2,365	(157,483)	(233)	(63,933)	25	-
Changes in Assumptions	(11,214)	(244,878)	67,448	41,770	97,462	(20,309)	(102,897)
Benefit Payments	(12,921)	(17,699)	(16,620)	(15,240)	(15,151)	(14,088)	(13,097)
Net Change in Total OPEB Liability	(68,307)	(193,990)	(32,634)	96,418	83,595	28,695	(50,441)
Total OPEB liability - Beginning of Year	709,731	903,721	936,355	839,937	756,342	727,647	778,088
Total OPEB liability - End of Year	<u>\$ 641,424</u>	<u>\$ 709,731</u>	<u>\$ 903,721</u>	<u>\$ 936,355</u>	<u>\$ 839,937</u>	<u>\$ 756,342</u>	<u>\$ 727,647</u>
Plan Fiduciary Net Position							
Contributions							
Employer	\$ 16,353	\$ 14,850	\$ 19,518	\$ 15,431	\$ 13,399	\$ 12,772	\$ 10,730
Plan Members	11,204	9,425	8,242	7,305	8,633	7,768	5,761
Federal Government - Retiree Subsidy	4,981	4,356	4,211	3,706	3,790	3,362	3,409
Net Investment Income/(Loss)	18,611	(22,823)	36,513	7,059	7,768	8,494	9,966
Claims Incurred	(29,106)	(25,383)	(23,369)	(21,126)	(22,385)	(20,450)	(17,429)
Administrative Expenses	(1,917)	(1,741)	(1,493)	(1,419)	(1,398)	(1,406)	(1,429)
Net Change in Fiduciary Net Position	20,126	(21,316)	43,622	10,956	9,807	10,540	11,008
Fiduciary Net Position - Beginning of Year	146,408	167,724	124,102	113,146	103,339	92,799	81,791
Fiduciary Net Position - End of Year	<u>\$ 166,534</u>	<u>\$ 146,408</u>	<u>\$ 167,724</u>	<u>\$ 124,102</u>	<u>\$ 113,146</u>	<u>\$ 103,339</u>	<u>\$ 92,799</u>
Net OPEB Liability	\$ 474,890	\$ 563,323	\$ 735,997	\$ 812,253	\$ 726,791	\$ 653,003	\$ 634,849
Fiduciary Net Position as a % of Total OPEB Liability	25.96%	20.63%	18.56%	13.25%	13.47%	13.66%	12.75%
Covered Payroll	\$ 430,849	\$ 382,608	\$ 358,709	\$ 351,559	\$ 332,251	\$ 317,315	\$ 300,358
Net OPEB Liability as a % of Payroll	110%	147%	205%	231%	219%	206%	211%

Notes to Schedule:

Benefit Changes: None

Changes in the fiscal year assumptions included:

Change in Assumption	Fiscal Years						
	2023	2022	2021	2020	2019	2018	2017
Inflation rate	2.50%	2.50%	2.50%	2.30%	2.30%	2.30%	unknown
Investment Rate of Return	6.50%	6.50%	6.50%	7.50%	7.50%	7.50%	7.50%
Discount Rate	4.31%	3.99%	2.35%	2.76%	3.33%	4.28%	4.13%
Bond Rate	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.58%
Healthcare cost trend rate	7.50%	5.10%	4.90%	4.70%	5.70%	5.90%	unknown

Medical Trend:

The medical trend assumption was developed using the Society of Actuaries (SOA) Getzen Long-Term Healthcare Cost Trend Model baseline assumptions.

The most recent version of the SOA Model was released in October 2021.

The SOA Long-Term Medical Cost Trend Model and its baseline projection are based on an econometric analysis of historical U.S. medical expenditures and experts in the field. The long-term baseline projection and input variables have been developed under the guidance of an SOA Project Oversight Group.

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

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Contributions Related to Pension Last Ten Fiscal Years

	Fiscal Years									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually Required Contributions (ERS)	\$ 5,764,436	\$ 5,258,841	\$ 5,002,218	\$ 4,429,238	\$ 4,102,821	\$ 3,725,167	\$ 3,495,459	\$ 3,982,050	\$ 3,958,359	
Contributions in Relation to the Contractually Required Contribution	\$ (5,764,436)	\$ (5,258,841)	\$ (5,002,218)	\$ (4,429,238)	\$ (4,102,821)	\$ (3,725,167)	\$ (3,495,459)	\$ (3,982,050)	\$ (3,958,359)	
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's Covered Payroll	\$ 430,849,044	\$ 382,607,523	\$ 358,708,872	\$ 351,558,647	\$ 332,250,721	\$ 317,315,367	\$ 300,358,356	\$ 295,080,729	\$ 285,482,518	
Contributions as a Percentage of Covered Payroll	1.34%	1.37%	1.39%	1.26%	1.23%	1.17%	1.16%	1.35%	1.39%	

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

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Years								
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Board's Proportionate Share of the ERS Net Pension Liability	0.230%	0.227%	0.207%	0.200%	0.187%	0.170%	0.179%	0.189%	0.167%
Board's Proportionate Share of the ERS Net Pension Liability	\$ 46,103,302	\$ 34,056,720	\$ 46,690,240	\$ 41,209,266	\$ 39,196,080	\$ 36,818,619	\$ 42,334,929	\$ 39,262,057	\$ 30,144,657
State's Proportionate Share of the TPS Net Pension Liability Associated with the Board	416,706,031	311,717,419	477,787,576	427,524,226	454,750,072	471,695,636	527,606,070	417,982,864	300,434,664
TOTAL	\$ 462,809,333	\$ 345,774,139	\$ 524,477,816	\$ 468,733,492	\$ 493,946,152	\$ 508,514,255	\$ 569,940,999	\$ 457,244,921	\$ 330,579,321
Board's Covered Payroll	\$ 382,607,523	\$ 358,708,872	\$ 351,558,647	\$ 332,250,721	\$ 317,315,367	\$ 300,358,356	\$ 295,080,729	\$ 285,482,518	\$ 283,949,347
Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	12.05%	9.49%	13.28%	12.40%	12.35%	12.26%	14.35%	13.75%	10.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.27%	81.84%	70.72%	72.34%	71.18%	69.38%	65.79%	68.78%	71.87%

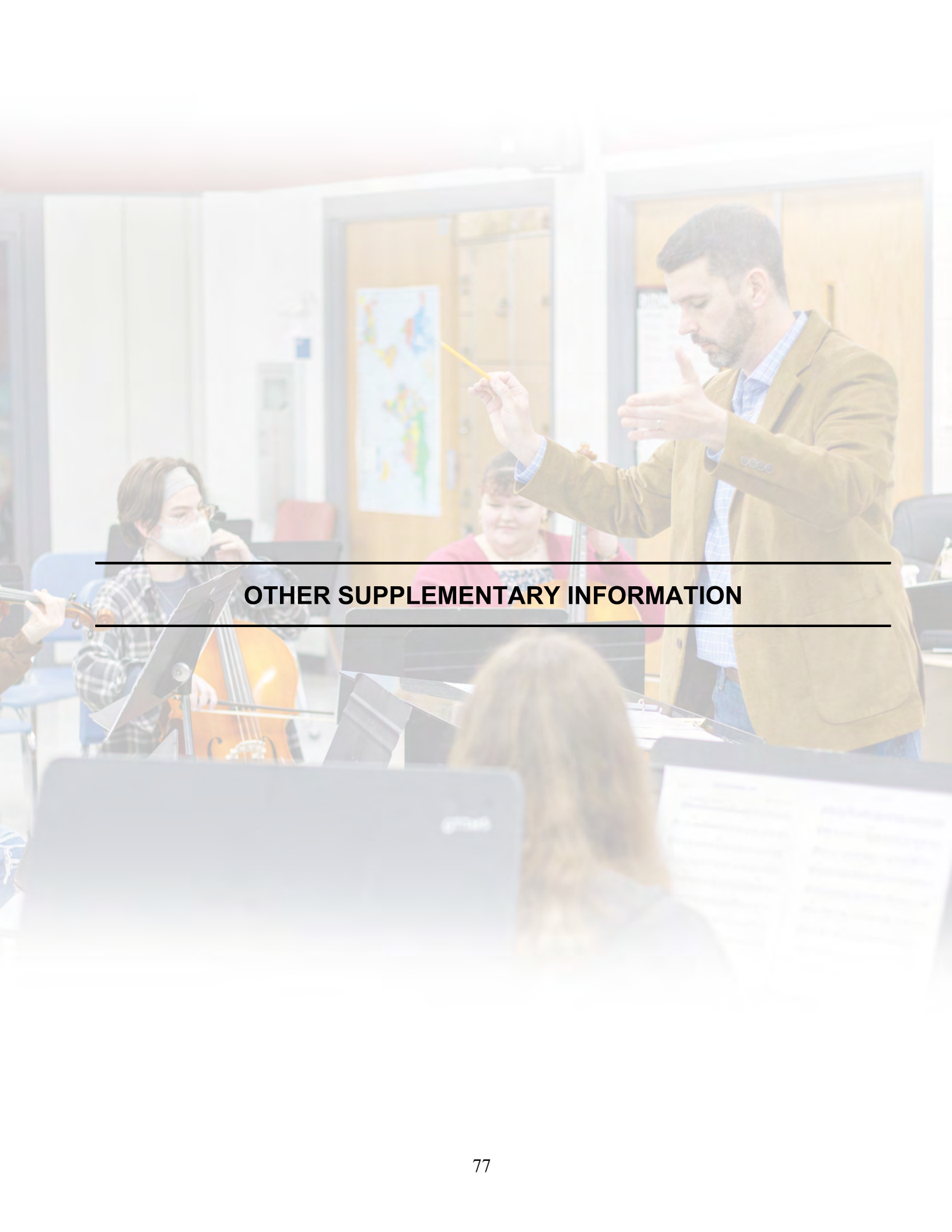
This schedule is presented to illustrate the requirement to show information for 10 years. The Board implemented GASB 68 during fiscal year 2015. As such, information prior to June 30, 2015 is not available.



Student: Amelia M.

Academy of the Fine Arts

Grade 11



OTHER SUPPLEMENTARY INFORMATION

FREDERICK COUNTY PUBLIC SCHOOLS

School Construction Fund

Schedule of Expenditures by Type of School

For the Year Ended June 30, 2023 (With Comparative Totals for 2022)

	2023	2022
HIGH SCHOOLS		
Land	\$ 3,018,243	\$ 1,133,699
Buildings and Improvements	106,796	773,644
Furniture and Equipment	-	133,600
TOTAL	\$ 3,125,039	\$ 2,040,943
 MIDDLE SCHOOLS		
Land	\$ 32,779	\$ 484
Buildings and Improvements	5,706,037	1,068,466
Furniture and Equipment	-	286,703
TOTAL	\$ 5,738,816	\$ 1,355,653
 ELEMENTARY SCHOOLS		
Land	\$ 241,822	\$ 852,230
Buildings and Improvements	51,489,816	32,912,109
Furniture and Equipment	1,683,471	3,209,316
TOTAL	\$ 53,415,109	\$ 36,973,655
 OTHER		
Land	\$ 8,290	\$ 27,984
Buildings and Improvements	1,852,891	2,688,835
Furniture and Equipment	2,180,710	731,233
TOTAL	\$ 4,041,891	\$ 3,448,052
 TOTAL		
Land	\$ 3,301,134	\$ 2,014,397
Buildings and Improvements	59,155,540	37,443,054
Furniture and Equipment	3,864,181	4,360,852
TOTAL (Excludes Intergovernmental Payment)	\$ 66,320,855	\$ 43,818,303

FREDERICK COUNTY PUBLIC SCHOOLS

School Construction Fund

Schedule of Cumulative Expenditures, Encumbrances, and Appropriations Through June 30, 2023

PROJECT	Cumulative Expenditures June 30, 2022	Expenditures Net of Closed Projects Current Fiscal Year	Cumulative Expenditures June 30, 2023	Encumbrances	Cumulative Appropriations June 30, 2023	Unencumbered Balance of Appropriations
7446 Hayward Rd	\$ 72,474	\$ -	\$ 72,474	\$ -	\$ 4,463,695	\$ 4,391,221
Blue Heron Elementary	-	28,710	28,710	8,946	4,524,942	4,487,286
Board of Education - Unallocated	-	-	-	-	370,649	370,649
Brunswick Elementary	5,981,559	(5,970,927)	10,632	3,713,614	5,548,353	1,824,107
Brunswick High	-	1,197,890	1,197,890	1,015,192	2,245,000	31,918
Buses	-	-	-	-	160	160
Catoctin High	-	191,756	191,756	1,974,328	2,185,000	18,916
Crestwood Middle	-	654,305	654,305	64,682	727,000	8,013
Deer Crossing Elementary	-	-	-	299,894	299,894	-
Design Fees - Future Projects	99,551	(4,742)	94,809	-	169,493	74,684
East Frederick Area Elementary	-	-	-	-	3,000,000	3,000,000
Governor Thomas Johnson High	496,586	(496,586)	-	-	-	-
Green Valley Elementary	-	952,941	952,941	905,800	6,777,590	4,918,849
Kempton Elementary	-	43,696	43,696	85,109	128,805	-
Lewistown Elementary	14,610	(14,610)	-	-	5,499	5,499
Liberty Elementary	16,930	(16,930)	-	-	23,322	23,322
Middletown Elementary	-	-	-	-	62,435	62,435
Middletown High	-	-	-	-	58,150	58,150
Middletown Middle	-	-	-	-	52,113	52,113
Monocacy Elementary	-	719,627	719,627	62,600	14,364,610	13,582,383
Oakdale Middle	-	-	-	-	4,484,415	4,484,415
Orchard Grove Elementary	-	88,365	88,365	145,390	233,755	-
Portable Classrooms	34,675	26,275	60,950	22,161	173,943	90,832
Rock Creek	2,730,659	(2,730,659)	-	-	2,714,149	2,714,149
Sugarloaf Elementary	240,848	(240,848)	-	-	2,659,411	2,659,411
Systemic Contingency	-	112,912	112,912	225,823	1,000,000	661,265
Thurmont Elementary	3,053,658	7,711,257	10,764,915	1,225,320	12,278,167	287,932
Thurmont Middle	-	352,602	352,602	180,933	600,000	66,465
Tuscarora High	-	884,854	884,854	1,491,561	2,460,200	83,785
Urbana Elementary	-	-	-	-	2,599,974	2,599,974
Urbana High	-	21,023	21,023	58,676	79,699	-
Valley Elementary	-	1,069,143	1,069,143	1,022,698	7,146,454	5,054,613
Walkersville High	-	625,976	625,976	1,446,827	2,085,000	12,197
Waverley Elementary	158	7,036,477	7,036,635	406,539	8,249,561	806,387
Wolfsville Elementary	-	54,777	54,777	93,067	147,844	-
Woodsboro Elementary	15,850	(15,850)	-	-	-	-
Yellow Springs Elementary	-	-	-	-	81,478	81,478
TOTAL	\$ 12,757,558	\$ 12,281,434	\$ 25,038,992	\$ 14,449,160	\$ 92,000,760	\$ 52,512,608

FREDERICK COUNTY PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) Food and Nutrition Services Fund For the Year Ended June 30, 2023

	Budgeted Amounts	Actual Amounts	Variance with
	Original & Final	Budgetary Basis	Final Budget
			Positive
			(Negative)
Revenues:			
Federal	\$ 9,053,069	\$ 12,500,003	\$ 3,446,934
State	568,317	753,963	185,646
Charges for Services	6,215,797	6,466,070	250,273
Other	91,065	671,418	580,353
Fund Balance	400,000	-	(400,000)
Total Revenues	16,328,248	20,391,454	4,063,206
Expenditures:			
Food and Nutrition Services	16,328,248	20,050,093	(3,721,845)
Total Expenditures	16,328,248	20,050,093	(3,721,845)
Excess (Deficiency) of			
Revenues over Expenditures	-	341,361	\$ 341,361
Net Change	\$ -	341,361	\$ 341,361
Fund Balance - Beginning		8,918,842	
Fund Balance - Ending		\$ 9,260,203	

STATISTICAL SECTION

FREDERICK COUNTY PUBLIC SCHOOLS

Statistical Section

This part of FCPS' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends	83-89
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Debt Capacity	90
<i>This schedule presents information to help the reader assess the affordability of the government's current level of outstanding debt.</i>	
Demographic and Economic Information	91-92
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	94-102
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Board's financial report relates to the services it provides and activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant fiscal years dated June 30, 2014 through June 30, 2023.



Student: Neetya P.

Urbana High

School Grade 10

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
Net Investment in Capital Assets	\$ 636,220,966	\$ 631,773,163	\$ 650,686,334	\$ 698,147,490	\$ 755,606,761	\$ 745,864,060	\$ 781,632,550	\$ 843,331,592	\$ 851,822,760	\$ 888,167,323
Restricted	370,277	9,279	9,280	9,297	10,667,947	2,378,625	-	-	-	-
Unrestricted	(184,879,032)	(250,280,285)	(295,963,443)	(334,457,807)	(713,155,732)	(748,991,048)	(786,846,423)	(820,287,431)	(820,774,778)	(811,696,761)
Total Governmental Activities Net Position	<u>451,712,211</u>	<u>381,502,157</u>	<u>354,732,171</u>	<u>363,698,980</u>	<u>53,118,976</u>	<u>(748,363)</u>	<u>(5,213,873)</u>	<u>23,044,161</u>	<u>31,047,982</u>	<u>76,470,562</u>
Primary Government:										
Net Investment in Capital Assets	636,220,966	631,773,163	650,686,334	698,147,490	755,606,761	745,864,060	781,632,550	843,331,592	851,822,760	888,167,323
Restricted	370,277	9,279	9,280	9,297	10,667,947	2,378,625	-	-	-	-
Unrestricted	(184,879,032)	(250,280,285)	(295,963,443)	(334,457,807)	(713,155,732)	(748,991,048)	(786,846,423)	(820,287,431)	(820,774,778)	(811,696,761)
Total Primary Government Net Position	<u>\$ 451,712,211</u>	<u>\$ 381,502,157</u>	<u>\$ 354,732,171</u>	<u>\$ 363,698,980</u>	<u>\$ 53,118,976</u>	<u>\$ (748,363)</u>	<u>\$ (5,213,873)</u>	<u>\$ 23,044,161</u>	<u>\$ 31,047,982</u>	<u>\$ 76,470,562</u>

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular Instruction	\$ 333,517,634	\$ 346,599,360	\$ 352,196,897	\$ 354,039,987	\$ 363,567,238	\$ 386,007,871	\$ 406,660,933	\$ 432,271,717	\$ 450,714,463	\$ 467,915,141
Special Education Instruction	76,878,032	80,754,673	82,479,537	84,102,569	87,791,944	99,099,495	99,422,202	101,711,158	107,630,337	119,302,719
Total Instruction	<u>410,395,666</u>	<u>427,354,033</u>	<u>434,676,434</u>	<u>438,142,556</u>	<u>451,359,182</u>	<u>485,107,366</u>	<u>506,083,135</u>	<u>533,982,875</u>	<u>558,344,800</u>	<u>587,217,860</u>
Support Services										
Administration	18,024,675	14,401,715	16,417,367	15,915,175	16,866,200	17,282,282	18,779,454	19,564,018	18,928,857	22,277,372
Mid-level Administration	47,151,480	46,929,147	50,483,603	50,848,718	52,276,685	54,709,958	57,816,089	61,608,229	60,244,715	66,009,331
Pupil Personnel Services	4,096,108	4,145,017	4,633,733	4,821,976	4,997,831	2,866,085	3,419,562	4,361,979	4,850,780	4,964,857
Health	6,129,312	6,476,286	6,484,085	6,335,474	6,252,164	6,873,851	6,752,882	6,493,717	9,226,784	9,609,688
Pupil Transportation	27,114,005	28,508,543	28,938,501	30,298,627	32,767,258	34,028,232	34,397,092	27,373,321	35,940,099	39,544,639
Operations	44,319,997	44,287,048	43,044,135	44,009,997	44,282,947	46,518,844	48,582,801	53,505,366	54,125,163	59,862,735
Maintenance	14,846,437	15,230,658	16,423,681	16,990,431	16,507,013	17,796,436	18,094,357	19,337,223	19,552,667	20,064,205
Food and Nutrition Services	11,101,278	11,401,198	12,281,900	12,505,100	12,747,402	13,045,590	11,940,356	10,292,829	17,596,631	20,739,196
Community Services	1,293,017	1,208,880	1,526,228	1,229,372	1,138,316	1,240,872	1,022,336	656,910	1,308,240	2,026,146
Student Activities	-	-	-	-	-	-	6,796,800 ³	1,873,015	4,182,779	6,524,623
Interest on Long-term Liabilities	464,571	411,481	405,741	377,665	327,288	842,056	978,497	568,992	357,977	952,073
Intergovernmental Payment	16,751,750	10,031,548	20,457,247	13,871,000	20,342,000	12,737,000	18,629,976	20,038,937	15,499,635	43,902,626
Total Support Services	<u>191,292,630</u>	<u>183,031,521</u>	<u>201,096,221</u>	<u>197,203,535</u>	<u>208,505,104</u>	<u>207,941,206</u>	<u>227,210,202</u>	<u>225,674,536</u>	<u>241,814,327</u>	<u>296,477,491</u>
Total Governmental Activities	<u>\$ 601,688,296</u>	<u>\$ 610,385,554</u>	<u>\$ 635,772,655</u>	<u>\$ 635,346,091</u>	<u>\$ 659,864,286</u>	<u>\$ 693,048,572</u>	<u>\$ 733,293,337</u>	<u>\$ 759,657,411</u>	<u>\$ 800,159,127</u>	<u>\$ 883,695,351</u>
Program Revenues										
Governmental Activities										
Charges for services:										
Regular Instruction	\$ 902,138	\$ 910,751	\$ 817,186	\$ 927,982	\$ 908,442	\$ 856,365	\$ 731,969	\$ 362,807	\$ 915,937	\$ 982,295
Food and Nutrition Services	5,027,144	4,658,705	4,584,610	4,699,487	4,976,681	5,660,046	4,013,873	74,356	1,702,459	7,137,488
Support Services	803,464	867,971	1,046,012	990,508	1,024,951	1,034,228	828,630	217,488	730,924	1,033,760
Student Activities	-	-	-	-	-	-	1,129,158 ³	176,068	1,168,742	1,311,267
Operating Grants and Contributions	147,916,388	151,038,997	150,919,490	144,891,134	146,096,821	154,273,874	173,793,918 ³	194,780,584	246,901,387	230,729,924
Capital Grants and Contributions	47,563,863	31,486,425	64,425,239	88,265,911	101,509,193	37,799,310	86,498,795	116,903,051	61,592,349	125,386,471
Total Gov. Activities Program Revenues	<u>\$ 202,212,997</u>	<u>\$ 188,962,849</u>	<u>\$ 221,792,537</u>	<u>\$ 239,775,022</u>	<u>\$ 254,516,088</u>	<u>\$ 199,623,823</u>	<u>\$ 266,996,343</u>	<u>\$ 312,514,354</u>	<u>\$ 313,011,798</u>	<u>\$ 366,581,205</u>
Net (Expense) Revenue										
Governmental Activities	<u>\$ (399,475,299)</u>	<u>\$ (421,422,705)</u>	<u>\$ (413,980,118)</u>	<u>\$ (395,571,069)</u>	<u>\$ (405,348,198)</u>	<u>\$ (493,424,749)</u>	<u>\$ (466,296,994)</u>	<u>\$ (447,143,057)</u>	<u>\$ (487,147,329)</u>	<u>\$ (517,114,146)</u>

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Federal Aid Not Restricted to Specific Purposes	\$ 985	\$ 24,613	\$ 27,603	\$ 264,918	\$ 40,582	\$ 223,630	\$ 345,444	\$ 413,158	\$ 102,877	\$ 159,037
State Aid Not Restricted to Specific Purposes	156,789,324	157,325,216	157,774,835	156,381,556	160,628,485	165,329,475	171,208,564	176,559,518	177,345,744	209,240,441
Local Aid Not Restricted to Specific Purposes	221,884,100	223,054,977	228,942,030	247,066,477	260,822,220	272,386,838	283,465,005	296,598,012	316,598,012	349,748,012
Interest and Investment Earnings	20,248	10,572	32,799	237,626	544,643	1,169,840	787,652	299,632	377,434	2,466,715
Other Revenue	669,928	372,346	432,865	587,301	392,108	447,627	2,766,431	1,530,771	727,083	922,521
Total General Revenues	<u>379,364,585</u>	<u>380,787,724</u>	<u>387,210,132</u>	<u>404,537,878</u>	<u>422,428,038</u>	<u>439,557,410</u>	<u>458,573,096</u>	<u>475,401,091</u>	<u>495,151,150</u>	<u>562,536,726</u>
Changes in Net Position										
Governmental Activities	<u>\$ (20,110,714)</u>	<u>\$ (40,634,981)</u>	<u>\$ (26,769,986)</u>	<u>\$ 8,966,809</u>	<u>\$ 17,079,840</u>	<u>\$ (53,867,339)</u>	<u>\$ (7,723,898)</u>	<u>\$ 28,258,034</u>	<u>\$ 8,003,821</u>	<u>\$ 45,422,580</u>
Net Position - Beginning of Year	\$ 471,822,925	\$ 451,712,211	\$ 381,502,157	\$ 354,732,171	\$ 363,698,980	\$ 53,118,976	\$ (748,363)	\$ (8,630,124)	\$ 23,044,161	\$ 31,047,982
Adjustment to Restate Beginning Net Position	-	(29,575,073)	-	-	(327,659,844)	-	3,258,388	3,416,251	-	-
Net Position - Beginning of Year, Restated	<u>471,822,925</u>	<u>422,137,138</u>	<u>381,502,157</u>	<u>354,732,171</u>	<u>36,039,136</u>	<u>53,118,976</u>	<u>2,510,025</u>	<u>(5,213,873)</u>	<u>23,044,161</u>	<u>31,047,982</u>
Net Position - End of Year	<u>\$ 451,712,211</u>	<u>\$ 381,502,157</u>	<u>\$ 354,732,171</u>	<u>\$ 363,698,980</u>	<u>\$ 53,118,976</u>	<u>\$ (748,363)</u>	<u>\$ (5,213,873)</u>	<u>\$ 23,044,161</u>	<u>\$ 31,047,982</u>	<u>\$ 76,470,562</u>

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable:										
Inventory	\$ 540,581	\$ 501,669	\$ 563,454	\$ 585,347	\$ 602,889	\$ 581,681	\$ 719,103	\$ 1,084,454	\$ 758,503	\$ 678,903
Prepaid Items	25,591	63,407	65,628	161,133	844,290	188,265	610,472	1,172,650	776,332	752,832
Restricted:										
Lease Reserve	370,277	9,279	9,280	9,297	9,316	-	9,272,085	-	-	-
Committed:										
Charter Schools Reserve	280,240	252,307	347,357	579,752	1,068,728	1,020,144	1,114,017	1,481,773	2,271,069	2,319,948
Assigned:										
Administration	487,228	861,273	441,725	2,743,395	1,775,221	1,739,814	2,171,017	2,451,935	3,082,171	616,943
Instructional	5,109,713	4,623,990	2,562,952	2,037,856	3,457,824	2,442,274	4,224,196	6,656,745	5,859,418	7,883,287
Maintenance and Operations	3,449,119	551,937	2,016,688	2,687,389	4,987,762	3,872,277	6,145,886	7,414,892	4,364,803	5,110,950
Transportation	3,523,049	1,934,899	5,505,180	5,952,649	6,274,281	6,068,002	7,204,972	9,106,920	8,362,936	9,472,755
Grants	-	-	-	-	-	-	-	1,096,624	2,668,208	2,602,966
Student Activities	-	-	-	-	-	-	3,416,251	3,178,951	3,766,285	3,949,068
Unassigned:	121,035	572,519	2,065,030	2,787,824	1,177,022	3,046,447	3,190,368	4,544,792	3,336,973	5,355,593
Total General Fund	<u>\$ 13,906,833</u>	<u>\$ 9,371,280</u>	<u>\$ 13,577,294</u>	<u>\$ 17,544,642</u>	<u>\$ 20,197,333</u>	<u>\$ 18,958,904</u>	<u>\$ 38,068,367</u>	<u>\$ 38,189,736</u>	<u>\$ 35,246,698</u>	<u>\$ 38,743,245</u>
All other Governmental Funds										
Nonspendable:										
Inventory	\$ 440,134	\$ 281,429	\$ 266,577	\$ 383,270	\$ 448,805	\$ 547,682	\$ 1,077,913	\$ 687,325	\$ 824,121	\$ 762,455
Restricted:										
Unspent Lease Proceeds	-	-	-	-	10,658,631	2,378,625	-	-	-	-
School Construction	-	-	-	-	-	-	-	200,000	-	6,327,215
Committed:										
School Construction	-	-	-	-	-	-	-	400,000	-	-
Assigned:										
Artificial Turf	299,314	367,286	433,850	516,693	582,791	665,968	723,296	-	289,901	241,983
Food and Nutrition Services	2,048,875	2,364,119	2,088,345	1,557,933	1,350,297	1,784,483	180,976	1,748,913	11,204,789	11,604,941
Unassigned:										
Artificial Turf	-	-	-	-	-	-	-	(149,888)	-	-
Total All Other Governmental Funds	<u>\$ 2,788,323</u>	<u>\$ 3,012,834</u>	<u>\$ 2,788,772</u>	<u>\$ 2,457,896</u>	<u>\$ 13,040,524</u>	<u>\$ 5,376,758</u>	<u>\$ 1,982,185</u>	<u>\$ 2,886,350</u>	<u>\$ 12,318,811</u>	<u>\$ 18,936,594</u>



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

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Federal	\$ 22,071,060	\$ 22,801,688	\$ 22,847,024	\$ 23,449,438	\$ 23,552,420	\$ 26,066,112	\$ 24,786,371	\$ 44,331,117	\$ 88,328,846	\$ 53,432,703
State	281,360,181	279,013,269	287,394,804	281,857,099	294,490,550	295,831,883	323,558,892	334,349,294	332,164,820	433,823,789
Local	269,589,223	260,461,660	290,135,003	326,158,478	354,745,408	305,983,308	353,915,383	401,484,193	372,886,752	412,414,940
Charges for Services	4,883,435	4,538,212	4,421,391	4,485,877	4,744,567	5,407,402	4,953,730	208,768	2,786,137	7,777,337
Other	4,043,844	3,213,948	3,875,761	4,579,641	4,059,244	6,555,480	13,677,319	5,975,124	9,119,171	12,805,482
Total Revenues	<u>581,947,743</u>	<u>570,028,777</u>	<u>608,673,983</u>	<u>640,530,533</u>	<u>681,592,189</u>	<u>639,844,185</u>	<u>720,891,695</u>	<u>786,348,496</u>	<u>805,285,726</u>	<u>920,254,251</u>
Expenditures										
Current:										
Administration	8,940,752	8,912,766	9,936,218	10,035,223	10,533,695	11,135,941	11,721,221	12,699,145	12,791,043	15,045,871
Mid-level Administration	31,309,475	31,153,803	31,772,500	32,314,112	33,889,690	35,333,435	37,007,206	40,387,727	42,256,215	46,410,449
Instructional Salaries	194,902,037	196,954,569	193,304,177	196,148,568	206,573,539	216,533,524	228,068,154	237,816,410	268,894,279	283,536,244
Instructional Supplies	8,272,208	10,879,760	8,462,236	8,788,484	9,161,076	11,715,229	12,291,941	22,573,877	25,872,611	23,664,724
Instruction - Other	2,468,874	1,773,063	2,130,774	2,292,456	2,527,545	2,451,672	2,617,153	3,783,467	3,390,648	5,207,783
Special Education	54,619,243	56,437,598	55,391,267	57,943,402	61,220,228	68,687,338	69,263,293	70,801,307	81,100,100	90,170,695
Pupil Personnel	2,717,953	2,648,581	2,855,843	3,018,648	3,206,954	1,910,448	2,129,103	2,721,015	3,357,760	3,458,868
Health	6,076,916	6,410,009	6,411,420	6,264,875	6,184,651	6,796,889	6,666,586	6,384,327	9,087,521	9,451,844
Pupil Transportation	18,845,274	19,477,832	18,846,735	20,053,991	22,281,281	22,699,098	22,617,928	17,877,064	25,548,198	29,016,671
Operations	35,497,862	35,644,612	33,353,717	33,780,176	34,570,387	35,893,919	37,487,751	42,306,098	44,808,702	50,112,195
Maintenance	10,915,666	11,103,133	11,409,804	11,949,644	11,708,541	12,910,918	13,039,478	14,315,480	15,642,503	16,209,857
Fixed Charges	139,415,179	145,801,430	149,217,979	152,891,266	155,503,890	159,784,290	167,658,453	174,270,235	183,017,745	195,686,338
Food and Nutrition Services	10,889,282	11,191,543	12,095,153	12,336,594	12,489,845	12,830,735	11,770,377	10,166,754	17,318,205	20,301,730
Community Services	986,228	846,840	1,071,022	839,691	788,754	831,541	695,872	472,187	1,029,018	1,601,393
Student Activities	-	-	-	-	-	-	6,796,800	1,873,015	4,182,779	6,524,623
Capital Outlay:										
Land	48,521	1,616,416	894,712	1,064,877	844,159	2,153,743	2,548,369	1,701,285	2,014,397	3,301,134
Buildings and Improvements	28,154,457	17,908,827	43,055,820	67,254,234	84,833,821	28,111,489	61,867,898	92,041,189	37,443,054	69,758,495
Equipment	5,119,098	4,590,174	1,978,532	5,172,867	6,246,941	5,764,200	1,221,986	2,670,511	4,360,852	3,864,181
Debt Service:										
Lease Principal	2,336,566	538,588	1,646,212	523,809	539,677	766,159	2,706,864	841,460	740,311	1,497,912
Subscription-Based Principal	-	-	-	-	-	-	-	-	-	894,768
Lease Interest Subscription-Based Interest Lease	488,715	417,047	400,088	349,548	333,064	316,062	1,337,251	309,387	440,727	418,032
Issuance Cost Lease	-	-	-	-	-	-	-	-	-	108,443
Refinancing Costs	-	-	-	-	-	-	104,751	-	-	-
Intergovernmental Payment	16,751,750	10,031,548	20,457,247	13,871,000	20,342,000	12,737,000	18,629,976	20,038,937	15,499,635	43,902,626
Total Expenditures	<u>578,756,056</u>	<u>574,338,139</u>	<u>604,691,456</u>	<u>636,893,465</u>	<u>683,779,738</u>	<u>649,363,630</u>	<u>718,377,137</u>	<u>776,192,401</u>	<u>798,796,303</u>	<u>920,144,876</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,191,687</u>	<u>(4,309,362)</u>	<u>3,982,527</u>	<u>3,637,068</u>	<u>(2,187,549)</u>	<u>(9,519,445)</u>	<u>2,514,558</u>	<u>10,156,095</u>	<u>6,489,423</u>	<u>109,375</u>

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

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

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other Financing Sources (Uses)										
Proceeds from Lease	\$ -	\$ -	\$ -	\$ -	\$ 15,002,047	\$ -	\$ 9,341,835	\$ -	\$ -	\$ 10,004,955
Proceeds from Lease Refinancing	-	-	-	-	-	-	13,472,719	-	-	-
Payments to Retire Debt	-	-	-	-	-	-	(12,872,611)	(9,130,561)	-	-
Transfers In From:										
General Fund	118,164	115,817	35,546	36,989	-	35,000	-	617,434	150,000	200,000
Internal Service Fund	-	-	-	-	637,875	617,250	-	-	-	-
Transfers Out To:										
Internal Service Fund	(1,759)	(1,680)	(575)	(596)	(217,054)	-	-	-	-	-
Special Revenue Funds	(118,164)	(115,817)	(35,546)	(36,989)	-	(35,000)	-	(217,434)	(150,000)	(200,000)
Capital Projects Fund	-	-	-	-	-	-	-	(400,000)	-	-
Total Other Financing Sources (Uses)	(1,759)	(1,680)	(575)	(596)	15,422,868	617,250	9,941,943	(9,130,561)	-	10,004,955
Net Change in Fund Balances	3,189,928	(4,311,042)	3,981,952	3,636,472	13,235,319	(8,902,195)	12,456,501	1,025,534	6,489,423	10,114,330
Total Expenditures	\$ 578,756,056	\$ 574,338,139	\$ 604,691,456	\$ 636,893,465	\$ 683,779,738	\$ 649,363,630	\$ 718,377,137	\$ 776,192,401	\$ 798,796,303	\$ 920,144,876
Less Capital Outlay	(31,013,568)	(21,756,616)	(44,849,346)	(74,478,273)	(88,416,512)	(33,701,373)	(71,228,131)	(99,288,746)	(46,957,531)	(87,018,154)
Non-capital Expenditures	<u>\$ 547,742,488</u>	<u>\$ 552,581,523</u>	<u>\$ 559,842,110</u>	<u>\$ 562,415,192</u>	<u>\$ 595,363,226</u>	<u>\$ 615,662,257</u>	<u>\$ 647,149,006</u>	<u>\$ 676,903,655</u>	<u>\$ 751,838,772</u>	<u>\$ 833,126,722</u>
Debt Service	<u>\$ 2,825,281</u>	<u>\$ 955,635</u>	<u>\$ 2,046,300</u>	<u>\$ 873,357</u>	<u>\$ 872,741</u>	<u>\$ 1,082,221</u>	<u>\$ 4,148,866</u>	<u>\$ 1,150,847</u>	<u>\$ 1,181,038</u>	<u>\$ 2,919,155</u>
Debt Service as a Percentage of Non-capital Expenditures	0.52%	0.17%	0.37%	0.16%	0.15%	0.18%	0.64%	0.17%	0.16%	0.35%

FREDERICK COUNTY PUBLIC SCHOOLS

Ratios of Outstanding Debt Last Ten Fiscal Years

<u>Years</u>	<u>Governmental Activities Leases/SBITAs Payable</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>
2014	\$ 13,722,434	0.11%	57
2015	13,183,846	0.10%	54
2016	11,537,634	0.08%	47
2017	11,013,825	0.07%	44
2018	25,476,195	0.16%	100
2019	24,710,036	0.15%	95
2020	31,945,115	0.18%	120
2021	21,973,094	0.11%	81
2022	21,232,783	N/A	76
2023	31,772,077 ²	N/A	88

¹ See the Schedule of Demographic and Economic Statistics for personal income and population data. Historical data for Percentage of Personal Income, was updated in conjunction with updated information obtained from the U.S. Bureau of Economic Analysis (all data updated as of November 2022).

² FCPS implemented GASB Statement 96, Subscription-Based Information Technology Arrangements (SBITAs), effective July 1, 2022. Amount reflected in fiscal year 2023 includes leases and SBITAs payable.

N/A Information not yet available.

FREDERICK COUNTY PUBLIC SCHOOLS

Demographic and Economic Statistics Last Ten Fiscal Years

<u>Years</u>	<u>Population¹</u>	<u>Personal Income (in thousands of dollars)²</u>	<u>Per Capita Personal Income²</u>	<u>Unemployment Rate³</u>
2014	240,911	\$ 12,918,918	\$ 53,040	5.4 %
2015	243,692	13,447,457	54,803	5.0 %
2016	246,972	13,882,887	56,072	4.0 %
2017	249,277	14,934,448	59,259	3.7%
2018	255,265	15,816,571	61,869	4.1%
2019	259,942	16,649,205	64,147	3.6%
2020	265,480	17,676,642	66,664	7.6%
2021	271,717	19,255,710	68,704	5.8%
2022	279,835	N/A	N/A	3.2%
2023	287,079	N/A	N/A	2.0%

Sources: ¹ Census Population Estimates (July 1, 2022)

² U.S. Bureau of Economic Analysis (all data updated as of November 2022)

³ Maryland Department of Labor, Licensing & Regulation (May 2023)

N/A Information not yet available.

FREDERICK COUNTY PUBLIC SCHOOLS

Principal Employers Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment ¹	Employees	Rank	Percentage of Total County Employment ¹
Fort Detrick	10,200	1	9.77%	11,000	1	11.53%
Frederick County Board of Education	7,013	2	6.72%	5,700	2	5.97%
Frederick Health Hospital ²	3,300	3	3.16%	2,696	3	2.83%
Frederick County Government	2,563	4	2.45%	1,877	5	1.97%
Leidos Biomedical (formerly SAIC-Frederick)	2,440	5	2.34%	1,872	6	1.96%
Frederick Community College	1,313	6	1.26%	939	8	0.98%
Frederick City Government	905	7	0.87%	831	10	0.87%
Thermo Fisher Scientific (formerly Life Technologies)	766	8	0.73%	-	-	-
Costco Wholesale	725	9	0.69%	-	-	-
AstraZeneca	725	10	0.69%	-	-	-
Wells Fargo Home Mortgage	-	-	-	1,881	4	1.97%
Bechtel Corporation (formerly Bechtel Power)	-	-	-	1,578	7	1.65%
State Farm Insurance	-	-	-	900	9	0.94%
United Health Care (formerly MAMSI)	-	-	-	700	11	0.73%
	<u>29,950</u>		<u>28.68%</u>	<u>29,974</u>		<u>31.40%</u>

¹ Includes military personnel

² Formerly Frederick Memorial Healthcare System

Source: Frederick County Office of Economic Development



FREDERICK COUNTY PUBLIC SCHOOLS

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

SCHOOLS	Fiscal Years										Capacity	Percent Capacity
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Elementary												
Ballenger Creek	656	667	656	665	648	650	586	602	640	678	636	107%
Blue Heron	-	-	-	-	-	-	-	-	615	680	677	100%
Brunswick	619	637	659	648	703	727	762	694	740	752	507	148%
Butterfly Ridge	-	-	-	-	-	627	675	649	682	625	762	82%
Carroll Creek Montessori	187	208	218	220	229	228	228	228	230	227	210	108%
Carroll Manor	572	573	566	556	565	579	577	538	516	545	573	95%
Centerville	947	993	997	1,001	956	929	972	439	447	445	627	71%
Deer Crossing	678	719	744	737	778	788	806	813	464	505	568	89%
Emmitsburg	305	300	278	258	255	247	220	201	207	216	225	96%
Frederick Classical Charter	237	240	240	241	248	252	249	250	253	250	240	104%
Glade	618	634	638	666	681	616	611	543	554	572	582	98%
Green Valley	383	383	365	367	417	511	627	545	688	785	501	157%
Hillcrest	953	990	1,010	972	968	732	749	714	763	575	534	108%
Kemptown	382	358	358	386	389	404	403	356	374	401	388	103%
Lewistown	196	178	177	173	170	184	195	161	168	172	209	82%
Liberty	291	294	283	284	280	262	262	215	240	238	271	88%
Lincoln	529	537	572	599	591	583	598	605	614	618	643	96%
Middletown	462	445	423	434	473	467	472	417	434	441	480	92%
Middletown Primary	410	437	443	494	464	496	477	428	448	486	432	113%
Monocacy	596	592	591	600	621	619	611	551	539	568	550	103%
Monocacy Valley Montessori	222	219	223	216	217	218	217	214	209	209	195	107%
Myersville	354	358	315	340	372	385	418	379	387	409	434	94%
New Market	736	705	699	714	691	693	684	632	574	582	627	93%
New Midway/Woodsboro	334	328	335	314	313	300	292	287	297	276	314	88%
North Frederick	598	585	631	661	661	668	669	599	612	625	755	83%
Oakdale	623	594	599	631	633	679	792	926	923	1,028	707	145%
Orchard Grove	616	611	630	693	686	602	635	603	613	616	590	104%
Parkway	228	226	223	212	208	220	242	223	261	258	236	109%
Sabillasville	114	114	112	122	112	99	82	70	69	-	-	-
Sabillasville Environmental	-	-	-	-	-	-	-	-	-	131	157	83%
Spring Ridge	481	457	465	466	500	475	482	437	614	628	611	103%
Sugarloaf	-	-	-	-	-	-	-	620	732	828	754	110%
Thurmont	319	302	332	301	321	299	312	292	292	278	368	76%
Thurmont Primary	373	381	373	369	370	370	336	284	287	307	470	65%
Tuscarora	794	784	774	781	798	654	713	701	744	781	633	123%
Twin Ridge	510	513	529	500	506	483	473	577	653	678	681	100%
Urbana	727	695	700	710	712	761	813	651	653	689	764	90%
Valley	409	395	408	399	400	494	508	459	515	491	499	98%
Walkersville	681	678	681	680	652	691	678	631	695	689	701	98%
Waverley	567	618	610	634	718	517	548	511	542	844	1,019	83%
Whittier	793	783	745	756	765	690	718	686	726	735	624	118%
Wolfsville	180	175	159	157	159	138	149	123	140	157	200	79%
Yellow Springs	486	468	495	488	453	455	470	498	560	588	453	130%
Total Elementary Schools	19,166	19,174	19,256	19,445	19,683	19,792	20,311	19,352	20,714	21,606	21,407	101%

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

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

SCHOOLS	Fiscal Years										Capacity	Percent Capacity
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023		
Middle												
Ballenger Creek	698	726	718	778	779	840	817	800	790	805	859	94%
Brunswick	564	553	557	588	578	606	573	610	618	656	957	69%
Carroll Creek Charter	-	-	17	47	74	85	90	90	88	87	90	97%
Crestwood	545	539	506	514	579	653	691	670	667	739	882	84%
Frederick Classical Charter	38	75	113	116	120	126	127	126	119	125	120	104%
Gov. Thomas Johnson	522	549	532	562	513	509	553	563	589	549	838	66%
Middletown	809	786	816	851	813	782	784	794	807	799	1,052	76%
Monocacy	775	779	723	738	789	886	969	978	951	926	914	101%
Monocacy Valley Montessori	77	81	77	81	83	81	83	89	88	89	90	99%
New Market	478	507	497	508	545	552	563	647	661	684	774	88%
Oakdale	631	643	648	644	703	769	872	899	953	1,057	1,158	91%
Sabillasville Environmental	-	-	-	-	-	-	-	-	-	-	23	100%
Thurmont	613	583	543	561	555	563	545	573	565	546	924	59%
Urbana	767	798	834	866	964	1,003	1,021	967	1,034	1,128	1,020	111%
Walkersville	792	771	804	826	882	891	876	836	835	841	1,105	76%
West Frederick	863	858	856	853	890	853	947	925	889	776	1,094	71%
Windsor Knolls	821	770	777	761	758	742	764	709	719	744	978	76%
Total Middle Schools	8,993	9,018	9,018	9,294	9,625	9,941	10,275	10,276	10,373	10,574	12,878	82%
High												
Brunswick	673	701	737	748	766	740	788	791	844	857	928	92%
Catoctin	959	911	856	806	783	753	741	715	741	782	1,046	75%
Frederick	1,344	1,393	1,317	1,459	1,460	1,395	1,502	1,541	1,651	1,821	1,601	114%
Gov. Thomas Johnson	1,435	1,436	1,408	1,385	1,574	1,692	1,720	1,733	1,826	1,944	2,171	90%
Linganore	1,482	1,438	1,423	1,381	1,326	1,323	1,309	1,391	1,516	1,564	1,642	95%
Middletown	1,131	1,159	1,139	1,116	1,140	1,133	1,125	1,148	1,094	1,094	1,328	82%
Oakdale High	1,197	1,201	1,218	1,251	1,251	1,250	1,263	1,358	1,462	1,617	1,512	107%
Tuscarora	1,482	1,474	1,447	1,518	1,550	1,570	1,582	1,639	1,672	1,708	1,749	98%
Urbana	1,517	1,578	1,635	1,690	1,758	1,785	1,849	1,905	1,923	1,935	1,899	102%
Walkersville	1,108	1,070	1,071	1,088	1,094	1,148	1,180	1,217	1,241	1,207	1,065	113%
Total High Schools	12,328	12,361	12,251	12,442	12,702	12,789	13,059	13,438	13,970	14,529	14,941	97%
Other Schools												
Flexible Evening High/Virtual School	20	19	19	19	14	20	22	11	27	17	N/A	N/A
Heather Ridge	46	54	55	59	56	56	56	44	29	45	148	30%
Rock Creek	103	86	77	76	79	75	74	71	70	76	120	63%
Success	59	45	44	43	45	41	31	29	37	52	N/A	N/A
Total Other Schools	228	204	195	197	194	192	183	155	163	190	268	71%
TOTAL ALL SCHOOLS	40,715	40,757	40,720	41,378	42,204	42,714	43,828	43,221	45,220	46,899	49,494	95%
Teachers & Therapists¹	2,878	2,916	2,864	2,827	2,921	3,048	3,079	3,201	3,283	3,377		
Student/Teacher Ratio	14.15	13.98	14.22	14.64	14.45	14.01	14.23	13.50	13.77	13.89		

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

2019 through 2023 enrollments are from the FCPS System Accountability & School Improvement Department. Capacity is from the FCPS Educational Facilities Masters Plan, June 2023.

¹ The FCPS Budget Office's annual budget.

Notes:

Elementary and special school enrollments are total enrollments.

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

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

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

FREDERICK COUNTY PUBLIC SCHOOLS

Total Enrollment by Grade Last Ten Fiscal Years

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>Elementary School</u>										
Pre-Kindergarten ¹	1,086	1,090	1,181	1,204	1,288	1,253	1,392	1,061	1,282	1,536
Kindergarten	2,961	2,873	2,756	2,854	2,825	2,958	3,098	2,788	3,255	3,182
Grade 1	3,077	3,015	2,910	2,874	3,019	2,963	3,084	3,012	3,176	3,439
Grade 2	3,022	3,110	3,062	2,979	2,985	3,114	3,048	3,037	3,241	3,382
Grade 3	3,016	3,092	3,142	3,122	3,041	3,088	3,217	3,047	3,183	3,375
Grade 4	2,989	3,026	3,157	3,207	3,233	3,132	3,202	3,205	3,201	3,339
Grade 5	3,015	2,968	3,048	3,205	3,292	3,284	3,270	3,202	3,376	3,353
Total Elementary School	19,166	19,174	19,256	19,445	19,683	19,792	20,311	19,352	20,714	21,606
<u>Middle School</u>										
Grade 6	3,017	3,036	2,965	3,124	3,336	3,374	3,399	3,346	3,403	3,514
Grade 7	2,968	2,995	3,038	3,063	3,190	3,370	3,482	3,417	3,453	3,494
Grade 8	3,008	2,987	3,015	3,107	3,099	3,197	3,394	3,513	3,517	3,566
Total Middle School	8,993	9,018	9,018	9,294	9,625	9,941	10,275	10,276	10,373	10,574
<u>High School</u>										
Grade 9	3,284	3,379	3,278	3,355	3,415	3,421	3,566	3,689	4,191	3,962
Grade 10	3,084	3,088	3,128	3,116	3,217	3,272	3,264	3,418	3,431	3,876
Grade 11	2,987	2,983	2,946	3,035	3,033	3,110	3,132	3,167	3,248	3,472
Grade 12	2,973	2,911	2,899	2,936	3,037	2,986	3,097	3,164	3,100	3,219
Total High School	12,328	12,361	12,251	12,442	12,702	12,789	13,059	13,438	13,970	14,529
<u>Other Schools</u>										
Flexible Evening High/Virtual School	20	19	19	19	14	20	22	11	27	17
Heather Ridge	46	54	55	59	56	56	56	44	29	45
Rock Creek	103	86	77	76	79	75	74	71	70	76
Success	59	45	44	43	45	41	31	29	37	52
Total Other Schools	228	204	195	197	194	192	183	155	163	190
Total Enrollment	40,715	40,757	40,720	41,378	42,204	42,714	43,828	43,221	45,220	46,899

Sources: Monthly report is from the FCPS Facilities Department on enrollment at September 30 of each fiscal year through 2018. 2019 through 2023 enrollments are from the FCPS System Accountability & School Improvement Department.

Notes:

¹ Includes Special Ed. Pre-K. and Part-time Special Ed. Pre-K. (Child Find).
October 1 is the State's official enrollment date for the school year.

FREDERICK COUNTY PUBLIC SCHOOLS

Operating Information Last Ten Fiscal Years

Fiscal Year	Per Pupil Expenditures ¹		Number of School Bus Riders ³	Food and Nutrition Services ⁴	
	Dollars	State Rank ²		Breakfasts Served	Lunches Served
2014	\$12,482	19	29,374	863,266	2,111,462
2015	12,661	19	29,490	954,985	2,259,288
2016	12,783	18	28,945	1,073,337	2,209,809
2017	12,593	23	29,956	1,070,283	2,221,800
2018	12,682	23	29,957	1,095,044	2,230,584
2019	13,283	24	30,320	1,242,221	2,255,822
2020	13,545	23	30,656	846,968 ⁵	1,529,690 ⁵
2021	14,403	23	1,368 ⁵	863,940 ⁵	994,288 ⁵
2022	15,227	24	31,078	1,634,083 ⁶	3,288,928 ⁶
2023	N/A	N/A	30,890	1,357,119	2,614,223

¹ Source: Maryland State Department of Education

² Ranking of Maryland's 24 school systems

³ Source: FCPS Transportation Department

⁴ Source: FCPS Food and Nutrition Services Department

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

⁶ Increase in meals served is directly attributable to USDA waivers in effect through June 30, 2022.

N/A Information is not yet available.



Student: Nora S.

West Frederick Middle School

Grade 7

FREDERICK COUNTY PUBLIC SCHOOLS

Employees by Function Last Ten Fiscal Years

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Instruction										
Regular Instruction										
Teachers	2,547	2,571	2,514	2,501	2,528	2,581	2,634	2,704	2,824	2,908
Other Staff	490	494	488	486	512	503	510	535	593	740
Total Regular Instruction	<u>3,037</u>	<u>3,065</u>	<u>3,002</u>	<u>2,987</u>	<u>3,040</u>	<u>3,084</u>	<u>3,144</u>	<u>3,239</u>	<u>3,417</u>	<u>3,648</u>
Special Education Instruction										
Teachers	301	310	309	312	327	346	359	383	397	412
Other Staff	675	704	699	682	655	683	729	715	729	872
Total Special Education Instruction	<u>976</u>	<u>1,014</u>	<u>1,008</u>	<u>994</u>	<u>982</u>	<u>1,029</u>	<u>1,088</u>	<u>1,098</u>	<u>1,126</u>	<u>1,284</u>
School Administration	407	421	422	426	430	438	443	459	485	503
Student Personnel Services	36	38	42	42	43	26	30	38	43	47
Total Instruction	<u>4,456</u>	<u>4,538</u>	<u>4,474</u>	<u>4,449</u>	<u>4,495</u>	<u>4,577</u>	<u>4,705</u>	<u>4,834</u>	<u>5,071</u>	<u>5,482</u>
Support Services										
Administration	102	94	98	98	100	99	101	101	101	118
Food and Nutrition Services	136	123	124	122	118	119	117	107	117	132
Student Transportation	406	406	412	441	449	447	449	418	437	451
Operation of Plant	403	401	405	411	409	427	426	430	438	459
Maintenance of Plant	135	143	144	143	143	140	139	138	131	130
Total Support Services	<u>1,182</u>	<u>1,167</u>	<u>1,183</u>	<u>1,215</u>	<u>1,219</u>	<u>1,232</u>	<u>1,232</u>	<u>1,194</u>	<u>1,224</u>	<u>1,290</u>
Total Employees - Governmental Activities	<u>5,638</u>	<u>5,705</u>	<u>5,657</u>	<u>5,664</u>	<u>5,714</u>	<u>5,809</u>	<u>5,937</u>	<u>6,028</u>	<u>6,295</u>	<u>6,772</u>

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

FREDERICK COUNTY PUBLIC SCHOOLS

Facilities Inventory As of June 30, 2023

	<u>Acres</u>	<u>Year Constructed</u>	<u>Gross Square Feet</u>
<u>Central Offices</u>			
33 Thomas Johnson Drive	5.35	1970	43,100
7446 Hayward Road with Various Shops	11.47	-	-
Facility Services Division	-	1967	21,619
Maintenance Building	-	1967	5,220
Grounds Crew Department	-	1942	2,781
Plumbing/Electrical Building	-	1967	5,220
Welding Shop	-	1967	884
Bus Building	-	1970	5,059
AV Repair Shop	-	1967	720
191 South East Street	0.56	2010	89,840
57 West Frederick Street, Walkersville	0.97	1988	2,445
<u>High Schools</u>			
Brunswick High	48	1965	166,066
Catoctin High	88	1969	179,045
Frederick High	28	2017	270,618
Governor Thomas Johnson High	39.31	1966	312,533
Linganore High	50	2010	253,565
Middletown High	39	1974	189,641
Oakdale High	49.1	2008	241,061
Tuscarora High	46.49	2003	257,062
Urbana High	59.7	1995	249,609
Walkersville High	35	1976	181,416
<u>Middle Schools</u>			
Ballenger Creek Middle	25	1990	113,850
Brunswick Middle	29.7	1985	119,539
Crestwood Middle	23.08	2004	107,212
Governor Thomas Johnson Middle	25.31	2000	126,700
Middletown Middle	24	1953	114,974
Monocacy Middle	20.38	1981	114,445
New Market Middle	19.9	1974	114,936
Oakdale Middle	22.3	2002	129,858
Thurmont Middle	13	1950	135,260
Urbana Middle	26.18	2006	145,135
Walkersville Middle	28.68	1961	119,353
West Frederick Middle	12	1958	166,439
Windsor Knolls Middle	57	1993	116,644
<u>Elementary Schools</u>			
Ballenger Creek Elementary	19.29	1991	64,187
Blue Heron Elementary	15	2021	95,085
Brunswick Elementary	34.1	1952	60,205
Butterfly Ridge Elementary	12.12	2018	105,515
Carroll Manor Elementary	18.9	1965	77,593
Centerville Elementary	16	2005	87,175
Deer Crossing Elementary	22	1997	77,966
Emmitsburg Elementary	13.35	1974	45,080

(continued)

FREDERICK COUNTY PUBLIC SCHOOLS

Facilities Inventory As of June 30, 2023 (continued)

<u>Elementary Schools, continued</u>	<u>Acres</u>	<u>Year Constructed</u>	<u>Gross Square Feet</u>
Glade Elementary	13.35	1995	66,500
Green Valley Elementary	31.22	1971	51,888
Hillcrest Elementary	12.7	1988	62,305
Kemptown Elementary	39.46	1981	53,800
Lewistown Elementary	13	1961	50,898
Liberty Elementary	11.64	1927	40,720
Lincoln Elementary	11	2012	98,463
Middletown Elementary	8	1974	54,854
Middletown Primary	20.03	2006	70,288
Monocacy Elementary	12.55	1989	57,900
Myersville Elementary	12	1971	54,889
New Market Elementary	12.3	1933	88,983
New Midway Elementary	6.6	1930	21,894
North Frederick Elementary	15.01	2014	95,613
Oakdale Elementary	13.93	2001	89,566
Orchard Grove Elementary	15.68	1996	70,142
Parkway Elementary	5	1930	32,223
Spring Ridge Elementary	20	1991	66,276
Sugarloaf Elementary	12.9	2018	97,869
Thurmont Elementary	15.31	1955	64,250
Thurmont Primary	13.47	2001	66,334
Tuscarora Elementary	13.39	2004	86,938
Twin Ridge Elementary	17	1992	68,900
Urbana Elementary	19.87	2020	98,178
Valley Elementary	31.71	1967	59,989
Walkersville Elementary	15	1974	89,514
Waverley Elementary	18.17	2022	130,225
Whittier Elementary	10.13	1998	81,244
Wolfsville Elementary	14	1959	41,657
Woodsboro Elementary	5	1952	28,557
Yellow Springs Elementary	17	1957	52,600
 <u>Other Schools</u>			
Career & Technology Center	15.52	1977	86,681
Earth and Space Science Laboratory	2	2009	10,771
Heather Ridge School	10	1988	31,553
Lincoln "A" Building	3.15	1974	20,334
Rock Creek School	Same lot as Walkersville Middle	2021	79,474
Staff Development Center	5	1921	27,352
Sabillasville Environmental School	15	1964	27,000
Total	<u>1,505.33</u>		<u>7,091,277</u>

Source: Educational Facilities Master Plan, June 2023.

FREDERICK COUNTY PUBLIC SCHOOLS

Capital Assets by Function Last Ten Fiscal Years

	Fiscal Years									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Schools										
Buildings	63	63	63	63	63	64	64	65	66	66
Administration										
Buildings	5	5	5	5	5	3	4	4	4	4
Vehicles	8	7	7	7	7	9	10	10	11	9
Special Education										
Vehicles	100	98	104	106	107	110	115	115	113	112
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	149	142	148	148	153	148	149	149	149	150
Operations										
Vehicles	41	44	44	41	40	38	24 ¹	22	22	22
Student Transportation										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	329	325	324	319	321	315	340 ¹	349	349	353
Technology										
Vehicles	14	15	12	10	10	9	9	11	11	11
Other										
Buildings	1	1	1	1	1	2	2	2	2	2

¹ Vehicles were reclassified from the Operations Department to the Student Transportation in FY 2020.



COMPLIANCE SECTION





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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Frederick County, Maryland (the Board) a component of Frederick County Maryland as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Boards's basic financial statements, and have issued our report thereon dated September 28, 2023.

Report on Internal Controls over Financial Reporting

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

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

Our consideration of internal controls was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Owings Mills, Maryland
September 28, 2023

SB & Company, LLC



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