

CALVERT COUNTY PUBLIC SCHOOLS
Prince Frederick, Maryland

FINANCIAL STATEMENTS
June 30, 2017

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
FINANCIAL STATEMENTS	19
Government-wide Financial Statements:	
Statement of Net Position.....	20
Statement of Activities.....	21
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	25
Reconciliation of the Governmental Funds:	
Statement of Revenues, Expenditures and Changes in Fund Balances with the Statement of Activities	26
Statement of Fiduciary Net Position	27
Notes to Financial Statements	28
REQUIRED SUPPLEMENTARY INFORMATION	51
General Fund - Budgetary Basis Schedule of Revenues, Expenditures and Encumbrances:	
Budget and Actual - Unrestricted and Restricted	52
Budget and Actual - Unrestricted	53
Budget and Actual - Restricted	54
Reconciliation of Differences between Budgetary Inflows and Outflows and GAAP Basis Revenues and Expenditures – General Fund	55
Schedule of Proportionate Share of Net Pension Liability	56
Schedule of Contributions	57
Required Supplementary Information for Other Postemployment Benefit Plan	58
OTHER SUPPLEMENTARY INFORMATION	59
General Fund (Current Expense Fund) - Budgetary Basis – Detailed Schedule of Revenues, Expenditures, and Encumbrances - Budget and Actual	60
Schedule of Changes in Net Position School Activities Fund – Agency Fund.....	63

INDEPENDENT AUDITORS' REPORT

To the Board Of Education
of Calvert County
Calvert County Public Schools
Prince Frederick, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Calvert County Public Schools (CCPS), a component unit of Calvert County, Maryland, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise CCPS' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to CCPS' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CCPS' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CCPS as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other post-employment benefit schedules, and budgetary comparison information as listed in the table of contents, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2017, on our consideration of CCPS' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CCPS' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 27, 2017

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

This section of Calvert County Public Schools' (CCPS') annual financial report includes a discussion and analysis of the school district's financial performance during the fiscal year that ended on June 30, 2017. Please read it in conjunction with CCPS' financial statements, which immediately follow this section.

OVERVIEW

- With bank balances as of June 30, 2017 totaling \$19.8 million, Calvert County Public Schools is financially secure.
- County, State, and Federal funding are the major factors contributing to the financial status of CCPS.
- In accordance with Maryland State Department of Education requirements, CCPS' financial records are maintained on a budgetary basis. This basis is used for all budget to actual analysis.
- Outlays for new capital assets increased during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include two kinds of statements that present different views of the district:

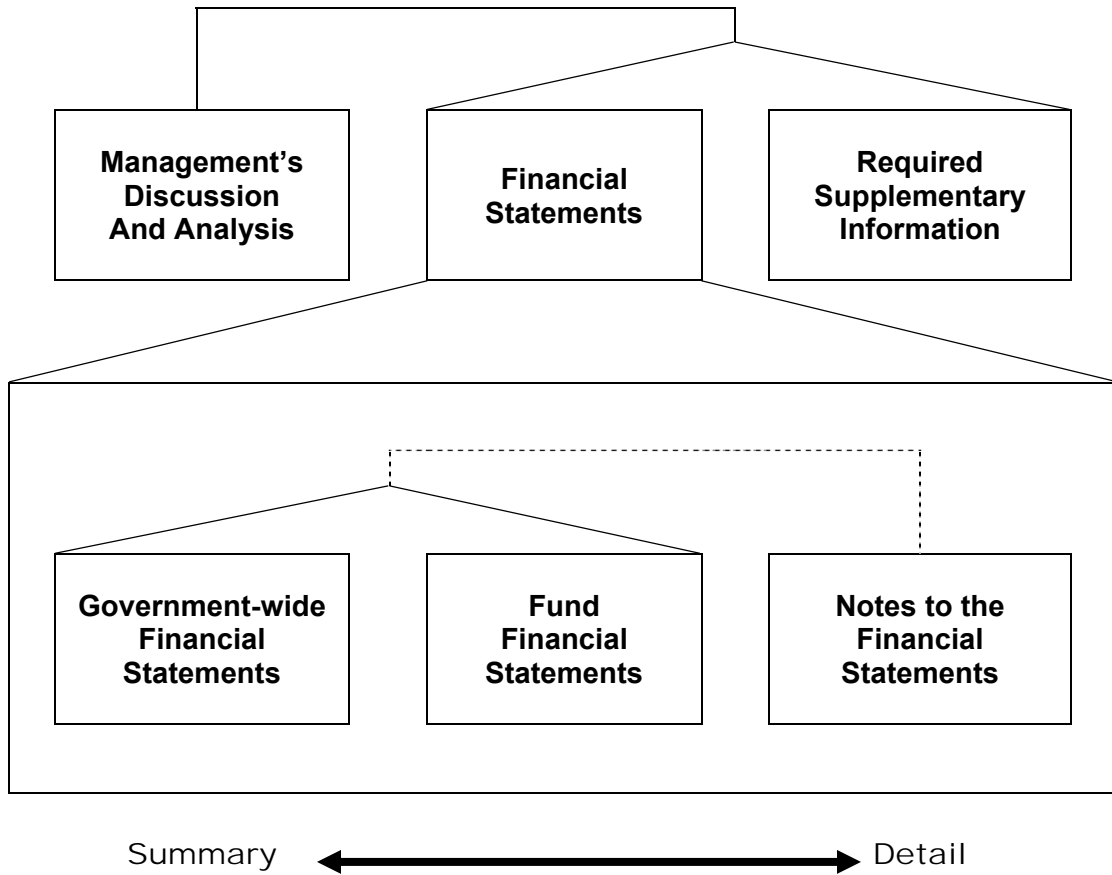
- The first two statements are CCPS government-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of CCPS, reporting its operation in more *detail* than its government-wide statements.
- 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.
- *Fiduciary funds statements* provide information about the financial relationships in which CCPS acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of CCPS budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Figure A-1

Organization of CCPS Annual Financial Report



**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Figure A-2 summarizes the major features of the district's financial statements, including the portion of CCPS activities covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2 Major Features of the CCPS Government-Wide and Fund Financial Statements			
	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the district administers resources on behalf of someone else, such as student activities and scholarship monies
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of flow information	All revenues earned and expenses incurred during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Government-wide Statements

The school system's *Government-wide Financial Statements* provide a broad view of the school system's operations in a manner similar to a private sector business enterprise. The statements provide both short-term and long-term information about the school system's financial position, which assists in assessing the school system's economic condition at year end. They are prepared using the economic resources focus and full accrual basis of accounting. These are methods similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if the cash has not been received. The Government-wide Financial Statements include two statements:

The *Statement of Net Position* presents all of the school system's assets, liabilities, and deferred inflows/outflows of resources with the difference between these components reported as "net position." The statement combines and consolidates all of the school system's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation) and liabilities, distinguishing

CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

between governmental and business-type activities. The end result is net position segregated into three components: net investment in capital assets, restricted, and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the school system is improving or deteriorating.

The *Statement of Activities* presents information showing how the school system's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as earned, but unused, vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the board. The majority of the school system's revenue is general revenue, grants and contributions from other governments.

In government-wide financial statements, CCPS' activities are divided into two categories:

Governmental activities: Most of CCPS' basic services are included here, such as regular and special education, transportation, and administration. County appropriations and State formula aid finance most of these activities.

Business-type activities: CCPS charges fees to help it cover the costs of certain services it provides. The district's Child Nutrition Program is included here.

Fund Financial Statements

The fund financial statements focus on major funds and on individual parts of the school system's operations. All of the funds of the school system can be divided into two categories: governmental funds and fiduciary funds, each of which use different accounting approaches and should be interpreted differently. The two categories are as follows:

Governmental Funds Financial Statements – Most of the basic services provided by the school system are accounted for in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on balances of spendable resources at the end of the fiscal year. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

The school system has three governmental funds:

The General Fund (Current Expenses Fund) includes most of the school system's basic functions and generally follows the requirements of the Maryland State Department of Education.

The Special Revenue Fund (Cafeteria Fund) captures the financial activities of the Child Nutrition Program operations.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

The Capital Projects Fund (School Construction Fund) tracks larger construction projects. This fund reports revenue and expenditures on a yearly basis. It should be noted that due to the long-term nature of most projects, the budgetary basis of this fund crosses fiscal years.

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. We describe the relationship (or differences) between governmental activities and business-type activities (reported in the Statement of Net Position and Statement of Activities), and governmental funds in reconciliations found on pages 23, 24 and 26.

Fiduciary Fund Financial Statements – The fiduciary funds are used to account for resources held for the benefit of parties outside the school system. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the school system's own programs. Accordingly, there is no analysis of the board's fiduciary funds included in this Management's Discussion and Analysis. The accounting used for fiduciary funds is the accrual basis of accounting.

The school system's fiduciary funds include an Agency Fund which reflects liabilities due to student groups that are earmarked for specific student groups at individual schools.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Net Position: CCPS combined net position for Governmental Activities and Business-type Activities (in millions of dollars) as of June 30, 2016 and 2017 is as follows:

	Governmental Activities		Business-type Activities		Total		Total %age Change FY 16 - 17
	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2016</u>	<u>FY 2017</u>	
Assets							
Cash and Cash Equivalents	\$ 21.0	\$ 23.7	\$ 1.9	\$ 2.0	\$ 22.9	\$ 25.7	12.2%
Accounts Receivable	13.6	16.3	0.1	-	13.7	16.3	19.0%
Inventories	-	-	-	-	-	-	0.0%
Other Assets	0.1	0.1	-	-	0.1	0.1	0.0%
Capital Assets less							
Accumulated Depreciation	219.6	231.0	0.1	0.2	219.7	231.2	5.2%
Total Assets	254.3	271.1	2.1	2.2	256.4	273.3	6.6%
Deferred Outflows of Resources	3.9	3.9	0.6	0.7	4.5	4.6	0.0%
Liabilities							
Other Liabilities	21.0	23.4	0.3	0.3	21.3	23.7	11.3%
Long-term Obligations	90.3	107.9	3.1	3.6	93.4	111.5	19.4%
Total Liabilities	111.3	131.3	3.4	3.9	114.7	135.2	17.9%
Deferred Inflows of Resources	1.1	0.6	0.2	0.2	1.3	0.8	0.0%
Net Position							
Net Investment in Capital Assets	219.6	231.0	0.1	0.2	219.7	231.2	5.2%
Restricted	-	-	-	-	-	-	0.0%
Unrestricted	(73.7)	(87.9)	(1.0)	(1.3)	(74.7)	(89.2)	-19.4%
Total Net Position	\$ 145.9	\$ 143.1	\$ (0.9)	\$ (1.1)	\$ 145.0	\$ 142.0	-2.1%

As was the case in the previous year, the decline in CCPS's financial position from FY 2016 to FY 2017 was primarily the result of an increase in the noncurrent liabilities associated with the net OPEB obligation.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Capital Assets: By the end of FY 2017, CCPS had invested \$354,166,444 and \$1,951,930 for governmental activities and business-type activities, respectively, in a broad range of capital assets, including school building construction, equipment, and paving. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation expense for the year was \$7,580,122 for Governmental Activities and \$38,592 for Business-type Activities. A summary of capital asset activity is as follows:

Governmental Activities

	Balance at June 30, 2016	Increases	Decreases/ Transfers	Balance at June 30, 2017	Percentage of Change
Land	\$ 3,849,196	\$ -	\$ -	\$ 3,849,196	0.0%
Land improvements	5,824,480	426,015	-	6,250,495	7.3%
Construction in progress	4,356,372	17,504,352	(380,204)	21,480,520	393.1%
Buildings and improvements	313,860,951	350,934	-	314,211,885	0.1%
Equipment	7,852,221	1,011,169	(489,042)	8,374,348	6.6%
Totals at historic cost	<u>\$ 335,743,220</u>	<u>\$ 19,292,470</u>	<u>\$ (869,246)</u>	<u>\$ 354,166,444</u>	<u>5.5%</u>

Business-type Activities

	Balance at June 30, 2016	Increases	Decreases/ Transfers	Balance at June 30, 2017	Percentage of Change
Equipment at historical cost	<u>\$ 1,915,001</u>	<u>\$ 44,879</u>	<u>\$ 7,950</u>	<u>\$ 1,951,930</u>	<u>1.9%</u>

Outlays for construction in progress increased in FY 2017 compared to the prior year because of the construction of the new Northern High School facility which will replace the current building.

Capital funds were used to pay costs associated with new construction and renovations/improvements to existing structures.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Statement of Activities: For the year ended June 30, 2017, below is a schedule of changes in net position from operating results (in millions of dollars) derived from the CCPS Statement of Activities.

	Governmental Activities		Business-type Activities		Total		Total %age Change FY 16 - 17
	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	
Program Revenues							
Charges for services	\$ 0.3	\$ 0.3	\$ 3.1	\$ 3.0	\$ 3.4	\$ 3.3	-2.9%
Operating grants/contributions	48.5	49.8	1.9	1.9	50.4	51.7	2.6%
Capital grants/contributions	1.8	17.2	-	-	1.8	17.2	855.6%
General Revenues							
Local appropriations	115.8	114.7	-	-	115.8	114.7	-0.9%
State aid	57.6	59.7	-	-	57.6	59.7	3.6%
Federal aid	1.2	1.3	-	-	1.2	1.3	8.3%
Interest/investment earnings	-	-	-	-	-	-	0.0%
Total revenues	<u>\$ 225.1</u>	<u>\$ 243.0</u>	<u>\$ 5.0</u>	<u>\$ 4.9</u>	<u>\$ 230.1</u>	<u>\$ 247.9</u>	7.7%
Expenses							
Instruction	\$ 166.5	\$ 168.9	\$ -	\$ -	\$ 166.5	\$ 168.9	1.4%
Administration	8.5	8.9	-	-	8.5	8.9	4.7%
Mid-level administration	16.6	16.8	-	-	16.6	16.8	1.2%
Pupil personnel services	2.0	2.0	-	-	2.0	2.0	0.0%
Health services	2.5	2.4	-	-	2.5	2.4	-4.0%
Pupil transportation	14.6	14.7	-	-	14.6	14.7	0.7%
Oper. of plant & equipment	25.3	25.8	-	-	25.3	25.8	2.0%
Maintenance of plant	4.6	4.6	-	-	4.6	4.6	0.0%
Community services	1.9	1.8	-	-	1.9	1.8	-5.3%
Food services	-	-	5.4	5.2	5.4	5.2	-3.7%
Total expenses	<u>\$ 242.5</u>	<u>\$ 245.9</u>	<u>\$ 5.4</u>	<u>\$ 5.2</u>	<u>\$ 247.9</u>	<u>\$ 251.1</u>	1.3%
Decrease in net position	<u>\$ (17.4)</u>	<u>\$ (2.9)</u>	<u>\$ (0.4)</u>	<u>\$ (0.3)</u>	<u>\$ (17.8)</u>	<u>\$ (3.2)</u>	82.0%

The Statement of Activities shows that the local appropriation for the FY 2017 operating budget was \$114,698,869 which represents a decrease of \$1,101,199 from FY 2016. Total revenues from governmental activities for FY 2017 were \$243,059,553 which represents an increase of \$17,954,260 from FY 2016. FY 2017 expenditures for governmental activities were \$245,827,795 which represents an increase of \$3,333,365 from FY 2016. The net position for governmental activities decreased \$2,768,238 in FY 2017.

Revenues from business-type activities in FY 2017 were \$4,917,789 which represents a decrease of \$128,537 from FY 2016. Expenditures from business-type activities in FY 2017 were \$5,243,687 which represents a decrease of \$159,224 from FY 2016. The net position for business-type activities decreased \$325,898 in FY 2017.

CCPS's total net position decreased by \$3,094,136 in FY 2017.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Factors influencing the change in the CCPS budget are as follows:

- Providing salaries necessary to retain and recruit highly qualified staff to serve the student population.
- Providing services to meet special education mandates and individual needs. Providing services to allow for an increase in achievement for students.
- Providing a quality health insurance plan that is affordable to the staff.
- For FY 2017, the Board of County Commissioners provided funding equal to Maintenance of Effort plus a local contribution towards the teachers' pension as required by State Law.
- The FY 2017 operating budget was constructed with a planned use of prior year fund balance in the amount of \$3,008,818. CCPS ended the year with an excess of revenues over expenditures in the amount of \$2,663,180. Therefore, we did not use any prior year fund balance in FY 2017.

FINANCIAL ANALYSIS OF FUNDS

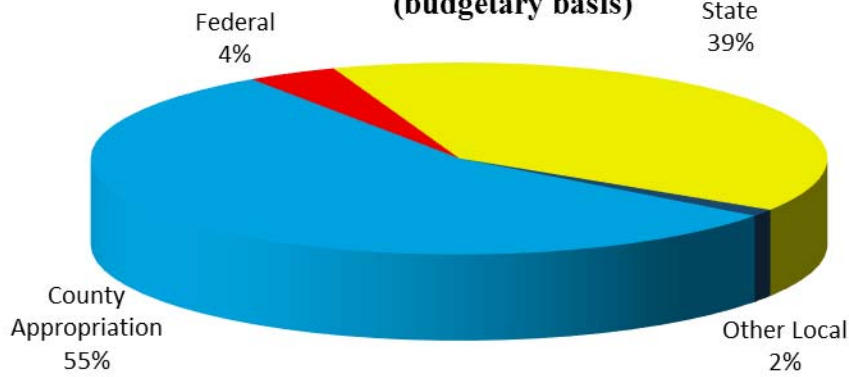
Historically, the Board of County Commissioners has provided for increased annual appropriations to CCPS's Operating Budget. A significant portion of the state funding allocated to CCPS is subject to the State Aid equalization formula. This formula attempts to overcome individual school district funding disparities. Based on each district's assessable wealth per student, this formula provides for the allocation of fewer dollars to higher wealth districts and more dollars to lower wealth districts. For FY 2017, the local appropriation provided by the Board of County Commissioners was \$114,693,838, which is a component of the local sources of funding recognized within the Current Expense Fund. Of the total funding provided by the Board of County Commissioners for FY 2017, \$4,951,040 was required to pay the local government's contribution to the teachers' pension plan as mandated by state law.

Below is a summary (on budgetary basis) of Current Expense Fund increases:

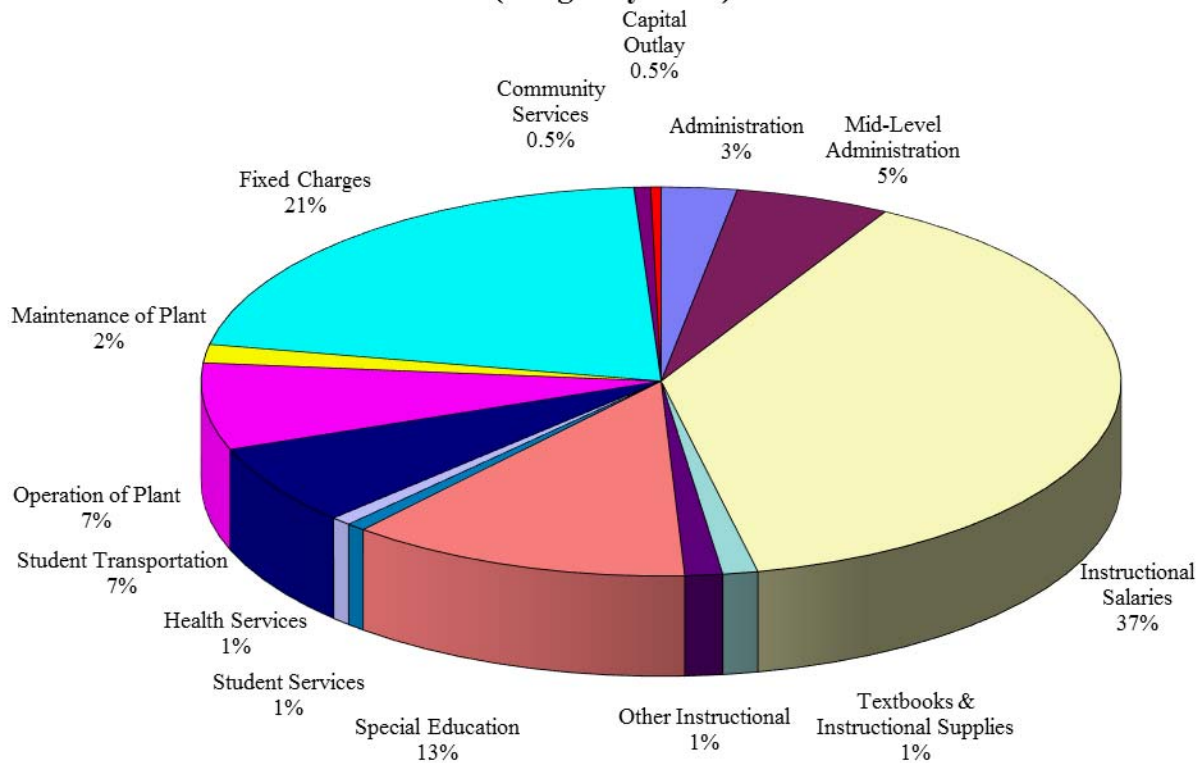
<u>Fund</u>	<u>FY 2016 Revenues</u>	<u>FY 2017 Revenues</u>	<u>Increase from FY 2016</u>	
			<u>Amount</u>	<u>Percent</u>
Unrestricted	\$ 197,036,963	\$ 199,381,319	\$ 2,344,356	1.2%
Restricted	<u>11,287,218</u>	<u>11,509,405</u>	<u>222,187</u>	2.0%
Total	<u><u>\$ 208,324,181</u></u>	<u><u>\$ 210,890,724</u></u>	<u><u>\$ 2,566,543</u></u>	1.2%

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

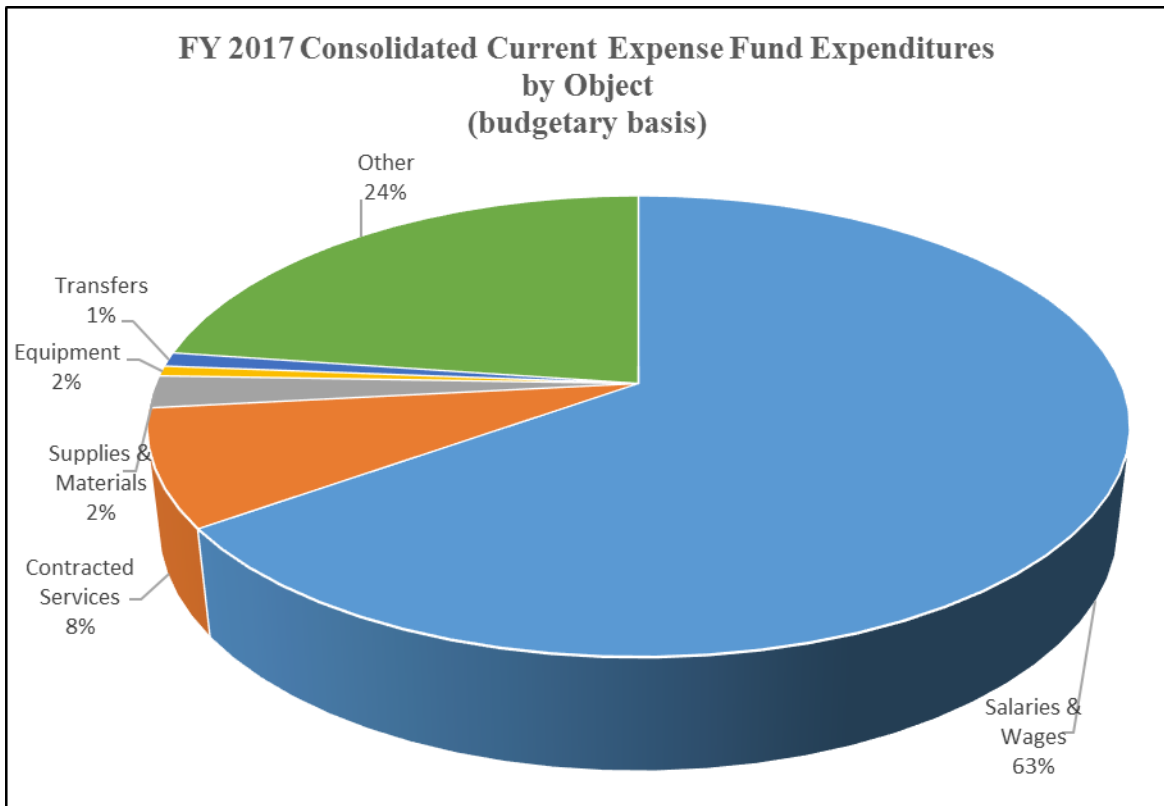
**FY 2017 Consolidated Current Expense Fund Revenues by Source
(budgetary basis)**



**FY2017 Consolidated Current Expense Fund Expenditures by Category
(budgetary basis)**



**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**



Approximately 55% of the financing for the CCPS' FY 2017 operating budget came from the County Government, 39% came from the State of Maryland, and the remainder was from other sources such as the Federal Government, tuition, fees, and income from the investment of cash.

The General Fund is intended to finance instructional programs and the daily operations which support those programs. The education of students is a labor-intensive enterprise that is reflected in personnel costs. In FY 2017, salaries consumed 63% of the total expenditures in the General Fund and continues to account for the largest part of the operating budget.

The second largest object classification within the General Fund is "other" which includes costs associated with fixed charges and utilities. In FY 2017, these expenditures comprised 24% of the total General Fund operating budget.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

Employees of CCPS have the option to select one of three (traditional, preferred provider network, or health maintenance organization - HMO) health insurance plans. Employee co-pays, deductibles, and health insurance benefits are negotiated. For FY 2017, employees paid 10% of the Individual Plan premium cost, 20% of the Family/Two-Employee Plan premium cost, and 28% of the Self/Child, Self/Spouse, and Family Plan premium cost. CCPS pays 100% of the remaining plan cost.

CCPS health insurance plans have modified retrospective funding arrangements with annual settlements. With these arrangements, premiums paid in excess of claim expenses are refunded to CCPS. Additionally, claim expenses in excess of paid premiums are subject to a 5% annual premium call. Annual settlements resulting in either refunds or premium calls may cause significant fluctuation in the annual general expense fund budget. In order to alleviate these fluctuations, CCPS established a committed fund balance for health insurance. As of June 30, 2017, the balance in the committed fund balance for health insurance was \$4,068,074. This fund balance has sufficient funds to meet the target of two years of annual premium calls. In FY 2017, CCPS received a refund in the amount of \$1,908,952 upon settlement of the FY 2016 plan year.

The Child Nutrition Program revenues continue to be stable. The fund balance increased \$24,593 in FY 2017. As of June 30, 2017, the Child Nutrition Program reported a total net fund balance in the amount of \$1,776,477.

During FY 2017, State and County funds were appropriated for architectural services for Northern High School and systemic renovations for several other schools. The capital fund revenues in FY 2017 were \$17,181,264 and \$1,781,357 in FY 2016.

In accordance with the Annotated Code of Maryland, annual school budgets must be submitted to their respective governing bodies – county commissioners, county council, and county executive, or for Baltimore City, the Mayor and City Council of Baltimore City. Each governing body will establish annual appropriations and will set spending limits by category. Accordingly, all school districts including CCPS are financially dependent, thus lacking taxing ability and the authority to borrow funds.

FACTORS BEARING ON THE FUTURE OF CCPS

At the time these financial statements were prepared and audited, CCPS was aware of several existing circumstances that could significantly affect its future financial status:

The CCPS unrestricted budget increased by \$2,821,603 for FY 2018 as a result of increased funding from the County Government. At the end of FY 2017, the Board of Education and the Board of County Commissioners agreed to a four-year funding formula which became effective on July 1, 2017. Among the provisions of the agreement is a stipulation that the local appropriation will not be decreased if student enrollment declines. The amount of the cost sharing of the teachers' pension plan that was passed to the county was \$4,994,291 in FY 2018. This cost decreased by \$331,712 over the original FY 2017 cost calculation. Our projections indicate that annual operating costs will continue to increase due to factors such as salary provisions in the negotiated agreements, the teacher pension cost-sharing, unfunded Federal and State mandates and continuing increases in employee costs and operating overhead.

CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

- FY 2017 was the first year of a four-year labor agreement with teachers and support staff. These employees received one step increase in FY 2017 and will receive one step increase in FY 2018. Additionally, employees who have been employed with CCPS since FY 2015 will receive one restoration step in FY 2018.
- Group health insurance rates continue to increase. The prior usage experience of CCPS is a determining factor used in negotiations with the health insurance provider. In an effort to ensure that the health insurance plan remains affordable and sustainable by curtailing significant increases in health insurance costs, CCPS issued a Request for Proposal (RFP) for its health insurance plan during FY 2015. As a result, we experienced minimal increases in insurance rates of 2.6% for FY 2016, 1.75% in FY 2017, and 1.1% in FY 2018. CCPS plans to issue a new RFP for its health insurance plan in FY 2018.
- CCPS implemented Governmental Accounting Standards Board Statement #45 in FY 2008. This Statement generally requires that state and local governmental employers account for and report the annual cost of other post-employment benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as pension obligations. Annual OPEB cost for most employers are based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

The following OPEB recent payments have been made on behalf of CCPS – FY 2016 \$936,000 and FY 2017 \$0. The net cumulative OPEB obligation for CCPS has been fully reflected within these statements in the amount of \$92,213,239.

- CCPS implemented Governmental Accounting Standards Board Statement #68 in FY 2015. This Statement requires that an employer who participates in a cost-sharing pension plan recognize a liability for its proportionate share of the net pension liability. The employer is also required to recognize pension expense and report deferred outflows and deferred inflows of resources related to its proportionate share of the collective pension expense.
- The most recent financial data and analysis provided by the Maryland State Department of Education (MSDE) was published in The Fact Book for FY 2015. This data showed the “Cost per Pupil Belonging to Calvert County” in FY 2014 was \$13,429 which ranked Calvert 10th among 24 school districts in the State. The Fact Book for FY 2014 showed the “Cost per Pupil Belonging to Calvert County” in FY 2013 was \$13,074 which ranked Calvert 11th among the 24 school districts in the State. CCPS operates a cost efficient system whose student achievement indicators such as advance placement enrollment and test results, state assessment results, and SAT results place CCPS in the top echelons of schools in Maryland.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

- The annual crafting of the budget takes into consideration the population of student enrollment. CCPS has experienced a continual decline in the pupil growth rate over the past decade. Since FY 2009, our pupil growth rate (which directly impacts revenues received from State & County Governments) has declined as follows:

<u>Fiscal Year</u>	<u>Pupil Growth Rate</u>
2009	-1.72%
2010	-0.22%
2011	-1.51%
2012	-1.47%
2013	-1.55%
2014	-0.39%
2015	-1.46%
2016	-0.20%
2017	-0.36%

The 0.36% decrease in student enrollment in FY 2017 is equivalent to 57 full-time students.

- In December 2015, President Obama signed the Every Student Succeeds Act (ESSA) which supersedes the federal No Child Left Behind (NCLB) Act of 2002. The provisions of ESSA are designed to:
 - Promote equity through protections for disadvantaged and high-need students;
 - Require all U.S. students be taught to high academic standards which will achieve college and career readiness;
 - Ensure educators, families, students, and communities are provided important information through statewide assessments that measure student progress toward reaching high standards on an annual basis;
 - Increase access to high quality preschool;
 - Maintain the expectation of accountability and positive changes in the lowest-performing schools.
- The Maryland Bridge to Excellence in the Public Schools Act, the federal Every Student Succeeds Act, and Maryland's Elementary and Secondary Education Act (ESEA) Flexibility Request provide the framework for the school system's Master Plan.

The Comprehensive Master Plan describes goals, objectives, and strategies that will be used to improve student achievement and meet State performance standards and local performance standards in each segment of the student population. This includes reform measures at each level: elementary, middle, and high schools. It obligates the system to approved strategies and outcomes.

CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

This plan is updated annually and is submitted to the Maryland State Department of Education in October of each year. A critical component of the Master Plan is documenting how restricted and unrestricted funds are allocated to improve student achievement, close achievement gaps, and ensure student progress.

- CCPS has implemented the Common Core State Standards adopted by the State of Maryland.
- CCPS continues to integrate technology and Universal Design for Learning (UDL) into instruction and the curriculum.
- CCPS is using teacher and principal evaluation systems that use student growth as one component of the evaluation.
- Future Ready is an initiative undertaken by CCPS to expand and improve the use of technology in the schools. It involves improving the infrastructure and component structure of technology in our school system. This initiative includes the following:
 - Increasing the bandwidth from 2G to 10G
 - One-to-One computers for students (at all levels)
 - Updating the Learning Management System (LMS) used by CCPS
 - Utilizing digital curriculum
- In FY 2016, CCPS adopted Policy Statement #1015 regarding equity in our school system. The purpose of the policy is to ensure the following:
 - All policies, procedures and practices are equitable;
 - The recruitment, hiring, support and retention of culturally, racially, and linguistically diverse administrative, instructional and support personnel;
 - All students receive an education that maximizes their potential to achieve college and career readiness regardless of their race, culture, gender, orientation, or economic status;
 - Achievement for all students is raised by closing achievement and opportunity gaps amount student subgroups.
- In FY 2017, CCPS developed a strategic plan that was approved by the Board of Education in September 2017. The plan has five priorities and is intended to guide the academic and operational direction of the school system for the next five years. The five priorities are outlined below.
 - Equity – Not all students enter the educational system with the same resources, abilities, and opportunities due to societal, cultural, environmental, and demographic inequities. CCPS will take a proactive and strategic approach in addressing inequities in resources, services, and opportunities to ensure that all students develop the necessary knowledge, skills and understanding for life after high school. CCPS will provide equitable learning opportunities for all students; promote a culturally responsive workforce; and promote equitable allocation of resources that is transparent and clearly communicated.
 - Student Outcomes – CCPS is committed to producing graduates who are responsible 21st century citizens. CCPS will provide students with equitable access to academically challenging and enriching learning experiences through innovative and differentiated

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

teaching approaches that drive student growth and performance. CCPS is also committed to eliminating all achievement gaps.

- Climate & Culture – There is an increasing amount of stress on the lives of children and their families. Schools nationwide are also experiencing growth in more severe behavioral challenges as well. While the causes are unclear, the impact on teachers, schools, and students is seen every day. CCPS will integrate students' social-emotional and behavioral learning into daily instruction; provide an environment that is nurturing, respectful, and safe for all; and build and nurture the wellness and morale amongst staff.
- Workforce – CCPS will ensure that all students are supported by a high-quality workforce committed to and driven by the belief that all students can succeed. CCPS values the diversity of its students and is continually striving to reflect the diversity of the student population in its workforce. CCPS will enhance the diversity of its workforce; retain high-quality staff; and provide staff with personalized and differentiated professional learning that enables them to grow while increasing student success.
- Community Engagement – Family and community involvement in education are key factors in meeting and addressing the rising and complex social, emotional, and behavioral needs of our students. Families and community members must be equal partners in helping to address these issues as well as supporting the education of our students. CCPS will ensure that all staff, families, and community businesses and organizations are actively engaged with the district as advocates, allies, and partners to increase equity, access, and results for all students.

CCPS will utilize specific measures to monitor progress towards achieving the five priorities.

HOW WE PLAN TO MEET THE LEARNING NEEDS OF OUR STUDENTS

Although the school system has experienced success in all goal areas, many challenges remain. To address these challenges, the school system will continue to focus on its mission to *produce graduates who are responsible citizens who are prepared for college and careers*. Accomplishing this mission will require us to continue to focus on effective, purposeful instruction that increases rigor and high levels of learning for all students.

**CALVERT COUNTY PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017**

CONTACT CALVERT COUNTY PUBLIC SCHOOLS MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, stakeholders and creditors with a general overview of CCPS' finances and to demonstrate CCPS' accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Edith Hutchins
Director of Finance
Calvert County Public Schools
1305 Dares Beach Road
Prince Frederick, Maryland 20678

You are also invited to visit our web site at www.calvertnet.k12.md.us.

FINANCIAL STATEMENTS

CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF NET POSITION
June 30, 2017

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>Assets</u>			
<u>Current Assets</u>			
Cash and cash equivalents	\$ 23,724,944	\$ 2,039,563	\$ 25,764,507
Due from Other Units of Government			
State of Maryland	2,265,765	41,494	2,307,259
Calvert County	13,415,259	-	13,415,259
Other	625,018	-	625,018
Total due from other units of government	16,306,042	41,494	16,347,536
Due from student activity funds	67,137	-	67,137
Inventories	27,327	33,526	60,853
Total current assets	<u>40,125,450</u>	<u>2,114,583</u>	<u>42,240,033</u>
<u>Noncurrent Assets</u>			
Capital assets not being depreciated	25,329,716	-	25,329,716
Capital assets being depreciated	328,836,728	1,951,930	330,788,658
Less: Accumulated depreciation	123,215,168	1,797,819	125,012,987
Total noncurrent assets, net	<u>230,951,276</u>	<u>154,111</u>	<u>231,105,387</u>
Total Assets	<u>271,076,726</u>	<u>2,268,694</u>	<u>273,345,420</u>
<u>Deferred Outflows of Resources</u>			
Pension (Note 4)	3,946,467	665,200	4,611,667
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Salaries, wages and payroll deductions	13,438,037	184,450	13,622,487
Accounts payable and other current liabilities	4,190,916	35,360	4,226,276
Unearned revenue	5,620,374	118,296	5,738,670
Current portion of compensated absences	125,811	-	125,811
Total current liabilities	<u>23,375,138</u>	<u>338,106</u>	<u>23,713,244</u>
<u>Noncurrent Liabilities</u>			
Noncurrent portion of compensated absences	3,436,270	50,252	3,486,522
Net pension liability	13,750,366	2,037,884	15,788,250
Net OPEB obligation	90,739,714	1,473,525	92,213,239
Total noncurrent liabilities	<u>107,926,350</u>	<u>3,561,661</u>	<u>111,488,011</u>
Total Liabilities	<u>131,301,488</u>	<u>3,899,767</u>	<u>135,201,255</u>
<u>Deferred Inflows of Resources</u>			
Pension (Note 4)	581,104	163,657	744,761
<u>Net Position</u>			
Net investment in capital assets	230,951,276	154,111	231,105,387
Restricted grants	41,068	-	41,068
Unrestricted	(87,851,743)	(1,283,641)	(89,135,384)
Total Net Position	<u>\$ 143,140,601</u>	<u>\$ (1,129,530)</u>	<u>\$ 142,011,071</u>

The accompanying notes are an integral part of the financial statements.

CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2017

Functions/Programs	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for	Operating	Capital	Governmental	Business-Type	Total
		Services	Grants and Contributions	Grants and Contributions			
<u>Governmental Activities</u>							
<u>Instruction</u>							
Regular education	\$ 129,757,791	\$ 302,656	\$ 26,169,470	\$ 17,181,264	\$ (86,104,401)	\$ -	\$ (86,104,401)
Special education	39,147,145	-	12,027,934	-	(27,119,211)	-	(27,119,211)
Total instruction	168,904,936	302,656	38,197,404	17,181,264	(113,223,612)	-	(113,223,612)
<u>Support Services</u>							
Administration	8,889,587	-	631,925	-	(8,257,662)	-	(8,257,662)
Mid-level administration	16,831,330	-	1,313,155	-	(15,518,175)	-	(15,518,175)
Pupil personnel services	1,993,586	-	136,459	-	(1,857,127)	-	(1,857,127)
Health services	2,395,014	-	331,625	-	(2,063,389)	-	(2,063,389)
Pupil transportation	14,674,096	-	5,937,933	-	(8,736,163)	-	(8,736,163)
Operation of plant and equipment	25,756,070	-	2,467,038	-	(23,289,032)	-	(23,289,032)
Maintenance of plant	4,561,660	-	252,762	-	(4,308,898)	-	(4,308,898)
Community services	1,821,516	-	570,284	-	(1,251,232)	-	(1,251,232)
Total support services	76,922,859	-	11,641,181	-	(65,281,678)	-	(65,281,678)
Total governmental activities	245,827,795	302,656	49,838,585	17,181,264	(178,505,290)	-	(178,505,290)
<u>Business-type Activities</u>							
Food services	5,243,687	3,044,919	1,865,942	-	-	(332,826)	(332,826)
Total business-type activities	5,243,687	3,044,919	1,865,942	-	-	(332,826)	(332,826)
Total school system	\$ 251,071,482	\$ 3,347,575	\$ 51,704,527	\$ 17,181,264	(178,505,290)	(332,826)	(178,838,116)
<u>General Revenues</u>							
Local appropriations					114,698,869	-	114,698,869
State aid					59,692,628	-	59,692,628
Federal aid					1,294,066	-	1,294,066
Interest and investment earnings					51,489	6,928	58,417
Total general revenues					175,737,052	6,928	175,743,980
Change in net position					(2,768,238)	(325,898)	(3,094,136)
Net position - beginning of year					145,908,839	(803,632)	145,105,207
Net position - end of year					\$ 143,140,601	\$ (1,129,530)	\$ 142,011,071

The accompanying notes are an integral part of the financial statements.

**CALVERT COUNTY PUBLIC SCHOOLS
BALANCE SHEET – GOVERNMENTAL FUNDS
June 30, 2017**

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 23,635,959	\$ 2,039,563	\$ 88,985	\$ 25,764,507
Due from other units of government				
State of Maryland	2,265,765	41,494	-	2,307,259
Calvert County	10,824,649	-	2,590,610	13,415,259
Other	625,018	-	-	625,018
Total due from other units of government	<u>13,715,432</u>	<u>41,494</u>	<u>2,590,610</u>	<u>16,347,536</u>
Due from student activity funds	67,137	-	-	67,137
Inventories	<u>27,327</u>	<u>33,526</u>	<u>-</u>	<u>60,853</u>
TOTAL ASSETS	<u>\$ 37,445,855</u>	<u>\$ 2,114,583</u>	<u>\$ 2,679,595</u>	<u>\$ 42,240,033</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries, wages and payroll deductions	\$ 13,438,037	\$ 184,450	\$ -	\$ 13,622,487
Accounts payable and other current liabilities	1,600,306	35,360	2,590,610	4,226,276
Unearned revenue	<u>5,620,374</u>	<u>118,296</u>	<u>-</u>	<u>5,738,670</u>
Total liabilities	<u>20,658,717</u>	<u>338,106</u>	<u>2,590,610</u>	<u>23,587,433</u>
FUND BALANCES				
Nonspendable	27,327	33,526	-	60,853
Restricted	41,068	-	-	41,068
Committed	9,136,754	-	-	9,136,754
Assigned	1,414,068	1,742,951	88,985	3,246,004
Unassigned	<u>6,167,921</u>	<u>-</u>	<u>-</u>	<u>6,167,921</u>
Total fund balances	<u>16,787,138</u>	<u>1,776,477</u>	<u>88,985</u>	<u>18,652,600</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 37,445,855</u>	<u>\$ 2,114,583</u>	<u>\$ 2,679,595</u>	<u>\$ 42,240,033</u>

The accompanying notes are an integral part of the financial statements.

**CALVERT COUNTY PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
June 30, 2017**

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

Total fund balance - governmental funds		\$ 18,652,600
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Cost of capital assets	\$ 354,166,444	
Accumulated depreciation	<u>(123,215,168)</u>	
		230,951,276
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Long-term liabilities at year end consist of:		
Net OPEB Obligation	(90,739,714)	
Compensated absences	<u>(3,562,081)</u>	
		(94,301,795)
The Cafeteria Fund is reported as a governmental fund in the fund financial statements and as a business-type activity in the Statement of Net Position. Therefore, the total fund balance of the Cafeteria Fund is removed as follows:		
Total fund balance of Cafeteria Fund		(1,776,477)
Net pension obligations are not due and payable in the current period and therefore are not reported in the governmental funds.		
		(13,750,366)
Deferred outflows of resources related to pensions include \$3,531,211 deferred outflows of resources pension expense and \$1,034,305 deferred outflow of 2017 employer contributions related to pensions.		
		3,946,467
Deferred inflows of resources related to the difference between projected and actual investment earnings on pension investments.		
		<u>(581,104)</u>
Total net position - governmental activities		\$ <u>143,140,601</u>

The accompanying notes are an integral part of the financial statements.

CALVERT COUNTY PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE STATEMENT OF NET POSITION
June 30, 2017
(Continued)

Amounts reported for business-type activities in the Statement of Net Position are different because:

Total net position - proprietary funds		\$ -
<p>The Cafeteria Fund is reported as a governmental fund in the fund financial statements and as a business-type activity in the Statement of Net Position. Therefore, the total fund balance of the Cafeteria Fund is added as follows:</p>		
Total fund balance of Cafeteria Fund		1,776,477
<p>Capital assets used in business-type activities are not financial resources and therefore are not reported as assets in the Cafeteria Fund:</p>		
Cost of capital assets	\$ 1,951,930	
Accumulated depreciation	<u>(1,797,819)</u>	
		154,111
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.</p>		
<p>Long-term liabilities at year end consist of:</p>		
Net OPEB Obligation		(1,473,525)
Compensated absences		(50,252)
<p>Net pension obligations are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
		(2,037,884)
<p>Deferred outflows of resources related to pensions include \$524,158 deferred outflows of resources pension expense and \$141,042 deferred outflow of 2017 employer contributions related to pensions.</p>		
		665,200
<p>Deferred inflows of resources related to the difference between projected and actual investment earnings on pension investments.</p>		
		<u>(163,657)</u>
Total net position - business-type activities		<u>\$ (1,129,530)</u>

The accompanying notes are an integral part of the financial statements.

CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2017

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
REVENUES				
From local sources	\$ 118,988,786	\$ -	\$ 7,116,946	\$ 126,105,732
From state sources	97,723,928	32,255	10,063,940	107,820,123
From United States Government sources	591,158	1,563,831	-	2,154,989
From other sources:				
Students	-	988,699	-	988,699
Federal funds received through State	5,999,535	-	-	5,999,535
Federal funds received through other counties	2,574,882	-	-	2,574,882
Donated commodities	-	269,856	-	269,856
Other	-	2,063,148	378	2,063,526
Total revenues	<u>225,878,289</u>	<u>4,917,789</u>	<u>17,181,264</u>	<u>247,977,342</u>
EXPENDITURES				
Current:				
Administration	6,183,698	-	-	6,183,698
Mid-level administration	10,805,667	-	-	10,805,667
Instructional salaries	77,640,994	-	-	77,640,994
Textbooks and instructional supplies	2,690,506	-	-	2,690,506
Other instructional costs	2,989,321	-	-	2,989,321
Special education	26,154,025	-	-	26,154,025
Pupil personnel services	1,409,482	-	-	1,409,482
Health services	1,505,969	-	-	1,505,969
Pupil transportation	13,919,200	-	-	13,919,200
Operation of plant and equipment	14,913,953	-	-	14,913,953
Maintenance of plant	3,164,660	-	-	3,164,660
Fixed charges	59,428,999	-	-	59,428,999
Community services	1,170,838	-	-	1,170,838
Food services:				
Cafeteria salaries and wages	-	2,020,947	-	2,020,947
Contracted services	-	75,289	-	75,289
Food and supplies	-	1,869,148	-	1,869,148
Capital outlay	<u>1,091,550</u>	<u>927,812</u>	<u>17,180,886</u>	<u>19,200,248</u>
Total expenditures	<u>223,068,862</u>	<u>4,893,196</u>	<u>17,180,886</u>	<u>245,142,944</u>
Excess of revenues over expenditures	<u>2,809,427</u>	<u>24,593</u>	<u>378</u>	<u>2,834,398</u>
NET CHANGE IN FUND BALANCES	2,809,427	24,593	378	2,834,398
FUND BALANCE, BEGINNING OF YEAR	<u>13,977,711</u>	<u>1,751,884</u>	<u>88,607</u>	<u>15,818,202</u>
FUND BALANCE, END OF YEAR	<u>\$ 16,787,138</u>	<u>\$ 1,776,477</u>	<u>\$ 88,985</u>	<u>\$ 18,652,600</u>

The accompanying notes are an integral part of the financial statements.

CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

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

Total net change in fund balances - governmental funds	\$	2,834,398
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation expense in the period.</p>		
Capital outlays	\$	18,912,266
Depreciation expense		<u>(7,580,122)</u>
		11,332,144
<p>Upon disposal, the difference between the cost basis of capital assets and the accumulated depreciation is recorded as a loss in the Statement of Activities. For Governmental funds, all capital assets are initially recorded as expenditures and therefore, no loss is recognized upon disposal. This year, the cost basis of the disposed capital assets equaled the accumulated depreciation.</p>		
Cost basis of the disposed capital assets		489,042
Accumulated depreciation		<u>(485,095)</u>
		(3,947)
<p>OPEB costs reported in the Statement of Activities do not require the use of current financial resources and, are not reported as expenditures in governmental funds.</p>		
		(16,027,330)
<p>In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts earned exceeded vacation and sick leave used.</p>		
		(98,958)
<p>In the statement of activities, the Cafeteria Fund is classified as a business-type activity. However, for fund financial statement reporting, the Cafeteria Fund is classified as a special revenue fund (governmental fund). The net change in the governmental fund balance for the Cafeteria Fund is removed.</p>		
		(24,593)
<p>Governmental funds report Board pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.</p>		
		<u>(779,952)</u>
Change in net position of governmental activities	\$	<u>(2,768,238)</u>

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

Total net change in the Cafeteria Fund balance	\$	24,593
<p>Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which depreciation expense exceed capital outlay in the period.</p>		
Capital outlays	\$	44,879
Depreciation expense		<u>(38,592)</u>
		6,287
<p>OPEB costs reported in the Statement of Activities do not require the use of current financial resources and, are not reported as expenditures in governmental funds.</p>		
		(249,670)
<p>In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts used exceeded vacation and sick leave earned.</p>		
		(6,004)
<p>Governmental funds report Board pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension expense.</p>		
		<u>(101,104)</u>
Change in net position of business-type activities	\$	<u>(325,898)</u>

The accompanying notes are an integral part of the financial statements.

**CALVERT COUNTY PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017**

	<u>Agency Fund (School Activities Fund)</u>
<u>Assets</u>	
Cash and short-term investments	\$ <u>1,919,766</u>
	<u>\$ 1,919,766</u>
<u>Liabilities</u>	
Due to student groups	\$ 1,852,629
Due to General Fund	<u>67,137</u>
Total Liabilities	<u>\$ 1,919,766</u>

The accompanying notes are an integral part of the financial statements.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Education of Calvert County (the Board) is a body politic and corporate established by the Public School Laws of Maryland. It is composed of five elected voting members, and one student member. The student member serves for one year and has no voting privileges. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all youth in Calvert County (the County).

The voting members are elected on a non-partisan basis. One member is elected from each of the three election districts for four-year terms and two members are elected at large for four-year terms to provide for staggered service rotation.

Reporting Entity

For financial reporting purposes the Board of Education of Calvert County (sometimes referred to herein as “Calvert County Public Schools” or “the Board”) has been defined as a component unit of Calvert County, Maryland. This conclusion was reached based on the following criteria: (1) the County is responsible for approving the Board’s budget and establishing spending limitations; (2) the County Commissioners are responsible for levying taxes and collecting and distributing the funds to the Board; and (3) the Board cannot borrow funds, but the County can and does issue bonds to finance school system operations. Therefore, the financial statements of the Board are included in the County’s financial statements. The Board does not have any component units, as it does not have any entities that it is considered to be financially accountable for in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 and as amended by GASB Statement No. 39 and GASB Statement No. 61. As a separate financial reporting entity, the Board includes its operating departments and the school activities fund in its financial statements.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the Calvert County Public Schools as a whole. For the most part, the effect of interfund activity has been removed from these statements. The activities of the General Fund (Current Expense Fund) and Capital Projects Fund (School Construction Fund) have been presented as governmental activities in the government-wide financial statements. The activities of the Special Revenue Fund (Cafeteria Fund) have been presented as business-type activities in those statements because a majority of that fund’s revenues comes from charges for services.

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 are 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. Local appropriations, state and federal aid and other items which are not classified as program revenues are presented as general revenues of the Board.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. All individual governmental funds are considered to be major funds and are reported as separate columns in the fund financial statements. The Board has no proprietary funds.

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. 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 revenues as soon as all 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 as soon as 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, the Board 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. However, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available resources.

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 period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. However, agency funds do use the accrual basis of accounting.

The Board reports the following funds in the fund financial statements:

Governmental Funds

General Fund (Current Expense Fund) – The General Fund is used to account for all financial resources of the Board except those required to be accounted for in another fund.

Special Revenue Fund (Cafeteria Fund) – The Special Revenue Fund is used to account for the financial resources of the child nutrition program. A substantial portion of its revenues is derived from various governmental agencies and students. The child nutrition program is not intended to be self-sustaining

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Funds (continued)

from food sales. However, the fund is presented as a business-type activity in the government-wide financial statements because a majority of its revenues comes from charges for services.

Capital Projects Fund (School Construction Fund) – The Capital Projects Fund is used to account for all financial resources relating to the construction of additional schools, as well as alterations and additions to existing schools.

Fiduciary Funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school funds account for the funds of other persons or organizations which are the direct responsibility of the principals of the respective schools.

Specific Accounting Policies

The accounting policies of Calvert County Public Schools conform to generally accepted accounting principles (GAAP) as related to governmental entities. All governmental and business-type activities of the School System follow GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance, contained in pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA)*, which incorporates into GASB authoritative literature certain accounting and financial reporting guidance previously included in FASB, AICPA and Accounting Principles Board Opinions (APB), guidance issued before November 30, 1989.

Additional information about the Board’s accounting policies follows:

Cash and Cash Equivalents – The Board maintains pooled and various separate cash accounts for its funds. The Board considers any instrument with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets – Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the governmental activities and business-type activities columns in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$5,000 or more and a useful life of at least five years. Capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives of 45 years for buildings, improvements and infrastructure, and 5-15 years for equipment.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specific Accounting Policies (continued)

Capital Assets (continued)

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 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.

Current Expense Fund – Revenues from the County are recognized in the year for which they were appropriated by the County. Grant revenues from the State and the United States Government are recognized in accordance with the terms of the related grants, generally on a cost-reimbursement basis, except for revenue under Public Law 874, Impact Aid, which is recognized in accordance with entitlement notices received from the United States Department of Education.

Cafeteria Fund – Revenues from patrons and students are recognized as earned. Revenues from the State and United States Government in the Cafeteria Fund are recorded as earned based upon rates established by the respective governmental units.

School Construction Fund – Revenues from the State and County are recognized as earned on a cost-reimbursement basis. The Board is not obligated to repay principal or interest on any debt incurred by the State and County for school construction. Such bonds and loans are obligations of the State and County.

Donated Commodities – The value of commodities donated is determined by the United States Department of Agriculture at time of the donation and is included in revenues and expenditures in the year received.

Inventories and Prepaid Costs – Inventories, principally instructional supplies and materials, are stated at the lower of cost (first-in, first-out) or market. The inventories are charged to expenditures when used (consumption method). Prepaid costs are also charged to expenditures under the consumption method.

Due To / From – The primary purposes for these interfund balances are short-term and long-term loans and amounts due to and from other funds for expenditures made on their behalf.

Accrued Salaries and Wages – The Current Expense Fund's liabilities for salaries and wages generally result from the provisions of a negotiated agreement under which ten-month and eleven-month employees are paid over the summer for salaries earned during the previous school year.

Compensated Absences – Board employees who are employed on a twelve-month basis are granted annual leave at varying rates based on years of service. Employees in the administrators and supervisors bargaining unit may accumulate annual leave up to a maximum of fifty-three days. Employees in the teachers bargaining unit may accumulate annual leave up to a maximum of thirty days. Employees in the support staff bargaining unit may accumulate annual leave up to a maximum of thirty-eight days. Upon termination of employment, accumulated annual leave is paid to the employee.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Specific Accounting Policies (continued)

Annual leave taken during the year is recorded as a General Fund expenditure in the fund financial statements. The amount of unpaid salaries and wages at the end of the fiscal year is not recorded in the fund financial statements because it is expected to be liquidated with expendable available resources of future periods, i.e., future budget appropriations. However, this liability and related expenses are recorded in the government-wide financial statements.

Board employees earn sick leave at the rate of one day per month with no limit on the amount which can be carried over annually. Upon termination of employment, accumulated sick leave is not paid to the employee but is credited to months of service in the calculation of the employee's retirement benefits.

Unearned Revenues – Unearned revenues represent amounts received from grantors in advance of incurrence of eligible expenditures for grants and for revenues received from the State for the subsequent fiscal year as of June 30, 2017.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

Budget Policy

The Board operates within the following budget requirements for local educational agencies as specified by State law:

1. The Board's only legally adopted budget must be submitted annually for its General Fund in writing to the County by April 1 of each year.
2. The County must approve the budget ordinance by June 1 of each year.
3. The budget is prepared and approved by major expenditure/encumbrance category as specified by State law.
4. The Board may request supplemental appropriations and transfer funds between major categories with the approval of the County. The Board has the authority to transfer funds between objects (i.e., salaries and wages, contracted services, supplies and materials) within the major categories but must notify the County of such action. In accordance with Education Article 5-105 of the Annotated Code of Maryland, the Board may not exceed the appropriation by category without transfer and approval by the County.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Policy (continued)

5. Unencumbered appropriations lapse at the end of each fiscal year, except in the Capital Projects Fund, where appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.
6. Supplemental transfers for the year ended June 30, 2017 were made within the General Fund budget in the amount of \$1,556,323, all of which were properly approved by the County.

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of Calvert County, the State of Maryland, and special federal and state programs. The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as assignments of the fund balance. Revenue and a related accounts receivable is also recognized for encumbrances to the extent that the Board expects to receive matched funds from third parties to reimburse the Board for expenditures. The other principal difference is that under the budgetary basis, assignments of the prior year's fund balance are treated as revenue of the current period. The general fund budgetary basis schedules of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements are presented as required supplementary information to these financial statements.

Net Position / Fund Balance Reporting

Net Position – Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any capital related debt. There was no related debt at June 30, 2017. Net position is reported as restricted when there are limitations placed on their use through external restrictions imposed by grantors, laws or regulations of other governments, or enabling legislation.

The Board reports fund balance of governmental funds within one of the fund balance categories listed below:

1. Nonspendable – amounts that cannot be spent because they are either not in spendable form or they are legally required to be maintained intact, generally inventories and prepaid expenses.
2. 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.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position / Fund Balance Reporting (continued)

3. Committed – amounts that can only be used for specific purposes determined by a formal action of the Board of Education, the highest level of decision-making authority for the school system. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.
4. Assigned – amounts that do not meet the criteria to be classified as restricted or committed, but are intended to be used for specific purposes. Under the Board’s adopted policy, the Superintendent, Director of Finance, or Director of Procurement and Resource Management may assign amounts for specific purposes.
5. Unassigned – all other spendable amounts. The general fund is the only fund that may report a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed amounts restricted or committed to those purposes, it may be necessary to report a negative unassigned fund balance in those funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the Board considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Board considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

NOTE 2 – CASH AND INVESTMENTS

Cash on Hand

At June 30, 2017, cash on hand for petty cash and change funds was \$806.

Deposits

At year-end, the carrying amount of the Board’s deposits was \$27,683,467 consisting of cash in the amount of \$23,724,138 in the governmental activities, \$2,039,563 in the business-type activities and \$1,919,766 in the agency fund with corresponding bank balances of \$19,797,951. Of the bank balances, all deposits were covered by Federal De-pository Insurance and collateral held in the Board’s name. The Board has a contractual agreement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

Interest Rate Risk

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. To limit the Board’s exposure to fair value losses arising from increasing interest rates, the Board’s investment policy limits the term of investment maturities to overnight repurchase agreements and requires that collateral securities underlying the repurchase agreements have a market value of at least 102 percent of the cost of the agreement. Interest income is reported as general revenue in the Statement of Activities.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board will not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. In this regard, the Board limits its investments to overnight deposits that are insured or collateralized with securities held by a custodian in the Board's name. Statutes require that deposits be in Maryland banks and that uninsured deposits be fully collateralized and authorize the Board to invest in obligations of the United States government, federal agency obligations and repurchase agreements secured by direct government or agency obligations.

NOTE 3 – DUE FROM CALVERT COUNTY

The County's annual operating appropriation to the Board is disbursed to the Board in agreed-upon installments throughout each fiscal year. At June 30, 2017, \$10,824,649 of the Board's fiscal 2017 appropriation remained outstanding and was collected in July and August. As of June 30, 2017, \$2,590,610 was due for construction projects.

NOTE 4 – RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

General Information about the Plan

Plan description. The employees of the Board are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the Board are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a publically available financial report that can be obtained at <http://www.sra.state.md.us>.

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

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 – RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

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

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

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

Contributions. The Board and covered members are required by State statute to contribute to the System. Members of the Teachers' Pension System and Employees' Pension System are required to contribute 7% annually. Members of the Teachers' Retirement System and Employees' Retirement System are required to contribute 5-7% annually, depending on the retirement option selected. The contribution requirements of the System members, as well as the State and participating governmental employers are established and may be amended by the Board of Trustees for the System.

Beginning in FY2017, the Board pays the normal cost for their employees in the Teachers' Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System. The Board's normal cost for the year ended June 30, 2017 was \$5,910,295. The State's contributions on behalf of the Board for the year ended June 30, 2017 was \$14,995,205. The FY2017 contribution made by the State on behalf of the Board has been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and is also included as revenues and expenses in the Statement of Activities.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 4 – RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

General Information about the Plan (continued)

The Board’s contractually required contribution rate for the Employees’ Retirement and Pension Systems for the year ended June 30, 2017, was 6.73% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2017 of \$1,175,347.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Employees Retirement and Pension Systems. At June 30, 2017, the Board reported a liability of \$15,788,250 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board’s proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2016. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2017, the Board’s proportionate share was 0.67%.

For the year ended June 30, 2017, the Board recognized pension expense of \$2,056,405. At June 30, 2017, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 406,186
Changes in assumptions	651,831	-
Change in proportion	588,376	338,575
Net difference between projected and actual earnings on pension plan investments	1,893,636	-
Changes in proportionate share of contributions	302,477	-
Board contributions subsequent to the measurement date	1,175,347	-
Total	\$ 4,611,667	\$ 744,761

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 – RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

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

\$1,175,347 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2018	\$	(684,997)
2019		(684,998)
2020		(877,703)
2021		(527,423)
2022		83,562

Teachers’ Retirement and Pension Systems. At June 30, 2017, the Board did not report a liability related to the Teachers’ Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the Board and the Board pays the normal cost related to the Board’s members in the Teachers’ Retirement and Pension Systems; therefore, the Board is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the State of Maryland. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board were as follows:

State’s proportionate share of the net pension liability	\$ 170,642,937
Board’s proportionate share of the net pension liability	<u>-</u>
Total	<u><u>\$ 170,642,937</u></u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2017, the Board recognized pension expense of \$19,999,734 and revenue of \$14,089,439 for support provided by the State. Due to the special funding situation noted above related to the Teachers’ Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers’ Retirement and Pension Systems.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 – RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

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

Actuarial assumptions. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.70% general, 3.20% wage
Salary increases	3.30% to 9.20%, including inflation
Investment rate of return	7.55%

Mortality rates were based on RP-2014 Mortality Tables with generational mortality projections using scale MP-2014, calibrated to the System’s experience.

The economic and demographic actuarial assumptions used in the June 30, 2016 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2010-2014, after completion of the June 30, 2014 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2015. As a result, an investment return assumption of 7.55% and an inflation assumption of 2.70% were used in the June 30, 2016 valuation.

The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-range expected rate of return by weighing the expected future real rates by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return were adopted by the Board after considering input from the System’s investment consultant(s) and actuary(s). For each major asset class that is included in the System’s target asset allocation, these best estimates are summarized in the following table:

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 4 – RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	37%	6.60%
Private Equity	10%	7.40%
Rate Sensitive	20%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	9%	3.70%
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, 2016.

For the year ended June 30, 2016, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 1.10%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The single discount rate used to measure the total pension liability was 7.55%. This single discount rate was based on the expected rate of return on pension plan investments of 7.55%. 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.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 4 – RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (CONTINUED)

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

Sensitivity of the Net Pension Liability. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Board’s net pension liability, calculated using a single discount rate of 7.55%, 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 for the Employees Retirement and Pension Systems:

	1% Decrease	Current Discount Rate	1% Increase
	6.55%	7.55%	8.55%
Board’s proportionate share of the net pension liability	\$ 21,686,531	\$ 15,788,250	\$ 10,879,997

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

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

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 was as follows:

	<u>Balance at June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2017</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 3,849,196	\$ -	\$ -	\$ 3,849,196
Construction in progress	4,356,372	17,504,352	(380,204)	21,480,520
Total capital assets not being depreciated	<u>8,205,568</u>	<u>17,504,352</u>	<u>(380,204)</u>	<u>25,329,716</u>
Capital assets being depreciated				
Land Improvements	5,824,480	426,015	-	6,250,495
Buildings and improvements	313,860,951	350,934	-	314,211,885
Equipment	7,852,221	1,011,169	(489,042)	8,374,348
Total capital assets being depreciated	<u>327,537,652</u>	<u>1,788,118</u>	<u>(489,042)</u>	<u>328,836,728</u>
Less - accumulated depreciation				
Land improvements	3,551,967	306,287	-	3,858,254
Buildings and improvements	106,440,527	6,824,099	-	113,264,626
Equipment	6,127,647	449,736	(485,095)	6,092,288
Total accumulated depreciation	<u>116,120,141</u>	<u>7,580,122</u>	<u>(485,095)</u>	<u>123,215,168</u>
Total capital assets being depreciated, net	<u>211,417,511</u>	<u>(5,792,004)</u>	<u>(3,947)</u>	<u>205,621,560</u>
Capital assets, net	<u>\$ 219,623,079</u>	<u>\$ 11,712,348</u>	<u>\$ (384,151)</u>	<u>\$ 230,951,276</u>

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 5 – CAPITAL ASSETS (CONTINUED)

The Board experienced a loss on disposals of \$3,947 during the year ended June 30, 2017.

Depreciation expense for the year ended June 30, 2017 was charged to governmental functions as follows:

Depreciation expense allocations	Allocation of Total Dep. Exp.
<u>Instruction:</u>	
Regular Education	\$ 107,922
Special Education	11,255
<u>Support Services:</u>	
Administration	156,441
Mid-Level Administration	7,783
Transportation	2,345
Operation of Plant and Equipment	7,161,820
Maintenance of Plant	132,556
Total	\$ 7,580,122

Business-type activities

	<u>Balance at June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2017</u>
Business-type activities:				
Equipment at historical cost	\$ 1,915,001	\$ 44,879	\$ (7,950)	\$ 1,951,930
Less accumulated depreciation	(1,767,177)	(38,592)	7,950	(1,797,819)
Business-type activities capital assets net	\$ 147,824	\$ 6,287	\$ -	\$ 154,111

Depreciation expense charged to business-type activities (child nutrition program) for the year ended June 30, 2017 was \$38,592.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 6 – LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Due Within One Year</u>
Governmental activities:					
Compensated absences	\$ 3,463,123	\$ 2,227,925	\$ (2,128,967)	\$ 3,562,081	\$ 125,811
Net OPEB Obligation	<u>74,712,384</u>	<u>16,027,330</u>	<u>-</u>	<u>90,739,714</u>	<u>-</u>
Total governmental activities	<u>\$ 78,175,507</u>	<u>\$ 18,255,255</u>	<u>\$ (2,128,967)</u>	<u>\$ 94,301,795</u>	<u>\$ 125,811</u>
Business-type activities:					
Compensated absences	\$ 44,248	\$ 35,681	\$ (29,677)	50,252	\$ -
Net OPEB Obligation	<u>1,223,855</u>	<u>249,670</u>	<u>-</u>	<u>1,473,525</u>	<u>-</u>
Total business-type activities	<u>\$ 1,268,103</u>	<u>\$ 285,351</u>	<u>\$ (29,677)</u>	<u>\$ 1,523,777</u>	<u>\$ -</u>

NOTE 7 – POSTEMPLOYMENT BENEFITS

Plan Description

The Board participates in the Calvert County, Maryland Post-Retirement Medical Plan (the Plan), a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the Calvert County Commissioners (the County). The Plan provides medical and life insurance benefits to retired employees of participating governmental entities. The County issues a publicly-available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Calvert County Commissioners, 175 Main Street, Prince Frederick, Maryland 20678, or by calling (410) 535-1600.

Funding Policy

The Plan's board of trustees annually establishes a subsidy amount for each type of coverage under the Retiree's Health Plan. These subsidies are reviewed annually and are subject to change based on budgetary constraints. Retirees will earn the subsidy based on their years of creditable service, ranging from 20% to 100%. Retirees eligible for the disability plan earn 75% of their subsidy if approved under the Plan, and 100% of the subsidy if approved by Social Security. A 100% subsidy equates to the Plan covering 75% of the cost of the benefit coverage. The retiree is responsible for the difference between the cost of the selected Plan and the earned subsidy.

The number of participants eligible to receive benefits as of June 30, 2017 was 805.

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 7 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Policy (continued)

Participating governmental entities are contractually required to contribute at a rate assessed each year by the Plan. The Plan’s board of trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid, on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the Plan over a period not to exceed thirty years. The Board’s annual required contribution for the years ended June 30, 2017, 2016 and 2015 were \$23,985,000, \$22,373,000 and \$25,443,000, respectively. The Board’s contributions for the years ended June 30, 2017, 2016 and 2015 were \$5,775,000, \$6,242,000 and \$7,771,608, respectively. These contributions were paid by and on-behalf of the Board by Calvert County, and it’s the Board’s understanding that the remaining unfunded actuarial liability will be paid by and on-behalf of the Board by the County in future fiscal years. The Board will make contributions directly to the Plan when possible.

The County makes on behalf payments for the Board of Education. The total of the Board’s annual other postemployment benefit cost and net OPEB obligation for the Plan as of and for the fiscal year ended June 30, 2017 were as follows:

Annual Required Contribution	\$ 23,985,000
Interest on net OPEB obligation	3,723,000
ARC Adjustment	<u>(5,656,000)</u>
Net Annual OPEB Cost	22,052,000
Contribution made including expected benefit payments	<u>5,775,000</u>
Increase in net OPEB obligation	16,277,000
Net OPEB obligation - beginning of year	<u>75,936,239</u>
Net OPEB obligation - end of year	<u>\$ 92,213,239</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed during the fiscal year, and the net OPEB obligation for the fiscal years ended June 30, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2017	\$ 22,052,000	6.3%	\$ 92,213,239
2016	20,920,000	8.2%	75,936,239
2015	24,441,000	20.3%	61,258,239

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the Plan was 18.8% funded. The actuarial accrued liability for benefits was \$230,850,000, and the actuarial value of assets was \$43,362,000, resulting in an unfunded actuarial accrued liability (UAAL) of \$187,488,000.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016 actuarial valuation, the Entry Age Normal was used. The actuarial assumptions included a 7.5% investment rate of return, which is the funding target. If CCPS' total contributions to the OPEB plan (pay-go benefits plus trust contributions) are at least as much as the funding target, then the discount rate would be 7.5%. However, if the OPEB contributions are less than the funding target, GASB 45 requires the use of a lower discount rate. The discount rate used for this report was 5.0%. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017 was 20 years.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 7 – POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (continued)

Additional information as of the latest actuarial valuation follows:

Valuation Date	July 1, 2016
Actuarial Cost Method	Entry Age Normal
Amortization Method	Closed
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.5% per year compounded annually
Healthcare Cost Trend Rates:	
Medical	6.5% initial / 7.5% ultimate (not applicable to life insurance)
Dental	4% initial / 5% ultimate
Vision	3% initial / 4% ultimate
Prescription Drug	6.5% initial / 7.5% ultimate

NOTE 8 – RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injury; and natural disasters. The Board is one of sixteen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Group Insurance Pool (the Pool), a public entity risk pool organized as a trust. The Board pays an annual premium to the Pool for its property, liability, and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole based on loss data and are allocated to members based on student enrollment and number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability, covering claims aggregating \$5 million per district per year.

Additionally, the Board is one of fifteen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (the Fund). The Fund was established to provide workers' compensation indemnity and medical benefits coverage for participating school boards. The Fund is operated under regulations promulgated by the State Workers' Compensation Commission (COMAR 14.09.02).

Each Fund participant pays an annual premium calculated on their payroll, according to the standard classification, with an experience modification applied. Although premiums billed to the Fund members are determined on an actuarial basis, ultimate liability for claims remains with the respective members and accordingly, the insurance risks are not transferred to the Fund. Six months following the end of the Fund's fiscal year, the Fund's trustees declare unneeded funds as surplus and distributes as dividends to the Fund members. This dividend distribution is made no sooner than one year after the close of that fiscal year. The Fund carries an excess insurance policy providing specific excess and employer liability protection coverage, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim.

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 8 – RISK MANAGEMENT (CONTINUED)

Settled claims from these risks have not exceeded the planned coverage during any of the past three years.

The Board is under a modified retrospective billing arrangement with a commercial insurance carrier to provide group health coverage. Under this arrangement the insurance carrier assesses an initial charge paid by the Board through monthly premiums. At the end of the coverage period, there is a settlement of the difference between the billed premium and the actual claims and expenses. A deficiency in the billed premium represents the callable margin, which is owed by the Board, up to a maximum of 5%. If the actual claims and expenses are less than the billed premium, the Board would be entitled to a refund. As of June 30, 2017, the Board has a balance of \$1,015,032 in their rate stabilization fund held with the insurance carrier, this is included in the cash and cash equivalents for the general fund.

NOTE 9 – ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of budgetary integration in the General Fund and encumbrances outstanding at year-end are reported as restricted or assignments of fund balances since they do not constitute expenditures or liabilities.

	<u>Restricted Encumbrances</u>	<u>Assigned Encumbrances</u>
Administration	\$ 40,392	\$ 82,437
Mid-Level Administration	-	369
Textbooks and Supplies	295	22,825
Other Instructional Costs	228	265,050
Special Education	153	1,530
Pupil Personnel Services	-	23
Pupil Transportation	-	12,457
Operation of Plant	-	552,424
Maintenance of Plant	-	9,961
Community Services	-	-
Capital Outlay	-	466,992
	<u>\$ 41,068</u>	<u>\$ 1,414,068</u>

**CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017**

NOTE 10 – FUND BALANCE

Fund Balance at June 30, 2017 consisted of the following:

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
Fund Balances				
Nonspendable for:				
Inventory	\$ 27,327	\$ 33,526	\$ -	\$ 60,853
Total Nonspendable	<u>27,327</u>	<u>33,526</u>	<u>-</u>	<u>60,853</u>
Restricted for:				
Administration	40,392	-	-	40,392
Textbooks and Supplies	295	-	-	295
Other Instructional Costs	228	-	-	228
Special Education	153	-	-	153
Total Restricted	<u>41,068</u>	<u>-</u>	<u>-</u>	<u>41,068</u>
Committed for:				
Healthcare	4,068,074	-	-	4,068,074
Leave	309,928	-	-	309,928
Legal Fees	104,445	-	-	104,445
NHS Construction	3,000,000	-	-	3,000,000
Textbooks, Other costs	654,307	-	-	654,307
Transportation Fuel	1,000,000	-	-	1,000,000
Total Committed	<u>9,136,754</u>	<u>-</u>	<u>-</u>	<u>9,136,754</u>
Assigned for:				
Administration	82,437	-	-	82,437
Mid-Level Administration	369	-	-	369
Instructional Supplies	22,825	-	-	22,825
Other Instructional Costs	265,050	-	-	265,050
Special Education	1,530	-	-	1,530
Pupil Personnel Services	23	-	-	23
Pupil Transportation	12,457	-	-	12,457
Operation of Plant	552,424	-	-	552,424
Maintenance of Plant	9,961	-	-	9,961
Food Service	-	1,742,951	-	1,742,951
Capital Outlay	466,992	-	88,985	555,977
Total Assigned	<u>1,414,068</u>	<u>1,742,951</u>	<u>88,985</u>	<u>3,246,004</u>
Unassigned:				
	<u>6,167,921</u>	<u>-</u>	<u>-</u>	<u>6,167,921</u>
Total Fund Balances	<u>\$ 16,787,138</u>	<u>\$ 1,776,477</u>	<u>\$ 88,985</u>	<u>\$ 18,652,600</u>

CALVERT COUNTY PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 11 – CONTINGENCIES

Litigation

In the normal course of operation, the Board is subject to lawsuits and claims. In the opinion of management, the disposition of such lawsuits and claims will not have a material effect on the Board's financial condition.

Grant Program

The Board received grant revenues from County, State, and Federal sources. Amounts received under such programs are restricted to use in accordance with the terms of the respective grants. The use of such funds is subject to audit by the grantors. Consequently, the Board is contingently liable to refund amounts received in excess of allowable expenditures, if any. In the opinion of management, no material refunds will be required as the result of expenditures disallowed by the grantors.

REQUIRED SUPPLEMENTARY INFORMATION

**CALVERT COUNTY PUBLIC SCHOOLS
GENERAL FUND – BUDGETARY BASIS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES –
BUDGET AND ACTUAL – UNRESTRICTED AND RESTRICTED
Year Ended June 30, 2017**

	<u>Budget</u>			<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>As Originally Adopted</u>	<u>Transfers and Amendments</u>	<u>Final Budgeted</u>		
Revenues					
Local Sources	\$ 120,078,902	\$ -	\$ 120,078,902	\$ 118,238,252	\$ (1,840,650)
State Sources	82,991,969	-	82,991,969	82,786,594	(205,375)
Federal Sources	12,771,618	-	12,771,618	9,865,878	(2,905,740)
Use of Prior Year Fund Balance	3,008,818	-	3,008,818	-	(3,008,818)
Total Revenue	<u>\$ 218,851,307</u>	<u>\$ -</u>	<u>\$ 218,851,307</u>	<u>\$ 210,890,724</u>	<u>\$ (7,960,583)</u>
Expenditures					
Administration	\$ 6,193,659	\$ 178,000	\$ 6,371,659	\$ 6,180,561	\$ 191,098
Mid-level Administration	11,013,463	(1,376)	11,012,087	10,806,036	206,051
Instructional Salaries	80,118,714	(1,073,016)	79,045,698	77,617,480	1,428,218
Textbooks and Instructional Supplies	2,525,954	371,724	2,897,678	2,690,506	207,172
Other Instructional Costs	3,864,360	382,250	4,246,610	3,008,003	1,238,607
Special Education	28,202,926	120,821	28,323,747	26,154,641	2,169,106
Pupil Personnel Services	1,427,954	(1,415)	1,426,539	1,409,505	17,034
Health Services	1,541,085	(17,000)	1,524,085	1,505,969	18,116
Pupil Transportation	14,590,699	(56,644)	14,534,055	13,853,914	680,141
Operation of Plant	15,394,432	22,080	15,416,512	15,085,959	330,553
Maintenance of Plant	3,234,223	30,448	3,264,671	3,160,195	104,476
Fixed Charges	48,639,886	(406,872)	48,233,014	44,433,794	3,799,220
Community Services	1,367,200	-	1,367,200	1,170,333	196,867
Capital Outlay	736,752	451,000	1,187,752	1,150,648	37,104
Total Expenditures	<u>218,851,307</u>	<u>-</u>	<u>218,851,307</u>	<u>208,227,544</u>	<u>10,623,763</u>
EXCESS OF REVENUES OVER EXPENDITURES AND ENCUMBRANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	2,663,180	<u>\$ 2,663,180</u>
FUND BALANCE - BUDGETARY BASIS, BEGINNING OF YEAR				13,654,202	
EXCESS OF REVENUES OVER EXPENDITURES AND ENCUMBRANCES				2,663,180	
CANCELLED ENCUMBRANCES AND OTHER ADJUSTMENTS				(756,789)	
FUND BALANCE - BUDGETARY BASIS, END OF YEAR				15,560,593	
ENCUMBRANCES OUTSTANDING AS OF JUNE 30, 2017				1,455,136	
REVENUES GENERATED BY CHANGES IN ENCUMBRANCES OF EXPENDITURE DRIVEN GRANTS				(33,428)	
NET CHANGE IN PURE ENCUMBRANCES				(195,163)	
FUND BALANCE - GAAP BASIS, END OF YEAR				<u>\$ 16,787,138</u>	

CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES –
BUDGET AND ACTUAL – UNRESTRICTED
Year Ended June 30, 2017

	<u>Budget</u>			<u>Actual</u> <u>(Budgetary Basis)</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>As Originally</u> <u>Adopted</u>	<u>Transfers and</u> <u>Amendments</u>	<u>Final Budgeted</u>		
Revenues					
Local Sources	\$ 115,042,040	\$ -	\$ 115,042,040	\$ 117,016,555	\$ 1,974,515
State Sources	81,062,365	-	81,062,365	81,070,698	8,333
Federal Sources	1,137,136	-	1,137,136	1,294,066	156,930
Use of Prior Year Fund Balance	3,008,818	-	3,008,818	-	(3,008,818)
Total Revenues	<u>\$ 200,250,359</u>	<u>\$ -</u>	<u>\$ 200,250,359</u>	<u>\$ 199,381,319</u>	<u>\$ (869,040)</u>
Expenditures					
Administration	\$ 6,026,428	\$ 178,000	\$ 6,204,428	\$ 6,052,664	\$ 151,764
Mid-level Administration	10,943,813	(1,376)	10,942,437	10,738,407	204,030
Instructional Salaries	77,692,226	(1,073,016)	76,619,210	75,617,430	1,001,780
Textbooks and Instructional Supplies	2,201,923	371,724	2,573,647	2,472,791	100,856
Other Instructional Costs	2,455,504	382,250	2,837,754	2,670,218	167,536
Special Education	21,570,615	120,821	21,691,436	21,649,896	41,540
Pupil Personnel Services	1,403,572	(1,415)	1,402,157	1,399,637	2,520
Health Services	1,420,623	(17,000)	1,403,623	1,385,507	18,116
Pupil Transportation	14,486,010	(56,644)	14,429,366	13,794,907	634,459
Operation of Plant	14,892,134	22,080	14,914,214	14,732,439	181,775
Maintenance of Plant	3,234,223	30,448	3,264,671	3,160,195	104,476
Fixed Charges	43,301,206	(406,872)	42,894,334	41,977,816	916,518
Capital Outlay	622,082	451,000	1,073,082	1,066,232	6,850
Total Expenditures	<u>\$ 200,250,359</u>	<u>\$ -</u>	<u>\$ 200,250,359</u>	<u>\$ 196,718,139</u>	<u>\$ 3,532,220</u>
EXCESS OF REVENUES OVER EXPENDITURES AND ENCUMBRANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,663,180</u>	<u>\$ 2,663,180</u>

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES –
BUDGET AND ACTUAL – RESTRICTED
Year Ended June 30, 2017**

	<u>Budget</u>			<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>As Originally Adopted</u>	<u>Transfers and Amendments</u>	<u>Final Budgeted</u>		
Revenues					
Local Sources	\$ 5,036,862	\$ -	\$ 5,036,862	\$ 1,221,697	\$ (3,815,165)
State Sources	1,929,604	-	1,929,604	1,715,896	(213,708)
Federal Sources	11,634,482	-	11,634,482	8,571,812	(3,062,670)
Use of Prior Year Fund Balance	-	-	-	-	-
Total Revenues	<u>\$ 18,600,948</u>	<u>\$ -</u>	<u>\$ 18,600,948</u>	<u>\$ 11,509,405</u>	<u>\$ (7,091,543)</u>
Expenditures					
Administration	\$ 167,231	-	\$ 167,231	\$ 127,897	\$ 39,334
Mid-level Administration	69,650	-	69,650	67,629	2,021
Instructional Salaries	2,426,488	-	2,426,488	2,000,050	426,438
Textbooks and Instructional Supplies	324,031	-	324,031	217,715	106,316
Other Instructional Costs	1,408,856	-	1,408,856	337,785	1,071,071
Special Education	6,632,311	-	6,632,311	4,504,745	2,127,566
Pupil Personnel Services	24,382	-	24,382	9,868	14,514
Health Services	120,462	-	120,462	120,462	-
Pupil Transportation	104,689	-	104,689	59,007	45,682
Operation of Plant	502,298	-	502,298	353,520	148,778
Fixed Charges	5,338,680	-	5,338,680	2,455,978	2,882,702
Community Services	1,367,200	-	1,367,200	1,170,333	196,867
Capital Outlay	114,670	-	114,670	84,416	30,254
Total Expenditures	<u>\$ 18,600,948</u>	<u>\$ -</u>	<u>\$ 18,600,948</u>	<u>\$ 11,509,405</u>	<u>\$ 7,091,543</u>
EXCESS OF REVENUES OVER EXPENDITURES AND ENCUMBRANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CALVERT COUNTY PUBLIC SCHOOLS
RECONCILIATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND
OUTFLOWS AND GAAP BASIS REVENUES AND EXPENDITURES
GENERAL FUND
Year Ended June 30, 2017

REVENUES

Budgetary Basis	\$	210,890,724
Add: Pension Contribution Paid by the State of Maryland		14,995,205
Add: OPEB Contribution Paid by Calvert County		-
Less: Use of prior year fund balance		-
Less: Increase in revenues generated by changes in encumbrances of expenditure driven grants		(7,640)
		(7,640)

Total Revenues (GAAP Basis)

\$ 225,878,289

EXPENDITURES

Budgetary Basis	\$	208,227,544
Add: Prior Year Encumbrances		1,336,289
Add: Pension Contribution Paid by the State of Maryland		14,995,205
Add: OPEB Contribution paid by Calvert County		-
Less: Prior Year Encumbrances Closed During the Current Year		(35,040)
Less: Current Encumbrances		(1,455,136)
		(1,455,136)

Total Expenditures and Other Financing Uses (GAAP Basis)

\$ 223,068,862

CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
June 30, 2017

Employees' Retirement and Pension System:

	<u>2017</u>		<u>2016</u>		<u>2015</u>
Board's proportionation of the net pension liability	0.06691630000000000000%		0.06895280000000000000%		0.06373767986528700000%
Board's proportionate share of the net pension liability	\$ 15,788,250	\$	14,329,572	\$	11,311,354
Board's covered employee payroll	14,469,213		14,172,855		15,480,738
Board's proportionate share of the net pension liability as a percentage of its covered employee payroll	109.12%		101.11%		73.07%
Plan fiduciary net position as a percentage of the total pension liability	62.97%		66.26%		73.65%

Teachers' Retirement and Pension System:

Board's proportionation of the net pension liability	0.0%		0.0%		0.0%
Board's proportionate share of the net pension liability	\$ -	\$	-	\$	-
State's proportionate share of the net pension liability of the Board	170,642,937		141,629,004		152,207,986
Total	170,642,937		141,629,004		152,207,986
Board's covered employee payroll	\$ 111,359,818	\$	112,124,454	\$	104,835,359
Board's proportionate share of the net pension liability as a percentage of its covered employee payroll	0.00%		0.00%		0.00%
Plan fiduciary net position as a percentage of the total pension liability	67.95%		69.53%		69.53%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF CONTRIBUTIONS
MARYLAND STATE RETIREMENT AND PENSION SYSTEM
June 30, 2017**

Employees' Retirement and Pension System

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 1,175,347	\$ 1,303,584	\$ 1,453,337	\$ 1,484,557	\$ 1,362,356	\$ 2,012,647	\$ 1,654,559	\$ 1,160,410	\$ 1,062,232	\$ 1,176,227
Contributions in relation to the contractually required contribution	<u>1,175,347</u>	<u>1,303,584</u>	<u>1,453,337</u>	<u>1,484,557</u>	<u>1,362,356</u>	<u>2,012,647</u>	<u>1,654,559</u>	<u>1,160,410</u>	<u>1,062,232</u>	<u>1,176,227</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 14,469,213	\$ 14,172,855	\$ 15,480,738	\$ 14,770,745	\$ 15,062,796	\$ 15,588,080	\$ 15,178,442	\$ 15,177,027	\$ 14,284,313	\$ 13,195,755
Contributions as a percentage of covered-employee payroll	8%	9%	9%	10%	9%	13%	11%	8%	7%	9%

Teachers' Retirement and Pension System

	2017	2016	2015	2014	2013	2012*	2011	2010	2009	2008
Contractually required contribution	\$ 4,951,040	\$ 5,910,295	\$ 4,598,758	\$ 3,594,696	\$ 2,835,940	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>4,951,040</u>	<u>5,910,295</u>	<u>4,598,758</u>	<u>3,594,696</u>	<u>2,835,940</u>					
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 111,359,818	\$ 112,124,454	\$ 104,835,359	\$ 106,780,951	\$ 111,686,094	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	4%	5%	4%	3%	3%	0%	0%	0%	0%	0%

* The Board was not contractually required to contribute to the Teachers' Retirement and Pension System prior to FY 2013.

**CALVERT COUNTY PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
FOR OTHER POSTEMPLOYMENT BENEFIT PLAN
June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a UAAL as a Percentage of Covered Payroll
June 30, 2008	\$ -	\$ 78,032,239	\$ 78,032,239	0.0%	N/A	N/A
June 30, 2009	-	78,032,239	78,032,239	0.0%	N/A	N/A
June 30, 2010	3,522,381	99,455,289	95,932,908	3.5%	N/A	N/A
June 30, 2011	3,522,381	99,455,289	95,932,908	3.5%	N/A	N/A
June 30, 2012	17,226,681	139,625,512	122,398,831	12.3%	N/A	N/A
June 30, 2013	17,226,681	139,625,512	122,398,831	12.3%	N/A	N/A
June 30, 2014	18,519,000	230,571,000	212,052,000	8.0%	N/A	N/A
June 30, 2015	18,519,000	230,571,000	212,052,000	8.0%	N/A	N/A
June 30, 2016	40,337,000	216,142,000	175,805,000	18.7%	N/A	N/A
June 30, 2017	43,362,000	230,850,000	187,488,000	18.8%	N/A	N/A

Fiscal Year Ending	Annual Required Contribution (ARC)	Actual Contribution	Percentage Contributed	Net OPEB Obligation
June 30, 2008	\$ 9,127,324	\$ 5,308,165	58.2%	\$ 3,819,159
June 30, 2009	9,127,324	6,799,986	74.5%	6,413,838
June 30, 2010	11,319,105	4,918,693	43.5%	12,746,349
June 30, 2011	11,319,105	5,664,604	50.0%	18,776,224
June 30, 2012	14,359,874	13,826,883	96.3%	19,099,109
June 30, 2013	14,359,874	7,216,423	51.0%	26,028,847
June 30, 2014	23,136,000	4,576,000	19.8%	44,588,847
June 30, 2015	24,441,000	7,771,608	20.3%	61,258,239
June 30, 2016	20,920,000	6,242,000	8.2%	75,936,239
June 30, 2017	22,052,000	5,775,000	6.3%	92,213,239

OTHER SUPPLEMENTARY INFORMATION

CALVERT COUNTY PUBLIC SCHOOLS
GENERAL FUND (CURRENT EXPENSE FUND) – BUDGETARY BASIS
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE			
From Local Sources			
County funds	\$ 114,693,838	\$ 114,693,838	\$ -
Tuition	976,547	943,589	(32,958)
Interest and other	4,408,517	2,600,825	(1,807,692)
Prior-year fund balance	3,008,818	-	(3,008,818)
Total from local sources	<u>123,087,720</u>	<u>118,238,252</u>	<u>(4,849,468)</u>
From State Sources:			
Current Expense	59,675,149	59,675,149	-
Transportation	5,433,300	5,433,300	-
Handicapped Children	3,705,809	3,705,809	-
Other thru MSDE	13,678,571	13,538,571	(140,000)
State from other sources	499,140	433,765	(65,375)
Total from state sources	<u>82,991,969</u>	<u>82,786,594</u>	<u>(205,375)</u>
From United States Government sources:			
Directly received	290,000	322,750	32,750
U.S. Navy - NJROTC	260,000	268,408	8,408
Received through other sources	12,221,618	9,274,720	(2,946,898)
Total from federal sources	<u>12,771,618</u>	<u>9,865,878</u>	<u>(2,905,740)</u>
Total revenue	<u>\$ 218,851,307</u>	<u>\$ 210,890,724</u>	<u>\$ (7,960,583)</u>

CALVERT COUNTY PUBLIC SCHOOLS
GENERAL FUND (CURRENT EXPENSE FUND) – BUDGETARY BASIS
DETAILED SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
Year Ended June 30, 2017

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES AND ENCUMBRANCES			
Administration:			
Salaries and wages	\$ 4,390,981	\$ 4,344,056	\$ 46,925
Contracted services	1,390,129	1,348,809	41,320
Supplies and materials	77,100	40,951	36,149
Equipment	88,296	84,929	3,367
Outgoing transfers	158,319	122,781	35,538
Other	266,834	239,036	27,798
Total administration	<u>6,371,659</u>	<u>6,180,562</u>	<u>191,097</u>
Mid-level Administration:			
Salaries and wages	10,729,842	10,556,395	173,447
Supplies and materials	70,690	50,354	20,336
Other	211,555	199,287	12,268
Total mid-level administration	<u>11,012,087</u>	<u>10,806,036</u>	<u>206,051</u>
Instructional Salaries	<u>79,045,698</u>	<u>77,617,480</u>	<u>1,428,218</u>
Textbooks and Instructional Supplies	<u>2,897,678</u>	<u>2,690,505</u>	<u>207,173</u>
Other Instructional Costs:			
Contracted Services	893,006	806,997	86,009
Equipment	2,338,832	1,657,228	681,604
Outgoing transfers	8,110	5,756	2,354
Other	1,006,661	538,021	468,640
Total other instructional costs	<u>4,246,609</u>	<u>3,008,002</u>	<u>1,238,607</u>
Special Education:			
Salaries and wages	23,545,531	22,760,027	785,504
Contracted services	1,312,768	849,363	463,405
Supplies and materials	613,723	188,747	424,976
Equipment	309,177	94,858	214,319
Other	510,630	301,057	209,573
Outgoing transfers	2,031,918	1,960,589	71,329
Total special education	<u>28,323,747</u>	<u>26,154,641</u>	<u>2,169,106</u>
Pupil Personnel Services:			
Salaries and wages	1,096,501	1,095,214	1,287
Contracted services	225,708	221,978	3,730
Supplies and materials	20,000	17,739	2,261
Equipment	5,090	12,612	(7,522)
Other	79,240	61,962	17,278
Total pupil personnel services	<u>1,426,539</u>	<u>1,409,505</u>	<u>17,034</u>
Health Services:			
Salaries and wages	1,445,242	1,436,075	9,167
Contracted services	2,200	1,474	726
Supplies and materials	29,743	27,950	1,793
Equipment	24,200	23,167	1,033
Other	22,700	17,303	5,397
Total health services	<u>1,524,085</u>	<u>1,505,969</u>	<u>18,116</u>

CALVERT COUNTY PUBLIC SCHOOLS
GENERAL FUND (CURRENT EXPENSE FUND) – BUDGETARY BASIS
DETAILED SCHEDULE OF REVENUES EXPENDITURES, AND ENCUMBRANCES
Year Ended June 30, 2017
(Continued)

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
EXPENDITURES AND ENCUMBRANCES (Continued)			
Pupil Transportation:			
Salaries and wages	\$ 1,306,882	\$ 1,233,947	\$ 72,935
Contracted services	13,032,389	12,538,148	494,241
Supplies and materials	8,282	4,006	4,276
Equipment	142,560	37,826	104,734
Other charges	43,942	39,987	3,955
Total pupil transportation	<u>14,534,055</u>	<u>13,853,914</u>	<u>680,141</u>
Operation of Plant:			
Salaries and wages	7,429,749	7,512,701	(82,952)
Contracted services	1,122,515	1,010,225	112,290
Supplies and materials	1,040,640	908,973	131,667
Equipment	687,848	705,481	(17,633)
Other charges	5,135,759	4,948,579	187,180
Total operation of plant	<u>15,416,511</u>	<u>15,085,959</u>	<u>330,552</u>
Maintenance of Plant:			
Salaries and wages	2,251,523	2,186,799	64,724
Contracted services	232,000	253,725	(21,725)
Supplies and materials	604,700	538,558	66,142
Equipment	170,447	177,483	(7,036)
Other charges	6,000	3,630	2,370
Total maintenance of plant	<u>3,264,670</u>	<u>3,160,195</u>	<u>104,475</u>
Fixed charges	<u>48,233,015</u>	<u>44,433,792</u>	<u>3,799,223</u>
Community Services:			
Salaries and wages	1,119,617	990,370	129,247
Contracted services	105,283	74,834	30,449
Supplies and materials	88,414	55,590	32,824
Equipment	301	301	-
Other charges	53,586	49,241	4,345
Total community services	<u>1,367,201</u>	<u>1,170,336</u>	<u>196,865</u>
Capital Outlay:			
Salaries and wages	217,082	216,697	385
Contracted services	183,678	146,720	36,958
Supplies and materials	1,000	2,549	(1,549)
Equipment	784,493	784,174	319
Other charges	1,500	508	992
Total capital outlay	<u>1,187,753</u>	<u>1,150,648</u>	<u>37,105</u>
Total expenditures and encumbrances	<u>218,851,307</u>	<u>208,227,544</u>	<u>10,623,763</u>
Excess of revenues over expenditures and encumbrances	<u>\$ -</u>	<u>\$ 2,663,180</u>	<u>\$ 2,663,180</u>

**CALVERT COUNTY PUBLIC SCHOOLS
SCHEDULE OF CHANGES IN NET POSITION
SCHOOL ACTIVITIES FUND – AGENCY FUND
Year Ended June 30, 2017**

	<u>Balance June 30, 2016</u>	<u>Additions/ Receipts</u>	<u>Reductions/ Disbursements</u>	<u>Balance June 30, 2017</u>
ASSETS				
Cash by schools:				
Elementary Schools				
PAC - Appeal	\$ 1,686	\$ 46,570	\$ 40,768	\$ 7,488
Barstow	11,798	68,021	61,156	18,663
Beach	1,657	130,927	120,074	12,510
Calvert	24,445	61,792	66,217	20,020
Dowell	22,736	94,851	77,217	40,370
Huntingtown	63,095	108,964	99,659	72,400
Mt. Harmony	68,951	140,376	155,684	53,643
Mutual	23,051	44,314	42,162	25,203
PAC - Patuxent	3,310	46,602	39,360	10,552
Plum Point	48,894	133,222	141,647	40,469
St. Leonard	19,415	42,485	40,897	21,003
Sunderland	37,784	107,012	88,979	55,817
Windy Hill	50,277	106,373	105,966	50,684
Middle Schools				
Calvert	25,683	101,214	99,208	27,689
Mill Creek	44,519	99,344	113,884	29,979
Northern	103,410	143,617	173,012	74,015
Plum Point	53,890	147,092	154,912	46,070
Southern	50,479	110,296	130,432	30,343
Windy Hill	48,471	112,844	112,031	49,284
High Schools				
Calvert	220,489	876,891	889,321	208,059
Huntingtown	182,157	956,277	982,812	155,622
Northern	434,122	845,385	813,535	465,972
Patuxent	254,385	544,332	583,764	214,953
Centers				
Career Technology Academy	63,941	166,118	129,931	100,128
Calvert Country	52,052	24,912	36,847	40,117
Central Office	<u>31,180</u>	<u>278,296</u>	<u>260,763</u>	<u>48,713</u>
Total Assets	<u>\$ 1,941,877</u>	<u>\$ 5,538,127</u>	<u>\$ 5,560,238</u>	<u>\$ 1,919,766</u>
LIABILITIES				
Liabilities of the School Activity Funds	<u>\$ 1,941,877</u>	<u>\$ 5,538,127</u>	<u>\$ 5,560,238</u>	<u>\$ 1,919,766</u>