

**CALVERT COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF CALVERT COUNTY**

**Financial Statements Together with
Report of Independent Public Accountants**

For the Year Ended June 30, 2023

**CALVERT COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF CALVERT COUNTY**

**Financial Statements Together with
Report of Independent Public Accountants**

JUNE 30, 2023

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF THE FINANCIAL STATEMENTS

Board of Education
of Calvert County
Calvert County Public Schools
Prince Frederick, Maryland

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Calvert County Board of Education (CCPS or the Board), a component unit of Calvert County, Maryland, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Calvert County Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Calvert County Public Schools, as of June 30, 2023, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Calvert County Public Schools' internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Calvert County Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and encumbrances budget to actual general fund - unrestricted and restricted, reconciliation of differences between budgetary inflows and outflows and GAAP basis revenues and expenditures- general fund, schedule of proportionate share of net pension liability Maryland State Retirement and Pension System, schedule of contributions Maryland State Retirement and Pension System, notes to the schedule of proportionate share of net pension liability and schedule of contributions Maryland State Retirement and Pension System, schedule of changes in net OPEB plan liability and related ratios, and the schedule of OPEB



Plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Calvert County Public Schools' basic financial statements. The schedule of revenues, expenditures and encumbrances budget to actual general fund is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of revenues, expenditures and encumbrances budget to actual general fund 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 29, 2023, on our consideration of Calvert County Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Calvert County Public Schools' 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 Calvert County Public Schools' internal control over financial reporting and compliance.

Owings Mills, Maryland
September 29, 2023

CALVERT COUNTY PUBLIC SCHOOLS

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

This section of Calvert County Public Schools' (CCPS') annual financial report includes a discussion and analysis of the school Board's financial performance during the fiscal year that ended on June 30, 2023. Please read it in conjunction with CCPS' financial statements, which immediately follow this section.

Overview

- County, state, and federal funding are the major revenue sources for 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 comparisons.
- Outlays for new capital assets increased during the year. This was due in part to the construction of the new Beach Elementary School.

Overview of the Financial Statements

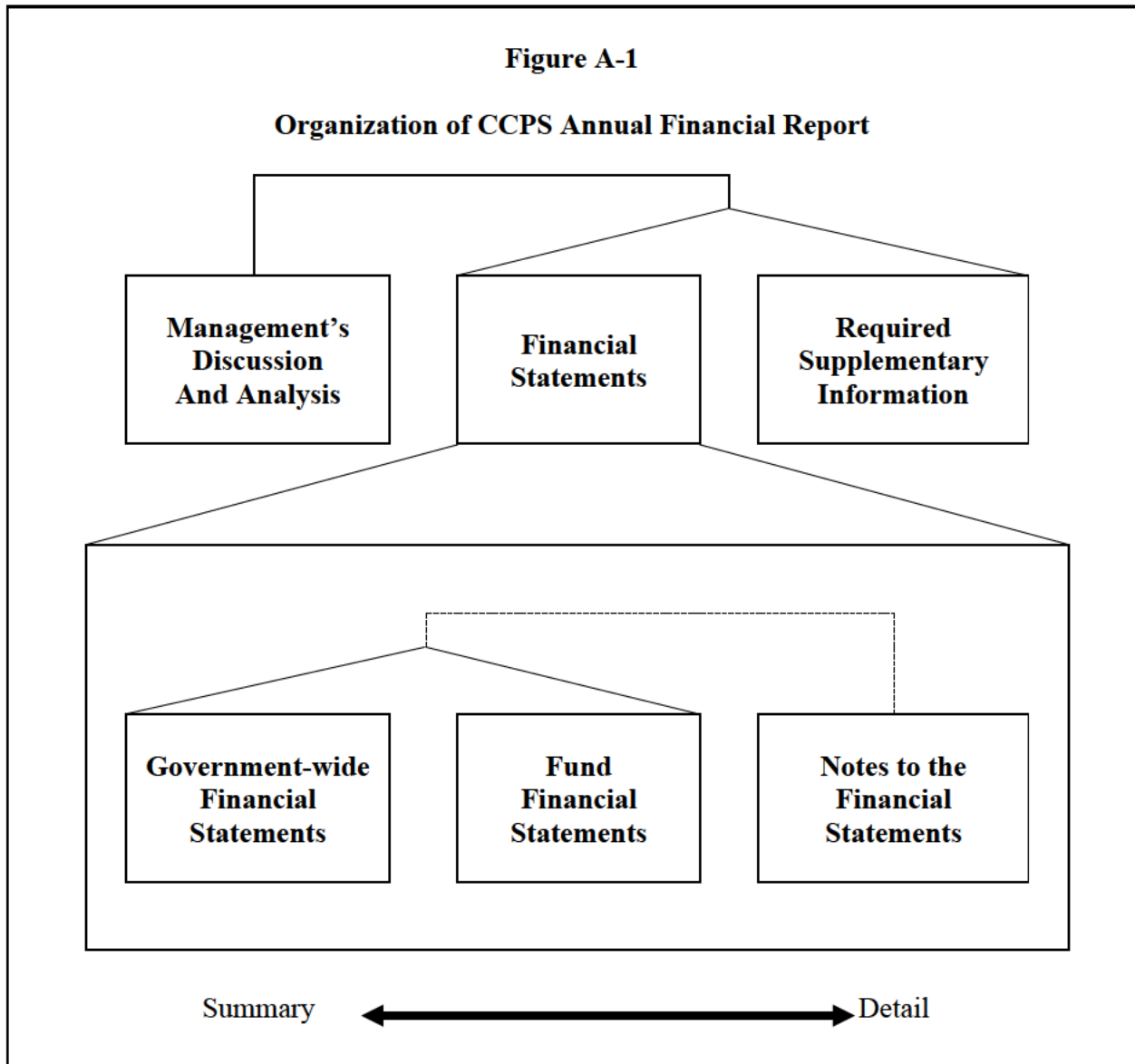
This annual report consists of three parts: management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include two kinds of statements that present different views of the Board:

- The first two statements are CCPS government-wide financial statements that provide both short-term and long-term information about the Board'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.

CALVERT COUNTY PUBLIC SCHOOLS

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

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 For the Year Ended June 30, 2023

Figure A-2 summarizes the major features of the Board’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
Scope	Entire Board	The activities of the Board that are not proprietary, such as special education and building maintenance
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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
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

CALVERT COUNTY PUBLIC SCHOOLS

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

Government-wide Financial 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 amortization) and liabilities presented as governmental activities. The 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 classified as governmental activities. Most of CCPS' basic services (such as regular and special education, transportation, and administration) are reported here. The fees charged to cover the costs of some services such as the Child Nutrition Program are also included in the governmental activities. County appropriations and State formula aid finance most of CCPS' activities.

In government-wide financial statements, CCPS' reports only governmental activities.

Governmental activities: 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.

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 are governmental funds, each of which use different accounting approaches and should be interpreted differently.

CALVERT COUNTY PUBLIC SCHOOLS

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

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.

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.

CALVERT COUNTY PUBLIC SCHOOLS

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

Net Position. CCPS' combined net position for Governmental Activities (in millions of dollars) as of June 30, 2023 and 2022 is as follows:

	Governmental Activities		Total Amount Change	Total Percent Change
	FY 2022	FY2023	FY 22 - 23	FY 22 - 23
Assets				
Cash and Cash Equivalents	\$ 34.5	\$ 31.5	\$ (3.0)	(0.1)%
Accounts Receivable	23.5	35.3	11.8	0.5 %
Inventories	0.2	0.1	(0.1)	(0.5)%
Other Assets	0.1	-	(0.1)	(1.0)%
Capital Assets Less Accumulated Depreciation and Amortization	278.6	287.4	8.8	0.0 %
Total Assets	336.9	354.3	17.4	
Deferred Outflows of Resources	12.7	24.1	11.4	0.9 %
Liabilities				
Other Liabilities	31.8	36.1	4.3	0.1 %
Long-term Obligations	55.2	76.9	21.7	0.4 %
Total Liabilities	87.0	113.0	26.0	
Deferred Inflows of Resources	58.6	36.0	(22.6)	(0.4)%
Net Position				
Net Investment in Capital Assets	276.2	282.7	6.5	0.0 %
Restricted	2.7	0.1	(2.6)	(1.0)%
Unrestricted	(75.0)	(52.8)	22.2	(0.3)%
Total Net Position	\$ 203.9	\$ 230.0	\$ 26.1	

CALVERT COUNTY PUBLIC SCHOOLS

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

Capital Assets: By the end of FY 2023, CCPS had invested \$287,404,676 for governmental activities in a broad range of capital assets, including school building construction, equipment, paving and right to use assets- equipment. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation and amortization expense for the year was \$13,890,479 for governmental activities. A summary of capital and intangible asset activity is as follows:

	Balance at July 1, 2022	Increases/ Transfers	Decreases/ Transfers	Balance at June 30, 2023	Percentage of Change
Land	\$ 3,842,081	\$ -	\$ -	\$ 3,842,081	0.0%
Land Improvements	11,855,207	495,837	-	12,351,044	4.2%
Construction in Progress	11,725,482	17,194,504	(3,782,584)	25,137,402	114.4%
Buildings and Improvements	397,361,451	3,291,782	-	400,653,233	0.8%
Equipment	10,023,124	403,041	-	10,426,165	4.0%
Subscriptions	-	2,517,825	-	2,517,825	0.0%
Right to Use Assets	4,068,996	2,490,080	-	6,559,076	61.2%
Totals at Historic Cost	<u>\$ 438,876,341</u>	<u>\$ 26,393,069</u>	<u>\$ (3,782,584)</u>	<u>\$ 461,486,826</u>	

Statement of Activities. For the year ended June 30, 2023, 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		Total Amount Change	Total %age Change
	FY 2022	FY 2023	FY 21 - 22	FY 21 - 22
Program Revenues				
Charges for Services	\$ -	\$ 1.1	\$ 1.1	0.0%
Operating Grants/Contributions	17.0	34.1	17.1	100.6%
Capital Grants/Contributions	13.1	18.9	5.8	44.0%
General Revenues				
Local Appropriations	137.0	141.3	4.3	3.1%
State Aid	91.9	106.6	14.7	16.0%
Federal Aid	8.2	-	(8.2)	-100.0%
Miscellaneous	5.3	11.5	6.2	116.3%
Total Revenues	<u>\$ 272.5</u>	<u>\$ 313.5</u>	<u>\$ 39.9</u>	
Expenses				
Instruction	\$ 162.2	\$ 170.8	\$ 8.6	5.3%
Administration	16.5	21.6	5.1	30.9%
Mid-Level Administration	16.9	18.0	1.1	6.4%
Pupil Personnel Services	2.6	2.3	(0.3)	-12.8%
Health Services	1.8	1.6	(0.2)	-9.5%
Pupil Transportation	18.3	21.1	2.8	15.2%
Operation of Plant & Equipment	25.6	36.1	10.5	41.0%
Food Services	5.4	6.3	0.9	16.3%
Maintenance of Plant	3.2	3.3	0.1	3.9%
Community Services	1.8	1.6	(0.2)	-11.0%
Student Activity	2.9	4.7	1.8	63.5%
Total Expenses	<u>\$ 257.2</u>	<u>\$ 287.4</u>	<u>\$ 30.2</u>	
Increase in Net Position	<u>\$ 15.3</u>	<u>\$ 26.1</u>	<u>\$ 9.7</u>	

CALVERT COUNTY PUBLIC SCHOOLS

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

Activities for the General Fund (Current Expense Fund), the Special Revenue Fund (Food Service Fund) and Capital Project Fund are consolidated under governmental activities on the statement of activities. The statement of activities shows that the total revenues from governmental activities for FY2023 were \$313,512,880 which represents an increase of \$40,978,481 from FY 2022. FY 2023 expenditures for governmental activities were \$287,449,488 which represents an increase of \$30,214,599 from FY 2022. The net position for governmental activities increased by \$26,063,392 in FY 2023.

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.
- FY 2021 was the last year of a four-year funding formula which was agreed upon by the Board of Education and the Board of County Commissioners.
- FY 2023 was the third year that we received funding from the State of Maryland under the Blueprint for Maryland's Future. In addition to receiving some Blueprint funding from the State of Maryland, the District also received federal grant funding of approximately \$5.8 million under the Governor's Emergency Education Relief (GEER) Fund, the Elementary & Secondary School Emergency Relief (ESSER) Fund, the Coronavirus Aid Relief and Economic Security (CARES) Act, and the American Rescue Plan (ARP) Act. These funds are being used over multiple fiscal years to address student learning loss and to fund costs related to COVID-19 and related learning loss.

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 Board funding disparities. Based on each Board's assessable wealth per student, this formula provides for the allocation of fewer dollars to higher wealth Boards and more dollars to lower wealth Boards. For FY 2023, the local appropriation provided by the Board of County Commissioners was \$141,305,251, 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 2023, \$6,601,916 was required to pay the local government's contribution to the teachers' pension plan as mandated by state law.

CALVERT COUNTY PUBLIC SCHOOLS

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

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

Fund	FY 2022 Revenues	FY 2023 Revenues	Increase from FY 2022	
			Amount	Percent
Unrestricted	\$228,315,725	\$245,944,011	\$ 17,628,286	7.7%
Restricted	17,091,489	25,078,565	7,987,076	46.7%
Total	<u>\$245,407,214</u>	<u>\$271,022,576</u>	<u>\$ 25,615,362</u>	10.4%

Approximately 49% of the operating fund's FY 2023 revenue came from the county government, 39% came from the State of Maryland, and the remaining 12% came from other sources such as the federal government, tuition, fees, income from the investment of cash, and from other sources.

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 2023, wages and salaries comprised 56.2% 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 2023, these expenditures comprised 21.5% of the total General Fund operating budget.

Employees of CCPS have the option to select one of three (traditional, preferred provider network, or health maintenance organization - HMO) health insurance plans. Employees hired on or after July 1, 2001 are not eligible to enroll in the traditional health plan. Employee co-pays, deductibles, and health insurance benefits are negotiated. For FY 2023, 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 current expense fund budget. In order to alleviate these fluctuations, CCPS maintains a committed fund balance for health insurance. As of June 30, 2023, the balance in the committed fund balance for health insurance was \$4,000,000.

The fund balance for the Child Nutrition Program decreased \$151,129 in FY 2023. As of June 30, 2023, the Child Nutrition Program reported a total net fund balance in the amount of \$3,828,423. The Maryland State Department of Education restricts the net cash balance for the Child Nutrition Program to no more than an average of three months of expenditures.

CALVERT COUNTY PUBLIC SCHOOLS

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

During FY 2023, state and county funds were appropriated for architectural services and construction costs for the replacement of and equipment related to Beach Elementary School building, several HVAC replacement projects, minor systemic renovations throughout the district, and site improvements throughout the district. The capital fund revenues in FY 2023 were \$18,871,019 and \$13,126,658 in FY 2022.

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:

After a veto by the governor in 2020, the Maryland General Assembly passed *The Blueprint for Maryland's Future* during the 2021 legislative session. *The Blueprint for Maryland's Future* is expected to transform Maryland's educational system into a world-class system. Some of the more significant provisions of the Blueprint include: implementation of the career ladder (which has four levels); a minimum starting salary for teachers of \$60,000 per year beginning July 1, 2026; a \$10,000 increase in annual salary beginning July 1, 2022 for teachers who obtain National Board Certification (NBC); an additional salary increase of \$7,000 per year for teachers who obtain the NBC and teach at a low-performing school; and a requirement that local school systems demonstrate that teachers received a 10% salary increase above the negotiated salary schedule between July 1, 2019 and June 30, 2024.

County appropriation for future years is uncertain. 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; however, the funding formula agreement expired on June 30, 2021, and has not been replaced. Among the provisions of the expired funding formula agreement was a stipulation that the local appropriation would not be decreased if student enrollment declines.

When the responsibility for paying the normal cost for the teachers' pension plan was transferred from the state to the local governments beginning in FY 2013, the normal cost was initially funded with additional revenues from the county government during a 4-year phase-in period. After the phase-in period ended, the additional funding became part of Maintenance of Effort.

CALVERT COUNTY PUBLIC SCHOOLS

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

Our projections indicate that annual operating costs will continue to increase due to the following factors:

- Cost increases due to factors such as salary provisions in the negotiated agreements
- Teacher pension cost-sharing
- The impact of COVID-19 on our operations
- Implementation costs related to the Blueprint for Maryland’s Future
- Inflationary pressure on the cost of goods and services
- The Federal "funding cliff" after September 30, 2024, when the ESSER III grant funding expires, and when these funds will no longer be available to fund operating costs that are currently being funded by ESSER III

CCPS participates in a cost-sharing pension plan. In accordance with Governmental Accounting Standards Board Statement #68, CCPS recognizes a liability for its proportionate share of the net pension liability. CCPS 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 annual budget development project takes into consideration the school district’s student enrollment population. After experiencing a continual decline in student enrollment for more than a decade, CCPS began to realize increases in student enrollment beginning in FY 2018. In September, 2020, however, CCPS experienced a significant decrease in enrollment (as did all Maryland public schools) as a result of the COVID-19 pandemic. Changes in student enrollment have a direct impact on revenues received from the state and county governments. The changes in student enrollment for the past several years are shown below.

September 30	Enrollment*	Enrollment Change	Percent Change
2009	16,627	-33	-0.2%
2010	16,373	-254	-1.5%
2011	16,136	-237	-1.4%
2012	15,886	-250	-1.5%
2013	15,823	-63	-0.4%
2014	15,594	-229	-1.4%
2015	15,569	-25	-0.2%
2016	15,512	-57	-0.4%
2017	15,435	-77	-0.5%
2018	15,474	39	0.3%
2019	15,577	103	0.7%
2020	14,896	-681	-4.4%
2021	14,949	53	0.4%
2022	14,994	45	0.3%
2023 Projection	15,086	92	0.6%

2022 data source: Student Services Office (state report)

*Excluding pre-K students

CALVERT COUNTY PUBLIC SCHOOLS

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

- The Every Student Succeeds Act (ESSA) 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 pre-school;
 - Maintain the expectation of accountability and positive changes in the lowest-performing schools.

- In accordance with ESSA requirements, CCPS reports its per-pupil expenditure amounts to the Maryland State Department of Education annually.

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. The long-term impact of COVID-19 on our operations and financial condition are unknown at this time. The school system will continue to focus on its mission to produce graduates who are responsible citizens and 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 while promoting safety, equity, and an appreciation of diversity among students and staff.

CONTACT CALVERT COUNTY PUBLIC SCHOOLS MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, other stakeholders, and creditors with a general overview of CCPS' finances and to demonstrate CCPS' accountability for, and stewardship for, the funds it receives.

If you have questions about this report or need additional financial information, please contact:

Scott Johnson, Chief Financial Officer
Calvert County Public Schools
1305 Dares Beach Road
Prince Frederick, Maryland 20678

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

CALVERT COUNTY PUBLIC SCHOOLS

Statement of Net Position As of June 30, 2023

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 31,503,753
Due from Other Units of Government	
Federal Government	5,117,227
State of Maryland	16,902,896
Calvert County	13,100,000
Other	23,312
Other receivables	195,824
Inventories	104,813
Total Current Assets	<u>66,947,825</u>
NONCURRENT ASSETS	
Capital Assets Not Being Depreciated	28,979,483
Capital Assets Being Depreciated net of	
Accumulated Depreciation	258,425,193
Total Noncurrent Assets, Net	<u>287,404,676</u>
Total Assets	<u>354,352,501</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	10,024,513
Other Post Employment Benefits	14,594,325
Total Deferred Outflows of Resources	<u>24,618,838</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 378,971,339</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES	
Salaries, Wages and Payroll Deductions	\$ 16,284,846
Accounts Payable and Other Current Liabilities	4,486,757
Unearned Revenue	13,505,440
Accrued Interest- Lease Liability	3,801
Current Portion of Compensated Absences	265,572
Current Portion of Subscription Liability	636,300
Current Portion of Lease Liability	947,111
Total Current Liabilities	<u>36,129,827</u>
NONCURRENT LIABILITIES	
Noncurrent Portion of Compensated Absences	3,762,347
Net Pension Liability	15,722,641
Net OPEB Liability	54,217,931
Subscription Liability	1,272,600
Lease Liability	1,894,222
Total Noncurrent Liabilities	<u>76,869,741</u>
Total Liabilities	<u>112,999,568</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	6,406,413
Other Post Employment Benefits	29,640,718
Total Deferred Inflows of Resources	<u>36,047,131</u>
Total Liabilities and Deferred Outflows of Resources	<u>149,046,699</u>
NET POSITION	
Net Investment in Capital Assets	282,654,443
Restricted Grants	52,971
Unrestricted	(52,782,774)
Total Net Position	<u>\$ 229,924,640</u>

CALVERT COUNTY PUBLIC SCHOOLS

Statement of Activities For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
<u>Instruction</u>					
Regular Education	\$ 140,742,023	\$ -	\$ 4,183,074	\$ 18,871,019	\$ (117,687,930)
Special Education	30,079,711	-	4,090,046	-	(25,989,665)
Total Instructions	170,821,735	-	8,273,120	18,871,019	(143,677,596)
<u>Support Services</u>					
Administration	21,576,890	-	18,773,899	-	(2,802,991)
Mid-level Administration	18,015,122	-	880,148	-	(17,134,974)
Pupil Personnel Services	2,345,630	-	54,774	-	(2,290,856)
Health Services	1,626,238	-	976	-	(1,625,262)
Pupil Transportation	21,079,181	-	455,804	-	(20,623,377)
Operation of Plant and Equipment	36,136,083	-	4,011,932	-	(32,124,151)
Food Services	6,378,077	1,076,907	-	-	(5,301,170)
Maintenance of Plant	3,284,296	-	37,500	-	(3,246,796)
Community Services	1,524,568	-	1,653,126	-	128,558
Student Activity	4,661,670	-	-	-	(4,661,670)
Total Support Services	116,627,754	1,076,907	25,868,159	-	(89,682,688)
Total Governmental Activities	\$ 287,449,488	\$ 1,076,907	\$ 34,141,279	\$ 18,871,019	(233,360,283)
General Revenues					
Local appropriations					141,305,252
State Aid					106,577,444
Miscellaneous					11,540,979
Total General Revenues					259,423,675
CHANGE IN NET POSITION					26,063,392
Net Position - Beginning of Year					203,861,248
NET POSITION - END OF YEAR					\$ 229,924,640

CALVERT COUNTY PUBLIC SCHOOLS

Balance Sheet Governmental Funds As of June 30, 2023

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 27,452,579	\$ 4,051,174	\$ -	\$ 31,503,753
Due from Other Units of Government				
Federal Government	5,009,568	107,659	-	5,117,227
State of Maryland	2,063,451	4,254	14,835,191	16,902,896
Calvert County	13,100,000	-	-	13,100,000
Prepaid Expenses	23,312	-	-	23,312
Due From Capital Projects Fund	8,145,966	-	-	8,145,966
Other receivables	193,977	1,847	-	195,824
Inventories	14,676	90,138	-	104,814
Total Assets	<u>\$ 56,003,529</u>	<u>\$ 4,255,072</u>	<u>\$ 14,835,191</u>	<u>\$ 75,093,792</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries, Wages and Payroll Deductions	\$ 16,038,480	\$ 246,366	\$ -	\$ 16,284,846
Current Liabilities	2,184,893	45,179	2,256,686	4,486,758
Due to General Fund	-	-	8,145,966	8,145,966
Unearned Revenue	8,990,768	135,104	4,379,568	13,505,440
Total Liabilities	27,214,141	426,649	14,782,220	42,423,010
FUND BALANCES				
Nonspendable	37,988	90,138	-	128,126
Restricted	-	-	52,971	52,971
Committed	14,000,000	3,738,285	-	17,738,285
Assigned	7,458,476	-	-	7,458,476
Unassigned	7,292,924	-	-	7,292,924
Total Fund Balances	<u>28,789,388</u>	<u>3,828,423</u>	<u>52,971</u>	<u>32,670,782</u>
Total Liabilities and Fund Balances	<u>\$ 56,003,529</u>	<u>\$ 4,255,072</u>	<u>\$ 14,835,191</u>	<u>\$ 75,093,792</u>

CALVERT COUNTY PUBLIC SCHOOLS

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

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

Total Fund Balance - Governmental Funds	\$	32,670,782
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Cost of capital assets	\$	461,486,826
Accumulated depreciation and amortization		<u>(174,082,150)</u>
		287,404,676
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 Liability		(54,217,931)
Net Pension Liability		(15,722,641)
Lease Liability		(2,841,333)
Subscription liability		(1,908,900)
Accrued Interest- Lease Liability		(3,801)
Compensated Absences		<u>(4,027,919)</u>
		(78,722,525)
Deferred outflows of resources related to pensions		10,024,513
Deferred outflows of resources related to OPEB		14,594,325
Pension related deferred inflows of resources		(6,406,413)
OPEB related deferred inflows of resources		(29,640,718)
Total Net Position - Governmental Activities	<u>\$</u>	<u>229,924,640</u>

CALVERT COUNTY PUBLIC SCHOOLS

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

	General Fund (Current Expense Fund)	Special Revenue Fund (Cafeteria Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
REVENUES				
From Local Sources	\$ 141,305,252	\$ -	\$ 12,939,711	\$ 154,244,963
From State Sources	117,620,513	274,651	5,928,546	123,823,710
From Federal Government	20,035,174	2,788,384	-	22,823,558
From Other Sources:				
Student	4,384,588	1,076,907	-	5,461,495
Other	4,865,091	2,291,300	2,762	7,159,153
Total Revenues	288,210,618	6,431,242	18,871,019	313,512,879
EXPENDITURES				
Current:				
Administration	19,712,311	-	-	19,712,311
Mid-level Administration	13,624,623	-	-	13,624,623
Instructional Salaries	93,143,106	-	-	93,143,106
Textbooks and Instructional Supplies	3,690,990	-	-	3,690,990
Other Instructional Costs	10,374,376	-	-	10,374,376
Special Education	32,692,853	-	-	32,692,853
Pupil Personnel Services	2,559,100	-	-	2,559,100
Health Services	1,804,397	-	-	1,804,397
Pupil Transportation	21,251,350	-	-	21,251,350
Operation of Plant and Equipment	18,485,813	-	-	18,485,813
Maintenance of Plant	3,533,584	-	-	3,533,584
Fixed Charges	50,115,525	-	-	50,115,525
Community Services	1,653,125	-	-	1,653,125
Food Services:				
Cafeteria Salaries and Wages	-	2,486,171	-	2,486,171
Contracted Services	-	91,886	-	91,886
Food and Supplies	-	2,665,736	-	2,665,736
Other	-	987,283	-	987,283
Equipment	13,537	351,295	-	364,832
Student Activity	4,661,670	-	-	4,661,670
Capital Outlay	8,527,606	-	18,910,876	27,438,482
Debt Service -				
Principal	2,599,219	-	-	2,599,219
Interest	40,162	-	-	40,162
Total Expenditures	288,483,347	6,582,371	18,910,876	313,976,594
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(272,729)	(151,129)	(39,857)	(463,715)
OTHER FINANCING SOURCES				
Issuance of leases and subscriptions	5,007,904	-	-	5,007,904
NET CHANGE IN FUND BALANCES	4,735,175	(151,129)	(39,857)	4,544,189
Fund Balance - Beginning of Year	24,054,213	3,979,552	92,828	28,126,593
FUND BALANCE - END OF YEAR	\$ 28,789,388	\$ 3,828,423	\$ 52,971	\$ 32,670,782

CALVERT COUNTY PUBLIC SCHOOLS

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

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

Net Changes in Fund Balances - Total Governmental Funds \$ 4,544,189

Capital outlays to purchase, lease 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.

Capital and right to use assets	\$ 22,738,340	
Loss on disposal	(9,258)	
Depreciation and amortization expense	<u>(13,890,479)</u>	8,838,603

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. 234,458

In the statement of activities, certain operating expenses are measured by the amounts accrued during the year. In the governmental funds expenditures for these items are measured in the amount of financial resources expended, as follows:

Net OPEB Expense:		
Change in Deferred outflows	7,845,561	
Change in Deferred Inflows	22,498,518	
Change in Net OPEB liability	<u>(15,221,168)</u>	15,122,911

Net Pension Expense:		
Change in Deferred outflows	4,039,513	
Change in Deferred Inflows	84,786	
Change in Net Pension liability	<u>(4,470,027)</u>	(345,728)

Lease proceeds provide current financial resources to governmental funds but issuing leases increases long-term liabilities in the Statement of Net Position. Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.

Lease/subscriber liability	(2,408,686)	
Accrued Interest- Lease Liability	<u>77,645</u>	<u>(2,331,041)</u>

Change in Net Position of Governmental Activities \$ 26,063,392

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Education of Calvert County (the Board or CCPS) 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 nonpartisan 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. 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 governmental 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), Capital Projects Fund (School Construction Fund) and Special Revenue Fund (Food Service Fund) have been presented as governmental activities in the government-wide financial statements.

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 the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds. 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 120-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.

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.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds (continued)

Special Revenue Fund (Food Service Fund)

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

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 and for site improvements.

Accounting Policies

The accounting policies of Calvert County Public Schools conform to generally accepted accounting principles (GAAP) as related to governmental entities. All governmental 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 and Intangible Assets – Capital assets, which include property, plant, equipment, infrastructure, and right-to-use assets, are reported in the governmental activities' columns in the government-wide financial statements.

- Capital and intangible 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 one year. Capital assets are recorded at acquisition cost or estimated historical cost if actual historical cost is not available. Right-to-use assets are reported at their present value at the inception of the lease agreement.
- Donated capital assets are valued at their estimated acquisition 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.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies (continued)

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. Right-to-use assets are amortized over the life of the related lease agreement.

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.

Food Service Fund – Revenues from patrons and students are recognized as earned. Revenues from the State and United States Government in the food service 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 unearned revenue until used and expenditures recorded.

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 10-month and 11-month employees are paid over the summer for salaries earned during the previous school year.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies (continued)

Compensated Absences – Board employees who are employed on a 12-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 53 days. Employees in the teacher’s bargaining unit may accumulate annual leave up to a maximum of 30 days. Employees in the support staff bargaining unit may accumulate annual leave up to a maximum of 38 days. Upon termination of employment, accumulated annual leave is paid to the employee.

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, 2023 which includes unused commodities at June 30, 2023, title does not pass to CCPS until the commodities are used.

Pension Liability – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension and pension expense, the Board reports a liability of its proportionate share of the net pension liability of the Maryland State Employee Retirement System. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Postemployment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies (continued)

Deferred inflow and Deferred outflow of resources – The Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then.

The Board has two items that meet the criterion described above. These are the deferrals of pension and OPEB related items that result from GASB Statements 68 and 75.

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.

New Accounting Pronouncements

The GASB issued Statement No. 91, *Conduit Debt Obligations*; Statement No. 94, *Public-Private and Public Public Partnerships and Availability Payment Arrangements*; Statement No. 96, *Subscription-Based Information Technology Arrangements*; Statement No. 99, *Omnibus 2022*; which all took effect during FY 2023. The Board implemented all Statements that were applicable and material to the Board’s financial statements during the fiscal year.

The GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*; and Statement No. 101; *Compensated Absences*; which will require adoption in the future, if applicable. The Board will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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.
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.

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 accounting principles generally accepted in the United States of America, which is used for the fund financial statements, in that encumbrance, 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 schedule of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements is presented as required supplementary information to these financial statements.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balance Reporting

Net Position – Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net invested in capital assets consists of capital assets, net of accumulated depreciation amortization, reduced by the outstanding balances of any capital related debt. 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. Unrestricted net position reflects the funds available for general operations.

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.
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 – The Board has authorized the Chief Financial Officer to 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.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

2. CASH AND CASH INVESTMENTS

Cash on Hand

At June 30, 2023, cash on hand for petty cash and change funds was \$250.

Deposits

At year-end, the carrying amount of the Board's deposits was \$31,503,503 with corresponding bank balances of \$34,819,614. Of the bank balances, all deposits were covered by Federal Depository 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% of the cost of the agreement. Interest income is reported as general revenue in the statement of activities.

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.

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, 2023, \$13,100,000 for the Board's fiscal 2023 appropriation remained outstanding and was collected in July 2023.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

A. Teachers 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 publicly available financial report that can be obtained at <https://sra.maryland.gov/>.

Benefits Provided

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

A member of the Teachers' 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 the Teachers' 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 the Teachers' 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.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND (continued)

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

Beginning in fiscal year 2017 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, 2023 was \$6,601,917. The State's contributions on behalf of the Board for the year ended June 30, 2023 was \$12,803,433. The fiscal year 2023 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 the Financial Statements For the Year Ended June 30, 2023

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- Teachers' Retirement and Pension Systems

At June 30, 2023, 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' 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 was as follows:

CCPS' proportionate share of the net pension liability	\$	-
State's proportionate share of net pension liability of CCPS		158,331,427
Total	\$	<u>158,331,427</u>

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Due to the special funding situation noted above related to the Teachers Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers Retirement and Pension Systems.

Actuarial assumptions

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

Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 11.25%
Investment Rate of Return	6.80%

Mortality rates were based on Pub-2010 Mortality Tables with projected generational mortality improvements based on the MP-2018 fully generational mortality improvement scale.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

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

The economic and demographic actuarial assumptions used in the June 30, 2022, valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 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, 2019. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.25% were used in the June 30, 2022, 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:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	36%	6.00%
Private Equity	15%	8.40%
Rate Sensitive	20%	1.20%
Credit Opportunity	8%	4.90%
Real Assets	15%	5.20%
Absolute Return	6%	3.50%
Total	100 %	

The above was the System's Board of Trustees, adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2022.

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

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)

Discount rate. The single discount rate used to measure the total pension liability was 6.80%. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability. 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. <https://sra.maryland.gov/annual-financial-reports>.

Contributions The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2023, was 6.75% 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, 2023, of \$1,935,694.

Employees' Retirement and Pension Systems

At June 30, 2023, the Board reported a liability of \$15,722,641 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2023. The contributions were increased to adjust for differences between actuarially determined contributions and actual contributions by the state of Maryland. As of June 30, 2023 the Board's proportionate share was 0.07858%, which is an increase of 0.00357% from its proportion measured as of June 30, 2022.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

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)

Employees' Retirement and Pension Systems (continued)

For the year ended June 30, 2023, the Board recognized pension expense of \$2,338,513. At June 30, 2023, 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	\$ -	\$ 1,122,475
Changes in Assumptions	1,752,948	158,462
Change in Proportion	1,516,164	258,152
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	4,819,707	4,867,324
Board Contributions Subsequent to the Measurement Date	1,935,694	-
Total	<u>\$ 10,024,513</u>	<u>\$ 6,406,413</u>

\$1,935,694 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, 2024.

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 Ending June 30,	Amount
2024	\$ 218,210
2025	198,858
2026	(67,663)
2027	1,474,842
2028	(141,840)

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

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)

Employees' Retirement and Pension Systems (continued)

Pension 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 6.80%, as well as what the Board's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees Retirement and Pension Systems:

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
CCPS' Proportionate Share of the Net Pension Liability	<u>\$ 24,123,535</u>	<u>\$ 15,722,641</u>	<u>\$ 6,970,794</u>

Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report. <https://sra.maryland.gov/annual-financial-reports>.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

5. CAPITAL ASSETS

Capital and right-to-use assets activity for the year ended June 30, 2023 was as follows:

	Balance at July 1, 2022	Increases/ Adjustments	Decreases/ Adjustments	Transfers	Balance at June 30, 2023
Capital Assets Not Being Depreciated					
Land	\$ 3,842,081	\$ -	\$ -	\$ -	\$ 3,842,081
Construction in Progress	11,725,482	17,194,504	-	(3,782,584)	25,137,402
Total Capital Assets Not Being Depreciated	15,567,563	17,194,504	-	(3,782,584)	28,979,483
Capital Assets Being Depreciated and Amortized					
Land Improvements	11,855,207	-	-	495,837	12,351,044
Buildings and Improvements	397,361,451	5,035	-	3,286,747	400,653,233
Equipment	8,287,479	298,253	83,075	31,077	8,533,734
Food Service Equipment	1,735,645	232,643	44,780	(31,077)	1,892,431
Right-to-Use Assets					
Subscription asset	-	2,517,825	-	-	2,517,825
Equipment	4,068,996	2,490,080	-	-	6,559,076
Total Capital Assets Being Depreciated and Amortized	423,308,778	5,543,836	127,855	3,782,584	432,507,343
Less - Accumulated Depreciation					
Land Improvements	4,764,921	439,196	-	-	5,204,117
Buildings and Improvements	147,097,531	9,456,460	-	-	156,553,991
Equipment	5,509,005	503,723	73,817	-	5,938,911
Food Service Equipment	1,413,444	61,793	44,780	-	1,430,457
Less - Accumulated Amortization					
Subscription asset	-	608,925	-	-	608,925
Equipment	1,525,367	2,820,382	-	-	4,345,749
Total Accumulated Depreciation and Amortization	160,310,268	13,890,479	118,597	-	174,082,150
Total Capital Assets Being Depreciated and Amortization, Net	262,998,510	(8,346,643)	9,258	-	258,425,193
Capital Assets, Net	\$ 278,566,073	\$ 8,847,861	\$ 9,258	\$ -	\$ 287,404,676

Depreciation and amortization expense for the year ended June 30, 2023 was charged to governmental functions as follows:

Instruction:

Regular Education	\$ 168,574
Special Education	8,571

Support Services:

Administration	37,934
Mid-Level Administration	9,265
Transportation	5,383
Operation of Plant and Equipment	13,385,480
Maintenance of Plant	236,039
Food Service	39,233
Total	<u>\$ 13,890,479</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

5. CAPITAL ASSETS (continued)

The schools had the follow active construction in process as of June 30, 2023. The construction projects are supported by the Maryland State Department of Education (MSDE).

Construction projects	<u>Remaining to Spend</u>
BES Replacement	\$ 11,645,464
PPMS HVAC	3,973,923
CES HVAC	3,055,673
SMS HVAC	1,642,414
SES HVAC	555,455
NMS Replacement	500,000
Health Suites -Patuxent Elementary	386,850
Paving & Restripping	318,912
HVAC System -Beach Elementary	315,740
MES Well	250,000
NHS Water Treatment Plant	234,477
School Safety Grant Program	221,671
SCH Safety SMS 23094701	121,605
Brooks Admin Elevator	120,000
Health Suites -Windy Hill Middle	115,500
Health Suites -Northern High School	110,000
Health Suites -Mill Creek Middle	105,650
Other projects	1,061,511
Total	<u>\$ 24,734,844</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Governmental Activities					
Compensated Absences	\$ 4,262,377	\$ 2,760,053	\$ (2,994,511)	\$ 4,027,919	\$ 265,572
Lease Liability	2,341,547	2,490,080	(1,990,294)	2,841,333	947,111
Subscription liability	-	2,517,825	(608,925)	1,908,900	636,300
Net Pension Liability	11,252,614	4,470,027	-	15,722,641	-
Net OPEB Liability	38,996,763	15,221,168	-	54,217,931	-
Total Governmental Activities	<u>\$ 56,853,301</u>	<u>\$ 27,459,153</u>	<u>\$ (5,593,730)</u>	<u>\$ 78,718,724</u>	<u>\$ 1,848,983</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

6. LONG-TERM LIABILITIES (continued)

Leases

CCPS leases equipment for various terms under long-term, non-cancelable equipment lease agreements at 4% interest. The leases expire at various dates through 2025 and with no renewal options.

Governmental Activities	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
2024	\$ 947,111	\$ 40,162	\$ 636,300	\$ 68,892
2025	1,757,442	7,602	525,275	47,875
2026	136,780	2,078	564,375	24,751
2027	-	-	182,950	69
Total	<u>\$ 2,841,333</u>	<u>\$ 49,842</u>	<u>\$ 1,908,900</u>	<u>\$ 141,587</u>

Right-to-use assets acquired through outstanding leases and subscriptions are shown below, by underlying asset class.

Governmental Activities	Leases	Subscriptions
Equipment/Subscriptions	\$ 6,559,076	\$ 2,517,825
Less: accumulated amortization	4,345,749	608,925
Total	<u>\$ 2,213,327</u>	<u>\$ 1,908,900</u>

7. POSTEMPLOYMENT BENEFITS

Plan Description

The Board participates in the Calvert County, Maryland Post-Retirement Medical Plan (the Plan), a cost-sharing multiemployer 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 the fiduciary financial statements for all Plan assets and required supplementary information. The report may be obtained by writing to the Calvert County Commissioners, 175 Main Street, Prince Frederick, Maryland 20678, or by calling 410-535-1600.

Benefits: 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.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

7. POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

The number of participants eligible to receive benefits as of June 30, 2023 was 2,788.

Contributions: Participating governmental entities are contractually required to contribute at a rate assessed each year by the Plan. The Plan's board of trustees set the employer contribution rate based on the actuarially determined annual required contribution. The Board's contribution for the year ended June 30, 2023 was \$6,624,815, which was 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.

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

The schools and County are required to obtain separate OPEB actuary valuation for the determination of the net OPEB liability. At June 30, 2023, the Board reported a liability of \$54,217,931 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2023 the Board's proportionate share of the Plan's fiduciary assets was 72%, the same percentage from 2022.

For the year ended June 30, 2023, the Board recognized OPEB expense of \$1,064,536. At June 30, 2023, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,269,882	\$ 8,690,559
Changes of Assumptions	-	20,950,159
Net Difference Between Projected and Actual Earnings on OPEB Plan investments	6,699,627	-
CCPS' Contributions Subsequent to the Measurement Date	6,624,815	-
Total	<u>\$ 14,594,324</u>	<u>\$ 29,640,718</u>

\$6,624,815 reported as deferred outflows of resources inflows of resources from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

7. POSTEMPLOYMENT BENEFITS (continued)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (5,505,821)
2024	(6,271,013)
2025	(6,815,697)
2026	(2,322,400)
2027	(525,081)
Thereafter	(231,197)

Actuarial assumptions. The total OPEB liability in the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Salary Increases	2.50%
Investment Rate of Return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	The trend for 2023 is 5.20%. The ultimate trend is 3.94% (pre-Medicare) and 3.94% (post-Medicare)

Mortality rates were based on the RP-2014 Healthy Annuitant White Collar Mortality Table Combined Mortality Table, RP-2014 Employee White Collar Mortality Table and RP-2014 Disabled Annuitant Tables for Males or Females, as appropriate.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

7. POSTEMPLOYMENT BENEFITS (continued)

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

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	56.0%	13.3%
International Equity	19.0%	7.4%
U.S Fixed Equity	20.0%	3.5%
Private Equity	5.0%	8.6%
Total	100.0%	

For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was (12)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate. The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from the school board will be made annually. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.0%) than the current discount rate:

	1% Decrease 6.00%	Rates 7.00%	1% Increase 8.00%
Net OPEB Liability	\$ 79,628,230	\$ 54,217,931	\$ 33,447,743

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

7. POSTEMPLOYMENT BENEFITS (continued)

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

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the Board's proportionate share of the net OPEB liability, as well as what the Board's proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.94% decreasing to 2.94%) or 1-percentage-point higher (3.94% increasing to 4.94%) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	2.94%	3.94%	4.94%
Net OPEB Liability	\$ 30,260,514	\$ 54,217,931	\$ 84,440,514

OPEB plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued in Calvert County's Annual Comprehensive Financial Report.

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.

Workers Compensation

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).

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

8. RISK MANAGEMENT (continued)

Workers Compensation (continued)

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 them 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.

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

Self-Insurance Fund

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, 2023, the Board has a balance of \$655,929 in their rate stabilization fund held with the insurance carrier, this is included in the cash and cash equivalents for the general fund.

Processed claims by the insurance carrier have not exceeded the annual claim premiums during the past three years.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

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.

	Assigned Encumbrances
Administration	\$ 1,166
Mid-Level Administration	3,176
Textbooks and Supplies	17,964
Other Instructional Costs	157,880
Special Education	10,361
Pupil Transportation	1,266
Operation of Plant	424,230
Maintenance of Plant	71,421
Fixed Charges	17,645
Capital Outlay	47,931
Total	<u>\$ 753,040</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

10. FUND BALANCES

Fund Balance at June 30, 2023 consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Fund Balances				
Nonspendable for:				
Inventory	\$ 14,676	\$ 90,138	\$ -	\$ 104,814
Prepaid expenses	23,312	-	-	23,312
Total Nonspendable	<u>37,988</u>	<u>90,138</u>	<u>-</u>	<u>128,126</u>
Restricted				
Capital Outlay	-	-	52,971	52,971
Total Restricted	<u>-</u>	<u>-</u>	<u>52,971</u>	<u>52,971</u>
Committed for:				
Compensated Absences	4,250,000	-	-	4,250,000
Healthcare	4,000,000	-	-	4,000,000
Leases	2,250,000	-	-	2,250,000
Legal and Other	250,000	-	-	250,000
Transportation Fuel	1,000,000	-	-	1,000,000
Premium Holiday	750,000	-	-	750,000
Salaries/Benefits	1,500,000	-	-	1,500,000
Food Service	-	3,738,285	-	3,738,285
Total Committed	<u>14,000,000</u>	<u>3,738,285</u>	<u>-</u>	<u>17,738,285</u>
Assigned for:				
Administration	151,166	-	-	151,166
Mid-level Administration	3,176	-	-	3,176
Textbooks and Instructional Supplies	17,964	-	-	17,964
Other Instructional Costs	3,507,880	-	-	3,507,880
Special Education	10,361	-	-	10,361
Pupil Transportation	176,266	-	-	176,266
Operation of Plant and Equipment	1,199,230	-	-	1,199,230
Maintenance of Plant	196,421	-	-	196,421
Fixed Charges	17,645	-	-	17,645
Capital outlay	172,931	-	-	172,931
Student Activity Funds	2,005,436	-	-	2,005,436
Total Assigned	<u>7,458,476</u>	<u>-</u>	<u>-</u>	<u>7,458,476</u>
Unassigned:	<u>7,292,924</u>	<u>-</u>	<u>-</u>	<u>7,292,924</u>
Total Fund Balances	<u>\$ 28,789,388</u>	<u>\$ 3,828,423</u>	<u>\$ 52,971</u>	<u>\$ 32,670,782</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements For the Year Ended June 30, 2023

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 federal, state, and other 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 SCHOOL

**Schedule of Revenues, Expenditures, and Encumbrances – Budget and Actual General Fund –
Unrestricted and Restricted
For the Year Ended June 30, 2023**

	Budget			Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
Revenues					
Local Sources	\$ 10,698,627	\$ (5,798,160)	\$ 4,900,467	\$ 4,865,086	\$ (35,381)
State Sources	104,775,304	(88,656)	104,686,648	104,817,077	130,429
Federal Sources	34,288,391	(13,223,081)	21,065,310	20,035,162	(1,030,148)
Local County Appropriations	141,305,251	-	141,305,251	141,305,251	-
Use of Prior Year Fund Balance	-	942,324	942,324	-	(942,324)
Total Revenues	291,067,573	(18,167,573)	272,900,000	271,022,576	(1,877,424)
Expenditures					
Administration	7,549,185	(469,850)	7,079,335	6,908,877	170,458
Mid-level Administration	12,978,907	128,674	13,107,581	13,629,355	(521,774)
Instructional Salaries	103,514,607	(9,414,319)	94,100,288	93,138,367	961,921
Textbooks and Instructional Supplies	5,242,347	(526,081)	4,716,266	3,690,991	1,025,275
Other Instructional Costs	9,888,923	348,943	10,237,866	10,374,368	(136,502)
Special Education	34,304,043	(879,911)	33,424,132	32,692,528	731,604
Pupil Personnel Services	3,105,669	24,200	3,129,869	2,559,101	570,768
Health Services	2,534,642	(525,035)	2,009,607	1,804,720	204,887
Pupil Transportation	21,151,274	707,343	21,858,617	21,251,351	607,266
Operation of Plant	19,639,075	55,998	19,695,073	18,485,796	1,209,277
Maintenance of Plant	3,721,403	-	3,721,403	3,533,583	187,820
Fixed Charges	58,314,626	(4,638,351)	53,676,275	51,258,670	2,417,605
Food Services	187,320	-	187,320	13,537	173,783
Community Services	2,550,381	(479,183)	2,071,198	1,653,126	418,072
Capital Outlay	6,385,170	(2,500,000)	3,885,170	3,519,700	365,470
Total Expenditures	291,067,573	(18,167,573)	272,900,000	264,514,070	8,385,930
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ 6,508,506	\$ 6,508,506
Fund Balance - Budgetary Basis - Beginning of Year				24,054,213	
Fund Balance - Budgetary Basis - End of Year				30,562,719	
Encumbrances Outstanding as of June 30, 2023				753,040	
Net Change in Encumbrances from June 30, 2022				(2,249,289)	
Student Activity				(277,082)	
Fund Balance - GAAP Basis - End of Year				\$ 28,789,388	

CALVERT COUNTY PUBLIC SCHOOL

**Schedule of Revenues, Expenditures, and Encumbrances – Budget and Actual General Fund – Unrestricted
For the Year Ended June 30, 2023**

	Budget			Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
Revenues					
Local Sources	\$ 3,013,648	\$ (1,129,557)	\$ 1,884,091	\$ 2,053,000	\$ 168,909
State Sources	101,331,933	396,806	101,728,739	101,796,165	67,426
Federal Sources	750,000	289,595	1,039,595	789,595	(250,000)
Local County Appropriations	141,305,251	-	141,305,251	141,305,251	-
Use of Prior Year Fund Balance	-	942,324	942,324	-	(942,324)
Total Revenues	246,400,832	499,168	246,900,000	245,944,011	(955,989)
Expenditures					
Administration	7,549,185	(475,000)	7,074,185	6,684,782	389,403
Mid-level Administration	12,713,155	125,754	12,838,909	12,749,207	89,702
Instructional Salaries	90,336,170	(674,200)	89,661,970	89,048,321	613,649
Textbooks and Instructional Supplies	2,789,782	(35,194)	2,754,588	2,481,691	272,897
Other Instructional Costs	6,887,011	110,879	6,997,890	6,429,872	568,018
Special Education	27,326,867	(251,402)	27,075,465	26,677,738	397,727
Pupil Personnel Services	2,965,701	24,200	2,989,901	2,504,327	485,574
Health Services	1,857,414	24,965	1,882,379	1,803,744	78,635
Pupil Transportation	19,705,094	1,375,000	21,080,094	20,795,547	284,547
Operation of Plant	18,588,895	(2)	18,588,893	17,717,891	871,002
Maintenance of Plant	3,721,403	-	3,721,403	3,496,083	225,320
Fixed Charges	50,909,805	274,168	51,183,973	48,770,629	2,413,344
Food Services	-	-	-	-	-
Community Services	-	-	-	-	-
Capital Outlay	1,050,350	-	1,050,350	275,673	774,677
Total Expenditures	246,400,832	499,168	246,900,000	239,435,505	7,464,495
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ 6,508,506	\$ 6,508,506

CALVERT COUNTY PUBLIC SCHOOL

**Schedule of Revenues, Expenditures, and Encumbrances – Budget and Actual General Fund – Restricted
For the Year Ended June 30, 2023**

	Budget			Actual Budgetary Basis	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
Revenues					
Local Sources	\$ 7,684,979	\$ (4,668,603)	\$ 3,016,376	\$ 2,812,086	\$ (204,290)
State Sources	3,443,371	(485,462)	2,957,909	3,020,912	63,003
Federal Sources	33,538,391	(13,512,676)	20,025,715	19,245,567	(780,148)
Total Revenues	44,666,741	(18,666,741)	26,000,000	25,078,565	(921,435)
Expenditures					
Administration	-	5,150	5,150	224,095	(218,945)
Mid-level Administration	265,752	2,920	268,672	880,148	(611,476)
Instructional Salaries	13,178,437	(8,740,119)	4,438,318	4,090,046	348,272
Textbooks and Instructional Supplies	2,452,565	(490,887)	1,961,678	1,209,300	752,378
Other Instructional Costs	3,001,912	238,064	3,239,976	3,944,496	(704,520)
Special Education	6,977,176	(628,509)	6,348,667	6,014,790	333,877
Pupil Personnel Services	139,968	(0)	139,968	54,774	85,194
Health Services	677,228	(550,000)	127,228	976	126,252
Pupil Transportation	1,446,180	(667,657)	778,523	455,804	322,719
Operation of Plant	1,050,180	56,000	1,106,180	767,905	338,275
Maintenance of Plant		-	-	37,500	(37,500)
Fixed Charges	7,404,821	(4,912,519)	2,492,302	2,488,041	4,261
Food Services	187,320	-	187,320	13,537	173,783
Community Services	2,550,381	(479,183)	2,071,198	1,653,126	418,072
Capital Outlay	5,334,820	(2,500,000)	2,834,820	3,244,027	(409,207)
Total Expenditures	44,666,741	(18,666,741)	26,000,000	25,078,565	921,435
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -

CALVERT COUNTY PUBLIC SCHOOLS

Reconciliation of Difference Between Budgetary Inflows and Outflows GAAP Basis Revenues and Expenditures

For the Year Ended June 30, 2023

Revenues

Budgetary Basis	\$ 271,022,576
Add: Pension Contribution Paid by the State of Maryland	12,803,433
Add: Student Activity Fund Balance	4,384,609
Total Revenues (GAAP Basis)	<u>\$ 288,210,618</u>

Expenditures

Budgetary Basis	\$ 264,514,070
Add: Pension Contribution Paid by the State of Maryland	12,803,433
Add: Student Activity Fund Balance	4,661,670
Add: Issuance of leases and subscriptions	5,007,904
Add: Change in Encumbrances, net	1,496,270
Total Expenditures and Other Financing Uses (GAAP Basis)	<u>\$ 288,483,347</u>

CALVERT COUNTY PUBLIC SCHOOLS

Schedule of Proportionate Share of Net Pension Liability Maryland State Retirement and Pension System For the Year Ended June 30, 2023

Measurement Date June 30,

Employees' Retirement and Pension System:

	2022	2021	2020	2019	2018	2017	2016	2015	2014
CCPS' proportionation of the net pension liability	0.078580000%	0.070127200%	0.070127200%	0.067068400%	0.063931900%	0.057746900%	0.066916300%	0.068952800%	0.063737680%
CCPS' proportionate share of the net pension liability	\$ 15,722,641	\$ 11,252,614	\$ 15,849,701	\$ 13,833,267	\$ 13,416,936	\$ 12,487,018	\$ 15,788,250	\$ 14,329,572	\$ 11,311,354
CCPS' covered employee payroll	17,709,917	16,835,653	15,931,788	15,242,570	14,893,973	14,469,213	14,172,855	15,480,738	14,770,745
CCPS' proportionate share of the net pension liability as a percentage of its covered employee payroll	88.78%	66.84%	99.48%	90.75%	90.08%	86.30%	111.40%	92.56%	76.58%
Plan fiduciary net position as a percentage of the total pension liability	76.27%	76.76%	66.29%	68.36%	68.36%	66.71%	62.97%	66.26%	73.65%

Teachers' Retirement and Pension System:

CCPS' proportionation of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CCPS' proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability of the Board	158,331,427	91,321,035	145,104,827	138,260,185	137,773,982	145,089,938	170,642,937	141,629,004	152,207,986
Total	\$ 158,331,427	\$ 91,321,035	\$ 145,104,827	\$ 138,260,185	\$ 137,773,982	\$ 145,089,938	\$ 170,642,937	\$ 141,629,004	\$ 152,207,986
CCPS' covered employee payroll	\$ 128,749,500	\$ 125,203,943	\$ 115,671,945	\$ 114,372,165	\$ 110,893,973	\$ 111,359,818	\$ 112,124,454	\$ 104,835,359	\$ 106,780,951
CCPS' proportionate share of the net pension liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	76.27%	85.40%	73.84%	73.35%	73.35%	71.41%	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 For the Year Ended June 30, 2023

Employees' Retirement and Pension System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,935,694	\$ 1,793,427	\$ 1,652,773	\$ 1,503,572	\$ 1,377,248	\$ 1,274,850	\$ 1,175,347	\$ 1,303,584	\$ 1,452,337	\$ 1,484,557
Contributions in relation to the contractually required contribution	1,935,694	1,793,427	1,652,773	1,503,572	1,377,248	1,274,850	1,175,347	1,303,584	1,452,337	1,484,557
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 17,709,917	\$ 16,835,653	\$ 16,140,361	\$ 15,931,788	\$ 15,242,570	\$ 14,893,973	\$ 14,469,213	\$ 14,172,855	\$ 15,480,738	\$ 14,770,745
Contributions as a percentage of covered-employee payroll	11%	11%	10%	9%	9%	9%	8%	9%	9%	10%

Teachers' Retirement and Pension System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,601,917	\$ 7,050,304	\$ 5,260,512	\$ 5,180,760	\$ 5,023,147	\$ 4,994,291	\$ 4,951,040	\$ 5,910,295	\$ 4,598,758	\$ 3,594,696
Contributions in relation to the contractually required contribution	6,601,917	7,050,304	5,260,512	5,180,760	5,023,147	4,994,291	4,951,040	5,910,295	4,598,758	3,594,696
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 128,749,500	\$ 125,203,943	\$ 121,933,843	\$ 115,671,945	\$ 114,372,165	\$ 110,893,973	\$ 111,359,818	\$ 112,124,454	\$ 104,835,359	\$ 106,780,951
Contributions as a percentage of covered-employee payroll	5%	6%	4%	4%	4%	5%	4%	5%	4%	3%

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions Maryland State Retirement and Pension System For the Year Ended June 30, 2023

1. CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2015 through 2022.

2. CHANGES IN ASSUMPTIONS

Inflation assumption changed as follows:

<u>As of June 30,</u>	
2022	2.25%
2021	2.30%
2020	2.30%
2019	2.55%
2018	2.60%
2017	2.65%
2016	2.70%
2015	2.70%

Investment return assumption changed as follows:

<u>As of June 30,</u>	
2022	6.80%
2021	7.00%
2020	7.00%
2019	7.40%
2018	7.50%
2017	7.50%
2016	7.55%
2015	7.65%

CALVERT COUNTY PUBLIC SCHOOLS

Required Supplementary Information Schedule of Changes in Net OPEB Plan Liability and Related Ratios For the Year Ended June 30, 2023

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 4,933,417	\$ 4,518,335	\$ 4,412,132	\$ 6,669,752	\$ 6,368,499	\$ 6,135,356
Interest	10,947,393	10,558,582	10,111,728	10,081,986	9,527,162	9,017,419
Differences between expected and actual experience	820,473	(3,490,514)	883,147	(11,342,148)	(903,606)	-
Changes of assumptions	-	-	(2,413,804)	(38,883,065)	-	-
Benefit payments	<u>(6,624,815)</u>	<u>(6,080,402)</u>	<u>(6,422,787)</u>	<u>(5,423,001)</u>	<u>(5,090,844)</u>	<u>(5,775,000)</u>
Net change in total OPEB liability	10,076,468	5,506,001	6,570,416	(38,896,476)	9,901,211	9,377,775
Total OPEB liability - beginning	<u>159,299,499</u>	<u>153,793,498</u>	<u>147,223,082</u>	<u>186,119,558</u>	<u>176,218,347</u>	<u>166,840,572</u>
Total OPEB liability - ending (a)	<u>\$ 169,375,967</u>	<u>\$ 159,299,499</u>	<u>\$ 153,793,498</u>	<u>\$ 147,223,082</u>	<u>\$ 186,119,558</u>	<u>\$ 176,218,347</u>
Plan fiduciary net position						
Contributions - employer	\$ 15,667,223	\$ 10,030,402	\$ 15,710,589	\$ 12,199,228	\$ 20,494,356	\$ 5,775,000
Net investment income	(14,168,919)	28,737,565	2,882,769	2,253,623	6,592,500	5,934,703
adjustments	(18,189)	-	-	(1,115,319)	-	-
Benefit payments	<u>(6,624,815)</u>	<u>(6,080,402)</u>	<u>(6,422,787)</u>	<u>(5,423,001)</u>	<u>(5,090,844)</u>	<u>(5,775,000)</u>
Net change in plan fiduciary net position	(5,144,700)	32,687,565	12,170,571	7,914,531	21,996,012	5,934,703
Total fiduciary net position - beginning	<u>120,302,736</u>	<u>87,615,171</u>	<u>75,444,600</u>	<u>67,530,069</u>	<u>45,534,057</u>	<u>39,599,354</u>
Total fiduciary net position - ending (b)	<u>\$ 115,158,036</u>	<u>\$ 120,302,736</u>	<u>\$ 87,615,171</u>	<u>\$ 75,444,600</u>	<u>\$ 67,530,069</u>	<u>\$ 45,534,057</u>
CCPS' net OPEB liability - ending (a) - (b)	<u>\$ 54,217,931</u>	<u>\$ 38,996,763</u>	<u>\$ 66,178,327</u>	<u>\$ 71,778,482</u>	<u>\$ 118,589,489</u>	<u>\$ 130,684,290</u>
Plan fiduciary net position as a percentage of the total OPEB liability	67 99%	75 52%	56 97%	51 25%	36 28%	25 84%
Covered-employee payroll	\$ 146,459,417	\$ 138,266,172	\$ 134,893,826	\$ 131,603,733	\$ 129,614,735	\$ 131,572,919
CCPS' net OPEB liability as a percentage of covered-employee payroll	37%	28%	49%	55%	91%	99%

Notes to Schedule:

Benefit Changes

Changes of assumptions.

OPEB plan does not depend on salary, salary information was not provided

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

Required Supplementary Information Schedule of OPEB Plan Contributions For the Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018
Contribution	\$ 6,624,815	\$ 6,086,402	\$ 6,422,787	\$ 9,287,802	\$ 6,086,402	\$ 15,066,644
Contributions in relation to the Contractually required contribution	6,624,815	6,086,402	6,422,787	9,287,802	12,199,228	15,066,644
Contribution deficiency (excess)	-	-	-	-	(6,112,826)	-
CCPS' covered-employee payroll	\$ 146,459,417	\$ 138,266,172	\$ 134,893,826	\$ 131,603,733	\$ 129,614,735	\$ 131,572,919
Contributions as a percentage of covered-employee payroll	4.52%	4.40%	4.76%	7.06%	9.41%	11.45%

Notes to Schedule:

Valuation date: July 1, 2022 July 1, 2021 July 1, 2020 June 30, 2019

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Inflation	2.30%	2.30%	2.30%	2.30%
Salary increases	2.50%	2.50%	2.50%	2.50%
Investment rate of return	7.00%	7.00%	7.00%	5.50%
Retirement age	45	45	45	45

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.

OTHER SUPPLEMENTARY INFORMATION

CALVERT COUNTY PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Encumbrances Budget and Actual General Fund For the Year Ended June 30, 2023

	Budget			Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	As Originally Adopted	Transfers and Amendments	Final Budgeted		
Revenues					
Local Sources	\$ 10,698,627	\$ (5,798,160)	\$ 4,900,467	\$ 4,865,086	\$ (35,381)
State Sources	104,775,304	(88,656)	104,686,648	104,817,077	130,429
Federal Sources	34,288,391	(13,223,081)	21,065,310	20,035,162	(1,030,148)
Local County Appropriations	141,305,251	-	141,305,251	141,305,251	-
Use of Prior Year Fund Balance	-	942,324	942,324	-	(942,324)
Total Revenues	291,067,573	(18,167,573)	272,900,000	271,022,576	(1,877,424)
Expenditures					
Administration	7,549,185	(469,850)	7,079,335	6,908,877	170,458
Mid-level Administration	12,978,907	128,674	13,107,581	13,629,355	(521,774)
Instructional Salaries	103,514,607	(9,414,319)	94,100,288	93,138,367	961,921
Textbooks and Instructional Supplies	5,242,347	(526,081)	4,716,266	3,690,991	1,025,275
Other Instructional Costs	9,888,923	348,943	10,237,866	10,374,368	(136,502)
Special Education	34,304,043	(879,911)	33,424,132	32,692,528	731,604
Pupil Personnel Services	3,105,669	24,200	3,129,869	2,559,101	570,768
Health Services	2,534,642	(525,035)	2,009,607	1,804,720	204,887
Pupil Transportation	21,151,274	707,343	21,858,617	21,251,351	607,266
Operation of Plant	19,639,075	55,998	19,695,073	18,485,796	1,209,277
Maintenance of Plant	3,721,403	-	3,721,403	3,533,583	187,820
Fixed Charges	58,314,626	(4,638,351)	53,676,275	51,258,670	2,417,605
Food Services	187,320	-	187,320	13,537	173,783
Community Services	2,550,381	(479,183)	2,071,198	1,653,126	418,072
Capital Outlay	6,385,170	(2,500,000)	3,885,170	3,519,700	365,470
Total Expenditures	291,067,573	(18,167,573)	272,900,000	264,514,070	8,385,930
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ 6,508,506	\$ 6,508,506