

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

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

**For the Year Ended June 30, 2024**

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Financial Statements Together with Reports of Independent Public Accountants

JUNE 30, 2024

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Members of the Board of Education  
St. Mary's County Public Schools  
Leonardtown, Maryland

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Mary's County Public Schools (the School System), a component unit of St. Mary's County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School System, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

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

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the proportionate share of the net pension liability – Maryland Statement Retirement and Pension System, schedule of school system contributions to Maryland State Retirement and Pension System, schedule of changes in the school system's net OPEB liability and related ratios, schedule of school system's contributions – OPEB, schedule of investment returns – OPEB, budgetary comparison schedule – general fund, and the notes to required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School System's basic financial statements. The combining budgetary comparison schedule – general fund – unrestricted funds and restricted funds, combining budgetary comparison schedule – general fund – unrestricted funds, statement of revenues, expenses, and changes in net position – proprietary fund – budget vs. actual, the schedule of changes in cash and cash equivalents – school activities, and the Schedule of Expenditures of Federal Awards, *as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining budgetary comparison schedule – general fund – unrestricted funds and restricted funds, combining budgetary comparison schedule – general fund – unrestricted funds, statement of revenues, expenses, and changes in net position – proprietary fund – budget vs. actual, the schedule of changes in cash and cash equivalents – school activities, and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to



prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining budgetary comparison schedule – general fund – unrestricted funds and restricted funds, combining budgetary comparison schedule – general fund – unrestricted funds, statement of revenues, expenses, and changes in net position – proprietary fund – budget vs. actual, the schedule of changes in cash and cash equivalents – school activities, and the Schedule of Expenditures of Federal Awards 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 25, 2024, on our consideration of the School System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School System's internal control over financial reporting and compliance.

Owings Mills, Maryland  
September 25, 2024

*SB + Company, LLC*

## ST. MARY'S COUNTY PUBLIC SCHOOLS

### Management's Discussion and Analysis June 30, 2024

This section of St. Mary's County Public Schools' (the School System) annual financial report presents its discussion and analysis of the School System's financial performance during the fiscal year ended June 30, 2024. This is to be read in conjunction with the financial statements, which immediately follow this section.

#### Financial Highlights

- The School System's Governmental Funds fund balance increased by \$2,606,272 (see page 22) due predominantly to interest income.
- There is a planned use of the prior year's fund balance for the fiscal year ended June 30, 2025 in the amount of \$6,584,280 for textbooks, bus driver retention, other post employment benefit trust contribution, and building maintenance (see page 43).
- The school district strives to forecast anticipated savings in advance, which resulted in the proactive planned use of the available fund balance in the FY2024 Adopted Budget, which was also identified in the June 30, 2023 notes to the financial statements (see page 41 of the financial statements ending June 30, 2023).
- The School System's Governmental Funds fund balance includes \$2,073,611 to reflect the inclusion of the Governmental Accounting Standards Board (GASB) Statement No. 84 for Fiduciary Activities associated with the School Activity Accounts. These funds, previously separately reported in the supplementary statements to the audited financial statements, were required to be reclassified in FY2021 from Fiduciary Funds to Governmental Funds, due to the GASB update. Specifically, school districts that exercise administrative control of the school/student activity accounts must recognize that oversight by accounting for the funds as Governmental instead of Fiduciary. The School System's administrative involvement entails monitoring, internal reviews, and confirming compliance with the Board of Education's policies and regulations. Guidelines have been put in place to safeguard all assets of the school district, to include the school activity accounts.
- The net investments in capital assets increased by \$15.9 million (see page 39).
- The School System is reporting a net position for governmental activities in 2024 of \$(104,268,773). The School System reported \$(126,568,345) for 2023, a positive difference of \$22.3 million. The requirements under GASB No. 75 for OPEB reporting is the primary contributor to this difference (see page 19).
- The Unrestricted Fund expenditure budgetary savings of \$8,212,986 were recognized in 2024 due predominantly to staffing vacancies and associated fixed charges. A positive revenue variance of \$2,462,760 was associated with interest income earnings.



# **ST. MARY'S COUNTY PUBLIC SCHOOLS**

## **Management's Discussion and Analysis June 30, 2024**

### **Overview of Financial Statements**

This report consists of several sections: Independent auditor's report, management's discussion and analysis, the basic financial statements, required supplemental information, and supplemental information. The basic financial statements include two kinds of statements that present different views of the School System's financial operations/condition.

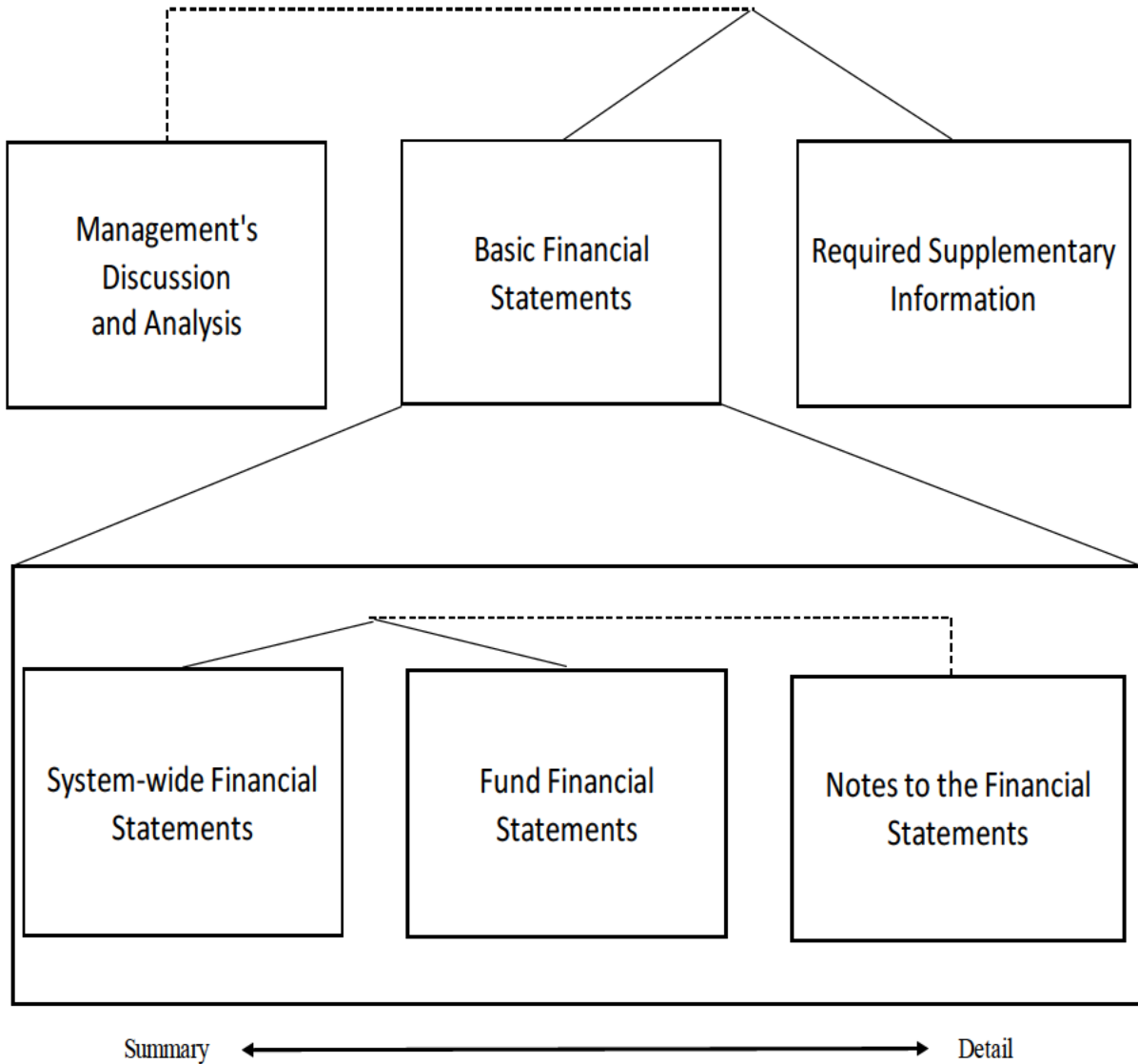
- The first two statements are system-wide financial statements that provide both short-term and long-term information about the School System's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School System's operations. These statements report operations in greater detail than the system-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 is available for future spending.
- Proprietary fund statements offer short and long-term financial information about activities that are operated like businesses - Food Services.
- Fiduciary funds statements provide information about financial relationships in which the School System acts solely as a trustee or agent for the benefit of others.

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

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
June 30, 2024**

**Figure A-1  
Organization of SMCPS Annual Financial Report**



# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis June 30, 2024

Figure A-2 summarizes the major features of the School System's financial statements, including the portion of the School System's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

<b>Figure A-2 Major Features of the District-wide and Fund Financial Statements</b>				
	District-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the system that are not proprietary or fiduciary, such as special education and building maintenance	Activities the system operates similar to private businesses: food services	Instances in which the system administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
Accounting basis and measurement	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities includes	All assets and liabilities; both financial and capital, and short-term and long-term	All assets and liabilities; both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses 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 and services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis June 30, 2024

### System-Wide Statements

The system-wide statements report information about the School System as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School System's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two system-wide statements report the School System's net position and how they have changed. Net position - the difference between the School System's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School System's financial health or position.

- Over time, increases or decreases in the School System's Net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School System's overall health, one needs to consider additional non-financial factors such as changes to the county's property tax base and the condition of school buildings and facilities.

In the School System-wide financial statements, the School System's activities are divided into two categories:

- Governmental activities: Most of the School System's basic services are included here, such as regular and special education, transportation, and administration. County appropriation and state formula aid finance most of these activities.
- Business-type activities: The School System charges a fee to cover the costs of certain services it supplies. This is where our Food Service activities will be reported.

### Fund Financial Statements

The fund financial statements provide more detailed information about the School System's funds, focusing on its most significant funds - not the School System as a whole. Funds are accounting devices the School System uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law.
- The School System establishes other funds to control and manage money for particular purposes (such as repaying long-term debts) or to show that it is properly using certain revenues such as Federal grants.

## **ST. MARY'S COUNTY PUBLIC SCHOOLS**

### **Management's Discussion and Analysis June 30, 2024**

#### **Fund Financial Statements (continued)**

The School System has three kinds of funds:

- **Governmental funds:** Most of the School System's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can be readily converted to cash flow in and out, and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in future fiscal years to finance the School System based programs or new initiatives. Because this information does not encompass the additional long-term focus of the system-wide statements, additional information at the bottom of the governmental funds statement explains the relationship, or difference, between them.
- **Proprietary fund:** Services for which the School System charges a fee are generally reported in proprietary funds. The School System's enterprise funds are the same as its business-type activities, but provide more detail and additional information, such as cash flows. Food Services is the only Enterprise Fund of the School System.
- **Fiduciary funds:** The School System is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds. The School System is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School System excludes these funds from the system-wide financial statements because it cannot use these assets to finance its operations.

#### **Financial Analysis of the School System as a Whole**

The School System's combined net position increased \$21.5 million (see page 19).

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis June 30, 2024

**Figure A-3  
Condensed Statement of Net Position (in millions of dollars)**

	Governmental Activities		Business-type Activities		Total School System		Total % Change
	2024	2023	2024	2023	2024	2023	
Current and other assets	\$ 64.7	\$ 59.7	\$ 6.1	\$ 6.8	\$ 70.8	\$ 66.5	6.5%
Capital assets	292.2	276.3	0.4	0.4	292.6	276.7	5.7%
<b>Total Assets</b>	<b>356.9</b>	<b>336.0</b>	<b>6.5</b>	<b>7.2</b>	<b>363.4</b>	<b>343.2</b>	<b>5.9%</b>
Deferred outflows	117.8	145.0	-	-	117.8	145.0	-18.8%
<b>Liabilities</b>							
Long-term outstanding	341.0	335.5	0.2	0.2	341.2	335.7	1.6%
Other liabilities	42.7	40.4	0.8	0.7	43.5	41.1	5.8%
<b>Total Liabilities</b>	<b>383.7</b>	<b>375.9</b>	<b>1.0</b>	<b>0.9</b>	<b>384.7</b>	<b>376.8</b>	<b>2.1%</b>
Deferred inflows	195.3	231.7	-	-	195.3	231.7	-15.7%
<b>Net Position</b>							
Net investment in capital assets	291.1	276.3	0.4	0.4	291.5	276.7	5.3%
Restricted	0.1	0.1	-	-	0.1	0.1	0.0%
Unrestricted	(395.5)	(402.9)	5.1	6.0	(390.4)	(396.9)	-1.6%
<b>Total Net Position</b>	<b>\$ (104.3)</b>	<b>\$ (126.5)</b>	<b>\$ 5.5</b>	<b>\$ 6.4</b>	<b>\$ (98.8)</b>	<b>\$ (120.1)</b>	<b>-17.7%</b>

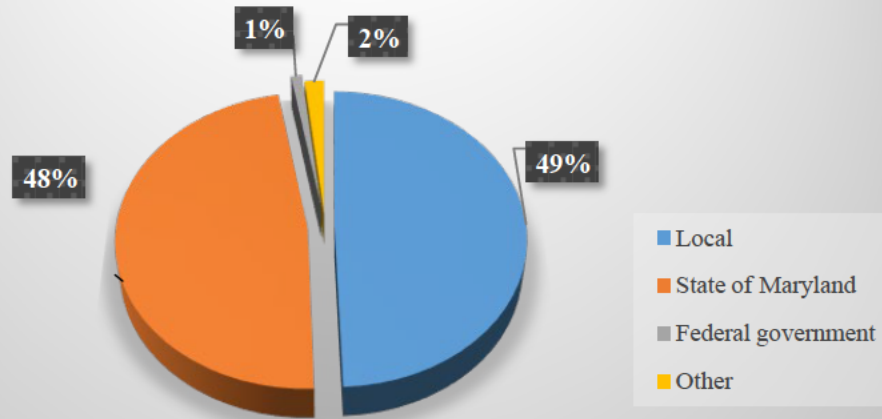
**Figure A-4  
Condensed Statement of Net Activities (in millions of dollars)**

	Governmental Activities		Business-type Activities		Total School System		Total % Change
	2024	2023	2024	2023	2024	2023	
<b>Revenue</b>							
Program revenues:							
Charges for services	\$ 0.1	\$ 0.2	\$ 2.5	\$ 2.3	\$ 2.6	\$ 2.5	4.0%
Operating grants and contributions	61.9	66.4	6.8	6.6	68.7	73.0	-5.9%
Capital grants and contributions	19.8	16.3	-	-	19.8	16.3	21.5%
General revenues:							
County	128.1	121.5	-	-	128.1	121.5	5.4%
State	124.0	102.9	-	-	124.0	102.9	20.5%
Federal	2.6	2.7	-	-	2.6	2.7	-3.7%
Other	4.6	10.1	-	-	4.6	10.1	-54.5%
<b>Total Revenue</b>	<b>341.1</b>	<b>320.1</b>	<b>9.3</b>	<b>8.9</b>	<b>350.4</b>	<b>329.0</b>	<b>6.5%</b>
<b>Expenses</b>							
Administrative	26.3	24.4	-	-	26.3	24.4	7.8%
Instruction	113.0	108.3	-	-	113.0	108.3	4.3%
Special education	27.2	26.4	-	-	27.2	26.4	3.0%
Student personnel & health services	6.7	6.2	-	-	6.7	6.2	8.1%
Transportation	24.3	24.2	-	-	24.3	24.2	0.4%
Operations & maintenance	40.0	36.7	-	-	40.0	36.7	9.0%
Fixed charges	77.9	77.3	-	-	77.9	77.3	0.8%
Other	3.4	3.6	10.2	8.7	13.6	12.3	10.6%
<b>Total Expenses</b>	<b>318.8</b>	<b>307.1</b>	<b>10.2</b>	<b>8.7</b>	<b>329.0</b>	<b>315.8</b>	<b>4.2%</b>
<b>Change in Net Position</b>	<b>\$ 22.3</b>	<b>\$ 13.0</b>	<b>\$ (0.9)</b>	<b>\$ 0.2</b>	<b>\$ 21.4</b>	<b>\$ 13.2</b>	<b>62.1%</b>

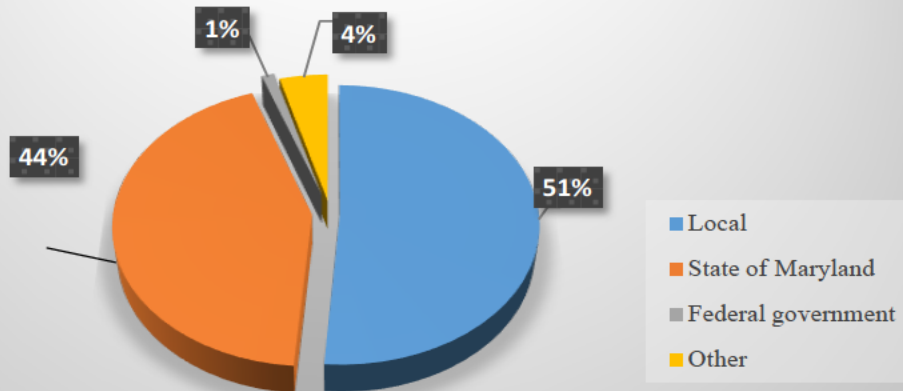
**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Management's Discussion and Analysis  
June 30, 2024**

**Figure A-5: Sources of Revenues FY-2024  
Governmental Activities**

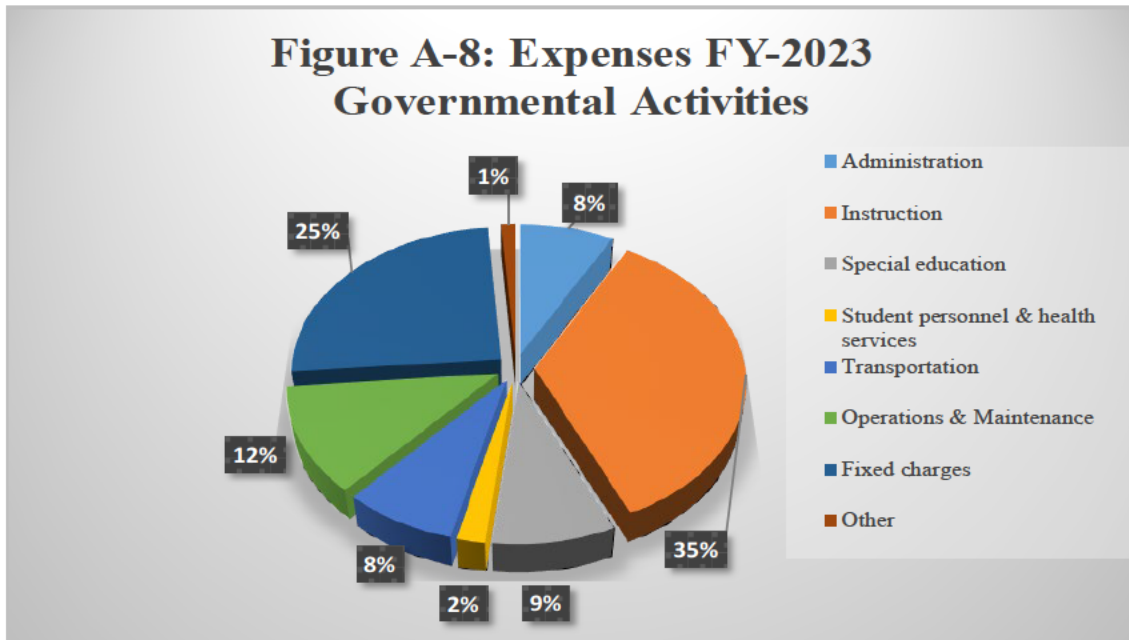
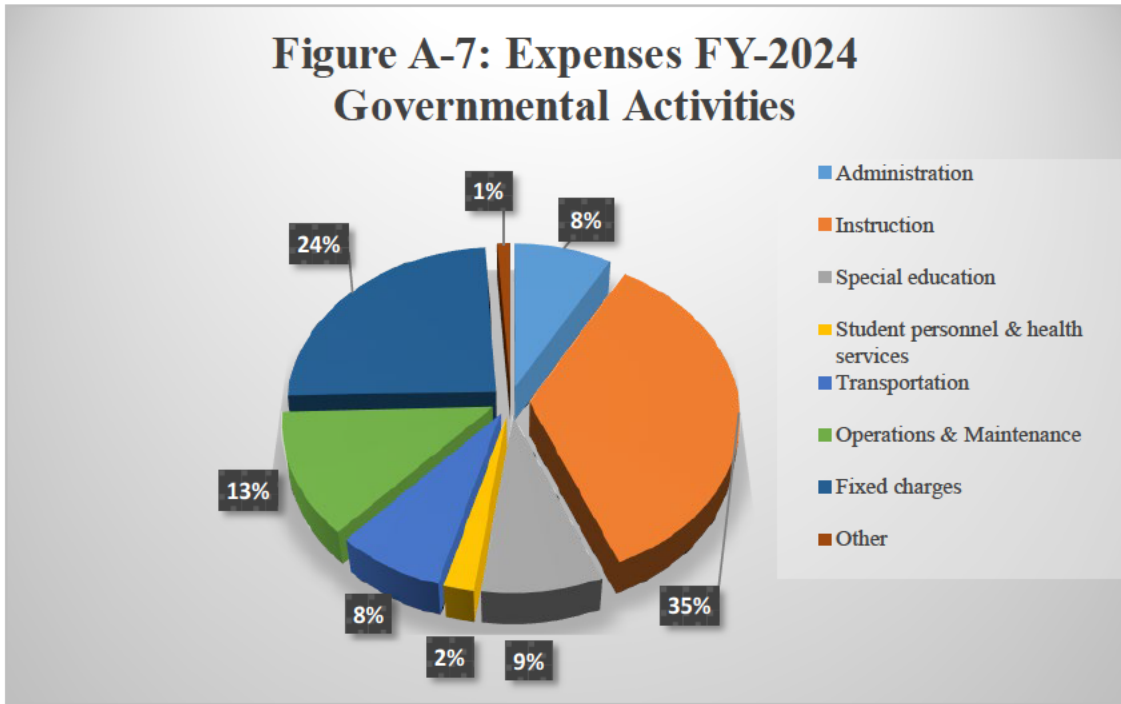


**Figure A-6: Sources of Revenues FY-2023  
Governmental Activities**



ST. MARY'S COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis  
June 30, 2024





**ST. MARY’S COUNTY PUBLIC SCHOOLS**

**Management’s Discussion and Analysis  
June 30, 2024**

**Governmental Activities**

Variances between budgeted Revenues and Expenses and actual Revenues and Expenses can be attributed to:

- Negative variance:
  - There were no negative expenditure variances noted within the Unrestricted Funds. There was a revenue variance of \$119,346 in Other funding, related to the decrease in recognized inter-fund pension transfer associated with a decline in the Restricted Fund salaries through attrition. Due to the end of the Federal pandemic grants, as these Restricted Fund positions were vacated, they were not refilled, resulting in a decrease pension cost to the Restricted Fund and offsetting revenue to the Unrestricted Fund.
  
- Positive variance:
  - Unrestricted Fund staffing vacancy/attrition savings of \$3,747,041.

**Figure A-9  
Net Cost of Governmental Activities (in millions of dollars)**

	<b>Total Cost of Services</b>			<b>Net Cost (Benefit) of Services</b>		
	<b>2024</b>	<b>2023</b>	<b>% change</b>	<b>2024</b>	<b>2023</b>	<b>% change</b>
Administrative	\$ 26.3	\$ 24.4	8%	\$ 24.7	\$ 22.5	10%
Instruction	113.0	108.3	4%	103.6	94.0	10%
Special education	27.2	26.4	3%	11.8	11.8	0%
Student personnel & health services	6.7	6.2	8%	4.7	4.2	12%
Transportation	24.3	24.2	0%	13.9	13.8	1%
Operations & maintenance	40.0	36.7	9%	38.6	34.8	11%
Fixed charges	77.9	77.3	1%	39.6	42.9	-8%
Student activity/other	3.4	3.6	-6%	-	0.1	0%
<b>Total</b>	<b>\$ 318.8</b>	<b>\$ 307.1</b>	<b>4%</b>	<b>\$ 236.9</b>	<b>\$ 224.1</b>	<b>6%</b>

## **ST. MARY'S COUNTY PUBLIC SCHOOLS**

### **Management's Discussion and Analysis June 30, 2024**

#### **Business-Type Activities**

- Net position for Food Service decreased by \$826,311 (see page 19).

#### **Financial Analysis of the School System's Funds**

The financial performance of the School System's general operations is reflected in its governmental funds. For FY 2024, the General Fund shows a net \$2,603,648 of revenues in excess of expenditures and other financing uses, which was offset by the planned use of fund balance for non-recurring items (page 22).

Capital Projects expenditures amounted to \$20.7 million for the year ended June 30, 2024 (page 22). As discussed later, these expenditures were for a full array of capital projects.

#### **General Fund Budgetary Highlights**

Overall, revenues came in at 100.87% of the unrestricted fund amended budget. The FY 2024 year-end budgetary expenditure remaining balance of \$8,212,986 reflected a spending of 97.11% of the unrestricted fund budget (page 66).

Over the course of the fiscal year, the School System revised the annual operating budget on a categorical basis and within categorical adjustments. These budget amendments fall into two categories:

- Adjustments outside a category to include: recognizing a planned use of fund balance and approval to utilize restricted grants.
- Adjustments within a category to realign the budget to meet emerging needs.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

During FY 2024, the School System invested \$25.3 million (prior to depreciation/amortization) in a broad range of capital assets, including school buildings, vehicles, and equipment. More information can be found in Note 4 to the basic Financial Statements (pages 39-40).

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Management's Discussion and Analysis June 30, 2024

**Figure A-10  
Capital Assets (net of depreciation/amortization, in millions of dollars)**

	Governmental		Business-type		Total		Total % Change
	Activities		Activities		School System		
	2024	2023	2024	2023	2024	2023	
Land	\$ 3.7	\$ 3.7	\$ -	\$ -	\$ 3.7	\$ 3.7	0%
Facilities under construction	13.5	17.2	-	-	13.5	17.2	-22%
Buildings and improvements	262.4	248.9	-	-	262.4	248.9	5%
Furniture and equipment	10.8	6.5	0.4	0.4	11.2	6.9	62%
Right-to-use leased assets	1.0	-	-	-	1.0	-	100%
Right-to-use subscription assets	1.0	-	-	-	1.0	-	100%
<b>Total Capital Assets, Net</b>	<b>\$ 292.4</b>	<b>\$ 276.3</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 292.8</b>	<b>\$ 276.7</b>	<b>6%</b>

### Long-term Debt

The long-term debt is expected to grow over time as funding for OPEB remains at less than desirable amounts. For FY 2024 there was one payment made to the OPEB trust for \$4 million and the net liability for OPEB increased \$0.9 million in the current year. GASB 68 required the School System to record an increase in pension liability for FY 2024 of \$2.5 million. Additional information on long-term debt can be found in Note 7 to the basic Financial Statements (page 40).

**Figure A-11  
Outstanding Long-term Debt (in millions of dollars)**

	Governmental		Business-type		Total		Total % Change
	Activities		Activities		School System		
	2024	2023	2024	2023	2024	2023	
Equipment financing agreements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0%
Lease liability	1.0	-	-	-	1.0	-	100%
SBITA liability	1.0	-	-	-	1.0	-	100%
Compensated absences	5.6	5.6	0.2	0.2	5.8	5.8	0%
Net OPEB liability	315.7	314.9	-	-	315.7	314.9	0%
Net pension liability	17.5	15.1	-	-	17.5	15.1	16%
<b>Total Long-Term Debt</b>	<b>\$ 340.8</b>	<b>\$ 335.6</b>	<b>\$ 0.2</b>	<b>\$ 0.2</b>	<b>\$ 341.0</b>	<b>\$ 335.8</b>	<b>2%</b>

### Factors Bearing on the School System's Future

At the time these financial statements were prepared and audited, the School System was aware of three items that could significantly affect the financial health in the future:

- GASB 75 replaced GASB 45, which requires the School System to recognize the entire unfunded accrued liability associated with post-employment benefits. The School System's net liability is \$315 million as of June 30, 2024. This liability will keep the government-wide net position in a negative position for the foreseeable future.
- GASB 68 requires the School System to recognize a long-term pension liability of \$17 million for the year ending June 30, 2024. All Boards of Education are now responsible for reporting the net unfunded pension liability for participants in the Employees' Pension Systems.

## **ST. MARY'S COUNTY PUBLIC SCHOOLS**

### **Management's Discussion and Analysis June 30, 2024**

#### **Factors Bearing on the School System's Future (continued)**

- The continued impact of the COVID-19 pandemic on the economy, community, and the St. Mary's County Public Schools operations is of concern. The pandemic resulted in supply chain issues for major equipment purchases and major infrastructure projects, as well as ongoing staffing challenges. The School System continues to pursue every viable grant opportunity to cover indirect COVID-19 related costs, such as instructional technology to provide a platform for a continuity of learning, as well as instructional recovery efforts. The sunset of the Federal pandemic grants has resulted in a decrease of staff available to support our students in FY 2025.
- The implementation of the Blueprint for Maryland's Future has resulted in funding previously being deemed as unrestricted, becoming restricted in nature as the per pupil allocation is being directed by COMAR to be used to support specific instructional purposes. This is a new resource allocation modeling that will drive additional resources to school with a higher concentration of poverty.

#### **Contacting SMCPS' Financial Management**

This financial report is designed to provide the School System's citizens, stakeholders, elected officials, and the financial market with a general overview of the School System's finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Assistant Superintendent of Fiscal Services and Human Resources, St. Mary's County Public Schools, 23160 Moakley Street, Leonardtown, Maryland 20650.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Statement of Net Position As of June 30, 2024

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 55,960,409	\$ 530,426	\$ 56,490,835
Certificate of deposit	95,453	-	95,453
Due from other governments	13,265,223	614,138	13,879,361
Internal balances	(4,615,728)	4,615,728	-
Other receivables, net	-	104,660	104,660
Inventory	-	208,883	208,883
Prepaid items	638	-	638
<b>Capital assets</b>			
Land	3,734,759	-	3,734,759
Building and improvements	471,660,116	-	471,660,116
Furniture and equipment	19,500,636	2,268,493	21,769,129
Right-to-use leased assets	1,025,884	-	1,025,884
Right-to-use subscription assets	1,319,123	-	1,319,123
Construction in process	13,485,004	-	13,485,004
Accumulated depreciation/amortization	(218,492,277)	(1,826,631)	(220,318,908)
<b>Total Assets</b>	<b>356,939,240</b>	<b>6,515,697</b>	<b>363,454,937</b>
<b>Deferred Outflows</b>			
Deferred outflows related to pensions	9,313,341	-	9,313,341
Deferred outflows related to OPEB	108,509,059	-	108,509,059
<b>Total Deferred Outflows</b>	<b>117,822,400</b>	<b>-</b>	<b>117,822,400</b>
<b>Liabilities</b>			
Accounts payable	8,022,053	109,188	8,131,241
Accrued salaries and related costs	23,603,974	428,376	24,032,350
Due to other governments	136,592	-	136,592
Unearned revenue	10,967,848	266,625	11,234,473
<b>Long-term liabilities</b>			
Due within one year:			
Compensated absences	706,372	19,074	725,446
Lease liability	202,838	-	202,838
SBITA liability	444,802	-	444,802
Due after one year:			
Compensated absences	4,905,658	153,277	5,058,935
Lease liability	823,046	-	823,046
SBITA liability	656,231	-	656,231
Net pension liability	17,521,533	-	17,521,533
Net OPEB liability	315,725,160	-	315,725,160
<b>Total Liabilities</b>	<b>383,716,107</b>	<b>976,540</b>	<b>384,692,647</b>
<b>Deferred Inflows</b>			
Deferred inflows related to pension	3,965,466	-	3,965,466
Deferred inflows related to OPEB	191,348,842	-	191,348,842
<b>Total Deferred Inflows</b>	<b>195,314,308</b>	<b>-</b>	<b>195,314,308</b>
<b>Net Position</b>			
Net investment in capital assets	291,132,212	441,862	291,574,074
Restricted - capital projects	97,546	-	97,546
Unrestricted (deficit)	(395,498,533)	5,097,295	(390,401,238)
<b>Total Net Position</b>	<b>\$ (104,268,775)</b>	<b>\$ 5,539,157</b>	<b>\$ (98,729,618)</b>

The accompanying notes are an integral part of this financial statement.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Statement of Activities  
For the Year Ended June 30, 2024**

Functions/Programs	Program Revenue				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
Governmental activities:							
Administration	\$ 5,100,044	\$ -	\$ 550,159	\$ -	\$ (4,549,885)	\$ -	\$ (4,549,885)
Mid-level administration	21,230,320	-	1,060,204	-	(20,170,116)	-	(20,170,116)
Instructional salaries	101,877,391	-	6,147,655	-	(95,729,736)	-	(95,729,736)
Instructional textbooks and supplies	7,704,569	18,695	2,135,083	-	(5,550,791)	-	(5,550,791)
Other instructional costs	3,376,245	-	1,016,410	-	(2,359,835)	-	(2,359,835)
Special education	27,158,257	-	15,362,433	-	(11,795,824)	-	(11,795,824)
Student personnel services	3,312,746	-	1,670,097	-	(1,642,649)	-	(1,642,649)
Student health services	3,414,076	-	378,246	-	(3,035,830)	-	(3,035,830)
Student transportation services	24,339,910	-	10,462,411	-	(13,877,499)	-	(13,877,499)
Operation of plant	33,031,418	53,674	1,172,797	-	(31,804,947)	-	(31,804,947)
Maintenance of plant	6,920,837	-	83,145	-	(6,837,692)	-	(6,837,692)
Community services	643,000	-	643,000	-	-	-	-
Fixed charges	77,852,427	-	18,475,481	19,756,454	(39,620,492)	-	(39,620,492)
Student activity	2,674,352	-	2,760,233	-	85,881	-	85,881
Interest on long-term debt	78,267	-	-	-	(78,267)	-	(78,267)
<b>Total Governmental Activities</b>	<b>318,713,859</b>	<b>72,369</b>	<b>61,917,354</b>	<b>19,756,454</b>	<b>(236,967,682)</b>	<b>-</b>	<b>(236,967,682)</b>
Business-type activities							
Food services	10,194,722	2,508,519	6,835,119	-	-	(851,084)	(851,084)
<b>Total Government</b>	<b>\$ 328,908,581</b>	<b>\$ 2,580,888</b>	<b>\$ 68,752,473</b>	<b>\$ 19,756,454</b>	<b>(236,967,682)</b>	<b>(851,084)</b>	<b>(237,818,766)</b>
General revenue							
Unrestricted grants and contributions:							
Local							
					128,069,906	-	128,069,906
State							
					123,965,598	-	123,965,598
Federal							
					2,635,279	-	2,635,279
Investment earnings							
					2,935,953	24,530	2,960,483
Other							
					1,660,516	243	1,660,759
<b>Total General Revenue</b>					<b>259,267,252</b>	<b>24,773</b>	<b>259,292,025</b>
<b>Change in Net Position</b>					<b>22,299,570</b>	<b>(826,311)</b>	<b>21,473,259</b>
Net position, beginning of year					(126,568,345)	6,365,468	(120,202,877)
<b>Net Position, End of Year</b>					<b>\$ (104,268,775)</b>	<b>\$ 5,539,157</b>	<b>\$ (98,729,618)</b>

The accompanying notes are an integral part of this financial statement.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Balance Sheet – Governmental Funds  
As of June 30, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 55,936,586	\$ 23,823	\$ 55,960,409
Certificate of deposit	-	95,453	95,453
Due from other governments	8,854,090	4,411,133	13,265,223
Due from other funds	-	2,674,455	2,674,455
Prepaid items	638	-	638
<b>Total Assets</b>	<u>\$ 64,791,314</u>	<u>\$ 7,204,864</u>	<u>\$ 71,996,178</u>
<b>Liabilities</b>			
Liabilities			
Accounts payable	\$ 4,115,886	\$ 3,906,168	\$ 8,022,054
Accrued salaries and related costs	23,603,974	-	23,603,974
Due to other governments	136,592	-	136,592
Due to other funds	7,290,183	-	7,290,183
Unearned revenue	7,766,698	3,201,150	10,967,848
<b>Total Liabilities</b>	<u>42,913,333</u>	<u>7,107,318</u>	<u>50,020,651</u>
Fund balances			
Nonspendable	638	-	638
Restricted	-	97,546	97,546
Assigned	19,245,135	-	19,245,135
Unassigned	2,632,208	-	2,632,208
<b>Total Fund Balance</b>	<u>21,877,981</u>	<u>97,546</u>	<u>21,975,527</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 64,791,314</u>	<u>\$ 7,204,864</u>	<u>\$ 71,996,178</u>

The accompanying notes are an integral part of this financial statement.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
As of June 30, 2024**

**Total Fund Balances - Governmental Funds** \$ 21,975,527

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	\$ 510,725,523	
Accumulated depreciation/amortization	<u>(218,492,277)</u>	292,233,246

Long-term liabilities including net pension liability and related deferred inflow and outflow and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Compensated absences	(5,612,030)	
Lease liability	(1,025,884)	
SBITA liability	(1,101,033)	
Financing agreements payable	-	
Net OPEB liability	(315,725,160)	
Net pension liability	(17,521,533)	
Deferred outflows/inflows - related to pension	5,347,875	
Deferred outflows/inflows - related to OPEB	<u>(82,839,783)</u>	<u>(418,477,548)</u>

**Total Net Position - Governmental Activities** \$ (104,268,775)

The accompanying notes are an integral part of this financial statement.



**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
For the Year Ended June 30, 2024**

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>Revenue</b>			
St. Mary's County	\$ 128,069,906	\$ 11,871,715	\$ 139,941,621
State of Maryland	161,135,644	7,884,739	169,020,383
Federal government	24,622,354	-	24,622,354
Tuition	48,652	-	48,652
Investment income	2,933,332	2,621	2,935,953
Student activities	2,760,233	-	2,760,233
Other	1,684,233	-	1,684,233
<b>Total Revenue</b>	<u>321,254,354</u>	<u>19,759,075</u>	<u>341,013,429</u>
<b>Expenditures</b>			
<b>Current</b>			
Administration	5,063,448	-	5,063,448
Mid-level administration	21,198,316	-	21,198,316
Instructional salaries	101,877,386	-	101,877,386
Instructional textbooks and supplies	7,704,569	-	7,704,569
Other instructional costs	3,113,250	-	3,113,250
Special education	27,154,634	-	27,154,634
Student personnel services	3,312,449	-	3,312,449
Student health services	3,402,222	-	3,402,222
Student transportation services	24,157,096	-	24,157,096
Operation of plant	24,444,911	-	24,444,911
Maintenance of plant	6,623,024	-	6,623,024
Fixed charges	83,718,621	-	83,718,621
Community services	643,001	-	643,001
Student activities	2,674,354	-	2,674,354
Capital outlay	4,648,146	20,677,140	25,325,286
<b>Debt service</b>			
Principal	341,351	-	341,351
Interest	78,267	-	78,267
<b>Total Expenditures</b>	<u>320,155,045</u>	<u>20,677,140</u>	<u>340,832,185</u>
Excess of revenues over expenditures	<u>1,099,309</u>	<u>(918,065)</u>	<u>181,244</u>
<b>Other financing sources (uses)</b>			
Interfund transfers	(920,689)	920,689	-
Proceeds from lease	1,105,903	-	1,105,903
Proceeds from SBITAs	1,319,123	-	1,319,123
<b>Total</b>	<u>1,504,337</u>	<u>920,689</u>	<u>2,425,026</u>
<b>Net Change in Fund Balances</b>	2,603,646	2,624	2,606,270
Fund balance, beginning of year	19,274,335	94,922	19,369,257
<b>Fund Balance, End of Year</b>	<u>\$ 21,877,981</u> *	<u>\$ 97,546</u>	<u>\$ 21,975,527</u>

\* \$19,245,135 of the total fund balance is considered assigned fund balance.

The accompanying notes are an integral part of this financial statement.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2024**

Total net change in fund balances - governmental funds \$ 2,606,270

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of capital assets  
is allocated over their estimated useful lives as depreciation/amortization expense. 15,906,551

Certain expenses reported in the statement of activities do not  
require the use of current financial resources and,  
therefore, are not reported as expenditures in governmental funds:

Compensated absences	(53,795)
Lease liability	(1,025,884)
SBITA liability	(1,101,033)
Financing agreements payable	43,242
Net OPEB liabilities	(865,528)
Net pension liabilities	(2,445,008)
Deferred outflows and inflows of resources related to pensions	2,136,559
Deferred outflows and inflows of resources related to OPEB	<u>7,098,196</u>

**Change in Net Position of Governmental Activities** \$ 22,299,570

The accompanying notes are an integral part of this financial statement.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Statement of Net Position – Proprietary Fund  
As of June 30, 2024**

**Assets**

Current assets

Cash and cash equivalents	\$ 530,426
Due from other governments	614,138
Due from other funds	4,615,728
Accounts receivable, net	104,660
Inventory, at cost	208,883
<b>Total current assets</b>	<u>6,073,835</u>

Noncurrent assets

Food service equipment	2,268,493
Accumulated depreciation	<u>(1,826,631)</u>
Food service equipment, net	<u>441,862</u>
<b>Total Assets</b>	<u>6,515,697</u>

**Liabilities**

Current liabilities

Accounts payable	109,188
Accrued salaries and related costs	428,376
Unearned revenue	266,625
Compensated absences	19,074
	<u>823,263</u>

Noncurrent liabilities

Compensated absences	<u>153,277</u>
<b>Total Liabilities</b>	<u>976,540</u>

**Net Position**

Net investment in capital assets	441,862
Unrestricted	<u>5,097,295</u>
<b>Total Net Position</b>	<u>\$ 5,539,157</u>

The accompanying notes are an integral part of this financial statement.

## ST. MARY'S COUNTY PUBLIC SCHOOLS

### Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund For the Year Ended June 30, 2024

Operating revenue	
Food service sales	\$ 2,508,519
Federal grants and commodities	6,261,439
State matching and other	573,680
<b>Total Operating Revenue</b>	<u>9,343,638</u>
Operating expenses	
Payroll costs	3,878,240
Professional and contract services	264,420
Supplies and materials	4,550,233
Depreciation	83,655
Other operating costs	1,418,174
<b>Total Operating Expenses</b>	<u>10,194,722</u>
<b>Operating Loss</b>	<u>(851,084)</u>
Non-operating revenue	
Interest income	24,530
Donations	243
<b>Total Non-Operating Revenue</b>	<u>24,773</u>
Change in net position	(826,311)
Net position, beginning of year	6,365,468
<b>Net Position, End of Year</b>	<u>\$ 5,539,157</u>

The accompanying notes are an integral part of this financial statement.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Statement of Cash Flows – Proprietary Fund For the Year Ended June 30, 2024

<b>Cash Flows From Operating Activities</b>	
Cash received from user charges	\$ 2,435,283
Operating grants and subsidies received	6,523,231
Payments to employees for services	(3,826,608)
Payments to suppliers for goods and services	(4,540,161)
Payments for other operating expenses	(1,418,174)
<b>Net Cash From Operating Activities</b>	<u>(826,429)</u>
<b>Cash Flows From Non-Capital Financing Activities</b>	
Donations received	243
Internal activity - net receipts from other funds	963,105
<b>Net Cash From Non-Capital Financing Activities</b>	<u>963,348</u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	(149,822)
<b>Net Cash From Capital and Related Financing Activities</b>	<u>(149,822)</u>
<b>Cash Flows From Investing Activities</b>	
Interest received on investments	24,530
<b>Net Cash From Investing Activities</b>	<u>24,530</u>
<b>Net Change in Cash and Cash Equivalents</b>	11,627
Cash and cash equivalents	
Beginning	518,799
Ending	<u>\$ 530,426</u>
<b>Reconciliation of Operating Loss to Net Cash From Operating Activities:</b>	
Operating loss	\$ (851,084)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	83,655
Changes in assets and liabilities:	
Due from other governments	(315,923)
Receivables	(73,236)
Inventory	206,314
Accounts payable	68,178
Accrued salaries and related costs	62,499
Unearned revenue	4,035
Compensated absences	(10,867)
<b>Net Cash From Operating Activities</b>	<u>\$ (826,429)</u>

The accompanying notes are an integral part of this financial statement.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Statement of Fiduciary Net Position – Fiduciary Funds  
As of June 30, 2024**

	<b>Private-Purpose Trust Fund</b>	<b>Retiree Benefit Trust Fund (OPEB)</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 110,263	\$ -
Investments held in MABE Trust	-	77,751,285
	<hr/>	<hr/>
<b>Total Assets</b>	110,263	77,751,285
	<hr/>	<hr/>
<b>Liabilities</b>		
Accounts payable	1,094	-
	<hr/>	<hr/>
<b>Total Liabilities</b>	1,094	-
	<hr/>	<hr/>
<b>Net Position</b>		
Reserved for scholarships	\$ 109,169	
Held in trust for retiree benefits	<hr/>	\$ 77,751,285
		<hr/>

The accompanying notes are an integral part of this financial statement.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Statement of Changes in Fiduciary Net Position – Fiduciary Funds  
For the Year Ended June 30, 2024**

	<u>Private-Purpose Trust Fund</u>	<u>Retiree Benefit Trust Fund (OPEB)</u>
Additions		
Investment income and other income, net of administrative fees	\$ 5,743	\$ 5,339,358
Employer contributions	-	4,000,000
Deductions		
Scholarships awarded	<u>50</u>	<u>-</u>
<b>Change in Net Position</b>	<u>5,693</u>	<u>9,339,358</u>
Net position		
Beginning of year	<u>103,476</u>	<u>68,411,927</u>
<b>End of Year</b>	<u>\$ 109,169</u>	<u>\$ 77,751,285</u>

The accompanying notes are an integral part of this financial statement.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In Maryland, public schools are part of a statewide system of county school boards. The school boards' political boundaries conform to the county boundaries. The purpose of St. Mary's County Public Schools (the School System) is to operate the local public school system in accordance with state and community standards.

The School System does not have the authority to levy any taxes or incur debt. Schools are funded with local (county), state and Federal monies. St. Mary's County, Maryland (the County) has oversight responsibility for approval and partial funding of the School System's operating budget.

The School System is a component unit of the County by virtue of the County's responsibility for levying taxes and its budgetary control over the School System.

The School System's financial statements are prepared in accordance with the Codification of Governmental Accounting and Financial Reporting Standards (the Codification) as promulgated by the Governmental Accounting Standards Board (GASB). The more significant policies of the School System are described below:

#### Reporting Entity

The main criterion used in determining the entity for financial reporting purposes is whether the School System is financially accountable for any governmental department, agency, institution, commission, public authority, or other organization. As part of that criterion, the following factors were considered:

- Financial benefit or burden
- Appoints a voting majority of the component unit board
- Designation of management
- Ability to impose its will
- Fiscally dependent

Based on these factors, no other organizations exist that should have been included in these financial statements.

#### Government-Wide Financial Statements

The government-wide financial statements report information on all of the non-fiduciary activities of the School System as a whole and categorize primary activities as either governmental or business-type. The School System's food service program is classified as a business-type activity.



# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Government-Wide Financial Statements (continued)

In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The School System's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The School System first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reduces gross expenses by directly related program revenues. Program revenues include: (1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other income including investment income and grants and contributions that are not restricted to meeting the operational requirements of a particular function are instead reported as general revenues. The School System does not allocate indirect costs.

#### Fund Financial Statements

The financial transactions of the School System are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenses - expenditures as appropriate. School System resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The emphasis in the fund financial statements is on the major funds in either the governmental or business-type activities categories. Non-major funds by category are summarized into a single column. The Codification sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures of either fund category or the governmental and enterprise combined) for the determination of major funds. The various funds are grouped, in the financial statements in this report, into six generic fund types and three broad fund categories as follows:

#### *Governmental Funds:*

General Fund: The General Fund is the general operating fund of the School System. It is used to account for all financial resources except those required to be accounted for in another fund. This fund includes appropriations and grants for both restricted and unrestricted purposes. The operations of the Chesapeake Public Charter School are also accounted for in the General Fund.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Fund Financial Statements (continued)

Capital Projects Fund: The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Both the General and Capital Projects Funds have been classified as major funds in the accompanying fund financial statements. While the fund does not meet the criteria set forth by the Codification, the School System has elected to present the Capital Projects Fund as a major fund, due to public interest.

#### *Proprietary Funds:*

Enterprise Fund: The Enterprise Fund is used to account for the operations of the food service program. The Enterprise Fund is presented in the business-type activities column in the government-wide financial statements.

The Proprietary Fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's ongoing operations. Operating revenue of the Enterprise Fund consists of fees charged to users of food services along with state and Federal subsidies and grants received for providing such services. Operating expenses of the Enterprise Fund consist of employee salaries and benefits, supplies, materials, administrative costs, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

#### *Fiduciary Funds:*

Private-Purpose Trust Fund: The Private-Purpose Trust Fund accounts for the assets donated to the School System to finance memorial scholarships, which are limited to revenues earned (additions).

Retiree Benefit Trust Fund: The Retiree Benefit Trust Fund (OPEB) consists of contributions of the School System to establish a reserve to pay for health and welfare benefits of future retirees. Contributions to the Trust qualify as contributions and are reported as additions using the economic resource measurement focus and the accrual basis of accounting, under which expenses (deduction) are recorded when the liability is incurred, or benefits are paid.

By definition, Fiduciary Funds assets are being held for the benefit of a third party and cannot be used to satisfy obligations of the School System, and are, therefore, not incorporated into the government-wide financial statements.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Both governmental and business-type activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. United States Department of Agriculture (USDA) food commodities are recorded as revenue and expense when they are consumed.

The governmental funds financial statements are presented 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 School System considers revenues to be available if they are collected within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include general long-term liabilities. As such, debt service expenditures, expenditures related to compensated absences and future pension and other retirement obligations are recorded only when payment is due.

#### Cash and Cash Equivalents

The School System's cash and cash equivalents include cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at amortized cost, and consist of investments in the Maryland Local Government Investment Pool (MLGIP). Amortized cost generally approximates fair value.

#### Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation in the government-wide financial statements.

Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as internal balances. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Accounts Receivable**

Food services are accounted for in the Enterprise Fund. Receivables are carried at original invoice less an estimate for doubtful accounts. It is management's policy to provide an allowance for all balances greater than one year old. Accounts receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

**Inventory**

Inventory is valued at the lower of cost, determined by using the first-in, first-out method of accounting, or market. Inventory in the Enterprise Fund consists of expendable food and supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased. As inventory is consumed, the cost is charged to expenses.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Library books are expensed at the time they are purchased. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset, are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight- line basis over the following estimated useful lives:

Buildings and improvements	20 – 50 years
Furniture and equipment	5 – 15 years

**Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then.

The School System has four items that meet this criterion; contributions made to a pension plan in the current fiscal year, the net difference between projected and actual investment earnings on pension plan assets, net difference in actual and expected experience in OPEB plan activity, and changes in actuarial assumptions.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Accrued Salaries

Teachers' salaries are considered earned at the completion of the school year and are recognized as expenses/expenditures over the school year. Teachers are paid their ten-month salary over twelve months. The accrued salaries are paid within the first two months of the succeeding fiscal year.

#### Long-Term Debt

The School System is not obligated to repay principal or interest on any bonds or loans issued for school construction. Such bonds or loans are obligations of the County and state governments. The authorization for expenditures related to debt service for school construction is in the County's Operating Budget. The County, not the School System, reflects annual debt service expenditures for school construction in their annual financial statements. However, the School System does reflect long-term debt in their financial statements for financing agreement obligations incurred by the School System for the lease-purchase of certain office and computer equipment.

#### Compensated Absences

The School System accrues accumulated unpaid vacation and sick leave and associated employee related costs when earned or estimated to be earned by the employee. The accrual of vacation leave is based upon individual salary rates in effect as of June 30. The accrual of sick leave is based on payment upon retirement or death of a maximum of \$3,250 for each non-exempt employee and \$6,200 for each exempt employee, based on sick leave balances if the employee has worked for the school system for 10 years. Sick leave is estimated to be earned once an employee has attained either 55 years of age with 10 years of service in the School System, or 30 years of service with the School System, or 20 years of service in the State of Maryland regardless of age.

For governmental funds, the amount of accumulated unpaid vacation and sick leave, which is payable from available resources, is recorded as a liability of the respective fund only if they have matured, for example, as a result of employee retirements and resignations. As of June 30, 2024, no accumulated unpaid vacation or sick leave had matured, resulting in them being maintained separately and being a reconciling item between the fund and government-wide financial statement presentations.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Leases

The School System is a lessee for noncancellable leases of multiple printers. The School System recognizes lease liabilities and intangible right-to-use assets (lease assets) in the government-wide financial statements. At the commencement of a lease, the School System initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The School System monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-to-use asset in a similar economic environment with similar terms, security and conditions.

#### Subscription-Based Information Technology Arrangements

The School System is an end user for noncancellable subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The School System initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the sum of the initial amount of the subscription liability, payments made to the SBITA vendor before commencement of the subscription term and capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset. The School System recognizes subscription liabilities and right-to-use subscription assets in the government-wide financial statements and proprietary fund financial statements.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Subscription-Based Information Technology Arrangements (continued)

Key estimates and judgments related to SBITAs include how the School System determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The School System monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

#### Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The School System has three items that meet this criterion as of June 30, 2024; the net difference between projected and actual investment earnings on OPEB plan assets, changes in actuarial assumptions, and the net difference in actual and expected experience in pension plan activity.

#### Fund Balances

The Board of Education must approve a motion in order to establish a fund balance commitment or assignment and only needs to approve the elimination of a fund balance commitment. The School System first considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. When unrestricted amounts are considered to have been spent, the School System considers committed amounts first, then assigned, and finally unassigned when an expenditure is incurred for which amounts in any of those unrestricted fund balance classifications could be used.

#### Net Position

Net position equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net position, net investment in capital assets, consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position, net investment in capital assets, excludes unspent debt proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School System or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School System first applies restricted resources when an expense is incurred, for purposes for which both restricted and unrestricted net position are available.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Post-Employment Benefits

By terms of a negotiated contract with employee associations, the School System partially supports the group insurance plan for retired employees who have been employed by the School System for ten or more years. These negotiated agreements provide that the Board will contribute from 60% to 85% of a retirees' group health insurance premium for years of experience ranging from 10 years to 30 or more years, respectively. The School System has elected to partially fund the actuarially determined costs for future periods as further discussed in Note 11.

#### Use of Estimates

The preparation of financial statements 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 expenses during the reporting period. Actual results could differ from those estimates.

### 2. DEPOSITS AND INVESTMENTS

#### Deposits

*Custodial credit risk:* Custodial credit risk for deposits is the risk that in the event of a bank failure, the School System's deposits may not be returned to it. Maryland State Law prescribes that local government units such as the School System must deposit its cash in banks transacting business in the State of Maryland, and that such banks must secure any deposits in excess of Federal Deposit Insurance Corporation insurance levels with collateral whose market value is at least equal to the deposits. As of June 30, 2024, all of the School System's deposits, including the certificate of deposit, were either covered by Federal depository insurance or were covered by collateral held by the School System's agent in the School System's name. As of June 30, 2024, the carrying amount of the School System's deposits was \$6,710,370 and the bank balance was \$9,986,684.

#### Short-Term Investments

Maryland State Law authorizes the School System to invest in obligations of the United States government, Federal government obligations and repurchase agreements secured by direct government or agency obligations, the State's sponsored investment pool, or interest-bearing accounts in any bank. As of June 30, 2024, short-term investments consist primarily of deposits in the MLGIP. The MLGIP is rated "AAAm" by Standard and Poor's (their highest rating). The School System has no policy on credit risk.

The carrying amount and market value of such investments were \$49,404,787, \$471,131, and \$110,263, for governmental activities, business-type activity, and fiduciary responsibilities, respectively.



# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 2. DEPOSITS AND INVESTMENTS (continued)

The MLGIP was established in 1982 under Article 95 Section 22G of the Annotated Code of Maryland and is under the administration of the State Treasurer. The MLGIP seeks to maintain a constant unit value of \$1.00 per unit. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked to market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value. The pool is managed in a "Rule 2(a)-7 like" manner and is reported at amortized cost pursuant to Rule 2(a)-7 under the Investment Company Act of 1940, which is MLGIP's share price.

The School System is not subject to any limitations or restrictions on withdrawals of its investments in MLGIP.

#### Long-Term Investments

As of June 30, 2024, the Capital Projects Fund's long-term investment consisted of a certificate of deposit which had a maturity of greater than one year but less than five years.

The Retiree Benefit Trust Fund's (OPEB) investments are invested in the Maryland Association of Board of Educations Pooled OPEB Trust (MABE Trust). The MABE Trust is administered by the Maryland Association of Board of Education and is a wholly-owned instrumentality of its members. The nine members who are the sole contributors to the MABE Trust are the boards of education of the following counties in Maryland: Allegany, Caroline, Cecil, Charles, Harford, Kent, Prince George's, St. Mary's, and Washington.

The investments of the MABE Trust are stated at fair value and are managed by Wells Fargo Advisors and consist of money market funds, U.S. government and agency fixed income and asset backed securities, equity securities, mutual funds and exchange traded funds, and corporate bonds and corporate asset backed securities. The MABE Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Although all of the investments in the MABE Trust are considered Level 1 and Level 2, the School Systems membership investment in the MABE Trust is considered Level 2. As of June 30, 2024, the pooled net position of the MABE Trust was \$694,650,255, in total, of which the School System's allocated investment balance was \$77,751,285. The School System places no limits on the amount they may be invested with any one issuer. The School System may terminate its membership in the MABE Trust and withdrawal its allocated investment balance by providing written notice six months prior to the intended date of withdrawal.

The MABE Trust financial statements can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, Maryland 21401-1112.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**3. RECEIVABLES AND PAYABLES**

Receivables and payables as of June 30, 2024 consist of the following:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	<u>Total</u>
	<u>General</u>	<u>Capital Projects</u>		
Due from other governments				
Local	\$ 836,780	\$ 3,520,406	\$ 934	\$ 4,358,120
State	2,736,980	890,727	264,665	3,892,372
Federal	5,280,330	-	348,539	5,628,869
	<u>\$ 8,854,090</u>	<u>\$ 4,411,133</u>	<u>\$ 614,138</u>	<u>\$ 13,879,361</u>
Other receivables				
Accounts	\$ -	\$ -	\$ 104,660	\$ 104,660
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,660</u>	<u>\$ 104,660</u>
Accounts payable				
Vendors	\$ 4,115,886	\$ 3,906,168	\$ 109,188	\$ 8,131,242
	<u>\$ 4,115,886</u>	<u>\$ 3,906,168</u>	<u>\$ 109,188</u>	<u>\$ 8,131,242</u>
Due to other governments				
Local	\$ 136,592	\$ -	\$ -	\$ 136,592

**4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2024 is as follows:

	<u>Balance, June 30, 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2024</u>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 3,734,759	\$ -	\$ -	\$ 3,734,759
Construction in process	17,157,153	11,162,475	(14,834,624)	13,485,004
	<u>20,891,912</u>	<u>11,162,475</u>	<u>(14,834,624)</u>	<u>17,219,763</u>
Capital assets being depreciated/amortized				
Buildings and improvements	447,449,662	9,444,261	14,766,193	471,660,116
Furniture and equipment	14,848,140	5,621,547	(969,051)	19,500,636
Right-to-use leased assets	-	1,025,884	-	1,025,884
Right-to-use subscription assets	-	1,319,123	-	1,319,123
	<u>462,297,802</u>	<u>17,410,815</u>	<u>13,797,142</u>	<u>493,505,759</u>
Accumulated depreciation/amortization for				
Building and improvements	(198,534,962)	(11,106,287)	397,562	(209,243,687)
Furniture and equipment	(8,328,058)	(1,204,213)	850,443	(8,681,828)
Right-to-use leased assets	-	(205,177)	-	(205,177)
Right-to-use subscription assets	-	(361,585)	-	(361,585)
	<u>(206,863,020)</u>	<u>(12,877,262)</u>	<u>1,248,005</u>	<u>(218,492,277)</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 276,326,694</u>	<u>\$ 15,696,028</u>	<u>\$ 210,523</u>	<u>\$ 292,233,245</u>

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**4. CAPITAL ASSETS (continued)**

	<u>Balance, June 30, 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance, June 30, 2024</u>
<b>Business-Type Activities</b>				
Capital assets being depreciated				
Furniture and equipment	\$ 2,118,671	\$ 149,822	\$ -	\$ 2,268,493
	<u>2,118,671</u>	<u>149,822</u>	<u>-</u>	<u>2,268,493</u>
Accumulated depreciated for				
Furniture and equipment	(1,742,976)	(83,655)	-	(1,826,631)
	<u>(1,742,976)</u>	<u>(83,655)</u>	<u>-</u>	<u>(1,826,631)</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 375,695</u>	<u>\$ 66,167</u>	<u>\$ -</u>	<u>\$ 441,862</u>

Depreciation/amortization expense that was charged in the statement of activities for the year ended June 30, 2024 was as follows:

**Governmental Activities**

Administration	\$ 40,842
Mid-level administration	32,001
Other instructional costs	262,995
Special education	3,609
Student personnel services	297
Student health services	11,859
Student transportation services	182,812
Operation of plant	12,045,034
Maintenance of plant	297,813
	<u>\$ 12,877,262</u>

**Business-Type Activities**

Food service	<u>\$ 83,655</u>
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**5. UNEARNED REVENUE**

General Fund: Unearned revenue primarily consists of payments received under restricted programs in excess of the expenses/expenditures incurred to date under those programs as of June 30, 2024 of \$7,766,696.

Capital Projects Fund: Unearned revenue consists of prefunding in the amount of \$3,201,150 for construction projects at Spring Ridge Middle School and Safety and Security Initiatives.

Enterprise Fund: Unearned revenue of \$266,625 represents student lunch ticket sales collected in advance which will be consumed by students in next fiscal year.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements June 30, 2024

### 6. INTERFUND BALANCES

The composition of interfund balances as of June 30, 2024 was as follows:

Payable Fund	Receivable Fund		
	General Fund	Capital Projects Fund	Enterprise Fund
General fund	\$ -	\$ 2,674,455	\$ 4,615,728

The above balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund receivables and payables are non-interest-bearing and are normally settled in the subsequent period.

### 7. LONG-TERM LIABILITIES

Long-term debt as of June 30, 2024 consists of equipment financing obligations, accumulated compensated absences payable, net OPEB obligation, and net pension liability. The following is a summary of changes in the School System's long-term liabilities for the year ended June 30, 2024:

	Balance, June 30, 2023	Additions	Deductions	Balance, June 30, 2024	Amounts Due Within one Year
<b>Governmental Activities</b>					
Equipment financing agreements	\$ 43,242	\$ -	\$ 43,242	\$ -	\$ -
Lease liability	-	1,105,903	80,019	1,025,884	202,838
SBITA liability	-	1,319,123	218,090	1,101,033	444,802
Compensated absences	5,558,235	53,795	-	5,612,030	706,372
Net OPEB liability	314,859,632	865,528	-	315,725,160	-
Net pension liability	15,076,525	2,445,008	-	17,521,533	-
	<u>\$ 335,537,634</u>	<u>\$ 5,789,357</u>	<u>\$ 341,351</u>	<u>\$ 340,985,640</u>	<u>\$ 1,354,012</u>
<b>Business-Type Activities</b>					
Compensated absences	<u>\$ 183,218</u>	<u>\$ 13,230</u>	<u>\$ 24,097</u>	<u>\$ 172,351</u>	<u>\$ 19,074</u>

The compensated absences liability attributable to the governmental activities will be liquidated solely by the General Fund.

#### Lease Liability

The School System has entered into various five-year lease agreements as lessee. As of June 30, 2024, the value of the lease liability was \$1,025,884. The School System is required to make quarterly or monthly principal and interest payments ranging from \$2,7500 to \$21,600. The lease agreements have interest rate ranging from 6.5% to 7.5%. The equipment has a five-year estimated useful life. The value of the right-to-use assets as of the end of the current fiscal year was \$1,025,884 and had accumulated amortization of \$205,177.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements June 30, 2024

### 7. LONG-TERM LIABILITIES

#### Lease Liability (continued)

The future principal and interest lease payments as of June 30, 2024, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 202,838	\$ 72,269	\$ 275,107
2026	215,536	55,075	270,611
2027	232,486	38,125	270,611
2028	248,025	19,835	267,860
2029	126,999	2,804	129,803
<b>Total</b>	<b>\$ 1,025,884</b>	<b>\$ 188,108</b>	<b>\$ 1,213,992</b>

#### SBITA Liability

SMCPS uses software under a subscription basis. When the term of the subscription exceeds one year, the arrangements are reported as intangible assets known as SBITAs, with corresponding SBITA liabilities that represent the payment obligations under the subscription contract. SBITAs used by SMCPS have service terms varying from 34 months to 5 years, including anticipated renewals. SMCPS has one SBITA contract that had not been fully placed into service as of June 30, 2024. It is estimated that the software will be fully operational by December 31, 2024. The tables below show the total value of SMCPS' SBITA assets, and the principal and interest payments due, over the remaining terms of the subscriptions.

The future principal and interest payments for SBITA as of June 30, 2024, were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 444,802	\$ 46,534	\$ 491,336
2026	419,377	29,562	448,939
2027	140,071	8,689	148,760
2028	96,783	1,834	98,617
<b>Total</b>	<b>\$ 1,101,033</b>	<b>\$ 86,619</b>	<b>\$ 1,187,652</b>

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**8. GOVERNMENTAL FUND BALANCES**

Governmental fund balances as of June 30, 2024 are summarized as follows:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Nonspendable			
Prepaid items	\$ 638	\$ -	\$ 638
Restricted for			
Capital projects	-	97,546	97,546
Assigned to			
Purchase orders:			
Administration	4,250	-	4,250
Instructional textbooks and supplies	615,429	-	615,429
Other instructional costs	1,422	-	1,422
Operation of plant	87,365	-	87,365
Maintenance of plant	10,120	-	10,120
Fixed charges	1,580	-	1,580
Capital outlay	27,180	-	27,180
Total purchase orders	747,346	-	747,346
Healthcare	6,633,000	-	6,633,000
Wellness – restricted fund	225,567	-	225,567
CPCS	137,201	-	137,201
FY25 CPCS adopted budget	512,624	-	512,624
FY25 adopted budget	6,584,280	-	6,584,280
Fuel	500,000	-	500,000
Snow / emergency	500,000	-	500,000
Teacher apprentices	1,100,000	-	1,100,000
Workforce Development Board	231,506	-	231,506
Student activity	2,073,611	-	2,073,611
<b>Total Assigned</b>	<b>19,245,135</b>	<b>-</b>	<b>19,245,135</b>
Unassigned	2,632,208	-	2,632,208
<b>Total Fund Balances</b>	<b>\$ 21,877,981</b>	<b>\$ 97,546</b>	<b>\$ 21,975,527</b>

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 9. RISK MANAGEMENT

The School System 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 School System is one of 19 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 School System pays an annual premium to the Pool for its property, liability, and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole, based on loss data, and are allocated to members based on student enrollment and number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability, covering claims aggregating \$5 million per district per year.

Additionally, the School System is one of 17 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's Workers' Compensation Commission (COMAR 14.09.02). Each Fund participant pays an annual premium calculated on its payroll, according to the standard classifications, 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 distribute 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 coverages, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$500,000 for each worker's compensation claim. The School System carries commercial insurance on all other risks of loss.

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

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 10. PENSION PLANS

#### Plan Description, Benefits, and Funding Policy

Plan Description: The employees of the School System are covered by one of the following pension plans (Pension Plans) affiliated with the State Retirement and Pension System of Maryland (SRPS), a cost-sharing multiple-employer public employee retirement system administered by the State Retirement Agency (Agency):

- The Teachers' Retirement System of the State of Maryland
- The Employees' Retirement System of the State of Maryland
- The Pension System for Teachers of the State of Maryland
- The Pension System for Employees of the State of Maryland

During the 1979 legislative session, the Maryland General Assembly created, effective January 1, 1980, the "Pension System for Teachers of the State of Maryland" and the "Pension System for Employees of the State of Maryland." Prior to this date, all teachers and related positions were required to be members of the "Teachers' Retirement System of the State of Maryland," and non-certificated positions were members of the "Employees' Retirement System of the State of Maryland." All School System employees who were members of the "Retirement System" may remain in that System, or they may elect to join the "Pension System." All teachers hired within the state after December 31, 1979 must join the "Pension System for Teachers." All non-certificated employees hired within the state after December 31, 1979 must join the "Pension System for Employees." The "Employees' Retirement System" and the "Pension System for Employees" cover those employees not covered by the teachers' plans. These employees are principally custodial, maintenance, and food service employees.

In addition to the Pension Plans discussed above, the SRPS is also comprised of the State Police Retirement System, Judges' Retirement System, and the Law Enforcement Officers' Pension System. The State of Maryland is the statutory guarantor for the payment of all pensions, annuities, retirement allowances, refunds, reserves, and other benefits of the System. The Agency is legally authorized to use all assets accumulated for the payment of benefits to pay such obligations to any plan member or beneficiary as defined by the terms of the plan. Consequently, the System is accounted for as a single plan as defined in GASB Statement No. 67, Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25. Additionally, the SRPS is fiscally dependent on the State by virtue of the legislative and executive controls exercised with respect to its operations, policies, and administrative budget. Accordingly, the SRPS is included in the State's reporting entity and disclosed in its financial statements as a pension trust fund. Additionally, the Agency issues an Annual Comprehensive Financial Report (ACFR) for the SRPS. That report may be obtained by writing to State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, by calling 410-625-5555, or online at <http://www.sra.state.md.us/>.



# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 10. PENSION PLANS (continued)

#### **Plan Description, Benefits, and Funding Policy (continued)**

Benefits: These pension plans provide pension benefits and death and disability benefits. A member may retire after 25 years of service from the Retirement Systems, and as early as age 55 and 15 years of service from the Pension Systems. Benefits generally vest after ten years of service.

Funding Policy: Contributions to the SRPS are specified by the State Personnel and Pensions Article of the Annotated Code of Maryland. The State Personnel and Pensions Article requires both active members and their respective employers to make contributions to the respective Systems. Rates for required contributions by active members are established by law. Under the "Retirement System" employees contribute 7% of their earnable compensation depending upon the retirement option selected, and under the "Pension System" employees contribute 7% of their earnable compensation.

Effective, July 1, 1980, in accordance with the law governing the Systems, all benefits of the Systems are funded in advance.

Contribution rates for employer and other non-employer contributing entities (including the State of Maryland) are established by annual actuarial valuations using the individual entry age normal cost method. The method produces an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by employees during the current service year), and (2) the amount for amortization of the unfunded actuarial accrued liability. The School System made required contributions totaling \$8,729,086 or 5.389% of current covered payroll, and the State of Maryland made contributions on behalf of the School System totaling \$12,628,230 or 7.80% of current covered payroll for fiscal year 2024. The contributions made by the State of Maryland on behalf of the School System were recognized as both revenue and expenditures in the General Fund as required by the GASB Codification.

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

The 24 Boards of Education in the State of Maryland have a special funding situation as defined within GASB 68. Because the State of Maryland pays the unfunded liability and the local jurisdictions pay the normal costs for the Teachers' Pension Systems, the local Boards of Education are not required to record their share of the unfunded pension liability associated with the Teachers' Pension Systems, but instead, that liability is recorded by the State of Maryland. However, Boards of Education are responsible for any net unfunded pension liability for participants in the Employees' Pension Systems.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**10. PENSION PLANS (continued)**

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

Because the State of Maryland must record the liability for the Boards of Education and because the State of Maryland and the Boards of Education did not fully contribute their normal and past service costs for the Teachers' Pension Systems, the net proportionate share calculation has been adjusted to account for total contributions to ensure the Boards of Educations' liability was not improperly allocated to other participating government units. Actual employer contributions billed to participating government units for the year ended June 30, 2023 are used as the basis for determining each employer's proportionate share of the net pension liability. As of June 30, 2024, the School System reported a liability of \$17,521,533 of the SRPS total liability of \$23,030,311,000. As of June 30, 2024, the School System's proportionate share of the SRPS was 0.076%, an increase of 0.001% from the prior year.

For the year ended June 30, 2024, the School System recognized pension expense of approximately \$308,449. As of June 30, 2024, the School System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2024 Contributions	\$ 2,029,510	\$ -
Change in assumptions	1,204,198	72,143
Change in proportion	754,845	-
Actual and expected experience	615,830	751,652
Difference in investment earnings	4,708,958	3,141,671
<b>Total</b>	<u>\$ 9,313,341</u>	<u>\$ 3,965,466</u>

\$2,029,510 reported as deferred outflows of resources related to pensions resulting from School System contributions to the employees' pension system subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**10. PENSION PLANS (continued)**

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2025	\$ 660,116
2026	660,116
2027	551,209
2028	1,389,642
2029	57,282
<b>Total</b>	<u>\$ 3,318,365</u>

Actuarial Methods and Assumptions: The total pension liability of the SRPS in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25% general, 2.75% wage
Salary increases	2.75% to 11.25%, including wage inflation
Investment rate of return	6.80%
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2-dimensional) mortality improvement scale.

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

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**10. PENSION PLANS (continued)**

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

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	34%	6.9%
Private equity	16%	8.6%
Rate sensitive	20%	2.6%
Credit opportunity	9%	5.6%
Real assets	15%	5.4%
Absolute return	6%	4.4%
	<u>100%</u>	

The above was the Pension Systems' Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2022. For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 3.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate: A single discount rate of 6.8% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.8%. 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: Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the School System's proportionate share of the net pension liability, calculated using a single discount rate of 6.8%, as well as what the School System's proportionate share of the 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.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements June 30, 2024

### 10. PENSION PLANS (continued)

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

	1% Decrease to 5.80%	Current Discount	1% Increase to 7.80%
School System's proportionate share of the net pension liability	\$ 25,980,886	\$ 17,521,533	\$ 10,501,734

Detailed information about the SRPS' fiduciary net position is available in the separately issued ACFR by the Agency which may be obtained by writing to State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, Maryland 21202, by calling 410-625-5555, or online at <http://www.sra.state.md.us/>.

### 11. POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN

Plan Description: In addition to providing the pension benefits described in Note 10, the School System provides post-employment health care and life insurance benefits (OPEB Plan) to employees, former employees, or beneficiaries who meet retirement eligibility requirements of the pension plans. By terms of a negotiated contract with employee associations, the School System partially supports the group insurance plan for retired employees who have been employed by the School System for ten or more years. These negotiated agreements provide that the School System will contribute from 60% to 85% of a retirees' group health insurance premium for years of experience ranging from 10 years to 30 or more years, respectively. In addition, the School System pays 100% of life insurance premiums based upon 50% of final salary coverage.

In March 2009, the School System established the Retiree Benefit Trust of the Board of Education of St. Mary's County (Benefit Trust) in order to facilitate the partial funding of the actuarially calculated OPEB liability. The Benefit Trust established a trust account with, and became a member of, the Maryland Association of Boards of Education Pooled OPEB Investment Trust (MABE Trust). The School System reserves the right to establish and amend the provisions of its relationship with the MABE Trust with respect to participants, any benefit provided there under, or its participation therein, in whole or in part at any time, by resolution of its governing body and upon advance written notice to the Trustees of the MABE Trust.

The MABE Trust was established to pool assets of its member Boards of Education for investment purposes only. Each member of the Investment Trust is required to designate a member trustee who is a trustee of the member trust. The member trustees of the MABE Trust shall ensure that the MABE Trust keep such records as are necessary in order to maintain a separation of the assets of the MABE Trust from the assets of trusts maintained by other governmental employers. Assets of the member trusts are reported in their respective financial statements using the economic resources measurement focus and the accrual basis of accounting, under which expenses are recorded when the liability is incurred.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**11. POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (continued)**

Employer contributions are recorded in the accounting period in which they are earned and become measurable. Investments are reported at fair value and are based on published prices and quotations from major investment brokers at current exchange rates, if available.

The MABE Trust issues a publicly available audited GAAP-basis report that includes financial statements and required supplementary information for the Investment Trust. This report may be obtained by writing to the Trust Administrator, Maryland Association of Boards of Education, 621 Ridgely Avenue, Suite 300, Annapolis, Maryland 21401-1112, or calling 410-841-5414.

Membership of the OPEB Plan currently enrolled in medical/drug coverage consisted of the following as of June 1, 2024, the date of the actuarial valuation:

**Number of Participants**

Active employees	1,638
Retirees - pre-medicare*	242
Retirees - post-medicare*	961
Total	<u>2,841</u>

Contribution: The School System contributes the pay as you go portion, along with an annually budgeted prefunding amount of the annual determined contribution (ADC) of the employer, an amount actuarially determined in accordance with the parameters of the GASB Codification. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The current ADC rate is 8.44% of annual covered payroll. The School System contributed \$13,675,369 for the year ended June 30, 2024, consisting of contributions towards current healthcare and life insurance premiums accounted for in the general fund with \$4,000,000 in additional contributions during the current year to prefund future benefits to the retirement benefit trust fund.

**Investments**

*Investment policy:* The School System's policy in regard to the allocation of invested assets is established and may be amended by the School System board by a majority vote of its members. It is the policy of the board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The School System's target asset allocation policy was 100% in the MABE Trust as of June 30, 2024.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements

June 30, 2024

### 11. POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (continued)

#### Investments (continued)

*Rate of return:* For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 7.80%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### Net OPEB Liability

The components of the net OPEB liability of the School System as of June 30, 2024 were as follows:

Total OPEB liability	\$ 393,476,445
Plan fiduciary net position	<u>(77,751,285)</u>
Net OPEB liability	<u>\$ 315,725,160</u>

Plan fiduciary net position as a percentage of the total OPEB liability	19.76%
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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of July 1, 2022, using the following actuarial assumptions below, applied to all periods included in the measurement, unless otherwise specified.

Actuarial assumptions used in the latest actuarial valuation were:

Inflation rate	2.50%
Salary increases	3.50%
Investment rate of return	7.00%
Discount rate	5.16%
Healthcare cost trend rate	7.50%, ultimate trend rate of 3.94%
Mortality	Pub-2010, MP 2021

The actuarial assumptions used in the June 30, 2024 valuation was based on the results of an actuarial experience study for the period January 1, 2021 to December 31, 2022.

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 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 target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for the MABE Trust as of June 30, 2024 was 7.80%.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements**

**June 30, 2024**

**11. POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (continued)**

*Discount rate.* The discount rate used to measure the total OPEB liability was 5.16 percent, based on a 20-year municipal bond rate average of AA/Aa or higher. The projection of cash flow used to determine the discount rate assumed that the School System contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the net OPEB liability to changes in the discount rate.*

The following presents the net OPEB liability of the School System, as well as what the School System's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.16%) or 1-percentage-point higher (6.16%) than the current discount rate:

	<b>1% Decrease</b> <b>4.16%</b>	<b>Discount Rate</b> <b>5.16%</b>	<b>1% Increase</b> <b>6.16%</b>
Net OPEB liability	\$ 384,027,004	\$ 315,725,160	\$ 261,139,714

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate.*

The following presents the net OPEB liability of the School System, as well as what the School System's net OPEB liability would be if it were calculated using healthcare cost trend rate that is 1-percentage-point lower (2.94%) or 1-percentage-point higher (4.94%) than the current healthcare cost trend rate:

	<b>1% Decrease</b> <b>2.94%</b>	<b>Healthcare Cost</b> <b>Trend Rates</b> <b>3.94%</b>	<b>1% Increase</b> <b>4.94%</b>
Net OPEB liability	\$ 253,591,038	\$ 315,725,160	\$ 396,527,470

OPEB expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended June 30, 2024, the School System recognized OPEB expense of \$7,430,551. As of June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:



**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to the Financial Statements  
June 30, 2024**

**11. POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in experience	\$ 63,063,962	\$ 10,438,573
Changes in assumptions	42,515,318	180,910,269
Projected and actual earnings	2,929,779	-
<b>Total</b>	<u>\$ 108,509,059</u>	<u>\$ 191,348,842</u>

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

<u>Years Ending June 30:</u>	<u>Total</u>
2025	\$ (17,850,578)
2026	(16,075,442)
2027	(18,682,041)
2028	(19,414,011)
2029	(9,403,253)
Thereafter	(1,414,458)
<b>Total</b>	<u>\$ (82,839,783)</u>

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

In the August 23, 2024 revised actuarial valuation, the entry age normal method was used. Significant actuarial assumptions used, include (a) a rate of return on the investment of 7.00% per year compounded annually, (b) projected salary increases of 3.50% compounded annually (used for amortization purposes), (c) additional projected salary increases ranging from 2.75% to 9.25% per year, attributable to seniority/merit (used for life insurance purposes), (d) annual healthcare cost trend rate of 7.50% initially, reduced annually to arrive at an ultimate healthcare cost trend of 3.94%, (e) rates of mortality based upon RP 2021 Combined Healthy Mortality Table, (f) termination of service rates based upon age and sex, ranging from 3.00% to 19.00%, (g) disablement rates based on age, ranging from 0.03% to 0.38%, (h) retirement rates based on age, sex, and length of service, ranging from 2.00% to 39.00%, and (i) medical claims including prescription drugs are based on actual experience during the period from January 1, 2021 through December 31, 2022, and were projected with annual increases of 6.00% for medical claims and 6.00% for prescription drug claims. The plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis over a period of 16 years for the year ended June 30, 2024.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to the Financial Statements June 30, 2024

### 11. POST-EMPLOYMENT HEALTHCARE AND LIFE INSURANCE PLAN (continued)

*Changes in the net OPEB liability.*

	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net OPEB Liability (a) - (b)</b>
<b>Balance as of June 30, 2022</b>	\$ 383,271,559	\$ 68,411,927	\$ 314,859,632
Changes for the year:			
Service cost	10,815,493	-	10,815,493
Interest	18,965,986	-	18,965,986
Contributions - employer	-	13,675,369	(13,675,369)
Net investment income	-	5,352,465	(5,352,465)
Administrative expenses	-	(13,107)	13,107
Differences between expected and actual experience	(1,250,793)	-	(1,250,793)
Changes of assumptions	(8,650,431)	-	(8,650,431)
Benefit payments	(9,675,369)	(9,675,369)	-
<b>Net Changes</b>	<b>10,204,886</b>	<b>9,339,358</b>	<b>865,528</b>
<b>Balance as of June 30, 2023</b>	<b>\$ 393,476,445</b>	<b>\$ 77,751,285</b>	<b>\$ 315,725,160</b>

### 12. COMMITMENTS AND CONTINGENCIES

Legal Proceedings: In the normal course of operations, the School System 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 School System's financial position or results of operations.

School Construction: As of June 30, 2024, the School System had entered into various school construction commitments which are not reflected in the statement of net position or balance sheet - governmental funds. They will be funded by the State of Maryland or County bond issues, totaling approximately \$29,979,838.

Grant Program: The School System participates in a number of state and Federally assisted grant programs which are subject to financial and compliance audits by the grantors or their representatives. Such Federal programs were audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* for the current year. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School System expects such amounts, if any, to be immaterial.

Health Insurance: The School System 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 School System 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. If there is a deficit, the School System is required to pay the callable margin, which is calculated as 5% of total premiums billed during the current period. Any remaining deficit amount is carried-forward to the next billing period, to be offset by any future surplus. If the actual claims and expenses are less than the billed premium, the School System would be entitled to a refund. For the year ended June 30, 2024, no refund was due.

## ST. MARY'S COUNTY PUBLIC SCHOOLS

### Notes to the Financial Statements

June 30, 2024

#### 13. GOVERNMENTAL ACCOUNTING STANDARDS BOARD

Statement No. 100, *Accounting Changes and Error Corrections*: This Statement improves the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which results in greater consistency in application in practice. The requirements of this Statement are effective for periods beginning after June 15, 2023 (FY 2024). The School System adopted this standard in FY 2024, and it did not have a material effect on the financial statements.

#### 14. NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD

GASB has issued several pronouncements prior to the year ended June 30, 2024 that have effective dates that may impact future financial presentations. Management will be analyzing the effects of these pronouncements and plans to adopt them as applicable by their effective date.

Statement No. 101, *Compensated Absences*: This Statement aligns recognition and measurement guidance for all types of compensated absences under a unified model which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments. The requirements of this Statement are effective for periods beginning after December 15, 2023 (FY 2025). The School System is currently evaluating the effect of implementation of this Statement.

Statement No. 102, *Certain Risk Disclosures*: The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for periods beginning after June 15, 2024 (FY 2025). The School System is currently evaluating the effect of implementation of this Statement.

Statement No. 103, *Financial Reporting Model*: The requirements of this Statement will improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for periods beginning after June 15, 2025 (FY 2026). The School System is currently evaluating the effect of implementation of this Statement.

**REQUIRED SUPPLEMENTARY INFORMATION**

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of the Proportionate Share of the Net Pension Liability –  
Maryland State Retirement and Pension System  
June 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School System's proportion of the net pension liability	0.076%	0.075%	0.073%	0.067%	0.064%	0.062%	0.054%	0.056%	0.060%	0.054%
School System's proportionate share of the ERS net pension liability	\$ 17,521,533	\$ 15,076,525	\$ 11,026,407	\$ 15,058,899	\$ 13,253,801	\$ 12,920,066	\$ 11,668,499	\$ 13,229,614	\$ 12,514,609	\$ 9,640,511
School System's proportionate share of the TRS net pension liability	<u>185,091,579</u>	<u>156,142,046</u>	<u>127,317,680</u>	<u>191,071,692</u>	<u>180,294,375</u>	<u>188,110,615</u>	<u>189,998,229</u>	<u>215,427,373</u>	<u>171,331,354</u>	<u>42,592,154</u>
	<u>\$ 202,613,112</u>	<u>\$ 171,218,571</u>	<u>\$ 138,344,087</u>	<u>\$ 206,130,591</u>	<u>\$ 193,548,176</u>	<u>\$ 201,030,681</u>	<u>\$ 201,666,728</u>	<u>\$ 228,656,987</u>	<u>\$ 183,845,963</u>	<u>\$ 52,232,665</u>
School System's covered-payroll	\$ 161,986,452	\$ 150,931,539	\$ 154,998,548	\$ 145,451,909	\$ 130,613,111	\$ 127,901,817	\$ 125,980,783	\$ 121,123,057	\$ 115,255,917	\$ 118,651,284
School System's proportionate share of the net pension liability as a percentage of its covered-payroll	10.817%	9.989%	7.114%	10.353%	10.147%	10.102%	9.262%	10.922%	10.858%	8.125%
Plan fiduciary net position as a percentage of the total pension liability	73.810%	76.270%	81.840%	70.720%	72.340%	71.180%	69.380%	65.790%	68.780%	71.870%

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of School System Contributions to  
Maryland State Retirement and Pension System  
June 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 8,729,086	\$ 8,376,039	\$ 6,902,094	\$ 6,740,929	\$ 6,517,606	\$ 6,299,724	\$ 6,172,196	\$ 5,879,367	\$ 5,726,546	\$ 5,299,971
Less: Actual contributions made:										
Employee systems	2,029,510	1,855,536	1,719,727	1,619,548	1,428,552	1,319,557	1,227,914	1,098,302	1,092,326	1,269,260
Teacher system	6,699,576	6,520,503	5,182,367	5,121,381	5,089,054	4,980,167	4,944,282	4,781,065	4,634,220	4,030,711
	<u>8,729,086</u>	<u>8,376,039</u>	<u>6,902,094</u>	<u>6,740,929</u>	<u>6,517,606</u>	<u>6,299,724</u>	<u>6,172,196</u>	<u>5,879,367</u>	<u>5,726,546</u>	<u>5,299,971</u>
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School System's covered-payroll	\$ 161,986,452	\$ 150,931,539	\$ 154,998,548	\$ 145,451,909	\$ 130,613,111	\$ 127,901,817	\$ 125,980,783	\$ 121,123,057	\$ 115,255,917	\$ 118,651,284
Contributions as a percentage of covered-payroll	5.389%	5.550%	4.453%	4.634%	4.990%	4.925%	4.899%	4.854%	4.969%	4.467%

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of Changes in the School System's  
Net OPEB Liability and Related Ratios  
June 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>								
Service cost	\$ 10,815,493	\$ 14,466,088	\$ 23,929,592	\$ 18,243,733	\$ 14,414,143	\$ 13,007,551	\$ 12,676,617	\$ 12,238,000
Interest	18,965,986	16,057,537	12,255,956	11,427,554	12,356,164	13,206,282	12,506,803	11,001,955
Differences between expected and actual experience	(1,250,793)	47,157,065	(2,636)	57,886,115	828,873	(28,094,872)	310,034	3,131,014
Changes of assumptions	(8,650,431)	(103,078,579)	(173,773,959)	13,991,398	52,424,340	36,659,739	(2,558,940)	(56,209,000)
Benefit payments	<u>(9,675,369)</u>	<u>(9,346,861)</u>	<u>(8,053,267)</u>	<u>(8,165,280)</u>	<u>(8,195,190)</u>	<u>(4,811,441)</u>	<u>(7,300,000)</u>	<u>(6,696,969)</u>
Net change in total OPEB liability	10,204,886	(34,744,750)	(145,644,314)	93,383,520	71,828,330	29,967,259	15,634,514	(36,535,000)
Total OPEB liability - beginning	<u>383,271,559</u>	<u>418,016,309</u>	<u>563,660,623</u>	<u>470,277,103</u>	<u>398,448,773</u>	<u>368,481,514</u>	<u>352,847,000</u>	<u>389,382,000</u>
Total OPEB liability - ending (a)	<u>\$ 393,476,445</u>	<u>\$ 383,271,559</u>	<u>\$ 418,016,309</u>	<u>\$ 563,660,623</u>	<u>\$ 470,277,103</u>	<u>\$ 398,448,773</u>	<u>\$ 368,481,514</u>	<u>\$ 352,847,000</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 13,675,369	\$ 11,346,861	\$ 12,041,416	\$ 10,165,280	\$ 8,952,732	\$ 5,811,441	\$ 8,300,000	\$ 6,696,969
Net investment income	5,352,465	5,437,086	(9,488,199)	12,580,464	1,434,223	3,293,993	3,088,016	4,215,949
Benefit payments	(9,675,369)	(9,346,861)	(8,053,267)	(8,165,280)	(8,195,190)	(4,811,441)	(7,300,000)	(6,696,969)
Administrative expense	<u>(13,107)</u>	<u>(12,633)</u>	<u>(12,687)</u>	<u>(12,586)</u>	<u>(12,761)</u>	<u>(12,650)</u>	<u>(12,942)</u>	<u>(15,243)</u>
Net change in plan fiduciary net position	9,339,358	7,424,453	(5,512,737)	14,567,878	2,179,004	4,281,343	4,075,074	4,200,706
Plan fiduciary net position - beginning	<u>68,411,927</u>	<u>60,987,474</u>	<u>66,500,211</u>	<u>51,932,333</u>	<u>49,753,329</u>	<u>45,471,986</u>	<u>41,396,912</u>	<u>37,196,206</u>
Plan fiduciary net position - ending (b)	<u>\$ 77,751,285</u>	<u>\$ 68,411,927</u>	<u>\$ 60,987,474</u>	<u>\$ 66,500,211</u>	<u>\$ 51,932,333</u>	<u>\$ 49,753,329</u>	<u>\$ 45,471,986</u>	<u>\$ 41,396,912</u>
School System's net OPEB liability (a) - (b)	<u>\$ 315,725,160</u>	<u>\$ 314,859,632</u>	<u>\$ 357,028,835</u>	<u>\$ 497,160,412</u>	<u>\$ 418,344,770</u>	<u>\$ 348,695,444</u>	<u>\$ 323,009,528</u>	<u>\$ 311,450,088</u>
Plan fiduciary net position as a percentage of the total OPEB liability	19.76%	17.85%	14.59%	11.80%	11.04%	12.49%	12.34%	11.73%
Covered-payroll	\$ 161,986,452	\$ 150,931,539	\$ 154,998,548	\$ 145,451,909	\$ 130,613,111	\$ 127,901,817	\$ 125,980,783	\$ 121,123,057
School System's net OPEB liability as a percentage of covered-payroll	194.91%	208.61%	230.34%	341.80%	320.29%	272.63%	256.40%	257.14%

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of School System's Contributions - OPEB  
June 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarial determined contribution	\$ 24,592,000	\$ 22,930,000	\$ 18,654,000	\$ 19,867,000	\$ 15,045,000	\$ 14,099,000	\$ 14,401,000	\$ 13,846,000
Less: Contributions in relation to the actuarially determined contribution	<u>13,675,369</u>	<u>11,346,861</u>	<u>12,041,416</u>	<u>10,165,280</u>	<u>8,952,732</u>	<u>5,811,441</u>	<u>8,300,000</u>	<u>6,696,969</u>
Contribution deficiency	<u>\$ 10,916,631</u>	<u>\$ 11,583,139</u>	<u>\$ 6,612,584</u>	<u>\$ 9,701,720</u>	<u>\$ 6,092,268</u>	<u>\$ 8,287,559</u>	<u>\$ 6,101,000</u>	<u>\$ 7,149,031</u>
Covered-employee payroll	\$ 161,986,452	\$ 150,931,539	\$ 154,998,548	\$ 145,451,909	\$ 130,613,111	\$ 127,901,817	\$ 125,980,783	\$ 121,123,057
Contributions as a percentage of covered- payroll	8.44%	7.52%	7.77%	6.99%	6.85%	4.54%	6.59%	5.53%



**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of Investment Returns – OPEB  
June 30, 2024**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	7.80%	8.89%	-14.29%	24.20%	2.86%	7.21%	7.43%	11.29%

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Budgetary Comparison Schedule – General Fund  
June 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance With Amended Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>		
<b>Revenues</b>				
Local	\$ 128,110,752	\$ 128,311,306	\$ 128,262,151	\$ (49,155)
State of Maryland	148,478,408	148,323,188	148,054,893	(268,295)
Federal government	43,218,226	38,964,710	24,622,354	(14,342,356)
Tuition	7,500	111,862	48,652	(63,210)
Investment income	489,119	489,119	2,933,332	2,444,213
Utilization of fund balance				
Unassigned	4,341,029	8,640,043	8,640,043	-
Other	5,194,960	4,289,872	1,491,992	(2,797,880)
	<u>329,839,994</u>	<u>329,130,100</u>	<u>314,053,417</u>	<u>(15,076,683)</u>
<b>Expenditures</b>				
Administration	5,885,583	6,024,975	5,063,448	961,527
Mid-level administration	22,144,219	22,360,444	21,198,316	1,162,128
Instructional salaries	108,325,026	106,207,195	101,877,386	4,329,809
Intructional textbooks and supplies	9,752,933	11,432,824	8,319,983	3,112,841
Other instructional costs	5,681,618	4,908,643	3,114,668	1,793,975
Special education	32,894,118	31,607,126	27,154,634	4,452,492
Student personnel services	5,194,748	4,896,972	3,312,449	1,584,523
Student health services	3,666,269	3,803,842	3,402,222	401,620
Student transportation services	25,929,895	25,198,996	24,157,096	1,041,900
Operation of plant	27,121,836	26,947,298	24,532,278	2,415,020
Maintenance of plant	6,493,451	6,766,028	6,632,883	133,145
Fixed charges	73,378,609	74,644,620	70,798,321	3,846,299
Community services	1,042,311	1,091,834	643,001	448,833
Capital outlays	2,329,378	3,239,303	3,170,983	68,320
	<u>329,839,994</u>	<u>329,130,100</u>	<u>303,377,668</u>	<u>25,752,432</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>10,675,749</u>	<u>\$ 10,675,749</u>
Adjustments to conform with generally accepted accounting principles			(8,072,103)	
Fund balance				
Beginning			<u>19,274,335</u>	
Ending			<u>\$ 21,877,981</u>	

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Notes to Required Supplementary Information June 30, 2024

### 1. BUDGETS AND BUDGETARY ACCOUNTING

The School System generally follows these procedures in establishing the budgetary data reflected in the required supplementary information:

#### Operating Budget (General Fund)

1. Subsequent to December 31, the School System submits a proposed operating budget to the St. Mary's County Commissioners for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and revenues.
2. The approved appropriation is generally returned to the School System by the County Commissioners on or before June 1.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and the Enterprise Fund.
4. Budgets are adopted on a basis consistent with GAAP except for: (1) the inclusion of encumbrances and operating transfers as expenditures, (2) annual debt service requirements on financing agreements which are recognized as a current expense rather than as debt service expense in the General Fund, (3) financing agreement proceeds and corresponding acquisition costs which are not recognized as another financing source and current expense, (4) the inclusion of the previous years' unexpended budgetary appropriations as revenue, (5) retirement contributions made by the State on behalf of the School System are not recognized as revenue and current expense, and (6) value of donated capital assets are not recognized as revenue and current expense.
5. Reallocation of the appropriation between budget categories requires the approval of both the Board of Education and the Board of County Commissioners. Reallocations of appropriations of Federal programs administered by the state must have state approval. The Superintendent has the authority to make necessary transfers of funds between and within object appropriations.

Budgetary comparisons presented in the required supplementary information are on a non-GAAP budgetary basis.

Capital Budget: School construction is budgeted on a project basis with funds primarily provided by the State of Maryland and County bonds. Revenues from the bond proceeds and grants are earned when all significant terms of the proceeds have been met. Such terms are generally met at the time of expenditure. Annual budgetary comparisons to actual expenditures are not presented in the required supplementary information for the Capital Projects Fund.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Notes to Required Supplementary Information  
June 30, 2024**

**2. RECONCILIATION OF BUDGETARY BASIS TO GAAP**

Actual results of operations are presented in the Budgetary Comparison Schedule on the budget basis of accounting, in order to provide a meaningful comparison of actual results with budget estimates. Under the budget basis, encumbrances are recorded as the equivalent of expenditures, as opposed to only an assignment of fund balance as on a GAAP basis. With respect to financing agreements, the School System recognizes the annual debt service requirements as a current expense for budget purposes.

Financing agreement proceeds and the corresponding acquisition expense are not recognized on the budget basis. Additionally, the previous year's unexpended budgetary appropriation is recognized as revenue on the budget basis. Also, retirement contributions made by the State on behalf of the School System are not recognized as revenue and current expense on the budget basis.

Adjustments necessary to convert the results of operations and fund balance for the General Fund for fiscal year 2024 from the budget basis to the GAAP basis, are as follows:

	<b>Revenues and Other Funding Sources</b>	<b>Expenditures and Encumbrances</b>	<b>Current Year Effect on Fund Balances</b>
General fund - budgetary basis	\$ 314,053,417	\$ 303,377,668	\$ 10,675,749
Budget to GAAP reconciliation			
Purchase orders	-	(29,542)	29,542
State retirement contribution	12,628,230	12,628,230	-
Fund balance usage	(8,640,043)	-	(8,640,043)
Student activity	3,212,750	2,674,352	538,398
Effects of leases/SBITAs	2,425,026	2,425,026	-
	<u>9,625,963</u>	<u>17,698,066</u>	<u>(8,072,103)</u>
<b>General Fund - GAAP basis</b>	<u>\$ 323,679,380</u>	<u>\$ 321,075,734</u>	<u>\$ 2,603,646</u>

## **SUPPLEMENTARY INFORMATION**

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Combining Budgetary Comparison Schedule – General Fund –  
Unrestricted Funds and Restricted Funds  
June 30, 2024**

	Unrestricted Fund				Restricted Funds				Total Combined General Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Amended Budget Favorable (Unfavorable)	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Amended Budget Favorable (Unfavorable)	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Amended Budget Favorable (Unfavorable)
	Original	Amended			Original	Amended			Original	Amended		
<b>Revenues</b>												
Local	\$ 128,069,907	\$ 128,069,907	\$ 128,069,908	\$ 1	\$ 40,845	\$ 241,399	\$ 192,243	\$ (49,156)	\$ 128,110,752	\$ 128,311,306	\$ 128,262,151	\$ (49,155)
State of Maryland	143,316,115	143,316,115	143,304,140	(11,975)	5,162,293	5,007,073	4,750,753	(256,320)	148,478,408	148,323,188	148,054,893	(268,295)
Federal government	2,491,000	2,491,000	2,635,279	144,279	40,727,226	36,473,710	21,987,075	(14,486,635)	43,218,226	38,964,710	24,622,354	(14,342,356)
Tuition	7,500	7,500	13,088	5,588	-	104,362	35,564	(68,798)	7,500	111,862	48,652	(63,210)
Investment income	489,119	489,119	2,933,332	2,444,213	-	-	-	-	489,119	489,119	2,933,332	2,444,213
Utilization of fund balance	4,341,029	8,640,043	8,640,043	-	-	-	-	-	4,341,029	8,640,043	8,640,043	-
Other	1,907,500	1,907,500	1,788,154	(119,346)	3,287,460	2,382,372	(296,162)	(2,678,534)	5,194,960	4,289,872	1,491,992	(2,797,880)
	<u>280,622,170</u>	<u>284,921,184</u>	<u>287,383,944</u>	<u>2,462,760</u>	<u>49,217,824</u>	<u>44,208,916</u>	<u>26,669,473</u>	<u>(17,539,443)</u>	<u>329,839,994</u>	<u>329,130,100</u>	<u>314,053,417</u>	<u>(15,076,683)</u>
<b>Expenditures</b>												
Administration	4,517,729	4,517,729	4,513,289	4,440	1,367,854	1,507,246	550,159	957,087	5,885,583	6,024,975	5,063,448	961,527
Mid-level administration	20,571,110	20,571,110	20,138,112	432,998	1,573,109	1,789,334	1,060,204	729,130	22,144,219	22,360,444	21,198,316	1,162,128
Instructional salaries	98,516,173	98,516,173	95,729,731	2,786,442	9,808,853	7,691,022	6,147,655	1,543,367	108,325,026	106,207,195	101,877,386	4,329,809
Instructional textbooks and supplies	5,823,257	6,317,271	6,184,901	132,370	3,929,676	5,115,553	2,135,082	2,980,471	9,752,933	11,432,824	8,319,983	3,112,841
Other instructional costs	3,041,924	3,041,924	2,098,258	943,666	2,639,694	1,866,719	1,016,410	850,309	5,681,618	4,908,643	3,114,668	1,793,975
Special education	22,940,197	22,940,197	21,726,613	1,213,584	9,953,921	8,666,929	5,428,021	3,238,908	32,894,118	31,607,126	27,154,634	4,452,492
Student personnel services	1,668,136	1,668,136	1,642,351	25,785	3,526,612	3,228,836	1,670,098	1,558,738	5,194,748	4,896,972	3,312,449	1,584,523
Student health services	3,111,532	3,111,532	3,023,976	87,556	554,737	692,310	378,246	314,064	3,666,269	3,803,842	3,402,222	401,620
Student transportation services	23,490,061	23,490,061	22,705,252	784,809	2,439,834	1,708,935	1,451,844	257,091	25,929,895	25,198,996	24,157,096	1,041,900
Operation of plant	23,656,512	24,244,512	23,362,566	881,946	3,465,324	2,702,786	1,169,712	1,533,074	27,121,836	26,947,298	24,532,278	2,415,020
Maintenance of plant	6,400,366	6,701,366	6,549,738	151,628	93,085	64,662	83,145	(18,483)	6,493,451	6,766,028	6,632,883	133,145
Fixed charges	64,561,870	66,561,870	65,865,510	696,360	8,816,739	8,082,750	4,932,811	3,149,939	73,378,609	74,644,620	70,798,321	3,846,299
Community services	-	-	-	-	1,042,311	1,091,834	643,001	448,833	1,042,311	1,091,834	643,001	448,833
Capital outlay	2,323,303	3,239,303	3,167,898	71,405	6,075	-	3,085	(3,085)	2,329,378	3,239,303	3,170,983	68,320
	<u>\$ 280,622,170</u>	<u>\$ 284,921,184</u>	<u>276,708,195</u>	<u>\$ 8,212,989</u>	<u>\$ 49,217,824</u>	<u>\$ 44,208,916</u>	<u>26,669,473</u>	<u>\$ 17,539,443</u>	<u>\$ 329,839,994</u>	<u>\$ 329,130,100</u>	<u>303,377,668</u>	<u>\$ 25,752,432</u>
<b>Net Change in Fund Balances</b>			10,675,749				-				10,675,749	
Adjustments to conform with generally accepted accounting principles			(8,072,103)				-				(8,072,103)	
<b>Fund balance</b>												
Beginning			19,048,769				225,566				19,274,335	
Ending			<u>\$ 21,652,415</u>				<u>\$ 225,566</u>				<u>\$ 21,877,981</u>	

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Combining Budgetary Comparison Schedule – General Fund – Unrestricted Funds June 30, 2024

	Unrestricted Fund (Excluding Charter School by Category)				Unrestricted Funds (Charter School Only)				Total Combined Unrestricted Fund			
	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Amended Budget Favorable (Unfavorable)	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Amended Budget Favorable (Unfavorable)	Budgeted Amounts		Actual (Budgetary Basis)	Variance With Amended Budget Favorable (Unfavorable)
	Original	Amended			Original	Amended			Original	Amended		
<b>Revenues</b>												
Local	\$ 128,069,907	\$ 128,069,907	\$ 128,069,908	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 128,069,907	\$ 128,069,907	\$ 128,069,908	\$ 1
State of Maryland	143,316,115	143,316,115	143,304,140	(11,975)	-	-	-	-	143,316,115	143,316,115	143,304,140	(11,975)
Federal government	2,491,000	2,491,000	2,635,279	144,279	-	-	-	-	2,491,000	2,491,000	2,635,279	144,279
Tuition	7,500	7,500	13,088	5,588	-	-	-	-	7,500	7,500	13,088	5,588
Investment income	489,119	489,119	2,933,332	2,444,213	-	-	-	-	489,119	489,119	2,933,332	2,444,213
Utilization of fund balance	4,041,484	8,340,498	8,340,498	-	299,545	299,545	299,545	-	4,341,029	8,640,043	8,640,043	-
Other	1,907,500	1,907,500	1,788,154	(119,346)	-	-	-	-	1,907,500	1,907,500	1,788,154	(119,346)
	<u>280,322,625</u>	<u>284,621,639</u>	<u>287,084,399</u>	<u>2,462,760</u>	<u>299,545</u>	<u>299,545</u>	<u>299,545</u>	<u>-</u>	<u>280,622,170</u>	<u>284,921,184</u>	<u>287,383,944</u>	<u>2,462,760</u>
<b>Expenditures</b>												
Administration	4,517,729	4,517,729	4,513,289	4,440	-	-	-	-	4,517,729	4,517,729	4,513,289	4,440
Mid-level administration	19,858,456	19,759,306	19,328,893	430,413	712,654	811,804	809,219	2,585	20,571,110	20,571,110	20,138,112	432,998
Instructional salaries	95,498,560	95,498,560	92,660,550	2,838,010	3,017,613	3,017,613	3,069,181	(51,568)	98,516,173	98,516,173	95,729,731	2,786,442
Instructional textbooks and supplies	5,759,257	6,253,271	6,126,310	126,961	64,000	64,000	58,591	5,409	5,823,257	6,317,271	6,184,901	132,370
Other instructional costs	3,039,924	3,039,924	2,097,921	942,003	2,000	2,000	337	1,663	3,041,924	3,041,924	2,098,258	943,666
Special education	22,423,418	22,423,418	21,244,024	1,179,394	516,779	516,779	482,589	34,190	22,940,197	22,940,197	21,726,613	1,213,584
Student personnel services	1,665,136	1,665,136	1,640,247	24,889	3,000	3,000	2,104	896	1,668,136	1,668,136	1,642,351	25,785
Student health services	3,008,125	3,008,125	2,944,536	63,589	103,407	103,407	79,440	23,967	3,111,532	3,111,532	3,023,976	87,556
Student transportation services	23,132,423	23,132,423	22,381,762	750,661	357,638	357,638	323,490	34,148	23,490,061	23,490,061	22,705,252	784,809
Operation of plant	22,629,588	23,217,588	22,335,642	881,946	1,026,924	1,026,924	1,026,924	-	23,656,512	24,244,512	23,362,566	881,946
Maintenance of plant	6,400,366	6,701,366	6,549,738	151,628	-	-	-	-	6,400,366	6,701,366	6,549,738	151,628
Fixed charges	63,342,849	65,441,999	64,831,550	610,449	1,219,021	1,119,871	1,033,960	85,911	64,561,870	66,561,870	65,865,510	696,360
Community services	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	2,323,303	3,239,303	3,167,898	71,405	-	-	-	-	2,323,303	3,239,303	3,167,898	71,405
	<u>273,599,134</u>	<u>277,898,148</u>	<u>269,822,360</u>	<u>8,075,788</u>	<u>7,023,036</u>	<u>7,023,036</u>	<u>6,885,835</u>	<u>137,201</u>	<u>280,622,170</u>	<u>284,921,184</u>	<u>276,708,195</u>	<u>8,212,989</u>
<b>Net Change in Fund Balances</b>	<u>\$ 6,723,491</u>	<u>\$ 6,723,491</u>	<u>17,262,039</u>	<u>\$ 10,538,548</u>	<u>\$ (6,723,491)</u>	<u>\$ (6,723,491)</u>	<u>(6,586,290)</u>	<u>\$ (137,201)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>10,675,749</u>	<u>\$ 10,675,749</u>
Adjustments to conform with generally accepted accounting principles			(7,772,558)				(299,545)				(8,072,103)	
Charter School funding			(6,723,491)				6,723,491				-	
<b>Fund balance</b>												
Beginning			<u>18,236,598</u>				<u>812,171</u>				<u>19,048,769</u>	
Ending			<u>\$ 21,002,588</u>				<u>\$ 649,827</u>				<u>\$ 21,652,415</u>	

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Fund –  
Budget vs. Actual  
June 30, 2024**

	<b>Amended Budget</b>	<b>Actual</b>	<b>Variance With Amended Budget Favorable (Unfavorable)</b>
<b>Revenues</b>			
Food service sales	\$ 6,613,656	\$ 2,508,519	\$ (4,105,137)
Federal grants and commodities	5,658,053	6,261,439	603,386
State matching and other	348,123	573,680	225,557
Donations	-	243	243
Interest income	500	24,530	24,030
	<u>12,620,332</u>	<u>9,368,411</u>	<u>(3,251,921)</u>
<b>Expenses</b>			
Payroll costs	3,758,601	3,878,240	(119,639)
Professional and contract services	84,098	264,420	(180,322)
Supplies and materials	4,385,010	4,550,233	(165,223)
Depreciation	80,000	83,655	(3,655)
Equipment	2,760,328	-	2,760,328
Fixed charges	1,384,755	1,302,136	82,619
Other operating costs	167,540	116,038	51,502
	<u>12,620,332</u>	<u>10,194,722</u>	<u>2,425,610</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>(826,311)</u>	<u>\$ (826,311)</u>
<b>Net position</b>			
Beginning		<u>6,365,468</u>	
<b>Ending</b>		<u>\$ 5,539,157</u>	



**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of Changes in Cash and Cash Equivalents - School Activities  
June 30, 2024**

	School Activity Accounts Balance			School Activity Accounts Balance	
	July 1, 2023	Additions	Deductions	June 30, 2024	
<b>School - Checking</b>					
Benjamin Banneker Elementary	\$ 71,544	\$ 61,836	\$ (79,889)	\$ 53,491	
Capt. Walter Francis Duke Elementary	48,519	86,331	(81,630)	53,220	
Chesapeake Public Charter School	48,502	98,930	(84,275)	63,157	
Dynard Elementary	33,881	23,106	(19,945)	37,042	
Evergreen Elementary	26,320	40,585	(46,849)	20,056	
George Washington Carver Elementary	4,372	23,134	(20,307)	7,199	
Green Holly School	10,318	22,776	(15,692)	17,402	
Greenview Knolls Elementary	8,974	43,147	(48,127)	3,994	
Hollywood Elementary	18,570	28,051	(26,217)	20,404	
Leonardtown Elementary	1,966	17,218	(14,326)	4,858	
Lettie Marshall Dent Elementary	42,653	31,901	(39,477)	35,077	
Lexington Park Elementary	3,806	16,479	(13,668)	6,617	
Mechanicsville Elementary	19,816	20,942	(24,109)	16,649	
Oakville Elementary	21,903	54,720	(47,535)	29,088	
ParkHall Elementary	7,137	28,359	(26,813)	8,683	
Piney Point Elementary	17,850	79,052	(62,468)	34,434	
Ridge Elementary	19,973	23,540	(24,358)	19,155	
Town Creek Elementary	14,878	12,570	(10,350)	17,098	
White Marsh Elementary	40,011	21,021	(24,268)	36,764	
Esperanza Middle	39,236	35,185	(42,941)	31,480	
Leonardtown Middle	119,233	107,024	(98,841)	127,416	
Margaret Brent Middle	29,085	70,487	(71,554)	28,018	
Spring Ridge Middle	40,905	74,905	(74,165)	41,645	
Chopticon High	270,130	459,784	(413,548)	316,366	
Great Mills High	81,140	450,662	(475,107)	56,695	
Leonardtown High	198,334	592,486	(527,770)	263,050	
Dr. J. A. Forrest Career & Tech Ctr	65,813	201,741	(231,088)	36,466	
Fairlead Academy I	11,636	4,963	(6,992)	9,607	
DCI PD	3,329	1	(1,723)	1,607	
	<u>\$ 1,319,834</u>	<u>\$ 2,730,936</u>	<u>\$ (2,654,032)</u>	<u>\$ 1,396,738</u>	

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of Changes in Cash and Cash Equivalents - School Activities  
June 30, 2024**

	School Activity Accounts Balance			School Activity Accounts Balance
	July 1, 2023	Additions	Deductions	June 30, 2024
<b>School - Savings</b>				
Benjamin Banneker Elem	\$ 2,755	\$ 3	\$ -	\$ 2,758
Carver Elem	302	15	(317)	-
Chopticon High	102,927	1,720	-	104,647
Forrest Career & Tech Center	60,272	18	(15,005)	45,285
	<u>\$ 166,256</u>	<u>\$ 1,756</u>	<u>\$ (15,322)</u>	<u>\$ 152,690</u>

	School Activity Accounts Balance			School Activity Accounts Balance
	July 1, 2023	Additions	Deductions	June 30, 2024
<b>School - MLGIP (Maryland Local Government Investment Pool)</b>				
Dynard Elem	\$ 5,615	\$ 308	\$ -	\$ 5,923
Green Holly School	8,674	476	-	9,150
Greenview Knolls Elem	10,332	559	(5,000)	5,891
Hollywood Elem	11,602	637	-	12,239
Leonardtown Elem	2,422	133	-	2,555
Oakville Elem	1,386	76	-	1,462
ParkHall Elem	4,646	255	-	4,901
Piney Point Elem	9,109	500	-	9,609
Esperanza Middle	6,855	376	-	7,231
Leonardtown Middle	16,932	930	-	17,862
Margaret Brent Middle	25,745	1,414	-	27,159
Spring Ridge Middle	8,563	470	-	9,033
Great Mills High	188,045	10,328	-	198,373
Leonardtown High	160,883	8,836	-	169,719
Forrest Career & Tech Center	40,833	2,243	-	43,076
	<u>\$ 501,642</u>	<u>\$ 27,541</u>	<u>\$ (5,000)</u>	<u>\$ 524,183</u>
Total	<u>\$ 1,987,732</u>	<u>\$ 2,760,233</u>	<u>\$ (2,674,354)</u>	<u>\$ 2,073,611</u>



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board of Education  
St. Mary's County Public Schools  
Leonardtown, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of St. Mary's County Public Schools (the School System), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements, and have issued our report thereon dated September 25, 2024.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

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

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



### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School System's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

Owings Mills, Maryland  
September 25, 2024

*SBC Company, LLC*



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Members of the Board of Education  
St. Mary's County Public Schools  
Leonardtown, Maryland

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited St. Mary's County Public Schools' (the School System) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School System's major Federal programs for the year ended June 30, 2024. The School System's major Federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School System and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the School System's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School System's Federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School System's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School System's compliance with the requirements of each major Federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School System's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School System's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

Owings Mills, Maryland  
September 25, 2024



# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Schedule of Expenditures of Federal Awards June 30, 2024

Grant Name	Federal Assistance Listing	Grant Number	Project Period	Grant Award	Accrued/ (Deferred) 6/30/23	Cash received FY 2024	FY '24 Revenue Recognized & Expenditures	Refunded to MSDE/ (Write Off)	Accrued/ (Deferred) 6/30/24	Passed Through to Subrecipients
<b>U.S. Department of Agriculture:</b>										
Passed through the Maryland State Dept. of Education:										
USDA Commodities	10.555	Unknown	7/1/2023 - 6/30/2024	\$ 679,342	\$ -	\$ 658,465	\$ 658,465	\$ -	\$ -	-
Summer Food Program	10.559	Unknown	7/1/2022 - 6/30/2023	50,000	2,005	2,005	-	-	-	-
Summer Food Program	10.559	Unknown	7/1/2023 - 6/30/2024	50,000	-	3,307	229,249	-	225,942	-
Breakfast	10.553	Unknown	7/1/2022 - 6/30/2023	1,390,416	48,922	48,922	-	-	-	-
Breakfast	10.553	Unknown	7/1/2023 - 6/30/2024	1,442,264	-	1,475,971	1,514,567	-	38,596	-
USDA Supply Chain Assistance (SCA)	10.555	Unknown	3/1/2023 - 9/30/2024	282,380	-	366,528	366,528	-	-	-
Federal Snack Program	10.555	Unknown	7/1/2023 - 6/30/2024	3,500	-	181	181	-	-	-
Lunch (Sec 4 & 11)	10.555	Unknown	7/1/2023 - 6/30/2024	3,362,947	-	3,382,744	3,466,745	-	84,001	-
Lunch (Sec 4 & 11)	10.555	Unknown	7/1/2022 - 6/30/2023	2,858,048	125,878	125,878	-	-	-	-
State Administrative Grant (P-EBT Admin)	10.555	Unknown	10/1/2022 - 9/30/2023	23,256	-	3,256	3,256	-	-	-
<b>Total Child Nutrition Cluster</b>				<b>10,142,153</b>	<b>176,805</b>	<b>6,067,257</b>	<b>6,238,991</b>	<b>-</b>	<b>348,539</b>	<b>-</b>
Child and Adult Care Food Program	10.558	Unknown	7/1/2023 - 6/30/2024	120,000	-	22,448	22,448	-	-	-
Child and Adult Care Food Program	10.558	Unknown	7/1/2022 - 6/30/2023	30,000	13	13	-	-	-	-
<b>Total Program</b>				<b>150,000</b>	<b>13</b>	<b>22,461</b>	<b>22,448</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Department of Agriculture</b>				<b>10,292,153</b>	<b>176,818</b>	<b>6,089,718</b>	<b>6,261,439</b>	<b>-</b>	<b>348,539</b>	<b>-</b>
<b>U.S. Department of Defense:</b>										
Direct Program:										
ROTC Navy	12.000	None	7/1/2023 - 6/30/2024	77,000	21,638	80,497	81,651	-	22,792	-
ROTC Air Force	12.000	None	7/1/2023 - 6/30/2024	68,000	3,454	61,830	64,518	-	6,142	-
<b>Total Program</b>				<b>145,000</b>	<b>25,092</b>	<b>142,327</b>	<b>146,169</b>	<b>-</b>	<b>28,934</b>	<b>-</b>
Public Law 102-484	12.558	None	7/1/2023 - 6/30/2024	646,000	-	-	-	-	-	-
Public Law 102-484	12.558	None	7/1/2022 - 6/30/2023	760,358	760,358	760,358	-	-	-	-
<b>Total Program</b>				<b>1,406,358</b>	<b>760,358</b>	<b>760,358</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total U.S. Department of Defense</b>				<b>1,551,358</b>	<b>785,450</b>	<b>902,685</b>	<b>146,169</b>	<b>-</b>	<b>28,934</b>	<b>-</b>
<b>U.S. Department of Treasury:</b>										
Passed through the Maryland State Dept. of Education:										
American Rescue Plan - School Reopening	21.027	211808.01	3/3/2021 - 12/31/2024	222,535	-	-	-	-	-	-
American Rescue Plan - Trauma & Behavioral Health	21.027	211799.01	3/3/2021 - 12/31/2024	222,535	-	73,772	73,772	-	-	-
American Rescue Plan - Supplemental Instruction & Tutoring	21.027	211835.01	3/3/2021 - 12/31/2024	2,559,106	(138,010)	198,863	500,061	-	163,188	-
American Rescue Plan - Transitional Supplemental Instruction	21.027	211881.01	3/3/2021 - 12/31/2024	398,018	25,711	44,191	18,737	-	257	-
American Rescue Plan - Behavioral Health	21.027	211900.01	3/3/2021 - 12/31/2024	333,802	40,103	40,103	-	-	-	-
American Rescue Plan - Summer School	21.027	211916.02	3/3/2021 - 12/31/2024	354,956	506	89,019	81,426	-	(7,087)	-
American Rescue Plan - Summer School	21.027	211823.01	3/3/2021 - 12/31/2024	354,956	-	9,754	9,754	-	-	-
<b>Total Program</b>				<b>4,445,908</b>	<b>(71,690)</b>	<b>455,702</b>	<b>683,750</b>	<b>-</b>	<b>156,358</b>	<b>-</b>
<b>Total U.S. Department of Treasury</b>				<b>4,445,908</b>	<b>(71,690)</b>	<b>455,702</b>	<b>683,750</b>	<b>-</b>	<b>156,358</b>	<b>-</b>

The accompanying notes are an integral part of this schedule.



ST. MARY'S COUNTY PUBLIC SCHOOLS

Schedule of Expenditures of Federal Awards (continued)  
June 30, 2024

Grant Name	Federal Assistance Listing	Grant Number	Project Period	Grant Award	Accrued/ (Deferred) 6/30/23	Cash received FY 2024	FY '24 Revenue Recognized & Expenditures	Refunded to MSDE/ (Write Off)	Accrued/ (Deferred) 6/30/24	Passed Through to Subrecipients
<b>U.S. Department of Education:</b>										
Passed through the Maryland State Dept. of Education:										
E.C.I.A. Title I	84.010	221509.01	7/1/2021 - 9/30/2023	\$ 3,360,735	\$ 74,813	\$ 188,513	\$ 113,700	\$ -	\$ -	\$ -
E.C.I.A. Title I	84.010	231099.01	7/1/2022 - 9/30/2024	3,333,317	580,649	999,361	515,954	-	97,242	-
E.C.I.A. Title I	84.010	241294.01	7/1/2023 - 9/30/2024	3,434,694	-	2,396,405	2,993,306	-	596,901	-
School Improvement Supplemental grant	84.010A	232018.01	3/1/2023 - 9/30/2023	19,926	-	19,926	19,926	-	-	-
School Improvement grant	84.010A	232000.01	3/1/2023 - 9/30/2024	114,875	-	49,636	79,973	-	30,337	-
Title I School Improvement grant	84.010A	241575.02	7/1/2023 - 9/30/2025	147,308	-	19,675	11,398	-	(8,277)	-
<b>Total Program</b>				<b>10,410,855</b>	<b>655,462</b>	<b>3,673,516</b>	<b>3,734,257</b>	<b>-</b>	<b>716,203</b>	<b>-</b>
SPED Pass Thru	84.027	220393.01	7/1/2021 - 9/30/2023	3,536,093	246,835	246,835	-	-	-	-
SPED Pass Thru	84.027	230608.01	7/1/2022 - 9/30/2024	3,156,909	1,018,428	1,591,924	608,219	-	34,723	-
SPED Pass Thru	84.027	240963.01	7/1/2023 - 9/30/2025	3,985,100	-	1,557,560	2,719,633	-	1,162,073	-
SPED Pass Thru ARP	84.027	221252.01	7/1/2021 - 9/30/2023	859,289	172,952	240,866	67,914	-	-	-
SPED Pass Thru CCEIS	84.027	230608.03	7/1/2022 - 9/30/2024	592,665	52,571	95,644	62,025	-	18,952	-
SPED Pass Thru Parent Placed	84.027	220393.02	7/1/2021 - 9/30/2023	64,327	7,150	7,150	-	-	-	-
SPED Pass Thru Parent Placed	84.027	230608.02	7/1/2022 - 9/30/2024	80,320	2,837	55,593	67,763	-	15,007	-
SPED Pass Thru Parent Placed	84.027	240963.02	7/1/2023 - 9/30/2025	82,813	-	37,474	16,212	-	(21,262)	-
SPED Pass Thru Parent Placed ARP	84.027	221252.02	7/1/2021 - 9/30/2023	15,632	15,632	15,632	-	-	-	-
Family Support Systems	84.027	220393.04	7/1/2021 - 6/30/2023	16,000	1,000	1,000	-	-	-	-
Family Support Systems	84.027	230608.05	7/1/2022 - 9/30/2024	16,000	370	12,022	11,652	-	-	-
Family Support Systems	84.027	240963.04	7/1/2023 - 6/30/2025	16,000	-	7,116	8,086	-	970	-
SPED SEAC	84.027	230608.04	7/1/2022 - 9/30/2023	2,500	398	1,621	1,223	-	-	-
SPED SEAC	84.027	240963.03	7/1/2023 - 9/30/2024	2,500	-	270	392	-	122	-
Infants & Toddlers Program	84.027	230588.01	7/1/2022 - 6/30/2024	24,985	(23,760)	-	23,760	-	-	-
Infants & Toddlers Program	84.027	240824.01	7/1/2023 - 6/30/2025	60,034	-	-	-	-	-	-
LIR: Access, Equity and Progress	84.027	221320.02	10/1/2021 - 9/30/2023	51,056	17,521	45,402	27,881	-	-	-
LIR: Access, Equity and Progress	84.027	231071.03	10/1/2022 - 9/30/2024	110,861	(4,379)	70,900	75,559	-	280	-
LIR: Access, Equity and Progress	84.027	241400.03	10/1/2023 - 9/30/2025	128,140	-	12,162	18,140	-	5,978	-
LIR: Additional Support Fund	84.027	241746.01	5/1/2024 - 9/30/2024	37,006	-	-	34,266	-	34,266	-
LIR: Early Childhood	84.027	231071.01	10/1/2022 - 9/30/2024	103,971	3,139	52,814	63,309	-	13,634	-
LIR: Early Childhood	84.027	241400.01	10/1/2023 - 9/30/2025	103,971	-	11,490	10,267	-	(1,223)	-
LIR: Secondary Transition	84.027	221320.01	10/1/2021 - 9/30/2023	54,621	3,534	3,534	-	-	-	-
LIR: Secondary Transition	84.027	231071.02	10/1/2022 - 9/30/2024	74,781	13,365	48,957	36,944	-	1,352	-
LIR: Secondary Transition	84.027	241400.02	10/1/2023 - 9/30/2025	57,502	-	20,774	25,146	-	4,372	-
IDEA Pre-school	84.173	220374.01	7/1/2021 - 9/30/2023	113,965	17,053	27,757	10,704	-	-	-
IDEA Pre-school	84.173	230577.01	7/1/2022 - 9/30/2024	120,582	(9,241)	-	33,864	-	24,623	-
IDEA Pre-school	84.173	240799.01	7/1/2023 - 9/30/2025	121,637	-	86,072	121,637	-	35,565	-
IDEA Pre-school - ARP	84.173	221250.01	7/1/2021 - 9/30/2023	63,766	60,820	60,820	-	-	-	-
IDEA Pre-school Parent Placed	84.173	220374.02	7/1/2021 - 9/30/2023	2,326	-	2,326	2,326	-	-	-
IDEA Pre-school Parent Placed	84.173	230577.02	7/1/2022 - 9/30/2024	625	-	-	625	-	625	-
IDEA Pre-school Parent Placed	84.173	240799.02	7/1/2023 - 9/30/2025	2,397	-	2,397	1,772	-	(625)	-
IDEA Pre-school Parent Placed ARP	84.173	221250.02	7/1/2021 - 9/30/2023	1,301	-	1,301	1,301	-	-	-
Infants & Toddlers Program	84.173	220508.01	7/1/2021 - 6/30/2023	7,000	531	531	-	-	-	-
Infants & Toddlers Program	84.173	230594.01	7/1/2022 - 6/30/2024	7,000	(2,484)	4,516	7,000	-	-	-
Infants & Toddlers Program	84.173	230594.02	7/1/2022 - 9/30/2023	4,401	-	-	-	-	-	-
Infants & Toddlers Program	84.173	240720.01	7/1/2023 - 9/30/2024	7,000	-	122	-	-	(122)	-
Infants & Toddlers Program	84.173	240720.02	7/1/2023 - 9/30/2024	4,797	-	4,182	4,182	-	-	-
<b>Total Special Education Cluster (IDEA)</b>				<b>13,689,873</b>	<b>1,594,272</b>	<b>4,326,764</b>	<b>4,061,802</b>	<b>-</b>	<b>1,329,310</b>	<b>-</b>

The accompanying notes are an integral part of this schedule.

# ST. MARY'S COUNTY PUBLIC SCHOOLS

## Schedule of Expenditures of Federal Awards (continued) June 30, 2024

Grant Name	Federal Assistance Listing	Grant Number	Project Period	Grant Award	Accrued/ (Deferred) 6/30/23	Cash received FY 2024	FY '24 Revenue Recognized & Expenditures	Refunded to MSDE/ (Write Off)	Accrued/ (Deferred) 6/30/24	Passed Through to Subrecipients
<u>Direct Program:</u>										
Impact Aid	84.041	None	7/1/2023 - 6/30/2024	\$ 1,700,000	\$ -	\$ 2,489,109	\$ 2,489,109	\$ -	\$ -	\$ -
<u>Passed through the Maryland State Dept. of Education:</u>										
Perkins (Program Improvement)	84.048	210913.01	7/1/2020 - 8/31/2021	-	-	-	-	-	-	-
Perkins (Program Improvement)	84.048	230088.01	7/1/2022 - 6/30/2023	200,124	61,627	61,627	-	-	-	-
Perkins (Program Improvement)	84.048	240157.01	7/1/2023 - 6/30/2024	209,412	-	148,259	209,412	-	61,153	-
CTE Reserve Fund	84.048	230101.01	7/1/2022 - 6/30/2023	8,000	8,000	8,000	-	-	-	-
<b>Total Program</b>				<u>417,536</u>	<u>69,627</u>	<u>217,886</u>	<u>209,412</u>	<u>-</u>	<u>61,153</u>	<u>-</u>
Vocational Rehabilitation - PreETS	84.126	231928.01	5/5/2023 - 9/30/2023	20,097	526	6,758	6,232	-	-	-
Vocational Rehabilitation - PreETS	84.126	241739.01	5/1/2024 - 8/31/2024	29,947	-	-	1,952	-	1,952	-
<b>Total Program</b>				<u>50,044</u>	<u>526</u>	<u>6,758</u>	<u>8,184</u>	<u>-</u>	<u>1,952</u>	<u>-</u>
Infants & Toddlers Program ARP	84.181	221745.01	3/1/2022 - 9/30/2023	86,154	16,711	16,711	-	-	-	-
Infants & Toddlers Program ARP	84.181	221745.02	7/1/2022 - 9/30/2023	18,822	1,136	6,462	5,326	-	-	-
Infants & Toddlers Program ARP	84.181	221207.01	7/1/2021 - 9/30/2023	35,445	-	-	-	-	-	-
Infants & Toddlers Program ARP	84.181	221965.01	7/1/2022 - 9/30/2023	29,034	-	-	-	-	-	-
Infants & Toddlers Program	84.181	230598.02	7/1/2022 - 6/30/2024	121,872	(27,561)	-	60,332	-	32,771	-
Infants & Toddlers Program	84.181	240770.01	7/1/2023 - 6/30/2025	132,846	-	37,905	35,898	-	(2,007)	-
<b>Total Program</b>				<u>424,173</u>	<u>(9,714)</u>	<u>61,078</u>	<u>101,556</u>	<u>-</u>	<u>30,764</u>	<u>-</u>
Homeless Education	84.196A	231259.01	7/1/2022 - 9/30/2023	24,371	24,371	24,371	-	-	-	-
Homeless Education	84.196A	241460.01	7/1/2023 - 9/30/2025	39,976	-	-	5,399	-	5,399	-
<b>Total Program</b>				<u>64,347</u>	<u>24,371</u>	<u>24,371</u>	<u>5,399</u>	<u>-</u>	<u>5,399</u>	<u>-</u>
Title III	84.365A	220671.01	7/1/2021 - 9/30/2023	37,619	3,089	3,089	-	-	-	-
Title III	84.365A	230439.01	7/1/2022 - 9/30/2024	40,591	3,404	9,494	6,174	-	84	-
Title III	84.365A	241232.01	7/1/2023 - 9/30/2024	47,750	-	44,451	32,885	-	(11,566)	-
Title III (Immigrant)	84.365A	241232.02	7/1/2023 - 9/30/2024	20,691	-	1,024	7,159	-	6,135	-
Title III (Additional Supplemental)	84.365A	241701.01	5/15/2024 - 8/30/2024	14,000	-	-	921	-	921	-
<b>Total Program</b>				<u>160,651</u>	<u>6,493</u>	<u>58,058</u>	<u>47,139</u>	<u>-</u>	<u>(4,426)</u>	<u>-</u>
Title II Part A	84.367	221049.01	7/1/2021 - 6/30/2023	512,306	54,357	54,357	-	-	-	-
Title II Part A	84.367	230700.01	7/1/2022 - 6/30/2024	436,230	68,902	229,405	167,428	-	6,925	-
Title II Part A	84.367	240282.01	7/1/2023 - 6/30/2025	526,188	-	103,641	198,956	-	95,315	-
<b>Total Program</b>				<u>1,474,724</u>	<u>123,259</u>	<u>387,403</u>	<u>366,384</u>	<u>-</u>	<u>102,240</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of Expenditures of Federal Awards (continued)  
June 30, 2024**

Grant Name	Federal Assistance Listing	Grant Number	Project Period	Grant Award	Accrued/ (Deferred) 6/30/23	Cash received FY 2024	FY '24 Revenue Recognized & Expenditures	Refunded to MSDE/ (Write Off)	Accrued/ (Deferred) 6/30/24	Passed Through to Subrecipients
Title IV, Part A	84.424A	221537.01	7/1/2021 - 9/30/2023	\$ 249,328	\$ 115,887	\$ 150,562	\$ 34,675	\$ -	\$ -	\$ -
Title IV, Part A	84.424A	231219.01	7/1/2022 - 9/30/2024	266,178	(20,895)	68,189	141,843	-	52,759	-
Title IV, Part A	84.424A	240566.01	7/1/2023 - 9/30/2024	266,376	-	16,266	40,212	-	23,946	-
Stronger Connections	84.424F	232075.01	9/15/2022 - 9/30/2026	1,989,148	-	-	-	-	-	-
<b>Total Program</b>				<b>2,771,030</b>	<b>94,992</b>	<b>235,017</b>	<b>216,730</b>	<b>-</b>	<b>76,705</b>	<b>-</b>
Cares (CRRSA) - ESSER II	84.425D	202120.01	3/13/2020 - 9/30/2023	11,611,000	2,433,238	2,896,099	462,861	-	-	-
ARP ESSER Homeless Children & Youth	84.425D	221585.01	7/1/2021 - 9/30/2024	37,925	19,358	22,061	2,703	-	-	-
Expanding AP Opportunities for Low income students	84.425D	221367.01	7/1/2021 - 9/30/2023	36,844	6,604	6,604	-	-	-	-
Cares - ESSER III	84.425U	211943.01	3/24/2021 - 9/30/2024	26,095,398	1,293,403	8,196,873	9,122,698	-	2,219,228	-
ARP ESSER- LEA Maryland Leads- Grow your own	84.425U	221872.02	6/1/2022 - 9/30/2024	2,179,186	134,483	700,705	701,856	-	135,634	-
ARP ESSER- LEA Maryland Leads- Staff support & retention	84.425U	221872.03	6/1/2022 - 9/30/2024	2,648,936	79,143	817,656	906,591	-	168,078	-
ARP ESSER- LEA Maryland Leads- Science of reading	84.425U	221872.04	6/1/2022 - 9/30/2024	2,030,429	212,751	597,613	428,727	-	43,865	-
<b>Total Program</b>				<b>44,639,718</b>	<b>4,178,980</b>	<b>13,237,611</b>	<b>11,625,436</b>	<b>-</b>	<b>2,566,805</b>	<b>-</b>
<b>Total U.S. Department of Education</b>				<b>75,802,951</b>	<b>6,738,268</b>	<b>24,717,571</b>	<b>22,865,408</b>	<b>-</b>	<b>4,886,105</b>	<b>-</b>
<b><u>U.S. Department of Health and Human Services:</u></b>										
<u>Direct Program</u>										
Office of Head Start	93.600	03CH010878-04-00	4/1/2022 - 6/30/2023	3,346,586	637,737	637,737	-	-	-	-
Passed through the Maryland State Dept. of Education:										
Pre-K Capacity Grant	93.575	241151.01	7/1/2023 - 6/30/2024	600,000	-	336,837	439,020	-	102,183	-
Medical Assistance	93.778	Unknown	7/1/2023 - 6/30/2024	2,062,681	(3,662,929)	834,863	488,007	-	(4,009,785)	-
<b>Total U.S. Department of Health and Human Services</b>				<b>6,009,267</b>	<b>(3,025,192)</b>	<b>1,809,437</b>	<b>927,027</b>	<b>-</b>	<b>(3,907,602)</b>	<b>-</b>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 98,101,637</b>	<b>\$ 4,603,654</b>	<b>\$ 33,975,113</b>	<b>\$ 30,883,793</b>	<b>\$ -</b>	<b>\$ 1,512,334</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule.

**ST. MARY’S COUNTY PUBLIC SCHOOLS**

**Notes to the Schedule of Expenditures of Federal Awards  
June 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

All Federal grant operations of the St. Mary’s County Public Schools (the School System) are included in the scope of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Single Audit) for the year ended June 30, 2024. The Single Audit was performed in accordance with the provisions of the U.S. Office of Budget and Management (OMB) Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the major grant programs noted below. The programs on the schedule of expenditures of Federal awards represent all Federal award programs for fiscal year 2024 cash or non-cash expenditure activities to ensure coverage of at least 20% of Federally granted funds. Actual coverage was 51%.

Expenditures reported on the schedule of expenditures of Federal awards (the Schedule) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School System did not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. The School System was required to use an indirect allocation rate of 1.39% for the year ended June 30, 2024, which was approved by the Maryland State Department of Education.

<u>Program Title</u>	<u>Federal Assistance Listing</u>	<u>Federal Program Expenditures</u>
Special Education Cluster (IDEA)	84.027, 84.173	\$ 4,061,802
CARES ESSER II and III and ARP ESSER	84.425D, 84,425U	11,625,436
		<u>\$ 15,687,238</u>

**2. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of Federal awards is presented on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

**3. PROGRAM EXCLUSIONS**

Medical assistance received under Assistance Listing No. 93.778 has been included in the Schedule but is not subject to Single Audit testing as funding is received under a vendor-type relationship, thus is excluded from major program determination.

**ST. MARY’S COUNTY PUBLIC SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2024**

**Section I – Summary of Independent Public Account’s Results**

**Financial Statements**

Type of Independent Public Accountants’ report issued	Unmodified
Internal control over financial reporting: Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Type of Independent Public Accountants’ report issued on compliance for major programs	Unmodified
Internal control over major programs: Material weakness identified?	No
Significant deficiency identified that is not considered to be a material weakness?	None reported
Audit findings disclosed that are required to be reported in accordance with section 200.516(a) of the Uniform Guidance?	No

**Identification of Major Programs:**

Program Title	Federal Assistance Listing	Federal Program Expenditures
Special Education Cluster (IDEA)	84.027, 84.173	\$ 4,061,802
CARES ESSER II and III and ARP ESSER	84.425D, 84,425U	11,625,436
		\$ 15,687,238
Threshold for distinguishing between Type A and B programs		\$ 926,514
Did the School System qualify as a low risk auditee?		Yes

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of Findings and Questioned Costs  
June 30, 2024**

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings**

None

**ST. MARY'S COUNTY PUBLIC SCHOOLS**

**Schedule of Prior Year Findings and Questioned Costs  
June 30, 2024**

No findings were reported during the prior year.