



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



10910 CLARKSVILLE PIKE, ELLICOTT CITY, MD 21042

A COMPONENT UNIT OF HOWARD COUNTY, MARYLAND



A Component Unit of Howard County, Maryland

Annual Comprehensive Financial Report For the Fiscal year Ended June 30, 2025

Prepared By:

Division of Finance

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Superintendent

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Chief Financial Officer

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INTRODUCTORY SECTION



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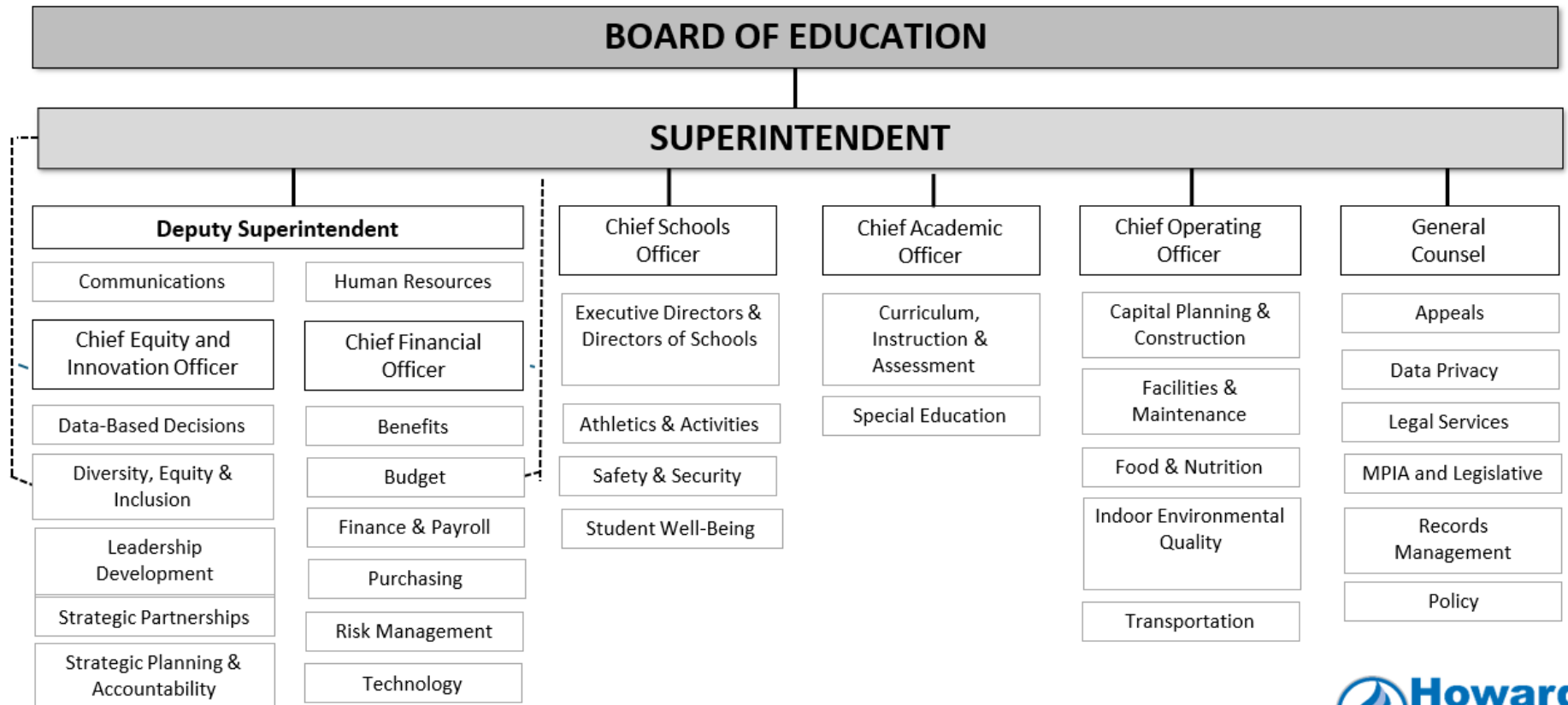
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HOWARD COUNTY PUBLIC SCHOOL SYSTEM

Organizational Structure as of June 30, 2025





Howard County Board of Education as of June 30, 2025



Jolene Mosley
Chair, District 3



Linfeng Chen, Ph.D.
Vice Chair, At-Large - County 2



Andrea Chamblee
District 5



Jennifer Swickard Mallo
District 4



Jacquelin (Jacky) McCoy
At-Large - County 1



Meg Ricks
District 1



Antonia Watts
District 2



James Obasiolu
Student Member



Howard County Public School System Leadership as of June 30, 2025



William J. Barnes
Superintendent



Karalee Turner-Little, Ph.D.
Deputy Superintendent



Cornell Brown
Chief Operating Officer



Jennifer Robinson
Chief Schools Officer



Jennifer Webster, Ed.D.
Chief Academic Officer
Effective 8/11/2025



M. Brian Hull
Chief Financial Officer



Caroline Walker
Chief Equity and Innovation Officer



Brian Basset
Director of Communications and
Engagement



T. Michael Carson, PHR, SHRM-CP
Human Resources Executive Officer



J. Stephen Cowles
General Counsel

Independent Public Accountants
SB & Company, LLC
10200 Grand Central Avenue, Suite 250
Owings Mills, MD 21117

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September 29, 2025

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

Transmittal Letter of the Annual Comprehensive Financial Report

Maryland state law requires that local education agencies publish at the close of each year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States and audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants. In compliance with that requirement, the Division of Financial Management (the Division) hereby submits the Annual Comprehensive Financial Report of the Howard County Public School System (HCPSS) for the fiscal year ended June 30, 2025.

This report has been prepared pursuant to Education Article Section 5-109 of the Annotated Code of Maryland. The report consists of management's representations concerning the finances of HCPSS. Management assumes full responsibility for the completeness, reliability, and accuracy of the presented data. We believe the data as presented is accurate in all material aspects and is presented in a manner designed to set forth the financial position and results of operations of HCPSS as measured by the financial activity.

All matters relating to education and operations in HCPSS are governed and controlled by the Board of Education of Howard County (the Board), as provided by the Public School Laws of Maryland. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all young people of Howard County. With the advice of the Superintendent, the Board establishes schools and determines geographical attendance areas for them. Upon recommendation of the Superintendent, the Board approves education policy and prescribes the rules and regulations for the management and conduct of the School System. The activities, funds and entities related to HCPSS included in this Annual Comprehensive Financial Report are those for which the Board exercises oversight responsibility.

All funds and accounts of HCPSS are included in this Annual Comprehensive Financial Report. For financial reporting purposes, the Board has been defined as a component unit of the Howard County Government. Therefore, HCPSS is included in the audited Annual Comprehensive Financial Report for Howard County, Maryland (the County).

HCPSS financial statements have been audited by SB & Company, LLC, an independent audit firm of licensed public accountants. The report of independent public accountants is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the report of independent public accountants and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter and should be read in conjunction with it.

Entity Services

Located in central Maryland, HCPSS serves a diverse population exceeding 57,000 students. The school system consistently ranks among Maryland's top school districts and is focused on preparing students to be life ready upon graduation. HCPSS' 2024 graduation rate of 94.6% exceeds the state average.



Graduating Class of 2024 Academic Awards*

- 29,309 College applications submitted
- 809 Students offered at least one scholarship
- \$170,696,381 Scholarship money awarded to graduates
- 1,561 Students were accepted to an Ivy League college or university
- 1,584 Students were accepted to a Historically Black College or University (HBCU)
- 1,660 Seniors took a total of 4,797 courses for college credit under the JumpStart Enrollment program
- 748 Students earned Industry Recognized Credentials
- 1,357 Completed a Maryland CTE Program
- 97 Students participated in an apprenticeship

* Reflects 87% of seniors completing survey

Source: Board Report 2024 07-11 Summary of the Accomplishments of the Class of 2024

Howard County Public Schools had experienced steady enrollment growth until the COVID-19 Pandemic began in March 2020. However, enrollment levels have largely remained flat since 2021 with a slight uptick seen in the 2023 actual. HCPSS has seen consistent growth in student enrollment in populations that require additional services. Growing segments of our student population that require greater student supports and resources include poverty, homelessness, and language barriers. While current projections show a decline in the rate of student enrollment growth, HCPSS continues to address the current capacity needs of the school system. Capital costs also continue to grow each year due to the increased costs associated with the commercial industry.

HCPSS operated 78 schools in the 2024–2025 academic year, with the average age of school facilities ranging from 42.26 years for elementary schools to 36.50 for middle schools and 41.77 years for high schools. A wide range of support services are offered to Howard County students and parents through guidance counselors, nurses, psychologists, and student personnel workers. Students with special needs are provided with an extensive special education program at preschool, elementary, middle, and high school instructional levels.

This report includes the financial activities of HCPSS as they relate to the services provided for a Pre-K–12 public school system of 42 elementary schools, 20 middle schools, 13 high schools and 3 education centers. There currently are no charter schools in Howard County.

Economic Condition and Outlook

In FY 2025, HCPSS received approximately 69% of its governmental activities funding from Howard County, approximately 27% from State and Federal and 4% from other sources. The economic condition and outlook of the County play a substantial role in the economic condition and outlook of HCPSS. At the same time, HCPSS remains a cornerstone of the County as people are drawn to the quality reputation of the HCPSS. In addition, HCPSS continues to be the largest employer in the County, and therefore persists as an economic engine itself.

State and Federal funding increased in the FY 2025 Operating Budget from \$346.0 million to \$353.8 million, driven by the ongoing implementation of per-pupil funding increases required in the Blueprint for Maryland's Future legislations. The increase includes a supplemental appropriation of \$1.6 million for State-Aid Prekindergarten programs which commenced in 2025 and allows private providers to eligible for public funding to deliver full-day prekindergarten programs. Local funding increased from \$721.2 million to \$767.5 million.

Long-term Financial Planning

The HCPSS Operating Budget planning is intrinsically linked with planning for the Capital Budget and redistricting processes.

The FY 2025 Approved Operating Budget for HCPSS meets the funding necessary to support the school system, incorporates the mandates of the Blueprint for Maryland's Future and addresses inequities and invests in resources that will enhance the academic success and social emotional well-being for each student in an inclusive and nurturing environment that closes opportunity gaps.

The HCPSS local Every Student Succeeds Act (ESSA) Consolidated Strategic Plan reflects the district's commitment to educating our entire student population, one child at a time. The plan fulfills our obligation to the Maryland State Department of Education to integrate federal, state, and local funding and initiatives into a comprehensive master plan to improve achievement for all students and ensure that all student groups meet state standards. Each year HCPSS prepares an annual operating budget that supports the ESSA Consolidated Strategic Plan. School officials and the Board target funding to ensure the goals established in the HCPSS Strategic Plan are achieved.

Annually, HCPSS prepares a five-year Capital Improvement Program (CIP) and a 10-year Long-Range Master Plan. The CIP identifies projected capital needs, including new facilities and maintenance projects required to keep HCPSS facilities in good operating condition.

School System Budget

The school system budget is proposed by the Superintendent of Schools and reviewed by the Board of Education. The Board's budget request is submitted to the County Executive. The County Executive makes recommendations and forwards the budget to the County Council. The County Council can accept the County Executive's recommendations, make additional reductions, or restore funds cut from the school system budget by the County Executive.

The FY 2025 Approved Operating Budget (Revised) increased by \$40.6 million over the FY 2024 Approved Operating Budget. The FY 2025 budget advances major goals including implementation of Blueprint requirements, continued investments toward students' educational success, and providing for competitive growth in employee compensation. The school system received a Supplemental Appropriation as follows:

FY 2025 Supplemental Appropriations	
Source	
State Aid-Prekindergarten	\$ 1,622,969
Investment Income	1,000,000
Summer School Tuition	465,394
Subtotal Current Revenues	3,088,363
Unassigned Fund Balance - Operating Expenses	1,800,000
Unassigned Fund Balance - USDE Fiscal Impact	644,818
Subtotal Unassigned Fund Balance	2,444,818
Total Supplemental Appropriations	\$ 5,533,181

The FY 2025 Approved Budget was developed based on a projection of 57,566 students, which is slightly less than the enrollment projection of 58,069 used to develop the FY 2024 budget.

Internal Controls

To assure the integrity of the financial record supporting the financial statements, consideration is given to the adequacy of internal accounting controls sufficient to provide reasonable assurance that assets are properly safeguarded, accounted for, and are used only in accordance with management authorization. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The annual budget serves as the foundation of the Board's financial planning and budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

The budget is organized into State-mandated categories of expenditures including Administration, Mid-level Administration, Instructional Salaries, Textbooks and Instructional Supplies, Other Instructional Costs, Special Education, Student Personnel Services, Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Fixed Charges, Community Services, Capital Outlay, and Food Service.

In addition to internal controls, HCPSS maintains budgetary controls. The legal level of budgetary control is at the operating fund total and the State category level. Budget authority may be reallocated within each State category administratively to align with expenditure needs. However, the total expenditure level for the operating fund and a State category cannot be exceeded without approval by the Board of Education and the County Council. The objective of these budgetary controls is to ensure compliance with legal provisions of the appropriation authority. Management control is maintained at levels within each organizational unit along with an encumbrance accounting system as one technique of accomplishing budgetary control.

Independent Audit

The financial statements for FY 2025 have been audited by SB & Company, LLC in accordance with Section 5-109 of the Public School Laws of Maryland. In addition to meeting the requirements set forth in State statutes, SB & Company, LLC also performs a separate audit to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). That report will be issued at a later time. The auditor's report on the financial statements is included in the Financial Section of this report. The report of independent public accountants on the School System's basic financial statements includes an unmodified opinion for all opinion units.

Awards and Acknowledgments

The Association of School Business Officials (ASBO) International awarded the Howard County Public School System its Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2024. This award reflects our commitment to the highest standards in School System reporting.

A Certificate of Excellence is valid for a period of one year. We believe that our current annual comprehensive financial report will continue to meet the program's requirements, and we are submitting it to ASBO and GFOA to determine its eligibility for certificates from both organizations.

Following release of the Annual Comprehensive Financial Report for FY24, HCPSS was awarded GFOA's Certificate of Achievement for Excellence in Financial Reporting for FY23. While we anticipate receiving this award for our prior year's FY24 submission, it is still in the review process.



Transmittal Letter

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Accounting staff. The high standard of conformity of this report reflects the professional competence of all the individuals responsible for its preparation. I wish to express our appreciation for a job well done.

Conclusion

This report has been prepared to provide financial information for the fiscal year ended June 30, 2025, in a manner consistent with the goals and objectives of the Board of Education of Howard County. Should you have any questions about the financial details, needs or plans for the Howard County Public School System, please do not hesitate to call, or write. Contact information is included at the end of the MD&A on page [38](#).

Respectfully submitted,

A handwritten signature in blue ink that reads "M. Brian Hull".

M. Brian Hull
Chief Financial Officer



Introductory Section



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

The Howard County Public School System

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.**

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



Ryan S. Stechschulte
President

James M. Rowan, CAE, SFO
CEO/Executive Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Howard County Public Schools
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Board of Education
Howard County, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Howard County Public School, a component unit of Howard County, Maryland, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of HCPSS, as of June 30, 2025, 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 HCPSS, 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

HCPSS's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal 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 HCPSS'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 HCPSS'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 HCPSS'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, budgetary comparison information, schedule of the Board's proportionate share of the net pension liability-Maryland State Retirement and Pension System, schedule of the Board's contributions- Maryland State Retirement and Pension System,, and the schedule of Employer's proportionate share of net OPEB liability, and schedule of the Board's contributions-OPEB 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 HCPSS's basic financial statements. The detailed budgetary comparison schedules, combining fund financial statements, and the schedule of school activity fund increases and decreases as listed in the accompanying table of contents. (collectively, Other Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Other Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 on our consideration of HCPSS'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 HCPSS'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 HCPSS's internal control over financial reporting and compliance.

Owings Mills, Maryland
September 29, 2025

SB & Company, LLC

FINANCIAL SECTION

Management's Discussion and Analysis



Management's Discussion & Analysis

Introduction

As Management of the Howard County Public School System (HCPSS, School System or Board), we have prepared the following discussion and analysis to inform readers of the HCPSS's annual financial report about the financial information that the enclosed statements present for the year ended June 30, 2025 with selected comparative data for the year ended June 30, 2024. We encourage readers to consider the discussion and analysis along with the other information in this report, including the summary of significant accounting policies and notes to the basic financial statements. In this section we have provided an overview of the basic financial statements, selected condensed data and highlights, and analysis of the HCPSS's financial position and changes in financial position.

Financial Highlights for FY 2025

Government-wide financial statements

- The School System's financial status as of June 30, 2025, and as reflected in total net position, decreased by \$34.9 million to \$393.5 million from \$429.3 million. The decrease in total net position reflects increases in current liabilities of \$1.6 million, long-term OPEB liabilities of \$58.3 million and other long-term liabilities of \$21.1 million.
- General revenues accounted for \$1.113 billion, including \$767.8 million in local appropriations and \$304.7 million in aid from the State and Federal. Program revenues, in the form of charges for services, operating grants and contributions, and capital grants and contributions, accounted for \$357.2 million. The total revenue from all sources was \$1.470 billion.
- The School System had \$1.505 billion in expenses related to programs, an increase of \$110.0 million from the prior year. The increase in expenses is primarily due to an increase in salaries and benefits costs, and student transportation.

Governmental funds financial statements

- The overall fund balance of the General Fund, the primary operating fund, decreased by \$9.8 million to \$25.1 million from \$34.9 million. The General Fund balance is comprised of \$0.6 million in nonspendable fund balance related to prepaid items and inventories, \$12.0 million assigned for encumbrances and subsequent year's budgeted appropriation of fund balance, and \$12.4 million in unassigned fund balance.



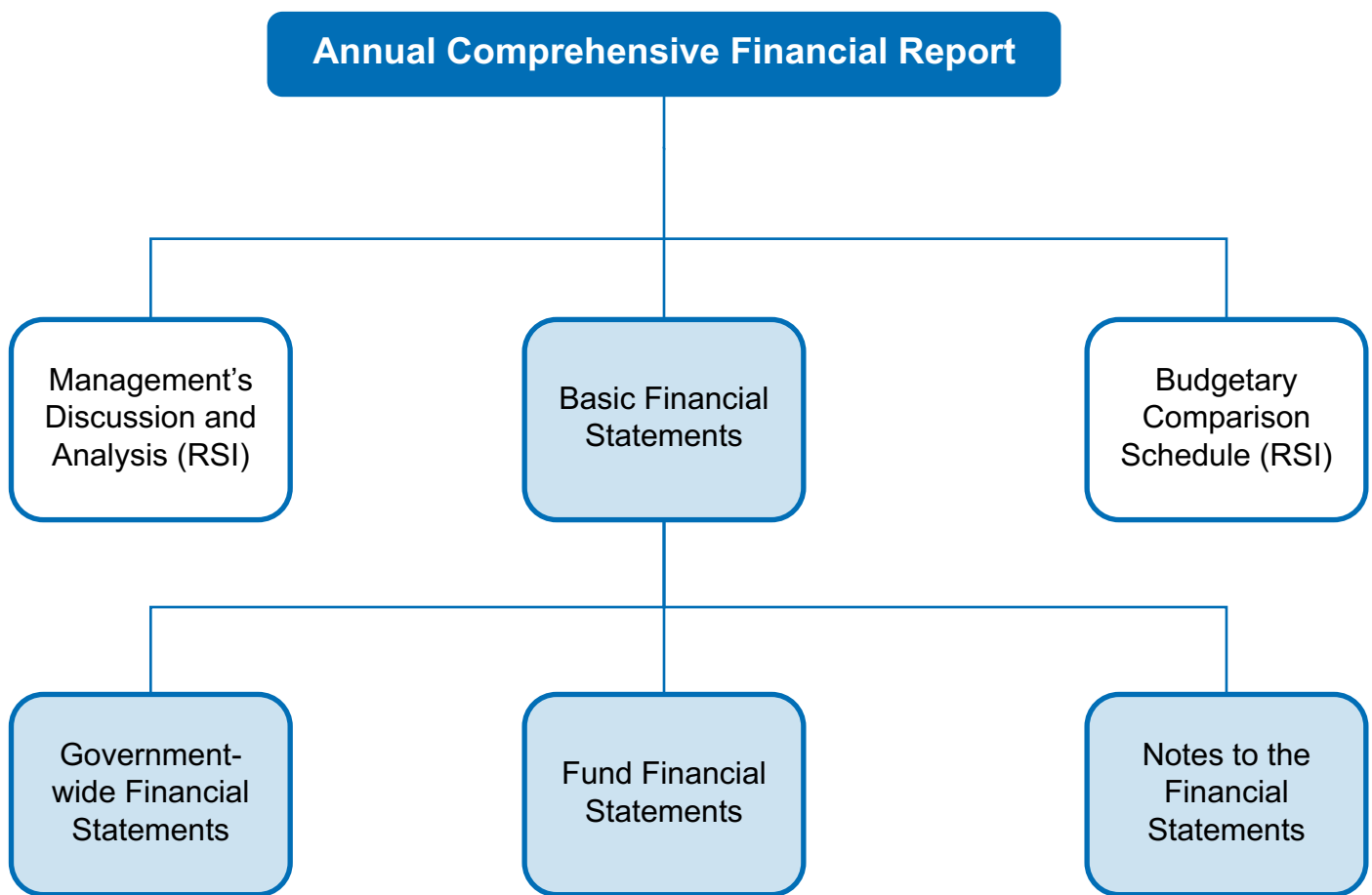
Management's Discussion & Analysis

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements as reflected in Figure 1. The School System's Basic Financial Statements are comprised of three parts:

1. Government-wide Financial Statements include the Statement of Net Position and the Statement of Activities which provide a broad, long-term overview of the School System's overall financial condition.
2. Fund Financial Statements include governmental and proprietary funds. These statements provide a greater level of detail of revenues and expenditures and focus on individual parts of the School System, while also indicating how well the School System has performed in the short-term, in the most significant funds.
3. Notes to the Basic Financial Statements are disclosures to ensure that a complete picture is presented in the financial statements.

Figure 1 - Organization of the Annual Comprehensive Financial Report





Management's Discussion & Analysis

Government-wide Financial Statements

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

The Statement Of Net Position presents all of the school system's assets, liabilities, and deferred inflows/outflows of resources with the difference between the categories reported as "net position." The statement combines and consolidates all of the School System's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation) and liabilities, distinguishing between governmental and business-type activities. The end result is net position segregated into three components: net investment in capital assets, restricted, and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School System is improving or deteriorating.

The Statement Of Activities presents information showing how the School System's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows, in future fiscal periods (such as earned, but unused, vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the School System. The majority of the School System's revenue is general revenue, grants, and contributions from other governments.

Both of the above statements include separate sections to distinguish between those that are supported primarily by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant part of their costs through fees and charges (business-type activities).

The activities in the Government-wide Financial Statements are divided into two categories, governmental activities and business-type activities.

- Governmental activities include the HCPSS basic services which are administration, instruction, student personnel and health services, student transportation, operation and maintenance of plant, capital outlay, special education, community services, food services, and mid-level administration. County appropriations, State and Federal aid finance most of these activities.
- Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The HCPSS reports the activities of the Jim Rouse Theatre as a business-type activity.

The government-wide financial statements can be found on pages [40-41](#) of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The HCPSS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the HCPSS funds, focusing on the most significant or "major" funds—not the HCPSS as a whole. The HCPSS fund financial statements provide detailed information about its most significant funds.

All of the funds of the HCPSS can be divided into two categories: governmental funds and proprietary funds.



Management's Discussion & Analysis

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on pages [43](#) and [45](#) of this report, respectively.

The governmental fund financial statements can be found on pages [42](#) and [44](#) of this report.

Proprietary Funds

Proprietary funds are used to show activities that operate more like those of commercial enterprises. These types of funds charge fees for services that are provided to outside customers. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting and the economic resources measurement focus. Therefore, no reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Proprietary funds include an enterprise fund and internal service funds. The HCPSS has one (1) enterprise fund and four (4) internal service funds. The enterprise fund captures the activity of the Jim Rouse Theatre. The internal service funds are: Print Services, Technology Services, Health and Dental, and Workers' Compensation.

The proprietary fund financial statements can be found on pages [46–48](#) of this report.

Summary of Significant Accounting Policies and the Notes to Financial Statements

The Summary of Significant Accounting Policies and Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The summary and notes can be found on pages [51–76](#) of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the HCPSS's budget process. The HCPSS adopts an annual expenditure budget for all governmental funds. The School System's General Fund has a legally adopted budget. Management also prepares budgets for the other governmental funds for internal monitoring purposes only. The budget to actual comparison for the General Fund is presented as required supplementary information for the School System's basic financial statements. The required supplementary information and other supplementary information can be found on pages [78–97](#) of this report.



Management's Discussion & Analysis

Financial Highlights and Analysis

The School System is a component unit of Howard County, Maryland, and is fiscally dependent on the County and the State to appropriate funding for the School System. The School System receives approximately 52.2% of its governmental activities funding from the County and approximately 20.7% from State and Federal. Additionally, the School System receives Federal entitlement grants and competitive grants from the State and Federal governments. Essentially all of the School System's funding for governmental activities is derived from these sources. The School System has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the School System is directly related to the financial condition of the funding authorities, the County and State. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the County government in a subsequent fiscal year.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School System, net position from governmental activities was \$393.0 million at the close of the most recent fiscal year.

The most significant portion of the School System's net position (353.0%) reflects its net investment in capital assets (land, buildings, vehicles, and equipment). The School System uses these assets to provide an education to the students of the County. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the School System are returned to the County, since the County is the primary funding source for school buildings. Because the School System has no authority to issue bonded debt, the only debt outstanding related to capital assets are leases for energy performance, and the purchase of equipment including technology equipment and software. The County and/or state government may issue debt to finance school construction; however, it is not debt of the School System and is not reported in these financial statements. Consequently, school buildings and construction in progress related to school buildings appear in the School System's Statement of Net Position, while any related outstanding debt issued by the county or state government does not.

The HCPSS's financial position is the net result of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

To assess the overall financial position of the HCPSS, additional non-financial factors, such as changes in the County property tax base and the condition of school buildings and other facilities, should be considered.



Management's Discussion & Analysis

Table 1 provides a summary of the HCPSS's net position as of June 30, 2025 and 2024:

Table 1 - Net Position – As of June 30, 2025 and 2024 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and other assets	\$ 262,825	\$ 275,472	\$ 474	\$ 354	\$ 263,299	\$ 275,826
Capital assets (net)	1,400,989	1,401,440	63	86	1,401,052	1,401,526
Total assets	1,663,814	1,676,912	537	440	1,664,351	1,677,352
DEFERRED OUTFLOWS OF RESOURCES	450,174	406,072	—	—	450,174	406,072
LIABILITIES						
Current liabilities	168,299	166,698	48	31	168,347	166,729
Long-term OPEB liabilities	842,238	783,938	—	—	842,238	783,938
Other long-term liabilities	103,692	82,586	—	—	103,692	82,586
Total liabilities	1,114,229	1,033,222	48	31	1,114,277	1,033,253
DEFERRED INFLOWS OF RESOURCES	605,864	620,873	—	—	605,864	620,873
NET POSITION						
Net investment in capital assets	1,387,291	1,397,670	63	86	1,387,354	1,397,756
Restricted for:						
GWWTP	1,494	1,424	—	—	1,494	1,424
Capital projects	22,406	16,457	—	—	22,406	16,457
Workforce development	—	90	—	—	—	90
Print services	70	—	—	—	70	—
Technology services	8,000	—	—	—	8,000	—
Health and dental	3,000	—	—	—	3,000	—
Unrestricted	(1,029,222)	(986,752)	426	323	(1,028,796)	(986,429)
TOTAL NET POSITION	<u>\$ 393,039</u>	<u>\$ 428,889</u>	<u>\$ 489</u>	<u>\$ 409</u>	<u>\$ 393,528</u>	<u>\$ 429,298</u>

Change in Net Position

The School System's net position decreased by \$34.9 million. Since the School System is fiscally dependent on the County, State, and Federal governments, expenses closely match revenues, with the exception of timing differences in relation to when an expense is recognized. The funding government(s) appropriate funds to the School System, which it spends to accomplish its goal of providing education to the children of Howard County. Any unspent funds are re-appropriated in subsequent fiscal years from fund balance by the County.



Management's Discussion & Analysis

Table 2 shows the changes in net position for the years ended June 30, 2025 and 2024. Key elements of this increase are as follows:

Table 2 - Change in Net Position – As of June 30, 2025 and 2024 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2025	2024	2025	2024	2025	2024
REVENUES						
Charges for services	\$ 14,549	\$ 22,910	\$ 350	\$ 282	\$ 14,899	\$ 23,192
Operating grants and contributions	293,880	248,372	—	—	293,880	248,372
Capital grants and contributions	48,379	49,407	—	—	48,379	49,407
General revenues						
County appropriations	767,827	721,190	—	—	767,827	721,190
State and federal aid	304,673	304,497	—	—	304,673	304,497
Interest and investment earnings	8,256	9,150	—	—	8,256	9,150
School activity fund revenue	—	10,219	—	—	—	10,219
Miscellaneous	32,207	27,591	—	—	32,207	27,591
Total Revenues	1,469,771	1,393,336	350	282	1,470,121	1,393,618
EXPENSES						
Instruction						
Regular education	788,642	738,893	—	—	788,642	738,893
Special education	302,157	274,943	—	—	302,157	274,943
Support services:						
Administration	33,675	24,548	—	—	33,675	24,548
Mid-level administration	117,507	112,341	—	—	117,507	112,341
Student personnel services	17,734	15,624	—	—	17,734	15,624
Health services	19,087	18,198	—	—	19,087	18,198
Student transportation	71,947	68,330	—	—	71,947	68,330
Operation of plant	79,279	73,779	—	—	79,279	73,779
Maintenance of plant	34,490	38,211	—	—	34,490	38,211
Community services	6,304	5,994	—	—	6,304	5,994
Food services	21,976	23,435	—	—	21,976	23,435
Interest on long-term debt	935	—	—	—	935	—
Student activities	11,032	—	—	—	11,032	—
Enterprise funds	—	—	270	291	270	291
Total Expenses	1,504,765	1,394,296	270	291	1,505,035	1,394,587
INCREASE (DECREASE) IN NET POSITION	(34,994)	(960)	80	(9)	(34,914)	(969)
BEGINNING NET POSITION	428,889	429,849	409	418	429,298	430,267
ENDING NET POSITION	\$ 393,895	\$ 428,889	\$ 489	\$ 409	\$ 394,384	\$ 429,298



Management's Discussion & Analysis

Government-Wide Revenues and Expenses

Figures 2 and 3 display government-wide revenues and expenses, respectively, for the current year. Revenues for the HCPSS combined activities (which include program revenues and general revenues) increased to \$1.470 billion. Local appropriations and State and Federal aid accounted for most of the HCPSS revenue. Funds from these two sources contributed approximately 73.0% of every dollar needed. The remaining 27.0% came from Operating Grants and Contributions; Capital Grants and Contributions; fees charged for services and other miscellaneous revenues. Total expenses surpassed revenues, decreasing net position by \$34.9 million over last year.

The increase in revenues was primarily driven by:

- Higher state aid, particularly through increases in Blueprint for Maryland's Future funding, including allocations for Concentration of Poverty, Pre-K expansion, and College and Career Readiness programs.
- Increased local appropriations as a result of Maintenance of Effort requirements and supplemental local support, tied to teacher compensation and benefit increases and inflation adjustments.
- Federal revenues, including continued utilization of remaining ESSER funds, which supported instructional recovery, extended learning, and mental health services.

The total cost of all programs and services rose to \$1.505 billion. Most of the HCPSS expenses are related to instruction (including special education), instructional support and student transportation services. Expenses in these areas comprised 79.7% of all School System expenditures. The business and administration activities, food services, and community services accounted for 10.05%, 1.46%, and 0.42% of total costs, respectively. Maintenance and operation expenses represented approximately 7.56%. Generally, increases in expenses closely paralleled inflation and growth in the demand for services.

The combination of structural cost growth, time-limited federal support, and long-term commitments under state reform initiatives contributed to the year-over-year decline in net position.



Management's Discussion & Analysis

Figure 2 - Source of Revenues - FY 2025

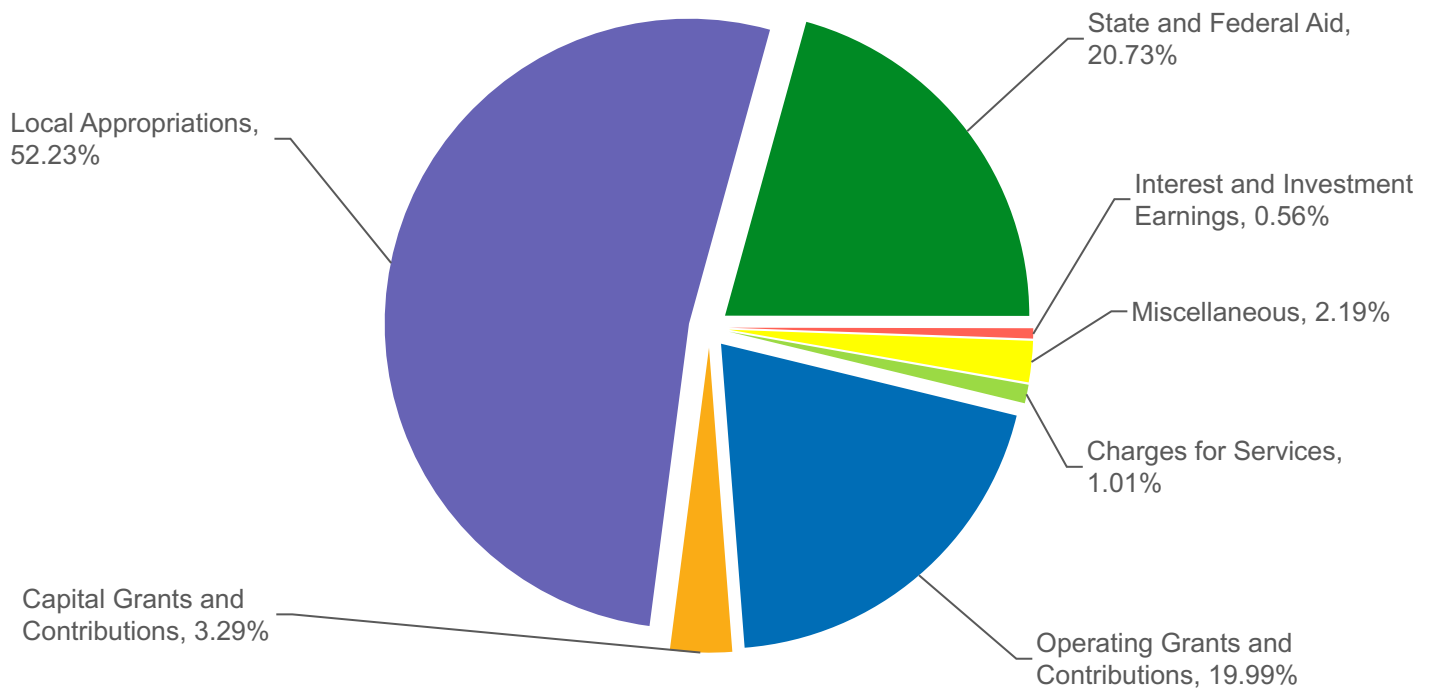
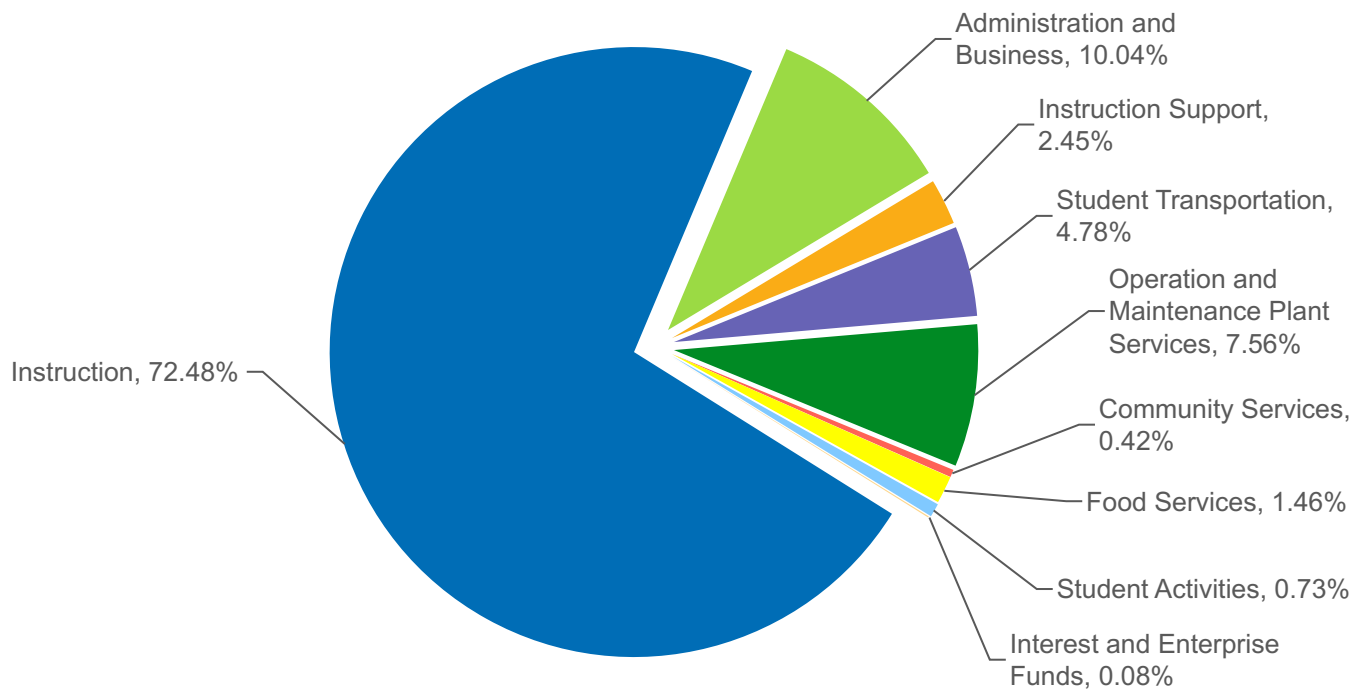


Figure 3 - Expenses by Category - FY 2025





Management's Discussion & Analysis

Governmental Activities

Table 3 presents the cost of the 12 categories of the HCPSS: instruction – regular and special education, administration, mid-level administration, student and health services, student transportation services, operation of plant, maintenance of plant, community services, food services, interest on long-term debt and student activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided by specific programs).

Table 3 - Cost of Governmental Activities - Year Ended June 30, 2025
(In Thousands)

	Total Cost of Services	Less Program Revenues	Net Cost of Services
Instruction			
Regular education	\$ 788,642	\$ 175,309	\$ (613,333)
Special education	302,157	84,610	(217,547)
Support services			
Administration	33,675	3,395	(30,280)
Mid-level administration	117,507	15,080	(102,427)
Student personnel services	17,734	3,203	(14,531)
Health services	19,087	2,973	(16,114)
Student transportation	71,947	26,020	(45,927)
Operation of plant	79,279	8,131	(71,148)
Maintenance of plant	34,490	5,081	(29,409)
Community services	6,304	1,792	(4,512)
Food services	21,976	19,994	(1,982)
Interest on long-term debt	935	—	(935)
Student activities	11,032	11,219	187
Total	\$ 1,504,765	\$ 356,807	\$ (1,147,958)

Business-Type Activities

HCPSS has one business-type activity: the operation of the Jim Rouse Theatre, a performing arts venue used by both school system programs and community organizations.

In fiscal year 2025, operating revenues totaled \$349.8, an increase of \$41.5 thousand (13.4%) compared to the prior year. This increase was primarily driven by a higher number of events and performances held at the venue. Increased demand for community use of the facility, as well as expanded school system programming, contributed to stronger revenue generation.

Operating expenses increased by \$32.4 thousand (13.5%) to \$272.5 thousand, largely due to higher staffing and labor costs required to support the increased number of events. The need for technical support staff, custodial services, and event management personnel rose in direct proportion to the theater's higher utilization.

As a result, the Jim Rouse Theatre generated net operating income of \$77.3 thousand, continuing to operate on a self-sustaining basis. This performance highlights the Theatre's value as both a cultural asset and a financially viable component of the school system's business-type activities. Details of the business-type activity can be found on pages [46-48](#) of this report.



Financial Analysis of Governmental Funds

The focus of the School System's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School System's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School System governmental funds reported combined ending fund balances of \$67.8 million, a decrease of \$7.1 million. This includes nonspendable fund balance which is comprised of \$0.9 million in inventories and \$0.1 million in prepaid expenses. Restricted fund balance is comprised of \$1.5 million for the Glenelg Wastewater Treatment Plant and \$22.4 million for capital projects. Assigned fund balance includes \$8.0 million for food services operations; \$9.0 million for the Grants fund, which \$5.0 million pertains to the School Activity Fund; \$9.9 million for encumbrances; and \$2.1 million for subsequent year's budgeted appropriation of fund balance. The unassigned fund balance as of June 30, 2025 was \$12.4 million in the General Fund.

It is important to note that the School System is fiscally dependent on grants and contributions from the county, state, and federal governments for its operating resources, as the School System has no authority to levy taxes or issue bonded debt.

During the fiscal year, the fund balance of the School System's general fund decreased by \$9.8 million. In the approved FY 2025 budget, the HCPSS planned to utilize \$15.1 million of General Fund balance to cover the shortfall between budgeted revenues and expenditures. A supplemental appropriation later in the year increased the planned use of fund balance by an additional 2.4 million, bringing the total budgeted amount to \$17.5 million.

However, the actual use of fund balance was \$7.7 million less than budgeted, totaling \$9.8 million. This favorable variance primarily resulted from:

- Higher than anticipated earnings on investments, contributing approximately \$1.0 million to revenues.
- Cancellation and liquidation of prior year encumbrances, which added about \$1.8 million back to available resources.
- Lower than budgeted expenditures in instructional categories, including salaries, textbooks, instructional supplies, and other instructional costs, largely due to position salary lapse and staff turnover, resulting in savings of approximately \$3.3 million.
- Reduced student transportation costs, which were about \$1.1 million below budget.

The planned use of fund balance was an integral part of the LEA's budget balancing strategy, approved by Howard County Council, and was designed to support rising operational costs including negotiated salary and benefit increases, implementation of Blueprint for Maryland's Future initiatives, and inflationary pressures on supplies and services.

The variance between budgeted and actual fund balance use reflects the LEA's careful fiscal management and ability to identify expenditure savings and revenue enhancements throughout the year, reducing the reliance on fund balance while continuing to deliver quality educational services.

The fund balance of the Food Services Fund, a special revenue fund, decreased during the current fiscal year by \$4.8 million to \$9.9 million due to planned one-time expenditures aimed at reducing fund balance. The Glenelg Wastewater Treatment Plant fund finished with a fund balance of \$1.5 million.



Management's Discussion & Analysis

During FY 2025, the Capital Projects Fund balance increased by \$5.9 million, bringing the year-end balance to \$22.4 million. This increase is primarily attributed to the timing of project activity, including:

- Higher-than-anticipated transfer tax revenue deposits of \$3 million, which outpaced project expenditures during the year.
- A \$2.9 million decrease in retainage payable, as several construction contracts progressed toward completion, reducing the amount withheld for outstanding obligations.

Although funding continued to flow into the Capital Projects Fund, several large projects were in early phases or experienced slower-than-anticipated spending, resulting in a temporary accumulation of fund balance.

Significant capital projects during FY 2025 included ongoing planning, design, and construction activities for the Oakland Mills Middle School Renovation/Addition, as well as various systemic renovations and roofing projects throughout the district.

State funding increased significantly during this period, rising from \$15.6 million in the prior year to \$33.7 million, reflecting additional commitments under the Interagency Commission on School Construction (IAC) funding process.

Looking ahead, the approved FY 2026 capital budget includes planned spending of \$603.5 million over the FY 2027–2031 period, submitted to the Howard County Council for approval. Given current economic conditions and volatility in construction and materials costs, cost estimates will require close monitoring to ensure adequate funding and timely project completion.

General Fund Budgetary Highlights

The General Fund operates under a legally adopted annual budget. The budget is subdivided into State mandated categories of expenditures including administration, mid-level administration, instructional salaries, textbooks and instructional supplies, other instructional costs, special education, student personnel services and student health services, student transportation services, operation of plant, maintenance of plant, fixed charges and community services. The legal level of budgetary control is at the category level. The HCPSS may approve amendments to the budget recommended by Management by transferring funds within categories, but transfers between categories must be requested and approved by the County Council.

The General (Current Expense) Fund budget is prepared using the encumbrance method of accounting. Under this method, commitments such as purchase orders and contracts are recorded as budgetary expenditures in addition to those made or accrued. When the actual expenditures take place, the accounts are adjusted for the difference between the actual expenditure and the commitment previously recorded.

In the spring of 2025 a cost-to-complete analysis projected that five state categories would exceed their approved budget authority by a total of \$8.1 million and that six state categories were projected to have available budget savings of \$3.2 million. To compound the projected overages, on March 28, the U.S. Department of Education abruptly rescinded all previously granted extensions related to federal COVID relief funds, resulting in a potential impact to HCPSS totaling \$0.6 million. To remain in compliance with state budget laws, which require that actual expenditures not exceed the approved budget authority by state category, the system requested and received a categorical transfer of \$3.1 million and a supplemental appropriation of \$5.5 million utilizing a combination of current revenues and unassigned fund balance to cover the net shortfall.



Management's Discussion & Analysis

Table 4 - Schedule of Categorical Transfers and Supplementary Appropriations

Major Category	General Fund Budget	Year-End Categorical Transfer	Supplemental Appropriation	Revised Appropriation
State Cat 01 - Administration	\$ 15,228,243	\$ (200,000)	\$ —	\$ 15,028,243
State Cat 02 - Mid-Level Administration	70,121,095	600,000	—	70,721,095
State Cat 03 - Instructional Salaries and Wages	422,706,169	1,200,000	—	423,906,169
State Cat 04 - Instructional Textbooks/Supplies	8,253,290	(200,000)	84,753	8,138,043
State Cat 05 - Other Instructional Costs	18,941,311	—	603,818	19,545,129
State Cat 06 - Special Education	180,637,339	1,061,637	1,538,363	183,237,339
State Cat 07 - Student Personnel Services	10,909,402	(300,000)	8,981	10,618,383
State Cat 08 - Student Health Services	13,514,147	(1,300,000)	—	12,214,147
State Cat 09 - Student Transportation	67,824,058	300,000	3,113,295	71,237,353
State Cat 10 - Operation of Plant	55,860,193	(300,000)	—	55,560,193
State Cat 11 - Maintenance of Plant	26,404,846	—	183,971	26,588,817
State Cat 12 - Fixed Charges	249,341,889	(861,637)	—	248,480,252
State Cat 14 - Community Services	4,254,383	—	—	4,254,383
State Cat 15 - Capital Outlay	1,170,213	—	—	1,170,213
Total	\$ 1,145,166,578	\$ —	\$ 5,533,181	\$ 1,150,699,759

Capital Assets

The HCPSS had \$1.401 billion invested in land, construction in progress, buildings and improvements, furniture and equipment, leased buildings and equipment and subscription assets, net of accumulated depreciation and amortization at June 30, 2025.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation and amortization, as of June 30, 2025 and 2024. During FY 2025, capital assets decreased by a net of \$0.4 million from the prior year. The depreciation and amortization expense on these assets was approximately \$49.5 million in FY 2025. More detailed information about capital assets can be found on pages [60–61](#) of this report.

Major governmental activities capital asset events during the current fiscal year included the following:

Capital Projects:

- Continued planning and design of Oakland Mills MS Renovation/Addition, Faulkner Ridge Center, and Applications and Research Lab Renovations
- Systemic Renovations project including an increase in state participated in projects
- Other major projects include roofing projects, playground projects, technology projects, parking lot projects, and relocatable classrooms

Leases/Subscription-Based Information Technology Agreements:

- Renewed subscription agreement (5 years) for Learning Management System (LMS)
- Renewed subscription agreement (5 years) for Enterprise Resource Planning (ERP)



Management's Discussion & Analysis

The HCPSS FY 2026 capital budget approved spending of \$22.6 million to continue planning and design and begin construction activities for Oakland Mills MS Renovation/Addition, \$6.7 to resume planning and design of Dunloggin MS Renovation/Addition, \$51.9 million for systemic renovations, \$13.7 million for roofing projects, \$1.5 million for playground equipment, \$1.5 million for relocatable classroom projects, \$1.9 million for technology projects, and \$600 thousand for parking lot expansion/repairs projects for a total of \$100.5 million.

**Table 5 - Capital Assets – Governmental Activities
As of June 30, 2025 and 2024**

	2025	2024
Land	\$ 40,093,533	\$ 40,093,533
Construction in progress	8,178,863	6,463,729
Buildings and improvements	2,096,287,601	2,063,112,023
Furniture and equipment	39,158,643	37,536,235
(Less accumulated depreciation)	(795,868,078)	(750,318,904)
Leased assets	6,356,473	8,136,118
Subscription assets	13,067,146	10,378,527
(Less accumulated amortization)	(6,285,675)	(13,960,800)
Total Capital Assets	\$ 1,400,988,506	\$ 1,401,440,461

Long-Term Obligations

School systems in Maryland have no authority to incur bonded debt. The only long-term obligations of the HCPSS consist of lease obligations, subscription-based information technology arrangements, net pension and OPEB liabilities, compensated absences resulting from annual leave earned but not taken by employees, and workers compensation liabilities. The lease obligations were incurred for financing accounting and computer system upgrades.

Annual leave is earned on a monthly basis. At the end of the fiscal year, annual leave that has not been used can be carried over into the following year. At the end of any fiscal year, employee carryover is limited to the maximum amount, which is the lower of the stated amount in Policy 7110- Annual Leave for Administrative Personnel, or the amount outlined in the respective negotiated agreement. Accrued leave in excess of the carryover maximum is transferred to sick leave. Compensated absences totaled approximately \$15.4 million as of June 30, 2025. Net pension and OPEB liability totaled approximately \$75.8 million and \$842.2 million, respectively, as of June 30, 2025. Total long-term obligations totaled approximately \$951.5 million as of June 30, 2025 for an increase of approximately \$79.6 million over the balance of \$871.9 million as of June 30, 2024.

Additional information on the School System's long-term obligation can be found on page [63](#) of this report.

Factors Influencing Future Budgets

The Howard County Public School System (HCPSS) Operating Budget exemplifies the complex balancing act of sustaining educational excellence amid fiscal constraints. Beneath the surface growth lies a challenging fiscal reality: funding needs continue to outpace available revenues, compelling the district to implement service reductions, strategic reallocations, and reliance on one-time funding to achieve a balanced budget.

Revenue Growth versus Structural Costs. Despite annual increases in both county and state funding sources, expenditure pressures—particularly in employee compensation and benefits continue to far exceed revenue increases. The 2026 budget funds \$58.3 million in new costs associated with salary increases, health benefits, and mandates under the Maryland Blueprint, such as National Board Certification pay. These costs, compounded by escalating expenses in transportation, special education, retirement, and utilities, have outpaced new revenues, creating a structural deficit.



Management's Discussion & Analysis

Strategic Budget Adjustments and Reductions. To balance these fiscal pressures, the future budgets reflect a dual strategy: expanding critical investments while executing calculated reductions. Although the budget is expected to grow annually, the school system anticipates continued staffing reductions in the near term.

Significant areas of investment include:

- Employee Compensation and Benefits
- Existing Service Commitments
- Educational Priorities

Fiscal Stability and Budgetary Realignment. Persistent structural deficits combined with cost volatility in student transportation and special education lead to the need for fiscal stability measures. No longer can the operating budget absorb substitute wage costs being under funded. Likewise, compound year budget reductions to staffing and challenges in special education necessitated lowering budgeted turnover savings.

Navigating Future Fiscal Challenges. The FY 2026 Operating Budget underscores the persistent tension between revenue growth and the escalating costs of maintaining a competitive and excellent public education system in Howard County. While the use of one-time funds and strategic cuts have enabled short-term budget balancing, the reliance on temporary financial solutions is unsustainable in the long term. Without structural funding reforms or new revenue streams, HCPSS risks recurring deficits, potentially compromising service quality and staffing levels.

Moving forward, policymakers and stakeholders must collaborate on sustainable funding strategies that align with the growing demands of educational excellence, equity, and compliance with state mandates like the Maryland Blueprint. Only through such proactive fiscal planning can the district ensure a stable, high-quality education for all students.

Economic Factors

The HCPSS will continue to face significant economic challenges in adopting a balanced budget that can maintain service levels. Challenges not unlike what the state and other school districts are faced with— budgetary challenges stemming from the confluence of multiple factors on both the revenue and expenditure sides of the budget.

- As HCPSS strives to meet the mandates of the Blueprint for Maryland's Future in coming years, the system will face challenges in fully funding the requirements without compromising other areas of the school system, particularly as the true financial impact of the mandates unfolds.
- Due to the ongoing reorganization of the USDE, there is increased uncertainty pertaining to federal grant awards.
- Labor markets remain tight influencing the need to maintain compensation growth to attract and retain the best talent.
- Inflationary pressure, affecting all areas of the system, including labor, health insurance, student transportation, capital projects, and purchases of tangible and intangible school equipment and supplies.
- Student enrollment numbers have stagnated. Required revenues are declining as enrollment sensitive funding formulas are primarily responding to a number count and not the economic reality of increasing costs. Additionally, HCPSS has seen an increasing proportion of students who struggle with poverty, mental health issues, language barriers, and other challenges, which has necessitated an increase in costs pertaining to addressing their specific needs.
- As healthcare costs, including prescription plans, continue to escalate, HCPSS's share of expenses also continues to disproportionately increase.



Management's Discussion & Analysis

- HCPSS outsources all transportation contracts. As the industry continues to face large shortages in attracting and maintaining labor, there have been significant cost increases in meeting the school system's needs.

HCPSS, which has managed through structural deficits the last few budgets with one-time funds, faces a starker outlook of declining revenues and increasing costs with diminished fund balances to help manage the impacts on services. This left the school system's budget at a crossroads with a need to increase revenues and decrease costs to close the deficit.

These factors were considered in preparing the HCPSS budget for FY 2026.

Contacting HCPSS Financial Management

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

Howard County Public School System
Division of Finance
10910 Clarksville Pike, Ellicott City, MD 21402-6198
Phone: 410-313-1732
Email: brian_hull@hcpss.org

FINANCIAL SECTION

Basic Financial Statements

Government-Wide Financial Statements



Government-Wide Financial Statements

Statement of Net Position

June 30, 2025

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 22,430,140	\$ —	\$ 22,430,140
Investments	174,352,370	325,623	174,677,993
Accounts receivable	6,707,997	40,634	6,748,631
Internal balances	(107,698)	107,698	—
Due from other units of government	58,474,937	—	58,474,937
Prepaid items	86,590	—	86,590
Inventory	880,776	—	880,776
Capital assets:			
Land	40,093,533	—	40,093,533
Construction in progress	8,178,863	—	8,178,863
Building and improvements	2,096,287,601	—	2,096,287,601
Furniture and equipment	39,158,643	345,028	39,503,671
Less: accumulated depreciation	(795,868,078)	(281,607)	(796,149,685)
Leased assets	6,356,473	—	6,356,473
Subscription assets	13,067,146	—	13,067,146
Less: accumulated amortization	(6,285,675)	—	(6,285,675)
Total capital assets, net of depreciation and amortization	1,400,988,506	63,421	1,401,051,927
Total Assets	1,663,813,618	537,376	1,664,350,994
DEFERRED OUTFLOWS OF RESOURCES			
	450,174,556	—	450,174,556
LIABILITIES			
Accounts payable	7,640,393	—	7,640,393
Retainage payable	1,856,723	—	1,856,723
Accrued liabilities	110,534,248	—	110,534,248
Unearned revenue	42,688,254	48,147	42,736,401
Long-term liabilities:			
Current portion	7,436,437	—	7,436,437
Long-term portion	944,072,649	—	944,072,649
Total Liabilities	1,114,228,704	48,147	1,114,276,851
DEFERRED INFLOWS OF RESOURCES			
	605,864,424	—	605,864,424
NET POSITION			
Net investment in capital assets	1,387,291,458	63,421	1,387,354,879
Restricted for:			
Glenelg wastewater treatment plant	1,493,503	—	1,493,503
Capital projects	22,405,852	—	22,405,852
Print services	70,000	—	70,000
Technology services	8,000,000	—	8,000,000
Health and dental	3,000,000	—	3,000,000
Unrestricted	(1,029,222,387)	425,808	(1,028,796,579)
TOTAL NET POSITION	\$ 393,038,426	\$ 489,229	\$ 393,527,655

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements



Government-Wide Financial Statements

Statement of Activities June 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular education	\$ 788,642,314	\$ 7,011,508	\$ 119,918,889	\$ 48,378,919	\$ (613,332,998)	\$ —	\$ (613,332,998)
Special education	302,156,824	—	84,610,105	—	(217,546,719)	—	(217,546,719)
Total instruction	1,090,799,138	7,011,508	204,528,994	48,378,919	(830,879,717)	—	(830,879,717)
Support services:							
Administration	33,674,663	—	3,395,068	—	(30,279,595)	—	(30,279,595)
Mid-level administration	117,506,740	—	15,080,155	—	(102,426,585)	—	(102,426,585)
Student personnel services	17,734,396	—	3,202,791	—	(14,531,605)	—	(14,531,605)
Health services	19,086,104	—	2,973,359	—	(16,112,745)	—	(16,112,745)
Student transportation	71,947,018	—	26,020,293	—	(45,926,725)	—	(45,926,725)
Operation of plant	79,278,609	554,341	7,576,898	—	(71,147,370)	—	(71,147,370)
Maintenance of plant and equipment	34,489,813	—	5,081,272	—	(29,408,541)	—	(29,408,541)
Community services	6,305,399	409,307	1,382,646	—	(4,513,446)	—	(4,513,446)
Food services	21,976,252	6,574,248	13,419,550	—	(1,982,454)	—	(1,982,454)
Student activities	11,032,125	—	11,219,227	—	187,102	—	187,102
Interest on long-term debt	935,380	—	—	—	(935,380)	—	(935,380)
Total support services	413,966,499	7,537,896	89,351,259	—	(317,077,344)	—	(317,077,344)
Total governmental activities	1,504,765,637	14,549,404	293,880,253	48,378,919	(1,147,957,061)	—	(1,147,957,061)
Business-type activities:							
Jim Rouse Theatre	272,492	349,831	—	—	—	77,339	77,339
Total business-type activities	272,492	349,831	—	—	—	77,339	77,339
TOTAL SCHOOL SYSTEM	\$ 1,505,038,129	\$ 14,899,235	\$ 293,880,253	\$ 48,378,919	\$ (1,147,957,061)	\$ 77,339	\$ (1,147,879,722)
General revenues - unrestricted:							
Local appropriations					\$ 767,827,172	—	767,827,172
State and federal aid					304,672,989	—	304,672,989
Interest and investment earnings					8,255,566	3,179	8,258,745
Miscellaneous					32,206,992	—	32,206,992
Total general revenues					1,112,962,719	3,179	1,112,965,898
CHANGES IN NET POSITION					(34,994,342)	80,518	(34,913,824)
NET POSITION, BEGINNING OF YEAR					428,889,388	408,711	429,298,099
NET POSITION, END OF YEAR					\$ 393,895,046	\$ 489,229	\$ 394,384,275

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements



Government-Wide Financial Statements

Balance Sheet - Governmental Funds

June 30, 2025

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 14,953,958	\$ 2,446,188	\$ —	\$ 5,029,994	\$ —	\$ 22,430,140
Investments	156,378,562	9,536,415	1,512,996	—	—	167,427,973
Accounts receivable	2,172,883	3,283,483	199,733	879,539	—	6,535,638
Prepaid items	86,590	—	—	—	—	86,590
Due from other funds	10,366,059	—	—	—	23,293,701	33,659,760
Due from other units of government	8,249,306	—	—	14,160,172	36,065,459	58,474,937
Inventory	509,853	346,767	—	—	—	856,620
Total Assets	<u>\$ 192,717,211</u>	<u>\$ 15,612,853</u>	<u>\$ 1,712,729</u>	<u>\$ 20,069,705</u>	<u>\$ 59,359,160</u>	<u>\$ 289,471,658</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 2,290,027	\$ 464,050	\$ 35,497	\$ 2,644,410	\$ 3,388,981	\$ 8,822,965
Accrued liabilities	94,554,986	—	—	1,447,887	754,581	96,757,454
Due to other funds	69,221,485	4,205,190	183,729	5,977,140	—	79,587,544
Unearned revenue	1,155,431	1,038,534	—	1,041,197	32,809,746	36,044,908
Compensated absences payable	444,125	—	—	—	—	444,125
Total Liabilities	<u>167,666,054</u>	<u>5,707,774</u>	<u>219,226</u>	<u>11,110,634</u>	<u>36,953,308</u>	<u>221,656,996</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	86,590	—	—	—	—	86,590
Inventory	509,853	346,767	—	—	—	856,620
Restricted	—	—	1,493,503	—	22,405,852	23,899,355
Committed	—	1,567,216	—	—	—	1,567,216
Assigned	12,005,872	7,991,096	—	8,959,071	—	28,956,039
Unassigned	12,448,842	—	—	—	—	12,448,842
Total fund balances	<u>25,051,157</u>	<u>9,905,079</u>	<u>1,493,503</u>	<u>8,959,071</u>	<u>22,405,852</u>	<u>67,814,662</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 192,717,211</u>	<u>\$ 15,612,853</u>	<u>\$ 1,712,729</u>	<u>\$ 20,069,705</u>	<u>\$ 59,359,160</u>	<u>\$ 289,471,658</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements



Government-Wide Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 42)	\$	67,814,662
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of these assets is \$2,191,264,510 and the accumulated depreciation is \$791,227,539.		1,400,036,971
Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers compensation self-insurance services activities, and health and dental self-insurance activities. The assets and liabilities of the internal service funds are included with governmental activities.		26,231,361
Deferred outflows of resources related to pensions that relate to future periods therefore not reported at the fund level.		31,541,023
Deferred outflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.		418,633,533
Deferred inflows of resources related to pensions that relate to future periods therefore not reported at the fund level.		(2,168,845)
Deferred inflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.		(603,695,579)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of \$14,920,467 of compensated absences payable, \$2,280,037 of lease liabilities, \$9,253,563 of subscription-based information technology arrangement liabilities, \$75,806,450 of net pension liability, and \$842,237,563 of net OPEB liability.		(944,498,080)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 40)	\$	<u>393,895,046</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements



Government-Wide Financial Statements

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds Year Ended June 30, 2025

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Intergovernmental revenues:						
Local sources	\$ 808,499,226	\$ —	\$ 1,962	\$ 12,866,154	\$ 40,120,452	\$ 861,487,794
State and federal sources	420,945,971	13,419,550	—	67,749,790	6,978,029	509,093,340
Earnings on investments	7,745,770	377,257	69,346	—	1,280,438	9,472,811
Charges for services	4,247,436	6,574,248	283,452	—	—	11,105,136
Miscellaneous revenues	2,150	11,080	—	—	—	13,230
Total Revenues	<u>1,241,440,553</u>	<u>20,382,135</u>	<u>354,760</u>	<u>80,615,944</u>	<u>48,378,919</u>	<u>1,391,172,311</u>
EXPENDITURES						
Current:						
Administration	14,789,362	—	—	588,688	—	15,378,050
Mid-level administration	70,327,237	—	—	1,099,477	—	71,426,714
Instruction:						
Instructional salaries	423,418,905	—	—	11,509,125	—	434,928,030
Textbooks and classroom supplies	7,979,440	—	—	11,155,413	—	19,134,853
Other instructional costs	18,456,336	—	—	3,919,085	—	22,375,421
Special education	183,255,785	—	—	26,250,823	—	209,506,608
Student personnel services	10,334,438	—	—	1,004,801	—	11,339,239
Health services	11,625,981	—	—	694,232	—	12,320,213
Student transportation	69,211,297	—	—	1,006,433	—	70,217,730
Operation of plant	54,855,953	—	285,414	982,650	—	56,124,017
Maintenance of plant and equipment	23,861,533	—	—	2,513,769	—	26,375,302
Fixed charges	355,198,334	—	—	6,269,567	—	361,467,901
Costs of operation - food service	—	25,214,618	—	—	—	25,214,618
Community services	4,257,511	—	—	935,014	—	5,192,525
Student/School activity fees	—	—	—	11,032,125	—	11,032,125
Capital outlay	12,393,181	—	—	—	42,430,315	54,823,496
Debt service:						
Lease principal	572,795	—	—	—	—	572,795
Subscription-based principal	1,997,783	—	—	—	—	1,997,783
Lease interest	40,312	—	—	—	—	40,312
Total Expenditures	<u>1,262,576,183</u>	<u>25,214,618</u>	<u>285,414</u>	<u>78,961,202</u>	<u>42,430,315</u>	<u>1,409,467,732</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(21,135,630)</u>	<u>(4,832,483)</u>	<u>69,346</u>	<u>1,654,742</u>	<u>5,948,604</u>	<u>(18,295,421)</u>
OTHER FINANCING SOURCES (USES)						
Issuance of Leases	11,251,347	—	—	—	—	11,251,347
Total Other Financing Sources (Uses)	<u>11,251,347</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,251,347</u>
NET CHANGE IN FUND BALANCE	<u>(9,884,283)</u>	<u>(4,832,483)</u>	<u>69,346</u>	<u>1,654,742</u>	<u>5,948,604</u>	<u>(7,044,074)</u>
FUND BALANCE, BEGINNING OF YEAR	<u>34,935,440</u>	<u>14,737,562</u>	<u>1,424,157</u>	<u>7,304,329</u>	<u>16,457,248</u>	<u>74,858,736</u>
FUND BALANCE, END OF YEAR	<u>\$ 25,051,157</u>	<u>\$ 9,905,079</u>	<u>\$ 1,493,503</u>	<u>\$ 8,959,071</u>	<u>\$ 22,405,852</u>	<u>\$ 67,814,662</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements



Government-Wide Financial Statements

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities Year Ended June 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 44)	\$ (7,044,074)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay of \$49,066,447 exceeds depreciation and amortization expense of \$47,574,693 in the period.	1,491,754
The issuance of lease obligations in the amount of \$0 provides current financial resources to governmental funds, while the repayment of the principal of lease obligations in the amount of \$572,795 consumes the current financial resources of governmental funds.	572,795
The issuance of subscription-based information technology agreements (SBITAs) obligations provides \$11,251,347 current financial resources to governmental funds, while the repayment of the principal of SBITA obligations in the amount of \$1,997,783 consumes the current financial resources of governmental funds.	(9,253,564)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, vacation and sick leave used were more than the amounts earned by:	300,326
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of the pension benefits earned net of employer contributions is reported as pension income (expense).	(3,460,284)
Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of the OPEB earned net of employer contributions is reported as OPEB income (expense).	(9,093,264)
Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers' compensation self-insurance activities, and health and dental self-insurance activities. The change in the net position of the internal service fund is reported with governmental activities.	(8,508,031)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 40)	\$ (34,994,342)

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements



Government-Wide Financial Statements

Statement of Net Position - Proprietary Funds June 30, 2025

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Investments	\$ 325,623	\$ 6,924,397
Accounts receivable	40,634	172,359
Due from other funds	107,698	45,820,086
Inventory	—	24,156
Total current assets	473,955	52,940,998
Noncurrent assets:		
Capital assets:		
Furniture, fixtures and equipment	345,028	8,927,465
Less: accumulated depreciation	(281,607)	(8,500,213)
Leased assets	—	1,969,013
Subscription assets	—	981,271
Less accumulated amortization	—	(2,426,001)
Total capital assets, net	63,421	951,535
Total assets	537,376	53,892,533
LIABILITIES		
Current liabilities:		
Accounts payable	—	674,151
Leases	—	241,239
Accrued liabilities	—	3,285,794
Claims payable	—	14,254,967
Unearned revenue	48,147	6,643,346
Total current liabilities	48,147	25,099,497
Long-term liabilities:		
Leases	—	65,486
Claims payable, net of current portion	—	2,496,189
Total long-term liabilities	—	2,561,675
Total liabilities	48,147	27,661,172
NET POSITION		
Net investment in capital assets	63,421	644,810
Restricted	—	11,070,000
Unrestricted	425,808	14,516,551
TOTAL NET POSITION	\$ 489,229	\$ 26,231,361

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements



Government-Wide Financial Statements

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds Year Ended June 30, 2025

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services - internal	\$ —	\$ 177,700,120
Charges for services - other	349,831	—
Miscellaneous revenue	—	32,193,762
Contributions from employees and retirees	—	42,643,588
Total operating revenues	349,831	252,537,470
OPERATING EXPENSES		
Operating expenses	249,646	—
Administrative expenses	—	23,177,022
Claims and related expenses	—	236,242,140
Depreciation and amortization expense	22,846	1,943,706
Total operating expenses	272,492	261,362,868
Operating income (loss)	77,339	(8,825,398)
NON-OPERATING REVENUES		
Interest income	3,179	317,367
Total non-operating income	3,179	317,367
CHANGES IN NET POSITION	80,518	(8,508,031)
TOTAL NET POSITION, BEGINNING OF YEAR	408,711	34,739,392
TOTAL NET POSITION, END OF YEAR	\$ 489,229	\$ 26,231,361

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2025

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 331,286	\$ —
Internal activity - payment (to) from other funds	223,482	183,743,714
Cash received from employees and retirees	—	42,643,587
Claims paid (net of rebates)	—	(199,146,765)
Payments to employees	(185,170)	(11,495,060)
Payments to suppliers	(47,153)	(15,137,205)
Net cash provided by operating activities	322,445	608,271
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Net cash used in noncapital financing activities	—	—
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on subscriptions		(608,271)
Net cash used in capital and related financing activities	—	(608,271)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(325,624)	(317,367)
Interest received	3,179	317,367
Net cash provided by investing activities	(322,445)	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	—
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	—	—
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ —	\$ —
Reconciliation of operating income (loss)		
Operating income	\$ 77,339	\$ (8,825,398)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	22,846	1,943,706
Effects of changes in non-cash operating assets and liabilities:		
Accounts receivable	(18,545)	(85,553)
Due from other funds	223,482	6,043,594
Inventory	—	7,853
Accounts payable	—	(3,727,730)
Claims payable	—	4,900,337
Unearned revenue	17,323	351,462
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 322,445.00	\$ 608,271.00
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Lease of equipment	—	—
TOTAL FINANCING ACTIVITIES	\$ —	\$ —

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

FINANCIAL SECTION

Notes to Basic Financial Statements



Notes to the Basic Financial Statements

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Notes to the Basic Financial Statements

I - Summary of Significant Accounting Policies

Financial Reporting Entity

Howard County Public School System (the School System or HCPSS) is a body politic and corporate established by the Public School Laws of Maryland. For financial reporting purposes, the School System is a component unit of Howard County, Maryland (the County) by virtue of the County's responsibility for levying taxes and incurring debt for the benefit of the School System and its budgetary control over the School System.

Accordingly, the financial statements of HCPSS are included in the financial statements of the County. The School System itself has no component units.

The accounting policies of HCPSS conform to accounting policies generally accepted in the United States for governmental units. The following is a summary of the significant policies employed by the School System.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the School System as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. The activities of the General Fund, Food Services Fund – a special revenue fund, Glenelg Wastewater Treatment Plant – a special revenue fund, Restricted Programs Fund – a special revenue fund, Capital Projects Fund and Internal Service Funds have been presented as governmental activities in the government-wide financial statements.

The activities of the Enterprise Fund have been presented as business- type activities in those statements because a majority of these fund revenues come from charges for services.

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

Separate financial statements are provided for governmental funds and proprietary funds. All individual governmental funds are reported as separate columns in the governmental fund financial statements for major and nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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



Notes to the Basic Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School System considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences and leases are recognized when the obligations are due and payable. Local appropriations and State and Federal aid associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental Funds

The School System reports the following major funds in the fund financial statements:

- **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.
- **Restricted Programs Fund (Special Revenue Fund)** – The Restricted Programs Fund is used to account for restricted grants issued primarily by county, state, and federal governmental agencies, “S-Programs” which support specific programs and school activity funds.

The School System elects to report the following nonmajor funds in the fund financial statements due to the importance of these funds to the HCPSS Community and other financial statement users:

- **Food Services Fund (Special Revenue Fund)** – The Food Services Fund is used to account for the operations of cafeterias and the production facility, which provides for the preparation and sale of meals primarily to students. As a special revenue fund, the proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.
- **Glenelg Wastewater Treatment Plant Fund (Special Revenue Fund)** – The Glenelg Wastewater Treatment Plant Fund is used to account for the operations of the shared wastewater treatment facility at Glenelg High School, which provides wastewater treatment services to Glenelg High School and the Musgrove Farm community of 30 home sites located on the adjoining property. The proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.
- **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.

Proprietary Funds

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting used in the government-wide financial statements.

- **Enterprise Fund** – The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Jim Rouse Theatre Fund is reported as an enterprise fund.
- **Internal Service Funds** – Internal service funds are used to account for the costs of maintaining the School System’s self-insured programs for health, dental, and workers’ compensation benefits for its employees and to account for the costs of print and technology services.



Notes to the Basic Financial Statements

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues for the internal service funds are premium contributions to the health and dental self-insurance-fund and the workers' compensation fund. Operating revenues for the enterprise fund, Jim Rouse Theatre, are received primarily from ticket sales. Operating expenses for the internal service funds as well as the enterprise fund cover the cost of providing these services, including administrative, claim and related payments and depreciation. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities.

Assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position. The effect of inter-fund services provided and used between functions have been eliminated in the Statement of Activities, so that only the net amount is included in the governmental activities' column.

Deposits and Investments

The School System maintains pooled and various separate cash accounts for its funds. The cash balances of the School Fund consist of individual demand accounts maintained by the schools. Investments are stated at amortized cost, which approximates fair value due to the short-term nature of those investments. The School System considers any instrument with a maturity of three months or less when purchased, as cash equivalents. Effective July 1, 2024, MLGIP began recording earned monthly interest at the end of each month rather than the beginning of the following month.

Due from Other Units of Government and Other Receivables

Accounts receivable in all funds represent amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Governmental fund type receivables consist primarily of amounts due from county, state, or federal governments and from other Maryland Public School Systems. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year. Certain intergovernmental receivables may extend up to one year from the end of the fiscal year. Uncollectible amounts as of June 30, 2025 are expected to be minimal based upon collection experience and review of the status of existing receivables.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/ Fund Balance

Inventory and Prepaid Items

Inventory in the General Fund consists of parts and supplies maintained in the warehouse, which is reported at cost using the weighted average cost basis. In FY24, the system significantly reduced the number of items it maintains centrally, in favor of just in time inventory purchases by individual schools and departments. Items maintained are now limited to paper and specific types of furniture. Inventory in the Food Services Fund consists of expendable food and supplies held for consumption which is reported at the lower of cost or market. The cost is recorded as an asset at the time individual inventory items are purchased. As inventory is consumed, the cost is charged to expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenses in the general fund and internal service funds consist of insurance premiums and other administrative expenditures that relate to fiscal year 2026. Prepaid expenses are accounted for in accordance with the consumption method.



Notes to the Basic Financial Statements

Capital Assets

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

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives of 20–45 years for buildings, improvements and infrastructure, and 5–15 years for furniture and equipment.

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

Leases and Subscription-Based Information Technology Agreements

Leases and Subscription-based information technology agreements (SBITAs) are for the right-to use software licenses that exceed 12 months and have an annual fixed subscription cost of more than \$5,000. These assets are reported under the appropriate governmental or business-type activities columns in the government-wide financial statements. Leases or SBITAs are reported at the present value of the expected payments plus any initial implementation stage costs necessary to place the asset into service. Subscription assets are amortized over the life of the agreement using the straight-line method. Amortization expenses are reflected in both the government-wide and proprietary fund financial statements.

Estimated useful lives for leases and SBITAs are determined based on the shorter of the asset's useful life or the lease/subscription term, including any reasonably certain renewal options. Useful lives typically range from 3 to 10 years, depending on the nature of the underlying asset or subscription.

Lease and SBITAs' assets are reported as separate line items under capital assets. Lease and SBITAs' liabilities are reported under long-term liabilities. Amortization of these assets is recorded on a straight-line basis over the determined useful life and is reported as depreciation expense for lease assets or amortization expense for SBITA assets.

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

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

The lease and subscription-based payments are discounted using the interest rate implicit in the contract agreements. If that rate cannot be readily determined, the School System'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-of-use asset in a similar economic environment with similar terms, security and conditions.



Notes to the Basic Financial Statements

Unearned Revenue

For the General Fund, unearned revenue consists of summer school tuition which is collected in advance and unearned since the corresponding services have not been provided and the earnings process is not completed until the following fiscal year.

For the Restricted Programs Fund and Capital Projects Fund, unearned revenue consists of cash received under cost-reimbursement based programs in excess of the expenditures under those programs on June 30, 2025.

Student meal sales consist of payments and prepayments may be made using cash or check. Families may also prepay with a credit card by setting up an online account to pay for student meals. Unearned revenue in the Food Services Fund consists primarily of these funds held on account for student meals.

For the Glenelg Wastewater Treatment Plant Fund, homeowners are assessed after service periods; however, in unique situations where assessment fees are collected in advance, they are recorded as unearned revenue since the corresponding services have not been provided and the earnings process is not completed until the following fiscal year.

For the Internal Service Funds, unearned revenue consists of payroll withholdings from employees for health and dental insurance collected in advance as of June 30, 2025 for the first three months of fiscal year 2026.

Deferred Outflow and Inflow of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until the future period. The School System recognizes deferred outflows related to changes in assumptions for pension and OPEB, the difference between expected and actual experience related to OPEB, changes in the School System's proportionate share of the pension and OPEB liability, the net difference between the projected and actual investment earnings on pension and OPEB plan investments, the difference between actual and proportionate share of pension contributions and contributions subsequent to the measurement date related to pension and OPEB plans.

A deferred inflow of resources represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The School System recognizes deferred inflows related to the changes in assumptions for pension and OPEB, changes in the School System's proportionate share of the pension and OPEB liability, the difference between expected and actual experience related to pensions and OPEB, and the net difference between the projected and actual investment earnings on OPEB investments.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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



Notes to the Basic Financial Statements

Compensated Absences

It is the School System's policy to permit employees to accumulate earned but unused vacation, personal, and sick pay benefits. At the end of the fiscal year, personal leave in excess of the maximum carryover per negotiated agreement can be transitioned to sick leave. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements.

Beginning in FY 2025 and in accordance with GASB 101, Compensated Absences, the School System performs an analysis comparing available sick and personal leave to the average of the past three years of annual usage per bargaining unit. As the total sick leave usage in the audit fiscal year was less than the three-year average of annual leave earned using the first-in, first-out (FIFO) method, no additional liability was recorded.

Net Position / Fund Balance

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, accumulated amortization and the liabilities associated with leased right-of-use assets and subscription-based information technology arrangements. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets, except for those assets purchased under lease agreements and subscription-based information technology agreements. Major capital projects are financed through local and state aid with applicable debt recorded by Howard County and the State of Maryland. Net position is reported as restricted when there are limitations placed on their use through external restrictions imposed by grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, restricted resources shall be used first and then unrestricted resources as they are needed.

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

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- **Restricted** – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- **Committed** – Amounts that can be used only for specific purposes as determined by a formal action of the Board, the highest level of decision-making authority for the School System. Commitments may be established, modified, or rescinded only through formal actions consisting of resolutions approved by the Board.
- **Assigned** – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board or through their delegating this responsibility to the Superintendent's budgetary process.
- **Unassigned** – All other spendable amounts. This is the residual classification for the General fund and other governmental funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. If expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned for these purposes, it may be necessary to report a negative unassigned fund balance.

Policy 4070, Fund Balance, states in what order fund balance categories are spent: (1) Nonspendable balance first, then (2) restricted fund balance, then (3) committed fund balance, then (4) assigned fund balance, and (5) unassigned fund balance.



Notes to the Basic Financial Statements

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

Budgets and Budgetary Accounting

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of the County and the State of Maryland. The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as reservations of the fund balance.

In addition, pension contributions made by the State of Maryland on behalf of the School System and OPEB contributions made by the Howard County Government on behalf of the School System are excluded from the budgetary basis. Another difference is that under the budgetary basis, designations of the prior year's fund balance are treated as revenue of the current period. The general fund budgetary basis schedules of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements are presented as required supplementary information to these financial statements. By state law, major categories of expenditures may not exceed budgeted amounts.

The School System follows these procedures in establishing the budgetary data reflected in the financial statements:

Operating Budget (General Fund)

- 1) A discussion guide for the following fiscal year's operating budget is published annually.
- 2) A public hearing is held in January and February to receive budget requests from individuals and community groups.
- 3) The proposed budget is made available to the public and the County Government in January.
- 4) Public hearings are held to obtain comments from the community.
- 5) The final proposed operating budget is submitted to the County Executive on or after March 1 as may be requested by the county fiscal authority, per state law.
- 6) After approval or adjustment by the County Council, the final operating budget is approved by the School System in June.
- 7) Budgets are adopted on a basis consistent with GAAP except for the inclusion of portions of the prior year's fund balance as revenues, the inclusion of encumbrances as expenditures, the exclusion of pension contributions made on the School System's behalf by the State of Maryland, and the OPEB contributions made on behalf by the County as both revenues and expenditures. Budget comparisons presented are on a non-GAAP budgetary basis.
- 8) Transfers may be made within the major categories by the School System without the approval of the Board of Education and the County Council.
- 9) Requests for transfers between major categories must be approved by the Board of Education and submitted to the County Council for approval or denial. No action within thirty (30) days of submission constitutes approval.
- 10) The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the State Category level.



Notes to the Basic Financial Statements

Operating Budget (Restricted Programs Fund)

This budget is not legally adopted. The Restricted Programs Fund accounts for revenue and expenditures under special State and Federal programs as well as school activity accounts maintained by individual schools. Management estimates expected revenues and expenditures but there is not a legally adopted budget, and actual expenditures may exceed budgeted amounts. The grants included in this category are not part of budget categories subject to spending limitations of the operating budget. Expenditures under these programs are limited to the amounts of the respective grants. The comparison of the Restricted Programs Fund (a special revenue fund) operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System for management purposes only.

Operating Budget (Food Services Fund)

This budget is not legally adopted. The comparison of the Food Services Fund (a special revenue fund) operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System for management purposes only.

Operating Budget (Glenelg Wastewater Treatment Plant Fund)

This budget is not legally adopted. The comparison of the Glenelg Wastewater Treatment Plant Fund (a special revenue fund) operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System for management purposes only.

Operating Budget (Jim Rouse Theatre Fund)

This budget is not legally adopted. The Enterprise Fund accounts for revenue and expenditures relative to the Jim Rouse Theatre Fund. The operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System for management purposes only.

Use of Estimates in Preparing Financial Statements

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

New Pronouncements

The Board has adopted Statement No. 101, Compensated Absences, It was determined the total impact of the standard to be immaterial to the financial statements. The Board has adopted Statement No. 102, Financial Reporting Model Improvements. There was no material impact to the reporting upon implementation.

GASB has issued Statement No. 103, Financial Reporting Model Improvements and the requirements of this Statement are effective for fiscal years beginning after June 15, 2025. GASB also issued Statement No. 104, Disclosure of Certain Capital Assets. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Board is currently evaluating the effect of implementation of these Statements.



Notes to the Basic Financial Statements

II - Cash and Cash Equivalents and Investments

Deposits

As of June 30, 2025, the carrying amount of the School System's deposits was \$22,430,140 in the governmental funds and the corresponding bank balances were \$23,193,296. Bank balances were covered by either Federal Depository Insurance for \$250,000 or collateral held in the pledging bank's trust department in the School System's name in the amount of \$24,026,342. The School System has a contractual arrangement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

Investments

As of June 30, 2025, the School System's investments totaling \$174,677,993 in Governmental and Business-type activities were entirely in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established under the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market funds. MLGIP is a 2a7 like pool, which is not registered with the Securities and Exchange Commission, but generally operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). Unit value is computed using the amortized cost method and maintains a \$1 per share value.

Interest Rate Risk

Fair value fluctuates with interest rates and increasing rates could cause fair value to decline below the original cost. To limit the School System's exposure to interest rate risk, the School System's investment policy limits the term of investment maturities other than the Fiduciary Funds to overnight repurchase agreements and MLGIP and requires that collateral securities underlying the re-purchase agreements and MLGIP have a market value equal to the cost of the agreement. The average maturity of the investments in the MLGIP investment pool is less than one year. Total net investment income per the Statement of Activities consists of interest income of \$8,258,745 for the year ended June 30, 2025.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the School System will not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. The School System's investment policy limits its investments to overnight deposits that are insured or collateralized with securities held by a custodian in the School System's name and investments in the MLGIP.

Statutes require that deposits be in Maryland banks and that uninsured deposits be fully collateralized and authorize the School System to invest in obligations of the United States government, federal agency obligations and repurchase agreements secured by direct government or agency obligations.



Notes to the Basic Financial Statements

III - Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

Governmental Activities	Balance July 1, 2024	Increases	Decreases/ Reclassifications	Balance June 30, 2025
Nondepreciable capital assets				
Land	\$ 40,093,533	\$ —	\$ —	\$ 40,093,533
Construction in progress	6,463,729	34,890,712	(33,175,578)	8,178,863
Total nondepreciable capital assets	46,557,262	34,890,712	(33,175,578)	48,272,396
Capital assets being depreciated				
Land improvements	1,675,226	—	—	1,675,226
Buildings and improvements	2,061,436,797	33,175,578	—	2,094,612,375
Furniture and equipment	37,536,235	2,089,857	(467,449)	39,158,643
Capital assets being amortized				
Leased buildings and improvements	4,855,324	—	(611,717)	4,243,607
Leased furniture and equipment	3,280,794	—	(1,167,928)	2,112,866
Subscription assets	10,378,527	12,085,875	(9,397,256)	13,067,146
Total capital assets being depreciated and amortized	2,119,162,903	47,351,310	(11,644,350)	2,154,869,863
Less accumulated depreciation for:				
Land improvements	(1,582,855)	(3,998)	—	(1,586,853)
Buildings and improvements	(718,037,395)	(43,519,152)	—	(761,556,547)
Furniture and equipment	(30,698,654)	(2,493,473)	467,449	(32,724,678)
Less accumulated amortization for:				
Leased buildings and equipment	(2,428,335)	(520,344)	611,717	(2,336,962)
Leased furniture and equipment	(2,174,310)	(546,446)	1,167,928	(1,552,828)
Subscription assets	(9,358,155)	(2,434,986)	9,397,256	(2,395,885)
Total accumulated depreciation and amortization	(764,279,704)	(49,518,399)	11,644,350	(802,153,753)
Total capital assets being depreciated and amortized, net	1,354,883,199	(2,167,089)	—	1,352,716,110
Capital assets, net	\$ 1,401,440,461	\$ 32,723,623	\$ (33,175,578)	\$ 1,400,988,506



Notes to the Basic Financial Statements

Depreciation and amortization expense for the year ended June 30, 2025 was charged to Governmental activities on the Statement of Activities as follows:

Instruction:

Regular education	\$ 41,597,367
Special education	105,810

Support services:

Administration	1,535,319
Mid-level administration	3,352,965
Student transportation	14,644
Operation and maintenance of plant	2,766,162
Community services	93,356
Food services	52,776

Total depreciation and amortization expense	\$ 49,518,399
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Internal Service Funds Depreciation	\$ 1,943,706
Governmental Funds Depreciation	47,574,693

Total Governmental Activities Depreciation	\$ 49,518,399
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	Balance July 1, 2024	Increases	Decreases/ Reclassifications	Balance June 30, 2025
Business-type Activities (Jim Rouse Theater)				
Buildings and improvements	\$ 107,374	\$ —	\$ (60,897)	\$ 46,477
Furniture and equipment	237,654	—	60,897	298,551
Less accumulated depreciation	(258,761)	(22,846)	—	(281,607)
Capital assets, net	\$ 86,267	\$ (22,846)	\$ —	\$ 63,421

The School System has active school construction projects as of June 30, 2025 as follows:

	Spent to Date	Remaining Commitment
Project:		
Guilford Park HS	\$ 124,728,490	\$ 5,424,395
Oakland Mills MS Reno/Add	4,085,809	12,300,191
Planning and Design	1,528,525	3,121,475
Systemic Renovations FY19 Forward	72,405,973	21,662,658
Roofing Projects FY19 Forward	12,533,630	6,484,713
Technology FY19 Forward	13,377,156	11,742,844
Dunloggin MS Reno/Add	184,528	4,299,472
Systemic Renovations FY24 Forward	11,041,833	79,784,157
Roofing Projects FY24 Forward	104,193	5,179,247
Faulkner Ridge Center	1,499,057	21,556,943
Applications and Research Lab Reno	862,999	13,137,001
Subtotal	242,352,193	184,693,096
Other Projects	170,002,086	5,471,647
Total	\$ 412,354,279	\$ 190,164,743

These projects were primarily funded through capital grants from the County and the State of Maryland, prior to commitments being made with contractors.



Notes to the Basic Financial Statements

IV - Due To/Due From Other Funds

The composition of inter-fund balances as of June 30, 2025 is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Workers Compensation	General	Reimbursable expenditures	\$ 1,668,804
Capital Projects	General	Reimbursable expenditures	23,293,701
Technology Services	General	Reimbursable expenditures	15,332,694
Health and Dental	General	Reimbursable expenditures	28,663,594
Jim Rouse Theatre	General	Reimbursable expenditures	107,698
Print Services	General	Reimbursable expenditures	154,994
General	Glenelg WWTP	Treatment plant expenditures	183,729
General	Restricted Programs	Advances of pooled cash	5,977,140
General	Food Services	Food services expenditures	4,205,190
Total			\$ 79,587,544

These inter-fund balances are presented in the accompanying financial statements as follows:

	Due To	Due From
Balance Sheet - Governmental Funds (page 39)	\$ 79,587,544	\$ 33,659,760
Statement of Net Position - Proprietary Funds (page 43)	—	107,698
Statement of Net Position - Internal Service Funds (page 90)	—	45,820,086
Total	\$ 79,587,544	\$ 79,587,544

Activity between funds represents expenditures paid by the General Fund on behalf of another fund or amounts received by the General Fund on behalf of another fund. All operating cash is processed through the General Fund and accounted for on each fund as due to/from the General Fund.

The School System does not have any long-term advances of inter-fund loans, and all inter-fund activity is considered current activity. Inter-fund activity consists primarily of advances from the General Fund to other funds to cover temporary cash needs. These situations arise because many grants and capital projects are reimbursed to the School System by the granting government after the School System has incurred the expenditure.



Notes to the Basic Financial Statements

V - Long-Term Liabilities

Compensated absences, pension liabilities and other post-employment liabilities are generally liquidated by the General Fund.

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 15,909,556	\$ 260,718	\$ (805,682)	\$ 15,364,592	\$ 800,000
Leases	3,566,750	—	(979,988)	2,586,762	707,013
Subscription agreements	203,216	11,251,347	(2,201,000)	9,253,563	2,165,457
Net pension liability	62,442,098	13,364,352	—	75,806,450	—
Net OPEB liability	783,938,027	58,299,536	—	842,237,563	—
Workers compensation	5,847,475	4,082,737	(3,670,056)	6,260,156	3,763,967
Total governmental activities	\$ 871,907,122	\$ 87,258,690	\$ (7,656,726)	\$ 951,509,086	\$ 7,436,437

The School System has entered into several leases and subscription-based information technology arrangements as lessee to finance the purchase of student information system, data warehouse, learning management system, and enterprise resources that expire at various times through FY 2031.

The future minimum lease obligations as of June 30, 2025 were as follows:

Years Ending June 30:	Leases		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 707,013	\$ 41,586	\$ 748,599
2027	530,025	28,384	558,409
2028	471,597	17,596	489,193
2029	489,847	10,353	500,200
2030	388,280	2,932	391,212
	\$ 2,586,762	\$ 100,851	\$ 2,687,613

The future minimum obligations under subscription-based information technology arrangements as of June 30, 2025 were as follows:

Years Ending June 30:	Subscription Agreements		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 2,165,457	\$ 326,651	\$ 2,492,108
2027	2,261,117	250,211	2,511,328
2028	2,361,395	170,393	2,531,788
2029	2,465,594	87,274	2,552,868
2030	—	—	—
	\$ 9,253,563	\$ 834,529	\$ 10,088,092



Notes to the Basic Financial Statements

VI - Defined Benefit Pension Plans

General Information about the Plan

Plan Description

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

Benefits Provided

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

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

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

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



Notes to the Basic Financial Statements

Contributions

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

The State makes a substantial portion of the HCPSS's annual required contribution to the Teachers' Retirement and Pension Systems on behalf of the HCPSS. The State's contribution on behalf of the HCPSS for the year ended June 30, 2025 was \$66,566,106. The contribution made by the State on behalf of the HCPSS have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

Beginning in FY 2013, the State of Maryland General Assembly passed a bill that required the Boards of Education in Maryland to begin paying the normal cost for their teachers into the Teachers' Retirement and Pension Systems. The legislation structured this as a four-year phase-in to the full normal cost so that 50% was paid in FY 2013. Full normal cost commenced being paid in FY 2020. The HCPSS's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2025 was \$29,830,769.

The HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2025 was 7% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The HCPSS made its share of the required contributions during the year ended June 30, 2025 of \$8,703,281.

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

Employees' Retirement and Pension Systems

As of June 30, 2025, the HCPSS reported a liability of \$75,806,450 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The HCPSS's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2024. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2024, the HCPSS's proportionate share was 0.288%, which was an increase of 0.017% from its proportion measured at June 30, 2023.

For the year ended June 30, 2025, the HCPSS recognized pension expense of \$12,163,565. At June 30, 2025, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:



Notes to the Basic Financial Statements

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 4,964,025	\$ —
Changes in proportion	4,945,265	426,869
Differences between expected and actual experience	7,722,761	1,741,976
Net difference between projected and actual earnings on pension plan investments	5,205,689	—
Difference between actual and proportionate share of contributions	2	—
HCPSS contributions subsequent to the measurement date	8,703,281	—
Total	\$ 31,541,023	\$ 2,168,845

The \$8,703,281 reported as deferred outflows of resources related to pensions resulting from the HCPSS contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30:	
2026	\$ 4,134,988
2027	8,600,654
2028	4,016,963
2029	2,738,405
2030	1,177,887
Total	\$ 20,668,897

Teachers' Retirement and Pension Systems

At June 30, 2025, the HCPSS did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the HCPSS and the HCPSS pays the normal cost related to the HCPSS's members in the Teachers' Retirement and Pension Systems; therefore, the HCPSS is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the State of Maryland. The amount recognized by the HCPSS as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the HCPSS were as follows:

State's proportionate share of the net pension liability	\$ 668,744,229
HCPSS's proportionate share of the net pension liability	—
Total	\$ 668,744,229

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

For the year ended June 30, 2025, the HCPSS recognized pension expense of \$96,396,875 and revenue of \$66,566,106 for support provided by the State. Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the HCPSS did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.



Notes to the Basic Financial Statements

Actuarial Assumptions

The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.50% price, 3.00% wage
Salary Increases	3.00% to 22.50%
Discount Rate	6.80%
Investment Rate of Return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2024 valuation pursuant to the 2024 experience study for the period July 1, 2018 to June 30, 2023
Mortality	Fully generational - PB-2010/MP2018

The assumptions and methods used for funding and financial reporting purposes are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

For the 2024 valuation, actuarial assumptions were developed as a result of the Experience Study covering the period from July 1, 2018 to June 30, 2023, which includes the rationale for the assumptions. The assumptions were adopted by the Maryland State Retirement and Pension System Board on July 16, 2024. Actuarial assumptions are based on a combination of future expectations and historical data.

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

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	34.0%	6.0%
Private Equity	16.0%	8.5%
Rate Sensitive	20.0%	2.4%
Credit Opportunity	9.0%	5.4%
Real Assets	15.0%	5.5%
Absolute Return	6.0%	3.9%
Total	100.0%	

The above was the System's 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, 2024.

For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 6.89% and 3.11%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



Notes to the Basic Financial Statements

Discount Rate

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

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the HCPSS's net pension liability, calculated using a single discount rate of 6.80%, as well as what the HCPSS's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees' Retirement and Pension Systems:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
HCPSS's proportionate share of the net pension liability	\$ 110,172,901	\$ 75,806,450	\$ 47,159,570

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

Pension Plan Fiduciary Net Position

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



Notes to the Basic Financial Statements

VII - Postemployment Benefits Other Than Pension Benefits (OPEB)

Plan Description

The School System contributes to the Howard County, Maryland Post-Retirement Medical Plan (the plan), a cost-sharing multiple-employer defined benefit post-employment healthcare plan administered by the Howard County Government (the County). The plan provides medical and life insurance benefits to retired employees of participating governmental entities. The County issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Howard County Government, 3430 Courthouse Drive, Ellicott City, MD 21043, or by calling 410-313-2195.

Benefits Provided

Retirees eligible for medical insurance benefits pay between 50 percent and 100 percent of the School System's full premium equivalent cost, based upon years of service. Retirees eligible for life insurance benefits pay between 10 percent and 50 percent of the School System's full premium equivalent cost, provided they have at least 10 years of service with the School System and have retired from the School System.

Contributions

Contribution requirements of the plan members and the participating employers are established and may be amended by the Plan's Board of Trustees. Contributions to the OPEB plan by retirees were \$14,207,215, contributions from the School System were \$30,296,264, and contributions from the County on behalf of HCPSS were \$10,377,752 for the year ended June 30, 2025. Employees are not required to contribute to the OPEB plan.

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

As of June 30, 2025, the School System reported a liability of \$842,237,563 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of January 1, 2024. HCPSS proportion of the net OPEB liability was based on the employer's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort of all employers and all non-employer contributing entities to determine the employer's proportion. As of June 30, 2025, the HCPSS's proportion was 76.872%.

For the year ended June 30, 2025, the HCPSS recognized an OPEB expense of \$9,093,264. As of June 30, 2025, the HCPSS reported deferred outflows of resources and deferred inflow of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,285,182	\$ 186,233,960
Changes in assumptions	202,695,121	411,132,517
Net difference between projected and actual earnings on OPEB plan investments	—	1,322,917
Change in proportionate share of OPEB liability	125,979,214	5,006,185
HCPSS contributions subsequent to the measurement date	40,674,016	—
Total	\$ 418,633,533	\$ 603,695,579



Notes to the Basic Financial Statements

The \$40,674,016 reported as deferred outflows of resources related to OPEB resulting from the School System contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Years Ending	
June 30:	
2026	\$ (41,520,463)
2027	(35,919,874)
2028	(31,492,371)
2029	(30,151,907)
2030	(35,697,436)
2031+	(50,954,011)
Total	\$ (225,736,062)

Plan Membership

Plan membership at fiscal year-end:

	2025		2024	
	HCPSS	Total	HCPSS	Total
Participants				
Active employees with medical	7,354	10,719	7,354	10,719
Active employees without medical*	336	336	336	336
Pre-Medicare retirees	566	938	566	938
Post-Medicare retirees	2,624	3,502	2,624	3,502
Disabled retirees	—	14	—	14
Life insurance only retirees	811	811	811	811
Opt-out retirees**	—	46	—	46
Total	11,691	16,366	11,691	16,366
Active Employee Statistics ***				
Average age	46.18	45.80	46.18	45.80
Average years of service	11.98	11.78	11.98	11.78
Inactive Average Age ***				
Pre-Medicare retirees	61.08	60.19	61.08	60.19
Post-Medicare retirees	74.86	74.59	74.86	74.59
Disabled Retirees	N/A	50.91	N/A	50.91
Opt-out retirees	N/A	53.30	N/A	53.30

*Only life insurance is valued for these active participants

**These individuals opted out of OPEBs but could later decide to commence OPEBs.

***Averages for HCPSS participants only include those currently enrolled in the medical plan

Actuarial Assumptions

The OPEB liability in the January 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included the measurement date of June 30, 2024:



Notes to the Basic Financial Statements

Actuarial cost method	Individual Entry Age Normal as a level percentage of payroll; this is the required funding method under GASB Nos. 74 & 75
Roll-Forward Method	Liabilities are rolled forward from the actuarial valuation date to the measurement date, as allowed under GASB Nos. 74 & 75. Liabilities are increased by the normal cost and decreased by benefit payments, and then adjusted with interest to reflect the passage of time.
Recognition of Changes in Proportions	Each component unit may realize an increase or decrease to its Net OPEB Liability attributable to the change in each component unit's proportion of the aggregate Net OPEB Liability (NOL). Per GASB No. 75, this increase or decrease will be recognized as a Deferred Outflow or Inflow of resources, recognized in OPEB Expense equally over a period equal to the Plan's average future service lives in years.
Spouse Age	Male spouses are assumed to be 3 years older, and female spouses are assumed to be 3 years younger. Actual age is used for spouses of current retirees, if provided.
Investment Rate of Return	7.25% as of measurement period ending June 30, 2024
Municipal Bond Yield	7.25% as of measurement period ending June 30, 2023
Discount Rate	4.21% as of measurement period ending June 30, 2024
	4.13% as of measurement period ending June 30, 2023
	4.80% as of measurement period ending June 30, 2024
	4.60% as of measurement period ending June 30, 2023
Actuarial Value of Assets	Market Value
Annual Dental and Vision Trend	4.00%, per annum

For each major asset class that is included in the School 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
Equities	45%	4.85%
Fixed Income	23%	2.46%
Alternative investments	26%	6.21%
Real Asset investments	6%	4.33%
Total	100%	

Discount Rate

The discount rate is the single rate that reflects (1) the long-term expected rate of return on OPEB plan investments that are expected to be used to finance the payment of benefits, to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and OPEB plan assets are expected to be invested using a strategy to achieve that return, and (2) a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another scale), to the extent that the conditions for use of the long-term expected rate of return are not met.

For purposes of calculating the discount rate, projected employer contributions were based on the average trust contribution in excess of pay-go benefit payments for the past 6 years from FY2019 to FY2024, rounded to the nearest million. The total contribution is expected to increase at 3.00% going forward, rounded to the nearest thousand.

Sensitivity of the Net OPEB Liability

Regarding the sensitivity of the OPEB liability to changes in the single discount rate, the following presents the HCPSS' OPEB liability, calculated using a single discount rate of 4.80%, as well as what the HCPSS' OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the discount rate:



Notes to the Basic Financial Statements

Discount Rate	1% Decrease 3.80%	Discount rate 4.80%	1% Increase 5.80%
Net OPEB liability	\$ 1,038,537,102	\$ 842,237,563	\$ 686,282,554

The following presents the HCPSS OPEB liability, calculated using a health care cost trend rate 1-percentage-point lower or 1-percentage-point higher:

Ultimate Trend	1% Decrease 3.09%	Heath care cost trend rate 4.09%	1% Increase 5.09%
Total OPEB liability			
Net OPEB liability	\$ 681,583,289	\$ 842,237,563	\$ 1,051,786,545





Notes to the Basic Financial Statements

VIII - Fund Balance

Fund balance for the year ended June 30, 2025 consists of the following information presented in the table.

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund
Nonspendable for:					
Prepaid Items	\$ 86,590	\$ —	\$ —	\$ —	\$ —
Inventories	509,853	346,767	—	—	—
Total Nonspendable	596,443	346,767	—	—	—
Restricted For:					
Glenelg Wastewater Plant	—	—	1,493,503	—	—
Future School Construction	—	—	—	—	22,405,852
Total Restricted	—	—	1,493,503	—	22,405,852
Committed To:					
Food Services Operations	—	1,567,216	—	—	—
Assigned To:					
Subsequent Year's Budget Appropriations	2,143,008	7,991,096	—	—	—
Encumbrances:		—	—	—	—
Administration	72,399	—	—	—	—
Mid-level Administration	90,556	—	—	—	—
Instructional Supplies	530,995	—	—	—	—
Other Instructional Costs	803,276	—	—	—	—
Special Education	988,141	—	—	—	—
Student Services	57,761	—	—	—	—
Health Services	196,888	—	—	—	—
Student Transportation	3,357,509	—	—	—	—
Operation of Plant	595,692	—	—	—	—
Maintenance of Plant	2,115,308	—	—	—	—
Fixed Charges	1,019,250	—	—	—	—
Community Services	35,089	—	—	—	—
Special Programs	—	—	—	3,942,066	—
Student Activity Fund	—	—	—	5,017,005	—
Total assigned	12,005,872	7,991,096	—	8,959,071	—
Unassigned	12,448,842	—	—	—	—
Total Fund Balances	<u>\$ 25,051,157</u>	<u>\$ 9,905,079</u>	<u>\$ 1,493,503</u>	<u>\$ 8,959,071</u>	<u>\$ 22,405,852</u>



Notes to the Basic Financial Statements

IX - Encumbrances

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

Encumbrances for the year ended June 30, 2025 are for the following uses:

		General Fund
1	Administration	\$ 72,399
2	Mid-Level Administration	90,556
03/04/05	Instructional	1,334,271
6	Special Education	988,141
7	Student Services	57,761
8	Health Services	196,888
9	Student Transportation	3,357,509
10	Operation of Plant	595,692
11	Maintenance of Plant	2,115,308
12	Fixed Charges	1,019,250
14	Community Services	35,089
15	Capital Outlay	—
Total		\$ 9,862,864



Notes to the Basic Financial Statements

X - Commitments and Contingencies

Litigation

The School System has been named as defendant in several lawsuits in the normal course of business, the outcomes of which are uncertain. It is anticipated by the School System that an adverse decision on any or all of these suits would not have a material adverse effect on the financial statements.

Grant Programs

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



Notes to the Basic Financial Statements

XI - 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; and natural disasters, for which the School System participates in the Maryland Association of Boards of Education Group Insurance Pool (Pool). The Pool provides property and casualty insurance as part of a self-insurance program to 19 Maryland county public school districts. The School System pays an annual premium to the Pool for its insurance coverage. The Trust Agreement of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for potential claims in excess of established loss limits. Settled claims did not exceed the School System's insurance coverage in any of the past three years.

The School System has also established limited risk management programs for workers' compensation and health and dental insurance. Premiums are paid into these two internal service funds by other funds and are available to pay current and future claims and administrative costs of the programs. The "premium" charged by the self-insurance funds considers recent trends in actual claims experience of the School System as a whole and makes provision for catastrophic losses. As of June 30, 2025, the inter-fund premiums did not exceed reimbursable expenditures in the Health and Dental Self-Insurance Fund or the Workers' Compensation Self-Insurance Fund. Settled claims did not exceed coverage in any of the past five years.

Liabilities are reported when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual health claims in excess of \$1,000,000; and workers' compensation claims have a retention of \$600,000 per occurrence. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the respective self-insurance internal service funds.

	2025		2024	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 5,847,475	\$ 9,287,000	\$ 5,020,405	\$ 9,952,000
Incurred claims (including IBNR adjustment)	3,670,056	232,572,084	3,658,384	194,773,937
Claim payments	(3,257,375)	(231,368,084)	(2,831,314)	(195,438,937)
Ending payable, June 30	\$ 6,260,156	\$ 10,491,000	\$ 5,847,475	\$ 9,287,000

FINANCIAL SECTION

Required Supplementary Information



Required Supplementary Information

Budgetary Comparison Schedule (Non-GAAP Budgetary Basis) - General Fund June 30, 2025

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Local sources	\$ 767,552,888	\$ 767,552,888	\$ 767,825,210	\$ 272,322
State sources	351,794,919	353,417,888	353,851,582	433,694
Federal sources	410,000	410,000	528,283	118,283
Earnings on investments	6,500,000	7,500,000	7,745,770	245,770
Charges for services	3,805,811	4,271,205	4,247,437	(23,768)
Miscellaneous revenues	—	—	2,145	2,145
Total revenues	<u>1,130,063,618</u>	<u>1,133,151,981</u>	<u>1,134,200,427</u>	<u>1,048,446</u>
EXPENDITURES				
Current:				
Administration	15,228,243	15,028,243	14,730,947	297,296
Mid-level administration	70,121,095	70,721,095	70,393,127	327,968
Instruction:				
Instructional salaries	422,706,169	423,906,169	423,418,905	487,264
Textbook and classroom supplies	8,287,490	8,138,043	6,913,190	1,224,853
Other instructional costs	18,941,311	19,545,129	17,993,113	1,552,016
Special education	180,635,639	183,237,339	182,974,629	262,710
Student personnel services	10,909,402	10,618,383	10,346,426	271,957
Health services	13,481,647	12,214,147	11,807,384	406,763
Student transportation	67,824,058	71,237,353	70,177,989	1,059,364
Operation of plant	55,860,193	55,560,193	55,558,004	2,189
Maintenance of plant	26,404,846	26,588,817	26,206,875	381,942
Fixed charges	249,341,889	248,480,252	248,480,252	—
Community services	4,254,383	4,254,383	4,155,268	99,115
Capital outlay	1,170,213	1,170,213	1,138,283	31,930
Subtotal expenditures and encumbrances	<u>1,145,166,578</u>	<u>1,150,699,759</u>	<u>1,144,294,392</u>	<u>6,405,367</u>
CANCELLATION AND OVER/(UNDER) LIQUIDATION OF PRIOR YEAR ENCUMBRANCES	<u>—</u>	<u>—</u>	<u>(1,785,471)</u>	<u>1,785,471</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>1,145,166,578</u>	<u>1,150,699,759</u>	<u>1,142,508,921</u>	<u>8,190,838</u>
REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	<u>\$ (15,102,960)</u>	<u>\$ (17,547,778)</u>	<u>(8,308,494)</u>	<u>\$ 9,239,284</u>
FUND BALANCE AS OF JUNE 30, 2024 - BUDGETARY BASIS			<u>24,074,721</u>	
FUND BALANCE AS OF JUNE 30, 2025 - BUDGETARY BASIS			15,766,227	
ENCUMBRANCES AS OF JUNE 30, 2025				
- Encumbrances			9,862,865	
- Other			(577,936)	
FUND BALANCE AS OF JUNE 30, 2025 - GAAP BASIS			<u>\$ 25,051,156</u>	



Required Supplementary Information

Reconciliation of Differences Between Budgetary Inflows and Outflows and GAAP Basis Revenues and Expenditures - General Fund June 30, 2025

REVENUES

Budgetary basis		\$	1,134,200,427
Add	Pension contribution paid by State of Maryland		66,566,106
	OPEB contribution paid by Howard County Government		40,674,016
	Other		4
GAAP basis		\$	<u>1,241,440,553</u>

EXPENDITURES

Budgetary basis		\$	1,144,294,392
Add	Prior year's encumbrances expended this year		9,427,185
	Pension contribution paid by State of Maryland		66,566,106
	OPEB contribution paid by Howard County Government		40,674,016
	Prior year's encumbrances outstanding		226,000
	Issuance of lease		11,251,347
Less	Current year's encumbrances outstanding		(9,862,865)
	Other		2
GAAP basis		\$	<u>1,262,576,183</u>

Required Supplementary Information

Schedule of the Board's Proportionate Share of the Net Pension Liability - Maryland State Retirement and Pension System Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employees' Retirement and Pension System:										
HCPSS's proportion of the collective net pension liability	0.288189%	0.271130%	0.274503%	0.272409%	0.247261%	0.245649%	0.229880%	0.204227%	0.216632%	0.211628%
HCPSS's proportionate share of the collective net pension liability	\$ 75,806,450	\$ 62,442,098	\$ 54,924,072	\$ 40,867,624	\$ 55,884,308	\$ 50,666,597	\$ 48,232,399	\$ 44,161,368	\$ 51,112,176	\$ 43,979,901
HCPSS's covered payroll	72,952,631	64,658,289	59,399,309	59,180,757	58,184,408	55,734,643	55,508,104	52,660,440	49,018,157	48,409,886
HCPSS's proportionate share of the collective net pension liability as a percentage of its covered payroll	103.91%	96.57%	92.47%	69.06%	96.05%	90.91%	86.89%	83.86%	104.27%	90.85%
Plan fiduciary net position as a percentage of the total pension liability	68.09%	69.58%	71.75%	76.76%	66.29%	67.98%	68.36%	66.71%	62.97%	66.26%
Teachers' Retirement and Pension System:										
HCPSS's proportion of the collective net pension liability	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
HCPSS's proportionate share of the collective net pension liability	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
State's proportionate share of the collective net pension liability of HCPSS	668,744,229	518,222,412	469,257,241	404,619,905	601,401,756	598,283,067	598,421,168	584,674,547	676,791,275	710,782,005
Total	668,744,229	518,222,412	469,257,241	404,619,905	601,401,756	598,283,067	598,421,168	584,674,547	676,791,275	710,782,005
HCPSS's covered payroll	624,307,659	584,092,023	540,561,018	528,652,969	524,931,004	498,530,714	496,958,233	469,912,057	448,824,543	448,446,514
HCPSS's proportionate share of the collective net pension liability as a percentage of its covered payroll	—%	—%	—%	—%	—%	—%	—%	—%	—%	—%
Plan fiduciary net position as a percentage of the total pension liability	75.05%	76.83%	79.47%	85.40%	73.84%	75.43%	73.35%	71.41%	67.95%	70.76%

Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2023 for the year ending June 30, 2024 for the pension liability is shown below:

Inflation	In the 2024 actuarial valuation, 2.50% general, 3.00% wage. In the 2023 actuarial valuation, 2.25% general, 2.75% wage.
Discount Rate	In the 2024 actuarial valuation, 3.00% to 22.50%. In the 2023 actuarial valuation, 2.75% to 11.25%.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Updated pursuant to the 2024 experience study for the period July 1, 2018 to June 30, 2023

Assumption changes adopted by the Board of Trustees of the Maryland State Retirement and Pension System (MSRPS) that were implemented in the 2024 valuation pursuant to the 2018-2023 Experience Study increased the Unfunded Actuarial Liability (UAAL) by \$914 million for MSRPS.



Required Supplementary Information

Schedule of the Board's Contributions - Maryland State Retirement and Pension System Last Ten Fiscal Years

Employees' Retirement and Pension System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 8,703,281	\$ 7,545,696	\$ 6,612,638	\$ 6,264,996	\$ 6,002,598	\$ 5,301,428	\$ 5,044,400	\$ 4,583,972	\$ 4,156,710	\$ 4,220,168
Contributions in relation to the contractually required contribution	(8,703,281)	(7,545,696)	(6,612,638)	(6,264,996)	(6,002,598)	(5,301,428)	(5,044,400)	(4,583,972)	(4,156,710)	(4,220,168)
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
HCPSS's covered payroll	71,005,505	72,952,631	64,658,289	59,399,309	59,180,757	58,184,408	55,734,643	55,508,104	52,660,440	49,018,157
Contributions as a percentage of covered payroll	12.3%	10.3%	10.2%	10.5%	10.1%	9.1%	9.1%	8.3%	7.9%	8.6%

Teachers' Retirement and Pension System	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 29,830,769	\$ 28,006,648	\$ 27,546,556	\$ 22,610,416	\$ 22,337,648	\$ 22,365,864	\$ 21,469,704	\$ 21,003,700	\$ 19,796,016	\$ 18,309,945
Contributions in relation to the contractually required contribution	(29,830,769)	(28,006,648)	(27,546,556)	(22,610,416)	(22,337,648)	(22,365,864)	(21,003,700)	(21,003,700)	(19,796,016)	(18,309,945)
Contribution deficiency (excess)	—	—	—	—	—	—	—	—	—	—
HCPSS's covered payroll	635,832,726	624,307,659	584,092,023	540,561,018	528,652,969	524,931,004	498,530,714	493,958,233	469,912,057	448,824,543
Contributions as a percentage of covered payroll	4.7%	4.5%	4.7%	4.2%	4.2%	4.3%	4.3%	4.3%	4.2%	4.1%



Required Supplementary Information

Schedule of Employer's Proportionate Share of the Net OPEB Liability

Last Ten Fiscal Years*

(Amounts expressed in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's Proportion of the Collective Net OPEB Liability	76.87%	72.84%	72.84%	66.42%	66.42%	63.36%	63.36%	64.69%	—%	—%
Employer's Proportionate Share of the Collective Net OPEB Liability	\$ 842,238	\$ 783,938	\$ 766,176	\$1,224,706	\$1,080,270	\$ 849,712	\$ 743,046	\$ 715,235	\$ —	\$ —
Covered-employee payroll	706,838	648,750	599,960	587,834	583,115	554,265	552,466	522,572	—	—
Employer's Proportionate Share of the Collective Net OPEB Liability as a Percentage of covered-employee payroll	119.2%	120.8%	127.7%	208.3%	185.3%	153.3%	134.5%	136.9%	—%	—%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.10%	18.57%	16.92%	11.40%	10.31%	10.31%	9.94%	8.62%	—%	—%

* The amounts presented for each fiscal year were determined as of the end of the prior fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. Information not available prior to 2018.

Notes to Required Supplementary Information

There were multiple actuarial assumption changes for measurement period June 30, 2024 for the year ending June 30, 2025 for the OPEB liability as follows:

- per-capita claims costs and retiree contribution rates (\$43.1M gain),
- medical trend rates (\$9.2M loss), and
- discount rate, which increased from 4.60% to 4.80% (\$45.0M gain).



Required Supplementary Information

Schedule of the Board's Contributions - OPEB Plan

Last Ten Fiscal Years*

(Amounts expressed in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 40,674	\$ 31,937	\$ 28,679	\$ 24,754	\$ 24,343	\$ 24,339	\$ 24,318	\$ 24,924	\$ —	\$ —
Contributions in relation to the statutorily required contributions	(40,674)	(31,937)	(28,679)	(24,754)	(24,343)	(24,339)	(24,318)	(24,924)	—	—
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered-employee payroll	706,838	648,750	599,960	587,834	583,115	554,265	552,466	522,572	—	—
Contributions as a percentage of covered-employee payroll	-5.75%	4.92%	4.78%	4.21%	4.17%	4.39%	4.40%	4.77%	—%	—%

* The amounts presented for each fiscal year were determined as of the end of the prior fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available. Data prior to 2018 is not available.

FINANCIAL SECTION

Other Supplementary Information

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION General Fund



Other Supplementary Information

Schedule of Revenues Compared to Budget (Non-GAAP Budgetary Basis)

General Fund

June 30, 2025

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Intergovernmental Revenues				
Local Sources				
Local appropriation	\$ 766,000,000	\$ 766,000,000	\$ 766,000,000	\$ —
Other local sources	1,552,888	1,552,888	1,825,210	272,322
Total local sources	<u>767,552,888</u>	<u>767,552,888</u>	<u>767,825,210</u>	<u>272,322</u>
State Sources				
State Foundation	219,203,901	219,203,901	219,203,901	—
Transportation	24,334,062	24,334,062	24,332,062	(2,000)
Special education	24,603,569	24,603,569	25,082,720	479,151
Compensatory education	49,517,497	49,517,497	49,517,497	—
Limited English proficient	15,464,623	15,464,623	15,464,623	—
Other - LEA tuition	200,000	200,000	156,543	(43,457)
Career Ladder	916,149	916,149	916,149	—
College and Career Readiness	1,387,961	1,387,961	1,387,961	—
Full-Day Pre-K & Pre-K Expansion	683,415	2,306,384	2,306,384	—
Comparable Wage Index	14,070,698	14,070,698	14,070,698	—
Transitional Supplemental Instruction	1,304,790	1,304,790	1,304,790	—
Blueprint Coordinator	72,772	72,772	72,772	—
Blueprint Transition Grant	35,482	35,482	35,482	—
Total state sources	<u>351,794,919</u>	<u>353,417,888</u>	<u>353,851,582</u>	<u>433,694</u>
Federal Sources				
ROTC reimbursement	250,000	250,000	292,094	42,094
Impact Aid (PL 874)	160,000	160,000	236,189	76,189
Total federal sources	<u>410,000</u>	<u>410,000</u>	<u>528,283</u>	<u>118,283</u>
Earnings on investments	<u>6,500,000</u>	<u>7,500,000</u>	<u>7,745,770</u>	<u>245,770</u>
Charges for services				
Tuition from patrons	720,000	1,185,394	1,617,318	431,924
Use of school buildings	1,250,000	1,250,000	789,753	(460,247)
Athletic program - gate receipts	350,000	350,000	363,338	13,338
Administration and overhead fees	1,485,811	1,485,811	1,477,028	(8,783)
Total charges for services	<u>3,805,811</u>	<u>4,271,205</u>	<u>4,247,437</u>	<u>(23,768)</u>
Miscellaneous Revenue				
Other	—	—	2,145	2,145
TOTAL	<u>\$ 1,130,063,618</u>	<u>\$ 1,133,151,981</u>	<u>\$ 1,134,200,427</u>	<u>\$ 1,048,446</u>

Schedule of Expenditures Compared to Budget (Non-GAAP Budgetary Basis)
General Fund
June 30, 2025

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Administration				
Salaries and wages	\$ 12,830,145	\$ 13,012,495	\$ 12,908,241	\$ 104,254
Contracted services	1,754,244	1,341,397	1,267,759	73,638
Supplies and materials	257,218	254,418	227,828	26,590
Other charges	386,636	419,933	327,119	92,814
Equipment	—	—	—	—
Total administration	15,228,243	15,028,243	14,730,947	297,296
Mid-level Administration				
Salaries and wages	64,943,442	65,523,652	65,345,213	178,439
Contracted services	2,612,311	2,596,968	2,581,181	15,787
Supplies and materials	1,874,666	1,899,129	1,833,986	65,143
Other charges	682,676	699,346	632,747	66,599
Equipment	8,000	2,000	—	2,000
Total mid-level administration	70,121,095	70,721,095	70,393,127	327,968
Instructional salaries	422,706,169	423,906,169	423,418,905	487,264
Textbooks and classroom supplies	8,287,490	8,138,043	6,913,190	1,224,853
Other Instructional Costs				
Contracted services	17,941,066	17,168,749	16,316,281	852,468
Other charges	343,945	366,380	348,510	17,870
Equipment	76,300	50,000	49,925	75
Outgoing transfers	580,000	1,960,000	1,278,397	681,603
Total other instructional costs	18,941,311	19,545,129	17,993,113	1,552,016
Special Education				
Salaries and wages	150,468,067	141,615,595	141,509,727	105,868
Contracted services	8,803,836	16,985,197	16,974,674	10,523
Supplies and materials	1,002,212	1,014,535	983,261	31,274
Other charges	323,925	320,100	306,564	13,536
Equipment	93,622	17,535	17,535	—
Outgoing transfers	19,943,977	23,284,377	23,182,868	101,509
Total special education	180,635,639	183,237,339	182,974,629	262,710
Student Personnel Services				
Salaries and wages	10,451,772	10,003,853	9,758,023	245,830
Contracted services	406,064	567,948	547,444	20,504
Supplies and materials	17,574	15,574	15,253	321
Other charges	33,992	31,008	25,706	5,302
Total student personnel services	\$ 10,909,402	\$ 10,618,383	\$ 10,346,426	\$ 271,957

Schedule of Expenditures Compared to Budget (Non-GAAP Budgetary Basis)
General Fund
June 30, 2025

(Continued)

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Health Services				
Salaries and wages	\$ 11,821,059	\$ 10,606,359	\$ 10,378,261	\$ 228,098
Contracted services	1,377,564	1,427,564	1,287,131	140,433
Supplies and materials	248,964	167,464	132,948	34,516
Other charges	34,060	12,760	9,044	3,716
Total health services	13,481,647	12,214,147	11,807,384	406,763
Student Transportation				
Salaries and wages	2,766,416	2,711,061	2,650,942	60,119
Contracted services	63,845,073	67,312,261	66,314,851	997,410
Supplies and materials	20,847	24,451	22,716	1,735
Other charges	1,191,722	1,189,580	1,189,480	100
Equipment	—	—	—	—
Total student transportation	67,824,058	71,237,353	70,177,989	1,059,364
Operation of Plant				
Salaries and wages	31,011,572	30,534,796	30,534,684	112
Contracted services	2,205,667	2,013,505	2,013,498	7
Supplies and materials	1,328,598	1,368,245	1,368,203	42
Other charges	21,306,856	21,643,647	21,641,619	2,028
Equipment	7,500	—	—	—
Total operation of plant	55,860,193	55,560,193	55,558,004	2,189
Maintenance of Plant				
Salaries and wages	10,638,737	10,699,103	10,613,858	85,245
Contracted services	14,402,525	14,590,136	14,360,539	229,597
Supplies and materials	813,294	733,294	688,483	44,811
Other charges	50,290	29,164	14,876	14,288
Equipment	500,000	537,120	529,119	8,001
Total maintenance of plant	26,404,846	26,588,817	26,206,875	381,942
Fixed Charges	249,341,889	248,480,252	248,480,252	—
Community Services				
Salaries and wages	1,549,837	1,585,317	1,579,475	5,842
Contracted services	789,688	756,368	692,550	63,818
Supplies and materials	234,418	239,618	211,953	27,665
Other charges	1,674,040	1,673,080	1,671,290	1,790
Equipment	6,400	—	—	—
Total community services	4,254,383	4,254,383	4,155,268	99,115
Capital Outlay				
Salaries and wages	1,061,091	1,061,091	1,042,436	18,655
Contracted services	92,750	92,750	89,550	3,200
Supplies and materials	7,221	7,221	3,556	3,665
Other charges	9,151	9,151	2,741	6,410
Total capital outlay	1,170,213	1,170,213	1,138,283	31,930
TOTAL EXPENDITURES	<u>\$ 1,145,166,578</u>	<u>\$ 1,150,699,759</u>	<u>\$ 1,144,294,392</u>	<u>\$ 6,405,367</u>

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION Special Revenue Fund



Other Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Food Services Fund Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Intergovernmental Revenues:				
State	\$ 730,000	\$ 730,000	\$ 670,663	\$ (59,337)
Federal:				
National School Lunch and Milk Programs	8,175,000	8,175,000	8,258,352	83,352
National School Breakfast	3,030,000	3,030,000	3,332,654	302,654
U.S.D.A. Commodity Program	—	—	1,157,881	1,157,881
Total intergovernmental revenues	11,205,000	11,205,000	12,748,887	1,543,887
Earnings on investments	9,000	9,000	377,257	368,257
Other Revenue	—	—	11,080	11,080
Charges for Services:				
Food sales	8,058,000	8,058,000	6,574,248	(1,483,752)
Total revenues	20,002,000	20,002,000	20,382,135	369,055
EXPENDITURES				
Costs of operation - Food Service:				
Cost of food	10,794,000	10,794,000	9,956,567	(837,433)
Salaries and wages	13,127,387	13,127,387	12,634,506	(492,881)
Equipment/Miscellaneous	7,711,360	7,711,360	2,623,545	(5,087,815)
Total expenditures	31,632,747	31,632,747	25,214,618	(6,418,129)
EXCESS (DEFICIENCY) OF REVENUES	<u>\$ (11,630,747)</u>	<u>\$ (11,630,747)</u>	(4,832,483)	<u>\$ (6,049,074)</u>
FUND BALANCE, BEGINNING OF THE YEAR			<u>14,737,562</u>	
FUND BALANCE, END OF THE YEAR			<u>\$ 9,905,079</u>	

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION

Internal Service Funds



Other Supplementary Information

Combining Schedule of Net Position Internal Service Funds June 30, 2025

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
ASSETS					
Current Assets					
Investments	\$ —	\$ —	\$ 5,545,629	\$ 1,378,768	\$ 6,924,397
Accounts receivable	—	172,359	—	—	172,359
Due from other funds	154,994	15,332,694	1,668,804	28,663,594	45,820,086
Inventory	19,260	4,896	—	—	24,156
Total current assets	174,254	15,509,949	7,214,433	30,042,362	52,940,998
Non-Current Assets					
Capital assets:					
Furniture, fixtures and equipment	579,246	8,348,219	—	—	8,927,465
Less: accumulated depreciation	(449,495)	(8,050,718)	—	—	(8,500,213)
Leased assets	1,969,013	—	—	—	1,969,013
Subscription assets	—	981,271	—	—	981,271
Less: accumulated amortization	(1,444,730)	(981,271)	—	—	(2,426,001)
Total capital assets, net of depreciation and amortization	654,034	297,501	—	—	951,535
Total assets	828,288	15,807,450	7,214,433	30,042,362	53,892,533
LIABILITIES					
Current Liabilities					
Accounts payable	68,140	385,812	—	220,199	674,151
Lease liability	241,239	—	—	—	241,239
Accrued liabilities	1,745	393	16,300	3,267,356	3,285,794
Claims payable	—	—	3,763,967	10,491,000	14,254,967
Unearned revenue	—	—	—	6,643,346	6,643,346
Total current liabilities	311,124	386,205	3,780,267	20,621,901	25,099,497
Long-Term Liabilities					
Lease liability	65,486	—	—	—	65,486
Claims payable, net of current portion	—	—	2,496,189	—	2,496,189
Total long-term liabilities	65,486	—	2,496,189	—	2,561,675
Total liabilities	376,610	386,205	6,276,456	20,621,901	27,661,172
NET POSITION					
Net investment in capital assets	347,310	297,500	—	—	644,810
Restricted	70,000	8,000,000	—	3,000,000	11,070,000
Unrestricted	34,368	7,123,745	937,977	6,420,461	14,516,551
TOTAL NET POSITION	\$ 451,678	\$ 15,421,245	\$ 937,977	\$ 9,420,461	\$ 26,231,361



Other Supplementary Information

Combining Schedule of Revenues, Expenses, and Changes in Net Position Internal Service Funds Year Ended June 30, 2025

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
OPERATING REVENUES					
Charges for services - internal	\$ 2,329,146	\$ 18,830,239	\$ 3,546,296	\$ 152,994,439	\$ 177,700,120
Miscellaneous revenue	—	—	—	32,193,762	32,193,762
Contributions from employees and retirees	—	—	—	42,643,588	42,643,588
Total operating revenues	2,329,146	18,830,239	3,546,296	227,831,789	252,537,470
OPERATING EXPENSES					
Administrative expenses	2,145,393	16,661,124	499,670	3,870,835	23,177,022
Claims and related expenses	—	—	3,670,056	232,572,084	236,242,140
Depreciation and amortization expense	396,926	1,546,780	—	—	1,943,706
Total operating expenses	2,542,319	18,207,904	4,169,726	236,442,919	261,362,868
Operating income (loss)	(213,173)	622,335	(623,430)	(8,611,130)	(8,825,398)
NON-OPERATING REVENUE					
Interest income	—	—	254,174	63,193	317,367
Total non-operating income	—	—	254,174	63,193	317,367
NON-OPERATING EXPENSE					
Interfund transfers	—	—	—	—	—
Total non-operating expenses	—	—	—	—	—
CHANGES IN NET POSITION	(213,173)	622,335	(369,256)	(8,547,937)	(8,508,031)
TOTAL NET POSITION, BEGINNING OF YEAR	664,851	14,798,910	1,307,233	17,968,398	34,739,392
TOTAL NET POSITION, END OF YEAR	\$ 451,678	\$ 15,421,245	\$ 937,977	\$ 9,420,461	\$ 26,231,361



Other Supplementary Information

Combining Schedule of Cash Flows Internal Service Funds June 30, 2025

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Internal activity - payment (to) from other funds	\$ 2,532,736	\$ 16,657,634	\$ 3,998,365	\$ 160,554,979	\$ 183,743,714
Cash received from employees and retirees	—	—	—	42,643,587	42,643,587
Claims and related expenses paid (net of rebates)	—	—	(3,241,075)	(195,905,690)	(199,146,765)
Payments to employees	(907,914)	(7,023,677)	(100,000)	(3,463,469)	(11,495,060)
Payments to suppliers	(1,219,374)	(9,431,134)	(657,290)	(3,829,407)	(15,137,205)
Net cash provided by operating activities	405,448	202,823	—	—	608,271
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on leases and subscription agreements	(405,448)	(202,823)	—	—	(608,271)
Net cash used in capital and related financing activities	(405,448)	(202,823)	—	—	(608,271)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	—	—	(254,174)	(63,193)	(317,367)
Interest received	—	—	254,174	63,193	317,367
Net cash used in (provided by) investing activities	—	—	—	—	—
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	—	—	—	—
CASH AND CASH EQUIVALENTS, JULY 1, 2024	—	—	—	—	—
CASH AND CASH EQUIVALENTS, JUNE 30, 2025	\$ —	\$ —	\$ —	\$ —	\$ —
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ (213,173)	\$ 622,335	\$ (623,430)	\$ (8,611,130)	\$ (8,825,398)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	396,926	1,546,780	—	—	1,943,706
Effects of changes in assets and liabilities:					
Accounts receivable	—	(86,828)	—	1,275	(85,553)
Prepaid expenses	—	—	—	—	—
Due from other funds	203,590	(2,172,605)	452,069	7,560,540	6,043,594
Inventory	7,853	—	—	—	7,853
Accounts payable	10,252	293,141	(257,620)	(3,773,503)	(3,727,730)
Claims payable	—	—	428,981	4,471,356	4,900,337
Unearned revenue	—	—	—	351,462	351,462
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 405,448	\$ 202,823	\$ —	\$ —	\$ 608,271
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
TOTAL FINANCING ACTIVITIES	\$ —	\$ —	\$ —	\$ —	\$ —

FINANCIAL SECTION

OTHER SUPPLEMENTARY INFORMATION School Activity Fund



Other Supplementary Information

Schedule of School Activity Funds Increases and Decreases School Activity Fund Year Ended June 30, 2025

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Elementary Schools				
Atholton ES	\$ 13,252	\$ 39,270	\$ 37,812	\$ 14,710
Bellows Spring ES	20,489	60,672	55,031	26,130
Bollman Bridge ES	30,415	54,595	57,557	27,453
Bryant Woods ES	11,841	29,757	31,425	10,173
Bushy Park ES	35,562	65,832	71,342	30,052
Centennial Lane ES	31,754	67,707	71,468	27,993
Clarksville ES	46,142	40,188	47,811	38,519
Clemens Crossing ES	21,701	34,064	40,120	15,645
Cradlerock School	11,780	24,579	25,843	10,516
Dayton Oaks ES	51,761	96,747	113,637	34,871
Deep Run ES	19,269	29,886	38,424	10,731
Duckett's Lane ES	21,119	50,364	51,592	19,891
Elkridge ES	32,053	59,535	49,049	42,539
Forest Ridge ES	21,859	56,771	59,031	19,599
Fulton ES	37,447	90,548	84,283	43,712
Gorman Crossing ES	55,199	55,270	69,656	40,813
Guilford ES	7,777	26,117	29,455	4,439
Hammond ES	11,047	38,963	35,993	14,017
Hanover Hills ES	74,759	56,539	65,967	65,331
Hollifield Station ES	15,031	67,760	58,041	24,750
Ilchester ES	57,265	95,500	94,317	58,448
Jeffers Hill ES	20,965	35,419	39,921	16,463
Laurel Woods ES	25,454	40,351	38,397	27,408
Lisbon ES	18,537	48,322	23,316	43,543
Longfellow ES	21,672	39,573	41,905	19,340
Manor Woods ES	46,734	66,283	68,993	44,024
Northfield ES	28,347	73,146	69,040	32,453
Phelps Luck ES	16,090	42,878	36,313	22,655
Pointers Run ES	62,281	113,916	99,255	76,942
Rockburn ES	35,309	58,833	62,976	31,166
Running Brook ES	25,139	36,836	42,619	19,356
St. John's Lane ES	8,799	39,290	33,802	14,287
Steven's Forest ES	17,943	28,186	29,422	16,707
Swansfield ES	24,414	52,797	63,258	13,953
Talbott Springs ES	18,186	53,260	49,430	22,016
Thunder Hill ES	10,150	18,140	21,037	7,253
Triadelphia Ridge ES	34,115	46,093	48,303	31,905
Veterans ES	17,418	100,031	108,867	8,582
Waterloo ES	31,590	50,358	62,474	19,474
Waverly ES	8,855	83,655	85,115	7,395
West Friendship ES	27,302	33,406	29,074	31,634
Worthington ES	52,088	45,240	51,950	45,378
Total - Elementary Schools	\$ 1,178,910	\$ 2,246,677	\$ 2,293,321	\$ 1,132,266



Other Supplementary Information

Schedule of School Activity Funds Increases and Decreases School Activity Fund Year Ended June 30, 2025

(Continued)

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Middle Schools				
Bonnie Branch MS	\$ 23,439	\$ 67,393	\$ 62,392	\$ 28,440
Burleigh Manor MS	78,341	136,428	127,360	87,409
Clarksville MS	50,028	81,965	82,469	49,524
Dunloggin MS	56,801	76,446	77,325	55,922
Elkridge Landing MS	32,317	71,285	62,940	40,662
Ellicott Mills MS	38,954	98,647	111,594	26,007
Folly Quarter MS	18,368	63,769	64,353	17,784
Glenwood MS	35,520	52,747	47,757	40,510
Hammond MS	27,040	75,205	72,489	29,756
Harper's Choice MS	15,181	49,461	46,165	18,477
Lake Elkhorn MS	29,860	72,947	74,601	28,206
Lime Kiln MS	24,954	63,176	66,062	22,068
Mayfield Woods MS	22,082	66,834	65,484	23,432
Mount View MS	32,355	149,403	146,956	34,802
Murray Hill MS	29,182	74,452	75,319	28,315
Oakland Mills MS	28,372	84,224	89,856	22,740
Patapsco MS	21,889	44,368	53,618	12,639
Patuxent Valley MS	23,422	69,527	72,129	20,820
Thomas Viaduct MS	17,112	58,176	57,691	17,597
Wilde Lake MS	24,541	68,470	66,971	26,040
Total - Middle Schools	629,758	1,524,923	1,523,531	631,150
High Schools				
Atholton HS	194,027	450,894	462,880	182,041
Centennial HS	389,517	652,277	513,784	528,010
Glenelg HS	314,829	1,056,075	1,033,755	337,149
Guilford Park HS	39,282	235,755	198,699	76,338
Hammond HS	272,627	296,539	289,301	279,865
Howard HS	214,589	450,083	480,270	184,402
Long Reach HS	171,787	303,866	311,105	164,548
Marriotts Ridge HS	226,059	1,098,626	1,068,276	256,409
Mount Hebron HS	182,849	557,091	555,255	184,685
Oakland Mills HS	158,884	329,836	335,510	153,210
Reservoir HS	249,591	562,600	600,463	211,728
River Hill HS	318,945	1,005,057	1,013,303	310,699
Wilde Lake HS	216,566	316,562	272,227	260,901
Total - High Schools	2,949,552	7,315,261	7,134,828	3,129,985
Special Schools				
Apps and Research Lab	31,294	75,200	48,897	57,597
Cedar Lane School	29,606	28,546	17,728	40,424
Homewood School	10,784	9,777	13,104	7,457
Total - Special Schools	71,684	113,523	79,729	105,478
Total - All Schools	\$ 4,829,904	\$ 11,200,384	\$ 11,031,409	\$ 4,998,879

STATISTICAL SECTION



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Financial Trends – These schedules contain trend information to help the reader understand how the Board’s financial performance and well-being have changed over time.

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Revenue Capacity – Not included. The HCPSS lacks authority to levy taxes.

Debt Capacity – The HCPSS has no authority to issue bond debt. The Howard County Government and the State of Maryland incur bond debt on behalf of the HCPSS to fund capital improvements and are responsible for the liquidation of these debts. In accordance with Board Policy, the HCPSS has the authority to enter into lease agreements.

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Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Board’s financial activities take place.

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STATISTICAL SECTION

Financial Trends

Net Position by Component
TABLE 1

Year Ended June 30, 2025 and Nine Prior Years

(amounts expressed in thousands)

	2016	2017	2018*	2019	2020**	2021	2022	2023	2024	2025
Governmental Activities										
Net investment in capital assets	\$ 1,166,847	\$ 1,217,728	\$ 1,234,814	\$ 1,233,956	\$ 1,237,175	\$ 1,282,509	\$ 1,368,780	\$ 1,403,391	\$ 1,397,670	\$ 1,387,291
Restricted for capital projects	—	—	—	8,460	8,062	2,947	3,861	8,001	16,457	22,406
Restricted for GWWTP	1,222	1,230	1,247	1,275	1,295	1,199	1,201	1,218	1,424	1,494
Restricted for workforce development	—	—	—	—	—	—	—	—	90	—
Restricted for food services	234	192	1,012	—	—	—	—	—	—	—
Restricted for print services	—	—	—	—	—	—	—	—	—	70
Restricted for technology services	—	—	—	—	—	—	—	—	—	8,000
Restricted for health and dental	—	—	—	—	—	—	—	—	—	3,000
Unrestricted	(41,059)	(41,741)	(835,260)	(849,825)	(883,000)	(893,679)	(965,511)	(982,761)	(986,752)	(1,029,222)
Total Governmental Activities Net Position	\$ 1,127,244	\$ 1,177,409	\$ 401,813	\$ 393,866	\$ 363,532	\$ 392,976	\$ 408,331	\$ 429,849	\$ 428,889	\$ 393,039
Business-type Activities										
Net investment in capital assets	\$ 46	\$ 73	\$ 59	\$ 60	\$ 43	\$ 26	\$ 50	\$ 44	\$ 86	\$ 63
Unrestricted	256	244	295	311	262	283	300	374	323	426
Total Business-type Activities Net Position	\$ 302	\$ 317	\$ 354	\$ 371	\$ 305	\$ 309	\$ 350	\$ 418	\$ 409	\$ 489
Total Primary Government										
Net investment in capital assets	\$ 1,166,893	\$ 1,217,801	\$ 1,234,873	\$ 1,234,015	\$ 1,237,217	\$ 1,282,535	\$ 1,368,830	\$ 1,403,435	\$ 1,397,756	\$ 1,387,354
Restricted	1,456	1,422	2,259	11,839	9,357	4,146	5,062	9,219	17,971	34,970
Unrestricted	(40,803)	(41,497)	(834,965)	(851,617)	(882,737)	(893,396)	(965,211)	(982,765)	(986,429)	(1,028,796)
Total Primary Government Net Position	\$ 1,127,546	\$ 1,177,726	\$ 402,167	\$ 394,237	\$ 363,837	\$ 393,285	\$ 408,681	\$ 430,267	\$ 429,298	\$ 393,528

*The significant decrease in Unrestricted Net Position is due to the School System implementing GASB 75 which increased expenditures for the School System and was the prime factor for the decrease.

** As restated due to implementation of GASB 84.

Source: HCPSS Finance Department. The Board has adopted the requirements of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Prior year net position has been restated for this schedule in conformity with GASB 54.

Changes in Net Position

Year Ended June 30, 2025 and Nine Prior Years

(amounts expressed in thousands)

TABLE 2

Functions/Programs	2016	2017	2018	2019	2020*	2021*	2022	2023	2024	2025**
Expenses										
Governmental Activities										
Instruction										
Regular education	\$ 536,486	\$ 549,749	\$ 604,207	\$ 606,945	\$ 623,037	\$ 655,145	\$ 703,676	\$ 718,519	\$ 738,893	\$ 788,642
Special education	153,791	159,479	175,426	183,463	196,616	208,356	236,022	254,079	274,943	302,157
Total Instruction	690,277	709,228	779,633	790,408	819,653	863,501	939,698	972,598	1,013,836	1,090,799
Support Services										
Administration	19,105	22,437	21,741	20,809	43,296	20,370	32,400	23,724	24,548	33,675
Mid-level administration	92,335	94,884	101,422	100,453	92,650	101,292	111,839	107,292	112,341	117,507
Student personnel services	4,852	4,931	5,266	5,504	4,576	6,602	12,074	12,971	15,624	17,734
Health services	11,397	11,963	12,725	13,607	13,080	14,542	16,810	17,253	18,198	19,086
Student transportation	38,035	38,839	39,890	42,401	42,468	31,686	48,994	49,886	68,330	71,947
Operation of plant	49,707	49,465	49,784	54,021	48,954	55,875	62,249	65,313	73,779	79,279
Maintenance of plant and equipment	30,755	30,121	31,779	31,918	30,205	33,572	41,084	38,835	38,211	34,490
Community services	8,741	8,603	9,402	9,313	10,078	6,735	7,982	7,589	5,994	6,305
Food services	13,845	14,857	15,483	16,581	16,583	15,060	19,436	20,000	23,435	21,976
Student activities	—	—	—	—	—	—	—	—	—	11,032
Interest on long-term debt	61	43	27	20	—	—	—	—	—	935
Total Support Services	268,833	276,143	287,519	294,627	301,890	285,734	352,868	342,863	380,460	413,966
Total Governmental Activities	\$ 959,110	\$ 985,371	\$ 1,067,152	\$ 1,085,035	\$ 1,121,543	\$ 1,149,235	\$ 1,292,566	\$ 1,315,461	\$ 1,394,296	\$ 1,504,765
Business-type Activities										
Jim Rouse Theatre	\$ 90	\$ 109	\$ 123	\$ 189	\$ 150	\$ 148	\$ 208	\$ 240	\$ 291	\$ 272
Total School System Expenses	\$ 959,200	\$ 985,480	\$ 1,067,275	\$ 1,085,224	\$ 1,121,693	\$ 1,149,383	\$ 1,292,774	\$ 1,315,701	\$ 1,394,587	\$ 1,505,037

* FY20 restated due to implementation of GASB 84, and FY21 beginning balance restated.

** Prior to FY25, student activity expenses are allocated across different functions.

Source: HCPSS Finance Department.

Changes in Net Position
Year Ended June 30, 2025 and Nine Prior Years
(amounts expressed in thousands)

TABLE 2
(Continued)

Program Revenues	2016	2017	2018	2019	2020*	2021*	2022	2023	2024	2025***
Charges for Services										
Regular education	\$ 2,473	\$ 5,097	\$ 3,637	\$ 5,097	\$ 396	\$ 2,118	\$ 2,501	\$ 3,867	\$ 5,190	\$ 7,012
Operation of plant	9,362	9,716	17,452	9,716	205	222	218	215	153	554
Community services	—	—	—	—	—	—	—	—	—	409
Food services	5,978	6,977	6,902	6,977	3,469	5,558	9,582	16,432	17,597	6,574
Operating grants and contributions	146,211	175,495	168,923	175,495	171,756	187,658	238,797	235,724	248,372	293,880
Capital grants and contributions	80,150	42,744	61,699	42,744	41,857	84,601	123,056	81,003	49,407	48,379
Total Program Revenues	244,174	240,029	258,613	240,029	217,683	280,157	374,154	337,241	320,719	356,808
Business-type Activities										
Jim Rouse Theatre	134	206	159	206	84	152	249	308	282	350
Total School System Revenues	\$ 244,308	\$ 240,235	\$ 258,772	\$ 240,235	\$ 217,767	\$ 280,309	\$ 374,403	\$ 337,549	\$ 321,001	\$ 357,158
Total Governmental Net Expense	\$ (714,892)	\$ (745,245)	\$ (808,503)	\$ (844,989)	\$ (903,926)	\$ (869,074)	\$ (918,371)	\$ (978,152)	\$ (1,073,586)	\$ (1,147,879)
General Revenues and Other Changes in Net Position										
General revenues										
Local appropriations	\$ 544,145	\$ 600,054	\$ 572,872	\$ 600,054	\$ 607,200	\$ 620,300	\$ 640,800	\$ 675,577	\$ 721,190	\$ 767,827
State Aid	197,822	222,299	212,420	222,299	243,882	252,282	251,796	284,342	304,129	304,437
Federal Aid	160	194	124	194	100	171	145	228	368	236
Interest and investment earnings	101	1,612	816	1,612	1,136	52	216	5,656	9,150	8,256
Student Activity Fund Revenue	—	—	—	—	9,735	2,856	7,214	9,296	10,219	—
Miscellaneous	1,962	12,900	5,094	12,900	11,982	17,610	33,595	24,639	27,591	32,207
Total General Revenues	744,190	837,059	791,326	837,059	874,035	893,271	933,766	999,738	1,072,647	1,112,963
Change in Net Position - Governmental Activities	29,253	91,718	(17,213)	(7,946)	(29,826)	24,193	15,355	21,518	(960)	(35)
Change in Net Position - Business-type Activities	44	97	36	17	(66)	4	41	68	(9)	—
Total Change in Net Position	29,297	91,815	(17,177)	(7,929)	(29,892)	24,197	15,396	21,586	(969)	(35)
Net Position - Beginning of year	1,098,249	1,127,546	419,343	402,167	398,980	369,088	393,285	408,681	430,267	429
Net Position - End of Year	\$ 1,127,546	\$ 1,219,361	\$ 402,166	\$ 394,238	\$ 369,088	\$ 393,285	\$ 408,681	\$ 430,267	\$ 429,298	\$394,384

* FY18 Net position restated.

** FY20 restated due to implementation of GASB 84, and FY21 beginning balance restated.

Source: HCPSS Finance Department.

Changes in Fund Balances of Governmental Funds
TABLE 3

Year Ended June 30, 2025 and Nine Prior Years

(amounts expressed in thousands)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
Revenues										
Local	\$ 612,804	\$ 624,455	\$ 653,700	\$ 662,183	\$ 643,299	\$ 693,334	\$ 745,538	\$ 764,531	\$ 799,717	\$ 861,488
State	304,642	338,907	307,848	320,548	357,249	376,748	397,753	417,322	423,056	448,580
Federal	27,984	29,160	29,143	30,511	34,362	43,880	95,252	58,137	59,969	60,513
Earnings on investments	70	292	901	1,830	1,389	67	232	6,033	10,090	9,473
Charges for services	11,885	12,200	13,742	15,737	9,213	3,896	4,466	13,131	13,539	11,105
Interfund transfers	—	—	—	—	—	—	—	—	3,000	—
Miscellaneous revenues	1,825	449	2,405	1,774	1,453	910	492	560	944	13
School activity fund revenue	—	—	—	—	9,735	2,856	7,213	9,296	10,219	—
Total Revenues	959,210	1,005,463	1,007,739	1,032,583	1,056,700	1,121,691	1,250,946	1,269,010	1,320,534	1,391,172
Expenditures										
Instruction										
Regular education	335,660	347,374	361,042	363,645	389,407	386,877	413,581	443,334	464,643	476,438
Special education	108,329	112,299	121,518	125,826	136,222	140,228	156,569	176,406	199,876	209,507
Support Services										
Administration	12,431	13,735	13,842	13,332	20,159	12,968	23,136	15,108	16,196	15,378
Mid-Level administration	61,473	60,909	63,850	62,316	63,412	62,404	68,214	66,743	72,412	71,427
Student personnel services	3,325	3,347	3,500	3,636	4,230	4,254	7,441	8,403	10,492	11,339
Health services	7,608	8,010	8,184	8,698	8,970	9,085	10,669	11,444	12,300	12,321
Student transportation	37,504	37,995	38,964	41,375	41,628	30,583	47,645	48,617	66,851	70,218
Operation of plant	39,202	39,879	38,592	41,281	38,354	40,350	44,568	48,407	54,810	56,124
Maintenance of plant and equipment	24,570	23,866	25,128	25,136	24,948	26,328	32,784	30,932	31,827	26,375
Fixed charges	224,675	241,418	242,684	271,550	271,675	266,713	305,299	311,944	322,327	361,468
Community services	6,765	6,494	6,879	6,786	8,094	4,412	6,227	5,896	5,086	5,192
Food services	13,845	14,857	15,483	16,581	16,601	14,984	19,348	19,916	23,379	25,215
Student/school activity fees	—	—	—	—	—	—	—	—	—	11,032
Capital outlay	79,922	84,325	64,056	37,925	43,358	90,394	123,126	78,153	42,024	54,823

Changes in Fund Balances of Governmental Funds
TABLE 3

Year Ended June 30, 2025 and Nine Prior Years

(amounts expressed in thousands)

(Continued)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025*
Debt Service:										
Lease principal	—	—	—	—	—	—	—	—	—	573
Subscription-based principal	—	—	—	—	—	—	—	—	—	1,998
Lease interest	—	—	—	—	—	—	—	—	—	40
Subscription-based interest	—	—	—	—	—	—	—	—	—	—
Total	<u>955,309</u>	<u>994,508</u>	<u>1,003,722</u>	<u>1,018,087</u>	<u>1,067,058</u>	<u>1,089,580</u>	<u>1,258,607</u>	<u>1,265,303</u>	<u>1,322,223</u>	<u>1,409,468</u>
Excess (deficiency) of revenues over expenditures	3,901	10,955	4,017	14,497	(10,358)	32,111	(7,661)	3,706	(1,689)	(18,296)
Other Financing Sources (Uses)										
Leases	—	—	—	—	5,314	—	—	—	—	11,251
Subscription agreements	—	—	—	—	1,621	—	—	—	—	—
Net change in fund balances	<u>3,901</u>	<u>10,955</u>	<u>4,017</u>	<u>14,497</u>	<u>(3,423)</u>	<u>32,111</u>	<u>(7,661)</u>	<u>3,706</u>	<u>(1,689)</u>	<u>(7,045)</u>

* Prior to FY25, debt services were reported under Operation of plant and Maintenance of plant and equipment. Starting FY25, they are reported separately. Prior to FY25, issuance of leases was reported under capital outlay. Starting FY25, it is reported under Other Financing Sources (Uses).

Fund Balances of Governmental Funds
Year Ended June 30, 2025 and Nine Prior Years
(amounts expressed in thousands)

TABLE 4

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 1,047	\$ 1,133	\$ 911	\$ 1,017	\$ 1,052	\$ 1,170	\$ 1,043	\$ 1,022	\$ 680	\$ 596
Restricted for workforce development	—	—	—	—	—	—	—	—	90	—
Committed	—	1,043	686	330	—	—	—	—	—	—
Assigned	13,896	10,849	10,685	17,018	15,808	27,479	38,595	30,330	26,542	12,006
Unassigned	2,973	8,322	13,192	15,169	13,119	36,812	6,353	10,187	7,624	12,449
Total General Fund	<u>17,916</u>	<u>21,347</u>	<u>25,474</u>	<u>33,534</u>	<u>29,979</u>	<u>65,461</u>	<u>45,991</u>	<u>41,539</u>	<u>34,936</u>	<u>25,051</u>
Other Governmental Funds										
Nonspendable	234	193	260	199	164	330	333	351	342	347
Restricted for School Construction Fund	(2,699)	4,282	2,769	8,460	8,062	2,947	3,861	8,001	16,457	22,406
Restricted for Special Revenue Fund	1,223	1,230	1,247	1,275	1,295	1,198	1,201	1,218	1,424	1,494
Committed	—	—	—	—	—	—	—	—	—	1,567
Assigned	927	1,504	2,824	3,602	8,890	10,566	21,455	25,439	21,700	16,950
Unassigned	—	—	—	—	—	—	—	—	—	—
Total Other Governmental Funds	<u>(315)</u>	<u>7,209</u>	<u>7,100</u>	<u>13,536</u>	<u>18,411</u>	<u>15,041</u>	<u>26,850</u>	<u>35,009</u>	<u>39,923</u>	<u>42,764</u>
Total All Governmental Funds	<u>\$ 17,601</u>	<u>\$ 28,556</u>	<u>\$ 32,574</u>	<u>\$ 47,070</u>	<u>\$ 48,390</u>	<u>\$ 80,502</u>	<u>\$ 72,841</u>	<u>\$ 76,548</u>	<u>\$ 74,859</u>	<u>\$ 67,815</u>

General Fund Final Approved Operating Budgets
 Year Ended June 30, 2025 and Nine Prior Years

TABLE 5

	Administration	Mid Level Administration	Instructional Salaries	Textbooks and Classroom Supplies	Other Instructional Costs	Special Education	Student Personnel Services
2016	\$ 12,400,033	\$ 58,609,689	\$ 315,646,974	\$ 11,753,227	\$ 3,414,360	\$ 93,591,283	\$ 3,229,291
2017	13,644,327	60,121,955	331,702,925	9,309,755	3,174,210	98,973,242	3,302,029
2018	13,940,748	62,428,043	344,527,214	8,933,036	2,683,046	104,727,030	3,425,010
2019	13,342,320	62,208,494	347,229,986	9,373,425	3,128,717	109,884,782	3,641,641
2020	13,578,591	64,089,827	359,619,583	7,791,394	5,268,024	122,258,423	3,982,752
2021	13,343,612	63,057,189	360,800,857	9,391,029	4,124,092	132,179,019	4,279,587
2022	14,319,356	65,764,001	368,251,737	9,397,916	4,848,375	139,986,830	7,558,344
2023	15,334,620	66,234,353	393,380,658	10,275,444	13,085,817	156,011,247	8,546,420
2024	15,546,385	70,393,148	416,759,697	9,511,736	17,832,827	169,167,514	9,800,470
2025	15,028,243	70,721,095	423,906,169	8,138,043	19,545,129	183,237,339	10,618,383

	Health Services	Student Transportation	Operation of Plant	Maintenance of Plant and Equipment	Fixed Charges	Community Services	Capital Outlay	Total
2016	\$ 7,817,556	\$ 37,582,625	\$ 40,436,229	\$ 25,295,656	\$ 159,105,740	\$ 6,626,238	\$ 829,479	\$ 776,338,380
2017	7,928,482	38,559,280	40,024,441	23,501,916	170,544,715	6,783,687	816,892	808,387,856
2018	8,178,796	39,015,733	40,101,696	23,939,247	159,387,166	6,973,670	845,849	819,106,284
2019	8,966,402	41,416,993	42,823,699	25,372,132	186,960,057	7,128,926	908,432	862,386,006
2020	9,302,729	42,801,337	42,167,830	26,453,528	202,758,711	7,289,364	1,179,204	908,541,297
2021	10,203,710	43,494,275	42,667,150	28,874,171	198,899,386	6,462,524	913,108	918,689,709
2022	9,762,831	46,221,782	43,542,414	27,902,205	214,160,362	4,653,038	1,276,411	957,645,602
2023	11,715,622	51,356,413	48,537,284	28,136,861	223,641,174	5,086,111	1,106,591	1,032,448,615
2024	12,450,743	68,584,853	54,360,568	26,966,238	232,745,184	4,161,212	1,195,562	1,109,476,137
2025	12,214,147	71,237,353	55,560,193	26,588,817	248,480,252	4,254,383	1,170,213	1,150,699,759

Source: HCPSS Finance Department

Capital Assets by Function
TABLE 6

Year Ended June 30, 2025 and Nine Prior Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Schools										
Buildings	76	76	76	77	77	77	77	77	78	78
Administration										
Buildings	3	3	2	2	2	2	2	2	2	2
Vehicles	17	17	17	17	17	14	13	13	12	12
Mid-level Administration										
Vehicles	11	11	11	11	11	9	9	9	6	6
Special Education										
Vehicles	1	1	1	1	1	1	1	1	1	1
Student Transportation										
Vehicles	17	17	17	17	17	17	17	17	14	14
Operations										
Vehicles	152	162	152	152	150	136	125	121	107	103
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	58	60	65	66	66	66	81	99	94	113
Community Service										
Vehicles	14	14	14	14	14	14	14	14	14	14
Capital Outlay										
Vehicles	3	3	3	3	3	3	3	6	6	16
Technology										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	14	14	15	15	15	12	11	11	8	8
Print Shop										
Print Presses	18	20	21	21	21	22	21	21	19	19

STATISTICAL SECTION

Debt Capacity

Computation of Debt Limits
TABLE 7

Year Ended June 30, 2025 and Nine Prior Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Current Operating Budget	\$ 776,338,380	\$ 808,387,856	\$ 819,106,284	\$ 862,386,006	\$ 908,541,297	\$ 918,689,709	\$ 957,645,602	\$1,032,448,615	\$1,109,476,137	\$1,150,699,759
6 % of Current Operating Budget	46,580,303	48,503,271	49,146,377	51,743,160	54,512,478	55,121,383	57,458,736	61,946,917	66,568,568	69,041,986
Total Debt Outstanding June 30	10,863,543	7,465,623	4,502,410	1,323,529	13,126,281	12,499,879	10,118,238	7,134,201	3,769,966	11,840,325
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	23,290,151	24,251,636	24,573,189	25,871,580	27,256,239	27,560,691	28,729,368	30,973,458	33,284,284	34,520,993
Total Debt Service	\$ 4,110,209	\$ 411,209	\$ 2,963,213	\$ 3,178,881	\$ 3,266,765	\$ 3,264,477	\$ 3,086,716	\$ 3,346,740	\$ 3,364,235	\$ 3,180,988
Compliance with Debt Service Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

HCPSS has no authority to issue bond debt. The Howard County Government and the State of Maryland incur bond debt on behalf of HCPSS to fund capital improvements and are responsible for the liquidation of these debts. In accordance with Board Policy, HCPSS has the authority to enter into capital lease agreements, limited to no more than 6% of the current operating budget. In addition, HCPSS must limit debt service to 3% of the total operating budget.

Outstanding Debt by Type
 Year Ended June 30, 2025 and Nine Prior Years

TABLE 8

Fiscal Year	Governmental Activities Leases and SBITAs	Business-Type Activities	Total
2016	\$ 10,863,543	\$ —	\$ 10,863,543
2017	7,465,623	—	7,465,623
2018	4,502,410	—	4,502,410
2019	1,323,529	—	1,323,529
2020*	13,126,281	—	13,126,281
2021*	12,499,879	—	12,499,879
2022*	10,118,238	—	10,118,238
2023*	7,134,201	—	7,134,201
2024*	3,769,966	—	3,769,966
2025*	11,840,325	—	11,840,325

* For fiscal years 2013 through 2019, the amounts presented represent capital lease liabilities.

In FY2020, HCPSS adopted GASB 87, Leases and GASB 96, Subscription-Based Information Technology Agreements (SBITAs), which require all leases and SBITAs to be reported as liabilities. The amounts presented for 2020 and beyond represent all leases and SBITAs.

Details regarding HCPSS' outstanding debt can be found in Note V to the financial statements.

STATISTICAL SECTION

Demographic and Economic Information

Enrollment by Grade
TABLE 9

Year Ended June 30, 2025 and Nine Prior Years

		2016	2017(C)	2018	2019	2020	2021	2022	2023(D)	2024	2025
Elementary School											
Pre-kindergarten		1,288	1,281	1,278	1,330	1,355	1,012	1,318	1,448	1,519	1,532
Kindergarten		3,801	3,797	3,943	3,949	3,962	3,627	3,807	3,739	3,717	3,592
Grade	1	3,940	3,938	4,078	4,038	4,212	3,913	3,899	4,051	3,881	3,871
	2	4,085	4,084	4,250	4,211	4,145	4,107	4,023	4,054	4,163	3,988
	3	4,276	4,275	4,249	4,219	4,334	4,059	4,163	4,184	4,134	4,286
	4	4,230	4,230	4,401	4,361	4,333	4,321	4,114	4,280	4,247	4,222
	5	4,263	4,258	4,579	4,542	4,473	4,268	4,323	4,267	4,326	4,311
Total Elementary School		25,883	25,863	26,778	26,650	26,814	25,307	25,647	26,023	25,987	25,802
Middle School											
Grade	6	4,215	4,216	4,587	4,555	4,654	4,456	4,275	4,395	4,306	4,337
	7	4,351	4,355	4,508	4,498	4,610	4,635	4,416	4,362	4,448	4,403
	8	4,306	4,326	4,370	4,356	4,531	4,580	4,601	4,404	4,375	4,511
Total Middle School		12,872	12,897	13,465	13,409	13,795	13,671	13,292	13,161	13,129	13,251
High School											
Grade	9 and SP	4,619	4,591	4,799	4,915	4,757	4,665	4,878	5,045	4,801	4,770
	10	4,206	4,206	4,503	4,460	4,633	4,570	4,537	4,609	4,632	4,503
	11	3,983	3,986	4,255	4,253	4,272	4,456	4,285	4,255	4,460	4,554
	12	3,987	3,985	4,111	4,114	4,358	4,388	4,487	4,371	4,361	4,443
Total High School		16,795	16,768	17,668	17,742	18,020	18,079	18,187	18,280	18,254	18,270
Cedar Lane (includes Pre-kindergarten)		109	110	108	99	117	116	113	124	132	133
Homewood		—	—	—	—	122	120	86	88	131	109
		109	110	108	99	239	236	199	212	263	242
Total Enrollment (A)		55,659	55,638	58,019	57,900	58,868	57,293	57,325	57,676	57,633	57,565
Number of School Teachers (B)		2,857	3,056	4,294	4,314	4,325	4,241	4,268	4,327	4,346	4,275
Ratio of Students to Teachers		19:1	18:1	14:1	13:1	14:1	14:1	13:1	13:1	13:1	13:1

(A) Total includes Pre-kindergarten head count.

(B) Sources: mdreportcard.org, Staff Data Report - Current year data not available prior to publishing

(C) FY 2017, Special Education Teachers were added to the total classroom teachers.

(D) HCPSS website - Official Enrollment Reports (Official SY22-23 Enrollment) - Current year data was not available prior to publishing

Source: HCPSS Website - Enrollment Reports and Class Sizes



Enrollment by School

Year Ended June 30, 2025 and Nine Prior Years

TABLE 10

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Capacity	Capacity %
Elementary Schools (a)												
Atholton	468	468	470	471	504	451	474	489	520	516	424	121.7%
Bellows Springs	739	739	802	803	776	676	747	799	825	806	726	111.0%
Bollman Bridge	764	763	757	740	765	709	719	742	754	775	609	127.3%
Bryant Woods	413	413	462	458	448	360	329	361	359	366	289	126.6%
Bushy Park	617	615	625	628	638	602	620	621	631	631	732	86.2%
Centennial Lane	739	739	737	734	719	655	658	698	742	749	603	124.2%
Clarksville	430	430	419	419	436	501	539	581	557	543	543	100.0%
Clemens Crossing	532	531	495	491	508	549	563	543	506	481	521	92.3%
Cradlerock	491	491	511	509	497	456	457	459	465	453	398	113.8%
Dayton Oaks	677	677	723	727	720	683	730	783	764	739	754	98.0%
Deep Run	816	816	748	729	767	680	711	723	677	638	719	88.7%
Ducketts Lane	826	826	600	606	570	630	620	617	595	573	650	88.2%
Elkridge	871	870	912	901	923	819	824	805	810	798	713	111.9%
Forest Ridge	704	703	686	679	689	663	656	648	679	659	647	101.9%
Fulton	832	832	920	918	1,021	838	868	879	866	872	700	124.6%
Gorman Crossing	751	751	877	877	849	786	784	743	728	750	719	104.3%
Guildford	451	451	443	439	475	500	497	478	473	437	465	94.0%
Hammond	640	640	625	623	604	620	622	651	739	763	653	116.8%
Hanover Hills	—	—	714	694	757	774	823	864	844	875	810	108.0%
Hollifield Station	796	796	869	879	872	768	750	732	721	677	732	92.5%
Ilchester	690	690	655	648	634	556	544	537	518	482	509	94.7%
Jeffers Hill	456	455	401	403	414	373	410	408	397	406	377	107.7%
Laurel Woods	601	601	601	607	645	656	634	662	596	625	609	102.6%
Lisbon	446	446	453	451	443	377	402	453	460	480	527	91.1%
Longfellow	457	457	463	460	447	485	497	478	423	446	490	91.0%
Manor Woods	759	759	660	650	627	697	697	662	675	697	681	102.3%
Northfield	710	710	749	747	702	736	718	747	749	764	700	109.1%
Phelps Luck	608	605	592	582	633	625	694	746	704	681	597	114.1%
Pointers Run	784	784	922	924	912	779	796	812	830	835	744	112.2%
Rockburn	726	726	627	629	628	611	636	651	672	649	609	106.6%
Running Brook	515	515	503	500	484	402	415	399	389	407	449	90.6%
St. John's Lane	701	701	724	726	764	679	651	641	657	636	612	103.9%
Stevens Forest	433	433	420	415	426	347	337	308	328	314	330	95.2%
Swansfield	641	640	606	601	562	501	512	592	602	594	650	91.4%
Talbott Springs	502	501	503	504	509	467	441	483	488	461	490	94.1%
Thunder Hill	558	558	528	526	475	481	485	472	454	459	509	90.2%
Triadelphia Ridge	560	560	562	563	555	540	562	605	625	619	584	106.0%
Veterans	931	928	956	932	962	951	899	870	897	883	799	110.5%
Waterloo	624	624	620	620	602	582	606	612	626	666	603	110.4%
Waverly	770	766	910	901	951	899	892	867	868	827	788	104.9%
West Friendship	326	326	400	401	393	376	382	366	370	367	414	88.6%
Worthington	528	527	528	535	508	467	446	436	404	403	414	97.3%
Total Elementary Schools	25,883	25,863	26,778	26,650	26,814	25,307	25,647	26,023	25,987	25,802	24,892	103.7%

(a) Includes Pre-kindergarten enrollment.



Enrollment by School

Year Ended June 30, 2025 and Nine Prior Years

TABLE 10
(Continued)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Capacity	Capacity %
Middle Schools												
Bonnie Branch	715	713	750	751	703	693	663	682	710	739	701	105.4%
Burleigh Manor	819	819	811	808	811	844	785	806	776	777	721	107.8%
Clarksville	560	560	666	666	710	716	665	649	643	679	643	105.6%
Dunloggon	617	617	664	660	628	624	623	617	638	623	565	110.3%
Elkridge Landing	700	700	747	745	764	710	687	680	681	686	779	88.1%
Ellicott Mills	828	829	870	869	909	789	725	670	721	698	701	99.6%
Folly Quarter	616	616	660	660	700	662	664	683	683	682	662	103.0%
Glenwood	517	517	492	492	515	510	490	493	492	494	545	90.6%
Hammond	592	593	579	572	602	612	583	570	582	604	604	100.0%
Harper's Choice	570	570	505	504	493	490	505	497	469	471	506	93.1%
Lake Elkhorn	530	530	580	580	564	600	603	598	622	569	643	88.5%
Lime Kiln	729	729	632	632	660	642	619	643	650	675	682	99.0%
Mayfield Woods	685	685	725	726	787	795	758	716	695	731	798	91.6%
Mount View	792	792	838	837	853	835	866	894	876	881	798	110.4%
Murray Hill	669	669	724	720	733	723	634	591	600	616	662	93.1%
Oakland Mills	443	443	515	520	498	479	476	475	428	415	506	82.0%
Patapsco	686	687	716	712	746	693	663	661	638	670	643	104.2%
Patuxent Valley	639	639	690	686	698	778	800	767	843	840	760	110.5%
Thomas Viaduct	632	633	669	654	734	835	857	858	764	758	740	102.4%
Wilde Lake	556	556	632	632	687	641	626	611	618	643	740	86.9%
Total Middle Schools	12,895	12,897	13,465	13,426	13,795	13,671	13,292	13,161	13,129	13,251	13,399	98.9%
High Schools												
Atholton	1,455	1,456	1,505	1,511	1,460	1,472	1,456	1,467	1,498	1,540	1,530	100.7%
Centennial	1,511	1,511	1,593	1,594	1,597	1,467	1,377	1,392	1,364	1,377	1,360	101.3%
Glenelg	1,206	1,207	1,198	1,199	1,197	1,263	1,298	1,339	1,367	1,363	1,420	96.0%
Guilford Park									779	1,218	1,658	73.5%
Hammond	1,304	1,300	1,370	1,377	1,394	1,316	1,306	1,287	1,167	1,159	1,445	80.2%
Howard	1,839	1,837	1,899	1,898	1,910	1,828	1,792	1,741	1,529	1,493	1,400	106.6%
Long Reach	1,553	1,554	1,551	1,565	1,696	1,595	1,639	1,714	1,448	1,334	1,488	89.7%
Marriotts Ridge	1,264	1,264	1,417	1,422	1,472	1,597	1,662	1,716	1,701	1,741	1,615	107.8%
Mt. Hebron	1,583	1,582	1,631	1,630	1,695	1,635	1,639	1,621	1,518	1,455	1,400	103.9%
Oakland Mills	1,171	1,174	1,226	1,231	1,246	1,269	1,336	1,401	1,422	1,413	1,400	100.9%
Reservoir	1,481	1,481	1,586	1,586	1,624	1,788	1,814	1,837	1,729	1,597	1,573	101.5%
River Hill	1,154	1,154	1,384	1,387	1,378	1,470	1,508	1,424	1,462	1,383	1,488	92.9%
Wilde Lake	1,251	1,248	1,308	1,318	1,351	1,379	1,360	1,341	1,270	1,197	1,424	84.1%
Total High Schools	16,772	16,768	17,668	17,718	18,020	18,079	18,187	18,280	18,254	18,270	19,201	95.2%
Special Schools												
Cedar Lane	109	110	108	106	117	116	113	124	132	133	135	98.5%
Homewood School	—	—	—	—	122	120	86	88	131	109	198	55.1%
	109	110	108	106	239	236	199	212	263	242	333	72.7%
Total All Schools (a)	55,659	55,638	58,019	57,900	58,746	57,173	57,325	57,676	57,633	57,565	57,825	99.6%

Principal Employers: Howard County, Maryland
 Years Ended June 30, 2025 and June 30, 2016

TABLE 11

Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	9,062	1	5.09%	7,710	1	4.51%
Johns Hopkins Applied Physics Laboratory	8,000	2	4.49%	5,000	2	2.92%
Howard County Government	3,359	3	1.89%	3,052	3	1.78%
Johns Hopkins Howard County Medical Center *	2,000	4	1.12%			
Verizon	1,700	8	0.95%	1,346	7	0.79%
FreshPoint Sysco **	1,565	5	0.88%			
Howard Community College	1,650	6	0.93%	1,438	6	0.84%
The Columbia Association	1,200	7	0.67%			
Lorien Health Services	1,190	9	0.67%	2,000	4	1.17%
Nestle Dreyer's	890	10	0.50%			
Howard County General Hospital *				1,827	5	1.07%
Wells Fargo				1,195	8	0.70%
Leidos				1,052	9	0.62%
Coastal Sunbelt Produce **				1,050	10	0.61%
Giant Food				1,050	10	0.61%
Total	30,616		17.19%	26,720		15.62%

* In June 2023, Howard County General Hospital was renamed Johns Hopkins Howard County Medical Center

** In December 2021 Freshpoint Sysco acquired the Coast Companies, which included Coast Sunbelt Produce

Source:

Howard County Economic Development Authority - Original Source - Bureau of Labor Statistics - data.bls.gov

Howard County Public Schools provided by HCPSS

Howard County Government from HC Budget Office

Demographic and Economic Statistics
 Year Ended June 30, 2025 and Nine Prior Years

TABLE 12

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands)	Per Capita Personal Income (b)	Public Student Enrollment (c)	Unemployment Rate (d)
2016	311,297	\$ 21,813,899	\$ 69,530	54,870	3.5%
2017	315,416	22,604,929	71,002	55,638	3.3%
2018	319,251	23,571,169	73,049	56,799	3.4%
2019	322,621	24,328,471	74,479	57,907	2.9%
2020	325,690	25,531,870	77,325	58,878	6.5%
2021	332,814	27,058,069	81,308	57,293	4.8%
2022	335,328	29,036,622	86,602	57,325	2.9%
2023	335,366	29,827,252	88,927	57,676	1.7%
2024	336,001	32,097,902	95,529	57,633	2.7%
2025	336,001	*	*	57,565	3.3%

(a) Howard County Department of Planning and Zoning - Population as of July 1, 2023 Source: Population Division, U.S. Census Bureau, March 2024. Howard County Demographic Overview

(b) Personal Income and Per Capita Personal Income revised and restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce. (2024 PI and PCPI not available for 2025 figures)

(c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year. From public information website.

(d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 2025.

* Personal Income and Per Capita Personal Income not available at time of report.

STATISTICAL SECTION

Operating Information

Cost per Student - Budgetary Basis (non-GAAP)
 Year Ended June 30, 2025 and Nine Prior Years

TABLE 13

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Full-Time Equivalent of Students Enrolled*	53,634	54,348	55,485	56,570	57,518	56,279	56,004	56,225	56,112	56,033
Expenditures **										
Current:										
Administration	\$ 230	\$ 250	\$ 236	\$ 232	\$ 229	\$ 237	\$ 256	\$ 273	\$ 277	\$ 268
Mid level Administration	1,091	1,098	1,105	1,088	1,070	1,120	1,174	1,178	1,255	1,262
Instruction										
Instructional Salaries	5,880	5,986	6,202	6,323	6,219	6,411	6,575	6,997	7,427	7,565
Textbooks and classroom supplies	219	171	158	130	128	167	168	183	170	145
Other instructional costs	62	52	48	62	61	87	87	233	318	349
Special education	1,742	1,815	1,973	2,151	2,115	2,349	2,500	2,775	3,015	3,270
Student Personnel services	60	60	64	70	69	76	135	152	175	190
Health Services	144	145	156	161	158	181	174	208	222	218
Student Transportation	700	697	746	743	731	831	825	913	1,222	1,271
Operation of plant	750	718	743	683	672	771	777	863	969	992
Maintenance of plant and equipment	471	431	450	456	448	473	498	500	481	475
Fixed Charges	2,967	3,133	3,370	3,583	3,524	3,490	3,824	3,978	4,148	4,435
Community services	122	119	121	123	121	115	83	90	74	76
Capital outlay	15	14	16	19	19	16	23	20	21	21
Total Expenditure per Student	<u>\$ 14,453</u>	<u>\$ 14,689</u>	<u>\$ 15,388</u>	<u>\$ 15,824</u>	<u>\$ 15,564</u>	<u>\$ 16,324</u>	<u>\$ 17,099</u>	<u>\$ 18,363</u>	<u>\$ 19,774</u>	<u>\$ 20,537</u>

* Source: HCPSS September 30 Official 24-25 Enrollment Report. Cost per Pupil calculations exclude PreK enrollment and Cedar Lane PreK enrollment.

** Source: Calculations based on HCPSS FY25 Expenditure Summary by Category - General Fund (Operating)

Food Service Data
TABLE 14

Year Ended June 30, 2025 and Nine Prior Years

	2019	2020	2021*	2022**	2023	2024	2025
Number of Schools	77	77	77	77	77	78	78
Number of days lunch served	179	120	173	180	180	180	180
Number of free lunches served to pupils annually	1,298,616	873,954	1,532,349	4,578,613	1,365,487	1,472,995	1,539,066
Average number of free lunches served to pupils daily	7,255	7,283	5,620	25,437	7,586	8,183	8,550
Number of paid lunches served to pupils annually:							
At reduced price	298,901	201,906	—	—	238,437	187,702	183,961
At regular price	1,642,005	1,162,023	—	—	1,605,567	1,660,030	1,664,112
Average number of paid lunches served to pupils daily:							
At reduced price	1,670	1,683	—	—	1,325	1,043	1,022
At regular price	9,173	9,684	—	—	8,920	9,222	9,245
Total number of lunches served to pupils annually	3,239,522	2,237,883	1,532,349	4,578,613	3,209,491	3,320,727	3,387,139
Average number of lunches served to pupils daily	18,098	18,649	5,620	25,437	17,831	18,448	18,817
Charge per lunch to students:							
Elementary	\$ 2.75	\$ 2.75	\$ —	\$ —	\$ 2.80	\$ 2.80	\$2.80
Secondary	3.25	3.25	—	—	3.30	3.30	3.30

* Paid lunches were not provided in FY21 due to school closures related to COVID-19

** Free lunches were available to all students (except DEC students) regardless of need during SY21-22

Source: HCPSS Food and Nutrition Service, email Perresa Brown (accountant) and Brian Ralph (director)

Transportation Data
TABLE 15

Year Ended June 30, 2025 and Nine Prior Years

	Estimated Number of Eligible Riders (Daily)	Number of Bus Routes (Daily)
2025	41,682	614
2024	41,422	608
2023	43,619	382
2022	43,091	395
2021*	43,093	385
2020	44,664	476
2019	44,189	468
2018	43,449	453
2017	42,950	453
2016	42,371	453

*Ridership decreased in FY21 due to COVID-19 and the limited services provided

Source: HCPSS Transportation Office

High School Graduation Data
TABLE 16

Year Ended June 30, 2025 and Nine Prior Years

	Graduation Rate
2025	N/A*
2024	93.54%
2023	92.57%
2022	94.59%
2021	94.05%
2020	93.38%
2019	92.78%
2018	95.30%
2017	92.28%
2016	93.21%

* FY 2025 not available at the time of this report.

Source: HCPSS Public Information Office, HCPSS Website, reportcard.msde.maryland.gov

Full-Time Equivalent School System Budgeted Positions by Function
 Year Ended June 30, 2025 and Nine Prior Years

TABLE 17

	2016	2017	2018	2019	2020	2021	2022***	2023***	2024***	2025***
General Fund										
Administration	102.5	102.5	68.5	91.5	94.5	95.5	96.5	107.5	108.5	97.5
Mid level Administration	612.0	616.5	618.5	598.6	604.1	603.6	614.1	622.6	632.1	611.0
Instruction**	4,632.5	4,723.5	4,656.4	4,739.3	4,671.8	4,534.2	4,564.0	4,670.2	4,704.0	4,548.4
Special Education	1,499.9	1,514.9	1,697.8	1,624.1	1,753.8	1,861.6	1,933.5	2,118.3	2,141.5	2,222.2
Student Personnel Services	32.0	33.0	33.0	33.0	36.0	38.0	93.0	108.0	116.5	121.5
Health Services	137.0	137.0	139.0	138.0	139.0	140.0	140.0	150.0	151.0	147.0
Student Transportation	14.0	15.0	16.0	16.0	16.0	16.0	16.0	21.0	24.0	23.0
Operation of Plant	455.5	457.5	458.5	461.5	461.5	461.5	461.5	497.8	550.3	521.3
Maintenance of plant and equipment	161.5	162.5	199.5	153.5	152.5	154.5	155.5	159.5	128.0	118.0
Community Services	53.1	55.1	55.3	54.1	53.3	54.1	22.1	22.6	5.6	5.6
Capital Outlay	9.5	8.5	9.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
Total General Fund	<u>7,709.5</u>	<u>7,826.0</u>	<u>7,952.0</u>	<u>7,918.1</u>	<u>7,991.0</u>	<u>7,967.5</u>	<u>8,104.7</u>	<u>8,486.0</u>	<u>8,570.0</u>	<u>8,424.0</u>
Total Grants Fund (estimated)	<u>173.5</u>	<u>182.6</u>	<u>193.0</u>	<u>208.2</u>	<u>213.5</u>	<u>258.2</u>	<u>244.5</u>	<u>231.1</u>	<u>238.6</u>	<u>267.4</u>
Restricted Funds										
Jim Rouse Theatre *	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4	0.4	0.4
Food and Nutrition Services	191.0	192.0	192.0	194.3	199.3	198.2	198.1	207.1	197.1	215.3
Printing and Duplicating	10.0	10.0	10.0	10.0	12.0	12.0	12.0	12.0	12.0	10.0
Technology Office	64.0	64.0	65.0	62.0	62.0	61.0	66.0	72.0	72.0	62.0
Workers Comp. Self-Insurance	3.0	4.0	2.0	—	—	—	—	—	—	—
Health and Dental Self-Insurance	5.0	5.0	5.0	3.0	3.0	3.0	3.0	4.0	4.0	4.0
Total Restricted Funds	<u>273.2</u>	<u>275.2</u>	<u>274.2</u>	<u>269.5</u>	<u>276.5</u>	<u>274.6</u>	<u>279.5</u>	<u>295.5</u>	<u>285.5</u>	<u>291.7</u>
Total All Funds	<u>8,156.2</u>	<u>8,283.8</u>	<u>8,419.2</u>	<u>8,395.8</u>	<u>8,481.0</u>	<u>8,500.3</u>	<u>8,628.8</u>	<u>9,012.6</u>	<u>9,094.1</u>	<u>8,983.1</u>

* 0.4 FTE reclassified from Instruction to Jim Rouse Theatre.

** Includes Grant Fund FTE's.

*** Total positions off by 0.1 from Budget Book due to rounding of two positions.

Source: FY 2024 HCPSS Approved Operating Budget

County, State, and National Assessment Achievement
 Year Ended June 30, 2025 and Nine Prior Years

TABLE 18

	SAT***			High School Assessment % Proficient *			
	Howard County	Maryland State	National	Howard County		Maryland State	
				Algebra I PARCC/MCAP	English 10 PARCC/MCAP	Algebra I PARCC/MCAP	English 10 PARCC/MCAP
2025	***	***	***				
2024	1,211	998	1,024	42.0	65.2	21.4	59.5
2023	1,202	1,008	1,028	42.1	71.9	20.0	55.3
2022	1,217	1,075	1,050	38.2	64.2	17.2	53.5
2021	1,235	1,073	1,060	31.9	59.8	14.4	53.4
2020	1,195	1,029	1,051	****	****	****	****
2019	1,202	1,058	1,059	****	****	****	****
2018	1,203	1,080	1,065	62.6	65.9	27.2	42.6
2017	1,161	1,046	1,060	57.0	60.9	31.2	42.4
2016	1,647	1,428	1,453	62.6	58.8	36.5	49.3
				56.7	45.1	35.6	44.4

High School Assessment**							
Howard County				Maryland State			
Algebra	Biology	English	Government	Algebra	Biology	English	Government
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**
**	**	**	**	**	**	**	**

* Due to the transition to the PARCC/MCAP assessment, data prior to 2015 is not comparable. The data reported is the % of students scoring a performance level of 4 or 5.

** FY 2015 - Maryland Implemented the Partnership for assessment for Readiness for College and Careers (PARCC) in English language arts and mathematics. The new assessment replaced the Maryland State Assessment (MSA and the HAS. In 2019, the PARCC assessment has been replaced with the Maryland Comprehensive Assessment Program (MCAP). The MCAP is comparable and uses the same scale as the PARCC assessment.

*** SAT and High School Assessment data not available prior to publishing.

**** Due to the school closures related to the COVID-19 pandemic, the PARCC/MCAP assessments were not delivered in 2020 or 2021.

Insurance Summary
Year Ended June 30, 2025
TABLE 19

Type Of Coverage	Name Of Company	Policy Period	Limits
Workers Compensation			
Excess Workers Compensation	Safety National	7/1/24-6/30/25	Statutory maximum limit of indemnity per occurrence after \$600,000 self-insured retention, \$1 million Employers liability
Casualty Insurance			
Comprehensive General Liability	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal and Advertising Injury Liability	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Board of Education	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 combined single limit \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Bus Contractors	MABE Group Insurance Pool	7/1/24-6/30/25	\$1 million combined single limit for bodily injury and property for Independent Bus Contractors
Maryland Personal Injury Protection	MABE Group Insurance Pool	7/1/24-6/30/25	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/24-6/30/25	Actual cash value with deductibles per member per loss
Maryland Uninsured Motorists	MABE Group Insurance Pool	7/1/24-6/30/25	\$50,000 per accident
Garage Keepers Liability	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 per loss
Cyber	MABE Group Insurance Pool	7/1/24-6/30/25	\$5 million per claim and \$5 million annual Pool aggregate
Security/Law Enforcement Liability	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 per occurrence, \$5 million per claim should sovereign immunity be abrogated and \$5 million annual aggregate
Sexual Abuse and Molestation Liability	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 per occurrence, \$1 million per claim should sovereign immunity be abrogated, and \$6 million annual aggregate
School Board of Education Legal Liability	MABE Group Insurance Pool	7/1/24-6/30/25	\$400,000 per occurrence and \$5 million annual aggregate if sovereign immunity is abrogated or does not apply
Property Insurance			
Real and Personal Property	MABE Group Insurance Pool	7/1/24-6/30/25	\$1 billion each occurrence, annual Pool aggregate of \$1 billion for earthquake and flood
Builders Risk	MABE Group Insurance Pool	7/1/24-6/30/25	\$75 million each occurrence
Boiler and Machinery	MABE Group Insurance Pool	7/1/24-6/30/25	\$100 million each accident
Crime, including employee dishonesty	MABE Group Insurance Pool	7/1/24-6/30/25	\$2.5 million each loss; \$1 million each loss for theft of money or securities
Additional Coverages			
Catastrophic/Cash Policy	National Union Fire Insurance (AIG)	7/1/24-6/30/25	\$10,000 Accidental Death \$20,000 Accidental Dismemberment \$6,000,000 Accident Medical Expense, \$25,000 deductible \$1,000,000 Catastrophic Cash Benefit for coma or paralysis
Storage Tank Liability	ACE American Insurance	8/23/24-8/23/25	\$1,000,000 Per storage tank incident \$1,000,000 Aggregate (claims and remediation) \$1,000,000 Aggregate for legal defense \$2,000,000 Total policy aggregate

Source: HCPSS Office of Risk Management