

**BOARD OF EDUCATION OF
CHARLES COUNTY, MARYLAND**

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024



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INDEPENDENT AUDITORS' REPORT

Members of the Board
Board of Education of Charles County, Maryland
La Plata, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Charles County, Maryland (the Board), a component unit of the County Commissioners of Charles County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

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

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Correction of Error

As discussed in Note 17 to the financial statements, the beginning net position/fund balance in the financial statements for the year ended June 30, 2024 has been restated to correct a misstatement. Our opinion is not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board'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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal 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 Board'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 Board's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

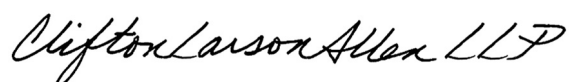
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2025, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
January 30, 2025



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

Members of the Board
Board of Education of Charles County, Maryland
La Plata, Maryland

We have audited, in accordance with the generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Charles County, Maryland (the Board), a component unit of the County Commissioner of Charles County, Maryland, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated January 30, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompanying schedule of findings and management response as items 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

The Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



CliftonLarsonAllen LLP

Baltimore, Maryland
January 30, 2025

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSE
JUNE 30, 2024

Material Weakness

Finding 2024-001 - Improper Deferral of Revenue

Condition

During our audit, we identified that the Board improperly deferred revenue in the Restricted Programs Fund totaling \$4.5 million, of which \$3.4 million related to prior years. This revenue was related to various sources and should have been recognized in the period it became available and measurable. As a result, a prior period restatement was necessary to correct beginning net position/fund balance and current year audit adjustments were required to properly state revenue at year end.

Criteria

According to the Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," revenue should be recognized in the period when all eligibility requirements have been met and the resources are available. Available means that the resources are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For exchange transactions, revenue should be recognized when the exchange has occurred, the earnings process is complete, and the revenue is both measurable and available.

Effect

As a result of this improper deferral, revenue in the Restricted Fund for the fiscal year ended June 30, 2024 was understated by \$1.1 million and the deferred revenue liability was overstated by \$4.5 million. This misstatement affected the accuracy of the financial statements and required a prior period restatement to correct the beginning net position/fund balance for the fiscal year ended June 30, 2024. The restatement increased the beginning net position/fund balance by \$3.4 million.

Cause

The improper deferral of revenue was due to a misunderstanding of the revenue recognition criteria for these non-grant revenue sources.

Recommendation

We recommend that the Board review its revenue recognition policies and procedures to ensure compliance with GASB standards. Specifically, the Board should:

- Provide training to accounting staff on the proper recognition of revenue in accordance with GASB Standards.
- Implement a review process to ensure that revenue is recognized in the correct period.

Management Response

Management concurs with the finding.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND MANAGEMENT RESPONSE
JUNE 30, 2024

Finding 2024-002 – Understatement of Accounts Payable

Condition

During our search for unrecorded liabilities testing, we noted one invoice in the Capital Projects Fund and one invoice in the Restricted Programs Fund that were not properly recorded in the year end Accounts Payable balance. The Capital Projects invoice was improperly excluded and the Restricted Fund invoice was improperly included.

Criteria

Proper accounting practices and government regulations require that all incurred expenses be recorded in the period they are incurred, regardless of when the payment is made. This ensures accurate financial reporting and compliance with the accrual basis of accounting.

Cause

The improper recording of the two invoices may be due to:

- Oversight or human error in the invoice processing.
- Inadequate internal controls or oversight.
- Cutting off accounts payable too early, leading to missed accruals for invoices received after the cutoff date.

Effect

As a result of this understatement of accounts payable in the Capital Projects Fund, a material audit adjustment was made to increase accounts payable for the year ended June 30, 2024, by \$671,330. In the Restricted Programs Fund an uncorrected misstatement was noted of an overstatement of \$115,500 in our audit documentation.

Recommendation

We recommend the Board:

- Implement training programs for accounting staff on the importance and process of accruing invoices.
- Review and enhance internal controls to ensure all invoices are accrued in the correct accounting period.
- Regularly review accounts payable and accrued liabilities to ensure completeness and accuracy.

Management Response

Management concurs with the finding.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

As Management of the Board of Education of Charles County (the Board) we offer readers of the Board's financial statements this discussion and analysis of the Board's financial performance during the fiscal year ended June 30, 2024. This section should be read in conjunction with the financial statements, which immediately follow this discussion.

Overview of the Financial Statements

The Board's basic financial statements consist of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements include two kinds of statements that present different views of the Board's financial performance. The report also contains required supplementary information.

- The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the Board's overall financial strength.
- The next two statements are *fund financial statements* that focus on individual parts of the Board and provide more detail on individual areas of revenues and expenditures.
- It also contains required supplementary information in addition to the basic financial statements themselves, such as a budgetary basis presentation of financial operations in the short-term for the budgetary general fund, measuring regulatory and budgetary compliance.

The financial statements also include notes that explain some of the information in the statements and, in some cases, provide even greater levels of detail.

Government-Wide Financial Statements

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

The *Statement of Net Position* presents all of the Board's assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. The statement combines and consolidates all of the Board'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. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Government-Wide Financial Statements (Continued)

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

The governmental activities of the Board include Instruction (Regular and Special), Pupil Services, Administration, Instructional Support, Operation and Maintenance, Transportation, Community Services, School Lunch Services, Planning and Construction, and Student Activities. These activities are mostly supported by county and state appropriations mandated in accordance with state law, and state and federal grants.

Typically, the Entity-wide financial statements can reflect governmental activities and business-type activities. While the Board's food service operation charges fees, the fee structure is not designed to recover costs including depreciation. Therefore, this function is included as a governmental activity and no business-type activities are presented.

Fund Financial Statements

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

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

The Board has four major governmental funds:

General Fund includes most of the Board's basic functions and generally follows the requirements of the Maryland State Department of Education.

Restricted Programs Fund consists of individual funds for state, local, and federal grants restricted for specific purposes.

Food Service Fund captures the financial activities of the cafeteria operations.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Fund Financial Statements (Continued)

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in reconciliations found on pages 27 and 29.

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

The Board's fiduciary funds include the Pension and Retiree Health (OPEB) Trust Funds which accumulates resources held in trust for pension and other postemployment health benefits to qualified beneficiaries.

Budget and Actual Financial Statements

A Schedule of Revenues and Expenditures — Budget and Actual — Non-GAAP Budgetary Basis is presented for the General Fund, which has a legally adopted annual budget. This schedule shows both original and final adopted budgets, along with actual revenues and expenditures compared to the final budget. In these statements, open encumbrances are treated as expenditures. The Schedule of Revenues and Expenditures — Budget and Actual — Non-GAAP Budgetary Basis can be found immediately following the basic governmental fund financial statements on page 83.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Financial Analysis of the Board as A Whole (Government-Wide)

The Board's combined Net Position as of June 30, 2024 totaled (\$14.4) million, an increase of \$75.9 million or 84.0%.

Condensed Statement of Net Position (in Millions of Dollars)

	Governmental Activities		Total Percent Change
	2023*	2024	2023-2024
Assets			
Current and Other Assets	\$ 131.6	\$ 165.4	25.7 %
Capital Assets	485.8	551.0	13.4
Total Assets	617.4	716.4	16.0
Deferred Outflows of Resources	240.4	210.6	(12.4)
Liabilities			
Long-Term Liabilities	548.1	551.8	0.7
Other Liabilities	65.3	83.6	28.0
Total Liabilities	613.4	635.4	3.6
Deferred Inflows of Resources	334.7	306.1	(8.6)
Net Position			
Investment in Capital Assets	477.8	517.6	8.3
Unrestricted	(568.1)	(532.1)	(6.3)
Total Net Position	\$ (90.3)	\$ (14.4)	(84.0)

*Current and Other Assets, Other liabilities, Unrestricted net position and Total net position were restated for the correction of error, see Note 17.

The major portion of the Board's net position reflects the investment in capital assets (land, land improvements, buildings, equipment, and construction), \$517.6 million. These assets include school buildings, relocatable classrooms, land for athletic fields, playgrounds, and equipment in the school classrooms and other buildings.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Changes In Net Position: The Board's Net Position increased by \$75.9 in 2024 as opposed to a increase of \$22.4 million in 2023.

- The Board's government-wide activities had an unrestricted net deficit of (\$532.0) million at June 30, 2024, an increase of \$36.1 million. The deficit decrease is due primarily to an increase in Capital Assets – Land and Construction in Progress, and an increase of Long-Term Liabilities attributable to the pension and OPEB liabilities.
- The Board's revenues of \$642.3 million increased by \$83.3 million or 14.9% over last year. The overall increase of \$83.3 million is largely attributable to an increase in revenues for Operating and Capital grants and contributions of \$66.0 million combined. There was an additional \$11.5 million in State Formula Aid as well as an increase of \$6 million in appropriations from Charles County.
- Expenses totaled \$566.4 million or \$29.7 million more than fiscal year 2023. The most significant increases are \$7.2 million in Instruction attributable to staff wage increases from 2023 to 2024 in addition to higher healthcare related costs, \$9.9 million in Planning and Construction due to various maintenance projects, \$4.5 million in Transportation is due to additional funds paid to ensure we are competitive and have bus drivers to transport children to and from school along with the purchase of additional buses for the CCPS fleet, and \$4.1 million in Other Expenses due to initial implementation of GASB 96 (SBITA) resulting in a reduction in 2023 to this category.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

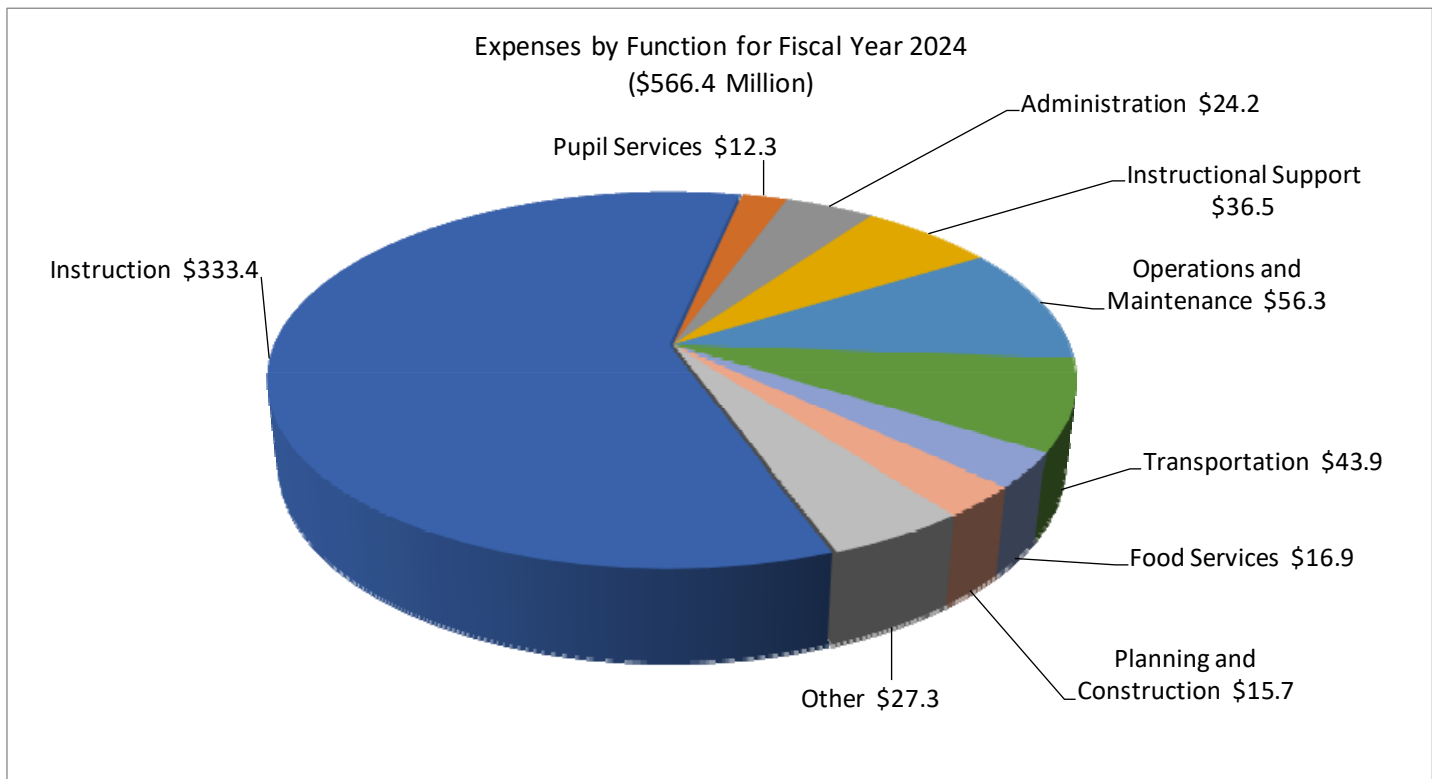
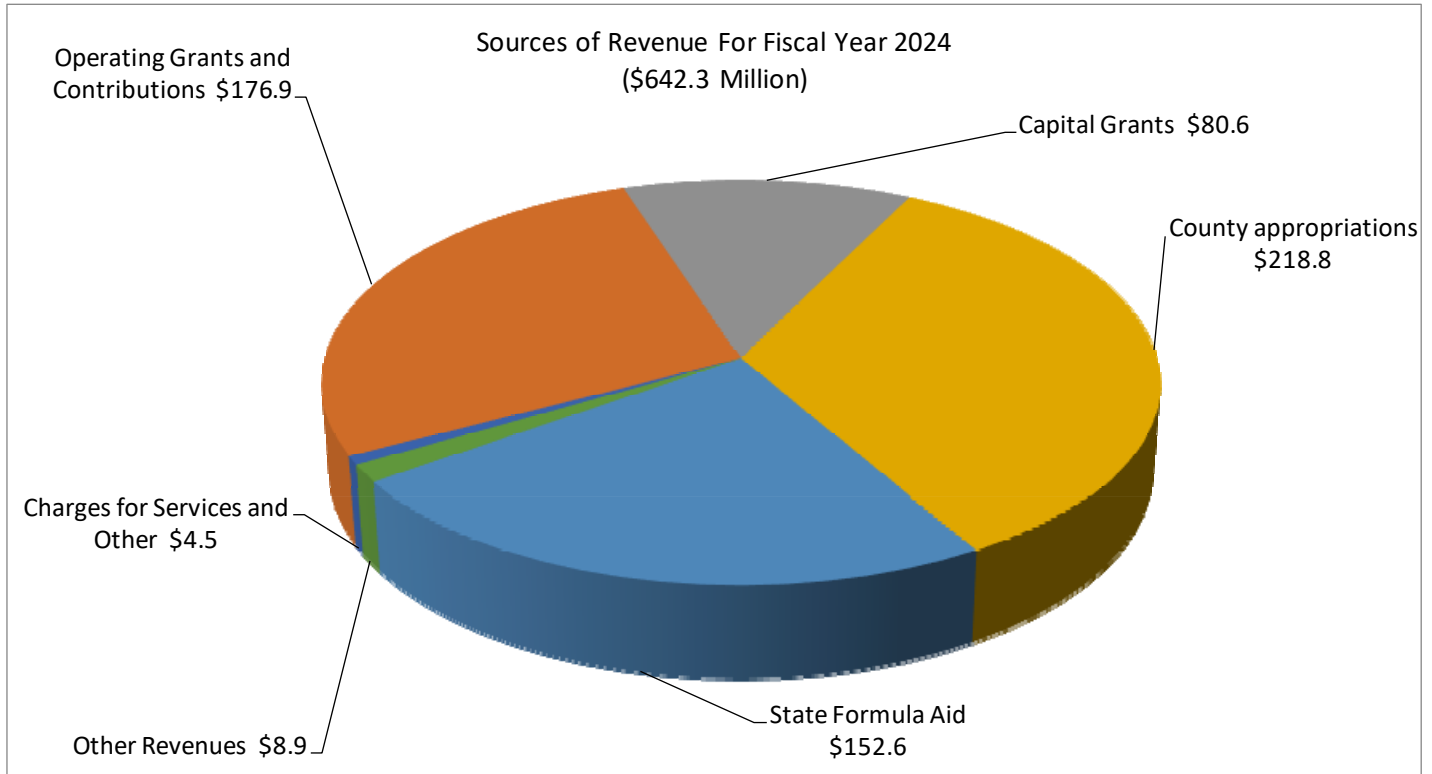
Changes in Net Position (in Millions of Dollars)

	<u>Governmental Activities</u>			<u>Percent</u>
	<u>2023*</u>	<u>2024</u>	<u>Change</u>	<u>Change</u>
Revenues				
Program Revenues:				
Charges for Services	\$ 5.4	\$ 4.5	\$ (0.9)	(16.3)%
Operating Grants and Contributions	140.5	176.9	36.4	25.9
Capital Grants and Contributions	51.0	80.6	29.6	58.0
General Revenues:				
County Appropriations	212.8	218.8	6.0	2.8
State Formula Aid	141.1	152.6	11.5	8.1
Other	8.2	8.9	0.7	8.8
Total Revenues	<u>559.0</u>	<u>642.3</u>	<u>83.3</u>	14.9
Expenses				
Instruction	326.2	333.4	7.2	2.2
Support Services:				
Pupil Services	10.8	12.3	1.5	13.8
Administration	21.0	24.2	3.2	15.5
Instructional Support	35.8	36.5	0.7	1.8
Operations and Maintenance	59.4	56.3	(3.1)	(5.3)
Transportation	39.4	43.9	4.5	11.3
Food Services	15.1	16.9	1.8	11.7
Planning and Construction	5.8	15.7	9.9	171.0
Other	23.2	27.3	4.1	17.5
Total Expenses	<u>536.7</u>	<u>566.4</u>	<u>29.7</u>	5.5
Increase (Decrease) in Net Position	<u>\$ 22.4</u>	<u>\$ 75.9</u>	<u>\$ 53.5</u>	238.8

*The 2023 balances were not restated for the error correction due to practicality. See Note 17 for more information on the error correction.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Revenues and Expenses by Source and Function



BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Governmental Activities

The county appropriation for the operating budget in fiscal year 2024 was \$218.8 million or \$6.0 million more than in fiscal year 2023. Total cost of services increased 5.5% from 2023. Also, in fiscal year 2024, the net cost of services decreased by \$35.5 million or 10.5%. In fiscal year 2023, the net cost decreased by \$2.6 million or 0.8%.

Net Cost of Governmental Activities: The cost of the nine major Board activities (schedule shown below): Instruction, Instructional Support, Pupil Services, Administration, Transportation, Operation and Maintenance, Food Services, Planning and Construction and Other (Community Services, Student Activities, and unallocated depreciation) are reflected in the table below. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the impact on the Board by each of the activities. General revenues, including county appropriations and state aid, must support the net cost of the Board's activities.

Net Cost of Government Activities (in Millions of Dollars)

	Total Cost of Services		Percentage Change 2023-2024	Net Cost of Services		Percentage Change 2023-2024
	2023*	2024		2023*	2024	
Instruction	\$ 326.2	\$ 333.4	2.2%	\$ 220.0	\$ 200.7	(8.8)%
Pupil Services	10.8	12.3	13.8	10.2	10.7	5.2
Administration	21.0	24.2	15.5	19.7	20.8	5.5
Instructional Support	35.8	36.5	1.8	34.1	34.5	1.3
Operations and Maintenance	59.4	56.3	(5.3)	58.4	54.8	(6.1)
Transportation	39.4	43.9	11.3	25.1	28.6	13.9
Food Services	15.1	16.9	11.7	(3.0)	(1.3)	(55.2)
Planning and Construction	5.8	15.7	171.0	(46.0)	(69.6)	51.2
Other	23.2	27.3	17.5	21.3	25.1	17.9
Total	<u>\$ 536.7</u>	<u>\$ 566.4</u>	5.5	<u>\$ 339.9</u>	<u>\$ 304.4</u>	(10.5)

*The 2023 balances were not restated for the error correction due to practicality. See Note 17 for more information on the error correction.

Financial Highlights
Financial Analysis of the Board's Funds

The general fund is the operating fund for the Board. On a GAAP basis the Board ended the fiscal year with a general fund balance of \$67.0 million. The fund balance consists of amounts assigned for subsequent year's expenditures and unassigned amounts.

The total governmental funds consist of the General, Restricted Programs (restricted by purpose and source of funds), Food Service, and Capital Projects. Capital Projects receive their funding on a reimbursement basis. The Board reported a total governmental funds balance of \$78.9 million as compared to last year's combined ending balance of \$65.9 million or \$13.0 million more than last year. The increase in the fund balance of \$13.0 million is primarily due to an increase in the General Fund Balance of \$13.0 million.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Changes in Fund Balance - Governmental Funds - GAAP Basis

	General Fund	Restricted Program Fund	Food Services Fund	Capital Projects	Total Governmental Funds
REVENUES					
State of Maryland	\$ 277,395,550	\$ 3,228,403	\$ 1,347,895	\$ 36,451,834	\$ 318,423,682
Federal Government	1,218,501	30,884,103	12,584,521	-	44,687,125
Other Sources	9,859,714	2,250,534	4,180,072	1,286	16,291,606
Local Sources	218,957,001	277,267	-	43,646,813	262,881,081
Total Revenues	507,430,766	36,640,307	18,112,488	80,099,933	642,283,494
EXPENDITURES					
Current:					
Administration	18,368,401	3,252,397	-	-	21,620,798
Mid-Level Administration	31,293,772	1,567,571	-	-	32,861,343
Instruction:					
Instructional Salaries	159,526,322	5,892,268	-	-	165,418,590
Materials of Instruction	6,624,927	2,539,953	-	-	9,164,880
Other Costs of Instruction	4,965,133	3,923,228	-	-	8,888,361
Special Education	47,088,719	6,156,936	-	-	53,245,655
Student Personnel Services	6,024,871	28,259	-	-	6,053,130
Health Service	5,365,771	-	-	-	5,365,771
Transportation	44,079,440	887,103	-	-	44,966,543
Operations	35,351,421	412,152	-	-	35,763,573
Maintenance	9,966,514	21,022	-	-	9,987,536
Food Service	-	92,214	17,395,185	-	17,487,399
Community Service	465,842	1,574,047	-	-	2,039,889
Fixed Charges	112,406,291	3,869,296	1,891,780	-	118,167,367
Student Activities	4,972,470	-	-	-	4,972,470
Capital Outlay	9,458,028	5,791,413	-	80,098,647	95,348,088
Debt Service:					
Principal	1,610,733	669,103	-	-	2,279,836
Interest	108,793	5,226	-	-	114,019
Total Expenditures	497,677,448	36,682,188	19,286,965	80,098,647	633,745,248
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	9,753,318	(41,881)	(1,174,477)	1,286	8,538,246
OTHER FINANCING SOURCES (USES)					
Transfer In	-	-	353,387	-	353,387
Transfer Out	(353,387)	-	-	-	(353,387)
Lease Proceeds	2,643,019	-	-	-	2,643,019
Subscription Proceeds	937,764	791,576	-	-	1,729,340
Total Other Financing Sources (Uses)	3,227,396	791,576	353,387	-	4,372,359
NET CHANGE IN FUND BALANCE	<u>12,980,714</u>	<u>749,695</u>	<u>(821,090)</u>	<u>1,286</u>	<u>12,910,605</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

General Fund Budgetary Highlights — Non-GAAP

The Board's final budget for General Fund requires total revenues to be equal to total expenditures.

Over the course of the year, the Board may revise the annual operating budget. These budget amendments fall into three categories:

- Intra-category transfers to align budgets within the expenditure category. These changes require county government notification and are generally done as needed throughout the year.
- Inter-category transfers to fund categories over budget. According to state law, no expenditure category can exceed approved budget amounts. Inter-category budget transfers require Board and county government approval and are generally done once per year.
- Revenue budget changes require approval; when they provide a source of funding for expenditure categories, or a transfer from fund balance.

Budget Adjustments

Funds were redirected in various times during fiscal year 2024. The most significant adjustment was made in June 2024. Due to the implementation of the Oracle ERP system, Charles County Public Schools could no longer forward fund bi-weekly pay. With the implementation of Oracle, CCPS began to pay bi-weekly in arrears. This was a one-time occurrence required to properly pay out wages for the current fiscal year.

Revenues

Total revenues were \$4,638,845 more than the anticipated budgetary levels primarily due to interest income being more than budgeted.

Expenditures

The expenditure savings of \$43.4 million, in addition to the positive revenue variance, contributed to the overall positive variance of \$48.0 million. Savings included \$14.8 million in contracted services, \$14.5 million in salaries and wages, \$8.0 million in equipment, \$2.4 million in supplies and materials and \$2.3 million in other charges and purchases. The remaining variance was spread among transfers and fixed charges.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Fund Balance — Unassigned

At the Board's direction, the use of unassigned fund balance has been used to fund major projects for technology and deferred maintenance. The unassigned fund balance changed for the General Fund as follows:

	<u>2023</u>	<u>2024</u>	<u>Change</u>
Health Insurance Reserve (Self-Insurance 7.5% of Claims)	\$ 4,885,752	\$ 5,329,484	\$ 443,732
Contingency Reserve (1% of Annual Operating Budget)	4,392,538	4,774,269	381,731
Capital Maintenance/Technology Reserve	<u>15,774,840</u>	<u>28,883,854</u>	<u>13,109,014</u>
Total Unassigned Fund Balance at June 30	<u>\$ 25,053,130</u>	<u>\$ 38,987,607</u>	<u>\$ 13,934,477</u>

Food Service Budget to Actual — Non-GAAP

Budget and actual — Non-GAAP Budgetary Basis statement can be found in the Other Supplementary Information section on page 91.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

General Fund Budget and Actual - Non-GAAP Budgetary Basis

	2024				2023
	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)	Actual
REVENUES					
State of Maryland	\$ 256,328,860	\$ 256,328,860	\$ 257,088,220	\$ 759,360	\$ 220,920,465
Federal Government	970,000	970,000	1,218,501	248,501	846,149
Other Sources	1,361,080	1,361,080	4,992,064	3,630,984	3,618,030
Local Sources	218,767,000	218,767,000	218,767,000	-	212,833,320
Total Revenues	477,426,940	477,426,940	482,065,785	4,638,845	438,217,964
EXPENDITURES					
Administration	15,822,251	22,447,827	18,368,401	4,079,426	14,603,431
Mid-Level Administration	30,361,978	32,238,745	31,293,772	944,973	27,395,214
Instructional Salaries	174,411,798	171,680,391	159,526,322	12,154,069	151,344,685
Materials of Instruction	6,835,784	8,461,948	6,624,927	1,837,021	4,724,771
Other Costs of Instruction	6,893,535	6,479,884	4,965,131	1,514,753	3,934,447
Special Education	45,984,146	50,059,555	47,088,719	2,970,836	39,707,359
Student Personnel Services	6,072,717	6,401,359	6,024,871	376,488	4,972,502
Health Service	6,892,163	5,544,059	5,365,771	178,288	3,155,841
Transportation	43,729,558	47,154,756	44,079,440	3,075,316	37,527,048
Operations	36,719,293	39,384,482	37,070,947	2,313,535	32,862,480
Maintenance	10,241,880	11,022,028	9,966,514	1,055,514	9,205,632
Community Service	655,033	655,033	465,842	189,191	675,931
Capital Outlay	2,417,421	17,073,450	5,687,244	11,386,206	2,904,491
Fixed Charges	93,973,524	93,400,161	92,098,961	1,301,200	91,477,500
Total Expenditures	481,011,081	512,003,678	468,626,862	43,376,816	424,491,332
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,584,141)	(34,576,738)	13,438,923	48,015,661	13,726,632
OTHER FINANCING SOURCES					
Transfers In	239,706	239,706	-	(239,706)	376,745
Transfers Out	-	(375,000)	(353,387)	21,613	(331,765)
Use of Prior Year Fund Balance	3,344,435	34,712,032	-	(34,712,032)	-
Total Other Financing Sources	3,584,141	34,576,738	(353,387)	(34,930,125)	44,980
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ -</u>	13,085,536	<u>\$ 13,085,536</u>	<u>\$ 13,771,612</u>
Use of Budgetary Fund Balance			-		
Fund Balance - Beginning of Year			50,914,695		
FUND BALANCE - END OF YEAR			<u>\$ 64,000,231</u>		

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Capital Asset and Long-Term Debt

Capital Assets

During the year, the Board completed several building projects. The projects were:

	<u>Cost (in Millions)</u>
Additions to building (fire alarm systems, door replacements, miscellaneous renovation costs, flooring repairs, RTU replacements, switch gear replacements, and miscellaneous building improvements).	\$ 2.7
Indian Head Elementary - Boiler Replacement	0.7
Malcom Elementary - Full Day Kindergarten Addition	6.2
La Plata High - Building Improvements	<u>3.7</u>
Total	<u><u>\$ 13.3</u></u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Capital Assets (Continued)

During fiscal year 2024, capital assets and amortizable lease assets increased \$65.1 million, which was an increase of 13.4% from fiscal year 2023. Some of the changes were as follows:

- Land Improvements increased due to concrete work, paving, tennis court refurbishment, playground equipment, turf field replacement, outdoor sign, and fencing.
- Construction in progress included Full Day Kindergarten Projects at three schools (\$5.2 million), Thornton Elementary School #23 (\$30.7 million), Roof Replacements (\$3.6 million), Benjamin Stoddert Renovation (\$50.4 million), McDonough Renovation (\$16.4 million), Various Additional Improvements (\$1.4 million), Piccowaxen Open Space Enclosure (\$6.1 million), T.C. Martin Study/Renovation (\$41.4 million), and HVAC/Boiler/Chiller Replacements (\$8.3 million).
- Equipment increased due to the purchase of school buses and technology items.
- Right-to-use assets increased by \$1.0 million due to additional Subscription-Based Information Technology Arrangements.

Capital Assets (in Millions of Dollars)

	Governmental Activities		Change
	2023	2024	2023-2024
Land	\$ 20.7	\$ 20.7	\$ 0.0
Construction in Progress	95.2	163.5	68.2
Land Improvements	31.0	31.9	0.8
Buildings	717.5	730.7	13.3
Equipment and Furniture	33.8	36.9	3.2
Accumulated Depreciation	(418.7)	(440.1)	(21.4)
Total	<u>\$ 479.5</u>	<u>\$ 543.7</u>	<u>\$ 64.1</u>
Right-to-Use Assets:			
Equipment	1.5	2.7	1.3
Software	7.6	9.5	1.9
Accumulated Amortization	(2.7)	(4.9)	(2.2)
Total	<u>\$ 6.3</u>	<u>\$ 7.3</u>	<u>\$ 1.0</u>
 Total Capital Assets and Right-to-Use Assets	 <u>\$ 485.8</u>	 <u>\$ 551.0</u>	 <u>\$ 65.1</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Capital Assets (Continued)

The Board's fiscal year 2025 capital improvement program budget includes spending another \$44.8 million for capital projects, principally in eight areas:

- \$7.1 million for T.C. Martin modernization/addition.
- \$10.0 million for Thornton Elementary School (New Elementary School #23).
- \$1.9 million for various maintenance projects, portable classrooms, boiler replacement, and HVAC replacement.
- \$10.1million for Smallwood Middle School roof/chiller/H&V/UV replacement.
- \$5.0 million for La Plata High School renovation/security enhancements.
- \$4.9 million for Dr. James Craik Elementary School open space enclosure.
- \$4.0 million for Indian Head Elementary School open space enclosure renovation.
- \$1.8 million for various full day kindergarten additions.

Over the next five years, the Board anticipates opening a new elementary school, opening a new middle school, completing five full day kindergarten additions, completing three open space enclosure projects, renovations at McDonough and La Plata High Schools, and various boiler/chiller/roof replacements.

Long-Term Debt

At year-end, the Board had \$554.7 million in long-term liabilities. Compensated absences including accumulated vacation and sick leave for the Board's employees available upon termination accounted for \$11.7 million. The Board also has an obligation of \$523.3 million for postemployment benefits other than pensions (OPEB) liability. The Board has a net pension liability of \$15.7 million, a lease liability balance of \$2.5 million and a subscription liability of \$1.5 million.

Factors Expected to Have an Effect on Future Operations

Enrollment in the county increased in FY 2024 by 138 students. The projection for FY 2025 enrollment is an increase of about 270 in total with continued growth for future years. Although total enrollment has increased, we have seen a decrease of about 1,400 students qualifying for free and reduced student lunches for FY 2026. This lowers our Compensatory Education funding from the State. We have maintained our 12 Community Eligible schools for FY 2025 which provides breakfast and lunch for all students at those schools with federal funds. This may lead to fewer FARMS applications in the future and could have a negative impact on State Compensatory Education funding. Anticipated decreased funding from the Maryland General Assembly due to state budget challenges will have a negative impact on Education funding. The hope is that there will also be legislation to reduce the financial requirements in the Blueprint law.

The decreased funding that is anticipated from the State, will make it challenging to remain competitive with teachers' salaries. The Blueprint for Maryland law mandates all day pre-k for certain income levels and ages which will continue to put a strain on our current facilities to meet this requirement. This state mandate will significantly raise the operating costs of Charles County Public Schools. Funding other post-retirement benefits (OPEB) in accordance with GASB 75 remains a concern, but a low budget priority. The tradeoff between funding OPEB (including health care costs) and staff salaries in the future will be complicated during union negotiations. The national teacher shortage has resulted in an extremely competitive market both in terms of salary and affordable housing.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024

Factors Expected to Have an Effect on Future Operations (Continued)

Initiatives to replace older mainframe software for human resources, and accounting systems with Oracle, along with initiatives related to replacing our Learning Management System will be expensive. The support that is needed to maintain these systems requires more technical support than our older mainframe software. The desire of the school system to increase internal student transportation levels will require an investment in infrastructure. While fund balance has been used to fund many maintenance projects, a backlog of projects remains. The fund balance will be necessary to cover one-time budget shortfalls as we anticipate a decrease in our State funding but this isn't a long-term solution to budget challenges.

Charles County Public Schools continues to do an excellent job managing and allocating resources. Careful forecasting and management of funds produced no budget deficits or over expenditures in any category. At Board direction, the fund balance will be used over time to support the general fund and capital maintenance projects. With the possibility of increased costs to comply with the Blueprint for Maryland's Future initiative, it would be prudent for management to ensure that the fund balance reserves are not used to pay for recurring costs in the operating budget.

Contacting the Board's Financial Management

This financial report is designed to provide the Board's citizens, taxpayers, customers, investors, and creditors with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Charles County Public Schools, and P.O. Box 2770, La Plata, Maryland 20646.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 105,947,337
Accounts Receivable:	
Federal	14,882,380
State of Maryland	9,461,971
Other Sources	28,649,609
Leases Receivable	6,083,430
Prepaid Assets	39,840
Inventories	386,649
Capital Assets:	
Land and Construction in Progress	184,188,410
Other Capital Assets, Net of Depreciation and Amortization	366,778,526
Total Assets	<u>716,418,152</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources Related to Pension	5,078,735
Deferred Outflows of Resources Related to OPEB	205,548,541
Total Deferred Outflows of Resources	<u>210,627,276</u>
 Total Assets and Deferred Outflows of Resources	 927,045,428
LIABILITIES	
Accounts Payable	37,875,135
Accrued Salaries and Fringe Benefits	32,947,733
Other Liabilities	904,757
Payable for Health Insurance	4,015,000
Unearned Revenue	4,955,298
Noncurrent Liabilities:	
Due Within One Year - Leases, Subscriptions, Compensated Absences	2,871,139
Due in More Than One Year - Leases, Subscriptions, Compensated Absences	12,782,541
Net Pension Liability	15,717,211
Net OPEB Liability	523,344,693
Total Liabilities	<u>635,413,507</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Leases	5,891,591
Deferred Inflows of Resources Related to Pension	1,500,808
Deferred Inflows of Resources Related to OPEB	298,677,994
Total Deferred Inflows of Resources	<u>306,070,393</u>
 Total Liabilities and Deferred Inflows of Resources	 941,483,900
NET POSITION	
Net Investment in Capital Assets	517,640,411
Unrestricted	(532,078,883)
 Total Net Position	 <u>\$ (14,438,472)</u>

See accompanying Notes to Financial Statements.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

		Program Revenues			Net Revenue (Expenses) and Change in Net Position
	Expenses	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
GOVERNMENTAL ACTIVITIES					
INSTRUCTION					
Regular Education	\$ 272,002,340	\$ 655,952	\$ 107,382,882	\$ -	\$ (163,963,506)
Special Education	61,421,232	148,325	24,551,615	-	(36,721,292)
Total Instruction	333,423,572	804,277	131,934,497	-	(200,684,798)
SUPPORT SERVICES					
Pupil Services	12,293,217	-	1,566,677	-	(10,726,540)
Administration	24,245,136	-	3,457,699	-	(20,787,437)
Instructional Support	36,457,538	-	1,916,410	-	(34,541,128)
Operation and Maintenance	56,273,702	46,982	1,411,432	-	(54,815,288)
Transportation	43,851,856	-	15,251,587	-	(28,600,269)
Community Services	4,178,990	191,662	1,957,227	-	(2,030,101)
School Lunch Services	16,868,666	3,478,804	14,733,350	-	1,343,488
Planning and Construction	15,719,549	-	4,716,995	80,567,201	69,564,647
Student Activities	4,972,470	-	-	-	(4,972,470)
Unallocated Depreciation					
Expense	18,106,351	-	-	-	(18,106,351)
Total Support Services	232,967,475	3,717,448	45,011,377	80,567,201	(103,671,449)
Total Governmental Activities	<u>\$ 566,391,047</u>	<u>\$ 4,521,725</u>	<u>\$ 176,945,874</u>	<u>\$ 80,567,201</u>	<u>\$ (304,356,247)</u>
GENERAL REVENUES					
County Appropriations				218,767,000	
State Aid Not Restricted to Specific Purposes				152,558,671	
Earnings on Investment				3,630,211	
Miscellaneous				5,292,812	
Total General Revenues				<u>380,248,694</u>	
CHANGE IN NET POSITION (DEFICIT)				75,892,447	
Net Position (Deficit) - Beginning of Year, As Originally Reported				(93,778,716)	
Restatement				<u>3,447,797</u>	
Net Position (Deficit) - Beginning of Year, As Restated				(90,330,919)	
NET POSITION (DEFICIT) - END OF YEAR				<u>\$ (14,438,472)</u>	

See accompanying Notes to Financial Statements.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Restricted Programs Fund	Food Service Fund	Capital Projects	Total Governmental Funds
ASSETS					
Cash and Short-Term Investments	\$ 102,829,833	\$ -	\$ 3,093,021	\$ 24,483	\$ 105,947,337
Accounts Receivable:					
Federal	56,007	14,804,615	21,758	-	14,882,380
State of Maryland	3,753,544	2,179,958	619,783	2,908,686	9,461,971
Other Sources	1,886,278	785,038	33,506	25,944,787	28,649,609
Leases Receivable	-	6,083,430	-	-	6,083,430
Due from Other Funds	8,236,437	-	4,896,785	2,675,043	15,808,265
Prepaid Assets	27,840	12,000	-	-	39,840
Inventories	145,691	-	240,958	-	386,649
	<u>145,691</u>	<u>-</u>	<u>240,958</u>	<u>-</u>	<u>386,649</u>
Total Assets	<u>\$ 116,935,630</u>	<u>\$ 23,865,041</u>	<u>\$ 8,905,811</u>	<u>\$ 31,552,999</u>	<u>\$ 181,259,481</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 14,354,335	\$ 1,760,555	\$ 171,932	\$ 21,588,313	\$ 37,875,135
Accrued Salaries and Fringe					
Benefits	31,502,649	646,530	798,554	-	32,947,733
Due to Other Governments	-	881,087	-	-	881,087
Due to Other Funds	-	10,213,000	-	5,595,265	15,808,265
Due to Fiduciary Funds	23,670	-	-	-	23,670
Payable for Health Insurance	4,015,000	-	-	-	4,015,000
Unearned Revenue	1,291	274,786	157,094	4,522,127	4,955,298
Total Liabilities	<u>49,896,945</u>	<u>13,775,958</u>	<u>1,127,580</u>	<u>31,705,705</u>	<u>96,506,188</u>
DEFERRED INFLOWS OF RESOURCES					
Lease Related	-	5,891,591	-	-	5,891,591
Total Deferred Inflows of Resources	-	5,891,591	-	-	5,891,591
FUND BALANCE (DEFICIT)					
Nonspendable - Inventory and Prepaids	173,531	12,000	240,958	-	426,489
Restricted	-	-	-	-	-
Committed	2,749,608	1,948,044	-	-	4,697,652
Assigned	25,127,939	2,283,383	7,537,273	30,123	34,978,718
Unassigned	38,987,607	(45,935)	-	(182,829)	38,758,843
Total Fund Balance (Deficit)	<u>67,038,685</u>	<u>4,197,492</u>	<u>7,778,231</u>	<u>(152,706)</u>	<u>78,861,702</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 116,935,630</u>	<u>\$ 23,865,041</u>	<u>\$ 8,905,811</u>	<u>\$ 31,552,999</u>	<u>\$ 181,259,481</u>

See accompanying Notes to Financial Statements.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balances - Governmental Funds	\$ 78,861,702
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Amounts reported for governmental activities in the statement of net position are different because:

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

The Cost of Capital Assets	995,935,479
Accumulated Depreciation and Amortization	(444,968,543)
Total	550,966,936

Deferred outflows and inflows at year-end consisted of:

Deferred Outflows of Resources Related to Pensions	5,078,735
Deferred Inflows Related to Pensions	(1,500,808)
Deferred Outflows of Resources Related to OPEB	205,548,541
Deferred Inflows of Resources Related to OPEB	(298,677,994)
Total	(89,551,526)

Long-term liabilities, including notes payable, net other postemployment obligations and compensated absences, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consisted of:

Net Pension Liability	(15,717,211)
Net OPEB Liability	(523,344,693)
Lease Liability	(2,506,698)
Subscription Liability	(1,451,136)
Compensated Absences	(11,695,846)
Total	(554,715,584)

Net Deficit of Governmental Activities as Reported on the Statement of Net Position	\$ (14,438,472)
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BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	Restricted Programs Fund	Food Service Fund	Capital Projects	Total Governmental Funds
REVENUES					
State of Maryland	\$ 277,395,550	\$ 3,228,403	\$ 1,347,895	\$ 36,451,834	\$ 318,423,682
Federal Government	1,218,501	30,884,103	12,584,521	-	44,687,125
Other Sources	9,859,714	2,250,534	4,180,072	1,286	16,291,606
Local Sources	218,957,001	277,267	-	43,646,813	262,881,081
Total Revenues	507,430,766	36,640,307	18,112,488	80,099,933	642,283,494
EXPENDITURES					
Current:					
Administration	18,368,401	3,252,397	-	-	21,620,798
Mid-Level Administration	31,293,772	1,567,571	-	-	32,861,343
Instruction:					
Instructional Salaries	159,526,322	5,892,268	-	-	165,418,590
Materials of Instruction	6,624,927	2,539,953	-	-	9,164,880
Other Costs of Instruction	4,965,133	3,923,228	-	-	8,888,361
Special Education	47,088,719	6,156,936	-	-	53,245,655
Student Personnel Services	6,024,871	28,259	-	-	6,053,130
Health Service	5,365,771	-	-	-	5,365,771
Transportation	44,079,440	887,103	-	-	44,966,543
Operations	35,351,421	412,152	-	-	35,763,573
Maintenance	9,966,514	21,022	-	-	9,987,536
Food Service	-	92,214	17,395,185	-	17,487,399
Community Service	465,842	1,574,047	-	-	2,039,889
Fixed Charges	112,406,291	3,869,296	1,891,780	-	118,167,367
Student Activities	4,972,470	-	-	-	4,972,470
Capital Outlay	9,458,028	5,791,413	-	80,098,647	95,348,088
Debt Service:					
Principal	1,610,733	669,103	-	-	2,279,836
Interest	108,793	5,226	-	-	114,019
Total Expenditures	497,677,448	36,682,188	19,286,965	80,098,647	633,745,248
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,753,318	(41,881)	(1,174,477)	1,286	8,538,246
OTHER FINANCING SOURCES (USES)					
Transfer In	-	-	353,387	-	353,387
Transfer Out	(353,387)	-	-	-	(353,387)
Lease Proceeds	2,643,019	-	-	-	2,643,019
Subscription Proceeds	937,764	791,576	-	-	1,729,340
Total Other Financing Sources (Uses)	3,227,396	791,576	353,387	-	4,372,359
NET CHANGE IN FUND BALANCE	12,980,714	749,695	(821,090)	1,286	12,910,605
Fund Balances - Beginning of Year, As Originally Reported	54,057,971	-	8,599,321	(153,992)	62,503,300
Restatement	-	3,447,797	-	-	3,447,797
Fund Balances - Beginning of Year, As Restated	54,057,971	3,447,797	8,599,321	(153,992)	65,951,097
FUND BALANCES - END OF YEAR	<u>\$ 67,038,685</u>	<u>\$ 4,197,492</u>	<u>\$ 7,778,231</u>	<u>\$ (152,706)</u>	<u>\$ 78,861,702</u>

See accompanying Notes to Financial Statements.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ 12,910,605

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

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.

Assets Capitalized During the Year	91,614,266
Depreciation/Amortization Expense for the Year	(26,329,614)
Net Book Value of Assets Disposed of During the Year	<u>(157,172)</u>
Total	65,127,480

Governmental funds report Board pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employer contributions is reported as pension expense. (2,737,227)

OPEB costs reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. 2,672,332

In the statement of activities, certain operating expenses, such as compensated absences and lease liability, are measured by the amounts accrued during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources expended. (102,239)

Lease proceeds provide current financial resources to governmental funds but issuing leases increases long-term liabilities in the statement of net position
Repayment of lease principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position (2,142,630)

Subscription proceeds provide current financial resources to governmental funds but issuing subscriptions increases long-term liabilities in the statement of net position
Repayment of subscription principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position 164,126

Change in Net Position of Governmental Activities as Reported on the Statement of Activities \$ 75,892,447

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Pension and Retiree Health Trust Funds</u>
ASSETS	
Cash and Cash Equivalents	\$ 3,457,840
Investments:	
MABE Trust	109,367,716
U.S. Government and Agencies	16,015,525
Corporate Bonds	19,440,549
Equity Mutual Funds	50,458,971
Fixed Income Mutual Funds	16,677,051
Common Stocks	33,938,543
Mortgage-Backed Securities	1,905,577
Municipal Obligations	297,531
Due from General Fund	<u>23,670</u>
Total Assets	<u>251,582,973</u>
NET POSITION	
Held in Trust for Retiree Health/Pension Benefits	<u><u>\$ 251,582,973</u></u>

See accompanying Notes to Financial Statements.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>Pension and Retiree Health Trust Funds</u>
ADDITIONS	
Contributions:	
Employer	\$ 26,408,579
Plan Members	<u>5,131,501</u>
Total Contributions	<u>31,540,080</u>
Investment Earnings:	
Interest and Dividends	4,056,778
Net Increase in Fair Value of Investments	<u>14,184,801</u>
Total Investment Earnings	<u>18,241,579</u>
Less Investment Expense	<u>692,620</u>
Net Investment Gain (Loss)	<u>17,548,959</u>
Total Additions	49,089,039
DEDUCTIONS	
Benefits Paid to Members	31,495,905
Administrative Expenses	<u>15,828</u>
Total Deductions	<u>31,511,733</u>
CHANGE IN NET POSITION	17,577,306
Net Position - Beginning of Year	<u>234,005,667</u>
NET POSITION - END OF YEAR	<u><u>\$ 251,582,973</u></u>

See accompanying Notes to Financial Statements.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of Charles County, Maryland (the Board) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Board of Education of Charles County, Maryland is a component unit of the County Commissioners of Charles County, Maryland (the County). The Board's financial statements are an integral part of the financial statements of The County Commissioners of Charles County, Maryland. This conclusion has been reached based on the following criteria: (1) The County Commissioners are responsible for approving the Board's budget and establishing spending limitations; (2) The County Commissioners are responsible for levying taxes and collecting and distributing the funds to the Board; (3) The Board cannot issue bonded debt, but the County can and does issue bonds to finance Board capital projects.

All amounts appearing in the basic financial statements and the tabular presentations within the notes to the financial statements are stated in U.S. dollars.

The following is a summary of the more significant accounting policies of the Board.

Reporting Entity

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

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

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

The Board had one charter school during the 2024 school year was Phoenix International School of the Arts (PISOTA). In accordance with Maryland Code, the Board of Education shall provide funding to the charter school in an amount of county, state, and federal money for elementary and secondary students that is commensurate with the amount disbursed to other public schools in the local jurisdiction. Charter schools are separate legal entities with independent boards created by Maryland Statute and are authorized to operate in each county by the sponsoring district. The Board has determined that the charter school does not qualify as part of the reporting entity, as the Board is not financially accountable for the charter school. In addition, the Board does not have the ability to access the economic or organization resources received or held by the charter school. Although the charter school functions as a semi-independent school, with their own governance and instructional design,

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

educational achievement is measured against the same performance standards used by the local and state boards of education. Staff members of the charter schools are Board employees, attendance is open to all students and the school's administration reports to the Superintendent. PISOTA opened for the 2023-2024 school year, with a five-year conditional approval passed by the Board of Education on April 26, 2021.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Board.

The Statement of Activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include: 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function.

Revenues and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues are recognized in the year for which they are earned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds have no measurement focus but use accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both measurable and available). Measurable means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Federal and state reimbursement-type grant revenues are considered to be measurable and available as revenue when reimbursements for related eligible expenditures are collected within a year of the date the expenditure was incurred. The Board considers all non-reimbursement-type revenues available if they are collectible within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for certain compensated absences and workers' compensation. Liabilities for compensated absences and workers'

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

compensation are recognized as fund liabilities and expenditures when amounts are due and payable. State aid is recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Special revenue (food services) fund revenue includes the value of commodities donated by the United States Department of Agriculture which were received during the fiscal year. Expenditures include the value of commodities consumed during the fiscal year.

The Board reports the following funds:

General Fund

The General Fund is the Board's primary operating fund. It accounts for all financial resources of the Board, except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted for specific purposes. The Board has the following Special Revenue Fund: the Restricted Programs Fund which consists of individual funds for state, local, and federal grants restricted for specific purposes and the Food Service Fund.

Capital Projects Funds

The Capital Improvement Program Fund and the School Construction Fund are used to account for the acquisition or construction of major capital facilities, significant repairs and maintenance, and the acquisition of equipment. These funds are considered to be sub-funds established for capital projects and are considered as one major fund for purposes of presentation in the fund financial statements.

Fiduciary Fund

This represents trust funds which are used to account for assets held by the Board in a trust or agency capacity. These include:

Pension Trust Fund – The Pension Trust Fund is used to account for activities of the Board's administered retirement system.

Retiree Health Trust Fund – This fund was established to record other postemployment benefits (OPEB) that the Board provides to retirees and their dependents of Charles County Public Schools.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

The following procedures are used by the Board in establishing the budgetary data reflected in the financial statements:

1. Subsequent to March, the Board submits to Charles County Commissioners a proposed operating budget for the fiscal year starting the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The approved budget is returned to the Board by the County Commissioners prior to June 30.
3. Legal budgetary control is employed for the General Fund only. The Capital Projects budget and the Special Revenue — Restricted Program are prepared on a project length basis and program basis, respectively, and accordingly, annual budgetary comparisons are not presented in the financial statements. The Special Revenue — Food Service Fund budget is adopted by the Board for management purposes only and is not subject to and under the control of the Charles County Commissioners. Accordingly, budgetary comparisons are not presented as required supplementary information but are shown as other supplementary information.
4. Budgets are prepared and adopted on a budgetary basis which differs from GAAP due to the inclusion of encumbrances as expenditures and the usage of budget surplus as a revenue source to balance the budget.
5. The Board may transfer funds between major categories with approval by the County Commissioners. The Board has the authority to transfer funds between objects (i.e., salaries and wages, contracted services, supplies and materials) within the major categories, but must notify the County of such action. In accordance with Education Article 5-105 of the Annotated Code of Maryland, the Board may not exceed the appropriation by category without transfer and approval by the County.
6. 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 formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds.

The budgeted amounts reflected in the accompanying financial statements reflects budget transfers made within budget categories during the year, all of which were properly reported and/or approved, as applicable.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are valued at the lower of cost or market. Cost for supplies inventory is determined using the weighted average method, while cost for food service inventory is determined using the first-in, first-out method. Inventory in the General and Special Revenue Funds consist of expendable supplies held for consumption and certain school equipment not placed in service as of year-end. The cost is recorded as an expenditure item at the time the individual inventory items are used rather than when purchased (consumption method). In the fund financial statements, these inventories are classified as no spendable which indicates that they do not constitute available expendable resources.

Due to/from Other Funds

Interfund balances result from transactions that constitute reimbursements to a fund, typically the General Fund, for expenditures initially made from it that are applicable to another fund. These amounts are eliminated in the government-wide statement of net position.

Compensated Absence

Employees earn annual leave at the rate of 16 to 25 days per year, depending upon the length of service and the position held by the employee. There is no requirement that annual leave be taken, but the maximum permissible accumulation is 76 days. Upon retirement, classified employees are paid for any accumulated annual leave not to exceed 60 days at the employee's current wage rate. Upon termination for any reason other than retirement, classified employees are paid for any accumulated annual leave not to exceed 30 days at the employee's current wage rate. Upon termination, professional employees, other than 10- and 11-month employees such as teachers, librarians, counselors, and speech therapists, are paid for all accrued, but unused annual leave.

Employees earn sick leave at the rate of one day per month of employment, for ten- and eleven-month professional employees. There is no limit on the accumulation of sick leave. At termination, employees are not paid for accumulated sick leave unless they retire with 10 years of service in Charles County. The rate of sick leave reimbursement is a maximum of \$100 per day, for no more than 100 days of sick leave for certificated and \$100 per day, for no more than 100 days of sick leave for noncertificated employees.

The entire compensated absence liability is reported on the government-wide financial statements. For the governmental fund financial statements, the amount of accumulated vacation and sick leave is only recorded if the amounts are payable due to resignations or retirements.

Unearned Revenue

Revenues received before being earned are recorded as unearned revenue. The unearned revenue in the General Fund consists of tuition payments received in advance of summer school. The unearned revenues recorded in the Special Revenue Funds represent funds and commodities received in excess of expenditures incurred in connection with the federal financial assistance programs.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position/Fund Equity

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This category groups all capital assets including infrastructure into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributed to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – This category presents net position with external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

Unrestricted Net Position – This category presents the net position of the Board, not restricted for any purpose.

Governmental fund balance amounts are reported within one of the fund balance categories listed below.

No spendable – Includes fund balance amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact such as a permanent fund. Not in spendable form includes items that are not expected to be converted to cash, such as inventories and prepaid expenses.

Restricted – Includes amounts that are restricted to specific purposes when constraints are placed on the use of resources by constitution, external resource providers, or through enabling legislation.

Committed – Includes fund balance amounts that can be used only for the specific purposes determined by formal action (Board resolution) of the Board of Education Directors (the Board's highest level of decision-making authority). Similar action of the Board is required to modify or rescind such commitments. In the governmental funds, the Board reports the fund balance for the charter school as committed fund balance.

Assigned – Includes fund balance amounts that are intended to be used by the Board for specific purposes as determined by the Chief Financial Officer. The authority to assign funds has been granted to the Chief Financial Officer by the Board of Education Directors. Constraints imposed on the use of assigned amounts do not rise to the level required to be classified as either restricted or committed.

Unassigned – Represents the residual classification for the Board's general fund and includes all spendable amounts not contained in the four classifications described above.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Order of Net position/Fund Balance Spending Policy

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

Deposits and Investments

The Board's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition, including investments in the Maryland Local Government Investment Pool (MLGIP).

Investments are reported at fair value with the exception of MLGIP. Changes in the fair value of investments are recorded in investment income. The MLGIP's value is reported at amortized cost.

Capital Assets

Capital assets, which include land, land improvements, building, and furniture and equipment, are reported in the government-wide financial statements. The Board defines capital assets as assets with an initial, individual and group costs of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The cost 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.

Buildings and improvements, land improvements, and furniture and equipment of the Board are depreciated using the straight-line method over the following estimated lives:

Buildings and Improvements	30 Years
Land Improvements	10 Years
Furniture and Equipment	5 to 10 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. The Board's long-term obligations include compensated absences, lease liabilities, subscription liabilities and other postemployment benefits obligations.

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 Charles County Board of Education's Defined Benefit Plan and additions to/ deductions from the Plan's fiduciary net pension have been determined on the same basis as they are reported in the Board's financial statements. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments 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 Retiree Benefit Trust of the Board of Education of Charles County and additions to/deductions from Trust's fiduciary net position have been determined on the same basis as they are reported by the Board. For this purpose, the Board 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.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in Preparing Financial Statements

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

NOTE 2 CASH AND INVESTMENTS

Various cash accounts and short-term investments are held by the Board. The Board has engaged an independent third party as custodian for securities collateralizing repurchase agreements.

Deposits

At year-end, the carrying amount of the Board's combined deposits was \$46,303,998 and the bank balance was \$43,386,265. The Board had a cash on hand balance of \$28,738. The bank balance was covered by either Federal depository insurance or by collateral held in either the pledging bank's trust department or by the pledging bank's agent in the Board's name.

Statutes authorize secured time deposits in Maryland banks and require uninsured deposits to be fully collateralized.

Investments

The Board of Education is required to comply with the investment policy of Charles County Government. This policy authorizes the Board to invest in short-term United States Government securities, repurchase agreements, the Maryland Local Government Investment Pool, and certificate of deposits.

The Pension and Retiree Health Trust Funds are authorized to invest in repurchase agreements, domestic and foreign equities, obligations of the United States and its agencies, securities issued or guaranteed by a foreign government or corporation, marketable corporate bonds, collateralized obligations, commercial paper, bankers' acceptances, certificates of deposit, commercial paper, money market funds, mutual funds, guaranteed insurance contracts, limited partnerships, venture-capital investments, and real estate investments.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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

The assets of the MABE Trust are managed by GYL Financial Synergies, LLC and consist of money market funds, U.S. government securities, fixed income securities, mortgage-backed securities, equity securities, mutual funds, and certificates of deposits. At June 30, 2024, the pooled assets of the MABE Trust were valued at \$692,982,079 in total, of which the Board's share was \$109,367,716.

The Board is a participant in the Maryland Local Government Investment Pool (MLGIP), which provides all local government units of the state a safe investment vehicle for the short-term investment of funds. The State Legislature created MLGIP as part of the Annotated Code of Maryland. The MLGIP, under the administrative control of the State Treasurer, is managed by PNC Institutional Investments. The pool is a 2a7 like pool, which is not registered with the Securities & Exchange Commission (SEC), but generally operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). The pool has an AAA rating from Standards and Poor's and maintains a \$1.00 per share value. The pool is designed to give local government units of the state an investment vehicle for short-term investments of funds. An MLGIP Advisory Committee of current participants was formed to review, on a quarterly basis, the activities of the Fund and to provide suggestions to enhance the pool. The amortized cost of the pool is the same as the value of the pool shares.

A summary of cash and investments at June 30, 2024 is as follows:

	Total Governmental Funds	Total Fiduciary Funds	Total	Weighted Average Maturity in Years
Cash on Hand	\$ 2,405	\$ 26,333	\$ 28,738	N/A
Deposits	46,303,988	-	46,303,988	N/A
Money Market Mutual Funds	8,776,803	3,431,507	12,208,310	N/A
MLGIP	50,864,141	-	50,864,141	N/A
MABE Trust	-	109,367,716	109,367,716	16.24
U.S. Government and Agencies	-	16,015,525	16,015,525	21.22
Corporate Bonds	-	19,440,549	19,440,549	25.32
Equity Mutual Funds	-	50,458,971	50,458,971	N/A
Fixed Income Mutual Funds	-	16,677,051	16,677,051	N/A
Common Stocks	-	33,938,543	33,938,543	N/A
Mortgage-Backed Securities	-	1,905,577	1,905,577	27.67
Municipal Obligations	-	297,531	297,531	28.97
Total	<u>\$ 105,947,337</u>	<u>\$ 251,559,303</u>	<u>\$ 357,506,640</u>	

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

The following tables summarize the ratings and maturity for fixed income investments held at June 30, 2024:

	S&P Ratings					
	AAA	AA+	AA	AA-	A+	A
U.S. Government and Agencies	\$ -	\$ 165,856	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	-	251,649	265,546	485,870	789,504	2,024,483
Mortgage-Backed Securities	414,311	-	-	-	-	-
Municipal Obligations	-	-	166,747	130,784	-	-
Grand Total	<u>\$ 414,311</u>	<u>\$ 417,505</u>	<u>\$ 432,293</u>	<u>\$ 616,654</u>	<u>\$ 789,504</u>	<u>\$ 2,024,483</u>

	S&P Ratings					
	A-	BB+	BBB+	BBB	BBB-	Unrated
U.S. Government and Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,849,669
Corporate Bonds	5,101,041	172,669	4,421,709	3,937,222	1,787,981	202,875
Mortgage-Backed Securities	-	17,296	-	-	-	1,473,970
Municipal Obligations	-	-	-	-	-	-
Grand Total	<u>\$ 5,101,041</u>	<u>\$ 189,965</u>	<u>\$ 4,421,709</u>	<u>\$ 3,937,222</u>	<u>\$ 1,787,981</u>	<u>\$ 17,526,514</u>

	FMV	Less than 1	1-5 Years	6-10 Years	11-15 Years	16-20 Years	20+ Years
U.S. Government and Agencies	\$ 16,015,525	\$ -	\$ 1,146,207	-	\$ 2,849,793	\$ 3,722,353	\$ 8,297,172
Corporate Bonds	19,440,549	-	671,518	2,565,069	637,492	958,856	14,607,614
Mortgage-Backed Securities	1,905,577	-	-	-	-	-	1,905,577
Municipal Obligations	297,531	-	-	-	-	166,747	130,784
Grand Total	<u>\$ 37,659,182</u>	<u>\$ -</u>	<u>\$ 1,817,725</u>	<u>\$ 2,565,069</u>	<u>\$ 3,487,285</u>	<u>\$ 4,847,956</u>	<u>\$ 24,941,147</u>

Interest Rate Risk

Fair value fluctuates with interest rates and increasing rates could cause fair value to decline below original cost. To limit the Board's exposure to fair value losses arising from increasing interest rates, the Board's investment policy limits the term of investment maturities, other than the Fiduciary Funds' investments, to overnight repurchase agreements and requires that collateral securities underlying the repurchase agreements have a market value equal to the cost of the agreement.

Interest income is reported as general revenue in the statement of activities.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board will not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. In this regard, the Board limits its investments, other than Fiduciary Funds' investments, to overnight deposits that are insured or collateralized with securities held by a custodial in the Board'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 Board to invest in obligations of the United States government, federal agency obligations, and repurchase agreements secured by direct government or agency obligations. For fiduciary funds, investment policy requires that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price.

Concentrations of Credit Risk

The investment policy of the Pension Plan limits the exposure of debt securities of any one private corporation to no more than 5% of the cost value of assets within the portfolio. There were no debt security investments in any one private corporation over this limit as of June 30, 2024.

Foreign Credit Risk

The Board, the Board of Education of Charles County Defined Benefit Pension Plan, and the Retiree Health Trust (The Plans)'s investment policies do not allow for investments denominated in foreign currencies. The Board and the Plans do not hold such investments.

Investments and Valuation

The Board, the Board of Education of Charles County Defined Benefit Pension Plan, and the Retiree Health Trust (The Plans) categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and

Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer, or broker-traded transactions.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments and Valuation (Continued)

Transactions are recorded on the trade date. Realized gains and losses are determined using the identified cost method. Any change in net unrealized gain or loss from the preceding period is reported in the statement of revenues, expenses, and changes in net position. Dividends are recorded on the ex-dividend date. Interest is recorded on the accrual basis. Following is a description of the valuation methodologies used for assets measured at fair value.

Interest in MABE Trust – the MABE Trust is a Common trust fund which is comprised of shares or units in a commingled fund that is not publicly traded. Underlying assets in these funds include money market funds, U.S. government securities, fixed income securities, asset backed securities, equity securities, mutual funds and exchange traded funds and are valued at fair value based on quoted prices for similar assets in active markets. The Board may terminate its membership in the Trust and withdraw its allocated investment balance by providing written notification to the Trust six months prior to the intended withdrawal date.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments and Valuation (Continued)

The Board and the Plan had the following recurring fair value measurements as of June 30, 2024:

	Level 1	Level 2	Level 3	Balance June 30, 2024
Investments by Fair Value Level:				
Debt Securities:				
Corporate Bonds	\$ -	\$ 19,440,549	\$ -	\$ 19,440,549
Mortgage-Backed Obligations	-	1,905,577	-	1,905,577
Municipal Bonds	-	297,531	-	297,531
U.S. Government and Agencies	-	16,015,525	-	16,015,525
Total Debt Securities	-	37,659,182	-	37,659,182
Equity Securities:				
Common Stocks	33,938,543	-	-	33,938,543
Fixed Mutual Funds	16,677,051	-	-	16,677,051
Equity Mutual Funds	50,458,971	-	-	50,458,971
Total Equity Securities	101,074,565	-	-	101,074,565
MABE OPEB Trust	-	109,367,716	-	109,367,716
Total	<u>\$ 101,074,565</u>	<u>\$ 147,026,898</u>	<u>\$ -</u>	248,101,463
Cash and Investments Carried at NAV or Amortized Cost:				
Cash on Hand				28,738
Deposits				46,303,988
Money Market Mutual Funds				12,208,310
MLGIP				50,864,141
Total Cash and Investments at Amortized Cost				<u>109,405,177</u>
Total Cash and Investments				<u>\$ 357,506,640</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 CAPITAL ASSETS

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

	Balance at June 30, 2023	Increases	Decreases	Balance at June 30, 2024
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 20,690,734	\$ 16,336	\$ -	\$ 20,707,070
Construction-in-Progress	95,249,163	77,760,053	(9,527,876)	163,481,340
Total Capital Assets, Not Being Depreciated	115,939,897	77,776,389	(9,527,876)	184,188,410
Capital Assets Being Depreciated:				
Buildings and Improvements	717,463,430	13,269,794	-	730,733,224
Land Improvements	31,027,157	840,157	(8,755)	31,858,559
Furniture and Equipment	33,755,294	4,554,497	(1,362,949)	36,946,842
Total Capital Assets Being Depreciated	782,245,881	18,664,448	(1,371,704)	799,538,625
Less: Accumulated Depreciation:				
Buildings and Improvements	(372,179,530)	(18,966,522)	-	(391,146,052)
Land Improvements	(19,641,590)	(2,046,550)	5,580	(21,682,560)
Furniture and Equipment	(26,861,252)	(1,747,920)	1,362,949	(27,246,223)
Total Accumulated Depreciation	(418,682,372)	(22,760,992)	1,368,529	(440,074,835)
Total Capital Assets, Being Depreciated, Net	363,563,509	(4,096,544)	(3,175)	359,463,790
Right-to-Use Assets:				
Equipment	1,454,862	2,643,019	(1,380,469)	2,717,412
Total Amortized Lease Right-to-Use Assets	1,454,862	2,643,019	(1,380,469)	2,717,412
Less: Lease Asset Accumulated Amortization:				
Equipment	(1,092,423)	(387,569)	1,238,735	(241,257)
Total Lease Asset Accumulated Amortization	(1,092,423)	(387,569)	1,238,735	(241,257)
Total Lease Assets, Being Amortized, Net	362,439	2,255,450	(141,734)	2,476,155
Subscription Based Information Technology Assets:				
Subscription Based Information				
Technology Arrangements	7,621,329	2,058,286	(188,583)	9,491,032
Total Subscription Based Information				
Technology Arrangements	7,621,329	2,058,286	(188,583)	9,491,032
Less: Accumulated Amortization				
Subscription Based Information				
Technology Arrangements	(1,647,718)	(3,181,053)	176,320	(4,652,451)
Total Accumulated Amortization	(1,647,718)	(3,181,053)	176,320	(4,652,451)
Total Subscription Based Information				
Technology Arrangement Assets, Net	5,973,611	(1,122,767)	(12,263)	4,838,581
Capital Assets, Net	\$ 485,839,456	\$ 74,812,528	\$ (9,685,048)	\$ 550,966,936

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 CAPITAL ASSETS (CONTINUED)

Depreciation/amortization expense was charged to functions of the Board as follows:

Governmental Activities:	
Regular Education	\$ 134,267
Special Education	15,423
Supporting Services:	
Pupil Services	47
Administration	175,726
Instructional Support	20,028
Operation and Maintenance of Facilities	4,996,571
Transportation	561,030
Community Services	2,292
School Lunch Services	70,470
Planning and Construction	2,247,409
Unallocated	18,106,351
Total Depreciation Expense - Governmental	
Activities	<u>\$ 26,329,614</u>

The Board has active school construction projects at June 30, 2024 as follows:

	Spent to Date	Remaining Commitment
Benjamin Stoddert Middle Renovation/Feasibility Study	\$ 50,425,628	\$ 2,795,439
T.C. Martin E.S. Reno & Study	41,408,883	5,501,195
Other Projects	71,646,829	34,898,053
Total	<u>\$ 163,481,340</u>	<u>\$ 43,194,687</u>

NOTE 4 RETIREMENT SYSTEM — STATE OF MARYLAND DESCRIPTION

Plan Description

Certain Board employees are covered by the Teachers Retirement System of the State of Maryland, the Teachers' Pension System of the State of Maryland. These systems are part of the Maryland State Retirement and Pension System (the State System) and is a cost-sharing multiple-employer public employee retirement system. The State System provides pension, death, and disability benefits to Plan members and beneficiaries. The state of Maryland pays a substantial portion of employer contributions on behalf of the Board. The Plan is administered by the State Retirement Agency (the Agency). Responsibility for the administration and operation of the State System is vested in a 15-member Board of Trustees. The State System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland. The Agency issued a publicly available financial report that includes basic financial statements and required supplementary information for the State System. The report may be obtained by writing to the State Retirement and Pension System of Maryland, 120 East Baltimore Street, Baltimore, MD 21202, or by calling 410-625-5555. The System also issues a publicly available financial report that can be obtained at <http://www.sra.state.md.us>.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 RETIREMENT SYSTEM — STATE OF MARYLAND DESCRIPTION (CONTINUED)

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

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

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

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

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 RETIREMENT SYSTEM — STATE OF MARYLAND DESCRIPTION (CONTINUED)

Contributions

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

Beginning in FY2017, the Board pays 100% of the normal cost for their teachers in the Teachers' Retirement and Pension System while the state contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System. For the year ended June 30, 2024, the Board's contribution was \$10,361,604. The state's contributions on behalf of the Board for the year ended June 30, 2024 was \$20,307,330. The fiscal 2024 contribution made by the state on behalf of the Board 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.

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

At June 30, 2024, the Board did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The state of Maryland pays the unfunded liability for the Board; therefore, the Board is not required to record its share of the unfunded pension liability, but instead, that liability is recorded by the state of Maryland. The amount recognized by the Board as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the Board were as follows:

State's Proportionate Share of the Net Pension Liability	\$ 190,887,558
Board's Proportionate Share of the Net Pension Liability	-
Total	<u>\$ 190,887,558</u>

The net pension liability was measured as of June 30, 2023, 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, 2024, the Board recognized pension expense of \$20,307,330 and revenue of \$30,616,950 in the General Fund for support provided by the state and Board. In the statement of activities, the Board recognized pension expense of \$22,938,023 and revenue of \$22,938,023 for support provided by the state and Board. Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the Board did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 RETIREMENT SYSTEM — STATE OF MARYLAND DESCRIPTION (CONTINUED)

Actuarial Assumptions

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

Inflation	2.25% General, 2.75% Wage
Salary Increases	2.75% to 11.25%
Investment Rate of Return	6.8%

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

The economic and demographic actuarial assumptions used in the June 30, 2023 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board for the first use in the actuarial valuation as of June 30, 2019. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.75% were used in the June 30, 2023 valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34 %	6.90 %
Private Equity	16	8.60
Rate Sensitive	20	2.60
Credit Opportunity	9	5.60
Real Assets	15	5.40
Absolute Return	6	4.40
Total	100 %	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2023.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 4 RETIREMENT SYSTEM — STATE OF MARYLAND DESCRIPTION (CONTINUED)

Actuarial Assumptions (Continued)

For the year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 3.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The single discount rate used to measure the total pension liability was 6.80%. This single discount rate was based on the expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans 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.

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.

NOTE 5 BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN

General Information about the Pension Plan

Plan Description

The Board of Education of Charles County Defined Benefit Pension Plan (the Plan) is a single employer public employee retirement system which was established for the benefit of employees not covered by the Teachers' Retirement System or the Teachers' Pension System of the State of Maryland (the Systems). The Plan was created under authorization of the Board effective July 1, 1969. The Plan provides pension income based on average pay and years of service.

The statement of plan assets and statement of changes in plan net position are prepared on the accrual basis of accounting, with contributions recognized when due. Benefits and expenses are recognized when due and payable. Investments are reported at fair value.

Securities traded on a national or international exchange are valued at the latest reported sales price at current exchange rates.

Reliance Trust administers the Plan. Investments are managed by various market fund managers and an internal investment committee which includes an outside investment consultant.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Plan Administration

Management of the Plan is overseen by a Pension Committee under Section XI of the Plan Document. Per the Plan Document, The Pension Committee is composed of not less than three individuals appointed by the Superintendent of Schools to serve for such time as determined by the Superintendent. The Pension Committee has the discretion and authority to interpret the Plan and to determine the eligibility and benefits of Participants and beneficiaries pursuant to the provisions of the Plan. On all such matters, the decision of a majority of the then members of the Pension Committee shall govern and be binding upon the Employer, Participants, and beneficiaries. The Pension Committee need not call or hold any meeting for the purpose of rendering decisions, but such decisions may be evidenced by a written document signed by the members.

Investment Policy

The Pension Committee is responsible for administering the investment policies of the Plan and providing oversight for the management of the Plan's assets. The investment strategy of the Plan is to emphasize total return (defined as the aggregate return from capital appreciation and dividend and interest income). The investment policy requires that all Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plan, with minimal impact on market price. The following was the Plan's adopted asset allocation policy as of June 30, 2024:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Target</u>
Equities	30 %	70 %	56 %
Fixed Income	30	80	41
Cash and Equivalents	-	15	3

Concentrations

The Pension plan held the following investments as of June 30, 2024 that exceeded 5% of the pension plan's fiduciary net position:

<u>Investment</u>	<u>Percentage of Pension Fiduciary Net Position</u>	<u>Fair Market Value</u>
Vanguard Developed Markets Index Fund	14.07 %	\$ 20,013,370
Invesco Developing Markets R6	7.76	11,037,552
iShares Core S&P Mid-Cap ETF	5.85	8,323,943

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Rate of Return on Investments

The annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, for fiscal year 2024 was 7.71 %. The money-weighted rate of return expresses investment performance, net of expenses, adjusted for the changing amounts actually invested.

Benefits Provided

All employees not covered by the State System who work at least four hours per day and at least 10 months per year must join the Plan as a condition of employment. Participants are required to contribute 5% of their gross earnings to the Plan. Participants are eligible for full benefits upon retirement at age 60, the normal retirement date or age 55, the early retirement date. Full benefits in the Plan are defined as 1.5% of the Average Monthly Earnings multiplied by the years of continuous service through July 1, 1998, plus 2.0% of the Average Monthly Earnings multiplied by the years of continuous service after July 1, 1998 prior to the normal retirement date.

Employees Covered by Benefit Terms

At July 1, 2023, the date of the latest actuarial valuation, the following employees were covered by the benefit terms:

Retirees and Beneficiaries Receiving Benefits	370
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	440
Active Plan Members	627
Total	<u><u>1,437</u></u>

Contributions

Per Section VII of the Plan agreement, the Board establishes contribution amounts based on an actuarially determined amount recommended by an independent actuary. The actuarially determined amount is the estimated amount necessary to pay all of the Plan cost (in excess of Participant contributions) that the actuary determines to be necessary to maintain the Plan as a qualified plan under the Internal Revenue Code and Regulations. For the year ended June 30, 2024, the average active employee contribution rate was 5.0% of annual pay. For fiscal year 2024, the Board contributed \$3,701,864 to the Plan while participants contributed \$1,765,158. These contributions amounted to approximately 19.50% of covered payroll.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Net Pension Liability

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

Total Pension Liability	\$ 157,908,798
Plan Fiduciary Net Position	<u>(142,191,587)</u>
Net Pension Liability	<u><u>\$ 15,717,211</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.05 %
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Actuarial Assumptions

Method and assumptions used to determine net pension liability were as follows:

Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Period	20 Years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	6.50% per year compounded annual, net of investment expenses
Projected Salary Increases	Years of service based 0.50-7.00%
Cost-of-Living Adjustments	2.50% limited to 150% of original benefit
General Inflation	2.40% per year
Retirement	Experience-based table of rates
Mortality Rate	Pub-2010(B) Public Retirement Plans Below Median Income Amount-Weighted Mortality Tables (for General Employees) projected to valuation date with Scale MP-2021
Experience Studies	The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features, such as full eligibility for full and early retirement, where applicable, and input from the plan sponsor. A full actuarial experience study was done in 2016 using data from 2004-2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rate of return for each major asset class included in the pension plan's target asset allocation of June 30, 2024.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	18.00 %	5.59 %
U.S. Mid Cap	6.00	6.16
U.S. Small Cap	6.00	6.91
Non-U.S. Developed Large Cap Equity	14.50	6.31
Emerging Markets Equity	8.00	8.52
Real Estate - REITS	3.50	5.95
MLPs	3.50	5.90
Diversified Hedge Funds	3.00	4.04
U.S. Aggregate Fixed Income	27.50	2.42
Multi-Asset Credit	5.00	4.39
U.S. High Yield Fixed Income	4.00	4.50
U.S. Cash	1.00	0.94

Discount Rate

The discount rate used to measure the total pension liability was 6.50%. The projection of cash flow to determine the discount rate assumed the contributions from Plan members will be made at the current contribution rate and that contributions from the Board will be made at contractually required rates, actuarially determined. Based on those 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 the pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Changes in Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances - June 30, 2023	\$ 146,267,531	\$ 133,894,731	\$ 12,372,800
Changes for the Year:			
Service Cost	4,112,114	-	4,112,114
Interest	9,537,232	-	9,537,232
Differences Between Expected and Actual Experience	5,414,768	-	5,414,768
Contributions - Employer	-	3,701,864	(3,701,864)
Contributions - Member	-	1,765,158	(1,765,158)
Net Investment Income	-	10,252,681	(10,252,681)
Benefit Payments, Including Refunds of Members	(7,422,847)	(7,422,847)	-
Administrative Expense	-	-	-
Net Changes	11,641,267	8,296,856	3,344,411
Balances - June 30, 2024	\$ 157,908,798	\$ 142,191,587	\$ 15,717,211

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Board calculated using the discount rate of 5.50%, as well as what the Board's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%), or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Current Rate (6.50%)	1% Increase (7.50%)
Net Pension Liability	\$ 34,661,491	\$ 15,717,211	\$ (151,649)

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5 BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

For the year ended June 30, 2024, the Board recognized pension expense of \$6,439,091. As of June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,953,509	\$ 1,431,365
Changes in Assumptions	-	69,443
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	2,125,226	-
Total	<u>\$ 5,078,735</u>	<u>\$ 1,500,808</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 2,230,488
2026	4,144,668
2027	(1,892,866)
2028	(628,703)
2029	(275,660)
Thereafter	-
Total	<u>\$ 3,577,927</u>

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

The Board provides medical, dental, and life insurance benefits to eligible employees who retire from employment with the Charles County Public Board. The employer's contributions are financed on a pay-as-you-go basis, and the future payment of these benefits is contingent upon the annual approval of the operating budget. Details of the postemployment benefits provided are as follows:

Plan Administration

Charles County Public Schools administers the Charles County Public Schools Post-Employment Medical and Life Insurance Benefits Plan a single- employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for retirees with at least 10 years of service with Charles County Public Schools.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Plan Administration (Continued)

The School System administers the Charles County Public Schools Post-Employment Medical and Life Insurance Benefits Plan (the Plan), a single employer defined benefit health care plan. In May 2008, the School System created the Retiree Benefit Trust of the Board of Education of Charles County (the Trust Fund) in order to arrange for the establishment of a reserve to pay health and welfare benefits for future retirees. Management of the Trust is vested in the School System Board. The Trust Fund was amended in July 2016.

Plan Membership

At June 30, 2023, the Plan membership consisted of the following:

<u>Enrolled In Medical/Drug Coverage</u>	
Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	967
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefit Payments	220
Active Plan Member	2,581
Total	<u><u>3,768</u></u>
 <u>Enrolled In Life Coverage</u>	
Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	1,010
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefit Payments	196
Active Plan Member	1,964
Total	<u><u>3,170</u></u>

Benefits Provided

The Plan provides health and welfare coverage for retirees who have satisfied certain age, service and other requirements set forth in the Plan. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The Plan grants the Board the authority to establish and amend the benefit terms.

Funding Policy and Contribution

The contribution requirements of Plan members and the School System are established and may be amended by the School System. The required contribution is based on projected pay-as-you-go (PAYGO) financing requirements, with an additional amount to prefund benefits as determined annually by the School System. For fiscal year 2023, the School System contributed \$7 million to the OPEB Trust Fund. In addition, it paid \$14.6 million towards retiree health care costs, including administrative costs. Retirees contributed an additional \$3.1 million.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Funding Policy and Contribution (Continued)

Medical and Dental Benefits – Retirees are eligible for continued membership in one of the Board's group medical and dental plans provided that they have at least 10 years of service with the Charles County Public Schools. The Board pays 75% of the premiums for these Plans.

Life Insurance Benefits – The Board pays 75% of the life insurance premiums for retirees with at least 10 years of service. The amount of insurance coverage is based on the employees' annual salary upon retirement.

Investment Policy

The Trust does not have a formal investment policy.

Concentration

The entire portfolio of investments of the Trust is invested in the MABE Pooled OPEB Trust.

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 8.63%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability

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

The components of the net OPEB liability of the Plan at June 30, 2023 were as follows:

Total OPEB Liability	\$ 623,455,629
Plan Fiduciary Net Position	<u>(100,110,936)</u>
Board's Net OPEB Liability	<u><u>\$ 523,344,693</u></u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	16.06 %

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Actuarial Assumptions

The total OPEB liability is based on June 30, 2023 valuation. The methods, assumptions, and participant data used are detailed below:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market value of Assets
Inflation	2.5%
Salary Increases	3.0%
Investment Rate of Return	7.5% per year compounded annually
Healthcare Cost Trend Rates:	
Medical	Trend for 2022 is 6%/Ultimate trend is 3.94%
Dental	5.0% per year

Mortality rates were based on the Pub-2010 Teacher Headcount- Weighted Mortality, Projected with Fully Generational MP2019 Mortality Improvement Scale.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	16.50 %	7.41 %
U.S. Mid Cap	6.00	7.99
U.S. Small Cap	7.50	8.74
International Developed Equities	15.00	8.49
U.S. Real Estate	4.00	10.66
U.S. Investment Grade Bonds	35.00	7.78
U.S. High Yield Bonds	5.00	3.97
Emerging Market Bonds	8.00	6.28
Cash	3.00	2.83

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.19%. This calculation assumes that the members and the Schools will contribute pay-go rather than the required actuarially determined contributions. Based on that assumption, the Plan's fiduciary net position is expected to run out of assets in the year 2049, therefore having insufficient assets available to make all future benefit payments of current Plan members. A blended discount rate is determined based on the fully funded rate of 6.00% when assets are available prior to 2049, and the unfunded rate of 3.86% for 2049 and beyond. The long-term nominal expected rate of return on OPEB Plan investments was determined using a building-block method where return expectations are established for each asset class.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances - June 30, 2022	\$ 609,900,459	\$ 85,635,732	\$ 524,264,727
Changes for the Year:			
Service Cost	23,513,712	-	23,513,712
Interest	24,154,995	-	24,154,995
Experience Losses (Gains)	(206,841)	-	(206,841)
Trust Contributions - Employer	-	21,585,461	(21,585,461)
Net Investment Loss	-	7,745,914	(7,745,914)
Changes in Assumptions	(19,050,525)	-	(19,050,525)
Benefit Payments	(14,856,171)	(14,856,171)	-
Net Changes	13,555,170	14,475,204	(920,034)
Balances - June 30, 2023	<u>\$ 623,455,629</u>	<u>\$ 100,110,936</u>	<u>\$ 523,344,693</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.19%) or 1-percentage-point higher (5.19%) than the current discount rate:

	1% Decrease (3.19%)	Discount Rate (4.19%)	1% Increase (5.19%)
Net OPEB Liability	\$ 640,250,706	\$ 523,344,693	\$ 430,768,499

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (2.94%)	Healthcare Cost Trend Rates (3.94%)	1% Increase (4.94%)
Net OPEB Liability	\$ 423,147,236	\$ 523,344,693	\$ 655,679,559

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

For the year ended June 30, 2024, the Board recognized OPEB expense of \$21,255,938. At June 30, 2024, the Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 33,623,728	\$ 61,690,107
Changes in Assumptions	144,472,316	236,987,887
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	4,745,782	-
Employer Contributions Subsequent to Measurement Date	22,706,715	-
Total	<u>\$ 205,548,541</u>	<u>\$ 298,677,994</u>

Employee contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2024.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (21,128,958)
2026	(21,775,994)
2027	(19,376,151)
2028	(22,983,872)
2029	(15,089,299)
Thereafter	(15,481,894)
Total	<u>\$ (115,836,168)</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

GASB 74 Information

Plan Membership

At June 30, 2024, the Plan membership consisted of the following:

<u>Enrolled in Medical/Drug Coverage</u>	
Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	1,726
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefit Payments	242
Active Plan Member	<u>2,620</u>
Total	<u><u>4,588</u></u>

<u>Enrolled in Life Coverage</u>	
Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	1,047
Inactive Plan Members Entitled to But Not Yet	
Receiving Benefit Payments	2,383
Active Plan Member	<u>1,990</u>
Total	<u><u>5,420</u></u>

Funding Policy and Contribution

The contribution requirements of Plan members and the School System are established and may be amended by the School System. The required contribution is based on projected pay-as-you-go (PAYGO) financing requirements, with an additional amount to prefund benefits as determined annually by the School System. For fiscal year 2024, the School System contributed \$2 million to the OPEB Trust Fund. In addition, it paid \$24.1 million towards retiree health care costs, including administrative costs. Retirees contributed an additional \$3.4 million.

Rate of Return

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 7.26%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the Plan

The components of the net OPEB liability of the Plan at June 30, 2024 were as follows:

Total OPEB Liability	\$ 615,296,662
Plan Fiduciary Net Position	<u>(109,391,386)</u>
Board's Net OPEB Liability	<u><u>\$ 505,905,276</u></u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	17.78 %
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BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Actuarial Methods and Assumptions

The total OPEB liability is based on June 30, 2024 valuation data. The methods, assumptions, and participant data used are detailed below:

Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value of Assets
Inflation	2.5%
Salary Increases	3.0%
Investment Rate of Return	7.5% Per Year Compounded Annually
Healthcare Cost Trend Rates:	
Medical	Trend for 2023 is 65.80%/Ultimate Trend is 3.94%

Mortality rates were based on the Pub-2010 Teacher Headcount-Weighted Mortality, Projected with Fully Generational MP2019 Mortality Improvement Scale.

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	18.00 %	7.46 %
U.S. Mid Cap	6.00	8.05
U.S. Small Cap	6.00	8.82
International Developed Equities	14.50	8.23
Emerging Market Bonds	8.00	10.12
U.S. Real Estate	3.50	7.70
MLPs	3.50	7.82
Diversified Hedge Funds	3.00	6.12
U.S. Investment Grade Bonds	27.50	4.35

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.15%. This calculation assumes that the members and the Schools will contribute pay-go rather than the required actuarially determined contributions. Based on that assumption, the Plan's fiduciary net position is expected to run out of assets in the year 2050, therefore having insufficient assets available to make all future benefit payments of current Plan members. A blended discount rate is determined based on the fully funded rate of 6.00% when assets are available prior to 2049, and the unfunded rate of 3.97% for 2050 and beyond. The long-term nominal expected rate of return on OPEB Plan investments was determined using a building-block method where return expectations are established for each asset class.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances - June 30, 2023	\$ 623,455,629	\$ 100,110,936	\$ 523,344,693
Changes for the Year:			
Service Cost	23,245,383	-	23,245,383
Interest	25,784,575	-	25,784,575
Experience Losses (Gains)	(64,339,396)	-	(64,339,396)
Trust Contributions - Employer	-	22,706,715	(22,706,715)
Net Investment Income (Loss)	-	7,296,278	(7,296,278)
Changes in Assumptions	27,857,186	-	27,857,186
Benefit Payments	(20,706,715)	(20,706,715)	-
Administrative Expense	-	(15,828)	15,828
Net Changes	(8,158,967)	9,280,450	(17,439,417)
Balances - June 30, 2024	<u>\$ 615,296,662</u>	<u>\$ 109,391,386</u>	<u>\$ 505,905,276</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage- point lower (3.15%) or 1-percentage-point higher (5.15%) than the current discount rate:

	1% Decrease (3.15%)	Discount Rate (4.15%)	1% Increase (5.15%)
Net OPEB Liability	\$ 623,168,962	\$ 505,905,276	\$ 413,515,730

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (2.92%) or 1-percentage-point higher (4.92%) than the current healthcare cost trend rates:

	1% Decrease (2.92%)	Healthcare Cost Trend Rates (3.92%)	1% Increase (4.92%)
Net OPEB Liability	\$ 414,359,906	\$ 505,905,276	\$ 625,985,438

NOTE 7 TRUST FUNDS

The condensed financial statements of the Board's trust funds are as follows:

	<u>Condensed Statement of Net Position</u>		
	<u>Retiree Health Trust Fund</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Assets:			
Investments, Including Cash and Cash Equivalents	\$ 109,367,716	\$ 142,191,587	\$ 251,559,303
Other Assets	23,670	-	23,670
Total Assets	<u>109,391,386</u>	<u>142,191,587</u>	<u>251,582,973</u>
Liabilities:			
Net Position - Held in Trust for Retiree Health/Pension Benefits	<u>\$ 109,391,386</u>	<u>\$ 142,191,587</u>	<u>\$ 251,582,973</u>
	<u>Condensed Statement of Changes in Net Position</u>		
	<u>Retiree Health Trust Fund</u>	<u>Pension Trust Fund</u>	<u>Total</u>
Additions:			
Contributions	\$ 26,073,058	\$ 5,467,022	\$ 31,540,080
Net Investment Gain	7,296,278	10,252,681	17,548,959
Total Additions	<u>33,369,336</u>	<u>15,719,703</u>	<u>49,089,039</u>
Deductions:			
Benefits Paid	24,073,058	7,422,847	31,495,905
Administrative Expenses	15,828	-	15,828
Total Deductions	<u>24,088,886</u>	<u>7,422,847</u>	<u>31,511,733</u>
Change in Net Position	9,280,450	8,296,856	17,577,306
Net Position - Beginning of Year	<u>100,110,936</u>	<u>133,894,731</u>	<u>234,005,667</u>
Net Position - End Of Year	<u>\$ 109,391,386</u>	<u>\$ 142,191,587</u>	<u>\$ 251,582,973</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8 DEBT SERVICE

School Construction Debt

The Board is not obligated to repay principal or interest on any debt incurred for school construction. Such bonds and loans are obligations of the county and state governments. Accordingly, the Board does not record school construction debt service revenues, expenditures, or outstanding school construction debt in statements prepared in accordance with GAAP.

NOTE 9 INTERFUND ACCOUNTS

At June 30, 2024 the amounts due to and from other funds were as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$ 8,236,437	\$ 23,670
Special Revenue - Food Service	4,896,785	-
Special Revenue - Restricted Program	-	10,213,000
Fiduciary Fund - Other Post Employment Benefits	23,670	-
Capital Projects	2,675,043	5,595,265
Total	<u>\$ 15,831,935</u>	<u>\$ 15,831,935</u>

NOTE 10 LONG-TERM LIABILITIES

The following is an analysis of the changes in long-term liabilities for the year ended:

	Beginning Balance	Increase	(Decrease)	Ending Balance	Amount Due Within One Year
Compensated Absences	\$ 11,593,607	\$ 102,239	\$ -	\$ 11,695,846	\$ 1,398,860
Leases Liability	364,068	2,643,019	(500,389)	2,506,698	298,929
Subscriptions Liability	1,615,262	1,729,340	(1,893,466)	1,451,136	1,173,350
Total Long-Term Liabilities	<u>\$ 13,572,937</u>	<u>\$ 4,474,598</u>	<u>\$ (2,393,855)</u>	<u>\$ 15,653,680</u>	<u>\$ 2,871,139</u>

For the governmental activities, compensated absences, lease liabilities, and subscription liabilities are generally liquidated by the General Fund.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 LEASES

Lessee

The Board is a lessee for noncancellable leases of equipment. The Board recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Board leases equipment for various terms under long-term, non-cancelable lease agreements, with interest rates ranging from 0.165% through 1.977%. The leases expire at various dates through 2044 and provide for renewal options.

Total future minimum lease payments under lease agreements are as follows:

Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2025	\$ 298,929	\$ 70,382	\$ 369,311
2026	308,799	60,512	369,311
2027	317,671	50,313	367,984
2028	316,125	39,918	356,043
2029	149,966	31,167	181,133
2030-2034	349,209	125,811	475,020
2035-2039	398,746	76,274	475,020
2040 and Thereafter	367,253	20,681	387,934
Total Minimum Lease Payments	<u>\$ 2,506,698</u>	<u>\$ 475,058</u>	<u>\$ 2,981,756</u>

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

	Governmental Activities
Equipment	\$ 2,717,412
Less: Accumulated Amortization	(241,257)
Total	<u>\$ 2,476,155</u>

Lessor

The Board, acting as lessor, leases land under long-term, non-cancelable lease agreements, with interest rates ranging from 0.165% through 1.555%. The Board recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The leases expire at various dates through 2054 and provide for renewal options. During the year ended June 30, 2024, the Board recognized \$171,481 and \$40,622 in lease revenue and interest revenue, respectively, pursuant to these contracts.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11 LEASES (CONTINUED)

Lessor (Continued)

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 193,155	\$ 75,839	\$ 268,994
2026	189,056	86,414	275,470
2027	199,450	83,967	283,417
2028	210,222	81,381	291,603
2029	221,384	78,650	300,034
2030-2034	1,089,377	348,490	1,437,867
2035-2039	735,842	284,522	1,020,364
2040-2044	959,585	219,578	1,179,163
2045-2049	1,221,368	135,893	1,357,261
2050-2054	1,034,764	38,171	1,072,935
2055 and Thereafter	29,227	76	29,303
Total Minimum Lease Payments	<u>\$ 6,083,430</u>	<u>\$ 1,432,981</u>	<u>\$ 7,516,411</u>

NOTE 12 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The Entity has entered into subscription based-information technology arrangements (SBITAs) for The SBITA arrangements expire at various dates through 2027 and provide for renewal options. As of June 30, 2024, SBITA assets and the related accumulated amortization totaled \$9,491,032 and \$4,652,451 respectively. The future subscription payments under SBITA agreements are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,173,350	\$ 41,122	\$ 1,214,472
2026	194,960	7,687	202,647
2027	82,826	2,340	85,166
Total	<u>\$ 1,451,136</u>	<u>\$ 51,149</u>	<u>\$ 1,502,285</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 COMMITMENTS AND CONTINGENCIES

Litigation

Various claims and lawsuits are pending against the Board. The Board's attorneys estimate that potential claims against the Board not covered by insurance resulting from such litigation would not materially affect the financial statements of the Board.

Health Insurance

The Board entered into an agreement with BlueCross BlueShield of Maryland for health insurance under a claim made policy. The Board underwrites 75% of the cost of health insurance based on an estimate and the employees contribute 25%. Actual contribution rates by the Board may vary based on actual claims. The policy arrangement includes a stop-loss provision for claims in excess of \$250,000. A liability in the amount of \$- has been recorded for the estimated claims incurred but not reported at the end of the year.

The liability for claims and judgments is reported in the General Fund and entity-wide Governmental Activities. Changes in the balances of claims liabilities are as follows:

	<u>2024</u>	<u>2023</u>
Accrued Health Claims:		
Unpaid Claims - Beginning of Year	\$ 3,822,000	\$ 3,914,000
Incurred Claims (Including IBNR)	47,009,350	46,896,521
Claim Payments	<u>(46,816,350)</u>	<u>(46,988,521)</u>
Unpaid Claims - End of Year	<u>\$ 4,015,000</u>	<u>\$ 3,822,000</u>

NOTE 14 RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board is a member of the Maryland Association of Boards of Education Group Liability Insurance Pool and the Workmen's Compensation Self-Insurance Fund.

These pools are self-insurance funds for the various member Maryland Boards of Education. The pools were organized for the purpose of minimizing the cost of insurance and related administrative expenses. Coverage is provided up to specified limits and the Charles County Board of Education pays an annual premium for the coverage provided by those pools. In addition to general liability insurance, the Group Liability Insurance Pool also provides coverage for property liability and automobile liability. Coverage above these limits is provided by third-party insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 15 FUND BALANCE

Fund balance at June 30, 2024 consists of the following:

	General Fund	Restricted Programs Fund	Food Service Fund	Capital Projects
Nonspendable - Inventory and Prepaids	\$ 173,531	\$ 12,000	\$ 240,958	\$ -
Committed for:				
Grants and Other Related Activities	-	1,948,044	-	-
Student Activities	2,197,588	-	-	-
Workforce Development	522,026	-	-	-
Concentration of Poverty	29,994	-	-	-
Total Committed	2,749,608	-	-	-
Assigned for:				
Grants and Other Related Activities	-	2,283,383	-	-
Food Service	-	-	7,537,273	-
Capital Outlay	-	-	-	30,123
Subsequent Year Expenditures	25,127,939	-	-	-
Total Assigned	25,127,939	-	-	-
Unassigned	38,987,607	(45,935)	-	(182,829)
Total Fund Balance (Deficit)	<u>\$ 67,038,685</u>	<u>\$ 4,197,492</u>	<u>\$ 7,778,231</u>	<u>\$ (152,706)</u>

NOTE 16 FUND BALANCE DEFICIT

The Capital Projects Fund reflects a deficit unassigned fund balance for June 30, 2024 because revenues, provided by the state and county needed to liquidate encumbrances outstanding, are not received and recognized until invoices for goods and services rendered are received and approved by the Board. The deficit will be eliminated through future funding provided by local and state sources.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 17 ACCOUNTING CHANGES AND ERROR CORRECTIONS

Correction of an Error in Previously Issued Financial Statements

During fiscal year ended June 30 2024, the Board determined that revenues were being improperly deferred and should have been recognized as revenue in prior periods. Therefore, in the governmental activities and the restricted programs fund deferred revenues were overstated by \$3.4 million for the fiscal year ended June 30, 2023. The effect of correcting that error is shown in column A of the table below.

Adjustments to and Restatements of Beginning Balances

During the fiscal year ended June 30 2024, an error correction resulted in adjustments to and restatements of beginning net position and fund net position, as follows:

	June 30, 2023, As Previously Reported	Error Correction	June 30, 2023, As Adjusted or Restated
Government-Wide:			
Governmental Activities	\$ (93,778,716)	\$ 3,447,797	\$ (90,330,919)
Total Primary Government	<u>\$ (93,778,716)</u>	<u>\$ 3,447,797</u>	<u>\$ (90,330,919)</u>
Governmental Funds:			
Major Funds:			
General Fund	\$ 54,057,971	\$ -	\$ 54,057,971
Restricted Programs Fund	-	3,447,797	3,447,797
Food Service Fund	8,599,321	-	8,599,321
Capital Projects Fund	(153,992)	-	(153,992)
Total Governmental Funds	<u>\$ 62,503,300</u>	<u>\$ 3,447,797</u>	<u>\$ 65,951,097</u>
Fiduciary Funds:			
Pension and Retiree Health Trust Funds	<u>\$ 234,005,667</u>	<u>\$ -</u>	<u>\$ 234,005,667</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEM –
SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST NINE FISCAL YEARS***

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teachers' Retirement and Pension Systems:									
Board's Proportionate of the Net Pension Liability	- %	- %	- %	- %	- %	- %	- %	- %	- %
Board's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's Proportionate Share of the Net Pension Liability of The Board	190,877,558	196,732,828	144,818,154	227,428,157	211,753,292	222,873,465	237,943,494	346,805,829	277,781,307
Total	<u>\$ 190,877,558</u>	<u>\$ 196,732,828</u>	<u>\$ 144,818,154</u>	<u>\$ 227,428,157</u>	<u>\$ 211,753,292</u>	<u>\$ 222,873,465</u>	<u>\$ 237,943,494</u>	<u>\$ 346,805,829</u>	<u>\$ 277,781,307</u>
Board's Covered Payroll	\$ 207,051,106	\$ 197,787,264	\$ 195,708,208	\$ 193,190,625	\$ 181,942,944	\$ 176,205,034	\$ 174,077,168	\$ 171,333,118	\$ 166,561,146
Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	- %	- %	- %	- %	- %	- %	- %	- %	- %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.83 %	79.47 %	85.40 %	73.84 %	75.43 %	73.35 %	71.41 %	67.95 %	68.78 %

*The amounts presented for each fiscal year were determined as of July 1 of two years prior, using membership data as of that day, projected forward to June 30 of the previous year. Additionally, the Board implemented GASB 68 during fiscal year 2015. As such, only nine years of information are available.

See accompanying Notes to Required Supplementary Information.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEM –
SCHEDULE OF BOARD'S CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Teachers Retirement and Pension System:										
Contractually Required Contribution	\$ 10,361,604	\$ 10,402,956	\$ 8,537,627	\$ 8,325,730	\$ 8,104,510	\$ 8,105,946	\$ 8,106,644	\$ 7,410,150	\$ 7,339,061	\$ 6,383,304
Contributions in Relation to the										
Contractually Required Contribution	(10,361,604)	(10,402,956)	(8,537,627)	(8,325,730)	(8,104,510)	(8,105,946)	(8,106,644)	(7,410,150)	(7,339,061)	(6,383,304)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's Employee Payroll	\$ 224,588,364	\$ 207,051,105	\$ 197,787,964	\$ 195,708,208	\$ 193,190,625	\$ 181,942,944	\$ 176,205,034	\$ 174,077,168	\$ 171,333,118	\$ 166,442,075
Contributions as a Percentage of Covered Payroll	4.61 %	5.02 %	4.32 %	4.25 %	4.20 %	4.46 %	4.60 %	4.26 %	4.28 %	3.84 %

See accompanying Notes to Required Supplementary Information.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
MARYLAND STATE RETIREMENT AND PENSION SYSTEM –
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2015 through 2023.

NOTE 2 CHANGES IN ASSUMPTIONS

Inflation assumptions changed as follows:

○ 6/30/2023	2.25%
○ 6/30/2022	2.25%
○ 6/30/2021	2.25%
○ 6/30/2020	2.60%
○ 6/30/2019	2.60%
○ 6/30/2018	2.60%
○ 6/30/2017	2.65%
○ 6/30/2016	2.70%
○ 6/30/2015	2.70%

Investment return assumption changed as follows:

○ 6/30/2023	6.80%
○ 6/30/2022	6.80%
○ 6/30/2021	6.80%
○ 6/30/2020	7.40%
○ 6/30/2019	7.40%
○ 6/30/2018	7.50%
○ 6/30/2017	7.50%
○ 6/30/2016	7.55%
○ 6/30/2015	7.65%

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN – DEFINED BENEFIT PENSION PLAN
SCHEDULE OF CHANGES IN THE EMPLOYER’S NET PENSION LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 4,112,114	\$ 3,884,003	\$ 3,936,504	\$ 3,703,417	\$ 3,584,475	\$ 3,420,344	\$ 3,243,842	\$ 3,146,977	\$ 3,005,742	\$ 2,890,137
Interest	9,537,232	9,169,845	8,963,875	8,552,054	8,237,391	7,985,447	7,530,473	7,673,388	7,478,300	6,954,089
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference Between Actual and Expected if Any	5,414,768	(466,596)	(1,372,479)	322,700	1,003,408	(1,552,063)	1,798,691	(3,768,285)	(1,244,586)	(1,733,314)
Assumption Changes	-	-	3,487,997	(515,036)	(2,487,145)	(787,090)	(758,406)	(182,819)	(1,809,348)	3,773,150
Benefit Payments	(7,422,847)	(6,911,705)	(6,465,544)	(5,933,474)	(5,661,781)	(5,340,011)	(5,164,335)	(4,884,174)	(4,687,877)	(4,413,285)
Net Change in Total Pension Liability	11,641,267	5,675,547	8,550,353	6,129,661	4,676,348	3,726,627	6,650,265	1,985,087	2,742,231	7,470,777
Total Pension Liability - Beginning	146,267,531	140,591,984	132,041,631	125,911,970	121,235,622	117,508,995	110,858,730	108,873,643	106,131,412	98,660,635
Total Pension Liability - Ending (a)	157,908,798	146,267,531	140,591,984	132,041,631	125,911,970	121,235,622	117,508,995	110,858,730	108,873,643	106,131,412
Plan Fiduciary Net Position:										
Contribution - Employer	3,701,864	3,441,425	3,404,305	2,910,297	2,889,301	3,513,177	3,498,343	3,833,580	4,090,857	5,085,000
Contribution - Member	1,765,158	1,608,158	1,405,601	1,315,440	1,287,681	1,263,195	1,159,268	1,087,858	1,031,619	984,727
Net Investment Income (Loss)	10,252,681	14,164,724	(18,231,518)	27,189,099	1,769,778	7,449,004	4,071,156	10,317,975	1,197,164	797,427
Benefit Payments	(7,422,847)	(6,911,705)	(6,465,544)	(5,933,474)	(5,661,781)	(5,340,011)	(5,164,335)	(4,884,174)	(4,687,877)	(4,413,285)
Administrative Expense	-	-	-	-	-	(3,593)	(39,744)	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	8,296,856	12,302,602	(19,887,156)	25,481,362	284,979	6,881,772	3,524,688	10,355,239	1,631,763	2,453,869
Plan Fiduciary Net Position - Beginning	133,894,731	121,592,129	141,479,285	115,997,923	115,712,944	108,831,172	105,306,484	94,951,245	93,319,482	90,865,613
Plan Fiduciary Net Position - Ending (b)	142,191,587	133,894,731	121,592,129	141,479,285	115,997,923	115,712,944	108,831,172	105,306,484	94,951,245	93,319,482
Net Pension on Liability (a-b)	<u>\$ 15,717,211</u>	<u>\$ 12,372,800</u>	<u>\$ 18,999,855</u>	<u>\$ (9,437,654)</u>	<u>\$ 9,914,047</u>	<u>\$ 5,522,678</u>	<u>\$ 8,677,823</u>	<u>\$ 5,552,246</u>	<u>\$ 13,922,398</u>	<u>\$ 12,811,930</u>
Plan Fiduciary Net Position as a Percentage of Total Liability	90.05 %	91.54 %	86.49 %	107.15 %	92.13 %	95.44 %	92.65 %	94.99 %	87.21 %	87.93 %
Covered Payroll	\$ 30,099,149	\$ 25,816,031	\$ 24,321,689	\$ 25,451,831	\$ 23,860,730	\$ 22,511,363	\$ 21,208,683	\$ 20,273,361	\$ 20,393,483	\$ 19,095,035
Net Pension Liability as a Percentage of Covered Payroll	52.22 %	47.93 %	78.12 %	(37.08)%	41.55 %	24.53 %	40.92 %	27.39 %	68.27 %	67.10 %

Notes to Schedule:

There were no significant plan changes since the last published version.

See accompanying Notes to Required Supplementary Information.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN –
DEFINED BENEFIT PENSION PLAN –
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Year Ending June 30	Actuarially Determined Contribution	Actual Contribution	Contribution (Deficiency) Excess	Covered Payroll	Actual Contribution as a Percent of Covered Payroll
2015	\$ 3,517,634	\$ 5,085,000	\$ 1,567,366	\$ 19,095,035	26.63 %
2016	3,179,849	4,090,857	911,008	20,393,483	20.06
2017	2,833,580	3,833,580	1,000,000	20,273,361	18.91
2018	2,597,854	3,498,343	900,489	21,208,683	16.49
2019	2,785,369	3,513,177	727,808	22,511,363	15.61
2020	2,718,684	2,889,301	170,617	23,860,730	12.11
2021	2,747,660	2,910,297	162,637	25,451,831	11.43
2022	3,040,163	3,404,305	364,142	24,321,689	14.00
2023	3,043,565	3,441,425	397,860	25,816,031	13.33
2024	3,333,025	3,701,864	368,839	30,099,149	12.30

**SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS***

<u>Year Ended June 30,</u>	Actual Money Weighted Rate of Return, Net of Investment Expense
2015	0.88 %
2016	1.28
2017	10.93
2018	3.89
2019	6.87
2020	1.54
2021	23.59
2022	(12.96)
2023	11.73
2024	7.71

See accompanying Notes to Required Supplementary Information.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN –
DEFINED BENEFIT PENSION PLAN –
SCHEDULE OF EMPLOYER'S NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

Year Ending June 30	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)	Plan Net Position as a Percent of Total Pension Liability	Covered Payroll	Net Pension Liability as a Percent of Covered Payroll
2015	\$ 106,131,412	\$ 93,319,482	\$ 12,811,930	87.93 %	\$ 19,095,035	67.10 %
2016	108,873,643	94,951,245	13,922,398	87.21	20,393,483	68.27
2017	110,858,730	105,306,484	5,552,246	94.99	20,273,361	27.39
2018	117,508,995	108,831,172	8,677,823	92.62	21,208,683	40.92
2019	121,235,622	115,712,944	5,522,678	95.44	22,511,363	24.53
2020	125,911,970	115,997,923	9,914,047	92.13	23,860,730	41.55
2021	132,041,631	141,445,539	(9,403,908)	107.15	25,451,831	(37.08)
2022	140,591,984	121,592,130	18,999,854	86.49	24,321,689	78.12
2023	146,267,531	133,894,731	12,372,800	91.54	25,816,031	47.93
2024	157,908,798	142,191,587	15,717,211	90.05	30,099,149	52.22

See accompanying Notes to Required Supplementary Information.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN –
DEFINED BENEFIT PENSION PLAN –
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 CHANGES IN BENEFIT TERMS

There were no benefit changes during the year.

NOTE 2 CHANGES IN ASSUMPTIONS

There were no changes in assumptions during the year.

NOTE 3 METHODS AND ASSUMPTIONS USED IN CALCULATIONS OF ACTUARIALLY DETERMINED CONTRIBUTIONS

Valuation Date	July 1, 2023
Actuarial Cost Method	Entry Age Normal
Amortization Period	20 Years
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	6.50% Per Year Compounded Annually, Net of Investment Expenses
Projected Salary Increases	Years of Service Based 0.50 - 7.00%
Cost of Living Adjustments	2.50% Limited to 150% of Original Benefit
General Inflation	2.40% Per Year
Retirement	Experience-Based Table of Rates
Mortality Rate	Pub-2010(B) Public Retirement Plans Below Median Income Amount-Weighted Mortality Tables (for General Employees) projected to valuation date with Scale MP-2021
Experience Studies	The actuarial assumptions used in the valuation were based on standard tables modified for certain plan features such as full eligibility for full and early retirement where applicable and input from the plan sponsor. A full actuarial experience study was done in 2016 using data from 2004-2016.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
RETIREE HEALTH PLAN TRUST –
SCHEDULE OF CHANGES IN EMPLOYER'S NET OPEB LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS***

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:								
Service Cost	\$ 23,245,383	\$ 23,513,712	\$ 36,015,892	\$ 29,684,153	\$ 19,247,815	\$ 14,223,238	\$ 22,733,151	\$ 21,900,915
Interest Cost	25,784,575	24,154,995	19,964,531	20,473,698	20,347,672	19,813,133	22,516,259	21,179,314
Changes in Benefit Terms	-	-	-	-	-	-	-	-
Experience Losses (Gains)	(64,339,396)	(206,841)	6,238,539	(1,915,090)	47,945,774	7,450	(132,364,513)	-
Changes of Assumptions	27,857,186	(19,050,525)	(202,091,870)	71,630,771	91,425,614	72,371,581	(73,079,536)	(81,547,251)
Benefit Payments	(20,706,715)	(14,856,171)	(13,373,763)	(11,171,543)	(9,768,691)	(10,280,327)	(9,422,528)	(9,454,874)
Net Change in Total OPEB Liability	(8,158,967)	13,555,170	(153,246,671)	108,701,989	169,198,184	96,135,075	(169,617,167)	(47,921,896)
Total OPEB Liability - Beginning of Year	623,455,629	609,900,459	763,147,130	654,445,141	485,246,957	389,111,882	558,729,049	606,650,945
Total OPEB Liability - End of Year	615,296,662	623,455,629	609,900,459	763,147,130	654,445,141	485,246,957	389,111,882	558,729,049
Plan Fiduciary Net Position:								
Contributions - Employer	22,706,715	21,585,462	17,304,523	14,432,282	15,768,692	16,780,327	15,722,529	13,884,981
Net Investment Income (loss)	7,296,278	7,745,910	(12,281,455)	17,605,490	1,882,635	3,792,589	3,304,778	3,950,292
Benefit Payments	(20,706,715)	(14,856,171)	(13,373,763)	(11,171,543)	(9,768,691)	(10,280,327)	(9,422,528)	(9,084,981)
Administrative Expense	(15,828)	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	9,280,450	14,475,201	(8,350,695)	20,866,229	7,882,636	10,292,589	9,604,779	8,750,292
Fiduciary Net Position - Beginning of Year	100,110,933	85,635,732	93,986,427	73,120,198	65,237,562	54,944,973	45,340,194	36,589,902
Fiduciary Net Position - End of Year	109,391,383	100,110,933	85,635,732	93,986,427	73,120,198	65,237,562	54,944,973	45,340,194
Net OPEB Liability	<u>\$ 505,905,279</u>	<u>\$ 523,344,696</u>	<u>\$ 524,264,727</u>	<u>\$ 669,160,703</u>	<u>\$ 581,324,943</u>	<u>\$ 420,009,395</u>	<u>\$ 334,166,909</u>	<u>\$ 513,388,855</u>
Fiduciary Net Position as a Percentage of Total OPEB Liability	17.78 %	16.06 %	14.04 %	12.32 %	11.17 %	13.44 %	14.12 %	8.11 %
Covered Employee Payroll	\$ 302,463,587	\$ 240,370,364	\$ 229,530,105	\$ 213,011,227	\$ 221,357,164	\$ 200,372,230	\$ 200,372,230	\$ 195,000,000
Net OPEB Liability as a Percentage of Payroll	1.67 %	2.18 %	2.28 %	3.14 %	2.63 %	2.10 %	1.67 %	2.63 %

* Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying Notes to Required Supplementary Information.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
RETIREE HEALTH PLAN TRUST –
SCHEDULE OF INVESTMENT RETURNS
LAST EIGHT FISCAL YEARS***

<u>Year Ended June 30,</u>	<u>Actual Money Weighted Rate of Return, Net of Investment Expense</u>
2017	10.10 %
2018	6.80
2019	6.52
2020	2.88
2021	23.81
2022	(22.40)
2023	8.63
2024	7.26

See accompanying Notes to Required Supplementary Information.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
RETIREE HEALTH PLAN TRUST –
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 CHANGES IN BENEFIT TERMS

There were no benefit changes during the year.

NOTE 2 CHANGES IN ASSUMPTIONS

<u>Discount Rate</u>	
6/30/2017	4.07 %
6/30/2018	5.16
6/30/2019	4.24
6/30/2020	3.16
6/30/2021	2.64
6/30/2022	4.01
6/30/2023	4.19
6/30/2024	4.15

NOTE 3 METHODS AND ASSUMPTIONS

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	2.6%
Healthcare Cost Trend Rates	6.0% Initial/ 4.64% Ultimate (Not Applicable to Life Insurance)
Salary Increases	Years of Service Based 5.00%-10.00%
Investment Rate of Return	7.5% Per Year Compounded Annually
Retirement Age	In the 2024 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experiences.
Mortality	In the 2024 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the Pub-2010 Teachers Headcount-Weighted Mortality table.

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
REVENUES				
State of Maryland	\$ 256,328,860	\$ 256,328,860	\$ 257,088,220	\$ 759,360
Federal Government	970,000	970,000	1,218,501	248,501
Other Sources	1,361,080	1,361,080	4,992,064	3,630,984
Local Sources	218,767,000	218,767,000	218,767,000	-
Total Revenues	477,426,940	477,426,940	482,065,785	4,638,845
EXPENDITURES				
Administration	15,822,251	22,447,827	18,368,401	4,079,426
Mid-Level Administration	30,361,978	32,238,745	31,293,772	944,973
Instructional Salaries	174,411,798	171,680,391	159,526,322	12,154,069
Materials of Instruction	6,835,784	8,461,948	6,624,927	1,837,021
Other Costs of Instruction	6,893,535	6,479,884	4,965,131	1,514,753
Special Education	45,984,146	50,059,555	47,088,719	2,970,836
Student Personnel Services	6,072,717	6,401,359	6,024,871	376,488
Health Service	6,892,163	5,544,059	5,365,771	178,288
Transportation	43,729,558	47,154,756	44,079,440	3,075,316
Operations	36,719,293	39,384,482	37,070,947	2,313,535
Maintenance	10,241,880	11,022,028	9,966,514	1,055,514
Community Service	655,033	655,033	465,842	189,191
Capital Outlay	2,417,421	17,073,450	5,687,244	11,386,206
Fixed Charges	93,973,524	93,400,161	92,098,961	1,301,200
Total Expenditures	481,011,081	512,003,678	468,626,862	43,376,816
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,584,141)	(34,576,738)	13,438,923	48,015,661
OTHER FINANCING SOURCES (USES)				
Transfers In	239,706	239,706	-	(239,706)
Transfers Out	-	(375,000)	(353,387)	21,613
Use of Prior Year Fund Balance (Uses)	3,344,435	34,712,032	-	(34,712,032)
Total Other Financing Sources	3,584,141	34,576,738	(353,387)	(34,930,125)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	13,085,536	<u>\$ 13,085,536</u>
Use of Budgetary Fund Balance			-	
Fund Balance - Beginning of Year			50,914,695	
FUND BALANCE - END OF YEAR			<u>\$ 64,000,231</u>	

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
GENERAL FUND — RECONCILIATION OF REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2024

Actual Revenues (Non-GAAP Budgetary Basis)	\$ 482,065,785
Pension Contribution by the State of Maryland on Behalf of the Board	20,307,330
Student Activities Revenue	4,867,650
Retainage Payable Adjustment	<u>190,001</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 507,430,766</u></u>
Actual Expenditures (Non-GAAP Budgetary Basis)	\$ 468,626,862
Pension Contribution by the State of Maryland on Behalf of the Board	20,307,330
Student Activities Expense	4,972,470
Lease Adjustment	2,643,021
Subscription Adjustment	937,764
Retainage Payable Adjustment	<u>190,001</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 497,677,448</u></u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF REVENUES
BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	As Amended Budget	Actual	Positive (Negative)
State of Maryland:				
State - Foundation	\$ 143,938,555	\$ 143,938,555	\$ 144,034,591	\$ 96,036
Compensatory Aid	53,680,895	53,680,895	53,680,895	-
Transportation	14,364,062	14,364,062	14,364,412	350
Handicapped Children	14,696,386	14,696,386	14,386,386	(310,000)
Nonpublic Special Education	1,194,373	1,194,373	1,818,748	624,375
Other (LEP Grant)	6,322,904	6,322,904	6,322,904	-
Out of County Living	-	-	38,599	38,599
Guaranteed Tax Base	8,524,080	8,524,080	8,524,080	-
Medicaid Revenues	890,000	890,000	1,200,000	310,000
Kiwan Career College Readiness	735,216	735,216	735,216	-
TSI	1,832,345	1,832,345	1,832,345	-
Concentration of Poverty	1,512,835	1,512,835	1,512,835	-
Kirwan Career Ladder	190,334	190,334	190,334	-
Kirwan Pre-Kindergarten	4,567,731	4,567,731	4,567,731	-
State Comparable Wage Index	3,879,144	3,879,144	3,879,144	-
Total	256,328,860	256,328,860	257,088,220	759,360
Federal Government:				
Federal Thru County	-	-	-	-
Impact Aid	476,000	476,000	635,970	159,970
ROTC	430,000	430,000	446,828	16,828
Impact Aid Special Education	64,000	64,000	135,703	71,703
Total	970,000	970,000	1,218,501	248,501
Other Sources:				
Damaged Goods	-	-	46,982	46,982
Tuition - Summer School	92,296	92,296	-	(92,296)
Tuition - Nonresident	313,904	313,904	603,622	289,718
Tuition - Novel	15,269	15,269	-	(15,269)
Tuition - Parents Payments	89,100	89,100	139,289	50,189
Summer Youth Camp	25,000	25,000	30,241	5,241
Rent from School Facilities	191,200	191,200	161,421	(29,779)
Sale of Property	6,000	6,000	24,288	18,288
Interest Income	436,680	436,680	3,630,211	3,193,531
Net Insurance Recovery	-	-	22,579	22,579
Vending Commissions	42,000	42,000	61,366	19,366
Payroll Transfers	73,000	73,000	1,751	(71,249)
Other	12,200	12,200	178,148	165,948
Rebates	54,431	54,431	92,166	37,735
Restitution	10,000	10,000	-	(10,000)
Total	1,361,080	1,361,080	4,992,064	3,630,984
Local Sources:				
Operational Budget	218,767,000	218,767,000	218,767,000	-
Total Revenues	<u>\$ 477,426,940</u>	<u>\$ 477,426,940</u>	<u>\$ 482,065,785</u>	<u>\$ 4,638,845</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
Administration:				
Salaries and Wages	\$ 10,233,186	\$ 10,573,186	\$ 10,809,414	\$ (236,228)
Contracted Services	4,568,333	10,558,715	6,532,369	4,026,346
Supplies and Materials	599,030	894,224	752,928	141,296
Other Charges	346,632	346,632	368,265	(21,633)
Equipment	75,070	75,070	331,334	(256,264)
Incoming Transfers	(239,706)	(239,706)	(425,909)	186,203
Total	15,582,545	22,208,121	18,368,401	3,839,720
Mid-Level Administration:				
Salaries and Wages	27,918,494	28,994,994	29,466,632	(471,638)
Contracted Services	1,006,270	1,173,245	422,748	750,497
Supplies and Materials	1,174,218	1,789,548	1,237,964	551,584
Other Charges	262,996	238,144	151,913	86,231
Equipment	-	42,814	14,515	28,299
Total	30,361,978	32,238,745	31,293,772	944,973
Instruction Salaries:				
Salaries and Wages	174,411,798	171,680,391	159,526,322	12,154,069
Materials of Instruction				
Supplies and Materials	6,835,784	8,461,948	6,624,927	1,837,021
Other Costs of Instruction:				
Contracted Services	6,340,825	5,856,684	4,651,736	1,204,948
Other Charges	427,710	492,810	253,320	239,490
Equipment	25,000	30,390	11,777	18,613
Outgoing Transfers	100,000	100,000	48,298	51,702
Total	6,893,535	6,479,884	4,965,131	1,514,753
Special Education:				
Salaries and Wages	38,611,600	41,192,106	36,923,177	4,268,929
Contracted Services	3,511,972	4,762,424	5,584,170	(821,746)
Supplies and Materials	91,944	91,944	107,747	(15,803)
Other Charges	68,330	68,330	79,634	(11,304)
Outgoing Transfers	3,700,300	3,944,751	4,393,991	(449,240)
Total	45,984,146	50,059,555	47,088,719	2,970,836
Student Personnel Services:				
Salaries and Wages	5,610,620	5,610,620	5,546,359	64,261
Contracted Services	209,543	482,635	171,640	310,995
Supplies and Materials	240,954	296,110	232,019	64,091
Other Charges	11,600	11,994	69,163	(57,169)
Equipment	-	-	5,690	(5,690)
Total	6,072,717	6,401,359	6,024,871	376,488

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
Health Service:				
Contracted Services	\$ 6,854,530	\$ 5,501,540	\$ 5,334,111	\$ 167,429
Supplies and Materials	37,633	42,519	31,660	10,859
Total	6,892,163	5,544,059	5,365,771	178,288
Transportation:				
Salaries and Wages	3,331,276	3,331,276	4,564,060	(1,232,784)
Contracted Services	39,460,587	39,558,989	36,623,936	2,935,053
Supplies and Materials	259,525	266,438	97,284	169,154
Other Charges	7,170	7,170	17,948	(10,778)
Equipment	671,000	3,990,883	2,776,212	1,214,671
Total	43,729,558	47,154,756	44,079,440	3,075,316
Operations:				
Salaries and Wages	17,969,246	18,236,246	18,498,974	(262,728)
Contracted Services	3,286,440	3,754,255	2,988,349	765,906
Supplies and Materials	2,689,089	4,630,905	4,837,084	(206,179)
Other Charges	12,505,898	12,512,376	10,479,263	2,033,113
Equipment	268,620	250,700	267,277	(16,577)
Total	36,719,293	39,384,482	37,070,947	2,313,535
Maintenance:				
Salaries and Wages	5,369,966	5,429,966	5,338,249	91,717
Contracted Services	2,922,345	3,072,884	1,814,198	1,258,686
Supplies and Materials	1,660,373	1,699,546	1,824,883	(125,337)
Other Charges	3,320	3,320	(167)	3,487
Equipment	285,876	816,312	989,351	(173,039)
Total	10,241,880	11,022,028	9,966,514	1,055,514
Community Service:				
Salaries and Wages	255,960	255,960	105,178	150,782
Contracted Services	392,483	392,483	346,651	45,832
Supplies and Materials	6,590	6,590	13,534	(6,944)
Other Charges	-	-	479	(479)
Total	655,033	655,033	465,842	189,191
Capital Outlay:				
Salaries and Wages	741,421	741,421	789,891	(48,470)
Contracted Services	1,548,692	5,118,005	880,073	4,237,932
Supplies and Materials	3,508	3,508	5,283	(1,775)
Other Charges	4,800	4,800	9,864	(5,064)
Equipment	119,000	11,205,716	4,002,133	7,203,583
Total	2,417,421	17,073,450	5,687,244	11,386,206
Food Service:				
Outgoing Transfers	-	375,000	353,387	21,613
Total	-	375,000	353,387	21,613
Fixed Charges:				
Other Charges	93,973,524	93,400,161	92,098,961	1,301,200
Total Expenditures	\$ 480,771,375	\$ 512,138,972	\$ 468,980,249	\$ 43,158,723

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
COMBINING BALANCE SHEET
CAPITAL PROJECTS SUB-FUNDS
JUNE 30, 2024

	Capital Improvement Programs	School Construction	Total
ASSETS			
Cash and Short-Term Investments	\$ -	\$ 24,483	\$ 24,483
Accounts Receivable:			
State	-	2,908,686	2,908,686
Other Sources	25,944,679	108	25,944,787
Due from Other Funds	-	2,675,043	2,675,043
	<u>-</u>	<u>2,675,043</u>	<u>2,675,043</u>
Total Assets	<u>\$ 25,944,679</u>	<u>\$ 5,608,320</u>	<u>\$ 31,552,999</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts Payable	\$ 20,532,243	\$ 1,056,070	\$ 21,588,313
Due to Other Funds	5,595,265	-	5,595,265
Unearned Revenue	-	4,522,127	4,522,127
Total Liabilities	<u>26,127,508</u>	<u>5,578,197</u>	<u>31,705,705</u>
FUND BALANCE (DEFICIT)			
Assigned	-	30,123	30,123
Unassigned	(182,829)	-	(182,829)
Total Fund Balance (Deficit)	<u>(182,829)</u>	<u>30,123</u>	<u>(152,706)</u>
Total Liabilities and Fund Balance	<u>\$ 25,944,679</u>	<u>\$ 5,608,320</u>	<u>\$ 31,552,999</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS SUB-FUNDS
YEAR ENDED JUNE 30, 2024**

	Capital Improvement Programs	School Construction	Total
REVENUES			
State of Maryland	\$ -	\$ 36,451,834	\$ 36,451,834
Local Sources	43,646,813	-	43,646,813
Other Sources	-	1,286	1,286
Total Revenues	<u>43,646,813</u>	<u>36,453,120</u>	<u>80,099,933</u>
EXPENDITURES			
Capital Outlay:			
Contracted Services	43,166,571	36,451,834	79,618,405
Materials	431,383	-	431,383
Computers and Equipment	48,859	-	48,859
Total Expenditures	<u>43,646,813</u>	<u>36,451,834</u>	<u>80,098,647</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	1,286	1,286
Fund Balance (Deficit) - Beginning of Year	<u>(182,829)</u>	<u>28,837</u>	<u>(153,992)</u>
FUND BALANCE (DEFICIT) - END OF YEAR	<u><u>\$ (182,829)</u></u>	<u><u>\$ 30,123</u></u>	<u><u>\$ (152,706)</u></u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES —
NON-GAAP BASIS
SPECIAL REVENUE — RESTRICTED PROGRAMS FUND
YEAR ENDED JUNE 30, 2024**

	Restricted Programs Fund
REVENUES	
State of Maryland	\$ 3,228,403
Federal Government	35,036,330
Other Sources	<u>2,250,534</u>
Total Revenues	40,515,267
EXPENDITURES	
Administration	3,830,594
Mid-Level Administration	1,464,857
Instructional Salaries	5,892,268
Materials of Instruction	2,979,324
Other Costs of Instruction	3,923,228
Special Education	6,191,078
Student Personnel Service	46,988
Transportation	886,568
Operations	1,194,413
Maintenance	21,022
Food Service	92,214
Community Service	1,594,609
Capital Outlay	7,779,113
Fixed Charges	<u>3,869,296</u>
Total Expenditures	39,765,572
NET CHANGE IN FUND BALANCE	<u><u>\$ 749,695</u></u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES
BUDGET AND ACTUAL – NON-GAAP BUDGETARY BASIS
SPECIAL REVENUE FOOD SERVICE FUND
YEAR ENDED JUNE 30, 2024

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
REVENUES				
State of Maryland	\$ 410,000	\$ 410,000	\$ 1,347,895	\$ 937,895
Federal Government	9,730,745	9,730,745	12,584,521	2,853,776
Local Sources	3,957,311	3,957,311	4,180,072	222,761
Total Revenues	14,098,056	14,098,056	18,112,488	4,014,432
EXPENDITURES				
Food Service:				
Salaries and Wages	7,176,003	7,176,003	6,824,723	351,280
Contracted Services	261,772	261,772	262,719	(947)
Supplies and Materials	12,828,611	12,828,611	9,646,320	3,182,291
Other Charges	43,500	43,500	363,576	(320,076)
Equipment	256,426	256,426	297,847	(41,421)
Total Food Service	20,566,312	20,566,312	17,395,185	3,171,127
Fixed Charges	2,001,599	2,001,599	1,891,780	109,819
Total Expenditures	22,567,911	22,567,911	19,286,965	3,280,946
EXCESS OF REVENUES OVER EXPENDITURES	(8,469,855)	(8,469,855)	(1,174,477)	7,295,378
OTHER FINANCING SOURCES				
Transfer in	-	-	353,387	353,387
Use of Prior Year Fund Balance	8,469,855	8,469,855	821,090	(7,648,765)
Total Other Financing Sources	8,469,855	8,469,855	1,174,477	(7,295,378)
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
COMBINING SCHEDULE OF FIDUCIARY NET POSITION —
RETIREE HEALTH AND PENSION TRUST FUNDS
JUNE 30, 2024

	Retiree Health Trust Fund	Pension Trust Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 3,457,840	\$ 3,457,840
Investments:			
MABE Trust	109,367,716	-	109,367,716
U.S. Government and Agencies	-	16,015,525	16,015,525
Corporate Bonds	-	19,440,549	19,440,549
Equity Mutual Funds	-	50,458,971	50,458,971
Fixed Income Mutual Funds	-	16,677,051	16,677,051
Common Stocks	-	33,938,543	33,938,543
Mortgage-Backed Securities	-	1,905,577	1,905,577
Municipal Obligations	-	297,531	297,531
Due from Other Funds	23,670	-	23,670
Total Assets	<u>109,391,386</u>	<u>142,191,587</u>	<u>251,582,973</u>
NET POSITION			
Held in Trust for Retiree Health/Pension Benefits	<u>\$ 109,391,386</u>	<u>\$ 142,191,587</u>	<u>\$ 251,582,973</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION —
RETIREE HEALTH AND PENSION TRUST FUNDS
YEAR ENDED JUNE 30, 2024**

	Retiree Health Trust Fund	Pension Trust Fund	Total
ADDITIONS			
Contributions:			
Employer	\$ 22,706,715	\$ 3,701,864	\$ 26,408,579
Plan Members	3,366,343	1,765,158	5,131,501
Total Contributions	26,073,058	5,467,022	31,540,080
Investment Earnings:			
Interest and Dividends	-	4,056,778	4,056,778
Net Increase in Fair Value of Investments	7,586,218	6,598,583	14,184,801
Total Investment Earnings	7,586,218	10,655,361	18,241,579
Less: Investment Expense	289,940	402,680	692,620
Net Investment Gain	7,296,278	10,252,681	17,548,959
Total Additions	33,369,336	15,719,703	49,089,039
DEDUCTIONS			
Benefits Paid to Members	24,073,058	7,422,847	31,495,905
Administrative Expenses	15,828	-	15,828
Total Deductions	24,088,886	7,422,847	31,511,733
CHANGE IN NET POSITION	9,280,450	8,296,856	17,577,306
Net Position - Beginning of Year	100,110,936	133,894,731	234,005,667
NET POSITION - END OF YEAR	<u>\$ 109,391,386</u>	<u>\$ 142,191,587</u>	<u>\$ 251,582,973</u>



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