

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

**ANNUAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**TABLE OF CONTENTS**  
**YEAR ENDED JUNE 30, 2025**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>4</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>6</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>23</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>24</b>
<b>FUND FINANCIAL STATEMENTS</b>	
<b>BALANCE SHEET — GOVERNMENTAL FUNDS</b>	<b>25</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION</b>	<b>26</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — GOVERNMENTAL FUNDS</b>	<b>27</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES</b>	<b>28</b>
<b>STATEMENT OF FIDUCIARY NET POSITION — FIDUCIARY FUNDS</b>	<b>29</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION — FIDUCIARY FUNDS</b>	<b>30</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>31</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>MARYLAND STATE RETIREMENT AND PENSION SYSTEM — SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY</b>	<b>73</b>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2025**

<b>MARYLAND STATE RETIREMENT AND PENSION SYSTEM — SCHEDULE OF BOARD’S CONTRIBUTIONS</b>	<b>74</b>
<b>MARYLAND STATE RETIREMENT AND PENSION SYSTEM — NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>75</b>
<b>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</b>	<b>76</b>
<b>BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN — SCHEDULES OF EMPLOYER CONTRIBUTIONS AND INVESTMENT RETURNS</b>	<b>77</b>
<b>BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN — SCHEDULE OF EMPLOYER’S NET PENSION LIABILITY</b>	<b>78</b>
<b>BOARD OF EDUCATION OF CHARLES COUNTY PENSION PLAN — DEFINED BENEFIT PENSION PLAN — NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>79</b>
<b>RETIREE HEALTH PLAN TRUST — SCHEDULE OF CHANGES IN EMPLOYER’S NET OPEB LIABILITY AND RELATED RATIOS</b>	<b>80</b>
<b>RETIREE HEALTH PLAN TRUST — SCHEDULE OF EMPLOYER CONTRIBUTIONS AND NOTES TO REQUIRED SCHEDULES</b>	<b>81</b>
<b>RETIREE HEALTH PLAN TRUST — NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>82</b>
<b>SCHEDULE OF REVENUES AND EXPENDITURES — BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS — GENERAL FUND</b>	<b>83</b>
<b>GENERAL FUND — RECONCILIATION OF REVENUES AND EXPENDITURES</b>	<b>84</b>
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF REVENUES — BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS — GENERAL FUND</b>	<b>85</b>
<b>SCHEDULE OF EXPENDITURES — BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS — GENERAL FUND</b>	<b>86</b>
<b>COMBINING BALANCE SHEET — CAPITAL PROJECTS SUB-FUNDS</b>	<b>88</b>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2025**

<b>COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES — CAPITAL PROJECTS SUB-FUNDS</b>	<b>89</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES — BUDGET AND ACTUAL NON-GAAP BASIS —SPECIAL REVENUE — RESTRICTED PROGRAMS FUND</b>	<b>90</b>
<b>SCHEDULE OF REVENUES, EXPENDITURES, AND ENCUMBRANCES — BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS —SPECIAL REVENUE — FOOD SERVICE FUND</b>	<b>91</b>
<b>COMBINING SCHEDULE OF FIDUCIARY NET POSITION — RETIREE HEALTH AND PENSION TRUST FUNDS</b>	<b>92</b>
<b>COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION — RETIREE HEALTH AND PENSION TRUST FUNDS</b>	<b>93</b>



## 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, 2025, 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, 2025, 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.

#### ***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 October 29, 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  
October 29, 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, 2025, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 29, 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. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

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

***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*.

***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  
October 29, 2025

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2025**

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, 2025. 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, 2025**

**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, 2025**

**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 26 and 28.

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. The Schedule of Revenues and Expenditures — Budget and Actual — Non-GAAP Budgetary Basis can be found on page 83.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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

The Board's combined Net Deficit as of June 30, 2025 totaled (\$13.4) million, an increase of \$1.1 million or (7.5%).

**Condensed Statement of Net Position (in Millions of Dollars)**

	Governmental Activities		Total Percent
	2024	2025	Change 2024-2025
<b>Assets</b>			
Current and Other Assets	\$ 165.4	\$ 146.3	(11.6)%
Capital Assets	<u>551.0</u>	<u>581.8</u>	5.6
Total Assets	<u>716.4</u>	<u>728.1</u>	1.6
<b>Deferred Outflows of Resources</b>	210.6	195.0	(7.4)
<b>Liabilities</b>			
Long-Term Liabilities	551.8	537.4	(2.6)
Other Liabilities	<u>83.6</u>	<u>85.8</u>	2.6
Total Liabilities	<u>635.4</u>	<u>623.2</u>	(1.9)
<b>Deferred Inflows of Resources</b>	<u>306.1</u>	<u>313.2</u>	2.3
<b>Net Position</b>			
Net Investment in Capital Assets	517.6	566.9	9.5
Restricted	-	3.8	100.0
Unrestricted	<u>(532.1)</u>	<u>(584.0)</u>	9.8
Total Net Deficit	<u>\$ (14.5)</u>	<u>\$ (13.4)</u>	(7.5)

The major portion of the Board's net position reflects the investment in capital assets (land, land improvements, buildings, equipment, and construction) of, \$566.9 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, 2025**

Changes In Net Position: The Board's Net Position increased by \$1.1 in 2025 as opposed to an increase of \$75.9 million in 2024.

- The Board's government-wide activities had an unrestricted net deficit of (\$584.00) million at June 30, 2025, a decrease of \$51.9 million (9.8%) from previous year. The deficit decrease is due primarily to an increase in Capital Assets – Land and Construction in Progress, and an increase in deferred inflows attributable to the pension and OPEB liabilities.
- The Board's revenues of \$634.6 million, decreased by \$7.7 million or (1.2%) from previous year. The overall decrease of \$7.7 million is largely attributable to a decrease in revenues for Capital Grants and Contributions of \$27.9 million, offset by an increase of revenue in Operating Grant and Contributions of \$7.5 million. There was a decrease of \$1.7 million in State Formula Aid as well as an increase of \$13 million in appropriations from Charles County, and an increase in Other Revenue of \$1.3 million.
- Expenses totaled \$633.5 million, an increase of \$67.1 million (11.9%) over fiscal year 2024. The most significant increases are \$42 million in Instruction attributable to staff wage increases from 2024 to 2025 in addition to higher healthcare related costs, \$5.0 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, \$3.1 million in Planning and Construction due to various maintenance projects, and a \$2.2 million decrease in Other Functions.

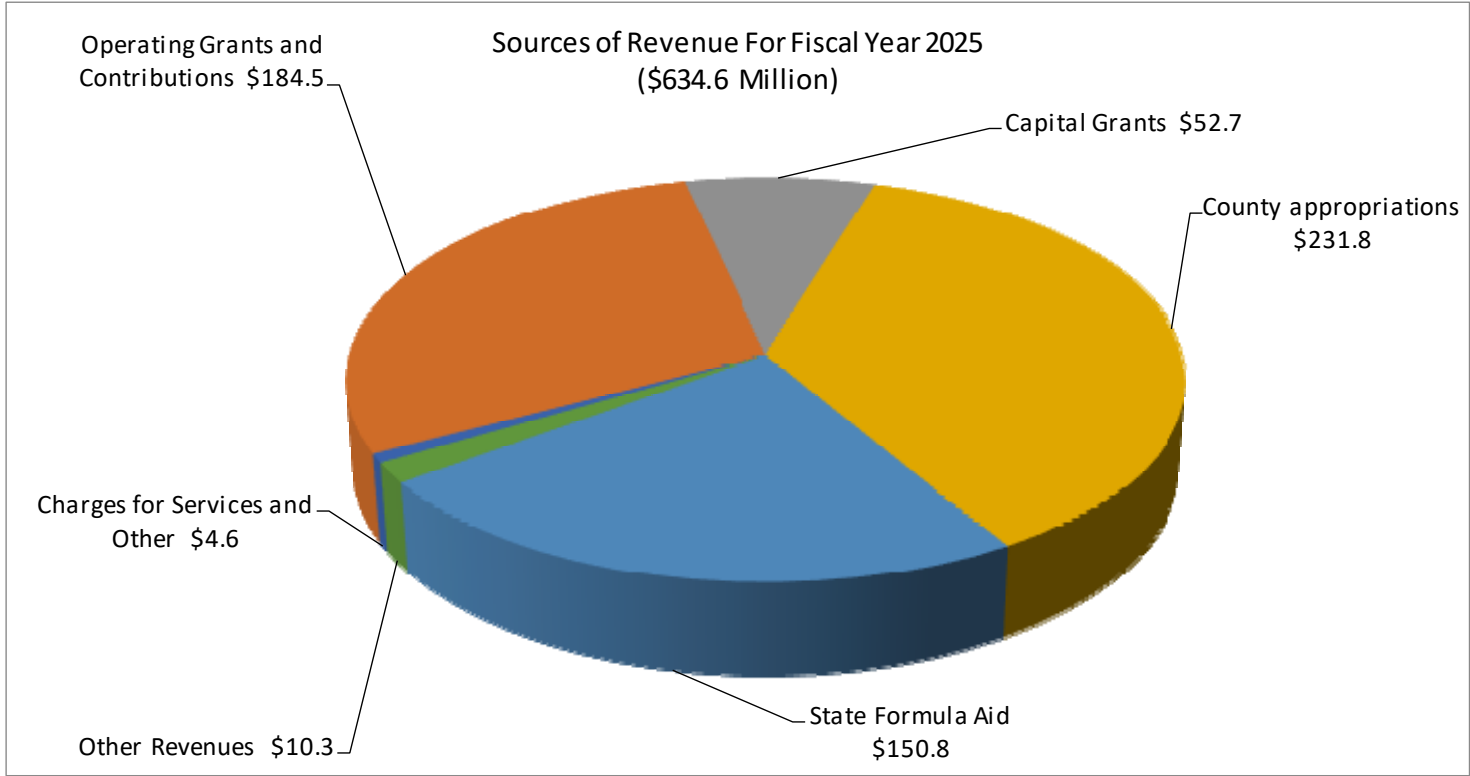
**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Changes in Net Position (in Millions of Dollars)**

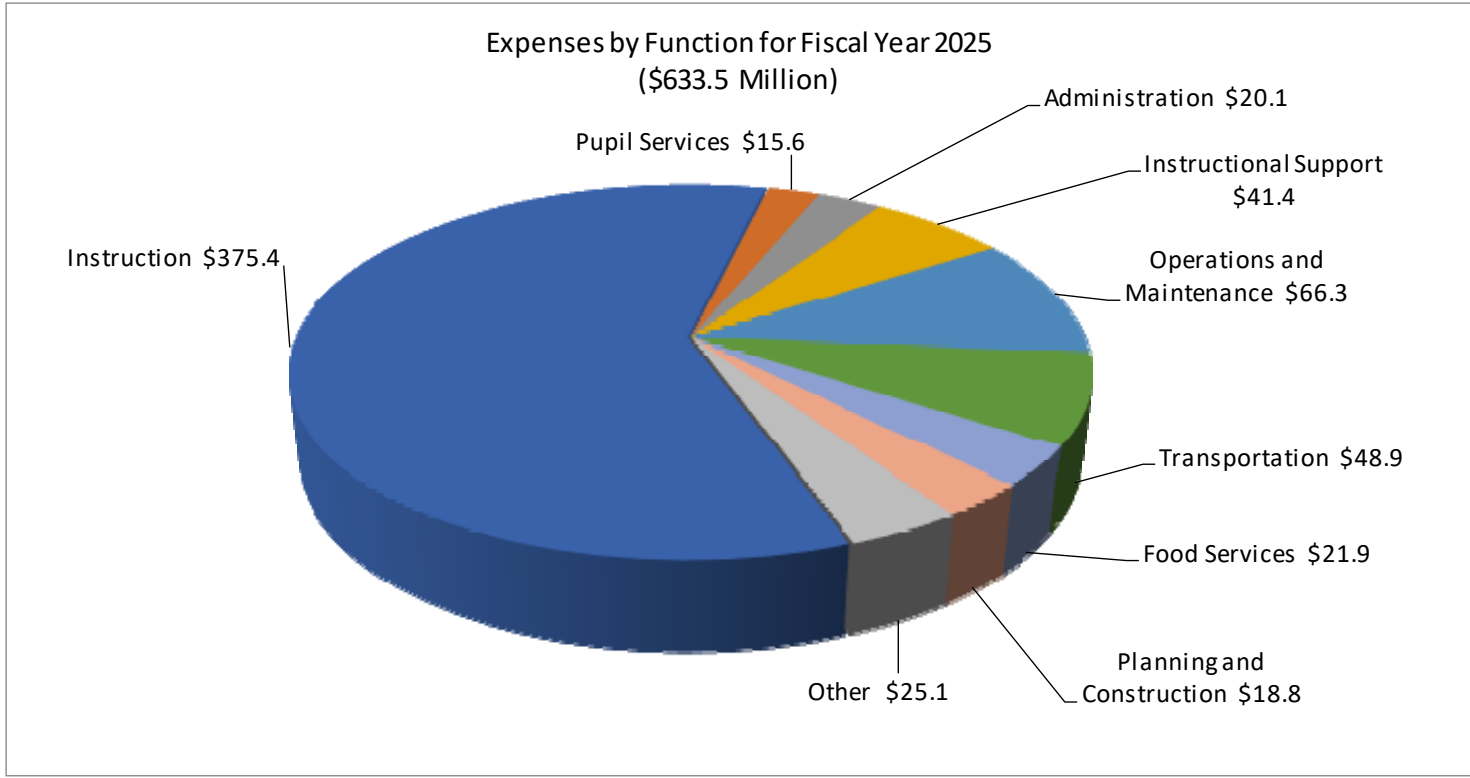
	<u>Governmental Activities</u>		<u>Change</u>	<u>Percent Change</u>
	<u>2024</u>	<u>2025</u>		
<b>Revenues</b>				
Program Revenues:				
Charges for Services	\$ 4.5	\$ 4.6	\$ 0.0	0.9 %
Operating Grants and Contributions	176.9	184.5	7.5	4.3
Capital Grants and Contributions	80.6	52.7	(27.9)	(34.6)
General Revenues:				
County Appropriations	218.8	231.8	13.0	5.9
State Formula Aid	152.6	150.8	(1.7)	(1.1)
Other	8.9	10.3	1.3	15.0
Total Revenues	<u>642.3</u>	<u>634.6</u>	<u>(7.7)</u>	<u>(1.2)</u>
<b>Expenses</b>				
Instruction	333.4	375.4	42.0	12.6
Support Services:				
Pupil Services	12.3	15.6	3.3	27.1
Administration	24.2	20.1	(4.1)	(17.1)
Instructional Support	36.5	41.4	5.0	13.6
Operations and Maintenance	56.3	66.3	10.0	17.8
Transportation	43.9	48.9	5.0	11.4
Food Services	16.9	21.9	5.1	30.1
Planning and Construction	15.7	18.8	3.1	19.4
Other	27.3	25.1	(2.2)	(7.9)
Total Expenses	<u>566.4</u>	<u>633.5</u>	<u>67.1</u>	<u>11.9</u>
<b>Increase (Decrease) in Net Position</b>	<u>\$ 75.9</u>	<u>\$ 1.1</u>	<u>\$ (74.8)</u>	<u>(98.5)</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Revenues and Expenses by Source and Function**



**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**



**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Governmental Activities**

The county appropriation for the operating budget in fiscal year 2025 was \$232.0 million or \$13.2 million more than in fiscal year 2024. Total cost of services increased 11.9% from 2024. Also, in fiscal year 2025, the net cost of services increased by \$87.3 million or 28.7%. In fiscal year 2024, the net cost decreased by \$35.5 million or 10.5%.

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	Net Cost of Services		Percentage
	2024	2025	Change 2024-2025	2024	2025	Change 2024-2025
Instruction	\$ 333.4	\$ 375.4	12.6 %	\$ 200.7	\$ 232.7	16.0 %
Pupil Services	12.3	15.6	27.1	10.7	11.9	11.4
Administration	24.2	20.1	(17.1)	20.8	19.0	(8.7)
Instructional Support	36.5	41.4	13.6	34.5	39.8	15.3
Operations and Maintenance	56.3	66.3	17.8	54.8	65.7	19.8
Transportation	43.9	48.9	11.4	28.6	33.1	15.6
Food Services	16.9	21.9	30.1	(1.3)	3.1	(333.5)
Planning and Construction	15.7	18.8	19.4	(69.6)	(37.0)	(46.8)
Other	27.3	25.1	(7.9)	25.1	23.5	(6.5)
Total	<u>\$ 566.4</u>	<u>\$ 633.5</u>	11.9	<u>\$ 304.5</u>	<u>\$ 391.8</u>	28.7

**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 \$45.7 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 \$54.9 million as compared to last year's combined ending balance of \$78.9 million or \$24.0 million less than last year.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Changes in Fund Balance - Governmental Funds - GAAP Basis**

	General Fund	Restricted Program Fund	Food Services Fund	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
State of Maryland	\$ 290,779,976	\$ 2,633,595	\$ 1,292,834	\$ 11,761,641	\$ 306,468,046
Federal Government	1,059,639	23,408,848	13,137,875	-	37,606,362
Other Sources	10,080,995	3,038,646	4,357,396	1,181	17,478,218
Local Sources	232,103,936	-	-	40,905,410	273,009,346
Total Revenues	<u>534,024,546</u>	<u>29,081,089</u>	<u>18,788,105</u>	<u>52,668,232</u>	<u>634,561,972</u>
<b>EXPENDITURES</b>					
Current:					
Administration	18,714,864	265,377	-	-	18,980,241
Mid-Level Administration	33,808,538	1,235,800	-	-	35,044,338
Instruction:					
Instructional Salaries	184,168,810	4,109,079	-	-	188,277,889
Materials of Instruction	5,488,005	2,293,025	-	-	7,781,030
Other Costs of Instruction	3,779,073	3,537,480	-	-	7,316,553
Special Education	56,303,815	6,973,514	-	-	63,277,329
Student Personnel Services	8,216,391	22,780	-	-	8,239,171
Health Service	5,891,301	-	-	-	5,891,301
Transportation	46,880,006	1,341,258	-	-	48,221,264
Operations	40,172,162	576,843	-	-	40,749,005
Maintenance	10,748,814	-	-	-	10,748,814
Food Service	-	22,420	20,004,241	-	20,026,661
Community Service	551,530	1,206,769	-	-	1,758,299
Fixed Charges	122,700,276	2,903,972	2,050,698	-	127,654,946
Student Activities	4,957,980	-	-	-	4,957,980
Capital Outlay	12,255,056	4,058,763	-	52,524,050	68,837,869
Debt Service:					
Principal	2,785,705	406,448	-	-	3,192,153
Interest	85,586	15,383	-	-	100,969
Total Expenditures	<u>557,507,912</u>	<u>28,968,911</u>	<u>22,054,939</u>	<u>52,524,050</u>	<u>661,055,812</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>					
	(23,483,366)	112,178	(3,266,834)	144,182	(26,493,840)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	767,952	-	546,495	-	1,314,447
Transfer Out	(546,495)	(624,952)	-	(143,000)	(1,314,447)
Lease Proceeds	52,432	-	-	-	52,432
Subscription Proceeds	1,873,735	556,319	-	-	2,430,054
Total Other Financing Sources (Uses)	<u>2,147,624</u>	<u>(68,633)</u>	<u>546,495</u>	<u>(143,000)</u>	<u>2,482,486</u>
<b>NET CHANGE IN FUND BALANCE</b>					
	<u>\$ (21,335,742)</u>	<u>\$ 43,545</u>	<u>\$ (2,720,339)</u>	<u>\$ 1,182</u>	<u>\$ (24,011,354)</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**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 2025. The most significant adjustment was made in May 2025 to support various initiatives explained in greater detail below. Funds were used to support the increase cost of contracted Special Education (SLP, OT, PT, and private duty nurses) and non-public placement tuition. Funds were used to support operation of plant salaries and delinquent student meal accounts. Lastly, funds were redirected to accommodate increased health insurance charges.

**Revenues**

Total revenues were \$3,201,451 more than the anticipated budgetary levels primarily due to interest income being more than budgeted.

**Expenditures**

The expenditure savings of \$9.1 million, in addition to the positive revenue variance, contributed to the overall positive variance of \$12.3 million. Savings included \$10.2 million in contracted services, \$3.5 million in equipment and other fixed assets, and \$317 thousand in fixed charges. Savings were offset by spending in salaries and wages, supplies and materials, other charges and purchases and transfers and indirect costs.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**General Fund Budget and Actual - Non-GAAP Budgetary Basis**

	2025			Variances Positive (Negative)	2024
	Original Budget	As Amended Budget	Actual		Actual
<b>REVENUES</b>					
State of Maryland	\$ 266,554,205	\$ 266,554,205	\$ 266,757,298	\$ 203,093	\$ 257,088,220
Federal Government	970,000	970,000	1,059,639	89,639	1,218,501
Other Sources	1,924,400	1,924,400	5,096,777	3,172,377	4,992,064
Local Sources	<u>232,015,716</u>	<u>232,015,716</u>	<u>231,752,058</u>	<u>(263,658)</u>	<u>218,767,000</u>
Total Revenues	<u>501,464,321</u>	<u>501,464,321</u>	<u>504,665,772</u>	<u>3,201,451</u>	<u>482,065,785</u>
<b>EXPENDITURES</b>					
Administration	16,619,072	20,532,020	20,271,810	260,210	18,368,401
Mid-Level Administration	32,870,303	34,114,081	33,819,574	294,507	31,293,772
Instructional Salaries	182,511,551	185,041,251	184,168,810	872,441	159,526,322
Materials of Instruction	7,049,857	7,196,100	6,270,949	925,151	6,624,927
Other Costs of Instruction	7,970,942	4,345,354	3,871,574	473,780	4,965,131
Special Education	49,504,335	56,844,622	56,303,815	540,807	47,088,719
Student Personnel Services	8,126,314	8,710,155	8,216,391	493,764	6,024,871
Health Service	7,982,359	5,995,764	5,891,301	104,463	5,365,771
Transportation	47,142,491	47,687,176	46,919,387	767,789	44,079,440
Operations	37,756,918	40,933,825	40,545,939	387,886	37,070,947
Maintenance	10,419,075	12,524,867	10,763,520	1,761,347	9,966,514
Community Service	663,314	596,659	551,530	45,129	465,842
Capital Outlay	2,473,448	11,783,977	9,977,011	1,806,966	5,687,244
Fixed Charges	<u>95,359,453</u>	<u>98,994,943</u>	<u>98,677,598</u>	<u>317,345</u>	<u>92,098,961</u>
Total Expenditures	<u>506,449,432</u>	<u>535,300,794</u>	<u>526,249,209</u>	<u>9,051,585</u>	<u>468,626,862</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,985,111)	(33,836,473)	(21,583,437)	12,253,036	13,438,923
<b>OTHER FINANCING SOURCES</b>					
Transfers In	239,706	239,706	767,952	528,246	-
Transfers Out	<u>-</u>	<u>(610,000)</u>	<u>(546,495)</u>	<u>63,505</u>	<u>(353,387)</u>
Total Other Financing Sources	<u>239,706</u>	<u>(370,294)</u>	<u>221,457</u>	<u>591,751</u>	<u>(353,387)</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ (4,745,405)</u>	<u>\$ (34,206,767)</u>	<u>(21,361,980)</u>	<u>\$ 12,844,787</u>	<u>\$ 13,085,536</u>

\*The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Fund Balance — Unassigned**

At the Board's direction, 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:

	2024	2025	Change
Health Insurance Reserve (Self-Insurance 7.5% of Claims)	\$ 5,329,484	\$ 5,342,425	\$ 12,941
Contingency Reserve (1% of Annual Operating Budget)	4,774,269	5,062,097	287,828
Capital Maintenance/Technology Reserve	28,883,854	5,706,407	(23,177,447)
Total Unassigned Fund Balance at June 30	\$ 38,987,607	\$ 16,110,929	\$ (22,876,678)

**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, 2025**

**Capital Asset and Long-Term Debt**

**Capital Assets**

During the year, the Schools System 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, and miscellaneous building improvements).	\$ 2.6
T.C. Martin Elementary - Building Improvements	45.5
J.P. Ryon Elementary - Building Improvements	5.6
Matthew Henson Middle - Building Improvements	<u>0.8</u>
Total	<u><u>\$ 54.5</u></u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Capital Assets (Continued)**

During fiscal year 2025, capital assets and amortizable lease assets increased \$30.9 million, which was an increase of 5.6% from fiscal year 2024. Some of the changes were as follows:

- Land Improvements increased due to playground equipment, fencing, tennis court refurbishment, running track repairs, high jump replacement, storm water pipe replacement, and an outdoor sign replacement.
- Construction in progress included Full Day Kindergarten Projects at three schools (\$1.9 million), Thornton Elementary School #23 (\$47.0 million), Roof Replacements (\$4.8 million), Benjamin Stoddert Renovation (\$52.2 million), McDonough Renovation (\$18.2 million), Starkey Single Story Addition (\$2.5 million), Various Additional Improvements (\$1.0 million), Open Space Enclosure (\$13.9 million), La Plata High School Modernization (\$2.8 million), and HVAC/Boiler/Chiller Replacements (\$15.3 million).
- Equipment increased due to the purchase of school buses, bulk furniture, bulk technology supplies, bulk computers, and technology items.
- Right-to-use assets decreased (\$1.2) million due to an increase in amortization of depreciation, as the assets continued to be depreciated over their useful life.

**Capital Assets (in Millions of Dollars)**

	Governmental Activities		Change
	2024	2025	2024-2025
Land	\$ 20.7	\$ 20.7	\$ -
Construction in Progress	163.5	159.6	(3.9)
Land Improvements	31.9	32.5	0.6
Buildings	730.7	784.4	53.7
Equipment and Furniture	36.9	40.3	3.4
Accumulated Depreciation	(440.1)	(461.9)	(21.8)
Total	<u>\$ 543.7</u>	<u>\$ 575.6</u>	<u>\$ 32.1</u>
Right-to-Use Assets:			
Equipment	\$ 2.7	\$ 2.8	\$ 0.0
Software	9.5	11.9	2.4
Accumulated Amortization	(4.9)	(8.5)	(3.6)
Total	<u>\$ 7.3</u>	<u>\$ 6.2</u>	<u>\$ (1.2)</u>
Total Capital Assets and Right-to-Use Assets	<u>\$ 551.0</u>	<u>\$ 581.8</u>	<u>\$ 30.9</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Capital Assets (Continued)**

The Board's fiscal year 2026 capital improvement program budget includes spending another \$32.8 million for capital projects, principally in eight areas:

- \$11.0 million for William B. Wade Full Day Kindergarten Addition.
- \$6.8 million for La Plata High School Modernization and Capacity Addition.
- \$8.0 million for J.C. Parks Full Day Kindergarten Additions.
- \$1.1million for Smallwood Middle School roof/chiller/H&V/UV replacement.
- \$1.7 million for Dr. Craik and Piccowaxen open space enclosures.
- \$0.8 million for Margaret J. Thorton Elementary School.
- \$0.5 million for Henry E. Lackey and St. Charles Pool Egress Modification.
- \$2.9 million for various maintenance, local portables, and other various projects.

Over the next five years, the Board anticipates opening a new middle school, completing four 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 \$537.4 million in long-term liabilities. Compensated absences including accumulated vacation and sick leave for the Board's employees accounted for \$14.0 million. The Board also has an obligation of \$505.9 million for postemployment benefits other than pensions (OPEB) liability. The Board has a net pension liability of \$14.5 million, a lease liability balance of \$2.2 million and a subscription liability of \$0.8 million.

**Factors Expected to Have an Effect on Future Operations**

Enrollment in the county increased in FY 2025 by 270 students. The projection for FY 2026 is a decrease of about 240 students. Our enrollment is leveling off. Although certain areas of the county are experiencing growth, other areas are declining slightly, which is giving CCPS a decrease in total. Anticipated decreased funding from the Maryland General Assembly due to state budget challenges will continue to be a negative on Education funding. Also, the declining enrollment will negatively impact State and local funding. Maintenance of Effort for the county will be lower due to the decrease in enrollment and will result in lower funding from the county.

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, 2025**

**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, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 106,151,122
Accounts Receivable:	
Federal	5,100,467
State of Maryland	10,786,114
Other Sources	16,440,610
Leases Receivable	5,926,621
Prepaid Assets	1,388,073
Inventories	466,936
Capital Assets:	
Land and Construction in Progress	180,328,741
Other Capital Assets, Net of Depreciation and Amortization	401,437,292
Total Assets	728,025,976
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred Outflows of Resources Related to Pension	2,144,324
Deferred Outflows of Resources Related to OPEB	192,819,712
Total Deferred Outflows of Resources	194,964,036
 Total Assets and Deferred Outflows of Resources	 922,990,012
<b>LIABILITIES</b>	
Accounts Payable	27,832,776
Accrued Salaries and Fringe Benefits	48,934,150
Other Liabilities	1,065,869
Payable for Health Insurance	3,958,833
Unearned Revenue	3,983,220
Noncurrent Liabilities:	
Due Within One Year - Leases, Subscriptions, Compensated Absences	2,169,542
Due in More Than One Year - Leases, Subscriptions, Compensated Absences	14,850,456
Net Pension Liability	14,514,297
Net OPEB Liability	505,905,276
Total Liabilities	623,214,419
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred Inflows of Resources Related to Leases	5,634,747
Deferred Inflows of Resources Related to Pension	2,560,451
Deferred Inflows of Resources Related to OPEB	304,992,582
Total Deferred Inflows of Resources	313,187,780
 Total Liabilities and Deferred Inflows of Resources	 936,402,199
<b>NET POSITION</b>	
Net Investment in Capital Assets	566,851,159
Restricted for:	
Grants	3,775,510
Unrestricted (Deficit)	(584,038,856)
Total Net Position (Deficit)	\$ (13,412,187)

See accompanying Notes to Financial Statements.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025**

	Expenses	Program Revenues			Net Revenue (Expenses) and Change in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>INSTRUCTION</b>					
Regular Education	\$ 301,493,481	\$ 583,637	\$ 114,192,182	\$ -	\$ (186,717,662)
Special Education	73,910,760	48,744	27,851,951	-	(46,010,065)
Total Instruction	375,404,241	632,381	142,044,133	-	(232,727,727)
<b>SUPPORT SERVICES</b>					
Pupil Services	15,627,967	-	3,679,940	-	(11,948,027)
Administration	20,098,308	-	1,120,244	-	(18,978,064)
Instructional Support	41,420,601	-	1,580,364	-	(39,840,237)
Operation and Maintenance	66,300,139	66,175	564,664	-	(65,669,300)
Transportation	48,872,824	-	15,801,774	-	(33,071,050)
Community Services	1,712,810	134,260	1,495,439	-	(83,111)
School Lunch Services	21,940,942	3,730,920	15,073,360	-	(3,136,662)
Planning and Construction	18,776,532	-	3,110,278	52,668,232	37,001,978
Student Activities	4,957,980	-	-	-	(4,957,980)
Unallocated Depreciation Expense	18,423,344	-	-	-	(18,423,344)
Total Support Services	258,131,446	3,931,355	42,426,063	52,668,232	(159,105,796)
Total Governmental Activities	<u>\$ 633,535,687</u>	<u>\$ 4,563,736</u>	<u>\$ 184,470,196</u>	<u>\$ 52,668,232</u>	<u>\$ (391,833,523)</u>
<b>GENERAL REVENUES</b>					
County Appropriations					231,752,058
State Aid Not Restricted to Specific Purposes					150,847,214
Earnings on Investment					3,340,265
Miscellaneous					6,920,271
Total General Revenues					<u>392,859,808</u>
<b>CHANGE IN NET POSITION (DEFICIT)</b>					1,026,285
Net Position (Deficit) - Beginning of Year					<u>(14,438,472)</u>
<b>NET POSITION (DEFICIT) - END OF YEAR</b>					<u>\$ (13,412,187)</u>

See accompanying Notes to Financial Statements.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2025**

	General Fund	Restricted Programs Fund	Food Service Fund	Capital Projects	Total Governmental Funds
<b>ASSETS</b>					
Cash and Short-Term Investments	\$ 102,891,071	\$ -	\$ 3,234,279	\$ 25,772	\$ 106,151,122
Accounts Receivable:					
Federal	73,093	4,429,795	597,579	-	5,100,467
State of Maryland	6,561,285	1,104,166	522,551	2,598,112	10,786,114
Other Sources	3,647,061	771,867	36,170	11,985,512	16,440,610
Leases Receivable	-	5,926,621	-	-	5,926,621
Due from Other Funds	-	112,903	2,266,660	3,017,460	5,397,023
Prepaid Assets	1,327,323	60,750	-	-	1,388,073
Inventories	133,170	-	333,766	-	466,936
	<u>\$ 114,633,003</u>	<u>\$ 12,406,102</u>	<u>\$ 6,991,005</u>	<u>\$ 17,626,856</u>	<u>\$ 151,656,966</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 15,423,983	\$ 235,718	\$ 656,871	\$ 11,516,204	\$ 27,832,776
Accrued Salaries and Fringe					
Benefits	46,757,834	1,113,478	1,062,838	-	48,934,150
Due to Other Governments	-	1,042,202	-	-	1,042,202
Due to Other Funds	2,721,949	-	-	2,675,071	5,397,020
Due to Fiduciary Funds	23,670	-	-	-	23,670
Payable for Health Insurance	3,958,833	-	-	-	3,958,833
Unearned Revenue	43,791	138,920	213,404	3,587,105	3,983,220
Total Liabilities	<u>68,930,060</u>	<u>2,530,318</u>	<u>1,933,113</u>	<u>17,778,380</u>	<u>91,171,871</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Lease Related	-	5,634,747	-	-	5,634,747
Total Deferred Inflows of Resources	<u>-</u>	<u>5,634,747</u>	<u>-</u>	<u>-</u>	<u>5,634,747</u>
<b>FUND BALANCE (DEFICIT)</b>					
Nonspendable - Inventory and Prepays	1,460,493	60,750	333,766	-	1,855,009
Restricted	-	3,775,510	-	-	3,775,510
Committed	5,384,594	-	-	-	5,384,594
Assigned	22,746,927	404,777	4,724,126	31,305	27,907,135
Unassigned	16,110,929	-	-	(182,829)	15,928,100
Total Fund Balance (Deficit)	<u>45,702,943</u>	<u>4,241,037</u>	<u>5,057,892</u>	<u>(151,524)</u>	<u>54,850,348</u>
	<u>\$ 114,633,003</u>	<u>\$ 12,406,102</u>	<u>\$ 6,991,005</u>	<u>\$ 17,626,856</u>	<u>\$ 151,656,966</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 114,633,003</u>	<u>\$ 12,406,102</u>	<u>\$ 6,991,005</u>	<u>\$ 17,626,856</u>	<u>\$ 151,656,966</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, 2025**

Total Fund Balances - Governmental Funds \$ 54,850,348

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	1,052,129,966
Accumulated Depreciation and Amortization	<u>(470,363,933)</u>
Total	581,766,033

Deferred outflows and inflows at year-end consisted of:

Deferred Outflows of Resources Related to Pensions	2,144,324
Deferred Inflows Related to Pensions	(2,560,451)
Deferred Outflows of Resources Related to OPEB	192,819,712
Deferred Inflows of Resources Related to OPEB	<u>(304,992,582)</u>
Total	(112,588,997)

Long-term liabilities 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	(14,514,297)
Net OPEB Liability	(505,905,276)
Lease Liability	(2,254,923)
Subscription Liability	(791,869)
Compensated Absences	<u>(13,973,206)</u>
Total	<u>(537,439,571)</u>

Net Deficit of Governmental Activities as Reported on the Statement of Net Position	<u><u>\$ (13,412,187)</u></u>
---	-------------------------------

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2025**

	General Fund	Restricted Programs Fund	Food Service Fund	Capital Projects	Total Governmental Funds
<b>REVENUES</b>					
State of Maryland	\$ 290,779,976	\$ 2,633,595	\$ 1,292,834	\$ 11,761,641	\$ 306,468,046
Federal Government	1,059,639	23,408,848	13,137,875	-	37,606,362
Other Sources	10,080,995	3,038,646	4,357,396	1,181	17,478,218
Local Sources	232,103,936	-	-	40,905,410	273,009,346
Total Revenues	<u>534,024,546</u>	<u>29,081,089</u>	<u>18,788,105</u>	<u>52,668,232</u>	<u>634,561,972</u>
<b>EXPENDITURES</b>					
Current:					
Administration	18,714,864	265,377	-	-	18,980,241
Mid-Level Administration	33,808,538	1,235,800	-	-	35,044,338
Instruction:					
Instructional Salaries	184,168,810	4,109,079	-	-	188,277,889
Materials of Instruction	5,488,005	2,293,025	-	-	7,781,030
Other Costs of Instruction	3,779,073	3,537,480	-	-	7,316,553
Special Education	56,303,815	6,973,514	-	-	63,277,329
Student Personnel Services	8,216,391	22,780	-	-	8,239,171
Health Service	5,891,301	-	-	-	5,891,301
Transportation	46,880,006	1,341,258	-	-	48,221,264
Operations	40,172,162	576,843	-	-	40,749,005
Maintenance	10,748,814	-	-	-	10,748,814
Food Service	-	22,420	20,004,241	-	20,026,661
Community Service	551,530	1,206,769	-	-	1,758,299
Fixed Charges	122,700,276	2,903,972	2,050,698	-	127,654,946
Student Activities	4,957,980	-	-	-	4,957,980
Capital Outlay	12,255,056	4,058,763	-	52,524,050	68,837,869
Debt Service:					
Principal	2,785,705	406,448	-	-	3,192,153
Interest	85,586	15,383	-	-	100,969
Total Expenditures	<u>557,507,912</u>	<u>28,968,911</u>	<u>22,054,939</u>	<u>52,524,050</u>	<u>661,055,812</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(23,483,366)	112,178	(3,266,834)	144,182	(26,493,840)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfer In	767,952	-	546,495	-	1,314,447
Transfer Out	(546,495)	(624,952)	-	(143,000)	(1,314,447)
Lease Proceeds	52,432	-	-	-	52,432
Subscription Proceeds	1,873,735	556,319	-	-	2,430,054
Total Other Financing Sources (Uses)	<u>2,147,624</u>	<u>(68,633)</u>	<u>546,495</u>	<u>(143,000)</u>	<u>2,482,486</u>
<b>NET CHANGE IN FUND BALANCE</b>	(21,335,742)	43,545	(2,720,339)	1,182	(24,011,354)
Fund Balances - Beginning of Year	67,038,685	4,197,492	7,778,231	(152,706)	78,861,702
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 45,702,943</u>	<u>\$ 4,241,037</u>	<u>\$ 5,057,892</u>	<u>\$ (151,524)</u>	<u>\$ 54,850,348</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, 2025**

Net Change in Fund Balances - Governmental Funds \$ (24,011,354)

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	59,433,225
Depreciation/Amortization Expense for the Year	(28,003,700)
Net Book Value of Assets Disposed of During the Year	(630,428)
Total	30,799,097

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. (2,791,140)

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. (1,604,000)

In the statement of activities, certain operating expenses, such as compensated absences 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. (2,277,360)

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. 251,775

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. 659,267

Change in Net Position of Governmental Activities as Reported on the Statement of Activities \$ 1,026,285

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2025**

	<u>Pension and Retiree Health Trust Funds</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,102,121
Investments:	
MABE Trust	120,074,543
U.S. Government and Agencies	19,437,836
Corporate Bonds	18,014,501
Equity Mutual Funds	57,155,121
Fixed Income Mutual Funds	18,002,069
Common Stocks	38,050,480
Mortgage-Backed Securities	855,893
Municipal Obligations	300,623
Due from General Fund	<u>23,670</u>
Total Assets	<u>274,016,857</u>
 <b>NET POSITION</b>	
Held in Trust for Retiree Health/Pension Benefits	<u><u>\$ 274,016,857</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, 2025**

	<u>Pension and Retiree Health Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 20,084,878
Plan Members	<u>1,972,272</u>
Total Contributions	22,057,150
Investment Earnings:	
Interest and Dividends	4,657,984
Net Increase in Fair Value of Investments	<u>18,458,242</u>
Total Investment Earnings	23,116,226
Less Investment Expense	<u>937,328</u>
Net Investment Gain (Loss)	<u>22,178,898</u>
Total Additions	44,236,048
<b>DEDUCTIONS</b>	
Benefits Paid to Members	21,786,765
Administrative Expenses	<u>15,399</u>
Total Deductions	<u>21,802,164</u>
<b>CHANGE IN NET POSITION</b>	22,433,884
Net Position - Beginning of Year	<u>251,582,973</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 274,016,857</u></u>

See accompanying Notes to Financial Statements.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reporting Entity (Continued)**

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, 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.

**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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 nonreimbursement-type revenues available if they are collectible within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, claims and judgements, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Board the right to use lease assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources. 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.

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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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.

**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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting (Continued)**

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.

**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 non 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 26 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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Compensated Absence (Continued)**

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.

**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.

*Non 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 (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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Position/Fund Equity (Continued)**

*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.

**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 with a maturity of less than one year when purchased, non-negotiable certificates of deposits, and other nonparticipating investments are stated at costs or amortized cost. Investments with a maturity greater than one year when purchased and all investments of the pension and OPEB trust fund are stated at fair value. Investments are reported at fair value with the exception of MLGIP.

**Capital Assets**

Capital assets, which include land, land improvements, building, and furniture and equipment, and leased assets 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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

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.

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 assets 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 assets 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, pension benefits and other postemployment benefits obligations.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Use of Estimates in Preparing Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Adoption of Governmental Accounting Standards Board Statements**

Effective for fiscal years beginning after December 15, 2023, the School System adopted GASB Statement No. 101, Compensated Absences. This standard replaces GASB Statement No. 16 and introduces a consistent model for recognizing liabilities related to compensated absences. Under GASB Statement No. 101, liabilities are recognized for leave that:

- Is attributable to services already rendered,
- Accumulates, and
- Is more likely than not to be used or otherwise paid/settled.

Effective for fiscal years beginning after June 15, 2024, the School System adopted GASB Statement No. 102, Certain Risk Disclosures. This standard establishes disclosure requirements intended to provide users of financial statements with information about certain risks that could significantly affect a government's financial position or operations. Under GASB Statement No. 102, governments are required to disclose:

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of Governmental Accounting Standards Board Statements (Continued)**

- Concentrations in revenues, expenditures, or investments that make them vulnerable to the risk of a near-term severe impact,
- Known or reasonably estimable risks that could significantly affect financial health, and
- The nature and potential financial effect of such risks, including any mitigating actions taken.

**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 \$46,752,033 and the bank balance was \$48,175,067. The Board had a cash on hand balance of \$401,721. 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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**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.

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 stated at fair value and are managed by Focus Financial Partners Inc. and consist of money market funds, U.S. government securities, fixed income securities, mortgage-backed securities, equity securities, mutual funds, and certificates of deposits. The Board's investment in the MABE Trust is valued at Net Asset Value which is calculated as the Board's proportionate share of the MABE Trust. 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. At June 30, 2025, the pooled net position of the MABE Trust was \$772,172,811 in total, of which the Board's share was \$120,074,543.

The MABE Trust is audited annually by an independent CPA firm. For the current year Cohen & Company of Hunt Valley, Maryland performed this service. The audit report is usually issued by September 1st of each year, a copy of which can be obtained by sending a request to the following address: Administrator of the MABE Pooled Investment Trust, 621 Ridgely Road, Suite 300, Annapolis, Maryland 21401-1112.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

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, 2025 is as follows:

	Total Governmental Funds	Total Fiduciary Funds	Total	Weighted Average Maturity in Years
Cash on Hand	\$ 2,435	\$ 399,286	\$ 401,721	N/A
Deposits	46,752,033	-	46,752,033	N/A
Money Market Mutual Funds	8,870,603	1,702,835	10,573,438	N/A
MLGIP	50,526,051	-	50,526,051	N/A
MABE Trust	-	120,074,543	120,074,543	13.93
U.S. Government and Agencies	-	19,437,836	19,437,836	18.48
Corporate Bonds	-	18,014,501	18,014,501	25.24
Equity Mutual Funds	-	57,155,121	57,155,121	N/A
Fixed Income Mutual Funds	-	18,002,069	18,002,069	N/A
Common Stocks	-	38,050,480	38,050,480	N/A
Mortgage-Backed Securities	-	855,893	855,893	27.23
Municipal Obligations	-	300,623	300,623	27.53
Total	<u>\$ 106,151,122</u>	<u>\$ 273,993,187</u>	<u>\$ 380,144,309</u>	

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

The following tables summarize the ratings and maturity for fixed income investments held at June 30, 2025:

	S&P Ratings					
	AAA	AA+	AA	AA-	A+	A
U.S. Government and Agencies	\$ -	\$ 937,212	\$ -	\$ -	\$ -	\$ -
Corporate Bonds	-	28,148	224,829	429,835	111,133	2,688,860
Mortgage-Backed Securities	340,426	-	-	-	-	-
Municipal Obligations	-	-	173,055	127,568	-	-
Grand Total	<u>\$ 340,426</u>	<u>\$ 965,360</u>	<u>\$ 397,884</u>	<u>\$ 557,403</u>	<u>\$ 111,133</u>	<u>\$ 2,688,860</u>

	S&P Ratings					
	A-	BB+	BBB+	BBB	BBB-	Unrated
U.S. Government and Agencies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,500,624
Corporate Bonds	5,533,598	161,304	2,658,677	4,482,070	1,696,047	-
Mortgage-Backed Securities	-	-	-	-	-	515,467
Municipal Obligations	-	-	-	-	-	-
Grand Total	<u>\$ 5,533,598</u>	<u>\$ 161,304</u>	<u>\$ 2,658,677</u>	<u>\$ 4,482,070</u>	<u>\$ 1,696,047</u>	<u>\$ 19,016,091</u>

	FMV	Less than 1	1-5 Years	6-10 Years	11-15 Years	16-20 Years	20+ Years
	U.S. Government and Agencies	\$ 19,437,836	\$ -	\$ -	\$ 3,349,115	\$ 835,881	\$ 12,203,006
Corporate Bonds	18,014,501	-	227,720	894,340	648,973	2,169,602	14,073,866
Mortgage-Backed Securities	855,893	-	-	-	-	-	855,893
Municipal Obligations	300,623	-	-	-	-	173,055	127,568
Grand Total	<u>\$ 38,608,853</u>	<u>\$ -</u>	<u>\$ 227,720</u>	<u>\$ 4,243,455</u>	<u>\$ 1,484,854</u>	<u>\$ 14,545,663</u>	<u>\$ 18,107,161</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**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.

**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, 2025.

**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 accounting principles generally accepted in the United States of America. 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:

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments and Valuation (Continued)**

*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.

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.

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, 2025**

**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, 2025:

	Level 1	Level 2	Level 3	Balance June 30, 2025
Investments by Fair Value Level:				
Debt Securities:				
Corporate Bonds	\$ -	\$ 18,014,501	\$ -	\$ 18,014,501
Mortgage-Backed Obligations	-	855,893	-	855,893
Municipal Bonds	-	300,623	-	300,623
U.S. Government and Agencies	-	19,437,836	-	19,437,836
Total Debt Securities	-	38,608,853	-	38,608,853
Equity Securities:				
Common Stocks	38,050,480	-	-	38,050,480
Fixed Mutual Funds	18,002,069	-	-	18,002,069
Equity Mutual Funds	57,155,121	-	-	57,155,121
Total Equity Securities	113,207,670	-	-	113,207,670
 Total	\$ 113,207,670	\$ 38,608,853	\$ -	151,816,523
Cash and Investments Carried at NAV or Amortized Cost:				
Cash on Hand				401,721
Deposits				46,752,033
Money Market Mutual Funds				10,573,438
MLGIP				50,526,051
MABE OPEB Trust				120,074,543
Total Cash and Investments at Amortized Cost				228,327,786
 Total Cash and Investments				\$ 380,144,309

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 CAPITAL ASSETS**

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

	Balance at June 30, 2024	Increases	Decreases	Balance at June 30, 2025
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 20,707,070	\$ -	\$ -	\$ 20,707,070
Construction-in-Progress	163,481,340	50,669,617	(54,529,286)	159,621,671
Total Capital Assets, Not Being Depreciated	<u>184,188,410</u>	<u>50,669,617</u>	<u>(54,529,286)</u>	<u>180,328,741</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	730,733,224	54,339,001	(698,372)	784,373,853
Land Improvements	31,858,559	1,192,106	(548,922)	32,501,743
Furniture and Equipment	36,946,842	4,259,777	(941,262)	40,265,357
Total Capital Assets Being Depreciated	<u>799,538,625</u>	<u>59,790,884</u>	<u>(2,188,556)</u>	<u>857,140,953</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(391,146,052)	(19,301,260)	360,330	(410,086,982)
Land Improvements	(21,682,560)	(2,073,108)	428,336	(23,327,332)
Furniture and Equipment	(27,246,223)	(2,132,555)	940,252	(28,438,526)
Total Accumulated Depreciation	<u>(440,074,835)</u>	<u>(23,506,923)</u>	<u>1,728,918</u>	<u>(461,852,840)</u>
Total Capital Assets, Being Depreciated, Net	359,463,790	36,283,961	(459,638)	395,288,113
Right-to-Use Assets:				
Equipment	2,717,412	52,432	(8,892)	2,760,952
Total Amortized Lease Right-to-Use Assets	<u>2,717,412</u>	<u>52,432</u>	<u>(8,892)</u>	<u>2,760,952</u>
Less: Lease Asset Accumulated Amortization:				
Equipment	(241,257)	(325,644)	-	(566,901)
Total Lease Asset Accumulated Amortization	<u>(241,257)</u>	<u>(325,644)</u>	<u>-</u>	<u>(566,901)</u>
Total Lease Assets, Being Amortized, Net	2,476,155	(273,212)	(8,892)	2,194,051
Subscription Based Information Technology Assets:				
Subscription Based Information				
Technology Arrangements	9,491,032	3,449,578	(1,041,290)	11,899,320
Total Subscription Based Information				
Technology Arrangements	9,491,032	3,449,578	(1,041,290)	11,899,320
Less: Accumulated Amortization				
Subscription Based Information				
Technology Arrangements	(4,652,451)	(4,171,133)	879,392	(7,944,192)
Total Accumulated Amortization	<u>(4,652,451)</u>	<u>(4,171,133)</u>	<u>879,392</u>	<u>(7,944,192)</u>
Total Subscription Based Information				
Technology Arrangement Assets, Net	<u>4,838,581</u>	<u>(721,555)</u>	<u>(161,898)</u>	<u>3,955,128</u>
Capital Assets, Net	<u>\$ 550,966,936</u>	<u>\$ 85,958,811</u>	<u>\$ (55,159,714)</u>	<u>\$ 581,766,033</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

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

Governmental Activities:	
Regular Education	\$ 136,432
Special Education	15,423
Supporting Services:	
Pupil Services	850
Administration	247,543
Instructional Support	24,231
Operation and Maintenance of Facilities	5,915,050
Transportation	845,125
Community Services	2,542
School Lunch Services	80,396
Planning and Construction	2,312,764
Unallocated	18,423,344
Total Depreciation Expense - Governmental Activities	<u>\$ 28,003,700</u>

The Board has active school construction projects at June 30, 2025 as follows:

	Spent to Date	Remaining Commitment
Benjamin Stoddert Middle Renovation/Feasibility Study	\$ 52,217,605	\$ 1,062,629
Margaret J. Thornton E.S. (New E.S. #23)	47,077,925	2,879,260
Other Projects	60,326,141	29,612,342
Total	<u>\$ 159,621,671</u>	<u>\$ 33,554,231</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 multiemployer 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, Maryland 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, 2025**

**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, 2025**

**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, 2025, the Board's contribution was \$10,763,529. The state's contributions on behalf of the Board for the year ended June 30, 2025 was \$24,022,678. The fiscal 2025 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, 2025, 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	\$ 204,013,883
Board's Proportionate Share of the Net Pension Liability	-
Total	\$ 204,013,883

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

For the year ended June 30, 2025, the Board recognized pension expense of \$24,022,678 and revenue of \$30,668,934 in the General Fund for support provided by the state and Board. In the statement of activities, the Board recognized pension expense of \$23,314,186 and revenue of \$23,314,186 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, 2025**

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

**Actuarial Assumptions**

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

Inflation	2.50% price; 3.00% wage
Salary Increases	3.00% - 22.50%
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, 2024 valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2018-2023, 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 2.5% were used in the June 30, 2024 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	34 %	6.00 %
Private Equity	16	8.50
Rate Sensitive	20	2.40
Credit Opportunity	9	5.40
Real Assets	15	5.50
Absolute Return	6	3.90
Total	<u>100 %</u>	

The above was the System’s Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2024.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

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

**Actuarial Assumptions (Continued)**

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 6.88%. 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, 2025**

**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, 2025:

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

**Concentrations**

The Pension plan held the following investments as of June 30, 2025 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	15.00%	\$ 23,087,055
American Funds New World Fund Inc	8.27%	12,723,051
Us Treasury Bond Zero CPN	5.43%	8,358,220
iShares Core S&P Mid-Cap ETF	5.73%	8,821,787

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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 2025 was 9.51 %. 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	377
Terminated Plan Members Entitled to But Not Yet Receiving Benefits	490
Active Plan Members	637
Total	1,504

**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, 2025, the average active employee contribution rate was 5.0% of annual pay. For fiscal year 2025, the Board contributed \$4,137,830 to the Plan while participants contributed \$1,972,272. These contributions amounted to approximately 18.59% of covered payroll.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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, 2025, and the net pension liability was determined by an actuarial valuation as of that date.

Total Pension Liability	\$ 168,432,941
Plan Fiduciary Net Position	<u>(153,918,644)</u>
Net Pension Liability	<u><u>\$ 14,514,297</u></u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.38 %
---	---------

**Actuarial Assumptions**

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

Valuation Date	July 1, 2024
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, 2025.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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 %	5.86 %
U.S. Mid Cap	6.00	6.55
U.S. Small Cap	6.00	7.25
Non-U.S. Developed Large Cap Equity	14.50	6.48
Emerging Markets Equity	8.00	8.18
Real Estate - REITS	3.50	6.50
MLPs	3.50	6.23
Diversified Hedge Funds	3.00	4.25
U.S. Aggregate Fixed Income	27.50	2.50
Multi-Asset Credit	5.00	4.37
U.S. High Yield Fixed Income	4.00	4.27
U.S. Cash	1.00	1.18

**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, 2025**

**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, 2024	\$ 157,908,798	\$ 142,191,587	\$ 15,717,211
Changes for the Year:			
Service Cost	4,868,024	-	4,868,024
Interest	10,329,714	-	10,329,714
Differences Between Expected and Actual Experience	3,153,955	-	3,153,955
Contributions - Employer	-	4,137,830	(4,137,830)
Contributions - Member	-	1,972,272	(1,972,272)
Net Investment Income	-	13,456,673	(13,456,673)
Benefit Payments, Including Refunds of Members Contributions	12,168	-	12,168
Net Changes	<u>(7,839,718)</u>	<u>(7,839,718)</u>	<u>-</u>
	<u>10,524,143</u>	<u>11,727,057</u>	<u>(1,202,914)</u>
Balances - June 30, 2025	<u>\$ 168,432,941</u>	<u>\$ 153,918,644</u>	<u>\$ 14,514,297</u>

**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 6.50%, 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 (5.50%), 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	\$ 34,722,593	\$ 14,514,297	\$ 2,410,643

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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, 2025, the Board recognized pension expense of \$6,439,091. As of June 30, 2025, 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	\$ 2,144,324	\$ 1,139,250
Changes in Assumptions	-	55,271
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,365,930
Total	\$ 2,144,324	\$ 2,560,451

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

Year Ending June 30,	Amount
2026	\$ 4,792,641
2027	(2,596,587)
2028	(1,482,613)
2029	(1,129,568)
Total	\$ (416,127)

**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, 2025**

**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, 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	2,620
Total	4,588
<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	1,990
Total	5,420

**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 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.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**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, 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**

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

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>\$ 505,905,276</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	  17.78 %

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

**Actuarial Assumptions**

The total OPEB liability is based on June 30, 2024 valuation. 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
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
Multi-Asset Credit	5.00	6.18
U.S. High Yield Bonds	4.00	6.28

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 2050, 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)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (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 Loss	-	7,296,278	(7,296,278)
Changes in Assumptions	27,857,186	-	27,857,186
Benefit Payments	(20,706,715)	(20,706,715)	-
Net Changes	<u>(8,158,967)</u>	<u>9,280,450</u>	<u>(17,439,417)</u>
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, 2025**

**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

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

For the year ended June 30, 2025, the Board recognized OPEB expense of \$17,551,049. At June 30, 2025, 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	\$ 28,135,303	\$ 106,633,052
Changes in Assumptions	146,349,386	198,359,530
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	2,387,975	-
Employer Contributions Subsequent to Measurement Date	15,947,048	-
Total	\$ 192,819,712	\$ 304,992,582

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, 2026.

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>
2026	\$ (26,075,592)
2027	(23,675,749)
2028	(27,283,470)
2029	(19,388,898)
2030	(466,142)
Thereafter	(31,230,067)
Total	\$ (128,119,918)

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

**GASB 74 Information**

**Plan Membership**

At June 30, 2025, the Plan membership consisted of the following:

Enrolled in Medical/Drug Coverage	
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	1,756
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	233
Active Plan Member	2,620
Total	4,609

Enrolled in Life Coverage	
Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	1,029
Inactive Plan Members Entitled to But Not Yet Receiving Benefit Payments	213
Active Plan Member	1,990
Total	3,232

**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 2025, the School System contributed \$15.9 million to the OPEB Trust Fund. In addition, it paid \$17.3 million towards retiree health care costs, including administrative costs. Retirees contributed an additional \$3.3 million.

**Rate of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 7.95%. 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, 2025 were as follows:

Total OPEB Liability	\$ 568,712,087
Plan Fiduciary Net Position	(120,098,213)
Board's Net OPEB Liability	\$ 448,613,874

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	21.12 %
--	---------

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

**Actuarial Methods and Assumptions**

The total OPEB liability is based on June 1, 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	6% Per Year Compounded Annually
Healthcare Cost Trend Rates:	
Medical	Trend for 2025 is 7.00% (pre-Medicare) and 5.98% (post Medicare) The Ultimate trend is 4.04% (pre-Medicare) and 3.92% (Post-Medicare)

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, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Large Cap	18.00 %	8.26 %
U.S. Mid Cap	6.00	8.93
U.S. Small Cap	6.00	9.63
International Developed Equities	14.50	8.73
Emerging Market Bonds	8.00	10.25
U.S. Real Estate	3.50	8.90
MLPs	3.50	8.79
Diversified Hedge Funds	3.00	6.57
U.S. Investment Grade Bonds	27.50	4.67
Multi-Asset Credit	5.00	6.45
U.S. High Yield Bonds	4.00	6.32
Cash	1.00	3.35

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 4.95%. 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 2051, 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 2050, and the unfunded rate of 3.97% for 2051 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 (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances - June 30, 2024	\$ 615,296,662	\$ 109,391,386	\$ 505,905,276
Changes for the Year:			
Service Cost	20,761,347		20,761,347
Interest	26,091,618		26,091,618
Experience Losses (Gains)	(741,613)		(741,613)
Trust Contributions - Employer		15,947,048	(15,947,048)
Net Investment Income (Loss)		8,722,225	(8,722,225)
Changes in Assumptions	(78,748,879)		(78,748,879)
Benefit Payments	(13,947,048)	(13,947,048)	-
Administrative Expense		(15,398)	15,398
Net Changes	<u>(46,584,575)</u>	<u>10,706,827</u>	<u>(57,291,402)</u>
Balances - June 30, 2025	<u>\$ 568,712,087</u>	<u>\$ 120,098,213</u>	<u>\$ 448,613,874</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 (3.95%) or 1-percentage-point higher (5.95%) than the current discount rate:

	1% Decrease (3.95%)	Discount Rate (4.95%)	1% Increase (5.95%)
Net OPEB Liability	\$ 549,467,618	\$ 448,613,876	\$ 368,329,685

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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	\$ 365,088,194	\$ 448,613,876	\$ 557,231,469

**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>
<b>Assets:</b>			
Investments, Including Cash and Cash Equivalents	\$ 120,074,543	\$ 153,918,644	\$ 273,993,187
Other Assets	23,670	-	23,670
Total Assets	<u>120,098,213</u>	<u>153,918,644</u>	<u>274,016,857</u>
<b>Liabilities:</b>			
Net Position - Held in Trust for Retiree Health/Pension Benefits	<u>\$ 120,098,213</u>	<u>\$ 153,918,644</u>	<u>\$ 274,016,857</u>
	<u>Condensed Statement of Changes in Net Position</u>		
	<u>Retiree Health Trust Fund</u>	<u>Pension Trust Fund</u>	<u>Total</u>
<b>Additions:</b>			
Contributions	\$ 15,947,048	\$ 6,110,102	\$ 22,057,150
Net Investment Gain	8,722,225	13,456,673	22,178,898
Total Additions	<u>24,669,273</u>	<u>19,566,775</u>	<u>44,236,048</u>
<b>Deductions:</b>			
Benefits Paid	13,947,047	7,839,718	21,786,765
Administrative Expenses	15,399	-	15,399
Total Deductions	<u>13,962,446</u>	<u>7,839,718</u>	<u>21,802,164</u>
Change in Net Position	10,706,827	11,727,057	22,433,884
Net Position - Beginning of Year	<u>109,391,386</u>	<u>142,191,587</u>	<u>251,582,973</u>
Net Position - End Of Year	<u>\$ 120,098,213</u>	<u>\$ 153,918,644</u>	<u>\$ 274,016,857</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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, 2025 the amounts due to and from other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ -	\$ 2,745,619
Special Revenue - Food Service	2,266,660	-
Special Revenue - Restricted Program	112,903	-
Fiduciary Fund - Other Post Employment Benefits	23,667	-
Capital Projects	<u>3,017,460</u>	<u>2,675,071</u>
Total	<u>\$ 5,420,690</u>	<u>\$ 5,420,690</u>

**NOTE 10 LONG-TERM LIABILITIES**

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

	<u>Beginning Balance</u>	<u>Increase</u>	<u>(Decrease)</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Compensated Absences	\$ 11,695,846	\$ 2,277,360	\$ -	\$ 13,973,206	\$ 1,398,574
Leases Liability	2,506,698	52,432	(304,207)	2,254,923	319,461
Subscriptions Liability	<u>1,451,136</u>	<u>2,430,056</u>	<u>(3,089,323)</u>	<u>791,869</u>	<u>451,507</u>
Total Long-Term Liabilities	<u>\$ 15,653,680</u>	<u>\$ 4,759,848</u>	<u>\$ (3,393,530)</u>	<u>\$ 17,019,998</u>	<u>\$ 2,169,542</u>

The change in compensated absences is shown net per the requirements of GASB No. 101.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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, noncancelable 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:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 319,462	\$ 61,752	\$ 381,214
2027	328,653	51,235	379,888
2028	327,435	40,512	367,947
2029	159,016	31,435	190,451
2030	71,337	28,892	100,229
2031-2035	358,598	116,422	475,020
2036-2040	409,466	65,554	475,020
2041 and Thereafter	280,956	11,972	292,928
Total Minimum Lease Payments	<u>\$ 2,254,923</u>	<u>\$ 407,774</u>	<u>\$ 2,662,697</u>

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

	<u>Governmental Activities</u>
Equipment	\$ 2,760,952
Less: Accumulated Amortization	(566,901)
Total	<u>\$ 2,194,051</u>

**Lessor**

The Board, acting as lessor, leases land under long-term, noncancelable 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, 2025, the Board recognized \$197,744 and \$73,567 in lease revenue and interest revenue, respectively, pursuant to these contracts.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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>
2026	\$ 191,280	\$ 86,881	\$ 278,161
2027	201,778	84,410	286,188
2028	212,658	81,799	294,457
2029	223,933	79,041	302,974
2030	236,678	76,125	312,803
2031-2035	995,532	335,393	1,330,925
2036-2040	778,142	274,043	1,052,185
2041-2045	1,010,393	205,515	1,215,908
2046-2050	1,286,405	117,370	1,403,775
2051 and Thereafter	789,822	23,154	812,976
Total Minimum Lease Payments	<u>\$ 5,926,621</u>	<u>\$ 1,363,731</u>	<u>\$ 7,290,352</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, 2025 SBITA assets and the related accumulated amortization totaled \$11,899,320 and \$7,944,192 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>
2026	\$ 451,507	\$ 18,475	\$ 469,982
2027	281,582	9,905	291,487
2028	58,780	1,668	60,448
Total	<u>\$ 791,869</u>	<u>\$ 30,048</u>	<u>\$ 821,917</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**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 \$3,958,833 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:

	2025	2024
Accrued Health Claims:		
Unpaid Claims - Beginning of Year	\$ 4,015,000	\$ 3,822,000
Incurred Claims (Including IBNR)	45,729,936	47,009,350
Claim Payments	(45,786,103)	(46,816,350)
Unpaid Claims - End of Year	\$ 3,958,833	\$ 4,015,000

**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, 2025**

**NOTE 15 FUND BALANCE**

Fund balance at June 30, 2025 consists of the following:

	General Fund	Restricted Programs Fund	Food Service Fund	Capital Projects
Nonspendable - Inventory and Prepaids	\$ 1,460,493	\$ 60,750	\$ 333,766	\$ -
Restricted for Grants	-	3,775,510	-	-
Committed for:				
Grants and Other Related Activities	-	-	-	-
Student Activities	4,749,964	-	-	-
Workforce Development	65,351	-	-	-
Concentration of Poverty	569,279	-	-	-
Total Committed	<u>5,384,594</u>	-	-	-
Assigned for:				
Grants and Other Related Activities	-	49,112	-	-
Food Service	-	-	4,724,126	-
Capital Outlay	-	-	-	31,305
Subsequent Year Expenditures	22,746,927	355,665	-	-
Total Assigned	<u>22,746,927</u>	<u>404,777</u>	<u>4,724,126</u>	<u>31,305</u>
Unassigned	16,110,929	-	-	(182,829)
Total Fund Balance (Deficit)	<u>\$ 45,702,943</u>	<u>\$ 4,241,037</u>	<u>\$ 5,057,892</u>	<u>\$ (151,524)</u>

**NOTE 16 FUND BALANCE DEFICIT**

The Capital Projects Fund reflects a deficit unassigned fund balance for June 30, 2025 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  
MARYLAND STATE RETIREMENT AND PENSION SYSTEM –  
SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS\***

	2025	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	204,013,883	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
<b>Total</b>	<b>\$ 204,013,883</b>	<b>\$ 190,877,558</b>	<b>\$ 196,732,828</b>	<b>\$ 144,818,154</b>	<b>\$ 227,428,157</b>	<b>\$ 211,753,292</b>	<b>\$ 222,873,465</b>	<b>\$ 237,943,494</b>	<b>\$ 346,805,829</b>	<b>\$ 277,781,307</b>
Board's Covered Payroll	\$ 224,588,364	\$ 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	75.05 %	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.

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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teachers Retirement and Pension System:										
Contractually Required Contribution	\$ 10,763,529	\$ 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
Contributions in Relation to the										
Contractually Required Contribution	(10,763,529)	(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)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's Employee Payroll	\$ 272,863,499	\$ 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
Contributions as a Percentage of Covered Payroll	3.94 %	4.61 %	5.02 %	4.32 %	4.25 %	4.20 %	4.46 %	4.60 %	4.26 %	4.28 %

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, 2025**

**NOTE 1 CHANGES IN BENEFIT TERMS**

There were no benefit changes during the years 2015 through 2025.

**NOTE 2 CHANGES IN ASSUMPTIONS**

Inflation assumptions changed as follows:

○ 6/30/2024	2.50%
○ 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:

○ 6/30/2024	6.80%
○ 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**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:										
Service Cost	\$ 4,868,024	\$ 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
Interest	10,329,714	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
Benefit Changes	12,168	-	-	-	-	-	-	-	-	-
Difference Between Actual and Expected if Any	3,153,955	5,414,766	(466,596)	(1,372,479)	322,700	1,003,408	(1,552,063)	1,798,691	(3,768,285)	(1,244,586)
Assumption Changes	-	-	-	3,487,997	(515,036)	(2,487,145)	(787,090)	(758,406)	(182,819)	(1,809,348)
Benefit Payments	(7,839,718)	(7,422,845)	(6,911,705)	(6,465,544)	(5,933,474)	(5,661,781)	(5,340,011)	(5,164,335)	(4,884,174)	(4,687,877)
Net Change in Total Pension Liability	10,524,143	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
Total Pension Liability - Beginning	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
Total Pension Liability - Ending (a)	168,432,941	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
Plan Fiduciary Net Position:										
Contribution - Employer	4,137,830	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
Contribution - Member	1,972,272	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
Net Investment Income (Loss)	13,456,673	10,252,679	14,164,724	(18,231,518)	27,189,099	1,769,778	7,449,004	4,071,156	10,317,975	1,197,164
Benefit Payments	(7,839,718)	(7,422,845)	(6,911,705)	(6,465,544)	(5,933,474)	(5,661,781)	(5,340,011)	(5,164,335)	(4,884,174)	(4,687,877)
Administrative Expense	-	-	-	-	-	-	(3,593)	(39,744)	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	11,727,057	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
Plan Fiduciary Net Position - Beginning	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
Plan Fiduciary Net Position - Ending (b)	153,918,644	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
Net Pension on Liability (a-b)	\$ 14,514,297	\$ 15,717,211	\$ 12,372,800	\$ 18,999,855	\$ (9,437,654)	\$ 9,914,047	\$ 5,522,678	\$ 8,677,823	\$ 5,552,246	\$ 13,922,398
Plan Fiduciary Net Position as a Percentage of Total Liability	91.38 %	90.05 %	91.54 %	86.49 %	107.15 %	92.13 %	95.44 %	92.65 %	94.99 %	87.21 %
Covered Payroll	\$ 32,869,070	\$ 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
Net Pension Liability as a Percentage of Covered Payroll	44.16 %	52.22 %	47.93 %	78.12 %	(37.08)%	41.55 %	24.53 %	40.92 %	27.39 %	68.27 %

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
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
2025	4,426,768	4,137,830	(288,938)	32,869,070	12.59

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

<u>Year Ended June 30.</u>	<u>Actual Money Weighted Rate of Return, Net of Investment Expense</u>
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
2025	9.51

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
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
2025	168,432,941	153,918,644	14,514,297	91.38	32,869,070	44.16

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, 2024
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 NINE FISCAL YEARS\***

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service Cost	\$ 20,761,347	\$ 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	26,091,618	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)	(741,613)	(64,339,396)	(206,841)	6,238,539	(1,915,090)	47,945,774	7,450	(132,364,513)	-
Changes of Assumptions	(78,748,879)	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	(13,947,048)	(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	(46,584,575)	(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	615,296,662	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	568,712,087	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	15,947,048	22,706,715	21,585,462	17,304,524	14,432,282	15,768,692	16,780,327	15,722,529	13,884,981
Net Investment Income (loss)	8,722,225	7,296,277	7,745,910	(12,281,453)	17,605,490	1,882,635	3,792,589	3,304,778	3,950,292
Benefit Payments	(13,947,048)	(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	(15,399)	(15,828)	-	-	-	-	-	-	-
Net Change in Fiduciary Net Position	10,706,826	9,280,449	14,475,201	(8,350,692)	20,866,229	7,882,636	10,292,589	9,604,779	8,750,292
Fiduciary Net Position - Beginning of Year	109,391,385	100,110,936	85,635,735	93,986,427	73,120,198	65,237,562	54,944,973	45,340,194	36,589,902
Fiduciary Net Position - End of Year	120,098,211	109,391,385	100,110,936	85,635,735	93,986,427	73,120,198	65,237,562	54,944,973	45,340,194
Net OPEB Liability	<u>\$ 448,613,876</u>	<u>\$ 505,905,277</u>	<u>\$ 523,344,693</u>	<u>\$ 524,264,724</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	21.12 %	17.78 %	16.06 %	14.04 %	12.32 %	11.17 %	13.44 %	14.12 %	8.11 %
Covered Employee Payroll	\$ 298,235,862	\$ 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	1.50 %	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
2025	7.95

*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, 2025**

**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
6/30/2025	4.95

**NOTE 3 METHODS AND ASSUMPTIONS**

Actuarial Cost Method	Projected Unit Credit
Asset Valuation Method	Market Value of Assets
Inflation	2.50%
Healthcare Cost Trend Rates	4.04% Initial/ 3.92% 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 2025 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experiences.
Mortality	In the 2025 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 REVENUE AND EXPENDITURE - BUDGET AND  
ACTUAL - NON-GAAP BUDGETARY BASIS – GENERAL FUND  
JUNE 30, 2025**

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
<b>REVENUES</b>				
State of Maryland	\$ 266,554,205	\$ 266,554,205	\$ 266,757,298	\$ 203,093
Federal Government	970,000	970,000	1,059,639	89,639
Other Sources	1,924,400	1,924,400	5,096,777	3,172,377
Local Sources	232,015,716	232,015,716	231,752,058	(263,658)
Total Revenues	<u>501,464,321</u>	<u>501,464,321</u>	<u>504,665,772</u>	<u>3,201,451</u>
<b>EXPENDITURES</b>				
Administration	16,619,072	20,532,020	20,271,810	260,210
Mid-Level Administration	32,870,303	34,114,081	33,819,574	294,507
Instructional Salaries	182,511,551	185,041,251	184,168,810	872,441
Materials of Instruction	7,049,857	7,196,100	6,270,949	925,151
Other Costs of Instruction	7,970,942	4,345,354	3,871,574	473,780
Special Education	49,504,335	56,844,622	56,303,815	540,807
Student Personnel Services	8,126,314	8,710,155	8,216,391	493,764
Health Service	7,982,359	5,995,764	5,891,301	104,463
Transportation	47,142,491	47,687,176	46,919,387	767,789
Operations	37,756,918	40,933,825	40,545,939	387,886
Maintenance	10,419,075	12,524,867	10,763,520	1,761,347
Community Service	663,314	596,659	551,530	45,129
Capital Outlay	2,473,448	11,783,977	9,977,011	1,806,966
Food Service	-	-	-	-
Fixed Charges	95,359,453	98,994,943	98,677,598	317,345
Total Expenditures	<u>506,449,432</u>	<u>535,300,794</u>	<u>526,249,209</u>	<u>9,051,585</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(4,985,111)	(33,836,473)	(21,583,437)	12,253,036
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	239,706	239,706	767,952	528,246
Transfers Out	-	(610,000)	(546,495)	63,505
Total Other Financing Sources	<u>239,706</u>	<u>(370,294)</u>	<u>221,457</u>	<u>591,751</u>
<b>NET CHANGE IN FUND BALANCE *</b>	<u>\$ (4,745,405)</u>	<u>\$ (34,206,767)</u>	(21,361,980)	<u>\$ 12,844,787</u>
Fund Balance - Beginning of Year			<u>64,000,231</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 42,638,251</u>	

\*The net change in fund balance was included in the budget as an appropriation (i.e. spenddown) of fund balance.

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
GENERAL FUND – RECONCILIATION OF REVENUES AND EXPENDITURES  
JUNE 30, 2025**

Actual Revenues (Non-GAAP Budgetary Basis)	\$ 504,665,772
Pension Contribution by the State of Maryland on Behalf of the Board	24,022,678
Student Activities Revenue	4,984,218
Retainage Payable Adjustment	<u>351,878</u>
Total Revenues as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 534,024,546</u></u>
Actual Expenditures (Non-GAAP Budgetary Basis)	\$ 526,249,209
Pension Contribution by the State of Maryland on Behalf of the Board	24,022,678
Student Activities Expense	4,957,980
Lease Adjustment	52,432
Subscription Adjustment	1,873,735
Retainage Payable Adjustment	<u>351,878</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 557,507,912</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, 2025**

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
<b>State of Maryland:</b>				
State - Foundation	\$ 145,017,194	\$ 145,017,194	\$ 145,017,194	\$ -
Compensatory Aid	61,046,467	61,046,467	61,046,467	-
Transportation	14,691,509	14,691,509	14,691,509	-
Handicapped Children	16,552,570	16,552,570	16,907,288	354,718
Nonpublic Special Education	1,194,373	1,194,373	1,448,400	254,027
Other (LEP Grant)	7,071,163	7,071,163	7,071,163	-
Out of County Living	-	-	19,703	19,703
Guaranteed Tax Base	5,830,020	5,830,020	5,830,020	-
Medicaid Revenues	890,000	890,000	484,344	(405,656)
Kiwan Career College Readiness	263,430	263,430	263,430	-
TSI	1,312,575	1,312,575	1,312,575	-
Concentration of Poverty	3,657,985	3,657,985	3,657,985	-
Kirwan Career Ladder	119,388	119,388	121,130	1,742
Kirwan Pre-Kindergarten	4,898,523	4,898,523	4,877,082	(21,441)
State Comparable Wage Index	3,908,213	3,908,213	3,908,213	-
State-Blueprint Coordinator	100,795	100,795	100,795	-
Total	<u>266,554,205</u>	<u>266,554,205</u>	<u>266,757,298</u>	<u>203,093</u>
<b>Federal Government:</b>				
Federal Thru County	-	-	-	-
Impact Aid	476,000	476,000	443,027	(32,973)
ROTC	430,000	430,000	572,487	142,487
Impact Aid Special Education	64,000	64,000	44,125	(19,875)
Total	<u>970,000</u>	<u>970,000</u>	<u>1,059,639</u>	<u>89,639</u>
<b>Other Sources:</b>				
Damaged Goods	-	-	66,175	66,175
Tuition - Summer School	92,296	92,296	-	(92,296)
Tuition - Nonresident	313,904	313,904	476,573	162,669
Tuition - Novel	15,269	15,269	-	(15,269)
Tuition - Parents Payments	89,100	89,100	96,239	7,139
Summer Youth Camp	25,000	25,000	32,204	7,204
Rent from School Facilities	191,200	191,200	102,056	(89,144)
Sale of Property	6,000	6,000	20,358	14,358
Interest Income	1,000,000	1,000,000	3,340,265	2,340,265
Net Insurance Recovery	-	-	48,640	48,640
Vending Commissions	42,000	42,000	59,569	17,569
Payroll Transfers	73,000	73,000	-	(73,000)
Other	12,200	12,200	762,159	749,959
Rebates	54,431	54,431	92,491	38,060
Restitution	10,000	10,000	48	(9,952)
Total	<u>1,924,400</u>	<u>1,924,400</u>	<u>5,096,777</u>	<u>3,172,377</u>
<b>Local Sources:</b>				
Operational Budget	<u>232,015,716</u>	<u>232,015,716</u>	<u>231,752,058</u>	<u>(263,658)</u>
Total Revenues	<u>\$ 501,464,321</u>	<u>\$ 501,464,321</u>	<u>\$ 504,665,772</u>	<u>\$ 3,201,451</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2025**

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
<b>Administration:</b>				
Salaries and Wages	\$ 10,667,791	\$ 11,072,968	\$ 11,064,600	\$ 8,368
Contracted Services	4,930,549	5,083,738	4,795,564	288,174
Supplies and Materials	599,030	440,252	3,510,885	(3,070,633)
Other Charges	346,632	311,958	390,974	(79,016)
Equipment	75,070	3,623,104	509,787	3,113,317
Incoming Transfers	(239,706)	(239,706)	(624,952)	385,246
Total	<u>16,379,366</u>	<u>20,292,314</u>	<u>19,646,858</u>	<u>645,456</u>
<b>Mid-Level Administration:</b>				
Salaries and Wages	30,423,892	31,959,079	32,016,475	(57,396)
Contracted Services	1,006,270	437,126	432,735	4,391
Supplies and Materials	1,177,145	1,381,964	1,131,400	250,564
Other Charges	262,996	300,456	203,508	96,948
Equipment	-	35,456	35,456	-
Total	<u>32,870,303</u>	<u>34,114,081</u>	<u>33,819,574</u>	<u>294,507</u>
<b>Instruction Salaries:</b>				
Salaries and Wages	182,511,551	185,041,251	184,168,810	872,441
<b>Materials of Instruction</b>				
Supplies and Materials	7,049,857	7,196,100	6,270,949	925,151
<b>Other Costs of Instruction:</b>				
Contracted Services	7,418,232	3,819,099	3,405,054	414,045
Other Charges	427,710	398,216	452,704	(54,488)
Equipment	25,000	28,039	13,816	14,223
Outgoing Transfers	100,000	100,000	-	100,000
Total	<u>7,970,942</u>	<u>4,345,354</u>	<u>3,871,574</u>	<u>473,780</u>
<b>Special Education:</b>				
Salaries and Wages	42,719,789	42,719,788	43,776,903	(1,057,115)
Contracted Services	2,923,972	10,095,583	6,904,735	3,190,848
Supplies and Materials	91,944	124,791	126,760	(1,969)
Other Charges	68,330	68,330	136,477	(68,147)
Outgoing Transfers	3,700,300	3,836,130	5,358,940	(1,522,810)
Total	<u>49,504,335</u>	<u>56,844,622</u>	<u>56,303,815</u>	<u>540,807</u>
<b>Student Personnel Services:</b>				
Salaries and Wages	7,199,981	7,199,981	6,844,457	355,524
Contracted Services	396,778	347,366	450,647	(103,281)
Supplies and Materials	433,055	1,038,718	806,889	231,829
Other Charges	96,500	96,940	87,398	9,542
Equipment	-	27,150	27,000	150
Total	<u>8,126,314</u>	<u>8,710,155</u>	<u>8,216,391</u>	<u>493,764</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES**  
**BUDGET AND ACTUAL — NON-GAAP BUDGETARY BASIS (CONTINUED)**  
**GENERAL FUND**  
**YEAR ENDED JUNE 30, 2025**

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
<b>Health Service:</b>				
Contracted Services	\$ 7,944,726	\$ 5,944,581	\$ 5,854,202	\$ 90,379
Supplies and Materials	37,633	51,183	37,099	14,084
Total	<u>7,982,359</u>	<u>5,995,764</u>	<u>5,891,301</u>	<u>104,463</u>
<b>Transportation:</b>				
Salaries and Wages	3,867,189	3,867,189	5,252,560	(1,385,371)
Contracted Services	42,337,607	42,016,010	40,144,050	1,871,960
Supplies and Materials	259,525	259,564	66,324	193,240
Other Charges	7,170	7,170	28,763	(21,593)
Equipment	671,000	1,537,243	1,427,690	109,553
Total	<u>47,142,491</u>	<u>47,687,176</u>	<u>46,919,387</u>	<u>767,789</u>
<b>Operations:</b>				
Salaries and Wages	18,361,368	20,965,927	20,826,573	139,354
Contracted Services	3,450,443	3,924,122	3,427,271	496,851
Supplies and Materials	2,689,089	3,727,275	3,422,869	304,406
Other Charges	12,987,398	11,921,019	12,645,482	(724,463)
Equipment	268,620	395,482	223,744	171,738
Total	<u>37,756,918</u>	<u>40,933,825</u>	<u>40,545,939</u>	<u>387,886</u>
<b>Maintenance:</b>				
Salaries and Wages	5,506,661	5,506,661	5,714,956	(208,295)
Contracted Services	2,962,845	4,485,167	2,121,176	2,363,991
Supplies and Materials	1,660,373	1,693,367	1,894,313	(200,946)
Other Charges	3,320	3,320	(797)	4,117
Equipment	285,876	836,352	1,033,872	(197,520)
Total	<u>10,419,075</u>	<u>12,524,867</u>	<u>10,763,520</u>	<u>1,761,347</u>
<b>Community Service:</b>				
Salaries and Wages	264,241	189,241	129,403	59,838
Contracted Services	392,483	400,828	377,453	23,375
Supplies and Materials	6,590	6,590	44,674	(38,084)
Other Charges	-	-	-	-
Total	<u>663,314</u>	<u>596,659</u>	<u>551,530</u>	<u>45,129</u>
<b>Capital Outlay:</b>				
Salaries and Wages	797,448	797,448	833,603	(36,155)
Contracted Services	1,548,692	4,548,197	3,006,475	1,541,722
Supplies and Materials	3,508	3,508	5,510	(2,002)
Other Charges	4,800	4,800	3,683	1,117
Equipment	119,000	6,430,024	6,127,740	302,284
Incoming Transfers	-	-	(143,000)	143,000
Total	<u>2,473,448</u>	<u>11,783,977</u>	<u>9,834,011</u>	<u>1,949,966</u>
<b>Food Service:</b>				
Outgoing Transfers	-	610,000	546,495	63,505
Total	<u>-</u>	<u>610,000</u>	<u>546,495</u>	<u>63,505</u>
<b>Fixed Charges:</b>				
Other Charges	95,359,453	98,994,943	98,677,598	317,345
Total Expenditures	<u>\$ 506,209,726</u>	<u>\$ 535,671,088</u>	<u>\$ 526,027,752</u>	<u>\$ 9,643,336</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
 COMBINING BALANCE SHEET  
 CAPITAL PROJECTS SUB-FUNDS  
 JUNE 30, 2025**

	<u>Capital Improvement Programs</u>	<u>School Construction</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Short-Term Investments	\$ -	\$ 25,772	\$ 25,772
Accounts Receivable:			
State	-	2,598,112	2,598,112
Other Sources	11,985,512	-	11,985,512
Due from Other Funds	-	3,017,460	3,017,460
	<u>-</u>	<u>3,017,460</u>	<u>3,017,460</u>
Total Assets	<u>\$ 11,985,512</u>	<u>\$ 5,641,344</u>	<u>\$ 17,626,856</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 9,493,270	\$ 2,022,934	\$ 11,516,204
Due to Other Funds	2,675,071	-	2,675,071
Unearned Revenue	-	3,587,105	3,587,105
Total Liabilities	<u>12,168,341</u>	<u>5,610,039</u>	<u>17,778,380</u>
<b>FUND BALANCE (DEFICIT)</b>			
Assigned	-	31,305	31,305
Unassigned	(182,829)	-	(182,829)
Total Fund Balance (Deficit)	<u>(182,829)</u>	<u>31,305</u>	<u>(151,524)</u>
Total Liabilities and Fund Balance	<u>\$ 11,985,512</u>	<u>\$ 5,641,344</u>	<u>\$ 17,626,856</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, 2025**

	Capital Improvement Programs	School Construction	Total
<b>REVENUES</b>			
State of Maryland	\$ -	\$ 11,761,641	\$ 11,761,641
Local Sources	40,905,410	-	40,905,410
Other Sources	-	1,181	1,181
Total Revenues	40,905,410	11,762,822	52,668,232
<b>EXPENDITURES</b>			
Capital Outlay:			
Contracted Services	36,996,055	11,618,640	48,614,695
Materials	1,490,611	-	1,490,611
Computers and Equipment	2,418,744	-	2,418,744
Total Expenditures	40,905,410	11,618,640	52,524,050
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	144,182	144,182
<b>OTHER FINANCING SOURCES</b>			
Transfers In (Out)	-	(143,000)	(143,000)
<b>NET CHANGE IN FUND BALANCE</b>	-	1,182	1,182
Fund Balance (Deficit) - Beginning of Year	(182,829)	30,123	(152,706)
<b>FUND BALANCE (DEFICIT) - END OF YEAR</b>	\$ (182,829)	\$ 31,305	\$ (151,524)

**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, 2025**

	<u>Restricted Programs Fund</u>
<b>REVENUES</b>	
State of Maryland	\$ 2,633,595
Federal Government	23,408,848
Other Sources	<u>3,038,646</u>
Total Revenues	29,081,089
<b>EXPENDITURES</b>	
Administration	578,340
Mid-Level Administration	1,235,800
Instructional Salaries	4,109,079
Materials of Instruction	2,293,025
Other Costs of Instruction	3,551,816
Special Education	7,068,046
Student Personnel Service	22,780
Transportation	1,341,258
Operations	576,843
Maintenance	-
Food Service	22,420
Community Service	1,206,769
Capital Outlay	3,502,444
Fixed Charges	<u>2,903,972</u>
Total Expenditures	28,412,592
<b>OTHER FINANCING SOURCES</b>	
Transfer Out	<u>(624,952)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u><u>\$ 43,545</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, 2025**

	Original Budget	As Amended Budget	Actual	Variances Positive (Negative)
<b>REVENUES</b>				
State of Maryland	\$ 410,000	\$ 410,000	\$ 1,292,834	\$ 882,834
Federal Government	16,152,556	16,152,556	13,137,875	(3,014,681)
Local Sources	3,957,311	3,957,311	4,357,396	400,085
Total Revenues	<u>20,519,867</u>	<u>20,519,867</u>	<u>18,788,105</u>	<u>(1,731,762)</u>
<b>EXPENDITURES</b>				
Food Service:				
Salaries and Wages	7,327,959	7,327,959	8,156,426	(828,467)
Contracted Services	875,747	875,747	516,026	359,721
Supplies and Materials	15,263,304	15,263,304	10,734,605	4,528,699
Other Charges	63,620	63,620	591,766	(528,146)
Equipment	264,109	264,109	5,418	258,691
Total Food Service	<u>23,794,739</u>	<u>23,794,739</u>	<u>20,004,241</u>	<u>3,790,498</u>
Fixed Charges	2,001,599	2,001,599	2,050,698	(49,099)
Total Expenditures	<u>25,796,338</u>	<u>25,796,338</u>	<u>22,054,939</u>	<u>3,741,399</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(5,276,471)	(5,276,471)	(3,266,834)	2,009,637
<b>OTHER FINANCING SOURCES</b>				
Transfer in	-	-	546,495	546,495
Use of Prior Year Fund Balance	5,276,471	5,276,471	-	(5,276,471)
Total Other Financing Sources	<u>5,276,471</u>	<u>5,276,471</u>	<u>546,495</u>	<u>(4,729,976)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,720,339)</u>	<u>\$ (2,720,339)</u>

**BOARD OF EDUCATION OF CHARLES COUNTY, MARYLAND  
 COMBINING SCHEDULE OF FIDUCIARY NET POSITION —  
 RETIREE HEALTH AND PENSION TRUST FUNDS  
 JUNE 30, 2025**

	Retiree Health Trust Fund	Pension Trust Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ -	\$ 2,102,121	\$ 2,102,121
Investments:			
MABE Trust	120,074,543	-	120,074,543
U.S. Government and Agencies	-	19,437,836	19,437,836
Corporate Bonds	-	18,014,501	18,014,501
Equity Mutual Funds	-	57,155,121	57,155,121
Fixed Income Mutual Funds	-	18,002,069	18,002,069
Common Stocks	-	38,050,480	38,050,480
Mortgage-Backed Securities	-	855,893	855,893
Municipal Obligations	-	300,623	300,623
Due from Other Funds	23,670	-	23,670
Total Assets	120,098,213	153,918,644	274,016,857
<b>NET POSITION</b>			
Held in Trust for Retiree Health/Pension Benefits	\$ 120,098,213	\$ 153,918,644	\$ 274,016,857

**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, 2025**

	<u>Retiree Health Trust Fund</u>	<u>Pension Trust Fund</u>	<u>Total</u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 15,947,048	\$ 4,137,830	\$ 20,084,878
Plan Members	-	1,972,272	1,972,272
Total Contributions	<u>15,947,048</u>	<u>6,110,102</u>	<u>22,057,150</u>
Investment Earnings:			
Interest and Dividends	-	4,657,984	4,657,984
Net Increase in Fair Value of Investments	9,076,721	9,381,521	18,458,242
Total Investment Earnings	<u>9,076,721</u>	<u>14,039,505</u>	<u>23,116,226</u>
Less: Investment Expense	<u>354,496</u>	<u>582,832</u>	<u>937,328</u>
Net Investment Gain	<u>8,722,225</u>	<u>13,456,673</u>	<u>22,178,898</u>
Total Additions	24,669,273	19,566,775	44,236,048
<b>DEDUCTIONS</b>			
Benefits Paid to Members	13,947,047	7,839,718	21,786,765
Administrative Expenses	<u>15,399</u>	-	<u>15,399</u>
Total Deductions	<u>13,962,446</u>	<u>7,839,718</u>	<u>21,802,164</u>
<b>CHANGE IN NET POSITION</b>	10,706,827	11,727,057	22,433,884
Net Position - Beginning of Year	<u>109,391,386</u>	<u>142,191,587</u>	<u>251,582,973</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 120,098,213</u>	<u>\$ 153,918,644</u>	<u>\$ 274,016,857</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.