

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

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

For the Year Ended June 30, 2026

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

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

JUNE 30, 2026

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

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

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Calvert County Board of Education (CCPS or the Board), a component unit of Calvert County, Maryland, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise CCPS' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of CCPS, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of CCPS 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 CCPS' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenues, expenditures and encumbrances budget to actual general fund (unrestricted and restricted funds), reconciliation of differences between budgetary inflows and outflows and GAAP basis revenues and expenditures- general fund, schedule of proportionate share of net pension liability Maryland State Retirement and Pension System, schedule of contributions Maryland State Retirement and Pension System, notes to the schedule of proportionate share of net pension liability and schedule of contributions Maryland State Retirement and Pension System, schedule of changes in net OPEB plan liability and related ratios, and the schedule of OPEB Plan contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an



essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2026, on our consideration of CCPS' 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 CCPS' 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 CCPS' internal control over financial reporting and compliance.

Owings Mills, Maryland
September 28, 2026

SB + Company, LLC

CALVERT COUNTY PUBLIC SCHOOLS

Management's Discussion and Analysis For the Year Ended June 30, 2026

This section of Calvert County Public Schools' (CCPS) annual financial report includes a discussion and analysis of CCPS' financial performance during the fiscal year that ended on June 30, 2026. Please read it in conjunction with CCPS' financial statements, which immediately follow this section.

Overview of the Financial Statements

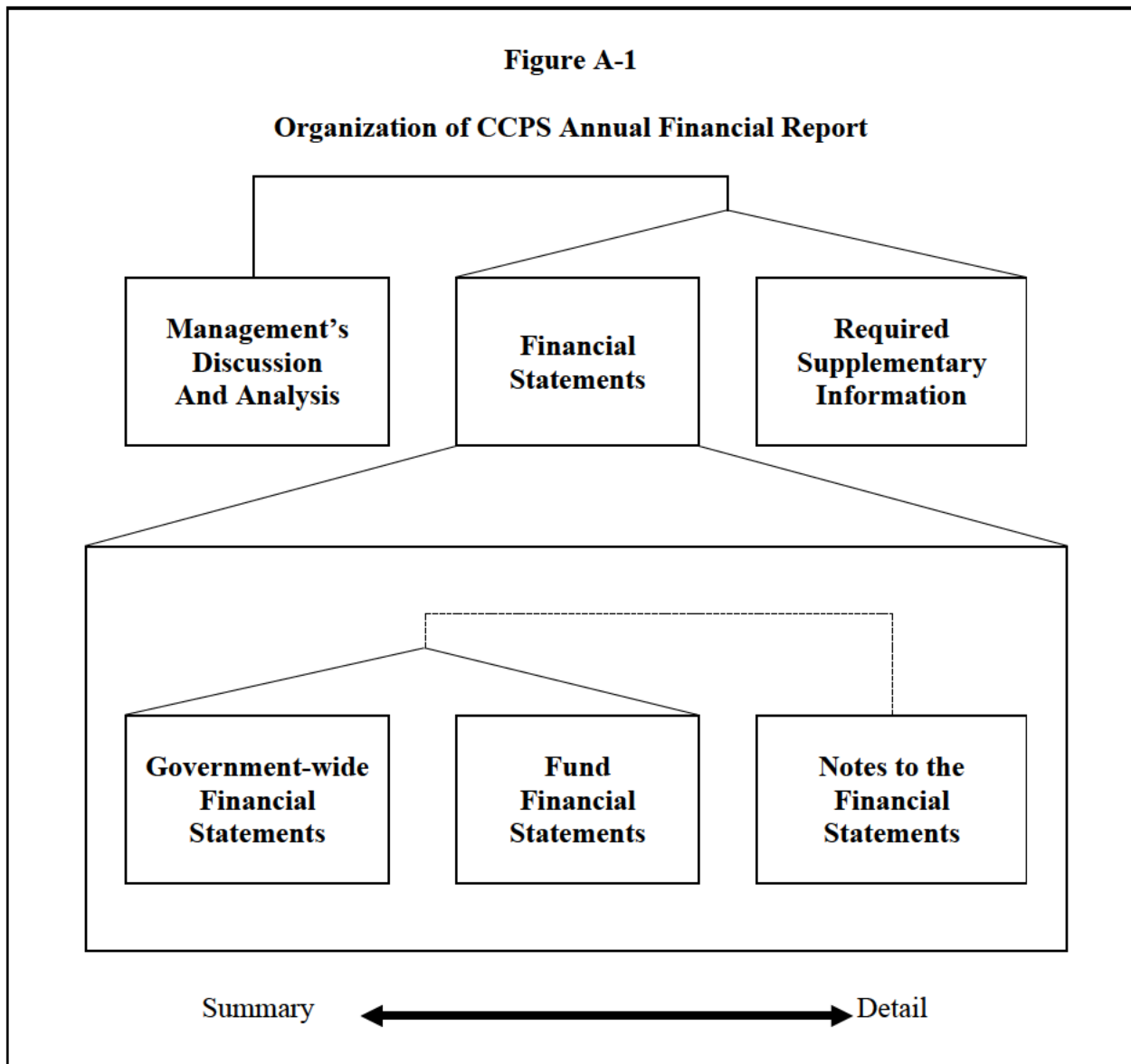
This annual report consists of three parts: management's discussion and analysis (this section), the financial statements, and required supplementary information. The financial statements include two kinds of statements that present different views of the Board:

- The first two statements are CCPS government-wide financial statements that provide both short-term and long-term information about the Board's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of CCPS, reporting its operation in more detail than its government-wide statements.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

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Management's Discussion and Analysis For the Year Ended June 30, 2026

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



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Management's Discussion and Analysis For the Year Ended June 30, 2026

Figure A-2 summarizes the major features of the Board's financial statements, including the portion of CCPS activities covered and the types of information contained. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

FIGURE A-2		
Major Features of the CCPS Government-wide and Fund Financial Statements		
	Government-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire Board	The activities of the Board that are not proprietary, such as special education and building maintenance
Required financial statements	Statement of Net Position Statement of Activities	Balance sheet Statement of Revenues, Expenditures, and Changes in Fund Balances
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of flow information	All revenues earned and expenses incurred during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

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Management's Discussion and Analysis For the Year Ended June 30, 2026

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

- The *statement of net position* presents all of the school system's assets, liabilities, and deferred inflows/outflows of resources with the difference between these components reported as "net position." The statement combines and consolidates all of the school system's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation and amortization) and liabilities presented as governmental activities. The result is net position segregated into three components: net investment in capital assets, restricted, and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the school system is improving or deteriorating.
- The *statement of activities* presents information showing how the school system's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as earned, but unused, vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the board. The majority of the school system's revenue consists of general revenues, including grants and contributions from other governments.

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

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

Governmental activities: CCPS' basic services are included here, such as regular and special education, transportation, and administration. County appropriations and State formula aid finance most of these activities.

Fund Financial Statements. The fund financial statements focus on major funds and on individual parts of the school system's operations. All of the funds of the school system are governmental funds, each of which use different accounting approaches and should be interpreted differently.

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Management's Discussion and Analysis For the Year Ended June 30, 2026

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

The school system has three governmental funds:

The General Fund (Current Expenses Fund) includes most of the school system's basic functions and generally follows the requirements of the Maryland State Department of Education.

The Special Revenue Fund (Cafeteria Fund) captures the financial activities of the Child Nutrition Program operations.

The Capital Projects Fund (School Construction Fund) tracks larger construction projects. This fund reports 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.

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Management's Discussion and Analysis For the Year Ended June 30, 2026

Financial Summary and Detailed Analysis

Net Position. CCPS' combined net position for Governmental Activities (in millions of dollars) as of June 30, 2026 and 2025 is as follows:

	Governmental Activities		Total Amount Change	Total Percent Change
	FY2025	FY2026	FY 25 - 26	FY 25 - 26
Assets				
Cash and Cash Equivalents	\$ 45.6	\$ 44.4	\$ (1.2)	-3%
Accounts Receivable	33.8	36.1	2.3	7%
Capital Assets Less Accumulated Depreciation and Amortization	295.9	319.3	23.4	8%
Total Assets	375.3	399.8	24.5	
Deferred Outflows of Resources	23.1	36.1	13.0	0.6 %
Liabilities				
Other Liabilities	40.6	44.5	3.9	10%
Long-term Obligations	83.0	97.7	14.7	18%
Total Liabilities	123.6	142.1	18.5	
Deferred Inflows of Resources	22.6	18.1	(4.5)	-20%
Net Position				
Net Investment in Capital Assets	292.1	317.2	25.1	9%
Restricted	0.1	0.1	(0.0)	0%
Unrestricted	(39.9)	(41.6)	(1.7)	4%
Total Net Position	\$ 252.3	\$ 275.7	\$ 23.4	

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Management's Discussion and Analysis For the Year Ended June 30, 2026

Statement of Activities. For the year ended June 30, 2026, below is a schedule of changes in net position from operating results (in millions of dollars) derived from the CCPS statement of activities.

	Governmental Activities		Total Amount Change	Total Percentage Change
	FY 2025	FY 2026	FY 25 - 26	FY 25 - 26
Program Revenues				
Charges for Services	\$ 3.5	\$ 3.6	\$ 0.1	3.4%
Operating Grants/Contributions	36.0	34.3	(1.7)	-4.7%
Capital Grants/Contributions	11.0	32.7	21.7	197.6%
General Revenues				
Local Appropriations	164.7	163.3	(1.4)	-0.9%
State Aid	87.4	109.9	22.5	25.7%
Federal Aid	-	2.7	2.7	100.0%
Other	9.5	8.0	(1.5)	-15.3%
Total Revenues	<u>312.1</u>	<u>354.6</u>	<u>42.5</u>	
Expenses				
Instruction	189.0	195.4	6.4	3.4%
Administration	25.0	34.7	9.7	38.9%
Mid-Level Administration	19.7	21.4	1.7	8.5%
Pupil Personnel Services	4.8	4.7	(0.1)	-1.1%
Health Services	2.3	2.3	0.0	1.9%
Pupil Transportation	24.7	23.6	(1.1)	-4.4%
Operation of Plant & Equipment	31.8	31.9	0.1	0.4%
Food Services	6.6	6.7	0.1	1.7%
Maintenance of Plant	3.7	4.0	0.3	8.8%
Community Services	1.9	2.1	0.2	11.0%
Student Activity	3.9	4.3	0.4	9.9%
Total Expenses	<u>313.4</u>	<u>331.2</u>	<u>17.8</u>	
Increase (Decrease) in Net Position	<u>\$ (1.3)</u>	<u>\$ 23.4</u>	<u>\$ 24.7</u>	

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Management's Discussion and Analysis For the Year Ended June 30, 2026

Activities for the General Fund (Current Expense Fund), the Special Revenue Fund (Food Service Fund) and Capital Project Fund are consolidated under governmental activities on the statement of activities. The statement of activities shows that the total revenues from governmental activities for FY2026 were \$354,570,445 which represents an increase of \$42,523,277 from FY 2025. FY 2026 expenditures for governmental activities were \$331,215,753 which represents an increase of \$17,865,634 from FY 2025. The net position for governmental activities increased by \$23,354,692 in FY 2026.

Factors influencing the change in the CCPS budget are as follows:

- Providing wages and salaries necessary to retain and recruit highly qualified staff to serve the student population
- Providing services to meet special education mandates and individual needs
- Providing services to allow for an increase in achievement for students
- Providing a quality health insurance plan that is affordable to the staff and to eligible retirees
- Complying with the Blueprint for Maryland's Future

Historically, the Board of County Commissioners has provided for increased annual appropriations to CCPS's Operating Budget. A significant portion of the state funding allocated to CCPS is subject to the State Aid equalization formula. This formula attempts to overcome individual school Board funding disparities. Based on each Board's assessable wealth per student, this formula provides for the allocation of fewer dollars to higher wealth Boards and more dollars to lower wealth Boards. For FY 2026, the local appropriation provided by the Board of County Commissioners was \$163,046,853, which is a component of the local sources of funding recognized within the Current Expense Fund. Of the total funding provided by the Board of County Commissioners for FY 2026, \$7,435,135 was required to pay the local government's contribution to the teachers' pension plan as mandated by state law.

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Management's Discussion and Analysis For the Year Ended June 30, 2026

During fiscal year 2025, Calvert County Public Schools experienced a significant reduction in State aid of approximately \$22.5 million. The reduction resulted from changes in the State's wealth calculation methodology following the expiration of Cove Point LNG and Calvert Cliffs Nuclear Power Plant PILOT (Payment in Lieu of Taxes) agreements. The resulting wealth assessment substantially increased the County Government's calculated ability to fund education and reduced the State share of education aid as the calculation showed that the County was significantly wealthier than it actually was from an available-revenue perspective. During fiscal year 2026, the underlying PILOT agreements were renegotiated and restored, resulting in a recalculation in the State aid education funding formula. Consequently, the School System received an increase in revenue from the State compared with the prior year reducing a significant financial risk factor that had previously affected budget development, resource allocation decisions, and long-term financial sustainability planning.

Approximately 58% of the operating fund's FY 2026 revenue came from the county government, 40% came from the State of Maryland, and the remaining amount came from other sources such as the federal government, tuition, fees, income from the investment of cash, and from other sources.

The General Fund is intended to finance instructional programs and the daily operations which support those programs. The education of students is a labor-intensive enterprise that is reflected in personnel costs. In FY 2026, salaries and fixed charges comprised of 81% of the total expenditures in the General Fund and continues to account for the largest part of the operating budget.

Employees of CCPS have the option to select one of three (traditional, preferred provider network, or health maintenance organization - HMO) health insurance plans. Employees hired on or after July 1, 2001 are not eligible to enroll in the traditional health plan. Employee co-pays, deductibles, and health insurance benefits are negotiated. For FY 2026, employees paid 10% of the Individual Plan premium cost, 20% of the Family/Two-Employee Plan premium cost, and 28% of the Self/Child, Self/Spouse, and Family Plan premium cost. CCPS pays the remaining plan cost. CCPS health insurance plans have modified retrospective funding arrangements with annual settlements. With these arrangements, premiums paid in excess of claim expenses are refunded to CCPS. Additionally, claim expenses in excess of paid premiums are subject to a 5% annual premium call. Annual settlements resulting in either refunds or premium calls may cause significant fluctuation in the annual current expense fund budget. In order to alleviate these fluctuations, CCPS maintains a committed fund balance for health insurance. As of June 30, 2026, the balance in the committed fund balance for health insurance was \$4,664,000.

The Child Nutrition Program's fund balance decreased \$327,876 during fiscal year 2026. As of June 30, 2026, the Program reported a total net fund balance in the amount of \$2,739,079. Management continues to evaluate the Program's financial position and planned expenditures to ensure resources are used to support student meal services and program objectives. The Maryland State Department of Education limits the net cash balance for the Child Nutrition Program to no

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Management's Discussion and Analysis For the Year Ended June 30, 2026

more than an average of three months of expenditures. As of June 30, 2026, the Child Nutrition Program was within this guideline.

During FY 2026, state and county funds were appropriated for architectural services and construction costs for the replacement of the Northern Middle School building, and minor systemic renovations throughout the district. The capital fund revenues in FY 2026 were \$32,612,049.

In accordance with the Annotated Code of Maryland, annual school budgets must be submitted to their respective governing bodies – county commissioners, county council, and county executive, or for Baltimore City, the Mayor and City Council of Baltimore City. Each governing body will establish annual appropriations and will set spending limits by category. Accordingly, all school districts including CCPS are financially dependent, thus lacking taxing ability and the authority to borrow funds.

Significant Capital Assets and Long-term Financing Activity

Capital Assets: During fiscal year 2026, Calvert County Public Schools continued to invest in the modernization, preservation, and expansion of school facilities. These investments were designed to support safe and effective learning environments while addressing aging infrastructure and projected educational needs throughout the county. By the end of FY 2026, CCPS had invested \$522,956,073 for governmental activities in a broad range of capital assets, including school building construction, equipment, paving and right to use assets- equipment. (More detailed information about capital assets can be found in Note 5 to the financial statements.) Total depreciation and amortization expense for the year was \$13,512,323 for governmental activities. A summary of capital and intangible asset activity is as follows:

	Balance at July 1, 2025	Increases/ Transfers	Decreases/ Transfers	Balance at June 30, 2026	Percentage of Change
Land	\$ 3,842,081	\$ -	\$ -	\$ 3,842,081	0.0%
Land Improvements	14,211,908	371,322	-	14,583,230	2.6%
Construction in Progress	15,290,600	32,370,213	(2,956,398)	44,704,415	192.4%
Buildings and Improvements	432,579,172	2,375,697	-	434,954,869	0.5%
Equipment	10,668,763	3,815,219	(56,731)	14,427,251	35.2%
Subscriptions	4,902,111	916,955	(57,401)	5,761,665	17.5%
Right to Use Assets	6,314,805	-	(1,632,244)	4,682,561	-25.8%
Totals at Historic Cost	<u>\$ 487,809,440</u>	<u>\$ 39,849,407</u>	<u>\$ (4,702,774)</u>	<u>\$ 522,956,073</u>	

A major focus during the year was the continued construction of Northern Middle School, one of the School System's most significant capital projects. Construction activity continued throughout FY2026, and the project is progressing toward a completion date within the second quarter of Fiscal 2027. The School System also advanced several major renovation and infrastructure improvement projects intended to preserve the useful life of existing facilities. Significant work included an HVAC improvement project at Northern High School, as well as planning and design activities associated with the Mary Harrison Center. Additional facility preservation projects were undertaken across the school system, including paving improvements at multiple schools, resurfacing of the tennis courts at Huntingtown High School, and design services associated with

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Management's Discussion and Analysis For the Year Ended June 30, 2026

the future renovation of the Calvert High School Field House. These investments demonstrate the School System's commitment to maintaining safe, functional, and accessible facilities while reducing the risk of deferred maintenance costs in future years.

The School System will continue to monitor available state funding resources and capital grant opportunities while advancing priority projects identified through its Educational Facilities Master Plan. The School System also continues to monitor changes in the State's school construction funding formulas, which may affect the local share required for future capital projects

Currently Known Facts, Decisions, or Conditions

At the time these financial statements were prepared and audited, CCPS was aware of several items that could significantly affect its future financial status:

The continued implementation of the Blueprint for Maryland's Future will have a significant impact on the School System's financial planning and operational priorities in the coming years. The legislation mandates educational programs, staffing requirements, and accountability measures that require ongoing local investment and support.

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

- Cost increases due to factors such as salary provisions in the negotiated agreements
- Rising healthcare and other employee benefit costs.
- Teacher pension cost-sharing
- Implementation costs related to the Blueprint-required initiatives
- Inflationary increases in the cost of goods and services
- Transportation cost increases, including fuel, vehicle replacement and maintenance
- Facility maintenance, utility costs, and capital renewal needs
- Reduced availability of one-time federal relief funding and the transition of previously grant-funded expenditures to local operating budgets.

In accordance with Governmental Accounting Standards Board Statement (GASB) 68, CCPS recognized a long-term pension liability of \$20,854,250 as of June 30, 2026. In accordance with GASB 68, all Boards of Education are responsible for reporting the net unfunded pension liability for participants in the Employees' Pension System. CCPS is also required to recognize pension expense and report deferred outflows and deferred inflows of resources related to its proportionate share of the collective pension expense.

Funding other post-retirement benefits (OPEB) in accordance with GASB 75 remains a concern. GASB 75 is an accounting standard for all governmental agencies which addresses post-employment benefits, other than pensions, such as health care. Under GASB 75 CCPS must recognize the present cost and liability of future health care that has been earned by current and

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Management's Discussion and Analysis For the Year Ended June 30, 2026

retired employees. There is no requirement to fund this obligation, however, it does become a liability against the School System's assets as reported in the Government-wide Statement of Net Position. Currently, health care expenses for retirees and active employees are expensed when paid. This practice is expected to continue for the foreseeable future. The impact of this statement on the fiscal year 2026 financial statements is discussed in Note 7.

The School System is preparing for the implementation of Maryland's Time to Care Act, which mandates a statewide paid family and medical leave program for eligible employees. The School System expects to incur additional costs related to required employer contributions, compliance activities, leave administration, and employee absence coverage. Due to the size of the workforce and the labor-intensive nature of educational operations, these requirements may result in increased personnel expenditures and operational complexities. Although the ultimate financial impact cannot be reasonably estimated at this time, management expects this state mandate to create an ongoing financial obligation and increase demand for administrative oversight of leave and payroll processes. The School System will continue to monitor regulatory developments and incorporate projected costs into fiscal year 2028 budget planning.

Student enrollment plays a significant factor in the allocation of state and local funding and serves as a key driver in the school system's annual budget development process. Management continues to monitor enrollment level changes, evaluate facility utilization and transportation services and align staffing and program resources with student needs. Despite enrollment challenges, CCPS remains focused on maintaining high-quality educational programs, supporting student achievement, and ensuring the efficient and effective use of public resources.

The School System expects continued budgetary pressures in the coming years as it seeks to address evolving educational, operational, and facility needs within an environment of constrained revenue growth. Maintaining high-quality programs and services while balancing available resources will require ongoing strategic planning, prudent fiscal management, and careful prioritization of expenditures.

HOW WE PLAN TO MEET THE LEARNING NEEDS OF OUR STUDENTS

CCPS will continue to align its resources and programs to support the priorities of providing a safe and supportive learning environment, promoting growth and achievement for all students, and preparing graduates with the knowledge and skills needed for future success. The school system will focus on delivering rigorous instructional programs, expanding opportunities for college and career readiness, supporting student well-being, and fostering strong partnerships among families, staff, and the community. Through responsible stewardship of resources and a commitment to continuous improvement, CCPS will work to ensure that every student is equipped to reach their full potential and contribute positively to our community.

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Management's Discussion and Analysis For the Year Ended June 30, 2026

CONTACT CALVERT COUNTY PUBLIC SCHOOLS MANAGEMENT

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

If you have questions about this report or need additional financial information, please contact the Chief Financial Officer, Calvert County Public Schools, 1305 Dares Beach Road, Prince Frederick, Maryland 20678. You are also invited to visit our web site: www.calvertnet.k12.md.us

CALVERT COUNTY PUBLIC SCHOOLS

Statement of Net Position As of June 30, 2026

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS	
Cash and Cash Equivalents	\$ 44,447,202
Due from Other Units of Government	
Federal Government	1,916,357
State of Maryland	24,127,179
Calvert County	9,780,074
Other receivables	240,130
Prepaid costs	51,599
Inventories	25,332
Total Current Assets	<u>80,587,873</u>
NONCURRENT ASSETS	
Capital Assets Not Being Depreciated	48,546,496
Capital Assets Being Depreciated net of	
Accumulated Depreciation	<u>270,727,100</u>
Total Noncurrent Assets, Net	<u>319,273,596</u>
Total Assets	<u>399,861,469</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension	8,539,160
Other Post Employment Benefits	<u>27,540,914</u>
Total Deferred Outflows of Resources	<u>36,080,074</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 435,941,543</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES	
Salaries, Wages and Payroll Deductions	\$ 29,526,280
Accounts Payable and Other Current Liabilities	3,862,518
Unearned Revenue	9,107,088
Accrued Interest- Lease Liability	112,969
Current Portion of Compensated Absences	284,306
Current Portion of Subscription Liability	832,179
Current Portion of Lease Liability	<u>743,248</u>
Total Current Liabilities	<u>44,468,588</u>
NONCURRENT LIABILITIES	
Noncurrent Portion of Compensated Absences	4,259,178
Net Pension Liability	20,854,250
Net OPEB Liability	72,069,739
Subscription Liability	352,631
Lease Liability	<u>133,734</u>
Total Noncurrent Liabilities	<u>97,669,532</u>
Total Liabilities	<u>142,138,120</u>
DEFERRED INFLOWS OF RESOURCES	
Pension	2,819,698
Other Post Employment Benefits	<u>15,317,174</u>
Total Deferred Inflows of Resources	<u>18,136,872</u>
Total Liabilities and Deferred Inflows of Resources	<u>160,274,992</u>
NET POSITION	
Net Investment in Capital Assets	317,211,804
Restricted Grants	64,760
Unrestricted	<u>(41,610,013)</u>
Total Net Position	<u>\$ 275,666,551</u>

CALVERT COUNTY PUBLIC SCHOOLS

Statement of Activities For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
<u>Instruction</u>					
Regular Education	\$ 155,659,372	\$ -	\$ 5,316,725	\$ 32,732,046	\$ (117,610,601)
Special Education	39,690,940	-	8,894,166	-	(30,796,774)
Total Instructions	195,350,312	-	14,210,891	32,732,046	(148,407,375)
<u>Support Services</u>					
Administration	34,712,617	-	16,766,521	-	(17,946,096)
Mid-level Administration	21,380,303	-	247,529	-	(21,132,774)
Pupil Personnel Services	4,745,610	-	38,635	-	(4,706,975)
Health Services	2,343,508	-	-	-	(2,343,508)
Pupil Transportation	23,605,128	-	97,784	-	(23,507,344)
Operation of Plant and Equipment	31,941,004	-	412,982	-	(31,528,022)
Food Services	6,713,095	3,619,785	-	-	(3,093,310)
Maintenance of Plant	4,027,396	-	-	-	(4,027,396)
Community Services	2,109,459	-	2,530,490	-	421,031
Student Activity	4,287,321	-	-	-	(4,287,321)
Total Support Services	135,865,441	3,619,785	20,093,941	-	(112,151,715)
Total Governmental Activities	\$ 331,215,753	\$ 3,619,785	\$ 34,304,832	\$ 32,732,046	(260,559,090)
General Revenues					
Local appropriations					163,275,649
State Aid					109,902,131
Federal Aid					2,686,286
Other revenues					8,049,716
Total General Revenues					283,913,782
CHANGE IN NET POSITION					23,354,692
Net Position - Beginning of Year					252,311,859
NET POSITION - END OF YEAR					\$ 275,666,551

CALVERT COUNTY PUBLIC SCHOOLS

Balance Sheet Governmental Funds As of June 30, 2026

	General Fund (Current Expense Fund)	Special Revenue Fund (Food Service Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 41,353,499	\$ 3,003,591	\$ 90,112	\$ 44,447,202
Due from Other Units of Government				
Federal Government	1,798,837	117,520	-	1,916,357
State of Maryland	3,240,025	-	20,887,154	24,127,179
Calvert County	-	-	9,780,074	9,780,074
Due From other funds	30,420,024	-	-	30,420,024
Other receivables	240,130	-	-	240,130
Prepaid Expenses	28,045	23,554	-	51,599
Inventories	7,213	18,119	-	25,332
Total Assets	<u>\$ 77,087,773</u>	<u>\$ 3,162,784</u>	<u>\$ 30,757,340</u>	<u>\$ 111,007,897</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Salaries, Wages and Payroll Deductions	\$ 29,269,732	\$ 256,548	\$ -	\$ 29,526,280
Current Liabilities	3,577,841	12,121	272,556	3,862,518
Due to other funds	-	-	30,420,024	30,420,024
Unearned Revenue	8,952,052	155,036	-	9,107,088
Total Liabilities	41,799,625	423,705	30,692,580	72,915,910
FUND BALANCES				
Nonspendable	35,258	41,673	-	76,931
Restricted	-	-	64,760	64,760
Committed	17,826,885	2,697,406	-	20,524,291
Assigned	6,630,413	-	-	6,630,413
Unassigned	10,795,592	-	-	10,795,592
Total Fund Balances	<u>35,288,148</u>	<u>2,739,079</u>	<u>64,760</u>	<u>38,091,987</u>
Total Liabilities and Fund Balances	<u>\$ 77,087,773</u>	<u>\$ 3,162,784</u>	<u>\$ 30,757,340</u>	<u>\$ 111,007,897</u>

CALVERT COUNTY PUBLIC SCHOOLS

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position As of June 30, 2026

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

Total Fund Balance - Governmental Funds	\$	38,091,987
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Cost of capital assets	\$	522,956,073
Accumulated depreciation and amortization		<u>(203,682,477)</u>
		319,273,596
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.		
Long-term liabilities at year end consist of:		
Net OPEB Liability	(72,069,739)	
Net Pension Liability	(20,854,250)	
Lease Liability	(876,982)	
Subscription liability	(1,184,810)	
Accrued Interest- Lease Liability	(112,969)	
Compensated Absences	<u>(4,543,484)</u>	
		(99,642,234)
Deferred outflows of resources related to pensions		8,539,160
Deferred outflows of resources related to OPEB		27,540,914
Pension related deferred inflows of resources		(2,819,698)
OPEB related deferred inflows of resources		(15,317,174)
Total Net Position - Governmental Activities	<u>\$</u>	<u>275,666,551</u>

CALVERT COUNTY PUBLIC SCHOOLS

Statement of Revenues, Expenditures, and Changes in Fund Balance Governmental Funds For the Year Ended June 30, 2026

	General Fund (Current Expense Fund)	Special Revenue Fund (Food Service Fund)	Capital Projects Fund (School Construction Fund)	Total Governmental Funds
REVENUES				
From Local Sources	\$ 163,275,649	\$ -	\$ 5,270,647	\$ 168,546,296
From State Sources	130,233,138	49,500	27,337,924	157,620,562
From Federal Government	12,991,541	2,686,286	-	15,677,827
From Other Sources:				
Student	4,323,524	3,530,150	-	7,853,674
Other	4,778,974	89,634	3,478	4,872,086
Total Revenues	315,602,826	6,355,570	32,612,049	354,570,445
EXPENDITURES				
Current:				
Administration	24,425,139	-	-	24,425,139
Mid-level Administration	15,052,578	-	-	15,052,578
Instructional Salaries	101,401,777	-	-	101,401,777
Textbooks and Instructional Supplies	3,097,138	-	-	3,097,138
Other Instructional Costs	7,936,935	-	-	7,936,935
Special Education	39,884,288	-	-	39,884,288
Pupil Personnel Services	4,780,192	-	-	4,780,192
Health Services	2,360,585	-	-	2,360,585
Pupil Transportation	23,768,465	-	-	23,768,465
Operation of Plant and Equipment	21,178,427	-	-	21,178,427
Maintenance of Plant	3,868,370	-	-	3,868,370
Fixed Charges	60,221,886	-	-	60,221,886
Community Services	2,124,831	-	-	2,124,831
Food Services:				
Cafeteria Salaries and Wages	-	2,888,638	-	2,888,638
Contracted Services	-	55,205	-	55,205
Food and Supplies	-	2,687,739	-	2,687,739
Other	-	1,036,823	-	1,036,823
Equipment	-	15,041	-	15,041
Student Activity	4,287,321	-	-	4,287,321
Capital Outlay	2,384,378	-	32,608,572	34,992,950
Debt Service -				
Principal	2,643,171	-	-	2,643,171
Interest	178,448	-	-	178,448
Total Expenditures	319,593,929	6,683,446	32,608,572	358,885,947
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,991,103)	(327,876)	3,477	(4,315,502)
OTHER FINANCING SOURCES				
Issuance of subscriptions	916,955	-	-	916,955
NET CHANGE IN FUND BALANCES	(3,074,148)	(327,876)	3,477	(3,398,547)
Fund Balance - Beginning of Year	38,362,296	3,066,955	61,283	41,490,534
FUND BALANCE - END OF YEAR	\$ 35,288,148	\$ 2,739,079	\$ 64,760	\$ 38,091,987

CALVERT COUNTY PUBLIC SCHOOLS

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2026

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

Net Changes in Fund Balances - Total Governmental Funds \$ (3,398,547)

Capital outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceed depreciation expense in the period.

Capital and right to use assets	\$ 36,860,487	
Loss on disposal	(15,851)	
Depreciation and amortization expense	(13,512,323)	23,332,313

In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts used exceeded vacation and sick leave earned. (258,496)

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

Net OPEB Expense:		
Change in Deferred outflows	14,287,047	
Change in Deferred Inflows	4,967,180	
Change in Net OPEB liability	(15,710,741)	3,543,486
Net Pension Expense:		
Change in Deferred outflows	(1,277,421)	
Change in Deferred Inflows	(549,375)	
Change in Net Pension liability	99,713	(1,727,083)

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.

Change in lease and subscription liabilities		1,863,019
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Change in Net Position of Governmental Activities \$ 23,354,692

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Education of Calvert County (the Board or CCPS) is a body politic and corporate established by the Public School Laws of Maryland. It is composed of five elected voting members, and one student member. The student member serves for one year and has no voting privileges. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all youth in Calvert County (the County).

The voting members are elected on a nonpartisan basis. One member is elected from each of the three election districts for four-year terms and two members are elected at large for four-year terms to provide for staggered service rotation.

Reporting Entity

For financial reporting purposes the Board of Education of Calvert County (sometimes referred to herein as Calvert County Public Schools or the Board) has been defined as a component unit of Calvert County, Maryland. This conclusion was reached based on the following criteria: (1) the County is responsible for approving the Board's budget and establishing spending limitations; (2) the County Commissioners are responsible for levying taxes and collecting and distributing the funds to the Board; and (3) the Board cannot borrow funds, but the County can and does issue bonds to finance school system operations. Therefore, the financial statements of the Board are included in the County's financial statements. The Board does not have any component units, as it does not have any entities that it is considered to be financially accountable for in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 and as amended. As a separate financial reporting entity, the Board includes its operating departments, and the school activities fund in its financial statements.

Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities report information on all of the governmental activities of the Calvert County Public Schools as a whole. For the most part, the effect of interfund activity has been removed from these statements. The activities of the General Fund (Current Expense Fund), Capital Projects Fund (School Construction Fund) and Special Revenue Fund (Food Service Fund) have been presented as governmental activities in the government-wide financial statements.

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-Wide and Fund Financial Statements (continued)

Separate financial statements are provided for governmental funds. All individual governmental funds are considered to be major funds and are reported as separate columns in the fund financial statements. The Board has no proprietary funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 120-days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences are recognized when the obligations are expected to be liquidated with expendable available resources.

Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Board reports the following funds in the fund financial statements:

Governmental Funds

General Fund (Current Expense Fund)

The General Fund is used to account for all financial resources of the Board except those required to be accounted for in another fund.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds (continued)

Special Revenue Fund (Food Service Fund)

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

Capital Projects Fund (School Construction Fund)

The Capital Projects Fund is used to account for all financial resources relating to the construction of additional schools, as well as alterations and additions to existing schools and for site improvements.

Accounting Policies

The accounting policies of Calvert County Public Schools conform to generally accepted accounting principles (GAAP) as related to governmental entities. All governmental activities of the School System follow GASB Statement 62, Codification of Accounting and Financial Reporting Guidance, contained in pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA), which incorporates into GASB authoritative literature certain accounting and financial reporting guidance previously included in FASB, AICPA and Accounting Principles Board Opinions (APB), guidance issued before November 30, 1989.

Additional information about the Board's accounting policies follows:

Cash and Cash Equivalents – The Board maintains pooled and various separate cash accounts for its funds. The Board considers any instrument with a maturity of three months or less when purchased to be cash equivalents.

Capital and Intangible Assets – Capital assets, which include property, plant, equipment, infrastructure, and right-to-use assets, are reported in the governmental activities' columns in the government-wide financial statements.

- Capital and intangible assets are defined by the Board as assets with an initial, individual cost of \$5,000 or more and a useful life of at least one year. Capital assets are recorded at acquisition cost or estimated historical cost if actual historical cost is not available. Right-to-use assets are reported at their present value at the inception of the lease agreement.
- Donated capital assets are valued at their estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies (continued)

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives of 45 years for buildings, improvements, and infrastructure, and 5-15 years for equipment. Right-to-use assets are amortized over the life of the related lease agreement.

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

Current Expense Fund – Revenues from the County are recognized in the year for which they were appropriated by the County. Grant revenues from the State and the United States Government are recognized in accordance with the terms of the related grants, generally on a cost-reimbursement basis, except for revenue under Public Law 874, Impact Aid, which is recognized in accordance with entitlement notices received from the United States Department of Education.

Food Service Fund – Revenues from patrons and students are recognized as earned. Revenues from the State and United States Government in the food service fund are recorded as earned based upon rates established by the respective governmental units.

School Construction Fund – Revenues from the State and County are recognized as earned on a cost-reimbursement basis. The Board is not obligated to repay principal or interest on any debt incurred by the State and County for school construction. Such bonds and loans are obligations of the State and County.

Donated Commodities – The value of commodities donated is determined by the United States Department of Agriculture at time of the donation and is included in unearned revenue until used and expenditures recorded.

Inventories and Prepaid Costs – Inventories, principally instructional supplies and materials, are stated at the lower of cost (first-in, first-out) or market. The inventories are charged to expenditures when used (consumption method). Prepaid costs are also charged to expenditures under the consumption method.

Due To / From – The primary purposes for these interfund balances are short-term and long-term loans and amounts due to and from other funds for expenditures made on their behalf.

Accrued Salaries and Wages – The Current Expense Fund's liabilities for salaries and wages generally result from the provisions of a negotiated agreement under which 10-month and 11-month employees are paid over the summer for salaries earned during the previous school year.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies (continued)

Compensated Absences – Board employees who are employed on a 12-month basis are granted annual leave at varying rates based on years of service. Employees in the administrators and supervisors bargaining unit may accumulate annual leave up to a maximum of 53 days. Employees in the teacher’s bargaining unit may accumulate annual leave up to a maximum of 30 days. Employees in the support staff bargaining unit may accumulate annual leave up to a maximum of 40 days for employees with less than 20 years of service and a maximum of 50 days for those with more than 20 years of service. Upon termination of employment, accumulated annual leave is paid to the employee.

Annual leave taken during the year is recorded as a general fund expenditure in the fund financial statements. The amount of unpaid salaries and wages at the end of the fiscal year is not recorded in the fund financial statements because it is expected to be liquidated with expendable available resources of future periods, i.e., future budget appropriations. However, this liability and related expenses are recorded in the government-wide financial statements.

Board employees earn sick leave at the rate of one day per month with no limit on the amount which can be carried over annually. Upon termination of employment, accumulated sick leave is not paid to the employee but is credited to months of service in the calculation of the employee’s retirement benefits.

Unearned Revenues – Unearned revenues represent amounts received from grantors in advance of incurrence of eligible expenditures for grants and for revenues received from the State for the subsequent fiscal year as of June 30, 2026 which includes unused commodities at June 30, 2026, title does not pass to CCPS until the commodities are used.

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

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Policies (continued)

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

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

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

New Accounting Pronouncements

The GASB has issued Statement No. 103, *Financial Reporting Model* and No. 104, *Disclosure of Certain Capital Assets* which took effect during FY 2026. The Board adopted this standard in FY 2026, and it did not have a material effect on the financial statements.

The GASB has issued Statement No. 105, *Subsequent Events*; which will require adoption in the future, if applicable. The Board will be analyzing the effects of these pronouncements and plans to adopt them, as applicable, by their effective dates.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budget Policy

The Board operates within the following budget requirements for local educational agencies as specified by State law:

1. The Board's only legally adopted budget must be submitted annually for its General Fund in writing to the County by April 1 of each year.
2. The County must approve the budget ordinance by June 1 of each year.
3. The budget is prepared and approved by major expenditure/encumbrance category as specified by State law.
4. The Board may request supplemental appropriations and transfer funds between major categories with the approval of the County. In accordance with Education Article 5-105 of the Annotated Code of Maryland, the Board may not exceed the appropriation by category without transfer and approval by the County.
5. Unencumbered appropriations lapse at the end of each fiscal year, except in the capital projects fund, where appropriations do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned.

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of Calvert County, the State of Maryland, and special federal and state programs. The budgetary basis differs from accounting principles generally accepted in the United States of America, which is used for the fund financial statements, in that encumbrance, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as assignments of the fund balance. Revenue and a related accounts receivable is also recognized for encumbrances to the extent that the Board expects to receive matched funds from third parties to reimburse the Board for expenditures. The other principal difference is that under the budgetary basis, assignments of the prior year's fund balance are treated as revenue of the current period. The general fund budgetary basis schedule of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements is presented as required supplementary information to these financial statements.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position / Fund Balance Reporting

Net Position – Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net invested in capital assets consists of capital assets, net of accumulated depreciation amortization, reduced by the outstanding balances of any capital related debt. Net position is reported as restricted when there are limitations placed on their use through external restrictions imposed by grantors, laws or regulations of other governments, or enabling legislation. Unrestricted net position reflects the funds available for general operations.

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

1. Nonspendable – amounts that cannot be spent because they are either not in spendable form or they are legally required to be maintained intact, generally inventories and prepaid expenses.
2. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed – amounts that can only be used for specific purposes determined by a formal action of the Board of Education, the highest level of decision-making authority for the school system. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.
4. Assigned – The Board has authorized the Chief Financial Officer to assign amounts for specific purposes.
5. Unassigned – all other spendable amounts. The general fund is the only fund that may report a positive unassigned fund balance. In other governmental funds, if expenditures incurred for specific purposes exceed amounts restricted or committed to those purposes, it may be necessary to report a negative unassigned fund balance in those funds.

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

2. CASH AND CASH INVESTMENTS

Cash on Hand

At June 30, 2026, cash on hand for petty cash and change funds was \$250.

Deposits

At year-end, the carrying amount of the Board's deposits was \$44,447,202 with corresponding bank balances of \$48,676,334. Of the bank balances, all deposits were covered by Federal Depository Insurance and collateral held in the Board's name. The Board has a contractual agreement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

Interest Rate Risk

Fair value fluctuates with interest rates and increasing rates could cause fair value to decline below original cost. To limit the Board's exposure to fair value losses arising from increasing interest rates, the Board's investment policy limits the term of investment maturities to overnight repurchase agreements and requires that collateral securities underlying the repurchase agreements have a market value of at least 102% of the cost of the agreement. Interest income is reported as general revenue in the statement of activities.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the Board will not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. In this regard, the Board limits its investments to overnight deposits that are insured or collateralized with securities held by a custodian in the Board's name. Statutes require that deposits be in Maryland banks and that uninsured deposits be fully collateralized and authorize the Board to invest in obligations of the United States government, federal agency obligations, and repurchase agreements secured by direct government or agency obligations.

3. DUE FROM CALVERT COUNTY

The County provides funding for approved school construction and capital improvement projects through annual capital appropriations. As of June 30, 2026, \$9,780,074 of authorized school construction funding remains outstanding.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

A. Teachers Retirement and Pension Systems of the State of Maryland

General Information about the Plan

Plan Description

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

Benefits Provided

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

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

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

(continued)

A. Teachers Retirement and Pension Systems of the State of Maryland (continued)

General Information about the Plan (continued)

Benefits Provided (continued)

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

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

Beginning in fiscal year 2017 the Board pays the normal cost for their employees in the Teachers' Retirement and Pension System while the State contributes on behalf of the Board, the unfunded liability portion of the Board's annual required contribution to the Teachers' Retirement and Pension System. The Board's normal cost for the year ended June 30, 2026 was \$7,435,135. The State's contributions on behalf of the Board for the year ended June 30, 2026 was \$16,640,144. The fiscal year 2026 contribution made by the State on behalf of the Board has been included as both revenues and expenditures in the general fund in the accompanying Statement of Revenues, Expenditures and Changes in Fund Balances and is also included as revenues and expenses in the Statement of Activities.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

(continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions- Teachers' Retirement and Pension Systems

At June 30, 2026, the Board did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the Board and the Board pays the normal cost related to the Board's members in the Teachers Retirement and Pension Systems; therefore, the Board is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the State of Maryland. The amount recognized by the Board as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Board was as follows:

CCPS' proportionate share of the net pension liability	\$	-
State's proportionate share of net pension liability		
of CCPS		209,969,306
Total	\$	<u>209,969,306</u>

The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions

The total pension liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

(continued)

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

The economic and demographic actuarial assumptions used in the June 30, 2025, valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the Board. As a result, an investment return assumption of 6.80% and an inflation assumption of 2.50% were used in the June 30, 2025, valuation.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Public Equity	34%	5.9%
Private Equity	16%	8.5%
Rate Sensitive	20%	3.0%
Credit Opportunity	9%	5.4%
Real Assets	15%	5.9%
Absolute Return	6%	3.8%
Total	100 %	

The above was the System's Board of Trustees, adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2025.

For the year ended June 30, 2025, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 9.89%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for amounts actually invested.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

(continued)

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

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

Sensitivity of the Net Pension Liability. Due to the special funding situation noted above related to the Teachers Retirement and Pension Systems, the Board did not record a net pension liability related to the Teachers Retirement and Pension Systems.

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

Contributions The Board's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2026, was 6.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Board made its share of the required contributions during the year ended June 30, 2026, of \$2,771,143.

Employees' Retirement and Pension Systems

At June 30, 2026, the Board reported a liability of \$20,854,250 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Board's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2026. The contributions were increased to adjust for differences between actuarially determined contributions and actual contributions by the state of Maryland. As of June 30, 2026 the Board's proportionate share was 0.08113%, which is an increase of 0.00147% from its proportion measured as of June 30, 2025.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

(continued)

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

Employees' Retirement and Pension Systems (continued)

For the year ended June 30, 2026, the Board recognized pension expense of \$2,175,443. At June 30, 2026, 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	\$ 2,549,246	\$ 338,081
Changes in Assumptions	338,081	
Change in Proportion	753,632	57,367
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	2,127,058	2,424,250
Board Contributions Subsequent to the Measurement Date	2,771,143	-
Total	<u>\$ 8,539,160</u>	<u>\$ 2,819,698</u>

\$2,771,143 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2026.

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

Year Ending June 30,	Amount
2027	\$ 1,445,157
2028	1,445,157
2029	29,003
2030	29,002

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

4. RETIREMENT AND PENSION SYSTEMS OF THE STATE OF MARYLAND

(continued)

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

Employees' Retirement and Pension Systems (continued)

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

	1% Decrease 5.80%	Current Discount Rate 6.80%	1% Increase 7.80%
CCPS' Proportionate Share of the Net Pension Liability	<u>\$ 31,006,472</u>	<u>\$ 20,854,250</u>	<u>\$ 12,392,322</u>

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

5. CAPITAL ASSETS

Capital and right-to-use assets activity for the year ended June 30, 2026 was as follows:

	Balance at July 1, 2025	Increases/ Adjustments	Decreases/ Adjustments	Transfers	Balance at June 30, 2026
Capital Assets Not Being Depreciated					
Land	\$ 3,842,081	\$ -	\$ -	\$ -	\$ 3,842,081
Construction in Progress	15,290,600	32,370,213	-	(2,956,398)	44,704,415
Total Capital Assets Not Being Depreciated	19,132,681	32,370,213	-	(2,956,398)	48,546,496
Capital Assets Being Depreciated and Amortized					
Land Improvements	14,211,908	116,448	-	254,874	14,583,230
Buildings and Improvements	432,579,172	17,590	-	2,358,107	434,954,869
Equipment	8,737,918	3,346,517	56,731	343,417	12,403,642
Food Service Equipment	1,930,845	92,764	-	-	2,023,609
Right-to-Use Assets					
Subscription asset	4,902,111	916,955	57,401	-	5,761,665
Equipment	6,314,805	-	1,632,244	-	4,682,561
Total Capital Assets Being Depreciated and Amortized	468,676,759	4,490,274	1,746,376	2,956,398	474,409,577
Less - Accumulated Depreciation					
Land Improvements	6,503,832	511,497	-	-	7,015,329
Buildings and Improvements	170,844,725	9,184,385	-	-	180,029,110
Equipment	6,252,252	885,401	40,880	-	7,105,461
Food Service Equipment	1,471,244	80,237	-	-	1,551,481
Less - Accumulated Amortization					
Subscription asset	2,934,761	1,535,209	57,401	-	4,412,569
Equipment	3,885,177	1,315,594	1,632,244	-	3,568,527
Total Accumulated Depreciation and Amortization	191,891,991	13,512,323	1,730,525	-	203,682,477
Total Capital Assets Being Depreciated and Amortization, Net	276,784,768	(9,022,050)	15,851	2,956,398	270,727,100
Capital Assets, Net	\$ 295,917,449	\$ 23,348,164	\$ 15,851	\$ -	\$ 319,273,596

Depreciation and amortization expense for the year ended June 30, 2026 was charged to governmental functions as follows:

Instruction:

Regular Education	\$ 610,790
Special Education	2,082

Support Services:

Administration	23,142
Maintenance	56,158
Mid-Level Administration	2,023
Transportation	8,613
Operation of Plant and Equipment	12,600,662
Maintenance of Plant	130,853
Food Service	78,000
Total	<u>\$ 13,512,323</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

5. CAPITAL ASSETS (continued)

The School System had the follow active construction in process as of June 30, 2026. The construction projects are supported by the Maryland State Department of Education (MSDE).

	Remaining to Spend
Construction projects	
Beach Elementary School	\$ 338,747
Brooks Building Windows	1,120,848
Huntingtown Elementary	260,844
Huntingtown High School	77
Northern High School Mary Harrison	37,451
Northern Middle School	8,588,656
Patuxent/Appeal Campus	28,500
Patuxent High School	8,687
Southern Middle School	97,051
Sunderland Elementary	635,426
Windy Hill Middle	123,967
Other Projects	5,804
Total	<u>\$ 11,246,058</u>

6. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 4,284,988	\$ 258,496	\$ -	\$ 4,543,484	\$ 284,306
Lease Liability	2,068,383	-	(1,191,401)	876,982	743,248
Subscription liability	1,719,625	916,955	(1,451,770)	1,184,810	832,179
Net Pension Liability	20,953,963	-	(99,713)	20,854,250	-
Net OPEB Liability	56,358,998	15,710,741	-	72,069,739	-
Total Governmental Activities	<u>\$ 85,385,957</u>	<u>\$ 16,886,192</u>	<u>\$ (2,742,884)</u>	<u>\$ 99,529,265</u>	<u>\$ 1,859,733</u>

Leases and Subscriptions

CCPS leases equipment for various terms under long-term, non-cancelable equipment lease agreements at interest rates ranging from 2.7% to 4.0%. The leases expire at various dates through 2028 and with no renewal options. CCPS also has various subscriptions at interest rates ranging from 2.2% to 4.0% that have various expiration dates through 2028.

Governmental Activities	Leases		Subscriptions	
	Principal	Interest	Principal	Interest
2027	\$ 743,248	\$ 32,243	\$ 832,179	\$ 33,382
2028	133,734	3,700	352,631	9,348
Total	<u>\$ 876,982</u>	<u>\$ 35,943</u>	<u>\$ 1,184,810</u>	<u>\$ 42,730</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

6. LONG-TERM LIABILITIES (continued)

Leases and Subscriptions (continued)

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

Governmental Activities	Leases	Subscriptions
Equipment/Subscriptions	\$ 4,682,561	\$ 5,761,665
Less: accumulated amortization	3,568,527	4,412,569
Total	<u>\$ 1,114,034</u>	<u>\$ 1,349,096</u>

7. POSTEMPLOYMENT BENEFITS

Plan Description

The Board participates in the Calvert County, Maryland Post-Retirement Medical Plan (the Plan), a cost-sharing multiemployer defined benefit postemployment healthcare plan administered by the Calvert County Commissioners (the County). The Plan provides medical and life insurance benefits to retired employees of participating governmental entities. The County issues a publicly available financial report that includes the fiduciary financial statements for all Plan assets and required supplementary information. The report may be obtained by writing to the Calvert County Commissioners, 175 Main Street, Prince Frederick, Maryland 20678, or by calling 410-535-1600.

Benefits: The Plan's board of trustees annually establishes a subsidy amount for each type of coverage under the Retiree's Health Plan. These subsidies are reviewed annually and are subject to change based on budgetary constraints. Retirees will earn the subsidy based on their years of creditable service, ranging from 20% to 100%. Retirees eligible for the disability plan earn 75% of their subsidy if approved under the Plan, and 100% of the subsidy if approved by Social Security. A 100% subsidy equates to the Plan covering 75% of the cost of the benefit coverage. The retiree is responsible for the difference between the cost of the selected Plan and the earned subsidy.

The number of participants eligible to receive benefits as of June 30, 2026 was 3,223.

Contributions: Participating governmental entities are contractually required to contribute at a rate assessed each year by the Plan. The Plan's board of trustees set the employer contribution rate based on the actuarially determined annual required contribution. The Board's contribution for the year ended June 30, 2026 was \$0, which was paid on-behalf of the Board by Calvert County, and it's the Board's understanding that the remaining unfunded actuarial liability will be paid by and on-behalf of the Board by the County in future fiscal years.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

7. POSTEMPLOYMENT BENEFITS (continued)

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

The School System and County are required to obtain separate OPEB actuarial valuation for the determination of the net OPEB liability. At June 30, 2026, the Board reported a liability of \$72,069,739 for the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2026 the Board's proportionate share of the Plan's fiduciary assets was 72%.

For the year ended June 30, 2026, the Board recognized OPEB expense of \$3,463,048. As of June 30, 2026, 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	\$ 27,540,914	\$ 2,827,107
Changes of Assumptions	-	8,434,857
Net Difference Between Projected and Actual Earnings on OPEB Plan investments	-	4,055,210
Total	<u>\$ 27,540,914</u>	<u>\$ 15,317,174</u>

Year Ending June 30,	Amount
2026	\$ (769,269)
2027	1,028,052
2028	1,514,377
2029	3,484,417
2030	4,243,175
Thereafter	2,722,988

Actuarial assumptions. The total OPEB liability in the June 30, 2026, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary Increases	2.50%
Investment Rate of Return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare Cost Trend Rates	The trend for 2026 is 7.50%. The ultimate trend is 3.94% (pre-Medicare) and 3.94% (post-Medicare)

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

7. POSTEMPLOYMENT BENEFITS (continued)

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	56.0%	6.4%/6.9%
International Equity	19.0%	7.4%
U.S Fixed Equity	20.0%	3.5%
Private Equity	5.0%	8.6%
Total	100.0%	

For the year ended June 30, 2026, the annual money-weighted rate of return on OPEB plan investments, net of the OPEB plan expense was 10.0% The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

7. POSTEMPLOYMENT BENEFITS (continued)

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

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

	1% Decrease	Rates	1% Increase
	6.00%	7.00%	8.00%
Net OPEB Liability	\$ 105,246,108	\$ 72,069,739	\$ 44,832,375

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
	2.91%	3.91%	4.91%
Net OPEB Liability	\$ 44,771,841	\$ 72,069,739	\$ 105,968,731

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

8. RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; personal injury; and natural disasters. The Board is one of sixteen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Group Insurance Pool (the Pool), a public entity risk pool organized as a trust. The Board pays an annual premium to the Pool for its property, liability, and automobile coverage. Such premiums are actuarially calculated for the Pool as a whole based on loss data and are allocated to members based on student enrollment and number and type of vehicles as well as experience modification factors. The Pool is reinsured on a claims-made basis for legal liability, covering claims aggregating \$5 million per district per year.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements

June 30, 2026

8. RISK MANAGEMENT (continued)

Workers Compensation

Additionally, the Board is one of fifteen Boards of Education within the State of Maryland belonging to the Maryland Association of Boards of Education Workers' Compensation Group Self-Insurance Fund (the Fund). The Fund was established to provide workers' compensation indemnity and medical benefits coverage for participating school boards. The Fund is operated under regulations promulgated by the State Workers' Compensation Commission (COMAR 14.09.02).

Each Fund participant pays an annual premium calculated on their payroll, according to the standard classification, with an experience modification applied. Although premiums billed to the Fund members are determined on an actuarial basis, ultimate liability for claims remains with the respective members and accordingly, the insurance risks are not transferred to the Fund. Six months following the end of the Fund's fiscal year, the Fund's trustees declare unneeded funds as surplus and distributes them as dividends to the Fund members. This dividend distribution is made no sooner than one year after the close of that fiscal year.

The Fund carries an excess insurance policy providing specific excess and employer liability protection coverage, thus reducing the potential of assessment against Fund members. The Fund provides coverage for up to a maximum of \$250,000 for each worker's compensation claim.

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

Self-Insurance Fund

The Board is under a modified retrospective billing arrangement with a commercial insurance carrier to provide group health coverage. Under this arrangement the insurance carrier assesses an initial charge paid by the Board through monthly premiums. At the end of the coverage period, there is a settlement of the difference between the billed premium and the actual claims and expenses. A deficiency in the billed premium represents the callable margin, which is owed by the Board, up to a maximum of 5%. If the actual claims and expenses are less than the billed premium, the Board would be entitled to a refund. As of June 30, 2026, the Board has a balance of \$730,192 in their rate stabilization fund held with the insurance carrier, this is included in the cash and cash equivalents for the general fund.

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

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

9. ENCUMBRANCES

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

	Assigned Encumbrances
Administration	\$ 49,591
Materials of Instruction	8,471
Other Instructional Costs	51,315
Special Education	9,638
Operation of Plant	503,115
Maintenance of Plant	100,966
Fixed Charges	2,109,325
Capital Outlay	518,537
Total	<u>\$ 3,350,959</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

10. FUND BALANCES

Fund Balance at June 30, 2026 consisted of the following:

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Fund Balances				
Nonspendable for:				
Inventory	\$ 7,213	\$ 41,673	\$ -	\$ 48,886
Prepaid Expenses	28,045	-	-	28,045
Total Nonspendable	35,258	41,673	-	76,931
Restricted				
Capital Outlay	-	-	64,760	64,760
Total Restricted	-	-	64,760	64,760
Committed for:				
Compensated Absences	4,685,625	-	-	4,685,625
Equipment Replacement	378,422	-	-	378,422
Facility Repairs & Updates	250,000	-	-	250,000
Healthcare	4,664,000	-	-	4,664,000
Leases	2,504,250	-	-	2,504,250
Utilities	250,000	-	-	250,000
Legal and Other	192,938	-	-	192,938
Transportation Fuel	1,102,500	-	-	1,102,500
Employee Insurance Premium Holiday	834,750	-	-	834,750
Salaries/Benefits	1,677,000	-	-	1,677,000
Textbooks other costs	744,900	-	-	744,900
Playground Repairs & Updates	125,000	-	-	125,000
Safety & Security Updates	75,000	-	-	75,000
Site Improvements	100,000	-	-	100,000
Vehicle Replacement	242,500	-	-	242,500
Food Service	-	2,697,406	-	2,697,406
Total Committed	17,826,885	2,697,406	-	20,524,291
Assigned for:				
Administration	50,691	-	-	50,691
Textbooks and Instructional Supplies	8,471	-	-	8,471
Other Instructional Costs	50,158	-	-	50,158
Special Education	9,638	-	-	9,638
Operation of Plant and Equipment	503,115	-	-	503,115
Maintenance of Plant	100,966	-	-	100,966
Fixed Charges	2,109,325	-	-	2,109,325
Capital outlay	518,537	-	-	518,537
Student Activity Funds	3,279,512	-	-	3,279,512
Total Assigned	6,630,413	-	-	6,630,413
Unassigned:	10,795,592	-	-	10,795,592
Total Fund Balances	\$ 35,288,148	\$ 2,739,079	\$ 64,760	\$ 38,091,987

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Financial Statements June 30, 2026

11. CONTINGENCIES

Litigation

In the normal course of operation, the Board is subject to lawsuits and claims. In the opinion of management, the disposition of such lawsuits and claims will not have a material effect on the Board's financial condition.

Grant Program

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

REQUIRED SUPPLEMENTARY INFORMATION

CALVERT COUNTY PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Encumbrances – Budget and Actual General Fund – Unrestricted and Restricted For the Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget - Over (Under) Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under) Actual
	Original	Final			
Revenues					
Local Sources	\$ 5,048,426	\$ 5,048,426	\$ -	\$ 4,778,972	\$ (269,454)
State Sources	113,839,721	113,839,721	-	113,592,992	(246,729)
Federal Sources	16,065,000	16,065,000	-	12,991,533	(3,073,467)
Local County Appropriations	163,046,853	163,046,853	-	163,275,662	228,809
Use of Prior Year Fund Balance	11,725,000	11,725,000	-	-	(11,725,000)
Total Revenues	309,725,000	309,725,000	-	294,639,158	(15,085,842)
Expenditures					
Administration	8,354,698	8,354,698	-	7,798,927	555,771
Mid-level Administration	15,539,297	15,517,548	(21,749)	15,048,745	468,803
Instructional Salaries	107,104,144	107,004,144	(100,000)	101,850,625	5,153,519
Textbooks and Instructional Supplies	3,755,696	3,762,558	6,862	3,018,175	744,383
Other Instructional Costs	9,476,232	9,493,519	17,287	8,694,314	799,205
Special Education	39,198,910	39,196,510	(2,400)	39,555,388	(358,878)
Pupil Personnel Services	5,626,400	4,626,400	(1,000,000)	4,797,199	(170,799)
Health Services	2,613,007	2,613,007	-	2,360,828	252,179
Pupil Transportation	23,227,568	23,977,568	750,000	23,767,649	209,919
Operation of Plant	20,348,458	20,698,458	350,000	20,523,635	174,823
Maintenance of Plant	3,943,799	3,943,799	-	3,868,370	75,429
Fixed Charges	66,314,651	66,314,651	-	64,751,964	1,562,687
Community Services	2,457,270	2,457,270	-	2,124,837	332,433
Capital Outlay	1,764,870	1,764,870	-	1,467,422	297,448
Total Expenditures	309,725,000	309,725,000	-	299,628,079	10,096,921
Excess (Deficiency) of Revenues Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ (4,988,921)	\$ (4,988,921)

CALVERT COUNTY PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Encumbrances – Budget and Actual General Fund – Unrestricted For the Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget - Over (Under)	Actual	Variance with Final Budget Over
	Original	Final	Final Budget	(Budgetary Basis)	(Under) Actual
Revenues					
Local Sources	\$ 3,048,426	\$ 3,048,426	\$ -	\$ 3,153,866	\$ 105,440
State Sources	109,739,721	109,739,721	-	109,852,632	112,911
Federal Sources	565,000	565,000	-	572,313	7,313
Local County Appropriations	163,046,853	163,046,853	-	163,275,662	228,809
Use of Prior Year Fund Balance	11,725,000	11,725,000	-	-	(11,725,000)
Total Revenues	288,125,000	288,125,000	-	276,854,473	(11,270,527)
Expenditures					
Administration	7,925,981	7,925,981	-	7,675,585	(250,396)
Mid-level Administration	15,190,145	15,168,396	(21,749)	14,853,876	(314,520)
Instructional Salaries	101,852,977	101,752,977	(100,000)	98,906,172	(2,846,806)
Textbooks and Instructional Supplies	2,629,407	2,636,269	6,862	2,364,888	(271,381)
Other Instructional Costs	8,113,276	8,130,563	17,287	7,771,001	(359,562)
Special Education	32,260,059	32,257,659	(2,400)	32,140,339	(117,320)
Pupil Personnel Services	5,981,778	4,981,778	(1,000,000)	4,765,851	(215,927)
Health Services	2,566,324	2,566,324	-	2,360,828	(205,496)
Pupil Transportation	22,978,081	23,728,081	750,000	23,669,865	(58,216)
Operation of Plant	19,861,501	20,211,501	350,000	20,162,838	(48,663)
Maintenance of Plant	3,943,799	3,943,799	-	3,868,370	(75,429)
Fixed Charges	63,003,485	63,003,485	-	61,896,654	(1,106,831)
Community Services	175,000	175,000	-	59,701	(115,299)
Capital Outlay	1,643,187	1,643,187	-	1,347,424	(295,763)
Total Expenditures	288,125,000	288,125,000	0	281,843,393	(6,281,607)
Excess (Deficiency) of Revenues					
Over Expenditures and Encumbrances	\$ -	\$ -	\$ (0)	\$ (4,988,921)	\$ (4,988,921)
Fund Balance - Budgetary Basis - Beginning of Year				38,362,296	
Fund Balance - Budgetary Basis - End of Year				33,373,375	
Effect of encumbrances				1,878,570	
Student Activity				36,203	
Fund Balance - GAAP Basis - End of Year				\$ 35,288,148	

CALVERT COUNTY PUBLIC SCHOOLS

Schedule of Revenues, Expenditures, and Encumbrances – Budget and Actual General Fund – Restricted For the Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget - Over (Under) Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Over (Under) Actual
	Original	Final			
Revenues					
Local Sources	\$ 2,000,000	\$ 2,000,000	\$ -	\$ 1,625,105	\$ (374,895)
State Sources	4,100,000	4,100,000	-	3,740,360	(359,640)
Federal Sources	15,500,000	15,500,000	-	12,419,220	(3,080,780)
Total Revenues	21,600,000	21,600,000	-	17,784,686	(3,815,314)
Expenditures					
Administration	428,717	428,717	-	123,341	305,376
Mid-level Administration	349,152	349,152	-	194,870	154,282
Instructional Salaries	5,251,167	5,251,167	-	2,944,454	2,306,713
Textbooks and Instructional Supplies	1,126,289	1,126,289	-	653,287	473,002
Other Instructional Costs	1,362,956	1,362,956	-	923,313	439,644
Special Education	6,938,851	6,938,851	-	7,415,049	(476,198)
Pupil Personnel Services	(355,378)	(355,378)	-	31,348	(386,726)
Health Services	46,683	46,683	-	-	46,683
Pupil Transportation	249,487	249,487	-	97,784	151,703
Operation of Plant	486,957	486,957	-	360,797	126,160
Maintenance of Plant	-	-	-	-	-
Fixed Charges	3,311,166	3,311,166	-	2,855,310	455,856
Food Services	-	-	-	-	-
Community Services	2,282,270	2,282,270	-	2,065,136	217,134
Capital Outlay	121,683	121,683	-	119,998	1,685
Total Expenditures	21,600,000	21,600,000	-	17,784,686	3,815,314
Excess (Deficiency) of Revenues					
Over Expenditures and Encumbrances	\$ -	\$ -	\$ -	\$ -	\$ -

CALVERT COUNTY PUBLIC SCHOOLS

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

For the Year Ended June 30, 2026

Revenues

Budgetary Basis	\$ 294,639,158
Pension Contribution Paid by the State of Maryland	16,640,144
Student Activity	4,323,524
Total Revenues (GAAP Basis)	<u>\$ 315,602,826</u>

Expenditures

Budgetary Basis	\$ 299,628,079
Pension Contribution Paid by the State of Maryland	16,640,144
Student Activity	4,287,321
Issuance of leases and subscriptions	916,955
Encumbrances	(1,878,570)
Total Expenditures and Other Financing Uses (GAAP Basis)	<u>\$ 319,593,929</u>

CALVERT COUNTY PUBLIC SCHOOLS

Notes to Required Supplementary Information Budgetary Comparisons

For the Year Ended June 30, 2026

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Fund. The Capital Projects Fund is appropriated on a project-length basis. The appropriated budget is prepared by fund, category and object. Intra-category transfers are transfers within the same major category. They are approved by the Superintendent, or designee, and processed administratively. Board approval is required only if the transfer would increase or decrease the total amount budgeted within a budget category. Inter-category transfers are transfers between major budget categories. Inter-category transfers may not exceed \$25,000 without the approval of the Board of Education and the Board of County Commissioners. Whenever approval is requested for an inter-category budget transfer, the source of funding for the transfer must be clearly identified.

Appropriations in all budgeted funds, other than the Capital Projects Fund, are annual in nature and expire at the end of the fiscal year. Capital project appropriations remain available until the completion of the related project or until formally amended by the Board of Education and other approving authorities, as applicable.

As of June 30, 2026, the School System had commitments for goods and services that had been ordered but not yet received or completed. These commitments are known as encumbrances. Encumbrances represent funds that have been committed for goods or services that have been ordered but not yet received or completed by year-end, such as open purchase orders and contracts. Valid commitments that will be completed in the next fiscal year are carried forward and reestablished in the financial system.

2. General Fund Budgetary Highlights

The fiscal year 2026 General Fund budget reflected the School System's commitment to maintaining instructional programs, supporting Blueprint implementation requirements, and addressing operational cost pressures. Actual revenues remained in line with budgeted revenues throughout the year. Actual expenditures were below budget primarily because of staffing vacancies in both instructional and support positions and careful expenditure monitoring throughout the fiscal year. While maintaining a disciplined approach to expenditure management, the School System continued to invest in its highest priorities, ensuring that available resources were allocated to support student success, safe learning environments, and essential operational functions.

CALVERT COUNTY PUBLIC SCHOOLS

Notes to Required Supplementary Information Budgetary Comparisons

For the Year Ended June 30, 2026

2. General Fund Budgetary Highlights (continued)

During fiscal year 2026, the Board of Education requested and received approval from the Board of County Commissioners for a budget transfer totaling \$1,100,000 within the General Fund. The budget amendment was necessary to address higher-than-anticipated operating costs associated with transportation fuel and utility expenditures. Fuel costs for student transportation services exceeded original budget estimates due to market price fluctuations and the volatility in the energy markets. The approved transfer ensured that transportation services, school operations, and facility functions continued without interruption.

CALVERT COUNTY PUBLIC SCHOOLS

Schedule of Proportionate Share of Net Pension Liability Maryland State Retirement and Pension System For the Year Ended June 30, 2026

Measurement Date June 30,

Employees' Retirement and Pension System:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
CCPS' proportionation of the net pension liability	0.081130000%	0.079659400%	0.076080300%	0.078580000%	0.070127200%	0.070127200%	0.067068400%	0.063931900%	0.057746900%	0.066916300%
CCPS' proportionate share of the net pension liability	\$ 20,854,250	\$ 20,953,963	\$ 17,521,533	\$ 15,722,641	\$ 11,252,614	\$ 15,849,701	\$ 13,833,267	\$ 13,416,936	\$ 12,487,018	\$ 15,788,250
CCPS' covered employee payroll	20,867,041	19,976,339	18,425,227	17,709,917	16,835,653	15,931,788	15,242,570	14,893,973	14,469,213	14,172,855
CCPS' proportionate share of the net pension liability as a percentage of its covered employee payroll	99.94%	104.89%	95.10%	88.78%	66.84%	99.48%	90.75%	90.08%	86.30%	111.40%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	73.81%	73.81%	76.27%	76.76%	66.29%	68.36%	68.36%	66.71%	62.97%

Teachers' Retirement and Pension System:

CCPS' proportionation of the net pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CCPS' proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability of the Board	209,969,306	217,927,008	187,936,651	158,331,427	91,321,035	145,104,827	138,260,185	137,773,982	145,089,938	170,642,937
Total	\$ 209,969,306	\$ 217,927,008	\$ 187,936,651	\$ 158,331,427	\$ 91,321,035	\$ 145,104,827	\$ 138,260,185	\$ 137,773,982	\$ 145,089,938	\$ 170,642,937
CCPS' covered employee payroll	\$ 150,304,157	\$ 142,964,924	\$ 134,010,021	\$ 128,749,500	\$ 125,203,943	\$ 115,671,945	\$ 114,372,165	\$ 110,893,973	\$ 111,359,818	\$ 112,124,454
CCPS' proportionate share of the net pension liability as a percentage of its covered employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	74.02%	73.81%	73.81%	76.27%	85.40%	73.84%	73.35%	73.35%	71.41%	67.95%

CALVERT COUNTY PUBLIC SCHOOLS

Schedule of Contributions Maryland State Retirement and Pension System For the Year Ended June 30, 2026

Employees' Retirement and Pension System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 2,771,143	\$ 2,391,168	\$ 2,085,735	\$ 1,935,694	\$ 1,793,427	\$ 1,652,773	\$ 1,503,572	\$ 1,377,248	\$ 1,274,850	\$ 1,175,347
Contributions in relation to the contractually required contribution	2,771,143	2,391,168	2,085,735	1,935,694	1,793,427	1,652,773	1,503,572	1,377,248	1,274,850	1,175,347
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 20,867,041	\$ 19,976,339	\$ 18,425,227	\$ 17,709,917	\$ 16,835,653	\$ 16,140,361	\$ 15,931,788	\$ 15,242,570	\$ 14,893,973	\$ 14,469,213
Contributions as a percentage of covered-employee payroll	13%	12%	11%	11%	11%	10%	9%	9%	9%	8%

Teachers' Retirement and Pension System

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	\$ 7,435,135	\$ 6,724,349	\$ 6,613,485	\$ 6,601,917	\$ 7,050,304	\$ 5,260,512	\$ 5,180,760	\$ 5,023,147	\$ 4,994,291	\$ 4,951,040
Contributions in relation to the contractually required contribution	7,435,135	6,724,349	6,613,485	6,601,917	7,050,304	5,260,512	5,180,760	5,023,147	4,994,291	4,951,040
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 150,304,157	\$ 142,964,924	\$ 134,010,021	\$ 128,749,500	\$ 125,203,943	\$ 121,933,843	\$ 115,671,945	\$ 114,372,165	\$ 110,893,973	\$ 111,359,818
Contributions as a percentage of covered-employee payroll		5%	5%	5%	6%	4%	4%	4%	5%	4%

CALVERT COUNTY PUBLIC SCHOOLS

Notes to the Schedule of Proportionate Share of Net Pension Liability and Schedule of Contributions Maryland State Retirement and Pension System For the Year Ended June 30, 2026

1. CHANGES IN BENEFIT TERMS

There were no benefit changes during the years 2016 through 2025.

2. CHANGES IN ASSUMPTIONS

Inflation assumption changed as follows:

<u>As of June 30,</u>	
2025	2.50%
2024	2.25%
2023	2.25%
2022	2.25%
2021	2.30%
2020	2.30%
2019	2.55%
2018	2.60%
2017	2.65%
2016	2.70%

Investment return assumption changed as follows:

<u>As of June 30,</u>	
2025	6.80%
2024	6.80%
2023	6.80%
2022	6.80%
2021	7.00%
2020	7.00%
2019	7.40%
2018	7.50%
2017	7.50%
2016	7.55%

CALVERT COUNTY PUBLIC SCHOOLS

Required Supplementary Information Schedule of Changes in Net OPEB Plan Liability and Related Ratios For the Year Ended June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	\$ 4,738,241	\$ 4,558,631	\$ 5,127,793	\$ 4,933,417	\$ 4,518,335	\$ 4,412,132	\$ 6,669,752	\$ 6,368,499	\$ 6,135,356
Interest	14,088,241	13,377,314	11,637,760	10,947,393	10,558,582	10,111,728	10,081,986	9,527,162	9,017,419
Differences between expected and actual experience	19,308,516	871,600	15,529,652	820,473	(3,490,514)	883,147	(11,342,148)	(903,606)	-
Changes of assumptions	(1,010,256)	-	(3,368,148)	-	-	(2,413,804)	(38,883,065)	-	-
Benefit payments	(7,006,535)	(8,526,974)	(7,926,487)	(6,624,815)	(6,080,402)	(6,422,787)	(5,423,001)	(5,090,844)	(5,775,000)
Net change in total OPEB liability	30,118,207	10,280,571	21,000,570	10,076,468	5,506,001	6,570,416	(38,896,476)	9,901,211	9,377,775
Total OPEB liability - beginning	200,657,108	190,376,537	169,375,967	159,299,499	153,793,498	147,223,082	186,119,558	176,218,347	166,840,572
Total OPEB liability - ending (a)	\$ 230,775,315	\$ 200,657,108	\$ 190,376,537	\$ 169,375,967	\$ 159,299,499	\$ 153,793,498	\$ 147,223,082	\$ 186,119,558	\$ 176,218,347
Plan fiduciary net position									
Contributions - employer	\$ 7,006,535	\$ 10,020,974	\$ 9,426,487	\$ 15,667,223	\$ 10,030,402	\$ 15,710,589	\$ 12,199,228	\$ 20,494,356	\$ 5,775,000
Net investment income	14,407,466	16,557,918	9,588,156	(14,168,919)	28,737,565	2,882,769	2,253,623	6,592,500	5,934,703
Other adjustments	-	-	-	(18,189)	-	-	(1,115,319)	-	-
Benefit payments	(7,006,535)	(8,526,974)	(7,926,487)	(6,624,815)	(6,080,402)	(6,422,787)	(5,423,001)	(5,090,844)	(5,775,000)
Net change in plan fiduciary net position	14,407,466	18,051,918	11,088,156	(5,144,700)	32,687,565	12,170,571	7,914,531	21,996,012	5,934,703
Total fiduciary net position - beginning	144,298,110	126,246,192	115,158,036	120,302,736	87,615,171	75,444,600	67,530,069	45,534,057	39,599,354
Total fiduciary net position - ending (b)	\$ 158,705,576	\$ 144,298,110	\$ 126,246,192	\$ 115,158,036	\$ 120,302,736	\$ 87,615,171	\$ 75,444,600	\$ 67,530,069	\$ 45,534,057
CCPS' net OPEB liability - ending (a) - (b)	\$ 72,069,739	\$ 56,358,998	\$ 64,130,345	\$ 54,217,931	\$ 38,996,763	\$ 66,178,327	\$ 71,778,482	\$ 118,589,489	\$ 130,684,290
Plan fiduciary net position as a percentage of the total OPEB liability	68.77%	71.91%	66.31%	67.99%	75.52%	56.97%	51.25%	36.28%	25.84%
Covered-employee payroll	\$ 171,171,198	\$ 162,941,263	\$ 152,435,248	\$ 146,459,417	\$ 138,266,172	\$ 134,893,826	\$ 131,603,733	\$ 129,614,735	\$ 131,572,919
CCPS' net OPEB liability as a percentage of covered-employee payroll	42%	35%	42%	37%	28%	49%	55%	91%	99%

Notes to Schedule:

Benefit Changes

Changes of assumptions.

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

CALVERT COUNTY PUBLIC SCHOOLS

Required Supplementary Information Schedule of OPEB Plan Contributions For the Year Ended June 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Contribution	\$ 9,766,000	\$ 9,346,000	\$ 8,873,000	\$ 6,624,815	\$ 6,086,402	\$ 6,422,787	\$ 9,287,802	\$ 6,086,402	\$ 15,066,644
Contributions in relation to the									
Contractually required contribution	7,006,535	10,020,974	9,426,487	6,624,815	6,086,402	6,422,787	9,287,802	12,199,228	15,066,644
Contribution deficiency (excess)	2,759,465	(674,974)	(553,487)	-	-	-	-	(6,112,826)	-
CCPS' covered-employee payroll	\$ 171,171,198	\$ 162,941,263	\$ 152,435,248	\$ 146,459,417	\$ 138,266,172	\$ 134,893,826	\$ 131,603,733	\$ 129,614,735	\$ 131,572,919
Contributions as a percentage of covered-employee payroll	4.09%	6.15%	6.18%	4.52%	4.40%	4.76%	7.06%	9.41%	11.45%

Notes to Schedule:

Valuation date:	July 1, 2025	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	June 30, 2019
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Methods and assumptions used to determine contribution rates:

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

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.