



Howard County

M A R Y L A N D

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Howard County, Maryland

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Rafiu O. Ighile
Director of Finance
Yosef Kebede
Director of Public Works
Gary W. Kuc
County Solicitor
Lynda D. Eisenberg
Director of Planning and Zoning
Holly Sun
Director of Budget
Christopher Ashman
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County Executive

Calvin Ball



County Council

Liz Walsh
*Chair and
Councilwoman
District 1*



Opel Jones
*Vice Chair and
Councilman
District 2*



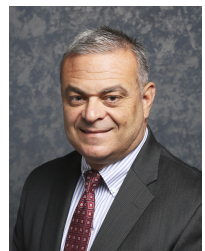
Christiana Rigby
*Councilwoman
District 3*



Deb Jung
*Councilwoman
District 4*



David Yungmann
*Councilman
District 5*



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025



Prepared by the Department of Finance

Howard County, Maryland



INTRODUCTORY SECTION





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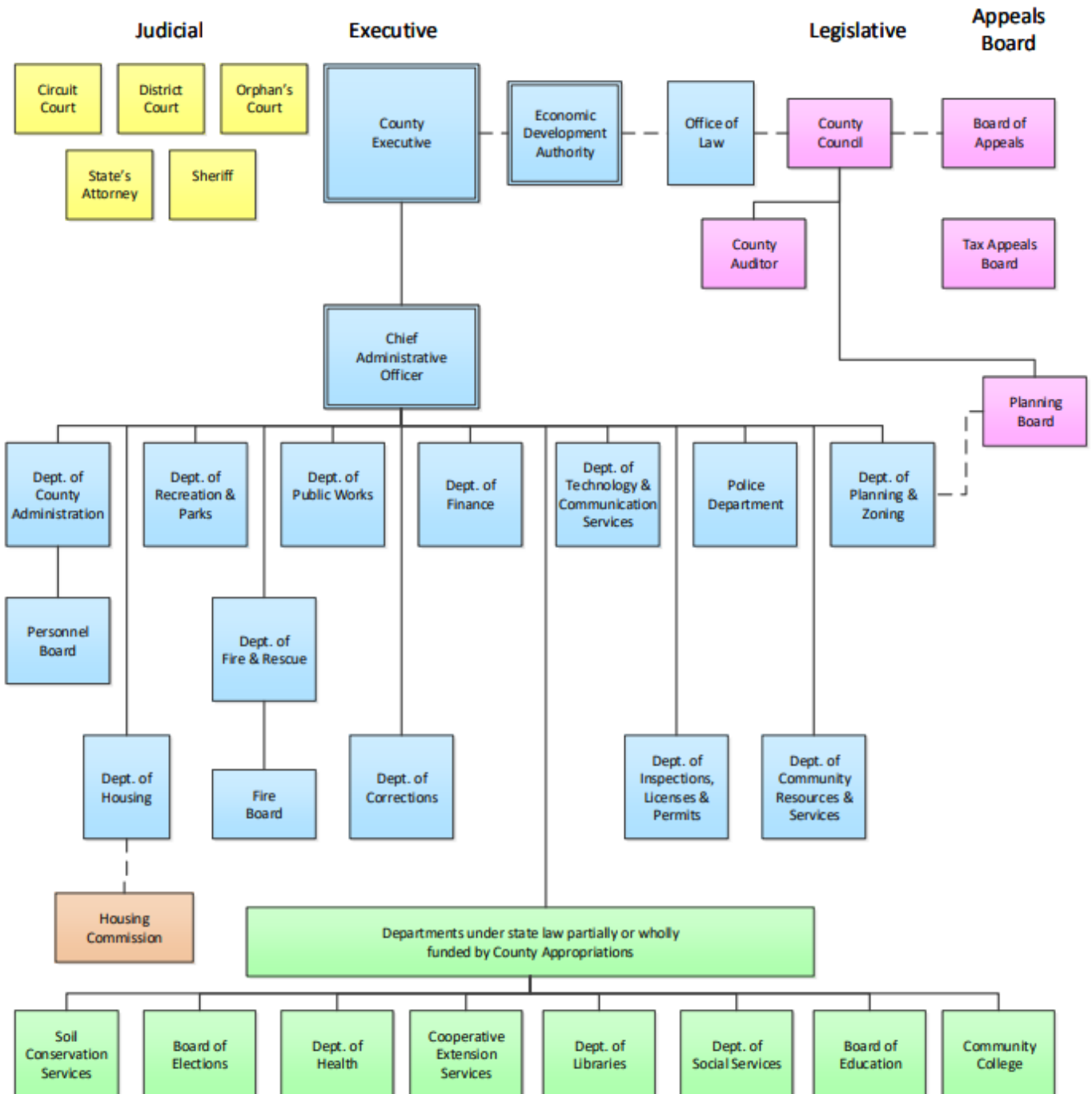
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HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





Download & Ride Today



HoCo RapidRide

Howard County launched its microtransit program, HoCo RapidRide, in March 2025. This innovative technology-enabled public transit service allows riders within the service zone to book a low-cost ride through an app, HoCo RapidRide. The program, implemented in collaboration with service provider Via, is designed to complement Howard County's existing public transportation system through the Regional Transportation Agency of Central Maryland (RTA) by removing barriers to accessing fixed route bus service in the area.



HOWARD COUNTY DEPARTMENT OF FINANCE

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November 24, 2025

Honorable County Executive,
Honorable Members of the County Council and
Citizens of Howard County

Ladies and Gentlemen:

FORMAL TRANSMITTAL OF THE ACFR

The audited Annual Comprehensive Financial Report (ACFR) of Howard County, Maryland (the County) for the fiscal year (FY) ended June 30, 2025, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the auditor's opinion issued by the independent public accounting firm of CliftonLarsonAllen LLP hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

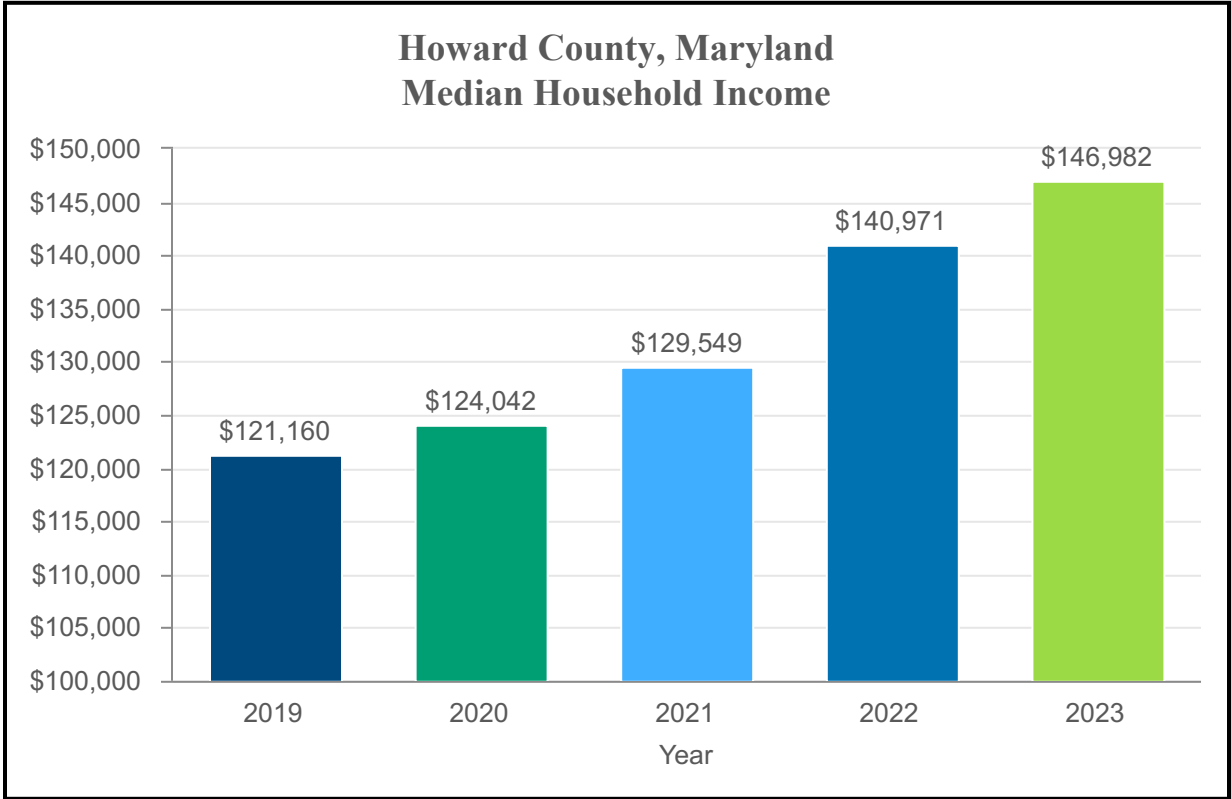
CliftonLarsonAllen LLP, licensed certified public accountants, performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2025. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Howard County, Maryland was formed in 1851 and was named for the fifth Governor of Maryland, Colonel John Eager Howard. Under a home rule charter adopted in 1968, the County's executive functions are vested in the elected County Executive. The County Council consists of five members elected by district.

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction began on the master-planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. The County's population has grown an average of 1.69% annually since 2000 and is home to approximately 336,001 residents based on estimates by the Howard County Department of Planning and Zoning. Howard County is one of the most affluent, advanced and educated communities in the United States. The Howard County Library System (HCLS) is the community's place to learn, connect, and grow. An innovative and award-winning library system, HCLS is focused on creating an empowered community where all people reach their potential. Howard County was ranked first in Best Counties to Live in the US and Best Counties for Families in America by Niche. According to the U.S. Census Bureau's American Community Survey, Howard County has both the highest median income in the State and one of the highest in the nation. Columbia was also recognized by WalletHub as the "Safest City in America," "Happiest City in America," "Best City for People with Disabilities" and "Best City for Jobs".



Source: United States Census Bureau, 2019-2023 American Community Survey 5-Year Estimates

COMPONENT UNITS

The County government provides all the local government services as there are no incorporated cities or towns in Howard County. Services provided by the County include police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks. In addition to general government activities, the governing body has financial accountability for the Howard County Public School System, the Howard Community College, the Howard County Library System, and the Howard County Housing Commission. Therefore, the activities of these entities are included in this annual report. Additional information on all four of these legally separate entities can be found in Note 1A in the Notes to Basic Financial Statements. The financial activities of the Howard County Economic Development Authority, which is also a component unit of the County, are excluded due to immateriality. The Volunteer Fire Districts do not meet the established criteria for inclusion in the reporting entity, and accordingly, are excluded from this report.

BUDGET

The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five-year spending projections), the capital budget and capital program, and the budget message. The annual budget includes all revenues, all expenditures and the projected surplus or deficit in the General Fund and all other funds. Funds in the operating budget include appropriations for the following functional areas: education, public safety, public works, community services, general government, legislative and judicial, and capital, debt and reserves. The capital budget includes funds to construct major government facilities such as roads, bridges, schools, libraries, water and sewer infrastructure and fire stations. Capital projects usually take more than a year to complete, unlike the operating budget which covers only one year.

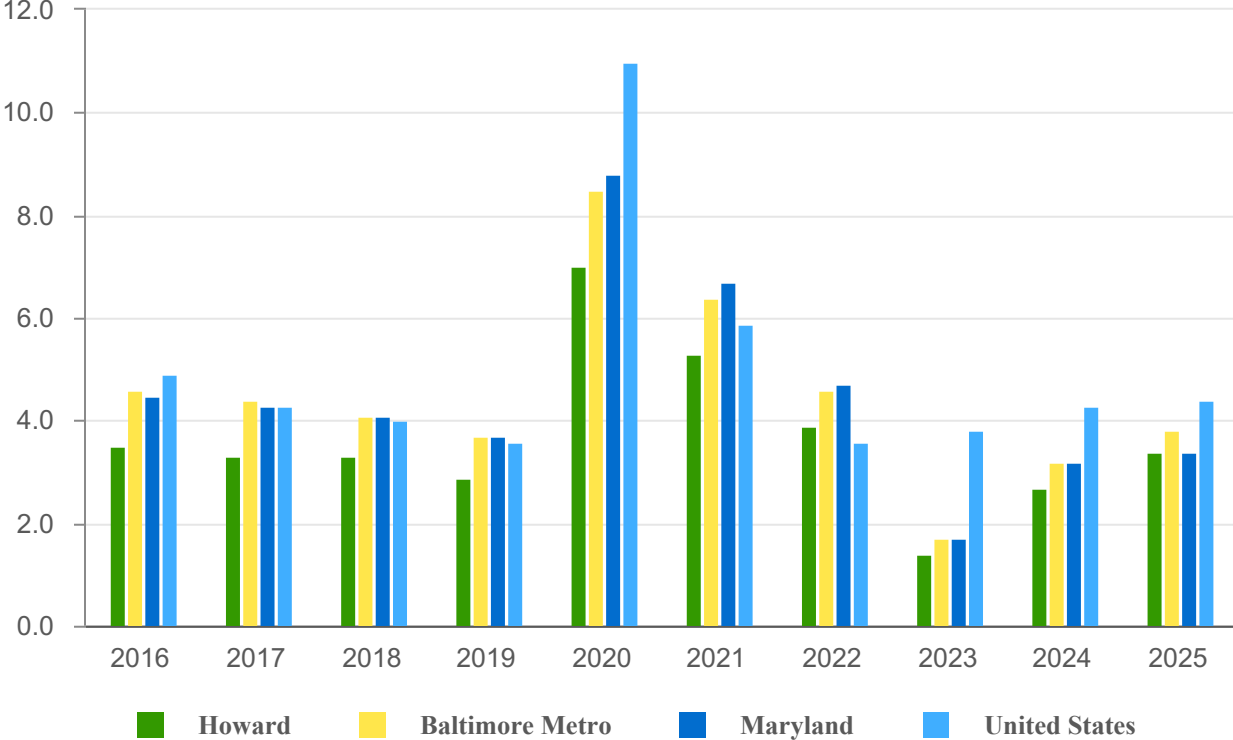
The budget process begins each Fall when the County Executive appoints a Spending Affordability Advisory Committee to establish guidelines for determining debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in December. After a public process that involves two public hearings and a thorough review of departmental requests, the County Executive submits proposed capital and operating budgets to the County Council by April 1 and 21, respectively. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure recommended by the Executive for current or capital purposes unless expressly provided for in State law or to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the Public School's budget. The County Council may restore funds back to the level requested by the School Board. After its review, the County Council finalizes the entire budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The Annual Budget must be adopted by the County Council by the first day of the last month of the current fiscal year. Expenditure authority for the operating budget is at the fund and department level in major categories, including personnel costs, various operating expenses and capital cost. Appropriations in the capital budget are determined at the project level on an annual basis.

Once the budget is approved, the County Council can only amend it at the request of the County Executive. The operating budget is amended during the year through the use of supplemental budget appropriation ordinances (SAOs). The County Executive may request at any time during the fiscal year, the approval of an SAO by transferring funds from the County’s budgeted contingency reserves. The capital budget may be amended through the use of Transfer Appropriation Ordinances (TAOs). The County Executive may request, at any time during the fiscal year that a TAO be approved by transferring funds from one capital project to another. At no time may the bottom line of the capital budget be increased. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. The unemployment rate is expected to remain at or below the state 3.40% and national 4.40% levels as evidenced by the June 2025 rate of 3.40%.

June Unemployment Rates



LOCAL ECONOMY

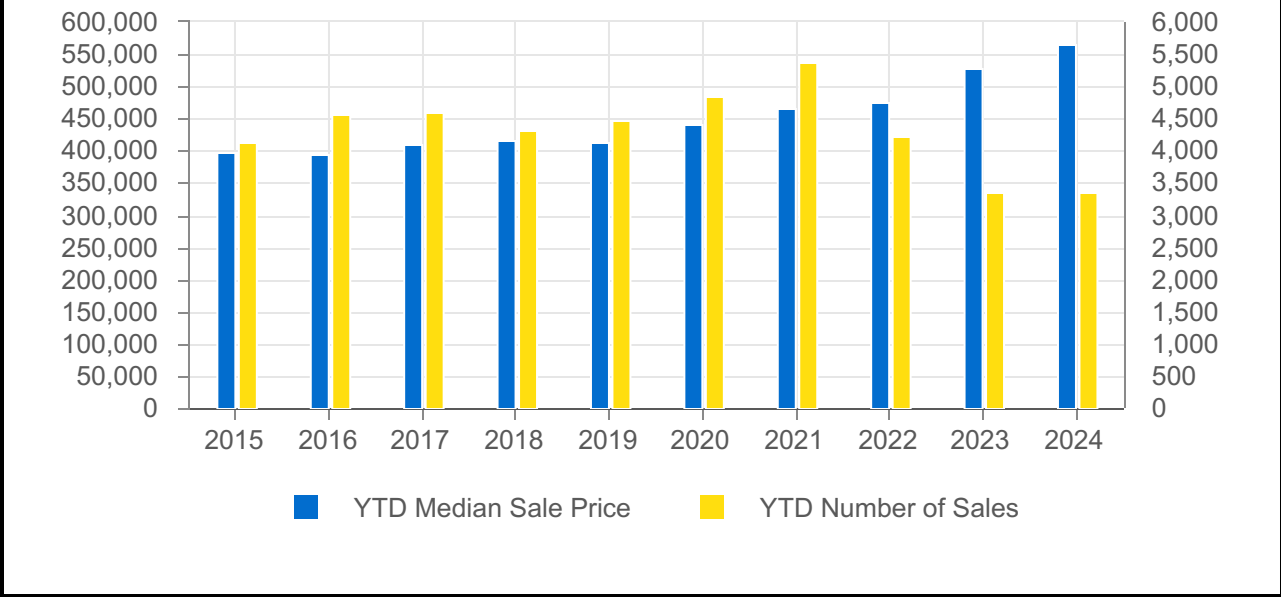
Howard County's ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. According to the Maryland Department of Labor Licensing and Regulation, over 11,546 businesses in Howard County employ 170,396 workers in industries such as information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture and in multinational corporations. The service sector is the largest industry in the County, employing 88.8% of the workforce. In the service industry, government contracts support cybersecurity and information technology programs and will continue to do so with the growth projected at Fort George G. Meade, which is less than two miles outside the County border.

Commercial real estate vacancy rates are stable. Office space and industrial vacancies remain below 11.5%. The average for flex and retail vacancy rates remains below 3.2% as reported by CoStar. The year-to-date average vacancy rate for 2025 is 7.7%. FY 2025 property tax revenues increased 3.8% above the previous fiscal year. In its FY 2026 budget, Howard County projects a modest increase in property tax revenues. One-third of property in the County is assessed each year, with increases in assessed values phased in over three years. This triennial assessment of property, the phasing-in of assessment increases, and the County's 5% Homestead Property Tax Credit rate help to stabilize the tax base and tax revenues.

Local income tax is the County's other main revenue source. Income tax collection increased by 12.4% when compared to the actual for FY 2024 due to increased capital gains and reconciliation distribution for prior years, which can fluctuate. The FY 2026 projection for income tax collections represents a 4.1% increase from what was budgeted in FY 2025.

Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate. FY 2025 revenue from recordation tax increased 12.9% from the previous fiscal year. The FY 2026 budget projects a (1.6)% decrease in recordation tax collections compared to FY 2025. The demand for real estate remains strong but continues to be constrained by supply and affordability issues. The average days on market rose slightly to 24 days in the residential resale market.

Howard County, Maryland
Median Home Sale Price and Number of Home Sales Trend
As of December



Source: Metropolitan Regional Information Systems Inc.

The County participates in several tax abatement programs in accordance with State law and County Code. These programs are designed to encourage economic development, investment, sustainability, and affordable housing while supporting long-term fiscal stability.

- Under Payment in Lieu of Taxes (PILOT) agreements for Community Solar Projects, the County supports renewable energy development through a phased abatement schedule, resulting in reduced near-term property taxes in exchange for long-term investment in sustainable energy infrastructure.
- Through the Housing Commission, property used for affordable housing purposes is exempt from taxation, with payments in lieu of taxes negotiated to balance revenue needs with the County’s commitment to housing opportunities for low- and moderate-income residents.
- The Commercial or Industrial Business Tax Credit encourages significant private investment and job creation by reducing property taxes on new or expanded facilities that meet specific investment and employment thresholds.

For the fiscal year ended June 30, 2025, the County abated a total of \$2,979,048, with the Housing PILOTs representing the largest share at \$1,881,342.

These abatements are justified as strategic tools to attract investment, create jobs, promote affordable housing, and strengthen the County’s long-term economic base. While they reduce near-term revenues, the long-term benefits include an expanded tax base, economic diversification, and improved community resilience.

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2025. The adopted budget projects the FY 2026 gross assessable base of Howard County will increase by 6.4% from FY 2025. Homestead Tax Credits applications increased by nearly 400, resulting in a net taxable assessment increase of approximately 6.7%. The Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5.0% per year. Approximately 49.2% of homeowner occupied properties in Howard County received this credit in FY 2025.

MAJOR INITIATIVES

The County will continue the strong fiscal management policies which have led to AAA rating from all three major credit rating agencies. The Howard County Circuit Courthouse became the first courthouse on the East Coast to be delivered using a Public Private Partnership (P3) model. The County took occupancy in July 2021 and continues to make monthly payments to operate and maintain the Courthouse for the next 30 years to the high standards established by the County. Howard County will focus on the following priority areas in the future: Ready and Successful Students; Safe and Engaged Communities; Clean and Sustainable Environment; Thriving and Healthy Residents; Reliable and Accessible Infrastructure; Strong and Prosperous Businesses; and Innovative and Efficient Government.

LONG TERM FINANCIAL PLANNING

Rainy Day Fund

County voters approved an amendment to the County Charter to establish a budget stabilization account, also known as a Rainy Day Fund, to provide a financial safety net for the County effective December 3, 1992. The amendment requires all surplus funds in the County be placed in this fund until it reaches 7.0% of the prior year's audited expenditures. The funds may be used if an emergency exists pursuant to the County Charter, or if the County Executive determines that actual revenues will be substantially below the revenues budgeted and reasonable expenditure reduction will not offset the anticipated loss. See Note 1Q in the Notes to Basic Financial Statements for a discussion of the status of the Rainy Day Fund. The Rainy Day Fund's balance is currently at the target level.

Capital Projects and Debt Administration

The County funds its capital programs based on the requirements of the General Plan and supporting master plans for schools, recreation and parks, human services, water and sewer, solid waste, libraries, fire stations and public facilities.

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. Bonds issued by the County mature over a term that does not exceed the economic life of the improvements that they finance.

The County consolidates general County improvements into Consolidated Public Improvement bonds with a term of up to 20 years and water and sewer improvements into Metropolitan District Bonds with a term of up to 30 years. Debt obligations are generally issued through a competitive sale. However, the County has the option to use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that a competitive sale may not be financially prudent.

Spending Affordability Advisory Committee

The Spending Affordability Advisory Committee was established by Executive Order in 1987 to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to evaluate future County revenue levels and consider the impact of economic indicators, such as changes in residential personal income and assessable base growth; and to evaluate expenditure levels with consideration of County long-term obligations and the best way to pay for them.

The Committee recommends revenue projections and the amount of new County debt authorization for the upcoming fiscal year. The Committee report includes the effect its recommendations will have on future budgets. This Committee also assesses the County's ability to repay bond debt and issues an annual report defining debt capacity of the County.

FINANCIAL POLICIES

The financial policies and management practices of Howard County were recognized by all three major rating agencies with a continued Triple-A credit rating, the highest possible rating.

Debt Management Policy

The County adopted an updated debt management policy on October 7, 2009 that establishes the processes employed to manage its debt. The policy sets the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. By establishing a debt policy, the County has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that credit quality is protected. The debt management policy is reviewed regularly and no updates are required.

Investment Policy

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. Investment activities are governed by State laws. Accordingly, the County invests in: certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Federal agency obligations; Treasury and other government mutual funds; supranational issuers; and the State of Maryland investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy. The investment policy was

updated and adopted by the County Council on February 4, 2019. The Association of Public Treasurers of the United States and Canada presented the County with the Association's Investment Policy Certificate of Excellence Award in June 2019. The investment policies for the two Howard County retirement plans establish asset allocation targets, investment manager selection, and investment performance guidelines.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This was the 49th consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized ACFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another Certificate.

Also, the County received the GFOA's Popular Annual Financial Report (PAFR) Award for the fiscal year ended June 30, 2024. In order to be eligible for the PAFR Award, a government must also submit its annual comprehensive financial report to GFOA's Certificate of Achievement for Excellence in Financial Reporting Program and receive the Certificate for the current fiscal year. Each eligible report is reviewed by judges who evaluate the report based on the following categories: reader appeal, understandability, distribution methods, creativity and other elements.

In addition, the County received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2024. This was the 31st consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device. As a result of receiving all three awards from GFOA, the County was named a Triple Crown winner.

A very special thank you to the Department of Finance for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,



Rafiu O. Ighile, CPA, CGMA, MBA
Director of Finance





THE HOWARD COUNTY GOVERNMENT Office of the County Auditor

November 24, 2025

CERTIFICATE OF THE COUNTY AUDITOR

Honorable Members of the County Council

Liz Walsh, Chairperson
Opel Jones, Vice Chairperson
Deb Jung
Christiana Rigby
David Yungman

The Honorable Calvin Ball
County Executive

Article II, Section 212, of the Howard County Charter, requires that a complete audit of all offices, departments, institutions, boards, commissions, corporations, courts and other agencies of the County Government be prepared for the preceding fiscal year, and submitted to the County Council and to the County Executive, no later than November 30th of each year.

The independent certified public accounting firm of CliftonLarsonAllen LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212, of the Howard County Charter have been satisfied for the fiscal year ending June 30, 2025. Also, in accordance with the Charter Amendment approved by the voters of Howard County, I will make copies of this report available to the public at the County Auditor's Office, on our webpage, and at the Howard County public libraries.

Respectfully submitted,

Chris Ashman

Chris Ashman, CPA, CIA
County Auditor

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<https://cc.howardcountymd.gov/>



New County Flag

For the first time in 56 years, Howard County unveiled a new flag design, which went up outside the County's George Howard Building in Ellicott City on July 7, 2025. Designed by Ellicott City resident, Esen Paradiso, the new flag features rich, arching lines of gold and white over a field of green and blue. According to Paradiso, the arch represents both the historical past of Howard County, and its dynamic future. The stripes represent Howard County's historical and contemporary abundance of agricultural and natural resources. The golden circle represents the boundless energy of the sun empowering a diverse community with a view toward the horizon, a bright and optimistic future – and a primary color from the Maryland flag as a location anchor for Howard County. The blue represents the optimism of endless skies, the hope of a bright future, and the abundance of natural and recreational resources – lakes, rivers, and waterways. The green color represents the planned preservation and utilization of the natural environment, the continuing investment in a thriving agriculture economy, and the promise of growing a culturally appreciative community.

Paradiso's design was selected from three final designs that were recommended by the Howard County Flag Commission. The recommendations were informed by a public vote on the top 10 designs chosen from 184 eligible design submissions.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Howard County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION







INDEPENDENT AUDITORS' REPORT

Honorable Members of the County Council
Howard County, Maryland

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Fire and Rescue Reserve Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Howard County Public Schools and Howard County Public Library, which represent approximately 69% of assets and deferred outflows, 47% of net position, and 86% of revenues of the aggregately discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Howard County Public Schools and Howard County Public Library, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21, the 2024 financial statements have been restated to account for a change in accounting principle. Our opinions are not modified with respect to these matters.

Honorable Members of the County Council
Howard County, Maryland

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Honorable Members of the County Council
Howard County, Maryland

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 24, 2025

Management's Discussion and Analysis

As management of Howard County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our Letter of Transmittal and the County's basic financial statements. The discussion focuses on the County's primary government, and unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- At the close of fiscal year 2025, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.69 billion, representing an overall increase in the County's net position. Of this amount, the unrestricted net position, which reflects resources available to meet the County's ongoing obligations to citizens and creditors, reported a deficit of \$144.6 million. The deficit in unrestricted net position is primarily attributable to the County's practice of issuing debt to finance capital projects for the Howard County Public School System and the Howard Community College, however the County does not own the related assets. As of June 30, 2025, the debt outstanding for these component units totaled \$528.2 million, while the current net book value of the Public School System's buildings, improvements, and construction in progress was \$1.34 billion. In addition, the County is committed to providing postemployment benefits to its employees. This commitment has resulted in the recognition of significant long-term liabilities in the financial statements. As of June 30, 2025, the County reported liabilities of \$434.8 million for postemployment benefits which also contributed to the deficit balance in the unrestricted net position.
- As of June 30, 2025 the County's total government-wide net position increased by \$164.0 million. Total revenues for the fiscal year were approximately \$2.2 billion, consisting primarily of program revenues and general revenues such as property, local income, and other taxes. These revenues exceeded total expenses of approximately \$2.0 billion, resulting in the positive change in net position.
- At the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$839.2 million, representing an increase of \$53.5 million compared to the prior year. The General Fund reported a decrease in fund balance of \$82.5 million, primarily due to the budgeted one-time expenditures that were intended to use prior years' surpluses. The amount of fund balance needed to fund the one-time expenditures was less than budgeted due to increases in revenue. The increase in revenue was largely driven by an 11.4% (\$74.2 million) increase in local income tax distributions and a \$51.1 million increase in property tax revenue. The General Capital Projects Fund reported a increase of \$114.5 million in fund balance, primarily due to timing differences in the receipt of bond and grant proceeds relative to construction expenditures during the year. The fund balance of the Fire and Rescue Reserve Fund increased by \$5.9 million, primarily due to property taxes. The Other Governmental Funds reported an increase in fund balance of \$15.5 million lower debt service expenditures.
- At the end of fiscal year 2025, approximately \$476.1 million, or 56.7% of the County's total governmental fund balance, was available to meet current and future operational needs, as mandated by the appropriate level of authority within the County and is properly designated as committed, assigned and unassigned. The available fund balance for the General Fund totaled \$384.7 million representing 26.3% of total General Fund expenditures.

- The County's total long-term debt increased by \$7.4 million, or (0.4)% compared to the prior year. The major factors in this increase were the issuance of \$103.5 million in Consolidated Public Improvement (CPI) Project Bonds and \$21.7 million in Metropolitan District (Metro) Project Bonds. The County retired \$119.9 million in CPI Bonds, \$15.0 million in Metro Bonds, \$0.2 million in Water Quality Bonds and \$3.8 million in long-term financed purchase payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements that include: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business. In addition, they report the County's net position and how they have changed during the fiscal year.

The *Statement of Net Position* is the Countywide statement presenting information that includes all County assets and deferred outflows of resources and County liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or disbursed. An important purpose of the Statement of Activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include: general government, public safety, public works (roads, trash collection and disposal, planning and zoning, inspections and permits), legislative and judicial, education, community services (health, housing, aging, and consumer protection), recreation and parks, and capital improvements. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection services, broadband services, and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

The government-wide financial statements include not only the County, the primary government, but also a legally separate school system, community college, library system, and housing commission for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are located on pages 25-28 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for non-major funds is provided in the form of combining statements in the latter section of this report.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements focusing on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the government-wide focus includes the long-term view while the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The County maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, general capital projects, and fire rescue and reserve, all of which are major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements are provided for the General and Fire Rescue and Reserve funds to demonstrate compliance with this budget. Budgetary statements for non-major special revenue and debt service funds are provided in the combining section of this report.

The basic governmental fund financial statements are located on pages 29-34 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer infrastructure and operations, its watershed restoration and protection services, its broadband services, and for the operations of its public golf course. Internal service funds are an accounting structure used to accumulate and allocate costs internally among the County's various functions.

The County uses internal service funds to account for its fleet of vehicles, technology and communication systems, risk management self-insurance program, and employee benefits self-insurance. Because the

internal service funds' services predominantly benefit governmental rather than business-type functions, these have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide both long and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Operations and the Watershed Protection and Restoration Fund, which are both considered major funds of the County. Combined financial information is also presented for the Broadband Services and Golf Course Operations, which are classified as nonmajor proprietary funds. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements are located on pages 35-40 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements are located on pages 41-42 of this report.

The component unit financial statements are located on pages 43-45 of this report.

Notes to Basic Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements are located immediately after the Basic Financial Statements on pages 49-121.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information is located on pages 125-137 of this report.

The combining statements referred to earlier in connection with the General Fund, non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and are considered to be supplementary information. Combining and individual fund statements and schedules begin on page 143 of this report.

The Statistical Section begins on page 195.

Government-Wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year the County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.7 billion.

Statement of Net Position

The following presents a summary of the Statements of Net Position for the County as of June 30, 2025 and 2024:

Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	\$ 1,451,344,439	\$ 1,388,272,567	\$ 298,440,423	\$ 261,545,286	\$ 1,749,784,862	\$ 1,649,817,853
Capital assets	1,977,602,725	1,904,839,339	895,550,745	903,034,867	2,873,153,470	2,807,874,206
Total assets	3,428,947,164	3,293,111,906	1,193,991,168	1,164,580,153	4,622,938,332	4,457,692,059
Deferred outflows of resources	254,316,398	279,680,005	13,073,606	14,570,365	267,390,004	294,250,370
Total assets and deferred outflows	3,683,263,562	3,572,791,911	1,207,064,774	1,179,150,518	4,890,328,336	4,751,942,429
Liabilities						
Long-term liabilities outstanding	2,194,425,256	2,184,634,984	499,718,864	489,096,840	2,694,144,120	2,673,731,824
Other liabilities	167,276,976	179,576,062	24,604,820	28,506,958	191,881,796	208,083,020
Total liabilities	2,361,702,232	2,364,211,046	524,323,684	517,603,798	2,886,025,916	2,881,814,844
Deferred inflows of resources	289,117,932	316,521,540	20,414,380	22,827,602	309,532,312	339,349,142
Total liabilities and deferred inflows	2,650,820,164	2,680,732,586	544,738,064	540,431,400	3,195,558,228	3,221,163,986
Net position						
Invested in capital assets	1,011,342,876	987,378,537	449,352,310	464,237,682	1,460,695,186	1,451,616,219
Restricted	369,759,623	336,408,021	8,903,642	10,607,748	378,663,265	347,015,769
Unrestricted (deficits)	(348,659,101)	(431,727,233)	204,070,758	163,873,688	(144,588,343)	(267,853,545)
Total net position	\$ 1,032,443,398	\$ 892,059,325	\$ 662,326,710	\$ 638,719,118	\$ 1,694,770,108	\$ 1,530,778,443

The County's current and other assets increased by \$100.0 million or 6.1% from the prior fiscal year. At the close of 2025, the County's assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$1.7 billion. The largest portion of the County's net position represents its investment in capital assets (e.g., land, buildings, machinery, equipment, and right-to-use assets), net of the related debt used to acquire or construct those assets that remains outstanding. These capital assets are utilized to provide services to the County's residents and, as such, are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it is important to note that the resources required to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that, although counties in the State of Maryland issue debt to finance the construction of public school facilities, ownership of those buildings rests with each county's Board of Education. Ownership reverts to the County if the local board determines a building is no longer needed. The County also provides funding for capital projects at Howard Community College and for intersection improvements on state-owned roadways. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. As of June 30, 2025, debt outstanding for these entities amount to \$528.2 million. The negative unrestricted net position of governmental activities totaling \$348.7 million reflects the imbalance of liabilities without corresponding assets, as well as the governmental activities' portion of the County's Net OPEB liability of \$213.4 million and net pension liability of \$203.2 million.

An additional portion of the County's net position \$378.7 million or 22.3% represents resources subject to external restrictions on their usage.

The County's total net position increased by \$164.0 million for FY 2025.

Statement of Activities

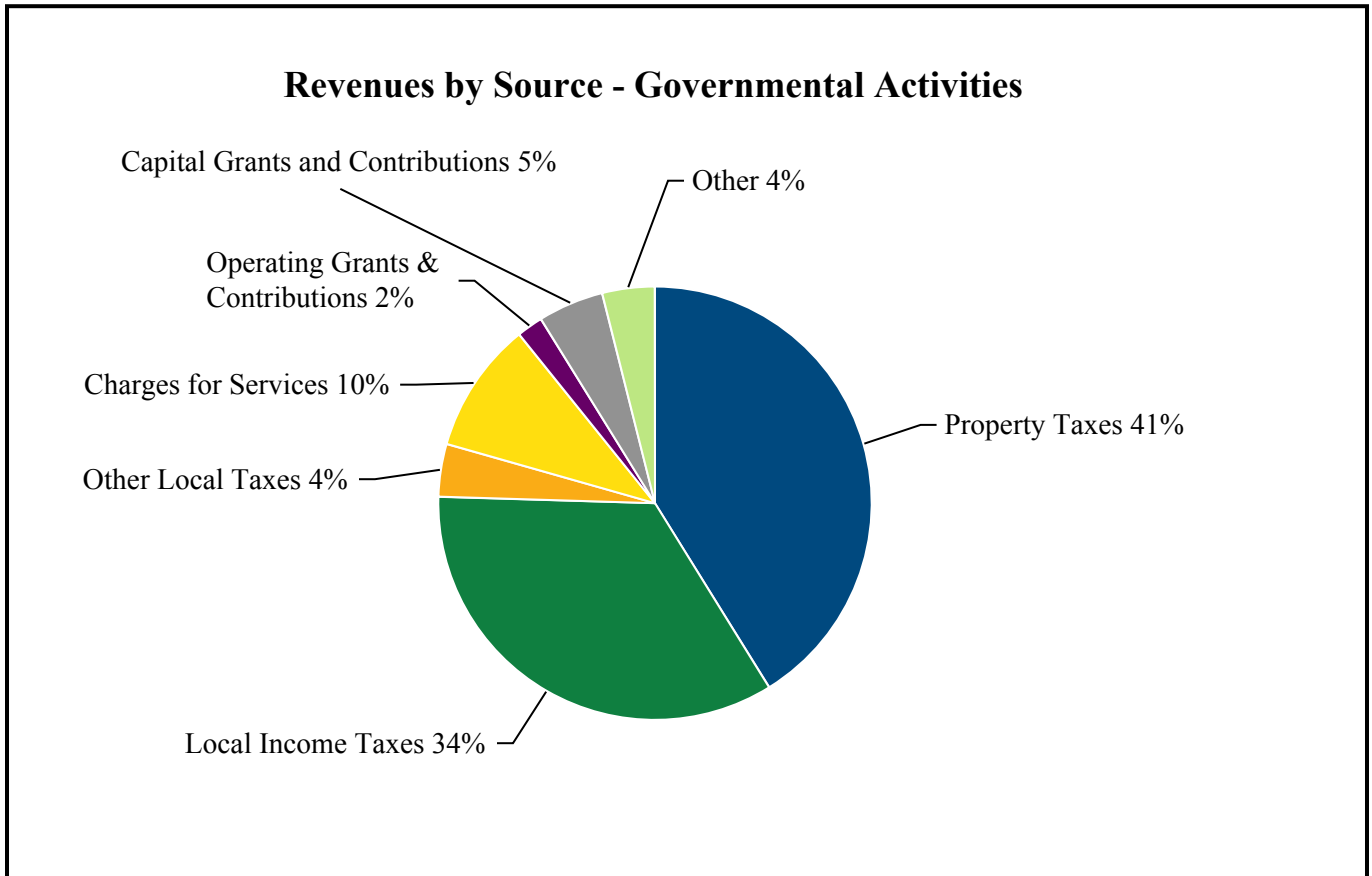
The following table summarizes the County’s change in net position for the years ended June 30, 2025 and 2024:

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues						
Charges for services	\$ 194,506,468	\$ 173,590,802	\$ 106,781,028	\$ 88,264,237	\$ 301,287,496	\$ 261,855,039
Operating grants and contributions	47,148,089	54,134,653	45,582,325	43,645,135	92,730,414	97,779,788
Capital grants and contributions	92,014,107	44,250,142	2,842,680	3,912,217	94,856,787	48,162,359
General revenues						
Property taxes	850,376,334	819,075,896	—	—	850,376,334	819,075,896
Local income taxes	713,552,544	634,609,612	—	—	713,552,544	634,609,612
Other taxes	78,884,105	73,677,547	—	—	78,884,105	73,677,547
Other	60,158,206	62,034,665	12,481,670	11,763,232	72,639,876	73,797,897
Total revenues	2,036,639,853	1,861,373,317	167,687,703	147,584,821	2,204,327,556	2,008,958,138
Expenses						
General government	157,691,362	81,996,319	—	—	157,691,362	81,996,319
Public safety	329,292,952	309,509,699	—	—	329,292,952	309,509,699
Public works	225,284,774	250,006,072	—	—	225,284,774	250,006,072
Recreation and parks	75,232,992	67,477,901	—	—	75,232,992	67,477,901
Legislative and judicial	41,971,108	41,136,811	—	—	41,971,108	41,136,811
Community services	80,124,749	65,918,126	—	—	80,124,749	65,918,126
State highways	465,361	1,240,596	—	—	465,361	1,240,596
Education	900,118,744	864,163,515	—	—	900,118,744	864,163,515
Interest on long-term debt	54,112,901	55,410,605	—	—	54,112,901	55,410,605
Water & Sewer	—	—	128,420,470	136,861,719	128,420,470	136,861,719
Watershed	—	—	10,215,810	—	10,215,810	—
Other	—	—	2,774,623	12,598,662	2,774,623	12,598,662
Total expenses	1,864,294,943	1,736,859,644	141,410,903	149,460,381	2,005,705,846	1,886,320,025
Increase (decrease) in net position before transfers	172,344,910	124,513,673	26,276,800	(1,875,560)	198,621,710	122,638,113
Transfers	1,442,241	(7,560,215)	(1,442,241)	7,560,215	—	—
Change in net position	173,787,151	116,953,458	24,834,559	5,684,655	198,621,710	122,638,113
Net position - beginning	892,059,325	775,105,867	638,719,118	633,034,463	1,530,778,443	1,408,140,330
Adjustment to restate net position	(33,403,078)	—	(1,226,967)	—	(34,630,045)	—
Net position - ending	\$1,032,443,398	\$ 892,059,325	\$ 662,326,710	\$ 638,719,118	\$1,694,770,108	\$1,530,778,443

Governmental Activities

During the current fiscal year, net position for governmental activities increased by \$140.4 million from the prior fiscal year, resulting in an ending balance of \$1.0 billion.

General revenue sources continue to be among the County's major sources of revenue. For FY 2025, governmental activities revenues totaled \$2.0 billion and were comprised of the following sources:



Taxes constitute the largest source of County revenues, amounting to \$1.6 billion for the current fiscal year.

- Property and income taxes combined comprised 76.0% of all County revenues. Each County in Maryland sets its income tax rate within parameters established by the State. The local income tax rate was 3.2% of the State taxable income for calendar years 2025 and 2024. There is no local sales tax in the State of Maryland. Property taxes remain among the largest source of revenues at \$850.4 million for the current fiscal year. The real property tax rate, which is set each year by the County Council, is applied to the assessed value of the property. Real property tax is levied annually on all taxable land and improvements. The current County tax rate is \$1.044/per \$100 assessment.
- Recordation tax revenues increased by \$2.3 million during FY 2025. This tax is applied to instruments that transfer an interest in real property (deed, lease, easement, contract, etc.) and is imposed on all documents recorded in the Howard County Land Records pursuant to Section 11.101 of the Howard County Code. Recordation and State transfer taxes (both Maryland and Howard County portions) are closely tied to real estate market activity. The increase in FY 2025 primarily

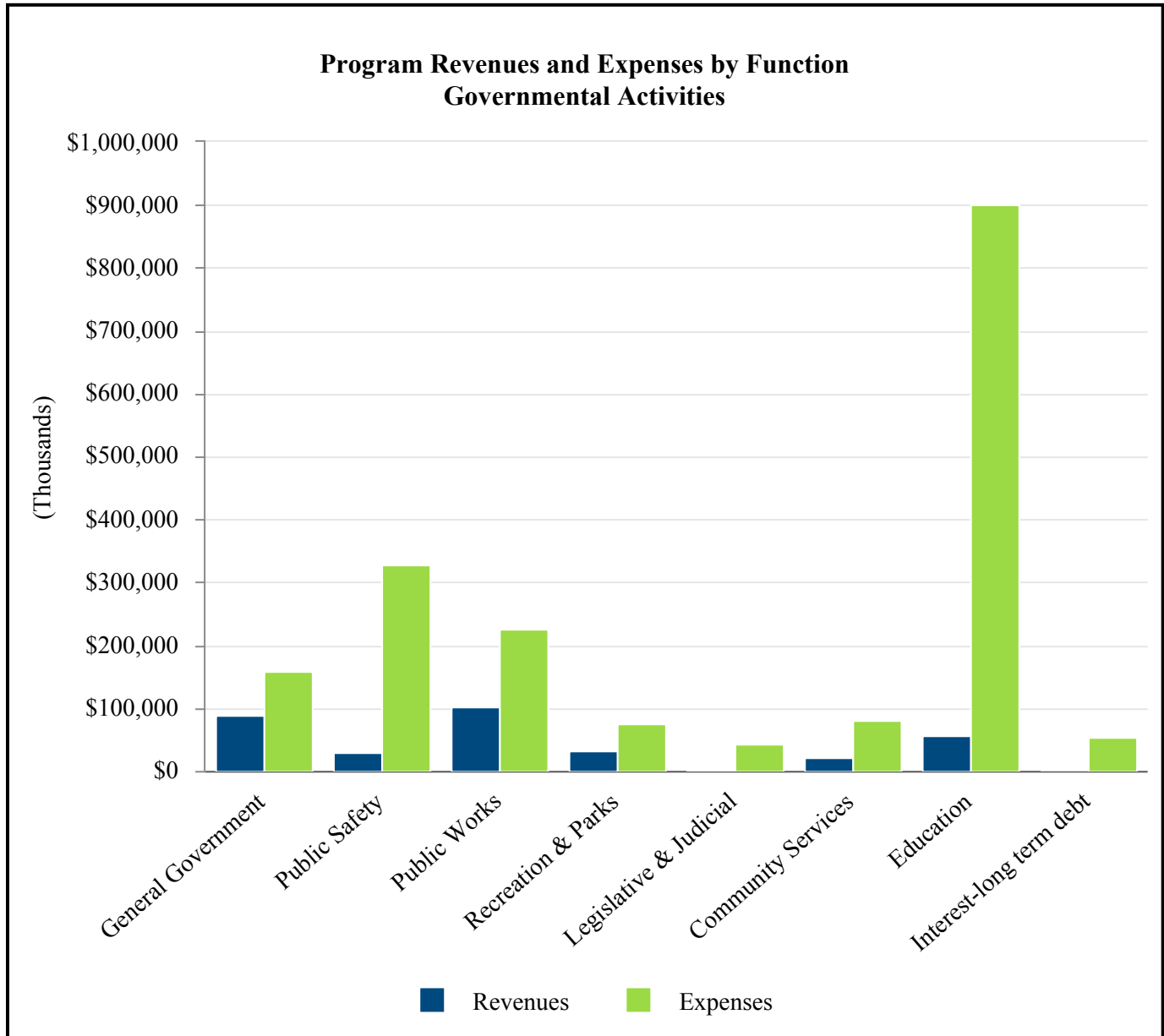
reflects the impact of lower mortgage interest rates that are incentivizing property transfers and refinancings.

- Operating grants and contributions primarily consist of grants from the Federal and State governments and State aid programs. The majority of these revenues are received to fund the following: Public Safety (\$3.2 million or 6.7%), Public Works (\$6.5 million or 13.7%), and Community Services (\$10.3 million or 21.8%). Total operating grants and contributions increased \$7.0 million compared to the prior fiscal year, primarily due to higher levels of intergovernmental support for infrastructure and facility investments.

The governmental activities' expenses increased from \$1.7 billion in the prior fiscal year to \$1.9 billion. The most significant increases (decreases) are related to the following functional areas:

- Education
 - Additional funding of approximately \$60 million was provided to the Howard County Public School System, Howard Community College and the Howard County Library System in FY2025 over FY2024
- Public Safety
 - \$14.2 million for cost-of-living and step increases
- Public Works
 - \$1.5 million for cost-of-living and step increases
- General Government
 - Increase of \$11 million in net pension liability for General Employees Plan due to a decrease in the discount rate
 - Increase of \$32.8 million in expenditures to promote local business and economic development such as Route One and to make critical investments that will address hospital wait times and expand access to health care in the community

Governmental activities program revenues and expenses by function are depicted below:

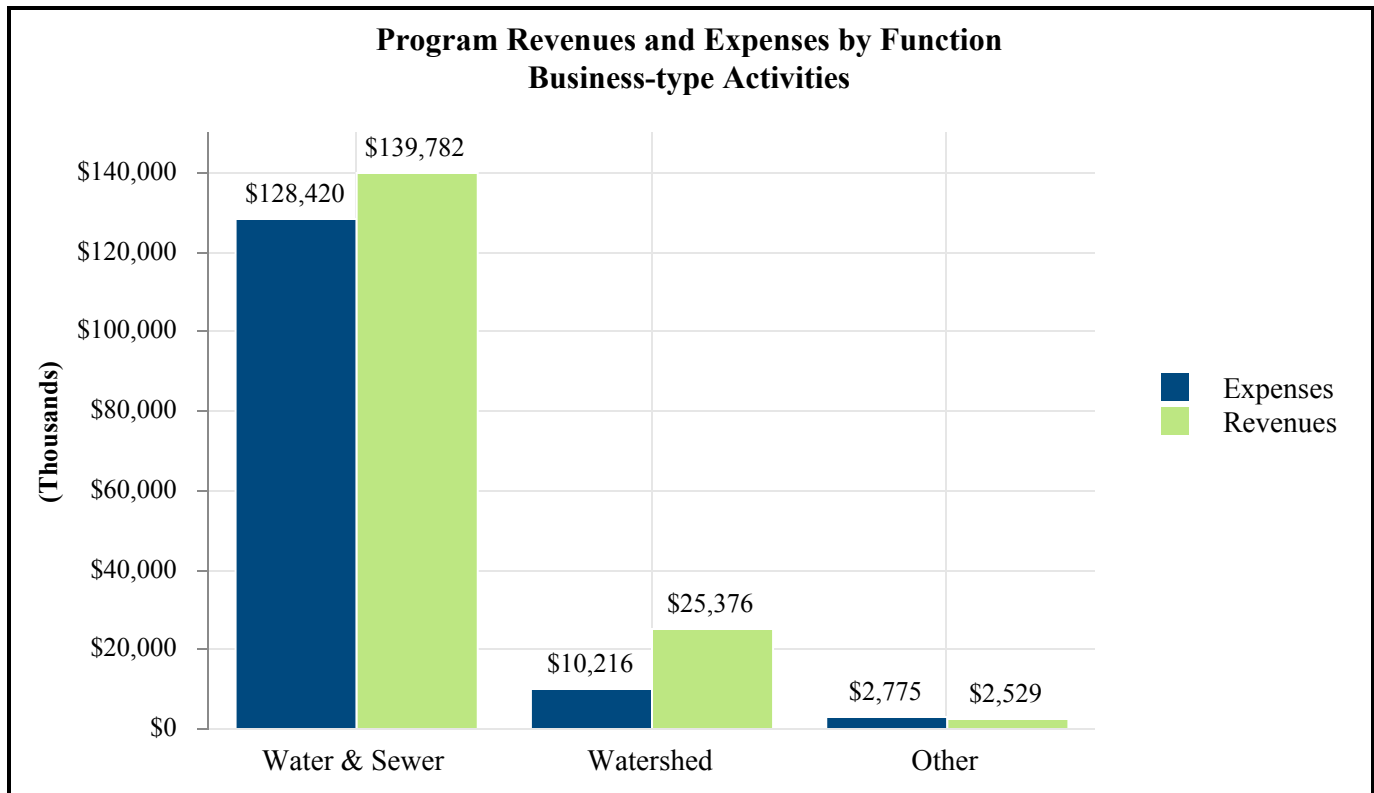


Business-type Activities

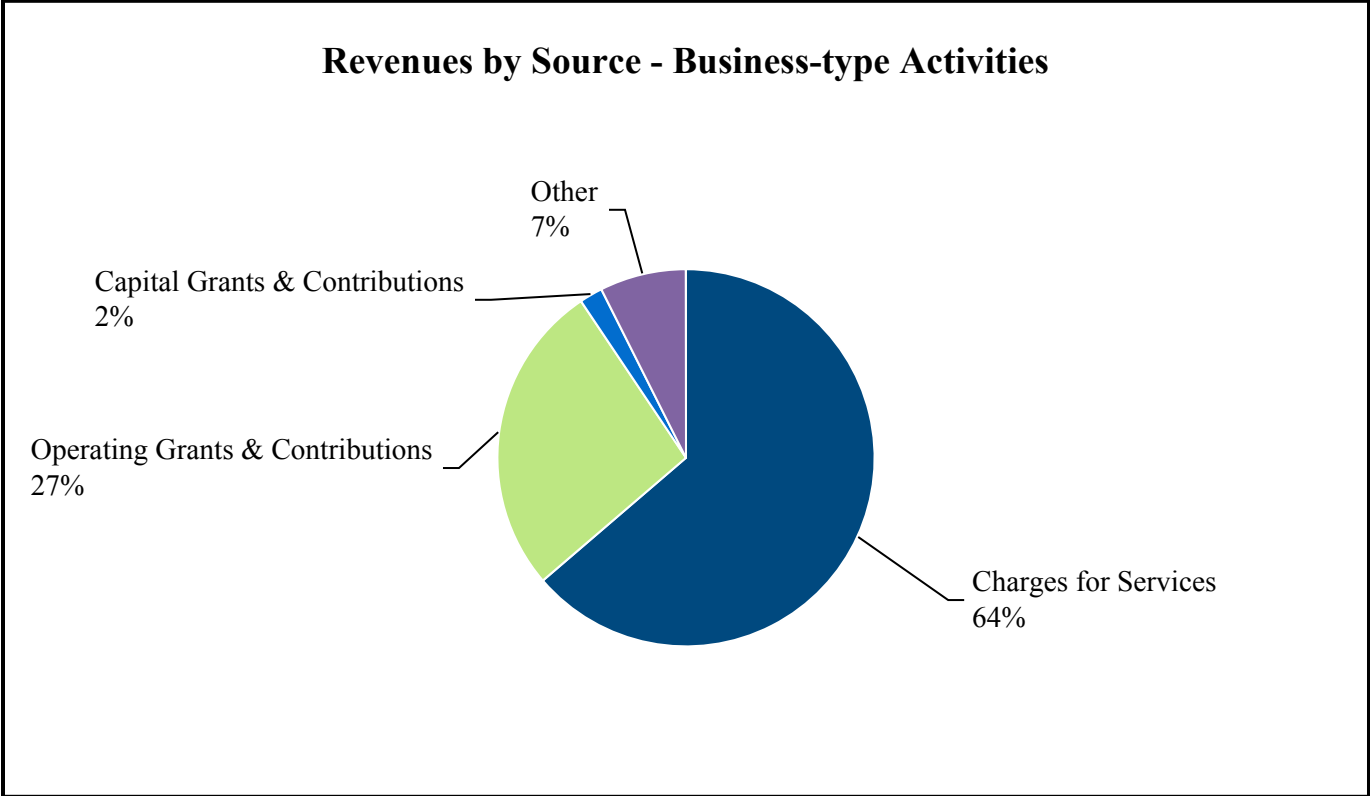
Business-type activities increased the County's net position by \$24.8 million. The components of this increase are as follows:

- Charges for services increased by \$18.5 million, primarily due to higher water and sewer consumption and a rate increase in FY25.
- Operating grants and contributions, which totaled \$45.6 million, consist primarily of the annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used to fund debt service payments and provide pay-as-you-go funding for capital projects.
- Capital grants and contributions totaled \$2.8 million and include the value of water and sewer lines constructed by developers and donated at no cost to the County. These contributions also include front foot revenues assessed to properties connected to the water and sewer system, which are used to repay debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate the assets to the County. Overall, capital grants and contributions decreased by \$1.1 million from FY 2024.

Business-type activities are presented to show the extent to which their costs are covered by revenues generated from related services. The County's Water and Sewer operations, Watershed Protection and Restoration program, and other activities, including the Golf Course and Broadband Services, are all designed to be self-supporting through user charges and service fees.



Business-type activities revenues were comprised of the following sources:



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of Howard County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Additionally, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's Council.

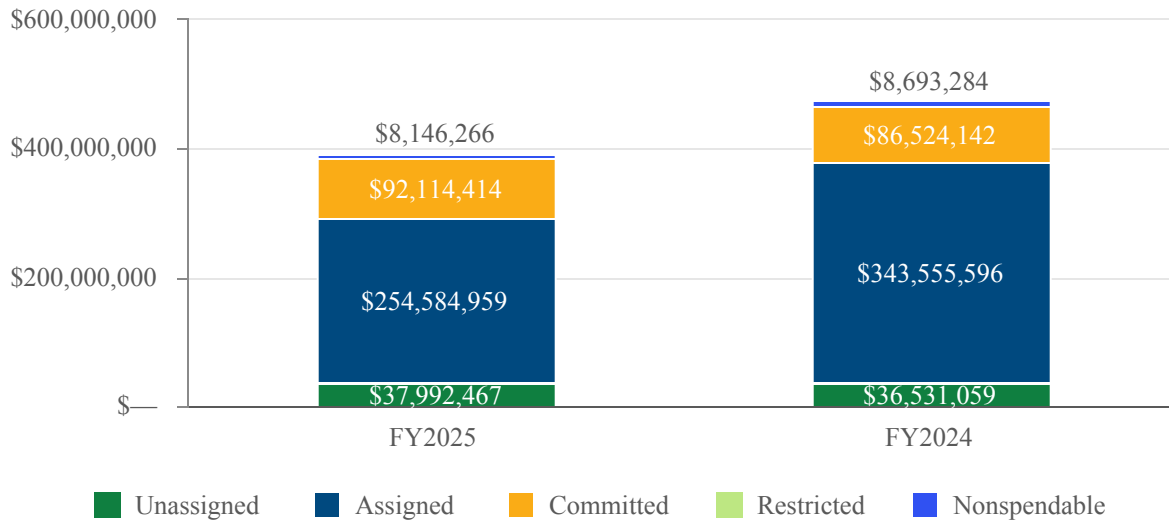
As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$839.2 million, an increase of \$53.5 million in comparison with the prior fiscal year. Of this fund balance, \$10.3 million is nonspendable, \$352.8 million is restricted by enabling legislation, \$216.4 million is committed by the County at the highest level of authority, \$269.4 million is assigned by management, and \$9.7 million is a deficit unassigned fund balance.

Major Funds

General Fund

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$38.0 million, (of which \$7.1 million is for the Health Department Fund) while the total fund balance decrease to \$392.8 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 2.5% of total General Fund expenditures, while total fund balance represents 26.3% of that same amount.

General Fund Components of Fund Balance



At the end of the current fiscal year, the total General Fund balance decreased by \$82.5 million or 17.4% less than the prior fiscal year primarily due to a increase in revenue from property and local taxes offset by one-time spending on operating and capital projects, as well as an increase in school system funding.

General Capital Projects

The General Capital Projects Fund, a major fund, is used to track the construction of general county buildings, as well as schools, libraries, and other buildings for the community college. The general capital projects fund balance increased by \$115 million and had a net position of \$65.2 million, partly due to the other financing sources related to debt issuance and operating transfers. The fund reports a deficit of unassigned balance of \$4.9 million due to amounts restricted, \$70.0 million for school and permanent public improvement projects for the current year.

Fire Rescue and Reserve Fund

The Fire Rescue and Reserve Fund, reported as a major fund, accounts for fire suppression, prevention, and related functions, as well as emergency medical services within the fire district. At the close of the fiscal year, the fund reported a total restricted balance of \$151.8 million, which represents an increase of 5.9 million from the prior fiscal year. This increase is primarily due to an increase in revenue from charges for services.

Proprietary Funds

The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Water and Sewer Proprietary Fund

All assets in fund the except those available to fund current liabilities, are considered restricted as a change in the County charter is required to allow these assets to be used for other purposes. The unrestricted net position of the water and sewer operations at fiscal year-end was \$155.3 million and operating income was \$78.2 million. Net position of the Water and Sewer Proprietary Fund increased by \$7.6 million due to an increase in purchased water and sewage treatment charges and overall decrease in operating expenses.

Watershed Protection and Restoration Fund

Watershed Protection and Restoration Fund is used to account for the maintenance, operations, and improvement of the local stormwater management system. At the close of the fiscal year the unrestricted net position was \$34.7 million and operating income was \$25.4 million. Net position of the Watershed Protection and Restoration Fund increased by \$14.9 million primarily due to increased user charges.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. Revisions to the General Fund expenditure original budget (excluding transfers) included County Council approved supplemental and special appropriations and the year-end County Council transfer and County Executive supplemental appropriations.

Final budget compared to actual results. County revenues (excluding use of fund balance) exceeded the budget by \$94.2 million, primarily due to an unexpected, sustained high interest income rate, while actual expenditures were less than the final budget by \$11.9 million, primarily due to cost saving actions.

The most significant differences between estimated revenues and actual revenues were as follows:

General Fund Revenues			
Revenue Source	Estimate Revenues	Actual Revenues	Variance
Property taxes	\$ 698,813,000	\$ 701,950,777	\$ 3,137,777
Other local taxes	\$ 665,058,057	\$ 724,793,371	\$ 59,735,314
Interest on investments	\$ 10,500,000	\$ 42,890,005	\$ 32,390,005

This was primarily due to interest income which outperformed budget as a result of higher than expected interest rates. There were small but notable gains as well due to property taxes and other local taxes, with the exception of local income tax which experienced a significant increase over budget due to capital gains and lagged reconciliation for prior years, which can fluctuate.

The County experienced a favorable variance in expenditures totaling \$11.9 million across the functions primarily due to cost cutting measures.

Capital Assets and Debt Administration

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2025 is \$2.9 billion (net of accumulated depreciation/amortization). This investment in capital assets includes land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, stormwater management systems, and right-to-use assets. The total increase in the County's investment in capital assets for the current fiscal year was 3.8% increase for governmental activities, and a (0.8)% decrease for business-type activities.

Capital Assets (net of depreciation and amortization)						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and land improvements	\$ 698,087,051	\$ 676,367,387	12,593,115	\$ 12,593,116	\$ 710,680,166	\$ 688,960,503
Construction in progress	188,351,911	105,607,039	67,354,119	71,274,950	255,706,030	176,881,989
Buildings and improvements	577,666,800	600,754,850	147,727,117	154,065,596	725,393,917	754,820,446
Machinery and equipment	102,217,039	87,700,278	5,210,839	6,276,191	107,427,878	93,976,469
Infrastructure	310,167,666	319,197,342	656,701,770	656,783,484	966,869,436	975,980,826
Intangible right-to use assets	101,112,258	115,212,443	5,963,785	2,041,530	107,076,043	117,253,973
Total capital assets	<u>\$ 1,977,602,725</u>	<u>\$ 1,904,839,339</u>	<u>\$ 895,550,745</u>	<u>\$ 903,034,867</u>	<u>\$ 2,873,153,470</u>	<u>\$ 2,807,874,206</u>

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

- \$12.2 million Guilford Elevated Water Tank
- \$7.5 million Elkridge Community Center Land
- \$7.9 million Office Space Acquisitions
- \$3.4 million HOCO Performing Arts Center Land
- \$2.7 million Oakland Mills Road Improvements Phase 1
- \$2.5 million Daisy Road Bridge

Additional information on the County's capital assets are located in Note 6 on pages 75-78 of this report.

Long-term Debt

At the end of the current fiscal year, the County had total long-term debt outstanding of \$2.1 billion. Of this amount, \$1.8 billion comprises debt backed by the full faith and credit of the government. The remainder of the County’s debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

Outstanding Debt						
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	\$ 1,263,758,250	\$ 1,284,311,885	\$ 469,059,150	\$ 460,961,741	\$1,732,817,400	\$ 1,745,273,626
State water quality and MDE loan	—	—	1,931,316	2,342,429	1,931,316	2,342,429
Tax increment financing bonds	61,920,000	62,980,000	—	—	61,920,000	62,980,000
Ellicott City safe & sound loans	30,105,261	—	—	—	30,105,261	—
Agricultural land preservation program	43,861,115	45,217,437	—	—	43,861,115	45,217,437
Availability payment arrangement	95,700,210	97,435,336	—	—	95,700,210	97,435,336
Lease liability	87,340,366	92,529,745	5,823,348	2,156,842	93,163,714	94,686,587
Subscription liability	20,041,758	26,637,235	405,189	—	20,446,947	26,637,235
Other	15,330,000	12,721,511	1,591,336	2,160,425	16,921,336	14,881,936
Total outstanding debt	<u>\$ 1,618,056,960</u>	<u>\$ 1,621,833,149</u>	<u>\$ 478,810,339</u>	<u>\$ 467,621,437</u>	<u>\$2,096,867,299</u>	<u>\$ 2,089,454,586</u>

The County’s total long-term debt increased by \$7.4 million or (0.4)% during the current fiscal year. The major factors in this increase were the issuance of \$103.5 million in Consolidated Public Improvement (CPI) Project Bonds, and \$21.7 million in Metropolitan (Metro) District Project Bonds. The County retired \$119.9 million, \$15.0 million and \$0.2 million of CPI, Metro, and Water Quality Bonds, respectively. The County maintains an Triple-A rating from both Standard & Poor’s and Fitch Ratings, and an “Aaa” rating from Moody’s Investors Service for general obligation debt.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8% of its total assessed valuation. The current debt limitation for the County is \$3.2 billion, which is significantly more than the County’s outstanding general obligation debt at fiscal year-end.

Additional information on the County’s long-term debt is located in Note 7 starting on page 79 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect the County and were considered in developing the current fiscal year budget.

- The unemployment rate for the County was 3.40%. This compares favorably to the state’s unemployment rate of 3.40% and the national rate of 4.40% for the same period.
- The occupancy rate for commercial space as of June 2025 was 92.3% compared to June 2024 of 93.1%. Total rentable building area (RBA) decreased by (267,184) during this fiscal year.

- Inflationary trends in the region compare favorably to national indices. In addition, the following factors were considered in preparing the County’s budget for the 2026 fiscal year.
- The FY 2026 General Fund budget is \$12.6 million or 0.8% less than the FY 2025 budget. This decrease reflects a more uncertain fiscal outlook due to major workforce and funding changes at the federal level and includes less one-time resources.
- The County's property tax and fire tax rates were unchanged for FY 2026. Tax rates for income tax, and transfer and recordation tax rates remained the same for FY 2026. The rates for Water and Sewer charges were increased by approximately 10% to cover costs. There were no changes to the water and sewer ad valorem rates or watershed fees. The rate for Building Excise Tax (used to fund road expansion) was increased by 1%.
- The County will continue to leverage Federal and State pandemic relief funding, including the American Rescue Plan State and Local Fiscal Recovery Funds. Howard County has allocated 100% of funding received of \$63.3 million as of June 30, 2025. The County is committed to using these funds effectively to ensure a sustainable recovery from the pandemic.

At the end of the current fiscal year, the unassigned fund balance in the General Fund was \$38.0 million (of which \$7.1 million is for the Health Department Fund). The County has appropriated \$196.1 million use of cash pay-as-you-go for high-priority one-time spending items in the 2025 fiscal year budget. The County limits its use of pay-as-you-go to non-recurring costs only, including pay-as-you-go spending on capital projects as a cost-effective alternative to bond financing of the infrastructure projects.

Requests for Information

This financial report is designed to provide a general overview of Howard County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the:

Department of Finance
 3430 Court House Drive
 Ellicott City, Maryland 21043
 (410) 313-2195
 righile@howardcountymd.gov

Complete financial reports are also available on our website: www.howardcountymd.gov.

BASIC FINANCIAL STATEMENTS





Howard County, Maryland
Statement of Net Position
June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and investments	\$ 925,100,680	\$ 55,811,784	\$ 980,912,464	\$ 164,279,501
Cash and securities with fiscal agents	5,582,177	—	5,582,177	—
Investments	—	—	—	191,625,054
Receivables (net of allowance for uncollectibles)	58,672,069	17,677,620	76,349,689	13,358,672
Lease receivables, current	1,073,365	381,668	1,455,033	10,622,610
Due from component units	65,921,419	—	65,921,419	—
Due from other governments	377,624,089	—	377,624,089	110,762,241
Internal balances	(3,125,091)	3,125,091	—	—
Materials and supplies	3,556,184	1,949,838	5,506,022	880,776
Prepays	3,292,258	—	3,292,258	4,702,839
Lease receivables, noncurrent	10,179,463	4,229,275	14,408,738	—
Other noncurrent receivables	3,467,826	27,475	3,495,301	—
Restricted assets:				
Cash and cash equivalent and equity in pooled cash	—	206,243,016	206,243,016	21,302,052
Investments	—	—	—	13,453,500
Water and sewer assessments receivable	—	8,903,642	8,903,642	—
Other receivables	—	91,014	91,014	8,184,588
Capital Assets:				
Capital assets not being depreciated	886,438,962	79,947,234	966,386,196	247,924,764
Capital assets, net of accumulated depreciation/amortization	1,091,163,763	815,603,511	1,906,767,274	1,798,478,344
Other noncurrent assets	—	—	—	17,130,456
Total assets	3,428,947,164	1,193,991,168	4,622,938,332	2,602,705,397
DEFERRED OUTFLOWS OF RESOURCES				
Pension plans	169,548,015	5,043,774	174,591,789	33,086,304
Other post-employment benefits	78,142,038	5,547,340	83,689,378	428,261,478
Length of service award program	6,272,478	—	6,272,478	—
Deferred refunding amount	353,867	2,482,492	2,836,359	—
Derivative instruments - interest rate swap	—	—	—	934,624
Total deferred outflows of resources	254,316,398	13,073,606	267,390,004	462,282,406
Total assets and deferred outflows of resources	3,683,263,562	1,207,064,774	4,890,328,336	3,064,987,803
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	62,630,287	7,971,433	70,601,720	20,724,761
Accrued interest payable	17,797,364	5,907,348	23,704,712	—
Accrued wages and benefits	18,814,460	805,374	19,619,834	6,718,781
Deposits	10,189,078	1,296,312	11,485,390	1,309,790
Due to primary government	—	—	—	66,111,512
Short-term loans and notes payable	25,627,537	6,909,802	32,537,339	—
Unearned revenues	32,218,250	1,714,551	33,932,801	158,513,736
Noncurrent liabilities:				
Due within one year	137,969,482	18,978,962	156,948,444	15,561,123
Due in more than one year, net	2,056,455,774	480,739,902	2,537,195,676	1,317,026,210
Total liabilities	2,361,702,232	524,323,684	2,886,025,916	1,585,965,913

(continued)

Howard County, Maryland
Statement of Net Position
June 30, 2025

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Deferred lease revenue	9,814,662	4,452,313	14,266,975	10,907,203
Pension plans	13,601,147	443,156	14,044,303	2,448,121
Other post-employment benefits	252,237,380	15,518,911	267,756,291	641,964,047
Length of service award program	13,464,743	—	13,464,743	—
Total deferred inflows of resources	289,117,932	20,414,380	309,532,312	655,319,371
Total liabilities and deferred inflows of resources	2,650,820,164	544,738,064	3,195,558,228	2,241,285,284
NET POSITION				
Net investment in capital assets	1,011,342,876	449,352,310	1,460,695,186	1,697,418,127
Restricted for:				
3M Settlement	184,210	—	184,210	—
Business-type operations	—	—	—	11,066,022
Capital projects	—	—	—	22,405,852
Catalyst loan program	1,579,847	—	1,579,847	—
Community reinvestment and repair	3,035,766	—	3,035,766	—
Debt Service	—	—	—	3,281,147
Deferred support	—	—	—	268,230
Disposable plastic reduction	625,428	—	625,428	—
Economic development initiatives	663,033	—	663,033	—
Education	—	—	—	12,207,236
Fire & rescue services	155,476,654	—	155,476,654	—
Forest conservation	1,362,407	—	1,362,407	—
Glenelg wastewater treatment plant	—	—	—	1,493,503
Health and dental	—	—	—	3,000,000
Housing opportunity trust fund	7,619,473	—	7,619,473	—
Middle Patuxent environmental area program	208,277	—	208,277	—
MIHU Fee-in-Lieu	5,366,760	—	5,366,760	—
Open space	719,506	—	719,506	—
Opioid Abatement	20,470,410	—	20,470,410	—
Other Reserves	—	—	—	167,121
Parkland watershed facilities	19,538,673	—	19,538,673	—
Permanent public improvement	1,686,346	—	1,686,346	—
Print services	—	—	—	70,000
Program revenue	346,045	—	346,045	—
Public road facilities	57,701,246	—	57,701,246	—
Public school facilities	68,322,562	—	68,322,562	—
Replace Reserves	—	—	—	7,449,980
Speed enforcement	951,078	—	951,078	—
Tax increment financing project	21,631,226	—	21,631,226	—
Technology services	—	—	—	8,000,000
Transit services	584,682	—	584,682	—
Vaping	1,685,994	—	1,685,994	—
Debt services	—	8,903,642	8,903,642	—
Unrestricted (deficits)	(348,659,101)	204,070,758	(144,588,343)	(943,124,699)
Total net position	\$ 1,032,443,398	\$ 662,326,710	\$ 1,694,770,108	\$ 823,702,519

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Primary government:								
General government	\$ 157,691,362	\$ 54,994,541	\$ 26,214,977	\$ 8,364,321	\$ (68,117,523)	\$ —	\$ (68,117,523)	\$ —
Public safety	329,292,952	27,644,064	3,173,778	—	(298,475,110)	—	(298,475,110)	—
Public works	225,284,774	75,860,664	6,464,065	18,833,099	(124,126,946)	—	(124,126,946)	—
Recreation and parks	75,232,992	24,120,902	76,048	7,021,061	(44,014,981)	—	(44,014,981)	—
Legislative and judicial	41,971,108	931,168	959,083	—	(40,080,857)	—	(40,080,857)	—
Community services	80,124,749	10,955,129	10,260,138	—	(58,909,482)	—	(58,909,482)	—
Education	900,118,744	—	—	57,795,626	(842,323,118)	—	(842,323,118)	—
State highways	465,361	—	—	—	(465,361)	—	(465,361)	—
Interest on long-term debt	54,112,901	—	—	—	(54,112,901)	—	(54,112,901)	—
Total governmental activities	1,864,294,943	194,506,468	47,148,089	92,014,107	(1,530,626,279)	—	(1,530,626,279)	—
Business-type activities:								
Broadband	2,637,738	1,866,019	—	—	—	(771,719)	(771,719)	—
Special recreation facility	136,885	662,975	—	—	—	526,090	526,090	—
Water and sewer	128,420,470	78,875,694	45,582,325	2,842,680	—	(1,119,771)	(1,119,771)	—
Watershed	10,215,810	25,376,340	—	—	—	15,160,530	15,160,530	—
Total business-type activities	141,410,903	106,781,028	45,582,325	2,842,680	—	13,795,130	13,795,130	—
Total primary government	\$ 2,005,705,846	\$ 301,287,496	\$ 92,730,414	\$ 94,856,787	\$ (1,530,626,279)	\$ 13,795,130	\$ (1,516,831,149)	\$ —
Component units:								
Community college	128,860,006	33,462,682	20,015,836	22,213,606	—	—	—	(53,167,882)
Housing commission	78,861,682	36,963,577	6,043,815	19,783,672	—	—	—	(16,070,618)
Library	29,077,943	779,982	776,331	—	—	—	—	(27,521,630)
Public school system	1,505,038,129	14,899,235	293,880,253	48,378,919	—	—	—	(1,147,879,722)
Total component units	\$ 1,741,837,760	\$ 86,105,476	\$ 320,716,235	\$ 90,376,197	\$ —	\$ —	\$ —	\$(1,244,639,852)

(continued)

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2025

	Governmental Activities	Business-Type Activities	Total	Component Units
General revenues and transfers:				
Property taxes	\$ 850,376,334	\$ —	\$ 850,376,334	\$ —
Local income taxes	713,552,544	—	713,552,544	—
Transfer tax	41,675,974	—	41,675,974	—
Recordation tax	20,240,235	—	20,240,235	—
Building excise tax	5,591,729	—	5,591,729	—
Hotel / motel tax	6,092,885	—	6,092,885	—
Admission tax	3,911,628	—	3,911,628	—
Cannabis sales tax	1,318,935	—	1,318,935	—
County development tax	52,719	—	52,719	—
Intergovernmental, unrestricted	5,339,061	—	5,339,061	347,132,478
Unrestricted investment income	53,522,828	12,251,779	65,774,607	20,923,173
Miscellaneous	1,296,317	229,891	1,526,208	47,783,591
Capital contributions	(5,780,231)	5,780,231	—	—
Transfers, net	7,222,472	(7,222,472)	—	—
Total general revenues and transfers	1,704,413,430	11,039,429	1,715,452,859	1,254,646,414
Change in net position	173,787,151	24,834,559	198,621,710	10,006,562
Net position - beginning	892,059,325	638,719,118	1,530,778,443	813,695,957
Adjustment to restate beginning balance				
Change in accounting principles GASB 101	(33,403,078)	(1,226,967)	(34,630,045)	—
Net position - beginning, as restated	858,656,247	637,492,151	1,496,148,398	813,695,957
Net position - ending	<u>\$ 1,032,443,398</u>	<u>\$ 662,326,710</u>	<u>\$ 1,694,770,108</u>	<u>\$ 823,702,519</u>

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	General Capital Projects Fund	Fire and Rescue Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	\$ 377,686,281	\$ 107,365,381	\$ 154,765,600	\$ 238,232,193	\$ 878,049,455
Cash with fiscal agent	—	—	—	5,582,177	5,582,177
Receivables (net of allowances for uncollectibles)	13,960,237	76,978	5,870,778	36,489,288	56,397,281
Lease receivables	586,873	—	—	9,132	596,005
Due from component units	7,176,073	49,391,715	—	9,353,631	65,921,419
Due from other governments	357,643,511	5,160,743	—	14,819,835	377,624,089
Due from other funds	1,302,522	—	—	422,000	1,724,522
Materials and supplies	960,254	—	591,653	163,178	1,715,085
Prepays	9,939	—	—	1,416,363	1,426,302
Total assets	759,325,690	161,994,817	161,228,031	306,487,797	1,389,036,335
LIABILITIES					
Accounts payable / accrued liabilities	16,520,977	19,016,903	778,974	17,927,489	54,244,343
Accrued wages and benefits	11,927,913	67,560	4,380,751	1,238,535	17,614,759
Short-term loans and notes payable	—	18,188,732	—	7,438,805	25,627,537
Deposits and connection fees	8,849,348	—	—	1,264,730	10,114,078
Unearned revenue	122,704	6,835,727	—	25,211,810	32,170,241
Total liabilities	37,420,942	44,108,922	5,159,725	53,081,369	139,770,958
DEFERRED INFLOWS OF RESOURCES					
Unavailable income taxes	313,369,678	—	—	—	313,369,678
Unavailable property taxes	12,859,871	—	1,640,722	—	14,500,593
Unavailable fees	2,259,966	—	1,995,436	21,744,353	25,999,755
Unavailable grant revenues	—	52,728,414	—	2,930,057	55,658,471
Unavailable lease revenues	577,127	—	—	8,849	585,976
Total deferred inflows	329,066,642	52,728,414	3,636,158	24,683,259	410,114,473
Total liabilities and deferred inflows	366,487,584	96,837,336	8,795,883	77,764,628	549,885,431
FUND BALANCES					
Nonspendable	8,146,266	—	591,653	1,579,541	10,317,460
Restricted	—	70,008,908	151,840,495	130,921,992	352,771,395
Committed	92,114,414	—	—	124,314,410	216,428,824
Assigned	254,584,959	—	—	14,775,586	269,360,545
Unassigned (deficits)	37,992,467	(4,851,427)	—	(42,868,360)	(9,727,320)
Total fund balances (deficits)	392,838,106	65,157,481	152,432,148	228,723,169	839,150,904
Total liabilities, deferred inflows and fund balances	\$ 759,325,690	\$ 161,994,817	\$ 161,228,031	\$ 306,487,797	\$ 1,389,036,335

The accompanying notes are an integral part of these financial statements.

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

Amounts reported for governmental activities in the statement of net position (page 26) are different because:

Total fund balances - governmental funds (page 29)		\$ 839,150,904
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal services funds are included in governmental activities in the statement of net position.....		
		63,168,206
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, not reported in the funds:		
Bonds and notes payable	(1,290,123,428)	
Long-term financed purchase obligation	(2,237,000)	
Availability payment arrangement obligation	(95,700,210)	
Lease liability	(87,340,366)	
Subscription based information technology agreements liability	(11,935,560)	
Deferred refunding gain/loss and premium	(121,865,591)	
Other noncurrent liabilities	(7,068,319)	
Accrued interest payable	(17,797,364)	
Compensated absences	(70,449,779)	
Landfill closure and post-closure	(27,511,000)	
Total long-term liabilities		(1,732,028,617)
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.....		
		1,914,176,288
The net pension liability, LOSAP, and OPEB liabilities are not due and payable in the current period and related deferred inflows and outflows are not an available resource, and therefore, are not reported in the funds.		
		(465,867,604)
Other long-term assets are not available to pay for current-period expenditures, and therefore, are either deferred or not reported in the funds:		
Deferred inflows	410,114,474	
Other	3,729,747	
Total other long-term assets		413,844,221
Net position of governmental activities (page 26)		\$ 1,032,443,398

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	General Fund	General Capital Projects Fund	Fire and Rescue Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 701,652,235	\$ —	\$ 140,702,533	\$ 6,088,648	\$ 848,443,416
Other local taxes	724,793,372	10,418,993	—	36,901,428	772,113,793
State shared taxes	5,339,061	—	—	—	5,339,061
Revenues from other governments	15,497,499	77,780,415	—	39,397,095	132,675,009
Charges for services	10,198,151	—	18,952,250	66,068,337	95,218,738
Investment income:					
Interest on investments	31,226,283	3,241,304	8,539,965	11,233,314	54,240,866
Installment interest	16,359	—	—	157,618	173,977
Licenses and permits	5,632,048	—	—	313,944	5,945,992
Fines and forfeitures	3,059,038	—	1,785	3,489,360	6,550,183
Developer fees	—	—	—	1,532,601	1,532,601
Payments from component units	368,165	—	—	—	368,165
Miscellaneous program revenues	2,896,370	13,811,956	116,128	12,760,856	29,585,310
Total revenues	1,500,678,581	105,252,668	168,312,661	177,943,201	1,952,187,111
EXPENDITURES					
Current:					
General government	108,714,320	—	—	18,069,835	126,784,155
Legislative & judicial	41,547,473	—	—	1,184,582	42,732,055
Public works	93,129,460	546,374	—	45,849,990	139,525,824
Public safety	170,942,983	—	152,217,270	7,223,272	330,383,525
Recreation and parks	29,528,824	—	—	23,994,985	53,523,809
Community services	52,636,998	—	—	29,610,151	82,247,149
Education	836,980,000	60,634,751	—	—	897,614,751
Capital improvements	—	119,202,940	—	63,608,103	182,811,043
Debt service:					
Principal payments on debt	105,849,912	—	50,574	5,713,400	111,613,886
Interest payments on debt	52,765,843	—	7,246	5,476,039	58,249,128
Total expenditures	1,492,095,813	180,384,065	152,275,090	200,730,357	2,025,485,325
Excess (deficiency) of revenues over expenditures	8,582,768	(75,131,397)	16,037,571	(22,787,156)	(73,298,214)
OTHER FINANCING SOURCES (USES)					
Lease issued	461,913	—	202,583	—	664,496
Loan proceeds	—	—	—	5,848,000	5,848,000
Bond premium	—	7,806,153	—	1,140,753	8,946,906
Capital-related issuance of debt	—	96,381,493	—	11,360,642	107,742,135
Refunding bonds issued	—	21,501,940	—	1,363,061	22,865,001
Installment purchase agreements issued	—	—	—	2,614,860	2,614,860
Payment made to escrow agent	—	(22,892,914)	—	(1,225,346)	(24,118,260)
Transfers in	42,466,805	92,325,428	—	44,602,033	179,394,266
Transfers out	(133,977,461)	(5,471,239)	(10,301,425)	(27,441,930)	(177,192,055)
Total other financing sources (uses)	(91,048,743)	189,650,861	(10,098,842)	38,262,073	126,765,349
Net change in fund balances	(82,465,975)	114,519,464	5,938,729	15,474,917	53,467,135
Fund balances (deficit) - beginning	475,304,081	(49,361,983)	146,493,419	213,248,252	785,683,769
Fund balances (deficit) - ending	\$ 392,838,106	\$ 65,157,481	\$ 152,432,148	\$ 228,723,169	\$ 839,150,904

The accompanying notes are an integral part of these financial statements.

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

Amounts reported for governmental activities in the statement of activities (page 28) are different because:

Net change in fund balances - total governmental funds (page 31) \$ 53,467,135

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceed depreciation in the current period is as follows:

Capital outlays	146,318,659	
Less: Depreciation expense	(71,610,244)	
		74,708,415

In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land and buildings sold..... (390,761)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 61,305

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These amounts represent the net change:

Primary property taxes	1,932,892	
Individual income tax	19,975,226	
Grant revenues	6,255,643	
Charges for services and other.....	2,314,675	
		30,478,436

Long-term debt proceeds (i.e., bonds, leases, installment purchase agreements) provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities..... (24,988,357)

In the statement of activities, some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds..... 40,437,172

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities..... 13,806

Change in net position of governmental activities (page 28) \$ 173,787,151

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2025

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 698,813,000	\$ 698,813,000	\$ 701,950,777	\$ 3,137,777
Other local taxes	665,058,057	665,058,057	724,793,371	59,735,314
State shared taxes	5,584,000	5,584,000	5,339,061	(244,939)
Revenues from other governments	11,657,000	11,657,000	15,497,499	3,840,499
Charges for services	11,013,000	11,013,000	10,198,152	(814,848)
Interest on investments	10,500,000	10,500,000	42,890,005	32,390,005
Licenses and permits	6,812,221	6,812,221	5,632,052	(1,180,169)
Recoveries for inter-fund services	23,377,187	23,377,187	23,332,034	(45,153)
Fines and forfeitures	3,100,000	3,100,000	3,059,037	(40,963)
Component units return of funding	368,170	368,170	368,166	(4)
Miscellaneous program revenue	5,635,000	5,635,000	3,051,619	(2,583,381)
Total revenues	1,441,917,635	1,441,917,635	1,536,111,773	94,194,138
EXPENDITURES				
Current:				
General government	58,432,419	119,639,049	114,386,472	5,252,577
Legislative & judicial	44,648,646	44,648,646	41,449,961	3,198,685
Public works	105,388,006	107,596,512	106,062,060	1,534,452
Public safety	182,465,196	179,855,133	179,208,386	646,747
Recreation and parks	31,527,751	31,597,696	31,586,093	11,603
Community services	36,484,195	34,153,734	33,489,086	664,648
Education	836,980,000	836,980,000	836,980,000	—
Health Department	19,753,098	19,699,325	17,271,329	2,427,996
Debt service:				
Principal payments on debt	102,976,370	105,481,944	105,481,359	585
Interest payments on debt	52,448,351	52,846,732	52,783,128	63,604
Total expenditures	1,471,104,032	1,532,498,771	1,518,697,874	13,800,897
Excess (deficiency) of revenues over expenditures	(29,186,397)	(90,581,136)	17,413,899	107,995,035
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	196,092,300	196,092,300	87,965,600	(108,126,700)
Transfers in	38,605,338	38,605,338	38,605,261	(77)
Transfers out	(205,511,241)	(144,116,502)	(143,583,662)	532,840
Total other financing sources (uses)	29,186,397	90,581,136	(17,012,801)	(107,593,937)
Net change in fund balance	—	—	401,098	401,098
Fund balances - beginning			466,500,112	
Fund balances - ending			\$ 378,935,610	*

(*) See Note 1(P) for ending fund balance reconciliation.

Health Department's fund balance is combined with the General Fund for the budgetary basis statement only.

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Fire and Rescue Reserve Fund
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 141,500,000	\$ 141,500,000	\$ 140,702,533	\$ (797,467)
Charges for services	11,550,000	11,550,000	18,787,839	7,237,839
Fines and forfeitures	1,000	1,000	1,785	785
Miscellaneous program revenue	135,000	135,000	116,128	(18,872)
Total revenues	153,186,000	153,186,000	159,608,285	6,422,285
EXPENDITURES				
Public safety:				
Administrative	161,032,152	160,938,448	155,044,818	5,893,630
Debt services:				
Principal payments on debt	—	86,575	86,574	1
Interest payments on debt	—	7,129	7,129	—
Total expenditures	161,032,152	161,032,152	155,138,521	5,893,631
Excess (deficiency) of revenues over expenditures	(7,846,152)	(7,846,152)	4,469,764	12,315,916
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	9,607,618	9,607,618	—	(9,607,618)
Transfers out	(1,761,466)	(1,761,466)	(1,761,460)	6
Total other financing sources (uses)	7,846,152	7,846,152	(1,761,460)	(9,607,612)
Net change in fund balance	—	—	2,708,304	2,708,304
Plus prior year encumbrances lapsed			111,550	
Fund balance - beginning			132,388,097	
Fund balance - ending			\$ 135,207,951	*

(*) See Note 1(P) for ending fund balance reconciliation.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Other Funds	Total Funds	Internal Services Funds
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 9,236,833	\$ 35,605,634	\$ 10,969,317	\$ 55,811,784	\$ 47,051,225
Receivables:					
Property taxes, net	279,519	36,300	—	315,819	—
Service billings	16,114,792	—	198,029	16,312,821	1,057,121
Other receivables	1,047,074	—	1,906	1,048,980	1,279,745
Lease receivables, current	—	—	381,668	381,668	819,205
Materials and supplies	1,949,838	—	—	1,949,838	1,841,099
Prepays	—	—	—	—	1,865,956
Restricted assets:					
Equity in pooled cash and cash equivalents	206,243,016	—	—	206,243,016	—
Water and sewer assessments	2,116,580	—	—	2,116,580	—
Total current assets	236,987,652	35,641,934	11,550,920	284,180,506	53,914,351
Noncurrent assets:					
Lease receivables, noncurrent	—	—	4,229,275	4,229,275	9,837,619
Other receivables	—	—	27,475	27,475	—
Restricted assets:					
Other receivables	—	91,014	—	91,014	—
Water and sewer assessments	6,787,062	—	—	6,787,062	—
Capital assets:					
Land and land improvements	3,068,642	839,577	8,684,896	12,593,115	—
Construction in progress	67,354,119	—	—	67,354,119	—
Buildings and improvements, net	116,933,670	273,948	361,373	117,568,991	52,182
Machinery and equipment, net	4,092,019	379,257	739,563	5,210,839	52,954,904
Infrastructure, net	558,117,284	92,062,108	6,522,378	656,701,770	544,442
Improvement other, net	28,084,074	745,922	1,328,130	30,158,126	1,204,290
Intangible right-to-use assets, net	5,483,271	—	—	5,483,271	—
Intangible right-to-use subscription, net	480,514	—	—	480,514	8,670,624
Total noncurrent assets	790,400,655	94,391,826	21,893,090	906,685,571	73,264,061
Total assets	1,027,388,307	130,033,760	33,444,010	1,190,866,077	127,178,412
DEFERRED OUTFLOWS OF RESOURCES					
Deferred refunding amount	2,482,492	—	—	2,482,492	—
Pension plans	5,043,774	—	—	5,043,774	—
Other post-employment benefits	5,547,340	—	—	5,547,340	—
Total deferred outflows of resources	13,073,606	—	—	13,073,606	—
Total assets and deferred outflows of resources	1,040,461,913	130,033,760	33,444,010	1,203,939,683	127,178,412
LIABILITIES					
Current liabilities:					
Due to other funds	—	—	1,724,522	1,724,522	—
Accounts payable	7,550,165	340,966	80,302	7,971,433	8,215,101
Accrued interest payable	—	—	—	—	170,843
Accrued wages and benefits	713,571	62,814	28,989	805,374	1,169,843
Compensated absences	437,048	34,287	27,643	498,978	29,858
Deposits and connection fees	—	—	—	—	75,000
Lease liability	338,810	—	—	338,810	—
Subscription liability	197,239	—	—	197,239	4,403,434

(continued)

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental Activities	
	Water and Sewer	Watershed Protection and Restoration	Other Funds	Total Funds	Internal Services Funds
Unpaid insurance claims	—	—	—	—	9,350,904
Certificate of participation (COPs)	—	—	—	—	730,000
Unearned revenue	—	—	—	—	48,009
Total current liabilities	9,236,833	438,067	1,861,456	11,536,356	24,192,992
Current liabilities payable from restricted assets:					
Deposits and connection fees	1,296,311	—	—	1,296,311	—
Developer agreement rebates and deposits	49,794	—	—	49,794	—
Other debt payable	7,155,074	—	—	7,155,074	—
Certificate of participation (COPs)	270,000	—	—	270,000	—
Bonds and note payable	15,885,000	1,193,911	125,900	17,204,811	—
Loan payable	—	174,058	—	174,058	—
Interest payable	5,395,460	466,005	45,883	5,907,348	—
Total current liabilities payable from restricted assets	30,051,639	1,833,974	171,783	32,057,396	—
Total current liabilities	39,288,472	2,272,041	2,033,239	43,593,752	24,192,992
Noncurrent liabilities:					
Developer agreement rebates and deposits	221,541	—	—	221,541	—
Net OPEB liability	12,715,040	—	—	12,715,040	—
Net pension liability	5,446,328	—	—	5,446,328	—
Compensated absences	1,973,177	148,902	126,112	2,248,191	3,555,147
Unpaid insurance claims	—	—	—	—	17,876,425
Long-term certificate of participation (COPs)	1,050,000	—	—	1,050,000	18,607
Metropolitan district bonds payable	417,095,913	31,650,766	—	448,746,679	—
Long-term bonds payable	—	—	2,904,960	2,904,960	—
Lease liability	5,484,537	—	—	5,484,537	—
Subscription liability	207,950	—	—	207,950	3,702,765
Unearned revenue	1,612,843	—	101,708	1,714,551	—
Other long-term debt	1,271,113	443,563	—	1,714,676	—
Total noncurrent liabilities	447,078,442	32,243,231	3,132,780	482,454,453	25,152,944
Total liabilities	486,366,914	34,515,272	5,166,019	526,048,205	49,345,936
DEFERRED INFLOWS OF RESOURCES					
Deferred lease revenue	—	—	4,452,313	4,452,313	9,814,658
Pension plans	443,156	—	—	443,156	—
Other post-employment benefits	15,518,911	—	—	15,518,911	—
Total deferred inflows of resources	15,962,067	—	4,452,313	20,414,380	9,814,658
Total liabilities and deferred inflows of resources	502,328,981	34,515,272	9,618,332	546,462,585	59,160,594

(continued)

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-Type Activities			Governmental Activities	
	Water and Sewer	Watershed Protection and Restoration	Other Funds	Total Funds	Internal Services Funds
NET POSITION					
Net investment in capital assets	373,955,538	60,791,292	14,605,480	449,352,310	54,571,636
Restricted:					
Debt service	8,903,642	—	—	8,903,642	—
Unrestricted	155,273,752	34,727,196	9,220,198	199,221,146	13,446,182
Total net position	<u>\$ 538,132,932</u>	<u>\$ 95,518,488</u>	<u>\$ 23,825,678</u>	<u>\$ 657,477,098</u>	<u>\$ 68,017,818</u>
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				<u>4,849,612</u>	
Net position of business-type activities				<u>\$ 662,326,710</u>	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Other Funds	Total Funds	Internal Services Funds
Operating revenues:					
User charges	\$ 75,131,596	\$ 25,329,981	\$ 1,850,954	\$ 102,312,531	\$ 146,471,497
Insurance recoveries	—	—	—	—	1,425,692
Miscellaneous sales and services	3,101,763	46,359	678,040	3,826,162	1,268,324
Total operating revenues	78,233,359	25,376,340	2,528,994	106,138,693	149,165,513
Operating expenses:					
Salaries and employee benefits	15,857,407	1,622,371	758,738	18,238,516	23,783,723
Contractual services	24,172,746	4,319,601	618,032	29,110,379	14,805,479
Materials and supplies	6,462,352	160,708	189,724	6,812,784	10,048,922
Business and travel	95,240	3,565	1,258	100,063	493,301
Vehicle fuels and supplies	3,045,945	24,705	—	3,070,650	4,512,068
Purchased water and transmission charges	18,524,229	—	—	18,524,229	—
Sewage treatment charges	7,485,685	—	—	7,485,685	—
Share of county administrative expenses	7,881,914	1,100,290	—	8,982,204	1,288,191
Insurance claims	2,029	—	—	2,029	85,587,382
Other administrative	54,537	93,287	—	147,824	2,631,461
Depreciation and amortization expense	31,177,297	1,699,305	1,085,883	33,962,485	16,386,680
Less: house connection and capitalized overhead costs	(17,700)	—	—	(17,700)	—
Total operating expenses	114,741,681	9,023,832	2,653,635	126,419,148	159,537,207
Operating income (loss)	(36,508,322)	16,352,508	(124,641)	(20,280,455)	(10,371,694)
Nonoperating revenues (expenses):					
Ad valorem charges	45,582,325	—	—	45,582,325	—
Water and sewer assessment charges	642,335	—	—	642,335	—
Interest on investments	9,977,524	1,812,393	461,862	12,251,779	1,980,448
Interest expense	(13,825,224)	(1,191,978)	(120,988)	(15,138,190)	(109,278)
Proceeds from the sale or disposition of capital assets	—	—	—	—	1,041,050
Gain (loss) on sale of capital assets	(31,061)	—	—	(31,061)	—
Other, net	—	229,222	669	229,891	—
Total nonoperating revenues (expenses)	42,345,899	849,637	341,543	43,537,079	2,912,220
Net income (loss) before contributions and transfers	5,837,577	17,202,145	216,902	23,256,624	(7,459,474)
Capital contributions	2,842,680	5,780,231	—	8,622,911	2,630,519
Transfers in	—	—	800,000	800,000	6,730,336
Transfers out	—	(8,000,000)	(22,472)	(8,022,472)	(1,710,075)
Change in net position	8,680,257	14,982,376	994,430	24,657,063	191,306
Net position - beginning	530,523,241	80,610,237	103,523,761	714,657,239	69,494,335
Adjustment to beginning net position					
Change within financial reporting entity (non-major to major)	—	—	(80,610,237)	(80,610,237)	—
Change in accounting principles GASB 101	(1,070,566)	(74,125)	(82,276)	(1,226,967)	(1,667,823)
Net position - beginning of year, as restated	529,452,675	80,536,112	22,831,248	632,820,035	67,826,512
Net position - ending	\$ 538,132,932	\$ 95,518,488	\$ 23,825,678	\$ 657,477,098	\$ 68,017,818
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				177,496	
Change in net position of business-type activities				\$ 24,834,559	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Other Funds	Total Funds	Internal Services Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 79,993,709	\$ 25,328,263	\$ 2,079,704	\$ 107,401,676	\$ 149,843,859
Cash paid to suppliers	(58,450,564)	(3,598,628)	(197,165)	(62,246,357)	(105,299,192)
Cash paid to / for employees	(18,097,050)	(1,521,076)	(646,559)	(20,264,685)	(21,869,012)
Cash paid for inter-fund services used	—	(746,244)	(258,365)	(1,004,609)	(717,823)
Other operating disbursements	(10,600,315)	(1,316,444)	—	(11,916,759)	(10,069,799)
Net cash provided by (used for) operating activities	<u>(7,154,220)</u>	<u>18,145,871</u>	<u>977,615</u>	<u>11,969,266</u>	<u>11,888,033</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Inter-fund payable	—	—	(596,483)	(596,483)	—
Inter-fund operating transfers in	—	(8,000,000)	800,000	(7,200,000)	5,930,336
Net cash provided by (used for) noncapital financing activities	<u>—</u>	<u>(8,000,000)</u>	<u>203,517</u>	<u>(7,796,483)</u>	<u>5,930,336</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from sale of county bonds	2,875,588	1,999,776	—	4,875,364	—
Cash receipts from assessments and connection charges	46,331,130	—	—	46,331,130	—
Revenue from other governments	548,657	—	—	548,657	—
Capital contribution	3,967,437	—	(82,276)	3,885,161	—
Acquisition and construction of capital assets	(20,304,578)	(74,125)	—	(20,378,703)	(18,201,465)
Acquisition of leases	—	—	—	—	1,041,050
Certificate of participation (COPs)	(255,000)	—	—	(255,000)	—
Payment of long-term debt	(13,882,931)	(1,095,216)	(245,852)	(15,223,999)	(1,545,798)
Payment of leases	(394,818)	—	—	(394,818)	—
Payment of subscription liability	(203,093)	—	—	(203,093)	(4,569,012)
Net cash provided by (used for) capital and related financing activities	<u>18,682,392</u>	<u>830,435</u>	<u>(328,128)</u>	<u>19,184,699</u>	<u>(23,275,225)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	10,107,996	1,810,179	443,424	12,361,599	1,070,373
Net cash provided by investing activities	<u>10,107,996</u>	<u>1,810,179</u>	<u>443,424</u>	<u>12,361,599</u>	<u>1,070,373</u>
Net increase (decrease) in cash and cash equivalents	21,636,168	12,786,485	1,296,428	35,719,081	(4,386,483)
Cash and cash equivalents - beginning of the year	193,843,681	22,819,149	9,672,889	226,335,719	51,437,708
Cash and cash equivalents - end of the year	<u>215,479,849</u>	<u>35,605,634</u>	<u>10,969,317</u>	<u>262,054,800</u>	<u>47,051,225</u>

(continued)

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

	Business-Type Activities			Total Funds	Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Other Funds		Internal Services Funds
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating (loss) income	(36,508,322)	16,352,508	(124,641)	(20,280,455)	(10,371,694)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	31,177,297	1,699,305	1,085,883	33,962,485	16,386,680
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	1,557,499	(48,078)	(67,126)	1,442,295	(402,225)
Property taxes, net	142,277	—	—	142,277	—
Lease receivables	—	—	(382,164)	(382,164)	1,080,571
Materials and supplies	(368,247)	—	—	(368,247)	(9,330)
Prepaid expenses	—	—	—	—	703,667
Accounts payable	(1,021,778)	37,119	6,312	(978,347)	1,409,216
Accrued wages and benefits	156,495	14,195	4,579	175,269	279,864
Accrued interest payable	—	—	—	—	(97,958)
Unpaid insurance claims	—	—	—	—	1,876,670
Compensated absences	1,417,391	90,822	109,213	1,617,426	2,220,866
Unearned revenue	—	—	(1,389)	(1,389)	48,009
Deferred lease revenues	—	—	346,948	346,948	(1,236,303)
Increase in net OPEB and pension activities	(3,706,832)	—	—	(3,706,832)	—
Total adjustments	29,354,102	1,793,363	1,102,256	32,249,721	22,259,727
Net cash provided by (used for) operating activities	\$ (7,154,220)	\$ 18,145,871	\$ 977,615	\$ 11,969,266	\$ 11,888,033

Noncash investing, capital, and financing activities:

\$1,676,800 was contributed to the Water and Sewer Fund by various entities and developers for water and sewer lines.
Lease and subscription issuance in Water & Sewer Fund were \$3,816,832 and \$608,281 respectively.
Contributions from various Capital Project Funds to the Watershed Fund totaled \$5,780,231.
Subscription liability in the Internal Service Funds totals \$8,106,199.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2025

	Pension (and OPEB Trust) Funds	Custodial Funds
ASSETS		
Equity in pooled cash	\$ —	\$ 2,261,206
Receivables:		
Interest and dividends	915,030	—
Employer contributions	3,004,654	—
Member contributions	773,560	—
Property taxes	—	395,728
Prepays	—	7,764
Other	295	549,888
Investments, at fair value:		
Cash equivalents	148,659	—
Equities	774,833,530	—
Alternative investments	418,705,409	—
Mutual funds	325,454,376	—
Money market funds	26,221,636	—
Fixed income securities	432,589,594	—
Real assets	77,643,178	—
Prepays	56,098	—
Total assets	2,060,346,019	3,214,586
LIABILITIES		
Due to other governments	—	17,834
Accounts payable	56,772	2,132,731
Investments purchased	659,245	—
Other	2,317,227	—
Total liabilities	3,033,244	2,150,565
NET POSITION		
Restricted for:		
Pensions	1,714,399,922	—
Other post-employment benefits	342,912,853	—
Individuals, organizations, and other governments	—	1,064,021
Net Position	\$ 2,057,312,775	\$ 1,064,021

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	Pension (and OPEB Trust) Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 117,195,525	\$ —
Member	17,417,586	—
Total contributions	134,613,111	—
Investment income (expense):		
Net change in fair value of investments	153,122,345	—
Interest	4,033,139	—
Dividends	38,599,332	—
Other	162,340	—
Investment expense	(3,724,450)	—
Net investment income (loss)	192,192,706	—
Property tax collection for other governments:		
Property taxes	—	80,905,934
Other local taxes and fees	—	19,805
Miscellaneous revenue	—	1,330,704
Total property tax collections and miscellaneous revenue	—	82,256,443
Total additions	326,805,817	82,256,443
DEDUCTIONS		
Benefits	119,443,861	—
Property taxes paid to other governments	—	81,128,397
Administrative expenses	1,492,230	1,021,389
Contractual services	—	192,751
Materials and supplies	—	63,707
Total deductions	120,936,091	82,406,244
Net increase (decrease) in fiduciary net position	205,869,726	(149,801)
Net position - beginning	1,851,443,049	1,213,822
Net position - ending	\$ 2,057,312,775	\$ 1,064,021

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2025

	Community College	Housing Commission	Library	Public School System	Total
ASSETS					
Equity in pooled cash and investments	\$ 113,991,876	\$ 21,675,613	\$ 6,181,872	\$ 22,430,140	\$ 164,279,501
Investments	9,426,025	5,649,889	1,871,147	174,677,993	191,625,054
Receivables:					
Due from other governments	52,287,304	—	—	58,474,937	110,762,241
Other	2,368,067	4,090,155	151,819	6,748,631	13,358,672
Lease receivable	—	10,622,610	—	—	10,622,610
Prepays	546,053	3,429,166	641,030	86,590	4,702,839
Materials and supplies	—	—	—	880,776	880,776
Restricted assets:					
Cash and cash equivalents	—	21,241,113	60,939	—	21,302,052
Investments	13,246,209	—	207,291	—	13,453,500
Mortgage receivable	—	8,184,588	—	—	8,184,588
Capital Assets:					
Land and land improvements	378,578	94,584,351	—	40,181,906	135,144,835
Construction in progress	103,328,169	241,457	—	8,178,863	111,748,489
Buildings and improvements, net	227,350,701	227,620,562	—	1,333,055,828	1,788,027,091
Machinery and equipment, net	3,349,452	—	604,415	6,497,386	10,451,253
Other capital assets	1,031,440	—	—	—	1,031,440
Other noncurrent assets	676,273	1,395,229	1,921,010	13,137,944	17,130,456
Total assets	527,980,147	398,734,733	11,639,523	1,664,350,994	2,602,705,397
DEFERRED OUTFLOWS					
Pension plans	1,423,516	121,765	—	31,541,023	33,086,304
Other post-employment benefits	5,184,334	866,701	3,576,910	418,633,533	428,261,478
Derivative instruments - interest rate swap	—	934,624	—	—	934,624
Total deferred outflows	6,607,850	1,923,090	3,576,910	450,174,556	462,282,406
Total assets and deferred outflows	534,587,997	400,657,823	15,216,433	2,114,525,550	3,064,987,803
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	5,821,539	4,172,699	1,233,407	9,497,116	20,724,761
Accrued salaries and benefits	5,918,650	—	800,131	—	6,718,781
Deposits	173,056	1,136,734	—	—	1,309,790
Due to primary government	56,758,293	9,353,219	—	—	66,111,512
Unearned revenue	1,894,151	2,897,296	451,640	153,270,649	158,513,736
Long-term liabilities:					
Due within one year	2,913,047	5,211,639	—	7,436,437	15,561,123
Due in more than one year, net	20,980,267	340,980,557	10,992,737	944,072,649	1,317,026,210
Total liabilities	94,459,003	363,752,144	13,477,915	1,114,276,851	1,585,965,913
DEFERRED INFLOWS					
Pension plans	175,370	103,906	—	2,168,845	2,448,121
Other post-employment benefits	24,632,342	1,217,564	12,418,562	603,695,579	641,964,047
Deferred lease revenue	—	10,907,203	—	—	10,907,203
Total deferred inflows	24,807,712	12,228,673	12,418,562	605,864,424	655,319,371
Total liabilities and deferred inflows	119,266,715	375,980,817	25,896,477	1,720,141,275	2,241,285,284

(continued)

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2025

	<u>Community College</u>	<u>Housing Commission</u>	<u>Library</u>	<u>Public School System</u>	<u>Total</u>
NET POSITION					
Net investment in capital assets	327,255,619	(19,717,796)	2,525,425	1,387,354,879	1,697,418,127
Restricted for:					
Glenelg wastewater treatment plant	—	—	—	1,493,503	1,493,503
Print services	—	—	—	70,000	70,000
Technology services	—	—	—	8,000,000	8,000,000
Health and dental	—	—	—	3,000,000	3,000,000
Education	12,207,236	—	—	—	12,207,236
Deferred support	—	—	268,230	—	268,230
Capital projects	—	—	—	22,405,852	22,405,852
Replace Reserves	—	7,449,980	—	—	7,449,980
Debt Service	—	3,281,147	—	—	3,281,147
Other Reserves	—	167,121	—	—	167,121
Business-type operations	11,066,022	—	—	—	11,066,022
Unrestricted	64,792,405	33,496,554	(13,473,699)	(1,027,939,959)	(943,124,699)
Total net position (deficit)	<u>\$ 415,321,282</u>	<u>\$ 24,677,006</u>	<u>\$ (10,680,044)</u>	<u>\$ 394,384,275</u>	<u>\$ 823,702,519</u>

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Activities
Component Units
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Community College	Housing Commission	Library	Public School System	Total
Component units:									
Community college	\$ 128,860,006	\$ 33,462,682	\$ 20,015,836	\$ 22,213,606	\$ (53,167,882)	\$ —	\$ —	\$ —	\$ (53,167,882)
Housing commission*	78,861,682	36,963,577	6,043,815	19,783,672	—	(16,070,618)	—	—	(16,070,618)
Library	29,077,943	779,982	776,331	—	—	—	(27,521,630)	—	(27,521,630)
Public school system	1,505,038,129	14,899,235	293,880,253	48,378,919	—	—	—	(1,147,879,722)	(1,147,879,722)
Total component units	\$ 1,741,837,760	\$ 86,105,476	\$ 320,716,235	\$ 90,376,197	\$ (53,167,882)	\$ (16,070,618)	\$ (27,521,630)	\$ (1,147,879,722)	\$ (1,244,639,852)
General revenues:									
Appropriations from primary government					44,500,000	—	26,480,000	767,827,172	838,807,172
Intergovernmental, unrestricted					38,543,584	—	3,915,905	304,672,989	347,132,478
Investment income					7,196,754	5,376,825	90,849	8,258,745	20,923,173
Miscellaneous					—	15,576,599	—	32,206,992	47,783,591
Total general revenues					90,240,338	20,953,424	30,486,754	1,112,965,898	1,254,646,414
Change in net position					37,072,456	4,882,806	2,965,124	(34,913,824)	10,006,562
Net position - beginning					378,248,826	19,794,200	(13,645,168)	429,298,099	813,695,957
Net position - ending					\$415,321,282	\$ 24,677,006	\$ (10,680,044)	\$ 394,384,275	\$ 823,702,519

*Financial statements for the Housing Commission are reported on a calendar year basis.

The accompanying notes are an integral part of these financial statements.



Merriweather North South Connector

On December 20, 2024, Howard County Executive Calvin Ball cut the ribbon of Phase 1 of the U.S. 29 North-South Connector, often called the “jughandle” in the Merriweather district of Columbia. This new roadway will make it easier for everyone to safely reach the heart of Downtown Columbia, improving travel times for residents, first responders, local businesses, and visitors.

NOTES TO BASIC FINANCIAL STATEMENTS





Notes to Basic Financial Statements Index

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Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. The Reporting Entity

Howard County, Maryland (the County), was formed in 1851 under a commission form of government. Under home rule charter since 1968, the County is governed by an elected County Executive and a five-member County Council serving separate executive and legislative functions.

The basic financial statements include Howard County, Maryland as the primary government and its significant component units, entities for which the County is considered to be financially accountable. The component units include the activities of the Howard County Public School System, the Library, the Community College, and the Housing Commission. The Volunteer Fire Districts have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary requests and provides a significant amount of funding.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government. They are reported in a separate column to emphasize that they are legally separate from the County. The following are the County's component units that are included in the reporting:

The Howard County Public School System is responsible for the operation of special education, elementary, middle and high schools. The Board of Education is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

The Howard County Library System operates various library branches throughout the County. The Library is governed by a seven-member board nominated by the County Executive and approved by the County Council. The County approves the Library's annual budget and provides substantial funding to the Library.

The Howard Community College provides educational services by offering two-year associate degrees and a continuing education program. The Community College is governed by a seven-member board appointed by the Governor of Maryland. The County approves the College's annual budget and provides substantial funding to the College.

The Howard County Housing Commission is a public corporation established by Maryland and Howard County law to act as builder, developer, owner, and manager of housing for eligible participants. The Commission is comprised of seven commissioners appointed by the County Executive and approved by the County Council. The County provides substantial funding to the Commission and approves its annual budget.

Financial information regarding the component units is included in the component units combining statements. Annual financial reports for individual component units can be obtained from their respective administrative offices:

Howard County Public School System
10910 Route 108
Ellicott City, Maryland 21042

Howard County Library System
9411 Frederick Road
Ellicott City, Maryland 21042

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

Howard County Housing Commission
9770 Patuxent Woods Drive, Suite 100
Columbia, Maryland 21046

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities present financial information on all of the non-fiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used. Government activities, which primarily are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities displays the extent to which direct expenses are offset by program revenues for each function of governmental activities and for each segment of business-type activities. Direct expenses are those that can be attributed to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and pension trust fund financial statements. Custodial funds use the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 when they become 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. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within sixty days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Howard County the right-to-use assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, other local taxes, state shared taxes, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Health Department Fund is included for reporting purposes.

The *General Capital Projects Fund* is used to account for the construction of general capital projects such as senior centers, community centers, and administrative buildings, in addition to public schools and buildings for the Community College.

The *Fire and Rescue Reserve Fund* is used to account for fire suppression, prevention, and related functions, and emergency medical services within the fire district. The County Council may specifically authorize the use of all or any designated part of the fire tax for capital improvements.

The County reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the County's water and sewer operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

The *Watershed Protection and Restoration Fund* is used to account for accounts for the maintenance, operations, and improvement of the local stormwater management system. Established in 2013 under state mandate to finance stormwater projects that reduce runoff and improve water quality in local streams and the Chesapeake.

The County reports the following other fund types:

Special Revenues Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. This definition establishes that at least one restricted or committed revenue source must be the foundation of the special revenue fund. The following revenue sources are included in special revenue funds: local transfer tax, grants, settlement funds (opioid, cannabis and vaping), forest conservation developer fees, residential trash collection and disposal fees, registration fees for recreational programs and fines for speed enforcement.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those accounted for in the General Capital Projects Fund and proprietary fund types.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Non-Major Enterprise Funds are used to account for the activities of the Special Recreation Facility Fund, and Broadband Fund. The Special Recreation Facility Fund accounts for the operations and related debt service costs of a public golf course. The Broadband Fund accounts for broadband services to private sector businesses as well as non-County government agencies and County departments and component units. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized vehicle fleet services; technology and communication operation; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; and County employee health benefit costs.

The County reports the following fiduciary fund types:

Pension and Other Employee Benefit Trust Funds are used to account for all activities of the Employees' Retirement System of Howard County (defined benefit plan), Employees' Retirement Savings Plan (defined contribution plan), Deferred Compensation Plan, and Retiree Health Benefits Trust, including accumulation of resources for, and payment of, retirement annuities or other benefits and administrative costs. Annual Financial Reports for both pension trust funds can be obtained from the administrative office at Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland, 21043 or from the website at www.howardcountymd.gov.

Custodial Funds are used to account for activities carried out exclusively for the benefit of those outside of the government but not administered through plans that meet the GASB definition of postemployment benefit or other fiduciary trusts. The custodial funds used by the County are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents for state property tax, the detention center inmates, friends of RNC, police contraband, and multifarious funds donated to be used by the Law Library, the Revenue Authority and the Domestic Violence Center.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the charges between water and sewer operations and other County departments because the elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as they are needed.

D. Budgetary Process

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the unexpended or unencumbered appropriation authority of the operating budget expiring the following June 30. Transfer of appropriations between general classifications of expenditures in the current expense budget within the same office or department and within the same fund may be authorized by the Executive. Transfers between offices, departments, institutions, boards, commissions or other agencies of the County government and within the same fund of the current expense budget may be made during the last quarter of the fiscal year and then only on the recommendation of the Executive and with the approval of the Council. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget, but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4% of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from unappropriated funds only in emergencies affecting "life, health, and property." Additionally, the County Executive has the authority to make transfers within a department at any time during the year without approval of the County Council. During fiscal year 2025, the Council approved four operating budget supplements and two capital budget transfers.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Grant Funds. Outstanding encumbrances are included in the final budget as actual expenditure amounts in those statements because they remain in force and do not lapse until the end of the subsequent fiscal year. Lapsed appropriations are reported as additions to fund balance on a budgetary basis. Grant Fund appropriations are multi-year and do not lapse until grant expiration. Expenditures and encumbrances of both the governmental and proprietary funds may not legally exceed appropriations at the functional, agency and program levels.

E. Deposits and Investments

Cash Equivalents

The County considers all demand deposits and investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The County follows Governmental Accounting Standards Board (GASB) Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. The County has an internal investment pool that is available for use by all funds.

Pension Trust Fund Fair Value Measurement

The investments of the Pension Trust Funds are reported at fair value or net asset value, as further described in Note 2. The securities of the Pension Trust Funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in the Governmental Funds represent stripped-coupon U.S. Treasury securities stated at fair value in the Agricultural Land Preservation Fund. They are also reported in aggregate as part of U.S. Government Securities in the Equity in Pooled Cash and Cash Equivalents and Investments note.

Also, in accordance with investment policy, the Pension Trust Funds may invest in collateralized mortgage obligations (CMO) and puttable bonds. These investments are reported as part of U.S. Government Agency notes in the Equity in Pooled Cash and Cash Equivalents and Investments note disclosure.

Other Post-Employment Benefits (OPEB) Trust Fund Fair Value Measurement

The objective of the OPEB Trust Funds is to achieve long-term growth of assets by maximizing long-term rates of return on investments and minimizing the risk of loss to fulfill the County's current and long-term OPEB obligations. The Trust investments are reported at fair value, which is generally based upon quoted market prices at year-end. Beginning in fiscal year 2023, the County's investment policy allocation was revised to include alternative investments in addition to growth and income assets. Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, private debt, and real assets, when deemed appropriate. The fair value for alternative investments is determined using unit values supplied by the fund managers which are based upon the fund managers' appraisals of the fund's underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The investments of the OPEB Trust Funds are further described in Note 2.

F. Loans Receivable

For purposes of the fund financial statements, housing loans in the Community Renewal Fund are charged to the budget upon funding, and the loans are recorded with an offset to a committed fund balance account. A receivable, "due from component units," along with an offset to non-spendable fund balance, is recorded in the General Fund as the Howard Community College has an agreement to reimburse the County for bond issues related to the construction costs of a parking deck and the Horowitz Visual and Performing Arts Center. For purposes of the government-wide financial statements, neither housing loans nor the receivable from the College are included in restricted Net Position accounts.

G. Inventory and Prepaids

Materials and Supplies

Materials and supplies are valued at cost, using the weighted average method. Materials and supplies are recorded as assets when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting. The County also has some materials and supplies that are expensed off directly when purchased, as they are consumable items purchased for use within the County, for examples include office supplies, paper towels and cleaning materials.

Prepaids

The County uses the consumption method to account for prepaid. Prepaids include payments made to vendors for services that will benefit future periods beyond the end of the fiscal year. In governmental funds, fund balance equivalent to year-end prepaid values is classified as nonspendable to indicate that portion of the fund balance is not available in a spendable form.

H. Capital Assets

As Howard County constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease equipment, the measurement of which is discussed in Note 10). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Betterments and major improvements that significantly increase values, change capacities or extend useful lives are capitalized. Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). The threshold for capital assets as defined by Howard County was raised to include assets with an initial, individual cost of \$10,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date donated.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the intangible right-to-use equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	50
Improvements	5-50
Machinery, equipment, and vehicles	5-20
Intangible right-to-use equipment	1-50
Infrastructure	15-40
Water and sewer lines	50-100

I. Compensated Absences

County employees are granted vacation, personal, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees are limited to an accrual of one hundred days. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments when made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds. Accumulated leave benefits that are more likely than not to be used or paid are recorded as obligations in the Statement of Net Position and Proprietary Fund Statements.

J. Self-Insurance

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses, and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid insurance claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported and claims incurred but not reported (IBNR) as of fiscal year-end.

K. Water and Sewer Assessments

Water and sewer assessments are charged to property owners on a 30-year basis to recover the debt service on bonds used to construct main and lateral water and sewer lines which benefit such properties. A water and sewer assessments receivable (restricted assets) is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to Net Position and the portion representing interest is recognized as revenue when billed.

From 1980 to 2004, the receivable increased as the water and sewer system was being built. The receivable is now declining and will continue to do so as debt is retired and there are minimal new assessments. The Water and Sewer ad valorem charge (billed annually to all property within the Metropolitan District) is sufficient to fund the debt service related to the cost of infrastructure.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred *outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The government has several items that qualify for reporting in this category. First is the deferred refunding amount reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The remaining line items are related to the pension, OPEB, and Length Of Service Award Program (LOSAP) plans reported in the government-wide statement of net position and encompass the following: changes in actuarial assumptions are amortized over the average expected remaining service life of employees, and the difference between expected and actual experience and the difference between projected and actual earnings on pension plan investments are amortized over five years. The final item is for pension, OPEB, and LOSAP contributions made subsequent to the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred *inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several types of deferred inflows of resources that qualify for reporting in this category. In the government-wide statement of net position, the government reports the following items related to the pension, OPEB, and LOSAP plans: Changes in actuarial assumptions and changes in actuarial experience study are amortized over the average expected remaining service life of employees, and investment earnings greater than projected are amortized over five years. In addition, the government-wide financial statements reports deferred amounts related to leases.

Under the modified accrual basis of accounting, several deferred inflows of resources are reported as unavailable revenues. In the governmental balance sheet, the government reports deferred inflows of resources from income and property taxes, fees, grant revenues, and lease revenues. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

M. Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

N. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Fund Balance

In the fund financial statements, fund balance is classified based on the extent to which the County is bound to observe constraints on the specific purposes for which the amounts can be spent. Fund balance is reported within one of the five fund balance categories listed below:

Nonspendable – Includes fund balance amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact such as a permanent fund and (3) receivables due in more than one year. Not in spendable form includes items that are not expected to be converted to cash, such as inventories, prepaid items and long term loan receivables.

Restricted – Includes fund balance amounts that are restricted to specific purposes when constraints are placed on the use of resources by external parties, constitution provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation.

Committed – Includes fund balance amounts for which constraints have been imposed by the government itself, using the highest level of decision-making authority via County ordinances. In addition, these constraints can only be removed or changed through formal action by the Council.

Assigned – Includes fund balance amounts intended to be used for specific purposes. It is County policy that the County Executive assigns fund balance amounts in the General Fund at the recommendation of both the Director of Finance and the Budget Administrator. In addition, GASB 54 requires all residual amounts in special revenue funds to be reported as assigned.

Unassigned – Represents the residual fund balance of the General Fund (cannot be reported in other Governmental Funds unless amount is reported negative) after the above fund balance categories are reported.

P. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The “Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis” of the General Fund and the Fire and Rescue Reserve Fund are prepared on a basis consistent with their budgets and are reported within the basic financial statements. The “Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis” for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets and are presented as supplementary information. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as expenditures of the current period, including certain contractual services. Also, the budgets include appropriations of prior year fund balances as other sources in the current year. The "Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds" is prepared on a basis consistent with GAAP wherein encumbrances are treated only as an assignment of fund balance, prior year fund balances are not included as other sources, and contractual services/expenditures are recorded on a modified accrual basis.

The financial statements are reconciled below:

	General Fund	Fire and Rescue Reserve Fund
Budgetary basis - revenues and other sources over expenditures and other uses	\$ 401,098	\$ 2,708,304
Appropriation from fund balance	(87,965,600)	—
Current year encumbrances outstanding	17,112,218	8,885,143
Prior year encumbrances expended this year	(10,844,863)	(7,666,347)
Effect of recording contractual service expenditures modified accrual basis	(2,997,331)	1,644,628
Unbudgeted transfers	13,929,658	(8,337,382)
Other	(12,101,155)	8,704,383
GAAP basis - net change in fund balance	<u>\$ (82,465,975)</u>	<u>\$ 5,938,729</u>

The ending fund balances are reconciled as follows:

	General Fund	Fire and Rescue Reserve Fund
Budgetary basis - ending fund balance	\$ 378,935,610	135,207,951
Adjustments:		
Elimination of encumbrances outstanding	20,333,849	16,387,888
Accruals	(1,965,801)	1,662,083
Other	(4,465,552)	(825,774)
GAAP basis - ending fund balance	<u>\$ 392,838,106</u>	<u>\$ 152,432,148</u>

Q. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in cases of revenue shortfalls, which would not include anticipated revenue shortfalls unless the shortfall was quantified, and was of a magnitude that would distinguish it from other shortfalls that regularly occur during the normal course of governmental operation or emergency situations affecting life, health, or property. The County Charter sets a goal of maintaining the account at seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2025 budget was prepared, the fiscal year 2023 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2023 audited expenditures. An increase of \$4,859,228 was made to the fund in fiscal year 2025 which resulted in achieving the charter target of \$89,894,205.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2025	2023	\$ 1,284,202,931	7%	\$ 89,894,205
2026	2024	\$ 1,367,135,692	7%	\$ 95,699,498
2027	2025	\$ 1,456,837,719	7%	\$ 101,978,640

*Budgetary expenditures and encumbrances less pay-as-you-go expenditures.

R. Fair Value Measurements

Howard County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

S. Leases and Subscription-Based Information Technology Arrangements

Lessee: The County is a lessee for noncancellable leases of equipment and real estate. The County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements for all contracts with an initial contract value of \$40,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments;

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County is a lessor for noncancellable leases of buildings and infrastructure. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements for all contracts with an initial contract value of \$40,000 or more.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable and adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts;

- The County uses its estimated incremental borrowing rate as the discount rate for lease, unless it is explicitly stated in the lease agreement.
- The lease term includes the noncancellable period explicitly stated within the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements

The County has entered into various subscription agreements that convey control of the right-to-use another entity's combination of IT software and tangible capital assets, for a variety of governmental purpose ranging from payroll to computer software. The County recognizes subscription liabilities with an initial, contract value of \$40,000 or more.

At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the lease term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

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

- The County uses the interest rate charged by the subscription provider as the discount rate. When the interest rate is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for subscription.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

Subscription assets are reported with capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

T. Implementation of New Accounting Principles

During the fiscal year ended June 30, 2025, the County adopted the following new accounting standard.

Effective for the fiscal year ended June 30, 2025, the County implemented GASB Statement No. 101, Compensated Absences. This statement establishes revised recognition and measurement guidance for compensated absences, superseding the previous requirements of GASB Statement No. 16.

Under GASB 101, a liability is recognized when earned leave is attributable to past service and the benefit is more likely than not to be used or paid. The liability is measured at the pay rate in effect as of the financial statement date and includes salary-related payments. The required changes, if required, are reflected in the County's financial statements.

In June 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 102, Certain Risk Disclosures. This Statement requires governments to disclose information about vulnerabilities due to concentrations or constraints that could have a substantial impact on a government's ability to provide services or meet obligations as they come due. The County implemented GASB Statement No. 102, Certain Risk Disclosures, for the fiscal year ended June 30, 2025. Implementation of this statement did not result in any new disclosures.

2. Equity in Pooled Cash and Cash Equivalents and Investments

The County's cash and cash equivalents and investments are managed separately from the Pension and Other Post-Employment Benefits Trust funds and each is discussed separately below.

A. County's Cash and Cash Equivalents and Investments

The County maintains a cash, cash equivalents, and investment pool that is available for use by all funds except the Pension and Other Post-Employment Benefits Trust funds. Each County fund is allocated interest income based on its share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits. The carrying amount of total deposits, including certificates of deposit, was \$13,170,232 and the bank balance was \$17,246,339 at fiscal year-end. The bank balance was covered by federal depository insurance or by collateral held by the County's agent in the County's name. Petty cash was \$12,749 at June 30, 2025.

The County's component units had a combined bank balance of \$78,233,553. All bank balances were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name. The component units do not have a policy covering deposits.

The table below reconciles the County's deposits and investments to the Government-Wide Statement of Net Position and the Statement of Fiduciary Net Position:

	Primary Government	Component Units	Custodial Funds
Statement of Net Position Amounts:			
Equity in pooled cash and investments	\$ 980,912,464	\$ 164,279,501	\$ 2,261,206
Cash with fiscal agent	5,582,177	—	—
Restricted equity in pooled cash and cash equivalents	206,243,016	21,302,052	—
Investments	—	205,078,554	—
Total	<u>\$ 1,192,737,657</u>	<u>\$ 390,660,107</u>	<u>\$ 2,261,206</u>
Deposits and Investment Summary:			
Carrying value of cash deposits	\$ 10,909,026	\$ 185,581,553	\$ 2,261,206
Fair value of Investments	1,181,828,631	205,078,554	—
Total	<u>\$ 1,192,737,657</u>	<u>\$ 390,660,107</u>	<u>\$ 2,261,206</u>

Investments: The County has adopted an investment policy that is designed to provide maximum safety and liquidity of funds while providing a reasonable rate of return. Permissible investments include U.S. Treasury Obligations, U.S. Government Agency and U.S. Government-Sponsored Enterprises, repurchase agreements, collateralized certificates of deposit, bankers' acceptances, commercial paper, the Maryland Local Government Investment Pool, and mutual funds dealing in government securities. The County's policy and State law require that the underlying collateral for repurchase agreements and certificates of deposit must have a fair value of at least 102% of the investment's cost plus accrued interest.

The County's policy is more restrictive than State law, limiting the percentage of total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Treasury Obligations – 100%, U.S. Government Agency and U.S. Government-Sponsored Enterprises – 90.0%, repurchase agreements – 90.0%, collateralized certificates of deposit – 5.0%, bankers' acceptances – 30.0%, commercial paper – 10.0%, mutual funds – 60.0% and supranational issuers – 40.0%. State law places no limits on these types of investments. Another restriction the County has is to limit the maximum amount invested through any broker, dealer or other financial institution to 40.0% of the portfolio. In addition, all component units have investment policies.

Investments of the County and its Component Units at fiscal year-end:

Investment type	Fair Value		
	Primary Government	Component Units	Total Reporting Entity
U.S. Government Securities	\$ 66,731,933	\$ —	\$ 66,731,933
U.S. Government - Sponsored Enterprises	589,986,625	—	589,986,625
Supranationals	29,481,000	—	29,481,000
Commercial Paper	9,989,300	—	9,989,300
Maryland Local Govt. Investment Pool	354,139,275	175,618,228	529,757,503
Money market funds	131,500,498	—	131,500,498
Fixed income	—	6,136,014	6,136,014
Mutual funds	—	16,374,595	16,374,595
Interest in irrevocable trust	—	161,625	161,625
Treasury bills	—	1,138,203	1,138,203
Equity in properties under home ownership	—	5,649,889	5,649,889
Total	\$1,181,828,631	\$ 205,078,554	\$1,386,907,185

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2025:

	Total	Primary Government		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
U.S. Government Securities	\$ 66,731,933	\$ 66,731,933	\$ —	\$ —
U.S. Government - Sponsored Enterprises	589,986,625	—	589,986,625	—
Supranationals	29,481,000	—	29,481,000	—
Commercial Paper	9,989,300	—	9,989,300	—
Total investments by fair value level	\$ 696,188,858	\$ 66,731,933	\$ 629,456,925	\$ —
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	354,139,275			
Money market funds	131,500,498			
Total investments measured at amortized cost	\$ 485,639,773			
Total investments	\$ 1,181,828,631			

The Component Units has the following recurring fair value measurements as of June 30, 2025:

	Total	Component Units		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Treasury bills	\$ 1,138,203	\$ 1,138,203	\$ —	\$ —
Fixed income	6,136,014	6,136,014	—	—
Mutual funds	16,374,595	16,374,595	—	—
Interest in irrevocable trust	161,625	—	—	161,625
Total investments by fair value level	<u>\$ 23,810,437</u>	<u>\$ 23,648,812</u>	<u>\$ —</u>	<u>\$ 161,625</u>
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	<u>175,618,228</u>			
Total investments measured at amortized cost	<u>\$ 175,618,228</u>			
Investments measured at the net asset value (NAV):				
Equity in properties under home ownership	<u>5,649,889</u>			
Total investments measured at the NAV	<u>\$ 5,649,889</u>			
Total investments	<u>\$ 205,078,554</u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Level 3 of the fair value hierarchy refers to securities with valuation methodology that are unobservable and significant to the fair value measurement. Fixed income securities are priced on a daily basis, mark to market, using a variety of third party pricing sources, market data and methodologies.

Interest Rate Risk: The County’s investment policy requires that the majority of investments have a maturity of one year or less, except for U.S. Treasury stripped coupon securities purchased as part of the Agricultural Land Preservation Program (see Note 7). These securities have no coupon and have long-term maturity lengths; therefore, they are very interest-rate sensitive. If market interest rates were to rise, the fair value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the fair value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

The following is a list of County investments included in the computation of weighted average maturities:

Investment type	Fair Value/ Amortized Cost	Weighted Average Maturity (in years)
U.S. Government Securities	\$ 66,731,933	0.4
U.S. Government - Sponsored Enterprises	589,986,625	0.59
Supranationals	29,481,000	0.89
Commercial Paper	9,989,300	0.03
Total	<u>\$ 696,188,858</u>	
Portfolio weighted average maturity		0.58

The Maryland Local Government Investment Pool (MLGIP) was created under the Annotated Code of Maryland. The intent of the pool is to provide a safe investment vehicle for short-term investments. The MLGIP is administrated by the Maryland State Treasurer. Participation is voluntary and eligibility is regulated by MLGIP Local Government Article. The MLGIP and the money market funds used by the County are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940 and not registered with the Securities and Exchange Commission (SEC). The County’s investments in these pools are not included in the computation of weighted average maturity. The unit value is at amortized cost with a \$1 per share value.

Credit Risk: State law limits investments in bankers' acceptances and commercial paper to the highest short-term debt letter and numerical rating by at least one nationally recognized statistical rating organization. All investments in U.S. Government Sponsored Enterprises are rated AA+ by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated AAA by Standard & Poor's. Investments in short-term commercial paper is rated P-1 by Moody's Investors Service.

Concentration of Credit Risk: The County's investment policy places no limit on the amount the County may invest in any one issuer. More than 5.0% of the County's investments are in the Federal Home Loan Bank, Federal Agricultural Mortgage Corporation, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Farm Credit Bank and Development Finance Corporation. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 84.9% of the County's total investments.

B. Pension Trust Funds' Cash and Investments

The County's Pension Trust funds, the Howard County Police and Fire Employees' Retirement Plan, and the Howard County Retirement Plan (the Plans) share commingled funds that are allocated based on each Plan's percentage of ownership. The Plans have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Plans employ State Street Bank as trustee for their assets.

Investments. The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	32.0%	42.0%	52.0%
Alternative investments	19.0%	24.5%	30.0%
Fixed income	16.0%	26.0%	36.0%
Real assets	2.5%	7.5%	12.5%

Investments at fiscal year-end:

Investment type	Fair Value/NAV
Equities	\$ 771,688,205
Alternative investments	418,705,409
Money market funds	18,741,242
Fixed income	427,674,258
Real assets	74,756,846
Total	<u>\$ 1,711,565,960</u>

Interest rate risk: The Plans' investment policy does not place any limits on the professional investment managers with respect to the duration of investments managed for the Plans. The following is a list of County Plan investments included in the computation of weighted average maturities:

Investment type	Fair Value/ NAV	Weighted Average Maturity (in years)
Corporate bonds	\$ 24,147,190	10.42
U.S. Government - Sponsored Enterprises	31,821,266	25.21
Government Issued / Treasuries	12,758,920	21.57
Other asset backed securities	5,685,586	19.54
Collateralized mortgage obligations	3,465,866	35.33
Municipal securities	1,316,486	10.55
Commingled funds and preferred stock identified as fixed income for reporting purposes	348,478,944	N/A
Total	\$ 427,674,258	N/A
Portfolio weighted average maturity		21.14

Credit Risk: The demand deposit accounts (DDA's) held by State Street Bank are unrated, as are the mutual funds used by the Plans. At fiscal year-end, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable	Fair Value
AA to A-	\$ 8,806,207
BBB to BB-	20,302,718
Not rated	398,565,333
Total	\$ 427,674,258

Custodial Credit Risk: State Street Bank invests in interest bearing demand deposit accounts in the name of the Plan for all accounts and pays interest equal to the effective Federal Funds rate, which are included in money markets on the Statements of Fiduciary Net Position. At fiscal year-end, the amount in this fund at fair value was \$18,222,020 which was partially used for settlement of open purchases of \$659,244. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk - Currency Forward Contracts, Futures and Options: One of the Plan's investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plan invested in some funds that hold currency forward-contracts and invest in forwards, options and futures. This strategy is undertaken to protect the dollar value of underlying international investments. The Plan's share of fair value or gains and (losses) from currency forward contracts, options, and futures were \$107,758, \$(3,439), \$443,821 respectively for the fiscal year.

Foreign Currency Risk: The Plans' exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 34.5% at any given time. These pool of assets may also include hedged assets, therefore, reducing the overall currency risk. The Plans were also exposed to foreign currency risk through the Pool's investments in Euro denominated alternative investments. The pool total of these investments were \$12,049,716 and \$14,282,728 in fiscal years 2025 and 2024, respectively.

Derivatives - Interest Rate, Credit Default, Total Return Swaps: In accordance with the investment policy, during fiscal year 2025, the private debt fund invested in interest rate swaps, credit default swaps, and total return swaps. In fiscal year 2025, the private credit fund reported \$138, \$734,632, and \$364, respectively for the fiscal year.

Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2025:

	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Debt securities:				
Collateralized Mortgage Obligations (Fannie Mae and Freddie Mac)	\$ 3,465,866	\$ —	\$ 3,465,866	\$ —
Corporate bonds	24,147,190	—	24,147,190	—
Commingled funds (fixed income)	107,837,166	62,693,869	45,143,297	—
FHLMC and FNMA bonds	31,821,266	—	31,821,266	—
U.S. Treasury Securities	12,758,920	—	12,758,920	—
Municipals bonds	1,316,486	—	1,316,486	—
Other asset backed securities	5,685,585	—	5,685,585	—
Preferred stock	947,324	947,324	—	—
Total debt securities	<u>187,979,803</u>	<u>63,641,193</u>	<u>124,338,610</u>	<u>—</u>
Equity securities:				
Common Stocks	490,245,953	490,245,953	—	—
Emerging Market Equity Portfolio	50,354,990	50,354,990	—	—
Real Estate Investment Trusts (REITS)	1,583,397	1,583,397	—	—
Total equity securities	<u>542,184,340</u>	<u>542,184,340</u>	<u>—</u>	<u>—</u>
Total investment by fair value level	<u>\$ 730,164,143</u>	<u>\$ 605,825,533</u>	<u>\$ 124,338,610</u>	<u>\$ —</u>
Investments measured at the net asset value (NAV):				
Private equity funds	\$ 225,238,561			
Private credit funds	54,391,662			
Hedge funds	139,075,188			
Real assets funds	74,756,846			
International equity funds	185,057,658			
Commingled fund within international equities	44,446,207			
Commingled fund within international fixed income	37,444,964			
Commingled fund within domestic fixed income	202,249,489			
Total investments measured at the NAV	<u>962,660,575</u>			
Total investments measured at fair value/NAV*	<u>\$ 1,692,824,718</u>			

*Does not include money market funds totaling \$18,741,242.

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Fixed income securities are priced on a daily basis, mark to market, using a variety of third party pricing sources, market data and methodologies.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented below:

	Fair Value	Unfunded Commitments	Frequency (if Currently Eligible)	Notice Period
Private equity funds	\$ 225,238,561	\$ 98,701,723	Illiquid	N/A
Private debt funds	54,391,662	16,026,515	Illiquid	N/A
Equity Hedge fund 1	72,868,399	—	Quarterly	65 days
Equity Hedge fund 2	66,206,789	—	Semi Annually	95 days
Real assets funds	74,756,846	39,436,311	Illiquid	N/A
International equity funds	185,057,658	—	Monthly	15 days
Commingled fund within international equities	44,446,207	—	Weekly	3 days
Commingled fund within international fixed income	37,444,964	—	Bi-monthly	5 days
Commingled fund within domestic fixed income	202,249,489	—	Daily	1 day
Total	<u>\$ 962,660,575</u>	<u>\$ 154,164,549</u>		

Private Equity Funds: Private equity investment strategies include buyout, venture capital, growth capital, and special situations. The Private Equity portfolio seeks to deliver long-term, risk-adjusted returns superior to those of comparable public markets. Investments in the asset class are achieved primarily through commingled, closed-end funds and may also include fund of funds, direct and co-investment opportunities. Exposures are diversified by manager, region, strategy, and vintage year. Private equity investments are illiquid, and distributions are received over the life of the investments, which can range between 10 and 15 years. These investments do not have set redemption schedules therefore options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure. The fair value of the partnership interest is based on NAV provided by the General Partner. The partnership's financial statements are audited annually as of December 31 and the NAV is adjusted quarterly by additional contributions to and distributions from the partnership, the net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partner.

Private Debt Funds: Private credit investment strategies will focus on identifying market dislocations and credit-intensive assets, specifically in loan portfolios, corporate securities, structured credit, hard assets and special opportunities. The Private Credit portfolio invests in commingled funds. The objective of the fund is to provide income from the premium yields along with a return over Liquid Credit over the life of the fund, which can range between 6 and 8 or more years. The fund employs a flexible and opportunistic mandate allowing for investments in a variety of strategies irrespective of market conditions and geographies. These investments do not have set redemption schedules therefore options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure. The fair value of the partnership interest is based on NAV provided by the General Partner. The partnership's financial statements are audited annually as of December 31 and the NAV is adjusted quarterly by additional contributions to and distributions from the partnership, the net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partner.

Hedge Funds: This represents investments in two Hedge FOF managers. Each FOF manager invests in underlying hedge funds to provide a broadly diversified portfolio. One invests with 10-20 underlying managers/funds to execute its global market strategy. The other invests in 20-40 underlying managers/funds in a relative value mandate. The hedge fund strategy is designed to diversify by manager/fund to reduce single manager/fund risk while offering portfolio diversification and provide a return profile that is uncorrelated to the rest of the assets in the portfolio. The fair values of the investments are determined using the NAV per share (or its equivalent) of the investments. These funds have liquidity restrictions of 3 to 6 months.

Real Assets Strategies: This represents funds that invest in Private Real Estate and Private Real Assets. The objective of the portfolio seeks to provide portfolio diversification, current income, and protection against unanticipated inflation. Real Estate investments are often classified by core or non-core (value-added or opportunistic). The Real Estate strategies deployed include a U.S. focused property strategy (core/core plus) and a global Fund of Funds (FOF) strategy. The global FOF manager invests across Directs, Primaries, and Secondaries. Within Private Real assets, the natural resources

investments are deployed through a FOF strategy and may invest in 10-25 underlying relationships as they build a diversified portfolio with exposure to oil, natural gas, agriculture, timber, and other natural resources. The infrastructure managers will invest in direct portfolio companies in communications, transportations, and energy transition sectors. Capital commitments are made to these types of investments and funds are invested through a call down structure. These funds have liquidity restrictions for the life of the investment, 7-10 years. Options for exit are limited to sale on the secondary market. The fair value of the partnership interest is based on NAV provided by the General Partner. The partnership's financial statements are audited annually as of December 31 and the NAV is adjusted quarterly by additional contributions to and distributions from the partnership, the net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partner.

International Developed Equity Funds: This represents investments primarily in equity securities of international developed markets (non-U.S. issuers) with the objective of achieving a long-term return above a passive benchmark (MSCI EAFE). The managers implemented are complimentary as one focuses on growth-oriented companies and the other has a value focus. Foreign securities are valued based on quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Funds may enter forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities.

International Emerging Equities (Commingled Fund): This represents investments within international markets to further diversify the developed market segments by investing in developing markets that have lower correlations with developed economies. The managers implemented are complimentary as one focuses on growth-oriented companies and the other has a value focus. Foreign securities are valued based on quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Funds may enter forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities. The objective of the international emerging equity portfolio is to achieve a long-term return above a passive benchmark (MSCI EM Index).

Emerging Market Debt Strategy (Commingled Fund): This represents investments primarily in a globally diversified portfolio of high-quality sovereign bonds and currencies in emerging markets (non-U.S. issuers). The objective of this fund is to generate income, preserve capital, and enhance principal above a passive benchmark (JP Morgan GBI-EM Global Diversified Index). NAV for the Fund is only calculated twice a month on the last business day and the 15th (or next business day if the 15th is a non-business day). The ownership interest is only in the units of the Fund, not the underlying holding or securities of the Fund.

Core Fixed Income Strategies (Commingled Funds): This represents investments within US Investment Grade Fixed Income. The primary role of this portfolio is intended to provide income and downside protection to the portfolio in periods of financial market stress. Core fixed income is made up of US Treasuries and liquid credit. The primary role of the U.S. Treasuries portfolio is to provide capital preservation, liquidity, and to increase the diversification of the Plan as a whole. Treasuries and TIPS are passively managed. The primary role of the Liquid Credit strategy is to generate added yield compared to Treasuries over a full market cycle and provide diversification for the Plan. This manager will be well diversified, and may include, but is not limited to, investment grade and non-investment grade corporate debt, emerging market debt, and asset-backed securities. The objective of the Core Fixed Income portfolio is to achieve a long-term return above a passive benchmark (Bloomberg US Aggregate Bond Index).

C. Other Post-Employment Benefits (OPEB) Trust Funds' Cash, Cash Equivalents and Investments

The County's OPEB Trust funds have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Trust employs U.S. Bank as the custodian of its assets.

Investments. The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	1.0%	60.0%	59.0%
Fixed income	10.0%	30.0%	50.0%
Alternative investments	—%	10.0%	20.0%

Investments of the Plans at fiscal year-end:

Investment type	Fair Value/Amortized Cost
Cash	\$ 148,659
Mutual funds	325,454,376
Money market funds	7,480,394
Alternative Investments	10,946,993
Total	\$ 344,030,422

Credit Risk: The Maryland Local Government Investment Pool, included in Money Market Funds in the above schedule, is rated AAA by Standard & Poor's. The money market funds used by U.S. Bank are unrated, as are the mutual funds used by the Plans.

Other Post-Employment Benefits (OPEB) Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2025:

	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Mutual funds:				
Mutual funds - equity	\$ 211,102,811	\$ 211,102,811	\$ —	\$ —
Mutual funds - fixed Income	114,351,565	114,351,565	—	—
Alternative Investments	10,946,993	—	—	10,946,993
Total investments	336,401,369	325,454,376	—	10,946,993
Total investment by fair value level *	\$ 336,401,369	\$ 325,454,376	\$ —	\$ 10,946,993

*Does not include cash and money market funds totaling \$7,629,053 which represents securities that have remaining maturities of less than one year and may be measured at amortized cost.

3. Receivables

Receivables at fiscal year-end of the County's major individual funds and other aggregate remaining funds (including non-major governmental funds, non-major proprietary funds, internal service funds, and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Capital Project Fund	Fire & Rescue Reserve Fund	Watershed Protection and Restoration	Water and Sewer	Fiduciary Funds	Non-Major and Other Funds	Total
Receivables:								
Property taxes	\$ 15,199,948	\$ —	\$ 1,848,906	\$ 36,300	\$ 279,519	\$ 395,728	\$ 298,948	\$ 18,059,349
Housing loans	—	—	—	—	—	—	18,137,744	18,137,744
Economic development loans	—	—	—	—	—	—	466,563	466,563
Other	1,751,501	76,978	4,021,872	—	1,047,074	5,243,427	18,895,159	31,036,011
Lease Receivables	586,873	—	—	—	—	—	15,276,899	15,863,772
Due from component units	7,176,073	49,391,715	—	—	—	—	9,353,631	65,921,419
Due from other governments	357,643,511	5,160,743	—	—	—	—	14,819,835	377,624,089
Service billings	—	—	—	—	16,114,792	—	198,029	16,312,821
Water and sewer assessments	—	—	—	—	8,903,642	—	—	8,903,642
Gross receivables	<u>382,357,906</u>	<u>54,629,436</u>	<u>5,870,778</u>	<u>36,300</u>	<u>26,345,027</u>	<u>5,639,155</u>	<u>77,446,808</u>	<u>552,325,410</u>
Less: Allowance for uncollectibles	<u>(2,991,212)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,991,212)</u>
Total Receivables	<u>\$ 379,366,694</u>	<u>\$ 54,629,436</u>	<u>\$ 5,870,778</u>	<u>\$ 36,300</u>	<u>\$ 26,345,027</u>	<u>\$ 5,639,155</u>	<u>\$ 77,446,808</u>	<u>\$ 549,334,198</u>

Property tax, services billings and water and sewer assessments receivables in the proprietary funds are liens on real property that will be sold via the annual tax sale process if not paid; therefore, an allowance has not been established. Due from other governments consists of uncollected tax and grant revenues from Federal and State governments.

Amounts other than leases receivable are (net of allowance for doubtful accounts).

4. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables:

The composition of interfund balances (Due to/from other funds) at fiscal year-end is as follows:

<u>Due from other funds</u>	<u>Due to other funds</u>	<u>Amount</u>
General Fund	Special Recreation Facility	\$ 1,302,522
Recreation Program Fund	Special Recreation Facility	422,000
Total Inter-fund Receivable/Payable		<u>\$ 1,724,522</u>

The balances are cash deficits related to normal operations.

Transfers:

Interfund transfers for the year consisted of the following:

Fund	General Fund	General Capital Projects Fund	Enterprise Major Funds	Fire and Rescue Reserve Fund	Non-Major Governmental Funds					Internal Service Funds	*Total Transfer In
					Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Non-Major Funds			
Major Funds											
General Fund	\$ —	\$ 5,471,239	\$ —	\$ 8,621,089	\$ 5,362,309	\$ 585,835	\$ 21,493,786	\$ 22,472	\$ 910,075	\$ 42,466,805	
General Capital Projects Fund	92,325,428	—	—	—	—	—	—	—	—	92,325,428	
Non-Major Funds											
Special Revenue	10,251,836	—	—	—	—	—	—	—	—	10,251,836	
Debt Service	1,835,379	—	—	—	—	—	—	—	—	1,835,379	
Capital Projects	23,564,818	—	8,000,000	950,000	—	—	—	—	—	32,514,818	
Enterprise Non-Major Funds	—	—	—	—	—	—	—	—	800,000	800,000	
Internal Service Funds	6,000,000	—	—	730,336	—	—	—	—	—	6,730,336	
*Total Transfer Out	<u>\$ 133,977,461</u>	<u>\$ 5,471,239</u>	<u>\$ 8,000,000</u>	<u>\$ 10,301,425</u>	<u>\$ 5,362,309</u>	<u>\$ 585,835</u>	<u>\$ 21,493,786</u>	<u>\$ 22,472</u>	<u>\$ 1,710,075</u>	<u>\$ 186,924,602</u>	

* Note: Variances may exist due to rounding

The transfers from the General Fund are the disbursement of pay-as-you-go funding to various capital projects, funding of bond anticipation note, debt service expenditures in excess of interest income, and interest allocation to various funds. Transfer tax revenue is dedicated to various functions in the Capital Projects and Non-Major Special Revenue Funds. Part of that revenue is then transferred to the General Fund to cover each function's share of debt service costs for the year. Transfers from the Enterprise Funds are to pay for highway and storm management related capital projects.

The chart above does not reflect a \$15,747,480 interfund transfer between the General Fund and Health Fund, which is reported with the General Fund.

5. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed value certified as of that date for all taxable real property located in the County. Assessed values are established by the Maryland State Department of Assessments and Taxation at 100% of estimated market value. The State uses January 1 as the date of finality and processes additions, deletions and corrections throughout the year. A revaluation of all property is required to be completed every three years. County taxes are due and payable, and become a lien on the property, on July 1 of each fiscal year. A discount of ½ % is allowed if payment is made in July. Property taxes are billed and payable semi-annually on properties designated as "principal residence" unless a taxpayer makes an election to pay annually. The first installment is due by September 30 while the second installment is due December 31. If delinquent, taxes are charged a penalty and interest 1.5% each month that they remain unpaid. If the annual payment election is made, taxes become delinquent October 1 and are charged a penalty and interest 1.5% each month that taxes remain unpaid. Tax lien certificates are sold at a public auction in May or June for properties with delinquent taxes. Property taxes levied during the current year are recorded as receivables and revenue, net of estimated uncollectible amounts of personal property tax. The net receivables uncollected 60 days after year-end are recorded as deferred inflows of resources as described in Note 3.

The Howard County Code imposes a transfer tax on every instrument of writing conveying title to real or leasehold property offered for sale in Howard County. The Code specifies that the proceeds should be distributed to the School Site Acquisition and Construction Fund 25.0%, The Park Land Watershed Facilities Fund 25.0%, and the remainder in the General Fund of the County, with the stipulation that the County Council shall budget this remainder as follows: Agricultural Land Preservation Fund 50.0% plus interest; Community Renewal Fund 25.0%; and Fire Service Building and Equipment Fund 25.0%. An additional tax increase in 2019 distributed proceeds to the General Fund to be used for capital projects for Howard County Public System 25.0%; capital projects for Department of Recreation and Parks 25.0%; community improvement and housing 25.0%; and acquisition or leasing of land for new fire house sites and training facilities, the acquisition and maintenance of fire equipment, and supplementation of financial needs of fire companies.

6. Capital Assets

Capital asset activity for governmental activities for the fiscal year was as follows:

Governmental Activities	Beginning Balance	Increases *	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and land improvements	\$ 676,367,387	\$ 21,719,664	\$ —	\$ —	\$ 698,087,051
Construction in progress	105,607,039	159,099,965	76,355,093	—	188,351,911
Total capital assets, not being depreciated	781,974,426	180,819,629	76,355,093	—	886,438,962
Capital assets being depreciated/amortized:					
Buildings	643,820,994	7,383,835	107,819	—	651,097,010
Improvements other than buildings	341,154,808	4,190,100	—	—	345,344,908
Machinery and equipment	264,556,139	33,673,983	8,727,819	30,140	289,502,303
Infrastructure	658,222,035	10,309,572	—	—	668,531,607
Intangible right-to-use buildings and equipment	105,825,089	—	896,310	—	104,928,779
Intangible right-to-use subscriptions	36,323,246	1,651,447	1,028,497	—	36,946,196
Total capital assets, being depreciated/amortized	2,049,902,311	57,208,937	10,760,445	30,140	2,096,350,803
Less accumulated depreciation/amortization for:					
Buildings	175,342,174	15,174,908	27,494	—	190,489,588
Improvements other than buildings	208,878,778	19,406,752	—	—	228,285,530
Machinery and equipment	176,855,861	18,827,670	8,400,025	(1,758)	187,285,264
Infrastructure	339,024,692	19,339,249	—	—	358,363,941
Intangible right-to-use buildings and equipment	18,280,906	6,570,440	896,288	—	23,955,058
Intangible right-to-use subscriptions	8,654,987	8,677,899	525,227	—	16,807,659
Total accumulated depreciation/amortization	927,037,398	87,996,918	9,849,034	(1,758)	1,005,187,040
Total capital assets, being depreciated/amortized, net	1,122,864,913	(30,787,981)	911,411	28,382	1,091,163,763
Governmental activities capital assets, net	<u>\$ 1,904,839,339</u>	<u>\$150,031,648</u>	<u>\$ 77,266,504</u>	<u>\$ 28,382</u>	<u>\$1,977,602,725</u>

*Increases include:

\$624,520 contributed to the Technology and Communications Fund by the Grant Fund and Capital Fund.

\$2,005,999 contributed from the Paygo and Water and Sewer funds to the Fleet Fund.

(continued)

Depreciation/amortization expense was charged to functions/programs of governmental activities as follows:

Governmental activities:	Amount
General government	\$ 17,162,345
Public safety	11,931,496
Public facilities	46,996,820
Legislative and judicial	267,049
Community services	548,193
Recreation and parks	8,449,035
Education	2,641,980
Total depreciation/amortization expense - governmental activities	<u>\$ 87,996,918</u>

Capital asset activity for business-type activities for the fiscal year was as follows:

Business-type Activities	Beginning Balance	Increases *	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and land improvements	\$ 12,593,115	\$ —	\$ —	\$ —	\$ 12,593,115
Construction in progress	71,274,950	24,308,670	28,229,501	—	67,354,119
Total capital assets, not being depreciated	83,868,065	24,308,670	28,229,501	—	79,947,234
Capital assets being depreciated/amortized:					
Buildings	238,250,441	—	—	—	238,250,441
Improvements other than buildings	101,200,256	2,061,746	—	—	103,262,002
Machinery and Equipment	20,979,658	231,811	103,373	(30,140)	21,077,956
Infrastructure	1,088,262,516	23,712,070	—	—	1,111,974,586
Intangible right-to-use buildings and equipment	2,615,710	3,816,833	—	—	6,432,543
Intangible right-to-use subscriptions	—	608,281	—	—	608,281
Total capital assets, being depreciated/amortized	1,451,308,581	30,430,741	103,373	(30,140)	1,481,605,809
Less accumulated depreciation/amortization for:					
Buildings	116,057,962	4,623,488	—	—	120,681,450
Improvements other than buildings	69,327,139	3,776,737	—	—	73,103,876
Machinery and Equipment	14,703,468	1,265,616	100,209	1,758	15,867,117
Infrastructure	431,479,031	23,793,785	—	—	455,272,816
Intangible right-to-use buildings and equipment	574,180	375,092	—	—	949,272
Intangible right-to-use subscriptions	—	127,767	—	—	127,767
Total accumulated depreciation/amortization	632,141,780	33,962,485	100,209	1,758	666,002,298
Total capital assets, being depreciated/amortized, net	819,166,801	(3,531,744)	3,164	(28,382)	815,603,511
Business-type activities capital assets, net	<u>\$ 903,034,866</u>	<u>\$ 20,776,926</u>	<u>\$ 28,232,665</u>	<u>\$ (28,382)</u>	<u>\$ 895,550,745</u>

*Increases include:

\$1,676,800 contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines.

\$5,780,231 contributed from various Capital Project Funds to the Watershed Fund.

Depreciation/amortization expense was charged to functions/programs of business-type activities as follows:

Business-type activities:		
Water and sewer system	\$	31,177,297
Golf course		136,884
Inter-County Broadband		948,998
Watershed		1,699,306
Total depreciation/amortization expense - business-type activities	\$	<u>33,962,485</u>

7. Long-Term Obligations

A. Primary Government

The changes in long-term obligations for the primary government for the fiscal year are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Consolidated public improvement bonds	\$ 1,160,047,530	\$ 100,501,873	\$ 118,675,349	\$ 1,141,874,054	\$ 94,925,188
Tax increment financing bonds	62,980,000	—	1,060,000	61,920,000	1,160,000
Ellicott City safe & sound loans	—	30,105,261	—	30,105,261	—
Lease liability	92,529,745	—	5,189,379	87,340,366	6,153,576
Subscription liability	26,637,235	1,651,447	8,246,924	20,041,758	8,245,894
Compensated absences*	67,390,418	6,644,365	—	74,034,783	908,730
Long-term financed purchase	2,596,511	—	359,511	2,237,000	283,000
HUD Section 108 loan	—	5,848,000	—	5,848,000	—
Availability payment arrangement	97,435,336	—	1,735,126	95,700,210	1,824,953
Certificate of participation	10,125,000	—	2,880,000	7,245,000	2,230,000
Landfill closure obligation	27,138,000	373,000	—	27,511,000	7,302,864
Agricultural land preservation program	45,217,437	2,614,860	3,971,182	43,861,115	4,706,507
Deferred refunding premium	124,264,355	8,947,793	11,327,952	121,884,196	—
Unpaid Claims	25,350,659	2,716,767	840,097	27,227,329	9,350,904
Length of service award program liability	26,180,348	—	2,325,191	23,855,157	877,866
Net OPEB liability	235,052,252	—	21,625,709	213,426,543	—
Net pension liability	207,564,825	38,170,367	42,490,027	203,245,165	—
Other noncurrent liability	7,528,411	—	460,092	7,068,319	—
Total governmental activities	2,218,038,062	197,573,733	221,186,539	2,194,425,256	137,969,482
Business-type Activities:					
Consolidated public improvement bonds - Watershed Protection	27,105,094	3,003,128	1,056,002	29,052,220	1,193,911
Consolidated public improvement bonds - Broadband	3,147,377	—	128,650	3,018,727	125,900
Metropolitan district bonds	400,170,000	21,705,000	14,985,000	406,890,000	15,885,000
Deferred refunding premium	30,539,270	1,137,814	1,578,881	30,098,203	—
Certificates of participation - water meter	1,575,000	—	255,000	1,320,000	270,000
State water quality revolving loan	1,555,752	—	242,057	1,313,695	245,272
MDE Loan	786,677	—	169,056	617,621	174,058
Major water and sewer agreements	585,424	—	314,089	271,335	49,794
Lease liability	2,156,842	3,816,832	150,326	5,823,348	338,810
Subscription liability	—	608,281	203,093	405,189	197,239
Net pension liability	4,740,084	706,244	—	5,446,328	—
Net OPEB liability	15,605,575	—	2,890,535	12,715,040	—
Compensated absences*	2,396,712	350,457	—	2,747,169	498,978
Total business-type activities	490,363,807	31,327,756	21,972,689	499,718,875	18,978,962
Total long-term obligations	\$ 2,708,401,869	\$ 228,901,489	\$ 243,159,228	\$ 2,694,144,131	\$ 156,948,444

*Beginning balances have been restated to reflect changes in accounting principles related to GASB 101 implementation.

The County is subject to State and County law which limits the amount of applicable General County debt outstanding to 4.8% of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was \$3,249,954,488 providing a debt margin of \$2,004,607,488. The authorized, unissued General County Bonds, Metropolitan District Bonds and Tax Increment Finance Bonds at fiscal year-end were \$366,696,728, \$217,367,382 and \$41,775,000, respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with debt agreement provisions.

Funding Source for Other Non-debt Related Liabilities

Net other post-employment benefit (OPEB) liabilities are liquidated with Employee Benefit Fund resources. Net pension liabilities (assets) are liquidated with General Fund resources. Compensated absences are liquidated by the governmental funds that incurred the associated personnel cost.

Metropolitan District bonds and their related interest charges are being financed from front foot benefit assessment charges, ad valorem taxes and in-aid-of-construction charges. In the event such revenues and charges are insufficient to finance the debt service, the full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of these bonds.

On April 23, 2025, the County issued \$80,640,000 in Consolidated Public Improvement Project Bonds 2025 Series A, and \$21,705,000 in Metropolitan District Project Bonds Series B. The true interest costs were 3.58%, and 3.98% for the Series A and B respectively. The County issued these bonds to pay off \$84,464,813 of outstanding Consolidated Public Improvement Bond Anticipation Notes, 2023 Series (BANs), reimburse the County for costs related to capital projects, and to pay bond issuance costs.

On April 9, 2025, the County issued \$22,865,000 in Consolidated Public Improvement Refunding Bonds 2025 Series C, with a true interest cost of 3.28%. The County issued these bonds to refund \$23,630,000 of Consolidated Public Improvement Bonds and to pay bond issuance costs. The savings or aggregate difference in debt service from refunding Consolidated Public Improvement Bonds was \$13,030. The economic gain or net present value of savings from refunding Consolidated Public Improvement Bonds was \$7,229.

The County issues debt to finance the construction of certain capital facilities of its component units and to finance major water and sewer projects done in conjunction with the City of Baltimore (the "City") and Baltimore County, which affects the "unrestricted" net position component in the statement of net position.

The following summarizes these situations in which the County is reporting the debt in its financial statements, while the corresponding assets are reported by the other reporting entity.

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had approximately \$528,155,770 of its net Consolidated Public Improvement general obligation bonds outstanding that are related to capital facilities of the component units at fiscal year end.
- The Metropolitan District Act requires Baltimore City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. Since 2004, the County has contributed approximately \$95.5 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 4.01% of its net Metropolitan District general obligation bonds outstanding or \$16.3 million is related to these facilities at fiscal year-end.

Since 1993, the County has participated in the State Water Quality Revolving Loan Program. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax exempt financing. As of fiscal year-end, the County has borrowed \$91,255,779, of which \$77,045,779 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation. The outstanding balances of these loans are \$1,313,695.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 9).

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included as long-term obligations of the County. At fiscal year-end, \$86,450,000 of Consolidated Public Improvement Bonds and \$43,185,000 of Metropolitan District Bonds were considered defeased.

Under its Agricultural Land Preservation Program, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. The County acquires the development rights to the land in perpetuity. Historically, under the terms of the agreement, the County paid the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price until maturity. The remaining amount of the purchase price was paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (see Note 2). Under the current program, the County pays five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest.

Direct Placements

The County issues tax-exempt bond anticipation notes (BANs) in order to provide interim financing for a portion of the costs of on-going capital projects. On April 23, 2025 the County entered a Credit Agreement for a \$150,000,000 Line of Credit which is repaid annually with the proceeds of General Obligation bonds. The outstanding amount of such notes as of June 30, 2025 was \$32,537,339. The agreement will expire on April 23, 2027 and the County intends to pay off prior to the expiration date.

On November 20, 2018, the County borrowed \$1,646,000 from Sandy Spring Bank to fund a portion of the cost of a storm water restoration project located at 1960 Daisy Road in Woodbine, Maryland. The loan was made through the Maryland Department of the Environment (the "MDE") Linked Deposit Water Quality Program. MDE has placed \$1,646,000 on deposit with Sandy Spring Bank for the ten-year term of the loan. The interest earned on the funds on deposit will be used to offset the market interest rate.

Ellicott City Safe and Sound Plan

The County's Ellicott City Safe and Sound Plan is a major improvement program which seeks to implement long-term flood mitigation in the Tiber Branch watershed. Flash flooding in 2016 and 2018 caused exceptional damage and resulted in fatalities.

The County has entered into loan agreements with Federal and State programs to aid in its mitigation efforts with below market interest rates. The County closed on a \$75,000,000 Water Infrastructure Finance and Innovation Act (WIFIA) in May 2022. In 2025, the County entered into two additional agreements with the State of Maryland. The first agreement was through the Maryland Water Infrastructure Financing Administration (MWIFA) in the amount of \$23,500,000. The County was also awarded a \$10,000,000 loan through the Maryland Department of Emergency Management (MDEM).

Both the WIFIA and MWIFA programs are drawdown programs during the construction period. The County has drawn down \$20,105,263 through these programs. The total debt outstanding related to the improvement plan was \$30,105,261 through fiscal year 2025.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term obligations at fiscal year-end are below:

Debt service requirements of governmental activities:

Year ending	General County Bonds		Agricultural Land Program	
	Principal	Interest	Principal	Interest
June 30:				
2026	\$ 94,925,188	\$ 44,637,506	\$ 4,706,507	\$ 1,245,442
2027	92,423,720	40,992,765	9,370,507	946,785
2028	90,274,127	36,828,893	6,283,507	671,969
2029	87,506,747	32,640,021	4,125,507	436,507
2030	86,019,694	28,745,979	3,711,807	343,335
2031-2035	369,884,245	93,114,677	9,942,506	843,390
2036-2040	238,620,351	35,676,631	4,722,903	218,396
2041-2045	82,219,982	6,098,723	997,871	11,864
Total	<u>\$ 1,141,874,054</u>	<u>\$ 318,735,195</u>	<u>\$ 43,861,115</u>	<u>\$ 4,717,688</u>

Year ending	Long-term Financed Purchase		Certificates of Participation	
	Principal	Interest	Principal	Interest
June 30:				
2026	\$ 283,000	\$ 34,664	\$ 2,230,000	\$ 306,500
2027	287,000	30,120	1,335,000	217,375
2028	292,000	25,512	1,450,000	147,750
2029	297,000	20,816	1,140,000	83,000
2030	301,000	16,048	1,090,000	27,250
2031-2035	777,000	18,768	—	—
Total	<u>\$ 2,237,000 (1)</u>	<u>\$ 145,928 (1)</u>	<u>\$ 7,245,000</u>	<u>\$ 781,875</u>

(1) Reflects amortization of final approved contracts whereas the financial statements reflect the actual drawn amounts.

Debt service requirements of business-type activities:

Year ending	Metro District Bonds		Water Quality Bonds		Watershed Protection	
	Principal	Interest	Principal	Interest	Principal	Interest*
June 30:						
2026	\$ 15,885,000	\$ 14,299,162	\$ 245,272	\$ 28,795	\$ 1,193,911	\$ 1,226,216
2027	16,335,000	13,631,820	248,538	25,529	1,241,069	1,178,725
2028	16,225,000	12,871,655	251,856	22,211	1,304,791	1,115,079
2029	16,965,000	12,111,211	242,153	18,842	1,371,300	1,048,176
2030	15,770,000	11,396,664	190,132	12,345	1,441,792	977,849
2031-2035	85,565,000	47,147,646	135,743	10,444	8,350,118	3,748,717
2036-2040	88,075,000	32,450,098	—	—	10,125,253	1,811,188
2041-2045	77,200,000	19,155,122	—	—	4,023,986	304,260
2046-2050	58,100,000	7,559,450	—	—	—	—
2051-2055	16,770,000	1,258,675	—	—	—	—
Total	<u>\$ 406,890,000</u>	<u>\$ 171,881,503</u>	<u>\$ 1,313,694</u>	<u>\$ 118,166</u>	<u>\$ 29,052,220</u>	<u>\$ 11,410,210</u>

Year ending	Broadband		MDE		Certificates of Participation Water Meter	
	Principal	Interest *	Principal	Interest *	Principal	Interest *
June 30:						
2026	\$ 125,900	\$ 120,260	\$ 174,058	\$ 16,213	\$ 270,000	\$ 59,250
2027	130,211	115,972	179,336	10,935	285,000	45,375
2028	136,082	111,412	184,762	5,509	300,000	30,750
2029	141,953	106,541	79,465	647	310,000	15,500
2030	143,514	101,505	—	—	155,000	3,875
2031-2035	805,637	422,876	—	—	—	—
2036-2040	979,395	247,561	—	—	—	—
2041-2045	556,035	58,584	—	—	—	—
Total	<u>\$ 3,018,727</u>	<u>\$ 1,284,711</u>	<u>\$ 617,621</u>	<u>\$ 33,304</u>	<u>\$ 1,320,000</u>	<u>\$ 154,750</u>

*Includes administrative fees.

Special Obligation Bonds

March 11, 2014, the County issued its first Special Obligation Bonds (Annapolis Junction Town Center) 2014 Series in the amount of \$17 million, with an overall true interest cost of 6.148%. The proceeds were used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73 acres as a Development District, at the site of the MARC Savage Commuter Rail Station. The land is state-owned, thus no real property taxes were paid to the County for this property. However, County management anticipates opportunities for local economic development by putting tax-exempt property on the local tax roll while improving transportation infrastructure. The outstanding bonds in the amount of \$16,145,000 were refunded on June 27, 2024 with an overall true interest cost of 4.704%.

A companion special taxing district was created as a backup for the Special Obligation bonds. Special taxes will be imposed on property owners located within the special taxing district in any year where the tax increment collections are lower than the next year's debt service obligation and TIF District expenses. The special taxes are also to be pledged for the repayment of the Special Obligation bonds.

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected within the Development District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is \$22,883,750. A reserve fund in the amount of \$1,564,500 was established as part of the refunding debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2044. Additionally, as of fiscal year end, \$27,018 is being held by an escrow agent for fiscal year 2026 debt service. Pledged revenues of \$1,423,414 were recognized in fiscal year 2025. The outstanding debt of \$15,045,000 is included in the primary government's long-term debt on the Statement of Net Position.

The bond offering is part of an overall Public Private Partnership (P3) development project known as Annapolis Junction Town Center. When completed, the entire development project will be a comprehensive mixed-use State Transit-Oriented Development (TOD) and will include 100,000 square feet of Class A office space, 416 luxury apartment units, a 150-room hotel, 17,250 square feet of retail space and the 700-space parking garage (financed by the general obligations bonds). The project will also include two additional parking garages, to be funded privately, to separately support parking needs for businesses and residents.

On October 19, 2017, the County issued \$48,225,000 of Special Obligation Bonds (Downtown Columbia Project) Series 2017 A, with an overall true interest cost of 4.48%. The development project consists of the re-development of a portion of the downtown area in the unincorporated master-planned community of Columbia, Maryland, one of the first master-planned communities in the United States. Howard Research and Development Corporation intends to develop the downtown area in multiple phases over approximately 15 to 20 years. The Development District is comprised of approximately 148.6 acres within Downtown Columbia excluding The Mall and Merriweather-Symphony Woods neighborhoods. The Special Taxing District consists of an approximately 65-acre parcel located within the Crescent neighborhood of the Development District. Special taxes will be imposed on property owners located within the special taxing district in any year where the tax increment revenues are lower than the next year's debt service obligation and District expenses.

The bond proceeds are being used to finance the construction of roads, intersections, related water, sewer and storm water improvements and an EMT/Quick Strike Facility in the Special Taxing District and to pay bond issuance costs. These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected on the Phase One properties and any special taxes imposed and collected within the Crescent Special Taxing District. The Phase One properties include The Metropolitan, m.flats, TEN.M, One Merriweather, Two Merriweather, Area One Parking garage, Project 3 Office A, Project 3 Multifamily B, Project 3 Multifamily C, Project 3 Office B, Project # Retail and Area Three Parking garage.

The total amount of pledged revenue is \$71,391,780. A reserve fund in the amount of \$3,921,283 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2047. Additionally, as of fiscal year end, \$67,033 is being held by an escrow agent for fiscal year 2026 debt service. Pledged revenues of \$4,837,589 were recognized in fiscal year 2025. The outstanding debt of \$46,875,000 is included in the primary government's long-term debt on the Statement of Net Position.

A summary of debt service requirements to maturity, including principal and interest, for the TIF governmental activities at fiscal year-end are below.

Debt service requirements of TIF governmental activities:

Year ending	Tax Increment Financing Bonds		
	Principal	Interest	Annual Debt Service
June 30:			
2026	\$ 1,160,000	\$ 2,800,469	\$ 3,960,469
2027	1,425,000	2,751,219	4,176,219
2028	1,540,000	2,690,969	4,230,969
2029	1,660,000	2,625,719	4,285,719
2030	1,780,000	2,553,656	4,333,656
2031-2035	10,945,000	11,488,469	22,433,469
2036-2040	16,205,000	8,654,813	24,859,813
2041-2045	23,405,000	4,098,250	27,503,250
2046-2050	3,800,000	177,749	3,977,749
Total	<u>\$ 61,920,000</u>	<u>\$ 37,841,313</u>	<u>\$ 99,761,313</u>

Availability Payment Arrangement

On July 27, 2018, the Howard County Council adopted CB54-2018 approving a multi-year Project Agreement between Howard County, Maryland and a special purpose entity formed by Edgemoor-Star America Judicial Partners (“ESJP” or the Project Company) for the design, construction, partial financing, operation and maintenance of a new Courthouse and related Parking Structure to be located on the Project Site located at 9250 Judicial Way (formerly known as 9240 and 9250 Bendix Road) in Ellicott City. The County reached commercial and financial close with ESJP on October 16, 2018. Council Bill 41-2017 authorized the issuance of General Obligation bonds to finance the milestone payment. The County paid ESJP \$78 million upon occupancy in July 2021.

The County makes monthly payments consisting of capital and facilities management charges, meeting GASB Statement No. 94’s definition of an Availability Payment Arrangement. The County has recognized \$100,653,579 at an imputed discount rate of 5.07%, and will continue to make monthly payments to the Project Company through 2051, or the “expiration date.” The fixed capital charge is for the design, build and construction of the Courthouse. The facilities management charge is index-linked and related to the Project Company’s performance in operating and maintaining the Courthouse. The facilities management charges are recognized as outflows on the financial statements. The Project Company is responsible for obtaining and repaying all construction and other financing necessary for the Project at its own cost and risk and without recourse to the County and, exclusively bears the risk of any changes in the interest rate, payment provisions or the other terms and conditions of its financing.

A summary of the fixed capital charges required to maturity, including principal and interest, for the long-term obligations at fiscal year-end are below:

Year ending	Courthouse Availability Payment		
	Principal	Interest	Annual Debt Service
June 30:			
2026	\$ 1,824,953	\$ 4,798,595	\$ 6,623,548
2027	1,919,429	4,704,119	6,623,548
2028	2,018,796	4,604,752	6,623,548
2029	2,123,308	4,500,240	6,623,548
2030	2,233,230	4,390,318	6,623,548
2031-2035	13,024,786	20,092,954	33,117,740
2036-2040	16,763,814	16,353,926	33,117,740
2041-2045	21,576,207	11,541,533	33,117,740
2046-2050	27,770,093	5,347,647	33,117,740
2051-2055	6,445,594	177,955	6,623,549
Total	<u>\$ 95,700,210</u>	<u>\$ 76,512,039</u>	<u>\$ 172,212,249</u>

HUD Section 108 Loan

With the passage of CB3-2025 the County entered into a multi-year loan agreement with the U.S. Department of Housing and Urban Development (HUD) to receive funding under the Section 108 Loan Guarantee Assistance program and Community Development Act of 1974, as amended, on September 24, 2024. The loan includes the guarantee of notes or other obligations in the principal amount of \$5,848,000 plus interest, which shall be used to finance the Waverly Winds and Ranleigh Court redevelopment projects.

The Variable/Fixed Rate Notes, referred to as Note No. B-23-UC-24-0012 in the Maximum Commitment Amount of \$5,848,000.00, were executed by the County on February 7, 2025 and are payable to the order of the Registered Holder thereof, and to be guaranteed by the Secretary of Housing and Urban Development ("HUD") under section 108 of the Housing and Community Development Act of 1974, as amended, 42 U.S.C. 5308 ("Section 108"). The Note was initially issued to the interim lender, which will make advances to Borrower in the amount requested by the Borrower under the Note. HUD's guarantee of the Note will be governed by the Contract for Loan Guarantee Assistance under Section 108 between the Borrower and HUD (the "Contract"), in which the Borrower pledges Community Development Block Grants pursuant to 24 CFR 570.705(b)(2), as well as any other security specified therein, as security for HUD's guarantee. It is anticipated that the Note, as authorized by the Contract, will be included in a future trust created by HUD (together with other Section 108 Notes issued by other borrowers), and participation certificates based on the trust will ultimately be sold in a future public offering by the underwriters selected by HUD.

A summary of debt service requirements to maturity, including principal and interest, for the long-term obligations at fiscal year-end are below:

Year ending	HUD Section 8 Loan		
	Principal	Interest	Annual Debt Service
June 30:			
2026	\$ —	\$ 260,236	\$ 260,236
2027	—	260,236	260,236
2028	209,000	260,236	469,236
2029	221,000	250,936	471,936
2030	235,000	241,101	476,101
2031-2035	1,399,000	1,035,737	2,434,737
2036-2040	1,860,000	685,968	2,545,968
2041-2044	1,924,000	220,275	2,144,275
Total	\$ 5,848,000	\$ 3,214,725	\$ 9,062,725

B. Component Units

The changes in long-term obligations for the component units for the fiscal year are as follows:

Component Unit	Beginning Balance	Additions	Reductions	Ending Balance
Community College:				
Compensated absences, net OPEB liability and net pension liability (asset)	\$ 34,638,157	\$ (3,021,657)	\$ 7,723,186	\$ 23,893,314
Housing:*				
Loans, compensated absences and net pension liability**	276,777,827	73,971,443	4,557,074	346,192,196
Library:				
Compensated absences and net OPEB liability	13,434,463	75,741	2,517,467	10,992,737
Public School System:				
Long-term financed purchase, workers compensation, compensated absences, net OPEB liability and net pension liability (asset)	871,907,122	87,258,690	7,656,726	951,509,086
Total	<u><u>\$ 1,196,757,569</u></u>	<u><u>\$ 158,284,217</u></u>	<u><u>\$ 22,454,453</u></u>	<u><u>\$ 1,332,587,333</u></u>

*Financial statements for the Housing Commission are reported on a calendar year basis

** The beginning balance has been restated.

8. Short-Term Debt

The changes in short-term debt for the primary government for the fiscal year are as follows:

Type	Beginning Balance	Issued	Retired	Ending Balance
Bond Anticipation Notes	<u>\$ 37,731,427</u>	<u>\$ 79,270,725</u>	<u>\$ 84,464,813</u>	<u>\$ 32,537,339</u>

Bond anticipation notes (BANS) are issued to finance expenditures of certain capital projects and will be repaid from the proceeds when the County issues debt.

The County issues tax-exempt bond anticipation notes (BANs) in order to provide interim financing for a portion of the costs of on-going capital projects. On April 23, 2025 the County entered a Credit Agreement for a \$150,000,000 Line of Credit which is repaid annually with the proceeds of General Obligation bonds. The outstanding amount of such notes as of June 30, 2025 was \$32,537,339. The agreement will expire on April 23, 2027 and the County intends to pay-off prior to the expiration date.

9. Conduit Debt

From time-to-time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Retirement Community Revenue Bonds, and Recovery Zone Facility Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At fiscal year-end, there were 13 series of conduit debt outstanding. The aggregate principal amount outstanding for the 9 series issued after July 1, 1996 was \$68,813,333. The aggregate principal amount outstanding for the 4 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$23,880,000.

10. Leases and Subscription-Based Information Technology Arrangements

Leases

County as Lessee

The County has entered into various lease agreements as lessee primarily for office space and office equipment. Leases have initial terms from 4 to 26 years with an average length of 13 years, and contain one or more renewals at the County's option, most commonly for five-year periods and others at one or three-year periods. The County has generally included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments. These rates range from 0.4170% to 3.3980%.

This year the County entered into a new 186 month lease for office space. An initial lease liability was recorded in the amount of \$3,816,832. As of June 30, 2025, the value of the lease liability is \$3,833,662. Howard County, MD is required to make monthly fixed payments of \$19,325. The lease has an interest rate of 3.2570%. The value of the right-to-use-asset as of June 30, 2025 of \$3,816,832 with accumulated amortization of \$183,698 is included with Buildings in the table below. The County has two extension options, each for 60 months.

At June 30, 2025, the statement of net position included the following amounts relating to leases:

	Governmental Activities	Business-Type Activities	Total
Intangible right-to-use assets being amortized:			
Buildings	\$ 100,404,974	\$ 6,432,543	\$ 106,837,517
Equipment	4,523,805	—	4,523,805
Total intangible right-to-use assets being amortized	<u>104,928,779</u>	<u>6,432,543</u>	<u>111,361,322</u>
Less accumulated amortization for:			
Buildings	22,985,671	949,272	23,934,943
Equipment	969,387	—	969,387
Total accumulated amortization	<u>23,955,058</u>	<u>949,272</u>	<u>24,904,330</u>
Intangible right-to-use assets being amortized, net:			
Buildings	77,419,303	5,483,271	82,902,574
Equipment	3,554,418	—	3,554,418
Total intangible right-to-use assets, being amortized, net	<u>\$ 80,973,721</u>	<u>\$ 5,483,271</u>	<u>\$ 86,456,992</u>
Lease liability:			
Current	\$ 6,153,576	\$ 338,810	\$ 6,492,386
Noncurrent	81,186,790	5,484,538	86,671,328
Total Lease liability	<u>\$ 87,340,366</u>	<u>\$ 5,823,348</u>	<u>\$ 93,163,714</u>

The future principal and interest lease payments as of June 30, 2025, were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 6,153,576	\$ 1,822,416	\$ 7,975,992
2027	5,505,596	1,719,035	7,224,631
2028	5,129,018	1,610,616	6,739,634
2029	5,294,354	1,499,252	6,793,606
2030	5,423,211	1,384,842	6,808,053
Thereafter	59,834,611	8,830,537	68,665,148
Total	<u>\$ 87,340,366</u>	<u>\$ 16,866,698</u>	<u>\$ 104,207,064</u>

The future principal and interest lease payments as of June 30, 2025, were as follows:

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 338,810	\$ 156,897	\$ 495,707
2027	358,504	148,176	506,680
2028	378,986	138,927	517,913
2029	400,194	129,129	529,323
2030	420,361	118,767	539,128
Thereafter	3,926,492	556,429	4,482,921
Total	<u>\$ 5,823,347</u>	<u>\$ 1,248,325</u>	<u>\$ 7,071,672</u>

County as Lessor

The County leases out some of its buildings, infrastructure, and land. Most leases have initial terms from 2 to 24 years with an average length of 11 years and contain one to four more renewals at the County’s option for typically five-year periods. The County has included these renewal periods in the lease term when they are both noncancellable and reasonably certain to be exercised. The County’s lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County’s leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments. These rates range from 0.4170% to 3.1130%. Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

The County entered into a 144 month lease this year for the use of Infrastructure. An initial lease receivable was recorded in the amount of \$745,208. As of June 30, 2025, the value of the lease receivable is \$704,292. The lessee is required to make monthly fixed payments of \$6,151. The lease has an interest rate of 2.9920%. The value of the deferred inflow of resources as of June 30, 2025 was \$698,632, and the County recognized lease revenue of \$46,575 during the fiscal year. The lessee has one extension option for 60 months.

Additionally, the County entered into a 24 month lease as Lessor for the use of Columbia Center for Theatrical Arts Phase I. An initial lease receivable was recorded in the amount of \$99,221. As of June 30, 2025, the value of the lease receivable is \$75,079. The lessee is required to make monthly fixed payments of \$4,167. The lease has an interest rate of 2.3630%. The value of the deferred inflow of resources as of June 30, 2025 was \$74,416, and the County recognized lease revenue of \$24,805 during the fiscal year. The lessee has 1 extension option for 12 months.

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Governmental Activities	Business-Type Activities	Total
Revenues			
Lease Revenue	\$ 1,107,642	\$ 363,044	\$ 1,470,686
Interest Revenue	226,890	98,382	325,272
Total Revenue	<u>\$ 1,334,532</u>	<u>\$ 461,426</u>	<u>\$ 1,795,958</u>

At June 30, 2025, the principal and interest requirements to maturity for the lease receivable are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 1,073,365	\$ 215,150	\$ 1,288,515
2027	1,003,665	198,714	1,202,379
2028	756,282	183,977	940,259
2029	670,684	170,401	841,085
2030	641,227	157,484	798,711
Thereafter	7,107,605	819,521	7,927,126
Total	<u>\$ 11,252,828</u>	<u>\$ 1,745,247</u>	<u>\$ 12,998,075</u>

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 381,668	\$ 96,714	\$ 478,382
2027	389,483	88,898	478,381
2028	376,444	80,937	457,381
2029	320,806	73,575	394,381
2030	327,970	66,411	394,381
Thereafter	2,814,573	265,582	3,080,155
Total	<u>\$ 4,610,944</u>	<u>\$ 672,117</u>	<u>\$ 5,283,061</u>

Subscription-Based Information Technology Arrangements

The County has entered into various subscription agreements that convey control of the right-to-use another entity's combination of IT software and tangible capital assets, for a variety of governmental purpose ranging from payroll to computer software. Subscriptions have initial terms from 1 to 10 years with an average length of four years and contain none or more renewals at the county's option, most commonly for 1-year periods and others at 5 years. The County has generally included these renewal periods in the subscription term when it is reasonably certain that the County will exercise the renewal option. The County's subscriptions generally do not include termination options for either party to the subscription or restrictive financial or other covenants. As the interest rate implicit in the County's subscription is not readily determinable, the County utilizes its incremental borrowing rate to discount the subscription payments. The following agreements were entered into during FY 2025 and are included in the Subscription class activities in the chart below:

On 07/01/2024, Howard County, MD entered into a 120 month subscription for the use of Everbridge Inc. An initial subscription liability was recorded in the amount of \$612,900. As of 06/30/2025, the value of the subscription liability is \$543,459. Howard County, MD is required to make annual fixed payments of \$69,441. The subscription has an interest rate of 2.8900%. The value of the right to use asset as of 06/30/2025 of \$612,900 with accumulated amortization of \$61,290 is included with Software on the Subscription Class activities table found below. Howard County, MD has 15 extension option(s), each for 12 months.

On 07/01/2024, Howard County, MD entered into a 48 month subscription for the use of Kronos Services - Fire. An initial subscription liability was recorded in the amount of \$202,583. As of 06/30/2025, the value of the subscription liability is \$153,822. Howard County, MD is required to make monthly fixed payments of \$4,475. The subscription has an interest rate of 3.0270%. The value of the right to use asset as of 06/30/2025 of \$202,583 with accumulated amortization of \$50,646 is included with Software on the Subscription Class activities table found below. Howard County, MD has 3 extension option(s), each for 12 months.

On 07/01/2024, Howard County, MD entered into a 36 month subscription for the use of Magnet Forensics, LLC. An initial subscription liability was recorded in the amount of \$332,483. As of 06/30/2025, the value of the subscription liability is \$223,708. Howard County, MD is required to make annual fixed payments of \$108,775. The subscription has an interest rate of 3.0670%. The value of the right to use asset as of 06/30/2025 of \$332,483 with accumulated amortization of \$110,828 is included with Software on the Subscription Class activities table found below. Howard County, MD has 2 extension option(s), each for 12 months.

On 09/14/2024, Howard County, MD entered into a 36 month subscription for the use of Sign in Enterprise Inc. An initial subscription liability was recorded in the amount of \$129,429. As of 06/30/2025, the value of the subscription liability is \$84,977. Howard County, MD is required to make annual fixed payments of \$44,453. The subscription has an interest rate of 3.0670%. The value of the right to use asset as of 06/30/2025 of \$129,429 with accumulated amortization of \$34,395 is included with Software on the Subscription Class activities table found below. Howard County, MD has 2 extension option(s), each for 12 months.

On 09/30/2024, Howard County, MD entered into a 36 month subscription for the use of Shi International Corp. An initial subscription liability was recorded in the amount of \$313,163. As of 06/30/2025, the value of the subscription liability is \$210,709. Howard County, MD is required to make annual fixed payments of \$102,454. The subscription has an interest rate of 3.0670%. The value of the right to use asset as of 06/30/2025 of \$313,163 with accumulated amortization of \$78,581 is included with Software on the Subscription Class activities table found below. Howard County, MD has 2 extension option(s), each for 12 months.

On 01/01/2025, Howard County, MD entered into a 36 month subscription for the use of Infor Public Sector Inc. An initial subscription liability was recorded in the amount of \$295,118. As of 06/30/2025, the value of the subscription liability is \$194,480. Howard County, MD is required to make annual fixed payments of \$100,638. The subscription has an interest rate of 2.3210%. The value of the right to use asset as of 06/30/2025 of \$295,118 with accumulated amortization of \$49,186 is included with Software on the Subscription Class activities table found below. Howard County, MD has 2 extension option(s), each for 12 months.

At June 30, 2025, the statement of net position included the following amounts relating to subscription:

	Governmental Activities	Business-Type Activities	Total
Intangible right-to-use subscription assets being amortized:			
Software	\$ 36,946,193	\$ 606,281	\$ 37,552,474
Total intangible right-to-use subscription assets being amortized	<u>36,946,193</u>	<u>606,281</u>	<u>37,552,474</u>
Less accumulated amortization for:			
Software	16,807,659	127,767	16,935,426
Total accumulated amortization	<u>16,807,659</u>	<u>127,767</u>	<u>16,935,426</u>
Intangible right-to-use subscription assets being amortized, net:			
Software	20,138,534	478,514	20,617,048
Total intangible right-to-use subscription assets, being amortized, net	<u>\$ 20,138,534</u>	<u>\$ 478,514</u>	<u>\$ 20,617,048</u>
Subscription liability:			
Current	\$ 8,245,894	\$ 197,239	\$ 8,443,133
Noncurrent	11,795,864	207,950	12,003,814
Total Subscription liability	<u>\$ 20,041,758</u>	<u>\$ 405,189</u>	<u>\$ 20,446,947</u>

The future principal and interest subscription payments as of June 30, 2025 were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 8,245,894	\$ 575,918	\$ 8,821,812
2027	5,854,000	350,298	6,204,298
2028	4,794,925	177,417	4,972,342
2029	272,912	30,164	303,076
2030	280,227	22,849	303,076
2031-2034	593,800	28,773	622,573
Total	<u>\$ 20,041,758</u>	<u>\$ 1,185,419</u>	<u>\$ 21,227,177</u>

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2026	\$ 197,239	\$ 10,976	\$ 208,215
2027	207,950	5,644	213,594
Total	<u>\$ 405,189</u>	<u>\$ 16,620</u>	<u>\$ 421,809</u>

11. Restricted Assets

Federal and State grants, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted net position. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds that are legally restricted for special purposes such as public housing projects.

12. Fund Equity

The governmental fund balances at June 30, 2025 are composed of the following:

	General Fund	General Capital Projects Funds	Fire and Rescue Reserve Fund	Other Governmental Funds	Total
FUND BALANCES					
Nonspendable:					
Materials and supplies	\$ 960,254	—	\$ 591,653	\$ 163,178	\$ 1,715,085
Prepaid items	9,939	—	—	1,416,363	1,426,302
Long-term receivable:					
Due from component units	7,176,073	—	—	—	7,176,073
Total nonspendable	8,146,266	—	591,653	1,579,541	10,317,460
Restricted for:					
3M Settlement	—	—	—	184,210	184,210
Catalyst loan program	—	—	—	1,579,847	1,579,847
Community reinvestment and repair	—	—	—	3,035,766	3,035,766
Disposable plastics reduction	—	—	—	625,428	625,428
Economic development initiative	—	—	—	663,033	663,033
Fire & rescue services	—	—	151,840,495	—	151,840,495
Forest conservation	—	—	—	1,362,407	1,362,407
Housing opportunity trust fund	—	—	—	7,619,473	7,619,473
Middle Patuxent environmental area program	—	—	—	208,277	208,277
MIHU Fee-in-Lieu	—	—	—	5,366,760	5,366,760
Open space	—	—	—	719,506	719,506
Opioid abatement	—	—	—	7,557,861	7,557,861
Parkland watershed facilities	—	—	—	19,538,673	19,538,673
Permanent public improvement contribution	—	1,686,346	—	—	1,686,346
Program revenue	—	—	—	346,045	346,045
Public road facilities	—	—	—	57,701,246	57,701,246
Public school facilities	—	68,322,562	—	—	68,322,562
Speed enforcement	—	—	—	951,078	951,078
Tax increment financing project	—	—	—	21,631,226	21,631,226
Transit services	—	—	—	584,682	584,682
Vaping	—	—	—	1,246,474	1,246,474
Total restricted	—	70,008,908	151,840,495	130,921,992	352,771,395
Committed for:					
Budget stabilization account	89,894,205	—	—	—	89,894,205
Agricultural land preservation	—	—	—	28,417,498	28,417,498
Citizen's election	2,220,209	—	—	—	2,220,209
Community renewal programs	—	—	—	43,582,130	43,582,130
Environmental services	—	—	—	28,497,154	28,497,154
Firehouse & training facilities	—	—	—	23,573,212	23,573,212
Program revenue	—	—	—	244,416	244,416
Total committed	92,114,414	—	—	124,314,410	216,428,824

(continued)

	General Fund	General Capital Projects Funds	Fire and Rescue Reserve Fund	Other Governmental Funds	Total
Assigned for:					
Capital projects	—	—	—	14,775,586	14,775,586
FY2027 capital projects	15,000,000	—	—	—	15,000,000
FY2027 one-time operating initiatives	5,000,000	—	—	—	5,000,000
Educator loan assistance program	600,000	—	—	—	600,000
FY2026 budgeted PAYGO Operating	22,005,408	—	—	—	22,005,408
FY2026 budgeted PAYGO contribution to capital projects	73,760,000	—	—	—	73,760,000
FY2026 HCPSS one-time initiatives	1,505,000	—	—	—	1,505,000
FY2026 HCPSS operating (emergency legislation CB45-2025)	14,500,000	—	—	—	14,500,000
School capital projects	20,000,000	—	—	—	20,000,000
Other Post-Employment Benefits	2,500,000	—	—	—	2,500,000
Elkridge community center	20,000,000	—	—	—	20,000,000
HC Medical center-emergency dept expansion	5,000,000	—	—	—	5,000,000
Policy reserve	43,705,132	—	—	—	43,705,132
Purchase commitments	18,924,984	—	—	—	18,924,984
Subsequent year's budget stabilization account	12,084,435	—	—	—	12,084,435
Total assigned	<u>254,584,959</u>	<u>—</u>	<u>—</u>	<u>14,775,586</u>	<u>269,360,545</u>
Unassigned	37,992,467 *	(4,851,427)	—	(42,868,360)	(9,727,320)
Total fund balance	<u>\$ 392,838,106</u>	<u>\$ 65,157,481</u>	<u>\$ 152,432,148</u>	<u>\$ 228,723,169</u>	<u>\$ 839,150,904</u>

*Of this amount, \$7.1 million is for the Health Department Fund.

13. Landfill Closure and Post-Closure Care Cost

State and Federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each fiscal year-end. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating cost are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate \$34,813,864. Actual costs may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997, and thus it is not expected to use the landfill to its full capacity in the foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. At fiscal year-end, the County has recognized \$27,511,000 of these costs. This cumulative amount reported to date is based on the use of 70.78% of the existing cell and 100% of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$7,302,864. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

14. Tax Abatements

As of June 30, 2025 the County provides tax abatements through the Pilot Program and Commercial or Industrial Business Program.

PILOT (Payment in Lieu of Taxes)

Nixon Farm

In accordance with Howard County Council Resolution No. 11-2018, the County approved the terms and conditions of a Payment in Lieu of Taxes Agreement with the owners of 2800 Nixon's Farm Lane, LLC, regarding the construction and operation of an alternative and renewable energy project. Pursuant to Section 7-514 of the Tax-Property Article of the Annotated Code of Maryland, the County permits the owners to make payments in lieu of County real property taxes. The code provides, among other things, that real property may be exempt from County property tax and to induce the development of sustainable energy projects, the County agrees to abate County real property taxes for the property on a sliding scale as follows:

- a) For years 1 through 7 from the effective date, all Howard County real property taxes for the Property shall be abated and the owners shall pay to the County in lieu of such taxes, \$1 each year;
- b) For years 8 through 14 from the effective date, the owners shall receive a thirty percent (30.0%) abatement of all Howard County real property taxes for the property;
- c) For years 15 through 20 from the Effective Date, the owners shall receive a twenty percent (20.0%) abatement of all Howard County real property taxes for the property.

No other commitments were made by the County as part of this agreement.

Housing

In accordance with Howard County Code Sec. 13.1320. Property of Commission tax-exempt; exemption of property from levy and execution, the property of the Commission is declared to be used for essential public and governmental purposes and the Commission and its property are exempt from all taxes and special assessments of the County or the State. The Housing Commission which is a separate legal entity serves as the Public Housing Authority for the purpose of developing and managing housing resources for low and moderate income residents of Howard County. The Commission also owns and manages residential property, maintains these properties, develops affordable housing opportunities for the citizens of Howard County through partnerships with developers or land acquisition for development, and operates the Housing Choice Voucher. In lieu of County taxes and special assessments, the Commission makes payments to the County in an amount set by mutual agreement between the Commission and the County; provided, however, that the sum to be paid to the County does not exceed an amount equal to the regular taxes levied upon similar property.

By virtue of this agreement, all real property of the Commission is exempt from levy and sale and no execution or other judicial process shall issue against the same, nor shall any judgment against the Commission be a charge or lien upon its real property. The provisions shall not limit a right to foreclose or otherwise enforce:

- (1) Any mortgage or deed of trust recorded against any property of the Commission; or
- (2) Any pledge or lien given by the Commission on its rents, fees, or revenues.
- (3) May not deprive the County of its right to collect any service charge agreed upon in lieu of taxes in the same manner as all such taxes are now, or may hereafter be, collectible under the laws of this State and of the County.

No other commitments were made by the County as part of these agreements.

Commercial or Industrial Business

In accordance with § 9-315(a)(3) of the Tax-Property Article, Annotated Code of Maryland, there is a Howard County property tax credit against the tax on real property owned or occupied by a commercial or industrial business that engaged in an activity identified in the Howard County Economic Development Strategic Plan as a target for the County's business attraction and retention efforts.

A commercial or industrial business qualifies for a tax credit under this section if the business:

- (1) Applies for the credit under procedures of Howard County Code Sec.20.123-Commerical or industrial business
- (2) (i) Owns real property in Howard County that is new construction, or an improvement to an existing facility; or
(ii) Subject to the provisions of subsection (f)(2) of this section, rents or leases real property in Howard County that is new construction or an improvement to an existing facility;
- (3) Is currently or will be doing business in Howard County;
- (4) Will employ at least 12 additional full-time local employees by the second year in which the credit is allowed, not including an employee filling a job created when a job function is shifted from an existing location in the State to Howard County; and
- (5) Makes a substantial investment in Howard County which includes the acquisition of a building, land, or equipment that totals at least \$2,000,000; or the creation of ten positions with salaries greater than the current average wage in Howard County.

The tax credit under this section shall be granted annually for a term not to exceed ten years beginning with the first tax year in which the real property tax would increase as a result of an increase in assessment due to new construction or an improvement to an existing facility. The tax credit under this section may not exceed the amount of the County property tax imposed on the property that is a result of an increase in assessment due to the new construction or improvement. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. No other commitments were made by the County as part of these agreements.

For the fiscal year ended June 30, 2025, the County abated taxes totaling \$2,979,048 including the following tax abatement agreements that exceeds 10.0% of the total amount abated:

Tax Abatement Program	Amount of Taxes Abated
PILOT (Payment in Lieu of Taxes)	\$ 1,881,342

15. Pension Plans

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Retirement Plan (HCRP) and Police and Fire Employees’ Plan (PFEP) and additions to/deductions from the two plans’ fiduciary net position have been determined on the same basis as they were reported by each plan as of the June 30, 2024 measurement date. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

General Information about the Pension Plans

The Howard County Retirement Plan (“Retirement Plan”) and the Howard County Police and Fire Plan (“Police and Fire Plan”) are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland, which provide retirement benefits as well as death and disability benefits and cost-of-living adjustments.

The Plans were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478, and 1.401A to 1.478A. Essentially all the County full-time benefited and part-time benefited employees are eligible to participate in one of the Retirement Plans, except for certain exceptions provided for in Howard County Code Section 1.406.

Responsibilities for administration and operation of the Retirement Plan and Police and Fire Plan vest in Retirement Committees with seven members each (“Committees”). The Committees have authority to establish and amend the respective benefit and contribution provisions.

Generally, the majority of employees of the primary government, except certain police officers and fire personnel, participate in the Retirement Plan, which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Police officers and fire personnel participate in the Police and Fire Plan, which was established July 1, 1990. The remaining employees of the primary government participate in the State Employees Retirement System (“Retirement System”) established October 1, 1941, and the State Employees’ Pension System (“Pension System”) established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees (“Trustees”). The respective costs and related pension liability of the Retirement Plan are not significant.

Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by accessing the reports online at www.howardcountymd.gov.

A. Howard County Retirement Plan:

Under the Retirement Plan, participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary.

A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Participating general employees with 30 years of eligibility service, regardless of age, or who attain the age of 62 and older, with two to five years of eligibility service (for a total of 67 years), are entitled to a normal retirement benefit. For creditable service earned prior to June 30, 2012, the benefit is 1.55% of the participant’s average compensation times the participant’s creditable service; for creditable service after July 1, 2012, the multiplier is 1.66%. The Plan permits early retirement for participants who attain the age of 55 with at least 15 years of Eligibility Service or have 25 years of eligibility service, regardless of age. For early retirement, the benefit is reduced by 0.5% for each month that the benefit begins prior to normal retirement date.

For participating AFSCME Local 3085, the benefit is 1.66% of the participant’s average compensation times all years of creditable service.

Participating Corrections employees are entitled to receive a normal retirement benefit of 2.5% of average compensation multiplied by years of creditable service (up to 20 years) plus 1.0% of average compensation multiplied by creditable service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average compensation). Normal retirement is the attainment of age 62 and older, with two to five years of eligibility service (for a total of 67 years), or the completion of 20 years of eligibility service regardless of age.

Annually, the retirement benefits are adjusted for cost of living adjustment (“COLA”). The Plan uses the Consumer Price Index (“CPI-U”) for the Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The Maximum annual COLA is 3.0%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,095
Inactive employees entitled to but not yet receiving benefits	266
Active employees	1,938
Total	<u><u>3,299</u></u>

Deferred Retirement Option Program: As of fiscal year 2025, the Plan offers a program called Deferred Retirement Option Plan (DROP) to Corrections employees. This is a voluntary benefit program which offers qualified active Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP record is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The record is also credited with interest. The DROP record is paid to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. The balance held by the Plan as of June 30, 2025 and 2024 was \$1,021,120 and \$666,523, respectfully.

Contributions: The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan's funding policy provides for periodic employer contributions at actuarial determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections participants with less than 20 years of creditable service, 0.0% for Corrections participants with greater than 20 years of creditable service, and, effective January 1, 2014, 3.0% of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan which was 13.10% of covered payroll in fiscal year 2025 and 12.30% of covered payroll in fiscal year 2024. Expenses incurred in the administration and operation of the Plan are funded by the Plan.

Net Pension Liability (Asset)

The County's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service, Corrections 3.75% to 6.25% and all other employees from 3.75% to 6.30%, including inflation
Investment rate of return	7.15%, net of pension plan investment expense, including inflation
Mortality	Corrections and deputy sheriff employees: Pub-2010 Safety Employees/Retirees/Disabled/Contingent Survivors Amount-Weighted Mortality with generational projection from the 2010 base year using scale MP-2021 All other employees: Pub-2010 General Employees/Retirees/Disabled/Contingent Survivors Amount-Weighted Mortality with generational projection from the 2010 base year using scale MP-2021

The actuarial assumptions used in the July 1, 2023 valuation were based on the 2022 Experience Study covering the period of July 1, 2017 through June 30, 2022.

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities	42.0%	4.87%
Fixed income	26.0%	3.06%
Alternative investments	24.5%	6.75%
Real assets	7.5%	4.35%
Total	100.0%	N/A

For the measurement year ended June 30, 2024 the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 9.75%.

Discount rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the total actuarial determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. 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.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at June 30, 2023	\$ 676,364,352	\$ 604,277,977	\$ 72,086,375
Changes for the year:			
Service cost	19,383,278	—	19,383,278
Interest	47,938,476	—	47,938,476
Changes of benefit terms	—	—	—
Differences between expected and actual experience	19,864,031	—	19,864,031
Changes of assumptions	8,924,483	—	8,924,483
Contributions - employer	—	20,246,420	(20,246,420)
Contributions - member	—	6,050,873	(6,050,873)
Net investment income	—	58,542,946	(58,542,946)
Benefit payments, including refunds of employee contributions	(30,288,011)	(30,288,011)	—
Administrative expense	—	(627,912)	627,912
Net changes	65,822,257	53,924,316	11,897,941
Balance as of June 30, 2024	\$ 742,186,609	\$ 658,202,293	\$ 83,984,316

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the County and the component units participating in the General Employees Plan (Economic Development Authority (1) and Housing Commission), calculated using the discount rate of 7.15%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
County's net pension liability (asset)	\$ 176,772,075	\$ 81,791,516	\$ 2,621,618
Economic Development Authority ¹	2,361,202	1,092,515	35,017
Housing Commission	2,377,994	1,100,285	35,267
Total	<u>\$ 181,511,271</u>	<u>\$ 83,984,316</u>	<u>\$ 2,691,902</u>

¹Economic Development Authority statements are not included in the County's ACFR due to immateriality.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

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

For the year ended June 30, 2025, the County and the participating component units recognized pension expense of \$25,566,930 and \$659,268 respectively. The County's share of deferred outflows of resources and deferred inflows of resources related to the pension is reported below. The portions allocated to the component units are not reported due to immateriality for Economic Development Authority and a different fiscal year end for Housing:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,800,508	\$ 5,472,464
Changes of assumptions	15,161,041	—
Net difference between projected and actual earnings on pension plan investments	6,268,072	—
Changes in proportion	75,596	13,890
Contributions subsequent to the measurement date	21,202,061	—
Total	<u>\$ 73,507,278</u>	<u>\$ 5,486,354</u>

Deferred outflows of resources reported \$21,202,061, related to the pensions resulting from the County contributions made after the measurement date of the net pension liability but before the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

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

2026	\$ 4,097,523
2027	22,573,464
2028	3,204,601
2029	5,196,099
2030	7,733,185
Thereafter	4,013,991
Total	<u>\$ 46,818,863</u>

B. Police and Fire Plan:

All of the County’s full-time career police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. The Plan provides retirement benefits as well as death and disability benefits and cost-of-living adjustment.

Participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive a benefit equal to 2.5% of average compensation times the number of years of creditable service, payable at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or the designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Employees who attain the age of 62 with at least five years of eligibility service and employees who have completed 20 years of eligibility service, if at least 10 years were served as a covered employee, are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50% (with 20 years of service) to 80% (with 30 years of service) of average compensation for police, and from 50% (with 20 years of service) to 70% (with 30 years of service) of average compensation for firefighters.

Annually, the retirement benefits are adjusted for COLA. The Plan uses the CPI-U for the Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The maximum annual COLA is 2%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms

At July 1, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	548
Inactive employees entitled to but not yet receiving benefits	28
Active employees	<u>1,011</u>
Total	<u><u>1,587</u></u>

Deferred Retirement Option Program: The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP record is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The record is also credited with the required employee contributions and interest. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by the plan as of June 30, 2025 and 2024 was \$14,846,518 and \$13,378,542 , respectively.

Contributions: The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan’s funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. For employees with less than 30 years of service, participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. Employees with 30 or more years pay no participant contributions. The County funds the remainder of the cost of its employees’ participation in the Police and Fire Plan, which was 36.00% and 35.30% of covered payroll in fiscal years 2025 and 2024, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2024.

Actuarial Assumptions: The total pension liability in the July 1, 2023 actuarial valuation rolled forward to June 30, 2024 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service; Police: 4.00% to 7.25% and Fire: 4.00% to 10.00%, including inflation
Investment rate of return	7.15%, net of pension plan investment expense, including inflation
Mortality	Pub- 2010 Safety Employees/Retirees/Disabled/Contingent Survivors Amount-Weighted Mortality with generational projection from the 2010 base year using scale MP 2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the 2022 Experience Study covering the period of July 1, 2017 through June 30, 2022.

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

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Equities	42.0%	4.87%
Fixed income	26.0%	3.06%
Alternative investments	24.5%	6.75%
Real assets	7.5%	4.35%
Total	100.0%	N/A

For the measurement year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 9.89%.

Discount rate: The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the total actuarial determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 958,519,607	\$ 816,272,093	\$ 142,247,514
Changes for the year:			
Service cost	28,071,891	—	28,071,891
Interest	67,953,506	—	67,953,506
Changes of benefit terms	—	—	—
Differences between expected and actual experience	1,948,980	—	1,948,980
Changes of assumptions	12,853,708	—	12,853,708
Contributions - employer	—	36,750,837	(36,750,837)
Contributions - member	—	9,944,756	(9,944,756)
Net investment income	—	80,086,024	(80,086,024)
Benefit payments, including refunds of employee contributions	(42,459,762)	(42,459,762)	—
Administrative expense	—	(605,995)	605,995
Net changes	68,368,323	83,715,860	(15,347,537)
Balance as of June 30, 2024	<u>\$1,026,887,930</u>	<u>\$ 899,987,953</u>	<u>\$ 126,899,977</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County, calculated using the discount rate of 7.15 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15)%	Current Discount Rate (7.15)%	1% Increase (8.15)%
County's net pension liability	<u>\$ 259,098,309</u>	<u>\$ 126,899,977</u>	<u>\$ 11,773,388</u>

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

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

For the year ended June 30, 2024 the County recognized pension expense of \$39,266,187. The County reported 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	\$ 18,744,306	\$ 8,557,949
Changes of assumptions	32,724,952	—
Net difference between projected and actual earnings on pension plan investments	9,152,703	—
Contributions subsequent to the measurement date	40,462,550	—
Total	<u>\$ 101,084,511</u>	<u>\$ 8,557,949</u>

Deferred outflows of resources reported \$40,462,550 related to the pensions resulting from the County contributions made after the measurement date of the net pension liability but before the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

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

2026	\$ 14,195,466
2027	8,485,652
2028	31,785,500
2029	2,649,480
2030	4,085,505
Thereafter	8,725,296
Total	<u>\$ 69,926,899</u>

C. Employer Aggregate Pension Disclosure:

	Howard County Retirement Plan	Police & Fire Plan	Total
Balance as of June 30, 2024:			
Total net pension liabilities (asset)	\$ 81,791,516	\$ 126,899,977	\$ 208,691,493
Total deferred outflows of resources from pension	\$ 73,507,278	\$ 101,084,511	\$ 174,591,789
Total deferred inflows of resources from pension	\$ 5,486,354	\$ 8,557,949	\$ 14,044,303
For the year ended June 30, 2024			
Total pension expense	\$ 25,566,930	\$ 39,266,187	\$ 64,833,117

Note: Excludes component units. EDA is not included in the ACFR due to immateriality; Housing Commission has a different fiscal year end; Public Schools, Community College and Library participate in the Maryland State Retirement Plans.

The aggregate amount of the pension expenses for the HCRP, the PFEP, and the LOSAP is \$ 65,300,479.

D. Component Units:

Generally, all employees of three of the component units (Board of Education, Howard Community College and Library) are covered by the Maryland State Retirement and Pension System (the System), which is a cost-sharing, multi-employer defined benefit pension plan. 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 and employees of participating governmental units. The plans are administered by the State Retirement Agency.

As of June 30, 2025, the Howard County School System and Howard County Community College proportions for the System were 0.288% and 0.0139%, respectively. Howard County School System and Howard County Community College reported net pension liabilities of \$75,806,450 and \$3,651,765, respectively. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended June 30, 2025, Howard County School System and Howard County Community College recognized pension expense of \$12,163,565 and \$408,384 (related to the employee's system only and does not include amounts that may be included in the state paid benefits), respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

16. Other Post-Employment Benefits (OPEB)

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post-Employment Benefits (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Howard County OPEB Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2024 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. The Plan's insurance costs are paid by the retirees, the County and its component units through the County's self-insurance fund (internal service fund).

Plan Description

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government and Howard County Soil Conservation District) and its component units: Howard Community College, Howard County Public School System, and Howard County Library. The Plan is administered and overseen by a Board of Trustees comprised of the Chief Administrative Officer, the Director of Finance, and Budget Administrator.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 15. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. To be eligible, the retiree must have a minimum of 15 years of County service and immediately begin receiving a monthly retirement plan benefit. Effective December 1, 2019, the retiree health policy was changed to provide that an eligible retiree does not have to be enrolled in the health insurance plan immediately preceding retirement to enroll at a future date. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate.

The component units provide medical benefits to eligible employees who retire from employment with the entity. The eligibility requirements vary among different entities. Each entity pays a percentage of the health insurance premium based on certain criteria. In addition to medical benefits, the school system offers life insurance benefits to eligible retirees who have provided 10 years of service with the school system and have retired from the Howard County Public School System.

Plan membership per the actuarial valuation as of January 1, 2024 consisted of the following:

Retirees and beneficiaries receiving benefits	4,454
Active plan members	10,719
Total	<u>15,173</u>

There are no separate financial statements for the Plan.

Funding Policies and Funded Progress from Employer's Perspective under GASB Statement No. 75

The Plan's funding policy provides for the County to contribute to the trust as determined by the County budget. During the fiscal year, the County's proportionate share of the collective net other post-employment benefits (OPEB) liability is 20.64% of the \$13,500,000 contributed to the trust by the County, or \$2,786,436. The County budget for fiscal year 2025 included funding for pay-as-you-go OPEB costs as well as \$13,500,000 to the trust.

Based on the most recent actuarial valuation, which was prepared as of January 1, 2024 and rolled forward to June 30, 2024, the actuarially calculated proportionate share of total OPEB liability as of the measurement date of June 30, 2024 was \$286,620,474 and there was \$60,478,891 of actuarial plan assets; therefore, the net OPEB liability for the County was \$226,141,583. The plan fiduciary net position as a percentage of the total OPEB liability was 21.10%.

Actuarial Assumptions: The collective total OPEB liability for the June 30, 2024 measurement date was determined by actuarial valuation as of January 1, 2024, with update procedures used to roll forward the total OPEB liability to June 30,

2024. The actuarial methods and significant assumptions used by the actuary are summarized on the next page to conform to the disclosure requirements for GASB Statement 75.

A summary of the assumptions included in the June 30, 2025 report are as follows:

Actuarial cost method	Entry Age Normal
Projected cash flows	Discount rate of 4.80% applied to investments in fiscal years 2024 through 2044.
Municipal bond rate	4.21% as of 6/30/24 based on S&P's Municipal Bond 20-year high-grade rate index
Interest assumption	Equivalent single discount rate of 4.80% as of 6/30/24
Inflation	2.65%
Long-term expected real rate of return, based on geometric means	4.85% for Equity investments (based on 45% target allocation), 2.46% for Fixed Income investments (based on 23% target allocation), 6.21% for Alternative investments (based on 26% target allocation), and 4.33% for Real Asset investments (based on 6% target allocation), or a total of 4.60%
Healthcare cost trend rate	4.09%

The long-term expected rate of return on 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 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.

For the fiscal year-ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 13.65%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2044 was determined using the expected rate of return of assets of 7.25% and using the bond rate of 4.21% for benefit payments after 2044. The equivalent single rate is 4.80%. Based on these assumptions, the plan is expected to become insolvent in 2044.

The end-of-year net OPEB liability for the County is calculated below:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2024	\$ 272,786,074	\$ 50,645,881	\$ 222,140,193
Changes for the year:			
Service Cost	10,397,266	—	10,397,266
Interest	12,881,199	—	12,881,199
Experience loss/(gain)	13,164,959	—	13,164,959
Contributions - Employer	—	9,049,858	(9,049,858)
Net investment income	—	7,105,277	(7,105,277)
Changes in assumptions	(16,294,459)	—	(16,294,459)
Benefit payments	(6,314,565)	(6,314,565)	—
Administrative expenses	—	(7,560)	7,560
Net Changes	13,834,400	9,833,010	4,001,390
Balances at June 30, 2025	<u>\$ 286,620,474</u>	<u>\$ 60,478,891</u>	<u>\$ 226,141,583</u>

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease	Discount Rate	1% Increase
	3.80%	4.80%	5.80%
Discount Rate Sensitivity			
Total OPEB liability	\$ 339,327,086	\$ 286,620,474	\$ 244,746,405
Net OPEB liability	\$ 278,848,200	\$ 226,141,583	\$ 184,267,519

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher:

	1% Decrease	Medical Trend	1% Increase
	3.09%	4.09%	5.09%
Trend Sensitivity Year 2075			
Total OPEB liability	\$ 243,484,647	\$ 286,620,474	\$ 342,884,574
Net OPEB liability	\$ 183,005,762	\$ 226,141,583	\$ 282,405,688

For the year-ended June 30, 2025, the County recognized OPEB income of \$(25,359,027). At June 30, 2025, the County 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	\$ 13,233,118	\$ 50,003,995
Changes of assumptions	54,423,833	110,389,472
Changes in proportion	5,111,415	107,007,620
Net difference between projected and actual earnings on OPEB plan investments	—	355,204
Contributions subsequent to the measurement date	10,921,012	—
Total	\$ 83,689,378	\$ 267,756,291

Deferred outflows of resources reported \$10,921,012 related to the OPEB liability resulting the County contributions made after the measurement date of the net OPEB liability but before the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

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

2026	\$ (31,785,530)
2027	(30,281,766)
2028	(29,092,975)
2029	(30,862,394)
2030	(32,351,373)
Thereafter	(40,613,890)
Total	\$ (194,987,928)

Employer Aggregate Disclosure

	* Howard County Government	Howard County Public Schools	Howard Community College	Howard County Library	**Howard County Housing Commission	**Howard County Economic Development Authority (EDA)	Total
Balance as of June 30, 2025:							
Total proportion of net OPEB liabilities	\$ 226,141,587	\$ 842,237,563	\$ 17,328,502	\$ 9,644,120	\$ 223,345	\$ 57,832	\$ 1,095,632,949
Total proportion of OPEB net position	\$ 60,478,886	\$ 225,246,450	\$ 4,634,302	\$ 2,579,206	\$ 59,731	\$ 15,466	\$ 293,014,041
Total deferred outflows of resources from OPEB	\$ 83,689,378	\$ 418,633,532	\$ 6,021,176	\$ 3,576,908	\$ 115,245	\$ 57,734	\$ 512,093,973
Total deferred inflows of resources from OPEB	\$ 267,756,291	\$ 603,695,578	\$ 24,632,342	\$ 12,418,562	\$ 1,217,565	\$ 482,346	\$ 910,202,684
For the year ended June 30, 2025:							
Total OPEB expense	\$ (25,359,027)	\$ 51,535,237	\$ (6,656,952)	\$ (1,849,096)	\$ (442,133)	\$ (218,903)	\$ 17,009,126

* Enterprise Fund share of net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$12,715,043, \$3,400,487, \$5,547,340, and 15,518,911, respectively. The portion allocated to the Howard County Soil Conservation District for net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$8,087, \$2,163, \$70,398, and \$376,259, respectively.

** EDA is not included in the ACFR due to immateriality and the Housing Commission has a different fiscal year end.

Plan Perspective under GASB Statement No. 74

The OPEB plan is presented in accordance with the provisions of GASB Statement No. 74, "Financial Reporting for Post-employment Benefit Plans Other than Pension Plans," which supersedes Statement No. 43. A separate actuarial valuation report was prepared using January 1, 2024 census data from the County, Community College, Public Schools, rolled forward to June 30, 2025.

Plan membership per the actuarial valuation as of January 1, 2024 consisted of the following:

Retirees and beneficiaries receiving benefits	4,454
Active plan members	10,719
Total	15,173

A summary of the assumptions included in the June 30, 2025 report are as follows:

Actuarial cost method	Entry Age Normal
Interest assumption	Discount rate of 5.40% as of 6/30/25
Inflation	2.65%
Municipal bond rate	4.81% as of 6/30/25 based on S&P's municipal bond 20-year high-grade rate index
Projected cash flows	Long-term expected rate of return was applied to fiscal years 2025 through 2048
Long-term expected real rate of return, based on geometric means	2.82% for Equity investments (based on 60% target allocation), 0.74% for Fixed Income investments (based on 30% target allocation), and 0.59% for Alternative investments (based on 10% target allocation), or a total of 4.15%
Mortality	SOA RPH-2014 Combined Healthy tables with generational projection from 2006 base year using MP-2017 Mortality Improvement Scale

The long-term expected rate of return on 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 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.

For the fiscal year-ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 12.41%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3.00% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through calendar year-end 2048 was determined using the expected rate of return on assets of 7.25%. For calendar years after 2048, the present value of benefit payments was ascertained by using the expected rate of return on assets of 12.33% and using the bond rate of 4.81%. The equivalent single rate is 5.40%.

Based on the aforementioned methods and assumptions, the components of the County's Net OPEB liability as of June 30, 2025 were as follows:

Total OPEB liability	\$	1,338,066,812
Plan fiduciary net position		342,912,853
County's net OPEB liability	\$	<u>995,153,959</u>
Plan fiduciary net position as a percentage of the total OPEB liability		25.63%

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

Discount Rate Sensitivity	1% Decrease 4.40%	Discount Rate 5.40%	1% Increase 6.40%
Total OPEB liability	\$ 1,588,479,527	\$ 1,338,066,812	\$ 1,138,956,765
Net OPEB liability	\$ 1,245,566,674	\$ 995,153,959	\$ 796,043,912

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher:

Trend Sensitivity Year 2075	1% Decrease 3.09%	Discount Rate 4.09%	1% Increase 5.09%
Total OPEB liability	\$ 1,134,692,206	\$ 1,338,066,812	\$ 1,602,338,594
Net OPEB liability	\$ 791,779,353	\$ 995,153,959	\$ 1,259,425,741

Financial Statements

Summary financial information for the Other Post-Employment Benefits trust is presented below:

<i>Statement of Net Position</i>	
Assets	
Receivables:	
Interest and dividends	\$ 98,286
Investments, at fair value:	
Cash	148,659
Equities	3,145,325
Mutual funds	325,454,376
Money market funds	7,480,394
Fixed income securities	4,915,336
Real assets	2,886,332
Total assets	<u>344,128,708</u>
Liabilities	
Accounts payable	56,772
Other	1,159,083
Total liabilities	<u>1,215,855</u>
Net position held in trust for other post-employment benefits	<u>\$ 342,912,853</u>
 <i>Statement of Changes in Net Position</i>	
Additions	
Contributions:	
Employer	\$ 52,911,190
Total contributions	<u>52,911,190</u>
Investment income (expense):	
Net change in fair value of investments	28,657,556
Interest	202,110
Dividends	8,132,115
Investment expense	(322,460)
Net investment income	<u>36,669,321</u>
Total additions	<u>89,580,511</u>
Deductions	
Benefits	39,886,601
Administrative expenses	33,860
Total deductions	<u>39,920,461</u>
Change in net position	<u>49,660,050</u>
Net position - beginning of year	<u>293,252,803</u>
Net position - end of year	<u>\$ 342,912,853</u>

17. Length of Service Award Program

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Length of Service Award Program (LOSAP) have been determined on the full accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

General Information about the Pension Plans

The Howard County Length of Service Award Program (LOSAP) is a single-employer defined benefit retirement plan administered by Howard County, Maryland. The LOSAP provides retirement and death benefits to volunteer firefighting and emergency medical service personnel who donate their time and services to one of the six volunteer fire corporations in the County.

The LOSAP was established and operates under the provisions of the Howard County Code, Sections 17.102 and 17.103. It was established in 1991 and last amended effective January 1, 2015. Separate financial statements for the program are not issued.

Under the LOSAP, participants become vested after 25 years of eligible service beginning at age 50. No benefit is paid if service is less than 25 years.

There are no disability benefits. A death benefit equal to the total of six months LOSAP payment is paid to the designated beneficiary. In addition, \$5,000 is paid to the designated beneficiary for burial expenses.

Participants aged 50 years with 25 years of eligibility service are entitled to a normal retirement benefit. Effective January 1, 2015, a monthly benefit is equal to 1.00% of the current annual starting salary of a trainee in the Department of Fire and Rescue Services (which was \$603 as of January 1, 2024), plus \$10 for each full year of certified active service over 25 years. The monthly amount representing 1.00% of the current starting salary of a trainee cannot exceed \$1,925.64 based on limitations presented in the County Code.

All benefits are paid from the Fire and Rescue Reserve Fund as they become due. This is an unfunded program; therefore, there are no assets in the program.

Employees covered by benefit terms

At January 1, 2024 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	100
Active employees	184
Total	<u>284</u>

Net Pension Liability

The County's net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	Not applicable
Interest	3.97% compounded annually
Investment rate of return	3.97%
Mortality	Pub-2010 Safety Headcount-Weighted Mortality Table, with generational projection from the 2010 base year using Scale MP-2021

Discount rate: The 20-year general obligation bond discount rate used to measure the total pension liability was 3.97%.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 26,180,348	\$ —	\$ 26,180,348
Changes for the year:			
Service cost	604,730	—	604,730
Interest	1,016,024	—	1,016,024
Differences between expected and actual experience	(2,333,192)	—	(2,333,192)
Changes of assumptions	(686,351)	—	(686,351)
Contributions - employer	—	926,402	(926,402)
Benefit payments	(926,402)	(926,402)	—
Net changes	(2,325,191)	—	(2,325,191)
Balance as of June 30, 2024	<u>\$ 23,855,157</u>	<u>\$ —</u>	<u>\$ 23,855,157</u>

Sensitivity of the net pension liability to changes in the discount rate: The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 3.97%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.97%) or 1 percentage-point higher (4.97%) than the current rate:

	1% Decrease (2.97%)	Current Discount Rate (3.97%)	1% Increase (4.97%)
County's net pension liability	<u>\$ 28,313,952</u>	<u>\$ 23,855,157</u>	<u>\$ 20,396,021</u>

Pension plan fiduciary net position: There are no separately issued financial reports for the LOSAP.

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

For the year ended June 30, 2025, the County recognized pension expense of \$467,362. The County reported 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	\$ 1,391,456	\$ 5,729,615
Changes of assumptions	3,944,576	7,735,128
Contributions subsequent to the measurement date	936,446	—
Total	\$ 6,272,478	\$ 13,464,743

Deferred outflows of resources reported \$936,446 related to the OPEB liability resulting the County contributions made after the measurement date of the net OPEB liability but before the end of the reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period.

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

2026	\$ (1,153,390)
2027	(943,350)
2028	(2,395,249)
2029	(3,021,286)
2030	(615,436)
Thereafter	—
Total	\$ (8,128,711)

18. Deferred Compensation Plan

Deferred compensation plans are available to all County employees. The plans were established in accordance with Internal Revenue Code Section 457. A deferred compensation plan offers employees an opportunity to defer a portion of their salary along with the related Federal and State income taxes until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The County does not report those assets and liabilities in the financial statements of the County.

19. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The reporting entity, excluding the Howard County Public School System, has established two internal service funds to account for and finance its uninsured risks of loss. The reporting entity's risk financing techniques include a combination of risk retention through self-insurance and risk transfer using a risk pool. The Employee Benefits Self-Insurance Fund provides full coverage for employee benefits and closed grandfathered long-term disability claims. The Risk Management Self-Insurance Fund provides coverage up to a maximum of \$1,000,000 for each automobile liability claim, \$1,000,000 for each general liability claim, \$100,000 for each property damage claim, and unlimited coverage for each workers' compensation claim.

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage for the entity's property, general, and automobile liability coverages. LGIT consists of various counties and local municipalities. It was created to provide broader insurance coverages than those available from commercial insurers, as well as loss control and risk management services. The County pays an annual premium to LGIT for this coverage.

In the past five years, one liability claim was settled by the County for \$1.25 million. It exceeded the Risk Management Fund's \$1,000,000 self-insured retention that resulted in a trigger payment by LGIT covering the excess of \$250,000; however, the County has not incurred a property claim that exceeds the \$100,000 self-insured retention. All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the internal service funds based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management programs.

At fiscal year-end, the combined Net Position for the two self-insurance internal service funds was a net deficit of \$(1,505,677). The combined claims liability of the two funds, \$27,227,329, is based on generally accepted accounting principles, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2025 and 2024 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2025	\$25,350,659	\$85,587,382	\$(83,710,712)	\$27,227,329	\$9,350,904
2024	\$23,261,188	\$76,327,335	\$(74,237,864)	\$25,350,659	\$9,358,490

The current portion is included in the noncurrent liabilities - due within one year and the noncurrent portion is included in noncurrent liabilities - due in more than one year, on the government-wide Statement of Net Position.

20. Fund Disclosure

The Grants Fund, a non-major fund, will eliminate its deficit of \$(229,359) through receipt of future grant revenues.

The Recreation Program Fund, a non-major fund, plan to eliminate its deficit fund balance of \$(1,111,295) through receipt of future revenues.

21. Restatement of Beginning Net Position and Fund Balance

During fiscal year 2025, the County implemented GASB Statement No. 101, Compensated Absences. This statement requires that liabilities for compensated absences be recognized when the benefits are earned rather than when they are taken. The implementation of this standard resulted in a one-time adjustment to the County's beginning net position and fund balance to reflect the cumulative effect of applying the new accounting guidance.

The effects of these restatements on beginning net position and fund balance are summarized as follows:

	June 30, 2024 as previously reported	Changes in Accounting Principles or Estimates	June 30, 2024 as restated
Primary Government			
Governmental Activities	\$ 892,059,325	(33,403,078)	858,656,247
Business-Type Activities	638,719,118	(1,226,967)	637,492,151
Total Primary Government	\$ 1,530,778,443	(34,630,045)	1,496,148,398
Proprietary Funds			
Major Funds:			
Water and Sewer Fund	\$ 530,523,241	(1,070,566)	529,452,675
Watershed Protection and Restoration Fund	80,610,237	(74,125)	80,536,112
Internal Services Funds	69,494,335	(1,667,823)	67,826,513
Other Non-major Funds	22,913,524	(82,276)	22,831,248
Total Proprietary Funds	\$ 703,541,337	(2,894,790)	700,646,547

22. Commitments and Contingencies

A. Grants

The County receives grant funds, principally from the U.S. Government, for various County programs. Expenditures from certain of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

B. Construction

The County had \$940,827,130 authorized, but unobligated capital project appropriations at fiscal year-end.

Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were \$284,195,565:

Community Renewal capital projects	\$ 6,171,149
Water and Sewer capital projects	35,894,284
General Improvements capital projects	186,468,508
Fire capital projects	1,675,391
Library capital projects	227,425
Recreation and Parks capital projects	20,952,576
Storm Drain capital projects	15,290,272
Highway capital projects	26,762,206
Less: Construction Accruals	(9,246,246)
Total	<u>\$ 284,195,565</u>

C. Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to contracts executed, but not yet performed, and purchase orders not yet fulfilled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Encumbrance accounting is employed as part of the budgetary integration for all governmental funds. As of June 30 2025, certain amounts which were available for specific purposes have been encumbered in the governmental funds.

Encumbrances are included in the County’s governmental fund balances as follows:

Major Governmental Funds	
General Fund	\$ 18,924,985
Fire and Rescue Reserve Fund	16,593,700
Non-Major Governmental Funds	<u>60,952,245</u>
Total	<u>\$ 96,470,930</u>

D. Litigation

The County participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County's anticipates such amounts, if any, will be immaterial. In addition to those suits in which claims for liability are adequately covered by insurance, the County may be a defendant in various suits involving tort claims, violations of civil rights, breach of contract, inverse condemnation, and other suits arising in the normal course of business. In the opinion of the County Attorney, the estimated liability of the County in the resolution of these cases is \$0, as the County's liability on these claims is determined to be not probable.



Flash Bus Announcement

On May 5, 2025, Howard County Executive Calvin Ball was joined by Montgomery County Executive Marc Elrich for an announcement formalizing a groundbreaking partnership between the two counties to launch the U.S. 29 Flash Bus Rapid (BRT) Service Extension project. This will mark Howard County's first ever BRT service, which will connect transit riders to activity and employment centers within Howard and Montgomery Counties. Through this partnership with Montgomery County, the existing Flash service that runs from Silver Spring to Burtonsville will be extended into Howard County, with new bus stops in Maple Lawn, Downtown Columbia, and the Johns Hopkins Applied Physics Laboratory (APL) campus in Laurel. This extended BRT service in Howard County will launch as a peak hour service, meaning the buses will run between Downtown Columbia and Silver Spring during rush hour times in the morning and afternoon from Monday to Friday to accommodate employees. Morning service will run from 5:00 a.m. to 9:30 a.m., while afternoon service will run from 3:30 p.m. to 8:00 p.m. Service will run on a 30-minute headway.

REQUIRED SUPPLEMENTARY INFORMATION





Howard County, Maryland
Howard County Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability *										
Service cost	\$ 24,111	\$ 19,383	\$ 19,785	\$ 19,363	\$ 19,359	\$ 18,342	\$ 17,330	\$ 16,919	\$ 15,861	\$ 15,093
Interest	51,905	47,939	43,540	40,899	39,129	37,417	34,964	32,786	30,959	29,046
Changes of benefit terms	3,609	—	—	(384)	—	—	—	—	—	—
Differences between expected and actual experience	12,034	19,864	19,699	926	(5,043)	(9,115)	(5,973)	379	(6,369)	(4,093)
Changes of assumptions	—	8,924	7,037	1,718	785	743	9,529	—	—	—
Benefit payments, including refunds of member contributions	(32,500)	(30,288)	(28,502)	(23,694)	(21,238)	(20,067)	(19,013)	(16,809)	(15,379)	(13.7)
Net change in total pension liability	59,159	65,822	61,559	38,828	32,992	27,320	36,837	33,275	25,072	26.346
Total pension liability - beginning	742,186	676,364	614,805	575,977	542,985	515,665	478,828	445,553	394,135	394.135
Total pension liability - ending (a)	\$801,345	\$742,186	\$676,364	\$ 614,805	\$ 575,977	\$542,985	\$515,665	\$478,828	\$419,207	\$ 420.481
Plan fiduciary net position										
Contributions - employer	23,822	20,246	16,094	16,347	15,889	15,034	14,155	14,841	14,179	13.428
Contributions - member	6,712	6,051	5,244	4,897	4,857	4,749	4,378	4,156	3,904	3.757
Net investment income/ (loss)	64,937	58,543	47,814	(60,064)	133,778	16,691	31,355	35,808	45.447	4.743
Benefit payments, including refunds of member contributions **	(32,500)	(30,288)	(28,502)	(23,695)	(21,238)	(20,067)	(19,012)	(16,809)	(15.379)	(13.7)
Administrative expense	(692)	(628)	(509)	(417)	(424)	(397)	(439)	(351)	(0.336)	(0.341)
Net change in plan fiduciary net position	62,279	53,924	40,141	(62,932)	132,862	16,010	30,437	37,645	47,815	7.887
Plan fiduciary net position - beginning	658,202	604,278	564,137	627,069	494,207	478,197	447,760	410,115	354,413	354.413
Plan fiduciary net position - ending (b)	720,481	658,202	604,278	564,137	627,069	494,207	478,197	447,760	402,228	362.3
County's net pension liability (asset) - ending (a)-(b)	\$ 80,864	\$ 83,984	\$ 72,086	\$ 50,668	\$ (51,092)	\$48,778	\$ 37,468	\$ 31,068	\$ 16,979	\$ 58,181
Plan fiduciary net position as a percentage of the total pension liability	89.91%	88.68%	89.34%	91.76%	108.87%	91.02%	92.73%	93.51%	95.95%	86.16%

(continued)

Howard County, Maryland
Howard County Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Covered payroll	\$181,846	\$164,605	\$149,016	\$ 138,538	\$ 134,649	\$129,605	\$123,090	\$119,686	\$114,349	\$ 108,292
County's net pension liability (asset) as a percentage of covered payroll	44.47%	51.02%	48.37%	36.57%	(37.94)%	37.64%	30.44%	25.96%	14.85%	53.73%
Expected average remaining service years of all participants	7	7	7	7	7	7	7	7	7	7

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

Note to Schedule:

Benefit changes: The service requirement for normal retirement eligibility, the benefit accrual percentages, and the employee contribution rate were updated for Participating Dispatchers.

Change of assumptions: In conjunction with the plan change, the retirement rates for Participating Dispatchers were updated to reflect their new retirement eligibility and accrual rates. The impact of this change is included in the line item labeled 'Changes of benefit terms'.

Howard County, Maryland
Howard County Retirement Plan
Required Supplementary Information
Schedule of County Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution (ADC)	\$ 23,822	\$ 17,284	\$16,208	\$ 16,209	\$15,889	\$15,034	\$ 14,155	\$14,003	\$ 13,428	\$13,428
Contributions in relation to the actuarially determined contribution	23,822	20,246	16,094	16,347	15,889	15,034	14,155	14,841	13,428	13,428
Contribution deficiency/ (excess)	\$ —	\$ (1,639)	\$ 114	\$ (138)	\$ —	\$ —	\$ —	\$ (838)	\$ —	\$ —
Covered payroll	\$ 181,846	\$ 164,605	\$149,016	\$138,538	\$134,649	\$129,605	\$123,090	\$119,685	\$114,349	\$108,292
Contributions as a percentage of covered payroll	13.10%	12.30%	10.80%	11.80%	11.80%	11.60%	11.50%	12.40%	11.74%	12.40%
Actuarially determined contribution (ADC)	13.10%	10.50%	10.88%	11.70%	11.80%	11.60%	11.50%	11.70%	11.74%	12.40%

(continued)

Notes to Schedule:

Valuation date:

Actuarially determined contribution (ADC) amounts are calculated as of the beginning of the fiscal year (July 1) for the fiscal year immediately following the current fiscal year. Actuarial valuations are performed every year. The assumptions shown below are those used in the 7/1/2022 actuarial valuation to calculate the FY 2024 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Open amortization for surplus using level percent of pay, increasing 2.75% per year
Remaining amortization period	Surplus amortization base is 30 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Varies by service for Corrections employees and all other employees - Corrections 3.75% to 6.25%, including inflation. All others: 3.75% to 6.30%, including inflation.
Investment rate of return	7.15%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	Corrections and deputy sheriff employees: Pub-2010b Safety Employees/Retirees/Disabled/Contingent Survivors Amount-Weighted Mortality with generational projection from the 2010 base year using scale MP-2021. All other employees: Pub-2010 General Employees/Retirees/Disabled/Contingent Survivors Amount-Weighted Mortality with generational projection from the 2010 base year using scale MP-2021
Cost-of-living increases	2.50%

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability*										
Service cost	\$ 31,902	\$ 28,072	\$ 26,091	\$ 25,875	\$ 24,446	\$ 23,123	\$ 22,278	\$ 21,109	\$ 19,163	\$ 18,974
Interest	71,740	67,954	62,588	58,775	56,037	53,578	50,713	46,900	43,426	39,998
Changes of benefit terms	—	—	636	—	—	—	—	—	—	(1,705)
Differences between expected and actual experience	22,360	1,949	16,760	(3,780)	(2,382)	(8,607)	(2,667)	13,530	6,319	7,599
Changes of assumptions	—	12,854	10,706	10,802	5,066	4,770	3,936	—	—	—
Benefit payments, including refunds of member contributions	(47,058)	(42,460)	(43,061)	(35,133)	(34,634)	(34,320)	(27,572)	(24,755)	(20,422)	(17,89)
Net change in total pension liability	<u>78,944</u>	<u>68,369</u>	<u>73,720</u>	<u>56,539</u>	<u>48,533</u>	<u>38,544</u>	<u>46,688</u>	<u>56,784</u>	<u>48,486</u>	<u>46,976</u>
Total pension liability - beginning	<u>1,026,889</u>	<u>958,520</u>	<u>884,800</u>	<u>828,261</u>	<u>779,728</u>	<u>741,184</u>	<u>694,496</u>	<u>637,712</u>	<u>542,250</u>	<u>542.25</u>
Total pension liability - ending (a)	<u>\$1,105,833</u>	<u>\$1,026,889</u>	<u>\$958,520</u>	<u>\$884,800</u>	<u>\$828,261</u>	<u>\$779,728</u>	<u>\$741,184</u>	<u>\$694,496</u>	<u>\$590,736</u>	<u>\$589,226</u>
Plan fiduciary net position										
Contributions - employer	40,463	36,751	33,885	33,226	31,923	31,105	27,720	26,337	21,636	21,636
Contributions - member	10,706	9,945	9,287	8,749	8,374	8,184	8,125	7,859	7,041	7,041
Net investment income/ (loss)	90,586	80,086	62,546	(78,059)	171,695	24,964	39,639	46,560	55,956	6,459
Benefit payments, including refunds of member contributions	(47,058)	(42,460)	(43,061)	(35,134)	(34,634)	(34,321)	(27,571)	(24,755)	(20,421)	(17,889)
Administrative expense	(766)	(606)	(542)	(459)	(401)	(413)	(457)	(355)	(327)	(368)
Net change in plan fiduciary net position	<u>93,931</u>	<u>83,716</u>	<u>62,115</u>	<u>(71,677)</u>	<u>176,957</u>	<u>29,519</u>	<u>47,456</u>	<u>55,646</u>	<u>63,885</u>	<u>22,126</u>
Plan fiduciary net position - beginning	<u>899,988</u>	<u>816,272</u>	<u>754,157</u>	<u>825,834</u>	<u>648,877</u>	<u>619,358</u>	<u>571,902</u>	<u>516,256</u>	<u>432,029</u>	<u>432,029</u>
Plan fiduciary net position - ending (b)	<u>993,919</u>	<u>899,988</u>	<u>816,272</u>	<u>754,157</u>	<u>825,834</u>	<u>648,877</u>	<u>619,358</u>	<u>571,902</u>	<u>495,914</u>	<u>454,155</u>
County's net pension liability - ending (a)-(b)	<u>\$111,914</u>	<u>\$126,901</u>	<u>\$142,248</u>	<u>\$130,643</u>	<u>\$ 2,427</u>	<u>\$130,851</u>	<u>\$121,826</u>	<u>\$122,594</u>	<u>\$ 94,822</u>	<u>\$135,071</u>

(continued)

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan fiduciary net position as a percentage of the total pension liability	89.88%	87.64%	85.16%	85.23%	99.71%	83.22%	83.56%	82.35%	83.95%	77.08%
Covered payroll	\$112,396	\$104,110	\$97,370	\$92,810	\$90,179	\$87,868	\$83,746	\$81,037	\$80,814	\$72,121
County's net pension liability as a percentage of covered payroll	99.57%	121.89%	146.09%	140.76%	2.69%	148.92%	145.47%	151.28%	117.33%	187.28%
Expected average remaining service years of all participants	8	8	8	9	9	9	9	9	9	10

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

Note to Schedule:

Benefit changes: No changes.

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of County Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$40,463	\$33,419	\$33,300	\$33,226	\$30,841	\$31,105	\$ 27,720	\$26,337	\$24,729	\$21,636
Contributions in relation to the actuarially determined contribution	40,463	36,751	33,885	33,226	31,923	31,105	27,720	26,337	24,729	21,636
Contribution deficiency (excess)	\$—	\$(3,332)	\$(585)	\$—	\$(1,082)	\$—	\$—	\$—	\$—	\$—
Covered payroll	\$112,396	\$104,111	\$97,370	\$92,810	\$90,179	\$87,868	\$81,037	\$81,037	\$80,814	\$72,121
Contributions as a percentage of covered payroll	36.00%	35.30%	34.80%	35.80%	34.20%	35.40%	34.21%	32.50%	30.60%	30.00%
Actuarially determined contribution (ADC)	36.00%	32.10%	34.20%	35.80%	34.20%	35.40%	34.21%	32.50%	30.60%	30.00%

(continued)

Notes to Schedule:

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are those used in the 7/1/2021 actuarial valuation to calculate the FY 2023 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 1 to 15 years.
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Varies by service; Police: 4.00% to 7.25% and Fire: 4.00% to 10.00%, including inflation
Investment rate of return	7.15%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service.
Mortality	Pub-2010 Safety Employees/Retirees/Disabled/Contingent Survivors Amount-Weighted Mortality with generational projection from the 2010 base year using scale MP-2021
Cost-of-living increases	2.00%

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Required Supplementary Information
Schedule of Employer's Proportionate Share of Net OPEB Liability
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	***
Total OPEB liability*									
Employer's proportion of the net OPEB liability	20.64 %	23.29%	23.29%	29.39%	29.39%	32.09%	32.09%	30.75%	
Employer's proportionate share of net OPEB liability	\$226,142	\$250,658	\$245,069	\$541,917	\$478,006	\$430,355	\$376,331	\$339,983	
Covered-employee payroll**	\$313,878	\$264,603	\$243,608	\$228,015	\$211,936	\$193,828	\$193,828	\$184,681	
Employer's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	138.80%	105.56%	99.40%	42.08%	44.34%	45.04%	51.50%	54.32%	
Plan fiduciary net position as a percentage of total OPEB liability	21.10 %	18.57%	16.92%	11.43%	9.81%	10.31%	9.94%	8.62%	

* The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.

** OPEB does not require contributions from plan members.

*** Information for FY 2017 and earlier is not available

This schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is completed, governments should present information for which information is available.

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Required Supplementary Information
Schedule of Changes in the OPEB Trust's Net OPEB Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability *									
Service cost	\$ 48,801	\$ 50,374	\$ 50,031	\$ 109,288	\$ 92,226	\$ 70,433	\$ 60,150	\$ 55,049	\$ 64,957
Interest	68,040	62,408	57,287	49,775	50,782	52,729	51,309	47,145	40,906
Differences between expected and actual experience	859	63,783	(21,728)	(302,354)	(4,981)	14,834	(3,241)	(65,034)	—
Changes of assumptions	(128,394)	(78,945)	(1,756)	(646,133)	165,906	195,487	107,691	77,712	(162,653)
Benefit payments	(39,887)	(30,593)	(28,305)	(26,230)	(25,561)	(25,425)	(22,755)	(22,627)	(23,244)
Net change in total OPEB liability	(50,581)	67,027	55,529	(815,654)	278,372	308,058	193,154	92,245	(80,034)
Total OPEB liability - beginning	1,388,648	1,321,621	1,266,092	2,081,746	1,803,374	1,495,316	1,302,162	1,209,916	1,289,950
Total OPEB liability - ending (a)	\$ 1,338,067	\$ 1,388,648	\$ 1,321,621	\$ 1,266,092	\$ 2,081,746	\$ 1,803,374	\$ 1,495,316	\$ 1,302,161	\$ 1,209,916
Plan fiduciary net position									
Contributions - employer	52,911	43,846	39,372	37,269	36,649	38,425	38,381	38,627	36,324
Net investment income/ (loss)	36,908	34,424	20,134	(34,642)	49,841	9,789	9,285	9,200	9,912
Benefit payments	(39,886)	(30,593)	(28,305)	(26,230)	(25,561)	(25,425)	(22,755)	(22,627)	(23,244)
Administrative expense	(34)	(37)	(48)	(41)	(15)	(68)	(106)	(56)	(3)
Net change in plan fiduciary net position	49,899	47,640	31,153	(23,644)	60,914	22,721	24,805	25,144	22,989
Plan fiduciary net position - beginning	293,014	245,374	214,221	237,865	176,951	154,230	129,425	104,281	\$ 81,292
Plan fiduciary net position - ending (b)	342,913	293,014	245,374	214,221	237,865	176,951	154,230	129,425	104,281
County's net OPEB liability - ending (a)-(b)	\$ 995,154	\$ 1,095,634	\$ 1,076,247	\$ 1,051,871	\$ 1,843,881	\$ 1,626,423	\$ 1,341,086	\$ 1,172,736	\$ 1,105,635
Plan fiduciary net position as a percentage of the total OPEB liability	25.63%	21.10%	18.57%	16.92%	11.43%	9.81%	10.31%	9.94%	8.62%
Covered employee payroll***	1,105,134	1,022,904	924,196	887,767	874,754	852,067	803,587	799,202	760,006

(continued)

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Required Supplementary Information

Schedule of Changes in the OPEB Trust's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
County's net OPEB liability as a percentage of covered-employee payroll	90.05%	107.11%	116.45%	118.49%	210.79%	190.88%	166.89%	146.74%	145.48%
Expected average remaining service years of all participants	9	9	9	9	10	10	10	10	10

* The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.

** OPEB does not require contributions from plan members.

*** In FY 2025, Total Covered payroll updated to agree with the previous year's payroll reported by Howard County Library System and the same was done in FY 2022 for the Public School System.

Notes to Schedule:

Benefit changes: None

Changes of assumptions. Discount rate at 6/30/24 is 4.80% and at 6/30/25 is 5.40%.

Information for FY 2016 and earlier is not available.

Howard County, Maryland
Other Postemployment Benefits
Required Supplementary Information
Schedule of Investment Returns

Last 10 Fiscal Years

Year ending June 30:	Annual money- weighted rate of return, net of investment expenses
2025	12.41%
2024	13.65%
2023	9.29%
2022	(14.16)%
2021	27.76%
2020	6.37%
2019	7.07%
2018	8.53%
2017	11.65%
2016	2.02%

Howard County, Maryland
Length of Service Award Program
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension liability									
Service cost	\$ 605	\$ 752	\$ 1,314	\$ 1,465	\$ 676	\$ 727	\$ 837	\$ 1,026	\$ 1,027
Interest	1,015	975	817	901	776	806	823	714	655
Changes of benefit terms	—	—	—	—	—	—	—	—	—
Differences between expected and actual experience	(2,334)	—	(6,314)	—	4,870	—	(1,417)	—	—
Changes of assumptions	(686)	(785)	(10,527)	4,383	5,644	1,815	(263)	(2,771)	—
Benefit payments, including refunds of member contributions	(926)	(866)	(843)	(798)	(756)	(759)	(721)	(669)	(610)
Net change in total pension liability	(2,326)	76	(15,553)	5,951	11,210	2,589	(741)	(1,700)	1,072
Total pension liability - beginning	26,181	26,105	41,658	35,707	24,497	21,908	22,649	24,349	23,277
Total pension liability - ending (a)	\$ 23,855	\$ 26,181	\$ 26,105	\$ 41,658	\$ 35,707	\$ 24,497	\$ 21,908	\$ 22,649	\$ 24,349
Plan fiduciary net position									
Net investment income	—	—	—	—	—	—	—	—	—
Benefit payments, including refunds of member contributions	—	—	—	—	—	—	—	—	—
Administrative expense	—	—	—	—	—	—	—	—	—
Net change in plan fiduciary net position	—	—	—	—	—	—	—	—	—
Plan fiduciary net position - beginning	—	—	—	—	—	—	—	—	—
Plan fiduciary net position - ending (b)	—	—	—	—	—	—	—	—	—
County's net pension liability - ending (a)-(b)	\$ 23,855	\$ 26,181	\$ 26,105	\$ 41,658	\$ 35,707	\$ 24,497	\$ 21,908	\$ 22,649	\$ 24,349
Plan fiduciary net position as a percentage of the total pension liability	— %	— %	— %	— %	— %	— %	— %	— %	— %
Covered-employee payroll*	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
County's net pension liability as a percentage of covered-employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Expected average remaining service years of all participants	6	7	7	7	7	8	8	10	10

* OPEB does not require contributions from plan members.

Notes to Schedule:

Benefit changes: None

Changes of assumptions: Discount rate changed from 3.86% to 3.97%.

Assets: There are no assets accumulated in a trust to pay related benefits. All benefits are paid on a pay-as-you-go basis.



10th Annual Veterans Day Parade

Howard County Executive Calvin Ball joins Howard County Veterans and Military families for the 10th Annual Veterans Day Parade and Celebration. As the home to more than 20,000 veterans, Howard County knows the sacrifice of veterans is often felt by those closest to them. This annual parade is a recognition for the sacrifice and service for all of Howard County's veterans and their families.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**





General Fund





Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2025

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Property taxes:				
Real, personal and corporate	\$ 696,283,000	\$ 696,283,000	\$ 700,307,083	\$ 4,024,083
Payment in lieu of taxes	2,530,000	2,530,000	2,481,598	(48,402)
Additions and abatements	(800,000)	(800,000)	(1,192,415)	(392,415)
Interest on taxes	800,000	800,000	354,511	(445,489)
Total property taxes	698,813,000	698,813,000	701,950,777	3,137,777
Other local taxes:				
Heavy equipment	800,000	800,000	971,304	171,304
Local income tax surcharge	635,858,057	635,858,057	693,577,319	57,719,262
Admission tax	3,300,000	3,300,000	3,911,628	611,628
Local recordation tax	19,300,000	19,300,000	20,240,235	940,235
Room rental tax	5,800,000	5,800,000	6,092,885	292,885
Total other local taxes	665,058,057	665,058,057	724,793,371	59,735,314
State shared taxes:				
Highway	5,584,000	5,584,000	5,339,061	(244,939)
Total state shared taxes	5,584,000	5,584,000	5,339,061	(244,939)
Revenues from other governments	10,007,000	10,007,000	14,089,867	4,082,867
Charges for services:				
Boarding prisoners	1,275,000	1,275,000	951,445	(323,555)
Cable TV franchise fees	4,400,000	4,400,000	4,193,806	(206,194)
Civil marriage	11,000	11,000	15,770	4,770
Developer - water and sewer overhead	241,000	241,000	94,511	(146,489)
Development - review fees	1,043,000	1,043,000	1,156,363	113,363
Extension development agreement fees	20,000	20,000	14,400	(5,600)
House type revision fees	80,000	80,000	265,744	185,744
Master in chancery fees	—	—	414	414
Other charges for services	30,000	30,000	371,165	341,165
Parking meters	20,000	20,000	1,030	(18,970)
Planning and zoning fees	522,000	522,000	683,501	161,501
Police records check discovery fee	50,000	50,000	61,288	11,288
Recreation and parks	55,000	55,000	53,076	(1,924)
Rental housing inspection fees	1,600,000	1,600,000	1,439,187	(160,813)
Sale of maps and publications	38,000	38,000	42,120	4,120
Sheriff fees	300,000	300,000	324,409	24,409
Tax certificates	350,000	350,000	316,270	(33,730)
Weekender inmate fees	6,000	6,000	6,481	481
Food and beverage	85,000	85,000	131,234	46,234
Total charges for services	10,126,000	10,126,000	10,122,214	(3,786)
Interest on investments	10,500,000	10,500,000	40,574,474	30,074,474

(continued)

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2025

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Licenses and permits:				
Animal licenses	57,000	57,000	44,729	(12,271)
Beer, wine and liquor	326,000	326,000	343,797	17,797
Building	4,056,221	4,056,221	2,822,391	(1,233,830)
Concert/special event permit fees	40,000	40,000	66,703	26,703
Electrical	1,050,000	1,050,000	1,052,131	2,131
Marriage licenses	—	—	17,190	17,190
Marriage license surcharge	80,000	80,000	94,995	14,995
Mobile home park	—	—	6,450	6,450
Other	—	—	108	108
Peddlers and solicitors	13,000	13,000	20,850	7,850
Plumbing	750,000	750,000	712,615	(37,385)
Signs	40,000	40,000	29,150	(10,850)
Traders	400,000	400,000	420,943	20,943
Total licenses and permits	6,812,221	6,812,221	5,632,052	(1,180,169)
Recoveries for interfund services:				
Agricultural land preservation fund	384,414	384,414	384,414	—
Fire and rescue fund	8,114,665	8,114,665	8,114,665	—
Forest conservation pro rata share	32,178	32,178	32,178	—
General County capital projects pro rata share	710,000	710,000	710,000	—
Housing and community development	801,818	801,818	801,818	—
Office of law - self insurance	600,400	600,400	600,400	—
Pension plan	749,981	749,981	832,629	82,648
Public works operations - utility	6,536,122	6,536,122	6,536,122	—
Public works - water & sewer capital projects pro rata share	360,000	360,000	240,000	(120,000)
Recreation and parks	2,144,377	2,144,377	2,144,377	—
Streetlight districts	10,000	10,000	2,200	(7,800)
Waste management pro rata share	2,266,010	2,266,010	2,266,010	—
Watershed pro rata share	667,222	667,222	667,221	(1)
Total recoveries for interfund services	23,377,187	23,377,187	23,332,034	(45,153)
Fines and forfeitures	3,100,000	3,100,000	3,059,037	(40,963)
Component units return of funding:				
Community college	296,460	296,460	296,458	(2)
Economic development authority	71,710	71,710	71,708	(2)
Total component units return of funding	368,170	368,170	368,166	(4)
Miscellaneous revenues:				
Citizen election contribution	—	—	183	183
Commissions, rents and concessions	500,000	500,000	838,108	338,108
Miscellaneous program revenue	596,000	596,000	464,812	(131,188)
Other revenue	1,250,000	1,250,000	1,695,065	445,065
Sale of property and equipment	—	—	53,451	53,451
Total miscellaneous revenue	2,346,000	2,346,000	3,051,619	705,619
Total revenues	1,436,091,635	1,436,091,635	1,532,312,672	96,221,037
Other financing sources:				
Transfers in:				
Community renewal program fund - debt	144,920	144,920	144,914	(6)
Fire and rescue reserve fund - debt	3,172,460	3,172,460	3,172,449	(11)
Recreation program fund - debt	7,183,500	7,183,500	7,183,486	(14)
Excise tax - debt	8,797,770	8,797,770	8,797,756	(14)
Public school system - debt	3,845,720	3,845,720	3,845,705	(15)
Environmental services fund	1,452,740	1,452,740	1,452,729	(11)
Master lease debt service reimbursement	81,130	81,130	81,124	(6)
Total other financing sources	24,678,240	24,678,240	24,678,163	(77)
Appropriation from fund balance	196,092,300	196,092,300	87,965,600	(108,126,700)
Total revenues and other financing sources	\$ 1,656,862,175	\$ 1,656,862,175	\$ 1,644,956,435	\$ (11,905,740)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2025

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
GENERAL GOVERNMENT						
Office of the County Executive	\$ 3,035,512	\$ 3,035,512	\$ 2,927,340	\$ 8,864	\$ 2,936,204	\$ 99,308
Office of the County Administrator:						
Bureau of staff services:						
Staff services	3,267,031	3,417,031	3,206,550	53,799	3,260,349	156,682
Environmental sustainability	994,897	994,897	959,329	4,866	964,195	30,702
Office of human rights	2,060,559	2,060,559	1,826,939	16,266	1,843,205	217,354
Office of consumer protection	787,489	664,489	622,763	—	622,763	41,726
Workforce development	1,261,845	1,261,845	1,206,841	55,004	1,261,845	—
Total bureau of staff services	8,371,821	8,398,821	7,822,422	129,935	7,952,357	446,464
Bureau of management services:						
Budget division	1,813,564	1,813,564	1,796,549	6,099	1,802,648	10,916
Human resources	3,534,257	3,507,257	3,117,163	159,917	3,277,080	230,177
Purchasing division	2,363,879	2,363,879	2,203,181	1,036	2,204,217	159,662
Central services	859,845	859,845	820,818	—	820,818	39,027
Public information	1,450,538	1,450,538	1,371,107	2,303	1,373,410	77,128
Total bureau of management services	10,022,083	9,995,083	9,308,818	169,355	9,478,173	516,910
Total Office of the County Administrator	18,393,904	18,393,904	17,131,240	299,290	17,430,530	963,374
Department of Economic Development	3,391,752	3,391,752	3,391,752	—	3,391,752	—
Department of Finance:						
Office of the director	2,510,656	2,642,656	2,602,355	35,266	2,637,621	5,035
Office of the controller	3,503,014	3,197,713	3,099,199	89,947	3,189,146	8,567
Office of business management and customer service	3,102,312	3,029,812	2,758,512	257,258	3,015,770	14,042
Bureau of recordation and banking services	1,049,924	970,924	966,272	—	966,272	4,652
Bureau of disbursements	1,173,406	1,363,905	1,262,485	99,593	1,362,078	1,827
Total Department of Finance	11,339,312	11,205,010	10,688,823	482,064	11,170,887	34,123
Office of Law	6,536,785	6,490,417	6,371,517	1,266	6,372,783	117,634
Technology and Communication services	643,994	643,994	439,044	164,489	603,533	40,461
General fund contingency	2,000,000	—	—	—	—	—
Non-departmental expenses	13,091,160	76,478,460	65,800,745	6,680,038	72,480,783	3,997,677
Total General Government	58,432,419	119,639,049	106,750,461	7,636,011	114,386,472	5,252,577
LEGISLATIVE AND JUDICIAL						
Legislative:						
County council	4,892,409	5,027,468	4,099,378	385,000	4,484,378	543,090
County auditor	2,181,859	2,044,200	1,111,915	194,135	1,306,050	738,150
Board of license commissioners	173,597	173,597	159,944	—	159,944	13,653
Zoning board	105,694	108,294	108,085	—	108,085	209
Board of appeals	109,763	109,763	85,218	—	85,218	24,545
Total Legislative	7,463,322	7,463,322	5,564,540	579,135	6,143,675	1,319,647

(continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2025

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Judicial:						
Circuit court	4,462,588	4,462,588	4,172,246	—	4,172,246	290,342
Sheriff's department	12,828,168	12,828,168	12,708,074	96,757	12,804,831	23,337
State attorney's office	13,267,698	13,267,698	12,889,284	—	12,889,284	378,414
Total Judicial	30,558,454	30,558,454	29,769,604	96,757	29,866,361	692,093
Board of election supervisors	3,387,222	3,387,222	2,848,047	899	2,848,946	538,276
Election expense	3,239,648	3,239,648	2,590,979	—	2,590,979	648,669
Total Legislative and Judicial	44,648,646	44,648,646	40,773,170	676,791	41,449,961	3,198,685
PUBLIC WORKS						
Department of Public Works:						
Office of the director	6,286,793	6,370,161	5,949,817	344,226	6,294,043	76,118
Total office of the director	6,286,793	6,370,161	5,949,817	344,226	6,294,043	76,118
Bureau of engineering:						
Administrative management division	375,066	691,066	386,785	300,000	686,785	4,281
Transportation & watershed management	1,693,488	1,755,488	1,745,186	—	1,745,186	10,302
Construction inspection division	4,340,955	3,646,505	3,573,470	—	3,573,470	73,035
Survey and drafting division	1,094,553	1,151,553	1,147,162	—	1,147,162	4,391
Total bureau of engineering	7,504,062	7,244,612	6,852,603	300,000	7,152,603	92,009
Bureau of highways:						
Operations	1,951,623	1,911,623	1,855,652	—	1,855,652	55,971
Highway maintenance division	21,299,085	23,004,085	19,852,941	3,003,312	22,856,253	147,832
Traffic engineering division	3,072,663	3,072,663	2,132,888	894,228	3,027,116	45,547
Total bureau of highways	26,323,371	27,988,371	23,841,481	3,897,540	27,739,021	249,350
Bureau of facilities:						
Administration	9,491,329	8,611,908	8,606,428	—	8,606,428	5,480
Building and ground maintenance	19,715,137	21,279,411	19,567,127	1,701,984	21,269,111	10,300
Total bureau of facilities	29,206,466	29,891,319	28,173,555	1,701,984	29,875,539	15,780
Bureau of environmental services:						
Stormwater management	1,462,679	1,524,679	1,505,352	—	1,505,352	19,327
Total bureau of environmental services	1,462,679	1,524,679	1,505,352	—	1,505,352	19,327
Total Department of Public Works	70,783,371	73,019,142	66,322,808	6,243,750	72,566,558	452,584
Department of Inspections, Licenses and Permits:						
Operations division	3,307,714	3,130,058	2,971,272	124,188	3,095,460	34,598
Inspection and enforcement division	4,420,852	4,380,852	4,156,304	—	4,156,304	224,548
Plan review division	1,897,808	1,897,808	1,880,123	—	1,880,123	17,685
Licenses and permits division	1,157,291	1,157,291	1,083,110	—	1,083,110	74,181
Total Department of Inspections, Licenses and Permits	10,783,665	10,566,009	10,090,809	124,188	10,214,997	351,012

(continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2025

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Department of Planning and Zoning:						
Office of the director	1,980,087	2,165,214	1,929,096	144,587	2,073,683	91,531
Division of land development	1,539,587	1,539,587	1,458,656	—	1,458,656	80,931
Division of research	1,164,211	1,080,652	1,068,438	—	1,068,438	12,214
Public service and zoning administration	1,378,765	1,286,717	1,144,741	—	1,144,741	141,976
Environmental and community planning	770,758	671,379	627,725	—	627,725	43,654
Development engineering division	1,476,827	1,476,827	1,352,304	—	1,352,304	124,523
Conservation easements program	762,705	762,705	669,865	—	669,865	92,840
Total Department of Planning and Zoning	9,072,940	8,983,081	8,250,825	144,587	8,395,412	587,669
Soil Conservation District	446,816	446,816	442,492	—	442,492	4,324
Department of Transportation	14,301,214	14,581,464	14,260,813	181,788	14,442,601	138,863
Total Public Works	105,388,006	107,596,512	99,367,747	6,694,313	106,062,060	1,534,452
PUBLIC SAFETY						
Police Department:						
Administrative command	1,162,359	1,541,359	1,511,252	6,749	1,518,001	23,358
Animal control division	2,284,507	2,301,207	2,203,704	—	2,203,704	97,503
Command operations	45,042,391	45,294,491	45,231,417	—	45,231,417	63,074
Bureau of criminal investigations	33,368	33,368	33,368	—	33,368	—
Investigation and special operations	337,439	137,439	133,473	—	133,473	3,966
Information and technology bureau	25,108,100	24,302,754	23,548,022	637,217	24,185,239	117,515
Management services bureau	13,287,125	12,930,765	12,903,959	14,291	12,918,250	12,515
Office of the chief	18,988,347	15,747,206	15,660,325	39,963	15,700,288	46,918
Operations support	7,655,449	7,950,449	7,845,953	963	7,846,916	103,533
Special operations bureau	11,766,985	11,453,831	11,330,623	106,126	11,436,749	17,082
Investigative support bureau	6,114,210	6,432,034	6,258,615	81,537	6,340,152	91,882
Criminal investigation command	25,918,180	27,063,378	26,992,764	9,527	27,002,291	61,087
Total Police Department	157,698,460	155,188,281	153,653,475	896,373	154,549,848	638,433
Department of Corrections	24,766,736	24,666,852	24,652,468	6,070	24,658,538	8,314
Total Public Safety	182,465,196	179,855,133	178,305,943	902,443	179,208,386	646,747
RECREATION AND PARKS						
Department of Recreation and Parks	31,527,751	31,597,696	31,584,727	1,366	31,586,093	11,603
Total Recreation and Parks	31,527,751	31,597,696	31,584,727	1,366	31,586,093	11,603

(continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2025

	Budget Amounts		Expenditures	Encumbrances	Expenditures	Variance with
	Original	Final			and Encumbrances	
COMMUNITY SERVICES						
Department of social services	871,043	871,043	727,839	—	727,839	143,204
Department of community resources and services	15,088,044	14,727,367	14,045,408	239,918	14,285,326	442,041
Office on aging	4,217,667	4,466,389	4,402,987	—	4,402,987	63,402
Cooperative extension services	563,128	563,128	562,407	—	562,407	721
Health and mental hygiene	2,218,506	—	—	—	—	—
Community services	13,525,807	13,525,807	13,333,914	176,613	13,510,527	15,280
Total Community Services	36,484,195	34,153,734	33,072,555	416,531	33,489,086	664,648
EDUCATION						
Public schools	766,000,000	766,000,000	766,000,000	—	766,000,000	—
Community college	44,500,000	44,500,000	44,500,000	—	44,500,000	—
Library	26,480,000	26,480,000	26,480,000	—	26,480,000	—
Total Education	836,980,000	836,980,000	836,980,000	—	836,980,000	—
DEBT SERVICE *						
Principal payment on debt	102,976,370	105,428,851	105,278,577	149,689	105,428,266	585
Interests payments on debt	52,448,351	52,846,052	52,378,449	404,000	52,782,449	63,603
Total Debt Service	155,424,721	158,274,903	157,657,026	553,689	158,210,715	64,188
Total expenditures and encumbrances before transfers out	1,451,350,934	1,512,745,673	1,484,491,629	16,881,144	1,501,372,773	11,372,900
OTHER FINANCING USES						
Health department	11,708,592	13,927,098	13,927,098	—	13,927,098	—
General government	2,455,000	2,299,000	1,766,160	—	1,766,160	532,840
Recreation and parks	255,349	185,404	185,404	—	185,404	—
Paygo - capital	111,705,000	111,705,000	111,705,000	—	111,705,000	—
Paygo - operating	79,387,300	16,000,000	16,000,000	—	16,000,000	—
Total Other Financing Uses	205,511,241	144,116,502	143,583,662	—	143,583,662	532,840
Total Expenditures, Encumbrances and Other Financing Uses	\$ 1,656,862,175	\$ 1,656,862,175	\$ 1,628,075,291	\$ 16,881,144	\$ 1,644,956,435	\$ 11,905,740

* Debt service includes agency-specific debt allocations

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2025

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Revenue from other governments	\$ 1,650,000	\$ 1,650,000	\$ 1,407,632	\$ (242,368)
Charges for services	887,000	887,000	75,938	(811,062)
Interest on investments	—	—	2,315,531	2,315,531
Miscellaneous program revenue	3,289,000	3,289,000	—	(3,289,000)
Total revenue	5,826,000	5,826,000	3,799,101	(2,026,899)
EXPENDITURES				
Community services:				
General health services	16,703,098	16,649,325	16,419,724	229,601
Grant programs	3,050,000	3,050,000	851,605	2,198,395
Debt services:				
Principal payment on debt	—	53,093	53,093	—
Interests payments on debt	—	680	679	1
Total expenditures	19,753,098	19,753,098	17,325,101	2,427,997
Excess (deficiency) of revenues over expenditures	(13,927,098)	(13,927,098)	(13,526,000)	401,098
OTHER FINANCING SOURCES (USES)				
Transfers in	13,927,098	13,927,098	13,927,098	—
Total other financing sources (uses)	13,927,098	13,927,098	13,927,098	—
Net change in fund balance	—	—	401,098	401,098
Plus: Prior year encumbrances lapsed			2,200	
Fund balances - beginning			6,452,288	
Fund balances - ending			\$ 6,855,586	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 6,855,586	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			366,368	
Accruals			(144,810)	
Fund balance, end of the fiscal year			\$ 7,077,144	



Columbia Lakefront Fountain

The Downtown Columbia Plan, a 30-year master plan for the revitalization and redevelopment of Downtown Columbia, includes the addition of 900 affordable housing units and the construction of a new Central Branch Library. Under this plan, the County will acquire a parcel at the Columbia Lakefront for a new Central Branch Library, while the Howard Research and Development Corporation (HRD) will convey a parcel in the Merriweather District for the Howard County Housing Commission (HCHC) to construct affordable housing. The plan also includes a new Performing Arts Center on the site of Toby's Dinner Theater and Artist Flats, another mixed-use and mixed-income housing development.

NON-MAJOR GOVERNMENTAL FUNDS





Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2025

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
ASSETS				
Equity in pooled cash and investments	\$ 124,706,230	\$ 97,373,036	\$ 16,152,927	\$ 238,232,193
Cash with fiscal agents	—	—	5,582,177	5,582,177
Receivables (net of allowances for uncollectibles)	51,969,825	8,702,061	—	60,671,886
Due from other funds	422,000	—	—	422,000
Prepays	1,416,363	—	—	1,416,363
Material and supplies	163,178	—	—	163,178
Total assets	178,677,596	106,075,097	21,735,104	306,487,797
LIABILITIES				
Accounts payable / accrued liabilities	7,905,200	9,946,554	75,735	17,927,489
Accrued wages and benefits	1,218,708	19,827	—	1,238,535
Short-term loans and notes payable	—	7,438,805	—	7,438,805
Deposits and connection fees	1,055,730	209,000	—	1,264,730
Unearned revenue	24,779,288	404,379	28,143	25,211,810
Total liabilities	34,958,926	18,018,565	103,878	53,081,369
DEFERRED INFLOWS OF RESOURCES				
Unavailable fees	13,794,876	7,949,477	—	21,744,353
Unavailable lease revenues	8,849	—	—	8,849
Unavailable grant revenues	2,809,360	120,697	—	2,930,057
Total deferred inflows	16,613,085	8,070,174	—	24,683,259
Total liabilities and deferred inflows	51,572,011	26,088,739	103,878	77,764,628
FUND BALANCES				
Nonspendable:				
Inventory	163,178	—	—	163,178
Prepaid Items	1,416,363	—	—	1,416,363
Restricted:				
3M Settlement	184,210	—	—	184,210
Catalyst loan program	1,579,847	—	—	1,579,847
Community reinvestment and repair	3,035,766	—	—	3,035,766
Disposable plastics reduction	625,428	—	—	625,428
Economic development initiatives	663,033	—	—	663,033
Forest conservation	1,362,407	—	—	1,362,407
Housing opportunity trust fund	7,619,473	—	—	7,619,473
Middle Patuxent environmental area program	208,277	—	—	208,277
MIHU Fee-in-lieu	5,366,760	—	—	5,366,760
Open space	—	719,506	—	719,506
Opioid Abatement	7,557,861	—	—	7,557,861
Parkland watershed facilities	—	19,538,673	—	19,538,673
Program revenue	346,045	—	—	346,045
Public road facilities	—	57,701,246	—	57,701,246
Speed enforcement	951,078	—	—	951,078
Tax incremental financing project	—	—	21,631,226	21,631,226
Transit services	584,682	—	—	584,682
Vaping	1,246,474	—	—	1,246,474
Committed:				
Agricultural land preservation	28,417,498	—	—	28,417,498
Community renewal programs	43,582,130	—	—	43,582,130
Environmental services	28,497,154	—	—	28,497,154
Fire house & training facilities	—	23,573,212	—	23,573,212
Program revenue	244,416	—	—	244,416
Assigned:				
Capital projects	—	14,775,586	—	14,775,586
Unassigned	(6,546,495)	(36,321,865)	—	(42,868,360)
Total fund balances	127,105,585	79,986,358	21,631,226	228,723,169
Total liabilities, deferred inflows and fund balances	\$ 178,677,596	\$ 106,075,097	\$ 21,735,104	\$ 306,487,797

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
REVENUES				
Property taxes	\$ 79,915	\$ —	\$ 6,008,733	\$ 6,088,648
Other local taxes	14,639,310	22,262,118	—	36,901,428
Revenues from other governments	34,007,050	5,390,045	—	39,397,095
Charges for services	66,068,337	—	—	66,068,337
Licenses and permits	—	313,944	—	313,944
Investment income:				
Interest on investments	5,623,025	4,772,185	838,104	11,233,314
Installment interest from housing loans	152,265	5,353	—	157,618
Fines and forfeitures	3,489,360	—	—	3,489,360
Developer fees	178,012	1,354,589	—	1,532,601
Miscellaneous program revenue	12,719,961	40,895	—	12,760,856
Total revenues	136,957,235	34,139,129	6,846,837	177,943,201
EXPENDITURES				
Current:				
General government	17,190,001	—	879,834	18,069,835
Legislative and judicial	1,184,582	—	—	1,184,582
Public works	45,849,990	—	—	45,849,990
Public safety	7,223,272	—	—	7,223,272
Recreation and parks	23,994,985	—	—	23,994,985
Community services	29,610,151	—	—	29,610,151
Capital improvements	2,916,619	60,691,484	—	63,608,103
Debt service:				
Principal payments on debt	4,548,891	—	1,164,509	5,713,400
Interest payments on debt	1,459,874	—	4,016,165	5,476,039
Total expenditures	133,978,365	60,691,484	6,060,508	200,730,357
Excess (deficiency) of revenues over expenditures	2,978,870	(26,552,355)	786,329	(22,787,156)
OTHER FINANCING SOURCES (USES)				
Bond premium	—	1,140,753	—	1,140,753
Capital-related issuance of debt	—	11,066,748	293,894	11,360,642
Installment purchase agreements issued	2,614,860	—	—	2,614,860
Refunding bond issued	—	1,150,894	212,167	1,363,061
Payment made to escrow agent	—	(1,225,346)	—	(1,225,346)
Loan proceeds	5,848,000	—	—	5,848,000
Transfers in	10,251,836	32,514,818	1,835,379	44,602,033
Transfers out	(5,362,309)	(21,493,786)	(585,835)	(27,441,930)
Total other financing sources	13,352,387	23,154,081	1,755,605	38,262,073
Net change in fund balances	16,331,257	(3,398,274)	2,541,934	15,474,917
Fund balances - beginning	110,774,328	83,384,632	19,089,292	213,248,252
Fund balances - ending	\$ 127,105,585	\$ 79,986,358	\$ 21,631,226	\$ 228,723,169

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2025

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Settlement Fund	Speed & School Bus Camera Enforcement Fund	Total
ASSETS										
Equity in pooled cash and investments	\$ 28,427,424	\$ 31,997,467	\$ 469,920	\$ 30,572,640	\$ 1,373,481	\$ 13,352,688	\$ 6,297,558	\$ 10,502,326	\$ 1,712,726	\$ 124,706,230
Receivables:										
Property taxes	—	—	—	298,948	—	—	—	—	—	298,948
Lease Receivables	—	—	—	—	—	—	9,132	—	—	9,132
Due from other funds	—	—	—	—	—	—	422,000	—	—	422,000
Due from other governments	—	—	—	—	—	6,220,486	—	108,885	—	6,329,371
Due from component unit	—	9,353,631	—	—	—	—	—	—	—	9,353,631
Housing loans	—	18,137,744	—	—	—	—	—	—	—	18,137,744
Economic development loans	—	—	—	—	—	466,563	—	—	—	466,563
Other	61,582	48,977	178,355	380,644	—	1,919,190	19,359	14,765,169	1,160	17,374,436
Prepays	—	—	—	—	—	1,416,363	—	—	—	1,416,363
Materials and supplies	—	—	—	—	—	—	163,178	—	—	163,178
Total assets	28,489,006	59,537,819	648,275	31,252,232	1,373,481	23,375,290	6,911,227	25,376,380	1,713,886	178,677,596
LIABILITIES										
Due to other funds	—	—	—	—	—	—	—	—	—	—
Accounts payable / accrued liabilities	36,608	2,863,193	12,860	2,324,340	—	1,430,952	489,995	—	747,252	7,905,200
Accrued wages and benefits	34,900	106,263	9,987	215,653	11,074	189,052	636,223	—	15,556	1,218,708
Deposits and connection fees	—	—	—	—	—	602,355	453,375	—	—	1,055,730
Unearned revenue	—	—	—	215,085	—	18,130,123	6,434,080	—	—	24,779,288
Total liabilities	71,508	2,969,456	22,847	2,755,078	11,074	20,352,482	8,013,673	—	762,808	34,958,926
DEFERRED INFLOWS OF RESOURCES										
Unavailable fees	—	—	—	—	—	442,807	—	13,352,069	—	13,794,876
Unavailable lease revenues	—	—	—	—	—	—	8,849	—	—	8,849
Unavailable grant revenues	—	—	—	—	—	2,809,360	—	—	—	2,809,360
Total deferred inflows of resources	—	—	—	—	—	3,252,167	8,849	13,352,069	—	16,613,085
Total liabilities and deferred inflows of resources	71,508	2,969,456	22,847	2,755,078	11,074	23,604,649	8,022,522	13,352,069	762,808	51,572,011

(continued)

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2025

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Settlement Fund	Speed & School Bus Camera Enforcement Fund	Total
FUND BALANCES										
Nonspendable:										
Inventory	—	—	—	—	—	—	163,178	—	—	163,178
Prepaid items	—	—	—	—	—	1,416,363	—	—	—	1,416,363
Restricted:										
3M Settlement	—	—	—	—	—	—	—	184,210	—	184,210
Catalyst loan program	—	—	—	—	—	1,579,847	—	—	—	1,579,847
Community reinvestment and repair	—	—	—	—	—	—	—	3,035,766	—	3,035,766
Disposable Plastics Reduction	—	—	625,428	—	—	—	—	—	—	625,428
Economic development initiatives	—	—	—	—	—	663,033	—	—	—	663,033
Forest conservation	—	—	—	—	1,362,407	—	—	—	—	1,362,407
Housing opportunity trust fund	—	7,619,473	—	—	—	—	—	—	—	7,619,473
Middle Patuxent environmental area program	—	—	—	—	—	208,277	—	—	—	208,277
MIHU Fee-in-lieu	—	5,366,760	—	—	—	—	—	—	—	5,366,760
Opioid abatement	—	—	—	—	—	—	—	7,557,861	—	7,557,861
Program revenue	—	—	—	—	—	346,045	—	—	—	346,045
Speed enforcement	—	—	—	—	—	—	—	—	951,078	951,078
Transit services	—	—	—	—	—	584,682	—	—	—	584,682
Vaping settlement	—	—	—	—	—	—	—	1,246,474	—	1,246,474
Committed:										
Agricultural land preservation	28,417,498	—	—	—	—	—	—	—	—	28,417,498
Community renewal programs	—	43,582,130	—	—	—	—	—	—	—	43,582,130
Environmental services	—	—	—	28,497,154	—	—	—	—	—	28,497,154
Program revenue	—	—	—	—	—	244,416	—	—	—	244,416
Unassigned	—	—	—	—	—	(5,272,022)	(1,274,473)	—	—	(6,546,495)
Total fund balances (deficits)	28,417,498	56,568,363	625,428	28,497,154	1,362,407	(229,359)	(1,111,295)	12,024,311	951,078	127,105,585
Total liabilities, deferred inflows and fund balances	\$ 28,489,006	\$ 59,537,819	\$ 648,275	\$ 31,252,232	\$ 1,373,481	\$ 23,375,290	\$ 6,911,227	\$ 25,376,380	\$ 1,713,886	\$ 178,677,596

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2025

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Settlement Fund	Speed & School Bus Camera Enforcement Fund	Total
REVENUES										
Property taxes	\$ —	\$ —	\$ —	\$ 79,915	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 79,915
Other local taxes	8,387,914	6,251,396	—	—	—	—	—	—	—	14,639,310
Revenues from other governments	—	—	—	198,965	—	32,482,717	6,433	1,318,935	—	34,007,050
Charges for services	—	—	—	40,077,358	—	2,227,178	23,763,801	—	—	66,068,337
Investment income:										
Interest on investments	1,380,002	1,130,136	25,992	1,810,448	67,781	545,464	203,647	394,827	64,728	5,623,025
Installment interest	—	129,712	—	—	—	22,553	—	—	—	152,265
Fines and forfeitures	—	—	1,749	210	4,128	1,300	20,839	—	3,461,134	3,489,360
Developer fees	—	—	—	—	178,012	—	—	—	—	178,012
Miscellaneous program revenue	13,040	1,951,348	765,197	284,278	—	5,505,286	275,467	3,896,937	28,408	12,719,961
Total revenues	9,780,956	9,462,592	792,938	42,451,174	249,921	40,784,498	24,270,187	5,610,699	3,554,270	136,957,235
EXPENDITURES										
General government	2,256,316	—	912,125	—	—	13,935,561	—	85,999	—	17,190,001
Legislative and judicial	—	—	—	—	—	1,184,582	—	—	—	1,184,582
Public works	2,680,767	—	—	35,913,883	—	7,255,340	—	—	—	45,849,990
Public safety	—	—	—	—	—	4,333,350	—	—	2,889,922	7,223,272
Recreation and parks	—	—	—	—	420,242	42,053	23,532,690	—	—	23,994,985
Community services	64,136	19,490,448	—	—	—	10,055,567	—	—	—	29,610,151
Capital improvements	2,916,619	—	—	—	—	—	—	—	—	2,916,619
Debt service:										
Principal payments on debt	3,971,183	—	—	—	—	—	—	—	577,708	4,548,891
Interest payments on debt	1,282,310	—	—	—	—	94,799	—	—	82,765	1,459,874
Total expenditures	13,171,331	19,490,448	912,125	35,913,883	420,242	36,901,252	23,532,690	85,999	3,550,395	133,978,365
Excess (deficiency) of revenues over expenditures	(3,390,375)	(10,027,856)	(119,187)	6,537,291	(170,321)	3,883,246	737,497	5,524,700	3,875	2,978,870

(continued)

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Special Revenue Funds
For the Year Ended June 30, 2025

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Forest Conservation Fund	Grants Fund	Recreation Program Fund	Settlement Fund	Speed & School Bus Camera Enforcement Fund	Total
OTHER FINANCING SOURCES (USES)										
Installment purchase agreements issued	2,614,860	—	—	—	—	—	—	—	—	2,614,860
Loan proceeds	—	5,848,000	—	—	—	—	—	—	—	5,848,000
Transfers in	—	10,000,000	—	—	6,973	—	185,404	59,459	—	10,251,836
Transfers out	—	(1,275,049)	(25,992)	(3,263,177)	—	(529,715)	(203,647)	—	(64,729)	(5,362,309)
Total other financing sources (uses)	2,614,860	14,572,951	(25,992)	(3,263,177)	6,973	(529,715)	(18,243)	59,459	(64,729)	13,352,387
Net change in fund balances	(775,515)	4,545,095	(145,179)	3,274,114	(163,348)	3,353,531	719,254	5,584,159	(60,854)	16,331,257
Fund balances - beginning	29,193,013	52,023,268	770,607	25,223,040	1,525,755	(3,582,890)	(1,830,549)	6,440,152	1,011,932	110,774,328
Fund balances - ending	\$ 28,417,498	\$ 56,568,363	\$ 625,428	\$ 28,497,154	\$ 1,362,407	\$ (229,359)	\$ (1,111,295)	\$ 12,024,311	\$ 951,078	\$ 127,105,585

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 7,200,000	\$ 7,200,000	\$ 8,387,913	\$ 1,187,913
Investment income	250,000	250,000	1,380,003	1,130,003
Miscellaneous program revenue	15,557,000	15,557,000	13,040	(15,543,960)
Total revenues	23,007,000	23,007,000	9,780,956	(13,226,044)
EXPENDITURES				
Public works:				
General Government	1,383,104	2,383,104	2,253,957	129,147
Administrative	17,904,523	17,904,523	2,680,767	15,223,756
Capital improvements	—	—	2,916,619	(2,916,619)
Community Services	64,136	64,136	64,136	—
Debt service:				
Principal payments on debt	4,196,960	4,196,960	3,971,183	225,777
Interest payments on debt	1,338,730	1,338,730	1,282,310	56,420
Total expenditures	24,887,453	25,887,453	13,168,972	12,718,481
Excess (deficiency) of revenues over expenditures	(1,880,453)	(2,880,453)	(3,388,016)	(507,563)
OTHER FINANCING SOURCES				
Appropriation from fund balance	1,880,453	2,880,453	773,156	(2,107,297)
Installment purchase agreements issued	—	—	2,614,860	2,614,860
Total other financing sources	1,880,453	2,880,453	3,388,016	507,563
Net change in fund balance	—	—	—	—
Plus prior year encumbrances lapsed			—	
Less appropriation from fund balance			(773,156)	
Fund balance - beginning			29,351,083	
Fund balance - ending			\$ 28,577,927	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 28,577,927	
Adjustments required under GAAP:				
Accruals			(2,359)	
Credit adjustments			(158,070)	
Fund balance, end of the fiscal year			\$ 28,417,498	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 5,400,000	\$ 5,400,000	\$ 6,251,396	\$ 851,396
Installment interest from housing loans	—	—	129,712	129,712
Miscellaneous program revenue	2,500,000	2,500,000	1,951,348	(548,652)
Total revenues	7,900,000	7,900,000	8,332,456	432,456
EXPENDITURES				
Community services:				
Revolving loan program income	200,000	200,000	—	200,000
Housing initiatives	12,535,000	12,457,000	8,674,781	3,782,219
Housing and community development administration	12,572,777	12,830,777	11,465,244	1,365,533
Homeless Services	1,393,058	1,213,058	750,978	462,080
Total expenditures	26,700,835	26,700,835	20,891,003	5,809,832
Excess (deficiency) of revenues over expenditures	(18,800,835)	(18,800,835)	(12,558,547)	6,242,288
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	8,945,755	8,945,755	8,945,755	—
Net Proceeds Loan-HUD	—	—	5,848,000	5,848,000
Transfers in	10,000,000	10,000,000	10,000,000	—
Transfers out	(144,920)	(144,920)	(144,914)	6
Total other financing sources (uses)	18,800,835	18,800,835	24,648,841	5,848,006
Net change in fund balance	—	—	12,090,294	12,090,294
Plus: Prior year encumbrance lapsed			929,072	
Less appropriation from fund balance			(8,945,755)	
Fund balance - beginning			29,457,235	
Fund balance - ending			\$ 33,530,846	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 33,530,846	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			6,171,149	
Cumulative housing loans expenditures			17,943,318	
Cumulative bad debt expense			(1,076,950)	
Fund balance, end of the fiscal year			\$ 56,568,363	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Disposable Plastics Reduction Fund
For the Year Ended June 30, 2025

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 2,000	\$ 2,000	\$ 1,749	\$ (251)
Miscellaneous program revenue	640,000	640,000	765,198	125,198
Total revenues	642,000	642,000	766,947	124,947
EXPENDITURES				
General Government:				
Administrative	1,156,235	1,156,235	941,111	215,124
Total expenditures	1,156,235	1,156,235	941,111	215,124
Excess (deficiency) of revenues over expenditures	(514,235)	(514,235)	(174,164)	340,071
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	514,235	514,235	174,164	(340,071)
Total other financing sources (uses)	514,235	514,235	174,164	(340,071)
Net change in fund balance	—	—	—	—
Plus: prior year encumbrances lapsed			10,580	
Less appropriation from fund balance			(174,164)	
Fund balance - beginning			702,439	
Fund balance - ending			\$ 538,855	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 538,855	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			88,060	
Cumulative bad debt expense			(1,487)	
Fund balance, end of the fiscal year			\$ 625,428	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Environmental Services Funds
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ —	\$ —	\$ 79,915	\$ 79,915
Revenue from other governments	—	—	198,965	198,965
Charges for services	40,172,993	40,172,993	40,084,391	(88,602)
Fines and forfeitures	—	—	210	210
Miscellaneous program revenue	215,000	215,000	284,278	69,278
Total revenues	40,387,993	40,387,993	40,647,759	259,766
EXPENDITURES				
Public works:				
Administrative	3,509,870	3,509,870	3,450,830	59,040
Operations	18,072,728	18,072,728	17,526,043	546,685
Collections	6,534,375	6,649,375	6,538,150	111,225
Recycling	10,902,449	10,787,449	10,222,270	565,179
Total expenditures	39,019,422	39,019,422	37,737,293	1,282,129
Excess (deficiency) of revenues over expenditures	1,368,571	1,368,571	2,910,466	1,541,895
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	84,169	84,169	—	(84,169)
Transfers out	(1,452,740)	(1,452,740)	(1,452,729)	11
Total other financing sources (uses)	(1,368,571)	(1,368,571)	(1,452,729)	(84,158)
Net change in fund balance	—	—	1,457,737	1,457,737
Plus: Prior year encumbrance lapsed			512,864	
Fund balance - beginning			24,796,553	
Fund balance - ending			\$ 26,767,154	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 26,767,154	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			2,585,837	
Accruals			(757,773)	
Cumulative bad debt expense			(98,064)	
Fund balance, end of the fiscal year			\$ 28,497,154	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2025

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 25,000	\$ 25,000	\$ 67,780	\$ 42,780
Fines and forfeitures	15,000	15,000	4,128	(10,872)
Developer fees	125,000	125,000	178,013	53,013
Total revenues	<u>165,000</u>	<u>165,000</u>	<u>249,921</u>	<u>84,921</u>
EXPENDITURES				
Public Works:				
Forest mitigation	743,970	743,970	413,269	330,701
Total expenditures	<u>743,970</u>	<u>743,970</u>	<u>413,269</u>	<u>330,701</u>
Excess (deficiency) of revenues over expenditures	<u>(578,970)</u>	<u>(578,970)</u>	<u>(163,348)</u>	<u>415,622</u>
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	578,970	578,970	—	(578,970)
Total other financing sources (uses)	<u>578,970</u>	<u>578,970</u>	<u>—</u>	<u>(578,970)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>(163,348)</u>	<u>(163,348)</u>
Fund balance - beginning			<u>1,525,755</u>	
Fund balance - ending			<u>\$ 1,362,407</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			<u>1,362,407</u>	
Fund balance, end of the fiscal year			<u>\$ 1,362,407</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2025

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 16,308,414	\$ 16,308,414	\$ 19,873,649	\$ 3,565,235
Grants from state government	29,948,837	29,948,837	12,432,040	(17,516,797)
Other local grants	2,454,680	2,314,680	177,011	(2,137,669)
Total revenue from other agencies	48,711,931	48,571,931	32,482,700	(16,089,231)
Charges for services	1,545,000	1,545,000	1,757,945	212,945
Interest on investments	—	—	38,302	38,302
Fines and forfeitures	—	—	5,505,286	5,505,286
Miscellaneous program revenue	29,357,214	29,497,214	5,505,286	(23,991,928)
Total revenues	79,614,145	79,614,145	45,289,519	(34,324,626)
EXPENDITURES				
General government	43,149,607	43,149,607	13,717,095	29,432,512
Legislative & judicial	1,543,601	1,543,601	1,158,852	384,749
Public works	10,180,508	10,180,508	10,394,223	(213,715)
Public safety	6,363,161	6,363,161	4,584,642	1,778,519
Recreation & parks	148,500	148,500	42,078	106,422
Community services	18,697,159	18,347,159	10,075,867	8,271,292
Debt service:				
Principal payments on debt	29,170	29,170	—	29,170
Interest payments on debt	11,626	361,626	94,800	266,826
Total expenditures	80,123,332	80,123,332	40,067,557	40,055,775
Excess (deficiency) of revenues over expenditures	(509,187)	(509,187)	5,221,962	5,731,149
Net change in fund balance	(509,187)	(509,187)	5,221,962	5,731,149
Plus: Prior year encumbrances lapsed			(232,269)	
Fund balances - beginning			(895,498)	
Fund balances - ending			\$ 4,094,195	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 4,094,195	
Adjustments:				
Elimination of encumbrances outstanding			3,999,337	
Accruals			(33,068)	
Cumulative bad debt expense			(588,818)	
Elimination of loan expenses			(19,736)	
Credit adjustment for leased asset			(2,177,283)	
Fund balance, end of the fiscal year			\$ 5,274,627	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2025

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from other governments	\$ —	\$ —	\$ 6,433	\$ 6,433
Charges for services	27,307,535	27,307,535	23,765,492	(3,542,043)
Fines and forfeitures	25,000	25,000	20,839	(4,161)
Miscellaneous program revenue	250,000	250,000	275,467	25,467
Total revenues	<u>27,582,535</u>	<u>27,582,535</u>	<u>24,068,231</u>	<u>(3,514,304)</u>
EXPENDITURES				
Recreation and parks:				
Administrative	27,837,884	27,837,884	23,569,134	4,268,750
Total expenditures	<u>27,837,884</u>	<u>27,837,884</u>	<u>23,569,134</u>	<u>4,268,750</u>
Excess (deficiency) of revenues over expenditures	<u>(255,349)</u>	<u>(255,349)</u>	<u>499,097</u>	<u>754,446</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	255,349	255,349	185,404	(69,945)
Total other financing sources (uses)	<u>255,349</u>	<u>255,349</u>	<u>185,404</u>	<u>(69,945)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>684,501</u>	<u>684,501</u>
Plus: Prior year encumbrances lapsed			18,198	
Fund balance - beginning			<u>(1,690,282)</u>	
Fund balance - ending			<u>\$ (987,583)</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ (987,583)	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			29,373	
Accruals			(147,301)	
Cumulative bad debt expense			(5,784)	
Fund balance, end of the fiscal year			<u>\$ (1,111,295)</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Settlement Fund
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Other local taxes	\$ —	\$ 1,000,000	\$ 1,318,934	\$ 318,934
State Grant	1,750,000	—	—	—
Fines and forfeitures	—	—	394,827	394,827
Miscellaneous program revenue	—	750,000	3,896,938	3,146,938
Total revenues	1,750,000	1,750,000	5,610,699	3,860,699
EXPENDITURES				
General Government:				
Administrative	2,800,000	2,800,000	26,540	2,773,460
Total expenditures	2,800,000	2,800,000	26,540	2,773,460
Excess (deficiency) of revenues over expenditures	(1,050,000)	(1,050,000)	5,584,159	6,634,159
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,050,000	1,050,000	—	(1,050,000)
Total other financing sources (uses)	1,050,000	1,050,000	—	(1,050,000)
Net change in fund balance	—	—	5,584,159	5,584,159
Fund balance - beginning			6,440,152	
Fund balance - ending			\$ 12,024,311	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			12,024,311	
Fund balance, end of the fiscal year			\$ 12,024,311	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Speed & School Bus Camera Enforcement Fund
For the Year Ended June 30, 2025

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines and forfeitures	\$ 5,008,892	\$ 5,008,892	\$ 3,461,134	\$ (1,547,758)
Miscellaneous program revenue	15,000	15,000	28,408	13,408
Total revenues	5,023,892	5,023,892	3,489,542	(1,534,350)
EXPENDITURES				
Public safety:				
Administrative	4,355,353	4,355,353	2,889,922	1,465,431
Debt services:				
Principal payments on debt	577,708	577,708	577,708	—
Interest payments on debt	90,831	90,831	90,831	—
Total expenditures	5,023,892	5,023,892	3,558,461	1,465,431
Excess (deficiency) of revenues over expenditures	—	—	(68,919)	(68,919)
OTHER FINANCING SOURCES (USES)				
Net change in fund balance	—	—	(68,919)	(68,919)
Fund balance - beginning			1,019,986	
Fund balance - ending			\$ 951,067	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 951,067	
Adjustments:				
Cumulative bad debt expense			11	
Fund balance, end of the fiscal year			\$ 951,078	

Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2025

	Fire Service Bldg & Equip Fund	Highway & Storm Drainage Fund	Recreation and Parks Fund	Total
ASSETS				
Equity in pooled cash and investments	\$ 38,478,868	\$ 49,040,813	\$ 9,853,355	\$ 97,373,036
Due from other governments	—	726,360	7,764,104	8,490,464
Other	97,269	37,350	76,978	211,597
Total assets	38,576,137	49,804,523	17,694,437	106,075,097
LIABILITIES				
Accounts payable/accrued liability	164,063	8,264,059	1,518,432	9,946,554
Accrued wages and benefits	12,195	7,632	—	19,827
Short-term loans and notes payable	—	7,184,805	254,000	7,438,805
Deposits and connection fees	—	200,000	9,000	209,000
Unearned revenue	—	404,379	—	404,379
Total liabilities	176,258	16,060,875	1,781,432	18,018,565
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenues	—	596,275	7,353,202	7,949,477
Unavailable fees	51,081	69,616	—	120,697
Total liabilities and deferred inflows of resources	227,339	16,726,766	9,134,634	26,088,739
FUND BALANCES				
Restricted:				
Open space	—	—	719,506	719,506
Parkland watershed facilities	—	—	19,538,673	19,538,673
Public road facilities	—	57,701,246	—	57,701,246
Committed:				
Firehouse & training facilities	23,573,212	—	—	23,573,212
Assigned:				
Capital projects	14,775,586	—	—	14,775,586
Unassigned	—	(24,623,489)	(11,698,376)	(36,321,865)
Total fund balances	38,348,798	33,077,757	8,559,803	79,986,358
Total liabilities, deferred inflows and fund balances	\$ 38,576,137	\$ 49,804,523	\$ 17,694,437	\$ 106,075,097

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended June 30, 2025

	Fire Service Bldg & Equip Fund	Highway & Storm Drainage Fund	Recreation and Parks Fund	Total
REVENUES				
Other local taxes	\$ 6,251,396	\$ 5,591,729	\$ 10,418,993	\$ 22,262,118
Revenues from other governments	—	3,560,915	1,829,130	5,390,045
Interest on investments	1,652,074	2,718,034	402,077	4,772,185
Installment interest	—	5,353	—	5,353
Licenses and permits	—	313,944	—	313,944
Developer contributions	—	1,313,386	41,203	1,354,589
Miscellaneous program revenues	—	29,446	11,449	40,895
Total revenues	7,903,470	13,532,807	12,702,852	34,139,129
EXPENDITURES				
Capital improvements	2,126,127	46,281,141	12,284,216	60,691,484
Total expenditures	2,126,127	46,281,141	12,284,216	60,691,484
Excess (deficiency) of revenues over expenditures	5,777,343	(32,748,334)	418,636	(26,552,355)
OTHER FINANCING SOURCES (USES)				
Bond premium	36,618	1,019,732	84,403	1,140,753
Capital related debt issued	—	10,606,418	460,330	11,066,748
Refunding bond issued	549,003	—	601,891	1,150,894
Payment made to escrow agent	(584,518)	—	(640,828)	(1,225,346)
Transfers in	950,000	27,264,818	4,300,000	32,514,818
Transfers out	(4,824,523)	(9,083,700)	(7,585,563)	(21,493,786)
Total other financing sources (uses)	(3,873,420)	29,807,268	(2,779,767)	23,154,081
Net change in fund balances	1,903,923	(2,941,066)	(2,361,131)	(3,398,274)
Fund balances - beginning	36,444,875	36,018,823	10,920,934	83,384,632
Adjusted fund balance, beginning of year, as restated	36,444,875	36,018,823	10,920,934	83,384,632
Fund balances - ending	\$ 38,348,798	\$ 33,077,757	\$ 8,559,803	\$ 79,986,358

Howard County, Maryland
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2025

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
ASSETS			
Equity in pooled cash and investments	\$ 63,622	\$ 16,089,305	\$ 16,152,927
Cash and securities with fiscal agents	—	5,582,177	5,582,177
Total assets	63,622	21,671,482	21,735,104
LIABILITIES			
Accounts payable / accrued liabilities	63,622	12,113	75,735
Unearned revenue	—	28,143	28,143
Total liabilities	63,622	40,256	103,878
FUND BALANCES			
Restricted:			
Tax incremental financing project	—	21,631,226	21,631,226
Total fund balances	—	21,631,226	21,631,226
Total liabilities and fund balances	\$ 63,622	\$ 21,671,482	\$ 21,735,104

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Debt Service Funds
For the Year Ended June 30, 2025

	Bond Anticipation Note Fund	Tax Financing Increment Fund	Total
REVENUES			
Property taxes	\$ —	\$ 6,008,733	\$ 6,008,733
Interest on investments	—	838,104	838,104
Total revenues	—	6,846,837	6,846,837
EXPENDITURES			
Current:			
General government	782,852	96,982	879,834
Debt service:			
Principal payments on debt	104,509	1,060,000	1,164,509
Interest payments on debt	1,454,079	2,562,086	4,016,165
Total expenditures	2,341,440	3,719,068	6,060,508
Excess (deficiency) of revenues over expenditures	(2,341,440)	3,127,769	786,329
OTHER FINANCING SOURCES (USES)			
Capital related issuance of debt	293,894	—	293,894
Refunding bonds issued	212,167	—	212,167
Transfers in	1,835,379	—	1,835,379
Transfers out	—	(585,835)	(585,835)
Total other financing sources (uses)	2,341,440	(585,835)	1,755,605
Net change in fund balances	—	2,541,934	2,541,934
Fund balances - beginning	—	19,089,292	19,089,292
Fund balances - ending	\$ —	\$ 21,631,226	\$ 21,631,226

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Bond Anticipation Notes
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
EXPENDITURES				
General government:				
Bond anticipation notes	605,000	360,000	162,989	197,011
Debt service:				
Issuance costs	350,000	595,000	550,643	44,357
Principal payments on debt	110,000	107,000	104,509	2,491
Interest payments on debt	1,740,000	1,743,000	1,454,079	288,921
Total expenditures	<u>2,805,000</u>	<u>2,805,000</u>	<u>2,272,220</u>	<u>532,780</u>
Excess (deficiency) of revenues over expenditures	<u>(2,805,000)</u>	<u>(2,805,000)</u>	<u>(2,272,220)</u>	<u>532,780</u>
OTHER FINANCING SOURCES				
Capital related debt issued	350,000	350,000	506,060	156,060
Transfers in	2,455,000	2,455,000	1,766,160	(688,840)
Total other financing sources	<u>2,805,000</u>	<u>2,805,000</u>	<u>2,272,220</u>	<u>(532,780)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning			<u>—</u>	
Fund balances - ending			<u>\$ —</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Tax Increment Financing Fund
For the Year Ended June 30, 2025

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 6,237,274	\$ 6,237,274	\$ 6,008,733	\$ (228,541)
Interest on investments	160,000	160,000	252,269	92,269
Total revenues	<u>6,397,274</u>	<u>6,397,274</u>	<u>6,261,002</u>	<u>(136,272)</u>
EXPENDITURES				
General government:				
Tax incremental financing	2,653,924	2,653,924	96,982	2,556,942
Debt Service:				
Principal payments on debt	705,000	1,060,000	1,060,000	—
Interest payments on debt	3,038,350	2,683,350	2,562,086	121,264
Total expenditures	<u>6,397,274</u>	<u>6,397,274</u>	<u>3,719,068</u>	<u>2,678,206</u>
Excess of revenues over expenditures	<u>—</u>	<u>—</u>	<u>2,541,934</u>	<u>2,541,934</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>2,541,934</u>	<u>2,541,934</u>
Fund balances - beginning			<u>19,089,292</u>	
Fund balances - ending			<u>\$ 21,631,226</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			<u>21,631,226</u>	
Fund balance, end of the fiscal year			<u>\$ 21,631,226</u>	



Ellicott City Bridge

The North Tunnel, a major component of the Ellicott City Safe and Sound plan, reached a significant milestone with the completion of the vertical Mining Shaft. Horizontal work has commenced, with drill and blast excavation of the ventilation and deaeration chambers underway. This excavation work is required to assemble the Tunnel Boring Machine, affectionally named 'Rocky' by popular vote, which will begin arriving in shipments from Ohio this Fall. Once Rocky has arrived and been assembled, it will begin drilling the mile-long, 18-foot diameter North Tunnel shaft that will run underneath Main Street and connect to the Patapsco River. This project is expected to be completed in Fall 2027.

NON-MAJOR ENTERPRISE FUNDS





Howard County, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2025

	Broadband	Special Recreation Facility	Watershed Protection & Restoration	Total
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 10,969,317	\$ —	\$ —	\$ 10,969,317
Receivables:				
Service billings	198,029	—	—	198,029
Lease receivables	153,798	227,870	—	381,668
Other receivables	1,906	—	—	1,906
Total current assets	11,323,050	227,870	—	11,550,920
Noncurrent assets:				
Lease receivables	893,392	3,335,883	—	4,229,275
Restricted assets:				
Other receivables	27,475	—	—	27,475
Capital assets:				
Land and land improvements	—	8,684,896	—	8,684,896
Buildings and improvements, net	—	361,373	—	361,373
Machinery and equipment, net	739,563	—	—	739,563
Infrastructure, net	6,522,378	—	—	6,522,378
Improvement Other, net	—	1,328,130	—	1,328,130
Total noncurrent assets	8,182,808	13,710,282	—	21,893,090
Total assets	19,505,858	13,938,152	—	33,444,010
DEFERRED OUTFLOWS OF RESOURCES				
Total assets and deferred outflows of resources	19,505,858	13,938,152	—	33,444,010
LIABILITIES				
Current liabilities:				
Due to other funds	—	1,724,522	—	1,724,522
Accounts payable	80,302	—	—	80,302
Accrued wages and benefits	28,989	—	—	28,989
Compensated absences	27,643	—	—	27,643
Unearned revenue	—	101,708	—	101,708
Total current liabilities	136,934	1,826,230	—	1,963,164
Current liabilities payable from restricted assets:				
Bond payable	125,900	—	—	125,900
Interest payable	45,883	—	—	45,883
Total current liabilities payable from restricted assets	171,783	—	—	171,783
Total current liabilities	308,717	1,826,230	—	2,134,947
Noncurrent liabilities:				
Compensated absences	126,112	—	—	126,112
Bond payable	2,904,960	—	—	2,904,960
Total noncurrent liabilities	3,031,072	—	—	3,031,072
Total liabilities	3,339,789	1,826,230	—	5,166,019
DEFERRED INFLOWS OF RESOURCES				
Deferred lease revenues	1,035,171	3,417,142	—	4,452,313
Total deferred outflows of resources	1,035,171	3,417,142	—	4,452,313
Total assets and deferred outflows of resources	4,374,960	5,243,372	—	9,618,332
NET POSITION				
Net investment in capital assets	4,231,081	10,374,399	—	14,605,480
Restricted:				
Unrestricted	10,899,817	(1,679,619)	—	9,220,198
Total net position	\$ 15,130,898	\$ 8,694,780	\$ —	\$ 23,825,678

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	Broadband	Special Recreation Facility	Watershed Protection & Restoration	Total
Operating revenues:				
User charges	\$ 1,850,954	\$ —	\$ —	\$ 1,850,954
Miscellaneous sales and services	15,065	662,975	—	678,040
Total operating revenues	1,866,019	662,975	—	2,528,994
Operating expenses:				
Salaries and employee benefits	758,738	—	—	758,738
Contractual services	618,032	—	—	618,032
Materials and supplies	189,724	—	—	189,724
Business and travel	1,258	—	—	1,258
Depreciation and amortization expense	948,998	136,885	—	1,085,883
Total operating expenses	2,516,750	136,885	—	2,653,635
Operating income (loss)	(650,731)	526,090	—	(124,641)
Nonoperating revenues (expenses):				
Interest on investments	474,560	(12,698)	—	461,862
Interest expense	(120,988)	—	—	(120,988)
Other, net	669	—	—	669
Total nonoperating revenues (expenses)	354,241	(12,698)	—	341,543
Net income (loss) before contributions and transfers	(296,490)	513,392	—	216,902
Transfers in	800,000	—	—	800,000
Transfers out	—	(22,472)	—	(22,472)
Change in net position	503,510	490,920	—	994,430
Net position - beginning as previously reported	14,709,664	8,203,860	80,610,237	103,523,761
Adjustments to beginning net position				
Change within financial reporting entity (non-major to major)	—	—	(80,610,237)	(80,610,237)
Change in accounting principles GASB 101	(82,276)	—	—	(82,276)
Net position - beginning of year, as restated	14,627,388	8,203,860	—	22,831,248
Net position - ending	\$ 15,130,898	\$ 8,694,780	\$ —	\$ 23,825,678

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	<u>Broadband</u>	<u>Special Recreation Facility</u>	<u>Watershed Protection & Restoration</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,193,540	\$ 886,164	\$ —	2,079,704
Cash paid to suppliers	57,346	(254,511)	—	(197,165)
Cash paid to / for employees	(646,559)	—	—	(646,559)
Cash paid for interfund services used	(258,365)	—	—	(258,365)
Net cash provided by operating activities	<u>345,962</u>	<u>631,653</u>	<u>—</u>	<u>977,615</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payable	—	(596,483)	—	(596,483)
Interfund operating transfers in (out)	800,000	—	—	800,000
Net cash provided by (used for) noncapital financing activities	<u>800,000</u>	<u>(596,483)</u>	<u>—</u>	<u>800,000</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(82,276)	—	—	(82,276)
Payment of long-term debt	(245,852)	—	—	(245,852)
Net cash provided by capital and related financing activities	<u>(328,128)</u>	<u>—</u>	<u>—</u>	<u>(328,128)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	478,594	(35,170)	—	443,424
Net cash provided by investing activities	<u>478,594</u>	<u>(35,170)</u>	<u>—</u>	<u>443,424</u>
Net increase in cash and cash equivalents	1,296,428	—	—	1,296,428
Cash and cash equivalents - beginning	9,672,889	—	—	9,672,889
Cash and cash equivalents - ending	<u>10,969,317</u>	<u>—</u>	<u>—</u>	<u>10,969,317</u>

(continued)

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2025

	<u>Broadband</u>	<u>Special Recreation Facility</u>	<u>Watershed Protection & Restoration</u>	<u>Total</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating (loss) income	<u>(650,731)</u>	<u>526,090</u>	<u>—</u>	<u>(124,641)</u>
Adjustments to reconcile operating income to net cash:				
Depreciation and amortization expense	948,998	136,885	—	1,085,883
Effect of changes in operating assets and liabilities:				
Accounts and other receivables	(67,126)	—	—	(67,126)
Lease receivables	(605,353)	223,189	—	(382,164)
Accounts payable	6,312	—	—	6,312
Accrued wages and benefits	4,579	—	—	4,579
Compensated absences	109,213	—	—	109,213
Unearned revenue	—	(1,389)	—	(1,389)
Deferred lease revenues	<u>600,070</u>	<u>(253,122)</u>	<u>—</u>	<u>346,948</u>
Total adjustments	<u>996,693</u>	<u>105,563</u>	<u>—</u>	<u>1,102,256</u>
Net cash provided by operating activities	<u>\$ 345,962</u>	<u>\$ 631,653</u>	<u>\$ —</u>	<u>\$ 977,615</u>

Noncash investing, capital, and financing activities:

Interest on investments does not include unrealized gains or losses required to be reported under GASB Statement No. 31. Only cash interest income received is reflected.

INTERNAL SERVICE FUNDS





Howard County, Maryland
Combining Statement of Net Position
Internal Services Funds
June 30, 2025

	Employee Benefits Self- Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
ASSETS					
Current assets:					
Equity in pooled cash and investments	\$ 2,344,110	\$ 13,578,236	\$ 24,725,839	\$ 6,403,040	\$ 47,051,225
Service billings	935,953	97,591	2,224	21,353	1,057,121
Other receivables	850,212	299,164	62,078	68,291	1,279,745
Lease receivables	—	—	—	819,205	819,205
Prepays	1,393,857	22,099	450,000	—	1,865,956
Materials and supplies	—	1,757,033	—	84,066	1,841,099
Total current assets	5,524,132	15,754,123	25,240,141	7,395,955	53,914,351
Noncurrent assets:					
Lease receivables	—	—	—	9,837,619	9,837,619
Capital assets:					
Buildings and improvements, net	—	52,182	—	—	52,182
Machinery and equipment, net	—	40,063,499	29,839	12,861,566	52,954,904
Infrastructure, net	—	153,574	—	390,868	544,442
Improvement other, net	—	1,166,545	—	37,745	1,204,290
Intangible right-to-use subscriptions, net	—	—	134,124	8,536,500	8,670,624
Total noncurrent assets	—	41,435,800	163,963	31,664,298	73,264,061
Total assets	5,524,132	57,189,923	25,404,104	39,060,253	127,178,412
LIABILITIES					
Current liabilities:					
Accounts payable	3,573,331	1,552,730	1,014,262	2,074,778	8,215,101
Accrued interest payable	—	—	470	170,373	170,843
Accrued wages and benefits	300,760	224,907	50,891	593,285	1,169,843
Compensated absences	—	9,642	—	20,216	29,858
Deposits and connection fees	—	—	—	75,000	75,000
Unpaid insurance claims	4,598,326	—	4,752,578	—	9,350,904
Subscriptions	—	—	102,662	4,300,772	4,403,434
Long-term certificate of participation (COPs)	—	—	—	730,000	730,000
Unearned revenue	—	—	—	48,009	48,009
Total current liabilities	8,472,417	1,787,279	5,920,863	8,012,433	24,192,992
Noncurrent liabilities:					
Compensated absences	55,966	1,026,950	108,242	2,363,989	3,555,147
Unpaid insurance claims	93,843	—	17,782,582	—	17,876,425
Subscriptions	—	—	—	3,702,765	3,702,765
Long-term certificate of participation (COPs)	—	—	—	18,607	18,607
Total noncurrent liabilities	149,809	1,026,950	17,890,824	6,085,361	25,152,944
Total liabilities	8,622,226	2,814,229	23,811,687	14,097,794	49,345,936
DEFERRED INFLOWS OF RESOURCES					
Deferred lease revenue	—	—	—	9,814,658	9,814,658
Total deferred inflows of resources	—	—	—	9,814,658	9,814,658
Total liabilities and deferred inflows of resources	8,622,226	2,814,229	23,811,687	23,912,452	59,160,594
NET POSITION					
Net investment in capital assets	—	41,435,800	61,301	13,074,535	54,571,636
Unrestricted	(3,098,094)	12,939,894	1,531,116	2,073,266	13,446,182
Total net position	\$ (3,098,094)	\$ 54,375,694	\$ 1,592,417	\$ 15,147,801	\$ 68,017,818

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2025

	Employee Benefits Self- Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
Operating revenues:					
User charges	\$ 73,322,985	\$ 25,651,802	\$ 11,578,475	\$ 35,918,235	\$ 146,471,497
Insurance recoveries	—	—	1,425,692	—	1,425,692
Miscellaneous sales and services	—	27,360	—	1,240,964	1,268,324
Total operating revenues	73,322,985	25,679,162	13,004,167	37,159,199	149,165,513
Operating expenses:					
Salaries and employee benefits	1,006,147	5,595,974	1,904,126	15,277,476	23,783,723
Contractual services	667,608	2,649,472	3,015,240	8,473,159	14,805,479
Materials and supplies	928	3,053,365	27,709	6,966,920	10,048,922
Business and travel	—	17,347	4,084	471,870	493,301
Vehicle fuels and supplies	—	4,394,646	27,397	90,025	4,512,068
Share of County administrative expenses	31,562	571,758	684,871	—	1,288,191
Insurance claims	75,482,345	—	10,105,037	—	85,587,382
Other administrative	2,541,276	—	90,185	—	2,631,461
Depreciation and amortization expense	—	7,680,367	114,996	8,591,317	16,386,680
Total operating expenses	79,729,866	23,962,929	15,973,645	39,870,767	159,537,207
Operating income (loss)	(6,406,881)	1,716,233	(2,969,478)	(2,711,568)	(10,371,694)
Nonoperating revenues (expenses):					
Interest on investments	238,555	509,147	1,070,373	162,373	1,980,448
Interest expense	—	—	(3,832)	(105,446)	(109,278)
Gain/(loss) from the sale or disposition of capital assets	—	1,041,050	—	—	1,041,050
Total nonoperating revenues (expenses)	238,555	1,550,197	1,066,541	56,927	2,912,220
Net income (loss) before contributions and transfers	(6,168,326)	3,266,430	(1,902,937)	(2,654,641)	(7,459,474)
Capital contributions	—	2,005,999	—	624,520	2,630,519
Transfers in	—	6,000,000	—	730,336	6,730,336
Transfers out	(238,555)	(509,147)	—	(962,373)	(1,710,075)
Change in net position	(6,406,881)	10,763,282	(1,902,937)	(2,262,158)	191,306
Net position - beginning	3,321,856	44,193,195	3,565,261	18,414,023	69,494,335
Adjustment to beginning net position					
Change in accounting principles GASB 101	(13,069)	(580,783)	(69,907)	(1,004,064)	(1,667,823)
Net position - beginning, as restated	3,308,787	43,612,412	3,495,354	17,409,959	67,826,512
Net position - ending	\$ (3,098,094)	\$ 54,375,694	\$ 1,592,417	\$ 15,147,801	\$ 68,017,818

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Employee Benefits Self- Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 72,960,475	\$ 25,655,150	\$ 13,035,132	\$ 38,193,102	\$ 149,843,859
Cash paid to suppliers	(77,940,527)	(6,891,875)	(11,192,211)	(9,274,579)	(105,299,192)
Cash paid to / for employees	(952,892)	(4,929,565)	(1,848,412)	(14,138,143)	(21,869,012)
Cash paid for quasi-external transactions	(48,745)	(2,791,535)	(135,402)	(7,094,117)	(10,069,799)
Other operating cash disbursements	—	—	(627,798)	(90,025)	(717,823)
Net cash provided by (used for) operating activities	(5,981,689)	11,042,175	(768,691)	7,596,238	11,888,033
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	—	6,000,000	—	(69,664)	5,930,336
Net cash provided by (used for) noncapital financing activities	—	6,000,000	—	(69,664)	5,930,336
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	(13,069)	(15,289,335)	(69,907)	(2,829,154)	(18,201,465)
Proceeds from the sale or disposition of capital assets	—	1,041,050	—	—	1,041,050
Payment of long-term debt	—	—	—	(1,545,798)	(1,545,798)
Payment of subscriptions	—	—	(104,370)	(4,464,642)	(4,569,012)
Net cash (used for) capital and related financing activities	(13,069)	(14,248,285)	(174,277)	(8,839,594)	(23,275,225)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	—	—	1,070,373	—	1,070,373
Net cash provided by investing activities	—	—	1,070,373	—	1,070,373
Net increase (decrease) in cash and cash equivalents	(5,994,758)	2,793,890	127,405	(1,313,020)	(4,386,483)
Cash and cash equivalents - beginning	8,338,868	10,784,346	24,598,434	7,716,060	51,437,708
Cash and cash equivalents - ending	2,344,110	13,578,236	24,725,839	6,403,040	47,051,225

(continued)

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2025

	Employee Benefits Self- Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	(6,406,881)	1,716,233	(2,969,478)	(2,711,568)	(10,371,694)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	—	7,680,367	114,996	8,591,317	16,386,680
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	(362,509)	(24,014)	30,965	(46,667)	(402,225)
Lease receivables	—	—	—	1,080,571	1,080,571
Materials and supplies	—	(19,763)	—	10,433	(9,330)
Prepaid expenses	(1,393,857)	(4,470)	—	2,101,994	703,667
Accounts payable	2,061,576	1,010,344	91,450	(1,754,154)	1,409,216
Accrued wages and benefits	115,225	46,044	12,533	106,062	279,864
Accrued interest payable	—	—	(460)	(97,498)	(97,958)
Compensated absences	31,358	637,434	48,032	1,504,042	2,220,866
Unpaid insurance claims	(26,601)	—	1,903,271	—	1,876,670
Unearned revenue	—	—	—	48,009	48,009
Deferred lease revenue	—	—	—	(1,236,303)	(1,236,303)
Total adjustments	425,192	9,325,942	2,200,787	10,307,806	22,259,727
Net cash provided by operating activities	\$ (5,981,689)	\$ 11,042,175	\$ (768,691)	\$ 7,596,238	\$ 11,888,033

Noncash investing, capital, and financing activities:

Contributions from PAYGO, Grants Fund, and Capital Funds to the Fleet Fund totaled \$2,343,777 offset by interfund transactions for vehicle upfit and an acquisition adjustment, (\$337,778).

Contributions to the Tech Comm Fund of \$812,253 were from Right of Use asset transactions offset by (\$187,733) of PAYGO, Grants Fund, and Capital Funds.

FIDUCIARY FUNDS





Howard County, Maryland
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2025

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total Pension and OPEB Total
ASSETS				
Receivables:				
Employer contributions	\$ 1,293,405	\$ 1,711,249	\$ —	\$ 3,004,654
Member contributions	330,393	443,167	—	773,560
Interest and dividends	343,200	473,544	98,286	915,030
Other	124	171	—	295
Investments, at fair value:				
Cash	—	—	148,659	148,659
Equities	324,267,161	447,421,044	3,145,325	774,833,530
Alternative investments	175,942,063	242,763,346	—	418,705,409
Mutual funds	—	—	325,454,376	325,454,376
Money market funds	7,889,889	10,851,353	7,480,394	26,221,636
Fixed income securities	179,710,817	247,963,441	4,915,336	432,589,594
Real assets	31,413,192	43,343,654	2,886,332	77,643,178
Prepays	25,097	31,001	—	56,098
Total assets	721,215,341	995,001,970	344,128,708	2,060,346,019
LIABILITIES				
Accounts payable	—	—	56,772	56,772
Investments purchased	277,018	382,227	—	659,245
Other	457,406	700,738	1,159,083	2,317,227
Total liabilities	734,424	1,082,965	1,215,855	3,033,244
NET POSITION				
Restricted for:				
Pension, other post-employment benefits, individuals, organizations and other governments	\$ 720,480,917	\$ 993,919,005	\$ 342,912,853	\$ 2,057,312,775

Howard County, Maryland
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2025

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total Pension and OPEB Total
ADDITIONS				
Contributions:				
Employer	\$ 23,821,785	\$ 40,462,550	\$ 52,911,190	\$ 117,195,525
Member	6,711,855	10,705,731	—	17,417,586
Total contributions	30,533,640	51,168,281	52,911,190	134,613,111
Investment income (expense):				
Net change in fair value of investments	51,822,662	72,642,127	28,657,556	153,122,345
Interest	1,616,539	2,214,490	202,110	4,033,139
Dividends	12,835,889	17,631,328	8,132,115	38,599,332
Other	78,410	83,930	—	162,340
Investment expense	(1,416,547)	(1,985,443)	(322,460)	(3,724,450)
Net investment income (loss)	64,936,953	90,586,432	36,669,321	192,192,706
Total additions	95,470,593	141,754,713	89,580,511	326,805,817
DEDUCTIONS				
Benefits	32,499,645	47,057,615	39,886,601	119,443,861
Administrative expenses	692,324	766,046	33,860	1,492,230
Total deductions	33,191,969	47,823,661	39,920,461	120,936,091
Change in net position	62,278,624	93,931,052	49,660,050	205,869,726
Net position - beginning	658,202,293	899,987,953	293,252,803	1,851,443,049
Net position - ending	\$ 720,480,917	\$ 993,919,005	\$ 342,912,853	\$ 2,057,312,775

Howard County, Maryland
Combining Statement of Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2025

	Detention Center		Sheriff's	State Property	Trust and			
	Inmate and	Friends of	Writ of	Tax and	Agency	Police		
	Work Release	RNC	Execution	Interest	Multifarious	Contraband	Total	
ASSETS								
Equity in pooled cash	\$ 93,066	\$ 11,423	\$ (3,722)	\$ 1,691,870	\$ 159,360	\$ 309,209	\$ 2,261,206	
Receivables:								
Property taxes	—	—	—	395,728	—	—	395,728	
Other receivables and billings	—	—	—	500,278	49,610	—	549,888	
Prepays	—	—	—	—	7,764	—	7,764	
Total assets	93,066	11,423	(3,722)	2,587,876	216,734	309,209	3,214,586	
LIABILITIES								
Accounts payable and other liabilities	—	—	—	2,132,731	—	—	2,132,731	
Due to other governments	—	—	—	17,834	—	—	17,834	
Total liabilities	—	—	—	2,150,565	—	—	2,150,565	
NET POSITION								
Restricted for:								
Individuals, organizations and other governments	\$ 93,066	\$ 11,423	\$ (3,722)	\$ 437,311	\$ 216,734	\$ 309,209	\$ 1,064,021	

Howard County, Maryland
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2025

	Detention Center Inmate and Work Release	Friends of RNC	Sheriff's Writ of Execution	State Property Tax and Interest	Trust and Agency Multifarious	Police Contraband	Total
ADDITIONS							
Miscellaneous revenue	\$ 977,020	\$ 1,374	\$ 95,613	\$ —	\$ 136,446	\$ 120,251	\$ 1,330,704
Property taxes	—	—	—	80,905,934	—	—	80,905,934
Other local taxes and fees	—	—	—	19,805	—	—	19,805
Total additions	977,020	1,374	95,613	80,925,739	136,446	120,251	82,256,443
DEDUCTIONS							
Administrative expenses	987,720	—	—	—	33,669	—	1,021,389
Contractual services	—	5	99,750	—	92,996	—	192,751
Materials and supplies	—	—	—	—	63,707	—	63,707
Property taxes paid to other governments	—	—	—	81,128,397	—	—	81,128,397
Total deductions	987,720	5	99,750	81,128,397	190,372	—	82,406,244
Change in net position	(10,700)	1,369	(4,137)	(202,658)	(53,926)	120,251	(149,801)
Net position - beginning	103,766	10,054	415	639,969	270,660	188,958	1,213,822
Net position - ending	\$ 93,066	\$ 11,423	\$ (3,722)	\$ 437,311	\$ 216,734	\$ 309,209	\$ 1,064,021

STATISTICAL SECTION





Statistical Section (Unaudited)

Index

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

Revenue Capacity - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

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

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.



Howard County, Maryland
Net Position by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 772,350,290	834,114,554	826,399,982	841,929,843	860,749,049	852,772,538	1,007,748,724	956,484,636	987,378,537	1,011,342,876
Restricted	109,620,128	114,206,491	153,326,501	142,249,607	137,408,939	181,632,342	289,172,801	311,100,549	336,408,021	369,759,623
Unrestricted (a)	(991,153,043)	(1,207,393,428)	(1,003,960,300)	(997,456,851)	(835,908,499)	(686,403,499)	(739,435,506)	(492,479,318)	(431,727,233)	(348,659,101)
Subtotal governmental activities net position	(109,182,625)	(259,072,383)	(24,233,817)	(13,277,401)	162,249,489	348,001,381	557,486,019	775,105,867	892,059,325	1,032,443,398
Business-type activities										
Net investment in capital assets	410,561,263	414,126,888	419,010,628	456,887,408	440,510,473	470,068,555	463,785,341	477,456,646	464,237,682	449,352,310
Restricted	42,470,585	27,949,207	24,709,724	21,823,966	19,238,763	16,973,269	14,934,635	12,443,251	10,607,748	8,903,642
Unrestricted	138,508,000	157,835,870	151,054,737	146,526,725	161,100,810	141,729,290	149,908,311	143,134,566	163,873,688	204,070,758
Subtotal business-type activities net position	591,539,848	599,911,965	594,775,089	625,238,099	620,850,046	628,771,114	628,628,287	633,034,463	638,719,118	662,326,710
Primary government										
Net investment in capital assets	1,182,911,553	1,248,241,442	1,245,410,610	1,298,817,251	1,301,259,522	1,322,841,093	1,471,534,065	1,433,941,282	1,451,616,219	1,460,695,186
Restricted	152,090,713	142,155,698	178,036,225	164,073,573	156,647,702	198,605,611	304,107,436	323,543,800	347,015,769	378,663,265
Unrestricted	(852,645,043)	(1,049,557,558)	(852,905,563)	(850,930,126)	(674,807,689)	(544,674,209)	(589,527,195)	(349,344,752)	(267,853,545)	(144,588,343)
Total primary government net position	\$ 482,357,223	340,839,582	570,541,272	611,960,698	783,099,535	976,772,495	1,186,114,306	1,408,140,330	1,530,778,443	1,694,770,108

(a) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Public School and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	\$ 66,234,421	66,948,584	58,020,097	65,241,233	74,316,453	123,183,109	72,881,510	68,823,209	81,996,319	157,691,362
Public safety	207,170,029	230,134,183	217,378,984	249,887,935	273,690,808	272,893,187	264,850,920	281,581,262	309,509,699	329,292,952
Public works	156,707,838	168,834,876	194,980,993	207,843,230	191,131,750	184,376,252	215,560,704	233,682,852	250,006,072	225,284,774
Recreation and parks	42,880,875	47,094,291	25,923,502	54,344,080	44,155,887	33,372,823	53,247,567	60,108,042	67,477,901	75,232,992
Legislative and judicial	26,070,345	27,693,094	27,484,681	30,139,996	33,526,457	34,562,766	34,828,987	39,744,597	41,136,811	41,971,108
Community services	45,928,376	44,497,229	47,215,901	50,250,870	51,744,649	57,793,879	64,131,907	71,605,180	65,918,126	80,124,749
State highways	3,341,087	5,842,868	4,934,098	9,286,446	4,140,382	1,381,137	2,374,495	2,906,665	1,240,596	465,361
Education	717,742,080	739,013,105	701,633,749	710,311,491	703,269,393	753,121,391	798,493,045	798,526,488	864,163,515	900,118,744
Interest on long-term debt	49,977,613	57,494,607	61,452,013	51,541,615	56,026,136	56,785,423	58,538,363	56,003,343	55,410,605	54,112,901
Total governmental activities expenses	1,316,052,664	1,387,552,837	1,339,024,018	1,428,846,896	1,432,001,915	1,517,469,967	1,564,907,498	1,612,981,638	1,736,859,644	1,864,294,943
Business-type activities:										
Water and sewer	95,781,698	101,312,345	105,229,515	113,056,969	111,856,075	122,881,576	125,680,688	135,186,205	136,861,719	128,420,470
Watershed	—	—	—	—	—	—	—	—	—	10,215,810
Other	6,551,799	7,356,981	6,585,542	7,163,586	8,262,267	8,213,268	8,724,615	10,565,677	12,587,028	2,774,623
Total business-type activities expenses	102,333,497	108,669,326	111,815,057	120,220,555	120,118,342	131,094,844	134,405,303	145,751,882	149,448,747	141,410,903
Total primary government expenses	1,418,386,161	1,496,222,163	1,450,839,075	1,549,067,451	1,552,120,257	1,648,564,811	1,699,312,801	1,758,733,520	1,886,308,391	2,005,705,846
Program revenues										
Governmental activities:										
Charges for services										
General government	41,462,547	52,783,407	47,092,030	48,266,394	43,695,157	60,623,707	50,096,105	58,443,515	52,819,164	54,994,541
Public works	50,419,335	48,313,166	49,740,333	49,166,390	57,391,094	60,818,074	68,987,581	70,006,565	75,689,129	75,860,664
Recreation and parks	18,231,380	20,182,293	19,791,578	20,905,820	17,099,764	8,302,208	16,804,547	20,492,234	22,535,923	24,120,902
Other	13,987,065	10,672,780	13,053,507	14,129,641	19,846,183	19,114,022	24,838,162	28,184,211	15,008,641	57,795,626
Operating grants and contributions	40,094,831	39,402,540	43,351,124	40,559,501	60,278,746	97,683,224	84,412,904	60,020,345	54,134,653	47,148,089
Capital grants and contributions	27,792,294	18,163,355	24,455,008	18,377,194	19,701,167	4,329,549	17,378,972	20,156,985	44,250,142	92,014,107
Total governmental activities program revenues	191,987,452	189,517,541	197,483,580	191,404,940	218,012,111	250,870,784	262,518,271	257,303,855	264,437,652	351,933,929
Business-type activities:										
Charges for services										
Water and sewer	64,965,916	64,761,724	64,642,532	64,833,505	65,876,003	65,967,446	66,280,906	66,179,696	75,100,019	78,875,694
Other	14,256,985	13,906,569	13,712,093	11,544,895	11,301,111	12,477,557	12,670,736	12,926,035	13,152,584	2,528,994
Operating grants and contributions	31,339,509	32,669,952	33,958,088	35,349,018	36,112,163	40,565,784	40,510,564	41,615,800	43,645,135	45,582,325
Capital grants and contributions	14,728,750	10,262,423	11,976,929	43,164,177	9,928,803	12,591,770	10,376,098	5,440,529	3,912,217	2,842,680
Total business-type activities program revenues	125,291,160	121,600,668	124,289,642	154,891,595	123,218,080	131,602,557	129,838,304	126,162,060	135,809,955	129,829,693
Total primary government program revenues	\$ 317,278,612	311,118,209	321,773,222	346,296,535	341,230,191	382,473,341	392,356,575	383,465,915	400,247,607	481,763,622

(continued)

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net (expenses)/revenue										
Governmental activities	\$(1,124,065,212)	(1,198,035,296)	(1,141,540,438)	(1,237,441,956)	(1,213,989,804)	(1,266,599,183)	(1,302,389,227)	(1,355,677,783)	(1,464,884,047)	(1,530,626,279)
Business-type activities	22,957,663	12,931,342	12,474,585	34,671,040	3,099,738	507,713	(4,573,119)	(19,589,822)	(13,638,792)	13,795,130
Total primary government net expenses	(1,101,107,549)	(1,185,103,954)	(1,129,065,853)	(1,202,770,916)	(1,210,890,066)	(1,266,091,470)	(1,306,962,346)	(1,375,267,605)	(1,478,522,839)	(1,516,831,149)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	586,123,532	608,458,370	630,762,037	654,794,565	708,947,753	738,646,472	756,762,754	783,897,719	819,075,896	850,376,334
Local income taxes	431,743,893	436,993,783	466,935,173	496,679,385	577,958,870	619,513,011	652,606,282	689,157,003	634,609,612	713,552,544
Other local taxes	72,656,951	77,911,373	77,122,059	69,739,135	77,803,643	95,715,172	110,008,159	77,676,586	73,677,547	78,884,105
Intergovernmental, unrestricted	1,836,227	1,763,063	1,590,437	1,673,415	3,308,303	2,997,085	3,879,455	4,093,213	4,571,213	5,339,061
Unrestricted investment income	5,054,711	1,206,178	4,998,389	13,585,602	9,972,730	1,258,028	(5,763,261)	29,765,757	56,178,775	53,522,828
Miscellaneous	3,347,590	90,510	2,700,739	2,513,727	1,421,705	1,238,098	1,390,858	2,783,842	1,284,677	1,296,317
Transfers	2,318,086	5,389,399	9,151,633	9,412,543	19,489,201	13,807,937	(7,010,382)	(14,076,489)	(7,560,215)	1,442,241
Subtotal governmental activities	1,103,080,990	1,131,812,676	1,193,260,467	1,248,398,372	1,398,902,205	1,473,175,803	1,511,873,865	1,573,297,631	1,581,837,505	1,704,413,430
Business-type activities:										
Unrestricted investment income	823,902	830,024	2,434,920	5,998,775	2,615,899	253,254	957,282	6,348,339	11,920,749	12,251,779
Miscellaneous	3,804,252	150	53,351	(794,262)	(10,728)	3,033	4,822	28,976	(157,517)	229,891
Transfers	(2,318,086)	(5,389,399)	(9,151,633)	(9,412,543)	(19,489,201)	(13,807,937)	7,010,382	14,076,489	7,560,215	(1,442,241)
Subtotal business-type activities	2,310,068	(4,559,225)	(6,663,362)	(4,208,030)	(16,884,030)	(13,551,650)	7,972,486	20,453,804	19,323,447	11,039,429
Total primary government	1,105,391,058	1,127,253,451	1,186,597,105	1,244,190,342	1,382,018,175	1,459,624,153	1,519,846,351	1,593,751,435	1,601,160,952	1,715,452,859
Net position balances										
Governmental activities:										
Change in net position, governmental activities	(20,984,222)	(66,222,620)	51,720,029	10,956,416	175,526,890	185,751,892	209,484,638	217,619,848	116,953,458	173,787,151
Net position, beginning-governmental activities	(88,198,403)	(131,849,763)	(198,072,383)	(24,233,817)	(13,277,401)	162,249,489	348,001,381	557,486,019	775,105,867	858,656,247
Restatement	—	—	122,118,537	—	—	—	—	—	—	—
Net position, ending-governmental activities	(109,182,625)	(198,072,383)	(24,233,817)	(13,277,401)	162,249,489	348,001,381	557,486,019	775,105,867	892,059,325	1,032,443,398
Business-type activities:										
Change in net position, business-type activities	25,267,731	8,372,117	5,811,223	30,463,010	(4,388,053)	7,921,068	3,399,367	863,982	5,684,655	24,834,559
Net position, beginning-business-type activities	566,272,117	591,539,848	599,911,965	594,775,089	625,238,099	620,850,046	628,771,114	632,170,481	633,034,463	637,492,151
Restatement	—	—	(10,948,099)	—	—	—	—	—	—	—
Net position, ending-business-type activities	591,539,848	599,911,965	594,775,089	625,238,099	620,850,046	628,771,114	632,170,481	633,034,463	638,719,118	662,326,710
Total primary government	\$ 482,357,223	401,839,582	570,541,272	611,960,698	783,099,535	976,772,495	1,189,656,500	1,408,140,330	1,530,778,443	1,694,770,108

Howard County, Maryland
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General fund										
Nonspendable	\$ 7,632,118	9,045,255	12,600,473	12,265,039	11,477,512	10,721,886	37,922,879	9,428,875	8,693,284	8,146,266
Restricted	1,972,282	2,070,419	1,024,450	—	—	—	—	—	—	—
Committed	64,172,639	67,382,973	71,338,939	73,958,202	75,845,302	82,464,279	80,751,106	82,157,508	86,524,142	92,114,414
Assigned	53,577,009	31,953,418	49,382,483	35,997,183	99,392,985	218,420,188	258,907,211	326,681,455	343,555,596	254,584,959
Unassigned	12,015,718	26,239,270	7,898,186	18,387,493	21,834,102	24,517,933	34,488,896	76,147,033	36,531,059	37,992,467 (a)
Total general fund	139,369,766	136,691,335	142,244,531	140,607,917	208,549,901	336,124,286	412,070,092	494,414,871	475,304,081	392,838,106
All other governmental funds										
Nonspendable	648,352	644,176	656,721	671,042	681,117	668,614	670,280	982,178	1,001,369	2,171,194
Restricted	107,647,846	112,136,072	152,302,051	142,249,607	137,408,939	256,632,342	245,442,990	297,149,145	327,010,935	352,771,395
Committed	46,729,075	48,677,180	52,857,796	54,474,185	72,927,545	82,725,309	112,180,204	127,358,100	112,628,340	124,314,410
Assigned	63,361,371	60,075,902	56,117,487	62,387,719	66,541,138	40,364,849	32,312,123	12,950,041	15,024,639	14,775,586
Unassigned	(125,621,490)	(119,153,788)	(88,731,324)	(110,672,917)	(96,702,875)	(108,957,272)	(190,582,470)	(207,071,382)	(145,285,597)	(47,719,787)
Total all other governmental funds	92,765,154	102,379,542	173,202,731	149,109,636	180,855,864	271,433,842	200,023,127	231,368,082	310,379,686	446,312,798
Total governmental funds	\$ 232,134,920	239,070,877	315,447,262	289,717,553	389,405,765	607,558,128	612,093,219	725,782,953	785,683,767	839,150,904

(a) Of this amount, \$7.1 million is for the Health Department Fund.

Howard County, Maryland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES										
Property taxes (a)	\$ 586,906,599	\$ 608,790,864	\$ 630,002,471	\$ 654,226,577	\$ 706,141,417	\$ 736,287,166	\$ 758,420,619	\$ 783,696,736	\$ 814,226,370	\$ 848,443,416
Other local taxes	506,819,854	514,455,726	523,874,099	533,151,563	601,642,578	673,641,074	714,868,761	743,879,973	698,456,977	772,113,793
State shared taxes	2,077,909	1,818,048	1,595,662	1,673,415	2,747,094	3,558,294	3,879,455	4,093,213	4,571,213	5,339,061
Revenues from other governments	30,616,053	53,144,527	46,881,676	43,490,797	43,359,703	84,153,972	80,148,620	59,269,736	103,767,407	132,675,009
Charges for services	55,954,266	57,428,448	58,820,287	59,537,731	65,232,242	58,652,336	73,659,747	96,200,417	80,719,613	95,218,738
Interest on investments	4,970,717	4,878,623	7,961,507	13,567,305	10,706,803	2,432,814	1,462,650	29,513,484	54,539,282	54,240,866
Decrease in fair value of investments	—	—	—	—	—	—	(7,434,158)	(907,535)	—	—
Installment interest from housing loans	83,994	27,190	53,025	60,540	95,639	194,795	98,283	83,348	65	173,977
Licenses and permits	7,200,241	7,090,791	6,874,461	6,641,437	5,917,475	6,294,952	6,559,876	5,663,849	6,313,264	5,945,992
Recoveries for interfund services	15,706,180	—	—	—	—	—	—	—	—	—
Fines and forfeitures	4,356,639	4,481,676	4,315,875	4,071,307	3,988,941	3,807,058	7,036,936	6,432,841	6,674,170	6,550,183
Developer contributions	4,612,357	9,070,823	2,372,712	852,987	1,040,214	1,235,418	1,096,664	1,832,536	1,780,891	1,532,601
Payments from component units	2,588,330	2,076,568	2,095,129	1,546,337	1,017,178	495,833	463,382	426,382	387,347	368,165
Miscellaneous program revenues	25,441,734	15,406,458	17,149,954	16,880,092	20,100,507	18,970,306	25,378,795	15,765,980	34,241,640	29,585,310
Total revenues	1,247,334,873	1,274,970,104	1,298,793,547	1,335,203,767	1,461,662,101	1,588,283,820	1,665,639,630	1,745,950,960	1,805,678,239	1,952,187,111
EXPENDITURES										
Current:										
General government	54,918,742	48,703,477	51,307,571	60,629,770	54,668,826	89,760,676	82,672,133	79,852,606	74,123,887	126,784,155
Legislative & judicial	25,893,292	26,315,797	27,175,301	28,520,391	29,155,033	29,677,484	33,577,622	36,024,211	37,898,982	42,732,055
Public works	102,894,102	104,307,451	112,420,109	113,436,661	112,165,451	114,555,229	313,659,621	130,178,514	136,552,409	139,525,824
Public safety	208,774,567	219,541,903	228,466,896	235,952,000	250,490,558	249,601,526	266,213,339	281,936,807	318,350,266	330,383,525
Recreation and parks	38,473,557	39,667,818	41,877,752	43,171,463	41,217,061	34,734,823	41,687,581	46,229,066	50,688,637	53,523,809
Community services	44,631,695	42,267,451	44,819,301	47,391,787	48,153,860	51,537,606	62,655,664	70,172,651	66,219,385	82,247,149
Education	651,837,577	699,206,963	704,546,696	707,246,000	700,885,393	747,167,309	795,453,859	795,850,194	861,626,134	897,614,751
Capital improvements	133,208,954	134,994,751	114,284,257	140,460,747	130,600,419	68,469,459	176,458,596	113,384,468	114,454,442	182,811,043
Debt service:										
Principal	68,484,249	74,766,641	66,443,603	69,728,497	88,334,697	91,469,752	92,613,665	101,434,053	116,669,197	111,613,886
Interest	45,384,247	47,438,207	47,177,499	57,055,983	56,687,393	53,215,495	61,012,025	59,802,179	59,373,662	58,249,128
Total expenditures	1,374,500,982	1,437,210,459	1,438,518,985	1,503,593,299	1,512,358,691	1,530,189,359	1,926,004,105	1,714,864,749	1,835,957,001	2,025,485,325
Excess (deficiency) of revenues over expenditures	(127,166,109)	(162,240,355)	(139,725,438)	(168,389,532)	(50,696,590)	58,094,461	(260,364,475)	31,086,211	(30,278,762)	(73,298,214)
OTHER FINANCING SOURCES (USES)										
Lease issued	—	—	—	—	—	—	—	—	—	664,496
Bond premium	13,541,018	43,899,251	49,340,059	12,219,992	21,198,307	19,937,179	4,589,177	6,203,369	12,127,898	8,946,906
Financed purchase agreements issued	10,058,351	3,368,036	11,936,898	2,223,000	—	—	—	—	—	—
Capital related debt issued	76,490,000	133,925,001	128,380,000	108,710,477	108,237,244	134,751,164	52,460,385	68,536,785	91,720,094	107,742,135
Refunding bonds issued	21,280,000	140,385,000	184,440,000	22,585,000	58,375,000	83,280,000	—	—	15,640,000	22,865,001
Capital lease	—	—	—	—	—	—	—	—	—	5,848,000
Installment purchase agreements issued	4,817,735	10,756,470	3,095,670	—	—	961,020	7,050,045	750,975	2,853,565	2,614,860
Payment to bond refunding escrow agent	(26,600,367)	(169,143,917)	(219,985,848)	(24,024,558)	(58,161,938)	(96,619,193)	—	—	(16,503,925)	(24,118,260)
Transfers in	27,765,305	47,227,975	58,254,689	64,806,430	80,529,751	75,742,074	66,282,981	89,923,413	145,835,804	179,394,266
Transfers out	(24,910,692)	(41,241,503)	(47,584,645)	(43,860,518)	(59,793,562)	(57,994,362)	(67,014,616)	(88,539,335)	(144,622,729)	(177,192,055)
Total other financing sources and uses	102,441,350	169,176,313	216,101,823	142,659,823	150,384,802	160,057,902	264,899,566	82,603,523	126,451,793	126,765,349
Net change in fund balances	(24,724,759)	6,935,958	76,376,385	(25,729,709)	99,688,212	218,152,363	4,535,091	113,689,734	96,173,031	53,467,135
Debt service as a percentage of noncapital expenditures	8.71%	8.94% (b)	8.60%	9.10%	9.59%	9.70%	9.73%	9.93%	10.10%	9.04%

(a) Increase in real property taxes is due to steady increases in property values in the County.

(b) Capital outlay used in FY16 calculation reported incorrectly.

Howard County, Maryland
Assessed and Estimated Accrual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property		Total
	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2016	\$ 37,954,765,647	7,984,317,384	45,939,083,031	1.014	1,702,530,310	2.535	47,641,613,341
2017	39,566,020,328	8,410,004,037	47,976,024,365	1.014	1,650,784,630	2.535	49,626,808,995
2018	41,352,080,551	8,469,703,245	49,821,783,796	1.014	1,696,221,380	2.535	51,518,005,176
2019	42,391,698,324	9,214,242,834	51,605,941,158	1.014	1,733,052,800	2.535	53,338,993,958
2020	43,926,364,524	9,545,414,603	53,471,779,127	1.014	1,706,543,391	2.535	55,178,322,518
2021	45,168,891,391	9,915,122,500	55,084,013,891	1.014	1,910,775,846	2.535	56,994,789,737
2022	46,752,372,385	10,264,810,990	57,017,183,375	1.014	1,882,858,968	2.535	58,900,042,343
2023	48,531,494,400	10,485,570,793	59,017,065,193	1.014	1,924,769,590	2.535	60,941,834,783
2024	51,165,367,886	11,032,571,510	62,197,939,396	1.014	1,825,005,740	2.535	64,022,945,136
2025	54,636,401,620	11,098,843,183	65,735,244,803	1.044	1,972,140,370	2.610	67,707,385,173

(a) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value. Tax-exempt property is not included in the assessed value.

(b) Rates are per \$100 of assessed value.

Howard County, Maryland
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$100 of Assessed Value)

Howard County Direct Rates		
Fiscal Year	Real Property	Personal Property
2016	1.014	2.535
2017	1.014	2.535
2018	1.014	2.535
2019	1.014	2.535
2020	1.014	2.535
2021	1.014	2.535
2022	1.014	2.535
2023	1.014	2.535
2024	1.014	2.535
2025	1.044	2.610

Source: Howard County Department of Finance, Bureau of Revenue

**Howard County, Maryland
Principal Property Taxpayers
Current Year and Nine Years Ago**

2025			2016		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	\$ 693,893,340	1.02%	Baltimore Gas & Electric Company	\$ 374,054,800	0.79%
Mall in Columbia Business Trust	322,771,500	0.48%	Parcel D Property LLC	368,613,000	0.77%
Transcontinental gas pipeline	113,090,640	0.17%	Mall in Columbia Business Trust	254,181,900	0.53%
Verizon-Maryland Inc.	83,579,680	0.12%	Howard Properties Howard Crossing, LLC	136,780,100	0.29%
Howard Properties Howard Crossing, LLC	177,489,400	0.26%	Verizon-Maryland Inc.	111,965,680	0.24%
11101 Johns Hopkins Road	175,501,566	0.26%	Seasons of Laurel LLC	101,696,533	0.21%
9220 Old Lantern Way LLC	129,881,467	0.19%	API Columbia Town Center LLC	73,444,000	0.15%
Renaissance Hills Ellicott LP	123,386,300	0.18%	KMF Sherwood Crossing LLC	70,164,653	0.15%
Columbia 531 LLC	114,396,500	0.17%	Cellco Partnership	54,120,987	0.11%
Annapolis Galaxy DE LLC	110,415,067	0.16%	New Cingular Wireless PCS LLC	34,618,440	0.07%
Total	\$ 2,044,405,460	3.01%	Total	\$ 1,579,640,093	3.31%

Source: Howard County Department of Finance, Bureau of Revenue

**Howard County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collection to Date		
		Amount	Percentage of Levy	Subsequent tax Collections	Amount	Percentage of Levy	
2016	\$ 594,757,776	\$ 593,510,182	99.79%	\$ 812,684	\$ 594,322,866	99.93%	
2017	616,633,669	612,695,057	99.36%	3,152,341	615,847,398	99.87%	
2018	639,933,124	635,257,806	99.27%	1,283,729	636,541,535	99.47%	
2019	663,038,666	656,951,368	99.08%	1,418,911	658,370,279	99.30%	
2020	677,030,343	671,983,399	99.25%	2,024,392	674,007,791	99.55%	
2021	697,366,167	690,343,014	98.99%	5,787,428	696,130,442	99.82%	
2022	767,640,195	762,776,281	99.37%	3,864,290	766,640,571	99.87%	
2023	774,872,843	768,980,607	99.24%	5,061,383	774,041,990	99.89%	
2024	831,330,915	821,002,800	98.76%	3,659,193	824,661,993	99.20%	
2025	880,625,335	873,358,294	99.17%	—	873,358,294	99.17%	

Source: Howard County Department of Finance, Bureau of Revenue

Subsequent tax collections for fiscal years 2016-2025, updated per Howard County Department of Finance, Bureau of Revenue.

Howard County, Maryland
Ratios of Outstanding Debt by Type - Governmental Activities
Last Ten Fiscal Years
(in thousands of dollars)

Fiscal Year (b)	General Obligation Bonds (a)	State Water Quality Revolving Loans	Installment Purchase Agreements	Tax Increment Bonds	Long-term Financed Purchase	Availability Payment Arrangement	Lease Liability	Subscriptions Liability	Total (c)
2016	\$ 1,050,289	—	98,661	17,000	24,874	—	—	—	141,585
2017	1,128,705	—	100,123	16,980	24,802	—	—	—	143,034
2018	1,205,838	—	97,716	65,165	35,012	—	—	—	1,403,731
2019	1,246,358	—	93,483	65,100	31,603	—	—	—	1,436,544
2020	1,362,886	—	59,364	64,920	29,979	—	—	—	1,517,149
2021	1,361,927	—	59,546	64,695	22,365	—	—	—	1,508,533
2022	1,306,613	—	59,441	64,450	19,460	100,653	94,828	—	1,645,445
2023	1,281,711	—	56,434	64,175	16,111	99,085	92,169	8,310	1,617,995
2024	1,314,584	—	45,217	62,980	12,722	97,435	92,530	26,637	1,652,105
2025	1,263,777	—	43,861	61,920	9,482	95,700	87,340	20,042	1,582,122

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

- (a) The amounts reported for debt include deferred refunding premium and discount.
- (b) Effective FY 2022 CPI for Broadband and Watershed are reported separately from governmental activities.
- (c) Total governmental activities of FY 2022 and 2023 have been restated.

Howard County, Maryland
Ratios of Outstanding Debt by Type - Business Type Activities
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year (b)	General Obligation Bonds	Metropolitan District Bonds (a)	Special Facility Revenue Bonds	State Water Quality Revolving Loans	LT financed purchase	MDE Loan	Leases Liability	Total Business- Type Activities	Total Primary Government	Percentage of Personal Income (c)	Portion of Per Capita Personal Income (c)
2016	\$ —	251,963	3,240	24,508	—	—	—	279,711	421,296	n/a	n/a
2017	—	270,211	3,199	21,267	—	—	—	294,677	437,711	n/a	n/a
2018	—	301,619	2,714	17,956	—	—	—	322,289	1,726,020	n/a	n/a
2019	—	351,004	2,217	14,573	—	—	—	367,794	1,804,338	n/a	n/a
2020	—	434,478	1,197	7,658	—	—	—	443,333	1,960,482	n/a	n/a
2021	—	412,382	1,185	7,582	2,280	—	—	423,429	1,931,962	n/a	n/a
2022	20,744	417,396	650	3,972	2,050	1,110	2,468	448,390	2,093,835	n/a	n/a
2023	23,998	419,759	—	2,443	1,820	951	2,316	448,023	2,066,018	n/a	n/a
2024	30,252	430,709	—	1,556	1,575	787	2,157	464,095	2,116,200	n/a	n/a
2025	32,071	436,988	—	1,314	1,320	618	5,823	478,134	2,060,257	n/a	n/a

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

- (a) The amounts reported for debt include deferred refunding premium and discount.
- (b) Effective FY 2022 CPI for Broadband and Watershed are reported separately from governmental activities.
- (c) See the Demographic and Economic Statistics schedule for personal income and population data.

Howard County, Maryland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2016	316,579	1,103,582	2.30%	3,486
2017	317,233	1,170,487	2.20%	3,690
2018	321,113	1,306,015 (d)	2.50%	4,067
2019	326,286	1,343,061	2.50%	4,116
2020	330,376	1,457,785 (d)	2.50%	4,413
2021	333,951	1,448,987	2.50%	4,339
2022	339,054	1,491,176	2.50%	4,398
2023	334,529	1,561,561	2.60%	4,668
2024	335,411	1,606,889	2.50%	4,791
2025	336,001	1,538,262	2.30%	4,578

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

- (a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements. The amounts reported for debt include deferred refunding premium and discount.
- (b) See the Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.
- (c) See the Demographic and Economic Statistics schedule for population data.
- (d) General obligation debt correct to equal total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements.

Howard County, Maryland
Legal Debt Margin
Last Ten Fiscal Years
(thousands of dollars)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2020 (a)</u>	<u>2024</u>	<u>2025</u>
Assessed value										
Real property	\$ 45,939,083	47,976,024	49,821,784	51,679,563	53,471,779	55,084,014	57,017,183	59,017,065	62,197,939	65,735,245
Personal property	1,702,530	1,650,785	1,696,221	1,733,053	1,706,543	1,910,776	1,882,859	1,924,769	1,825,006	1,972,140
Total assessed value	<u>\$ 47,641,613</u>	<u>49,626,809</u>	<u>51,518,005</u>	<u>53,412,616</u>	<u>55,178,322</u>	<u>56,994,790</u>	<u>58,900,042</u>	<u>60,941,834</u>	<u>64,022,945</u>	<u>67,707,385</u>
Legal debt margin										
Debt limit (4.80% of assessed value of real property and personal property)	2,286,797	2,382,087	2,472,864	2,563,806	2,648,559	2,735,750	2,827,202	2,925,208	3,073,101	3,249,954
Total debt limit	<u>2,286,797</u>	<u>2,382,087</u>	<u>2,472,864</u>	<u>2,563,806</u>	<u>2,648,559</u>	<u>2,735,750</u>	<u>2,827,202</u>	<u>2,925,208</u>	<u>3,073,101</u>	<u>3,249,954</u>
Debt applicable to limit										
General county	984,119 (b)	1,037,717 (b)	1,099,892 (b)	1,203,729 (b)	1,318,434 (b)	1,312,240	1,383,714	1,263,216	1,296,254	1,245,347
Total debt applicable to limit	<u>\$ 984,119</u>	<u>\$ 1,037,717</u>	<u>\$ 1,099,892</u>	<u>\$ 1,203,729</u>	<u>\$ 1,318,434</u>	<u>\$ 1,312,240</u>	<u>\$ 1,383,714</u>	<u>\$ 1,263,216</u>	<u>\$ 1,296,254</u>	<u>\$ 1,245,347</u>
Legal debt margin	<u>\$ 1,302,678</u>	<u>1,344,370</u>	<u>1,372,972</u>	<u>1,360,077</u>	<u>1,330,125</u>	<u>1,423,510</u>	<u>1,443,488</u>	<u>1,662,902</u>	<u>1,776,847</u>	<u>2,004,607</u>
Total debt applicable to the limit as a percentage of debt limit	<u>43.03%</u>	<u>43.56%</u>	<u>44.48%</u>	<u>46.95%</u>	<u>49.78%</u>	<u>47.97%</u>	<u>48.94%</u>	<u>43.18%</u>	<u>42.18%</u>	<u>38.32%</u>

Note: The amounts reported for debt include deferred refunding premium and discount.

(a) Revised to include long-term financed purchase obligation.

(b) Amount previously reported have been revised to exclude deferred refunding premium and discount.

**Howard County, Maryland
Pledged Revenue Coverage
Annapolis Junction Special Taxing District
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2016	\$ 69,604	14,340	55,264	—	1,012,565 (a)	0.05
2017	593,746	11,744	582,002	20,000	1,012,605 (a)	0.56
2018	1,423,528	18,884	1,404,644	40,000	1,011,605	1.34
2019	1,066,225	18,541	1,047,684	65,000	1,009,686	0.97
2020	1,453,827	14,038	1,439,789	90,000	1,006,565	1.31
2021	994,537	14,535	980,002	115,000	1,002,246	0.88
2022	1,057,806	15,398	1,042,408	145,000	996,726	0.91
2023	1,176,364	26,928	1,149,436	175,000	989,766	0.99
2024	1,581,378	40,849	1,540,529	595,000	495,267	1.41
2025	1,423,414	25,995	1,397,419	595,000	495,267	1.28

Note: Gross revenues include incremental tax, special tax and interest earnings.
Gross revenues do not include the capitalized interest account funded with bond proceeds.
Operating expenses do not include depreciation or interest paid as part of debt service.
(a) The interest was paid from the capitalized account held by the Trustee.

**Howard County, Maryland
Pledged Revenue Coverage
Crescent Special Taxing District
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 2,297,099	84,510	2,212,589	—	677,382 (a)	3.27
2019	4,137,520	244,394	3,893,126	—	2,102,219 (a)	1.85
2020	3,577,754	79,065	3,498,689	—	2,102,219 (a)	1.66
2021	3,615,455	91,998	3,523,457	200,000	2,102,219	1.53
2022	4,379,428	47,057	4,332,371	100,000	2,094,218	1.97
2023	4,443,758	76,054	4,367,704	100,000	2,090,218	1.99
2024	5,231,902	50,563	5,181,339	485,000	2,086,218	2.02
2025	4,837,589	70,987	4,766,602	465,000	2,066,818	1.88

Note: Information for FY 2017 and earlier is not available.
 Gross revenues include incremental tax, special tax and interest earnings.
 Gross revenues do not include the capitalized interest account funded with bond proceeds.
 Operating expenses do not include depreciation or interest paid as part of debt service.
 (a) The interest was paid from the capitalized account held by the Trustee.

**Howard County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2016	316,966	\$23,070,751	72,786	54,870	3.50%
2017	321,113	24,063,585	74,938	55,638	3.50%
2018	323,293	25,343,597	78,416	58,019	3.60%
2019	325,690	25,812,013	79,253	58,284	2.80%
2020	330,376	26,905,315	81,969	59,447	6.90%
2021	333,951	n/a	n/a	57,293	5.20%
2022	339,054	n/a	n/a	57,325	3.90%
2023	334,529	n/a	n/a	57,676	1.40%
2024	335,411	n/a	n/a	57,633	2.40%
2025	336,001	n/a	n/a	57,565	3.30%

Sources:

- (a) Estimated Population, Personal Income, and Per Capita Personal Income revised and restated for 2015 - 2020 (Bureau of Economic Analysis, U.S. Dept. of Commerce).
- (b) Estimated Populations for 2022 are from Howard County Department of Planning and Zoning for June 30, 2022
- (c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.
- (d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.

**Howard County, Maryland
Principal Employers
Current Year and Nine Years Ago**

Employer	2025			2016		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	9,062	1	5.09%	7,710	1	4.51%
Johns Hopkins Applied Physics Laboratory	8,000	2	4.49%	5,000	2	2.92%
Johns Hopkins Howard County Medical Center	2,000	3	1.12%	1,827	5	1.07%
Verizon	1,700	4	0.95%	1,346	7	0.79%
Howard Community College	1,650	5	0.93%	1,438	6	0.84%
FreshPoint Sysco	1,200	6	0.67%	—	N/A	N/A
The Columbia Association	1,190	7	0.67%	2,000	4	1.17%
Lorien Health Services	1,565	8	0.88%	—	N/A	N/A
Nestle Dreyers	890	9	0.50%	—	N/A	—%
Wells Fargo	810	10	0.45%	—	N/A	—%
Howard County Government	—		—%	3,052	3	1.78%
Leidos	—		—%	1,195	8	0.70%
Micros	—		—%	1,052	9	0.62%
Costal Sunbelt Produce	—		—%	1,050	10	0.61%
Giant Food	—		—%	1,050	10	0.61%
Total	28,067		15.75%	26,720		15.62%

Source: Howard County Economic Development Authority

Howard County, Maryland
County Government Employees by Function
Last Ten Fiscal Years

Function/program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government	341	349	354	348	350	354	369	387	405	443
Public safety										
Police	667	677	691	697	705	708	710	747	749	745
Fire	465	468	491	530	550	608	609	613	640	642
Corrections	153	153	154	154	154	151	151	153	155	153
Public works	611	614	617	619	626	642	519	522	522	510
Recreation and parks	283	295	304	300	289	299	328	317	321	324
Legislative and judicial	208	212	216	219	223	231	233	263	266	266
Community services	325	330	341	367	370	372	304	305	315	307
Total	3,053	3,098	3,168	3,234	3,267	3,365	3,223	3,307	3,373	3,390

Source: Howard County Budget Office

Howard County, Maryland
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Finance:										
Real property tax accounts billed	105,692	107,342	108,292	108,952	109,775	110,437	111,099	111,712	112,053	112,461
Business personal property tax accounts billed	13,232	14,803	11,323	9,822	7,805	9,854	9,845	7,521	5,597	5,398
Public Safety										
Police:										
Physical arrests	9,351	8,379	7,527	6,627	4,640	1,993	2,067	2,014	2,335	2,260
Parking violations	7,180	7,545	7,104	8,624	5,515	2,703	2,381	2,087	2,115	2,185
Traffic violations	92,314	82,917	75,402	69,180	52,065	24,033	20,593	18,750	30,188	23,275
Fire:										
Emergency responses	58,484	60,997	69,074	68,897	63,092	62,401	76,586	83,623	87,295	91,340
Inspections	2,865	3,274	2,498	2,969	2,808	5,080	5,580	5,323	5,258	6,883
Corrections:										
Average daily prison population	284	285	319	318	253	202	231	231	226	267
Public Works										
Inspections, licenses and permits:										
Construction permits issued	7,145	6,599	5,575	5,249	5,135	5,646	6,173	5,196	4,996	5,038
Environmental services:										
Refuse collected (tons per year)	103,719	109,313	109,397	118,247	120,290	128,136	133,060	131,780	131,856	122,546
Recyclables collected (tons per year)	57,815	67,006	59,024	59,689	57,709	58,602	64,518	61,142	58,164	59,018
Recreation and Parks										
Programs operated	7,324	6,562	7,441	6,746	4,842	8,530	8,205	8,048	8,501	8,897
Registrations processed	105,522	77,682	80,410	105,826	140,720	38,500	75,697	86,113	72,302	84,602
Legislative and Judicial										
Circuit court cases filed	1,238	1,203	1,069	1,198	866	824	599	692	1,963	743
District court cases filed	9,527	10,131	9,346	11,055	6,119	8,150	5,091	7,364	8,294	—
Community Services										
50+ centers operated	7	7	7	7	7	6	6	6	6	6
Consumer affairs - cases closed	287	271	313	295	311	232	285	332	335	607
Community service partnership grants	30	29	29	32	32	31	38	38	45	45
Assisted living monitoring visits	535	622	774	876	446	230	350	211	158	148
Water and Sewer										
Water main breaks	170	119	275	156	151	181	172	168	212	333
Average daily water consumption (thousands of gallons)	22,100	23,600	23,470	24,016	23,060	24,706	23,770	24,460	24,460	23,807
Number of water customers	74,206	75,266	75,933	76,586	77,217	77,761	78,378	78,918	79,514	79,941
Average daily sewage treatment (thousands of gallons)	27,660	24,880	24,850	29,100	25,907	28,502	25,570	25,000	25,000	19,075
Number of sewer customers	72,474	73,537	74,215	74,872	75,511	76,063	76,686	77,238	77,876	78,309
Golf Course										
Rounds played	31,271	23,003	30,196	31,997	22,810	49,830	43,996	43,662	43,431	39,117

Sources: Various Howard County Departments

Note: Indicators are not available for the State highways or education functions.

Howard County, Maryland
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government										
Buildings	44	45	44	48	50	50	54	54	52	59
Vehicles	51	64	60	105	106	103	95	95	105	106
Legislative and Judicial										
Vehicles	71	78	81	72	69	66	71	81	79	94
Public Safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	284	274	275	274	319	302	303	312	298	291
Other vehicles	214	271	282	295	274	273	270	291	299	346
Fire:										
Stations	6	6	7	11	11	11	11	11	11	11
Pumpers/tankers	29	28	29	31	31	30	30	35	38	33
Ladder trucks	8	8	8	8	8	8	8	9	1	7
Paramedic units	37	35	39	39	37	32	32	43	43	33
Vehicles	120	211	193	193	209	202	196	211	211	221
Public Works										
Buildings	42	42	42	44	45	45	46	50	67	62
Transit buses	42	68	62	65	74	73	73	94	100	110
Vehicles	367	395	446	393	410	410	414	414	438	416
Streets (miles)	1,066	1,066	1,066	1,042	1,042	1,059	1,063	1,066	1,066	1,070
Streetlights	8,131	8,447	8,720	10,149	10,281	10,480	10,593	10,870	11,084	11,150
Stormwater management facilities	1,216	1,250	1,313	1,343	1,428	1,509	1,565	1,590	1,687	1,719
Recreation and Parks										
Buildings	65	65	65	64	75	76	77	78	97	92
Parks and open space acreage	9,255	9,493	9,579	9,647	9,619	9,819	9,859	9,965	9,975	10,111
Playgrounds	44	44	44	44	44	44	44	45	45	45
Vehicles	103	159	120	115	117	116	115	116	131	118
Water and Sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	1,100	1,078	1,078	1,107	1,107	1,107	1,114	1,114	1,117	1,117
Sanitary sewers (miles)	1,026	1,026	1,026	1,030	1,048	1,048	1,050	1,059	1,054	1,059
Golf Course										
Golf Course	1	1	1	1	1	1	1	1	1	1

Sources: Various Howard County Departments

Note: Indicators are not available for State highways and education functions.

Howard County Regional Location





Department of Finance

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