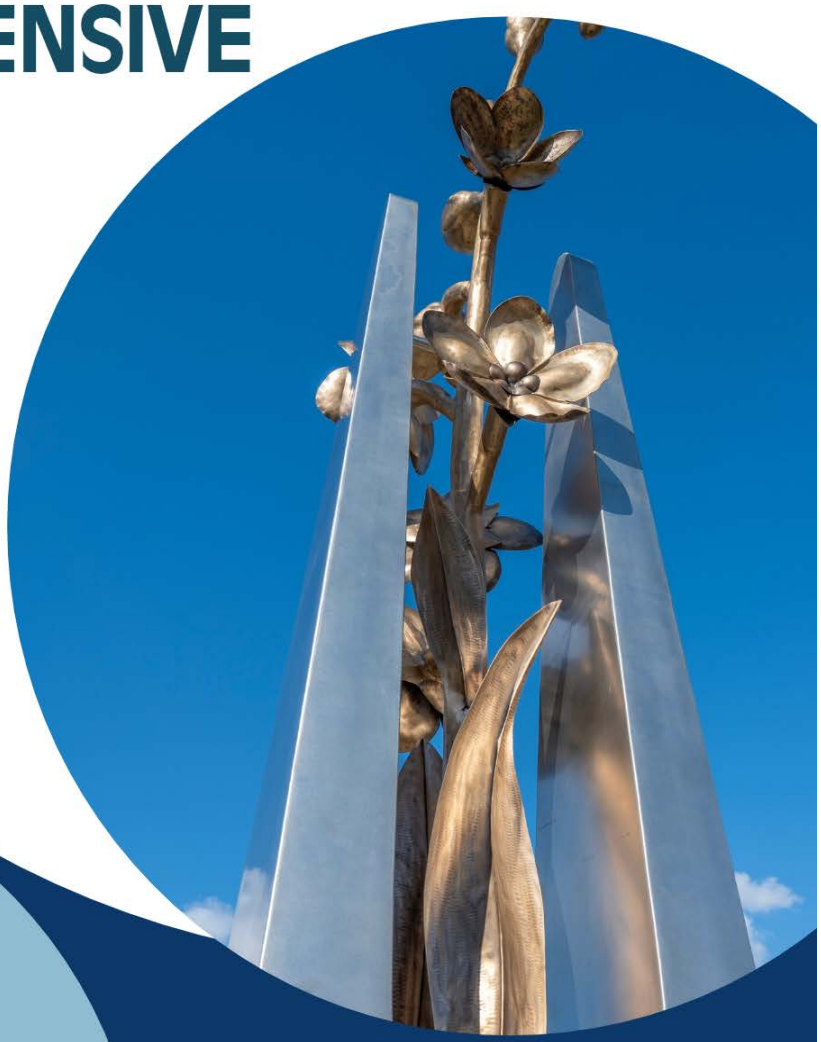
Howard County
MARYLAND

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED JUNE 30, 2026


HC

Annual
Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2026



Prepared by the Department of Finance


HC

HOWARD COUNTY GOVERNMENT
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2026
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INTRODUCTORY SECTION


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HOWARD COUNTY DEPARTMENT OF FINANCE
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FAX 410-313-4433
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November 18, 2026

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

State law requires Howard County to have its financial records audited annually and to file an annual financial report by November 30 following the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2026.

The audited Annual Comprehensive Financial Report (ACFR) of Howard County, Maryland (the County) for the fiscal year (FY) ended June 30, 2026, is hereby submitted in compliance with Section 212 of the Howard County Charter. The report includes the auditor's opinion issued by CliftonLarsonAllen LLP, the independent public accounting firm engaged by the County Council. The ACFR 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 the comprehensive framework of internal control 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 from material misstatement.

CliftonLarsonAllen LLP, licensed certified public accountants, performed an independent audit of the County's financial statements for the fiscal year ended June 30, 2026, and issued an unmodified ("clean") opinion. The Independent Auditor's Report is presented at the beginning 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 of the County's financial statements, including explanations of significant changes in financial position and results of operations during the fiscal year. The MD&A complements 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 Colonel John Eager Howard, the fifth Governor of Maryland. Located in the Baltimore-Washington corridor, the County encompasses approximately 251 square miles and, at its closest point, is less than four miles from Baltimore and 13 miles from Washington, D.C. The County was predominantly agricultural until 1966, when construction began on the master-planned community of Columbia. The County's population has

grown an average of approximately 1.76 percent annually since 2000 and is currently estimated at approximately 339,668 residents. Howard County was ranked first in Best Counties to Live in the US and second in 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," "Best City for Women to Live In," and "Best City for Jobs".

Howard County has operated under a home rule charter since 1968. Executive authority is vested in the elected County Executive, and legislative authority is vested in the County Council, which consists of five members elected by district.

There are no incorporated cities or towns in Howard County; therefore, the County government provides the full range of local government services. These services include police, fire and rescue, sheriff, corrections, public works, planning and zoning, solid waste management, water and sewer, public housing, and recreation and parks. In addition to general governmental activities, the County is financially accountable for the Howard County Public School System, Howard Community College, Howard County Library System, and Howard County Housing Commission. Accordingly, these legally separate entities are included as component units in the County's financial statements. The Howard County Economic Development Authority is also a component unit but is 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 the financial statements. Additional information regarding the County's reporting entity and component units is provided in Note 1A to the Basic Financial Statements.

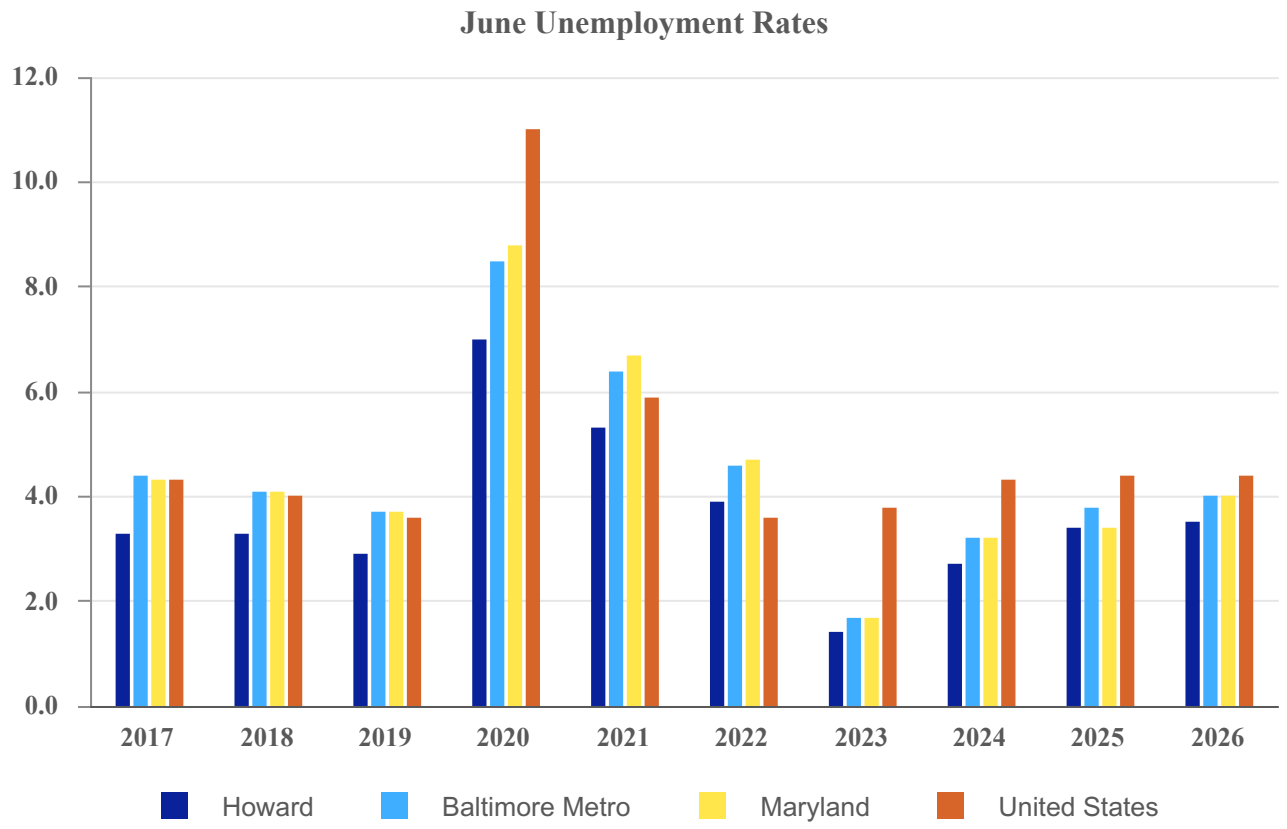
Pursuant to the County Charter, the County Executive submits the capital and operating budgets to the County Council by April 1 and April 21, respectively. The County Council holds public hearings before adopting the annual budget appropriation ordinance, which becomes effective July 1 and provides spending authority for County operations at the individual department level. The County Executive may authorize transfers of appropriations between general classifications of expenditures within the same department and fund, while certain transfers between departments require County Council approval. During the fiscal year, the County Council may also approve supplemental operating appropriations and transfers between capital projects upon the request of the County Executive. Operating appropriations generally lapse at fiscal year-end, while capital appropriations remain available until the related capital project is closed and Grant Fund appropriations remain available through the applicable grant period.

Local economy

Howard County is located within an affluent metropolitan area in the heart of the Baltimore-Washington corridor and functions as a major residential, employment, and business center for the region. The County is home to more than 11,484 businesses employing approximately 168,228 workers. Major industries located within Howard County or in close proximity include information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture, government contracting, and multinational corporations. The service sector is the County's largest industry, employing approximately 88.5% of the workforce.

Government contracting also supports significant cybersecurity and information technology activity, particularly because Fort George G. Meade is located less than two miles outside the County's border.

Because of its location within a region with a diverse economic base, Howard County continues to experience relatively favorable employment conditions. The County's unemployment rate as of June 2026 was 3.50%, compared with 4.00% for the State of Maryland and 4.40% nationally. Howard County's unemployment rate therefore remained below the national rate at fiscal year-end. The County continues to monitor employment trends and broader regional and national economic conditions that could affect future revenues, expenditures, and demand for County services.



Source: Maryland Department of Labor, Licensing and Regulation

Median household income within Howard County remains among the highest in the State of Maryland and the nation. According to the U.S. Census Bureau's American Community Survey information presented in the County's ACFR, median household income increased from $124,042 in 2020 to $149,763 in 2024. The County's population is approximately 339,668 and has grown at an average annual rate of approximately 1.76 percent since 2000. Howard County's location, employment opportunities, public services, educational institutions, and residential communities continue to make it one of the region's most desirable places to live and work.

Due to strong financial management practices, a diversified economic base, and a strong financial position, Howard County continues to maintain Triple-A credit ratings from all three major credit rating agencies, the highest possible credit rating. These ratings support the County's continued access to capital markets on favorable terms and reflect the County's sound financial management and long-term fiscal stability.

Howard County continues to benefit from economic growth and investment supported by its strategic location between Baltimore and Washington, D.C., highly educated workforce, access to major transportation networks, proximity to federal employment centers, and concentration of technology, cybersecurity, research, health care, education, retail, professional services, and other industries. The continued presence and expansion of these industries, together with residential and commercial development throughout the County, have further strengthened the County's economic base. The diversity of Howard County's commercial and employment base provides additional stability as the County responds to changes in regional and national economic conditions.

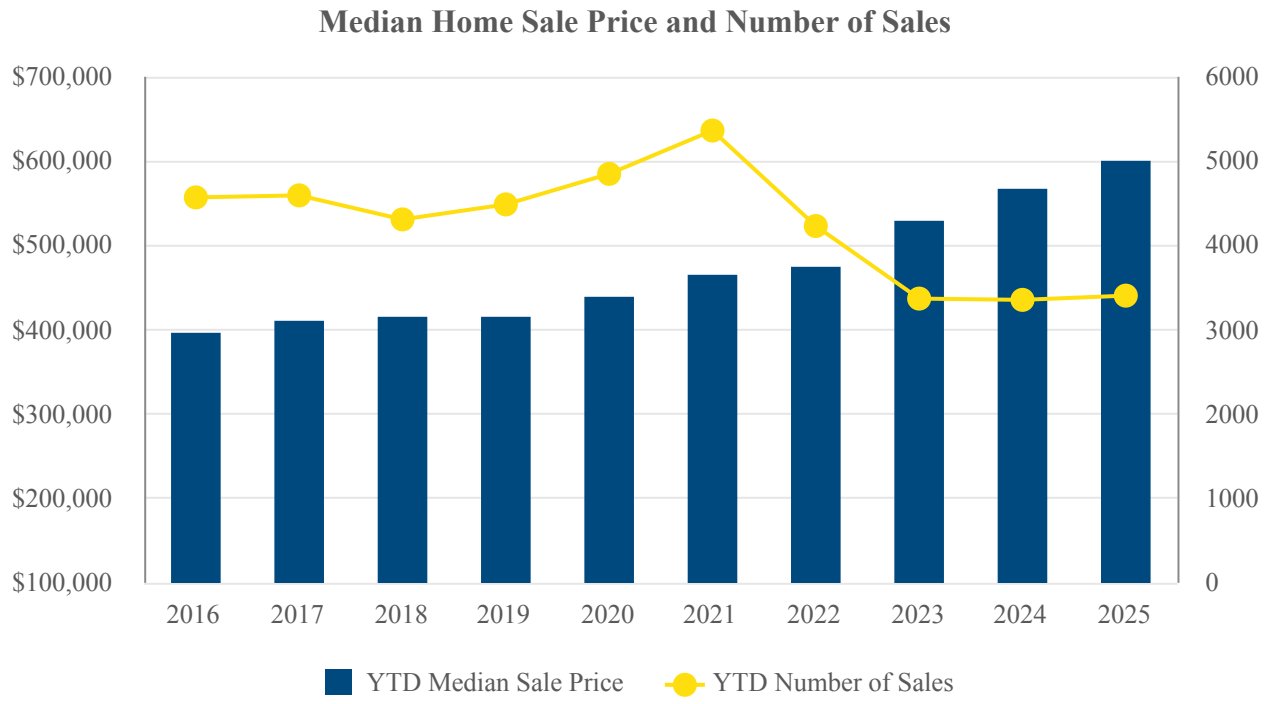
The County participates in several tax abatement programs in accordance with State law and County Code. These programs are designed to encourage economic development, private investment, sustainability, and affordable housing while supporting the County's long-term economic base. Under Payment in Lieu of Taxes 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 Howard County Housing Commission, property used for affordable housing purposes is exempt from taxation, with payments in lieu of taxes negotiated to balance County 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 qualifying new or expanded facilities that meet established investment and employment thresholds.

For the fiscal year ended June 30, 2026, the County abated approximately $2.6 million in property taxes, of which approximately $1.8 million is related to Housing PILOTs. These abatements are used as strategic economic development tools intended to attract investment, create jobs, promote affordable housing, support renewable energy development, and strengthen the County's long-term economic base. While these programs reduce near-term revenues, the County expects their longer-term benefits to include expansion of the tax base, economic diversification, and increased community investment.

Property taxes and local income taxes continue to represent the County's principal locally generated revenue sources. FY 2026 property tax revenues increased 4.7% compared with the prior fiscal year. One-third of the County's property is reassessed each year, with increases in assessed values phased in over three years. This triennial assessment process, together with the County's 5% Homestead Property Tax Credit, helps stabilize the tax base and property tax revenues. Approximately 61.8% of homeowner-occupied properties in Howard County received the Homestead Property Tax Credit in FY 2026.

Local income tax is the County's other major locally generated revenue source. Income tax collections increased 9.3% compared with FY 2025, primarily due to increased capital gains and reconciliation distributions for prior years, which can fluctuate from year to year. The FY 2027 budget projects income tax collections approximately 11.6% above the amount budgeted for FY 2026.

Despite higher interest rates, housing affordability concerns, and limited inventory, Howard County's real estate market remained active in FY 2026. Recordation tax revenues increased 17.5% in FY 2026 compared with the prior fiscal year, reflecting continued real estate activity. However, the FY 2027 budget, projects recordation tax collections to remain flat. Residential resale activity remained steady, although the average number of days on the market increased slightly to 31 days. Commercial real estate conditions continue to decline with office and industrial vacancy rates below 11.0% and average flex and retail vacancy rates below 3.5%. The year-to-date average commercial vacancy rate for 2026 was 7.2%.



Source: Metropolitan Regional Information Systems Inc as of December of each year.

Long-term financial planning and major initiatives

Budget and Fund Balance Policy

The County's financial policies require the annual operating budget to be balanced and support the maintenance of adequate reserves to address revenue fluctuations, unforeseen expenditures, and other financial uncertainties. The County also limits the use of nonrecurring resources to nonrecurring expenditures to avoid using one-time resources to support ongoing operations.

The County maintains a Budget Stabilization Account, commonly referred to as the Rainy Day Fund, as an important component of its reserve policy. The County Charter requires surplus funds to be deposited into the account until the balance reaches 7.0 percent of the prior year's audited expenditures. During FY 2026, the Rainy Day Fund remained at its required target level of 7.0 percent.

The County also uses cash pay-as-you-go funding for high-priority, nonrecurring expenditures, including capital projects, as an alternative to debt financing when appropriate. This practice allows the County to address capital and other one-time needs while limiting the use of long-term debt.

Capital Projects and Debt Administration

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

Long- and short-term debt issuances are planned based on capital project cash flow needs, available revenue sources, construction schedules, financing alternatives, and market conditions. External financial specialists assist the County in developing bond issuance strategies, preparing bond documents, and marketing bonds to investors. Debt maturities do not exceed the economic lives of the improvements financed.

The County generally finances County improvements through Consolidated Public Improvement bonds with terms of up to 20 years and water and sewer improvements through Metropolitan District Bonds with terms of up to 30 years. Debt is generally issued through competitive sale; however, the County may use a negotiated sale when it is expected to provide significant savings or when the complexity of an offering makes a competitive sale financially imprudent.

Major initiatives

During the fiscal year, Howard County continued to advance a number of major initiatives designed to strengthen long-term financial sustainability, improve essential infrastructure, support community development, and enhance the overall quality of life for residents. These initiatives reflect the County's commitment to responsible fiscal management and strategic investment in programs and projects that address both current and future needs.

A key focus of the County's financial planning efforts is the work of the Spending Affordability Advisory Committee (SAAC), which provides multi-year revenue and expenditure projections and evaluates long-term obligations to maintain structural balance. The Committee's guidance supports prudent budgeting practices, disciplined debt management, and targeted planning to ensure that the County remains well-positioned to respond to changing economic conditions.

The County's Capital Improvement Program (CIP) continues to serve as an essential component of long-term investment planning. Major capital commitments include school modernization and capacity improvements, water and sewer infrastructure upgrades, public safety facility enhancements, and transportation and pedestrian network improvements. The CIP also supports flood mitigation initiatives, parks and recreation upgrades, and technology modernization. These capital investments are funded through a balanced mix of general obligation bonds, PAYGO contributions, state and federal grants, and other dedicated funding sources.

Howard County also maintains a balanced operating budget that prioritizes core government services and reflects a conservative fiscal approach. Investments in education, public safety, health services, environmental programs, housing stability, workforce development, and transit operations remain central to the County's operating strategy. Public engagement continues to be an important element of the annual budget process as departments and stakeholders collaborate to develop plans aligned with community needs and available resources.

The County's long-range planning framework, HoCo By Design, provides strategic direction for growth, land use, environmental stewardship, housing, transportation, school capacity, and economic development. Complementing this work is the Health Department's 2026–2028 Strategic Plan, which aligns public health priorities with resource availability and focuses on improving behavioral health outcomes, preventing chronic disease, supporting maternal and infant health, and sustaining essential community health services.

Environmental resilience and sustainability remain important priorities for Howard County. The Climate Forward plan outlines ambitious goals aimed at reducing emissions, expanding renewable energy capacity, enhancing stormwater and flood resilience, improving energy efficiency, and advancing environmental equity. These initiatives reflect both long-term environmental responsibility and operational efficiency.

Transportation modernization continues to be an area of significant progress. The County is advancing multimodal transportation solutions, including transit service improvements, electric bus integration, pedestrian and bicycle network upgrades, corridor safety enhancements, and regional transit partnerships. Investments support greater mobility access, improved safety, and expanded transit availability for residents and businesses.

Affordable housing and community development also remain central priorities. Through the Housing Opportunities Trust Fund, the HUD Annual Action Plan, and programs funded by CDBG, HOME, and Section 108 financing, the County is expanding affordable housing options, supporting eviction prevention efforts, improving neighborhood stability, and strengthening housing counseling and repair programs for vulnerable residents.

Collectively, these initiatives demonstrate Howard County's continued commitment to responsible financial stewardship, strategic capital investment, community sustainability, and equitable access to essential services. They form the foundation for continued fiscal strength and community well-being in the years ahead.

Relevant financial policies

Howard County has adopted financial policies and management practices designed to promote sound financial management and long-term fiscal stability. These practices have contributed to the County's strong financial position and continued AAA credit ratings from all three major rating agencies, the highest possible credit rating.

Debt Management Policy

The County adopted an updated Debt Management Policy on October 7, 2009, establishing a framework for the prudent issuance and management of debt. The policy provides guidance regarding the purposes and timing of debt issuance, permissible types and amounts of debt, methods of sale, and appropriate financing structures. It reflects the County's commitment to the full and timely repayment of its obligations while maintaining a sound debt position and protecting its credit quality. The policy is reviewed regularly to ensure it continues to support the County's long-term financial and capital planning objectives.

Investment Policy

The County's investment policy is designed to ensure the safety and liquidity of public funds while minimizing credit and market risk and maintaining a competitive yield. Investment activities are governed by State law and permit investments in certificates of deposit, repurchase agreements, banker's acceptances, commercial paper, U.S. Government and Federal agency obligations, 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.

Separate investment policies for the County's two retirement plans establish asset allocation targets, investment manager selection, and investment performance guidelines.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025. This was the 50th consecutive year that the County received this prestigious award. To receive the Certificate of Achievement, the County must publish an easily readable and efficiently organized ACFR that satisfies both generally accepted accounting principles and applicable program requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that the County's current ACFR continues to meet the requirements of the Certificate of Achievement for Excellence

in Financial Reporting Program and will submit it to GFOA to determine its eligibility for another certificate.

The County also received GFOA's Distinguished Budget Presentation Award for its fiscal year 2026 budget. To qualify for the award, the County's budget document was evaluated as a policy document, financial plan, operations guide, and communications device.

In addition, the County received GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2025. As a recipient of GFOA's Certificate of Achievement for Excellence in Financial Reporting, Distinguished Budget Presentation Award, and Award for Outstanding Achievement in Popular Annual Financial Reporting, Howard County continues to qualify as a GFOA Triple Crown winner.

The preparation of this report would not have been possible without the dedication and efforts of the employees of the Department of Finance and the assistance of County departments and agencies that provided the information necessary to prepare the report. We also wish to recognize the County Executive and County Council for their continued support of sound financial management and high standards of financial reporting.

Respectfully submitted,



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


HC

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, 2025

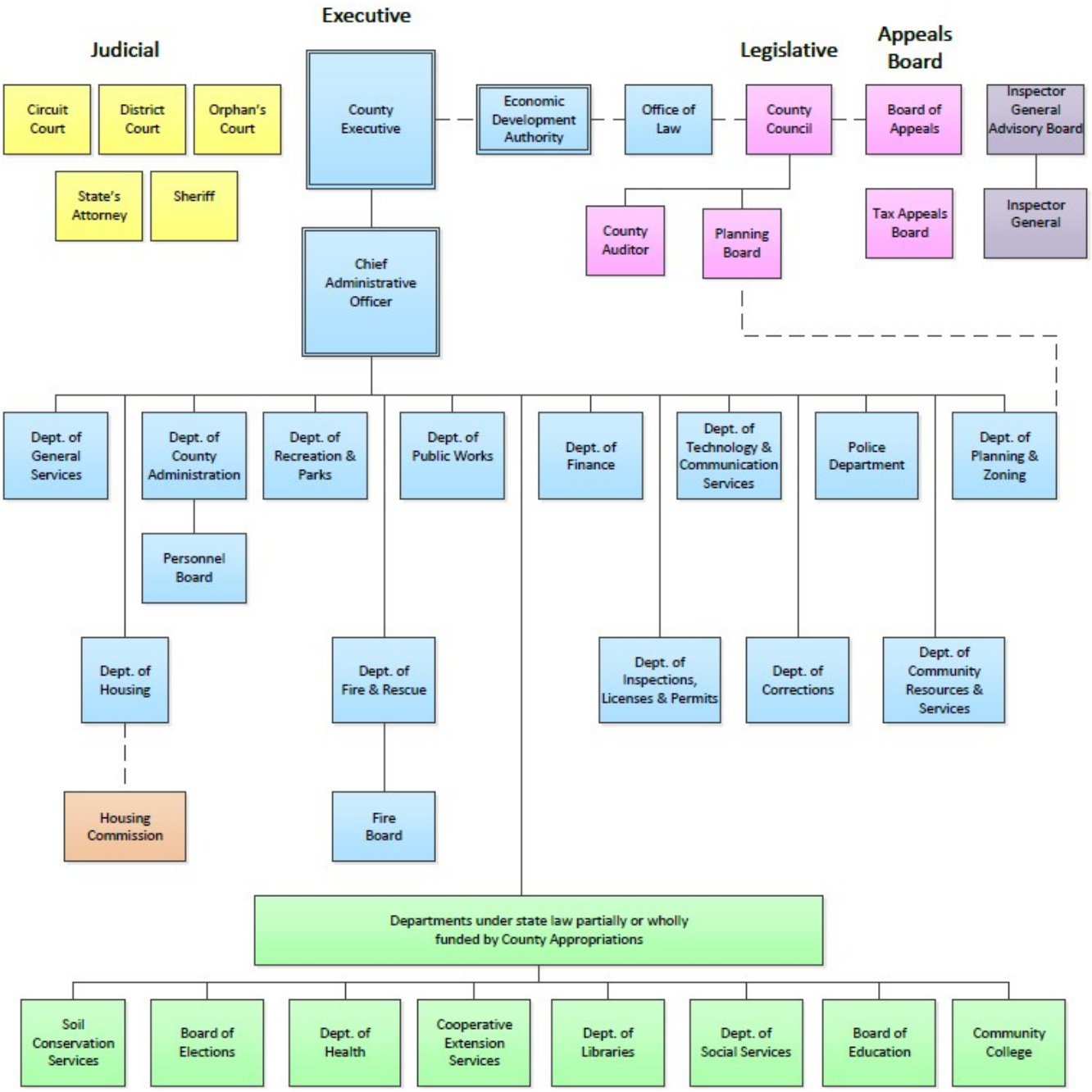


and issued to the public 147 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

HOWARD COUNTY GOVERNMENT
ORGANIZATIONAL CHART



Howard County Government
List of Elected and Appointed Officials
as of June 30, 2026

ELECTED OFFICIALS

OFFICE	POSITION	OFFICIAL
Office of the County Executive	County Executive	Calvin Ball
County Council	Council member — District 1	Liz Walsh
County Council	Council member — District 2	Opel Jones
County Council	Council member — District 3	Christiana Rigby
County Council	Council member — District 4	Deb Jung
County Council	Council member — District 5	David Yungmann

OTHER ELECTED OFFICIALS

OFFICE	POSITION	OFFICIAL
Office of the State's Attorney	State's Attorney	Richard H. Gibson Jr.
Office of the Sheriff	Sheriff	Marcus Harris
Circuit Court for Howard County	Clerk of the Circuit Court	Wayne A. Robey
Office of the Register of Wills	Register of Wills	Byron E. Macfarlane

APPOINTED OFFICIALS

OFFICE / DEPARTMENT	POSITION	OFFICIAL
County Administration	Chief Administrative Officer	Brandee Ganz
Office of the County Executive	Chief of Staff	Felix Facchine
Department of Finance	Director	Rafiu O. Ighile
Office of Budget	Budget Administrator	Holly Sun, Ph.D.
Office of Law	County Solicitor	Gary W. Kuc
Department of Public Works	Director	Yosef Kebede
Department of Planning and Zoning	Director	Lynda D. Eisenberg
Department of General Services	Director	Samantha Cobb
Department of Housing and Community Development	Director	Kelly A. Cimino
Department of Community Resources and Services	Director	Jacqueline R. Scott
Department of Inspections, Licenses and Permits	Director	Robert J. Frances
Department of Recreation and Parks	Director	Nicholas Mooneyhan
Department of Corrections	Director	Margaret M. Chippendale
Department of Fire and Rescue Services	Fire Chief	Louis G. Winston
Howard County Police Department	Acting Chief of Police	Antonio Thomas
Department of Technology and Communications Services	Acting Director	Sandra Tello
Office of Transportation	Administrator	Clarence Dickerson
Howard County Health Department	Interim Health Officer	Antigone R.Vickery, MPH
Office of the County Auditor	Acting County Auditor	Janine McGregor

FINANCIAL ADVISOR	BOND COUNSEL	INDEPENDENT AUDITOR
Davenport & Company	McKennon Shelton & Henn LLP	CliftonLarsonAllen LLP
8600 LaSalle Road, Suite 324	401 East Pratt Street, Suite 2315	1966 Greenspring Drive, Suite 300
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www.investdavenport.com	www.mshllp.com	www.claconnect.com

HOWARD COUNTY, MARYLAND

COUNTY OFFICIALS

COUNTY EXECUTIVE



Calvin Ball
County Executive
through November 15, 2026



Brandee Ganz
Acting County Executive
November 16, 2026, through December 7, 2026

COUNTY COUNCIL



Liz Walsh
County Council Member
District 1



Opel Jones
County Council Member
District 2



Christiana Mercer Rigby
County Council Member
District 3



Deb Jung
County Council Member
District 4



David Yungmann
County Council Member
District 5

THE HOWARD COUNTY GOVERNMENT

Office of the County Auditor

November 18, 2026

CERTIFICATE OF THE COUNTY AUDITOR

Honorable Members of the County Council
Opel Jones, Chairperson
Christian Rigby, Vice Chairperson
Deb Jung
Liz Walsh
David Yungman

Ms. Brandee Ganz
Acting 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 ended June 30, 2026. 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 and at the Howard County public libraries.

Respectfully submitted,

Janine McGregor

Janine McGregor, CPA, CISA
Acting County Auditor

George Howard Building, 3430 Court House Drive, Ellicott City, Maryland 21043-4392

Main Number: (410) 313-2005 Fax Number: (410) 313-3287

https://cc.howardcountymd.gov/



Patapsco Female Institute

Perched at the highest point in Ellicott City, the Patapsco Female Institute served as an educational institution for young women from 1837 to 1891. Following its closure, the historic site was repurposed for various uses until the Friends of the Patapsco Female Institute, a grassroots organization, formed in 1965 to preserve its legacy. Through their dedicated efforts and partnership with Howard County, the ruins of this remarkable example of Greek Revival architecture were stabilized and restored in 1995.

FINANCIAL SECTION


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CliftonLarsonAllen LLP
CLAconnect.com

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 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, 2026, 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, based on our audit and the reports of the other auditors, the accompanying 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, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Howard County Public Schools and Howard County Public Library, which represent approximately 69%, 48%, and 86%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for Howard County Public Schools and Howard County Public Library, are 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.

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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial 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 financial 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 18, 2026, 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

CliftonLarsonAllen LLP

Baltimore, Maryland
November 18, 2026

Management's Discussion and Analysis

As management of Howard County, Maryland (the County), we offer County residents and other readers of the County's financial statements this Management's Discussion and Analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the County for the fiscal year ended June 30, 2026, focusing on why amounts changed from the prior year. We encourage readers to consider the information presented here in conjunction with additional information furnished in the Letter of Transmittal, which can be found on pages 3 - 11 of this report.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support 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. Government-wide financial statements include the County's governmental activities and business-type activities, and the County's discretely presented component units.

The **Statement of Net Position** presents financial information on all of the County's assets and deferred outflows of resources and 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 County's financial position is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported when the underlying transactions or events occur, regardless of the timing of the related cash flows. Accordingly, some revenues and expenses reported in the current fiscal year may result in cash flows in future periods.

Both 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).

- *Governmental activities* of the County include general government, public safety, public works, recreation and parks, legislative and judicial, education, and community services. These activities are financed primarily by taxes paid by County residents and businesses, charges for services, and grants from the State of Maryland and the federal government.
- *Business-type activities* are County services financed in whole or in part through charges to customers. These include broadband services, special recreation facilities, local storm water management system, and water and sewer operations.

The government-wide financial statements include not only the County itself, referred to as the primary government but also the County's discretely presented component units.

- *Discretely presented component units* are legally separate entities for which the County is financially accountable. These include Howard Community College, Howard County Housing Commission, Howard County Library System, and Howard County Public School System. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 55 - 58 of this report.

Fund Financial Statements

Fund financial statements provide information about the County's individual funds. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The County reports three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The County maintains 17 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, General Capital Projects Fund, and Fire and Rescue Reserve Fund, which are considered major funds. Data from the other governmental funds are combined into a single aggregated presentation. Individual fund data for each nonmajor governmental fund are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts annual appropriated budgets for its General and Special Revenue Funds. Budgetary comparison schedules for the General Fund and Fire and Rescue Reserve Fund are presented as Required Supplementary Information to demonstrate compliance with their legally adopted budgets.

The basic governmental fund financial statements can be found on pages 59 - 62 of this report.

Proprietary Funds

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 broadband services, special recreation facilities, local stormwater management system, water and sewer operations, and other activities accounted for as enterprise funds.
- *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. Because these services predominantly benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the County's major enterprise funds. Conversely, internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 63 - 68 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held by the County in a trustee or custodial capacity for the benefit of others. These include the County's General Employees' Pension Plan and Police and Fire Pension Plan trust funds, as well as other custodial activities. Because the resources of fiduciary funds are not available to support the County's own programs, fiduciary funds are not included in the government-wide financial statements.

The basic fiduciary fund financial statements can be found on pages 69 - 70 of this report.

Notes to the Financial Statements

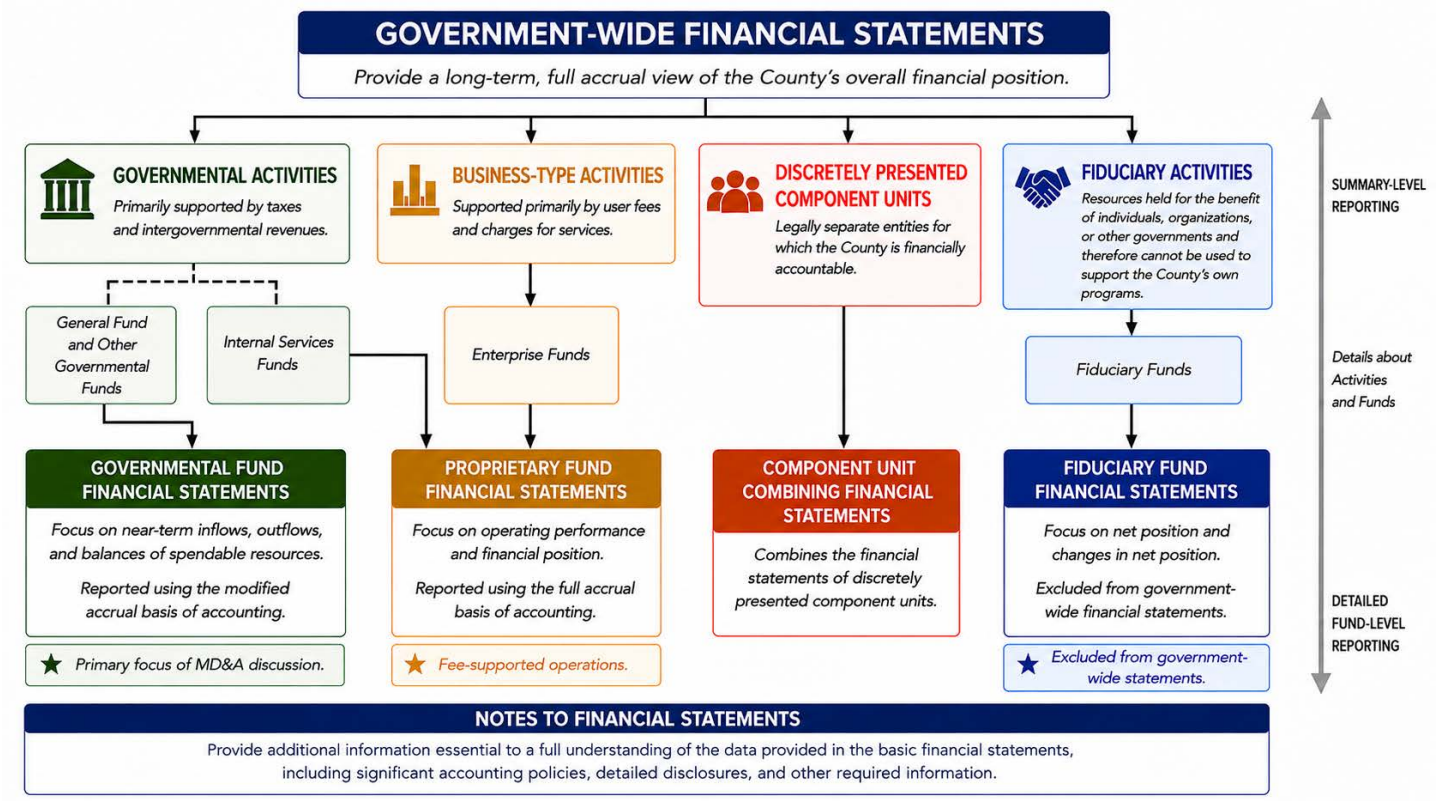
The notes to the financial statements provide additional information that is essential to a full understanding of the information presented in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 77 - 147 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including the budgetary comparison schedules for the General Fund and Fire and Rescue Reserve Fund, as well as information regarding the County's progress in funding its pension and other postemployment benefit (OPEB) obligations. Required supplementary information can be found immediately after the notes to the financial statements on pages 151 - 171.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and pension (and other employee benefit) trust funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 177 - 216 of this report.



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Types of Information in the Financial Statements

All of the County's financial statements, with the exception of the governmental fund financial statements, are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this approach, the financial statements provide a comprehensive view of the County's overall financial position and report all elements of the financial statements, including assets, liabilities, deferred outflows and inflows of resources, revenues, and expenses.

Type of Information	Government-Wide, Proprietary Fund, Fiduciary Fund, and Component Unit Financial Statements	Governmental Fund Financial Statements
Assets and Liabilities	Report all assets and liabilities, both financial and nonfinancial, including current assets (cash and receivables), capital assets (land, buildings, infrastructure, equipment), and long-term liabilities (bonds, leases, subscriptions, compensated absences, pension and OPEB liabilities).	Report only current financial resources and obligations expected to be settled with current financial resources, such as cash, receivables, and current liabilities. Capital assets and long-term liabilities are not reported.
Revenues / Additions	Report all revenues and additions earned during the reporting period, regardless of when cash is received (full accrual basis of accounting). Fiduciary funds report additions rather than revenues.	Report revenues only when they are both measurable and available to finance current-period expenditures (modified accrual basis of accounting).
Expenses / Deductions / Expenditures	Report all expenses and deductions incurred during the reporting period, regardless of when cash is paid (full accrual basis of accounting). Fiduciary funds report deductions rather than expenses.	Report expenditures when the related liability is incurred and expected to be paid with current financial resources. Certain long-term obligations are recognized only when payment is due.
Deferred Outflows and Inflows of Resources	Report all deferred outflows of resources and deferred inflows of resources related to future reporting periods, including pension, OPEB, lease, subscription, and debt-related items, as applicable.	Report only deferred outflows and deferred inflows of resources recognized under the modified accrual basis, such as unavailable revenues and certain deferred inflows or outflows affecting current financial resources.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. This approach emphasizes sources, uses, and balances of current financial resources, with a focus on near-term fiscal accountability. Under this measurement focus, governmental funds do not report:

- Nonfinancial assets such as capital assets (e.g., infrastructure and buildings)
- Certain long-term liabilities such as general obligation bonds

Instead, these statements report the flows of current financial resources associated with those long-term items—for example, debt proceeds, capital outlay expenditures, and principal and interest payments on outstanding debt.

Additional information about the measurement focuses and bases of accounting can be found in Note 1 to the financial statements, Summary of Significant Accounting Policies, beginning on page 78.

Financial Summary and Detailed Analysis

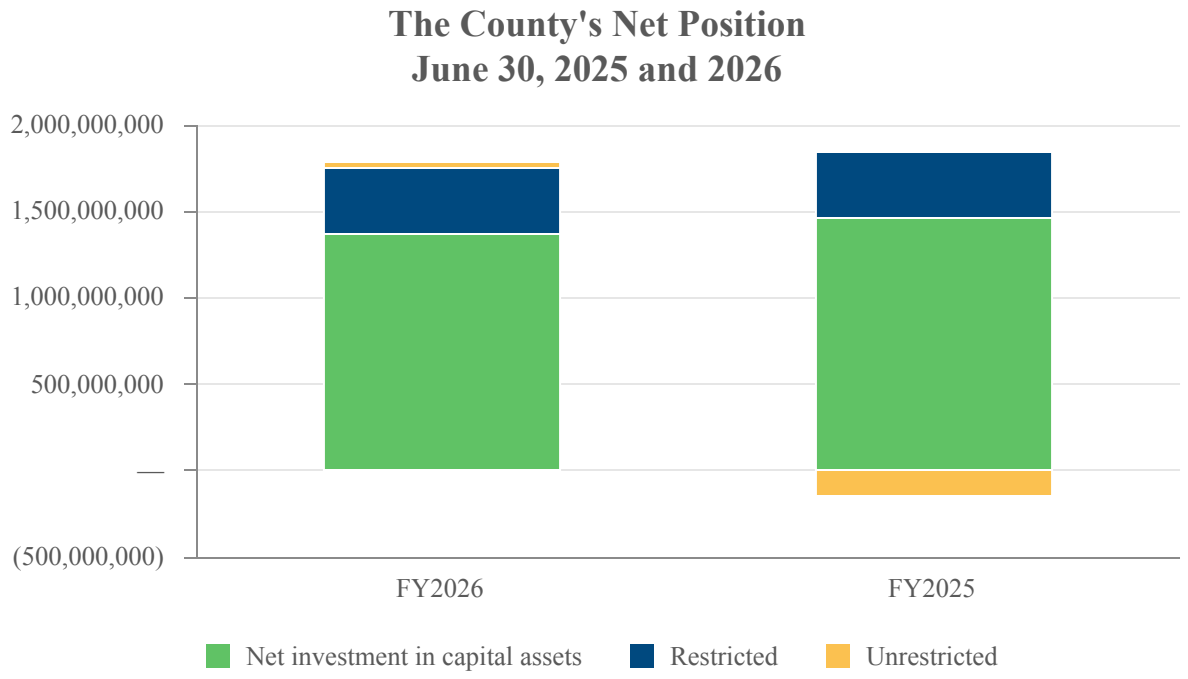
As noted earlier, net position over time may serve as a useful indicator of a government's financial position. At June 30, 2026, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by approximately $1.8 billion. The County's total net position increased by approximately $88.8 million or 5.2% during fiscal year 2026.

The County's Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2026	2025	2026	2025	2026	2025	2026-2025
Assets							
Current and other assets	$1,456,278,380	$1,451,344,439	$ 326,960,326	$ 298,440,423	$1,783,238,706	$1,749,784,862	1.9 %
Capital assets	2,091,825,664	1,977,602,725	879,388,711	895,550,745	2,971,214,375	2,873,153,470	3.4 %
Total assets	3,548,104,044	3,428,947,164	1,206,349,037	1,193,991,168	4,754,453,081	4,622,938,332	2.8 %
Total deferred outflows of resources	**239,112,209**	**254,316,398**	**22,931,116**	**13,073,606**	**262,043,325**	**267,390,004**	**(2.0)%**
Total assets and deferred outflows	**3,787,216,253**	**3,683,263,562**	**1,229,280,153**	**1,207,064,774**	**5,016,496,406**	**4,890,328,336**	**2.6 %**
Liabilities							
Long-term liabilities outstanding	2,168,563,013	2,194,425,256	512,539,127	499,718,864	2,681,102,140	2,694,144,120	(0.5) %
Other liabilities	205,950,626	167,276,976	34,326,910	24,604,820	240,277,536	191,881,796	25.2 %
Total liabilities	2,374,513,639	2,361,702,232	546,866,037	524,323,684	2,921,379,676	2,886,025,916	**1.2 %**
Total deferred inflows of resources	**297,388,076**	**289,117,932**	**14,185,679**	**20,414,380**	**311,573,755**	**309,532,312**	**0.7 %**
Net position							
Net investment in capital assets	955,687,383	1,011,342,876	416,712,570	449,352,310	1,372,399,953	1,460,695,186	(6.0) %
Restricted	373,784,246	369,759,623	7,320,011	8,903,642	381,104,257	378,663,265	0.6 %
Unrestricted (deficits)	(214,157,091)	(348,659,101)	244,195,856	204,070,758	30,038,765	(144,588,343)	(120.8) %
Total net position	**$1,115,314,538**	**$1,032,443,398**	**$ 668,228,437**	**$ 662,326,710**	**$1,783,542,975**	**$1,694,770,108**	5.2 %

By far, the largest portion of the County's net position, approximately $1.4 billion, reflects its net investment in capital assets. This amount represents the County's investment in capital assets (for example, land, buildings, machinery, equipment, infrastructure, and right-to-use assets), net of accumulated depreciation and amortization and reduced by outstanding obligations attributable to the acquisition, construction, or improvement of those assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's net investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position, approximately $381.1 million, represents resources that are subject to external restrictions on how they may be used. At June 30, 2026, the County reported an overall positive unrestricted net position of approximately $30.0 million. Governmental activities reported an unrestricted net position deficit of approximately $214.2 million primarily attributable to the County's practice of issuing debt to finance capital projects for the Howard County Public School System and Howard Community College, although the County does not own the related capital assets. At June 30, 2026, approximately $508.7 million of the County's outstanding debt was related to these component units. The County's pension and other postemployment benefit obligations also contributed to the governmental activities' unrestricted net position deficit. This deficit was offset by positive unrestricted net position in business-type activities, resulting in an overall positive unrestricted net position for the County.



The following sections analyze the significant changes in the County's governmental activities and business-type activities during fiscal year 2026.

Governmental activities

During fiscal year 2026, the County's governmental activities net position increased by approximately $82.9 million, from $1,032.4 million at June 30, 2025 to $1,115.3 million at June 30, 2026.

Current and other assets increased by $4.9 million, primarily reflecting increases of $18.4 million in cash and investments and $30.6 million in intergovernmental receivables. These increases were largely offset by a $36.5 million decrease in amounts due from component units, primarily associated with Howard Community College.

Capital assets increased by $114.2 million, primarily reflecting a $70.6 million increase in construction in progress and additional investments in improvements and infrastructure, partially offset by depreciation and amortization.

Other liabilities increased by $38.7 million primarily due to a $29.8 million increase in accounts payable and other current liabilities, largely attributable to the General Capital Projects Fund. Additional increases in deposits and accrued interest were partially offset by lower unearned revenues.

Long-term liabilities decreased by $25.9 million, primarily reflecting reductions of $37.0 million in net pension liabilities, $20.4 million in other postemployment benefit liabilities, and $24.3 million in outstanding general obligation bonds. These decreases were partially offset by a $50.5 million increase in loans associated with the Ellicott City Safe and Sound flood mitigation program.

It is important to note that although counties in the State of Maryland issue debt to finance the construction of public schools, the related school buildings are owned by the local Board of Education. Ownership reverts to the County if the Board determines that a building is no longer needed. The County also finances certain capital projects for Howard Community College and improvements to state-owned roadways. Accordingly, the County reports the related outstanding debt but does not report the corresponding capital assets. At June 30, 2026, $508.7 million of the County's outstanding debt was related to these entities. This financing structure, together with the County's pension and other postemployment benefit obligations, contributed significantly to the deficit in unrestricted net position reported for governmental activities.

Business-type activities

During fiscal year 2026, the County's business-type activities net position increased by approximately $5.9 million from $662.3 million at June 30, 2025, to $668.2 million at June 30, 2026.

Current and other assets increased by $28.5 million, primarily reflecting higher cash and investments. Capital assets decreased by $16.2 million, reflecting depreciation and amortization and changes in capital asset balances.

Other liabilities increased by $9.7 million, while long-term liabilities increased by $12.8 million, primarily reflecting additional borrowing for Water and Sewer and Watershed Protection and Restoration activities, partially offset by scheduled debt.

The overall increase in net position was primarily attributable to a $26.9 million increase in the Watershed Protection and Restoration Fund and a $0.8 million increase in other enterprise funds, partially offset by a $21.5 million decrease in the Water and Sewer Fund.

The County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2026	2025	2026	2025	2026	2025	2026-2025
Revenues							
Program revenues							
Charges for services	$ 174,271,320	$ 194,506,468	$111,521,445	$106,781,028	$ 285,792,765	$ 301,287,496	(5.1) %
Operating grants and contributions	71,973,882	47,148,089	48,086,289	45,582,325	120,060,171	92,730,414	29.5 %
Capital grants and contributions	52,871,840	92,014,107	9,900,236	2,842,680	62,772,076	94,856,787	(33.8) %
General revenues							
Property taxes	890,597,351	850,376,334	—	—	890,597,351	850,376,334	4.7 %
Local income taxes	780,036,980	713,552,544	—	—	780,036,980	713,552,544	9.3 %
Other taxes	82,856,308	78,884,105	—	—	82,856,308	78,884,105	5.0 %
Other	46,872,965	60,158,206	10,800,511	12,481,670	57,673,476	72,639,876	(20.6) %
Total revenues	**2,099,480,646**	**2,036,639,853**	**180,308,481**	**167,687,703**	**2,279,789,127**	**2,204,327,556**	**3.4 %**
Expenses							
General government	133,432,033	157,691,362	—	—	133,432,033	157,691,362	(15.4) %
Public safety	341,158,773	329,292,952	—	—	341,158,773	329,292,952	3.6 %
Public works	272,302,995	225,284,774	—	—	272,302,995	225,284,774	20.9 %
Recreation and parks	51,095,949	75,232,992	—	—	51,095,949	75,232,992	(32.1) %
Legislative and judicial	43,496,231	41,971,108	—	—	43,496,231	41,971,108	3.6 %
Community services	87,640,656	80,124,749	—	—	87,640,656	80,124,749	9.4 %
State highways	374,560	465,361	—	—	374,560	465,361	(19.5) %
Education	1,019,027,408	900,118,744	—	—	1,019,027,408	900,118,744	13.2 %
Interest on long-term debt	58,115,545	54,112,901	—	—	58,115,545	54,112,901	7.4 %
Water & Sewer	—	—	171,262,789	128,420,470	171,262,789	128,420,470	33.4 %
Watershed	—	—	9,768,004	10,215,810	9,768,004	10,215,810	(4.4) %
Other	—	—	3,341,317	2,774,623	3,341,317	2,774,623	20.4 %
Total expenses	**2,006,644,150**	**1,864,294,943**	**184,372,110**	**141,410,903**	**2,191,016,260**	**2,005,705,846**	**9.2 %**
Increase (decrease) in net position before transfers	**92,836,496**	**172,344,910**	**(4,063,629)**	**26,276,800**	**88,772,867**	**198,621,710**	**(55.3)%**
Transfers	(9,965,356)	1,442,241	9,965,356	(1,442,241)	—	—	— %
Increase (decrease) in net position	**82,871,140**	**173,787,151**	**5,901,727**	**24,834,559**	**88,772,867**	**198,621,710**	**(55.3)%**
Net position - beginning	1,032,443,398	892,059,325	662,326,710	638,719,118	1,694,770,108	1,530,778,443	10.7 %
Adjustment to restate net position	—	(33,403,078)	—	(1,226,967)	—	(34,630,045)	(100.0) %
Net position - ending	**1,115,314,538**	**1,032,443,398**	**668,228,437**	**662,326,710**	**1,783,542,975**	**1,694,770,108**	**5.2 %**

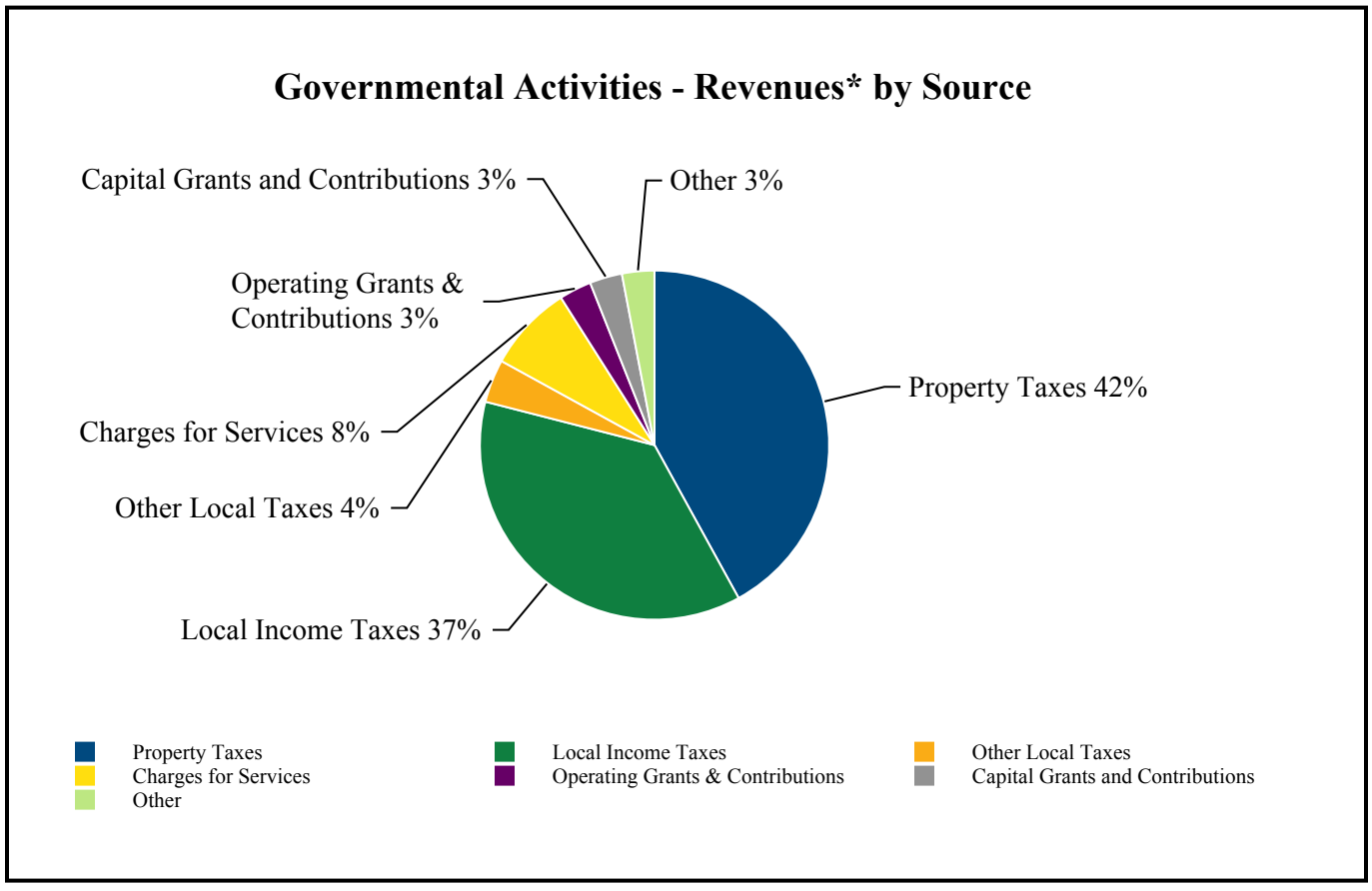
Governmental Activities

Governmental activities reported a net position of $1,115.3 million at June 30, 2026 compared to $1,032.4 million at June 30, 2025, representing an increase of approximately $82.9 million. The County's net position is reported in three components: net investment in capital assets, restricted net position, and unrestricted net position. A significant portion of the County's net position represents its investment in capital assets, net of related outstanding debt. These capital assets are used to provide services to County residents and, therefore, are not available to finance future operations.

An important factor affecting the County's governmental activities net position is its financing of capital assets that are not reported as assets of the County. Counties in the State of Maryland issue debt to finance the construction of public school facilities; however, ownership of those facilities rests with the respective county Board of Education. The County also provides financing for capital projects at Howard Community College and improvements to state-owned roadways. Consequently, the County reports the related outstanding debt without reporting the corresponding capital assets. As of June 30, 2026, approximately $508.7 million of debt was outstanding for these purposes, compared with $528.2 million at June 30, 2025.

The combined effect of the following revenue changes, together with changes in the cost of providing County services, contributed to the overall change in net position for governmental activities during fiscal year 2026.

Total revenues for governmental activities were approximately $2,099.48 million, an increase of $62.84 million from the prior year, and consisted of the following revenue sources:



*Excludes unusual or infrequent revenues.

Changes in revenues

Taxes constitute the largest source of County revenues, amounting to $1,753.5 million for the current fiscal year.

- Property taxes remain one of the County's largest sources of revenue. The real property tax rate, established annually by the County Council, is applied to the assessed value of taxable land and improvements. For fiscal year 2026, the County's real property tax rate remained unchanged at $1.044 per $100 of assessed value. Property tax revenues increased approximately $40.2 million, or 4.7%, in fiscal year 2026 compared with fiscal year 2025. The increase was primarily attributable to growth of nearly 6% in the County's overall assessable base, which contributed to a $43.5 million increase in real and personal property taxes billed. This increase was partially offset by higher property tax credits and exemptions, including an increase of more than $9 million in Homestead Tax Credits. Additionally, delinquent fee revenues increased as a result of two tax sales held during fiscal year 2026, which contributed to the overall increase in property tax-related revenues.

- Local income tax revenues increased $66.5 million, or 9.3% from $713.6 million in fiscal year 2025 to $780.0 million in fiscal year 2026. Each county in Maryland establishes its local income tax rate within parameters set by the State. Howard County's local income tax rate was 3.2% of Maryland taxable income for calendar year 2026. Maryland does not impose a local sales tax. The increase in local income tax revenues was primarily attributable to $77.5 million in additional income tax payments recorded during fiscal year 2026, along with a $1.1 million increase in accrued revenue. These increases were partially offset by a $12.2 million decrease in additional revenue recognized through year-end full-accrual adjustments compared with the prior fiscal year.

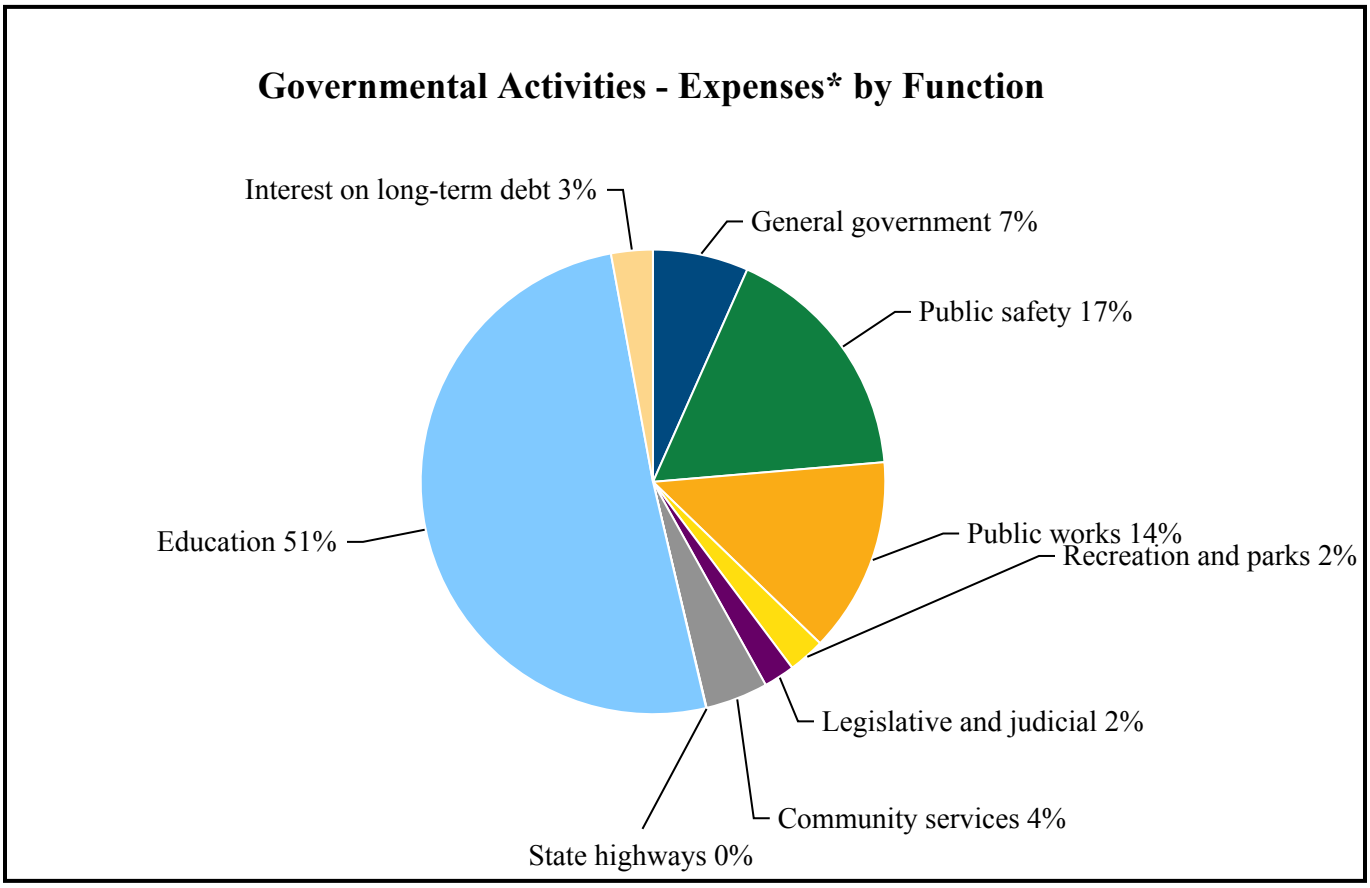
- Recordation tax revenues increased $3.5 million or 17.5% from $20.2 million in fiscal year 2025 to $23.8 million in fiscal year 2026. This tax is imposed on instruments recorded in the Howard County Land Records, including deeds, leases, easements, and other documents transferring interests in real property, pursuant to Section 11.101 of the Howard County Code. Recordation tax revenues are closely tied to real estate market activity. The increase was primarily attributable to higher activity involving large recorded transactions. The number of large transactions increased from 177 in fiscal year 2025 to 213 in fiscal year 2026, an increase of 20.3%. Total consideration associated with these transactions increased $426.2 million, or 43.3%, resulting in approximately $2.4 million in additional recordation tax revenue. This accounted for approximately 68.0% of the total increase in recordation tax revenues.

- Operating grants and contributions primarily consist of grants from the federal and state governments and state aid programs. The majority of these revenues supported Public Safety ($9.4 million or 13.1%), Public Works ($26.5 million or 36.9%), and Community Services ($17.2 million or 23.9%). Total operating grants and contributions increased $24.8 million compared to the prior fiscal year.

- Capital grants and contributions decreased by approximately $39.1 million, or 42.5%, from $92.0 million in fiscal year 2025 to $52.9 million in fiscal year 2026. The decrease was primarily attributable to approximately $49.0 million in capital grant revenues recognized in fiscal year 2025 for Howard Community College's Mathematics and Athletics Building project, which was completed during that fiscal year. There was no comparable project-related revenue in fiscal year 2026.

Changes in expenses

Governmental activities expenses increased by approximately $142.3 million, or 7.6%, from $1.86 billion in fiscal year 2025 to $2.01 billion in fiscal year 2026.



*Excludes unusual or infrequent expenses.

The most significant changes are related to the following functional areas

- General Government
  - General Government expenses decreased by approximately $24.3 million or 15.4%, from $157.7 million in fiscal year 2025 to $133.4 million in fiscal year 2026. The decrease was driven in part by a $25.3 million reduction in Other Donations, from $40.3 million in fiscal year 2025 to $15.0 million in fiscal year 2026. This reduction included a $20.0 million nonrecurring PAYGO expenditure for Fire Building – Redevelopment recorded in the prior fiscal year.

    Additional changes included asset-under-construction (AUC) and settlement accounting adjustments associated with capital projects, including Lynn Buff, Broadband Installation, and Technology Infrastructure Upgrades, as well as government-wide adjustments related to other postemployment benefits (OPEB) and investment valuations.These decreases were partially offset by an approximately $10.2 million increase in County Share of Current expenses. Significant fiscal year 2026 expenditures within this category included $6.8 million for the Teachers' Unfunded Liability Share and $2.7 million in retirement system budget reimbursements.

- Public Safety
    - Expenses increased by approximately $11.9 million. The increase was primarily driven by higher salaries and employee benefits, which increased $13.6 million, including $6.9 million for Police, $5.0 million for Fire and Rescue, and $1.7 million for Corrections. The largest increases were in regular salaries, pension benefits, and health insurance, with additional increases in overtime and workers' compensation expenses.

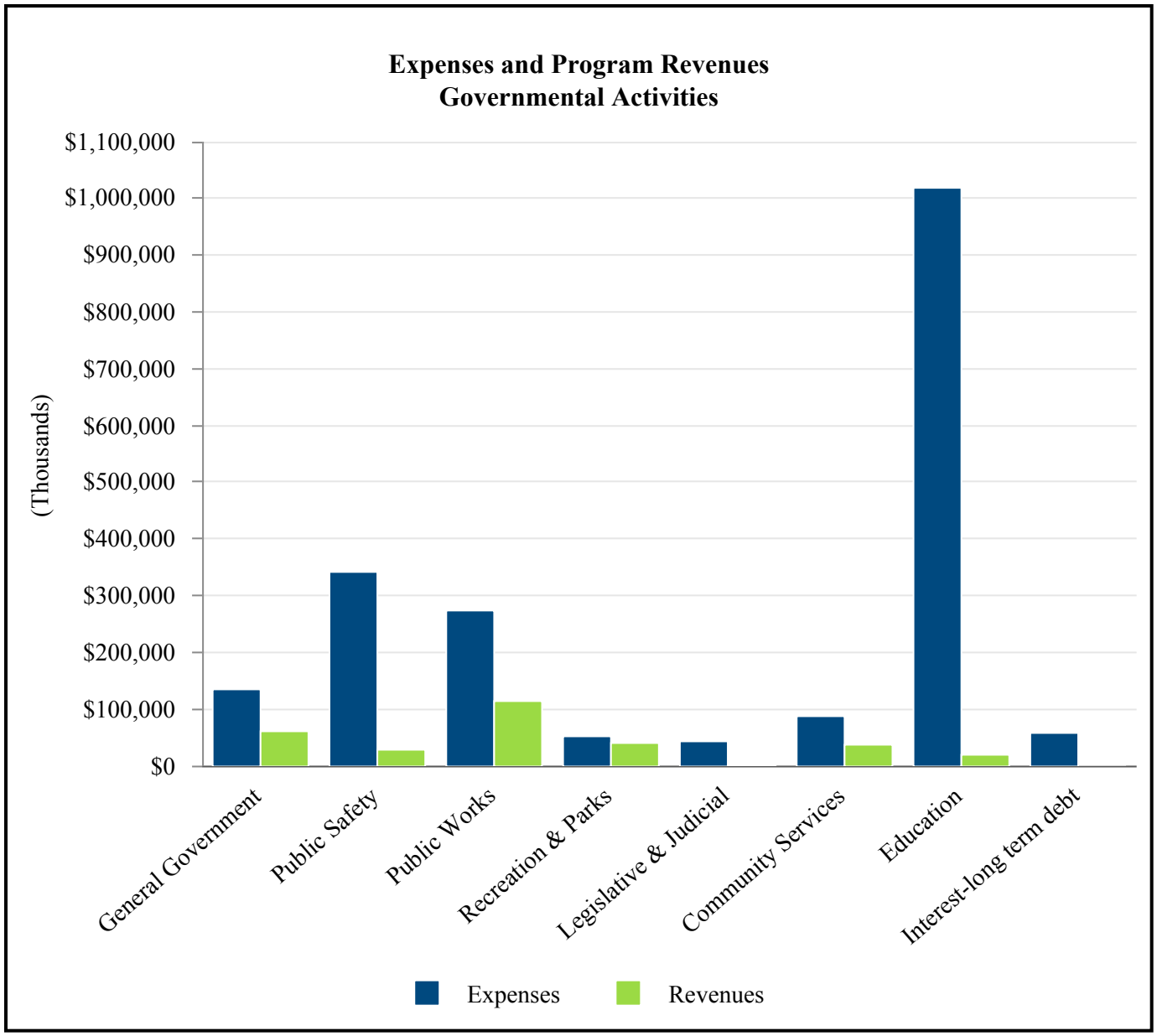
      The overall increase also reflected changes in government-wide accounting adjustments, including an $11.9 million year-over-year change in other postemployment benefits (OPEB) expense. These increases were partially offset by a $3.3 million decrease in departmental data processing service charges and changes in compensated absences and capital asset-related accounting adjustments.

- Public Works
    - Expenses increased by approximately $47.0 million or 20.9%, from $225.3 million in fiscal year 2025 to $272.3 million in fiscal year 2026. Assets under construction for Public Works increased by approximately $63.0 million compared to the prior fiscal year, primarily reflecting continued investment in Ellicott City flood mitigation improvements, stormwater management infrastructure, and the New Cultural Center project.

- Education
    - Expenses increased by approximately $118.9 million or 13.2%, from $900.1 million in fiscal year 2025 to $1,019.0 million in fiscal year 2026. The increase was primarily attributable to approximately $50.0 million in additional County funding for educational operations, including $50.0 million for the Howard County Public School System, as well as increased capital-related expenditures associated with educational facilities.

- Recreation and Parks
    - Recreation and Parks expenses decreased by approximately $24.1 million, or 32.1%, from $75.2 million in fiscal year 2025 to $51.1 million in fiscal year 2026. Assets under construction for Recreation and Parks increased by approximately $1.4 million compared to the prior fiscal year. The change was primarily attributable to activity associated with the Systemic Improvement project.

As shown in the chart below, revenues generated by the County's programs are not sufficient to cover the costs. The County relies on property taxes, income taxes, investment income, and other general revenues to cover the costs associated with the various programs.



Business-type activities

Business-type activities reported a net position of $668.2 million at June 30, 2026 compared to $662.3 million at June 30, 2025, representing an increase of approximately $5.9 million or 0.9%. The increase reflects higher capital contributions and positive operating results from the Watershed Protection and Restoration program, partly offset by the higher operating expenses associated with the County's Water and Sewer operations.

The significant factors contributing to these changes are discussed below.

- Charges for services totaled approximately $111.5 million, an increase of $4.7 million from the prior fiscal year. The increase was primarily attributable to higher water and sewer service revenues.

- Operating grants and contributions increased by $2.5 million from the prior fiscal year, primarily due to the increase in annual ad valorem fee levied on properties within the water and sewer service

district. These revenues are used to support debt service requirements and provide pay-as-you-go funding for capital projects.

- Capital grants and contributions totaled $9.9 million, an increase of $7.1 million from the prior fiscal year. These contributions include the value of water and sewer lines constructed by developers and donated to the County at no cost, as well as front foot revenues assessed to properties connected to the water and sewer system. Front foot revenues are used to repay debt issued to finance developer rebates. Although the County has not entered into new developer rebate contracts since July 1, 2004, developers continue to finance and donate qualifying infrastructure improvements to the County.

Business-type activities are presented to demonstrate the extent to which the costs of these activities are supported by revenues generated from the related services. The County's Water and Sewer operations, Watershed Protection and Restoration program, Golf Course, and Broadband Services are designed to recover all or a significant portion of their costs through user charges and service fees.

Detailed Analysis of Governmental Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County reports three major funds individually within the governmental fund financial statements: the General Fund, the General Capital Projects Fund, and the Fire and Rescue Reserve Fund (a special revenue fund).

Most of the discussion of governmental activities is also applicable to these funds. However, certain factors affecting the County's current financial position are more clearly reflected in the fund financial statements, which focus on near-term inflows, outflows, and balances of spendable resources.

Significant changes in the County's major funds are summarized in the table below and are further discussed in the following section.

Revenues, Expenditures, and Changes in Fund Balances

	General Fund*		General Capital Projects Fund		Fire Rescue Reserve Fund	
	2026	2025	2026	2025	2026	2025
Total revenues	**$ 1,610,231,775**	**$ 1,500,678,581**	**$ 41,408,774**	**$ 105,252,668**	**$166,279,561**	**$168,312,661**
Total expenditures	**1,550,179,967**	**1,492,095,813**	**225,937,829**	**180,384,065**	**157,298,639**	**152,275,090**
Excess (deficiency) of revenues over expenditures	**60,051,808**	**8,582,768**	**(184,529,055)**	**(75,131,397)**	**8,980,922**	**16,037,571**
Other Financing Sources (Uses)						
Lease issued	6,334,184	461,913	—	—	—	202,583
SBITAs issued	2,004,863	—	—	—	—	—
Bond premium	—	—	8,836,154	7,806,153	—	—
Capital-related issuance of debt	—	—	114,657,814	96,381,493	—	—
Refunding bonds issued	—	—	27,015,258	21,501,940	—	—
Payment made to escrow agent	—	—	(30,587,393)	(22,892,914)	—	—
Transfers in	42,044,209	42,466,805	57,978,692	92,325,428	—	—
Transfers out	(76,765,862)	(133,977,461)	(7,603,303)	(5,471,239)	(12,754,379)	(10,301,425)
Total other financing sources (uses)	**(26,382,606)**	**(91,048,743)**	**170,297,222**	**189,650,861**	**(12,754,379)**	**(10,098,842)**
Net change in fund balances	**33,669,202**	**(82,465,975)**	**(14,231,833)**	**114,519,464**	**(3,773,457)**	**5,938,729**
Fund balances - beginning of period	392,838,106	475,304,081	65,157,481	(49,361,983)	152,432,148	146,493,419
Fund balances -end of period	**$ 426,507,308**	**$ 392,838,106**	**$ 50,925,648**	**$ 65,157,481**	**$148,658,691**	**$152,432,148**

*For reporting purposes, the General Fund is presented in combination with the Health Department.

General Fund

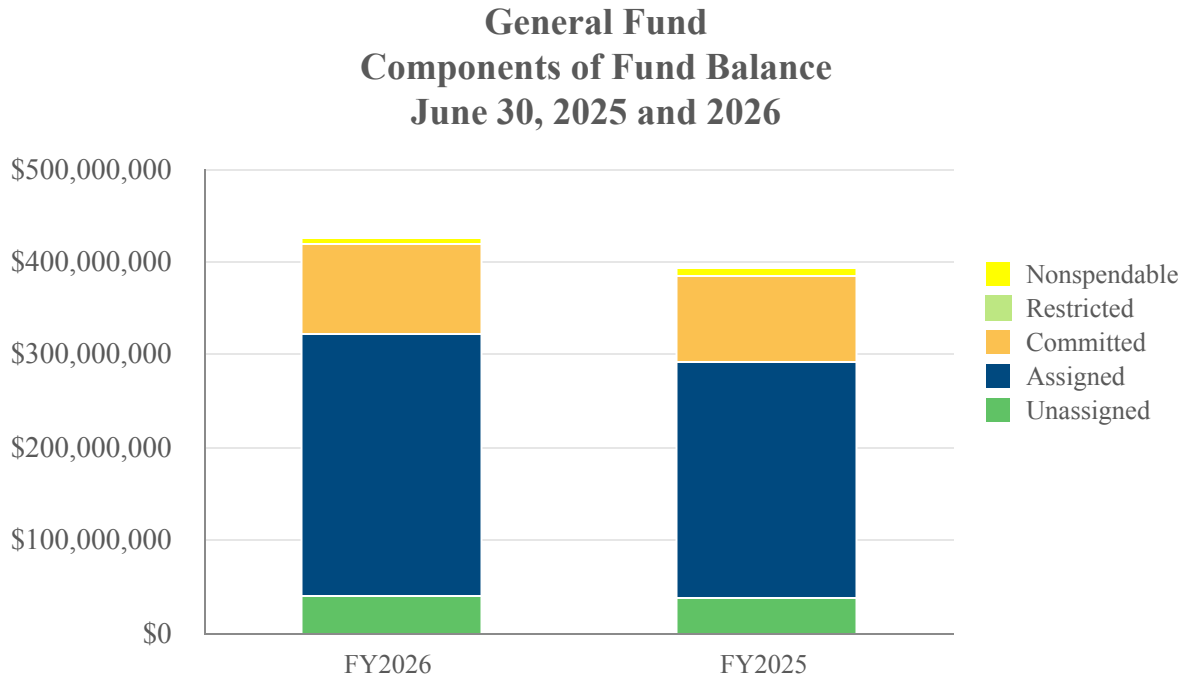
The General Fund is the County's chief operating fund. At June 30, 2026, the General Fund reported a total fund balance of $426.5 million, an increase of $33.7 million or 8.6%. The increase was primarily attributable to growth in property and local income tax revenues, partially offset by higher expenditures for education and other County operations.

General Fund revenues increased during fiscal year 2026, primarily reflecting growth in property tax and local income tax revenues. Property tax revenues benefited from growth in the County's assessable base, partially offset by increases in property tax credits. Local income tax revenues increased as a result of higher income tax payments and related State distributions, partially offset by changes in year-end accrual adjustments. These increases were partially offset by lower investment earnings.

General Fund expenditures increased during fiscal year 2026, primarily reflecting higher County funding for the public school system and other education-related services, along with increased personnel-related expenditures. Regular salaries and certain employee benefit costs, including health insurance and pension contributions, increased compared with the prior fiscal year. These increases were partially offset by lower expenditures for certain grants and contributions, including redevelopment-related funding recognized in fiscal year 2025 that did not recur at the same level in fiscal year 2026.

Other financing uses decreased primarily as a result of lower Pay-As-You-Go (PAYGO) transfers for capital projects. Capital PAYGO transfers decreased approximately $37.9 million, from $111.7 million in fiscal year 2025 to $73.8 million in fiscal year 2026. Additionally, fiscal year 2025 included a $16.0 million operating PAYGO transfer to the Housing Opportunity Trust Fund that did not recur in fiscal year 2026.

At fiscal year-end, the General Fund reported an unassigned fund balance of $40.9 million, including $4.9 million attributable to the Health Department Fund, which is combined with the General Fund for financial reporting purposes. Unassigned fund balance represents resources that are not restricted, committed, or assigned for specific purposes and therefore provides an indication of resources available to support ongoing operations and address unforeseen financial needs. Unassigned fund balance represented 2.6% of total General Fund expenditures, while total fund balance represented 27.5%. These balances provide resources to address short-term operating requirements and maintain financial flexibility.



Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Capital Projects

The General Capital Projects Fund, a major governmental fund, accounts for financial resources used for the acquisition, construction, and improvement of general County facilities and infrastructure, as well as capital projects for the public school system, libraries, and Howard Community College.

At June 30, 2026, the General Capital Projects Fund reported a total fund balance of $50.9 million, a decrease of $14.2 million or 21.8%, from $65.2 million at June 30, 2025. The decrease resulted from capital project expenditures of $225.9 million exceeding the combined total of current-year revenues of $41.4 million and net other financing sources of $170.3 million.

Capital expenditures during fiscal year 2026 reflected significant activity on several major construction projects. Compared with the prior year, expenditures increased approximately $22.4 million for the Howard Community College Continuing Education Building, $17.9 million for the New Cultural Center, $14.2 million for Oakland Mills Middle School, and $13.1 million for Ellicott City improvements. These increases reflect higher levels of expenditures associated with these projects during fiscal year 2026.

The increases were partially offset by decreases of approximately $16.0 million for the Howard Community College Mathematics Building, $6.4 million for the North Laurel Community Pool, and $5.6 million for Real Estate Planning and Design. These decreases reflect lower expenditures for the respective projects compared with the prior fiscal year.

Of the $50.9 million total fund balance, $75.6 million was restricted for school and permanent public improvement projects. As a result, the Fund reported a negative unassigned fund balance of $24.7 million at year-end. The negative unassigned balance reflects the classification of available financial resources after

amounts subject to restrictions for specified capital purposes are reported and does not, by itself, represent a deficit in the Fund's total fund balance.

Overall, the decrease in fund balance reflects the use of available financial resources to support expenditures associated with the County's multi-year Capital Improvement Program. The timing of capital expenditures and related financing sources, including debt proceeds and transfers, can result in fluctuations in fund balance between fiscal years

Fire Rescue and Reserve Fund

The Fire and Rescue Reserve Fund, reported as a major governmental fund, accounts for fire suppression and prevention activities and emergency medical services within the County's fire district.

At June 30, 2026, the Fire and Rescue Reserve Fund reported a fund balance of $148.7 million, a decrease of $3.8 million or 2.5% from the prior year. Total revenues decreased by $2.0 million, primarily reflecting a $9.8 million decline in charges for services, largely attributable to approximately $9.4 million in prior-year Emergency Service Provider Program (ESPP) collections recognized in FY 2025. Investment earnings also decreased by $1.1 million due to lower investment yields. These decreases were substantially offset by a $8.8 million increase in property tax revenues resulting from higher property assessments and growth in the taxable property base.

Expenditures increased by $5.0 million, primarily due to higher personnel costs, vehicle allocations, and equipment expenditures, partially offset by lower data processing costs. Transfers to other funds increased by approximately $2.5 million, primarily to support capital projects. Collectively, lower revenues, higher expenditures, and increased transfers resulted in the decrease in fund balance. The Fund's resources remain restricted for fire and rescue purposes and therefore are not available to support the County's general operations.

Detailed Analysis of Enterprise Funds

The County's two major enterprise funds, Water and Sewer and Watershed Protection and Restoration, reported combined net position of $639.1 million at June 30, 2026, an increase of $5.5 million, or 0.9%, from the prior fiscal year. Significant changes in the individual enterprise funds are discussed below:

Revenues and Expenses

	Water and Sewer		Watershed Protection and Restoration	
	2026	2025	2026	2025
Total operating revenues	**$ 83,528,168**	**$ 124,458,019**	**$ 25,785,268**	**$ 25,376,340**
Total operating expenses	**156,861,850**	**114,741,681**	**8,352,930**	**9,023,832**
Operating income (loss)	**(73,333,682)**	**9,716,338**	**17,432,338**	**16,352,508**
Noncapital subsidies				
Ad valorem charges	48,086,289	—	—	—
Transfer out	—	—	(12,110,000)	—
Total noncapital subsidies	**48,086,289**	**—**	**(12,110,000)**	**—**
Operating income (loss)	(25,247,393)	9,716,338	5,322,338	16,352,508
Other nonoperating revenues (expenses)				
Investment earnings	8,502,564	9,977,524	1,624,050	1,812,393
Interest expense	(14,016,054)	(13,825,224)	(1,415,074)	(1,191,978)
Gain (loss) on sale of capital assets	811	(31,061)	(60,868)	—
Capital contributions	9,304,953	2,842,680	21,242,180	5,780,231
Transfer out	—	—	—	(8,000,000)
Other, net	—	—	237,288	229,222
Total other nonoperating revenues (expenses)	**3,792,274**	**(1,036,081)**	**21,627,576**	**(1,370,132)**
Increase (decrease) in fund net position	(21,455,119)	8,680,257	26,949,914	14,982,376
Total fund Net position - beginning	538,132,932	530,523,241	95,518,488	80,610,237
Adjustment to restate net assets	—	(1,070,566)	—	(74,125)
Total fund Net position - beginning, as restated	538,132,932	529,452,675	95,518,488	80,536,112
Total fund Net position - ending	**$ 516,677,813**	**$ 538,132,932**	**$ 122,468,402**	**$ 95,518,488**

Water and Sewer Proprietary Fund

The Water and Sewer Proprietary Fund accounts for the County's water and sewer operations. Except for resources available to meet current liabilities, the Fund's resources are restricted for water and sewer purposes because a change to the County Charter would be required for those resources to be used for other purposes.

At June 30, 2026, the Water and Sewer Fund reported net position of $516.7 million, a decrease of $21.5 million from the prior fiscal year. Operating revenues, inclusive of ad valorem tax revenues for comparative purposes increased by $7.2 million, or 5.8 percent, primarily due to higher water and sewer service charges.

With the implementation of GASB Statement No. 103, Financial Reporting Model Improvements, ad valorem tax revenues were reclassified to noncapital subsidies in fiscal year 2026.

Operating expenses increased by $42.1 million, reflecting higher purchased water and sewage treatment costs, electricity expenses, and significant construction-related settlement activity. Water and sewage expenses increased by $8.1 million, including approximately $3.1 million associated with a prior-year Baltimore County cost allocation adjustment. Purchased water expenses increased by $9.5 million, with year-end accrual timing differences also affecting the comparison. Assets under construction for Water and Sewer decreased by approximately $18.0 million compared to the prior fiscal year. During fiscal year 2026, approximately $22.0 million in additions to assets under construction were recorded, primarily related to improvements at the Little Patuxent Water Reclamation Plant (LPWRP), construction of new water and sewer lines, and septic system conversions. These additions were offset by approximately $51.0 million in project expenditures recognized as current-period expenses, primarily reflecting deferred maintenance activities, changes in project scope, and costs determined not to meet capitalization criteria. Additionally, delays associated with land acquisition affected the timing and progression of certain capital improvement projects. Collectively, these factors contributed to the decrease in assets under construction and changes in the classification of project expenditures between capital assets and operating expenses.

Capital contributions increased by approximately $6.5 million, from $2.8 million in fiscal year 2025 to $9.3 million in fiscal year 2026, partially offsetting the operating loss.

At fiscal year-end, the Fund reported unrestricted net position of $175.4 million, compared with $155.3 million in the prior fiscal year.

Watershed Protection and Restoration Fund

At June 30, 2026, the Watershed Protection and Restoration Fund reported net position of $122.5 million, an increase of $26.9 million, or 28.2 percent, from the prior year. The increase was primarily attributable to capital contributions of $21.2 million, an increase of $15.5 million from the prior year, reflecting increased capital-related infrastructure activity. Operating income increased by $1.1 million to $17.4 million, as operating revenues increased by $0.4 million and operating expenses decreased by $0.7 million. Lower operating expenses primarily reflected reduced construction site work, contractual services, and data processing charges, partially offset by higher personnel and inspection costs. These increases in net position were partially offset by transfers to other funds, which increased by $4.1 million, from $8.0 million in fiscal year 2025 to $12.1 million in fiscal year 2026.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

Howard County continued to make strategic investments in capital assets during fiscal year 2026 to preserve existing infrastructure, accommodate community growth, and support the delivery of essential public services. These investments reflect the County's long-term commitment to maintaining and enhancing public facilities while positioning the County to meet future service demands.

At June 30, 2026, the County's investment in capital assets for governmental and business-type activities totaled approximately $3.0 billion, net of accumulated depreciation and amortization, an increase of $98.1 million, or 3.4% from the prior fiscal year.

Governmental activities capital assets increased by $114.2 million, primarily reflecting continued investment in construction projects, infrastructure, buildings and improvements, and equipment, partially offset by depreciation, amortization, and asset disposals. Business-type activities capital assets decreased by $16.2 million, primarily reflecting a reduction in construction in progress and current-year depreciation and amortization, partially offset by additions to infrastructure and other capital assets.

The County's Capital Assets (Net Of Depreciation And Amortization)

	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
Land	$ 707,775,007	$ 698,087,051	$ 12,593,115	$ 12,593,115	$ 720,368,122	$ 710,680,166
Construction in progress	258,967,186	188,351,911	49,317,092	67,354,119	308,284,278	255,706,030
Buildings	601,201,791	577,666,800	139,613,795	147,727,117	740,815,586	725,393,917
Machinery, equipment and vehicles	104,906,946	102,217,039	5,342,575	5,210,839	110,249,521	107,427,878
Infrastructure	322,313,761	310,167,666	667,197,432	656,701,770	989,511,193	966,869,436
Intangible right-to use assets:						
Intangible right-to-use buildings	76,517,863	77,419,303	—	—	76,517,863	77,419,303
Intangible right-to-use equipment	3,276,888	3,554,418	5,046,948	5,483,271	8,323,836	9,037,689
Right-to-use SBITAs	16,866,222	20,138,537	277,754	480,514	17,143,976	20,619,051
Total capital assets	$ 2,091,825,664	$ 1,977,602,725	$ 879,388,711	$ 895,550,745	$ 2,971,214,375	$ 2,873,153,470

Significant Capital Asset Activity

Significant capital asset activity during fiscal year 2026 included investments in County facilities, parks and recreation, environmental infrastructure, flood mitigation, and technology. Major projects, acquisitions, and right-of-use assets included:

- Historic Circuit Courthouse Renovation — $18.2 million
- North Laurel Community Pool — $17.9 million
- Blandair Regional Park Improvements — $6.7 million

- Centennial Park West Area Improvements — $6.5 million
- Lease Right-of-Use Asset – 7110 Samuel Morse Drive — $6.3 million
- Compost Processing Building — $5.4 million
- H4 Flood Mitigation Facility — $4.9 million
- Alpha Ridge Gas Energy Facility — $4.1 million
- Subscription-Based IT Asset – Cisco Webex — $4.0 million
- South Meadow Pond Improvements — $3.6 million
- High Ridge Renovation — $3.4 million
- Montgomery Road Pond Improvements — $2.7 million
- Harrison Property Acquisition — $2.3 million

These investments reflect the County's continued development and improvement of public facilities and infrastructure to support governmental services and community needs.

Both leases and SBITAs are intangible, right to use assets. The County does not own these assets, but rather has the right to use them in operations, as specified in their respective contracts. When entering into a lease or SBITA contract, a liability is also recognized, which is included as part of long-term financings discussion below. Total lease and subscription liabilities decreased during fiscal year 2026, while the availability-payment arrangement declined slightly.

Additional information on the County's capital assets can be found in Note 6 of this report.

Long-Term Financing

The County continued to finance its capital improvement program through a combination of long-term borrowing and scheduled debt repayments while maintaining its financial position and future borrowing capacity.

During fiscal year 2026, the County issued approximately $148.2 million in bonds, consisting of $128.5 million in Consolidated Public Improvement Project Bonds, including project and refunding bonds, $19.7 million in Metropolitan District Project Bonds. The proceeds were used to repay approximately $93.3 million in outstanding bond anticipation notes, reimburse the County for capital project costs, and pay related issuance costs. The refunding resulted in approximately $2.0 million in net present value savings.

The County's total outstanding long-term financing obligations increased by approximately $24.5 million, from $2.10 billion at June 30, 2025, to $2.12 billion at June 30, 2026. Governmental activities obligations increased by approximately $11.1 million, primarily reflecting additional financing for the Ellicott City Safe and Sound Program, partially offset by reductions in outstanding bonds and other obligations. Business-type activities obligations increased by approximately $13.4 million, primarily reflecting increases in general obligation bonds, partially offset by scheduled repayments and reductions in other financing obligations. Metropolitan District Bonds continued to represent the largest financing obligation supporting the County's water and sewer operations.

In addition to bonded debt, the County's long-term financing obligations included lease liabilities, an availability-payment arrangement, and subscription-based information technology arrangements. Total lease and subscription liabilities decreased during fiscal year 2026, while the availability-payment arrangement declined slightly.

The County's Long-term Financings						
	Governmental Activities		Business-type Activities		Total	
	2026	2025	2026	2025	2026	2025
General obligation bonds	$ 1,235,920,272	$ 1,263,758,250	$ 483,920,912	$ 469,059,150	$1,719,841,184	$ 1,732,817,400
State water quality and MDE loan	—	—	1,512,023	1,931,316	1,512,023	1,931,316
Tax increment financing bonds	60,760,000	61,920,000	—	—	60,760,000	61,920,000
Ellicott City safe & sound loans	80,637,305	30,105,261	—	—	80,637,305	30,105,261
HUD Section 108 loan	5,848,000	5,848,000	—	—	5,848,000	5,848,000
Agricultural land preservation program	41,228,568	43,861,115	—	—	41,228,568	43,861,115
Availability payment arrangement	93,875,257	95,700,210	—	—	93,875,257	95,700,210
Lease liability	87,429,095	87,340,366	5,484,537	5,823,348	92,913,632	93,163,714
Subscription liability	16,488,095	20,041,758	207,950	405,189	16,696,045	20,446,947
Other	6,969,000	9,482,000	1,050,000	1,591,336	8,019,000	11,073,336
Total outstanding debt	$ 1,629,155,592	$ 1,618,056,960	$ 492,175,422	$ 478,810,339	$2,121,331,014	$ 2,096,867,299

The County continued to maintain the highest available general obligation bond ratings—AAA from S&P Global Ratings and Fitch Ratings and Aaa from Moody's Ratings. At June 30, 2026, the County's statutory debt limit was approximately $3.4 billion, with an available debt margin of approximately $2.2 billion, preserving capacity to finance future capital needs.

Additional information regarding the County's long-term debt, leases, subscription-based information technology arrangements, availability-payment arrangement, unamortized bond premiums, and other long-term obligations is presented in Note 7 to the financial statements.

Currently Known Facts, Decisions, or Conditions

Howard County is aware of the following items that may impact future finances and were considered in developing the fiscal year 2026-2027 annual budget.

Economic developments

- The unemployment rate for Howard County was 3.50% as of June 2026, below both Maryland's unemployment rate of 4.00% and below the national unemployment rate of 4.40% for the same period.
- The commercial occupancy rate was 92.8% percent as of June 2026, compared with 93.1% percent in June 2025. Total rentable building area decreased by 71,816 square feet.
- Inflationary trends in the region compared favorably with national indices.

Budgetary decisions and revenue measures

- As revenue performance was strong in fiscal year 2026 and is expected to continue into next year, the FY 2027 General Fund budget was $111.0 million, or 6.8%, higher than the FY 2026 budget. The increase is due to additional funding to educational entities and additional mandated cost shifts from the State

- Property tax, fire tax, income tax, transfer tax, and recordation tax rates remained unchanged for FY 2026.
- Water and sewer charges increased approximately 6% for FY 2027 to cover costs. Water and sewer ad valorem rates and watershed fees remained unchanged, while the Building Excise Tax rate increased 2%.

Federal and State funding

- As of June 30, 2026, the County had obligated 100% of its $63.3 million in American Rescue Plan State and Local Fiscal Recovery Funds. The deadline to expend all funds is December 31, 2026

Healthcare and postemployment benefits

- Rising healthcare costs over the last several fiscal years negatively impacted the Employee Benefits Fund, resulting in a deficit fund balance of 14.3 million as of June 30, 2026. The trend is expected to continue in fiscal year 2027.
- Regarding pension contributions, the County elected to keep the same rates as fiscal year 2026 despite the actuary recommending a slight decrease of 0.1% in each plan. This decision reflects the County's commitment to fully funding its pension plans.

Capital financing and other commitments

- The County continued to use pay-as-you-go financing for nonrecurring capital expenditures as an alternative to borrowing. The FY 2027 budget included $79.1 million in appropriated cash pay-as-you-go funding for high-priority one-time spending items.

At the end of fiscal year 2026, the unassigned fund balance in the General Fund was $40.9 million, including $4.9 million attributable to the Health Department Fund.

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.


HC

BASIC FINANCIAL STATEMENTS


HC

Howard County, Maryland
Statement of Net Position
June 30, 2026

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Equity in pooled cash and investments	$ 943,502,125	$ 82,305,242	$ 1,025,807,367	$ 169,857,718
Cash and securities with fiscal agents	5,565,233	—	5,565,233	—
Investments	—	—	—	175,323,351
Receivables (net of allowance for uncollectibles)	50,270,702	17,739,688	68,010,390	12,735,806
Lease receivable	1,404,309	389,482	1,793,791	9,842,867
Due from component units	29,423,863	—	29,423,863	—
Intergovernmental receivable	408,236,311	—	408,236,311	103,152,567
Internal balances	(3,228,314)	3,228,314	—	—
Materials and supplies	3,911,163	1,879,459	5,790,622	875,188
Prepaids	1,428,079	—	1,428,079	5,033,364
Lease receivables, noncurrent	12,083,012	3,839,793	15,922,805	—
Other noncurrent receivables	3,681,897	28,945	3,710,842	—
Restricted assets:				
Cash and cash equivalent and equity in pooled cash	—	210,099,373	210,099,373	17,961,778
Investments	—	—	—	14,106,676
Water and sewer assessments receivable	—	7,320,011	7,320,011	—
Other receivables	—	130,019	130,019	7,784,548
Capital Assets:				
Capital assets not being depreciated	966,742,193	61,910,207	1,028,652,400	332,959,071
Capital assets, net of accumulated depreciation/amortization	1,125,083,471	817,478,504	1,942,561,975	1,777,387,351
Total assets	3,548,104,044	1,206,349,037	4,754,453,081	2,627,020,285
DEFERRED OUTFLOWS OF RESOURCES				
Pension related	167,096,705	4,713,545	171,810,250	29,870,557
Other post-employment benefits related	64,034,222	15,994,208	80,028,430	354,279,899
Length of service award program	3,940,751	—	3,940,751	—
Deferred amount on refunding	4,040,531	2,223,363	6,263,894	—
Derivative instruments - interest rate swap	—	—	—	468,095
Total deferred outflows of resources	239,112,209	22,931,116	262,043,325	384,618,551
Total assets and deferred outflows of resources	3,787,216,253	1,229,280,153	5,016,496,406	3,011,638,836
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	92,451,711	13,719,455	106,171,166	149,766,265
Accrued interest payable	21,921,884	6,161,983	28,083,867	—
Accrued wages and benefits	22,103,214	909,808	23,013,022	4,622,780
Deposits payable	16,580,761	1,572,799	18,153,560	1,193,372
Intergovernmental payable	—	—	—	29,423,863
Short-term loans and notes payable	27,027,801	10,142,000	37,169,801	—
Unearned revenues	25,865,255	1,820,865	27,686,120	39,288,704
Noncurrent liabilities:				
Due within one year	176,703,637	21,184,381	197,888,018	20,523,821
Due in more than one year, net	1,991,859,376	491,354,746	2,483,214,122	1,231,495,876
Total liabilities	2,374,513,639	546,866,037	2,921,379,676	1,476,314,681

(continued)

Howard County, Maryland
Statement of Net Position
June 30, 2026

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
DEFERRED INFLOWS OF RESOURCES				
Lease related	12,440,180	4,038,529	16,478,709	9,998,517
Pension related	22,555,700	621,120	23,176,820	1,726,995
Other post-employment benefits related	249,905,105	9,526,030	259,431,135	625,692,784
Length of service award program	12,487,091	—	12,487,091	—
Total deferred inflows of resources	297,388,076	14,185,679	311,573,755	637,418,296
Total liabilities and deferred inflows of resources	2,671,901,715	561,051,716	3,232,953,431	2,113,732,977
NET POSITION				
Net investment in capital assets	955,687,383	416,712,570	1,372,399,953	1,737,726,053
Restricted for:				
3M Settlement	1,044,987	—	1,044,987	—
Business-type operations	—	—	—	13,891,090
Capital projects	—	—	—	28,222,379
Catalyst loan program	2,108,509	—	2,108,509	—
Community reinvestment and repair	3,669,115	—	3,669,115	—
Debt Service	—	—	—	2,771,431
Deferred support	—	—	—	276,543
Disposable plastic reduction	445,920	—	445,920	—
Economic development initiatives	628,033	—	628,033	—
Education	—	—	—	13,197,896
Fire & rescue services	151,386,087	—	151,386,087	—
Forest conservation	1,660,128	—	1,660,128	—
Glenelg wastewater treatment plant	—	—	—	1,550,836
Housing opportunity trust fund	6,254,684	—	6,254,684	—
Middle Patuxent environmental area program	224,489	—	224,489	—
MIHU Fee-in-Lieu	7,756,708	—	7,756,708	—
Open space	760,384	—	760,384	—
Opioid Abatement	19,520,825	—	19,520,825	—
Other Reserves	—	—	—	165,024
Parkland watershed facilities	19,396,720	—	19,396,720	—
Permanent public improvement	1,756,288	—	1,756,288	—
Print services	—	—	—	70,000
Program revenue	395,585	—	395,585	—
Public road facilities	54,754,638	—	54,754,638	—
Public school facilities	73,855,911	—	73,855,911	—
Replace Reserves	—	—	—	8,013,482
Speed enforcement	1,519,919	—	1,519,919	—
Tax increment financing project	23,988,143	—	23,988,143	—
Technology services	—	—	—	1,000,000
Transit services	1,057,834	—	1,057,834	—
Vaping	1,599,339	—	1,599,339	—
Debt services	—	7,320,011	7,320,011	—
Unrestricted (deficits)	(214,157,091)	244,195,856	30,038,765	(908,978,875)
Total net position	$ 1,115,314,538	$ 668,228,437	$ 1,783,542,975	$ 897,905,859

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

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total	Net (Expense) Revenue and Changes in Net Position: Component Units
Primary government:								
General government	$ 133,432,033	$ 38,260,826	$ 17,280,204	$ 4,620,841	$ (73,270,162)	$ —	$ (73,270,162)	$ —
Public safety	341,158,773	17,720,360	9,442,178	—	(313,996,235)	—	(313,996,235)	—
Public works	272,302,995	70,034,388	26,523,955	18,284,582	(157,460,070)	—	(157,460,070)	—
Recreation and parks	51,095,949	26,031,077	550,985	11,921,693	(12,592,194)	—	(12,592,194)	—
Legislative and judicial	43,496,231	992,148	960,518	—	(41,543,565)	—	(41,543,565)	—
Community services	87,640,656	21,205,801	17,216,042	—	(49,218,813)	—	(49,218,813)	—
Education	1,019,027,408	26,720	—	18,044,724	(1,000,955,964)	—	(1,000,955,964)	—
State highways	374,560	—	—	—	(374,560)	—	(374,560)	—
Interest on long-term debt	58,115,545	—	—	—	(58,115,545)	—	(58,115,545)	—
Total governmental activities	2,006,644,150	174,271,320	71,973,882	52,871,840	(1,707,527,108)	—	(1,707,527,108)	—
Business-type activities:								
Broadband	3,207,582	1,742,471	—	595,283	—	(869,828)	(869,828)	—
Special recreation facility	133,735	465,538	—	—	—	331,803	331,803	—
Water and sewer	171,262,789	83,528,168	48,086,289	9,304,953	—	(30,343,379)	(30,343,379)	—
Watershed	9,768,004	25,785,268	—	—	—	16,017,264	16,017,264	—
Total business-type activities	184,372,110	111,521,445	48,086,289	9,900,236	—	(14,864,140)	(14,864,140)	—
Total primary government	$ 2,191,016,260	$ 285,792,765	$ 120,060,171	$ 62,772,076	$ (1,707,527,108)	$ (14,864,140)	$ (1,722,391,248)	$ —
Component units:								
Community college	145,438,855	33,364,747	18,245,491	29,361,402	—	—	—	(64,467,215)
Housing commission	81,107,099	38,345,815	5,125,370	20,206,195	—	—	—	(17,429,719)
Library	33,424,039	670,613	697,358	—	—	—	—	(32,056,068)
Public school system	1,523,705,995	12,196,655	288,695,422	78,038,549	—	—	—	(1,144,775,369)
Total component units	$ 1,783,675,988	$ 84,577,830	$ 312,763,641	$ 127,606,146	$ —	$ —	$ —	$ (1,258,728,371)

(continued)

	Governmental Activities	Business-Type Activities	Total	Component Units
General revenues and transfers:				
Property taxes	$ 890,597,351	$ —	$ 890,597,351	$ —
Local income taxes	780,036,980	—	780,036,980	—
Transfer tax	45,309,544	—	45,309,544	—
Recordation tax	23,776,039	—	23,776,039	—
Building excise tax	3,628,157	—	3,628,157	—
Hotel / motel tax	6,016,128	—	6,016,128	—
Admission tax	3,572,752	—	3,572,752	—
Cannabis sales tax	553,688	—	553,688	—
Appropriations from primary government	—	—	—	890,977,785
Intergovernmental, unrestricted	6,961,427	—	6,961,427	367,300,034
Unrestricted investment income	38,597,336	10,622,611	49,219,947	16,199,608
Miscellaneous	1,314,202	177,900	1,492,102	58,454,284
Transfers, net	(9,965,356)	9,965,356	—	—
Total general revenues and transfers	1,790,398,248	20,765,867	1,811,164,115	1,332,931,711
Change in net position	82,871,140	5,901,727	88,772,867	74,203,340
Net position - beginning of year	1,032,443,398	662,326,710	1,694,770,108	823,702,519
Net position - end of year	$ 1,115,314,538	$ 668,228,437	$ 1,783,542,975	$ 897,905,859

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

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2026

	General Fund	General Capital Projects Fund	Fire and Rescue Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	$ 400,940,609	$ 121,646,727	$ 153,929,800	$ 224,253,408	$ 900,770,544
Cash with fiscal agent	—	—	—	5,565,233	5,565,233
Receivables (net of allowances for uncollectibles)	8,366,215	230,692	3,756,772	34,861,891	47,215,570
Lease receivables	3,484,704	—	—	8,291	3,492,995
Due from component units	6,537,968	13,616,661	—	9,269,234	29,423,863
Intergovernmental receivable	368,178,442	6,798,224	5,714,373	27,545,272	408,236,311
Due from other funds	9,308,649	—	—	422,000	9,730,649
Materials and supplies	843,505	—	664,558	198,404	1,706,467
Prepaids	9,939	—	—	219,677	229,616
Total assets	797,670,031	142,292,304	164,065,503	302,343,410	1,406,371,248
LIABILITIES					
Accounts payable / accrued liabilities	12,038,546	49,422,519	1,436,137	23,508,191	86,405,393
Accrued wages and benefits	14,034,577	116,638	4,864,348	1,386,314	20,401,877
Short-term loans and notes payable	—	20,265,000	—	6,762,801	27,027,801
Deposits and connection fees	15,234,100	—	—	1,271,661	16,505,761
Unearned revenue	188,657	4,811,782	—	20,864,816	25,865,255
Total liabilities	41,495,880	74,615,939	6,300,485	53,793,783	176,206,087
DEFERRED INFLOWS OF RESOURCES					
Unavailable income taxes	320,704,050	—	—	—	320,704,050
Unavailable property taxes	4,204,197	—	1,130,120	—	5,334,317
Unavailable fees	1,344,731	—	2,261,834	29,491,414	33,097,979
Unavailable grant revenues	—	16,750,717	5,714,373	6,526,753	28,991,843
Unavailable lease revenues	3,413,865	—	—	7,960	3,421,825
Total deferred inflows	329,666,843	16,750,717	9,106,327	36,026,127	391,550,014
Total liabilities and deferred inflows	371,162,723	91,366,656	15,406,812	89,819,910	567,756,101
FUND BALANCES					
Nonspendable	7,391,412	—	664,558	418,081	8,474,051
Restricted	—	75,612,199	147,994,133	135,364,508	358,970,840
Committed	97,689,723	—	—	117,858,366	215,548,089
Assigned	280,531,158	—	—	17,388,842	297,920,000
Unassigned (deficits)	40,895,015	(24,686,551)	—	(58,506,297)	(42,297,833)
Total fund balances (deficits)	426,507,308	50,925,648	148,658,691	212,523,500	838,615,147
Total liabilities, deferred inflows and fund balances	$ 797,670,031	$ 142,292,304	$ 164,065,503	$ 302,343,410	$ 1,406,371,248

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, 2026

Amounts reported for governmental activities in the statement of net position (page 54) are different because:		
Total fund balances - governmental funds (page 57)		**$ 838,615,147**
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		**50,059,774**
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	**(1,306,070,015)**	
Long-term financed purchase obligation	**(1,954,000)**	
Certificate of participation	**(5,015,000)**	
Availability payment arrangement obligation	**(93,875,257)**	
Lease liability	**(87,429,095)**	
Subscription based information technology agreements liability	**(9,897,154)**	
Other noncurrent liabilities	**(6,611,981)**	
Accrued interest payable	**(21,921,890)**	
Compensated absences	**(71,585,800)**	
Net pension liability	**(185,789,997)**	
Net OPEB liability	**(192,992,347)**	
Net LOSAP liability	**(21,436,147)**	
Landfill closure and post-closure	**(28,503,000)**	**(2,033,081,683)**
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds		**2,032,132,651**
Certain costs related to long-term liabilities are recognized as expenditures in the fund statements, but are deferred in the government-wide statements:		
Unamortized premium	**(118,342,432)**	
Unamortized discount	**18,304**	
Unamortized refunding loss	**4,040,531**	
Pension, OPEB and LOSAP related deferrals, net	**(49,876,218)**	**(164,159,815)**
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	**388,128,191**	
Other receivables	**3,620,273**	**391,748,464**
Net position of governmental activities (page 54)		**$ 1,115,314,538**

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, 2026

	General Fund	General Capital Projects Fund	Fire and Rescue Reserve Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	$ 743,902,242	$ —	$ 149,515,787	$ 6,225,033	$ 899,643,062
Other local taxes	806,634,164	11,327,386	—	37,610,316	855,571,866
State shared taxes	6,961,427	—	—	—	6,961,427
Revenues from other governments	12,322,419	18,857,166	—	39,029,344	70,208,929
Charges for services	11,615,640	—	9,190,517	67,835,071	88,641,228
Investment income:					
Investment earnings	15,622,057	4,821,857	7,459,691	10,247,034	38,150,639
Installment interest	—	—	—	187,822	187,822
Licenses and permits	5,647,578	—	—	1,342,647	6,990,225
Fines and forfeitures	3,102,584	—	8,855	3,185,794	6,297,233
Developer fees	—	—	—	2,647,245	2,647,245
Payments from component units	335,574	—	—	—	335,574
Miscellaneous program revenues	4,088,090	6,402,365	104,711	13,720,744	24,315,910
Total revenues	1,610,231,775	41,408,774	166,279,561	182,031,050	1,999,951,160
EXPENDITURES					
Current:					
General government	89,588,932	—	—	12,052,225	101,641,157
Legislative & judicial	44,435,447	—	—	1,180,723	45,616,170
Public works	98,937,805	2,569,999	—	49,241,827	150,749,631
Public safety	183,757,582	—	157,205,340	6,636,192	347,599,114
Recreation and parks	31,691,747	—	—	25,130,054	56,821,801
Community services	52,487,950	—	—	32,856,054	85,344,004
Education	889,114,000	78,108,826	—	—	967,222,826
Capital improvements	—	145,259,004	—	84,487,600	229,746,604
Debt service:					
Principal payments on debt	107,510,189	—	89,011	7,171,513	114,770,713
Interest payments on debt	52,656,315	—	4,288	5,486,307	58,146,910
Total expenditures	1,550,179,967	225,937,829	157,298,639	224,242,495	2,157,658,930
Excess (deficiency) of revenues over expenditures	60,051,808	(184,529,055)	8,980,922	(42,211,445)	(157,707,770)
OTHER FINANCING SOURCES (USES)					
Lease issued	6,334,184	—	—	—	6,334,184
Subscriptions issued	2,004,863	—	—	937,650	2,942,513
Bond premium	—	8,836,154	—	3,236,882	12,073,036
Capital-related issuance of debt	—	114,657,814	—	12,761,064	127,418,878
Refunding bonds issued	—	27,015,258	—	13,284,742	40,300,000
Installment purchase agreements issued	—	—	—	2,073,960	2,073,960
Payment made to escrow agent	—	(30,587,393)	—	(15,474,042)	(46,061,435)
Transfers in	42,044,209	57,978,692	—	40,305,200	140,328,101
Transfers out	(76,765,862)	(7,603,303)	(12,754,379)	(31,113,680)	(128,237,224)
Total other financing sources (uses)	(26,382,606)	170,297,222	(12,754,379)	26,011,776	157,172,013
Net change in fund balances	33,669,202	(14,231,833)	(3,773,457)	(16,199,669)	(535,757)
Fund balances (deficit) - beginning	392,838,106	65,157,481	152,432,148	228,723,169	839,150,904
Fund balances (deficit) - ending	$ 426,507,308	$ 50,925,648	$ 148,658,691	$ 212,523,500	$ 838,615,147

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, 2026

Amounts reported for governmental activities in the statement of activities (page 56) are different because:

Net change in fund balances - total governmental funds (page 59)		**$ (535,757)**
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	**179,872,425**	
Less: Depreciation expense	**(74,073,271)**	**105,799,154**
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.....		**(2,103,123)**
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.		**20,313,199**
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	**(9,166,276)**	
Individual income tax	**7,789,616**	
Grant revenues	**(17,161,676)**	
Charges for services and other.....	**(2,992,704)**	**(21,531,040)**
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.....		**(44,520,307)**
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.....		**38,557,448**
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.....		**(13,108,434)**
Change in net position of governmental activities (page 56)		**$ 82,871,140**

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

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2026

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Nonmajor Proprietary Funds	Total Funds	Internal Services Funds
ASSETS					
Current assets:					
Equity in pooled cash and investments	$ 15,824,841	$ 54,997,954	$ 11,482,447	$ 82,305,242	$ 42,731,581
Receivables:					
Property taxes, net	118,338	68,844	—	187,182	—
Service billings	16,138,907	—	255,257	16,394,164	1,858,893
Other receivables	1,156,610	—	1,732	1,158,342	1,257,859
Lease receivable	—	—	389,482	389,482	784,436
Materials and supplies	1,879,459	—	—	1,879,459	2,204,696
Prepaids	—	—	—	—	1,198,463
Restricted assets:					
Equity in pooled cash and cash equivalents	210,099,373	—	—	210,099,373	—
Water and sewer assessments	1,901,333	—	—	1,901,333	—
Total current assets	247,118,861	55,066,798	12,128,918	314,314,577	50,035,928
Noncurrent assets:					
Lease receivables, noncurrent	—	—	3,839,793	3,839,793	9,209,890
Restricted assets:					
Other receivables	—	130,019	28,945	158,964	—
Water and sewer assessments	5,418,678	—	—	5,418,678	—
Capital assets:					
Land and land improvements	3,068,642	839,577	8,684,896	12,593,115	—
Construction in progress	49,317,092	—	—	49,317,092	—
Buildings and improvements, net	112,339,868	267,367	340,210	112,947,445	50,778
Machinery and equipment, net	3,837,844	388,552	1,116,179	5,342,575	51,188,579
Infrastructure, net	549,893,262	111,503,380	5,800,790	667,197,432	460,109
Improvement other, net	24,768,583	682,210	1,215,557	26,666,350	1,112,169
Intangible right-to-use equipment, net	5,046,948	—	—	5,046,948	—
Intangible right-to-use subscription, net	277,754	—	—	277,754	6,881,383
Total noncurrent assets	753,968,671	113,811,105	21,026,370	888,806,146	68,902,908
Total assets	1,001,087,532	168,877,903	33,155,288	1,203,120,723	118,938,836
DEFERRED OUTFLOWS OF RESOURCES					
Deferred refunding related	2,223,363	—	—	2,223,363	—
Pension related	4,713,545	—	—	4,713,545	—
Other post-employment benefits related	15,994,208	—	—	15,994,208	—
Total deferred outflows of resources	22,931,116	—	—	22,931,116	—
Total assets and deferred outflows of resources	1,024,018,648	168,877,903	33,155,288	1,226,051,839	118,938,836
LIABILITIES					
Current liabilities:					
Due to other funds	—	—	1,236,414	1,236,414	8,494,235
Accounts payable	13,189,567	519,200	10,688	13,719,455	5,898,094
Accrued interest payable	—	—	—	—	148,224
Accrued wages and benefits	805,626	70,934	33,248	909,808	1,396,312
Compensated absences	1,263,194	130,658	68,687	1,462,539	305,025
Deposits and connection fees	—	—	—	—	75,000
Lease liability	358,504	—	—	358,504	—
Subscription liability	207,950	—	—	207,950	2,580,827
Unpaid claims	—	—	—	—	10,160,564
Total current liabilities	15,824,841	720,792	1,349,037	17,894,670	29,058,281

(continued)

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2026

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Nonmajor Proprietary Funds	Total Funds	Internal Services Funds
Current liabilities payable from restricted assets:					
Deposits and connection fees	1,572,798	—	—	1,572,798	—
Other debt payable	10,390,538	—	—	10,390,538	—
Certificate of participation (COPs)	285,000	—	—	285,000	—
Bonds and note payable	16,685,000	1,627,303	130,211	18,442,514	—
Loan payable	—	179,336	—	179,336	—
Interest payable	5,478,750	638,921	44,312	6,161,983	—
Total current liabilities payable from restricted assets	34,412,086	2,445,560	174,523	37,032,169	—
Total current liabilities	50,236,927	3,166,352	1,523,560	54,926,839	29,058,281
Noncurrent liabilities:					
Compensated absences	1,235,826	87,698	100,073	1,423,597	3,458,016
Unpaid claims	—	—	—	—	18,869,569
Long-term certificate of participation (COPs)	765,000	—	—	765,000	—
Metropolitan district bonds payable	419,659,571	42,891,186	—	462,550,757	—
Long-term bonds payable	—	—	2,774,079	2,774,079	—
Lease liability	5,126,033	—	—	5,126,033	—
Subscription liability	—	—	—	—	4,010,114
Unearned revenue	1,719,313	—	101,552	1,820,865	—
Other long-term debt	973,437	264,265	—	1,237,702	—
Net OPEB liability	12,410,106	—	—	12,410,106	—
Net pension liability	5,067,472	—	—	5,067,472	—
Total noncurrent liabilities	446,956,758	43,243,149	2,975,704	493,175,611	26,337,699
Total liabilities	497,193,685	46,409,501	4,499,264	548,102,450	55,395,980
DEFERRED INFLOWS OF RESOURCES					
Lease related	—	—	4,038,529	4,038,529	9,018,355
Pension related	621,120	—	—	621,120	—
Other post-employment benefits related	9,526,030	—	—	9,526,030	—
Total deferred inflows of resources	10,147,150	—	4,038,529	14,185,679	9,018,355
Total liabilities and deferred inflows of resources	507,340,835	46,409,501	8,537,793	562,288,129	64,414,335

(continued)

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2026

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Nonmajor Proprietary Funds	Total Funds	Internal Services Funds
NET POSITION					
Net investment in capital assets	333,948,530	68,510,697	14,253,343	416,712,570	53,102,077
Restricted:					
Debt service	7,320,011	—	—	7,320,011	—
Unrestricted	175,409,272	53,957,705	10,364,152	239,731,129	1,422,424
Total net position	$ 516,677,813	$ 122,468,402	$ 24,617,495	$ 663,763,710	$ 54,524,501
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds				4,464,727	
Net position of business-type activities				$ 668,228,437	

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, 2026

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Nonmajor Proprietary Funds	Total Funds	Internal Services Funds
Operating revenues:					
Charges for services:					
User charges	$ 80,879,320	$ 25,695,084	$ 1,742,471	$ 108,316,875	$ 151,776,570
Water and sewer assessment charges	533,994	—	—	533,994	—
Insurance recoveries	—	—	—	—	372,923
Miscellaneous sales and services	2,114,854	90,184	465,538	2,670,576	1,019,214
Total operating revenues	83,528,168	25,785,268	2,208,009	111,521,445	153,168,707
Operating expenses:					
Personnel services	4,204,039	1,815,986	788,992	6,809,017	24,705,282
Contractual services	62,928,562	3,496,847	1,335,766	67,761,175	15,590,539
Materials and supplies	5,061,815	92,076	22,095	5,175,986	4,939,869
Business and travel	66,470	3,803	1,786	72,059	53,865
Vehicle fuels and supplies	2,158,361	36,175	—	2,194,536	4,831,315
Purchased water and transmission charges	27,999,523	—	—	27,999,523	—
Sewage treatment charges	14,970,145	—	—	14,970,145	—
Share of county administrative expenses	7,716,039	907,614	—	8,623,653	1,246,762
Claims	—	—	—	—	96,286,567
Other administrative	26,239	95,185	—	121,424	2,896,404
Depreciation and amortization expense	31,748,657	1,905,244	1,073,988	34,727,889	17,769,140
Less: house connection and capitalized overhead costs	(18,000)	—	—	(18,000)	—
Total operating expenses	156,861,850	8,352,930	3,222,627	168,437,407	168,319,743
Operating income (loss)	(73,333,682)	17,432,338	(1,014,618)	(56,915,962)	(15,151,036)
Noncapital subsidies:					
Ad valorem charges	48,086,289	—	—	48,086,289	—
Intergovernmental revenue	—	—	—	—	41,300
Transfers in	—	—	850,000	850,000	509,157
Transfers out	—	(12,110,000)	(16,824)	(12,126,824)	(1,323,212)
Total noncapital subsidies	48,086,289	(12,110,000)	833,176	36,809,465	(772,755)
Operating income (loss) and noncapital subsidies	(25,247,393)	5,322,338	(181,442)	(20,106,497)	(15,923,791)
Other nonoperating revenues (expenses):					
Investment earnings	8,502,564	1,624,050	495,997	10,622,611	1,498,118
Interest expense	(14,016,054)	(1,415,074)	(118,690)	(15,549,818)	(256,315)
Gain (loss) on sale of capital assets	811	(60,868)	—	(60,057)	617,127
Capital contributions	9,304,953	21,242,180	595,283	31,142,416	571,299
Other, net	—	237,288	669	237,957	245
Total other nonoperating revenues (expenses)	3,792,274	21,627,576	973,259	26,393,109	2,430,474
Income (loss) before unusual or infrequent items	(21,455,119)	26,949,914	791,817	6,286,612	(13,493,317)
Change in net position	(21,455,119)	26,949,914	791,817	6,286,612	(13,493,317)
Net position - beginning of year, as restated	538,132,932	95,518,488	23,825,678	657,477,098	68,017,818
Net position - ending	$ 516,677,813	$ 122,468,402	$ 24,617,495	$ 663,763,710	$ 54,524,501
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(384,885)	
Change in net position of business-type activities				$ 5,901,727	

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, 2026

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Nonmajor Proprietary Funds	Total Funds	Internal Services Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 84,916,732	$ 25,752,724	$ 2,532,625	$ 113,202,081	$ 153,051,320
Cash receipts from assessments and connection charges	533,994	—	—	533,994	—
Payment to suppliers and service providers	(105,515,708)	(2,490,059)	(771,638)	(108,777,405)	(114,710,046)
Payment to employee for salaries and benefits	(20,705,088)	(1,776,503)	(770,803)	(23,252,394)	(24,491,169)
Payment to other funds for services provided	—	(770,693)	(1,070,491)	(1,841,184)	(11,356,719)
Other operating disbursements	(9,877,892)	(1,188,909)	—	(11,066,801)	(665,399)
Net cash provided by (used for) operating activities	(50,647,962)	19,526,560	(80,307)	(31,201,709)	1,827,987
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Ad valorem	48,192,759	—	—	48,192,759	—
Intergovernmental revenue	—	—	—	—	41,300
Interfund payable	—	—	(488,108)	(488,108)	8,494,235
Operating subsidies received - transfer in	—	—	850,000	850,000	347,188
Operating subsidies provided - transfer out	—	(12,110,000)	—	(12,110,000)	(850,000)
Net cash provided by (used for) noncapital financing activities	48,192,759	(12,110,000)	361,892	36,444,651	8,032,723
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from the sale of county bonds	20,325,525	13,105,000	—	33,430,525	—
Capital contribution	818,715		—	818,715	—
Acquisition and construction of capital assets	—	(104,208)	—	(104,208)	(13,465,082)
Proceeds from the sale or disposition of capital assets	11,801,997	—	—	11,801,997	617,788
Proceeds from bond anticipation notes	19,889,000	—	—	19,889,000	—
Payment of bond anticipation notes	(16,656,802)	—	—	(16,656,802)	—
Payment of COP interest	(54,234)	—	—	(54,234)	(4,562)
Payment of COP principal	(270,000)	—	—	(270,000)	(730,000)
Payment of leases interest	(156,897)	—	—	(156,897)	—
Payment of leases principal	(338,809)	—	—	(338,809)	—
Payment of long-term debt interest	(14,577,536)	(1,242,158)	(120,260)	(15,939,954)	—
Payment of long-term debt principal	(16,130,272)	(1,367,919)	(125,901)	(17,624,092)	—
Payment of subscriptions interest	(10,976)	—	—	(10,976)	(108,391)
Payment of subscriptions principal	(197,240)	—	—	(197,240)	(1,515,013)
Net cash provided by (used for) capital and related financing activities	4,442,471	10,390,715	(246,161)	14,587,025	(15,205,260)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	8,457,097	1,585,045	477,706	10,519,848	1,024,906
Net cash provided by investing activities	8,457,097	1,585,045	477,706	10,519,848	1,024,906
Net increase (decrease) in cash and cash equivalents	10,444,365	19,392,320	513,130	30,349,815	(4,319,644)
Cash and cash equivalents - beginning of the year	215,479,849	35,605,634	10,969,317	262,054,800	47,051,225
Cash and cash equivalents - end of the year	225,924,214	54,997,954	11,482,447	292,404,615	42,731,581

(continued)

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2026

	Business-Type Activities				Governmental Activities
	Water and Sewer	Watershed Protection and Restoration	Nonmajor Proprietary Funds	Total Funds	Internal Services Funds
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating (loss) income	(73,333,682)	17,432,338	(1,014,618)	(56,915,962)	(15,151,036)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	31,748,657	1,905,244	1,073,988	34,727,889	17,769,140
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	1,495,445	(32,545)	(57,056)	1,405,844	(779,885)
Property taxes, net	161,181	—	—	161,181	—
Lease receivables	—	—	381,668	381,668	662,499
Materials and supplies	70,378	—	—	70,378	(363,597)
Prepaid expenses	—	—	—	—	667,493
Accounts payable	5,644,554	178,236	(69,613)	5,753,177	(2,317,007)
Accrued wages and benefits	92,057	8,119	4,258	104,434	226,468
Accrued interest payable	—	—	—	—	(22,618)
Unpaid claims	—	—	—	—	1,802,804
Compensated absences	88,794	35,168	15,005	138,967	178,037
Unearned revenue	—	—	(155)	(155)	(48,009)
Deferred lease revenues	—	—	(413,784)	(413,784)	(796,302)
Decrease in net OPEB activities	(16,744,683)	—	—	(16,744,683)	—
Increase in net pension activities	129,337	—	—	129,337	—
Total adjustments	22,685,720	2,094,222	934,311	25,714,253	16,979,023
Net cash provided by (used for) operating activities	$ (50,647,962)	$ 19,526,560	$ (80,307)	$ (31,201,709)	$ 1,827,987

Noncash investing, capital, and financing activities:
$8,486,239 was contributed to the Water and Sewer Fund by various entities and developers for water and sewer lines.
$21,242,180 was contributed from various Capital Project Funds to the Watershed Fund.
Subscription liability in the Internal Service Funds totals $6,590,941.

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

Howard County, Maryland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2026

	Pension and OPEB Trust Funds	Custodial Funds
ASSETS		
Cash equivalents	$ 165,533	$ —
Equity in pooled cash	—	2,464,796
Receivables:		
Interest and dividends	4,597,192	—
Employer contributions	3,382,699	—
Member contributions	871,413	—
Sale of investments	297,089	—
Property taxes	—	1,352
Other	173	570,286
Investments, at fair value:		
Equities	894,950,208	—
Short-term investments	17,834,541	—
Alternative investments	447,333,694	—
Mutual funds	393,137,041	—
Money market funds	15,286,112	—
Fixed income securities	490,138,277	—
Real assets	95,710,401	—
Prepaids	58,407	7,926
Total assets	2,363,762,780	3,044,360
LIABILITIES		
Due to other governments	—	70,192
Accounts payable	64,578	1,959,517
Investments purchased	2,717,979	—
Other	2,445,499	—
Total liabilities	5,228,056	2,029,709
NET POSITION		
Restricted for:		
Pensions	1,944,620,260	—
Other post-employment benefits	413,914,464	—
Individuals, organizations, and other governments	—	1,014,651
Net Position	$ 2,358,534,724	$ 1,014,651

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, 2026

	Pension and OPEB Trust Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	$ 115,993,449	$ —
Plan member	18,641,928	—
Total contributions	134,635,377	—
Investment income (expense):		
Interest	5,728,181	—
Dividends	38,927,100	—
Net change in fair value of investments	243,034,791	—
Other	1,796,655	—
Investment expense	(4,123,977)	—
Net investment income (loss)	285,362,750	—
Property tax collection for other governments:		
Property taxes	—	85,409,346
Other local taxes and fees	—	118,088
Miscellaneous revenue	—	1,440,516
Total property tax collections and miscellaneous revenue	—	86,967,950
Total additions	419,998,127	86,967,950
DEDUCTIONS		
Benefits	117,320,561	—
Property taxes paid to other governments	—	85,638,192
Administrative expenses	1,455,617	1,035,355
Contractual services	—	289,251
Materials and supplies	—	54,545
Total deductions	118,776,178	87,017,343
Net increase (decrease) in fiduciary net position	301,221,949	(49,393)
Net position - beginning of year	2,057,312,775	1,064,044
Net position - end of year	$ 2,358,534,724	$ 1,014,651

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

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2026

	Community College	Housing Commission	Library	Public School System	Total
ASSETS					
Equity in pooled cash and investments	$ 94,960,019	$ 21,707,181	$ 5,626,936	$ 47,563,582	$ 169,857,718
Investments	11,776,585	5,492,358	2,442,827	155,611,581	175,323,351
Receivables:					
Intergovernmental receivable	39,896,900	—	—	63,255,667	103,152,567
Other	4,409,532	3,177,096	32,440	5,116,738	12,735,806
Lease receivable	—	9,842,867	—	—	9,842,867
Prepaids	384,588	4,157,720	399,799	91,257	5,033,364
Materials and supplies	—	—	—	875,188	875,188
Restricted assets:					
Cash and cash equivalents	—	17,900,821	60,957	—	17,961,778
Investments	13,891,090	—	215,586	—	14,106,676
Mortgage receivable	—	7,784,548	—	—	7,784,548
Capital Assets:					
Land and land improvements	378,578	101,087,681	—	40,177,908	141,644,167
Construction in progress	131,154,812	7,739,538	—	36,324,982	175,219,332
Buildings and improvements, net	223,158,127	217,171,344	—	1,326,633,607	1,766,963,078
Machinery and equipment, net	3,272,451		369,511	6,383,750	10,025,712
Other capital assets	224,838	1,749,561	1,990,770	12,130,403	16,095,572
Right of use asset, net	398,561	—	—	—	398,561
Total assets	523,906,081	397,810,715	11,138,826	1,694,164,663	2,627,020,285
DEFERRED OUTFLOWS					
Pension related	1,352,363	92,069	—	28,426,125	29,870,557
Other post-employment benefits	4,608,598	771,938	2,899,838	345,999,525	354,279,899
Derivative instruments - interest rate swap	—	468,095	—	—	468,095
Total deferred outflows	5,960,961	1,332,102	2,899,838	374,425,650	384,618,551
Total assets and deferred outflows	529,867,042	399,142,817	14,038,664	2,068,590,313	3,011,638,836
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	13,907,685	6,318,530	1,278,966	128,261,084	149,766,265
Accrued personnel services	3,687,687	—	935,093	—	4,622,780
Deposits payable	62,579	1,130,793	—	—	1,193,372
Intergovernmental payable	20,154,629	9,269,234	—	—	29,423,863
Unearned revenue	1,896,737	2,510,424	563,878	34,317,665	39,288,704
Long-term liabilities:					
Due within one year	2,676,735	8,546,730	—	9,300,356	20,523,821
Due in more than one year, net	19,431,475	334,650,129	10,930,334	866,483,938	1,231,495,876
Total liabilities	61,817,527	362,425,840	13,708,271	1,038,363,043	1,476,314,681
DEFERRED INFLOWS					
Pension related	409,610	125,878	—	1,191,507	1,726,995
Other post-employment benefits related	22,633,658	1,052,804	11,455,012	590,551,310	625,692,784
Lease related	—	9,998,517	—	—	9,998,517
Total deferred inflows	23,043,268	11,177,199	11,455,012	591,742,817	637,418,296
Total liabilities and deferred inflows	84,860,795	373,603,039	25,163,283	1,630,105,860	2,113,732,977

(continued)

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2026

	Community College	Housing Commission	Library	Public School System	Total
NET POSITION					
Net investment in capital assets	350,595,499	(16,890,491)	2,360,281	1,401,660,764	1,737,726,053
Restricted for:					
Glenelg wastewater treatment plant	—	—	—	1,550,836	1,550,836
Print services	—	—	—	70,000	70,000
Technology services	—	—	—	1,000,000	1,000,000
Education	13,197,896	—	—	—	13,197,896
Deferred support	—	—	276,543	—	276,543
Capital projects	—	—	—	28,222,379	28,222,379
Replace Reserves	—	8,013,482	—	—	8,013,482
Debt Service	—	2,771,431	—	—	2,771,431
Other Reserves	—	165,024	—	—	165,024
Business-type operations	13,891,090	—	—	—	13,891,090
Unrestricted	67,321,762	31,480,332	(13,761,443)	(994,019,526)	(908,978,875)
Total net position (deficit)	$ 445,006,247	$ 25,539,778	$ (11,124,619)	$ 438,484,453	$ 897,905,859

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, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Community College	Housing Commission	Library	Public School System	Total
Component units:									
Community college	$ 145,438,855	$ 33,364,747	$ 18,245,491	$ 29,361,402	$ (64,467,215)	$ —	$ —	$ —	$ (64,467,215)
Housing commission*	81,107,099	38,345,815	5,125,370	20,206,195	—	(17,429,719)	—	—	(17,429,719)
Library	33,424,039	670,613	697,358	—	—	—	(32,056,068)	—	(32,056,068)
Public school system	1,523,705,995	12,196,655	288,695,422	78,038,549	—	—	—	(1,144,775,369)	(1,144,775,369)
Total component units	$ 1,783,675,988	$ 84,577,830	$ 312,763,641	$ 127,606,146	$ (64,467,215)	$ (17,429,719)	$ (32,056,068)	$ (1,144,775,369)	$ (1,258,728,371)
General revenues:									
Appropriations from primary government					45,835,000	—	27,274,000	817,868,785	890,977,785
Intergovernmental, unrestricted					40,844,423	—	4,196,282	322,259,329	367,300,034
Investment income					7,472,757	1,779,255	141,211	6,806,385	16,199,608
Miscellaneous					—	16,513,236	—	41,941,048	58,454,284
Total general revenues					94,152,180	18,292,491	31,611,493	1,188,875,547	1,332,931,711
Change in net position					29,684,965	862,772	(444,575)	44,100,178	74,203,340
Net position - beginning					415,321,282	24,677,006	(10,680,044)	394,384,275	823,702,519
Net position - ending					$445,006,247	$ 25,539,778	$ (11,124,619)	$ 438,484,453	$ 897,905,859

*The Howard County Housing Commission's financial information is presented on a calendar-year basis, rather than the County's fiscal-year basis.

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



Veterans Monument

The Howard County Veterans and Military Families Monument opened in May 2026. Designed by artist Larry Kirkland, the monument's base star represents the community that supports service members and their families during deployment. The blue star honors service members and military families, while the hollow gold star embedded within it symbolizes the grief and lasting impact of losing a service member in the line of duty. A reflecting pond and bench provide a peaceful space for quiet contemplation, while engraved words honoring service, freedom, and democracy serve as a reminder of the values our veterans help protect.

NOTES TO BASIC FINANCIAL STATEMENTS


HC

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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 Economic Development Authority and 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. The Howard County Housing Commission's financial information is presented on a calendar-year basis, rather than the County's June 30 fiscal-year basis.

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 funds:

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 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.

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 2026, the Council approved two operating budget supplements and two capital budget transfers.

Budgetary data, as revised, is presented as Required Supplementary Information for the General Fund and Fire and Rescue Reserve Fund. Outstanding encumbrances are included in the final budget as actual expenditure amounts in those schedules 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 putable 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 certain materials and supplies that are expensed directly when purchased because they are consumable items used in County operations. Examples include office supplies, paper towels, and cleaning materials.

Prepaids

The County uses the consumption method to account for prepaid expenses. 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 amount on refunding 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 report 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.Residual fund balances in special revenue funds are classified as restricted, committed, or assigned, as applicable, based on the nature of the constraints or intended uses of those resources.

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. 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 2026 budget was prepared, the fiscal year 2024 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2024 audited expenditures. An increase of $5,805,293 was made to the fund in fiscal year 2026 which resulted in achieving the charter target of $95,699,498.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2026	2024	$ 1,367,135,692	7%	$ 95,699,498
2027	2025	$ 1,456,837,719	7%	$ 101,978,640
2028	2026	$ 1,544,620,900	7%	$ 108,123,463

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

Q. 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.

R. Leases and Subscription-Based Information Technology Arrangements

Leases

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 annual contract value of $60,000 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 annual contract value of $60,000 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 purposes ranging from payroll to computer software. The County recognizes subscription liabilities with an initial annual contract value of $60,000 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.

S. Implementation of New Accounting Principles

During the fiscal year ended June 30, 2026, the County adopted the following new accounting standard.

Effective for the fiscal year ended June 30, 2026, the County implemented GASB Statement No. 103, Financial Reporting Model Improvements. This Statement updates key components of the governmental financial reporting model, including revised requirements for management's discussion and analysis, the presentation of unusual or infrequent items, the definitions of operating and nonoperating activities for proprietary funds, and the presentation of budgetary comparison information as required supplementary information. The required changes, if applicable, are reflected in the County's financial statements.

In September 2024, the Governmental Accounting Standards Board (GASB) issued Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires governments to provide expanded note disclosures for certain capital assets, including separate presentation of lease assets, subscription-based information technology arrangement assets, certain intangible assets, and capital assets held for sale. The County implemented GASB Statement No. 104 for the fiscal year ended June 30, 2026. Implementation of this statement did not result in significant changes to the County's capital asset 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 $12,966,984 and the bank balance was $17,257,914 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 $12,849 at June 30, 2026.

The County's component units had a combined bank balance of $94,880,198. 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	$ 1,025,807,367	$ 169,857,718	$ 2,464,796
Cash with fiscal agent	5,565,233	—	—
Restricted equity in pooled cash and cash equivalents	210,099,373	17,961,778	—
Investments	—	189,430,027	—
Total	$ 1,241,471,973	$ 377,249,523	$ 2,464,796
Deposits and Investment Summary:			
Carrying value of cash deposits	$ 10,502,188	$ 187,819,496	$ 2,464,796
Fair value of Investments	1,230,969,785	189,430,027	—
Total	$ 1,241,471,973	$ 377,249,523	$ 2,464,796

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	$ 18,315,300	$ —	$ 18,315,300
U.S. Government - Sponsored Enterprises	716,720,731	—	716,720,731
Supranationals	19,758,500	—	19,758,500
Commercial Paper	44,570,150	—	44,570,150
Maryland Local Govt. Investment Pool	316,409,200	157,090,830	473,500,030
Money market funds	115,195,904	—	115,195,904
Fixed income	—	6,532,294	6,532,294
Mutual funds	—	18,936,517	18,936,517
Interest in irrevocable trust	—	198,864	198,864
Treasury bills	—	1,179,164	1,179,164
Equity in properties under home ownership	—	5,492,358	5,492,358
Total	$1,230,969,785	$ 189,430,027	$1,420,399,812

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, 2026:

		Primary Government		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
U.S. Government Securities	$ 18,315,300	$ 18,315,300	$ —	$ —
U.S. Government - Sponsored Enterprises	716,720,731	—	716,720,731	—
Supranationals	19,758,500	—	19,758,500	—
Commercial Paper	44,570,150	—	44,570,150	—
Total investments by fair value level	$ 799,364,681	$ 18,315,300	$ 781,049,381	$ —
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	316,409,200			
Money market funds	115,195,904			
Total investments measured at amortized cost	$ 431,605,104			
Total investments	$ 1,230,969,785			

The Component Units have the following recurring fair value measurements as of June 30, 2026:

		Component Units		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Treasury bills	$ 1,179,164	$ 1,179,164	$ —	$ —
Fixed income	6,532,294	6,532,294	—	—
Mutual funds	18,936,517	18,936,517	—	—
Interest in irrevocable trust	198,864	—	—	198,864
Total investments by fair value level	$ 26,846,839	$ 26,647,975	$ —	$ 198,864
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	157,090,830			
Total investments measured at amortized cost	$ 157,090,830			
Investments measured at the net asset value (NAV):				
Equity in properties under home ownership	5,492,358			
Total investments measured at the NAV	$ 5,492,358			
Total investments	$ 189,430,027			

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	$ 18,315,300	0.65
U.S. Government - Sponsored Enterprises	716,720,731	0.53
Supranationals	19,758,500	0.74
Commercial Paper	44,570,150	0.24
Total	$ 799,364,681	
Portfolio weighted average maturity		0.52

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 are 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 and Federal Farm Credit Bank. As of June 30, 2026, investments in U.S. Government Sponsored Enterprise securities represented approximately 89.85% of the County's total bond investments, calculated based on outstanding principal balances rather than fair market values.

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	$ 888,755,295
Alternative investments	447,333,694
Short Term	17,834,541
Money market funds	14,459,909
Fixed income	482,673,364
Real assets	91,941,639
Total	$ 1,942,998,442

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	$ 28,760,569	10.02
U.S. Government - Sponsored Enterprises	31,663,752	24.81
Government Issued / Treasuries	18,613,560	16.84
Other asset backed securities	5,871,816	34.08
Collateralized mortgage obligations	5,831,087	31.5
Municipal securities	1,846,734	10.51
Commingled funds and preferred stock identified as fixed income for reporting purposes	390,085,846	N/A
Total	$ 482,673,364	N/A
Portfolio weighted average maturity		19.34

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-	$ 11,260,787
BBB to BB-	22,576,673
Not rated	448,835,904
Total	$ 482,673,364

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 $14,459,910 which was partially used for settlement of open purchases of $2,717,979. 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 and futures were $40,061 and $489,772 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. This 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 was $10,882,814 and $12,049,716 in fiscal years 2026 and 2025, respectively.

Derivatives - Interest Rate, Credit Default, Total Return Swaps: In accordance with the investment policy, during fiscal year 2026, the private debt fund invested in credit default swaps, interest rate swaps, and total return swaps. In fiscal year 2026, the private credit fund reported $(57,344), $1,867, and $411, 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, 2026:

		Fair Value Measurement Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Debt securities:				
Collateralized Mortgage Obligations (Fannie Mae and Freddie Mac)	$ 5,831,087	$ —	$ 5,831,087	$ —
Corporate bonds	28,760,569	—	28,760,569	—
Commingled funds (fixed income)	102,055,665	54,701,559	47,354,106	—
FHLMC and FNMA bonds	31,663,752	—	31,663,752	—
U.S. Treasury Securities	18,613,560	—	18,613,560	—
Short term fixed income securities	17,834,541		17,834,541	—
Municipals bonds	1,846,734	—	1,846,734	—
Other asset backed securities	5,871,816	—	5,871,816	—
Preferred stock	925,750	925,750	—	—
Total debt securities	213,403,474	55,627,309	157,776,165	—
Equity securities:				
Common Stocks	578,515,977	578,515,977	—	—
Emerging Market Equity Portfolio	65,048,335	65,048,335	—	—
Real Estate Investment Trusts (REITS)	5,009,813	5,009,813	—	—
Total equity securities	648,574,125	648,574,125	—	—
Total investment by fair value level	$ 861,977,599	$ 704,201,434	$ 157,776,165	$ —
Investments measured at the net asset value (NAV):				
Private equity funds	$ 230,584,925			
Private credit funds	85,868,294			
Hedge funds	130,880,475			
Real assets funds	91,941,639			
International equity funds	192,052,725			
Commingled fund within international equities	48,128,446			
Commingled fund within international fixed income	52,654,998			
Commingled fund within domestic fixed income	234,449,432			
Total investments measured at the NAV	1,066,560,934			
Total investments measured at fair value/NAV*	$ 1,928,538,533			

*Does not include money market funds totaling $14,459,909.

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 refer 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	$ 230,584,925	$ 103,277,769	Illiquid	N/A
Private debt funds	85,868,294	31,035,092	Illiquid	N/A
Equity Hedge fund 1	67,507,786	—	Quarterly	65 days
Equity Hedge fund 2	63,372,689	—	Semi Annually	95 days
Real assets funds	91,941,639	40,480,629	Illiquid	N/A
International equity funds	192,052,725	—	Monthly	15 days
Commingled fund within international equities	48,128,446	—	Weekly	3 days
Commingled fund within international fixed income	52,654,998	—	Bi-monthly	5 days
Commingled fund within domestic fixed income	234,449,432	—	Daily	1 day
Total	$ 1,066,560,934	$ 174,793,490		

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%	90.0%
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	$ 165,533
Mutual funds	393,137,041
Money market funds	826,203
Alternative Investments	17,428,588
Total	$ 411,557,365

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, 2026:

		Fair Value Measurement Using		
	Total	(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Mutual funds:				
Mutual funds - equity	$ 262,748,201	$ 262,748,201	$ —	$ —
Mutual funds - fixed Income	130,388,840	130,388,840	—	—
Alternative Investments	17,428,588	—	—	17,428,588
Total investments	410,565,629	393,137,041	—	17,428,588
Total investment by fair value level *	$ 410,565,629	$ 393,137,041	$ —	$ 17,428,588

*Does not include cash and money market funds totaling $991,736 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	$ 9,583,563	$ —	$ 1,186,965	$ 68,844	$ 118,338	$ 1,352	$ —	$ 10,959,062
Housing loans	—	—	—	—	—	—	19,144,036	19,144,036
Economic development loans	—	—	—	—	—	—	262,677	262,677
Other	2,040,934	230,692	2,569,807	—	1,156,610	9,718,852	16,743,714	32,460,609
Lease Receivables	3,484,704	—	—	—	—	—	14,231,892	17,716,596
Due from component units	6,537,968	13,616,661	—	—	—	—	9,269,234	29,423,863
Intergovernmental receivable	368,178,442	6,798,224	5,714,373	—	—	—	27,545,272	408,236,311
Service billings	—	—	—	—	16,138,907	—	255,257	16,394,164
Water and sewer assessments	—	—	—	—	7,320,011	—	—	7,320,011
Gross receivables	389,825,611	20,645,577	9,471,145	68,844	24,733,866	9,720,204	87,452,082	541,917,329
Less: Allowance for uncollectibles	(3,258,282)	—	—	—	—	—	—	(3,258,282)
Total Receivables	$ 386,567,329	$ 20,645,577	$ 9,471,145	$ 68,844	$ 24,733,866	$ 9,720,204	$ 87,452,082	$ 538,659,047

Property tax, service billing, and water and sewer assessment 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. Intergovernmental receivable consists of uncollected tax and grant revenues from Federal and State governments.

Amounts other than lease receivables are reported net of allowances 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:

Due from other funds	Due to other funds	Amount
General Fund	Employee Benefits Fund	$ 8,494,235
	Special Recreation Facility	814,414
		9,308,649
Recreation Program Fund	Special Recreation Facility	422,000
Total Interfund Receivable/Payable		$ 9,730,649

The balances are cash deficits related to normal operations and will be repaid before June 30, 2027.

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: Special Revenue Funds	Non-Major Governmental Funds: Debt Service Funds	Non-Major Governmental Funds: Capital Projects Funds	Enterprise Non-Major Funds	Internal Service Funds	*Total Transfer In
Major Funds										
General Fund	$ —	$ 7,603,303	$ —	$ 7,407,191	$ 4,752,541	$ 547,223	$ 21,243,916	$ 16,824	$ 473,212	$ 42,044,210
General Capital Projects Fund	53,408,692	—	—	—	4,570,000		—	—	—	57,978,692
Non-Major Funds										
Special Revenue	200,980	—	—	—	—	—	—	—	—	200,980
Debt Service	1,496,953	—	—	—	—	—	—	—	—	1,496,953
Capital Projects	21,497,268	—	12,110,000	5,000,000	—	—	—	—	—	38,607,268
Enterprise Non-Major Funds	—	—	—	—	—	—	—	—	850,000	850,000
Internal Service Funds	161,969	—	—	347,188	—	—	—	—	—	509,157
*Total Transfer Out	$ 76,765,862	$ 7,603,303	$12,110,000	$ 12,754,379	$ 9,322,541	$ 547,223	$ 21,243,916	$ 16,824	$ 1,323,212	$ 141,687,260

* 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 notes, 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 $15,956,212 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 of 1.5% each month that they remain unpaid. If the annual payment election is made, taxes become delinquent on October 1 and are charged a penalty and interest of 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 1C.

The Howard County Code imposes a transfer tax on each instrument of writing conveying title to real or leasehold property offered for sale in Howard County. The Code directs that the tax proceeds be allocated as follows: 25.0% to the School Site Acquisition and Construction Fund; 25.0% to the Park Land and Watershed Facilities Fund; and the remaining 50.0% to the County's General Fund. The Code further stipulates that the County Council shall budget the General Fund portion as follows: 50.0%, plus interest, to the Agricultural Land Preservation Fund; 25.0% to the Community Renewal Fund; and 25.0% to the Fire Service Building and Equipment Fund.

In 2019, an additional increase in the transfer tax was enacted, with the resulting revenues allocated to the General Fund for the following purposes: 25.0% for capital projects of the Howard County Public School System; 25.0% for capital projects of the Department of Recreation and Parks; 25.0% for community improvement and housing; and the remaining 25.0% for the acquisition or leasing of land for new firehouse sites and training facilities, the acquisition and maintenance of fire equipment, and supplemental funding for the 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	$ 698,087,051	$ 9,691,709	$ 3,753	$ —	$ 707,775,007
Construction in progress	188,351,911	205,673,500	135,058,225	—	258,967,186
Total capital assets, not being depreciated	886,438,962	215,365,209	135,061,978	—	966,742,193
Capital assets being depreciated:					
Buildings	651,097,010	961,967	—	—	652,058,977
Improvements other than buildings	345,344,908	57,411,509	—	—	402,756,417
Machinery and equipment	289,502,303	25,236,439	13,231,180	(690,053)	300,817,509
Infrastructure	668,531,607	31,500,637	—	—	700,032,244
Intangible right-to-use lease asset - buildings	100,404,974	6,340,090	1,348,637	—	105,396,427
Intangible right-to-use lease asset - equipment	4,523,805	444,124	—	—	4,967,929
Intangible right-to-use subscriptions	36,946,196	7,579,152	10,508,630	—	34,016,718
Total capital assets, being depreciated	2,096,350,803	129,473,918	25,088,447	(690,053)	2,200,046,221
Less accumulated depreciation					
Buildings	190,489,588	15,257,377	—	—	205,746,965
Improvements other than buildings	228,285,530	19,581,108	—	—	247,866,638
Machinery and equipment	187,285,264	20,802,505	12,142,980	34,226	195,910,563
Infrastructure	358,363,941	19,354,542	—	—	377,718,483
Intangible right-to-use lease asset - buildings	22,985,671	6,541,665	648,772	—	28,878,564
Intangible right-to-use lease asset - equipment	969,387	721,654	—	—	1,691,041
Intangible right-to-use subscriptions	16,807,659	9,583,554	9,240,717	—	17,150,496
Total accumulated depreciation	1,005,187,040	91,842,405	22,032,469	34,226	1,074,962,750
Total capital assets, being depreciated, net	1,091,163,763	37,631,513	3,055,978	(655,827)	1,125,083,471
Governmental activities capital assets, net	$ 1,977,602,725	$252,996,722	$ 138,117,956	$(655,827)	$2,091,825,664

*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	$	18,610,972
Public safety		13,189,252
Public works		47,128,953
Legislative and judicial		783,901
Community services		583,761
Recreation and parks		8,906,493
Education		2,639,073
Total depreciation/amortization expense - governmental activities	$	91,842,405

Assets Held for Sale

Included in capital assets reported in governmental activities are land and land improvements held for sale, with a total historical cost of $1,922,353 as of June 30, 2026. These assets were not pledged as collateral for debt.

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	67,354,119	38,592,274	56,629,301	—	49,317,092
Total capital assets, not being depreciated	79,947,234	38,592,274	56,629,301	—	61,910,207
Capital assets being depreciated:					
Buildings	238,250,441	—	—	—	238,250,441
Improvements other than buildings	103,262,002	16,910	—	—	103,278,912
Machinery and Equipment	21,077,956	820,737	348,926	690,053	22,239,820
Infrastructure	1,111,974,587	35,174,071	—	—	1,147,148,658
Intangible right-to-use lease asset - building	6,432,543	—	—	—	6,432,543
Intangible right-to-use subscriptions	608,281	—	—	—	608,281
Total capital assets, being depreciated	1,481,605,810	36,011,718	348,926	690,053	1,517,958,655
Less accumulated depreciation:					
Buildings	120,681,450	4,621,546	—	—	125,302,996
Improvements other than buildings	73,103,876	3,508,686	—	—	76,612,562
Machinery and Equipment	15,867,117	1,280,165	284,263	(34,226)	16,897,245
Infrastructure	455,272,816	24,678,410	—	—	479,951,226
Intangible right-to-use lease asset - building	949,272	436,323	—	—	1,385,595
Intangible right-to-use subscriptions	127,767	202,760	—	—	330,527
Total accumulated depreciation	666,002,298	34,727,890	284,263	(34,226)	700,480,151
Total capital assets, being depreciated, net	815,603,512	1,283,828	64,663	655,827	817,478,504
Business-type activities capital assets, net	$ 895,550,746	$ 39,876,102	$ 56,693,964	$ 655,827	$ 879,388,711

*Increases include:

$8,486,239 was contributed to the Water and Sewer Fund by various entities and developers for water and sewer lines.

$21,242,180 was 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	$	31,748,658
Golf course		133,735
Inter-County Broadband		940,252
Watershed		1,905,245
Total depreciation/amortization expense - business-type activities	$	34,727,890

Assets Held for Sale

Included in capital assets reported in business-type activities are machinery and equipment held for sale, with a total historical cost of $3,728,323 and accumulated depreciation of $3,691,555 as of June 30, 2026. These assets were not pledged as collateral for debt.

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:					
Bonds and note payables:					
General Obligation Bonds	$ 1,141,874,054	$ 116,637,279	$ 140,915,189	$ 1,117,596,144	$ 92,557,486
Tax Increment Financing Bonds	61,920,000	—	1,160,000	60,760,000	1,425,000
Ellicott City Safe and Sound Loans	30,105,261	51,081,599	549,555	80,637,305	—
HUD Section 108 loan	5,848,000	—	—	5,848,000	—
Certificate of Participation	7,245,000	—	2,230,000	5,015,000	1,335,000
Long-term Financed Purchase	2,237,000	—	283,000	1,954,000	287,000
Agricultural Land Preservation (IPA)	43,861,115	2,073,960	4,706,507	41,228,568	9,508,771
Deferred Refunding Premium*	121,884,196	12,128,107	15,688,175	118,324,128	—
Other Long-Term Obligations					
Availability payment arrangement	95,700,210	—	1,824,953	93,875,257	1,919,429
Lease Liability**	87,340,366	6,784,214	6,695,485	87,429,095	5,145,874
Subscription-Based Information Technology Arrangements (SBITAs)**	20,041,758	7,579,153	11,132,816	16,488,095	7,227,502
Compensated absences, net	74,034,783	1,009,034	—	75,043,817	38,642,720
OPEB Liability, net	213,426,543	—	20,434,196	192,992,347	—
Pension liability, net	203,245,165	—	17,455,168	185,789,997	—
Length of Service Award Program Liability	23,855,157	—	2,419,010	21,436,147	913,872
Landfill Closure Obligation	27,511,000	992,000	—	28,503,000	7,580,419
Unpaid Claims	27,227,329	4,302,119	2,499,315	29,030,133	10,160,564
Other Noncurrent Liability	7,068,319	—	456,339	6,611,980	—
Total governmental activities	2,194,425,256	202,587,465	228,449,708	2,168,563,013	176,703,637
Business-type Activities:					
Bonds and note payables:					
General Obligation Bonds - Watershed Protection	29,052,220	11,902,721	1,193,912	39,761,029	1,627,303
General Obligation Bonds - Broadband	3,018,727	—	125,900	2,892,827	130,211
Metropolitan District Bonds	406,890,000	19,685,000	15,885,000	410,690,000	16,685,000
Certificates of Participation - Water Meter	1,320,000	—	270,000	1,050,000	285,000
State water quality revolving loan	1,313,695	—	245,273	1,068,422	248,538
MDE Loan	617,621	—	174,020	443,601	179,336
Major water and sewer agreements	271,335	417,873	689,208	—	—
Deferred Refunding Premium	30,098,203	2,111,332	1,632,479	30,577,056	—
Other Long-Term Obligations					
Lease Liability	5,823,348	—	338,811	5,484,537	358,504
Subscription-Based Information Technology Arrangements (SBITAs)	405,189	—	197,239	207,950	207,950
Compensated absences, net	2,747,169	138,968	—	2,886,137	1,462,539
OPEB Liability, net	12,715,040	—	304,934	12,410,106	—
Pension Liability, net	5,446,328	—	378,856	5,067,472	—
Total business-type activities	499,718,875	34,255,894	21,435,632	512,539,137	21,184,381
Total long-term obligations	$ 2,694,144,131	$ 236,843,359	$ 249,885,340	$ 2,681,102,150	$ 197,888,018

*Includes unamortized bond discount with a net increase of $887 and a balance of $18,303 at year end.

**Increases include activity beyond new lease and SBITA liabilities totaling $450,000 and $257,615 respectively.

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 $3,444,218,854 providing a debt margin of $2,189,212,053. The authorized, unissued General County Bonds, Metropolitan District Bonds and Tax Increment Finance Bonds at fiscal year-end were $365,037,121, $240,415,399 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 March 4, 2026, the County issued $70,880,000 in Consolidated Public Improvement Project Bonds 2026 Series A (Tax-Exempt), and $19,685,000 in Metropolitan District Project Bonds Series B (Tax-Exempt), $40,300,000 in Consolidated Public Improvement Project Refunding Bonds Series C (Tax-Exempt) and $17,360,000 Consolidated Public Improvement Project Refunding Bonds Series D (Taxable). The true interest costs were 3.40%, 3.99%, 2.42% and 4.63% for the Series A through D respectively. The County issued these bonds to pay off $93,280,692 of outstanding Consolidated Public Improvement Bond Anticipation Notes, 2025 Series (BANs); reimburse the County for costs related to capital projects, and to pay bond issuance costs. The economic gain or net present value of savings from refunding Consolidated Public Improvement (CPI) Bonds was $1,992,555. The aggregate difference between the refunded debt service and refunding debt service was $2,081,347 for the CPI bonds.

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 $508,660,547 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 $95.9 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 3.98% of its net Metropolitan District general obligation bonds outstanding or $16.4 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 $1,068,422.

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, $142,635,000 of Consolidated Public Improvement Bonds and $41,975,000 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, 2026 was $37,169,801. 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 provide funding through drawdowns during the construction period. The County has drawn down $81,186,862 through these programs. The total outstanding debt related to the improvement plan was $80,637,305 as of the end of the fiscal year.

The 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 June 30:	General County Bonds		Agricultural Land Program	
	Principal	Interest	Principal	Interest
2027	$ 92,557,486	$ 44,587,701	$ 9,508,771	$ 999,210
2028	92,207,969	40,675,322	6,421,771	718,633
2029	89,576,277	36,352,415	4,263,771	479,715
2030	88,234,073	32,312,901	3,850,071	383,086
2031	85,748,949	28,364,702	3,850,071	293,513
2032-2036	361,039,751	93,107,526	8,089,860	794,942
2037-2041	227,140,377	35,354,321	4,728,541	190,484
2042-2046	81,091,262	6,263,596	515,712	3,835
Total	$ 1,117,596,144	$ 317,018,484	$ 41,228,568	$ 3,863,418

Year ending June 30:	Long-term Financed Purchase		Certificates of Participation	
	Principal	Interest	Principal	Interest
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	307,000	11,208	—	—
2032-2036	470,000	7,560	—	—
Total	$ 1,954,000 (1)	$ 111,264 (1)	$ 5,015,000	$ 475,375

(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 June 30:	Metro District Bonds		Water Quality Bonds		Watershed Protection	
	Principal	Interest	Principal	Interest	Principal	Interest*
2027	$ 16,685,000	$ 14,442,299	$ 248,538	$ 25,529	$ 1,627,303	$ 1,692,259
2028	16,545,000	13,711,030	251,856	22,211	1,680,950	1,638,704
2029	17,305,000	12,934,086	242,153	18,842	1,766,770	1,552,511
2030	16,125,000	12,202,164	190,132	12,345	1,857,413	1,461,906
2031	16,750,000	11,530,809	135,743	10,444	1,951,667	1,367,300
2032-2036	89,630,000	47,641,823	—	—	11,278,696	5,319,254
2037-2041	90,015,000	32,711,745	—	—	12,706,219	2,655,489
2042-2046	77,220,000	18,989,539	—	—	6,892,011	586,157
2047-2051	53,695,000	7,255,672	—	—	—	—
2052-2056	16,720,000	1,288,020	—	—	—	—
Total	$ 410,690,000	$ 172,707,187	$ 1,068,422	$ 89,371	$ 39,761,029	$ 16,273,580

Year ending June 30:	Broadband		MDE		Certificates of Participation Water Meter	
	Principal	Interest *	Principal	Interest *	Principal	Interest *
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	79,503	647	310,000	15,500
2030	143,514	101,505	—	—	155,000	3,875
2031	149,385	96,295	—	—	—	—
2032-2036	836,554	391,877	—	—	—	—
2037-2041	928,404	207,325	—	—	—	—
2042-2046	426,724	33,524	—	—	—	—
Total	$ 2,892,827	$ 1,164,451	$ 443,601	$ 17,091	$ 1,050,000	$ 95,500

*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 $21,846,500. 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, $22,563 is being held by an escrow agent for fiscal year 2027 debt service. Pledged revenues of $1,517,806 were recognized in fiscal year 2026. The outstanding debt of $14,760,000 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 $68,468,561. 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, $55,901 is being held by an escrow agent for fiscal year 2027 debt service. Pledged revenues of $4,913,805 were recognized in fiscal year 2026. The outstanding debt of $46,000,000 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:

	Tax Increment Financing Bonds		
Year ending June 30:	Principal	Interest	Annual Debt Service
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	1,910,000	2,476,250	4,386,250
2032-2036	11,685,000	11,005,531	22,690,531
2037-2041	17,875,000	7,912,500	25,787,500
2042-2046	22,735,000	3,018,250	25,753,250
2047-2051	150,000	6,750	156,750
Total	$ 60,760,000	$ 35,040,844	$ 95,800,844

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.

The 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 June 30:	Courthouse Availability Payment		
	Principal	Interest	Annual Debt Service
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	2,348,842	4,274,706	6,623,548
2032-2036	13,699,069	19,418,671	33,117,740
2037-2041	17,631,664	15,486,076	33,117,740
2042-2046	22,693,190	10,424,550	33,117,740
2047-2051	29,207,729	3,910,011	33,117,740
Total	$ 93,875,257	$ 71,713,443	$ 165,588,700

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 Ranleagh 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.

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

Year ending June 30:	**HUD Section 108 Loan**		
	Principal	Interest	Annual Debt Service
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	249,000	230,644	479,644
2032-2036	1,480,000	973,482	2,453,482
2037-2041	1,970,000	603,198	2,573,198
2042-2044	1,484,000	134,657	1,618,657
Total	$ 5,848,000	$ 2,954,490	$ 8,802,490

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)	$ 23,893,314	$ 5,004,037	$ 6,789,141	$ 22,108,210
Housing:*				
Loans, compensated absences and net pension liability**	346,184,878	3,552,522	6,540,541	343,196,859
Library:				
Compensated absences and net OPEB liability	10,992,737	822,046	884,449	10,930,334
Public School System:				
Long-term financed purchase, workers compensation, compensated absences, net OPEB liability and net pension liability (asset)	951,509,086	11,352,489	87,077,281	875,784,294
Total	$ 1,332,580,015	$ 20,731,094	$101,291,412	$1,252,019,697

*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	$ 32,537,339	$ 97,913,154	$ 93,280,692	$ 37,169,801

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, 2026 was $37,169,801. 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 12 series of conduit debt outstanding. The aggregate principal amount outstanding for the 8 series issued after July 1, 1996 was $65,864,888. 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 5 to 26 years with an average length of 14 years, and may contain one or more extensions 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 0.5270% to 4.0420%.

This year, the County entered into a 248 month lease for office space. An initial lease liability was recorded in the amount of $6,334,184. As of June 30, 2026, the value of the lease liability is $6,242,305. Howard County, MD is required to make monthly fixed payments of $32,558. The lease has an interest rate of 4.0420%. The right-to-use asset, valued as $6,334,184 as of June 30, 2026, with accumulated amortization of $306,493 is included with Buildings in the table below. The County has two extension options, each for 60 months.

At June 30, 2026, 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	$ 105,396,426	$ 6,432,543	$ 111,828,969
Equipment	4,967,929	—	4,967,929
Total intangible right-to-use assets being amortized	110,364,355	6,432,543	116,796,898
Less accumulated amortization for:			
Buildings	28,878,563	1,385,595	30,264,158
Equipment	1,691,041	—	1,691,041
Total accumulated amortization	30,569,604	1,385,595	31,955,199
Intangible right-to-use assets being amortized, net:			
Buildings	76,517,863	5,046,948	81,564,811
Equipment	3,276,888	—	3,276,888
Total intangible right-to-use assets, being amortized, net	$ 79,794,751	$ 5,046,948	$ 84,841,699
Lease liability:			
Current	$ 5,145,874	$ 358,504	$ 5,504,378
Noncurrent	82,283,221	5,126,033	87,409,254
Total Lease liability	$ 87,429,095	$ 5,484,537	$ 92,913,632

The future principal and interest lease payments as of June 30, 2026, were as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2027	$ 5,145,874	$ 1,982,882	$ 7,128,756
2028	5,366,563	1,867,537	7,234,100
2029	5,532,613	1,749,001	7,281,614
2030	5,737,598	1,624,545	7,362,143
2031	5,255,672	1,499,359	6,755,031
2032 - 2036	27,035,436	5,750,587	32,786,023
2037 - 2041	21,323,665	2,707,098	24,030,763
2042 - 2045	10,137,759	921,514	11,059,273
2046 - 2049	1,893,916	25,986	1,919,902
Total	$ 87,429,096	$ 18,128,509	$ 105,557,605

The future principal and interest lease payments as of June 30, 2026, were as follows:

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
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
2031	437,482	107,887	545,369
2032 - 2036	2,161,272	361,064	2,522,336
2037 - 2041	1,327,737	87,478	1,415,215
Total	$ 5,484,536	$ 1,091,428	$ 6,575,964

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 12 years and may contain one to four more extensions at the County's option for one, five or ten year periods; however, five years is the most common. 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 0.6360% 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 98 month lease this year for office space. An initial lease receivable was recorded in the amount of $3,583,016. As of June 30, 2026, the value of the lease receivable is $3,205,534. The lessee is required to make monthly fixed payments of $38,731. The lease has an interest rate of 2.9006%. The value of the deferred inflow of resources as of June 30, 2026 was $3,144,279, and the County recognized lease revenue of $438,737 during the fiscal year. The lessee has one extension option for 60 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	$ 1,506,492	$ 381,668	$ 1,888,160
Interest Revenue	311,587	96,333	407,920
Total Revenue	$ 1,818,079	$ 478,001	$ 2,296,080

At June 30, 2026, the principal and interest requirements to maturity for the lease receivable are as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2027	$ 1,404,309	$ 287,938	$ 1,692,247
2028	1,173,444	262,197	1,435,641
2029	1,111,377	236,196	1,347,573
2030	1,096,874	210,331	1,307,205
2031	1,103,471	184,244	1,287,715
2032 - 2036	4,499,501	558,394	5,057,895
2037 - 2041	2,962,076	156,675	3,118,751
2042 - 2045	136,269	2,179	138,448
Total	$ 13,487,321	$ 1,898,154	$ 15,385,475

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
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
2031	333,585	59,082	392,667
2032 - 2036	1,685,544	183,492	1,869,036
2037 - 2041	795,443	23,008	818,451
Total	$ 4,229,275	$ 575,403	$ 4,804,678

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 may contain one or more renewal options at the County's discretion, most commonly for one-year periods and, in some cases, five-year periods. 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 2026 and are included in the Subscription class activities in the chart below:

On July 1, 2025, Howard County, MD entered into a 48 month subscription for the use of Axon Justice. An initial subscription liability was recorded in the amount of $419,096. As of June 30, 2026, the value of the subscription liability is $316,425. Howard County, MD is required to make annual fixed payments of $102,670. The subscription has an interest rate of 2.6111%. The value of the right to use asset as of June 30, 2026 of $419,096 with accumulated amortization of $104,774 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 July 1, 2025, Howard County, MD entered into a 54 month subscription for the use of Cisco Webex (Flex/Voip). An initial subscription liability was recorded in the amount of $4,165,576. As of June 30, 2026, the value of the subscription liability is $3,195,621. Howard County, MD is required to make annual fixed payments of $969,955. The subscription has

an interest rate of 2.6980%. The value of the right to use asset as of June 30, 2026 of $4,165,576 with accumulated amortization of $925,683 is included with Software on the Subscription Class activities table found below.

On August 1, 2025, Howard County, MD entered into a 21 month subscription for the use of Tyler Software #2. An initial subscription liability was recorded in the amount of $582,795. As of June 30, 2026, the value of the subscription liability is $251,366. Howard County, MD is required to make quarterly fixed payments of $84,873. The subscription has an interest rate of 2.5840%. The value of the right to use asset as of June 30, 2026 of $582,795 with accumulated amortization of $305,274 is included with Software on the Subscription Class activities table found below. Howard County, MD has 1 extension option(s), each for 12 months.

On October 9, 2025, Howard County, MD entered into a 36 month subscription for the use of FirstWatch Solutions, Inc. An initial subscription liability was recorded in the amount of $231,601. As of June 30, 2026, the value of the subscription liability is $67,008. Howard County, MD is required to make annual fixed payments of $164,593. The subscription has an interest rate of 2.3489%. The value of the right to use asset as of June 30, 2026 of $231,601 with accumulated amortization of $56,604 is included with Software on the Subscription Class activities table found below. Howard County, MD has 4 extension option(s), each for 12 months.

On October 10, 2025, Howard County, MD entered into a 20 month subscription for the use of ActiveNet - Global Payments. An initial subscription liability was recorded in the amount of $720,090. As of June 30, 2026, the value of the subscription liability is $398,710. Howard County, MD is required to make monthly fixed payments of $36,667. The subscription has an interest rate of 2.3120%. The value of the right to use asset as of June 30, 2026 of $720,090 with accumulated amortization of $313,239 is included with Software on the Subscription Class activities table found below. Howard County, MD has 1 extension option(s), each for 8 months.

On January 1, 2026, Howard County, MD entered into a 24 month subscription for the use of Sally Port #2. An initial subscription liability was recorded in the amount of $197,442. As of June 30, 2026, the value of the subscription liability is $97,559. Howard County, MD is required to make annual fixed payments of $99,883. The subscription has an interest rate of 2.3823%. The value of the right to use asset as of June 30, 2026 of $197,442 with accumulated amortization of $49,360 is included with Software on the Subscription Class activities table found below. Howard County, MD has 1 extension option(s), each for 12 months.

On February 1, 2026, Howard County, MD entered into a 60 month subscription for the use of Body-Worn Camera Program for Sheriff. An initial subscription liability was recorded in the amount of $791,488. As of June 30, 2026, the value of the subscription liability is $643,274. Howard County, MD is required to make annual fixed payments of $148,214. The subscription has an interest rate of 2.1880%. The value of the right to use asset as of June 30, 2026 of $791,488 with accumulated amortization of $65,957 is included with Software on the Subscription Class activities table found below. Howard County, MD has 4 extension option(s), each for 12 months.

At June 30, 2026, the statement of net position included the following amounts relating to subscriptions:

	Governmental Activities	Business-Type Activities	Total
Intangible right-to-use subscription assets being amortized:			
Subscription	$ 34,016,718	$ 608,281	$ 34,624,999
Total intangible right-to-use subscription assets being amortized	34,016,718	608,281	34,624,999
Less accumulated amortization for:			
Subscription	17,150,496	330,527	17,481,023
Total accumulated amortization	17,150,496	330,527	17,481,023
Intangible right-to-use subscription assets being amortized, net:			
Subscription	16,866,222	277,754	17,143,976
Total intangible right-to-use subscription assets, being amortized, net	$ 16,866,222	$ 277,754	$ 17,143,976
Subscription liability:			
Current	$ 7,227,502	$ 207,950	$ 7,435,452
Noncurrent	9,260,593	—	9,260,593
Total Subscription liability	$ 16,488,095	$ 207,950	$ 16,696,045

The future principal and interest subscription payments as of June 30, 2026 were as follows:

	Governmental Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2027	$ 7,227,502	$ 465,463	$ 7,692,965
2028	6,006,781	264,105	6,270,886
2029	1,563,226	84,952	1,648,178
2030	1,005,213	43,841	1,049,054
2031	378,039	17,709	395,748
2032-2034	307,334	13,469	320,803
Total	$ 16,488,095	$ 889,539	$ 17,377,634

	Business-Type Activities		
Fiscal Year	Principal Payments	Interest Payments	Total Payments
2027	$ 207,950	$ 5,644	$ 213,594
Total	$ 207,950	$ 5,644	$ 213,594

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, 2026 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	$ 843,505	—	$ 664,558	$ 198,404	$ 1,706,467
Prepaid items	9,939	—	—	219,677	229,616
Long-term receivable:					
Due from component units	6,537,968	—	—	—	6,537,968
Total nonspendable	7,391,412	—	664,558	418,081	8,474,051
Restricted for:					
3M Settlement	—	—	—	1,044,987	1,044,987
Catalyst loan program	—	—	—	2,108,509	2,108,509
Community reinvestment and repair	—	—	—	3,669,115	3,669,115
Disposable plastics reduction	—	—	—	440,162	440,162
Economic development initiative	—	—	—	628,033	628,033
Fire & rescue services	—	—	147,994,133	—	147,994,133
Forest conservation	—	—	—	1,660,128	1,660,128
Housing opportunity trust fund	—	—	—	6,254,684	6,254,684
Middle Patuxent environmental area program	—	—	—	224,489	224,489
MIHU Fee-in-Lieu	—	—	—	7,756,708	7,756,708
Open space	—	—	—	760,384	760,384
Opioid abatement	—	—	—	8,262,458	8,262,458
Parkland watershed facilities	—	—	—	19,396,720	19,396,720
Permanent public improvement contribution	—	1,756,288	—	—	1,756,288
Program revenue	—	—	—	395,585	395,585
Public road facilities	—	—	—	54,754,638	54,754,638
Public school facilities	—	73,855,911	—	—	73,855,911
Speed enforcement	—	—	—	1,519,919	1,519,919
Tax increment financing project	—	—	—	23,988,143	23,988,143
Transit services	—	—	—	1,057,834	1,057,834
Vaping	—	—	—	1,442,012	1,442,012
Total restricted	—	75,612,199	147,994,133	135,364,508	358,970,840
Committed for:					
Budget stabilization account	95,699,498	—	—	—	95,699,498
Agricultural land preservation	—	—	—	27,653,970	27,653,970
Citizen's election	1,990,225	—	—	—	1,990,225
Community renewal programs	—	—	—	32,495,788	32,495,788
Environmental services	—	—	—	30,012,303	30,012,303
Firehouse & training facilities	—	—	—	26,258,586	26,258,586
Program revenue	—	—	—	945,487	945,487
Recreation programs	—	—	—	492,232	492,232
Total committed	97,689,723	—	—	117,858,366	215,548,089

(continued)

	General Fund		General Capital Projects Funds	Fire and Rescue Reserve Fund	Other Governmental Funds	Total
Assigned for:						
Capital projects	—		—	—	17,388,842	17,388,842
FY2028 capital projects	25,000,000		—	—	—	25,000,000
FY2028 one-time operating initiatives	7,500,000		—	—	—	7,500,000
Educator loan assistance program	600,000		—	—	—	600,000
FY2027 budgeted PAYGO Operating	27,144,242		—	—	—	27,144,242
FY2027 budgeted PAYGO contribution to capital projects	79,089,000		—	—	—	79,089,000
FY2028 School capital projects	30,000,000		—	—	—	30,000,000
Elkridge community center	13,200,000		—	—	—	13,200,000
Road resurfacing	12,000,000		—	—	—	12,000,000
Other Post-Employment Benefits	2,500,000		—	—	—	2,500,000
Health benefits fund transfer	5,000,000		—	—	—	5,000,000
Agriculture center	5,000,000		—	—	—	5,000,000
Policy reserve	46,338,627		—	—	—	46,338,627
Purchase commitments	14,735,325		—	—	—	14,735,325
Subsequent year's budget stabilization account	12,423,964		—	—	—	12,423,964
Total assigned	280,531,158		—	—	17,388,842	297,920,000
Unassigned	40,895,015	*	(24,686,551)	—	(58,506,297)	(42,297,833)
Total fund balance	$ 426,507,308		$ 50,925,648	$ 148,658,691	$ 212,523,500	$ 838,615,147

*Of this amount, $4.9 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 costs 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 $36,083,419. 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 $28,503,000 of these costs. This cumulative amount reported to date is based on the use of 70.74% of the existing cell and 100% of the closed cell. The total current cost of closure and post-closure care is $7,580,419. 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, 2026, 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 – Commercial 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, 2026, the County abated taxes totaling $2,611,000. The gross amount of taxes abated by program is summarized below:

Tax Abatement Program	Amount of Taxes Abated
PILOT (Payment in Lieu of Taxes)	$ 2,611,000
Commercial or Industrial Business (EDA)	—
Total	$ 2,611,000

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, 2025 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,142
Inactive employees entitled to but not yet receiving benefits	286
Active employees	2,043
Total	3,471

Deferred Retirement Option Program: As of fiscal year 2026, 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, 2026 and 2025 were $1,579,623 and $1,021,120, respectively.

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 actuarially 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 13.40% of covered payroll in fiscal year 2026 and 13.10% of covered payroll in fiscal year 2025. 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, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025 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, 2024 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%	4.23%
Fixed income	26.0%	2.78%
Alternative investments	24.5%	6.16%
Real assets	7.5%	4.46%
Total	100.0%	N/A

For the measurement year ended June 30, 2025 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 (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at June 30, 2024	$ 742,186,609	$ 658,202,293	$ 83,984,316
Changes for the year:			
Service cost	24,111,158	—	24,111,158
Interest	51,904,481	—	51,904,481
Changes of benefit terms	3,609,023	—	3,609,023
Differences between expected and actual experience	12,033,479	—	12,033,479
Changes of assumptions	—	—	—
Contributions - employer	—	23,821,785	(23,821,785)
Contributions - member	—	6,711,855	(6,711,855)
Net investment income	—	64,936,953	(64,936,953)
Benefit payments, including refunds of employee contributions	(32,499,645)	(32,499,645)	—
Administrative expense	—	(692,324)	692,324
Net changes	59,158,496	62,278,624	(3,120,128)
Balance as of June 30, 2025	$ 801,345,105	$ 720,480,917	$ 80,864,188

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)	$ 182,193,767	$ 78,943,759	$ (7,054,996)
Economic Development Authority[1]	2,046,292	886,650	(79,237)
Housing Commission	2,385,852	1,033,779	(92,386)
Total	$ 186,625,911	$ 80,864,188	$ (7,226,619)

[1] Economic 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, 2026, the County and the participating component units recognized pension expense of $28,295,081 and $650,455 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	$ 35,297,820	$ 2,678,036
Changes of assumptions	11,190,105	—
Net difference between projected and actual earnings on pension plan investments	—	4,987,486
Changes in proportion	120,041	10,378
Contributions subsequent to the measurement date	21,895,117	—
Total	$ 68,503,083	$ 7,675,900

Deferred outflows of resources totalling $21,895,117, resulting from 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:

2027	$ 20,809,794
2028	1,393,976
2029	3,390,307
2030	5,933,542
2031	5,714,077
Thereafter	1,690,370
Total	$ 38,932,066

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	574
Inactive employees entitled to but not yet receiving benefits	28
Active employees	1,061
Total	1,663

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. The balance held by the plan as of June 30, 2026 and 2025 was $17,561,874 and $14,846,518 , 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 36.70% and 36.00% of covered payroll in fiscal years 2026 and 2025, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025.

Actuarial Assumptions: The total pension liability in the July 1, 2024 actuarial valuation rolled forward to June 30, 2025 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, 2024 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%	4.23%
Fixed income	26.0%	2.78%
Alternative investments	24.5%	6.16%
Real assets	7.5%	4.46%
Total	100.0%	N/A

For the measurement year ended June 30, 2025, 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 (Asset) (a) - (b)
Balances at June 30, 2024	$1,026,887,930	$ 899,987,953	$ 126,899,977
Changes for the year:			
Service cost	31,901,682	—	31,901,682
Interest	71,740,177	—	71,740,177
Changes of benefit terms	—	—	—
Differences between expected and actual experience	22,360,541	—	22,360,541
Changes of assumptions	—	—	—
Contributions - employer	—	40,462,550	(40,462,550)
Contributions - member	—	10,705,731	(10,705,731)
Net investment income	—	90,586,432	(90,586,432)
Benefit payments, including refunds of employee contributions	(47,057,615)	(47,057,615)	—
Administrative expense	—	(766,046)	766,046
Net changes	78,944,785	93,931,052	(14,986,267)
Balance as of June 30, 2025	$1,105,832,715	$ 993,919,005	$ 111,913,710

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 (asset)	$ 262,156,706	$ 111,913,710	$ (11,667,903)

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, 2026 the County recognized pension expense of $32,986,034. The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 33,005,783	$ 6,620,550
Changes of assumptions	27,049,398	—
Net difference between projected and actual earnings on pension plan investments	—	8,880,370
Contributions subsequent to the measurement date	43,251,986	—
Total	$ 103,307,167	$ 15,500,920

Deferred outflows of resources reported $43,251,986 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:

2027	$ 27,052,417
2028	(2,083,603)
2029	(647,578)
2030	3,933,615
2031	8,858,948
Thereafter	7,440,462
Total	$ 44,554,261

C. Employer Aggregate Pension Disclosure:

	Howard County Retirement Plan	Police & Fire Plan	Total
Year ended June 30, 2025:			
Total net pension liabilities (assets)	$ 78,943,759	$ 111,913,710	$ 190,857,469
Total deferred outflows of resources related to pensions	$ 68,503,083	$ 103,307,167	$ 171,810,250
Total deferred inflows of resources related to pensions	$ 7,675,900	$ 15,500,920	$ 23,176,820
For the year ended June 30, 2025			
Total pension expense	$ 28,295,081	$ 32,986,034	$ 61,281,115

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 pension expense for the HCRP, the PFEP, and the LOSAP is $61,175,899.

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, 2026, 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, 2025, 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, 2026, Howard County School System and Howard County Community College recognized pension expense of $12,163,565 and $408,384, respectively. The amount reported for Howard Community College relates only to the employees' system and excludes amounts that may be included in state-paid benefits. Howard County Library has no pension expense, is not responsible for any unfunded pension obligation, and did not report a 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, 2025 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenses 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 the 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	15,173

There are no separate financial statements for the Plan.

Funding Policies and Funding 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 allocated share of the $13,500,000 contributed to the trust was 29.43%, or $3,973,582. The County budget for fiscal year 2026 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, 2025, the actuarially calculated proportionate share of total OPEB liability as of the measurement date of June 30, 2025 was $276,180,588 and there was $70,778,135 of actuarial plan assets; therefore, the net OPEB liability for the County was $205,402,453. The plan fiduciary net position as a percentage of the total OPEB liability was 25.63%.

Actuarial Assumptions: The collective total OPEB liability for the June 30, 2025 measurement date was determined by actuarial valuation as of January 1, 2024, with update procedures used for the total OPEB liability to June 30, 2025. 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 is as follows:

Actuarial cost method	Entry Age Normal
Projected cash flows	Discount rate of 5.40% applied to investments in fiscal years 2025.
Municipal bond rate	4.81% as of 6/30/25 based on S&P's Municipal Bond 20-year high-grade rate index
Interest assumption	Equivalent single discount rate of 5.40% as of 6/30/25
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, 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 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 2048 was determined using the expected rate of return of assets of 7.25% and using the bond rate of 4.81% for benefit payments after 2048. The equivalent single rate is 5.40%. Based on these assumptions, the plan is expected to become insolvent in 2048.

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability(Asset) (a) - (b)
Balances at June 30, 2025	$ 286,620,473	$ 60,478,886	$ 226,141,587
Changes for the year:			
Service Cost	10,072,732	—	10,072,732
Interest	14,043,689	—	14,043,689
Experience loss/(gain)	177,315	—	177,315
Contributions - Employer	—	10,921,012	(10,921,012)
Net investment income	—	7,617,927	(7,617,927)
Changes in assumptions	(26,500,919)	—	(26,500,919)
Benefit payments	(8,232,702)	(8,232,702)	—
Administrative expenses	—	(6,988)	6,988
Net Changes	(10,439,885)	10,299,249	(20,739,134)
Balances at June 30, 2026	$ 276,180,588	$ 70,778,135	$ 205,402,453

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	$ 327,866,446	$ 276,180,588	$ 235,083,739
Net OPEB liability	$ 257,088,311	$ 205,402,453	$ 164,305,604

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%	Healthcare Cost Trend Rate 4.09%	1% Increase 5.09%
Total OPEB liability	$ 234,203,521	$ 276,180,588	$ 330,726,994
Net OPEB liability	$ 163,425,387	$ 205,402,453	$ 259,948,859

For the year-ended June 30, 2026, the County recognized OPEB income of $15,696,085. At June 30, 2026, 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	$ 11,621,772	$ 41,059,593
Changes of assumptions	43,137,787	113,919,673
Changes in proportion	15,561,628	101,763,657
Net difference between projected and actual earnings on OPEB plan investments	—	2,688,212
Contributions subsequent to the measurement date	9,707,243	—
Total	$ 80,028,430	$ 259,431,135

Deferred outflows of resources totaling $9,707,243, resulting from 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 OPEB 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 OPEB will be recognized in OPEB expense as follows:

2027	$ (33,833,813)
2028	(32,645,023)
2029	(34,414,438)
2030	(35,903,420)
2031	(35,967,444)
Thereafter	(16,345,810)
Total	$ (189,109,948)

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, 2026:							
Total proportionate share of net OPEB liability	$ 205,402,453	$ 764,997,115	$ 15,739,329	$ 8,759,671	$ 202,862	$ 52,529	$ 995,153,959
Total proportionate share of OPEB plan fiduciary net position	$ 70,778,135	$ 263,604,782	$ 5,423,501	$ 3,018,431	$ 69,903	$ 18,101	$ 342,912,853
Total deferred outflows of resources related to OPEB	$ 80,028,430	$ 345,999,524	$ 4,939,884	$ 2,899,838	$ 88,761	$ 41,579	$ 433,998,016
Total deferred inflows of resources related to OPEB	$ 259,431,135	$ 590,551,310	$ 22,633,659	$ 11,455,011	$ 1,052,804	$ 421,859	$ 885,545,778
For the year ended June 30, 2026:							
Total OPEB expense (income)	$ (15,696,085)	$ 18,402,771	$ (1,762,729)	$ (756,948)	$ (149,173)	$ (47,150)	$ (9,314)

* Enterprise Fund share of net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is $12,410,106, $4,276,308, $16,039,994, and $9,526,032, respectively. The portion allocated to the Howard County Soil Conservation District for net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is $7,345, $2,531, $56,376, and $326,062, 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, 2026 census data from the County, Howard Community College, and Howard County Public School System, rolled forward to June 30, 2026.

Plan membership per the actuarial valuation as of January 1, 2026 consisted of the following:

Retirees and beneficiaries receiving benefits	4,879
Active plan members	10,807
Total	15,686

A summary of the assumptions included in the June 30, 2026 report is as follows:

Actuarial cost method	Entry Age Normal
Interest assumption	Discount rate of 5.47% as of 6/30/26
Inflation	2.65%
Municipal bond rate	4.32% as of 6/30/26 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 2026 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, 2026, the annual money-weighted rate of return on investments, net of investment expense, was 16.52%. 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 16.44% and using the bond rate of 4.32%. The equivalent single rate is 5.47%.

Based on the aforementioned methods and assumptions, the components of the County's Net OPEB liability as of June 30, 2026 were as follows:

Total OPEB liability	$	1,544,890,659
Plan fiduciary net position		413,914,465
County's net OPEB liability	$	1,130,976,194
Plan fiduciary net position as a percentage of the total OPEB liability		26.79%

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 4.47%	Discount Rate 5.47%	1% Increase 6.47%
Total OPEB liability	$ 1,805,857,141	$ 1,544,890,659	$ 1,335,478,181
Net OPEB liability	$ 1,391,942,676	$ 1,130,976,194	$ 921,563,716

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%	Healthcare Cost Trend Rate 4.09%	1% Increase 5.09%
Total OPEB liability	$ 1,322,071,156	$ 1,544,890,659	$ 1,832,625,969
Net OPEB liability	$ 908,156,691	$ 1,130,976,194	$ 1,418,711,504

Financial Statements

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

Statement of Net Position		
Assets		
Cash	$	165,533
Receivables:		
Interest and dividends		3,486,719
Investments, at fair value:		
Equities		6,194,913
Mutual funds		393,137,041
Money market funds		826,203
Fixed income securities		7,464,913
Real assets		3,768,762
Total assets		415,044,084
Liabilities		
Accounts payable		64,578
Other		1,065,042
Total liabilities		1,129,620
Net position held in trust for other post-employment benefits	$	413,914,464
Statement of Changes in Net Position		
Additions		
Contributions:		
Employer	$	47,030,606
Total contributions		47,030,606
Investment income (expense):		
Net change in fair value of investments		47,750,297
Interest		1,382,885
Dividends		8,970,120
Investment expense		(670,629)
Net investment income		57,432,673
Total additions		104,463,279
Deductions		
Benefits		33,436,565
Administrative expenses		25,103
Total deductions		33,461,668
Change in net position		71,001,611
Net position - beginning of year		342,912,853
Net position - end of year	$	413,914,464

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) has been determined on the full accrual basis of accounting.

The LOSAP is not administered through a GASB-compliant trust. No assets are accumulated in a qualifying trust, and benefits are funded on a pay-as-you-go basis.

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 six months of LOSAP payments 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	284

Net Pension Liability

The County's net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2025.

Actuarial Assumption: The total pension liability was determined by an actuarial valuation as of January 1, 2024 rolled forward to June 30, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	Not applicable
Interest	4.81% compounded annually
Investment rate of return	4.81%
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 4.81%.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at June 30, 2024	$ 23,855,157	$ —	$ 23,855,157
Changes for the year:			
Service cost	601,962	—	601,962
Interest	952,360	—	952,360
Changes of assumptions	(3,036,886)	—	(3,036,886)
Contributions - employer	—	936,446	(936,446)
Benefit payments	(936,446)	(936,446)	—
Net changes	(2,419,010)	—	(2,419,010)
Balance as of June 30, 2025	$ 21,436,147	$ —	$ 21,436,147

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 4.81%, 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 (3.81%) or 1 percentage-point higher (5.81%) than the current rate:

	1% Decrease (3.81%)	Current Discount Rate (4.81%)	1% Increase (5.81%)
County's net pension liability	$ 25,127,090	$ 21,436,147	$ 18,533,103

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, 2026, the County recognized pension revenue of 105,216.00. The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 695,729	$ 4,261,558
Changes of assumptions	2,285,303	8,225,533
Contributions subsequent to the measurement date	959,719	—
Total	$ 3,940,751	$ 12,487,091

Deferred outflows of resources totaling $959,719, resulting from 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:

2027	$ (1,449,498)
2028	(2,901,397)
2029	(3,527,434)
2030	(1,121,584)
2031	(506,146)
Thereafter	—
Total	$ (9,506,059)

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 $14,120,664. The combined claims liability of the two funds, $29,030,133, 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 2026 and 2025 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2026	$27,227,329	$96,286,567	$(94,483,763)	$29,030,133	$10,160,564
2025	$25,350,659	$85,587,382	$(83,710,712)	$27,227,329	$9,350,904

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

Individual Fund Disclosure

The Grants Fund, a non-major fund, will eliminate its deficit of $2,213,166 through receipt of future grant revenues.

21. 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 $968,785,498 authorized, but unobligated capital project appropriations at fiscal year-end.

Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were $220,661,426:

Community Renewal capital projects	$	97,401
Water and Sewer capital projects		47,591,610
General Improvements capital projects		129,338,788
Fire capital projects		1,952,231
Library capital projects		62,726
Recreation and Parks capital projects		15,378,505
Storm Drain capital projects		15,687,061
Highway capital projects		23,398,260
Less: Construction Accruals		(12,845,156)
Total	$	220,661,426

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, 2026, 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	$	14,735,325
Fire and Rescue Reserve Fund		14,948,332
Non-Major Governmental Funds		48,805,630
Total	$	78,489,287

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 anticipates such amounts, if any, will be immaterial.

Howard County, Maryland is party to numerous legal proceedings of the type which normally occur in governmental operations. Although some of the matters may not be covered by policies of insurance, none of them, in the opinion of the County's legal counsel, are likely to have a material adverse impact on Howard County's financial condition. Additionally, the County is involved in numerous suits concerning administrative law matters such as zoning, which have no financial impact on the County.


HC

REQUIRED SUPPLEMENTARY INFORMATION


HC

Howard County, Maryland
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Property taxes:					
Real, personal and corporate	$ 728,607,000	$ 728,607,000	$ —	$ 741,877,837	$ 13,270,837
Payment in lieu of taxes	2,548,000	2,548,000	—	2,550,579	2,579
Additions and abatements	(1,300,000)	(1,300,000)	—	(2,101,906)	(801,906)
Interest on taxes	800,000	800,000	—	1,842,846	1,042,846
Total property taxes	730,655,000	730,655,000	—	744,169,356	13,514,356
Other local taxes:					
Heavy equipment	800,000	800,000	—	1,021,880	221,880
Local income tax surcharge	662,200,366	662,200,366	—	772,247,365	110,046,999
Admission tax	3,300,000	3,300,000	—	3,572,752	272,752
Local recordation tax	19,000,000	19,000,000	—	23,776,039	4,776,039
Room rental tax	5,626,000	5,626,000	—	6,016,128	390,128
Total other local taxes	690,926,366	690,926,366	—	806,634,164	115,707,798
State shared taxes:					
Highway	6,147,000	6,147,000	—	6,961,427	814,427
Total state shared taxes	6,147,000	6,147,000	—	6,961,427	814,427
Revenues from other governments	13,075,000	13,075,000	—	10,855,560	(2,219,440)
Charges for services:					
Boarding prisoners	995,000	995,000	—	771,686	(223,314)
Cable TV franchise fees	4,100,000	4,100,000	—	4,054,667	(45,333)
Civil marriage	11,000	11,000	—	14,100	3,100
Developer - water and sewer overhead	155,000	155,000	—	401,200	246,200
Development - review fees	1,055,000	1,055,000	—	1,354,488	299,488
Extension development agreement fees	20,000	20,000	—	9,200	(10,800)
House type revision fees	125,000	125,000	—	239,923	114,923
Other charges for services	30,000	30,000	—	43,360	13,360
Parking meters	20,000	20,000	—	690	(19,310)
Planning and zoning fees	528,500	528,500	—	769,832	241,332
Police records check discovery fee	50,000	50,000	—	54,640	4,640
Recreation and parks	60,000	60,000	—	49,253	(10,747)
Rental housing inspection fees	1,600,000	1,600,000	—	2,125,845	525,845
Sale of maps and publications	38,000	38,000	—	47,934	9,934
Sheriff fees	300,000	300,000	—	305,089	5,089
Tax certificates	320,000	320,000	—	328,395	8,395
Weekender inmate fees	6,000	6,000	—	7,392	1,392
Food and beverage	96,000	96,000	—	130,528	34,528
Total charges for services	9,509,500	9,509,500	—	10,708,222	1,198,722
Investment earnings	22,500,000	22,500,000	—	31,370,178	8,870,178

(continued)

Howard County, Maryland
General Fund
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
Licenses and permits:					
Animal licenses	50,000	50,000	—	43,071	(6,929)
Beer, wine and liquor	310,000	310,000	—	344,154	34,154
Building	2,900,000	2,900,000	—	3,037,141	137,141
Concert/special event permit fees	40,000	40,000	—	57,197	17,197
Electrical	1,000,000	1,000,000	—	1,040,225	40,225
Marriage license surcharge	80,000	80,000	—	100,530	20,530
Mobile home park	—	—	—	6,450	6,450
Peddlers and solicitors	13,000	13,000	—	20,050	7,050
Plumbing	750,000	750,000	—	541,157	(208,843)
Signs	35,000	35,000	—	32,525	(2,475)
Traders	400,000	400,000	—	425,080	25,080
Total licenses and permits	5,578,000	5,578,000	—	5,647,580	69,580
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	850,000	850,000	—	820,000	(30,000)
Housing and community development	801,818	801,818	—	801,818	—
Office of law - self insurance	543,670	543,670	—	543,670	—
Pension plan	885,438	885,438	—	683,732	(201,706)
Public works operations - utility	6,536,122	6,536,122	—	6,536,122	—
Public works - water & sewer capital projects pro rata share	370,000	370,000	—	280,000	(90,000)
Recreation and parks	2,144,377	2,144,377	—	2,144,377	—
Streetlight districts	10,000	10,000	—	5,100	(4,900)
Waste management pro rata share	2,266,010	2,266,010	—	2,266,010	—
Watershed pro rata share	667,221	667,221	—	667,221	—
Total recoveries for interfund services	23,605,913	23,605,913	—	23,279,307	(326,606)
Fines and forfeitures	3,450,000	3,450,000	—	3,102,584	(347,416)
Component units return of funding:					
Community college	265,250	265,250	—	265,250	—
Economic development authority	70,330	70,330	—	70,325	(5)
Total component units return of funding	335,580	335,580	—	335,575	(5)
Miscellaneous revenues:					
Citizen election contribution	—	—	—	153	153
Commissions, rents and concessions	600,000	600,000	—	1,219,306	619,306
Miscellaneous program revenue	510,000	510,000	—	527,116	17,116
Other revenue	1,250,000	1,250,000	—	1,398,789	148,789
Sale of property and equipment	—	—	—	99,442	99,442
Total miscellaneous revenue	2,360,000	2,360,000	—	3,244,806	884,806
Total revenues	1,508,142,359	1,508,142,359	—	1,646,308,759	138,166,400
Other financing sources:					
Transfers in:					
Community renewal program fund - debt	151,520	151,520	—	151,507	(13)
Fire and rescue reserve fund - debt	3,100,450	3,100,450	—	3,092,312	(8,138)
Recreation program fund - debt	6,535,860	6,535,860	—	6,526,769	(9,091)
Excise tax - debt	8,902,730	8,902,730	—	8,902,345	(385)
Public school system - debt	4,213,230	4,213,230	—	4,210,145	(3,085)
Environmental services fund	1,452,740	1,452,740	—	1,524,837	72,097
Total other financing sources	24,356,530	24,356,530	—	24,407,915	51,385
Appropriation from fund balance	111,770,408	111,770,408	—	—	(111,770,408)
Total revenues and other financing sources	$ 1,644,269,297	$ 1,644,269,297	$ —	$ 1,670,716,674	$ 26,447,377

Howard County, Maryland
General Fund
Required Supplementary Information
Schedule of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget-over (under) Final Budget	Expenditures and Encumbrances	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
EXPENDITURES					
GENERAL GOVERNMENT					
Office of the County Executive	$ 3,138,527	$ 3,138,527	$ —	$ 3,128,822	$ (9,705)
Office of the County Administrator:					
Bureau of Staff Services:					
Staff Services	3,382,767	3,593,267	210,500	3,562,608	(30,659)
Environmental Sustainability	1,101,131	1,101,131	—	1,086,539	(14,592)
Office of Human Rights	2,312,465	2,051,465	(261,000)	2,019,205	(32,260)
Office of Consumer Protection	821,771	786,771	(35,000)	769,027	(17,744)
Workforce Development	2,133,698	2,133,698	—	2,122,707	(10,991)
Total Bureau of Staff Services	9,751,832	9,666,332	(85,500)	9,560,086	(106,246)
Bureau of management services:					
Budget Division	1,905,344	1,905,344	—	1,890,123	(15,221)
Human Resources	3,653,982	3,653,982	—	3,607,609	(46,373)
Purchasing Division	2,287,297	2,372,297	85,000	2,366,151	(6,146)
Central Services	946,970	947,470	500	945,860	(1,610)
Public Information	1,468,548	1,468,548	—	1,446,517	(22,031)
Total Bureau of Management Services	10,262,141	10,347,641	85,500	10,256,260	(91,381)
Total Office of the County Administrator	20,013,973	20,013,973	—	19,816,346	(197,627)
Department of Economic Development	3,667,237	3,667,237	—	3,667,237	—
Department of Finance	11,101,834	11,055,912	(45,922)	10,917,503	(138,409)
Office of Law	6,730,030	6,730,030	—	6,293,991	(436,039)
Technology and Communication services	676,880	676,880	—	518,094	(158,786)
General fund contingency	1,000,000	—	(1,000,000)	—	—
Non-departmental expenses	21,399,427	43,641,206	22,241,779	43,940,948	299,742
Total General Government	67,727,908	88,923,765	21,195,857	88,282,941	(640,824)
Legislative and Judicial	47,908,099	47,652,793	(255,306)	44,438,578	(3,214,215)
Public Works	109,297,513	111,098,123	1,800,610	110,105,654	(992,469)
Public Safety	184,762,108	184,880,574	118,466	184,692,446	(188,128)
Recreation and Parks	33,828,795	33,900,778	71,983	33,900,595	(183)

(continued)

Howard County, Maryland
General Fund
Required Supplementary Information
Schedule of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget-over (under) Final Budget	Expenditures and Encumbrances	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
Community Services	39,435,705	35,853,988	(3,581,717)	35,513,874	(340,114)
Education	889,114,000	889,114,000	—	889,114,000	—
DEBT SERVICE *					
Principal payments on debt	108,888,549	107,629,443	(1,259,106)	107,462,533	(166,910)
Interest payments on debt	52,821,220	53,274,556	453,336	52,668,855	(605,701)
Total Debt Service	161,709,769	160,903,999	(805,770)	160,131,388	(772,611)
Total expenditures and encumbrances before transfers out	1,533,783,897	1,552,328,020	18,544,123	1,546,179,476	(6,148,544)
OTHER FINANCING SOURCES (USES)					
Health Department	12,295,950	15,829,218	3,533,268	15,829,218	—
General Government	2,200,000	2,200,000	—	1,446,153	(753,847)
Recreation and Parks	224,042	152,059	(71,983)	152,059	—
Paygo - Capital	73,760,000	73,760,000	—	73,760,000	—
Paygo - Operating	22,005,408	—	(22,005,408)	—	—
Total Other Financing Uses	110,485,400	91,941,277	(18,544,123)	91,187,430	(753,847)
Total Expenditures, Encumbrances and Other Financing Uses	$ 1,644,269,297	$ 1,644,269,297	$ —	$ 1,637,366,906	$ (6,902,391)

* Debt service includes agency-specific debt allocations

Howard County, Maryland
Fire and Rescue Reserve Fund
Required Supplementary Information
Schedule of Revenues Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Property taxes	$ 147,726,000	$ 147,726,000	$ —	$ 149,515,787	$ 1,789,787
Charges for services	12,000,000	12,000,000	—	9,266,104	(2,733,896)
Fines and forfeitures	1,000	1,000	—	8,855	7,855
Interest on investments	—	—	—	52,500	52,500
Miscellaneous program revenue	135,000	135,000	—	1,854,711	1,719,711
Total revenues	159,862,000	159,862,000	—	160,697,957	835,957
EXPENDITURES					
Public safety:					
Administrative	157,986,276	157,932,573	(53,703)	155,654,711	(2,277,862)
Debt services:					
Principal payments on debt	38,891	89,012	50,121	89,011	(1)
Interest payments on debt	1,109	4,691	3,582	4,691	—
Total expenditures	158,026,276	158,026,276	—	155,748,413	(2,277,863)
Excess (deficiency) of revenues over expenditures	1,835,724	1,835,724	—	4,949,544	3,113,820
OTHER FINANCING SOURCES (USES)					
Appropriation from fund balance	3,511,464	3,511,464	—	—	(3,511,464)
Transfers out	(5,347,188)	(5,347,188)	—	(5,347,188)	—
Total other financing sources (uses)	(1,835,724)	(1,835,724)	—	(5,347,188)	(3,511,464)
Net change in fund balance	—	—		(397,644)	(397,644)
Plus prior year encumbrances lapsed				67,359	
Fund balance - beginning				135,207,951	
Fund balance - ending				$ 134,877,666	

Budgetary Basis of Accounting

The County's annual budget serves as the foundation for financial planning and control and includes the operating budget, five-year spending projections, capital budget and capital program, and budget message. The operating budget provides appropriations for County operations, education, debt service, and other financing requirements, while the capital budget provides funding for major facilities and infrastructure improvements.

The annual budget process begins each fall with the establishment of debt affordability guidelines. Following departmental submissions, executive review, and public hearings, the County Executive submits the proposed operating and capital budgets to the County Council for consideration and adoption. The County Council establishes the tax rates, fees, and charges necessary to balance the budget, which must be adopted before the beginning of the fiscal year on July 1.

Budgetary control for the operating budget is maintained at the fund and department level within major expenditure categories, while capital appropriations are established at the project level. The adopted budget may be amended at the request of the County Executive through Supplemental Budget Appropriation Ordinances for the operating budget and Transfer Appropriation Ordinances for the capital budget.

The County maintains an encumbrance system for budgetary control. Unencumbered operating appropriations lapse at fiscal year-end, while unencumbered capital appropriations remain available until the applicable capital project is closed.

The budgetary basis of accounting and the reconciliation of budgetary fund balances to generally accepted accounting principles are discussed in Note 1(P) to the basic financial statements.

Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2026, General Fund expenditures reported under Non-departmental Expenses exceeded the final budget by approximately $0.3 million.

The Citizens' Election Fund is established under County law as a special non-lapsing fund. The variance is related to the Citizens' Election Fund (CEF) which is established under County law as a special non-lapsing fund wherein unencumbered appropriations remain available. The CEF is reported as part of the General Fund which has an annual budget. $0.7 million was added in cumulative appropriation to the CEF in FY 2026 and $1.0 million of current year and prior years' appropriation was expended. The combination of an annual budgeted fund with a non-lapsing special fund creates an appearance of an exceeded budget.

General Fund Budgetary Highlights

Original Budget Compared to Final Budget

The General Fund's total approved budget remained unchanged at $1,644.3 million during fiscal year 2026. However, appropriations were reallocated among expenditure categories.

Specifically general government appropriations increased by $21.2 million, primarily reflecting a $22.2 million increase in Non-departmental Expenses. Other Financing Uses decreased by $18.5 million, primarily attributable to the elimination of $22.0 million in budgeted PAYGO Operating appropriations, partially offset by an increase of $3.5 million in Health Department transfers.

Final Budget Compared to Actual Revenues

General Fund actual revenues exceeded the final budget by $138.2 million. The following table summarizes selected significant revenue variances between the final budget and actual results.

Revenue Source	Estimated revenues	Actual revenues	Difference
Local income tax surcharge	$ 662,200	$ 772,247	$ 110,047
Real, personal and corporate property taxes	728,607	741,878	13,271
Investment earnings	22,500	31,370	8,870
Local recordation tax	19,000	23,776	4,776
Revenues from other governments	13,075	10,856	(2,219)

Local income tax revenues exceeded the final budget by $110.0 million due to capital gains and over-distribution by the State to local governments. The State has indicated that funds will start to be recouped in February 2027.

Property tax revenues exceeded budget estimates by $13.3 million. The County's financial reporting identifies growth in the assessable base as a factor supporting property tax collections.

Recordation tax revenues exceeded budget estimates by $4.8 million. The County reported increased activity involving large real estate transactions during fiscal year 2026.

Investment earnings exceeded the final budget by $8.9 million, while revenues from other governments were $2.2 million below budget. At the time that the budget was developed, there was uncertainty in the economy and it was expected that the Federal Reserve would be cutting interest rates in the next fiscal year. However, that did not happen and rates actually increased, leading to investment earnings exceeding the budget. For revenues from other governments, 911 system revenue from the State was not received timely to be counted as FY 2026 revenue and was deferred, thereby, resulting in an amount less than the budget.

Final Budget Compared to Actual Expenditures

General Fund expenditures and encumbrances were approximately $6.1 million below the final budget for fiscal year 2026. The favorable variance included approximately $3.2 million in Legislative and Judicial expenditures, representing a significant portion of the overall expenditure variance (County council - 570K, Board of Election Supervisor -930K, Election expense -730K and Inspector General - $220K)

The remaining favorable variance reflected differences between budgeted and actual expenditures across other County functions.

Fire Fund Budgetary Highlights

Original Budget Compared to Final Budget

The Fire and Rescue Reserve Fund's total expenditure budget remained unchanged at $158.0 million during fiscal year 2026. However, appropriations were reallocated among expenditure categories, including a $53,703 decrease in Public Safety administrative appropriations and corresponding increases in debt service appropriations.

Final Budget Compared to Actual Revenues

Actual revenues totaled $160.7 million compared with the final budget of $159.9 million, resulting in a favorable variance of approximately $0.8 million.

Property tax revenues exceeded budget estimates by $1.8 million. Miscellaneous program revenues were $1.7 million above budget, primarily attributable to the repayment of a $1.75 million loan to the Lisbon Volunteer Fire Department,

including related interest. The loan repayment was recorded as miscellaneous revenue for budgetary purposes to restore the fund balance associated with the prior-year expenditure.

These favorable variances were partially offset by charges for services, which were $2.7 million below budget, primarily reflecting lower-than-budgeted EMS transport fee collections.

Final Budget Compared to Actual Expenditures

Actual expenditures totaled $155.7 million compared with the final budget of $158.0 million, resulting in a favorable variance of approximately $2.3 million. The variance was primarily attributable to Public Safety administrative expenditures being below budget.

Overall, actual revenues exceeded expenditures by $4.9 million compared with a budgeted excess of $1.8 million, resulting in a favorable variance of $3.1 million.

Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The budgetary comparison schedules for the General Fund and Fire and Rescue Reserve Fund are prepared on a basis consistent with their legally adopted budgets and are presented as Required Supplementary Information in accordance with GASB Statement No. 103. Budgetary comparison schedules for nonmajor special revenue funds and the Health Department are presented as supplementary information. The "Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis" for Non-major Special Revenue Funds is prepared on a basis consistent with those budgets and is 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 net change in fund balance on the budgetary basis includes $33,349,768 attributable to the General Fund and $1,569,667 attributable to the Health Department Fund, for a combined net change of $34,919,435. The General Fund and Health Department Fund budgetary comparison schedules are presented separately in Required Supplementary Information.

The financial statements are reconciled below:

	General Fund	Fire and Rescue Reserve Fund
Budgetary basis - revenues and other sources over expenditures and other uses	$ 34,919,435	$ (397,644)
Current year encumbrances outstanding	11,002,705	7,090,399
Prior year encumbrances expended this year	(13,563,228)	(8,628,271)
Effect of recording contractual service expenditures modified accrual basis	(6,846,893)	(12,354)
Unbudgeted transfers	24,567,692	(7,407,191)
Other	(16,410,509)	5,581,604
GAAP basis - net change in fund balance	$ 33,669,202	$ (3,773,457)

The ending fund balances are reconciled as follows:

	General Fund	Fire and Rescue Reserve Fund
Budgetary basis - ending fund balance	$ 415,833,202	134,877,666
Adjustments:		
Elimination of encumbrances outstanding	15,795,353	14,782,656
Accruals	(1,393,232)	(100,270)
Other	(3,728,015)	(901,361)
GAAP basis - ending fund balance	$ 426,507,308	$ 148,658,691

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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability *										
Service cost	$ 26,093	$ 24,111	$ 19,383	$ 19,785	$ 19,363	$ 19,359	$ 18,342	$ 17,330	$ 16,919	$ 15,861
Interest	56,043	51,905	47,939	43,540	40,899	39,129	37,417	34,964	32,786	30,959
Changes of benefit terms	—	3,609	—	—	(384)	—	—	—	—	—
Differences between expected and actual experience	7,466	12,034	19,864	19,699	926	(5,043)	(9,115)	(5,973)	379	(6,369)
Changes of assumptions	—	—	8,924	7,037	1,718	785	743	9,529	—	—
Benefit payments, including refunds of member contributions	(35,038)	(32,500)	(30,288)	(28,502)	(23,694)	(21,238)	(20,067)	(19,013)	(16,809)	(15,379)
Net change in total pension liability	54,564	59,159	65,822	61,559	38,828	32,992	27,320	36,837	33,275	25,072
Total pension liability - beginning	801,345	742,186	676,364	614,805	575,977	542,985	515,665	478,828	445,553	394,135
Total pension liability - ending (a)	$ 855,909	$ 801,345	$742,186	$ 676,364	$ 614,805	$ 575,977	$542,985	$ 515,665	$ 478,828	$ 445,553
Plan fiduciary net position										
Contributions - employer	25,711	23,822	20,246	16,094	16,347	15,889	15,034	14,155	14,841	14,179
Contributions - member	7,126	6,712	6,051	5,244	4,897	4,857	4,749	4,378	4,156	3,904
Net investment income/ (loss)	94,958	64,937	58,543	47,814	(60,064)	133,778	16,691	31,355	35,808	45,447
Benefit payments, including refunds of member contributions **	(35,038)	(32,500)	(30,288)	(28,502)	(23,695)	(21,238)	(20,067)	(19,012)	(16,809)	(15.379)
Administrative expense	(714)	(692)	(628)	(509)	(417)	(424)	(397)	(439)	(351)	(336)
Net change in plan fiduciary net position	92,043	62,279	53,924	40,141	(62,932)	132,862	16,010	30,437	37,645	47,815
Plan fiduciary Net position - beginning	720,481	658,202	604,278	564,137	627,069	494,207	478,197	447,760	410,115	354,413
Plan fiduciary Net position - ending (b)	812,524	720,481	658,202	604,278	564,137	627,069	494,207	478,197	447,760	410,115
County's net pension liability (asset) - ending (a)-(b)	43,385	80,864	83,984	72,086	50,668	(51,092)	48,778	37,468	31,068	35,438
Plan fiduciary net position as a percentage of the total pension liability	94.93%	89.91%	88.68%	89.34%	91.76%	108.87%	91.02%	92.73%	93.51%	92.05%

(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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Covered payroll	$ 191,872	$ 181,846	$164,605	$ 149,016	$ 138,538	$ 134,649	$129,605	$ 123,090	$ 119,686	$ 114,349
County's net pension liability (asset) as a percentage of covered payroll	22.61%	44.47%	51.02%	48.37%	36.57%	(37.94)%	37.64%	30.44%	25.96%	30.99%
Expected average remaining service years of all participants	6	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:

None for 2026

Howard County, Maryland

Howard County Retirement Plan

Required Supplementary Information

Schedule of County Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution (ADC)	$ 25,711	$ 23,822	$ 17,284	$ 14,455	$ 16,209	$ 15,889	$ 15,034	$ 14,155	$ 14,003	$ 13,265
Contributions in relation to the actuarially determined contribution	25,711	23,822	20,246	16,094	16,347	15,889	15,034	14,155	14,841	14,179
Contribution deficiency/ (excess)	$ —	$ —	$ (2,962)	$ (1,639)	$ (138)	$ —	$ —	$ —	$ (838)	$ —
The County's Covered payroll	$ 191,872	$ 181,846	$ 164,605	$ 149,016	$ 138,538	$ 134,649	$ 129,605	$ 123,090	$ 119,685	$ 114,349
The County's Contributions as a percentage of covered payroll	13.40%	13.10%	12.30%	10.80%	11.80%	11.80%	11.60%	11.50%	12.40%	12.40%
Actuarially determined contribution (ADC)	13.40%	13.10%	10.50%	9.70%	11.70%	11.80%	11.60%	11.50%	11.70%	11.60%

(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 July 1, 2024 actuarial valuation to calculate the FY 2026 ADC. Assumptions used to determine contribution 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

Required Supplementary Information

Howard County Police and Fire Employees' Retirement Plan

Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability*										
Service cost	$ 33,167	$ 31,902	$ 28,072	$ 26,091	$ 25,875	$ 24,446	$ 23,123	$ 22,278	$ 21,109	$ 19,163
Interest	77,321	71,740	67,954	62,588	58,775	56,037	53,578	50,713	46,900	43,426
Changes of benefit terms	—	—	—	636	—	—	—	—	—	—
Differences between expected and actual experience	14,497	22,360	1,949	16,760	(3,780)	(2,382)	(8,607)	(2,667)	13,530	6,319
Changes of assumptions	—	—	12,854	10,706	10,802	5,066	4,770	3,936	—	—
Benefit payments, including refunds of member contributions	(48,846)	(47,058)	(42,460)	(43,061)	(35,133)	(34,634)	(34,320)	(27,572)	(24,755)	(20,422)
Net change in total pension liability	76,139	78,944	68,369	73,720	56,539	48,533	38,544	46,688	56,784	48.486
Total pension liability - beginning	1,105,833	1,026,889	958,520	884,800	828,261	779,728	741,184	694,496	637,712	542,250
Total pension liability - ending (a)	$ 1,181,972	$ 1,105,833	$ 1,026,889	$ 958,520	$ 884,800	$ 828,261	$ 779,728	$ 741,184	$ 694,496	$ 637,712
Plan fiduciary net position										
Contributions - employer	43,252	40,463	36,751	33,885	33,226	31,923	31,105	27,720	26,337	24,729
Contributions - member	11,516	10,706	9,945	9,287	8,749	8,374	8,184	8,125	7,859	7,387
Net investment income/ (loss)	132,971	90,586	80,086	62,546	(78,059)	171,695	24,964	39,639	46,560	55,956
Benefit payments, including refunds of member contributions	(48,846)	(47,058)	(42,460)	(43,061)	(35,134)	(34,634)	(34,321)	(27,571)	(24,755)	(20,421)
Administrative expense	(716)	(766)	(606)	(542)	(459)	(401)	(413)	(457)	(355)	(344)
Net change in plan fiduciary net position	138,177	93,931	83,716	62,115	(71,677)	176,957	29,519	47,456	55,646	67,307
Plan fiduciary Net position - beginning	993,919	899,988	816,272	754,157	825,834	648,877	619,358	571,902	516,256	448,949
Plan fiduciary Net position - ending (b)	1,132,096	993,919	899,988	816,272	754,157	825,834	648,877	619,358	571,902	516,256
County's net pension liability - ending (a)-(b)	$ 49,876	$ 111,914	$ 126,901	$ 142,248	$ 130,643	$ 2,427	$ 130,851	$ 121,826	$ 122,594	$ 121,456

(continued)

Howard County, Maryland

Required Supplementary Information

Howard County Police and Fire Employees' Retirement Plan (PFRP)

Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
The County's Proportion of the Net Pension Liability	95.78%	89.88%	87.64%	85.16%	85.23%	99.71%	83.22%	83.56%	82.35%	80.95%
The County's Covered payroll	$117,853	$112,396	$104,110	$97,370	$92,810	$90,179	$87,868	$83,746	$81,037	$80,814
The County's Proportionate Share of the Net Pension Liability as a Percentage of its PFRP Covered Payroll	42.32%	99.57%	121.89%	146.09%	140.76%	2.69%	148.92%	145.47%	151.28%	150.29%
Expected average remaining service years of all participants	8	8	8	8	9	9	9	9	9	9

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

Note to Schedule:

None for 2026.

Howard County, Maryland

Howard County Police and Fire Employees' Retirement Plan

Schedule of County Contributions

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$43,252	$40,463	$33,419	$33,300	$33,226	$30,841	$31,105	$ 27,720	$26,337	$24,729
Contributions in relation to the actuarially determined contribution	43,252	40,463	$36,751	33,885	33,226	31,923	31,105	27,720	26,337	24,729
Contribution deficiency (excess)	$—	$—	$(3,332)	$(585)	$—	$(1,082)	$—	$—	$—	$—
Covered payroll	$117,853	$112,396	$104,110	$97,370	$92,810	$90,179	$87,868	$83,746	$81,037	$80,814
Contributions as a percentage of covered payroll	36.70%	36.00%	35.30%	34.80%	35.80%	34.20%	35.40%	33.10%	32.50%	30.60%
Actuarially determined contribution (ADC)	36.70%	36.00%	32.10%	34.20%	35.80%	34.20%	35.40%	33.10%	32.50%	30.60%

(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 July 1, 2024 actuarial valuation to calculate the FY 2026 ADC. Assumptions used to determine contribution 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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	***
Total OPEB liability*										
The County's Proportion of the Net OPEB Liability	21.26%	20.64 %	23.29%	23.29%	29.39%	29.39%	32.09%	32.09%	30.75%	
The County's Proportionate Share of the Net OPEB Liability	$205,402	$226,142	$250,658	$245,069	$541,917	$478,006	$430,355	$376,331	$339,983	
The County's Covered-employee payroll**	$358,504	$313,878	$264,603	$243,608	$228,015	$211,936	$193,828	$193,828	$184,681	
The County's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-employee payroll.	57.29%	72.05%	94.73%	100.60%	237.67%	225.54%	222.03%	194.16%	184.09%	
Plan fiduciary net position as a percentage of total OPEB liability	25.63%	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.

** Active plan members are not required to make contributions to the OPEB plan.

*** 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)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability *										
Service cost	$ 42,701	$ 48,801	$ 50,374	$ 50,031	$ 109,288	$ 92,226	$ 70,433	$ 60,150	$ 55,049	$ 64,957
Interest	73,671	68,040	62,408	57,287	49,775	50,782	52,729	51,309	47,145	40,906
Differences between expected and actual experience	25,385	859	63,783	(21,728)	(302,354)	(4,981)	14,834	(3,241)	(65,034)	—
Changes of assumptions	98,504	(128,394)	(78,945)	(1,756)	(646,133)	165,906	195,487	107,691	77,712	(162,653)
Benefit payments	(33,437)	(39,887)	(30,593)	(28,305)	(26,230)	(25,561)	(25,425)	(22,755)	(22,627)	(23,244)
Net change in total OPEB liability	206,824	(50,581)	67,027	55,529	(815,654)	278,372	308,058	193,154	92,245	(80,034)
Total OPEB liability - beginning	1,338,067	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)	$1,544,891	$ 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	47,031	52,911	43,846	39,372	37,269	36,649	38,425	38,381	38,627	36,324
Net investment income/ (loss)	57,433	36,908	34,424	20,134	(34,642)	49,841	9,789	9,285	9,200	9,912
Benefit payments	(33,437)	(39,886)	(30,593)	(28,305)	(26,230)	(25,561)	(25,425)	(22,755)	(22,627)	(23,244)
Administrative expense	(25)	(34)	(37)	(48)	(41)	(15)	(68)	(106)	(56)	(3)
Net change in plan fiduciary net position	71,002	49,899	47,640	31,153	(23,644)	60,914	22,721	24,805	25,144	22,989
Plan fiduciary Net position - beginning	342,913	293,014	245,374	214,221	237,865	176,951	154,230	129,425	104,281	81,292
Plan fiduciary Net position - ending (b)	413,915	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)	$1,130,976	$ 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	26.79%	25.63%	21.10%	18.57%	16.92%	11.43%	9.81%	10.31%	9.94%	8.62%
Covered employee payroll***	1,160,748	1,105,134	1,022,904	924,196	887,767	874,754	852,067	803,587	799,202	760,006
County's net OPEB liability as a percentage of covered-employee payroll	97.44%	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	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.

Notes to Schedule:

Benefit changes: 2045 depletion date extended to 2048.

Changes of assumptions. Discount rate as of 6/30/24 is 4.80% and as 6/30/25 and 6/30/26 is 5.40%.

Information for FY 2017 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
2026	16.52%
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%

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)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension liability										
Service cost	$ 602	$ 605	$ 752	$ 1,314	$ 1,465	$ 676	$ 727	$ 837	$ 1,026	$ 1,027
Interest	952	1,015	975	817	901	776	806	823	714	655
Differences between expected and actual experience	—	(2,334)	—	(6,314)	—	4,870	—	(1,417)	—	—
Changes of assumptions	(3,037)	(686)	(785)	(10,527)	4,383	5,644	1,815	(263)	(2,771)	—
Benefit payments, including refunds of member contributions	(936)	(926)	(866)	(843)	(798)	(756)	(759)	(721)	(669)	(610)
Net change in total pension liability	(2,419)	(2,326)	76	(15,553)	5,951	11,210	2,589	(741)	(1,700)	1,072
Total pension liability - beginning	23,855	26,181	26,105	41,658	35,707	24,497	21,908	22,649	24,349	23,277
Total pension liability - ending (a)	$ 21,436	$ 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)	$ 21,436	$ 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	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	n/a
Expected average remaining service years of all participants	6	6	7	7	7	7	8	8	10	n/a

* LOSAP does not require contributions from plan members.

Notes to Schedule:

Benefit changes: None

Changes of assumptions: Discount rate changed from 3.97 to 4.81%

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



County Executive Unveils COVID Memorial Sculpture

In October 2025, the COVID Memorial Sculpture was unveiled at Meadowbrook Park. Created by artists Jim Benedict and Lily Kuonen, this breathtaking 16-foot sculpture features bronze Bay Forget-Me-Not flowers, symbolizing remembrance, empathy, and hope. The sculpture joins the memorial's grove of 44 River Birch trees and tranquil water feature. Together, these elements create a lasting tribute to all whose lives were touched by the pandemic and to those who served our community during its darkest days.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES



County Executive Ball Hosts a Bill Signing Ceremony

Howard County Executive Calvin Ball, joined by Maryland Governor Wes Moore, members of the Howard County Council, and federal and state delegation, signs emergency legislation prohibiting the issuance of County permits for privately owned detention centers. The legislation was unanimously approved by the Howard County Council in response to a private company's plans to establish an ICE detention facility in Elkridge.

NON-MAJOR GOVERNMENTAL FUNDS


HC

Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2026

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
ASSETS				
Equity in pooled cash and investments	$ 116,935,303	$ 88,811,284	$ 18,506,821	$ 224,253,408
Cash with fiscal agents	—	—	5,565,233	5,565,233
Receivables (net of allowances for uncollectibles)	53,554,895	18,129,793	—	71,684,688
Due from other funds	422,000	—	—	422,000
Prepaids	219,677	—	—	219,677
Material and supplies	198,404	—	—	198,404
Total assets	171,330,279	106,941,077	24,072,054	302,343,410
LIABILITIES				
Accounts payable / accrued liabilities	9,358,169	14,094,254	55,768	23,508,191
Accrued wages and benefits	1,375,374	10,940	—	1,386,314
Short-term loans and notes payable	—	6,762,801	—	6,762,801
Deposits and connection fees	1,071,661	200,000	—	1,271,661
Unearned revenue	20,142,975	693,698	28,143	20,864,816
Total liabilities	31,948,179	21,761,693	83,911	53,793,783
DEFERRED INFLOWS OF RESOURCES				
Unavailable fees	12,157,683	17,333,731	—	29,491,414
Unavailable lease revenues	7,960	—	—	7,960
Unavailable grant revenues	6,526,753	—	—	6,526,753
Total deferred inflows	18,692,396	17,333,731	—	36,026,127
Total liabilities and deferred inflows	50,640,575	39,095,424	83,911	89,819,910
FUND BALANCES				
Nonspendable:				
Inventory	198,404	—	—	198,404
Prepaid Items	219,677	—	—	219,677
Restricted:				
3M Settlement	1,044,987	—	—	1,044,987
Catalyst loan program	2,108,509	—	—	2,108,509
Community reinvestment and repair	3,669,115	—	—	3,669,115
Disposable plastics reduction	440,162	—	—	440,162
Economic development initiatives	628,033	—	—	628,033
Forest conservation	1,660,128	—	—	1,660,128
Housing opportunity trust fund	6,254,684	—	—	6,254,684
Middle Patuxent environmental area program	224,489	—	—	224,489
MIHU Fee-in-lieu	7,756,708	—	—	7,756,708
Open space	—	760,384	—	760,384
Opioid Abatement	8,262,458	—	—	8,262,458
Parkland watershed facilities	—	19,396,720	—	19,396,720
Program revenue	395,585	—	—	395,585
Public road facilities	—	54,754,638	—	54,754,638
Speed enforcement	1,519,919	—	—	1,519,919
Tax incremental financing project	—	—	23,988,143	23,988,143
Transit services	1,057,834	—	—	1,057,834
Vaping	1,442,012	—	—	1,442,012
Committed:				
Agricultural land preservation	27,653,970	—	—	27,653,970
Community renewal programs	32,495,788	—	—	32,495,788
Environmental services	30,012,303	—	—	30,012,303
Fire house & training facilities	—	26,258,586	—	26,258,586
Program revenue	945,487	—	—	945,487
Recreation programs	492,232	—	—	492,232
Assigned:				
Capital projects	—	17,388,842	—	17,388,842
Unassigned	(7,792,780)	(50,713,517)	—	(58,506,297)
Total fund balances	120,689,704	67,845,653	23,988,143	212,523,500
Total liabilities, deferred inflows and fund balances	$ 171,330,279	$ 106,941,077	$ 24,072,054	$ 302,343,410

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2026

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
REVENUES				
Property taxes	$ —	$ —	$ 6,225,033	$ 6,225,033
Other local taxes	15,858,341	21,751,975	—	37,610,316
Revenues from other governments	29,747,117	9,282,227	—	39,029,344
Charges for services	67,835,071	—	—	67,835,071
Licenses and permits	—	1,342,647	—	1,342,647
Investment income:				
Investment earnings	4,625,464	4,867,769	753,801	10,247,034
Installment interest from housing loans	186,364	1,458	—	187,822
Fines and forfeitures	3,185,794	—	—	3,185,794
Developer fees	713,070	1,934,175	—	2,647,245
Miscellaneous program revenue	13,626,226	94,518	—	13,720,744
Total revenues	135,777,447	39,274,769	6,978,834	182,031,050
EXPENDITURES				
Current:				
General government	11,305,673	—	746,552	12,052,225
Legislative and judicial	1,180,723	—	—	1,180,723
Public works	49,241,827	—	—	49,241,827
Public safety	6,636,192	—	—	6,636,192
Recreation and parks	25,130,054	—	—	25,130,054
Community services	32,856,054	—	—	32,856,054
Capital improvements	2,313,642	82,173,958	—	84,487,600
Debt service:				
Principal payments on debt	5,903,490	—	1,268,023	7,171,513
Interest payments on debt	1,535,585	—	3,950,722	5,486,307
Total expenditures	136,103,240	82,173,958	5,965,297	224,242,495
Excess (deficiency) of revenues over expenditures	(325,793)	(42,899,189)	1,013,537	(42,211,445)
OTHER FINANCING SOURCES (USES)				
Bond premium	2,556	3,234,326	—	3,236,882
Capital-related issuance of debt	—	12,493,232	267,832	12,761,064
Installment purchase agreements issued	2,073,960	—	—	2,073,960
Subscription issued	937,650	—	—	937,650
Refunding bond issued	17,307	13,141,616	125,819	13,284,742
Payment made to escrow agent	—	(15,474,042)	—	(15,474,042)
Transfers in	200,980	38,607,268	1,496,952	40,305,200
Transfers out	(9,322,541)	(21,243,916)	(547,223)	(31,113,680)
Total other financing sources	(6,090,088)	30,758,484	1,343,380	26,011,776
Net change in fund balances	(6,415,881)	(12,140,705)	2,356,917	(16,199,669)
Fund balances - beginning	127,105,585	79,986,358	21,631,226	228,723,169
Fund balances - beginning, as restated	127,105,585	79,986,358	21,631,226	228,723,169
Fund balances - ending	$ 120,689,704	$ 67,845,653	$ 23,988,143	$ 212,523,500

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2026

	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	$ 27,606,526	$ 19,437,259	$ 296,851	$ 31,780,044	$ 1,675,593	$ 10,797,945	$ 9,579,466	$ 13,859,998	$ 1,901,621	$ 116,935,303
Receivables:										
Lease Receivables	—	—	—	—	—	—	8,291	—	—	8,291
Due from other funds	—	—	—	—	—	—	422,000	—	—	422,000
Intergovernmental receivable	—	—	—	—	—	9,627,360	—	193,130	—	9,820,490
Due from component unit	—	9,269,234	—	—	—	—	—	—	—	9,269,234
Housing loans	—	19,144,036	—	—	—	—	—	—	—	19,144,036
Economic development loans	—	—	—	—	—	262,677	—	—	—	262,677
Other	184,553	168,498	156,028	474,559	—	1,719,468	14,744	12,331,157	1,160	15,050,167
Prepaids	—	—	—	—	—	219,677	—	—	—	219,677
Materials and supplies	—	—	—	—	—	—	198,404	—	—	198,404
Total assets	27,791,079	48,019,027	452,879	32,254,603	1,675,593	22,627,127	10,222,905	26,384,285	1,902,781	171,330,279
LIABILITIES										
Accounts payable / accrued liabilities	98,701	1,409,171	1,347	1,676,773	300	3,824,172	1,439,064	545,581	363,060	9,358,169
Accrued wages and benefits	38,408	102,676	5,612	425,542	15,165	189,076	574,655	4,438	19,802	1,375,374
Deposits and connection fees	—	—	—	—	—	578,355	493,306	—	—	1,071,661
Unearned revenue	—	—	—	139,985	—	12,985,706	7,017,284	—	—	20,142,975
Total liabilities	137,109	1,511,847	6,959	2,242,300	15,465	17,577,309	9,524,309	550,019	382,862	31,948,179
DEFERRED INFLOWS OF RESOURCES										
Unavailable fees	—	—	5,758	—	—	736,231	—	11,415,694	—	12,157,683
Unavailable lease revenues	—	—	—	—	—	—	7,960	—	—	7,960
Unavailable grant revenues	—	—	—	—	—	6,526,753	—	—	—	6,526,753
Total deferred inflows of resources	—	—	5,758	—	—	7,262,984	7,960	11,415,694	—	18,692,396
Total liabilities and deferred inflows of resources	137,109	1,511,847	12,717	2,242,300	15,465	24,840,293	9,532,269	11,965,713	382,862	50,640,575

(continued)

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2026

	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	—	—	—	—	—	—	198,404	—	—	198,404
Prepaid items	—	—	—	—	—	219,677	—	—	—	219,677
Restricted:										
3M Settlement	—	—	—	—	—	—	—	1,044,987	—	1,044,987
Catalyst loan program	—	—	—	—	—	2,108,509	—	—	—	2,108,509
Community reinvestment and repair	—	—	—	—	—	—	—	3,669,115	—	3,669,115
Disposable plastics reduction	—	—	440,162	—	—	—	—	—	—	440,162
Economic development initiatives	—	—	—	—	—	628,033	—	—	—	628,033
Forest conservation	—	—	—	—	1,660,128	—	—	—	—	1,660,128
Housing opportunity trust fund	—	6,254,684	—	—	—	—	—	—	—	6,254,684
Middle Patuxent environmental area program	—	—	—	—	—	224,489	—	—	—	224,489
MIHU Fee-in-lieu	—	7,756,708	—	—	—	—	—	—	—	7,756,708
Opioid abatement	—	—	—	—	—	—	—	8,262,458	—	8,262,458
Program revenue	—	—	—	—	—	395,585	—	—	—	395,585
Speed enforcement	—	—	—	—	—	—	—	—	1,519,919	1,519,919
Transit services	—	—	—	—	—	1,057,834	—	—	—	1,057,834
Vaping settlement	—	—	—	—	—	—	—	1,442,012	—	1,442,012
Committed:										
Agricultural land preservation	27,653,970	—	—	—	—	—	—	—	—	27,653,970
Community renewal programs	—	32,495,788	—	—	—	—	—	—	—	32,495,788
Environmental services	—	—	—	30,012,303	—	—	—	—	—	30,012,303
Program revenue	—	—	—	—	—	945,487	—	—	—	945,487
Recreation programs	—	—	—	—	—	—	492,232	—	—	492,232
Unassigned	—	—	—	—	—	(7,792,780)	—	—	—	(7,792,780)
Total fund balances (deficits)	27,653,970	46,507,180	440,162	30,012,303	1,660,128	(2,213,166)	690,636	14,418,572	1,519,919	120,689,704
Total liabilities, deferred inflows and fund balances	$ 27,791,079	$ 48,019,027	$ 452,879	$ 32,254,603	$ 1,675,593	$ 22,627,127	$ 10,222,905	$ 26,384,285	$ 1,902,781	$ 171,330,279

Howard County, Maryland

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Special Revenue Funds

For the Year Ended June 30, 2026

	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										
Other local taxes	$ 9,061,909	$ 6,796,432	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 15,858,341
Revenues from other governments	—	—	—	—	—	29,193,429	—	553,688	—	29,747,117
Charges for services	—	—	—	40,651,929	—	1,561,237	25,621,905	—	—	67,835,071
Investment income:										
Investment earnings	931,767	782,559	14,440	1,711,169	51,860	343,229	202,286	528,286	59,868	4,625,464
Installment interest	—	171,313	—	—	—	15,051	—	—	—	186,364
Fines and forfeitures	—	—	682	—	—	500	2,584	—	3,182,028	3,185,794
Developer fees	—	—	—	—	713,070	—	—	—	—	713,070
Miscellaneous program revenue	200	3,708,013	589,955	313,763	—	6,014,743	282,827	2,658,546	58,179	13,626,226
Total revenues	9,993,876	11,458,317	605,077	42,676,861	764,930	37,128,189	26,109,602	3,740,520	3,300,075	135,777,447
EXPENDITURES										
General government	1,911,378	—	775,903	—	—	7,159,989	—	1,458,403	—	11,305,673
Legislative and judicial	—	—	—	—	—	1,180,723	—	—	—	1,180,723
Public works	2,586,353	—	—	37,925,706	—	8,729,768	—	—	—	49,241,827
Public safety	—	—	—	—	—	4,700,365	—	—	1,935,827	6,636,192
Recreation and parks	—	—	—	—	469,696	71,794	24,588,564	—	—	25,130,054
Community services	68,042	15,957,241	—	—	—	16,830,771	—	—	—	32,856,054
Capital improvements	2,313,642	—	—	—	—	—	—	—	—	2,313,642
Debt service:										
Principal payments on debt	4,706,507	38,939	—	—	—	41,940	273,174	164,593	678,337	5,903,490
Interest payments on debt	1,245,442	39,117	—	—	—	184,894	7,783	1,146	57,203	1,535,585
Total expenditures	12,831,364	16,035,297	775,903	37,925,706	469,696	38,900,244	24,869,521	1,624,142	2,671,367	136,103,240
Excess (deficiency) of revenues over expenditures	(2,837,488)	(4,576,980)	(170,826)	4,751,155	295,234	(1,772,055)	1,240,081	2,116,378	628,708	(325,793)

(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, 2026

	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	2,073,960	—	—	—	—	—	—	—	—	2,073,960
Subscription issued	—	—	—	—	—	93,972	612,077	231,601	—	937,650
Transfers in	—	—	—	—	2,487	153	152,058	46,282	—	200,980
Refunding bonds issued	—	17,307	—	—	—	—	—	—	—	17,307
Bond premium	—	2,556	—	—	—	—	—	—	—	2,556
Transfers out	—	(5,504,066)	(14,440)	(3,236,006)	—	(305,877)	(202,285)	—	(59,867)	(9,322,541)
Total other financing sources (uses)	2,073,960	(5,484,203)	(14,440)	(3,236,006)	2,487	(211,752)	561,850	277,883	(59,867)	(6,090,088)
Net change in fund balances	(763,528)	(10,061,183)	(185,266)	1,515,149	297,721	(1,983,807)	1,801,931	2,394,261	568,841	(6,415,881)
Fund balances - beginning	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
Fund balances - ending	$ 27,653,970	$ 46,507,180	$ 440,162	$ 30,012,303	$ 1,660,128	$ (2,213,166)	$ 690,636	$ 14,418,572	$ 1,519,919	$ 120,689,704

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget-over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Local taxes	$ 7,780,000	$ 7,780,000	$ —	$ 9,061,909	$ 1,281,909
Investment income	—	—	—	931,767	931,767
Miscellaneous program revenue	—	—	—	200	200
Total revenues	7,780,000	7,780,000	—	9,993,876	2,213,876
EXPENDITURES					
Public works:					
General Government	1,974,807	1,974,807	—	1,966,305	(8,502)
Administrative	2,603,529	2,603,529	—	2,586,353	(17,176)
Capital improvements	—	—	—	2,313,642	2,313,642
Community Services	68,042	68,042	—	68,042	—
Debt service:					
Principal payments on debt	4,844,990	4,844,990	—	4,706,507	(138,483)
Interest payments on debt	1,277,770	1,277,770	—	1,245,442	(32,328)
Total expenditures	10,769,138	10,769,138	—	12,886,291	2,117,153
Excess (deficiency) of revenues over expenditures	(2,989,138)	(2,989,138)	—	(2,892,415)	96,723
OTHER FINANCING SOURCES					
Appropriation from fund balance	2,989,138	2,989,138	—	818,455	(2,170,683)
Installment purchase agreements issued	—	—	—	2,073,960	2,073,960
Total other financing sources	2,989,138	2,989,138	—	2,892,415	(96,723)
Net change in fund balance	—	—		—	—
Plus prior year encumbrances lapsed				—	
Less appropriation from fund balance				(818,455)	
Fund balance - beginning				28,577,927	
Fund balance - ending				$ 27,759,472	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ 27,759,472	
Adjustments required under GAAP:					
Accruals				(2,915)	
Elimination of encumbrances of outstanding				55,482	
Credit adjustments				(158,069)	
Fund balance, end of the fiscal year				$ 27,653,970	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Local taxes	$ 5,835,000	$ 5,835,000	$ —	$ 6,796,432	$ 961,432
Installment interest from housing loans	—	—	—	171,313	171,313
Miscellaneous program revenue	750,000	750,000	—	3,708,014	2,958,014
Total revenues	6,585,000	6,585,000	—	10,675,759	4,090,759
EXPENDITURES					
Community services:					
Revolving loan program income	200,000	200,000	—	2,744	(197,256)
Housing initiatives	14,503,500	8,645,500	(5,858,000)	5,076,433	(3,569,067)
HUD Section 108 Loan	—	5,848,000	5,848,000	5,751,673	(96,327)
Housing and community development administration	4,816,215	4,799,261	(16,954)	2,441,443	(2,357,818)
Homeless Services	894,800	882,815	(11,985)	631,315	(251,500)
Debt services:					
Principal payments on debt	—	38,939	38,939	38,939	—
Interest payments on debt	—	—	—	39,066	39,066
Total expenditures	20,414,515	20,414,515	—	13,981,613	(6,432,902)
Excess (deficiency) of revenues over expenditures	(13,829,515)	(13,829,515)	—	(3,305,854)	10,523,661
OTHER FINANCING SOURCES (USES)					
Appropriation from fund balance	18,551,035	18,551,035	—	8,010,054	(10,540,981)
Net Proceeds Loan-HUD	—	—	—	17,307	17,307
Transfers out	(4,721,520)	(4,721,520)	—	(4,721,507)	13
Total other financing sources (uses)	13,829,515	13,829,515	—	3,305,854	(10,523,661)
Net change in fund balance	—	—		—	—
Plus: Prior year encumbrance lapsed				2,767,209	
Less appropriation from fund balance				(8,010,054)	
Fund balance - beginning				33,530,846	
Fund balance - ending				$ 28,288,001	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ 28,288,001	
Adjustments required under GAAP:					
Elimination of encumbrances outstanding				97,401	
Cumulative housing loans expenditures				19,198,729	
Cumulative bad debt expense				(1,076,951)	
Fund balance, end of the fiscal year				$ 46,507,180	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Disposable Plastics Reduction Fund
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Fines and forfeitures	$ 2,000	$ 2,000	$ —	$ 682	$ (1,318)
Miscellaneous program revenue	590,000	590,000	—	589,955	(45)
Total revenues	592,000	592,000	—	590,637	(1,363)
EXPENDITURES					
General Government:					
Administrative	953,847	953,847	—	763,193	(190,654)
Total expenditures	953,847	953,847	—	763,193	(190,654)
Excess (deficiency) of revenues over expenditures	(361,847)	(361,847)	—	(172,556)	189,291
OTHER FINANCING SOURCES (USES)					
Appropriation from fund balance	361,847	361,847	—	172,556	(189,291)
Total other financing sources (uses)	361,847	361,847	—	172,556	(189,291)
Net change in fund balance	—	—		—	—
Less appropriation from fund balance				(172,556)	
Fund balance - beginning				538,855	
Fund balance - ending				$ 366,299	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ 366,299	
Adjustments required under GAAP:					
Elimination of encumbrances outstanding				75,350	
Cumulative bad debt expense				(1,487)	
Fund balance, end of the fiscal year				$ 440,162	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Environmental Services Funds
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Property taxes	$ 5,000	$ 5,000	$ —	$ —	$ (5,000)
Charges for services	40,470,000	40,470,000	—	40,678,254	208,254
Miscellaneous program revenue	285,000	285,000	—	313,760	28,760
Total revenues	40,760,000	40,760,000	—	40,992,014	232,014
EXPENDITURES					
Public works:					
Administrative	3,498,961	3,528,961	30,000	3,462,779	(66,182)
Operations	18,164,343	18,134,343	(30,000)	17,661,649	(472,694)
Collections	7,367,183	7,367,183	—	7,196,220	(170,963)
Recycling	11,237,666	11,237,666	—	10,755,422	(482,244)
Total expenditures	40,268,153	40,268,153	—	39,076,070	(1,192,083)
Excess (deficiency) of revenues over expenditures	491,847	491,847	—	1,915,944	1,424,097
OTHER FINANCING SOURCES (USES)					
Appropriation from fund balance	1,033,003	1,033,003	—	—	(1,033,003)
Transfers out	(1,524,850)	(1,524,850)	—	(1,524,837)	13
Total other financing sources (uses)	(491,847)	(491,847)	—	(1,524,837)	(1,032,990)
Net change in fund balance	—	—		391,107	391,107
Plus: Prior year encumbrance lapsed				1,585,876	
Fund balance - beginning				26,767,154	
Fund balance - ending				$ 28,744,137	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ 28,744,137	
Adjustments required under GAAP:					
Elimination of encumbrances outstanding				2,303,609	
Accruals				(911,057)	
Cumulative bad debt expense				(124,386)	
Fund balance, end of the fiscal year				$ 30,012,303	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget-over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Investment earnings	$ 25,000	$ 25,000	$ —	$ 51,860	$ 26,860
Fines and forfeitures	15,000	15,000	—	—	(15,000)
Developer fees	125,000	125,000	—	713,070	588,070
Total revenues	165,000	165,000	—	764,930	599,930
EXPENDITURES					
Public Works:					
Forest mitigation	759,371	759,371	—	563,845	(195,526)
Total expenditures	759,371	759,371	—	563,845	(195,526)
Excess (deficiency) of revenues over expenditures	(594,371)	(594,371)	—	201,085	795,456
OTHER FINANCING SOURCES (USES)					
Appropriation from fund balance	594,371	594,371	—	—	(594,371)
Total other financing sources (uses)	594,371	594,371	—	—	(594,371)
Net change in fund balance	—	—		201,085	201,085
Fund balance - beginning				1,362,407	
Fund balance - ending				$ 1,563,492	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				1,563,492	
Adjustments:					
Elimination of encumbrances outstanding				97,500	
Accruals				(864)	
Fund balance, end of the fiscal year				$ 1,660,128	

Howard County, Maryland

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis

Grants Fund

For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget-over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Revenue from other agencies:					
State shared taxes	$ 25,000	$ 25,000	$ —	$ —	$ (25,000)
Grants from federal government	15,974,674	15,974,674	—	12,859,031	(3,115,643)
Grants from state government	26,434,022	26,432,522	(1,500)	16,062,794	(10,369,728)
Other local grants	4,451,364	4,452,864	1,500	271,655	(4,181,209)
Total revenue from other agencies	46,885,060	46,885,060	—	29,193,480	(17,691,580)
Charges for services	1,225,000	1,225,000	—	1,533,532	308,532
Investment earnings	—	—	—	52,403	52,403
Fines and forfeitures	—	—	—	500	500
Licenses and permits	125,000	125,000	—	—	(125,000)
Miscellaneous program revenue	16,357,825	16,357,825	—	6,032,233	(10,325,592)
Total revenues	64,592,885	64,592,885	—	36,812,148	(27,780,737)
EXPENDITURES					
General government	21,476,078	21,476,078	—	7,066,201	(14,409,877)
Legislative & judicial	1,592,290	1,592,290	—	1,204,803	(387,487)
Public works	13,573,668	13,573,668	—	8,926,355	(4,647,313)
Public safety	6,809,720	6,809,720	—	4,893,782	(1,915,938)
Recreation & parks	148,500	148,500	—	71,794	(76,706)
Community services	20,950,616	20,907,549	(43,067)	16,704,900	(4,202,649)
Debt service:					—
Principal payments on debt	31,057	72,998	41,941	41,940	(31,058)
Interest payments on debt	10,956	12,082	1,126	184,824	172,742
Total expenditures	64,592,885	64,592,885	—	39,094,599	(25,498,286)
Excess (deficiency) of revenues over expenditures	—	—	—	(2,282,451)	(2,282,451)
Net change in fund balance	—	—		(2,282,451)	(2,282,451)
Plus: Prior year encumbrances lapsed				13,252	
Fund balances - beginning				(1,409,791)	
Fund balances - ending				$ (3,678,990)	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ (3,678,990)	
Adjustments:					
Elimination of encumbrances outstanding				4,242,011	
Accruals				(514)	
Cumulative bad debt expense				(578,655)	
Elimination of loan expenses				(19,736)	
Credit adjustment for leased asset				(2,177,282)	
Fund balance, end of the fiscal year				$ (2,213,166)	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Charges for services	$ 28,196,960	$ 28,196,960	$ —	$ 25,620,405	$ (2,576,555)
Fines and forfeitures	—	—	—	2,584	2,584
Miscellaneous program revenue	300,000	300,000	—	282,827	(17,173)
Total revenues	28,496,960	28,496,960	—	25,905,816	(2,591,144)
EXPENDITURES					
Recreation and parks:					
Administrative	28,721,002	28,440,501	(280,501)	24,476,573	(3,963,928)
Debt services:					
Principal payments on debt	—	273,174	273,174	273,174	—
Interest payments on debt	—	7,327	7,327	7,327	—
Total expenditures	28,721,002	28,721,002	—	24,757,074	(3,963,928)
Excess (deficiency) of revenues over expenditures	(224,042)	(224,042)	—	1,148,742	1,372,784
OTHER FINANCING SOURCES (USES)					
Transfers in	224,042	224,042	—	152,058	(71,984)
Total other financing sources (uses)	224,042	224,042	—	152,058	(71,984)
Net change in fund balance	—	—		1,300,800	1,300,800
Plus: Prior year encumbrances lapsed				472	
Fund balance - beginning				(987,583)	
Fund balance - ending				$ 313,689	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ 313,689	
Adjustments required under GAAP:					
Elimination of encumbrances outstanding				586,176	
Accruals				(204,946)	
Cumulative bad debt expense				(4,283)	
Fund balance, end of the fiscal year				$ 690,636	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Settlement Fund
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Other local taxes	$ —	$ —	$ —	$ 553,688	$ 553,688
State Grant	2,900,000	1,100,000	(1,800,000)	—	(1,100,000)
Fines and forfeitures	—	—	—	553,039	553,039
Miscellaneous program revenue	132,000	1,932,000	1,800,000	2,633,793	701,793
Total revenues	3,032,000	3,032,000	—	3,740,520	708,520
EXPENDITURES					
General Government:					
Administrative	6,093,948	6,104,355	10,407	1,180,520	(4,923,835)
Debt service:					
Principal payments on debt	—	164,593	164,593	164,593	—
Total expenditures	6,093,948	6,268,948	175,000	1,345,113	(4,923,835)
Excess (deficiency) of revenues over expenditures	(3,061,948)	(3,236,948)	(175,000)	2,395,407	5,632,355
OTHER FINANCING SOURCES (USES)					
Appropriation from fund balance	3,236,948	3,236,948	—	—	(3,236,948)
Transfers out	(175,000)	—	175,000	—	—
Total other financing sources (uses)	3,061,948	3,236,948	175,000	—	(3,236,948)
Net change in fund balance	—	—		2,395,407	2,395,407
Fund balance - beginning				12,024,311	
Fund balance - ending				$ 14,419,718	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				14,419,718	
Adjustments:					
Accruals				(1,146)	
Fund balance, end of the fiscal year				$ 14,418,572	

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, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Fines and forfeitures	$ 5,147,084	$ 5,147,084	$ —	$ 3,182,028	$ (1,965,056)
Miscellaneous program revenue	15,000	15,000	—	58,179	43,179
Total revenues	5,162,084	5,162,084	—	3,240,207	(1,921,877)
EXPENDITURES					
Public safety:					
Administrative	4,385,614	4,385,614	—	2,248,927	(2,136,687)
Debt services:			—		
Principal payments on debt	699,053	699,053	—	627,436	(71,617)
Interest payments on debt	77,417	77,417	—	63,839	(13,578)
Total expenditures	5,162,084	5,162,084	—	2,940,202	(2,221,882)
Excess (deficiency) of revenues over expenditures	—	—	—	300,005	300,005
Net change in fund balance	—	—		300,005	300,005
Fund balance - beginning				951,067	
Fund balance - ending				$ 1,251,072	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ 1,251,072	
Adjustments:					
Elimination of encumbrances outstanding				673,515	
Accruals				(360,414)	
Unbudgeted principal and interest payment on debt				(44,265)	
Not Rec/Lapsed					
Cumulative bad debt expense				11	
Fund balance, end of the fiscal year				$ 1,519,919	

Howard County, Maryland

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis

Health Department Fund

For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget- over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	$ 1,350,000	$ 1,350,000	$ —	$ 1,466,859	$ 116,859
Charges for services	931,000	931,000	—	907,819	(23,181)
Investment earnings	—	—	—	475,828	475,828
Miscellaneous program revenue	3,382,563	3,382,563	—	762,507	(2,620,056)
Total revenue	5,663,563	5,663,563	—	3,613,013	(2,050,550)
EXPENDITURES					
Community services:					
General health services	18,442,781	18,322,953	(119,828)	17,223,979	(1,098,974)
Grant programs	3,050,000	3,060,374	10,374	534,651	(2,525,723)
Debt services:					—
Principal payment on debt	—	93,892	93,892	98,365	4,473
Interests payments on debt	—	15,562	15,562	15,569	7
Total expenditures	21,492,781	21,492,781	—	17,872,564	(3,620,217)
Excess (deficiency) of revenues over expenditures	(15,829,218)	(15,829,218)	—	(14,259,551)	1,569,667
OTHER FINANCING SOURCES (USES)					
Transfers in	15,829,218	15,829,218	—	15,829,218	—
Total other financing sources (uses)	15,829,218	15,829,218	—	15,829,218	—
Net change in fund balance	—	—		1,569,667	1,569,667
Plus: Prior year encumbrances lapsed				15,578	
Fund balances - beginning				6,855,586	
Adjustment to beginning balance				(3,999,763)	
Fund balance - beginning as restated				2,855,823	
Fund balances - ending				$ 4,441,068	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				$ 4,441,068	
Adjustments required under GAAP:					
Elimination of encumbrances outstanding				431,554	
Accruals				(8,321)	
Fund balance, end of the fiscal year				$ 4,864,301	

Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2026

	Fire Service Bldg & Equip Fund	Highway & Storm Drainage Fund	Recreation and Parks Fund	Total
ASSETS				
Equity in pooled cash and investments	$ 44,057,412	$ 40,758,203	$ 3,995,669	$ 88,811,284
Intergovernmental receivable	—	3,161,314	14,563,468	17,724,782
Other	138,415	35,904	230,692	405,011
Total assets	44,195,827	43,955,421	18,789,829	106,941,077
LIABILITIES				
Accounts payable/accrued liability	546,550	10,049,350	3,498,354	14,094,254
Accrued wages and benefits	1,849	9,091	—	10,940
Short-term loans and notes payable	—	6,151,801	611,000	6,762,801
Deposits and connection fees	—	200,000	—	200,000
Unearned revenue	—	693,698	—	693,698
Total liabilities	548,399	17,103,940	4,109,354	21,761,693
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenues	—	2,880,129	14,453,602	17,333,731
Total liabilities and deferred inflows of resources	548,399	19,984,069	18,562,956	39,095,424
FUND BALANCES				
Restricted:				
Open space	—	—	760,384	760,384
Parkland watershed facilities	—	—	19,396,720	19,396,720
Public road facilities	—	54,754,638	—	54,754,638
Committed:				
Firehouse & training facilities	26,258,586	—	—	26,258,586
Assigned:				
Capital projects	17,388,842	—	—	17,388,842
Unassigned	—	(30,783,286)	(19,930,231)	(50,713,517)
Total fund balances	43,647,428	23,971,352	226,873	67,845,653
Total liabilities, deferred inflows and fund balances	$ 44,195,827	$ 43,955,421	$ 18,789,829	$ 106,941,077

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended June 30, 2026

	Fire Service Bldg & Equip Fund	Highway & Storm Drainage Fund	Recreation and Parks Fund	Total
REVENUES				
Other local taxes	$ 6,796,432	$ 3,628,157	$ 11,327,386	$ 21,751,975
Revenues from other governments	—	2,690,922	6,591,305	9,282,227
Investment earnings	1,682,514	2,759,609	425,646	4,867,769
Installment interest	—	1,458	—	1,458
Licenses and permits	—	1,342,647	—	1,342,647
Developer contributions	—	1,889,770	44,405	1,934,175
Miscellaneous program revenues	86,406	8,112	—	94,518
Total revenues	8,565,352	12,320,675	18,388,742	39,274,769
EXPENDITURES				
Capital improvements	3,658,284	53,479,964	25,035,710	82,173,958
Total expenditures	3,658,284	53,479,964	25,035,710	82,173,958
Excess (deficiency) of revenues over expenditures	4,907,068	(41,159,289)	(6,646,968)	(42,899,189)
OTHER FINANCING SOURCES (USES)				
Bond premium	38,737	2,308,370	887,219	3,234,326
Capital related debt issued	—	11,190,790	1,302,442	12,493,232
Refunding bond issued	262,281	7,784,982	5,094,353	13,141,616
Payment made to escrow agent	(150,388)	(9,176,093)	(6,147,561)	(15,474,042)
Transfers in	5,000,000	29,477,268	4,130,000	38,607,268
Transfers out	(4,759,068)	(9,532,433)	(6,952,415)	(21,243,916)
Total other financing sources (uses)	391,562	32,052,884	(1,685,962)	30,758,484
Net change in fund balances	5,298,630	(9,106,405)	(8,332,930)	(12,140,705)
Fund balances - beginning	38,348,798	33,077,757	8,559,803	79,986,358
Fund balances - ending	$ 43,647,428	$ 23,971,352	$ 226,873	$ 67,845,653

Howard County, Maryland
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2026

	Bond Anticipation Fund	Tax Increment Financing Fund	Total
ASSETS			
Equity in pooled cash and investments	$ 50,874	$ 18,455,947	$ 18,506,821
Cash and securities with fiscal agents	—	5,565,233	5,565,233
Total assets	50,874	24,021,180	24,072,054
LIABILITIES			
Accounts payable / accrued liabilities	50,874	4,894	55,768
Unearned revenue	—	28,143	28,143
Total liabilities	50,874	33,037	83,911
FUND BALANCES			
Restricted:			
Tax incremental financing project	—	23,988,143	23,988,143
Total fund balances	—	23,988,143	23,988,143
Total liabilities and fund balances	$ 50,874	$ 24,021,180	$ 24,072,054

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Debt Service Funds
For the Year Ended June 30, 2026

	Bond Anticipation Fund	Tax Increment Financing Fund	Total
REVENUES			
Property taxes	$ —	$ 6,225,033	$ 6,225,033
Investment earnings	—	753,801	753,801
Total revenues	—	6,978,834	6,978,834
EXPENDITURES			
Current:			
General government	632,327	114,225	746,552
Debt service:			
Principal payments on debt	108,023	1,160,000	1,268,023
Interest payments on debt	1,150,253	2,800,469	3,950,722
Total expenditures	1,890,603	4,074,694	5,965,297
Excess (deficiency) of revenues over expenditures	(1,890,603)	2,904,140	1,013,537
OTHER FINANCING SOURCES (USES)			
Capital related issuance of debt	267,832	—	267,832
Refunding bonds issued	125,819	—	125,819
Transfers in	1,496,952	—	1,496,952
Transfers out	—	(547,223)	(547,223)
Total other financing sources (uses)	1,890,603	(547,223)	1,343,380
Net change in fund balances	—	2,356,917	2,356,917
Fund balances - beginning	—	21,631,226	21,631,226
Fund balances - ending	$ —	$ 23,988,143	$ 23,988,143

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Bond Anticipation Notes
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget-over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Investment earnings	$ —	$ —	$ —	$ —	$ —
Total revenues	—	—	—	—	—
EXPENDITURES					
General government:					
Bond anticipation notes	400,000	400,000	—	187,877	(212,123)
Debt service:					
Issuance costs	2,018,960	918,960	(1,100,000)	393,651	(525,309)
Principal payments on debt	108,030	108,030	—	108,023	(7)
Interest payments on debt	73,010	1,173,010	1,100,000	1,150,253	(22,757)
Total expenditures	2,600,000	2,600,000	—	1,839,804	(760,196)
Excess (deficiency) of revenues over expenditures	(2,600,000)	(2,600,000)	—	(1,839,804)	760,196
OTHER FINANCING SOURCES					
Capital related debt issued	400,000	400,000	—	267,832	(132,168)
Refunding bonds issued	—	—	—	125,819	125,819
Transfers in	2,200,000	2,200,000	—	1,446,153	(753,847)
Total other financing sources	2,600,000	2,600,000	—	1,839,804	(760,196)
Net change in fund balance	—	—		—	—
Fund balances - beginning				—	
Fund balances - ending				$ —	
The ending fund balance is reconciled as follows:					
Budgetary Basis, end of the fiscal year				—	
Fund balance, end of the fiscal year				$ —	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Tax Increment Financing Fund
For the Year Ended June 30, 2026

	Budget Amounts		Variance with Original Budget-over (under) Final Budget	Actual Amounts Budgetary (and GAAP Basis)	Variance with Final Budget - over (under) Actual Amounts
	Original	Final			
REVENUES					
Property taxes	$ 6,424,393	$ 6,424,393	$ —	$ 6,225,033	$ (199,360)
Investment earnings	191,000	191,000	—	206,578	15,578
Total revenues	6,615,393	6,615,393	—	6,431,611	(183,782)
EXPENDITURES					
General government:					
Tax incremental financing	2,654,923	2,654,923	—	114,225	(2,540,698)
Debt Service:					
Principal payments on debt	1,160,000	1,160,000	—	1,160,000	—
Interest payments on debt	2,800,470	2,800,470	—	2,800,469	(1)
Total expenditures	6,615,393	6,615,393	—	4,074,694	(2,540,699)
Excess of revenues over expenditures	—	—	—	2,356,917	2,356,917
OTHER FINANCING SOURCES					
Net change in fund balance	—	—		2,356,917	2,356,917
Fund balances - beginning				21,631,226	
Fund balances - ending				$ 23,988,143	
The ending fund balance is reconciled as follows:					
Budgetary basis, end of the fiscal year				23,988,143	
Fund balance, end of the fiscal year				$ 23,988,143	

NON-MAJOR ENTERPRISE FUNDS


HC

Howard County, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2026

	Broadband	Special Recreation Facility	Total
ASSETS			
Current assets:			
Equity in pooled cash and investments	$ 11,482,447	$ —	$ 11,482,447
Receivables:			
Accounts receivable, net	255,257	—	255,257
Lease receivables	156,834	232,648	389,482
Other receivables	1,732	—	1,732
Total current assets	11,896,270	232,648	12,128,918
Noncurrent assets:			
Lease receivables	736,558	3,103,235	3,839,793
Restricted assets:			
Other receivables	28,945	—	28,945
Capital assets:			
Land and land improvements	—	8,684,896	8,684,896
Buildings and improvements, net	—	340,210	340,210
Machinery and equipment, net	1,116,179	—	1,116,179
Infrastructure, net	5,800,790	—	5,800,790
Improvement other, net	—	1,215,557	1,215,557
Total noncurrent assets	7,682,472	13,343,898	21,026,370
Total assets	19,578,742	13,576,546	33,155,288
Total assets and deferred outflows of resources	19,578,742	13,576,546	33,155,288
LIABILITIES			
Current liabilities:			
Due to other funds	—	1,236,414	1,236,414
Accounts payable	10,688	—	10,688
Accrued wages and benefits	33,248	—	33,248
Compensated absences	68,687	—	68,687
Unearned revenue	—	101,552	101,552
Total current liabilities	112,623	1,337,966	1,450,589
Current liabilities payable from restricted assets:			
Bond payable	130,211	—	130,211
Interest payable	44,312	—	44,312
Total current liabilities payable from restricted assets	174,523	—	174,523
Total current liabilities	287,146	1,337,966	1,625,112
Noncurrent liabilities:			
Compensated absences	100,073	—	100,073
Bond payable	2,774,079	—	2,774,079
Total noncurrent liabilities	2,874,152	—	2,874,152
Total liabilities	3,161,298	1,337,966	4,499,264
DEFERRED INFLOWS OF RESOURCES			
Lease related	874,508	3,164,021	4,038,529
Total deferred inflows of resources	874,508	3,164,021	4,038,529
Total liabilities and deferred inflows of resources	4,035,806	4,501,987	8,537,793
NET POSITION			
Net investment in capital assets	4,012,680	10,240,663	14,253,343
Unrestricted	11,530,256	(1,166,104)	10,364,152
Total net position	$ 15,542,936	$ 9,074,559	$ 24,617,495

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2026

	Broadband	Special Recreation Facility	Total
Operating revenues:			
Charges for services	$ 1,742,471	$ —	$ 1,742,471
Miscellaneous sales and services	—	465,538	465,538
Total operating revenues	1,742,471	465,538	2,208,009
Operating expenses:			
Personnel services	788,992	—	788,992
Contractual services	1,335,766	—	1,335,766
Materials and supplies	22,095	—	22,095
Business and travel	1,786	—	1,786
Depreciation and amortization expense	940,253	133,735	1,073,988
Total operating expenses	3,088,892	133,735	3,222,627
Operating income (loss)	(1,346,421)	331,803	(1,014,618)
Noncapital subsidies:			
Transfers in	850,000	—	850,000
Transfers out	—	(16,824)	(16,824)
Total noncapital subsidies	850,000	(16,824)	833,176
Operating income (loss) and noncapital subsidies	(496,421)	314,979	(181,442)
Other nonoperating revenues (expenses):			
Investment earnings	431,197	64,800	495,997
Interest expense	(118,690)	—	(118,690)
Capital contributions	595,283	—	595,283
Other, net	669	—	669
Total other nonoperating revenues (expenses)	908,459	64,800	973,259
Income (loss) before unusual or infrequent items	412,038	379,779	791,817
Change in net position	412,038	379,779	791,817
Net position - beginning of year	15,130,898	8,694,780	23,825,678
Net position - end of year	$ 15,542,936	$ 9,074,559	$ 24,617,495

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2026

	Broadband	Special Recreation Facility	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 1,839,216	$ 693,409	2,532,625
Payment to suppliers and service providers	(518,361)	(253,277)	(771,638)
Payment to employees for salaries and benefits	(770,803)	—	(770,803)
Payment to other funds for services provided	(1,070,491)	—	(1,070,491)
Net cash provided by operating activities	(520,439)	440,132	(80,307)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund payable	—	(488,108)	(488,108)
Interfund operating transfers in (out)	850,000	—	850,000
Net cash provided by (used for) noncapital financing activities	850,000	(488,108)	361,892
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment of long-term interest	(120,260)	—	(120,260)
Payment of long-term principal	(125,901)	—	(125,901)
Net cash provided by capital and related financing activities	(246,161)	—	(246,161)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	429,730	47,976	477,706
Net cash provided by investing activities	429,730	47,976	477,706
Net increase in cash and cash equivalents	513,130	—	513,130
Cash and cash equivalents - beginning of year	10,969,317	—	10,969,317
Cash and cash equivalents - end of year	11,482,447	—	11,482,447

(continued)

Howard County, Maryland

Combining Statement of Cash Flows

Non-Major Enterprise Funds

For the Year Ended June 30, 2026

	Broadband	Special Recreation Facility	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating (loss) income	**(1,346,421)**	**331,803**	**(1,014,618)**
Adjustments to reconcile operating income to net cash:			
Depreciation and amortization expense	**940,253**	**133,735**	**1,073,988**
Effect of changes in operating assets and liabilities:			
Accounts and other receivables	**(57,056)**	**—**	**(57,056)**
Lease receivables	**153,798**	**227,870**	**381,668**
Accounts payable	**(69,613)**	**—**	**(69,613)**
Accrued wages and benefits	**4,258**	**—**	**4,258**
Compensated absences	**15,005**	**—**	**15,005**
Unearned revenue	**—**	**(155)**	**(155)**
Deferred lease revenues	**(160,663)**	**(253,121)**	**(413,784)**
Total adjustments	**825,982**	**108,329**	**934,311**
Net cash provided by (used for) operating activities	**$ (520,439)**	**$ 440,132**	**$ (80,307)**

Noncash investing, capital, and financing activities:

Contributions from General Capital Project fund's to Broadband Fund totaled $595,283.

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


HC

Howard County, Maryland
Combining Statement of Net Position
Internal Services Funds
June 30, 2026

	Employee Benefits Self-Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
ASSETS					
Current assets:					
Equity in pooled cash and investments	$ —	$ 12,927,006	$ 24,508,054	$ 5,296,521	$ 42,731,581
Service billings	1,701,608	105,640	9,513	42,132	1,858,893
Other receivables	934,589	244,587	61,620	17,063	1,257,859
Lease receivables	—	—	—	784,436	784,436
Prepaids	—	31,581	972,000	194,882	1,198,463
Materials and supplies	—	2,120,630	—	84,066	2,204,696
Total current assets	2,636,197	15,429,444	25,551,187	6,419,100	50,035,928
Noncurrent assets:					
Lease receivables	—	—	—	9,209,890	9,209,890
Capital assets:					
Buildings and improvements, net	—	50,778	—	—	50,778
Machinery and equipment, net	—	41,371,100	—	9,817,479	51,188,579
Infrastructure, net	—	137,687	—	322,422	460,109
Improvement other, net	—	1,081,295	—	30,874	1,112,169
net	—	—	55,317	6,826,066	6,881,383
Total noncurrent assets	—	42,640,860	55,317	26,206,731	68,902,908
Total assets	2,636,197	58,070,304	25,606,504	32,625,831	118,938,836
LIABILITIES					
Current liabilities:					
Due to other funds	8,494,235	—	—	—	8,494,235
Accounts payable	2,801,269	777,218	1,274,870	1,044,737	5,898,094
Accrued interest payable	—	—	225	147,999	148,224
Accrued wages and benefits	441,837	232,549	61,460	660,466	1,396,312
Compensated absences	4,381	82,469	9,652	208,523	305,025
Deposits and connection fees	—	—	—	75,000	75,000
Unpaid insurance claims	5,038,603	—	5,121,961	—	10,160,564
Subscriptions	—	—	48,516	2,532,311	2,580,827
Total current liabilities	16,780,325	1,092,236	6,516,684	4,669,036	29,058,281
Noncurrent liabilities:					
Compensated absences	60,686	989,048	136,101	2,272,181	3,458,016
Unpaid insurance claims	102,829	—	18,766,740	—	18,869,569
Subscriptions	—	—	—	4,010,114	4,010,114
Total noncurrent liabilities	163,515	989,048	18,902,841	6,282,295	26,337,699
Total liabilities	16,943,840	2,081,284	25,419,525	10,951,331	55,395,980
DEFERRED INFLOWS OF RESOURCES					
Lease related	—	—	—	9,018,355	9,018,355
Total deferred inflows of resources	—	—	—	9,018,355	9,018,355
Total liabilities and deferred inflows of resources	16,943,840	2,081,284	25,419,525	19,969,686	64,414,335
NET POSITION					
Net investment in capital assets	—	42,640,860	6,801	10,454,416	53,102,077
Unrestricted	(14,307,643)	13,348,160	180,178	2,201,729	1,422,424
Total net position	$ (14,307,643)	$ 55,989,020	$ 186,979	$ 12,656,145	$ 54,524,501

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2026

	Employee Benefits Self-Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
Operating revenues:					
User charges	$ 77,899,179	$ 25,594,757	$ 12,812,691	$ 35,469,943	$ 151,776,570
Insurance recoveries	—	—	372,923	—	372,923
Miscellaneous sales and services	—	4,416	6,674	1,008,124	1,019,214
Total operating revenues	77,899,179	25,599,173	13,192,288	36,478,067	153,168,707
Operating expenses:					
Personnel services	999,977	5,795,631	2,110,044	15,799,630	24,705,282
Contractual services	295,701	1,831,300	1,077,532	12,386,006	15,590,539
Materials and supplies	156	3,093,320	40,682	1,805,711	4,939,869
Business and travel	—	12,109	6,205	35,551	53,865
Vehicle fuels and supplies	—	4,709,586	26,546	95,183	4,831,315
Share of County administrative expenses	41,762	560,692	644,308	—	1,246,762
Insurance claims	84,973,762	—	11,312,805	—	96,286,567
Other administrative	2,797,370	—	99,034	—	2,896,404
Depreciation and amortization expense	—	8,683,271	107,985	8,977,884	17,769,140
Total operating expenses	89,108,728	24,685,909	15,425,141	39,099,965	168,319,743
Operating income (loss)	(11,209,549)	913,264	(2,232,853)	(2,621,898)	(15,151,036)
Noncapital Subsidies:					
Intergovernmental revenue	—	35,000	6,300	—	41,300
Transfers in	161,969	—	—	347,188	509,157
Transfers out	—	(451,745)	—	(871,467)	(1,323,212)
Total noncapital subsidies	161,969	(416,745)	6,300	(524,279)	(772,755)
Operating income (loss) and noncapital subsidies	(11,047,580)	496,519	(2,226,553)	(3,146,177)	(15,923,791)
Nonoperating revenues (expenses):					
Investment earnings	—	451,745	816,926	229,447	1,498,118
Interest expense	(161,969)	—	—	(94,346)	(256,315)
Gain/(loss) from the sale or disposition of capital assets	—	552,555	3,944	60,628	617,127
Other, net	—	—	245	—	245
Capital contributions	—	112,507	—	458,792	571,299
Total nonoperating revenues (expenses)	(161,969)	1,116,807	821,115	654,521	2,430,474
Net income (loss) before unusual or infrequent items	(11,209,549)	1,613,326	(1,405,438)	(2,491,656)	(13,493,317)
Change in net position	(11,209,549)	1,613,326	(1,405,438)	(2,491,656)	(13,493,317)
Net position - beginning of year	(3,098,094)	54,375,694	1,592,417	15,147,801	68,017,818
Net position - end of year	$ (14,307,643)	$ 55,989,020	$ 186,979	$ 12,656,145	$ 54,524,501

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2026

	Employee Benefits Self-Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 77,049,147	$ 25,645,702	$ 13,185,457	$ 37,171,014	$ 153,051,320
Payment to suppliers and service providers	(86,853,135)	(9,081,516)	(11,391,354)	(7,384,041)	(114,710,046)
Payment to employee for salaries and benefits	(987,302)	(5,765,453)	(2,065,864)	(15,672,550)	(24,491,169)
Payment to other funds for services provided	(47,055)	(2,261,692)	(149,738)	(8,898,234)	(11,356,719)
Other operating cash disbursements	—	—	(570,216)	(95,183)	(665,399)
Net cash provided by (used for) operating activities	(10,838,345)	8,537,041	(991,715)	5,121,006	1,827,987
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Intergovernmental revenue	—	35,000	6,300	—	41,300
Interfund payable	8,494,235	—	—	—	8,494,235
Operating subsidies received - transfer in	—	—	—	347,188	347,188
Operating subsidies provided - transfer out	—	—	—	(850,000)	(850,000)
Net cash provided by (used for) noncapital financing activities	8,494,235	35,000	6,300	(502,812)	8,032,723
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	—	(9,775,826)	—	(3,689,256)	(13,465,082)
Proceeds from the sale or disposition of capital assets	—	552,555	4,605	60,628	617,788
Payment of COP interest	—	—	—	(4,562)	(4,562)
Payment of COP principal	—	—	—	(730,000)	(730,000)
Payment of subscriptions interest	—	—	—	(108,391)	(108,391)
Payment of subscriptions principal	—	—	(53,901)	(1,461,112)	(1,515,013)
Net cash (used for) capital and related financing activities	—	(9,223,271)	(49,296)	(5,932,693)	(15,205,260)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	—	—	816,926	207,980	1,024,906
Net cash provided by investing activities	—	—	816,926	207,980	1,024,906
Net increase (decrease) in cash and cash equivalents	(2,344,110)	(651,230)	(217,785)	(1,106,519)	(4,319,644)
Cash and cash equivalents - beginning of year	2,344,110	13,578,236	24,725,839	6,403,040	47,051,225
Cash and cash equivalents - end of year	—	12,927,006	24,508,054	5,296,521	42,731,581

(continued)

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2026

	Employee Benefits Self-Insurance	Fleet Operations	Risk Management Self-Insurance	Technology and Communications	Total
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	**(11,209,549)**	**913,264**	**(2,232,853)**	**(2,621,898)**	**(15,151,036)**
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	**—**	**8,683,271**	**107,985**	**8,977,884**	**17,769,140**
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	**(850,031)**	**46,528**	**(6,831)**	**30,449**	**(779,885)**
Lease receivables	**—**	**—**	**—**	**662,499**	**662,499**
Materials and supplies	**—**	**(363,597)**	**—**	**—**	**(363,597)**
Prepaid expenses	**1,393,857**	**(9,482)**	**(522,000)**	**(194,882)**	**667,493**
Accounts payable	**(772,062)**	**(775,510)**	**260,608**	**(1,030,043)**	**(2,317,007)**
Accrued wages and benefits	**141,076**	**7,642**	**10,569**	**67,181**	**226,468**
Accrued interest payable	**—**	**—**	**(245)**	**(22,373)**	**(22,618)**
Compensated absences	**9,101**	**34,925**	**37,511**	**96,500**	**178,037**
Unpaid insurance claims	**449,263**	**—**	**1,353,541**	**—**	**1,802,804**
Unearned revenue	**—**	**—**	**—**	**(48,009)**	**(48,009)**
Deferred lease revenue	**—**	**—**	**—**	**(796,302)**	**(796,302)**
Total adjustments	**371,204**	**7,623,777**	**1,241,138**	**7,742,904**	**16,979,023**
Net cash provided by (used for) operating activities	**$ (10,838,345)**	**$ 8,537,041**	**$ (991,715)**	**$ 5,121,006**	**$ 1,827,987**

Schedule of non-cash and related financing activities:

Contributions from PAYGO, Grants Fund, and Capital Funds to the Fleet Fund totaled $118,707 offset by an interfund transaction for vehicle upfit to Agricultural Land Preservation, ($6,200).

Contributions to the Tech Comm Fund of $458,792 represent the net of transfers from PAYGO, Grant, and Capital Funds.

FIDUCIARY FUNDS


HC

Howard County, Maryland
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2026

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total Pension and OPEB
ASSETS				
Receivables:				
Cash	$ —	$ —	$ 165,533	$ 165,533
Employer contributions	1,469,479	1,913,220	—	3,382,699
Member contributions	372,587	498,826	—	871,413
Interest and dividends	464,208	646,265	3,486,719	4,597,192
Sale of investments	124,191	172,898	—	297,089
Other	72	101	—	173
Investments, at fair value:				
Money market funds	6,455,070	8,004,839	826,203	15,286,112
Short-term investments	6,666,970	11,167,571	—	17,834,541
Mutual funds	—	—	393,137,041	393,137,041
Equities	371,523,938	517,231,357	6,194,913	894,950,208
Alternative investments	186,997,677	260,336,017	—	447,333,694
Real assets	38,434,111	53,507,528	3,768,762	95,710,401
Fixed income securities	201,770,623	280,902,741	7,464,913	490,138,277
Prepaids	26,322	32,085	—	58,407
Total assets	814,305,248	1,134,413,448	415,044,084	2,363,762,780
LIABILITIES				
Accounts payable	—	—	64,578	64,578
Investments purchased	1,136,189	1,581,790	—	2,717,979
Other	645,363	735,094	1,065,042	2,445,499
Total liabilities	1,781,552	2,316,884	1,129,620	5,228,056
NET POSITION				
Restricted for:				
Pension, other post-employment benefits, individuals, organizations and other governments	$ 812,523,696	$ 1,132,096,564	$ 413,914,464	$ 2,358,534,724

Howard County, Maryland
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2026

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post Employment Benefits Fund	Total Pension and OPEB
ADDITIONS				
Contributions:				
Employer	$ 25,710,857	$ 43,251,986	$ 47,030,606	$ 115,993,449
Plan member	7,125,636	11,516,292	—	18,641,928
Total contributions	32,836,493	54,768,278	47,030,606	134,635,377
Investment earnings:				
Interest	1,918,605	2,426,691	1,382,885	5,728,181
Dividends	12,547,258	17,409,722	8,970,120	38,927,100
Net change in fair value of investments	81,223,358	114,061,136	47,750,297	243,034,791
Other	756,378	1,040,277	—	1,796,655
Total investment earnings	96,445,599	134,937,826	58,103,302	289,486,727
Less investment expense	(1,486,974)	(1,966,374)	(670,629)	(4,123,977)
Net investment earnings	94,958,625	132,971,452	57,432,673	285,362,750
Total additions	127,795,118	187,739,730	104,463,279	419,998,127
DEDUCTIONS				
Benefits	35,038,162	48,845,834	33,436,565	117,320,561
Administrative expenses	714,177	716,337	25,103	1,455,617
Total deductions	35,752,339	49,562,171	33,461,668	118,776,178
Net increase (decrease) in fiduciary net position	92,042,779	138,177,559	71,001,611	301,221,949
Net position - beginning of year	720,480,917	993,919,005	342,912,853	2,057,312,775
Net position - end of year	$ 812,523,696	$ 1,132,096,564	$ 413,914,464	$ 2,358,534,724

Howard County, Maryland
Combining Statement of Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2026

	Detention Center and Inmate Work Release	Friend of RNC	Sheriff's Writ of Execution	State Property Tax and Interest	Trust and Agency Multifarious	Police Contraband	Total
ASSETS							
Equity in pooled cash	$ 89,745	$ 11,570	$ —	$ 1,832,401	$ 111,879	$ 419,201	$ 2,464,796
Receivables:							
Property taxes	—	—	—	1,352	—	—	1,352
Other receivables and billings	—	—	—	519,283	51,003	—	570,286
Prepaids	—	—	—	—	7,926	—	7,926
Total assets	89,745	11,570	—	2,353,036	170,808	419,201	3,044,360
LIABILITIES							
Accounts payable and other liabilities	—	—	3,226	1,956,291	—	—	1,959,517
Due to other governments	—	—	—	70,192	—	—	70,192
Total liabilities	—	—	3,226	2,026,483	—	—	2,029,709
NET POSITION							
Restricted for:							
Individuals, organizations and other governments	$ 89,745	$ 11,570	$ (3,226)	$ 326,553	$ 170,808	$ 419,201	$ 1,014,651

Howard County, Maryland
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2026

	Detention Center and Inmate Work Release	Friend of RNC	Sheriff's Writ of Execution	State Property Tax and Interest	Trust and Agency Multifarious	Police Contraband	Total
ADDITIONS							
Miscellaneous revenue	$ 993,373	$ 150	$ 188,996	$ —	$ 142,224	$ 115,773	$ 1,440,516
Property taxes	—	—	—	85,409,346	—	—	85,409,346
Other local taxes and fees	—	—	—	118,088	—	—	118,088
Total additions	993,373	150	188,996	85,527,434	142,224	115,773	86,967,950
DEDUCTIONS							
Administrative expenses	996,694	—	—	—	38,661	—	1,035,355
Contractual services	—	3	188,500	—	94,968	5,780	289,251
Materials and supplies	—	—	—	—	54,545	—	54,545
Property taxes paid to other governments	—	—	—	85,638,192	—	—	85,638,192
Total deductions	996,694	3	188,500	85,638,192	188,174	5,780	87,017,343
Change in net position	(3,321)	147	496	(110,758)	(45,950)	109,993	(49,393)
Net position - beginning of year	93,066	11,423	(3,722)	437,311	216,758	309,208	1,064,044
Net position - end of year	$ 89,745	$ 11,570	$ (3,226)	$ 326,553	$ 170,808	$ 419,201	$ 1,014,651

STATISTICAL SECTION


HC

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.

The evaluation considers the significance of public services provided, the extent of County financial support, significant financial transactions, and the financial benefit or burden relationship with the County.

Based on these qualitative considerations and the significant operational and financial relationships described in Note 1.A of the ACFR, the proposed determination is that all four discretely presented component units qualify as major component units. Accordingly, no component units would be classified as nonmajor.


HC

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Governmental activities										
Net investment in capital assets	$ 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	955,687,383
Restricted	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	373,784,246
Unrestricted (a)	(1,146,393,428)	(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)	(214,157,091)
Subtotal governmental activities net position	(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	1,115,314,538
Business-type activities										
Net investment in capital assets	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	416,712,570
Restricted	27,949,207	24,709,724	21,823,966	19,238,763	16,973,269	18,476,829	12,443,251	10,607,748	8,903,642	7,320,011
Unrestricted	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	244,195,856
Subtotal business-type activities net position	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	668,228,437
Primary government										
Net investment in capital assets	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	1,372,399,953
Restricted	142,155,698	178,036,225	164,073,573	156,647,702	198,605,611	307,649,630	323,543,800	347,015,769	378,663,265	381,104,257
Unrestricted	(988,557,558)	(852,905,563)	(850,930,126)	(674,807,689)	(544,674,209)	(589,527,195)	(349,344,752)	(267,853,545)	(144,588,343)	30,038,765
Total primary government net position	$ 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	1,783,542,975

The fiscal year 2017 unrestricted net position for governmental activities and the related subtotals have been corrected. The fiscal year restricted net position for business type activities and the related subtotals have been corrected.

(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)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Expenses										
Governmental activities:										
General government	$ 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	133,432,033
Public safety	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	341,158,773
Public works	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	272,302,995
Recreation and parks	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	51,095,949
Legislative and judicial	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	43,496,231
Community services	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	87,640,656
State highways	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	374,560
Education	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	1,019,027,408
Interest on long-term debt	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	58,115,545
Total governmental activities expenses	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	2,006,644,150
Business-type activities:										
Water and sewer	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	171,262,789
Watershed	—	—	—	—	—	—	—	—	10,215,810	9,768,004
Other	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	3,341,317
Total business-type activities expenses	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	184,372,110
Total primary government expenses	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	2,191,016,260
Program revenues										
Governmental activities:										
Charges for services										
General government	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	38,260,826
Public works	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	70,034,388
Recreation and parks	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	26,031,077
Other	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	39,945,029
Operating grants and contributions	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	71,973,882
Capital grants and contributions	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	52,871,840
Total governmental activities program revenues	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	299,117,042
Business-type activities:										
Charges for services										
Water and sewer	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	83,528,168
Other	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	2,208,009
Operating grants and contributions	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	48,086,289
Capital grants and contributions	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	9,900,236
Total business-type activities program revenues	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	143,722,702
Total primary government program revenues	$ 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	442,839,744

(continued)

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net (expenses)/revenue										
Governmental activities	$(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)	(1,707,527,108)
Business-type activities	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	(14,864,140)
Total primary government net expenses	(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)	(1,722,391,248)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	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	890,597,351
Local income taxes	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	780,036,980
Other local taxes	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	82,856,308
Intergovernmental, unrestricted	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	6,961,427
Unrestricted investment income	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	38,597,336
Miscellaneous	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	1,314,202
Transfers	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	(9,965,356)
Subtotal governmental activities	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	1,790,398,248
Business-type activities:										
Unrestricted investment income	830,024	2,434,920	5,998,775	2,615,899	253,254	957,282	6,348,339	11,920,749	12,251,779	10,622,611
Miscellaneous	150	53,351	(794,262)	(10,728)	3,033	4,822	28,976	(157,517)	229,891	177,900
Transfers	(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)	9,965,356
Subtotal business-type activities	(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	20,765,867
Total primary government	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	1,811,164,115
Net position balances										
Governmental activities:										
Change in net position, governmental activities	(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	82,871,140
Net position, beginning-governmental activities	(131,849,763)	(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
Restatement	—	122,118,537	—	—	—	—	—	—	(33,403,078)	—
Net position, ending-governmental activities	(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	1,115,314,538
Business-type activities:										
Change in net position, business-type activities	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	5,901,727
Net position, beginning-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	637,492,151	662,326,710
Restatement	—	(10,948,099)	—	—	—	—	—	—	—	—
Net position, ending-business-type activities	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	668,228,437
Total primary government	$ 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	1,783,542,975

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
General fund											
Nonspendable	$ 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	7,391,412	
Restricted	2,070,419	1,024,450	—	—	—	—	—	—	—	—	
Committed	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	97,689,723	
Assigned	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	280,531,158	
Unassigned	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	40,895,015	(a)
Total general fund	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	426,507,308	
All other governmental funds											
Nonspendable	644,176	656,721	671,042	681,117	668,614	670,280	982,178	1,001,369	2,171,194	1,082,639	
Restricted	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	358,970,840	
Committed	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	117,858,366	
Assigned	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	17,388,842	
Unassigned	(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)	(83,192,848)	
Total all other governmental funds	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	412,107,839	
Total governmental funds	$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	838,615,147	

(a) Of this amount, $4.9 million is for the Health Department Fund.

(b) Effective FY 2026 non cash capital contributions and transfers are reported separately.

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

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
REVENUES										
Property taxes (a)	$ 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	$ 899,643,062
Other local taxes	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	855,571,866
State shared taxes	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	6,961,427
Revenues from other governments	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	70,208,929
Charges for services	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	88,641,228
Investment earnings	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	38,150,639
Decrease in fair value of investments	—	—	—	—	—	—	(907,535)	—	—	—
Installment interest from housing loans	27,190	53,025	60,540	95,639	194,795	98,283	83,348	65	173,977	187,822
Licenses and permits	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	6,990,225
Fines and forfeitures	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	6,297,233
Developer contributions	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	2,647,245
Payments from component units	2,076,568	2,095,129	1,546,337	1,017,178	495,833	463,382	426,382	387,347	368,165	335,574
Miscellaneous program revenues	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	24,315,910
Total revenues	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	1,999,951,160
EXPENDITURES										
Current:										
General government	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	101,641,157
Legislative & judicial	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	45,616,170
Public works	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	150,749,631
Public safety	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	347,599,114
Recreation and parks	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	56,821,801
Community services	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	85,344,004
Education	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	967,222,826
Capital improvements	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	229,746,604
Debt service:										
Principal	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	114,770,713
Interest	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	58,146,910
Total expenditures	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	2,157,658,930
Excess (deficiency) of revenues over expenditures	(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)	(157,707,770)
OTHER FINANCING SOURCES (USES)										
Lease issued	—	—	—	—	—	99,522,369	638,363	19,401,086	664,496	6,334,184
Availability payment arrangement	—	—	—	—	—	102,009,225	—	—	—	—
Subscriptions issued	—	—	—	—	—	—	5,089,953	—		2,942,513
Bond premium	43,899,251	49,340,059	12,219,992	21,198,307	19,937,199	4,589,177	6,203,369	12,127,898	8,946,906	12,073,036
Financed purchase agreements issued	3,368,036	11,936,898	2,223,000	—	—	—	—	—	—	—
Capital related debt issued	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	127,418,878
Tax increment financing bonds	—	48,225,000	—	—	—	—	—	—	—	—
Refunding bonds issued	140,385,000	184,440,000	22,585,000	58,375,000	83,280,000	—	—	15,640,000	22,865,001	40,300,000
Capital lease	—	—	—	—	—	—	—	—	5,848,000	—
Installment purchase agreements issued	10,756,470	3,095,670	—	—	961,020	7,050,045	750,975	2,853,565	2,614,860	2,073,960
Payment to bond refunding escrow agent	(169,143,917)	(219,985,848)	(24,024,558)	(58,161,938)	(96,619,193)	—	—	(16,503,925)	(24,118,260)	(46,061,435)
Transfers in	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	140,328,101
Transfers out	(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)	(128,237,224)
Total other financing sources and uses	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	157,172,013
Net change in fund balances	$ 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	$ (535,757)
Debt service as a percentage of noncapital expenditures	8.94%	8.60%	(b) 9.10%	9.59%	9.70%	9.73%	9.93%	10.10%	9.20%	8.74%

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

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

	Real Property				Personal Property		Total
Fiscal Year	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2026	$ 58,417,540,017	$ 11,317,395,370	$ 69,734,935,387	1.044	$ 2,019,624,080	2.610	$ 71,754,559,467
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
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
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
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
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
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
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
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
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

(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
Principal Property Taxpayers
Current Year and Nine Years Ago

2026			2017		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric Company	$ 1,509,655,660	2.10%	Baltimore Gas & Electric Company	$ 388,994,620	0.77%
Mall in Columbia Business Trust	319,983,700	0.45%	Mall in Columbia Business Trust	265,184,633	0.53%
Transcontinental gas pipeline	106,991,020	0.15%	Verizon-Maryland	11,547,530	0.02%
Verizon-Maryland Inc.	179,472,433	0.25%	Howard Properties Howard Crossing	138,750,067	0.28%
Howard Properties Howard Crossing, LLC	176,406,800	0.25%	Seasons of Laurel LLC	109,335,700	0.22%
11101 Johns Hopkins Road	81,074,580	0.11%	Cellco Partnership	49,895,910	0.10%
9220 Old Lantern Way LLC	148,274,733	0.21%	Home Properties Charleston LLC	93,907,533	0.19%
Renaissance Hills Ellicott LP	129,888,300	0.18%	API Columbia Town Center LLC	76,802,667	0.15%
Columbia 531 LLC	92,955,000	0.13%	Mariner Sherwood Fee	74,567,367	0.15%
Annapolis Galaxy DE LLC	120,642,600	0.17%	Parcel D Property LLC	83,266,701	0.17%
Total	$ 2,865,344,826	4.00%	Total	$ 1,292,252,728	2.58%

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		Subsequent tax Collections	Total Collection to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2026	$ 932,821,110	$ 929,266,641	99.62%	$ —	$ 929,266,641	99.62%
2025	880,625,335	873,358,294	99.17%	6,052,134	879,410,428	99.86%
2024	831,330,915	821,002,800	98.76%	3,659,193	824,661,993	99.20%
2023	774,872,843	768,980,607	99.24%	5,061,383	774,041,990	99.89%
2022	767,640,195	762,776,281	99.37%	3,864,290	766,640,571	99.87%
2021	697,366,167	690,343,014	98.99%	5,787,428	696,130,442	99.82%
2020	677,030,343	671,983,399	99.25%	2,024,392	674,007,791	99.55%
2019	663,038,666	656,951,368	99.08%	1,418,911	658,370,279	99.30%
2018	639,933,124	635,257,806	99.27%	1,283,729	636,541,535	99.47%
2017	616,633,669	612,695,057	99.36%	3,152,341	615,847,398	99.87%

Source: Howard County Department of Finance, Bureau of Revenue

Subsequent tax collections for fiscal years 2017-2026, 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)	Tax Increment Bonds	Ellicott City Safe & Sound Loans	HUD Section 108 loan	Long-term Financed Purchase	Installment Purchase Agreements	Availability Payment Arrangement	Lease Liability	Subscriptions Liability	Total Governmental Activities
2026	$ 1,235,920	$ 60,760	$ 80,637	$ 5,848	$ 6,969	$ 41,229	$ 93,875	$ 87,429	$ 16,488	1,629,156
2025	1,263,777	61,920	30,105	5,848	9,482	43,861	95,700	87,340	20,042	1,618,075
2024	1,314,584	62,980	—	—	12,722	45,217	97,435	92,530	26,637	1,652,105
2023	1,281,711	64,175	—	—	16,111	56,434	99,085	92,169	8,310	1,617,995
2022	1,306,613	64,450	—	—	19,460	59,441	—	94,828	—	1,544,792
2021	1,361,927	64,695	—	—	22,365	59,546	—	—	—	1,508,533
2020	1,362,886	64,920	—	—	29,979	59,364	—	—	—	1,457,844
2019	1,246,358	65,100	—	—	31,603	93,483	—	—	—	1,436,544
2018	1,205,838	65,165	—	—	35,012	97,716	—	—	—	1,403,731
2017	1,128,705	16,980	—	—	24,802	100,123	—	—	—	1,270,610

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, 2023 and 2025 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	MDE Loan	LT Financed Purchase	Lease Liability	SBITA Liability	Major Water & Sewer	Total Business-Type Activities (d)	Total Primary Government	Portion of Per Capita Personal Income (c)	Percentage of Personal Income
2026	$ 42,654	$ 441,267	$ —	$ 1,068	$ 444	$ 1,050	$ 5,485	$ 208	$ —	492,175	$ 2,121,331	n/a	n/a
2025	32,071	436,988	—	1,314	618	1,320	5,823	405	737	479,276	2,139,856	n/a	n/a
2024	30,252	430,709	—	1,556	787	1,575	2,157	—	923	465,018	2,117,123	33,887,606	6.25%
2023	23,998	419,759	—	2,443	951	1,820	2,316	—	874	448,897	2,066,892	32,011,146	6.46%
2022	100,653	417,396	650	3,972	1,110	2,050	2,468	—	825	529,124	2,094,660	30,098,390	6.96%
2021	—	412,382	1,185	7,582	—	2,280	—	—	776	421,927	1,930,460	29,088,900	6.64%
2020	—	434,478	1,197	7,658	—	—	—	—	726	434,488	1,892,332	27,028,543	7.00%
2019	—	351,004	2,217	14,573	—	—	—	—	636	368,430	1,804,974	25,537,830	7.07%
2018	—	301,619	2,714	17,956	—	—	—	—	585	322,874	1,726,605	24,328,471	7.10%
2017	—	270,211	3,199	21,267	—	—	—	—	271	294,948	1,565,558	23,571,169	6.64%

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.
(d) Total business type activities of FY 2025 have been restated

Howard County, Maryland
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year Ended June 30	General Obligation Bonds (a)	Less: Amounts Restricted for Debt Service Principal	Total	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2026	$ 1,235,920	$ 148,007	$ 1,087,913	1.50%	3,203
2025	1,295,829	145,562	1,150,267	1.70%	3,423
2024	1,314,564	129,797	1,184,767	1.90%	3,532
2023	1,305,708	130,004	1,175,704	1.90%	3,515
2022	1,327,379	121,308	1,206,071	2.00%	3,557
2021	1,361,950	102,064	1,259,886	2.20%	3,773
2020	1,307,090	95,109	1,211,981	2.20%	3,668
2019	1,251,252	95,770	1,155,482	2.20%	3.541
2018	1,205,838	92,821	1,113,017	2.20%	3.466
2017	1,128,708	87,270	1,041,438	2.10%	3.283

(a) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums. FY 2017-2026 revised due to change in General Obligation Bonds calculation.

(b) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data. FY 2017-2025, revised in FY 2026

(c) Population data can be found in the schedule of Ratios of Outstanding Debt by Type. FY 2017-2025 revised in FY 2026, due to change in General Obligation Bonds calulation

Howard County, Maryland
Direct and Overlapping Governmental Activities Debt
As of June 30, 2026

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Other governmental units (none identified)	—	— %	—
Subtotal overlapping debt			—
Howard County, Maryland direct debt	1,235,920,000	100 %	1,235,920,000
Total direct and overlapping debt			1,235,920,000

Howard County, Maryland
Legal Debt Margin Information
June 30, 2026
(thousands of dollars)

Fiscal Year	Total Assessed Value
2026	71,754,559
2025	67,707,385
2024	64,022,945
2023	60,941,834
2022	58,900,042
Total Five Year Valuation	$ 323,326,765
Five Year Average Full Valuation of Taxable	$ 64,665,353
Constitutional Debt Limit (4.8% of assessed value of real property and personal property)	$ 3,444,219
Outstanding General Obligation Indebtedness as of June 30, 2026 (excluding any discounts and premiums)	
Governmental Activities - General Obligation Debt	$ 1,227,979
Governmental Activities - Short-term Debt - Bond Anticipation Notes	27,028
Net indebtedness subject to debt limit	$ 1,255,007
Net debt contracting margin	$ 2,189,212
Percentage of net debt contracting margin available	63.56 %
Percentage of net debt contracting power exhausted	36.44 %

Last Ten Fiscal Years

Year	Debt Limit	Outstanding Indebtedness June 30	Percentage of Net Debt Contracting Margin Available
2026	$ 3,444,219	$ 1,255,007	63.56 %
2025	3,249,954	1,245,373	61.68 %
2024	3,073,101	1,323,473	56.93 %
2023	2,925,208	1,300,071	55.56 %
2022	2,827,202	1,415,649	49.93 %
2021	2,735,750	1,322,240	51.67 %
2020	2,648,559	1,338,120	49.48 %
2019	2,563,806	1,233,528	51.89 %
2018	2,472,864	1,131,295	54.25 %
2017	2,382,087	1,075,587	54.85 %

Schedule was reformatted in FY 2026 to conform to the GAAFR illustrative example.

Howard County, Maryland
Pledged Revenue Coverage
June 30, 2026

	Annapolis Junction Special Taxing District					
				Debt Service		
Fiscal Year	Pledged Revenue	Expenses	Net Pledged Revenue (a)	Principal	Interest	Coverage
2026	$ 1,517,806	$ 28,320	$ 1,489,486	$ 285,000	$ 752,250	1.44
2025	1,423,414	25,995	1,397,419	595,000	495,267	1.28
2024	1,581,378	40,849	1,540,529	595,000	495,267	1.41
2023	1,176,364	26,928	1,149,436	175,000	989,766	0.99
2022	1,057,806	15,398	1,042,408	145,000	996,726	0.91

(a) Pledged revenues include incremental tax, special tax and interest earnings; expenses exclude depreciation and interest paid as part of debt service. Pledged revenues exclude the capitalized interest account funded with bond proceeds.

Howard County, Maryland
Pledged Revenue Coverage
June 30, 2026

	Crescent Special Taxing District					
				Debt Service		
Fiscal Year	Pledged Revenue	Expenses	Net Pledged Revenue (a)	Principal	Interest	Coverage
2026	$ 4,913,805	$ 85,905	$ 4,827,900	$ 875,000	$ 2,048,218	1.65
2025	4,837,589	70,987	4,766,602	465,000	2,066,818	1.88
2024	5,231,902	50,563	5,181,339	485,000	2,086,218	2.02
2023	4,443,758	76,054	4,367,704	100,000	2,090,218	1.99
2022	4,379,428	47,057	4,332,371	100,000	2,094,218	1.97

(a) Pledged revenues include incremental tax, special tax and interest earnings; expenses exclude depreciation and interest paid as part of debt service. Pledged revenues exclude the capitalized interest account funded with bond proceeds.

Howard County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Median Age (d)	Personal Income (thousands of dollars) (a)	Per Capita Personal Income	Education Level in Years of Formal Schooling (e)	Public School Enrollment (b)	Unemployment Rate (c)
2026	339,668	40.7	n/a	n/a	n/a	57,031	3.50%
2025	336,001	40.2	n/a	n/a	65.2	57,565	3.30%
2024	335,411	39.8	33,887,606	101,033	62.5	57,633	2.40%
2023	334,529	39.4	32,011,146	95,690	65.2	57,676	1.40%
2022	339,054	39.2	30,098,390	88,772	64.6	57,325	3.90%
2021	333,951	39.0	29,088,900	87,105	n/a	57,293	5.20%
2020	330,376	38.7	27,028,543	81,811	64.4	59,447	6.90%
2019	325,690	38.8	25,537,830	78,411	62.3	58,284	2.80%
2018	323,293	38.7	24,328,471	75,252	61.6	58,019	3.60%
2017	321,113	38.7	23,571,169	73,405	61.9	55,638	3.50%

Sources:

(a) Bureau of Economic Analysis, U.S. Dept. of Commerce

Estimated Population, Personal Income, and Per Capita Personal Income revised and restated for 2017 - 2024. 2025 and 2026 data is not yet released at the reporting date.

(b) Howard County Public School System. School enrollment is based on the September 30 head count for each year

(c) State of Maryland, Department of Labor. Unemployment rate is as of June 30 of each fiscal year.

(d) Historical data for 2017–2023 was obtained from the U.S. Census Bureau, American Community Survey (ACS) 5-Year Estimates, Table B01002, Median Age by Sex. All other data was obtained from the Howard County Dashboard and Census Reporter.

(e) U.S. Census Bureau, American Community Survey (ACS), 1-Year Estimates, Table S1501, Educational Attainment; Maryland Department of Planning, Maryland State Data Center. Percentages represent Howard County residents aged 25 and older with a bachelor's degree or higher. Data reflect the calendar year preceding each fiscal year. FY 2021 is reported as N/A because the Census Bureau did not release standard 2020 ACS 1-Year Estimates due to COVID-19-related data collection disruptions.

Howard County, Maryland
Principal Employers
Current Year and Nine Years Ago

	2026			2017		
Employer	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Johns Hopkins University Applied Physics Laboratory	9,000	1	5.11%	5,545	2	3.31%
Howard County Public Schools	8,983	2	5.10%	8,230	1	4.91%
Howard County Government	3,426	3	1.94%	3,200	3	1.91%
Johns Hopkins Howard County Medical Center	2,000	4	1.14%	—	n/a	—%
Howard Community College	1,882	5	1.07%	1,400	6	0.83%
Verizon	1,700	6	0.96%	1,700	5	1.01%
FreshPoint Sysco	1,565	7	0.89%	—	n/a	—%
Lorien Health Systems	1,190	8	0.68%	1,190	7	0.71%
Giant Food	1,170	9	0.66%	1,100	n/a	0.66%
The Columbia Association	970	10	0.55%	—	n/a	—%
Wells Fargo	—	—	—%	840	10	0.50%
Howard County General Hospital	—	—	—%	1,765	4	1.05%
Costal Sunbelt Produce	—	—	—%	1,050	9	0.63%
Total	31,886		18.10%	26,020		15.52%

Source: Howard County Economic Development Authority

Howard County, Maryland
Full-Time Equivalent Employees by Function
Last Ten Fiscal Years

Function/program	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
General government	526	443	405	387	369	354	350	348	354	349
Public safety										
Police	748	745	749	747	710	708	705	697	691	677
Fire	643	642	640	613	609	608	550	530	491	468
Corrections	153	153	155	153	151	151	154	154	154	153
Public works	438	510	522	522	519	642	626	619	617	614
Recreation and parks	333	324	321	317	328	299	289	300	304	295
Legislative and judicial	186	266	266	263	233	231	223	219	216	212
Community services	399	307	315	305	304	372	370	367	341	330
Total	3,426	3,390	3,373	3,307	3,223	3,365	3,267	3,234	3,168	3,098

Source: Howard County Budget Office

Howard County, Maryland
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
General Government										
County Administration										
Consumer affairs - cases closed	483	385	335	332	285	232	311	295	313	271
Finance:										
Real property tax accounts billed	112,757	112,461	112,053	111,712	111,099	110,437	109,775	108,952	108,292	107,342
Business personal property tax accounts billed	5,184	5,398	5,597	7,521	9,845	9,854	7,805	9,822	11,323	14,803
Public Safety										
Police:										
Physical arrests	2,150	2,260	2,335	2,014	2,067	1,993	4,640	6,627	7,527	8,379
Parking violations	3,568	2,185	2,115	2,087	2,381	2,703	5,515	8,624	7,104	7,545
Traffic violations	30,760	23,275	30,188	18,750	20,593	24,033	52,065	69,180	75,402	82,917
Fire:										
Emergency responses	93,347	91,340	87,295	83,623	76,586	62,401	63,092	68,897	69,074	60,997
Inspections	6,960	6,883	5,258	5,323	5,580	5,080	2,808	2,969	2,498	3,274
Corrections:										
Average daily prison population	286	267	226	231	231	202	253	318	319	285
Public Works										
Inspections, licenses and permits:										
Construction permits issued	4,379	5,038	4,996	5,196	6,173	5,646	5,135	5,249	5,575	6,599
Environmental services:										
Refuse collected (tons per year)	123,467	122,546	131,856	131,780	133,060	128,136	120,290	118,247	109,397	109,313
Recyclables collected (tons per year)	59,160	59,018	58,164	61,142	64,518	58,602	57,709	59,689	59,024	67,006
Recreation and Parks										
Programs operated	8,841	8,897	8,501	8,048	8,205	8,530	4,842	6,746	7,441	6,562
Registrations processed	81,619	84,602	72,302	86,113	75,697	38,500	140,720	105,826	80,410	77,682
Legislative and Judicial										
Circuit court cases filed (criminal only)	678	743	1,963	692	599	824	866	1,198	1,069	1,203
District court cases filed	11,499	10,546	8,294	7,364	5,091	8,150	6,119	11,055	9,346	10,131
Community Services										
50+ centers operated	6	6	6	6	6	6	7	7	7	7
Community service partnership grants	48	45	45	38	38	31	32	32	29	29
Assisted living monitoring visits	79	148	158	211	350	230	446	876	774	622
Water and Sewer										
Water main breaks	330	333	212	168	172	181	151	156	275	119
Average daily water consumption (thousands of gallons)	25,143	23,807	24,460	24,460	23,770	24,706	23,060	24,016	23,470	23,600
Number of water customers	82,199	79,941	79,514	78,918	78,378	77,761	77,217	76,586	75,933	75,266
Average daily sewage treatment (thousands of gallons)	17,090	19,075	25,000	25,000	25,570	28,502	25,907	29,100	24,850	24,880
Number of sewer customers	78,580	78,309	77,876	77,238	76,686	76,063	75,511	74,872	74,215	73,537
Golf Course										
Rounds played	40,175	39,117	43,431	43,662	43,996	49,830	22,810	31,997	30,196	23,003

Sources: Various Howard County Departments

Indicators are not available for the State highways or education functions.

FY 2025 Consumer Affairs – Cases Closed: The previously reported figure was revised in FY 2026.

Circuit Court cases are crimical cases only effective FY 2023

Howard County, Maryland
Capital Asset Statistics by Function
Last Ten Fiscal Years

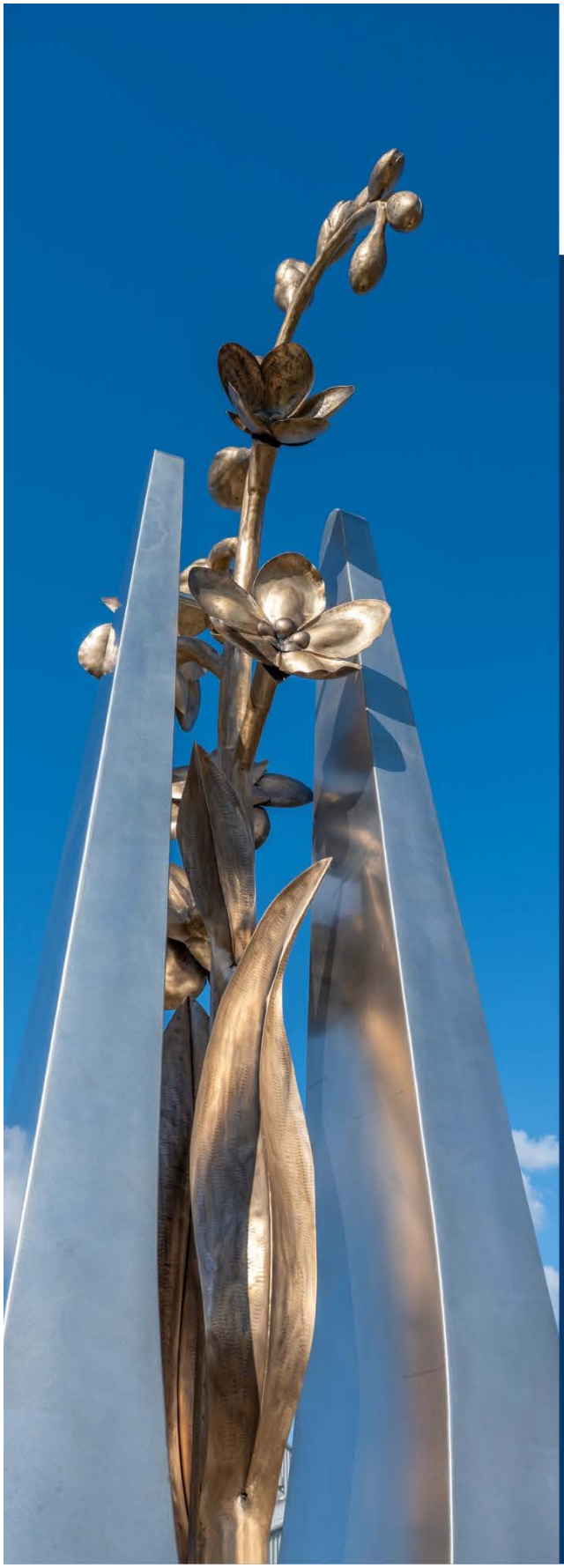
Function/program	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
General Government										
Buildings	56	59	52	54	54	50	50	48	44	45
Vehicles	119	106	105	95	95	103	106	105	60	64
Legislative and Judicial										
Vehicles	102	94	79	81	71	66	69	72	81	78
Public Safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	369	291	298	312	303	302	319	274	275	274
Other vehicles	354	346	299	291	270	273	274	295	282	271
Fire:										
Stations	11	11	11	11	11	11	11	11	7	6
Pumpers/tankers	34	33	38	35	30	30	31	31	29	28
Ladder trucks	8	7	1	9	8	8	8	8	8	8
Paramedic units	37	33	43	43	32	32	37	39	39	35
Vehicles	224	221	211	211	196	202	209	193	193	211
Public Works										
Buildings	63	62	67	50	46	45	45	44	42	42
Transit buses	112	110	100	94	73	73	74	65	62	68
Vehicles	435	416	438	414	414	410	410	393	446	395
Streets (miles)	1,079	1,070	1,066	1,066	1,063	1,059	1,042	1,042	1,066	1,066
Streetlights	11,207	11,150	11,084	10,870	10,593	10,480	10,281	10,149	8,720	8,447
Stormwater management facilities	1,786	1,719	1,687	1,590	1,565	1,509	1,428	1,343	1,313	1,250
Recreation and Parks										
Buildings	93	92	97	78	77	76	75	64	65	65
Parks and open space acreage	10,154	10,111	9,975	9,965	9,859	9,819	9,619	9,647	9,579	9,493
Playgrounds	45	45	45	45	44	44	44	44	44	44
Vehicles	122	118	131	116	115	116	117	115	120	159
Water and Sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	1,096	1,117	1,117	1,114	1,114	1,107	1,107	1,107	1,078	1,078
Sanitary sewers (miles)	1,020	1,059	1,054	1,059	1,050	1,048	1,048	1,030	1,026	1,026
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





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