

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2015



A Component Unit of Howard County, Maryland



Vision

Every student is inspired to learn and empowered to excel.

Mission

We cultivate a vibrant learning community that prepares students to thrive in a dynamic world.

Goals

Goal 1 – Every student achieves academic excellence in an inspiring, engaging, and supportive environment.

Goal 2 – Every staff member is engaged, supported, and successful.

Goal 3 – Families and the community are engaged and supported as partners in education.

Goal 4 – Schools are supported by world-class organizational practices.



Howard
County

**Public
School
System**

A Component Unit of Howard County, Maryland

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015

Prepared By:

The Department of Finance

10910 Clarksville Pike
Ellicott City, Maryland 21042-6198

Renee A. Foose, Ed. D.
Superintendent

Beverly J. Davis, CPA
Executive Director of Budget and Finance

Barbara Pindell
Accounting Manager

Peter Laanisto, CPA
Finance Manager

Accountants

Craig Blackwell
Whitney Flanary
Susan Daly, CPA
Talor Gerety
Janet Heiser
Jane Metzler
Parveen Nayab
Gina Petrick



Introductory Section





Table of Contents

Introductory Section

Table of Contents	i
Organizational Chart	iii
Board of Education	iv
Letter of Transmittal	v
Certificate of Excellence in Financial Reporting Award – ASBO.....	xii
Certificate of Achievement for Excellence in Financial Reporting – GFOA.....	xiii

Financial Section

Independent Auditors' Report	3
Management's Discussion and Analysis	9

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position	27
Statement of Activities.....	28

Fund Financial Statements

Balance Sheet Governmental Funds	31
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	33
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	34
Statement of Net Position – Proprietary Funds.....	35
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Assets and Liabilities – Fiduciary Funds.....	38

Summary of Significant Accounting Policies	41
---	-----------

Notes to the Basic Financial Statements

An integral part of the basic financial statements	51
--	----

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	69
Reconciliation of Differences between Budgetary Inflows and Outflows and GAAP Basis Revenues and Expenditures – General Fund.....	70

Table of Contents (continued)

Financial Section (continued)

Schedule of the Board's Proportionate Share of the Net Pension Liability	71
Schedule of the Board's Contributions	72
Notes to the Required Supplementary Information	73

Other Supplementary Information

General Fund

Schedule of Revenues Compared to Budget (Non-GAAP Budgetary Basis)	76
Schedule of Expenditures Compared to Budget (Non-GAAP Budgetary Basis).....	77

Special Revenue Fund

Food Service Fund – Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual	79
--	----

Internal Service Funds

Combining Schedule of Net Position	80
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position	81
Combining Schedule of Cash Flows	82

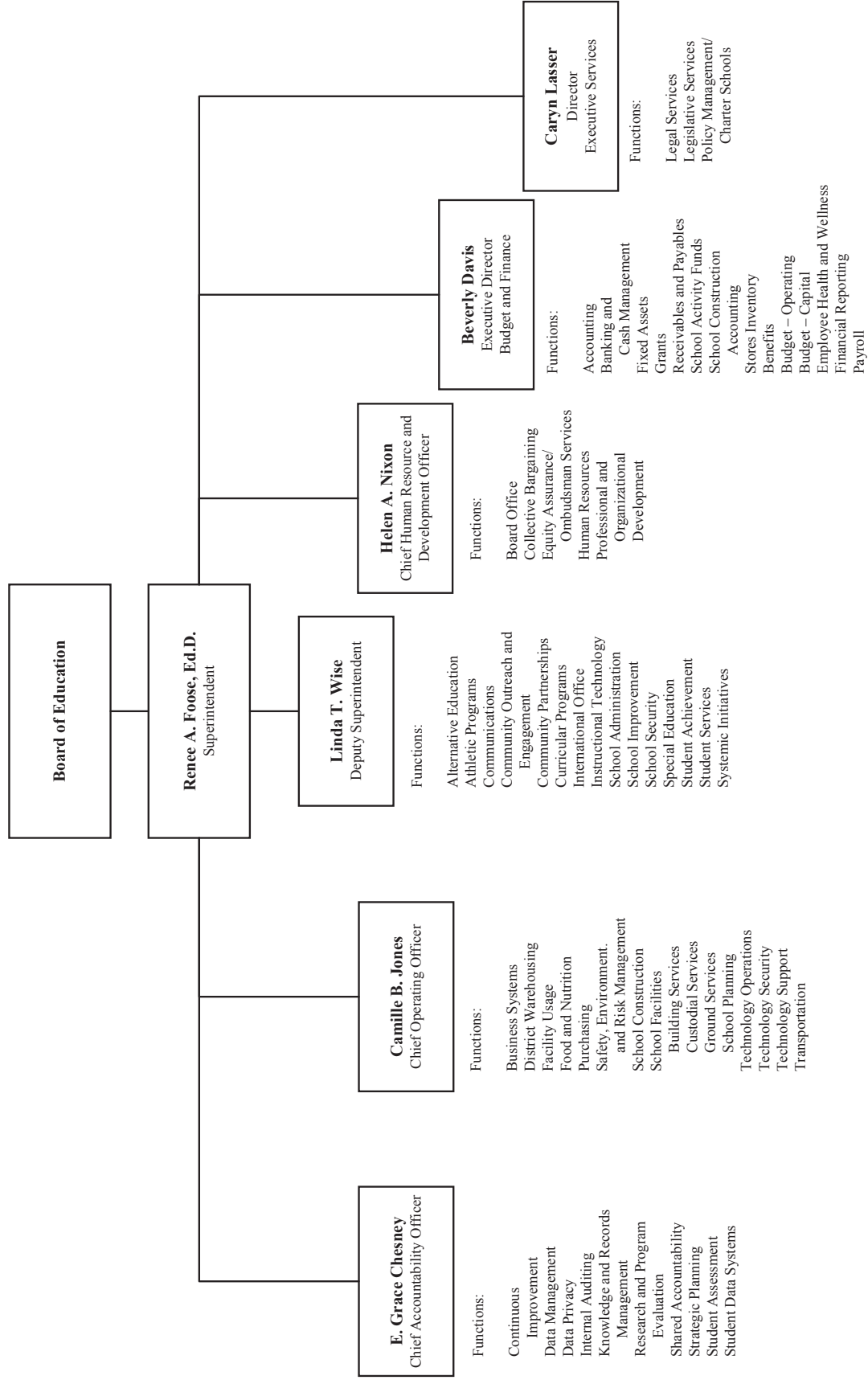
Agency Fund

Statement of Changes in Assets and Liabilities	83
--	----

Statistical Section

Table of Contents	87
Net Position by Component	88
Changes in Net Position	89-90
Changes in Fund Balances of Governmental Funds	91
Fund Balances by Governmental Funds.....	92
Final Approved Operating Budgets	93-94
Capital Assets by Function.....	95
Computation of Debt Limits.....	96
Outstanding Debt by Type.....	97
Enrollment by Grade	98
Enrollment by School	99-100
Principal Employers	101
Demographic and Economic Statistics	102
Cost Per Student.....	103
Food Service Data	104
Transportation Data	105
High School Graduation Data	105
Full-time Equivalent School System Budgeted Positions by Function	106
Assessment Achievement.....	107
Insurance Summary FY 2015	108

Organizational Chart



Principal Officials

Howard County Board of Education

10910 Clarksville Pike
Ellicott City, Maryland 21042-6198
Telephone (410) 313-6600
www.hcpss.org

Howard County Public Schools Officials Superintendent of Schools



Dr. Renee A. Foose Ed.D

Linda T. Wise

Deputy Superintendent of
Curriculum, Instruction, and
Administration

E. Grace Chesney

Chief Accountability Officer

Camille B. Jones

Chief Operating Officer

Helen Nixon

Chief Human Resource Officer

Independent Auditor

CliftonLarsonAllen

1966 Greenspring Drive, Suite 300
Timonium, Maryland 21093
Telephone (410) 453-0900

Board of Education

Janet Siddiqui, M.D.
Chairman



Ann De Lacy
Vice Chairman



Bess Altweger, Ed. D.
Member



Sandra French
Member



Ellen Flynn Giles
Member



Christine E. O'Connor
Member



Cynthia L. Vaillancourt
Member





December 18, 2015

Members of the Board of Education
and Citizens of Howard County, Maryland:

Maryland state law requires that local education agencies publish at the close of each year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In compliance with that requirement, the Department of Finance (the Department) hereby submits the Comprehensive Annual Financial Report (CAFR) of the Howard County Public School System (HCPSS) for the fiscal year ended June 30, 2015.

This report has been prepared pursuant to Education Article Section 5-109 of the Annotated Code of Maryland. The report consists of management's representations concerning the finances of the HCPSS. Management assumes full responsibility for the completeness, reliability, and accuracy of the presented data. We believe the data as presented are accurate in all material aspects and are presented in a manner designed to set forth the financial position and results of operations of the HCPSS as measured by the financial activity.

All matters relating to education and operations in the HCPSS are governed and controlled by the Board of Education of Howard County (the Board), as provided by the Public School Laws of Maryland. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all young people of Howard County. With the advice of the Superintendent, the Board establishes schools and determines geographical attendance areas for them. Upon recommendation of the Superintendent, the Board approves education policy and prescribes the rules and regulations for the management and conduct of the School System. The activities, funds, and entities related to the HCPSS included in this Comprehensive Annual Financial Report are those for which the Board exercises oversight responsibility.

All funds and accounts of the HCPSS are included in this Comprehensive Annual Financial Report. For financial reporting purposes, the Board has been defined as a component unit of the Howard County Government. Therefore, the HCPSS is included in the Comprehensive Annual Financial Report for Howard County, Maryland.

HCPSS financial statements have been audited by CliftonLarsonAllen LLP, an independent audit firm of licensed public accountants. The independent auditors' report is located at the front 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 basic financial statements. MD&A complements this letter and should be read in conjunction with it.

Entity Services

HCPSS is extremely dedicated to realizing the following vision: “Every student is inspired to learn and empowered to excel.” With a guiding mission of “We cultivate a vibrant learning community that prepares students to thrive in a dynamic world,” the HCPSS provides its students, parents, and community with a variety of world-class services which align with the four goals detailed in *Vision 2018: Fulfilling the Promise of Preparation*, the strategic plan for the HCPSS, which was launched in July 2013. These goals are as follows:

- **Goal 1: Students** – Every student achieves academic excellence in an inspiring, engaging, and supportive environment.
- **Goal 2: Staff** – Every staff member is engaged, supported, and successful.
- **Goal 3: Families and the Community** – Families and the community are engaged and supported as partners in Education.
- **Goal 4: Organization** – Schools are supported by world-class organizational practices.

Located in central Maryland, the HCPSS serves a diverse population exceeding 53,700 students. The HCPSS has realized an increase of nearly 5,700 students over the last decade. Projections show that student enrollment will continue to increase. In fact, the counts for the 2015–2016 school year show an increase of nearly 1,645 students over the previous year.

To provide for this continued growth, the HCPSS has completed numerous additions and renovations to existing schools and built five new schools – four elementary schools and one middle school – since 2006. In the next ten years, the Long-Range Master Plan includes the building of four new elementary schools, one new middle school, one new high school, and renovations/additions to five elementary schools and one middle school. Currently, the HCPSS is in the planning and design phase for the first net zero energy school in the state of Maryland, a replacement middle school which is expected to open in August 2017. The first net zero energy school in Maryland will be Wilde Lake MS Replacement School. The school will be nearly twice the size of the original school, but only utilize less than half of the energy. The school will achieve net zero energy efficiency with the use of solar panels and associated systems and equipment.

HCPSS operated 76 schools in the 2014–2015 academic year, with the average age of school buildings varying from 14 years for elementary schools, 19 years for middle schools, and 18.75 years for high schools. A wide range of services are offered to Howard County students and parents through guidance counselors, nurses, psychologists, and student personnel workers. Students with special needs are provided with an extensive special education program in preschool, elementary, middle, and high school instructional levels.

This report includes the financial activities of the HCPSS as they relate to the services provided for a public school education system of 41 elementary schools, 3 special schools, 20 middle schools, and 12 high schools. There currently are no charter schools in Howard County.

Economic Condition and Outlook

The HCPSS receives approximately 67.5 percent of its governmental funds operating budget from Howard County and approximately 24.5 percent from Maryland State. The economic condition and outlook of the County, therefore, plays a substantial role in the economic condition and outlook of the HCPSS. At the same time, HCPSS remains a cornerstone in the economic growth of the County, as people are drawn to the County because of the quality reputation of the School System. In addition, HCPSS has been the largest employer in the County for the last ten years, and therefore persists as an economic force itself.

Economic Condition and Outlook (continued)

Howard County is among the wealthiest counties in the United States based on median income. As a result, Howard County has not suffered as much as many other jurisdictions during the recession and leading economic indicators have seen measurable improvement in the last year. Howard County's unemployment rate was 4.0% at June 30, 2015, a decrease from the 4.9% unemployment rate as of June 30, 2014, and was below the national and state levels.

Maryland's cyber security, telecommunications, and defense contracting industries continue to bolster our State economy. However, government contractors, including cyber security, have been affected by federal cutbacks, security leaks, and other factors. The population of Howard County continues to grow, increasing by nearly 30,000 in the last decade. With projected growth of 14% by 2035.

Despite a current year surplus of over \$500 million, the state of Maryland projected a shortfall of nearly \$802 million for FY 2016, painting a grim picture of the state fiscal situation for the coming year. The shortfall is primarily attributed to mandates and entitlements growing faster than revenues. While local budgets could experience similar shortfalls creating increased pressure on available revenues in the next budget cycle, Howard County has historically fared better than other counties during deficit times.

Long-term Financial Planning

Superintendent, Dr. Renee A. Foose presented her new five-year strategic plan for the HCPSS, *Vision 2018: Fulfilling the Promise of Preparation* in July, 2013. The full text of Vision 2018 is available at www.hcpss.org/vision. The strategic plan further outlines goals on the path to fulfilling our vision, specifically, outcome 4.3: Resource and staffing allocations are aligned with strategic priorities, focuses on long term strategic planning. The strategies outlined in outcome 4.3 have been instrumental in planning for the financial future of the school system. These strategies are as follows:

- 4.3.1 Implement a zero-based budgeting process to invest in strategic priorities.
- 4.3.2 Annually report how budget priorities are aligned to the strategic plan.
- 4.3.3 Audit and adjust staffing and resource allocations to meet strategic goals.
- 4.3.4 Implement structures to allow the workforce to adapt to the needs of the organization, including flexible staffing models.

The development of the FY 2016 Operating Budget was influenced by the economic climate more than any other factors. The strategy in budget development was to ensure that all programs and services which directly impact the classroom, remain in place. This budget provides for critical needs and funds small strategic improvements by repurposing. This budget also benefits from strategic cost-saving strategies over the past several years.

The FY 2016 Approved Operating Budget provided funding for the following:

- Continuation of the current level of service and quality education
- Salary increases agreed upon in negotiations
- Additional positions to support new initiatives of the strategic programs and advance technologies
- Increased insurance, retirement, transportation, and technology costs

Each year, the HCPSS prepares a five year Capital Improvements Program (CIP) and a ten-year Long-Range Master Plan. The CIP identifies projected capital needs including new facilities and maintenance projects rerequired to keep HCPSS facilities in good operating condition.

School System Budget

The School System's final Approved Operating Budget for FY 2016 appropriates \$776.3 million for revenues and expenses. This represents a total increase of \$17.6 million or approximately 2.3%. By increasing the budget by more than required by law, the County met its statutory obligation for maintenance of effort.

The Fiscal Year 2016 budget cycle marks the second year of zero-based budgeting (ZBB) implementation, which is in support of the strategic plan, *Vision 2018: Fulfilling the Promise of Preparation*. This process aligns with Strategy 4.3.1, Implement a zero-based budgeting process to invest in strategic priorities.

Zero-based budgeting is a technique used for developing annual budgets that complement the budget planning and review process. Zero-based budgeting allows top-level strategic goals to be implemented into the budgeting process by tying them to specific functional areas of the organization. Due to its flexibility, this method of budgeting allows department heads to identify alternative ways to utilize limited resources through a systematic review.

Zero-based budgeting (ZBB) is a method of budgeting in which all expenses must be justified and every function within an organization is analyzed for its needs and costs. The purpose of the ZBB analysis is to assess a particular program's activities against its statutory responsibilities, purpose, cost to provide services, and desired performance outcomes.

Efforts have continued to allocate most efficiently and effectively. In reviewing key activities and program alignment with Vision 2018, 87.0 position requests were not included in the budget request, reducing the proposed budget by an additional \$4.9 million. New initiative requests were prioritized based upon their contribution to outcomes in Vision 2018 and another \$2.6 million was reduced in this process. In total, the ZBB process yielded a reduction in the budget request of approximately \$10.1 million.

Internal Controls

To assure the integrity of the financial records supporting the financial statements, consideration is given to the adequacy of internal accounting controls sufficient to provide reasonable assurance that assets are properly safeguarded, accounted for, and are used only in accordance with management authorization. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The annual budget serves as the foundation of the Board's financial planning and budgetary controls. The objective of the budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board.

The budget is subdivided into state-mandated categories of expenditures including Administration, Mid-level Administration, Instructional Salaries, Textbooks and Instructional Supplies, Other Instructional Costs, Special Education, Student Personnel Services, Health Services, Student Transportation, Operation of Plant, Maintenance of Plant, Fixed Charges, Community Services, Capital Outlay, and Food Service.

Budgetary control is maintained at the various expenditure levels by the encumbrance of estimated purchase amounts prior to release of purchase orders to vendors. Purchase orders that result in an over-obligation of available balances are not released until additional appropriations are made available. Open encumbrances are reported as assigned fund balance at June 30, 2015. The MD&A provides additional details about budgetary controls utilized by the HCPSS.

Independent Audit

The financial statements for FY 2015 have been audited by CliftonLarsonAllen, LLP in accordance with Section 5-109 of the Public School Laws of Maryland. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the OMB Circular A-133 Single Audit Act Amendments of 1996. The auditor's report on the financial statements is included in the Financial Section of this report. We are pleased to report that the auditor's report on the school system's basic financial statements is without qualification, the highest possible outcome of the audit process.

System Achievements

The HCPSS graduating Class of 2015 achieved outstanding scores on the SAT, with average scores of 548 in Reading, 565 in Mathematics, and 543 in Writing, which averages to a composite score of 1656. A score of 1550 is widely considered to indicate college and career readiness. Howard County's scores continue to significantly outpace the state and national averages. Approximately 82.3% of the HCPSS Class of 2015 participated in the SAT.

The Class of 2015 also showed impressive scores and increased participation in the ACT. Nearly 31.8% of graduates took the ACT, which is an increase of close to 4.8% over last year. The composite score in 2015 was 24.6 compared to 21.0 nationally and 22.7 statewide.

Students at all levels are demonstrating academic achievement. HCPSS students took 9,920 Advanced Placement Exams in 2015. Of these, 80.8% of the exams were scored at 3. A score of 3 on an AP exam is often used by universities to award credit for a college level course in that subject. To consistently have more than three-quarters of all tests receiving this score is an impressive achievement by HCPSS students.

In addition to academic achievements, the HCPSS has implemented a variety of successful initiatives which benefit the students, staff, parents, and community. A total of 45 HCPSS schools have been certified as Maryland Green Schools. In addition, planning and design has begun on the first net zero energy school building in the state. This school will provide students with a unique learning opportunity in environmental science while also addressing projected enrollment needs.

The HCPSS also takes pride in its Wellness through Nutrition and Physical Activity Policy for students, which has been recognized as one of the best in the nation. The HCPSS was named one of the 2014 winners of the Virgin Pulse Life Changers Award for its employee wellness program, Commit to Be Fit. By engaging students, families, HCPSS staff, and communities in activities that promote individual and group wellness, safety and disease prevention through identification, early intervention, and remediation of student health concerns, HCPSS' goal is to achieve a world-class health services program.

Finally, the Visitor Management Systems (VMS) has been installed enhancing security at every school location, including buzz-in, camera, and communication systems, to respond to increasing school security concerns.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Howard County Public School System for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the eleventh consecutive year that the system has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements,

In addition, the Association of School Business Officials (ASBO) International awarded the Howard County Public School System its Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2014. This award reflects our commitment to the highest standards in School System reporting.

A Certificate of Excellence is valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA and ASBO to determine its eligibility for another certificate.

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Department of Finance. The high standard of conformity of this report reflects the professional competence of all the individuals responsible for its preparation. We wish to express our appreciation for a job well done,

Conclusion

This report has been prepared to provide financial information for the fiscal year ended June 30, 2015, in a manner consistent with the goals and objectives of the Board of Education of Howard County. Should you have any questions about the financial details, needs or plans for the Howard County Public School System, please do not hesitate to call or write. Contact information is included at the end of the MD&A on page 23.

Respectfully submitted,



Beverly J. Davis, CPA
Executive Director of Budget and Finance



Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award
is presented to*

Howard County Public School System

*For Its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2014*

The CAFR has been reviewed and met or exceeded
ASBO International's Certificate of Excellence standards



A handwritten signature in black ink, written over a horizontal line. The signature is stylized and appears to be the name of the official presenting the award.



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Howard County Public School
System, Maryland**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



Financial Section







INDEPENDENT AUDITORS' REPORT

Members of the Board of Education
of Howard County, Maryland
Ellicott City, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard County Public School System (HCPSS), a component unit of Howard County, Maryland, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the HCPSS's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to HCPSS's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



An independent member of Nexia International

Financial Section

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of HCPSS as of June 30, 2015, 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.

Emphasis of a Matter

During the fiscal year ended June 30, 2015, the HCPSS adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the HCPSS reported a restatement for the change in accounting principle (see Note 11). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis on pages 9 through 23 and budgetary comparison information on pages 69 and 70, and the schedule of the Board's proportionate share of the net pension liability, schedule of Board contributions and notes to the required supplementary information on pages 71 through 73 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the HCPSS's basic financial statements. The detailed budgetary comparison schedules and combining fund financial statements (collectively, the other supplementary information), the introductory section and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information as listed in the table of contents, are 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Financial Section

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2015 on our consideration of HCPSS'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 to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 HCPSS's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2015



Management's Discussion and Analysis





Management's Discussion and Analysis



Introduction

As management of the Howard County Public School System (HCPSS, School System, Board), we have prepared the following discussion and analysis to inform readers of HCPSS's annual financial report about the financial information that the enclosed statements present for the year ended June 30, 2015, with selected comparative data for the year ended June 30, 2014.

We encourage readers to consider the discussion and analysis along with the other information in this report, including the summary of significant accounting policies and notes to the basic financial statements. In this section we have provided an overview of the basic financial statements, selected condensed data and highlights, and analysis of HCPSS financial position and changes in financial position.

Financial Highlights for FY 2015

Government-wide financial statements

The School System's financial status as of June 30, 2015, and as reflected in total net position, increased by \$34.4 million to \$1,098.2 million from \$1,063.8 million. The increase in total net position reflects increases in capital assets of \$56.6 million as well as decreases in current and other assets of \$13.3 million, and an increase in liabilities of \$44.6 million. The investment made in capital assets was used for new school construction, renovations and additions as well as technology improvements.

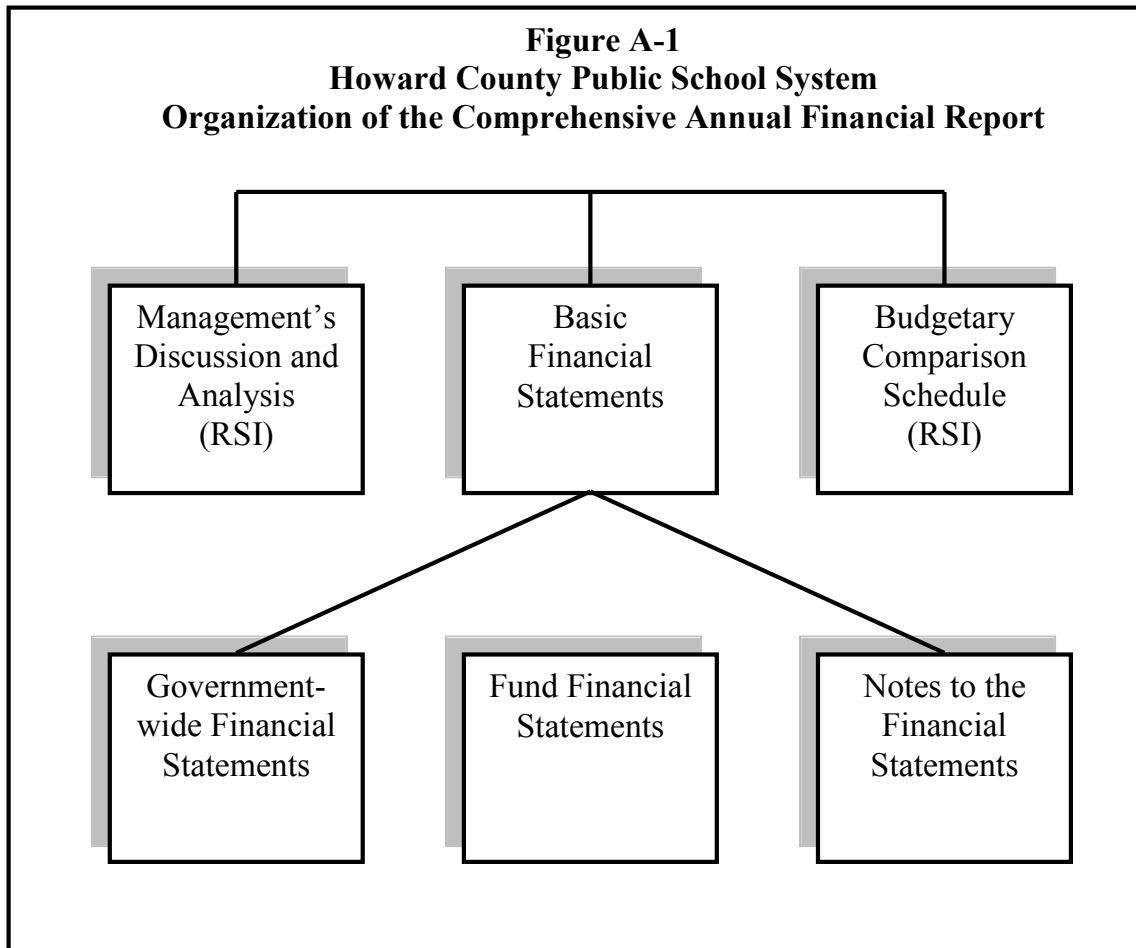
General revenues accounted for \$725.0 million, including \$530.4 million in local appropriations and \$192.5 million in aid from the state of Maryland. Program revenues, in the form of charges for services, operating grants and contributions, and capital grants and contributions, accounted for \$239.0 million. The total revenue from all sources was \$964.0 million.

The School System had \$929.6 million in expenses related to programs, an increase of \$42.5 million from the prior year. The increase in expenses is due to an increase in salaries.

Governmental funds financial statements

The overall fund balance of the General Fund, the primary operating fund, decreased by \$0.5 million to \$15.5 million from \$16.0 million. The General Fund balance is comprised of \$1.0 million in nonspendable fund balance related to prepaid items and inventories, \$8.4 million assigned for encumbrances of subsequent year's budgeted appropriation of fund balance, and \$6.1 million in unassigned fund balance.

Management's Discussion and Analysis



Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements as reflected in Figure A-1. The School System's Basic Financial Statements are comprised of three parts:

1. Government-wide Financial Statements include the Statement of Net Position and the Statement of Activities which provide a broad, long-term overview of the School System's overall financial condition.
2. Fund Financial Statements include governmental, proprietary, and fiduciary funds. These statements provide a greater level of detail of revenues and expenditures and focus on individual parts of the School System, while also indicating how well the School System has performed in the short term, in the most significant funds.
3. Notes to the Basic Financial Statements are disclosures to ensure that a complete picture is presented in the financial statements.

Management's Discussion and Analysis



Management's Discussion and Analysis

Government-wide Financial Statements

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

The **Statement of Net Position** presents all of the school system's assets and liabilities and deferred inflows/outflows of resources with the difference between the two reported as the "net position." The statement combines and consolidates all of the School System's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation) and liabilities, distinguishing between governmental and business-type activities. The end result is net position segregated into three components: net investment in capital assets, restricted, and unrestricted net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School System is improving or deteriorating.

The **Statement of Activities** presents information showing how the school system's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows, until future fiscal periods (such as earned, but unused, vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the school system. The majority of the School System's revenue is general revenue, grants, and contributions from other governments.

Both of the above statements include separate sections to distinguish between those that are supported primarily by intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant part of their costs through fees and charges (business-type activities).

In the **Government-wide Financial Statements**, the activities are divided into two categories, governmental activities and business-type activities.

Governmental activities include HCPSS basic services which are administration, instruction, student personnel and health services, student transportation, operation and maintenance of plant, capital outlay, special education, community services, food services, and mid-level administration. County appropriations, state and federal aid finance most of these activities.

Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. HCPSS reports the activities of the Jim Rouse Theatre as a business-type activity.

The government-wide financial statements can be found on [pages 27–28](#) of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The HCPSS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about HCPSS funds, focusing on the most significant or "major" funds—not the HCPSS as a whole. HCPSS fund financial statements provide detailed information about its most significant funds.

All of the funds of the HCPSS can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Management's Discussion and Analysis

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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*. These reconciliations are presented on [pages 32 and 34](#) of this report, respectively.

The governmental fund financial statements can be found on [pages 31 and 33](#) of this report.

Proprietary Funds

Proprietary funds are used to show activities that operate more like those of commercial enterprises. These type of funds charge fees for services that are provided to outside customers. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the full accrual basis of accounting and the economic resources measurement focus. Therefore, no reconciliation is needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

Proprietary funds include an enterprise fund and internal service funds. The HCPSS has one (1) enterprise fund and four (4) internal service funds. The enterprise fund captures the activity of the Jim Rouse Theatre. The internal service funds are: Print Services, Technology Services, Health and Dental, and Workers' Compensation.

The proprietary fund financial statements can be found on [pages 35–37](#) of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside HCPSS. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are **not** available to support the HCPSS's own programs. The accrual basis of accounting is used for fiduciary funds.

The School System's only fiduciary fund is the School Activities Fund. The school activities funds are primarily raised by students, for their benefit, and are held in an agency capacity by the School System.

The fiduciary fund financial statement can be found on [page 38](#) of this report.

Summary of Significant Accounting Policies and the Notes to Financial Statements

The Summary of Significant Accounting Policies and Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The summary and notes can be found on [pages 41 and 51](#) of this report.

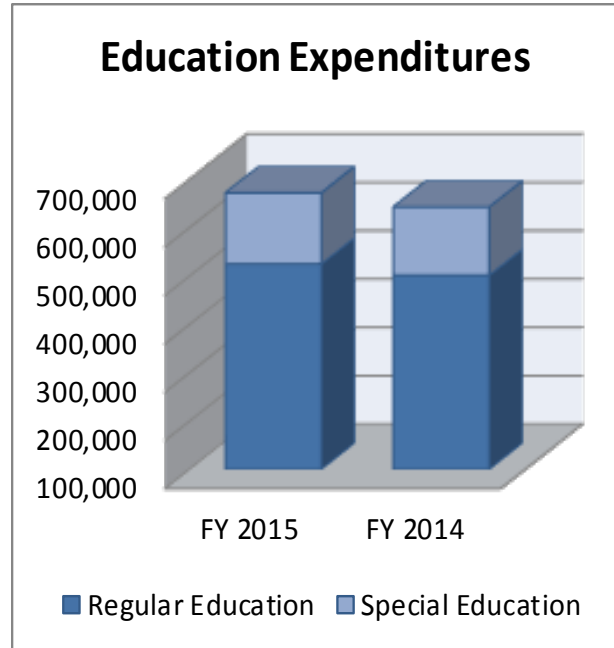
Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the HCPSS's budget process. HCPSS adopts an annual expenditure budget for all governmental funds. The School System's General Fund has a legally adopted budget. Management also prepares budgets for the other governmental funds for internal monitoring purposes only. The budget to actual comparison for the General Fund is presented as required supplementary information for the School System's basic financial statements. The required supplementary information can be found on [pages 69-73](#) of this report.

Management's Discussion and Analysis

Financial Highlights and Analysis

The School System is a component unit of Howard County, Maryland, and is fiscally dependent on the Howard County Government and the state of Maryland to appropriate funding for the School System. The School System receives 67.5% of its governmental activities funding from the County, and 24.5% from the State. Additionally, the School System receives federal entitlement grants and competitive grants from the state and federal governments. Essentially all of the School System's funding for governmental activities is derived from these sources. The School System has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the School System is directly related to the financial condition of the funding authorities—the county and state. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the county government in a subsequent fiscal year before they can be spent.



Government-Wide Financial Analysis

Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School System, governmental activities assets exceeded liabilities by \$1,098.0 million at the close of the most recent fiscal year.

The School System implemented GASB Statement No. 68 and 71 during the year ended June 30, 2015. As part of the implementation, the School System restated net position as of June 30, 2014. The amount of the restatement was a decrease of \$33.6 million.

The most significant portion of the School System's net position (102.0%) reflects its net investment in capital assets (land, buildings, vehicles, and equipment). The School System uses these assets to provide an education to the students of Howard County. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the School System are returned to the county government, since the county is the primary funding source for school buildings.

Because the School System has no authority to issue bonded debt, the only debt outstanding related to capital assets are capital leases for energy performance, and the purchase of equipment, including technology equipment and software. The county and/or state government may issue debt to finance school construction; however, it is not debt of the School System, and is not reported in these financial statements. Consequently, school buildings and construction in progress related to school buildings appear in the School System's Statement of Net Position, while any related outstanding debt issued by the county or state government does not.

HCPSS's financial position is the net results of activities, the acquisition and disposal of capital assets, and the depreciation of capital assets.

To assess the overall financial position of HCPSS, additional non-financial factors, such as changes in the Howard County property tax base and the condition of school buildings and other facilities, should be considered.

Management's Discussion and Analysis

Table 1 provides a summary of HCPSS's Net Position as of June 30, 2015 and 2014.

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014*	2015	2014*	2015	2014*
Assets						
Current and other assets	\$ 137,714	\$ 151,032	\$ 233	\$ 200	\$ 137,947	\$ 151,232
Capital assets (net)	<u>1,131,015</u>	<u>1,074,422</u>	<u>30</u>	<u>22</u>	<u>1,131,045</u>	<u>1,074,444</u>
Total assets	<u>1,268,729</u>	<u>1,225,454</u>	<u>263</u>	<u>222</u>	<u>1,268,992</u>	<u>1,225,676</u>
Deferred outflows of resources	<u>5,879</u>	-	-	-	<u>5,879</u>	-
Liabilities						
Long-term liabilities	49,924	14,637	-	-	49,924	14,637
Other liabilities	<u>122,940</u>	<u>113,599</u>	<u>5</u>	<u>1</u>	<u>122,945</u>	<u>113,600</u>
Total liabilities	<u>172,864</u>	<u>128,236</u>	<u>5</u>	<u>1</u>	<u>172,869</u>	<u>128,237</u>
Deferred inflows of resources	<u>3,753</u>	-	-	-	<u>3,753</u>	-
Net Position						
Net investment in capital assets	1,120,105	1,074,422	30	22	1,120,135	1,074,444
Restricted for GWWTP	1,220	1,220	-	-	1,220	1,220
Restricted for food services	216	190	-	-	216	190
Unrestricted	<u>(23,550)</u>	<u>21,386</u>	<u>228</u>	<u>199</u>	<u>(23,322)</u>	<u>21,585</u>
Total net position	<u>\$ 1,097,991</u>	<u>\$ 1,097,218</u>	<u>\$ 258</u>	<u>\$ 221</u>	<u>\$ 1,098,249</u>	<u>\$ 1,097,439</u>
*HCPSS implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.						

Change in Net Position

The School System's net position increased \$34.4 million. This is primarily because the School System receives intergovernmental capital grants and contributions (revenue) for school construction projects, yet has no corresponding liabilities. Additionally, most of the capital grants and contributions are capitalized. Accordingly, there is little current expense (i.e., depreciation) associated with this revenue.

Also, since the School System is fiscally dependent on the county, state, and federal governments, expenses closely match revenues, with the exception of timing differences in relation to when an expense is recognized. The funding government(s) appropriate funds to the School System, which it spends to accomplish its goal of providing education to the children of Howard County. Any unspent funds are re-appropriated in subsequent fiscal years from fund balance by the county.

Management's Discussion and Analysis

Net Position (continued)

Table 2 shows the changes in net position for the years ended June 30, 2015 and 2014. Key elements of this increase are as follows:

	Governmental Activities		Business-Type Activities		Total Activities	
	2015	2014*	2015	2014*	2015	2014*
Revenues						
Charges for services	\$ 15,113	\$ 12,843	\$ 148	\$ 126	\$ 15,261	\$ 12,969
Operating grants and contributions	145,645	139,082	-	-	145,645	139,082
Capital gains and contributions	78,090	86,809	-	-	78,090	86,809
General revenues						
County appropriations	530,440	497,486	-	-	530,440	497,486
State aid	192,480	192,048	-	-	192,480	192,048
Federal aid	163	127	-	-	163	127
Interest and investment earnings	33	43	-	-	33	43
Miscellaneous	1,900	1,833	-	-	1,900	1,833
Total revenues	<u>963,864</u>	<u>930,271</u>	<u>148</u>	<u>126</u>	<u>964,012</u>	<u>930,397</u>
Expenses						
Instruction:						
Regular education	525,124	501,414	-	-	525,124	501,414
Special education	146,833	141,204	-	-	146,833	141,204
Support services:						
Administration	18,166	16,672	-	-	18,166	16,672
Mid-level administration	88,165	83,136	-	-	88,165	83,136
Student personnel services	4,371	4,133	-	-	4,371	4,133
Health services	10,329	9,551	-	-	10,329	9,551
Student transportation	37,528	37,068	-	-	37,528	37,068
Operation of plant	49,682	47,487	-	-	49,682	47,487
Maintenance of plant	28,372	25,747	-	-	28,372	25,747
Community services	7,437	7,556	-	-	7,437	7,556
Food service	13,465	12,923	-	-	13,465	12,923
Interest on long-term debt	63	75	-	-	63	75
Enterprise funds	-	-	111	112	111	112
Total expenses	<u>929,535</u>	<u>886,966</u>	<u>111</u>	<u>112</u>	<u>929,646</u>	<u>887,078</u>
Increase in Net Position	<u>34,329</u>	<u>43,305</u>	<u>37</u>	<u>14</u>	<u>34,366</u>	<u>43,319</u>
Beginning Net Position, as restated	<u>1,063,662</u>	<u>1,053,913</u>	<u>221</u>	<u>207</u>	<u>1,063,883</u>	<u>1,054,120</u>
Ending Net Position	<u>\$1,097,991</u>	<u>\$1,097,218</u>	<u>\$ 258</u>	<u>\$ 221</u>	<u>\$ 1,098,249</u>	<u>\$ 1,097,439</u>
*HCPSS implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.						

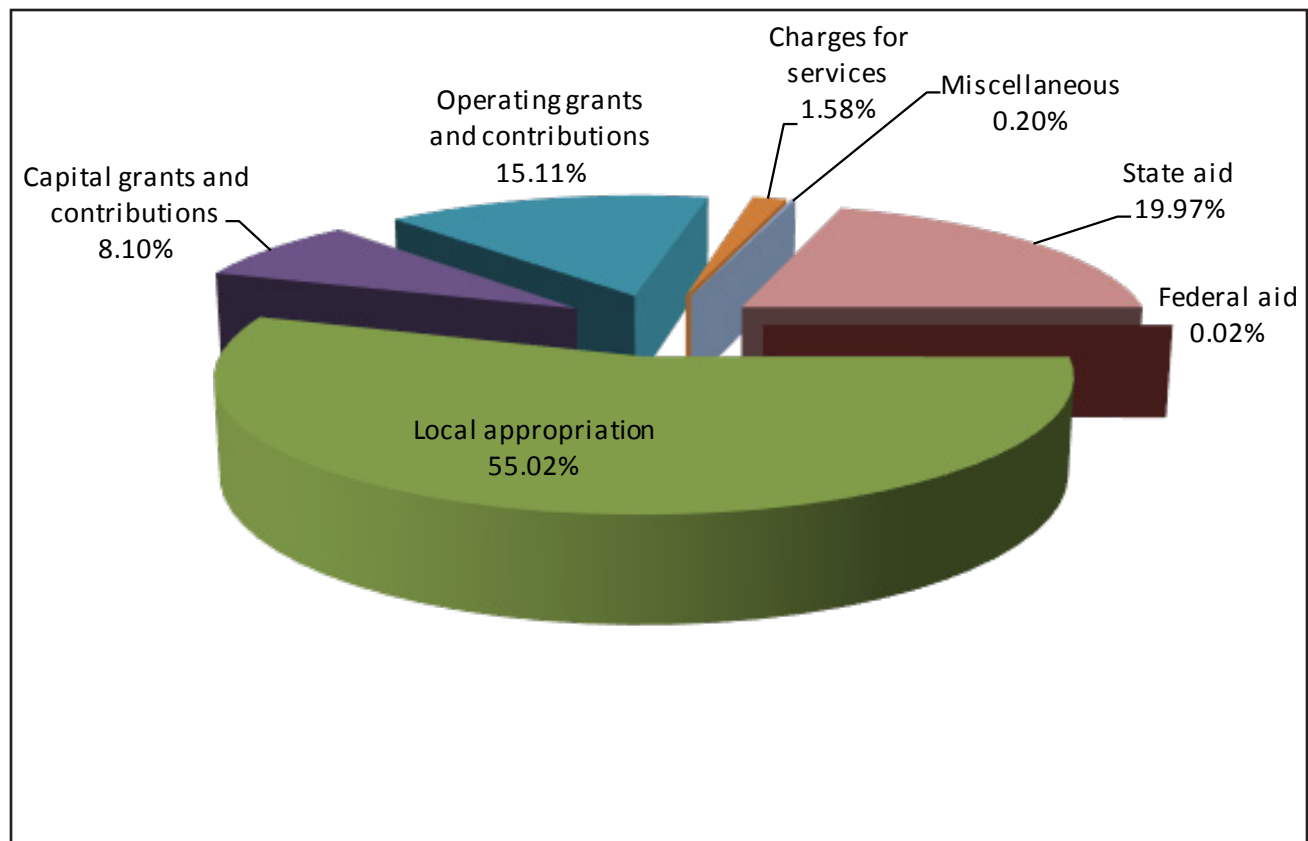
Management's Discussion and Analysis

Government-wide Revenues and Expenses

Charts 1 and 2 display government-wide revenues and expenses, respectively, for the current year. Revenues for HCPSS combined activities (which include program revenues and general revenues) increased to \$964.0 million. County appropriations and State formula aid accounted for most of HCPSS revenue. Funds from these two sources contributed approximately 74 cents of every dollar needed. The remaining 26 cents came from federal aid for specific programs, fees charged for services and other miscellaneous revenues. Total revenues surpassed expenses, increasing net position by \$34.4 million over last year. The revenue increase was primarily attributable to an increase in county funding.

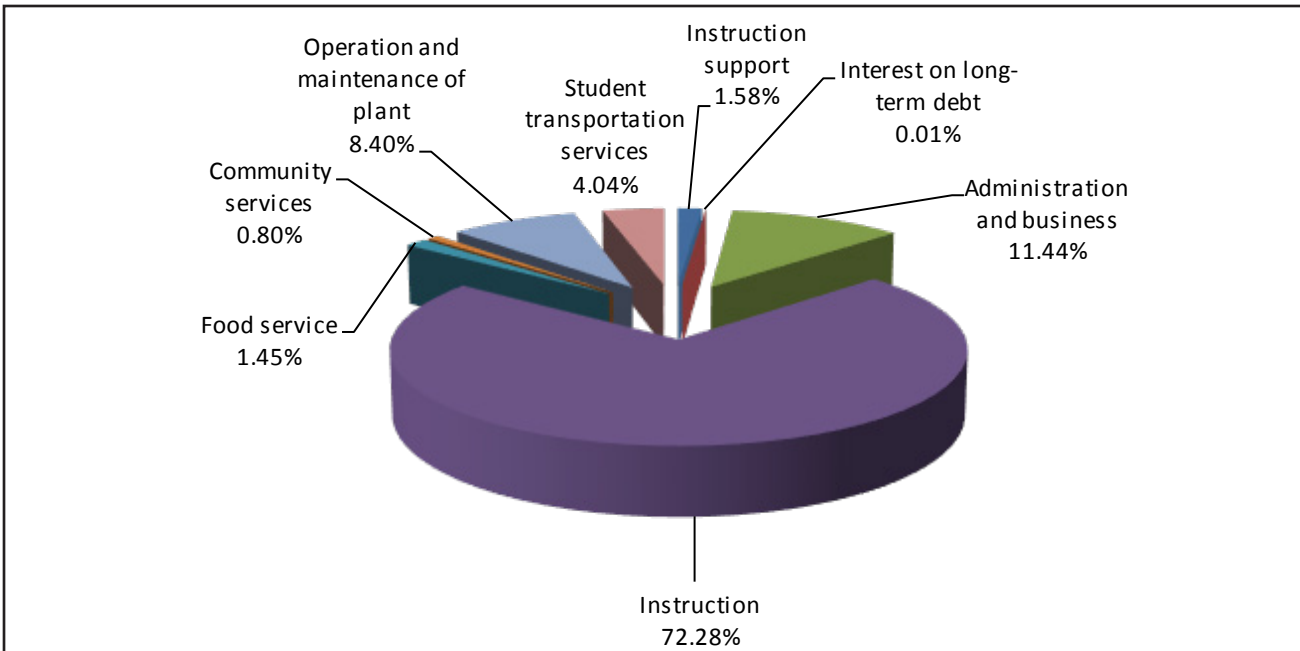
The total cost of all programs and services rose to \$929.6 million. Most of HCPSS expenses are related to instruction (including Special Education), instructional support and student transportation. Expenses in these areas comprised approximately 77.9% of all School System expenditures. The business and administration activities, food service, and community services accounted for 11.4%, 1.5% and 0.8% of total costs, respectively. Maintenance and operation expenses represented approximately 8.4%. Generally, increases in expenses closely paralleled inflation and growth in the demand for services. Educational programs like the class size reduction and bilingual education continue to receive the funding priority because these programs are integral to promoting student achievement.

Chart 1: Source Of Revenues—FY 2015



Management's Discussion and Analysis

Chart 2: Expenses By Category—FY 2015



Expenditures Per Student		
	2015	2014
Total Student Enrollment*	52,412	51,688
EXPENDITURES**		
Current:		
Administration	\$ 233	\$ 236
Instruction		
Instructional Salaries and Wages	5,999	5,834
Instructional Textbooks/Supplies	239	262
Other Instructional Costs	48	60
Student Personnel Services	56	55
Health Services	136	128
Student Transportation	704	697
Operation of Plant	783	761
Maintenance of Plant	459	355
Fixed Charges	2,798	2,807
Mid-level Administration	1,070	1,036
Community Services	113	116
Special Education	1,740	1,720
Capital Outlay	15	16
Total expenditures Per Student	\$ 14,393	\$ 14,083

*Excludes PreKindergarten head count
 **General Fund, Non-GAAP

Governmental Activities

Table 3 presents the cost of the ten categories of HCPSS: instruction—regular and special education, administration, mid-level administration, student and health services, student transportation services, operation of plant, maintenance of plant, community services, and food Service. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided by specific programs).

Business-Type Activities

HCPSS has one business-type activity: The Jim Rouse Theatre. Operating revenues for the business-type activity totaled \$148 thousand for 2015. Operating expenses totaled \$111 thousand for a net operating gain of \$37 thousand, primarily due to an increase in charges for services. Details of the business-type activity can be found on [pages 35-37](#) of this report.

Management's Discussion and Analysis

Table 3—Cost of Governmental Activities

Year Ended June 30, 2015
(In Thousands)

	<u>Total Cost Of Services</u>	<u>Less Program Revenues</u>	<u>Net Cost of Services</u>
Instruction			
Regular instruction	\$ 525,124	\$ 140,494	\$ (384,630)
Special instruction	146,833	37,287	(109,546)
Support services			
Administration	18,166	1,512	(16,654)
Mid-level administration	88,165	17,083	(71,082)
Student services	4,371	620	(3,751)
Health services	10,329	1,115	(9,214)
Student transportation	37,528	14,938	(22,590)
Operation of plant	49,682	10,637	(39,045)
Maintenance of plant	28,372	1,790	(26,582)
Community services	7,437	886	(6,551)
Food services	13,465	12,488	(977)
Interest on long-term debt	63	-	(63)
Total Expenses	<u>\$ 929,535</u>	<u>\$ 238,850</u>	<u>\$ (690,685)</u>

Financial Analysis of Governmental Funds

The focus of the School System's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School System's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School System governmental funds reported combined ending fund balances of \$13.7 million, a decrease of \$3.8 million. This includes nonspendable fund balance which is comprised of \$1.0 million in inventories and \$159 thousand in prepaid expenses. Funds restricted for the Glenelg Wastewater Treatment Plant totals \$1.2 million. Assigned fund balance includes \$5.4 million for encumbrances, \$3.4 million for subsequent year's budgeted appropriation of fund balance and \$182 thousand for food service operations. The unassigned fund balance is \$2.3 million.

It is important to note that the School System is fiscally dependent on grants and contributions from the county, state, and federal governments for its operating resources, as the School System has no authority to levy taxes or issue bonded debt.

During the fiscal year, the fund balance of the School System's general fund decreased by \$478 thousand. Any change in the School System's fund balance is a result of timing of expenditures. The School System's

revenues and expenditures are fixed depending upon funding adopted by the county and state governments.

The fund balance of the Food Service Fund, a special revenue fund, decreased during the current fiscal year by \$976 thousand due to decreased sales. The Glenelg Waste Water Treatment Plant fund finished with a fund balance of \$1.2 million.

Revenues for HCPSS's governmental funds increased 3.4% while total expenses increased 3.0%. County revenue increased by 3.0% or \$17.4 million over the previous year. While the general fund revenues from the county increased by 6.3% or \$31.9 million, the county revenues for the Capital Projects Fund decreased by 24.0% or \$14.6 million. The Capital Projects Fund recognizes county revenues when project expenditures are incurred. Significant projects completed were Laurel Woods Elementary addition/removal, Longfellow Elementary renovations, Atholton addition/renovation. State funding also increased by 7.6% or \$23.1 million from the previous year.

Management's Discussion and Analysis

General Fund Budgetary Highlights

The General (Current Expense) Fund operates under a legally adopted annual budget. The budget is subdivided into State mandated categories of expenditures including administration, mid-level administration, instructional salaries, textbooks and instructional supplies, other instructional costs, special education, student personnel services and health services, student transportation services, operation of plant, maintenance of plant, fixed charges and community services. The legal level of budgetary control is at the category level. HCPSS may approve amendments to the budget recommended by Management by transferring funds within categories, but transfers between categories must be requested and approved by the County Council.

The General (Current Expense) Fund budget is prepared using the encumbrance method of accounting. Under this method, commitments such as purchase orders and contracts are recorded as budgetary expenditures in addition to those made or accrued. When the actual expenditures take place, the accounts are adjusted for the difference between the actual expenditure and the commitment previously recorded.

At the end of the fiscal year, open encumbrances are reported as commitments or assignments of fund balances since they do not constitute expenditures or liabilities. All unexpended and unencumbered appropriations terminate at the end of the fiscal year and are no longer available for use in subsequent periods.

During FY 2015, General Fund Budgeted Revenues met budget with a small excess of \$638 thousand due primarily to lower State source income than budgeted which offset other revenues. Management continued cost cutting and efficiency efforts which allowed for strategic expenditures at year end and \$4.3 million in unspent budgeted appropriations. The net positive budget variance of \$5.0 million in the General Fund will be available for the County to appropriate in future budgets.

Capital Assets

Table 4—Capital Assets—Governmental Activities

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Land	\$ 31,903,533	\$ 31,903,533
Construction in progress	204,704,814	192,002,161
Buildings and improvements	1,285,800,025	1,226,668,215
Furniture and equipment	36,096,365	25,017,428
(Less accumulated depreciation)	<u>(427,489,716)</u>	<u>(401,169,084)</u>
Total Capital Assets	<u>\$ 1,131,015,021</u>	<u>\$ 1,074,422,253</u>

Management's Discussion and Analysis

Capital Assets (continued)

HCPSS had \$1,131.0 million invested in land, construction in progress, buildings and improvements, and furniture and equipment at June 30, 2015.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation, at June 30, 2015 and 2014. During FY 2015, capital assets increased by a net of \$56.6 million from the prior year. Depreciation expense on these assets was approximately \$27.4 million in FY 2015. More detailed information about capital assets can be found on [pages 52-53](#) of this report.

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

- Continued construction for addition at Running Brook Elementary
- Completed the construction for the addition/renovations at Atholton High
- Continued construction for addition at Gorman Crossing Elementary
- Completed the construction for renovation at Longfellow Elementary
- Continued construction for renovation/addition at Deep Run Elementary
- Began construction for Wilde Lake Middle replacement
- Completed the construction for the addition/renovations at Laurel Woods Elementary
- Began planning for renovation/addition at Swansfield Elementary

- Other major projects include technology projects and roofing projects

HCPSS FY 2016 capital budget proposes spending \$9.3 million for systemic renovations, \$18.2 million for the Wilde Lake MS replacement school, \$10.0 million for the Patuxent Valley MS renovation, \$9.8 million for the Swansfield ES renovation/addition, and \$3.8 million for the Waverly ES renovation/Phase II addition.

HCPSS proposed capital spending totaling \$644.6 million over the FY 2017-2021 period which has been submitted to the Howard County Council for its approval. This will fully fund all of the capital projects requested by HCPSS. Cost estimates will need to be monitored closely to ensure the request is sufficient with regards to changes in the economy and materials pricing.

Long-Term Obligations

School Systems in Maryland have no authority to incur bonded debt. The only long-term obligations of HCPSS consist of capital lease obligations and compensated absences resulting from annual leave earned but not taken by employees. The capital lease obligations were incurred for financing accounting and computer system upgrades.

Annual leave is earned on a monthly basis. At the end of the fiscal year, annual leave that has not been used can be carried over into the following year. At the end of any fiscal year, an employee may not carry over more than two times what the individual has earned in that year.

Accrued leave in excess of the carryover maximum will be lost. Compensated absences totaled approximately \$8.6 million at June 30, 2015. Net pension liability totaled approximately \$34.3 million. Total long-term obligations totaled approximately \$56.4 million at June 30, 2015. For an increase of approximately \$3.7 million over the balance of \$52.7 million at June 30, 2014.

Additional information on the School System's long-term obligations can be found on [page 55](#) of this report.

Management's Discussion and Analysis

Factors Influencing Future Budgets

The School System must consider a multitude of factors as it prepares future budgets. Notable factors influencing future budgets are:

- Higher costs for state retirement due to the shift of a portion of the pension responsibility from the state to the School System.
- Projected increases in student enrollment over the next decade.
- Increasing numbers of homeless students, those newly immigrated to this country, and growing socioeconomically eligible population require greater services.
- The uncertain state of the federal budget affecting funding decisions at the state and local levels.
- Future capital budgets with funding for renovations and additions to existing schools including major systemic renovations to many of the older school facilities as well as the construction of new schools.
- Salary increases in accordance with negotiated agreements with employee bargaining units for FY 2016.
- Increases in the cost of employee health and dental benefits.

Economic Factors

Since the recession, Howard County has experienced a year of healthier recovery than its counterparts in other areas of the state and country. Higher tax revenues (over 7% up from the prior year), stronger new homes market, and a positive overall economic climate have contributed to its better performance. Even with these favorable conditions, the economy has yet to reach the heights of pre-recession levels. The recovery has continued to show signs of fragility which has created a volatile future for the American economy and uncertainty for future budgets. Concurrently, the state of Maryland has recently disclosed in its two year forecast that gains on jobs are weak tempering growth prospects for income and housing.

At the time these financial statements were prepared and audited, HCPSS was aware of other factors that could significantly affect its financial condition in the future:

- A growing segment of our student population carry heavy burdens to school, including poverty, homelessness, and language barriers.
- The County provides approximately 67.5% of HCPSS operating budget funding needs.
- The residential real estate market has seen strong growth in Howard County.
- Howard County continues to have the lowest unemployment rate in Maryland. The year-to-date average in March 2015 was 4.0%, compared to the state average of 5.4%.
- The state of Maryland has projected shortfalls over the next two years, which could mean cuts to the state funding.

These factors were considered in preparing the HCPSS budget for FY 2016.

Management's Discussion and Analysis



Contacting HCPSS Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of HCPSS finances and to show accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact:

Howard County Public School System
Finance Department
10910 Clarksville Pike, Ellicott City, MD 21402-6198
Phone: 410-313-1530
Email: beverly_davis@hcpss.org



Basic Financial Statements





Basic Financial Statements

Howard County Public School System Statement of Net Position June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 24,318,000	\$ -	\$ 24,318,000
Investments	92,714,055	-	92,714,055
Accounts receivable	2,618,274	19,268	2,637,542
Internal balances	(213,600)	213,600	-
Due from other units of government	16,613,221	-	16,613,221
Prepaid items	364,063	-	364,063
Inventory	1,300,387	-	1,300,387
Capital assets:			
Land	31,903,533	-	31,903,533
Construction in process	204,704,814	-	204,704,814
Building and improvements	1,285,800,025	-	1,285,800,025
Furniture and equipment	36,096,365	169,800	36,266,165
Less: accumulated depreciation	(427,489,716)	(139,658)	(427,629,374)
Total capital assets, net of depreciation	<u>1,131,015,021</u>	<u>30,142</u>	<u>1,131,045,163</u>
Total assets	<u>1,268,729,421</u>	<u>263,010</u>	<u>1,268,992,431</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>5,878,922</u>	<u>-</u>	<u>5,878,922</u>
LIABILITIES			
Accounts payable	12,389,045	572	12,389,617
Accrued liabilities	90,797,486	694	90,798,180
Unearned revenue	13,285,074	3,750	13,288,824
Long-term liabilities:			
Current portion	6,468,696	-	6,468,696
Long-term portion	<u>49,923,849</u>	<u>-</u>	<u>49,923,849</u>
Total liabilities	<u>172,864,150</u>	<u>5,016</u>	<u>172,869,166</u>
DEFERRED INFLOWS OF RESOURCES	<u>3,753,223</u>	<u>-</u>	<u>3,753,223</u>
NET POSITION			
Net investment in capital assets	1,120,104,901	30,142	1,120,135,043
Restricted for:			
Glenelg Wastewater Treatment Plant	1,220,189	-	1,220,189
Food Service	216,052	-	216,052
Unrestricted	<u>(23,550,172)</u>	<u>227,852</u>	<u>(23,322,320)</u>
TOTAL NET POSITION	<u>\$ 1,097,990,970</u>	<u>\$ 257,994</u>	<u>\$ 1,098,248,964</u>

These financial statements should be read only in connection with the accompanying
summary of significant accounting policies and notes to financial statements

Basic Financial Statements

**Howard County Public School System
Statement of Activities
Year Ended June 30, 2015**

	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities:							
Instruction:							
Regular education	\$ 525,124,436	\$ 2,232,028	\$ 60,171,577	\$ 78,090,043	\$ (384,630,788)	\$ -	\$ (384,630,788)
Special education	146,832,988	-	37,286,667	-	(109,546,321)	-	(109,546,321)
Total instruction	671,957,424	2,232,028	97,458,244	78,090,043	(494,177,109)	-	(494,177,109)
Support Services:							
Administration	18,165,836	-	1,512,358	-	(16,653,478)	-	(16,653,478)
Mid-level administration	88,165,512	-	17,082,626	-	(71,082,886)	-	(71,082,886)
Student personnel services	4,370,763	-	620,158	-	(3,750,605)	-	(3,750,605)
Health services	10,329,111	-	1,114,751	-	(9,214,360)	-	(9,214,360)
Student transportation	37,528,348	-	14,938,160	-	(22,590,188)	-	(22,590,188)
Operation of plant	49,682,014	7,328,487	3,308,126	-	(39,045,401)	-	(39,045,401)
Maintenance of plant	28,371,637	-	1,790,047	-	(26,581,590)	-	(26,581,590)
Community services	7,436,661	-	885,756	-	(6,550,905)	-	(6,550,905)
Food services	13,464,878	5,552,314	6,935,268	-	(977,296)	-	(977,296)
Interest on long-term debt	63,578	-	-	-	(63,578)	-	(63,578)
Total support services	257,578,338	12,880,801	48,187,250	-	(196,510,287)	-	(196,510,287)
Total governmental activities	929,535,762	15,112,829	145,645,494	78,090,043	(690,687,396)	-	(690,687,396)
Business-type Activities:							
Jim Rouse Theatre	111,381	148,200	-	-	-	36,819	36,819
TOTAL SCHOOL SYSTEM	\$ 929,647,143	\$ 15,261,029	\$ 145,645,494	\$ 78,090,043	(690,687,396)	36,819	(690,650,577)
General Revenues - Unrestricted:							
Local appropriations					530,439,861	-	530,439,861
State aid					192,479,960	-	192,479,960
Federal aid					162,583	-	162,583
Interest and investment earnings					33,329	-	33,329
Miscellaneous					1,900,026	-	1,900,026
Total general revenues					725,015,759	-	725,015,759
CHANGES IN NET POSITION					34,328,363	36,819	34,365,182
NET POSITION, BEGINNING OF YEAR					1,063,662,607	221,175	1,063,883,782
NET POSITION, END OF YEAR					\$ 1,097,990,970	\$ 257,994	\$ 1,098,248,964

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements





Fund Financial Statements

Howard County Public School System
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Glenelg Wastewater Treatment Plant Fund</u>	<u>Restricted Programs Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 21,975,485	\$ 2,342,515	\$ -	\$ -	\$ -	\$ 24,318,000
Investments	59,113,343	460,627	1,239,683	-	-	60,813,653
Accounts receivable	831,263	523,311	218,097	878,910	-	2,451,581
Prepaid items	158,678	-	-	-	-	158,678
Due from other funds	18,075,012	-	-	-	-	18,075,012
Due from other units of government	-	-	-	4,941,931	11,671,290	16,613,221
Inventory	<u>796,231</u>	<u>216,052</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,012,283</u>
Total assets	<u>100,950,012</u>	<u>3,542,505</u>	<u>1,457,780</u>	<u>5,820,841</u>	<u>11,671,290</u>	<u>123,442,428</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	3,976,061	-	3,145	714,286	6,805,387	11,498,879
Accrued liabilities	78,436,210	279,300	23,919	125,417	499,352	79,364,198
Due to other funds	2,447,140	2,163,989	210,527	2,990,517	1,958,936	9,771,109
Unearned revenue	604,315	313,126	-	1,990,621	6,190,937	9,098,999
Compensated absences payable	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
Total liabilities	<u>85,473,726</u>	<u>2,756,415</u>	<u>237,591</u>	<u>5,820,841</u>	<u>15,454,612</u>	<u>109,743,185</u>
FUND BALANCES						
Non-spendable:						
Prepaid items	158,678	-	-	-	-	158,678
Inventories	796,231	216,052	-	-	-	1,012,283
Restricted	-	-	1,220,189	-	-	1,220,189
Assigned	8,420,882	570,038	-	-	-	8,990,920
Unassigned	<u>6,100,495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,783,322)</u>	<u>2,317,173</u>
Total fund balances (deficiency)	<u>15,476,286</u>	<u>786,090</u>	<u>1,220,189</u>	<u>-</u>	<u>(3,783,322)</u>	<u>13,699,243</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICIENCY)						
	<u>\$ 100,950,012</u>	<u>\$ 3,542,505</u>	<u>\$ 1,457,780</u>	<u>\$ 5,820,841</u>	<u>\$ 11,671,290</u>	<u>\$ 123,442,428</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements

Howard County Public School System
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

TOTAL FUND BALANCES—GOVERNMENTAL FUNDS (page 31) \$ 13,699,243

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of these assets is \$1,546,131,011 and the accumulated depreciation is \$425,129,473. 1,121,001,538

Internal service funds are used by the Board to account for printing services, technology services, workers' compensation activities, and health and dental activities. The assets and liabilities of these internal service funds are included with governmental activities. 6,868,075

Deferred outflows of resources related to pensions include \$1,418,377 deferred outflows of resources pension expense and \$4,460,545 deferred outflow of employer contributions made after the measurement date; these amounts are not reported at the fund level. 5,878,922

Deferred inflows of resources related to pensions for the net difference between projected and actual earnings or pension plan investments; this amount is not reported at the fund level. (3,753,223)

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of \$2,778,952 of capital leases, \$8,635,012 of compensated absences payable, and \$34,289,621 of net pension liability. (45,703,585)

TOTAL NET POSITION—GOVERNMENTAL ACTIVITIES (page 28) \$ 1,097,990,970

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements

Howard County Public School System

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2015

	General Fund	Food Services Fund	Glenc Wastewater Treatment Plant Fund	Restricted Programs Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Intergovernmental revenues:						
Local sources	\$ 537,003,861	\$ -	\$ -	\$ 1,200,880	\$ 46,452,087	\$ 584,656,828
State sources	272,063,520	378,676	-	10,031,197	31,636,331	314,109,724
Federal sources	395,795	6,556,592	-	19,144,140	-	26,096,527
Earnings on investments	17,022	1,515	625	-	1,625	20,787
Charges for services	5,475,336	5,552,314	274,677	-	-	11,302,327
Miscellaneous revenues	1,736,569	-	-	-	-	1,736,569
Total revenues	816,692,103	12,489,097	275,302	30,376,217	78,090,043	937,922,762
EXPENDITURES						
Current:						
Administration	12,451,775	-	-	416,968	-	12,868,743
Mid-level administration	56,203,442	-	-	4,050,087	-	60,253,529
Instruction:						
Instructional salaries	314,430,216	-	-	2,687,372	-	317,117,588
Textbooks and classroom supplies	13,775,641	-	-	1,853,682	-	15,629,323
Other instructional costs	2,905,396	-	-	2,441,684	-	5,347,080
Special education	91,159,016	-	-	15,095,156	-	106,254,172
Student personnel services	2,941,991	-	-	89,809	-	3,031,800
Health services	7,042,265	-	-	-	-	7,042,265
Student transportation	36,783,982	-	-	7,530	-	36,791,512
Operation of plant	40,910,530	-	-	-	-	40,910,530
Maintenance of plant	22,504,750	-	274,677	-	-	22,779,427
Fixed charges	209,390,708	-	-	3,567,606	-	212,958,314
Community services	5,907,531	-	-	166,323	-	6,073,854
Costs of operation - food service	-	13,464,878	-	-	-	13,464,878
Capital outlay	763,326	-	-	-	80,461,598	81,224,924
Total expenditures	817,170,569	13,464,878	274,677	30,376,217	80,461,598	941,747,939
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(478,466)	(975,781)	625	-	(2,371,555)	(3,825,177)
FUND BALANCE (DEFICIENCY), BEGINNING OF YEAR	15,954,752	1,761,871	1,219,564	-	(1,411,767)	17,524,420
FUND BALANCE (DEFICIENCY), END OF YEAR	\$ 15,476,286	\$ 786,090	\$ 1,220,189	\$ -	\$ (3,783,322)	\$ 13,699,243

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements

**Howard County Public School System
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
June 30, 2015**

TOTAL NET CHANGE IN FUND BALANCES— GOVERNMENTAL FUNDS (page 33)	\$ (3,825,177)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay, \$73,637,722 exceeds depreciation expense, \$26,335,988 in the period.	47,301,734
Upon disposal, the difference between the cost basis of assets and the accumulated depreciation is recorded as a loss in the Statement of Activities. For governmental funds, all capital assets are initially recorded as expenditures and therefore no loss is recognized upon disposal. The amount by which the cost basis of disposed assets, \$1,229,352, exceeded the accumulated depreciation, \$1,092,707, is reported as a loss in the Statement of Activities.	(136,645)
The issuance of capital lease obligations provides current financial resources to governmental funds, while the repayment of the principal of capital lease obligations consumes the current financial resources of governmental funds. Neither, however, has any effect on net position.	594,031
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, vacation and sick leave used were less than the amounts earned by:	(280,915)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of the pension benefits earned net of employer contributions is reported as pension expense.	1,391,055
Internal service funds are used by the Board to account for printing services, technology services, workers' compensation activities, and health and dental activities. The change in net position of the service fund is reported with governmental activities.	<u>(10,715,720)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 28)	<u>\$ 34,328,363</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements

Howard County Public School System
Statement of Net Position
Proprietary Funds
June 30, 2015

	<u>Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
CURRENT ASSETS		
Investments	\$ -	\$ 31,900,402
Accounts receivable	19,268	166,693
Due from other funds	213,600	2,233,540
Inventory	-	288,104
Prepaid expenses	-	205,385
Total current assets	<u>232,868</u>	<u>34,794,124</u>
NONCURRENT ASSETS		
Capital assets:		
Furniture, fixtures, and equipment	169,800	12,373,726
Less accumulated depreciation	<u>(139,658)</u>	<u>(2,360,243)</u>
Total capital assets, net	<u>30,142</u>	<u>10,013,483</u>
Total assets	<u>263,010</u>	<u>44,807,607</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	572	890,166
Capital leases	-	3,086,087
Due to other funds	-	10,751,043
Accrued liabilities	694	1,768,123
Claims payable	-	11,665,165
Unearned revenue	<u>3,750</u>	<u>4,186,075</u>
Total current liabilities	<u>5,016</u>	<u>32,346,659</u>
LONG-TERM LIABILITIES		
Capital leases	-	5,045,081
Claims payable, net of current portion	<u>-</u>	<u>547,792</u>
Total long-term liabilities	<u>-</u>	<u>5,592,873</u>
Total liabilities	<u>5,016</u>	<u>37,939,532</u>
NET POSITION		
Net Investment in capital assets	30,142	1,882,315
Unrestricted	<u>227,852</u>	<u>4,985,760</u>
TOTAL NET POSITION	<u>\$ 257,994</u>	<u>\$ 6,868,075</u>

These financial statements should be read only in connection with the accompanying
summary of significant accounting policies and notes to financial statements

Fund Financial Statements

Howard County Public School System

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2015

	Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services—internal	\$ -	\$ 104,579,039
Charges for services—other	141,403	-
Loss on disposal of asset	-	(2,583)
Miscellaneous revenue	6,797	163,457
Contributions from employees and retirees	-	22,065,013
	<u>148,200</u>	<u>126,804,926</u>
OPERATING EXPENSES		
Operating expenses	105,693	-
Administrative expenses	-	24,443,932
Claims and related expenses	-	112,008,923
Depreciation expense	5,688	1,083,885
	<u>111,381</u>	<u>137,536,740</u>
Total operating expenses	<u>111,381</u>	<u>137,536,740</u>
Operating income (loss)	<u>36,819</u>	<u>(10,731,814)</u>
NON-OPERATING REVENUE		
Interest income	-	16,094
	<u>-</u>	<u>16,094</u>
Non-operating income	<u>-</u>	<u>16,094</u>
CHANGES IN NET POSITION	36,819	(10,715,720)
TOTAL NET POSITION, BEGINNING OF YEAR	<u>221,175</u>	<u>17,583,795</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 257,994</u>	<u>\$ 6,868,075</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Fund Financial Statements

Howard County Public School System

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2015

	Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 135,973	\$ -
Cash received (paid) from other funds	(21,375)	116,259,777
Cash received from employees and retirees	-	22,065,013
Payments to employees	-	(5,690,369)
Payments to suppliers	(101,205)	(130,251,442)
Net cash provided by operating activities	<u>13,393</u>	<u>2,382,979</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of equipment	(13,393)	(306,382)
Principal paid on capital lease	-	(2,076,597)
Net cash used by capital and related financing activities	<u>(13,393)</u>	<u>(2,382,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	-	(16,094)
Interest received	-	16,094
Net cash provided by investing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ 36,819	\$ (10,731,814)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	5,688	1,083,885
Loss on disposal of asset	-	2,583
Effects of changes in operating assets and liabilities:		
Accounts receivable	(12,227)	(122,402)
Prepaid expenses	-	(13,575)
Due from other funds	(21,375)	1,020,870
Inventory	-	10,178
Accounts payable	44	85,821
Accrued liabilities	694	(280,561)
Unpaid claims	-	709,181
Due to other funds	-	10,502,310
Unearned revenue	3,750	116,503
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 13,393</u>	<u>\$ 2,382,979</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES		
Purchase of equipment through a capital lease	<u>\$ -</u>	<u>\$ 10,207,759</u>

These financial statements should be read only in connection with the accompanying
summary of significant accounting policies and notes to financial statements

Fund Financial Statements

Howard County Public School System
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2015

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 4,884,135
TOTAL ASSETS	<u>\$ 4,884,135</u>
LIABILITIES	
School activity funds payable	\$ 4,884,135
TOTAL LIABILITIES	<u>\$ 4,884,135</u>

These financial statements should be read only in connection with the accompanying summary of significant accounting policies and notes to financial statements

Summary of Significant Accounting Policies





Summary of Significant Accounting Policies

Financial Reporting Entity

The Howard County Public School System (the School System) is a body politic and corporate established by the Public School Laws of Maryland. For financial reporting purposes, the School System (alternatively referred to herein as Howard County Public School System (HCPSS)) is a component unit of Howard County, Maryland (the County) by virtue of the County's responsibility for levying taxes and incurring debt for the benefit of the School System and its budgetary control over the School System. Accordingly, the financial statements of the School System are included in the financial statements of the County. The School System itself has no component units.

The accounting policies of the Howard County Public School System conform to generally accepted accounting principles (GAAP) for governmental units. The following is a summary of the significant policies employed by the School System.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the School System as a whole. For the most part, the effect of interfund activity has been removed from these statements. The activities of the General Fund, Food Service Fund—a special revenue fund, Glenelg Wastewater Treatment Plant—a special revenue fund, Restricted Programs Fund—a special revenue fund, Capital Projects Fund and Internal Service Funds have been presented as governmental activities in the government-wide financial statements. The activities of the Enterprise Fund have been presented as business-type activities in those statements because a majority of these fund revenues come from charges for services.

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

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. All individual governmental funds are considered to be major funds and are reported as separate columns in the governmental fund financial statements.

This information is an integral part of the accompanying financial statements.

Summary of Significant Accounting Policies

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School System considers revenues to be available if they are collectible within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences and capital leases are recognized when the obligations are due and payable. Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

Proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting used in the government-wide financial statements.

Agency funds are custodial in nature and do not measure results of operations or have a measurement focus. Agency funds use the accrual basis of accounting for recognition of assets and liabilities.

The School System reports the following major funds in the fund financial statements:

Governmental Funds

General Fund – The General Fund is the general operating fund of the school system. It is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Fund (Special Revenue Fund) – The Food Service Fund is used to account for the operations of cafeterias and the production facility, which provides for the preparation and sale of meals primarily to students. The primary source of funding is from sales of meals. As a special revenue fund, the proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.

Glenelg Wastewater Treatment Plant Fund (Special Revenue Fund) – The Glenelg Wastewater Treatment Plant Fund is used to account for the operations of the shared wastewater treatment facility at Glenelg High School, which provides wastewater treatment services to Glenelg High School and the Musgrove Farm community of 30 homesites located on the adjoining property. The proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.

Restricted Programs Fund – The Restricted Programs Fund is used to account for restricted grants issued primarily by county, state, and federal governmental agencies.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

This information is an integral part of the accompanying financial statements.

Summary of Significant Accounting Policies

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

Proprietary Funds

Enterprise Fund – The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Jim Rouse Theater Fund is reported as an enterprise fund.

Internal Service Funds – Internal service funds are used to account for the costs of maintaining the School System’s self-insured programs for health, dental, and workers’ compensation benefits for its employees and to account for the costs of print and technology services.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. The principal operating revenues for the internal service funds are premium contributions to the Health and Dental Fund, the Workers’ Compensation Fund, the Print Services Fund and the Technology Services Fund. Operating revenues for the enterprise fund, Jim Rouse Theater, are received primarily from ticket sales. Operating expenses for the internal service funds as well as the enterprise fund cover the cost of providing these services, including administrative, claim and related payments, and depreciation. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds

Agency Funds – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The school funds account for the funds of other persons or organizations which are the direct responsibility of the principals of the respective schools.

All governmental and business-type activities of the School System follow GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance, contained in pre-November 30, 1989 Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA)*, which incorporates into GASB authoritative literature certain accounting and reporting guidance previously included in FASB, AICPA and Accounting Principles Board Opinions (APB), guidance issued before November 30, 1989. The implementation of this new standard modified certain language in disclosures related to the applicable basis of accounting in the School System’s 2013 financial statements. HCPSS also has the option to follow subsequent private sector guidance for its business-type activities and enterprise funds with certain limitations, but has elected not to do so.

In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated and reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities.

Assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position. The effect of interfund services provided and used between functions has not been eliminated in the Statement of Activities, so that only the net amount is included in the governmental activities column.

This information is an integral part of the accompanying financial statements.

Summary of Significant Accounting Policies

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The School System maintains pooled and various separate cash accounts for its funds. The cash balances of the School Fund (see the Statement of Net Position—Fiduciary Funds) consist of individual demand accounts maintained by the schools. Investments are stated at amortized cost, which approximates fair value due to the short-term nature of those investments. The School System considers any instrument with a maturity of three months or less when purchased, as cash equivalents.

Due from Other Units of Government and Other Receivables

Accounts receivable in all funds represent amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Governmental fund type receivables consist primarily of amounts due from county, state, or federal governments and from other Maryland Public School Systems. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year. Certain intergovernmental receivables may extend up to one year from the end of the fiscal year. Uncollectible amounts as of June 30, 2015, are expected to be minimal based upon collection experience and review of the status of existing receivables.

Inventory and Prepaid Items

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the General Fund consists of parts and supplies maintained in the warehouse. Inventory in the Food Service Fund consists of expendable food and supplies held for consumption. The cost is recorded as an asset at the time individual inventory items are purchased. As inventory is consumed, the cost is charged to expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenses in the General Fund and Workers' Compensation Fund consist of insurance premiums and other administrative expenditures that relate to FY 2015. Prepaid expenses are accounted for in accordance with the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the governmental activities and business-type activities columns in the government-wide financial statements. Capital assets are defined by the School System as assets with an initial, individual cost of more than \$5,000 and a useful life of at least five years. Capital assets are recorded at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment is depreciated using the straight-line method over estimated useful lives of 20–45 years for buildings, improvements, and infrastructure, and 5–15 years for furniture and equipment.

This information is an integral part of the accompanying financial statements.

Summary of Significant Accounting Policies

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (continued)

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

Unearned Revenue

For the General Fund, unearned revenue consists of summer school tuition which is collected in advance and unearned since the corresponding services have not been provided and the earnings process is not completed until the following fiscal year.

For the Restricted Programs Fund and Capital Projects Fund, unearned revenue consists of revenues received under restricted programs in excess of the expenditures under those programs at June 30, 2015.

For the Glenelg Wastewater Treatment Plant Fund, unearned revenue consists of assessment fees collected in advance and unearned since the corresponding services have not been provided and the earnings process is not completed until the following fiscal year.

For the Internal Service Funds, unearned revenue consists of payroll withholdings from employees for health and dental insurance collected in advance as of June 30, 2015, for the first three months of FY 2016.

Deferred Outflows/Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Board recognizes deferred outflows for changes in actuarial assumptions that are being amortized over a five-year period and contributions made subsequent to the measurement date related to pensions.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The Board recognizes deferred inflows for the difference between the projected and actual investment earnings related to pensions.

Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Maryland State Retirement and Pension System (System) and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Compensated Absences

It is the School System's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignations and retirements.

This information is an integral part of the accompanying financial statements.

Summary of Significant Accounting Policies

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance (continued)

Net Position / Fund Balance

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consist of capital assets, net of accumulated depreciation. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets. Major capital projects are financed through local and state aid with applicable debt recorded by Howard County and the state of Maryland. Net position is reported as restricted when there are limitations placed on its use through external restrictions imposed by grantors or laws or regulations of other governments.

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

Non-spendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes as determined by a formal action of the Board, the highest level of decision-making authority for the School System. Commitments may be established, modified, or rescinded only through formal actions consisting of resolutions approved by the Board.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board or through their delegating this responsibility to the Superintendent's budgetary process.

Unassigned – All other spendable amounts. This is the residual classification for the General Fund and other governmental funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. If expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned for these purposes, it may be necessary to report a negative unassigned fund balance.

Policy 4070 Fund Balance, states in what order fund balance categories are spent: (1) Nonspendable balance first, and then (2) Restricted fund balance, and then (3) Committed fund balance, then (4) Assigned fund balance, and (5) Unassigned fund balance.

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

This information is an integral part of the accompanying financial statements.

Summary of Significant Accounting Policies

Budgets and Budgetary Accounting

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of Howard County and the state of Maryland. The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as reservations of the fund balance. In addition, pension contributions made by the state of Maryland on behalf of the School System and OPEB contributions made by the Howard County Government on behalf of the School System are excluded from the budgetary basis. Another difference is that under the budgetary basis, designations of the prior year's fund balance are treated as revenue of the current period. The General Fund budgetary basis schedules of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements are presented as required supplementary information to these financial statements. By State law, major categories of expenditures may not exceed budgeted amounts.

The School System follows these procedures in establishing the budgetary data reflected in the financial statements:

Operating Budget (General Fund)

- 1) A discussion guide for the following fiscal year's operating budget is published annually.
- 2) A public hearing is held in October to receive budget requests from individuals and community groups.
- 3) The proposed budget is made available to the public and the County Government in January.
- 4) Public hearings are held to obtain comments from the community.
- 5) The final proposed operating budget is submitted to the County Executive prior to March 16th.
- 6) After approval or adjustment by the County Council, the final operating budget is approved by the School System in June.
- 7) Budgets are adopted on a basis consistent with GAAP except for the inclusion of portions of the prior year's fund balance as revenues, the inclusion of encumbrances as expenditures, and the exclusion of pension contributions made on the School System's behalf by the state of Maryland as both revenues and expenditures. Budget comparisons presented are on a non-GAAP budgetary basis.
- 8) Transfers may be made within the major categories by the School System without the approval of the County Council.
- 9) Requests for transfers between major categories must be submitted to the County Council for approval or denial. No action within thirty (30) days of submission constitutes approval.

This information is an integral part of the accompanying financial statements.

Summary of Significant Accounting Policies

Budgets and Budgetary Accounting (continued)

Operating Budget (Restricted Fund)

This budget is not legally adopted. The Restricted Fund accounts for revenue and expenditures under special state and federal programs. Management estimates expected revenues and expenditures but there is not a legally adopted budget and actual expenditures may exceed budgeted amounts. The grants included in this category are not part of budget categories subject to spending limitations of the operating budget. Expenditures under these programs are limited to the amounts of the respective grants. The comparison of the Restricted Programs Fund (a special revenue fund) operating budget to actual revenue and expenditures is not presented as required supplementary information because this budget developed internally by the School System for management purposes only.

Operating Budget (Food Service Fund)

This budget is not legally adopted. The comparison of the Food Service Fund (a special revenue fund) operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System for management purposes only.

Operating Budget (Glenelg Wastewater Treatment Plant Fund)

This budget is not legally adopted. The comparison of the Glenelg Wastewater Treatment Plant Fund (a special revenue fund) operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System for management purposes only.

Operating Budget (Jim Rouse Theatre Fund)

This budget is not legally adopted. The Enterprise Fund accounts for revenue and expenditures relative to the Jim Rouse Theatre Fund. The operating budget to actual revenues and expenditures is not presented as required supplementary information because this budget is developed internally by the School System for management purposes only.

Use of Estimates in Preparing Financial Statements

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

This information is an integral part of the accompanying financial statements.

Notes to Basic Financial Statements





Notes to Financial Statements

Note 1 – Cash and Investments

Deposits

At year-end, the carrying amount of the School System's deposits was \$29,202,135 consisting of \$24,318,000 in the governmental activities and \$4,884,135 in the agency fund and the corresponding bank balances were \$32,679,030. The bank balances, \$750,000 was covered by either Federal Depository Insurance or collateral held in the pledging bank's trust department in the School System's name. The School System has a contractual arrangement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

Investments

At June 30, 2015, the School System's investments totaling \$92,714,055 in governmental activities were entirely in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established under the Annotated Code of Maryland and is rated AAAM by Standard and Poors, their highest rating for money market funds. Unit value is computed using the amortized cost method. In addition, the net asset value of the pool, marked-to-market, is calculated and maintained on a weekly basis to ensure a \$1.00 per unit constant value.

Interest Rate Risk

Fair value fluctuates with interest rates, and increasing rates could cause fair value to decline below original cost. To limit the School System's exposure to interest rate risk, the School System's investment policy limits the term of investment maturities other than the Fiduciary Funds to overnight repurchase agreements and MLGIP and requires that collateral securities underlying the repurchase agreements and MLGIP have a market value equal to the cost of the agreement. Total net investment income per the Statement of Activities consists of interest income of \$35,256 for the year ended June 30, 2015.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of failure of the counter party, the School System will not be able to recover all or a portion of its investments or collateral securities that are in the possession of an outside party. The School System's investment policy limits its investments to overnight deposits that are insured or collateralized with securities held by a custodian in the School System's name and investments in the MLGIP.

Statutes require that deposits be in Maryland banks and that uninsured deposits be fully collateralized and authorize the School System to invest in obligations of the United States government, federal agency obligations and repurchase agreements secured by direct government or agency obligations.

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 2 – Capital Assets

Capital assets activity for the year ended June 30, 2015, was as follows:				
	Balance July 1, 2014	Increases	Decreases/ Reclassifications	Balance June 30, 2015
<u>Governmental activities:</u>				
Nondepreciable capital assets:				
Land	\$ 31,903,533	\$ -	\$ -	\$ 31,903,533
Construction in progress	<u>196,334,928</u>	<u>71,734,719</u>	<u>(63,364,833)</u>	<u>204,704,814</u>
Total nondepreciable capital assets	<u>228,238,461</u>	<u>71,734,719</u>	<u>(63,364,833)</u>	<u>236,608,347</u>
Depreciable capital assets				
Land improvements	1,675,226	-	-	1,675,226
Buildings and improvements	1,220,660,222	63,464,577	-	1,284,124,799
Furniture and equipment	<u>25,017,428</u>	<u>12,317,406</u>	<u>(1,238,469)</u>	<u>36,096,365</u>
Total depreciable capital assets	<u>1,247,352,876</u>	<u>75,781,983</u>	<u>(1,238,469)</u>	<u>1,321,896,390</u>
Less accumulated depreciation for:				
Land improvements	(1,495,143)	(39,122)	-	(1,534,265)
Buildings and improvements	(377,951,358)	(25,211,888)	-	(403,163,246)
Furniture and equipment	<u>(21,722,583)</u>	<u>(2,168,863)</u>	<u>1,099,241</u>	<u>(22,792,205)</u>
Total accumulated depreciation	<u>(401,169,084)</u>	<u>(27,419,873)</u>	<u>1,099,241</u>	<u>(427,489,716)</u>
Total depreciable capital assets, net	<u>850,516,559</u>	<u>48,362,110</u>	<u>(139,228)</u>	<u>894,406,674</u>
Capital assets, net	<u>\$1,078,755,020</u>	<u>\$ 120,096,829</u>	<u>\$ (63,504,061)</u>	<u>\$ 1,131,015,021</u>

Reclassifications for capital assets were required for the comparability to the current year's financial statements and must be considered when comparing the financial statements of this report with those of prior reports.

Depreciation expense for the year ended June 30, 2015, was charged to Governmental activities on the Statement of Activities as follows:

Instruction:

Regular education	\$ 23,582,632
Special education	134,796

Support services:

Administration	208,521
Mid-level administration	2,961,700
Student transportation	53,542
Operation and maintenance of plant	353,319
Community services	<u>125,363</u>

Total \$ 27,419,873

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 2 – Capital Assets (continued)

	Balance July 1, 2014	Increases	Decreases / Reclassifications	Balance June 30, 2015
Business-type activities:				
Furniture and equipment	\$ 156,407	\$ 13,393	\$ -	\$ 169,800
Less: accumulated depreciation	<u>(133,970)</u>	<u>(5,688)</u>	-	<u>(139,658)</u>
Capital assets, net	<u>\$ 22,437</u>	<u>\$ 7,705</u>	<u>\$ -</u>	<u>\$ 30,142</u>

The School System has active school construction projects as of June 30, 2015, as follows:

Project:	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Systemic - Glenwood MS	\$ 1,571,878	\$ 1,225,455
Roofing Projects	35,927,902	4,927,801
Atholton HS Renovation	54,615,901	7,096,719
Ducketts Lane ES	32,914,751	1,473,874
Technology	27,910,990	1,575,010
Thomas Viaduct MS	29,935,014	1,085,769
Longfellow ES Addition	12,936,671	3,993,329
Deep Run ES Renovation/Addition	9,885,462	10,804,538
Wilde Lake MS Replacement	3,132,351	7,725,649
Laurel Woods ES Addition	6,338,714	2,984,286
Patuxent Valley MS Renovation	6,872,711	1,272,289
Swanfield ES Renovation/Addition	<u>672,840</u>	<u>1,225,160</u>
Subtotal	222,715,185	45,389,879
Other Projects	<u>285,544,536</u>	<u>20,492,040</u>
Total	<u>\$ 508,259,721</u>	<u>\$ 65,881,919</u>

These projects were primarily funded through capital grants from Howard County and the state of Maryland, prior to commitments being made with contractors.

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 3 – Due To/From Other Funds

The composition of inter-fund balances as of June 30, 2015, is as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Workers Compensation	General	Reimbursable expenditures	\$ 448,362
General	Capital Projects	Reimbursable expenditures	1,958,936
Technology Services	General	Reimbursable expenditures	1,350,459
General	Health and Dental	Reimbursable expenditures	10,751,043
Jim Rouse Theatre	General	Reimbursable expenditures	213,600
Print Services	General	Reimbursable expenditures	434,719
General	Glenelg WWTP	Treatment plant expenditures	210,527
General	Restricted Programs	Advances of pooled cash	2,990,517
General	Food Services	Food service expenditures	2,163,989
Total			<u>\$ 20,522,152</u>

These inter-fund balances are presented in the accompanying financial statements as follows:

	<u>Due From</u>	<u>Due To</u>
Balance Sheet–Governmental Funds (page 31)	\$ 9,771,109	\$ 18,075,012
Statement of Net Position–Proprietary Funds (page 35)	-	213,600
Statement of Net Position–Internal Service Funds (page 35)	<u>10,751,043</u>	<u>2,233,540</u>
Total	<u>\$ 20,522,152</u>	<u>\$ 20,522,152</u>

Activity between funds represents expenditures paid by the General Fund on behalf of another fund or amounts received by the General Fund on behalf of another fund. All operating cash is processed through the General Fund and accounted for on each fund as due to/from the General Fund.

The School System does not have any long-term advances of inter-fund loans, and all inter-fund activity is considered current activity. Inter-fund activity consists primarily of advances from the General Fund to other funds to cover temporary cash needs. These situations arise because many grants and capital projects are reimbursed to the School System by the granting government after the School System has incurred the expenditure.

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 4 – Long-Term Liabilities

	<u>Balance 7/1/2014</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2015</u>	<u>Due Within One Year</u>
Compensated absences	\$ 8,364,097	\$ 1,520,677	\$ (1,239,762)	\$ 8,645,012	\$ 725,000
Capital leases	3,372,983	10,396,420	(2,859,283)	10,910,120	3,743,696
Net pension liability	38,057,620	-	(3,767,999) *	34,289,621	-
Workers compensation	<u>2,899,926</u>	<u>1,163,164</u>	<u>(1,515,298)</u>	<u>2,547,792</u>	<u>2,000,000</u>
Total governmental activities	<u>\$ 52,694,626</u>	<u>\$ 13,080,261</u>	<u>\$ (9,382,342)</u>	<u>\$ 56,392,545</u>	<u>\$ 6,468,696</u>
*Net decrease is shown					

Compensated absences are generally liquidated by the General Fund.

The School System has entered into several lease agreements as lessee to finance the purchase of student information system, data warehouse, learning management system, and enterprise resources that expire at various times through FY 2021. The assets acquired and capitalized as capital assets under capital leases are as follows:

	<u>Governmental Activities</u>
Equipment at cost	\$ 19,213,105
Less: accumulated depreciation	<u>(9,839,370)</u>
Total	<u>\$ 9,373,735</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015 were as follows:

<u>Year Ended June 30, 2015</u>	<u>Governmental Activities</u>
2016	\$ 3,871,863
2017	3,871,863
2018	3,622,218
2019	3,622,218
2020	1,289,017
2021	<u>407,964</u>
Total minimum lease payments	16,685,143
Less: amount not drawn	(5,264,361)
Less: amount representing interest	<u>(510,662)</u>
Present value of minimum lease payments	<u>\$ 10,910,120</u>

This information is an integral part of the accompanying financial statements.

Note 5 – Pension Plans

General Information about the Plan

Plan Description

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

Benefits Provided

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

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

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

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

Notes to Financial Statements

Note 5 – Pension Plans (continued)

Contributions

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

The State makes a substantial portion of HCPSS's annual required contribution to the Teachers' Retirement and Pension Systems on behalf of HCPSS. The State's contributions on behalf of HCPSS for the year ended June 30, 2015, was \$56,163,716. The fiscal 2015 contributions made by the State on behalf of HCPSS have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

Beginning in FY 2013, the state of Maryland General Assembly passed a bill that required the Boards of Education in Maryland to begin paying the normal cost for their teachers into the Teachers' Retirement and Pension Systems. The legislation structured this as a four year phase in to the full normal cost so that 50% was paid in FY 2013. Full normal cost will be paid in FY 2017 and each year thereafter. HCPSS's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2015 was \$15,925,463.

HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2015, was 6.72% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. HCPSS made its share of the required contributions during the year ended June 30, 2015 of \$4,460,545.

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

Employees Retirement and Pension Systems

At June 30, 2015, HCPSS reported a liability of \$34,289,621 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. HCPSS's proportion of the net pension liability was based on actual employer contributions billed to participating government units for the year ending June 30, 2014. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the state of Maryland. As of June 30, 2014, HCPSS's proportionate share was 0.193%.

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 5 – Pension Plans (continued)

For the year ended June 30, 2015, HCPSS recognized pension expense of \$3,069,490. At June 30, 2015, HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 496,026	\$ -
Net difference between projected and actual earnings on pension plan investments	-	3,753,223
Net difference between actual and proportionate share of contributions	922,351	-
HCPSS contributions subsequent to the measurement date	<u>4,460,545</u>	<u>-</u>
Total	<u>\$ 5,878,922</u>	<u>\$ 3,753,223</u>

\$4,460,545 reported as deferred outflows of resources related to pensions resulting from HCPSS contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30, 2015</u>	
2016	\$ 583,712
2017	583,712
2018	583,712
2019	583,712

Teachers Retirement and Pension Systems

At June 30, 2015, HCPSS did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The state of Maryland pays the unfunded liability for HCPSS and HCPSS pays the normal cost related to HCPSS's members in the Teachers Retirement and Pension Systems; therefore, HCPSS is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the state of Maryland. The amount recognized by HCPSS as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with HCPSS were as follows:

State's proportionate share of the net pension liability	\$ 507,145,242
HCPSS's proportionate share of the net pension liability	<u>-</u>
Total	<u>\$ 507,145,242</u>

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 5 – Pension Plans (continued)

The net pension liability was measured as of June 30, 2014, 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, 2015, HCPSS recognized pension expense of \$72,089,179 and revenue of \$56,163,716 for support provided by the State. Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, HCPSS did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.90% general, 3.4% wage
Salary increases	3.40% to 11.9%. including inflation
Investment rate of return	7.65%

Mortality rates were based on RP-2000 Combined Healthy Mortality Table projected to the year 2025.

The economic and demographic actuarial assumptions used in the June 30, 2014 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2006-2010, which was completed during FY 2011. Certain assumptions from the experience study including mortality rates, retirement rates, withdrawal rates, disability rates and rates of salary increase were adopted by the System's Board for the first use in the actuarial valuation as of June 30, 2012. The System's Board of Trustees adopted new economic assumptions for the June 30, 2013 valuation, in particular, an investment return assumption of 7.70% and an inflation assumption of 2.95%. The ultimate assumptions of a 7.55% investment return and 2.80% price inflation are being phased in over a four-year period. As a result, an investment return assumption of 7.65% and an inflation assumption of 2.90% were used for the June 30, 2014 valuation. The COLA, salary increase and payroll growth assumptions have also changed as a result of the change in the inflation assumption.

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

This information is an integral part of the accompanying financial statements.

Note 5 – Pension Plans (continued)

Asset Class	Target Allocation	Long Term Expected Real Return of Return
Public Equity	35%	4.70%
Fixed Income	10%	2.00%
Credit Opportunity	10%	3.00%
Real Return	14%	2.80%
Absolute Return	10%	5.00%
Private Equity	10%	6.30%
Real Estate	10%	4.50%
Cash	1%	1.40%
Total	100%	

The above was the System’s Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2014.

For the year ended June 30, 2014, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 14.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The single discount rate used to measure the total pension liability was 7.65%. This single discount rate was based on the expected rate of return on pension plan investments of 7.65%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents HCPSS’ net pension liability, calculated using a single discount rate of 7.65%, as well as what HCPSS’ net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees Retirement and Pension Systems:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
HCPSS’s proportionate share of the net pension liability	\$ 49,415,590	\$ 34,289,621	\$ 21,519,653

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 5 – Pension Plans (continued)

Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, HCPSS did not record a net pension liability related to the Teachers' Retirement and Pension Systems.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

Note 6 – Postemployment Benefits Other Than Pension Benefits

Plan Description

The School System contributes to the Howard County, Maryland Post-Retirement Medical Plan (the plan), a cost-sharing multiple-employer defined benefit post employment healthcare plan administered by the Howard County Government (the County). The plan provides medical and life insurance benefits to retired employees of participating governmental entities. The County issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Howard County Government, 3430 Courthouse Drive, Ellicott City, MD 21043, or by calling 410-313-2195.

Funding Policy

Contribution requirements of the plan members and the participating employers are established and may be amended by the Plan's Board of Trustees. Retirees eligible for medical insurance benefits pay between 50 and 100 percent of the School System's full premium equivalent cost, based upon years of service. Retirees eligible for life insurance benefits pay between 10 and 50 percent of the School System's full premium equivalent cost, provided they have at least ten years of service with the School System and have retired from the School System.

Participating governmental entities are contractually required to contribute at a rate assessed each year by the the Plan. The Plan's Trustees set the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the requirements of GASB Statement No. 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The School System's contributions, which were equal to the required amounts, were \$12,811,709, \$12,941,140 and \$11,613,340, for the years ended June 30, 2015, 2014, and 2013, respectively. These contributions were paid by and on behalf of the School System by the County. In addition, the County contributed an additional \$6,564,000 on behalf of the School System in FY 2015.

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 7 – Fund Balance

Fund balance at June 30, 2015, consists of the following:

	<u>General Fund</u>	<u>Food Services Fund</u>	<u>Glenelg Waste-water Treatment Plant Fund</u>	<u>Capital Projects Fund</u>
Non-spendable for:				
Prepaid expenses	\$ 158,678	\$ -	\$ -	\$ -
Inventories	796,231	216,052	-	-
Total non-spendable	954,909	216,052	-	-
Restricted For:				
Glenelg Wastewater Treatment Plant	-	-	1,220,189	-
Assigned To:				
Subsequent year's				
Budget appropriations	3,000,000	388,245	-	-
Encumbrances	5,420,882	-	-	-
Food Services operations	-	181,793	-	-
Total assigned	8,420,882	570,038	-	-
Unassigned	6,100,495	-	-	(3,783,322)
Total fund balances	<u>\$ 15,476,286</u>	<u>\$ 786,090</u>	<u>\$ 1,220,189</u>	<u>\$ (3,783,322)</u>

The Capital Projects Fund reflects a deficit unassigned fund balance at June 30, 2015 because of funding reversions by the State and County that occurred after the anticipated funds were spent. It is anticipated the deficit will be eliminated, over time, through the use of resources available to the Board.

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 8 – Encumbrances

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

Encumbrances at June 30, 2015, are for the following uses:

	<u>General Fund</u>
Administration	\$ 56,760
Mid-level Administration	349,010
Instruction	704,217
Special Education	548,387
Student Personnel Services	1,142
Health Services	64,262
Student Transportation	123,391
Operation of Plant	1,171,985
Maintenance of Plant	2,048,071
Community Services	314,020
Capital Outlay	39,637
Total	<u>\$ 5,420,882</u>

This information is an integral part of the accompanying financial statements.

Note 9 – Commitments and Contingencies

Operating Leases

The School System leases equipment under various non-cancelable operating leases that expire during fiscal year 2020. Total costs were \$714,184 for the leases for the year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2016	\$ 631,404
2017	614,222
2018	608,616
2019	378,803
2020	101,595
Thereafter	<u>-</u>
Total	\$ 2,334,640

Litigation

The School System has been named as defendant in several lawsuits in the normal course of business, the outcomes of which are uncertain. It is anticipated by the School System that an adverse decision on any or all of these suits would not have a material adverse effect on the financial statements.

Grant Programs

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

This information is an integral part of the accompanying financial statements.

Notes to Financial Statements

Note 10 – Risk Management

The School System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School System participates in the Maryland Association of School Systems of Education Group Insurance Pool (MABE). MABE is a public entity risk pool currently operating as a common risk management and insurance program for fourteen member counties to reduce the amount of claims expenditures incurred. The School System pays an annual premium to MABE for its general insurance coverage. The Formation Agreement of MABE provides that MABE will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established loss limits which range from \$2,500 to \$5 million for each insured event depending on the type of loss. Settled claims did not exceed coverage in any of the past three years.

The School System has also established limited risk management programs for workers' compensation and health and dental insurance. Premiums are paid into these two internal service funds by other funds and are available to pay current and future claims and administrative costs of the programs. The "premium" charged by the self-insurance funds considers recent trends in actual claims experience of the School System as a whole and makes provision for catastrophic losses. As of June 30, 2015, the inter-fund premiums did not exceed reimbursable expenditures in the Health and Dental Fund or the Workers' Compensation Fund. Settled claims did not exceed coverage in any of the past four years.

Liabilities are reported when it is probable that a loss will occur and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual health and dental claims in excess of \$500,000; and workers compensation claims has a retention of \$500,000 per occurrence. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the respective internal service funds.

Changes in the balances of claims payable for the years ended June 30 are as follows:

	2015		2014	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 2,899,926	\$ 8,603,850	\$ 2,969,748	\$ 9,245,710
Incurred claims (including IBNR)	811,030	113,070,238	1,012,188	103,628,267
Claim payments	(1,163,164)	(112,008,923)	(1,082,010)	(104,270,127)
Ending payable, June 30	<u>\$ 2,547,792</u>	<u>\$ 9,665,165</u>	<u>\$ 2,899,926</u>	<u>\$ 8,603,850</u>

This information is an integral part of the accompanying financial statements.

Note 11 – New Accounting Pronouncement

HCPSS adopted GASB Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, and the related GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, which improves accounting and financial reporting by state and local government employers whose employees are provided benefits through pensions. HCPSS is now required to record a liability for future pension benefits in excess of accumulated plan contributions.

These pronouncements required the restatement of the June 30, 2014 net position of governmental activities as follows:

Net position July 1, 2014, as previously stated	\$ 1,097,217,584
Cumulative affect of application of GASB 68, net pension liability	(38,057,620)
Cumulative affect of application of GASB 71, deferred outflow of resources for HCPSS contributions made to the plan during the fiscal year ending June 30, 2015	4,502,643
Total	\$ 1,063,662,607

This information is an integral part of the accompanying financial statements.

Required Supplementary Information





Required Supplementary Information

Howard County Public School System
Budgetary Comparison Schedule
(Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental Revenues:				
Local sources	\$ 530,439,861	\$ 530,439,861	\$ 530,439,861	\$ -
State sources	216,205,109	216,205,109	215,899,804	(305,305)
Federal sources	379,000	379,000	395,795	16,795
Earnings on investments	80,000	80,000	17,022	(62,978)
Charges for services	5,108,470	5,108,470	5,361,310	252,840
Miscellaneous revenues	1,000,000	1,000,000	1,736,569	736,569
Total revenues	<u>753,212,440</u>	<u>753,212,440</u>	<u>753,850,361</u>	<u>637,921</u>
EXPENDITURES				
Current:				
Administration	12,274,570	12,274,570	12,210,506	64,064
Instruction				
Instructional salaries and wages	314,883,130	314,883,130	314,430,216	452,914
Instructional textbooks/supplies	13,192,920	12,542,920	12,535,249	7,671
Other instructional costs	3,018,120	2,518,120	2,510,521	7,599
Student personnel services	3,005,960	3,005,960	2,937,793	68,167
Health services	7,265,120	7,265,120	7,103,773	161,347
Student transportation	37,966,030	37,466,030	36,903,221	562,809
Operation of plant	41,912,080	43,712,080	41,058,508	2,653,572
Maintenance of plant	24,052,720	24,052,720	24,043,352	9,368
Fixed charges	144,273,870	146,773,870	146,662,992	110,878
Mid-level administration	57,014,610	56,114,610	56,055,050	59,560
Community services	6,483,100	5,983,100	5,939,741	43,359
Special education	92,443,200	91,343,200	91,193,981	149,219
Capital outlay	979,920	829,920	802,462	27,458
Total expenditures	<u>758,765,350</u>	<u>758,765,350</u>	<u>754,387,365</u>	<u>4,377,985</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ (5,552,910)</u>	<u>\$ (5,552,910)</u>	(537,004)	<u>\$ 5,015,906</u>
FUND BALANCE AT JUNE 30, 2014—BUDGETARY BASIS			<u>10,592,408</u>	
FUND BALANCE AT JUNE 30, 2015—BUDGETARY BASIS			10,055,404	
Encumbrances at June 30, 2015			<u>5,420,882</u>	
FUND BALANCE AT JUNE 30, 2015—GAAP BASIS			<u>\$ 15,476,286</u>	

Required Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2015

REVENUES

Budgetary basis	\$	753,850,361
Add		
- Pension contribution paid by State of Maryland		56,163,716
- OPEB contribution paid by Howard County Government		6,564,000
- Revenues from loaned staff program		114,026
		<u>114,026</u>
GAAP basis	\$	<u>816,692,103</u>

EXPENDITURES

Budgetary basis	\$	754,387,365
Add		
- Prior year's encumbrances expended this year		5,362,344
- Pension contribution paid by State of Maryland		56,163,716
- OPEB contribution paid by Howard County Government		6,564,000
- Expenditures from loaned staff program		114,026
		<u>(5,420,882)</u>
Less		
- Current year's encumbrances outstanding		<u>(5,420,882)</u>
GAAP basis	\$	<u>817,170,569</u>

Required Supplementary Information

Howard County Public School System
Schedule of the Board's Proportionate Share of the Net Pension Liability
Maryland State Retirement and Pension System
Last Ten Fiscal Years

Employees' Retirement and Pension System:	2015
HCPSS's proportionation of the net pension liability	0.19321654896909300000%
HCPSS's proportionate share of the net pension liability	\$ 34,289,621
HCPSS's covered employee payroll	\$ 48,409,886
HCPSS's proportionate share of the net pension liability as a percentage of its covered employee payroll	67.66%
Plan fiduciary net position as a percentage of the total pension liability	73.65%
Teachers' Retirement and Pension System:	
HCPSS's proportionation of the net pension liability	0.0%
HCPSS's proportionate share of the net pension liability	\$ -
State's proportionate share of the net pension liability of HCPSS	507,145,242
Total	\$ 507,145,242
HCPSS's covered employee payroll	\$ 448,446,514
HCPSS's proportionate share of the net pension liability as a percentage of its covered employee payroll	88.43%
Plan fiduciary net position as a percentage of the total pension liability	69.53%

Required Supplementary Information

Howard County Public School System
Schedule of Board Contributions
Maryland State Retirement and Pension System
Last Ten Fiscal Years

Employees' Retirement and Pension System

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	\$ 4,460,545	\$ 4,502,643	\$ 3,915,358	\$ 4,753,913	\$ 4,664,615	\$ 3,350,776	\$ 3,056,419	\$ 3,282,616	\$ 2,800,975	\$ 2,331,534
Contributions in relation to the contractually required contribution	<u>(4,460,545)</u>	<u>(4,502,643)</u>	<u>(3,915,358)</u>	<u>(4,753,913)</u>	<u>(4,664,615)</u>	<u>(3,350,776)</u>	<u>(3,056,419)</u>	<u>(3,282,616)</u>	<u>(2,800,975)</u>	<u>(2,331,534)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
HCPSS's covered-employee payroll	\$ 48,409,885	\$ 46,836,572	\$ 45,820,362	\$ 44,589,336	\$ 43,901,214	\$ 43,053,303	\$ 43,198,071	\$ 39,520,041	\$ 35,855,467	\$ 34,622,047
Contributions as a percentage of covered-employee payroll	9%	10%	9%	11%	11%	8%	7%	8%	8%	7%

Teachers' Retirement and Pension System

	2015	2014	2013	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Contractually required contribution	\$ 15,925,463	\$ 12,448,477	\$ 9,821,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(15,925,463)</u>	<u>(12,448,477)</u>	<u>(9,821,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
HCPSS's covered-employee payroll	\$ 448,446,514	\$ 433,872,077	\$ 424,458,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	4%	3%	2%	0%	0%	0%	0%	0%	0%	0%

*HCPSS was not contractually required to contribute to the Teachers' Retirement and Pension System prior to fiscal year 2013.

Required Supplementary Information

Note 1 – Changes in Benefit Terms

There were no benefit changes during the year.

Note 2 – Changes in Assumptions

Adjustments to the roll-forward liabilities were made to reflect the following assumptions in the 2014 valuation:

- Investment return assumptions changed from 7.7% to 7.65%
- Inflation assumptions changed from 2.95% to 2.90%
- Disability mortality assumptions for State Police and LEOPS changed to : RP-2000 Disability Mortality: 505 table for males and 75% for females, but not less than RP-2000 Combined Health mortality table projected to year 2025

Note 3 – Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 year for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.90% general, 3.4% w age
Salary Increases	3.40% to 11.90%, including inflation
Investment Rate of Return	7.65%
Retirement Age	Experienced based table of rates that are specific to the type of eligibility condition. Last updated for 2012 valuation pursuant to an experience study of their period 2006-2010
Mortality	RP-2000 Combined Health Mortality Table projected to the year 2025

Required Supplementary Information



Other Supplementary Information



Other Supplementary Information

Howard County Public School System
Schedule of Revenues Compared to Budget (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
INTERGOVERNMENTAL REVENUES				
Local Sources				
Local appropriation	\$ 530,439,861	\$ 530,439,861	\$ 530,439,861	\$ -
State Sources				
State Foundation	153,995,390	153,995,390	153,989,234	(6,156)
Transportation	14,703,529	14,703,529	14,703,529	-
Special education	8,696,880	8,696,880	8,605,195	(91,685)
Compensatory education	25,817,520	25,817,520	25,817,520	-
Limited English proficient	6,136,505	6,136,505	6,136,505	-
Students with disabilities	1,224,000	1,224,000	1,224,000	-
State geographic index	5,312,701	5,312,701	5,312,701	-
Other-LEA tuition	318,584	318,584	111,120	(207,464)
Total State sources	<u>216,205,109</u>	<u>216,205,109</u>	<u>215,899,804</u>	<u>(305,305)</u>
Federal Sources				
ROTC reimbursement	229,000	229,000	233,212	4,212
Impact Aid (PL 874)	150,000	150,000	162,583	12,583
Total Federal sources	<u>379,000</u>	<u>379,000</u>	<u>395,795</u>	<u>16,795</u>
Earnings on Investments	<u>80,000</u>	<u>80,000</u>	<u>17,022</u>	<u>(62,978)</u>
Charges for Services				
Tuition from patrons	905,000	905,000	841,280	(63,720)
Use of school buildings	1,100,000	1,100,000	1,128,354	28,354
Athletic program-gate receipts	385,000	385,000	338,714	(46,286)
Energy rebates	996,310	996,310	1,079,668	83,358
Administration and overhead fees	1,722,160	1,722,160	1,973,294	251,134
Total charges for services	<u>5,108,470</u>	<u>5,108,470</u>	<u>5,361,310</u>	<u>252,840</u>
Miscellaneous Revenues				
Other	1,000,000	1,000,000	1,736,569	736,569
TOTAL	<u>\$ 753,212,440</u>	<u>\$ 753,212,440</u>	<u>\$ 753,850,361</u>	<u>\$ 637,921</u>

Other Supplementary Information

Howard County Public School System
Schedule of Expenditures Compared to Budget (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2015

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Administration				
Salaries and wages	\$ 8,900,320	\$ 8,880,820	\$ 8,872,420	\$ 8,400
Contracted services	2,292,670	2,423,370	2,422,901	469
Supplies and materials	525,220	496,930	470,614	26,316
Other charges	469,360	386,450	369,313	17,137
Equipment	87,000	87,000	75,258	11,742
Total Administration	<u>12,274,570</u>	<u>12,274,570</u>	<u>12,210,506</u>	<u>64,064</u>
Instructional Salaries	<u>314,883,130</u>	<u>314,883,130</u>	<u>314,430,216</u>	<u>452,914</u>
Textbooks and Classroom Supplies	<u>13,192,920</u>	<u>12,542,920</u>	<u>12,535,249</u>	<u>7,671</u>
Other Instructional Costs				
Contracted services	2,069,940	1,794,207	1,792,366	1,841
Other charges	290,080	209,313	205,481	3,832
Equipment	78,100	41,100	39,339	1,761
Outgoing transfers	580,000	473,500	473,335	165
Total Other Instructional Costs	<u>3,018,120</u>	<u>2,518,120</u>	<u>2,510,521</u>	<u>7,599</u>
Student Personnel Services				
Salaries and wages	2,715,780	2,715,780	2,663,764	52,016
Contracted services	225,670	225,670	222,670	3,000
Supplies and materials	28,160	28,160	20,970	7,190
Other charges	36,350	36,350	30,389	5,961
Total Student Personnel Services	<u>3,005,960</u>	<u>3,005,960</u>	<u>2,937,793</u>	<u>68,167</u>
Health Services				
Salaries and wages	6,642,330	6,642,330	6,538,927	103,403
Contracted services	438,160	438,160	430,091	8,069
Supplies and materials	165,070	165,070	121,155	43,915
Other charges	19,560	19,560	13,600	5,960
Total Health Services	<u>7,265,120</u>	<u>7,265,120</u>	<u>7,103,773</u>	<u>161,347</u>
Student Transportation				
Salaries and wages	1,365,270	1,380,270	1,376,302	3,968
Contracted services	36,041,160	35,410,475	34,890,626	519,849
Supplies and materials	32,090	33,590	32,849	741
Other charges	527,510	512,510	474,694	37,816
Equipment	-	129,185	128,750	435
Total Student Transportation	<u>37,966,030</u>	<u>37,466,030</u>	<u>36,903,221</u>	<u>562,809</u>
Operation of Plant				
Salaries and wages	19,830,940	19,485,115	19,410,045	75,070
Contracted services	2,993,250	3,131,220	3,013,221	117,999
Supplies and materials	1,540,720	1,727,750	1,695,820	31,930
Other charges	17,349,730	19,170,555	16,817,316	2,353,239
Equipment	197,440	197,440	122,106	75,334
Total Operation of Plant	<u>41,912,080</u>	<u>43,712,080</u>	<u>41,058,508</u>	<u>2,653,572</u>

Other Supplementary Information

Howard County Public School System				
Schedule of Expenditures Compared to Budget (Non-GAAP Budgetary Basis)				
General Fund				
Year Ended June 30, 2015				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Non-GAAP Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Maintenance of Plant				
Salaries and wages	\$ 11,380,890	\$ 10,504,090	\$ 10,500,087	\$ 4,003
Contracted services	9,892,760	11,529,512	11,527,861	1,651
Supplies and materials	2,261,800	1,530,900	1,528,208	2,692
Other charges	63,890	15,738	15,546	192
Equipment	453,380	472,480	471,650	830
Total Maintenance of Plant	<u>24,052,720</u>	<u>24,052,720</u>	<u>24,043,352</u>	<u>9,368</u>
Other Fixed Charges	<u>144,273,870</u>	<u>146,773,870</u>	<u>146,662,992</u>	<u>110,878</u>
Mid-level Administration				
Salaries and wages	51,563,970	50,155,140	50,148,868	6,272
Contracted services	3,711,720	4,304,053	4,301,644	2,409
Supplies and materials	1,229,820	1,128,790	1,110,952	17,838
Other charges	509,100	451,383	424,499	26,884
Equipment	-	75,244	69,087	6,157
Total Mid-level Administration	<u>57,014,610</u>	<u>56,114,610</u>	<u>56,055,050</u>	<u>59,560</u>
Community Services				
Salaries and wages	3,599,670	3,027,645	3,027,417	228
Contracted services	1,184,850	1,240,072	1,236,126	3,946
Supplies and materials	406,490	423,015	405,946	107,069
Other charges	1,017,390	1,014,868	992,784	22,084
Equipment	274,700	277,500	277,468	32
Total Community Services	<u>6,483,100</u>	<u>5,983,100</u>	<u>5,939,741</u>	<u>43,359</u>
Special Education				
Salaries and wages	83,874,450	80,445,580	80,428,605	16,975
Contracted services	1,457,080	2,515,580	2,515,546	34
Supplies and materials	397,460	1,009,460	999,919	9,541
Other charges	324,550	328,550	306,089	22,461
Equipment	80,000	80,000	40,874	39,126
Outgoing transfers	6,309,660	6,964,030	6,902,948	61,082
Total Special Education	<u>92,443,200</u>	<u>91,343,200</u>	<u>91,193,981</u>	<u>149,219</u>
Capital Outlay				
Salaries and wages	837,120	683,920	668,400	15,520
Contracted services	106,500	86,400	84,704	1,696
Supplies and materials	15,500	28,000	22,518	5,482
Other charges	20,800	31,600	26,840	4,760
Total Capital Outlay	<u>979,920</u>	<u>829,920</u>	<u>802,462</u>	<u>27,458</u>
TOTAL EXPENDITURES	<u>\$ 758,765,350</u>	<u>\$ 758,765,350</u>	<u>\$ 754,387,365</u>	<u>\$ 4,377,985</u>

Other Supplementary Information

Howard County Public School System
Schedule of Revenues, Expenditures, and
Changes in Fund Balance—Budget and Actual
Food Service Fund
Year Ended June 30, 2015

	<u>Budget (*)</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental Revenues:			
State	\$ 290,000	\$ 378,676	\$ 88,676
Federal:			
National School Lunch and Milk Programs	5,200,000	4,627,232	(572,768)
National School Breakfast	-	1,167,961	1,167,961
U.S.D.A. Commodity Program	-	761,399	761,399
Total intergovernmental revenues	<u>5,200,000</u>	<u>6,556,592</u>	<u>1,356,592</u>
Earnings on Investments	2,000	1,515	(485)
Charges for Services:			
Food sales	<u>6,017,000</u>	<u>5,552,314</u>	<u>(464,686)</u>
Total revenues	<u>11,509,000</u>	<u>12,489,097</u>	<u>980,097</u>
EXPENDITURES			
Costs of Operation - Food Service:			
Cost of food	4,119,250	4,880,542	(761,292)
U.S.D.A. Commodity Program	-	608,811	(608,811)
Salaries and wages	7,478,350	7,575,028	(96,678)
Equipment/miscellaneous	769,860	400,497	369,363
Total expenditures	<u>12,367,460</u>	<u>13,464,878</u>	<u>(1,097,418)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (858,460)</u>	<u>(975,781)</u>	<u>\$ (117,321)</u>
FUND BALANCE AT JULY 1, 2014		<u>1,761,871</u>	
FUND BALANCE AT JUNE 30, 2015		<u>\$ 786,090</u>	

(*) There were no changes or amendments to the original budget.

Other Supplementary Information

Howard County Public School System
Combining Schedule of Net Position
Internal Service Funds
June 30, 2015

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
ASSETS					
Current Assets					
Investments	\$ -	\$ -	\$ 3,818,866	\$ 28,081,536	\$ 31,900,402
Accounts receivable	-	738	-	165,955	166,693
Due from other funds	434,719	1,350,459	448,362	-	2,233,540
Inventory	287,290	814	-	-	288,104
Prepaid expenses	-	-	205,385	-	205,385
	<u>722,009</u>	<u>1,352,011</u>	<u>4,472,613</u>	<u>28,247,491</u>	<u>34,794,124</u>
Non-Current Assets					
Capital assets:					
Furniture, fixtures and equipment	564,255	11,809,471	-	-	12,373,726
Less: accumulated depreciation	<u>(442,481)</u>	<u>(1,917,762)</u>	<u>-</u>	<u>-</u>	<u>(2,360,243)</u>
	<u>121,774</u>	<u>9,891,709</u>	<u>-</u>	<u>-</u>	<u>10,013,483</u>
Total capital assets, net of depreciation	<u>121,774</u>	<u>9,891,709</u>	<u>-</u>	<u>-</u>	<u>10,013,483</u>
Total assets	<u>843,783</u>	<u>11,243,720</u>	<u>4,472,613</u>	<u>28,247,491</u>	<u>44,807,607</u>
LIABILITIES					
Current Liabilities					
Accounts payable	57,899	325,795	229,729	276,743	890,166
Capital leases	-	3,086,087	-	-	3,086,087
Due to other funds	-	-	-	10,751,043	10,751,043
Accrued liabilities	3,223	1,810	-	1,763,090	1,768,123
Claims payable	-	-	2,000,000	9,665,165	11,665,165
Unearned revenue	-	-	-	4,186,075	4,186,075
	<u>61,122</u>	<u>3,413,692</u>	<u>2,229,729</u>	<u>26,642,116</u>	<u>32,346,659</u>
Total current liabilities	<u>61,122</u>	<u>3,413,692</u>	<u>2,229,729</u>	<u>26,642,116</u>	<u>32,346,659</u>
Long-Term Liabilities					
Capital leases, net of current portion	-	5,045,081	-	-	5,045,081
Claims payable, net of current portion	-	-	547,792	-	547,792
	<u>-</u>	<u>5,045,081</u>	<u>547,792</u>	<u>-</u>	<u>5,592,873</u>
Total long-term liabilities	<u>-</u>	<u>5,045,081</u>	<u>547,792</u>	<u>-</u>	<u>5,592,873</u>
Total liabilities	<u>61,122</u>	<u>8,458,773</u>	<u>2,777,521</u>	<u>26,642,116</u>	<u>37,939,532</u>
NET POSITION					
Net investment in capital assets	121,774	1,760,541	-	-	1,882,315
Unrestricted	<u>660,887</u>	<u>1,024,406</u>	<u>1,695,092</u>	<u>1,605,375</u>	<u>4,985,760</u>
TOTAL NET POSITION	<u>\$ 782,661</u>	<u>\$ 2,784,947</u>	<u>\$ 1,695,092</u>	<u>\$ 1,605,375</u>	<u>\$ 6,868,075</u>

Other Supplementary Information

Howard County Public School System
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Internal Service Funds
Year Ended June 30, 2015

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
OPERATING REVENUES					
Charges for services—internal	\$ 826,570	\$ 10,823,212	\$ 2,915,000	\$ 90,014,257	\$104,579,039
Loss on disposal of asset	-	(2,583)	-	-	(2,583)
Miscellaneous revenue	-	-	-	163,457	163,457
Contributions from employees and retirees	-	-	-	22,065,013	22,065,013
Total operating revenues	<u>826,570</u>	<u>10,820,629</u>	<u>2,915,000</u>	<u>112,242,727</u>	<u>126,804,926</u>
OPERATING EXPENSES					
Administrative expenses	1,102,004	9,696,988	1,970,687	11,674,253	24,443,932
Claims and related expenses	-	-	-	112,008,923	112,008,923
Depreciation expense	<u>10,302</u>	<u>1,073,583</u>	-	-	<u>1,083,885</u>
Total operating expenses	<u>1,112,306</u>	<u>10,770,571</u>	<u>1,970,687</u>	<u>123,683,176</u>	<u>137,536,740</u>
Operating income (loss)	(285,736)	50,058	944,313	(11,440,449)	(10,731,814)
NON-OPERATING REVENUE -					
Interest income	-	-	<u>1,927</u>	<u>14,167</u>	<u>16,094</u>
Non-operating income	-	-	<u>1,927</u>	<u>14,167</u>	<u>16,094</u>
CHANGES IN NET POSITION	(285,736)	50,058	946,240	(11,426,282)	(10,715,720)
TOTAL NET POSITION, BEGINNING OF YEAR					
	<u>1,068,397</u>	<u>2,734,889</u>	<u>748,852</u>	<u>13,031,657</u>	<u>17,583,795</u>
TOTAL NET POSITION, END OF YEAR					
	<u>\$ 782,661</u>	<u>\$ 2,784,947</u>	<u>\$ 1,695,092</u>	<u>\$ 1,605,375</u>	<u>\$ 6,868,075</u>

Other Supplementary Information

Howard County Public School System
Combining Schedule of Cash Flows
Internal Service Funds
Year Ended June 30, 2015

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	\$ 1,142,539	\$ 11,799,218	\$ 2,217,905	\$ 101,100,115	\$ 116,259,777
Cash received from employees and retirees	-	-	-	22,065,013	22,065,013
Payments to employees	(702,846)	(4,374,166)	(237,786)	(375,571)	(5,690,369)
Payments to suppliers	(346,170)	(5,135,596)	(1,980,119)	(122,789,557)	(130,251,442)
Net cash provided by operating activities	<u>93,523</u>	<u>2,289,456</u>	<u>-</u>	<u>-</u>	<u>(2,382,979)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of equipment	(93,523)	(212,859)	-	-	(306,382)
Principal paid on capital lease	-	(2,076,597)	-	-	(2,076,597)
Net cash used by capital and related financing activities	<u>(93,523)</u>	<u>(2,289,456)</u>	<u>-</u>	<u>-</u>	<u>(2,382,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	-	-	(1,927)	(14,167)	(16,094)
Interest received	-	-	1,927	14,167	16,094
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, JULY 1, 2014	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, JUNE 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES					
Operating income (loss)	\$ (285,736)	\$ 50,058	\$ 944,313	\$ (11,440,449)	\$ (10,731,814)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	10,302	1,073,583	-	-	1,083,885
Loss on disposal of asset	-	2,583	-	-	2,583
Effects of changes in assets and liabilities:					
Accounts receivable	-	(738)	-	(121,664)	(122,402)
Prepaid expenses	-	-	(13,575)	-	(13,575)
Due from other funds	315,969	976,744	(448,362)	176,519	1,020,870
Inventory	8,445	1,733	-	-	10,178
Accounts payable	41,320	98,399	118,491	(172,389)	85,821
Accrued liabilities	3,223	87,094	-	(370,878)	(280,561)
Claims payable	-	-	(352,134)	1,061,315	709,181
Due to other funds	-	-	(248,733)	10,751,043	10,502,310
Deferred revenue	-	-	-	116,503	161,503
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 93,523</u>	<u>\$ 2,289,456</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,382,979</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES					
Purchase of equipment through a capital lease	<u>\$ -</u>	<u>\$ 10,207,759</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,207,759</u>

Other Supplementary Information

Howard County Public School System Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2015

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Elementary Schools				
Atholton ES	\$ 7,402	\$ 51,158	\$ 46,693	\$ 11,867
Bellows Spring ES	58,432	86,927	86,136	59,223
Bollman Bridge ES	24,570	69,372	64,278	29,664
Bryant Woods ES	20,091	34,678	40,903	13,866
Bushy Park ES	34,086	49,885	55,939	28,032
Centennial Lane ES	19,171	29,585	34,970	13,786
Clarksville ES	27,115	46,182	38,772	34,525
Clemens Crossing ES	45,622	44,713	44,538	45,797
Cradlerock ES	20,210	42,696	38,394	24,512
Dayton Oaks ES	37,577	82,863	80,968	39,472
Deep Run ES	31,861	59,054	64,079	26,836
Ducketts Lane ES	14,480	68,165	68,417	14,228
Elkridge ES	50,367	55,822	53,056	53,133
Forest Ridge ES	19,364	53,985	59,402	13,947
Fulton ES	12,189	71,057	62,760	20,486
Gorman Crossing ES	47,719	76,310	86,908	37,121
Guilford ES	47,859	34,702	34,228	48,333
Hammond ES	13,932	41,793	43,418	12,307
Hollifield Station ES	31,588	90,519	102,516	19,591
Ilchester ES	101,895	128,129	136,816	93,208
Jeffers Hill ES	25,411	32,652	27,646	30,417
Laurel Woods ES	12,505	40,452	39,710	13,247
Lisbon ES	21,114	34,422	36,691	18,845
Longfellow ES	27,473	57,668	60,918	24,223
Manor Woods ES	35,986	70,550	59,085	47,451
Northfield ES	21,470	73,208	69,308	25,370
Phelps Luck ES	37,277	25,873	29,557	33,593
Pointers Run ES	92,165	97,436	122,122	67,479
Rockburn ES	41,117	73,332	73,620	40,829
Running Brook ES	29,582	58,444	63,590	24,436
St. John's Lane ES	43,122	52,489	58,479	37,132
Stevens Forest ES	33,526	32,499	29,542	36,483
Swansfield ES	16,469	33,386	31,403	18,452
Talbott Springs ES	26,851	43,532	45,215	25,168
Thunder Hill ES	8,687	31,759	31,101	9,345
Triadelphia Ridge ES	37,041	66,449	67,360	36,130
Veterans ES	34,618	91,708	87,655	38,671
Waterloo ES	55,299	81,264	80,141	56,422
Waverly ES	13,991	71,321	69,535	15,777
West Friendship ES	25,939	26,763	30,411	22,291
Worthington ES	17,256	53,949	41,797	29,408
Total-Elementary Schools	\$ 1,322,429	\$ 2,366,751	\$ 2,398,077	\$ 1,291,103

Other Supplementary Information

Howard County Public School System
Statement of Changes in Assets and Liabilities
Agency Fund
Year Ended June 30, 2015

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Middle Schools				
Bonnie Branch MS	\$ 79,910	\$ 135,850	\$ 135,368	\$ 80,392
Burleigh Manor MS	73,869	207,777	191,539	90,107
Clarksville MS	64,254	166,878	170,897	60,235
Dunloggin MS	40,956	132,249	129,380	43,825
Elkridge Landing MS	43,943	121,289	124,435	40,797
Ellicott Mills MS	56,542	115,483	120,902	51,123
Folly Quarter MS	33,934	118,068	116,704	35,298
Glenwood MS	30,490	133,605	125,375	38,720
Hammond MS	34,229	100,392	101,872	32,749
Harper's Choice MS	14,614	113,990	114,565	14,039
Lake Elkhorn MS	10,702	71,484	73,617	8,569
Lime Kiln MS	34,897	161,843	133,653	63,087
Mayfield Woods MS	28,747	117,948	111,542	35,153
Mount View MS	49,897	182,962	181,210	51,649
Murray Hill MS	31,845	63,407	66,645	28,607
Oakland Mills MS	37,561	61,291	84,028	14,824
Patapsco MS	39,363	136,816	138,105	38,074
Patuxent Valley MS	2,114	145,344	136,316	11,142
Thomas Viaduct MS	1,623	85,180	73,007	13,796
Wilde Lake MS	44,781	104,197	114,819	34,159
Total—Middle Schools	754,271	2,476,053	2,443,979	786,345
High Schools				
Atholton HS	200,048	442,568	421,945	220,671
Centennial HS	315,891	767,587	734,391	349,087
Glenelg HS	228,933	687,373	643,824	272,482
Hammond HS	152,074	480,201	460,977	171,298
Howard HS	413,203	637,797	624,018	426,982
Long Reach HS	162,421	486,088	513,726	134,783
Marriotts Ridge HS	179,051	700,457	707,984	171,524
Mt. Hebron HS	246,657	803,749	803,388	247,018
Oakland Mills HS	171,406	355,499	362,706	164,199
Reservoir HS	171,908	561,374	543,794	189,488
River Hill HS	228,478	841,782	855,462	214,798
Wilde Lake HS	168,065	416,043	424,401	159,707
Total—High Schools	2,638,135	7,180,518	7,096,616	2,722,037
Special Schools				
Apps and Research Lab	19,295	15,019	15,713	18,601
Cedar Lane School	53,993	68,019	68,527	53,485
Homewood School	7,358	18,753	13,547	12,564
Total—Special Schools	80,646	101,791	97,787	84,650
Total—All Schools	\$ 4,795,481	\$ 12,125,113	\$ 12,036,459	\$ 4,884,135

Statistical Section





Statistical Section

Table of Contents

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

Net Position by Component.....	Table 1	88
Changes in Net Position.....	Table 2	89-90
Changes in Fund Balances of Governmental Funds.....	Table 3	91
Fund Balances of Governmental Funds.....	Table 4.....	92
Final Approved Operating Budgets.....	Table 5	93-94
Capital Assets By Function.....	Table 6	95

Debt Capacity – HCPSS has no authority to issue bond debt. The Howard County Government and the state of Maryland incur bond debt on behalf of HCPSS to fund capital improvements and are responsible for the liquidation of these debts. In accordance with Board Policy, HCPSS has the authority to enter into capital lease agreements.

Computation of Debt Limits	Table 7.....	96
Outstanding Debt by Type	Table 8.....	97

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

Enrollment by Grade.....	Table 9	98
Enrollment by School.....	Table 10	99-100
Principal Employers.....	Table 11.....	101
Demographic and Economic Statistics	Table 12	102
Cost Per Student	Table 13	103
Food Service Data.....	Table 14	104
Transportation Data	Table 15	105
High School Graduation Data.....	Table 16	105

Operating Information – These schedules contain services and infrastructure data to help the reader understand how the information in the Board’s financial report relates to the services the Board provided and the activities performed.

Full-time Equivalent School System		
Budgeted Positions by Function	Table 17.....	106
Assessment Achievement	Table 18.....	107
Insurance Summary FY 2015.....	Table 19.....	108

Statistical Section

Howard County Public School System

Table 1

Net Position by Component*

Year Ended June 30, 2015 and Nine Prior Years

(amounts expressed in thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014**	2015
Governmental Activities										
Net investment in capital assets	\$ 705,217	\$ 765,145	\$ 815,780	\$ 842,088	\$ 875,068	\$ 898,922	\$ 956,102	\$ 1,019,894	\$ 1,074,422	\$ 1,120,105
Restricted for construction	6,454	5,311	2,585	-	2	-	-	-	-	-
Restricted for GWWTP	-	-	-	984	1,181	1,236	1,236	1,240	1,220	1,220
Restricted for Food Services	1,485	1,120	2,274	806	3,036	146	145	152	190	216
Unrestricted	<u>7,792</u>	<u>24,805</u>	<u>27,957</u>	<u>21,250</u>	<u>15,054</u>	<u>32,293</u>	<u>36,015</u>	<u>32,627</u>	<u>21,386</u>	<u>(23,550)</u>
Total Governmental Activities Net Position	<u>720,948</u>	<u>796,381</u>	<u>848,596</u>	<u>865,128</u>	<u>894,341</u>	<u>932,597</u>	<u>993,498</u>	<u>1,053,913</u>	<u>1,097,218</u>	<u>1,097,991</u>
Business-type Activities										
Net investment in capital assets	113	89	69	67	47	27	23	29	22	30
Unrestricted	<u>149</u>	<u>180</u>	<u>126</u>	<u>121</u>	<u>137</u>	<u>151</u>	<u>147</u>	<u>178</u>	<u>199</u>	<u>228</u>
Total Business-type Activities Net Position	<u>262</u>	<u>269</u>	<u>195</u>	<u>188</u>	<u>184</u>	<u>178</u>	<u>170</u>	<u>207</u>	<u>221</u>	<u>258</u>
Total Primary Government										
Net investment in capital assets	705,330	765,234	815,849	842,155	875,115	898,949	956,125	1,019,923	1,074,444	1,120,135
Restricted	7,939	6,431	4,859	1,790	4,219	1,382	1,381	1,392	1,410	1,436
Unrestricted	<u>7,941</u>	<u>24,985</u>	<u>28,083</u>	<u>21,371</u>	<u>15,191</u>	<u>32,444</u>	<u>36,162</u>	<u>32,805</u>	<u>21,585</u>	<u>(23,322)</u>
Total Primary Government Net Position	<u>\$ 721,210</u>	<u>\$ 796,650</u>	<u>\$ 848,791</u>	<u>\$ 865,316</u>	<u>\$ 894,525</u>	<u>\$ 932,775</u>	<u>\$ 993,668</u>	<u>\$ 1,054,120</u>	<u>\$ 1,097,439</u>	<u>\$ 1,098,249</u>

*Modified accrual basis of accounting.

**HCPSS implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.

Source: HCPSS Finance Department. The Board has adopted the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement establishes fund balance classifications that comprise a hierarchy comprised primarily on the extent to which a governmental funds government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Prior year net position has been restated for this schedule in conformity with GASB 54.

Statistical Section

Howard County Public School System										Table 2
Changes in Net Position*										
Year Ended June 30, 2015 and Nine Prior Years										
(amounts expressed in thousands)										
Functions/Programs	2006	2007	2008	2009	2010	2011	2012	2013	2014**	2015
Expenses										
Governmental Activities										
Instruction										
Regular education	\$ 339,932	\$ 349,849	\$ 401,309	\$ 437,654	\$ 436,546	\$ 465,690	\$ 463,498	\$ 476,879	\$ 501,414	\$ 525,124
Special education	94,877	103,170	114,495	123,944	128,051	131,738	130,779	134,681	141,204	146,833
Total Instruction	434,809	453,019	515,804	561,598	564,597	597,428	594,277	611,560	642,618	671,957
Support Services										
Administration	9,809	11,193	13,026	13,729	13,845	13,328	14,278	14,726	16,672	18,166
Mid-level administration	50,984	59,362	65,680	74,012	74,277	80,223	62,950	82,617	83,136	88,165
Student personnel services	2,686	3,074	3,516	4,062	3,524	3,844	3,823	2,860	4,133	4,371
Health services	5,264	5,841	6,782	7,755	8,057	8,324	8,387	8,543	9,551	10,329
Student transportation	27,411	29,238	31,944	31,711	33,254	34,655	36,138	36,808	37,068	37,528
Operation of plant	34,842	40,341	44,955	49,378	50,475	45,384	45,276	46,705	47,487	49,682
Maintenance of plant and equipment	15,702	19,228	25,025	26,004	27,087	27,905	26,962	28,817	25,747	28,372
Community services	5,305	5,609	6,827	7,043	7,091	7,298	7,264	7,265	7,556	7,437
Food services	11,041	11,375	11,399	11,725	11,689	12,167	12,009	12,203	12,923	13,465
Interest on long-term debt	127	642	555	580	433	325	163	96	75	63
Total Support Services	163,171	185,903	209,709	225,999	229,732	233,453	217,250	240,640	244,348	257,578
Total Governmental Activities	597,980	638,922	725,513	787,597	794,329	830,881	811,527	852,200	886,966	929,535
Business-type Activities										
Jim Rouse Theatre	148	148	228	164	132	150	177	103	112	111
Total School System Expenses	598,128	639,070	725,741	787,761	794,461	831,031	811,704	852,303	887,078	929,646

*Modified accrual basis of accounting.

**HCPSS implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System										Table 2 (continued)
Changes in Net Position*										
Year Ended June 30, 2015 and Nine Prior Years										
(amounts expressed in thousands)										
	2006	2007	2008	2009	2010	2011	2012	2013	2014**	2015
Program Revenues										
Charges for Services										
Regular education	\$ 2,709	\$ 4,094	\$ 3,868	\$ 4,847	\$ 4,776	\$ 5,061	\$ 18,645	\$ 3,020	\$ 2,315	\$ 2,232
Special education										
Operation of plant	2,544	1,957	2,288	14,331	(681)	3,418	4,750	4,341	4,826	7,328
Food services	7,650	8,913	8,416	8,059	7,462	7,037	6,813	6,165	5,702	5,552
Operating grants and contributions	47,484	82,016	105,586	96,957	129,393	154,174	133,145	122,699	139,082	145,645
Capital grants and contributions	98,717	88,505	71,339	54,178	58,845	63,877	69,629	98,706	86,809	78,090
Total Program Revenues	159,104	185,485	191,497	178,372	199,795	233,567	232,982	234,931	238,734	238,847
Business-type Activities										
Jim Rouse Theatre	133	155	154	156	128	144	169	139	126	148
Total School System Revenues	159,237	185,640	191,651	178,528	199,923	233,711	233,151	235,070	238,860	238,995
Total Governmental Net Expense	(438,891)	(453,430)	(534,090)	(609,233)	(594,538)	(597,320)	(578,553)	(617,233)	(648,218)	(690,651)
General Revenues and Other Changes in Net Position										
General revenues										
Local appropriations	362,590	393,711	427,176	454,795	457,560	464,708	467,617	482,385	497,486	530,440
State Aid	144,949	132,322	155,763	168,600	164,563	169,183	169,994	191,285	192,048	192,480
Federal Aid	172	183	1,019	189	100	174	141	148	127	163
Interest and investment earnings	1,010	2,001	1,660	962	124	122	72	98	43	33
Miscellaneous	2,518	654	612	1,212	1,402	1,382	1,620	3,769	1,833	1,900
Total General Revenues	511,239	528,871	586,230	625,758	623,749	635,569	639,444	677,685	691,537	725,016
Change in Net Assets- Governmental Funds	72,363	75,435	52,214	16,533	29,213	38,255	60,901	60,415	43,305	34,328
Change in Net Assets - Jim Rouse Theatre	(15)	6	(74)	(8)	(4)	(6)	(8)	37	14	37
Total Change in Net Position	72,348	75,441	52,140	16,525	29,210	38,249	60,893	60,452	43,319	34,365
Net Position - Beginning of year	648,862	721,210	796,651	848,791	865,316	894,526	932,775	993,668	1,054,120	1,063,884
Net Position - End of Year	\$ 721,210	\$ 796,651	\$ 848,791	\$ 865,316	\$ 894,526	\$ 932,775	\$ 993,668	\$ 1,054,120	\$ 1,097,439	\$ 1,098,249

*Modified accrual basis of accounting.

**HCPSS implemented GASB Statement No. 68 effective July 1, 2014. The 2014 amounts presented have not been restated to reflect the implementation of GASB 68.

Source: HCPSS Finance Department

Statistical Section

Table 3										
Howard County Public School System										
Changes in Fund Balances of Governmental Funds*										
Year Ended June 30, 2015 and Nine Prior Years										
(amounts expressed in thousands)										
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Intergovernmental revenues										
Local	\$ 446,121	\$ 479,538	\$ 495,391	\$ 491,086	\$ 502,374	\$ 531,120	\$ 530,955	\$ 553,213	\$ 567,271	\$ 584,657
State	183,371	189,850	233,546	258,699	262,276	263,990	267,750	298,841	303,224	314,110
Federal	17,093	17,777	21,678	21,043	30,818	39,986	23,860	23,580	23,982	26,097
Earnings on interest and investment	1,138	2,368	1,917	1,005	125	122	64	57	26	21
Charges for services	11,450	14,377	13,413	14,239	13,640	13,756	28,281	12,109	11,091	11,302
Miscellaneous revenues	2,518	654	612	1,212	1,401	1,398	1,039	1,471	1,797	1,737
Total Revenues	661,691	704,564	766,557	787,284	810,634	850,372	851,949	889,271	907,391	937,924
Expenditures										
Instruction										
Regular education	248,244	250,110	277,498	296,527	297,340	302,091	306,791	316,259	323,027	338,094
Special education	79,623	82,168	88,837	95,766	96,986	98,017	96,411	99,859	102,045	106,254
Support Services										
Administration	8,466	9,240	10,443	11,540	10,634	10,663	10,676	11,511	12,456	12,869
Mid-Level administration	43,490	45,347	48,737	55,908	54,226	56,675	54,922	59,180	56,562	60,254
Student personnel services	2,465	2,396	2,669	3,133	2,462	2,751	2,738	2,860	2,886	3,032
Health services	4,355	4,532	5,095	5,791	5,794	5,895	5,957	6,114	6,609	7,042
Student transportation	27,138	28,861	31,538	31,412	32,742	34,052	35,573	36,325	36,456	36,792
Operation of plant	33,265	38,672	43,120	43,245	43,411	37,721	37,850	39,439	38,947	40,911
Maintenance of plant and equipment	16,247	15,410	19,556	21,452	22,030	22,235	21,643	23,574	19,652	22,779
Fixed charges	83,280	120,871	153,117	151,094	165,229	193,730	181,842	178,693	210,654	212,958
Community services	4,780	4,914	6,010	6,211	5,901	6,064	6,055	6,190	6,035	6,074
Food services	11,041	11,375	11,399	11,725	11,689	12,167	12,009	12,202	12,923	13,465
Capital outlay	104,788	91,375	76,930	70,906	60,809	64,035	71,076	97,446	86,168	81,225
Total	667,182	705,271	774,949	804,710	809,253	846,096	843,543	889,652	914,420	941,749
Excess (deficit) of revenues over expenditures	(5,491)	(707)	(8,392)	(17,426)	1,381	4,276	8,406	(381)	(7,029)	(3,825)
Other Financing Sources (Uses)										
Capital Contributions	-	-	-	971	195	52	-	-	-	-
Proceeds from capital leases	7,648	4,504	6,027	10,724	-	-	-	-	-	-
Net change in fund balances	\$ 2,157	\$ 3,797	\$ (2,365)	\$ (5,731)	\$ 1,576	\$ 4,328	\$ 8,406	\$ (381)	\$ (7,029)	\$ (3,825)

*Modified accrual basis of accounting.

Source: HCPSS records

Howard County Public School System
Fund Balances of Governmental Funds*
Year Ended June 30, 2015 and Nine Prior Years
(amounts expressed in thousands)

Table 4

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable	\$ 718	\$ 1,309	\$ 1,252	\$ 1,836	\$ 1,887	\$ 1,365	\$ 1,585	\$ 1,474	\$ 838	\$ 955
Restricted	3,264	3,498	2,357	2,437	3,349	8,078	-	-	-	-
Assigned	533	1,135	1,909	1,530	1,808	-	15,213	6,410	5,362	8,421
Unassigned	2,469	5,594	5,703	4,338	5,739	7,266	8,885	15,613	9,755	6,100
Total General Fund	6,984	11,536	11,221	10,141	12,783	16,709	25,683	23,497	15,955	15,476
Other Governmental Funds										
Committed for School construction	6,454	5,311	2,585	(2,447)	(4,802)	(4,245)	(4,927)	(2,857)	(1,412)	(3,783)
Restricted for Special Revenue Fund	1,073	1,549	2,317	2,931	4,114	4,065	4,179	3,914	1,410	2,006
Assigned	412	324	233	-	106	-	-	-	1,571	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Other Governmental Funds	7,939	7,184	5,135	484	(582)	(180)	(748)	1,057	1,569	(1,777)
Total All Governmental Funds	<u>\$ 14,923</u>	<u>\$ 18,720</u>	<u>\$ 16,356</u>	<u>\$ 10,625</u>	<u>\$ 12,201</u>	<u>\$ 16,529</u>	<u>\$ 24,935</u>	<u>\$ 24,554</u>	<u>\$ 17,524</u>	<u>\$ 13,699</u>

*Modified accrual basis of accounting

Howard County Public School System
General Fund Final Approved Operating Budgets
Year Ended June 30, 2015 and Nine Prior Years

Table 5

	<u>Administration</u>	<u>Instructional Salaries</u>	<u>Textbooks and Classroom Supplies</u>	<u>Other Instructional Costs</u>	<u>Student Personnel Services</u>	<u>Health Services</u>	<u>Student Transportation</u>
2006	7,799,710	215,125,210	11,175,120	2,275,560	2,123,910	3,989,210	27,216,280
2007	9,162,030	231,448,730	11,597,405	2,699,230	2,270,190	4,438,681	30,006,000
2008	10,447,281	256,389,040	12,556,290	2,687,269	2,600,070	5,102,390	31,618,370
2009	11,668,190	276,368,350	12,957,500	2,768,760	2,988,800	5,892,900	31,734,320
2010	10,410,000	278,465,440	13,551,890	2,495,820	2,638,660	5,950,430	32,692,230
2011	10,532,430	281,109,655	17,871,900	2,630,210	2,811,970	6,116,460	34,055,950
2012	10,598,810	286,111,020	13,746,330	2,675,540	2,793,820	6,065,790	36,402,790
2013	11,632,220	296,701,890	13,445,390	3,018,300	2,838,010	6,221,890	37,088,910
2014	12,222,480	302,397,890	13,581,690	3,111,930	2,839,830	6,687,310	36,121,020
2015	12,274,570	314,883,130	12,542,920	2,518,120	3,005,960	7,265,120	37,466,030

Source: HCPSS Finance Department

Howard County Public School System
General Fund Final Approved Operating Budgets (Continued)
Year Ended June 30, 2015 and Nine Prior Years

Table 5 (continued)

	<u>Operation of Plant</u>	<u>Maintenance of Plant</u>	<u>Fixed Charges</u>	<u>Mid-Level Administration</u>	<u>Community Services</u>	<u>Special Education</u>	<u>Capital Outlay</u>	<u>Total</u>
2006	30,381,970	14,077,530	81,188,830	39,088,010	4,042,990	64,890,120	825,700	504,200,150
2007	36,046,160	16,188,320	88,650,070	43,537,840	4,608,680	70,018,280	850,470	551,522,086
2008	38,794,360	19,800,720	102,406,180	47,004,300	5,667,810	76,871,520	857,020	612,802,620
2009	43,209,530	22,219,340	103,648,720	53,575,570	6,146,920	82,985,640	923,480	657,088,020
2010	44,981,460	22,438,300	103,535,867	49,032,880	6,173,050	80,755,100	914,260	654,035,387
2011	42,499,470	20,985,670	112,000,647	50,502,540	5,939,820	81,531,860	890,560	669,479,142
2012	39,227,090	24,080,030	116,901,680	54,763,110	6,020,350	83,601,650	847,030	683,835,040
2013	37,893,420	21,113,640	126,085,170	53,110,370	5,987,200	87,715,530	815,460	703,667,400
2014	39,318,920	18,408,740	145,088,710	53,563,580	5,999,740	88,921,800	829,850	729,093,490
2015	43,712,080	24,052,720	146,773,870	56,114,610	5,983,100	91,343,200	829,920	758,765,350

Source: HCPSS Finance Department

Howard County Public School Systems

Table 6

Capital Assets By Function

Year Ended June 30, 2015 and Nine Prior Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Schools										
Buildings	71	72	72	72	72	72	73	74	75	76
Administration										
Buildings	3	3	3	3	3	2	3	3	3	3
Vehicles	24	34	32	19	19	19	12	17	17	17
Mid-level Administration										
Vehicles	*	*	*	12	11	11	14	11	11	11
Special Education										
Vehicles	*	*	*	1	1	1	1	1	1	1
Capital Outlay										
Vehicles	*	*	*	3	3	3	3	3	3	3
Maintenance of Plant										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	209	216	230	28	34	35	46	52	50	51
Operation of Plant										
Vehicles	*	*	*	208	207	200	194	177	173	167
Information and Network Technology Services										
Buildings	-	1	1	1	1	1	1	1	1	1
Vehicles	17	17	16	13	13	13	12	12	12	12
Print Services										
Print Presses	5	5	6	11	11	10	11	4	10	17
Community Services										
Vehicles	*	*	*	3	5	5	6	7	10	13
Student Transportation Services										
Vehicles	8	11	11	12	13	12	10	11	11	11

Source: HCPSS Finance Department

* Data not available for this year.

Howard County Public School System

Table 7

Computation of Debt Limits

Year Ended June 30, 2015 and Nine Prior Years

	<u>2006*</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Current Operating Budget	N/A	<u>551,522,086</u>	<u>612,802,620</u>	<u>657,088,020</u>	<u>654,035,387</u>	<u>669,479,142</u>	<u>683,835,040</u>	<u>703,667,400</u>	<u>729,093,490</u>	<u>758,765,350</u>
6% of Current Operating Budget	N/A	<u>33,091,325</u>	<u>36,768,157</u>	<u>39,425,281</u>	<u>39,242,123</u>	<u>40,168,749</u>	<u>41,030,102</u>	<u>42,220,044</u>	<u>43,745,609</u>	<u>45,525,921</u>
Total Debt Outstanding June 30	N/A	<u>10,957,023</u>	<u>12,940,923</u>	<u>16,942,317</u>	<u>11,678,806</u>	<u>7,026,954</u>	<u>3,878,014</u>	<u>3,474,031</u>	<u>3,372,983</u>	<u>10,910,120</u>
Compliance with Debt Limit	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3% of Current Operating Budget	N/A	<u>16,545,662</u>	<u>18,384,079</u>	<u>19,712,641</u>	<u>19,621,062</u>	<u>20,084,374</u>	<u>20,515,051</u>	<u>21,110,022</u>	<u>21,872,805</u>	<u>22,762,961</u>
Total Debt Service	N/A	<u>3,149,141</u>	<u>4,061,178</u>	<u>6,722,505</u>	<u>5,981,054</u>	<u>4,651,852</u>	<u>3,148,940</u>	<u>403,983</u>	<u>312,997</u>	<u>2,859,283</u>
Compliance with Debt Service Limit	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

* The Board of Education of the Howard County Public School System adopted Policy 4090 Debt Management, effective July 1, 2008. Prior to 2007, the Board did not have long term capital leases, thus there is no calculation for years prior to 2007.

HCPSS has no authority to issue bond debt. The Howard County Government and the state of Maryland incur bond debt on behalf of HCPSS to fund capital improvements and are responsible for the liquidation of these debts. In accordance with Board Policy, HCPSS has the authority to enter into capital lease agreements, limited to no more than 6% of the current operating budget. In addition, HCPSS must limit debt service to 3% of the total operating budget.

Source: HCPSS Finance Department

Howard County Public School System
Outstanding Debt by Type*
Year Ended June 30, 2015 and Nine Prior Years

Table 8

<u>Fiscal Year</u>	<u>Government Activities Capital Leases</u>	<u>Business-Type Activities</u>	<u>Total</u>
2006	\$ 9,620,123	-	\$ 9,620,123
2007	10,975,023	-	10,975,023
2008	12,940,923	-	12,940,923
2009	16,942,317	-	16,942,317
2010	11,678,806	-	11,678,806
2011	7,026,954	-	7,026,954
2012	3,878,014	-	3,878,014
2013	3,474,031	-	3,474,031
2014	3,372,983	-	3,372,983
2015	10,910,120	-	10,910,120

*Details regarding the outstanding debt can be found in Note 4 to the Financial Statements.

**Howard County Public School System
Enrollment by Grade*****

Table 9

Year Ended June 30, 2015 and Nine Prior Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Elementary School										
Prekindergarten	804	893	948	1,015	958	1,002	1,058	1,072	1,118	1,144
Kindergarten	2,846	2,943	3,226	3,298	3,379	3,386	3,492	3,513	3,728	3,631
Grade 1	3,071	3,272	3,276	3,453	3,582	3,642	3,628	3,751	3,785	3,995
2	3,425	3,247	3,379	3,399	3,584	3,716	3,771	3,777	3,921	3,953
3	3,531	3,519	3,343	3,490	3,541	3,695	3,810	3,890	3,867	3,994
4	3,646	3,634	3,615	3,441	3,642	3,648	3,795	3,900	4,018	3,997
5	3,893	3,703	3,705	3,730	3,564	3,727	3,750	3,904	4,008	4,128
Total Elementary School	21,216	21,211	21,492	21,826	22,250	22,816	23,304	23,807	24,445	24,842
Middle School										
Grade 6	3,808	3,997	3,780	3,772	3,874	3,646	3,788	3,856	4,021	4,156
7	3,969	3,864	4,072	3,855	3,833	3,942	3,728	3,871	3,937	4,118
8	3,938	4,028	3,912	4,121	3,942	3,884	4,007	3,756	3,932	4,002
Total Middle School	11,715	11,889	11,764	11,748	11,649	11,472	11,523	11,483	11,890	12,276
High School										
Grade 9	4,308	4,419	4,401	4,263	4,535	4,301	4,265	4,315	4,204	4,365
10	3,988	4,025	4,147	4,175	4,067	4,368	4,163	4,091	4,179	4,011
11	3,671	3,892	3,875	3,965	4,067	3,911	4,215	4,000	3,942	4,000
12	3,611	3,522	3,768	3,828	3,988	4,034	3,984	4,254	4,053	4,062
Total High School	15,578	15,858	16,191	16,231	16,657	16,614	16,627	16,660	16,378	16,438
Cedar Lane (includes Prekindergarten)	87	90	96	98	85	91	101	103	93	129
Total Enrollment*	48,596	49,048	49,543	49,903	50,641	50,993	51,555	52,053	52,806	53,685
Number of Teachers**	2,736	2,625	2,742	2,816	2,810	2,832	2,866	2,793	2,829	2,884
Ratio of Students to Teachers	18:1	19:1	18:1	18:1	18:1	18:1	18:1	19:1	19:1	19:1

*Total Enrollment includes Prekindergarten head count.

**Source: MSDE www.mdreportcard.org. This number represents the number of classroom teachers who are teaching core academic subjects as defined by the federal government under the No Child Left Behind Act.

***Source for Enrollment figures: Data Management Department. Enrollment is measured on September 30th at the beginning of the school year. Final headcount enrollment data presented.

Howard County Public School System

Table 10

Enrollment by School**

Year Ended June 30, 2015 and Nine Prior Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Capacity	% of Capacity
Elementary Schools*												
Atholton	443	418	437	441	480	478	499	414	421	392	424	92.5%
Bellows Springs	719	729	725	765	822	851	885	944	668	730	751	97.2%
Bollman Bridge	612	582	582	611	605	599	622	741	767	735	666	110.4%
Bryant Woods	392	398	337	347	353	349	360	366	367	353	361	97.8%
Bushy Park	677	688	691	697	636	644	638	613	608	636	788	80.7%
Centennial Lane	579	563	613	637	652	664	699	725	699	684	647	105.7%
Clarksville	675	559	532	553	542	527	522	526	523	485	612	79.2%
Clemens Crossing	459	462	469	483	488	491	500	499	502	487	521	93.5%
Cradlerock	429	459	461	468	476	474	497	500	520	482	398	121.1%
Dayton Oaks	-	574	556	506	459	446	473	593	636	639	788	81.1%
Deep Run	582	592	571	598	624	657	706	733	657	734	672	109.2%
Ducketts Lane	-	-	-	-	-	-	-	-	662	771	669	115.2%
Elkridge	662	638	690	760	795	847	886	857	767	781	760	102.8%
Forest Ridge	609	603	627	633	657	700	764	718	748	721	669	107.8%
Fulton	785	683	666	638	652	653	670	648	703	705	788	89.5%
Gorman Crossing	554	566	623	579	612	620	699	641	686	693	700	99.0%
Guilford	440	470	479	486	511	507	523	478	497	496	465	106.7%
Hammond	504	492	491	475	499	513	509	583	602	633	653	96.9%
Hollifield Station	819	788	613	609	636	675	675	697	745	750	694	108.1%
Ilchester	600	591	581	596	650	666	665	685	776	754	653	115.5%
Jeffers Hill	385	397	388	376	383	371	367	383	407	464	421	110.2%
Laurel Woods	484	483	531	561	569	599	609	564	572	587	640	91.7%
Lisbon	530	486	475	470	462	461	426	398	400	422	527	80.1%
Longfellow	394	395	420	427	417	442	446	442	457	453	512	88.5%
Manor Woods	674	639	602	609	629	644	637	616	676	669	681	98.2%
Northfield	620	639	533	553	596	608	611	595	723	690	700	98.6%
Phelps Luck	529	589	616	643	650	671	722	727	562	581	616	94.3%
Pointers Run	799	790	755	700	677	643	616	772	790	786	744	105.6%
Rockburn	686	709	714	757	731	731	710	705	710	661	672	98.4%
Running Brook	345	339	394	401	434	417	435	483	492	529	515	102.7%
St. John's Lane	766	785	551	555	549	562	552	582	681	722	612	118.0%
Stevens Forest	316	292	290	282	293	302	283	301	423	440	399	110.3%
Swansfield	525	513	518	527	505	563	562	585	594	588	521	112.9%
Talbott Springs	472	426	448	477	495	581	588	573	441	466	377	123.6%
Thunder Hill	319	317	344	356	349	370	382	421	470	528	509	103.7%
Triadelphia Ridge	671	432	431	429	428	408	411	442	485	509	581	87.6%
Veterans	-	-	800	868	904	982	997	1,062	821	865	788	109.8%
Waterloo	565	599	641	667	723	755	756	783	617	624	663	94.1%
Waverly	656	665	547	548	558	559	591	605	759	758	638	118.8%
West Friendship	413	310	315	299	297	292	289	274	287	287	414	69.3%
Worthington	527	551	435	439	452	494	522	533	524	552	590	93.6%
Total Elementary Schools*	21,216	21,211	21,492	21,826	22,250	22,816	23,304	23,807	24,445	24,842	24,799	100.2%

* Numbers include Prekindergarten head count.

** Source for Enrollment figures: HCPSS Data Management Department. Enrollment is measured on September 30th at the beginning of the school year. Final headcount enrollment data presented

Howard County Public School System

Table 10 (continued)

Enrollment by School**

Year Ended June 30, 2015 and Nine Prior Years

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>Capacity</u>	<u>% of Capacity</u>
<u>Middle Schools</u>												
Bonnie Branch	667	677	679	690	687	664	708	706	731	661	662	99.8%
Burleigh Manor	584	652	684	689	660	621	617	668	700	746	779	95.8%
Clarksville	729	748	728	720	693	685	655	637	608	635	643	98.8%
Dunloggin	533	557	512	526	515	529	559	565	574	607	565	107.4%
Elkridge Landing	691	701	626	642	666	684	694	683	733	710	779	91.1%
Ellicott Mills	583	684	673	709	699	669	715	731	774	758	662	114.5%
Folly Quarter	625	559	577	553	549	579	588	559	544	562	662	84.9%
Glenwood	651	670	660	633	642	600	593	536	544	555	545	101.8%
Hammond	630	670	620	583	573	542	529	499	477	551	604	91.2%
Harper's Choice	560	551	558	524	511	492	512	497	521	521	506	103.0%
Lake Elkhorn	484	462	450	448	476	463	467	470	510	500	643	77.8%
Lime Kiln	608	648	648	673	654	624	593	596	635	703	701	100.3%
Mayfield Woods	548	517	640	684	725	716	724	717	779	632	798	79.2%
Mount View	721	721	720	710	710	682	679	718	734	750	798	94.0%
Murray Hill	634	684	669	658	680	724	725	725	735	595	662	89.9%
Oakland Mills	443	478	478	444	426	393	402	406	437	423	506	83.6%
Patapsco	762	681	633	648	603	605	583	568	628	675	643	105.0%
Patuxent Valley	739	728	742	744	705	689	660	654	680	648	760	85.3%
Thomas Viaduct	-	-	-	-	-	-	-	-	-	523	701	74.6%
Wilde Lake	<u>523</u>	<u>501</u>	<u>467</u>	<u>470</u>	<u>475</u>	<u>511</u>	<u>520</u>	<u>548</u>	<u>546</u>	<u>521</u>	<u>467</u>	<u>111.6%</u>
Total Middle Schools	<u>11,715</u>	<u>11,889</u>	<u>11,764</u>	<u>11,748</u>	<u>11,649</u>	<u>11,472</u>	<u>11,523</u>	<u>11,483</u>	<u>11,890</u>	<u>12,276</u>	<u>13,086</u>	<u>93.8%</u>
<u>High Schools</u>												
Atholton	1,365	1,374	1,446	1,419	1,473	1,460	1,489	1,490	1,464	1,560	1,360	114.7%
Centennial	1,498	1,466	1,473	1,452	1,488	1,475	1,441	1,442	1,370	1,429	1,360	105.1%
Glenelg	1,200	1,181	1,187	1,185	1,188	1,234	1,227	1,281	1,274	1,261	1,420	88.8%
Hammond	1,305	1,323	1,270	1,280	1,341	1,344	1,341	1,297	1,256	1,226	1,220	100.5%
Howard	1,332	1,398	1,453	1,517	1,617	1,636	1,704	1,755	1,732	1,758	1,420	123.8%
Long Reach	1,428	1,372	1,264	1,233	1,224	1,229	1,318	1,344	1,370	1,434	1,488	96.4%
Marriotts Ridge	577	888	1,188	1,237	1,282	1,308	1,278	1,228	1,221	1,161	1,615	71.9%
Mt. Hebron	1,450	1,427	1,422	1,450	1,472	1,484	1,452	1,459	1,453	1,498	1,400	107.0%
Oakland Mills	1,159	1,168	1,237	1,217	1,201	1,175	1,156	1,163	1,128	1,085	1,400	77.5%
Reservoir	1,396	1,465	1,513	1,512	1,566	1,539	1,535	1,526	1,505	1,482	1,551	95.6%
River Hill	1,434	1,407	1,376	1,343	1,456	1,399	1,394	1,393	1,346	1,310	1,488	88.0%
Wilde Lake	<u>1,434</u>	<u>1,389</u>	<u>1,362</u>	<u>1,386</u>	<u>1,349</u>	<u>1,331</u>	<u>1,292</u>	<u>1,282</u>	<u>1,259</u>	<u>1,234</u>	<u>1,424</u>	<u>86.7%</u>
Total High Schools	<u>15,578</u>	<u>15,858</u>	<u>16,191</u>	<u>16,231</u>	<u>16,657</u>	<u>16,614</u>	<u>16,627</u>	<u>16,660</u>	<u>16,378</u>	<u>16,438</u>	<u>17,146</u>	<u>95.9%</u>
<u>Special Schools</u>												
Cedar Lane*	<u>87</u>	<u>90</u>	<u>96</u>	<u>98</u>	<u>85</u>	<u>91</u>	<u>101</u>	<u>103</u>	<u>93</u>	<u>129</u>	<u>120</u>	<u>107.5%</u>
Total All Schools	<u>48,596</u>	<u>49,048</u>	<u>49,543</u>	<u>49,903</u>	<u>50,641</u>	<u>50,993</u>	<u>51,555</u>	<u>52,053</u>	<u>52,806</u>	<u>53,685</u>	<u>55,151</u>	<u>97.3%</u>

* Numbers include Prekindergarten head count.

** Source for Enrollment figures: HCPSS Data Management Department. Enrollment is measured on September 30th at the beginning of the school year. Final headcount enrollment data presented

**Howard County Public School System
Principal Employers: Howard County, Maryland
Years Ended June 30, 2015 and June 30, 2006**

Table 11

Employer	2015			2006		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public School System	7,693	1	4.65%	6,598	1	4.75%
Johns Hopkins Applied Physics Laboratory	5,000	2	3.02%	3,800	2	2.73%
Howard County Government	3,054	3	1.84%	2,575	3	1.85%
Lorien Health Systems	2,000	4	1.21%	-		0.00%
Howard County General Hospital	1,788	5	1.08%	1,700	4	1.22%
Howard Community College	1,394	6	0.84%	-		0.00%
Verizon	1,346	7	0.81%	2,000	4	1.44%
Leidos	1,195	8	0.72%	-		0.00%
Coastal Sunbelt Produce	1,050	9	0.63%	-		0.00%
Giant Food	1,050	9	0.63%	1,011	8	0.73%
The Columbia Association	-		0.00%	1,650	6	1.19%
SAIC	-		0.00%	1,100	7	0.79%
MICROS	-		0.00%	815	9	0.59%
Sysco Food Services of Baltimore	-		0.00%	760	10	0.55%
Total	<u>25,570</u>		<u>15.43%</u>	<u>22,009</u>		<u>15.84%</u>

Source: Howard County, Maryland 2015 Comprehensive Annual Financial Report

Howard County Public School System

Table 12

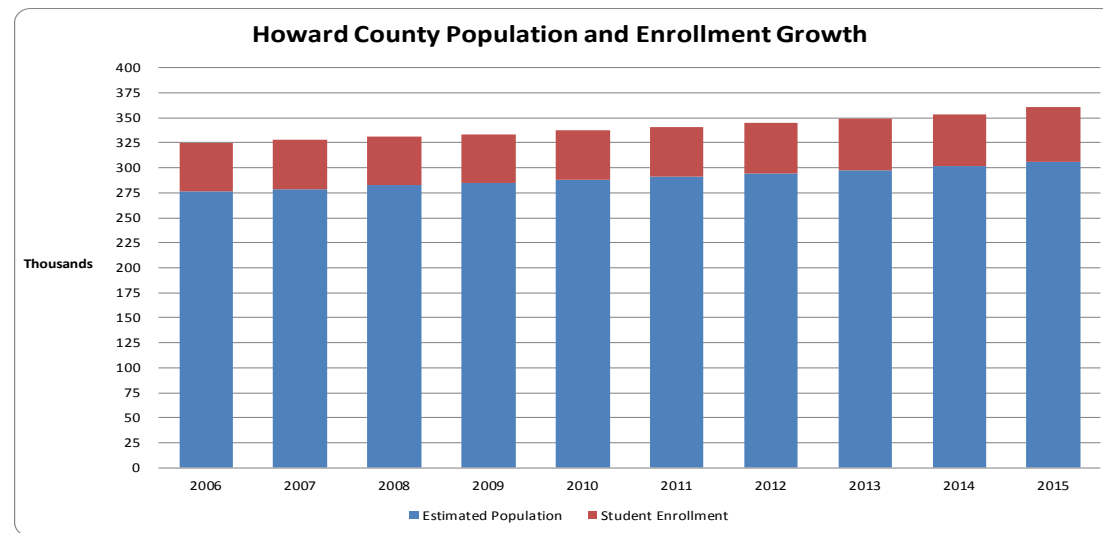
Demographic and Economic Statistics

Year Ended June 30, 2015 and the Nine Prior Years

Fiscal Year	Estimated Population	Personal Income (In Thousands)	Per Capita Personal Income	Public School Enrollment	Unemployment Rate
2006	276,287	16,326,809	60,071	48,596	3.1%
2007	278,900	17,265,744	62,740	49,048	2.7%
2008	282,674	17,916,377	64,354	48,595	3.2%
2009	284,952	18,008,846	63,622	48,888	5.7%
2010	287,907	18,715,798	64,849	49,635	5.5%
2011	291,200	20,189,734	68,701	49,991	5.6%
2012	294,256	21,119,771	70,533	50,997	5.5%
2013	297,732	21,587,512	*	51,190	5.6%
2014	302,113	*	*	51,701	4.9%
2015	305,462	*	*	54,875	4.0%

* Data not available from the Howard County Government at the time of publication.

Source: Howard County, Maryland 2015 Comprehensive Annual Financial Report. The County does not include Prekindergarten in enrollment figures.



Howard County Public School System
General Fund Cost per Student—Budgetary Basis (non-GAAP)
Year Ended June 30, 2015 and Nine Prior Years

Table 13

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Student Enrollment*	47,792	48,155	48,595	48,888	49,683	49,991	50,497	50,981	51,688	52,412
Expenditures**										
Current:										
Administration	\$ 163	\$ 190	\$ 213	\$ 233	\$ 193	\$ 204	\$ 208	\$ 219	\$ 236	\$ 233
Instruction										
Instructional salaries	4,783	5,102	5,273	5,649	5,603	5,610	5,664	5,805	5,834	5,999
Instructional Textbooks/Supplies	-	-	258	263	255	348	272	230	262	239
Other Instructional Costs	-	-	55	51	49	48	51	59	60	48
Student Personnel Services	44	47	53	61	48	54	53	55	55	56
Health Services	83	92	104	119	117	118	117	120	128	136
Student Transportation Services	560	607	639	642	658	681	706	718	697	704
Operation of Plant	635	748	798	883	871	763	777	737	761	783
Maintenance of Plant	294	331	407	453	451	410	477	398	355	459
Fixed Charges	1,699	1,841	2,107	2,120	2,084	2,240	2,315	2,474	2,807	2,798
Mid-level Administration	818	904	967	1,096	976	1,000	1,082	1,032	1,036	1,070
Community Services	85	96	117	124	120	117	119	114	116	113
Special Education	1,357	1,453	1,582	1,696	1,622	1,611	1,655	1,702	1,720	1,740
Capital Outlay	<u>17</u>	<u>18</u>	<u>20</u>	<u>18</u>	<u>16</u>	<u>15</u>	<u>15</u>	<u>16</u>	<u>16</u>	<u>15</u>
Total Expenditure per Student	<u>\$ 10,538</u>	<u>\$ 11,429</u>	<u>\$ 12,593</u>	<u>\$ 13,408</u>	<u>\$ 13,063</u>	<u>\$ 13,219</u>	<u>\$ 13,511</u>	<u>\$ 13,679</u>	<u>\$ 14,083</u>	<u>\$ 14,393</u>
State Rank ***	3	4	5	5	5	5	4	4	3	N/A

* Source: HCPSS Data Management Department. Enrollment is measured on September 30th at the beginning of the school year. Pre-K is excluded from cost per pupil calculations. Prior to FY 2008, enrollment included a head count of Kindergarten students.

** Source: HCPSS Finance Department

*** Source: Maryland State Department of Education, *The Fact Book*. 2015 data not available at date of publication.

Howard County Public School System

Table 14

Food Service Data

Year Ended June 2015 and Four Prior Years

	2011	2012	2013	2014	2015
Number of Schools	72	73	73	74	76
Number of days lunch served	180	179	177	178	179
Number of free lunches served to students annually	960,164	1,043,509	1,049,697	1,072,488	1,175,269
Average number of free lunches served to students daily	5,334	5,830	5,930	6,025	6,566
Number of paid lunches served to students annually:					
At reduced price	201,814	215,666	201,983	206,132	216,081
At regular price	1,810,481	1,775,034	1,593,948	1,433,397	1,423,424
Average number of paid lunches served to students daily:					
At reduced price	1,121	1,205	1,141	1,158	1,207
At regular price	10,058	9,916	9,005	8,053	7,952
Total number of lunches served to students annually	2,972,459	3,034,209	2,845,628	2,712,017	2,814,774
Average number of lunches served to students daily	16,514	16,951	16,077	15,236	15,725
Charge per lunch to pupils:					
Elementary	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.75	\$ 2.75
Secondary	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.25	\$ 3.25

Source: HCPSS Food Service

Statistical Section

Howard County Public School System
Transportation Data
Year Ended June 30, 2015 and Nine Prior Years **Table 15**

	<u>Estimated number of eligible riders (Daily)</u>	<u>Number of bus routes (Daily)</u>
2015	40,800	448
2014	41,989	448
2013	41,525	438
2012	41,504	436
2011	40,200	434
2010	40,180	432
2009	39,079	429
2008	40,425	425
2007	41,682	420
2006	41,345	416

Source: HCPSS Transportation Office

Howard County Public School System
High School Graduation Data
Year Ended June 30, 2015 and Nine Prior Years **Table 16**

	<u>Graduation Rate</u>
2015	N/A**
2014	92.85%*
2013	93.30%*
2012	90.40%*
2011	90.60%*
2010	93.60%
2009	94.90%
2008	94.87%
2007	94.79%
2006	94.11%

* 4-year adjusted cohort. In 2011, MSDE modified its methodology for calculating graduation rates resulting in lower rates across all Maryland school districts. Consequently, the 2011 graduation rate is comparable to prior years.

** Official graduation rate is not released at the time of this report.

Source: HCPSS Public Information Office

Howard County Public School System

Table 17

**Full-Time Equivalent School System Budgeted Positions by Function
Year Ended June 30, 2015 and Nine Prior Years**

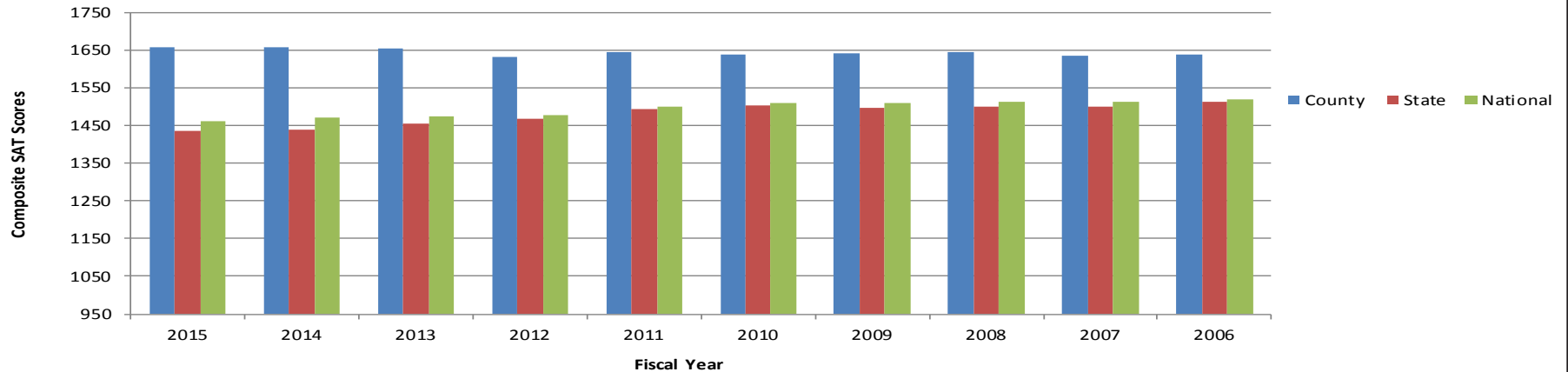
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund										
Administration	78.5	86.3	94.3	97.8	94.1	91.1	92.4	96.4	96.2	98.9
Mid-level Administration	501.5	556.0	572.5	587.5	588.5	585.5	586.5	594.0	599.0	602.5
Instruction	3,884.0	4,030.9	4,255.4	4,336.9	4,379.3	4,390.6	4,434.3	4,504.5	4,588.8	4,633.3
Special Education	1,352.0	1,401.0	1,448.5	1,494.5	1,505.5	1,501.7	1,496.4	1,499.4	1,506.0	1,499.6
Student Personnel Services	25.0	30.0	32.0	32.0	32.0	32.0	32.0	31.0	32.0	32.0
Health Services	108.0	113.0	118.0	126.0	127.0	127.0	127.0	127.0	135.0	137.0
Student Transportation	13.0	12.0	12.0	13.0	14.0	14.0	14.0	14.0	14.0	14.0
Operation of Plant	417.0	433.5	447.0	449.0	449.0	449.0	450.0	450.5	456.5	456.5
Maintenance of Plant	164.0	174.0	184.0	189.0	187.0	182.0	183.0	183.0	184.0	162.0
Community Services	24.9	24.9	38.9	40.9	40.4	40.4	40.9	42.9	44.9	48.4
Capital Outlay	9.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	9.0	9.0
Total General Fund	<u>6,576.9</u>	<u>6,871.6</u>	<u>7,212.6</u>	<u>7,376.6</u>	<u>7,426.8</u>	<u>7,423.3</u>	<u>7,466.5</u>	<u>7,552.7</u>	<u>7,665.4</u>	<u>7,693.2</u>
Total Grants Fund (estimated)	<u>226.5</u>	<u>170.5</u>	<u>180.5</u>	<u>180.5</u>	<u>186.0</u>	<u>174.2</u>	<u>165.0</u>	<u>165.0</u>	<u>177.0</u>	<u>171.0</u>
Restricted Funds										
Food services	181.5	187.5	187.5	187.0	187.0	187.0	187.0	187.0	188.0	191.0
Printing and duplicating	9.0	10.0	10.0	10.0	11.0	11.0	11.0	10.0	10.0	10.0

Howard County Public School System
County, State, National Assessment Achievement
Year Ended June 30, 2015 and Nine Prior Years

Table 18

	SAT*			High School Assessment**							
	Howard County	Maryland State	National	Alegebra	Howard County Biology	English	Government	Alegebra	Maryland State Biology	English	Government
2015	1656	1434	1462	95.0	95.0	93.2	90.0	87.4	87.6	83.9	75.7
2014	1657	1438	1471	95.0	95.0	94.2	71.9	88.2	87.6	85.9	80.9
2013	1653	1456	1474	97.6	96.3	93.4	93.2	88.3	85.8	86.4	84.6
2012	1632	1467	1477	97.1	96.6	94.3	96.0	89.1	85.9	87.4	88.9
2011	1645	1492	1500	95.0	95.0	92.9	95.0	87.9	84.6	85.2	89.8
2010	1639	1502	1509	96.5	94.4	91.6	97.1	87.9	84.5	83.7	91.5
2009	1641	1497	1509	98.0	94.9	94.3	97.6	88.8	85.5	86.6	93.2
2008	1643	1498	1511	91.9	90.5	89.3	89.3	81.0	74.9	76.2	83.1
2007	1633	1498	1511	87.5	87.5	87.5	89.6	63.5	70.3	70.9	73.5
2006	1636	1511	1518	85.2	82.1	78.2	85.0	66.6	67.7	60.1	74.2

SAT Composite Scores 2006 - 2015**



* Beginning in 2006, a writing component was added to the SAT. Possible highest composite score changed from 1600 to 2400

** Beginning in 2009, HSA pass rates are based on the status of passers at the end of Grade 12. Prior to 2009, pass rates were based on the number of students who passed based on 9th grade entry date.

**Howard County Public School System
Insurance Summary
Year Ended June 30, 2015**

Table 19

<u>Type of Coverage</u>	<u>Name of Company</u>	<u>Policy Period</u>	<u>Limits</u>
Workers' Compensation	Self-Insured		
Excess Workers Compensation	Safety National	7/1/15 - 6/30/17	\$600,000 retention Specific excess limit \$25 million
Comprehensive General Liability	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal Injury Liability	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$100,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$100,000 combined single limit \$1 million combined single limit for Bus Contractors
Personal and Advertising Injury Protection	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/15 - 6/30/16	Actual cash value
Garage Keepers Liability	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$100,000 per loss
Criminal Proceeding and Intentional	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$50,000 per covered person
Boiler and Machinery	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$100,000 per occurrence
Excess Property	PEPIP	7/1/15 - 6/30/16	\$1,000,000,000,000 Total Property
Boiler & Machinery	Chubb	7/1/15 - 6/30/16	\$100,000,000 per occurrence
Crime	Travelers	7/1/15 - 6/30/16	\$2,500,000 per occurrence
	Axis Insurance		\$2,500,000 Excess of Travelers
School Board Legal Liability	MABE Group Insurance Pool	7/1/15 - 6/30/16	\$100,000 per occurrence
School Board Legal Liability Reinsurance	United Educators		\$5 million per occurrence, excess of \$100,000, should sovereign immunity be abrogated

Source: HCPSS Office of Risk Management