



**Howard
County**
Public School System



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2018

A Component Unit of Howard County, Maryland



Vision

Every student and staff member embraces diversity and possesses the skills, knowledge, and confidence to positively influence the larger community.

Mission

HCPSS ensures academic success and social-emotional well-being for each student in an inclusive and nurturing environment that closes opportunity gaps.

Four Overarching Commitments

- Value** Every HCPSS stakeholder feels happy and rewarded in their roles and takes pride in cultivating the learning community.
- Achieve** An individualized focus supports every person in reaching milestones for success.
- Connect** Students and staff thrive in a safe, nurturing, and inclusive culture that embraces diversity.
- Empower** Schools, families, and the community are mutually invested in student achievement and well-being.



A Component Unit of Howard County, Maryland

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018

Prepared By:

The Division of Business and Technology

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Introductory Section

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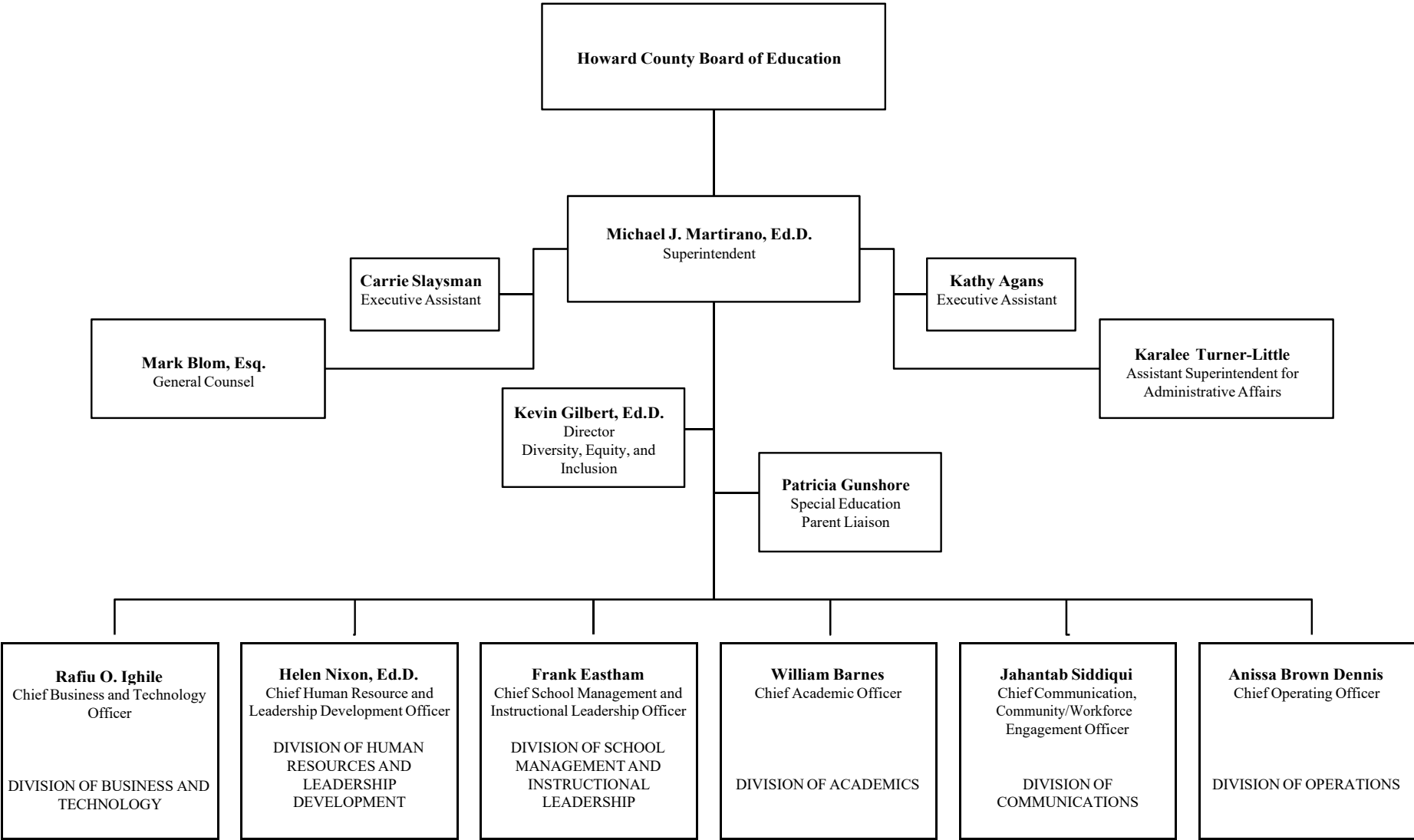
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Organizational Chart

THE FIERCE URGENCY OF NOW:
EDUCATING EVERY STUDENT THROUGH THE LENS OF EQUITY

“WORK HARD AND BE KIND”



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

Interim Superintendent of Schools



Michael J. Martirano, Ed.D.

Rafiu O. Ighile, CPA, CGMA, MBA
Chief Business and Technology Officer

Helen Nixon, Ed.D.
Chief Human Resource and Leadership
Development Officer

Frank Eastham
Chief School Management and
Instructional Leadership Officer

William Barnes
Chief Academic Officer

Jahantab Siddiqui
Chief Communication, Community/
Workforce Engagement Officer

Anissa Brown Dennis
Chief Operating Officer

Independent Auditor

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Board of Education

Cynthia L. Vaillancourt
Chairman



Mavis Ellis
Vice Chairman



Bess Altweger, Ed. D
Vice Chairman



Kirsten Coombs
Member



Christina Delmont-Small
Member



Sandra French
Member



Ananta Hejeebu
Member





September 28, 2018

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 Division of Business and Technology (the Division) hereby submits the Comprehensive Annual Financial Report (CAFR) of the Howard County Public School System (HCPSS) for the fiscal year ended June 30, 2018.

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 is accurate in all material aspects and is 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.

The HCPSS financial statements have been audited by CohnReznick 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

The HCPSS is extremely dedicated to realizing the following vision: "Every student and staff member embraces diversity and possesses the skills, knowledge, and confidence to positively influence the larger community." With a guiding mission of "the HCPSS ensures academic success and social-emotional well-being for each student in an inclusive and nurturing environment that closes opportunity gaps," the HCPSS Strategic Call to Action - Learning and Leading with Equity, The Fierce Urgency of Now, provides these four overarching commitments:

- **Value** – Every HCPSS stakeholder feels happy and rewarded in their roles and takes pride in cultivating the learning community.
- **Achieve** – An individualized focus supports every person in reaching milestones for success.
- **Connect** – Students and staff thrive in a safe, nurturing, and inclusive culture that embraces diversity.
- **Empower** – Schools, families, and the community are mutually invested in student achievement and well-being.

Located in central Maryland, the HCPSS serves a diverse population exceeding 58,000 students. The HCPSS has realized an increase of nearly 6,800 students over the last decade. Projections show that student enrollment will continue to increase. In fact, the counts for the 2018–2019 school year show an increase of nearly 1,050 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 10 years, the Long-Range Master Plan includes the building of four new elementary schools, one new high school, an elementary replacement school, and renovations/additions to two elementary schools, two middle schools, and one high school. In January 2017, the HCPSS opened the first net zero energy school in the State of Maryland, a replacement middle school. The school is nearly twice the size of the original school, but only utilizes less than half of the energy. The school achieves net zero energy efficiency with the use of solar panels and associated systems and equipment.

The HCPSS operated 76 schools in the 2017–2018 academic year, with the average age of school buildings varying from 15.1 years for elementary schools, 16.7 years for middle schools, and 20.0 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, 20 middle schools, 12 high schools, and 3 special schools. There currently are no charter schools in Howard County.

Economic Condition and Outlook

In FY 2018, the HCPSS received approximately 73% of its governmental funds operating budget from Howard County and approximately 27% 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, the 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, the HCPSS has been the largest employer in the county for more than 10 years, and therefore persists as an economic force itself.

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 3.0% at September 2018, a decrease from the 4.0% unemployment rate as of June 30, 2017, 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, with the expected 2045 population of 372,350, a 30% increase from the 2010 Census.

As Maryland's economy and revenues continue to grow, the state for the third straight year will continue its record level of funding going toward the education of our children. The state administration is investing \$6.4 billion into K–12 education, approximately \$28 million more than in FY 2018. Local budgets improved as well, allowing a \$10.7 million increase (1.33%) in the HCPSS budget.

Long-term Financial Planning

Superintendent, Dr. Michael J. Martirano, presented his Strategic Call to Action for the HCPSS, Learning and Leading with Equity, *The Fierce Urgency of Now*. The full text of the HCPSS Strategic Call to Action is available at <http://www.hcpss.org/f/superintendent/strategic-call-to-action.pdf>.

The development of the FY 2019 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 2019 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 enrollment growth and new initiatives
- Increased insurance, retirement, transportation, and technology costs

Each year, the HCPSS prepares a five-year Capital Improvements Program (CIP) and a 10-year Long-Range Master Plan. The CIP identifies projected capital needs including new facilities and maintenance projects required to keep the HCPSS facilities in good operating condition.

School System Budget

The School System's final Approved Operating Budget for FY 2019 appropriates \$862.4 million for revenues and expenses. This represents a total increase of \$43.3 million or approximately 5.3 % by increasing the budget by more than required by law, the county met its statutory obligation for maintenance of effort.

The FY 2019 budget cycle marked the fourth year of zero-based budgeting (ZBB) implementation. 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 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.

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, 2018. The MD&A provides additional details about budgetary controls utilized by the HCPSS.

Independent Audit

The financial statements for FY 2018 have been audited by CohnReznick, 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 Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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 2017 achieved outstanding scores on the new SAT, with average scores of 581 in evidence-based reading and writing (ERW) and 580 in Mathematics, which averages to a composite score of 1161. The HCPSS scores significantly outpaced the Maryland public schools averages of 1,046 composite, 528 ERW and 518 Mathematics, as well as the national public school averages of 1,044 composite, 527 ERW and 517 Mathematics. The SAT underwent significant revisions in March 2016; thus, scores reflect only testing among students taking the new SAT, and are not comparable with prior year results.

The Class of 2017 also showed impressive scores and increased participation in the ACT. The HCPSS students outpaced their peers in Maryland and the nation. The mean composite score was 25.8, with mean scores in test categories of reading, 26.1; math, 25.9; English, 25.6; and science, 25.2. In comparison, scores at the state and national level, respectively, were composite, 23.4 and 21.0; reading, 23.9 and 21.4; math, 23.1 and 20.7; English, 22.8 and 20.3; and science, 23.1 and 21.0.

Students at all levels are demonstrating academic achievement. The HCPSS students took 11,280 Advanced Placement Exams in 2017. Of these, 79.9% of the exams were scored at 3 or higher. 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 the 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 55 the HCPSS schools have been certified as Maryland Green Schools.

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, 2017. This was twelfth 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, 2017. 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, 2018, 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 18.

Respectfully submitted,



Rafiu O. Ighile, CPA, CGMA,
MBA
Chief Business and Technology Officer



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Howard County Public School System

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2017.

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



A handwritten signature in black ink, reading 'John D. Musso'. The signature is written in a cursive style and is positioned above a horizontal line.

Anthony N. Dragona, Ed.D., RSBA
President

John D. Musso, CAE
Executive Director



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, 2017

Christopher P. Morill

Executive Director/CEO

Financial Section



Independent Auditor's Report

To the Board of Education Howard
County, 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 Howard County Public School System ("HCPSS"), a component unit of Howard County, Maryland, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise 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.

Auditor's 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 auditor's 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 HCPSS'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.

Opinions

In our opinion, the basic 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, 2018, 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.

Other Matters

Change in Accounting Principle

As discussed in Note 11 to the financial statements, HCPSS adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 18, budgetary comparison information on pages 64 through 65, the schedules of pension related supplementary information on pages 66 through 68, and the schedules of required OPEB related supplementary information on page 70 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 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, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

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 28, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HCPSS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPSS's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Baltimore, Maryland
September 28, 2018

Financial Section

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 the HCPSS's annual financial report about the financial information that the enclosed statements present for the year ended June 30, 2018 with selected comparative data for the year ended June 30, 2017. 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 the HCPSS's financial position and changes in financial position.



Student - Caroline Vernon

Financial Highlights for FY 2018

Government-wide financial statements

The School System's financial status as of June 30, 2018, and as reflected in total net position, decrease by \$17.2 million to \$402.2 million from \$419.4 million. The decrease in total net position reflects increases in capital assets of \$14.7 million, and decrease in deferred outflows of resources of \$2.4 million, as well as decreases in current and other assets of \$23.3 million, and an increase in liabilities of \$91.1 million. The investment made in capital assets was used for new school construction, renovations, and additions as well as technology improvements.

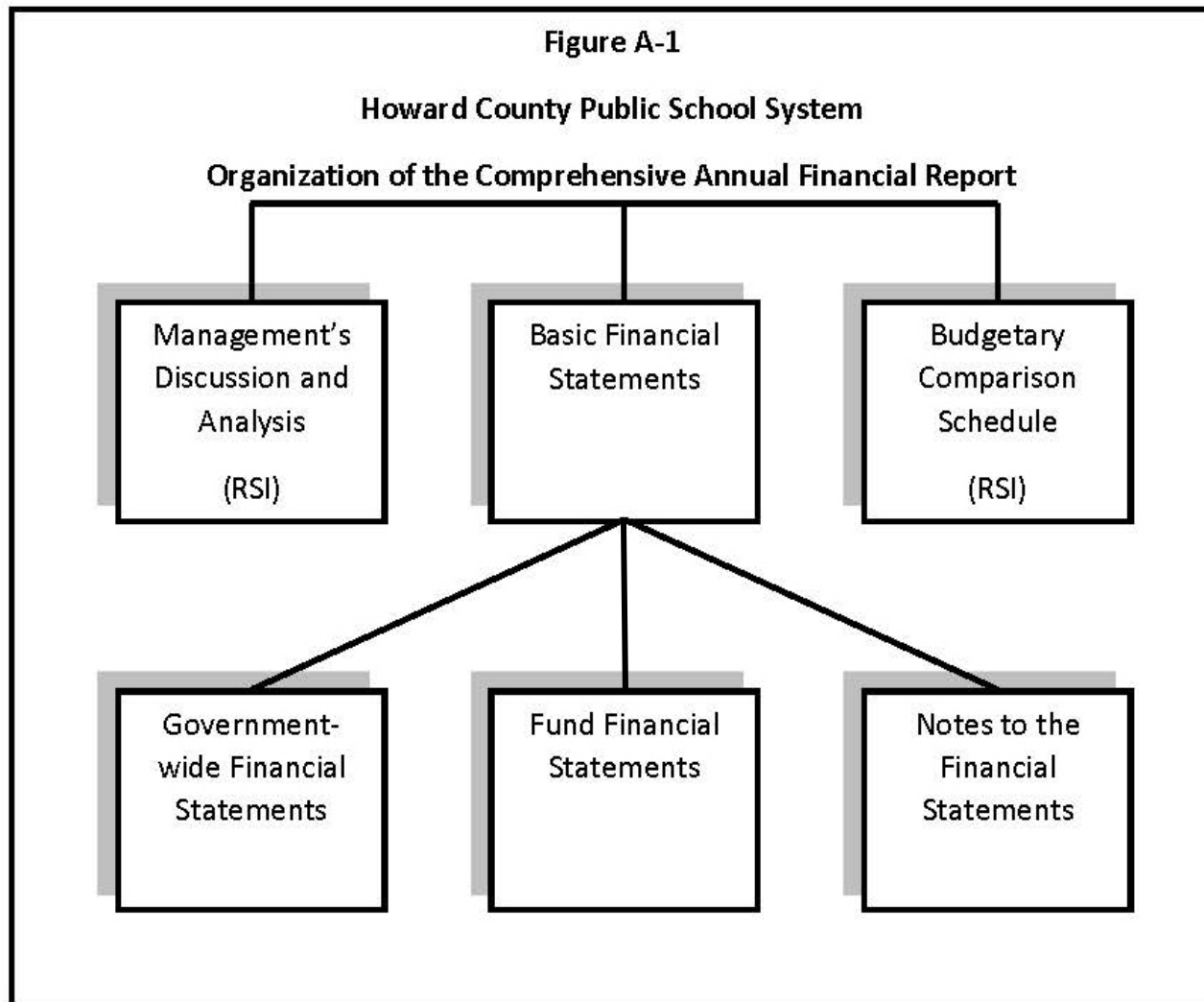
General revenues accounted for \$791.3 million, including \$572.9 million in local appropriations and \$212.4 million in aid from the State of Maryland. Program revenues, in the form of charges for services, operating grants and contributions, and capital grants and contributions, accounted for \$258.8 million. The total revenue from all sources was \$1,050.1 million.

The School System had \$1,067.3 million in expenses related to programs, an increase of \$81.8 million from the prior year. The increase in expenses is primarily due to an increase in salaries and benefits costs.

Governmental funds financial statements

The overall fund balance of the General Fund, the primary operating fund, increased by \$4.2 million to \$25.5 million from \$21.3 million. The General Fund balance is comprised of \$911 thousand in nonspendable fund balance related to prepaid items and inventories, \$686 thousand committed to severance payable, \$10.7 million assigned for encumbrances and subsequent year's budgeted appropriation of fund balance, and fund balance and \$13.2 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

Government-wide Financial Statements

The Government-wide Financial Statements are designed to provide readers with a broad overview of the 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, liabilities, and deferred inflows/outflows of resources with the difference between the two reported as "net position." The statement combines and consolidates all of the School System's current financial resources (short-term spendable resources) with capital assets (net of accumulated depreciation) and 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, in 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 the 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. The HCPSS reports the activities of the Jim Rouse Theatre as a business-type activity.

The government-wide financial statements can be found on [pages 22-23](#) 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 the HCPSS funds, focusing on the most significant or "major" funds—not the HCPSS as a whole. The 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 26 and 28](#) of this report, respectively.

The governmental fund financial statements can be found on [pages 25 and 27](#) 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 29–31](#) of this report.

- **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the 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 Schools 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 32](#) 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 34–62](#) 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. The 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 64–81](#) 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 approximately 65% of its governmental activities funding from the County, and approximately 35% 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.

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 \$401.8 million at the close of the most recent fiscal year.

The most significant portion of the School System's net position (307.1%) 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.

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

To assess the overall financial position of the 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: Net Position – Years ended June 30, 2018 and 2017 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017*	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 99,729	\$ 123,081	\$ 302	\$ 262	\$ 100,031	\$ 123,343
Capital assets (net)	1,239,944	1,225,193	59	74	1,240,003	1,225,267
Total assets	1,339,673	1,348,274	360	336	1,340,033	1,348,610
DEFERRED OUTFLOWS OF RESOURCES						
	39,102	41,468	-	-	39,102	41,468
LIABILITIES						
Long-term liabilities	770,583	849,638	-	-	770,583	849,638
Other liabilities	105,906	117,926	6	18	105,912	117,944
Total liabilities	876,489	967,564	6	18	876,495	967,582
DEFERRED INFLOWS OF RESOURCES						
	100,473	3,152	-	-	100,473	3,152
NET POSITION						
Net investment in capital assets	1,234,814	1,217,728	59	74	1,234,873	1,217,802
Restricted for GWWTP	1,247	1,230	-	-	1,247	1,230
Restricted for food services	1,012	192	-	-	1,012	192
Unrestricted	(835,260)	(800,124)	296	244	(834,964)	(799,880)
TOTAL NET POSITION	\$ 401,813	\$ 419,026	\$ 354	\$ 318	\$ 402,167	\$ 419,344

*as restated

Change in Net Position

The School System's net position decreased \$17.2 million. This is primarily because the School System implemented GASB 75 which increased expenditures for the School system and was the prime factor for the decrease. 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

Table 2: Change in Net Position – Years ended June 30, 2018 and 2017 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2018	2017*	2018	2017*	2018	2017*
REVENUES						
Charges for services	\$ 27,991	\$ 18,178	\$ 159	\$ 125	\$ 28,150	\$ 18,303
Operating grants and contributions	168,923	155,999	-	-	168,923	155,999
Capital gains and contributions	61,699	90,519	-	-	61,698	90,519
General revenues						
County appropriations	572,872	562,260	-	-	572,872	562,260
State aid	212,420	207,399	-	-	212,420	207,399
Federal aid	124	135	-	-	124	135
Interest and investment earnings	816	286	-	-	816	286
Miscellaneous	5,094	759	-	-	5,094	759
Total Revenues	1,049,939	1,035,535	159	125	1,050,097	1,035,660
EXPENSES						
Instruction						
Regular instruction	604,207	549,749	-	-	604,207	549,749
Special instruction	175,426	159,479	-	-	175,426	159,479
Support services						
Administration	21,741	22,437	-	-	21,741	22,437
Mid-level administration	101,422	94,884	-	-	101,422	94,884
Student services	5,266	4,931	-	-	5,266	4,931
Health services	12,725	11,963	-	-	12,725	11,963
Student transportation	39,890	38,839	-	-	39,890	38,839
Operations of plant	49,784	49,465	-	-	49,784	49,465
Maintenance of plant	31,779	30,121	-	-	31,779	30,121
Community services	9,402	8,603	-	-	9,402	8,603
Food services	15,483	14,857	-	-	15,483	14,857
Interest on long-term debt	27	43	-	-	27	43
Enterprise funds	-	-	123	109	123	109
Total Expenses	1,067,152	985,371	123	109	1,067,275	985,480
INCREASE (DECREASE) IN NET POSITION	(17,213)	50,164	36	16	(17,178)	50,180
BEGINNING NET POSITION, as Restated	419,026	368,862	318	302	419,344	369,164
ENDING NET POSITION	\$ 401,813	\$ 419,026	\$ 354	\$ 318	\$ 402,167	\$ 419,344

*as restated

Management's Discussion and Analysis

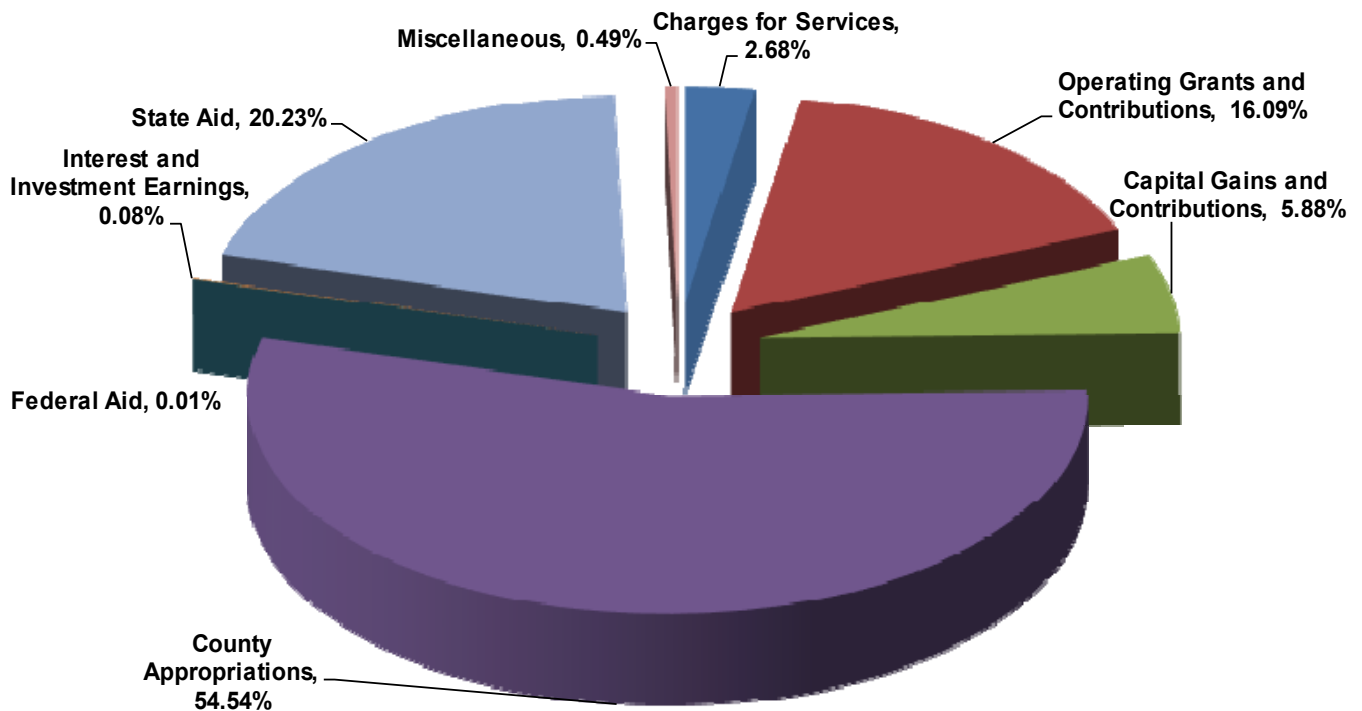
Government-Wide Revenues and Expenses

Charts 1 and 2 display government-wide revenues and expenses, respectively, for the current year. Revenues for the HCPSS combined activities (which include program revenues and general revenues) increased to \$1,050.1 million. County appropriations and State formula aid accounted for most of the HCPSS revenue. Funds from these two sources contributed approximately 75 cents of every dollar needed. The remaining 25 cents came from federal aid for specific programs, fees charged for services and other miscellaneous revenues. Total expenditures surpassed revenues, decreasing net position by \$17.2 million over last year. The expense increase was primarily attributable to an increase in healthcare cost.

instructional support and student transportation services. Expenses in these areas comprised approximately 78.5% of all School System expenditures. The business and administration activities, food services, and community services accounted for 11.5%, 1.5% and 0.9% of total costs, respectively. Maintenance and operation expenses represented approximately 7.6%. 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.

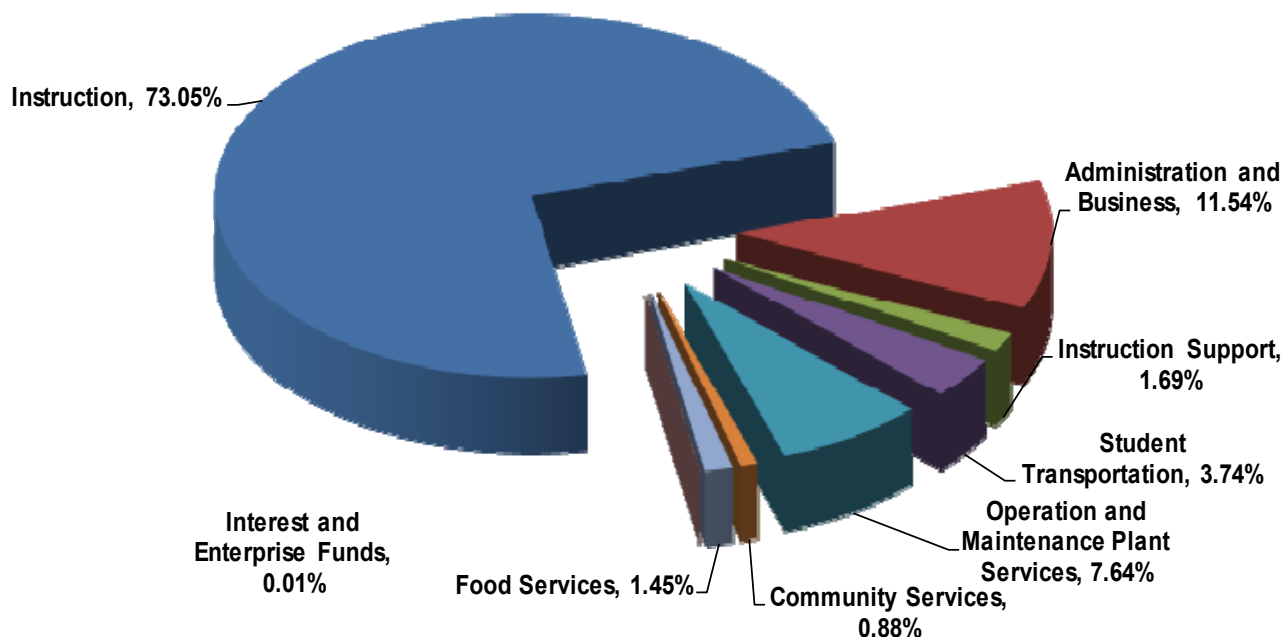
The total cost of all programs and services rose to \$1,067.3 million. Most of the HCPSS expenses are related to instruction (including special education),

Chart 1: Source of Revenues – FY 2018



Management's Discussion and Analysis

Chart 2: Expenses by Category – FY 2018



Governmental Activities

Table 3 presents the cost of the 10 categories of the 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 special education services, and food services. 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

The HCPSS has one business-type activity: The Jim Rouse Theatre. Operating revenues for the business-type activity totaled \$159 thousand for 2018. Operating expenses totaled \$123 thousand for a net operating gain of \$36 thousand primarily due to an increase in charges for services. Details of the business-type activity can be found on [page 29-31](#) of this report.

Management's Discussion and Analysis

Table 3: Cost of Governmental Activities – Year ended June 30, 2018 (In Thousands)

	Total Cost of Services	Less Program Revenues	Net Cost of Services
Instruction			
Regular instruction	\$ 604,207	\$ 143,447	\$ (460,760)
Special instruction	175,426	42,965	(132,461)
Support services			
Administration	21,741	1,947	(19,794)
Mid-level administration	101,422	11,375	(90,047)
Student services	5,266	684	(4,582)
Health services	12,725	1,481	(11,244)
Student transportation	39,890	16,343	(23,547)
Operations of plant	49,784	21,336	(28,448)
Maintenance of plant	31,779	2,132	(29,647)
Community services	9,402	792	(8,610)
Food services	15,483	16,111	628
Interest on long-term debt	27	-	(27)
Total Expenses	\$ 1,067,152	\$ 258,613	\$ (808,539)

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 \$32.6 million, an increase of \$4.0 million. This includes nonspendable fund balance which is comprised of \$1.1 million in inventories and \$60 thousand in prepaid expenses. Restricted fund balance is comprised of \$1.2 million for the Glenelg Waste Water Treatment Plant and \$2.8 for capital projects. Committed fund balance consists of \$686 thousand for severance payable. Assigned fund balance includes \$4.7 million for encumbrances and \$6.0 million for subsequent year's budgeted appropriation of fund balance and, \$2.1 million for food service operations and \$752 thousand for restricted programs. The unassigned fund balance is \$13.2 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 increased by \$4.1 million. 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, increased during the current fiscal year by \$634 thousand due to increased sales. The Glenelg Waste Water Treatment Plant fund finished with a fund balance of \$1.2 million.

Revenues for the HCPSS's governmental funds increased 0.2% while total expenses increased 0.9%. County revenue increased by 2.4% or \$14.9 million over the previous year. While the general fund revenues from the county increased by 4.8% or \$27.5 million, the County revenues for the Capital Projects fund increased by 3.5% or \$1.8 million. The Capital Projects Fund recognizes county revenues when project expenditures are incurred. Significant projects completed were Patuxent Valley Middle School renovation, and Wilde Lake Middle School replacement. State funding decreased by 82.0% or \$30.7 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 student 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. The 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.

Capital Assets

The HCPSS had \$1,239.9 million invested in land, construction in progress, buildings and improvements, and furniture and equipment at June 30, 2018.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation, at June 30, 2018 and 2017. During FY 2018, capital assets increased by a net of \$14.8 million from the prior year. Depreciation expense on these assets was approximately \$42.6 million in FY 2018. More detailed information about capital assets can be found on [pages 44–45](#) of this report.

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

- Completed construction for Wilde Lake Middle School replacement
- Completed construction for renovations at Patuxent Valley Middle School
- Construction for the New Elementary School #42

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 2018, General Fund Budgeted Revenues were over budget by \$3.1 million due to higher earnings on investments, and higher than budgeted energy rebates. Management continued cost cutting and efficiency efforts which allowed for strategic expenditures at year-end and \$7.2 million in unspent budgeted appropriations. The net positive budget variance of \$10.3 million in the General Fund will be available for the County to appropriate in future budgets.

- Continued construction for renovation/addition at Swansfield Elementary
- Continued construction renovation/additions at Waverly Elementary
- Began planning for the Talbott Springs Elementary School Project. Other major projects include technology projects

The HCPSS FY 2019 capital budget proposes spending \$25.4 million for systemic renovations, \$4.0 million for Waverly ES renovation/Phase II addition, \$8.1 million for Hanover Hills ES, \$6.3 million to continue planning for the Talbott Springs ES Project, \$6.7 million to begin planning for HS #13, \$4.0 million to begin planning for Hammond HS Renovation/Addition, \$12.5 million for roofing projects, \$1.8 million for relocatable classroom projects and \$ 2.75 million towards Technology infrastructure packages.

The HCPSS proposed capital spending totaling \$525.9 million over the FY 2020-2024 period which has been submitted to the Howard County Council for its approval. Cost estimates will need to be monitored closely to ensure the request is sufficient with regards to changes in the economy and materials pricing.

Management's Discussion and Analysis

Table 4: Capital Assets – Governmental Activities – Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Land	\$ 31,903,533	\$ 31,903,533
Construction in progress	65,228,675	256,054,484
Buildings and improvements	1,630,199,668	1,384,870,191
Furniture and equipment	43,964,303	41,804,810
(Less accumulated depreciation)	<u>(531,352,670)</u>	<u>(489,439,544)</u>
Total Capital Assets	<u>\$ 1,239,943,509</u>	<u>\$ 1,225,193,474</u>

Long-Term Obligations

School systems in Maryland have no authority to incur bonded debt. The only long-term obligations of the HCPSS consist of capital lease obligations, net pension and OPEB liabilities, 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 \$10.2 million at June 30, 2018. Net pension and OPEB liability totaled approximately \$44.2 million and \$715.2 million, respectively. Total long-term obligations totaled approximately \$777.6 million at June 30, 2018. For a decrease of approximately \$78.9 million over the balance of \$856.5 million at June 30, 2017.

Additional information on the School System's long-term obligation can be found on [page 47](#) of this report.

Factors Influencing Future Budgets

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

- Eliminate the current Health Fund deficit.
- Projected increases in student enrollments 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.
- Increases in the cost of employee health and benefits.

Management's Discussion and Analysis

Economic Factors

Since the recession, Howard County has experienced years of healthier recovery than its counterparts in other areas of the state and country. Higher tax revenues (over 3% up from 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, the 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.
- Howard County provides approximately 70% of the 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 June 2018 was 3.6% compared to the state average of 4.36%.
- The State of Maryland has projected shortfalls over the next year, which could mean cuts to the state funding.

These factors were considered in preparing the HCPSS budget for FY 2019.

Contacting HCPSS Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the 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
Division of Business and Technology
10910 Clarksville Pike, Ellicott City, MD 21402-6198
Phone: 410-313-1530
Email: rafiu_ighile@hcpss.org

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Basic Financial Statements

Government-Wide Financial Statements



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Government-Wide Financial Statements

Howard County Public School System Statement of Net Position June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 12,099,566	\$ -	\$ 12,099,566
Investments	67,831,730	-	67,831,730
Accounts receivable	1,255,093	20,474	1,275,567
Internal balances	(281,362)	281,362	-
Due from other units of government	17,084,296	-	17,084,296
Prepaid items	468,098	-	468,098
Inventory	1,271,130	-	1,271,130
Capital assets:			
Land	31,903,533	-	31,903,533
Construction in progress	65,228,675	-	65,228,675
Building and improvements	1,630,199,668	-	1,630,199,668
Furniture and equipment	43,964,303	228,081	44,192,384
Less: accumulated depreciation	(531,352,670)	(169,217)	(531,521,887)
Total capital assets, net of depreciation	<u>1,239,943,509</u>	<u>58,864</u>	<u>1,240,002,373</u>
Total Assets	<u>1,339,672,060</u>	<u>360,700</u>	<u>1,340,032,760</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>39,101,994</u>	<u>-</u>	<u>39,101,994</u>
LIABILITIES			
Accounts payable	11,876,161	-	11,876,161
Accrued liabilities	79,860,958	-	79,860,958
Unearned revenue	7,194,926	7,090	7,202,016
Long-term liabilities:			
Current portion	6,973,886	-	6,973,886
Long-term portion	<u>770,582,650</u>	<u>-</u>	<u>770,582,650</u>
Total Liabilities	<u>876,488,581</u>	<u>7,090</u>	<u>876,495,671</u>
DEFERRED INFLOWS OF RESOURCES	<u>100,472,567</u>	<u>-</u>	<u>100,472,567</u>
NET POSITION			
Net investment in capital assets	1,234,814,399	58,864	1,234,873,263
Restricted for:			
Wastewater treatment plant	1,246,593	-	1,246,593
Food service	1,011,938	-	1,011,938
Unrestricted	<u>(835,260,024)</u>	<u>294,746</u>	<u>(834,965,278)</u>
TOTAL NET POSITION	<u>\$ 401,812,906</u>	<u>\$ 353,610</u>	<u>\$ 402,166,516</u>

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

Government-Wide Financial Statements

**Howard County Public School System
Statement of Activities
Year Ended June 30, 2018**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular education	\$ 604,206,742	\$ 3,636,964	\$ 78,111,170	\$ 61,698,589	\$ (460,760,019)	\$ -	\$ (460,760,019)
Special education	175,425,632	-	42,964,831	-	(132,460,801)	-	(132,460,801)
Total instruction	779,632,374	3,636,964	121,076,001	61,698,589	(593,220,820)	-	(593,220,820)
Support services:							
Administration	21,740,850	-	1,947,360	-	(19,793,490)	-	(19,793,490)
Mid-level administration	101,421,736	-	11,374,705	-	(90,047,031)	-	(90,047,031)
Student personnel services	5,265,683	-	684,476	-	(4,581,207)	-	(4,581,207)
Health services	12,724,963	-	1,481,373	-	(11,243,590)	-	(11,243,590)
Student transportation services	39,890,600	-	16,342,760	-	(23,547,840)	-	(23,547,840)
Operation of plant	49,784,933	17,452,174	3,883,813	-	(28,448,946)	-	(28,448,946)
Maintenance of plant and equipment	31,778,559	-	2,131,524	-	(29,647,035)	-	(29,647,035)
Community services	9,402,233	-	792,210	-	(8,610,023)	-	(8,610,023)
Food services	15,483,257	6,902,223	9,209,208	-	628,174	-	628,174
Interest on long-term debt	27,264	-	-	-	(27,264)	-	(27,264)
Total support services	287,520,078	24,354,397	47,847,429	-	(215,318,252)	-	(215,318,252)
Total governmental activities	1,067,152,452	27,991,361	168,923,430	61,698,589	(808,539,072)	-	(808,539,072)
Business-type activities:							
Jim Rouse Theatre	122,804	158,693	-	-	-	35,889	35,889
	122,804	158,693	-	-	-	35,889	35,889
TOTAL SCHOOL SYSTEM	\$ 1,067,275,256	\$ 28,150,054	\$ 168,923,430	\$ 61,698,589	\$ (808,539,072)	\$ 35,889	\$ (808,503,183)
General revenues - unrestricted:							
Local appropriations					572,871,655	-	572,871,655
State Aid					212,420,489	-	212,420,489
Federal Aid					124,008	-	124,008
Interest and investment earnings					816,354	-	816,354
Miscellaneous					5,093,743	-	5,093,743
Total general revenues					791,326,249	-	791,326,249
CHANGES IN NET POSITION					(17,212,823)	35,889	(17,176,934)
NET POSITION, BEGINNING OF YEAR, as Restated					419,025,729	317,721	419,343,450
NET POSITION, END OF YEAR					\$ 401,812,906	\$ 353,610	\$ 402,166,516

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

Financial Section

Basic Financial Statements

Fund Financial Statements



Fund Financial Statements

Howard County Public School System

Balance Sheet Governmental Funds June 30, 2018

	General Fund	Food Services Fund	Gleneig Wastewater Treatment Plant Fund	Restricted Programs Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,505,559	\$ 3,594,007	\$ -	\$ -	\$ -	\$ 12,099,566
Investments	60,300,809	470,438	1,266,087	-	-	62,037,334
Accounts receivable	464,509	530,477	3,240	199,469	-	1,197,695
Prepaid items	59,857	-	-	-	-	59,857
Due from other funds	31,964,527	-	-	-	-	31,964,527
Due from other units of government	-	-	-	8,070,783	9,013,513	17,084,296
Inventory	851,002	259,693	-	-	-	1,110,695
Total Assets	\$ 102,146,263	\$ 4,854,615	\$ 1,269,327	\$ 8,270,252	\$ 9,013,513	\$ 125,553,970
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 4,907,195	\$ 272,579	\$ 14,730	\$ 1,692,246	\$ 835,904	\$ 7,722,654
Accrued liabilities	67,910,356	-	-	1,026	92,000	68,003,382
Due to other funds	3,082,863	1,830,152	8,004	5,312,877	4,469,223	14,703,119
Unearned revenue	761,533	420,842	-	511,858	847,510	2,541,743
Compensated absences payable	10,000	-	-	-	-	10,000
Total Liabilities	76,671,947	2,523,573	22,734	7,518,007	6,244,637	92,980,898
FUND BALANCES						
Nonspendable:						
Prepaid items	59,857	-	-	-	-	59,857
Inventories	851,002	259,693	-	-	-	1,110,695
Restricted	-	-	1,246,593	-	2,768,876	4,015,469
Committed	686,120	-	-	-	-	686,120
Assigned	10,685,311	2,071,349	-	752,245	-	13,508,905
Unassigned	13,192,026	-	-	-	-	13,192,026
Total fund balances	25,474,316	2,331,042	1,246,593	752,245	2,768,876	32,573,072
TOTAL LIABILITIES AND FUND BALANCES	\$ 102,146,263	\$ 4,854,615	\$ 1,269,327	\$ 8,270,252	\$ 9,013,513	\$ 125,553,970

Fund Financial Statements

Howard County Public School System

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 25)	\$ 32,573,072
Amounts reported for governmental activities in the Statement of Net Position is 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 \$1,754,043,838 and the accumulated depreciation is \$522,169,984.	1,231,873,854
Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers compensation self-insurance activities, and health and dental self-insurance activities. The assets and liabilities of these internal service funds are included with governmental activities.	(29,580,496)
Deferred outflows of resources related to pensions include \$9,593,876 deferred outflows of resources pension expense and \$4,583,972 deferred outflow of employer contributions made after the measurement date; these amounts are not reported at the fund level.	14,177,848
Deferred outflows of resources related to OPEB include \$24,924,146 of employer contributions made after the measurement date; these amounts are not reported at the fund level.	24,924,146
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.	(4,053,733)
Deferred inflows of resources related to OPEB for the net difference between projected and actual earnings or pension plan investments and change in assumptions; this amount is not reported at the fund level.	(96,418,834)
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 \$1,445,626 of capital leases, \$10,154,358 of compensated absences payable, \$44,161,368 of net pension liability, \$715,235,479 of net OPEB liability and \$686,120 of severance payable.	<u>(771,682,951)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 22)	<u>\$ 401,812,906</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, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2018

	General Fund	Food Services Fund	Glenc Wastewater Treatment Plant Fund	Restricted Programs Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Intergovernmental revenues:						
Local sources	\$ 597,795,801	\$ -	\$ -	\$ 1,046,639	\$ 54,857,635	\$ 653,700,075
State sources	293,552,495	418,715	-	7,135,813	6,741,198	307,848,221
Federal sources	372,664	8,790,493	-	19,979,654	-	29,142,811
Earnings on investments	778,242	6,203	16,695	-	99,756	900,896
Charges for services	6,613,649	6,902,223	226,190	-	-	13,742,062
Miscellaneous revenues	1,653,073	-	-	752,245	-	2,405,318
Total Revenues	900,765,924	16,117,634	242,885	28,914,351	61,698,589	1,007,739,383
EXPENDITURES						
Current:						
Administration	13,823,455	-	-	18,978	-	13,842,433
Mid level administration	63,113,666	-	-	736,079	-	63,849,745
Instruction:						
Instructional salaries	343,382,750	-	-	5,066,209	-	348,448,959
Textbooks and classroom supplies	8,883,783	-	-	809,289	-	9,693,072
Other instructional costs	2,048,354	-	-	851,606	-	2,899,960
Special education	104,598,692	-	-	16,919,141	-	121,517,833
Student personnel services	3,419,317	-	-	80,711	-	3,500,028
Health services	8,183,916	-	-	-	-	8,183,916
Student transportation	38,964,276	-	-	-	-	38,964,276
Operation of plant	38,591,965	-	-	-	-	38,591,965
Maintenance of plant and equipment	24,901,331	-	226,190	-	-	25,127,521
Fixed charges	239,019,407	-	-	3,664,268	-	242,683,675
Community services	6,863,651	-	-	15,825	-	6,879,476
Costs of operation - food service	-	15,483,257	-	-	-	15,483,257
Capital outlay	844,425	-	-	-	63,211,638	64,056,063
Total Expenditures	896,638,988	15,483,257	226,190	28,162,106	63,211,638	1,003,722,179
NET CHANGE IN FUND BALANCES	4,126,936	634,377	16,695	752,245	(1,513,049)	4,017,204
FUND BALANCE, BEGINNING OF YEAR	21,347,380	1,696,665	1,229,898	-	4,281,925	28,555,868
FUND BALANCE, END OF YEAR	\$ 25,474,316	\$ 2,331,042	\$ 1,246,593	\$ 752,245	\$ 2,768,876	\$ 32,573,072

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 Balance to the Statement of Activities Year Ended June 30, 2018

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 27)	\$ 4,017,204
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, \$56,219,018 exceeds depreciation expense, \$40,240,866 in the period.	15,978,152
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.	626,700
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:	(699,618)
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.	2,258,193
Governmental funds report OPEB contributions as expenditures. However, in the Statement of Activities, the cost of the OPEB earned net of employer contributions is reported as OPEB expense.	(28,347,198)
In the Statement of Activities, termination benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for termination benefits are measured by the amount of financial resources used (essentially, the amounts actually paid or expected to be paid within one year). This year, termination benefits used were less than the amounts earned by:	356,560
Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers' compensation self-insurance activities, and health and dental self-insurance activities. The change in net position of the service fund is reported with governmental activities.	<u>(11,402,816)</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 23)	<u>\$ (17,212,823)</u>

Fund Financial Statements

Howard County Public School System

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, 2018

	Enterprise Fund	Governmental Activities Internal Service Funds
	<u>Fund</u>	<u>Funds</u>
ASSETS		
Current assets:		
Investments	\$ -	\$ 5,794,396
Accounts receivable	20,474	57,398
Due from other funds	281,362	2,801,501
Inventory	-	160,435
Prepaid expenses	-	408,241
Total current assets	<u>301,836</u>	<u>9,221,971</u>
Noncurrent assets:		
Capital assets:		
Furniture, fixtures and equipment	228,081	17,252,341
Less accumulated depreciation	(169,217)	(9,182,686)
Total capital assets, net	<u>58,864</u>	<u>8,069,655</u>
Total assets	<u>360,700</u>	<u>17,291,626</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	4,153,507
Capital leases	-	3,056,784
Due to other funds	-	20,344,271
Accrued liabilities	-	836,262
Claims payable	-	13,021,314
Unearned revenue	7,090	4,653,183
Total current liabilities	<u>7,090</u>	<u>46,065,321</u>
Long-term liabilities:		
Capital leases	-	-
Claims payable, net of current portion	-	806,801
Total long-term liabilities	<u>-</u>	<u>806,801</u>
Total liabilities	<u>7,090</u>	<u>46,872,122</u>
NET POSITION		
Net investment in capital assets	58,864	5,012,871
Unrestricted	<u>294,746</u>	<u>(34,593,367)</u>
TOTAL NET POSITION	<u>\$ 353,610</u>	<u>\$ (29,580,496)</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, 2018

	Enterprise Fund	Governmental Activities Internal Service Funds
	<u>Fund</u>	<u>Funds</u>
OPERATING REVENUES		
Charges for services - internal	\$ -	\$ 112,495,999
Charges for services - other	158,693	-
Miscellaneous revenue	-	2,688,425
Contributions from employees and retirees	-	25,264,743
	<u>158,693</u>	<u>140,449,167</u>
Total operating revenues	158,693	140,449,167
OPERATING EXPENSES		
Operating expenses	108,170	-
Administrative expenses	-	18,260,328
Claims and related expenses	-	131,272,745
Depreciation expense	14,634	2,395,317
	<u>122,804</u>	<u>151,928,390</u>
Total operating expenses	122,804	151,928,390
Operating income (loss)	<u>35,889</u>	<u>(11,479,223)</u>
NON-OPERATING REVENUES		
Interest income	-	76,407
	<u>-</u>	<u>76,407</u>
Non-operating income	-	76,407
	<u>-</u>	<u>76,407</u>
CHANGES IN NET POSITION	35,889	(11,402,816)
TOTAL NET POSITION, BEGINNING OF YEAR	<u>317,721</u>	<u>(18,177,680)</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 353,610</u>	<u>\$ (29,580,496)</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, 2018

	Enterprise Fund	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 148,592	\$ -
Cash received (paid) from other funds	(29,508)	127,598,106
Cash received from employees and retirees	-	25,264,743
Payments to employees	-	(6,394,690)
Payments to suppliers	(119,084)	(142,964,446)
Net cash provided by (used by) operating activities	<u>-</u>	<u>3,503,713</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of equipment	-	(713,836)
Principal paid on capital lease	-	(2,789,877)
Net cash used by capital and related financing activities	<u>-</u>	<u>(3,503,713)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(76,407)
Interest received	-	76,407
Net cash provided by investing activities	<u>-</u>	<u>-</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 35,889	\$ (11,479,223)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	14,634	2,395,317
Effects of changes in operating assets and liabilities:		
Accounts receivable	(10,101)	51,029
Prepaid expenses	-	408,801
Due from other funds	(29,508)	(92,393)
Inventory	-	15,215
Accounts payable	(14,739)	(761)
Accrued liabilities	-	(6,031)
Claims payable	-	(2,931,712)
Due to other funds	-	14,837,907
Unearned revenue	3,825	305,564
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 3,503,713</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:		
Purchase of equipment through a capital lease	<u>\$ -</u>	<u>\$ 453,364</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, 2018

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 4,900,072</u>
TOTAL ASSETS	<u>\$ 4,900,072</u>
LIABILITIES	
School activity funds payable	<u>\$ 4,900,072</u>
TOTAL LIABILITIES	<u>\$ 4,900,072</u>

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

Financial Section

Basic Financial Statements

Summary of Significant Accounting Policies



Summary of Significant Accounting Policies

Financial Reporting Entity

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 inter-fund activity has been removed from these statements. The activities of the General Fund, Food Services 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.

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.

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

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.



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 60 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

Governmental Funds

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

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 Services 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. As a special revenue fund, the proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purpose.

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 home sites 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.

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.

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 Theatre 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 self-insurance-fund, and the workers’ compensation fund. Operating revenues for the enterprise fund, Jim Rouse Theatre 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.

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 inter-fund services provided and used between functions have been eliminated in the Statement of Activities, so that only the net amount is included in the governmental activities column.

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, 2018, are expected to be minimal based upon collection experience and review of the status of existing receivables.

Summary of Significant Accounting Policies

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

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 Services 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 insurance internal service fund consist of insurance premiums and other administrative expenditures that relate to fiscal year 2019. 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 acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment are 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.

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, 2018.

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, 2018 for the first three months of fiscal year 2019.

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 period of 5-5.87 years 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 an actual investment earnings related to pensions.

Summary of Significant Accounting Policies

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of the Maryland State Retirement and Pension System (System) and additions to/deductions from the System's 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 benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB).

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit (OPEB) Trust Fund (Trust) and additions to/deductions from the Trust's fiduciary net position have been determined on the same basis as they are reported by the Trust. For this purpose, the Trust recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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.

Net Position / Fund Balance

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation and capital lease liability. Under state law, the School System is prohibited from

incurring debt to finance the acquisition of capital assets, except for those capital assets purchased under capital leases. 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 their 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:

Nonspendable – 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.

Summary of Significant Accounting Policies

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 stated otherwise in its commitment or assignment actions.

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.
- 10) The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the State Category level.

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 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 (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.

Summary of Significant Accounting Policies

Budgets and Budgetary Accounting (continued)

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 Theater 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.



Financial Section

Basic Financial Statements

Notes to Basic Financial Statements



Notes to Basic Financial Statements

Note 1 – Cash and Investments

Deposits

At year-end, the carrying amount of the School System's deposits was \$16,999,638, consisting of \$12,099,566 in the governmental activities and \$4,900,072 in the agency fund and the corresponding bank balances were \$21,127,780. Bank balances were 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, 2018, the School System's investments totaling \$67,831,730 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. MLGIP is a 2a7 like pool, which is not registered with the Securities and Exchange Commission, but generally operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). Unit value is computed using the amortized cost method and maintains a \$1 per share 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 \$816,354 for the year ended June 30, 2018.

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 Basic Financial Statements

Note 2 – Capital Assets

Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities	Balance July 1, 2017	Increases	Decreases/ Reclassifications	Balance June 30, 2018
Nondepreciable capital assets				
Land	\$ 31,903,533	\$ -	\$ -	\$ 31,903,533
Construction in progress	256,054,484	54,967,257	(245,793,066)	65,228,675
Total nondepreciable capital assets	<u>287,958,017</u>	<u>54,967,257</u>	<u>(245,793,066)</u>	<u>97,132,208</u>
Depreciable capital assets				
Land improvements	1,675,226	-	-	1,675,226
Buildings and improvements	1,383,194,965	245,793,066	(463,589)	1,628,524,442
Furniture and equipment	41,804,810	2,418,961	(259,468)	43,964,303
Total depreciable capital assets	<u>1,426,675,001</u>	<u>248,212,027</u>	<u>(723,057)</u>	<u>1,674,163,971</u>
Less accumulated depreciation for:				
Land improvements	(1,546,145)	(5,938)	-	(1,552,083)
Buildings and improvements	(457,944,437)	(38,928,022)	463,589	(496,408,870)
Furniture and equipment	(29,948,962)	(3,702,223)	259,468	(33,391,717)
Total accumulated depreciation	<u>(489,439,544)</u>	<u>(42,636,183)</u>	<u>723,057</u>	<u>(531,352,670)</u>
Total depreciable capital assets, net	<u>937,235,457</u>	<u>205,575,844</u>	<u>-</u>	<u>1,142,811,301</u>
Capital assets, net	<u>\$ 1,225,193,474</u>	<u>\$ 260,543,101</u>	<u>\$ (245,793,066)</u>	<u>\$ 1,239,943,509</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, 2018, was charged to Governmental activities on the Statement of Activities as follows:

Instruction:	
Regular education	\$ 36,357,584
Special education	130,416
Support services:	
Administration	138,161
Mid-level administration	5,531,424
Pupil transportation	64,485
Operation and maintenance of plant	319,823
Community services	94,290
Total	<u>\$ 42,636,183</u>

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

Notes to Basic Financial Statements

Note 2 – Capital Assets (continued)

<u>Business-type Activities</u>	<u>Balance July 1, 2017</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Balance June 30, 2018</u>
Furniture and equipment	\$ 228,081	\$ -	\$ -	\$ 228,081
Less accumulated depreciation	(154,583)	(14,634)	-	(169,217)
Capital assets, net	\$ 73,498	\$ (14,634)	\$ -	\$ 58,864

The School System has active school construction projects as of June 30, 2018, as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Project:		
Waverly ES Renovation/Addition	\$ 33,235,840	\$ 3,417,619
Roofing Projects	44,733,467	1,102,780
Technology	40,070,481	1,915,519
Deep Run ES Renovation/Addition	22,754,221	1,256,739
Wilde Lake MS Replacement	39,815,477	4,211,523
Patuxent Valley MS Renovation	26,054,979	3,480,021
Swansfield ES Renovation/Addition	23,992,095	2,909,905
Subtotal	230,656,560	18,294,106
Other Projects	435,846,581	30,319,321
Total	\$ 666,503,141	\$ 48,613,427

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 Basic Financial Statements

Note 3 – Due To/From Other Funds

The composition of inter-fund balances as of June 30, 2018, is as follows:

Due To/From Other Funds

Receivable Fund	Payable Fund	Purpose	Amount
General	Workers Compensation	Reimbursable expenditures	\$ 424,415
General	Capital Projects	Reimbursable expenditures	4,469,223
Technology Services	General	Reimbursable expenditures	2,527,314
General	Health and Dental	Reimbursable expenditures	19,919,856
Jim Rouse Theatre	General	Reimbursable expenditures	281,362
Print Services	General	Reimbursable expenditures	274,187
General	Glennlg WWTP	Treatment plant expenditures	8,004
General	Restricted Programs	Advances of pooled cash	5,312,877
General	Food Services	Food services expenditures	1,830,152
Total			\$ 35,047,390

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

	Due To	Due From
Balance Sheet - Governmental Funds (page 25)	\$ 14,703,119	\$ 31,964,527
Statement of Net Position - Proprietary Funds (page 29)	-	281,362
Statement of Net Position - Internal Service Funds (page 29)	20,344,271	2,801,501
Total	\$ 35,047,390	\$ 35,047,390

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 Basic Financial Statements

Note 4 – Long-Term Liabilities

	Balance 7/1/2017 **	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Compensated absences	\$ 9,464,740	\$ 1,405,892	\$ (706,274)	\$ 10,164,358	\$ 800,000
Capital leases	7,465,623	899,527	(3,862,740)	4,502,410	3,817,326
Severance payable	1,042,680	-	(356,560)	686,120	356,560
Net pension liability	51,112,176	-	(6,950,808) *	44,161,368	-
Net OPEB liability	781,880,982	-	(66,645,503)	715,235,479	-
Workers compensation	5,495,226	(558,201)	(2,130,224)	2,806,801	2,000,000
Total governmental activities	\$ 856,461,427	\$ 1,747,218	\$ (80,652,109)	\$ 777,556,536	\$ 6,973,886

* Net decrease is shown
** as restated for GASB 75

Compensated absences, pension liabilities and other post-employment liabilities 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 2022. The assets acquired and capitalized as capital assets under capital leases are as follows:

	Governmental Activities
Equipment at cost	\$ 23,904,002
Less accumulated depreciation	(16,874,652)
Total	\$ 7,029,350

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follow:

Year Ending June 30, 2018	Governmental Activities
2019	\$ 3,881,227
2020	1,289,017
2021	407,964
Total minimum lease payments	5,578,208
Less amount not drawn	(992,044)
Less amount representing interest	(83,754)
Present value of minimum lease payments	\$ 4,502,410

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

Notes to Basic Financial Statements

Note 5 – Pension Plans

General Information about the Plan

Plan Description

The employees of the 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 the 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 members' combined age and eligibility service equals at least 90 years or if the member is at least age 65 and has accrued at least 10 years of eligibility service.

For most individuals who retired from 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.

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

Notes to Basic Financial Statements

Note 5 – Pension Plans (continued)

Contributions

The 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 the HCPSS's annual required contribution to the Teachers' Retirement and Pension Systems on behalf of the HCPSS. The State's contribution on behalf of the HCPSS for the year ended June 30, 2018, was \$55,032,766. The fiscal 2018 contribution made by the State on behalf of the 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 2018 and each year thereafter. The HCPSS's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2018 was \$21,003,700.

The HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2018, was 6.73% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The HCPSS made its share of the required contributions during the year ended June 30, 2018 of \$4,583,972.

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, 2018, the HCPSS reported a liability of \$44,161,368 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2017. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2017, the HCPSS's proportionate share was 0.204%, which was a decrease of 0.012 from its proportion measured at June 30, 2016.

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

Notes to Basic Financial Statements

Note 5 – Pension Plans (continued)

For the year ended June 30, 2018, the HCPSS recognized pension expense of \$2,325,779. At June 30, 2018, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 1,641,273	\$ -
Changes in proportion	(140,144)	-
Differences between expected and actual experience	-	3,115,431
Net difference between projected and actual earnings on pension plan investments	7,503,686	938,302
Net difference between actual and proportionate share of contributions	589,061	-
HCPSS contributions subsequent to the measurement date	4,583,972	-
Total	\$ 14,177,848	\$ 4,053,733

\$4,583,972 reported as deferred outflows of resources related to pensions resulting from the HCPSS contributions subsequent to the measurement date will be recognized as a reduction in net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2019	\$ 2,176,221
2020	2,759,933
2021	1,675,744
2022	(377,747)
2023	(694,008)
Total	\$ 5,540,143

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

Notes to Basic Financial Statements

Note 5 – Pension Plans (continued)

Teachers’ Retirement and Pension Systems

At June 30, 2018, the 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 the HCPSS and the HCPSS pays the normal cost related to the HCPSS’s members in the Teachers’ Retirement and Pension Systems; therefore, the 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 the 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 the HCPSS were as follows

State's proportionate share of the net pension liability	\$	584,674,547
HCPSS's proportionate share of the net pension liability		-
Total	\$	584,674,547

The net pension liability was measured as of June 30, 2017, 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, 2018, the HCPSS recognized pension expense of \$76,036,466 and revenue of \$55,032,766 for support provided by the State. Due to the special funding situation noted above related to the Teachers’ Retirement and Pension Systems, the 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, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation.....	2.65% general, 3.15% wage
Salary increases.....	3.15% to 9.15%, including inflation
Investment rate of return.....	7.50%

Mortality rates were based on RP-2014 Mortality Table with projected generational mortality improvement based on the MP-2014 2-dimensional mortality improvement scale.

The economic and demographic actuarial assumptions used in the June 30, 2017, valuation were adopted by the System’s Board of Trustees based upon review of the System’s experience study for the period 2010-2014, which was completed during FY 2014. 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, 2017. As a result, an investment return assumption of 7.50% and an inflation assumption of 2.65% were used for the June 30, 2017 valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment

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

Notes to Basic Financial Statements

Note 5 – Pension Plans (continued)

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:

Asset Class	Target Allocation	Long Term Expected Real Rate of of Return
Public Equity	36%	6.60%
Private Equity	11%	7.40%
Rate Sensitive	21%	1.30%
Credit Opportunity	9%	4.20%
Real Assets	15%	4.70%
Absolute Return	8%	3.70%
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, 2017.

For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 1.15%. 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 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. 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.

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

Notes to Basic Financial Statements

Note 5 – Pension Plans (continued)

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the HCPSS' net pension liability, calculated using a single discount rate of 7.50%, as well as what the 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 (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
HCPSS's proportionate share of the net pension liability	\$ 62,585,409	\$ 44,161,368	\$ 28,874,631

Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the 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 (OPEB)

Plan Description

The School System contributes to the Howard County, Maryland Post-Retirement Medical Plan (the plan), and 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.

Benefits Provided

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.

Contributions

Contribution requirements of the plan members and the participating employers are established and may be amended by the Plan's Board of Trustees. Contributions to the OPEB plan by retirees were \$16,269,443, and contributions from the County on behalf of HCPSS were \$8,654,703 for the year ended June 30, 2018. Employees are not required to contribute to the OPEB plan.

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

Notes to Basic Financial Statements

Note 6 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

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

At June 30, 2018, the District reported a liability of \$715,235,479 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. HCPSS proportion of the net OPEB liability was based on the employer's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort of all employers and all non-employer contributing entities to determine the employer's proportion. At June 30, 2018, HCPSS proportion was 64.69 percent.

For the year ended June 30, 2018, the HCPSS recognized OPEB expense of \$53,271,344. At June 30, 2018, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	94,698,317
Net difference between projected and actual earnings on OPEB plan investments	-	1,720,517
HCPSS contributions subsequent to the measurement date	24,924,146	-
Total	<u>\$ 24,924,146</u>	<u>\$ 96,418,834</u>

\$24,924,146 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2019	\$ (10,952,165)
2020	(10,952,165)
2021	(10,952,165)
2022	(10,952,165)
2023	(10,522,036)
Thereafter	<u>(42,088,138)</u>
Total	<u><u>(96,418,834)</u></u>

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

Notes to Basic Financial Statements

Note 6 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Plan Description

Plan membership at fiscal year-end:

	<u>2017</u>	<u>2016</u>
Inactive employees or beneficiaries currently receiving benefit payments	3,158	2,791
Inactive employees entitled to but not yet receiving benefit payments	35	35
Active employees	9,895	9,664
Total	<u>\$ 13,088</u>	<u>\$12,490</u>

Actuarial Assumptions

The OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method.....	Entry age normal
Actuarial Trend Assumption.....	Medical and prescription drug trend rate applied to FY2017 is 5.60%. The ultimate rate of 3.90%. Dental trend to be applied is 5.00% for all years
Inflation.....	2.30%
Projected Cash Flows.....	Member and County contributions will continue to increase \$3 million per annum.
	Long-term expected rate of return of 7.50% was applied to fiscal years 2018 through 2036
Mortality.....	Generational RP-2000 Combined Mortality Table for Males and Females projected using Scale AA. Future mortality improvements are projected to 2025.

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

Notes to Basic Financial Statements

Note 6 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

For each major asset class that is included in the System’s target asset allocation, these best estimates are summarized in the following table:

Asset Class	Long Term Expected Real Rate of Return
Equities	3.27%
Fixed Income	1.14%

Discount Rate

The discount rate used to measure the total OPEB pension liability was 3.20% at the beginning of the current measurement period and 3.94% at the end. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the County will continue to increase \$3 million per annum. Based on these assumptions, the Plan’s expected to be insolvent in 2036. The present value of payments through 2036 have been determined using the expected rate of return of assets 7.50% as a discount rate, and the present value of benefit payments after 2036 have been determined using the June 30, 2017 bond rate of 3.58% as a discount rate. The equivalent sing rate is 3.94%.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the OPEB liability to changes in the single discount rate, the following presents the HCPSS’ OPEB liability, calculated using a single discount rate of 3.94%, as well as what the HCPSS’ OPEB 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 discount rate:

Discount Rate Sensitivity	1% Decrease 2.94%	Discount rate 3.94%	1% Increase 4.94%
Net OPEB liability	\$ 861,903,950	\$ 715,235,479	\$ 598,220,749

The following presents the HCPSS OPEB liability, calculated using a health care cost trend rate 1-percentage-point lower or 1-percentage-point higher:

Trend Sensitivity Year 2075	1% Decrease 2.90%	Heath care cost trend rate 3.90%	1% Increase 4.90%
Net OPEB liability	\$ 580,904,747	\$ 715,235,479	\$ 893,406,798

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

Notes to Basic Financial Statements

Note 6 – Postemployment Benefits Other Than Pension Benefits (OPEB) (continued)

Change in the Net OPEB Liability

	(Dollar Amounts in Thousands)		
	Total OPEB Liability	Plan Fiduciary Net Pension	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balance at June 30, 2018 for FYE 2017	\$ 834,469	\$ 52,588	\$ 781,881
Charges for the year:			
Service Cost	42,020	-	42,020
Interest	26,462	-	26,462
ER Trust contribution	-	23,498	(23,498)
Net Invest income	-	6,412	(6,412)
Changes in assumptions	(105,220)	-	(105,220)
Benefits payments	(15,037)	(15,037)	-
Administrative expense	-	(2)	2
Net changes	<u>\$ (51,775)</u>	<u>\$ 14,871</u>	<u>\$ (66,646)</u>
Balance at 06/30/2018	<u>\$ 782,694</u>	<u>\$ 67,459</u>	<u>\$ 715,235</u>

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

Notes to Basic Financial Statements

Note 7 – Fund Balance/Net Position

Fund balance at June 30, 2018, consists of the following:

	General Fund	Food Services Fund	Genelg Wastewater Treatment Plant Fund	Restricted Programs Funds	Capital Projects Fund
Nonspendable for:					
Prepaid items	\$ 59,857	\$ -	\$ -	\$ -	\$ -
Inventories	851,002	259,693	-	-	-
Total nonspendable	910,859	259,693	-	-	-
Restricted For:					
Glenelg Wastewater Plant	-	-	1,246,593	-	-
Future School Construction	-	-	-	-	2,768,876
Total restricted	-	-	1,246,593	-	2,768,876
Committed To:					
Severance payable	686,120	-	-	-	-
Assigned To:					
Subsequent year's Budget appropriations	6,000,000	-	-	-	-
Encumbrances	4,685,312	-	-	-	-
Food Services operations	-	2,071,349	-	-	-
Future Special Revenue Programs	-	-	-	752,245	-
Total assigned	10,685,312	2,071,349	-	752,245	-
Unassigned	13,192,026	-	-	-	-
Total fund balances	\$ 25,474,317	\$ 2,331,042	\$ 1,246,593	\$ 752,245	\$ 2,768,876

Deficit Fund Balance/Net Position

The Health and Dental Fund reflects a deficit net position balance at June 30, 2018, because of the rapid rise in health costs that exceeded allotted funding. 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 Basic 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, 2018, are for the following uses:

	General Fund
Administration	\$ 15,204
Mid-Level Administration	72,405
Instructional	958,670
Special Education	246,551
Student Services	815
Health Services	53,182
Student Transportation	121,655
Operation of Plant	677,815
Maintenance of Plant	1,692,454
Fixed Charges	645,031
Community Services	201,530
Total	\$ 4,685,312

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

Notes to Basic 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 2022. Total costs were \$773,466 for the leases for the year ended June 30, 2018. The future minimum lease payments for these leases are as follows:

Year Ending June 30	Governmental Activities
2019	\$ 463,583
2020	186,375
2021	66,270
2022	11,160
Total	\$ 727,388

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 Basic 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, 2018, the inter-fund premiums did not exceed reimbursable expenditures in the Health and Dental Self-Insurance Fund or the Workers' Compensation Self-Insurance 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 self-insurance internal service funds.

	2018		2017	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 5,495,226	\$ 11,264,601	\$ 3,468,833	\$ 10,586,580
Incurred claims (including IBNR adjustment)	(558,201)	128,899,235	4,491,721	123,418,748
Claim payments	(2,130,224)	(129,142,522)	(2,465,328)	(122,740,727)
Ending payable, June 30	\$ 2,806,801	\$ 11,021,314	\$ 5,495,226	\$ 11,264,601

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

Notes to Basic Financial Statements

Note 11 – New Accounting Pronouncement

The HCPSS adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) and thereby establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures.

The pronouncement required the restatement of the June 30, 2017 net position of governmental activities as follows:

Net position July 1, 2017, as previously stated	\$ 1,177,408,698
Cumulative effect of the application of GASB 75, net OPEB liability	<u>(758,382,969)</u>
Net position July 1, 2017, as restated	<u>\$ 419,025,729</u>

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

Financial Section

Required Supplementary Information



Required Supplementary Information

Howard County Public School System

Budgetary Comparison Schedule

(Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2018

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Local sources	\$572,871,655	\$ 572,871,655	\$ 572,871,655	\$ -
State sources	238,613,960	238,613,960	238,519,729	(94,231)
Federal sources	370,000	370,000	372,664	2,664
Earnings on investments	30,000	30,000	778,242	748,242
Charges for services	4,920,669	4,920,669	6,437,530	1,516,861
Miscellaneous revenues	800,000	800,000	1,704,892	904,892
Total revenues	<u>817,606,284</u>	<u>817,606,284</u>	<u>820,684,712</u>	<u>3,078,428</u>
EXPENDITURES				
Current:				
Administration	13,240,748	13,940,748	13,521,593	419,155
Mid-level administration	62,488,043	62,428,043	61,815,726	612,317
Instruction:				
Instructional salaries	345,966,464	344,527,214	343,382,750	1,144,464
Textbook and classroom supplies	9,640,536	8,933,036	7,207,840	1,725,196
Other instructional costs	3,109,046	2,683,046	1,885,963	797,083
Special education	104,727,030	104,727,030	104,714,199	12,831
Student personnel services	3,425,010	3,425,010	3,405,119	19,891
Health services	8,235,796	8,178,796	8,172,791	6,005
Student transportation	38,615,733	39,015,733	39,011,564	4,169
Operation of plant	40,501,696	40,101,696	37,974,825	2,126,871
Maintenance of plant	23,939,247	23,939,247	23,828,343	110,904
Fixed charges	157,397,416	159,387,166	159,178,603	208,563
Community services	6,973,670	6,973,670	6,950,104	23,566
Capital outlay	845,849	845,849	844,428	1,421
Total expenditures	<u>819,106,284</u>	<u>819,106,284</u>	<u>811,893,848</u>	<u>7,212,436</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,500,000)</u>	<u>\$ (1,500,000)</u>	8,790,864	<u>\$10,290,864</u>
FUND BALANCE AT JUNE 30, 2017 - BUDGETARY BASIS			11,998,140	
FUND BALANCE AT JUNE 30, 2018 - BUDGETARY BASIS			20,789,004	
Encumbrances at June 30, 2018			4,685,312	
FUND BALANCE AT JUNE 30, 2018 - GAAP BASIS			<u>\$ 25,474,316</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, 2018

REVENUES

Budgetary basis	\$	820,684,712
Add - Pension contribution paid by State of Maryland		55,032,766
- OPEB contribution paid by Howard County Government		24,924,146
- Revenues from loaned staff program		124,300
		<hr/>
GAAP basis	\$	<u>900,765,924</u>

EXPENDITURES

Budgetary basis	\$	811,893,848
Add - Prior year's encumbrances expended this year		9,349,240
- Pension contribution paid by State of Maryland		55,032,766
- OPEB contribution paid by Howard County Government		24,924,146
- Expenditures from loaned staff		124,300
Less - Current year's encumbrances outstanding		(4,685,312)
		<hr/>
GAAP basis	\$	<u>896,638,988</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:

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
HCPSS's proportion of the net pension liability	0.204227%	0.2166318%	0.211628%	0.1932165%
HCPSS's proportionate share of the net pension liability	\$ 44,161,368	\$ 51,112,176	\$ 43,979,901	\$ 34,289,621
HCPSS's covered payroll	\$ 52,660,440	\$ 49,018,157	\$ 48,409,886	\$ 46,836,572
HCPSS's proportionate share of the net pension liability as a percentage of its covered payroll	83.86%	104.27%	90.85%	73.21%
Plan fiduciary net position as a percentage of the total pension liability	62.97%	66.26%	66.26%	73.65%

Teacher's Retirement and Pension System:

HCPSS's proportion of the net pension liability	0.0%	0.0%	0.0%	0.0%
HCPSS's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability of HCPSS	<u>584,674,547</u>	<u>676,791,275</u>	<u>710,782,005</u>	<u>507,145,242</u>
Total	\$ 584,674,547	\$ 676,791,275	\$ 710,782,005	\$ 507,145,242
HCPSS's covered payroll	\$ 469,912,057	\$ 448,446,514	\$ 448,446,514	\$ 433,872,077
HCPSS's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	67.95%	67.95%	70.76%	69.53%

The amounts presented for fiscal year 2018 were determined as of July 1 of two years prior, using membership data as of that date projected forward to June 30 of the previous year. Additionally, the HCPSS implemented GASB 68 during fiscal year 2015. As such, only four years of information are available.

Required Supplementary Information

Howard County Public School System

Schedule of the Board's Contributions Maryland State Retirement and Pension System Last Ten Fiscal Years

Employees' Retirement and Pension System

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	\$ 4,583,972	\$ 4,156,710	\$ 4,220,168	\$ 4,460,545	\$ 4,502,643	\$ 3,915,358	\$ 4,753,913	\$ 4,664,615	\$ 3,350,776	\$ 3,056,419
Contributions in relation to the contractually required contribution	(4,583,972)	(4,156,710)	(4,220,168)	(4,460,545)	(4,502,643)	(3,915,358)	(4,753,913)	(4,664,615)	(3,350,776)	(3,056,419)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 55,508,104	\$ 52,660,440	\$ 49,018,157	\$ 48,409,885	\$ 46,836,572	\$ 45,820,362	\$ 44,589,336	\$ 43,901,214	\$ 43,053,303	\$ 43,198,071
Contributions as a percentage of covered payroll	8%	8%	9%	9%	10%	9%	11%	11%	8%	7%

Teachers' Retirement and Pension System

	2018	2017	2015	2014	2013	2012*	2011*	2010*	2009*	2008*
Contractually required contribution	\$ 21,003,700	\$ 19,796,016	\$ 18,309,945	\$ 15,925,463	\$ 12,448,477	\$ 9,821,066	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	(21,003,700)	(19,796,016)	(18,309,945)	(15,925,463)	(12,448,477)	(9,821,066)				
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 493,958,233	\$ 469,912,057	\$ 448,824,543	\$ 448,446,514	\$ 433,872,077	\$ 424,458,383	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	4%	4%	4%	4%	3%	2%	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

Howard County Public School System

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 2016 valuation:

- Inflation assumptions changed from 2.70% to 2.65%

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	21 year for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.65% general, 3.15% wage
Salary Increases	3.15% to 9.15%, including inflation
Investment Rate of Return	7.50%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2015 valuation pursuant to the 2015 Experience study for the period July 1, 2010 to June 30, 2014
Mortality	RP-2014 Mortality Table with projected generational mortality improvement based on the MP-2014, calibrated to MSRPS experience.

Required Supplementary Information

Howard County Public School System

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Required Supplementary Information

Howard County Public School System

Schedule of Employer's Proportionate Share of the Net OPEB Liability

Last 10 Fiscal Years*

(Dollar Amounts in Thousands)

	<u>2018</u>
Employer's Proportion of the Net OPEB Liability	64.69%
Employer's Proportionate Share of the Net OPEB Liability	\$ 715,235,479
Covered-employee payroll	\$ 549,466,337
Employer's Proportionate Share of the Net OPEB Liability as a Percentage of covered-employee payroll	76.8%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	8.62%

* The amount presented for each fiscal year were determined as of the calendar yearend that occurred within the fiscal year

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

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Financial Section

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, 2018

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Intergovernmental Revenues				
Local Sources				
Local appropriation	\$ 572,871,655	\$ 572,871,655	\$ 572,871,655	\$ -
State Sources				
State Foundation	167,021,217	167,021,217	167,021,217	-
Transportation	16,061,612	16,061,612	16,061,612	-
Special education	9,911,859	9,911,859	9,959,000	47,141
Compensatory education	30,380,453	30,380,453	30,380,453	-
Limited English proficient	7,877,543	7,877,543	7,877,543	-
Students with Disabilities	1,432,000	1,432,000	1,432,000	-
State geographic index	5,709,276	5,709,276	5,709,276	-
Other - LEA tuition	220,000	220,000	78,628	(141,372)
Total state sources	<u>238,613,960</u>	<u>238,613,960</u>	<u>238,519,729</u>	<u>(94,231)</u>
Federal Sources				
ROTC reimbursement	210,000	210,000	248,656	38,656
Impact Aid (PL 874)	160,000	160,000	124,008	(35,992)
Total federal sources	<u>370,000</u>	<u>370,000</u>	<u>372,664</u>	<u>2,664</u>
Earnings on investments	<u>30,000</u>	<u>30,000</u>	<u>778,242</u>	<u>748,242</u>
Charges for services				
Tuition from patrons	909,000	909,000	1,118,281	209,281
Use of school buildings	1,200,000	1,200,000	1,278,766	78,766
Athletic program - gate receipts	340,000	340,000	361,834	21,834
Energy rebates	500,000	500,000	1,872,658	1,372,658
Administration and overhead fees	1,971,669	1,971,669	1,805,991	(165,678)
Total charges for services, etc.	<u>4,920,669</u>	<u>4,920,669</u>	<u>6,437,530</u>	<u>1,516,861</u>
Miscellaneous Revenue				
Other	800,000	800,000	1,704,892	904,892
TOTAL	<u>\$ 817,606,284</u>	<u>\$ 817,606,284</u>	<u>\$ 820,684,712</u>	<u>\$ 3,078,428</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, 2018

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Administration				
Salaries and wages	\$ 10,291,499	\$ 10,304,429	\$ 10,102,589	\$ 201,840
Contracted services	2,240,864	2,394,605	2,394,605	-
Supplies and materials	339,690	335,949	162,011	173,938
Other charges	368,695	905,765	862,388	43,377
Equipment	-	-	-	-
Total administration	<u>13,240,748</u>	<u>13,940,748</u>	<u>13,521,593</u>	<u>419,155</u>
Instructional salaries	<u>345,966,464</u>	<u>344,527,214</u>	<u>343,382,750</u>	<u>1,144,464</u>
Textbooks and classroom supplies	<u>9,640,536</u>	<u>8,933,036</u>	<u>7,207,840</u>	<u>1,725,196</u>
Other Instructional Costs				
Contracted services	2,242,332	1,855,839	1,399,814	456,025
Other charges	256,614	257,107	180,838	76,269
Equipment	30,100	30,100	6,119	23,981
Outgoing transfers	580,000	540,000	299,192	240,808
Total other instructional costs	<u>3,109,046</u>	<u>2,683,046</u>	<u>1,885,963</u>	<u>797,083</u>
Student Personnel Services				
Salaries and wages	2,985,269	3,003,884	2,988,141	15,743
Contracted services	379,246	376,746	376,669	77
Supplies and materials	22,503	18,388	16,815	1,573
Other charges	37,992	25,992	23,494	2,498
Total pupil personnel services	<u>3,425,010</u>	<u>3,425,010</u>	<u>3,405,119</u>	<u>19,891</u>
Health Services				
Salaries and wages	7,647,864	7,685,129	7,685,129	-
Contracted services	373,584	257,565	257,565	-
Supplies and materials	187,548	226,923	226,923	-
Other charges	26,800	9,179	3,174	6,005
Total health services	<u>8,235,796</u>	<u>8,178,796</u>	<u>8,172,791</u>	<u>6,005</u>
Student Transportation				
Salaries and wages	1,443,709	1,458,552	1,458,552	-
Contracted services	36,633,480	37,005,812	37,001,643	4,169
Supplies and materials	20,004	32,555	32,555	-
Other charges	518,540	518,814	518,814	-
Equipment	-	-	-	-
Total pupil transportation	<u>38,615,733</u>	<u>39,015,733</u>	<u>39,011,564</u>	<u>4,169</u>
Operation of Plant				
Salaries and wages	21,013,172	20,149,517	20,140,060	9,457
Contracted services	1,139,431	1,618,022	1,618,022	-
Supplies and materials	1,212,863	1,400,593	1,274,518	126,075
Other charges	17,136,230	16,882,564	14,891,885	1,990,679
Equipment	-	51,000	50,340	660
Total operation of plant	<u>40,501,696</u>	<u>40,101,696</u>	<u>37,974,825</u>	<u>2,126,871</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, 2018

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Maintenance of Plant				
Salaries and wages	11,936,645	11,168,885	11,058,011	110,874
Contracted services	10,748,382	11,758,881	11,758,851	30
Supplies and materials	1,019,330	790,351	790,351	-
Other charges	84,890	12,835	12,835	-
Equipment	150,000	208,295	208,295	-
Total maintenance of plant	<u>23,939,247</u>	<u>23,939,247</u>	<u>23,828,343</u>	<u>110,904</u>
Other Fixed Charges	<u>157,397,416</u>	<u>159,387,166</u>	<u>159,178,603</u>	<u>208,563</u>
Mid-level Administration				
Salaries and wages	54,791,053	54,720,400	54,224,474	495,926
Contracted services	6,035,697	6,393,452	6,393,452	-
Supplies and materials	1,225,413	872,299	755,251	117,048
Other charges	435,880	441,892	442,549	(657)
Equipment	-	-	-	-
Total mid-level administration	<u>62,488,043</u>	<u>62,428,043</u>	<u>61,815,726</u>	<u>612,317</u>
Community Services				
Salaries and wages	4,126,915	4,133,129	4,109,862	23,267
Contracted services	1,393,812	1,428,768	1,428,768	-
Supplies and materials	416,783	381,937	381,938	(1)
Other charges	1,036,160	1,029,836	1,029,536	300
Equipment	-	-	-	-
Total community services	<u>6,973,670</u>	<u>6,973,670</u>	<u>6,950,104</u>	<u>23,566</u>
Special Education				
Salaries and wages	93,523,868	91,041,105	91,041,105	-
Contracted services	2,653,338	3,168,043	3,168,043	-
Supplies and materials	547,351	591,435	591,435	-
Other charges	322,303	326,322	325,222	1,100
Equipment	40,400	29,400	17,672	11,728
Outgoing transfers	7,639,770	9,570,725	9,570,722	3
Total special education	<u>104,727,030</u>	<u>104,727,030</u>	<u>104,714,199</u>	<u>12,831</u>
Capital Outlay				
Salaries and wages	798,055	810,155	810,155	-
Contracted services	16,403	12,603	12,603	-
Supplies and materials	9,791	7,372	7,372	-
Other charges	21,600	15,719	14,298	1,421
Total capital outlay	<u>845,849</u>	<u>845,849</u>	<u>844,428</u>	<u>1,421</u>
TOTAL EXPENDITURES	<u>\$ 819,106,284</u>	<u>\$ 819,106,284</u>	<u>\$ 811,893,848</u>	<u>\$ 7,212,436</u>

Other Supplementary Information

Howard County Public School System

Food Services Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2018

	<u>Budget (*)</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Intergovernmental Revenues:			
State	\$ 396,927	\$ 585,880	\$ 188,953
Federal:			
National School Lunch and Milk Programs	5,799,234	5,969,720	170,486
National School Breakfast	1,490,971	1,664,159	173,188
U.S.D.A. Commodity Program	-	989,449	989,449
Total intergovernmental revenues	<u>7,290,205</u>	<u>8,623,328</u>	<u>1,333,123</u>
Earnings on investments	800	6,203	5,403
Charges for Services:			
Food sales	6,145,872	6,902,223	756,351
Total revenues	<u>13,833,804</u>	<u>16,117,634</u>	<u>2,283,830</u>
EXPENDITURES			
Costs of operation - Food Service:			
Cost of food	5,178,000	5,747,491	(569,491)
U.S.D.A. Commodity Program	-	903,355	(903,355)
Salaries and wages	8,103,700	8,136,194	(32,494)
Equipment/Miscellaneous	616,000	696,217	(80,217)
Total expenditures	<u>13,897,700</u>	<u>15,483,257</u>	<u>(1,585,557)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (63,896)</u>	634,377	<u>\$ 698,273</u>
FUND BALANCE AT JULY 1, 2017		<u>1,696,665</u>	
FUND BALANCE AT JUNE 30, 2018		<u>\$ 2,331,042</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, 2018

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
ASSETS					
Current Assets					
Investments	\$ -	\$ -	\$ 4,640,633	\$ 1,153,763	\$ 5,794,396
Accounts receivable	-	1,979	-	55,419	57,398
Due from other funds	274,187	2,527,314	-	-	2,801,501
Inventory	155,539	4,896	-	-	160,435
Prepaid expenses	-	208,340	-	199,901	408,241
Total current assets	429,726	2,742,529	4,640,633	1,409,083	9,221,971
Non-Current Assets					
Capital assets:					
Furniture, fixtures and equipment	590,645	16,661,696	-	-	17,252,341
Less accumulated depreciation	(464,713)	(8,717,973)	-	-	(9,182,686)
Total capital assets, net of depreciation	125,932	7,943,723	-	-	8,069,655
Total assets	555,658	10,686,252	4,640,633	1,409,083	17,291,626
LIABILITIES					
Current Liabilities					
Accounts payable	55,046	1,096,832	167,597	2,834,032	4,153,507
Capital leases	-	3,056,784	-	-	3,056,784
Due to other funds	-	-	424,415	19,919,856	20,344,271
Accrued liabilities	-	836,262	-	-	836,262
Claims payable	-	-	2,000,000	11,021,314	13,021,314
Unearned revenue	-	-	-	4,653,183	4,653,183
Total current liabilities	55,046	4,989,878	2,592,012	38,428,385	46,065,321
Long-Term Liabilities					
Capital leases	-	-	-	-	-
Claims payable, net of current portion	-	-	806,801	-	806,801
Total long-term liabilities	-	-	806,801	-	806,801
Total liabilities	55,046	4,989,878	3,398,813	38,428,385	46,872,122
NET POSITION					
Net investment in capital assets	125,932	4,886,939	-	-	5,012,871
Unrestricted	374,680	809,435	1,241,820	(37,019,302)	(34,593,367)
TOTAL NET POSITION	\$ 500,612	\$ 5,696,374	\$ 1,241,820	\$ (37,019,302)	\$ (29,580,496)

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, 2018

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
OPERATING REVENUES					
Charges for services - internal	\$ 967,362	\$ 15,287,057	\$ 850,000	\$ 95,391,580	\$ 112,495,999
Miscellaneous revenue	-	-	2,688,425	-	2,688,425
Contributions from employees	-	-	-	25,264,743	25,264,743
Total operating revenues	967,362	15,287,057	3,538,425	120,656,323	140,449,167
OPERATING EXPENSES					
Administrative expenses	1,126,799	10,192,914	556,687	6,383,928	18,260,328
Claims and related expenses	-	-	2,130,223	129,142,522	131,272,745
Depreciation expense	27,091	2,368,226	-	-	2,395,317
Total operating expenses	1,153,890	12,561,140	2,686,910	135,526,450	151,928,390
Operating income (loss)	(186,528)	2,725,917	851,515	(14,870,127)	(11,479,223)
NON-OPERATING REVENUE					
Interest Income	-	-	61,193	15,214	76,407
Non-operating income	-	-	61,193	15,214	76,407
CHANGES IN NET POSITION	(186,528)	2,725,917	912,708	(14,854,913)	(11,402,816)
TOTAL NET POSITION,	687,140	2,970,457	329,112	(22,164,389)	(18,177,680)
TOTAL NET POSITION, END OF YEAR	<u>\$ 500,612</u>	<u>\$ 5,696,374</u>	<u>\$ 1,241,820</u>	<u>\$ (37,019,302)</u>	<u>\$ (29,580,496)</u>

Other Supplementary Information

Howard County Public School System

Combining Schedule of Cash Flows

Internal Service Funds

Year Ended June 30, 2018

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Cash received from other funds	\$ 1,176,724	\$ 13,521,684	\$ 2,738,033	\$ 110,161,665	\$ 127,598,106
Cash received from employees and retirees	-	-	-	25,264,743	25,264,743
Payments to employees	(737,696)	(5,242,683)	(56,244)	(358,067)	(6,394,690)
Payments to suppliers	(423,533)	(4,790,783)	(2,681,789)	(135,068,341)	(142,964,446)
Net cash provided by (used by) operating activities	15,495	3,488,218	-	-	3,503,713
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of equipment	(15,495)	(698,341)	-	-	(713,836)
Principal paid on capital lease	-	(2,789,877)	-	-	(2,789,877)
Net cash used by capital and related financing activities	(15,495)	(3,488,218)	-	-	(3,503,713)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sale (purchase) of investments	-	-	(61,193)	(15,214)	(76,407)
Interest received	-	-	61,193	15,214	76,407
Net cash used by (provided by) investing activities	-	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS					
	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JULY 1, 2017					
	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JUNE 30, 2018					
	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to New Cash Provided by Operating Activities					
Operating income (loss)	\$ (186,528)	\$ 2,725,917	\$ 851,515	\$ (14,870,127)	\$ (11,479,223)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	27,091	2,368,226	-	-	2,395,317
Effects of changes in assets and liabilities:					
Accounts receivable	-	-	-	51,029	51,029
Prepaid expenses	-	31,407	44,000	333,394	408,801
Due from other funds	209,362	(1,765,373)	1,463,618	-	(92,393)
Inventory	14,510	705	-	-	15,215
Accounts payable	(48,940)	127,336	(95,123)	15,966	(761)
Accrued liabilities	-	-	-	(6,031)	(6,031)
Claims payable	-	-	(2,688,425)	(243,287)	(2,931,712)
Due to other funds	-	-	424,415	14,413,492	14,837,907
Deferred revenue	-	-	-	305,564	305,564
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	\$ 15,495	\$ 3,488,218	\$ -	\$ -	\$ 3,503,713
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:					
Purchase of equipment through a capital lease	\$ -	\$ 453,364	\$ -	\$ -	\$ 453,364

Other Supplementary Information

Howard County Public School System

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>
Elementary Schools				
Atholton ES	\$ 15,616	\$ 44,483	\$ 50,927	\$ 9,172
Bellows Spring ES	42,001	90,327	89,468	42,860
Bollman Bridge ES	33,364	81,491	84,110	30,745
Bryant Woods ES	13,360	49,210	45,126	17,444
Bushy Park ES	27,107	57,158	67,137	17,128
Centennial Lane ES	17,762	56,555	49,585	24,732
Clarksville ES	30,894	51,630	52,673	29,851
Clemens Crossing ES	43,596	53,262	67,656	29,202
Cradlerock School	18,608	41,858	43,680	16,786
Dayton Oaks ES	58,723	139,930	138,665	59,988
Deep Run ES	31,801	73,860	69,328	36,333
Duckett's Lane ES	15,666	56,723	61,064	11,325
Elkridge ES	57,575	68,984	74,111	52,448
Forest Ridge ES	24,010	43,583	45,089	22,504
Fulton ES	34,178	66,623	57,212	43,589
Gorman Crossing ES	39,034	76,117	86,728	28,423
Guilford ES	30,617	25,795	30,874	25,538
Hammond ES	18,860	54,312	57,179	15,993
Hollifield Station ES	36,581	108,329	116,146	28,764
Ilchester ES	99,120	115,418	115,460	99,078
Jeffers Hill ES	34,789	31,686	30,570	35,905
Laurel Woods ES	13,635	27,842	32,381	9,096
Lisbon ES	25,139	38,949	38,037	26,051
Longfellow ES	19,518	48,862	44,093	24,287
Manor Woods ES	38,427	67,157	64,409	41,175
Northfield ES	22,626	65,264	66,097	21,793
Phelps Luck ES	24,674	33,554	40,684	17,544
Pointers Run ES	59,109	102,736	67,114	94,731
Rockburn ES	37,412	108,646	109,168	36,890
Running Brook ES	32,828	63,122	52,982	42,968
St. John's Lane ES	38,579	39,551	44,814	33,316
Steven's Forest ES	40,032	30,245	32,764	37,513
Swansfield ES	19,653	40,101	31,725	28,029
Talbott Springs ES	23,727	30,881	28,648	25,960
Thunder Hill ES	21,011	41,759	37,420	25,350
Triadelphia Ridge ES	50,148	69,606	65,741	54,013
Veterans ES	39,996	96,968	105,056	31,908
Waterloo ES	71,405	109,986	128,533	52,858
Waverly ES	24,589	84,464	63,419	45,634
West Friendship ES	25,318	35,396	20,884	39,830
Worthington ES	41,589	46,449	41,686	46,352
Total - Elementary Schools	<u>1,392,677</u>	<u>2,568,872</u>	<u>2,548,443</u>	<u>1,413,106</u>

Other Supplementary Information

Howard County Public School System Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2018

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Middle Schools				
Bonnie Branch MS	\$ 71,498	\$ 136,447	\$ 143,233	\$ 64,712
Burleigh Manor MS	72,721	238,091	241,289	69,523
Clarksville MS	63,600	194,036	181,633	76,003
Dunloggin MS	39,915	118,554	112,837	45,632
Elkridge Landing MS	29,935	101,733	108,223	23,445
Ellicott Mills MS	33,560	230,603	232,599	31,564
Folly Quarter MS	33,230	137,488	134,267	36,451
Glenwood MS	39,855	118,985	126,319	32,521
Hammond MS	17,397	109,211	112,814	13,794
Harper's Choice MS	17,144	106,205	96,735	26,614
Lake Elkhorn MS	13,093	94,711	96,572	11,232
Lime Kiln MS	42,615	115,502	110,392	47,725
Mayfield Woods MS	27,827	133,084	133,597	27,314
Mount View MS	47,593	181,396	181,497	47,492
Murray Hill MS	15,634	89,311	85,376	19,569
Oakland Mills MS	16,684	96,730	94,807	18,607
Patapsco MS	34,321	111,043	114,725	30,639
Patuxent Valley MS	13,758	119,878	119,044	14,592
Thomas Viaduct MS	26,003	119,090	113,309	31,784
Wilde Lake MS	29,449	129,284	127,030	31,703
Total - Middle Schools	685,832	2,681,382	2,666,298	700,916
High Schools				
Atholton HS	207,439	513,080	541,333	179,186
Centennial HS	372,603	800,340	805,127	367,816
Glenelg HS	284,533	691,789	706,834	269,488
Hammond HS	180,926	613,356	572,406	221,876
Howard HS	323,273	755,304	785,014	293,563
Long Reach HS	129,986	523,630	515,522	138,094
Marriotts Ridge HS	152,224	629,017	627,589	153,652
Mount Hebron HS	215,712	727,905	725,574	218,043
Oakland Mills HS	183,390	447,738	450,215	180,913
Reservoir HS	201,110	515,299	502,709	213,700
River Hill HS	268,506	837,308	843,485	262,329
Wilde Lake HS	199,871	397,206	390,354	206,723
Total - High Schools	2,719,573	7,451,972	7,466,162	2,705,383
Special Schools				
Apps and Research Lab	17,684	19,504	14,971	22,217
Cedar Lane School	48,026	60,629	62,923	45,732
Homewood School.	20,770	4,820	12,872	12,718
Total - Special Schools	86,480	84,953	90,766	80,667
Total - All Schools	\$ 4,884,562	\$ 12,787,179	\$ 12,771,669	\$ 4,900,072

Statistical Section



Statistical Section

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Debt Capacity – The HCPSS has no authority to issue bond debt. The Howard County Government and the

State of Maryland incur bond debt on behalf of the HCPSS to fund capital improvements and are responsible for the liquidation of these debts. In accordance with Board Policy, the HCPSS has the authority to enter into capital lease agreements.

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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.

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Statistical Section

Howard County Public School System

Table 1

Net Position by Component*
Year Ended June 30, 2018 and Nine Prior Years
(amounts expressed in thousands)

	2009	2010	2012	2013	2014**	2015	2016	2017	2018
Governmental Activities									
Net investment in capital assets	\$ 842,088	\$ 875,068	\$ 956,102	\$ 1,019,894	\$ 1,074,422	\$ 1,120,105	\$ 1,166,847	\$ 1,217,728	\$ 1,234,814
Restricted for construction	-	2	-	-	-	-	-	-	-
Restricted for GWWTP	984	1,181	1,236	1,240	1,220	1,220	1,222	1,230	1,247
Restricted for Food Services	806	3,036	145	152	190	216	234	192	1,012
Unrestricted	21,250	15,054	36,015	32,627	21,386	(23,550)	(41,059)	(41,741)	(835,260)
Total Governmental Activities Net Position	865,128	894,341	993,498	1,053,913	1,097,218	1,097,991	1,127,244	1,177,409	401,813
Business-type Activities									
Net investment in capital assets	67	47	23	29	22	30	46	73	59
Unrestricted	121	137	147	178	199	228	256	244	295
Total Business-type Activities Net Position	188	184	170	207	221	258	302	317	354
Total Primary Government									
Net investment in capital assets	842,155	875,115	956,125	1,019,923	1,074,444	1,120,135	1,166,893	1,217,801	1,234,873
Restricted	1,790	4,219	1,381	1,392	1,410	1,436	1,456	1,422	2,259
Unrestricted	21,371	15,191	36,162	32,805	21,585	(23,322)	(40,803)	(41,497)	(834,965)
Total Primary Government Net Position	\$ 865,316	\$ 894,525	\$ 993,668	\$ 1,054,120	\$ 1,097,439	\$ 1,098,249	\$ 1,127,546	\$ 1,177,726	\$ 402,167

*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 w with GASB 54.

Statistical Section

Howard County Public School System

Table 2

Changes in Net Position*

Year Ended June 30, 2018 and Nine Prior Years

(amounts expressed in thousands)

Functions/Programs	2009	2010	2011	2012	2013	2014**	2015	2016	2017	2018
Expenses										
Governmental Activities										
Instruction										
Regular education	\$ 437,654	\$ 436,546	\$ 465,690	\$ 463,498	\$ 476,879	\$ 501,414	\$ 525,124	\$ 536,486	\$ 549,749	\$ 604,207
Special education	123,944	128,051	131,738	130,779	134,681	141,204	146,833	153,791	159,479	175,426
Total Instruction	561,598	564,597	597,428	594,277	611,560	642,618	671,957	690,277	709,228	779,633
Support Services										
Administration	13,729	13,845	13,328	14,278	14,726	16,672	18,166	19,105	22,437	21,741
Mid-level administration	74,012	74,277	80,223	62,950	82,617	83,136	88,165	92,335	94,884	101,422
Student personnel services	4,062	3,524	3,844	3,823	2,860	4,133	4,371	4,852	4,931	5,266
Health services	7,755	8,057	8,324	8,387	8,543	9,551	10,329	11,397	11,963	12,725
Student transportation	31,711	33,254	34,655	36,138	36,808	37,068	37,528	38,035	38,839	39,891
Operation of plant	49,378	50,475	45,384	45,276	46,705	47,487	49,682	49,707	49,465	49,785
Maintenance of plant and equipment	26,004	27,087	27,905	26,962	28,817	25,747	28,372	30,755	30,121	31,779
Community services	7,043	7,091	7,298	7,264	7,265	7,556	7,437	8,741	8,603	9,402
Food services	11,725	11,689	12,167	12,009	12,203	12,923	13,465	13,845	14,857	15,483
Interest on long-term debt	580	433	325	163	96	75	63	61	43	27
Total Support Services	225,999	229,732	233,453	217,250	240,640	244,348	257,578	268,833	276,143	287,521
Total Governmental Activities	787,597	794,329	830,881	811,527	852,200	886,966	929,535	959,110	985,371	1,067,154
Business-type Activities										
Jim Rouse Theatre	164	132	150	177	103	112	111	90	109	123
Total School System Expenses	787,761	794,461	831,031	811,704	852,303	887,078	929,646	959,200	985,480	1,067,277

*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, 2018 and Nine Prior Years

(amounts expressed in thousands)

Program Revenues	2009	2010	2011	2012	2013	2014**	2015	2016	2017	2018
Charges for Services										
Regular education	\$ 4,847	\$ 4,776	\$ 5,061	\$ 18,645	\$ 3,020	\$ 2,315	\$ 2,232	\$ 2,473	\$ 3,637	\$ 3,637
Special education										
Operation of plant	14,331	(681)	3,418	4,750	4,341	4,826	7,328	9,362	17,452	17,452
Food services	8,059	7,462	7,037	6,813	6,165	5,702	5,552	5,978	6,902	6,902
Operating grants and contributions	96,957	129,393	154,174	133,145	122,699	139,082	145,645	146,211	168,923	168,923
Capital grants and contributions	54,178	58,845	63,877	69,629	98,706	86,809	78,090	80,150	61,699	61,699
Total Program Revenues	178,372	199,795	233,567	232,982	234,931	238,734	238,847	244,174	258,613	258,613
Business-type Activities										
Jim Rouse Theatre	156	128	144	169	139	126	148	134	159	159
Total School System Revenues	178,528	199,923	233,711	233,151	235,070	238,860	238,995	244,308	258,772	258,772
Total Governmental Net Expense	(609,233)	(594,538)	(597,320)	(578,553)	(617,233)	(648,218)	(690,651)	(714,892)	(726,708)	(808,505)
General Revenues and Other Changes in Net Position										
General revenues										
Local appropriations	454,795	457,560	464,708	467,617	482,385	497,486	530,440	544,145	572,872	572,872
State Aid	168,600	164,563	169,183	169,994	191,285	192,048	192,480	197,822	212,420	212,420
Federal Aid	189	100	174	141	148	127	163	160	124	124
Interest and investment earnings	962	124	122	72	98	43	33	101	816	816
Miscellaneous	1,212	1,401	1,382	1,620	3,769	1,833	1,900	1,962	5,094	5,094
Total General Revenues	625,758	623,748	635,569	639,444	677,685	691,537	725,016	744,190	791,326	791,326
Change in Net Position - Governmental Funds	16,533	29,213	38,255	60,901	60,415	43,305	34,328	29,253	64,568	(17,215)
Change in Net Position - Jim Rouse Theatre	(8)	(4)	(6)	(8)	37	14	37	44	50	36
Total Change in Net Position	16,525	29,209	38,249	60,893	60,452	43,319	34,365	29,297	64,618	(17,179)
Net Position - Beginning of year	848,791	865,316	894,525	932,774	993,667	1,054,119	1,063,884	1,098,249	1,127,546	1,192,164
Net Position - End of Year	\$ 865,316	\$ 894,525	\$ 932,774	\$ 993,667	\$1,054,119	\$1,097,438	\$ 1,098,249	\$ 1,127,546	\$ 1,192,164	\$ 1,174,985

*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 Changes in Fund Balances of Governmental Funds* Year Ended June 30, 2018 and Nine Prior Years (amounts expressed in thousands)

Table 3

	2009	2010	2011	2013	2014	2015	2016	2017	2018
Revenues									
Intergovernmental revenues									
Local	\$ 491,086	\$ 502,374	\$ 531,120	\$ 553,213	\$ 567,271	\$ 584,657	\$ 612,804	\$ 624,455	\$ 653,700
State	258,699	262,276	263,990	298,841	303,224	314,110	304,642	338,907	307,848
Federal	21,043	30,818	39,986	23,580	23,982	26,097	27,984	29,160	29,143
Earnings on interest and investment	1,005	125	122	57	26	21	70	292	901
Charges for services	14,239	13,640	13,756	12,109	11,091	11,302	11,885	12,200	13,742
Miscellaneous revenues	1,212	1,401	1,398	1,471	1,797	1,737	1,825	449	2,405
Total Revenues	787,284	810,634	850,372	889,271	907,391	937,924	959,210	1,005,463	1,007,739
Expenditures									
Instruction									
Regular education	296,527	297,340	302,091	316,259	323,027	338,094	335,660	347,374	361,042
Special education	95,766	96,986	98,017	99,859	102,045	106,254	108,329	112,299	121,518
Support Services									
Administration	11,540	10,634	10,663	11,511	12,456	12,869	12,431	13,735	13,842
Mid-Level administration	55,908	54,226	56,675	59,180	56,562	60,254	61,473	60,909	63,850
Student personnel services	3,133	2,462	2,751	2,860	2,886	3,032	3,325	3,347	3,500
Health services	5,791	5,794	5,895	6,114	6,609	7,042	7,608	8,010	8,184
Student transportation	31,412	32,742	34,052	36,325	36,456	36,792	37,504	37,995	38,964
Operation of plant	43,245	43,411	37,721	39,439	38,947	40,911	39,202	39,879	38,592
Maintenance of plant and equipment	21,452	22,030	22,235	23,574	19,652	22,779	24,570	23,866	25,128
Fixed charges	151,094	165,229	193,730	178,693	210,654	212,958	224,675	241,418	242,684
Community services	6,211	5,901	6,064	6,190	6,035	6,074	6,765	6,494	6,879
Food services	11,725	11,689	12,167	12,202	12,923	13,465	13,845	14,857	15,483
Capital outlay	70,906	60,809	64,035	97,446	86,168	81,225	79,922	84,325	64,056
Total	804,710	809,253	846,096	889,652	914,420	941,749	955,309	994,508	1,003,722
Excess (deficit) of revenues over	(17,426)	1,381	4,276	(381)	(7,029)	(3,825)	3,901	10,955	4,017
Other Financing Sources (Uses)									
Capital Contributions	971	195	52	-	-	-	-	-	-
Proceeds from capital leases	10,724	-	-	-	-	-	-	-	-
Net change in fund balances	\$ (5,731)	\$ 1,576	\$ 4,328	\$ (381)	\$ (7,029)	\$ (3,825)	\$ 3,901	\$ 10,955	\$ 4,017

*Modified accrual basis of accounting.
Source: HCPSS Finance Department

Statistical Section

Howard County Public School System Fund Balances of Governmental Funds* Year Ended June 30, 2018 and Nine Prior Years (amounts expressed in thousands)

Table 4

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 1,836	\$ 1,887	\$ 1,365	\$ 1,585	\$ 1,474	\$ 838	\$ 955	\$ 1,047	\$ 1,133	\$ 911
Restricted	2,437	3,349	8,078	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	1,043	686
Assigned	1,530	1,808	-	15,213	6,410	5,362	8,421	13,896	10,849	10,685
Unassigned	4,338	5,739	7,266	8,885	15,613	9,755	6,100	2,973	8,322	13,192
Total General Fund	10,141	12,783	16,709	25,683	23,497	15,955	15,476	17,916	21,347	25,474
Other Governmental Funds										
Nonspendable	-	106	146	145	152	190	216	234	193	260
Restricted for School construction	(2,447)	(4,802)	(4,245)	(4,927)	(2,857)	(1,412)	(3,783)	(2,699)	4,282	2,769
Restricted for Special Revenue Fund	2,931	4,114	3,917	4,034	3,762	1,220	1,790	1,223	1,230	1,247
Assigned	-	-	-	-	-	-	-	927	1,504	2,824
Unassigned	-	-	2	-	-	1,571	-	-	-	-
Total Other Governmental Funds	484	(582)	(180)	(748)	1,057	1,569	(1,777)	(315)	7,209	7,099
Total All Governmental Funds	\$ 10,625	\$ 12,201	\$ 16,529	\$ 24,935	\$ 24,554	\$ 17,524	\$ 13,699	\$ 17,601	\$ 28,556	\$ 32,573

*Modified accrual basis of accounting.

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System

General Fund Final Approved Operating Budget Year Ended June 30, 2018 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>
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
2016	\$ 12,400,033	\$315,646,974	\$ 11,753,227	\$ 3,414,360	\$ 3,229,291	\$ 7,817,556	\$ 37,582,625
2017	\$ 13,644,327	\$331,702,925	\$ 9,309,755	\$ 3,174,210	\$ 3,302,029	\$ 7,928,482	\$ 38,559,280
2018	\$ 13,940,748	\$344,527,214	\$ 8,933,036	\$ 2,683,046	\$ 3,425,010	\$ 8,178,796	\$ 39,015,733

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System

General Fund Final Approved Operating Budget
Year Ended June 30, 2018 and Nine Prior Years

Table 5 (continued)

	Operation of Plant	Maintenance of Plant and Equipment	Fixed Charges	Mid Level Administration	Community Services	Special Education	Capital Outlay	Total
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
2016	\$ 40,436,229	\$ 25,295,656	\$159,105,740	\$ 58,609,689	\$ 6,626,238	\$ 93,591,283	\$ 829,479	\$776,338,380
2017	\$ 40,024,441	\$ 23,501,916	\$170,544,715	\$ 60,121,955	\$ 6,783,687	\$ 98,973,242	\$ 816,892	\$808,387,856
2018	\$ 40,101,696	\$ 23,939,247	\$159,387,166	\$ 62,428,043	\$ 6,973,670	\$104,727,030	\$ 845,849	\$819,106,284

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System

Table 7

Capital Assets by Function

Year Ended June 30, 2018 and Nine Prior Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Schools										
Buildings	72	72	72	73	74	75	76	76	76	76
Administration										
Buildings	3	3	2	3	3	3	3	3	3	2
Vehicles	19	19	19	18	17	17	17	17	17	17
Mid-level Administration										
Vehicles	12	11	11	14	11	11	11	11	11	11
Special Education										
Vehicles	1	1	1	1	1	1	1	1	1	1
Capital Outlay										
Vehicles	3	3	3	3	3	3	3	3	3	3
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	28	34	35	46	52	50	51	58	60	65
Operations										
Vehicles	208	207	200	194	177	173	167	152	162	152
Technology										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	13	13	13	12	12	12	12	14	14	15
Print Shop										
Print Presses	11	11	10	11	4	10	17	18	20	21
Community Service										
Vehicles	3	5	5	6	7	10	13	14	14	14
Student Transportation										
Vehicles	12	13	12	10	11	11	11	17	17	17

Statistical Section

Howard County Public School System

Table 7

Computation of Debt Limits Year Ended June 30, 2018 and Nine Prior Years

	2009	2010	2011	2012	2013	2014**	2015	2016	2017	2018
Current Operating Budget	\$ 612,802,620	\$ 657,088,020	\$ 654,035,387	\$ 669,479,142	\$ 683,835,040	703,667,400	729,093,490	758,765,350	776,338,380	819,106,284
6 % of Current Operating Budget	36,768,157	39,425,281	39,242,123	40,168,749	41,030,102	42,220,044	43,745,609	45,525,921	46,580,303	49,146,377
Total Debt Outstanding June 30	12,940,923	16,942,317	11,678,806	7,026,954	3,878,014	3,474,031	3,372,983	10,910,120	10,863,543	4,502,410
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	18,384,079	19,712,641	19,621,062	20,084,374	20,515,051	21,110,022	21,872,805	22,762,961	23,290,151	24,573,189
Total Debt Service	4,061,178	6,722,505	5,981,054	4,651,852	3,148,940	403,983	312,997	2,859,283	4,110,209	2,963,213
Compliance with Debt Service Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

Statistical Section

Howard County Public School System Outstanding Debt by Type Year Ended June 30, 2018 and Nine Prior Years

Table 8

Fiscal Year	Governmental Activities Capital Leases	Business-Type Activities	Total
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
2016	10,863,543	-	10,863,543
2017	7,465,623	-	7,465,623
2018	4,502,410	-	4,502,410

Details regarding HCPSS' outstanding debt can be found in note 4 to the financial statements.

Statistical Section

Howard County Public School System

Enrollment by Grade

Year Ended June 30, 2018 and Nine Prior Years

Table 9

	2009	2010	2011	2012	2013	2014	2015	2016 (C)	2017 (D)	2018 (E)
Elementary School										
Pre-kindergarten	1,015	958	1,002	1,058	1,072	1,118	1,144	1,288	1,281	1,278
Kindergarten	3,298	3,379	3,386	3,492	3,513	3,728	3,631	3,801	3,797	3,943
Grade 1	3,453	3,582	3,642	3,628	3,751	3,785	3,995	3,940	3,938	4,078
2	3,399	3,584	3,716	3,771	3,777	3,921	3,953	4,085	4,084	4,250
3	3,490	3,541	3,695	3,810	3,890	3,867	3,994	4,276	4,275	4,249
4	3,441	3,642	3,648	3,795	3,900	4,018	3,997	4,230	4,230	4,401
5	3,730	3,564	3,727	3,750	3,904	4,008	4,128	4,263	4,258	4,579
Total Elementary School	21,826	22,250	22,816	23,304	23,807	24,445	24,842	25,883	25,863	26,778
Middle School										
Grade 6	3,772	3,874	3,646	3,788	3,856	4,021	4,156	4,215	4,216	4,587
7	3,855	3,833	3,942	3,728	3,871	3,937	4,118	4,351	4,355	4,508
8	4,121	3,942	3,884	4,007	3,756	3,932	4,002	4,306	4,326	4,370
Total Middle School	11,748	11,649	11,472	11,523	11,483	11,890	12,276	12,872	12,897	13,465
High School										
Grade 9 and SP	4,263	4,535	4,301	4,265	4,315	4,204	4,365	4,619	4,591	4,799
10	4,175	4,067	4,368	4,163	4,091	4,179	4,011	4,206	4,206	4,503
11	3,965	4,067	3,911	4,215	4,000	3,942	4,000	3,983	3,986	4,255
12	3,828	3,988	4,034	3,984	4,254	4,053	4,062	3,987	3,985	4,111
Total High School	16,231	16,657	16,614	16,627	16,660	16,378	16,438	16,795	16,768	17,668
Cedar Lane (includes Pre-kindergarten)	98	85	91	101	103	93	129	109	110	108
Total Enrollment (A)	49,903	50,641	50,993	51,555	52,053	52,806	53,685	55,659	55,638	58,019
Number of School Teachers (B)	2810	2832	2866	2793	2829	2829	2860	2857	3056	***
Ratio of Students to Teachers	18:1	18:1	18:1	18:1	18:1	19:1	19:1	19:1	18:1	

(A) Total includes Pre-kindergarten head count.

(B) Sources: mdreportcard.org, Teacher Certifications

(C) FY 2016 drop of 27 teachers due to budget freeze.

(D) FY 2017, Special Education Teachers were added to the total classroom teachers.

(E) Current year enrollment figures are based up estimates, as official figures were not available prior to publishing.

*** Current year data not available prior to publishing

Statistical Section

Howard County Public School System

Table 10

Enrollment by School

Year Ended June 30, 2018 and Nine Prior Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Capacity	Capacity
Elementary Schools (a)												
Atholton	441	480	478	499	414	421	392	468	468	470	424	110.8%
Bellows Springs	765	822	851	885	944	668	730	739	739	802	751	106.8%
Bollman Bridge	611	605	599	622	741	767	735	764	763	757	666	113.7%
Bryant Woods	347	353	349	360	366	367	353	413	413	462	361	128.0%
Bushy Park	697	636	644	638	613	608	636	617	615	625	788	79.3%
Centennial Lane	637	652	664	699	725	699	684	739	739	737	647	113.9%
Clarksville	553	542	527	522	526	523	485	430	430	419	612	68.5%
Clemens Crossing	483	488	491	500	499	502	487	532	531	495	521	95.0%
Cradlerock	468	476	474	497	500	520	482	491	491	511	398	128.4%
Dayton Oaks	506	459	446	473	593	636	639	677	677	723	788	91.8%
Deep Run	598	624	657	706	733	657	734	816	816	748	672	111.3%
Ducketts Lane	-	-	-	-	-	662	771	826	826	600	770	77.9%
Elkridge	760	795	847	886	857	767	781	871	870	912	760	120.0%
Forest Ridge	633	657	700	764	718	748	721	704	703	686	713	96.2%
Fulton	638	652	653	670	648	703	705	832	832	920	788	116.8%
Gorman Crossing	579	612	620	699	641	686	693	751	751	877	735	119.3%
Guildford	486	511	507	523	478	497	496	451	451	443	465	95.3%
Hammond	475	499	513	509	583	602	633	640	640	625	653	95.7%
Hanover Hills	-	-	-	-	-	-	-	-	-	714	788	90.6%
Hollifield Station	609	636	675	675	697	745	750	796	796	869	694	125.2%
Ilchester	596	650	666	665	685	776	754	690	690	655	653	100.3%
Jeffers Hill	376	383	371	367	383	407	464	456	455	401	421	95.2%
Laurel Woods	561	569	599	609	564	572	587	601	601	601	640	93.9%
Lisbon	470	462	461	426	398	400	422	446	446	453	527	86.0%
Longfellow	427	417	442	446	442	457	453	457	457	463	512	90.4%
Manor Woods	609	629	644	637	616	676	669	759	759	660	681	96.9%
Northfield	553	596	608	611	595	723	690	710	710	749	700	107.0%
Phelps Luck	643	650	671	722	727	562	581	608	605	592	616	96.1%
Pointers Run	700	677	643	616	772	790	786	784	784	922	744	123.9%
Rockburn	757	731	731	710	705	710	661	726	726	627	653	96.0%
Running Brook	401	434	417	435	483	492	529	515	515	503	515	97.7%
St. John's Lane	555	549	562	552	582	681	722	701	701	724	612	118.3%
Stevens Forest	282	293	302	283	301	423	440	433	433	420	399	105.3%
Swansfield	527	505	563	562	585	594	588	641	640	606	521	116.3%
Talbort Springs	477	495	581	588	573	441	466	502	501	503	377	133.4%
Thunder Hill	356	349	370	382	421	470	528	558	558	528	509	103.7%
Triadelphia Ridge	429	428	408	411	442	485	509	560	560	562	581	96.7%
Veterans	868	904	982	997	1,062	821	865	931	928	956	821	116.4%
Waterloo	667	723	755	756	783	617	624	624	624	620	663	93.5%
Waverly	548	558	559	591	605	759	758	770	766	910	638	142.6%
West Friendship	299	297	292	289	274	287	287	326	326	400	414	96.6%
Worthington	439	452	494	522	533	524	552	528	527	528	590	89.5%
Total Elementary Schools	21,826	22,250	22,816	23,304	23,807	24,445	24,842	25,883	25,863	26,778	25,781	103.9%

(a) Includes Pre-kindergarten enrollment.

Statistical Section

Howard County Public School System

Table 10 (continued)

Enrollment by School

Year Ended June 30, 2018 and Nine Prior Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Capacity	Capacity
<u>Middle Schools</u>												
Bonnie Branch	690	687	664	708	706	731	661	715	713	750	662	113.3%
Burleigh Manor	689	660	621	617	668	700	746	819	819	811	779	104.1%
Clarksville	720	693	685	655	637	608	635	560	560	666	643	103.6%
Dunloggon	526	515	529	559	565	574	607	617	617	664	565	117.5%
Elkridge Landing	642	666	684	694	683	733	710	700	700	747	779	95.9%
Ellicott Mills	709	699	669	715	731	774	758	828	829	870	701	124.1%
Folly Quarter	553	549	579	588	559	544	562	616	616	660	662	99.7%
Glenwood	633	642	600	593	536	544	555	517	517	492	545	90.3%
Hammond	583	573	542	529	499	477	551	592	593	579	604	95.9%
Harper's Choice	524	511	492	512	497	521	521	570	570	505	506	99.8%
Lake Elkhorn	448	476	463	467	470	510	500	530	530	580	643	90.2%
Lime Kiln	673	654	624	593	596	635	703	729	729	632	701	90.2%
Mayfield Woods	684	725	716	724	717	779	632	685	685	725	798	90.9%
Mount View	710	710	682	679	718	734	750	792	792	838	798	105.0%
Murray Hill	658	680	724	725	725	735	595	669	669	724	662	109.4%
Oakland Mills	444	426	393	402	406	437	423	443	443	515	506	101.8%
Patapsco	648	603	605	583	568	628	675	686	687	716	643	111.4%
Patuxent Valley	744	705	689	660	654	680	648	639	639	690	760	90.8%
Thomas Viaduct	-	-	-	-	-	-	523	632	633	669	701	95.4%
Wilde Lake	470	475	511	520	548	546	521	556	556	632	467	135.3%
Total Middle Schools	11,748	11,649	11,472	11,523	11,483	11,890	12,276	12,895	12,897	13,465	13,125	102.6%
<u>High Schools</u>												
Atholton	1,419	1,473	1,460	1,489	1,490	1,464	1,560	1,455	1,456	1,505	1,460	103.1%
Centennial	1,452	1,488	1,475	1,441	1,442	1,370	1,429	1,511	1,511	1,593	1,360	117.1%
Glenelg	1,185	1,188	1,234	1,227	1,281	1,274	1,261	1,206	1,207	1,198	1,420	84.4%
Hammond	1,280	1,341	1,344	1,341	1,297	1,256	1,226	1,304	1,300	1,370	1,220	112.3%
Howard	1,517	1,617	1,636	1,704	1,755	1,732	1,758	1,839	1,837	1,899	1,420	133.7%
Long Reach	1,233	1,224	1,229	1,318	1,344	1,370	1,434	1,553	1,554	1,551	1,488	104.2%
Marriotts Ridge	1,237	1,282	1,308	1,278	1,228	1,221	1,161	1,264	1,264	1,417	1,615	87.7%
Mt. Hebron	1,450	1,472	1,484	1,452	1,459	1,453	1,498	1,583	1,582	1,631	1,400	116.5%
Oaklands Mills	1,217	1,201	1,175	1,156	1,163	1,128	1,085	1,171	1,174	1,226	1,400	87.6%
Reservoir	1,512	1,566	1,539	1,535	1,526	1,505	1,482	1,481	1,481	1,586	1,551	102.3%
River Hill	1,343	1,456	1,399	1,394	1,393	1,346	1,310	1,154	1,154	1,384	1,488	93.0%
Wilde Lake	1,386	1,349	1,331	1,292	1,282	1,259	1,234	1,251	1,248	1,308	1,424	91.9%
Total High Schools	16,231	16,657	16,614	16,627	16,660	16,378	16,438	16,772	16,768	17,668	17,246	102.4%
<u>Special Schools</u>												
Cedar Lane	98	85	91	101	103	93	129	109	110	108	120	91.7%
Total All Schools (a)	49,903	50,641	50,993	51,555	52,053	52,806	53,685	55,659	55,638	58,019	56,272	103.1%

Statistical Section

Howard County Public School System Principal Employers: Howard County, Maryland Year Ended June 30, 2018 and June 30, 2009

Table 11

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,230	1	4.91%	7,850	1	5.29%
Johns Hopkins Applied Physics Laboratory	7,000	2	4.17%	4,400	2	2.96%
Howard County Government	3,000	3	1.79%	2,869	3	1.93%
Verizon	1,700	4	1.01%	2,028	4	1.37%
Howard County General Hospital	1,765	5	1.05%	1,720	6	1.16%
Lorien Health Systems	1,190	6	0.71%	-	-	0.00%
Coastal Sunbelt Produce	1,050	7	0.63%	-	-	0.00%
Giant Food	-	-	0.00%	1,953	5	1.32%
Columbia Association	-	-	0.00%	1,600	7	1.08%
SAIC	-	-	0.00%	1,058	8	0.71%
Wells Fargo Securities Administrative Services	807	8	0.48%	842	9	0.57%
MICROS	-	-	0.00%	815	10	0.55%
Nestle Dreyer's Ice Cream	735	9	0.44%	-	-	-
Sysco Food Service	680	10	0.41%	-	-	-
Total	26,157		15.60%	25,135		16.94%

Source: Howard County, Maryland Comprehensive Annual Financial Report

Source: Howard County, Maryland Comprehensive Annual Financial Report

Statistical Section

Howard County Public School System

Demographic and Economic Statistics: Howard County, Maryland Year Ended June 30, 2018 and Nine Prior Years

Table 12

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands)	Per Capita Personal Income (b)	Public Student Enrollment (c)	Unemployment Rate (d)
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	\$ 70,876	51,190	5.6%
2014	302,113	\$20,909,127	\$ 67,605	51,701	4.9%
2015	305,462	*	*	54,875	4.0%
2016	316,579	*	*	54,262	3.5%
2017	317,233	*	*	55,638	3.3%
2018	321,113	*	*	58,019	3.2%

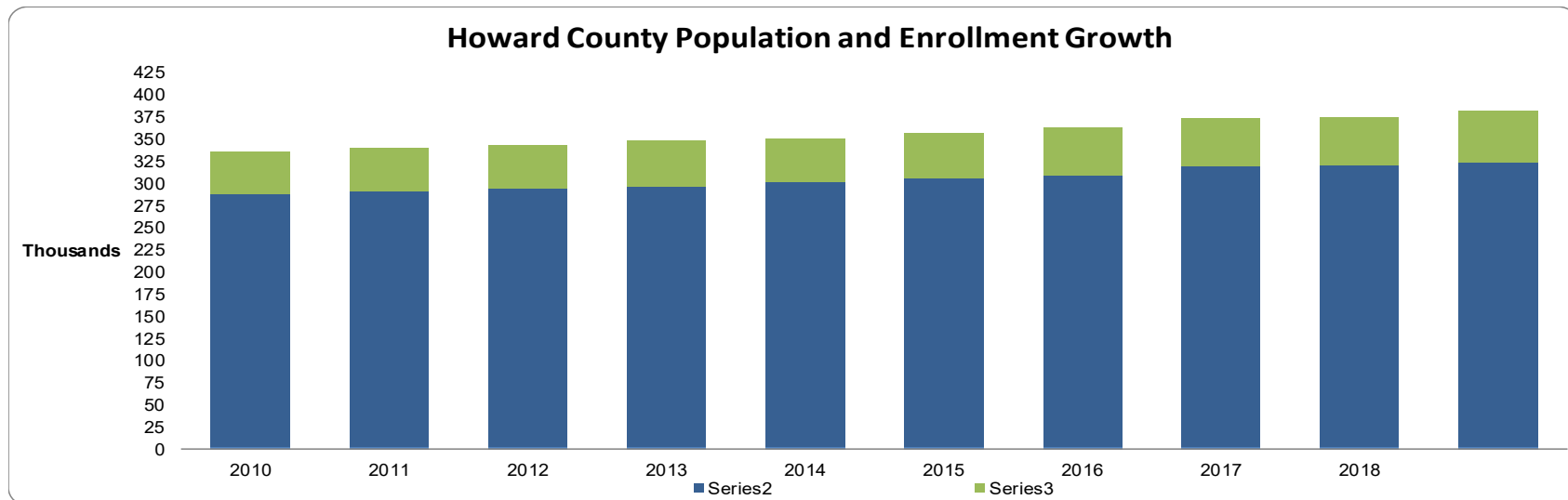
(a) Howard County Department of Planning and Zoning - Estimated population is presented as of July 1st.

(b) Personal Income and Per Capita Personal Income revised and restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce.

(c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year. From public information

(d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.

* Personal Income and Per Capita Personal Income not available at time of report.



Statistical Section

Howard County Public School System

Table 13

Cost per Student – Budgetary Basis (non-GAAP) Year Ended June 30, 2018 and Nine Prior Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Full-Time Equivalent of Students Enrolled*	48,888	49,683	49,991	50,497	50,981	51,688	51,595	52,412	54,262	54,247
Expenditures **										
Current:										
Administration	\$ 233	\$ 193	\$ 204	\$ 208	\$ 219	\$ 236	\$ 237	\$ 235	\$ 250	\$ 249
Mid level Administration	1,096	976	1,000	1,082	1,032	1,036	1,086	1,116	1,099	1,140
Instruction	-	-	-	-	-	-	-	-	-	-
Instructional Salaries	5,649	5,603	5,610	5,664	5,804	5,833	6,094	6,017	5,995	6,330
Textbooks and classroom supplies	263	255	348	272	230	262	243	224	172	133
Other instructional costs	51	49	48	51	59	60	49	64	53	35
Special education	1,696	1,622	1,611	1,655	1,702	1,720	1,767	1,782	1,818	1,930
Student Personnel services	61	48	54	53	55	55	57	61	60	63
Health Services	119	117	118	117	120	128	138	147	145	151
Student Transportation	642	658	681	706	718	697	715	717	698	719
Operation of plant	883	871	763	777	737	760	796	767	719	700
Maintenance of plant and equipment	453	451	410	477	398	355	466	482	432	439
Fixed Charges	2,120	2,084	2,240	2,315	2,473	2,807	2,843	3,036	3,138	2,934
Community services	124	120	117	119	114	116	115	125	119	128
Capital outlay	18	16	15	15	16	16	16	16	15	16
Total Expenditure per Student	\$ 13,407	\$ 13,063	\$ 13,221	\$ 13,512	\$ 13,675	\$ 14,080	\$ 14,622	\$ 14,789	\$ 14,713	\$ 14,967
State Rank ***	5	5	5	5	4	4	N/A	N/A	N/A	N/A

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

** Source: HCPSS Finance Department.

***Source: Maryland State Department of Education, *the Fact Book*. 2015 and 2016 data not available at date of publication.

Statistical Section

Howard County Public School System Food Service Data Year Ended June 30, 2018 and Five Prior Years

Table 14

	2014	2015	2016	2017	2018
Number of Schools	74	76	75	75	75
Number of days lunch served	178	179	179	180	180
Number of free lunches served to pupils annually	1,072,488	1,175,269	1,291,024	1,330,823	1,332,341
Average number of free lunches served to pupils daily	6,025	6,566	7,212	7,393	7,402
Number of paid lunches served to pupils annually:					
At reduced price	206,132	216,081	220,562	248,372	271,152
At regular price	1,433,397	1,423,424	1,472,914	1,572,810	1,642,685
Average number of paid lunches served to pupils daily:					
At reduced price	1,158	1,207	1,232	1,380	1,506
At regular price	8,053	7,952	8,229	8,738	9,126
Total number of lunches served to pupils annually	2,712,017	2,814,774	2,984,500	3,152,005	3,246,178
Average number of lunches served to pupils daily	15,236	15,725	16,673	17,511	18,034
Charge per lunch to students:					
Elementary	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75
Secondary	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25

Source: HCPSS Food and Nutrition Service

Statistical Section

Howard County Public School System

Transportation Data			Table 15
Year Ended June 30, 2018 and Nine Prior Years			
	Estimated number of eligible riders (Daily)	Number of bus routes (Daily)	
2018	43,449	453	
2017	42,950	453	
2016	42,371	453	
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	

Source: HCPSS Transportation Office

High School Graduation Data		Table 16
Year Ended June 30, 2018 and Nine Prior Years		
	Graduation Rate	
2018	N/A**	
2017	92.28%*	
2016	93.21%*	
2015	93.50%*	
2014	92.85%*	
2013	93.30%*	
2012	90.40%*	
2011	90.60%*	
2010	93.60%	
2009	94.90%	

* 4-Year Adjusted Cohort graduation rate. 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 not comparable to prior years.

** FY 2018 not available at the time of this report.

Source: HCPSS Public Information Office, HCPSS Website, mdreportcard.gov

Statistical Section

Howard County Public School System

Full-time Equivalent School System Budgeted Positions by Function Year Ended June 30, 2018 and Nine Prior Years

Table 17

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Administration	97.8	94.1	91.1	92.4	96.4	96.2	98.9	102.5	102.5	68.5
Mid level Administration	587.5	588.5	585.5	586.5	594.0	599.0	602.5	612.0	616.5	618.5
Instruction**	4,336.7	4,379.1	4,390.4	4,434.1	4,504.3	4,588.6	4,633.1	4,632.5	4,723.5	4,656.4
Special Education	1,494.5	1,505.5	1,501.7	1,496.4	1,499.4	1,506.0	1,499.6	1,499.9	1,514.9	1,697.8
Student Personnel Services	32.0	32.0	32.0	32.0	31.0	32.0	32.0	32.0	33.0	33.0
Health Services	126.0	127.0	127.0	127.0	127.0	135.0	137.0	137.0	137.0	139.0
Student Transportation	13.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	16.0
Operation of Plant	449.0	449.0	449.0	450.0	450.5	456.5	456.5	455.5	457.5	458.5
Maintenance of plant and equipment	189.0	187.0	182.0	183.0	183.0	184.0	162.0	161.5	162.5	199.5
Community Services	40.9	40.4	40.4	40.9	42.9	44.9	48.4	53.1	55.1	55.3
Capital Outlay	10.0	10.0	10.0	10.0	10.0	9.0	9.0	9.5	8.5	9.5
Total General Fund	7,376.4	7,426.6	7,423.1	7,466.3	7,552.5	7,665.2	7,693.0	7,709.5	7,826.0	7,952.0
Total Grants Fund (estimated)	180.5	186.0	174.2	165.0	165.0	177.0	171.0	173.5	182.6	193.0
Restricted Funds										
Jim Rouse Theatre *	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Food and Nutrition Services	187.0	187.0	187.0	187.0	187.0	188.0	191.0	191.0	192.0	192.0
Printing and Duplicating	10.0	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0
Technology Office	36.0	35.0	38.0	38.0	37.0	37.0	64.0	64.0	64.0	65.0
Workers Comp. Self-Insurance	3.0	3.0	3.0	3.0	3.0	4.0	3.0	3.0	4.0	2.0
Health and Dental Self-Insurance	3.0	3.0	3.0	3.0	3.0	3.0	4.0	5.0	5.0	5.0
Total Restricted Funds	239.2	239.2	242.2	242.2	240.2	242.2	272.2	273.2	275.2	274.2
Total All Funds	7,796.1	7,851.8	7,839.5	7,873.5	7,957.7	8,084.4	8,136.2	8,156.2	8,283.8	8,419.2

* .2 FTE reclassified from Instruction to Jim Rouse Theatre.

** Includes Grant Fund FTE's

Statistical Section

Howard County Public School System County, State, and National Assessment Achievement Year Ended June 30, 2018 and Nine Prior Years

Table 18

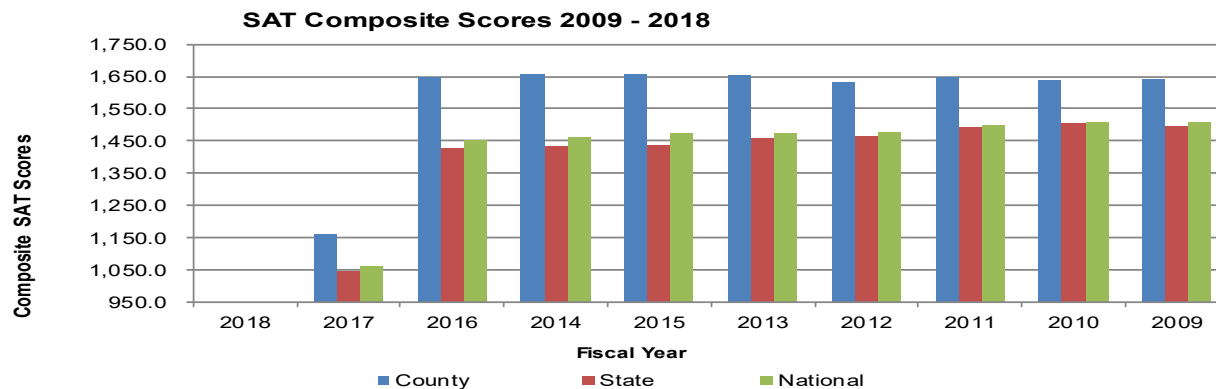
	SAT***			High School Assessment % Proficient *				High School Assessment**									
	Howard County	Maryland State	National	Howard County		Maryland State		Howard County				Maryland State					
				Algebra I PARCC	English 10 PARCC	Algebra I PARCC	English 10 PARCC	Algebra	Biology	English	Government	Algebra	Biology	English	Government		
2018	***	***	***	57.0	60.9	31.2	42.4	***	***	***	***	***	***	***	***	***	***
2017																	
2016	1647	1428	1453	56.7	45.1	35.6	44.4	***	***	***	***	***	***	***	***	***	***
2014																	
2015	1657	1438	1471	No Data	No Data	No Data	No Data	95.0	95.0	94.2	71.9	88.2	87.6	85.9	80.9		
2013																	
2012	1632	1467	1477	No Data	No Data	No Data	No Data	97.1	96.6	94.3	96.0	89.1	85.9	87.4	88.9		
2011																	
2010	1639	1502	1509	No Data	No Data	No Data	No Data	96.5	94.4	91.6	97.1	87.9	84.5	83.7	91.5		
2009																	

* Due to the transition to the PARCC assessment, data prior to 2015 is not comparable. The data reports is the % of students scoring a performance level of 4 or 5.

** FY 2016 - Students can take the High School Achievement (HSA) in different years during their academic career; therefore, the HSA rates were based on the exiting seniors past HSA rates in previous years. In FY 2015, Maryland implemented the Partnership for Assessment for Readiness for College and Careers (PARCC) in English language arts and mathematics. The new assessment replaced the Maryland State Assessment (MSA) and the HSA but the PARCC was administered on a participation basis only for these past two years. As of FY 2017, the PARCC will have pass/fail rates.

It will take 3-4 years for those students who took the PARCC as a participation only assessment to cycle through and until then the rates listed here will be a blend of those students who took the HSA, those students who took the PARCC on a participation only basis and those students who are taking the PARCC on a pass/fail basis.

***Current year - SAT data not available prior to publishing



Statistical Section

Howard County Public School System Insurance Summary Year Ended June 30, 2018

Table 19

Type of Coverage	Name of Company	Policy Period	Limits
Workers Compensation	Self-Insured		
Excess Workers Compensation	Safety National	7/1/17 - 6/30/18	\$600,000 retention Specific excess limit \$25 million
CASUALTY INSURANCE			
Comprehensive General Liability	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal and Advertising Injury Liability	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Members and Covered Persons	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$400,000 combined single limit \$1 million per occurrence should sovereign immunity be abrogated \$1 million combined single limit for bodily injury and property for Independent Bus Contractors
Maryland Personal Injury Protection	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/17 - 6/30/18	Actual cash value with deductibles per member per loss
Maryland Uninsured Motorists	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$50,000 per accident
Garage Keepers Liability	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$400,000 per loss, exclusive of defense costs
Criminal Proceeding and Intentional Conduct Defense Reimbursement	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$50,000 per covered person, \$100,000 annual aggregate
PROPERTY INSURANCE			
Property and Boiler and Machinery	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$500,000 per occurrence
Excess Property	Alliant Property Insurance Program (APIP)	7/1/17 - 6/30/18	\$1 billion per occurrence, excess of \$500,000
Excess Boiler and Machinery	Federal Insurance Company (Chubb)	7/1/17 - 6/30/18	\$100 million blanket limit, excess of \$100,000
CRIME			
Crime	MABE Group Insurance Pool Travelers Casualty and Surety Axis Insurance Company	7/1/17 - 6/30/18	\$25,000 per loss \$2,500,000 per loss, excess of \$25,000 \$2,500,000 excess of Travelers
LEGAL LIABILITY			
School Board of Education Legal Liability	MABE Group Insurance Pool	7/1/17 - 6/30/18	\$250,000 per occurrence
School Board Legal Liability Reinsurance	United Educators Insurance	7/1/17 - 6/30/18	\$5 million per occurrence, excess of \$250,000
OPTIONAL EXTRA COVERAGES			
Catastrophic/Cash Policy	National Union Fire Insurance (AIG)	7/1/17-6/30/18	\$10,000 Accidental Death \$20,000 Accidental Dismemberment \$6,000,000 Accident Medical Expense \$1,000,000 Catastrophic Cash Benefit for coma or paralysis
Storage Tank Liability	ACE American Insurance Company (Chubb)	8/23/17-8/23/18	\$1,000,000 Per storage tank incident \$1,000,000 Aggregate (claims and remediation) \$1,000,000 Aggregate for legal defense \$2,000,000 Total policy aggregate

Source: HCPSS Office of Risk Management