



# 2022 ANNUAL COMPREHESIVE FINANCIAL REPORT



10910 Clarksville Pike, Ellicott City, MD 21042

A Component Unit of Howard County, Maryland

# Strategic Call to Action

## 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

# *Annual Comprehensive Financial Report Fiscal Year Ended June 30, 2022*

Prepared By:

## **The Division of Administration**

10910 Clarksville Pike  
Ellicott City, Maryland 21042-6198

**Michael J. Martirano, Ed.D.**  
*Superintendent*

**Jahantab A. Siddiqui**  
*Chief Administrative Officer*

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*Controller*

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# Introductory Section

**Introductory Section**

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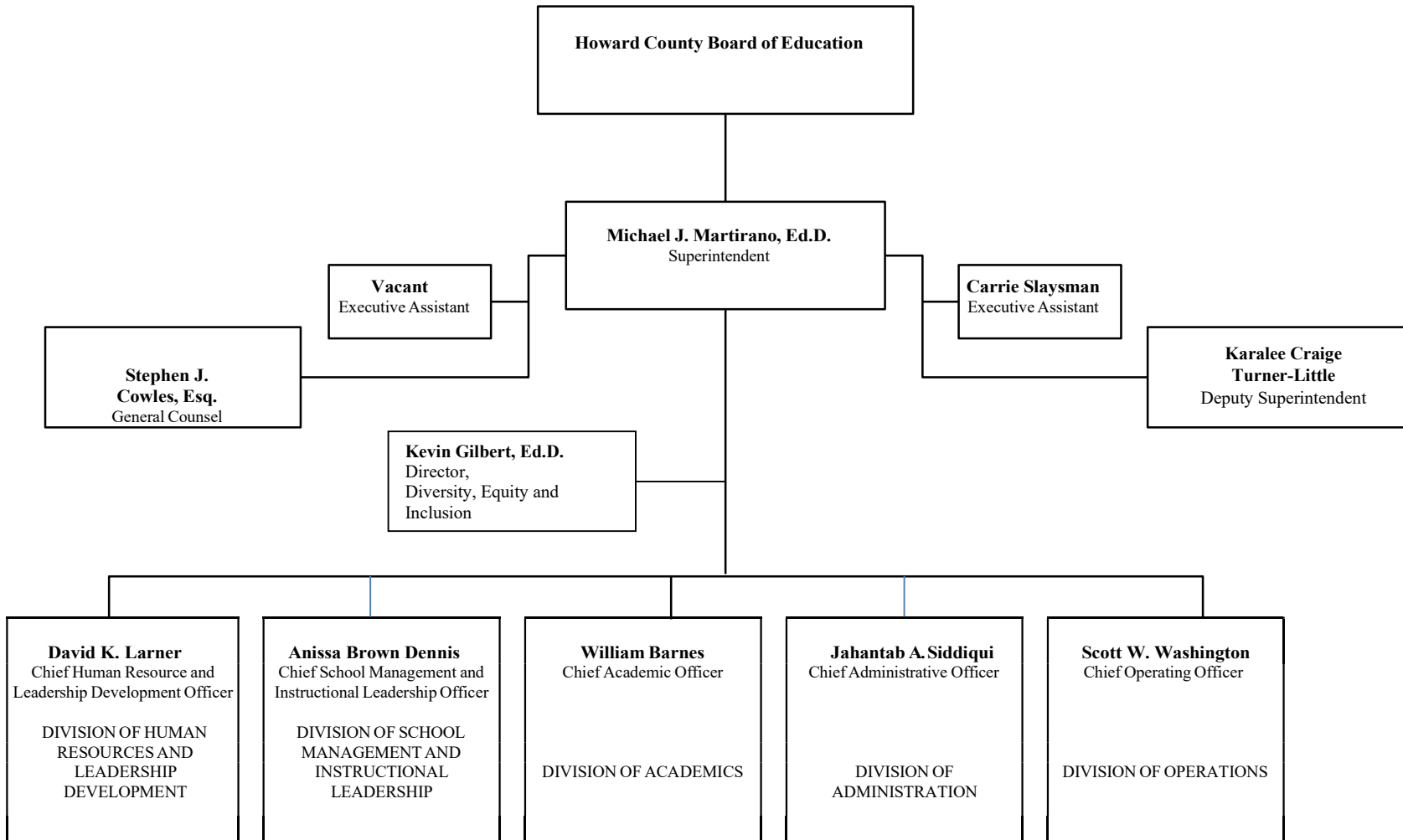
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# Organizational Chart

## 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

### Superintendent of Schools



**Michael J. Martirano, Ed.D.**

### David K. Lerner

Chief Human Resource and Leadership  
Development Officer

### Anissa Brown Dennis

Chief School Management and  
Instructional Leadership Officer

### William J. Barnes

Chief Academic Officer

### Jahantab A. Siddiqui

Chief Administrative Officer

### Scott W. Washington

Chief Operating Officer

### Independent Auditor

**CohnReznick LLP**

500 East Pratt Street, 4th Floor  
Baltimore, MD 21202

## Board of Education Members



**Vicky Cutroneo**  
Chair



**Antonia Barkley Watts**  
Vice Chair



**Christina Delmont-Small**



**Yun Lu, Ph.D.**



**Jennifer Mallo**



**Jolene Mosely**



**Chao Wu, Ph.D.**



September 30, 2022

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

## **TRANSMITTAL LETTER OF ANNUAL FINANCIAL REPORT**

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 Administration (the Division) hereby submits the Annual Comprehensive Financial Report of the Howard County Public School System (HCPSS) for the fiscal year ended June 30, 2022.

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 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 HCPSS as measured by the financial activity.

All matters relating to education and operations in 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 HCPSS included in this Annual Comprehensive Financial Report are those for which the Board exercises oversight responsibility.

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

HCPSS financial statements have been audited by CohnReznick LLP, an independent audit firm of licensed public accountants. The independent auditor's report is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter and should be read in conjunction with it.

## **Entity Services**

HCPSS is deeply dedicated to realizing the school system vision: "Every student and staff member embraces diversity and possesses the skills, knowledge and confidence to positively influence the larger community." In alignment with its mission: "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, 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, HCPSS serves a diverse population exceeding 57,000 students and is among the nation’s highest performing school districts, with the vast majority of students exceeding achievement standards and going on to higher education. HCPSS has received national attention for providing a world-class education. The school system’s excellence contributed to Money magazine ranking Columbia among the “Best Places to Live in America” list. Niche.com, an education and community analysis firm, has ranked HCPSS the top public school system in Maryland and Howard County the best county to live in the State of Maryland for 2022.

HCPSS has realized an increase of nearly 6,300 students over the last decade and projections show an expected enrollment increase of approximately 5,300 students over the next 10 years. To provide for this continued growth, HCPSS has completed numerous additions and renovations to existing schools and built six new schools—five elementary schools and one middle school—since 2006. The Long-Range Master Plan for the next 10 years includes one new high school and four new elementary school buildings; an elementary replacement school; and renovations/additions to two elementary schools, two middle schools and one high school. In January 2017, HCPSS opened the first net zero energy school in the State of Maryland, a replacement middle school that is nearly twice the size of the original school but 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.

HCPSS operated 77 schools in the 2021–2022 academic year, with the average age of school buildings ranging from 40 years for elementary schools to 34 years for middle schools and 42 years for high schools. A wide range of support 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 at preschool, elementary, middle, and high school instructional levels.

This report includes the financial activities of HCPSS as they relate to the services provided for a Pre-K–12 public school system of 42 elementary schools, 20 middle schools, 12 high schools and 3 education centers. There currently are no charter schools in Howard County.

## **Economic Condition and Outlook**

In FY 2022, HCPSS received approximately 49% of its governmental activities funding from Howard County, approximately 19% from the State of Maryland and 32% from other sources. The economic condition and outlook of the County play a substantial role in the economic condition and outlook of HCPSS. At the same time, HCPSS remains a cornerstone in the economic growth of the County as people are drawn to the quality reputation of the School System. In addition, HCPSS has been the largest employer in the County for more than 12 years, and therefore persists as an economic engine itself.

As Maryland’s economy and revenues continue to grow, the State will continue its level of funding for education for the fifth straight year. State funding remained relatively unchanged from \$252.3 million to \$251.8 million. Local funding increased from \$620.3 million to \$640.8 million.

## **Long-term Financial Planning**

Superintendent Dr. Michael J. Martirano leads HCPSS through his Strategic Call to Action: Learning and Leading with Equity, which serves as the foundation for all HCPSS decisions and actions. The strategic plan, updated in August 2022, emphasizes putting “equity into action,” identifying 10 Desired Outcomes for student-centered practices, inclusive relationships, and responsive, efficient operations. The full text of the HCPSS Strategic Call to Action is available at <http://www.hcpss.org/scta/>.

Operating Budget planning is intrinsically linked with planning for the Capital Budget, redistricting processes and toward elimination of the Health Fund deficit. All these components work together toward fulfilling the goals and priorities of the Strategic Call to Action.

The FY 2022 Approved Operating Budget (Revised) for HCPSS meets the funding needed to address critical priorities while maintaining existing levels of services. The budget accounts for enrollment growth, enhances student supports, sustains the recent investments in technology, addresses critical shortages in special education and enhances funding for early childhood reading intervention and supports.

Through strong fiscal management in FY 2022, we were able to realize our commitment to eliminate the Health Fund deficit, in achieving a fund balance of \$5.95 million as of June 30, 2022, compared to a deficit of \$9.7 million as of June 30, 2021. We remain committed to strengthening the Health Fund to meet the fund balance thresholds established by the Board under Policy 4070.

Annually, HCPSS prepares a five-year Capital Improvement 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 HCPSS facilities in good operating condition.

## **School System Budget**

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The school system budget is proposed by the Superintendent of Schools and reviewed by the Board of Education. The Board's budget request is submitted to the County Executive. The County Executive makes recommendations and forwards the budget to the County Council. The County Council can accept the County Executive's recommendations, make additional reductions, or restore funds cut from the school system budget by the County Executive.

The FY 2022 Approved Operating Budget (Revised) increases by \$23,955,893 over the FY 2021 Approved Operating Budget (Revised). The increase in expenditures supports the funding needed to maintain existing service levels and address critical priorities. Major expenditure increases include: funding for special education; establishing a virtual education option; fully funding health insurance costs; reducing the deficit in the Health Fund; new positions to enhance student supports and behavioral health; enhanced reading intervention and instruction; costs to sustain technology infrastructure; and a placeholder for negotiated salary and benefit increases.

The FY 2022 Approved Budget was developed based on a projection of 60,093 total students of which 58,522 are Grades K–12. This represents a total increase of 434 in total enrollment above the FY 2021 updated budgeted number (59,659), of which 380 is an increase for Grades K–12.

## **Internal Controls**

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To assure the integrity of the financial record 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 evaluation of costs and benefits requires estimates and judgements by management.

## **Budgetary Controls**

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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 organized 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.

In addition to internal controls, HCPSS maintains budgetary controls. The legal level of budgetary control is at the operating fund total and the State category level. Budget authority may be reallocated within each State category administratively to align with expenditure needs. However, the total expenditure level for the operating fund and a State category cannot be exceeded without approval by the Board of Education and the County Council. The objective of these budgetary controls is to ensure compliance with legal provisions of the appropriation authority. Management control is maintained at levels within each organizational unit along with an encumbrance accounting system as one technique of accomplishing budgetary control.

## **Independent Audit**

The financial statements for FY 2022 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. The auditor's report on the School System's basic financial statements includes an unmodified opinion for all opinion units.

## **System Achievements**

The Strategic Call to Action: Learning and Leading with Equity serves as the foundation for all HCPSS decisions and actions. The strategy emphasizes putting "equity into action," identifying desired outcomes for student-centered practices, inclusive relationships, and responsive, efficient operations. The following achievements highlight progress in fulfilling the Strategic Call to Action during the 2020–2021 school year.

## **Student-Centered Practices**

- HCPSS amplified support for students who were most acutely impacted by the pandemic through a robust summer learning program to provide learning recovery and acceleration.
- HCPSS students continue to excel in standard measures of achievement. Mean scores for the SAT college readiness assessment were 1235 for the HCPSS Class of 2021, compared to 1073 and 1060, respectively across the State and nation. ACT Composite scores for the HCPSS Class of 2021 were 27.1, compared to 25.5 in Maryland and 20.3 nationally.
- At 94.1%, the graduation rate for the HCPSS Class of 2021 exceeded the Maryland average of 87.2% and is up from 93.4% for 2020, 92.8% for 2019 and from 92.0% in 2018. Howard County's graduation rate is the highest among the six Maryland school systems with enrollment of more than 50,000 students. The graduation rates among the Black/African American, Hispanic/Latino, Limited English and students experiencing poverty showed notable improvement from 2019.
- The new HCPSS Stop Bullying online bullying reporting tool is mobile-friendly, integrates with the Synergy student information system, and provides greater efficiency and reliability in bullying reporting. The new system assists school staff in responding to incidents of bullying and aligns to the State's reporting requirements.
- Awareness of and participation in the JumpStart Dual Enrollment program rose markedly during the past year. Enrollment in the program, which is offered in partnership with Howard Community College, increased to nearly 1,800 students for the 2nd semester in spring 2021, with students enrolled in more than 2,800 college-level courses. Howard County now has the distinction of attaining the second- highest ranking for participation among Maryland school districts.

- A Digital Education Center (DEC) for students in Grades K–6 will provide for a fully virtual instructional program for the 2021–2022 school year.
- School nurses administered over 20,000 COVID-19 vaccines to staff and in the community; gave hundreds of COVID tests to students and staff in our schools; and committed many dozens of hours supporting contact tracing efforts. HCPSS nurses worked all summer at COVID testing centers, in conjunction with the Howard County Health Department.
- In collaboration with the Health Department and other local partners, HCPSS made COVID-19 vaccines available to all staff, as well as providing several vaccination opportunities for students who qualify for one of the vaccines.
- A voluntary in-school COVID testing program was offered for students, staff and families who developed symptoms while in school or who were identified as close contacts, administered by school nurses, and supported by test kits provided by the State. Additionally, voluntary, free weekly COVID self-tests were provided for students who participated in high school sports, through the support of the Howard County Health Department.
- An extended review of the School Resource Officer (SRO) program, conducted in collaboration with the Howard County Government and the Howard County Police Department, included careful review of extensive research and stakeholder feedback with a goal to assure school safety, support a restorative and inclusive learning environment and retain compliance with legal requirements. The approved, revised SRO Memorandum of Understanding (MOU) provides for enhanced training and other modifications and has SROs in place only at the high school level.
- A School-Based Mental Health Services grant from the Horizon Foundation builds on the earlier grant program providing school-based mental health services at 30 schools. Over 1,200 students have received mental health services in schools since 2019. Teletherapy services were provided during virtual learning, and services have continued via teletherapy or in person, as appropriate to the student, since the transition back to hybrid and in-person learning.
- The new HCPSS student newsletter provides a forum to directly inform and engage all secondary students on issues, opportunities and decisions that impact them.

## Inclusive Relationships

- All 6th graders will take part in a new climate change curriculum unit, made possible with support from a grant to the Howard County Conservancy from the National Oceanic and Atmospheric Administration. The curriculum is unique among school systems in Maryland and the region and has a focus on the impacts of climate change and how to address them, as well as on environmental justice. Grade 10 students had the opportunity to participate in a Student Climate Change Institute, co-sponsored with the Howard County Conservancy, to learn from and collaborate with climate change experts and decision makers and implement action projects.
- A new partnership with the Howard County Government and the Regional Transit Authority of Central Maryland (RTA) allows students to ride RTA buses free on any routes during the summer and regular school year. The program enables many who lack transportation to access beyond-school-day educational and enrichment opportunities, and to get to jobs and other services and destinations throughout the County.
- HCPSS is working to employ a staff that reflects the diversity of the community. Partnerships and programs are in place with several Historically Black Colleges and Universities to support goals in identifying and recruiting high-quality, diverse candidates. Teacher Academy of Maryland (TAM) agreements with Coppin State, Bowie State and Morgan State also serve to prepare high school students for education careers.
- A new cohort offered in partnership with Towson University supports paraeducators interested in becoming certified special educators in earning a master's degree in teaching.
- Special Education Compensatory Conversations virtual workshops, held in English and Spanish, provided parents an overview of the process of determining if a child with an IEP requires compensatory

education/recovery services for special education. Additionally, a virtual workshop for Spanish-speaking families of children with disabilities supported families in the use of online tools to assist their child.

- Transition workshops are offered throughout the year to support parents of students with severe disabilities in learning about employment and other options available after leaving high school.
- HCPSS was named among America's best employers by Forbes magazine for 2021. HCPSS ranked No. 7 in Maryland and No. 1 among educational institutions in the State and was the highest among the six school systems recognized.
- The Superintendent consistently reinforces value and support for students and families of diverse backgrounds and immigration status through community outreach, joint initiatives with community organizations and statements of solidarity.
- Universal screening for dyslexia and other reading disorders is now being implemented three times a year for all students in grades K–5. A community collaborative to support students with dyslexia convenes students, parents, staff and community stakeholders who meet monthly to share intended outcomes, structures and processes and to provide input for improving reading supports.
- The new HCPSS Community News and Programs website enables families and community members to quickly discover events, educational and recreational resources and after-school programs offered by community nonprofits.
- Hundreds of participants, including students, staff and community supporters, took part in the 2nd annual HoCo Rainbow Conference held virtually in the spring. The free, day-long event is designed to raise visibility and awareness of LGBTQIA+ issues.
- Two schools earned certification as Maryland Green Schools and two were named Sustainable Schools by the Maryland Association for Environmental and Outdoor Education, bringing the total number of HCPSS Green Schools to 50. Each certified Green School has demonstrated a continuous effort to integrate sustainable environmental practices, environmental education curricula, professional development opportunities and community engagement into their daily operations.
- HCPSS' partnership with the Luminus Network for New Americans (formerly FIRN) supports immigrant and first-generation students and their families in ensuring they have the information and resources needed for academic success. A new partnership with the Indian Cultural Association of Howard County encourages collaboration and facilitates communication between families with Indian backgrounds and HCPSS students and staff.
- Community partnerships support HCPSS in providing for students' essential needs during the pandemic. A partnership with the LindaBen Foundation assisted school families facing food scarcity, economic challenges, and housing instability. A partnership with National Center for Children and Families/The Neediest Kids provided grocery gift cards, clothing, toys, and other necessities for distribution to families in need.
- The LGBTQIA+ page on the HCPSS website continues to expand and includes new resources for students, staff and families, and a Rainbow Reps webpage was added. Additionally, a page was added to the website providing contact information for the school Diversity, Equity and Inclusion Liaisons for students and families to access.

## **Responsive and Efficient Operations**

- The HCPSS COVID-19 Dashboard reflected positive test results that were newly reported to HCPSS each week for students, staff or community members who were in school or office buildings during their contagious period. The data was displayed by individual location and school level.
- To further enhance a COVID-safe indoor building environment, HEPA filter units were installed in all elementary and middle school classrooms and high-traffic areas in all schools. Tents were installed at every elementary school to expand the availability of outdoor lunch seating.
- Through an initiative implemented in partnership with the Howard County Police Department, school buses

serving HCPSS have been outfitted with external cameras to ensure student safety by discouraging motorists from passing buses illegally.

- An extensive School Readiness Checklist, including 25 individual inspection items, was developed for use during school walk-through inspections in preparation for school reopening following the extended closure during the pandemic. The HCPSS Facilities Checklist website supported families and staff in viewing all inspection results in preparation for the return to school buildings.



## Acknowledgments

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The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire Accounting staff. The high standard of conformity of this report reflects the professional competence of all the individuals responsible for its preparation while working in a virtual environment during the COVID-19 pandemic. I wish to express our appreciation for a job well done.

## Conclusion

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This report has been prepared to provide financial information for the fiscal year ended June 30, 2022, 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 20.

Respectfully submitted,



Jahantab A. Siddiqui  
Chief Administrative Officer

# Financial Section

## Independent Auditor's Report

To the Board of Education  
Howard County, Maryland

Report on the Audit of the Financial Statements

### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2022, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2022, and the respective changes in its 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.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

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

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

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 20, budgetary comparison information on pages 63 through 64, the schedules of pension related supplementary information on pages 65 through 66, and the schedules of OPEB related supplementary information on pages 67 through 68 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

#### *Supplementary 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"), 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.

#### *Other Information Included in the Annual Report*

Management is responsible for the other information included in the annual report. The other information comprises the information included in the ACFR but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 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 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 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.



Baltimore, Maryland  
September 30, 2022

# Financial Section

## Management's Discussion and Analysis

# Management's Discussion and Analysis

## Introduction

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**A**s 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, 2022 with selected comparative data for the year ended June 30, 2021. 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.

## Financial Highlights for FY 2022

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### Government-wide financial statements

- The School System's financial status as of June 30, 2022, and as reflected in total net position, increased by \$15.4 million to \$408.7 million from \$393.3 million. The increase in total net position reflects increases in current and other assets of \$22.8 million, an increase in capital assets of \$78.8 million, and an increase in deferred outflows of resources of \$74.9 million, as well as increases in liabilities of \$137.8 million and an increase of deferred inflows of resources of \$23.3 million.
- General revenues accounted for \$933.8 million, including \$640.8 million in local appropriations and \$251.8 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 \$374.2 million. The total revenue from all sources was \$1.308 billion.
- The School System had \$1.293 billion in expenses related to programs, an increase of \$143.4 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, decreased by \$19.5 million to \$46.0 million from \$65.5 million. The General Fund balance is comprised of \$1.0 million in nonspendable fund balance related to prepaid items and inventories, \$38.6 million assigned for encumbrances and subsequent year's budgeted appropriation of fund balance, and \$6.4 million in unassigned fund balance.

# Management's Discussion and Analysis

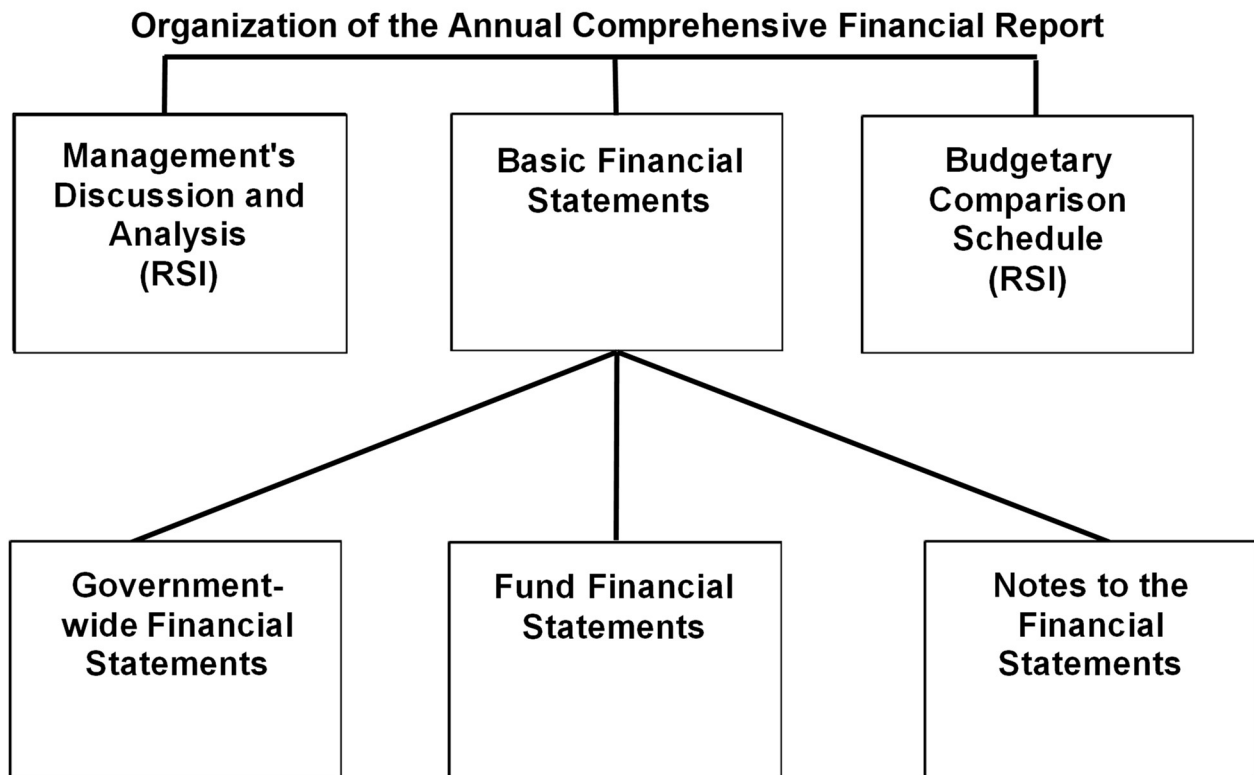
## Overview of the Basic Financial Statements

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 and proprietary 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.

**Figure A-1**

### Howard County Public School System





# 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 measurement 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 or paid. 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 categories 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).

The activities in the Government-wide Financial Statements 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.

# Management's Discussion and Analysis

## 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 two categories: governmental funds and proprietary 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.

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 25 and 27](#) of this report, respectively.

The governmental fund financial statements can be found on [pages 24 and 26](#) of this report.

## Proprietary Funds

Proprietary funds are used to show activities that operate more like those of commercial enterprises. These types 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 28–30](#) of this report.

# Management's Discussion and Analysis

## 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 33–61](#) 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 and other supplementary information can be found on [pages 63–78](#) of this report.

## Financial Highlights and Analysis

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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 49.0% of its governmental activities funding from the County and approximately 19.3% 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

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### 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, net position from governmental activities was \$408.3 million at the close of the most recent fiscal year.

The most significant portion of the School System's net position (334.9%) 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 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 provides a summary of the HCPSS's net position as of June 30, 2022 and 2021:

**Table 1: Net Position – As of June 30, 2022 and 2021 (In Thousands)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current and other assets	\$ 215,427	\$ 192,623	\$ 311	\$ 305	\$ 215,738	\$ 192,928
Capital assets (net)	1,373,786	1,295,009	50	26	1,373,836	1,295,035
Total assets	1,589,213	1,487,632	361	331	1,589,574	1,487,963
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	372,007	297,131	-	-	372,007	297,131
<b>LIABILITIES</b>						
Long-term liabilities	1,286,692	1,160,025	-	-	1,286,692	1,160,025
Other liabilities	130,439	119,302	12	22	130,451	119,324
Total liabilities	1,417,131	1,279,327	12	22	1,417,143	1,279,349
<b>DEFERRED INFLOWS OF RESOURCES</b>	135,758	112,460	-	-	135,758	112,460
<b>NET POSITION</b>						
Net investment in capital assets	1,368,780	1,282,509	50	26	1,368,830	1,282,535
Restricted for:						
GWWTWP	1,201	1,199	-	-	1,201	1,199
Capital Projects	3,861	2,947	-	-	3,861	2,947
Unrestricted	(965,511)	(893,679)	300	283	(965,211)	(893,396)
<b>TOTAL NET POSITION</b>	<b>\$ 408,331</b>	<b>\$ 392,976</b>	<b>\$ 350</b>	<b>\$ 309</b>	<b>\$ 408,681</b>	<b>\$ 393,285</b>

# Management's Discussion and Analysis

## Change in Net Position

The School System's net position increased \$15.4 million. 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.

Table 2 shows the changes in net position for the years ended June 30, 2022 and 2021. Key elements of this increase are as follows:

**Table 2: Change in Net Position – Years ended June 30, 2022 and 2021 (In Thousands)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2022	2021	2022	2021	2022	2021
<b>REVENUES</b>						
Charges for services	\$ 12,302	\$ 7,898	\$ 249	\$ 152	\$ 12,551	\$ 8,050
Operating grants and contributions	238,797	187,658	-	-	238,797	187,658
Capital grants and contributions	123,056	84,601	-	-	123,056	84,601
General revenues						
County appropriations	640,800	620,300	-	-	640,800	620,300
State aid	251,796	252,282	-	-	251,796	252,282
Federal aid	145	171	-	-	145	171
Interest and investment earnings	215	52	-	-	215	52
School Activity Fund Revenue	7,213	2,856	-	-	7,213	2,856
Miscellaneous	33,597	17,610	-	-	33,597	17,610
<b>Total Revenues</b>	<b>1,307,921</b>	<b>1,173,428</b>	<b>249</b>	<b>152</b>	<b>1,308,170</b>	<b>1,173,580</b>
<b>EXPENSES</b>						
Instruction						
Regular education	703,676	655,145	-	-	703,676	655,145
Special education	236,022	208,356	-	-	236,022	208,356
Support services:						
Administration	32,400	20,370	-	-	32,400	20,370
Mid-level administration	111,839	101,292	-	-	111,839	101,292
Student personnel services	12,074	6,602	-	-	12,074	6,602
Health services	16,810	14,542	-	-	16,810	14,542
Student transportation	48,994	31,686	-	-	48,994	31,686
Operation of plant	62,249	55,875	-	-	62,249	55,875
Maintenance of plant	41,084	33,572	-	-	41,084	33,572
Community services	7,982	6,735	-	-	7,982	6,735
Food services	19,436	15,060	-	-	19,436	15,060
Interest on long-term debt	-	-	-	-	-	-
Enterprise funds	-	-	208	148	208	148
<b>Total Expenses</b>	<b>1,292,566</b>	<b>1,149,235</b>	<b>208</b>	<b>148</b>	<b>1,292,774</b>	<b>1,149,383</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>15,355</b>	<b>24,193</b>	<b>41</b>	<b>4</b>	<b>15,396</b>	<b>24,197</b>
<b>BEGINNING NET POSITION</b>	<b>392,976</b>	<b>368,783</b>	<b>309</b>	<b>305</b>	<b>393,285</b>	<b>369,088</b>
<b>ENDING NET POSITION</b>	<b>\$ 408,331</b>	<b>\$ 392,976</b>	<b>\$ 350</b>	<b>\$ 309</b>	<b>\$ 408,681</b>	<b>\$ 393,285</b>

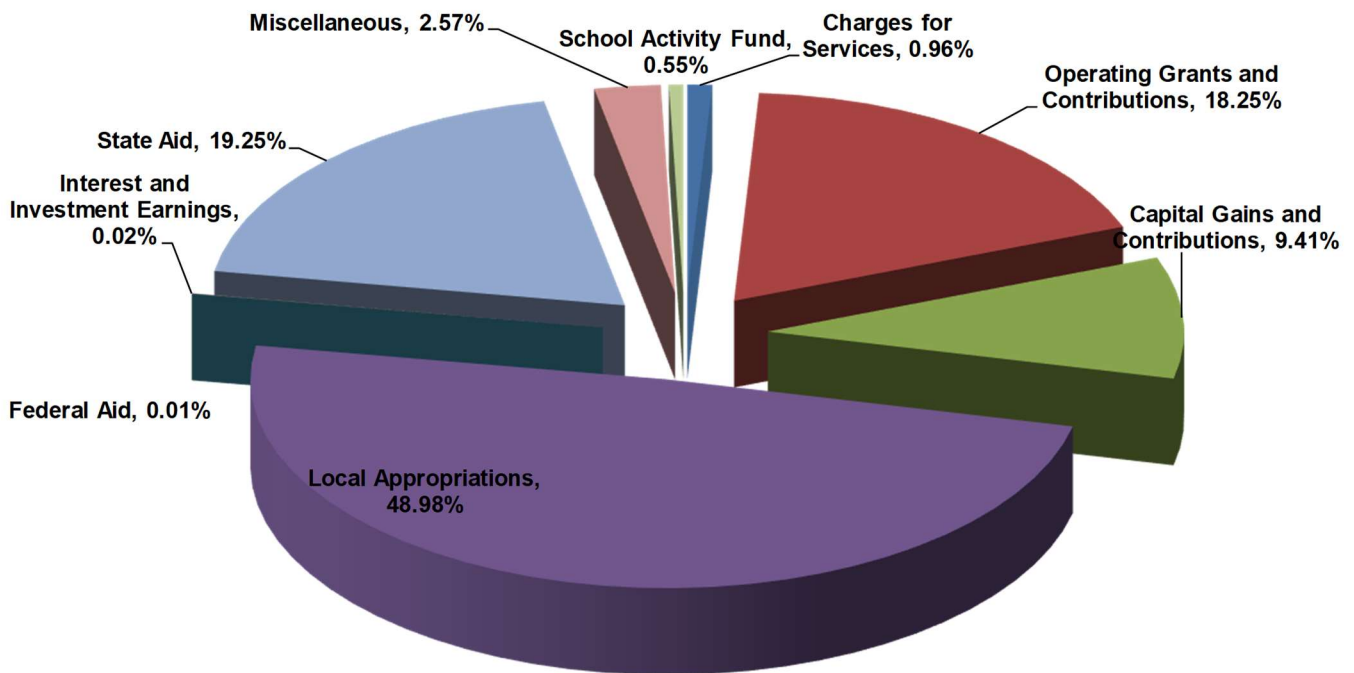
# Management's Discussion and Analysis

## 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 \$1.308 billion. Local appropriations and State formula aid accounted for most of the HCPSS revenue. Funds from these two sources contributed approximately 68% of every dollar needed. The remaining 32% came from federal aid for specific programs, fees charged for services and other miscellaneous revenues. Total revenue surpassed expenses, increasing net position by \$15.4 million over last year.

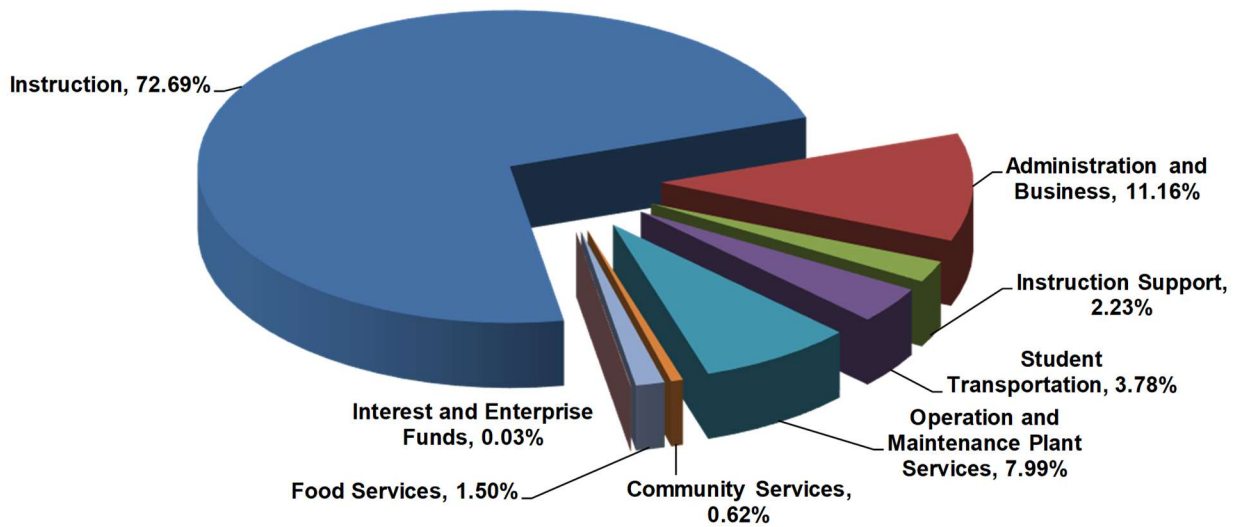
The total cost of all programs and services rose to \$1.293 billion. Most of the HCPSS expenses are related to instruction (including special education), instructional support and student transportation services. Expenses in these areas comprised approximately 78.7% of all School System expenditures. The business and administration activities, food services, and community services accounted for 11.16%, 1.50%, and 0.62% of total costs, respectively. Maintenance and operation expenses represented approximately 7.99%. Generally, increases in expenses closely paralleled inflation and growth in the demand for services. Educational programs like the class size reduction and bilingual education continue to receive the funding priority because these programs are integral to promoting student achievement.

**Chart 1: Source of Revenues – FY 2022**



# Management's Discussion and Analysis

## Chart 2: Expenses by Category – FY 2022



# Management's Discussion and Analysis

## Governmental Activities

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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 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).

**Table 3: Cost of Governmental Activities – Year ended June 30, 2022 (In Thousands)**

	<u>Total Cost of Services</u>	<u>Less Program Revenues</u>	<u>Net Cost of Services</u>
<b>Instruction</b>			
Regular education	\$ 703,676	\$ 215,342	\$ (488,334)
Special education	236,022	53,818	(182,204)
<b>Support services</b>			
Administration	32,400	12,096	(20,304)
Mid-level administration	111,839	12,561	(99,278)
Student personnel services	12,074	1,541	(10,533)
Health services	16,810	2,413	(14,397)
Student transportation	48,994	21,913	(27,081)
Operation of plant	62,249	7,534	(54,715)
Maintenance of plant	41,084	7,264	(33,820)
Community services	7,982	448	(7,534)
Food services	19,436	39,223	19,787
<b>Total</b>	<u>\$ 1,292,566</u>	<u>\$ 374,153</u>	<u>\$ (918,413)</u>

## Business-Type Activities

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The HCPSS has one business-type activity: The Jim Rouse Theatre. Operating revenues for the business-type activity totaled \$249 thousand for 2022. Operating expenses totaled \$208 thousand for a net operating income of \$41 thousand primarily due to an increase in charges for services. Details of the business-type activity can be found on [pages 28-30](#) of this report.



## Management's Discussion and Analysis

### Financial Analysis of Governmental Funds

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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 \$72.8 million, a decrease of \$7.7 million. This includes nonspendable fund balance which is comprised of \$1.2 million in inventories and \$190 thousand in prepaid expenses. Restricted fund balance is comprised of \$1.2 million for the Glenelg Wastewater Treatment Plant and \$3.9 million for capital projects. Assigned fund balance includes \$14.4 million for food services operations, \$2.2 million for Special Programs, \$4.9 million for School Activity Fund, \$9.7 million for encumbrances and \$28.9 million for subsequent year's budgeted appropriation of fund balance. The unassigned fund balance as of June 30, 2022 was \$6.4 million in the General Fund.

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

During the fiscal year, the fund balance of the School System's general fund decreased by \$19.5 million. HCPSS utilized \$27 million of the School's System's general fund balance in their approved FY2022 budget to cover the shortfall between revenue and expenditures. The \$7.5 million difference is mainly attributed to lower than budgeted expenditures in the categories of transportation, special education, and instructional salaries because of position salary lapse and turnover. For the fiscal year ending June 30, 2022, the Health and Dental Self-Insurance fund has improved its net position from a \$9.7 million deficit in FY21 to a current positive fund balance of \$5.95 million. This was achieved as a result of favorable claims experience, management action to conserve costs and strategically redirect spending to support system needs during COVID-19. During FY22 additional HCPSS resources were also available to reduce the deficit. Further spending plans are in place to favorably impact the Health and Dental Fund balance during FY23. 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 Services Fund, a special revenue fund, increased during the current fiscal year by \$11.1 million to \$14.7 million due to an increase in federal funding related to COVID-19. The Glenelg Wastewater Treatment Plant fund finished with a fund balance of \$1.2 million.

The HCPSS fiscal year 2023 approved capital budget proposed spending totaling \$466.2 million over the FY 2024-2028 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. Significant projects were the final construction and closeout phase for Talbott Springs Elementary School Replacement, continued construction for New High School #13, and construction activities for Hammond High School Renovation/Addition. State funding increased to \$51.5 million from \$33 million in the previous year due to the Built to Learn Act funding from the Maryland Stadium Authority.

### General Fund Budgetary Highlights

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The General 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.

## Management's Discussion and Analysis

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.

During FY 2022, General Fund Budgeted Revenues were under budget by \$3.4 million primarily due to lower than budgeted community use fees due to the closure of facilities from the pandemic, and lower than budgeted state and federal reimbursement. General Fund Budgeted Expenditures were under budget by \$14.5 million. This variance reflects the impact of the pandemic, which resulted in less expenditures for special education, instructional salaries, and contracted transportation services. These savings combined with budgetary control measures enacted by management allowed the School System to meet increased costs for continuity of learning within the approved budget.

## Capital Assets

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The HCPSS had \$1.374 billion invested in land, construction in progress, buildings and improvements, furniture and equipment, leased buildings and equipment and subscription assets, net of accumulated depreciation and amortization at June 30, 2022.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation and amortization, as of June 30, 2022 and 2021. During FY 2022, capital assets increased by a net of \$78.8 million from the prior year. The depreciation and amortization expense on these assets was approximately \$42.4 million in FY 2022. More detailed information about capital assets can be found on [pages 43–44](#) of this report.

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

### Capital Projects

- Final construction and closeout activities for Talbott Springs Elementary School Replacement
- Continued construction activities for New High School #13
- Construction activities for Hammond High School Renovation/Addition
- Other major projects include systemic projects, roofing projects, technology projects, parking lot projects, and relocatable classrooms

### Leases/Subscription-Based Information Technology Agreements

- Renewed lease agreement (5 years) for mail tracking system
- Entered into a new lease agreement (3 years) for professional development conference space

The HCPSS FY 2023 capital budget approved spending of \$25.4 million to continue construction of the New HS #13, \$34.9 million to continue construction of the Hammond HS Renovation/Addition, \$30.6 million for systemic renovations, \$5 million for roofing projects, \$250 thousand for playground equipment, \$2.0 million for relocatable classroom projects, \$1 million for site acquisition and construction reserve, \$5.5 million for technology, \$600 thousand for parking lot expansion/repairs, \$450 thousand for planning and design, and \$200 thousand towards barrier free projects for a total of \$105.9 million.

# Management's Discussion and Analysis

**Table 4: Capital Assets – Governmental Activities – As of June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
Land	\$ 34,343,533	\$ 34,343,533
Construction in progress	187,802,815	78,191,479
Buildings and improvements	1,777,074,153	1,767,995,791
Furniture and equipment	32,927,020	31,488,193
(Less accumulated depreciation)	(669,115,043)	(630,187,002)
Leased assets	7,937,929	7,329,065
Subscription assets	10,378,527	10,378,527
(Less accumulated amortization)	(7,563,307)	(4,530,602)
<b>Total Capital Assets</b>	<b>\$ 1,373,785,627</b>	<b>\$ 1,295,008,984</b>

## Long-Term Obligations

School systems in Maryland have no authority to incur bonded debt. The only long-term obligations of the HCPSS consist of lease obligations, subscription-based information technology arrangements, net pension and OPEB liabilities, compensated absences resulting from annual leave earned but not taken by employees, and workers compensation liabilities. The 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 \$13.7 million as of June 30, 2022. Net pension and OPEB liability totaled approximately \$40.9 million and \$1,224.7 million, respectively as of June 30, 2022. Total long-term obligations totaled approximately \$1,293.9 million as of June 30, 2022 for an increase of approximately \$128.0 million over the balance of \$1,165.9 million as of June 30, 2021.

Additional information on the School System's long-term obligation can be found on [page 46](#) 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:

- Strengthening the Health Fund balance to meet the requirements established in Policy 4070 – Fund Balance.
- Projected increases in student enrollments over the next decade.
- Meeting the needs of increasing numbers of homeless students; those newly immigrated to this country and growing socioeconomically eligible population requiring 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.

## Management's Discussion and Analysis

- 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

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Since the recession, Howard County has experienced years of healthier recovery than its counterparts in other areas of the state and country. The recovery has continued to show signs of fragility, which has created a volatile future for the American economy and uncertainty for future budgets.

The uncertainties and budget impacts of the COVID-19 pandemic have added another layer of complexity to an already challenging budget environment. Difficult compromises were required to balance the FY 2022 Operating Budget within a tightened budget climate at the county and state level, which has been exacerbated by the unexpected costs associated with the pandemic response. The Board, Superintendent, and staff made many difficult decisions to limit the FY 2022 budget to our most pressing priorities and obligations.

At the time these financial statements were prepared and audited, the HCPSS was not aware of other factors that could significantly affect its financial condition in the future.

HCPSS's growing student population, and the need for additional support and services has created fiscal challenges as the county and state continue to experience limited revenue growth. The current Maintenance of Effort (MOE) funding formula falls short in a school system that is among the fastest growing in Maryland, has an increasing proportion of students who struggle with poverty, mental health issues, language barriers, and other challenges; and which faces an increasingly competitive market for highly qualified educators.

These factors were considered in preparing the HCPSS budget for FY 2023.

### Contacting HCPSS Financial Management

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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 Administration  
10910 Clarksville Pike, Ellicott City, MD 21402-6198  
Phone: 410-313-6680  
Email: jahantab\_siddiqui@hcpss.org

# Financial Section

## Basic Financial Statements

# Government-Wide Financial Statements

## Howard County Public School System

### Statement of Net Position June 30, 2022

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 39,166,125	\$ -	\$ 39,166,125
Investments	119,266,797	-	119,266,797
Accounts receivable	13,170,940	35,660	13,206,600
Internal balances	(276,007)	276,007	-
Due from other units of government	42,646,068	-	42,646,068
Prepaid items	196,033	-	196,033
Inventory	1,257,775	-	1,257,775
Capital assets:			
Land	34,343,533	-	34,343,533
Construction in progress	187,802,815	-	187,802,815
Building and improvements	1,777,074,153	-	1,777,074,153
Furniture and equipment	32,927,020	274,138	33,201,158
Less: accumulated depreciation	(669,115,043)	(224,236)	(669,339,279)
Leased assets	7,937,929	-	7,937,929
Subscription assets	10,378,527	-	10,378,527
Less: accumulated amortization	(7,563,307)	-	(7,563,307)
Total capital assets, net of depreciation and amortization	1,373,785,627	49,902	1,373,835,529
Total Assets	1,589,213,358	361,569	1,589,574,927
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	372,006,765	-	372,006,765
<b>LIABILITIES</b>			
Accounts payable	17,513,194	-	17,513,194
Accrued liabilities	89,564,974	-	89,564,974
Unearned revenue	16,148,898	11,783	16,160,681
Long-term liabilities:			
Current portion	7,211,850	-	7,211,850
Long-term portion	1,286,691,695	-	1,286,691,695
Total Liabilities	1,417,130,611	11,783	1,417,142,394
<b>DEFERRED INFLOWS OF RESOURCES</b>	135,757,995	-	135,757,995
<b>NET POSITION</b>			
Net investment in capital assets	1,368,780,024	49,902	1,368,829,926
Restricted for:			
Glenelg wastewater treatment plant	1,201,094	-	1,201,094
Capital Projects	3,860,977	-	3,860,977
Unrestricted	(965,510,578)	299,884	(965,210,694)
<b>TOTAL NET POSITION</b>	\$ 408,331,517	\$ 349,786	\$ 408,681,303

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, 2022

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	\$ 703,676,465	\$ 2,502,364	\$ 89,784,295	\$ 123,055,678	\$ (488,334,128)	\$ -	\$ (488,334,128)
Special education	236,022,424	-	53,818,428	-	(182,203,996)	-	(182,203,996)
Total instruction	939,698,889	2,502,364	143,602,723	123,055,678	(670,538,124)	-	(670,538,124)
Support services:							
Administration	32,400,281	-	12,096,321	-	(20,303,960)	-	(20,303,960)
Mid-level administration	111,838,683	-	12,560,564	-	(99,278,119)	-	(99,278,119)
Student personnel services	12,074,160	-	1,541,149	-	(10,533,011)	-	(10,533,011)
Health services	16,809,458	-	2,413,422	-	(14,396,036)	-	(14,396,036)
Student transportation	48,993,650	-	21,912,933	-	(27,080,717)	-	(27,080,717)
Operation of plant	62,249,096	216,945	7,316,800	-	(54,715,351)	-	(54,715,351)
Maintenance of plant and equipment	41,084,116	-	7,264,147	-	(33,819,969)	-	(33,819,969)
Community services	7,981,532	-	448,437	-	(7,533,095)	-	(7,533,095)
Food services	19,435,791	9,582,247	29,640,410	-	19,786,866	-	19,786,866
Total support services	352,866,767	9,799,192	95,194,183	-	(247,873,392)	-	(247,873,392)
Total governmental activities	1,292,565,656	12,301,556	238,796,906	123,055,678	(918,411,516)	-	(918,411,516)
Business-type activities:							
Jim Rouse Theatre	208,438	249,062	-	-	-	40,624	40,624
Total Business-type activities	208,438	249,062	-	-	-	40,624	40,624
<b>TOTAL SCHOOL SYSTEM</b>	<b>\$ 1,292,774,094</b>	<b>\$ 12,550,618</b>	<b>\$ 238,796,906</b>	<b>\$ 123,055,678</b>	<b>(918,411,516)</b>	<b>40,624</b>	<b>(918,370,892)</b>
General revenues - unrestricted:							
Local appropriations					640,800,004	-	640,800,004
State Aid					251,795,544	-	251,795,544
Federal Aid					145,107	-	145,107
Interest and investment earnings					214,948	-	214,948
Student activity fund revenue					7,213,415	-	7,213,415
Miscellaneous					33,598,005	-	33,598,005
Total general revenues					933,767,023	-	933,767,023
<b>CHANGES IN NET POSITION</b>					15,355,507	40,624	15,396,131
<b>NET POSITION, BEGINNING OF YEAR</b>					392,976,010	309,162	393,285,172
<b>NET POSITION, END OF YEAR</b>					\$ 408,331,517	\$ 349,786	\$ 408,681,303

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**

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 27,286,668	\$ 6,982,817	\$ -	\$ 4,896,640	\$ -	\$ 39,166,125
Investments	111,426,830	489,744	1,318,045	-	-	113,234,619
Accounts receivable	926,325	10,852,359	216,945	1,141,576	-	13,137,205
Prepaid items	190,115	-	-	-	-	190,115
Due from other funds	22,718,825	-	-	-	-	22,718,825
Due from other units of government	-	-	-	25,192,957	17,453,111	42,646,068
Inventory	852,484	333,389	-	-	-	1,185,873
Total Assets	<u>\$ 163,401,247</u>	<u>\$ 18,658,309</u>	<u>\$ 1,534,990</u>	<u>\$ 31,231,173</u>	<u>\$ 17,453,111</u>	<u>\$ 232,278,830</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 3,658,514	\$ 491,325	\$ 3	\$ 1,444,370	\$ 7,362,798	\$ 12,957,010
Accrued liabilities	78,907,490	-	-	785	76,699	78,984,974
Due to other funds	33,892,147	2,981,117	333,893	13,251,178	6,152,637	56,610,972
Unearned revenue	942,560	481,840	-	9,450,215	-	10,874,615
Compensated absences payable	10,000	-	-	-	-	10,000
Total Liabilities	<u>117,410,711</u>	<u>3,954,282</u>	<u>333,896</u>	<u>24,146,548</u>	<u>13,592,134</u>	<u>159,437,571</u>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	190,115	-	-	-	-	190,115
Inventories	852,484	333,389	-	-	-	1,185,873
Restricted	-	-	1,201,094	-	3,860,977	5,062,071
Assigned	38,595,209	14,370,638	-	7,084,625	-	60,050,472
Unassigned	6,352,728	-	-	-	-	6,352,728
Total fund balances	<u>45,990,536</u>	<u>14,704,027</u>	<u>1,201,094</u>	<u>7,084,625</u>	<u>3,860,977</u>	<u>72,841,259</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 163,401,247</u>	<u>\$ 18,658,309</u>	<u>\$ 1,534,990</u>	<u>\$ 31,231,173</u>	<u>\$ 17,453,111</u>	<u>\$ 232,278,830</u>

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

**Fund Financial Statements**  
**Howard County Public School System**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2022**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 24)</b>	<b>\$ 72,841,259</b>
<p>Amounts reported for governmental activities in the Statement of Net Position is different because:</p>	
<p>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 \$2,030,967,957 and the accumulated depreciation is \$665,163,653.</p>	1,365,804,304
<p>Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers compensation self-insurance services activities, and health and dental self-insurance activities. The assets and liabilities of the internal service funds are included with governmental activities.</p>	17,814,679
<p>Deferred outflows of resources related to pensions that relate to future periods therefore not reported at the fund level.</p>	22,189,005
<p>Deferred outflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.</p>	349,817,760
<p>Deferred inflows of resources related to pensions that relate to future periods therefore not reported at the fund level.</p>	(22,971,094)
<p>Deferred inflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.</p>	(112,786,901)
<p>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 \$13,691,300 of compensated absences payable, \$4,465,297 of lease liabilities, \$647,338 of subscription-based information technology arrangement liabilities, \$40,867,624 of net pension liability, and \$1,224,705,936 of net OPEB liability.</p>	<u>(1,284,377,495)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 22)</b>	<b><u>\$ 408,331,517</u></b>

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, 2022

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental revenues:						
Local sources	\$ 665,553,766	\$ -	\$ -	\$ 2,685,725	\$ 77,298,573	\$ 745,538,064
State sources	341,030,854	419,286	-	10,565,576	45,737,544	397,753,260
Federal sources	372,000	29,221,124	-	65,658,867	-	95,251,991
Earnings on investments	208,951	976	2,627	-	19,561	232,115
Charges for services	3,810,518	456,548	198,656	-	-	4,465,722
Miscellaneous revenues	491,762	-	-	-	-	491,762
School Activity Fund Revenue	-	-	-	7,213,415	-	7,213,415
<b>Total Revenues</b>	<b>1,011,467,851</b>	<b>30,097,934</b>	<b>201,283</b>	<b>86,123,583</b>	<b>123,055,678</b>	<b>1,250,946,329</b>
<b>EXPENDITURES</b>						
Current:						
Administration	13,722,366	-	-	9,413,292	-	23,135,658
Mid-level administration	65,034,636	-	-	3,179,673	-	68,214,309
Instruction:						
Instructional salaries	363,786,555	-	-	22,640,845	-	386,427,400
Textbooks and classroom supplies	9,303,780	-	-	3,829,752	-	13,133,532
Other instructional costs	5,271,347	-	-	8,748,288	-	14,019,635
Special education	134,959,647	-	-	21,609,105	-	156,568,752
Student personnel services	7,045,761	-	-	395,190	-	7,440,951
Health services	9,808,558	-	-	860,869	-	10,669,427
Student transportation	45,017,910	-	-	2,627,023	-	47,644,933
Operation of plant	43,068,504	-	198,656	1,300,517	-	44,567,677
Maintenance of plant and equipment	29,284,455	-	-	3,499,195	-	32,783,650
Fixed charges	298,145,871	-	-	7,153,467	-	305,299,338
Costs of operation - food service	-	18,995,533	-	352,800	-	19,348,333
Community services	5,520,383	-	-	707,107	-	6,227,490
Capital outlay	968,453	-	-	15,300	122,141,924	123,125,677
<b>Total Expenditures</b>	<b>1,030,938,226</b>	<b>18,995,533</b>	<b>198,656</b>	<b>86,332,423</b>	<b>122,141,924</b>	<b>1,258,606,762</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(19,470,375)</b>	<b>11,102,401</b>	<b>2,627</b>	<b>(208,840)</b>	<b>913,754</b>	<b>(7,660,433)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>65,460,911</b>	<b>3,601,626</b>	<b>1,198,467</b>	<b>7,293,465</b>	<b>2,947,223</b>	<b>80,501,692</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 45,990,536</b>	<b>\$ 14,704,027</b>	<b>\$ 1,201,094</b>	<b>\$ 7,084,625</b>	<b>\$ 3,860,977</b>	<b>\$ 72,841,259</b>

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

**Fund Financial Statements**  
**Howard County Public School System**

**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances to the Statement of Activities**  
**Year Ended June 30, 2022**

<b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 26)</b>	<b>\$ (7,660,433)</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
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 and amortization expense. This is the amount by which capital outlay \$121,165,233 exceeds depreciation and amortization expense of \$39,575,428 in the period.	81,589,805
The issuance of lease obligations provides current financial resources to governmental funds, while the repayment of the principal of lease obligations consumes the current financial resources of governmental funds. Neither, however, has any effect on net position.	(31,749)
The issuance of subscription-based information technology agreements (SBITAs) obligations provides current financial resources to governmental funds, while the repayment of the principal of SBITA obligations consumes the current financial resources of governmental funds. Neither, however, has any effect on net position.	321,230
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:	(749,905)
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.	2,622,339
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.	(80,463,723)
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 the net position of the internal service fund is reported with governmental activities.	<u>19,727,943</u>
<b>CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 23)</b>	<b><u>\$ 15,355,507</u></b>

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, 2022**

	<b>Enterprise Fund/ Jim Rouse Theater</b>	<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS</b>		
Current assets:		
Investments	\$ -	\$ 6,032,178
Accounts receivable	35,660	33,735
Due from other funds	276,007	33,616,140
Inventory	-	71,902
Prepaid expenses	-	5,918
Total current assets	<u>311,667</u>	<u>39,759,873</u>
Noncurrent assets:		
Capital assets:		
Furniture, fixtures and equipment	274,138	8,797,090
Less accumulated depreciation	(224,236)	(6,642,898)
Leased assets	-	1,941,165
Subscription assets	-	8,757,765
Less accumulated amortization	-	(4,871,799)
Total capital assets, net	<u>49,902</u>	<u>7,981,323</u>
Total assets	<u>361,569</u>	<u>47,741,196</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	-	4,556,184
Leases	-	386,439
Subscription agreements	-	1,746,946
Due to other funds	-	-
Claims payable	-	12,670,675
Unearned revenue	11,783	5,274,283
Total current liabilities	<u>11,783</u>	<u>24,634,527</u>
Long-term liabilities:		
Leases	-	893,174
Subscription agreements	-	1,979,044
Claims payable, net of current portion	-	2,419,772
Total long-term liabilities	<u>-</u>	<u>5,291,990</u>
Total liabilities	<u>11,783</u>	<u>29,926,517</u>
<b>NET POSITION</b>		
Net investment in capital assets	49,902	2,975,720
Unrestricted	<u>299,884</u>	<u>14,838,959</u>
<b>TOTAL NET POSITION</b>	<u>\$ 349,786</u>	<u>\$ 17,814,679</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, 2022**

	<b>Enterprise Fund/ Jim Rouse Theater</b>	<b>Governmental Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>		
Charges for services - internal	\$ -	\$ 159,562,240
Charges for services - other	242,375	-
Miscellaneous revenue	6,687	33,106,243
Contributions from employees and retirees	-	16,020,738
	<u>249,062</u>	<u>208,689,221</u>
Total operating revenues		
<b>OPERATING EXPENSES</b>		
Operating expenses	195,407	-
Administrative expenses	-	18,900,098
Claims and related expenses	-	167,260,040
Depreciation and amortization expense	13,031	2,813,162
	<u>208,438</u>	<u>188,973,300</u>
Total operating expenses		
Operating income (loss)	<u>40,624</u>	<u>19,715,921</u>
<b>NON-OPERATING REVENUES</b>		
Interest income	-	12,022
	<u>-</u>	<u>12,022</u>
Total non-operating income		
<b>CHANGES IN NET POSITION</b>	40,624	19,727,943
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>309,162</u>	<u>(1,913,264)</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 349,786</u>	<u>\$ 17,814,679</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, 2022**

	<b>Enterprise Fund/ Jim Rouse Theater</b>	<b>Governmental Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 232,872	\$ -
Cash received (paid) from other funds	9,014	172,136,799
Cash received from employees and retirees	-	16,020,738
Payments to suppliers	<u>(205,399)</u>	<u>(186,065,379)</u>
Net cash provided by operating activities	<u>36,487</u>	<u>2,092,158</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of equipment	(36,487)	-
Principal paid on leases	<u>-</u>	<u>(2,092,158)</u>
Net cash used in capital and related financing activities	<u>(36,487)</u>	<u>(2,092,158)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	(12,022)
Interest received	<u>-</u>	<u>12,022</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	-	-
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	-	-
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 40,624	\$ 19,715,921
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	13,031	2,813,162
Effects of changes in operating assets and liabilities:		
Accounts receivable	(16,191)	(30,537)
Prepaid expenses	-	(5,918)
Due from other funds	9,014	(20,936,281)
Inventory	-	46,905
Accounts payable	-	2,246,171
Accrued liabilities	-	-
Claims payable	-	(2,192,399)
Due to other funds	-	-
Unearned revenue	<u>(9,991)</u>	<u>435,134</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>36,487</u>	<u>2,092,158</u>
<b>NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Lease of equipment	-	-
Subscription asset arrangement	<u>-</u>	<u>-</u>
<b>TOTAL FINANCING ACTIVITIES</b>	<u>\$ -</u>	<u>\$ -</u>

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

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



# Financial Section

## Notes to the Basic Financial Statements

## Notes to Basic Financial Statements

### Note to Basic Financial Statement Index

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# Notes to Basic Financial Statements

## I – Summary of Significant Accounting Policies

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### 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.

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

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

# Notes to Basic Financial Statements

## Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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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 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 Services 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 purposes.
- *Glenelg Wastewater Treatment Plant Fund* (Special Revenue Fund) – The Glenelg Wastewater Treatment Plant Fund is used to account for the operations of the shared wastewater treatment facility at Glenelg High School, which provides wastewater treatment services to Glenelg High School and the Musgrove Farm community of 30 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* (Special Revenue Fund) – The Restricted Programs Fund is used to account for restricted grants issued primarily by county, state, and federal governmental agencies, “S-Programs” which support specific programs and school activity funds.
- *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.

## Notes to Basic Financial Statements

### Proprietary Funds

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.

- *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.

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 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.

## Notes to Basic Financial Statements

### 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, 2022, are expected to be minimal based upon collection experience and review of the status of existing receivables.



## Notes to Basic Financial Statements

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

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#### Inventory and Prepaid Items

Inventory in the General Fund consists of parts and supplies maintained in the warehouse, which is reported at cost using the weighted average cost basis. Inventory in the Food Services Fund consists of expendable food and supplies held for consumption which is reported at the lower of cost or market. 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 internal service funds consist of insurance premiums and other administrative expenditures that relate to fiscal year 2023. 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 cash received under cost-reimbursement based programs in excess of the expenditures under those programs on June 30, 2022.

Student meal sales consist of payments and prepayments may be made using cash or check. Families may also prepay with a credit card by setting up an online account to pay for student meals. Unearned revenue in the Food Services Fund consists primarily of these funds held on account for student meals.

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, 2022 for the first three months of fiscal year 2023.

## Notes to Basic Financial Statements

### Deferred Outflow and Inflow 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 (expense/expenditure) until the future period. The School System recognizes deferred outflows related to changes in assumptions for pension and OPEB, the difference between expected and actual experience related to OPEB, changes in the School System's proportionate share of the pension and OPEB liability, the net difference between the projected and actual investment earnings on pension and OPEB plan investments, the difference between actual and proportionate share of pension contributions and contributions subsequent to the measurement date related to pension and OPEB plans.

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 School System recognizes deferred inflows related to the changes in assumptions for pension and OPEB, changes in the School System's proportionate share of the pension and OPEB liability, the difference between expected and actual experience related to pensions and OPEB, and the net difference between the projected and actual investment earnings on OPEB investments.

### 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 and proprietary 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, accumulated amortization and the liabilities associated with leased right-of-use assets and subscription-based information technology arrangements. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets, except for those assets purchased under lease agreements and subscription-based information technology agreements. 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. When both restricted and unrestricted resources are available for use, restricted resources shall be used first and then unrestricted resources as they are needed.



## Notes to Basic Financial Statements

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.

Policy 4070, Fund Balance, states in what order fund balance categories are spent: (1) Nonspendable balance first, then (2) restricted fund balance, 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 restricted and unrestricted fund balance is available, the School System considers restricted 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.

# Notes to Basic Financial Statements

## 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 January and February 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 on or after March 1 as may be requested by the county fiscal authority, per state law.
- 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, the exclusion of pension contributions made on the School System's behalf by the State of Maryland, and the OPEB contributions made on behalf by the County 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 Board of Education and the County Council.
- 9) Requests for transfers between major categories must be approved by the Board of Education and 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 Programs Fund)

This budget is not legally adopted. The Restricted Programs Fund accounts for revenue and expenditures under special state and federal programs as well as school activity accounts maintained by individual schools. 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.

## Notes to Basic Financial Statements

### Operating Budget (Food Services Fund)

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

### Operating Budget (Glenelg Wastewater Treatment Plant Fund)

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

### Operating Budget (Jim Rouse Theatre Fund)

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

## Use of Estimates in Preparing Financial Statements

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

## New Pronouncements

There were no new pronouncements during FY 2022.

# Notes to Basic Financial Statements

## II – Cash and Cash Equivalents and Investments

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### Deposits

At year-end, the carrying amount of the School System's deposits was \$39,166,125 in the governmental funds and the corresponding bank balances were \$40,305,860. The bank balance included a remote check deposit of \$3,272,770 deposited on June 29, 2022 that was in transit and did not clear the issuing bank as of June 30, 2022. Therefore, the collected bank balances totaled \$37,033,090 (\$40,305,860 less \$3,272,770) and were covered by either Federal Depository Insurance for \$250,000 or collateral held in the pledging bank's trust department in the School System's name in the amount of \$38,611,648. 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, 2022, the School System's investments totaling \$119,266,797 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 the 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 re-purchase agreements and MLGIP have a market value equal to the cost of the agreement. The average maturity of the investments in the MLGIP investment pool is less than one year. Total net investment income per the Statement of Activities consists of interest income of \$214,948 for the year ended June 30, 2022.

### 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.

# Notes to Basic Financial Statements

## III – Capital Assets

Capital asset activity for the year ended June 30, 2022 was as follows:

<b>Governmental Activities</b>	<b>Balance July 1, 2021</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Balance June 30, 2022</b>
<b>Nondepreciable capital assets</b>				
Land	\$ 34,343,533	\$ -	\$ -	\$ 34,343,533
Construction in progress	78,191,479	118,689,698	(9,078,362)	187,802,815
Total nondepreciable capital assets	<u>112,535,012</u>	<u>118,689,698</u>	<u>(9,078,362)</u>	<u>222,146,348</u>
<b>Capital assets being depreciated and amortized</b>				
Land improvements	1,675,226	-	-	1,675,226
Buildings and improvements	1,766,320,565	9,078,362	-	1,775,398,927
Furniture and equipment	31,488,193	1,770,459	(331,632)	32,927,020
Leased buildings and improvements	4,243,607	611,717	-	4,855,324
Leased furniture and equipment	3,085,458	93,359	(96,212)	3,082,605
Subscription assets	10,378,527	-	-	10,378,527
Total capital assets being depreciated and amortized	<u>1,817,191,576</u>	<u>11,553,897</u>	<u>(427,844)</u>	<u>1,828,317,629</u>
<b>Less accumulated depreciation for:</b>				
Land improvements	(1,569,811)	(4,898)	-	(1,574,709)
Buildings and improvements	(602,007,903)	(37,430,013)	-	(639,437,916)
Furniture and equipment	(26,609,289)	(1,824,761)	331,632	(28,102,418)
<b>Less accumulated amortization for:</b>				
Leased buildings and equipment	(731,368)	(486,359)	-	(1,217,727)
Leased furniture and equipment	(643,921)	(574,945)	96,212	(1,122,654)
Subscription assets	(3,155,312)	(2,067,614)	-	(5,222,926)
Total accumulated depreciation and amortization	<u>(634,717,604)</u>	<u>(42,388,590)</u>	<u>427,844</u>	<u>(676,678,350)</u>
Total capital assets being depreciated and amortized, net	<u>1,182,473,972</u>	<u>(30,834,693)</u>	<u>-</u>	<u>1,151,639,279</u>
<b>Capital assets, net</b>	<u>\$ 1,295,008,984</u>	<u>\$ 87,855,005</u>	<u>\$ (9,078,362)</u>	<u>\$ 1,373,785,627</u>

## Notes to Basic Financial Statements

Depreciation and amortization expense for the year ended June 30, 2022, was charged to Governmental activities on the Statement of Activities as follows:

Instruction:

Regular education	\$ 34,972,185
Special education	108,843

Support services:

Administration	2,281,083
Mid-level administration	3,528,472
Student transportation	14,644
Operation and maintenance of plant	1,347,906
Community services	47,999
Food services	87,458

<b>Total depreciation and amortization expense</b>	<b>\$ 42,388,590</b>
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<u>Business-type Activities</u>	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Balance June 30, 2022</u>
Buildings and improvements	\$ -	\$ 36,484	\$ -	\$ 36,484
Furniture and equipment	243,849	-	(6,195)	237,654
Less accumulated depreciation	(217,400)	(13,031)	6,195	(224,236)
<b>Capital assets, net</b>	<b>\$ 26,449</b>	<b>\$ 23,453</b>	<b>\$ -</b>	<b>\$ 49,902</b>

The School System has active school construction projects as of June 30, 2022, as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Project:		
Hammond HS Renovation/Addition	\$ 64,116,938	\$ 2,921,646
New HS #13	88,776,296	8,908,704
Talbott Springs ES	34,806,908	8,660,265
Systemic Renovations FY19 Forward	35,067,138	28,721,642
Relocatable Classrooms FY19 Forward	6,870,072	1,129,927
Roofing Projects FY19 Forward	7,480,402	6,537,941
Technology FY19 Forward	6,611,727	888,273
Subtotal	243,729,481	57,768,398
Other Projects	327,220,887	3,724,131
<b>Total</b>	<b>\$ 570,950,368</b>	<b>\$ 61,492,529</b>

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

## Notes to Basic Financial Statements

### IV – Due To/Due From Other Funds

The composition of inter-fund balances as of June 30, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Workers Compensation	General	Reimbursable expenditures	\$ 756,246
General	Capital Projects	Reimbursable expenditures	6,152,637
Technology Services	General	Reimbursable expenditures	7,191,475
Health and Dental	General	Reimbursable expenditures	24,627,670
Jim Rouse Theatre	General	Reimbursable expenditures	276,007
Print Services	General	Reimbursable expenditures	1,040,749
General	Glenelg WWTP	Treatment plant expenditures	333,893
General	Restricted Programs	Advances of pooled cash	13,251,178
General	Food Services	Food services expenditures	2,981,117
<b>Total</b>			<b>\$ 56,610,972</b>

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

	<u>Due To</u>	<u>Due From</u>
Balance Sheet - Governmental Funds (page 24)	\$ 56,610,972	\$ 22,718,825
Statement of Net Position - Proprietary Funds (page 28)	-	276,007
Statement of Net Position - Internal Service Funds (page 74)	-	33,616,140
<b>Total</b>	<b>\$ 56,610,972</b>	<b>\$ 56,610,972</b>

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.

## Notes to Basic Financial Statements

### V – Long-Term Liabilities

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Compensated absences	\$ 12,951,395	\$ 2,229,371	\$ (1,479,466)	\$ 13,701,300	\$ 1,854,418
Leases	6,086,754	705,075	(1,046,919)	5,744,910	1,193,761
Subscription agreements	6,413,125	-	(2,039,797)	4,373,328	2,072,996
Net pension liability	55,884,306	(15,016,682)	-	40,867,624	-
Net OPEB liability	1,080,270,015	144,435,921	-	1,224,705,936	-
Workers compensation	4,303,147	2,040,548	(1,833,248)	4,510,447	2,090,675
<b>Total governmental activities</b>	<b>\$ 1,165,908,742</b>	<b>\$ 134,394,233</b>	<b>\$ (6,399,430)</b>	<b>\$ 1,293,903,545</b>	<b>\$ 7,211,850</b>

Compensated absences, pension liabilities and other post-employment liabilities are generally liquidated by the General Fund.

The School System has entered into several leases and subscription-based information technology arrangements 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 2030.

The future minimum lease obligations as of June 30, 2022, were as follows:

Year Ending June 30:	Leases		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 1,193,761	\$ 105,126	\$ 1,298,887
2024	1,201,645	79,666	1,281,311
2025	911,185	53,760	964,945
2026	634,648	33,972	668,620
2027	453,947	24,482	478,429
2028-2030	1,349,724	30,882	1,380,606
	<b>\$ 5,744,910</b>	<b>\$ 327,888</b>	<b>\$ 6,072,798</b>

The future minimum obligations under subscription-based information technology arrangements as of June 30, 2022 were as follows:

Year Ending June 30:	Subscription Agreements		
	Principal Payments	Interest Payments	Total Payments
2023	\$ 2,072,996	\$ 73,867	\$ 2,146,863
2024	2,097,116	49,747	2,146,863
2025	203,216	5,883	209,099
	<b>\$ 4,373,328</b>	<b>\$ 129,497</b>	<b>\$ 4,502,825</b>



# Notes to Basic Financial Statements

## VI – Defined Benefit Pension Plans

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### 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 publicly 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 member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable 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 creditable service accumulated prior to July 1, 1998 plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning on July 1, 2011, any new member of the Teachers' or Employees' Pension System shall earn an annual pension allowance equal to 1.5% of the member's AFC multiplied by the number of years of creditable service accumulated as a member of the Teachers' or Employees' Pension System.

## Notes to Basic Financial Statements

### 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% of earnable compensation annually. Members of the Teachers' Retirement System and Employees' Retirement System are required to contribute 5-7% of earnable compensation 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, 2022, was \$59,430,179. The 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 commenced being paid in FY 2020. The HCPSS's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2022, was \$22,610,416.

The HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2022, was 7% 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, 2022 of \$6,264,996.

### 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, 2022, the HCPSS reported a liability of \$40,867,624 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2021, 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, 2021. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2021, the HCPSS's proportionate share was 0.272%, which was an increase of 0.025% from its proportion measured at June 30, 2020.

## Notes to Basic Financial Statements

For the year ended June 30, 2022, the HCPSS recognized pension expense of \$3,642,669. At June 30, 2022, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in assumptions	\$ 7,876,968	\$ 789,885
Changes in proportion	8,047,039	278,505
Differences between expected and actual experience	-	2,891,023
Net difference between projected and actual earnings on pension plan investments	-	19,011,681
Difference between actual and proportionate share of contributions	2	-
HCPSS contributions subsequent to the measurement date	6,264,996	-
<b>Total</b>	<b>\$ 22,189,005</b>	<b>\$ 22,971,094</b>

The \$6,264,996 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>	
2023	\$ (1,733,225)
2024	(1,226,447)
2025	(2,070,289)
2026	(3,241,525)
2027	1,224,401
<b>Total</b>	<b>\$ (7,047,085)</b>

## Notes to Basic Financial Statements

### Teachers' Retirement and Pension Systems

At June 30, 2022, 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 collective net pension liability	\$ 404,619,905
HCPSS's proportionate share of the collective net pension liability	<u>-</u>
<b>Total</b>	<u>\$ 404,619,905</u>

The net pension liability was measured as of June 30, 2021, 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, 2022, the HCPSS recognized pension expense of \$82,040,595 and revenue of \$59,430,179 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 9.25%, including inflation
Discount Rate	6.80%
Investment Rate of Return	6.80%
Mortality	Fully generational - PB-2010/MP2018

The assumptions and methods used for funding and financial reporting purposes are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board.

For the 2021 valuation, the Maryland State Retirement and Pension System Board adopted new economic assumptions (investment return, inflation, wage inflation and COLA increases). The investment return assumption was reduced from 7.40% to 6.80%, the inflation assumption from 2.60% to 2.25%, the wage inflation from 3.10% to 2.75% and the assumed COLA increases from 2.19% to 1.96% (increases capped at 3%) and from 1.42% to 1.30% (reformed COLA). Reducing these assumptions increased the liabilities of MSRPS by about \$3.4 billion. In conjunction with the change in economic assumptions, the Board adopted a change to recognize 40% of the investment gain from FY 2021, rather than the 20% normally recognized, in the determination of the actuarial value of assets as of June 30, 2021. The remaining 60% of the FY 2021 investment gain will be recognized equally over the next four valuations (15% each year). This change in the asset valuation method reduced the unfunded actuarial accrued liability of MSRPS by about \$2.1 billion, which offset a portion of the increase in the liabilities due to the assumption changes.

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

## Notes to Basic Financial Statements

considering input from the System's investment consultant(s) and actuary(ies).

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public Equity	37.0%	4.7%
Private Equity	13.0%	6.5%
Rate Sensitive	19.0%	-0.4%
Credit Opportunity	9.0%	2.6%
Real Assets	14.0%	4.2%
Absolute Return	8.0%	2.0%
<b>Total</b>	<u>100.0%</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2021.

For the years ended June 30, 2021 and 2020, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 26.69% and 3.50%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount rate

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

### Sensitivity of the Net Pension Liability

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

	<b>1% Decrease (5.80%)</b>	<b>Current Discount Rate (6.80%)</b>	<b>1% Increase (7.80%)</b>
HCPSS's proportionate share of the net pension liability	\$ 69,603,300	\$ 40,867,624	\$ 17,031,580

## Notes to Basic Financial Statements

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.

## Notes to Basic Financial Statements

### VII – Postemployment Benefits Other Than Pension Benefits (OPEB)

#### Plan Description

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

#### Benefits Provided

Retirees eligible for medical insurance benefits pay between 50 percent 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 percent and 50 percent of the School System's full premium equivalent cost, provided they have at least 10 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 \$10,265,792, contributions from the School System were \$17,447,562, and contributions from the County on behalf of HCPSS were \$7,306,200 for the year ended June 30, 2022. Employees are not required to contribute to the OPEB plan.

#### **OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB**

At June 30, 2022, the School System reported a liability of \$1,224,705,936 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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, 2022, HCPSS proportion was 66.42%.

For the year ended June 30, 2022, the HCPSS recognized OPEB expense of \$80,463,723. At June 30, 2022, the HCPSS reported deferred outflows of resources and deferred inflow of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,882,419	\$ 30,401,795
Changes in assumptions	284,089,739	54,017,125
Net difference between projected and actual earnings on OPEB plan investments	-	18,355,612
Change in proportionate share of OPEB liability	33,091,840	10,012,369
HCPSS contributions subsequent to the measurement date	24,753,762	-
<b>Total</b>	<b>\$ 349,817,760</b>	<b>\$ 112,786,901</b>

## Notes to Basic Financial Statements

The \$24,753,762 reported as deferred outflows of resources related to OPEB resulting from the School System contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30:</b>		
2023	\$	19,572,030
2024		19,675,780
2025		19,542,434
2026		19,263,180
2027		24,102,264
Thereafter		110,121,409
<b>Total</b>	<b>\$</b>	<b><u>212,277,097</u></b>

### Plan membership

Plan membership at fiscal year-end:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Retirees and Beneficiaries Receiving Benefits	3,718	3,718
Deferred Vested Terminations	23	23
Active Plan Members	10,359	10,359
Total	<b><u>14,100</u></b>	<b><u>14,100</u></b>



# Notes to Basic Financial Statements

## Actuarial Assumptions

The OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal.
Interest assumption	Discount rate of 2.41%
Inflation	2.50%
Municipal Bond Rate	1.92% as of 6/30/21 based on the Bond Buyer General Obligation 20-year Bond Municipal Index.
Projected Cash Flows	Long-term rate of return was applied to fiscal years 2021 through 2041.
Long-Term Expected Real Rate of Return, Based on Geometric Means	3.17% for Equity investments (based on 65% target allocation) and 0.69% for Fixed Income investments (based on 35% target allocation), or a total of 3.86%.
Mortality	Pub-2010 Safety Retirees Headcount - Weighted Mortality Projected with Fully Generational MP2019 Mortality.
Healthcare Cost Trend Rate	4.00% based upon 2016 SOA Model, 1.6% GDP, adjusted for the anticipated impact of the ACA Excise Tax.

## Notes to Basic Financial Statements

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Equities	65%	3.17%
Fixed Income	35%	0.69%
<b>Total</b>	<b>100%</b>	

### Discount Rate

The discount rate used to measure the total OPEB pension liability was 2.84% at the beginning of the current measurement period and 2.41% 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% per annum. Based on these assumptions, the Plan is expected to be insolvent in 2040. The present value of payments through 2040 have been determined using the expected rate of return of assets of 7.35% as a discount rate, and the present value of benefit payments after 2040 have been determined using the June 30, 2021 bond rate of 1.92% as a discount rate based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index. The equivalent single rate is 2.41%.

### 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 2.41%, 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:

<b>Discount Rate</b>	<b>1% Decrease 1.41%</b>	<b>Discount rate 2.41%</b>	<b>1% Increase 3.41%</b>
Net OPEB liability	\$ 1,534,030,181	\$ 1,224,705,936	\$ 985,748,813

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

<b>Ultimate Trend</b>	<b>1% Decrease 3.00%</b>	<b>Health care cost trend rate 4.00%</b>	<b>1% Increase 5.00%</b>
Net OPEB liability	\$ 954,568,303	\$ 1,224,705,936	\$ 1,596,515,835

## Notes to Basic Financial Statements

### Change in the Net OPEB Liability

	(Dollar Amounts in Thousands)		
	Total OPEB Liability	Plan Fiduciary Net Pension	Net OPEB Liability
	(a)	(b)	(a)-(b)
<b>Balance at June 30, 2020 for FYE 2021</b>	\$ 1,197,801	\$ 117,531	\$ 1,080,270
<b>Charges for the year:</b>			
Service Cost	61,256	-	61,256
Interest	33,729	-	33,729
Experience Losses/(Gains)	(3,309)	-	(3,309)
ER Trust contribution	-	24,343	(24,343)
Net investment income	-	33,104	(33,104)
Changes in assumptions	110,196	-	110,196
Benefits payments	(16,978)	(16,978)	-
Administrative expense	-	(10)	10
<b>Net change</b>	<u>184,894</u>	<u>40,459</u>	<u>144,435</u>
<b>Balance at June 30, 2021 for FYE 2022</b>	<u>\$ 1,382,695</u>	<u>\$ 157,990</u>	<u>\$ 1,224,705</u>

## Notes to Basic Financial Statements

### VIII – Fund Balance

Fund balance for the year ended June 30, 2022, consists of the following:

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund
<b>Nonspendable for:</b>					
Prepaid items	\$ 190,115	\$ -	\$ -	\$ -	\$ -
Inventories	852,484	333,389	-	-	-
Total nonspendable	1,042,599	333,389	-	-	-
<b>Restricted For:</b>					
Glenelg Wastewater Plant	-	-	1,201,094	-	-
Future School Construction	-	-	-	-	3,860,977
Total restricted	-	-	1,201,094	-	3,860,977
<b>Assigned To:</b>					
Subsequent year's Budget appropriations	28,899,608	-	-	-	-
Encumbrances	9,695,601	-	-	-	-
Food Services Operations	-	14,370,638	-	-	-
Special Programs	-	-	-	2,188,054	-
Student Activity Fund	-	-	-	4,896,571	-
Total assigned	38,595,209	14,370,638	-	7,084,625	-
<b>Unassigned</b>	6,352,728	-	-	-	-
<b>Total fund balances</b>	<b>\$ 45,990,536</b>	<b>\$ 14,704,027</b>	<b>\$ 1,201,094</b>	<b>\$ 7,084,625</b>	<b>\$ 3,860,977</b>

## Notes to Basic Financial Statements

### IX – Encumbrances

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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 for the year ended June 30, 2022, are for the following uses:

		<b>General Fund</b>
01	Administration	\$ 72,799
02	Mid-Level Administration	113,598
03/04/05	Instructional	2,402,301
06	Special Education	1,476,501
07	Student Services	264
08	Health Services	31,327
09	Student Transportation	287,188
10	Operation of Plant	1,480,261
11	Maintenance of Plant	3,018,870
12	Fixed Charges	418,895
14	Community Services	103,596
15	Capital Outlay	290,001
	<b>Total</b>	<u>\$ 9,695,601</u>

## Notes to Basic Financial Statements

### **X – Commitments and Contingencies**

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#### **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.

#### **Other Contingencies**

In December 2019 and early 2020, the coronavirus that caused COVID-19 was reported. The spread of this virus globally has caused business disruption in the United States and the area in which the School System primarily operates. While the disruption was expected to be temporary, there is considerable uncertainty around the duration of this disruption. Coronavirus vaccines have been developed and available to persons over the age of 12. Following the Centers for Disease Control and Howard County Health Department guidelines, HCPSS has instituted in-person learning for the school year 2021-2022 according to the Howard County Public Schools Reopening Plan and MSDE Requirements.

## Notes to Basic Financial Statements

### XI – 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 Boards of Education Group Insurance Pool (Pool). The Pool provides property and casualty insurance as part of a self-insurance program to 18 Maryland county public school districts. The School System pays an annual premium to the Pool for its insurance coverage. The Trust Agreement of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for potential claims in excess of established loss limits. Settled claims did not exceed the School System's insurance 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, 2022, 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 claims in excess of \$1,000,000; and workers' compensation claims have a retention of \$600,000 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.

	2022		2021	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 4,303,147	\$ 12,979,700	\$ 3,812,216	\$ 12,348,307
Incurred claims (including IBNR adjustment)	1,833,248	165,426,792	2,120,529	155,394,613
Claim payments	<u>(1,625,948)</u>	<u>(167,826,492)</u>	<u>(1,629,598)</u>	<u>(154,763,220)</u>
<b>Ending payable, June 30</b>	<u>\$ 4,510,447</u>	<u>\$ 10,580,000</u>	<u>\$ 4,303,147</u>	<u>\$ 12,979,700</u>

# 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, 2022

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues:				
Local sources	\$ 640,800,000	\$ 640,800,000	\$ 640,800,004	\$ 4
State sources	282,485,531	282,485,531	281,625,402	(860,129)
Federal sources	410,000	410,000	372,000	(38,000)
Earnings on investments	120,000	120,000	208,951	88,951
Charges for services	6,275,071	6,275,071	3,915,244	(2,359,827)
Miscellaneous revenues	555,000	555,000	362,309	(192,691)
Total revenues	<u>930,645,602</u>	<u>930,645,602</u>	<u>927,283,910</u>	<u>(3,361,692)</u>
<b>EXPENDITURES</b>				
Current:				
Administration	10,786,504	14,319,356	13,769,417	549,939
Mid-level administration	61,429,652	65,764,001	65,107,845	656,156
Instruction:				
Instructional salaries	366,773,007	368,251,737	363,786,555	4,465,182
Textbook and classroom supplies	9,510,216	9,397,916	8,697,109	700,807
Other instructional costs	5,019,875	4,848,375	4,650,551	197,824
Special education	137,063,338	139,986,830	135,490,538	4,496,292
Student personnel services	5,779,600	7,558,344	7,046,024	512,320
Health services	9,660,081	9,762,831	9,693,432	69,399
Student transportation	42,015,000	46,221,782	44,904,082	1,317,700
Operation of plant	38,629,000	43,542,414	42,853,442	688,972
Maintenance of plant	25,781,000	27,902,205	27,331,223	570,982
Fixed charges	212,593,000	214,160,362	214,139,435	20,927
Community services	4,623,600	4,653,038	4,458,732	194,306
Capital outlay	981,729	1,276,411	1,258,453	17,958
Subtotal expenditures and encumbrances	<u>930,645,602</u>	<u>957,645,602</u>	<u>943,186,839</u>	<u>14,458,764</u>
<b>CANCELLATION AND OVER/(UNDER) LIQUIDATION OF PRIOR YEAR ENCUMBRANCES</b>	<u>-</u>	<u>-</u>	<u>(2,889,303)</u>	<u>2,889,303</u>
<b>TOTAL EXPENDITURES AND ENCUMBRANCES</b>	<u>930,645,602</u>	<u>957,645,602</u>	<u>940,297,536</u>	<u>17,348,067</u>
<b>REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES</b>	<u>\$ -</u>	<u>\$ (27,000,000)</u>	<u>(13,013,626)</u>	<u>\$ 13,986,375</u>
<b>FUND BALANCE AT JUNE 30, 2021 - BUDGETARY BASIS</b>			<u>50,362,065</u>	
<b>FUND BALANCE AT JUNE 30, 2022 - BUDGETARY BASIS</b>			<u>37,348,439</u>	
<b>ENCUMBRANCES AT June 30, 2022</b>				
- Encumbrances			<u>9,695,601</u>	
- Other			<u>(1,053,504)</u>	
<b>FUND BALANCE AT JUNE 30, 2022 - GAAP BASIS</b>			<u>\$ 45,990,536</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, 2022

##### REVENUES

Budgetary basis	\$	927,283,910
Add - Pension contribution paid by State of Maryland		59,430,179
- OPEB contribution paid by Howard County Government		24,753,762
GAAP basis	\$	<u>1,011,467,851</u>

##### EXPENDITURES

Budgetary basis		943,186,839
Add - Prior year's encumbrances expended this year		11,873,746
- Pension contribution paid by State of Maryland		59,430,179
- OPEB contribution paid by Howard County Government		24,753,762
- Prior year's encumbrances outstanding		1,389,301
Less - Current year's encumbrances outstanding		(9,695,601)
GAAP basis	\$	<u>1,030,938,226</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:

	2022	2021	2020	2019	2018	2017	2016	2015
HCPSS's proportion of the collective net pension liability	0.272409%	0.247261%	0.245649%	0.229880%	0.204227%	0.216632%	0.211628%	0.193217%
HCPSS's proportionate share of the collective net pension liability	\$ 40,867,624	\$ 55,884,308	\$ 50,666,597	\$ 48,232,399	\$ 44,161,368	\$ 51,112,176	\$ 43,979,901	\$ 34,289,621
HCPSS's covered payroll	\$ 59,180,757	\$ 58,184,408	\$ 55,734,643	\$ 55,508,104	\$ 52,660,440	\$ 49,018,157	\$ 48,409,886	\$ 46,836,572
HCPSS's proportionate share of the collective net pension liability as a percentage of its covered payroll	69.06%	96.05%	90.91%	86.89%	83.86%	104.27%	90.85%	73.21%
Plan fiduciary net position as a percentage of the total pension liability	76.76%	66.29%	72.34%	68.36%	66.71%	62.97%	66.26%	73.65%

#### Teachers' Retirement and Pension System:

HCPSS's proportion of the collective net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HCPSS's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability of HCPSS	404,619,905	601,401,756	598,283,067	598,421,168	584,674,547	676,791,275	710,782,005	507,145,242
Total	\$ 404,619,905	\$ 601,401,756	\$ 598,283,067	\$ 598,421,168	\$ 584,674,547	\$ 676,791,275	\$ 710,782,005	\$ 507,145,242
HCPSS's covered payroll	\$ 528,652,969	\$ 524,931,004	\$ 498,530,714	\$ 496,958,233	\$ 469,912,057	\$ 448,824,543	\$ 448,446,514	\$ 433,872,077
HCPSS's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	85.40%	73.84%	75.43%	73.35%	71.41%	67.95%	70.76%	69.53%

The HCPSS implemented GASB 68 during fiscal year 2015. As such, only eight years of information are available.

### Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2021 for the year ending June 30, 2022 for the pension liability is shown below:

Inflation	In the 2021 actuarial valuation, 2.25% general, 2.75% wage. In the 2020 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2021 actuarial valuation, 2.75% to 9.25%, including inflation In the 2020 actuarial valuation, 3.10% to 11.6%, including inflation
Discount Rate	In the 2021 actuarial valuation, 6.80% In the 2020 actuarial valuation, 7.40%
Investment Rate of Return	In the 2021 actuarial valuation, 6.80% In the 2020 actuarial valuation, 7.40%

# 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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 6,264,996	\$ 6,002,598	\$ 5,031,428	\$ 5,044,400	\$ 4,583,972	\$ 4,156,710	\$ 4,220,168	\$ 4,460,545	\$ 4,502,643	\$ 3,915,358
Contributions in relation to the contractually required contribution	(6,264,996)	(6,002,598)	(5,031,428)	(5,044,400)	(4,583,972)	(4,156,710)	(4,220,168)	(4,460,545)	(4,502,643)	(3,915,358)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 59,180,757	\$ 58,184,408	\$ 55,734,643	\$ 55,508,104	\$ 52,660,440	\$ 49,018,157	\$ 48,409,885	\$ 46,836,572	\$ 45,820,362	\$ 44,589,336
Contributions as a percentage of covered payroll	10.6%	10.3%	9.0%	9.1%	8.7%	8.5%	8.7%	9.5%	9.8%	8.8%

#### Teachers' Retirement and Pension System \*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 22,610,416	\$ 22,337,648	\$ 22,365,864	\$ 21,469,704	\$ 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	(22,610,416)	(22,337,648)	(22,365,864)	(21,469,704)	(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	\$ 528,652,969	\$ 524,931,004	\$ 498,530,714	\$ 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	4.3%	4.3%	4.5%	4.3%	4.5%	4.4%	4.1%	3.7%	2.9%	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

#### Schedule of Employer's Proportionate Share of the Net OPEB Liability Last Ten Fiscal Years\*

	2022	2021	2020	2019	2018
<b>Employer's Proportion of the Collective Net OPEB Liability</b>	66.42%	66.42%	63.36%	63.36%	64.69%
<b>Employer's Proportionate Share of the Collective Net OPEB Liability</b>	\$ 1,224,705,936	\$ 1,080,270,015	\$ 849,712,337	\$ 743,045,807	\$ 715,235,479
<b>Covered-employee payroll</b>	\$ 587,833,726	\$ 583,115,412	\$ 554,265,357	\$ 549,466,337	\$ 522,572,497
<b>Employer's Proportionate Share of the Collective Net OPEB Liability as a Percentage of covered-employee payroll</b>	208.3%	185.3%	153.3%	135.2%	136.9%
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	11.4%	10.31%	10.31%	9.94%	8.62%

\* The amounts presented for each fiscal year were determined as of the end of the prior 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.

**Information not available prior to 2018.**

#### Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2021 for the year ending June 30, 2022 for the OPEB liability is shown below:

Interest Assumption	In the 2021 actuarial valuation, 2.41%.
	In the 2020 actuarial valuation, 2.84%.
Municipal Bond Rate	In the 2021 actuarial valuation, 1.92%
	In the 2020 actuarial valuation, 2.45%
Long-Term Expected Rate of Return	In the 2021 actuarial valuation, 3.86%
	In the 2020 actuarial valuation, 4.12%

# Required Supplementary Information

## Howard County Public School System

### Schedule of the Board's Contributions

#### OPEB Plan

#### Last Ten Fiscal Years\*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 24,753,762	\$ 24,342,697	\$ 24,339,311	\$ 24,318,190	\$ 24,924,146
Contributions in relation to the statutorily required contributions	24,753,762	24,342,697	24,339,311	24,318,190	24,924,146
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered-employee payroll</b>	\$ 587,833,726	\$ 583,115,412	\$ 554,265,357	\$ 549,466,337	\$ 522,572,497
<b>Contributions as a percentage of covered-employee payroll</b>	4.21%	4.17%	4.39%	4.43%	4.77%

\* The amounts presented for each fiscal year were determined as of the end of the prior 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.

# 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, 2022

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>Intergovernmental Revenues</b>				
<b>Local Sources</b>				
Local appropriation	\$ 640,800,000	\$ 640,800,000	\$ 640,800,004	\$ 4
<b>State Sources</b>				
State Foundation	197,031,987	197,031,987	198,794,987	1,763,000
Transportation	18,709,838	18,709,838	18,709,838	-
Special education	12,051,474	12,051,474	11,095,293	(956,181)
Compensatory education	35,840,000	35,840,000	35,840,000	-
Limited English proficient	10,633,763	10,633,763	10,633,763	-
Students with Disabilities	1,838,000	1,838,000	75,000	(1,763,000)
State geographic index	6,180,469	6,180,469	6,180,469	-
Other - LEA tuition	200,000	200,000	296,052	96,052
Total state sources	282,485,531	282,485,531	281,625,402	(860,129)
<b>Federal Sources</b>				
ROTC reimbursement	250,000	250,000	226,893	(23,107)
FEMA reimbursement	-	-	-	-
Impact Aid (PL 874)	160,000	160,000	145,107	(14,893)
Total federal sources	410,000	410,000	372,000	(38,000)
<b>Earnings on investments</b>	120,000	120,000	208,951	88,951
<b>Charges for services</b>				
Tuition from patrons	1,422,000	1,422,000	1,340,446	(81,554)
Use of school buildings	1,250,000	1,250,000	543,107	(706,893)
Athletic program - gate receipts	350,000	350,000	272,634	(77,366)
E-rate rebates	1,000,000	1,000,000	570,903	(429,097)
Administration and overhead fees	2,253,071	2,253,071	1,188,154	(1,064,917)
Total charges for services	6,275,071	6,275,071	3,915,244	(2,359,827)
<b>Miscellaneous Revenue</b>				
Other	555,000	555,000	362,309	(192,691)
<b>TOTAL</b>	<b>\$ 930,645,602</b>	<b>\$ 930,645,602</b>	<b>\$ 927,283,910</b>	<b>\$ (3,361,692)</b>



## Other Supplementary Information

### Howard County Public School System

#### Schedule of Expenditures Compared to Budget (Non-GAAP Budgetary Basis)

##### General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>Administration</b>				
Salaries and wages	\$ 7,634,789	\$ 10,595,273	\$ 10,402,254	\$ 193,020
Contracted services	2,494,613	3,059,020	2,877,993	181,027
Supplies and materials	219,612	230,486	188,079	42,407
Other charges	437,490	434,577	301,091	133,486
Equipment	-	-	-	-
Total administration	10,786,504	14,319,356	13,769,417	549,939
<b>Instructional salaries</b>	366,773,007	368,251,737	363,786,555	4,465,182
<b>Textbooks and classroom supplies</b>	9,510,216	9,397,916	8,697,109	700,807
<b>Other Instructional Costs</b>				
Contracted services	4,009,445	4,082,545	3,969,329	113,216
Other charges	354,130	340,530	259,226	81,304
Equipment	76,300	76,300	74,565	1,735
Outgoing transfers	580,000	349,000	347,431	1,569
Total other instructional costs	5,019,875	4,848,375	4,650,551	197,824
<b>Student Personnel Services</b>				
Salaries and wages	5,348,858	7,128,722	6,626,655	502,067
Contracted services	378,672	378,672	378,422	250
Supplies and materials	18,078	12,578	12,113	465
Other charges	33,992	38,372	28,834	9,538
Total student personnel services	5,779,600	7,558,344	7,046,024	512,320
<b>Health Services</b>				
Salaries and wages	9,014,308	8,845,672	8,781,790	63,882
Contracted services	422,869	793,143	791,743	1,400
Supplies and materials	189,344	118,129	114,012	4,117
Other charges	33,560	5,887	5,887	-
Total health services	9,660,081	9,762,831	9,693,432	69,399
<b>Student Transportation</b>				
Salaries and wages	1,776,837	2,072,437	1,908,060	164,377
Contracted services	39,371,694	43,281,676	42,130,412	1,151,264
Supplies and materials	17,739	18,939	18,841	98
Other charges	848,730	848,730	846,769	1,961
Equipment	-	-	-	-
Total student transportation	42,015,000	46,221,782	44,904,082	1,317,700
<b>Operation of Plant</b>				
Salaries and wages	18,864,259	23,789,374	23,671,321	118,053
Contracted services	1,831,096	1,604,922	1,385,134	219,788
Supplies and materials	892,918	1,577,191	1,506,131	71,060
Other charges	16,960,727	16,520,927	16,290,856	230,071
Equipment	80,000	50,000	-	50,000
Total operation of plant	38,629,000	43,542,414	42,853,442	688,972

## Other Supplementary Information

### Howard County Public School System

#### Schedule of Expenditures Compared to Budget (Non-GAAP Budgetary Basis)

##### General Fund

Year Ended June 30, 2022

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>Maintenance of Plant</b>				
Salaries and wages	11,826,545	12,338,648	11,871,755	466,893
Contracted services	12,476,198	13,843,910	13,791,266	52,644
Supplies and materials	871,907	1,143,197	1,127,161	16,036
Other charges	84,490	48,016	17,190	30,826
Equipment	521,860	528,434	523,851	4,583
Total maintenance of plant	<u>25,781,000</u>	<u>27,902,205</u>	<u>27,331,223</u>	<u>570,982</u>
<b>Fixed Charges</b>	<u>212,593,000</u>	<u>214,160,362</u>	<u>214,139,435</u>	<u>20,927</u>
<b>Mid-level Administration</b>				
Salaries and wages	53,982,974	57,677,273	57,347,231	330,042
Contracted services	6,174,558	6,765,362	6,730,880	34,482
Supplies and materials	790,787	780,019	612,962	167,057
Other charges	471,333	531,347	413,849	117,498
Equipment	10,000	10,000	2,923	7,077
Total mid-level administration	<u>61,429,652</u>	<u>65,764,001</u>	<u>65,107,845</u>	<u>656,156</u>
<b>Community Services</b>				
Salaries and wages	2,510,713	2,553,401	2,440,071	113,330
Contracted services	476,517	453,267	380,262	73,005
Supplies and materials	351,870	352,175	348,236	3,939
Other charges	1,278,100	1,288,100	1,284,332	3,768
Equipment	6,400	6,095	5,831	264
Total community services	<u>4,623,600</u>	<u>4,653,038</u>	<u>4,458,732</u>	<u>194,306</u>
<b>Special Education</b>				
Salaries and wages	115,320,029	116,357,331	113,483,077	2,874,254
Contracted services	6,112,940	7,722,790	7,271,326	451,464
Supplies and materials	818,293	884,743	718,321	166,422
Other charges	273,625	322,025	195,088	126,937
Equipment	110,143	61,633	61,631	2
Outgoing transfers	14,428,308	14,638,308	13,761,095	877,213
Total special education	<u>137,063,338</u>	<u>139,986,830</u>	<u>135,490,538</u>	<u>4,496,292</u>
<b>Capital Outlay</b>				
Salaries and wages	882,390	829,485	824,304	5,181
Contracted services	68,555	419,555	419,552	3
Supplies and materials	14,629	12,111	9,651	2,460
Other charges	16,155	15,260	4,946	10,314
Total capital outlay	<u>981,729</u>	<u>1,276,411</u>	<u>1,258,453</u>	<u>17,958</u>
<b>TOTAL EXPENDITURES</b>	<u>\$930,645,602</u>	<u>\$957,645,602</u>	<u>\$943,186,839</u>	<u>\$14,458,764</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, 2022

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues:			
State	\$ 580,000	\$ 419,286	\$ (160,714)
Federal:			
National School Lunch and Milk Programs	6,835,000	22,662,940	15,827,940
National School Breakfast	1,850,000	5,085,765	3,235,765
U.S.D.A. Commodity Program	-	1,472,419	1,472,419
Total intergovernmental revenues	<u>8,685,000</u>	<u>29,221,124</u>	<u>20,536,124</u>
Earnings on investments	600	976	376
Charges for Services:			
Food sales	<u>7,671,499</u>	<u>456,548</u>	<u>(7,214,951)</u>
Total revenues	<u>16,937,099</u>	<u>30,097,934</u>	<u>13,160,835</u>
<b>EXPENDITURES</b>			
Costs of operation - Food Service:			
Cost of food	6,137,227	9,166,482	(3,029,255)
Salaries and wages	10,077,972	9,461,618	616,354
Equipment/Miscellaneous	721,900	367,433	354,467
Total expenditures	<u>16,937,099</u>	<u>18,995,533</u>	<u>(2,058,434)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>			
	<u>\$ -</u>	11,102,401	<u>\$ 11,102,401</u>
<b>FUND BALANCE, BEGINNING OF THE YEAR</b>			
		<u>3,601,626</u>	
<b>FUND BALANCE, END OF THE YEAR</b>			
		<u>\$ 14,704,027</u>	

## Other Supplementary Information

### Howard County Public School System

#### Combining Schedule of Net Position

#### Internal Service Funds

June 30, 2022

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Investments	\$ -	\$ -	\$ 4,831,067	\$ 1,201,111	\$ 6,032,178
Accounts receivable	-	32,890	845	-	33,735
Due from other funds	1,040,749	7,191,475	756,246	24,627,670	33,616,140
Inventory	67,006	4,896	-	-	71,902
Prepaid expenses	-	-	-	5,918	5,918
Total current assets	1,107,755	7,229,261	5,588,158	25,834,699	39,759,873
<b>Non-Current Assets</b>					
Capital assets:					
Furniture, fixtures and equipment	400,113	8,396,977	-	-	8,797,090
Less accumulated depreciation	(359,301)	(6,283,597)	-	-	(6,642,898)
Leased assets	1,941,165	-	-	-	1,941,165
Subscription assets	-	8,757,765	-	-	8,757,765
Less accumulated amortization	(627,133)	(4,244,666)	-	-	(4,871,799)
Total capital assets, net of depreciation and amortization	1,354,844	6,626,479	-	-	7,981,323
Total assets	2,462,599	13,855,740	5,588,158	25,834,699	47,741,196
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	22,876	502,964	-	4,030,344	4,556,184
Lease liability	386,439	-	-	-	386,439
Subscription agreements	-	1,746,946	-	-	1,746,946
Claims payable	-	-	2,090,675	10,580,000	12,670,675
Unearned revenue	-	-	-	5,274,283	5,274,283
Total current liabilities	409,315	2,249,910	2,090,675	19,884,627	24,634,527
<b>Long-Term Liabilities</b>					
Lease liability	893,174	-	-	-	893,174
Subscription agreements	-	1,979,044	-	-	1,979,044
Claims payable, net of current portion	-	-	2,419,772	-	2,419,772
Total long-term liabilities	893,174	1,979,044	2,419,772	-	5,291,990
Total liabilities	1,302,489	4,228,954	4,510,447	19,884,627	29,926,517
<b>NET POSITION</b>					
Net investment in capital assets	75,231	2,900,489	-	-	2,975,720
Unrestricted	1,084,879	6,726,297	1,077,711	5,950,072	14,838,959
<b>TOTAL NET POSITION</b>	<b>\$ 1,160,110</b>	<b>\$ 9,626,786</b>	<b>\$ 1,077,711</b>	<b>\$ 5,950,072</b>	<b>\$ 17,814,679</b>

## 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, 2022

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
<b>OPERATING REVENUES</b>					
Charges for services - internal	\$ 2,192,169	\$ 17,175,373	\$ 2,853,798	\$ 137,340,900	\$ 159,562,240
Miscellaneous revenue	-	-	-	33,106,243	33,106,243
Contributions from employees and retirees	-	-	-	16,020,738	16,020,738
Total operating revenues	<u>2,192,169</u>	<u>17,175,373</u>	<u>2,853,798</u>	<u>186,467,881</u>	<u>208,689,221</u>
<b>OPERATING EXPENSES</b>					
Administrative expenses	1,867,296	11,198,205	437,616	5,396,981	18,900,098
Claims and related expenses	-	-	1,833,248	165,426,792	167,260,040
Depreciation and amortization expense	<u>367,620</u>	<u>2,445,542</u>	<u>-</u>	<u>-</u>	<u>2,813,162</u>
Total operating expenses	<u>2,234,916</u>	<u>13,643,747</u>	<u>2,270,864</u>	<u>170,823,773</u>	<u>188,973,300</u>
Operating income (loss)	<u>(42,747)</u>	<u>3,531,626</u>	<u>582,934</u>	<u>15,644,108</u>	<u>19,715,921</u>
<b>NON-OPERATING REVENUE</b>					
Interest income	-	-	9,628	2,394	12,022
Total non-operating income	<u>-</u>	<u>-</u>	<u>9,628</u>	<u>2,394</u>	<u>12,022</u>
<b>CHANGES IN NET POSITION</b>	<u>(42,747)</u>	<u>3,531,626</u>	<u>592,562</u>	<u>15,646,502</u>	<u>19,727,943</u>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>1,202,857</u>	<u>6,095,160</u>	<u>485,149</u>	<u>(9,696,430)</u>	<u>(1,913,264)</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 1,160,110</u>	<u>\$ 9,626,786</u>	<u>\$ 1,077,711</u>	<u>\$ 5,950,072</u>	<u>\$ 17,814,679</u>

## Other Supplementary Information

### Howard County Public School System

Combining Schedule of Cash Flows  
Internal Service Funds  
Year Ended June 30, 2022

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Cash received from other funds	\$ 2,209,753	\$ 12,537,107	\$ 2,148,198	\$ 155,241,741	\$ 172,136,799
Cash received from employees and retirees	-	-	-	16,020,738	16,020,738
Payments to suppliers	(1,836,160)	(10,818,542)	(2,148,198)	(171,262,479)	(186,065,379)
Net cash provided by operating activities	373,593	1,718,565	-	-	2,092,158
<b>CASH FLOWS FROM CAPITAL AND</b>					
<b>RELATED FINANCING ACTIVITIES</b>					
Purchases of equipment	-	-	-	-	-
Principal paid on leases and subscription agreements	(373,593)	(1,718,565)	-	-	(2,092,158)
Net cash used in capital and related financing activities	(373,593)	(1,718,565)	-	-	(2,092,158)
<b>CASH FLOWS FROM</b>					
<b>INVESTING ACTIVITIES</b>					
Purchase of investments	-	-	(9,628)	(2,394)	(12,022)
Interest received	-	-	9,628	2,394	12,022
Net cash used in (provided by) investing activities	-	-	-	-	-
<b>NET INCREASE IN CASH AND</b>					
<b>CASH EQUIVALENTS</b>					
	-	-	-	-	-
<b>CASH AND CASH EQUIVALENTS,</b>					
<b>JULY 1, 2021</b>					
	-	-	-	-	-
<b>CASH AND CASH EQUIVALENTS,</b>					
<b>JUNE 30, 2022</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ (42,747)	\$ 3,531,626	\$ 582,934	\$ 15,644,108	\$ 19,715,921
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	367,620	2,445,542	-	-	2,813,162
Effects of changes in assets and liabilities:					
Accounts receivable	-	(29,692)	(845)	-	(30,537)
Prepaid expenses	-	-	-	(5,918)	(5,918)
Due from other funds	17,584	(4,608,574)	(704,755)	(15,640,536)	(20,936,281)
Inventory	46,905	-	-	-	46,905
Accounts payable	(15,769)	379,663	(84,635)	1,966,912	2,246,171
Claims payable	-	-	207,301	(2,399,700)	(2,192,399)
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	435,134	435,134
<b>NET CASH PROVIDED BY</b>					
<b>OPERATING ACTIVITIES</b>	\$ 373,593	\$ 1,718,565	\$ -	\$ -	\$ 2,092,158
<b>NONCASH INVESTING, CAPITAL AND</b>					
<b>RELATED FINANCING ACTIVITIES:</b>					
Lease of equipment	-	-	-	-	-
Subscription asset arrangement	-	-	-	-	-
<b>TOTAL FINANCING ACTIVITIES</b>	\$ -	\$ -	\$ -	\$ -	\$ -

## Other Supplementary Information

### Howard County Public School System

#### Schedule of School Activity Funds Increases and Decreases

#### School Activity Fund

Year Ended June 30, 2022

	<u>Balance</u> <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
<b>Elementary Schools</b>				
Atholton ES	\$ 8,183	\$ 28,510	\$ 25,397	\$ 11,295
Bellows Spring ES	39,550	74,728	73,920	40,358
Bollman Bridge ES	25,602	62,410	48,473	39,538
Bryant Woods ES	15,251	17,591	20,205	12,637
Bushy Park ES	15,110	39,386	44,041	10,455
Centennial Lane ES	17,809	31,007	20,053	28,763
Clarksville ES	37,525	17,326	14,755	40,096
Clemens Crossing ES	23,721	17,818	15,394	26,146
Cradlerock School	10,716	17,460	19,458	8,717
Dayton Oaks ES	58,248	66,308	80,155	44,401
Deep Run ES	14,453	43,404	35,941	21,916
Duckett's Lane ES	8,366	49,365	44,258	13,473
Elkridge ES	19,318	37,809	25,848	31,279
Forest Ridge ES	14,587	34,687	28,639	20,635
Fulton ES	47,071	51,363	57,564	40,870
Gorman Crossing ES	38,510	55,056	46,617	46,949
Guilford ES	20,209	7,995	9,588	18,616
Hammond ES	11,098	33,926	32,883	12,141
Hanover Hills ES	29,345	60,565	45,048	44,861
Hollifield Station ES	10,537	43,253	41,563	12,226
Ilchester ES	82,906	51,913	50,047	84,771
Jeffers Hill ES	27,702	14,316	12,925	29,093
Laurel Woods ES	20,827	32,857	26,252	27,433
Lisbon ES	24,032	7,807	10,972	20,867
Longfellow ES	19,585	38,518	36,419	21,685
Manor Woods ES	32,093	27,045	22,315	36,822
Northfield ES	11,926	21,205	14,107	19,024
Phelps Luck ES	16,787	29,234	29,215	16,805
Pointers Run ES	55,599	79,893	79,027	56,465
Rockburn ES	42,335	53,285	61,103	34,517
Running Brook ES	37,884	22,216	30,337	29,763
St. John's Lane ES	23,106	10,598	14,974	18,731
Steven's Forest ES	17,860	9,698	12,267	15,291
Swansfield ES	25,881	14,156	18,619	21,419
Talbott Springs ES	21,542	22,417	24,391	19,568
Thunder Hill ES	20,197	5,274	7,006	18,464
Triadelphia Ridge ES	33,828	24,719	19,813	38,735
Veterans ES	41,662	61,643	61,923	41,381
Waterloo ES	36,323	72,931	66,282	42,972
Waverly ES	24,882	60,144	48,228	36,798
West Friendship ES	27,662	15,257	12,955	29,963
Worthington ES	54,709	31,313	36,454	49,568
<b>Total - Elementary Schools</b>	<u>1,164,535</u>	<u>1,496,402</u>	<u>1,425,430</u>	<u>1,235,507</u>

## Other Supplementary Information

### Howard County Public School System

#### Schedule of School Activity Funds Increases and Decreases

#### School Activity Fund

Year Ended June 30, 2022

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
<b>Middle Schools</b>				
Bonnie Branch MS	\$ 24,972	\$ 43,329	\$ 42,131	\$ 26,170
Burleigh Manor MS	67,027	44,382	45,263	66,145
Clarksville MS	55,199	50,867	53,886	52,181
Dunloggin MS	53,922	44,217	40,554	57,585
Elkridge Landing MS	24,223	43,322	37,870	29,676
Ellicott Mills MS	17,036	85,461	76,070	26,426
Folly Quarter MS	23,008	14,685	18,467	19,227
Glenwood MS	34,105	19,847	19,037	34,915
Hammond MS	19,838	10,148	6,885	23,101
Harper's Choice MS	24,271	33,014	42,992	14,293
Lake Elkhorn MS	38,104	48,076	45,951	40,229
Lime Kiln MS	35,302	10,762	19,421	26,642
Mayfield Woods MS	25,185	49,616	51,627	23,173
Mount View MS	40,022	83,104	83,951	39,175
Murray Hill MS	22,507	21,279	19,079	24,707
Oakland Mills MS	34,818	16,047	19,225	31,641
Patapsco MS	32,674	40,258	44,395	28,537
Patuxent Valley MS	27,042	21,552	24,020	24,574
Thomas Viaduct MS	35,178	37,507	35,857	36,829
Wilde Lake MS	25,333	22,977	18,291	30,019
<b>Total - Middle Schools</b>	<b>659,766</b>	<b>740,450</b>	<b>744,971</b>	<b>655,245</b>
<b>High Schools</b>				
Atholton HS	153,379	352,719	358,522	147,576
Centennial HS	401,607	445,646	452,803	394,450
Glenelg HS	391,195	577,254	667,511	300,938
Hammond HS	225,588	241,729	233,522	233,794
Howard HS	242,443	417,530	402,194	257,779
Long Reach HS	160,113	233,083	212,125	181,071
Marriotts Ridge HS	198,105	527,899	501,029	224,975
Mount Hebron HS	188,708	510,099	500,334	198,473
Oakland Mills HS	191,081	257,520	267,861	180,741
Reservoir HS	199,444	427,816	372,586	254,674
River Hill HS	296,514	654,635	609,459	341,689
Wilde Lake HS	251,536	302,288	324,150	229,673
<b>Total - High Schools</b>	<b>2,899,713</b>	<b>4,948,217</b>	<b>4,902,097</b>	<b>2,945,833</b>
<b>Special Schools</b>				
Apps and Research Lab	20,613	13,901	15,938	18,576
Cedar Lane School	34,830	5,432	5,150	35,112
Homewood School	14,043	9,008	16,753	6,299
<b>Total - Special Schools</b>	<b>69,486</b>	<b>28,341</b>	<b>37,841</b>	<b>59,986</b>
<b>Total - All Schools</b>	<b>\$ 4,793,501</b>	<b>\$ 7,213,411</b>	<b>\$ 7,110,340</b>	<b>\$ 4,896,571</b>



# Statistical Section

# Statistical Section

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**Revenue Capacity** – Not included. The HCPSS lacks authority to levy taxes.

**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 no authority to enter into lease agreements.

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# Statistical Section

## Howard County Public School System

Table 1

### Net Position by Component Year Ended June 30, 2022 and Nine Prior Years (Amounts expressed in thousands)

	2013	2014*	2015	2016	2017	2018**	2019	2020***	2021	2022
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 1,019,894	\$ 1,074,422	\$ 1,120,105	\$ 1,166,847	\$ 1,217,728	\$ 1,234,814	\$ 1,233,956	\$ 1,237,175	\$ 1,282,509	\$ 1,368,780
Restricted for Capital Projects	-	-	-	-	-	-	8,460	8,062	2,947	3,861
Restricted for GWWTP	1,240	1,220	1,220	1,222	1,230	1,247	1,275	1,295	1,199	1,201
Restricted for Food Services	152	190	216	234	192	1,012	-	-	-	-
Unrestricted	32,627	21,386	(23,550)	(41,059)	(41,741)	(835,260)	(849,825)	(883,000)	(893,679)	(965,511)
<b>Total Governmental Activities Net Position</b>	<b>1,053,913</b>	<b>\$ 1,097,218</b>	<b>\$ 1,097,991</b>	<b>\$ 1,127,244</b>	<b>\$ 1,177,409</b>	<b>\$ 401,813</b>	<b>\$ 393,865</b>	<b>\$ 363,532</b>	<b>\$ 392,976</b>	<b>\$ 408,331</b>
<b>Business-type Activities</b>										
Net investment in capital assets	29	\$ 22	\$ 30	\$ 46	\$ 73	\$ 59	\$ 60	\$ 43	\$ 26	\$ 50
Unrestricted	178	199	228	256	244	295	311	262	283	300
<b>Total Business-type Activities Net Position</b>	<b>207</b>	<b>\$ 221</b>	<b>\$ 258</b>	<b>\$ 302</b>	<b>\$ 317</b>	<b>\$ 354</b>	<b>\$ 371</b>	<b>\$ 305</b>	<b>\$ 309</b>	<b>\$ 350</b>
<b>Total Primary Government</b>										
Net investment in capital assets	1,019,923	\$ 1,074,444	\$ 1,120,135	\$ 1,166,893	\$ 1,217,801	\$ 1,234,873	\$ 1,234,015	\$ 1,237,217	\$ 1,282,535	\$ 1,368,830
Restricted	1,392	1,410	1,436	1,456	1,422	2,259	11,839	9,357	4,146	5,062
Unrestricted	32,805	21,585	(23,322)	(40,803)	(41,497)	(834,965)	(851,617)	(882,737)	(893,396)	(965,211)
<b>Total Primary Government Net Position</b>	<b>\$ 1,054,120</b>	<b>\$ 1,097,439</b>	<b>\$ 1,098,249</b>	<b>\$ 1,127,546</b>	<b>\$ 1,177,726</b>	<b>\$ 402,167</b>	<b>\$ 394,237</b>	<b>\$ 363,837</b>	<b>\$ 393,285</b>	<b>\$ 408,681</b>

\*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.

\*\*The significant decrease in Unrestricted Net Position is due to the School System implementing GASB 75 which increased expenditures for the School System and was the prime factor for the decrease.

\*\*\* As restated due to implementation of GASB 84.

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

# Statistical Section

## Howard County Public School System

### Changes in Net Position

### Year Ended June 30, 2022 and Nine Prior Years

(Amounts expressed in thousands)

Table 2

Functions/Programs	2013	2014*	2015	2016	2017	2018	2019	2020**	2021**	2022
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular education	\$ 476,879	\$ 501,414	\$ 525,124	\$ 536,486	\$ 549,749	\$ 604,207	\$ 606,945	\$ 623,037	\$ 655,145	\$ 703,676
Special education	134,681	141,204	146,833	153,791	159,479	175,426	183,463	196,616	208,356	236,022
<b>Total Instruction</b>	<b>611,560</b>	<b>642,618</b>	<b>671,957</b>	<b>690,277</b>	<b>709,228</b>	<b>779,633</b>	<b>790,408</b>	<b>819,653</b>	<b>863,501</b>	<b>939,698</b>
Support Services										
Administration	14,726	16,672	18,166	19,105	22,437	21,741	20,809	43,296	20,370	32,400
Mid-level administration	82,617	83,136	88,165	92,335	94,884	101,422	100,453	92,650	101,292	111,839
Student personnel services	2,860	4,133	4,371	4,852	4,931	5,266	5,504	4,576	6,602	12,074
Health services	8,543	9,551	10,329	11,397	11,963	12,725	13,607	13,080	14,542	16,810
Student transportation	36,808	37,068	37,528	38,035	38,839	39,890	42,401	42,468	31,686	48,994
Operation of plant	46,705	47,487	49,682	49,707	49,465	49,784	54,021	48,954	55,875	62,249
Maintenance of plant and equipment	28,817	25,747	28,372	30,755	30,121	31,779	31,918	30,205	33,572	41,084
Community services	7,265	7,556	7,437	8,741	8,603	9,402	9,313	10,078	6,735	7,982
Food services	12,203	12,923	13,465	13,845	14,857	15,483	16,581	16,583	15,060	19,436
Interest on long-term debt	96	75	63	61	43	27	20	-	-	-
<b>Total Support Services</b>	<b>240,640</b>	<b>244,348</b>	<b>257,578</b>	<b>268,833</b>	<b>276,143</b>	<b>287,519</b>	<b>294,627</b>	<b>301,890</b>	<b>285,734</b>	<b>352,868</b>
<b>Total Governmental Activities</b>	<b>852,200</b>	<b>886,966</b>	<b>929,535</b>	<b>959,110</b>	<b>985,371</b>	<b>1,067,152</b>	<b>1,085,035</b>	<b>1,121,543</b>	<b>1,149,235</b>	<b>1,292,566</b>
Business-type Activities										
Jim Rouse Theatre	103	112	111	90	109	123	189	150	148	208
<b>Total School System Expenses</b>	<b>\$ 852,303</b>	<b>\$ 887,078</b>	<b>\$ 929,646</b>	<b>\$ 959,200</b>	<b>\$ 985,480</b>	<b>\$ 1,067,275</b>	<b>\$ 1,085,224</b>	<b>\$ 1,121,693</b>	<b>\$ 1,149,383</b>	<b>\$ 1,292,774</b>

\*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.

\*\* FY20 restated due to implementation of GASB 84, and FY21 beginning balance restated.

Source: HCPSS Finance Department.

# Statistical Section

## Howard County Public School System

Table 2 (continued)

### Changes in Net Position Year Ended June 30, 2022 and Nine Prior Years (Amounts expressed in thousands)

Program Revenues	2013	2014*	2015	2016	2017	2018**	2019	2020***	2021***	2022
Charges for Services										
Regular education	\$ 3,020	\$ 2,315	\$ 2,232	\$ 2,473	\$ 5,097	\$ 3,637	\$ 5,097	\$ 396	\$ 2,118	\$ 2,501
Special education	-	-	-	-	-	-	-	-	-	-
Operation of plant	4,341	4,826	7,328	9,362	9,716	17,452	9,716	205	222	218
Food services	6,165	5,702	5,552	5,978	6,977	6,902	6,977	3,469	5,558	9,582
Operating grants and contributions	122,699	139,082	145,645	146,211	175,495	168,923	175,495	171,756	187,658	238,797
Capital grants and contributions	98,706	86,809	78,090	80,150	42,744	61,699	42,744	41,857	84,601	123,056
<b>Total Program Revenues</b>	<b>234,931</b>	<b>238,734</b>	<b>238,847</b>	<b>244,174</b>	<b>240,030</b>	<b>258,613</b>	<b>240,030</b>	<b>217,682</b>	<b>280,157</b>	<b>374,155</b>
Business-type Activities										
Jim Rouse Theatre	139	126	148	134	206	159	206	84	152	249
<b>Total School System Revenues</b>	<b>235,070</b>	<b>238,860</b>	<b>238,995</b>	<b>244,308</b>	<b>240,236</b>	<b>258,772</b>	<b>240,236</b>	<b>217,766</b>	<b>280,309</b>	<b>374,404</b>
<b>Total Governmental Net Expense</b>	<b>(617,233)</b>	<b>(648,218)</b>	<b>(690,651)</b>	<b>(714,892)</b>	<b>(745,244)</b>	<b>(808,503)</b>	<b>(844,988)</b>	<b>(903,927)</b>	<b>(869,074)</b>	<b>(918,371)</b>
<b>General Revenues and Other Changes in Net Position</b>										
General revenues										
Local appropriations	482,385	497,486	530,440	544,145	600,054	572,872	600,054	607,200	620,300	640,800
State Aid	191,285	192,048	192,480	197,822	222,299	212,420	222,299	243,882	252,282	251,796
Federal Aid	148	127	163	160	194	124	194	100	171	145
Interest and investment earnings	98	43	33	101	1,612	816	1,612	1,136	52	216
Student Activity Fund Revenue	-	-	-	-	-	-	-	9,735	2,856	7,214
Miscellaneous	3,769	1,833	1,900	1,962	12,900	5,094	12,900	11,982	17,610	33,597
<b>Total General Revenues</b>	<b>677,685</b>	<b>691,537</b>	<b>725,016</b>	<b>744,190</b>	<b>837,059</b>	<b>791,326</b>	<b>837,059</b>	<b>874,035</b>	<b>893,271</b>	<b>933,768</b>
Change in Net Position - Governmental Funds	60,415	43,305	34,328	29,253	91,718	(17,213)	(7,946)	(29,826)	24,193	15,357
Change in Net Position - Jim Rouse Theatre	37	14	37	44	97	36	17	(66)	4	41
<b>Total Change in Net Position</b>	<b>60,452</b>	<b>43,319</b>	<b>34,365</b>	<b>29,297</b>	<b>91,815</b>	<b>(17,177)</b>	<b>(7,929)</b>	<b>(29,892)</b>	<b>24,197</b>	<b>15,397</b>
Net Position - Beginning of year	993,667	1,054,119	1,063,884	1,098,249	1,127,546	419,343	402,167	398,980	369,088	393,285
<b>Net Position - End of Year</b>	<b>\$ 1,054,119</b>	<b>\$ 1,097,438</b>	<b>\$ 1,098,249</b>	<b>\$ 1,127,546</b>	<b>\$ 1,219,361</b>	<b>\$ 402,167</b>	<b>\$ 394,238</b>	<b>\$ 369,088</b>	<b>\$ 393,285</b>	<b>\$ 408,682</b>

\*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.

\*\* FY18 Net position restated.

\*\*\* FY20 restated due to implementation of GASB 84, and FY21 beginning balance restated.

Source: HCPSS Finance Department.

# Statistical Section

## Howard County Public School System Changes in Fund Balances of Governmental Funds Year Ended June 30, 2022 and Nine Prior Years (Amounts expressed in thousands)

Table 3

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
<b>Intergovernmental revenues</b>										
Local	\$ 553,213	\$ 567,271	\$ 584,657	\$ 612,804	\$ 624,455	\$ 653,700	\$ 662,183	\$ 643,299	\$ 693,334	\$ 745,538
State	298,841	303,224	314,110	304,642	338,907	307,848	320,548	357,249	376,748	397,753
Federal	23,580	23,982	26,097	27,984	29,160	29,143	30,511	34,362	43,880	95,252
Earnings on investments	57	26	21	70	292	901	1,830	1,389	67	232
Charges for services	12,109	11,091	11,302	11,885	12,200	13,742	15,737	9,213	3,896	4,466
Miscellaneous revenues	1,471	1,797	1,737	1,825	449	2,405	1,774	1,453	910	492
School Activity Fund Revenue	-	-	-	-	-	-	-	9,735	2,856	7,213
<b>Total Revenues</b>	<b>889,271</b>	<b>907,391</b>	<b>937,924</b>	<b>959,210</b>	<b>1,005,463</b>	<b>1,007,739</b>	<b>1,032,583</b>	<b>1,056,700</b>	<b>1,121,691</b>	<b>1,250,946</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular education	316,259	323,027	338,094	335,660	347,374	361,042	363,645	389,407	386,877	413,581
Special education	99,859	102,045	106,254	108,329	112,299	121,518	125,826	136,222	140,228	156,569
<b>Support Services</b>										
Administration	11,511	12,456	12,869	12,431	13,735	13,842	13,332	20,159	12,968	23,136
Mid-Level administration	59,180	56,562	60,254	61,473	60,909	63,850	62,316	63,412	62,404	68,214
Student personnel services	2,860	2,886	3,032	3,325	3,347	3,500	3,636	4,230	4,254	7,441
Health services	6,114	6,609	7,042	7,608	8,010	8,184	8,698	8,970	9,085	10,669
Student transportation	36,325	36,456	36,792	37,504	37,995	38,964	41,375	41,628	30,583	47,645
Operation of plant	39,439	38,947	40,911	39,202	39,879	38,592	41,281	38,354	40,350	44,568
Maintenance of plant and equipment	23,574	19,652	22,779	24,570	23,866	25,128	25,136	24,948	26,328	32,784
Fixed charges	178,693	210,654	212,958	224,675	241,418	242,684	271,550	271,675	266,713	305,299
Community services	6,190	6,035	6,074	6,765	6,494	6,879	6,786	8,094	4,412	6,227
Food services	12,202	12,923	13,465	13,845	14,857	15,483	16,581	16,601	14,984	19,348
Capital outlay	97,446	86,168	81,225	79,922	84,325	64,056	37,925	43,358	90,394	123,126
<b>Total</b>	<b>889,652</b>	<b>914,420</b>	<b>941,749</b>	<b>955,309</b>	<b>994,508</b>	<b>1,003,722</b>	<b>1,018,086</b>	<b>1,067,058</b>	<b>1,089,580</b>	<b>1,258,607</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(381)</b>	<b>(7,029)</b>	<b>(3,825)</b>	<b>3,901</b>	<b>10,955</b>	<b>4,017</b>	<b>14,497</b>	<b>(10,358)</b>	<b>32,111</b>	<b>(7,661)</b>
<b>Other Financing Sources (Uses)</b>										
Capital contributions	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	5,314	-	-
Subscription agreements	-	-	-	-	-	-	-	1,621	-	-
<b>Net change in fund balances</b>	<b>\$ (381)</b>	<b>\$ (7,029)</b>	<b>\$ (3,825)</b>	<b>\$ 3,901</b>	<b>\$ 10,955</b>	<b>\$ 4,017</b>	<b>\$ 14,497</b>	<b>\$ (3,423)</b>	<b>\$ 32,111</b>	<b>\$ (7,661)</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.07%</b>	<b>0.47%</b>	<b>0.44%</b>	<b>0.41%</b>	<b>0.32%</b>	<b>0.32%</b>	<b>0.27%</b>

Source: HCPSS records

## Statistical Section

### Howard County Public School System

Table 4

#### Fund Balances of Governmental Funds

Year Ended June 30, 2022 and Nine Prior Years

(Amounts expressed in thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund</b>										
Nonspendable	\$ 1,474	\$ 838	\$ 955	\$ 1,047	\$ 1,133	\$ 911	\$ 1,017	\$ 1,052	\$ 1,170	\$ 1,043
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	1,043	686	330	-	-	-
Assigned	6,410	5,362	8,421	13,896	10,849	10,685	17,018	15,808	27,479	38,595
Unassigned	15,613	9,755	6,100	2,973	8,322	13,192	15,169	13,119	36,812	6,353
<b>Total General Fund</b>	<b>23,497</b>	<b>15,955</b>	<b>15,476</b>	<b>17,916</b>	<b>21,347</b>	<b>25,474</b>	<b>33,534</b>	<b>29,979</b>	<b>65,461</b>	<b>45,991</b>
<b>Other Governmental Funds</b>										
Nonspendable	152	190	216	234	193	260	199	164	330	333
Restricted for School construction	(2,857)	(1,412)	(3,783)	(2,699)	4,282	2,769	8,460	8,062	2,947	3,861
Restricted for Special Revenue Fund	3,762	1,220	1,790	1,223	1,230	1,247	1,275	1,295	1,198	1,201
Assigned	-	-	-	927	1,504	2,824	3,602	8,890	10,566	21,455
Unassigned	-	1,571	-	-	-	-	-	-	-	-
<b>Total Other Governmental Funds</b>	<b>1,057</b>	<b>1,569</b>	<b>(1,777)</b>	<b>(315)</b>	<b>7,209</b>	<b>7,099</b>	<b>13,536</b>	<b>18,411</b>	<b>15,041</b>	<b>26,850</b>
<b>Total All Governmental Funds</b>	<b>\$ 24,554</b>	<b>\$ 17,524</b>	<b>\$ 13,699</b>	<b>\$ 17,601</b>	<b>\$ 28,556</b>	<b>\$ 32,573</b>	<b>\$ 47,070</b>	<b>\$ 48,390</b>	<b>\$ 80,502</b>	<b>\$ 72,841</b>

Source: HCPSS records

## Statistical Section

### Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2022 and Nine Prior Years

Table 5

	Administration	Instructional Salaries	Textbooks and Classroom Supplies	Other Instructional Costs	Student Personnel Services	Health Services	Student Transportation
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
2019	\$ 13,342,320	\$ 347,229,986	\$ 9,373,425	\$ 3,128,717	\$ 3,641,641	\$ 8,966,402	\$ 41,416,993
2020	\$ 13,578,591	\$ 359,619,583	\$ 7,791,394	\$ 5,268,024	\$ 3,982,752	\$ 9,302,729	\$ 42,801,337
2021	\$ 13,343,612	\$ 360,800,857	\$ 9,391,029	\$ 4,124,092	\$ 4,279,587	\$ 10,203,710	\$ 43,494,275
2022	\$ 14,319,356	\$ 368,251,737	\$ 9,397,916	\$ 4,848,375	\$ 7,558,344	\$ 9,762,831	\$ 46,221,782

Source: HCPSS Finance Department



## Statistical Section

### Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2022 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
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
2019	\$ 42,823,699	\$ 25,372,132	\$ 186,960,057	\$ 62,208,494	\$ 7,128,926	\$ 109,884,782	\$ 908,432	\$ 862,386,006
2020	\$ 42,167,830	\$ 26,453,528	\$ 202,758,711	\$ 64,089,827	\$ 7,289,364	\$ 122,258,423	\$ 1,179,204	\$ 908,541,297
2021	\$ 42,667,150	\$ 28,874,171	\$ 198,899,386	\$ 63,057,189	\$ 6,462,524	\$ 132,179,019	\$ 913,108	\$ 918,689,709
2022	\$ 43,542,414	\$ 27,902,205	\$ 214,160,362	\$ 65,764,001	\$ 4,653,038	\$ 139,986,830	\$ 1,276,411	\$ 957,645,602

Source: HCPSS Finance Department

## Statistical Section

### Howard County Public School System

#### Capital Assets by Function Ended June 30, 2022 and Nine Prior Years

Table 6

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Schools										
Buildings	74	75	76	76	76	76	77	77	77	77
Administration										
Buildings	3	3	3	3	3	2	2	2	2	2
Vehicles	17	17	17	17	17	17	17	17	14	13
Mid-level Administration										
Vehicles	11	11	11	11	11	11	11	11	9	9
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	52	50	51	58	60	65	66	66	66	81
Operations										
Vehicles	177	173	167	152	162	152	152	150	136	125
Technology										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	12	12	12	14	14	15	15	15	12	11
Print Shop										
Print Presses	4	10	17	18	20	21	21	21	22	21
Community Service										
Vehicles	7	10	13	14	14	14	14	14	14	14
Student Transportation										
Vehicles	11	11	11	17	17	17	17	17	17	17

# Statistical Section

## Howard County Public School System Computation of Debt Limits Year Ended June 30, 2022 and Nine Prior Years

Table 7

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Current Operating Budget	\$ 703,667,400	\$ 729,093,490	\$ 758,765,350	\$ 776,338,380	\$ 808,387,856	\$ 819,106,284	\$ 862,386,006	\$ 908,541,297	\$ 918,689,709	\$ 957,645,602
6 % of Current Operating Budget	42,220,044	43,745,609	45,525,921	46,580,303	48,503,271	49,146,377	51,743,160	54,512,478	55,121,383	57,458,736
Total Debt Outstanding June 30	3,474,031	3,372,983	10,910,120	10,863,543	7,465,623	4,502,410	1,323,529	13,126,281	12,499,879	10,118,238
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	21,110,022	21,872,805	22,762,961	23,290,151	24,251,636	24,573,189	25,871,580	27,256,239	27,560,691	28,729,368
Total Debt Service	\$ 403,983	\$ 312,997	\$ 2,859,283	\$ 4,110,209	\$ 411,209	\$ 2,963,213	\$ 3,178,881	\$ 3,266,765	\$ 3,264,477	\$ 3,086,716
Compliance with Debt Service Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

## Statistical Section

### Howard County Public School System Outstanding Debt by Type Year Ended June 30, 2022 and Nine Prior Years

Table 8

Fiscal Year	Governmental Activities Leases and SBITAs	Business-Type Activities	Total
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
2019	1,323,529	-	1,323,529
2020*	13,126,281	-	13,126,281
2021*	12,499,879	-	12,499,879
2022*	10,118,238	-	10,118,238

\* For fiscal years 2013 through 2019, the amounts presented represent capital lease liabilities. In FY2020, HCPSS adopted GASB 87, Leases and GASB 96, Subscription-Based Information Technology Agreements (SBITAs), which require all leases and SBITAs to be reported as liabilities. The amounts presented for 2020 and beyond represent all leases and SBITAs.

Details regarding HCPSS' outstanding debt can be found in Note V to the financial statements.

# Statistical Section

## Howard County Public School System

### Enrollment by Grade

Year Ended June 30, 2022 and Nine Prior Years

Table 9

	2013	2014	2015	2016	2017 (C)	2018	2019	2020	2021	2022 (D)
<b>Elementary School</b>										
Pre-kindergarten	1,072	1,118	1,144	1,288	1,281	1,278	1,330	1,355	1,012	1,318
Kindergarten	3,513	3,728	3,631	3,801	3,797	3,943	3,949	3,962	3,627	3,807
Grade 1	3,751	3,785	3,995	3,940	3,938	4,078	4,038	4,212	3,913	3,899
2	3,777	3,921	3,953	4,085	4,084	4,250	4,211	4,145	4,107	4,023
3	3,890	3,867	3,994	4,276	4,275	4,249	4,219	4,334	4,059	4,163
4	3,900	4,018	3,997	4,230	4,230	4,401	4,361	4,333	4,321	4,114
5	3,904	4,008	4,128	4,263	4,258	4,579	4,542	4,473	4,268	4,323
<b>Total Elementary School</b>	<b>23,807</b>	<b>24,445</b>	<b>24,842</b>	<b>25,883</b>	<b>25,863</b>	<b>26,778</b>	<b>26,650</b>	<b>26,814</b>	<b>25,307</b>	<b>25,647</b>
<b>Middle School</b>										
Grade 6	3,856	4,021	4,156	4,215	4,216	4,587	4,555	4,654	4,456	4,275
7	3,871	3,937	4,118	4,351	4,355	4,508	4,498	4,610	4,635	4,416
8	3,756	3,932	4,002	4,306	4,326	4,370	4,356	4,531	4,580	4,601
<b>Total Middle School</b>	<b>11,483</b>	<b>11,890</b>	<b>12,276</b>	<b>12,872</b>	<b>12,897</b>	<b>13,465</b>	<b>13,409</b>	<b>13,795</b>	<b>13,671</b>	<b>13,292</b>
<b>High School</b>										
Grade 9 and SP	4,315	4,204	4,365	4,619	4,591	4,799	4,915	4,757	4,665	4,878
10	4,091	4,179	4,011	4,206	4,206	4,503	4,460	4,633	4,570	4,537
11	4,000	3,942	4,000	3,983	3,986	4,255	4,253	4,272	4,456	4,285
12	4,254	4,053	4,062	3,987	3,985	4,111	4,114	4,358	4,388	4,487
<b>Total High School</b>	<b>16,660</b>	<b>16,378</b>	<b>16,438</b>	<b>16,795</b>	<b>16,768</b>	<b>17,668</b>	<b>17,742</b>	<b>18,020</b>	<b>18,079</b>	<b>18,187</b>
<b>Cedar Lane (includes Pre-kindergarten)</b>	103	93	129	109	110	108	99	117	116	113
<b>Homewood</b>	-	-	-	-	-	-	-	122	120	86
	<b>103</b>	<b>93</b>	<b>129</b>	<b>109</b>	<b>110</b>	<b>108</b>	<b>99</b>	<b>239</b>	<b>236</b>	<b>199</b>
<b>Total Enrollment (A)</b>	<b>52,053</b>	<b>52,806</b>	<b>53,685</b>	<b>55,659</b>	<b>55,638</b>	<b>58,019</b>	<b>57,900</b>	<b>58,868</b>	<b>57,293</b>	<b>57,325</b>
<b>Number of School Teachers (B)</b>	2,829	2,829	2,860	2,857	3,056	4,294	4,314	4,325	4,241	***
Ratio of Students to Teachers	18:1	19:1	19:1	19:1	18:1	14:1	13:1	14:1	14:1	

(A) Total includes Pre-kindergarten head count.

(B) Sources: mdreportcard.org, Teacher Certifications \*\*\*Current year data not available prior to publishing

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

(D) HCPSS website - Official Enrollment Reports September 30, 2021 (Official SY21-22 Enrollment)

\*\*\*Current year data not available prior to publishing

**Statistical Section**  
**Howard County Public School System**

Table 10

**Enrollment by School**  
**Year Ended June 30, 2022 and Nine Prior Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Capacity	Capacity %
<b>Elementary Schools (a)</b>												
Atholton	414	421	392	468	468	470	471	504	451	474	424	111.8%
Bellows Springs	944	668	730	739	739	802	803	776	676	747	726	102.9%
Bollman Bridge	741	767	735	764	763	757	740	765	709	719	666	108.0%
Bryant Woods	366	367	353	413	413	462	458	448	360	329	361	91.1%
Bushy Park	613	608	636	617	615	625	628	638	602	620	738	84.0%
Centennial Lane	725	699	684	739	739	737	734	719	655	658	647	101.7%
Clarksville	526	523	485	430	430	419	419	436	501	539	543	99.3%
Clemens Crossing	499	502	487	532	531	495	491	508	549	563	521	108.1%
Cradlerock	500	520	482	491	491	511	509	497	456	457	398	114.8%
Dayton Oaks	593	636	639	677	677	723	727	720	683	730	700	104.3%
Deep Run	733	657	734	816	816	748	729	767	680	711	769	92.5%
Ducketts Lane	-	662	771	826	826	600	606	570	630	620	650	95.4%
Elkridge	857	767	781	871	870	912	901	923	819	824	760	108.4%
Forest Ridge	718	748	721	704	703	686	679	689	663	656	691	94.9%
Fulton	648	703	705	832	832	920	918	1,021	838	868	738	117.6%
Gorman Crossing	641	686	693	751	751	877	877	849	786	784	735	106.7%
Guildford	478	497	496	451	451	443	439	475	500	497	465	106.9%
Hammond	583	602	633	640	640	625	623	604	620	622	653	95.3%
Hanover Hills	-	-	-	-	-	714	694	757	774	823	810	101.6%
Hollifield Station	697	745	750	796	796	869	879	872	768	750	732	102.5%
Ilchester	685	776	754	690	690	655	648	634	556	544	559	97.3%
Jeffers Hill	383	407	464	456	455	401	403	414	373	410	402	102.0%
Laurel Woods	564	572	587	601	601	601	607	645	656	634	609	104.1%
Lisbon	398	400	422	446	446	453	451	443	377	402	527	76.3%
Longfellow	442	457	453	457	457	463	460	447	485	497	512	97.1%
Manor Woods	616	676	669	759	759	660	650	627	697	697	681	102.3%
Northfield	595	723	690	710	710	749	747	702	736	718	700	102.6%
Phelps Luck	727	562	581	608	605	592	582	633	625	694	597	116.2%
Pointers Run	772	790	786	784	784	922	924	912	779	796	744	107.0%
Rockburn	705	710	661	726	726	627	629	628	611	636	584	108.9%
Running Brook	483	492	529	515	515	503	500	484	402	415	490	84.7%
St. John's Lane	582	681	722	701	701	724	726	764	679	651	612	106.4%
Stevens Forest	301	423	440	433	433	420	415	426	347	337	380	88.7%
Swansfield	585	594	588	641	640	606	601	562	501	512	653	78.4%
Talbott Springs	573	441	466	502	501	503	504	509	467	441	377	117.0%
Thunder Hill	421	470	528	558	558	528	526	475	481	485	509	95.3%
Triadelphia Ridge	442	485	509	560	560	562	563	555	540	562	584	96.2%
Veterans	1,062	821	865	931	928	956	932	962	951	899	799	112.5%
Waterloo	783	617	624	624	624	620	620	602	582	606	603	100.5%
Waverly	605	759	758	770	766	910	901	951	899	892	788	113.2%
West Friendship	274	287	287	326	326	400	401	393	376	382	414	92.3%
Worthington	533	524	552	528	527	528	535	508	467	446	443	100.7%
<b>Total Elementary Schools</b>	<b>23,807</b>	<b>24,445</b>	<b>24,842</b>	<b>25,883</b>	<b>25,863</b>	<b>26,778</b>	<b>26,650</b>	<b>26,814</b>	<b>25,307</b>	<b>25,647</b>	<b>25,294</b>	<b>101.4%</b>

(a) Includes Pre-kindergarten enrollment.

**Statistical Section**  
**Howard County Public School System**

**Table 10**

**Enrollment by School**  
**Year Ended June 30, 2022 and Nine Prior Years**

(continued)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Capacity	Capacity %
<b><u>Middle Schools</u></b>												
Bonnie Branch	706	731	661	715	713	750	751	703	693	663	701	94.6%
Burleigh Manor	668	700	746	819	819	811	808	811	844	785	779	100.8%
Clarksville	637	608	635	560	560	666	666	710	716	665	643	103.4%
Dunloggon	565	574	607	617	617	664	660	628	624	623	565	110.3%
Elkridge Landing	683	733	710	700	700	747	745	764	710	687	779	88.2%
Ellicott Mills	731	774	758	828	829	870	869	909	789	725	701	103.4%
Folly Quarter	559	544	562	616	616	660	660	700	662	664	662	100.3%
Glenwood	536	544	555	517	517	492	492	515	510	490	545	89.9%
Hammond	499	477	551	592	593	579	572	602	612	583	604	96.5%
Harper's Choice	497	521	521	570	570	505	504	493	490	505	506	99.8%
Lake Elkhorn	470	510	500	530	530	580	580	564	600	603	643	93.8%
Lime Kiln	596	635	703	729	729	632	632	660	642	619	721	85.9%
Mayfield Woods	717	779	632	685	685	725	726	787	795	758	798	95.0%
Mount View	718	734	750	792	792	838	837	853	835	866	798	108.5%
Murray Hill	725	735	595	669	669	724	720	733	723	634	662	95.8%
Oakland Mills	406	437	423	443	443	515	520	498	479	476	506	94.1%
Patapsco	568	628	675	686	687	716	712	746	693	663	643	103.1%
Patuxent Valley	654	680	648	639	639	690	686	698	778	800	760	105.3%
Thomas Viaduct	-	-	523	632	633	669	654	734	835	857	701	122.3%
Wilde Lake	548	546	521	556	556	632	632	687	641	626	740	84.6%
<b>Total Middle Schools</b>	<b>11,483</b>	<b>11,890</b>	<b>12,276</b>	<b>12,895</b>	<b>12,897</b>	<b>13,465</b>	<b>13,426</b>	<b>13,795</b>	<b>13,671</b>	<b>13,292</b>	<b>13,457</b>	<b>98.8%</b>
<b><u>High Schools</u></b>												
Atholton	1,490	1,464	1,560	1,455	1,456	1,505	1,511	1,460	1,472	1,456	1,440	101.1%
Centennial	1,442	1,370	1,429	1,511	1,511	1,593	1,594	1,597	1,467	1,377	1,360	101.3%
Glenelg	1,281	1,274	1,261	1,206	1,207	1,198	1,199	1,197	1,263	1,298	1,420	91.4%
Hammond	1,297	1,256	1,226	1,304	1,300	1,370	1,377	1,394	1,316	1,306	1,220	107.0%
Howard	1,755	1,732	1,758	1,839	1,837	1,899	1,898	1,910	1,828	1,792	1,400	128.0%
Long Reach	1,344	1,370	1,434	1,553	1,554	1,551	1,565	1,696	1,595	1,639	1,488	110.1%
Marriotts Ridge	1,228	1,221	1,161	1,264	1,264	1,417	1,422	1,472	1,597	1,662	1,615	102.9%
Mt. Hebron	1,459	1,453	1,498	1,583	1,582	1,631	1,630	1,695	1,635	1,639	1,400	117.1%
Oaklands Mills	1,163	1,128	1,085	1,171	1,174	1,226	1,231	1,246	1,269	1,336	1,400	95.4%
Reservoir	1,526	1,505	1,482	1,481	1,481	1,586	1,586	1,624	1,788	1,814	1,551	117.0%
River Hill	1,393	1,346	1,310	1,154	1,154	1,384	1,387	1,378	1,470	1,508	1,488	101.3%
Wilde Lake	1,282	1,259	1,234	1,251	1,248	1,308	1,318	1,351	1,379	1,360	1,424	95.5%
<b>Total High Schools</b>	<b>16,660</b>	<b>16,378</b>	<b>16,438</b>	<b>16,772</b>	<b>16,768</b>	<b>17,668</b>	<b>17,718</b>	<b>18,020</b>	<b>18,079</b>	<b>18,187</b>	<b>17,206</b>	<b>105.7%</b>
<b><u>Special Schools</u></b>												
Cedar Lane	103	93	129	109	110	108	106	117	116	113	130	86.9%
Homewood School	-	-	-	-	-	-	-	122	120	86	143	60.1%
	<b>103</b>	<b>93</b>	<b>129</b>	<b>109</b>	<b>110</b>	<b>108</b>	<b>106</b>	<b>239</b>	<b>236</b>	<b>199</b>	<b>273</b>	<b>72.9%</b>
<b>Total All Schools (a)</b>	<b>52,053</b>	<b>52,806</b>	<b>53,685</b>	<b>55,659</b>	<b>55,638</b>	<b>58,019</b>	<b>57,900</b>	<b>58,868</b>	<b>57,293</b>	<b>57,325</b>	<b>56,230</b>	<b>101.9%</b>

**Statistical Section**  
**Howard County Public School System**

Table 11

Principal Employers: Howard County, Maryland  
 Year Ended June 30, 2022 and June 30, 2013

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,628	1	4.64%	7,553	1	4.55%
Johns Hopkins Applied Physics Laboratory	7,200	2	3.88%	4,700	2	2.83%
Howard County Government	3,223	3	1.73%	2,877	3	1.73%
Howard County General Hospital	1,800	4	0.97%	1,728	6	1.04%
Verizon	1,700	5	0.92%	2,200	4	1.32%
Howard Community College	1,400	6	0.75%	1,290	7	0.78%
The Columbia Association	1,200	7	0.65%	900	10	0.54%
Lorien Health Systems	1,190	8	0.64%	2,000	5	1.20%
Coastal Sunbelt Produce	1,050	9	0.57%	-	-	0.00%
Nestle Dreyer's Ice Cream	835	10	0.45%	-	-	0.00%
SAIC	-	-	0.00%	1,060	8	0.64%
Giant Food	-	-	0.00%	1,050	9	0.63%
<b>Total</b>	<b>28,226</b>		<b>15.20%</b>	<b>25,358</b>		<b>15.26%</b>

Source:  
 Howard County Economic Development Authority - Original Source - Bureau of Labor Statistics - data.bls.gov  
 Howard County Public Schools provided by HCPSS  
 Howard County Government from HC Budget Office



## Statistical Section

### Howard County Public School System Demographic and Economic Statistics: Howard County, Maryland Year Ended June 30, 2022 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)
2013	299,184	\$ 20,499,507	\$ 67,386	52,053	5.5%
2014	303,527	\$ 21,158,756	\$ 68,745	52,806	4.8%
2015	306,909	\$ 22,203,989	\$ 71,076	53,685	4.5%
2016	311,297	\$ 23,070,751	\$ 72,786	55,659	3.5%
2017	315,416	\$ 24,063,585	\$ 74,938	55,638	3.5%
2018	319,251	\$ 24,422,382	\$ 76,499	58,019	3.6%
2019	322,621	\$ 25,175,084	\$ 78,033	57,900	2.8%
2020	325,690	\$ 26,696,484	\$ 81,969	58,868	6.9%
2021	332,722	*	*	57,293	5.2%
2022	334,529	*	*	57,325	4.3%

(a) Howard County Department of Planning and Zoning - Population as of July 1, 2021 Source: Population Division, U.S. Census Bureau, March 2022.

Howard County Demographic Overview

(b) Personal Income and Per Capita Personal Income revised and restated for all years per Bureau of Economic Analysis, U.S. Dept. of Commerce. (2021/2022 PI and PCPI not available)

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

(d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 2022.

\* 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, 2022 and Nine Prior Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Full-Time Equivalent of Students Enrolled*	50,981	51,688	51,595	52,412	54,262	54,247	56,750	57,274	56,165	56,004
Expenditures **										
Current:										
Administration	\$ 219	\$ 236	\$ 237	\$ 235	\$ 250	\$ 241	\$ 232	\$ 230	\$ 238	\$ 256
Mid level Administration	1,032	1,036	1,086	1,116	1,099	1,130	1,085	1,075	1,123	1,174
Instruction										
Instructional Salaries	5,804	5,833	6,094	6,017	5,995	6,344	6,303	6,246	6,424	6,575
Textbooks and classroom supplies	230	262	243	224	172	161	130	128	167	168
Other instructional costs	59	60	49	64	53	50	61	61	87	87
Special education	1,702	1,720	1,767	1,782	1,818	2,018	2,144	2,124	2,353	2,500
Student Personnel services	55	55	57	61	60	65	70	69	76	135
Health Services	120	128	138	147	145	159	160	159	182	174
Student Transportation	718	697	715	717	698	763	741	734	832	825
Operation of plant	737	760	796	767	719	760	681	674	773	777
Maintenance of plant and equipment	398	355	466	482	432	460	454	450	474	498
Fixed Charges	2,473	2,807	2,843	3,036	3,138	3,446	3,572	3,539	3,497	3,824
Community services	114	116	115	125	119	124	122	121	115	83
Capital outlay	16	16	16	16	15	16	19	19	16	23
Total Expenditure per Student	\$ 13,677	\$ 14,081	\$ 14,622	\$ 14,789	\$ 14,713	\$ 15,737	\$ 15,774	\$ 15,629	\$ 16,357	\$ 17,099
State Rank ***	4	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

\* Source: HCPSS September 30 Official 21-22 Enrollment Report. Cost per Pupil calculations exclude PreK enrollment and Cedar Lane PreK enrollment.

\*\* Source: Calculations based on HCPSS FY22 Expenditure Summary by Category - General Fund (Operating) - FY22 Revised Approved (below)

\*\*\* Source: Maryland State Department of Education, The Fact Book (Cost Per Pupil Belonging Maryland Public Schools). Ranking is based on previous year's Cost Per Pupil, as calculated by the County. Current year and previous five years not available at time of this report.

## Statistical Section

### Howard County Public School System Food Service Data Year Ended June 30, 2022 and Five Prior Years

Table 14

	2017	2018	2019	2020	2021 *	2022**
Number of Schools	76	76	77	77	77	77
Number of days lunch served	180	180	179	120	173	180
Number of free lunches served to pupils annually	1,330,823	1,332,341	1,298,616	873,954	1,532,349	4,578,613
Average number of free lunches served to pupils daily	7,393	7,402	7,255	7,283	5,620	25,437
Number of paid lunches served to pupils annually:						
At reduced price	248,372	271,152	298,901	201,906	-	-
At regular price	1,572,810	1,642,685	1,642,005	1,162,023	-	-
Average number of paid lunches served to pupils daily:						
At reduced price	1,380	1,506	1,670	1,683	-	-
At regular price	8,738	9,126	9,173	9,684	-	-
Total number of lunches served to pupils annually	3,152,005	3,246,178	3,239,522	2,237,883	1,532,349	4,578,613
Average number of lunches served to pupils daily	17,511	18,034	18,098	18,649	5,620	25,437
Charge per lunch to students:						
Elementary	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ -	\$ -
Secondary	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ -	\$ -

Source: HCPSS Food and Nutrition Service, email Perresa Brown (accountant) and Brian Ralph (director)

\* Paid lunches were not provided in FY21 due to school closures related to COVID-19

\*\* Free lunches were available to all students (except DEC students) regardless of need during SY21-22

# Statistical Section

## Howard County Public School System

Howard County Public School System		
Transportation Data		Table 15
Year Ended June 30, 2022 and Nine Prior Years		
	Estimated number of eligible riders (Daily)	Number of bus routes (Daily)
2022	43,091	395
2021*	43,093	385
2020	44,664	476
2019	44,189	468
2018	43,449	453
2017	42,950	453
2016	42,371	453
2015	40,800	448
2014	41,989	448
2013	41,525	438

\*Ridership decreased in FY21 due to COVID-19 and the limited services provided  
Source: HCPSS Transportation Office

Howard County Public School System	
High School Graduation Data	Table 16
Year Ended June 30, 2022 and Nine Prior Years	
	Graduation Rate
2022	N/A*
2021	94.05%
2020	93.38%
2019	92.78%
2018	95.30%
2017	92.28%
2016	93.21%
2015	93.50%
2014	92.85%
2013	93.30%

\* FY 2022 not available at the time of this report.  
Source: HCPSS Public Information Office, HCPSS Website, [reportcard.msde.maryland.gov](http://reportcard.msde.maryland.gov)

# Statistical Section

## Howard County Public School System

### Full-time Equivalent School System Budgeted Positions by Function Year Ended June 30, 2022 and Nine Prior Years

Table 17

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022***
<b>General Fund</b>										
Administration	96.4	96.2	98.9	102.5	102.5	68.5	91.5	94.5	95.5	96.5
Mid level Administration	594.0	599.0	602.5	612.0	616.5	618.5	598.6	604.1	603.6	614.1
Instruction**	4,504.3	4,588.6	4,633.1	4,632.5	4,723.5	4,656.4	4,739.3	4,671.8	4,534.2	4,564.0
Special Education	1,499.4	1,506.0	1,499.6	1,499.9	1,514.9	1,697.8	1,624.1	1,753.8	1,861.6	1,933.5
Student Personnel Services	31.0	32.0	32.0	32.0	33.0	33.0	33.0	36.0	38.0	93.0
Health Services	127.0	135.0	137.0	137.0	137.0	139.0	138.0	139.0	140.0	140.0
Student Transportation	14.0	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	16.0
Operation of Plant	450.5	456.5	456.5	455.5	457.5	458.5	461.5	461.5	461.5	461.5
Maintenance of plant and equipment	183.0	184.0	162.0	161.5	162.5	199.5	153.5	152.5	154.5	155.5
Community Services	42.9	44.9	48.4	53.1	55.1	55.3	54.1	53.3	54.1	22.1
Capital Outlay	10.0	9.0	9.0	9.5	8.5	9.5	8.5	8.5	8.5	8.5
<b>Total General Fund</b>	<b>7,552.5</b>	<b>7,665.2</b>	<b>7,693.0</b>	<b>7,709.5</b>	<b>7,826.0</b>	<b>7,952.0</b>	<b>7,918.1</b>	<b>7,991.0</b>	<b>7,967.5</b>	<b>8,104.7</b>
<b>Total Grants Fund (estimated)</b>	<b>165.0</b>	<b>177.0</b>	<b>171.0</b>	<b>173.5</b>	<b>182.6</b>	<b>193.0</b>	<b>208.2</b>	<b>213.5</b>	<b>258.2</b>	<b>244.5</b>
<b>Restricted Funds</b>										
Jim Rouse Theatre *	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4
Food and Nutrition Services	187.0	188.0	191.0	191.0	192.0	192.0	194.3	199.3	198.2	198.1
Printing and Duplicating	10.0	10.0	10.0	10.0	10.0	10.0	10.0	12.0	12.0	12.0
Technology Office	37.0	37.0	64.0	64.0	64.0	65.0	62.0	62.0	61.0	66.0
Workers Comp. Self-Insurance	3.0	4.0	3.0	3.0	4.0	2.0	-	-	-	-
Health and Dental Self-Insurance	3.0	3.0	4.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0
<b>Total Restricted Funds</b>	<b>240.2</b>	<b>242.2</b>	<b>272.2</b>	<b>273.2</b>	<b>275.2</b>	<b>274.2</b>	<b>269.5</b>	<b>276.5</b>	<b>274.6</b>	<b>279.5</b>
<b>Total All Funds</b>	<b>7,957.7</b>	<b>8,084.4</b>	<b>8,136.2</b>	<b>8,156.2</b>	<b>8,283.8</b>	<b>8,419.2</b>	<b>8,395.8</b>	<b>8,481.0</b>	<b>8,500.3</b>	<b>8,628.7</b>

\* 0.4 FTE reclassified from Instruction to Jim Rouse Theatre.

\*\* Includes Grant Fund FTE's.

\*\*\* Total positions off by 0.1 from Budget Book due to rounding of two positions.

# Statistical Section

## Howard County Public School System County, State, and National Assessment Achievement Year Ended June 30, 2022 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/MCAP	English 10 PARCC/MCAP	Algebra I PARCC/MCAP	English 10 PARCC/MCAP	Algebra	Biology	English	Government	Algebra	Biology	English	Government		
2022	***	***	***	****	****	****	****	**	**	**	**	**	**	**	**	**	**
2021	1,235	1,073	1,060	****	****	****	****	**	**	**	**	**	**	**	**	**	**
2020	1,195	1,029	1,051	****	****	****	****	**	**	**	**	**	**	**	**	**	**
2019	1,202	1,058	1,059	62.6	65.9	27.2	42.6	**	**	**	**	**	**	**	**	**	**
2018	1,203	1,080	1,065	57.0	60.9	31.2	42.4	**	**	**	**	**	**	**	**	**	**
2017	1,161	1,046	1,060	62.6	58.8	36.5	49.3	**	**	**	**	**	**	**	**	**	**
2016	1,647	1,428	1,453	56.7	45.1	35.6	44.4	**	**	**	**	**	**	**	**	**	**
2015	1,656	1,434	1,462	45.9	95.0	31.2	39.7	95.0	95.0	93.2	90.0	87.4	87.6	83.9	75.7		
2014	1,657	1,438	1,471	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	1,653	1,456	1,474	No Data	No Data	No Data	No Data	97.6	96.3	93.4	93.2	88.3	85.8	86.4	84.6		

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

\*\* 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 HAS. In 2019, the PARCC assessment has been replaced with the Maryland Comprehensive Assessment Program (MCAP). The MCAP is comparable and uses the same scale as the PARCC assessment.

\*\*\* SAT and High School Assessment data not available prior to publishing.

\*\*\*\* Due to the school closures related to the COVID-19 pandemic, the PARCC/MCAP assessments were not delivered in 2020 or 2021.

\*\*\*\*\* The Maryland Comprehensive Assessment Program (MCAP) assessments are undergoing standard setting. Results will not be available until January of 2023.

# Statistical Section

## Howard County Public School System Insurance Summary Year Ended June 30, 2022

Table 19

Type of Coverage	Name of Company	Policy Period	Limits
<b>WORKERS COMPENSATION</b>			
Excess Workers Compensation	Safety National	7/1/20-6/30/22	Statutory maximum limit of indemnity per occurrence after \$600,000 self-insured retention \$1 million Employers liability
<b>CASUALTY INSURANCE</b>			
Comprehensive General Liability	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal and Advertising Injury Liability	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Board of Education	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 combined single limit \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Bus Contractors	MABE Group Insurance Pool	7/1/20-6/30/22	\$1 million combined single limit for bodily injury and property for Independent Bus Contractors
Maryland Personal Injury Protection	MABE Group Insurance Pool	7/1/20-6/30/22	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/20-6/30/22	Actual cash value with deductibles per member per loss
Maryland Uninsured Motorists	MABE Group Insurance Pool	7/1/20-6/30/22	\$50,000 per accident
Garage Keepers Liability	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 per loss
Cyber	MABE Group Insurance Pool	7/1/20-6/30/22	\$5 million per claim and \$5 million annual Pool aggregate
Security/Law Enforcement Liability	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 per occurrence, \$5 million per claim should sovereign immunity be abrogated and \$5 million annual aggregate
Sexual Abuse and Molestation Liability	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 per occurrence, \$1 million per claim should sovereign immunity be abrogated, and \$6 million annual aggregate
School Board of Education Legal Liability	MABE Group Insurance Pool	7/1/20-6/30/22	\$400,000 per occurrence and \$5 million annual aggregate if sovereign immunity is abrogated or does not apply
<b>PROPERTY INSURANCE</b>			
Real and Personal Property	MABE Group Insurance Pool	7/1/20-6/30/22	\$1 billion each occurrence, annual Pool aggregate of \$1 billion for earthquake and flood
Builders Risk	MABE Group Insurance Pool	7/1/20-6/30/22	\$75 million each occurrence
Boiler and Machinery	MABE Group Insurance Pool	7/1/20-6/30/22	\$100 million each accident
Crime, including employee dishonesty	MABE Group Insurance Pool	7/1/20-6/30/22	\$2.5 million each loss; \$1 million each loss for theft of money or securities
<b>ADDITIONAL COVERAGES</b>			
Catastrophic/Cash Policy	National Union Fire Insurance (AIG)	7/1/20-6/30/22	\$10,000 Accidental Death \$20,000 Accidental Dismemberment \$6,000,000 Accident Medical Expense, \$25,000 deductible \$1,000,000 Catastrophic Cash Benefit for coma or paralysis \$1,000,000 Per storage tank incident
Storage Tank Liability	ACE American Insurance Company (Chubb)	8/23/21-8/23/22	\$1,000,000 Aggregate (claims and remediation) \$1,000,000 Aggregate for legal defense \$2,000,000 Total policy aggregate
Accident Only Policy (special education student internships)	United States Fire Insurance Company	3/15/21-3/15/22	\$25,000 per covered injury

Source: HCPSS Office of Risk Management

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To the Board of Education  
Howard County, Maryland

We have audited, 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, the 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") as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements, and have issued our report thereon dated September 30, 2022.

*Report on Internal Control over Financial Reporting*

In planning and performing our audit of the financial statements, we considered HCPSS's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HCPSS's internal control. Accordingly, we do not express an opinion on the effectiveness of HCPSS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

*Report on Compliance and Other Matters*

As part of obtaining reasonable assurance about whether HCPSS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



*Howard County Public School System's Response to Finding*

*Government Auditing Standards* requires the auditor to perform limited procedures on HCPSS's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. HCPSS's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Purpose of this Report*

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*CohnReznick LLP*

Baltimore, Maryland  
September 30, 2022

## Howard County Public School System

### Schedule of Findings and Responses June 30, 2022

#### **2022-001 - Revenue Recognition**

**Statement of Condition:** During the year end closing process, HCPSS recorded inaccurate adjustments to revenue in the Restricted Programs Fund.

**Criteria:** Internal controls over financial reporting should exist to ensure that material misstatements are prevented or detected and corrected by management in a timely manner.

**Cause:** Management did not have a sufficient review process in place over the adjustments related to revenue in the Restricted Programs Fund.

**Effect:** Management may produce interim or annual financial statements that are materially misstated.

**Recommendation:** We have the following recommendation related to the internal control processes that impact revenue recognition in the Restricted Programs Fund:

- We recommend that HCPSS provide proper oversight and review of the recording and approval processes related to revenue recognition. HCPSS needs to ensure that they have multiple levels of resources that have a sufficient understanding of the laws, agreements, and accounting principles pertinent to the grants and similar programs associated with the fund.

#### **View of Responsible Officials Pertaining to 2022-001**

- HCPSS is in the process of reengineering its internal processes for the accounting of its Restricted Programs Fund. This includes two additional hires – a grant budget analyst and grant accountant – who will support the Restricted Programs Fund in providing enhanced oversight and compliance with generally accepted accounting principles throughout the year.

September 30, 2022

Board of Education of Howard County, Maryland  
Howard County Public School System  
10910 Clarksville Pike  
Ellicott City, Maryland 21042

In planning and performing our audit of the financial statements of Howard County Public School System ("HCPSS"), a component unit of Howard County, Maryland, as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered HCPSS's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the HCPSS's internal control. Accordingly, we do not express an opinion on the effectiveness of HCPSS's internal control. We refer you to our Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated September 30, 2022.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we identified certain matters involving the internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 30, 2022 on the financial statements of HCPSS. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve the internal control or result in other operating efficiencies. Our comments are summarized as follows:

#### Information Technology

We noted several matters and areas of improvement related to the Information Technology design and controls which have been communicated directly to management.

#### *Management Response:*

- Management continually reviews the information security technology posture, designs, and controls to support best practices for staff and students. In alignment with our Strategic Call to Action, the Department of Information Technology continuously partners with stakeholders to provide secure, sustainable, and reliable information and technology services and solutions through proactive planning and fiscally responsible practices.
- HCPSS has taken aggressive action in the last year to address security concerns related to the pandemic. Hiring a full-time security manager along with adding additional staff to the security team has resulted in an improvement in the overall security posture of the district. HCPSS has additionally implemented a 24x7 managed security services provider with managed detection and response services, threat analysis, incident validation and immediate response capacity.

- Additionally, as part of the latest Strategic Technology plan, HCPSS will be implementing additional security compensating control initiatives that will go further to protect the security, reliability, and integrity of HCPSS data, systems, networks, and computing environment. This includes:
  - The district-wide implementation of multi-factor authentication;
  - Department of Information Technology implementation of a Privileged Identity Management solution that enforces least privilege to the absolute minimum necessary to perform authorized activities;
  - The district-wide implementation of a robust security awareness and training platform, and
  - Engaging with federal partners at the Department of Homeland Security / Cybersecurity Infrastructure & Security agency to conduct vulnerability testing and best practices implementation.

We believe that the implementation of these recommendations will provide HCPSS with a stronger system of internal control while also making its operations more efficient. We will be happy to discuss the details of these recommendations with you at your convenience.

This communication is intended solely for the information and use of the Board of Education of Howard County and management of Howard County Public School System, and the Maryland State Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,

*CohnReznick LLP*

Baltimore, Maryland  
September 30, 2022

September 30, 2022

Board of Education of Howard County, Maryland  
Howard County Public School System  
10910 Clarksville Pike  
Ellicott City, MD 21042

We have audited the financial statements of Howard County Public School System ("HCPSS") as of and for the year ended June 30, 2022, and have issued our report thereon dated September 30, 2022. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter date August 17, 2022, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of HCPSS solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

### **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

### **Qualitative Aspects of the Entity's Significant Accounting Practices**

#### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by HCPSS is included in Note 1 to the financial statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of health care claims incurred but not reported is based on an actuary certification. We evaluated the key factors and assumptions used to develop the health care claims incurred but not reported and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
- Management's estimate of other post-employment benefits is based on the HCPSS's proportionate share of the Howard County governments net OPEB liability and OPEB expense, which was based on an actuary report. We evaluated the key factors and assumptions used to develop the other post-employment benefits and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.
- Management's estimate of the net pension liability is based on an HCPSS's proportionate share of the Maryland State Retirement and Pension System's net pension liability and pension expense. We evaluated the key factors and assumptions used to develop the net pension liability and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting HCPSS's financial statements relate to:

- The disclosure of net pension liability in note VI and other post-employment benefits and the net OPEB liability in note VII are considered sensitive disclosures to the basic financial statements because they involve actuarial assumptions.

The financial statement disclosures are neutral, consistent, and clear.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us

to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The attached schedule summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. During our audit, we did not identify any material, corrected misstatements.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to HCPSS's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated September 30, 2022.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with HCPSS, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as HCPSS's auditors.

### **Other Information Included in Documents Containing Audited Financial Statements**

Pursuant to professional standards, our responsibility as auditors for other information in documents containing HCPSS's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

We applied certain limited procedures to Management's Discussion and Analysis, budgetary comparison information, schedules of OPEB related supplementary information, and schedules of required pension related supplementary information, which are required supplementary information ("RSI") that supplement the basic financial statements. Our procedures consisted of inquiring of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

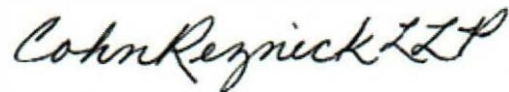
We are engaged to report on Other Supplementary Information, as listed in the table of contents of the Comprehensive Annual Financial Report, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory Section or the Statistical Tables, which accompany the financial statements but are not RSI. Such information has 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 it.

We noted certain matters that were reported to management of HCPSS in a separate written communication. These matters are described in our management letter dated September 30, 2022.

This report is intended solely for the information and use of the Board of Education, and management of HCPSS and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



Baltimore, Maryland  
September 30, 2022



## Howard County Public Schools

### Uncorrected and Corrected Misstatements AUC 260 Communication with Governance June 30, 2022

#### UNCORRECTED MISSTATEMENTS:

##### Government-wide Financial Statements

###### Governmental Activities

Factual Misstatement - In the previous year, an accrual entry for FICA/MC taxes and federal taxes was not closed to \$0. The impact of this in the current year results in an overstatement of accrued FICA/MC taxes in the amount of \$3,914,164 and accrued federal taxes of \$2,223,569, which are included in accrued liabilities, with a corresponding understatement of the same amounts included in accounts payable.

##### Fund Financial Statements

###### Restricted Programs/Grants Fund

Factual Misstatement - During the year, HCPSS included Medicaid, which is not a cost reimbursement grant, within deferred revenue. The impact of this is an overstatement of deferred revenue in the amount of \$994,380 and an understatement of fund balance in the amount of \$994,380.

Factual Misstatement - During the year, HCPSS received grants in the operating fund, but did not reconcile or record them in the grants fund until fiscal year 2023. The impact on the grants fund is due to other funds being overstated by \$1,152,569 and accounts receivable being overstated by \$1,152,569.

Judgmental Misstatement – During the year it was noted that there was a difference between estimated non-public placement costs and the actual non-public placement costs for FY 2021 and FY 2022. The projected misstatement estimated that revenue was understated by \$749,278, accounts receivable was overstated by \$280,915, and opening fund balance was overstated by \$1,030,193.

###### Operating Fund

Factual Misstatement - During the year HCPSS received grants in the operating fund, but did not reconcile or recorded in the grants fund until fiscal year 2023. The impact on the operating fund is due to other funds being understated by \$1,152,569 and accounts payable being overstated by \$1,152,569.

Factual Misstatement - In the previous year, an accrual entry for FICA/MC taxes and federal taxes was not closed to \$0. The impact of this in the current year results in an overstatement of accrued FICA/MC taxes in the amount of \$3,914,164 and accrued federal taxes of \$2,223,569, which are included in accrued liabilities, with a corresponding understatement of the same amounts included in accounts payable.

###### Enterprise Fund

Factual Misstatement - During the year HCPSS recorded an allowance for doubtful accounts entry to revenue instead of bad debts expense. The impact on the enterprise fund is expense being overstated by \$3,473 and revenue being understated by \$3,473.