



2023 Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023



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
For the Fiscal Year Ended June 30, 2023

Prepared By:

The Division of Administration

10910 Clarksville Pike
Ellicott City, Maryland 21042-6198

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Introductory Section

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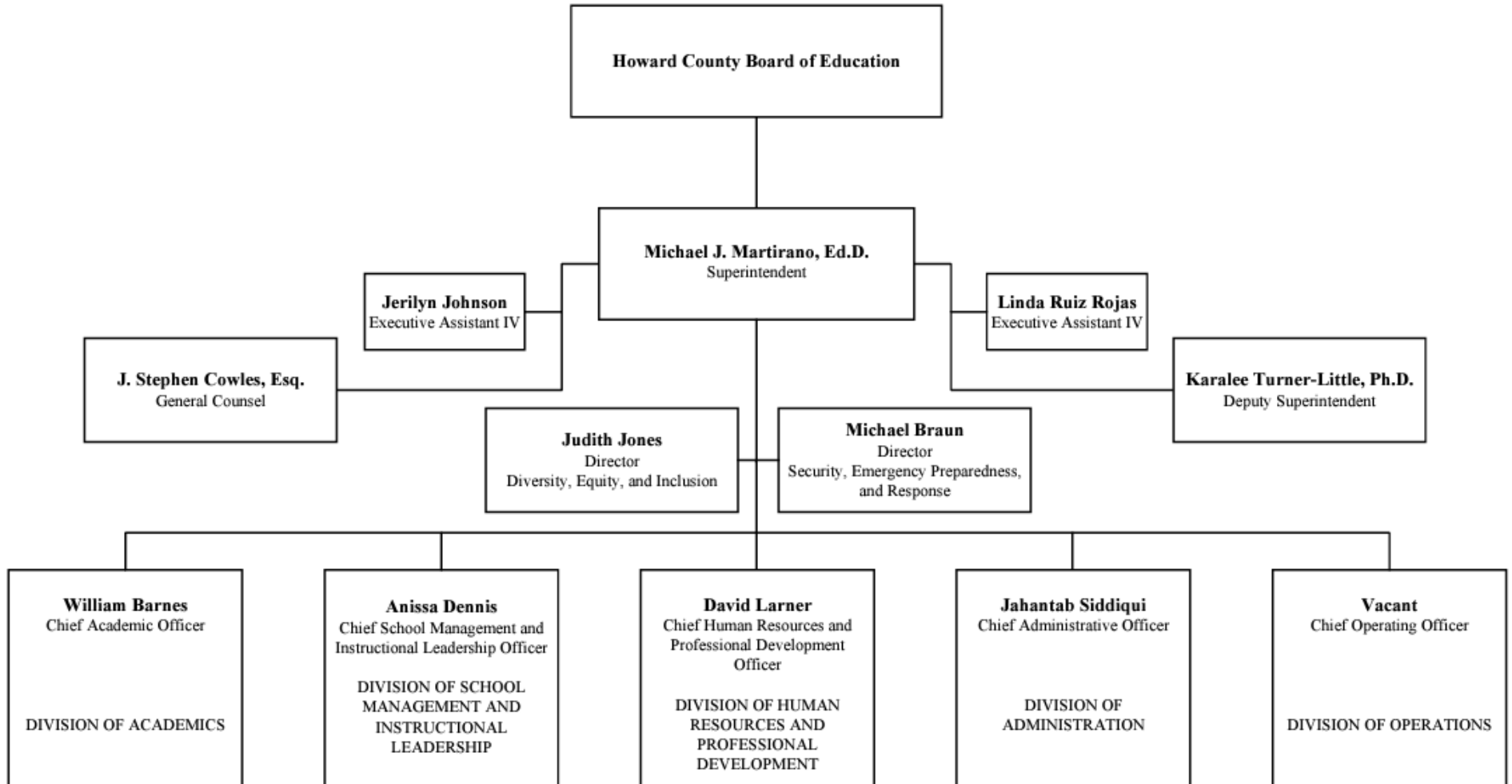
Insurance Summary FY 2023101



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

Independent Auditor

SB & Company, LLC

10200 Grand Central Avenue, Suite 250
Owings Mills, MD 21117

Board of Education Members

Antonia Watts

Chair



Yun Lu, Ph.D.

Vice Chair



Linfeng Chen



Jennifer Swickard Mallo



Jaquelin McCoy



Jolene Mosely



Robyn Scates



Abisola Ayoola

Student Member
SY 2022-2023





September 25, 2023

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

TRANSMITTAL LETTER OF ANNUAL COMPREHENSIVE 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 accounting principles generally accepted in the United States and audited in accordance with auditing standards generally accepted in the United States 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, 2023.

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 audited Annual Comprehensive Financial Report for Howard County, Maryland.

HCPSS financial statements have been audited by SB & Company, LLC, an independent audit firm of licensed public accountants. The report of independent public accountants is located at the front of the financial section of this report. Management's Discussion and Analysis (MD&A) immediately follows the report of independent public accountants and provides a narrative introduction, overview, and analysis of the basic financial statements. The 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. The school system consistently ranks among Maryland's top school districts and is focused on preparing students to be life ready upon graduation. HCPSS' 2022 graduation rate of 94.59% exceeds the state average.

HCPSS has realized an increase of nearly 6,000 students over the last decade and projections show an expected enrollment increase of approximately 1,800 students over the next decade. To provide for this continued growth, HCPSS has completed numerous additions and renovations to existing schools and built three new schools and two replacement schools—three elementary schools and two middle schools—since 2013. The Long-Range Master Plan for the next 10 years includes finalizing steps to open a new high school; two replacement middle schools and one middle school addition; one new elementary school; a new regional early childhood center; and one high school addition.

HCPSS operated 77 schools in the 2022–2023 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 2023, HCPSS received approximately 51% of its governmental activities funding from Howard County, approximately 21% from State and Federal and 28% 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 HCPSS. In addition, HCPSS has been the largest employer in the County for more than 13 years, and therefore persists as an economic engine itself.

As the State's economy and revenues continue to grow, the State will continue its level of funding for education for the sixth straight year. State and Federal funding increased from \$251.9 million to \$284.6 million. Local funding increased from \$640.8 million to \$675.6 million.

Long-term Financial Planning

Superintendent Dr. Michael J. Martirano leads HCPSS through his Strategic Call to Action: One Focus: Every Student Achieving, 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 and redistricting processes. All these components work together toward fulfilling the goals and priorities of the Strategic Call to Action.

The FY 2023 Approved Operating Budget (Revised) for HCPSS meets the funding needed to address critical priorities while maintaining existing levels of services. The budget accounts for implementing the requirements of the Blueprint for Maryland's Future, new positions for student well-being and support, staff compensation increases, special education and to prepare for the opening of Guilford Park High School #13 in the fall of 2023.

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

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 2023 Approved Operating Budget (Revised) increased by \$89.8 million over the FY 2022 Approved Operating Budget. 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; student educational, student supports, and behavioral support needs; student health services; reducing class size in elementary schools; environmental health, facilities, and clean schools; student transportation needs; sustaining technology infrastructure for students and staff; funding to begin implementation of the Blueprint for Maryland's Future; and a placeholder for negotiated salary and benefit increases.

The FY 2023 Approved Budget was developed based on a projection of 59,367 total students of which 57,678 are Grades K–12. This represents a total decrease of 726 in total enrollment above the FY 2022 updated budgeted number (60,093).

Internal Controls

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

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 2023 have been audited by SB & Company, LLC in accordance with Section 5-109 of the Public School Laws of Maryland. In addition to meeting the requirements set forth in State statutes, SB & Company, LLC also performs a separate audit 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). That report will be issued at a later time. The auditor's report on the financial statements is included in the Financial Section of this report. The report of independent public accountants 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 2021–2022 school year.

Student-Centered Practices

- HCPSS is one of two local school systems selected for a four-year, \$5.5 million dollar State Personnel Development Grant to engage in focused work in the area of elementary mathematics, instruction for students receiving special education services, and social-emotional learning.
- As part of the HCPSS JumpStart Dual Enrollment program, 22 students graduated from high school in 2022 with their A.A. degrees.
- Both the Homewood Center and Innovative Pathways program offered supports to 23 seniors across six county high schools so they could earn the credits needed to graduate in the spring or summer of 2022.
- HCPSS 2022 graduates submitted 24,413 college applications and were awarded \$149,344,230 in scholarship money with 1,688 students being offered at least one scholarship.
- Collaborated with the Howard County Health Department to host a OneSight vision clinic, providing almost 100 children with free eye exams and glasses.
- Developed and launched a variety of new courses for students.
- Implemented middle school math specialists to support student achievement.
- Two former students graduated as Journeymen from Independent Electrical Contractors.
- Career and Technology Education completers were earned by 1,334 graduates and 455 students earned industry credentials.
- Received the 2022 Maryland Apprenticeship Award.
- School-based Section 504 Teams reviewed all students with Section 504 plans to assess the need for Recovery and Compensatory Services due to the COVID closure.
- Awarded diplomas to 100 percent of seniors in the teen parenting class of 2022 (six students).
- Provided opportunities for 6,550 Pre-K to Grade 12 students to recover instruction, maintain progress on their learning goals, receive academic supports, develop social-emotional learning strategies, and accelerate learning during Summer Programs.
- Over 20 HCPSS middle and high schools provided Beyond School Hours programming to enhance students' understanding of skills and concepts essential for ensuring student success in reading and mathematics, as well as supporting critical thinking skills, test-taking strategies, organizational procedures, note-taking strategies, oratory skills and social development.

- Provided 746 students access to courses otherwise not available to them through synchronous video, blended credit recovery, and fully online courses.
- Assessed students participating in the Digital Education Program at the HCPSS Central Office for all required state and local assessments.
- Developed a Student Newsletter that is distributed to all HCPSS secondary students and provides a much-needed way to communicate information and opportunities directly to students.
- Celebrated the 10th anniversary of robotics programs at several schools, supported by the State Department of Education.
- Received new grants that extend school-based strengths, including the expansion of sourcing and hiring of diverse, qualified staff; a year-round cybersecurity program; after-school programming; trauma-informed training; school nurses; school-based mental health services; and Dash Coding Robots, among many other additions.
- The 1,271 partners in the Educational Partnerships 2021-22 Annual Report provided approximately \$5,957,000 of in-kind support to HCPSS students, staff, and families.
- The Partnerships Office facilitated nearly \$55,000 of FY 2022 Access to Learning Funding from the Bright Minds Foundation to support projects ranging from robot heads for the Home & Hospital Program and social-emotional learning books for Academic Intervention Summer School Program, to Secondary Science conductivity meters for use in 8th grade science classes and toolkits for Rainbow Reps and LGBTQIA+ clubs in all schools.
- Eighteen HCPSS educators were awarded grants by the Bright Minds Foundation, totaling nearly \$25,000, to fund innovative instructional projects during the 2022–2023 school year.
- In partnership with the Howard County Library System, the A+ student accounts and a new PopUp Library made it easy for students to borrow 80,337 books.
- Produced and installed large format graphics in schools to create a warm and welcoming school environment.

Inclusive Relationships

- With departmental partnerships, secured new grants for after school resources, clean energy improvements, and summer programs for systemwide impact.
- Worked collaboratively with labor partners to implement the fifth bargaining unit, HCASA-NCS. This ensures a greater number of administrators have collective bargaining rights and protections.
- Supported 93 well-being representatives across HCPSS schools and offices and supported their efforts to receive funding and integrate well-being initiatives to the staff they serve throughout the year.
- Assisted school administrators with Board policy training and increased the number of meetings held with Board of Education members to get in-depth feedback on system policies.
- Through a public-private partnership, the Jim Rouse Theatre hosted 298 events for Wilde Lake High School, HCPSS, Howard County arts organizations, and nonprofit groups and businesses.
- Ensured students and families were aware of and had access to staff representatives in schools for LGBTQIA+, Diversity, Equity and Inclusion and other areas by creating new webpages with related information.
- Hosted the 4th Annual Parent Empowerment Conference designed for parents/caregivers to receive training in key areas of special education and resources that prepares them to meaningfully participate in the special education process for their child.
- Significantly reduced the number of student arrests made by a School Resource Officer (SRO) by collaborating with the Howard County Police Department on restorative justice practices as codified in the new SRO Memorandum of Understanding.
- Enhanced website content to include supporting resources for students with reading difficulties.

Responsive and Efficient Operations

- The provision of a robust and comprehensive cloud-based contract management system that integrates with current HCPSS systems and productivity tools.
- Reduced ongoing hardware and maintenance costs by completing the move of Central Office department and office end-user data from onsite servers to the cloud.
- Continued to standardize school technology assets and systems for the new Guilford Park High School construction and renovations at Talbott Springs Elementary School and Hammond High School.
- Completed migration of Student Information System and Data Warehouse system migrations to the cloud. These projects increased reliability and protection of sensitive data; helped HCPSS meet compliance regulations more efficiently and effectively; eliminated maintenance and support of physical hardware; and provided HCPSS the ability to scale on an as-needed basis.
- Acquisition and ongoing implementation of an enterprise Multi-Factor Authentication platform and enterprise privileged identity management platform.
- Implemented a Multi-State Information Sharing and Analysis Center platform for Malicious Domain Blocking and Reporting.
- Managed the acquisition and execution of the Emergency Connectivity Funding totaling \$8.3M, used to support student and staff devices and connectivity needs.
- Implemented an online system for collecting Advanced Placement student fees.
- Comprehensive crisis communications efforts occurred for several events throughout the year in support of school administrators to communicate quickly and accurately to the school community and other essential stakeholders.
- Comprehensive communication and engagement processes occurred that complemented the school boundary adjustment process to open the new Guilford Park High School and informed and engaged all stakeholders.
- Revised/modified approximately 50 percent of HCPSS policies to respond to changes initiated by COVID and to align with Federal and State mandates.
- Streamlined Board of Education presentation process, introduced policy briefs, and began standardizing annual policy reporting.
- Increased new sources of funding with a minimum of 22 new grant awards.
- Expanded sources for more funds for green practices in building management.
- Intensified systemwide outreach to ensure all grants processed with multi-departmental interactions proceed with efficiency.
- Ensured families had access to up-to-date school year health and safety protocols and procedures by developing and continually updating a 2021–2022 Health & Safety webpage.
- Developed and conducted comprehensive trainings for school administrators and designated staff on the use of school websites and the application for sending email and text messages.
- Supported high school graduations by coordinating with Merriweather Post Pavilion to livestream events on the HCPSS website, providing on-site assistance with technical needs, and sending any priority messaging for schools prior to and during ceremonies.
- Produced health and safety signage for all HCPSS schools and offices.
- Completed printer migrations at all schools to improve functionality and availability of print resources for staff and students.
- Initiated the Attendance Area process for the new Guilford Park High School, which continued through FY 2022 and into FY 2023, to determine an attendance area for the new high school, which is scheduled to open for School Year 2023–2024.

- Led the refresh of the HCPSS Strategic Call to Action: Learning and Leading with Equity, One Focus: Every Student Achieving.
- Revised the process for requesting Supplemental Digital Tools to include a review of accessibility.
- Supported the replacement of teacher Mac notebooks with Dell laptops.
- Provided professional learning to school-based staff and administrators across levels on a variety of topics.
- The Annual Comprehensive Financial Report represents HCPSS' strong dedication to and focus on strengthening the financial management of the school system. In fiscal year 2022, HCPSS achieved a clean audit opinion and realized its commitment to eliminate the Health Fund deficit. HCPSS remains committed to strengthening the Health Fund to meet the fund balance thresholds established by the Board.
- Received the Meritorious Budget Award from Association of School Business Officers for the 9th consecutive year.
- Updated the Fund Balance Policy 4070 to provide enhanced fiscal management policy standards, promoting best practices to manage fund reserves and report fund balance.

Awards and Acknowledgments

The Association of School Business Officials (ASBO) International awarded the Howard County Public School System its Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2022. This award reflects our commitment to the highest standards in School System reporting.

A Certificate of Excellence is valid for a period of one year. We believe that our current annual comprehensive financial report will continue to meet the program's requirements and we are submitting it to ASBO and GFOA to determine its eligibility for certificates from both organizations.

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. I wish to express our appreciation for a job well done.

Conclusion

This report has been prepared to provide financial information for the fiscal year ended June 30, 2023, 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



ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

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

Howard County Public School System

**for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2022.**

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



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

John W. Hutchison
President

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

Siobhán McMahon, CAE
**Chief Operations Officer/
Interim Executive Director**

Financial Section



S B & COMPANY, LLC
KNOWLEDGE • QUALITY • CLIENT SERVICE

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS

To the Board of Education
Howard County, Maryland

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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* (GAS), 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

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.



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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 GAS 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 GAS, 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, budgetary comparison information, schedules of pension related supplementary information, and the schedules of OPEB related supplementary information, as listed in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.



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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, combining fund financial statements, and the schedule of school activity fund increases and decreases (collectively, Other Supplementary Information) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our report of independent public accountants thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2023, on our consideration of HCPSS's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls 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 controls over financial reporting and compliance.

Owings Mills, Maryland
September 25, 2023

Financial Section

Management's Discussion and Analysis

Management's Discussion and Analysis

Introduction

As Management of the Howard County Public School System (HCPSS, School System, Board), we have prepared the following discussion and analysis to inform readers of the HCPSS's annual financial report about the financial information that the enclosed statements present for the year ended June 30, 2023 with selected comparative data for the year ended June 30, 2022. 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 2023

Government-wide financial statements

- The School System's financial status as of June 30, 2023, and as reflected in total net position, increased by \$21.6 million to \$430.3 million from \$408.7 million. The increase in total net position reflects increases in current and other assets of \$22.5 million, an increase in capital assets of \$36.8 million, and an increase in deferred outflows of resources of \$87.7 million, as well as decreases in liabilities of \$441.3 million and an increase of deferred inflows of resources of \$566.7 million.
- General revenues accounted for \$999.7 billion, including \$675.6 million in local appropriations and \$284.6 million in aid from the State and Federal. Program revenues, in the form of charges for services, operating grants and contributions, and capital grants and contributions, accounted for \$337.5 million. The total revenue from all sources was \$1.337 billion.
- The School System had \$1.316 billion in expenses related to programs, an increase of \$23.0 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 \$4.5 million to \$41.5 million from \$46.0 million. The General Fund balance is comprised of \$1.0 million in nonspendable fund balance related to prepaid items and inventories, \$30.3 million assigned for encumbrances and subsequent year's budgeted appropriation of fund balance, and \$10.2 million in unassigned fund balance.

Management's Discussion and Analysis

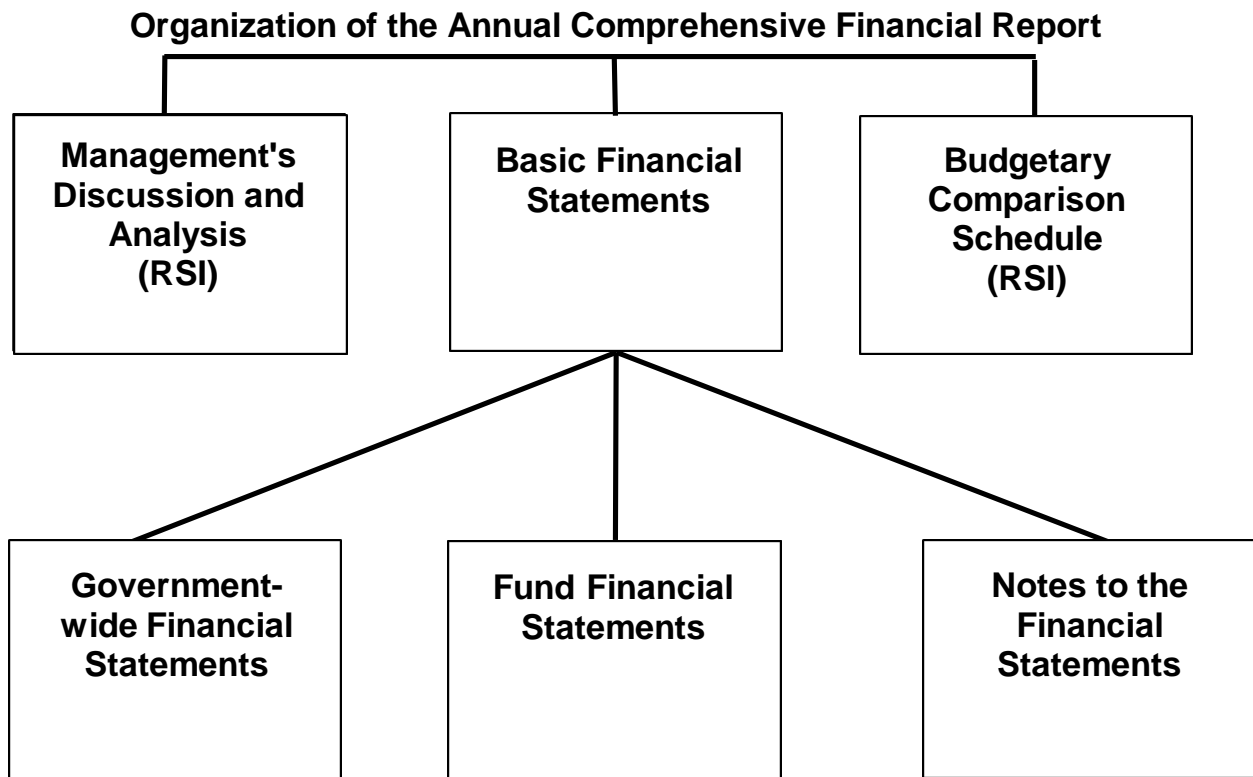
Overview of the Basic Financial Statements

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

1. Government-wide Financial Statements include the Statement of Net Position and the Statement of Activities which provide a broad, long-term overview of the School System's overall financial condition.
2. Fund Financial Statements include governmental 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

The School System is a component unit of Howard County, Maryland, and is fiscally dependent on the Howard County Government and the State to appropriate funding for the School System. The School System receives approximately 50.5% of its governmental activities funding from the County and approximately 21.3% from State and Federal. Additionally, the School System receives Federal entitlement grants and competitive grants from the State and Federal governments. Essentially all of the School System's funding for governmental activities is derived from these sources. The School System has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the School System is directly related to the financial condition of the funding authorities, the County and State. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the County government in a subsequent fiscal year.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School System, net position from governmental activities was \$429.8 million at the close of the most recent fiscal year.

The most significant portion of the School System's net position (326.5%) 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.

Management's Discussion and Analysis

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.

Table 1 provides a summary of the HCPSS's net position as of June 30, 2023 and 2022:

Table 1: Net Position – As of June 30, 2023 and 2022 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
ASSETS						
Current and other assets	\$ 237,844	\$ 215,427	\$ 398	\$ 311	\$ 238,242	\$ 215,738
Capital assets (net)	1,410,526	1,373,786	44	50	1,410,570	1,373,836
Total assets	1,648,370	1,589,213	442	361	1,648,812	1,589,574
DEFERRED OUTFLOWS OF RESOURCES	459,699	372,007	-	-	459,699	372,007
LIABILITIES						
Current liabilities	135,294	130,439	24	12	135,318	130,451
Long-term OPEB liabilities	766,176	1,224,706	-	-	766,176	1,224,706
Other long-term liabilities	74,261	61,986	-	-	74,261	61,986
Total liabilities	975,731	1,417,131	24	12	975,755	1,417,143
DEFERRED INFLOWS OF RESOURCES	702,488	135,758	-	-	702,488	135,758
NET POSITION						
Net investment in capital assets	1,403,391	1,368,780	44	50	1,403,435	1,368,830
Restricted for:						
GWWTP	1,218	1,201	-	-	1,218	1,201
Capital projects	8,001	3,861	-	-	8,001	3,861
Technology services	-	-	-	-	-	-
Unrestricted	(982,761)	(965,511)	374	300	(982,387)	(965,211)
TOTAL NET POSITION	<u>\$ 429,849</u>	<u>\$ 408,331</u>	<u>\$ 418</u>	<u>\$ 350</u>	<u>\$ 430,267</u>	<u>\$ 408,681</u>

Management's Discussion and Analysis

Change in Net Position

The School System's net position increased \$21.5 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, 2023 and 2022. Key elements of this increase are as follows:

Table 2: Change in Net Position – Years ended June 30, 2023 and 2022 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2023	2022	2023	2022	2023	2022
REVENUES						
Charges for services	\$ 20,514	\$ 12,302	\$ 308	\$ 249	\$ 20,822	\$ 12,551
Operating grants and contributions	235,723	238,797	-	-	235,723	238,797
Capital grants and contributions	81,003	123,056	-	-	81,003	123,056
General revenues						
County appropriations	675,577	640,800	-	-	675,577	640,800
State and Federal aid	284,570	251,941	-	-	284,570	251,941
Interest and investment earnings	5,656	215	-	-	5,656	215
School activity fund revenue	9,296	7,213	-	-	9,296	7,213
Miscellaneous	24,639	33,597	-	-	24,639	33,597
Total Revenues	1,336,978	1,307,921	308	249	1,337,286	1,308,170
EXPENSES						
Instruction						
Regular education	718,519	703,676	-	-	718,519	703,676
Special education	254,079	236,022	-	-	254,079	236,022
Support services:						
Administration	23,724	32,400	-	-	23,724	32,400
Mid-level administration	107,292	111,839	-	-	107,292	111,839
Student personnel services	12,971	12,074	-	-	12,971	12,074
Health services	17,253	16,810	-	-	17,253	16,810
Student transportation	49,886	48,994	-	-	49,886	48,994
Operation of plant	65,313	62,249	-	-	65,313	62,249
Maintenance of plant	38,835	41,084	-	-	38,835	41,084
Community services	7,588	7,982	-	-	7,588	7,982
Food services	20,000	19,436	-	-	20,000	19,436
Enterprise funds	-	-	240	208	240	208
Total Expenses	1,315,460	1,292,566	240	208	1,315,700	1,292,774
INCREASE IN NET POSITION	21,518	15,355	68	41	21,586	15,396
BEGINNING NET POSITION	408,331	392,976	350	309	408,681	393,285
ENDING NET POSITION	\$ 429,849	\$ 408,331	\$ 418	\$ 350	\$ 430,267	\$ 408,681

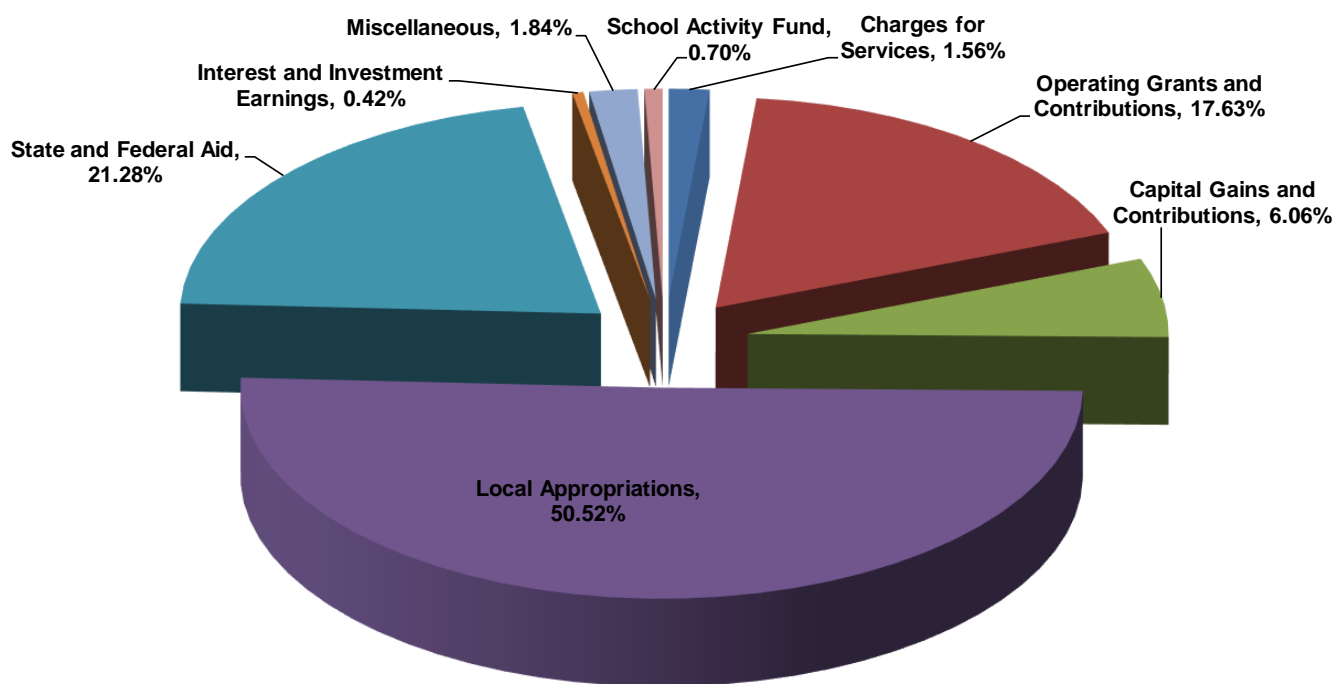
Management's Discussion and Analysis

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 \$1.337 billion. Local appropriations and State and Federal aid accounted for most of the HCPSS revenue. Funds from these two sources contributed approximately 72% of every dollar needed. The remaining 28% came from fees charged for services and other miscellaneous revenues. Total revenue surpassed expenses, increasing net position by \$21.5 million over last year.

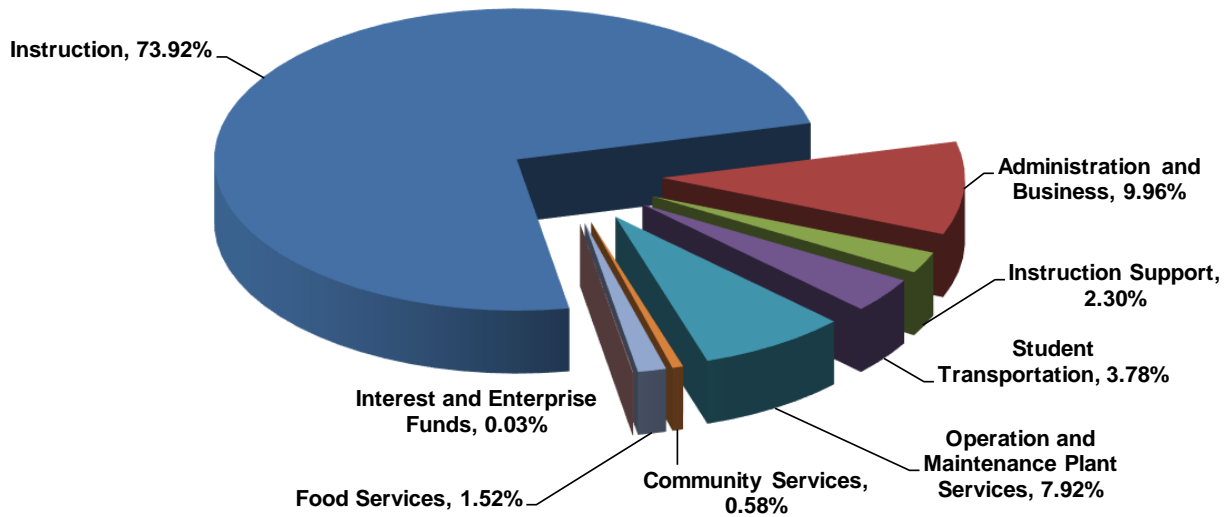
The total cost of all programs and services rose to \$1.316 billion. Most of the HCPSS expenses are related to instruction (including special education), instructional support and student transportation services. Expenses in these areas comprised approximately 80.0% of all School System expenditures. The business and administration activities, food services, and community services accounted for 9.96%, 1.52%, and 0.58% of total costs, respectively. Maintenance and operation expenses represented approximately 7.92%. 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 2023



Management's Discussion and Analysis

Chart 2: Expenses by Category – FY 2023



Management's Discussion and Analysis

Governmental Activities

Table 3 presents the cost of the 10 categories of the HCPSS: instruction – regular and special education, administration, mid-level administration, student and health services, student transportation services, operation of plant, maintenance of plant, community services, and 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, 2023 (In Thousands)

	<u>Total Cost of Services</u>	<u>Less Program Revenues</u>	<u>Net Cost of Services</u>
Instruction			
Regular education	\$ 718,519	\$ 178,568	\$ (539,951)
Special education	254,079	70,510	(183,569)
Support services			
Administration	23,724	3,204	(20,520)
Mid-level administration	107,292	12,512	(94,780)
Student personnel services	12,971	2,163	(10,808)
Health services	17,253	2,629	(14,624)
Student transportation	49,886	21,930	(27,956)
Operation of plant	65,313	8,147	(57,166)
Maintenance of plant	38,835	5,731	(33,104)
Community services	7,588	576	(7,012)
Food services	20,000	31,271	11,271
Total	<u>\$ 1,315,460</u>	<u>\$ 337,241</u>	<u>\$ (978,219)</u>

Business-Type Activities

The HCPSS has one business-type activity: The Jim Rouse Theatre. Operating revenues for the business-type activity totaled \$308 thousand for 2023. Operating expenses totaled \$240 thousand for a net operating income of \$68 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

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 \$76.5 million, an increase of \$3.7 million. This includes nonspendable fund balance which is comprised of \$1.3 million in inventories and \$116 thousand in prepaid expenses. Restricted fund balance is comprised of \$1.2 million for the Glenelg Wastewater Treatment Plant and \$8.0 million for capital projects. Assigned fund balance includes \$16.9 million for food services operations; \$131 thousand for the Glenelg Wastewater Treatment Plant; \$8.4 million for the Grants fund, which \$4.9 million pertains to the School Activity Fund; \$9.3 million for encumbrances; and \$21.0 million for subsequent year's budgeted appropriation of fund balance. The unassigned fund balance as of June 30, 2023 was \$10.2 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 \$4.5 million. HCPSS utilized \$28.8 million of the School's System's general fund balance in their approved FY2023 budget to cover the shortfall between budgeted revenues and expenditures. The \$24.3 million difference is attributed to higher than anticipated earnings on investments and 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, 2023, the Health and Dental Self-Insurance fund has improved its net position from \$5.95 million in FY22 to \$15.4 million in FY23. This was achieved as a result of favorable claims experience as well as higher than anticipated rebates due to a change in prescription provider and formulary plans.

The fund balance of the Food Services Fund, a special revenue fund, increased during the current fiscal year by \$2.6 million to \$17.3. The Glenelg Wastewater Treatment Plant fund finished with a fund balance of \$1.3 million.

The HCPSS fiscal year 2024 approved capital budget proposed spending totaling \$541.6 million over the FY 2025-2029 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 activities for the opening of Guilford Park High School #13, systemic renovations, and final construction activities for Hammond High School Renovation/Addition. State funding increased to \$57.5 million from \$51.5 million in the previous year.

General Fund Budgetary Highlights

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.

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

Management's Discussion and Analysis

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 2023, General Fund Budgeted Revenues were over budget by \$8.7 million primarily due to higher than budgeted earnings on investments. General Fund Budgeted Expenditures were under budget by \$14.0 million. This variance reflects salary turnover savings in special education and instructional salaries and decreased contracted transportation expenditures due to bus driver shortages. 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

The HCPSS had \$1.411 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, 2023.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation and amortization, as of June 30, 2023 and 2022. During FY 2023, capital assets increased by a net of \$36.7 million from the prior year. The depreciation and amortization expense on these assets was approximately \$43.6 million in FY 2023. 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 activities for Guilford Park High School
- Final 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 Print Shop printers
- Renewed lease agreement (5 years) for system mail machine

The HCPSS FY 2024 capital budget approved spending of \$6.9 million to complete construction activities of Guildford Park High School, \$6.2 million to begin planning of the Oakland Mills Middle School Replacement, \$6.5 million to begin planning of the Dunloggin Middle School Replacement, \$22.0 million for the Faulkner Ridge Center project, \$13.0 million for the Applications and Research Lab Renovation, \$45.1 million for systemic renovations, \$1.0 million for roofing projects, \$275 thousand for playground equipment, \$1.5 million for relocatable classroom projects, \$5.5 million for technology projects, \$600 thousand for parking lot expansion/repairs, \$300 thousand for planning and design, and \$200 thousand towards barrier free projects for a total of \$109.1 million.

Management's Discussion and Analysis

Table 4: Capital Assets – Governmental Activities – As of June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Land	\$ 40,093,533	\$ 34,343,533
Construction in progress	206,830,296	187,802,815
Buildings and improvements	1,827,708,696	1,777,074,153
Furniture and equipment	35,581,781	32,927,020
(Less accumulated depreciation)	(707,529,571)	(669,115,043)
Leased assets	8,267,153	7,937,929
Subscription assets	10,378,527	10,378,527
(Less accumulated amortization)	<u>(10,804,739)</u>	<u>(7,563,307)</u>
Total Capital Assets	<u>\$ 1,410,525,675</u>	<u>\$ 1,373,785,627</u>

Long-Term Obligations

School systems in Maryland have no authority to incur bonded debt. The only long-term obligations of the HCPSS consist of 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, employee carryover is limited to the maximum amount, which is the lower of the stated amount in Policy 7110- Annual Leave for Administrative Personnel, or the amount outlined in the respective negotiated agreement. Accrued leave in excess of the carryover maximum is transferred to sick leave. Compensated absences totaled approximately \$14.5 million as of June 30, 2023. Net pension and OPEB liability totaled approximately \$54.9 million and \$766.2 million, respectively, as of June 30, 2023. Total long-term obligations totaled approximately \$847.8 million as of June 30, 2023 for a decrease of approximately \$446.1 million over the balance of \$1,293.9 million as of June 30, 2022.

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

Management's Discussion and Analysis

Factors Influencing Future Budgets

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

- Funding the mandates put forth in the Blueprint for Maryland's Future.
- 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 special education students; homeless students; those newly immigrated to this country; and a growing socioeconomically eligible population that all require greater services.
- The uncertain state of the federal budget affecting funding decisions at the state and local levels.
- Future capital budgets with funding for renovations and additions to existing schools including major systemic renovations to many of the older school facilities as well as the construction of new schools.
- Salary increases in accordance with negotiated agreements with employee bargaining units.

Management's Discussion and Analysis

Economic Factors

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

As HCPSS strives to meet the mandates of the Blueprint for Maryland's Future in coming years, the system will face challenges in fully funding the requirements without compromising other areas of the school system, particularly as the true financial impact of the mandates unfolds.

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 2024.

Contacting HCPSS Financial Management

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

Howard County Public School System
Division of Administration
10910 Clarksville Pike, Ellicott City, MD 21402-6198
Phone: 410-313-6680
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Financial Section

Basic Financial Statements

Government-Wide Financial Statements

Howard County Public School System

Howard County Public School System
Statement of Net Position
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 38,910,112	\$ -	\$ 38,910,112
Investments	151,115,922	-	151,115,922
Accounts receivable	9,882,825	25,280	9,908,105
Internal balances	(373,108)	373,108	-
Due from other units of government	36,882,530	-	36,882,530
Prepaid items	115,964	-	115,964
Inventory	1,310,096	-	1,310,096
Capital assets:			
Land	40,093,533	-	40,093,533
Construction in progress	206,830,296	-	206,830,296
Building and improvements	1,827,708,696	-	1,827,708,696
Furniture and equipment	35,581,781	284,131	35,865,912
Less: accumulated depreciation	(707,529,571)	(240,278)	(707,769,849)
Leased assets	8,267,153	-	8,267,153
Subscription assets	10,378,527	-	10,378,527
Less: accumulated amortization	(10,804,739)	-	(10,804,739)
Total capital assets, net of depreciation and amortization	1,410,525,675	43,853	1,410,569,528
Total Assets	1,648,370,016	442,241	1,648,812,257
DEFERRED OUTFLOWS OF RESOURCES	459,698,670	-	459,698,670
LIABILITIES			
Accounts payable	26,355,672	-	26,355,672
Accrued liabilities	93,988,250	-	93,988,250
Unearned revenue	7,616,162	24,151	7,640,313
Long-term liabilities:			
Current portion	7,333,645	-	7,333,645
Long-term portion	840,437,510	-	840,437,510
Total Liabilities	975,731,239	24,151	975,755,390
DEFERRED INFLOWS OF RESOURCES	702,488,372	-	702,488,372
NET POSITION			
Net investment in capital assets	1,403,391,474	43,853	1,403,435,327
Restricted for:			
Glenelg wastewater treatment plant	1,218,000	-	1,218,000
Capital Projects	8,000,575	-	8,000,575
Unrestricted	(982,760,974)	374,237	(982,386,737)
TOTAL NET POSITION	\$ 429,849,075	\$ 418,090	\$ 430,267,165

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, 2023

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	\$ 718,518,758	\$ 3,867,003	\$ 93,698,100	\$ 81,003,117	\$ (539,950,538)	\$ -	\$ (539,950,538)
Special education	254,079,374	-	70,510,432	-	(183,568,942)	-	(183,568,942)
Total instruction	972,598,132	3,867,003	164,208,532	81,003,117	(723,519,480)	-	(723,519,480)
Support services:							
Administration	23,723,607	-	3,204,457	-	(20,519,150)	-	(20,519,150)
Mid-level administration	107,291,970	-	12,512,085	-	(94,779,885)	-	(94,779,885)
Student personnel services	12,970,937	-	2,161,029	-	(10,809,908)	-	(10,809,908)
Health services	17,252,512	-	2,628,800	-	(14,623,712)	-	(14,623,712)
Student transportation	49,885,899	-	21,930,040	-	(27,955,859)	-	(27,955,859)
Operation of plant	65,312,644	215,493	7,931,555	-	(57,165,596)	-	(57,165,596)
Maintenance of plant and equipment	38,835,009	-	5,731,111	-	(33,103,898)	-	(33,103,898)
Community services	7,588,713	-	576,338	-	(7,012,375)	-	(7,012,375)
Food services	20,000,803	16,432,001	14,839,101	-	11,270,299	-	11,270,299
Total support services	342,862,094	16,647,494	71,514,516	-	(254,700,084)	-	(254,700,084)
Total governmental activities	1,315,460,226	20,514,497	235,723,048	81,003,117	(978,219,564)	-	(978,219,564)
Business-type activities:							
Jim Rouse Theatre	240,063	308,367	-	-	-	68,304	68,304
Total Business-type activities	240,063	308,367	-	-	-	68,304	68,304
TOTAL SCHOOL SYSTEM	\$ 1,315,700,289	\$ 20,822,864	\$ 235,723,048	\$ 81,003,117	(978,219,564)	68,304	(978,151,260)
General revenues - unrestricted:							
Local appropriations					675,576,796	-	675,576,796
State and federal aid					284,569,579	-	284,569,579
Interest and investment earnings					5,655,715	-	5,655,715
Student activity fund revenue					9,295,508	-	9,295,508
Miscellaneous					24,639,524	-	24,639,524
Total general revenues					999,737,122	-	999,737,122
CHANGES IN NET POSITION					21,517,558	68,304	21,585,862
NET POSITION, BEGINNING OF YEAR					408,331,517	349,786	408,681,303
NET POSITION, END OF YEAR					\$ 429,849,075	\$ 418,090	\$ 430,267,165

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, 2023

	General Fund	Food Services Fund	Glenn Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 17,145,148	\$ 16,898,271	\$ 1,117	\$ 4,865,576	\$ -	\$ 38,910,112
Investments	142,977,852	508,366	1,368,161	-	-	144,854,379
Accounts receivable	4,587,429	1,541,908	215,493	2,781,569	-	9,126,399
Prepaid items	115,964	-	-	-	-	115,964
Due from other funds	11,675,288	-	-	-	-	11,675,288
Due from other units of government	-	-	-	14,144,152	22,738,378	36,882,530
Inventory	906,518	351,154	-	-	-	1,257,672
Total Assets	<u>\$ 177,408,199</u>	<u>\$ 19,299,699</u>	<u>\$ 1,584,771</u>	<u>\$ 21,791,297</u>	<u>\$ 22,738,378</u>	<u>\$ 242,822,344</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 3,336,178	\$ 38,944	\$ -	\$ 9,602,164	\$ 8,252,817	\$ 21,230,103
Accrued liabilities	84,035,465	-	-	785	-	84,036,250
Due to other funds	46,974,852	1,861,387	236,104	3,168,060	6,409,737	58,650,140
Unearned revenue	1,054,371	113,655	-	646,076	75,249	1,889,351
Compensated absences payable	468,392	-	-	-	-	468,392
Total Liabilities	<u>135,869,258</u>	<u>2,013,986</u>	<u>236,104</u>	<u>13,417,085</u>	<u>14,737,803</u>	<u>166,274,236</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	115,964	-	-	-	-	115,964
Inventories	906,518	351,154	-	-	-	1,257,672
Restricted	-	-	1,218,000	-	8,000,575	9,218,575
Assigned	30,329,863	16,934,559	130,667	8,374,212	-	55,769,301
Unassigned	10,186,596	-	-	-	-	10,186,596
Total fund balances	<u>41,538,941</u>	<u>17,285,713</u>	<u>1,348,667</u>	<u>8,374,212</u>	<u>8,000,575</u>	<u>76,548,108</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 177,408,199</u>	<u>\$ 19,299,699</u>	<u>\$ 1,584,771</u>	<u>\$ 21,791,297</u>	<u>\$ 22,738,378</u>	<u>\$ 242,822,344</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, 2023**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 24)	\$ 76,548,108
<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 \$2,109,051,756 and the accumulated depreciation is \$704,023,493.</p>	1,405,028,263
<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>	30,229,182
<p>Deferred outflows of resources related to pensions that relate to future periods therefore not reported at the fund level.</p>	18,370,243
<p>Deferred outflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.</p>	441,328,427
<p>Deferred inflows of resources related to pensions that relate to future periods therefore not reported at the fund level.</p>	(4,635,386)
<p>Deferred inflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.</p>	(697,852,986)
<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 \$14,047,925 of compensated absences payable, \$3,697,335 of lease liabilities, \$321,288 of subscription-based information technology arrangement liabilities, \$54,924,072 of net pension liability, and \$766,176,160 of net OPEB liability.</p>	<u>(839,166,776)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 22)	<u>\$ 429,849,075</u>

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

Fund Financial Statements

Howard County Public School System

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds Year Ended June 30, 2023

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Intergovernmental revenues:						
Local sources	\$ 704,255,305	\$ -	\$ -	\$ 2,418,485	\$ 57,857,579	\$ 764,531,369
State and federal sources	378,851,091	14,839,101	-	59,047,792	22,722,882	475,460,866
Earnings on investments	5,541,306	18,622	50,117	-	422,656	6,032,701
Charges for services	5,244,691	7,576,726	309,139	-	-	13,130,556
Miscellaneous revenues	559,525	-	-	-	-	559,525
School Activity Fund Revenue	-	-	-	9,295,508	-	9,295,508
Total Revenues	1,094,451,918	22,434,449	359,256	70,761,785	81,003,117	1,269,010,525
EXPENDITURES						
Current:						
Administration	14,235,615	-	-	871,878	-	15,107,493
Mid-level administration	64,831,141	-	-	1,912,285	-	66,743,426
Instruction:						
Instructional salaries	391,452,422	-	-	17,357,343	-	408,809,765
Textbooks and classroom supplies	8,838,961	-	-	1,808,799	-	10,647,760
Other instructional costs	13,266,979	-	-	10,609,843	-	23,876,822
Special education	152,657,070	-	-	23,748,619	-	176,405,689
Student personnel services	7,698,414	-	-	704,146	-	8,402,560
Health services	10,651,702	-	-	791,762	-	11,443,464
Student transportation	47,465,021	-	-	1,152,379	-	48,617,400
Operation of plant	47,790,538	-	211,683	405,049	-	48,407,270
Maintenance of plant and equipment	28,385,863	-	-	2,546,523	-	30,932,386
Fixed charges	305,331,134	-	-	6,613,124	-	311,944,258
Costs of operation - food service	-	19,852,763	-	63,078	-	19,915,841
Community services	5,011,108	-	-	885,048	-	5,896,156
Presumed to benefit the current and future fiscal periods:						
Capital outlay	1,287,544	-	-	2,322	76,863,519	78,153,385
Total Expenditures	1,098,903,512	19,852,763	211,683	69,472,198	76,863,519	1,265,303,675
NET CHANGE IN FUND BALANCES	(4,451,594)	2,581,686	147,573	1,289,587	4,139,598	3,706,850
FUND BALANCE, BEGINNING OF YEAR	45,990,536	14,704,027	1,201,094	7,084,625	3,860,977	72,841,259
FUND BALANCE, END OF YEAR	\$ 41,538,941	\$ 17,285,713	\$ 1,348,667	\$ 8,374,212	\$ 8,000,575	\$ 76,548,108

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, 2023

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 26)	\$ 3,706,850
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay \$80,042,242 exceeds depreciation and amortization expense of \$40,818,283 in the period.	39,223,959
The issuance of lease obligations in the amount of \$50,494 provides current financial resources to governmental funds, while the repayment of the principal of lease obligations in the amount of \$818,459 consumes the current financial resources of governmental funds.	767,965
The issuance of subscription-based information technology agreements (SBITAs) obligations (not applicable for FY23) provides current financial resources to governmental funds, while the repayment of the principal of SBITA obligations in the amount of \$326,051 consumes the current financial resources of governmental funds.	326,051
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:	(356,630)
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.	460,498
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.	(35,025,638)
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>12,414,503</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 23)	<u>\$ 21,517,558</u>

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

Fund Financial Statements
Howard County Public School System

Statement of Net Position
Proprietary Funds
June 30, 2023

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Investments	\$ -	\$ 6,261,543
Accounts receivable	25,280	756,426
Due from other funds	373,108	46,601,744
Inventory	-	52,424
Total current assets	<u>398,388</u>	<u>53,672,137</u>
Noncurrent assets:		
Capital assets:		
Furniture, fixtures and equipment	284,131	8,797,090
Less accumulated depreciation	(240,278)	(7,322,144)
Leased assets	-	2,253,374
Subscription assets	-	8,757,765
Less accumulated amortization	-	(6,988,673)
Total capital assets, net	<u>43,853</u>	<u>5,497,412</u>
Total assets	<u>442,241</u>	<u>59,169,549</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	5,125,569
Leases	-	422,616
Subscription agreements	-	1,775,827
Claims payable	-	13,121,409
Unearned revenue	24,151	5,726,811
Total current liabilities	<u>24,151</u>	<u>26,172,232</u>
Long-term liabilities:		
Leases	-	713,922
Subscription agreements	-	203,217
Claims payable, net of current portion	-	1,850,996
Total long-term liabilities	<u>-</u>	<u>2,768,135</u>
Total liabilities	<u>24,151</u>	<u>28,940,367</u>
NET POSITION		
Net investment in capital assets	43,853	2,381,830
Restricted	-	6,700,000
Unrestricted	<u>374,237</u>	<u>21,147,352</u>
TOTAL NET POSITION	<u>\$ 418,090</u>	<u>\$ 30,229,182</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, 2023

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services - internal	\$ -	\$ 160,903,737
Charges for services - other	308,367	-
Miscellaneous revenue	-	24,079,996
Contributions from employees and retirees	-	36,273,959
	<u>308,367</u>	<u>221,257,692</u>
Total operating revenues	<u>308,367</u>	<u>221,257,692</u>
OPERATING EXPENSES		
Operating expenses	224,022	-
Administrative expenses	-	20,930,076
Claims and related expenses	-	185,346,358
Depreciation and amortization expense	16,041	2,796,119
	<u>240,063</u>	<u>209,072,553</u>
Total operating expenses	<u>240,063</u>	<u>209,072,553</u>
Operating income	<u>68,304</u>	<u>12,185,139</u>
NON-OPERATING REVENUES		
Interest income	-	229,364
	<u>-</u>	<u>229,364</u>
Total non-operating income	<u>-</u>	<u>229,364</u>
CHANGES IN NET POSITION	68,304	12,414,503
TOTAL NET POSITION, BEGINNING OF YEAR	<u>349,786</u>	<u>17,814,679</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 418,090</u>	<u>\$ 30,229,182</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, 2023

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 318,747	\$ -
Internal activity - payment (to) from other funds	(97,101)	147,861,992
Cash received from employees and retirees	-	36,273,959
Claims paid (net of rebates)	-	(163,539,704)
Payments to employees	(148,659)	(10,321,260)
Payments to suppliers	(62,995)	(8,072,757)
	<u>9,992</u>	<u>2,202,230</u>
Net cash provided by operating activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of equipment	(9,992)	-
Principal paid on subscriptions	-	(2,202,230)
	<u>(9,992)</u>	<u>(2,202,230)</u>
Net cash used in capital and related financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(229,364)
Interest received	-	229,364
	<u>-</u>	<u>-</u>
Net cash provided by investing activities		
NET INCREASE IN CASH AND CASH EQUIVALENTS		
	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income	\$ 68,304	\$ 12,185,138
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	16,041	2,796,120
Effects of changes in non-cash operating assets and liabilities:		
Accounts receivable	10,380	(722,691)
Prepaid expenses	-	5,918
Due from other funds	(97,101)	(12,985,604)
Inventory	-	19,478
Accounts payable	-	569,385
Accrued liabilities	-	-
Claims payable	-	(118,042)
Due to other funds	-	-
Unearned revenue	12,368	452,528
	<u>12,368</u>	<u>452,528</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 9,992</u>	<u>\$ 2,202,230</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Lease of equipment	\$ -	\$ 312,209
TOTAL FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ 312,209</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

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Notes to Basic Financial Statements

I – Summary of Significant Accounting Policies

Financial Reporting Entity

Howard County Public School System (the School System) is a body politic and corporate established by the Public School Laws of Maryland. For financial reporting purposes, the School System (alternatively referred to herein as Howard County Public School System (HCPSS)) is a component unit of Howard County, Maryland (the County) by virtue of the County's responsibility for levying taxes and incurring debt for the benefit of the School System and its budgetary control over the School System.

Accordingly, the financial statements of the School System are included in the financial statements of the County. The School System itself has no component units.

The accounting policies of the Howard County Public School System conform to accounting policies generally accepted in the United States 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 reported as separate columns in the governmental fund financial statements for major and nonmajor funds.

Notes to Basic Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School System considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences and 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.
- *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.

The School System elects to report the following nonmajor funds in the fund financial statements due to the importance of these funds to the HCPSS Community and other financial statement users:

- *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.
- *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.

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, 2023, are expected to be minimal based upon collection experience and review of the status of existing receivables.

Notes to Basic Financial Statements



Notes to Basic Financial Statements

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

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, 2023.

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, 2023 for the first three months of fiscal year 2024.

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, personal, and sick pay benefits. At the end of the fiscal year, personal leave in excess of the maximum carryover per negotiated agreement can be transitioned to sick leave. There is no liability for unpaid accumulated personal and 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 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

Notes to Basic Financial Statements

resources are available for use, restricted resources shall be used first and then unrestricted resources as they are needed.

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.

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.

Notes to Basic Financial Statements

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.

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.

Notes to Basic Financial Statements

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

During the year ended June 30, 2023, the School System adopted GASB Statement No. 91, Conduit Debt Obligations, Statement No. 92, Omnibus 2020, and Statement No. 97, Certain Component Unit Criteria without material effect to the financial statements.

As of the year ended June 30, 2023, GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, Statement No. 99, Omnibus 2022, Statement No. 100, Accounting Changes and Error Corrections, and Statement No. 101, Compensated Absences. The School System is analyzing the effects of these pronouncements and plans to adopt them by their respective effective dates.

Notes to Basic Financial Statements

II – Cash and Cash Equivalents and Investments

Deposits

As of June 30, 2023, the carrying amount of the School System's deposits was \$38,910,112 in the governmental funds and the corresponding bank balances were \$40,495,294. Bank balances 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 \$40,245,294. 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

As of June 30, 2023, the School System's investments totaling \$151,115,922 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 \$5,655,715 for the year ended June 30, 2023.

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, 2023 was as follows:

Governmental Activities	Balance July 1, 2022	Increases	Decreases/ Reclassifications	Balance June 30, 2023
Nondepreciable capital assets				
Land	\$ 34,343,533	\$ 5,750,000	\$ -	\$ 40,093,533
Construction in progress	187,802,815	71,099,633	(52,072,152)	206,830,296
Total nondepreciable capital assets	<u>222,146,348</u>	<u>76,849,633</u>	<u>(52,072,152)</u>	<u>246,923,829</u>
Capital assets being depreciated and amortized				
Land improvements	1,675,226	-	-	1,675,226
Buildings and improvements	1,775,398,928	52,072,152	(1,437,610)	1,826,033,470
Furniture and equipment	32,927,020	3,142,114	(487,353)	35,581,781
Leased buildings and improvements	4,855,324	-	-	4,855,324
Leased furniture and equipment	3,082,605	362,703	(33,479)	3,411,829
Subscription assets	10,378,527	-	-	10,378,527
Total capital assets being depreciated and amortized	<u>1,828,317,629</u>	<u>55,576,969</u>	<u>(1,958,442)</u>	<u>1,881,936,156</u>
Less accumulated depreciation for:				
Land improvements	(1,574,709)	(4,148)	-	(1,578,857)
Buildings and improvements	(639,437,916)	(38,251,008)	1,437,610	(676,251,314)
Furniture and equipment	(28,102,417)	(2,084,335)	487,353	(29,699,399)
Less accumulated amortization for:				
Leased buildings and equipment	(1,217,727)	(605,304)	-	(1,823,031)
Leased furniture and equipment	(1,122,653)	(601,993)	33,479	(1,691,167)
Subscription assets	(5,222,927)	(2,067,614)	-	(7,290,541)
Total accumulated depreciation and amortization	<u>(676,678,350)</u>	<u>(43,614,402)</u>	<u>1,958,442</u>	<u>(718,334,310)</u>
Total capital assets being depreciated and amortized, net	<u>1,151,639,279</u>	<u>11,962,567</u>	<u>-</u>	<u>1,163,601,846</u>
Capital assets, net	<u>\$ 1,373,785,627</u>	<u>\$ 88,812,200</u>	<u>\$ (52,072,152)</u>	<u>\$ 1,410,525,675</u>

Notes to Basic Financial Statements

Depreciation and amortization expense for the year ended June 30, 2023, was charged to Governmental activities on the Statement of Activities as follows:

Instruction:

Regular education	\$ 35,921,797
Special education	106,878
Support services:	
Administration	2,266,596
Mid-level administration	3,519,481
Student transportation	14,644
Operation and maintenance of plant	1,607,025
Community services	93,019
Food services	84,962
Total depreciation and amortization expense	<u>\$ 43,614,402</u>
Internal Service Funds Depreciation	\$ 2,796,119
Governmental Funds Depreciation	40,818,283
Total Governmental Activities Depreciation	<u>\$ 43,614,402</u>

<u>Business-type Activities (Jim Rouse Theater)</u>	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Balance June 30, 2023</u>
Buildings and improvements	\$ 36,484	\$ 9,993	\$ -	\$ 46,477
Furniture and equipment	237,654	-	-	237,654
Less accumulated depreciation	<u>(224,236)</u>	<u>(16,041)</u>	<u>-</u>	<u>(240,278)</u>
Capital assets, net	<u>\$ 49,902</u>	<u>\$ (6,048)</u>	<u>\$ -</u>	<u>\$ 43,853</u>

The School System has active school construction projects as of June 30, 2023, as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Project:		
Hammond HS Renovation/Addition	\$ 90,388,535	\$ 11,551,409
New HS #13	115,607,147	7,434,727
Talbott Springs ES	41,843,524	1,623,649
Systemic Renovations FY19 Forward	43,509,761	50,909,419
Relocatable Classrooms FY19 Forward	8,129,074	1,870,926
Roofing Projects FY19 Forward	10,163,999	8,854,344
Technology FY19 Forward	<u>7,301,847</u>	<u>5,698,153</u>
Subtotal	<u>316,943,887</u>	<u>87,942,627</u>
Other Projects	<u>330,869,999</u>	<u>2,575,019</u>
Total	<u>\$ 647,813,886</u>	<u>\$ 90,517,646</u>

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, 2023, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
Workers Compensation	General	Reimbursable expenditures	\$ 1,123,378
General	Capital Projects	Reimbursable expenditures	6,409,737
Technology Services	General	Reimbursable expenditures	11,894,749
Health and Dental	General	Reimbursable expenditures	32,749,159
Jim Rouse Theatre	General	Reimbursable expenditures	373,108
Print Services	General	Reimbursable expenditures	834,458
General	Glenelg WWTP	Treatment plant expenditures	236,104
General	Restricted Programs	Advances of pooled cash	3,168,060
General	Food Services	Food services expenditures	1,861,387
Total			\$ 58,650,140

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)	\$58,650,140	\$ 11,675,288
Statement of Net Position - Proprietary Funds (page 28)	-	373,108
Statement of Net Position - Internal Service Funds (page 74)	-	46,601,744
Total	\$58,650,140	\$ 58,650,140

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, 2022	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 13,701,300	\$ 1,996,481	\$ (1,181,464)	\$ 14,516,317	\$ 800,000
Leases	5,744,910	362,703	(1,273,743)	4,833,870	1,267,121
Subscription agreements	4,373,328	-	(2,072,997)	2,300,331	2,097,115
Net pension liability	40,867,624	14,056,448	-	54,924,072	-
Net OPEB liability	1,224,705,936	-	(458,529,776)	766,176,160	-
Workers compensation	4,510,447	3,805,967	(3,296,009)	5,020,405	3,169,409
Total governmental activities	\$ 1,293,903,545	\$ 20,221,599	\$ (466,353,989)	\$ 847,771,155	\$ 7,333,645

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, 2023, were as follows:

Leases			
Year Ending June 30:	Principal Payments	Interest Payments	Total Payments
2024	\$ 1,267,121	\$ 94,170	\$ 1,361,291
2025	979,988	64,937	1,044,925
2026	707,013	41,586	748,599
2027	530,025	28,384	558,409
2028	471,597	17,596	489,193
2029-2031	878,126	13,286	891,412
	\$ 4,833,870	\$ 259,959	\$ 5,093,829

The future minimum obligations under subscription-based information technology arrangements as of June 30, 2023 were as follows:

Subscription Agreements			
Year Ending June 30:	Principal Payments	Interest Payments	Total Payments
2024	\$ 2,097,115	\$ 49,748	\$ 2,146,863
2025	203,216	5,883	209,099
	\$ 2,300,331	\$ 55,631	\$ 2,355,962

Notes to Basic Financial Statements

VI – Defined Benefit Pension Plans

General Information about the Plan

Plan Description

The employees of the HCPSS are covered by the Maryland State Retirement and Pension System (the System), which is a cost sharing employer public employee retirement system. While there are five retirement and pension systems under the System, employees of the HCPSS are a member of either the Teachers' Retirement and Pension Systems or the Employees' Retirement and Pension Systems. The System was established by the State Personnel and Pensions Article of the Annotated Code of Maryland to provide retirement allowances and other benefits to State employees, teachers, police, judges, legislators, and employees of participating governmental units. The Plans are administered by the State Retirement Agency. Responsibility for the System's administration and operation is vested in a 15-member Board of Trustees. The System issues a 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, 2023, was \$53,526,526. 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, 2023, was \$27,546,556.

The HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2023, 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, 2023 of \$6,612,638.

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

Employees' Retirement and Pension Systems

As of June 30, 2023, the HCPSS reported a liability of \$54,924,072 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022, 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, 2022. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2022, the HCPSS's proportionate share was 0.275%, which was an increase of 0.002% from its proportion measured at June 30, 2021.

Notes to Basic Financial Statements

For the year ended June 30, 2023, the HCPSS recognized pension expense of \$6,152,159. At June 30, 2023, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$6,066,468	\$495,371
Changes in proportion	5,691,137	-
Differences between expected and actual experience	-	3,846,074
Net difference between projected and actual earnings on pension plan investments	-	293,941
HCPSS contributions subsequent to the measurement date	6,612,638	-
Total	<u><u>\$18,370,243</u></u>	<u><u>\$4,635,386</u></u>

The \$6,612,638 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2024	\$1,932,626
2025	1,088,785
2026	(82,452)
2027	4,383,476
2028	(200,216)
Total	<u><u>\$7,122,219</u></u>

Notes to Basic Financial Statements

Teachers' Retirement and Pension Systems

At June 30, 2023, 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	\$ 469,257,241
HCPSS's proportionate share of the collective net pension liability	-
Total	<u>\$ 469,257,241</u>

The net pension liability was measured as of June 30, 2022, 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, 2023, the HCPSS recognized pension expense of \$81,073,082 and revenue of \$53,526,526 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.25% general, 2.75% wage
Salary Increases	2.75% to 11.25%, 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). These assumptions were also utilized for the 2022 valuation. Further, the benefit provisions valued in the actuarial valuation as of June 30, 2022 are the same as the provisions from the last actuarial valuation as of June 30, 2021.

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

Notes to Basic Financial Statements

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Public Equity	34.0%	6.0%
Private Equity	16.0%	8.4%
Rate Sensitive	21.0%	1.2%
Credit Opportunity	8.0%	4.9%
Real Assets	15.0%	5.2%
Absolute Return	6.0%	3.5%
Total	100.0%	

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, 2022.

For the years ended June 30, 2022 and 2021, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was -2.97% and 26.69%, 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:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
HCPSS’s proportionate share of the net pension liability	\$84,271,017	\$54,924,072	\$30,572,926

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 \$11,303,552 contributions from the School System were \$20,666,109, and contributions from the County on behalf of HCPSS were \$8,012,400 for the year ended June 30, 2023. 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

As of June 30, 2023, the School System reported a liability of \$766,176,156 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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. As of June 30, 2023, HCPSS proportion was 72.84%.

For the year ended June 30, 2023, the HCPSS recognized OPEB expense of \$35,025,638. As of June 30, 2023, 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	\$ 7,563,776	\$ 223,768,718
Changes in assumptions	271,720,452	465,740,627
Net difference between projected and actual earnings on OPEB plan investments	15,447,846	-
Change in proportionate share of OPEB liability	117,917,844	8,343,641
HCPSS contributions subsequent to the measurement date	28,678,509	-
Total	\$ 441,328,427	\$ 697,852,986

Notes to Basic Financial Statements

The \$28,678,509 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:

Fiscal Year Ending June 30, 2023:	
2024	\$ (36,652,520)
2025	(36,798,758)
2026	(37,105,003)
2027	(31,798,187)
2028	(27,602,925)
Thereafter	(115,245,675)
Total	<u><u>\$ (285,203,068)</u></u>

Plan Membership

Plan membership at fiscal year-end:

	2022	2021
Retirees and Beneficiaries Receiving Benefits	4,087	3,718
Deferred Vested Terminations	17	23
Active Plan Members	10,263	10,359
Total	<u><u>14,367</u></u>	<u><u>14,100</u></u>

Notes to Basic Financial Statements

Actuarial Assumptions

The OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included the measurement:

Actuarial cost method	Entry age normal.
Interest assumption	Discount rate of 4.40% as of 6/30/22
Inflation	2.50%
Municipal Bond Rate	3.69% as of 6/30/22 based on the Bond Buyer General Obligation 20-year Bond Municipal Index
Long-Term Expected Real Rate of Return, Based on Geometric Means	4.85% for Equity investments (based on 45% target allocation), and 2.46% for Fixed Income investments (based on 23% target allocation), 6.21% for Alternative investments (based on 26% target allocation), and 4.33% for Real Asset investments (based on 6% target allocation), or a total of 4.60%
Mortality	SOA RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality MP2017 Mortality Improvement Scale
Healthcare Cost Trend Rate	3.94% ultimate rate based upon 2021 SOA Model

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	45%	4.85%
Fixed Income	23%	2.46%
Alternative investments	26%	6.21%
Real Asset investments	6%	4.33%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB liability was 2.41% at the beginning of the current measurement period and 4.40% 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 7.25% as a discount rate, and the present value of benefit payments after 2040 have been determined using the June 30, 2022 bond rate of 3.69% as a discount rate based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index. The equivalent single rate is 4.40%.

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 4.40%, as well as what the HCPSS' OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the discount rate:

Discount Rate	1% Decrease 3.40%	Discount rate 4.40%	1% Increase 5.40%
Net OPEB liability	\$ 936,529,215	\$ 766,176,156	\$ 630,953,118

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

Ultimate Trend	1% Decrease 2.94%	Health care cost trend rate 3.94%	1% Increase 4.94%
Net OPEB liability	\$ 621,954,593	\$ 766,176,156	\$ 955,631,730

Notes to Basic Financial Statements



Notes to Basic Financial Statements

VIII – Fund Balance

Fund balance for the year ended June 30, 2023, consists of the following:

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund
Nonspendable for:					
Prepaid items	\$ 115,964	\$ -	\$ -	\$ -	\$ -
Inventories	906,518	351,154	-	-	-
Total nonspendable	1,022,482	351,154	-	-	-
Restricted For:					
Glenelg Wastewater Plant	-	-	1,218,000	-	-
Future School Construction	-	-	-	-	8,000,575
Total restricted	-	-	1,218,000	-	8,000,575
Assigned To:					
Subsequent year's Budget appropriations	21,000,000	-	-	-	-
Encumbrances	9,329,863	-	-	-	-
Food Services Operations	-	16,934,559	-	-	-
Wastewater Treatment Plant Operations	-	-	130,667	-	-
Special Programs	-	-	-	3,508,636	-
Student Activity Fund	-	-	-	4,865,576	-
Total assigned	30,329,863	16,934,559	130,667	8,374,212	-
Unassigned	10,186,596	-	-	-	-
Total fund balances	\$ 41,538,941	\$ 17,285,713	\$ 1,348,667	\$ 8,374,212	\$ 8,000,575

Notes to Basic Financial Statements

IX – Encumbrances

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

Encumbrances for the year ended June 30, 2023, are for the following uses:

		General Fund
01	Administration	\$ 54,134
02	Mid-Level Administration	44,002
03/04/05	Instructional	2,663,987
06	Special Education	1,750,893
07	Student Services	272
08	Health Services	192,835
09	Student Transportation	653,544
10	Operation of Plant	821,676
11	Maintenance of Plant	2,468,991
12	Fixed Charges	629,650
14	Community Services	49,879
15	Capital Outlay	-
	Total	\$ 9,329,863

Notes to Basic Financial Statements

X – Commitments and Contingencies

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.

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 19 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, 2023, 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.

	2023		2022	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 4,510,447	\$ 10,580,000	\$ 4,303,147	\$ 12,979,700
Incurred claims (including IBNR adjustment)	3,296,009	182,050,349	1,833,248	165,426,792
Claim payments	(2,786,051)	(182,678,349)	(1,625,948)	(167,826,492)
Ending payable, June 30	\$ 5,020,405	\$ 9,952,000	\$ 4,510,447	\$ 10,580,000

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, 2023

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Local sources	\$ 675,576,796	\$ 675,576,796	\$ 675,576,796	\$ -
State sources	322,581,146	321,081,146	324,829,309	3,748,163
Federal sources	410,000	410,000	482,039	72,039
Earnings on investments	60,000	60,000	5,541,306	5,481,306
Charges for services	5,427,315	5,427,315	5,251,887	(175,428)
Miscellaneous revenues	993,750	993,750	565,576	(428,174)
Total revenues	<u>1,005,049,007</u>	<u>1,003,549,007</u>	<u>1,012,246,914</u>	<u>8,697,907</u>
EXPENDITURES				
Current:				
Administration	15,334,620	15,334,620	14,259,734	1,074,886
Mid-level administration	66,234,353	66,234,353	64,786,240	1,448,113
Instruction:				
Instructional salaries	394,180,658	393,380,658	391,452,422	1,928,236
Textbook and classroom supplies	10,275,444	10,275,444	9,576,954	698,490
Other instructional costs	12,285,817	13,085,817	13,032,370	53,447
Special education	156,011,247	156,011,247	153,306,790	2,704,457
Student personnel services	8,546,420	8,546,420	7,698,430	847,990
Health services	11,715,622	11,715,622	10,841,093	874,529
Student transportation	51,656,413	51,356,413	47,856,684	3,499,729
Operation of plant	48,237,284	48,537,284	47,972,079	565,205
Maintenance of plant	28,136,861	28,136,861	28,053,553	83,308
Fixed charges	223,641,174	223,641,174	223,641,174	-
Community services	5,086,111	5,086,111	4,995,716	90,395
Capital outlay	1,106,591	1,106,591	997,544	109,047
Subtotal expenditures and encumbrances	<u>1,032,448,615</u>	<u>1,032,448,615</u>	<u>1,018,470,782</u>	<u>13,977,834</u>
CANCELLATION AND OVER/(UNDER) LIQUIDATION OF PRIOR YEAR ENCUMBRANCES	-	-	(1,662,570)	1,662,570
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>1,032,448,615</u>	<u>1,032,448,615</u>	<u>1,016,808,212</u>	<u>15,640,404</u>
REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	<u>\$ (27,399,608)</u>	<u>\$ (28,899,608)</u>	<u>(4,561,298)</u>	<u>\$ 24,338,310</u>
FUND BALANCE AS OF JUNE 30, 2022 - BUDGETARY BASIS			<u>37,348,439</u>	
FUND BALANCE AS OF JUNE 30, 2023 - BUDGETARY BASIS			32,787,141	
ENCUMBRANCES AS OF JUNE 30, 2023				
- Encumbrances			9,329,864	
- Other			(578,063)	
FUND BALANCE AS OF JUNE 30, 2023 - GAAP BASIS			<u>\$ 41,538,941</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, 2023

REVENUES

Budgetary basis	\$	1,012,246,914
Add - Pension contribution paid by State of Maryland		53,526,526
- OPEB contribution paid by Howard County Government		28,678,509
- Other		(31)
GAAP basis	\$	<u>1,094,451,918</u>

EXPENDITURES

Budgetary basis	\$	1,018,470,782
Add - Prior year's encumbrances expended this year		7,222,947
- Pension contribution paid by State of Maryland		53,526,526
- OPEB contribution paid by Howard County Government		28,678,509
- Prior year's encumbrances outstanding		334,611
Less - Current year's encumbrances outstanding		(9,329,864)
GAAP basis	\$	<u>1,098,903,511</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:

	2023	2022	2021	2020	2019	2018	2017	2016	2015
HCPSS's proportion of the collective net pension liability	0.274503%	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	\$ 54,924,072	\$ 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	\$ 59,399,309	\$ 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	92.47%	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	71.75%	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%	0.00%
HCPSS's proportionate share of the collective net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the collective net pension liability of HCPSS	469,257,241	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	\$ 469,257,241	\$ 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	\$ 540,561,018	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	79.47%	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 nine years of information are available.

Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2022 for the year ending June 30, 2023 for the pension liability is shown below:

Salary Increases	In the 2022 actuarial valuation, 2.75% to 11.25%, including inflation In the 2021 actuarial valuation, 2.75% to 9.25%, including inflation
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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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 6,612,638	\$ 6,264,996	\$ 6,002,598	\$ 5,301,428	\$ 5,044,400	\$ 4,583,972	\$ 4,156,710	\$ 4,220,168	\$ 4,460,545	\$ 4,502,643
Contributions in relation to the contractually required contribution	(6,612,638)	(6,264,996)	(6,002,598)	(5,301,428)	(5,044,400)	(4,583,972)	(4,156,710)	(4,220,168)	(4,460,545)	(4,502,643)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 59,399,309	\$ 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
Contributions as a percentage of covered payroll	11.1%	10.6%	10.3%	9.5%	9.1%	8.7%	8.5%	8.7%	9.5%	9.8%

Teachers' Retirement and Pension System *

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 27,546,556	\$ 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
Contributions in relation to the contractually required contribution	(27,546,556)	(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)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 540,561,018	\$ 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	5.1%	4.3%	4.3%	4.5%	4.3%	4.5%	4.4%	4.1%	3.7%	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

	2023	2022	2021	2020	2019	2018
Employer's Proportion of the Collective Net OPEB Liability	72.84%	66.42%	66.42%	63.36%	63.36%	64.69%
Employer's Proportionate Share of the Collective Net OPEB Liability	\$ 766,176,156	\$ 1,224,705,936	\$ 1,080,270,015	\$ 849,712,337	\$ 743,045,807	\$ 715,235,479
Covered-employee payroll	\$ 599,960,327	\$ 587,833,726	\$ 583,115,412	\$ 554,265,357	\$ 549,466,337	\$ 522,572,497
Employer's Proportionate Share of the Collective Net OPEB Liability as a Percentage of covered-employee payroll	127.7%	208.3%	185.3%	153.3%	135.2%	136.9%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	16.92%	11.40%	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, 2022 for the year ending June 30, 2023 for the OPEB liability is shown below:

Interest Assumption	In the 2022 actuarial valuation, 4.40%. In the 2021 actuarial valuation, 2.41%.
Municipal Bond Rate	In the 2022 actuarial valuation, 3.69% In the 2021 actuarial valuation, 1.92%
Long-Term Expected Rate of Return	In the 2022 actuarial valuation, 4.60% In the 2021 actuarial valuation, 3.86%
Healthcare Cost Trend Rate	In the 2022 actuarial valuation, 3.94% In the 2021 actuarial valuation, 4.00%

Required Supplementary Information

Howard County Public School System

Schedule of the Board's Contributions

OPEB Plan

Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 28,678,509	\$ 24,753,762	\$ 24,342,697	\$ 24,339,311	\$ 24,318,190	\$ 24,924,146
Contributions in relation to the statutorily required contributions	28,678,509	24,753,762	24,342,697	24,339,311	24,318,190	24,924,146
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$599,960,327	\$ 587,833,726	\$ 583,115,412	\$ 554,265,357	\$ 549,466,337	\$ 522,572,497
Contributions as a percentage of covered-employee payroll	4.78%	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, 2023

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Intergovernmental Revenues				
Local Sources				
Local appropriation	\$ 675,576,796	\$ 675,576,796	\$ 675,576,796	\$ -
State Sources				
State Foundation	214,760,666	214,760,666	214,760,666	-
Transportation	20,234,308	20,234,308	20,234,308	-
Special education	18,012,732	16,512,732	20,266,329	3,753,597
Compensatory education	36,181,232	36,181,232	36,181,232	-
Limited English proficient	14,493,962	14,493,962	14,494,306	344
Students with Disabilities	1,821,000	1,821,000	1,821,000	-
State geographic index	6,781,197	6,781,197	6,781,197	-
Other - LEA tuition	200,000	200,000	194,222	(5,778)
Career Ladder	874,297	874,297	874,297	-
College and Career Readiness	1,831,274	1,831,274	1,831,274	-
Full-Day Pre-K & Pre-K Expansion	5,358,992	5,358,992	5,358,992	-
Transitional Supplemental Instruction	1,989,743	1,989,743	1,989,743	-
Blueprint Transition Grant	41,743	41,743	41,743	-
Total state sources	322,581,146	321,081,146	324,829,309	3,748,163
Federal Sources				
ROTC reimbursement	250,000	250,000	254,348	4,348
FEMA reimbursement	-	-	-	-
Impact Aid (PL 874)	160,000	160,000	227,691	67,691
Total federal sources	410,000	410,000	482,039	72,039
Earnings on investments	60,000	60,000	5,541,306	5,481,306
Charges for services				
Tuition from patrons	1,567,000	1,567,000	1,792,553	225,553
Use of school buildings	1,250,000	1,250,000	768,679	(481,321)
Athletic program - gate receipts	350,000	350,000	421,640	71,640
E-rate rebates	1,000,000	1,000,000	1,011,327	11,327
Administration and overhead fees	1,260,315	1,260,315	1,257,688	(2,627)
Total charges for services	5,427,315	5,427,315	5,251,887	(175,428)
Miscellaneous Revenue				
Other	993,750	993,750	565,576	(428,174)
TOTAL	\$ 1,005,049,007	\$ 1,003,549,007	\$ 1,012,246,914	\$ 8,697,907

Other Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Administration				
Salaries and wages	\$ 12,335,030	\$ 12,165,185	\$ 12,020,129	\$ 145,056
Contracted services	2,264,897	2,414,066	1,625,143	788,923
Supplies and materials	283,962	299,740	269,516	30,224
Other charges	450,731	455,629	344,947	110,682
Total administration	15,334,620	15,334,620	14,259,734	1,074,886
Mid-level Administration				
Salaries and wages	61,104,474	60,813,864	59,796,072	1,017,792
Contracted services	2,368,167	2,601,912	2,521,609	80,303
Supplies and materials	2,013,896	2,018,708	1,814,171	204,537
Other charges	737,816	789,869	652,934	136,935
Equipment	10,000	10,000	1,454	8,546
Total mid-level administration	66,234,353	66,234,353	64,786,240	1,448,113
Instructional salaries	394,180,658	393,380,658	391,452,422	1,928,236
Textbooks and classroom supplies	10,275,444	10,275,444	9,576,954	698,490
Other Instructional Costs				
Contracted services	11,272,122	12,200,147	12,169,952	30,195
Other charges	357,395	375,370	359,579	15,791
Equipment	76,300	76,300	73,318	2,982
Outgoing transfers	580,000	434,000	429,521	4,479
Total other instructional costs	12,285,817	13,085,817	13,032,370	53,447
Special Education				
Salaries and wages	132,648,328	127,196,488	125,258,116	1,938,372
Contracted services	7,473,017	12,188,017	11,662,101	525,916
Supplies and materials	1,024,826	1,065,151	989,461	75,690
Other charges	326,625	317,125	260,937	56,188
Equipment	110,143	126,158	108,948	17,210
Outgoing transfers	14,428,308	15,118,308	15,027,227	91,081
Total special education	156,011,247	156,011,247	153,306,790	2,704,457
Student Personnel Services				
Salaries and wages	8,126,684	8,126,684	7,377,205	749,479
Contracted services	367,677	367,677	282,837	84,840
Supplies and materials	18,067	18,067	15,403	2,664
Other charges	33,992	33,992	22,984	11,008
Total student personnel services	8,546,420	8,546,420	7,698,430	847,990
Health Services				
Salaries and wages	10,400,485	10,003,485	9,380,693	622,792
Contracted services	1,011,742	1,404,742	1,339,662	65,080
Supplies and materials	269,835	273,835	112,149	161,686
Other charges	33,560	33,560	8,589	24,971
Total health services	11,715,622	11,715,622	10,841,093	874,529

Other Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2023

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Student Transportation				
Salaries and wages	2,407,550	2,707,550	2,024,777	682,773
Contracted services	47,702,021	47,092,021	44,841,541	2,250,480
Supplies and materials	23,405	33,405	31,819	1,586
Other charges	963,437	963,437	958,546	4,891
Equipment	560,000	560,000	-	560,000
Total student transportation	51,656,413	51,356,413	47,856,684	3,499,729
Operation of Plant				
Salaries and wages	26,042,747	25,176,324	25,052,398	123,926
Contracted services	2,238,438	2,113,134	1,988,930	124,204
Supplies and materials	1,192,726	1,254,021	1,230,761	23,260
Other charges	18,334,986	19,565,436	19,282,770	282,666
Equipment	428,387	428,369	417,220	11,150
Total operation of plant	48,237,284	48,537,284	47,972,079	565,205
Maintenance of Plant				
Salaries and wages	12,951,774	12,813,472	12,761,485	51,987
Contracted services	13,667,282	14,182,469	14,182,332	137
Supplies and materials	911,455	700,151	681,759	18,392
Other charges	84,490	33,441	22,898	10,543
Equipment	521,860	407,328	405,078	2,250
Total maintenance of plant	28,136,861	28,136,861	28,053,553	83,308
Fixed Charges	223,641,174	223,641,174	223,641,174	-
Community Services				
Salaries and wages	2,638,533	2,599,593	2,583,000	16,593
Contracted services	657,168	690,521	638,931	51,590
Supplies and materials	245,510	257,142	241,653	15,489
Other charges	1,538,500	1,538,855	1,532,132	6,723
Equipment	6,400	-	-	-
Total community services	5,086,111	5,086,111	4,995,716	90,395
Capital Outlay				
Salaries and wages	924,959	924,959	902,127	22,832
Contracted services	155,464	155,464	85,614	69,850
Supplies and materials	11,567	11,347	4,140	7,207
Other charges	14,601	14,821	5,663	9,158
Total capital outlay	1,106,591	1,106,591	997,544	109,047
TOTAL EXPENDITURES	\$ 1,032,448,615	\$ 1,032,448,615	\$ 1,018,470,782	\$ 13,977,833

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, 2023

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental Revenues:			
State	\$ 637,000	\$ 713,224	\$ 76,224
Federal:			
National School Lunch and Milk Programs	6,515,400	9,684,921	3,169,521
National School Breakfast	3,067,200	3,018,311	(48,889)
U.S.D.A. Commodity Program	-	1,422,645	1,422,645
Total intergovernmental revenues	<u>9,582,600</u>	<u>14,125,877</u>	<u>4,543,277</u>
Earnings on investments	600	18,622	18,022
Charges for Services:			
Food sales	7,997,824	7,576,726	(421,098)
Total revenues	<u>18,218,024</u>	<u>22,434,449</u>	<u>4,216,425</u>
EXPENDITURES			
Costs of operation - Food Service:			
Cost of food	6,500,638	8,748,111	(2,247,473)
Salaries and wages	10,735,056	10,329,361	405,695
Equipment/Miscellaneous	982,330	775,291	207,039
Total expenditures	<u>18,218,024</u>	<u>19,852,763</u>	<u>(1,634,739)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	<u>\$ -</u>	2,581,686	<u>\$ 2,581,686</u>
FUND BALANCE, BEGINNING OF THE YEAR		<u>14,704,027</u>	
FUND BALANCE, END OF THE YEAR		<u>\$ 17,285,713</u>	

Other Supplementary Information

Howard County Public School System

Combining Schedule of Net Position

Internal Service Funds

June 30, 2023

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
ASSETS					
Current Assets					
Investments	\$ -	\$ -	\$ 5,014,761	\$ 1,246,782	\$ 6,261,543
Accounts receivable	-	33,428	-	722,998	756,426
Due from other funds	834,458	11,894,749	1,123,378	32,749,159	46,601,744
Inventory	47,528	4,896	-	-	52,424
Total current assets	881,986	11,933,073	6,138,139	34,718,939	53,672,137
Non-Current Assets					
Capital assets:					
Furniture, fixtures and equipment	400,113	8,396,977	-	-	8,797,090
Less accumulated depreciation	(376,873)	(6,945,271)	-	-	(7,322,144)
Leased assets	2,253,374	-	-	-	2,253,374
Subscription assets	-	8,757,765	-	-	8,757,765
Less accumulated amortization	(997,644)	(5,991,029)	-	-	(6,988,673)
Total capital assets, net of depreciation and amortization	1,278,970	4,218,442	-	-	5,497,412
Total assets	2,160,956	16,151,515	6,138,139	34,718,939	59,169,549
LIABILITIES					
Current Liabilities					
Accounts payable	28,136	1,229,464	246,520	3,621,449	5,125,569
Lease liability	422,616	-	-	-	422,616
Subscription agreements	-	1,775,827	-	-	1,775,827
Claims payable	-	-	3,169,409	9,952,000	13,121,409
Unearned revenue	-	-	-	5,726,811	5,726,811
Total current liabilities	450,752	3,005,291	3,415,929	19,300,260	26,172,232
Long-Term Liabilities					
Lease liability	713,922	-	-	-	713,922
Subscription agreements	-	203,217	-	-	203,217
Claims payable, net of current portion	-	-	1,850,996	-	1,850,996
Total long-term liabilities	713,922	203,217	1,850,996	-	2,768,135
Total liabilities	1,164,674	3,208,508	5,266,925	19,300,260	28,940,367
NET POSITION					
Net investment in capital assets	142,432	2,239,398	-	-	2,381,830
Restricted	-	6,700,000	-	-	6,700,000
Unrestricted	853,850	4,003,609	871,214	15,418,679	21,147,352
TOTAL NET POSITION	\$ 996,282	\$ 12,943,007	\$ 871,214	\$ 15,418,679	\$ 30,229,182

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, 2023

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
OPERATING REVENUES					
Charges for services - internal	\$ 2,312,659	\$ 18,876,479	\$ 3,362,109	\$ 136,352,490	\$ 160,903,737
Miscellaneous revenue	-	-	-	24,079,996	24,079,996
Contributions from employees and retirees	-	-	-	36,273,959	36,273,959
Total operating revenues	<u>2,312,659</u>	<u>18,876,479</u>	<u>3,362,109</u>	<u>196,706,445</u>	<u>221,257,692</u>
OPERATING EXPENSES					
Administrative expenses	2,088,405	13,152,221	456,291	5,233,159	20,930,076
Claims and related expenses	-	-	3,296,009	182,050,349	185,346,358
Depreciation and amortization expense	<u>388,082</u>	<u>2,408,037</u>	-	-	<u>2,796,119</u>
Total operating expenses	<u>2,476,487</u>	<u>15,560,258</u>	<u>3,752,300</u>	<u>187,283,508</u>	<u>209,072,553</u>
Operating income (loss)	<u>(163,828)</u>	<u>3,316,221</u>	<u>(390,191)</u>	<u>9,422,937</u>	<u>12,185,139</u>
NON-OPERATING REVENUE					
Interest income	-	-	183,694	45,670	229,364
Total non-operating income	-	-	<u>183,694</u>	<u>45,670</u>	<u>229,364</u>
CHANGES IN NET POSITION	<u>(163,828)</u>	<u>3,316,221</u>	<u>(206,497)</u>	<u>9,468,607</u>	<u>12,414,503</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<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>
TOTAL NET POSITION, END OF YEAR	<u>\$ 996,282</u>	<u>\$ 12,943,007</u>	<u>\$ 871,214</u>	<u>\$ 15,418,679</u>	<u>\$ 30,229,182</u>

Other Supplementary Information

Howard County Public School System

Combining Schedule of Cash Flows
Internal Service Funds
Year Ended June 30, 2023

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Internal activity - payment (to) from other funds	\$ 2,518,950	\$ 14,117,064	\$ 2,994,977	\$ 128,231,001	\$ 147,861,992
Cash received from employees and retirees	-	-	-	36,273,959	36,273,959
Claims paid (net of rebates)	-	-	(2,786,051)	(160,753,653)	(163,539,704)
Payments to employees	(992,932)	(5,937,466)	-	(3,390,862)	(10,321,260)
Payments to suppliers	(1,070,734)	(6,432,652)	(208,926)	(360,445)	(8,072,757)
Net cash provided by operating activities	455,284	1,746,946	-	-	2,202,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of equipment	-	-	-	-	-
Principal paid on leases and subscription agreements	(455,284)	(1,746,946)	-	-	(2,202,230)
Net cash used in capital and related financing activities	(455,284)	(1,746,946)	-	-	(2,202,230)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	-	(183,694)	(45,670)	(229,364)
Interest received	-	-	183,694	45,670	229,364
Net cash used in (provided by) investing activities	-	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS					
	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JULY 1, 2021					
	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JUNE 30, 2022					
	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ (163,828)	\$ 3,316,221	\$ (390,191)	\$ 9,422,936	\$ 12,185,138
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	388,083	2,408,037	-	-	2,796,120
Effects of changes in assets and liabilities:					
Accounts receivable	-	(538)	845	(722,998)	(722,691)
Prepaid expenses	-	-	-	5,918	5,918
Due from other funds	206,291	(4,703,274)	(367,132)	(8,121,489)	(12,985,604)
Inventory	19,478	-	-	-	19,478
Accounts payable	5,260	726,500	246,520	(408,895)	569,385
Claims payable	-	-	509,958	(628,000)	(118,042)
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	452,528	452,528
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 455,284	\$ 1,746,946	\$ -	\$ -	\$ 2,202,230
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Lease of equipment	\$ 312,209	\$ -	\$ -	\$ -	\$ 312,209
TOTAL FINANCING ACTIVITIES	\$ 312,209	\$ -	\$ -	\$ -	\$ 312,209

Other Supplementary Information

Howard County Public School System

Schedule of School Activity Funds Increases and Decreases

School Activity Fund

Year Ended June 30, 2023

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Elementary Schools				
Atholton ES	\$ 11,295	\$ 40,336	\$ 38,429	\$ 13,202
Bellows Spring ES	40,358	55,266	71,242	24,382
Bollman Bridge ES	39,538	68,127	82,382	25,283
Bryant Woods ES	12,637	30,274	31,015	11,896
Bushy Park ES	10,455	46,474	44,543	12,386
Centennial Lane ES	28,763	39,842	50,050	18,555
Clarksville ES	40,096	32,654	26,981	45,769
Clemens Crossing ES	26,146	-	36,634	22,334
Cradlerock School	8,717	27,083	25,266	10,534
Dayton Oaks ES	44,401	102,801	97,923	49,279
Deep Run ES	21,916	55,199	57,911	19,204
Duckett's Lane ES	13,473	59,818	53,915	19,376
Elkridge ES	31,279	60,035	62,991	28,323
Forest Ridge ES	20,635	46,501	51,255	15,881
Fulton ES	40,870	86,641	89,707	37,804
Gorman Crossing ES	46,949	84,937	81,434	50,452
Guilford ES	18,616	11,083	17,493	12,206
Hammond ES	12,141	35,432	36,507	11,066
Hanover Hills ES	44,861	103,695	69,369	79,187
Hollifield Station ES	12,226	49,131	48,025	13,332
Ilchester ES	84,771	61,949	81,843	64,877
Jeffers Hill ES	29,093	22,057	24,346	26,804
Laurel Woods ES	27,433	41,171	40,306	28,298
Lisbon ES	20,867	25,978	26,037	20,808
Longfellow ES	21,685	70,738	61,756	30,667
Manor Woods ES	36,822	40,274	35,626	41,470
Northfield ES	19,024	43,459	42,301	20,182
Phelps Luck ES	16,805	32,448	32,629	16,624
Pointers Run ES	56,465	91,920	90,154	58,231
Rockburn ES	34,517	74,553	70,925	38,145
Running Brook ES	29,763	43,334	52,498	20,599
St. John's Lane ES	18,731	36,313	42,864	12,180
Steven's Forest ES	15,291	18,240	17,201	16,330
Swansfield ES	21,419	55,364	48,217	28,566
Talbott Springs ES	19,568	39,943	41,873	17,638
Thunder Hill ES	18,464	18,375	23,600	13,239
Triadelphia Ridge ES	38,735	43,203	46,416	35,522
Veterans ES	41,381	104,204	114,126	31,459
Waterloo ES	42,972	60,487	69,483	33,976
Waverly ES	36,798	45,568	67,855	14,511
West Friendship ES	29,963	20,522	23,729	26,756
Worthington ES	49,568	41,740	41,509	49,799
Total - Elementary Schools	<u>1,235,507</u>	<u>2,099,991</u>	<u>2,168,366</u>	<u>1,167,132</u>

Other Supplementary Information

Howard County Public School System

Schedule of School Activity Funds Increases and Decreases

School Activity Fund

Year Ended June 30, 2023

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Middle Schools				
Bonnie Branch MS	\$ 26,170	\$ 57,409	\$ 57,164	\$ 26,415
Burleigh Manor MS	66,145	118,611	89,377	95,379
Clarksville MS	52,181	80,150	77,810	54,521
Dunloggin MS	57,585	55,890	57,148	56,327
Elkridge Landing MS	29,676	57,518	55,652	31,542
Ellicott Mills MS	26,426	108,702	103,161	31,967
Folly Quarter MS	19,227	53,669	61,083	11,813
Glenwood MS	34,915	50,660	47,468	38,107
Hammond MS	23,101	26,049	25,285	23,865
Harper's Choice MS	14,293	39,193	34,396	19,090
Lake Elkhorn MS	40,229	64,520	65,237	39,512
Lime Kiln MS	26,642	28,616	28,120	27,138
Mayfield Woods MS	23,173	57,390	56,084	24,479
Mount View MS	39,175	115,614	123,463	31,326
Murray Hill MS	24,707	71,629	71,252	25,084
Oakland Mills MS	31,641	43,818	43,641	31,818
Patapsco MS	28,537	55,948	64,010	20,475
Patuxent Valley MS	24,574	54,600	57,797	21,377
Thomas Viaduct MS	36,829	78,654	92,271	23,212
Wilde Lake MS	30,019	49,314	54,187	25,146
Total - Middle Schools	655,245	1,267,954	1,264,606	658,593
High Schools				
Atholton HS	147,576	379,785	362,130	165,231
Centennial HS	394,450	538,897	577,058	356,289
Glenelg HS	300,938	790,151	769,677	321,412
Hammond HS	233,795	273,289	252,084	255,000
Howard HS	257,779	338,326	356,688	239,417
Long Reach HS	181,071	318,592	291,896	207,767
Marriotts Ridge HS	224,975	988,437	991,172	222,240
Mount Hebron HS	198,473	482,735	471,602	209,606
Oakland Mills HS	180,741	295,005	308,083	167,663
Reservoir HS	254,674	473,087	459,346	268,415
River Hill HS	341,689	682,124	694,658	329,155
Wilde Lake HS	229,674	315,540	307,412	237,802
Total - High Schools	2,945,835	5,875,968	5,841,806	2,979,997
Special Schools				
Apps and Research Lab	18,576	31,660	25,459	24,777
Cedar Lane School	35,112	7,321	15,710	26,723
Homewood School	6,299	12,614	10,555	8,358
Total - Special Schools	59,987	51,595	51,724	59,858
Total - All Schools	\$ 4,896,574	\$ 9,295,508	\$ 9,326,502	\$ 4,865,580

Statistical Section

Statistical Section

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

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

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

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Statistical Section

Howard County Public School System

Table 1

Net Position by Component Year Ended June 30, 2023 and Nine Prior Years (Amounts expressed in thousands)

	2014*	2015	2016	2017	2018**	2019	2020***	2021	2022	2023
Governmental Activities										
Net investment in capital assets	\$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	\$1,403,391
Restricted for Capital Projects	-	-	-	-	-	8,460	8,062	2,947	3,861	8,001
Restricted for GWWTP	1,220	1,220	1,222	1,230	1,247	1,275	1,295	1,199	1,201	1,218
Restricted for Food Services	190	216	234	192	1,012	-	-	-	-	-
Restricted for Technology Services	-	-	-	-	-	-	-	-	-	-
Unrestricted	21,386	(23,550)	(41,059)	(41,741)	(835,260)	(849,825)	(883,000)	(893,679)	(965,511)	(983,139)
Total Governmental Activities Net Position	1,097,218	\$ 1,097,991	\$ 1,127,244	\$ 1,177,409	\$ 401,813	\$ 393,865	\$ 363,532	\$ 392,976	\$ 408,331	\$ 429,471
Business-type Activities										
Net investment in capital assets	22	\$ 30	\$ 46	\$ 73	\$ 59	\$ 60	\$ 43	\$ 26	\$ 50	\$ 44
Unrestricted	199	228	256	244	295	311	262	283	300	374
Total Business-type Activities Net Position	221	\$ 258	\$ 302	\$ 317	\$ 354	\$ 371	\$ 305	\$ 309	\$ 350	\$ 418
Total Primary Government										
Net investment in capital assets	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	\$ 1,403,435
Restricted	1,410	1,436	1,456	1,422	2,259	11,839	9,357	4,146	5,062	9,219
Unrestricted	21,585	(23,322)	(40,803)	(41,497)	(834,965)	(851,617)	(882,737)	(893,396)	(965,211)	(982,765)
Total Primary Government Net Position	\$1,097,439	\$ 1,098,249	\$ 1,127,546	\$ 1,177,726	\$ 402,167	\$ 394,237	\$ 363,837	\$ 393,285	\$ 408,681	\$ 429,889

*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

Table 2

Changes in Net Position Year Ended June 30, 2023 and Nine Prior Years (Amounts expressed in thousands)

Functions/Programs	2014*	2015	2016	2017	2018	2019	2020**	2021**	2022	2023
Expenses										
Governmental Activities										
Instruction										
Regular education	\$ 501,414	\$ 525,124	\$ 536,486	\$ 549,749	\$ 604,207	\$ 606,945	\$ 623,037	\$ 655,145	\$ 703,676	\$ 722,315
Special education	141,204	146,833	153,791	159,479	175,426	183,463	196,616	208,356	236,022	255,294
Total Instruction	642,618	671,957	690,277	709,228	779,633	790,408	819,653	863,501	939,698	977,609
Support Services										
Administration	16,672	18,166	19,105	22,437	21,741	20,809	43,296	20,370	32,400	23,840
Mid-level administration	83,136	88,165	92,335	94,884	101,422	100,453	92,650	101,292	111,839	107,872
Student personnel services	4,133	4,371	4,852	4,931	5,266	5,504	4,576	6,602	12,074	13,042
Health services	9,551	10,329	11,397	11,963	12,725	13,607	13,080	14,542	16,810	17,343
Student transportation	37,068	37,528	38,035	38,839	39,890	42,401	42,468	31,686	48,994	49,906
Operation of plant	47,487	49,682	49,707	49,465	49,784	54,021	48,954	55,875	62,249	65,556
Maintenance of plant and equipment	25,747	28,372	30,755	30,121	31,779	31,918	30,205	33,572	41,084	38,959
Community services	7,556	7,437	8,741	8,603	9,402	9,313	10,078	6,735	7,982	7,614
Food services	12,923	13,465	13,845	14,857	15,483	16,581	16,583	15,060	19,436	20,001
Interest on long-term debt	75	63	61	43	27	20	-	-	-	-
Total Support Services	244,348	257,578	268,833	276,143	287,519	294,627	301,890	285,734	352,868	344,133
Total Governmental Activities	886,966	929,535	959,110	985,371	1,067,152	1,085,035	1,121,543	1,149,235	1,292,566	1,321,742
Business-type Activities										
Jim Rouse Theatre	112	111	90	109	123	189	150	148	208	240
Total School System Expenses	\$ 887,078	\$ 929,646	\$ 959,200	\$ 985,480	\$ 1,067,275	\$ 1,085,224	\$ 1,121,693	\$ 1,149,383	\$ 1,292,774	\$ 1,321,982

*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, 2023 and Nine Prior Years

(Amounts expressed in thousands)

Program Revenues	2014*	2015	2016	2017	2018**	2019	2020***	2021***	2022	2023
Charges for Services										
Regular education	\$ 2,315	\$ 2,232	\$ 2,473	\$ 5,097	\$ 3,637	\$ 5,097	\$ 396	\$ 2,118	\$ 2,501	\$ 3,867
Special education	-	-	-	-	-	-	-	-	-	-
Operation of plant	4,826	7,328	9,362	9,716	17,452	9,716	205	222	218	215
Food services	5,702	5,552	5,978	6,977	6,902	6,977	3,469	5,558	9,582	16,432
Operating grants and contributions	139,082	145,645	146,211	175,495	168,923	175,495	171,756	187,658	238,797	241,627
Capital grants and contributions	86,809	78,090	80,150	42,744	61,699	42,744	41,857	84,601	123,056	81,003
Total Program Revenues	238,734	238,847	244,174	240,030	258,613	240,030	217,682	280,157	374,154	343,144
Business-type Activities										
Jim Rouse Theatre	126	148	134	206	159	206	84	152	249	308
Total School System Revenues	238,860	238,995	244,308	240,236	258,772	240,236	217,766	280,309	374,403	343,452
Total Governmental Net Expense	(648,218)	(690,651)	(714,892)	(745,244)	(808,503)	(844,988)	(903,927)	(869,074)	(918,371)	(978,530)
General Revenues and Other Changes in Net Position										
General revenues										
Local appropriations	497,486	530,440	544,145	600,054	572,872	600,054	607,200	620,300	640,800	675,577
State Aid	192,048	192,480	197,822	222,299	212,420	222,299	243,882	252,282	251,796	284,342
Federal Aid	127	163	160	194	124	194	100	171	145	228
Interest and investment earnings	43	33	101	1,612	816	1,612	1,136	52	216	5,656
Student Activity Fund Revenue	-	-	-	-	-	-	9,735	2,856	7,214	9,296
Miscellaneous	1,833	1,900	1,962	12,900	5,094	12,900	11,982	17,610	33,595	24,639
Total General Revenues	691,537	725,016	744,190	837,059	791,326	837,059	874,035	893,271	933,766	999,738
Change in Net Position - Governmental Funds	43,305	34,328	29,253	91,718	(17,213)	(7,946)	(29,826)	24,193	15,355	21,140
Change in Net Position - Jim Rouse Theatre	14	37	44	97	36	17	(66)	4	41	68
Total Change in Net Position	43,319	34,365	29,297	91,815	(17,177)	(7,929)	(29,892)	24,197	15,396	21,208
Net Position - Beginning of year	1,054,119	1,063,884	1,098,249	1,127,546	419,343	402,167	398,980	369,088	393,285	408,681
Net Position - End of Year	\$ 1,097,438	\$ 1,098,249	\$ 1,127,546	\$ 1,219,361	\$ 402,167	\$ 394,238	\$ 369,088	\$ 393,285	\$ 408,681	\$ 429,889

*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, 2023 and Nine Prior Years (Amounts expressed in thousands)

Table 3

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Intergovernmental revenues										
Local	\$ 567,271	\$ 584,657	\$ 612,804	\$ 624,455	\$ 653,700	\$ 662,183	\$ 643,299	\$ 693,334	\$ 745,538	\$ 764,531
State	303,224	314,110	304,642	338,907	307,848	320,548	357,249	376,748	397,753	417,322
Federal	23,982	26,097	27,984	29,160	29,143	30,511	34,362	43,880	95,252	58,137
Earnings on investments	26	21	70	292	901	1,830	1,389	67	232	6,033
Charges for services	11,091	11,302	11,885	12,200	13,742	15,737	9,213	3,896	4,466	13,131
Miscellaneous revenues	1,797	1,737	1,825	449	2,405	1,774	1,453	910	492	560
School Activity Fund Revenue	-	-	-	-	-	-	9,735	2,856	7,213	9,296
Total Revenues	907,391	937,924	959,210	1,005,463	1,007,739	1,032,583	1,056,700	1,121,691	1,250,946	1,269,010
Expenditures										
Instruction										
Regular education	323,027	338,094	335,660	347,374	361,042	363,645	389,407	386,877	413,581	443,334
Special education	102,045	106,254	108,329	112,299	121,518	125,826	136,222	140,228	156,569	176,406
Support Services										
Administration	12,456	12,869	12,431	13,735	13,842	13,332	20,159	12,968	23,136	15,108
Mid-Level administration	56,562	60,254	61,473	60,909	63,850	62,316	63,412	62,404	68,214	66,743
Student personnel services	2,886	3,032	3,325	3,347	3,500	3,636	4,230	4,254	7,441	8,403
Health services	6,609	7,042	7,608	8,010	8,184	8,698	8,970	9,085	10,669	11,444
Student transportation	36,456	36,792	37,504	37,995	38,964	41,375	41,628	30,583	47,645	48,617
Operation of plant	38,947	40,911	39,202	39,879	38,592	41,281	38,354	40,350	44,568	48,407
Maintenance of plant and equipment	19,652	22,779	24,570	23,866	25,128	25,136	24,948	26,328	32,784	30,932
Fixed charges	210,654	212,958	224,675	241,418	242,684	271,550	271,675	266,713	305,299	311,944
Community services	6,035	6,074	6,765	6,494	6,879	6,786	8,094	4,412	6,227	5,896
Food services	12,923	13,465	13,845	14,857	15,483	16,581	16,601	14,984	19,348	19,916
Capital outlay	86,168	81,225	79,922	84,325	64,056	37,925	43,358	90,394	123,126	78,153
Total	914,420	941,749	955,309	994,508	1,003,722	1,018,086	1,067,058	1,089,580	1,258,607	1,265,303
Excess (deficiency) of revenues over expenditures	(7,029)	(3,825)	3,901	10,955	4,017	14,497	(10,358)	32,111	(7,661)	3,706
Other Financing Sources (Uses)										
Capital contributions	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	5,314	-	-	-
Subscription agreements	-	-	-	-	-	-	1,621	-	-	-
Net change in fund balances	\$ (7,029)	\$ (3,825)	\$ 3,901	\$ 10,955	\$ 4,017	\$ 14,497	\$ (3,423)	\$ 32,111	\$ (7,661)	\$ 3,706
Debt Service as a percentage of noncapital expenditures	N/A	N/A	0.07%	0.47%	0.44%	0.41%	0.32%	0.32%	0.27%	0.28%

Source: HCPSS records

Fund Balances of Governmental Funds

Statistical Section

Howard County Public School System Year Ended June 30, 2023 and Nine Prior Years (Amounts expressed in thousands)

Table 4

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 838	\$ 955	\$ 1,047	\$ 1,133	\$ 911	\$ 1,017	\$ 1,052	\$ 1,170	\$ 1,043	\$ 1,022
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	1,043	686	330	-	-	-	-
Assigned	5,362	8,421	13,896	10,849	10,685	17,018	15,808	27,479	38,595	30,330
Unassigned	9,755	6,100	2,973	8,322	13,192	15,169	13,119	36,812	6,353	10,187
Total General Fund	15,955	15,476	17,916	21,347	25,474	33,534	29,979	65,461	45,991	41,539
Other Governmental Funds										
Nonspendable	190	216	234	193	260	199	164	330	333	351
Restricted for School construction	(1,412)	(3,783)	(2,699)	4,282	2,769	8,460	8,062	2,947	3,861	8,001
Restricted for Special Revenue Fund	1,220	1,790	1,223	1,230	1,247	1,275	1,295	1,198	1,201	1,218
Assigned	-	-	927	1,504	2,824	3,602	8,890	10,566	21,455	25,439
Unassigned	1,571	-	-	-	-	-	-	-	-	-
Total Other Governmental Funds	1,569	(1,777)	(315)	7,209	7,099	13,536	18,411	15,041	26,850	35,008
Total All Governmental Funds	\$ 17,524	\$ 13,699	\$ 17,601	\$ 28,556	\$ 32,573	\$ 47,070	\$ 48,390	\$ 80,502	\$ 72,841	\$ 76,548

Source: HCPSS records

Statistical Section

Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2023 and Nine Prior Years

Table 5

	Administration	Mid Level Administration	Instructional Salaries	Textbooks and Classroom Supplies	Other Instructional Costs	Special Education	Student Personnel Services
2014	\$ 12,222,480	\$ 53,563,580	\$ 302,397,890	\$ 13,581,690	\$ 3,111,930	\$ 88,921,800	\$ 2,839,830
2015	\$ 12,274,570	\$ 56,114,610	\$ 314,883,130	\$ 12,542,920	\$ 2,518,120	\$ 91,343,200	\$ 3,005,960
2016	\$ 12,400,033	\$ 58,609,689	\$ 315,646,974	\$ 11,753,227	\$ 3,414,360	\$ 93,591,283	\$ 3,229,291
2017	\$ 13,644,327	\$ 60,121,955	\$ 331,702,925	\$ 9,309,755	\$ 3,174,210	\$ 98,973,242	\$ 3,302,029
2018	\$ 13,940,748	\$ 62,428,043	\$ 344,527,214	\$ 8,933,036	\$ 2,683,046	\$ 104,727,030	\$ 3,425,010
2019	\$ 13,342,320	\$ 62,208,494	\$ 347,229,986	\$ 9,373,425	\$ 3,128,717	\$ 109,884,782	\$ 3,641,641
2020	\$ 13,578,591	\$ 64,089,827	\$ 359,619,583	\$ 7,791,394	\$ 5,268,024	\$ 122,258,423	\$ 3,982,752
2021	\$ 13,343,612	\$ 63,057,189	\$ 360,800,857	\$ 9,391,029	\$ 4,124,092	\$ 132,179,019	\$ 4,279,587
2022	\$ 14,319,356	\$ 65,764,001	\$ 368,251,737	\$ 9,397,916	\$ 4,848,375	\$ 139,986,830	\$ 7,558,344
2023	\$ 15,334,620	\$ 66,234,353	\$ 393,380,658	\$ 10,275,444	\$ 13,085,817	\$ 156,011,247	\$ 8,546,420

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2023 and Nine Prior Years

Table 5 (continued)

	Health Services	Student Transportation	Operation of Plant	Maintenance of Plant and Equipment	Fixed Charges	Community Services	Capital Outlay	Total
2014	\$ 6,687,310	\$ 36,121,020	\$ 39,318,920	\$ 18,408,740	\$ 145,088,710	\$ 5,999,740	\$ 829,850	\$ 729,093,490
2015	\$ 7,265,120	\$ 37,466,030	\$ 43,712,080	\$ 24,052,720	\$ 146,773,870	\$ 5,983,100	\$ 829,920	\$ 758,765,350
2016	\$ 7,817,556	\$ 37,582,625	\$ 40,436,229	\$ 25,295,656	\$ 159,105,740	\$ 6,626,238	\$ 829,479	\$ 776,338,380
2017	\$ 7,928,482	\$ 38,559,280	\$ 40,024,441	\$ 23,501,916	\$ 170,544,715	\$ 6,783,687	\$ 816,892	\$ 808,387,856
2018	\$ 8,178,796	\$ 39,015,733	\$ 40,101,696	\$ 23,939,247	\$ 159,387,166	\$ 6,973,670	\$ 845,849	\$ 819,106,284
2019	\$ 8,966,402	\$ 41,416,993	\$ 42,823,699	\$ 25,372,132	\$ 186,960,057	\$ 7,128,926	\$ 908,432	\$ 862,386,006
2020	\$ 9,302,729	\$ 42,801,337	\$ 42,167,830	\$ 26,453,528	\$ 202,758,711	\$ 7,289,364	\$ 1,179,204	\$ 908,541,297
2021	\$ 10,203,710	\$ 43,494,275	\$ 42,667,150	\$ 28,874,171	\$ 198,899,386	\$ 6,462,524	\$ 913,108	\$ 918,689,709
2022	\$ 9,762,831	\$ 46,221,782	\$ 43,542,414	\$ 27,902,205	\$ 214,160,362	\$ 4,653,038	\$ 1,276,411	\$ 957,645,602
2023	\$ 11,715,622	\$ 51,356,413	\$ 48,537,284	\$ 28,136,861	\$ 223,641,174	\$ 5,086,111	\$ 1,106,591	\$ 1,032,448,615

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System

Capital Assets by Function

Ended June 30, 2023 and Nine Prior Years

Table 6

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Schools										
Buildings	75	76	76	76	76	77	77	77	77	77
Administration										
Buildings	3	3	3	3	2	2	2	2	2	2
Vehicles	17	17	17	17	17	17	17	14	13	13
Mid-level Administration										
Vehicles	11	11	11	11	11	11	11	9	9	9
Special Education										
Vehicles	1	1	1	1	1	1	1	1	1	1
Student Transportation										
Vehicles	11	11	17	17	17	17	17	17	17	17
Operations										
Vehicles	173	167	152	162	152	152	150	136	125	121
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	50	51	58	60	65	66	66	66	81	99
Community Service										
Vehicles	10	13	14	14	14	14	14	14	14	14
Capital Outlay										
Vehicles	3	3	3	3	3	3	3	3	3	6
Technology										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	12	12	14	14	15	15	15	12	11	11
Print Shop										
Print Presses	10	17	18	20	21	21	21	22	21	21

Statistical Section

Howard County Public School System Computation of Debt Limits Year Ended June 30, 2023 and Nine Prior Years

Table 7

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current Operating Budget	\$ 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	\$ 1,032,448,615
6 % of Current Operating Budget	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	61,946,917
Total Debt Outstanding June 30	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	7,134,201
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	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	30,973,458
Total Debt Service	\$ 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	\$ 3,346,740
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, 2023 and Nine Prior Years

Table 8

Fiscal Year	Governmental Activities Leases and SBITAs	Business-Type Activities	Total
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
2023*	7,134,201	-	7,134,201

* 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, 2023 and Nine Prior Years

Table 9

	2014	2015	2016	2017 (C)	2018	2019	2020	2021	2022	2023 (D)
Elementary School										
Pre-kindergarten	1,118	1,144	1,288	1,281	1,278	1,330	1,355	1,012	1,318	1,448
Kindergarten	3,728	3,631	3,801	3,797	3,943	3,949	3,962	3,627	3,807	3,739
Grade 1	3,785	3,995	3,940	3,938	4,078	4,038	4,212	3,913	3,899	4,051
2	3,921	3,953	4,085	4,084	4,250	4,211	4,145	4,107	4,023	4,054
3	3,867	3,994	4,276	4,275	4,249	4,219	4,334	4,059	4,163	4,184
4	4,018	3,997	4,230	4,230	4,401	4,361	4,333	4,321	4,114	4,280
5	4,008	4,128	4,263	4,258	4,579	4,542	4,473	4,268	4,323	4,267
Total Elementary School	24,445	24,842	25,883	25,863	26,778	26,650	26,814	25,307	25,647	26,023
Middle School										
Grade 6	4,021	4,156	4,215	4,216	4,587	4,555	4,654	4,456	4,275	4,395
7	3,937	4,118	4,351	4,355	4,508	4,498	4,610	4,635	4,416	4,362
8	3,932	4,002	4,306	4,326	4,370	4,356	4,531	4,580	4,601	4,404
Total Middle School	11,890	12,276	12,872	12,897	13,465	13,409	13,795	13,671	13,292	13,161
High School										
Grade 9 and SP	4,204	4,365	4,619	4,591	4,799	4,915	4,757	4,665	4,878	5,045
10	4,179	4,011	4,206	4,206	4,503	4,460	4,633	4,570	4,537	4,609
11	3,942	4,000	3,983	3,986	4,255	4,253	4,272	4,456	4,285	4,255
12	4,053	4,062	3,987	3,985	4,111	4,114	4,358	4,388	4,487	4,371
Total High School	16,378	16,438	16,795	16,768	17,668	17,742	18,020	18,079	18,187	18,280
Cedar Lane (includes Pre-kindergarten)	93	129	109	110	108	99	117	116	113	124
Homewood	-	-	-	-	-	-	122	120	86	88
	93	129	109	110	108	99	239	236	199	212
Total Enrollment (A)	52,806	53,685	55,659	55,638	58,019	57,900	58,868	57,293	57,325	57,676
Number of School Teachers (B)	2,829	2,860	2,857	3,056	4,294	4,314	4,325	4,241	4,268	***
Ratio of Students to Teachers	19:1	19:1	19:1	18:1	14:1	13:1	14:1	14:1	13:1	

(A) Total includes Pre-kindergarten head count.

(B) Sources: mdreportcard.org, Staff Data Report ***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 (Official SY22-23 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, 2023 and Nine Prior Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Capacity	Capacity %
Elementary Schools (a)												
Atholton	421	392	468	468	470	471	504	451	474	489	424	115.3%
Bellows Springs	668	730	739	739	802	803	776	676	747	799	726	110.1%
Bollman Bridge	767	735	764	763	757	740	765	709	719	742	666	111.4%
Bryant Woods	367	353	413	413	462	458	448	360	329	361	361	100.0%
Bushy Park	608	636	617	615	625	628	638	602	620	621	738	84.1%
Centennial Lane	699	684	739	739	737	734	719	655	658	698	647	107.9%
Clarksville	523	485	430	430	419	419	436	501	539	581	543	107.0%
Clemens Crossing	502	487	532	531	495	491	508	549	563	543	521	104.2%
Cradlerock	520	482	491	491	511	509	497	456	457	459	398	115.3%
Dayton Oaks	636	639	677	677	723	727	720	683	730	783	700	111.9%
Deep Run	657	734	816	816	748	729	767	680	711	723	769	94.0%
Ducketts Lane	662	771	826	826	600	606	570	630	620	617	650	94.9%
Elkridge	767	781	871	870	912	901	923	819	824	805	760	105.9%
Forest Ridge	748	721	704	703	686	679	689	663	656	648	691	93.8%
Fulton	703	705	832	832	920	918	1,021	838	868	879	738	119.1%
Gorman Crossing	686	693	751	751	877	877	849	786	784	743	735	101.1%
Guildford	497	496	451	451	443	439	475	500	497	478	465	102.8%
Hammond	602	633	640	640	625	623	604	620	622	651	653	99.7%
Hanover Hills	-	-	-	-	714	694	757	774	823	864	810	106.7%
Hollifield Station	745	750	796	796	869	879	872	768	750	732	732	100.0%
Ilchester	776	754	690	690	655	648	634	556	544	537	559	96.1%
Jeffers Hill	407	464	456	455	401	403	414	373	410	408	402	101.5%
Laurel Woods	572	587	601	601	601	607	645	656	634	662	609	108.7%
Lisbon	400	422	446	446	453	451	443	377	402	453	527	86.0%
Longfellow	457	453	457	457	463	460	447	485	497	478	512	93.4%
Manor Woods	676	669	759	759	660	650	627	697	697	662	681	97.2%
Northfield	723	690	710	710	749	747	702	736	718	747	700	106.7%
Phelps Luck	562	581	608	605	592	582	633	625	694	746	597	125.0%
Pointers Run	790	786	784	784	922	924	912	779	796	812	744	109.1%
Rockburn	710	661	726	726	627	629	628	611	636	651	584	111.5%
Running Brook	492	529	515	515	503	500	484	402	415	399	490	81.4%
St. John's Lane	681	722	701	701	724	726	764	679	651	641	612	104.7%
Stevens Forest	423	440	433	433	420	415	426	347	337	308	380	81.1%
Swansfield	594	588	641	640	606	601	562	501	512	592	653	90.7%
Talbott Springs	441	466	502	501	503	504	509	467	441	483	540	89.4%
Thunder Hill	470	528	558	558	528	526	475	481	485	472	509	92.7%
Triadelphia Ridge	485	509	560	560	562	563	555	540	562	605	584	103.6%
Veterans	821	865	931	928	956	932	962	951	899	870	799	108.9%
Waterloo	617	624	624	624	620	620	602	582	606	612	603	101.5%
Waverly	759	758	770	766	910	901	951	899	892	867	788	110.0%
West Friendship	287	287	326	326	400	401	393	376	382	366	414	88.4%
Worthington	524	552	528	527	528	535	508	467	446	436	443	98.4%
Total Elementary Schools	24,445	24,842	25,883	25,863	26,778	26,650	26,814	25,307	25,647	26,023	25,457	102.2%

(a) Includes Pre-kindergarten enrollment.

Statistical Section

Howard County Public School System

Enrollment by School

Year Ended June 30, 2023 and Nine Prior Years

Table 10
(continued)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Capacity	Capacity %
Middle Schools												
Bonnie Branch	731	661	715	713	750	751	703	693	663	682	701	94.6%
Burleigh Manor	700	746	819	819	811	808	811	844	785	806	779	100.8%
Clarksville	608	635	560	560	666	666	710	716	665	649	643	103.4%
Dunloggon	574	607	617	617	664	660	628	624	623	617	565	110.3%
Elkridge Landing	733	710	700	700	747	745	764	710	687	680	779	88.2%
Ellicott Mills	774	758	828	829	870	869	909	789	725	670	701	103.4%
Folly Quarter	544	562	616	616	660	660	700	662	664	683	662	100.3%
Glenwood	544	555	517	517	492	492	515	510	490	493	545	89.9%
Hammond	477	551	592	593	579	572	602	612	583	570	604	96.5%
Harper's Choice	521	521	570	570	505	504	493	490	505	497	506	99.8%
Lake Elkhorn	510	500	530	530	580	580	564	600	603	598	643	93.8%
Lime Kiln	635	703	729	729	632	632	660	642	619	643	721	85.9%
Mayfield Woods	779	632	685	685	725	726	787	795	758	716	798	95.0%
Mount View	734	750	792	792	838	837	853	835	866	894	798	108.5%
Murray Hill	735	595	669	669	724	720	733	723	634	591	662	95.8%
Oakland Mills	437	423	443	443	515	520	498	479	476	475	506	94.1%
Patapsco	628	675	686	687	716	712	746	693	663	661	643	103.1%
Patuxent Valley	680	648	639	639	690	686	698	778	800	767	760	105.3%
Thomas Viaduct	-	523	632	633	669	654	734	835	857	858	740	115.8%
Wilde Lake	546	521	556	556	632	632	687	641	626	611	740	84.6%
Total Middle Schools	11,890	12,276	12,895	12,897	13,465	13,426	13,795	13,671	13,292	13,161	13,496	98.5%
High Schools												
Atholton	1,464	1,560	1,455	1,456	1,505	1,511	1,460	1,472	1,456	1,467	1,440	101.1%
Centennial	1,370	1,429	1,511	1,511	1,593	1,594	1,597	1,467	1,377	1,392	1,360	101.3%
Gleneig	1,274	1,261	1,206	1,207	1,198	1,199	1,197	1,263	1,298	1,339	1,420	91.4%
Hammond	1,256	1,226	1,304	1,300	1,370	1,377	1,394	1,316	1,306	1,287	1,220	107.0%
Howard	1,732	1,758	1,839	1,837	1,899	1,898	1,910	1,828	1,792	1,741	1,400	128.0%
Long Reach	1,370	1,434	1,553	1,554	1,551	1,565	1,696	1,595	1,639	1,714	1,488	110.1%
Marriotts Ridge	1,221	1,161	1,264	1,264	1,417	1,422	1,472	1,597	1,662	1,716	1,615	102.9%
Mt. Hebron	1,453	1,498	1,583	1,582	1,631	1,630	1,695	1,635	1,639	1,621	1,400	117.1%
Oaklands Mills	1,128	1,085	1,171	1,174	1,226	1,231	1,246	1,269	1,336	1,401	1,400	95.4%
Reservoir	1,505	1,482	1,481	1,481	1,586	1,586	1,624	1,788	1,814	1,837	1,551	117.0%
River Hill	1,346	1,310	1,154	1,154	1,384	1,387	1,378	1,470	1,508	1,424	1,488	101.3%
Wilde Lake	1,259	1,234	1,251	1,248	1,308	1,318	1,351	1,379	1,360	1,341	1,424	95.5%
Total High Schools	16,378	16,438	16,772	16,768	17,668	17,718	18,020	18,079	18,187	18,280	17,206	105.7%
Special Schools												
Cedar Lane	93	129	109	110	108	106	117	116	113	124	130	86.9%
Homewood School	-	-	-	-	-	-	122	120	86	88	161	53.4%
	93	129	109	110	108	106	239	236	199	212	291	68.4%
Total All Schools (a)	52,806	53,685	55,659	55,638	58,019	57,900	58,868	57,293	57,325	57,676	56,450	101.6%

Statistical Section

Howard County Public School System

Principal Employers: Howard County, Maryland
Year Ended June 30, 2023 and June 30, 2014

Table 11

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	9,012	1	4.81%	7,666	1	4.54%
Johns Hopkins Applied Physics Laboratory	8,000	2	4.27%	5,000	2	2.96%
Howard County Government	3,307	3	1.77%	2,952	3	1.75%
Howard County General Hospital	1,800	4	0.96%	1,777	6	1.05%
Verizon	1,700	5	0.91%	2,028	4	1.20%
Howard Community College	1,400	6	0.75%	1,294	7	0.77%
The Columbia Association	1,200	7	0.64%	N/A	N/A	N/A
Lorien Health Systems	1,190	8	0.64%	2,000	5	1.19%
FreshPoint Sysco	1,565	9	0.84%	-	-	0.00%
Nestle Dreyer's Ice Cream	835	10	0.45%	-	-	0.00%
Leidos	-	-	0.00%	1,195	8	0.71%
Coastal Sunbeft Produce	-	-	0.00%	1,050	9	0.62%
Giant Food	-	-	0.00%	1,050	9	0.62%
Total	30,009		16.02%	26,012		15.41%

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, 2023 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)
2014	304,998	\$ 20,607,166	\$ 67,565	52,806	4.8%
2015	308,843	\$ 21,216,655	\$ 68,697	53,685	4.3%
2016	313,735	\$ 22,188,707	\$ 70,724	54,870	3.7%
2017	318,371	\$ 23,114,354	\$ 72,602	55,638	3.2%
2018	322,678	\$ 24,018,779	\$ 74,436	56,799	3.1%
2019	326,647	\$ 24,678,814	\$ 75,552	57,907	2.9%
2020	330,188	\$ 25,758,871	\$ 78,013	58,878	2.6%
2021	332,722	\$ 27,296,792	\$ 82,041	57,293	4.9%
2022	334,529	\$ 28,896,659	\$ 86,380	57,325	4.0%
2023	335,411	*	*	57,676	2.6%

(a) Howard County Department of Planning and Zoning - Population as of July 1, 2022 Source: Population Division, U.S. Census Bureau, March 2023.

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 2023.

* 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, 2023 and Nine Prior Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Full-Time Equivalent of Students Enrolled*	51,681	52,511	53,634	54,348	55,485	56,570	57,518	56,279	56,004	56,225
Expenditures **										
Current:										
Administration	\$ 236	\$ 233	\$ 230	\$ 250	\$ 236	\$ 232	\$ 229	\$ 237	\$ 255	\$ 273
Mid level Administration	1,036	1,067	1,091	1,098	1,105	1,088	1,070	1,120	1,170	1,178
Instruction										
Instructional Salaries	5,834	5,988	5,880	5,986	6,202	6,323	6,219	6,411	6,550	6,997
Textbooks and classroom supplies	262	239	219	171	158	130	128	167	167	183
Other instructional costs	60	48	62	52	48	62	61	87	86	233
Special education	1,720	1,737	1,742	1,815	1,973	2,151	2,115	2,349	2,490	2,775
Student Personnel services	55	56	60	60	64	70	69	76	134	152
Health Services	128	135	144	145	156	161	158	181	174	208
Student Transportation	697	703	700	697	746	743	731	831	822	913
Operation of plant	761	782	750	718	743	683	672	771	774	863
Maintenance of plant and equipment	355	458	471	431	450	456	448	473	496	500
Fixed Charges	2,807	2,793	2,967	3,133	3,370	3,583	3,524	3,490	3,809	3,978
Community services	116	113	122	119	121	123	121	115	83	90
Capital outlay	16	15	15	14	16	19	19	16	23	20
Total Expenditure per Student	\$ 14,083	\$ 14,367	\$ 14,453	\$ 14,689	\$ 15,388	\$ 15,824	\$ 15,564	\$ 16,324	\$ 17,033	\$ 18,363
State Rank ***	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Source: HCPSS September 30 Official 22-23 Enrollment Report. Cost per Pupil calculations exclude PreK enrollment and Cedar Lane PreK enrollment.

** Source: Calculations based on HCPSS FY23 Expenditure Summary by Category - General Fund (Operating) - FY23 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, 2023 and Five Prior Years

Table 14

	2018	2019	2020	2021 *	2022**	2023
Number of Schools	76	77	77	77	77	77
Number of days lunch served	180	179	120	173	180	180
Number of free lunches served to pupils annually	1,332,341	1,298,616	873,954	1,532,349	4,578,613	1,365,487
Average number of free lunches served to pupils daily	7,402	7,255	7,283	5,620	25,437	7,586
Number of paid lunches served to pupils annually:						
At reduced price	271,152	298,901	201,906	-	-	238,437
At regular price	1,642,685	1,642,005	1,162,023	-	-	1,605,567
Average number of paid lunches served to pupils daily:						
At reduced price	1,506	1,670	1,683	-	-	1,325
At regular price	9,126	9,173	9,684	-	-	8,920
Total number of lunches served to pupils annually	3,246,178	3,239,522	2,237,883	1,532,349	4,578,613	3,209,491
Average number of lunches served to pupils daily	18,034	18,098	18,649	5,620	25,437	17,831
Charge per lunch to students:						
Elementary	\$2.75	\$2.75	\$2.75	\$ -	\$ -	\$2.80
Secondary	\$3.25	\$3.25	\$3.25	\$ -	\$ -	\$3.30

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, 2023 and Nine Prior Years		
	Estimated number of eligible riders (Daily)	Number of bus routes (Daily)
2023	43,619	382
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

*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, 2023 and Nine Prior Years	
	Graduation Rate
2023	N/A*
2022	94.59%
2021	94.05%
2020	93.38%
2019	92.78%
2018	95.30%
2017	92.28%
2016	93.21%
2015	93.50%
2014	92.85%

* FY 2023 not available at the time of this report.
Source: HCPSS Public Information Office, HCPSS Website, reportcard.msde.maryland.gov

Statistical Section

Howard County Public School System

Full-time Equivalent School System Budgeted Positions by Function Year Ended June 30, 2023 and Nine Prior Years

Table 17

	2014	2015	2016	2017	2018	2019	2020	2021	2022***	2023***
General Fund										
Administration	96.2	98.9	102.5	102.5	68.5	91.5	94.5	95.5	96.5	107.5
Mid level Administration	599.0	602.5	612.0	616.5	618.5	598.6	604.1	603.6	614.1	622.6
Instruction**	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	4,670.2
Special Education	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	2,118.3
Student Personnel Services	32.0	32.0	32.0	33.0	33.0	33.0	36.0	38.0	93.0	108.0
Health Services	135.0	137.0	137.0	137.0	139.0	138.0	139.0	140.0	140.0	150.0
Student Transportation	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0	16.0	21.0
Operation of Plant	456.5	456.5	455.5	457.5	458.5	461.5	461.5	461.5	461.5	497.8
Maintenance of plant and equipment	184.0	162.0	161.5	162.5	199.5	153.5	152.5	154.5	155.5	159.5
Community Services	44.9	48.4	53.1	55.1	55.3	54.1	53.3	54.1	22.1	22.6
Capital Outlay	9.0	9.0	9.5	8.5	9.5	8.5	8.5	8.5	8.5	8.5
Total General Fund	7,665.2	7,693.0	7,709.5	7,826.0	7,952.0	7,918.1	7,991.0	7,967.5	8,104.7	8,486.0
Total Grants Fund (estimated)	177.0	171.0	173.5	182.6	193.0	208.2	213.5	258.2	244.5	231.1
Restricted Funds										
Jim Rouse Theatre *	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4	0.4	0.4
Food and Nutrition Services	188.0	191.0	191.0	192.0	192.0	194.3	199.3	198.2	198.1	207.1
Printing and Duplicating	10.0	10.0	10.0	10.0	10.0	10.0	12.0	12.0	12.0	12.0
Technology Office	37.0	64.0	64.0	64.0	65.0	62.0	62.0	61.0	66.0	72.0
Workers Comp. Self-Insurance	4.0	3.0	3.0	4.0	2.0	-	-	-	-	-
Health and Dental Self-Insurance	3.0	4.0	5.0	5.0	5.0	3.0	3.0	3.0	3.0	4.0
Total Restricted Funds	242.2	272.2	273.2	275.2	274.2	269.5	276.5	274.6	279.5	295.5
Total All Funds	8,084.4	8,136.2	8,156.2	8,283.8	8,419.2	8,395.8	8,481.0	8,500.3	8,628.7	9,012.6

* 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, 2023 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		
2023	***	***	***	38.2	64.2	17.2	53.5	**	**	**	**	**	**	**	**	**	**
2022	1,217	1,075	1,050	31.9	59.8	14.4	53.4	**	**	**	**	**	**	**	**	**	**
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	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	31.2	39.7	95	95	93.2	90	87.4	87.6	83.9	75.7		
2014	1,657	1,438	1,471	No Data	No Data	No Data	No Data	95	95	94.2	71.9	88.2	87.6	85.9	80.9		

* 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.

Statistical Section

Howard County Public School System

Table 19

Insurance Summary Year Ended June 30, 2023

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

Source: HCPSS Office of Risk Management