

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2021



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

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2021

Prepared By:

The Division of Administration

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Introductory Section

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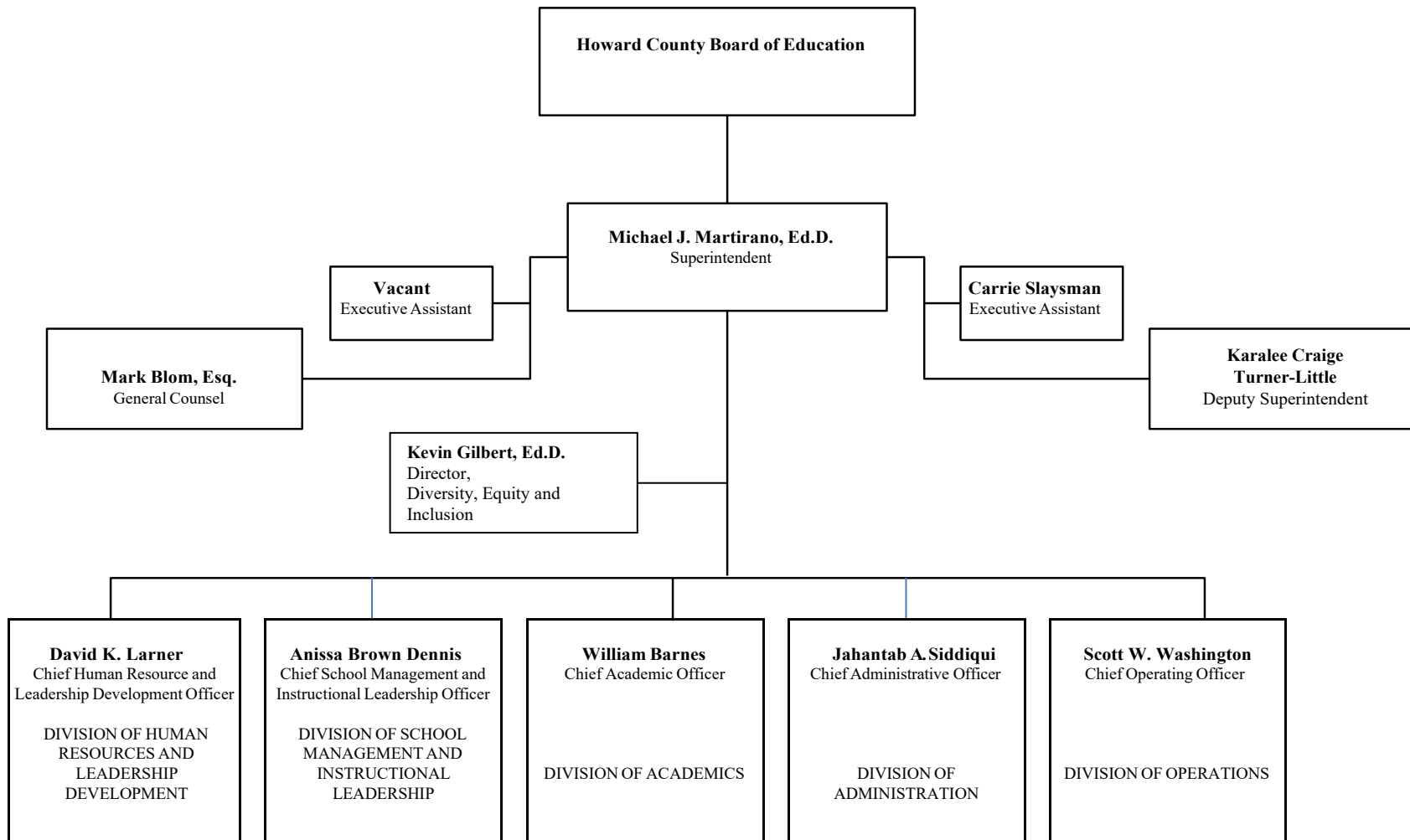
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Organizational Chart

EDUCATING EVERY STUDENT THROUGH THE LENS OF EQUITY

“WORK HARD AND BE KIND”



Principal Officials

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

Howard County Public Schools Officials

Superintendent of Schools



Michael J. Martirano, Ed.D.

David K. Larner

Chief Human Resource and Leadership
Development Officer

Anissa Brown Dennis

Chief School Management and
Instructional Leadership Officer

William J. Barnes

Chief Academic Officer

Jahantab A. Siddiqui

Chief Administrative Officer

Scott W. Washington

Chief Operating Officer

Independent Auditor

CohnReznick LLP

500 East Pratt Street, 4th Floor
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Board of Education Members

Chao Wu, Ph.D.
Chair



Jennifer Mallo
Vice Chair



Vicky Cutroneo



Christina Delmont-Small



Yun Lu, Ph.D.



Jolene Mosely



Antonia Barkley Watts





September 30, 2021

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

TRANSMITTAL LETTER OF ANNUAL FINANCIAL REPORT

Maryland state law requires that local education agencies publish at the close of each year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In compliance with that requirement, the Division of Administration (the Division) hereby submits the Comprehensive Annual Financial Report of the Howard County Public School System (HCPSS) for the fiscal year ended June 30, 2021.

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 Comprehensive Annual Financial Report are those for which the Board exercises oversight responsibility.

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

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

Entity Services

HCPSS is 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," HCPSS Strategic Call to Action - Learning and Leading with Equity, The Fierce Urgency of Now, provides these four overarching commitments:

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

Located in central Maryland, HCPSS serves a diverse population exceeding 56,000 students. HCPSS has realized an increase of nearly 6,288 students over the last decade. Projections show an expected enrollment increase of approximately 5,300 students over the next ten years.

To provide for this continued growth, HCPSS has completed numerous additions and renovations to existing schools and built six new schools – five elementary schools and one middle school – since 2006. The Long-Range Master Plan for the next 10 years includes four new elementary and one new high school buildings, an elementary replacement school, and renovations/additions to two elementary schools, two middle schools, and one high school. In January 2017, HCPSS opened the first net zero energy school in the State of Maryland, a replacement middle school that is nearly twice the size of the original school but utilizes less than half of the energy. The school achieves net zero energy efficiency with the use of solar panels and associated systems and equipment.

HCPSS operated 77 schools in the 2020–2021 academic year, with the average age of school buildings from 39 years for elementary schools, 33 years for middle schools, and 41 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 in 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 preK-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 2021, HCPSS received approximately 53% of its governmental activities funding from Howard County approximately 22% from Maryland State and 25% from other sources. The economic condition and outlook of the County, therefore, plays a substantial role in the economic condition and outlook of HCPSS. At the same time, HCPSS remains a cornerstone in the economic growth of the county, as people are drawn to the quality reputation of the School System. In addition, HCPSS has been the largest employer in the county for more than 11 years, and therefore persists as an economic engine itself.

Howard County is among the wealthiest counties in the United States based on median income. As of June 30, 2020, Howard County's leading economic indicators remained stable. Although, early signs of the economic impacts of the pandemic on the local economy began to show with an uptick in the unemployment rate to 6.9%, which remains below state and national unemployment rates.

Maryland's cyber security, telecommunications, and defense contracting industries continue to bolster our state economy. However, government contractors, including cyber security, have been affected by federal cutbacks, security leaks, and other factors. The population of Howard County continues to grow, with the expected 2045 population of 372,350 represents a 30% increase from the 2010 Census.

As Maryland's economy and revenues continue to grow, the state for the fifth straight year will continue its level of funding for education. State funding increased from \$274.5 million to \$282.7 million. Local funding increased from \$607.2 million to \$620.3 million.

The HCPSS's budget is continually challenged by a growing student population and the need for additional support and services in the context of state mandated funding formulas that do not keep pace with the rate of expenditure growth needed. 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. Consequently, added fiscal pressure is placed on the county to fund above the MOE, when the economic conditions do not support equivalent revenue growth to keep pace with school funding needs.

Long-term Financial Planning

Superintendent Dr. Michael J. Martirano leads HCPSS through his Strategic Call to Action for HCPSS, Learning and Leading with Equity. The full text of the HCPSS Strategic Call to Action is available at <http://www.hcpss.org/scta/>.

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

The FY 2021 Operating Budget presents the educational service priorities and the funding necessary to maintain our support for students, staff, and schools. The budget supports the Board's obligations to fund negotiated bargaining agreements and projected health care costs for employees. It also addresses understaffing in special education and reflects the school system's commitment to fiscal responsibility.

The FY 2021 budget fulfills several of HCPSS's highest priorities:

- Addresses a critical shortage in special education by adding 176.1 new positions for the operating and Grants fund.
- Increases employee compensation for all staff.
- Accelerates HCPSS Diversity, Equity, and Inclusion work through the addition of three new positions.
- Fully funds actuary projected employee health insurance costs, for the third consecutive year.

The uncertainties and budget impacts of the COVID-19 pandemic have added another layer of complexity to an already challenging budget environment. The FY 2022 budget appropriates \$12 million of unassigned fund balance to allow HCPSS funding of high priority items and commit to schools reopening for the 2021–2022 school year.

Through strong fiscal management in FY2021 and a commitment to the plan to eliminate the health fund deficit, we were able to decrease the historical deficit from the audited amount of \$39.2 million as of June 30, 2019 down to \$9.7 million. We remain committed to our goal of eliminating the deficit through continued financial oversight and management to achieve savings while continuing to fully fund our obligation for employee health care costs.

Each year, 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 2021 budget is the culmination of substantial work undertaken by the Board and Superintendent, in collaboration with many members of the community, HCPSS staff and County Council, to adopt a budget that

fulfills negotiated agreements for all bargaining units, maintains class sizes and fully funds employee health care costs without additional growth to the existing cumulative Health Fund debt. The process of achieving a balanced budget required many difficult decisions to reduce instructional support and technology teaching and general education paraprofessional positions, freeze central office salaries and positions, leave some essential positions unfilled and delay critical investments in technology and instructional materials.

The budget totals \$918.7 million, representing \$620.3 million in county funding – approximately \$7.1 million above Maintenance of Effort, the minimum level of funding required by state law, \$282.7 million from the state, and \$15.7 million from federal and other sources. The budget incorporates a \$8.0 million use of the HCPSS General Fund balance in order to fulfill obligations, which represents a one-time use of funds for recurring expenses. The School System's final Approved Operating Budget for FY 2021 represents a total increase of \$9.6 million or approximately 1.06%.

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 exceed 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 2021 have been audited by CohnReznick, LLP in accordance with Section 5-109 of the Public School Laws of Maryland. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The auditor's report on the financial statements is included in the Financial Section of this report. The auditor's report on the School System's basic financial statements includes an unmodified opinion for all opinion units.

System Achievements

The Strategic Call to Action: Learning and Leading with Equity serves as the foundation for all HCPSS decisions and actions. The strategy emphasizes putting “equity into action,” identifying 15 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 2019–2020 school year.

Student-Centered Practices

- HCPSS developed and rolled out a three-phase comprehensive Continuity of Learning strategy to ensure that all students would continue to learn while schools were closed in response to the Coronavirus pandemic:
- Phase 1: Families were provided with skill-building and enrichment resources on the HCPSS website for use at home.
- Phase 2: Teachers took part in intense professional learning sessions around the many facets involved in the planning and delivery of effective, engaging, and equitable online instruction, including scheduling, accessibility, special needs accommodation, grading and reporting, and maintaining connections with families.
- Phase 3: Formal, teacher-led distance learning sessions included virtual class check-ins, assignments, and learning activities weekly.
- Special provisions were implemented for continuity of learning for students receiving special education services, English language learners, or with other circumstances.
- Devices for distance learning were provided to families lacking access to technology at home.
- Grab-and-go meal services were provided at 14 locations throughout the county to ensure children would continue to have access to nutrition while schools were closed. More than 1,100,000 meals were served.
- HCPSS has accelerated the application of restorative justice practices as a primary, long-term strategy for achieving higher levels of learning engagement. The majority of schools are implementing restorative work, and many have made significant progress in establishing restorative school cultures.
- Over 2,200 students and 250 staff members participated in student voice and dignity workshops hosted at 12 schools. Sessions focused on empathy and belonging, while strengthening relationships among student groups and staff.
- Several “HCEA cohort” schools are implementing a whole-school restorative justice model, supported by a three-year grant from the National Education Association to HCEA. The program includes training for educators and community members in peace circles and other restorative justice processes.
- The Freshman Reach Academy at Long Reach High School, an instructional program centered on building a restorative culture, is showing positive outcomes in terms of student behaviors and achievement. A cohort of over 80 students identified as needing extra support attend classes together, engage in weekly peace circles and meet regularly to resolve problems and provide support.
- An Effective Discipline Community Forum held in April continued community conversation and collaboration in supporting equitable and effective practices. Increasing levels of collaboration with community members and groups supports HCPSS in identifying and addressing issues affecting discipline disproportionality.
- Progress in reducing suspension rates shows a continuing trend, with the 2.2 percent for 2017-2018 comparing favorably to the 2.6 percent rate for 2016-2017. HCPSS rates are consistently lower than the state average, which was 4.5 percent for 2017-2018.
- A focused outreach and communications initiative encourages more families in need to take advantage of the many supports available through participation in the Free and Reduced-Price Meals (FARMs) program. Components include a public service announcement (PSA), upgraded web presence, outreach cards, tip sheet for principals and other resources.
- Nearly 68,000 summer meals were served at 15 county locations during summer 2019, compared to 64,000 in 2018. More than 1,000 free meals during Winter and Spring breaks were provided for the first time in 2018-

2019, in partnership with the Howard County Department of Community Resources and Services, the Howard County Library System and the Community Action Council.

- HCPSS continues to make progress in expanding a culture embracing diversity, equity and inclusion (DEI). Each school has a designated DEI liaison to support staff development. New guidelines support staff in effectively depicting diversity in school and system communications. A new Acceptance and Belonging: Confronting Bias initiative comprises curriculum and instruction, professional development and community engagement.
- Biannual Transition Fairs support parents of students with severe disabilities in learning about employment and other options available to young adults after leaving high school.
- HCPSS students continue to excel in standard measures of achievement. Mean scores for the SAT college readiness assessment were 1202 for the HCPSS Class of 2019, compared to 1058 and 1059, respectively across the state and nation. In 2018, 82 percent of AP exams taken by HCPSS students scored a 3 or higher, compared to 65 percent of exams taken by public school students across Maryland and 57 percent nationwide.
- A new arborist apprenticeship program enables high school seniors to complete, at no cost, half of the coursework required during the first year of an apprenticeship in this high-demand field.
- A new Career Academy, Apprenticeship Maryland, offers a graduation pathway for students interested in employment and further education in STEM or manufacturing industries.
- Clarksville Middle School was named a 2019 National Blue Ribbon School in the Exemplary High Performing Schools category, which honors the highest performing schools as measured by standardized assessments. The school also earned a National Blue Ribbon in 2006.
- Mount View Middle School was one of just six schools named a Maryland Blue Ribbon School for the 2019-2020 school year by the Maryland State Department of Education (MSDE). The award honors schools that exhibit high performance and/or significant improvement in academic achievement as measured by Maryland standardized assessments.
- Seven HCPSS high schools earned the College Board AP Computer Science Female Diversity Award for achieving high female student representation in AP Computer Science Principles.
- Howard High School Principal Nick Novak was named the 2019 Principal of the Year by the Maryland Association of Secondary School Principals (MASSP).

Inclusive Relationships

- The number of schools receiving school-based mental health services increased from 5 to 28 schools during the 2018-2019 school year, with support from the School-Based Mental Health Expansion grant from the Horizon Foundation.
- A new partnership with the Local Children's Board supports students needing mental health services, food assistance, shelter and in other areas.
- Family/Child Services case managers from the Howard County Multi-Service Center make bi-monthly visits to serve families and students at three middle schools and their surrounding school communities, providing much-needed supports for critical needs.
- A new partnership with Building Families for Children (BFC) helps ensure that students in need have the resources and supports necessary to succeed. Supports provided include temporary housing for families in crisis, and assistance with food drives and other programs.
- Focused efforts to increase the cultural, racial and linguistic diversity of the HCPSS workforce are showing positive trends. In 2019, over 30 percent of new teachers hired, promoted and/or returned from leave represent African-American, Asian, Hispanic or Two or more Races, compared to under 24 percent for those groups in 2018.
- The inaugural "Teachers of Color" recruitment event drew more than 160 educators representing global nationalities. The event seeks to break down barriers and introduce potential candidates to Howard County

teaching opportunities. The second annual event is scheduled in March 2020.

- A “Special Education Meet & Greet” recruitment event was held for the first time in December 2019.
- For the second consecutive year, HCPSS was named one of America’s Best Employers for Diversity by Forbes magazine in 2020.
- The groundbreaking new Para to Teacher Pathway program, offered in partnership with Bowie State University and the Howard County Education Association (HCEA), will enable paraeducators to earn teacher certification while continuing in their current roles and receiving professional learning and other support.
- The inaugural first Korean Community Education and Wellness Fair offered information on college preparation, social media use, and health and wellness for the Howard County Korean community.
- A free, six-week after-school pre-employment transition services program, offered in partnership with Humanim, developed social skills, self-advocacy and employment skills for Oakland Mills High School students needing targeted support.
- A new Work Group to Support Students with Dyslexia includes parents, staff and community stakeholders to share intended outcomes, structures and processes, and provide input for improving reading supports.
- A Community Conversation on Restorative Justice, jointly sponsored with HCEA and the Restorative Justice Partnership, enabled participants to gain a better understanding of restorative justice and how it benefits our students, schools and communities.
- Parent Academies offered in partnership with The Council of Elders have covered topics including effective home/school communication, peer relationships and substance abuse, and dating dangers and human trafficking.
- Thomas Viaduct Middle School received a Character Education Award from the Maryland Center for Character Education, in recognition for promoting core ethical values, creating a caring school community, and engaging families and community members as partners in the character-building effort.
- Parents, students, staff and community members took part in a community forum about bullying, with discussions about reporting processes, investigation procedures, follow-up actions, training and communication.
- The Bright Minds Foundation hosted the inaugural Night of Honor event to recognize outstanding HCPSS staff and alumni.
- A new special education parents’ conference, “Empowering Parents as Partners,” helped orient parents to the IEP (individualized education plan) process and encouraged parents to take an active role on the IEP team.

Responsive and Efficient Operations

- HCPSS established a Continuity of Learning website to provide parents/guardians, students and staff with all resources necessary to continue learning and enrichment and maintain well-being during school closure during the coronavirus pandemic. The site has been restructured to provide an even more user-friendly and easily navigated information resource, including pages with schedules and information dedicated to high school seniors and students at each level. A new HCPSS Help site is grouped by subject to allow quicker and easier navigation, and includes a convenient new keyword search function, making it easier to quickly find answers to the most frequently-asked questions.
- Budget savings achieved through managed spending and hiring during FY 2020 offset over \$6 million in costs related to continuity of learning efforts as a result of the COVID-19 pandemic.
- HCPSS completed the largest school redistricting effort in the system’s history to balance utilization capacity while advancing socioeconomic equity – measured by Free and Reduced-Price Meals (FARM) program participation – across the district’s 74 comprehensive schools. Following implementation of the plan in FY 2021, 33 schools currently above the countywide average of 22.5 percent of FARM participation will see a decrease, while four schools currently below the countywide FARM average will move closer to the average.
- HCPSS fully funded health insurance costs for employees and retirees based on actuarial projections for the

second consecutive year during FY 2020. This practice stems growth of the accrued Health Fund deficit, and is an essential step to establishing long term fiscal solvency.

- HCPSS and Howard County Government established a tentative multi-year agreement for elimination of the Health Fund deficit, based on use of one-time fund balance accumulated from savings realized in FY 2019, annual one-time contributions from County government, and the generation of continued annual budgetary savings by HCPSS.
- The new Strategic Call to Action website provides readily accessible, public access to baseline data across desired outcomes in the strategic plan, and ongoing status of performance measures moving forward.
- New MedSled evacuation devices, installed in all 32 schools with multiple stories, support evacuation needs for students and staff with mobility issues. Recent enhancements to school security include buzz- in system locks at all high schools, exterior door repairs, and a project to install emergency evacuation devices in all school stairwells. Revised, comprehensive new Emergency Operations Plans (EOP) include system-level, school-specific, and support facility plans.
- The Budget web presence has been expanded, with quick and complete access to all updates, documentation, schedules, details on public input opportunities and other information and resources.
- A comprehensive plan for providing greater support for students needing special education services addresses disproportionality in service, screening for dyslexia and other reading disorders, and increasing collaboration with parents.
- HCPSS was the only Maryland school system to earn an A+ and only one of two to earn an A on the 2018-2019 School Food Environment Grades report from Healthy School Food Maryland. Howard County ranked highest overall in the state for the third consecutive year.
- Hanover Hills Elementary School, opened in fall 2018, earned LEED Gold designation from the U.S. Green Building Council. LEED is an internationally recognized green building certification system.

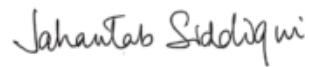
Acknowledgments

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

Conclusion

This report has been prepared to provide financial information for the fiscal year ended June 30, 2021, 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 19.

Respectfully submitted,



Jahantab A. Siddiqui
Chief Administrative Officer

Financial Section

Independent Auditor's Report

To the Board of Education
Howard County, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Howard County Public School System ("HCPSS"), a component unit of Howard County, Maryland, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of HCPSS, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 19, budgetary comparison information on pages 63 through 64, the schedules of pension related supplementary information on pages 65 through 66, and the schedules of OPEB related supplementary information on pages 67 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The Other Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2021 on our consideration of HCPSS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPSS's internal control over financial reporting and compliance.



Baltimore, Maryland
September 30, 2021

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, 2021 with selected comparative data for the year ended June 30, 2020. 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 2021

Government-wide financial statements

- The School System's financial status as of June 30, 2021, and as reflected in total net position, increased by \$24.2 million to \$393.3 million from \$369.1 million. The increase in total net position reflects increases in current and other assets of \$55.3 million, an increase in capital assets of \$44.7 million, and an increase in deferred outflows of resources of \$158.0 million, as well as increases in liabilities of \$248.1 million and a decrease of deferred inflows of resources of \$14.3 million.
- General revenues accounted for \$893.3 million, including \$620.3 million in local appropriations and \$252.3 million in aid from the State of Maryland. Program revenues, in the form of charges for services, operating grants and contributions, and capital grants and contributions, accounted for \$280.3 million. The total revenue from all sources was \$1.174 billion.
- The School System had \$1.149 billion in expenses related to programs, an increase of \$27.7 million from the prior year. The increase in expenses is primarily due to an increase in salaries and benefits costs.

Governmental funds financial statements

- The overall fund balance of the General Fund, the primary operating fund, increased by \$35.5 million to \$65.5 million from \$30.0 million. The General Fund balance is comprised of \$1.2 million in nonspendable fund balance related to prepaid items and inventories, \$27.5 million assigned for encumbrances and subsequent year's budgeted appropriation of fund balance, and \$36.8 million in unassigned fund balance.

Management's Discussion and Analysis

Overview of the Basic Financial Statements

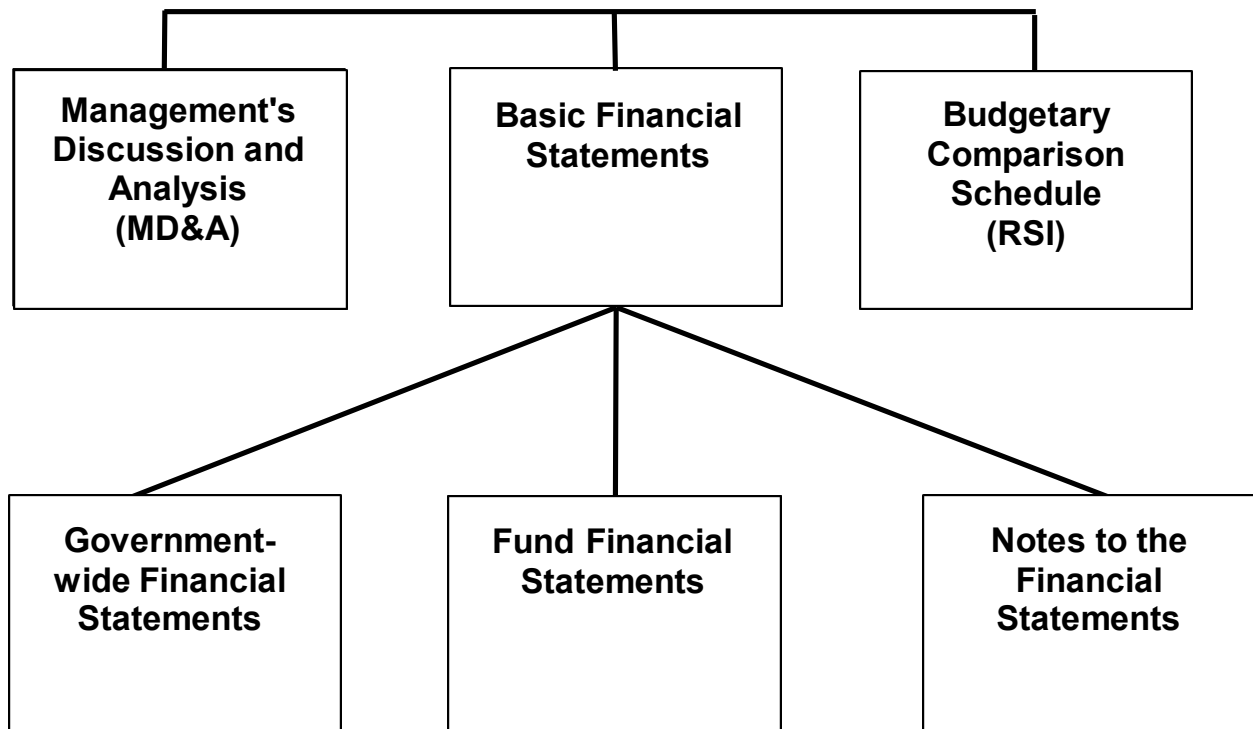
This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements as reflected in Figure A-1. The School System's Basic Financial Statements are comprised of three parts:

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

Organization of the Comprehensive Annual Financial Report



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 21-22](#) 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 24 and 26](#) of this report, respectively.

The governmental fund financial statements can be found on [pages 23 and 25](#) 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 27–29](#) 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 31–61](#) 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 62–78](#) 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 of Maryland to appropriate funding for the School System. The School System receives approximately 52.9% of its governmental activities funding from the County and approximately 21.5% from the State. Additionally, the School System receives federal entitlement grants and competitive grants from the state and federal governments. Essentially all of the School System's funding for governmental activities is derived from these sources. The School System has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the School System is directly related to the financial condition of the funding authorities, the county and state. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the county government in a subsequent fiscal year.

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 \$393.0 million at the close of the most recent fiscal year.

The most significant portion of the School System's net position (326.1%) reflects its net investment in capital assets (land, buildings, vehicles, and equipment). The School System uses these assets to provide an education to the students of Howard County. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the School System are returned to the county government, since the county is the primary funding source for school buildings. Because the School System has no authority to issue bonded debt, the only debt outstanding related to capital assets are leases for energy performance, and the purchase of equipment including technology equipment and software. The county and/or state government may issue debt to finance school construction; however, it is not debt of the School System, and is not reported in these financial statements. Consequently, school buildings and construction in progress related to school buildings appear in the School System's Statement of Net Position, while any related outstanding debt issued by the county or state government does not.

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

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

Table 1 provides a summary of the HCPSS's net position as of June 30, 2021 and 2020:

Management's Discussion and Analysis

Table 1: Net Position – As of June 30, 2021 and 2020 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2020 *	2021	2020	2021	2020 *
ASSETS						
Current and other assets	\$ 192,623	\$ 137,345	\$ 305	\$ 288	\$ 192,928	\$ 137,633
Capital assets (net)	1,295,009	1,250,301	26	43	1,295,035	1,250,344
Total assets	1,487,632	1,387,646	331	331	1,487,963	1,387,977
DEFERRED OUTFLOWS OF RESOURCES	297,131	139,095	-	-	297,131	139,095
LIABILITIES						
Long-term liabilities	1,160,025	923,236	-	-	1,160,025	923,236
Other liabilities	119,302	107,968	22	26	119,324	107,994
Total liabilities	1,279,327	1,031,204	22	26	1,279,349	1,031,230
DEFERRED INFLOWS OF RESOURCES	112,460	126,754	-	-	112,460	126,754
NET POSITION						
Net investment in capital assets	1,282,509	1,237,175	26	43	1,282,535	1,237,218
Restricted for:						
GWWTWP	1,199	1,295	-	-	1,199	1,295
Capital Projects	2,947	8,062	-	-	2,947	8,062
Unrestricted	(893,679)	(877,749)	283	262	(893,396)	(877,487)
TOTAL NET POSITION	\$ 392,976	\$ 368,783	\$ 309	\$ 305	\$ 393,285	\$ 369,088

* As Restated

Management's Discussion and Analysis

Change in Net Position

The School System's net position increased \$24.2 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, 2021 and 2020. Key elements of this increase are as follows:

Table 2: Change in Net Position – Years ended June 30, 2021 and 2020 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2021	2020 *	2021	2020	2021	2020 *
REVENUES						
Charges for services	\$ 7,898	\$ 4,069	\$ 152	\$ 84	\$ 8,050	\$ 4,153
Operating grants and contributions	187,658	171,756	-	-	187,658	171,756
Capital grants and contributions	84,601	41,857	-	-	84,601	41,857
General revenues						
Local appropriations	620,300	607,200	-	-	620,300	607,200
State aid	252,282	243,882	-	-	252,282	243,882
Federal aid	171	100	-	-	171	100
Interest and investment earnings	52	1,136	-	-	52	1,136
School Activity Fund Revenue	2,856	9,735	-	-	2,856	9,735
Miscellaneous	17,610	11,982	-	-	17,610	11,982
Total Revenues	1,173,428	1,091,717	152	84	1,173,580	1,091,801
EXPENSES						
Instruction						
Regular education	655,145	623,037	-	-	655,145	623,037
Special education	208,356	196,616	-	-	208,356	196,616
Support services:						
Administration	20,370	43,296	-	-	20,370	43,296
Mid-level administration	101,292	92,650	-	-	101,292	92,650
Student personnel services	6,602	4,576	-	-	6,602	4,576
Health services	14,542	13,080	-	-	14,542	13,080
Student transportation	31,686	42,468	-	-	31,686	42,468
Operation of plant	55,875	48,954	-	-	55,875	48,954
Maintenance of plant	33,572	30,205	-	-	33,572	30,205
Community services	6,735	10,078	-	-	6,735	10,078
Food services	15,060	16,583	-	-	15,060	16,583
Enterprise funds	-	-	148	150	148	150
Total Expenses	1,149,235	1,121,543	148	150	1,149,383	1,121,693
INCREASE (DECREASE) IN NET POSITION	24,193	(29,826)	4	(66)	24,197	(29,892)
BEGINNING NET POSITION, AS RESTATED	368,783	398,609	305	371	369,088	398,980
ENDING NET POSITION	<u>\$ 392,976</u>	<u>\$ 368,783</u>	<u>\$ 309</u>	<u>\$ 305</u>	<u>\$ 393,285</u>	<u>\$ 369,088</u>

* As restated

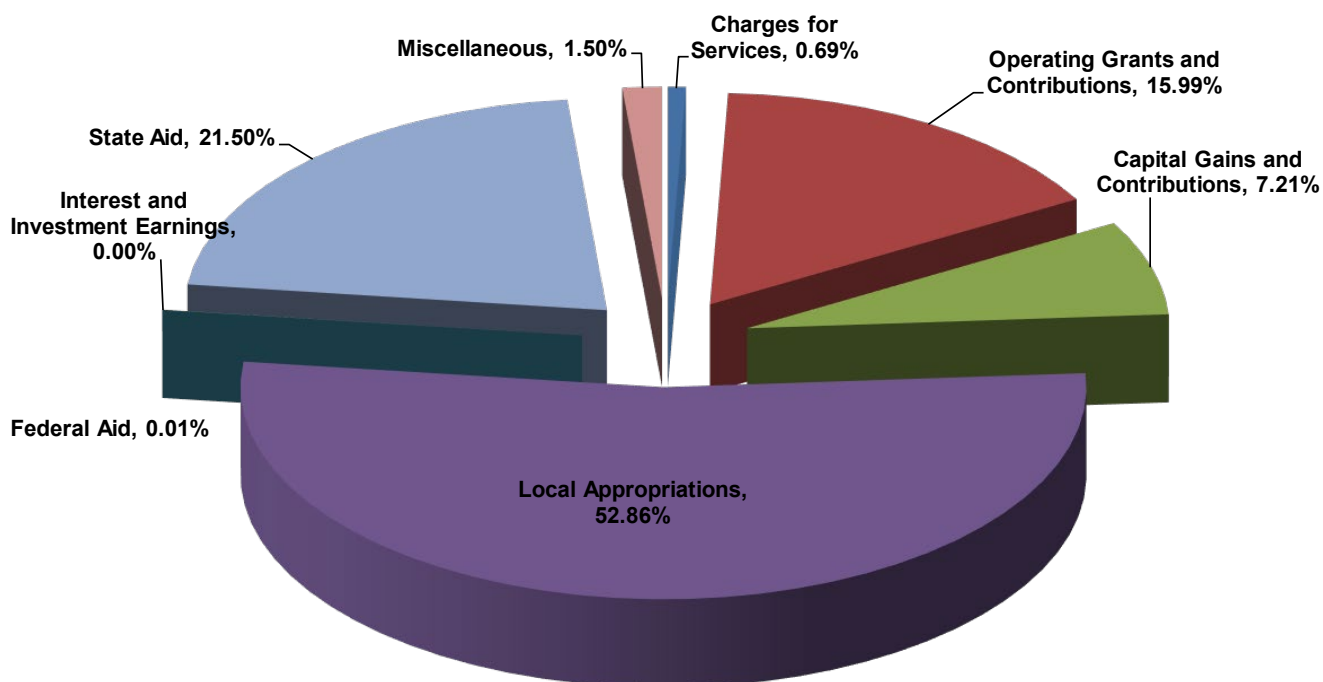
Management's Discussion and Analysis

Government-Wide Revenues and Expenses

Charts 1 and 2 display government-wide revenues and expenses, respectively, for the current year. Revenues for the HCPSS combined activities (which include program revenues and general revenues) increased to \$1.174 billion. Local appropriations and State formula aid accounted for most of the HCPSS revenue. Funds from these two sources contributed approximately 74% of every dollar needed. The remaining 26% came from federal aid for specific programs, fees charged for services and other miscellaneous revenues. Total revenue surpassed expenses, increasing net position by \$24.2 million over last year.

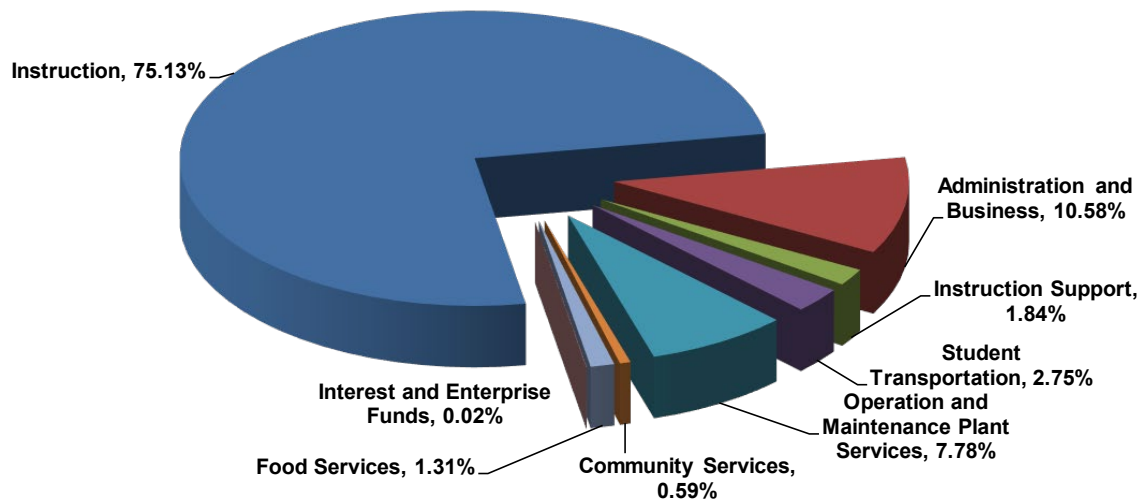
The total cost of all programs and services rose to \$1.149 billion. Most of the HCPSS expenses are related to instruction (including special education), instructional support and student transportation services. Expenses in these areas comprised approximately 79.7% of all School System expenditures. The business and administration activities, food services, and community services accounted for 10.6%, 1.3% and 0.6% of total costs, respectively. Maintenance and operation expenses represented approximately 7.8%. 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 2021



Management's Discussion and Analysis

Chart 2: Expenses by Category – FY 2021



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, 2021 (In Thousands)

	<u>Total Cost of Services</u>	<u>Less Program Revenues</u>	<u>Net Cost of Services</u>
Instruction			
Regular education	\$ 655,145	\$ 167,570	\$ (487,575)
Special education	208,356	48,275	(160,081)
Support services			
Administration	20,370	2,045	(18,325)
Mid-level administration	101,292	10,080	(91,212)
Student personnel services	6,602	816	(5,786)
Health services	14,542	1,395	(13,147)
Student transportation	31,686	18,797	(12,889)
Operation of plant	55,875	6,363	(49,512)
Maintenance of plant	33,572	1,906	(31,666)
Community services	6,735	539	(6,196)
Food services	15,060	22,371	7,311
Total	<u>\$ 1,149,235</u>	<u>\$ 280,157</u>	<u>\$ (869,078)</u>

Business-Type Activities

The HCPSS has one business-type activity: The Jim Rouse Theatre. Operating revenues for the business-type activity totaled \$152 thousand for 2021. Operating expenses totaled \$148 thousand for a net operating income of \$4 thousand primarily due to an increase in charges for services. Details of the business-type activity can be found on [pages 27-29](#) 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 \$80.5 million, an increase of \$32.1 million. This includes nonspendable fund balance which is comprised of \$1.3 million in inventories and \$215 thousand in prepaid expenses. Restricted fund balance is comprised of \$1.2 million for the Glenelg Wastewater Treatment Plant and \$2.9 million for capital projects. Assigned fund balance includes \$3.3 million for food services operations, \$2.5 million for Special Programs, \$4.8 million for School Activity Fund, \$15.5 million for encumbrances and \$12.0 million for subsequent year's budgeted appropriation of fund balance. The unassigned fund balance as of June 30, 2021 was \$36.8 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 increased by \$35.5 million. The change in the School System's fund balance is primarily a result of 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, 2021, the Health and Dental Self-Insurance fund has improved its net position from a \$18.7 million deficit in FY20 to a current deficit of \$9.7 million. Additionally, the interfund payable to General Fund of \$3.3 million as of June 30, 2020 has been reduced and changed to be a receivable from General Fund of \$9.0 million as of June 30, 2021. This was achieved as a result of favorable claims experience, management action to conserve costs and strategically redirect spending to support system needs during COVID-19. During FY21 additional HCPSS resources were also available to reduce the deficit. Further spending plans are in place to favorably impact the Health and Dental Fund deficit during FY22. The School System's revenues and expenditures are fixed depending upon funding adopted by the county and state governments.

The fund balance of the Food Services Fund, a special revenue fund, increased during the current fiscal year by \$2.2 million to \$3.6 million due to increased intergovernmental revenues and decreased cost of operation as a result of the pandemic. The Glenelg Wastewater Treatment Plant fund finished with a fund balance of \$1.2 million.

The HCPSS proposed capital spending totaling \$373.0 million over the FY 2023-2027 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 continued construction for Talbott Springs Elementary School Replacement, continued pre-construction and construction activities for New High School #13, and pre-construction and construction activities for Hammond High School Renovation/Addition. State funding was consistent at \$33 million to 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

Management's Discussion and Analysis

method, commitments such as purchase orders and contracts are recorded as budgetary expenditures in addition to those made or accrued. When the actual expenditures take place, the accounts are adjusted for the difference between the actual expenditure and the commitment previously recorded.

During FY 2021, General Fund Budgeted Revenues were under budget by \$3.0 million primarily due to lower than budgeted community use fees due to the closure of facilities from the pandemic, and lower than budgeted earnings on investments, as well as lower than budgeted state and federal reimbursement. General Fund Budgeted Expenditures were under budget by \$36.7 million. This variance reflects the impact of the pandemic, which resulted in less expenditures for contracted transportation services, operation of facilities and wages paid for substitutes. 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 \$1.295 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, 2021.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation and amortization, as of June 30, 2021 and 2020. During FY 2021, capital assets increased by a net of \$44.7 million from the prior year. The depreciation and amortization expense on these assets was approximately \$41.9 million in FY 2021. 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

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

Leases/Subscription-Based Information Technology Agreements

- Signed new lease agreement (5 years) for print management equipment
- Entered in to new subscription agreement (5 years) for firewall security protection and support

The HCPSS FY 2022 capital budget approved spending of \$11.1 million for systemic renovations, \$5.1 million to complete construction of the Talbott Springs ES project, \$42.7 million to continue construction of the New HS #13, \$29.0 million to continue construction of the Hammond HS Renovation/Addition, \$250 thousand for playground equipment, \$1.5 million for relocatable classroom projects, \$600 thousand for parking lot expansion/repairs, and \$200 thousand towards barrier free projects.

Management's Discussion and Analysis

Table 4: Capital Assets – Governmental Activities – As of June 30, 2021 and 2020

	2021	2020
Land	\$ 34,343,533	\$ 34,343,533
Construction in progress	78,191,479	16,357,965
Buildings and improvements	1,767,995,791	1,750,490,932
Furniture and equipment	31,488,193	21,495,855
(Less accumulated depreciation)	(630,187,002)	(589,169,094)
Leased assets	7,329,065	17,520,748
Subscription assets	10,378,527	9,397,256
(Less accumulated amortization)	(4,530,602)	(10,136,216)
Total Capital Assets	\$ 1,295,008,984	\$ 1,250,300,979

Long-Term Obligations

School systems in Maryland have no authority to incur bonded debt. The only long-term obligations of the HCPSS consist of lease obligations, subscription-based information technology arrangements, net pension and OPEB liabilities, compensated absences resulting from annual leave earned but not taken by employees, and workers compensation liabilities. The lease obligations were incurred for financing accounting and computer system upgrades.

Annual leave is earned on a monthly basis. At the end of the fiscal year, annual leave that has not been used can be carried over into the following year. At the end of any fiscal year, an employee may not carry over more than two times what the individual has earned in that year. Accrued leave in excess of the carryover maximum will be lost. Compensated absences totaled approximately \$13.0 million as of June 30, 2021. Net pension and OPEB liability totaled approximately \$55.9 million and \$1,080.3 million, respectively as of June 30, 2021. Total long-term obligations totaled approximately \$1,165.9 million as of June 30, 2021 for an increase of approximately \$236.5 million over the balance of \$929.4 million as of June 30, 2020.

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

Factors Influencing Future Budgets

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

- Elimination of the current Health Fund deficit.
- Projected increases in student enrollments over the next decade.
- Meeting the needs of increasing numbers of homeless students; those newly immigrated to this country and growing socioeconomically eligible population requiring greater services.
- The uncertain state of the federal budget affecting funding decisions at the state and local levels.
- Future capital budgets with funding for renovations and additions to existing schools including major systemic renovations to many of the older school facilities as well as the construction of new schools.
- Salary increases in accordance with negotiated agreements with employee bargaining units.
- Increases in the cost of employee health and benefits.

Management's Discussion and Analysis

Economic Factors

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

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

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

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

These factors were considered in preparing the HCPSS budget for FY 2022.

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
Email: jahantab_siddiqui@hcpss.org

Financial Section

Basic Financial Statements

Government-Wide Financial Statements

Howard County Public School System

Statement of Net Position June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 13,571,619	\$ -	\$ 13,571,619
Investments	137,992,751	-	137,992,751
Accounts receivable	8,668,577	19,469	8,688,046
Internal balances	(285,021)	285,021	-
Due from other units of government	31,056,963	-	31,056,963
Prepaid items	214,577	-	214,577
Inventory	1,403,165	-	1,403,165
Capital assets:			
Land	34,343,533	-	34,343,533
Construction in progress	78,191,479	-	78,191,479
Building and improvements	1,767,995,791	-	1,767,995,791
Furniture and equipment	31,488,193	243,849	31,732,042
Less: accumulated depreciation	(630,187,002)	(217,401)	(630,404,403)
Leased assets	7,329,065	-	7,329,065
Subscription assets	10,378,527	-	10,378,527
Less: accumulated amortization	(4,530,602)	-	(4,530,602)
Total capital assets, net of depreciation and amortization	1,295,008,984	26,448	1,295,035,432
Total Assets	1,487,631,615	330,938	1,487,962,553
DEFERRED OUTFLOWS OF RESOURCES	297,130,665	-	297,130,665
LIABILITIES			
Accounts payable	27,611,116	-	27,611,116
Accrued liabilities	79,066,267	-	79,066,267
Unearned revenue	6,740,395	21,776	6,762,171
Long-term liabilities:			
Current portion	5,883,474	-	5,883,474
Long-term portion	1,160,025,268	-	1,160,025,268
Total Liabilities	1,279,326,520	21,776	1,279,348,296
DEFERRED INFLOWS OF RESOURCES	112,459,750	-	112,459,750
NET POSITION			
Net investment in capital assets	1,282,509,105	26,448	1,282,535,553
Restricted for:			
Glenelg wastewater treatment plant	1,198,468	-	1,198,468
Capital Projects	2,947,223	-	2,947,223
Unrestricted	(893,678,786)	282,714	(893,396,072)
TOTAL NET POSITION	\$ 392,976,010	\$ 309,162	\$ 393,285,172

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, 2021

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	\$ 655,145,185	\$ 2,117,922	\$ 80,852,075	\$ 84,600,395	\$ (487,574,793)	\$ -	\$ (487,574,793)
Special education	208,355,625	-	48,275,106	-	(160,080,519)	-	(160,080,519)
Total instruction	863,500,810	2,117,922	129,127,181	84,600,395	(647,655,312)	-	(647,655,312)
Support services:							
Administration	20,369,531	-	2,044,786	-	(18,324,745)	-	(18,324,745)
Mid-level administration	101,291,573	-	10,079,545	-	(91,212,028)	-	(91,212,028)
Student personnel services	6,601,972	-	816,206	-	(5,785,766)	-	(5,785,766)
Health services	14,542,051	-	1,395,107	-	(13,146,944)	-	(13,146,944)
Student transportation	31,686,281	-	18,796,683	-	(12,889,598)	-	(12,889,598)
Operation of plant	55,875,155	221,810	6,140,990	-	(49,512,355)	-	(49,512,355)
Maintenance of plant and equipment	33,572,413	-	1,906,486	-	(31,665,927)	-	(31,665,927)
Community services	6,735,030	-	538,660	-	(6,196,370)	-	(6,196,370)
Food services	15,059,605	5,558,612	16,812,683	-	7,311,690	-	7,311,690
Total support services	285,733,611	5,780,422	58,531,146	-	(221,422,043)	-	(221,422,043)
Total governmental activities	1,149,234,421	7,898,344	187,658,327	84,600,395	(869,077,355)	-	(869,077,355)
Business-type activities:							
Jim Rouse Theatre	148,127	152,128	-	-	-	4,001	4,001
Total Business-type activities	148,127	152,128	-	-	-	4,001	4,001
TOTAL SCHOOL SYSTEM	\$ 1,149,382,548	\$ 8,050,472	\$ 187,658,327	\$ 84,600,395	\$ (869,077,355)	\$ 4,001	\$ (869,073,354)
General revenues - unrestricted:							
Local appropriations					620,300,000	-	620,300,000
State Aid					252,281,927	-	252,281,927
Federal Aid					171,344	-	171,344
Interest and investment earnings					51,413	-	51,413
Student Activity Fund Revenue					2,856,478	-	2,856,478
Miscellaneous					17,609,351	-	17,609,351
Total general revenues					893,270,513	-	893,270,513
CHANGES IN NET POSITION					24,193,158	4,001	24,197,159
NET POSITION, BEGINNING OF YEAR, AS RESTATED					368,782,852	305,161	369,088,013
NET POSITION, END OF YEAR					\$ 392,976,010	\$ 309,162	\$ 393,285,172

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, 2021

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 5,380,163	\$ 3,397,958	\$ -	\$ 4,793,498	\$ -	\$ 13,571,619
Investments	130,168,407	488,768	1,315,418	-	-	131,972,593
Accounts receivable	2,666,262	1,274,989	221,810	4,502,318	-	8,665,379
Prepaid items	214,577	-	-	-	-	214,577
Due from other funds	18,974,662	-	-	-	-	18,974,662
Due from other units of government	-	-	-	7,137,168	23,919,795	31,056,963
Inventory	954,838	329,520	-	-	-	1,284,358
Total Assets	<u>\$ 158,358,909</u>	<u>\$ 5,491,235</u>	<u>\$ 1,537,228</u>	<u>\$ 16,432,984</u>	<u>\$ 23,919,795</u>	<u>\$ 205,740,151</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 13,695,155	\$ 42,610	\$ 2	\$ 1,280,684	\$ 10,282,653	\$ 25,301,104
Accrued liabilities	65,490,267	-	-	785	595,515	66,086,567
Due to other funds	12,964,881	1,312,648	338,758	7,236,247	10,087,009	31,939,543
Unearned revenue	737,696	534,351	-	621,804	7,395	1,901,246
Compensated absences payable	10,000	-	-	-	-	10,000
Total Liabilities	<u>92,897,999</u>	<u>1,889,609</u>	<u>338,760</u>	<u>9,139,520</u>	<u>20,972,572</u>	<u>125,238,460</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	214,577	-	-	-	-	214,577
Inventories	954,838	329,520	-	-	-	1,284,358
Restricted	-	-	1,198,468	-	2,947,223	4,145,691
Assigned	27,479,404	3,272,106	-	7,293,464	-	38,044,974
Unassigned	36,812,091	-	-	-	-	36,812,091
Total fund balances	<u>65,460,910</u>	<u>3,601,626</u>	<u>1,198,468</u>	<u>7,293,464</u>	<u>2,947,223</u>	<u>80,501,691</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 158,358,909</u>	<u>\$ 5,491,235</u>	<u>\$ 1,537,228</u>	<u>\$ 16,432,984</u>	<u>\$ 23,919,795</u>	<u>\$ 205,740,151</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, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 23)	\$	80,501,691
Amounts reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of these assets is \$1,910,138,222 and the accumulated depreciation is \$625,923,723.		1,284,214,499
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.		(1,913,261)
Deferred outflows of resources related to pensions that relate to future periods therefore not reported at the fund level.		15,611,617
Deferred outflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.		281,519,048
Deferred inflows of resources related to pensions that relate to future periods therefore not reported at the fund level.		(3,999,363)
Deferred inflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.		(108,460,387)
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 \$12,941,395 of compensated absences payable, \$4,433,548 of lease liabilities, \$968,570 of subscription-based information technology arrangement liabilities, \$55,884,306 of net pension liability, and \$1,080,270,015 of net OPEB liability.		<u>(1,154,497,834)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 21)	\$	<u>392,976,010</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, 2021

	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	\$ 627,606,200	\$ -	\$ -	\$ 6,531,224	\$ 59,196,103	\$ 693,333,527
State sources	339,582,789	535,602	-	11,241,837	25,387,353	376,747,581
Federal sources	424,298	16,277,081	-	27,178,556	-	43,879,935
Earnings on investments	48,699	442	1,189	-	16,939	67,269
Charges for services	3,468,957	331,050	95,978	-	-	3,895,985
Miscellaneous revenues	910,201	-	-	-	-	910,201
School Activity Fund Revenue	-	-	-	2,856,478	-	2,856,478
Total Revenues	972,041,144	17,144,175	97,167	47,808,095	84,600,395	1,121,690,976
EXPENDITURES						
Current:						
Administration	12,660,221	-	-	307,570	-	12,967,791
Mid level administration	61,210,269	-	-	1,194,048	-	62,404,317
Instruction:						
Instructional salaries	353,482,546	-	-	6,604,530	-	360,087,076
Textbooks and classroom supplies	6,140,900	-	-	13,772,638	-	19,913,538
Other instructional costs	2,133,543	-	-	4,743,316	-	6,876,859
Special education	123,037,084	-	-	17,190,734	-	140,227,818
Student personnel services	4,067,708	-	-	186,007	-	4,253,715
Health services	9,085,401	-	-	-	-	9,085,401
Student transportation	30,578,737	-	-	4,260	-	30,582,997
Operation of plant	40,350,460	-	-	-	-	40,350,460
Maintenance of plant and equipment	26,134,070	-	193,432	-	-	26,327,502
Fixed charges	262,964,370	-	-	3,748,564	-	266,712,934
Costs of operation - food service	-	14,983,522	-	-	-	14,983,522
Community services	4,036,316	-	-	375,764	-	4,412,080
Capital outlay	677,960	-	-	-	89,715,622	90,393,582
Total Expenditures	936,559,585	14,983,522	193,432	48,127,431	89,715,622	1,089,579,592
NET CHANGE IN FUND BALANCES	35,481,559	2,160,653	(96,265)	(319,336)	(5,115,227)	32,111,384
FUND BALANCE, BEGINNING OF YEAR, AS RESTATED	29,979,351	1,440,973	1,294,733	7,612,800	8,062,450	48,390,307
FUND BALANCE, END OF YEAR	\$ 65,460,910	\$ 3,601,626	\$ 1,198,468	\$ 7,293,464	\$ 2,947,223	\$ 80,501,691

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, 2021

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 25)	\$ 32,111,384
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 \$83,973,497 exceeds depreciation and amortization expense of \$39,071,607 in the period.	44,901,890
The issuance of lease obligations provides current financial resources to governmental funds, while the repayment of the principal of lease obligations consumes the current financial resources of governmental funds. Neither, however, has any effect on net position.	983,436
The issuance of subscription-based information technology agreements (SBITAs) obligations provides current financial resources to governmental funds, while the repayment of the principal of SBITA obligations consumes the current financial resources of governmental funds. Neither, however, has any effect on net position.	316,432
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:	(911,113)
Governmental funds report pension contributions as expenditures. However, in the Statement of Activities, the cost of the pension benefits earned net of employer contributions is reported as pension expense.	(1,739,545)
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.	(61,706,158)
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>10,236,832</u>
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 22)	\$ <u>24,193,158</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, 2021

	Enterprise Fund/ Jim Rouse Theatre	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Investments	\$ -	\$ 6,020,158
Accounts receivable	19,469	3,198
Due from other funds	285,021	12,679,860
Inventory	-	118,807
Total current assets	<u>304,490</u>	<u>18,822,023</u>
Noncurrent assets:		
Capital assets:		
Furniture, fixtures and equipment	243,849	8,815,483
Less accumulated depreciation	(217,401)	(2,349,438)
Leased assets	-	2,015,118
Subscription assets	-	8,757,765
Less accumulated amortization	-	(6,444,443)
Total capital assets, net	<u>26,448</u>	<u>10,794,485</u>
Total assets	<u>330,938</u>	<u>29,616,508</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	2,310,012
Leases	-	373,594
Subscription agreements	-	1,718,565
Claims payable	-	14,718,934
Unearned revenue	21,776	4,839,149
Total current liabilities	<u>21,776</u>	<u>23,960,254</u>
Long-term liabilities:		
Leases	-	1,279,612
Subscription agreements	-	3,725,990
Claims payable, net of current portion	-	2,563,913
Total long-term liabilities	<u>-</u>	<u>7,569,515</u>
Total liabilities	<u>21,776</u>	<u>31,529,769</u>
NET POSITION		
Net investment in capital assets	26,448	3,696,724
Unrestricted	<u>282,714</u>	<u>(5,609,985)</u>
TOTAL NET POSITION	<u>\$ 309,162</u>	<u>\$ (1,913,261)</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, 2021

	Enterprise Fund/ Jim Rouse Theatre	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services - internal	\$ -	\$ 139,163,360
Charges for services - other	152,128	-
Miscellaneous revenue	-	16,699,150
Contributions from employees and retirees	-	31,029,651
Total operating revenues	152,128	186,892,161
OPERATING EXPENSES		
Operating expenses	131,819	-
Administrative expenses	-	16,313,669
Claims and related expenses	-	157,515,142
Depreciation and amortization expense	16,308	2,831,960
Total operating expenses	148,127	176,660,771
Operating income	4,001	10,231,390
NON-OPERATING REVENUES		
Interest income	-	5,442
Total non-operating income	-	5,442
CHANGES IN NET POSITION	4,001	10,236,832
TOTAL NET POSITION, BEGINNING OF YEAR	305,161	(12,150,093)
TOTAL NET POSITION, END OF YEAR	<u>\$ 309,162</u>	<u>\$ (1,913,261)</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, 2021

	Enterprise Fund/ Jim Rouse Theatre	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 136,801	\$ -
Cash received (paid) from other funds	(546)	144,874,323
Cash received from employees and retirees	-	31,029,651
Payments to suppliers	(136,255)	(173,939,365)
Net cash provided by operating activities	-	1,964,609
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal paid on leases and subscriptions	-	(1,964,609)
Net cash used in capital and related financing activities	-	(1,964,609)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(5,442)
Interest received	-	5,442
Net cash provided by investing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ 4,001	\$ 10,231,390
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	16,308	2,831,960
Effects of changes in operating assets and liabilities:		
Accounts receivable	(15,328)	2,089,988
Prepaid expenses	-	601,423
Due from other funds	(546)	(9,204,465)
Inventory	-	(52,667)
Accounts payable	-	(1,781,634)
Claims payable	-	1,122,324
Due to other funds	-	(3,873,710)
Unearned revenue	(4,435)	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ -</u>	<u>\$ 1,964,609</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Lease of equipment	\$ -	\$ 1,656,804
Subscription asset arrangement	-	981,271
TOTAL FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ 2,638,075</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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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 generally accepted accounting principles (GAAP) for governmental units. The following is a summary of the significant policies employed by the School System.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the School System as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. The activities of the General Fund, Food Services Fund – a special revenue fund, Glenelg Wastewater Treatment Plant – a special revenue fund, Restricted Programs Fund – a special revenue fund, Capital Projects Fund and Internal Service Funds have been presented as governmental activities in the government-wide financial statements.

The activities of the Enterprise Fund have been presented as business- type activities in those statements because a majority of these fund revenues come from charges for services.

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

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

Notes to Basic Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School System considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to certain compensated absences and leases are recognized when the obligations are due and payable. Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental Funds

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

- *General Fund* – The General Fund is the general operating fund of the school system. It is used to account for all financial resources except those required to be accounted for in another fund.
- *Food Services Fund* (Special Revenue Fund) – The Food Services Fund is used to account for the operations of cafeterias and the production facility, which provides for the preparation and sale of meals primarily to students. As a special revenue fund, the proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.
- *Glenelg Wastewater Treatment Plant Fund* (Special Revenue Fund) – The Glenelg Wastewater Treatment Plant Fund is used to account for the operations of the shared wastewater treatment facility at Glenelg High School, which provides wastewater treatment services to Glenelg High School and the Musgrove Farm community of 30 home sites located on the adjoining property. The proceeds of specific revenue sources (other than major capital projects) are legally restricted to expenditures for specified purposes.
- *Restricted Programs Fund* (Special Revenue Fund) – The Restricted Programs Fund is used to account for restricted grants issued primarily by county, state, and federal governmental agencies, “S-Programs” which support specific programs and school activity funds.
- *Capital Projects Fund* – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Notes to Basic Financial Statements

Proprietary Funds

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

- *Enterprise Fund* – The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The Jim Rouse Theatre Fund is reported as an enterprise fund.
- *Internal Service Funds* – Internal service funds are used to account for the costs of maintaining the School System's self-insured programs for health, dental, and workers' compensation benefits for its employees and to account for the costs of print and technology services.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues for the internal service funds are premium contributions to the health and dental self-insurance-fund and the workers' compensation fund. Operating revenues for the enterprise fund, Jim Rouse Theatre, are received primarily from ticket sales. Operating expenses for the internal service funds as well as the enterprise fund cover the cost of providing these services, including administrative, claim and related payments and depreciation. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position. The effect of inter-fund services provided and used between functions have been eliminated in the Statement of Activities, so that only the net amount is included in the governmental activities' column.

Deposits and Investments

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

Notes to Basic Financial Statements

Due from Other Units of Government and Other Receivables

Accounts receivable in all funds represent amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts. Governmental fund type receivables consist primarily of amounts due from county, state, or federal governments and from other Maryland Public School Systems. These intergovernmental receivables are generally collected within 90 days of the end of the fiscal year. Certain intergovernmental receivables may extend up to one year from the end of the fiscal year. Uncollectible amounts as of June 30, 2021, are expected to be minimal based upon collection experience and review of the status of existing receivables.



Notes to Basic Financial Statements

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

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 2022. 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, 2021.

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, 2021 for the first three months of fiscal year 2022.

Notes to Basic Financial Statements

Deferred Outflow and Inflow of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until the future period. The School System recognizes deferred outflows related to changes in assumptions for pension and OPEB, the difference between expected and actual experience related to OPEB, changes in the School System's proportionate share of the pension and OPEB liability, the net difference between the projected and actual investment earnings on pension and OPEB plan investments, the difference between actual and proportionate share of pension contributions and contributions subsequent to the measurement date related to pension and OPEB plans.

A deferred inflow of resources represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the future period. The School System recognizes deferred inflows related to the changes in assumptions for pension and OPEB, changes in the School System's proportionate share of the pension and OPEB liability, the difference between expected and actual experience related to pensions and OPEB, and the net difference between the projected and actual investment earnings on OPEB investments.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Compensated Absences

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

Net Position / Fund Balance

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, accumulated amortization and the liabilities associated with leased right-of-use assets and subscription-based information technology arrangements. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets, except for those assets purchased under lease agreements and subscription-based information technology agreements. Major capital projects are financed through local and state aid with applicable debt recorded by Howard County and the State of Maryland. Net position is reported as restricted when there are limitations placed on their use through external restrictions imposed by grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, restricted resources shall be used first and then unrestricted resources as they are

Notes to Basic Financial Statements

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, and then (2) restricted fund balance, and then (3) committed fund balance, then (4) assigned fund balance, and (5) unassigned fund balance.

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

Notes to Basic Financial Statements

Budgets and Budgetary Accounting

Budgetary compliance is measured using the budgetary basis of accounting, the purpose of which is to demonstrate compliance with the legal requirements of Howard County and the State of Maryland. The budgetary basis differs from GAAP, which is used for the fund financial statements, in that encumbrances, which represent commitments to purchase goods and services, are treated as expenditures of the current period rather than as reservations of the fund balance.

In addition, pension contributions made by the State of Maryland on behalf of the School System and OPEB contributions made by the Howard County Government on behalf of the School System are excluded from the budgetary basis. Another difference is that under the budgetary basis, designations of the prior year's fund balance are treated as revenue of the current period. The general fund budgetary basis schedules of revenues and expenditures and encumbrances, budget and actual, and a reconciliation to the fund financial statements are presented as required supplementary information to these financial statements. By State law, major categories of expenditures may not exceed budgeted amounts.

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

Operating Budget (General Fund)

- 1) A discussion guide for the following fiscal year's operating budget is published annually.
- 2) A public hearing is held in January and February to receive budget requests from individuals and community groups.
- 3) The proposed budget is made available to the public and the County Government in January.
- 4) Public hearings are held to obtain comments from the community.
- 5) The final proposed operating budget is submitted to the County Executive on or after March 1 as may be requested by the county fiscal authority, per state law.
- 6) After approval or adjustment by the County Council, the final operating budget is approved by the School System in June.
- 7) Budgets are adopted on a basis consistent with GAAP except for the inclusion of portions of the prior year's fund balance as revenues, the inclusion of encumbrances as expenditures, the exclusion of pension contributions made on the School System's behalf by the State of Maryland, and the OPEB contributions made on behalf by the County as both revenues and expenditures. Budget comparisons presented are on a non-GAAP budgetary basis.
- 8) Transfers may be made within the major categories by the School System without the approval of the Board of Education and the County Council.
- 9) Requests for transfers between major categories must be approved by the Board of Education and submitted to the County Council for approval or denial. No action within thirty (30) days of submission constitutes approval.
- 10) The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the State Category level.

Operating Budget (Restricted Fund)

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

Notes to Basic Financial Statements

Operating Budget (Food Services Fund)

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

Operating Budget (Glenelg Wastewater Treatment Plant Fund)

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

Operating Budget (Jim Rouse Theatre Fund)

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

Use of Estimates in Preparing Financial Statements

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

New Pronouncements

The GASB issued Statement 84, Fiduciary Activities, in January 2017. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 and have been reported in accordance with GASB 84 in fiscal year 2021. Changes adopted to conform to the provisions of this Statement have been applied retroactively.

The pronouncement required the restatement of the July 1, 2020 net position of governmental activities as follows:

Net position July 1, 2020, as previously stated	\$ 363,531,984
Cumulative effect of the application of GASB 84:	
Net increase in Restricted Programs/Grants Fund	<u>5,250,868</u>
Net position July 1, 2020, as restated	<u>\$ 368,782,852</u>

The pronouncement required the restatement of the July 1, 2020 fund balance of Restricted Programs/Grants Fund as follows:

Fund balance July 1, 2020, as previously stated	\$ 2,361,932
Cumulative effect of the application of GASB 84:	
Net increase in Restricted Programs/Grants Fund	<u>5,250,868</u>
Fund balance July 1, 2020, as restated	<u>\$ 7,612,800</u>

Notes to Basic Financial Statements

II – Cash and Cash Equivalents and Investments

Deposits

At year-end, the carrying amount of the School System's deposits was \$13,571,619 in the governmental funds and the corresponding bank balances were \$14,826,913. 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 \$14,576,913. The School System has a contractual arrangement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

Investments

At June 30, 2021, the School System's investments totaling \$137,992,751 in governmental activities were entirely in the Maryland Local Government Investment Pool (MLGIP), which is under the administration of the State Treasurer. The MLGIP was established under the Annotated Code of Maryland and is rated AAAm by Standard and Poors, their highest rating for money market funds. MLGIP is a 2a7 like pool, which is not registered with the Securities and Exchange Commission, but generally operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940 (Rule 2a7). Unit value is computed using the amortized cost method and maintains a \$1 per share value.

Interest Rate Risk

Fair value fluctuates with interest rates and increasing rates could cause fair value to decline below original cost. To limit the School System's exposure to interest rate risk, the School System's investment policy limits the term of investment maturities other than the Fiduciary Funds to overnight repurchase agreements and MLGIP and requires that collateral securities underlying the re-purchase agreements and MLGIP have a market value equal to the cost of the agreement. Generally, the MLGIP's average life will range between 25-55 days. Total net investment income per the Statement of Activities consists of interest income of \$51,413 for the year ended June 30, 2021.

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, 2021 was as follows:

Governmental Activities	Balance July 1, 2020	Increases	Decreases/ Reclassifications	Balance June 30, 2021
Nondepreciable capital assets				
Land	\$ 34,343,533	\$ -	\$ -	\$ 34,343,533
Construction in progress	16,357,965	83,215,906	(21,382,392)	78,191,479
Total nondepreciable capital assets	50,701,498	83,215,906	(21,382,392)	112,535,012
Capital assets being depreciated and amortized				
Land improvements	1,675,226	-	-	1,675,226
Buildings and improvements	1,748,815,706	21,382,392	(3,877,533)	1,766,320,565
Furniture and equipment	27,766,806	757,591	2,963,796	31,488,193
Leased buildings and improvements	4,619,568	-	(375,961)	4,243,607
Leased furniture and equipment	6,630,229	1,656,804	(5,201,575)	3,085,458
Subscription assets	9,397,256	981,271	-	10,378,527
Total capital assets being depreciated and amortized	1,798,904,791	24,778,058	(6,491,273)	1,817,191,576
Less accumulated depreciation for:				
Land improvements	(1,563,959)	(5,852)	-	(1,569,811)
Buildings and improvements	(568,829,452)	(37,055,983)	3,877,533	(602,007,902)
Furniture and equipment	(21,732,934)	(1,912,559)	(2,963,796)	(26,609,289)
Less accumulated amortization for:				
Leased buildings and improvements	(329,969)	(401,399)	-	(731,368)
Leased furniture and equipment	(5,712,234)	(509,223)	5,577,536	(643,921)
Subscription assets	(1,136,762)	(2,018,551)	-	(3,155,313)
Total accumulated depreciation and amortization	(599,305,310)	(41,903,567)	6,491,273	(634,717,604)
Total capital assets being depreciated and amortized, net	1,199,599,481	(17,125,509)	-	1,182,473,972
Capital assets, net	\$ 1,250,300,979	\$ 66,090,397	\$ (21,382,392)	\$ 1,295,008,984

Notes to Basic Financial Statements

Depreciation and amortization expense for the year ended June 30, 2021, was charged to Governmental activities on the Statement of Activities as follows:

Instruction:

Regular education	\$ 34,582,376
Special education	110,710
Support services:	
Administration	2,167,927
Mid-level administration	3,661,596
Student transportation	34,683
Operation and maintenance of plant	1,243,686
Community services	26,506
Food services	76,083
Total depreciation and amortization expense	\$ 41,903,567

Business-type Activities	Balance July 1, 2020	Increases	Decreases/ Reclassifications	Balance June 30, 2021
Furniture and equipment	\$ 243,849	\$ -	\$ -	243,849
Less accumulated depreciation	(201,093)	(16,308)	-	(217,401)
Capital assets, net	\$ 42,756	\$ (16,308)	\$ -	\$ 26,448

The School System has active school construction projects as of June 30, 2021, as follows:

	Spent to Date	Remaining Commitment
Project:		
Hammond HS Renovation/Addition	\$ 34,946,350	\$ 3,059,650
New HS #13	33,534,451	21,451,549
Talbott Springs ES	12,997,522	25,379,583
Systemic Renovations FY19 Forward	28,321,560	24,400,219
Relocatable Classrooms FY19 Forward	5,344,481	1,155,519
Roofing Projects FY19 Forward	4,493,717	9,524,626
Technology FY19 Forward	2,125,847	5,374,153
Subtotal	121,763,928	90,345,299
Other Projects	396,268,070	2,846,944
Total	\$ 518,031,998	\$ 93,192,243

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, 2021, is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
Workers' Compensation	General	Reimbursable expenditures	\$ 51,491
General	Capital Projects	Reimbursable expenditures	10,087,009
Technology Services	General	Reimbursable expenditures	2,582,901
Health and Dental	General	Reimbursable expenditures	8,987,134
Jim Rouse Theatre	General	Reimbursable expenditures	285,021
Print Services	General	Reimbursable expenditures	1,058,334
General	Glenelg WWTP	Treatment plant expenditures	338,758
General	Restricted Programs	Advances of pooled cash	7,236,247
General	Food Services	Food services expenditures	1,312,648
Total			\$ 31,939,543

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

	Due To	Due From
Balance Sheet - Governmental Funds (page 23)	\$ 31,939,543	\$ 18,974,662
Statement of Net Position - Proprietary Funds (page 27)	-	285,021
Statement of Net Position - Internal Service Funds (page 27)	-	12,679,860
Total	\$ 31,939,543	\$ 31,939,543

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, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 12,040,282	\$ 1,613,825	\$ (702,712)	\$ 12,951,395	\$ 1,158,268
Leases	5,666,789	1,656,804	(1,236,839)	6,086,754	946,175
Subscription agreements	7,459,492	981,271	(2,027,638)	6,413,125	2,039,797
Net pension liability	50,666,596	5,217,710	-	55,884,306	-
Net OPEB liability	849,712,337	230,557,678	-	1,080,270,015	-
Workers compensation	3,812,216	2,611,460	(2,120,529)	4,303,147	1,739,234
Total governmental activities	\$ 929,357,712	\$ 242,638,748	\$ (6,087,718)	\$ 1,165,908,742	\$ 5,883,474

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, 2021, were as follows:

Leases			
Year Ending June 30:	Principal Payments	Interest Payments	Total Payments
2022	\$ 946,175	\$ 118,944	\$ 1,065,119
2023	977,343	97,407	1,074,750
2024	975,856	75,247	1,051,103
2025	768,009	52,569	820,578
2026	615,700	33,687	649,387
2027-2030	1,803,671	55,363	1,859,034
	\$ 6,086,754	\$ 433,217	\$ 6,519,971

The future minimum obligations under subscription-based information technology arrangements as of June 30, 2021 were as follows:

Subscription Agreements			
Year Ending June 30:	Principal Payments	Interest Payments	Total Payments
2022	\$ 2,039,797	\$ 107,066	\$ 2,146,863
2023	2,072,996	73,867	2,146,863
2024	2,097,116	49,747	2,146,863
2025	203,216	5,883	209,099
	\$ 6,413,125	\$ 236,563	\$ 6,649,688

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, 2021, was \$57,051,578. 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 will be paid in FY 2020 and each year thereafter. The HCPSS's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2021 was \$22,337,648.

The HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2021, 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, 2021 of \$6,002,598.

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

Employees' Retirement and Pension Systems

At June 30, 2021, the HCPSS reported a liability of \$55,884,306 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020, 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, 2020. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2020, the HCPSS's proportionate share was 0.247%, which was an increase of 0.002% from its proportion measured at June 30, 2019.

Notes to Basic Financial Statements

For the year ended June 30, 2021, the HCPSS recognized pension expense of \$7,742,143. At June 30, 2021, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 249,532	\$ 1,084,398
Changes in proportion	5,123,982	794,254
Differences between expected and actual experience	-	2,120,711
Net difference between projected and actual earnings on pension plan investments	4,212,848	-
Difference between actual and proportionate share of contributions	22,657	-
HCPSS contributions subsequent to the measurement date	6,002,598	-
Total	\$ 15,611,617	\$ 3,999,363

The \$6,002,598 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2022	\$ 832,714
2023	1,528,882
2024	2,035,660
2025	1,191,818
2026	20,582
Total	\$ 5,609,656

Notes to Basic Financial Statements

Teachers' Retirement and Pension Systems

At June 30, 2021, the HCPSS did not report a liability related to the Teachers' Retirement and Pension Systems due to a special funding situation. The State of Maryland pays the unfunded liability for the HCPSS and the HCPSS pays the normal cost related to the HCPSS's members in the Teachers' Retirement and Pension Systems; therefore, the HCPSS is not required to record its share of the unfunded pension liability but instead, that liability is recorded by the State of Maryland. The amount recognized by the HCPSS as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the HCPSS were as follows:

State's proportionate share of the net pension liability	\$ 601,401,756
HCPSS's proportionate share of the net pension liability	-
Total	\$ 601,401,756

The net pension liability was measured as of June 30, 2020, 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, 2021, the HCPSS recognized pension expense of \$79,389,226 and revenue of \$57,051,578 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, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 11.6%, including inflation
Discount Rate	7.40%
Investment Rate of Return	7.40%
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.

The economic and demographic actuarial assumptions used in the June 30, 2020 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were adopted by the Board for first use in the June 30, 2019 valuation. The Board adopted the use of an investment return assumption of 7.40% for the first use in the June 30, 2019 valuation, and an inflation assumption of 2.60% for first use in the June 30, 2020 valuation.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment 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	37%	5.20%
Private Equity	13%	6.50%
Rate Sensitive	19%	-0.30%
Credit Opportunity	9%	2.80%
Real Assets	14%	4.30%
Absolute Return	8%	1.80%
Total	100%	

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, 2020.

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

Discount rate

- The single discount rate used to measure the total pension liability was 7.40%. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. 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 7.40%, 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 (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
HCPSS's proportionate share of the net pension liability	\$ 79,360,353	\$ 55,884,306	\$ 36,164,377

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

Benefits Provided

Retirees eligible for medical insurance benefits pay between 50 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 \$9,073,609, contributions from the School System were \$17,036,496, and contributions from the County on behalf of HCPSS were \$7,306,200 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2021, the School System reported a liability of \$1,080,270,015 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. HCPSS proportion of the net OPEB liability was based on the employer's projected long-term contribution effort to the OPEB plan as compared to the total projected long-term contribution effort of all employers and all non-employer contributing entities to determine the employer's proportion. At June 30, 2021, HCPSS proportion was 66.42%.

For the year ended June 30, 2021, the HCPSS recognized OPEB expense of \$86,048,855. At June 30, 2021, 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	\$ 8,867,722	\$ 31,958,741
Changes in assumptions	210,212,386	64,820,549
Net difference between projected and actual earnings on OPEB plan investments	867,923	-
Change in proportionate share of OPEB liability	37,228,320	11,681,097
HCPSS contributions subsequent to the measurement date	24,342,697	-
Total	\$ 281,519,048	\$ 108,460,387

Notes to Basic Financial Statements

The \$24,342,697 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:		
2022	\$	13,280,776
2023		13,722,415
2024		13,826,169
2025		13,692,816
2026		13,413,563
Thereafter		80,780,225
Total	\$	148,715,964

Plan membership

Plan membership at fiscal year-end:

	2020	2019
Retirees or beneficiaries currently receiving benefit payments	3,718	3,398
Inactive employees entitled to but not yet receiving benefit payments	23	29
Active employees	10,359	10,111
Total	14,100	13,538

Notes to Basic Financial Statements

Actuarial Assumptions

The OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal.
Interest Assumption	Discount rate of 2.84%
Inflation	2.50%
Municipal Bond Rate	2.45% as of 6/30/20 based on the Bond Buyer General Obligation 20-year Bond Municipal Index
Projected Cash Flows	Long-term rate of return was applied to fiscal years 2020 through 2040.
Long-Term Expected Real Rate of Return, Based on Geometric Means	3.07% for Equity investments (based on 65% target allocation) and 1.05% for Fixed Income investments (based on 35% target allocation), or a total of 4.12%
Mortality	Pub-2010 Safety Retirees Headcount - Weighted Mortality Projected with Fully Generational MP2019 Mortality
Healthcare Cost Trend Rate	4.00% based upon 2016 SOA Model, 1.6% GDP, adjusted for the anticipated impact of the ACA Excise Tax

Notes to Basic Financial Statements

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	65%	3.07%
Fixed Income	35%	1.05%
Total	100%	

Discount Rate

The discount rate used to measure the total OPEB pension liability was 3.56% at the beginning of the current measurement period and 2.84% at the end. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the County will continue to increase \$3 million per annum. Based on these assumptions, the Plan is expected to be insolvent in 2039. The present value of payments through 2039 have been determined using the expected rate of return of assets of 7.50% as a discount rate, and the present value of benefit payments after 2039 have been determined using the June 30, 2018 bond rate of 3.13% as a discount rate based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index. The equivalent single rate is 2.84%.

Sensitivity of the Net Pension Liability

Regarding the sensitivity of the OPEB liability to changes in the single discount rate, the following presents the HCPSS' OPEB liability, calculated using a single discount rate of 2.84%, 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 1.84%	Discount rate 2.84%	1% Increase 3.84%
Net OPEB liability	\$ 1,341,890,321	\$ 1,080,270,015	\$ 877,424,281

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 3.00%	Heath care cost trend rate 4.00%	1% Increase 5.00%
Net OPEB liability	\$ 859,640,694	\$ 1,080,270,015	\$ 1,380,431,528

Notes to Basic Financial Statements

Change in the Net OPEB Liability

	(Dollar Amounts in Thousands)		
	Total OPEB Liability (a)	Plan Fiduciary Net Pension (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2019 for FYE 2020	\$ 947,432	97,720	\$ 849,712
Charges for the year:			
Service cost	46,781	-	46,781
Interest	35,022	-	35,022
Experience losses/(gains)	9,853	-	9,853
ER trust contribution	-	25,522	(25,522)
Net investment income	-	6,502	(6,502)
Changes in assumptions	129,842	-	129,842
Benefits payments	(16,887)	(16,887)	-
Administrative expense	-	(45)	45
Change in proportion	45,757	4,719	41,037
Net change	<u>250,369</u>	<u>19,811</u>	<u>230,558</u>
Balance at June 30, 2020 for FYE 2021	<u>\$ 1,197,801</u>	<u>\$ 117,531</u>	<u>\$ 1,080,270</u>

Notes to Basic Financial Statements

VIII – Fund Balance

Fund balance for the year ended June 30, 2021, 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	\$ 214,577	\$ -	\$ -	\$ -	\$ -
Inventories	954,838	329,520	-	-	-
Total nonspendable	1,169,415	329,520	-	-	-
Restricted For:					
Glenelg Wastewater Plant	-	-	1,198,468	-	-
Future School Construction	-	-	-	-	2,947,223
Total restricted	-	-	1,198,468	-	2,947,223
Assigned To:					
Subsequent year's Budget appropriations	12,000,000	-	-	-	-
Encumbrances	15,479,404	-	-	-	-
Food Services Operations	-	3,272,106	-	-	-
Special Programs	-	-	-	2,499,966	-
Student Activity Fund	-	-	-	4,793,498	-
Total assigned	27,479,404	3,272,106	-	7,293,464	-
Unassigned	36,812,091	-	-	-	-
Total fund balances	\$ 65,460,910	\$ 3,601,626	\$ 1,198,468	\$ 7,293,464	\$ 2,947,223

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, 2021, are for the following uses:

			General Fund
01	Administration	\$	43,627
02	Mid-Level Administration		62,502
03/04/05	Instructional		3,916,786
06	Special Education		1,218,393
08	Health Services		146,460
09	Student Transportation		1,030,821
10	Operation of Plant		2,316,479
11	Maintenance of Plant		5,187,112
12	Fixed Charges		241,426
14	Community Services		1,315,798
Total		\$	15,479,404

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.

Other Contingencies

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

Notes to Basic Financial Statements

XI – Risk Management

The School System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School System participates in the Maryland Association of Boards of Education Group Insurance Pool (Pool). The Pool provides property and casualty insurance as part of a self-insurance program to 18 Maryland county public school districts. The School System pays an annual premium to the Pool for its insurance coverage. The Trust Agreement of the Pool provides that the Pool will be self-sustaining through member premiums and will reinsure through commercial companies for potential claims in excess of established loss limits. Settled claims did not exceed the School System's insurance coverage in any of the past three years.

The School System has also established limited risk management programs for workers' compensation and health and dental insurance. Premiums are paid into these two internal service funds by other funds and are available to pay current and future claims and administrative costs of the programs. The "premium" charged by the self-insurance funds considers recent trends in actual claims experience of the School System as a whole and makes provision for catastrophic losses. As of June 30, 2021, 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.

	2021		2020	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 3,812,216	\$ 12,348,307	\$ 2,806,801	\$ 11,714,285
Incurred claims (including IBNR adjustment)	2,120,529	155,394,613	3,598,322	142,480,980
Claim payments	(1,629,598)	(154,763,220)	(2,592,907)	(141,846,958)
Ending payable, June 30	\$ 4,303,147	\$ 12,979,700	\$ 3,812,216	\$ 12,348,307

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, 2021

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Local sources	\$ 620,300,000	\$ 620,300,000	\$ 620,300,000	\$ -
State sources	282,654,203	282,654,202	282,546,542	(107,660)
Federal sources	410,000	660,000	424,298	(235,702)
Earnings on investments	1,000,000	250,000	48,699	(201,301)
Charges for services	6,018,507	6,270,507	3,748,964	(2,521,543)
Miscellaneous revenues	555,000	555,000	614,862	59,862
Total revenues	<u>910,937,710</u>	<u>910,689,709</u>	<u>907,683,365</u>	<u>(3,006,344)</u>
EXPENDITURES				
Current:				
Administration	13,578,591	13,343,612	12,691,035	652,577
Mid-level administration	64,089,827	63,057,189	61,268,596	1,788,593
Instruction:				
Instructional salaries	370,553,367	360,800,857	353,482,546	7,318,311
Textbook and classroom supplies	9,023,193	9,391,029	8,041,487	1,349,542
Other instructional costs	4,151,692	4,124,092	3,349,504	774,588
Special education	120,805,585	132,179,019	123,706,726	8,472,293
Student personnel services	3,982,752	4,279,587	4,067,405	212,182
Health services	9,302,729	10,203,710	9,062,306	1,141,404
Student transportation	42,801,337	43,494,275	31,200,421	12,293,854
Operation of plant	42,167,830	42,667,150	41,599,798	1,067,352
Maintenance of plant	26,703,528	28,874,171	28,745,168	129,003
Fixed charges	195,558,711	198,899,386	198,840,892	58,494
Community services	7,289,364	6,462,524	5,291,029	1,171,495
Capital outlay	929,204	913,108	677,960	235,148
Subtotal expenditures and encumbrances	<u>910,937,710</u>	<u>918,689,709</u>	<u>882,024,873</u>	<u>36,664,836</u>
CANCELLATION AND OVER/(UNDER) LIQUIDATION OF PRIOR YEAR ENCUMBRANCES	<u>-</u>	<u>-</u>	<u>(2,439,164)</u>	<u>2,439,164</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>910,937,710</u>	<u>918,689,709</u>	<u>879,585,709</u>	<u>39,104,000</u>
REVENUES OVER/(UNDER) EXPENDITURES AND ENCUMBRANCES	<u>\$ -</u>	<u>\$ (8,000,000)</u>	<u>28,097,656</u>	<u>\$ 36,097,656</u>
FUND BALANCE AT JUNE 30, 2020 - BUDGETARY BASIS			<u>22,264,409</u>	
FUND BALANCE AT JUNE 30, 2021 - BUDGETARY BASIS			50,362,065	
ENCUMBRANCES AT JUNE 30, 2021				
- Encumbrances			15,479,404	
- Other			<u>(380,559)</u>	
FUND BALANCE AT JUNE 30, 2021 - GAAP BASIS			<u>\$ 65,460,910</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, 2021

REVENUES

Budgetary basis	\$	907,683,365
Add - Pension contribution paid by State of Maryland		57,051,578
- OPEB contribution paid by Howard County Government		7,306,200
- Other		1
GAAP basis	\$	<u>972,041,144</u>

EXPENDITURES

Budgetary basis	\$	882,024,873
Add - Prior year's encumbrances expended this year		5,211,929
- Pension contribution paid by State of Maryland		57,051,578
- OPEB contribution paid by Howard County Government		7,306,200
- Other		444,409
Less - Current year's encumbrances outstanding		<u>(15,479,404)</u>
GAAP basis	\$	<u>936,559,585</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:

	2021	2020	2019	2018	2017	2016	2015
HCPSS's proportion of the net pension liability	0.247261%	0.245649%	0.229880%	0.204227%	0.2166318%	0.211628%	0.1932165%
HCPSS's proportionate share of the net pension liability	\$ 55,884,306	\$ 50,666,596	\$ 48,232,397	\$ 44,161,368	\$ 51,112,176	\$ 43,979,901	\$ 34,289,621
HCPSS's covered payroll	\$ 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 net pension liability as a percentage of its covered payroll	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	66.29%	67.98%	68.36%	62.97%	66.26%	66.26%	73.65%

Teachers' Retirement and Pension System:

HCPSS's proportion of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
HCPSS's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability of HCPSS	601,401,756	598,283,067	598,421,168	584,674,547	676,791,275	710,782,005	507,145,242
Total	\$ 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	\$ 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 net pension liability as a percentage of its covered payroll	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	73.84%	75.43%	73.35%	71.41%	67.95%	70.76%	69.53%

The amounts presented for fiscal year 2021 were determined as of July 1 of two years prior, using membership data as of that date projected forward to June 30 of the previous year. Additionally, the HCPSS implemented GASB 68 during fiscal year 2015. As such, only seven years of information are available.

Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2020 for the year ending June 30, 2021 for the pension liability as shown below:

Inflation	In the 2020 actuarial valuation, 2.60% general, 3.10% wage. In the 2019 actuarial valuation, 2.65% general, 3.15% wage.
Salary Increases	In the 2020 actuarial valuation, 3.10% to 11.6%, including inflation In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation
Investment Rate of Return	In the 2020 actuarial valuation, 7.40% In the 2019 actuarial valuation, 7.40%

Required Supplementary Information

Howard County Public School System

Schedule of the Board's Contributions

Maryland State Retirement and Pension System

Last Ten Fiscal Years

Employees' Retirement and Pension System

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 6,002,598	\$ 5,301,428	\$ 5,044,400	\$ 4,583,972	\$ 4,156,710	\$ 4,220,168	\$ 4,460,545	\$ 4,502,643	\$ 3,915,358	\$ 4,753,913	\$ 4,664,615
Contributions in relation to the contractually required contribution	(6,002,598)	(5,301,428)	(5,044,400)	(4,583,972)	(4,156,710)	(4,220,168)	(4,460,545)	(4,502,643)	(3,915,358)	(4,753,913)	(4,664,615)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 58,184,408	\$ 55,734,643	\$ 55,508,104	\$ 52,660,440	\$ 49,018,157	\$ 48,409,885	\$ 46,836,572	\$ 45,820,362	\$ 44,589,336	\$ 43,901,214	\$ 43,053,303
Contributions as a percentage of covered payroll	10%	10%	9%	9%	8%	9%	10%	10%	9%	11%	11%

Teachers' Retirement and Pension System *

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 22,337,648	\$ 22,365,864	\$ 21,469,704	\$ 21,003,700	\$ 19,796,016	\$ 18,309,945	\$ 15,925,463	\$ 12,448,477	\$ 9,821,066	\$ -	\$ -
Contributions in relation to the contractually required contribution	(22,337,648)	(22,365,864)	(21,469,704)	(21,003,700)	(19,796,016)	(18,309,945)	(15,925,463)	(12,448,477)	(9,821,066)	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 524,931,004	\$ 498,530,714	\$ 493,958,233	\$ 469,912,057	\$ 448,824,543	\$ 448,446,514	\$ 433,872,077	\$ 424,458,383	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	4%	4%	4%	4%	4%	4%	4%	3%	0%	0%	0%

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

Required Supplementary Information

Howard County Public School System

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Employer's Proportion of the Net OPEB Liability	66.42%	63.36%	63.36%	64.69%							
Employer's Proportionate Share of the Net OPEB Liability \$	1,080,270,015	\$ 849,712,337	\$ 743,045,807	\$ 715,235,479	Information not available prior to 2018						
Covered-employee payroll \$	587,833,727	\$ 583,115,412	\$ 554,265,357	\$ 549,466,337							
Employer's Proportionate Share of the Net OPEB Liability as a Percentage of covered-employee payroll	183.8%	145.7%	134.1%	130.2%							
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	9.81%	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.

Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2020 for the year ending June 30, 2021 for the OPEB liability as shown below:

Inflation	In the 2020 actuarial valuation, 2.5%.
	In the 2019 actuarial valuation, 2.2%.
Long-Term Investment Rate of return	In the 2020 actuarial valuation, 4.12%
	In the 2019 actuarial valuation, 4.27%

Required Supplementary Information

Howard County Public School System

Schedule of the Board's Contributions

OPEB Plan

Last Ten Fiscal Years*

	2021	2020	2019	2018
Statutorily required contributions	\$ 24,342,697	\$ 24,339,311	\$ 24,318,190	\$ 24,924,146
Contributions in relation to the statutorily required contributions	24,342,697	24,339,311	24,318,190	24,924,146
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 587,833,727	\$ 583,115,412	\$ 554,265,357	\$ 549,466,337
Contributions as a percentage of covered-employee payroll	4.14%	4.17%	4.39%	4.54%

* 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, 2021

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Intergovernmental Revenues				
Local Sources				
Local appropriation	\$ 620,300,000	\$ 620,300,000	\$ 620,300,000	\$ -
State Sources				
State Foundation	198,072,101	198,072,101	198,072,101	-
Transportation	18,524,592	18,524,592	18,523,592	(1,000)
Special education	11,822,942	11,822,941	11,725,692	(97,249)
Compensatory education	34,919,920	34,919,920	34,919,920	-
Limited English proficient	10,966,197	10,966,197	10,966,196	(1)
Students with Disabilities	1,838,000	1,838,000	1,835,757	(2,243)
State geographic index	6,310,451	6,310,451	6,310,451	-
Other - LEA tuition	200,000	200,000	192,833	(7,167)
Total state sources	282,654,203	282,654,202	282,546,542	(107,660)
Federal Sources				
ROTC reimbursement	250,000	250,000	252,954	2,954
FEMA reimbursement	-	250,000	-	(250,000)
Impact Aid (PL 874)	160,000	160,000	171,344	11,344
Total federal sources	410,000	660,000	424,298	(235,702)
Earnings on investments	1,000,000	250,000	48,699	(201,301)
Charges for services				
Tuition from patrons	1,170,000	1,422,000	1,687,230	265,230
Use of school buildings	1,250,000	1,250,000	310,704	(939,296)
Athletic program - gate receipts	350,000	350,000	8,908	(341,092)
E-rate rebates	1,000,000	1,000,000	511,087	(488,913)
Administration and overhead fees	2,248,507	2,248,507	1,231,035	(1,017,472)
Total charges for services	6,018,507	6,270,507	3,748,964	(2,521,543)
Miscellaneous Revenue				
Other	555,000	555,000	614,862	59,862
TOTAL	<u>\$ 910,937,710</u>	<u>\$ 910,689,709</u>	<u>\$ 907,683,365</u>	<u>\$ (3,006,344)</u>

Other Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Administration				
Salaries and wages	\$10,629,950	\$10,380,796	\$10,338,504	\$42,292
Contracted services	2,328,227	2,348,284	1,928,982	419,302
Supplies and materials	188,723	192,591	140,957	51,634
Other charges	431,691	421,941	282,592	139,349
Equipment	-	-	-	-
Total administration	13,578,591	13,343,612	12,691,035	652,577
Instructional salaries	370,553,367	360,800,857	353,482,546	7,318,311
Textbooks and classroom supplies	9,023,193	9,391,029	8,041,487	1,349,542
Other Instructional Costs				
Contracted services	3,938,602	3,529,552	3,054,633	474,919
Other charges	(416,910)	287,540	114,618	172,922
Equipment	50,000	-	-	-
Outgoing transfers	580,000	307,000	180,253	126,747
Total other instructional costs	4,151,692	4,124,092	3,349,504	774,588
Student Personnel Services				
Salaries and wages	3,597,611	3,918,569	3,707,797	210,772
Contracted services	334,071	333,071	332,821	250
Supplies and materials	17,078	22,241	21,753	488
Other charges	33,992	5,706	5,034	672
Total student personnel services	3,982,752	4,279,587	4,067,405	212,182
Health Services				
Salaries and wages	7,925,086	8,826,067	8,444,043	382,024
Contracted services	1,154,739	904,739	300,873	603,866
Supplies and materials	189,344	439,344	308,908	130,436
Other charges	33,560	33,560	8,482	25,078
Total health services	9,302,729	10,203,710	9,062,306	1,141,404
Student Transportation				
Salaries and wages	(2,183,321)	1,759,617	1,652,918	106,699
Contracted services	44,235,867	40,978,306	28,794,156	12,184,150
Supplies and materials	17,739	17,739	17,741	(2)
Other charges	731,052	738,613	735,606	3,007
Equipment	-	-	-	-
Total student transportation	42,801,337	43,494,275	31,200,421	12,293,854
Operation of Plant				
Salaries and wages	22,402,055	22,692,475	22,633,239	59,236
Contracted services	2,439,328	2,077,183	1,899,147	178,036
Supplies and materials	882,426	1,927,948	1,760,556	167,392
Other charges	16,364,021	15,872,544	15,216,632	655,912
Equipment	80,000	97,000	90,224	6,776
Total operation of plant	42,167,830	42,667,150	41,599,798	1,067,352

Other Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2021

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Maintenance of Plant				
Salaries and wages	12,038,469	11,607,137	11,539,219	67,918
Contracted services	13,198,902	14,261,788	14,206,775	55,013
Supplies and materials	859,807	1,398,381	1,395,101	3,280
Other charges	84,490	29,526	26,741	2,785
Equipment	521,860	1,577,339	1,577,332	7
Total maintenance of plant	26,703,528	28,874,171	28,745,168	129,003
Other Fixed Charges	195,558,711	198,899,386	198,840,892	58,494
Mid-level Administration				
Salaries and wages	57,384,564	56,316,926	54,966,330	1,350,596
Contracted services	5,433,143	5,453,128	5,413,537	39,591
Supplies and materials	778,787	751,752	531,368	220,384
Other charges	483,333	525,383	357,361	168,022
Equipment	10,000	10,000	-	10,000
Total mid-level administration	64,089,827	63,057,189	61,268,596	1,788,593
Community Services				
Salaries and wages	5,168,909	4,314,369	3,260,297	1,054,072
Contracted services	476,624	1,237,808	1,153,588	84,220
Supplies and materials	351,870	353,984	334,490	19,494
Other charges	1,285,561	31,511	19,663	11,848
Equipment	6,400	524,852	522,991	1,861
Total community services	7,289,364	6,462,524	5,291,029	1,171,495
Special Education				
Salaries and wages	100,482,822	110,917,549	107,344,678	3,572,871
Contracted services	5,759,456	6,643,978	4,367,125	2,276,853
Supplies and materials	742,326	1,091,621	950,729	140,892
Other charges	323,925	235,365	32,219	203,146
Equipment	54,400	7,550	7,547	3
Outgoing transfers	13,442,656	13,282,956	11,004,428	2,278,528
Total special education	120,805,585	132,179,019	123,706,726	8,472,293
Capital Outlay				
Salaries and wages	880,426	864,330	646,456	217,874
Contracted services	17,994	17,994	17,193	801
Supplies and materials	14,649	14,559	9,603	4,956
Other charges	16,135	16,225	4,708	11,517
Total capital outlay	929,204	913,108	677,960	235,148
TOTAL EXPENDITURES	\$910,937,710	\$918,689,709	\$882,024,873	\$36,664,836

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, 2021

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental Revenues:			
State	\$ 433,000	\$ 535,602	\$ 102,602
Federal:			
National School Lunch and Milk Programs	6,540,548	15,685,811	9,145,263
National School Breakfast	1,800,000	-	(1,800,000)
U.S.D.A. Commodity Program	-	591,270	591,270
Total federal	8,340,548	16,277,081	7,936,533
Earnings on investments	6,000	442	(5,558)
Charges for services:			
Food sales	7,652,241	331,050	(7,321,191)
Total revenues	16,431,789	17,144,175	712,386
EXPENDITURES			
Costs of Operation - Food Service:			
Cost of food	5,960,840	5,487,754	473,086
Salaries and wages	9,905,724	9,052,859	852,865
Equipment/miscellaneous	565,225	442,909	122,316
Total expenditures	16,431,789	14,983,522	1,448,267
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	\$ -	2,160,653	\$ 2,160,653
FUND BALANCE, BEGINNING OF THE YEAR			
		1,440,973	
FUND BALANCE, END OF THE YEAR			
		\$ 3,601,626	

Other Supplementary Information

Howard County Public School System

Combining Schedule of Net Position

Internal Service Funds

June 30, 2021

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
ASSETS					
Current Assets					
Investments	\$ -	\$ -	\$ 4,821,440	\$ 1,198,718	\$ 6,020,158
Accounts receivable	-	3,198	-	-	3,198
Due from other funds	1,058,334	2,582,901	51,491	8,987,134	12,679,860
Inventory	113,911	4,896	-	-	118,807
Total current assets	1,172,245	2,590,995	4,872,931	10,185,852	18,822,023
Non-Current Assets					
Capital assets:					
Furniture, fixtures and equipment	400,113	8,415,370	-	-	8,815,483
Less accumulated depreciation	(330,972)	(2,018,466)	-	-	(2,349,438)
Leased assets	2,015,118	-	-	-	2,015,118
Subscription assets	-	8,757,765	-	-	8,757,765
Less accumulated amortization	(361,795)	(6,082,648)	-	-	(6,444,443)
Total capital assets, net of depreciation and amortization	1,722,464	9,072,021	-	-	10,794,485
Total assets	2,894,709	11,663,016	4,872,931	10,185,852	29,616,508
LIABILITIES					
Current Liabilities					
Accounts payable	38,644	123,301	84,635	2,063,432	2,310,012
Lease liability	373,594	-	-	-	373,594
Subscription agreements	-	1,718,565	-	-	1,718,565
Claims payable	-	-	1,739,234	12,979,700	14,718,934
Unearned revenue	-	-	-	4,839,149	4,839,149
Total current liabilities	412,238	1,841,866	1,823,869	19,882,281	23,960,254
Long-Term Liabilities					
Lease liability	1,279,612	-	-	-	1,279,612
Subscription agreements	-	3,725,990	-	-	3,725,990
Claims payable, net of current portion	-	-	2,563,913	-	2,563,913
Total long-term liabilities	1,279,612	3,725,990	2,563,913	-	7,569,515
Total liabilities	1,691,850	5,567,856	4,387,782	19,882,281	31,529,769
NET POSITION					
Net investment in capital assets	69,258	3,627,466	-	-	3,696,724
Unrestricted	1,133,601	2,467,694	485,149	(9,696,429)	(5,609,985)
TOTAL NET POSITION	\$ 1,202,859	\$ 6,095,160	\$ 485,149	\$ (9,696,429)	\$ (1,913,261)

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, 2021

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
OPERATING REVENUES					
Charges for services - internal	\$ 2,192,398	\$ 13,265,995	\$ 2,349,275	\$ 121,355,692	\$ 139,163,360
Miscellaneous revenue	-	-	-	16,699,150	16,699,150
Contributions from employees and retirees	-	-	-	31,029,651	31,029,651
Total operating revenues	<u>2,192,398</u>	<u>13,265,995</u>	<u>2,349,275</u>	<u>169,084,493</u>	<u>186,892,161</u>
OPERATING EXPENSES					
Administrative expenses	1,454,762	10,048,353	114,047	4,696,507	16,313,669
Claims and related expenses	-	-	2,120,529	155,394,613	157,515,142
Depreciation and amortization expense	<u>314,182</u>	<u>2,517,778</u>	<u>-</u>	<u>-</u>	<u>2,831,960</u>
Total operating expenses	<u>1,768,944</u>	<u>12,566,131</u>	<u>2,234,576</u>	<u>160,091,120</u>	<u>176,660,771</u>
Operating income	<u>423,454</u>	<u>699,864</u>	<u>114,699</u>	<u>8,993,373</u>	<u>10,231,390</u>
NON-OPERATING REVENUE					
Interest income	-	-	4,358	1,084	5,442
Total non-operating income	<u>-</u>	<u>-</u>	<u>4,358</u>	<u>1,084</u>	<u>5,442</u>
CHANGES IN NET POSITION	<u>423,454</u>	<u>699,864</u>	<u>119,057</u>	<u>8,994,457</u>	<u>10,236,832</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>779,405</u>	<u>5,395,296</u>	<u>366,092</u>	<u>(18,690,886)</u>	<u>(12,150,093)</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 1,202,859</u>	<u>\$ 6,095,160</u>	<u>\$ 485,149</u>	<u>\$ (9,696,429)</u>	<u>\$ (1,913,261)</u>

Other Supplementary Information

Howard County Public School System

Combining Schedule of Cash Flows

Internal Service Funds

Year Ended June 30, 2021

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Cash received from other funds	\$ 1,722,188	\$ 13,570,712	\$ 1,686,286	\$ 127,895,137	\$ 144,874,323
Cash received from employees and retirees	-	-	-	31,029,651	31,029,651
Payments to suppliers	(1,468,785)	(11,859,506)	(1,686,286)	(158,924,788)	(173,939,365)
Net cash provided by operating activities	253,403	1,711,206	-	-	1,964,609
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on leases and subscription	(253,403)	(1,711,206)	-	-	(1,964,609)
Net cash used in capital and related financing activities	(253,403)	(1,711,206)	-	-	(1,964,609)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments	-	-	(4,358)	(1,084)	(5,442)
Interest received	-	-	4,358	1,084	5,442
Net cash used in (provided by) investing activities	-	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JULY 1, 2020	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JUNE 30, 2021	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 423,454	\$ 699,864	\$ 114,699	\$ 8,993,373	\$ 10,231,390
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	314,182	2,517,778	-	-	2,831,960
Effects of changes in assets and liabilities:					
Accounts receivable	-	347	-	2,089,641	2,089,988
Prepaid expenses	-	69,447	45,000	486,976	601,423
Due from other funds	(470,210)	304,370	(51,491)	(8,987,134)	(9,204,465)
Inventory	(52,667)	-	-	-	(52,667)
Accounts payable	38,644	(1,880,600)	12,359	47,963	(1,781,634)
Claims payable	-	-	490,931	631,393	1,122,324
Due to other funds	-	-	(611,498)	(3,262,212)	(3,873,710)
Unearned revenue	-	-	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 253,403	\$ 1,711,206	\$ -	\$ -	\$ 1,964,609
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Lease of equipment	1,656,804	-	-	-	1,656,804
Subscription asset arrangement	-	981,271	-	-	981,271
TOTAL FINANCING ACTIVITIES	\$ 1,656,804	\$ 981,271	\$ -	\$ -	\$ 2,638,075

Other Supplementary Information

Howard County Public School System

Schedule of School Activity Funds Increases and Decreases

School Activity Fund

Year Ended June 30, 2021

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Elementary Schools				
Atholton ES	\$ 10,505	\$ 5,727	\$ 8,049	\$ 8,183
Bellows Spring ES	30,182	28,667	19,299	39,550
Bollman Bridge ES	35,407	13,820	23,626	25,601
Bryant Woods ES	14,252	7,722	6,724	15,250
Bushy Park ES	17,290	18,553	20,733	15,110
Centennial Lane ES	33,244	6,984	22,419	17,809
Clarksville ES	37,632	7,962	8,069	37,525
Clemens Crossing ES	25,551	10,045	11,875	23,721
Cradlerock School	11,800	25,875	26,959	10,716
Dayton Oaks ES	40,844	38,170	20,766	58,248
Deep Run ES	14,518	25,012	25,077	14,453
Duckett's Lane ES	7,232	20,646	19,512	8,366
Elkridge ES	17,343	9,428	7,453	19,318
Forest Ridge ES	13,204	10,762	9,379	14,587
Fulton ES	34,200	42,968	30,097	47,071
Gorman Crossing ES	32,804	16,674	10,968	38,510
Guilford ES	18,736	8,848	7,375	20,209
Hammond ES	11,297	10,638	10,836	11,099
Hanover Hills ES	29,332	17,418	17,406	29,344
Hollifield Station ES	17,318	4,493	11,275	10,536
Ilchester ES	93,346	25,961	36,401	82,906
Jeffers Hill ES	33,077	2,468	7,843	27,702
Laurel Woods ES	19,674	13,850	12,697	20,827
Lisbon ES	28,686	3,178	7,832	24,032
Longfellow ES	19,776	20,869	21,060	19,585
Manor Woods ES	47,512	10,877	26,296	32,093
Northfield ES	13,564	6,835	8,473	11,926
Phelps Luck ES	14,776	8,478	6,467	16,787
Pointers Run ES	63,881	31,082	39,365	55,598
Rockburn ES	33,635	49,074	40,374	42,335
Running Brook ES	38,565	21,036	21,717	37,884
St. John's Lane ES	24,842	3,777	5,513	23,106
Steven's Forest ES	21,971	3,478	7,589	17,860
Swansfield ES	24,629	11,017	9,765	25,881
Talbott Springs ES	21,707	33,350	33,515	21,542
Thunder Hill ES	27,287	8,522	15,612	20,197
Triadelphia Ridge ES	47,826	5,652	19,650	33,828
Veterans ES	40,323	42,565	41,226	41,662
Waterloo ES	43,385	24,143	31,205	36,323
Waverly ES	25,939	27,222	28,279	24,882
West Friendship ES	25,408	4,273	2,019	27,662
Worthington ES	53,206	25,808	24,305	54,709
Total - Elementary Schools	<u>1,215,706</u>	<u>713,927</u>	<u>765,100</u>	<u>1,164,533</u>

Other Supplementary Information

Howard County Public School System

Schedule of School Activity Funds Increases and Decreases

School Activity Fund

Year Ended June 30, 2021

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Middle Schools				
Bonnie Branch MS	30,965	9,778	15,771	24,972
Burleigh Manor MS	69,721	4,354	7,049	67,026
Clarksville MS	60,135	9,699	14,635	55,199
Dunloggin MS	54,997	3,728	4,802	53,923
Elkridge Landing MS	22,292	5,678	3,747	24,223
Ellicott Mills MS	28,831	8,775	20,570	17,036
Folly Quarter MS	21,945	2,968	1,905	23,008
Glenwood MS	43,547	4,372	13,814	34,105
Hammond MS	21,047	3,310	4,519	19,838
Harper's Choice MS	22,736	14,269	12,734	24,271
Lake Elkhorn MS	38,734	4,548	5,178	38,104
Lime Kiln MS	32,749	4,049	1,496	35,302
Mayfield Woods MS	43,671	12,459	30,946	25,184
Mount View MS	44,621	12,035	16,634	40,022
Murray Hill MS	15,924	7,903	1,321	22,506
Oakland Mills MS	54,563	5,430	25,174	34,819
Patapsco MS	28,641	5,046	1,013	32,674
Patuxent Valley MS	35,573	12,827	21,358	27,042
Thomas Viaduct MS	38,546	9,616	12,984	35,178
Wilde Lake MS	24,237	6,153	5,057	25,333
Total - Middle Schools	733,475	146,997	220,707	659,765
High Schools				
Atholton HS	160,033	128,872	135,526	153,379
Centennial HS	480,085	219,523	298,001	401,607
Glenelg HS	413,256	228,570	250,631	391,195
Hammond HS	256,109	86,704	117,225	225,588
Howard HS	338,136	133,877	229,570	242,443
Long Reach HS	137,689	93,042	70,618	160,113
Marriotts Ridge HS	201,577	220,336	223,808	198,105
Mount Hebron HS	205,363	194,851	211,506	188,708
Oakland Mills HS	191,239	95,968	96,126	191,081
Reservoir HS	207,031	134,894	142,481	199,444
River Hill HS	385,297	299,937	388,720	296,514
Wilde Lake HS	261,268	132,172	141,904	251,536
Total - High Schools	3,237,083	1,968,746	2,306,116	2,899,713
Special Schools				
Apps and Research Lab	16,805	11,388	7,580	20,613
Cedar Lane School	30,996	7,443	3,609	34,830
Homewood School	16,803	7,977	10,736	14,044
Total - Special Schools	64,604	26,808	21,925	69,487
Total - All Schools	\$ 5,250,868	\$ 2,856,478	\$ 3,313,848	\$ 4,793,498

Statistical Section

Statistical Section

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

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

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Statistical Section

Howard County Public School System

Table 1

Net Position by Component
Year Ended June 30, 2021 and Nine Prior Years
(Amounts expressed in thousands)

	2012	2013	2014 *	2015	2016	2017	2018**	2019	2020 ***	2021
Governmental Activities										
Net investment in capital assets	\$ 956,102	\$ 1,019,894	\$ 1,074,422	\$ 1,120,105	\$1,166,847	\$1,217,728	\$1,234,814	\$1,233,956	\$1,237,175	\$1,282,509
Restricted for Capital Projects	-	-	-	-	-	-	-	8,460	8,062	2,947
Restricted for GWWTP	1,236	1,240	1,220	1,220	1,222	1,230	1,247	1,275	1,295	1,199
Restricted for Food Services	145	152	190	216	234	192	1,012	-	-	-
Unrestricted	36,015	32,627	21,386	(23,550)	(41,059)	(41,741)	(835,260)	(849,825)	(877,749)	(893,679)
Total Governmental Activities Net Position	\$ 993,498	\$ 1,053,913	\$ 1,097,218	\$ 1,097,991	\$ 1,127,244	\$ 1,177,409	\$ 401,813	\$ 393,865	\$ 368,783	\$ 392,976
Business-type Activities										
Net investment in capital assets	23	\$ 29	\$ 22	\$ 30	\$ 46	\$ 73	\$ 59	\$ 60	\$ 43	\$ 26
Unrestricted	147	178	199	228	256	244	295	311	262	283
Total Business-type Activities Net Position	\$ 170	\$ 207	\$ 221	\$ 258	\$ 302	\$ 317	\$ 354	\$ 371	\$ 305	\$ 309
Total Primary Government										
Net investment in capital assets	\$ 956,125	\$ 1,019,923	\$ 1,074,444	\$ 1,120,135	\$ 1,166,893	\$ 1,217,801	\$ 1,234,873	\$ 1,234,015	\$ 1,237,218	\$ 1,282,535
Restricted	1,381	1,392	1,410	1,436	1,456	1,422	2,259	11,839	9,357	4,146
Unrestricted	36,162	32,805	21,585	(23,322)	(40,803)	(41,497)	(834,965)	(851,617)	(877,487)	(893,396)
Total Primary Government Net Position	\$ 993,668	\$ 1,054,120	\$ 1,097,439	\$ 1,098,249	\$ 1,127,546	\$ 1,177,726	\$ 402,167	\$ 394,237	\$ 369,088	\$ 393,285

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

Statistical Section

Howard County Public School System

Changes in Net Position

Year Ended June 30, 2021 and Nine Prior Years

(Amounts expressed in thousands)

Table 2

Functions/Programs	2012	2013	2014*	2015	2016	2017	2018	2019	2020 **	2021 **
Expenses										
Governmental Activities										
Instruction										
Regular education	\$ 463,498	\$ 476,879	\$ 501,414	\$ 525,124	\$ 536,486	\$ 549,749	\$ 604,207	\$ 606,945	\$ 623,037	\$ 655,145
Special education	130,779	134,681	141,204	146,833	153,791	159,479	175,426	183,463	196,616	208,356
Total Instruction	594,277	611,560	642,618	671,957	690,277	709,228	779,633	790,408	819,653	863,501
Support Services										
Administration	14,278	14,726	16,672	18,166	19,105	22,437	21,741	20,809	43,296	20,370
Mid-level administration	62,950	82,617	83,136	88,165	92,335	94,884	101,422	100,453	92,650	101,292
Student personnel services	3,823	2,860	4,133	4,371	4,852	4,931	5,266	5,504	4,576	6,602
Health services	8,387	8,543	9,551	10,329	11,397	11,963	12,725	13,607	13,080	14,542
Student transportation	36,138	36,808	37,068	37,528	38,035	38,839	39,890	42,401	42,468	31,686
Operation of plant	45,276	46,705	47,487	49,682	49,707	49,465	49,784	54,021	48,954	55,875
Maintenance of plant and equipment	26,962	28,817	25,747	28,372	30,755	30,121	31,779	31,918	30,205	33,572
Community services	7,264	7,265	7,556	7,437	8,741	8,603	9,402	9,313	10,078	6,735
Food services	12,009	12,203	12,923	13,465	13,845	14,857	15,483	16,581	16,583	15,060
Interest on long-term debt	163	96	75	63	61	43	27	20	-	-
Total Support Services	217,250	240,640	244,348	257,578	268,833	276,143	287,519	294,627	301,890	285,734
Total Governmental Activities	811,527	852,200	886,966	929,535	959,110	985,371	1,067,152	1,085,035	1,121,543	1,149,235
Business-type Activities										
Jim Rouse Theatre	177	103	112	111	90	109	123	189	150	148
Total School System Expenses	\$ 811,704	\$ 852,303	\$ 887,078	\$ 929,646	\$ 959,200	\$ 985,480	\$ 1,067,275	\$ 1,085,224	\$ 1,121,693	\$ 1,149,383

*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.

Statistical Section

Howard County Public School System

Changes in Net Position

Year Ended June 30, 2021 and Nine Prior Years

(Amounts expressed in thousands)

Table 2 (continued)

Program Revenues	2012	2013	2014*	2015	2016	2017	2018**	2019	2020 ***	2021 ***
Charges for Services										
Regular education	\$ 18,645	\$ 3,020	\$ 2,315	\$ 2,232	\$ 2,473	\$ 5,097	\$ 3,637	\$ 5,097	\$ 395	\$ 2,118
Special education	-	-	-	-	-	-	-	-	-	-
Operation of plant	4,750	4,341	4,826	7,328	9,362	9,716	17,452	9,716	205	222
Food services	6,813	6,165	5,702	5,552	5,978	6,977	6,902	6,977	3,469	5,558
Operating grants and contributions	133,145	122,699	139,082	145,645	146,211	175,495	168,923	175,495	171,756	187,658
Capital grants and contributions	69,629	98,706	86,809	78,090	80,150	42,744	61,699	42,744	41,857	84,601
Total Program Revenues	232,982	234,931	238,734	238,847	244,174	240,030	258,613	240,030	217,682	280,157
Business-type Activities										
Jim Rouse Theatre	169	139	126	148	134	206	159	206	84	152
Total School System Revenues	233,151	235,070	238,860	238,995	244,308	240,236	258,772	240,236	217,766	280,309
Total Governmental Net Expense	(578,553)	(617,233)	(648,218)	(690,651)	(714,892)	(745,244)	(808,503)	(844,988)	(903,927)	(869,074)
General Revenues and Other Changes in Net Position										
General revenues										
Local appropriations	467,617	482,385	497,486	530,440	544,145	600,054	572,872	600,054	607,200	620,300
State Aid	169,994	191,285	192,048	192,480	197,822	222,299	212,420	222,299	243,882	252,282
Federal Aid	141	148	127	163	160	194	124	194	100	171
Interest and investment earnings	72	98	43	33	101	1,612	816	1,612	1,136	52
Student Activity Fund Revenue	-	-	-	-	-	-	-	-	9,735	2,856
Miscellaneous	1,620	3,769	1,833	1,900	1,962	12,900	5,094	12,900	11,982	17,610
Total General Revenues	639,444	677,685	691,537	725,016	744,190	837,059	791,326	837,059	874,035	893,271
Change in Net Position - Governmental Activities	60,901	60,415	43,305	34,328	29,253	91,718	(17,213)	(7,946)	(29,826)	24,193
Change in Net Position - Jim Rouse Theatre	(8)	37	14	37	44	97	36	17	(66)	4
Total Change in Net Position	60,893	60,452	43,319	34,365	29,297	91,815	(17,177)	(7,929)	(29,892)	24,197
Net Position - Beginning of year	932,774	993,667	1,054,119	1,063,884	1,098,249	1,127,546	419,343	402,167	398,980	369,088
Net Position - End of Year	\$ 993,667	\$ 1,054,119	\$ 1,097,438	\$ 1,098,249	\$ 1,127,546	\$ 1,219,361	\$ 402,167	\$ 394,238	\$ 369,088	\$ 393,285

*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, 2021 and Nine Prior Years

(Amounts expressed in thousands)

Table 3

	2012	2013	2014	2015	2016	2017	2018	2019	2020 *	2021
Revenues										
Intergovernmental revenues										
Local	\$ 530,955	\$ 553,213	\$ 567,271	\$ 584,657	\$ 612,804	\$ 624,455	\$ 653,700	\$ 662,183	\$ 643,299	\$ 693,334
State	267,750	298,841	303,224	314,110	304,642	338,907	307,848	320,548	357,249	376,748
Federal	23,860	23,580	23,982	26,097	27,984	29,160	29,143	30,511	34,362	43,880
Earnings on investments	64	57	26	21	70	292	901	1,830	1,389	67
Charges for services	28,280	12,109	11,091	11,302	11,885	12,200	13,742	15,737	9,213	3,896
Miscellaneous revenues	1,039	1,471	1,797	1,737	1,825	449	2,405	1,774	1,453	910
School Activity Fund Revenue	-	-	-	-	-	-	-	-	9,735	2,856
Total Revenues	851,948	889,271	907,391	937,924	959,210	1,005,463	1,007,739	1,032,583	1,056,700	1,121,691
Expenditures										
Instruction										
Regular education	306,791	316,259	323,027	338,094	335,660	347,374	361,042	363,645	389,407	386,877
Special education	96,411	99,859	102,045	106,254	108,329	112,299	121,518	125,826	136,222	140,228
Support Services										
Administration	10,676	11,511	12,456	12,869	12,431	13,735	13,842	13,332	20,159	12,968
Mid-Level administration	54,922	59,180	56,562	60,254	61,473	60,909	63,850	62,316	63,412	62,404
Student personnel services	2,738	2,860	2,886	3,032	3,325	3,347	3,500	3,636	4,230	4,254
Health services	5,957	6,114	6,609	7,042	7,608	8,010	8,184	8,698	8,970	9,085
Student transportation	35,573	36,325	36,456	36,792	37,504	37,995	38,964	41,375	41,628	30,583
Operation of plant	37,850	39,439	38,947	40,911	39,202	39,879	38,592	41,281	38,354	40,350
Maintenance of plant and equipment	21,643	23,574	19,652	22,779	24,570	23,866	25,128	25,136	24,948	26,328
Fixed charges	181,842	178,693	210,654	212,958	224,675	241,418	242,684	271,550	271,675	266,713
Community services	6,055	6,190	6,035	6,074	6,765	6,494	6,879	6,786	8,094	4,412
Food services	12,009	12,202	12,923	13,465	13,845	14,857	15,483	16,581	16,601	14,984
Capital outlay	71,076	97,446	86,168	81,225	79,922	84,325	64,056	37,925	43,358	90,394
Total	843,543	889,652	914,420	941,749	955,309	994,508	1,003,722	1,018,086	1,067,058	1,089,580
Excess (deficiency) of revenues over expenditures	8,405	(381)	(7,029)	(3,825)	3,901	10,955	4,017	14,497	(10,358)	32,111
Other Financing Sources (Uses)										
Capital contributions	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	5,314	-
Subscription agreements	-	-	-	-	-	-	-	-	1,621	-
Net change in fund balances	\$ 8,405	\$ (381)	\$ (7,029)	\$ (3,825)	\$ 3,901	\$ 10,955	\$ 4,017	\$ 14,497	\$ (3,423)	\$ 32,111
Debt Service as a percentage of noncapital expenditures	N/A	N/A	N/A	0.07%	0.47%	0.44%	0.41%	0.32%	0.32%	0.33%

* FY20 restated due to implementation of GASB 84.

Source: HCPSS records

Statistical Section

Howard County Public School System

Fund Balances of Governmental Funds

Year Ended June 30, 2021 and Nine Prior Years

(Amounts expressed in thousands)

Table 4

	2012	2013	2014	2015	2016	2017	2018	2019	2020 *	2021
General Fund										
Nonspendable	\$ 1,585	\$ 1,474	\$ 838	\$ 955	\$ 1,047	\$ 1,133	\$ 911	\$ 1,017	\$ 1,052	\$ 1,170
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	1,043	686	330	-	-
Assigned	15,213	6,410	5,362	8,421	13,896	10,849	10,685	17,018	15,808	27,479
Unassigned	8,885	15,613	9,755	6,100	2,973	8,322	13,192	15,169	13,119	36,812
Total General Fund	<u>25,683</u>	<u>23,497</u>	<u>15,955</u>	<u>15,476</u>	<u>17,916</u>	<u>21,347</u>	<u>25,474</u>	<u>33,534</u>	<u>29,979</u>	<u>65,461</u>
Other Governmental Funds										
Nonspendable	145	152	190	216	234	193	260	199	164	330
Restricted for School construction	(4,927)	(2,857)	(1,412)	(3,783)	(2,699)	4,282	2,769	8,460	8,062	2,947
Restricted for Special Revenue Fund	4,034	3,762	1,220	1,790	1,223	1,230	1,247	1,275	1,295	1,198
Assigned	-	-	-	-	927	1,504	2,824	3,602	8,890	10,566
Unassigned	-	-	1,571	-	-	-	-	-	-	-
Total Other Governmental Funds	<u>(748)</u>	<u>1,057</u>	<u>1,569</u>	<u>(1,777)</u>	<u>(315)</u>	<u>7,209</u>	<u>7,099</u>	<u>13,536</u>	<u>18,411</u>	<u>15,041</u>
Total All Governmental Funds	<u>\$ 24,935</u>	<u>\$ 24,554</u>	<u>\$ 17,524</u>	<u>\$ 13,699</u>	<u>\$ 17,601</u>	<u>\$ 28,556</u>	<u>\$ 32,573</u>	<u>\$ 47,070</u>	<u>\$ 48,390</u>	<u>\$ 80,502</u>

* FY20 restated due to implementation of GASB 84.

Source: HCPSS records

Statistical Section

Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2021 and Nine Prior Years

Table 5

	Administration	Instructional Salaries	Textbooks and Classroom Supplies	Other Instructional Costs	Student Personnel Services	Health Services	Student Transportation
2012	\$ 10,598,810	\$ 286,111,020	\$ 13,746,330	\$ 2,675,540	\$ 2,793,820	\$ 6,065,790	\$ 36,402,790
2013	\$ 11,632,220	\$ 296,701,890	\$ 13,445,390	\$ 3,018,300	\$ 2,838,010	\$ 6,221,890	\$ 37,088,910
2014	\$ 12,222,480	\$ 302,397,890	\$ 13,581,690	\$ 3,111,930	\$ 2,839,830	\$ 6,687,310	\$ 36,121,020
2015	\$ 12,274,570	\$ 314,883,130	\$ 12,542,920	\$ 2,518,120	\$ 3,005,960	\$ 7,265,120	\$ 37,466,030
2016	\$ 12,400,033	\$ 315,646,974	\$ 11,753,227	\$ 3,414,360	\$ 3,229,291	\$ 7,817,556	\$ 37,582,625
2017	\$ 13,644,327	\$ 331,702,925	\$ 9,309,755	\$ 3,174,210	\$ 3,302,029	\$ 7,928,482	\$ 38,559,280
2018	\$ 13,940,748	\$ 344,527,214	\$ 8,933,036	\$ 2,683,046	\$ 3,425,010	\$ 8,178,796	\$ 39,015,733
2019	\$ 13,342,320	\$ 347,229,986	\$ 9,373,425	\$ 3,128,717	\$ 3,641,641	\$ 8,966,402	\$ 41,416,993
2020	\$ 13,578,591	\$ 359,619,583	\$ 7,791,394	\$ 5,268,024	\$ 3,982,752	\$ 9,302,729	\$ 42,801,337
2021	\$ 13,343,612	\$ 360,800,857	\$ 9,391,029	\$ 4,124,092	\$ 4,279,587	\$ 10,203,710	\$ 43,494,275

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2021 and Nine Prior Years

Table 5 (continued)

	Operation of Plant	Maintenance of Plant and Equipment	Fixed Charges	Mid Level Administration	Community Services	Special Education	Capital Outlay	Total
2012	\$ 39,227,090	\$ 24,080,030	\$ 116,901,680	\$ 54,763,110	\$ 6,020,350	\$ 83,601,650	\$ 847,030	\$ 683,835,040
2013	\$ 37,893,420	\$ 21,113,640	\$ 126,085,170	\$ 53,110,370	\$ 5,987,200	\$ 87,715,530	\$ 815,460	\$ 703,667,400
2014	\$ 39,318,920	\$ 18,408,740	\$ 145,088,710	\$ 53,563,580	\$ 5,999,740	\$ 88,921,800	\$ 829,850	\$ 729,093,490
2015	\$ 43,712,080	\$ 24,052,720	\$ 146,773,870	\$ 56,114,610	\$ 5,983,100	\$ 91,343,200	\$ 829,920	\$ 758,765,350
2016	\$ 40,436,229	\$ 25,295,656	\$ 159,105,740	\$ 58,609,689	\$ 6,626,238	\$ 93,591,283	\$ 829,479	\$ 776,338,380
2017	\$ 40,024,441	\$ 23,501,916	\$ 170,544,715	\$ 60,121,955	\$ 6,783,687	\$ 98,973,242	\$ 816,892	\$ 808,387,856
2018	\$ 40,101,696	\$ 23,939,247	\$ 159,387,166	\$ 62,428,043	\$ 6,973,670	\$ 104,727,030	\$ 845,849	\$ 819,106,284
2019	\$ 42,823,699	\$ 25,372,132	\$ 186,960,057	\$ 62,208,494	\$ 7,128,926	\$ 109,884,782	\$ 908,432	\$ 862,386,006
2020	\$ 42,167,830	\$ 26,453,528	\$ 202,758,711	\$ 64,089,827	\$ 7,289,364	\$ 122,258,423	\$ 1,179,204	\$ 908,541,297
2021	\$ 42,667,150	\$ 28,874,171	\$ 198,899,386	\$ 63,057,189	\$ 6,462,524	\$ 132,179,019	\$ 913,108	\$ 918,689,709

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System

Capital Assets by Function

Ended June 30, 2021 and Nine Prior Years

Table 6

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Schools										
Buildings	73	74	75	76	76	76	76	77	77	77
Administration										
Buildings	3	3	3	3	3	3	2	2	2	2
Vehicles	18	17	17	17	17	17	17	17	17	14
Mid-level Administration										
Vehicles	14	11	11	11	11	11	11	11	11	9
Special Education										
Vehicles	1	1	1	1	1	1	1	1	1	1
Capital Outlay										
Vehicles	3	3	3	3	3	3	3	3	3	3
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	46	52	50	51	58	60	65	66	66	66
Operations										
Vehicles	194	177	173	167	152	162	152	152	150	136
Technology										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	12	12	12	12	14	14	15	15	15	12
Print Shop										
Print Presses	11	4	10	17	18	20	21	21	21	22
Community Service										
Vehicles	6	7	10	13	14	14	14	14	14	14
Student Transportation										
Vehicles	10	11	11	11	17	17	17	17	17	17

Statistical Section

Howard County Public School System Computation of Debt Limits Year Ended June 30, 2021 and Nine Prior Years

Table 7

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Current Operating Budget	\$ 683,835,040	\$ 703,667,400	\$ 729,093,490	\$ 758,765,350	\$ 776,338,380	\$ 808,387,856	\$ 819,106,284	\$ 862,386,006	\$ 908,541,297	\$ 918,689,709
6 % of Current Operating Budget	41,030,102	42,220,044	43,745,609	45,525,921	46,580,303	48,503,271	49,146,377	51,743,160	54,512,478	55,121,383
Total Debt Outstanding June 30	3,878,014	3,474,031	3,372,983	10,910,120	10,863,543	7,465,623	4,502,410	1,323,529	13,126,281	12,499,879
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	20,515,051	21,110,022	21,872,805	22,762,961	23,290,151	24,251,636	24,573,189	25,871,580	27,256,239	27,560,691
Total Debt Service	\$ 3,148,940	\$ 403,983	\$ 312,997	\$ 2,859,283	\$ 4,110,209	\$ 411,209	\$ 2,963,213	\$ 3,178,881	\$ 3,266,765	\$ 3,264,477
Compliance with Debt Service Lim	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, 2021 and Nine Prior Years

Table 8

Fiscal Year	Governmental Activities Leases and SBITAs	Business-Type Activities	Total
2012	\$ 3,878,014	\$ -	\$ 3,878,014
2013	3,474,031	-	3,474,031
2014	3,372,983	-	3,372,983
2015	10,910,120	-	10,910,120
2016	10,863,543	-	10,863,543
2017	7,465,623	-	7,465,623
2018	4,502,410	-	4,502,410
2019	1,323,529	-	1,323,529
2020*	13,126,281	-	13,126,281
2021*	12,499,879	-	12,499,879

* For fiscal years 2012 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's 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, 2021 and Nine Prior Years

Table 9

	2012	2013	2014	2015	2016	2017 (C)	2018	2019	2020	2021 (D)
<u>Elementary School</u>										
Pre-kindergarten	1,058	1,072	1,118	1,144	1,288	1,281	1,278	1,330	1,355	1,012
Kindergarten	3,492	3,513	3,728	3,631	3,801	3,797	3,943	3,949	3,962	3,627
Grade 1	3,628	3,751	3,785	3,995	3,940	3,938	4,078	4,038	4,212	3,913
2	3,771	3,777	3,921	3,953	4,085	4,084	4,250	4,211	4,145	4,107
3	3,810	3,890	3,867	3,994	4,276	4,275	4,249	4,219	4,334	4,059
4	3,795	3,900	4,018	3,997	4,230	4,230	4,401	4,361	4,333	4,321
5	3,750	3,904	4,008	4,128	4,263	4,258	4,579	4,542	4,473	4,268
Total Elementary School	23,304	23,807	24,445	24,842	25,883	25,863	26,778	26,650	26,814	25,307
<u>Middle School</u>										
Grade 6	3,788	3,856	4,021	4,156	4,215	4,216	4,587	4,555	4,654	4,456
7	3,728	3,871	3,937	4,118	4,351	4,355	4,508	4,498	4,610	4,635
8	4,007	3,756	3,932	4,002	4,306	4,326	4,370	4,356	4,531	4,580
Total Middle School	11,523	11,483	11,890	12,276	12,872	12,897	13,465	13,409	13,795	13,671
<u>High School</u>										
Grade 9 and SP	4,265	4,315	4,204	4,365	4,619	4,591	4,799	4,915	4,757	4,665
10	4,163	4,091	4,179	4,011	4,206	4,206	4,503	4,460	4,633	4,570
11	4,215	4,000	3,942	4,000	3,983	3,986	4,255	4,253	4,272	4,456
12	3,984	4,254	4,053	4,062	3,987	3,985	4,111	4,114	4,358	4,388
Total High School	16,627	16,660	16,378	16,438	16,795	16,768	17,668	17,742	18,020	18,079
<u>Cedar Lane (includes Pre-kindergarten)</u>	101	103	93	129	109	110	108	99	117	116
<u>Homewood</u>	-	-	-	-	-	-	-	-	122	120
	101	103	93	129	109	110	108	99	239	236
Total Enrollment (A)	51,555	52,053	52,806	53,685	55,659	55,638	58,019	57,900	58,868	57,293
Number of School Teachers (B)	2,793	2,829	2,829	2,860	2,857	3,056	***	***	***	***
Ratio of Students to Teachers	18:1	18:1	19:1	19:1	19:1	18:1				

(A) Total includes Pre-kindergarten head count.

(B) Sources: mdreportcard.org, Teacher Certifications

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

(D) HCPSS website - Official Enrollment Reports September 30, 2020 (Official SY20-21 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, 2021 and Nine Prior Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Capacity	Capacity
Elementary Schools (a)												
Atholton	499	414	421	392	468	468	470	471	504	451	424	118.9%
Bellows Springs	885	944	668	730	739	739	802	803	776	676	751	103.3%
Bollman Bridge	622	741	767	735	764	763	757	740	765	709	666	114.9%
Bryant Woods	360	366	367	353	413	413	462	458	448	360	361	124.1%
Bushy Park	638	613	608	636	617	615	625	628	638	602	788	81.0%
Centennial Lane	699	725	699	684	739	739	737	734	719	655	647	111.1%
Clarksville	522	526	523	485	430	430	419	419	436	501	612	71.2%
Clemens Crossing	500	499	502	487	532	531	495	491	508	549	521	97.5%
Cradlerock	497	500	520	482	491	491	511	509	497	456	398	124.9%
Dayton Oaks	473	593	636	639	677	677	723	727	720	683	700	102.9%
Deep Run	706	733	657	734	816	816	748	729	767	680	769	99.7%
Ducketts Lane	-	-	662	771	826	826	600	606	570	630	650	87.7%
Elkridge	886	857	767	781	871	870	912	901	923	819	760	121.4%
Forest Ridge	764	718	748	721	704	703	686	679	689	663	691	99.7%
Fulton	670	648	703	705	832	832	920	918	1021	838	788	129.6%
Gorman Crossing	699	641	686	693	751	751	877	877	849	786	735	115.5%
Guildford	523	478	497	496	451	451	443	439	475	500	465	102.2%
Hammond	509	583	602	633	640	640	625	623	604	620	653	92.5%
Hanover Hills	-	-	-	-	-	-	714	694	757	774	829	91.3%
Hollifield Station	675	697	745	750	796	796	869	879	872	768	732	119.1%
Ilchester	665	685	776	754	690	690	655	648	634	556	584	108.6%
Jeffers Hill	367	383	407	464	456	455	401	403	414	373	421	98.3%
Laurel Woods	609	564	572	587	601	601	601	607	645	656	609	105.9%
Lisbon	426	398	400	422	446	446	453	451	443	377	527	84.1%
Longfellow	446	442	457	453	457	457	463	460	447	485	512	87.3%
Manor Woods	637	616	676	669	759	759	660	650	627	697	681	92.1%
Northfield	611	595	723	690	710	710	749	747	702	736	700	100.3%
Phelps Luck	722	727	562	581	608	605	592	582	633	625	597	106.0%
Pointers Run	616	772	790	786	784	784	922	924	912	779	744	122.6%
Rockburn	710	705	710	661	726	726	627	629	628	611	584	107.5%
Running Brook	435	483	492	529	515	515	503	500	484	402	515	94.0%
St. John's Lane	552	582	681	722	701	701	724	726	764	679	612	124.8%
Stevens Forest	283	301	423	440	433	433	420	415	426	347	380	112.1%
Swansfield	562	585	594	588	641	640	606	601	562	501	672	83.6%
Talbort Springs	588	573	441	466	502	501	503	504	509	467	377	135.0%
Thunder Hill	382	421	470	528	558	558	528	526	475	481	509	93.3%
Triadelphia Ridge	411	442	485	509	560	560	562	563	555	540	584	95.0%
Veterans	997	1,062	821	865	931	928	956	932	962	951	799	120.4%
Waterloo	756	783	617	624	624	624	620	620	602	582	603	99.8%
Waverly	591	605	759	758	770	766	910	901	951	899	788	120.7%
West Friendship	289	274	287	287	326	326	400	401	393	376	414	94.9%
Worthington	522	533	524	552	528	527	528	535	508	467	468	108.5%
Total Elementary Schools	23,304	23,807	24,445	24,842	25,883	25,863	26,778	26,650	26,814	25,307	25,620	104.7%

(a) Includes Pre-kindergarten enrollment.

Statistical Section

Howard County Public School System

Table 10

Enrollment by School (continued)

Year Ended June 30, 2021 and Nine Prior Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Capacity	Capacity
<u>Middle Schools</u>												
Bonnie Branch	708	706	731	661	715	713	750	751	703	693	701	100.3%
Burleigh Manor	617	668	700	746	819	819	811	808	811	844	779	104.1%
Clarksville	655	637	608	635	560	560	666	666	710	716	643	110.4%
Dunloggon	559	565	574	607	617	617	664	660	628	624	565	111.2%
Elkridge Landing	694	683	733	710	700	700	747	745	764	710	779	98.1%
Ellicott Mills	715	731	774	758	828	829	870	869	909	789	701	129.7%
Folly Quarter	588	559	544	562	616	616	660	660	700	662	662	105.7%
Glenwood	593	536	544	555	517	517	492	492	515	510	545	94.5%
Hammond	529	499	477	551	592	593	579	572	602	612	604	99.7%
Harper's Choice	512	497	521	521	570	570	505	504	493	490	506	97.4%
Lake Elkhorn	467	470	510	500	530	530	580	580	564	600	643	87.7%
Lime Kiln	593	596	635	703	729	729	632	632	660	642	721	91.5%
Mayfield Woods	724	717	779	632	685	685	725	726	787	795	795	99.0%
Mount View	679	718	734	750	792	792	838	837	853	835	798	106.9%
Murray Hill	725	725	735	595	669	669	724	720	733	723	662	110.7%
Oakland Mills	402	406	437	423	443	443	515	520	498	479	506	98.4%
Patapsco	583	568	628	675	686	687	716	712	746	693	643	116.0%
Patuxent Valley	660	654	680	648	639	639	690	686	698	778	760	91.8%
Thomas Viaduct	-	-	-	523	632	633	669	654	734	835	701	104.7%
Wilde Lake	520	548	546	521	556	556	632	632	687	641	740	92.8%
Total Middle Schools	11,523	11,483	11,890	12,276	12,895	12,897	13,465	13,426	13,795	13,671	13,454	102.5%
<u>High Schools</u>												
Atholton	1,489	1,490	1,464	1,560	1,455	1,456	1,505	1,511	1,460	1,472	1,460	100.0%
Centennial	1,441	1,442	1,370	1,429	1,511	1,511	1,593	1,594	1,597	1,467	1,360	117.4%
Glenelg	1,227	1,281	1,274	1,261	1,206	1,207	1,198	1,199	1,197	1,263	1,420	84.3%
Hammond	1,341	1,297	1,256	1,226	1,304	1,300	1,370	1,377	1,394	1,316	1,220	114.3%
Howard	1,704	1,755	1,732	1,758	1,839	1,837	1,899	1,898	1,910	1,828	1,420	134.5%
Long Reach	1,318	1,344	1,370	1,434	1,553	1,554	1,551	1,565	1,696	1,595	1,488	114.0%
Marriotts Ridge	1,278	1,228	1,221	1,161	1,264	1,264	1,417	1,422	1,472	1,597	1,615	91.1%
Mt. Hebron	1,452	1,459	1,453	1,498	1,583	1,582	1,631	1,630	1,695	1,635	1,400	121.1%
Oaklands Mills	1,156	1,163	1,128	1,085	1,171	1,174	1,226	1,231	1,246	1,269	1,400	89.0%
Reservoir	1,535	1,526	1,505	1,482	1,481	1,481	1,586	1,586	1,624	1,788	1,551	104.7%
River Hill	1,394	1,393	1,346	1,310	1,154	1,154	1,384	1,387	1,378	1,470	1,488	92.6%
Wilde Lake	1,292	1,282	1,259	1,234	1,251	1,248	1,308	1,318	1,351	1,379	1,424	94.9%
Total High Schools	16,627	16,660	16,378	16,438	16,772	16,768	17,668	17,718	18,020	18,079	17,246	104.5%
<u>Special Schools</u>												
Cedar Lane	101	103	93	129	109	110	108	106	117	116	120	97.5%
Homewood School	-	-	-	-	-	-	-	-	122	120	122	100.0%
	101	103	93	129	109	110	108	106	239	236	242	98.8%
Total All Schools (a)	51,555	52,053	52,806	53,685	55,659	55,638	58,019	57,900	58,868	57,293	56,562	104.1%

Statistical Section

Howard County Public School System

Table 11

Principal Employers: Howard County, Maryland
Year Ended June 30, 2021 and June 30, 2012

Employer	2021			2012		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,500	1	4.84%	7,467	1	4.69%
Johns Hopkins Applied Physics Laboratory	7,000	2	3.99%	4,700	2	2.95%
Howard County Government	3,375	3	1.92%	2,861	3	1.80%
Howard County General Hospital	1,850	4	1.05%	1,682	6	1.06%
Verizon	1,700	5	0.97%	2,028	4	1.27%
Howard Community College	1,400	6	0.80%	1,244	8	0.78%
The Columbia Association	1,200	8	0.68%	900	10	0.56%
Lorien Health Systems	1,190	7	0.68%	2,000	5	1.26%
Coastal Sunbelt Produce	1,050	9	0.60%	-	-	0.00%
Freshly	820	10	0.47%	-	-	0.00%
SAIC	-	-	0.00%	1,060	9	0.67%
Giant Food	-	-	0.00%	1,500	7	0.94%
Total	28,085		16.00%	25,442		15.98%

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, 2021 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)
2012	299,552	\$ 20,778,363	\$ 69,365	51,555	5.6%
2013	304,210	\$ 20,499,507	\$ 67,386	52,053	5.5%
2014	307,784	\$ 21,158,756	\$ 68,745	52,806	4.8%
2015	312,400	\$ 22,203,989	\$ 71,076	53,685	4.5%
2016	316,966	\$ 23,070,751	\$ 72,786	55,659	3.5%
2017	321,113	\$ 24,063,585	\$ 74,938	55,638	3.5%
2018	323,293	\$ 25,351,344	\$ 78,416	58,019	3.6%
2019	326,286	\$ 25,859,144	79,253	57,900	2.8%
2020	330,840	*	*	58,868	6.9%
2021 (a)	325,690	*	*	57,293	5.2%

(a) Howard County Department of Planning and Zoning - Population as of July 1, 2019 Source: Population Division, U.S. Census Bureau, March 2020.
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 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 2021

* 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, 2021 and Nine Prior Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total Full-Time Equivalent of Students Enrolled*	50,497	50,981	51,688	51,595	52,412	54,262	54,247	56,750	57,274	56,165
Expenditures **										
Current:										
Administration	\$ 208	\$ 219	\$ 236	\$ 237	\$ 235	\$ 250	\$ 241	\$ 249	\$ 224	\$ 238
Mid level administration	1,082	1,032	1,036	1,086	1,116	1,099	1,130	1,140	1,048	1,123
Instruction	-	-	-	-	-	-	-	-	-	-
Instructional salaries	5,664	5,804	5,833	6,094	6,017	5,995	6,344	6,330	6,246	6,424
Textbooks and classroom supplies	272	230	262	243	224	172	161	133	125	167
Other instructional costs	51	59	60	49	64	53	50	35	57	87
Special education	1,655	1,702	1,720	1,767	1,782	1,818	2,018	1,930	2,071	2,353
Student personnel services	53	55	55	57	61	60	65	63	68	76
Health services	117	120	128	138	147	145	159	151	159	182
Student transportation	706	718	697	715	717	698	763	719	715	832
Operation of plant	777	737	760	796	767	719	760	700	653	773
Maintenance of plant and equipment	477	398	355	466	482	432	460	439	439	474
Fixed charges	2,315	2,473	2,807	2,843	3,036	3,138	3,446	2,934	3,380	3,497
Community services	119	114	116	115	125	119	124	128	118	115
Capital outlay	15	16	16	16	16	15	16	16	18	16
Total Expenditure per Student	\$ 13,511	\$ 13,677	\$ 14,081	\$ 14,622	\$ 14,789	\$ 14,713	\$ 15,737	\$ 14,967	\$ 15,321	\$ 16,357
State Rank ***	5	4	4	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Source: HCPSS September 30 Official 20-21 Enrollment Report. Cost per Pupil calculations exclude PreK enrollment and Cedar Lane PreK enrollment.

** Source: Calculations based on HCPSS FY21 Expenditure Summary by Category - General Fund (Operating) - FY21 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 six years not available at time of this report.

Statistical Section

Howard County Public School System Food Service Data Year Ended June 30, 2021 and Five Prior Years

Table 14

	2016	2017	2018	2019	2020	2021 *
Number of Schools	75	76	76	77	77	77
Number of days lunch served	179	180	180	179	120	173
Number of free lunches served to pupils annually	1,291,024	1,330,823	1,332,341	1,298,616	873,954	1,532,349
Average number of free lunches served to pupils daily	7,212	7,393	7,402	7,255	7,283	5,620
Number of paid lunches served to pupils annually:						
At reduced price	220,562	248,372	271,152	298,901	201,906	-
At regular price	1,472,914	1,572,810	1,642,685	1,642,005	1,162,023	-
Average number of paid lunches served to pupils daily:						
At reduced price	1,232	1,380	1,506	1,670	1,683	-
At regular price	8,229	8,738	9,126	9,173	9,684	-
Total number of lunches served to pupils annually	2,984,500	3,152,005	3,246,178	3,239,522	2,237,883	1,532,349
Average number of lunches served to pupils daily	16,673	17,511	18,034	18,098	18,649	5,620
Charge per lunch to students:						
Elementary	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ -
Secondary	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ -

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

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

Statistical Section

Howard County Public School System

Howard County Public School System		
Transportation Data		Table 15
Year Ended June 30, 2021 and Nine Prior Years		
	Estimated number of eligible riders (Daily)	Number of bus routes (Daily)
2021*	43,093	385
2020	44,664	476
2019	44,189	468
2018	43,449	453
2017	42,950	453
2016	42,371	453
2015	40,800	448
2014	41,989	448
2013	41,525	438
2012	41,504	436
<p>*Ridership decreased in FY21 due to Covid-19 and the limited services provided</p> <p>Source: HCPSS Transportation Office</p>		

Howard County Public School System	
High School Graduation Data	Table 16
Year Ended June 30, 2021 and Nine Prior Years	
	<div>Graduation Rate</div>
2021	N/A*
2020	93.38%
2019	92.78%
2018	95.30%
2017	92.28%
2016	93.21%
2015	93.50%
2014	92.85%
2013	93.30%
2012	90.40%

* FY 2021 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

Table 17

Full-time Equivalent School System Budgeted Positions by Function Year Ended June 30, 2021 and Nine Prior Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Administration	92.4	96.4	96.2	98.9	102.5	102.5	68.5	91.5	94.5	95.5
Mid level Administration	586.5	594.0	599.0	602.5	612.0	616.5	618.5	598.6	604.1	603.6
Instruction**	4,434.1	4,504.3	4,588.6	4,633.1	4,632.5	4,723.5	4,656.4	4,739.3	4,671.8	4,534.2
Special Education	1,496.4	1,499.4	1,506.0	1,499.6	1,499.9	1,514.9	1,697.8	1,624.1	1,753.8	1,861.6
Student Personnel Services	32.0	31.0	32.0	32.0	32.0	33.0	33.0	33.0	36.0	38.0
Health Services	127.0	127.0	135.0	137.0	137.0	137.0	139.0	138.0	139.0	140.0
Student Transportation	14.0	14.0	14.0	14.0	14.0	15.0	16.0	16.0	16.0	16.0
Operation of Plant	450.0	450.5	456.5	456.5	455.5	457.5	458.5	461.5	461.5	461.5
Maintenance of plant and equipment	183.0	183.0	184.0	162.0	161.5	162.5	199.5	153.5	152.5	154.5
Community Services	40.9	42.9	44.9	48.4	53.1	55.1	55.3	54.1	53.3	54.1
Capital Outlay	10.0	10.0	9.0	9.0	9.5	8.5	9.5	8.5	8.5	8.5
Total General Fund	7,466.3	7,552.5	7,665.2	7,693.0	7,709.5	7,826.0	7,952.0	7,918.1	7,991.0	7,967.5
Total Grants Fund (estimated)	165.0	165.0	177.0	171.0	173.5	182.6	193.0	208.2	213.5	258.2
Restricted Funds										
Jim Rouse Theatre *	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.4
Food and Nutrition Services	187.0	187.0	188.0	191.0	191.0	192.0	192.0	194.3	199.3	198.2
Printing and Duplicating	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	12.0	12.0
Technology Office	38.0	37.0	37.0	64.0	64.0	64.0	65.0	62.0	62.0	61.0
Workers Comp. Self-Insurance	3.0	3.0	4.0	3.0	3.0	4.0	2.0	-	-	-
Health and Dental Self-Insurance	3.0	3.0	3.0	4.0	5.0	5.0	5.0	3.0	3.0	3.0
Total Restricted Funds	242.2	240.2	242.2	272.2	273.2	275.2	274.2	269.5	276.5	274.6
Total All Funds	7,873.5	7,957.7	8,084.4	8,136.2	8,156.2	8,283.8	8,419.2	8,395.8	8,481.0	8,500.2

* 0.4 FTE reclassified from Instruction to Jim Rouse Theatre.

** Includes Grant Fund FTE's

Statistical Section

Howard County Public School System County, State, and National Assessment Achievement Year Ended June 30, 2021 and Nine Prior Years

Table 18

	SAT***			High School Assessment % Proficient *				High School Assessment**							
	Howard County	Maryland State	National	Algebra I PARCC/MCAP	English 10 PARCC/MCAP	Algebra I PARCC/MCAP	English 10 PARCC/MCAP	Howard County				Maryland State			
	***	***	***	****	****	****	****	Algebra	Biology	English	Government	Algebra	Biology	English	Government
2021	***	***	***	****	****	****	****	**	**	**	**	**	**	**	**
2020	1,195	1,029	1,051	****	****	****	****	**	**	**	**	**	**	**	**
2019	1,202	1,058	1,059	62.6	65.9	27.2	42.6	**	**	**	**	**	**	**	**
2018	1,203	1,080	1,065	57.0	60.9	31.2	42.4	**	**	**	**	**	**	**	**
2017	1,161	1,046	1,060	62.6	58.8	36.5	49.3	**	**	**	**	**	**	**	**
2016	1,647	1,428	1,453	56.7	45.1	35.6	44.4	**	**	**	**	**	**	**	**
2015	1,656	1,434	1,462	45.9	95.0	31.2	39.7	95.0	95.0	93.2	90.0	87.4	87.6	83.9	75.7
2014	1,657	1,438	1,471	No Data	No Data	No Data	No Data	95.0	95.0	94.2	71.9	88.2	87.6	85.9	80.9
2013	1,653	1,456	1,474	No Data	No Data	No Data	No Data	97.6	96.3	93.4	93.2	88.3	85.8	86.4	84.6
2012	1,632	1,467	1,477	No Data	No Data	No Data	No Data	97.1	96.6	94.3	96.0	89.1	85.9	87.4	88.9

* 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 Insurance Summary Year Ended June 30, 2021

Table 19

Type of Coverage	Name of Company	Policy Period	Limits
WORKERS COMPENSATION			
Excess Workers Compensation	Safety National	7/1/20-6/30/21	Statutory maximum limit of indemnity per occurrence after \$600,000 self-insured retention
CASUALTY INSURANCE			
Comprehensive General Liability	MABE Group Insurance Pool	7/1/20-6/30/21	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal and Advertising Injury Liability	MABE Group Insurance Pool	7/1/20-6/30/21	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	7/1/20-6/30/21	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Board of Education	MABE Group Insurance Pool	7/1/20-6/30/21	\$400,000 combined single limit \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Bus Contractors	MABE Group Insurance Pool	7/1/20-6/30/21	\$1 million combined single limit for bodily injury and property for Independent Bus Contractors
Maryland Personal Injury Protection	MABE Group Insurance Pool	7/1/20-6/30/21	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/20-6/30/21	Actual cash value with deductibles per member per loss
Maryland Uninsured Motorists	MABE Group Insurance Pool	7/1/20-6/30/21	\$50,000 per accident
Garage Keepers Liability	MABE Group Insurance Pool	7/1/20-6/30/21	\$400,000 per loss
Cyber	MABE Group Insurance Pool	7/1/20-6/30/21	\$5 million per claim and \$5 million annual Pool aggregate
Security/Law Enforcement Liability	MABE Group Insurance Pool	7/1/20-6/30/21	\$400,000 per occurrence, \$5 million per claim should sovereign immunity be abrogated and \$5 million annual aggregate
Sexual Abuse and Molestation Liability	MABE Group Insurance Pool	7/1/20-6/30/21	\$400,000 per occurrence, \$1 million per claim should sovereign immunity be abrogated, and \$6 million annual aggregate
School Board of Education Legal Liability	MABE Group Insurance Pool	7/1/20-6/30/21	\$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	7/1/20-6/30/21	\$1 billion each occurrence, annual Pool aggregate of \$1 billion for earthquake and flood
Builders Risk	MABE Group Insurance Pool	7/1/20-6/30/21	\$75 million each occurrence
Boiler and Machinery	MABE Group Insurance Pool	7/1/20-6/30/21	\$100 million each accident
Crime, including employee dishonesty	MABE Group Insurance Pool	7/1/20-6/30/21	\$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)	7/1/20-6/30/21	\$10,000 Accidental Death \$20,000 Accidental Dismemberment \$6,000,000 Accident Medical Expense, \$25,000 deductible \$1,000,000 Catastrophic Cash Benefit for coma or paralysis \$1,000,000 Per storage tank incident
Storage Tank Liability	ACE American Insurance Company (Chubb)	8/23/20-8/23/21	\$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	3/15/20-3/15/21	\$25,000 per covered injury

Source: HCPSS Office of Risk Management