



**Howard  
County**  
Public School System



# Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2019

A Component Unit of Howard County, Maryland

# Strategic Call to Action “The Fierce Urgency of Now”

## 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, 2019*

Prepared By:

**The Division of Administration**

10910 Clarksville Pike  
Ellicott City, Maryland 21042-6198

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*Chief Administrative Officer*

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## Introductory Section

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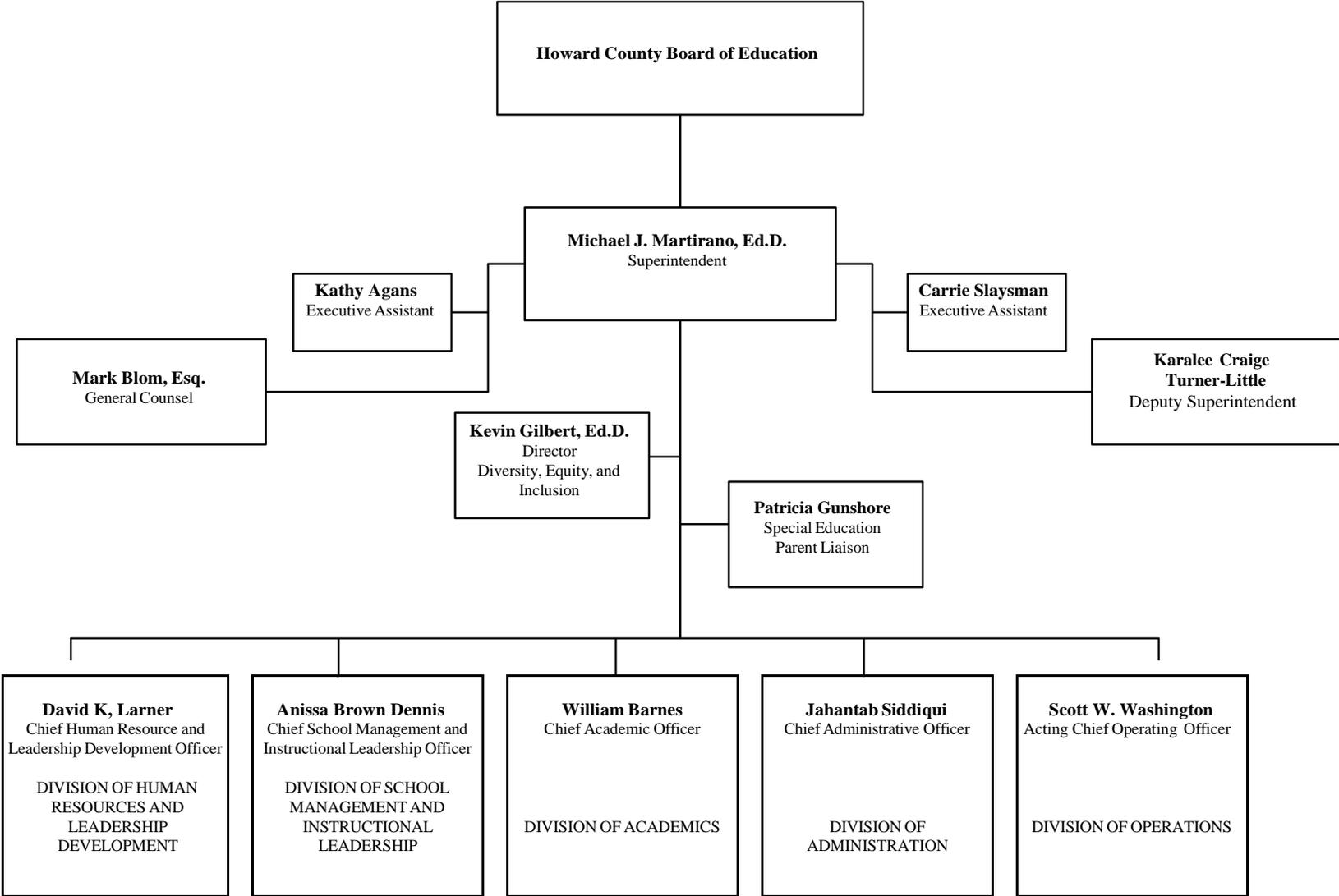
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**Organizational Chart**

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

“WORK HARD AND BE KIND”



## Principal Officials

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

Howard County Public Schools Officials

### Superintendent of Schools



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

### David K. Lerner

Chief Human Resource and Leadership  
Development Officer

### Anissa Brown Dennis

Chief School Management and  
Instructional Leadership Officer

### William J. Barnes

Chief Academic Officer

### Jahantab Siddiqui

Chief Administrative Officer

### Scott W. Washington

Acting Chief Operating Officer

### Independent Auditor

#### CohnReznick LLP

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

### Board of Education Members



**Mavis Ellis**  
Chair



**Kirsten Coombs**  
Vice Chair



**Vicky Cutroneo**



**Christina Delmont-Small**



**Jennifer Mallo**



**Sabina Taj**



**Chao Wu**



October 31, 2019

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

## **FORMAL TRANSMITTAL OF CAFR**

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 (CAFR) of the Howard County Public School System (HCPSS) for the fiscal year ended June 30, 2019.

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**

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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 58,000 students. HCPSS has realized an increase of nearly 6,800 students over the last decade. Projections show that student enrollment will continue to increase. In fact, preliminary counts for the 2019–2020 school year show an increase of nearly 1,050 students over the previous year.

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 2018–2019 academic year, with the average age of school buildings varying from 15.1 years for elementary schools, 16.7 years for middle schools, and 20.0 years for high schools. A wide range of 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

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In FY 2019, HCPSS received approximately 64% of its governmental funds operating budget from Howard County and approximately 36% from Maryland State. 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 a result, Howard County has not suffered as much as many other jurisdictions during the recession and leading economic indicators have seen measurable improvement in the last year. Howard County's unemployment rate was 3.1% at June 2019, an increase from the 3.0% unemployment rate as of June 30, 2018, and was below the national and state levels.

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

As Maryland's economy and revenues continue to grow, the state for the fourth straight year will continue its record level of funding for education. The state administration is investing \$6.9 billion into K–12 education, approximately \$500 million more than in FY 2019. Local budgets improved as well, allowing a \$27.2 million increase (4.8%) in HCPSS budget.

## **Long-term Financial Planning**

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

The development of the FY 2020 Operating Budget was influenced by the economic climate more than any other factors. The strategy in budget development was to ensure that all programs and services which directly impact the classroom remain in place. This budget provides for critical needs and funds small strategic improvements by realigning spending. This budget also benefits from strategic cost-saving strategies over the past several years.

The FY 2020 Approved Operating Budget provided funding for the following:

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

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

## **School System Budget**

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The School System's final Approved Operating Budget for FY 2020 appropriates \$901.3 million for revenues and expenses. This represents a total increase of \$38.9 million or approximately 4.5 %. By increasing the budget by more than required by law, the county met its statutory obligation for maintenance of effort.

## **Internal Controls**

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

## **Budgetary Controls**

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

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

Budgetary control is maintained at the various expenditure levels by the encumbrance of estimated purchase amounts prior to release of purchase orders to vendors. Purchase orders that result in an over-obligation of available balances are not released until additional appropriations are made available. Open encumbrances are reported as assigned fund balance at June 30, 2019. The MD&A provides additional details about budgetary controls utilized by HCPSS.

## **Independent Audit**

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The financial statements for FY 2019 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 except for the General Fund and the Aggregate Remaining Fund Information opinion units which received adverse opinions.

## **System Achievements**

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The HCPSS graduating Class of 2018 achieved outstanding scores on the new SAT, with average scores of 599 in evidence-based reading and writing (ERW) and 607 in Mathematics, which averages to a composite score of 1,206. HCPSS scores significantly outpaced the Maryland public schools averages of 1,066 composite, 538 ERW and 528 Mathematics, as well as the national public school averages of 1,060 composite, 533 ERW and 527 Mathematics.

The Class of 2018 also showed impressive scores and increased participation in the ACT. HCPSS students outpaced their peers in Maryland and the nation. The mean composite score was 25.7, with mean scores in test categories of reading, 26.2; math, 25.6; English, 25.8; and science, 25.3. In comparison, scores at the state and national level, respectively, were composite, 23.4 and 21.0; reading, 23.9 and 21.4; math, 23.1 and 20.7; English, 22.8 and 20.3; and science, 23.1 and 21.0. HCPSS students took 11,313 Advance Placement Exams in 2018. Of these, 81.6% of the exams were scored at 3 or higher. A score of 3 on an AP exam is often used by universities to award credit for a college level course in that subject. To consistently have more than three quarters of all tests receiving this score is an impressive achievement by HCPSS students.

In addition to academic achievements, HCPSS has implemented a variety of successful initiatives which benefit the students, staff, parents, and community. A total of 53 HCPSS schools have been certified as Maryland Green Schools.

## Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Howard County Public School System for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This was the thirteenth consecutive year that the system has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

In addition, the Association of School Business Officials (ASBO) International awarded the Howard County Public School System its Certificate of Excellence in Financial Reporting for the fiscal year ended June 30, 2018. This award reflects our commitment to the highest standards in School System reporting.

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

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff in the Department of Finance. The high standard of conformity of this report reflects the professional competence of all the individuals responsible for its preparation. 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, 2019, 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 Siddiqui  
Chief Administrative Officer



ASSOCIATION OF  
SCHOOL BUSINESS OFFICIALS  
INTERNATIONAL

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

## **Howard County Public School System**

**for its Comprehensive Annual Financial Report (CAFR)  
for the Fiscal Year Ended June 30, 2018.**

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



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

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

**John D. Musso, CAE**  
Executive Director



Government Finance Officers Association

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

Presented to

**Howard County  
Public School System  
Maryland**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

Executive Director/CEO

# Financial Section

## Independent Auditor's Report

To the Board of Education  
Howard County, Maryland

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Howard County Public School System ("HCPSS"), a component unit of Howard County, Maryland, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to 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 unmodified and adverse audit opinions.

*Summary of Opinions*

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Governmental Fund - General Fund	Adverse
Governmental Fund - Food Services Fund	Unmodified
Governmental Fund - Glenelg Wastewater Treatment Plant Fund	Unmodified
Governmental Fund - Restricted Programs Fund	Unmodified
Governmental Fund - Capital Projects Fund	Unmodified
Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Adverse

*Basis for Adverse Opinion on the General Fund and the Aggregate Remaining Fund Information*

Accounting principles generally accepted in the United States of America require interfund balances for which the government does not have both the intent and ability to repay the balance in full to be reduced by the amount for which it does not have both the intent and ability to repay by recording an interfund transfer. The Health and Dental internal service fund, included in the aggregate remaining fund information, has not demonstrated its ability to repay the General Fund, which it owes \$20,701,648. The amount remains reported as an interfund balance.

The effect of recording a transfer in the General Fund would reduce the net change in fund balance on the General Fund by \$20,701,648, from \$8,059,435 to (\$12,642,213), which would reduce fund balance from \$33,533,751 to \$12,832,103. Unassigned fund balance in the General Fund would be reduced from \$15,168,948 to \$0 and assigned fund balance would be reduced from \$17,018,402 to \$11,485,702.

The effect of recording a transfer in the Health and Dental internal service fund would increase the change in net position on the internal service funds by \$20,701,648 from \$3,472,916 to \$24,174,564, which would increase net position from (\$26,107,582) to (\$5,405,934). Unrestricted net position in the internal service funds would increase from (\$30,827,985) to (\$10,126,337).

*Adverse Opinions*

In our opinion, because of the significance of the matter described in the "*Basis for Adverse Opinion on the General Fund and the Aggregate Remaining Fund Information*" paragraph, the financial statements referred to above do not present fairly the financial position of the General Fund and the Aggregate Remaining Fund Information of HCPSS as of June 30, 2019, or the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Unmodified 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, and each major fund other than the General Fund, of HCPSS as of June 30, 2019, 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 6 through 19, budgetary comparison information on pages 62 and 63, the schedules of pension related supplementary information on pages 64 and 65, and the schedules of required OPEB related supplementary information on page 66 and 67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2019 our consideration of HCPSS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of HCPSS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPSS's internal control over financial reporting and compliance.

*CohnReznick LLP*

Baltimore, Maryland  
October 31, 2019

# Financial Section

## Management's Discussion and Analysis

# Management's Discussion and Analysis

## Introduction

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**A**s Management of the Howard County Public School System (HCPSS, School System, Board), we have prepared the following discussion and analysis to inform readers of the HCPSS's annual financial report about the financial information that the enclosed statements present for the year ended June 30, 2019 with selected comparative data for the year ended June 30, 2018. 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 2019

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### Government-wide financial statements

- The School System's financial status as of June 30, 2019, and as reflected in total net position, decreased by \$8.0 million to \$394.2 million from \$402.2 million. The decrease in total net position reflects increases in current and other assets of \$18.0 million, a decrease in capital assets of \$3.4 million, and increase in deferred outflows of resources of \$45.5 million, as well as increases in liabilities of \$28.6 million and an increase of deferred inflows of resources of \$39.4 million.
- General revenues accounted for \$837.1 million, including \$600.1 million in local appropriations and \$222.3 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 \$240.0 million. The total revenue from all sources was \$1,077.1 billion.
- The School System had \$1,085.0 billion in expenses related to programs, an increase of \$17.9 million from the prior year. The increase in expenses is primarily due to an increase in salaries and benefits costs.

### Governmental funds financial statements

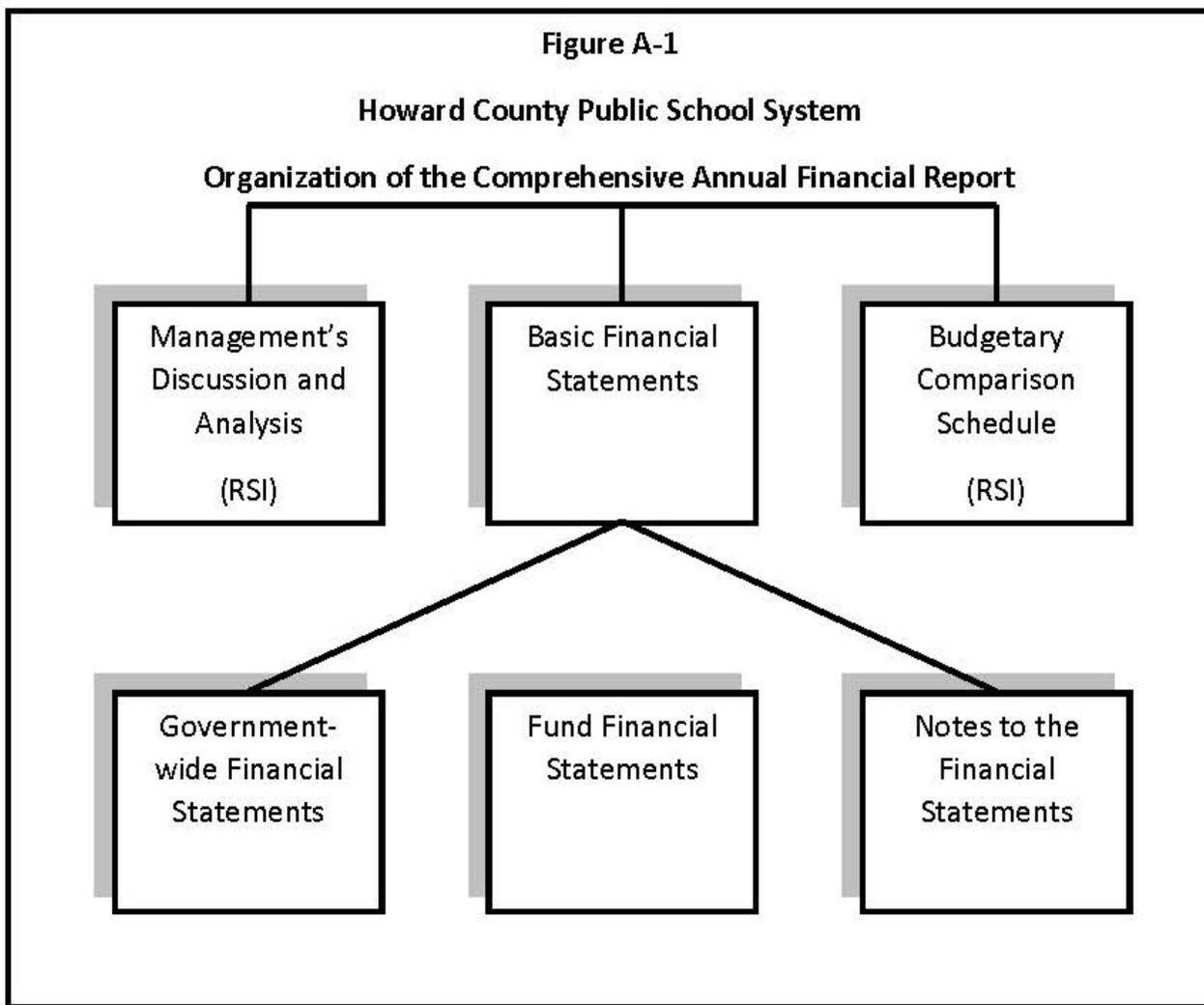
- The overall fund balance of the General Fund, the primary operating fund, increased by \$8.0 million to \$33.5 million from \$25.5 million. The General Fund balance is comprised of \$1.0 million in nonspendable fund balance related to prepaid items and inventories, \$330 thousand committed for severance payable, \$17.0 million assigned for encumbrances and subsequent year's budgeted appropriation of fund balance, and \$15.2 million in unassigned fund balance.

# Management's Discussion and Analysis

## Overview of the Basic Financial Statements

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

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



# Management's Discussion and Analysis

## Government-wide Financial Statements

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

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

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

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

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 three categories: governmental funds, proprietary funds, and fiduciary funds.

### Governmental Funds

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

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

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

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

## Management's Discussion and Analysis

### Fiduciary Funds

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

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

The fiduciary fund financial statement can be found on [page 30](#) of this report.

### Summary of Significant Accounting Policies and the Notes to Financial Statements

The Summary of Significant Accounting Policies and Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The summary and notes can be found on [pages 33–60](#) 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 61–77](#) of this report.

## Financial Highlights and Analysis

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The School System is a component unit of Howard County, Maryland, and is fiscally dependent on the Howard County Government and the State of Maryland to appropriate funding for the School System. The School System receives approximately 64% of its governmental activities funding from the County, and approximately 36% from the State. Additionally, the School System receives federal entitlement grants and competitive grants from the state and federal governments. Essentially all of the School System's funding for governmental activities is derived from these sources. The School System has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the School System is directly related to the financial condition of the funding authorities, the county and state. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the county government in a subsequent fiscal year.

## Government-Wide Financial Analysis

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### Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School System, governmental activities assets exceeded liabilities by \$393.9 million at the close of the most recent fiscal year.

The most significant portion of the School System's net position (313.0%) reflects its net investment in capital assets (land, buildings, vehicles, and equipment). The School System uses these assets to provide an education to the students of Howard County. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the School System are returned to the county government, since the county is the primary funding source for school buildings. Because the School System has no authority to issue bonded debt, the only debt outstanding related to capital assets are capital leases for energy performance, and the purchase of equipment including technology equipment and software. The county and/or state government may issue debt to finance

## Management's Discussion and Analysis

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, 2019 and 2018:

**Table 1: Net Position – Years ended June 30, 2019 and 2018 (In Thousands)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
<b>ASSETS</b>						
Current and other assets	\$ 117,670	\$ 99,729	\$ 322	\$ 302	\$ 117,992	\$ 100,031
Capital assets (net)	1,236,553	1,239,944	60	59	1,236,613	1,240,003
Total assets	1,354,223	1,339,673	382	360	1,354,605	1,340,033
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	84,623	39,102	-	-	84,623	39,102
<b>LIABILITIES</b>						
Long-term liabilities	802,465	770,583	-	-	802,465	770,583
Other liabilities	102,665	105,906	11	6	102,676	105,912
Total liabilities	905,130	876,489	11	6	905,141	876,495
<b>DEFERRED INFLOWS OF RESOURCES</b>	139,850	100,473	-	-	139,850	100,473
<b>NET POSITION</b>						
Net investment in capital assets	1,233,956	1,234,814	60	59	1,234,016	1,234,873
Restricted for:						
Capital Projects	8,460	1,247	-	-	8,460	1,247
GWWTTP	1,275	1,012	-	-	1,275	1,012
Unrestricted	(849,825)	(835,260)	311	295	(849,514)	(834,965)
<b>TOTAL NET POSTION</b>	<b>\$ 393,866</b>	<b>\$ 401,813</b>	<b>\$ 371</b>	<b>\$ 354</b>	<b>\$ 394,237</b>	<b>\$ 402,167</b>

## Management's Discussion and Analysis

### Change in Net Position

The School System's net position decreased \$7.9 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, 2019 and 2018. Key elements of this decrease are as follows:

**Table 2: Change in Net Position – Years ended June 30, 2019 and 2018 (In Thousands)**

	Governmental Activities		Business-Type Activities		Total Activities	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
Charges for services	\$ 21,791	\$ 27,991	\$ 206	\$ 159	\$ 21,997	\$ 28,150
Operating grants and contributions	175,495	168,923	-	-	175,495	168,923
Capital gains and contributions	42,744	61,699	-	-	42,744	61,699
General revenues						
County appropriations	600,054	572,872	-	-	600,054	572,872
State aid	222,299	212,420	-	-	222,299	212,420
Federal aid	194	124	-	-	194	124
Interest and investment earnings	1,612	816	-	-	1,612	816
Miscellaneous	12,900	5,094	-	-	12,900	5,094
<b>Total Revenues</b>	<b>1,077,089</b>	<b>1,049,939</b>	<b>206</b>	<b>159</b>	<b>1,077,295</b>	<b>1,050,098</b>
<b>EXPENSES</b>						
Instruction						
Regular instruction	606,946	604,207	-	-	606,946	604,207
Special instruction	183,463	175,426	-	-	183,463	175,426
Support services:						
Administration	20,809	21,741	-	-	20,809	21,741
Mid-level administration	100,453	101,422	-	-	100,453	101,422
Student services	5,504	5,266	-	-	5,504	5,266
Health services	13,607	12,725	-	-	13,607	12,725
Student transportation	42,401	39,890	-	-	42,401	39,890
Operations of plant	54,021	49,784	-	-	54,021	49,784
Maintenance of plant	31,918	31,779	-	-	31,918	31,779
Community services	9,313	9,402	-	-	9,313	9,402
Food services	16,581	15,483	-	-	16,581	15,483
Interest on long-term debt	20	27	-	-	20	27
Enterprise funds	-	-	189	123	189	123
<b>Total Expenses</b>	<b>1,085,036</b>	<b>1,067,152</b>	<b>189</b>	<b>123</b>	<b>1,085,225</b>	<b>1,067,275</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>(7,947)</b>	<b>(17,213)</b>	<b>17</b>	<b>36</b>	<b>(7,930)</b>	<b>(17,177)</b>
<b>BEGINNING NET POSITION</b>	<b>401,813</b>	<b>419,026</b>	<b>354</b>	<b>318</b>	<b>402,167</b>	<b>419,344</b>
<b>ENDING NET POSITION</b>	<b>\$ 393,866</b>	<b>\$ 401,813</b>	<b>\$ 371</b>	<b>\$ 354</b>	<b>\$ 394,237</b>	<b>\$ 402,167</b>

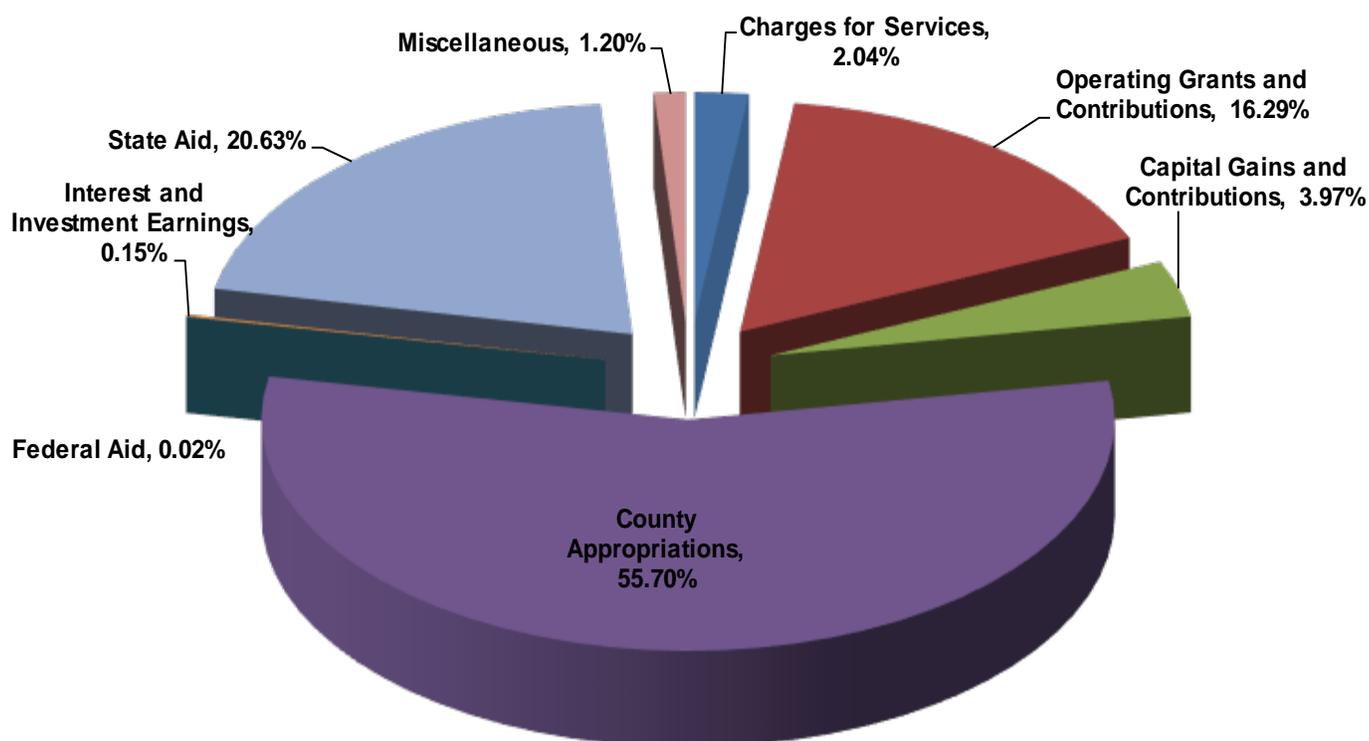
## Management's Discussion and Analysis

### Government-Wide Revenues and Expenses

Charts 1 and 2 display government-wide revenues and expenses, respectively, for the current year. Revenues for the HCPSS combined activities (which include program revenues and general revenues) increased to \$1,077.1 million. County appropriations and State formula aid accounted for most of the HCPSS revenue. Funds from these two sources contributed approximately 75 cents of every dollar needed. The remaining 25 cents came from federal aid for specific programs, fees charged for services and other miscellaneous revenues. Total expenses surpassed revenues, decreasing net position by \$7.9 million over last year. The increase was primarily attributable to increase in local appropriations and state aid.

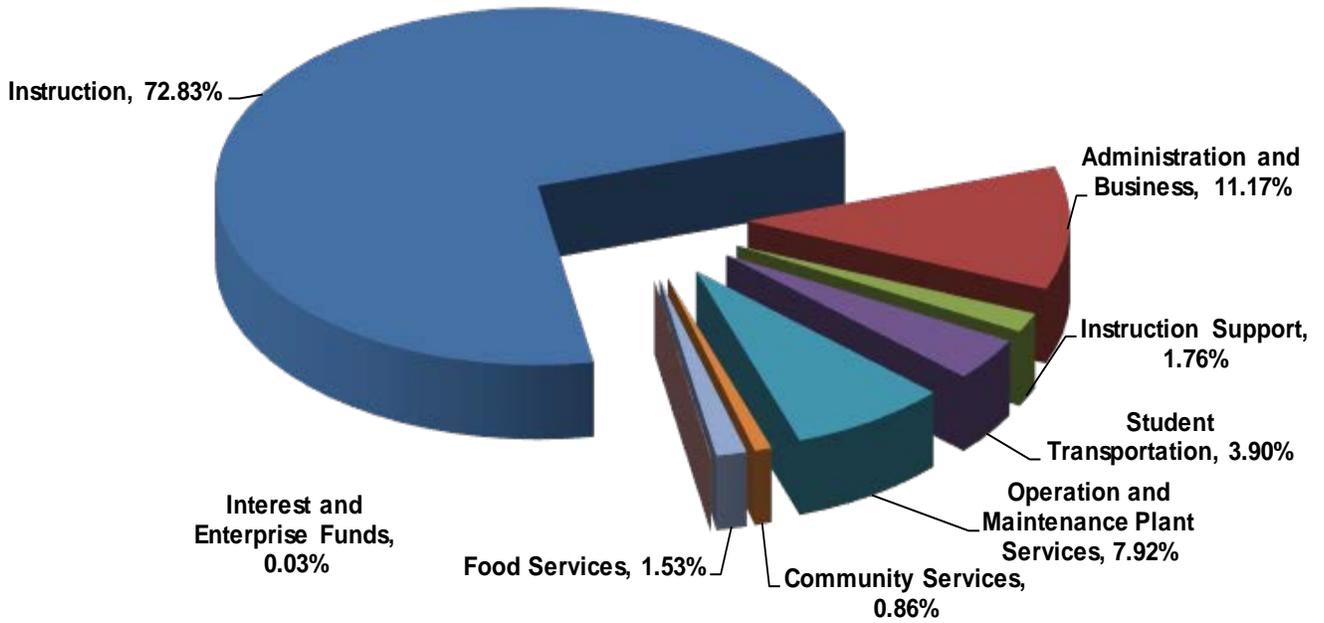
The total cost of all programs and services rose to \$1,085.0 million. Most of the HCPSS expenses are related to instruction (including special education), instructional support and student transportation services. Expenses in these areas comprised approximately 78.5% of all School System expenditures. The business and administration activities, food services, and community services accounted for 11.1%, 1.5% and 0.86% of total costs, respectively. Maintenance and operation expenses represented approximately 7.9%. 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 2019**



# Management's Discussion and Analysis

## Chart 2: Expenses by Category – FY 2019



## Management's Discussion and Analysis

### Governmental Activities

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Table 3 presents the cost of the 10 categories of the HCPSS: instruction – regular and special education, administration, mid-level administration, student and health services, student transportation services, operation of plant, maintenance of plant, community services, and special education services, and food services. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided by specific programs).

**Table 3: Cost of Governmental Activities – Year ended June 30, 2019 (In Thousands)**

	<u>Total Cost of Services</u>	<u>Less Program Revenues</u>	<u>Net Cost of Services</u>
<b>Instruction</b>			
Regular instruction	\$ 606,946	\$ 129,524	\$ (477,422)
Special instruction	183,463	43,473	(139,990)
<b>Support services</b>			
Administration	20,809	1,791	(19,018)
Mid-level administration	100,453	11,677	(88,776)
Student services	5,504	1,522	(3,982)
Health services	13,607	1,573	(12,034)
Student transportation	42,401	16,874	(25,527)
Operations of plant	54,021	14,111	(39,910)
Maintenance of plant	31,918	2,142	(29,776)
Community services	9,313	809	(8,504)
Food services	16,581	16,535	(46)
Interest on long-term debt	20	-	(20)
<b>Total Expenses</b>	<u>\$ 1,085,036</u>	<u>\$ 240,031</u>	<u>\$ (845,005)</u>

### Business-Type Activities

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The HCPSS has one business-type activity: The Jim Rouse Theatre. Operating revenues for the business-type activity totaled \$206 thousand for 2019. Operating expenses totaled \$188 thousand for a net operating gain of \$17 thousand primarily due to an increase in charges for services. Details of the business-type activity can be found on [page 27-29](#) of this report.

## Management's Discussion and Analysis

### Financial Analysis of Governmental Funds

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The focus of the School System's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School System's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the School System governmental funds reported combined ending fund balances of \$47.1 million, an increase of \$14.5 million. This includes nonspendable fund balance which is comprised of \$916 thousand in inventories and \$100 thousand in prepaid expenses. Restricted fund balance is comprised of \$2.1 million for food services operations, \$1.3 million for the Glenelg Waste Water Treatment Plant, \$1.5 million for S-Programs and \$8.5 million for capital projects. Assigned fund balance includes \$5.0 million for encumbrances and \$12.0 million for subsequent year's budgeted appropriation of fund balance. The unassigned fund balance is \$15.2 million.

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

During the fiscal year, the fund balance of the School System's general fund increased by \$8.0 million. Any change in the School System's fund balance is a result of timing of expenditures. The School System's revenues and expenditures are fixed depending upon funding adopted by the county and state governments.

The fund balance of the Food Service Fund, a special revenue fund, decreased during the current fiscal year by \$29 thousand due to decreased sales. The Glenelg Waste Water Treatment Plant fund finished with a fund balance of \$1.3 million.

Revenues for the HCPSS's governmental funds increased 2.6% while total expenses increased 1.7%. County revenue increased by 1.3% or \$8.5 million over the previous year. While the general fund revenues from the county increased by 4.4% or \$26.6 million, the County revenues for the Capital Projects fund decreased by 33.9% or \$18.6 million. The Capital Projects Fund recognizes county revenues when project expenditures are incurred. The HCPSS FY 2020 capital budget proposes spending \$17.1 million for systemic renovations, \$9.5 million to continue planning for the Talbott Springs ES project, \$9.0 million to continue planning for HS #13, \$12.5 million to continue planning for Hammond HS Renovation/Addition, \$4.5 million for roofing projects, \$3.0 million for relocatable classroom projects and \$1.0 million towards technology projects.

The HCPSS proposed capital spending totaling \$654.7 million over the FY 2021-2025 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 completed were the construction of Hanover Hills Elementary School, construction for the renovation/addition at Swansfield Elementary and the continued planning for the Talbott Springs Elementary School replacement. State funding decreased by 7.7% or \$521 thousand from the previous year.

### General Fund Budgetary Highlights

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

## Management's Discussion and Analysis

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

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

During FY 2019, General Fund Budgeted Revenues were over budget by \$4.7 million due to higher earnings on investments, and higher than budgeted energy rebates. Management continued cost cutting and efficiency efforts which allowed for strategic expenditures at year-end and \$8.6 million in unspent budgeted appropriations. The net positive budget variance of \$13.4 million in the General Fund will be available for the County to appropriate in future budgets.

Unrestricted expenditures were \$7.2 million under budget. Most of the reduction resulted from a savings plan implemented to review all non-school based expenditures, lower than expected building utility costs, higher than budgeted instructional salaries lapse, and personnel turnover.

## Capital Assets

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The HCPSS had \$1,236.5 million invested in land, construction in progress, buildings and improvements, and furniture and equipment at June 30, 2019.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation, at June 30, 2019 and 2018. During FY 2019, capital assets decreased by a net of \$3.4 million from the prior year. Depreciation expense on these assets was approximately \$39.9 million in FY 2019. 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:

- Completed construction of Hanover Hills Elementary School (New ES #42)
- Completed construction for renovations at Waverly Elementary School
- Completed construction for the renovation/addition at Swansfield Elementary
- Continued planning for the Talbott Springs Elementary School Replacement
- Began planning for New High School #13
- Began planning for Hammond High School Renovation/Addition
- Other major projects include systemic projects, technology projects, and relocatable classrooms

The HCPSS FY 2020 capital budget proposes spending \$17.1 million for systemic renovations, \$9.5 million to continue planning for the Talbott Springs ES project, \$9.0 million to continue planning for HS #13, \$12.5 million to continue planning for Hammond HS Renovation/Addition, \$4.5 million for roofing projects, \$3.0 million for relocatable classroom projects and \$1.0 million towards technology projects.

The HCPSS proposed capital spending totaling \$654.7 million over the FY 2021-2025 period which has been submitted to the Howard County Council for its approval. Cost estimates will need to be monitored closely to ensure the request is sufficient with regards to changes in the economy and materials pricing.

## Management's Discussion and Analysis

**Table 4: Capital Assets – Governmental Activities – Years ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
Land	\$ 34,343,533	\$ 31,903,533
Construction in progress	7,966,391	65,228,675
Buildings and improvements	1,720,530,034	1,630,199,668
Furniture and equipment	44,827,770	43,964,303
(Less accumulated depreciation)	<u>(571,114,659)</u>	<u>(531,352,670)</u>
<b>Total Capital Assets</b>	<u>\$ 1,236,553,069</u>	<u>\$ 1,239,943,509</u>

### Long-Term Obligations

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

Annual leave is earned on a monthly basis. At the end of the fiscal year, annual leave that has not been used can be carried over into the following year. At the end of any fiscal year, an employee may not carry over more than two times what the individual has earned in that year. Accrued leave in excess of the carryover maximum will be lost. Compensated absences totaled approximately \$10.8 million at June 30, 2019. Net pension and OPEB liability totaled approximately \$48.2 million and \$743.0 million, respectively. Total long-term obligations totaled approximately \$806.5 million at June 30, 2019. For an increase of approximately \$29.0 million over the balance of \$777.5 million at June 30, 2018.

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

### Factors Influencing Future Budgets

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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.
- 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

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Since the recession, Howard County has experienced years of healthier recovery than its counterparts in other areas of the state and country. Higher tax revenues (approximately 2.3% over FY18), a stronger new homes market, and a positive overall economic climate have contributed to its better performance. Even with these favorable conditions, the economy has yet to reach the heights of pre-recession levels. The recovery has continued to show signs of fragility, which has created a volatile future for the American economy and uncertainty for future budgets. Concurrently, the State of Maryland has recently disclosed in its two year forecast that gains on jobs are weak tempering growth prospects for income and housing.

At the time these financial statements were prepared and audited, the HCPSS was aware of other factors that could significantly affect its financial condition in the future: A growing segment of our student population face significant challenges including poverty, homelessness, and language barriers.

- Howard County provides approximately 70% of the HCPSS operating budget funding needs.
- The residential real estate market has seen strong growth in Howard County.
- Howard County continues to have the lowest unemployment rate in Maryland. The unemployment rate as of June 2019 was 3.1% compared to the state average of 3.7%.
- The State of Maryland has projected shortfalls over the next year, which could mean cuts to the state funding.

These factors were considered in preparing the HCPSS budget for FY 2020.

### Contacting HCPSS Financial Management

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

Howard County Public School System  
Division of Administration  
10910 Clarksville Pike, Ellicott City, MD 21402-6198  
Phone: 410-313-6680  
Email: jahantab\_siddiqui@hcpss.org

# Financial Section

## Basic Financial Statements

# Government-Wide Financial Statements

## Howard County Public School System

Statement of Net Position  
June 30, 2019

	Primary Government		Total
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,106,164	\$ -	\$ 11,106,164
Investments	76,621,642	-	76,621,642
Accounts receivable	1,888,897	18,132	1,907,029
Internal balances	(303,893)	303,893	-
Due from other units of government	26,803,009	-	26,803,009
Prepaid items	239,464	-	239,464
Inventory	1,313,579	-	1,313,579
Capital assets:			
Land	34,343,533	-	34,343,533
Construction in progress	7,966,391	-	7,966,391
Building and improvements	1,720,530,034	-	1,720,530,034
Furniture and equipment	44,827,770	243,849	45,071,619
Less: accumulated depreciation	(571,114,658)	(184,235)	(571,298,893)
Total capital assets, net of depreciation	<u>1,236,553,070</u>	<u>59,614</u>	<u>1,236,612,684</u>
Total Assets	<u>1,354,221,932</u>	<u>381,639</u>	<u>1,354,603,571</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>84,623,449</u>	<u>-</u>	<u>84,623,449</u>
<b>LIABILITIES</b>			
Accounts payable	14,731,295	-	14,731,295
Accrued liabilities	77,441,384	-	77,441,384
Unearned revenue	6,437,164	10,545	6,447,709
Long-term liabilities:			
Current portion	4,054,702	-	4,054,702
Long-term portion	<u>802,465,029</u>	<u>-</u>	<u>802,465,029</u>
Total Liabilities	<u>905,129,574</u>	<u>10,545</u>	<u>905,140,119</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>139,849,570</u>	<u>-</u>	<u>139,849,570</u>
<b>NET POSITION</b>			
Net investment in capital assets	1,233,955,805	59,614	1,234,015,419
Restricted for:			
Glenelg wastewater treatment plant	1,275,365	-	1,275,365
Capital Projects	8,460,390	-	8,460,390
Unrestricted	<u>(849,825,323)</u>	<u>311,480</u>	<u>(849,513,843)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 393,866,237</u>	<u>\$ 371,094</u>	<u>\$ 394,237,331</u>

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

# Government-Wide Financial Statements

## Howard County Public School System

Statement of Activities  
Year Ended June 30, 2019

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	\$ 606,945,329	\$ 5,096,845	\$ 81,683,065	\$ 42,744,155	\$ (477,421,264)	\$ -	\$ (477,421,264)
Special education	183,463,218	-	43,473,213	-	(139,990,005)	-	(139,990,005)
Total instruction	790,408,547	5,096,845	125,156,278	42,744,155	(617,411,269)	-	(617,411,269)
Support services:							
Administration	20,808,882	-	1,790,557	-	(19,018,325)	-	(19,018,325)
Mid-level administration	100,453,049	-	11,676,855	-	(88,776,194)	-	(88,776,194)
Student personnel services	5,503,675	-	1,522,097	-	(3,981,578)	-	(3,981,578)
Health services	13,607,229	-	1,572,717	-	(12,034,512)	-	(12,034,512)
Student transportation services	42,400,969	-	16,874,314	-	(25,526,655)	-	(25,526,655)
Operation of plant	54,020,717	9,716,488	4,394,096	-	(39,910,133)	-	(39,910,133)
Maintenance of plant and equipment	31,917,858	-	2,141,705	-	(29,776,153)	-	(29,776,153)
Community services	9,313,367	-	808,874	-	(8,504,493)	-	(8,504,493)
Food services	16,581,297	6,977,435	9,557,621	-	(46,241)	-	(46,241)
Interest on long-term debt	19,929	-	-	-	(19,929)	-	(19,929)
Total support services	294,626,972	16,693,923	50,338,836	-	(227,594,214)	-	(227,594,214)
Total governmental activities	1,085,035,519	21,790,768	175,495,114	42,744,155	(845,005,483)	-	(845,005,483)
Business-type activities:							
Jim Rouse Theatre	188,831	206,315	-	-	-	17,484	17,484
Total Business-type activities	188,831	206,315	-	-	-	17,484	17,484
<b>TOTAL SCHOOL SYSTEM</b>	<b>\$ 1,085,224,350</b>	<b>\$ 21,997,083</b>	<b>\$ 175,495,114</b>	<b>\$ 42,744,155</b>	<b>\$ (845,005,483)</b>	<b>\$ 17,484</b>	<b>\$ (844,987,999)</b>
General revenues - unrestricted:							
Local appropriations					600,053,881	-	600,053,881
State Aid					222,299,177	-	222,299,177
Federal Aid					194,195	-	194,195
Interest and investment earnings					1,612,005	-	1,612,005
Miscellaneous					12,899,556	-	12,899,556
Total general revenues					837,058,814	-	837,058,814
<b>CHANGES IN NET POSITION</b>					<b>(7,946,669)</b>	<b>17,484</b>	<b>(7,929,185)</b>
<b>NET POSITION, BEGINNING OF YEAR</b>					<b>401,812,906</b>	<b>353,610</b>	<b>402,166,516</b>
<b>NET POSITION, END OF YEAR</b>					<b>\$ 393,866,237</b>	<b>\$ 371,094</b>	<b>\$ 394,237,331</b>

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

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

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,313,942	\$ 2,792,222	\$ -	\$ -	\$ -	\$ 11,106,164
Investments	68,919,570	481,130	1,294,863	-	-	70,695,563
Accounts receivable	507,034	625,266	190,923	549,367	-	1,872,590
Prepaid items	100,570	-	-	-	-	100,570
Due from other funds	32,771,789	-	-	-	-	32,771,789
Due from other units of government	-	-	-	6,257,526	20,545,483	26,803,009
Inventory	916,271	198,714	-	-	-	1,114,985
<b>Total Assets</b>	<b>\$ 111,529,176</b>	<b>\$ 4,097,332</b>	<b>\$ 1,485,786</b>	<b>\$ 6,806,893</b>	<b>\$ 20,545,483</b>	<b>\$ 144,464,670</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts payable	\$ 4,182,797	\$ 183,802	\$ 28,374	\$ 1,563,095	\$ 4,510,618	\$ 10,468,686
Accrued liabilities	65,170,002	-	-	785	556,312	65,727,099
Due to other funds	7,998,490	1,197,103	182,047	3,304,536	7,018,163	19,700,339
Unearned revenue	634,136	414,799	-	439,410	-	1,488,345
Compensated absences payable	10,000	-	-	-	-	10,000
<b>Total Liabilities</b>	<b>77,995,425</b>	<b>1,795,704</b>	<b>210,421</b>	<b>5,307,826</b>	<b>12,085,093</b>	<b>97,394,469</b>
<b>FUND BALANCES</b>						
Nonspendable:						
Prepaid items	100,570	-	-	-	-	100,570
Inventories	916,271	198,714	-	-	-	1,114,985
Restricted	-	-	1,275,365	-	8,460,390	9,735,755
Committed	329,560	-	-	-	-	329,560
Assigned	17,018,402	2,102,914	-	1,499,067	-	20,620,383
Unassigned	15,168,948	-	-	-	-	15,168,948
<b>Total fund balances</b>	<b>33,533,751</b>	<b>2,301,628</b>	<b>1,275,365</b>	<b>1,499,067</b>	<b>8,460,390</b>	<b>47,070,201</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 111,529,176</b>	<b>\$ 4,097,332</b>	<b>\$ 1,485,786</b>	<b>\$ 6,806,893</b>	<b>\$ 20,545,483</b>	<b>\$ 144,464,670</b>

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

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

**Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2019**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 23)</b>	<b>\$ 47,070,201</b>
<p>Amounts reported for governmental activities in the Statement of Net Position is different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of these assets is \$1,790,853,978 and the accumulated depreciation is \$559,546,250.</p>	1,231,307,729
<p>Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers compensation self-insurance activities, and health and dental self-insurance activities. The assets and liabilities of these internal service funds are included with governmental activities.</p>	(26,107,582)
<p>Deferred outflows of resources related to pensions include \$10,946,418 deferred outflows of resources pension expense and \$5,044,400 deferred outflows of employer contributions made after the measurement date; these amounts are not reported at the fund level.</p>	15,990,818
<p>Deferred outflows of resources related to OPEB include \$44,314,442 for changes in assumptions and \$24,318,190 of employer contributions made after the measurement date; these amounts are not reported at the fund level.</p>	68,632,632
<p>Deferred inflows of resources related to pensions for the net difference between projected and actual earnings or pension plan investments; this amount is not reported at the fund level.</p>	(3,640,789)
<p>Deferred inflows of resources related to OPEB for differences between expected and actual experience, changes in assumptions, the net difference between projected and actual earning on OPEB plan investments and change in change in proportionate share of net pension liability; this amount is not reported at the fund level.</p>	(136,208,781)
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of \$798,590 of capital leases, \$10,771,637 of compensated absences payable, \$48,232,397 of net pension liability, \$743,045,807 of net OPEB liability and \$329,560 of severance payable.</p>	<u>(803,177,991)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 21)</b>	<b><u>\$ 393,866,237</u></b>

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

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2019**

	General Fund	Food Services Fund	Glencg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
<b>REVENUES</b>						
Intergovernmental revenues:						
Local sources	\$ 624,372,071	\$ -	\$ -	\$ 1,530,767	\$36,280,463	\$ 662,183,301
State sources	305,289,037	422,171	-	8,616,918	6,219,733	320,547,859
Federal sources	443,955	9,135,450	-	20,931,482	-	30,510,887
Earnings on investments	1,546,318	10,692	28,774	-	243,959	1,829,743
Charges for services	8,504,705	6,977,435	255,092	-	-	15,737,232
Miscellaneous revenues	1,774,026	-	-	-	-	1,774,026
<b>Total Revenues</b>	<b>941,930,112</b>	<b>16,545,748</b>	<b>283,866</b>	<b>31,079,167</b>	<b>42,744,155</b>	<b>1,032,583,048</b>
<b>EXPENDITURES</b>						
Current:						
Administration	13,163,536	-	-	168,260	-	13,331,796
Mid level administration	61,469,563	-	-	846,035	-	62,315,598
Instruction:						
Instructional salaries	344,119,848	-	-	5,806,008	-	349,925,856
Textbooks and classroom supplies	8,680,291	-	-	1,498,664	-	10,178,955
Other instructional costs	2,816,395	-	-	723,627	-	3,540,022
Special education	108,862,895	-	-	16,962,679	-	125,825,574
Student personnel services	3,525,308	-	-	110,214	-	3,635,522
Health services	8,698,440	-	-	-	-	8,698,440
Student transportation	41,374,466	-	-	655	-	41,375,121
Operation of plant	41,259,930	-	-	20,985	-	41,280,915
Maintenance of plant and equipment	24,881,272	-	255,094	-	-	25,136,366
Fixed charges	267,407,682	-	-	4,141,971	-	271,549,653
Costs of operation - food service	6,739,111	-	-	47,112	-	6,786,223
Community services	-	16,575,162	-	6,135	-	16,581,297
Capital outlay	871,939	-	-	-	37,052,632	37,924,571
<b>Total Expenditures</b>	<b>933,870,677</b>	<b>16,575,162</b>	<b>255,094</b>	<b>30,332,345</b>	<b>37,052,632</b>	<b>1,018,085,910</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>8,059,435</b>	<b>(29,414)</b>	<b>28,772</b>	<b>746,822</b>	<b>5,691,523</b>	<b>14,497,138</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>25,474,316</b>	<b>2,331,042</b>	<b>1,246,593</b>	<b>752,245</b>	<b>2,768,867</b>	<b>32,573,063</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 33,533,751</b>	<b>\$ 2,301,628</b>	<b>\$ 1,275,365</b>	<b>\$ 1,499,067</b>	<b>\$ 8,460,390</b>	<b>\$ 47,070,201</b>

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

# Fund Financial Statements

## Howard County Public School System

### Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities Year Ended June 30, 2019

**TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 25)** \$ 14,497,138

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

Capital outlays are reported in governmental funds as expenditures.  
However, in the statement of activities, the cost of those assets is  
allocated over their estimated useful lives as depreciation expense. This  
is the amount by which capital outlay, \$36,888,575 exceeds depreciation  
expense, \$37,451,199 in the period. (562,624)

Upon disposal, the difference between the cost basis of assets and the  
accumulated depreciation is recorded as a loss in the Statement of Activities.  
For governmental funds, all capital assets are initially recorded as expenditures  
and therefore no loss is recognized upon disposal. The amount by which  
the cost basis of disposed assets, \$152,998, exceeded the accumulated  
depreciation, \$152,402, is reported as a loss in the Statement of Activities. (3,503)

The issuance of capital lease obligations provides current financial resources  
to governmental funds, while the repayment of the principal of capital  
lease obligations consumes the current financial resources of  
governmental funds. Neither, however, has any effect on net position. 647,036

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: (617,279)

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. (1,845,115)

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. (23,891,798)

In the Statement of Activities, termination benefits are measured by the  
amounts earned during the year. In the governmental funds, however,  
expenditures for termination benefits are measured by the amount  
of financial resources used (essentially, the amounts actually paid or  
expected to be paid within one year). This year, termination benefits  
used were less than the amounts earned by: 356,560

Internal service funds are used by the Board to account for printing and  
duplicating services, data processing services, workers' compensation  
self-insurance activities, and health and dental self-insurance  
activities. The change in net position of the service fund is reported  
with governmental activities. 3,472,916

**CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 22)** \$ (7,946,669)

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, 2019**

	<b>Enterprise Fund/ Jim Rouse Theater</b>	<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS</b>		
Current assets:		
Investments	\$ -	\$ 5,926,079
Accounts receivable	18,132	16,307
Due from other funds	303,893	7,694,597
Inventory	-	198,594
Prepaid expenses	-	138,894
Total current assets	<u>322,025</u>	<u>13,974,471</u>
Noncurrent assets:		
Capital assets:		
Furniture, fixtures and equipment	243,849	16,813,750
Less accumulated depreciation	<u>(184,235)</u>	<u>(11,568,408)</u>
Total capital assets, net	<u>59,614</u>	<u>5,245,342</u>
Total assets	<u>381,639</u>	<u>19,219,813</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	-	4,262,610
Capital leases	-	524,939
Due to other funds	-	21,069,940
Claims payable	-	13,714,285
Unearned revenue	<u>10,545</u>	<u>4,948,820</u>
Total current liabilities	<u>10,545</u>	<u>44,520,594</u>
Long-term liabilities:		
Claims payable, net of current portion	<u>-</u>	<u>806,801</u>
Total long-term liabilities	<u>-</u>	<u>806,801</u>
Total liabilities	<u>10,545</u>	<u>45,327,395</u>
<b>NET POSITION</b>		
Net investment in capital assets	59,614	4,720,403
Unrestricted	<u>311,480</u>	<u>(30,827,985)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 371,094</u>	<u>\$ (26,107,582)</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, 2019**

	<b>Enterprise Fund/ Jim Rouse Theater</b>	<b>Governmental Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>		
Charges for services - internal	\$ -	\$ 132,704,620
Charges for services - other	206,315	-
Miscellaneous revenue	-	11,125,530
Contributions from employees and retirees	-	27,431,050
	<u>206,315</u>	<u>171,261,200</u>
Total operating revenues		
<b>OPERATING EXPENSES</b>		
Operating expenses	173,813	-
Administrative expenses	-	16,777,331
Claims and related expenses	-	148,720,428
Depreciation expense	15,018	2,422,207
	<u>188,831</u>	<u>167,919,966</u>
Total operating expenses		
Operating income (loss)	<u>17,484</u>	<u>3,341,234</u>
<b>NON-OPERATING REVENUES</b>		
Interest income	-	131,682
	<u>-</u>	<u>131,682</u>
Non-operating income		
<b>CHANGES IN NET POSITION</b>	17,484	3,472,916
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<u>353,610</u>	<u>(29,580,498)</u>
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 371,094</u>	<u>\$ (26,107,582)</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, 2019**

	<b>Enterprise Fund/ Jim Rouse Theater</b>	<b>Governmental Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 208,657	\$ -
Cash received (paid) from other funds	(22,531)	139,999,454
Cash received from employees and retirees	-	27,431,050
Payments to employees	-	(6,301,111)
Payments to suppliers	(170,358)	(158,999,653)
Net cash provided by operating activities	<u>15,768</u>	<u>2,129,740</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of equipment	(15,768)	402,105
Principal paid on capital lease	-	(2,531,845)
Net cash used by capital and related financing activities	<u>(15,768)</u>	<u>(2,129,740)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	-	(131,682)
Interest received	-	131,682
Net cash provided by investing activities	<u>-</u>	<u>-</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>		
	<u>-</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>		
	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 17,484	\$ 3,341,234
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	15,018	2,422,206
Effects of changes in operating assets and liabilities:		
Accounts receivable	2,342	41,092
Prepaid expenses	-	269,347
Due from other funds	(22,531)	(4,893,097)
Inventory	-	(38,159)
Accounts payable	-	109,101
Accrued liabilities	-	(836,262)
Claims payable	-	692,971
Due to other funds	-	725,670
Unearned revenue	3,455	295,637
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>\$ 15,768</u>	<u>\$ 2,129,740</u>

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

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

**Statement of Assets and Liabilities**  
**Fiduciary Funds**  
**June 30, 2019**

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	<b>Agency Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 4,743,095
<b>TOTAL ASSETS</b>	<u>\$ 4,743,095</u>
<b>LIABILITIES</b>	
School activity funds payable	\$ 4,743,095
<b>TOTAL LIABILITIES</b>	<u>\$ 4,743,095</u>

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

# Financial Section

## 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

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### Financial Reporting Entity

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

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

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

### Government-Wide and Fund Financial Statements

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. All individual governmental funds are considered to be major funds and are reported as separate columns in the governmental fund financial statements.

## 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 capital leases are recognized when the obligations are due and payable. Local appropriations and state and federal aid associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria have been met. Expenditure-driven grants are recognized as revenues when the qualifying expenditures have been incurred and all other grant requirements have been met.

### Governmental Funds

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

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

### Proprietary Funds

## Notes to Basic Financial Statements

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.

### Fiduciary Funds

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

- *Agency Funds* – The school funds account for the funds of other persons or organizations which are the direct responsibility of the principals of the respective schools.

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

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

### Deposits and Investments

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

## 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, 2019, are expected to be minimal based upon collection experience and review of the status of existing receivables.



## Notes to Basic Financial Statements

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

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#### Inventory and Prepaid Items

Inventory in the General Fund consists of parts and supplies maintained in the warehouse, which is reported at cost using the weighted average cost basis. Inventory in the Food Services Fund consists of expendable food and supplies held for consumption which is reported at the lower of cost or market. The cost is recorded as an asset at the time individual inventory items are purchased. As inventory is consumed, the cost is charged to expenditures.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenses in the general fund and internal service funds consist of insurance premiums and other administrative expenditures that relate to fiscal year 2019. Prepaid expenses are accounted for in accordance with the consumption method.

#### Capital Assets

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

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

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

#### Unearned Revenue

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

For the Restricted Programs Fund and Capital Projects Fund, unearned revenue consists of revenues received under restricted programs in excess of the expenditures under those programs at June 30, 2019.

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, 2019 for the first three months of fiscal year 2020.

## Notes to Basic Financial Statements

A deferred outflow of resources represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until the future period. The Board recognizes deferred outflows for changes in actuarial assumptions that are being amortized over a period of 5-5.87 years and contributions made subsequent to the measurement date related to pensions.

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

### Pensions

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

### Postemployment Benefits Other Than Pensions (OPEB)

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

### Compensated Absences

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

### Net Position / Fund Balance

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

## Notes to Basic Financial Statements

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

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact.
- *Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- *Committed* – Amounts that can be used only for specific purposes as determined by a formal action of the Board, the highest level of decision-making authority for the School System. Commitments may be established, modified, or rescinded only through formal actions consisting of resolutions approved by the Board.
- *Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. This intent can be expressed by the Board or through their delegating this responsibility to the Superintendent's budgetary process.
- *Unassigned* – All other spendable amounts. This is the residual classification for the General fund and other governmental funds. The General Fund is the only fund that reports a positive unassigned fund balance amount. If expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned for these purposes, it may be necessary to report a negative unassigned fund balance.

Policy 4070, Fund Balance, states in what order fund balance categories are spent: (1) Nonspendable balance first, and then (2) restricted fund balance, and then (3) committed fund balance, then (4) assigned fund balance, and (5) unassigned fund balance.

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

# 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 October to receive budget requests from individuals and community groups.
- 3) The proposed budget is made available to the public and the County Government in January.
- 4) Public hearings are held to obtain comments from the community.
- 5) The final proposed operating budget is submitted to the County Executive prior to March 16th.
- 6) After approval or adjustment by the County Council, the final operating budget is approved by the School System in June.
- 7) Budgets are adopted on a basis consistent with GAAP except for the inclusion of portions of the prior year's fund balance as revenues, the inclusion of encumbrances as expenditures, and the exclusion of pension contributions made on the School System's behalf by the State of Maryland as both revenues and expenditures. Budget comparisons presented are on a non-GAAP budgetary basis.
- 8) Transfers may be made within the major categories by the School System without the approval of the County Council.
- 9) Requests for transfers between major categories must be submitted to the County Council for approval or denial. No action within thirty (30) days of submission constitutes approval.
- 10) The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the State Category level.

### Operating Budget (Restricted Fund)

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

### Operating Budget (Food Service Fund)

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

## Notes to Basic Financial Statements

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

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

### Operating Budget (Jim Rouse Theatre Fund)

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

### Use of Estimates in Preparing Financial Statements

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

# Notes to Basic Financial Statements

## II – Cash and Cash Equivalents and Investments

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### Deposits

At year-end, the carrying amount of the School System's deposits was \$15,849,259 consisting of \$11,106,164 in the governmental activities and \$4,743,095 in the agency fund and the corresponding bank balances were \$20,016,101. Bank balances were covered by either Federal Depository Insurance or collateral held in the pledging bank's trust department in the School System's name. The School System has a contractual arrangement with a bank for funds to be transferred daily from overnight investments to cover checks as presented.

### Investments

At June 30, 2019, the School System's investments totaling \$76,621,642 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. Total net investment income per the Statement of Activities consists of interest income of \$1,612,005 for the year ended June 30, 2019.

### 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, 2019 was as follows:

<b>Governmental Activities</b>	<b>Balance July 1, 2018</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Balance June 30, 2019</b>
<b>Nondepreciable capital assets</b>				
Land	\$ 31,903,533	\$ 2,440,000	\$ -	\$ 34,343,533
Construction in progress	65,228,675	33,068,082	(90,330,366)	7,966,391
Total nondepreciable capital assets	<u>97,132,208</u>	<u>35,508,082</u>	<u>(90,330,366)</u>	<u>42,309,924</u>
<b>Depreciable capital assets</b>				
Land improvements	1,675,226	-	-	1,675,226
Buildings and improvements	1,628,524,442	90,330,366	-	1,718,854,808
Furniture and equipment	43,964,303	978,800	(115,333)	44,827,770
Total depreciable capital assets	<u>1,674,163,971</u>	<u>91,309,166</u>	<u>(115,333)</u>	<u>1,765,357,804</u>
<b>Less accumulated depreciation for:</b>				
Land improvements	(1,552,083)	(5,938)	-	(1,558,021)
Buildings and improvements	(496,408,870)	(35,914,270)	-	(532,323,140)
Furniture and equipment	(33,391,717)	(3,953,610)	111,830	(37,233,497)
Total accumulated depreciation	<u>(531,352,670)</u>	<u>(39,873,818)</u>	<u>111,830</u>	<u>(571,114,658)</u>
Total depreciable capital assets, net	<u>1,142,811,301</u>	<u>51,435,348</u>	<u>(3,503)</u>	<u>1,194,243,146</u>
<b>Capital assets, net</b>	<u>\$ 1,239,943,509</u>	<u>\$ 86,943,430</u>	<u>\$ (90,333,869)</u>	<u>\$ 1,236,553,070</u>

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

Depreciation expense for the year ended June 30, 2019, was charged to Governmental activities on the Statement of Activities as follows:

<b>Instruction:</b>	
Regular education	\$ 33,642,393
Special education	116,397
<b>Support services:</b>	
Administration	160,536
Mid-level administration	5,528,462
Pupil transportation	41,522
Operation and maintenance of plant	299,586
Community services	84,923
<b>Total</b>	<u>\$ 39,873,819</u>

## Notes to Basic Financial Statements

<b>Business-type Activities</b>	<b>Balance July 1, 2018</b>	<b>Increases</b>	<b>Decreases/ Reclassifications</b>	<b>Balance June 30, 2019</b>
Furniture and equipment	\$ 228,081	\$ 15,768	\$ -	\$ 243,849
Less accumulated depreciation	(169,217)	(15,018)	-	(184,235)
<b>Capital assets, net</b>	<b>\$ 58,864</b>	<b>\$ 750</b>	<b>\$ -</b>	<b>\$ 59,614</b>

The School System has active school construction projects as of June 30, 2019, as follows:

<b>Project:</b>	<b>Spent to Date</b>	<b>Remaining Commitment</b>
Waverly ES Renovation/Addition	\$ 37,161,750	\$ 3,491,709
Roofing Projects	13,160	12,051,722
Technology	548,984	2,201,016
Hammond HS Renovation/Addition	2,412,889	1,587,111
Hanover Hills Elementary School	38,773,786	4,585,767
New High School #13	4,466,281	2,265,719
Talbott Springs Elementary School	1,397,476	6,652,524
<b>Total</b>	<b>\$ 84,774,326</b>	<b>\$ 32,835,568</b>

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

## Notes to Basic Financial Statements

### IV – Due To/Due From Other Funds

The composition of inter-fund balances as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Workers Compensation	Reimbursable expenditures	\$ 368,292
General	Capital Projects	Reimbursable expenditures	7,018,163
Technology Services	General	Reimbursable expenditures	6,853,844
General	Health and Dental	Reimbursable expenditures	20,701,648
Jim Rouse Theatre	General	Reimbursable expenditures	303,893
Print Services	General	Reimbursable expenditures	840,753
General	Glenelg WWTP	Treatment plant expenditures	182,047
General	Restricted Programs	Advances of pooled cash	3,304,536
General	Food Services	Food services expenditures	1,197,103
<b>Total</b>			<b>\$ 40,770,279</b>

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

	<u>Due To</u>	<u>Due From</u>
Balance Sheet - Governmental Funds (page 23)	\$ 19,700,339	\$ 32,771,789
Statement of Net Position - Proprietary Funds (page 27)	-	303,893
Statement of Net Position - Internal Service Funds (page 27)	21,069,940	7,694,597
<b>Total</b>	<b>\$ 40,770,279</b>	<b>\$ 40,770,279</b>

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

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

## Notes to Basic Financial Statements

### V – Long-Term Liabilities

	<u>Balance July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Compensated absences	\$ 10,164,358	\$ 1,536,314	\$ (919,035)	\$ 10,781,637	\$ 800,000
Capital leases	4,502,410	-	(3,178,881)	1,323,529	925,142
Severance payable	686,120	-	(356,560)	329,560	329,560
Net pension liability	44,161,368	4,071,029	-	48,232,397	-
Net OPEB liability	715,235,479	27,810,328	-	743,045,807	-
Workers compensation	2,806,801	2,078,318	(2,078,318)	2,806,801	2,000,000
<b>Total governmental activities</b>	<u>\$777,556,536</u>	<u>\$ 35,495,989</u>	<u>\$ (6,532,794)</u>	<u>\$806,519,731</u>	<u>\$ 4,054,702</u>

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

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

	<u>Governmental Activities</u>
Equipment at cost	\$ 23,904,002
Less accumulated depreciation	(19,237,128)
<b>Total</b>	<u>\$ 4,666,874</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2020	\$ 937,594
2021	407,963
Total minimum lease payments	1,345,557
Less amount representing interest	(22,028)
<b>Present value of minimum lease payments</b>	<u>\$ 1,323,529</u>

# Notes to Basic Financial Statements

## VI – Defined Benefit Pension Plans

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### General Information about the Plan

#### Plan Description

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

#### Benefits Provided

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

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

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

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

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

The State makes a substantial portion of the HCPSS's annual required contribution to the Teachers' Retirement and Pension Systems on behalf of the HCPSS. The State's contribution on behalf of the HCPSS for the year ended June 30, 2019, was \$56,018,159. 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 2019 and each year thereafter. The HCPSS's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2019 was \$21,469,704.

The HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2019, was 6.75% 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, 2019 of \$5,044,400.

### 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, 2019, the HCPSS reported a liability of \$48,232,399 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018, 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, 2018. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2018, the HCPSS's proportionate share was 0.230%, which was an increase of 0.026% from its proportion measured at June 30, 2017.

## Notes to Basic Financial Statements

For the year ended June 30, 2019, the HCPSS recognized pension expense of \$6,889,517. At June 30, 2019, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 1,311,969	\$ -
Changes in proportion	4,079,740	-
Differences between expected and actual experience	-	3,640,789
Net difference between projected and actual earnings on pension plan investments	5,312,848	-
Net difference between actual and proportionate share of contributions	241,861	-
HCPSS contributions subsequent to the measurement date	5,044,400	-
<b>Total</b>	<u>\$ 15,990,818</u>	<u>\$ 3,640,789</u>

The \$5,044,400 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30:</u>	
2020	\$ 3,613,271
2021	2,529,083
2022	475,592
2023	159,324
2024	528,359
<b>Total</b>	<u>\$ 7,305,629</u>

## Notes to Basic Financial Statements

### Teachers' Retirement and Pension Systems

At June 30, 2019, 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	\$ 598,421,168
HCPSS's proportionate share of the net pension liability	-
<b>Total</b>	<b><u>\$ 598,421,168</u></b>

The net pension liability was measured as of June 30, 2018, 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, 2019, the HCPSS recognized pension expense of \$77,487,863 and revenue of \$56,018,159 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, 2019 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
Remaining Amortization Period	21 year for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.60% general, 3.10% wage
Salary Increases	3.10% to 9.10%, including inflation
Investment Rate of Return	7.45%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2015 valuation pursuant to an experience study of the period 2010 to 2014
Mortality	RP-2014 Mortality Table with generational mortality projections using scale MP-2014 (2-dimensionsal) mortality improvement scale.

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, 2018 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2010-2014, after completion of the June 30, 2014 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, 2015 valuation. The Board adopted the use of an investment return assumption of 7.45% and an inflation assumption of 2.60% for first use in the June 30, 2018 valuation.

## Notes to Basic Financial Statements

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public Equity	37%	5.80%
Private Equity	13%	6.70%
Rate Sensitive	19%	1.10%
Credit Opportunity	9%	3.60%
Real Assets	14%	4.80%
Absolute Return	8%	3.20%
<b>Total</b>	<b>100%</b>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates for each major asset class as of June 30, 2018.

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 1.15%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### Discount rate

The single discount rate used to measure the total pension liability was 7.50%. This single discount rate was based on the expected rate of return on pension plan investments of 7.50%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plans fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

## Notes to Basic Financial Statements

### Sensitivity of the Net Pension Liability

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the HCPSS' net pension liability, calculated using a single discount rate of 7.50%, as well as what the HCPSS' net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees Retirement and Pension Systems:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
HCPSS's proportionate share of the net pension liability	\$ 69,471,203	\$ 48,232,397	\$ 30,605,715

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 \$19,791,891, and contributions from the County on behalf of HCPSS were \$10,137,600 for the year ended June 30, 2019. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2019, the School System reported a liability of \$743,045,807 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2018, 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, 2019, HCPSS proportion was 63.36 percent.

For the year ended June 30, 2019, the HCPSS recognized OPEB expense of \$47,759,737. At June 30, 2019, 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	\$ -	\$ 37,084,839
Changes in assumptions	44,314,442	82,445,651
Net difference between projected and actual earning earnings on OPEB plan investments	-	1,659,738
Change in proportionate share of net pension liability	-	15,018,553
HCPSS contributions subsequent to the measurement date	24,318,190	-
<b>Total</b>	<b>\$ 68,632,632</b>	<b>\$ 136,208,781</b>

## Notes to Basic Financial Statements

The \$68,632,632 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, 2019. 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:	
2020	\$ 11,691,401
2021	11,691,401
2022	11,691,403
2023	11,270,114
2024	11,171,145
Thereafter	34,378,875
<b>Total</b>	<b><u>\$ 91,894,339</u></b>

### Plan membership

Plan membership at fiscal year-end:

	2018	2017
Inactive employees or beneficiaries currently receiving benefit payments	3,398	3,158
Inactive employees entitled to but not yet receiving benefit payments	35	35
Active employees	<u>10,111</u>	<u>9,895</u>
Total	<u><u>13,544</u></u>	<u><u>13,088</u></u>

### Actuarial Assumptions

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

Actuarial cost method	Entry age normal
Actuarial Trend Assumption	Medical and prescription drug trend rate applied to FY2018 is 5.60%. The ultimate rate of 3.90%. Dental trend to be applied is 5.00% for all years
Inflation	2.3%.
Projected Cash Flows	Member and County contributions will continue to increase \$3 million per annum.
Long-Term Expected Rate of Return	Long-term expected rate of return of 7.50% was applied to fiscal years 2018 through 2036.
Mortality	Generational RP-2000 Combined Mortality Table for Males and Females projected using Scale AA.

## Notes to Basic Financial Statements

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

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Equities	3.27%
Fixed Income	1.25%

### Discount Rate

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

### Sensitivity of the Net Pension Liability

Regarding the sensitivity of the OPEB liability to changes in the single discount rate, the following presents the HCPSS' OPEB liability, calculated using a single discount rate of 3.98%, as well as what the HCPSS' OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the discount rate:

<b>Discount Rate</b>	<b>1% Decrease 2.98%</b>	<b>Discount rate 3.98%</b>	<b>1% Increase 4.98%</b>
Net OPEB liability	\$ 908,235,639	\$ 743,045,807	\$ 613,159,894

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

<b>Ultimate Trend</b>	<b>1% Decrease 2.80%</b>	<b>Health care cost trend rate 3.80%</b>	<b>1% Increase 4.80%</b>
Net OPEB liability	\$ 601,042,820	\$ 743,045,807	\$ 932,479,617

## Notes to Basic Financial Statements

### Change in the Net OPEB Liability

	(Dollar Amounts in Thousands)		
	Total OPEB Liability	Plan Fiduciary Net Pension	Net OPEB Liability
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
<b>Balance at June 30, 2019 for FYE 2018</b>	\$ 782,694	\$ 67,459	\$ 715,235
<b>Charges for the year:</b>			-
Service Cost	34,879	-	34,879
Interest	29,871	-	29,871
Experience Losses/(Gains)	(41,205)	-	(41,205)
ER Trust contribution	-	24,474	(24,474)
Net Invest income	-	5,829	(5,829)
Changes in assumptions	49,238	-	49,238
Administrative expense	-	(35)	35
Change in proportion	-	14,704	(14,704)
<b>Net change</b>	<u>72,783</u>	<u>44,972</u>	<u>27,811</u>
<b>Balance at 06/30/2019</b>	<u>\$ 855,477</u>	<u>\$ 112,431</u>	<u>\$ 743,046</u>

## Notes to Basic Financial Statements

### VIII – Fund Balance/Net Position

Fund balance at June 30, 2019, consists of the following:

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund
<b>Nonspendable for:</b>					
Prepaid items	\$ 100,570	\$ -	\$ -	\$ -	\$ -
Inventories	916,271	198,714	-	-	-
Total nonspendable	<u>1,016,841</u>	<u>198,714</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Restricted For:</b>					
Glenelg Wastewater Plant	-	-	1,275,365	-	-
Future School Construction	-	-	-	-	8,460,390
Total restricted	<u>-</u>	<u>-</u>	<u>1,275,365</u>	<u>-</u>	<u>8,460,390</u>
<b>Committed To:</b>					
Severance payable	<u>329,560</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Assigned To:</b>					
Subsequent year's Budget appropriations	12,000,000	-	-	-	-
Encumbrances	5,018,402	-	-	-	-
Food Services Operations	-	2,102,914	-	-	-
Special Programs	-	-	-	1,499,067	-
Total assigned	<u>17,018,402</u>	<u>2,102,914</u>	<u>-</u>	<u>1,499,067</u>	<u>-</u>
<b>Unassigned</b>	<u>15,168,948</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total fund balances</b>	<u>\$ 33,533,751</u>	<u>\$ 2,301,628</u>	<u>\$ 1,275,365</u>	<u>\$ 1,499,067</u>	<u>\$ 8,460,390</u>

## Notes to Basic Financial Statements

### IX – Encumbrances

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

Encumbrances at June 30, 2019, are for the following uses:

		<b>General Fund</b>
01	Administration	\$ 91,244
02	Mid-Level Administration	7,492
03/04/05	Instructional	912,347
06	Special Education	817,509
07	Student Services	1,256
08	Health Services	16,412
09	Student Transportation	154,300
10	Operation of Plant	668,639
11	Maintenance of Plant	1,883,832
12	Fixed Charges	270,061
14	Community Services	176,777
15	Capital Outlay	18,533
	<b>Total</b>	<b>\$ 5,018,402</b>

## Notes to Basic Financial Statements

### X – Commitments and Contingencies

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#### Operating Leases

The School System leases equipment under various non-cancelable operating leases that expire during fiscal year 2022. Total costs were \$263,805 for the leases for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

<b>Year Ending June 30</b>	<b>Governmental Activities</b>
2020	\$ 186,375
2021	66,270
2022	11,160
Thereafter	-
<b>Total</b>	<b>\$ 263,805</b>

#### Litigation

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

#### Grant Programs

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

## Notes to Basic Financial Statements

### XI – Risk Management

The School System is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School System participates in the Maryland Association of School Systems of Education Group Insurance Pool (MABE). MABE is a public entity risk pool currently operating as a common risk management and insurance program for 14 member counties to reduce the amount of claims expenditures incurred. The School System pays an annual premium to MABE for its general insurance coverage. The Formation Agreement of MABE provides that MABE will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of established loss limits which range from \$2,500 to \$5 million for each insured event depending on the type of loss. Settled claims did not exceed coverage in any of the past three years.

The School System has also established limited risk management programs for workers' compensation and health and dental insurance. Premiums are paid into these two internal service funds by other funds and are available to pay current and future claims and administrative costs of the programs. The "premium" charged by the self-insurance funds considers recent trends in actual claims experience of the School System as a whole and makes provision for catastrophic losses. As of June 30, 2019, the inter-fund premiums did not exceed reimbursable expenditures in the Health and Dental Self-Insurance Fund or the Workers' Compensation Self-Insurance Fund. Settled claims did not exceed coverage in any of the past four years.

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

	2019		2018	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 2,806,801	\$ 11,021,314	\$ 5,495,226	\$ 11,264,601
Incurred claims (including IBNR adjustment)	2,078,318	147,335,081	(558,201)	128,899,235
Claim payments	(2,078,318)	(146,642,110)	(2,130,224)	(129,142,522)
<b>Ending payable, June 30</b>	<u>\$ 2,806,801</u>	<u>\$ 11,714,285</u>	<u>\$ 2,806,801</u>	<u>\$ 11,021,314</u>

# Financial Section

**Required Supplementary  
Information**

# Required Supplementary Information

## Howard County Public School System

### Budgetary Comparison Schedule

(Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2019

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>				
Intergovernmental revenues:				
Local sources	\$600,053,881	\$ 600,053,881	\$ 600,053,881	\$ -
State sources	249,760,671	249,760,671	249,270,878	(489,793)
Federal sources	370,000	370,000	443,953	73,953
Earnings on investments	200,000	200,000	1,546,318	1,346,318
Charges for services	4,420,669	4,420,669	8,380,411	3,959,742
Miscellaneous revenues	1,580,785	1,580,785	1,453,217	(127,568)
Total revenues	<u>856,386,006</u>	<u>856,386,006</u>	<u>861,148,658</u>	<u>4,762,652</u>
<b>EXPENDITURES</b>				
Current:				
Administration	13,567,320	13,342,320	12,955,558	386,762
Mid-level administration	62,658,494	62,208,494	61,280,398	928,096
Instruction:				
Instructional salaries	348,389,986	347,229,986	344,119,848	3,110,138
Textbook and classroom supplies	9,823,425	9,373,425	8,758,701	614,724
Other instructional costs	3,128,717	3,128,717	2,691,664	437,053
Special education	109,184,782	109,884,782	109,433,854	450,928
Student personnel services	3,641,641	3,641,641	3,525,749	115,892
Health services	8,966,402	8,966,402	8,661,671	304,731
Student transportation	41,216,993	41,416,993	41,407,111	9,882
Operation of plant	42,593,699	42,823,699	41,250,754	1,572,945
Maintenance of plant	26,217,132	25,372,132	25,072,651	299,481
Fixed charges	184,960,057	186,960,057	186,960,057	-
Community services	7,128,926	7,128,926	6,714,358	414,568
Capital outlay	908,432	908,432	890,472	17,960
Total expenditures	<u>862,386,006</u>	<u>862,386,006</u>	<u>853,722,845</u>	<u>8,663,161</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (6,000,000)</u>	<u>\$ (6,000,000)</u>	7,425,813	<u>\$13,425,813</u>
<b>FUND BALANCE AT JUNE 30, 2018 - BUDGETARY BASIS</b>			<u>20,789,004</u>	
<b>FUND BALANCE AT JUNE 30, 2019 - BUDGETARY BASIS</b>			28,214,817	
- Encumbrances			5,018,402	
- Other			300,532	
<b>FUND BALANCE AT JUNE 30, 2019 - GAAP BASIS</b>			<u>\$ 33,533,751</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, 2019

##### REVENUES

Budgetary basis	\$	861,148,658
Add		
- Pension contribution paid by State of Maryland		56,018,159
- OPEB contribution paid by Howard County Government		24,318,190
- Revenues from loaned staff program		124,257
- Expense clearing account adjustment		(28,079)
- Other- Pooled cash clearing adjustment		348,927
GAAP basis	\$	<u>941,930,112</u>

##### EXPENDITURES

Budgetary basis	\$	853,722,845
Add		
- Prior year's encumbrances expended this year		4,685,312
- Pension contribution paid by State of Maryland		56,018,159
- OPEB contribution paid by Howard County Government		24,318,190
- Expenditures from loaned staff		124,257
Less		
- Current year's encumbrances outstanding		(5,018,402)
- Schedule B expense reconciling item		20,316
GAAP basis	\$	<u>933,870,677</u>

## Required Supplementary Information

### Howard County Public School System

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

##### Employees' Retirement and Pension System:

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>		<u>2015</u>
HCPSS's proportion of the net pension liability	0.229880%		0.204227%		0.2166318%		0.211628%		0.1932165%
HCPSS's proportionate share of the net pension liability	\$ 48,232,397	\$	44,161,368	\$	51,112,176	\$	43,979,901	\$	34,289,621
HCPSS's covered payroll	\$ 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	86.89%		83.86%		104.27%		90.85%		73.21%
Plan fiduciary net position as a percentage of the total pension liability	68.36%		62.97%		66.26%		66.26%		73.65%

##### Teachers' Retirement and Pension System:

HCPSS's proportion of the net pension liability	0.0%		0.0%		0.0%		0.0%		0.0%
HCPSS's proportionate share of the net pension liability	\$ -	\$	-	\$	-	\$	-	\$	-
State's proportionate share of the net pension liability of HCPSS Total	\$ 598,421,168	\$	584,674,547	\$	676,791,275	\$	710,782,005	\$	507,145,242
HCPSS's covered payroll	\$ 496,958,233	\$	469,912,057	\$	448,446,514	\$	448,446,514	\$	433,872,077
HCPSS's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%		0.00%		0.00%		0.00%		0.00%
Plan fiduciary net position as a percentage of the total pension liability	73.35%		71.41%		67.95%		70.76%		69.53%

The amounts presented for fiscal year 2019 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 five years of information are available.

# Required Supplementary Information

## Howard County Public School System

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

Employees' Retirement and Pension System

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 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	\$ 3,350,776
Contributions in relation to the contractually required contribution	<u>(5,044,400)</u>	<u>(4,583,972)</u>	<u>(4,156,710)</u>	<u>(4,220,168)</u>	<u>(4,460,545)</u>	<u>(4,502,643)</u>	<u>(3,915,358)</u>	<u>(4,753,913)</u>	<u>(4,664,615)</u>	<u>(3,350,776)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 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	9%	8%	8%	9%	9%	10%	9%	11%	11%	8%

Teachers' Retirement and Pension System \*

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 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	<u>(21,469,704)</u>	<u>(21,003,700)</u>	<u>(19,796,016)</u>	<u>(18,309,945)</u>	<u>(15,925,463)</u>	<u>(12,448,477)</u>	<u>(9,821,066)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 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%	3%	2%	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\*

	<u>2019</u>		<u>2018</u>
Employer's Proportion of the Net OPEB Liability	63.36%		64.69%
Employer's Proportionate Share of the Net OPEB Liability	\$ 743,045,807	\$	715,235,479
Covered-employee payroll	\$ 554,265,357	\$	549,466,337
Employer's Proportionate Share of the Net OPEB Liability as a Percentage of covered-employee payroll	74.6%		76.8%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	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.

## Required Supplementary Information

### Howard County Public School System

#### Schedule of the HCPSS Contributions

#### OPEB Plan

#### Last Ten Fiscal Years\*

	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 24,318,190	\$ 24,924,146
Contributions in relation to the statutorily required contributions	24,318,190	24,924,146
<b>Contribution deficiency (excess)</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Covered-employee payroll</b>	\$ 554,265,357	\$ 549,466,337
<b>Contributions as a percentage of covered-employee payroll</b>	<u>4.39%</u>	<u>4.54%</u>

\* 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, 2019

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>Intergovernmental Revenues</b>				
<b>Local Sources</b>				
Local appropriation	\$ 600,053,881	\$ 600,053,881	\$ 600,053,881	\$ -
<b>State Sources</b>				
State Foundation	173,144,210	173,144,210	173,144,210	-
Transportation	16,558,949	16,558,949	16,558,949	-
Special education	10,702,545	10,702,545	10,160,687	(541,858)
Compensatory education	31,925,932	31,925,932	31,925,932	-
Limited English proficient	9,321,728	9,321,728	9,321,728	-
Students with Disabilities	1,596,000	1,596,000	1,596,000	-
State geographic index	6,311,307	6,311,307	6,311,307	-
Other - LEA tuition	200,000	200,000	252,065	52,065
Total state sources	249,760,671	249,760,671	249,270,878	(489,793)
<b>Federal Sources</b>				
ROTC reimbursement	210,000	210,000	249,760	39,760
Impact Aid (PL 874)	160,000	160,000	194,193	34,193
Total federal sources	370,000	370,000	443,953	73,953
<b>Earnings on investments</b>	200,000	200,000	1,546,318	1,346,318
<b>Charges for services</b>				
Tuition from patrons	909,000	909,000	1,235,495	326,495
Use of school buildings	1,233,219	1,233,219	1,135,108	(98,111)
Athletic program - gate receipts	340,000	340,000	349,595	9,595
Energy rebates	-	-	3,568,733	3,568,733
Administration and overhead fees	1,938,450	1,938,450	2,091,480	153,030
Total charges for services	4,420,669	4,420,669	8,380,411	3,959,742
<b>Miscellaneous Revenue</b>				
Other	1,580,785	1,580,785	1,453,217	(127,568)
<b>TOTAL</b>	<b>\$ 856,386,006</b>	<b>\$ 856,386,006</b>	<b>\$ 861,148,658</b>	<b>\$ 4,762,652</b>

## Other Supplementary Information

### Howard County Public School System

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

##### General Fund

Year Ended June 30, 2019

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>Administration</b>				
Salaries and wages	\$10,026,930	\$9,823,130	\$9,139,692	\$683,438
Contracted services	2,351,965	2,316,087	2,649,386	(333,299)
Supplies and materials	422,465	427,535	487,836	(60,301)
Other charges	765,960	775,568	678,644	96,924
Total administration	13,567,320	13,342,320	12,955,558	386,762
<b>Instructional salaries</b>	348,389,986	347,229,986	344,119,848	3,110,138
<b>Textbooks and classroom supplies</b>	9,823,425	9,373,425	8,758,701	614,724
<b>Other Instructional Costs</b>				
Contracted services	2,297,427	2,297,412	2,072,807	224,605
Other charges	211,190	211,533	158,047	53,486
Equipment	40,100	39,772	24,894	14,878
Outgoing transfers	580,000	580,000	435,916	144,084
Total other instructional costs	3,128,717	3,128,717	2,691,664	437,053
<b>Student Personnel Services</b>				
Salaries and wages	3,161,956	3,169,056	3,055,142	113,914
Contracted services	424,467	424,467	424,217	250
Supplies and materials	21,226	18,126	16,908	1,218
Other charges	33,992	29,992	29,482	510
Total pupil personnel services	3,641,641	3,641,641	3,525,749	115,892
<b>Student Health Services</b>				
Salaries and wages	8,275,781	8,275,781	8,027,740	248,041
Contracted services	399,106	399,106	374,418	24,688
Supplies and materials	263,715	253,635	246,096	7,539
Other charges	27,800	37,880	13,417	24,463
Total health services	8,966,402	8,966,402	8,661,671	304,731
<b>Student Transportation</b>				
Salaries and wages	1,531,058	1,604,058	1,609,746	(5,688)
Contracted services	39,113,726	39,239,226	39,226,332	12,894
Supplies and materials	21,009	21,009	19,992	1,017
Other charges	551,200	552,700	551,041	1,659
Total pupil transportation	41,216,993	41,416,993	41,407,111	9,882
<b>Operation of Plant</b>				
Salaries and wages	22,228,115	22,323,615	22,319,724	3,891
Contracted services	1,654,506	1,698,893	1,771,608	(72,715)
Supplies and materials	1,287,302	1,348,415	1,166,976	181,439
Other charges	17,423,776	17,452,776	15,992,446	1,460,330
Total operation of plant	42,593,699	42,823,699	41,250,754	1,572,945

## Other Supplementary Information

### Howard County Public School System

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

##### General Fund

Year Ended June 30, 2019

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
<b>Maintenance of Plant</b>				
Salaries and wages	12,081,034	11,085,282	10,932,078	153,204
Contracted services	12,412,440	12,278,222	12,255,772	22,450
Supplies and materials	1,099,668	940,162	935,638	4,524
Other charges	88,990	89,416	56,735	32,681
Equipment	535,000	979,050	892,428	86,622
Total maintenance of plant	26,217,132	25,372,132	25,072,651	299,481
<b>Other Fixed Charges</b>	184,960,057	186,960,057	186,960,057	-
<b>Mid-level Administration</b>				
Salaries and wages	54,720,951	54,360,906	53,328,111	1,032,795
Contracted services	6,330,919	6,356,569	6,969,364	(612,795)
Supplies and materials	1,138,680	966,510	590,238	376,272
Other charges	457,944	514,509	385,347	129,162
Equipment	10,000	10,000	7,338	2,662
Total mid-level administration	62,658,494	62,208,494	61,280,398	928,096
<b>Community Services</b>				
Salaries and wages	4,098,711	4,152,711	3,993,963	158,748
Contracted services	1,488,132	1,529,132	1,290,821	238,311
Supplies and materials	360,113	292,113	278,475	13,638
Other charges	1,174,970	1,154,970	1,147,404	7,566
Equipment	7,000	-	3,695	(3,695)
Total community services	7,128,926	7,128,926	6,714,358	414,568
<b>Special Education</b>				
Salaries and wages	97,622,653	94,386,234	94,098,036	288,198
Contracted services	2,850,113	3,951,885	3,980,763	(28,878)
Supplies and materials	726,111	718,382	667,599	50,783
Other charges	305,735	303,111	263,197	39,914
Equipment	40,400	25,400	24,601	799
Outgoing transfers	7,639,770	10,499,770	10,399,658	100,112
Total special education	109,184,782	109,884,782	109,433,854	450,928
<b>Capital Outlay</b>				
Salaries and wages	820,059	820,059	815,252	4,807
Contracted services	54,158	54,158	53,307	851
Supplies and materials	8,415	8,395	8,001	394
Other charges	25,800	25,820	13,912	11,908
Total capital outlay	908,432	908,432	890,472	17,960
<b>TOTAL EXPENDITURES</b>	<u>\$ 862,386,006</u>	<u>\$ 862,386,006</u>	<u>\$ 853,722,845</u>	<u>\$ 8,663,161</u>

## Other Supplementary Information

### Howard County Public School System

#### Food Services Fund

#### Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Intergovernmental Revenues:			
State	\$ 400,000	\$ 422,171	\$ 22,171
Federal:			
National School Lunch and Milk Programs	5,869,000	6,244,135	375,135
National School Breakfast	1,570,000	1,798,880	228,880
U.S.D.A. Commodity Program	-	1,092,433	1,092,433
Total intergovernmental revenues	<u>7,439,000</u>	<u>9,135,448</u>	<u>1,696,448</u>
Earnings on investments	1,200	10,692	9,492
Charges for Services:			
Food sales	7,150,000	6,977,435	(172,565)
Total revenues	<u>14,990,200</u>	<u>16,545,746</u>	<u>1,555,546</u>
<b>EXPENDITURES</b>			
Costs of operation - Food Service:			
Cost of food	5,672,800	5,957,040	(284,240)
U.S.D.A. Commodity Program	-	1,017,702	(1,017,702)
Salaries and wages	8,398,030	8,782,574	(384,544)
Equipment/Miscellaneous	919,370	817,844	101,526
Total expenditures	<u>14,990,200</u>	<u>16,575,160</u>	<u>(1,584,960)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ -</u>	(29,414)	<u>\$ (29,414)</u>
<b>FUND BALANCE, BEGINNING OF THE YEAR</b>		<u>2,331,042</u>	
<b>FUND BALANCE, END OF THE YEAR</b>		<u>\$ 2,301,628</u>	

## Other Supplementary Information

### Howard County Public School System

#### Combining Schedule of Net Position

#### Internal Service Funds

Year Ended June 30, 2019

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Investments	\$ -	\$ -	\$ 4,746,094	\$ 1,179,985	\$ 5,926,079
Accounts receivable	-	2,248	-	14,059	16,307
Due from other funds	840,753	6,853,844	-	-	7,694,597
Inventory	193,698	4,896	-	-	198,594
Prepaid expenses	-	138,894	-	-	138,894
Total current assets	1,034,451	6,999,882	4,746,094	1,194,044	13,974,471
<b>Non-Current Assets</b>					
Capital assets:					
Furniture, fixtures and equipment	589,639	16,224,111	-	-	16,813,750
Less accumulated depreciation	(483,653)	(11,084,755)	-	-	(11,568,408)
Total capital assets, net of depreciation	105,986	5,139,356	-	-	5,245,342
Total assets	1,140,437	12,139,238	4,746,094	1,194,044	19,219,813
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	29,676	1,207,947	(845)	3,025,832	4,262,610
Capital leases	-	524,939	-	-	524,939
Due to other funds	-	-	368,292	20,701,648	21,069,940
Accrued liabilities	-	-	-	-	-
Claims payable	-	-	2,000,000	11,714,285	13,714,285
Unearned revenue	-	-	-	4,948,820	4,948,820
Total current liabilities	29,676	1,732,886	2,367,447	40,390,585	44,520,594
<b>Long-Term Liabilities</b>					
Claims payable, net of current portion	-	-	806,801	-	806,801
Total long-term liabilities	-	-	806,801	-	806,801
Total liabilities	29,676	1,732,886	3,174,248	40,390,585	45,327,395
<b>NET POSITION</b>					
Net investment in capital assets	105,986	4,614,417	-	-	4,720,403
Unrestricted	1,004,775	5,791,935	1,571,846	(39,196,541)	(30,827,985)
<b>TOTAL NET POSITION</b>	<b>\$ 1,110,761</b>	<b>\$10,406,352</b>	<b>\$ 1,571,846</b>	<b>\$ (39,196,541)</b>	<b>\$ (26,107,582)</b>

## Other Supplementary Information

### Howard County Public School System

#### Combining Schedule of Revenues, Expenses, and Changes in Net Position

##### Internal Service Funds

Year Ended June 30, 2019

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
<b>OPERATING REVENUES</b>					
Charges for services - internal	\$ 1,846,646	\$ 17,787,428	\$ 2,582,775	\$ 110,487,771	\$ 132,704,620
Miscellaneous revenue	-	-	-	11,125,530	11,125,530
Contributions from employees	-	-	-	27,431,050	27,431,050
Total operating revenues	1,846,646	17,787,428	2,582,775	149,044,351	171,261,200
<b>OPERATING EXPENSES</b>					
Administrative expenses	1,206,554	10,685,184	279,892	4,605,701	16,777,331
Claims and related expenses			2,078,318	146,642,110	148,720,428
Depreciation expense	29,941	2,392,266	-	-	2,422,207
Total operating expenses	1,236,495	13,077,450	2,358,210	151,247,811	167,919,966
Operating income (loss)	610,151	4,709,978	224,565	(2,203,460)	3,341,234
<b>NON-OPERATING REVENUE</b>					
Interest Income	-	-	105,461	26,221	131,682
Non-operating income	-	-	105,461	26,221	131,682
<b>CHANGES IN NET POSITION</b>	610,151	4,709,978	330,026	(2,177,239)	3,472,916
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	500,610	5,696,374	1,241,820	(37,019,302)	(29,580,498)
<b>TOTAL NET POSITION, END OF YEAR</b>	<u>\$ 1,110,761</u>	<u>\$ 10,406,352</u>	<u>\$ 1,571,846</u>	<u>\$ (39,196,541)</u>	<u>\$ (26,107,582)</u>

## Other Supplementary Information

### Howard County Public School System

Combining Schedule of Cash Flows

Internal Service Funds

Year Ended June 30, 2019

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
Cash received from other funds	\$ 1,280,079	\$ 13,460,630	\$ 2,526,652	\$ 122,732,093	\$ 139,999,454
Cash received from employees and retirees	-	-	-	27,431,050	27,431,050
Payments to employees	(761,579)	(5,242,683)	(45,000)	(251,849)	(6,301,111)
Payments to suppliers	(508,505)	(6,098,202)	(2,481,652)	(149,911,294)	(158,999,653)
Net cash provided by operating activities	9,995	2,119,745	-	-	2,129,740
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of equipment	(9,995)	412,100	-	-	402,105
Principal paid on capital lease	-	(2,531,845)	-	-	(2,531,845)
Net cash used in capital and related financing activities	(9,995)	(2,119,745)	-	-	(2,129,740)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of investments	-	-	(105,461)	(26,221)	(131,682)
Interest received	-	-	105,461	26,221	131,682
Net cash used by (provided by) investing activities	-	-	-	-	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>					
	-	-	-	-	-
<b>CASH AND CASH EQUIVALENTS, JULY 1, 2018</b>					
	-	-	-	-	-
<b>CASH AND CASH EQUIVALENTS, JUNE 30, 2019</b>					
	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Reconciliation of Operating Income (Loss) to New Cash Provided by Operating Activities</b>					
Operating income (loss)	\$ 610,151	\$ 4,709,978	\$ 224,565	\$ (2,203,460)	\$ 3,341,234
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	29,940	2,392,266	-	-	2,422,206
Effects of changes in assets and liabilities:					
Accounts receivable	-	(268)	-	41,360	41,092
Prepaid expenses	-	69,446	-	199,901	269,347
Due from other funds	(566,567)	(4,326,530)	-	-	(4,893,097)
Inventory	(38,159)	-	-	-	(38,159)
Accounts payable	(25,370)	111,115	(168,442)	191,798	109,101
Accrued liabilities	-	(836,262)	-	-	(836,262)
Claims payable	-	-	-	692,971	692,971
Due to other funds	-	-	(56,123)	781,793	725,670
Deferred revenue	-	-	-	295,637	295,637
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 9,995</b>	<b>\$ 2,119,745</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,129,740</b>

## Other Supplementary Information

### Howard County Public School System

#### Statement of Changes in Assets and Liabilities

#### Agency Fund

Year Ended June 30, 2019

	<u>Balance</u> <u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2019</u>
<b>Elementary Schools</b>				
Atholton ES	\$ 9,172	\$ 48,514	\$ 48,172	\$ 9,514
Bellows Spring ES	42,860	90,127	84,411	48,576
Bollman Bridge ES	30,745	70,948	67,637	34,056
Bryant Woods ES	17,444	37,429	39,667	15,206
Bushy Park ES	17,128	52,491	48,131	21,488
Centennial Lane ES	24,732	55,182	52,579	27,335
Clarksville ES	29,851	53,559	46,118	37,292
Clemens Crossing ES	29,202	47,134	51,206	25,130
Cradlerock School	16,786	36,065	35,786	17,065
Dayton Oaks ES	59,988	135,569	140,514	55,043
Deep Run ES	36,333	54,936	70,091	21,178
Duckett's Lane ES	11,325	80,325	81,669	9,981
Elkridge ES	52,448	63,779	93,596	22,631
Forest Ridge ES	22,504	37,457	48,076	11,885
Fulton ES	43,589	58,700	72,118	30,171
Gorman Crossing ES	28,423	91,942	86,447	33,918
Guilford ES	25,538	25,200	31,290	19,448
Hammond ES	15,993	54,064	54,113	15,944
Hanover Hills ES	-	55,782	36,209	19,573
Hollifield Station ES	28,764	72,272	76,430	24,606
Ilchester ES	99,078	103,135	107,083	95,130
Jeffers Hill ES	35,905	22,010	25,520	32,395
Laurel Woods ES	9,096	42,460	38,756	12,800
Lisbon ES	26,051	40,161	40,396	25,816
Longfellow ES	24,287	58,264	55,189	27,362
Manor Woods ES	41,175	83,150	84,236	40,089
Northfield ES	21,793	58,087	55,951	23,929
Phelps Luck ES	17,544	30,250	34,169	13,625
Pointers Run ES	94,731	107,676	135,791	66,616
Rockburn ES	36,890	78,309	81,827	33,372
Running Brook ES	42,968	44,743	55,717	31,994
St. John's Lane ES	33,316	38,936	38,028	34,224
Steven's Forest ES	37,513	24,140	40,556	21,097
Swansfield ES	28,029	17,921	25,047	20,903
Talbott Springs ES	25,960	26,287	30,799	21,448
Thunder Hill ES	25,350	38,145	37,490	26,005
Triadelphia Ridge ES	54,013	53,978	57,213	50,778
Veterans ES	31,908	98,107	97,062	32,953
Waterloo ES	52,858	90,821	95,078	48,601
Waverly ES	45,634	105,461	119,703	31,392
West Friendship ES	39,830	27,946	25,635	42,141
Worthington ES	46,352	71,315	58,704	58,963
<b>Total - Elementary Schools</b>	<u>1,413,106</u>	<u>2,482,777</u>	<u>2,604,210</u>	<u>1,291,673</u>

## Other Supplementary Information

### Howard County Public School System

#### Statement of Changes in Assets and Liabilities Agency Fund Year Ended June 30, 2019

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
<b>Middle Schools</b>				
Bonnie Branch MS	\$ 64,712	\$ 142,818	\$ 166,383	\$ 41,147
Burleigh Manor MS	69,523	230,366	231,803	68,086
Clarksville MS	76,003	185,407	207,717	53,693
Dunloggin MS	45,632	112,647	106,236	52,043
Elkridge Landing MS	23,445	128,517	125,083	26,879
Ellicott Mills MS	31,564	220,776	227,489	24,851
Folly Quarter MS	36,451	149,376	153,525	32,302
Glenwood MS	32,521	102,149	99,839	34,831
Hammond MS	13,794	111,216	109,485	15,525
Harper's Choice MS	26,614	110,466	105,411	31,669
Lake Elkhorn MS	11,232	94,844	92,702	13,374
Lime Kiln MS	47,725	94,799	104,236	38,288
Mayfield Woods MS	27,314	119,842	117,187	29,969
Mount View MS	47,492	163,255	168,535	42,212
Murray Hill MS	19,569	77,294	76,573	20,290
Oakland Mills MS	18,607	96,958	96,743	18,822
Patapsco MS	30,639	116,994	109,483	38,150
Patuxent Valley MS	14,592	142,837	133,174	24,255
Thomas Viaduct MS	31,784	96,948	95,165	33,567
Wilde Lake MS	31,703	97,386	97,222	31,867
<b>Total - Middle Schools</b>	<b>700,916</b>	<b>2,594,895</b>	<b>2,623,991</b>	<b>671,820</b>
<b>High Schools</b>				
Atholton HS	179,186	639,497	669,433	149,250
Centennial HS	367,816	877,678	862,855	382,639
Glenelg HS	269,488	771,489	755,174	285,803
Hammond HS	221,876	485,648	485,556	221,968
Howard HS	293,563	593,216	666,110	220,669
Long Reach HS	138,094	421,607	419,550	140,151
Marriotts Ridge HS	153,652	815,571	807,155	162,068
Mount Hebron HS	218,043	759,295	778,656	198,682
Oakland Mills HS	180,913	314,951	323,213	172,651
Reservoir HS	213,700	622,818	577,649	258,869
River Hill HS	262,329	709,268	679,654	291,943
Wilde Lake HS	206,723	370,849	366,869	210,703
<b>Total - High Schools</b>	<b>2,705,383</b>	<b>7,381,887</b>	<b>7,391,874</b>	<b>2,695,396</b>
<b>Special Schools</b>				
Apps and Research Lab	22,217	15,615	19,204	18,628
Cedar Lane School	45,732	66,483	56,859	55,356
Homewood School	12,718	19,292	21,788	10,222
<b>Total - Special Schools</b>	<b>80,667</b>	<b>101,390</b>	<b>97,851</b>	<b>84,206</b>
<b>Total - All Schools</b>	<b>\$ 4,900,072</b>	<b>\$ 12,560,949</b>	<b>\$ 12,717,926</b>	<b>\$ 4,743,095</b>

# Statistical Section

# Statistical Section

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

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# Statistical Section

## Howard County Public School System

Table 1

### Net Position by Component\*

Year Ended June 30, 2019 and Nine Prior Years

(Amounts expressed in thousands)

	2010	2011	2012	2013	2014**	2015	2016	2017	2018***	2019
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 875,068	\$ 898,922	\$ 956,102	\$ 1,019,894	\$ 1,074,422	\$ 1,120,105	\$ 1,166,847	\$ 1,217,728	\$ 1,234,814	\$ 1,233,956
Restricted for Capital Projects	2	-	-	-	-	-	-	-	-	8,460
Restricted for GWWTP	1,181	1,236	1,236	1,240	1,220	1,220	1,222	1,230	1,247	1,275
Restricted for Food Services	3,036	146	145	152	190	216	234	192	1,012	2,103
Unrestricted	15,054	32,293	36,015	32,627	21,386	(23,550)	(41,059)	(41,741)	(835,260)	(851,928)
<b>Total Governmental Activities Net Position</b>	<b>894,341</b>	<b>932,597</b>	<b>993,498</b>	<b>1,053,913</b>	<b>1,097,218</b>	<b>1,097,991</b>	<b>1,127,244</b>	<b>1,177,409</b>	<b>401,813</b>	<b>393,866</b>
<b>Business-type Activities</b>										
Net investment in capital assets	47	27	23	29	22	30	46	73	59	60
Unrestricted	137	151	147	178	199	228	256	244	295	311
<b>Total Business-type Activities Net Position</b>	<b>184</b>	<b>178</b>	<b>170</b>	<b>207</b>	<b>221</b>	<b>258</b>	<b>302</b>	<b>317</b>	<b>354</b>	<b>371</b>
<b>Total Primary Government</b>										
Net investment in capital assets	875,115	898,949	956,125	1,019,923	1,074,444	1,120,135	1,166,893	1,217,801	1,234,873	1,234,015
Restricted	4,219	1,382	1,381	1,392	1,410	1,436	1,456	1,422	2,259	11,839
Unrestricted	15,191	32,444	36,162	32,805	21,585	(23,322)	(40,803)	(41,497)	(834,965)	(851,617)
<b>Total Primary Government Net Position</b>	<b>\$ 894,525</b>	<b>\$ 932,775</b>	<b>\$ 993,668</b>	<b>\$ 1,054,120</b>	<b>\$ 1,097,439</b>	<b>\$ 1,098,249</b>	<b>\$ 1,127,546</b>	<b>\$ 1,177,726</b>	<b>\$ 402,167</b>	<b>\$ 394,237</b>

\*Modified accrual basis of accounting.

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

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

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

# Statistical Section

## Howard County Public School System

Table 2

### Changes in Net Position\*

Year Ended June 30, 2019 and Nine Prior Years

(Amounts expressed in thousands)

<u>Functions/Programs</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014**</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<b>Expenses</b>										
Governmental Activities										
Instruction										
Regular education	\$ 436,546	\$ 465,690	\$ 463,498	\$ 476,879	\$ 501,414	\$ 525,124	\$ 536,486	\$ 549,749	\$ 604,207	\$ 606,945
Special education	128,051	131,738	130,779	134,681	141,204	146,833	153,791	159,479	175,426	183,463
<b>Total Instruction</b>	<b>564,597</b>	<b>597,428</b>	<b>594,277</b>	<b>611,560</b>	<b>642,618</b>	<b>671,957</b>	<b>690,277</b>	<b>709,228</b>	<b>779,633</b>	<b>790,408</b>
Support Services										
Administration	13,845	13,328	14,278	14,726	16,672	18,166	19,105	22,437	21,741	20,809
Mid-level administration	74,277	80,223	62,950	82,617	83,136	88,165	92,335	94,884	101,422	100,453
Student personnel services	3,524	3,844	3,823	2,860	4,133	4,371	4,852	4,931	5,266	5,504
Health services	8,057	8,324	8,387	8,543	9,551	10,329	11,397	11,963	12,725	13,607
Student transportation	33,254	34,655	36,138	36,808	37,068	37,528	38,035	38,839	39,890	42,401
Operation of plant	50,475	45,384	45,276	46,705	47,487	49,682	49,707	49,465	49,784	54,021
Maintenance of plant and equipment	27,087	27,905	26,962	28,817	25,747	28,372	30,755	30,121	31,779	31,918
Community services	7,091	7,298	7,264	7,265	7,556	7,437	8,741	8,603	9,402	9,313
Food services	11,689	12,167	12,009	12,203	12,923	13,465	13,845	14,857	15,483	16,581
Interest on long-term debt	433	325	163	96	75	63	61	43	27	20
<b>Total Support Services</b>	<b>229,732</b>	<b>233,453</b>	<b>217,250</b>	<b>240,640</b>	<b>244,348</b>	<b>257,578</b>	<b>268,833</b>	<b>276,143</b>	<b>287,519</b>	<b>294,627</b>
<b>Total Governmental Activities</b>	<b>794,329</b>	<b>830,881</b>	<b>811,527</b>	<b>852,200</b>	<b>886,966</b>	<b>929,535</b>	<b>959,110</b>	<b>985,371</b>	<b>1,067,152</b>	<b>1,085,035</b>
Business-type Activities										
Jim Rouse Theatre	132	150	177	103	112	111	90	109	123	189
<b>Total School System Expenses</b>	<b>\$ 794,461</b>	<b>\$ 831,031</b>	<b>\$ 811,704</b>	<b>\$ 852,303</b>	<b>\$ 887,078</b>	<b>\$ 929,646</b>	<b>\$ 959,200</b>	<b>\$ 985,480</b>	<b>\$ 1,067,275</b>	<b>\$ 1,085,224</b>

\*Modified accrual basis of accounting.

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

Source: HCPSS Finance Department

## Statistical Section

### Howard County Public School System Changes in Net Position\* Year Ended June 30, 2019 and Nine Prior Years (Amounts expressed in thousands)

Table 2 (continued)

<b>Program Revenues</b>	2010	2011	2012	2013	2014**	2015	2016	2017	2018***	2019
Charges for Services										
Regular education	\$ 4,776	\$ 5,061	\$ 18,645	\$ 3,020	\$ 2,315	\$ 2,232	\$ 2,473	\$ 5,097	\$ 3,637	\$ 5,097
Special education										
Operation of plant	(681)	3,418	4,750	4,341	4,826	7,328	9,362	9,716	17,452	9,716
Food services	7,462	7,037	6,813	6,165	5,702	5,552	5,978	6,977	6,902	6,977
Operating grants and contributions	129,393	154,174	133,145	122,699	139,082	145,645	146,211	175,495	168,923	175,495
Capital grants and contributions	58,845	63,877	69,629	98,706	86,809	78,090	80,150	42,744	61,699	42,744
<b>Total Program Revenues</b>	<b>199,795</b>	<b>233,567</b>	<b>232,982</b>	<b>234,931</b>	<b>238,734</b>	<b>238,847</b>	<b>244,174</b>	<b>240,030</b>	<b>258,613</b>	<b>240,030</b>
Business-type Activities										
Jim Rouse Theatre	128	144	169	139	126	148	134	206	159	206
<b>Total School System Revenues</b>	<b>199,923</b>	<b>233,711</b>	<b>233,151</b>	<b>235,070</b>	<b>238,860</b>	<b>238,995</b>	<b>244,308</b>	<b>240,236</b>	<b>258,772</b>	<b>240,236</b>
<b>Total Governmental Net Expense</b>	<b>(594,538)</b>	<b>(597,320)</b>	<b>(578,553)</b>	<b>(617,233)</b>	<b>(648,218)</b>	<b>(690,651)</b>	<b>(714,892)</b>	<b>(745,244)</b>	<b>(808,503)</b>	<b>(844,988)</b>
<b>General Revenues and Other Changes in Net Position</b>										
General revenues										
Local appropriations	457,560	464,708	467,617	482,385	497,486	530,440	544,145	600,054	572,872	600,054
State Aid	164,563	169,183	169,994	191,285	192,048	192,480	197,822	222,299	212,420	222,299
Federal Aid	100	174	141	148	127	163	160	194	124	194
Interest and investment earnings	124	122	72	98	43	33	101	1,612	816	1,612
Miscellaneous	1,401	1,382	1,620	3,769	1,833	1,900	1,962	12,900	5,094	12,900
<b>Total General Revenues</b>	<b>623,748</b>	<b>635,569</b>	<b>639,444</b>	<b>677,685</b>	<b>691,537</b>	<b>725,016</b>	<b>744,190</b>	<b>837,059</b>	<b>791,326</b>	<b>837,059</b>
Change in Net Position - Governmental Funds	29,213	38,255	60,901	60,415	43,305	34,328	29,253	91,718	(17,213)	(7,946)
Change in Net Position - Jim Rouse Theatre	(4)	(6)	(8)	37	14	37	44	97	36	17
<b>Total Change in Net Position</b>	<b>29,209</b>	<b>38,249</b>	<b>60,893</b>	<b>60,452</b>	<b>43,319</b>	<b>34,365</b>	<b>29,297</b>	<b>91,815</b>	<b>(17,177)</b>	<b>(7,929)</b>
Net Position - Beginning of year	865,316	894,525	932,774	993,667	1,054,119	1,063,884	1,098,249	1,127,546	419,343	402,167
<b>Net Position - End of Year</b>	<b>\$ 894,525</b>	<b>\$ 932,774</b>	<b>\$ 993,667</b>	<b>\$ 1,054,119</b>	<b>\$ 1,097,438</b>	<b>\$ 1,098,249</b>	<b>\$ 1,127,546</b>	<b>\$ 1,219,361</b>	<b>\$ 402,167</b>	<b>\$ 394,238</b>

\*Modified accrual basis of accounting.

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

\*\*\* FY18 Net position restated

Source: HCPSS Finance Department

# Statistical Section

## Howard County Public School System Changes in Fund Balances of Governmental Funds\* Year Ended June 30, 2019 and Nine Prior Years (Amounts expressed in thousands)

Table 3

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
<b>Intergovernmental revenues</b>										
Local	\$ 502,374	\$ 531,120	\$ 530,955	\$ 553,213	\$ 567,271	\$ 584,657	\$ 612,804	\$ 624,455	\$ 653,700	\$ 662,183
State	262,276	263,990	267,750	298,841	303,224	314,110	304,642	338,907	307,848	320,548
Federal	30,818	39,986	23,860	23,580	23,982	26,097	27,984	29,160	29,143	30,511
Earnings on interest and investment	125	122	64	57	26	21	70	292	901	1,830
Charges for services	13,640	13,756	28,280	12,109	11,091	11,302	11,885	12,200	13,742	15,737
Miscellaneous revenues	1,401	1,398	1,039	1,471	1,797	1,737	1,825	449	2,405	1,774
<b>Total Revenues</b>	<b>810,634</b>	<b>850,372</b>	<b>851,949</b>	<b>889,271</b>	<b>907,391</b>	<b>937,924</b>	<b>959,210</b>	<b>1,005,463</b>	<b>1,007,739</b>	<b>1,032,583</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular education	297,340	302,091	306,791	316,259	323,027	338,094	335,660	347,374	361,042	363,645
Special education	96,986	98,017	96,411	99,859	102,045	106,254	108,329	112,299	121,518	125,826
<b>Support Services</b>										
Administration	10,634	10,663	10,676	11,511	12,456	12,869	12,431	13,735	13,842	13,332
Mid-Level administration	54,226	56,675	54,922	59,180	56,562	60,254	61,473	60,909	63,850	62,316
Student personnel services	2,462	2,751	2,738	2,860	2,886	3,032	3,325	3,347	3,500	3,636
Health services	5,794	5,895	5,957	6,114	6,609	7,042	7,608	8,010	8,184	8,698
Student transportation	32,742	34,052	35,573	36,325	36,456	36,792	37,504	37,995	38,964	41,375
Operation of plant	43,411	37,721	37,850	39,439	38,947	40,911	39,202	39,879	38,592	41,281
Maintenance of plant and equipment	22,030	22,235	21,643	23,574	19,652	22,779	24,570	23,866	25,128	25,136
Fixed charges	165,229	193,730	181,842	178,693	210,654	212,958	224,675	241,418	242,684	271,550
Community services	5,901	6,064	6,055	6,190	6,035	6,074	6,765	6,494	6,879	6,786
Food services	11,689	12,167	12,009	12,202	12,923	13,465	13,845	14,857	15,483	16,581
Capital outlay	60,809	64,035	71,076	97,446	86,168	81,225	79,922	84,325	64,056	37,925
<b>Total</b>	<b>809,253</b>	<b>846,096</b>	<b>843,543</b>	<b>889,652</b>	<b>914,420</b>	<b>941,749</b>	<b>955,309</b>	<b>994,508</b>	<b>1,003,722</b>	<b>1,018,086</b>
<b>Excess (deficit) of revenues over expenditures</b>	<b>1,381</b>	<b>4,276</b>	<b>8,406</b>	<b>(381)</b>	<b>(7,029)</b>	<b>(3,825)</b>	<b>3,901</b>	<b>10,955</b>	<b>4,017</b>	<b>14,497</b>
<b>Other Financing Sources (Uses)</b>										
Capital Contributions	195	52	-	-	-	-	-	-	-	-
Proceeds from capital leases	-	-	-	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 1,576</b>	<b>\$ 4,328</b>	<b>\$ 8,406</b>	<b>\$ (381)</b>	<b>\$ (7,029)</b>	<b>\$ (3,825)</b>	<b>\$ 3,901</b>	<b>\$ 10,955</b>	<b>\$ 4,017</b>	<b>\$ 14,497</b>
<b>Debt Service as a percentage of noncapital expenditures</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>0.07%</b>	<b>0.47%</b>	<b>0.44%</b>	<b>0.41%</b>	<b>0.32%</b>

\*Modified accrual basis of accounting.

Source: HCPSS records

## Statistical Section

### Howard County Public School System Fund Balances of Governmental Funds\* Year Ended June 30, 2019 and Nine Prior Years (Amounts expressed in thousands)

Table 4

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund</b>										
Nonspendable	\$ 1,887	\$ 1,365	\$ 1,585	\$ 1,474	\$ 838	\$ 955	\$ 1,047	\$ 1,133	\$ 911	\$ 1,017
Restricted	3,349	8,078	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	1,043	686	330
Assigned	1,808	-	15,213	6,410	5,362	8,421	13,896	10,849	10,685	17,018
Unassigned	5,739	7,266	8,885	15,613	9,755	6,100	2,973	8,322	13,192	15,169
<b>Total General Fund</b>	<b>12,783</b>	<b>16,709</b>	<b>25,683</b>	<b>23,497</b>	<b>15,955</b>	<b>15,476</b>	<b>17,916</b>	<b>21,347</b>	<b>25,474</b>	<b>33,534</b>
<b>Other Governmental Funds</b>										
Nonspendable	106	146	145	152	190	216	234	193	260	199
Restricted for School construction	(4,802)	(4,245)	(4,927)	(2,857)	(1,412)	(3,783)	(2,699)	4,282	2,769	8,460
Restricted for Special Revenue Fund	4,114	3,917	4,034	3,762	1,220	1,790	1,223	1,230	1,247	1,275
Assigned	-	-	-	-	-	-	927	1,504	2,824	3,602
Unassigned	-	2	-	-	1,571	-	-	-	-	-
<b>Total Other Governmental Funds</b>	<b>(582)</b>	<b>(180)</b>	<b>(748)</b>	<b>1,057</b>	<b>1,569</b>	<b>(1,777)</b>	<b>(315)</b>	<b>7,209</b>	<b>7,099</b>	<b>13,536</b>
<b>Total All Governmental Funds</b>	<b>\$ 12,201</b>	<b>\$ 16,529</b>	<b>\$ 24,935</b>	<b>\$ 24,554</b>	<b>\$ 17,524</b>	<b>\$ 13,699</b>	<b>\$ 17,601</b>	<b>\$ 28,556</b>	<b>\$ 32,573</b>	<b>\$ 47,070</b>

\*Modified accrual basis of accounting.

Source: HCPSS records

## Statistical Section

### Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2019 and Nine Prior Years

Table 5

	<u>Administration</u>	<u>Instructional Salaries</u>	<u>Textbooks and Classroom Supplies</u>	<u>Other Instructional Costs</u>	<u>Student Personnel Services</u>	<u>Health Services</u>	<u>Student Transportation</u>
2010	\$ 10,410,000	\$ 278,465,440	\$ 13,551,890	\$ 2,495,820	\$ 2,638,660	\$ 5,950,430	\$ 32,692,230
2011	\$ 10,532,430	\$ 281,109,655	\$ 17,871,900	\$ 2,630,210	\$ 2,811,970	\$ 6,116,460	\$ 34,055,950
2012	\$ 10,598,810	\$ 286,111,020	\$ 13,746,330	\$ 2,675,540	\$ 2,793,820	\$ 6,065,790	\$ 36,402,790
2013	\$ 11,632,220	\$ 296,701,890	\$ 13,445,390	\$ 3,018,300	\$ 2,838,010	\$ 6,221,890	\$ 37,088,910
2014	\$ 12,222,480	\$ 302,397,890	\$ 13,581,690	\$ 3,111,930	\$ 2,839,830	\$ 6,687,310	\$ 36,121,020
2015	\$ 12,274,570	\$ 314,883,130	\$ 12,542,920	\$ 2,518,120	\$ 3,005,960	\$ 7,265,120	\$ 37,466,030
2016	\$ 12,400,033	\$ 315,646,974	\$ 11,753,227	\$ 3,414,360	\$ 3,229,291	\$ 7,817,556	\$ 37,582,625
2017	\$ 13,644,327	\$ 331,702,925	\$ 9,309,755	\$ 3,174,210	\$ 3,302,029	\$ 7,928,482	\$ 38,559,280
2018	\$ 13,940,748	\$ 344,527,214	\$ 8,933,036	\$ 2,683,046	\$ 3,425,010	\$ 8,178,796	\$ 39,015,733
2019	\$ 13,342,320	\$ 347,229,986	\$ 9,373,425	\$ 3,128,717	\$ 3,641,641	\$ 8,966,402	\$ 41,416,993

Source: HCPSS Finance Department

## Statistical Section

### Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2019 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
2010	\$ 44,981,460	\$ 22,438,300	\$103,535,867	\$ 49,032,880	\$ 6,173,050	\$ 80,755,100	\$ 914,260	\$654,035,387
2011	\$ 42,499,470	\$ 20,985,670	\$112,000,647	\$ 50,502,540	\$ 5,939,820	\$ 81,531,860	\$ 890,560	\$669,479,142
2012	\$ 39,227,090	\$ 24,080,030	\$116,901,680	\$ 54,763,110	\$ 6,020,350	\$ 83,601,650	\$ 847,030	\$683,835,040
2013	\$ 37,893,420	\$ 21,113,640	\$126,085,170	\$ 53,110,370	\$ 5,987,200	\$ 87,715,530	\$ 815,460	\$703,667,400
2014	\$ 39,318,920	\$ 18,408,740	\$145,088,710	\$ 53,563,580	\$ 5,999,740	\$ 88,921,800	\$ 829,850	\$729,093,490
2015	\$ 43,712,080	\$ 24,052,720	\$146,773,870	\$ 56,114,610	\$ 5,983,100	\$ 91,343,200	\$ 829,920	\$758,765,350
2016	\$ 40,436,229	\$ 25,295,656	\$159,105,740	\$ 58,609,689	\$ 6,626,238	\$ 93,591,283	\$ 829,479	\$776,338,380
2017	\$ 40,024,441	\$ 23,501,916	\$170,544,715	\$ 60,121,955	\$ 6,783,687	\$ 98,973,242	\$ 816,892	\$808,387,856
2018	\$ 40,101,696	\$ 23,939,247	\$159,387,166	\$ 62,428,043	\$ 6,973,670	\$104,727,030	\$ 845,849	\$819,106,284
2019	\$ 42,823,699	\$ 25,372,132	\$186,960,057	\$ 62,208,494	\$ 7,128,926	\$109,884,782	\$ 908,432	\$862,386,006

Source: HCPSS Finance Department

## Statistical Section

### Howard County Public School System Capital Assets by Function Ended June 30, 2019 and Nine Prior Years

Table 6

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Schools										
Buildings	72	72	73	74	75	76	76	76	76	77
Administration										
Buildings	3	2	3	3	3	3	3	3	2	2
Vehicles	19	19	18	17	17	17	17	17	17	17
Mid-level Administration										
Vehicles	11	11	14	11	11	11	11	11	11	23
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	34	35	46	52	50	51	58	60	65	66
Operations										
Vehicles	207	200	194	177	173	167	152	162	152	152
Technology										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	13	13	12	12	12	12	14	14	15	15
Print Shop										
Print Presses	11	10	11	4	10	17	18	20	21	21
Community Service										
Vehicles	5	5	6	7	10	13	14	14	14	14
Student Transportation										
Vehicles	13	12	10	11	11	11	17	17	17	17

## Statistical Section

### Howard County Public School System Computation of Debt Limits Year Ended June 30, 2019 and Nine Prior Years

Table 7

	2010	2011	2012	2013	2014**	2015	2016	2017	2018	2019
Current Operating Budget	\$ 657,088,020	\$ 654,035,387	\$ 669,479,142	\$ 683,835,040	703,667,400	729,093,490	758,765,350	776,338,380	819,106,284	862,386,006
6 % of Current Operating Budget	39,425,281	39,242,123	40,168,749	41,030,102	42,220,044	43,745,609	45,525,921	46,580,303	49,146,377	51,743,160
Total Debt Outstanding June 30	16,942,317	11,678,806	7,026,954	3,878,014	3,474,031	3,372,983	10,910,120	10,863,543	4,502,410	1,323,529
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	19,712,641	19,621,062	20,084,374	20,515,051	21,110,022	21,872,805	22,762,961	23,290,151	24,573,189	25,871,580
Total Debt Service	6,722,505	5,981,054	4,651,852	3,148,940	403,983	312,997	2,859,283	4,110,209	2,963,213	3,178,881
Compliance with Debt Service Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

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

## Statistical Section

### Howard County Public School System Outstanding Debt by Type Year Ended June 30, 2019 and Nine Prior Years

Table 8

Fiscal Year	Governmental Activities Capital Leases	Business-Type Activities	Total
2010	\$ 11,678,806	-	\$ 11,678,806
2011	\$ 7,026,954	-	\$ 7,026,954
2012	\$ 3,878,014	-	\$ 3,878,014
2013	\$ 3,474,031	-	\$ 3,474,031
2014	\$ 3,372,983	-	\$ 3,372,983
2015	\$ 10,910,120	-	\$ 10,910,120
2016	\$ 10,863,543	-	\$ 10,863,543
2017	\$ 7,465,623	-	\$ 7,465,623
2018	\$ 4,502,410	-	\$ 4,502,410
2019	\$ 1,323,529	-	\$ 1,323,529

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

# Statistical Section

## Howard County Public School System

### Enrollment by Grade

Year Ended June 30, 2019 and Nine Prior Years

Table 9

	2010	2011	2012	2013	2014	2015	2016 (C)	2017 (D)	2018	2019 (E)
<b>Elementary School</b>										
Pre-kindergarten	958	1,002	1,058	1,072	1,118	1,144	1,288	1,281	1,278	1,330
Kindergarten	3,379	3,386	3,492	3,513	3,728	3,631	3,801	3,797	3,943	3,949
Grade 1	3,582	3,642	3,628	3,751	3,785	3,995	3,940	3,938	4,078	4,038
Grade 2	3,584	3,716	3,771	3,777	3,921	3,953	4,085	4,084	4,250	4,211
Grade 3	3,541	3,695	3,810	3,890	3,867	3,994	4,276	4,275	4,249	4,219
Grade 4	3,642	3,648	3,795	3,900	4,018	3,997	4,230	4,230	4,401	4,361
Grade 5	3,564	3,727	3,750	3,904	4,008	4,128	4,263	4,258	4,579	4,542
<b>Total Elementary School</b>	<b>22,250</b>	<b>22,816</b>	<b>23,304</b>	<b>23,807</b>	<b>24,445</b>	<b>24,842</b>	<b>25,883</b>	<b>25,863</b>	<b>26,778</b>	<b>26,650</b>
<b>Middle School</b>										
Grade 6	3,874	3,646	3,788	3,856	4,021	4,156	4,215	4,216	4,587	4,555
Grade 7	3,833	3,942	3,728	3,871	3,937	4,118	4,351	4,355	4,508	4,498
Grade 8	3,942	3,884	4,007	3,756	3,932	4,002	4,306	4,326	4,370	4,356
<b>Total Middle School</b>	<b>11,649</b>	<b>11,472</b>	<b>11,523</b>	<b>11,483</b>	<b>11,890</b>	<b>12,276</b>	<b>12,872</b>	<b>12,897</b>	<b>13,465</b>	<b>13,409</b>
<b>High School</b>										
Grade 9 and SP	4,535	4,301	4,265	4,315	4,204	4,365	4,619	4,591	4,799	4,915
Grade 10	4,067	4,368	4,163	4,091	4,179	4,011	4,206	4,206	4,503	4,460
Grade 11	4,067	3,911	4,215	4,000	3,942	4,000	3,983	3,986	4,255	4,253
Grade 12	3,988	4,034	3,984	4,254	4,053	4,062	3,987	3,985	4,111	4,114
<b>Total High School</b>	<b>16,657</b>	<b>16,614</b>	<b>16,627</b>	<b>16,660</b>	<b>16,378</b>	<b>16,438</b>	<b>16,795</b>	<b>16,768</b>	<b>17,668</b>	<b>17,742</b>
<b>Cedar Lane (includes Pre-kindergarten)</b>	<b>85</b>	<b>91</b>	<b>101</b>	<b>103</b>	<b>93</b>	<b>129</b>	<b>109</b>	<b>110</b>	<b>108</b>	<b>108</b>
<b>Total Enrollment (A)</b>	<b>50,641</b>	<b>50,993</b>	<b>51,555</b>	<b>52,053</b>	<b>52,806</b>	<b>53,685</b>	<b>55,659</b>	<b>55,638</b>	<b>58,019</b>	<b>57,909</b>
<b>Number of School Teachers (B)</b>	2832	2866	2793	2829	2829	2860	2857	3056	***	***
Ratio of Students to Teachers	18:1	18:1	18:1	18:1	19:1	19:1	19:1	18:1		

(A) Total includes Pre-kindergarten head count.

(B) Sources: mdreportcard.org, Teacher Certifications

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

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

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

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

## Statistical Section

### Howard County Public School System

#### Enrollment by School

#### Year Ended June 30, 2019 and Nine Prior Years

Table 10

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Capacity	Capacity
<b>Elementary Schools (a)</b>												
Atholton	480	478	499	414	421	392	468	468	470	471	424	111.1%
Bellows Springs	822	851	885	944	668	730	739	739	802	803	751	106.9%
Bollman Bridge	605	599	622	741	767	735	764	763	757	740	666	111.1%
Bryant Woods	353	349	360	366	367	353	413	413	462	458	361	126.9%
Bushy Park	636	644	638	613	608	636	617	615	625	628	788	79.7%
Centennial Lane	652	664	699	725	699	684	739	739	737	734	647	113.4%
Clarksville	542	527	522	526	523	485	430	430	419	419	612	68.5%
Clemens Crossing	488	491	500	499	502	487	532	531	495	491	521	94.2%
Cradlerock	476	474	497	500	520	482	491	491	511	509	398	127.9%
Dayton Oaks	459	446	473	593	636	639	677	677	723	727	788	92.3%
Deep Run	624	657	706	733	657	734	816	816	748	729	672	108.5%
Ducketts Lane	-	-	-	-	662	771	826	826	600	606	770	78.7%
Elkridge	795	847	886	857	767	781	871	870	912	901	760	118.6%
Forest Ridge	657	700	764	718	748	721	704	703	686	679	713	95.2%
Fulton	652	653	670	648	703	705	832	832	920	918	788	116.5%
Gorman Crossing	612	620	699	641	686	693	751	751	877	877	735	119.3%
Guildford	511	507	523	478	497	496	451	451	443	439	465	94.4%
Hammond	499	513	509	583	602	633	640	640	625	623	653	95.4%
Hanover Hills	-	-	-	-	-	-	-	-	714	694	788	88.1%
Hollifield Station	636	675	675	697	745	750	796	796	869	879	694	126.7%
Ilchester	650	666	665	685	776	754	690	690	655	648	653	99.2%
Jeffers Hill	383	371	367	383	407	464	456	455	401	403	421	95.7%
Laurel Woods	569	599	609	564	572	587	601	601	601	607	640	94.8%
Lisbon	462	461	426	398	400	422	446	446	453	451	527	85.6%
Longfellow	417	442	446	442	457	453	457	457	463	460	512	89.8%
Manor Woods	629	644	637	616	676	669	759	759	660	650	681	95.4%
Northfield	596	608	611	595	723	690	710	710	749	747	700	106.7%
Phelps Luck	650	671	722	727	562	581	608	605	592	582	616	94.5%
Pointers Run	677	643	616	772	790	786	784	784	922	924	744	124.2%
Rockburn	731	731	710	705	710	661	726	726	627	629	653	96.3%
Running Brook	434	417	435	483	492	529	515	515	503	500	515	97.1%
St. John's Lane	549	562	552	582	681	722	701	701	724	726	612	118.6%
Stevens Forest	293	302	283	301	423	440	433	433	420	415	399	104.0%
Swansfield	505	563	562	585	594	588	641	640	606	601	521	115.4%
Talbort Springs	495	581	588	573	441	466	502	501	503	504	377	133.7%
Thunder Hill	349	370	382	421	470	528	558	558	528	526	509	103.3%
Triadelphia Ridge	428	408	411	442	485	509	560	560	562	563	581	96.9%
Veterans	904	982	997	1,062	821	865	931	928	956	932	821	113.5%
Waterloo	723	755	756	783	617	624	624	624	620	620	663	93.5%
Waverly	558	559	591	605	759	758	770	766	910	901	638	141.2%
West Friendship	297	292	289	274	287	287	326	326	400	401	414	96.9%
Worthington	452	494	522	533	524	552	528	527	528	535	590	90.7%
<b>Total Elementary Schools</b>	<b>22,250</b>	<b>22,816</b>	<b>23,304</b>	<b>23,807</b>	<b>24,445</b>	<b>24,842</b>	<b>25,883</b>	<b>25,863</b>	<b>26,778</b>	<b>26,650</b>	<b>25,781</b>	<b>103.4%</b>

(a) Includes Pre-kindergarten enrollment.

## Statistical Section

### Howard County Public School System

#### Enrollment by School

Year Ended June 30, 2019 and Nine Prior Years

Table 10 (continued)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Capacity	Capacity
<b><u>Middle Schools</u></b>												
Bonnie Branch	687	664	708	706	731	661	715	713	750	751	662	113.4%
Burleigh Manor	660	621	617	668	700	746	819	819	811	808	779	103.7%
Clarksville	693	685	655	637	608	635	560	560	666	666	643	103.6%
Dunloggon	515	529	559	565	574	607	617	617	664	660	565	116.8%
Elkridge Landing	666	684	694	683	733	710	700	700	747	745	779	95.6%
Ellicott Mills	699	669	715	731	774	758	828	829	870	869	701	124.0%
Folly Quarter	549	579	588	559	544	562	616	616	660	660	662	99.7%
Glenwood	642	600	593	536	544	555	517	517	492	492	545	90.3%
Hammond	573	542	529	499	477	551	592	593	579	572	604	94.7%
Harper's Choice	511	492	512	497	521	521	570	570	505	504	506	99.6%
Lake Elkhorn	476	463	467	470	510	500	530	530	580	580	643	90.2%
Lime Kiln	654	624	593	596	635	703	729	729	632	632	701	90.2%
Mayfield Woods	725	716	724	717	779	632	685	685	725	726	798	91.0%
Mount View	710	682	679	718	734	750	792	792	838	837	798	104.9%
Murray Hill	680	724	725	725	735	595	669	669	724	720	662	108.8%
Oakland Mills	426	393	402	406	437	423	443	443	515	520	506	102.8%
Patapsco	603	605	583	568	628	675	686	687	716	712	643	110.7%
Patuxent Valley	705	689	660	654	680	648	639	639	690	686	760	90.3%
Thomas Viaduct	-	-	-	-	-	523	632	633	669	654	701	93.3%
Wilde Lake	475	511	520	548	546	521	556	556	632	632	467	135.3%
<b>Total Middle Schools</b>	<b>11,649</b>	<b>11,472</b>	<b>11,523</b>	<b>11,483</b>	<b>11,890</b>	<b>12,276</b>	<b>12,895</b>	<b>12,897</b>	<b>13,465</b>	<b>13,426</b>	<b>13,125</b>	<b>102.3%</b>
<b><u>High Schools</u></b>												
Atholton	1,473	1,460	1,489	1,490	1,464	1,560	1,455	1,456	1,505	1,511	1,460	103.5%
Centennial	1,488	1,475	1,441	1,442	1,370	1,429	1,511	1,511	1,593	1,594	1,360	117.2%
Glenelg	1,188	1,234	1,227	1,281	1,274	1,261	1,206	1,207	1,198	1,199	1,420	84.4%
Hammond	1,341	1,344	1,341	1,297	1,256	1,226	1,304	1,300	1,370	1,377	1,220	112.9%
Howard	1,617	1,636	1,704	1,755	1,732	1,758	1,839	1,837	1,899	1,898	1,420	133.7%
Long Reach	1,224	1,229	1,318	1,344	1,370	1,434	1,553	1,554	1,551	1,565	1,488	105.2%
Marriotts Ridge	1,282	1,308	1,278	1,228	1,221	1,161	1,264	1,264	1,417	1,422	1,615	88.0%
Mt. Hebron	1,472	1,484	1,452	1,459	1,453	1,498	1,583	1,582	1,631	1,630	1,400	116.4%
Oaklands Mills	1,201	1,175	1,156	1,163	1,128	1,085	1,171	1,174	1,226	1,231	1,400	87.9%
Reservoir	1,566	1,539	1,535	1,526	1,505	1,482	1,481	1,481	1,586	1,586	1,551	102.3%
River Hill	1,456	1,399	1,394	1,393	1,346	1,310	1,154	1,154	1,384	1,387	1,488	93.2%
Wilde Lake	1,349	1,331	1,292	1,282	1,259	1,234	1,251	1,248	1,308	1,318	1,424	92.6%
<b>Total High Schools</b>	<b>16,657</b>	<b>16,614</b>	<b>16,627</b>	<b>16,660</b>	<b>16,378</b>	<b>16,438</b>	<b>16,772</b>	<b>16,768</b>	<b>17,668</b>	<b>17,718</b>	<b>17,246</b>	<b>102.7%</b>
<b><u>Special Schools</u></b>												
Cedar Lane	85	91	101	103	93	129	109	110	108	106	120	88.3%
<b>Total All Schools (a)</b>	<b>50,641</b>	<b>50,993</b>	<b>51,555</b>	<b>52,053</b>	<b>52,806</b>	<b>53,685</b>	<b>55,659</b>	<b>55,638</b>	<b>58,019</b>	<b>57,900</b>	<b>56,272</b>	<b>102.9%</b>

## Statistical Section

### Howard County Public School System Principal Employers: Howard County, Maryland Year Ended June 30, 2019 and June 30, 2010

Table 11

Employer	2019			2010		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,297	1	4.54%	7,427	1	5.02%
Johns Hopkins Applied Physics Laboratory	5,000	2	2.74%	4,400	2	2.98%
Howard County Government	3,256	3	1.78%	2,857	3	1.93%
Lorien Health Systems	2,000	4	1.09%	2,000	5	1.35%
Howard County General Hospital	1,827	5	1.00%	1,720	7	1.16%
Verizon	1,700	6	0.93%	2,028	4	1.37%
Howard Community College	1,438	7	0.00%	-		0.00%
Giant Food	1,050	8	0.57%	1,950	6	1.32%
Coastal Sunbelt Produce	1,050	9	0.57%	-		0.00%
Wells Fargo Securities Administrative Services	842	10	0.46%	-		0.00%
U. S. Government	-		0.00%	1,600	8	1.08%
Northrop Grumman	-		0.00%	1,200	9	0.81%
SAIC	-		0.00%	1,060	10	0.72%
<b>Total</b>	<b>26,460</b>		<b>14.47%</b>	<b>26,242</b>		<b>17.74%</b>

Source: Howard County, Maryland Comprehensive Annual Financial Report

## Statistical Section

### Howard County Public School System

Demographic and Economic Statistics: Howard County, Maryland  
Year Ended June 30, 2019 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)
2010	287,907	\$18,715,798	\$ 64,849	49,635	5.5%
2011	291,200	\$20,189,734	\$ 68,701	49,991	5.6%
2012	294,256	\$21,119,771	\$ 70,533	50,997	5.5%
2013	297,732	\$21,587,512	\$ 70,876	51,190	5.6%
2014	302,113	\$20,909,127	\$ 67,605	51,701	4.9%
2015	305,462	*	*	54,875	4.0%
2016	316,579	*	*	54,262	3.5%
2017	317,233	*	*	55,638	3.3%
2018	321,113	*	*	58,019	3.2%
2019	323,196	*	*	58,284	2.8%

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

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

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

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

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

## Statistical Section

### Howard County Public School System Cost per Student – Budgetary Basis (non-GAAP) Year Ended June 30, 2019 and Nine Prior Years

Table 13

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total Full-Time Equivalent of Students Enrolled*	49,683	49,991	50,497	50,981	51,688	51,595	52,412	54,262	54,247	56,750
Expenditures **										
Current:										
Administration	\$ 193	\$ 204	\$ 208	\$ 219	\$ 236	\$ 237	\$ 235	\$ 250	\$ 249	\$ 228
Mid level Administration	976	1,000	1,082	1,032	1,036	1,086	1,116	1,099	1,140	1,080
Instruction										
Instructional Salaries	5,603	5,610	5,664	5,804	5,833	6,094	6,017	5,995	6,330	6,064
Textbooks and classroom supplies	255	348	272	230	262	243	224	172	133	154
Other instructional costs	49	48	51	59	60	49	64	53	35	47
Special education	1,622	1,611	1,655	1,702	1,720	1,767	1,782	1,818	1,930	1,928
Student Personnel services	48	54	53	55	55	57	61	60	63	62
Health Services	117	118	117	120	128	138	147	145	151	153
Student Transportation	658	681	706	718	697	715	717	698	719	730
Operation of plant	871	763	777	737	760	796	767	719	700	727
Maintenance of plant and equipment	451	410	477	398	355	466	482	432	439	442
Fixed Charges	2,084	2,240	2,315	2,473	2,807	2,843	3,036	3,138	2,934	3,294
Community services	120	117	119	114	116	115	125	119	128	118
Capital outlay	16	15	15	16	16	16	16	15	16	16
Total Expenditure per Student	\$ 13,063	\$ 13,221	\$ 13,512	\$ 13,675	\$ 14,080	\$ 14,622	\$ 14,789	\$ 14,713	\$ 14,967	\$ 15,043
State Rank ***	5	5	5	4	4	N/A	N/A	N/A	N/A	N/A

(\*) Source: September 30 Official Enrollment Report from beginning of the year. Cost per Pupil calculations exclude PreK enrollment and Cedar Lane PreK enrollment

(\*\*) Source: HCPSS Finance Department, Required Supplementary Information, Budgetary Comparison Schedule, Non-GAAP Actual

(\*\*\*) In FY 2008 Instruction was separated into 3 separate categories: Instructional Salaries, Textbooks and classroom supplies, and Other costs.

(\*\*\*\*) 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 two years not available at time of this report.

## Statistical Section

### Howard County Public School System Food Service Data Year Ended June 30, 2019 and Five Prior Years

Table 14

	2014	2015	2016	2017	2018	2019
Number of Schools	74	76	75	75	75	76
Number of days lunch served	178	179	179	180	180	179
Number of free lunches served to pupils annually	1,072,488	1,175,269	1,291,024	1,330,823	1,332,341	1,298,616
Average number of free lunches served to pupils daily	6,025	6,566	7,212	7,393	7,402	7,255
Number of paid lunches served to pupils annually:						
At reduced price	206,132	216,081	220,562	248,372	271,152	298,901
At regular price	1,433,397	1,423,424	1,472,914	1,572,810	1,642,685	1,642,005
Average number of paid lunches served to pupils daily:						
At reduced price	1,158	1,207	1,232	1,380	1,506	1,670
At regular price	8,053	7,952	8,229	8,738	9,126	9,173
Total number of lunches served to pupils annually	2,712,017	2,814,774	2,984,500	3,152,005	3,246,178	3,239,522
Average number of lunches served to pupils daily	15,236	15,725	16,673	17,511	18,034	18,098
Charge per lunch to students:						
Elementary	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75	\$ 2.75
Secondary	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25	\$ 3.25

Source: HCPSS Food and Nutrition Service

## Statistical Section

### Howard County Public School System

Howard County Public School System		
Transportation Data		Table 15
Year Ended June 30, 2019 and Nine Prior Years		
	Estimated number of eligible riders (Daily)	Number of bus routes (Daily)
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
2011	40,200	434
2010	40,180	432

Source: HCPSS Transportation Office

Howard County Public School System		
High School Graduation Data		Table 16
Year Ended June 30, 2019 and Nine Prior Years		
	Graduation Rate	
2019	N/A**	
2018	95.30%	
2017	92.28%*	
2016	93.21%*	
2015	93.50%*	
2014	92.85%*	
2013	93.30%*	
2012	90.40%*	
2011	90.60%*	
2010	93.60%	

\* 4-Year Adjusted Cohort graduation rate. In 2011, MSDE modified its methodology for calculating graduation rate resulting in lower rates across all Maryland school districts. Consequently, the 2011 graduation rate is not comparable to prior years.

\*\* FY 2019 not available at the time of this report.

Source: HCPSS Public Information Office, HCPSS Website, [mdreportcard.gov](http://mdreportcard.gov)

## Statistical Section

### Howard County Public School System Full-time Equivalent School System Budgeted Positions by Function Year Ended June 30, 2019 and Nine Prior Years

Table 17

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Administration	94.1	91.1	92.4	96.4	96.2	98.9	102.5	102.5	68.5	91.5
Mid level Administration	588.5	585.5	586.5	594.0	599.0	602.5	612.0	616.5	618.5	598.6
Instruction**	4,379.1	4,390.4	4,434.1	4,504.3	4,588.6	4,633.1	4,632.5	4,723.5	4,656.4	4,739.3
Special Education	1,505.5	1,501.7	1,496.4	1,499.4	1,506.0	1,499.6	1,499.9	1,514.9	1,697.8	1,624.1
Student Personnel Services	32.0	32.0	32.0	31.0	32.0	32.0	32.0	33.0	33.0	33.0
Health Services	127.0	127.0	127.0	127.0	135.0	137.0	137.0	137.0	139.0	138.0
Student Transportation	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0	16.0	16.0
Operation of Plant	449.0	449.0	450.0	450.5	456.5	456.5	455.5	457.5	458.5	461.5
Maintenance of plant and equipment	187.0	182.0	183.0	183.0	184.0	162.0	161.5	162.5	199.5	153.5
Community Services	40.4	40.4	40.9	42.9	44.9	48.4	53.1	55.1	55.3	54.1
Capital Outlay	10.0	10.0	10.0	10.0	9.0	9.0	9.5	8.5	9.5	8.5
<b>Total General Fund</b>	<b>7,426.6</b>	<b>7,423.1</b>	<b>7,466.3</b>	<b>7,552.5</b>	<b>7,665.2</b>	<b>7,693.0</b>	<b>7,709.5</b>	<b>7,826.0</b>	<b>7,952.0</b>	<b>7,918.1</b>
Total Grants Fund (estimated)										
	186.0	174.2	165.0	165.0	177.0	171.0	173.5	182.6	193.0	208.2
Restricted Funds										
Jim Rouse Theatre *	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Food and Nutrition Services	187.0	187.0	187.0	187.0	188.0	191.0	191.0	192.0	192.0	194.3
Printing and Duplicating	11.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Technology Office	35.0	38.0	38.0	37.0	37.0	64.0	64.0	64.0	65.0	62.0
Workers Comp. Self-Insurance	3.0	3.0	3.0	3.0	4.0	3.0	3.0	4.0	2.0	-
Health and Dental Self-Insurance	3.0	3.0	3.0	3.0	3.0	4.0	5.0	5.0	5.0	3.0
<b>Total Restricted Funds</b>	<b>239.2</b>	<b>242.2</b>	<b>242.2</b>	<b>240.2</b>	<b>242.2</b>	<b>272.2</b>	<b>273.2</b>	<b>275.2</b>	<b>274.2</b>	<b>269.5</b>
<b>Total All Funds</b>	<b>7,851.8</b>	<b>7,839.5</b>	<b>7,873.5</b>	<b>7,957.7</b>	<b>8,084.4</b>	<b>8,136.2</b>	<b>8,156.2</b>	<b>8,283.8</b>	<b>8,419.2</b>	<b>8,395.8</b>

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

\*\* Includes Grant Fund FTE's

## Statistical Section

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

Table 18

	SAT***			High School Assessment % Proficient *				High School Assessment**									
	Howard County	Maryland State	National	Howard County		Maryland State		Howard County				Maryland State					
				Algebra I PARCC	English 10 PARCC	Algebra I PARCC	English 10 PARCC	Algebra	Biology	English	Government	Algebra	Biology	English	Government		
2019	***	***	***	62.6	65.9	27.2	42.6	***	***	***	***	***	***	***	***	***	***
2018	1,203	1,080	1,065	57.0	60.9	31.2	42.4	***	***	***	***	***	***	***	***	***	***
2017	1161	1046	1060	62.6	58.8	36.5	49.3	***	***	***	***	***	***	***	***	***	***
2016	1647	1428	1453	56.7	45.1	35.6	44.4	***	***	***	***	***	***	***	***	***	***
2014	1656	1434	1462	45.9	95.0	31.2	39.7	95.0	95.0	93.2	90.0	87.4	87.6	83.9	75.7		
2015	1657	1438	1471	No Data	No Data	No Data	No Data	95.0	95.0	94.2	71.9	88.2	87.6	85.9	80.9		
2013	1653	1456	1474	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	1632	1467	1477	No Data	No Data	No Data	No Data	97.1	96.6	94.3	96.0	89.1	85.9	87.4	88.9		
2011	1645	1492	1500	No Data	No Data	No Data	No Data	95.0	95.0	92.9	95.0	87.9	84.6	85.2	89.8		
2010	1639	1502	1509	No Data	No Data	No Data	No Data	96.5	94.4	91.6	97.1	87.9	84.5	83.7	91.5		

# Statistical Section

## Howard County Public School System Insurance Summary Year Ended June 30, 2019

Table 19

Type of Coverage	Name of Company	Policy Period	Limits
Workers Compensation	Self-Insured		
Excess Workers Compensation	Safety National	7/1/18- 6/30/19	\$600,000 retention Specific excess limit \$25 million
<b>CASUALTY INSURANCE</b>			
Comprehensive General Liability	MABE Group Insurance Pool	7/1/18- 6/30/19	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal and Advertising Injury Liability	MABE Group Insurance Pool	7/1/18- 6/30/19	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	7/1/18- 6/30/19	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Members and Covered Persons	MABE Group Insurance Pool	7/1/18- 6/30/19	\$400,000 combined single limit \$1 million per occurrence should sovereign immunity be abrogated \$1 million combined single limit for bodily injury and property for Independent Bus Contractors
Maryland Personal Injury Protection	MABE Group Insurance Pool	7/1/18- 6/30/19	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/18- 6/30/19	Actual cash value with deductibles per member per loss
Maryland Uninsured Motorists	MABE Group Insurance Pool	7/1/18- 6/30/19	\$50,000 per accident
Garage Keepers Liability	MABE Group Insurance Pool	7/1/18- 6/30/19	\$400,000 per loss, exclusive of defense costs
Criminal Proceeding and Intentional Conduct Defense Reimbursement	MABE Group Insurance Pool	7/1/18- 6/30/19	\$50,000 per covered person, \$100,000 annual aggregate
<b>PROPERTY INSURANCE</b>			
Property and Boiler and Machinery	MABE Group Insurance Pool	7/1/18- 6/30/19	\$500,000 per occurrence
Excess Property	Alliant Property Insurance Program (APIP)	7/1/18- 6/30/19	\$1 billion per occurrence, excess of \$500,000
Excess Boiler and Machinery	Federal Insurance Company (Chubb)	7/1/18- 6/30/19	\$100 million blanket limit, excess of \$100,000
<b>CRIME</b>			
Crime	MABE Group Insurance Pool Travelers Casualty and Surety Axis Insurance Company	7/1/18- 6/30/19	\$25,000 per loss \$2,500,000 per loss, excess of \$25,000 \$2,500,000 excess of Travelers
<b>LEGAL LIABILITY</b>			
School Board of Education Legal Liability	MABE Group Insurance Pool	7/1/18- 6/30/19	\$250,000 per occurrence
School Board Legal Liability Reinsurance	United Educators Insurance	7/1/18- 6/30/19	\$5 million per occurrence, excess of \$250,000
<b>OPTIONAL EXTRA COVERAGES</b>			
Catastrophic/Cash Policy	National Union Fire Insurance (AIG)	7/1/18- 6/30/19	\$10,000 Accidental Death \$20,000 Accidental Dismemberment \$6,000,000 Accident Medical Expense \$1,000,000 Catastrophic Cash Benefit for coma or paralysis
Storage Tank Liability	ACE American Insurance Company (Chubb)	8/23/18-8/23/19	\$1,000,000 Per storage tank incident \$1,000,000 Aggregate (claims and remediation) \$1,000,000 Aggregate for legal defense \$2,000,000 Total policy aggregate

Source: HCPSS Office of Risk Management