



**Howard
County**
Public School System

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

A Component Unit of Howard County, Maryland

Strategic Call to Action

Vision

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

Mission

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



Four Overarching Commitments

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



A Component Unit of Howard County, Maryland

Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2020

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The Division of Administration

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Introductory Section

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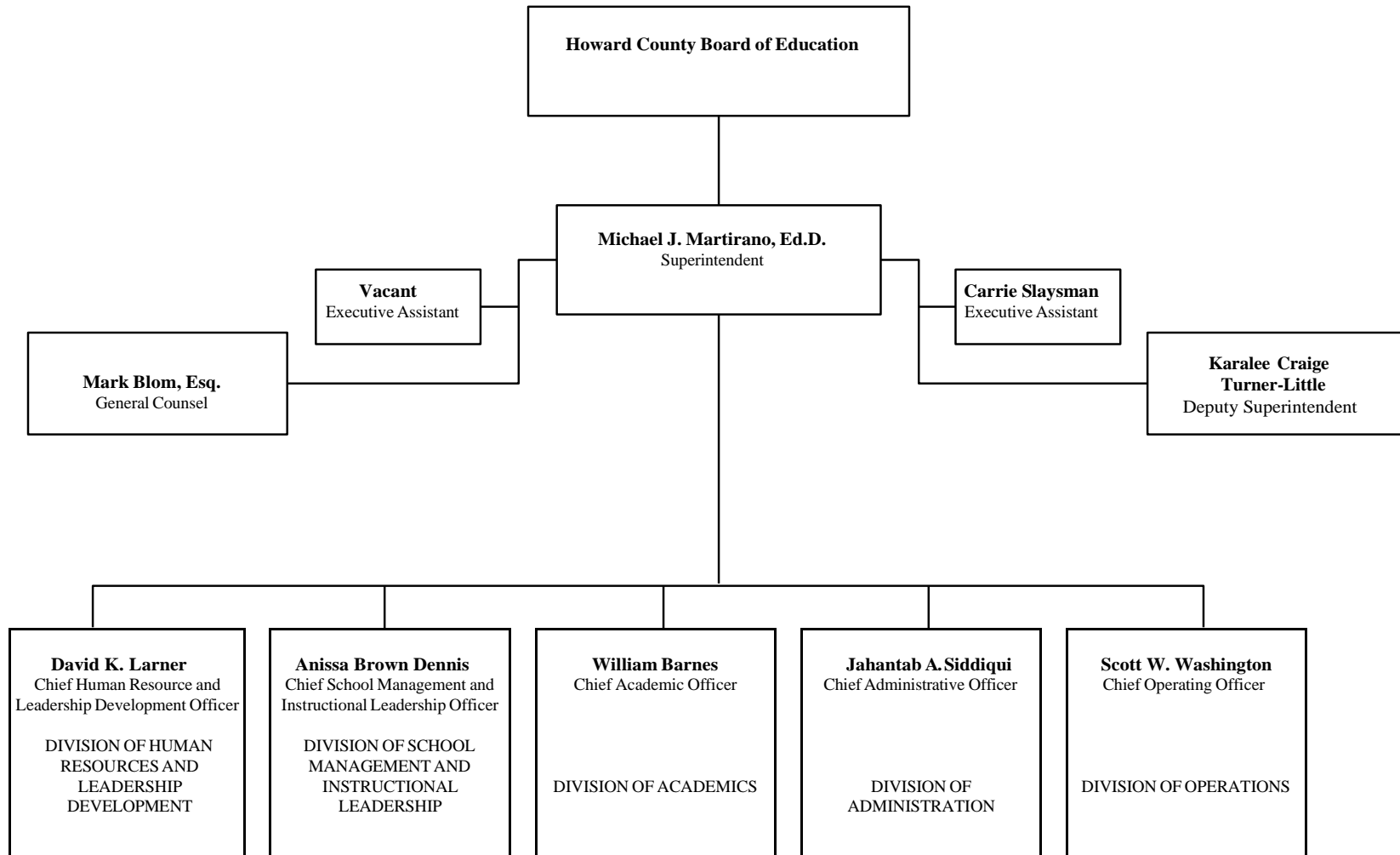
Insurance Summary 100



Organizational Chart

EDUCATING EVERY STUDENT THROUGH THE LENS OF EQUITY

“WORK HARD AND BE KIND”



Principal Officials

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

Howard County Public Schools Officials

Superintendent of Schools



Michael J. Martirano, Ed.D.

David K. Larner

Chief Human Resource and Leadership
Development Officer

Anissa Brown Dennis

Chief School Management and
Instructional Leadership Officer

William J. Barnes

Chief Academic Officer

Jahantab A. Siddiqui

Chief Administrative Officer

Scott W. Washington

Chief Operating Officer

Independent Auditor

CohnReznick LLP

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

Mavis Ellis Chair



Vicky Cutroneo Vice Chair



Kirsten Coombs



Christina Delmont-Small



Jennifer Mallo



Sabina Taj



Chao Wu





October 29, 2020

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, 2020.

This report has been prepared pursuant to Education Article Section 5-109 of the Annotated Code of Maryland. The report consists of management's representations concerning the finances of HCPSS. Management assumes full responsibility for the completeness, reliability, and accuracy of the presented data. We believe the data as presented is accurate in all material aspects and is presented in a manner designed to set forth the financial position and results of operations of HCPSS as measured by the financial activity.

All matters relating to education and operations in HCPSS are governed and controlled by the Board of Education of Howard County (the Board), as provided by the Public School Laws of Maryland. The Board has the responsibility to maintain a reasonable, uniform system of public schools to provide quality education for all young people of Howard County. With the advice of the Superintendent, the Board establishes schools and determines geographical attendance areas for them. Upon recommendation of the Superintendent, the Board approves education policy and prescribes the rules and regulations for the management and conduct of the School System. The activities, funds, and entities related to HCPSS included in this Comprehensive Annual Financial Report are those for which the Board exercises oversight responsibility.

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

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

Entity Services

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

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

Located in central Maryland, HCPSS serves a diverse population exceeding 58,000 students. HCPSS has realized an increase of nearly 7,875 students over the last decade. Projections show an expected enrollment increase of approximately 5,800 students over the next ten years.

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

HCPSS operated 77 schools in the 2019–2020 academic year, with the average age of school buildings varying from 16.1 years for elementary schools, 17.7 years for middle schools, and 21.0 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

In FY 2020, HCPSS received approximately 56% of its governmental funds operating budget from Howard County approximately 23% from Maryland State and 21% from other sources. The economic condition and outlook of the County, therefore, plays a substantial role in the economic condition and outlook of HCPSS. At the same time, HCPSS remains a cornerstone in the economic growth of the county, as people are drawn to the quality reputation of the School System. In addition, HCPSS has been the largest employer in the county for more than 11 years, and therefore persists as an economic engine itself.

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

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

As Maryland's economy and revenues continue to grow, the state for the fifth straight year will continue its level of funding for education. State funding increased from \$249.3 million to \$274.5 million. Local funding increased from \$600.0 million to \$607.2 million.

The HCPSS's budget is continually challenged by a growing student population and the need for additional support and services in the context of state mandated funding formulas that do not keep pace with the rate of expenditure growth needed. The current Maintenance of Effort (MOE) funding formula falls short in a school system that is among the fastest growing in Maryland, has an increasing proportion of students who struggle with poverty, mental health issues, language barriers, and other challenges; and which faces an increasingly

competitive market for highly qualified educators. Consequently, added fiscal pressure is placed on the county to fund above the MOE, when the economic conditions do not support equivalent revenue growth to keep pace with school funding needs.

Long-term Financial Planning

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

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

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

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

- Addresses a critical shortage in special education by adding 106.8 new positions.
- Increases employee compensation on average by two percent for employees represented by bargaining units, with a one percent increase for non-represented staff.
- Accelerates HCPSS Diversity, Equity, and Inclusion work through the addition of three new positions.
- Fully funds actuary projected employee health insurance costs, for the third consecutive year.

The uncertainties and budget impacts of the COVID-19 pandemic have added another layer of complexity to an already challenging budget environment. The FY 2021 budget appropriates \$3 million of unassigned fund balance for a contingency reserve, to allow HCPSS to quickly meet expenses related to recovery of learning and school reopening for the 2020–2021 school year.

Through strong fiscal management in FY2020 and a commitment to the plan to eliminate the health fund deficit, we were able to decrease the historical deficit from the audited amount of \$39.2 million down to \$18.7 million. We remain committed to our goal of eliminating the deficit through continued financial oversight and management to achieve savings while continuing to fully fund our obligation for employee health care costs.

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

School System Budget

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

The FY 2020 budget is the culmination of substantial work undertaken by the Board and Superintendent, in collaboration with many members of the community, HCPSS staff and County Council, to adopt a budget that fulfills negotiated agreements for all bargaining units, maintains class sizes and fully funds employee health care costs without additional growth to the existing cumulative Health Fund debt. The process of achieving a balanced budget required many difficult decisions to reduce instructional support and technology teaching and general education paraprofessional positions, freeze central office salaries and positions, leave some essential

positions unfilled and delay critical investments in technology and instructional materials.

The budget totals \$908.5 million, representing \$607.2 million in county funding – approximately \$7.1 million above Maintenance of Effort, the minimum level of funding required by state law, \$274.4 million from the state, and \$19.9 million from federal and other sources. The budget incorporates a \$19.2 million use of the HCPSS General Fund balance in order to fulfill obligations, which represents a one-time use of funds for recurring expenses. The School System's final Approved Operating Budget for FY 2020 represents a total increase of \$46.2 million or approximately 5.35%.

Internal Controls

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

Budgetary Controls

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

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

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

Independent Audit

The financial statements for FY 2020 have been audited by CohnReznick, LLP in accordance with Section 5-109 of the Public School Laws of Maryland. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The auditor's report on the financial statements is included in the Financial Section of this report. The auditor's report on the School System's basic financial statements includes an unmodified opinion for all opinion units.

System Achievements

HCPSS graduates' overall SAT/ACT participation rate is high: over 80 percent of all HCPSS graduates who took the SAT and/or the ACT from 2017 through 2019. However, participation decreased from almost 85 percent in 2017 to 82 percent in 2019. At the same time, participation gaps persist among student groups.

The SAT is a part of the College Board SAT Suite of Assessments, which includes the PSAT and SAT. The SAT assesses the skills and knowledge that are important for success in college and career. Two required sections of the SAT are the Evidence-Based Reading and Writing (ERW) and the Math sections. Each section score ranges from 200 to 800, resulting in a total score that ranges from 400 to 1600. HCPSS graduates outperformed peers across the state and the nation on the SAT, overall and by each racial/ethnic group. As displayed in Table 1, similar patterns in performance by racial/ethnic group are observed across HCPSS, Maryland, and the nation—Asian test takers achieved the highest mean SAT total score, followed by White, Two or More Races, Latinx, and Black test takers.

Table 1
Class of 2019 SAT Mean Performance:
Most Recent Administration of the New SAT Only

Race/Ethnicity	HCPSS ^a (new SAT only)	Maryland All Schools	Nation All Schools
All	1,202	1,058	1,059
Asian	1,310	1,223	1,223
Black/African American	1,054	937	933
Hispanic/Latinx	1,113	998	978
White	1,225	1,142	1,114
Two or More Races	1,217	1,087	1,095

^a Data reported here differ from that reported by the College Board due to different reporting rules. The current report matches SAT scores to the end-of-year attendance file and includes diploma graduates only; whereas the College Board reports unmatched score data for any test taker who self-reported as a Grade 12 student.

The ACT is composed of four subtests: English, mathematics, reading, and science. Each subtest is scored on a scale of 1 to 36, and the ACT Composite score is the average of the four subtests. Class of 2019 results for HCPSS, Maryland, and the nation are displayed in Table 2. HCPSS graduates outperformed peers across the state and the nation on the ACT, overall and by each racial/ethnic group. Similar patterns in performance by racial/ethnic group are observed across HCPSS, Maryland, and the nation—Asian test takers achieved the highest mean ACT Composite score, followed by White, Two or More Races, Latinx, and Black test takers.

Table 2
Class of 2019 ACT Mean Performance: Most Recent Administration

Race/Ethnicity	HCPSS	Maryland	Nation
All	25.6	22.3	20.7
Asian	29.0	25.9	24.6
Black/African American	21.1	18.4	16.8
Hispanic/Latinx	24.0	20.4	18.7
White	26.0	24.0	22.1
Two or More Races	25.8	21.8	21.0

Note. Data for Maryland and nation come from the 2019 ACT Maryland State Briefing and Maryland and the 2019 ACT Profile Report – Nation.

The most comprehensive school redistricting effort in the system's history went into effect for the 2020-2021 school year, more evenly balancing capacity utilization while advancing socioeconomic equity. After redistricting, 33 schools previously above the countywide average of 22.5% of Free and Reduced-Price Meals (FARM) participation see a decrease, while four schools previously below the countywide FARM average move closer to the average.

In March 2020, in response to closures caused by the Covid-19 pandemic, HCPSS developed a three-phased comprehensive Continuity of Learning strategy to ensure that all students would continue to learn while schools were closed in response to the Coronavirus pandemic during Spring 2020. The system transitioned to a robust program of virtual instruction for the Fall 2020 semester, aligned as closely as possible to the learning students experience in the classroom, is based on live, synchronous instruction and with opportunities for individualized support built into the daily schedule.


Acknowledgments

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

Conclusion

This report has been prepared to provide financial information for the fiscal year ended June 30, 2020, in a manner consistent with the goals and objectives of the Board of Education of Howard County. Should you have any questions about the financial details, needs or plans for the Howard County Public School System, please do not hesitate to call or write. Contact information is included at the end of the MD&A on page 19.

Respectfully submitted,



Jahantab A. Siddiqui
Chief Administrative Officer

Financial Section

Independent Auditor's Report

To the Board of Education
Howard County, Maryland

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Howard County Public School System ("HCPSS"), a component unit of Howard County, Maryland, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of HCPSS, as of June 30, 2020, 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 through 63, the schedules of pension related supplementary information on pages 64 through 65, and the schedules of OPEB related supplementary information on pages 66 through 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 schedule 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 29, 2020 on our consideration of HCPSS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPSS's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CohnReznick LLP".

Baltimore, Maryland
October 29, 2020

Financial Section

Management's Discussion and Analysis

Management's Discussion and Analysis

Introduction

As Management of the Howard County Public School System (HCPSS, School System, Board), we have prepared the following discussion and analysis to inform readers of the HCPSS's annual financial report about the financial information that the enclosed statements present for the year ended June 30, 2020 with selected comparative data for the year ended June 30, 2019. 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 2020

Government-wide financial statements

- The School System's financial status as of June 30, 2020, and as reflected in total net position, decreased by \$30.4 million to \$363.8 million from \$394.2 million. The decrease in total net position reflects increases in current and other assets of \$14.4 million, an increase in capital assets of \$13.7 million, and an increase in deferred outflows of resources of \$54.5 million, as well as increases in liabilities of \$126.1 million and a decrease of deferred inflows of resources of \$13.1 million.
- General revenues accounted for \$864.3 million, including \$607.2 million in local appropriations and \$243.9 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 \$217.8 million. The total revenue from all sources was \$1.082 billion.
- The School System had \$1.112 billion in expenses related to programs, an increase of \$27.2 million from the prior year. The increase in expenses is primarily due to an increase in salaries and benefits costs.

Governmental funds financial statements

- The overall fund balance of the General Fund, the primary operating fund, decreased by \$3.5 million to \$30.0 million from \$33.5 million. The General Fund balance is comprised of \$1.1 million in nonspendable fund balance related to prepaid items and inventories, \$15.8 million assigned for encumbrances and subsequent year's budgeted appropriation of fund balance, and \$13.1 million in unassigned fund balance.

Management's Discussion and Analysis

Overview of the Basic Financial Statements

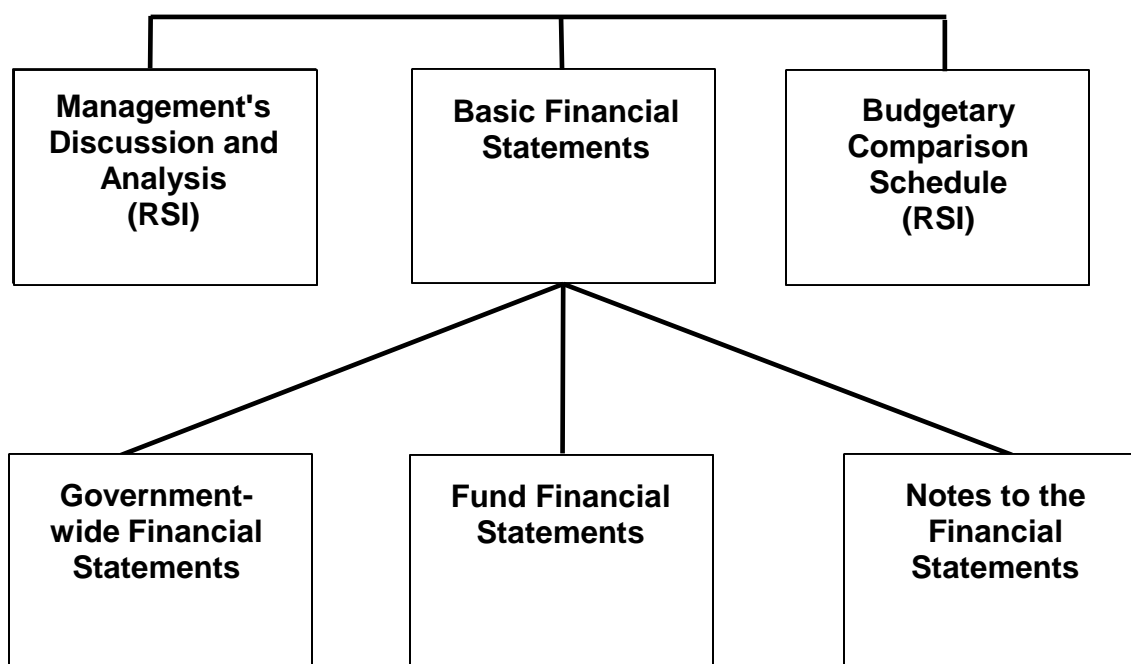
This discussion and analysis is intended to serve as an introduction to the School System's basic financial statements as reflected in Figure A-1. The School System's Basic Financial Statements are comprised of three parts:

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.

Figure A-1

Howard County Public School System

Organization of the Comprehensive Annual Financial Report



Management's Discussion and Analysis

Government-wide Financial Statements

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

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

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

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

The activities in the Government-wide Financial Statements are divided into two categories, governmental activities and business-type activities.

- Governmental activities include the HCPSS basic services which are administration, instruction, student personnel and health services, student transportation, operation and maintenance of plant, capital outlay, special education, community services, food services, and mid-level administration. County appropriations, state and federal aid finance most of these activities.
- Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The HCPSS reports the activities of the Jim Rouse Theatre as a business-type activity.

The government-wide financial statements can be found on [pages 21-22](#) of this report.

Management's Discussion and Analysis

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The HCPSS uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements provide more detailed information about the HCPSS funds, focusing on the most significant or “major” funds—not the HCPSS as a whole. The HCPSS fund financial statements provide detailed information about its most significant funds.

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

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

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

Management's Discussion and Analysis

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 31–60](#) 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

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 56% of its governmental activities funding from the County and approximately 23% from the State. Additionally, the School System receives federal entitlement grants and competitive grants from the state and federal governments. Essentially all of the School System's funding for governmental activities is derived from these sources. The School System has no authority to levy taxes or issue bonded debt. Accordingly, the financial condition of the School System is directly related to the financial condition of the funding authorities, the county and state. Any appropriated funds that are unspent at the end of a fiscal year must be re-appropriated by the county government in a subsequent fiscal year.

Government-Wide Financial Analysis

Net Position

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of the School System, governmental activities assets exceeded liabilities by \$363.5 million at the close of the most recent fiscal year.

The most significant portion of the School System's net position (340.3%) reflects its net investment in capital assets (land, buildings, vehicles, and equipment). The School System uses these assets to provide an education to the students of Howard County. Consequently, these assets are not liquid, nor available for future spending or liquidation of any liabilities. Any school buildings that are no longer used by the School System are returned to the county government, since the county is the primary funding source for school buildings. Because the School System has no authority to issue bonded debt, the only debt outstanding related to capital assets are leases for energy performance, and the purchase of equipment

Management's Discussion and Analysis

including technology equipment and software. The county and/or state government may issue debt to finance school construction; however, it is not debt of the School System, and is not reported in these financial statements. Consequently, school buildings and construction in progress related to school buildings appear in the School System's Statement of Net Position, while any related outstanding debt issued by the county or state government does not.

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

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

Table 1 provides a summary of the HCPSS's net position as of June 30, 2020 and 2019:

Table 1: Net Position – Years ended June 30, 2020 and 2019 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 132,094	\$ 117,670	\$ 288	\$ 322	\$ 132,382	\$ 117,992
Capital assets (net)	1,250,301	1,236,553	43	60	1,250,344	1,236,613
Total assets	1,382,395	1,354,223	331	382	1,382,726	1,354,605
DEFERRED OUTFLOWS OF RESOURCES	139,095	84,623	-	-	139,095	84,623
LIABILITIES						
Long-term liabilities	923,236	802,465	-	-	923,236	802,465
Other liabilities	107,968	102,665	26	11	107,994	102,676
Total liabilities	1,031,204	905,130	26	11	1,031,230	905,141
DEFERRED INFLOWS OF RESOURCES	126,754	139,850	-	-	126,754	139,850
NET POSITION						
Net investment in capital assets	1,237,175	1,233,956	43	60	1,237,218	1,234,016
Restricted for:						
GWWTTP	1,295	1,275	-	-	1,295	1,275
Capital Projects	8,062	8,460	-	-	8,062	8,460
Unrestricted	(883,000)	(849,825)	262	311	(882,738)	(849,514)
TOTAL NET POSITION	\$ 363,532	\$ 393,866	\$ 305	\$ 371	\$ 363,837	\$ 394,237

Management's Discussion and Analysis

Change in Net Position

The School System's net position decreased \$30.4 million. Since the School System is fiscally dependent on the county, state, and federal governments, expenses closely match revenues, with the exception of timing differences in relation to when an expense is recognized. The funding government(s) appropriate funds to the School System, which it spends to accomplish its goal of providing education to the children of Howard County. Any unspent funds are re-appropriated in subsequent fiscal years from fund balance by the county.

Table 2 shows the changes in net position for the years ended June 30, 2020 and 2019. Key elements of this decrease are as follows:

Table 2: Change in Net Position – Years ended June 30, 2020 and 2019 (In Thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	2020	2019	2020	2019	2020	2019
REVENUES						
Charges for services	\$ 4,069	\$ 21,791	\$ 84	\$ 206	\$ 4,153	\$ 21,997
Operating grants and contributions	171,756	175,495	-	-	171,756	175,495
Capital grants and contributions	41,857	42,744	-	-	41,857	42,744
General revenues						
County appropriations	607,200	600,054	-	-	607,200	600,054
State aid	243,882	222,299	-	-	243,882	222,299
Federal aid	100	194	-	-	100	194
Interest and investment earnings	1,136	1,612	-	-	1,136	1,612
Miscellaneous	11,982	12,900	-	-	11,982	12,900
Total Revenues	1,081,982	1,077,089	84	206	1,082,066	1,077,295
EXPENSES						
Instruction						
Regular education	615,663	606,945	-	-	615,663	606,945
Special education	196,607	183,463	-	-	196,607	183,463
Support services:						
Administration	43,296	20,809	-	-	43,296	20,809
Mid-level administration	91,864	100,454	-	-	91,864	100,454
Student personnel services	4,576	5,504	-	-	4,576	5,504
Health services	13,080	13,607	-	-	13,080	13,607
Student transportation	42,456	42,401	-	-	42,456	42,401
Operation of plant	48,954	54,021	-	-	48,954	54,021
Maintenance of plant	30,205	31,918	-	-	30,205	31,918
Community services	9,032	9,313	-	-	9,032	9,313
Food services	16,583	16,581	-	-	16,583	16,581
Interest on long-term debt	-	20	-	-	-	20
Enterprise funds	-	-	150	189	150	189
Total Expenses	1,112,316	1,085,036	150	189	1,112,466	1,085,225
INCREASE (DECREASE) IN NET POSITION	(30,334)	(7,947)	(66)	17	(30,400)	(7,930)
BEGINNING NET POSITION	393,866	401,813	371	354	394,237	402,167
ENDING NET POSITION	\$ 363,532	\$ 393,866	\$ 305	\$ 371	\$ 363,837	\$ 394,237

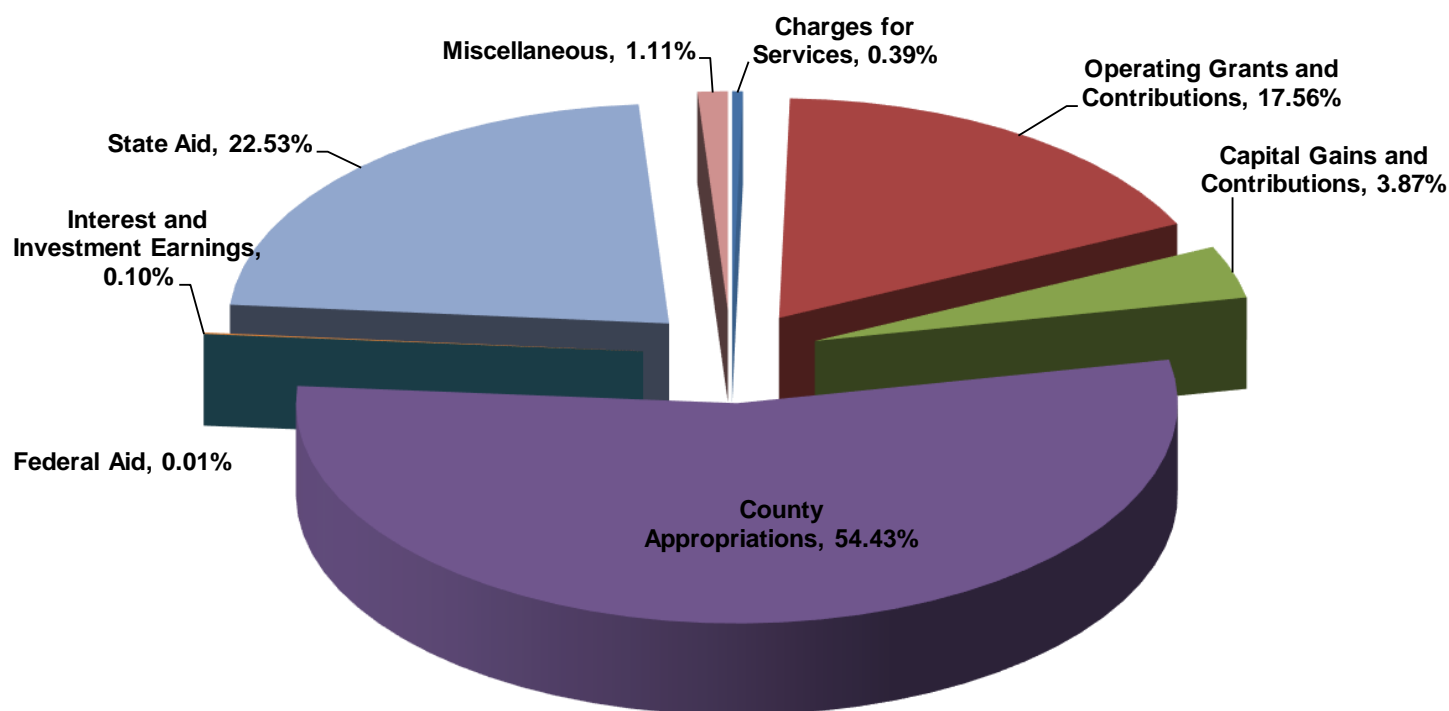
Management's Discussion and Analysis

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 \$1.082 billion. County appropriations and State formula aid accounted for most of the HCPSS revenue. Funds from these two sources contributed approximately 78% of every dollar needed. The remaining 22% came from federal aid for specific programs, fees charged for services and other miscellaneous revenues. Total expenses surpassed revenues, decreasing net position by \$30.4 million over last year.

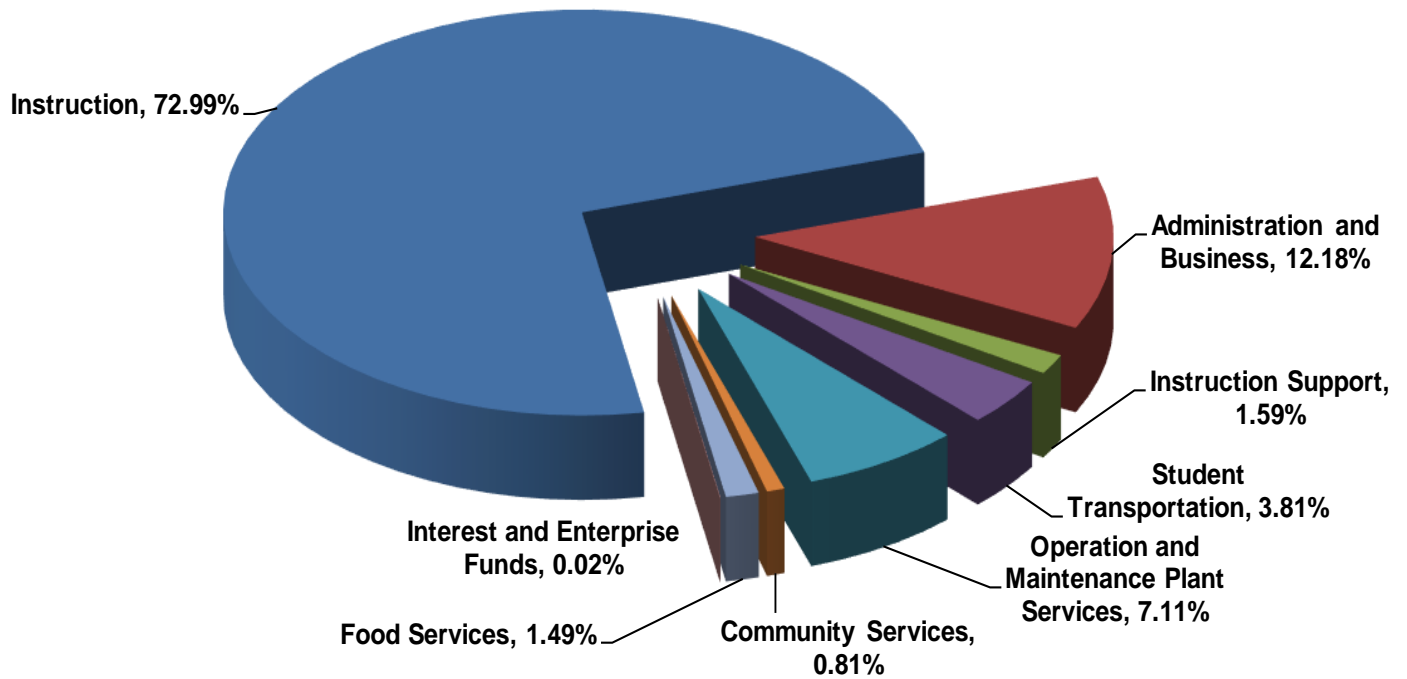
The total cost of all programs and services rose to \$1.112 billion. Most of the HCPSS expenses are related to instruction (including special education), instructional support and student transportation services. Expenses in these areas comprised approximately 73.0% of all School System expenditures. The business and administration activities, food services, and community services accounted for 12.2%, 1.5% and 0.8% of total costs, respectively. Maintenance and operation expenses represented approximately 7.1%. 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 2020



Management's Discussion and Analysis

Chart 2: Expenses by Category – FY 2020



Management's Discussion and Analysis

Governmental Activities

Table 3 presents the cost of the 10 categories of the HCPSS: instruction – regular and special education, administration, mid-level administration, student and health services, student transportation services, operation of plant, maintenance of plant, community services, and 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, 2020 (In Thousands)

	Total Cost of Services	Less Program Revenues	Net Cost of Services
Instruction			
Regular education	\$ 615,663	\$ 115,843	\$ (499,820)
Special education	196,607	47,611	(148,996)
Support services			
Administration	43,296	1,638	(41,658)
Mid-level administration	91,864	10,456	(81,408)
Student personnel services	4,576	1,958	(2,618)
Health services	13,080	1,409	(11,671)
Student transportation	42,456	18,307	(24,149)
Operation of plant	48,954	3,914	(45,040)
Maintenance of plant	30,205	1,807	(28,398)
Community services	9,032	657	(8,375)
Food services	16,583	14,082	(2,501)
Total	\$ 1,112,316	\$ 217,682	\$ (894,634)

Business-Type Activities

The HCPSS has one business-type activity: The Jim Rouse Theatre. Operating revenues for the business-type activity totaled \$84 thousand for 2020. Operating expenses totaled \$150 thousand for a net operating loss of \$66 thousand primarily due to the Theatre being closed for the pandemic which reflected a decrease 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

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 \$43.1 million, a decrease of \$3.9 million. This includes nonspendable fund balance which is comprised of \$1.045 million in inventories and \$171 thousand in prepaid expenses. Restricted fund balance is comprised of \$1.3 million for the Glenelg Wastewater Treatment Plant and \$8.1 million for capital projects. Assigned fund balance includes \$1.3 million for food services operations, \$2.4 million for Special Programs, \$7.8 million for encumbrances and \$8.0 million for subsequent year's budgeted appropriation of fund balance. The unassigned fund balance for the year was \$13.1 million in the General Fund.

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

During the fiscal year, the fund balance of the School System's general fund decreased by \$3.6 million. The change in the School System's fund balance is a result of the supplemental appropriation to pay down the health fund deficit. For the fiscal year ending June 30, 2020, the Health and Dental Self-Insurance fund has improved its net position from a \$39.2 million deficit in FY19 to a current deficit of \$18.7 million. Additionally, the interfund payable to the General Fund has been reduced from \$20.7 million to \$3.3 million. This was achieved as a result of favorable claims experience, management action to conserve costs and strategically redirect spending to support system needs during COVID-19. During FY20 additional HCPSS resources were also available to reduce the deficit. Further spending plans are in place to favorably impact the Health and Dental Fund deficit and to resolve the interfund payable during FY21. The School System's revenues and expenditures are fixed depending upon funding adopted by the county and state governments.

The fund balance of the Food Services Fund, a special revenue fund, decreased during the current fiscal year by \$860 thousand due to decreased sales as a result of the pandemic. The Glenelg Wastewater Treatment Plant fund finished with a fund balance of \$1.3 million.

The HCPSS proposed capital spending totaling \$386.2 million over the FY 2022-2026 period, which has been submitted to the Howard County Council for its approval. Cost estimates will need to be monitored closely to ensure the request is sufficient with regards to changes in the economy and materials pricing. Significant projects were the continued planning for Talbott Springs Elementary School Replacement, continued planning and pre-construction activities for New High School #13, and continued planning and pre-construction activities for Hammond High School Renovation/Addition. State funding increased by \$6.7 million from the previous year.

General Fund Budgetary Highlights

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

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

Management's Discussion and Analysis

between the actual expenditure and the commitment previously recorded.

During FY 2020, General Fund Budgeted Revenues were under budget by \$1.6 million primarily due to lower than budgeted, community use fees and summer school tuition due to the closure of facilities from the pandemic, and from a shift of certain state funds to the Grant Fund. These lower than budgeted revenues were partially offset by investment earnings being higher than anticipated and an increase in Medicaid revenue adjustments for students with disabilities. General Fund Budgeted Expenditures were under budget by \$13.4 million. This variance reflects the impact of the pandemic, which resulted in less expenditures for operation of facilities and wages paid for substitutes. These savings combined with budgetary control measures enacted by management allowed the School System to meet increased costs for continuity of learning within the approved budget.

Capital Assets

The HCPSS had \$1.250 billion invested in land, construction in progress, buildings and improvements, furniture and equipment, leased buildings and equipment and subscription assets at June 30, 2020.

Table 4 shows governmental activities capital asset balances, net of accumulated depreciation and amortization, as of June 30, 2020 and 2019. During FY 2020, capital assets increased by a net of \$13.7 million from the prior year. The depreciation and amortization expense on these assets was approximately \$40.8 million in FY 2020. More detailed information about capital assets can be found on [pages 43–44](#) of this report.

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

Capital Projects

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

Leases/Subscription-Based Information Technology Agreements

- Signed new lease agreement (10.5 years) for larger warehouse space to include the logistic center and print services
- Negotiated new master subscription agreement (5 years) for Workday – financial, payroll, and human capital management software
- Signed renewed agreement (5 years) for Instructure/Canvas learning management system
- Entered into a fleet management program (5 years) utilizing a leasing approach to consolidate the financing, maintenance and repair of vehicles
- Signed new lease agreements (4 & 5 years) for new commercial grade copiers and printer for print services

The HCPSS FY 2021 capital budget approved spending of \$13.5 million for systemic renovations, \$20.8 million to begin construction of the Talbott Springs ES project, \$39.3 million to begin construction of the New HS #13, \$21.5 million to begin construction of the Hammond HS Renovation/Addition, \$1.0 million for roofing projects, \$1.7 million for relocatable classroom projects and \$3.7 million towards technology projects.

Management's Discussion and Analysis

Table 4: Capital Assets – Governmental Activities – Years ended June 30, 2020 and 2019

	2020	2019
Land	\$ 34,343,533	\$ 34,343,533
Construction in progress	16,357,965	7,966,391
Buildings and improvements	1,750,490,932	1,720,530,034
Furniture and equipment	21,495,855	20,923,768
(Less accumulated depreciation)	(589,169,094)	(551,877,530)
Leased assets	17,520,748	16,643,211
Subscription assets	9,397,256	7,260,791
(Less accumulated amortization)	(10,136,216)	(19,237,128)
Total Capital Assets	\$ 1,250,300,979	\$ 1,236,553,070

Long-Term Obligations

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

Annual leave is earned on a monthly basis. At the end of the fiscal year, annual leave that has not been used can be carried over into the following year. At the end of any fiscal year, an employee may not carry over more than two times what the individual has earned in that year. Accrued leave in excess of the carryover maximum will be lost. Compensated absences totaled approximately \$12 million as of June 30, 2020. Net pension and OPEB liability totaled approximately \$50.7 million and \$849.7 million, respectively as of June 30, 2020. Total long-term obligations totaled approximately \$929.4 million for the year ended June 30, 2020 for an increase of approximately \$122.8 million over the balance of \$806.5 million as of June 30, 2019.

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

Factors Influencing Future Budgets

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

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

Management's Discussion and Analysis

Economic Factors

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

The uncertainties and budget impacts of the COVID-19 pandemic have added another layer of complexity to an already challenging budget environment. Difficult compromises were required to balance the FY 2021 Operating Budget within a tightened budget climate at the county and state level, which has been exacerbated by the unexpected costs associated with the pandemic response. The Board, Superintendent, and staff made many difficult decisions to limit the FY 2021 budget to our most pressing priorities and obligations. The FY 2021 budget appropriates \$3 million of unassigned fund balance for a contingency reserve, to allow HCPSS to quickly meet expenses related to recovery of learning and school reopening for the 2020–2021 school year.

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

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

These factors were considered in preparing the HCPSS budget for FY 2021.

Contacting HCPSS Financial Management

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

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

Financial Section

Basic Financial Statements

Government-Wide Financial Statements

Howard County Public School System

Howard County Public School System
Statement of Net Position
June 30, 2020

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 14,315,915	\$ -	\$ 14,315,915
Investments	83,890,443	-	83,890,443
Accounts receivable	5,394,929	4,143	5,399,072
Internal balances	(284,475)	284,475	-
Due from other units of government	26,892,478	-	26,892,478
Prepaid items	772,687	-	772,687
Inventory	1,111,482	-	1,111,482
Capital assets:			
Land	34,343,533	-	34,343,533
Construction in progress	16,357,965	-	16,357,965
Building and improvements	1,750,490,932	-	1,750,490,932
Furniture and equipment	21,495,855	243,849	21,739,704
Less: accumulated depreciation	(589,169,094)	(201,093)	(589,370,187)
Leased assets	17,520,748	-	17,520,748
Subscription assets	9,397,256	-	9,397,256
Less: accumulated amortization	(10,136,216)	-	(10,136,216)
Total capital assets, net of depreciation and amortization	1,250,300,979	42,756	1,250,343,735
Total Assets	1,382,394,438	331,374	1,382,725,812
DEFERRED OUTFLOWS OF RESOURCES	139,095,437	-	139,095,437
LIABILITIES			
Accounts payable	7,600,637	-	7,600,637
Accrued liabilities	87,779,257	-	87,779,257
Unearned revenue	6,466,078	26,213	6,492,291
Long-term liabilities:			
Current portion	6,121,294	-	6,121,294
Long-term portion	923,236,418	-	923,236,418
Total Liabilities	1,031,203,684	26,213	1,031,229,897
DEFERRED INFLOWS OF RESOURCES	126,754,207	-	126,754,207
NET POSITION			
Net investment in capital assets	1,237,174,698	42,756	1,237,217,454
Restricted for:			
Glenelg wastewater treatment plant	1,294,733	-	1,294,733
Capital Projects	8,062,450	-	8,062,450
Unrestricted	(882,999,897)	262,405	(882,737,492)
TOTAL NET POSITION	\$ 363,531,984	\$ 305,161	\$ 363,837,145

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, 2020

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	\$ 615,664,469	\$ 395,824	\$ 73,591,091	\$ 41,856,506	\$ (499,821,048)	\$ -	\$ (499,821,048)
Special education	196,607,129	-	47,611,165	-	(148,995,964)	-	(148,995,964)
Total instruction	812,271,598	395,824	121,202,256	41,856,506	(648,817,012)	-	(648,817,012)
Support services:							
Administration	43,296,050	-	1,637,965	-	(41,658,085)	-	(41,658,085)
Mid-level administration	91,863,859	-	10,456,323	-	(81,407,536)	-	(81,407,536)
Student personnel services	4,575,941	-	1,958,064	-	(2,617,877)	-	(2,617,877)
Health services	13,079,483	-	1,409,242	-	(11,670,241)	-	(11,670,241)
Student transportation	42,455,833	-	18,306,933	-	(24,148,900)	-	(24,148,900)
Operation of plant	48,953,809	204,906	3,708,964	-	(45,039,939)	-	(45,039,939)
Maintenance of plant and equipment	30,204,854	-	1,806,669	-	(28,398,185)	-	(28,398,185)
Community services	9,032,470	-	656,714	-	(8,375,756)	-	(8,375,756)
Food services	16,583,254	3,468,692	10,613,052	-	(2,501,510)	-	(2,501,510)
Total support services	300,045,553	3,673,598	50,553,926	-	(245,818,029)	-	(245,818,029)
Total governmental activities	1,112,317,151	4,069,422	171,756,182	41,856,506	(894,635,041)	-	(894,635,041)
Business-type activities:							
Jim Rouse Theatre	150,070	84,137	-	-	-	(65,933)	(65,933)
Total Business-type activities	150,070	84,137	-	-	-	(65,933)	(65,933)
TOTAL SCHOOL SYSTEM	\$ 1,112,467,221	\$ 4,153,559	\$ 171,756,182	\$ 41,856,506	\$ (894,635,041)	\$ (65,933)	\$ (894,700,974)
General revenues - unrestricted:							
Local appropriations					607,200,000	-	607,200,000
State Aid					243,882,444	-	243,882,444
Federal Aid					100,153	-	100,153
Interest and investment earnings					1,136,578	-	1,136,578
Miscellaneous					11,981,613	-	11,981,613
Total general revenues					864,300,788	-	864,300,788
CHANGES IN NET POSITION					(30,334,253)	(65,933)	(30,400,186)
NET POSITION, BEGINNING OF YEAR					393,866,237	371,094	394,237,331
NET POSITION, END OF YEAR					\$ 363,531,984	\$ 305,161	\$ 363,837,145

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, 2020

	General	Food	Glenelg	Restricted	Capital	Total
	Fund	Services	Wastewater	Programs/	Projects	Governmental
	Fund	Fund	Treatment	Grants	Fund	Funds
	Fund	Fund	Plant	Fund	Fund	Funds
ASSETS						
Cash and cash equivalents	\$ 12,159,136	\$ 2,156,779	\$ -	\$ -	\$ -	\$ 14,315,915
Investments	76,073,173	488,326	1,314,229	-	-	77,875,728
Accounts receivable	2,102,853	783,877	204,906	210,107	-	3,301,743
Prepaid items	171,264	-	-	-	-	171,264
Due from other funds	17,527,016	-	-	-	-	17,527,016
Due from other units of government	-	-	-	9,499,895	17,392,583	26,892,478
Inventory	881,098	164,244	-	-	-	1,045,342
Total Assets	<u>\$ 108,914,540</u>	<u>\$ 3,593,226</u>	<u>\$ 1,519,135</u>	<u>\$ 9,710,002</u>	<u>\$ 17,392,583</u>	<u>\$ 141,129,486</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 1,558,944	\$ 206,165	\$ -	\$ 1,743,883	\$ -	\$ 3,508,992
Accrued liabilities	72,700,504	-	-	785	2,729,661	75,430,950
Due to other funds	3,759,870	1,386,527	224,402	5,441,905	6,600,472	17,413,176
Unearned revenue	905,871	559,561	-	161,497	-	1,626,929
Compensated absences payable	10,000	-	-	-	-	10,000
Total Liabilities	<u>78,935,189</u>	<u>2,152,253</u>	<u>224,402</u>	<u>7,348,070</u>	<u>9,330,133</u>	<u>97,990,047</u>
FUND BALANCES						
Nonspendable:						
Prepaid items	171,264	-	-	-	-	171,264
Inventories	881,098	164,244	-	-	-	1,045,342
Restricted	-	-	1,294,733	-	8,062,450	9,357,183
Assigned	15,807,814	1,276,729	-	2,361,932	-	19,446,475
Unassigned	13,119,175	-	-	-	-	13,119,175
Total fund balances	<u>29,979,351</u>	<u>1,440,973</u>	<u>1,294,733</u>	<u>2,361,932</u>	<u>8,062,450</u>	<u>43,139,439</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 108,914,540</u>	<u>\$ 3,593,226</u>	<u>\$ 1,519,135</u>	<u>\$ 9,710,002</u>	<u>\$ 17,392,583</u>	<u>\$ 141,129,486</u>

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

Fund Financial Statements
Howard County Public School System

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS (page 23)	\$ 43,139,439
Amounts reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported as assets in governmental funds. The cost of these assets is \$1,825,050,994 and the accumulated depreciation is \$585,738,385.	1,239,312,609
Internal service funds are used by the Board to account for printing and duplicating services, data processing services, workers compensation self-insurance services activities, and health and dental self-insurance activities. The assets and liabilities of the internal service funds are included with governmental activities.	(12,150,093)
Deferred outflows of resources related to pensions that relate to future periods therefore not reported at the fund level.	13,955,608
Deferred outflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.	125,139,829
Deferred inflows of resources related to pensions that relate to future periods therefore not reported at the fund level.	(5,821,519)
Deferred inflows of resources related to OPEB that relate to future periods therefore not reported at the fund level.	(120,932,688)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of \$12,030,282 of compensated absences payable, \$5,416,984 of lease liabilities, \$1,285,002 of subscription-based information technology arrangement liabilities, \$50,666,596 of net pension liability, and \$849,712,337 of net OPEB liability.	<u>(919,111,201)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (page 21)	<u>\$ 363,531,984</u>

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

Fund Financial Statements
Howard County Public School System

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund	Total Governmental Funds
REVENUES						
Intergovernmental revenues:						
Local sources	\$613,273,272	\$ -	\$ -	\$1,348,879	\$28,677,171	\$ 643,299,322
State sources	333,458,898	578,241	-	10,302,952	12,909,007	357,249,098
Federal sources	315,611	10,034,811	-	24,011,201	-	34,361,623
Earnings on investments	1,092,366	7,196	19,367	-	270,328	1,389,257
Charges for services	3,887,475	5,095,858	229,226	-	-	9,212,559
Miscellaneous revenues	1,453,151	-	-	-	-	1,453,151
Total Revenues	953,480,773	15,716,106	248,593	35,663,032	41,856,506	1,046,965,010
EXPENDITURES						
Current:						
Administration	20,058,570	-	-	100,744	-	20,159,314
Mid level administration	61,678,334	-	-	947,131	-	62,625,465
Instruction:						
Instructional salaries	357,711,176	-	-	6,307,609	-	364,018,785
Textbooks and classroom supplies	7,128,419	-	-	2,885,818	-	10,014,237
Other instructional costs	3,297,808	-	-	4,701,695	-	7,999,503
Special education	121,020,909	-	-	15,192,128	-	136,213,037
Student personnel services	3,974,987	-	-	255,079	-	4,230,066
Health services	8,930,248	-	-	40,089	-	8,970,337
Student transportation	41,615,293	-	-	800	-	41,616,093
Operation of plant	37,430,658	-	-	922,899	-	38,353,557
Maintenance of plant and equipment	24,718,649	-	229,225	-	-	24,947,874
Fixed charges	268,259,242	-	-	3,415,685	-	271,674,927
Costs of operation - food service	-	16,576,761	-	23,998	-	16,600,759
Community services	7,041,735	-	-	6,492	-	7,048,227
Capital outlay	1,103,854	-	-	-	42,254,446	43,358,300
Total Expenditures	963,969,882	16,576,761	229,225	34,800,167	42,254,446	1,057,830,481
OTHER FINANCING SOURCES (USES)						
Leases	5,313,947	-	-	-	-	5,313,947
Subscription agreement	1,620,762	-	-	-	-	1,620,762
Total other financing sources (uses)	6,934,709	-	-	-	-	6,934,709
NET CHANGE IN FUND BALANCES	(3,554,400)	(860,655)	19,368	-	862,865	(3,930,762)
FUND BALANCE, BEGINNING OF YEAR	33,533,751	2,301,628	1,275,365	1,499,067	8,460,390	47,070,201
FUND BALANCE, END OF YEAR	\$ 29,979,351	\$ 1,440,973	\$ 1,294,733	\$ 2,361,932	\$ 8,062,450	\$ 43,139,439

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, 2020

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS (page 25) **\$ (3,930,762)**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay \$46,356,237 exceeds depreciation and amortization expense of \$38,351,356 in the period. 8,004,881

The issuance of lease obligations provides current financial resources to governmental funds, while the repayment of the principal of lease obligations consumes the current financial resources of governmental funds. Neither, however, has any effect on net position. (4,093,455)

The issuance of subscription-based information technology agreements (SBITAs) obligations provides current financial resources to governmental funds, while the repayment of the principal of SBITA obligations consumes the current financial resources of governmental funds. Neither, however, has any effect on net position. (1,285,002)

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: (1,258,645)

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. (5,506,351)

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. (36,551,968)

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: 329,560

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 the net position of the internal service fund is reported with governmental activities. 13,957,489

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES (page 22) **\$ (30,334,253)**

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, 2020

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Investments	\$ -	\$ 6,014,715
Accounts receivable	4,143	2,093,186
Due from other funds	284,475	3,475,395
Inventory	-	66,140
Prepaid expenses	-	601,423
Total current assets	<u>288,618</u>	<u>12,250,859</u>
Noncurrent assets:		
Capital assets:		
Furniture, fixtures and equipment	243,849	16,420,487
Less accumulated depreciation	(201,093)	(12,688,350)
Leased assets	-	358,314
Subscription assets	-	7,776,494
Less accumulated amortization	-	(878,575)
Total capital assets, net	<u>42,756</u>	<u>10,988,370</u>
Total assets	<u>331,374</u>	<u>23,239,229</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	4,091,645
Leases	-	92,308
Subscription agreements	-	1,509,133
Due to other funds	-	3,873,710
Claims payable	-	14,488,016
Unearned revenue	26,213	4,839,149
Total current liabilities	<u>26,213</u>	<u>28,893,961</u>
Long-term liabilities:		
Leases	-	157,497
Subscription agreements	-	4,665,357
Claims payable, net of current portion	-	1,672,507
Total long-term liabilities	<u>-</u>	<u>6,495,361</u>
Total liabilities	<u>26,213</u>	<u>35,389,322</u>
NET POSITION		
Net investment in capital assets	42,756	4,564,075
Unrestricted	<u>262,405</u>	<u>(16,714,168)</u>
TOTAL NET POSITION	<u>\$ 305,161</u>	<u>\$ (12,150,093)</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, 2020

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for services - internal	\$ -	\$ 148,195,193
Charges for services - other	84,137	-
Miscellaneous revenue	-	10,528,462
Contributions from employees and retirees	-	29,559,249
	<u>84,137</u>	<u>188,282,904</u>
Total operating revenues		
OPERATING EXPENSES		
Operating expenses	133,212	-
Administrative expenses	-	25,869,660
Claims and related expenses	-	146,079,302
Depreciation and amortization expense	16,858	2,465,089
	<u>150,070</u>	<u>174,414,051</u>
Total operating expenses		
Operating income (loss)	<u>(65,933)</u>	<u>13,868,853</u>
NON-OPERATING REVENUES		
Interest income	-	88,636
	<u>-</u>	<u>88,636</u>
Non-operating income		
	<u>-</u>	<u>88,636</u>
CHANGES IN NET POSITION	(65,933)	13,957,489
TOTAL NET POSITION, BEGINNING OF YEAR	<u>371,094</u>	<u>(26,107,582)</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 305,161</u>	<u>\$ (12,150,093)</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, 2020

	Enterprise Fund/ Jim Rouse Theater	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 98,127	\$ -
Cash received (paid) from other funds	19,418	143,560,077
Cash received from employees and retirees	-	29,559,249
Payments to suppliers	(117,545)	(170,810,565)
Net cash provided by operating activities	-	2,308,761
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of equipment	-	(1,783,822)
Principal paid on leases	-	(524,939)
Net cash used in capital and related financing activities	-	(2,308,761)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	-	(88,636)
Interest received	-	88,636
Net cash provided by investing activities	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	-	-
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by operating activities		
Operating income (loss)	\$ (65,933)	\$ 13,868,853
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	16,858	2,465,089
Effects of changes in operating assets and liabilities:		
Accounts receivable	13,989	(2,076,879)
Prepaid expenses	-	(462,529)
Due from other funds	19,418	4,219,202
Inventory	-	132,454
Accounts payable	-	(170,965)
Accrued liabilities	-	-
Claims payable	-	1,639,437
Due to other funds	-	(17,196,230)
Unearned revenue	15,668	(109,671)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>-</u>	<u>2,308,761</u>
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:		
Lease of equipment	-	249,805
Subscription asset arrangement	-	6,174,490
TOTAL FINANCING ACTIVITIES	<u>\$ -</u>	<u>\$ 6,424,295</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, 2020

	Agency Fund
<hr/>	
ASSETS	
Cash and cash equivalents	<u>\$ 5,250,868</u>
TOTAL ASSETS	<u><u>\$ 5,250,868</u></u>
 LIABILITIES	
School activity funds payable	<u>\$ 5,250,868</u>
TOTAL LIABILITIES	<u><u>\$ 5,250,868</u></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

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

Governmental Funds

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

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

Notes to Basic Financial Statements

Proprietary Funds

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

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

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

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, 2020, are expected to be minimal based upon collection experience and review of the status of existing receivables.



Notes to Basic Financial Statements

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

Inventory and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenses in the general fund and internal service funds consist of insurance premiums and other administrative expenditures that relate to fiscal year 2021. Prepaid expenses are accounted for in accordance with the consumption method.

Capital Assets

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

Property, plant and equipment are depreciated using the straight-line method over estimated useful lives of 20–45 years for buildings, improvements and infrastructure, and 5–15 years for furniture and equipment. Assets which have been acquired with funds received through federal grants must be used in accordance with the terms of the grant. Federal regulations require, in some cases, that the School System must reimburse the federal government for any assets which the School System retains for its own use after the termination of the grant unless otherwise provided by the grantor.

Unearned Revenue

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

For the Restricted Programs Fund and Capital Projects Fund, unearned revenue consists of cash received under cost-reimbursement based programs in excess of the expenditures under those programs on June 30, 2020.

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

For the Glenelg Wastewater Treatment Plant Fund, unearned revenue consists of assessment fees collected in advance and unearned since the corresponding services have not been provided and the earnings process is not completed until the following fiscal year.

For the Internal Service Funds, unearned revenue consists of payroll withholdings from employees for health and dental insurance collected in advance as of June 30, 2020 for the first three months of fiscal year 2021.

Notes to Basic Financial Statements

Deferred Outflow and Inflow of Resources

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

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Compensated Absences

It is the School System's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, 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, accumulated amortization and the liabilities associated with leased right-of-use assets and subscription-based information technology arrangements. Under state law, the School System is prohibited from incurring debt to finance the acquisition of capital assets, except for those assets purchased under lease agreements and subscription-based information technology agreements. Major capital projects are financed through local and state aid with applicable debt recorded by Howard County and the State of Maryland. Net position is reported as restricted when there are limitations placed on their use through external restrictions imposed by grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, restricted resources shall be used first and then unrestricted resources as they are needed.

Notes to Basic Financial Statements

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

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

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

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

Notes to Basic Financial Statements

Budgets and Budgetary Accounting

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

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

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

Operating Budget (General Fund)

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

Operating Budget (Restricted Fund)

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

Notes to Basic Financial Statements

Operating Budget (Food Services Fund)

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

Operating Budget (Glenelg Wastewater Treatment Plant Fund)

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

Operating Budget (Jim Rouse Theatre Fund)

This budget is not legally adopted. The Enterprise Fund accounts for revenue and expenditures relative to the Jim Rouse 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.

New Pronouncements

The GASB issued Statement 87, Leases, in June 2017. This Statement establishes standards of accounting and financial reporting for leases by lessees and lessors. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Management has early implemented this statement for this reporting period. Changes adopted to conform to the provisions of this Statement have been applied retroactively and there is no impact to the Net Position as of July 1, 2019.

The GASB issued Statement 96 Subscription-Based Information Technology Arrangements, in May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. Management has early implemented this statement for this reporting period. Changes adopted to conform to the provisions of this Statement have been applied retroactively and there is no impact to the Net Position as of July 1, 2019.

Notes to Basic Financial Statements

II – Cash and Cash Equivalents and Investments

Deposits

At year-end, the carrying amount of the School System's deposits was \$19,566,783 consisting of \$14,315,915 in the governmental activities and \$5,250,868 in the agency fund and the corresponding bank balances were \$21,573,544. Bank balances were covered by either Federal Depository Insurance for \$250,000 or collateral held in the pledging bank's trust department in the School System's name in the amount of \$21,323,544. 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, 2020, the School System's investments totaling \$83,890,443 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 \$1,136,578 for the year ended June 30, 2020.

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, 2020 was as follows:

Governmental Activities	Balance July 1, 2019	Increases	Decreases/ Reclassifications	Balance June 30, 2020
Nondepreciable capital assets				
Land	\$ 34,343,533	\$ -	\$ -	\$ 34,343,533
Construction in progress	7,966,391	38,352,472	(29,960,898)	16,357,965
Total nondepreciable capital assets	42,309,924	38,352,472	(29,960,898)	50,701,498
Capital assets being depreciated and amortized				
Land improvements	1,675,226	-	-	1,675,226
Buildings and improvements	1,718,854,808	29,960,898	-	1,748,815,706
Furniture and equipment	20,923,768	1,142,365	(570,278)	21,495,855
Leased buildings and improvements	-	4,619,568	-	4,619,568
Leased furniture and equipment	16,643,211	1,052,693	(4,794,724)	12,901,180
Subscription assets	7,260,791	9,397,256	(7,260,791)	9,397,256
Total capital assets being depreciated and amortized	1,765,357,804	46,172,780	(12,625,793)	1,798,904,791
Less accumulated depreciation for:				
Land improvements	(1,558,021)	(5,938)	-	(1,563,959)
Buildings and improvements	(532,323,140)	(36,506,312)	-	(568,829,452)
Furniture and equipment	(17,996,369)	(1,349,592)	570,278	(18,775,683)
Less accumulated amortization for:				
Leased buildings and equipment	-	(329,969)	-	(329,969)
Leased furniture and equipment	(12,702,416)	(761,793)	4,794,724	(8,669,485)
Subscription assets	(6,534,712)	(1,862,841)	7,260,791	(1,136,762)
Total accumulated depreciation and amortization	(571,114,658)	(40,816,445)	12,625,793	(599,305,310)
Total capital assets being depreciated and amortized, net	1,194,243,146	5,356,335	-	1,199,599,481
Capital assets, net	\$ 1,236,553,070	\$ 43,708,807	\$ (29,960,898)	\$ 1,250,300,979

Reclassifications for capital assets as of July 1, 2019 were reclassified to reflect the implementation of GASB 87 and GASB 96. The amounts were previously reported in furniture and equipment, thus there is no net impact of GASB 87 and 96 on total capital assets, only reclassification.

Notes to Basic Financial Statements

Depreciation and amortization expense for the year ended June 30, 2020, was charged to Governmental activities on the Statement of Activities as follows:

Instruction:

Regular education	\$ 34,231,908
Special education	114,457
Support services:	
Administration	1,061,361
Mid-level administration	4,451,063
Student transportation	34,683
Operation and maintenance of plant	867,261
Community services	55,712
Total depreciation and amortization expense	\$ 40,816,445

	Balance July 1, 2019	Increases	Decreases/ Reclassifications	Balance June 30, 2020
Business-type Activities				
Furniture and equipment	\$ 243,849	\$ -	\$ -	243,849
Less accumulated depreciation	(184,235)	(16,858)	-	(201,093)
Capital assets, net	\$ 59,614	\$ (16,858)	\$ -	\$ 42,756

The School System has active school construction projects as of June 30, 2020, as follows:

	Spent to Date	Remaining Commitment
Project:		
Systemic Renovations	\$ 252,296,824	\$ 1,520,946
Hammond HS Renovation/Addition	6,249,786	10,250,214
New HS #13	7,418,005	8,313,995
Talbott Springs ES	3,073,521	14,476,479
Systemic Renovations FY19 Forward	10,930,936	33,705,121
Roofing Projects FY19 Forward	2,508,454	14,053,889
Technology FY19 Forward	954,919	2,795,081
Subtotal	283,432,445	85,115,725
Other Projects	144,883,931	3,753,411
Total	\$ 428,316,376	\$ 88,869,136

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, 2020, is as follows:

Receivable Fund	Payable Fund	Purpose	Amount
General	Worker's Compensation	Reimbursable expenditures	\$ 611,498
General	Capital Projects	Reimbursable expenditures	6,600,472
Technology Services	General	Reimbursable expenditures	2,887,271
General	Health and Dental	Reimbursable expenditures	3,262,212
Jim Rouse Theatre	General	Reimbursable expenditures	284,475
Print Services	General	Reimbursable expenditures	588,124
General	Glenelg WWTP	Treatment plant expenditures	224,402
General	Restricted Programs	Advances of pooled cash	5,441,905
General	Food Services	Food services expenditures	1,386,527
Total			\$ 21,286,886

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

	Due To	Due From
Balance Sheet - Governmental Funds (page 23)	\$ 17,413,176	\$ 17,527,016
Statement of Net Position - Proprietary Funds (page 27)	-	284,475
Statement of Net Position - Internal Service Funds (page 27)	3,873,710	3,475,395
Total	\$ 21,286,886	\$ 21,286,886

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

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

Notes to Basic Financial Statements

V – Long-Term Liabilities

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Compensated absences	\$ 10,781,637	\$ 1,709,597	\$ (450,952)	\$ 12,040,282	\$ 1,080,274
Leases	1,323,529	5,672,261	(1,329,001)	5,666,789	1,075,746
Subscription agreements	-	9,397,256	(1,937,764)	7,459,492	1,825,565
Severance payable	329,560	-	(329,560)	-	-
Net pension liability	48,232,397	2,434,199	-	50,666,596	-
Net OPEB liability	743,045,807	106,666,530	-	849,712,337	-
Workers compensation	2,806,801	4,603,737	(3,598,322)	3,812,216	2,139,709
Total governmental activities	\$ 806,519,731	\$ 130,483,580	\$ (7,645,599)	\$ 929,357,712	\$ 6,121,294

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

The School System has entered into several leases and subscription-based information technology arrangements as lessee to finance the purchase of student information system, data warehouse, learning management system, and enterprise resources that expire at various times through FY 2030.

The future minimum lease obligations as of June 30, 2020, were as follows:

Leases			
Year Ending June 30:	Principal Payments	Interest Payments	Total Payments
2021	\$ 1,075,746	\$ 84,833	\$ 1,160,579
2022	635,299	66,847	702,146
2023	654,565	57,213	711,778
2024	640,719	47,412	688,131
2025	420,040	37,565	457,605
2026-2030	2,240,420	86,514	2,326,934
	\$ 5,666,789	\$ 380,384	\$ 6,047,173

The future minimum obligations under subscription-based information technology arrangements as of June 30, 2020 were as follows:

Subscription Agreements			
Year Ending June 30:	Principal Payments	Interest Payments	Total Payments
2021	\$ 1,825,565	\$ 112,199	\$ 1,937,764
2022	1,853,255	84,509	1,937,764
2023	1,881,054	56,710	1,937,764
2024	1,899,618	38,146	1,937,764
	\$ 7,459,492	\$ 291,564	\$ 7,751,056

Notes to Basic Financial Statements

VI – Defined Benefit Pension Plans

General Information about the Plan

Plan Description

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

Benefits Provided

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

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

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

For most individuals who retired from either the Teachers' or Employees' Pension System on or before June 30, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998, plus 1.4% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. With certain exceptions, for individuals who are members of the Teachers' or Employees' Pension System on or after July 1, 2006, the annual pension allowance equals 1.2% of the member's AFC, multiplied by the number of years of creditable service accumulated prior to July 1, 1998 plus 1.8% of the member's AFC, multiplied by the number of years of creditable service accumulated subsequent to June 30, 1998. Beginning 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, 2020, was \$59,565,447. The contribution made by the State on behalf of the HCPSS have been included as both revenues and expenditures in the General Fund in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balances and are also included as revenues and expenses in the Statement of Activities.

Beginning in FY 2013, the State of Maryland General Assembly passed a bill that required the Boards of Education in Maryland to begin paying the normal cost for their teachers into the Teachers' Retirement and Pension Systems. The legislation structured this as a four-year phase in to the full normal cost so that 50% was paid in FY 2013. Full normal cost will be paid in FY 2020 and each year thereafter. The HCPSS's required contribution to the Teachers' Retirement and Pension Systems for the year ended June 30, 2020 was \$22,365,864.

The HCPSS's contractually required contribution rate for the Employees' Retirement and Pension Systems for the year ended June 30, 2020, was 7% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The HCPSS made its share of the required contributions during the year ended June 30, 2020 of \$5,031,428.

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, 2020, the HCPSS reported a liability of \$50,666,596 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2019, 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, 2019. The contributions were increased to adjust for differences between actuarial determined contributions and actual contributions by the State of Maryland. As of June 30, 2019, the HCPSS's proportionate share was 0.246%, which was an increase of 0.016% from its proportion measured at June 30, 2018.

Notes to Basic Financial Statements

For the year ended June 30, 2020, the HCPSS recognized pension expense of \$6,918,714. For the year ended June 30, 2020, the HCPSS reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 751,356	\$ 1,378,911
Changes in proportion	7,010,115	1,309,999
Differences between expected and actual experience	-	3,132,609
Net difference between projected and actual earnings on pension plan investments	1,036,596	-
Difference between actual and proportionate share of contributions	126,113	-
HCPSS contributions subsequent to the measurement date	5,031,428	-
Total	\$ 13,955,608	\$ 5,821,519

The \$5,031,428 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, 2020. 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:	
2021	\$ 1,792,062
2022	(235,696)
2023	458,940
2024	965,426
2025	121,929
Total	\$ 3,102,661

Notes to Basic Financial Statements

Teachers' Retirement and Pension Systems

At June 30, 2020, 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	\$	598,283,067
HCPSS's proportionate share of the net pension liability		-
Total	\$	598,283,067

The net pension liability was measured as of June 30, 2019, 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, 2020, the HCPSS recognized pension expense of \$81,931,311 and revenue of \$59,565,447 for support provided by the State. Due to the special funding situation noted above related to the Teachers' Retirement and Pension Systems, the HCPSS did not report deferred outflows of resources and deferred inflows of resources related to the Teachers' Retirement and Pension Systems.

Actuarial Assumptions

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

Actuarial	Entry Age Normal.
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	19 year for State system
Asset Valuation Method	5-year smoothed market; 20% collar
Inflation	2.65% general, 3.15% wage
Salary Increases	3.10% to 11.6%, including inflation
Investment Rate of Return	7.40%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for 2018 valuation pursuant to an experience study of the period July 1, 2014 to July 30, 2018.
Mortality	Public Sector 2010 Mortality Tables calibrated to MSRPS experience with generational projections using MP-2018 (2 dimensional) 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, 2019 valuation were adopted by the System's Board of Trustees based upon review of the System's experience study for the period 2014-2018, after completion of the June 30, 2018 valuations. Assumptions from the experience study including investment return, inflation, COLA increases, mortality rates, retirement rates, withdrawal rates, disability rates, and rates of salary increase were

Notes to Basic Financial Statements

adopted by the Board for first use in the June 30, 2019 valuation. The Board adopted the use of an investment return assumption of 7.40% and an inflation assumption of 2.65% for first use in the June 30, 2019 valuation.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of of Return
Public Equity	37%	6.30%
Private Equity	13%	7.50%
Rate Sensitive	19%	1.30%
Credit Opportunity	9%	3.90%
Real Assets	14%	4.50%
Absolute Return	8%	3.00%
Total	<u>100%</u>	

The above was the System's Board of Trustees adopted asset allocation policy and best estimate of geometric real rates of return for each major asset class as of June 30, 2019.

For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of the pension plan expense was 6.44%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

Discount rate

- The single discount rate used to measure the total pension liability was 7.40%. This single discount rate was based on the expected rate of return on pension plan investments of 7.40%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.40%, as well as what the HCPSS' net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the Employees' Retirement and Pension Systems:

	1% Decrease (6.40%)	Current Discount Rate (7.40%)	1% Increase (8.40%)
HCPSS's proportionate share of the net pension liability	\$ 73,334,839	\$ 50,666,596	\$ 31,786,823

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 \$7,098,854, contributions from the School System were \$18,266,039, and contributions from the County on behalf of HCPSS were \$6,073,272 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

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

At June 30, 2020, the School System reported a liability of \$849,712,337 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2019, 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, 2020, HCPSS proportion was 63.36%, the same as its proportion at June 30, 2019.

For the year ended June 30, 2020, the HCPSS recognized OPEB expense of \$60,891,279. At June 30, 2020, 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	\$ -	\$ 34,812,254
Changes in assumptions	100,800,518	72,139,945
Net difference between projected and actual earnings on OPEB plan investments	-	630,664
Change in proportionate share of OPEB liability	-	13,349,825
HCPSS contributions subsequent to the measurement date	24,339,311	-
Total	\$ 125,139,829	\$ 120,932,688

Notes to Basic Financial Statements

The \$24,339,311 reported as deferred outflows of resources related to OPEB resulting from the School System contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	
2021	\$ (4,946,204)
2022	(4,946,204)
2023	(4,524,916)
2024	(4,425,945)
2025	(4,553,151)
Thereafter	3,264,250
Total	\$ (20,132,170)

Plan membership

Plan membership at fiscal year-end:

	2019	2018
Inactive employees or beneficiaries currently receiving benefit payments	3,398	3,398
Inactive employees entitled to but not yet receiving benefit payments	29	35
Active employees	10,111	10,111
Total	13,538	13,544

Actuarial Assumptions

The OPEB liability in the June 30, 2019 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 FY2019 is 5.60%. The ultimate rate of 3.80%. Dental trend to be applied is 5.00% for all years
Interest assumption	Discount rate of 3.56%
Inflation	2.2%.
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 4.27% was applied to fiscal years 2019 through 2039.
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:

Asset Class	Long-Term Expected Real Rate of Return
Equities	3.14%
Fixed Income	1.13%

Discount Rate

The discount rate used to measure the total OPEB pension liability was 3.98% at the beginning of the current measurement period and 3.56% at the end. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and the County will continue to increase \$3 million per annum. Based on these assumptions, the Plan is expected to be insolvent in 2039. The present value of payments through 2039 have been determined using the expected rate of return of assets 7.50% as a discount rate, and the present value of benefit payments after 2039 have been determined using the June 30, 2018 bond rate of 3.13% as a discount rate based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index. The equivalent single rate is 3.56%.

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 3.56%, as well as what the HCPSS' OPEB liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher for the discount rate:

Discount Rate	1% Decrease 2.56%	Discount rate 3.56%	1% Increase 4.56%
Net OPEB liability	\$ 1,043,505,708	\$ 849,712,337	\$ 697,819,730

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

Ultimate Trend	1% Decrease 2.80%	Health care cost trend rate 3.80%	1% Increase 4.80%
Net OPEB liability	\$ 676,538,715	\$ 849,712,337	\$ 1,083,227,262

Notes to Basic Financial Statements

Change in the Net OPEB Liability

	(Dollar Amounts in Thousands)		
	Total OPEB Liability (a)	Plan Fiduciary Net Pension (b)	Net OPEB Liability (a)-(b)
Balance at June 30, 2018 for FYE 2019	\$ 825,049	\$ 82,004	\$ 743,046
Charges for the year:			
Service Cost	38,112	-	38,112
Interest	32,509	-	32,509
Experience Losses/(Gains)	(2,053)	-	(2,053)
ER Trust contribution	-	24,318	(24,318)
Net Invest income	-	5,883	(5,883)
Changes in assumptions	68,233	-	68,233
Benefits payments	(14,418)	(14,418)	-
Administrative expense	-	(67)	67
Net change	<u>122,383</u>	<u>15,716</u>	<u>106,667</u>
Balance at June 30, 2019 for FYE 2020	<u>\$ 947,432</u>	<u>\$ 97,720</u>	<u>\$ 849,712</u>

Notes to Basic Financial Statements

VIII – Fund Balance

Fund balance for the year ended June 30, 2020, consists of the following:

	General Fund	Food Services Fund	Glenelg Wastewater Treatment Plant Fund	Restricted Programs/ Grants Fund	Capital Projects Fund
Nonspendable for:					
Prepaid items	\$ 171,264	\$ -	\$ -	\$ -	\$ -
Inventories	881,098	164,244	-	-	-
Total nonspendable	1,052,362	164,244	-	-	-
Restricted For:					
Glenelg Wastewater Plant	-	-	1,294,733	-	-
Future School Construction	-	-	-	-	8,062,450
Total restricted	-	-	1,294,733	-	8,062,450
Assigned To:					
Subsequent year's Budget appropriations	8,000,000	-	-	-	-
Encumbrances	7,807,814	-	-	-	-
Food Services Operations	-	1,276,729	-	-	-
Special Programs	-	-	-	2,361,932	-
Total assigned	15,807,814	1,276,729	-	2,361,932	-
Unassigned	13,119,175	-	-	-	-
Total fund balances	\$ 29,979,351	\$ 1,440,973	\$ 1,294,733	\$ 2,361,932	\$ 8,062,450

Notes to Basic Financial Statements

IX – Encumbrances

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

Encumbrances for the year ended June 30, 2020, are for the following uses:

General Fund		
01	Administration	\$ 109,366
02	Mid-Level Administration	4,828
03/04/05	Instructional	1,176,091
06	Special Education	882,876
07	Student Services	739
08	Health Services	172,952
09	Student Transportation	456,820
10	Operation of Plant	1,954,111
11	Maintenance of Plant	2,671,401
12	Fixed Charges	315,994
14	Community Services	62,636
Total		\$ 7,807,814

Notes to Basic Financial Statements

X – Commitments and Contingencies

Litigation

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

Grant Programs

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

Other Contingencies

In December 2019 and early 2020, the coronavirus that caused COVID-19 was reported to have surfaced in China. The spread of this virus globally, including early 2020, has caused business disruption in the United States and the area in which the School System primarily operates. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of this uncertainty. Therefore, while the School System expects this matter to negatively impact the School System's financial position, the extent of the financial impact and duration cannot be reasonably estimated at this time.

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, 2020, 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.

	2020		2019	
	Workers' Compensation	Health and Dental	Workers' Compensation	Health and Dental
Beginning payable, July 1	\$ 2,806,801	\$ 11,714,285	\$ 2,806,801	\$ 11,021,314
Incurred claims (including IBNR adjustment)	3,598,322	142,480,980	2,078,318	146,642,110
Claim payments	(2,592,907)	(141,846,958)	(2,078,318)	(145,949,139)
Ending payable, June 30	\$ 3,812,216	\$ 12,348,307	\$ 2,806,801	\$ 11,714,285

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, 2020

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental revenues:				
Local sources	\$ 607,200,000	\$ 607,200,000	\$ 607,200,000	\$ -
State sources	274,443,415	274,443,415	273,877,479	(565,936)
Federal sources	385,000	385,000	315,611	(69,389)
Earnings on investments	800,000	800,000	1,092,366	292,366
Charges for services	5,957,882	5,957,882	4,831,287	(1,126,595)
Miscellaneous revenues	555,000	555,000	431,345	(123,655)
Total revenues	<u>889,341,297</u>	<u>889,341,297</u>	<u>887,748,088</u>	<u>(1,593,209)</u>
EXPENDITURES				
Current:				
Administration	13,578,591	13,578,591	13,146,683	431,908
Mid-level administration	64,089,827	64,089,827	61,562,391	2,527,436
Instruction:				
Instructional salaries	362,637,330	359,619,583	357,711,176	1,908,407
Textbook and classroom supplies	8,521,570	7,791,394	7,357,335	434,059
Other instructional costs	3,480,101	5,268,024	3,480,255	1,787,769
Special education	120,298,423	122,258,423	121,663,438	594,985
Student personnel services	3,982,752	3,982,752	3,975,516	7,236
Health services	9,302,729	9,302,729	9,096,197	206,532
Student transportation	42,801,337	42,801,337	42,025,478	775,859
Operation of plant	42,167,830	42,167,830	38,629,247	3,538,583
Maintenance of plant	26,703,528	26,453,528	25,781,219	672,309
Fixed charges	195,558,711	202,758,711	202,707,081	51,630
Community services	7,289,364	7,289,364	6,931,974	357,390
Capital outlay	929,204	1,179,204	1,085,755	93,449
Subtotal expenditures and encumbrances	<u>901,341,297</u>	<u>908,541,297</u>	<u>895,153,745</u>	<u>13,387,552</u>
CANCELLATION AND OVER/(UNDER) LIQUIDATION OF PRIOR YEAR ENCUMBRANCES	<u>-</u>	<u>-</u>	<u>(1,455,249)</u>	<u>1,455,249</u>
TOTAL EXPENDITURES AND ENCUMBRANCES	<u>901,341,297</u>	<u>908,541,297</u>	<u>893,698,496</u>	<u>14,842,801</u>
REVENUES OVER/(UNDER) EXPENDITURES AND ENCUMBRANCES	<u>\$ (12,000,000)</u>	<u>\$ (19,200,000)</u>	<u>(5,950,408)</u>	<u>\$ 13,249,592</u>
FUND BALANCE AT JUNE 30, 2019 - BUDGETARY BASIS			<u>28,214,817</u>	
FUND BALANCE AT JUNE 30, 2020 - BUDGETARY BASIS			<u>22,264,409</u>	
ENCUMBRANCES AT June 30, 2020				
- Encumbrances			<u>7,807,814</u>	
- Other			<u>(92,872)</u>	
FUND BALANCE AT JUNE 30, 2020 - GAAP BASIS			<u>\$ 29,979,351</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, 2020

REVENUES

Budgetary basis	\$ 887,748,088
Add - Pension contribution paid by State of Maryland	59,565,447
- OPEB contribution paid by Howard County Government	6,073,272
- Other	93,966
GAAP basis	<u>\$ 953,480,773</u>

EXPENDITURES

Budgetary basis	\$ 895,153,745
Add - Prior year's encumbrances expended this year	3,563,153
- Pension contribution paid by State of Maryland	59,565,447
- OPEB contribution paid by Howard County Government	6,073,272
- Leases and subscription agreements	6,934,709
- Other	487,370
Less - Current year's encumbrances outstanding	<u>(7,807,814)</u>
GAAP basis	<u>\$ 963,969,882</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:

	2020	2019	2018	2017	2016	2015
HCPSS's proportion of the net pension liability	0.245649%	0.229880%	0.204227%	0.2166318%	0.211628%	0.1932165%
HCPSS's proportionate share of the net pension liability	\$ 50,666,596	\$ 48,232,397	\$ 44,161,368	\$ 51,112,176	\$ 43,979,901	\$ 34,289,621
HCPSS's covered payroll	\$ 55,734,643	\$ 55,508,104	\$ 52,660,440	\$ 49,018,157	\$ 48,409,886	\$ 46,836,572
HCPSS's proportionate share of the net pension liability as a percentage of its covered payroll	90.91%	86.89%	83.86%	104.27%	90.85%	73.21%
Plan fiduciary net position as a percentage of the total pension liability	67.98%	68.36%	62.97%	66.26%	66.26%	73.65%

Teachers' Retirement and Pension System:

HCPSS's proportion of the net pension liability	0%	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	598,283,067	598,421,168	584,674,547	676,791,275	710,782,005	507,145,242
Total	\$ 598,283,067	\$ 598,421,168	\$ 584,674,547	\$ 676,791,275	\$ 710,782,005	\$ 507,145,242
HCPSS's covered payroll	\$ 498,530,714	\$ 496,958,233	\$ 469,912,057	\$ 448,824,543	\$ 448,446,514	\$ 433,872,077
HCPSS's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	75.43%	73.35%	71.41%	67.95%	70.76%	69.53%

The amounts presented for fiscal year 2020 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 six years of information are available.

Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2019 for the year ending June 30, 2020 for the pension liability as shown below:

Inflation	In the 2019 actuarial valuation, 2.65% general, 3.15% wage. In the 2018 actuarial valuation, 2.60% general, 3.10% wage.
Salary Increases	In the 2019 actuarial valuation, 3.10% to 11.6%, including inflation In the 2018 actuarial valuation, 3.20% to 9.10%, including inflation
Investment Rate of Return	In the 2019 actuarial valuation, 7.40% In the 2018 actuarial valuation, 7.45%

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 5,031,428	\$ 5,044,400	\$ 4,583,972	\$ 4,156,710	\$ 4,220,168	\$ 4,460,545	\$ 4,502,643	\$ 3,915,358	\$ 4,753,913	\$ 4,664,615
Contributions in relation to the contractually required contribution	(5,031,428)	(5,044,400)	(4,583,972)	(4,156,710)	(4,220,168)	(4,460,545)	(4,502,643)	(3,915,358)	(4,753,913)	(4,664,615)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
HCPSS's covered payroll	\$ 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%	9%	9%	8%	9%	10%	10%	9%	11%	11%

Teachers' Retirement and Pension System *

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

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

Required Supplementary Information

Howard County Public School System

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Employer's Proportion of the Net OPEB Liability	63.36%	63.36%	64.69%							
Employer's Proportionate Share of the Net OPEB Liability	\$ 849,712,337	\$ 743,045,807	\$ 715,235,479	Information not available prior to 2018						
Covered-employee payroll	\$ 583,115,412	\$ 554,265,357	\$ 549,466,337							
Employer's Proportionate Share of the Net OPEB Liability as a Percentage of covered-employee payroll	145.7%	134.1%	130.2%							
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	10.31%	9.94%	8.62%							

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

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

Notes to Required Supplementary Information

The changes in assumptions for measurement period June 30, 2019 for the year ending June 30, 2020 for the OPEB liability as shown below:

Actuarial Trend Assumption	In the 2019 actuarial valuation, 3.8% ultimate rate. In the 2018 actuarial valuation, 3.9% ultimate rate.
Inflation	In the 2019 actuarial valuation, 2.2%. In the 2018 actuarial valuation, 2.3%.
Long-Term Investment Rate of return	In the 2019 actuarial valuation, 4.27% In the 2018 actuarial valuation, 7.50%

Required Supplementary Information

Howard County Public School System

Schedule of the Board's Contributions

OPEB Plan

Last Ten Fiscal Years*

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

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

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

Financial Section

**Other Supplementary
Information**

Other Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Intergovernmental Revenues				
Local Sources				
Local appropriation	\$ 607,200,000	\$ 607,200,000	\$ 607,200,000	\$ -
State Sources				
State Foundation	192,621,135	192,621,135	191,732,832	(888,303)
Transportation	18,030,794	18,030,794	18,030,884	90
Special education	11,553,174	11,553,174	11,980,123	426,949
Compensatory education	33,848,458	33,848,458	33,848,458	-
Limited English proficient	10,351,914	10,351,914	10,351,914	-
Students with Disabilities	1,709,000	1,709,000	1,709,000	-
State geographic index	6,128,940	6,128,940	6,128,940	-
Other - LEA tuition	200,000	200,000	95,328	(104,672)
Total state sources	274,443,415	274,443,415	273,877,479	(565,936)
Federal Sources				
ROTC reimbursement	225,000	225,000	215,458	(9,542)
Impact Aid (PL 874)	160,000	160,000	100,153	(59,847)
Total federal sources	385,000	385,000	315,611	(69,389)
Earnings on investments	800,000	800,000	1,092,366	292,366
Charges for services				
Tuition from patrons	1,170,000	1,170,000	568,881	(601,119)
Use of school buildings	1,250,000	1,250,000	1,130,956	(119,044)
Athletic program - gate receipts	350,000	350,000	375,494	25,494
Energy rebates	1,000,000	1,000,000	616,540	(383,460)
Administration and overhead fees	2,187,882	2,187,882	2,139,416	(48,466)
Total charges for services	5,957,882	5,957,882	4,831,287	(1,126,595)
Miscellaneous Revenue				
Other	555,000	555,000	431,345	(123,655)
TOTAL	<u>\$ 889,341,297</u>	<u>\$ 889,341,297</u>	<u>\$ 887,748,088</u>	<u>\$ (1,593,209)</u>

Other Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Administration				
Salaries and wages	\$10,045,981	\$9,976,238	\$9,920,230	\$56,008
Contracted services	2,581,318	2,694,326	2,430,714	263,612
Supplies and materials	183,375	210,289	179,926	30,363
Other charges	767,917	697,738	615,813	81,925
Equipment	-	-	-	-
Total administration	13,578,591	13,578,591	13,146,683	431,908
Instructional salaries	362,637,330	359,619,583	357,711,176	1,908,407
Textbooks and classroom supplies	8,521,570	7,791,394	7,357,335	434,059
Other Instructional Costs				
Contracted services	2,590,221	4,382,294	2,987,782	1,394,512
Other charges	299,880	295,730	133,689	162,041
Equipment	10,000	10,000	-	10,000
Outgoing transfers	580,000	580,000	358,784	221,216
Total other instructional costs	3,480,101	5,268,024	3,480,255	1,787,769
Student Personnel Services				
Salaries and wages	3,543,654	3,558,508	3,555,306	3,202
Contracted services	386,753	385,503	385,503	-
Supplies and materials	18,353	15,208	14,937	271
Other charges	33,992	23,533	19,770	3,763
Total student personnel services	3,982,752	3,982,752	3,975,516	7,236
Health Services				
Salaries and wages	8,661,239	8,548,139	8,534,977	13,162
Contracted services	430,542	385,542	271,407	114,135
Supplies and materials	177,388	350,488	281,151	69,337
Other charges	33,560	18,560	8,662	9,898
Total health services	9,302,729	9,302,729	9,096,197	206,532
Student Transportation				
Salaries and wages	1,625,925	1,700,925	1,671,875	29,050
Contracted services	40,577,734	40,492,734	39,754,581	738,153
Supplies and materials	16,518	26,518	21,199	5,319
Other charges	581,160	581,160	577,823	3,337
Equipment	-	-	-	-
Total student transportation	42,801,337	42,801,337	42,025,478	775,859
Operation of Plant				
Salaries and wages	23,395,892	22,845,409	22,454,533	390,876
Contracted services	1,714,825	2,394,407	1,472,127	922,280
Supplies and materials	879,043	1,035,057	793,975	241,082
Other charges	16,093,070	15,809,689	13,825,345	1,984,344
Equipment	85,000	83,268	83,267	1
Total operation of plant	42,167,830	42,167,830	38,629,247	3,538,583

Other Supplementary Information

Howard County Public School System

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

General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Non-GAAP Actual	Variance with Final Budget Positive (Negative)
Maintenance of Plant				
Salaries and wages	11,678,098	11,211,308	10,941,976	269,332
Contracted services	13,599,022	13,642,594	13,261,235	381,359
Supplies and materials	820,058	992,605	988,657	3,948
Other charges	84,490	55,697	38,102	17,595
Equipment	521,860	551,324	551,249	75
Total maintenance of plant	26,703,528	26,453,528	25,781,219	672,309
Other Fixed Charges	195,558,711	202,758,711	202,707,081	51,630
Mid-level Administration				
Salaries and wages	56,519,980	54,656,682	54,517,598	139,084
Contracted services	6,220,988	8,332,134	6,181,363	2,150,771
Supplies and materials	821,333	540,499	364,083	176,416
Other charges	517,526	504,512	443,461	61,051
Equipment	10,000	56,000	55,886	114
Total mid-level administration	64,089,827	64,089,827	61,562,391	2,527,436
Community Services				
Salaries and wages	4,096,040	4,110,845	3,966,196	144,649
Contracted services	1,536,435	1,594,840	1,390,989	203,851
Supplies and materials	363,689	298,753	292,875	5,878
Other charges	1,286,200	1,284,926	1,281,914	3,012
Equipment	7,000	-	-	-
Total community services	7,289,364	7,289,364	6,931,974	357,390
Special Education				
Salaries and wages	105,049,423	104,082,039	103,716,276	365,763
Contracted services	3,359,061	6,298,795	6,254,890	43,905
Supplies and materials	603,714	585,839	547,719	38,120
Other charges	294,135	243,765	184,439	59,326
Equipment	40,400	11,390	11,390	-
Outgoing transfers	10,951,690	11,036,595	10,948,724	87,871
Total special education	120,298,423	122,258,423	121,663,438	594,985
Capital Outlay				
Salaries and wages	843,249	793,249	726,516	66,733
Contracted services	54,369	355,038	349,913	5,125
Supplies and materials	12,211	10,576	2,693	7,883
Other charges	19,375	20,341	6,633	13,708
Total capital outlay	929,204	1,179,204	1,085,755	93,449
TOTAL EXPENDITURES	\$901,341,297	\$908,541,297	\$895,153,745	\$13,387,552

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, 2020

	Budget	Actual	Variance Positive (Negative)
REVENUES			
Intergovernmental Revenues:			
State	\$ 400,000	\$ 578,241	\$ 178,241
Federal:			
National School Lunch and Milk Programs	5,587,800	7,637,138	2,049,338
National School Breakfast	2,148,760	1,406,835	(741,925)
U.S.D.A. Commodity Program	-	990,838	990,838
Total intergovernmental revenues	7,736,560	10,034,811	2,298,251
Earnings on investments	6,000	7,196	1,196
Charges for Services:			
Food sales	7,526,909	5,095,858	(2,431,051)
Total revenues	15,669,469	15,716,106	46,637
EXPENDITURES			
Costs of operation - Food Service:			
Cost of food	5,763,499	6,137,150	(373,651)
Salaries and wages	9,167,970	9,914,422	(746,452)
Equipment/Miscellaneous	618,000	525,189	92,811
Total expenditures	15,549,469	16,576,761	(1,027,292)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 120,000</u>	(860,655)	<u>\$ (980,655)</u>
FUND BALANCE, BEGINNING OF THE YEAR		<u>2,301,628</u>	
FUND BALANCE, END OF THE YEAR		<u>\$ 1,440,973</u>	

Other Supplementary Information

Howard County Public School System

Combining Schedule of Net Position

Internal Service Funds

June 30, 2020

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
ASSETS					
Current Assets					
Investments	\$ -	\$ -	\$ 4,817,081	\$ 1,197,634	\$ 6,014,715
Accounts receivable	-	3,545	-	2,089,641	2,093,186
Due from other funds	588,124	2,887,271	-	-	3,475,395
Inventory	61,244	4,896	-	-	66,140
Prepaid expenses	-	69,447	45,000	486,976	601,423
Total current assets	649,368	2,965,159	4,862,081	3,774,251	12,250,859
Non-Current Assets					
Capital assets:					
Furniture, fixtures and equipment	400,113	16,020,374	-	-	16,420,487
Less accumulated depreciation	(301,012)	(12,387,338)	-	-	(12,688,350)
Leased assets	358,314	-	-	-	358,314
Subscription assets	-	7,776,494	-	-	7,776,494
Less accumulated amortization	(77,573)	(801,002)	-	-	(878,575)
Total capital assets, net of depreciation and amortization	379,842	10,608,528	-	-	10,988,370
Total assets	1,029,210	13,573,687	4,862,081	3,774,251	23,239,229
LIABILITIES					
Current Liabilities					
Accounts payable	-	2,003,901	72,275	2,015,469	4,091,645
Lease liability	92,308	-	-	-	92,308
Subscription agreements	-	1,509,133	-	-	1,509,133
Due to other funds	-	-	611,498	3,262,212	3,873,710
Claims payable	-	-	2,139,709	12,348,307	14,488,016
Unearned revenue	-	-	-	4,839,149	4,839,149
Total current liabilities	92,308	3,513,034	2,823,482	22,465,137	28,893,961
Long-Term Liabilities					
Lease liability	157,497	-	-	-	157,497
Subscription agreements	-	4,665,357	-	-	4,665,357
Claims payable, net of current portion	-	-	1,672,507	-	1,672,507
Total long-term liabilities	157,497	4,665,357	1,672,507	-	6,495,361
Total liabilities	249,805	8,178,391	4,495,989	22,465,137	35,389,322
NET POSITION					
Net investment in capital assets	130,037	4,434,038	-	-	4,564,075
Unrestricted	649,368	961,258	366,092	(18,690,886)	(16,714,168)
TOTAL NET POSITION	\$ 779,405	\$ 5,395,296	\$ 366,092	\$ (18,690,886)	\$ (12,150,093)

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, 2020

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
OPERATING REVENUES					
Charges for services - internal	\$ 1,165,083	\$ 16,311,305	\$ 2,557,775	\$ 128,161,030	\$ 148,195,193
Miscellaneous revenue	-	-	-	10,528,462	10,528,462
Contributions from employees and retirees	-	-	-	29,559,249	29,559,249
Total operating revenues	1,165,083	16,311,305	2,557,775	168,248,741	188,282,904
OPERATING EXPENSES					
Administrative expenses	1,391,282	18,962,429	236,194	5,279,755	25,869,660
Claims and related expenses	-	-	3,598,322	142,480,980	146,079,302
Depreciation and amortization expense	105,157	2,359,932	-	-	2,465,089
Total operating expenses	1,496,439	21,322,361	3,834,516	147,760,735	174,414,051
Operating income (loss)	(331,356)	(5,011,056)	(1,276,741)	20,488,006	13,868,853
NON-OPERATING REVENUE					
Interest Income	-	-	70,987	17,649	88,636
Non-operating income	-	-	70,987	17,649	88,636
CHANGES IN NET POSITION	(331,356)	(5,011,056)	(1,205,754)	20,505,655	13,957,489
TOTAL NET POSITION, BEGINNING OF YEAR	1,110,761	10,406,352	1,571,846	(39,196,541)	(26,107,582)
TOTAL NET POSITION, END OF YEAR	\$ 779,405	\$ 5,395,296	\$ 366,092	\$ (18,690,886)	\$ (12,150,093)

Other Supplementary Information

Howard County Public School System

Combining Schedule of Cash Flows
Internal Service Funds
Year Ended June 30, 2020

	Print Services Fund	Technology Services Fund	Workers' Compensation Fund	Health and Dental Fund	Total
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Cash received from other funds	\$ 1,417,712	\$ 20,276,581	\$ 2,800,981	\$ 119,064,803	\$ 143,560,077
Cash received from employees and retirees	-	-	-	29,559,249	29,559,249
Payments to suppliers	(1,288,504)	(18,097,028)	(2,800,981)	(148,624,052)	(170,810,565)
Net cash provided by operating activities	129,208	2,179,553	-	-	2,308,761
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of equipment	(129,208)	(1,654,614)	-	-	(1,783,822)
Principal paid on leases	-	(524,939)	-	-	(524,939)
Net cash used in capital and related financing activities	(129,208)	(2,179,553)	-	-	(2,308,761)
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Purchase of investments	-	-	(70,987)	(17,649)	(88,636)
Interest received	-	-	70,987	17,649	88,636
Net cash used in (provided by) investing activities	-	-	-	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JULY 1, 2019	-	-	-	-	-
CASH AND CASH EQUIVALENTS, JUNE 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ (331,356)	\$ (5,011,056)	\$ (1,276,741)	\$ 20,488,006	\$ 13,868,853
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation and amortization	105,157	2,359,932	-	-	2,465,089
Effects of changes in assets and liabilities:					
Accounts receivable	-	(1,297)	-	(2,075,582)	(2,076,879)
Prepaid expenses	-	69,447	(45,000)	(486,976)	(462,529)
Due from other funds	252,629	3,966,573	-	-	4,219,202
Inventory	132,454	-	-	-	132,454
Accounts payable	(29,676)	795,954	73,120	(1,010,363)	(170,965)
Claims payable	-	-	1,005,415	634,022	1,639,437
Due to other funds	-	-	243,206	(17,439,436)	(17,196,230)
Unearned revenue	-	-	-	(109,671)	(109,671)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 129,208	\$ 2,179,553	\$ -	\$ -	\$ 2,308,761
NONCASH INVESTING, CAPITAL AND RELATED FINANCING ACTIVITIES:					
Lease of equipment	249,805	-	-	-	249,805
Subscription asset arrangement	-	6,174,490	-	-	6,174,490
TOTAL FINANCING ACTIVITIES	\$ 249,805	\$ 6,174,490	\$ -	\$ -	\$ 6,424,295

Other Supplementary Information

Howard County Public School System

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>
Elementary Schools				
Atholton ES	\$ 9,514	\$ 44,402	\$ 43,411	\$ 10,505
Bellows Spring ES	48,576	64,718	83,112	30,182
Bollman Bridge ES	34,056	54,424	53,073	35,407
Bryant Woods ES	15,206	24,246	25,200	14,252
Bushy Park ES	21,488	44,249	48,447	17,290
Centennial Lane ES	27,335	53,336	47,427	33,244
Clarksville ES	37,292	32,210	31,870	37,632
Clemens Crossing ES	25,130	33,637	33,216	25,551
Cradlerock School	17,065	22,315	27,580	11,800
Dayton Oaks ES	55,043	102,529	116,728	40,844
Deep Run ES	21,178	42,214	48,874	14,518
Duckett's Lane ES	9,981	45,923	48,672	7,232
Elkridge ES	22,631	31,013	36,301	17,343
Forest Ridge ES	11,885	22,764	21,445	13,204
Fulton ES	30,171	43,969	39,940	34,200
Gorman Crossing ES	33,918	57,857	58,971	32,804
Guilford ES	19,448	21,560	22,272	18,736
Hammond ES	15,944	30,478	35,125	11,297
Hanover Hills ES	19,573	61,505	51,746	29,332
Hollifield Station ES	24,606	52,697	59,985	17,318
Ilchester ES	95,130	64,553	66,337	93,346
Jeffers Hill ES	32,395	20,214	19,532	33,077
Laurel Woods ES	12,800	37,720	30,846	19,674
Lisbon ES	25,816	26,932	24,062	28,686
Longfellow ES	27,362	33,898	41,484	19,776
Manor Woods ES	40,089	37,785	30,362	47,512
Northfield ES	23,929	34,404	44,769	13,564
Phelps Luck ES	13,625	20,899	19,748	14,776
Pointers Run ES	66,616	77,788	80,523	63,881
Rockburn ES	33,372	67,741	67,478	33,635
Running Brook ES	31,994	35,525	28,954	38,565
St. John's Lane ES	34,224	22,296	31,678	24,842
Steven's Forest ES	21,097	18,296	17,422	21,971
Swansfield ES	20,903	21,886	18,160	24,629
Talbott Springs ES	21,448	21,415	21,156	21,707
Thunder Hill ES	26,005	14,134	12,852	27,287
Triadelphia Ridge ES	50,778	30,522	33,474	47,826
Veterans ES	32,953	86,441	79,071	40,323
Waterloo ES	48,601	60,606	65,822	43,385
Waverly ES	31,392	55,578	61,031	25,939
West Friendship ES	42,141	19,674	36,407	25,408
Worthington ES	58,963	48,878	54,635	53,206
Total - Elementary Schools	<u>1,291,673</u>	<u>1,743,231</u>	<u>1,819,198</u>	<u>1,215,706</u>

Other Supplementary Information

Howard County Public School System

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2020

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Middle Schools				
Bonnie Branch MS	41,147	55,219	65,401	30,965
Burleigh Manor MS	68,086	113,927	112,292	69,721
Clarksville MS	53,693	101,691	95,249	60,135
Dunloggin MS	52,043	58,003	55,049	54,997
Elkridge Landing MS	26,879	63,834	68,421	22,292
Ellicott Mills MS	24,851	136,744	132,764	28,831
Folly Quarter MS	32,302	66,300	76,657	21,945
Glenwood MS	34,831	61,902	53,186	43,547
Hammond MS	15,525	63,926	58,404	21,047
Harper's Choice MS	31,669	56,331	65,264	22,736
Lake Elkhorn MS	13,374	85,434	60,074	38,734
Lime Kiln MS	38,288	84,149	89,688	32,749
Mayfield Woods MS	29,969	105,593	91,891	43,671
Mount View MS	42,212	152,825	150,416	44,621
Murray Hill MS	20,290	74,066	78,432	15,924
Oakland Mills MS	18,822	82,622	46,881	54,563
Patapsco MS	38,150	63,204	72,713	28,641
Patuxent Valley MS	24,255	115,106	103,788	35,573
Thomas Viaduct MS	33,567	60,014	55,035	38,546
Wilde Lake MS	31,867	55,784	63,414	24,237
Total - Middle Schools	671,820	1,656,674	1,595,019	733,475
High Schools				
Atholton HS	149,250	375,345	364,562	160,033
Centennial HS	382,639	689,099	591,653	480,085
Glenelg HS	285,803	637,600	510,147	413,256
Hammond HS	221,968	499,476	465,335	256,109
Howard HS	220,669	652,199	534,732	338,136
Long Reach HS	140,151	300,178	302,640	137,689
Marriotts Ridge HS	162,068	642,725	603,216	201,577
Mount Hebron HS	198,682	484,985	478,304	205,363
Oakland Mills HS	172,651	384,716	366,128	191,239
Reservoir HS	258,869	382,896	434,734	207,031
River Hill HS	291,943	770,907	677,553	385,297
Wilde Lake HS	210,703	457,173	406,608	261,268
Total - High Schools	2,695,396	6,277,299	5,735,612	3,237,083
Special Schools				
Apps and Research Lab	18,628	20,472	22,295	16,805
Cedar Lane School	55,356	20,056	44,416	30,996
Homewood School	10,222	16,798	10,217	16,803
Total - Special Schools	84,206	57,326	76,928	64,604
Total - All Schools	\$ 4,743,095	\$ 9,734,530	\$ 9,226,757	\$ 5,250,868

Statistical Section

Statistical Section

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

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

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Statistical Section

Howard County Public School System

Table 1

Net Position by Component
Year Ended June 30, 2020 and Nine Prior Years
(Amounts expressed in thousands)

	2011	2012	2013	2014*	2015	2016	2017	2018**	2019	2020
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 1,237,175
Restricted for Capital Projects	-	-	-	-	-	-	-	-	8,460	8,062
Restricted for GWWTP	1,236	1,236	1,240	1,220	1,220	1,222	1,230	1,247	1,275	1,295
Restricted for Food Services	146	145	152	190	216	234	192	1,012	-	-
Unrestricted	32,293	36,015	32,627	21,386	(23,550)	(41,059)	(41,741)	(835,260)	(849,825)	(883,000)
Total Governmental Activities Net Position	\$ 932,597	\$ 993,498	\$ 1,053,913	\$ 1,097,218	\$ 1,097,991	\$ 1,127,244	\$ 1,177,409	\$ 401,813	\$ 393,865	\$ 363,532
Business-type Activities										
Net investment in capital assets	\$ 27	\$ 23	\$ 29	\$ 22	\$ 30	\$ 46	\$ 73	\$ 59	\$ 60	\$ 43
Unrestricted	151	147	178	199	228	256	244	295	311	262
Total Business-type Activities Net Position	\$ 178	\$ 170	\$ 207	\$ 221	\$ 258	\$ 302	\$ 317	\$ 354	\$ 371	\$ 305
Total Primary Government										
Net investment in capital assets	\$ 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	\$ 1,237,217
Restricted	1,382	1,381	1,392	1,410	1,436	1,456	1,422	2,259	11,839	9,357
Unrestricted	32,444	36,162	32,805	21,585	(23,322)	(40,803)	(41,497)	(834,965)	(851,617)	(882,737)
Total Primary Government Net Position	\$ 932,775	\$ 993,668	\$ 1,054,120	\$ 1,097,439	\$ 1,098,249	\$ 1,127,546	\$ 1,177,726	\$ 402,167	\$ 394,237	\$ 363,837

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

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

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

Statistical Section

Howard County Public School System

Table 2

Changes in Net Position

Year Ended June 30, 2020 and Nine Prior Years

(Amounts expressed in thousands)

<u>Functions/Programs</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>	<u>2020</u>
<u>Expenses</u>										
Governmental Activities										
Instruction										
Regular education	\$ 465,690	\$ 463,498	\$ 476,879	\$ 501,414	\$ 525,124	\$ 536,486	\$ 549,749	\$ 604,207	\$ 606,945	\$ 615,663
Special education	131,738	130,779	134,681	141,204	146,833	153,791	159,479	175,426	183,463	196,607
Total Instruction	597,428	594,277	611,560	642,618	671,957	690,277	709,228	779,633	790,408	812,270
Support Services										
Administration	13,328	14,278	14,726	16,672	18,166	19,105	22,437	21,741	20,809	43,296
Mid-level administration	80,223	62,950	82,617	83,136	88,165	92,335	94,884	101,422	100,453	91,864
Student personnel services	3,844	3,823	2,860	4,133	4,371	4,852	4,931	5,266	5,504	4,576
Health services	8,324	8,387	8,543	9,551	10,329	11,397	11,963	12,725	13,607	13,080
Student transportation	34,655	36,138	36,808	37,068	37,528	38,035	38,839	39,890	42,401	42,456
Operation of plant	45,384	45,276	46,705	47,487	49,682	49,707	49,465	49,784	54,021	48,954
Maintenance of plant and equipment	27,905	26,962	28,817	25,747	28,372	30,755	30,121	31,779	31,918	30,205
Community services	7,298	7,264	7,265	7,556	7,437	8,741	8,603	9,402	9,313	9,032
Food services	12,167	12,009	12,203	12,923	13,465	13,845	14,857	15,483	16,581	16,583
Interest on long-term debt	325	163	96	75	63	61	43	27	20	-
Total Support Services	233,453	217,250	240,640	244,348	257,578	268,833	276,143	287,519	294,627	300,046
Total Governmental Activities	830,881	811,527	852,200	886,966	929,535	959,110	985,371	1,067,152	1,085,035	1,112,316
Business-type Activities										
Jim Rouse Theatre	150	177	103	112	111	90	109	123	189	150
Total School System Expenses	\$ 831,031	\$ 811,704	\$ 852,303	\$ 887,078	\$ 929,646	\$ 959,200	\$ 985,480	\$ 1,067,275	\$ 1,085,224	\$ 1,112,466

*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.

Statistical Section

Howard County Public School System

Table 2 (continued)

Changes in Net Position

Year Ended June 30, 2020 and Nine Prior Years

(Amounts expressed in thousands)

Program Revenues	2011	2012	2013	2014*	2015	2016	2017	2018**	2019	2020
Charges for Services										
Regular education	\$ 5,061	\$ 18,645	\$ 3,020	\$ 2,315	\$ 2,232	\$ 2,473	\$ 5,097	\$ 3,637	\$ 5,097	\$ 396
Special education										
Operation of plant	3,418	4,750	4,341	4,826	7,328	9,362	9,716	17,452	9,716	205
Food services	7,037	6,813	6,165	5,702	5,552	5,978	6,977	6,902	6,977	3,469
Operating grants and contributions	154,174	133,145	122,699	139,082	145,645	146,211	175,495	168,923	175,495	171,756
Capital grants and contributions	63,877	69,629	98,706	86,809	78,090	80,150	42,744	61,699	42,744	41,857
Total Program Revenues	233,567	232,982	234,931	238,734	238,847	244,174	240,030	258,613	240,030	217,682
Business-type Activities										
Jim Rouse Theatre	144	169	139	126	148	134	206	159	206	84
Total School System Revenues	233,711	233,151	235,070	238,860	238,995	244,308	240,236	258,772	240,236	217,767
Total Governmental Net Expense	(597,320)	(578,553)	(617,233)	(648,218)	(690,651)	(714,892)	(745,244)	(808,503)	(844,988)	(894,700)
General Revenues and Other Changes in Net Position										
General revenues										
Local appropriations	464,708	467,617	482,385	497,486	530,440	544,145	600,054	572,872	600,054	607,200
State Aid	169,183	169,994	191,285	192,048	192,480	197,822	222,299	212,420	222,299	243,882
Federal Aid	174	141	148	127	163	160	194	124	194	100
Interest and investment earnings	122	72	98	43	33	101	1,612	816	1,612	1,136
Miscellaneous	1,382	1,620	3,769	1,833	1,900	1,962	12,900	5,094	12,900	11,982
Total General Revenues	635,569	639,444	677,685	691,537	725,016	744,190	837,059	791,326	837,059	864,300
Change in Net Position - Governmental Funds	38,255	60,901	60,415	43,305	34,328	29,253	91,718	(17,213)	(7,946)	(30,334)
Change in Net Position - Jim Rouse Theatre	(6)	(8)	37	14	37	44	97	36	17	(66)
Total Change in Net Position	38,249	60,893	60,452	43,319	34,365	29,297	91,815	(17,177)	(7,929)	(30,400)
Net Position - Beginning of year	894,525	932,774	993,667	1,054,119	1,063,884	1,098,249	1,127,546	419,343	402,167	394,238
Net Position - End of Year	\$ 932,774	\$ 993,667	\$ 1,054,119	\$ 1,097,438	\$ 1,098,249	\$ 1,127,546	\$ 1,219,361	\$ 402,167	\$ 394,238	\$ 363,838

*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, 2020 and Nine Prior Years

(Amounts expressed in thousands)

Table 3

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Intergovernmental revenues										
Local	\$ 531,120	\$ 530,955	\$ 553,213	\$ 567,271	\$ 584,657	\$ 612,804	\$ 624,455	\$ 653,700	\$ 662,183	\$ 643,299
State	263,990	267,750	298,841	303,224	314,110	304,642	338,907	307,848	320,548	357,249
Federal	39,986	23,860	23,580	23,982	26,097	27,984	29,160	29,143	30,511	34,362
Earnings on investments	122	64	57	26	21	70	292	901	1,830	1,389
Charges for services	13,756	28,280	12,109	11,091	11,302	11,885	12,200	13,742	15,737	9,213
Miscellaneous revenues	1,398	1,039	1,471	1,797	1,737	1,825	449	2,405	1,774	1,453
Total Revenues	850,372	851,948	889,271	907,391	937,924	959,210	1,005,463	1,007,739	1,032,583	1,046,965
Expenditures										
Instruction										
Regular education	302,091	306,791	316,259	323,027	338,094	335,660	347,374	361,042	363,645	382,033
Special education	98,017	96,411	99,859	102,045	106,254	108,329	112,299	121,518	125,826	136,213
Support Services										
Administration	10,663	10,676	11,511	12,456	12,869	12,431	13,735	13,842	13,332	20,159
Mid-Level administration	56,675	54,922	59,180	56,562	60,254	61,473	60,909	63,850	62,316	62,625
Student personnel services	2,751	2,738	2,860	2,886	3,032	3,325	3,347	3,500	3,636	4,230
Health services	5,895	5,957	6,114	6,609	7,042	7,608	8,010	8,184	8,698	8,970
Student transportation	34,052	35,573	36,325	36,456	36,792	37,504	37,995	38,964	41,375	41,616
Operation of plant	37,721	37,850	39,439	38,947	40,911	39,202	39,879	38,592	41,281	38,354
Maintenance of plant and equipment	22,235	21,643	23,574	19,652	22,779	24,570	23,866	25,128	25,136	24,948
Fixed charges	193,730	181,842	178,693	210,654	212,958	224,675	241,418	242,684	271,550	271,675
Community services	6,064	6,055	6,190	6,035	6,074	6,765	6,494	6,879	6,786	7,048
Food services	12,167	12,009	12,202	12,923	13,465	13,845	14,857	15,483	16,581	16,601
Capital outlay	64,035	71,076	97,446	86,168	81,225	79,922	84,325	64,056	37,925	43,358
Total	846,096	843,543	889,652	914,420	941,749	955,309	994,508	1,003,722	1,018,086	1,057,830
Excess (deficiency) of revenues over expenditure	4,276	8,405	(381)	(7,029)	(3,825)	3,901	10,955	4,017	14,497	(10,865)
Other Financing Sources (Uses)										
Capital contributions	52	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	5,314
Subscription agreements	-	-	-	-	-	-	-	-	-	1,621
Net change in fund balances	\$ 4,328	\$ 8,405	\$ (381)	\$ (7,029)	\$ (3,825)	\$ 3,901	\$ 10,955	\$ 4,017	\$ 14,497	\$ (3,931)
Debt Service as a percentage of noncapital expenditures	N/A	N/A	N/A	N/A	0.07%	0.47%	0.44%	0.41%	0.32%	0.32%

Source: HCPSS records

Statistical Section

Howard County Public School System

Fund Balances of Governmental Funds

Year Ended June 30, 2020 and Nine Prior Years

(Amounts expressed in thousands)

Table 4

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Nonspendable	\$ 1,365	\$ 1,585	\$ 1,474	\$ 838	\$ 955	\$ 1,047	\$ 1,133	\$ 911	\$ 1,017	\$ 1,052
Restricted	8,078	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	1,043	686	330	-
Assigned	-	15,213	6,410	5,362	8,421	13,896	10,849	10,685	17,018	15,808
Unassigned	7,266	8,885	15,613	9,755	6,100	2,973	8,322	13,192	15,169	13,119
Total General Fund	<u>16,709</u>	<u>25,683</u>	<u>23,497</u>	<u>15,955</u>	<u>15,476</u>	<u>17,916</u>	<u>21,347</u>	<u>25,474</u>	<u>33,534</u>	<u>29,979</u>
Other Governmental Funds										
Nonspendable	146	145	152	190	216	234	193	260	199	164
Restricted for School construction	(4,245)	(4,927)	(2,857)	(1,412)	(3,783)	(2,699)	4,282	2,769	8,460	8,062
Restricted for Special Revenue Fund	3,917	4,034	3,762	1,220	1,790	1,223	1,230	1,247	1,275	1,295
Assigned	-	-	-	-	-	927	1,504	2,824	3,602	3,639
Unassigned	2	-	-	1,571	-	-	-	-	-	-
Total Other Governmental Funds	<u>(180)</u>	<u>(748)</u>	<u>1,057</u>	<u>1,569</u>	<u>(1,777)</u>	<u>(315)</u>	<u>7,209</u>	<u>7,099</u>	<u>13,536</u>	<u>13,160</u>
Total All Governmental Funds	<u>\$ 16,529</u>	<u>\$ 24,935</u>	<u>\$ 24,554</u>	<u>\$ 17,524</u>	<u>\$ 13,699</u>	<u>\$ 17,601</u>	<u>\$ 28,556</u>	<u>\$ 32,573</u>	<u>\$ 47,070</u>	<u>43,139</u>

Source: HCPSS records

Statistical Section

Howard County Public School System

General Fund Final Approved Operating Budget
Year Ended June 30, 2020 and Nine Prior Years

Table 5

	Administration	Instructional Salaries	Textbooks and Classroom Supplies	Other Instructional Costs	Student Personnel Services	Health Services	Student Transportation
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
2020	\$ 13,578,591	\$ 359,619,583	\$ 7,791,394	\$ 5,268,024	\$ 3,982,752	\$ 9,302,729	\$ 42,801,337

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System General Fund Final Approved Operating Budget Year Ended June 30, 2020 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
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
2020	\$ 42,167,830	\$ 26,453,528	\$ 202,758,711	\$ 64,089,827	\$ 7,289,364	\$ 122,258,423	\$ 1,179,204	\$ 908,541,297

Source: HCPSS Finance Department

Statistical Section

Howard County Public School System

Capital Assets by Function

Ended June 30, 2020 and Nine Prior Years

Table 6

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Schools										
Buildings	72	73	74	75	76	76	76	76	77	77
Administration										
Buildings	2	3	3	3	3	3	3	2	2	2
Vehicles	19	18	17	17	17	17	17	17	17	17
Mid-level Administration										
Vehicles	11	14	11	11	11	11	11	11	11	11
Special Education										
Vehicles	1	1	1	1	1	1	1	1	1	1
Capital Outlay										
Vehicles	3	3	3	3	3	3	3	3	3	3
Maintenance										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	35	46	52	50	51	58	60	65	66	66
Operations										
Vehicles	200	194	177	173	167	152	162	152	152	150
Technology										
Buildings	1	1	1	1	1	1	1	1	1	1
Vehicles	13	12	12	12	12	14	14	15	15	15
Print Shop										
Print Presses	10	11	4	10	17	18	20	21	21	21
Community Service										
Vehicles	5	6	7	10	13	14	14	14	14	14
Student Transportation										
Vehicles	12	10	11	11	11	17	17	17	17	17

Statistical Section

Howard County Public School System

Computation of Debt Limits

Year Ended June 30, 2020 and Nine Prior Years

Table 7

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Current Operating Budget	\$ 669,479,142	\$ 683,835,040	\$ 703,667,400	\$ 729,093,490	\$ 758,765,350	\$ 776,338,380	\$ 808,387,856	\$ 819,106,284	\$ 862,386,006	\$ 908,541,297
6 % of Current Operating Budget	40,168,749	41,030,102	42,220,044	43,745,609	45,525,921	46,580,303	48,503,271	49,146,377	51,743,160	54,512,478
Total Debt Outstanding June 30	7,026,954	3,878,014	3,474,031	3,372,983	10,910,120	10,863,543	7,465,623	4,502,410	1,323,529	13,126,281
Compliance with Debt Limit	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3 % of Current Operation Budget	20,084,374	20,515,051	21,110,022	21,872,805	22,762,961	23,290,151	24,251,636	24,573,189	25,871,580	27,256,239
Total Debt Service	\$ 4,651,852	\$ 3,148,940	\$ 403,983	\$ 312,997	\$ 2,859,283	\$ 4,110,209	\$ 411,209	\$ 2,963,213	\$ 3,178,881	\$ 3,266,765
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, 2020 and Nine Prior Years

Table 8

Fiscal Year	Governmental Activities Leases and SBITAs	Business-Type Activities	Total
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
2020*	13,126,281	-	13,126,281

* For fiscal years 2011 through 2019 the amounts presented represent capital lease liabilities. In FY2020 HCPSS adopted GASB 87, Leases and GASB 96, Subscription-Based Information Technology Agreements (SBITAs), which require all leases and SBITAs to be reported as liabilities. The amounts presented for 2020 represent all leases and SBITAs.

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

Statistical Section

Howard County Public School System

Enrollment by Grade

Year Ended June 30, 2020 and Nine Prior Years

Table 9

	2011	2012	2013	2014	2015	2016	2017 (C)	2018	2019	2020 (D)
<u>Elementary School</u>										
Pre-kindergarten	1,002	1,058	1,072	1,118	1,144	1,288	1,281	1,278	1,330	1,355
Kindergarten	3,386	3,492	3,513	3,728	3,631	3,801	3,797	3,943	3,949	3,962
Grade 1	3,642	3,628	3,751	3,785	3,995	3,940	3,938	4,078	4,038	4,212
2	3,716	3,771	3,777	3,921	3,953	4,085	4,084	4,250	4,211	4,145
3	3,695	3,810	3,890	3,867	3,994	4,276	4,275	4,249	4,219	4,334
4	3,648	3,795	3,900	4,018	3,997	4,230	4,230	4,401	4,361	4,333
5	3,727	3,750	3,904	4,008	4,128	4,263	4,258	4,579	4,542	4,473
Total Elementary School	22,816	23,304	23,807	24,445	24,842	25,883	25,863	26,778	26,650	26,814
<u>Middle School</u>										
Grade 6	3,646	3,788	3,856	4,021	4,156	4,215	4,216	4,587	4,555	4,654
7	3,942	3,728	3,871	3,937	4,118	4,351	4,355	4,508	4,498	4,610
8	3,884	4,007	3,756	3,932	4,002	4,306	4,326	4,370	4,356	4,531
Total Middle School	11,472	11,523	11,483	11,890	12,276	12,872	12,897	13,465	13,409	13,795
<u>High School</u>										
Grade 9 and SP	4,301	4,265	4,315	4,204	4,365	4,619	4,591	4,799	4,915	4,757
10	4,368	4,163	4,091	4,179	4,011	4,206	4,206	4,503	4,460	4,633
11	3,911	4,215	4,000	3,942	4,000	3,983	3,986	4,255	4,253	4,272
12	4,034	3,984	4,254	4,053	4,062	3,987	3,985	4,111	4,114	4,358
Total High School	16,614	16,627	16,660	16,378	16,438	16,795	16,768	17,668	17,742	18,020
<u>Cedar Lane (includes Pre-kindergarten)</u>	91	101	103	93	129	109	110	108	99	117
<u>Homewood</u>	0	0	0	0	0	0	0	0	0	122
	91	101	103	93	129	109	110	108	99	239
Total Enrollment (A)	50,993	51,555	52,053	52,806	53,685	55,659	55,638	58,019	57,900	58,868
Number of School Teachers (B)	2,866	2,793	2,829	2,829	2,860	2,857	3,056	***	***	***
Ratio of Students to Teachers	18:1	18:1	18:1	19:1	19:1	19:1	18:1			

(A) Total includes Pre-kindergarten head count.

(B) Sources: reportcard.msde.maryland.gov, Teacher Certifications

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

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

*** Data not available prior to publishing

Statistical Section

Howard County Public School System

Enrollment by School

Year Ended June 30, 2020 and Nine Prior Years

Table 10

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Capacity	Capacity
Elementary Schools (a)												
Atholton	478	499	414	421	392	468	468	470	471	504	424	118.9%
Bellows Springs	851	885	944	668	730	739	739	802	803	776	751	103.3%
Bollman Bridge	599	622	741	767	735	764	763	757	740	765	666	114.9%
Bryant Woods	349	360	366	367	353	413	413	462	458	448	361	124.1%
Bushy Park	644	638	613	608	636	617	615	625	628	638	788	81.0%
Centennial Lane	664	699	725	699	684	739	739	737	734	719	647	111.1%
Clarksville	527	522	526	523	485	430	430	419	419	436	612	71.2%
Clemens Crossing	491	500	499	502	487	532	531	495	491	508	521	97.5%
Cradlerock	474	497	500	520	482	491	491	511	509	497	398	124.9%
Dayton Oaks	446	473	593	636	639	677	677	723	727	720	788	91.4%
Deep Run	657	706	733	657	734	816	816	748	729	767	672	114.1%
Ducketts Lane	-	-	-	662	771	826	826	600	606	570	770	74.0%
Elkridge	847	886	857	767	781	871	870	912	901	923	760	121.4%
Forest Ridge	700	764	718	748	721	704	703	686	679	689	713	96.6%
Fulton	653	670	648	703	705	832	832	920	918	1021	788	129.6%
Gorman Crossing	620	699	641	686	693	751	751	877	877	849	735	115.5%
Guildford	507	523	478	497	496	451	451	443	439	475	465	102.2%
Hammond	513	509	583	602	633	640	640	625	623	604	653	92.5%
Hanover Hills	-	-	-	-	-	-	-	714	694	757	788	96.1%
Hollifield Station	675	675	697	745	750	796	796	869	879	872	694	125.6%
Ilchester	666	665	685	776	754	690	690	655	648	634	653	97.1%
Jeffers Hill	371	367	383	407	464	456	455	401	403	414	421	98.3%
Laurel Woods	599	609	564	572	587	601	601	601	607	645	640	100.8%
Lisbon	461	426	398	400	422	446	446	453	451	443	527	84.1%
Longfellow	442	446	442	457	453	457	457	463	460	447	512	87.3%
Manor Woods	644	637	616	676	669	759	759	660	650	627	681	92.1%
Northfield	608	611	595	723	690	710	710	749	747	702	700	100.3%
Phelps Luck	671	722	727	562	581	608	605	592	582	633	616	102.8%
Pointers Run	643	616	772	790	786	784	784	922	924	912	744	122.6%
Rockburn	731	710	705	710	661	726	726	627	629	628	653	96.2%
Running Brook	417	435	483	492	529	515	515	503	500	484	515	94.0%
St. John's Lane	562	552	582	681	722	701	701	724	726	764	612	124.8%
Stevens Forest	302	283	301	423	440	433	433	420	415	426	399	106.8%
Swansfield	563	562	585	594	588	641	640	606	601	562	521	107.9%
Talbort Springs	581	588	573	441	466	502	501	503	504	509	377	135.0%
Thunder Hill	370	382	421	470	528	558	558	528	526	475	509	93.3%
Triadelphia Ridge	408	411	442	485	509	560	560	562	563	555	581	95.5%
Veterans	982	997	1,062	821	865	931	928	956	932	962	821	117.2%
Waterloo	755	756	783	617	624	624	624	620	620	602	663	90.8%
Waverly	559	591	605	759	758	770	766	910	901	951	638	149.1%
West Friendship	292	289	274	287	287	326	326	400	401	393	414	94.9%
Worthington	494	522	533	524	552	528	527	528	535	508	590	86.1%
Total Elementary Schools	22,816	23,304	23,807	24,445	24,842	25,883	25,863	26,778	26,650	26,814	25,781	104.0%

(a) Includes Pre-kindergarten enrollment.

Statistical Section

Howard County Public School System

Table 10 (continued)

Enrollment by School Year Ended June 30, 2020 and Nine Prior Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Capacity	Capacity
<u>Middle Schools</u>												
Bonnie Branch	664	708	706	731	661	715	713	750	751	703	662	106.2%
Burleigh Manor	621	617	668	700	746	819	819	811	808	811	779	104.1%
Clarksville	685	655	637	608	635	560	560	666	666	710	643	110.4%
Dunloggon	529	559	565	574	607	617	617	664	660	628	565	111.2%
Elkridge Landing	684	694	683	733	710	700	700	747	745	764	779	98.1%
Ellicott Mills	669	715	731	774	758	828	829	870	869	909	701	129.7%
Folly Quarter	579	588	559	544	562	616	616	660	660	700	662	105.7%
Glenwood	600	593	536	544	555	517	517	492	492	515	545	94.5%
Hammond	542	529	499	477	551	592	593	579	572	602	604	99.7%
Harper's Choice	492	512	497	521	521	570	570	505	504	493	506	97.4%
Lake Elkhorn	463	467	470	510	500	530	530	580	580	564	643	87.7%
Lime Kiln	624	593	596	635	703	729	729	632	632	660	701	94.2%
Mayfield Woods	716	724	717	779	632	685	685	725	726	787	798	98.6%
Mount View	682	679	718	734	750	792	792	838	837	853	798	106.9%
Murray Hill	724	725	725	735	595	669	669	724	720	733	662	110.7%
Oakland Mills	393	402	406	437	423	443	443	515	520	498	506	98.4%
Patapsco	605	583	568	628	675	686	687	716	712	746	643	116.0%
Patuxent Valley	689	660	654	680	648	639	639	690	686	698	760	91.8%
Thomas Viaduct	-	-	-	-	523	632	633	669	654	734	701	104.7%
Wilde Lake	511	520	548	546	521	556	556	632	632	687	467	147.1%
Total Middle Schools	11,472	11,523	11,483	11,890	12,276	12,895	12,897	13,465	13,426	13,795	13,125	105.1%
<u>High Schools</u>												
Atholton	1,460	1,489	1,490	1,464	1,560	1,455	1,456	1,505	1,511	1,460	1,460	100.0%
Centennial	1,475	1,441	1,442	1,370	1,429	1,511	1,511	1,593	1,594	1,597	1,360	117.4%
Glenelg	1,234	1,227	1,281	1,274	1,261	1,206	1,207	1,198	1,199	1,197	1,420	84.3%
Hammond	1,344	1,341	1,297	1,256	1,226	1,304	1,300	1,370	1,377	1,394	1,220	114.3%
Howard	1,636	1,704	1,755	1,732	1,758	1,839	1,837	1,899	1,898	1,910	1,420	134.5%
Long Reach	1,229	1,318	1,344	1,370	1,434	1,553	1,554	1,551	1,565	1,696	1,488	114.0%
Marriotts Ridge	1,308	1,278	1,228	1,221	1,161	1,264	1,264	1,417	1,422	1,472	1,615	91.1%
Mt. Hebron	1,484	1,452	1,459	1,453	1,498	1,583	1,582	1,631	1,630	1,695	1,400	121.1%
Oaklands Mills	1,175	1,156	1,163	1,128	1,085	1,171	1,174	1,226	1,231	1,246	1,400	89.0%
Reservoir	1,539	1,535	1,526	1,505	1,482	1,481	1,481	1,586	1,586	1,624	1,551	104.7%
River Hill	1,399	1,394	1,393	1,346	1,310	1,154	1,154	1,384	1,387	1,378	1,488	92.6%
Wilde Lake	1,331	1,292	1,282	1,259	1,234	1,251	1,248	1,308	1,318	1,351	1,424	94.9%
Total High Schools	16,614	16,627	16,660	16,378	16,438	16,772	16,768	17,668	17,718	18,020	17,246	104.5%
<u>Special Schools</u>												
Cedar Lane	91	101	103	93	129	109	110	108	106	117	120	97.5%
Homewood School	-	-	-	-	-	-	-	-	-	122	122	100.0%
	91	101	103	93	129	109	110	108	106	239	242	98.8%
Total All Schools (a)	50,993	51,555	52,053	52,806	53,685	55,659	55,638	58,019	57,900	58,868	56,272	104.6%

Statistical Section

Howard County Public School System

Table 11

Principal Employers: Howard County, Maryland
Year Ended June 30, 2020 and June 30, 2011

Employer	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	8,481	1	4.86%	7,423	1	4.89%
Johns Hopkins Applied Physics Laboratory	6,400	2	3.66%	4,600	2	3.03%
Howard County Government	3,124	3	1.79%	2,846	3	1.87%
Howard County General Hospital	1,765	4	1.01%	1,682	6	1.11%
Verizon	1,700	5	0.97%	2,028	4	1.33%
Howard Community College	1,410	6	0.81%	*	*	*
Lorien Health Systems	1,190	7	0.68%	2,000	5	1.32%
The Columbia Association	1,180	8	0.68%	900	9	0.59%
Coastal Sunbelt Produce	1,050	9	0.60%	*	*	*
Nestle Dreyer's Ice Cream	890	10	0.51%	*	*	*
US Government	*	*	*	1,600	7	1.05%
SAIC	*	*	*	1,060	8	0.70%
Wells Fargo	*	*	*	842	10	0.55%
Total	27,190		15.57%	24,981		16.44%

Source: Howard County, Maryland 2019 Comprehensive Annual Financial Report

Statistical Section

Howard County Public School System

Demographic and Economic Statistics: Howard County, Maryland Year Ended June 30, 2020 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)
2011	293,858	\$ 19,987,372	\$ 68,017	50,993	5.7%
2012	299,552	\$ 20,778,363	\$ 69,365	51,555	5.6%
2013	304,210	\$ 20,499,507	\$ 67,386	52,053	5.5%
2014	307,784	\$ 21,158,756	\$ 68,745	52,806	4.8%
2015	312,400	\$ 22,203,989	\$ 71,076	53,685	4.5%
2016	316,966	\$ 23,070,751	\$ 72,786	55,659	3.5%
2017	321,113	\$ 24,063,585	\$ 74,938	55,638	3.5%
2018	323,293	\$ 25,351,344	\$ 78,416	58,019	3.6%
2019	326,286	*	*	57,900	2.8%
2020	330,840	*	*	58,868	6.9%

(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 website.

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

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

Statistical Section

Howard County Public School System

Table 13

Cost per Student – Budgetary Basis (non-GAAP) Year Ended June 30, 2020 and Nine Prior Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Full-Time Equivalent of Students Enrolled*	49,991	50,497	50,981	51,688	51,595	52,412	54,262	54,247	56,750	57,274
Expenditures **										
Current:										
Administration	\$ 204	\$ 208	\$ 219	\$ 236	\$ 237	\$ 235	\$ 250	\$ 241	\$ 249	\$ 224
Mid level Administration	1,000	1,082	1,032	1,036	1,086	1,116	1,099	1,130	1,140	1,048
Instruction										
Instructional Salaries	5,610	5,664	5,804	5,833	6,094	6,017	5,995	6,344	6,330	6,246
Textbooks and classroom supplies	348	272	230	262	243	224	172	161	133	125
Other instructional costs	48	51	59	60	49	64	53	50	35	57
Special education	1,611	1,655	1,702	1,720	1,767	1,782	1,818	2,018	1,930	2,071
Student Personnel services	54	53	55	55	57	61	60	65	63	68
Health Services	118	117	120	128	138	147	145	159	151	159
Student Transportation	681	706	718	697	715	717	698	763	719	715
Operation of plant	763	777	737	760	796	767	719	760	700	653
Maintenance of plant and equipment	410	477	398	355	466	482	432	460	439	439
Fixed Charges	2,240	2,315	2,473	2,807	2,843	3,036	3,138	3,446	2,934	3,380
Community services	117	119	114	116	115	125	119	124	128	118
Capital outlay	15	15	16	16	16	16	15	16	16	18
Total Expenditure per Student	\$ 13,221	\$ 13,512	\$ 13,675	\$ 14,080	\$ 14,621	\$ 14,789	\$ 14,713	\$ 15,737	\$ 14,967	\$ 15,321
State Rank ***	5	5	4	4	N/A	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

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

Statistical Section

Howard County Public School System Food Service Data Year Ended June 30, 2020 and Five Prior Years

Table 14

	2015	2016	2017	2018	2019	2020
Number of Schools	76	76	76	76	77	77
Number of days lunch served	179	179	180	180	179	120
Number of free lunches served to pupils annually	1,175,269	1,291,024	1,330,823	1,332,341	1,298,616	873,954
Average number of free lunches served to pupils daily	6,566	7,212	7,393	7,402	7,255	7,283
Number of paid lunches served to pupils annually:						
At reduced price	216,081	220,562	248,372	271,152	298,901	201,906
At regular price	1,423,424	1,472,914	1,572,810	1,642,685	1,642,005	1,162,023
Average number of paid lunches served to pupils daily:						
At reduced price	1,207	1,232	1,380	1,506	1,670	1,683
At regular price	7,952	8,229	8,738	9,126	9,173	9,684
Total number of lunches served to pupils annually	2,814,774	2,984,500	3,152,005	3,246,178	3,239,522	2,237,883
Average number of lunches served to pupils daily	15,725	16,673	17,511	18,034	18,098	18,649
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, 2020 and Nine Prior Years		
	Estimated number of eligible riders (Daily)	Number of bus routes (Daily)
2020	44,664	476
2019	44,189	468
2018	43,449	453
2017	42,950	453
2016	42,371	453
2015	40,800	448
2014	41,989	448
2013	41,525	438
2012	41,504	436
2011	40,200	434
Source: HCPSS Transportation Office		

Howard County Public School System		
High School Graduation Data		Table 16
Year Ended June 30, 2020 and Nine Prior Years		
	Graduation Rate	
2020	N/A*	
2019	92.78%	
2018	95.30%	
2017	92.28%	
2016	93.21%	
2015	93.50%	
2014	92.85%	
2013	93.30%	
2012	90.40%	
2011	90.60%	
* FY 2020 not available at the time of this report.		
Source: HCPSS Public Information Office, HCPSS Website, reportcard.msde.maryland.gov		

Statistical Section

Howard County Public School System

Full-time Equivalent School System Budgeted Positions by Function Year Ended June 30, 2020 and Nine Prior Years

Table 17

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Administration	91.1	92.4	96.4	96.2	98.9	102.5	102.5	68.5	91.5	94.5
Mid level Administration	585.5	586.5	594.0	599.0	602.5	612.0	616.5	618.5	598.6	604.1
Instruction**	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	4,671.8
Special Education	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	1,753.8
Student Personnel Services	32.0	32.0	31.0	32.0	32.0	32.0	33.0	33.0	33.0	36.0
Health Services	127.0	127.0	127.0	135.0	137.0	137.0	137.0	139.0	138.0	139.0
Student Transportation	14.0	14.0	14.0	14.0	14.0	14.0	15.0	16.0	16.0	16.0
Operation of Plant	449.0	450.0	450.5	456.5	456.5	455.5	457.5	458.5	461.5	461.5
Maintenance of plant and equipment	182.0	183.0	183.0	184.0	162.0	161.5	162.5	199.5	153.5	152.5
Community Services	40.4	40.9	42.9	44.9	48.4	53.1	55.1	55.3	54.1	53.3
Capital Outlay	10.0	10.0	10.0	9.0	9.0	9.5	8.5	9.5	8.5	8.5
Total General Fund	<u>7,423.1</u>	<u>7,466.3</u>	<u>7,552.5</u>	<u>7,665.2</u>	<u>7,693.0</u>	<u>7,709.5</u>	<u>7,826.0</u>	<u>7,952.0</u>	<u>7,918.1</u>	<u>7,991.0</u>
Total Grants Fund (estimated)	<u>174.2</u>	<u>165.0</u>	<u>165.0</u>	<u>177.0</u>	<u>171.0</u>	<u>173.5</u>	<u>182.6</u>	<u>193.0</u>	<u>208.2</u>	<u>213.5</u>
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	188.0	191.0	191.0	192.0	192.0	194.3	199.3
Printing and Duplicating	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	12.0
Technology Office	38.0	38.0	37.0	37.0	64.0	64.0	64.0	65.0	62.0	62.0
Workers Comp. Self-Insurance	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	4.0	5.0	5.0	5.0	3.0	3.0
Total Restricted Funds	<u>242.2</u>	<u>242.2</u>	<u>240.2</u>	<u>242.2</u>	<u>272.2</u>	<u>273.2</u>	<u>275.2</u>	<u>274.2</u>	<u>269.5</u>	<u>276.5</u>
Total All Funds	<u>7,839.5</u>	<u>7,873.5</u>	<u>7,957.7</u>	<u>8,084.4</u>	<u>8,136.2</u>	<u>8,156.2</u>	<u>8,283.8</u>	<u>8,419.2</u>	<u>8,395.8</u>	<u>8,481.0</u>

* 0.2 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, 2019 and Nine Prior Years

Table 18

	SAT***			High School Assessment % Proficient *				High School Assessment**							
	Howard County	Maryland State	National	Howard County		Maryland State		Howard County				Maryland State			
				Algebra I PARCC/MCAP	English 10 PARCC/MCAP	Algebra I PARCC/MCAP	English 10 PARCC/MCAP	Algebra	Biology	English	Government	Algebra	Biology	English	Government
2020	***	***	***	****	****	****	****	**	**	**	**	**	**	**	**
2019	1,202	1,058	1,059	62.6	65.9	27.2	42.6	**	**	**	**	**	**	**	**
2018	1,203	1,080	1,065	57.0	60.9	31.2	42.4	**	**	**	**	**	**	**	**
2017	1,161	1,046	1,060	62.6	58.8	36.5	49.3	**	**	**	**	**	**	**	**
2016	1,647	1,428	1,453	56.7	45.1	35.6	44.4	**	**	**	**	**	**	**	**
2015	1,656	1,434	1,462	45.9	95.0	31.2	39.7	95.0	95.0	93.2	90.0	87.4	87.6	83.9	75.7
2014	1,657	1,438	1,471	No Data	No Data	No Data	No Data	95.0	95.0	94.2	71.9	88.2	87.6	85.9	80.9
2013	1,653	1,456	1,474	No Data	No Data	No Data	No Data	97.6	96.3	93.4	93.2	88.3	85.8	86.4	84.6
2012	1,632	1,467	1,477	No Data	No Data	No Data	No Data	97.1	96.6	94.3	96.0	89.1	85.9	87.4	88.9
2011	1,645	1,492	1,500	No Data	No Data	No Data	No Data	95.0	95.0	92.9	95.0	87.9	84.6	85.2	89.8

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

** FY 2015 - Maryland Implemented the Partnership for assessment for Rediness for College and Careers (PARCC) in English language arts and mathematics. The new assessment replaced the Maryland State Assessment (MSA and the HAS. In 2019 the PARCC assessment has been replaced with the Maryland Comprehensive Assessment Program (MCAP). The MCAP is comparable and uses the same scale as the PARCC assessment.

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

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

Statistical Section

Howard County Public School System Insurance Summary Year Ended June 30, 2020

Table 19

Type of Coverage	Name of Company	Policy Period	Limits
Workers Compensation	Self-Insured		
Excess Workers Compensation	Safety National	7/1/19-6/30/20	\$600,000 retention Specific excess limit \$25 million
CASUALTY INSURANCE			
Comprehensive General Liability	MABE Group Insurance Pool	7/1/19-6/30/20	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Personal and Advertising Injury Liability	MABE Group Insurance Pool	7/1/19-6/30/20	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Employee Benefit Plan Fiduciary Liability	MABE Group Insurance Pool	7/1/19-6/30/20	\$400,000 per occurrence \$1 million per occurrence should sovereign immunity be abrogated
Automobile Liability - Members and Covered Persons	MABE Group Insurance Pool	7/1/19-6/30/20	\$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	7/1/19-6/30/20	\$2,500 per covered person for any one accident
Automobile Physical Damage	MABE Group Insurance Pool	7/1/19-6/30/20	Actual cash value with deductibles per member per loss
Maryland Uninsured Motorists	MABE Group Insurance Pool	7/1/19-6/30/20	\$50,000 per accident
Garage Keepers Liability	MABE Group Insurance Pool	7/1/19-6/30/20	\$400,000 per loss, exclusive of defense costs
Criminal Proceeding and Intentional Conduct Defense Reimbursement	MABE Group Insurance Pool	7/1/19-6/30/20	\$50,000 per covered person, \$100,000 annual aggregate
PROPERTY INSURANCE			
Property and Equipment Breakdown	MABE Group Insurance Pool	7/1/19-6/30/20	\$500,000 per occurrence property; \$100,000 Equipment Breakdown
Excess Property	Alliant Property Insurance Program (APIP)	7/1/19-6/30/20	\$1 billion per occurrence, excess of \$500,000
Excess Equipment Breakdown	Federal Insurance Company (Chubb)	7/1/19-6/30/20	\$100 million blanket limit, excess of \$100,000
CRIME			
Crime	MABE Group Insurance Pool	7/1/19-6/30/20	\$25,000 per loss
	Travelers Casualty and Surety		\$2,500,000 per loss, excess of \$25,000
	Axis Insurance Company		\$2,500,000 excess of Travelers
LEGAL LIABILITY			
School Board of Education Legal Liability	MABE Group Insurance Pool	7/1/19-6/30/20	\$250,000 per occurrence
School Board Legal Liability Reinsurance	United Educators Insurance	7/1/19-6/30/20	\$5 million per occurrence, excess of \$250,000
Law Enforcement Liability Reinsurance	United Educators Insurance	7/1/19-6/30/20	\$5 million per occurrence, excess of \$250,000
OPTIONAL EXTRA COVERAGES			
Catastrophic/Cash Policy	National Union Fire Insurance (AIG)	7/1/19-6/30/20	\$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)	7/1/19-6/30/20	\$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