



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2023



Howard County, Maryland

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Certain Appointed Officials

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Rafiu O. Ighile

Director of Finance

Yosef Kebede

Director of Public Works

Gary W. Kuc

County Solicitor

Lynda D. Eisenberg

Director of Planning and Zoning

Holly Sun

Director of Budget

Craig Glendenning

County Auditor

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County Executive

Calvin Ball



County Council

Christiana Rigby
*Chair and
Councilwoman
District 3*



Deb Jung
*Vice Chair and
Councilwoman
District 4*



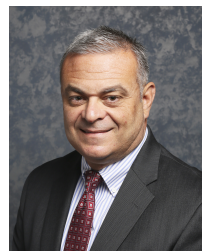
Liz Walsh
*Councilwoman
District 1*



Opel Jones
*Councilman
District 2*

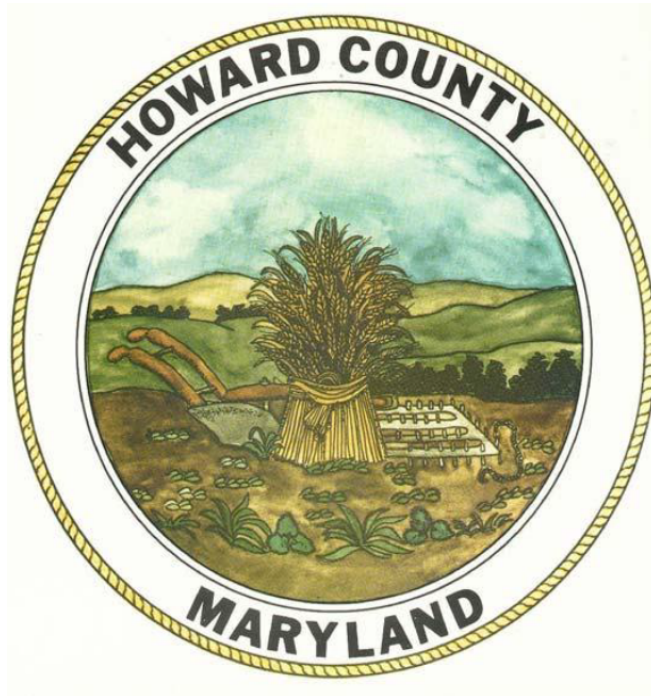


David Yungmann
*Councilman
District 5*



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023



Prepared by the Department of Finance

Howard County, Maryland



INTRODUCTORY SECTION





Table of Contents

Introductory Section

Table of Contents	i
Organizational Chart	iii
Letter of Transmittal	v
Certificate of County Auditor	xv
Certificate of Achievement for Excellence in Financial Reporting	xvi

Financial Section

Independent Auditor’s Report	1
Management’s Discussion and Analysis	5

Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position	25
Statement of Activities	27

Fund Financial Statements

Balance Sheet – Governmental Funds	28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	31
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis - General Fund	32
Statement of Revenue, Expenditures, and Changes in Fund Balance – Budgetary Basis - Grants Fund	33
Statement of Net Position – Proprietary Funds	34
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	36
Statement of Cash Flows – Proprietary Funds	37
Statement of Fiduciary Net Position – Pension and Other Post – Employment Benefits Trust Funds and Custodial Funds	39
Statement of Changes in Fiduciary Net Position – Pension and Other Post-Employment Benefits Trust Funds and Custodial Funds	40

Discretely Presented Component Units Financial Statements

Combining Statement of Net Position – Component Units	41
Combining Statement of Activities – Component Units	42

Notes to the Financial Statements

Notes to Basic Financial Statements – Index	45
Notes to Basic Financial Statements	46

Required Supplementary Information

Pension Trust Funds	111
Other Post-Employment Benefits Funds	119
Length of Service Award Program	122

Combining and Individual Fund Financial Statements and Schedules:

General Fund

Schedule of Revenues and Appropriations from Fund Balances – Budgetary Basis	127
Schedule of Expenditures and Encumbrances – Budgetary Basis	129

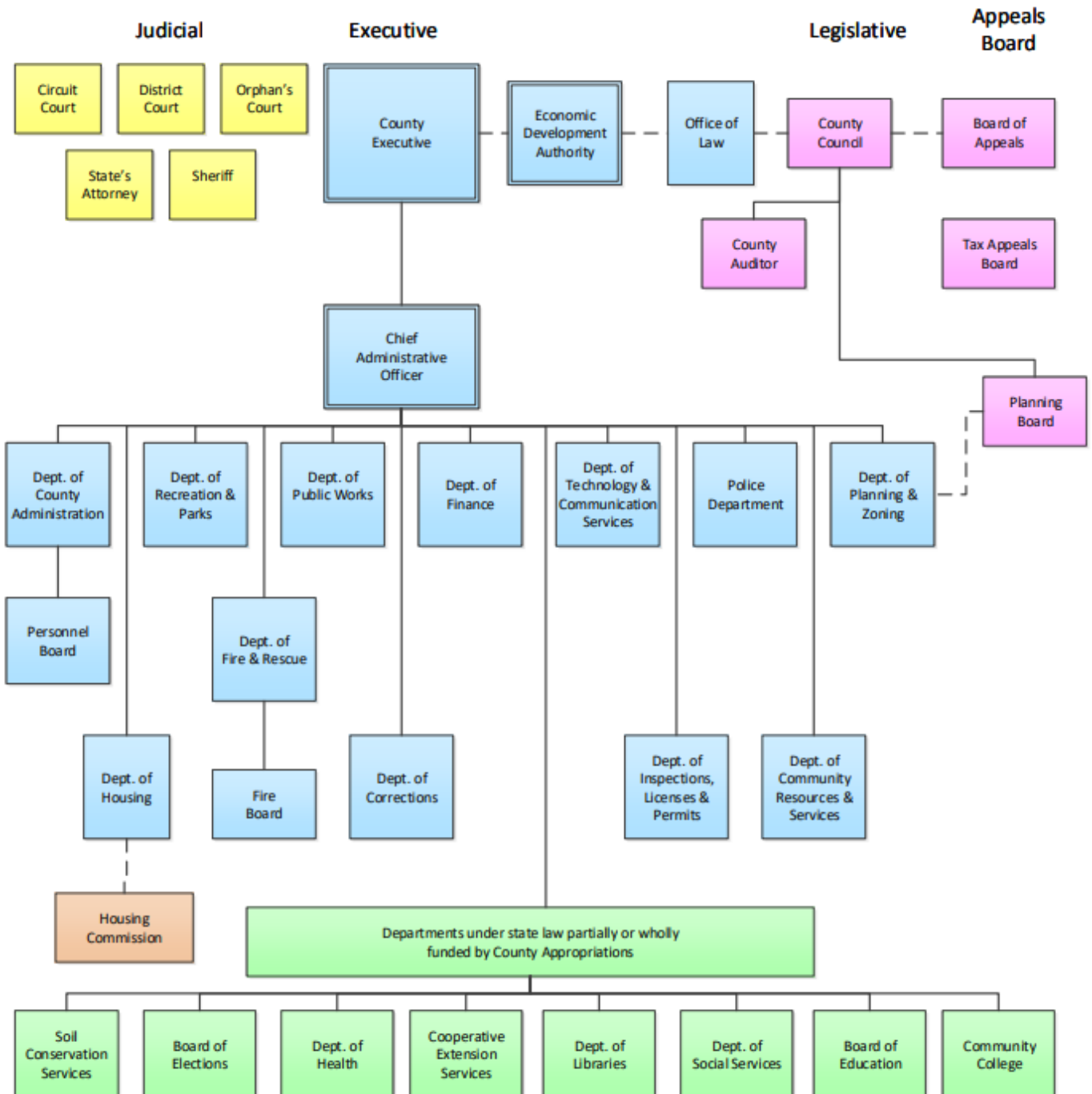
Non-Major Governmental Funds

Combining Balance Sheet – Non-Major Governmental Funds	137
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	138
Combining Balance Sheet – Non-Major Special Revenue Funds	139
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Special Revenue Funds	141

Table of Contents (continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis:	
Agricultural Land Preservation Fund	143
Community Renewal Program Fund	144
Disposable Plastics Reduction Fund	145
Environmental Services Fund	146
Fire and Rescue Reserve Fund	147
Forest Conservation Fund	148
Opioid Abatement Fund	149
Recreation Program Fund	150
Speed and School Bus Camera Enforcement Fund	151
Combining Balance Sheet – Non-Major Capital Project Funds	152
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Capital Project Funds	153
Combining Balance Sheet – Non-Major Debt Service Funds	154
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Debt Service Funds	155
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	
Bond Anticipation Note Fund	156
Tax Increment Financing Fund	157
Non-Major Enterprise Funds	
Combining Statement of Net Position	161
Combining Statement of Revenues, Expenses and Changes in Net Position	162
Combining Statement of Cash Flows	163
Internal Service Funds	
Combining Statement of Net Position	167
Combining Statement of Revenues, Expenses and Changes in Net Position	168
Combining Statement of Cash Flows	169
Fiduciary Funds	
Combining Statement of Net Position – Pension and Other Post-Employment Benefits Trust Funds	173
Combining Statement of Changes in Net Position – Pension and Other Post-Employment Benefits Trust Funds	174
Combining Statement of Net Position – Custodial Funds	175
Combining Statement of Changes in Net Position – Custodial Funds	176
Statistical Section	
Index	179
Net Position by Category	181
Changes in Net Position	182
Fund Balances, Governmental Funds	184
Changes in Fund Balances of Governmental Funds	185
Assessed and Estimated Accrual Value of Taxable Property	186
Direct and Overlapping Property Tax Rates	187
Principal Property Taxpayers	188
Property Tax Levies and Collections	189
Ratios of Outstanding Debt by Type	190
Ratios of General Bonded Debt Outstanding	192
Legal Debt Margin	193
Pledged Revenue Coverage – Special Recreation Facility	194
Pledged Revenue Coverage – Annapolis Junction Special Taxing District	195
Pledged Revenue Coverage – Crescent Special Taxing District	196
Demographic and Economic Statistics	197
Principal Employers	198
County Government Employees by Function	199
Operating Indicators by Function/Program	200
Capital Asset Statistics by Function	201

HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





Howard County Veterans Monument

Home to nearly 20,000 veterans, Howard County's new Veterans and Military Families Monument in Downtown Columbia will honor and pay homage to all who have served our country, guarded our freedoms and protected our way of life.

Thank you to the Howard County Veterans Foundation, which is responsible for the design and planning of this monument.



HOWARD COUNTY DEPARTMENT OF FINANCE

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November 30, 2023

Honorable County Executive,
Honorable Members of the County Council and
Citizens of Howard County

Ladies and Gentlemen:

FORMAL TRANSMITTAL OF THE ACFR

The audited Annual Comprehensive Financial Report (ACFR) of Howard County, Maryland (the County) for the fiscal year (FY) ended June 30, 2023, is hereby submitted in compliance with Howard County Charter, Section 212 and includes the auditor's opinion issued by the independent public accounting firm of CliftonLarsonAllen LLP hired by the County Council. The annual report was prepared by the Howard County Department of Finance in cooperation with the finance departments of the County's component units.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen LLP, licensed certified public accountants, performed an independent audit and issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2023. The Independent Auditor's Report is presented as the first element of the Financial Section of this report.

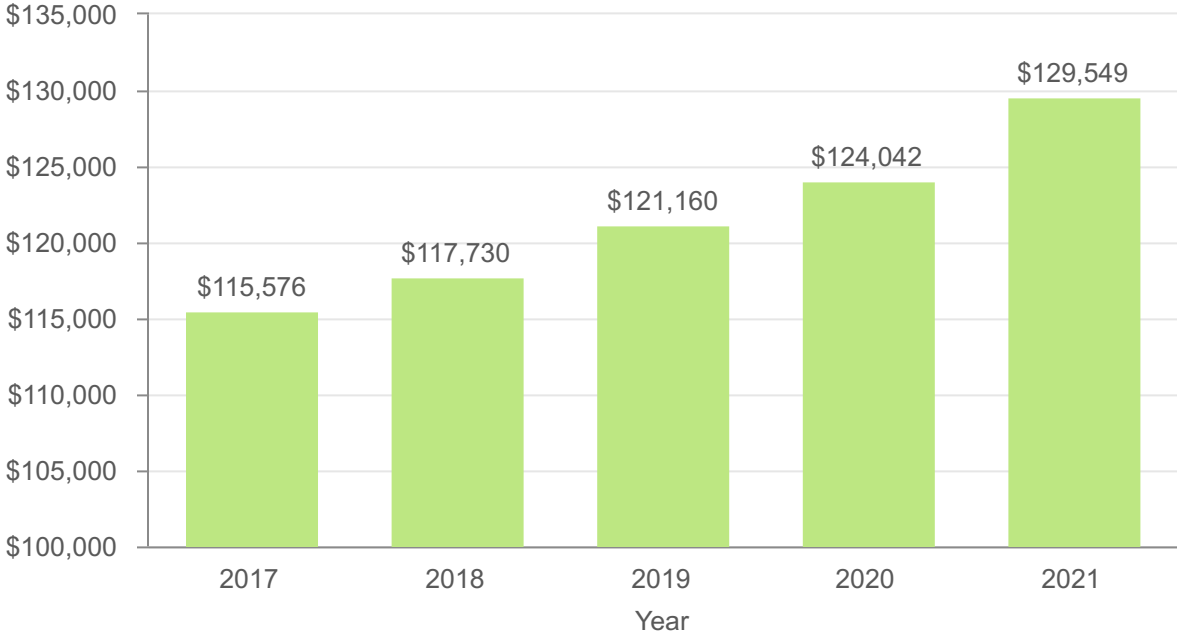
Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Howard County, Maryland was formed in 1851 and was named for the fifth Governor of Maryland, Colonel John Eager Howard. Under a home rule charter adopted in 1968, the County's executive functions are vested in the elected County Executive. The County Council consists of five members elected by district.

Located directly between Baltimore, Maryland and Washington, D.C. and at its closest point is less than four miles from the former and 13 miles from the latter, the County is 251 square miles in area. The County was predominantly agricultural in character until 1966, when construction began on the master-planned community of Columbia. Columbia is unique for its purposeful goal to be an integrated community at a time before the Fair Housing Act of 1968 made it illegal to discriminate in housing based on race, color, national origin or religion. The County's population has grown an average of 1.67% annually since 2000 and is home to approximately 334,529 residents based on estimates by the Howard County Department of Planning and Zoning. Howard County is one of the most affluent, advanced and educated communities in the United States. The Howard County Library System (HCLS) was recognized as one of the best Library Systems in North America and received four stars from the Library Journal Index of Public Service in 2022. Columbia/Ellicott City was ranked in the top ten of Money Magazine's Best Places to Live in 2022. According to the U.S. Census Bureau's American Community Survey, Howard County has both the highest median income in the State and one of the highest in the nation. Columbia was also recognized by WalletHub as the "Safest City in America," "Happiest City in America," "Best City for People with Disabilities" and "Best City for Jobs".

Howard County, Maryland Median Household Income



Source: United States Census Bureau, 2017-2021 American Community Survey 5-Year Estimates

COMPONENT UNITS

The County government provides all the local government services as there are no incorporated cities or towns in Howard County. Services provided by the County include police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks. In addition to general government activities, the governing body has financial accountability for the Howard County Public School System, Howard Community College, the Howard County Library System, and the Howard County Housing Commission. Therefore, the activities of these entities are included in this annual report. Additional information on all four of these legally separate entities can be found in Note 1A in the Notes to Basic Financial Statements. The financial activities of the Howard County Economic Development Authority, which is also a component unit of the County, are excluded due to immateriality. The Volunteer Fire Districts do not meet the established criteria for inclusion in the reporting entity and are excluded from this report accordingly.

BUDGET

The Howard County budget is a comprehensive plan of all monies spent by County departments and agencies. As required by County law, the budget consists of the current operating expenditure and revenue budget (with five-year spending projections), the capital budget and capital program, and the budget message. The annual budget includes all revenues, all expenditures and the projected surplus or deficit in the general fund and all other funds. Funds in the operating budget include appropriations for the following functional areas: education, public safety, public works, community services, general government, legislative and judicial, and capital, debt and reserves. The capital budget includes funds to construct major government facilities such as roads, bridges, schools, libraries, water and sewer infrastructure and fire stations. Capital projects usually take more than a year to complete, unlike the operating budget which covers only one year.

The budget process begins each fall when the County Executive appoints a Spending Affordability Advisory Committee to establish guidelines for determining debt affordability levels for the upcoming year. County departments and agencies submit budget requests to the Executive in December. After a public process that involves two public hearings and a thorough review of departmental requests, the County Executive submits proposed capital and operating budgets to the County Council by April 1 and 21, respectively. The County Council then conducts a series of public hearings and work sessions in April and May to review the Executive's proposed budget. The County Council cannot change the form of the budget as submitted by the Executive to alter the revenue estimates or to increase any expenditure recommended by the Executive for current or capital purposes unless expressly provided for in State law or to correct mathematical errors. The County Council can reduce the Executive's budget, but not increase it, except in the case of the Public School's budget. The County Council may restore funds back to the level requested by the School Board. After its review, the County Council finalizes the entire budget and sets tax rates, fees and charges needed to generate enough revenue to balance the budget. The Annual Budget must be adopted by the County Council by the first day of the last month of the current fiscal year. Expenditure authority for the operating budget is at the fund and department level in major

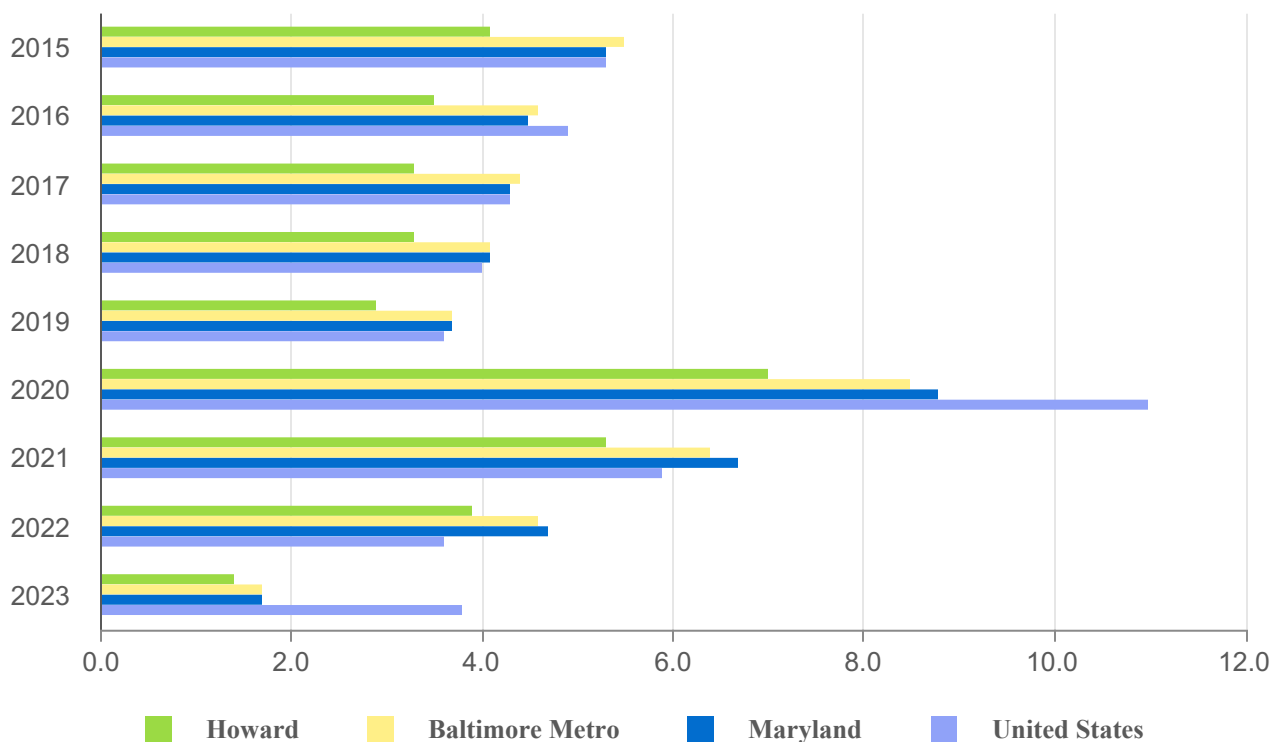
categories, including personnel costs, various operating expenses and capital cost. Appropriations in the capital budget are determined at the project level on an annual basis.

Once the budget is approved, the County Council can only amend it at the request of the County Executive. The operating budget is amended during the year through the use of supplemental budget appropriation ordinances (SAOs). The County Executive may request at any time during the fiscal year, the approval of an SAO by transferring funds from the County’s budgeted contingency reserves. The capital budget may be amended through the use of Transfer Appropriation Ordinances (TAOs). The County Executive may request, at any time during the fiscal year that a TAO be approved by transferring funds from one capital project to another. At no time may the bottom line of the capital budget be increased. The County maintains an encumbrance system for budgetary control. All unencumbered appropriations of the operating budget lapse at year-end. Unencumbered capital appropriations continue until the specific capital project is closed.

ECONOMIC CONDITION AND OUTLOOK

Howard County continues to have a diverse economic base, taking advantage of a friendly business climate, a highly educated workforce and superb quality of life. It is located in the heart of the corridor between Washington, D.C. and Baltimore. The unemployment rate is expected to remain below the state 1.70% and national 3.80% levels as evidenced by the June 2023 rate of 1.40%. The unemployment rate has continued to decline to pre-pandemic levels.

June Unemployment Rates



LOCAL ECONOMY

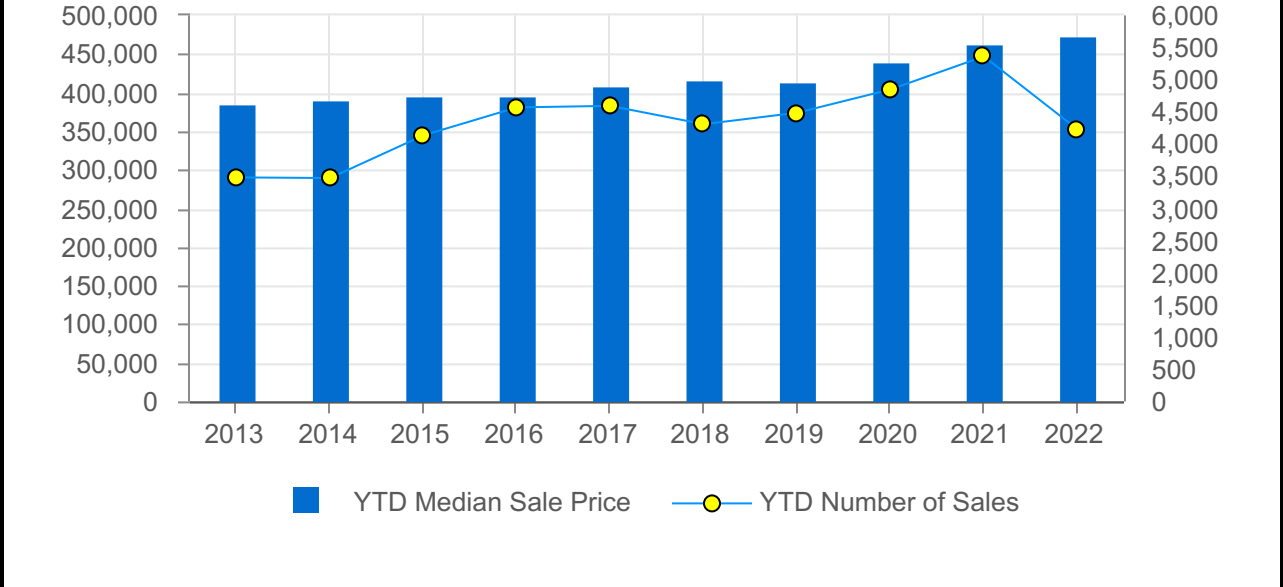
Howard County's ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. According to the Maryland Department of Labor Licensing and Regulation, over 12,143 businesses in Howard County employ 164,283 workers in industries such as information technology, telecommunications, biotechnology, research and development, wholesale distribution, manufacturing, agriculture and in multinational corporations. The service sector is the largest industry in the County, employing 89% of the workforce. In the service industry, government contracts support cybersecurity and information technology programs and will continue to do so with the growth projected at Fort George Meade, which is less than two miles outside the County border.

Office space vacancies continued to remain level at 11.0% since COVID-19, but commercial real estate vacancy rates continue to decline. The average for flex, retail, industrial, and office space remain below 3.5% as reported by Costar. The year-to-date average vacancy rate for 2023 is 5.0%. FY 2023 property tax revenues increased 3.6% above the previous fiscal year. In its FY 2024 budget, Howard County projects a modest increase in property tax revenues. One-third of property in the County is assessed each year, with increases in assessed values phased in over 3 years. This triennial assessment of property, the phasing-in of assessment increases, and the County's 5% Homestead Property Tax Credit rate help to stabilize the tax base and tax revenues.

Local income tax is the County's other main revenue source. Income tax collection increased by 5.6% when compared to the actual for FY 2022, partially due to increased capital gains and continuing pandemic related stimulus. According to the State, there was a sizable over-distribution of County income tax for tax year 2022, due to the complexity of forecasting and a time lag in reconciliation. The FY 2024 projection for income tax collections represents a 15.0% increase from what was budgeted in FY 2023.

Recordation tax, a leading indicator of the health of the local real estate market, continues to fluctuate. FY 2023 revenue from recordation tax decreased 33.9% from the previous fiscal year. The FY 2024 budget projects a 44% decrease in recordation tax collections compared to FY 2023. The demand for real estate remains strong, especially in the residential resale market, where the average days on market remained at 14 days.

Howard County, Maryland
Median Home Sale Price and Number of Home Sales Trend
As of December



Source: Metropolitan Regional Information Systems Inc.

As a result of continued focus on opportunities to reduce spending and increase efficiencies, the County had a surplus at the end of FY 2023. The adopted budget projects the FY 2024 gross assessable base of Howard County will increase by 4.8% from FY 2023. Homestead Tax Credits applications increased by nearly 1,100, resulting in a net taxable assessment increase of approximately 4.9%. The Homestead Tax Credit limits taxable increases on homeowner occupied properties to 5% per year. Approximately 21% of homeowner occupied properties in Howard County received this credit in FY 2023.

MAJOR INITIATIVES

The County will continue the strong fiscal management policies which have led to Triple-A rating from all three major credit rating agencies. The Howard County Circuit Courthouse became the first courthouse on the East Coast to be delivered using a Public Private Partnership (P3) model. The County took occupancy in July 2021 and continues to make monthly payments to Edgemoor-Star America Judicial Partners (ESJP) to operate and maintain the Courthouse for the next 30 years to the high standards established by the County. Howard County will focus on the following priority areas in the future: Ready and successful students; Safe and engaged communities; Clean and sustainable environment; Thriving and healthy residents; Reliable and accessible infrastructure; Strong and prosperous businesses; and Innovative and efficient government.

LONG TERM FINANCIAL PLANNING

Rainy Day Fund

County voters approved an amendment to the County Charter to establish a budget stabilization account, also known as a Rainy Day Fund, to provide a financial safety net for the County effective December 3, 1992. The amendment requires all surplus funds in the County be placed in this fund until it reaches 7% of the prior year's audited expenditures. The funds may be used if an emergency exists pursuant to the County Charter, or if the County Executive determines that actual revenues will be substantially below the revenues budgeted and reasonable expenditure reduction will not offset the anticipated loss. See Note 1Q in the Notes to Basic Financial Statements for a discussion of the status of the Rainy Day Fund. The Rainy Day Fund's balance is currently at the target level.

Capital Projects and Debt Administration

The County funds its capital programs based on the requirements of the General Plan and supporting master plans for schools, recreation and parks, human services, water and sewer, solid waste, libraries, fire stations and public facilities.

The County plans long and short-term debt issuance to finance its capital budget based on cash flow needs, sources of revenue, capital construction periods, available financing instruments and market conditions. The County finances its capital needs on a regular basis dictated by its capital spending pattern. External financial specialists assist the County in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. Bonds issued by the County mature over a term that does not exceed the economic life of the improvements that they finance.

The County consolidates general County improvements into Consolidated Public Improvement bonds with a term of up to 20 years and water and sewer improvements into Metropolitan District Bonds with a term of up to 30 years. Debt obligations are generally issued through a competitive sale. However, the County has the option to use a negotiated sale process when it will provide significant savings and/or if the terms of the offering are sufficiently complex that a competitive sale may not be financially prudent.

Spending Affordability Advisory Committee

The Spending Affordability Advisory Committee was established by Executive Order in 1987 to provide recommendations and projections for the upcoming budget year. Specifically, the Committee is charged to review in detail the status and projections of revenues and expenditures for the County for the next budget year and subsequent five years; to evaluate future County revenue levels and consider the impact of economic indicators such as changes in residential personal income and assessable base growth; and to evaluate expenditure levels with consideration of County long-term obligations and the best way to pay for them.

The Committee recommends revenue projections and the amount of new County debt authorization for the upcoming fiscal year. The Committee report includes the effect its recommendations will

have on future budgets. This Committee also assesses the County's ability to repay bond debt and issues an annual report defining debt capacity of the County.

FINANCIAL POLICIES

The financial policies and management practices of Howard County were recognized by all three major rating agencies with a continued Triple-A credit rating, the highest possible rating.

Debt Management Policy

The County adopted an updated debt management policy on October 7, 2009 that establishes the processes employed to manage its debt. The policy sets the parameters for issuing debt and managing outstanding debt. It provides guidance to decision makers regarding the timing and purposes for which debt may be issued, types and amounts of permissible debt, method of sale that may be used and structural features that may be incorporated. By establishing a debt policy, the County has recognized the binding commitment to full and timely repayment of all debt. The policy ensures that the County maintains a sound debt position and that credit quality is protected.

Investment Policy

The County's investment policy provides for the safety and liquidity of public funds by minimizing credit and market risk while maintaining a competitive yield on the investment portfolio. Investment activities are governed by State laws. Accordingly, the County invests in: certificates of deposit (Maryland State banks only); repurchase agreements; banker's acceptances; commercial paper; U.S. Government and Federal agency obligations; Treasury and other government mutual funds; supranational issuers; and the State of Maryland investment pool. Repurchase agreements and certificates of deposit are subject to the County's collateralization policy. The investment policy was updated and adopted by the County Council on February 4, 2019. The Association of Public Treasurers of the United States and Canada presented the County with the Association's Investment Policy Certificate of Excellence Award in June 2019. The investment policies for the two Howard County retirement plans establish asset allocation targets, investment manager selection, and investment performance guidelines.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Howard County, Maryland for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This was the 47th consecutive year that the County received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized ACFR. This report satisfied both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements.

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

Also, the County received the GFOA's Popular Annual Financial Report (PAFR) Award for the fiscal year ended June 30, 2022. In order to be eligible for the PAFR Award, a government must also submit its annual comprehensive financial report to GFOA's Certificate of Achievement for Excellence in Financial Reporting Program and receive the Certificate for the current fiscal year. Each eligible report is reviewed by judges who evaluate the report based on the following categories: reader appeal, understandability, distribution methods, creativity and other elements.

In addition, the County also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2022. This was the 29th consecutive year the County has received this award. In order to qualify for the Distinguished Budget Presentation Award, the County's budget document was judged as proficient in several categories, including as a policy document, a financial plan, an operations guide and a communication device.

A very special thank you to the Department of Finance for their efforts in preparing and publishing this document. Credit also must be given to the County Executive and the County Council for their unwavering support for maintaining the highest standards of professionalism in the management of Howard County's finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Rafiu O. Ighile". The signature is fluid and cursive.

Rafiu O. Ighile, CPA, CGMA, MBA
Director of Finance





OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

November 27, 2023

CERTIFICATE OF THE COUNTY AUDITOR

Honorable Members of the County Council

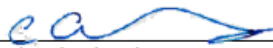
Christiana Rigby, Chairperson
Deb Jung, Vice Chairperson
Liz Walsh
Opel Jones
David Yungmann

The Honorable Calvin Ball
County Executive

Article II, Section 212, of the Howard County Charter, requires that a complete audit of all offices, departments, institutions, boards, commissions, corporations, courts, and other agencies of the County Government be prepared for the preceding fiscal year, and submitted to the County Council and to the County Executive, no later than November 30th of each year.

The independent certified public accounting firm of CliftonLarsonAllen LLP has been retained by the County Council to assist the County Auditor in the discharge of this responsibility. I hereby certify that the auditing requirements of Article II, Section 212, of the Howard County Charter have been satisfied for the fiscal year ended June 30, 2023. Also, in accordance with the Charter Amendment approved by the voters of Howard County, I will make copies of this report available to the public at the County Auditor's Office and at the Howard County public libraries.

Respectfully submitted,



Craig Glendenning, CPA
County Auditor



Centennial Park

With more than 30,000 acres of parkland and more than 100 miles of trails for hiking, biking, running and strolling, Howard County is the perfect place to enjoy time in the great outdoors.



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Howard County
Maryland**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION







INDEPENDENT AUDITORS' REPORT

Honorable Members of the County Council
Howard County, Maryland

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Howard Community College, Howard County Public Schools, and Howard County Public Library, which represent 90%, 98%, and 97%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the aggregately discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Howard Community College, Howard County Public Schools, and Howard County Public Library, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, for the year ended June 30, 2023, the County adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires SBITAs to recognize a right-to-use software asset and corresponding SBITA liability for all SBITA with terms greater than twelve months. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-22, and the required supplementary information on pages 111-122 as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining and individual fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

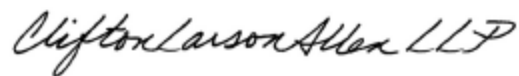
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Honorable Members of the County Council
Howard County, Maryland

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, on our consideration of the County'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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Baltimore, Maryland
November 27, 2023

Management's Discussion and Analysis

As management of Howard County, Maryland (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal and the County's basic financial statements. The discussion focuses on the County's primary government and, unless otherwise noted, does not include component units reported separately from the primary government.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$1.41 billion. The unrestricted net position, which represents the amounts available to meet the County's ongoing obligations to citizens and creditors, was a deficit of \$349.3 million. The deficit occurs mainly because the County issues debt to fund construction costs for the Howard County Public School System and the Howard Community College, two of its component units, but does not own the corresponding assets. Debt outstanding for these entities amounted to \$509.1 million. The current net book value of the public school system's buildings and improvements and construction in progress is \$1.36 billion. The County is committed to providing postemployment benefits to its employees. As a result, the County has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2023 the County had liabilities of \$425.0 million for postemployment benefits which caused the deficit balance in the unrestricted net pension.
- The \$218.5 million increase in the County's total government-wide net position is primarily due to an increase of \$73.9 million in total general revenues.
- At the close of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$725.8 million, an increase of \$113.7 million over the prior year's ending balances. Specifically, the fund balance of the General Fund increased by \$82.3 million primarily due to an increase in revenue of \$97.6 million. This increase was primarily driven by a 8% increase in distribution of local income tax of \$52.5 million and an increase of \$20.7 million in property tax. The fund balance of the General Capital Projects Fund decreased by \$6.2 million due to timing differences in the receipt of bond and grant proceeds. The fund balance of the Other Governmental Funds increased by \$23.1 million due to property tax and other revenues exceeding expenditures.
- At the end of the current fiscal year, approximately \$418.2 million, or 57.6% of the total governmental fund balance, is available to meet the County's current and future needs as mandated by the appropriate level of authority within the County and is properly designated as committed, assigned and unassigned. The available fund balance for the General Fund is \$485.0 million, or 37.7% of total General Fund expenditures.
- The County's total long-term debt decreased by \$24.7 million, or 1.2% during the current fiscal year. The major factors in this decrease were the issuance of \$73.3 million Consolidated Public Improvement (CPI) Project Bonds and \$16.4 million in Metropolitan (Metro) District Project Bonds. The County retired \$89.5 million, \$13.6 million, \$1.5 million and \$3.9 million of CPI, Metro, Water Quality Bonds and Long-term Financed Purchase payments, respectively. The County also retired \$650,000 of Special Facility Revenue bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements that include: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. In addition, they report the County's net position and how they have changed during the fiscal year.

The *Statement of Net Position* is the Countywide statement presenting information that includes all County assets and deferred outflows of resources and County liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluations of the overall health of the County would extend to other non-financial factors such as diversification of the taxpayer base or the condition of County infrastructure in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the government's net position changed during the current fiscal year. All current-year revenues and expenses are included regardless of when cash is received or disbursed. An important purpose of the Statement of Activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include: general government, public safety, public works (roads, trash collection and disposal, planning and zoning, inspections and permits), legislative and judicial, education, community services (health, housing, aging, and consumer protection), recreation and parks, and capital improvements. The business-type activities of the County include the operations of water and sewer services, watershed restoration and protection services, broadband services, and a public golf course. Fiduciary activities, such as employee pension plans, are not included in the government-wide statements since these assets are not available to fund County programs.

The government-wide financial statements include not only the County, the primary government, but also a legally separate school system, community college, library system, and housing commission for which the County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements are located on pages 25-27 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources that have been segregated for specific activities or objectives. State and local governments use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregate presentation. Individual fund data for non-major funds is provided in the form of combining statements in the latter section of this report.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements focusing on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the government-wide focus includes the long-term view and the fund focus includes the short-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

The County maintains seventeen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures, and changes in fund balances for the general, general capital projects, and grant funds, all of which are major funds. Data from the other non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its governmental funds. Budgetary comparison statements are provided for the general and grant funds to demonstrate compliance with this budget. Budgetary statements for non-major special revenue and debt service funds are provided in the combining section of this report.

The basic governmental fund financial statements are located on pages 28-33 of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County maintains two different types of proprietary funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer infrastructure and operations, its watershed restoration and protection services, its broadband services, and for the operations of its public golf course. Internal service funds are an accounting structure used to accumulate and allocate costs internally among the County's various functions.

The County uses internal service funds to account for its fleet of vehicles, technology and communication systems, risk management self-insurance program, and employee benefits self-insurance. Because the internal service funds' services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide both long- and short-term financial information consistent with the focus provided by the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer operations, which is a major fund of the County, and combined fund information for the watershed restoration and protection services, broadband services, and golf course operations, which are all non-major funds of the County. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary funds financial statements are located on pages 34-38 of this report.

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

The basic fiduciary funds financial statements are located on pages 39-40 of this report.

The component unit financial statements are located on pages 41-42 of this report.

Notes to Basic Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to Basic Financial Statements are located immediately after the Basic Financial Statements on pages 46-108.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning management's discussion and analysis and the County's progress in funding its obligation to provide pension and other post-employment benefits (OPEB) to its employees. Required supplementary information is located on pages 111-122 of this report.

The combining statements referred to earlier in connection with the general fund, non-major governmental funds, enterprise funds, internal service funds, and fiduciary funds are presented immediately following the required supplementary information on pensions and are considered to be supplementary information. Combining and individual fund statements and schedules begin on page 127 of this report.

The Statistical Section begins on page 181.

Government-Wide Financial Analysis

Over time, changes in net position serve as a useful indicator of a government’s financial position. Howard County’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1.4 billion at the close of the most recent fiscal year.

Statement of Net Position

The following presents a summary of the Statements of Net Position for the County as of June 30, 2023 and 2022:

Summary of Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 1,294,228,559	\$ 1,191,397,634	\$ 246,118,438	\$ 260,009,407	\$ 1,540,346,997	\$ 1,451,407,041
Capital assets	1,882,319,592	1,856,022,761	891,123,311	878,070,440	2,773,442,903	2,734,093,201
Total assets	<u>3,176,548,151</u>	<u>3,047,420,395</u>	<u>1,137,241,749</u>	<u>1,138,079,847</u>	<u>4,313,789,900</u>	<u>4,185,500,242</u>
Deferred outflows of resources	280,872,944	238,086,344	15,370,384	16,290,826	296,243,328	254,377,170
Total assets and deferred outflows	<u>3,457,421,095</u>	<u>3,285,506,739</u>	<u>1,152,612,133</u>	<u>1,154,370,673</u>	<u>4,610,033,228</u>	<u>4,439,877,412</u>
Liabilities						
Long-term liabilities outstanding	2,140,546,631	2,283,803,757	471,742,675	484,858,546	2,612,289,306	2,768,662,303
Other liabilities	179,849,407	185,410,740	21,959,673	22,281,719	201,809,080	207,692,459
Total liabilities	<u>2,320,396,038</u>	<u>2,469,214,497</u>	<u>493,702,348</u>	<u>507,140,265</u>	<u>2,814,098,386</u>	<u>2,976,354,762</u>
Deferred inflows of resources	361,919,190	258,806,223	25,875,322	15,059,927	387,794,512	273,866,150
Total liabilities and deferred inflows	<u>2,682,315,228</u>	<u>2,728,020,720</u>	<u>519,577,670</u>	<u>522,200,192</u>	<u>3,201,892,898</u>	<u>3,250,220,912</u>
Net position						
Invested in capital assets	956,484,636	1,007,748,724	477,456,646	463,785,341	1,433,941,282	1,471,534,065
Restricted	311,100,549	289,172,801	12,443,251	18,476,829	323,543,800	307,649,630
Unrestricted (deficits)	<u>(492,479,318)</u>	<u>(739,435,506)</u>	<u>143,134,566</u>	<u>149,908,311</u>	<u>(349,344,752)</u>	<u>(589,527,195)</u>
Total net position	<u>\$ 775,105,867</u>	<u>\$ 557,486,019</u>	<u>\$ 633,034,463</u>	<u>\$ 632,170,481</u>	<u>\$ 1,408,140,330</u>	<u>\$ 1,189,656,500</u>

The County’s current and other assets increased by \$129.1 million or 4% from FY2022. Its assets and deferred outflow of resources exceeded liabilities and deferred inflows of resources at the close of FY 2023 by \$775.1 million. The largest portion of the County’s net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and right-to-use assets) less any related debt used to acquire or construct those assets that is still outstanding. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

It is important to note that although counties in the State of Maryland issue debt for the construction of schools, the school buildings are owned by each county's Board of Education. Ownership reverts to the County if the local board determines a building is no longer needed. The County also funds projects for the Howard Community College and for intersection improvements to state-owned roads. Therefore, while the County's financial statements include this outstanding debt, they do not include the capital assets funded by the debt. Debt outstanding for these entities amount to \$509.1 million as of June 30, 2023. The negative unrestricted governmental activities' net position of \$492.5 million reflects the imbalance of liabilities without corresponding assets as well as the governmental activities' portion of the County's Net OPEB liability of \$229.8 million and net pension liability of \$176.5 million.

An additional portion of the County's net position \$323.5 million or 23.0% represents resources subject to external restrictions on their usage.

The County's total net position increased by \$218.5 million for FY 2023.

Statement of Activities

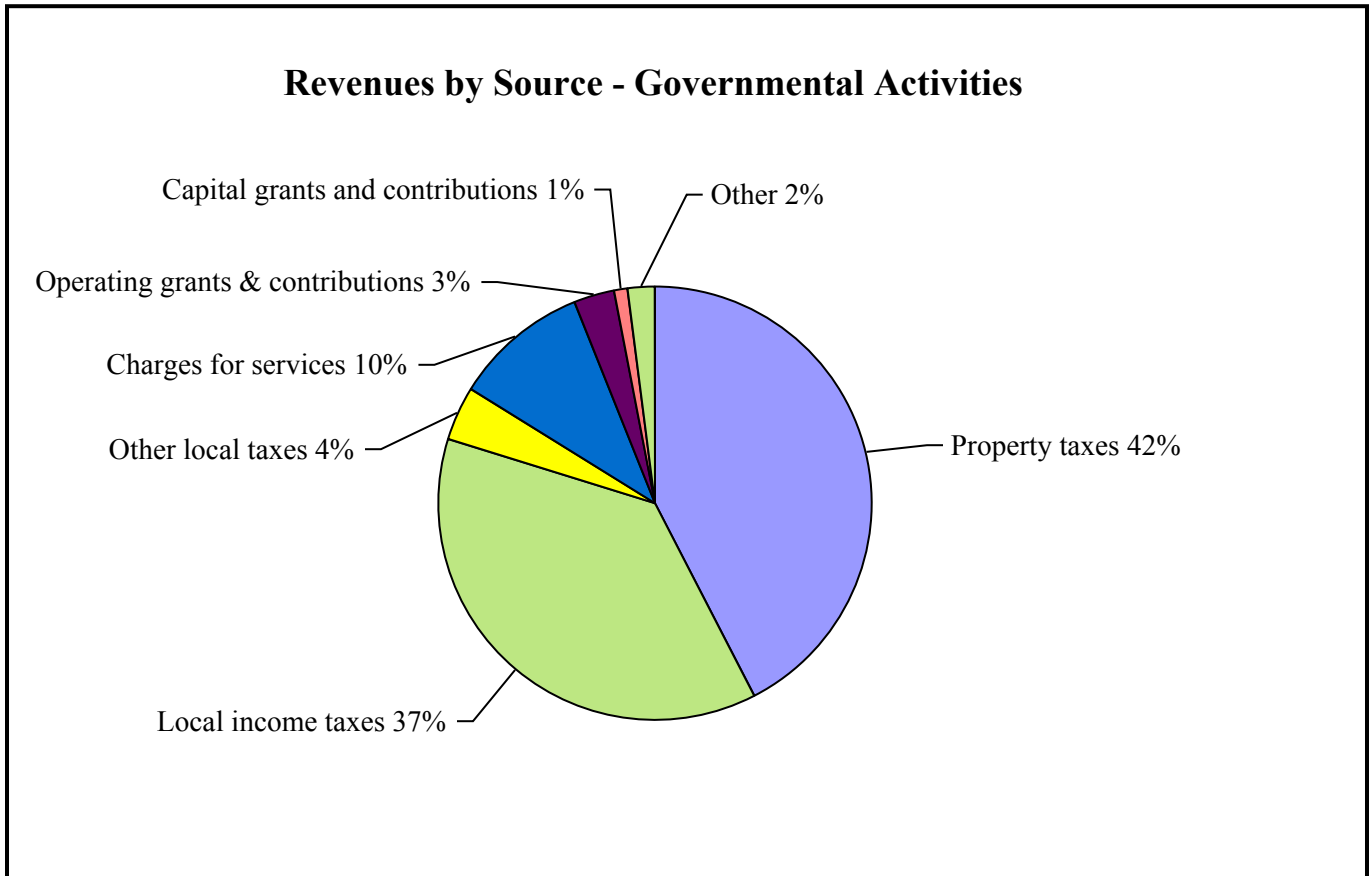
The following table summarizes the County’s change in net position for the years ended June 30, 2023 and 2022:

Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues						
Charges for services	\$ 177,126,525	\$ 160,726,395	\$ 79,105,731	\$ 78,951,642	\$ 256,232,256	\$ 239,678,037
Operating grants and contributions	60,020,345	84,412,904	41,615,800	40,510,564	101,636,145	124,923,468
Capital grants and contributions	20,156,985	17,378,972	5,440,529	10,376,098	25,597,514	27,755,070
General revenues						
Property taxes	783,897,719	756,762,754	—	—	783,897,719	756,762,754
Local income taxes	689,157,003	652,606,282	—	—	689,157,003	652,606,282
Other taxes	77,676,586	110,008,159	—	—	77,676,586	110,008,159
Other	36,642,812	(492,948)	6,377,315	962,104	43,020,127	469,156
Total revenues	1,844,677,975	1,781,402,518	132,539,375	130,800,408	1,977,217,350	1,912,202,926
Expenses						
General government	68,823,209	72,881,510	—	—	68,823,209	72,881,510
Public safety	281,581,262	264,850,920	—	—	281,581,262	264,850,920
Public works	233,682,852	215,560,704	—	—	233,682,852	215,560,704
Recreation and parks	60,108,042	53,247,567	—	—	60,108,042	53,247,567
Legislative and judicial	39,744,597	34,828,987	—	—	39,744,597	34,828,987
Community services	71,605,180	64,131,907	—	—	71,605,180	64,131,907
State highways	2,906,665	2,374,495	—	—	2,906,665	2,374,495
Education	798,526,488	798,493,045	—	—	798,526,488	798,493,045
Interest on long-term debt	56,003,343	58,538,363	—	—	56,003,343	58,538,363
Water & Sewer	—	—	135,186,205	125,680,688	135,186,205	125,680,688
Other	—	—	10,565,677	8,730,735	10,565,677	8,730,735
Total expenses	1,612,981,638	1,564,907,498	145,751,882	134,411,423	1,758,733,520	1,699,318,921
Increase (decrease) in net position before transfers	231,696,337	216,495,020	(13,212,507)	(3,611,015)	218,483,830	212,884,005
Transfers	(14,076,489)	(7,010,382)	14,076,489	7,010,382	—	—
Change in net position	217,619,848	209,484,638	863,982	3,399,367	218,483,830	212,884,005
Net position - beginning	557,486,019	348,001,381	632,170,481	628,771,114	1,189,656,500	976,772,495
Net position - ending	\$ 775,105,867	\$ 557,486,019	\$ 633,034,463	\$ 632,170,481	\$1,408,140,330	\$1,189,656,500

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$217.6 million from the prior fiscal year for an ending balance of \$775.1 million.

General revenue sources continue to be among the County's major sources of revenue. Governmental activities revenues totaled \$1,844.7 million for FY 2023 and were comprised of the following:



Taxes constitute the largest source of County revenues, amounting to \$1,550.7 million for the current fiscal year.

- Property and income taxes combined comprised 79% of all County tax revenues. Each County in Maryland sets its income tax rate within parameters established by the State. The local income tax rate was 3.2% of the State taxable income for calendar years 2023 and 2022. There is no local sales tax in the State of Maryland. Property taxes remains among the largest source of revenues at \$783.9 million for the current fiscal year. The real property tax rate, which is set each year by the County Council, is applied to the assessed value of the property. Real property tax is levied annually on all taxable land and improvements, the current County tax rate is \$1.014/per \$100 assessment.
- Recordation tax revenues decreased by \$11.0 million. The tax is applied to instruments that transfer an interest in real property (deed, lease, easement, contract, etc.) and is imposed on all documents recorded in the Howard County Land Records pursuant to the Howard County Code Section 11.101. State Transfer taxes (Maryland and Howard County). The decrease is due to higher mortgage interest rates that are disincentivizing property transfers and refinancings.

- Operating grants and contributions primarily represent grants from the Federal and State governments and State aid programs. The majority of such revenues are received to fund the following County programs: public safety (\$3.5 million or 5.8%), public works (\$20.2 million or 33.6%), and community services (\$13.8 million or 23.0%).

The governmental activities' expenses increased from \$1,564.9 million in the prior year to \$1,613.0 million in the current year. The most significant increases (decreases) are related to the following functional areas:

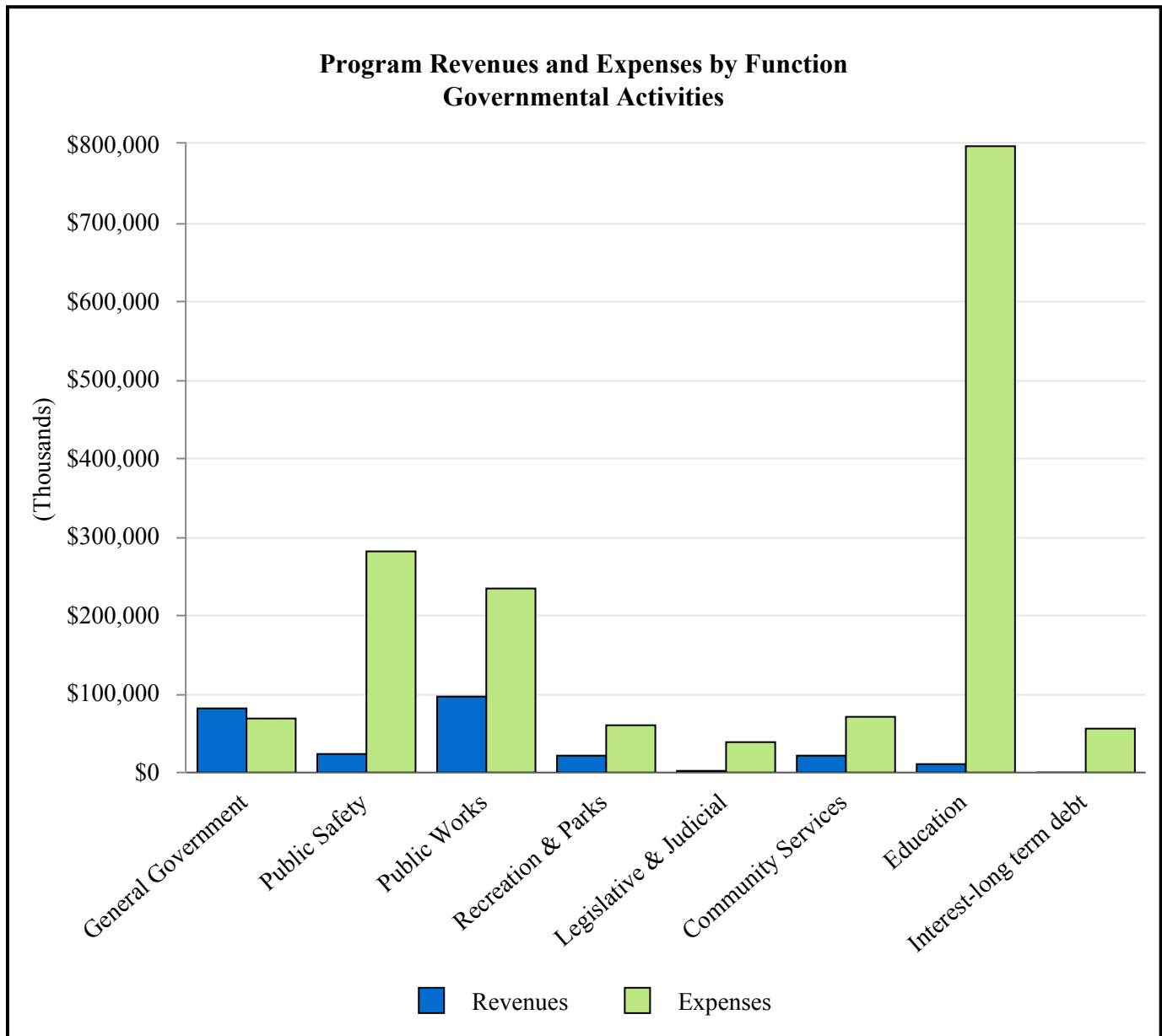
Increases:

- Public Safety
 - Net increase of \$13.0 million in net liability for pension and OPEB due to decrease in fair value of investments
 - Created/hired 24 new positions for patrol officers at a cost of \$3.7 million to keep up with population growth and ensure appropriate response times
- Public Works
 - \$3.8 million spent on road resurfacing projects
 - \$5.9 million increased depreciation expense related to bringing new P3 Courthouse online
 - \$2.4 million increase in waste export services due to significant rate increase
- Recreation & Parks
 - \$1.2 million spent to address increased need for childcare and programs after the pandemic by increasing the hourly wage in order to attract and hire additional staff and retain current employees
- Legislative & Judicial
 - \$1.0 million increase in salaries to expand the Body Worn Camera program
 - \$1.0 million increase in expenses due to hiring election workers to staff the November 2022 election
- Community Services
 - \$8.6 million increase in Affordable Housing Initiatives

Offset by Decreases:

- Interest on long-term debt – Less bonds were issued in FY 2022 vs FY 2021 resulting in \$2.5 million of lower interest costs in FY 2023
- General Government – FY 2022 included \$4.3 million of expenses on CARES ACT grant which ended that year.

Governmental activities program revenues and expenses by function are depicted below:

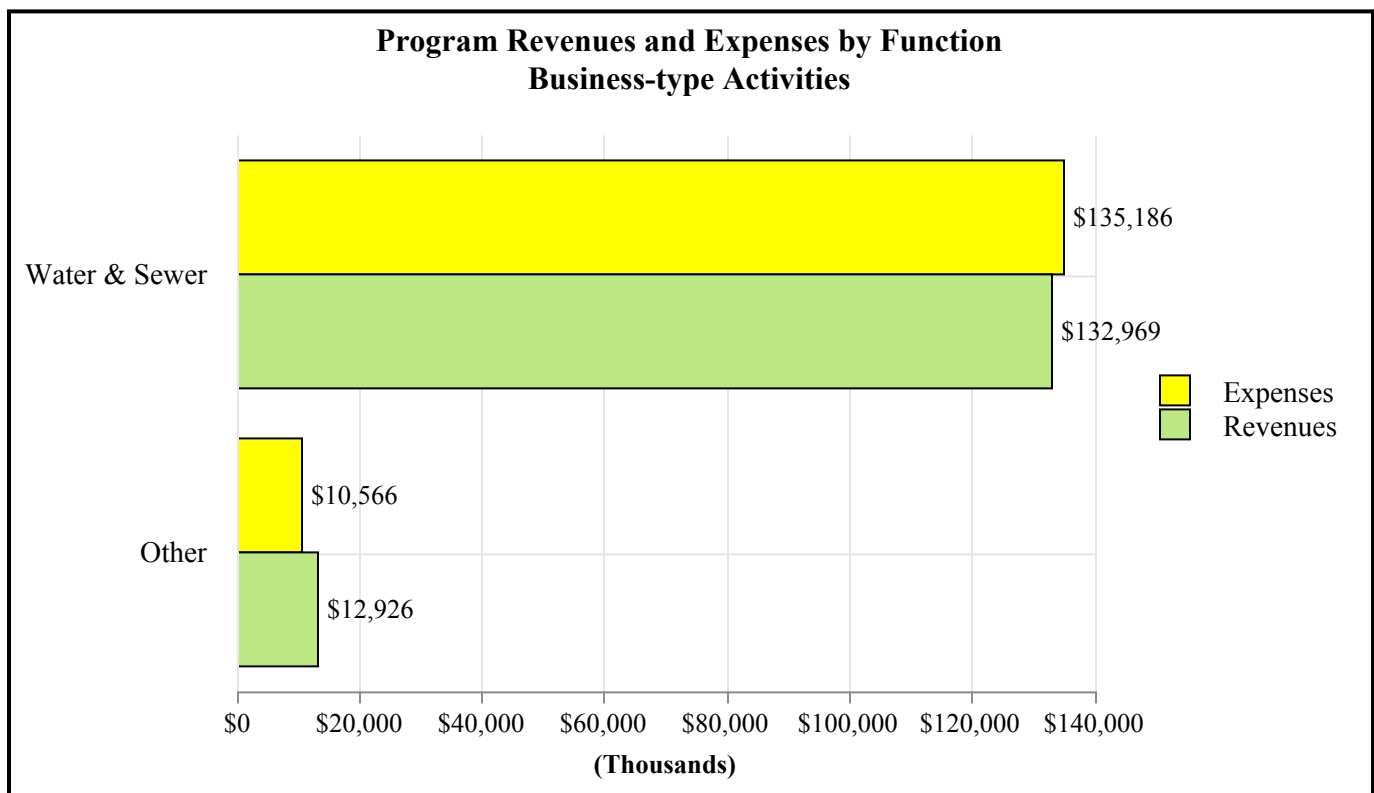


Business-type Activities

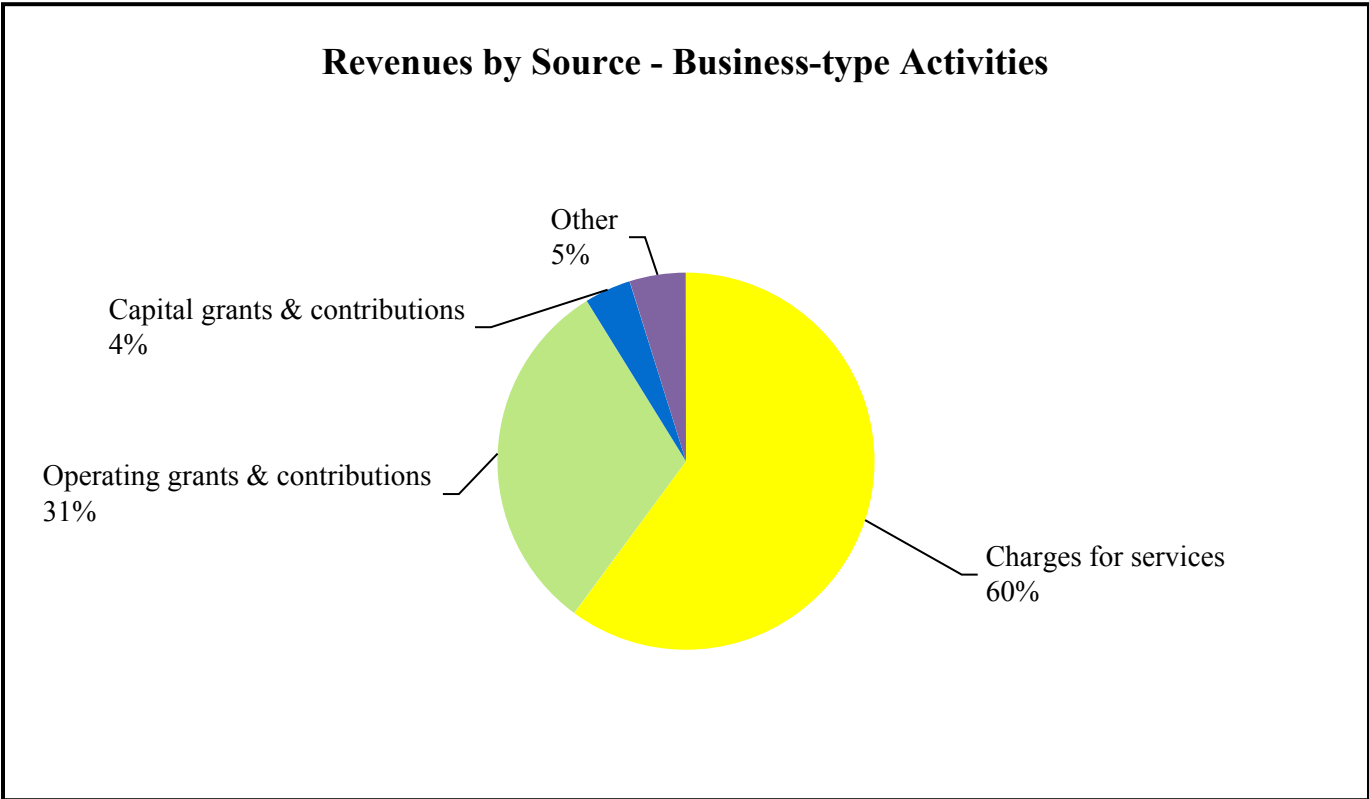
Business-type activities increased the County's net position by \$0.9 million. The components of this increase are as follows:

- Charges for services increased by \$0.2 million due to an increase in water and sewer consumption.
- Operating grants and contributions, which totaled \$41.6 million, represent an annual ad valorem fee levied on all properties within the water and sewer service district. This charge is used primarily to fund debt service payments and pay-as-you-go funding on capital projects.
- \$5.4 million was received in capital contributions. This revenue includes the value of water and sewer lines constructed by developers and donated at no cost to the County. Capital contributions also include front foot revenues assessed to properties connected to the water and sewer system. These front foot revenues fund the debt issued to pay developer rebates. Effective July 1, 2004, the County has not entered into any new rebate contracts. Developers pay for those improvements and are still required to donate the assets to the County. Overall, capital grants and contributions decreased by \$4.9 million from FY 2022.

Business-type activities are shown comparing costs to revenues generated by related services. Both Water and Sewer and other activities consisting of Golf Course, Broadband Services, and Watershed Protection and Restoration, are self-supporting.



Business-type activities revenues were comprised of the following:



Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

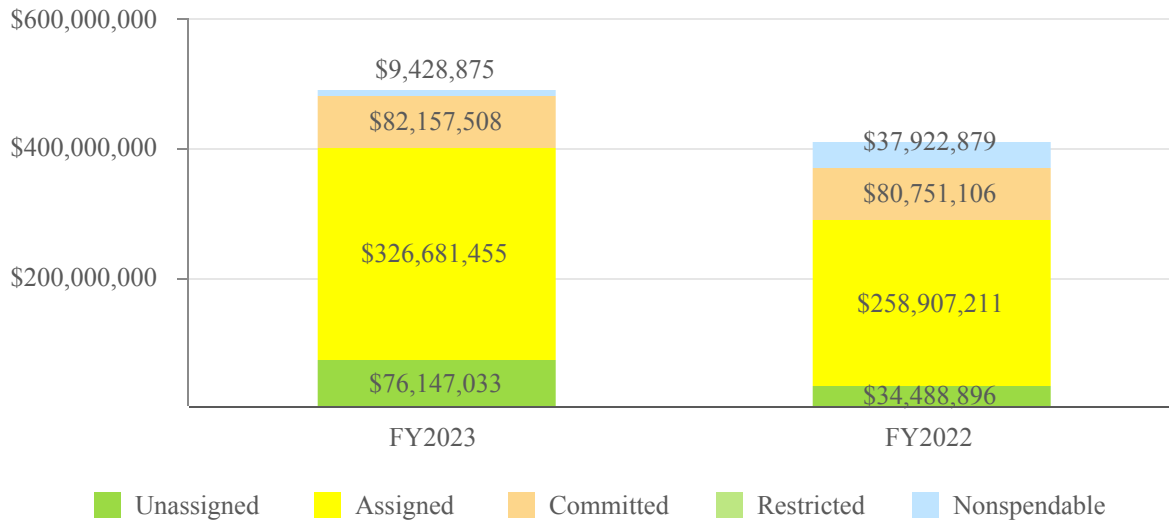
The focus of Howard County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Additionally, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County's Council.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$725.8 million, an increased of \$113.7 million in comparison with the prior year. Of this fund balance, \$10.4 million is nonspendable, \$297.1 million is restricted by enabling legislation, \$209.5 million is committed by the County at the highest level of authority, \$339.6 million is assigned by management, and \$130.9 million is a deficit unassigned fund balance.

General Fund

The general fund is the primary operating fund of the County. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$76.1 million, while the total fund balance increased to \$494.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. Unassigned fund balance represents 5.91% of total general fund expenditures, while total fund balance represents 37.65% of that same amount.

General Fund Components of Fund Balance



At the end of the current fiscal year, the total General fund balance increased by \$82.3 million or 20.0% less than the prior year primarily due to an increase in revenue from property and local taxes.

General Capital Projects

The general capital projects fund, a major fund, is used to track the construction of general county buildings, as well as schools, libraries, and other buildings for the community college. The general capital projects fund balance had a deficit position of \$107.4 million, partly due to the capital project expenditures occurring prior to revenue being recognized. The fund reports a deficit of unassigned balance of \$163.6 million due to amounts restricted, \$56.2 million for school, tax increment and permanent public improvement projects for the current year.

Grant Fund

The grant fund accounts for the proceeds of specific grant revenue sources that are restricted to expenditures for particular functions or activities. The funds restricted balance of \$3.7 million represents assets held by the County pursuant to a grant agreement. Expenditures of this fund are either billable to one or more federal or state agencies or paid via a transfer from another fund. Due to the timing of revenue recognition, the fund reports a deficit fund balance of \$3.7 million at year-end.

Proprietary funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

All assets in the Water and Sewer Proprietary Fund, except those available to fund current liabilities, are considered restricted as a change in the County charter is required to allow these assets to be used for other

purposes. The unrestricted net position of the water and sewer operations at fiscal year-end was \$113.1 million and operating income was \$65.2 million. Net position of the Water and Sewer Proprietary Fund decreased by \$16.5 million due to an increase in the cost of purchased water and sewage treatment charges.

General Fund Budgetary Highlights

Original budget compared to final budget. During the year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. Revisions to the General Fund expenditure original budget (excluding transfers) included County Council approved supplemental and special appropriations and the year-end County Council transfer and County Executive supplemental appropriations.

Final budget compared to actual results. County revenues (excluding use of fund balance) exceeded the budget by \$145.1 million, primarily due to temporary drivers, while actual expenditures were less than final budget by \$28.0 million, primarily due to not spending the \$15.6 million one-time funding budgeted in Non-Departmental Contingency and also leveraging COVID related grants continuously. The most significant differences between estimated revenues and actual revenues were as follows:

General Fund Revenues			
Revenue Source	Estimate Revenues	Actual Revenues	Variance
Property taxes	\$ 620,513,000	\$ 629,370,560	\$ 8,857,560
Other local taxes	\$ 578,169,664	\$ 697,292,386	\$ 119,122,722
Interest on investments	\$ 800,000	\$ 21,783,162	\$ 20,983,162

This was primarily due to an increase in the actual distribution of local income tax. The increase was a result of significant Federal fiscal stimulus and capital gains due to a strong stock market. In addition, according to the State, there was a sizable over-distribution of County income tax for tax year 2022, due to the complexity of forecasting and a time lag in reconciliation. Moreover, interest income outperformed budget as a result of high interest rates.

The County experienced a favorable variance in expenditures primarily due to not spending \$15.6 million one-time funding in Non-Departmental Contingency for HCPSS after the Maryland State Department of Education decided that they were not eligible as one-time expenses. In addition, General Government agencies underspent \$3.9 million and Public Safety and Health and Community Services showed a favorable variance of budget versus actual expenditures of \$1.6 million and \$3.4 million, respectively.

Capital Assets and Debt Administration

Capital assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2023 is \$2.8 billion (net of accumulated depreciation/amortization). This investment in capital assets includes land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, stormwater management systems, and right-to-use buildings and equipment. The total increase in the County's investment in capital assets for the current fiscal year was 1.4% increase for governmental activities, and a 1.5% increase for business-type activities.

Capital Assets (net of depreciation and amortization)						
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$ 667,159,858	\$ 653,559,503	\$ 12,593,116	\$ 12,568,603	\$ 679,752,974	\$ 666,128,106
Construction in progress	113,913,309	92,229,277	57,605,411	38,184,465	171,518,720	130,413,742
Buildings and improvements	599,058,331	606,888,373	161,714,755	165,404,085	760,773,086	772,292,458
Machinery and equipment	81,757,467	82,934,796	7,439,433	8,665,990	89,196,900	91,600,786
Infrastructure	322,537,659	327,251,842	649,537,673	650,822,980	972,075,332	978,074,822
Intangible right-to use equipment	97,892,968	93,158,970	2,232,923	2,424,317	100,125,891	95,583,287
Total capital assets	<u>\$ 1,882,319,592</u>	<u>\$ 1,856,022,761</u>	<u>\$ 891,123,311</u>	<u>\$ 878,070,440</u>	<u>\$2,773,442,903</u>	<u>\$ 2,734,093,201</u>

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

- \$13.6 million – Land Acquisitions Countywide
- \$9.8 million – Waterloo Fire Station
- \$7.3 million – Interior Renovations Countywide
- \$4.8 million – EMT Rapid Fire Station (Downtown Columbia)
- \$3.3 million – Quaker Mill Pond
- \$2.9 million – Deep Run Interceptor

Additional information on the County's capital assets are located in Note 6 on pages 69-71 of this report.

Long-term debt

At the end of the current fiscal year, the County had total long-term debt outstanding of \$2.1 billion. Of this amount, \$1.8 billion comprises debt backed by the full faith and credit of the government. The remainder of the County’s debt represents bonds secured solely by specific revenue sources (i.e., revenue bonds).

Outstanding Debt						
	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 1,281,710,588	\$ 1,306,634,765	\$ 443,756,198	\$ 438,140,147	\$1,725,466,786	\$ 1,744,774,912
State water quality/MDE loan	—	—	3,393,678	5,081,917	3,393,678	5,081,917
Tax increment financing bonds	64,175,000	64,450,000	—	—	64,175,000	64,450,000
Agricultural land preservation program	56,433,559	59,440,666	—	—	56,433,559	59,440,666
Special facility revenue bonds	—	—	—	650,000	—	650,000
Availability payment arrangement	99,085,058	100,653,579	—	—	99,085,058	100,653,579
Lease liability	92,169,215	94,827,601	2,316,071	2,467,634	94,485,286	97,295,235
Subscription liability	8,309,914	—	—	—	8,309,914	—
Other	16,111,399	19,460,090	2,455,540	2,776,002	18,566,939	22,236,092
Total outstanding debt	<u>\$ 1,617,994,733</u>	<u>\$ 1,645,466,701</u>	<u>\$ 451,921,487</u>	<u>\$ 449,115,700</u>	<u>\$2,069,916,220</u>	<u>\$ 2,094,582,401</u>

The County’s total long-term debt decreased by \$24.7 million or 1.2% during the current fiscal year. The major factors in this decrease were the issuance of \$73.3 million in Consolidated Public Improvement (CPI) Project Bonds, and \$16.4 million in Metropolitan (Metro) District Project Bonds. The County retired \$89.5 million, \$13.6 million and \$1.5 million of CPI, Metro, and Water Quality Bonds, respectively. The County also retired \$650,000 of Special Facility Revenue bonds. The County maintains an Triple-A rating from both Standard & Poor’s and Fitch Ratings, and an “Aaa” rating from Moody’s Investors Service for general obligation debt.

Local statutes limit the amount of general obligation debt a governmental entity may issue to 4.8% of its total assessed valuation. The current debt limitation for the County is \$2.9 billion, which is significantly more than the County’s outstanding general obligation debt at fiscal year-end.

Additional information on the County’s long-term debt is located in Note 7 starting on page 72 of this report.

Economic Factors and Next Year’s Budgets and Rates

The following economic factors currently affect the County and were considered in developing the current fiscal year budget.

- The unemployment rate for the County was 3.2%. This compares favorably to the state’s unemployment rate of 3.7% and the national rate of 3.8% for the same period.

- The occupancy rate for commercial space as of June 2023 was 95.0% compared to June 2022 of 95.1%. Howard County had an increase of 140,701 total rentable building area (RBA) during this fiscal year.
- Inflationary trends in the region compare favorably to national indices.

In addition, the following factors were considered in preparing the County’s budget for the 2024 fiscal year.

- The FY 2024 general fund budget is \$119.5 million or 9.5% more than the FY 2023 budget. This increase is due to utilizing fund balance from prior years' surplus to address a variety of needs, supporting critical infrastructure projects and initiatives while preserving debt capacity and dedicating resources to continue to address the health and economic impacts of the pandemic. Excluding use of fund balance and excluding a technical transfer-in of \$10 million from Community Renewal Fund to Contingency as restricted fund for Housing, the County's General Fund budget increased by \$84 million or 6.5% from prior fiscal year.
- The County’s property tax, income tax, and transfer and recordation tax rates remained the same for FY 2023. There were no changes to the Building Excise Tax (used to fund road expansion), Water and Sewer charges, recycling fees or the water and sewer ad valorem.
- The County will continue to leverage Federal and State pandemic relief funding, including the American Rescue Plan State and Local Fiscal Recovery Funds. Howard County has received all of the \$63.2 million allocation from the Federal government and has already allocated \$59.7 million as of June 30, 2023. The County is committed to using these funds effectively to ensure a sustainable recovery from the pandemic.

At the end of the current fiscal year, the unassigned fund balance in the general fund was \$76.1 million. The County has appropriated \$100.5 million use of cash PAYGO for high-priority one-time spending items in the 2023-2024 fiscal year budget. This action was taken as an additional measure to mitigate the impact of the recession on the 2023-2024 fiscal year budget as well as serving as a cost-effective alternative to bond financing of the infrastructure projects.

Requests for Information

This financial report is designed to provide a general overview of Howard County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information can be addressed to the:

Department of Finance
 3430 Court House Drive
 Ellicott City, Maryland 21043
 (410) 313-2195
 righile@howardcountymd.gov.

Complete financial reports are also available on our website: www.howardcountymd.gov.

BASIC FINANCIAL STATEMENTS





Howard County, Maryland
Statement of Net Position
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Equity in pooled cash and investments	\$ 818,443,312	\$ 38,861,375	\$ 857,304,687	\$ 146,006,055
Cash and securities with fiscal agents	8,120,778	—	8,120,778	—
Investments	17,171,886	—	17,171,886	162,736,085
Receivables (net of allowance for uncollectibles):	33,989,983	13,123,102	47,113,085	14,557,431
Lease receivables, current	944,564	316,168	1,260,732	12,033,022
Due from component units	43,563,668	—	43,563,668	—
Due from other governments	355,356,673	—	355,356,673	69,677,534
Internal balances	(1,623,479)	1,623,479	—	—
Materials and supplies	3,296,984	1,454,916	4,751,900	1,310,096
Prepays	506,508	—	506,508	3,106,940
Lease receivables, non-current	11,619,251	4,228,779	15,848,030	—
Other non-current receivables	2,838,431	50,692	2,889,123	—
Restricted assets:				
Cash and cash equivalent and equity in pooled cash	—	174,016,677	174,016,677	12,547,421
Investments	—	—	—	10,941,101
Water and sewer assessments receivable	—	12,443,250	12,443,250	—
Mortgage receivables	—	—	—	7,710,173
Capital Assets:				
Capital assets not being depreciated	781,073,167	70,198,527	851,271,694	11,203,411
Capital assets, net of accumulated depreciation/amortization	1,101,246,425	820,924,784	1,922,171,209	1,935,290,258
Total assets	3,176,548,151	1,137,241,749	4,313,789,900	2,387,119,527
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	—	3,000,751	3,000,751	—
Pension plans	163,695,781	3,974,392	167,670,173	19,696,074
Other post-employment benefits	106,273,320	8,395,241	114,668,561	459,404,488
Length of service award program	10,903,843	—	10,903,843	—
Total deferred outflows of resources	280,872,944	15,370,384	296,243,328	479,100,562
Total assets and deferred outflows of resources	3,457,421,095	1,152,612,133	4,610,033,228	2,866,220,089
LIABILITIES				
Current liabilities:				
Accounts payable and other current liabilities	47,392,541	9,857,602	57,250,143	130,556,029
Accrued interest payable	18,113,259	5,686,557	23,799,816	—
Accrued wages and benefits	14,549,734	636,629	15,186,363	4,551,783
Deposits	12,624,043	1,270,046	13,894,089	821,136
Short-term loans and notes payable	36,855,338	3,108,742	39,964,080	—
Due to primary government	—	—	—	43,563,668
Unearned revenues	50,314,492	1,400,095	51,714,587	12,568,864
Non-current liabilities:				
Due within one year	133,161,694	16,395,404	149,557,098	14,543,630
Due in more than one year, net	2,007,384,937	455,347,271	2,462,732,208	1,131,957,784
Total liabilities	2,320,396,038	493,702,346	2,814,098,384	1,338,562,894

(continued)

Howard County, Maryland
Statement of Net Position
June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
DEFERRED INFLOWS OF RESOURCES				
Deferred lease revenue	11,734,243	4,457,048	16,191,291	12,724,573
Pension plans	23,975,406	890,031	24,865,437	5,717,052
Other post employment benefits	310,036,042	20,528,243	330,564,285	743,537,414
Length of service award program	16,173,499	—	16,173,499	—
Total deferred inflows of resources	<u>361,919,190</u>	<u>25,875,322</u>	<u>387,794,512</u>	<u>761,979,039</u>
Total liabilities and deferred inflows of resources	<u>2,682,315,228</u>	<u>519,577,668</u>	<u>3,201,892,896</u>	<u>2,100,541,933</u>
NET POSITION				
Net investment in capital assets	956,484,636	477,456,646	1,433,941,282	1,668,784,232
Restricted for:				
Business-type operations	—	—	—	14,364,530
Capital projects	—	—	—	8,000,575
Catalyst loan program	1,855,794	—	1,855,794	—
Deferred support	—	—	—	248,009
Disposable plastic reduction	941,256	—	941,256	—
Economic development initiatives	1,276,065	—	1,276,065	—
Fire & rescue services	122,864,284	—	122,864,284	—
Forest conservation	1,787,854	—	1,787,854	—
Housing opportunity trust fund	5,000,000	—	5,000,000	—
Middle Patuxent environmental area program	93,703	—	93,703	—
MIHU Fee-in-Lieu	11,588,290	—	11,588,290	—
Open space	680,594	—	680,594	—
Opioid Abatement	12,754,681	—	12,754,681	—
Parkland watershed facilities	21,773,739	—	21,773,739	—
Permanent public improvement	1,780,571	—	1,780,571	—
Program revenue	439,449	—	439,449	—
Public road facilities	56,207,692	—	56,207,692	—
Public school facilities	52,022,669	—	52,022,669	14,324,805
Speed enforcement	846,899	—	846,899	—
Tax increment financing project	19,187,009	—	19,187,009	—
Debt services	—	12,443,251	12,443,251	—
Unrestricted (deficits)	<u>(492,479,318)</u>	<u>143,134,566</u>	<u>(349,344,752)</u>	<u>(940,043,995)</u>
Total net position	<u>\$ 775,105,867</u>	<u>\$ 633,034,463</u>	<u>\$ 1,408,140,330</u>	<u>\$ 765,678,156</u>

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Activities
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental	Primary Government	Total	
					Activities	Business-Type Activities		
Primary government:								
Governmental activities:								
General government	\$ 68,823,209	\$ 58,443,515	\$ 21,676,843	\$ 957,278	\$ 12,254,427	\$ —	\$ 12,254,427	\$ —
Public safety	281,581,262	20,525,538	3,477,773	—	(257,577,951)	—	(257,577,951)	—
Public works	233,682,852	70,006,565	20,176,751	6,198,810	(137,300,726)	—	(137,300,726)	—
Recreation and parks	60,108,042	20,492,234	139,942	1,743,903	(37,731,963)	—	(37,731,963)	—
Legislative and judicial	39,744,597	839,638	720,289	—	(38,184,670)	—	(38,184,670)	—
Community services	71,605,180	6,819,035	13,828,747	—	(50,957,398)	—	(50,957,398)	—
State highways	2,906,665	—	—	—	(2,906,665)	—	(2,906,665)	—
Education	798,526,488	—	—	11,256,994	(787,269,494)	—	(787,269,494)	—
Interest on long-term debt	56,003,343	—	—	—	(56,003,343)	—	(56,003,343)	—
Total governmental activities	1,612,981,638	177,126,525	60,020,345	20,156,985	(1,355,677,783)	—	(1,355,677,783)	—
Business-type activities:								
Water and sewer	135,186,205	66,179,696	41,615,800	5,440,529	—	(21,950,180)	(21,950,180)	—
Broadband	2,401,891	2,037,879	—	—	—	(364,012)	(364,012)	—
Special recreation facility	194,379	780,172	—	—	—	585,793	585,793	—
Watershed	7,969,407	10,107,984	—	—	—	2,138,577	2,138,577	—
Total business-type activities	145,751,882	79,105,731	41,615,800	5,440,529	—	(19,589,822)	(19,589,822)	—
Total primary government	\$ 1,758,733,520	\$ 256,232,256	\$ 101,636,145	\$ 25,597,514	(1,355,677,783)	(19,589,822)	(1,375,267,605)	\$ —
Component units:								
Housing commission	\$ 56,533,292	\$ 25,169,423	\$ 776,809	\$ 14,921,675	—	—	—	(15,665,385)
Public school system	1,315,700,289	20,822,864	235,723,048	81,003,117	—	—	—	(978,151,260)
Library	27,640,273	735,807	788,069	—	—	—	—	(26,116,397)
Community college	126,085,681	33,276,200	15,930,569	25,446,462	—	—	—	(51,432,450)
Total component units	\$ 1,525,959,535	\$ 80,004,294	\$ 253,218,495	\$ 121,371,254	—	—	—	\$ (1,071,365,492)
General revenues and transfers:								
Property taxes					783,897,719	—	783,897,719	—
Local income taxes					689,157,003	—	689,157,003	—
Transfer tax					41,991,873	—	41,991,873	—
Recordation tax					21,453,202	—	21,453,202	—
Building excise tax					4,448,908	—	4,448,908	—
Hotel / motel tax					5,751,846	—	5,751,846	—
Admission tax					3,957,182	—	3,957,182	—
County development tax					73,575	—	73,575	—
Appropriations from primary government					—	—	—	739,958,120
Intergovernmental, unrestricted					4,093,213	—	4,093,213	324,437,712
Unrestricted investment income					29,765,757	6,348,339	36,114,096	10,965,316
Miscellaneous					2,783,842	28,976	2,812,818	46,976,671
Capital contributions					(13,355,167)	13,355,167	—	—
Transfers, net					(721,322)	721,322	—	—
Total general revenues and transfers					1,573,297,631	20,453,804	1,593,751,435	1,122,337,819
Change in net position					217,619,848	863,982	218,483,830	50,972,327
Net position - beginning					557,486,019	632,170,481	1,189,656,500	714,705,829
Net position - ending					\$ 775,105,867	\$ 633,034,463	\$ 1,408,140,330	\$ 765,678,156

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	General Capital Projects Fund	Grant Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	\$ 411,381,608	\$ —	\$ 28,556,170	\$ 324,994,531	\$ 764,932,309
Cash with fiscal agent	—	2,393,646	—	5,727,132	8,120,778
Investments	—	—	—	17,171,886	17,171,886
Receivables (net of allowances for uncollectibles)	7,782,783	—	1,208,892	23,035,948	32,027,623
Lease receivables	337,781	—	—	10,769	348,550
Due from component units	8,574,429	28,686,013	—	6,303,226	43,563,668
Due from other governments	329,933,808	1,977,726	9,342,368	14,102,771	355,356,673
Due from other funds	61,179,719	—	—	422,000	61,601,719
Materials and supplies	844,507	—	—	767,298	1,611,805
Prepaid Items	9,939	—	214,880	—	224,819
Total assets	820,044,574	33,057,385	39,322,310	392,535,561	1,284,959,830
LIABILITIES					
Accounts payable / accrued liabilities	10,682,036	12,962,558	3,386,297	13,995,486	41,026,377
Accrued wages and benefits	9,516,261	55,547	124,286	4,205,188	13,901,282
Short-term loans and notes payable	—	28,479,200	—	8,376,138	36,855,338
Due to other funds	—	58,561,747	—	—	58,561,747
Deposits and connection fees	11,703,336	—	645,707	200,000	12,549,043
Unearned revenue	149,250	10,856,868	32,863,568	6,444,806	50,314,492
Total liabilities	32,050,883	110,915,920	37,019,858	33,221,618	213,208,279
DEFERRED INFLOWS OF RESOURCES					
Unavailable income taxes	283,491,424	—	—	—	283,491,424
Unavailable property taxes	6,394,739	—	—	1,323,465	7,718,204
Unavailable fees	3,349,877	—	744,406	4,648,885	8,743,168
Unavailable grant revenues	—	29,547,930	5,261,165	57,416	34,866,511
Unavailable lease revenues	342,780	—	—	10,626	353,406
Unavailable revenues, other	—	—	—	10,795,885	10,795,885
Total deferred inflows	293,578,820	29,547,930	6,005,571	16,836,277	345,968,598
Total liabilities and deferred inflows	325,629,703	140,463,850	43,025,429	50,057,895	559,176,877
FUND BALANCES					
Nonspendable	9,428,875	—	214,880	767,298	10,411,053
Restricted	—	56,196,886	3,665,011	237,287,248	297,149,145
Committed	82,157,508	—	—	127,358,100	209,515,608
Assigned	326,681,455	—	—	12,950,041	339,631,496
Unassigned (deficits)	76,147,033	(163,603,351)	(7,583,010)	(35,885,021)	(130,924,349)
Total fund balances (deficits)	494,414,871	(107,406,465)	(3,703,119)	342,477,666	725,782,953
Total liabilities, deferred inflows and fund balances	\$ 820,044,574	\$ 33,057,385	\$ 39,322,310	\$ 392,535,561	\$ 1,284,959,830

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position (page 26) are different because:

Total fund balances - governmental funds (page 28)		\$ 725,782,953
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of certain internal services funds are included in governmental activities in the statement of net position.....		
		63,168,700
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, not reported in the funds:		
Bonds and notes payable	(1,287,535,880)	
Long-term financed purchase obligation	(4,461,398)	
Availability payment arrangement obligation	(99,085,058)	
Lease liability	(92,114,924)	
Subscription based information technology agreements liability	(3,406,822)	
Deferred refunding gain/loss and premium	(122,461,942)	
Other non-current liabilities	(7,984,963)	
Accrued interest payable	(18,113,259)	
Compensated absences	(31,006,880)	
Landfill closure and post-closure	(26,542,000)	
Total long-term liabilities		(1,692,713,126)
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.....		
		1,831,791,136
The net pension liability, LOSAP, and OPEB liabilities are not due and payable in the current period and related deferred inflows and outflows are not an available resource, and therefore, are not reported in the funds.		
		(501,686,148)
Other long-term assets are not available to pay for current-period expenditures, and therefore, are either deferred or not reported in the funds:		
Deferred inflows	345,968,697	
Other	2,793,655	
Total other long-term assets		348,762,352
Net position of governmental activities (page 26)		\$ 775,105,867

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	General Capital Projects Fund	Grant Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 628,558,412	\$ —	\$ —	\$ 155,138,324	\$ 783,696,736
Other local taxes	697,292,385	10,497,968	—	36,089,620	743,879,973
State shared taxes	4,093,213	—	—	—	4,093,213
Revenues from other governments	11,027,699	5,649,645	39,911,157	2,681,235	59,269,736
Charges for services	10,322,523	18,411,198	673,031	66,793,665	96,200,417
Investment income:					
Interest on investments	19,107,131	1,159,359	689,007	8,557,987	29,513,484
Decrease in fair value of investments	—	—	—	(907,535)	(907,535)
Installment interest from housing loans	—	—	—	83,348	83,348
Licenses and permits	5,663,849	—	—	—	5,663,849
Fines and forfeitures	3,116,487	—	—	3,316,354	6,432,841
Developer fees	—	705,336	—	1,127,200	1,832,536
Payments from component units	426,382	—	—	—	426,382
Miscellaneous program revenues	2,414,654	—	3,692,200	9,659,126	15,765,980
Total revenues	1,382,022,735	36,423,506	44,965,395	282,539,324	1,745,950,960
EXPENDITURES					
Current:					
General government	65,895,999	—	12,578,845	1,377,762	79,852,606
Legislative & judicial	35,084,672	—	939,539	—	36,024,211
Public works	80,870,195	4,013,474	11,076,662	34,218,183	130,178,514
Public safety	148,186,233	—	4,115,859	129,634,715	281,936,807
Recreation and parks	24,962,087	—	40,458	21,226,521	46,229,066
Community services	42,980,173	—	13,524,914	13,667,564	70,172,651
Education	739,958,120	55,892,074	—	—	795,850,194
Capital improvements	—	41,792,340	—	71,592,128	113,384,468
Debt service:					
Principal	96,653,796	—	100,000	4,680,257	101,434,053
Interest	53,448,385	—	—	6,353,794	59,802,179
Total expenditures	1,288,039,660	101,697,888	42,376,277	282,750,924	1,714,864,749
Excess (deficiency) of revenues over expenditures	93,983,075	(65,274,382)	2,589,118	(211,600)	31,086,211
OTHER FINANCING SOURCES (USES)					
Lease issued	638,363	—	—	—	638,363
Subscriptions issued	4,989,953	—	100,000	—	5,089,953
Bond premium	—	4,394,606	—	1,808,763	6,203,369
Capital-related issuance of debt	217,891	48,226,330	—	20,092,564	68,536,785
Installment purchase agreements issued	—	—	—	750,975	750,975
Transfers in	34,469,455	24,800,724	—	30,653,234	89,923,413
Transfers out	(51,953,958)	(5,929,268)	(664,068)	(29,992,041)	(88,539,335)
Total other financing sources (uses)	(11,638,296)	71,492,392	(564,068)	23,313,495	82,603,523
Net change in fund balances	82,344,779	6,218,010	2,025,050	23,101,895	113,689,734
Fund balances (deficit) - beginning	412,070,092	(113,624,475)	(5,728,169)	319,375,771	612,093,219
Fund balances (deficit) - ending	<u>\$ 494,414,871</u>	<u>\$ (107,406,465)</u>	<u>\$ (3,703,119)</u>	<u>\$ 342,477,666</u>	<u>\$ 725,782,953</u>

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities (page 27) are different because:

Net change in fund balances - total governmental funds (page 30) \$ 113,689,734

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of the amount by which capital outlays exceed depreciation in the current period is as follows:

Capital outlays	91,233,982	
Less: Depreciation expense	(67,698,680)	
		23,535,302

In the statement of activities, only the gain on the sale of land and buildings is reported, whereas in the governmental funds, the proceeds from the sales increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the land and buildings sold..... (1,305,326)

Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources. 10,098,209

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These amounts represent the net change:

Primary property taxes	200,984	
Individual income tax	25,354,412	
Grant revenues	8,976,869	
Charges for services and other.....	8,619,568	
		43,151,833

Long-term debt proceeds (i.e., bonds, leases, installment purchase agreements) provide current financial resources to governmental funds, while the repayment of the principal of the long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities..... 10,457,824

In the statement of activities, some expenses do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds..... 25,979,746

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities..... (7,987,474)

Change in net position of governmental activities (page 27) \$ 217,619,848

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

REVENUES	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
Property taxes	\$ 620,513,000	\$ 620,513,000	\$ 629,370,560	\$ 8,857,560
Other local taxes	578,169,664	578,169,664	697,292,386	119,122,722
State shared taxes	3,874,000	3,874,000	4,093,213	219,213
Revenues from other governments	11,983,000	11,983,000	11,027,699	(955,301)
Charges for services	11,232,000	11,290,100	10,322,523	(967,577)
Interest on investments	800,000	800,000	21,783,162	20,983,162
Licenses and permits	6,180,000	6,180,000	5,663,849	(516,151)
Recoveries for inter-fund services	22,100,914	22,100,914	21,888,106	(212,808)
Fines and forfeitures	2,190,000	2,190,000	3,116,487	926,487
Component units return of funding	1,350,249	1,350,249	426,382	(923,867)
Miscellaneous	3,994,001	3,935,901	2,506,483	(1,429,418)
Total revenues	1,262,386,828	1,262,386,828	1,407,490,850	145,104,022
EXPENDITURES				
Current:				
General government	62,867,118	85,474,894	65,926,502	19,548,392
Legislative & judicial	36,613,635	37,176,777	35,327,924	1,848,853
Public works	104,116,494	91,785,277	90,363,615	1,421,662
Public safety	158,238,317	157,055,976	155,474,673	1,581,303
Recreation and parks	26,736,028	26,787,448	26,759,953	27,495
Community services	31,558,311	29,581,856	28,217,726	1,364,130
Education	739,958,120	739,958,120	739,958,120	—
Health Department	15,711,414	15,662,123	13,666,097	1,996,026
Debt service:				
Principal	89,262,524	96,564,833	96,576,796	(11,963)
Interest	46,482,202	53,622,839	53,423,121	199,718
Total expenditures	1,311,544,163	1,333,670,143	1,305,694,527	27,975,616
Excess (deficiency) of revenues over expenditures	(49,157,335)	(71,283,315)	101,796,323	173,079,638
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	89,037,248	89,037,248	—	(89,037,248)
Transfers in	44,308,310	44,308,310	40,308,310	(4,000,000)
Transfers out	(84,188,223)	(62,062,243)	(61,368,385)	693,858
Total other financing sources (uses)	49,157,335	71,283,315	(21,060,075)	(92,343,390)
Net change in fund balance	—	—	80,736,248	80,736,248
Plus prior year encumbrances lapsed			2,514,202	
Fund balances - beginning			398,975,294	
Fund balances - ending			\$ 482,225,744	*

(*) See Note 1(P) for ending fund balance reconciliation.

Health Department's fund balance is combined with the General Fund for the budgetary basis statement only.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Grants Fund
For the Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from other agencies:				
Grants from federal government	\$ 46,618,567	\$ 46,583,567	\$ 30,343,580	\$ (16,239,987)
Grants from state government	19,806,525	19,841,525	9,004,816	(10,836,709)
Other local grants	749,500	749,500	562,761	(186,739)
Total revenue from other agencies	67,174,592	67,174,592	39,911,157	(27,263,435)
Property taxes	30,000	30,000	—	(30,000)
Charges for services	1,258,000	1,258,000	673,031	(584,969)
Interest on investments	—	—	24,938	24,938
Miscellaneous	28,148,327	28,148,327	3,857,753	(24,290,574)
Total revenues	96,610,919	96,610,919	44,466,879	(52,144,040)
EXPENDITURES				
General government	47,692,226	47,592,226	13,055,655	34,536,571
Legislative & judicial	1,141,029	1,141,029	951,738	189,291
Public works	15,157,114	15,157,114	10,026,292	5,130,822
Public safety	6,090,426	6,090,426	3,968,456	2,121,970
Recreation & parks	147,650	147,650	32,782	114,868
Community services	16,382,474	16,382,474	13,488,326	2,894,148
Debt service:				
Principal - Subscription	—	100,000	100,000	—
Total expenditures	86,610,919	86,610,919	41,623,249	44,987,670
Excess (deficiency) of revenues over expenditures	10,000,000	10,000,000	2,843,630	(7,156,370)
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,000,000)	(10,000,000)	—	10,000,000
Total other financing sources (uses)	(10,000,000)	(10,000,000)	—	10,000,000
Net change in fund balance	—	—	2,843,630	2,843,630
Plus: Prior year encumbrances lapsed			(1,260,006)	
Fund balances - beginning			(3,656,546)	
Fund balances - ending			\$ (2,072,922) *	

(*) See Note 1(P) for ending fund balance reconciliation.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities			Governmental Activities
	Water and Sewer Fund	Other Enterprise Funds	Total Enterprise Funds	Internal Services Funds
ASSETS				
Current assets:				
Equity in pooled cash and investments	\$ 9,832,961	\$ 29,028,414	\$ 38,861,375	\$ 53,511,003
Property taxes, net	442,510	—	442,510	—
Service billings	11,914,555	72,894	11,987,449	—
Other receivables	692,933	210	693,143	2,007,136
Lease receivables, current	—	316,168	316,168	721,767
Materials and supplies	1,454,916	—	1,454,916	1,685,179
Prepaid expenses	—	—	—	281,689
Restricted assets:				
Equity in pooled cash and cash equivalents	174,016,677	—	174,016,677	—
Water and sewer assessments	2,584,106	—	2,584,106	—
Total current assets	200,938,658	29,417,686	230,356,344	58,206,774
Noncurrent assets:				
Lease receivables, non-current	—	4,228,779	4,228,779	11,493,498
Other receivables	—	50,692	50,692	—
Restricted assets:				
Water and sewer assessments	9,859,144	—	9,859,144	—
Capital assets:				
Land and land improvements	3,068,643	9,524,473	12,593,116	—
Construction in progress	57,605,411	—	57,605,411	—
Buildings and improvements, net	126,129,508	690,808	126,820,316	1,443,524
Machinery and equipment, net	5,795,956	1,643,477	7,439,433	42,403,813
Infrastructure, net	567,228,488	82,309,185	649,537,673	713,107
Improvement other, net	32,459,520	2,434,919	34,894,439	—
Intangible right-to-use assets, net	2,232,923	—	2,232,923	54,055
Intangible right-to-use subscription, net	—	—	—	5,913,956
Total noncurrent assets	804,379,593	100,882,333	905,261,926	62,021,953
Total assets	1,005,318,251	130,300,019	1,135,618,270	120,228,727
DEFERRED OUTFLOWS OF RESOURCES				
Deferred refunding amount	3,000,751	—	3,000,751	—
Pension plans	3,974,392	—	3,974,392	—
Other post employment benefits	8,395,241	—	8,395,241	—
Total deferred outflows of resources	15,370,384	—	15,370,384	—
Total assets and deferred outflows of resources	1,020,688,635	130,300,019	1,150,988,654	120,228,727
LIABILITIES				
Current liabilities:				
Due to other funds	—	3,039,973	3,039,973	—
Accounts payable	9,256,663	600,939	9,857,602	6,242,953
Accrued interest payable	—	—	—	123,287
Accrued wages and benefits	571,328	65,301	636,629	632,893
Compensated absences	4,970	730	5,700	15,559
Deposits and connection fees	—	—	—	75,000
Lease payable	159,229	—	159,229	54,291
Subscription payable	—	—	—	1,680,937
Unpaid insurance claims	—	—	—	8,028,333
Current portion certificate of participation	—	—	—	1,425,000
Total current liabilities	9,992,190	3,706,943	13,699,133	18,278,253

(continued)

Howard County, Maryland
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Services Funds
Current liabilities payable from restricted assets:				
Deposits and connection fees	1,270,046	—	1,270,046	—
Developer agreement rebates and deposits	50,600	—	50,600	—
Other debt payable	3,996,071	—	3,996,071	—
Certificate of Participations (COPs)	245,000	—	245,000	—
Bonds and note payable	13,960,000	923,650	14,883,650	—
Loan payable	—	163,896	163,896	—
Interest payable	5,328,025	358,532	5,686,557	—
Total current liabilities payable from restricted assets	24,849,742	1,446,078	26,295,820	—
Total current liabilities	34,841,932	5,153,021	39,994,953	18,278,253
Noncurrent liabilities:				
Developer agreement rebates and deposits	584,939	—	584,939	—
Net OPEB liability	15,256,375	—	15,256,375	—
Net pension liability	3,435,037	—	3,435,037	—
Compensated absences	981,979	142,098	1,124,077	1,382,723
Unpaid insurance claims	—	—	—	15,232,855
Long-term certificate of participation	1,575,000	—	1,575,000	2,546,325
Refunding revenue note payable	—	—	—	—
Metropolitan district bonds payable	402,185,873	—	402,185,873	—
Long-term bonds payable	—	26,385,693	26,385,693	—
Lease payable	2,156,842	—	2,156,842	—
Subscription payable	—	—	—	3,222,155
Loans payable	—	786,711	786,711	—
Unearned revenue	1,400,095	—	1,400,095	—
Other long-term debt	1,856,724	—	1,856,724	—
Total noncurrent liabilities	429,432,864	27,314,502	456,747,366	22,384,058
Total liabilities	464,274,796	32,467,523	496,742,319	40,662,311
DEFERRED INFLOWS OF RESOURCES				
Deferred lease revenue	—	4,457,048	4,457,048	11,734,266
Pension plans	890,031	—	890,031	—
OPEB	20,528,243	—	20,528,243	—
Total deferred inflows of resources	21,418,274	4,457,048	25,875,322	11,734,266
Total liabilities and deferred inflows of resources	485,693,070	36,924,571	522,617,641	52,396,577
NET POSITION				
Net investment in capital assets	409,416,250	68,040,396	477,456,646	41,599,747
Restricted:				
Debt service	12,443,251	—	12,443,251	—
Unrestricted	113,136,064	25,335,052	138,471,116	26,232,403
Total net position	\$ 534,995,565	\$ 93,375,448	\$ 628,371,013	\$ 67,832,150
Adjustment to reflect consolidation of internal service fund activities related to enterprise funds			4,663,450	
Net position of business-type activities			\$ 633,034,463	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental Activities
	Water and Sewer	Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
User charges	\$ 63,046,100	\$ 12,119,341	\$ 75,165,441	\$ 119,103,434
Insurance recoveries	—	—	—	302,877
Miscellaneous sales and services	2,178,926	806,694	2,985,620	1,455,308
Total operating revenues	65,225,026	12,926,035	78,151,061	120,861,619
Operating expenses:				
Salaries and employee benefits	15,959,162	1,941,607	17,900,769	16,786,505
Contractual services	22,867,960	4,451,748	27,319,708	12,857,105
Supplies and materials	4,643,589	43,689	4,687,278	7,088,693
Business and travel	120,855	4,606	125,461	493,790
Vehicle fuels and supplies	1,732,831	7,928	1,740,759	5,171,370
Purchased water and transmission charges	29,678,542	—	29,678,542	—
Sewage treatment charges	8,994,834	—	8,994,834	—
Share of county administrative expenses	7,308,338	791,662	8,100,000	958,792
Insurance claims	(13,747)	—	(13,747)	71,734,610
Other administrative	18,415	100,402	118,817	2,101,000
Depreciation and amortization expense	30,727,847	2,282,265	33,010,112	12,128,130
Less: house connection and capitalized overhead costs	(14,100)	—	(14,100)	—
Total operating expenses	122,024,526	9,623,907	131,648,433	129,319,995
Operating income (loss)	(56,799,500)	3,302,128	(53,497,372)	(8,458,376)
Nonoperating revenues (expenses):				
Ad valorem charges	41,100,370	—	41,100,370	—
Water and sewer assessment charges	807,484	—	807,484	—
Interest on investments	5,489,787	858,552	6,348,339	1,107,512
Interest expense	(12,865,048)	(941,770)	(13,806,818)	(105,860)
Proceeds from the sale or disposition of capital assets	—	—	—	528,945
Gain (loss) on sale of capital assets	(147,186)	—	(147,186)	—
Grant	515,430	—	515,430	—
Other, net	—	176,162	176,162	—
Total nonoperating revenues (expenses)	34,900,837	92,944	34,993,781	1,530,597
Net income (loss) before contributions and transfers	(21,898,663)	3,395,072	(18,503,591)	(6,927,779)
Capital contributions	5,440,529	13,355,167	18,795,696	896,261
Transfers in	—	750,000	750,000	—
Transfers out	—	(28,678)	(28,678)	(2,105,400)
Change in net position	(16,458,134)	17,471,561	1,013,427	(8,136,918)
Net position - beginning	551,453,699	75,903,887	627,357,586	75,969,068
Net position - ending	<u>\$ 534,995,565</u>	<u>\$ 93,375,448</u>	<u>\$ 628,371,013</u>	<u>\$ 67,832,150</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(149,445)	
Change in net position of business-type activities			<u>\$ 863,982</u>	

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental
	Water and	Other	Total	Internal
	Sewer	Enterprise Funds	Enterprise Funds	Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 67,389,251	\$ 12,374,527	\$ 79,763,778	\$ 122,634,432
Cash paid to suppliers	(64,752,441)	(3,313,483)	(68,065,924)	(87,705,098)
Cash paid to / for employees	(16,195,659)	(1,996,008)	(18,191,667)	(17,278,276)
Cash paid for inter-fund services used	(8,949,020)	(1,329,124)	(10,278,144)	(10,677,419)
Other operating disbursements	—	(545,218)	(545,218)	(540,831)
Other operating cash receipts	—	441,164	441,164	—
Cash received on rental property	—	300,000	300,000	—
Net cash provided by (used for) operating activities	(22,507,869)	5,931,858	(16,576,011)	6,432,808
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Inter-fund payable	—	(598,498)	(598,498)	—
Inter-fund operating transfers in	—	679,997	679,997	(2,105,400)
Net cash provided by (used for) noncapital financing activities	—	81,499	81,499	(2,105,400)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of county bonds	13,819,055	5,275,023	19,094,078	—
Cash receipts from assessments & connection charges	42,012,644	—	42,012,644	—
Proceeds from grant	862,879	—	862,879	—
Lease related debt	(151,563)	—	(151,563)	—
Capital contribution	1,065,568	(16,663)	1,048,905	—
Acquisition and construction of capital assets	(28,463,376)	—	(28,463,376)	(4,628,742)
Proceeds from the sale or disposition of capital assets	—	—	—	528,945
Payment of long-term debt	(29,065,097)	(3,215,506)	(32,280,603)	(1,551,250)
Payment of leases	—	—	—	(217,227)
Payment of subscriptions	—	—	—	(1,926,711)
Net cash provided by (used for) capital and related financing activities	80,110	2,042,854	2,122,964	(7,794,985)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	5,853,158	811,480	6,664,638	1,107,512
Net cash provided by (used for) investing activities	5,853,158	811,480	6,664,638	1,107,512
Net increase (decrease) in cash and cash equivalents	(16,574,601)	8,867,691	(7,706,910)	(2,360,065)
Cash and cash equivalents - beginning of the year	200,424,239	20,160,723	220,584,962	55,871,068
Cash and cash equivalents - end of the year	183,849,638	29,028,414	212,878,052	53,511,003

(continued)

Howard County, Maryland
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities			Governmental
	Water and	Other	Total	Internal
	Sewer	Enterprise Funds	Enterprise Funds	Service Funds
Operating (loss) income	(56,799,500)	3,302,128	(53,497,372)	(8,458,376)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization expense	30,727,847	2,282,265	33,010,112	12,128,130
Effect of changes in operating assets and liabilities:				
Accounts and other receivables	2,174,666	138,385	2,313,051	1,430,189
Lease receivables	—	310,357	310,357	267,620
Inventories	(113,188)	—	(113,188)	—
Supplies and materials	—	—	—	(237,658)
Prepaid expenses	—	—	—	257,132
Accounts payable	1,704,776	312,836	2,017,612	1,644,281
Lease payable	—	(253,122)	(253,122)	—
Accrued wages and benefits	—	(53,642)	(53,642)	(2,203)
Accrued interest payable	—	(11,860)	(11,860)	29,161
Deposits and connection fees	—	—	—	(3,000)
Current portion capital lease obligation	—	—	—	(128,782)
Compensated absences	30,385	3,074	33,459	1,268
Deferred lease revenues	—	(98,563)	(98,563)	(478,566)
Unearned revenue	—	—	—	(16,388)
Increase in net OPEB and pension activities	(232,855)	—	(232,855)	—
Total adjustments	34,291,631	2,629,730	36,921,361	14,891,184
Net cash provided by (used for) operating activities	<u>\$ (22,507,869)</u>	<u>\$ 5,931,858</u>	<u>\$ (16,576,011)</u>	<u>\$ 6,432,808</u>

Noncash investing, capital, and financing activities:

In fiscal year 2023, \$4,374,961 was contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines which includes \$79,832 of In-Aid project revenues.

In fiscal year 2023, \$13,355,167 was contributed from various Capital Project funds to the Watershed Fund.

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Pension (and OPEB Trust) Funds	Custodial Funds
ASSETS		
Equity in pooled cash	\$ —	\$ 1,900,850
Receivables:		
Interest and dividends	740,867	—
Employer contributions	2,024,685	—
Member contributions	548,401	—
Sale of investments	5,832,411	—
Property taxes	—	487,103
Other	24,149	679,741
Investments, at fair value:		
Cash equivalents	4,103,740	—
Equities	620,232,324	—
Alternative investments	364,081,829	—
Mutual funds	238,153,198	—
Money market funds	11,150,350	—
Fixed income securities	346,051,529	—
Real assets	74,917,854	—
Prepaid expense	53,896	—
Total assets	1,667,915,233	3,067,694
LIABILITIES		
Accounts payable	64,266	1,647,068
Investments purchased	725,720	—
Due to other governments	—	64,327
Other	1,201,045	—
Total liabilities	1,991,031	1,711,395
NET POSITION		
Restricted for:		
Pensions	1,420,550,070	—
Other post-employment benefits	245,374,132	—
Individuals, organizations, and other governments	—	1,356,299
Net Position	\$ 1,665,924,202	\$ 1,356,299

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	Pension (and OPEB Trust) Funds	Custodial Funds
ADDITIONS		
Contributions:		
Employer	\$ 89,350,317	\$ —
Member	14,530,803	—
Total contributions	103,881,120	—
Investment income (expense):		
Net change in fair value of investments	98,498,231	—
Interest	5,231,172	—
Dividends	29,596,234	—
Other	374,995	—
Investment expense	(3,206,909)	—
Net investment income (loss)	130,493,723	—
Property tax collection for other governments:		
Property taxes	—	73,287,054
Other local taxes and fees	—	101,753
Miscellaneous revenue	—	1,057,609
Total property tax collections and miscellaneous revenue	—	74,446,416
Total additions	—	74,446,416
DEDUCTIONS		
Benefits	99,867,958	—
Property taxes paid to other governments	—	73,172,894
Administrative expenses	1,098,033	763,985
Contractual services	—	255,470
Supplies and materials	—	37,881
Total deductions	100,965,991	74,230,230
Net increase (decrease) in fiduciary net position	133,408,852	216,186
Net position - beginning	1,532,515,350	1,140,113
Net position - ending	\$ 1,665,924,202	\$ 1,356,299

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Combining Statement of Net Position
Component Units
June 30, 2023

	Community College	Housing Commission	Library	Public School System	Total
ASSETS					
Cash and cash equivalents	\$ 86,365,519	\$ 16,008,998	\$ 4,721,426	\$ 38,910,112	\$ 146,006,055
Investments	4,750,768	5,170,228	1,699,167	151,115,922	162,736,085
Receivables:					
Due from other governments	32,795,004	—	—	36,882,530	69,677,534
Other	1,455,685	3,065,991	127,650	9,908,105	14,557,431
Materials and supplies	—	—	—	1,310,096	1,310,096
Prepaid items	762,429	1,494,267	734,280	115,964	3,106,940
Lease receivable	—	12,033,022	—	—	12,033,022
Restricted assets:					
Cash and cash equivalents	—	12,486,842	60,579	—	12,547,421
Investments	10,753,671	—	187,430	—	10,941,101
Mortgage receivable	—	7,710,173	—	—	7,710,173
Capital Assets:					
Land and land improvements	416,477	81,858,351	—	40,189,902	122,464,730
Construction in progress	48,232,419	1,862,519	—	206,830,295	256,925,233
Buildings and improvements, net	242,976,137	150,353,942	—	1,149,782,155	1,543,112,234
Machinery and equipment, net	3,485,392	—	623,723	5,926,235	10,035,350
Other capital assets	291,672	285,458	1,475,911	7,840,941	9,893,982
Other non-current assets	1,309,429	—	—	—	1,309,429
Right of use asset, net	2,752,711	—	—	—	2,752,711
Total assets	436,347,313	292,329,791	9,630,166	1,648,812,257	2,387,119,527
DEFERRED OUTFLOWS					
Pension plans	829,821	496,010	—	18,370,243	19,696,074
Other post employment benefits	10,889,085	743,619	6,443,357	441,328,427	459,404,488
Total deferred outflows	11,718,906	1,239,629	6,443,357	459,698,670	479,100,562
Total assets and deferred outflows	448,066,219	293,569,420	16,073,523	2,108,510,927	2,866,220,089
LIABILITIES					
Current liabilities:					
Accounts payable and other current liabilities	6,462,710	3,051,990	697,407	120,343,922	130,556,029
Accrued salaries and benefits	3,905,202	—	646,581	—	4,551,783
Deposits	26,509	794,627	—	—	821,136
Due to primary government	37,260,442	6,303,226	—	—	43,563,668
Unearned revenue	2,765,015	1,756,712	406,824	7,640,313	12,568,864
Long-term liabilities:					
Due within one year	3,742,186	3,467,799	—	7,333,645	14,543,630
Due in more than one year, net	31,821,042	246,451,988	13,247,244	840,437,510	1,131,957,784
Total liabilities	85,983,106	261,826,342	14,998,056	975,755,390	1,338,562,894
DEFERRED INFLOWS					
Pension plans	842,890	238,776	—	4,635,386	5,717,052
Other post employment benefits	28,220,644	1,490,083	15,973,701	697,852,986	743,537,414
Pension investment earnings greater than projected	—	—	—	—	—
Deferred lease revenue	—	12,724,573	—	—	12,724,573
Total deferred inflows	29,063,534	14,453,432	15,973,701	702,488,372	761,979,039
Total liabilities and deferred inflows	115,046,640	276,279,774	30,971,757	1,678,243,762	2,100,541,933
NET POSITION					
Net investment in capital assets	283,415,073	(20,165,802)	2,099,634	1,403,435,327	1,668,784,232
Restricted for:					
Education	13,106,805	—	—	1,218,000	14,324,805
Business-type operations	2,730,651	11,633,879	—	—	14,364,530
Capital projects	—	—	—	8,000,575	8,000,575
Restricted for deferred support	—	—	248,009	—	248,009
Unrestricted	33,767,050	25,821,569	(17,245,877)	(982,386,737)	(940,043,995)
Total net position (deficit)	\$ 333,019,579	\$ 17,289,646	\$ (14,898,234)	\$ 430,267,165	\$ 765,678,156

The accompanying notes are an integral part of these financial statements.

Howard County, Maryland
Statement of Activities
Component Units
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Contributions	Community College	Housing Commission	Library	Public School System	Total
Component units:									
Community college	\$ 126,085,681	\$ 33,276,200	\$ 15,930,569	\$ 25,446,462	\$ (51,432,450)	\$ —	\$ —	\$ —	\$ (51,432,450)
Housing commission*	56,533,292	25,169,423	776,809	14,921,675	—	(15,665,385)	—	—	(15,665,385)
Library	27,640,273	735,807	788,069	—	—	—	(26,116,397)	—	(26,116,397)
Public school system	1,315,700,289	20,822,864	235,723,048	81,003,117	—	—	—	(978,151,260)	(978,151,260)
Total component units	\$ 1,525,959,535	\$ 80,004,294	\$ 253,218,495	\$ 121,371,254	\$ (51,432,450)	\$ (15,665,385)	\$ (26,116,397)	\$ (978,151,260)	\$ (1,071,365,492)
General revenues:									
Appropriations from primary government					40,361,000	—	24,020,324	675,576,796	739,958,120
Intergovernmental, unrestricted					36,580,754	—	3,287,379	284,569,579	324,437,712
Investment income					4,418,554	824,186	66,861	5,655,715	10,965,316
Miscellaneous					—	13,041,639	—	33,935,032	46,976,671
Total general revenues					81,360,308	13,865,825	27,374,564	999,737,122	1,122,337,819
Change in net position					29,927,858	(1,799,560)	1,258,167	21,585,862	50,972,327
Net position - beginning					303,091,721	19,089,206	(16,156,401)	408,681,303	714,705,829
Net position - ending					\$ 333,019,579	\$ 17,289,646	\$ (14,898,234)	\$ 430,267,165	\$ 765,678,156

*Financial statements for the Housing Commission are reported on a calendar year basis.

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS





Notes to Basic Financial Statements Index

<u>NOTE DESCRIPTION</u>	<u>PAGE</u>
1. Summary of Significant Accounting Policies	46
A. The Reporting Entity	46
Discretely Presented Component Units	46
B. Government-Wide and Fund Financial Statements	47
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation	47
D. Budgetary Process	49
E. Deposits and Investments	50
Cash Equivalents	50
Investments	50
F. Loans Receivable	50
G. Inventory and Prepaids	50
H. Capital Assets	51
I. Compensated Absences	51
J. Self-Insurance	51
K. Water and Sewer Assessments	51
L. Deferred Outflows/Inflows of Resources	52
M. Net Position Flow Assumptions	52
N. Fund Balance Flow Assumptions	52
O. Fund Balance	52
P. Reconciliation Between GAAP and Budgetary Basis	54
Q. Budget Stabilization Account	54
R. Net Position Restricted by Enabling Legislation	55
S. Fair Value Measurements	55
T. Leases	55
U. Implementation of New Accounting Principles	56
2. Equity in Pooled Cash and Cash Equivalents and Investments	57
3. Receivables	66
4. Interfund Receivables, Payables and Transfers	67
5. Property Tax and Transfer Tax	68
6. Capital Assets	69
7. Long-Term Obligations	72
A. Primary Government	72
B. Component Units	78
8. Short-Term Debt	79
9. Conduit Debt	79
10. Leases and Subscription-Based Information Technology Arrangements	79
11. Restricted Assets	84
12. Fund Equity	85
13. Landfill Closure and Post-Closure Care Cost	86
14. Tax Abatement	87
15. Pension Plans	88
16. Other Post-Employment Benefits	97
17. Length of Service Award Program	104
18. Deferred Compensation Plan	106
19. Risk Management	107
20. Fund Disclosures	107
21. Commitments and Contingencies	108
A. Grants	108
B. Construction	108
C. Encumbrances	108
D. Litigation	108

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

A. The Reporting Entity

Howard County, Maryland (the County), was formed in 1851 under a commission form of government. Under home rule charter since 1968, the County is governed by an elected County Executive and a five-member County Council serving separate executive and legislative functions.

The basic financial statements include Howard County, Maryland as the primary government and its significant component units, entities for which the County is considered to be financially accountable. The component units include the activities of the Howard County Public School System, the Library, the Community College, and the Housing Commission. The Volunteer Fire Districts have not met the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report. The component units are included in the County's reporting entity because of the significance of their operational or financial relationship with the County in that the County approves budgetary requests and provides a significant amount of funding.

Discretely Presented Component Units

The financial data of the County's component units are discretely presented in a column separate from the financial data of the primary government. They are reported in a separate column to emphasize that they are legally separate from the County. The following are the County's component units that are included in the reporting:

The Howard County Public School System is responsible for the operation of special education, elementary, middle and high schools. The Board of Education is comprised of five members elected by County voters. The County is responsible for levying taxes and has budgetary control over the Board.

The Howard County Library System operates various library branches throughout the County. The Library is governed by a seven-member board nominated by the County Executive and approved by the County Council. The County approves the Library's annual budget and provides substantial funding to the Library.

The Howard Community College provides educational services by offering two-year associate degrees and a continuing education program. The Community College is governed by a seven-member board appointed by the Governor of Maryland. The County approves the College's annual budget and provides substantial funding to the College.

The Howard County Housing Commission is a public corporation established by Maryland and Howard County law to act as builder, developer, owner, and manager of housing for eligible participants. The Commission is comprised of seven commissioners appointed by the County Executive and approved by the County Council. The County provides substantial funding to the Commission and approves its annual budget.

Financial information regarding the component units is included in the component units combining statements. Annual financial reports for individual component units can be obtained from their respective administrative offices:

Howard County Public School System
10910 Route 108
Ellicott City, Maryland 21042

Howard County Library System
9411 Frederick Road
Ellicott City, Maryland 21042

Howard Community College
10901 Little Patuxent Parkway
Columbia, Maryland 21044

Howard County Housing Commission
9770 Patuxent Woods Drive, Suite 100
Columbia, Maryland 21046

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and Statement of Activities present financial information on all of the non-fiduciary activities of the primary government and its component units. Generally, the effect of interfund activity has been removed from these statements with the exception of interfund services provided and used. Government activities, which primarily are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The Statement of Activities displays the extent to which direct expenses are offset by program revenues for each function of governmental activities and for each segment of business-type activities. Direct expenses are those that can be attributed to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. 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, as are the proprietary fund and pension trust fund financial statements. Custodial funds use the economic resources measurement focus and are reported using the accrual basis of accounting. Revenues are recognized when earned and expenses are recorded when liabilities are incurred regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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 when they become 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. The County considers all revenues, with the exception of income tax revenue, to be available if they are collected within sixty days after the end of the current fiscal period. Income tax revenue is considered to be available if it is collected within thirty days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, postemployment benefits and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the Howard County the right-to-use assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, other local taxes, state shared taxes, fines and forfeitures, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Health Department Fund is included for reporting purposes.

The *General Capital Projects Fund* is used to account for the construction of general capital projects such as senior centers, community centers, and administrative buildings, in addition to public schools and buildings for the Community College.

The *Grant Fund* is used to account for the proceeds of specific grant revenue sources that are restricted to expenditures for particular functions or activities.

The County reports the following major proprietary fund:

The *Water and Sewer Fund* accounts for the County's water and sewer operations, construction or acquisition of capital assets, and related debt service costs. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

The County reports the following fund types:

Special Revenues Funds are used to account for and report the proceeds of special revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. This definition establishes that at least one restricted or committed revenue source must be the foundation of the special revenue fund. The following revenue sources are included in special revenue funds: local transfer tax, fire and rescue tax, forest conservation developer fees, residential trash collection and disposal fees, registration fees for recreational programs and fines for speed enforcement.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, except those accounted for in the General Capital Projects Fund and proprietary fund types.

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds.

Enterprise Funds are used to account for the activities of the Special Recreation Facility Fund, Watershed Protection and Restoration Fund and Broadband Fund. The Special Recreation Facility Fund accounts for the operations and related debt service costs of a public golf course. The Watershed Protection and Restoration Fund accounts for the maintenance, operations, and improvement of the local stormwater management system. The Broadband Fund accounts for broadband services to private sector businesses as well as non-County government agencies and County departments and component units. All assets, except those available to fund current liabilities, are considered restricted because a change in the charter is required to allow these assets to be used for other purposes.

Internal Service Funds are funds used to account for goods and services furnished by one County department to another County department on a cost reimbursement basis. Internal Service Funds account for centralized vehicle fleet services; technology and communication operation; risk management activities for workers' compensation, general liability, environmental, vehicle and property insurance; and County employee health benefit costs.

Custodial Funds are used to account for resources held in a custodial capacity on behalf of parties outside the government, including money paid by residents for state property tax, the detention center inmates, friends of RNC, police contraband, and multifarious funds donated to be used by the Law Library, the Revenue Authority and the Domestic Violence Center.

Pension Trust Funds are used to account for the activities of the County's single-employer public employee retirement plans. These include the Police and Fire Employees' Retirement Plan and the General Employees' Plan. The plans account for employee contributions, County contributions and the earnings and profits from investments. They also account for the disbursements made for employee retirements, withdrawals, disability, and death benefits as well as administrative expenses. Annual Financial Reports for both pension trust funds can be obtained from the administrative office at Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland, 21043 or from the website at www.howardcountymd.gov.

Other Post-Employment Benefits (OPEB) Trust Fund was established to account for the other post employment benefits of the County and its component units. The trust fund acts as a funding mechanism for the employers' cost of retiree benefits.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is the charges between water and sewer operations and other County departments because the elimination of those charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 operations. The principal operating revenues of the Enterprise Funds and Internal Service Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds and Internal Service Funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first and then unrestricted resources as they are needed.

D. Budgetary Process

Pursuant to County Charter, the County Executive's capital and operating portions of the budget for all County funds are submitted to the County Council by April 1 and 21, respectively. The County Council holds public hearings before passing the annual budget appropriation ordinance. If the County Council does not pass the budget ordinance, the Executive's proposed budget ordinance stands adopted. The adopted budget becomes effective July 1, and provides the spending authority at the individual department level for the operations of the County government with the unexpended or unencumbered appropriation authority of the operating budget expiring the following June 30. Transfer of appropriations between general classifications of expenditures in the current expense budget within the same office or department and within the same fund may be authorized by the Executive. Transfers between offices, departments, institutions, boards, commissions or other agencies of the County government and within the same fund of the current expense budget may be made during the last quarter of the fiscal year and then only on the recommendation of the Executive and with the approval of the Council. Capital unencumbered appropriations continue until the capital project is closed.

During the fiscal year, the County Council, upon the request of the County Executive, may approve transfers between projects in the capital budget, but it may not increase the total size of the capital budget. The County Council, at any time during the fiscal year, may approve supplemental operating budget requests from the County Executive. The budgeted contingency reserve, which may not exceed 4 percent of the appropriated budget, is the funding source for supplemental requests. After April 1 of each year, the Council may also, at the request of the Executive, approve transfers between departments in the operating budgets. The Council may approve supplemental budgets from unappropriated funds only in emergencies affecting "life, health, and property." Additionally, the County Executive has the authority to make transfers within a department at any time during the year without approval of the County Council. During fiscal year 2023, the Council approved two operating budget supplements and there were no capital budget transfers.

Budgetary data, as revised, is presented in the Basic Financial Statements for the General and Grant Funds. Outstanding encumbrances are included in the final budget as actual expenditure amounts in those statements because they remain in force and do not lapse until the end of the subsequent fiscal year. Lapsed appropriations are reported as additions to fund balance on a budgetary basis. Grant Fund appropriations are multi-year and do not lapse until grant expiration. Expenditures and encumbrances of both the governmental and proprietary funds may not legally exceed appropriations at the functional, agency and program levels.

E. Deposits and Investments

Cash Equivalents

The County considers all demand deposits and investments with a maturity of three months or less when purchased to be cash and cash equivalents.

Investments

The County follows Governmental Accounting Standards Board (GASB) Statement 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, which requires marketable securities to be carried at fair value. The County has an internal investment pool that is available for use by all funds.

Pension Trust Fund Fair Value Measurement

The investments of the Pension Trust Funds are reported at fair value or net asset value, as further described in Note 2. The securities of the Pension Trust Funds traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments in the Governmental Funds represent stripped-coupon U.S. Treasury securities stated at fair value in the Agricultural Land Preservation Fund. They are also reported in aggregate as part of U.S. Government Securities in the Equity in Pooled Cash and Cash Equivalents and Investments note.

Also, in accordance with investment policy, the Pension Trust Funds may invest in collateralized mortgage obligations (CMO) and putable bonds. These investments are reported as part of U.S. Government Agency notes in the Equity in Pooled Cash and Cash Equivalents and Investments note disclosure.

Other Post-Employment Benefits (OPEB) Trust Fund Fair Value Measurement

The objective of the OPEB Trust Funds is to achieve long-term growth of assets by maximizing long-term rates of return on investments and minimizing the risk of loss to fulfill the County's current and long-term OPEB obligations. The Trust investments are reported at fair value, which is generally based upon quoted market prices at year-end. Beginning in fiscal year 2023, the County's investment policy allocation was revised to include alternative investments in addition to growth and income assets. Alternatives may consist of non-traditional asset classes such as hedge funds, private equity, private debt, and real assets, when deemed appropriate. The fair value for alternative investments is determined using unit values supplied by the fund managers which are based upon the fund managers' appraisals of the fund's underlying holdings. Such values involve subjective judgment and may differ from amounts which would be realized if such holdings were actually sold. The investments of the OPEB Trust Funds are further described in Note 2.

F. Loans Receivable

For purposes of the fund financial statements, housing loans in the Community Renewal Fund are charged to the budget upon funding, and the loans are recorded with an offset to a committed fund balance account. A receivable, "due from component units," along with an offset to non-spendable fund balance, is recorded in the General Fund as the Howard Community College has an agreement to reimburse the County for bond issues related to the construction costs of a parking deck and the Horowitz Visual and Performing Arts Center. For purposes of the government-wide financial statements, neither housing loans nor the receivable from the College are included in restricted Net Position accounts.

G. Inventory and Prepaids

Materials and Supplies

Materials and supplies are valued at cost, using the weighted average method. Materials and supplies are recorded as assets when purchased, and charged to expenditures/expenses when consumed. This is referred to as the consumption method of inventory accounting. The County also has some materials and supplies that are expensed off directly when purchased, as they are consumable items purchased for use within the County, for examples include office supplies, paper towels and cleaning materials.

Prepays

The County uses the consumption method to account for prepaid. Prepays include payments made to vendors for services that will benefit future periods beyond the end of the fiscal year. In governmental funds, fund balance equivalent to year-end prepaid values is classified as nonspendable to indicate that portion of the fund balance is not available in a spendable form.

H. Capital Assets

As Howard County constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease equipment, the measurement of which is discussed in Note 10). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset's capacity or efficiency or increase its estimated useful life. Betterments and major improvements that significantly increase values, change capacities or extend useful lives are capitalized. Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). The threshold for capital assets as defined by Howard County was raised to include assets with an initial, individual cost of \$10,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical or at estimated historical cost if actual historical cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value at the date donated.

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the intangible right-to-use equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Buildings	50
Improvements	5-50
Machinery, equipment, and vehicles	5-20
Intangible right-to-use equipment	1-50
Infrastructure	15-40
Water and sewer lines	50-100

I. Compensated Absences

County employees are granted vacation, personal, and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation days. Classified employees are limited to an accrual of forty days and executive exempt employees are limited to an accrual of one hundred days. Employees who terminate employment are not reimbursed for accumulated sick leave. Payments when made to terminated employees for accumulated vacation leave are charged as expenditures/expenses, primarily in the General Fund, Special Revenue Funds, and Proprietary Funds. Accumulated vacation benefits at year-end are recorded as obligations in the Statement of Net Position and Proprietary Fund Statements.

J. Self-Insurance

The County establishes its funding of claims liabilities as they occur. This funding level includes provisions for indemnity, medical losses, and allocated loss adjustment expenses which are all classified as incremental claim adjustment expenses. Unpaid insurance claims in the self-insurance funds include liabilities for unpaid claims based upon individual case estimates for claims reported and claims incurred but not reported (IBNR) as of fiscal year-end.

K. Water and Sewer Assessments

Water and sewer assessments are charged to property owners on a 30-year basis to recover the debt service on bonds used to construct main and lateral water and sewer lines which benefit such properties. A water and sewer assessments receivable (restricted assets) is established for the entire uncollected assessed amount. The portion of the receivable relating to bond principal is credited to Net Position and the portion representing interest is recognized as revenue when billed.

From 1980 to 2004, the receivable increased as the water and sewer system was being built. The receivable is now declining and will continue to do so as debt is retired and there are minimal new assessments. The Water and Sewer ad valorem charge (billed annually to all property within the Metropolitan District) is sufficient to fund the debt service related to the cost of infrastructure.

L. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred *outflows of resources*. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The government has several items that qualify for reporting in this category. First is the deferred refunding amount reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The remaining line items are related to the pension, OPEB, and Length Of Service Award Program (LOSAP) plans reported in the government-wide statement of net position and encompass the following: changes in actuarial assumptions are amortized over the average expected remaining service life of employees, and the difference between expected and actual experience and the difference between projected and actual earnings on pension plan investments are amortized over five years. The final item is for pension, OPEB, and LOSAP contributions made subsequent to the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred *inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has several types of deferred inflows of resources that qualify for reporting in this category. In the government-wide statement of net position, the government reports the following items related to the pension, OPEB, and LOSAP plans: Changes in actuarial assumptions and changes in actuarial experience study are amortized over the average expected remaining service life of employees, and investment earnings greater than projected are amortized over five years. In addition, the government-wide financial statements reports deferred amounts related to leases.

Under the modified accrual basis of accounting, several deferred inflows of resources are reported as unavailable revenues. In the governmental balance sheet, the government reports deferred inflows of resources from income and property taxes, fees, grant revenues, and lease revenues. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

M. Net Position Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the County's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

N. Fund Balance Flow Assumptions

Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

O. Fund Balance

In the fund financial statements, fund balance is classified based on the extent to which the County is bound to observe constraints on the specific purposes for which the amounts can be spent. Fund balance is reported within one of the five fund balance categories listed below:

Nonspendable – Includes fund balance amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact such as a permanent fund and (3) receivables due in more than one year. Not in spendable form includes items that are not expected to be converted to cash, such as inventories, prepaid items and long term loan receivables.

Restricted – Includes fund balance amounts that are restricted to specific purposes when constraints are placed on the use of resources by external parties, constitution provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purpose stipulated in the legislation.

Committed – Includes fund balance amounts for which constraints have been imposed by the government itself, using the highest level of decision-making authority via County ordinances. In addition, these constraints can only be removed or changed through formal action by the Council.

Assigned – Includes fund balance amounts intended to be used for specific purposes. It is County policy that the County Executive assigns fund balance amounts in the General Fund at the recommendation of both the Director of Finance and the Budget Administrator. In addition, GASB 54 requires all residual amounts in special revenue funds to be reported as assigned.

Unassigned – Represents the residual fund balance of the General Fund (cannot be reported in other Governmental Funds unless amount is reported negative) after the above fund balance categories are reported.

P. Reconciliation Between GAAP and Budgetary Basis

The General and Special Revenue Funds of the primary government have legally adopted annual budgets. The “Statement of Revenues, Expenditures, and Changes in Fund Balances – Budgetary Basis” of the General Fund and the Grant Fund are prepared on a basis consistent with their budgets and are reported within the basic financial statements. The “Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budgetary Basis” for Non-major Special Revenue Funds are prepared on a basis consistent with those budgets and are presented as supplementary information. The budgets are prepared using encumbrance accounting wherein encumbrances are treated as expenditures of the current period, including certain contractual services. Also, the budgets include appropriations of prior year fund balances as other sources in the current year. The "Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds" is prepared on a basis consistent with GAAP wherein encumbrances are treated only as an assignment of fund balance, prior year fund balances are not included as other sources, and contractual services/expenditures are recorded on a modified accrual basis.

The financial statements are reconciled below:

	General Fund	Grant Fund
Budgetary basis - revenues and other sources over expenditures and other uses	\$ 80,736,248	\$ 2,843,630
Current year encumbrances outstanding	13,918,689	1,258,597
Prior year encumbrances expended this year	(11,209,190)	(2,080,845)
Effect of recording contractual service expenditures modified accrual basis	(6,942,736)	69,220
Unbudgeted transfers	9,421,777	100,000
Other	(3,580,009)	(165,552)
GAAP basis - net change in fund balance	<u>\$ 82,344,779</u>	<u>\$ 2,025,050</u>

The ending fund balances are reconciled as follows:

	General Fund	Grant Fund
Budgetary basis - ending fund balance	\$ 482,225,744	\$ (2,072,922)
Adjustments:		
Elimination of encumbrances outstanding	18,306,359	1,530,565
Accruals	(2,464,932)	10,302
Other	(3,652,300)	(3,171,064)
GAAP basis - ending fund balance	<u>\$ 494,414,871</u>	<u>\$ (3,703,119)</u>

Q. Budget Stabilization Account

The County has established a budget stabilization account (also known as the Rainy Day Fund) to provide funding in cases of revenue shortfalls, which would not include anticipated revenue shortfalls unless the shortfall was quantified, and was of a magnitude that would distinguish it from other shortfalls that regularly occur during the normal course of governmental operation or emergency situations affecting life, health, or property. The County Charter sets a goal of maintaining the account at seven percent of audited General Fund expenditures for the most recently completed fiscal year at the time the budget is prepared. When the fiscal year 2023 budget was prepared, the fiscal year 2021 financial statements were the most recently completed and audited. Therefore, the charter target is based upon fiscal year 2021 audited expenditures. An increase of \$798,025 was made to the fund in fiscal year 2023 which resulted in achieving the charter target of \$80,987,918.

The budget stabilization account is calculated as follows:

Budget Fiscal Year	Audited Expenditures from Fiscal Year	Audited Expenditures*	Percentage	Charter Target
2023	2021	\$ 1,156,970,261	7%	\$ 80,987,918
2024	2022	\$ 1,214,785,389	7%	\$ 85,034,977
2025	2023	\$ 1,284,202,931	7%	\$ 89,894,205

*Budgetary expenditures and encumbrances less pay-as-you-go expenditures.

R. Fair Value Measurements

Howard County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset:

- Level 1 – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;
- Level 2 – Valuations based on quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in less active markets, such as dealer or broker markets; and
- Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

S. Leases and Subscription-Based Information Technology Arrangements

Lessee: The County is a lessee for noncancellable leases of equipment and real estate. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County is a lessor for a noncancellable lease of a building. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable and adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for lease, unless it is explicitly stated in the lease agreement.
- The lease term includes the noncancellable period explicitly stated within the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements

The County has entered into various subscription agreements that convey control of the right-to-use another entity's combination of IT software and tangible capital assets, for a variety of governmental purpose ranging from payroll to computer software. The County recognizes subscription liabilities with an initial, individual value of \$40,000 or more.

At the commencement of a subscription, the County initially measures the subscription liability at the present value of payments expected to be made during the lease term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to subscription include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The County uses the interest rate charged by the subscription provider as the discount rate. When the interest rate is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for subscription.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

T. Implementation of New Accounting Principles

During the fiscal year ended June 30, 2023, the County adopted the following new accounting standard.

Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for reporting periods beginning after June 15, 2022. A Subscription is defined as a contract that conveys control of the right-to-use another party's (a Subscription vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets) as specified in the contract for a period of time in an exchange or exchange-like transaction. This Statement establishes that a Subscription results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a Subscription; and requires note disclosures regarding a Subscription. The required changes are reflected in the County's financial statements.

2. Equity in Pooled Cash and Cash Equivalents and Investments

The County's cash and cash equivalents and investments are managed separately from the Pension and Other Post-Employment Benefits Trust funds and each is discussed separately below.

A. County's Cash and Cash Equivalents and Investments

The County maintains a cash, cash equivalents, and investment pool that is available for use by all funds except the Pension and Other Post-Employment Benefits Trust funds. Each County fund is allocated interest income based on its share of the investment pool. Except as otherwise legislated, interest income earned by Governmental and Internal Service Funds is transferred to the General Fund.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The County's investment policy requires at least 102% collateralization of deposits. The carrying amount of total deposits, including certificates of deposit, was \$23,309,002 and the bank balance was \$22,167,299 at fiscal year-end. The bank balance was covered by federal depository insurance or by collateral held by the County's agent in the County's name. Petty cash was \$12,699 at June 30, 2023.

The County's component units had a combined bank balance of \$78,606,005. All bank balances were covered by federal depository insurance or by collateral held by the component unit's agent in the component unit's name. The component units do not have a policy covering deposits.

The table below reconciles the County's deposits and investments to the Government-Wide Statement of Net Position and the Statement of Fiduciary Net Position:

	Primary Government	Component Units	Custodial Funds
Statement of Net Position Amounts:			
Equity in pooled cash	\$ 857,304,687	\$ 146,006,055	\$ 1,900,850
Cash with fiscal agent	8,120,778	—	—
Restricted equity in pooled cash and cash equivalents	174,016,677	12,547,421	—
Investments	17,171,886	173,677,186	—
Total	<u>\$ 1,056,614,028</u>	<u>\$ 332,230,662</u>	<u>\$ 1,900,850</u>
Deposits and Investment Summary:			
Carrying value of cash deposits	\$ 21,408,152	\$ 158,553,476	\$ 1,900,850
Fair value of Investments	1,035,205,876	173,677,186	—
Total	<u>\$ 1,056,614,028</u>	<u>\$ 332,230,662</u>	<u>\$ 1,900,850</u>

Investments. The County has adopted an investment policy that is designed to provide maximum safety and liquidity of funds while providing a reasonable rate of return. Permissible investments include U.S. Treasury Obligations, U.S. Government Agency and U.S. Government-Sponsored Enterprises, repurchase agreements, collateralized certificates of deposit, bankers' acceptances, commercial paper, the Maryland Local Government Investment Pool, and mutual funds dealing in government securities. The County's policy and State law require that the underlying collateral for repurchase agreements and certificates of deposit must have a fair value of at least 102% of the investment's cost plus accrued interest.

The County's policy is more restrictive than State law, limiting the percentage of total portfolio that can be invested in certain investment types. These investment types, and the maximum percentage of the portfolio that can be invested in each are: U.S. Treasury Obligations – 100%, U.S. Government Agency and U.S. Government-Sponsored Enterprises – 90%, repurchase agreements – 90%, collateralized certificates of deposit – 5%, bankers' acceptances – 30%, commercial paper – 10%, mutual funds – 60% and supranational issuers – 40%. State law places no limits on these types of investments. Another restriction the County has is to limit the maximum amount invested through any broker, dealer or other financial institution to 40% of the portfolio. In addition, all component units have investment policies.

Investments of the County and its Component Units at fiscal year-end:

Investment type	Fair Value		
	Primary Government	Component Units	Total Reporting Entity
U.S. Government Securities	\$ 202,375,536	\$ —	\$ 202,375,536
U.S. Government - Sponsored Enterprises	536,009,969	—	536,009,969
Supranationals	7,990,880	—	7,990,880
Maryland Local Govt. Investment Pool	189,817,668	151,966,071	341,783,739
Money market funds	99,011,823	—	99,011,823
Fixed income	—	4,267,313	4,267,313
Mutual funds	—	11,090,780	11,090,780
Interest in irrevocable trust	—	146,346	146,346
Treasury bills	—	1,036,448	1,036,448
Equity in properties under home ownership	—	5,170,228	5,170,228
Total	\$1,035,205,876	\$ 173,677,186	\$1,208,883,062

Fair Value Measurement

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of June 30, 2023:

	Total	Primary Government		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
U.S. Government Securities	\$ 202,375,536	\$ 202,375,536	\$ —	\$ —
U.S. Government - Sponsored Enterprises	536,009,969	—	536,009,969	—
Supranationals	7,990,880	—	7,990,880	—
Total investments by fair value level	\$ 746,376,385	\$ 202,375,536	\$ 544,000,849	\$ —
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	189,817,668			
Money market funds	99,011,823			
Total investments measured at amortized cost	\$ 288,829,491			
Total investments	\$1,035,205,876			

The Component Units has the following recurring fair value measurements as of June 30, 2023:

	Total	Component Units		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Treasury bills	\$ 1,036,448	\$ 1,036,448	\$ —	\$ —
Fixed income	4,267,313	4,267,313	—	—
Mutual funds	11,090,780	11,090,780	—	—
Interest in irrevocable trust	146,346	—	—	146,346
Total investments by fair value level	<u>\$ 16,540,887</u>	<u>\$ 16,394,541</u>	<u>\$ —</u>	<u>\$ 146,346</u>
Investments measured at amortized cost:				
Maryland Local Govt. Investment Pool	151,966,071			
Total investments measured at amortized cost	<u>\$ 151,966,071</u>			
Investments measured at the net asset value (NAV):				
Equity in properties under home ownership	5,170,228			
Total investments measured at the NAV	<u>\$ 5,170,228</u>			
Total investments	<u><u>\$ 173,677,186</u></u>			

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Level 3 of the fair value hierarchy refers to securities with valuation methodology that are unobservable and significant to the fair value measurement. Fixed income securities are priced on a daily basis, mark to market, using a variety of third party pricing sources, market data and methodologies.

Interest Rate Risk. The County's investment policy requires that the majority of investments have a maturity of one year or less, except for U.S. Treasury stripped coupon securities purchased as part of the Agricultural Land Preservation Program (see Note 7). These securities have no coupon and have long-term maturity lengths; therefore, they are very interest-rate sensitive. If market interest rates were to rise, the fair value of these securities would decline further than a similar coupon-paying Treasury security. Conversely, if market interest rates were to fall, the fair value of these securities would rise further than a similar coupon-paying Treasury security. The County plans to hold these securities to their maturity.

The following is a list of County investments included in the computation of weighted average maturities:

Investment type	Fair Value/ Amortized Cost	Weighted Average Maturity (in years)
U.S. Government Securities	\$ 202,375,536	0.58
U.S. Government - Sponsored Enterprises	536,009,969	0.36
Supranationals	7,990,880	0.04
Total	<u>\$ 746,376,385</u>	
Portfolio weighted average maturity		0.42

The Maryland Local Government Investment Pool (MLGIP) was created under the Annotated Code of Maryland. The intent of the pool is to provide a safe investment vehicle for short-term investments. The MLGIP is administrated by the Maryland State Treasurer. Participation is voluntary and eligibility is regulated by MLGIP Local Government Article. The MLGIP and the money market funds used by the County are operated in accordance with Rule 2a-7 of the Investment Company Act of 1940 and not registered with the Securities and Exchange Commission (SEC). The County's investments in these pools are not included in the computation of weighted average maturity. The unit value is at amortized cost with a \$1 per share value.

Credit Risk. State law limits investments in bankers' acceptances and commercial paper to the highest short-term debt letter and numerical rating by at least one nationally recognized statistical rating organization. All investments in U.S. Government Sponsored Enterprises are rated AA+ by Standard & Poor's. The Maryland Local Government Investment Pool and the money market fund are both rated AAA by Standard & Poor's. Investments in short-term commercial paper is rated P-1 by Moody's Investors Service.

Concentration of Credit Risk. The County's investment policy places no limit on the amount the County may invest in any one issuer. More than 5% of the County's investments are in the Federal Home Loan Bank and Federal Farm Credit Bank. At fiscal year-end, investments in these U.S. Government Sponsored Enterprises represent 71.84% of the County's total investments.

B. Pension Trust Funds' Cash and Investments

The County's Pension Trust funds, the Howard County Police and Fire Employees' Retirement Plan, and the Howard County Retirement Plan (the Plans) share commingled funds that are allocated based on each Plan's percentage of ownership. The Plans have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Plans employ State Street Bank as trustee for their assets.

Investments. The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	32.0%	42.0%	52.0%
Fixed income	16.0%	26.0%	36.0%
Alternative investments	21.0%	26.0%	31.0%
Real assets	2.0%	6.0%	11.0%

Investments at fiscal year-end:

Investment type	Fair Value/NAV
Equities	\$ 620,232,324
Fixed income	346,051,529
Alternative investments	360,541,849
Real assets	74,917,854
Money market funds	11,073,310
Total	\$ 1,412,816,866

Interest rate risk. The Plans' investment policy does not place any limits on the professional investment managers with respect to the duration of investments managed for the Plans. The following is a list of County Plan investments included in the computation of weighted average maturities:

Investment type	Fair Value/ NAV	Weighted Average Maturity (in years)
Corporate bonds	\$ 27,947,168	13.45
U.S. Government - Sponsored Enterprises	25,064,448	25.65
Government Issued / Treasuries	7,087,201	25.70
Other asset backed securities	3,382,630	26.71
Collateralized mortgage obligations	3,472,623	38.81
Municipal securities	1,239,871	14.28
Commingled funds and preferred stock identified as fixed income for reporting purposes	277,857,588	N/A
Total	\$ 346,051,529	N/A
Portfolio weighted average maturity		21.17

Credit Risk. The demand deposit accounts (DDA's) held by State Street Bank are unrated, as are the mutual funds used by the Plans. At fiscal year-end, the Plans' fixed income investments had the following risk characteristics:

Standard & Poor's Rating or Comparable	Fair Value
AA to A-	\$ 6,830,628
BBB to BB-	24,545,406
Not rated	314,675,495
Total	\$ 346,051,529

Custodial Credit Risk. State Street Bank invests in interest bearing demand deposit accounts in the name of the Plan for all accounts and pays interest equal to the effective Federal Funds rate, which are included in money markets on the Statements of Fiduciary Net Position. At fiscal year-end, the amount in this fund at fair value was \$11,073,310 which was partially used for settlement of open purchases of \$725,720. All other investments of the fund are held by State Street Bank as trustee in the Plans' names.

Credit Risk - Currency Forward Contracts, Futures and Options. One of the Plan's investment objectives is to diversify assets in accordance with the Modern Portfolio Theory (MPT) in order to reduce overall risk. Consistent with this objective, the Plan invested in some funds that hold currency forward-contracts and invest in futures, warrants and options. This strategy is undertaken to protect the dollar value of underlying international investments. The Plan's share of fair value or gains and (losses) from currency forward contracts, options, warrants, futures and cash were (\$59,662), (\$197), \$27,951, \$397,664 and \$378,160, respectively for the fiscal year.

Foreign Currency Risk. The Plans' exposure to foreign currency risk derives from its investments in foreign currency or instruments denominated in foreign currency. Investments in such securities are limited to a maximum net currency exposure of 34.50% at any given time. These pool of assets may also include hedged assets, therefore, reducing the overall currency risk. The Plans were also exposed to foreign currency risk through the Pool's investments in Euro denominated alternative investments. The Pool total of these investments were \$16,341,761 and \$15,970,464 in fiscal years 2023 and 2022, respectively.

Derivatives - Interest Rate Swaps. In accordance with the investment policy, during fiscal year 2023, the private debt fund invested in interest rate swaps which are forward contracts between two parties to exchange or swap one stream of interest payments for another, over a set period of time. Interest rate swaps can exchange fixed or floating rates in order to reduce or increase exposure to fluctuations in interest rates. In fiscal year 2023, the private credit fund reported \$83,450 in interest rate swap and interest rate cap at market.

Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2023:

	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Debt securities:				
Collateralized Mortgage Obligations (Fannie Mae and Freddie Mac)	\$ 3,472,623	\$ —	\$ 3,472,623	\$ —
Corporate bonds	27,947,168	—	27,947,168	—
Commingled funds (fixed income)	107,619,412	54,494,412	53,125,000	—
FHLMC and FNMA bonds	25,064,448	—	25,064,448	—
U.S. Treasury Securities	7,087,201	—	7,087,201	—
Municipals bonds	1,239,871	—	1,239,871	—
Other asset backed securities	3,382,630	—	3,382,630	—
Preferred stock	993,254	993,254	—	—
Total debt securities	<u>176,806,607</u>	<u>55,487,666</u>	<u>121,318,941</u>	<u>—</u>
Equity securities:				
Common Stocks	382,375,686	382,375,686	—	—
Emerging Market Equity Portfolio	113,445,744	113,445,744	—	—
Real Estate Investment Trusts (REITS)	2,050,864	2,050,864	—	—
Total equity securities	<u>497,872,294</u>	<u>497,872,294</u>	<u>—</u>	<u>—</u>
Total investment by fair value level	<u>\$ 674,678,901</u>	<u>\$ 553,359,960</u>	<u>\$ 121,318,941</u>	<u>\$ —</u>
Investments measured at the net asset value (NAV):				
Private equity funds	\$ 196,557,368			
Private credit funds	28,594,586			
Hedge funds	135,389,894			
Real assets funds	74,917,854			
International equity funds	77,564,468			
Commingled fund within international equities	44,795,563			
Commingled fund within international fixed income	33,359,205			
Commingled fund within domestic fixed income	<u>135,885,717</u>			
Total investments measured at the NAV	<u>727,064,655</u>			
Total investments measured at fair value/NAV*	<u>\$ 1,401,743,556</u>			

*Does not include money market funds totaling \$11,073,310

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Debt securities classified in Level 2 of the fair value hierarchy refers to securities not traded on an active market but for which observable market inputs are readily available. Fixed income securities are priced on a daily basis, mark to market, using a variety of third party pricing sources, market data and methodologies.

The valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented below:

	Fair Value	Unfunded Commitments	Frequency (if Currently Eligible)	Notice Period
Private equity funds	\$ 196,557,368	\$ 76,557,360	Illiquid	N/A
Private credit funds	28,594,586	23,719,487	Illiquid	N/A
Equity Hedge fund 1	71,020,483	—	Quarterly	65 days
Equity Hedge fund 2	64,369,411	—	Semi Annually	95 days
Real assets funds	74,917,854	19,443,638	Illiquid	N/A
International equity funds	77,564,468	—	Monthly	15 days
Commingled fund within international equities	44,795,563	—	Weekly	3 days
Commingled fund within international fixed income	33,359,205	—	Bi-monthly	5 days
Commingled fund within domestic fixed income	135,885,717	—	Daily	1 day
Total	<u>\$ 727,064,655</u>	<u>\$ 119,720,485</u>		

Private Equity Funds. Private equity investment strategies include buyout, venture capital, growth capital, and special situations. The Private Equity portfolio seeks to deliver long-term, risk-adjusted returns superior to those of comparable public markets. Investments in the asset class are achieved primarily through commingled, closed-end funds and may also include fund of funds, direct and co-investment opportunities. Exposures are diversified by manager, region, strategy, and vintage year. Private equity investments are illiquid, and distributions are received over the life of the investments, which can range between 10 and 15 years. These investments do not have set redemption schedules; therefore options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure. The fair value of the partnership interest is based on NAV provided by the General Partner. The partnership's financial statements are audited annually as of December 31 and the NAV is adjusted quarterly by additional contributions to and distributions from the partnership, the net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partner.

Private Debt Funds. Private credit investment strategies will focus on identifying market dislocations and credit-intensive assets, specifically in loan portfolios, corporate securities, structured credit, hard assets and special opportunities. The Private Credit portfolio invests in commingled funds. The objective of the fund is to provide income from the premium yields along with a return over Liquid Credit over the life of the fund, which can range between 6 and 8 or more years. The fund employs a flexible and opportunistic mandate allowing for investments in a variety of strategies irrespective of market conditions and geographies. These investments do not have set redemption schedules therefore options for exit are limited to sale on the secondary market. Capital commitments are made to these types of investments and funds are invested through a call down structure. The fair value of the partnership interest is based on NAV provided by the General Partner. The partnership's financial statements are audited annually as of December 31 and the NAV is adjusted quarterly by additional contributions to and distributions from the partnership, the net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partner.

Emerging Market Debt Strategy. This represents investments primarily in a globally diversified portfolio of high quality sovereign bonds and currencies in emerging markets (non U.S. issuers). The objective of this fund is to generate income, preserve capital, and enhance principal above a passive benchmark (JP Morgan GBI-EM Global Diversified Index). NAV for the Fund is only calculated twice a month on the last business day and the 15th (or next business day if the 15th is a non-business day). The ownership interest is only in the units of the Fund, not the underlying holding or securities of the Fund.

Hedge Funds. This represents investments in two Hedge FOF managers. Each FOF manager invests in underlying hedge funds to provide a broadly diversified portfolio. One invests with 10-20 underlying managers/funds to execute its global market strategy. The other invests in 20-40 underlying managers/funds in a relative value mandate. The hedge fund strategy is designed to diversify by manager/fund to reduce single manager/fund risk while offering portfolio diversification and provide a return profile that is uncorrelated to the rest of the assets in the portfolio. The fair values of the investments are determined using the NAV per share (or its equivalent) of the investments. These funds have liquidity restrictions of 3 to 6 months.

Real Assets Strategies. This represents funds that invest in Private Real Estate and Private Real Assets. The objective of the portfolio seeks to provide portfolio diversification, current income, and protection against unanticipated inflation. Real Estate investments are often classified by core or non-core (value-added or opportunistic). The Real Estate strategies deployed include a U.S. focused property strategy (core/core plus) and a global Fund of Funds (FOF) strategy. The global FOF manager invests across Directs, Primaries, and Secondaries. Within Private Real assets, the natural resources investments are deployed through a FOF strategy and may invest in 10-25 underlying relationships as they build a diversified portfolio with exposure to oil, natural gas, agriculture, timber, and other natural resources. The infrastructure managers will invest in direct portfolio companies in communications, transportations, and energy transition sectors. Capital commitments are made to these types of investments and funds are invested through a call down structure. These funds have liquidity restrictions for the life of the investment, 7-10 years. Options for exit are limited to sale on the secondary market. The fair value of the partnership interest is based on NAV provided by the General Partner. The partnership's financial statements are audited annually as of December 31 and the NAV is adjusted quarterly by additional contributions to and distributions from the partnership, the net earnings and losses, and unrealized gains and losses resulting from changes in fair value, as determined by the General Partner.

International Developed Equity Strategies. This represents investments primarily in equity securities of international developed markets (non-U.S. issuers) with the objective of achieving a long-term return above a passive benchmark (MSCI EAFE). The managers implemented are complimentary as one focuses on growth-oriented companies and the other has a value focus. Foreign securities are valued on the basis of quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Funds may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities.

International Emerging Equities. This represents investments within international markets to further diversify the developed market segments by investing in developing markets that have lower correlations with developed economies. The managers implemented are complimentary as one focuses on growth-oriented companies and the other has a value focus. Foreign securities are valued on the basis of quotations from the primary market in which they are traded and translated at each valuation date from the local currency into U.S. dollars using current exchange rates. The Funds may enter into forward foreign currency exchange contracts primarily to hedge against foreign currency exchange rate risks on its non-U.S. dollar-denominated investment securities. The objective of the international emerging equity portfolio is to achieve a long-term return above a passive benchmark (MSCI EM Index).

Core Fixed Income Strategies. This represents investments within U.S. Investment Grade Fixed Income. The primary role of this portfolio is intended to provide income and downside protection to the portfolio in periods of financial market stress. Core fixed income is made up of U.S. Treasuries and liquid credit. The primary role of the U.S. Treasuries portfolio is to provide capital preservation, liquidity, and to increase the diversification of the Plan as a whole. Treasuries and TIPS are passively managed. The primary role of the Liquid Credit strategy is to generate added yield compared to Treasuries over a full market cycle and provide diversification for the Plan. This manager will be well diversified, and may include, but is not limited to, investment grade and non-investment grade corporate debt, emerging market debt, and asset-backed securities. The objective of the Core Fixed Income portfolio is to achieve a long-term return above a passive benchmark (Bloomberg U.S. Aggregate Bond Index).

Absolute Return Strategy. This represents an investment that has an unconstrained nature allowing for broad implementation across global fixed income markets and includes allocations to global interest rates, global credit sectors, securitized assets, emerging market debt, foreign currencies, and derivative markets. In addition, this strategy is a best-ideas and has emphasis on income and downside protection, with little interest rate exposures. The objective of the strategy is to provide a diverse composite of global exposures and targets a return above the 90 Day U.S. Treasury Bill.

High Yield Bond Strategy. This represents a High Yield bond managers that will invest in below investment grade debt instruments issued by domestic corporations. Because of the perceived greater risk of default, these bonds pay a higher yield than investment grade corporate debt. In order to add alpha or reduce volatility, this strategy will invest a small piece of the portfolio in bank loans, which are floating rate securities that typically carry a below investment grade rating. Other non-benchmark sectors may include convertible bonds, preferred equity, and investment grade corporate. The objective of the strategy is to achieve a long-term return above a passive benchmark (ICE BofA High Yield Master II Constrained).

US Equity Strategies. This represents Investment strategies that provide broad diversified exposure to the U.S. equity market, in both large and small cap market segments, as well as diversified exposure to different style segments (growth and value). U.S. equity strategies are implemented with passive and active managers. The objective of the U.S. equity portfolio is to achieve a long-term return above a passive benchmark (Russell 3000 Index).

C. Other Post-Employment Benefits (OPEB) Trust Funds' Cash, Cash Equivalents and Investments

The County's OPEB Trust funds have an investment policy that is designed to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long-term total return consistent with the level of risk assumed. To help achieve this return, professional investment managers are employed by the Plans to manage the Plans' assets. The Trust employs U.S. Bank as the custodian of its assets.

Investments. The Plans' investment policy includes an asset allocation plan for investments:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	1.0%	60.0%	59.0%
Fixed income	10.0%	30.0%	50.0%
Alternative investments	—%	10.0%	20.0%

Investments of the Plans at fiscal year-end:

Investment type	Fair Value/Amortized Cost
Cash	\$ 4,103,740
Mutual funds	238,153,198
Money market funds	77,040
Alternative Investments	3,539,980
Total	\$ 245,873,958

Credit Risk. The Maryland Local Government Investment Pool, included in Money Market Funds in the above schedule, is rated AAA by Standard & Poor's. The money market funds used by U.S. Bank are unrated, as are the mutual funds used by the Plans.

Other Post Employment Benefits (OPEB) Trust Funds' Fair Value Measurement

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. It has the following recurring fair value measurements as of June 30, 2023:

	Total	Fair Value Measurement Using		
		(Level 1)	(Level 2)	(Level 3)
Investments by fair value level:				
Mutual funds:				
Mutual funds - equity	\$ 160,383,920	\$ 160,383,920	\$ —	\$ —
Mutual funds - fixed Income	77,769,278	77,769,278	—	—
Alternative Investments	3,539,980	—	—	3,539,980
Total investments	241,693,178	238,153,198	—	3,539,980
Total investment by fair value level *	\$ 241,693,178	\$ 238,153,198	\$ —	\$ 3,539,980

*Does not include cash and money market funds totaling \$4,180,780 which represents securities that have remaining maturities of less than 1 year and may be measured at amortized cost.

3. Receivables

Receivables at fiscal year-end of the County's major individual funds and other aggregate remaining funds (including non-major governmental funds, non-major proprietary funds, internal service funds, and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	General Capital Project Fund	Grant Fund	Water and Sewer Fund	Fiduciary Funds	Non-Major and Other Funds	Total
Receivables							
Property taxes	\$ 8,984,218	\$ —	\$ —	\$ 442,510	\$ 487,103	\$ 1,753,864	\$ 11,667,695
Due from other governments	329,933,808	1,977,726	9,342,368	—	—	14,102,771	355,356,673
Due from component units	8,574,429	28,686,013	—	—	—	6,303,226	43,563,668
Lease Receivable	337,781	—	—	—	—	16,770,981	17,108,762
Housing loans	—	—	—	—	—	18,562,569	18,562,569
Economic development loans	—	—	539,355	—	—	—	539,355
Other	1,497,260	—	669,537	692,933	9,850,254	4,777,553	17,487,537
Service billings	—	—	—	11,914,555	—	72,894	11,987,449
Water and sewer assessments	—	—	—	12,443,250	—	—	12,443,250
Gross receivables	<u>349,327,496</u>	<u>30,663,739</u>	<u>10,551,260</u>	<u>25,493,248</u>	<u>10,337,357</u>	<u>62,343,858</u>	<u>488,716,958</u>
Less: Allowance for uncollectibles	<u>(2,698,695)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,698,695)</u>
Total Receivables	<u>\$ 346,628,801</u>	<u>\$ 30,663,739</u>	<u>\$ 10,551,260</u>	<u>\$ 25,493,248</u>	<u>\$ 10,337,357</u>	<u>\$ 62,343,858</u>	<u>\$ 486,018,263</u>

Property tax, services billings and water and sewer assessments receivables in the proprietary funds are liens on real property that will be sold via the annual tax sale process if not paid; therefore, an allowance has not been established. Due from other governments consists of uncollected tax and grant revenues from Federal and State governments.

Amounts other than leases receivable are (net of allowance for doubtful accounts).

4. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables:

The composition of interfund balances (Due to/from other funds) at fiscal year-end is as follows:

Due from other funds	Due to other funds	Amount
General Fund	General Capital Projects	\$ 58,561,746
General Fund	Special Recreation Facility	2,617,973
		61,179,719
Recreation Program Fund	Special Recreation Facility	422,000
		422,000
Total Inter-fund Receivable/Payable		\$ 61,601,719

The balances are cash deficits related to normal operations.

Transfers:

Interfund transfers for the year consisted of the following:

Fund	Non-Major Governmental Funds									Total Transfer In
	General Fund	General Capital Projects Fund	Grant Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Funds		
Major Funds										
General Fund	\$ —	\$5,929,268	\$ 664,068	\$6,251,864	\$118,557	\$20,121,620	\$ 28,678	\$1,355,400		\$34,469,455
General Capital Projects Fund	24,800,724	—	—	—	—	—	—	—		24,800,724
Non-Major Funds										
Special Revenue	5,288,016	—	—	—	—	—	—	—		5,288,016
Debt Service	1,475,947	—	—	—	—	—	—	—		1,475,947
Capital Projects	20,389,271	—	—	3,500,000	—	—	—	—		23,889,271
Enterprise Funds	—	—	—	—	—	—	—	750,000		750,000
Total Transfer Out	\$51,953,958	\$5,929,268	\$ 664,068	\$9,751,864	\$118,557	\$20,121,620	\$ 28,678	\$2,105,400		\$90,673,413

The transfers from the General Fund are the disbursement of pay-as-you-go funding to various capital projects, funding of bond anticipation note, debt service expenditures in excess of interest income, and interest allocation to various funds. Transfer tax revenue is dedicated to various functions in the Capital Projects and Non-Major Special Revenue Funds. Part of that revenue is then transferred to the General Fund to cover each function's share of debt service costs for the year. Transfers from the Non-Major Enterprise Funds are to pay for watershed protection related capital projects.

5. Property Tax and Transfer Tax

The County's real property tax is levied each July 1 on the assessed value certified as of that date for all taxable real property located in the County. Assessed values are established by the Maryland State Department of Assessments and Taxation at 100% of estimated market value. The State uses January 1 as the date of finality and processes additions, deletions and corrections throughout the year. A revaluation of all property is required to be completed every three years. County taxes are due and payable, and become a lien on the property, on July 1 of each fiscal year. A discount of ½ % is allowed if payment is made in July. Property taxes are billed and payable semi-annually on properties designated as "principal residence" unless a taxpayer makes an election to pay annually. The first installment is due by September 30 while the second installment is due December 31. If delinquent, taxes are charged a penalty and interest 1.5% each month that they remain unpaid. If the annual payment election is made, taxes become delinquent October 1 and are charged a penalty and interest 1.5% each month that taxes remain unpaid. Tax lien certificates are sold at a public auction in May or June for properties with delinquent taxes. Property taxes levied during the current year are recorded as receivables and revenue, net of estimated uncollectible amounts of personal property tax. The net receivables uncollected 60 days after year-end are recorded as deferred inflows of resources as described in Note 3.

The Howard County code imposes a transfer tax on every instrument of writing conveying title to real or leasehold property offered for sale in Howard County. The Code specifies that the proceeds should be distributed to the School Site Acquisition and Construction Fund 25%, The Park Land Watershed Facilities Fund 25%, and the remainder in the general fund of the County, with the stipulation that the County Council shall budget this remainder as follows: Agricultural Land Preservation Fund 50% plus interest; Community Renewal Fund 25%; and Fire Service Building and Equipment Fund 25%. An additional tax increase in 2019 distributed proceeds to the General Fund to be used for capital projects for Howard County Public System 25%; capital projects for Department of Recreation and Parks 25%; community improvement and housing 25%; and acquisition or leasing of land for new fire house sites and training facilities, the acquisition and maintenance of fire equipment, and supplementation of financial needs of fire companies.

6. Capital Assets

Capital asset activity for governmental activities for the fiscal year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and land improvements	\$ 653,559,503	\$ 13,600,355	\$ —	\$ —	\$ 667,159,858
Construction in progress	92,229,277	93,051,981	71,367,949	—	113,913,309
Total capital assets, not being depreciated	<u>745,788,780</u>	<u>106,652,336</u>	<u>71,367,949</u>	<u>—</u>	<u>781,073,167</u>
Capital assets being depreciated/amortized:					
Buildings	601,949,854	18,540,300	851,204	—	619,638,950
Improvements other than buildings	343,175,585	8,201,231	19,245,497	—	332,131,319
Machinery and equipment*	240,853,087	16,469,637	3,374,553	153,985	254,102,156
Infrastructure	627,859,313	14,352,695	—	—	642,212,008
Intangible right-to-use buildings and equipment	100,008,870	2,593,783	94,630	—	102,508,023
Intangible right-to-use subscriptions	—	11,856,941	—	—	11,856,941
Total capital assets, being depreciated/amortized	<u>1,913,846,709</u>	<u>72,014,587</u>	<u>23,565,884</u>	<u>153,985</u>	<u>1,962,449,397</u>
Less accumulated depreciation/amortization for:					
Buildings	146,727,721	14,468,905	14,187	—	161,182,439
Improvements other than buildings	191,509,345	18,956,065	18,935,911	—	191,529,499
Machinery and equipment	157,918,291	17,690,754	3,271,155	(6,799)	172,344,689
Infrastructure	300,607,471	19,066,878	—	—	319,674,349
Intangible right-to-use buildings and equipment	6,849,900	6,950,487	22,105	—	13,778,282
Intangible right-to-use subscriptions	—	2,693,714	—	—	2,693,714
Total accumulated depreciation/amortization	<u>803,612,728</u>	<u>79,826,803</u>	<u>22,243,358</u>	<u>(6,799)</u>	<u>861,202,972</u>
Total capital assets, being depreciated/amortized, net	<u>1,110,233,981</u>	<u>(7,812,216)</u>	<u>1,322,526</u>	<u>147,186</u>	<u>1,101,246,425</u>
Governmental activities capital assets, net	<u>\$1,856,022,761</u>	<u>\$ 98,840,120</u>	<u>\$ 72,690,475</u>	<u>\$ 147,186</u>	<u>\$1,882,319,592</u>

*In fiscal year 2023, increases include \$206,701 contributed to the Technology and Communications fund by the Grant Fund and Capital Fund.

*In fiscal year 2023, increases include \$689,559 contributed from the General and Water and Sewer funds to the Fleet fund.

(continued)

Depreciation/amortization expense was charged to functions/programs of governmental activities as follows:

Governmental activities:	Amount
General government	\$ 12,631,344
Public safety	8,445,585
Public facilities	47,171,960
Legislative and judicial	253,184
Community services	635,219
Recreation and parks	8,046,078
Education	<u>2,643,433</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 79,826,803</u>

Capital asset activity for business-type activities for the fiscal year was as follows:

Business-type Activities	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets not being depreciated:					
Land and land improvements	\$ 12,568,603	\$ 24,513	\$ —	\$ —	\$ 12,593,116
Construction in progress	38,184,465	37,357,343	17,936,397	—	57,605,411
Total capital assets, not being depreciated	50,753,068	37,381,856	17,936,397	—	70,198,527
Capital assets being depreciated/amortized:					
Buildings	238,250,441	—	—	—	238,250,441
Improvements other than buildings	95,615,874	4,723,281	—	—	100,339,155
Machinery and Equipment	20,722,349	252,389	—	(153,985)	20,820,753
Infrastructure*	1,035,766,968	21,789,041	—	—	1,057,556,009
Intangible right-to-use equipment	2,615,710	—	—	—	2,615,710
Total capital assets, being depreciated/amortized	1,392,971,342	26,764,711	—	(153,985)	1,419,582,068
Less accumulated depreciation/amortization for:					
Buildings	106,796,435	4,633,690	—	—	111,430,125
Improvements other than buildings	61,665,795	3,778,921	—	—	65,444,716
Machinery and Equipment	12,056,359	1,331,760	—	6,799	13,381,320
Infrastructure	384,943,988	23,074,348	—	—	408,018,336
Intangible right-to-use equipment	191,393	191,394	—	—	382,787
Total accumulated depreciation/amortization	565,653,970	33,010,113	—	6,799	598,657,284
Total capital assets, being depreciated/amortized, net	827,317,372	(6,245,402)	—	(147,186)	820,924,784
Business-type activities capital assets, net	\$ 878,070,440	\$ 31,136,454	\$ 17,936,397	\$ (147,186)	\$ 891,123,311

*In fiscal year 2023, increases include \$4,295,129 contributed to the Water and Sewer Enterprise Fund by various entities and developers for water and sewer lines.

*In fiscal year 2023, increases include \$13,355,167 contributed from various Capital Project Funds to the Watershed Fund.

Depreciation/amortization expense was charged to functions/programs of business-type activities as follows:

Business-type activities:	
Water and sewer system	\$ 31,296,391
Golf course	141,080
Inter-County Broadband	947,094
Watershed	625,548
Total depreciation/amortization expense - business-type activities	\$ 33,010,113

Construction Commitments:

Total construction encumbrances outstanding at fiscal year-end were \$77,425,948.

7. Long-Term Obligations

A. Primary Government

The changes in long-term obligations for the primary government for the fiscal year are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Consolidated public improvement bonds	\$ 1,178,406,157	\$ 68,318,894	\$ 87,792,731	\$ 1,158,932,320	\$ 90,576,351
Tax increment financing bonds	64,450,000	—	275,000	64,175,000	690,000
Deferred refunding premium	128,206,754	7,203,838	12,632,324	122,778,268	—
Certificates of participation	15,350,000	—	2,530,000	12,820,000	2,695,000
Long-term financed purchase	4,110,090	217,891	1,036,582	3,291,399	723,423
Availability payment arrangement	100,653,579	—	1,568,521	99,085,058	1,649,722
Lease liability	94,827,601	4,543,059	7,201,445	92,169,215	4,509,532
Subscription liability	—	11,973,123	3,663,209	8,309,914	2,768,811
Net OPEB liability	507,270,174	—	277,457,571	229,812,603	—
Net pension liability	—	176,456,482	—	176,456,482	—
Length of service award program liability	41,657,520	—	15,552,460	26,105,060	—
Landfill closure obligation	25,285,000	1,257,000	—	26,542,000	6,940,971
Agricultural land preservation program	59,440,666	750,975	3,758,082	56,433,559	14,025,631
Compensated absences	32,200,569	4,998,521	4,809,488	32,389,602	553,920
Unpaid Claims	23,389,970	2,936,571	3,065,353	23,261,188	8,028,333
Other non-current liability	8,555,673	127,515	698,225	7,984,963	—
Total governmental activities	2,283,803,753	278,783,869	422,040,991	2,140,546,631	133,161,694
Business-type Activities:					
Consolidated public improvement bonds - Watershed Protection	18,390,567	5,001,106	659,835	22,731,838	861,216
Consolidated public improvement bonds - Broadband	2,353,276	—	1,087,434	1,265,842	62,434
Metropolitan district bonds	387,045,000	16,385,000	13,585,000	389,845,000	13,960,000
Deferred refunding premium	30,351,304	1,056,628	1,494,413	29,913,519	—
Special facility revenue bonds	650,000	—	650,000	—	—
Certificates of participation - water meter	2,050,000	—	230,000	1,820,000	245,000
State water quality revolving loan	3,972,046	—	1,528,975	2,443,071	887,329
MDE Loan	1,109,871	—	159,264	950,607	163,896
Major water and sewer agreements	726,002	—	90,463	635,539	50,600
Lease liability	2,467,634	—	151,563	2,316,071	159,229
Net pension liability	—	3,435,037	—	3,435,037	—
Net OPEB liability	34,646,529	—	19,390,154	15,256,375	—
Compensated absences	1,096,317	77,608	44,149	1,129,776	5,700
Total business-type activities	484,858,546	25,955,379	39,071,250	471,742,675	16,395,404
Total long-term obligations	\$ 2,768,662,299	\$304,739,248	\$461,112,241	\$2,612,289,306	\$149,557,098

The County is subject to State and County law which limits the amount of applicable General County debt outstanding to 4.8% of the assessed value of real property and personal property located in the County. At fiscal year-end the statutory debt limit was \$2,925,208,070 providing a debt margin of \$1,661,991,670. The authorized, unissued General County Bonds, Metropolitan District Bonds and Tax Increment Finance Bonds at fiscal year-end were \$362,919,224, \$183,395,750 and \$41,775,000, respectively. It is the County's intent to use such unissued bonds to fund future capital projects. There is no overlapping municipal bonded debt in the County and the County is in compliance with debt agreement provisions.

Funding Source for Other Non-debt Related Liabilities

Net other post-employment benefit (OPEB) liabilities are liquidated with Employee Benefit Fund resources. Net pension liabilities (assets) are liquidated with General Fund resources. Compensated absences are liquidated by the governmental funds that incurred the associated personnel cost.

Metropolitan District bonds and their related interest charges are being financed from front foot benefit assessment charges, ad valorem taxes and in-aid-of-construction charges. In the event such revenues and charges are insufficient to finance the debt service, the full faith and credit and unlimited taxing power of the County are irrevocably pledged to the payment of the principal and interest of these bonds.

On March 21, 2023, the County issued \$73,320,000 in Consolidated Public Improvement Project Bonds 2023 Series A and \$16,385,000 in Metropolitan District Project Bonds, 2023 Series B. The true interest costs were 3.55% and 3.98% for the Series A and B respectively. The County issued these bonds to pay off \$76,254,778 of outstanding Consolidated Public Improvement Bond Anticipation Notes, 2020 Series (BANs); reimburse the County for costs related to capital projects, and to pay bond issuance costs.

The County issues debt to finance the construction of certain capital facilities of its component units and to finance major water and sewer projects done in conjunction with the City of Baltimore (the "City") and Baltimore County, which affects the "unrestricted" net position component in the statement of net position.

The following summarizes these situations in which the County is reporting the debt in its financial statements, while the corresponding assets are reported by the other reporting entity.

- The Board of Education (Public School System) and the Community College have no authority to issue bonded debt. The authority rests with the County subject to approval of the Council. The County had approximately \$509,081,713 of its net Consolidated Public Improvement general obligation bonds outstanding that are related to capital facilities of the component units at fiscal year end.
- The Metropolitan District Act requires Baltimore City to provide water to the County's Metropolitan District. The City also treats sewage from the Metropolitan District at cost. The County has agreed to pay the City on a pro rata basis for construction of certain City-owned water and sewer capital projects that serve the Metropolitan District. Since 2004, the County has contributed approximately \$89.7 million toward these City-owned facilities that are funded primarily with bond proceeds. The County estimates 3.77% of its net Metropolitan District general obligation bonds outstanding or \$14.7 million is related to these facilities at fiscal year-end.

Since 1993, the County has participated in the State Water Quality Revolving Loan Program. Under this program, the State makes loans to local governments with interest rates that are below the market rate for tax exempt financing. As of fiscal year-end, the County has borrowed \$91,255,779, of which \$77,045,779 was borrowed by the Water and Sewer Enterprise Fund to expand the County's water reclamation. The outstanding balances of these loans are \$2,443,071.

Industrial revenue bonds issued by the County for the benefit of private businesses in the County are neither debt of nor charges against the general credit or taxing power of the County. These amounts are not included in general long-term debt (see Note 9).

In prior years, the County defeased certain Consolidated Public Improvement and Metropolitan District bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included as long-term obligations of the County. At fiscal year-end, \$121,905,000 of Consolidated Public Improvement Bonds and \$45,970,000 of Metropolitan District Bonds were considered defeased.

Under its Agricultural Land Preservation Program, the County acquires development rights on a parcel of agricultural property by entering into an installment purchase agreement with the property owner. The County acquires the development rights to the land in perpetuity. Historically, under the terms of the agreement, the County paid the property owner semiannual interest payments for 30 years and minimal portions of the installment purchase price until maturity. The remaining amount of the purchase price was paid at the end of 30 years with a balloon payment. Upon execution of an agreement, the County purchased stripped-coupon U.S. Treasury obligations in amounts sufficient to equal the balloon payment in 30 years (see Note 2). Under the current program, the County pays five or ten percent of the purchase price at closing, with equal annual principal payments over 15 or 20 years with interest.

Direct Placements

On May 30, 2012, the County refunded the balance of the 2003 Golf Course Refunding Bonds, which was \$5,775,000, and issued a Taxable Golf Course Refunding Note in the amount of \$5,400,000. The original bonds were issued for the purpose of constructing a public golf course with related facilities. Income derived from the golf course facility was pledged to pay debt service on the bonds and to establish a Debt Service Reserve Fund (DSRF) equal to the greatest amount of debt service payable in a fiscal year. The notes matured on August 15, 2022. There is no remaining balance in the DSRF at fiscal year.

On November 20, 2018, the County borrowed \$1,646,000 from Sandy Spring Bank to fund a portion of the cost of a storm water restoration project located at 1960 Daisy Road in Woodbine, Maryland. The loan was made through the Maryland Department of the Environment (the "MDE") Linked Deposit Water Quality Program. MDE has placed \$1,646,000 on deposit with Sandy Spring Bank for the ten-year term of the loan. The interest earned on the funds on deposit will be used to offset the market interest rate.

A summary of debt service requirements to maturity, including principal and interest, for certain long-term obligations at fiscal year-end are below.

Debt service requirements of governmental activities:

Year ending June 30:	General County Bonds		Agricultural Land Program		Long-term Financed Purchase		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 90,576,351	\$ 44,949,442	\$ 14,025,631	\$ 2,105,680	\$ 723,423	\$ 49,621	\$ 2,695,000	\$ 573,625
2025	91,989,459	41,380,730	3,795,631	1,232,025	359,509	39,758	2,880,000	434,250
2026	89,392,480	37,527,241	4,356,631	1,125,944	283,000	34,664	2,230,000	306,500
2027	87,260,341	33,639,936	9,020,631	839,369	287,000	30,120	1,335,000	217,375
2028	84,753,839	29,730,060	5,933,631	572,638	292,000	25,512	1,450,000	147,750
2029-2033	375,915,385	94,747,193	13,103,064	1,012,986	1,375,000	55,632	2,230,000	110,250
2034-2038	255,526,854	33,587,907	4,456,437	239,191	—	—	—	—
2039-2043	83,517,611	4,552,839	1,741,903	35,777	—	—	—	—
Total	<u>\$ 1,158,932,320</u>	<u>\$ 320,115,348</u>	<u>\$ 56,433,559</u>	<u>\$ 7,163,610</u>	<u>\$ 3,319,932</u> (1)	<u>\$ 235,307</u> (1)	<u>\$ 12,820,000</u>	<u>\$ 1,789,750</u>

(1) Reflects amortization of final approved contracts whereas the financial statements reflect the actual drawn amounts.

Debt service requirements of business-type activities:

Year ending June 30:	Metro District Bonds		Water Quality Bonds		Watershed Protection		Broadband		MDE		Certificates of Participation Water Meter	
	Principal	Interest	Principal	Interest	Principal	Interest*	Principal	Interest *	Principal	Interest *	Principal	Interest *
2024	\$ 13,960,000	\$ 13,683,361	\$ 887,329	\$ 107,245	\$ 861,216	\$ 928,412	\$ 62,434	\$ 29,018	\$ 163,896	\$ 26,376	\$ 245,000	\$ 84,875
2025	14,530,000	13,105,938	242,057	32,010	881,546	908,136	63,994	28,135	168,935	21,336	255,000	72,375
2026	15,070,000	12,417,770	245,272	28,795	926,965	862,923	65,555	27,161	174,058	16,213	270,000	59,250
2027	15,570,000	11,700,295	248,538	25,529	974,104	815,396	65,555	26,074	179,336	10,935	285,000	45,375
2028	15,420,000	10,979,380	251,856	22,211	1,024,045	765,442	67,116	24,854	184,762	5,509	300,000	30,750
2029-2033	78,345,000	44,892,517	568,019	41,631	5,955,621	2,991,702	358,994	103,169	79,620	647	465,000	19,375
2034-2038	84,170,000	30,555,845	—	—	7,403,888	1,543,393	404,258	57,772	—	—	—	—
2039-2043	72,745,000	18,485,508	—	—	4,704,453	291,387	177,936	5,579	—	—	—	—
2044-2048	60,150,000	7,898,769	—	—	—	—	—	—	—	—	—	—
2049-2053	19,885,000	978,500	—	—	—	—	—	—	—	—	—	—
Total	<u>\$ 389,845,000</u>	<u>\$164,697,883</u>	<u>\$ 2,443,071</u>	<u>\$ 257,421</u>	<u>\$ 22,731,838</u>	<u>\$ 9,106,791</u>	<u>\$ 1,265,842</u>	<u>\$ 301,762</u>	<u>\$ 950,607</u>	<u>\$ 81,016</u>	<u>\$ 1,820,000</u>	<u>\$ 312,000</u>

*Includes administrative fees.

Special Obligation Bonds

On March 11, 2014, the County issued its first Special Obligation Bonds (Annapolis Junction Town Center) 2014 Series in the amount of \$17 million, with an overall true interest cost of 6.148%. The proceeds were used to construct a 704-space parking garage on 12.73 acres of land dedicated for commuter rail patrons. The County had previously designated the 12.73 acres as a Development District, at the site of the MARC Savage Commuter Rail Station. The land is state-owned, thus no real property taxes were paid to the County for this property. However, County management anticipates opportunities for local economic development by putting tax-exempt property on the local tax roll while improving transportation infrastructure.

A companion special taxing district was created as a backup for the Special Obligation bonds. Special taxes will be imposed on property owners located within the special taxing district in any year where the tax increment collections are lower than the next year's debt service obligation and TIF District expenses. The special taxes are also to be pledged for the repayment of the Special Obligation bonds.

These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected within the Development District, any special taxes imposed and collected from the companion Special Tax District, and any Base Realignment and Closure (BRAC) Zone Grant awarded by the State of Maryland. The project was approved for designation as a BRAC Zone in June 2009. The total amount of pledged revenue is \$28,876,550. A reserve fund in the amount of \$1,678,465 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2044. Additionally, as of fiscal year end, \$37,567 is being held by an escrow agent for fiscal year 2024 debt service. Pledged revenues of \$1,176,364 were recognized in fiscal year 2023. The outstanding debt of \$16,350,000 is included in the primary government's long-term debt on the Statement of Net Position.

The bond offering is part of an overall Public Private Partnership (P3) development project known as Annapolis Junction Town Center. When completed, the entire development project will be a comprehensive mixed-use State Transit-Oriented Development (TOD) and will include 100,000 square feet of Class A office space, 416 luxury apartment units, a 150-room hotel, 17,250 square feet of retail space and the 700-space parking garage (financed by the general obligations bonds). The project will also include two additional parking garages, to be funded privately, to separately support parking needs for businesses and residents.

On October 19, 2017, the County issued \$48,225,000 of Special Obligation Bonds (Downtown Columbia Project) Series 2017 A, with an overall true interest cost of 4.48%. The development project consists of the re-development of a portion of the downtown area in the unincorporated master-planned community of Columbia, Maryland, one of the first master-planned communities in the United States. Howard Research and Development Corporation intends to develop the downtown area in multiple phases over approximately 15 to 20 years. The Development District is comprised of approximately 148.6 acres within Downtown Columbia excluding The Mall and Merriweather-Symphony Woods neighborhoods. The Special Taxing District consists of an approximately 65-acre parcel located within the Crescent neighborhood of the Development District. Special taxes will be imposed on property owners located within the special taxing district in any year where the tax increment revenues are lower than the next year's debt service obligation and District expenses.

The bond proceeds are being used to finance the construction of roads, intersections, related water, sewer and storm water improvements and an EMT/Quick Strike Facility in the Special Taxing District and to pay bond issuance costs. These bonds are not general obligation bonds of the County; rather they are special obligations of the County payable solely from the incremental real property taxes collected on the Phase One properties and any special taxes imposed and collected within the Crescent Special Taxing District. The Phase One properties include The Metropolitan, m.flats, TEN.M, One Merriweather, Two Merriweather, Area One Parking garage, Project 3 Office A, Project 3 Multifamily B, Project 3 Multifamily C, Project 3 Office B, Project # Retail and Area Three Parking garage.

The total amount of pledged revenue is \$76,494,817. A reserve fund in the amount of \$3,921,283 was established as part of the debt issuance. This reserve will not be available for other purposes until the final maturity of the bonds in fiscal year 2047. Additionally, as of fiscal year end, \$89,434 is being held by an escrow agent for fiscal year 2024 debt service. Pledged revenues of \$4,443,758 were recognized in fiscal year 2023. The outstanding debt of \$47,825,000 is included in the primary government's long-term debt on the Statement of Net Position.

A summary of debt service requirements to maturity, including principal and interest, for the TIF governmental activities at fiscal year-end are below.

Debt service requirements of TIF governmental activities:

Year ending June 30:	Tax Increment Financing Bonds		
	Principal	Interest	Annual Debt Service
2024	\$ 690,000	\$ 3,067,584	\$ 3,757,584
2025	705,000	3,038,344	3,743,344
2026	1,150,000	3,005,824	4,155,824
2027	1,415,000	2,954,874	4,369,874
2028	1,535,000	2,892,604	4,427,604
2029-2033	9,585,000	13,311,996	22,896,996
2034-2038	13,430,000	10,727,436	24,157,436
2039-2043	22,230,000	6,631,944	28,861,944
2044-2047	13,435,000	1,165,509	14,600,509
Total	<u>\$ 64,175,000</u>	<u>\$ 46,796,115</u>	<u>\$ 110,971,115</u>

Availability Payment Arrangement

On July 27, 2018, the Howard County Council adopted CB54-2018 approving a multi-year Project Agreement between Howard County, Maryland and a special purpose entity formed by Edgemoor-Star America Judicial Partners (“ESJP” or the Project Company) for the design, construction, partial financing, operation and maintenance of a new Courthouse and related Parking Structure to be located on the Project Site located at 9250 Judicial Way (formerly known as 9240 and 9250 Bendix Road) in Ellicott City. The County reached commercial and financial close with ESJP on October 16, 2018. Council Bill 41-2017 authorized the issuance of General Obligation bonds to finance the milestone payment. The County paid ESJP \$78 million upon occupancy in July 2021.

The County makes monthly payments consisting of capital and facilities management charges, meeting GASB Statement No. 94’s definition of an Availability Payment Arrangement. The County has recognized \$100,653,579 at an imputed discount rate of 5.07%, and will continue to make monthly payments to the Project Company through 2051, or the “expiration date.” The fixed capital charge is for the design, build and construction of the Courthouse. The facilities management charge is index-linked and related to the Project Company’s performance in operating and maintaining the Courthouse. The facilities management charges are recognized as outflows on the financial statements. The Project Company is responsible for obtaining and repaying all construction and other financing necessary for the Project at its own cost and risk and without recourse to the County and, exclusively bears the risk of any changes in the interest rate, payment provisions or the other terms and conditions of its financing.

A summary of the fixed capital charges required to maturity, including principal and interest, for the long-term obligations at fiscal year-end are below:

Year ending June 30:	Courthouse Availability Payment		
	Principal	Interest	Annual Debt Service
2024	\$ 1,649,722	\$ 4,973,826	\$ 6,623,548
2025	1,735,127	4,888,421	6,623,548
2026	1,824,953	4,798,595	6,623,548
2027	1,919,429	4,704,119	6,623,548
2028	2,018,796	4,604,752	6,623,548
2029-2033	11,774,153	21,343,587	33,117,740
2034-2038	15,154,163	17,963,577	33,117,740
2039-2043	19,504,472	13,613,268	33,117,740
2044-2048	25,103,625	8,014,115	33,117,740
2049-2051	18,400,618	1,470,026	19,870,644
Total	<u>\$ 99,085,058</u>	<u>\$ 86,374,286</u>	<u>\$ 185,459,344</u>

B. Component Units

The changes in long-term obligations for the component units for the fiscal year are as follows:

Component Unit	Beginning Balance	Additions	Reductions	Ending Balance
Community College:				
Compensated absences, net OPEB liability and net pension liability (asset)	\$ 54,567,713	\$ 4,457,161	\$23,461,646	\$ 35,563,228
Housing:*				
Loans, compensated absences and net pension liability	250,353,520	4,188,021	4,621,754	249,919,787
Library:				
Compensated absences and net OPEB liability	28,203,522	760,642	15,716,920	13,247,244
Public School System:				
Long-term financed purchase, workers compensation, compensated absences, net OPEB liability and net pension liability (asset)	1,293,903,545	20,221,599	466,353,989	847,771,155
Total	<u><u>\$ 1,627,028,300</u></u>	<u><u>\$29,627,423</u></u>	<u><u>\$510,154,309</u></u>	<u><u>\$1,146,501,414</u></u>

*Financial statements for the Housing Commission are reported on a calendar year basis

8. Short-Term Debt

The changes in short-term debt for the primary government for the fiscal year are as follows:

	Beginning Balance	Issued	Retired	Ending Balance
Bond Anticipation Notes	\$ 37,609,720	\$ 78,609,137	\$ 76,254,777	\$ 39,964,080

Bond anticipation notes (BANS) are issued to finance expenditures of certain capital projects and will be repaid from the proceeds when the County issues debt.

The County issues tax-exempt bond anticipation notes (BANs) in order to provide interim financing for a portion of the costs of on-going capital projects. On May 11, 2023 the County entered a Credit Agreement for a \$200,000,000 Line of Credit which is repaid annually with the proceeds of General Obligation bonds. The outstanding amount of such notes as of June 30, 2023 was \$39,964,080. The agreement will expire on May 11, 2025 and the County intends to pay-off prior to the expiration date.

9. Conduit Debt

From time-to-time, the County has issued Industrial Revenue Bonds, Economic Revenue Development Bonds, Retirement Community Revenue Bonds, and Recovery Zone Facility Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

At fiscal year-end, there were 16 series of conduit debt outstanding. The aggregate principal amount outstanding for the 10 series issued after July 1, 1996 was \$82,231,668. The aggregate principal amount outstanding for the 6 series issued prior to June 30, 1996 could not be determined; however, their original issue amounts totaled \$34,645,000.

10. Leases and Subscription-Based Information Technology Arrangements

Leases

County as Lessee

The County has entered into various lease agreements as lessee primarily for office space and office equipment. Leases have initial terms from 2 to 26 years with an average length of 12 years, and contain one or more renewals at the County's option, most commonly for five-year periods and others at one- or three-years. The County has generally included these renewal periods in the lease term when it is reasonably certain that the County will exercise the renewal option. The County's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes, and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the County's proportionate share of the building's property taxes, insurance, and common area maintenance. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments.

This year the County entered a third amendment that revised rent payment amounts and confirmed the renewal terms available up to 168 months for the use of an office space. The lease liability was remeasured to \$7,070,126. As of June 30, 2023, the value of the lease liability was \$6,587,503. The required monthly fixed payments changed to \$50,561 with an interest rate of 1.8720%. The value of the right-to-use asset as of June 30, 2023 is \$7,022,887 with accumulated amortization of \$530,835 is included with Buildings in the table below. The County has one extension option for 108 months.

The County entered into a 246-month lease as lessee for the use of office space. An initial lease liability was recorded in the amount of \$1,955,420. As of June 30, 2023, the value of the lease liability is \$1,955,420. The County is required to

make monthly fixed payments of \$9,917. The lease has an interest rate of 3.3980%. The value of the right-to-use use asset as of June 30,2023 is \$1,955,420 with accumulated amortization of \$31,795 is included with Buildings in the table below. The County has 2 extension options, each for 60 months.

At June 30, 2023, the statement of net position included the following amounts relating to leases:

	Governmental Activities	Business-Type Activities	Total
Intangible right-to-use assets being amortized:			
Buildings	\$ 100,587,805	\$ 2,615,710	\$ 103,203,515
Equipment	1,920,218	—	1,920,218
Total intangible right-to-use assets being amortized	<u>102,508,023</u>	<u>2,615,710</u>	<u>105,123,733</u>
Less accumulated amortization for:			
Buildings	12,198,863	382,787	12,581,650
Equipment	1,579,419	—	1,579,419
Total accumulated amortization	<u>13,778,282</u>	<u>382,787</u>	<u>14,161,069</u>
Intangible right-to-use assets being amortized, net:			
Buildings	88,388,942	2,232,923	90,621,865
Equipment	340,799	—	340,799
Total intangible right-to-use assets, being amortized, net	<u>\$ 88,729,741</u>	<u>\$ 2,232,923</u>	<u>\$ 90,962,664</u>
Lease payable			
Current	\$ 4,509,532	\$ 159,229	\$ 4,668,761
Non-current	87,659,683	2,156,842	89,816,525
Total lease payable	<u>\$ 92,169,215</u>	<u>\$ 2,316,071</u>	<u>\$ 94,485,286</u>

The future principal and interest lease payments as of June 30, 2023, were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 4,509,531	\$ 1,931,854	\$ 6,441,385
2025	4,830,878	1,829,527	6,660,405
2026	4,663,087	1,740,325	6,403,412
2027	4,832,771	1,648,060	6,480,831
2028	4,492,130	1,555,027	6,047,157
Thereafter	68,840,818	11,618,659	80,459,477
Total	<u>\$ 92,169,215</u>	<u>\$ 20,323,452</u>	<u>\$ 112,492,667</u>

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 159,229	\$ 40,457	\$ 199,686
2025	167,157	37,521	204,678
2026	175,355	34,440	209,795
2027	183,831	31,209	215,040
2028	192,594	27,822	220,416
Thereafter	1,437,905	89,433	1,527,338
Total	<u>\$ 2,316,071</u>	<u>\$ 260,882</u>	<u>\$ 2,576,953</u>

County as Lessor

The County leases out some of its buildings and land. Most leases have initial terms from 2 to 24 years with an average length of 10 years and contain one to four more renewals at the County's option for typically five-year periods. The County has included these renewal periods in the lease term when they are both noncancellable and reasonably certain to be exercised. The County's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the County's leases is not readily determinable, the County utilizes its incremental borrowing rate to discount the lease payments. Although the County is exposed to changes in the residual value at the end of the current leases, the County typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

The County entered a 240-month lease as Lessor for the use of infrastructure. An initial lease receivable was recorded in the amount of \$296,634. As of June 30, 2023, the value of the lease receivable is \$289,953. The lessee is required to make monthly fixed payments of \$1,500. The lease has an interest rate of 3.1130%. The value of the deferred inflow of resources as of June 30, 2023 was \$286,746, and the County recognized lease revenue of \$9,888 during the fiscal year. The lessee has 3 extension options, each for 60 months.

The County entered a 14-month lease as Lessor for the use of a suite at Long Reach Village Center. An initial lease receivable was recorded in the amount of \$56,232. As of June 30, 2023, the value of the lease receivable is \$36,406. The lessee is required to make monthly fixed payments of \$4,053. The lease has an interest rate of 2.8440%. The value of the deferred inflow of resources as of June 30, 2023 was \$36,148.87, and the County recognized lease revenue of \$20,083 during the fiscal year.

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	Governmental Activities	Business-Type Activities	Total
Revenues			
Lease Revenue	\$ 1,088,255	\$ 310,321	\$ 1,398,576
Interest Revenue	239,974	94,253	334,227
Total Revenue	<u>\$ 1,328,229</u>	<u>\$ 404,574</u>	<u>\$ 1,732,803</u>

At June 30, 2023, the principal and interest requirements to maturity for the lease receivable are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 944,564	\$ 245,316	\$ 1,189,880
2025	1,026,114	228,183	1,254,297
2026	770,889	212,277	983,166
2027	734,712	198,412	933,124
2028	696,298	184,547	880,845
Thereafter	8,391,238	1,145,423	9,536,661
Total	<u>\$ 12,563,815</u>	<u>\$ 2,214,158</u>	<u>\$ 14,777,973</u>

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 316,168	\$ 88,406	\$ 404,574
2025	322,128	82,446	404,574
2026	328,204	76,370	404,574
2027	334,397	70,177	404,574
2028	319,687	63,887	383,574
Thereafter	2,924,363	335,645	3,260,008
Total	<u>\$ 4,544,947</u>	<u>\$ 716,931</u>	<u>\$ 5,261,878</u>

Subscription-Based Information Technology Arrangements

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right-to-use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

Subscription agreements

The County has entered into various subscription agreements that convey control of the right-to-use another entity's combination of IT software and tangible capital assets, for a variety of governmental purpose ranging from payroll to computer software. Subscriptions have initial terms from 1 to 10 years with an average length of 4 years and contain none or more renewals at the county's option, most commonly for 1-year periods and others at 5 years. The County has generally included these renewal periods in the subscription term when it is reasonably certain that the County will exercise the renewal option. The County's subscriptions generally do not include termination options for either party to the subscription or restrictive financial or other covenants. As the interest rate implicit in the County's subscription is not readily determinable, the County utilizes its incremental borrowing rate to discount the subscription payments. The following agreements were entered into during FY2023:

On June 1, 2023, the County entered into a 36 month subscription for the use of SafeBreach. An initial subscription liability was recorded in the amount of \$126,000. As of June 30, 2023 the value of the subscription prepaid is \$100,000. There is no liability. The County is required to make annual fixed payments of \$126,000. The subscription has an interest rate of 2.31%. The value of the right-to-use asset as of June 30, 2023 of \$126,000 with accumulated amortization of \$3,490. The County has one extension option for 60 months.

On May 09, 2023, the County entered into a 60-month subscription for the use of Central Square Services. An initial subscription liability was recorded in the amount of \$2,686,461. As of June 30, 2023, the value of the subscription liability is \$2,213,672. The County is required to make annual fixed payments of \$472,789. The subscription has an interest rate of 2.23%. The value of the right-to-use asset as of June 30, 2023 is \$2,686,461 with accumulated amortization of \$76,883. The County has one extension option for 12 months.

On May 1, 2023, the County entered into a 24 month subscription for the use of Gartner Services. An initial subscription liability was recorded in the amount of \$335,800. As of June 30, 2023, the value of the subscription prepaid is \$307,816. There is no liability. The County is required to make annual fixed payments of \$335,800. The subscription has an interest rate of 2.04%. The value of the right-to-use asset as of June 30, 2023 is \$335,800 with accumulated amortization of \$27,983.

At June 30, 2023, the statement of net position included the following amounts relating to subscription:

	Governmental Activities	Business-Type Activities	Total
Intangible right-to-use subscription assets being amortized:			
Software	\$ 11,856,941	\$ —	\$ 11,856,941
Total intangible right-to-use	11,856,941	—	11,856,941
Less accumulated amortization for:			
	2,693,714	—	2,693,714
Total accumulated amortization	2,693,714	—	2,693,714
Intangible right-to-use subscription assets being amortized, net:			
Software	9,163,227	—	9,163,227
Total intangible right-to-use	<u>\$ 9,163,227</u>	<u>\$ —</u>	<u>\$ 9,163,227</u>
Subscription payable			
Current	\$ 2,768,811	\$ —	\$ 2,768,811
Non-current	5,541,103	—	5,541,103
Total subscription payable	<u>\$ 8,309,914</u>	<u>\$ —</u>	<u>\$ 8,309,914</u>

The future principal and interest subscription payments as of June 30, 2023 were as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 2,768,811	\$ 181,311	\$ 2,950,122
2025	1,480,778	1,279,443	2,760,221
2026	1,152,256	94,804	1,247,060
2027	1,062,967	68,439	1,131,406
2028	1,075,715	43,789	1,119,504
2029-2023	769,387	42,692	812,079
Total	<u>\$ 8,309,914</u>	<u>\$ 1,710,478</u>	<u>\$ 10,020,392</u>

11. Restricted Assets

Federal and State grants, water and sewer assessments, user charges, in-aid-of-construction charges, developer contributions, and bond and loan proceeds for purposes of construction of the water and sewer system are restricted. The cumulative amounts of other non-operating revenues are available for construction activities and reflected as restricted net position. Assets and liabilities arising from the construction and operation of the County's publicly owned golf course are restricted in the Special Recreation Facility Fund. Restricted assets also include funds that are legally restricted for special purposes such as public housing projects.

12. Fund Equity

The governmental fund balances at June 30, 2023 are composed of the following:

	General Fund	General Capital Projects Funds	Grant Fund	Other Governmental Funds	Total
FUND BALANCES					
Nonspendable:					
Materials and supplies	\$ 844,507	\$ —	\$ —	\$ 767,298	\$ 1,611,805
Prepaid items	9,939	—	214,880	—	224,819
Long-term receivable:					
Due from component units	8,574,429	—	—	—	8,574,429
Total nonspendable	<u>9,428,875</u>	<u>—</u>	<u>214,880</u>	<u>767,298</u>	<u>10,411,053</u>
Restricted for:					
Catalyst loan program	—	—	1,855,794	—	1,855,794
Disposable plastics reduction	—	—	—	934,168	934,168
Economic development initiative	—	—	1,276,065	—	1,276,065
Fire & rescue services	—	—	—	119,715,853	119,715,853
Forest conservation	—	—	—	1,787,854	1,787,854
Housing opportunity trust fund	—	—	—	5,000,000	5,000,000
Middle Patuxent environmental area program	—	—	93,703	—	93,703
MIHU Fee-in-Lieu	—	—	—	11,588,290	11,588,290
Open space	—	—	—	680,594	680,594
Opioid abatement	—	—	—	1,958,796	1,958,796
Parkland watershed facilities	—	—	—	21,773,739	21,773,739
Program revenue	—	—	439,449	—	439,449
Public road facilities	—	—	—	56,207,692	56,207,692
Public school facilities	—	52,022,669	—	—	52,022,669
Speed enforcement	—	—	—	846,899	846,899
Tax increment financing project	—	2,393,646	—	16,793,363	19,187,009
Permanent public improvement contribution	—	1,780,571	—	—	1,780,571
Total restricted	<u>—</u>	<u>56,196,886</u>	<u>3,665,011</u>	<u>237,287,248</u>	<u>297,149,145</u>
Committed for:					
Budget stabilization account	80,987,918	—	—	—	80,987,918
Agricultural land preservation	—	—	—	38,859,085	38,859,085
Citizen's election	1,169,590	—	—	—	1,169,590
Community renewal programs	—	—	—	45,019,617	45,019,617
Environmental services	—	—	—	22,768,896	22,768,896
Firehouse & training facilities	—	—	—	20,710,502	20,710,502
Total committed	<u>82,157,508</u>	<u>—</u>	<u>—</u>	<u>127,358,100</u>	<u>209,515,608</u>

(continued)

	General Fund	General Capital Projects Funds	Grant Fund	Other Governmental Funds	Total
Assigned for:					
Capital projects	130,000,000	—	—	12,950,041	142,950,041
Economic recovery assistance	2,500,000	—	—	—	2,500,000
Educator loan assistance program	1,200,000	—	—	—	1,200,000
FY2024 budgeted one-time initiatives	23,472,135	—	—	—	23,472,135
FY2024 budgeted pay-as-you-go contribution to capital projects	76,135,000	—	—	—	76,135,000
HCPSS capital	15,000,000	—	—	—	15,000,000
OPEB	10,000,000	—	—	—	10,000,000
Policy reserve	43,387,763	—	—	—	43,387,763
Purchase commitments	16,080,270	—	—	—	16,080,270
Streetlights	—	—	—	—	—
Subsequent year's budget stabilization account	8,906,287	—	—	—	8,906,287
Total assigned	<u>326,681,455</u>	<u>—</u>	<u>—</u>	<u>12,950,041</u>	<u>339,631,496</u>
Unassigned	<u>76,147,033</u>	<u>(163,603,351)</u>	<u>(7,583,010)</u>	<u>(35,885,021)</u>	<u>(130,924,349)</u>
Total fund balance	<u>\$ 494,414,871</u>	<u>\$(107,406,465)</u>	<u>\$(3,703,119)</u>	<u>\$ 342,477,666</u>	<u>\$ 725,782,953</u>

13. Landfill Closure and Post-Closure Care Cost

State and Federal laws and regulations require the County to place a final cover cap on closed cells at the currently operating Alpha Ridge Landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum period of 30 years after closure. The County recognizes a portion of these costs in each operating period based on landfill capacity used as of each fiscal year-end. Closure and post-closure care costs are paid after each cell is filled to capacity. The closure cap for a 70-acre inactive landfill cell was completed in fiscal year 2000. A separate active lined landfill cell is projected to close no earlier than 2050 if current operating conditions continue and will be capped at that time. In addition, the County has constructed closure caps and groundwater treatment systems at two older closed landfills, and the post-closure operating cost are included in the Environmental Services Fund budget. The long-term liability for these older landfills has been removed from long-term debt. Future total closure and post-closure care costs for the Alpha Ridge Landfill as determined through engineering studies will approximate \$33,482,971. Actual costs may differ due to inflation or future design changes. The County ceased using the Alpha Ridge Landfill as its primary disposal site as of March 1997, and thus it is not expected to use the landfill to its full capacity in the foreseeable future. The County is exporting waste to a regional landfill in Virginia. The remaining capacity at the landfill will be held for backup or future use. At fiscal year-end, the County has recognized \$26,542,000 of these costs. This cumulative amount reported to date is based on the use of 70.55% of the existing cell and 100% of the closed cell. The total current cost of closure and post-closure care to be recognized in future years is \$6,940,971. The County intends to finance these costs through the proceeds of bonds and through its annual operating budget. The General Fund has been used in prior years to liquidate the liability.

14. Tax Abatements

As of June 30, 2023, the County provides tax abatements through the Pilot Program and Commercial or Industrial Business Program.

PILOT (Payment in Lieu of Taxes)

Nixon Farm

In accordance with Howard County Council Resolution No. 11-2018, the County approved the terms and conditions of a Payment in Lieu of Taxes Agreement with the owners of 2800 Nixon's Farm Lane, LLC, regarding the construction and operation of an alternative and renewable energy project. Pursuant to Section 7-514 of the Tax-Property Article of the Annotated Code of Maryland, the County permits the owners to make payments in lieu of County real property taxes. The code provides, among other things, that real property may be exempt from County property tax and to induce the development of sustainable energy projects, the County agrees to abate County real property taxes for the property on a sliding scale as follows:

- a) For years 1 through 7 from the effective date, all Howard County real property taxes for the Property shall be abate and the owners shall pay to the County in lieu of such taxes, \$1 each year;
- b) For years 8 through 14 from the effective date, the owners shall receive a thirty percent (30%) abatement of all Howard County real property taxes for the property;
- c) For years 15 through 20 from the Effective Date, the owners shall receive a twenty percent (20%) abatement of all Howard County real property taxes for the property.

No other commitments were made by the County as part of this agreement.

Housing

In accordance with Howard County Code Sec. 13.1320. Property of Commission tax-exempt; exemption of property from levy and execution, the property of the Commission is declared to be used for essential public and governmental purposes and the Commission and its property are exempt from all taxes and special assessments of the County or the State. The Housing Commission which is a separate legal entity serves as the Public Housing Authority for the purpose of developing and managing housing resources for low and moderate income residents of Howard County. The Commission also owns and manages residential property, maintains these properties, develops affordable housing opportunities for the citizens of Howard County through partnerships with developers or land acquisition for development, and operates the Housing Choice Voucher. In lieu of County taxes and special assessments, the Commission makes payments to the County in an amount set by mutual agreement between the Commission and the County; provided, however, that the sum to be paid to the County does not exceed an amount equal to the regular taxes levied upon similar property.

By virtue of this agreement, all real property of the Commission is exempt from levy and sale and no execution or other judicial process shall issue against the same, nor shall any judgment against the Commission be a charge or lien upon its real property. The provisions shall not limit a right to foreclose or otherwise enforce:

- (1) Any mortgage or deed of trust recorded against any property of the Commission; or
- (2) Any pledge or lien given by the Commission on its rents, fees, or revenues.
- (3) May not deprive the County of its right to collect any service charge agreed upon in lieu of taxes in the same manner as all such taxes are now, or may hereafter be, collectible under the laws of this State and of the County.

No other commitments were made by the County as part of these agreements.

Commercial or Industrial Business

In accordance with § 9-315(a)(3) of the Tax-Property Article, Annotated Code of Maryland, there is a Howard County property tax credit against the tax on real property owned or occupied by a commercial or industrial business that engaged in an activity identified in the Howard County Economic Development Strategic Plan as a target for the County's business attraction and retention efforts. A commercial or industrial business qualifies for a tax credit under this section if the business:

- (1) Applies for the credit under procedures of Howard County Code Sec.20.123-Commerical or industrial business
- (2) (i) Owns real property in Howard County that is new construction, or an improvement to an existing facility; or
(ii) Subject to the provisions of subsection (f)(2) of this section, rents or leases real property in Howard County that is new construction or an improvement to an existing facility;
- (3) Is currently or will be doing business in Howard County;
- (4) Will employ at least 12 additional full-time local employees by the second year in which the credit is allowed, not including an employee filling a job created when a job function is shifted from an existing location in the State to Howard County; and
- (5) Makes a substantial investment in Howard County which includes the acquisition of a building, land, or equipment that totals at least \$2,000,000; or the creation of ten positions with salaries greater than the current average wage in Howard County.

The tax credit under this section shall be granted annually for a term not to exceed ten years beginning with the first tax year in which the real property tax would increase as a result of an increase in assessment due to new construction or an improvement to an existing facility. The tax credit under this section may not exceed the amount of the County property tax imposed on the property that is a result of an increase in assessment due to the new construction or improvement. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. No other commitments were made by the County as part of these agreements.

For the fiscal year ended June 30, 2023, the County abated taxes totaling \$2,296,732 including the following tax abatement agreements that exceeds 10% of the total amount abated:

Tax Abatement Program	Amount of Taxes Abated
PILOT (Payment in Lieu of Taxes)	\$ 1,700,663

15. Pension Plans

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Howard County Retirement Plan (HCRP) and Police and Fire Employees’ Plan (PFEP) and additions to/deductions from the two plans’ fiduciary net position have been determined on the same basis as they were reported by each plan as of the June 30, 2021 measurement date. The financial statements of the Plans were prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Employee and employer contributions are recognized as revenues in the period in which employee services are performed and expenses, benefits, and refunds are recorded when the corresponding liabilities are incurred, regardless of when payment is made. Investments were reported at fair value.

General Information about the Pension Plans

The Howard County Retirement Plan (“Retirement Plan”) and the Howard County Police and Fire Plan (“Police and Fire Plan”) are single-employer defined benefit public employee retirement plans administered by Howard County, Maryland, which provide retirement benefits as well as death and disability benefits and cost-of-living adjustments.

The Plans were established and operate under the provisions of the Howard County Code, Sections 1.400, 1.401 to 1.478, and 1.401A to 1.478A. Essentially all the County full-time benefited and part-time benefited employees are eligible to participate in one of the Retirement Plans, except for certain exceptions provided for in Howard County Code Section 1.406.

Responsibilities for administration and operation of the Retirement Plan and Police and Fire Plan vest in Retirement Committees with seven members each (“Committees”). The Committees have authority to establish and amend the respective benefit and contribution provisions.

Generally, the majority of employees of the primary government, except certain police officers and fire personnel, participate in the Retirement Plan, which was established July 1, 1995. As of that date, approximately 73 percent of the County employees participating in the Maryland State Retirement Systems, described below, transferred to the Retirement Plan. Police officers and fire personnel participate in the Police and Fire Plan, which was established July 1, 1990.

The remaining employees of the primary government participate in the State Employees Retirement System (“Retirement System”) established October 1, 1941, and the State Employees’ Pension System (“Pension System”) established January 1, 1980. These cost-sharing multiple-employer defined benefit systems administered by the Maryland State Retirement Systems were established under the provisions of Article 73B of the Annotated Code of Maryland. Responsibility for administration and operation of the systems vests in a 14-member Board of Trustees (“Trustees”). The respective costs and related pension liability of the Retirement Plan are not significant.

Both the Retirement Plan and the Police and Fire Plan issue separate audited financial reports which may be obtained by writing to: Howard County, Maryland, Director of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043, or by accessing the reports online at www.howardcountymd.gov.

A. Howard County Retirement Plan:

Under the Retirement Plan, participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or designated beneficiary.

A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Participating general employees with 30 years of eligibility service, regardless of age, or who attain the age of 62 and older, with two to five years of eligibility service (for a total of 67 years), are entitled to a normal retirement benefit. For creditable service earned prior to June 30, 2012, the benefit is 1.55% of the participant’s average compensation times the participant’s creditable service; for creditable service after July 1, 2012, the multiplier is 1.66%. The Plan permits early retirement for participants who attain the age of 55 with at least 15 years of Eligibility Service or have 25 years of eligibility service, regardless of age. For early retirement, the benefit is reduced by 0.5% for each month that the benefit begins prior to normal retirement date.

For participating AFSCME Local 3085, the benefit is 1.66% of the participant’s average compensation times all years of creditable service.

Participating Corrections employees are entitled to receive a normal retirement benefit of 2.5% of average compensation multiplied by years of creditable service (up to 20 years) plus 1.0% of average compensation multiplied by creditable service greater than 20 years but less than 30 years (excluding sick leave, which is always credited at 1.0% of average compensation). Normal retirement is the attainment of age 62 and older, with two to five years of eligibility service (for a total of 67 years), or the completion of 20 years of eligibility service regardless of age.

Annually, the retirement benefits are adjusted for cost of living adjustment (“COLA”). The Plan uses the Consumer Price Index (“CPI-U”) for the Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The Maximum annual COLA is 3.0%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	970
Inactive employees entitled to but not yet receiving benefits	217
Active employees	1,854
Total	<u>3,041</u>

Deferred Retirement Option Program. As of fiscal year 2023, the Plan offers a program called Deferred Retirement Option Plan (DROP) to Corrections employees. This is a voluntary benefit program which offers qualified active Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP record is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The record is also credited with interest. The DROP record is paid to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. The balance held by the Plan as of June 30, 2023 and 2022 was \$467,384 and 174,089, respectfully.

Contributions. The Plan is authorized to establish or amend the obligation to make contributions under the provisions of Sections 1.423 and 1.465 of the Howard County Code. The Plan's funding policy provides for periodic employer contributions at actuarial determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate adequate assets to pay benefits when due. Participant contributions are 8.5% of base pay for participating Corrections participants with less than 20 years of creditable service, 0% for Corrections participants with greater than 20 years of creditable service, and, effective January 1, 2014, 3.0% of base pay for other participants. The County funds the remainder of the cost of its employees' participation in the Retirement Plan which was 10.8% of covered payroll in fiscal year 2023 and 11.8% in fiscal year 2022. Expenses incurred in the administration and operation of the Plan are funded by the Plan.

Net Pension Liability (Asset)

The County's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 rolled forward to June 30, 2022.

Actuarial Assumption. The total pension liability was determined by an actuarial valuation as of July 1, 2021 rolled forward to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service, 3.75% to 6.50%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality	RP-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017.

The actuarial assumptions used in the July 1, 2021 valuation were based on the 2018 Experience Study covering the period of July 1, 2013 through June 30, 2017.

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-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	45.0%	4.85%
Fixed income	23.0%	2.46%
Alternative investments	26.0%	6.21%
Real assets	6.0%	4.33%
Total	100.0%	N/A

For the measurement year ended June 30, 2022 the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was 8.50%.

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarial determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payment of current active and inactive employees. 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.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) - (b)
Balances at June 30, 2021	\$ 575,977,127	\$ 627,068,948	\$ (51,091,821)
Changes for the year:			
Service cost	19,363,180	—	19,363,180
Interest	40,899,398	—	40,899,398
Changes of benefit terms	(383,791)	—	(383,791)
Differences between expected and actual experience	926,354	—	926,354
Changes of assumptions	1,717,858	—	1,717,858
Contributions - employer	—	16,347,464	(16,347,464)
Contributions - member	—	4,897,184	(4,897,184)
Net investment income	—	(60,063,755)	60,063,755
Benefit payments, including refunds of employee contributions	(23,694,999)	(23,694,999)	—
Administrative expense	—	(417,236)	417,236
Net changes	38,828,000	(62,931,342)	101,759,342
Balance as of June 30, 2022	\$ 614,805,127	\$ 564,137,606	\$ 50,667,521

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the County and the component units participating in the General Employees Plan (Economic Development Authority (1) and Housing Commission), calculated using the discount rate of 7.25%, as well as what the County's net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability (asset)	\$ 127,918,500	\$ 49,248,986	\$ (16,294,354)
Economic Development Authority ¹	1,867,563	719,017	(237,892)
Housing Commission	1,816,918	699,518	(231,441)
Total	<u>\$ 131,602,981</u>	<u>\$ 50,667,521</u>	<u>\$ (16,763,687)</u>

¹Economic Development Authority statements are not included in the County's ACFR due to immateriality.

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the County and the participating component units recognized pension expense of \$12,058,269 and \$341,539 respectively. The County's share of deferred outflows of resources and deferred inflows of resources related to the pension is reported below. The portions allocated to the component units are not reported due to immateriality for Economic Development Authority and a different fiscal year end for Housing:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 877,133	\$ 11,937,316
Changes of assumptions	6,358,485	—
Net difference between projected and actual earnings on pension plan investments	32,763,419	—
Changes in proportion	200,931	176,049
Contributions subsequent to the measurement date	15,640,703	—
Total	<u>\$ 55,840,671</u>	<u>\$ 12,113,365</u>

Other than contributions subsequent to the measurement date \$15,640,703, which will be recognized as a reduction of the net pension liability(asset) in the fiscal year ended June 30, 2023, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2024	\$ 3,825,972
2025	4,348,962
2026	666,120
2027	19,106,225
2028	(225,110)
Thereafter	364,434
Total	<u>\$ 28,086,603</u>

B. Police and Fire Plan:

All of the County’s full-time career police and fire officers hired on or after July 1, 1990 must enroll in the Police and Fire Plan. The Plan provides retirement benefits as well as death and disability benefits and cost-of-living adjustment.

Participants become vested after five years of eligibility service and are entitled to a benefit beginning at age 62. Terminated vested employees with less than 20 years of service will receive a benefit equal to 2.5% of average compensation times the number of years of creditable service, payable at age 62. If an employee leaves employment or dies before five years of eligibility service, accumulated employee contributions plus interest are refunded to the employee or the designated beneficiary. A participant who becomes totally and permanently disabled may retire prior to normal retirement and receive a benefit. Both disability and death benefits vary if incurred in the line of duty.

Employees who attain the age of 62 with at least five years of eligibility service and employees who have completed 20 years of eligibility service, if at least 10 years were served as a covered employee, are entitled to a normal retirement benefit. The amount will vary, based on the number of years of creditable service, from 50% (with 20 years of service) to 80% (with 30 years of service) of average compensation for police, and from 50% (with 20 years of service) to 70% (with 30 years of service) of average compensation for firefighters.

Annually, the retirement benefits are adjusted for COLA. The Plan uses the CPI-U for the Baltimore/Columbia/Towson area as published by the Bureau of Labor Statistics to calculate the change in retiree allowances each July. The Maximum annual COLA is 2%. A retiree must be in pay status 12 or more months to be awarded a COLA.

Employees covered by benefit terms

At July 1, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	486
Inactive employees entitled to but not yet receiving benefits	24
Active employees	968
Total	<u>1,478</u>

Deferred Retirement Option Program. The Plan offers a program called Deferred Retirement Option Plan (DROP). This is a voluntary benefit program which offers qualified active Participants, who would be entitled to retire and receive benefits, the option to continue working. An individual DROP record is created and is credited with the monthly retirement benefits that would have been paid during the DROP period had the participant actually retired. The record is also credited with the required employee contributions and interest. The payment is made to the employee, in addition to the benefit payment entitled under the defined benefit plan based on the earlier years of service, when the employee eventually retires. Participating members may elect distribution as one lump sum payment, a rollover or in monthly payments. Balance held by the plan as of June 30, 2023 and 2022 was \$14,599,616 and \$18,069,639, respectively.

Contributions. The Plan is authorized to establish or amend the obligations to make contributions under the provisions of the Howard County Code, Sections 1.423A and 1.465A. The Plan’s funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate sufficient assets to pay benefits when due. For employees with less than 30 years of service, participant contributions are 11.6% of pay for participating Police Department Employees and 7.7% of pay for participating Fire Department Employees. Employees with 30 or more years pay no participant contributions. The County funds the remainder of the cost of its employees’ participation in the Police and Fire Plan, which was 34.80 and 35.80% of covered payroll in fiscal years 2023 and 2022, respectively.

Net Pension Liability

The County's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2021 rolled forward to June 30, 2022.

Actuarial Assumptions. The total pension liability in the July 1, 2021 actuarial valuation rolled forward to June 30, 2022 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60%
Salary increases	Varies by service, 4.25% to 7.75%, including inflation
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Mortality	RP-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017.

The actuarial assumptions used in the July 1, 2021 valuation were based on the 2018 Experience Study covering the period of July 1, 2013 through June 30, 2017.

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-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Equities	45.0%	4.85%
Fixed income	23.0%	2.46%
Alternative investments	26.0%	6.21%
Real assets	6.0%	4.33%
Total	100.0%	N/A

For the measurement year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of the pension plan investment expense, was (8.50%).

Discount rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between total actuarial determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 828,261,117	\$ 825,833,713	\$ 2,427,404
Changes for the year:			
Service cost	25,875,103	—	25,875,103
Interest	58,775,329	—	58,775,329
Differences between expected and actual experience	(3,779,962)	—	(3,779,962)
Changes of assumptions	10,802,220	—	10,802,220
Contributions - employer	—	33,225,833	(33,225,833)
Contributions - member	—	8,749,312	(8,749,312)
Net investment income	—	(78,058,819)	78,058,819
Benefit payments, including refunds of employee contributions	(35,133,855)	(35,133,855)	—
Administrative expense	—	(458,765)	458,765
Net changes	56,538,835	(71,676,294)	128,215,129
Balance as of June 30, 2022	<u>\$ 884,799,952</u>	<u>\$ 754,157,419</u>	<u>\$ 130,642,533</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County, calculated using the discount rate of 7.25 percent, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
County's net pension liability	<u>\$ 257,066,143</u>	<u>\$ 130,642,533</u>	<u>\$ 27,342,556</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports for both Plans.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2022 the County recognized pension expense of \$29,411,947. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,399,396	\$ 12,752,069
Changes of assumptions	22,233,771	—
Net difference between projected and actual earnings on pension plan investments	45,311,628	—
Contributions subsequent to the measurement date	33,884,709	—
Total	<u>\$ 111,829,504</u>	<u>\$ 12,752,069</u>

Other than contributions subsequent to the measurement date \$33,884,709, which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2024, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2024	\$ 12,990,913
2025	12,339,165
2026	6,629,351
2027	29,929,199
2028	793,180
Thereafter	2,510,918
Total	<u>\$ 65,192,726</u>

C. Employer Aggregate Pension Disclosure:

	Howard County Retirement Plan	Police & Fire Plan	Total
As of June 30, 2022:			
Total net pension liabilities (asset)	\$ 49,248,986	\$ 130,642,533	\$179,891,519
Total deferred outflows of resources from pension	\$ 55,840,671	\$ 111,829,504	\$167,670,175
Total deferred inflows of resources from pension	\$ 12,113,365	\$ 12,752,069	\$ 24,865,434
For the year ended June 30, 2023			
Total pension expense	\$ 12,058,269	\$ 29,411,947	\$ 41,470,216

Note: Excludes component units. EDA is not included in the ACFR due to immateriality; Housing Commission has a different fiscal year end; Public Schools, Community College and Library participate in the Maryland State Retirement Plans.

The aggregate amount of the pension expenses for the HCRP, the PFEP, and the LOSAP is \$ 43,063,493.

D. Component Units:

Generally, all employees of three of the component units (Board of Education, Howard Community College and Library) are covered by the Maryland State Retirement and Pension System (the System), which is a cost-sharing, multi-employer defined benefit pension plan. 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 and employees of participating governmental units. The plans are administered by the State Retirement Agency.

As of June 30, 2023, the Howard County School System and Howard County Community College proportions for the System were 0.275% and 0.0145%, respectively. Howard County School System and Howard County Community College reported net pension liabilities of \$54,924,072 and \$2,891,433, respectively. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. For the year ended June 30, 2023, Howard County School System and Howard County Community College recognized pension expense of \$6,152,159 and \$967,573 (related to the employee's system only and does not include amounts that may be included in the state paid benefits), respectively. Howard County Library has no expense for pension costs, is not responsible for unfunded pension obligation and did not report any net pension liability due to a special funding situation.

16. Other Post-Employment Benefits (OPEB)

Summary of Significant Accounting Policies

For purposes of measuring the net Other Post Employment Benefits (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 Howard County OPEB Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they were reported by the plan as of June 30, 2022 which is the measurement date. The financial statements of the Plan were prepared using the accrual basis of accounting. Expenditures are recognized on the accrual basis as retirees' insurance costs are incurred. The Plan's insurance costs are paid by the retirees, the County and its component units through the County's self-insurance fund (internal service fund).

Plan Description

The County's OPEB plan is a Cost-Sharing Multiple Employer Defined Benefit Healthcare Plan. Per Section 1.406B of Howard County Bill No. 14-2008, the County established an irrevocable trust for administering the plan assets and paying healthcare costs on behalf of the participants. The Plan includes the County (consisting of the County government and Howard County Soil Conservation District) and its component units: Howard Community College, Howard County Public School System, and Howard County Library. The Plan is administered and overseen by a Board of Trustees comprised of the Chief Administrative Officer, the Director of Finance, and Budget Administrator.

The County provides a post-employment health insurance program in addition to the pension benefits described in Note 15. These post-employment benefits are subject to change at any time. All employees who retire from the County may participate in the program. To be eligible, the retiree must have a minimum of 15 years of County service and immediately begin receiving a monthly retirement plan benefit. Effective December 1, 2019, the retiree health policy was changed to provide that an eligible retiree does not have to be enrolled in the health insurance plan immediately preceding retirement to enroll at a future date. The County will pay a percentage of the retiree's health insurance premium based upon these criteria. This percentage varies with the number of years of service attained by the employee. Other retirees who do not meet the eligibility criteria are permitted to participate in the retirees' health insurance program by paying the full premium at the group rate.

The component units provide medical benefits to eligible employees who retire from employment with the entity. The eligibility requirements vary among different entities. Each entity pays a percentage of the health insurance premium based on certain criteria. In addition to medical benefits, the school system offers life insurance benefits to eligible retirees who have provided 10 years of service with the school system and have retired from the Howard County Public School System.

Plan membership per the actuarial valuation as of January 1, 2022 consisted of the following:

Retirees and beneficiaries receiving benefits	4,087
Active plan members	10,263
Deferred vested terminations	17
Total	<u>14,367</u>

There are no separate financial statements for the Plan.

Funding Policies and Funded Progress from Employer's Perspective under GASB Statement No. 75

The Plan's funding policy provides for the County to contribute to the trust as determined by the County budget. During the fiscal year, the County's proportionate share of the collective net other post-employment benefits liability is 23.29% of the \$11,000,000 contributed to the trust by the County, or \$2,561,900. The County budget for fiscal year 2023 included funding for pay-as-you-go OPEB costs as well as \$11,000,000 to the trust.

Based on the most recent actuarial valuation which was prepared as of January 1, 2022 (February 1, 2022 for non-School groups) and rolled forward to June 30, 2022, the actuarially calculated proportionate share of total OPEB liability as of the measurement date of June 30, 2022 was \$294,872,768 and there was \$49,803,785 of actuarial plan assets; therefore, the net OPEB liability for the County was \$245,068,978. The plan fiduciary net position as a percentage of the total OPEB liability was 16.92%.

Actuarial Assumptions. The collective total OPEB liability for the June 30, 2022 measurement date was determined by actuarial valuation as of January 1, 2022, with update procedures used to roll forward the total OPEB liability to June 30, 2022. The actuarial methods and significant assumptions used by the actuary are summarized on the next page to conform to the disclosure requirements for GASB Statement 75.

A summary of the assumptions included in the June 30, 2023 report are as follows:

Actuarial cost method	Entry Age Normal
Projected cash flows	Discount rate of 4.40% applied to investments in fiscal years 2021 through 2041.
Municipal bond rate	3.69% as of 6/30/22 based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index
Interest assumption	Equivalent single discount rate of 4.40% as of 6/30/22
Inflation	2.50%
Long-term expected real rate of return, based on geometric means	4.85% for Equity investments (based on 45% target allocation), 2.46% for Fixed Income investments (based on 23% target allocation), 6.21% for Alternative investments (based on 26% target allocation), and 4.33% for Real Asset investments (based on 6% target allocation), or a total of 4.60%
Healthcare cost trend rate	6.00%

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For the fiscal year-ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 14.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through 2041 was determined using the expected rate of return of assets of 7.25% and using the bond rate of 3.69% for benefit payments after 2041. The equivalent single rate is 4.40%. Based on these assumptions, the plan is expected to become insolvent in 2041.

The end-of-year net OPEB liability for the County is calculated below:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 484,838,637	\$ 55,310,568	\$ 429,528,069
Changes for the year:			
Service Cost	25,453,363	—	25,453,363
Interest	11,592,561	—	11,592,561
Experience loss/(gain)	(70,418,312)	—	(70,418,312)
Contributions - Employer	—	8,679,842	(8,679,842)
Net investment income	—	(8,068,018)	8,068,018
Changes in assumptions	(150,484,524)	—	(150,484,524)
Benefit payments	(6,108,960)	(6,108,960)	—
Administrative expenses	—	(9,645)	9,645
Net Changes	<u>(189,965,872)</u>	<u>(5,506,781)</u>	<u>(184,459,091)</u>
Balances at June 30, 2023	<u>\$ 294,872,765</u>	<u>\$ 49,803,787</u>	<u>\$ 245,068,978</u>

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

	1% Decrease	Discount Rate	1% Increase
	3.40%	4.40%	5.40%
Discount Rate Sensitivity			
Total OPEB liability	\$ 349,339,544	\$ 294,872,769	\$ 251,634,062
Net OPEB liability	\$ 299,447,631	\$ 245,068,982	\$ 201,742,149

The following presents what the County's Total and Net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher:

	1% Decrease	Medical Trend	1% Increase
	5.00%	6.00%	7.00%
Trend Sensitivity Year 2075			
Total OPEB liability	\$ 248,756,857	\$ 294,872,769	\$ 355,447,419
Net OPEB liability	\$ 198,864,943	\$ 245,068,982	\$ 305,555,505

For the year-ended June 30, 2023, the County recognized OPEB expense of \$16,789,240. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,418,456	\$ 71,548,234
Changes of assumptions	86,880,413	148,916,792
Changes in proportion	8,501,000	110,099,259
Net difference between projected and actual earnings on OPEB plan investments	4,939,323	—
Contributions subsequent to the measurement date	11,929,369	—
Total	\$ 114,668,561	\$ 330,564,285

The contributions made subsequent to the measurement date but before the reporting period totaling \$11,929,369 will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense for the fiscal year ended June 30:

2024	\$ (28,589,552)
2025	(28,636,310)
2026	(28,734,228)
2027	(27,037,416)
2028	(25,696,012)
Thereafter	(89,131,578)
Total	\$ (227,825,096)

Employer Aggregate Disclosure

	* Howard County Government	Howard County Public Schools	Howard Community College	Howard County Library	**Howard County Housing Commission	**Howard County Economic Development Authority (EDA)	Total
As of June 30, 2023:							
Total proportion of net OPEB liabilities	\$ 245,068,982	\$ 766,176,156	\$ 27,537,696	\$ 11,849,433	\$ 826,104	\$ 413,052	\$1,051,871,423
Total proportion of OPEB net position	\$ 49,803,787	\$ 156,045,073	\$ 5,633,908	\$ 2,457,404	\$ 186,769	\$ 93,385	\$ 214,220,326
Total deferred outflows of resources from OPEB	\$ 114,668,561	\$ 441,328,427	\$ 11,632,835	\$ 5,393,620	\$ 417,934	\$ 240,334	\$ 573,681,711
Total deferred inflows of resources from OPEB	\$ 330,564,285	\$ 697,852,987	\$ 28,223,461	\$ 14,937,392	\$ 1,426,631	\$ 524,066	\$1,073,528,822
For the year ended June 30, 2023:							
Total OPEB expense	\$ 16,789,240	\$ 52,508,727	\$ 1,888,697	\$ 814,592	\$ 57,670	\$ 28,835	\$ 72,087,761

* Enterprise fund share of net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$2,316,071, \$3,542,194, \$8,320,043, and \$20,528,243, respectively. The portion allocated to the Howard County Soil Conservation District for net OPEB liability, OPEB assets, deferred outflows, and deferred inflows is \$335,604, \$44,224, \$227,824, and \$404,745, respectively.

** EDA is not included in the ACFR due to immateriality and the Housing Commission has a different fiscal year end.

Plan Perspective under GASB Statement No. 74

The OPEB plan is presented in accordance with the provisions of GASB Statement No. 74, “Financial Reporting for Post-employment Benefit Plans Other than Pension Plans,” which supersedes Statement No. 43. A separate actuarial valuation report was prepared using February 1, 2022 census data from the County and Community College and January 1, 2022 census data from the Public Schools, rolled forward to June 30, 2022.

Plan membership per the actuarial valuation as of of February 1, 2022 (Public Schools January 1, 2022) consisted of the following:

Retirees and beneficiaries receiving benefits	4,087
Active plan members	10,263
Deferred vested terminations	17
Total	<u>14,367</u>

A summary of the assumptions included in the June 30, 2023 report are as follows:

Actuarial cost method	Entry Age Normal
Interest assumption	Discount rate of 4.60% as of 6/30/23
Inflation	2.65%
Municipal bond rate	4.13% as of 6/30/23 based on S&P's Municipal Bond 20-year high-grade rate index
Projected cash flows	Long-term expected rate of return was applied to fiscal years 2023 through 2042.
Long-term expected real rate of return, based on geometric means	3.17% for Equity investments (based on 60% target allocation), 0.63% for Fixed Income investments (based on 30% target allocation), and 0.51% for Alternative investments (based on 10% target allocation), or a total of 4.21%
Mortality	SOA RPH-2014 Combined Healthy tables with generational projection from 2006 base year using MP-2017 Mortality Improvement Scale

The long-term expected rate of return on 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 plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

For the fiscal year-ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.29%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

In measuring the total liability and determining the discount rate, the actuary projected cash flows by assuming that the County will continue to make the current contribution levels increasing 3.00% per annum. These contributions were first allocated to the normal cost for future hires. The present value of payments through calendar year-end 2042 was determined using the expected rate of return on assets of 7.25%. For calendar years after 2043, the present value of benefit payments was ascertained by using the expected rate of return on assets of 9.17% and using the bond rate of 4.13%. The equivalent single rate is 4.60%.

Based on the aforementioned methods and assumptions, the components of the County's Net OPEB liability as of June 30, 2023 were as follows:

Total OPEB liability	\$ 1,321,620,737
Plan fiduciary net position	245,374,132
County's net OPEB liability	<u>\$ 1,076,246,605</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.57%

The following presents what the County’s Total and Net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher:

Discount Rate Sensitivity	1% Decrease 3.60%	Discount Rate 4.60%	1% Increase 5.60%
Total OPEB liability	\$ 1,563,185,601	\$ 1,321,620,737	\$ 1,129,614,793
Net OPEB liability	\$ 1,317,811,469	\$ 1,076,246,605	\$ 884,240,661

The following presents what the County’s Total and Net OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point lower or one percentage point higher:

Trend Sensitivity Year 2075	1% Decrease 3.14%	Discount Rate 4.14%	1% Increase 5.14%
Total OPEB liability	\$ 1,120,863,704	\$ 1,321,620,737	\$ 1,585,447,412
Net OPEB liability	\$ 875,489,572	\$ 1,076,246,605	\$ 1,340,073,280

17. Length of Service Award Program

Summary of Significant Accounting Policies

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 the fiduciary net position of the Howard County Length of Service Award Program (LOSAP) have been determined on the full accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

General Information about the Pension Plans

The Howard County Length of Service Award Program (LOSAP) is a single-employer defined benefit retirement plan administered by Howard County, Maryland. The LOSAP provides retirement and death benefits to volunteer firefighting and emergency medical service personnel who donate their time and services to one of the six volunteer fire corporations in the County.

The LOSAP was established and operates under the provisions of the Howard County Code, Sections 17.102 and 17.103. It was established in 1991 and last amended effective January 1, 2015. Separate financial statements for the program are not issued.

Under the LOSAP, participants become vested after 25 years of eligible service beginning at age 50. No benefit is paid if service is less than 25 years.

There are no disability benefits. A death benefit equal to the total of six months LOSAP payment is paid to the designated beneficiary. In addition, \$5,000 is paid to the designated beneficiary for burial expenses.

Participants aged 50 years with 25 years of eligibility service are entitled to a normal retirement benefit. Effective January 1, 2015, a monthly benefit is equal to 1.00% of the current annual starting salary of a trainee in the Department of Fire and Rescue Services (which was \$557 as of January 1, 2022), plus \$10 for each full year of certified active service over 25 years. The monthly amount representing 1.00% of the current starting salary of a trainee cannot exceed \$1,540.51 based on limitations presented in the County Code.

All benefits are paid from the Fire and Rescue Reserve Fund as they become due. This is an unfunded program; therefore, there are no assets in the program.

Employees covered by benefit terms

At January 1, 2022 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	106
Active employees	288
Total	394

Net Pension Liability

The County's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022.

Actuarial Assumption. The total pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 %
Salary increases	Not Applicable
Interest	3.69% compounded annually
Investment rate of return	3.69%
Mortality	RP-2014 Mortality Table, Blue Collar, with generational projection using Improvement Scale MP-2017

Discount rate. The 20-year general obligation bond discount rate used to measure the total pension liability was 3.69%.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 41,657,520	\$ —	\$ 41,657,520
Changes for the year:			
Service cost	1,314,269	—	1,314,269
Interest	816,968	—	816,968
Differences between expected and actual experience	(6,314,220)	—	(6,314,220)
Changes of assumptions	(10,526,758)	—	(10,526,758)
Contributions - employer	—	842,719	(842,719)
Benefit payments	(842,719)	(842,719)	—
Net changes	(15,552,460)	—	(15,552,460)
Balance as of June 30, 2022	<u>\$ 26,105,060</u>	<u>\$ —</u>	<u>\$ 26,105,060</u>

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the County LOSAP, calculated using the discount rate of 3.69%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.69%) or 1 percentage-point higher (4.69%) than the current rate:

	1% Decrease (2.69%)	Current Discount Rate (3.69%)	1% Increase (4.69%)
County's net pension liability	<u>\$ 31,386,259</u>	<u>\$ 26,105,060</u>	<u>\$ 22,081,953</u>

Pension plan fiduciary net position. There are no separately issued financial reports for the LOSAP.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the County recognized pension expense of \$1,593,277. The County reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,782,910	\$ 5,943,672
Changes of assumptions	7,263,122	10,229,827
Contributions subsequent to the measurement date	857,811	—
Total	<u>\$ 10,903,843</u>	<u>\$ 16,173,499</u>

Other than contributions subsequent to the measurement date (\$857,811), which will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2023, amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the fiscal years ended June 30:

2024	\$ (537,960)
2025	(537,960)
2026	(537,958)
2027	(327,918)
2028	(1,779,817)
Thereafter	<u>(2,405,854)</u>
Total	<u>\$ (6,127,467)</u>

18. Deferred Compensation Plan

Deferred compensation plans are available to all County employees. The plans were established in accordance with Internal Revenue Code Section 457. A deferred compensation plan offers employees an opportunity to defer a portion of their salary along with the related Federal and State income taxes until future years. The deferred compensation funds are not available to employees until termination, retirement, death, or unforeseeable emergency. The County does not report those assets and liabilities in the financial statements of the County.

19. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The reporting entity, excluding the Howard County Public School System, has established two internal service funds to account for and finance its uninsured risks of loss. The reporting entity's risk financing techniques include a combination of risk retention through self-insurance and risk transfer using a risk pool. The Employee Benefits Self-Insurance Fund provides full coverage for employee benefits and long-term disability claims. The Risk Management Self-Insurance Fund provides coverage up to a maximum of \$1,000,000 for each automobile liability claim, \$1,000,000 for each general liability claim, \$100,000 for each property damage claim, and unlimited coverage for each workers' compensation claim.

The reporting entity belongs to the Maryland Local Government Insurance Trust ("LGIT"), which provides insurance for claims in excess of coverage for the entity's property, general, and automobile liability coverages. LGIT consists of various counties and local municipalities. It was created to provide broader insurance coverages than those available from commercial insurers, as well as loss control and risk management services. The County pays an annual premium to LGIT for this coverage.

Liability claims settled by the County in the past five fiscal years have not exceeded the Risk Management Fund's \$1,000,000 retention to trigger payment by LGIT; however, a few small property claims have exceeded the \$100,000 retention and have been paid by LGIT. All funds and component units of the reporting entity, excluding the Howard County Public School System, participate in the risk management program and make payments to the internal service funds based on a combination of actuarial estimates and historical cost information. These amounts are needed to pay prior and current year claims and to establish a reserve for future claims and/or catastrophic losses. The Howard County Public School System has its own risk management programs.

At fiscal year-end, the combined Net Position for the two self-insurance internal service funds was \$11,853,720. The combined claims liability of the two funds, \$23,261,188, is based on generally accepted accounting principles, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

The changes in the combined self-insurance funds' unpaid claims liability in fiscal years 2023 and 2022 are presented below:

	Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	End of Year	Expected Amount Due Within One Year
2023	\$23,389,970	\$71,734,610	\$(71,863,392)	\$23,261,188	\$8,028,333
2022	\$23,492,615	\$68,220,479	\$(68,323,124)	\$23,389,970	\$8,749,797

The current portion is included in the non-current liabilities - due within one year and the non-current portion is included in non-current liabilities - due in more than one year, on the government-wide Statement of Net Position.

20. Fund Disclosure

Individual Fund Disclosure

The General Capital Projects Fund, a major fund, plans to eliminate its deficit fund balance of \$(107,406,465) through receipt of future grant revenues and future bond sales.

The Grants Fund, a major fund, will eliminate its deficit of \$(3,703,119) through receipt of future grant revenues in fiscal year 2023.

The Recreation Program Fund, a non-major fund, will plan to eliminate its deficit fund balance of \$(2,025,448) through receipt of future revenues.

21. Commitments and Contingencies

A. Grants

The County receives grant funds, principally from the U.S. Government, for various County programs. Expenditures from certain of these funds are subject to audit by the grantor, and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of County management, no material refunds will be required as a result of expenditures disallowed by the grantors.

B. Construction

The County had \$904,216,261 authorized, but unobligated capital project appropriations at fiscal year-end.

C. Encumbrances

The County uses “encumbrances” to control expenditure commitments for the year. Encumbrances represent commitments related to contracts executed, but not yet performed, and purchase orders not yet fulfilled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet.

The encumbrance balances for the governmental funds at fiscal year-end are reported as follows:

	Restricted	Committed	Assigned	Total
Major Governmental Funds				
General Fund	\$ —	\$ —	\$ 16,424,879	\$ 16,424,879
Grant Fund	1,531,401	—	—	1,531,401
Non-Major Governmental Funds	36,775,883	4,151,255	—	40,927,138
Total	<u>\$ 38,307,284</u>	<u>\$ 4,151,255</u>	<u>\$ 16,424,879</u>	<u>\$ 58,883,418</u>

D. Litigation

In March 2022, the County reached settlements with three pharmaceutical distributors and one pharmaceutical manufacturer in connection with the national opioid litigation. Under these settlements, U.S. states and subdivisions will receive approximately \$26 billion. Maryland is expected to receive approximately \$400 million over 18 years. The County’s share of those funds is anticipated to be approximately \$13 million, spread out over the same 18-year period. Amounts received have been deposited into the County’s Local Abatement Fund, a special revenue fund created to account for these resources, and must be used to fund opioid remediation and abatement efforts. As of June 30, 2023, the county has received \$1.9 million as reported in the local Opioid Abatement Fund.

REQUIRED SUPPLEMENTARY INFORMATION





Howard County, Maryland
Howard County Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability *										
Service cost	\$ 19,785	\$ 19,363	\$ 19,359	\$ 18,342	\$ 17,330	\$ 16,919	\$ 15,861	\$ 15,093	\$ 14,073	\$ 12,727
Interest	43,540	40,899	39,129	37,417	34,964	32,786	30,959	29,046	27,198	24,974
Changes of benefit terms	—	(384)	—	—	—	—	—	—	—	3,534
Differences between expected and actual experience	19,699	926	(5,043)	(9,115)	(5,973)	379	(6,369)	(4,093)	(2,741)	—
Changes of assumptions	7,037	1,718	785	743	9,529	—	—	—	(851)	10,918
Benefit payments, including refunds of member contributions	(28,502)	(23,694)	(21,238)	(20,067)	(19,013)	(16,809)	(15,379)	(13,700)	(12,375)	(11,139)
Net change in total pension liability	61,559	38,828	32,992	27,320	36,837	33,275	25,072	26,346	25,304	41,014
Total pension liability - beginning	614,805	575,977	542,985	515,665	478,828	445,553	420,481	394,135	368,831	327,817
Total pension liability - ending (a)	676,364	614,805	575,977	542,985	515,665	478,828	445,553	420,481	394,135	368,831
Plan fiduciary net position										
Contributions - employer	16,094	16,347	15,889	15,034	14,155	14,841	14,179	13,428	13,967	12,778
Contributions - member	5,244	4,897	4,857	4,749	4,378	4,156	3,904	3,757	3,573	2,979
Net investment income/ (loss)	47,814	(60,064)	133,778	16,691	31,355	35,808	45,447	4,743	9,983	45,956
Benefit payments, including refunds of member contributions	(28,502)	(23,695)	(21,238)	(20,067)	(19,012)	(16,809)	(15,379)	(13,700)	(12,375)	(11,139)
Administrative expense	(509)	(417)	(424)	(397)	(439)	(351)	(336)	(341)	(311)	(283)
Net change in plan fiduciary net position	40,141	(62,932)	132,862	16,010	30,437	37,645	47,815	7,887	14,837	50,291
Plan fiduciary net position - beginning	564,137	627,069	494,207	478,197	447,760	410,115	362,300	354,413	339,576	289,285
Plan fiduciary net position - ending (b)	604,278	564,137	627,069	494,207	478,197	447,760	410,115	362,300	354,413	339,576
County's net pension liability (asset) - ending (a)-(b)	\$ 72,086	\$ 50,668	\$ (51,092)	\$ 48,778	\$ 37,468	\$ 31,068	\$ 35,438	\$ 58,181	\$ 39,722	\$ 29,255
Plan fiduciary net position as a percentage of the total pension liability	89.34%	91.76%	108.87%	91.02%	92.73%	93.51%	92.05%	86.16%	89.92%	92.07%

(continued)

Howard County, Maryland
Howard County Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Covered payroll	\$ 149,016	\$ 138,538	\$ 134,649	\$ 129,605	\$ 123,090	\$ 119,686	\$ 114,349	\$ 108,292	\$ 103,462	\$ 97,542
County's net pension liability as a percentage of covered payroll	48.37%	36.57%	(37.94)%	37.64%	30.44%	25.96%	30.99%	53.73%	38.39%	29.99%
Expected average remaining service years of all participants	7	7	7	7	7	7	7	7	7	7

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

Note to Schedule:

Benefit changes: No change.

Change of assumptions: Pursuant to the most recent Experience Study dated September 15, 2022, the salary increases for correctional officers, base mortality and mortality improvement, retirement rates, termination rates, disability rates for all other employees (non-corrections), and marriage assumptions were changed.

Howard County, Maryland
Howard County Retirement Plan
Required Supplementary Information
Schedule of County Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution (ADC)	\$ 14,455	\$ 16,208	\$ 15,889	\$ 15,034	\$ 14,155	\$ 14,003	\$ 13,265	\$ 13,428	\$ 13,967	\$ 12,778
Contributions in relation to the actuarially determined contribution	16,094	16,347	15,889	15,034	14,155	14,841	14,179	13,428	13,967	12,778
Contribution deficiency/ (excess)	\$ (1,639)	\$ (139)	\$ —	\$ —	\$ —	\$ (838)	\$ (914)	\$ —	\$ —	\$ —
Covered payroll	\$ 149,016	\$ 138,538	134,649	129,605	123,090	119,685	114,349	108,292	103,462	97,542
Contributions as a percentage of covered payroll	10.80%	11.80%	11.80%	11.60%	11.50%	12.40%	12.40%	12.40%	13.50%	13.10%

Note: ADC rate for for FY 23 was 9.70%, for FY 22 and FY 18 was 11.70% and for FY 17 was 11.60%.

(continued)

Notes to Schedule:

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are from the currently approved assumptions and assumptions used to determine all contributions in the past would not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Open amortization for surplus using level percent of pay, increasing 2.75% per year
Remaining amortization period	Surplus amortization base is 30 years
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Varies by service for Corrections employees and all other employees - Corrections 4.00% to 6.50%, including inflation. All others: 3.75% to 6.30%, including inflation.
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service
Mortality	RP-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017.
Cost-of-living increases	2.50%

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability*										
Service cost	\$ 26,091	\$ 25,875	\$ 24,446	\$23,123	\$22,278	\$21,109	\$19,163	\$18,974	\$ 17,708	\$ 17,535
Interest	62,588	58,775	56,037	53,578	50,713	46,900	43,426	39,998	36,208	33,630
Changes of benefit terms	636	—	—	—	—	—	—	(1,705)	—	—
Differences between expected and actual experience	16,760	(3,780)	(2,382)	(8,607)	(2,667)	13,530	6,319	7,599	(1,596)	—
Changes of assumptions	10,706	10,802	5,066	4,770	3,936	—	—	—	16,621	14,989
Benefit payments, including refunds of member contributions	(43,061)	(35,133)	(34,634)	(34,320)	(27,572)	(24,755)	(20,422)	(17,890)	(18,941)	(15,679)
Net change in total pension liability	73,720	56,539	48,533	38,544	46,688	56,784	48,486	46,976	50,000	50,475
Total pension liability - beginning	884,800	828,261	779,728	741,184	694,496	637,712	589,226	542,250	492,250	441,775
Total pension liability - ending (a)	958,520	884,800	828,261	779,728	741,184	694,496	637,712	589,226	542,250	492,250
Plan fiduciary net position										
Contributions - employer	33,885	33,226	31,923	31,105	27,720	26,337	24,729	21,636	22,530	20,822
Contributions - member	9,287	8,749	8,374	8,184	8,125	7,859	7,387	7,041	7,006	6,526
Net investment income/ (loss)	62,546	(78,059)	171,695	24,964	39,639	46,560	55,956	6,459	11,531	54,733
Benefit payments, including refunds of member contributions	(43,061)	(35,134)	(34,634)	(34,321)	(27,571)	(24,755)	(20,421)	(17,889)	(18,941)	(15,679)
Administrative expense	(542)	(459)	(401)	(413)	(457)	(355)	(344)	(327)	(368)	(271)
Net change in plan fiduciary net position	62,115	(71,677)	176,957	29,519	47,456	55,646	67,307	16,920	21,758	66,131
Plan fiduciary net position - beginning	754,157	825,834	648,877	619,358	571,902	516,256	448,949	432,029	410,271	344,140
Plan fiduciary net position - ending (b)	816,272	754,157	825,834	648,877	619,358	571,902	516,256	448,949	432,029	410,271
County's net pension liability - ending (a)-(b)	\$142,248	\$130,643	\$ 2,427	\$130,851	\$121,826	\$122,594	\$121,456	\$140,277	\$110,221,000	\$81,979,000

(continued)

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Plan fiduciary net position as a percentage of the total pension liability	85.16%	85.23%	99.71%	83.22%	83.56%	82.35%	80.95%	76.19%	79.67%	83.35%
Covered payroll	\$97,370	\$92,810	\$90,179	\$87,868	\$83,746	\$81,037	\$80,814	\$72,121	\$70,406	\$67,169
County's net pension liability as a percentage of covered payroll	146.09%	140.76%	2.69%	148.92%	145.47%	151.28%	150.29%	194.50%	156.55%	122.05%
Expected average remaining service years of all participants	8	9	9	9	9	9	9	10	10	9

* The measurement date for the pension liability is as of June 30 of the fiscal year stated.

Note to Schedule:

Benefit changes: The plan was amended to provide all non-management firefighters with 2.50% of average compensation for sick leave credit that results in total credited service exceeding 30 years.

Change of assumptions: Pursuant to the most recent Experience Study dated September 15, 2022, the salary increases, base mortality and mortality improvement, retirement rates, termination rates for police only, and marriage assumptions were changed.

Howard County, Maryland
Howard County Police and Fire Employees' Retirement Plan
Schedule of County Contributions
Last 10 Fiscal Years
(Dollar amounts in thousands)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$33,300	\$33,226	\$30,841	\$31,105	\$27,720	\$26,337	\$24,729	\$21,636	\$22,530	\$20,822
Contributions in relation to the actuarially determined contribution	<u>33,885</u>	<u>33,226</u>	<u>31,923</u>	<u>31,105</u>	<u>27,720</u>	<u>26,337</u>	<u>24,729</u>	<u>21,636</u>	<u>22,530</u>	<u>20,822</u>
Contribution deficiency (excess)	<u>\$(585)</u>	<u>\$—</u>	<u>\$(1,082)</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>	<u>\$—</u>
Covered payroll	\$97,370	\$92,810	\$90,179	\$87,868	\$83,746	\$81,037	\$80,814	\$72,121	\$70,406	\$67,169
Contributions as a percentage of covered payroll	34.80%	35.80%	35.40%	35.40%	33.10%	32.50%	30.60%	30.00%	32.00%	31.00%

Note: ADC rate for FY 23 and FY 21 was 34.20%.

(continued)

Notes to Schedule:

Valuation date:

Actuarially determined contribution amounts are calculated as of the beginning of the fiscal year (July 1) for the year immediately following the fiscal year. Actuarial valuations are performed every year. The assumptions shown below are those used in the 7/1/2021 actuarial valuation to calculate the FY 2023 ADC. Assumptions used to determine contributions in the past may not have been the same.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit .
Amortization method	Level percentage of pay increasing 2.75% per year
Remaining amortization period	Remaining Amortization periods range from 1 to 15 years.
Asset valuation method	5-year smoothed fair value
Inflation	2.50%
Salary increases	Varies by service for Police and Fire:: Police: 4.25% to 7.50%, including inflation and Fire: 4.25% to 7.75%, including inflation.
Investment rate of return	7.25%, net of pension plan investment expense, including inflation
Retirement age	Rates vary by participant age and service.
Mortality	RP-2014 Combined Healthy tables with generational projection from 2006 base year using scale MP-2017.
Cost-of-living increases	2.00%

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Required Supplementary Information
Schedule of Employer's Proportionate Share of Net OPEB Liability
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	***
Total OPEB liability*							
Employer's proportion of the net OPEB liability	23.29%	29.39%	29.39%	32.09%	32.09%	30.75%	
Employer's proportionate share of net OPEB liability	\$245,069	\$541,917	\$478,006	\$430,355	\$376,331	\$339,983	
Covered-employee payroll**	\$243,608	\$228,015	\$211,936	\$193,828	\$193,828	\$184,681	
Employer's proportionate share of the net OPEB liability as a percentage of covered-employee payroll	99.40%	42.08%	44.34%	45.04%	51.50%	54.32%	
Plan fiduciary net position as a percentage of total OPEB liability	16.92%	11.43%	9.81%	10.31%	9.94%	8.62%	

* The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.

** OPEB does not require contributions from plan members.

*** Information for FY2017 and earlier is not available

This schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is completed, governments should present information for which information is available.

Howard County, Maryland
Other Post-Employment Benefits (OPEB) Fund
Required Supplementary Information
Schedule of Changes in the OPEB Trust's Net OPEB Liability and Related Ratios

Last 10 Fiscal Years

(Dollar amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability *							
Service cost	\$ 50,031	\$ 109,288	\$ 92,226	\$ 70,433	\$ 60,150	\$ 55,049	\$ 64,957
Interest	57,287	49,775	50,782	52,729	51,309	47,145	40,906
Differences between expected and actual experience	(21,728)	(302,354)	(4,981)	14,834	(3,241)	(65,034)	—
Changes of assumptions	(1,756)	(646,133)	165,906	195,487	107,691	77,712	(162,653)
Benefit payments	(28,305)	(26,230)	(25,561)	(25,425)	(22,755)	(22,627)	(23,244)
Net change in total OPEB liability	55,529	(815,654)	278,372	308,058	193,154	92,245	(80,034)
Total OPEB liability - beginning	1,266,092	2,081,746	1,803,374	1,495,316	1,302,162	1,209,916	1,289,950
Total OPEB liability - ending (a)	1,321,621	1,266,092	2,081,746	1,803,374	1,495,316	1,302,161	1,209,916
Plan fiduciary net position							
Contributions - employer	39,372	37,269	36,649	38,425	38,381	38,627	36,324
Net investment income/(loss)	20,134	(34,642)	49,841	9,789	9,285	9,200	9,912
Benefit payments	(28,305)	(26,230)	(25,561)	(25,425)	(22,755)	(22,627)	(23,244)
Administrative expense	(48)	(41)	(15)	(68)	(106)	(56)	(3)
Net change in plan fiduciary net position	31,153	(23,644)	60,914	22,721	24,805	25,144	22,989
Plan fiduciary net position - beginning	214,221	237,865	176,951	154,230	129,425	104,281	81,292
Plan fiduciary net position - ending (b)	245,374	214,221	237,865	176,951	154,230	129,425	104,281
County's net OPEB liability - ending (a)-(b)	<u>\$1,076,247</u>	<u>\$1,051,871</u>	<u>\$ 1,843,881</u>	<u>\$ 1,626,423</u>	<u>\$ 1,341,086</u>	<u>\$1,172,736</u>	<u>\$1,105,635</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.57%	16.92%	11.43%	9.81%	10.31%	9.94%	8.62%
Covered employee payroll***	925,232	889,390	873,313	852,377	798,788	799,110	760,624
County's net OPEB liability as a percentage of covered-employee payroll	116.32%	118.27%	211.14%	190.81%	167.89%	146.76%	145.36%
Expected average remaining service years of all participants	9	9	10	10	10	10	10

* The measurement date for the OPEB liability is as of June 30 of the fiscal year stated.

** OPEB does not require contributions from plan members.

*** In FY22 Total Covered payroll updated to agree with the previous year's payroll reported by Howard County Public School System.

Notes to Schedule:

Benefit changes: None

Changes of assumptions. Discount rate at June 30, 2022 is 4.40% and at June 30, 2023 is 4.60% .

Information for FY2016 and earlier is not available.

Howard County, Maryland
Other Postemployment Benefits
Required Supplementary Information
Schedule of Investment Returns

Last 10 Fiscal Years

Year ending June 30:	Annual money- weighted rate of return, net of investment expenses
2023	9.29%
2022	(14.16)%
2021	27.76%
2020	6.37%
2019	7.07%
2018	8.53%
2017	11.65%
2016	2.02%
2015	2.65%
2014	17.26%

Howard County, Maryland
Length of Service Award Program
Required Supplementary Information
Schedule of Changes in the County's Net Pension Liability and Related Ratios
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016
Total pension liability							
Service cost	\$ 1,314	\$ 1,465	\$ 676	\$ 727	\$ 837	\$ 1,026	\$ 1,027
Interest	817	901	776	806	823	714	655
Changes of benefit terms	0	—	—	—	—	—	—
Differences between expected and actual experience	(6,314)	—	4,870	—	(1,417)	—	—
Changes of assumptions	(10,527)	4,383	5,644	1,815	(263)	(2,771)	—
Benefit payments, including refunds of member contributions	(843)	(798)	(756)	(759)	(721)	(669)	(610)
Net change in total pension liability	(15,553)	5,951	11,210	2,589	(741)	(1,700)	1,072
Total pension liability - beginning	41,658	35,707	24,497	21,908	22,649	24,349	23,277
Total pension liability - ending (a)	26,105	41,658	\$ 35,707	24,497	21,908	22,649	24,349
Plan fiduciary net position							
Net investment income	—	—	—	—	—	—	—
Benefit payments, including refunds of member contributions	—	—	—	—	—	—	—
Administrative expense	—	—	—	—	—	—	—
Net change in plan fiduciary net position	—	—	—	—	—	—	—
Plan fiduciary net position - beginning	—	—	—	—	—	—	—
Plan fiduciary net position - ending (b)	—	—	—	—	—	—	—
County's net pension liability - ending (a)-(b)	\$ 26,105	\$ 41,658	\$ 35,707	\$ 24,497	\$ 21,908	\$ 22,649	\$ 24,349
Plan fiduciary net position as a percentage of the total pension liability	—%	—%	—%	—%	—%	—%	—%
Covered-employee payroll*	n/a	n/a	n/a	n/a	n/a	n/a	n/a
County's net pension liability as a percentage of covered-employee payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Expected average remaining service years of all participants	7	7	7	8	8	10	10

* OPEB does not require contributions from plan members.

Notes to Schedule:

Benefit changes: None

Changes of assumptions: Discount rate changed from 1.92% to 3.69%.

Assets: There are no assets accumulated in a trust to pay related benefits. All benefits are paid on a pay-as-you-go basis.

Information for FY2015 and earlier not available

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**





GENERAL FUND





Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Property taxes:				
Real, personal and corporate	\$ 617,489,000	\$ 617,489,000	\$ 626,261,692	\$ 8,772,692
Payment in lieu of taxes	2,424,000	2,424,000	2,550,382	126,382
Additions and abatements	(200,000)	(200,000)	(275,975)	(75,975)
Interest on taxes	800,000	800,000	834,461	34,461
Total property taxes	620,513,000	620,513,000	629,370,560	8,857,560
Other local taxes:				
Heavy equipment	700,000	700,000	2,327,564	1,627,564
Local income tax surcharge	540,869,664	540,869,664	663,802,592	122,932,928
Admission tax	2,200,000	2,200,000	3,957,182	1,757,182
Local recordation tax	30,000,000	30,000,000	21,453,202	(8,546,798)
Room rental tax	4,400,000	4,400,000	5,751,846	1,351,846
Total other local taxes	578,169,664	578,169,664	697,292,386	119,122,722
State shared taxes:				
Highway	3,874,000	3,874,000	4,093,213	219,213
Total state shared taxes	3,874,000	3,874,000	4,093,213	219,213
Revenues from other governments	11,333,000	11,333,000	9,917,005	(1,415,995)
Charges for services:				
Boarding prisoners	961,000	961,000	1,112,869	151,869
Cable TV franchise fees	5,200,000	5,200,000	4,694,808	(505,192)
Civil marriage	11,000	11,000	12,320	1,320
Developer - water and sewer overhead	300,000	300,000	156,509	(143,491)
Development - review fees	1,000,000	1,000,000	605,748	(394,252)
Extension development agreement fees	16,000	16,000	19,600	3,600
House type revision fees	105,000	105,000	93,350	(11,650)
Master in chancery fees	—	—	135	135
Other charges for services	30,000	30,000	48,105	18,105
Parking meters	15,000	15,000	20,418	5,418
Planning and zoning fees	580,000	580,000	574,641	(5,359)
Police records check discovery fee	43,000	43,000	53,147	10,147
Recreation and parks	65,000	65,000	77,744	12,744
Rental housing inspection fees	1,500,000	1,500,000	1,290,448	(209,552)
Sale of maps and publications	38,000	38,000	31,863	(6,137)
Sheriff fees	200,000	200,000	305,259	105,259
Tax certificates	500,000	500,000	326,290	(173,710)
Weekender inmate fees	1,000	1,000	6,360	5,360
Food and beverage	85,000	85,000	87,523	2,523
Total charges for services	10,650,000	10,650,000	9,517,197	(1,132,803)
Interest on investments	800,000	800,000	20,740,271	19,940,271

(Continued)

Howard County, Maryland
Schedule of Revenues and Appropriations from Fund Balances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Revenues	Variance with Final Budget
	Original	Final		
Licenses and permits:				
Animal licenses	57,000	57,000	57,353	353
Beer, wine and liquor	200,000	200,000	341,312	141,312
Building	3,400,000	3,400,000	2,770,081	(629,919)
Concert/special event permit fees	40,000	40,000	75,445	35,445
Electrical	1,050,000	1,050,000	1,035,709	(14,291)
Marriage license surcharge	80,000	80,000	87,975	7,975
Mobile home park	—	—	6,450	6,450
Peddlers and solicitors	13,000	13,000	14,750	1,750
Plumbing	950,000	950,000	734,903	(215,097)
Signs	40,000	40,000	36,025	(3,975)
Traders	350,000	350,000	498,517	148,517
Total licenses and permits	6,180,000	6,180,000	5,663,849	(516,151)
Recoveries for interfund services:				
Agricultural land preservation fund	472,688	472,688	472,688	—
Finance - employee health benefits fund	29,051	29,051	12,593	(16,458)
Fire and rescue fund	8,635,342	8,635,342	8,635,342	—
Forest conservation pro rata share	31,319	31,319	31,319	—
General County capital projects pro rata share	100,000	100,000	100,000	—
Housing and community development	538,241	538,241	538,241	—
Office of law - self insurance	480,000	480,000	480,000	—
Pension plan	592,272	592,272	504,940	(87,332)
Public works operations - utility	6,361,359	6,361,359	6,361,359	—
Public works - water & sewer capital projects pro rata share	98,419	98,419	99,000	581
Public works - water & sewer developer capital projects	500,000	500,000	400,000	(100,000)
Recreation and parks	1,759,526	1,759,526	1,759,526	—
Streetlight districts	10,000	10,000	400	(9,600)
Waste management pro rata share	1,993,408	1,993,408	1,993,408	—
Watershed pro rata share	499,289	499,289	499,290	1
Total recoveries for interfund services	22,100,914	22,100,914	21,888,106	(212,808)
Fines and forfeitures	2,190,000	2,190,000	3,116,487	926,487
Component units return of funding:				
Community college	1,160,302	1,160,302	364,987	(795,315)
Economic Development Authority	189,947	189,947	61,395	(128,552)
Total component units return of funding	1,350,249	1,350,249	426,382	(923,867)
Miscellaneous revenues:				
Citizen election contribution	—	—	47,042	47,042
Commissions, rents and concessions	120,000	120,000	624,342	504,342
Miscellaneous program revenue	500,000	500,000	443,163	(56,837)
Other revenue	1,104,001	1,104,001	1,217,510	113,509
Total miscellaneous revenue	1,724,001	1,724,001	2,332,057	608,056
Total revenues	1,258,884,828	1,258,884,828	1,404,357,513	145,472,685
Other financing sources:				
Transfers in:				
Operating transfer	5,889,000	5,889,000	1,889,000	(4,000,000)
Community renewal program fund - debt	145,834	145,834	145,834	—
Fire and rescue reserve fund - debt	3,047,588	3,047,588	3,047,588	—
Recreation program fund - debt	7,116,506	7,116,506	7,116,506	—
Excise tax debt	9,063,965	9,063,965	9,063,965	—
Public school system debt	5,521,438	5,521,438	5,521,438	—
Environmental services fund	1,152,317	1,152,317	1,152,317	—
Master lease debt service reimbursement	162,248	162,248	162,248	—
Total other financing sources	32,098,896	32,098,896	28,098,896	(4,000,000)
Appropriation from fund balance	89,037,248	89,037,248	—	(89,037,248)
Total revenues and other financing sources	\$ 1,380,020,972	\$ 1,380,020,972	\$ 1,432,456,409	\$ 52,435,437

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Expenditures	Encumbrances	Expenditures	Variance with
	Original	Final			and Encumbrances	
GENERAL GOVERNMENT						
Office of the County Executive	\$ 2,350,197	\$ 2,350,197	\$ 2,218,567	\$ —	\$ 2,218,567	\$ 131,630
Office of the County administrator:						
Bureau of staff services:						
Staff services	2,764,343	2,803,563	2,731,904	—	2,731,904	71,659
Environmental sustainability	830,619	830,619	791,680	—	791,680	38,939
Office of human rights	1,437,595	1,437,595	1,301,942	—	1,301,942	135,653
Workforce development	508,911	508,911	508,911	—	508,911	—
Total bureau of staff services	5,541,468	5,580,688	5,334,437	—	5,334,437	246,251
Bureau of management services:						
Budget division	1,284,033	1,335,813	1,328,624	4,622	1,333,246	2,567
Human resources	2,801,991	2,741,991	2,480,895	142,663	2,623,558	118,433
Purchasing division	1,774,567	1,774,567	1,768,422	2,453	1,770,875	3,692
Central services	737,165	811,165	798,666	—	798,666	12,499
Public information	1,426,001	1,321,001	1,297,736	—	1,297,736	23,265
Total bureau of management services	8,023,757	7,984,537	7,674,343	149,738	7,824,081	160,456
Total office of the county administrator	13,565,225	13,565,225	13,008,780	149,738	13,158,518	406,707
Department of economic development	3,040,414	3,040,414	3,040,414	—	3,040,414	—
Department of finance:						
Office of the director	2,201,354	2,135,358	1,976,871	63,510	2,040,381	94,977
Office of the controller	2,786,148	2,786,148	2,425,752	70,227	2,495,979	290,169
Office of business management and customer service	3,143,418	3,160,472	2,953,920	131,933	3,085,853	74,619
Bureau of disbursements	1,126,316	1,031,757	911,788	98,940	1,010,728	21,029
Total department of finance	9,257,236	9,113,735	8,268,331	364,610	8,632,941	480,794
Office of law	4,925,633	4,880,772	4,823,352	—	4,823,352	57,420
Technology and communication services	357,299	357,299	273,217	—	273,217	84,082
General fund contingency	16,621,114	15,848,114	—	—	—	15,848,114
Non-departmental expenses	12,750,000	36,319,138	30,480,740	3,298,753	33,779,493	2,539,645
Total General Government	62,867,118	85,474,894	62,113,401	3,813,101	65,926,502	19,548,392
LEGISLATIVE AND JUDICIAL						
Legislative:						
County council	4,224,795	4,216,095	3,685,550	—	3,685,550	530,545
County auditor	1,810,042	1,810,042	1,644,929	153,635	1,798,564	11,478
Board of license commissioners	134,696	135,896	96,244	—	96,244	39,652
Zoning board	91,620	95,120	71,508	—	71,508	23,612
Board of appeals	82,736	86,736	44,857	—	44,857	41,879
Total legislative	6,343,889	6,343,889	5,543,088	153,635	5,696,723	647,166

(continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Judicial:						
Circuit court	3,493,240	3,539,576	3,348,131	—	3,348,131	191,445
Orphan's court	105,600	59,264	59,262	—	59,262	2
Sheriff's department	10,458,998	10,458,998	10,234,763	11,266	10,246,029	212,969
State attorney's office	11,105,325	11,105,325	10,782,666	—	10,782,666	322,659
Total judicial	25,163,163	25,163,163	24,424,822	11,266	24,436,088	727,075
Board of election supervisors	2,709,692	3,454,482	3,007,216	—	3,007,216	447,266
Election expense	2,396,891	2,215,243	2,187,897	—	2,187,897	27,346
Total Legislative and Judicial	36,613,635	37,176,777	35,163,023	164,901	35,327,924	1,848,853
PUBLIC WORKS						
Department of public works:						
Office of the director	11,200,322	4,900,547	4,592,827	114,606	4,707,433	193,114
Total office of the director	11,200,322	4,900,547	4,592,827	114,606	4,707,433	193,114
Bureau of engineering:						
Administrative management division	768,932	858,932	429,129	399,777	828,906	30,026
Transportation & watershed management	1,437,389	1,407,389	1,400,597	—	1,400,597	6,792
Construction inspection division	3,234,244	2,904,244	2,900,892	—	2,900,892	3,352
Survey and drafting division	850,248	925,248	915,091	—	915,091	10,157
Total bureau of engineering	6,290,813	6,095,813	5,645,709	399,777	6,045,486	50,327
Bureau of highways:						
Operations	1,737,748	1,582,748	1,575,677	—	1,575,677	7,071
Highway maintenance division	19,704,903	20,184,903	17,310,269	2,720,299	20,030,568	154,335
Traffic engineering division	2,308,532	2,183,532	1,998,230	160,135	2,158,365	25,167
Total bureau of highways	23,751,183	23,951,183	20,884,176	2,880,434	23,764,610	186,573
Bureau of facilities:						
Administration	8,408,531	9,203,951	9,203,951	—	9,203,951	—
Building and ground maintenance	23,521,494	16,702,502	15,369,291	1,332,619	16,701,910	592
Total bureau of facilities	31,930,025	25,906,453	24,573,242	1,332,619	25,905,861	592
Bureau of environmental services:						
Stormwater management	1,350,268	1,350,268	1,217,162	—	1,217,162	133,106
Total bureau of environmental services	1,350,268	1,350,268	1,217,162	—	1,217,162	133,106
Total Department of public works	74,522,611	62,204,264	56,913,116	4,727,436	61,640,552	563,712
Department of inspections, licenses and permits:						
Operations division	2,484,874	2,411,748	2,256,993	100,502	2,357,495	54,253
Inspection and enforcement division	3,776,095	3,604,095	3,326,078	—	3,326,078	278,017
Plan review division	1,629,146	1,629,146	1,514,224	—	1,514,224	114,922
Licenses and permits division	928,667	928,667	856,502	—	856,502	72,165
Total department of inspections, licenses and permits	8,818,782	8,573,656	7,953,797	100,502	8,054,299	519,357

(continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final				
Department of planning and zoning:						
Office of the director	1,708,885	1,731,243	1,636,383	19,065	1,655,448	75,795
Division of land development	1,301,539	1,261,539	1,247,151	—	1,247,151	14,388
Division of research	910,876	921,376	910,459	—	910,459	10,917
Public service and zoning administration	1,111,307	1,101,249	1,069,805	—	1,069,805	31,444
Environmental and community planning	553,404	553,404	522,617	—	522,617	30,787
Development engineering division	1,217,714	1,232,414	1,231,822	—	1,231,822	592
Conservation easements program	605,694	608,194	606,820	—	606,820	1,374
Total department of planning and zoning	7,409,419	7,409,419	7,225,057	19,065	7,244,122	165,297
Soil conservation district	1,202,848	1,211,663	1,211,659	—	1,211,659	4
Department of transportation	12,162,834	12,386,275	10,685,228	1,527,755	12,212,983	173,292
Total Public Works	104,116,494	91,785,277	83,988,857	6,374,758	90,363,615	1,421,662
PUBLIC SAFETY						
Police department:						
Administrative command	1,268,950	1,210,950	1,096,282	—	1,096,282	114,668
Animal control division	2,079,579	1,999,579	1,955,909	908	1,956,817	42,762
Command operations	40,466,911	39,393,911	39,320,457	20,550	39,341,007	52,904
Bureau of criminal investigations	52,670	111,100	107,073	—	107,073	4,027
Human resource bureau	8,148	—	—	—	—	—
Investigation and special operations	402,872	392,872	389,089	—	389,089	3,783
Information and technology bureau	20,881,155	20,629,345	19,529,512	1,068,928	20,598,440	30,905
Management services bureau	10,925,226	10,906,619	10,636,980	159,835	10,796,815	109,804
Office of the chief	13,272,375	13,691,392	13,587,368	95,313	13,682,681	8,711
Operations support	8,808,570	7,634,570	7,521,327	—	7,521,327	113,243
Special operations bureau	9,513,966	10,427,966	9,887,700	519,235	10,406,935	21,031
Investigative support bureau	5,283,983	5,656,319	5,308,349	219,599	5,527,948	128,371
Criminal investigation command	23,530,549	23,349,173	23,195,939	9,623	23,205,562	143,611
Total police department	136,494,954	135,403,796	132,535,985	2,093,991	134,629,976	773,820
Department of corrections	21,743,363	21,652,180	20,464,794	379,903	20,844,697	807,483
Total Public Safety	158,238,317	157,055,976	153,000,779	2,473,894	155,474,673	1,581,303
RECREATION AND PARKS						
Department of recreation and parks	26,736,028	26,787,448	26,601,057	158,896	26,759,953	27,495
Total Recreation and Parks	26,736,028	26,787,448	26,601,057	158,896	26,759,953	27,495
COMMUNITY SERVICES						
Department of social services	753,611	753,611	698,198	—	698,198	55,413
Department of community resources and services	12,494,645	12,368,664	11,093,423	203,506	11,296,929	1,071,735
Consumer affairs division	502,916	432,010	431,706	—	431,706	304

(continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Expenditures	Encumbrances	Expenditures	Variance with
	Original	Final			and Encumbrances	
Office on aging	3,470,051	3,470,051	3,283,967	—	3,283,967	186,084
Cooperative extension services	657,000	512,210	511,978	—	511,978	232
Health department	1,634,778	—	—	—	—	—
Total Community Services	13,751,172	13,554,285	12,223,327	203,506	12,426,833	1,127,452
County grants in-aid:						
Arts & tourism grants:						
Center of African-American Culture	49,100	49,100	24,550	—	24,550	24,550
African Art Museum of Maryland	12,000	12,000	12,000	—	12,000	—
Ellicott City Partnership	53,000	53,000	53,000	—	53,000	—
Inner Arbor	5,000	5,000	—	—	—	5,000
Patapsco Heritage Greenway	80,000	80,000	80,000	—	80,000	—
Local / regional arts grants	905,500	905,500	905,500	—	905,500	—
Tourism Council	838,000	838,000	838,000	—	838,000	—
Total arts and tourism grants	1,942,600	1,942,600	1,913,050	—	1,913,050	29,550
Civic grants:						
Historical society	150,000	150,000	150,000	—	150,000	—
Total civic grants	150,000	150,000	150,000	—	150,000	—
Community service partnerships human service grants	9,952,710	9,952,710	9,779,398	152,500	9,931,898	20,812
Total County grants in-aid	12,045,310	12,045,310	11,842,448	152,500	11,994,948	50,362
Total Community Service and Grants in-Aid	31,558,311	29,581,856	27,861,720	356,006	28,217,726	1,364,130
EDUCATION						
Public schools	675,576,796	675,576,796	675,576,796	—	675,576,796	—
Community college	40,361,000	40,361,000	40,361,000	—	40,361,000	—
Library	24,020,324	24,020,324	24,020,324	—	24,020,324	—
Total Education	739,958,120	739,958,120	739,958,120	—	739,958,120	—

(continued)

Howard County, Maryland
Schedule of Expenditures and Encumbrances - Budgetary Basis
General Fund
For the Year Ended June 30, 2023

	Budget Amounts		Expenditures	Encumbrances	Expenditures and Encumbrances	Variance with Final Budget
	Original	Final			Encumbrances	Final Budget
DEBT SERVICE						
Principal:						
Community college	7,730,684	7,730,690	7,730,684	—	7,730,684	6
Community renewal	101,083	101,083	101,083	—	101,083	—
Environmental services	695,830	695,835	695,830	—	695,830	5
Excise bonds	5,812,904	5,812,903	5,812,904	—	5,812,904	(1)
Fire	1,929,507	1,929,512	1,929,507	—	1,929,507	5
General county projects	30,832,575	30,832,537	30,759,502	—	30,759,502	73,035
Police	303,835	303,841	303,835	—	303,835	6
Recreation and parks	4,792,582	4,792,588	4,792,582	—	4,792,582	6
School surcharge	3,967,526	3,967,531	3,967,526	—	3,967,526	5
Schools	28,940,846	28,940,852	28,940,846	—	28,940,846	6
Storm drainage	2,685,359	2,685,359	2,685,359	—	2,685,359	—
Master lease financing	156,793	156,793	156,793	—	156,793	—
Lease financing	1,313,000	1,174,000	1,170,000	—	1,170,000	4,000
Principal Paid-APA	—	1,568,521	1,568,521	—	1,568,521	—
Principal Paid-Subscriptions	—	1,358,029	1,358,024	—	1,358,024	5
Principal Paid-Leases	—	4,467,728	4,455,693	—	4,455,693	12,035
Total Principal	89,262,524	96,517,802	96,428,689	—	96,428,689	89,113
Interest:						
Community college	4,701,309	4,701,313	4,701,233	—	4,701,233	80
Community renewal	44,751	44,756	44,751	—	44,751	5
Environmental services	456,487	456,492	456,369	—	456,369	123
Excise bonds	3,251,061	3,251,062	3,250,525	—	3,250,525	537
Fire	1,118,081	1,118,086	1,118,081	—	1,118,081	5
General county projects	16,331,761	16,331,724	16,287,227	—	16,287,227	44,497
Police	203,970	203,974	203,859	—	203,859	115
Recreation and parks	2,323,924	2,323,928	2,323,843	—	2,323,843	85
School surcharge	964,008	964,013	964,008	—	964,008	5
Schools	14,875,208	14,875,212	14,874,678	—	14,874,678	534
Storm drainage	1,683,269	1,683,269	1,683,115	—	1,683,115	154
Master lease financing	5,455	5,455	5,455	—	5,455	—
Lease financing	522,918	483,501	487,500	—	487,500	(3,999)
Interest Paid-APA	—	5,055,027	5,055,027	—	5,055,027	—
Interest Paid-Subscriptions	—	43,926	43,921	—	43,921	5
Interest Paid-Leases	—	2,078,841	1,912,885	—	1,912,885	165,956
Total interest	46,482,202	53,620,579	53,412,477	—	53,412,477	208,102
Total Debt Service	135,744,726	150,138,381	149,841,166	—	149,841,166	297,217
Total expenditures and encumbrances before transfers out	1,295,832,749	1,317,958,729	1,278,528,123	13,341,556	1,291,869,679	26,089,050
OTHER FINANCING USES						
Health department	10,574,636	12,209,414	12,209,414	—	12,209,414	—
General government	2,155,688	2,155,688	1,461,832	—	1,461,832	693,856
Recreation and Parks	318,561	267,141	267,139	—	267,139	2
Paygo - capital	42,430,000	42,430,000	42,430,000	—	42,430,000	—
Paygo - operating	28,709,338	5,000,000	5,000,000	—	5,000,000	—
Total Other Financing Uses	84,188,223	62,062,243	61,368,385	—	61,368,385	693,858
Total Expenditures, Encumbrances and Other Financing Uses	\$1,380,020,972	\$ 1,380,020,972	\$ 1,339,896,508	\$ 13,341,556	\$ 1,353,238,064	\$ 26,782,908

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Health Department Fund
For the Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from other governments	\$ 650,000	\$ 650,000	\$ 690,717	\$ 40,717
Charges for services	582,000	640,100	638,084	(2,016)
Interest on investments	—	—	378,909	378,909
Miscellaneous	2,270,000	2,211,900	22,855	(2,189,045)
Total revenue	3,502,000	3,502,000	1,730,565	(1,771,435)
EXPENDITURES				
Community Services:				
General health services	13,661,414	13,661,414	10,442,128	3,219,286
Grant programs	2,050,000	2,050,000	309,970	1,740,030
Total expenditures	15,711,414	15,711,414	10,752,098	4,959,316
Excess (deficiency) of revenues over expenditures	(12,209,414)	(12,209,414)	(9,021,533)	3,187,881
OTHER FINANCING SOURCES (USES)				
Transfers in	12,209,414	12,209,414	9,157,061	(3,052,353)
Total other financing sources (uses)	12,209,414	12,209,414	9,157,061	(3,052,353)
Net change in fund balance	—	—	135,528	135,528
Plus: Prior year encumbrances lapsed			71,051	
Fund balances - beginning			3,074,132	
Fund balances - ending			\$ 3,280,711	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 3,280,711	
Adjustments required under GAAP:				
Fund balance, end of the fiscal year			753,696	
			\$ 4,034,407	

NON-MAJOR GOVERNMENTAL FUNDS





Howard County, Maryland
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
ASSETS				
Equity in pooled cash	\$ 217,320,154	\$ 96,552,546	\$ 11,121,831	\$ 324,994,531
Cash with fiscal agents	—	—	5,727,132	5,727,132
Investments	17,171,886	—	—	17,171,886
Receivables (net of allowances for uncollectibles)	40,131,969	3,320,745	—	43,452,714
Due from other funds	422,000	—	—	422,000
Material and supplies	767,298	—	—	767,298
Total assets	275,813,307	99,873,291	16,848,963	392,535,561
LIABILITIES				
Accounts payable / accrued liabilities	4,136,131	9,831,898	27,457	13,995,486
Accrued wages and benefits	4,200,321	4,867	—	4,205,188
Short-term loans and notes payable	—	8,376,138	—	8,376,138
Deposits and connection fees	—	200,000	—	200,000
Unearned revenue	6,416,264	399	28,143	6,444,806
Total liabilities	14,752,716	18,413,302	55,600	33,221,618
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	1,323,465	—	—	1,323,465
Unavailable fees	1,878,983	2,769,902	—	4,648,885
Unavailable grant revenues	—	57,416	—	57,416
Unavailable lease revenues	10,626	—	—	10,626
Unavailable revenues, other	10,795,885	—	—	10,795,885
Total deferred inflows	14,008,959	2,827,318	—	16,836,277
Total liabilities and deferred inflows	28,761,675	21,240,620	55,600	50,057,895
FUND BALANCES				
Nonspendable:				
Inventory	767,298	—	—	767,298
Restricted:				
Disposable plastics reduction	934,168	—	—	934,168
Fire & rescue services	119,715,853	—	—	119,715,853
Forest conservation	1,787,854	—	—	1,787,854
Housing opportunity trust fund	5,000,000	—	—	5,000,000
MIHU Fee-in-lieu	11,588,290	—	—	11,588,290
Open space	—	680,594	—	680,594
Opioid Abatement	1,958,796	—	—	1,958,796
Parkland watershed facilities	—	21,773,739	—	21,773,739
Public road facilities	—	56,207,692	—	56,207,692
Speed enforcement	846,899	—	—	846,899
Tax incremental financing project	—	—	16,793,363	16,793,363
Committed:				
Agricultural land preservation	38,859,085	—	—	38,859,085
Community renewal programs	45,019,617	—	—	45,019,617
Environmental services	22,768,896	—	—	22,768,896
Fire house & training facilities	—	20,710,502	—	20,710,502
Assigned:				
Capital projects	—	12,950,041	—	12,950,041
Unassigned	(2,195,124)	(33,689,897)	—	(35,885,021)
Total fund balances	247,051,632	78,632,671	16,793,363	342,477,666
Total liabilities, deferred inflows and fund balances	\$ 275,813,307	\$ 99,873,291	\$ 16,848,963	\$ 392,535,561

Howard County, Maryland
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue Funds	Capital Project Funds	Debt Service Funds	Total
REVENUES				
Property taxes	\$ 149,805,517	\$ —	\$ 5,332,807	\$ 155,138,324
Other local taxes	14,770,730	21,246,140	72,750	36,089,620
Revenues from other agencies	—	—	—	—
Revenues from other governments	—	2,681,235	—	2,681,235
Charges for services	66,407,706	385,959	—	66,793,665
Investment income:				
Interest on investments	5,633,272	2,518,843	405,872	8,557,987
Decrease in fair value of investments	(907,535)	—	—	(907,535)
Installment interest from housing loans	83,348	—	—	83,348
Fines and forfeitures	3,316,354	—	—	3,316,354
Developer fees	406,858	720,342	—	1,127,200
Inspection and other fees	—	—	—	—
Rental of property	—	—	—	—
Miscellaneous program revenue	9,182,284	476,842	—	9,659,126
Total revenues	248,698,534	28,029,361	5,811,429	282,539,324
EXPENDITURES				
Current:				
General government	683,661	—	694,101	1,377,762
Legislative and judicial	—	—	—	—
Public works	34,218,183	—	—	34,218,183
Public safety	129,634,715	—	—	129,634,715
Recreation and parks	21,226,521	—	—	21,226,521
Community services	13,667,564	—	—	13,667,564
Capital improvements	794,949	70,797,179	—	71,592,128
Debt service:				
Principal payments on debt	4,332,183	—	348,074	4,680,257
Interest payments on debt	2,185,735	—	4,168,059	6,353,794
Total expenditures	206,743,511	70,797,179	5,210,234	282,750,924
Excess (deficiency) of revenues over expenditures	41,955,023	(42,767,818)	601,195	(211,600)
OTHER FINANCING SOURCES (USES)				
Bond premium	—	1,808,763	—	1,808,763
Capital-related issuance of debt	—	19,816,242	276,322	20,092,564
Installment purchase agreements issued	750,975	—	—	750,975
Transfers in	5,288,016	23,889,271	1,475,947	30,653,234
Transfers out	(9,751,864)	(20,121,620)	(118,557)	(29,992,041)
Total other financing sources	(3,712,873)	25,392,656	1,633,712	23,313,495
Net change in fund balances	38,242,150	(17,375,162)	2,234,907	23,101,895
Fund balances - beginning	208,809,482	96,007,833	14,558,456	319,375,771
Fund balances - ending	\$ 247,051,632	\$ 78,632,671	\$ 16,793,363	\$ 342,477,666

**Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2023**

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Opioid Abatement Fund	Recreation Program Fund	Speed & School Bus Camera Enforcement Fund	Total
ASSETS										
Equity in pooled cash	\$ 21,730,724	\$ 37,063,426	\$ 817,923	\$ 23,942,056	\$ 123,556,220	\$ 1,796,535	\$ 1,819,433	\$ 5,030,976	\$ 1,562,861	\$ 217,320,154
Investments	17,171,886	—	—	—	—	—	—	—	—	17,171,886
Receivables:										
Property taxes	—	—	—	47,196	1,706,668	—	—	—	—	1,753,864
Lease Receivables	—	—	—	—	—	—	—	10,769	—	10,769
Due from other funds	—	—	—	—	—	—	—	422,000	—	422,000
Due from other governments	—	—	—	—	—	—	10,935,248	—	—	10,935,248
Due from component units	—	6,303,226	—	—	—	—	—	—	—	6,303,226
Housing loans	—	18,562,569	—	—	—	—	—	—	—	18,562,569
Other	—	—	160,426	360,722	2,031,386	—	—	12,599	1,160	2,566,293
Materials and supplies	—	—	—	—	597,622	—	—	169,676	—	767,298
Total assets	38,902,610	61,929,221	978,349	24,349,974	127,891,896	1,796,535	12,754,681	5,646,020	1,564,021	275,813,307
LIABILITIES										
Accounts payable / accrued liabilities	34,999	278,571	30,104	1,207,437	1,008,538	—	—	874,862	701,620	4,136,131
Accrued wages and benefits	8,526	42,743	6,989	164,777	3,421,452	8,681	—	531,651	15,502	4,200,321
Unearned revenue	—	—	—	161,935	—	—	—	6,254,329	—	6,416,264
Total liabilities	43,525	321,314	37,093	1,534,149	4,429,990	8,681	—	7,660,842	717,122	14,752,716
DEFERRED INFLOWS OF RESOURCES										
Unavailable property taxes	—	—	—	—	1,323,465	—	—	—	—	1,323,465
Unavailable fees	—	—	7,088	46,929	1,824,966	—	—	—	—	1,878,983
Unavailable lease revenues	—	—	—	—	—	—	—	10,626	—	10,626
Unavailable revenues - other	—	—	—	—	—	—	10,795,885	—	—	10,795,885
Total deferred inflows of resources	—	—	7,088	46,929	3,148,431	—	10,795,885	10,626	—	14,008,959
Total liabilities and deferred inflows of resources	43,525	321,314	44,181	1,581,078	7,578,421	8,681	10,795,885	7,671,468	717,122	28,761,675

(continued)

Howard County, Maryland
Combining Balance Sheet
Non-Major Special Revenue Funds
June 30, 2023

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Opioid Abatement Fund	Recreation Program Fund	Speed & School Bus Camera Enforcement Fund	Total
FUND BALANCES										
Nonspendable:										
Inventory	—	—	—	—	597,622	—	—	169,676	—	767,298
Restricted:										
Disposable Plastics Reduction	—	—	934,168	—	—	—	—	—	—	934,168
Fire & rescue services	—	—	—	—	119,715,853	—	—	—	—	119,715,853
Forest conservation	—	—	—	—	—	1,787,854	—	—	—	1,787,854
Housing opportunity trust fund	—	5,000,000	—	—	—	—	—	—	—	5,000,000
MIHU Fee-in-lieu	—	11,588,290	—	—	—	—	—	—	—	11,588,290
Opioid abatement	—	—	—	—	—	—	1,958,796	—	—	1,958,796
Speed enforcement	—	—	—	—	—	—	—	—	846,899	846,899
Committed:										
Agricultural land preservation	38,859,085	—	—	—	—	—	—	—	—	38,859,085
Community renewal programs	—	45,019,617	—	—	—	—	—	—	—	45,019,617
Environmental services	—	—	—	22,768,896	—	—	—	—	—	22,768,896
Unassigned	—	—	—	—	—	—	—	(2,195,124)	—	(2,195,124)
Total fund balances (deficits)	38,859,085	61,607,907	934,168	22,768,896	120,313,475	1,787,854	1,958,796	(2,025,448)	846,899	247,051,632
Total liabilities, deferred inflows and fund balances	<u>\$ 38,902,610</u>	<u>\$ 61,929,221</u>	<u>\$ 978,349</u>	<u>\$ 24,349,974</u>	<u>\$ 127,891,896</u>	<u>\$ 1,796,535</u>	<u>\$ 12,754,681</u>	<u>\$ 5,646,020</u>	<u>\$ 1,564,021</u>	<u>\$ 275,813,307</u>

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2023

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Opioid Abatement Fund	Recreation Program Fund	Speed & School Bus Camera Enforcement Fund	Total
REVENUES										
Property taxes	\$ —	\$ —	\$ —	\$ 67,583	\$ 149,737,934	\$ —	\$ —	\$ —	\$ —	\$ 149,805,517
Other local taxes	8,471,949	6,298,781	—	—	—	—	—	—	—	14,770,730
Charges for services	—	—	—	34,221,176	12,046,553	—	—	20,139,977	—	66,407,706
Investment income:										
Interest on investments	1,680,294	664,379	11,555	622,169	2,526,919	50,513	5,963	49,883	21,597	5,633,272
Decrease in fair value of investment	(907,535)	—	—	—	—	—	—	—	—	(907,535)
Installment interest from housing loans	—	83,348	—	—	—	—	—	—	—	83,348
Fines and forfeitures	—	—	2,940	105	855	—	—	11,995	3,300,459	3,316,354
Developer fees	—	—	—	—	—	406,858	—	—	—	406,858
Miscellaneous program revenue	611	3,542,820	644,934	5,242	2,774,781	—	1,958,796	233,065	22,035	9,182,284
Total revenues	9,245,319	10,589,328	659,429	34,916,275	167,087,042	457,371	1,964,759	20,434,920	3,344,091	248,698,534
EXPENDITURES										
General government	61,123	—	622,538	—	—	—	—	—	—	683,661
Public works	1,311,115	—	—	32,907,068	—	—	—	—	—	34,218,183
Public safety	—	—	—	—	126,857,488	—	—	—	2,777,227	129,634,715
Recreation and parks	—	—	—	—	—	508,394	—	20,718,127	—	21,226,521
Community services	54,650	13,612,914	—	—	—	—	—	—	—	13,667,564
Capital improvements	794,949	—	—	—	—	—	—	—	—	794,949
Debt service:										
Principal payments on debt	3,758,082	—	—	—	—	—	—	—	574,101	4,332,183
Interest payments on debt	2,182,168	—	—	—	—	—	—	—	3,567	2,185,735
Total expenditures	8,162,087	13,612,914	622,538	32,907,068	126,857,488	508,394	—	20,718,127	3,354,895	206,743,511
Excess (deficiency) of revenues over expenditures	1,083,232	(3,023,586)	36,891	2,009,207	40,229,554	(51,023)	1,964,759	(283,207)	(10,804)	41,955,023

(continued)

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the Year Ended June 30, 2023

	Agricultural Land Preservation Fund	Community Renewal Program Fund	Disposable Plastics Reduction Fund	Environmental Services Fund	Fire and Rescue Reserve Fund	Forest Conservation Fund	Opioid Abatement Fund	Recreation Program Fund	Speed & School Bus Camera Enforcement Fund	Total
OTHER FINANCING SOURCES (USES)										
Installment purchase agreements issued	750,975	—	—	—	—	—	—	—	—	750,975
Transfers in	—	5,000,000	—	—	—	20,877	—	267,139	—	5,288,016
Transfers out	(889,000)	(810,213)	(11,555)	(1,774,486)	(6,189,167)	—	(5,963)	(49,883)	(21,597)	(9,751,864)
Total other financing sources (uses)	(138,025)	4,189,787	(11,555)	(1,774,486)	(6,189,167)	20,877	(5,963)	217,256	(21,597)	(3,712,873)
Net change in fund balances	945,207	1,166,201	25,336	234,721	34,040,387	(30,146)	1,958,796	(65,951)	(32,401)	38,242,150
Fund balances - beginning	37,913,878	60,441,706	908,832	22,534,175	86,273,088	1,818,000	—	(1,959,497)	879,300	208,809,482
Fund balances - ending	\$ 38,859,085	\$ 61,607,907	\$ 934,168	\$ 22,768,896	\$ 120,313,475	\$ 1,787,854	\$ 1,958,796	\$ (2,025,448)	\$ 846,899	\$ 247,051,632

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Agricultural Land Preservation Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 11,480,000	\$ 11,480,000	\$ 8,471,949	\$ (3,008,051)
Investment income	10,099	10,099	772,759	762,660
Miscellaneous	—	—	611	611
Total revenues	11,490,099	11,490,099	9,245,319	(2,244,780)
EXPENDITURES				
Public works:				
General Government	63,327	63,327	61,123	2,204
Agricultural land preservation program administration	4,531,542	4,531,542	1,311,115	3,220,427
Capital improvements	—	—	794,949	(794,949)
Community Services	54,650	54,650	54,650	—
Debt service:				
Principal	3,839,763	3,839,763	3,758,082	81,681
Interest	2,188,067	2,188,067	2,182,168	5,899
Total debt service	6,027,830	6,027,830	5,940,250	87,580
Total expenditures	10,677,349	10,677,349	8,162,087	2,515,262
Excess of revenues over expenditures	812,750	812,750	1,083,232	270,482
OTHER FINANCING SOURCES				
Appropriation from fund balance	76,250	76,250	—	(76,250)
Installment purchase agreements issued	—	—	750,975	750,975
Transfers out	(889,000)	(889,000)	(889,000)	—
Total other financing sources	(812,750)	(812,750)	(138,025)	674,725
Net change in fund balance	—	—	945,207	945,207
Fund balance - beginning			38,071,948	
Fund balance - ending			\$ 39,017,155	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 39,017,155	
Adjustments required under GAAP:				
Credit adjustments			(158,070)	
Fund balance, end of the fiscal year			\$ 38,859,085	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Community Renewal Program Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Local taxes	\$ 8,610,000	\$ 8,610,000	\$ 6,298,780	\$ (2,311,220)
Installment interest from housing loans	—	—	83,348	83,348
Miscellaneous	2,350,000	2,350,000	3,542,820	1,192,820
Total revenues	10,960,000	10,960,000	9,924,948	(1,035,052)
EXPENDITURES				
Community services:				
Revolving Loan Program Income	200,000	200,000	28,589	171,411
Housing initiatives	9,610,359	9,610,359	8,769,858	840,501
Housing and community development administration	7,010,595	7,010,595	1,826,496	5,184,099
Total expenditures	16,820,954	16,820,954	10,624,943	6,196,011
Excess (deficiency) of revenues over expenditures	(5,860,954)	(5,860,954)	(699,995)	5,160,959
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	1,006,788	1,006,788	845,685	(161,103)
Transfers in	5,000,000	5,000,000	5,000,000	—
Transfers out	(145,834)	(145,834)	(145,834)	—
Total other financing sources (uses)	5,860,954	5,860,954	5,699,851	(161,103)
Net change in fund balance	—	—	4,999,856	4,999,856
Plus: Prior year encumbrance lapsed			54,697	
Less appropriation from fund balance			(845,685)	
Fund balance - beginning			43,694,895	
Fund balance - ending			<u>\$ 47,903,763</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 47,903,763	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			170,000	
Accruals (Housing loans)			14,611,095	
Non budgeted - Bad debt expense			(1,076,951)	
Fund balance, end of the fiscal year			<u>\$ 61,607,907</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Disposable Plastics Reduction Fund
For the Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines & forfeitures	\$ —	\$ —	\$ 2,947	\$ 2,947
Miscellaneous program revenue	675,000	675,000	645,014	(29,986)
Total revenues	<u>675,000</u>	<u>675,000</u>	<u>647,961</u>	<u>(27,039)</u>
EXPENDITURES				
General Government:				
Administrative	1,105,158	1,105,158	762,828	342,330
Total expenditures	<u>1,105,158</u>	<u>1,105,158</u>	<u>762,828</u>	<u>342,330</u>
Excess (deficiency) of revenues over expenditures	<u>(430,158)</u>	<u>(430,158)</u>	<u>(114,867)</u>	<u>315,291</u>
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	430,158	430,158	114,867	(315,291)
Total other financing sources (uses)	<u>430,158</u>	<u>430,158</u>	<u>114,867</u>	<u>(315,291)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Plus: prior year encumbrances lapsed			33,358	
Less appropriation from fund balance			(114,867)	
Fund balance - beginning			<u>853,313</u>	
Fund balance - ending			<u>\$ 771,804</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 771,804	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			163,850	
Non budgeted - Bad debt expense			(1,486)	
Fund balance, end of the fiscal year			<u>\$ 934,168</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Environmental Services Funds
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 70,000	\$ 70,000	\$ 67,583	\$ (2,417)
Fines and forfeitures	—	—	105	105
Charges for services	32,946,000	36,146,000	34,228,300	(1,917,700)
Miscellaneous	7,000	7,000	6,338	(662)
Total revenues	33,023,000	36,223,000	34,302,326	(1,920,674)
EXPENDITURES				
Public works:				
Administrative services	3,326,750	3,216,750	2,906,274	310,476
Operations	14,169,852	16,205,852	15,549,636	656,216
Collections	5,059,534	5,808,534	5,670,207	138,327
Recycling	9,314,547	9,839,547	9,539,641	299,906
Total expenditures	31,870,683	35,070,683	33,665,758	1,404,925
Excess (deficiency) of revenues over expenditures	1,152,317	1,152,317	636,568	(515,749)
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,152,317)	(1,152,317)	(1,152,317)	—
Total other financing sources (uses)	(1,152,317)	(1,152,317)	(1,152,317)	—
Net change in fund balance	—	—	(515,749)	(515,749)
Plus: Prior year encumbrance lapsed			1,327,665	
Fund balance - beginning			21,006,175	
Fund balance - ending			\$ 21,818,091	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 21,818,091	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			1,933,509	
Accruals			(883,816)	
Non budgeted - Bad debt expense			(98,888)	
Fund balance, end of the fiscal year			\$ 22,768,896	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Fire and Rescue Reserve Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 145,565,000	\$ 145,565,000	\$ 149,737,934	\$ 4,172,934
Charges for services	6,520,000	6,520,000	12,227,708	5,707,708
Fines and forfeitures	—	—	855	855
Miscellaneous	—	—	2,777,232	2,777,232
Total revenues	152,085,000	152,085,000	164,743,729	12,658,729
EXPENDITURES				
Public safety:				
Administrative	147,691,122	147,691,122	129,225,212	18,465,910
Total expenditures	147,691,122	147,691,122	129,225,212	18,465,910
Excess (deficiency) of revenues over expenditures	4,393,878	4,393,878	35,518,517	31,124,639
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,393,878)	(4,393,878)	(3,662,248)	731,630
Total other financing sources (uses)	(4,393,878)	(4,393,878)	(3,662,248)	731,630
Net change in fund balance	—	—	31,856,269	31,856,269
Plus prior year encumbrances lapsed			362,614	
Fund balance - beginning			77,567,211	
Fund balance - ending			\$ 109,786,094	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 109,786,094	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			11,214,278	
Non budgeted - Bad debt expense			(667,132)	
Fund balance, end of the fiscal year			\$ 120,313,475	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Forest Conservation Fund
For the Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest on investments	\$ 2,000	\$ 2,000	\$ 50,513	\$ 48,513
Fines and forfeitures	3,000	3,000	—	(3,000)
Developer fees - mitigation	400,000	400,000	406,858	6,858
Total revenues	<u>405,000</u>	<u>405,000</u>	<u>457,371</u>	<u>52,371</u>
EXPENDITURES				
Public Works:				
Forest mitigation	684,846	684,846	487,517	197,329
Total expenditures	<u>684,846</u>	<u>684,846</u>	<u>487,517</u>	<u>197,329</u>
Excess (deficiency) of revenues over expenditures	<u>(279,846)</u>	<u>(279,846)</u>	<u>(30,146)</u>	<u>249,700</u>
OTHER FINANCING SOURCES (USES)				
Appropriation from fund balance	279,846	279,846	30,146	(249,700)
Total other financing sources (uses)	<u>279,846</u>	<u>279,846</u>	<u>30,146</u>	<u>(249,700)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Plus: Prior year encumbrances lapsed			16,862	
Less: Appropriation from fund balance			(30,146)	
Fund balance - beginning			<u>1,801,138</u>	
Fund balance - ending			<u>\$ 1,787,854</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			<u>1,787,854</u>	
Fund balance, end of the fiscal year			<u>\$ 1,787,854</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Opioid Abatement Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Fines & forfeitures	\$ 800,000	\$ —	\$ —	\$ —
Miscellaneous Program Revenue	—	800,000	1,958,796	1,158,796
Total revenues	800,000	800,000	1,958,796	1,158,796
EXPENDITURES				
General Government:				
Administrative	800,000	800,000	—	800,000
Total expenditures	800,000	800,000	—	800,000
Excess (deficiency) of revenues over expenditures	—	—	1,958,796	1,958,796
Net change in fund balance	—	—	1,958,796	1,958,796
Fund balance - beginning			—	
Fund balance - ending			<u>\$ 1,958,796</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			<u>1,958,796</u>	
Fund balance, end of the fiscal year			<u>\$ 1,958,796</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Recreation Program Fund
For the Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 25,334,356	\$ 25,334,356	\$ 20,139,977	\$ (5,194,379)
Fines and forfeitures	140,000	140,000	11,995	(128,005)
Miscellaneous program revenue	—	—	233,236	233,236
Total revenues	<u>25,474,356</u>	<u>25,474,356</u>	<u>20,385,208</u>	<u>(5,089,148)</u>
EXPENDITURES				
Recreation and parks:				
Administration	25,474,356	25,474,356	20,860,079	4,614,277
Total expenditures	<u>25,474,356</u>	<u>25,474,356</u>	<u>20,860,079</u>	<u>4,614,277</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>—</u>	<u>(474,871)</u>	<u>(474,871)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>(207,732)</u>	<u>(207,732)</u>
Plus: Prior year encumbrances lapsed			96,125	
Fund balance - beginning			<u>(2,333,036)</u>	
Fund balance - ending			<u>\$ (2,444,643)</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ (2,444,643)	
Adjustments required under GAAP:				
Elimination of encumbrances outstanding			640,116	
Accruals			(216,995)	
Non budgeted - Bad debt expense			<u>(3,926)</u>	
Fund balance, end of the fiscal year			<u>\$ (2,025,448)</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Speed & School Bus Camera Enforcement Fund
For the Year Ended June 30, 2023

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUES				
Fines & forfeitures	\$ 4,949,506	\$ 4,949,506	\$ 3,300,459	\$ (1,649,047)
Other	15,000	15,000	22,035	7,035
Total revenues	4,964,506	4,964,506	3,322,494	(1,642,012)
EXPENDITURES				
Public safety:				
Administrative	4,964,506	4,385,906	2,572,097	1,813,809
Lease Principal Payment	—	574,130	574,101	29
Lease Interest Payment	—	4,470	3,567	903
Total expenditures	4,964,506	4,964,506	3,149,765	1,814,741
Excess (deficiency) of revenues over expenditures	—	—	172,729	172,729
Net change in fund balance	—	—	172,729	172,729
Fund balance - beginning			879,289	
Fund balance - ending			\$ 1,052,018	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			\$ 1,052,018	
Adjustments:				
Accruals			(205,130)	
Non budgeted - Bad debt expense			11	
Fund balance, end of the fiscal year			\$ 846,899	

Howard County, Maryland
Combining Balance Sheet
Non-Major Capital Project Funds
June 30, 2023

	Fire Service Bldg & Equip Fund	Highway & Storm Drainage Fund	Recreation and Parks Fund	Total
ASSETS				
Equity in pooled cash	\$ 34,135,242	\$ 48,502,411	\$ 13,914,893	\$ 96,552,546
Due from other governments	—	956,177	2,211,346	3,167,523
Other	51,082	102,140	—	153,222
Total assets	34,186,324	49,560,728	16,126,239	99,873,291
LIABILITIES				
Accounts payable/accrued liability	524,210	8,293,982	1,013,706	9,831,898
Accrued wages and benefits	1,571	3,296	—	4,867
Short-term loans and notes payable	—	8,365,138	11,000	8,376,138
Deposits and connection fees	—	200,000	—	200,000
Total liabilities	525,781	16,862,416	1,025,105	18,413,302
DEFERRED INFLOWS OF RESOURCES				
Unavailable grant revenues	—	558,556	2,211,346	2,769,902
Total liabilities and deferred inflows of resources	525,781	17,478,388	3,236,451	21,240,620
FUND BALANCES				
Restricted:				
Open space	—	—	680,594	680,594
Parkland watershed facilities	—	—	21,773,739	21,773,739
Public road facilities	—	56,207,692	—	56,207,692
Committed:				
Firehouse & training facilities	20,710,502	—	—	20,710,502
Assigned:				
Capital projects	12,950,041	—	—	12,950,041
Unassigned	—	(24,125,352)	(9,564,545)	(33,689,897)
Total fund balances	33,660,543	32,082,340	12,889,788	78,632,671
Total liabilities, deferred inflows and fund balances	\$ 34,186,324	\$ 49,560,728	\$ 16,126,239	\$ 99,873,291

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Capital Project Funds
For the Year Ended June 30, 2023

	Fire Service Bldg & Equip Fund	Highway & Storm Drainage Fund	Recreation and Parks Fund	Total
REVENUES				
Other local taxes	\$ 6,299,264	\$ 4,448,908	\$ 10,497,968	\$ 21,246,140
Revenues from other governments	—	1,035,729	1,645,506	2,681,235
Charges for services	—	385,959	—	385,959
Interest on investments	568,802	1,617,152	332,889	2,518,843
Developer contributions	—	676,763	43,579	720,342
Miscellaneous program revenues	438,410	12,927	25,505	476,842
Total revenues	7,306,476	8,177,438	12,545,447	28,029,361
EXPENDITURES				
Capital improvements	4,427,774	51,970,736	14,398,669	70,797,179
Total expenditures	4,427,774	51,970,736	14,398,669	70,797,179
Excess (deficiency) of revenues over expenditures	2,878,702	(43,793,298)	(1,853,222)	(42,767,818)
OTHER FINANCING SOURCES (USES)				
Bond premium	—	1,796,214	12,549	1,808,763
Capital related debt issued	—	19,678,597	137,645	19,816,242
Transfers in	3,500,000	20,389,271	—	23,889,271
Transfers out	(3,608,260)	(9,063,965)	(7,449,395)	(20,121,620)
Total other financing sources (uses)	(108,260)	32,800,117	(7,299,201)	25,392,656
Net change in fund balances	2,770,442	(10,993,181)	(9,152,423)	(17,375,162)
Fund balances - beginning	30,890,101	43,075,521	22,042,211	96,007,833
Fund balances - ending	\$ 33,660,543	\$ 32,082,340	\$ 12,889,788	\$ 78,632,671

**Howard County, Maryland
Combining Balance Sheet
Non-Major Debt Service Funds
June 30, 2023**

	Bond Anticipation Note Fund	Tax Increment Financing Fund	Total
ASSETS			
Equity in pooled cash and cash equivalents	\$ 23,810	\$ 11,098,021	\$ 11,121,831
Cash and securities with Fiscal Agents	—	5,727,132	5,727,132
Total assets	23,810	16,825,153	16,848,963
LIABILITIES			
Accounts payable / accrued liabilities	23,810	3,647	27,457
Unearned revenue	—	28,143	28,143
Total liabilities	23,810	31,790	55,600
FUND BALANCES			
Restricted:			
Tax incremental financing project	—	16,793,363	16,793,363
Total fund balances	—	16,793,363	16,793,363
Total liabilities and fund balances	\$ 23,810	\$ 16,825,153	\$ 16,848,963

Howard County, Maryland
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Debt Service Funds
For the Year Ended June 30, 2023

	Bond Anticipation Note Fund	Tax Financing Increment Fund	Total
REVENUES			
Property taxes	\$ —	\$ 5,332,807	\$ 5,332,807
Other local taxes	—	72,750	72,750
Interest on investments	—	405,872	405,872
Total revenues	—	5,811,429	5,811,429
EXPENDITURES			
Current:			
General government	591,120	102,981	694,101
Debt service:			
Principal payments on debt	73,074	275,000	348,074
Interest payments on debt	1,088,075	3,079,984	4,168,059
Total expenditures	1,752,269	3,457,965	5,210,234
Excess (deficiency) of revenues over expenditures	(1,752,269)	2,353,464	601,195
OTHER FINANCING SOURCES (USES)			
Capital-related issuance of debt	276,322	—	276,322
Transfers in	1,475,947	—	1,475,947
Transfers out	—	(118,557)	(118,557)
Total other financing sources (uses)	1,752,269	(118,557)	1,633,712
Net change in fund balances	—	2,234,907	2,234,907
Fund balances - beginning	—	14,558,456	14,558,456
Fund balances - ending	\$ —	\$ 16,793,363	\$ 16,793,363

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Bond Anticipation Notes
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Interest on investments	\$ —	\$ —	\$ —	\$ —
Total revenues	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
EXPENDITURES				
General government:				
Bond anticipation notes	420,000	420,000	300,111	119,889
Debt service:				
Issuance costs	—	—	276,894	(276,894)
Principal expense	115,188	115,188	73,074	42,114
Interest	2,040,500	2,040,500	1,088,075	952,425
Total expenditures	<u>2,575,688</u>	<u>2,575,688</u>	<u>1,738,154</u>	<u>837,534</u>
Excess (deficiency) of revenues over expenditures	<u>(2,575,688)</u>	<u>(2,575,688)</u>	<u>(1,738,154)</u>	<u>837,534</u>
OTHER FINANCING SOURCES				
Capital related debt issued	210,000	210,000	276,322	66,322
Transfers in	2,155,688	2,155,688	1,461,832	(693,856)
Total other financing sources	<u>2,575,688</u>	<u>2,575,688</u>	<u>1,738,154</u>	<u>(837,534)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances - beginning			<u>—</u>	
Fund balances - ending			<u>\$ —</u>	

Howard County, Maryland
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis
Tax Increment Financing Fund
For the Year Ended June 30, 2023

	Budget Amounts		Actual	Variance with Final Budget
	Original	Final		
REVENUES				
Property Taxes	\$ 3,489,770	\$ 3,417,000	\$ 5,332,807	\$ 1,915,807
Other local taxes	—	72,770	72,750	(20)
Interest on investments	1,850	1,850	287,315	285,465
Total revenues	<u>3,491,620</u>	<u>3,491,620</u>	<u>5,692,872</u>	<u>2,201,252</u>
EXPENDITURES				
General government:				
Tax incremental financing	136,636	136,636	102,981	33,655
Debt Service:				
Principal	275,000	275,000	275,000	—
Interest	3,079,984	3,079,984	3,079,984	—
Total expenditures	<u>3,491,620</u>	<u>3,491,620</u>	<u>3,457,965</u>	<u>33,655</u>
Excess of revenues over expenditures	<u>—</u>	<u>—</u>	<u>2,234,907</u>	<u>2,234,907</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>2,234,907</u>	<u>2,234,907</u>
Fund balances - beginning			14,558,456	
Fund balances - ending			<u>\$ 16,793,363</u>	
The ending fund balance is reconciled as follows:				
Budgetary basis, end of the fiscal year			16,793,363	
Fund balance, end of the fiscal year			<u>\$ 16,793,363</u>	



Colorburst Park

Merriweather District's Colorburst Park is the newest regional hub for culture and commerce. From fitness classes, free concerts, ice skating, a splash pad, seasonal events and an endless array of mouthwatering great eats, Colorburst Park is a place where neighbors come together, businesses thrive, minds are open and creativity is unleashed.

NON-MAJOR ENTERPRISE FUNDS





Howard County, Maryland
Combining Statement of Net Position
Non-Major Enterprise Funds
June 30, 2023

	Broadband	Special Recreation Facility	Watershed Protection & Restoration	Total
ASSETS				
Current assets:				
Equity in pooled cash	\$ 6,521,397	\$ —	\$ 22,507,017	\$ 29,028,414
Receivables:				
Service billings	72,894	—	—	72,894
Lease receivables	97,564	218,604	—	316,168
Other receivables	210	—	—	210
Total current assets	6,692,065	218,604	22,507,017	29,417,686
Noncurrent assets:				
Lease receivables	441,837	3,786,942	—	4,228,779
Other receivables	11,513	—	39,179	50,692
Capital assets:				
Land	—	8,684,896	839,577	9,524,473
Buildings and improvements, net	—	403,698	287,110	690,808
Machinery and equipment, net	1,140,559	1,947	500,971	1,643,477
Infrastructure, net	7,965,553	—	74,343,632	82,309,185
Improvement Other, net	—	1,561,572	873,347	2,434,919
Total noncurrent assets	9,559,462	14,439,055	76,883,816	100,882,333
Total assets	16,251,527	14,657,659	99,390,833	130,300,019
LIABILITIES				
Current liabilities:				
Due to other funds	—	3,039,973	—	3,039,973
Accounts payable	47,755	103,097	450,087	600,939
Accrued wages and benefits	22,846	—	42,455	65,301
Compensated absences	460	—	270	730
Total current liabilities	71,061	3,143,070	492,812	3,706,943
Current liabilities payable from restricted assets:				
Note payable	62,434	—	861,216	923,650
Loan payable - current	—	—	163,896	163,896
Interest payable - current	11,038	—	347,494	358,532
Total current liabilities payable from restricted assets	73,472	—	1,372,606	1,446,078
Total current liabilities	144,533	3,143,070	1,865,418	5,153,021
Noncurrent liabilities:				
Compensated absences	52,375	—	89,723	142,098
Bond payable	1,203,408	—	25,182,285	26,385,693
Loan payable	—	—	786,711	786,711
Total noncurrent liabilities	1,255,783	—	26,058,719	27,314,502
Total liabilities	1,400,316	3,143,070	27,924,137	32,467,523
DEFERRED INFLOWS OF RESOURCES				
Deferred lease revenues	533,663	3,923,385	—	4,457,048
Total deferred outflows of resources	533,663	3,923,385	—	4,457,048
Total assets and deferred outflows of resources	1,933,979	7,066,455	27,924,137	36,924,571
NET POSITION				
Net investment in capital assets	7,840,270	10,652,113	49,548,013	68,040,396
Unrestricted	6,477,278	(3,060,909)	21,918,683	25,335,052
Total net position	\$ 14,317,548	\$ 7,591,204	\$ 71,466,696	\$ 93,375,448

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	Broadband	Special Recreation Facility	Watershed Protection & Restoration	Total
Operating revenues:				
User charges	\$ 2,034,237	\$ —	\$ 10,085,104	\$ 12,119,341
Miscellaneous sales and services	3,642	780,172	22,880	806,694
Total operating revenues	2,037,879	780,172	10,107,984	12,926,035
Operating expenses:				
Salaries and employee benefits	574,577	—	1,367,030	1,941,607
Contractual services	812,963	3,640	3,635,145	4,451,748
Supplies and materials	15,375	—	28,314	43,689
Business and travel	3,175	—	1,431	4,606
Vehicle fuels and supplies	—	—	7,928	7,928
Share of county administrative expenses	—	—	791,662	791,662
Other administrative	—	—	100,402	100,402
Depreciation and amortization expense	947,094	141,081	1,194,090	2,282,265
Total operating expenses	2,353,184	144,721	7,126,002	9,623,907
Operating income (loss)	(315,305)	635,451	2,981,982	3,302,128
Nonoperating revenues (expenses):				
Interest on investments	193,071	29,310	636,171	858,552
Interest expense	(48,707)	(49,658)	(843,405)	(941,770)
Other, net	1,185	—	174,977	176,162
Total nonoperating revenues (expenses)	145,549	(20,348)	(32,257)	92,944
Net income (loss) before contributions and transfers	(169,756)	615,103	2,949,725	3,395,072
Capital contribution	—	—	13,355,167	13,355,167
Transfers in	750,000	—	—	750,000
Transfers out	—	(28,678)	—	(28,678)
Change in net position	580,244	586,425	16,304,892	17,471,561
Net position - beginning	13,737,304	7,004,779	55,161,804	75,903,887
Net position - ending	\$ 14,317,548	\$ 7,591,204	\$ 71,466,696	\$ 93,375,448

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	<u>Broadband</u>	<u>Special Recreation Facility</u>	<u>Watershed Protection & Restoration</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 2,272,506	\$ —	\$ 10,102,021	\$ 12,374,527
Cash paid to suppliers	(709,354)	(3,640)	(2,600,489)	(3,313,483)
Cash paid to / for employees	(565,213)	—	(1,430,795)	(1,996,008)
Cash paid for interfund services used	(185,525)	—	(1,143,599)	(1,329,124)
Cash received on rental property	—	300,000	—	300,000
Other operating cash receipts	—	441,164	—	441,164
Other operating disbursements	—	—	(545,218)	(545,218)
Net cash provided by operating activities	<u>812,414</u>	<u>737,524</u>	<u>4,381,920</u>	<u>5,931,858</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund payable	—	(598,498)	—	(598,498)
Interfund operating transfers in (out)	<u>741,239</u>	<u>(28,678)</u>	<u>(32,564)</u>	<u>679,997</u>
Net cash provided by (used for) noncapital financing activities	<u>741,239</u>	<u>(627,176)</u>	<u>(32,564)</u>	<u>81,499</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the sale of county bonds	—	—	5,275,023	5,275,023
Capital contributions	—	—	(16,663)	(16,663)
Payment of long-term debt	<u>(1,136,142)</u>	<u>(652,588)</u>	<u>(1,426,776)</u>	<u>(3,215,506)</u>
Net cash provided by (used for) capital and related financing activities	<u>(1,136,142)</u>	<u>(652,588)</u>	<u>3,831,584</u>	<u>2,042,854</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	<u>193,070</u>	<u>(17,760)</u>	<u>636,170</u>	<u>811,480</u>
Net cash provided by investing activities	<u>193,070</u>	<u>(17,760)</u>	<u>636,170</u>	<u>811,480</u>
Net increase in cash and cash equivalents	610,581	(560,000)	8,817,110	8,867,691
Cash and cash equivalents - beginning	<u>5,910,816</u>	<u>560,000</u>	<u>13,689,907</u>	<u>20,160,723</u>
Cash and cash equivalents - ending	<u>6,521,397</u>	<u>—</u>	<u>22,507,017</u>	<u>29,028,414</u>

(continued)

Howard County, Maryland
Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2023

	<u>Broadband</u>	<u>Special Recreation Facility</u>	<u>Watershed Protection & Restoration</u>	<u>Total</u>
Operating (loss) income	(315,305)	635,451	2,981,982	3,302,128
Adjustments to reconcile operating income to net cash:				
Depreciation and amortization expense	947,094	141,081	1,194,090	2,282,265
Effect of changes in operating assets and liabilities:				
Accounts and other receivables	138,385	—		138,385
Lease receivables	96,243	214,114	—	310,357
Accounts payable	44,654	—	268,182	312,836
Lease payable	—	(253,122)	—	(253,122)
Accrued wages and benefits	7,456	—	(61,098)	(53,642)
Accrued interest payable	(11,860)	—	—	(11,860)
Compensated absences	4,310	—	(1,236)	3,074
Deferred lease revenues	(98,563)	—	—	(98,563)
Total adjustments	1,127,719	102,073	1,399,938	2,629,730
Net cash provided by operating activities	\$ 812,414	\$ 737,524	\$ 4,381,920	\$ 5,931,858

Noncash investing, capital, and financing activities:

In fiscal year 2023, \$13,355,167 was contributed from various Capital Project funds to the Watershed Fund.

INTERNAL SERVICE FUNDS





Howard County, Maryland
Combining Statement of Net Position
Internal Services Funds
June 30, 2023

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
ASSETS					
Current assets:					
Equity in pooled cash	\$ 12,117,349	\$ 7,806,610	\$ 8,429,338	\$ 25,157,706	\$ 53,511,003
Other receivables	1,140,710	319,141	49,256	498,029	2,007,136
Lease receivables	—	—	721,767	—	721,767
Prepaid expenses	270,628	11,061	—	—	281,689
Materials and supplies	—	1,590,680	94,499	—	1,685,179
Total current assets	13,528,687	9,727,492	9,294,860	25,655,735	58,206,774
Noncurrent assets:					
Lease receivables	—	—	11,493,498	—	11,493,498
Capital assets:					
Buildings and improvements, net	—	1,392,037	51,487	—	1,443,524
Machinery and equipment, net	—	25,492,412	16,801,990	109,411	42,403,813
Infrastructure, net	—	185,348	527,759	—	713,107
Intangible right-to-use equipment, net	—	—	54,055	—	54,055
Intangible right-to-use subscriptions, net	—	—	5,839,386	74,570	5,913,956
Total noncurrent assets	—	27,069,797	34,768,175	183,981	62,021,953
Total assets	13,528,687	36,797,289	44,063,035	25,839,716	120,228,727
LIABILITIES					
Current liabilities:					
Accounts payable	3,088,709	860,583	1,365,644	928,017	6,242,953
Accrued interest payable	—	—	122,949	338	123,287
Accrued wages and benefits	28,832	160,209	405,951	37,901	632,893
Compensated absences	2,248	—	13,311	—	15,559
Deposits and connection fees	—	—	75,000	—	75,000
Unpaid insurance claims	4,402,068	—	—	3,626,265	8,028,333
Lease liability	—	—	54,291	—	54,291
Subscriptions	—	—	1,598,479	82,458	1,680,937
Certificate of participation	—	—	1,425,000	—	1,425,000
Total current liabilities	7,521,857	1,020,792	5,060,625	4,674,979	18,278,253
Noncurrent liabilities:					
Compensated absences	23,392	372,302	925,429	61,600	1,382,723
Unpaid insurance claims	89,838	—	—	15,143,017	15,232,855
Subscriptions	—	—	3,222,155	—	3,222,155
Long-term certificate of participation	—	—	2,546,325	—	2,546,325
Total noncurrent liabilities	113,230	372,302	6,693,909	15,204,617	22,384,058
Total liabilities	7,635,087	1,393,094	11,754,534	19,879,596	40,662,311
DEFERRED INFLOWS OF RESOURCES					
Deferred lease revenue	—	—	11,734,266	—	11,734,266
Total deferred inflows of resources	—	—	11,734,266	—	11,734,266
Total liabilities and deferred inflows of resources	7,635,087	1,393,094	23,488,800	19,879,596	52,396,577
NET POSITION					
Net investment in capital assets	—	27,069,797	14,428,427	101,523	41,599,747
Unrestricted	5,893,600	8,334,398	6,145,808	5,858,597	26,232,403
Total net position	\$ 5,893,600	\$ 35,404,195	\$ 20,574,235	\$ 5,960,120	\$ 67,832,150

Howard County, Maryland
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2023

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
Operating revenues:					
User charges	\$ 60,508,200	\$ 21,184,299	\$ 27,243,163	\$ 10,167,772	\$119,103,434
Insurance recoveries	—	—	—	302,877	302,877
Miscellaneous sales and services	1,314	26,499	1,427,495	—	1,455,308
Total operating revenues	60,509,514	21,210,798	28,670,658	10,470,649	120,861,619
Operating expenses:					
Salaries and employee benefits	627,817	4,283,577	10,259,879	1,615,232	16,786,505
Contractual services	773,963	2,083,435	9,580,399	419,308	12,857,105
Supplies and materials	721	2,312,910	4,722,808	52,254	7,088,693
Business and travel	360	10,128	477,933	5,369	493,790
Vehicle fuels and supplies	—	5,110,539	47,992	12,839	5,171,370
Share of County administrative expenses	21,969	398,024	—	538,799	958,792
Insurance claims	63,707,962	—	—	8,026,648	71,734,610
Other administrative	2,025,767	—	—	75,233	2,101,000
Depreciation and amortization expense	—	7,113,789	4,885,072	129,269	12,128,130
Total operating expenses	67,158,559	21,312,402	29,974,083	10,874,951	129,319,995
Operating income (loss)	(6,649,045)	(101,604)	(1,303,425)	(404,302)	(8,458,376)
Nonoperating revenues (expenses):					
Interest on investments	154,320	103,845	97,235	752,112	1,107,512
Interest expense	—	—	(103,095)	(2,765)	(105,860)
Gain/(loss) from the sale or disposition of capital assets	—	528,945	—	—	528,945
Total nonoperating revenues (expenses)	154,320	632,790	(5,860)	749,347	1,530,597
Net income (loss) before contributions and transfers	(6,494,725)	531,186	(1,309,285)	345,045	(6,927,779)
Capital contributions	—	689,559	206,702	—	896,261
Transfers out	(154,320)	(103,845)	(847,235)	(1,000,000)	(2,105,400)
Change in net position	(6,649,045)	1,116,900	(1,949,818)	(654,955)	(8,136,918)
Net position - beginning	12,542,645	34,287,295	22,524,053	6,615,075	75,969,068
Net position - ending	\$ 5,893,600	\$ 35,404,195	\$ 20,574,235	\$ 5,960,120	\$ 67,832,150

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 62,130,550	\$ 21,164,279	\$ 28,903,216	\$ 10,436,387	\$ 122,634,432
Cash paid to suppliers	(65,106,964)	(8,190,994)	(6,139,875)	(8,267,265)	(87,705,098)
Cash paid to / for employees	(662,354)	(4,253,182)	(10,732,497)	(1,630,243)	(17,278,276)
Cash paid for quasi-external transactions	(152,014)	(1,986,530)	(8,424,566)	(114,309)	(10,677,419)
Other operating cash disbursements	—	—	(47,992)	(492,839)	(540,831)
Net cash provided by (used for) operating activities	<u>(3,790,782)</u>	<u>6,733,573</u>	<u>3,558,286</u>	<u>(68,269)</u>	<u>6,432,808</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Operating subsidies and transfers to other funds	(154,320)	(103,845)	(847,235)	(1,000,000)	(2,105,400)
Net cash (used for) provided by noncapital financing activities	<u>(154,320)</u>	<u>(103,845)</u>	<u>(847,235)</u>	<u>(1,000,000)</u>	<u>(2,105,400)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition and construction of capital assets	—	(4,587,448)	(41,294)	—	(4,628,742)
Proceeds from the sale or disposition of capital assets	—	528,945	—	—	528,945
Payment of long-term debt	—	—	(1,551,250)	—	(1,551,250)
Payment of leases	—	—	(217,227)	—	(217,227)
Payment of subscriptions	—	—	(1,842,353)	(84,358)	(1,926,711)
Net cash (used for) provided by capital and related financing activities	<u>—</u>	<u>(4,058,503)</u>	<u>(3,652,124)</u>	<u>(84,358)</u>	<u>(7,794,985)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	154,320	103,845	97,235	752,112	1,107,512
Net cash (used for) provided by investing activities	<u>154,320</u>	<u>103,845</u>	<u>97,235</u>	<u>752,112</u>	<u>1,107,512</u>
Net increase (decrease) in cash and cash equivalents	(3,790,782)	2,675,070	(843,838)	(400,515)	(2,360,065)
Cash and cash equivalents - beginning	15,908,131	5,131,540	9,273,176	25,558,221	55,871,068
Cash and cash equivalents - ending	<u>12,117,349</u>	<u>7,806,610</u>	<u>8,429,338</u>	<u>25,157,706</u>	<u>53,511,003</u>

(continued)

Howard County, Maryland
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2023

	Employee Benefits Self-Insurance	Fleet Operations	Technology and Communications	Risk Management Self-Insurance	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	(6,649,045)	(101,604)	(1,303,425)	(404,302)	(8,458,376)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:					
Depreciation and amortization expense	—	7,113,789	4,885,072	129,269	12,128,130
Effect of changes in operating assets and liabilities:					
Accounts and other receivables	1,621,036	(46,520)	(35,064)	(109,263)	1,430,189
Lease receivables	—	—	267,620	—	267,620
Supplies and materials	(270,628)	8,852	24,118	—	(237,658)
Prepaid expenses	254,759	2,373	—	—	257,132
Accounts payable	1,273,366	(281,117)	184,013	468,019	1,644,281
Accrued wages and benefits	(57,095)	31,971	15,099	7,822	(2,203)
Accrued interest payable	—	—	28,823	338	29,161
Deposits and connection fees	—	—	(3,000)	—	(3,000)
Compensated absences	22,919	5,829	(10,016)	(17,464)	1,268
Unpaid insurance claims	13,906	—	—	(142,688)	(128,782)
Unearned revenue	—	—	(16,388)	—	(16,388)
Deferred lease revenue	—	—	(478,566)	—	(478,566)
Total adjustments	2,858,263	6,835,177	4,861,711	336,033	14,891,184
Net cash provided by operating activities	\$ (3,790,782)	\$ 6,733,573	\$ 3,558,286	\$ (68,269)	\$ 6,432,808

Noncash investing, capital, and financing activities:

In fiscal year 2023, \$206,701 was contributed to the Technology and Communications fund by the Grant Fund and Capital Fund.

In fiscal year 2023, \$689,559 was contributed from the General and Water and Sewer funds to the Fleet fund.

FIDUCIARY FUNDS





Howard County, Maryland
Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2023

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
ASSETS				
Receivables:				
Interest and dividends	\$ 314,662	\$ 425,884	\$ 321	\$ 740,867
Employer contributions	875,021	1,149,664	—	2,024,685
Member contributions	239,399	309,002	—	548,401
Sale of investments	2,478,225	3,354,186	—	5,832,411
Other	10,261	13,888	—	24,149
Investments, at fair value:				
Cash	—	—	4,103,740	4,103,740
Equities	263,540,262	356,692,062	—	620,232,324
Alternative investments	153,196,294	207,345,555	3,539,980	364,081,829
Mutual funds	—	—	238,153,198	238,153,198
Money market funds	5,376,497	5,696,813	77,040	11,150,350
Fixed income securities	147,039,274	199,012,255	—	346,051,529
Real assets	31,833,025	43,084,829	—	74,917,854
Prepaid expense	24,025	29,871	—	53,896
Total assets	604,926,945	817,114,009	245,874,279	1,667,915,233
LIABILITIES				
Accounts payable	—	—	64,266	64,266
Investments purchased	308,363	417,357	—	725,720
Other	340,605	424,559	435,881	1,201,045
Total liabilities	648,968	841,916	500,147	1,991,031
NET POSITION				
Restricted for:				
Pension, other post-employment benefits, individuals, organizations and other governments	\$ 604,277,977	\$ 816,272,093	\$ 245,374,132	\$ 1,665,924,202

Howard County, Maryland
Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Year Ended June 30, 2023

	Howard County Retirement Plan	Howard County Police and Fire Employees' Retirement Plan	Howard County Other Post- Employment Benefits Fund	Total
ADDITIONS				
Contributions:				
Employer	\$ 16,093,684	\$ 33,884,709	\$ 39,371,924	\$ 89,350,317
Member	5,244,021	9,286,782	—	14,530,803
Total contributions	21,337,705	43,171,491	39,371,924	103,881,120
Investment income (expense):				
Net change in fair value of investments	36,949,200	47,832,157	13,716,874	98,498,231
Interest	2,140,503	2,915,165	175,504	5,231,172
Dividends	9,859,858	13,247,706	6,488,670	29,596,234
Other	159,457	215,538	—	374,995
Investment expense	(1,295,387)	(1,664,808)	(246,714)	(3,206,909)
Net investment income (loss)	47,813,631	62,545,758	20,134,334	130,493,723
Total additions	69,151,336	105,717,249	59,506,258	234,374,843
DEDUCTIONS				
Benefits	28,502,013	43,061,140	28,304,805	99,867,958
Administrative expenses	508,952	541,435	47,646	1,098,033
Total deductions	29,010,965	43,602,575	28,352,451	100,965,991
Change in net position	40,140,371	62,114,674	31,153,807	133,408,852
Net position - beginning	564,137,606	754,157,419	214,220,325	1,532,515,350
Net position - ending	\$ 604,277,977	\$ 816,272,093	\$ 245,374,132	\$ 1,665,924,202

Howard County, Maryland
Combining Statement of Fiduciary Net Position
Custodial Funds
June 30, 2023

	Detention Center Inmate and Work Release	Friends of RNC	Sheriff's Writ of Execution	State Property Tax and Interest	Trust and Agency Multifarious	Police Contraband	Total
ASSETS							
Equity in pooled cash	\$ 77,357	\$ 4,960	\$ 67,915	\$ 1,260,805	\$ 302,134	\$ 187,679	\$ 1,900,850
Receivables:							
Property Taxes	—	—	—	480,169	6,934	—	487,103
Other receivables and billings	—	—	—	679,741	—	—	679,741
Total assets	77,357	4,960	67,915	2,420,715	309,068	187,679	3,067,694
LIABILITIES							
Accounts payable and other liabilities	—	—	—	1,647,068	—	—	1,647,068
Due to other governments	—	—	—	64,327	—	—	64,327
Total liabilities	—	—	—	1,711,395	—	—	1,711,395
NET POSITION							
Restricted for:							
Individuals, organizations and other governments	\$ 77,357	\$ 4,960	\$ 67,915	\$ 709,320	\$ 309,068	\$ 187,679	\$ 1,356,299

Howard County, Maryland
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Detention Center Inmate and Work Release	Friends of RNC	Sheriff's Writ of Execution	State Property Tax and Interest	Trust and Agency Multifarious	Police Contraband	Total
ADDITIONS							
Miscellaneous revenue	\$ 698,570	\$ 3,875	\$ 82,000	\$ 150	\$ 101,463	\$ 171,551	\$ 1,057,609
Property taxes	—	—	—	73,287,054	—	—	73,287,054
Other local taxes and fees	—	—	—	101,753	—	—	101,753
Total additions	698,570	3,875	82,000	73,388,957	101,463	171,551	74,446,416
DEDUCTIONS							
Administrative expenses	729,778	—	—	—	34,207	—	763,985
Contractual services	—	100	34,772	—	56,590	164,008	255,470
Supplies and materials	—	—	—	—	37,881	—	37,881
Property taxes paid to other governments	—	—	—	73,172,894	—	—	73,172,894
Total deductions	729,778	100	34,772	73,172,894	128,678	164,008	74,230,230
Change in net position	(31,208)	3,775	47,228	216,063	(27,215)	7,543	216,186
Net position - beginning	108,565	1,185	20,687	493,257	336,283	180,136	1,140,113
Net position - ending	\$ 77,357	\$ 4,960	\$ 67,915	\$ 709,320	\$ 309,068	\$ 187,679	\$ 1,356,299

STATISTICAL SECTION





Statistical Section (Unaudited)

Index

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

Revenue Capacity - These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

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

Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.



Howard County, Maryland
Net Position by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 755,904,065	754,407,588	772,350,290	834,114,554	826,399,982	841,929,843	860,749,049	852,772,538	1,007,748,724	956,484,636
Restricted	109,207,649	100,314,009	109,620,128	114,206,491	153,326,501	142,249,607	137,408,939	181,632,342	289,172,801	311,100,549
Unrestricted (a)	(905,160,838)	(942,920,000)	(991,153,043)	(1,207,393,428)	(1,003,960,300)	(997,456,851)	(835,908,499)	(686,403,499)	(739,435,506)	(492,479,318)
Subtotal governmental activities net position	(40,049,124)	(88,198,403)	(109,182,625) (c)	(259,072,383)	(24,233,817)	(13,277,401)	162,249,489	348,001,381	557,486,019	775,105,867
Business-type activities										
Net investment in capital assets	349,976,408	410,168,067	410,561,263	414,126,888	419,010,628	456,887,408	440,510,473	470,068,555	463,785,341	477,456,646
Restricted	48,248,364	48,241,852	42,470,585	27,949,207	24,709,724	21,823,966	19,238,763	16,973,269	14,934,635	12,443,251
Unrestricted	115,007,448	107,862,198	138,508,000	157,835,870	151,054,737	146,526,725	161,100,810	141,729,290	149,908,311	143,134,566
Subtotal business-type activities net position	513,232,220	566,272,117 (b)	591,539,848	599,911,965	594,775,089	625,238,099	620,850,046	628,771,114	628,628,287	633,034,463
Primary government										
Net investment in capital assets	1,105,880,473	1,164,575,655	1,182,911,553	1,248,241,442	1,245,410,610	1,298,817,251	1,301,259,522	1,322,841,093	1,471,534,065	1,433,941,282
Restricted	157,456,013	148,555,861	152,090,713	142,155,698	178,036,225	164,073,573	156,647,702	198,605,611	304,107,436	323,543,800
Unrestricted	(790,153,390)	(835,057,802)	(852,645,043)	(1,049,557,558)	(852,905,563)	(850,930,126)	(674,807,689)	(544,674,209)	(589,527,195)	(349,344,752)
Total primary government net position	\$ 473,183,096	478,073,714	482,357,223	340,839,582	570,541,272	611,960,698	783,099,535	976,772,495	1,186,114,306	1,408,140,330

(a) Deficits occur in unrestricted net position for governmental activities because the County issues debt to fund construction costs for the Public School and Community College, yet these component units own the capital assets. See the Management's Discussion and Analysis for further details.

(b) FY 2014 net positions of governmental and business-type activities were restated in fiscal year 2015, mainly due to the implementation of GASB 68, which resulted in an overall negative net positions of governmental activities.

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities:										
General government	\$ 104,520,136 (a)	75,558,318	66,234,421	66,948,584	58,020,097	65,241,233	74,316,453	123,183,109	72,881,510	68,823,209
Public safety	198,590,882	208,298,711	207,170,029	230,134,183	217,378,984	249,887,935	273,690,808	272,893,187	264,850,920	281,581,262
Public works	148,889,651	179,349,488	156,707,838	168,834,876	194,980,993	207,843,230	191,131,750	184,376,252	215,560,704	233,682,852
Recreation and parks	35,764,376	37,193,427	42,880,875	47,094,291	25,923,502	54,344,080	44,155,887	33,372,823	53,247,567	60,108,042
Legislative and judicial	23,259,531	27,110,955	26,070,345	27,693,094	27,484,681	30,139,996	33,526,457	34,562,766	34,828,987	39,744,597
Community services	45,311,763	48,650,488	45,928,376	44,497,229	47,215,901	50,250,870	51,744,649	57,793,879	64,131,907	71,605,180
State highways	6,634,669	763,353	3,341,087	5,842,868	4,934,098	9,286,446	4,140,382	1,381,137	2,374,495	2,906,665
Education	637,839,632	669,067,653	717,742,080	739,013,105	701,633,749	710,311,491	703,269,393	753,121,391	798,493,045	798,526,488
Interest on long-term debt	50,489,693	43,648,543	49,977,613	57,494,607	61,452,013	51,541,615	56,026,136	56,785,423	58,538,363	56,003,343
Total governmental activities expenses	1,251,300,333	1,289,640,936	1,316,052,664	1,387,552,837	1,339,024,018	1,428,846,896	1,432,001,915	1,517,469,967	1,564,907,498	1,612,981,638
Business-type activities:										
Water and sewer	98,795,678	97,764,211	95,781,698	101,312,345	105,229,515	113,056,969	111,856,075	122,881,576	125,680,688	135,186,205
Other (b)	3,094,253	5,977,330	6,551,799	7,356,981	6,585,542	7,163,586	8,262,267	8,213,268	8,724,615	10,565,677
Total business-type activities expenses	101,889,931	103,741,541	102,333,497	108,669,326	111,815,057	120,220,555	120,118,342	131,094,844	134,405,303	145,751,882
Total primary government expenses	1,353,190,264	1,393,382,477	1,418,386,161	1,496,222,163	1,450,839,075	1,549,067,451	1,552,120,257	1,648,564,811	1,699,312,801	1,758,733,520
Program revenues										
Governmental activities:										
Charges for services										
General government	49,312,264	40,365,251	41,462,547	52,783,407	47,092,030	48,266,394	43,695,157	60,623,707	50,096,105	58,443,515
Public works	44,007,973	48,319,370	50,419,335	48,313,166	49,740,333	49,166,390	57,391,094	60,818,074	68,987,581	70,006,565
Recreation and parks	16,481,357	17,471,881	18,231,380	20,182,293	19,791,578	20,905,820	17,099,764	8,302,208	16,804,547	20,492,234
Other	12,538,229	25,188,353	13,987,065	10,672,780	13,053,507	14,129,641	19,846,183	19,114,022	24,838,162	28,184,211
Operating grants and contributions	33,472,335	35,864,017	40,094,831	39,402,540	43,351,124	40,559,501	60,278,746	97,683,224	84,412,904	60,020,345
Capital grants and contributions	10,215,527 (c)	16,814,899	27,792,294	18,163,355	24,455,008	18,377,194	19,701,167	4,329,549	17,378,972	20,156,985
Total governmental activities program revenues	166,027,685	184,023,771	191,987,452	189,517,541	197,483,580	191,404,940	218,012,111	250,870,784	262,518,271	257,303,855
Business-type activities:										
Charges for services										
Water and sewer	59,641,881	64,133,085	64,965,916	64,761,724	64,642,532	64,833,505	65,876,003	65,967,446	66,280,906	66,179,696
Other (b)	12,310,600	14,129,334	14,256,985	13,906,569	13,712,093	11,544,895	11,301,111	12,477,557	12,670,736	12,926,035
Operating grants and contributions	29,196,783	30,010,057	31,339,509	32,669,952	33,958,088	35,349,018	36,112,163	40,565,784	40,510,564	41,615,800
Capital grants and contributions	11,361,621	51,939,661	14,728,750	10,262,423	11,976,929	43,164,177	9,928,803	12,591,770	10,376,098	5,440,529
Total business-type activities program revenues	112,510,885	160,212,137	125,291,160	121,600,668	124,289,642	154,891,595	123,218,080	131,602,557	129,838,304	126,162,060
Total primary government program revenues	\$ 278,538,570	344,235,908	317,278,612	311,118,209	321,773,222	346,296,535	341,230,191	382,473,341	392,356,575	383,465,915

(continued)

Howard County, Maryland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net (expenses)/revenue										
Governmental activities	\$(1,085,272,648)	(1,105,617,165)	(1,124,065,212)	(1,198,035,296)	(1,141,540,438)	(1,237,441,956)	(1,213,989,804)	(1,266,599,183)	(1,302,389,227)	(1,355,677,783)
Business-type activities	10,620,954	54,470,596	22,957,663	12,931,342	12,474,585	34,671,040	3,099,738	507,713	(4,573,119)	(19,589,822)
Total primary government net expenses	(1,074,651,694)	(1,051,146,569)	(1,101,107,549)	(1,185,103,954)	(1,129,065,853)	(1,202,770,916)	(1,210,890,066)	(1,266,091,470)	(1,306,962,346)	(1,375,267,605)
General revenues and other changes in net position										
Governmental activities:										
Taxes										
Property taxes	539,731,584	559,405,539	586,123,532	608,458,370	630,762,037	654,794,565	708,947,753	738,646,472	756,762,754	783,897,719
Local income taxes	400,455,701	412,674,188	431,743,893	436,993,783	466,935,173	496,679,385	577,958,870	619,513,011	652,606,282	689,157,003
Other local taxes	61,035,196	68,300,957	72,656,951	77,911,373	77,122,059	69,739,135	77,803,643	95,715,172	110,008,159	77,676,586
Intergovernmental, unrestricted	1,466,960	1,553,636	1,836,227	1,763,063	1,590,437	1,673,415	3,308,303	2,997,085	3,879,455	4,093,213
Unrestricted investment income	2,230,944	2,840,722	5,054,711	1,206,178	4,998,389	13,585,602	9,972,730	1,258,028	(5,763,261)	29,765,757
Miscellaneous	1,102,401	970,104	3,347,590	90,510	2,700,739	2,513,727	1,421,705	1,238,098	1,390,858	2,783,842
Transfers	7,345,000	3,696,843	2,318,086	5,389,399	9,151,633	9,412,543	19,489,201	13,807,937	(7,010,382)	(14,076,489)
Subtotal governmental activities	1,013,367,786	1,049,441,989	1,103,080,990	1,131,812,676	1,193,260,467	1,248,398,372	1,398,902,205	1,473,175,803	1,511,873,865	1,573,297,631
Business-type activities:										
Unrestricted investment income	135,292	242,826 (d)	823,902	830,024	2,434,920	5,998,775	2,615,899	253,254	957,282	6,348,339
Miscellaneous	—	23,318	3,804,252	150	53,351	(794,262)	(10,728)	3,033	4,822	28,976
Transfers	(7,345,000)	(3,696,843)	(2,318,086)	(5,389,399)	(9,151,633)	(9,412,543)	(19,489,201)	(13,807,937)	7,010,382	14,076,489
Subtotal business-type activities	(7,209,708)	(3,430,699)	2,310,068	(4,559,225)	(6,663,362)	(4,208,030)	(16,884,030)	(13,551,650)	7,972,486	20,453,804
Total primary government	1,006,158,078	1,046,011,290	1,105,391,058	1,127,253,451	1,186,597,105	1,244,190,342	1,382,018,175	1,459,624,153	1,519,846,351	1,593,751,435
Net position balances										
Governmental activities:										
Change in net position, governmental activities	(71,904,862)	(48,149,278)	(20,984,222)	(66,222,620)	51,720,029	10,956,416	175,526,890	185,751,892	209,484,638	217,619,848
Net position, beginning-governmental activities	107,953,923	36,049,061	(88,198,403)	(131,849,763)	(198,072,383)	(24,233,817)	(13,277,401)	162,249,489	348,001,381	557,486,019
Restatement	—	(76,098,186)	—	—	122,118,537	—	—	—	—	—
Net position, ending-governmental activities	36,049,061	(88,198,403)	(109,182,625)	(198,072,383)	(24,233,817)	(13,277,401)	162,249,489	348,001,381	557,486,019	775,105,867
Business-type activities:										
Change in net position, business-type activities	3,411,246	53,039,897	25,267,731	8,372,117	5,811,223	30,463,010	(4,388,053)	7,921,068	3,399,367	863,982
Net position, beginning-business-type activities	511,772,511	515,183,757	566,272,117	591,539,848	599,911,965	594,775,089	625,238,099	620,850,046	628,771,114	632,170,481
Restatement	—	(1,951,537)	—	—	(10,948,099)	—	—	—	—	—
Net position, ending-business-type activities	515,183,757	566,272,117	591,539,848	599,911,965	594,775,089	625,238,099	620,850,046	628,771,114	632,170,481	633,034,463
Total primary government	\$ 551,232,818	478,073,714	482,357,223	401,839,582	570,541,272	611,960,698	783,099,535	976,772,495	1,189,656,500	1,408,140,330

(a) The increase from prior period is due to expenses incurred on behalf of the other local government jurisdictions participating in the Inter-County Broadband Network (ICBN) Project.

(b) Other consists of golf course and watershed restoration and protection in fiscal year 2014, as well as broadband services starting in fiscal year 2015.

(c) The increase from prior period is due to recognizing significant Federal grant monies for the ICBN Project.

(d) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.

Howard County, Maryland
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General fund										
Nonspendable	\$ 3,319	8,140,178	7,632,118	9,045,255	12,600,473	12,265,039	11,477,512	10,721,886	37,922,879	9,428,875
Restricted	—	—	1,972,282	2,070,419	1,024,450	—	—	—	—	—
Committed	59,271,162	61,260,575	64,172,639	67,382,973	71,338,939	73,958,202	75,845,302	82,464,279	80,751,106	82,157,508
Assigned	64,171,013	34,992,177	53,577,009	31,953,418	49,382,483	35,997,183	99,392,985	218,420,188	258,907,211	326,681,455
Unassigned	2,831,645	3,295,630	12,015,718	26,239,270	7,898,186	18,387,493	21,834,102	24,517,933	34,488,896	76,147,033
Total general fund	126,277,139	107,688,560	139,369,766	136,691,335	142,244,531	140,607,917	208,549,901	336,124,286	412,070,092	494,414,871
All other governmental funds										
Nonspendable	16,636,383	22,166,070	648,352	644,176	656,721	671,042	681,117	668,614	670,280	982,178
Restricted	97,656,784	100,314,009	107,647,846	112,136,072	152,302,051	142,249,607	137,408,939	256,632,342	245,442,990	297,149,145
Committed	38,602,234	35,555,303	46,729,075	48,677,180	52,857,796	54,474,185	72,927,545	82,725,309	112,180,204	127,358,100
Assigned	63,615,900	63,398,155	63,361,371	60,075,902	56,117,487	62,387,719	66,541,138	40,364,849	32,312,123	12,950,041
Unassigned	(67,616,626)	(72,262,418)	(125,621,490)	(119,153,788)	(88,731,324)	(110,672,917)	(96,702,875)	(108,957,272)	(190,582,470)	(207,071,382)
Total all other governmental funds	148,894,675	149,171,119	92,765,154	102,379,542	173,202,731	149,109,636	180,855,864	271,433,842	200,023,127	231,368,082
Total governmental funds	\$275,171,814	\$256,859,679	\$232,134,920	\$239,070,877	\$315,447,262	\$289,717,553	\$389,405,765	\$607,558,128	\$612,093,219	\$725,782,953

(a) Decrease in the total balance of the general fund in fiscal year 2015 was due to one-time initiatives of \$37.7 million.

Howard County, Maryland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
REVENUES										
Property taxes (a)	\$ 539,320,074	559,393,599	586,906,599	608,790,864	630,002,471	654,226,577	706,141,417	736,287,166	758,420,619	783,696,736
Other local taxes	453,982,722	463,904,916	506,819,854	514,455,726	523,874,099	533,151,563	601,642,578	673,641,074	714,868,761	743,879,973
State shared taxes	1,247,317	1,531,596	2,077,909	1,818,048	1,956,662	1,673,415	2,747,094	3,558,294	3,879,455	4,093,213
Revenues from other governments	37,436,410	35,645,234	30,616,053	53,144,527	46,881,676	43,490,797	43,359,703	84,153,972	80,148,620	59,269,736
Charges for services	53,168,180	54,693,447	55,954,266	57,428,448	58,820,287	59,537,731	65,232,242	58,652,336	73,659,747	96,200,417
Interest on investments	2,010,668	2,574,475	4,970,717	(c) 4,878,623	7,961,507	13,567,305	10,706,803	2,432,814	1,462,650	29,513,484
Decrease in fair value of investments	—	—	—	—	—	—	(327,690)	(1,440,198)	(7,434,158)	(907,535)
Installment interest from housing loans	220,274	268,410	83,994	27,190	53,025	60,540	95,639	194,795	98,283	83,348
Licenses and permits	6,696,288	6,586,220	7,200,241	7,090,791	6,874,461	6,641,437	5,917,475	6,294,952	6,559,876	5,663,849
Recoveries for interfund services	11,633,284	14,133,304	15,706,180	—	—	—	—	—	—	—
Fines and forfeitures	3,863,722	4,024,120	4,356,639	4,481,676	4,315,875	4,071,307	3,988,941	3,807,058	7,036,936	6,432,841
Developer contributions (b)	1,446,618	4,561,155	4,612,357	9,070,823	2,372,712	852,987	1,040,214	1,235,418	1,096,664	1,832,536
Rental of property (b)	177,814	111,853	—	—	—	—	—	—	—	—
Payments from component units (b)	818,167	351,439	2,588,330	2,076,568	2,095,129	1,546,337	1,017,178	495,833	463,382	426,382
Sale of property	—	3,464,497	—	—	—	—	—	—	—	—
Miscellaneous program revenues	13,318,287	14,594,154	25,441,734	15,406,458	17,149,954	16,880,092	20,100,507	18,970,306	25,378,795	15,765,980
Total revenues	1,125,339,825	1,165,838,419	1,247,334,873	1,274,970,104	1,298,793,547	1,335,203,767	1,461,662,101	1,588,283,820	1,665,639,630	1,745,950,960
EXPENDITURES										
Current:										
General government	45,526,306	50,754,551	54,918,742	48,703,477	51,307,571	60,629,770	54,668,826	89,760,676	82,672,133	79,852,606
Legislative & judicial	22,684,466	24,165,800	25,893,292	26,315,797	27,175,301	28,520,391	29,155,033	29,677,484	33,577,622	36,024,211
Public works	97,867,406	104,503,144	102,894,102	104,307,451	112,420,109	113,436,661	112,165,451	114,555,229	313,659,621	130,178,514
Public safety	191,882,471	205,038,450	208,774,567	219,541,903	228,466,896	235,952,000	250,490,558	249,601,526	266,213,339	281,936,807
Recreation and parks	35,432,626	36,911,248	38,473,557	39,667,818	41,877,752	43,171,463	41,217,061	34,734,823	41,687,581	46,229,066
Community services	45,406,497	46,474,576	44,631,695	42,267,451	44,819,301	47,391,787	48,153,860	51,537,606	62,655,664	70,172,651
Education	606,673,692	651,103,285	651,837,577	699,206,963	704,546,696	707,246,000	700,885,393	747,167,309	795,453,859	795,850,194
Capital improvements (b)	106,355,030	112,042,331	133,208,954	134,994,751	114,284,257	140,460,747	130,600,419	68,469,459	176,458,596	113,384,468
Debt service:										
Principal	60,433,375	61,185,578	68,484,249	74,766,641	66,443,603	69,728,497	88,334,697	91,469,752	92,613,665	101,434,053
Interest	45,176,541	45,595,837	45,384,247	47,438,207	47,177,499	57,055,983	56,687,393	53,215,495	61,012,025	59,802,179
Total expenditures	1,257,438,410	1,337,774,800	1,374,500,982	1,437,210,459	1,438,518,985	1,503,593,299	1,512,358,691	1,530,189,359	1,926,004,105	1,714,864,749
Excess (deficiency) of revenues over expenditures	(132,098,585)	(171,936,381)	(127,166,109)	(162,240,355)	(139,725,438)	(168,389,532)	(50,696,590)	58,094,461	(260,364,475)	31,086,211
OTHER FINANCING SOURCES (USES)										
Issuance of debt	—	—	—	—	—	—	—	—	—	638,363
Subscriptions issued	—	—	—	—	—	—	—	—	—	5,089,953
Bond premium	11,979,779	17,522,949	13,541,018	43,899,251	49,340,059	12,219,992	21,198,307	19,937,199	4,589,177	6,203,369
Financed purchase agreements issued	—	12,562,393	10,058,351	3,368,036	11,936,898	2,223,000	—	—	—	—
Capital related debt issued	117,315,277	100,180,000	76,490,000	133,925,001	128,380,000	108,710,477	108,237,244	134,751,164	52,460,385	68,536,785
Refunding bonds issued	16,809,723	84,015,000	21,280,000	140,385,000	184,440,000	22,585,000	58,375,000	83,280,000	—	—
Installment purchase agreements issued (b)	4,951,615	3,448,120	4,817,735	10,756,470	3,095,670	—	—	961,020	7,050,045	750,975
Payment to bond refunding escrow agent	(32,958,802)	(93,816,818)	(26,600,367)	(169,143,917)	(219,985,848)	(24,024,558)	(58,161,938)	(96,619,193)	—	—
Transfers in	66,149,637	53,153,609	27,765,305	47,227,975	58,254,689	64,806,430	80,529,751	75,742,074	66,282,981	89,923,413
Transfers out	(54,790,208)	(47,084,255)	(24,910,692)	(41,241,503)	(47,584,645)	(43,860,518)	(59,793,562)	(57,994,362)	(67,014,616)	(88,539,335)
Total other financing sources and uses	129,457,021	129,980,998	102,441,350	169,176,313	216,101,823	142,659,823	150,384,802	160,057,902	264,899,566	82,603,523
Net change in fund balances	\$ (2,641,564)	(41,955,383)	(24,724,759)	6,935,958	76,376,385	(25,729,709)	99,688,212	218,152,363	4,535,091	113,689,734
Debt service as a percentage of noncapital expenditures										
	8.61%	8.91%	8.71%	8.94%	(d) 8.60%	9.10%	9.59%	9.70%	9.73%	9.93%

(a) Increase in real property taxes is due to steady increases in property values in the County.

(b) Reclassifications of prior years' data were made to allow for consistency purposes and comparison amongst all years.

(c) The decrease from prior period is due to decreases in the fair value of U.S. Treasury Strips investments.

(d) Capital outlay used in FY16 calculation reported incorrectly.

Howard County, Maryland
Assessed and Estimated Accrual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property				Personal Property		Total
	Residential Assessed Value	Commercial Assessed Value	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value (a)	Total Direct Tax Rate (b)	Assessed Value
2014	\$ 35,501,333,441	7,489,276,140	42,990,609,581	1.014	1,561,531,690	2.535	44,552,141,271
2015	36,390,442,780	7,722,275,864	44,112,718,644	1.014	1,618,445,500	2.535	45,731,164,144
2016	37,954,765,647	7,984,317,384	45,939,083,031	1.014	1,702,530,310	2.535	47,641,613,341
2017	39,566,020,328	8,410,004,037	47,976,024,365	1.014	1,650,784,630	2.535	49,626,808,995
2018	41,352,080,551	8,469,703,245	49,821,783,796	1.014	1,696,221,380	2.535	51,518,005,176
2019	42,391,698,324	9,214,242,834	51,605,941,158	1.014	1,733,052,800	2.535	53,338,993,958
2020	43,926,364,524	9,545,414,603	53,471,779,127	1.014	1,706,543,391	2.535	55,178,322,518
2021	45,168,891,391	9,915,122,500	55,084,013,891	1.014	1,910,775,846	2.535	56,994,789,737
2022	46,752,372,385	10,264,810,990	57,017,183,375	1.014	1,882,858,968	2.535	58,900,042,343
2023	48,531,494,400	10,485,570,793	59,017,065,193	1.014	1,924,769,590	2.535	60,941,834,783

(a) Real property and personal property assessments are done every three years and every year, respectively, by the State Department of Assessments and Taxation at 100% of estimated fair value. Tax-exempt property is not included in the assessed value.

(b) Rates are per \$100 of assessed value.

Howard County, Maryland
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Per \$100 of Assessed Value)

Howard County Direct Rates

Fiscal Year	Real Property	Personal Property
2014	1.014	2.535
2015	1.014	2.535
2016	1.014	2.535
2017	1.014	2.535
2018	1.014	2.535
2019	1.014	2.535
2020	1.014	2.535
2021	1.014	2.535
2022	1.014	2.535
2023	1.014	2.535

Source: Howard County Department of Finance, Bureau of Revenue

**Howard County, Maryland
Principal Property Taxpayers
Current Year and Nine Years Ago**

2023			2014		
Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation	Taxpayer	Taxable Assessed Valuation	Percentage of Total County Assessed Valuation
Baltimore Gas & Electric	\$ 558,070,800	0.87%	Baltimore Gas & Electric Company	\$ 345,516,620	0.78%
Mall In Columbia Business Trust	322,771,500	0.57%	Mall in Columbia Business Trust	201,569,967	0.45%
Verizon-Maryland	107,757,340	0.29%	Home Properties Howard Crossing LLC	137,424,033	0.31%
Transcontinental Gas Pipeline	97,196,920	0.29%	Verizon-Maryland INC	125,183,750	0.29%
9220 Old Lantern Way Owner LLC	176,642,040	0.19%	Home Properties Charleston LLC	71,897,167	0.16%
Home Properties Howard Crossing Llc	172,952,933	0.19%	KMF Sherwood Investors VI LLC	66,226,370	0.15%
11101 Johns Hopkins Road	129,867,800	0.18%	API Columbia Town Center LLC	64,549,800	0.14%
Renaissance Hills Ellicott Lp	116,770,367	0.15%	Montpelier III LLC	48,827,000	0.11%
Parcel C Property Llc	106,491,066	0.15%	Gateway A 74 & A 76 LLC	44,927,500	0.10%
Columbia 531 Llc	97,308,367	0.15%	Elm Street Holdings LLC	44,490,100	0.10%
Total	\$ 1,885,829,133	3.03%	Total	\$ 1,150,612,307	2.59%

Source: Howard County Department of Finance, Bureau of Revenue

**Howard County, Maryland
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy			Total Collection to Date		
		Amount	Percentage of Levy	Subsequent tax Collections	Amount	Percentage of Levy	
2014	\$ 555,254,638	550,755,917	99.19%	4,228,349	554,984,266	99.95%	
2015	569,892,160	568,111,915	99.69%	1,411,389	569,523,304	99.94%	
2016	594,757,776	593,510,182	99.79%	812,684	594,322,866	99.93%	
2017	616,633,669	612,695,057	99.36%	3,152,341	615,847,398	99.87%	
2018	639,933,124	635,257,806	99.27%	1,283,729	636,541,535	99.47%	
2019	663,038,666	656,951,368	99.08%	1,418,911	658,370,279	99.30%	
2020	677,030,343	671,983,399	99.25%	2,024,392	674,007,791	99.55%	
2021	697,366,167	690,343,014	98.99%	5,787,428	696,130,442	99.82%	
2022	767,640,195	762,776,281	99.37%	—	762,776,281	99.37%	
2023	774,872,843	768,980,607	99.24%	—	768,980,607	99.24%	

Source: Howard County Department of Finance, Bureau of Revenue

Subsequent tax collections for fiscal years 2014-2022, updated per Howard County Department of Finance, Bureau of Revenue.

Howard County, Maryland
Ratios of Outstanding Debt by Type - Governmental Activities
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	General Obligation Bonds (a)	State Water Quality Revolving Loans	Installment Purchase Agreements	Tax Increment Bonds	LT financed purchase	Availability Payment Arrangement	Lease Liability	Subscriptions Liability	Total
2014	\$ 989,035	2,830	95,629	17,000	5,062	—	—	—	1,109,556
2015	1,035,280	2,475	96,626	17,000	17,894	—	—	—	1,169,275
2016	1,050,289	—	98,661	17,000	24,874	—	—	—	1,190,824
2017	1,128,705	—	100,123	16,980	24,802	—	—	—	1,270,610
2018	1,205,838	—	97,716	65,165	35,012	—	—	—	1,403,731
2019	1,246,358	—	93,483	65,100	31,603	—	—	—	1,436,544
2020	1,362,886	—	59,364	64,920	29,979	—	—	—	1,517,149
2021	1,361,927	—	59,546	64,695	22,365	—	—	—	1,508,533
2022	1,306,613	—	59,441	64,450	19,460	100,653	94,828	—	1,645,445
2023	1,281,711	—	56,434	64,175	16,111	99,085	92,169	8,310	1,617,995

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

- (a) The amounts reported for debt include deferred refunding premium and discount.
- (b) Effective FY2022 CPI for Broadband and Watershed are reported separately from governmental activities.

Howard County, Maryland
Ratios of Outstanding Debt by Type - Business-Type Activities
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	General Obligation Bonds	Metropolitan District Bonds (a)	Special Facility Revenue Bonds	State Water Quality Revolving Loans	LT financed purchase	MDE Loan	Leases Liability	Total Business-Type Activities
2014	\$ —	220,642	4,583	30,930	—	—	—	256,155
2015	—	238,963	4,133	27,679	—	—	—	270,775
2016	—	251,963	3,240	24,508	—	—	—	279,711
2017	—	270,211	3,199	21,267	—	—	—	294,677
2018	—	301,619	2,714	17,956	—	—	—	322,289
2019	—	351,004	2,217	14,573	—	—	—	367,794
2020	—	434,478	1,197	7,658	—	—	—	443,333
2021	—	412,382	1,185	7,582	2,280	—	—	423,429
2022	20,744	417,396	650	3,972	1,110	2,050	2,468	448,390
2023	23,998	419,759	—	2,443	1,820	951	2,316	451,287

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

(a) The amounts reported for debt include deferred refunding premium and discount.

(b) Effective FY2022 CPI for Broadband and Watershed are reported separately from governmental activities.

Howard County, Maryland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(in thousands of dollars, except per capita amount)

Fiscal Year	Estimated Population	General Obligation Debt (a)	Percentage of Estimated Actual Taxable Value of Property (b)	General Obligation Debt per Capita (c)
2014	302,113	\$ 1,013,927	2.20%	3356
2015	305,462	1,072,650	2.20%	3,512
2016	316,579	1,103,582	2.30%	3,486
2017	317,233	1,170,487 (d)	2.20%	3,690
2018	321,113	1,306,015	2.50%	4,067
2019	326,286	1,343,061 (d)	2.50%	4,116
2020	330,376	1,457,785	2.50%	4,413
2021	333,951	1,448,987	2.50%	4,339
2022	339,054	1,491,176	2.50%	4,398
2023	334,529	1,561,561	2.56%	4,668

Note: Details regarding the County's outstanding debt can be found in the notes to basic financial statements.

- (a) General obligation debt is a total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements. The amounts reported for debt include deferred refunding premium and discount.
- (b) See the Assessed Value and Estimated Actual Value of Taxable Property schedule for property value data.
- (c) See the Demographic and Economic Statistics schedule for population data.
- (d) General obligation debt correct to equal total of governmental activities debt less Agricultural Land Preservation Program installment purchase agreements.

Howard County, Maryland
Legal Debt Margin
Last Ten Fiscal Years
(thousands of dollars)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020 (a)</u>	<u>2022</u>	<u>2023</u>
Assessed value										
Real property	\$ 42,990,610	44,112,719	45,939,083	47,976,024	49,821,784	51,679,563	53,471,779	55,084,014	57,017,183	59,017,065
Personal property	1,561,532	1,618,446	1,702,530	1,650,785	1,696,221	1,733,053	1,706,543	1,910,776	1,882,859	1,924,770
Total assessed value	<u>\$ 44,552,142</u>	<u>45,731,165</u>	<u>47,641,613</u>	<u>49,626,809</u>	<u>51,518,005</u>	<u>53,412,616</u>	<u>55,178,322</u>	<u>56,994,790</u>	<u>58,900,042</u>	<u>60,941,835</u>
Legal debt margin										
Debt limit (4.80% of assessed value of real property and personal property)	\$ 2,138,503	2,195,096	2,286,797	2,382,087	2,472,864	2,563,806	2,648,559	2,735,750	2,827,202	2,925,208
Total debt limit	<u>\$ 2,138,503</u>	<u>2,195,096</u>	<u>2,286,797</u>	<u>2,382,087</u>	<u>2,472,864</u>	<u>2,563,806</u>	<u>2,648,559</u>	<u>2,735,750</u>	<u>2,827,202</u>	<u>2,925,208</u>
Debt applicable to limit										
General county	\$ 911,842	936,199 (b)	984,119 (b)	1,037,717 (b)	1,099,892 (b)	1,203,729 (b)	1,318,434 (b)	1,312,240	1,383,714	1,263,216
State Water Quality Revolving Loan	2,830	2,475	—	—	—	—	—	—	—	—
Total debt applicable to limit	<u>\$ 914,672</u>	<u>938,674</u>	<u>984,119</u>	<u>1,037,717</u>	<u>1,099,892</u>	<u>1,203,729</u>	<u>1,318,434</u>	<u>1,364,673</u>	<u>1,383,714</u>	<u>1,263,216</u>
Legal debt margin	<u>\$ 1,223,831</u>	<u>1,256,422</u>	<u>1,302,678</u>	<u>1,344,370</u>	<u>1,372,972</u>	<u>1,360,077</u>	<u>1,330,125</u>	<u>1,423,510</u>	<u>1,443,488</u>	<u>1,661,992</u>
Total debt applicable to the limit as a percentage of debt limit	<u>42.77%</u>	<u>42.76%</u>	<u>43.03%</u>	<u>43.56%</u>	<u>44.48%</u>	<u>46.95%</u>	<u>49.78%</u>	<u>47.97%</u>	<u>48.94%</u>	<u>43.18%</u>

Note: The amounts reported for debt include deferred refunding premium and discount.

(a) Revised to include long-term financed purchase obligation.

(b) Amount previously reported should not have included deferred refunding premium and discount.

**Howard County, Maryland
Pledged Revenue Coverage
Special Recreation Facility (Golf Course)
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 2,010,152	1,570,610	439,542	439,000	119,351	0.79
2015	1,893,015	1,459,050	433,965	450,000	108,362	0.78
2016	1,840,152	1,556,796	283,356	461,000	98,429	0.51
2017	1,260,820	2,728,803	(1,467,983)	473,000	85,688	-2.63
2018	1,089,224	945,289	143,935	485,000	73,710	0.26
2019	300,000	825,765	(525,765)	497,000	117,747	-0.86
2020	443,004	33,722	409,282	510,000	96,285	0.68
2021	733,705	361	733,344	522,000	48,935	1.28
2022	766,061	—	766,061	535,000	31,570	1.35
2023	780,172	3,640	776,532	650,000	49,658	1.11

Note: Operating expenses do not include depreciation or interest paid as part of debt service

**Howard County, Maryland
Pledged Revenue Coverage
Annapolis Junction Special Taxing District
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	\$ 6,110	340	5,770	—	—	—
2015	63,097	733	62,365	—	939,435 (a)	0.07
2016	69,604	14,340	55,264	—	1,012,565 (a)	0.05
2017	593,746	11,744	582,002	20,000	1,012,605 (a)	0.56
2018	1,423,528	18,884	1,404,644	40,000	1,011,605	1.34
2019	1,066,225	18,541	1,047,684	65,000	1,009,686	0.97
2020	1,453,827	14,038	1,439,789	90,000	1,006,565	1.31
2021	994,537	14,535	980,002	115,000	1,002,246	0.88
2022	1,057,806	15,398	1,042,408	145,000	996,726	0.91
2023	1,176,364	26,928	1,149,436	175,000	989,766	0.99

Note: Gross revenues include incremental tax, special tax and interest earnings.
Gross revenues do not include the capitalized interest account funded with bond proceeds.
Operating expenses do not include depreciation or interest paid as part of debt service.
(a) The interest was paid from the capitalized account held by the Trustee.

**Howard County, Maryland
Pledged Revenue Coverage
Crescent Special Taxing District
Last Ten Fiscal Years**

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 2,297,099	84,510	2,212,589	—	677,382 (a)	3.27
2019	4,137,520	244,394	3,893,126	—	2,102,219 (a)	1.85
2020	3,577,754	79,065	3,498,689	—	2,102,219 (a)	1.66
2021	3,615,455	91,998	3,523,457	200,000	2,102,219	1.53
2022	4,379,428	47,057	4,332,371	100,000	2,094,218	1.97
2023	4,443,758	76,054	4,367,704	100,000	2,090,218	1.99

Note: Information for FY2017 and earlier not available.
 Gross revenues include incremental tax, special tax and interest earnings.
 Gross revenues do not include the capitalized interest account funded with bond proceeds.
 Operating expenses do not include depreciation or interest paid as part of debt service.
 (a) The interest was paid from the capitalized account held by the Trustee.

**Howard County, Maryland
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Estimated Population (a)	Personal Income (b) (thousands of dollars)	Per Capita Personal Income (b)	Public School Enrollment (c)	Unemployment Rate (d)
2014	307,784	21,158,756	68,745	51,701	4.80%
2015	312,400	22,203,989	71,076	52,511	4.50%
2016	316,966	23,070,751	72,786	54,870	3.50%
2017	321,113	24,063,585	74,938	55,638	3.50%
2018	323,293	25,343,597	78,416	58,019	3.60%
2019	325,690	25,812,013	79,253	58,284	2.80%
2020	330,376	26,905,315	81,969	59,447	6.90%
2021	333,951	n/a	n/a (e)	57,293	5.20%
2022	339,054	n/a	n/a	57,325	3.90%
2023	334,529	n/a	n/a	57,676	1.40%

Sources:

- (a) Estimated Population, Personal Income, and Per Capita Personal Income revised and restated for 2014 - 2020
(Bureau of Economic Analysis, U.S. Dept. of Commerce)
- (b) Estimated Populations for 2022 are from Howard County Department of Planning and Zoning for June 30, 2022
- (c) Howard County Public School System - School enrollment is based on head count taken September 30th of each year.
- (d) State of Maryland, Dept. of Labor, Licensing and Regulation Unemployment rate is as of June 30th.
- (e) FY21 Per Capita Personal Income restated

Howard County, Maryland
Principal Employers
Current Year and Nine Years Ago

Employer	2023			2014		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Howard County Public Schools	9,012	1	4.81%	7,666	1	4.54%
Johns Hopkins Applied Physics Laboratory	8,000	2	4.27%	5,000	2	2.96%
Howard County Government	3,307	3	1.77%	2,952	3	1.75%
Howard County General Hospital	1,800	4	0.96%	1,777	6	1.05%
Verizon	1,700	5	0.91%	2,028	4	1.20%
Howard Community College	1,400	6	0.75%	1,294	7	0.77%
The Columbia Association	1,200	7	0.64%	N/A	N/A	N/A
Lorien Health Systems	1,190	8	0.64%	2,000	5	1.19%
FreshPoint Sysco	1,565	9	0.84%	—	—	—%
Nestle Dreyer's Ice Cream	835	10	0.45%	—	—	—%
Leidos	—		—%	1,195	8	0.71%
Coastal Sunbelt Produce	—		—%	1,050	9	0.62%
Giant Food	—		—%	1,050	9	0.62%
Total	30,009		16.04%	26,012		14.36%

Source: Howard County Economic Development Authority

Howard County, Maryland
County Government Employees by Function
Last Ten Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government	312	335	341	349	354	348	350	354	369	387
Public safety										
Police	651	672	667	677	691	697	705	708	710	747
Fire	463	472	465	468	491	530	550	608	609	613
Corrections	148	152	153	153	154	154	154	151	151	153
Public works	599	612	611	614	617	619	626	642	519	522
Recreation and parks	268	281	283	295	304	300	289	299	328	317
Legislative and judicial	204	206	208	212	216	219	223	231	233	263
Community services	307	324	325	330	341	367	370	372	304	305
Total	<u>2,952</u>	<u>3,054</u>	<u>3,053</u>	<u>3,098</u>	<u>3,168</u>	<u>3,234</u>	<u>3,267</u>	<u>3,365</u>	<u>3,223</u>	<u>3,307</u>

Source: Howard County Budget Office

Howard County, Maryland
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Finance:										
Real property tax accounts billed	99,034	105,692	105,692	107,342	108,292	108,952	109,775	110,437	111,099	111,712
Business personal property tax accounts billed	8,831	10,628	13,232	14,803	11,323	9,822	7,805	9,854	9,845	7,521
Public Safety										
Police:										
Physical arrests	10,885	10,016	9,351	8,379	7,527	6,627	4,640	1,993	2,067	2,014
Parking violations	9,439	7,180	7,180	7,545	7,104	8,624	5,515	2,703	2,381	2,087
Traffic violations	88,987	99,963	92,314	82,917	75,402	69,180	52,065	24,033	20,593	18,750
Fire:										
Emergency responses	56,925	58,369	58,484	60,997	69,074	68,897	63,092	62,401	76,586	83,623
Inspections	2,203	2,742	2,865	3,274	2,498	2,969	2,808	5,080	5,580	5,323
Corrections:										
Average daily prison population	348	304	284	285	319	318	253	202	231	231
Public Works										
Inspections, licenses and permits:										
Construction permits issued	6,007	6,379	7,145	6,599	5,575	5,249	5,135	5,646	6,173	5,196
Environmental services:										
Refuse collected (tons per year)	103,120	115,941	103,719	109,313	109,397	118,247	120,290	128,136	133,060	131,780
Recyclables collected (tons per year)	58,197	55,704	57,815	67,006	59,024	59,689	57,709	58,602	64,518	61,142
Recreation and Parks										
Programs operated	6,792	7,250	7,324	6,562	7,441	6,746	4,842	8,530	8,205	8,048
Registrations processed	102,305	103,731	105,522	77,682	80,410	105,826	140,720	38,500	75,697	86,113
Legislative and Judicial										
Circuit court cases filed	1,057	1,064	1,238	1,203	1,069	1,198	866	824	599	692
District court cases filed	10,730	9,296	9,527	10,131	9,346	11,055	6,119	8,150	5,091	7,364
Community Services										
50+ centers operated (a)	7	7	7	7	7	7	7	6	6	6
Consumer affairs - cases closed	319	282	287	271	313	295	311	232	285	332
Community service partnership grants	28	30	30	29	29	32	32	31	38	38
Assisted living monitoring visits	543	461	535	622	774	876	446	230	350	211
Water and Sewer										
Water main breaks	176	186	170	119	275	156	151	181	172	168
Average daily water consumption (thousands of gallons)	23,580	21,870	22,100	23,600	23,470	24,016	23,060	24,706	23,770	24,460
Number of water customers	74,153	74,991	74,206	75,266	75,933	76,586	77,217	77,761	78,378	78,918
Average daily sewage treatment (thousands of gallons)	26,980	27,500	27,660	24,880	24,850	29,100	25,907	28,502	25,570	25,000
Number of sewer customers	70,714	71,547	72,474	73,537	74,215	74,872	75,511	76,063	76,686	77,238
Golf Course										
Rounds played	34,197	31,260	31,271	23,003	30,196	31,997	22,810	49,830	43,996	43,662

Sources: Various Howard County Departments

Note: Indicators are not available for the State highways or education functions.

(a) Senior centers renamed to 50+ centers in 2015.

Howard County, Maryland
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Buildings	40	44	44	45	44	48	50	50	54	54
Vehicles	43	51	51	64	60	105	106	103	95	95
Legislative and Judicial										
Vehicles	77	71	71	78	81	72	69	66	71	81
Public Safety										
Police:										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units (vehicles)	291	292	284	274	275	274	319	302	303	312
Other vehicles	226	214	214	271	282	295	274	273	270	291
Fire:										
Stations (a)	6	6	6	6	7	11	11	11	11	11
Pumpers/tankers	28	29	29	28	29	31	31	30	30	35
Ladder trucks	6	7	8	8	8	8	8	8	8	9
Paramedic units	32	32	37	35	39	39	37	32	32	43
Vehicles	119	120	120	211	193	193	209	202	196	211
Public Works										
Buildings (b)	40	40	42	42	42	44	45	45	46	50
Transit buses	57	42	42	68	62	65	74	73	73	94
Vehicles	354	367	367	395	446	393	410	410	414	414
Streets (miles) (c)	1,044	1,062	1,066	1,066	1,066	1,042	1,042	1,059	1,063	1,066
Streetlights	7,750	7,941	8,131	8,447	8,720	10,149	10,281	10,480	10,593	10,870
Stormwater management facilities (e)	1,011	1,127	1,216	1,250	1,313	1,343	1,428	1,509	1,565	1,590
Recreation and Parks										
Buildings	62	62	65	65	65	64	75	76	77	78
Parks and open space acreage	9,173	9,227	9,255	9,493	9,579	9,647	9,619	9,819	9,859	9,965
Playgrounds	43	44	44	44	44	44	44	44	44	45
Vehicles	99	103	103	159	120	115	117	116	115	116
Water and Sewer										
Wastewater treatment plants	1	1	1	1	1	1	1	1	1	1
Water mains (miles)	1,054	1,089	1,100	1,078	1,078	1,107	1,107	1,107	1,114	1,114
Sanitary sewers (miles)	999	1,018	1,026	1,026	1,026	1,030	1,048	1,048	1,050	1,059
Golf Course										
Golf Course	1	1	1	1	1	1	1	1	1	1

Sources: Various Howard County Departments

Note: Indicators are not available for State highways and education functions.

- (a) Prior period 2014 restated to exclude non County-owned fire stations.
- (b) Prior period 2014 restated to exclude nonbuilding structures.
- (c) Prior period 2014 restated due to error in previous amount reported.
- (e) Prior period 2014 restated to exclude Board of Education facilities that are owned by the school system.



Howard County Regional Location





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