



FY2022 Popular Annual Financial Report



FISCAL YEAR ENDED
JUNE 30, 2022



December 30, 2022

Dear Citizens of Howard County:

We are pleased to present the Howard County (HoCo) Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2022. The PAFR report is published annually so as to further increase County resident’s awareness of HoCo's financial position and is designed to provide local residents and interested parties with a better understanding about the County government's operations, programs and financial condition. The County continues to focus on transparency and is committed to providing accurate and timely financial data to its citizens.

This report is a condensed and simplified version of the County’s Annual Comprehensive Financial Report (ACFR), specifically prepared to be more accessible and understandable to the public. The financial statements and supplemental information reported on the ACFR are in accordance with the Generally Accepted Accounting Principles (GAAP) promoted by the Governmental Accounting Standards Board (GASB). The 2022 fiscal year ACFR was audited by CliftonLarsonAllen LLP and received an unmodified or “clean” audit opinion.

The PAFR, unlike the ACFR, is unaudited and provides summary information on primary government funds, with references to other activities. For more detailed financial information, please visit the County’s website [HERE](#).

The 2022 ACFR and 2022 PAFR may be accessed through the Howard County Department of Finance website [HERE](#)

Sincerely,



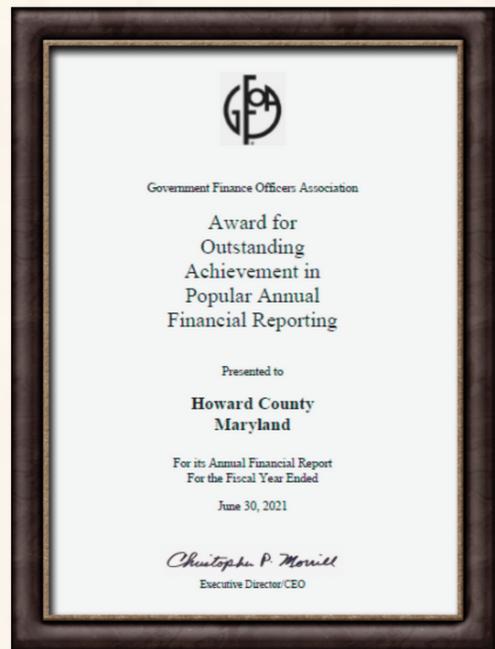
Lonnie R. Robbins
Chief Administrative Officer
Lonnie R. Robbins



Rafiu O. Ighile
Director of Finance
Rafiu O. Ighile

Table of Contents

- A Message from Officials.....3
- System of Governance and Leadership.....4
- Howard County Demographics.....5
- Initiatives & Accomplishments.....6
- COVID-19 Relief & Support.....7
- County Financial Results.....8
- General Fund.....11
- Rainy Day Fund & FY23 General Fund Budget Highlights.....12
- Long-Term Debt.....13
- Acknowledgments & Resources.....15



Howard County System of Government and Leadership

Howard County officially became an independent jurisdiction in 1851. Originally part of Anne Arundel County, it was designated the Howard District in 1839, in honor of John Eager Howard, statesman, soldier, and fifth governor of Maryland. Howard County Government consists of two branches, Executive and Legislative, and a State-operated Judicial Branch. Power for all three branches comes from the residents and voters of Howard County (HoCo).

The Executive Branch of the County government consists of the County Executive and all its officers, agents, and employees. The County Executive is the Chief Executive Officer of the County and the official head of the County Government, serving four-year terms. The executive branch proposes and administers the operating and capital budgets, carries out policies established by legislation, interacts with the state and other local governments, helps residents resolve concerns, and delivers services to residents.

The County Council serves as the County's legislative branch; it adopts ordinances and resolutions and has all the County's legislative powers. It consists of five members representing the five electoral districts in the County.

The council members are elected to a four-year term. Their duties include enacting laws for the county, authorizing the operating and capital budgets, referring residents to appropriate agencies, and helping residents solve problems.

The Judicial Branch is administered by the state and is composed of four main court and public safety systems that enforce the law and investigate illegal activity. The four systems are comprised of the Circuit Court, District Court, Sheriff's Office, and State's Attorney.

It is important to note that since there are no incorporated cities or towns in Howard County all local government services, including: police, fire and rescue, sheriff, corrections, public works, planning and zoning, landfill, water and sewer, public housing, and recreation and parks are provided by the County. The governing body also has a substantial financial responsibility for the well-being of the County's public school system, community college, libraries, and the housing commission. For more information go to Howard County Government's website [HERE](#).



Calvin Ball
County Executive



Liz Walsh
District 1



Opel Jones
District 2



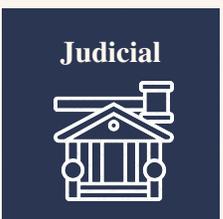
Christiana Rigby
District 3



Deb Jung
District 4



David Yungmann
District 5



Marcus Harris
Sheriff



Rich H. Gibson
State's Attorney



Hon. Pamila Brown
Administrative
Judge for the
District Court



Hon. William V. Tucker
County Administrative
Judge for the
Circuit Court

Howard County Demographics

Howard County at A Glance

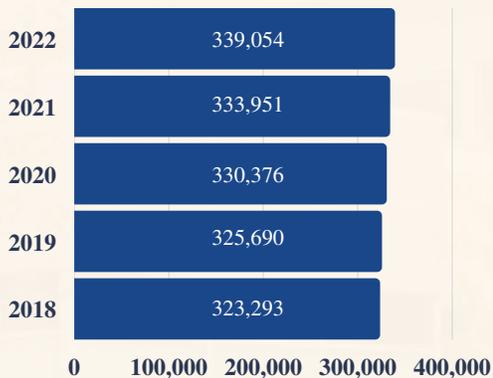
Conveniently located in the heart of central Maryland between Baltimore and Washington, Howard County offers the charm of a historic past mixed with the excitement of a cosmopolitan community. The County is continually ranked among the most affluent, advanced, and educated communities in the United States. There is immediate access to leading educational and health care institutions, upscale retail, and outstanding recreation and entertainment. It is currently home to 120,546 households and boasts a thriving vibrant economy and welcoming business environment, with proximity to 50 federal agencies, universities, fortune 500 companies, technology, defense, and health care companies.

Quick Facts

Households	120,546
Businesses	10,267
Median Age	39.9
Residents with a High School Degree or Higher	94.9%
Residents with a Bachelor's Degree or Higher	64.9%

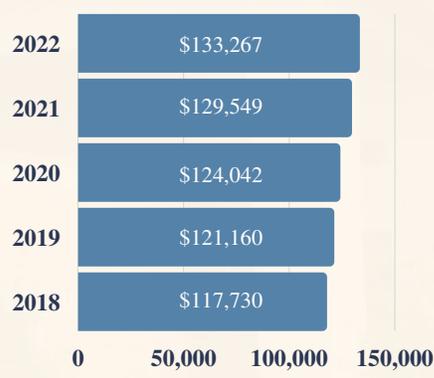
Source: HoCo Dashboard & U.S Census Reporter

Population Growth



Source: FY22 ACFR Statistical Page 200

Median Household Income



Source: U.S. Census Reporter

Unemployment Rates



Source: Maryland DLLR

Top 10 Employers

- 1) Howard County Public Schools
- 2) John Hopkins Applied Physics Lab
- 3) Howard County Government
- 4) Howard County General Hospital
- 5) Verizon
- 6) Howard County Community College
- 7) Columbia Association
- 8) Lorien Health Systems
- 9) Coastal Sunbelt Produce
- 10) Nestle Dreyer's Ice Cream

Source: FY22 ACFR Statistical Page 201



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 named the "Safest City in America" by WalletHub for the fifth consecutive year.



Did You Know?

Howard County's unemployment rate continued to thrive in comparison to our neighbors. HoCo closed FY22 with a rate of 3.9%, tied for the lowest of the 23 counties in the State of Maryland.

Initiatives & Accomplishments

These achievements are split into the seven main themes that drive our mission of helping us to better serve you, the community.



READY AND SUCCESSFUL STUDENTS

The County renewed Project SEARCH, an internship program for students with intellectual and developmental disabilities in their last year of high school. The project connects our participants to jobs, but more importantly the program promotes self-determination, independence, and full inclusion.

SAFE AND ENGAGED COMMUNITIES

Executive Ball signed legislation establishing Howard County's Police Accountability Board, calling the measure an important step toward building trust and creating stronger ties between the Howard County Police Department and the community.



CLEAN AND SUSTAINABLE ENVIRONMENT

An easement of 128 Acres was added to Agricultural Land Preservation Program bringing the total to roughly 23,000 acres of farmland in the program. The County is proud to contain farms that provide locally grown food, minimize our environmental footprint, and create jobs.

THRIVING AND HEALTHY RESIDENTS

AARP has approved the Howard County Age-Friendly Action Plan, a milestone to join the AARP Network of Age Friendly States and Communities. The report includes 80 recommendations across eight domains that influence the health and quality of life for our residents.



STRONG AND PROSPEROUS BUSINESS

The Economic Development Authority (EDA) opened applications for "HoCo Higher", an entrepreneur accelerator program in partnership with M&T Bank. The program promotes early-stage and historically under-served entrepreneurs the essentials of business operations.

RELIABLE AND ACCESSIBLE INFRASTRUCTURE

Funding was secured for a 5,000-foot-long underground tunnel, the largest and most impactful flood mitigation component of the Ellicott City Safe and Sound plan. This project will carry 26,000 gallons of stormwater per second, away from Old Ellicott City and the West End and directly into the Patapsco River.

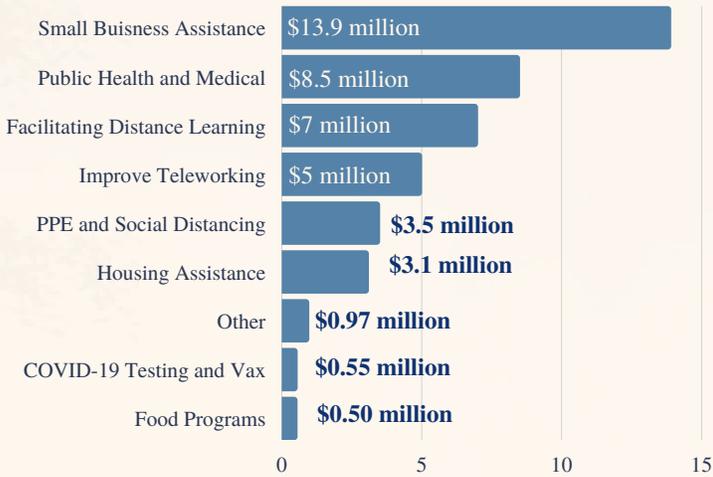


INNOVATIVE AND EFFICIENT GOVERNMENT

Howard County received 43 Achievement Awards in 2022 from the National Association of Counties (NACo), the leading organization representing county-level government operations. Howard County received more NACo awards than any other county in Maryland.

COVID-19 Relief & Support

CARES Funding - Actual Spending



Howard County received a total of \$56.8 million from the Federal Coronavirus Aid Relief and Economic Security Act (CARES Act).

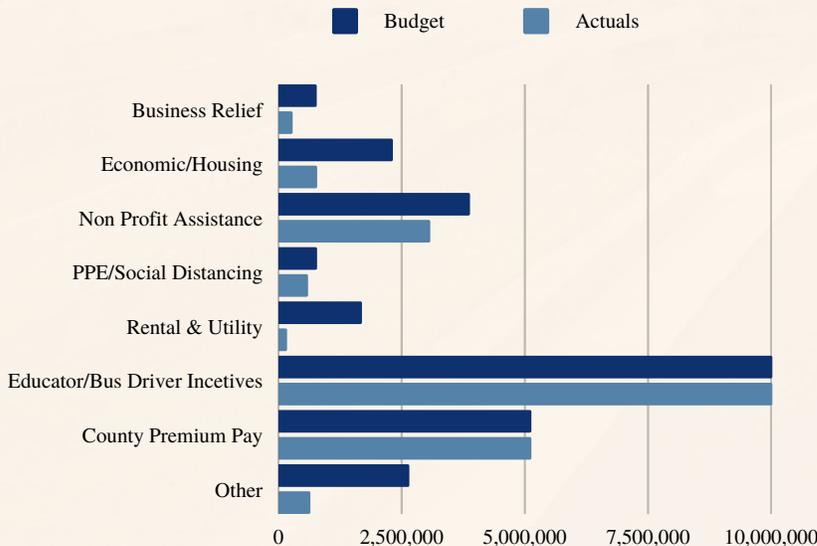
- The County Government received \$28.4 million while another \$28.4 million was awarded to the Howard County Health Department.
- Of the \$28.4 million awarded to the Health Department, 14.6 million was made available to the County Government to cover health-related expenses during the pandemic.
- The County spent a total of \$43.1 million through FY22 on a variety of initiatives, including those listed on the Cares Funding – Actual Spending graph. The funding expired on December 31, 2021 and all funds were utilized by that date.
- For current information regarding additional programs & support in the fight against COVID-19, please visit HoCo's COVID-19 Dashboard located [HERE](#).

American Rescue Plan Act (ARPA)

Under the American Rescue Plan Act (ARPA) of 2022, the County received a total of \$63.2 million from the U.S. Department of the Treasury in State and Local Fiscal Recovery Funds (SLFRF). ARPA funding must be assigned between March 3, 2021 and December 31, 2024, with all work completed and funding spent by December 31, 2026.

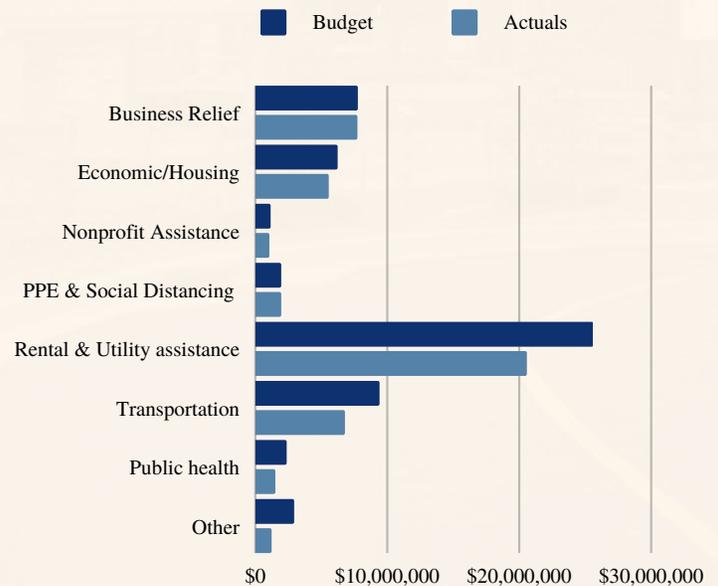
By the end of the fiscal year, the County allocated over \$27 million in ARPA funding. These funds were utilized to provide support to education, healthcare and front-line workers, housing, infrastructure, public safety, and to business and non-profit communities to help the County emerge from the pandemic.

The graph below depicts the amounts budgeted and spent through June 30, 2022:



Other COVID-19 Funding

In addition to the \$43.1 million in CARES Act funding and \$63.1 million in ARPA funding, the County received an additional \$56.8 million in COVID funding from numerous sources. Expenditures for these additional awards totaled \$45.9 million. The largest component of these expenditures at fiscal year end was rental and utility assistance. These funds have been utilized to keep residents housed following the pandemic. The graph below depicts the awards and expenditures through June 30, 2022:



County Financial Results

Summary of Net Position

FY22 marked continued growth for Howard County. The Statement of Net Position provides a picture of the County's assets, liabilities, and deferred inflows/outflows 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. The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of fiscal year by \$1.19 billion. The increase in net position is an indication of the County's continued commitment to ensuring its long-term financial health and fiscal sustainability. By taking in more money than is spent, the County can save for large projects, start new support programs for residents, and continue to modernize County services.

	FY 2022	FY 2021
Total Assets & Deferred Outflows	\$4,439,877,412	\$3,979,075,268
Total Liabilities & Deferred Inflow	\$3,250,220,912	\$3,002,302,773
Total Net Position	\$1,189,656,500	\$976,772,495

Top FY22 Capital Asset Events



Capital Projects

The County embarked on some much needed capital improvement projects related to buildings, renovations, easements, and stormwater management. Total Capital Assets for the County amount to \$2.7 billion as of the end of FY22. The County includes the following in its valuation of Capital Assets: land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines and right-to-use building and equipment.

The largest investment was the new Circuit Courthouse. The 238,000 square foot facility was completed on time and on budget, despite the pandemic, through Howard County's first Public-Private Partnership (P3). The new courthouse is the largest capital project in Howard County history and replaces the County's 175-year-old historic courthouse that presented numerous deficiencies and challenges.



HoCo Executive Ball & local officials cut the ribbon at the new Courthouse

County Financial Results

The government-wide financial statements provide readers with a broad overview of the County's finances. It distinguishes functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are significantly recovered through user fees and charges (business-type activities). The Statement of Activities displays the extent to which direct expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from County goods and services. Additionally, they include grants 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, with the primary sources being income & property taxes. Revenues increased by \$69.9 million compared to FY21. The chart below is a break-down of revenues by source.

Program Revenues

	FY2022	FY2021	% Increase/(Decrease)
Charges for Services	\$239,678,037	\$227,303,014	5.4%
Operating & Capital Grants and Contributions	\$152,678,538	\$155,170,327	-1.6%
Total Program Revenue	\$392,356,575	\$382,473,341	2.6%

Program Revenues increased by 2.6%. This increase is primarily due to increases in water and sewer consumption and other charges for services.

General Revenues

	FY2022	FY2021	% Increase/(Decrease)
Property Taxes	\$756,762,754	\$738,646,472	2.5%
Local Income Taxes	\$652,606,282	\$619,513,011	5.3%
Other Taxes	\$110,008,159	\$95,715,172	14.9%
Total General Revenue	\$1,519,377,195	\$1,453,874,655	4.5%

General Revenues increased by 4.5%. This increase was a result of rising property values, increased capital gains, and continuing pandemic related stimulus.

Expenses

The largest expense for the County this fiscal year was related to Education. The Howard County Public School System and Community College continue to be a focal point of County expenditures. These funds were directed to support student enrollment and other educational needs.

The second and third most invested spending categories were Public Safety and Public Works, respectively, as the County revamped several utility-related sites and ensured the police and fire departments were fully funded. Water & Sewer are also a large focus of funding as the County is the main provider of clean water and safe sewage systems for all towns and villages within the County.

Expenses for Recreation & Parks increased as closures resulting from the pandemic came to an end. The reopening of programs resulted in a level of spending comparable to pre-pandemic totals.

	FY2022	FY2021	% Increase/(Decrease)
General Government	\$72,881,510	\$123,183,109	-40.8%
Public Safety	\$264,850,920	\$272,893,187	-2.9%
Public Works	\$215,560,704	\$184,376,187	16.9%
Recreation & Parks	\$53,247,567	\$33,372,823	59.6%
Legislative & Judicial	\$34,828,987	\$34,562,766	.8%
Community Services	\$64,131,907	\$57,793,879	11%
State Highways	\$2,374,495	\$1,381,137	71.9%
Education	\$798,493,045	\$753,121,391	6%
Interest on Long-Term Debt	\$58,538,363	\$56,785,423	3.1%
Water & Sewer	\$125,680,688	\$122,881,576	2.3%
Other	\$8,730,735	\$8,213,268	6.3%
Total Expense	\$1,699,318,921	\$1,648,564,811	3.1%

Change in Net Position

	FY 2022	FY 2021
Total Revenues	\$1,912,202,926	\$1,842,237,771
Total Expenses	\$1,699,318,921	\$1,648,564,811
Change in Net Position	\$212,884,005	\$193,672,960

The County's net position increased by \$212.9 million, which was an increase of \$19.2 million from FY2021 largely due to increases in property and income tax revenues.

General Fund

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 specific fund. The Health Department Fund is included for reporting purposes. The General Fund reported an ending fund balance of \$412.1 million. This total was \$75.9 million or 22.6% more than the prior year primarily due to increases in revenue sources. This increase was largely driven by a 6% increase in distribution of local income tax of \$34.6 million and an increase of \$17.3 million in property tax.

	FY 2022	FY 2021
Total Revenues	1,284,458,122	1,236,922,207
Total Expenditures	1,397,862,214	1,138,197,237
Other Financing Sources	189,349,898	28,849,415
Net Change in Fund Balance	75,945,806	127,574,385
Fund Balance Beginning	336,124,286	208,549,901
Fund Balance Ending	412,070,092	336,124,286

What is the Citizen's Election Fund?

The Citizens' Election Fund provides matching County funds to candidates for County Council and County Executive based on qualified contributions to participating candidates. The Fund was created to provide public campaign financing to a candidate in a County office in an effort to reduce the role of large private contributions during the election process and instead encourage small, private donations. Donations made to the Citizens' Election Fund go toward Maryland State Board of Elections certified candidates who opt to participate in the program. By offering a public campaign finance option, this encourages and lifts up the role of small, private donations. A detailed video explaining the Fund can be found [HERE](#).

County revenues exceeded the budget by \$130.5 million. This increase was largely driven by a 6% increase in distribution of local income tax of \$34.6 million and an increase of \$17.3 million in property tax. The increase was a result of significant Federal fiscal stimulus and increase in capital gains due to a strong stock market.

Expenditures increased in FY22, however the County spent \$11.7 million less than the budget as the County departments leveraged Federal pandemic relief funding received through the Coronavirus Aid, Relief, and Economic Security Act.

Budget versus Actual

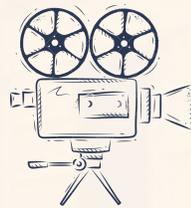
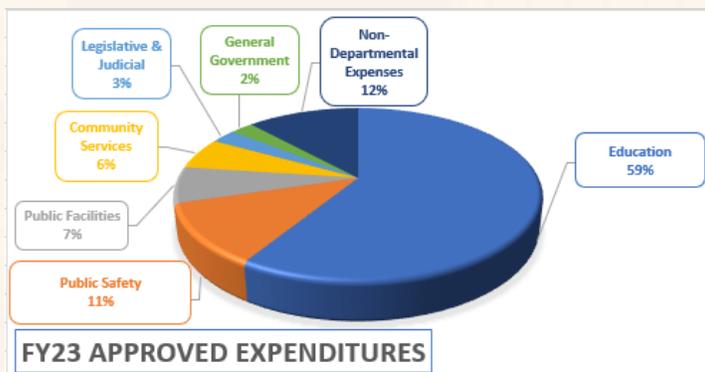
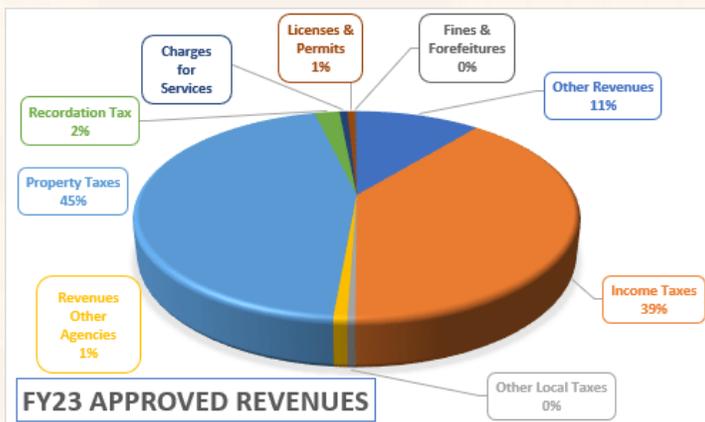
	Budget	Actual	Variance
Total Revenues	\$1,172,732,425	\$1,303,234,821	\$130,502,396
Total Expenditures	\$1,225,237,580	\$1,213,513,615	\$11,723,965
Other Financing Sources	\$52,505,155	(\$12,967,358)	(\$65,472,513)
Net Change in Fund Balance	-----	\$76,753,848	\$76,753,848

Rainy Day Fund

 	FY2022	FY2021
Total Rainy Day Funds (to meet Charter target)	\$80,190,000	\$77,652,000
Additional funds deposited to meet future years' goals	\$4,845,000	\$3,335,000
Total Designated Rainy Day Funds	\$85,035,000	\$80,988,000
Policy Reserve	\$37,100,000	\$33,300,000
Policy Reserve + Rainy Day Funds	\$122,135,000	\$114,288,000

The County Charter requires the government to maintain a Rainy Day Fund at a rate of 7% of audited General Fund expenditures from the year prior. This Fund is a safeguard in the event of a major catastrophe that would require the County to liquidate a lot of their assets or if a major revenue stream was temporarily paused. HoCo has never needed to tap into the Fund, which requires the approval of County Council. Even during the COVID-19 pandemic and major flooding events, the County has always deposited money into the Fund.

FY23 General Fund Budget Highlights



The total approved revenue budget for the FY2023 General Fund is \$1.38 billion. As mandated by the County Charter, the total approved revenues and expenditures must be the same. Therefore, the approved expenditures for the FY2023 General Fund, are also \$1.38 billion.

- Largest recipient of funds is Howard County Public School System with \$675.6 million.
- Howard Community College receives \$40.4 million and Howard County Library System receives \$24 million.
- \$3.7 million to create 24 new patrol officers to keep up with population growth & ensure appropriate response times.
- \$12.5 million in one-time funds for Capital Improvement Program (CIP) to address critical road resurfacing & roadway maintenance.
- \$5 million in Pay As You Go (PAYGO) to support local businesses and provide pandemic relief.
- \$2 million in funding to the Howard County Conservancy
- \$1.3 million for maternity initiatives to support under insured & uninsured mother's access to quality prenatal care.

The County Budget is split into two main parts: Capital and Operating. More information can be found [HERE](#).

Long-Term Debt

The County's long-term debt increased by \$158.5 million, or 8.2% from last fiscal year. The key factors related to this increase included \$51.9 million in Consolidated Public Improvement (CPI) Projects Bonds and \$18.4 million in Metropolitan District (Metro) Project Bonds. These bonds were issued to support the many construction and infrastructure improvements that have been underway in the County, as shown by the capital asset event graph on page 9. Despite this increase in debt, the total debt that the government has outstanding is still less than 5% of its total assessed valuation - or what the County is worth itself. The current legal debt limit is \$2.8 billion, or 4.8% of the County's total valuation. As shown below,

the County is well below the current debt limit. As a result of careful planning and fiscal responsibility the County received the highest possible bond rating from the three main credit rating agencies, meaning creditors view Howard County as a safe, stable, and responsible investment:

Standard & Poor's	AAA rating
Fitch Ratings	AAA rating
Moody's Investor	Aaa rating

impact that COVID-19 has had on the government's revenues and expenditures. By retaining this rating, the County is able to borrow money at lower interest rates, saving a significant amount of money in the long-run.

Of the more than 3,100 counties in the U.S., HoCo was one of 49 counties to obtain the coveted AAA rating which is a notable accomplishment considering the financial



This is the 24th consecutive year that Howard County has received top ratings from all 3 major credit rating agencies.

	FY 2022	FY 2021	% Increase(Decrease)
Total Outstanding Debt	\$2,092,114,767	\$1,933,625,600	8.2%

Of the \$2.1 billion in total outstanding debt, \$1.8 billion is comprised of debt backed by the full faith and credit of the government. The remainder of the County's debt takes the form of revenue bonds. These revenue bonds are tied to specific single-stream sources including toll roads, industrial areas, and utilities.



Picture: 7th Annual Veterans Day Parade



(THIS IS A BLANK)

Acknowledgements & Resources

This Popular Annual Financial Report was prepared by:

*Angela M. Price
Deputy Director of Finance*

*Charisse Antonio
Controller*

*Salomey Awuku
Bureau Chief, Reporting & Grants*

*Abdullahi Abdi
Division Chief, Reporting*

*Kendall Griffie
Fiscal Specialist II, Reporting*

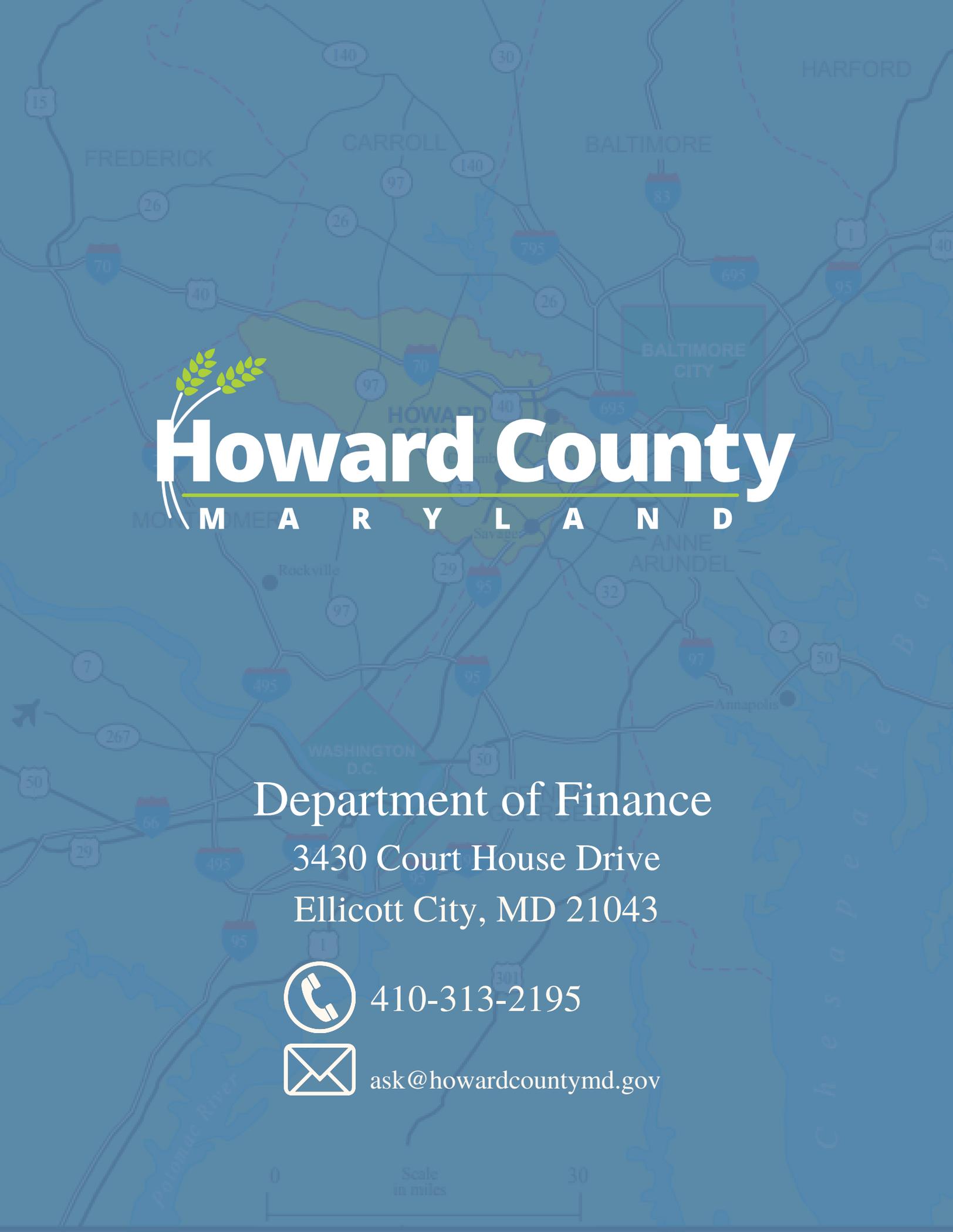
*Joel Gast
Fiscal Specialist II, Reporting*

*Rafiu O. Ighile
Director of Finance*

Resources

Water & Sewer Bills	billing@howardcountymd.gov
Real Property Tax Credits	taxcredit@howardcountymd.gov
COVID-19 Information & Resources	https://www.howardcountymd.gov/health/covid-19
Report an Issue in Your Community	https://www.howardcountymd.gov/report-issue
Business Support Services	https://www.howardcountymd.gov/business-support
<p>Follow Us for More Updates</p>    	<p>https://www.facebook.com/hocogov https://www.twitter.com/HoCoGov https://www.instagram.com/hococommunity/ https://www.youtube.com/@HowardCountyGov</p>

County Executive Ball's comprehensive resource guide for HoCo residents can be found [HERE](#).



Howard County

M A R Y L A N D

Department of Finance

3430 Court House Drive
Ellicott City, MD 21043



410-313-2195



ask@howardcountymd.gov

0 Scale in miles 30