



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2023



Howard County, Maryland

3430 Court House Drive
Ellicott City, Maryland 21043
Telephone (410) 313-2195
Fax (410) 313-4433
www.howardcountymd.gov

Certain Appointed Officials

Brandee Ganz

Chief Administrative Officer

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

Financial Advisor

Davenport & Company

8600 LaSalle Road, Suite 324

Towson, MD 21286

Telephone (410) 296-9426

Fax (866) 932-6660

www.investdavenport.com

Bond Counsel

McKennon Shelton & Henn LLP

401 East Pratt Street, Suite 2315

Baltimore, Maryland 21202

Telephone (410) 843-3500

Fax (410) 843-3501

www.mshllp.com

Independent Auditor

CliftonLarsonAllen LLP

1966 Greenspring Drive, Suite 300

Timonium, MD 21093

Telephone (410) 453-0900

Fax (410) 453-0914

www.claconnect.com

County Executive

Calvin Ball



County Council

Christiana Rigby
*Chair and
Councilwoman
District 3*



Deb Jung
*Vice Chair and
Councilwoman
District 4*



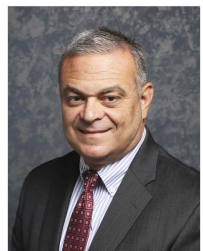
Liz Walsh
*Councilwoman
District 1*



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





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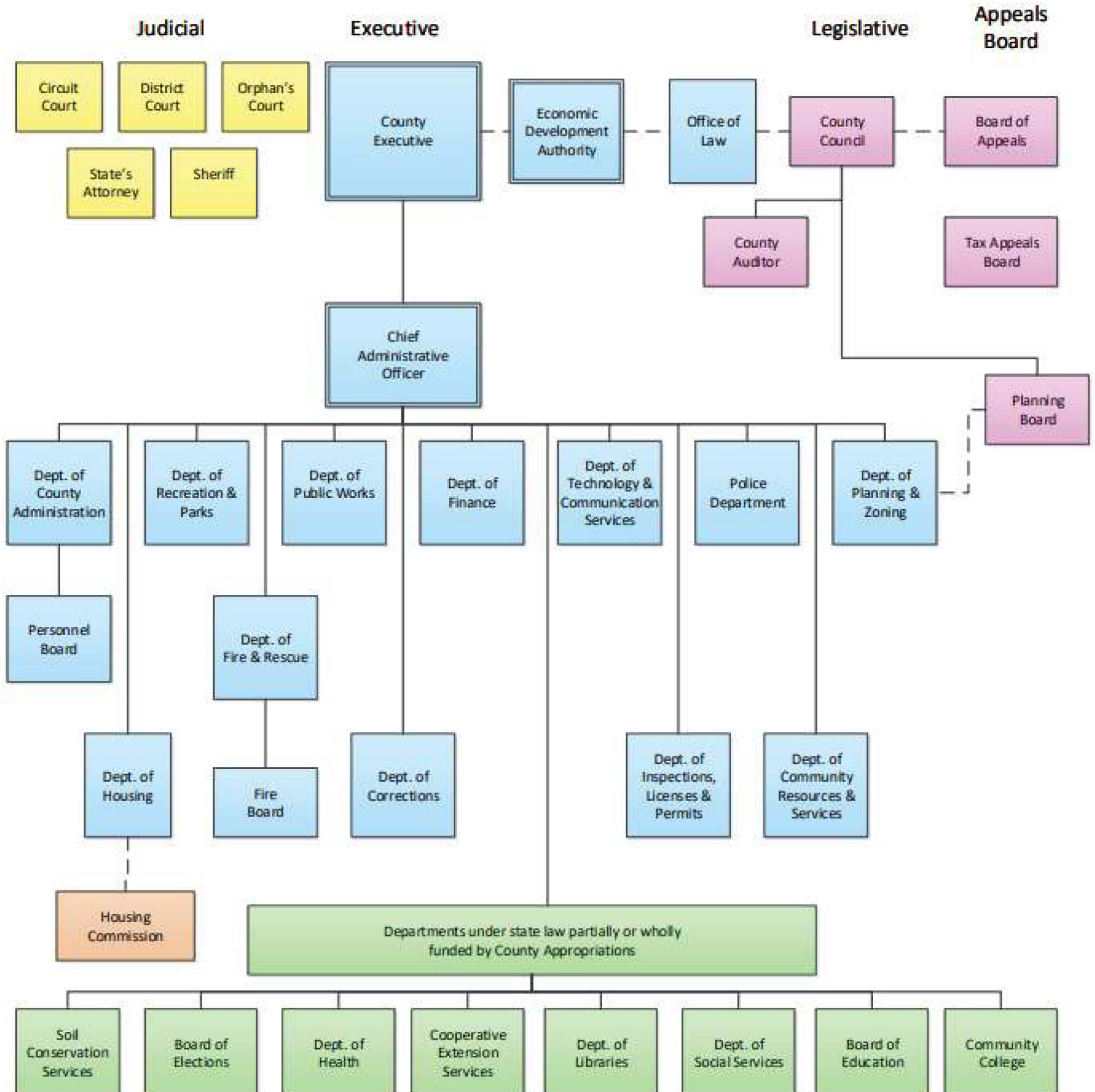
Non-Major Governmental Funds

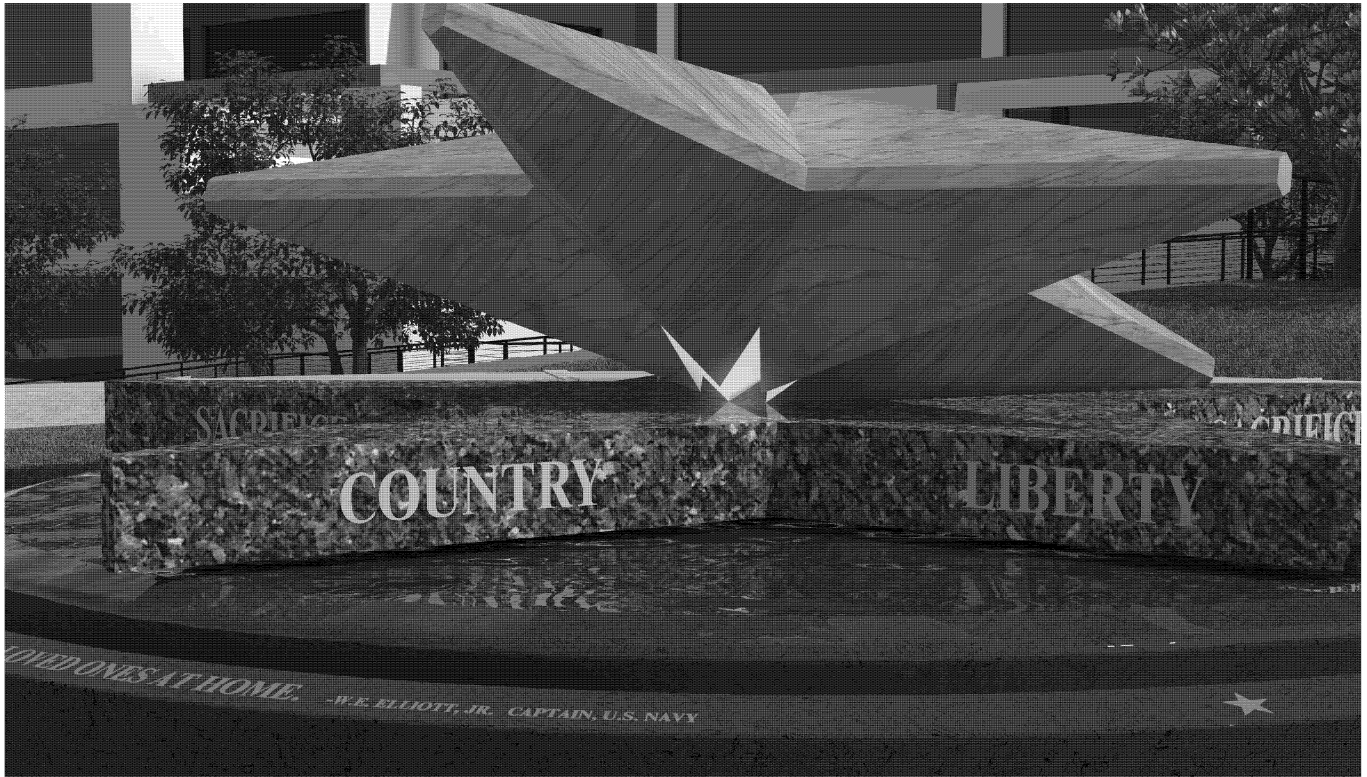
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HOWARD COUNTY GOVERNMENT ORGANIZATIONAL CHART





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

3430 Court House Drive

Ellicott City, Maryland 21043

410-313-2195

Rafiu O. Ighile, CPA, CGMA, MBA

righile@howardcountymd.gov

FAX 410-313-4433

TDD 410-313-2323

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.

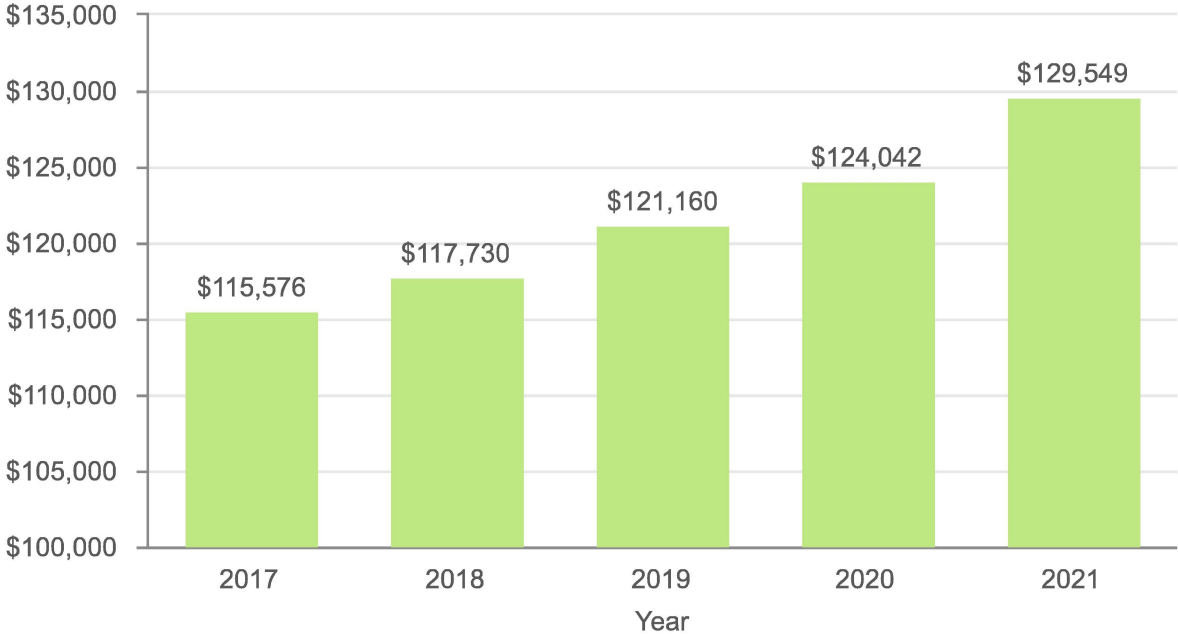
Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. The MD&A is designed to complement this letter of transmittal and should be read in conjunction with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

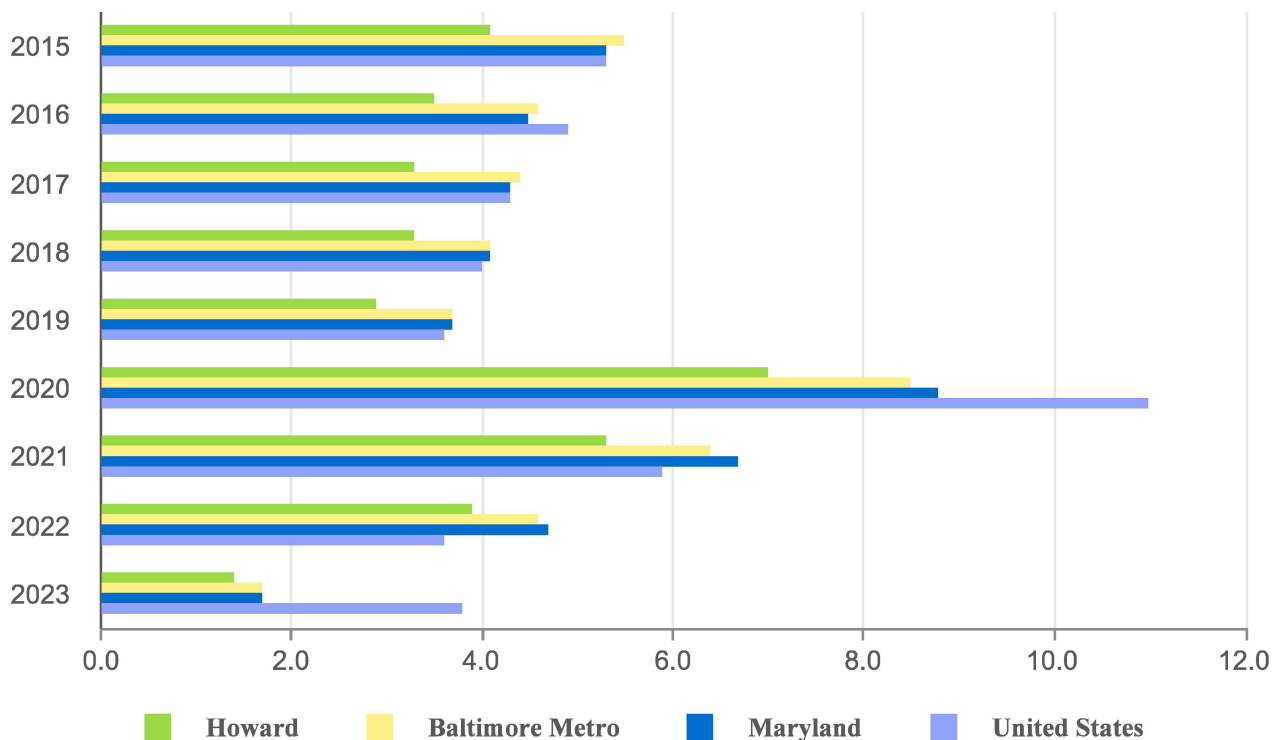
categories, including personnel costs, various operating expenses and capital cost. Appropriations in the capital budget are determined at the project level on an annual basis.

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

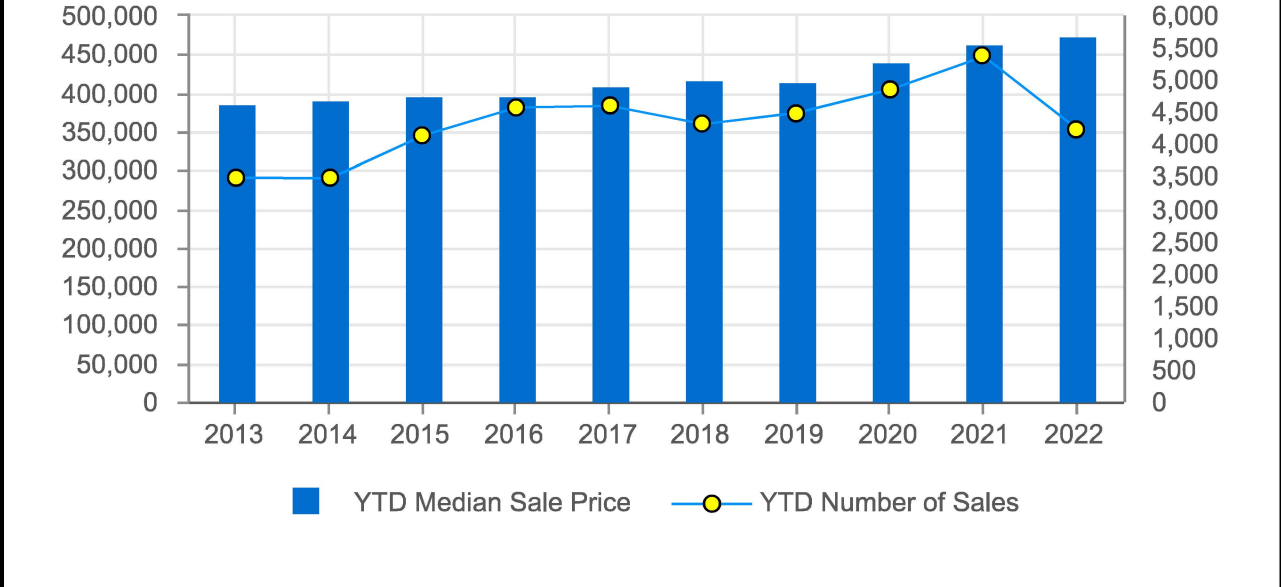
Howard County's ideal geographic location is a major factor in the substantial economic growth across a wide variety of industry sectors. According to the Maryland Department of Labor Licensing and Regulation, over 12,143 businesses in Howard County employ 164,283 workers in industries such as information 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.

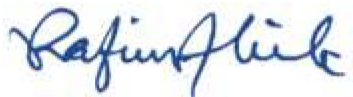
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,



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 | 3,176,548,151 | 3,047,420,395 | 1,137,241,749 | 1,138,079,847 | 4,313,789,900 | 4,185,500,242 |
| 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 | 3,457,421,095 | 3,285,506,739 | 1,152,612,133 | 1,154,370,673 | 4,610,033,228 | 4,439,877,412 |
| 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 | 2,320,396,038 | 2,469,214,497 | 493,702,348 | 507,140,265 | 2,814,098,386 | 2,976,354,762 |
| 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 | 2,682,315,228 | 2,728,020,720 | 519,577,670 | 522,200,192 | 3,201,892,898 | 3,250,220,912 |
| 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) | (492,479,318) | (739,435,506) | 143,134,566 | 149,908,311 | (349,344,752) | (589,527,195) |
| Total net position | \$ 775,105,867 | \$ 557,486,019 | \$ 633,034,463 | \$ 632,170,481 | \$ 1,408,140,330 | \$ 1,189,656,500 |

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

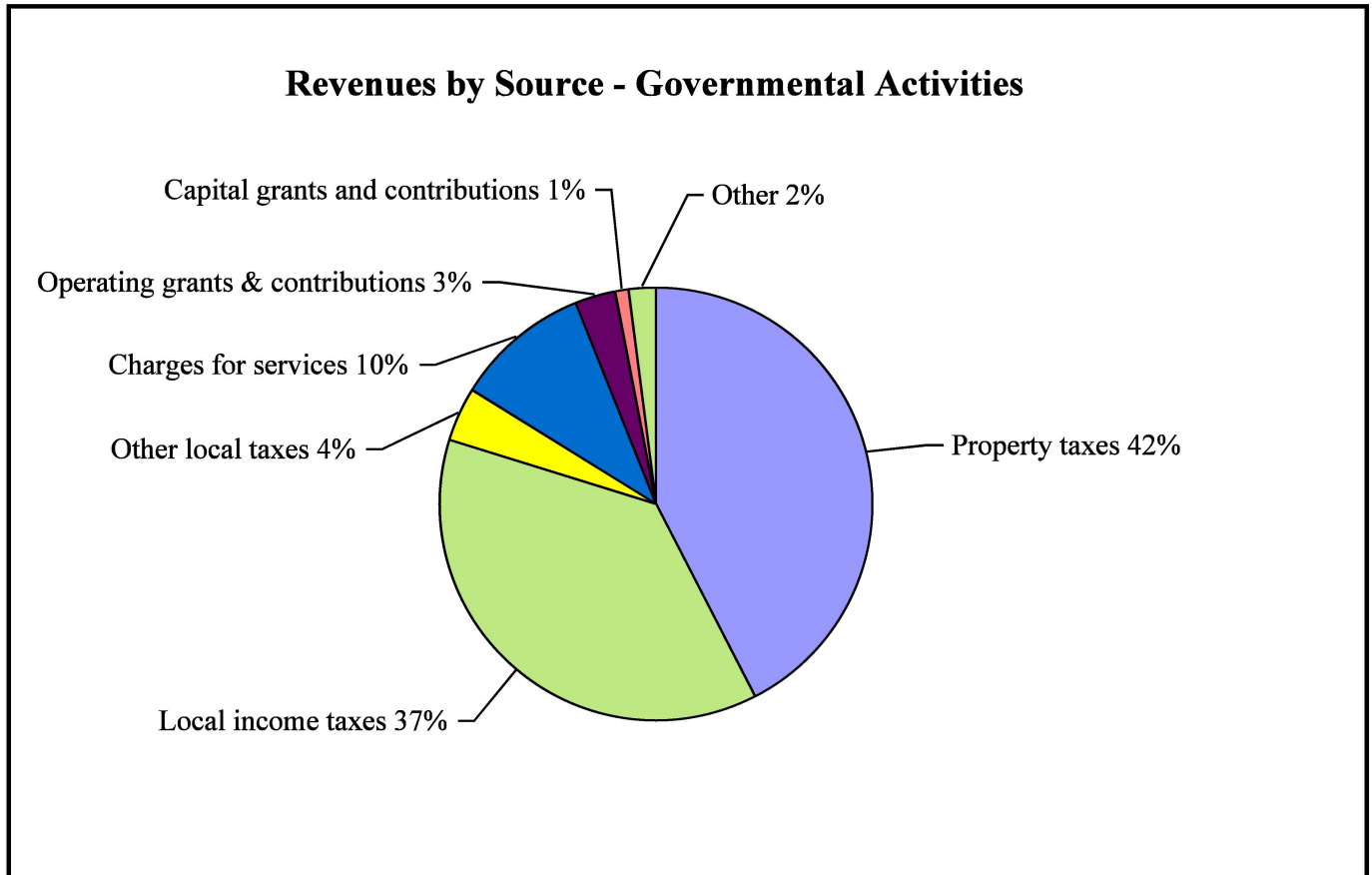
The following table summarizes the County’s change in net position for the years ended June 30, 2023 and 2022:

| 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:

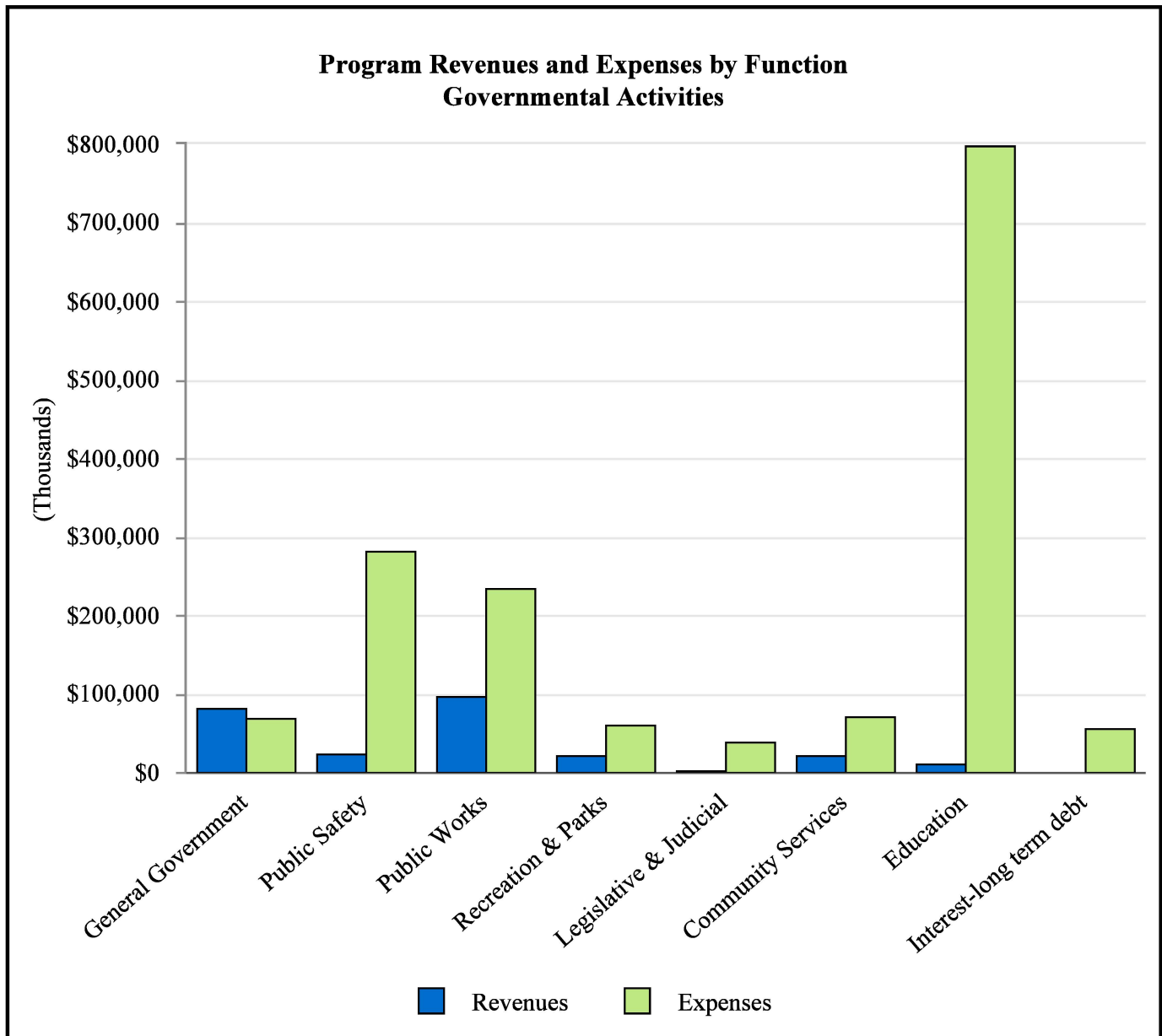
Increases:

- 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:

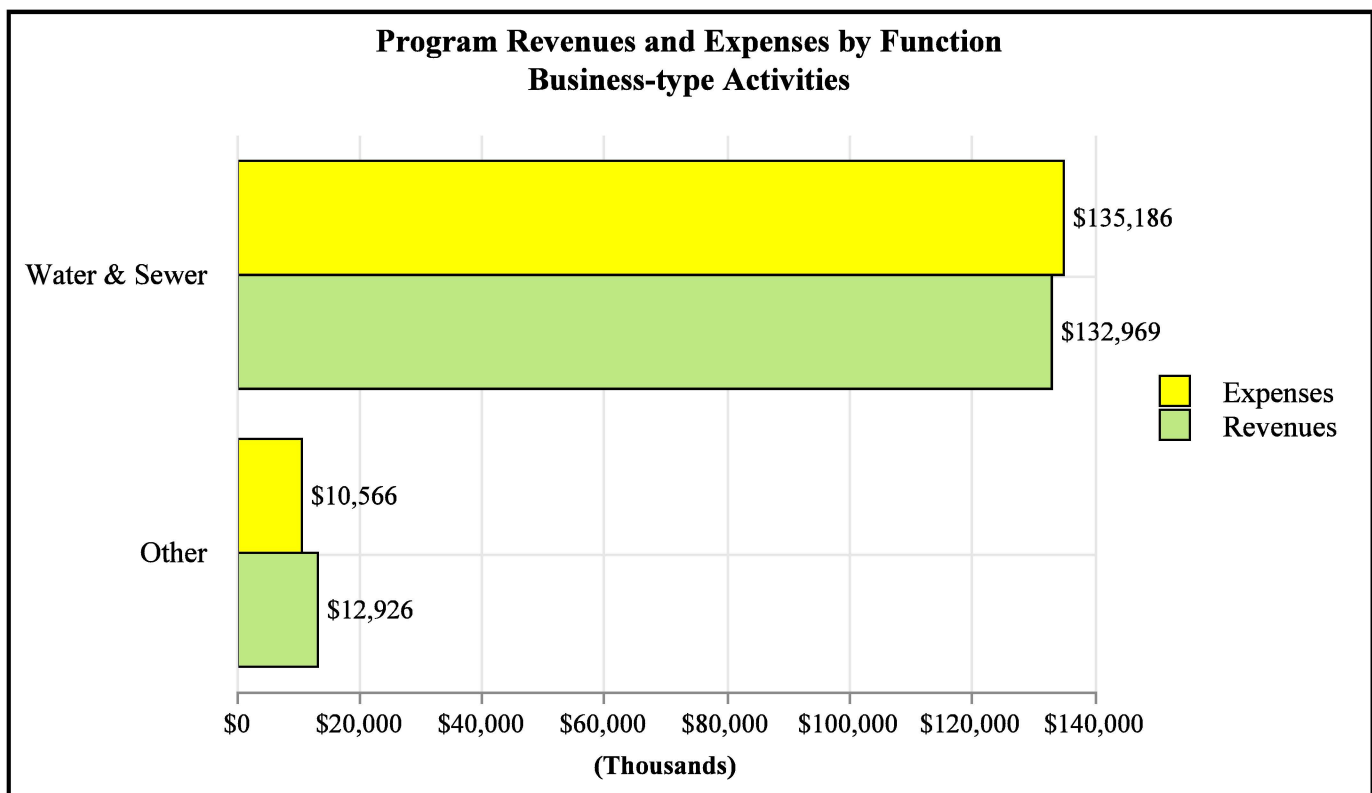


Business-type Activities

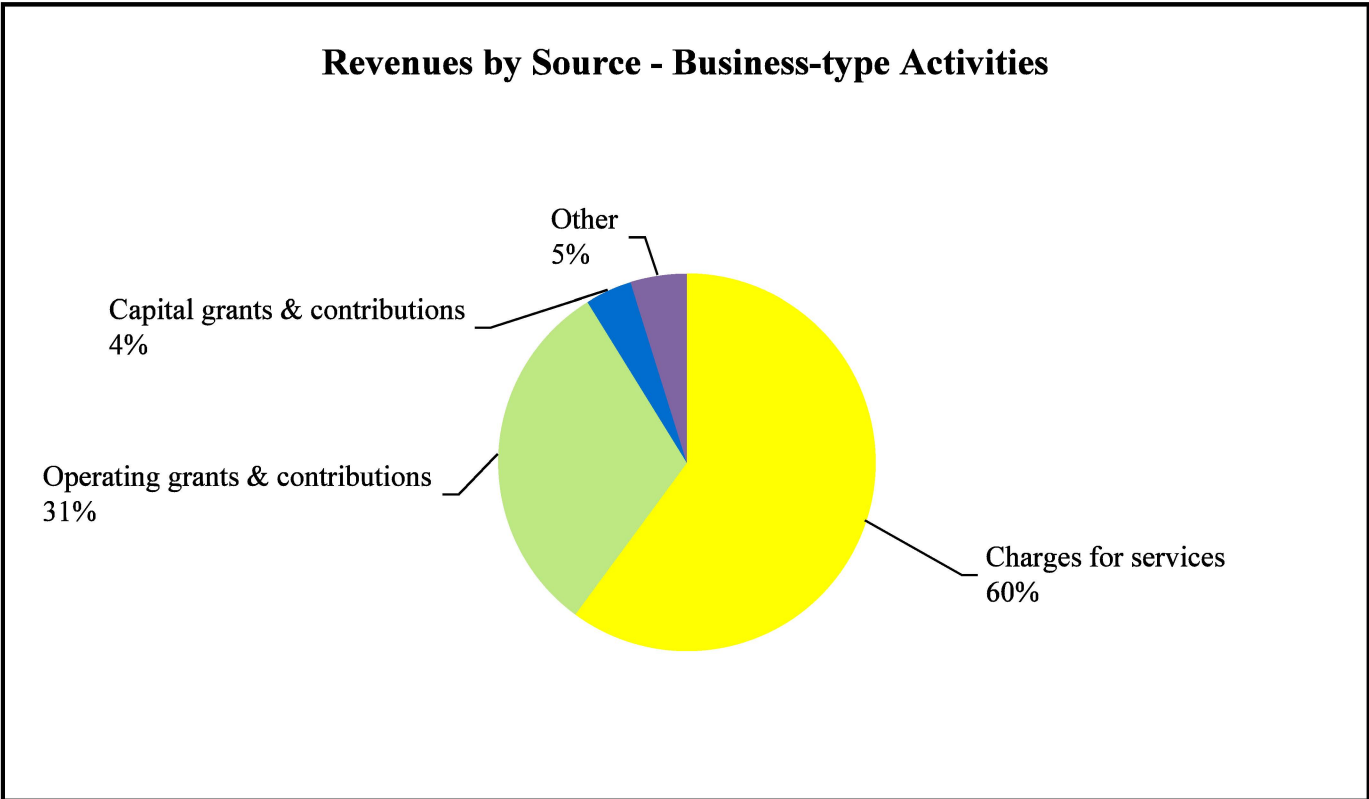
Business-type activities increased the County's net position by \$0.9 million. The components of this increase are as follows:

- 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

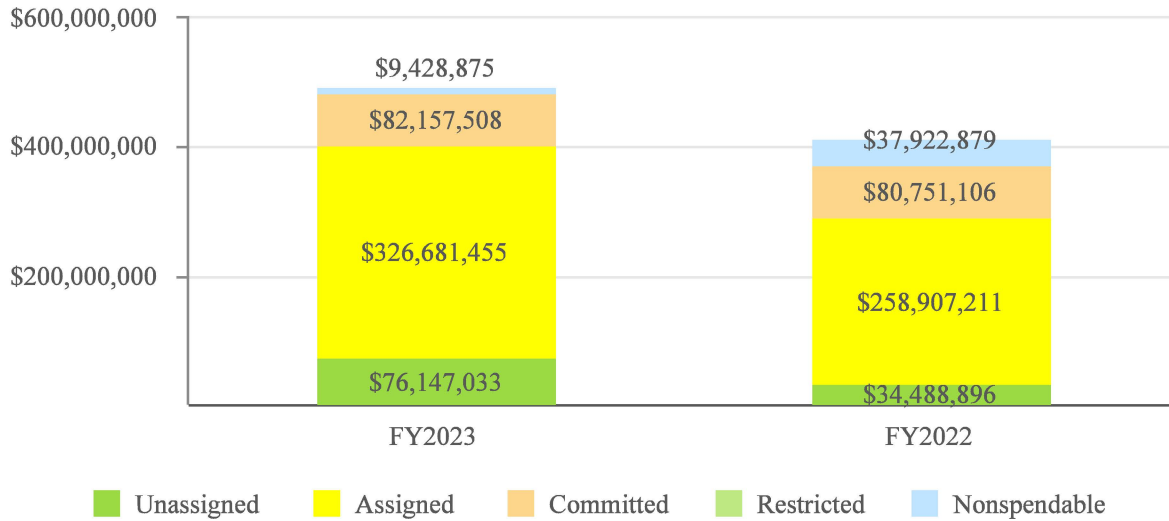
The focus of Howard County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's 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 increase 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 | 361,919,190 | 25,875,322 | 387,794,512 | 761,979,039 |
| Total liabilities and deferred inflows of resources | 2,682,315,228 | 519,577,668 | 3,201,892,896 | 2,100,541,933 |
| 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) | (492,479,318) | 143,134,566 | (349,344,752) | (940,043,995) |
| Total net position | \$ 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
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 Activities | Primary Government | | |
| | | | | | | Business-Type Activities | Total | |
| 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 | \$ 494,414,871 | \$ (107,406,465) | \$ (3,703,119) | \$ 342,477,666 | \$ 725,782,953 |

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 | \$ 534,995,565 | \$ 93,375,448 | \$ 628,371,013 | \$ 67,832,150 |
| 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 | <u>(22,507,869)</u> | <u>5,931,858</u> | <u>(16,576,011)</u> | <u>6,432,808</u> |
| 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 | <u>—</u> | <u>81,499</u> | <u>81,499</u> | <u>(2,105,400)</u> |
| 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 | <u>80,110</u> | <u>2,042,854</u> | <u>2,122,964</u> | <u>(7,794,985)</u> |
| 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 | <u>5,853,158</u> | <u>811,480</u> | <u>6,664,638</u> | <u>1,107,512</u> |
| 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 | <u>183,849,638</u> | <u>29,028,414</u> | <u>212,878,052</u> | <u>53,511,003</u> |

(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

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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 | \$ 82,344,779 | \$ 2,025,050 |

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 | \$ 494,414,871 | \$ (3,703,119) |

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 | \$ 1,056,614,028 | \$ 332,230,662 | \$ 1,900,850 |
| 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 | \$ 1,056,614,028 | \$ 332,230,662 | \$ 1,900,850 |

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:

| | Component Units | | | |
|--|-----------------------|----------------------|-------------|-------------------|
| | Total | (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>\$ 173,677,186</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 | 176,806,607 | 55,487,666 | 121,318,941 | — |
| 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 | 497,872,294 | 497,872,294 | — | — |
| Total investment by fair value level | \$ 674,678,901 | \$ 553,359,960 | \$ 121,318,941 | \$ — |
| 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 | 135,885,717 | | | |
| Total investments measured at the NAV | 727,064,655 | | | |
| Total investments measured at fair value/NAV* | \$ 1,401,743,556 | | | |

*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 | \$ 1,627,028,300 | \$29,627,423 | \$510,154,309 | \$1,146,501,414 |

*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 | 9,428,875 | — | 214,880 | 767,298 | 10,411,053 |
| 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 | — | 56,196,886 | 3,665,011 | 237,287,248 | 297,149,145 |
| 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 | 82,157,508 | — | — | 127,358,100 | 209,515,608 |

(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 | 326,681,455 | — | — | 12,950,041 | 339,631,496 |
| Unassigned | 76,147,033 | (163,603,351) | (7,583,010) | (35,885,021) | (130,924,349) |
| Total fund balance | \$ 494,414,871 | \$(107,406,465) | \$(3,703,119) | \$ 342,477,666 | \$ 725,782,953 |

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 3.40% | Discount Rate 4.40% | 1% Increase 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 5.00% | Medical Trend 6.00% | 1% Increase 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 | 14,367 |

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 | <u>394</u> |

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 | \$ 10,903,843 | \$ 16,173,499 |

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 | (2,405,854) |
| Total | \$ (6,127,467) |

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 | 1,050,709 | (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 | \$ 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 |

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

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|--------------------|----------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| 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

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|----------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| 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 | 25,474,356 | 25,474,356 | 20,385,208 | (5,089,148) |
| EXPENDITURES | | | | |
| Recreation and parks: | | | | |
| Administration | 25,474,356 | 25,474,356 | 20,860,079 | 4,614,277 |
| Total expenditures | 25,474,356 | 25,474,356 | 20,860,079 | 4,614,277 |
| Excess (deficiency) of revenues over expenditures | — | — | (474,871) | (474,871) |
| Net change in fund balance | — | — | (207,732) | (207,732) |
| Plus: Prior year encumbrances lapsed | | | 96,125 | |
| Fund balance - beginning | | | (2,333,036) | |
| Fund balance - ending | | | \$ (2,444,643) | |
| 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 | | | (3,926) | |
| Fund balance, end of the fiscal year | | | \$ (2,025,448) | |

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 Incremental 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 | | | <u>14,558,456</u> | |
| Fund balances - ending | | | <u>\$ 16,793,363</u> | |
| The ending fund balance is reconciled as follows: | | | | |
| Budgetary basis, end of the fiscal year | | | <u>16,793,363</u> | |
| 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

| | <u>Broadband</u> | <u>Special Recreation Facility</u> | <u>Watershed Protection & Restoration</u> | <u>Total</u> |
|---|----------------------|--|---|----------------------|
| 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 | <u>2,037,879</u> | <u>780,172</u> | <u>10,107,984</u> | <u>12,926,035</u> |
| 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 | <u>2,353,184</u> | <u>144,721</u> | <u>7,126,002</u> | <u>9,623,907</u> |
| Operating income (loss) | <u>(315,305)</u> | <u>635,451</u> | <u>2,981,982</u> | <u>3,302,128</u> |
| 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) | <u>145,549</u> | <u>(20,348)</u> | <u>(32,257)</u> | <u>92,944</u> |
| Net income (loss) before contributions and transfers | <u>(169,756)</u> | <u>615,103</u> | <u>2,949,725</u> | <u>3,395,072</u> |
| Capital contribution | — | — | 13,355,167 | 13,355,167 |
| Transfers in | 750,000 | — | — | 750,000 |
| Transfers out | — | (28,678) | — | (28,678) |
| Change in net position | <u>580,244</u> | <u>586,425</u> | <u>16,304,892</u> | <u>17,471,561</u> |
| Net position - beginning | <u>13,737,304</u> | <u>7,004,779</u> | <u>55,161,804</u> | <u>75,903,887</u> |
| Net position - ending | <u>\$ 14,317,548</u> | <u>\$ 7,591,204</u> | <u>\$ 71,466,696</u> | <u>\$ 93,375,448</u> |

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

| | Broadband | Special Recreation Facility | Watershed Protection & Restoration | Total |
|---|--------------------|--|---|------------------|
| 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 | 812,414 | 737,524 | 4,381,920 | 5,931,858 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Interfund payable | — | (598,498) | — | (598,498) |
| Interfund operating transfers in (out) | 741,239 | (28,678) | (32,564) | 679,997 |
| Net cash provided by (used for) noncapital financing activities | 741,239 | (627,176) | (32,564) | 81,499 |
| 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 | (1,136,142) | (652,588) | (1,426,776) | (3,215,506) |
| Net cash provided by (used for) capital and related financing activities | (1,136,142) | (652,588) | 3,831,584 | 2,042,854 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest on investments | 193,070 | (17,760) | 636,170 | 811,480 |
| Net cash provided by investing activities | 193,070 | (17,760) | 636,170 | 811,480 |
| Net increase in cash and cash equivalents | 610,581 | (560,000) | 8,817,110 | 8,867,691 |
| Cash and cash equivalents - beginning | 5,910,816 | 560,000 | 13,689,907 | 20,160,723 |
| Cash and cash equivalents - ending | 6,521,397 | — | 22,507,017 | 29,028,414 |

(continued)

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

| | Broadband | Special Recreation Facility | Watershed Protection & Restoration | Total |
|---|-------------------|--|---|---------------------|
| 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) | <u>(905,160,838)</u> | <u>(942,920,000)</u> | <u>(991,153,043)</u> | <u>(1,207,393,428)</u> | <u>(1,003,960,300)</u> | <u>(997,456,851)</u> | <u>(835,908,499)</u> | <u>(686,403,499)</u> | <u>(739,435,506)</u> | <u>(492,479,318)</u> |
| Subtotal governmental activities net position | <u>(40,049,124)</u> | <u>(88,198,403)</u> | <u>(109,182,625)</u> (c) | <u>(259,072,383)</u> | <u>(24,233,817)</u> | <u>(13,277,401)</u> | <u>162,249,489</u> | <u>348,001,381</u> | <u>557,486,019</u> | <u>775,105,867</u> |
| 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 | <u>115,007,448</u> | <u>107,862,198</u> | <u>138,508,000</u> | <u>157,835,870</u> | <u>151,054,737</u> | <u>146,526,725</u> | <u>161,100,810</u> | <u>141,729,290</u> | <u>149,908,311</u> | <u>143,134,566</u> |
| Subtotal business-type activities net position | <u>513,232,220</u> | <u>566,272,117</u> (b) | <u>591,539,848</u> | <u>599,911,965</u> | <u>594,775,089</u> | <u>625,238,099</u> | <u>620,850,046</u> | <u>628,771,114</u> | <u>628,628,287</u> | <u>633,034,463</u> |
| 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 | <u>(790,153,390)</u> | <u>(835,057,802)</u> | <u>(852,645,043)</u> | <u>(1,049,557,558)</u> | <u>(852,905,563)</u> | <u>(850,930,126)</u> | <u>(674,807,689)</u> | <u>(544,674,209)</u> | <u>(589,527,195)</u> | <u>(349,344,752)</u> |
| Total primary government net position | <u>\$ 473,183,096</u> | <u>478,073,714</u> | <u>482,357,223</u> | <u>340,839,582</u> | <u>570,541,272</u> | <u>611,960,698</u> | <u>783,099,535</u> | <u>976,772,495</u> | <u>1,186,114,306</u> | <u>1,408,140,330</u> |

(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 | 1,955,662 | 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 | <u>1,561,532</u> | <u>1,618,446</u> | <u>1,702,530</u> | <u>1,650,785</u> | <u>1,696,221</u> | <u>1,733,053</u> | <u>1,706,543</u> | <u>1,910,776</u> | <u>1,882,859</u> | <u>1,924,770</u> |
| 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 | 2,952 | 3,054 | 3,053 | 3,098 | 3,168 | 3,234 | 3,267 | 3,365 | 3,223 | 3,307 |

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 | 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





**Department of Finance, 3430 Court House Drive, Ellicott City, Maryland 21043
(410) 313-2195 TDD 313-2323**