



FY2023 Popular Annual Financial Report



FISCAL YEAR ENDED
JUNE 30, 2023



December 29, 2023

Dear Residents of Howard County:

We are pleased to present the Howard County (HoCo) Popular Annual Financial Report (PAFR) for the fiscal year ending June 30, 2023. The PAFR report is published annually so as to further increase County resident’s awareness of HoCo's financial position and is designed to provide local residents and interested parties with a better understanding about the County government's operations, programs, and financial condition. The County continues to focus on transparency and is committed to providing accurate and timely financial data to its residents.

This report is a condensed and simplified version of the County’s Annual Comprehensive Financial Report (ACFR), specifically prepared to be more accessible and understandable to the public. The financial statements and supplemental information reported on the ACFR are in accordance with the Generally Accepted Accounting Principles (GAAP) promoted by the Governmental Accounting Standards Board (GASB). The FY2023 ACFR was audited by CliftonLarsonAllen LLP and received an unmodified or “clean” audit opinion.

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

The FY2023 ACFR and PAFR may be accessed through the Howard County Department of Finance website [HERE](#).

Sincerely,



Brandee Ganz
Chief Administrative Officer



Rafiu O. Ighile
Director of Finance

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Howard County System of Governance and Leadership

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

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

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

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

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

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



Calvin Ball
County Executive



Liz Walsh
District 1



Opel Jones
District 2



Christiana Rigby
District 3



Deb Jung
District 4



David Yungmann
District 5



Marcus Harris
Sheriff



Rich H. Gibson
State's Attorney



Hon. Pamela Brown
Administrative
Judge for the
District Court



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

Howard County Demographics

Howard County at a Glance

Conveniently located in the heart of central Maryland between Baltimore and Washington, Howard County offers the charm of a historic past mixed with the excitement of a cosmopolitan community. The County is continually ranked among the most affluent, advanced, and educated communities in the United States. There is immediate access to leading educational and health care institutions, upscale retail, and outstanding recreation and entertainment. It is currently home to 125,818 households and boasts a thriving vibrant economy and welcoming business environment, with proximity to 50 federal agencies, universities, fortune 500 companies, technology, defense, and health care companies.

Quick Facts

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".

Businesses

12,143

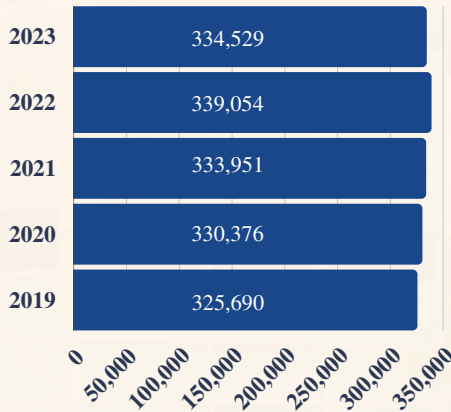
Top 10 Employers

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

Source: HoCo Dashboard & U.S. Census Reporter

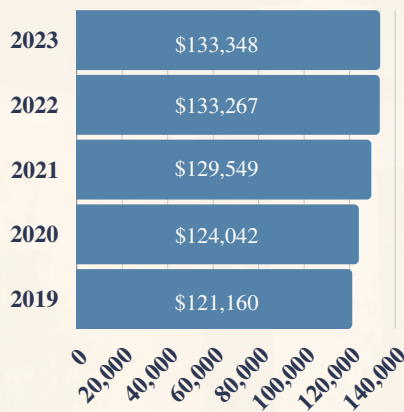
Source: FY23 ACFR Statistical Page 198

Population Growth



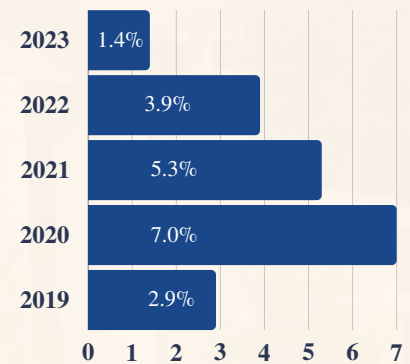
Source: FY23 ACFR Statistical Page 197

Median Household Income



Source: U.S. Census Reporter

Unemployment Rates



Source: Maryland DLLR

Residents with a High School Degree or Higher

95.6%

Residents with a Bachelor's Degree or Higher

65.2%

Median Age

38.9

Source: HoCo Dashboard & U.S. Census Reporter

Did You Know?

Howard County's unemployment rate continued to thrive in comparison to our neighbors. HoCo closed FY23 with a rate of 1.4%, tied for the lowest of the 23 counties in the State of Maryland.

Initiatives & Accomplishments

Our Pillars

READY AND SUCCESSFUL STUDENTS

Established Youth Engagement Programming Grants (YEP). These grants promote youth activities and engagement in Howard County through free, accessible, and supportive programming developed by nonprofit and community organizations. The goal of these grants is to provide community organizations with the resources to develop programs for young people in Howard County that are offered outside of traditional school hours. Focusing on social-emotional learning, mental health and wellness and activities for young people and exploring partnership with local organization in Howard County.



CLEAN AND SUSTAINABLE ENVIRONMENT

Created a new land conservation program with the Howard County Conservancy, the first of its kind in the state of Maryland. The County Executive has committed \$2 million towards the Purchased Conservation Easement pilot program, which will specifically target non-profit property owners and provide financial incentives to preserve environmentally significant properties permanently.



SAFE AND ENGAGED COMMUNITIES

Since receiving funding in Fiscal Year 2022, the HCPD has equipped all sworn officers with body worn cameras (BWC). After many months of research and development, including input from stakeholders and community groups, the BWC program was launched in the field in FY23 and has provided 600 cameras for 300 officers in Police Department and 30-50 cameras for deputies in the Sheriff's office.



THRIVING AND HEALTHY RESIDENTS

Formed the "Opioid Collaborative Community Council", which consists of a 17-voting member council to assist in determining priorities for how the County should use funds received through a National Settlement Agreement with opioid manufacturers. The County is expected to receive \$12.7 million over the next 18 years in settlement funding, receiving \$1.9 million in FY2023. The settlement payments will be deposited into an Opioid Abatement Fund established by the County.



RELIABLE AND ACCESSIBLE INFRASTRUCTURE

Held a ribbon cutting ceremony for the Quaker Mill Flood Mitigation Pond, a critical Ellicott City Safe and Sound project. The pond will provide nearly \$3.3 million gallons of storage, which would fill a football field with nearly 7.5 feet of water. The Quaker Mill Pond is the second retention pond to be completed as part of the EC Safe and Sound Plan.



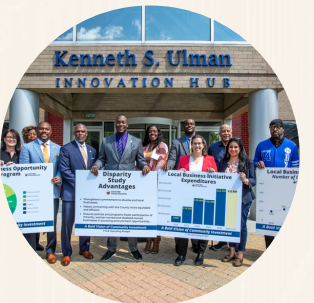
STRONG AND PROSPEROUS BUSINESS

Organized the 2nd Annual Small Business Summit at the Maryland Innovation Center. The multi-faceted summit focused on small businesses seeking public procurement and supplier diversity opportunities, while navigating current business challenges. Attendees also had the opportunity to network with other businesses, contracting officers and other government representatives.



INNOVATIVE AND EFFICIENT GOVERNMENT

Launched the County's first ever disparity study which, will examine the County's efforts to encourage participation of minority-owned, woman-owned and disabled-owned businesses by assessing contracting practices and business assistance programs currently in place. A national public sector management consulting and technology firm will perform the study and provide recommendations to the County to improve equity among contracting and purchasing processes. The study will take 18-24 months to complete.



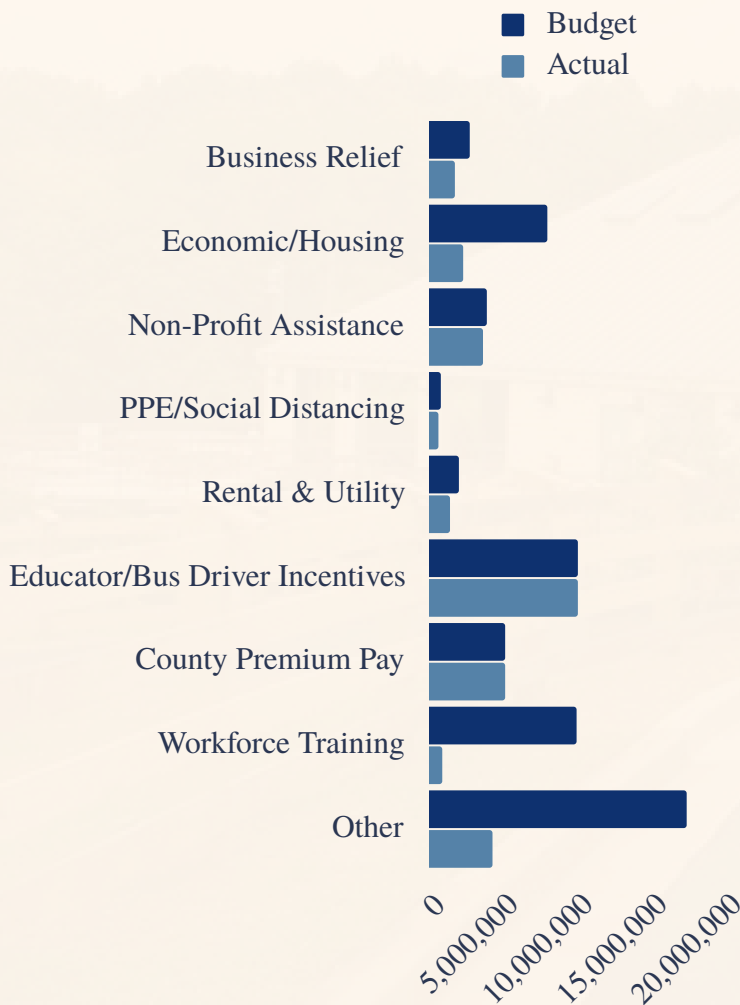
Economic Relief and Community Support

American Rescue Plan Act (ARPA)

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

By the end of the fiscal year, the County expended over \$29 million in ARPA funding. These funds were utilized to provide support to education, healthcare and front-line workers, housing, infrastructure, public safety, and to business and non-profit communities to help the County emerge from the pandemic.

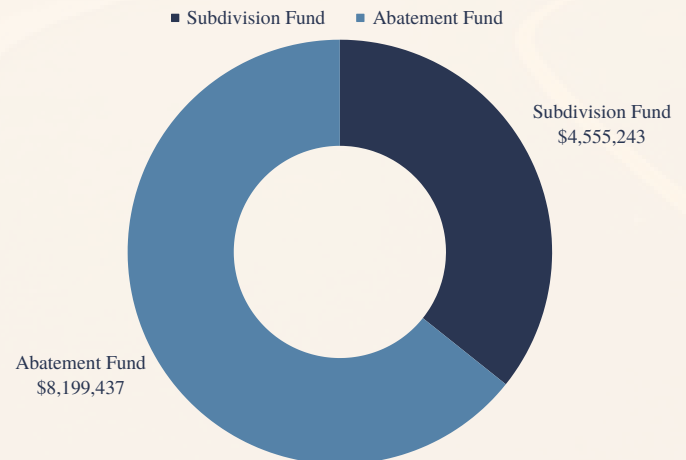
The graph below depicts the amounts budgeted and spent through June 30, 2023:



Maryland's Opioid Restitution Fund (ORF)




The Maryland Opioid Restitution Fund (ORF) was created in 2019 to receive all funds awarded to the State of Maryland through legal settlements with prescription opioid manufacturers and distributors. In 2022, Maryland established the ORF Advisory Council to provide recommendations regarding the use of those funds for the care, treatment, intervention and training of emergency services professionals to combat the state and local opioid crisis. The State of Maryland is expected to receive approximately \$395 million in opioid settlement funds from opioid manufacturer Johnson and Johnson and three other major distributors, over 18 years. Of that total, Howard County, is expected to receive approximately \$12.7 million in opioid settlement funding. The state will distribute these funds through various funding streams, including the discretionary abatement fund and direct payments to local subdivisions. Some of these funds will be used for opioid abatement purposes at the discretion of the state, while others will require local subdivisions to implement local abatement plans.

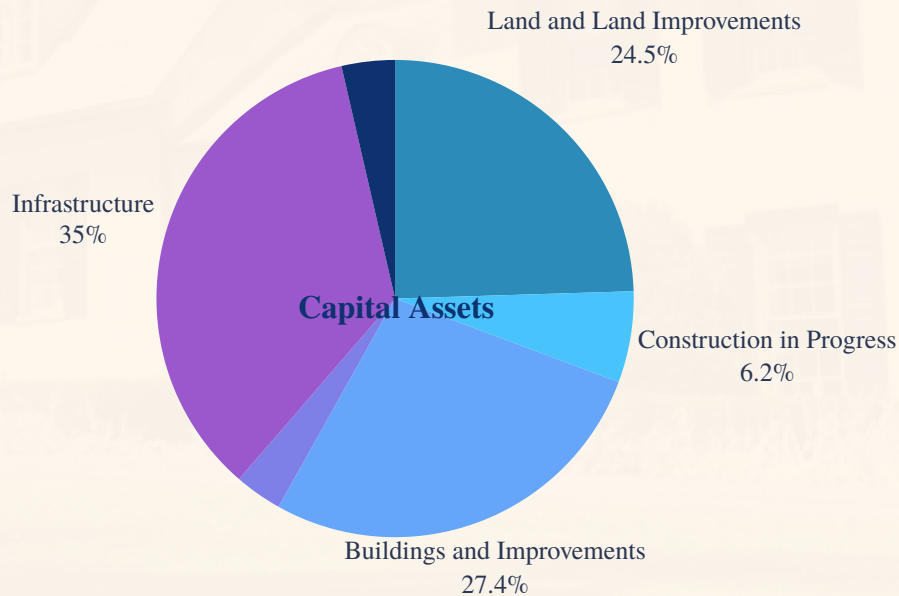


County Financial Results

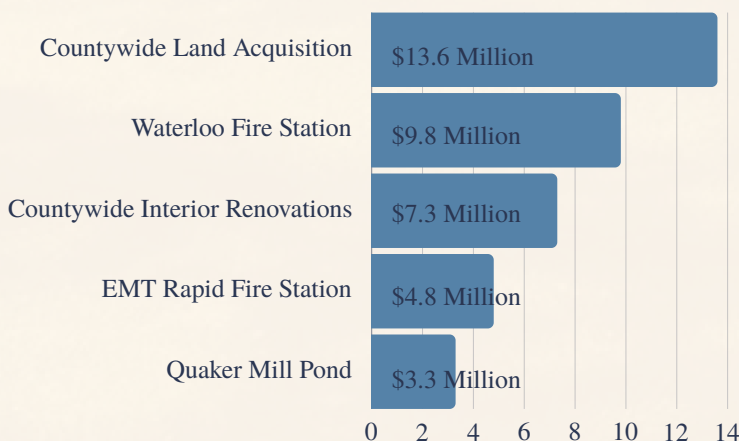
The Statement of Net Position is a financial statement that includes what is owned, what is owed, and net worth. It is similar to a snapshot and demonstrates where a government stands financially at a single point in time. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is called net position. Net position serves as a useful indicator of a government's financial condition and 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. At the close of FY2023, the County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$1.41 billion. The increase in net position is an indication of the County's continued commitment to ensuring its long-term financial health and fiscal sustainability. By taking in more money than is spent, the County can save for large projects, start new support programs for residents, and continue to modernize County services.

Summary of Net Position

	FY2023	FY2022
Total Assets & Deferred Outflows	\$4,610,033,228	\$4,439,877,412
Total Liabilities & Deferred Inflows	\$3,201,892,898	\$3,250,220,912
Total Net Position	\$1,408,140,330	\$1,189,656,500



Top FY23 Capital Asset Events



Capital Projects


The County maintains a separate General Capital Projects Fund to account for the financial transactions and resources used by the County for the acquisition or construction of major capital assets related to buildings, renovations, easements, and stormwater management. 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 include land, easements, buildings, improvements, machinery and equipment, park facilities, sidewalks, roads, highways, bridges, water and sewer lines, stormwater management systems, and right-to-use assets.

County Financial Results

The government-wide financial statements provide readers with a broad overview of the County's finances. It distinguishes functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are significantly recovered through user fees and charges (business-type activities). The Statement of Activities displays the extent to which direct expenses are offset by program revenues. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from County goods and services. Additionally, they include grants that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues, with the primary sources being income & property taxes. Revenues increased by \$65 million compared to FY22.


Revenues

Program Revenues

	FY2023	FY2022	Increase/(Decrease)
Charges for Services	\$256,232,256	\$239,678,037	6.9%
Operating & Capital Grants and Contributions	\$127,233,659	\$152,678,538	(16.7)%
Total Program Revenue	\$383,465,915	\$392,356,575	(2.3)%

Program Revenue decreased by 2.3%. This is primarily due to a \$26 million decrease in Operating & Capital Grants and Contributions. Spending decreased for COVID funding under the ARPA, Emergency Rental Assistance Program and CARES Act. The CARES Act grant program ended in FY2022.

General Revenues

	FY2023	FY2022	Increase/(Decrease)
Property Taxes	\$783,897,719	\$756,762,754	3.6%
Local Income Taxes	\$689,157,003	\$652,606,282	5.6%
Other Taxes/Other	\$120,696,713	\$110,477,315	9.3%
Total General Revenue	\$1,593,751,435	\$1,519,846,351	4.9%

Property and income taxes combined comprised 80.0% 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. Property taxes remains among the largest source of revenues at \$783.9 million for the current fiscal year.

County Financial Results

Expenses

The governmental activities' expenses increased from \$1,564.9 million in the prior year to \$1,613.8 million in the current year. The most significant increases (decreases) are related to the following functional areas:


**Public Safety* – Net increase of \$13.0 million in net liability for pension and OPEB due to decrease in fair value of investments and hiring 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 and \$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.

	FY2023	FY2022	Increase/(Decrease)
General Government	\$68,823,209	\$72,881,510	(5.5)%
Public Safety	\$281,581,262	\$264,850,920	6.3%
Public Works	\$233,682,852	\$215,560,704	8.4%
Recreation & Parks	\$60,108,042	\$53,247,567	12.9%
Legislative & Judicial	\$39,744,597	\$34,828,987	14.1%
Community Services	\$71,605,180	\$64,131,907	11.7%
Education	\$798,526,488	\$798,493,045	0.0%
Interest on Long-Term Debt	\$56,003,343	\$58,538,363	(4.3)%
Water & Sewer	\$135,186,205	\$125,680,688	7.6%
Other	\$13,472,342	\$11,105,230	21.3%
Total Expense	\$1,758,733,520	\$1,699,318,921	3.5%

Change in Net Position

	FY2023	FY2022
Total Revenues	\$1,977,217,350	\$1,912,202,926
Total Expenses	\$1,758,733,520	\$1,699,318,921
Change in Net Position	\$218,483,830	\$212,884,005

General Fund

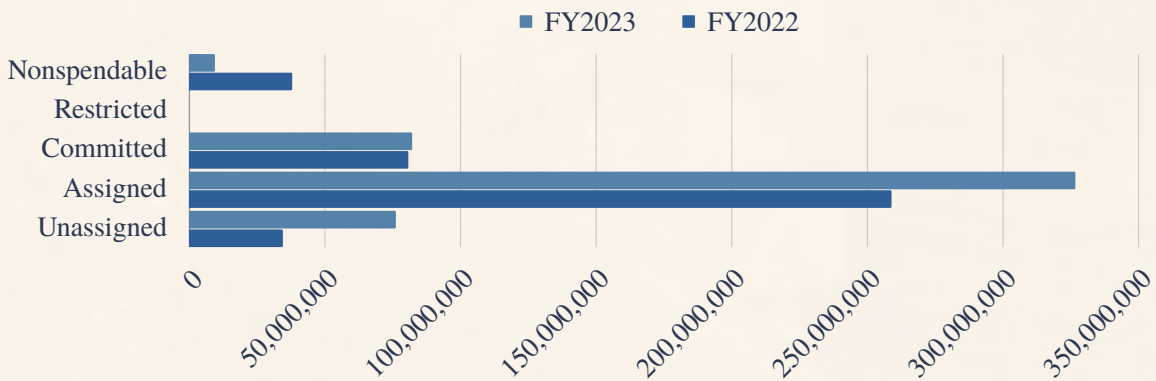
The General Fund is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another specific fund. The Health Department Fund is included for reporting purposes. At the end of the current fiscal year, the unassigned 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. At the end of the current fiscal year, the total General fund balance was \$82.3 million or 20.0% more than the prior year primarily due to an increase in revenue from property and local taxes.

	FY2023	FY2022
Total Revenues	\$1,382,022,735	\$1,284,458,122
Total Expenditures	\$1,288,039,660	\$1,397,862,214
Other Financing Sources	(\$11,638,296)	\$189,349,898
Net Change in Fund Balance	\$82,344,779	\$75,945,806
Fund Balance Beginning	\$412,070,092	\$336,124,286
Fund Balance Ending	\$494,414,871	\$412,070,092

What is the Citizen's Election Fund?

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

Fund Balance




General Fund


Budget versus Actual

County revenues exceeded the budget by \$145.1 million 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, County income tax was over-distributed as of August 2023. 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 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 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.

	Budget	Actual	Variance
Total Revenues	\$1,262,386,828	\$1,407,490,850	\$145,104,022
Total Expenditures	\$1,333,670,143	\$1,305,694,527	\$27,975,616
Other Financing Sources	\$71,283,315	(\$21,060,075)	(\$92,343,390)
Net Change in Fund Balance	-----	\$80,736,248	\$80,736,248

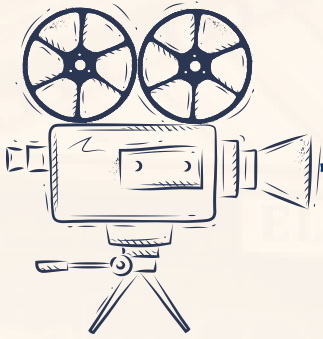
Rainy Day Fund

	FY2023	FY2022
Total Rainy Day Funds (to meet Charter target)	\$80,988,000	\$80,190,000
Additional funds deposited to meet future years' goals	\$8,906,000	\$4,845,000
Total Designated Rainy Day Funds	\$89,894,000	\$85,035,000
Policy Reserve	\$43,388,000	\$37,100,000
Policy Reserve + Rainy Day Funds	\$133,282,000	\$122,135,000



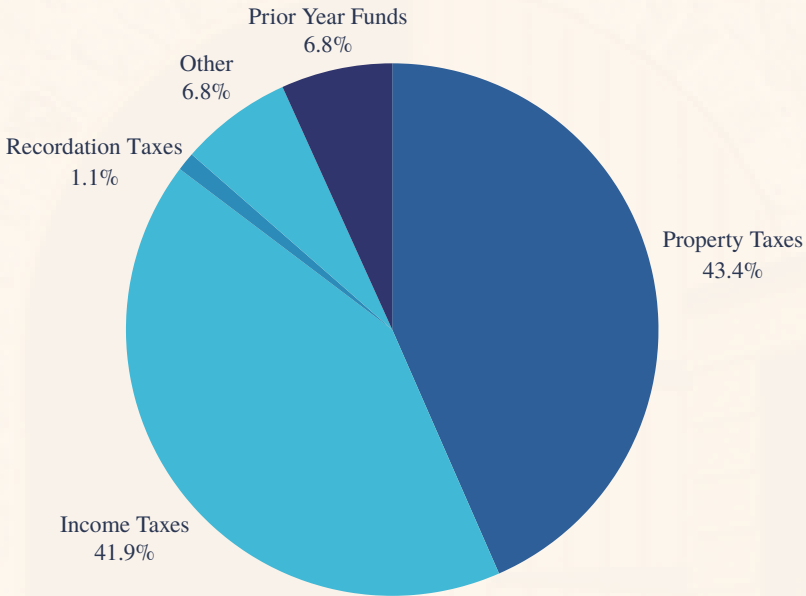
The County Charter requires the government to maintain a Rainy Day Fund at a rate of 7% of audited General Fund expenditures from the year prior. This Fund is a safeguard in the event of a major catastrophe that would require the County to liquidate a lot of their assets or if a major revenue stream was temporarily paused. Howard County has never tapped into the Fund, which requires the approval of County Council.

General Fund Budget FY2024

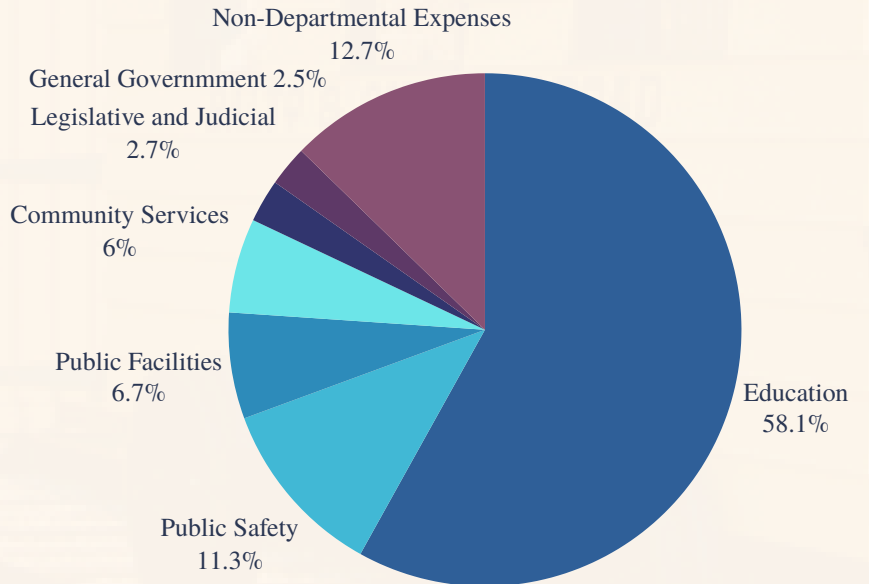


As mandated by the County Charter, the total approved revenues and expenditures must be the same. The total approved General Fund budget for the FY2024 is \$1.48 billion.

Revenue



Expenses



FY2024 Operating Budget Highlights

- Largest recipient of funds is Howard County Public School System with \$721 million.
- \$2.4 million for 26 new firefighter positions to reduce overtime and staff fatigue and a contingent conversion to fire inspector.
- \$76.1 million in one-time funds to capital projects as a cost-saving alternative to bond financing to support priority infrastructure projects with the two largest being: \$36.6 million for Ellicott City Safe and Sound and \$15 million for school renovation projects.
- \$2 million in Pay As You Go (PAYGO) to support local businesses and provide pandemic relief.
- \$10 million to the Housing Opportunities Trust Fund to expand the number of low and moderate-income rental and homeownership units.
- \$450,000 to fund small-scale stormwater retention projects built by Howard EcoWorks.

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

Long-Term Debt

As a result of careful planning and fiscal responsibility, the County received the highest possible bond rating from the three main credit rating agencies, meaning creditors view Howard County as a safe, stable, and responsible investment. By retaining this rating the County is able to borrow money at lower interest rates, thereby saving a significant amount of money in the long run.

This is the 25th consecutive year that Howard County has received top ratings from all three major credit rating agencies.

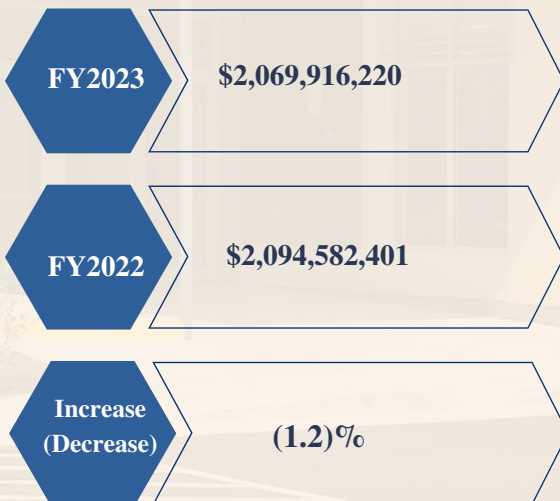
The County's total long-term debt decreased by \$24.7 million (1.2% during the current fiscal year). The major factors in this increase were the issuance of \$73.3 million in Consolidated Public Improvement (CPI) Project Bonds, and \$16.4 million in Metropolitan (Metro) District Project Bonds. These bonds were issued to support the many construction and infrastructure improvements that have been underway in the County, as shown by the capital asset event graph on page 8. Despite this increase in debt, the total debt that the government has outstanding is still less than 5% of its total assessed valuation - or what the County is worth itself. The current legal debt limit is \$2.9 billion, or 4.8% of the County's total valuation.

Standards
& Poor's
AAA

Fitch
Ratings
AAA

Moody's
Investor
Aaa

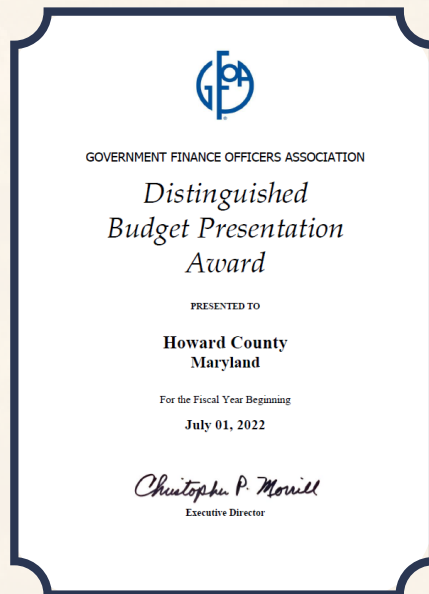
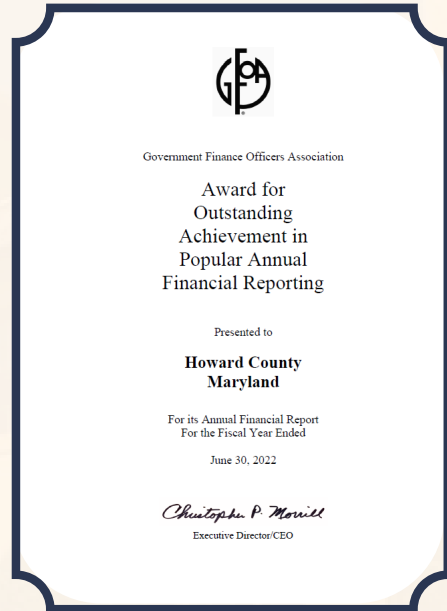
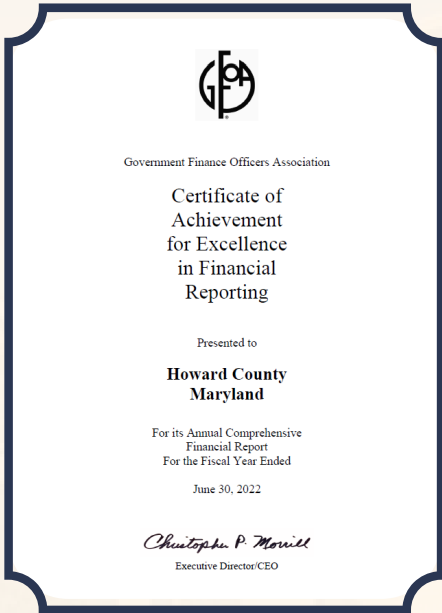
Total Outstanding Debt

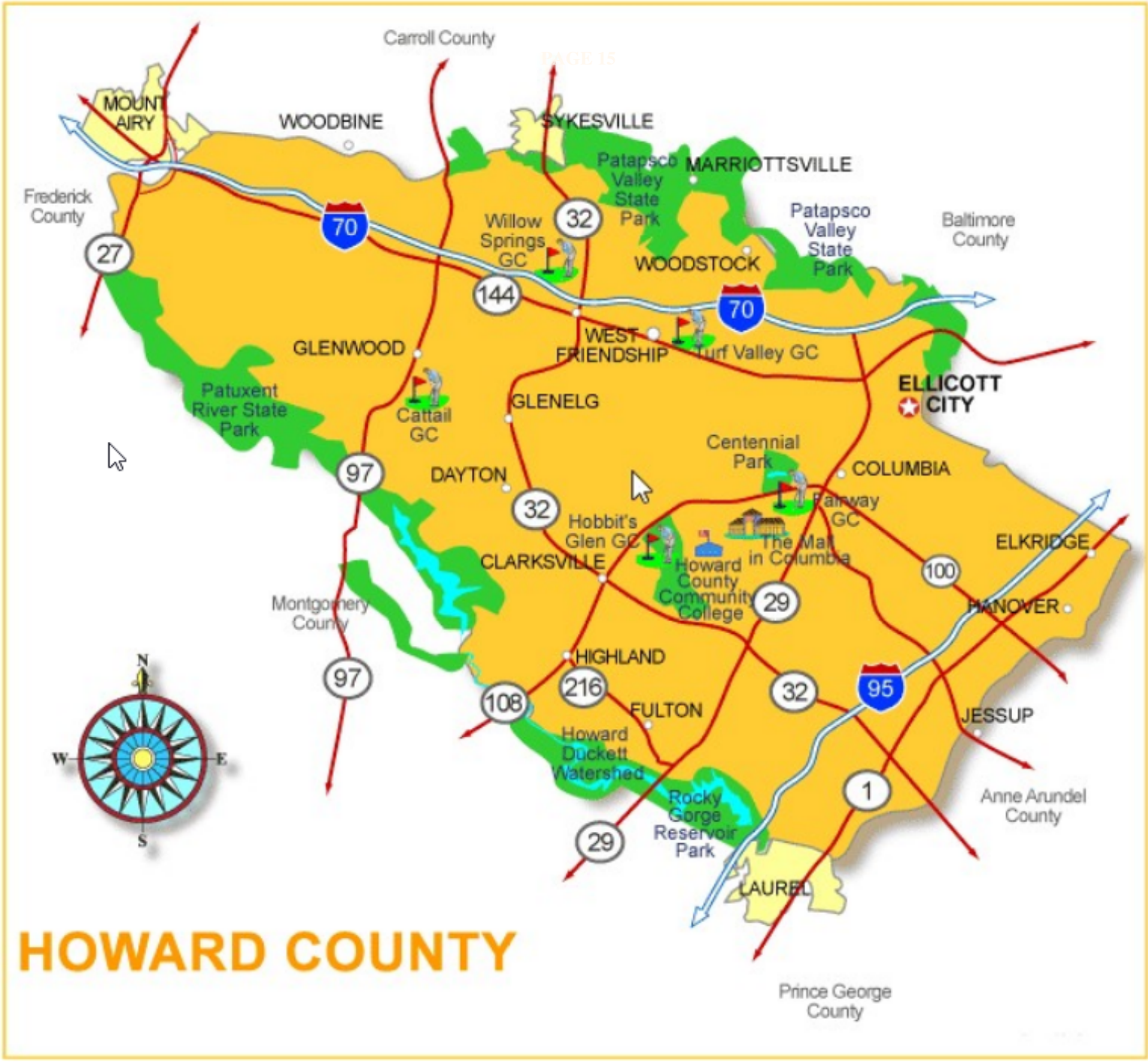


Of the \$2.1 billion in total outstanding debt, \$1.8 billion is comprised of debt backed by the full faith and credit of the government. The remainder of the County's debt takes the form of revenue bonds. These revenue bonds are tied to specific single-stream sources including bonds and lease and subscription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

Accomplishments

GFOA Triple Crown recognizes governments that have received GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and the Distinguished Budget Presentation Award. Howard County has been awarded the Triple Crown for two consecutive years.





Acknowledgements & Resources

This Popular Annual Financial Report was prepared by:

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Fiscal Specialist II, Reporting*

*Rosina Seldon
Fiscal Specialist II, Reporting*

*Rafiu O. Ighile
Director of Finance*

Resources

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

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



Howard County

M A R Y L A N D

Department of Finance

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